

Report to Strategic Priorities and Policy Committee

To: Chair and Members
Strategic Priorities and Policy Committee

From: Scott Mathers, MPA, P.Eng.
Deputy City Manager, Housing and Community Growth

Subject: Amendments to the Affordable Housing Community Improvement Program Guidelines – Additional Residential Unit (ARU) Construction Grant Program

Date: April 21, 2026

Recommendation

That, on the recommendation of the Deputy City Manager, Housing and Community Growth, the following actions **BE TAKEN** with respect to amending financial incentive programs to be administered through the Affordable Housing Community Improvement Plan:

- a) The proposed by-law attached as Appendix “A” to this report **BE INTRODUCED** at the Municipal Council meeting on April 28, 2026, to **AMEND** By-law No. C.P.-1545-41, being “A by-law to establish financial incentives for the Affordable Housing Community Improvement Project Area”, by:
 - i) **DELETING** Schedule “3” and **REPLACING** it with a revised Schedule “3” to the Affordable Housing Community Improvement Plan – Financial Incentive Program Guidelines – Additional Residential Unit Construction Grant Program;
 - ii) **APPROVING** the following loan agreement templates:
 - The Additional Residential Unit Construction Grant Loan Agreement template;
 - The Additional Residential Unit Construction Grant Loan Agreement (Affordable) template; and
 - The Additional Residential Unit Construction Grant Loan Agreement; (Indigenous) template;
 - iii) **AUTHORIZING** the Deputy City Manager, Housing and Community Growth, or their written designate, to amend, enter into and execute the above-referenced agreements provided the terms of the agreements conform with the Additional Residential Unit Construction Grant Program; and
 - iv) **AUTHORIZING** the Deputy City Manager, Housing and Community Growth, or their written designate, to approve, enter into and execute amending agreements to the above-referenced agreements provided the terms of the amending agreements conform with the Additional Residential Unit Construction Grant Program;
- b) The following report **BE RECEIVED** for information.

Executive Summary

Summary of Request

This report recommends further amending one of the current Affordable Housing CIP programs related to additional residential units (ARUs) to leverage time-sensitive Housing Accelerator Fund (HAF) funding. Civic Administration proposes the following actions to help the City of London achieve its year three HAF building permit issuance targets:

- Expand the types of additional residential units eligible for the forgivable loan (grant) program from ARUs located exclusively in new detached ancillary structures to all ARU types and locations on eligible property;

- Make minor housekeeping adjustments to the administration of the program; and
- Make adjustments to the program’s legal agreement templates aligned with the recommended changes.

Purpose and the Effect of Recommended Actions

The purpose of the recommended actions is to broaden the eligibility of the current detached ARU forgivable loan program to include all ARU types, renaming the program in the process to the Additional Residential Unit Construction Grant Program. This expanded eligibility would apply only to projects for which a building permit is issued following Council approval of the proposed program guidelines and on or before September 7, 2026, the third anniversary of the inception of the HAF, which also serves as a residential building permit issuance deadline for the City of London to meet its housing target of 11,803 new units.

The proposed changes also respond to the Municipal Council resolution on March 31st, 2026 directing Civic Administration to, among other things, report back on an enhanced ARU financial incentive program that can increase program uptake within the remaining HAF window.

Linkage to the Corporate Strategic Plan

This report supports the 2023-2027 City of London Strategic Plan and directly aligns with the following Areas of Focus:

Wellbeing and Safety

- London is an affordable and supportive community for individuals and families.

Housing and Homelessness

- The City of London demonstrates leadership and builds partnerships to increase quality, affordable, and supportive housing options.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

- November 12, 2025 – Planning and Environment Committee -- [Housing Accelerator Fund – 2025 Annual Update](#)
- January 28, 2025 – Planning and Environment Committee -- [Amendments and Additions to the Affordable Housing Community Improvement Program Guidelines](#)
- July 15, 2024 – Community and Protective Services Committee -- [Update to the Roadmap to 3,000 Affordable Units: “Roadmap 2.0”](#)
- June 11, 2024 – Planning and Environment Committee -- [Community Improvement Plans Review for Increasing Affordable Housing](#)
- March 26, 2024 – Strategic Planning and Priorities Committee -- [London’s Health & Homelessness Whole of Community System Response Proposed Highly Supportive Housing Plan](#)
- January 30, 2024 – Planning and Environment Committee -- [City-Wide 5-Bedroom Limits and Increased Permissions for Additional Residential Units \(OZ-9661\)](#)
- September 19, 2023 – Strategic Planning and Priorities Committee -- [London’s Approved Housing Accelerator Fund Application](#)
- June 12, 2023 – Planning and Environment Committee -- [5-Year Review – Community Improvement Plans and Financial Incentive Programs](#)
- May 23, 2023 – Planning and Environment Committee -- [Additional Residential Unit Amendments as a Result of More Homes Built Faster Act, 2022 \(Bill 23\)](#)

- January 20, 2020 – Planning and Environment Committee -- [Affordable Housing Community Improvement Plan \(CIP\) and Program Guidelines](#)

1.2 March 31, 2026 Municipal Council Direction

At the meeting held on March 31, 2026, Municipal Council resolved:

That, the following actions be taken with respect to Mayoral Direction 2026-001: Creation of an Affordable Home Ownership Incentive Program – Report Back on Program Options:

- a) The Civic Administration BE DIRECTED to report back to the Strategic Priorities and Policy Committee with options that can be rolled out quickly to incentivize housing activity within the remaining Housing Accelerator Fund window, together with a Housing Accelerator Fund mid-year update report including:
 - iii) An enhanced Additional Residential Unit incentive program for existing homeowners, including options to increase uptake and accelerate implementation for interior/basement and attached Additional Residential Units that can be delivered within the available timeframe,

This report has been brought forward for committee’s consideration in response to the above resolution.

1.3 Affordable Housing Community Improvement Plan

A Community Improvement Plan (CIP) is a policy tool a municipality may adopt under the *Planning Act* to coordinate specified community improvements in a defined community improvement project area. To achieve the strategy, CIPs allow a municipality to take actions such as:

- Identify changes needed to land use planning policy, zoning, other by-laws, and practices;
- Acquire, rehabilitate, and dispose of land;
- Provide grants and loans to property owners that would otherwise be unavailable;
- Direct investments made to infrastructure and public space.

The City of London currently has eight geographically focused and four city-wide CIPs. One of the city-wide CIPs is the Affordable Housing CIP, which was approved by Municipal Council in 2020 and has the following purpose:

- Define affordable housing needs based on household incomes and define “affordable housing” for the purpose of the CIP and its proposed programs;
- Establish CIP objectives to address the provision of affordable housing and other city-building objectives;
- Identify opportunities to develop incentives and/or programs to support the development of affordable housing; and
- Identify monitoring measures to assist with future housing monitoring reports and to identify successes of any programs offered under this CIP.

1.4 Affordable Housing CIP Program Updates

On February 11, 2025, Municipal Council approved program updates related to the Affordable Housing CIP, which included the introduction of several new financial incentive programs, as well as refinements to existing programs. Two of these programs were explicitly related to incentivizing the construction of ARUs while the other two programs were intended to incentivize projects with a minimum of five affordable rental units as summarized below:

[Revised] Additional Residential Unit Loan Program: first approved by Municipal

Council in 2020, incentive amounts for the ARU loan program were increased from \$20,000 to \$45,000 per unit in 2025. This loan program is repayable over 10 years (including a one-year grace period), interest-free, and offers financial assistance to property owners to help offset the costs of creating new ARUs at any rent in their primary residence.

[New] Detached Additional Residential Unit Program (3 incentive streams): funding for detached ARUs in properties that function as primary residences ranging from \$20,000 for market-rate rentals to \$45,000 for affordable rentals at a maximum of 100% Canada Mortgage and Housing Corporation (CMHC) Average Market Rent, as defined by CMHC, with a minimum affordability and rental period of 10 years. The program also proposes a stream for Indigenous housing providers or homeowners up to \$45,000 per ARU.

[New] Dollars to Doors Affordable Unit Program: up to \$45,000 per rental unit capped at 80% CMHC Average Market Rent for a minimum affordability period of 25 years.

[New] Highly Supportive Housing Unit Program: up to \$45,000 per rental unit capped at 80% CMHC Average Market Rent for a minimum affordability period of 25 years aligned with *London’s Health & Homelessness Response: Highly Supportive Housing Plan*.

1.5 ARU Financial Incentive Program Approvals

Since the implementation of the new and revised ARU financial incentive programs approximately one year ago, Civic Administration has received hundreds of enquiries, particularly from homeowners seeking financial assistance to retrofit existing basements into ARUs. As of March 26, 2026, statistics associated with the existing two programs since their revisions are summarized in Table 1, noting that the two programs can be stacked such that a homeowner who is constructing a detached ARU can potentially qualify for both programs.

Table 1: Summary of Funding Issued and Committed by ARU and Program Type

Program Type	ARU Type	Total Issued	Under Construction Commitments
Detached ARU Forgivable Loan	Detached	4	3
ARU Loan	Basement units	21	52
	Addition/expansions	1	3
	Detached	6	2

The lower uptake for the detached ARU forgivable loan (grant) program is likely the result of the significantly higher costs – a two to four times cost differential - associated with the construction of a new ARU in a new detached accessory structure on a property versus retrofitting an existing basement to accommodate an ARU.

2.0 Discussion and Considerations

2.1 Expansion of Types of ARUs Eligible for the ARU Construction Grant Program

The existing Detached Additional Residential Unit Loan Program provides a forgivable loan (grant) to incentivize the construction of detached long-term, stable rental housing units that provide relatively affordable housing opportunities within established neighbourhoods.

Objectives of this program include the creation of more mixed-income communities, providing opportunities for urban regeneration and intensification, providing opportunities for aging in place, and supporting and implementing the policy goals and frameworks of *The London Plan* and the *Housing Stability Action Plan*.

Encouraging the construction of ARUs is one of the City's HAF initiatives and aligns with Provincial Planning Policy (PPS). These types of dwellings are relatively affordable to construct, maintain, and offer housing choice while providing opportunities for residential diversity and intensification. As such, accelerating their construction through additional amendments to the Affordable Housing CIP is an appropriate way of helping the City meet its target of creating 47,000 new dwelling units by 2031, as well as its more immediate target of approving a total of 11,803 dwelling units by September 7, 2026.

2.2 Summary of Revised Program

As noted above, only ARUs in new detached accessory structures separated from the principle dwelling unit on a property that permits ARUs are currently eligible for the forgivable loan (grant). All other ARU types are only eligible for the Additional Residential Unit Loan Program. The main proposed change through this amendment broadens the eligibility of the current detached ARU forgivable loan program to include all ARU types. This expanded eligibility would apply only to projects for which a building permit is issued following Council approval of the proposed program guidelines and on or before September 7, 2026.

The proposed expansion is expected to further accelerate program uptake, especially among non-detached ARUs such as basements, as a substantial portion (estimated at over 75%) of the ARU project cost could now be offset by a forgivable loan (grant) that does not require repayment. No changes are proposed to the existing Additional Residential Unit Loan Program, and eligible homeowners can continue to take advantage of both ARU programs.

The revised program is proposed to be retitled as the "Additional Residential Unit Construction Grant Program". Detailed program guidelines are provided in Schedule 3, attached to this staff report, and the associated legal templates are also attached as Appendices 7-9.

- **ARU Construction Grant (no rent cap)** – up to \$20,000 per unit at any rent for a period of 10 years to ensure the ARU is constructed and operational for a minimum period of 10 years.
- **Affordable ARU Construction Grant (100% Average Market Rent)** – up to \$45,000 per unit with a minimum rental affordability period of 10 years capped at 100% CMHC Average Market Rent, as adjusted annually.
- **Indigenous ARU Construction Grant (no rent cap)** – up to \$45,000 per unit to Indigenous-led providers or homeowners with a minimum rental period of 10 years.

General Program Terms and Conditions Summary

- Eligible projects for all program streams include development of one (1) ARU anywhere on an eligible property, conditional upon the issuance of a building permit between April 29, 2026 and September 7, 2026, inclusive, and submission of a complete financial incentive program application. Retroactive applications and ARU building permits will not be accepted.
- Except for the Indigenous stream, the property is owner-occupied (i.e., functions as a primary residence for at least one of the property owners) for the duration of the term.
- All property owners must be individuals (natural persons).
- The property owners(s) must not have any outstanding fees, loans or property taxes owed to the City.
- A valid Residential Rental Unit Licence for the ARU must be received and renewed with the City annually.

- A formal residential lease agreement must be signed by both tenant(s) and the landlord(s).
- ARUs are not permitted to be used as short-term rental accommodations such as “Airbnb” or similar.
- The ARU and the property must comply with all applicable laws.
- The funding is provided after the ARU is constructed, the RRUL application is submitted, and the City’s loan agreement is executed and registered on title as a lien or charge.
- To ensure program compliance, the property owner(s) must agree to provide documents to the City annually.
- In the event of a default, the funding converts into a loan and becomes fully payable to the City on demand, along with accrued interest up to the default date.

3.0 Financial Impact/Considerations

Civic Administration will continue to support the ARU Construction Grant Program through London’s HAF. The remaining combined budget that was initially allocated to support ARU development is approximately \$5,079,000, which will fund the implementation of the revised ARU program, including the expanded eligibility for all ARU types to support approximately 110-130 new units. A dedicated allocation remains available to support Indigenous-led ARU projects and Civic Administration will continue to monitor program uptake and interest as this funding is leveraged to achieve the City’s permit targets. The administration of the revised program is managed through the Planning and Development annual workplan and can be implemented without incurring additional administrative costs. As a result, the recommendation attached to this report will have no impact on the City’s approved tax levy for 2026 or 2027, and the remaining 2024-2027 multi-year budget.

4.0 Next Steps

Recognizing the time-sensitivity associated with the HAF funding, and subject to Municipal Council endorsement and approval of the revised ARU financial incentive program on April 28, 2026, Civic Administration will prepare a revised application form and have City website updates and communication materials ready to be deployed immediately following Council’s approval.

The revised ARU financial incentive program will be in effect until September 7, 2026, or until funds are fully expended, whichever comes first. Upon conclusion of the revised ARU program, and if funding is unallocated towards projects, Civic Administration will report back with next steps to close out the program during the HAF sunset period (Sept 8, 2026-Sept 7, 2027).

Conclusion

The proposed changes to one of the existing Affordable Housing CIP ARU financial incentive programs to expand the types of ARUs eligible for a forgivable loan (grant) is expected to accelerate program uptake and increase the City’s ARU rental stock as it will help offset a substantial portion of the cost required to build most ARUs, while helping the City achieve its residential building permit targets in the remaining HAF window to qualify for the third and final payment.

A companion report to the Strategic Priorities and Policy Committee on April 21, 2026 provides a mid-year update for Year 3 of the HAF. This report includes additional information on program activities, financial allocations, and performance, offering more in-depth overview of the HAF’s implementation and outcomes to date.

Prepared by: Simona Rasanu, MCIP, RPP
Senior Planner, Community Improvement and Urban
Regeneration

Reviewed by: Mike Macaulay, MPA
Manager, Community Improvement and Urban
Regeneration

Submitted by: Heather McNeely, MCIP, RPP
Director, Planning and Development

Recommended by: Scott Mathers, MPA, P.Eng.
Deputy City Manager, Housing and Community Growth

cc: Michelle Butlin, Solicitor, Legal Services
Sachit Tatavarti, Solicitor, Legal Services
Melissa Espinoza, Manager, Housing Programs and Partnerships
Kevin Edwards, Manager, Community Planning

Attachments:

By-laws:

Appendix A – Affordable Housing Community Improvement Plan Amending By-law

Program Guidelines:

Schedule 3 – Additional Residential Unit Construction Grant Program

Loan Agreement Templates:

Appendix 7 – Additional Residential Unit Construction Grant Loan Agreement

Appendix 8 – Additional Residential Unit Construction Grant Loan Agreement (Affordable)

Appendix 9 – Additional Residential Unit Construction Grant Loan Agreement (Indigenous)

Appendix A

Bill No.
2026

By-law No. C.P. **XXXX**

A by-law to amend C.P.-1545-41, being “A by-law to establish financial incentives for the Affordable Housing Community Improvement Project Area”.

WHEREAS by subsection 28(2) of the *Planning Act*, the Council of a municipal corporation may, by by-law, designate the whole or any part of an area as a community improvement project area;

AND WHEREAS subsection 28(4) of the *Planning Act* enables the Council of a municipal corporation to adopt a community improvement plan for a community improvement project area;

AND WHEREAS *The London Plan*, 2016, the Official Plan for the City of London, contains provisions relating to community improvement within the City of London;

AND WHEREAS the Municipal Council of The Corporation of the City of London has, by by-law, designated a community improvement project area identified as the Affordable Housing Community Improvement Project Area;

AND WHEREAS the Municipal Council of The Corporation of the City of London has, by by-law, adopted the Affordable Housing Community Improvement Plan;

NOW THEREFORE the Municipal Council of the Corporation of the City of London enacts as follows:

1. By-law C.P.-1545-41, as amended, being “A by-law to establish financial incentives for the Affordable Housing Community Improvement Project Area” is amended by deleting Schedule “3” and replacing it with the attached Schedule “3” attached to this by-law, the new Affordable Housing Community Improvement Plan – Financial Improvement Program Guidelines – Additional Residential Unit Construction Grant Program which is hereby adopted.

2. By-law C.P.-1545-41, as amended, being “A by-law to establish financial incentives for the Affordable Housing Community Improvement Project Area” is amended by adding section 9:

9. The agreements attached as Appendices 7, 8, and 9 are hereby authorized and approved.

3. By-law C.P.-1545-41, as amended, being “A by-law to establish financial incentives for the Affordable Housing Community Improvement Project Area” is amended by adding section 10:

10. The Deputy City Manager, Housing and Community Growth, or their written designate, is authorized to amend, enter into and execute the agreements approved under section 9 of this bylaw, provided that any amendments conform to the Additional Residential Unit Construction Program. The Deputy City Manager, Housing and Community Growth, or their written designate, is authorized to approve amending agreements to the agreements approved under section 9 of this bylaw, provided that the amending agreements conform to the Additional Residential Unit Construction Grant Program.

4. This by-law comes into force and effect on the day it is passed subject to the provisions of PART VI.1 of the *Municipal Act, 2001*.

PASSED in Open Council on April 28, 2026, subject to the provisions of PARTVI.1 of the *Municipal Act, 2001*.

Josh Morgan
Mayor

Michael Schulthess
City Clerk

First Reading – April 28, 2026
Second Reading – April 28, 2026
Third Reading – April 28, 2026

Schedule 3: Additional Residential Unit Construction Grant Program^a

Affordable Housing Community Improvement Plan – Financial Incentive Program Guidelines – Additional Residential Unit Construction Grant Program

Effective February 11, 2025

Revised April 28, 2026

This program guideline package provides details on the “Additional Residential Unit Construction Grant Program”, which is a financial incentive program provided by the City of London (the “City”) through the Affordable Housing Community Improvement Plan (CIP).

Each financial incentive program has its own specific Purpose and Eligible Improvements. The program guidelines also include Definitions, Eligibility Criteria, Appeal of Refusal, Relationship to other Financial Incentive Programs, as well as Monitoring & Discontinuation of Programs.

1. Definitions

Additional Residential Unit or ARU, formerly known as “Secondary Dwelling Unit”: is a Dwelling Unit ancillary and subordinate to a primary Dwelling Unit.

Affordable Rental Unit: for the purposes of this program, an Additional Residential Unit (ARU) with a rent capped at 100% of Canada Mortgage and Housing Corporation Average Market Rent, as adjusted annually.

Applicant: The person who makes a formal application for a financial incentive program offered through the City’s Community Improvement Plans. The person may be the Property Owner, or an authorized agent, including a business owner who is occupying space on the Property or contractor who has been retained to undertake improvements on the Property. If the Applicant is not the Property Owner, they will be required to provide authorization in writing from the Property Owner as part of a Complete Application.

Average Market Rent (“AMR”): the most current average monthly market rent for a rental unit, by unit type, published by the Canada Mortgage and Housing Corporation for the London CMA.

Approved Works: the materials, labour and/or effort made to improve a property that are determined to meet eligibility criteria under the incentive program requirements.

Commitment Letter: a document prepared by the City outlining its agreement with a Property Owner to provide a future financial incentive – in this case, a forgivable loan, based on a redevelopment, rehabilitation and/or renovation project that has yet to be undertaken. The letter describes the specific scope of Approved Works the Applicant will undertake to receive the loan.

Complete Application: completed application form with the Applicant’s signature and date along with the required supporting documents.

Dwelling Unit: a suite operated as a self-contained housekeeping unit, used or intended to be used as a domicile by one or more persons and contains cooking, eating, living, sleeping, and sanitary facilities.

Loan Agreement: an agreement to be registered on title signed by both the Property Owner and the City outlining the terms and conditions associated with the program.

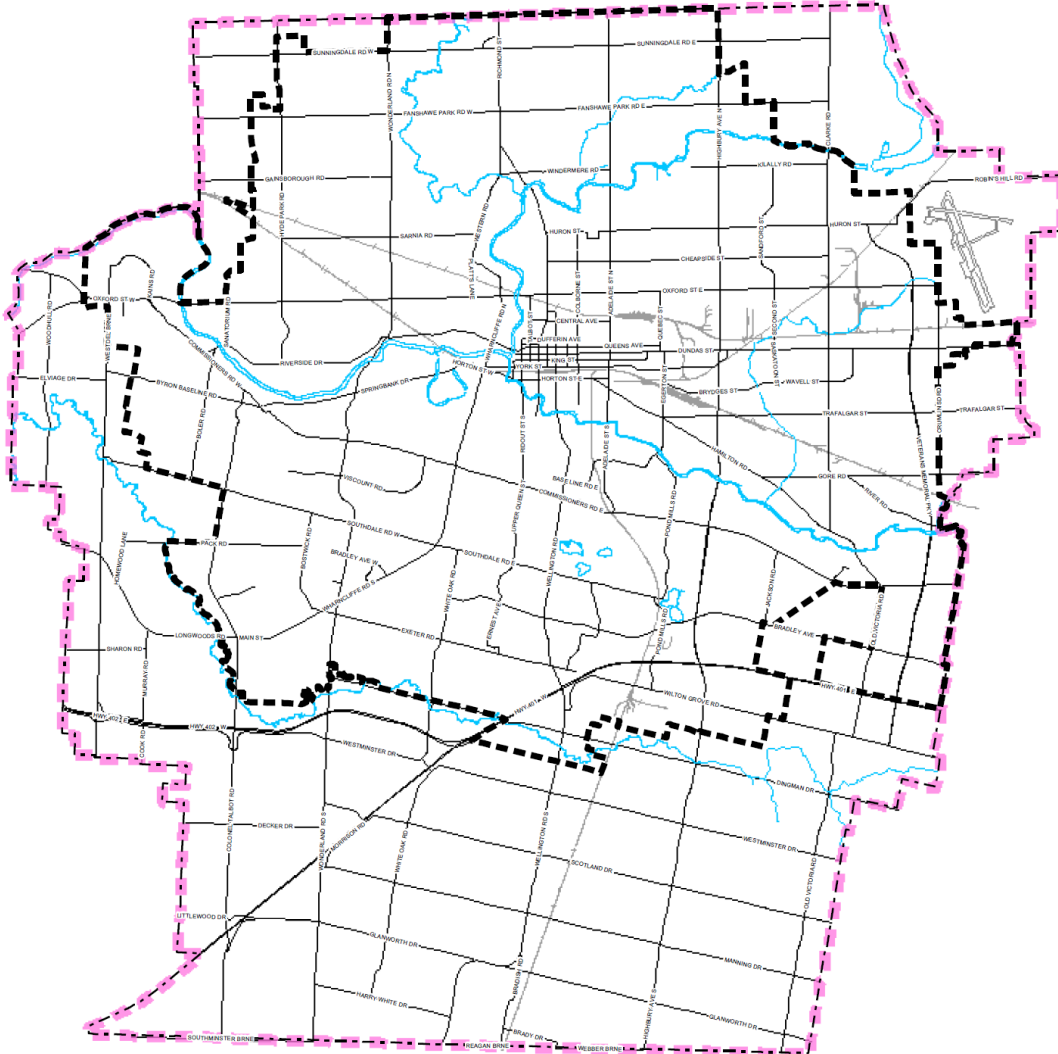
Market Rent: a monthly occupancy cost for an Additional Residential Unit that a willing, prudent, and informed tenant would pay to a landlord in the open market.

^a The previous program title was “Detached Additional Residential Unit Program”.

Property Owner: the registered owner of the Property.

Property: land that permits Additional Residential Units with a municipal address (including distinct unit numbers, if applicable) and place type, as identified by *The London Plan*, and zoning that permits residential uses, and that is also located within the Affordable Housing Community Improvement Project Area, as defined in the Affordable Housing Community Improvement Area By-law per Map 1 below.

Rental Unit: a Dwelling Unit that generates rental income.



Map 1: Affordable Housing Community Improvement Project Area (Pink) and Urban Growth Boundary (Black)

2. Program Purpose

The purpose of the Additional Residential Unit Construction Grant Program is to create more long-term, stable rental housing supply to help address low rental vacancy rates, particularly among more affordable (i.e. low market rent) units. Objectives of this program include creation of more mixed-income communities, providing opportunities for urban regeneration and intensification, providing opportunities for aging in place, and supporting and implementing the policy goals and frameworks of *The London Plan* and the *Housing Stability Action Plan*.

3. Program Streams

The program includes three streams to support the construction of ARUs at Market Rent and reduced rental rates:

ARU Construction Grant– no rent cap

A forgivable loan (grant) up to \$20,000 if the ARU remains operational for a minimum period

of 10 years.

Affordable ARU Construction Grant – maximum rent capped at 100% Average Market Rent

A forgivable loan (grant) up to \$45,000 with rent capped at 100% CMHC Average Market Rent with a minimum affordability period of 10 years.

Indigenous ARU Construction Grant – no rent cap

A forgivable loan (grant) to Indigenous homeowners or housing providers up to \$45,000 with no rent cap if the ARU remains operational for a minimum period of 10 years.

4. Eligible Works

Eligible works include the following for all program streams:

- Development of one ARU (including servicing thereof) anywhere on the Property, including the conversion of a portion of an existing Dwelling Unit to a Rental Unit that complies with the City's Residential Rental Unit Licensing By-law, as amended, where a building permit was issued by the City between April 29, 2026 up to and including September 7, 2026. For clarity, the revised ARU construction grant program only applies to projects approved on or after April 29, 2026.
- For the purposes of this program, only materials and labour directly associated with the construction of the ARU confirmed through an itemized receipt and/or invoice will be reimbursed, excluding labour performed directly by the Applicant.

5. Works Not Eligible

- Additional rehabilitation, demolition, or works (including landscaping) anywhere on the Property that is not directly required by the City to grant an occupancy permit or residential rental unit licence for the proposed ARU. To clarify, the City will only reimburse costs directly associated with the construction of the ARU that are deemed by City staff to be Approved Works.
- ARU projects that received approval or began construction under the ARU Loan Program prior to April 29, 2026 are considered retroactive and are not eligible for the revised ARU Construction Grant Program.

6. Program Terms and Conditions

- Only one ARU per Property is eligible.
- The Property remains owner-occupied for the duration of the program (i.e., at least one of the Property Owners who receives the loan must occupy the Property as their primary residence until the loan is discharged from the Property's title), with the exception of the Indigenous ARU forgivable loan stream.
- The project must comply with all applicable laws.
- The ARU must receive and maintain a valid City Residential Rental Unit Licence, which must be renewed with the City every year. The Property Owner shall use commercially reasonable efforts to ensure the ARU is rented or occupied for the duration of the term.
- The ARU is not permitted to be used as short-term accommodation as defined under the City's Business Licensing By-law, as amended.
- The loan, which is issued after the ARU is constructed, is registered on title as a forgivable loan and is the lesser of the maximum applicable loan amount, or the cost of the project. The loan will accrue interest at a rate of 8% per annum, compounded

and calculated every 30 days. Provided at least one of the Property Owners has complied with the terms and conditions of the Loan Agreement, the loan principal and accrued interest shall be forgiven at the end of the term.

- In the case of default, the loan principal and accrued interest shall become payable to the City on demand. The City may add the loan principal and accrued interest to the tax roll.
- On properties where units are not subject to the *Residential Tenancies Act*, eligibility will be considered on a case-by-case basis subject to the approval of the Deputy City Manager, Housing and Community Growth, or written designate.
- All property taxes owed to the City must be paid in full prior to the money being issued and remain so for the lifetime of the loan.
- The Property Owner agrees to provide documentation annually, or as requested by City staff, to ensure program compliance.

7. Eligibility Criteria

Applicant and Project Requirements

- The ARU on the Property must be issued a building permit between April 29, 2026 and September 7, 2026, inclusive;
- The Property Owner must have no outstanding fees, debts or property taxes payable to the City prior to the loan being issued;
- The Property Owner must not have ever defaulted on any City loan or grant program, including by way of individual affiliation with any company or group of people authorized to act as a single entity such as a corporation;
- For the Indigenous stream, the Applicant must provide evidence of eligibility in accordance with the City's procedures.

Property and Building Requirements

- There are no City Building Division orders or deficiencies on the Property prior to the loan being issued, unless the deficiencies are addressed as part of the eligible works associated with the loan;
- The Property may be eligible for multiple incentive programs provided through the City's various Community Improvement Plans.

8. Financial Incentive Approval

Once all eligibility criteria and conditions are met, and if funds are available, Civic Administration will approve the program application by means of a Commitment Letter. Commitment Letters will expire if a building permit is not issued by the City for the ARU on or before September 7, 2026.

9. Application Process

Step 1: The Applicant contacts Civic Administration ("City staff") to discuss the proposed project. Staff will provide information about incentive programs, provide and review the application form(s), and assist with the application process. This meeting will also help to identify what additional permits or permissions may be required to complete the proposed improvement project.

Applications made for financial incentive programs do not in any way replace the need for obtaining all necessary approvals prior to the commencement of construction.

Discussions with City staff are encouraged early in the process to ensure proposals comply with City regulations and guidelines, and the proposed improvements are eligible under the incentive program criteria.

Step 2: A Complete Application is submitted to the City comprised of the following:

1. Application Form signed by all Property Owner(s);
2. Property Owner authorization letter (if applicable)
3. A copy of the building permit drawings submitted to the City Building Division;
4. A copy of the Heritage Alteration Permit (if required);
5. Itemized list of specific improvements and associated estimated costs prepared by a professional that reflects current construction costs;
6. Any other information that may be deemed necessary by the Deputy City Manager, Housing and Community Growth, or designate.

Step 3: City staff will review the application submission for completeness and inform the Applicant in writing that either more information is required, or the submission is accepted. If accepted, the City will provide a Commitment Letter which outlines the Approved Works and monetary commitment that the City is making to the project.

The City's approval under this revised program applies if and only if a building permit is issued for the project between April 29, 2026 and September 7, 2026, inclusive. The City's commitment applies only to the project as submitted. Any subsequent changes to the project will require review and approval by appropriate City staff.

Step 4: The Applicant can start the Approved Works when the necessary approvals and/or permits have been received, as identified in the Commitment Letter from the City, which serves as a pre-approval.

Step 5: The Applicant will notify City staff once the Approved Works are complete, the building permit is closed, and payment for the project is complete.

Step 6: City staff will confirm the Approved Works have been completed as outlined in the Commitment Letter. Staff may visit the Property and take photographs before and after the Approved Works are completed.

Step 7: Before entering into any Loan Agreement, City staff must ensure the terms and conditions outlined in the City's Commitment Letter have been met. Typically, this includes:

- All City property taxes must be paid in full and the account deemed in good standing;
- There must be no outstanding debts owed to the City;
- The Property Owner must not have defaulted on any City loans or grants;
- There must be no outstanding Building Division orders or deficiencies against the Property.
- At a minimum, the Applicant has applied for the City's residential rental unit licence with the understanding that confirmation of the licence being issued must be provided within six (6) months of the Legal Agreement effective date, and annually thereafter for the duration of the term.
- If there are multiple Property Owners, at least one party confirms the Property is their primary residence through government-issued identification (e.g., driver's licence) or other acceptable documentation.

Step 8: The Property Owner² and the City will sign the Loan Agreement.

² With the exception of the Indigenous stream, which allows the applicant to be a housing provider, the Property Owner will be signing the Legal Agreement, notwithstanding that they may have used an authorized agent to apply to the program.

Step 9: The City will register the amount of the forgivable loan as a lien against the Property.

Step 10: City staff will provide the Property Owner with a cheque in the amount of the loan and the relevant legal documents, including the fully executed Loan Agreement.

Step 11: On an annual basis, or as requested by City staff, Property Owners and/or Applicants shall provide documents to confirm program compliance. Typically, this will include a copy of the formal residential lease agreement, residential rental unit licence, insurance, primary residency confirmation, and confirmation there are no outstanding taxes and fees payable to the City respecting the Property. There will be additional reporting required for the affordable stream respecting the rent charged to the tenant(s), as identified in the Loan Agreement.

10. Incentive Application Refusal and Appeal

If an application is refused by City staff, the Applicant may, in writing, appeal the decision to the Deputy City Manager, Housing and Community Growth, who will provide direction to have the matter heard before Municipal Council through the Planning and Environment Committee. However, retroactive applications submitted after Municipal Council's approval of the revised program are not grounds for appeal.

11. Relationship to other Financial Incentive Programs

This program can be stacked with other financial incentive programs offered by the City, including the Additional Residential Unit Loan Program under the Affordable Housing CIP, where the loan amount (i.e., the principal) must be repaid to the City over a maximum term of 10 years.

12. Monitoring & Discontinuation of Programs

As part of program administration, City staff monitor all the CIP financial incentive programs. In receiving and processing applications, staff enter relevant information into a database. This information is used to determine if programs should continue, be modified, or cease to issue any new commitments. Each program is monitored to ensure it implements the goals and objectives of the CIP which the program supports. The City may recommend discontinuing the financial incentive programs at any time; however, any existing loan will continue in accordance with the agreement. A CIP program's success in implementing its goals will be based on the ongoing monitoring and measurement of a series of identified targets that represent indicators of the CIP's goals and objectives.

13. Loan Distribution and Interest

The City will provide the Property Owner with one cheque in the full amount of the approved loan after the following have occurred: (1) the City has completed its due diligence to ensure the Property Owner and the Property remain eligible for the loan; (2) the Loan Agreement has been signed; and (3) the loan amount has been registered as a lien or charge against the Property and the conditions precedent in the Loan Agreement have been met. The City will not provide partial loan amounts or progress payments.

The Loan will accrue interest at a rate of 8% per annum, compounded and calculated every 30 days, commencing upon the Loan Agreement effective date. Provided the Property Owner has complied with the terms and conditions of the Loan Agreement, the loan will be forgiven at the end of the term, and the lien will be discharged from title.

14. Loan Security and Postponement

Loans will be secured through the registration of a lien or charge placed on the Property's title for the total amount of the loan. The City may, at its sole discretion, consent to the postponement of the lien registered on title to the Property in favour of another encumbrance.

15. Loan Agreement

Participating Property Owners in financial incentive programs shall be required to enter into a Loan Agreement with the City which shall specify such items as (but not limited to) the loan amount, the term of the loan, and the Property Owner's ongoing obligations under this program, including annual reporting requirements for the duration of the term to ensure program compliance.

16. Transferable Loans

At the sole discretion of the City, loans may be transferred to a new Property Owner provided the new owner meets the eligibility criteria and agrees to the terms and conditions of the loan. The new owner may be required to enter into a new Loan Agreement with the City for the outstanding loan value at the time of purchase. Should a transfer occur without the City's consent, the City may declare the Property Owner in default and enforce the Loan Agreement against the new and any subsequent owners, including requiring the loan and accrued interest to be immediately due and payable.

17. Program Revisions History

Version	Date	Changelog
1.0	February 11, 2025	Initial program guidelines applicable to ARUs in detached accessory structures released.
1.1	April 28, 2026	Expansion of program to all ARU types on the Property and housekeeping amendments to initial program guidelines.

Appendix "7"

ADDITIONAL RESIDENTIAL UNIT CONSTRUCTION GRANT LOAN AGREEMENT

This Agreement made in triplicate this xx day of xxxxx, 20xx.

BETWEEN:

THE CORPORATION OF THE CITY OF LONDON.

hereinafter called "the City" OF THE FIRST PART;

- and -

Xxxxxxxx

hereinafter called "the Owner" OF THE SECOND PART;

WHEREAS the Owner represents that they are the registered owner of the property, known municipally as [XXXX], located in the City of London, in the County of Middlesex and more particularly described in **Schedule "A"** attached hereto (the "Property");

AND WHEREAS section 28(7) of the Planning Act, R.S.O. 1990, c. P.13 authorizes a municipality to make grants or loans in conformity with a community improvement plan to registered owners within a community improvement project area;

AND WHEREAS the City has established the Additional Residential Unit Construction Grant Program within the Affordable Housing Community Improvement Plan to improve low rental vacancy rates in London by encouraging the creation of more long-term, stable rental housing supply;

AND WHEREAS the Owner has applied for a financial loan from the City pursuant to the terms of the City's Additional Residential Unit Construction Grant Program and the City has provisionally accepted the Owner's application pursuant to the City's Commitment Letter dated [XXXX] as contained in the **Schedule "B"** attached hereto;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the parties hereto covenant and agree each with the other to comply with, keep, perform and be bound by each and every term, condition and covenant herein set out to the extent that the same are expressed to be respectively binding upon them, and the same shall ensure to the benefit of and shall be binding upon their respective heirs, executors, administrators, successors and assigns.

1. Definitions: The words and phrases defined in this section shall, for all purposes of this Agreement and of any subsequent agreement supplemental hereto, have ascribed to them the meanings herein specified unless the context expressly or by necessary implication otherwise requires:

 “Additional Residential Unit” is a dwelling unit ancillary and subordinate to a primary dwelling unit, in which food preparation, eating, living, sleeping and sanitary facilities are provided for the exclusive use of the occupants thereof.

 “Agreement” means this Detached Additional Residential Unit Loan Agreement entered into between the City and the Owner;

 “Commitment Letter” is the document prepared by the City attached hereto as Schedule “B”.

 “Dwelling Unit” means a suite operated as a self-contained housekeeping unit, used or intended to be used as a domicile by one or more persons and contains cooking, eating, living, sleeping and sanitary facilities.

 effective date” means the date this Agreement is signed by the City.

 “Short-Term Accommodation” means a Short-Term Accommodation as defined by the City of London’s Business Licensing bylaw.
2. Loan Amount: The City shall loan the Owner the total amount of [XXXX] (the “Loan”) by way of a single lump-sum payment to be advanced subsequent to the Owner’s construction of the Additional Residential Unit, in accordance with the scope of work described in the Commitment Letter. The Loan is subject to conditions precedent set out in section 9.
3. Term of Loan: The Loan shall have a term of ten (10) years, commencing as of the effective date of the Agreement. For clarity, this Agreement shall also have a term of ten (10) years commencing on the effective date of the Agreement.
4. Forgiveness of Loan: On the last day of the month at the end of the term of the Loan, the Loan and accrued interest shall be forgiven provided the Owner has complied with all terms and conditions of this Agreement.
5. Interest: Interest shall accrue on the principal amount of the Loan at a rate of 8% per annum, compounded and calculated every 30 days, commencing upon the effective date of the Agreement.
6. Lien Registered on Property: The Owner acknowledges and agrees that the City shall register a certificate signed by the Clerk of the City setting out the amount loaned to the Owner and the applicable interest rate on the Loan on the Property. The Loan shall constitute a lien or charge on the Property. The registered certificate shall be discharged from the Property upon forgiveness of the Loan or upon repayment of the Loan and accrued interest in accordance with this Agreement.

7. Additional Residential Unit: In consideration for the Loan, the Owner shall construct and maintain a new Additional Residential Unit on the Property in accordance with the terms of this Agreement, including the scope of work contained in the Commitment Letter. The Owner shall comply with the following requirements during the term of the Loan:
- i. The Property shall be owner-occupied as the primary residence of the Owner until the termination of this Agreement. The Owner shall confirm that they occupy the primary residence every year.
 - ii. The Additional Residential Unit must maintain a valid Residential Rental Unit License, which must be renewed with the City every year.
 - iii. The Additional Residential Unit on the Property shall not be operated as a Short-Term Rental accommodation at any time prior to the termination of this Agreement.
 - iv. All tenants occupying an Additional Residential Unit on the Property shall be required to enter into a formal residential lease agreement with the Owner, with a minimum term of thirty-one (31) days.
 - v. The Owner shall use commercially reasonable efforts to ensure the Affordable Residential Unit(s) are rented or occupied.
 - vi. The Owner shall ensure that the Additional Residential Unit complies with municipal bylaws and provincial law.
8. Insurance: Fire and liability insurance shall be maintained by the Owner at all material times indicating the City as a mortgagee and loss payee with minimum coverage representing guaranteed replacement cost or full replacement value of the subject property and shall be produced to the City annually. The Owner acknowledges that any non-payment, default, cancellation, or reduction below the minimum amount of the insurance policy shall constitute a default under this Agreement.
9. Conditions Precedent: The provision of the Loan by the City pursuant to section 2 is subject to the following conditions precedent, each of which is for the exclusive benefit of the City and may be waived in full or in part by the City:
- a) There being no claim for lien under the *Construction Act* registered against the Property;
 - b) There being no work orders issued against the Property by any governmental entity, agency or official;
 - c) There are no City of London Building Division issued orders or deficiencies on the Property and the Owner has not received notice or warning of a bylaw contravention or been charged with a bylaw contravention;
 - d) The City of London has confirmed and inspected the approved Additional Residential Unit(s);
 - e) All property taxes must be paid to date;
 - f) The Owner not having any outstanding debts to the City;
 - g) The Owner must not have defaulted on any City loans or grants;
 - h) The Owner having been issued a Residential Rental Unit Licence for the Additional Residential Unit.

10. Representations and Warranties of the Owner: The Owner represents and warrants that they have not ever defaulted on a City loan or grant program, including by way of individual affiliation with any company or group of people authorized to act as a single entity such as a corporation, property taxes are paid in full and there are no City of London Orders or by-law infractions currently outstanding in relation to the Property. The Owner represents and warrants that the cumulative balance owing on all mortgages and charges (including the Loan) registered against the Property shall not exceed 90.00% of the post rehabilitation appraised value of the Property at any time prior to the end of the term of the Loan.
11. Assignment, Transfer and Postponement: In the event that the Owner transfers any interest in the Property, in whole or in part, to any person other than the Owner, the full amount of the Loan shall become immediately due and payable. Notwithstanding, the City may, at its sole discretion, consent to the assignment of the Loan to a transferee prior to a transfer being completed. The City may, at its sole discretion, consent to the postponement of the lien registered on title to the Property in favour of another encumbrance.
12. Reporting: The Owner shall, on forty-eight (48) hours' notice, give the City free access to such documents, books, records and accounts as may be determined by the City, for the purpose of verifying compliance with this Agreement. The City may require the Owner to complete an information report in the form set by the City on the Affordable Residential Unit(s) demonstrating compliance with the Agreement on the timeline set by the City which shall not be less than fourteen (14) days. This provision shall continue to apply for a period of seven (7) years following the end of the term of the Loan or the early termination of this Agreement.
13. Termination: The parties acknowledge and agree that this Agreement and all obligations of the parties hereunder, excluding those which expressly survive this Agreement, shall be terminated upon either the repayment in full of the Loan, together with any and all interest or penalties accrued, if applicable, and the subsequent discharge of the charge registered against the Property or upon forgiveness of the Loan and accrued interest, and the subsequent discharge of the lien registered against the Property.
14. Default: Time shall be of the essence in this Agreement. Upon breach by the Owner of any covenant, term, condition or requirement of this Agreement, if any representation or warranty made by the Proponent in this Agreement proves to be untrue or misleading in any material respect as of the date it was made, or upon the Owner becoming insolvent or making an assignment for the benefit of creditors, the Owner shall be in default under this Agreement. Notice of such default shall be given in accordance with this Agreement and if the Owner has not remedied such default within such time, as provided in the notice, the City may direct that the full amount of the Loan together with accrued interest be immediately due and payable. Interest shall continue to accrue at a rate of 8% per annum, compounded and calculated every 30 days, from the date of the event of default until the Loan and accrued interest are repaid. The City may add the amount of the Loan to the collector's roll and collect the loan in like manner as municipal taxes.
15. Enforcing Performance of Requirements: In addition to any remedy authorized or permitted by this Agreement or by law, the City may, in the event of a default by the Owner under this Agreement, do such matter or thing at the Owner' expense to correct the default, and the City may recover the expense incurred in doing it by action, from any security posted by the Owner, or by recovery in like manner as municipal taxes.
16. Remedies No proceeding by the City and no waiver under any provision of this Agreement shall prejudice the rights of the City in respect of any subsequent default by the Owner under this Agreement. The rights of the City may be enforced by any remedy authorized or permitted by this Agreement or by law, and no such remedy shall be exclusive of or dependent on any other remedy.

17. Notice: Any notices required or permitted to be given pursuant to the terms of this Agreement shall be given in writing sent by prepaid registered post, addressed in the case of notice given by the City to the Owner at the municipal address of the Property, and in the case of notice given by the Owner, addressed to: The City Clerk, P.O. 5035, London, Ontario N6A 4L9. Notice shall conclusively be deemed to have been given seven days following the day that the same is posted.
18. Separate Covenants: All of the provisions of this Agreement are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate clause hereof. Should any provision of this Agreement be adjudged unlawful or not enforceable, it shall be considered separate and severable from the agreement and its remaining provisions as though the unlawful or unenforceable provision had never been included.
19. Entire Agreement: This Agreement (including any Schedules, Exhibits and Attachments) shall constitute the entire agreement of the parties with respect to, and supersedes all prior written and oral agreements, understandings and negotiation with respect to, the subject matter hereof.
20. Number and Gender: This Agreement shall be read with all changes to gender and number required by the context.
21. Agreement Registered on Land: The Owner acknowledges and agrees that the City shall register this Agreement upon the Land pursuant to Subsection 28 (11) of the *Planning Act*, R.S.O. 1990, c. P. 13. This Agreement shall be discharged upon the expiry of the term of the Loan provided the Owner has complied with the terms and conditions of the Agreement.
22. Subsequent Owners Bound: Subject to the provisions of the *Registry Act* and the *Land Titles Act*, the covenants, agreements, conditions and understandings herein contained on the part of the Owner shall be conditions running with the Land and shall be binding upon it, its heirs, executors, administrators, successors and assigns, as the case may be, as subsequent owners and occupiers of the Land from time to time and "Owner", wherever used in this Agreement, is intended and shall be construed to include such subsequent owners and occupiers) in accordance with Subsection 28 (11) of the *Planning Act*, R.S.O. 1990, c. P. 13.

IN WITNESS WHEREOF the City has executed this Agreement by its authorized officers and the Owner has hereunto set its hand and seal, or hereunto affixed its corporate seal attested by the hands of its duly authorized officers.

THE CORPORATION OF THE CITY OF LONDON
by its authorized officers:

[Name and Title]

Date:

Schedule "A"

DESCRIPTION OF THE PROPERTY

Property Address: Street Address
Legal Description: [Lot/Part Lot/33R Plan/ etc.]
Place Type: [Name of Place Type, from The London Plan]
Zoning: [Zone from Zoning By-law]

Number of "Additional Residential Units" on property: [Insert number]

1. Description of ARU for this loan: [i.e. location within building, garage, etc].

Current Property Indebtedness	Owed To	Amount
1st Mortgage:	[Lender]	[\$]
2nd Mortgage:		
Other encumbrances:		

SCHEDULE "B"
COMMITMENT LETTER

Appendix "8"

**ADDITIONAL RESIDENTIAL UNIT CONSTRUCTION GRANT LOAN AGREEMENT
(AFFORDABLE)**

This Agreement made in triplicate this xx day of xxxxx, 20xx.

BETWEEN:

THE CORPORATION OF THE CITY OF LONDON,
hereinafter called "the City" OF THE FIRST PART;

- and –

Xxxxxxxx

hereinafter called "the Owner" OF THE SECOND PART;

WHEREAS the Owner represents that they are the registered owner of the property, known municipally as [XXX], located in the City of London, in the County of Middlesex and more particularly described in **Schedule "A"** attached hereto (the "Property");

AND WHEREAS section 28(7) of the Planning Act, R.S.O. 1990, c. P.13 authorizes a municipality to make grants or loans in conformity with a community improvement plan to registered owners within a community improvement project area;

AND WHEREAS the City has established the Additional Residential Unit Construction Grant Program (Affordable Rent) within the Affordable Housing Community Improvement Plan to improve low rental vacancy rates in London by encouraging the creation of more long-term, stable rental housing supply;

AND WHEREAS the Owner has applied for a financial loan from the City pursuant to the terms of the City's Additional Residential Unit Construction Grant Program (Affordable Rent) and the City has provisionally accepted the Owner's application pursuant to the City's Commitment Letter dated [xxxx] as contained in **Schedule "B"** attached hereto;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the parties hereto covenant and agree each with the other to comply with, keep, perform and be bound by each and every term, condition and covenant herein set out to the extent that the same are expressed to be respectively binding upon them, and the same shall ensure to the benefit of and shall be binding upon their respective heirs, executors, administrators, successors and assigns.

1. Definitions: The words and phrases defined in this section shall, for all purposes of this Agreement and of any subsequent agreement supplemental hereto, have ascribed to them the meanings herein specified unless the context expressly or by necessary implication otherwise requires:

“Additional Residential Unit” is a dwelling unit ancillary and subordinate to a primary dwelling unit, in which food preparation, eating, living, sleeping and sanitary facilities are provided for the exclusive use of the occupants thereof.

“Agreement” means this Additional Residential Unit Construction Grant Loan Agreement (Affordable Rent) entered into between the City and the Owner;

“Average Market Rent” or **“AMR”** means the most current average monthly market rent for a rental housing unit, by unit type, published by CMHC for the London Census Metropolitan Area.

“CMHC” means the Canada Mortgage and Housing Corporation;

“Commitment Letter” is the document prepared by the City attached hereto as **Schedule “B”**;

“Dwelling Unit” means a suite operated as a self-contained housekeeping unit, used or intended to be used as a domicile by one or more persons and contains cooking, eating, living, sleeping and sanitary facilities;

“effective date” means the date this Agreement is signed by the City.

“Short-Term Accommodation” means a Short-Term Accommodation as defined by the City of London’s Business Licensing bylaw.

2. Loan Amount: The City shall loan the Owner the total amount of [XXXX] (the “Loan”) by way of a single lump-sum payment to be advanced subsequent to the Owner’s construction of the Additional Residential Unit, in accordance with the scope of work described in the Commitment Letter. The provision of the Loan is subject to conditions precedent set out in section 9.
3. Term of Loan: The Loan shall have a term of ten (10) years commencing on the effective date of the Agreement. For clarity, this Agreement shall also have a term of ten (10) years commencing as of the effective date of the Agreement.
4. Forgiveness of Loan: On the last day of the month at the end of the term of the Loan, the Loan and accrued interest shall be forgiven provided the Owner has complied with all terms and conditions of this Agreement.
5. Interest: Interest shall accrue on the principal amount of the Loan at a rate of 8% per annum, compounded and calculated every 30 days, commencing from the effective date of the Agreement.
6. Lien Registered on Property: The Owner acknowledges and agrees that the City shall register a certificate signed by the Clerk of the City setting out the amount loaned to the Owner and the applicable interest rate on the Loan on the Property. The Loan shall constitute a lien or charge on the Property. The registered certificate shall be discharged from the Property upon forgiveness of the Loan or upon repayment of the Loan and accrued interest in accordance with this Agreement.
7. Additional Residential Unit: In consideration for the Loan, the Owner shall construct and maintain a new Additional Residential Unit on the Property in accordance with

the terms of this Agreement, including the scope of work contained in the Commitment Letter. The Owner shall comply with the following requirements during the term of the Loan:

- i. The Property shall be owner-occupied as the primary residence of the Owner until the termination of this Agreement. The Owner shall confirm that they occupy the primary residence every year.
 - ii. The Additional Residential Unit must maintain a valid Residential Rental Unit Licence, which must be renewed with the City every year.
 - iii. The Additional Residential Unit on the Property shall not be operated as a Short-Term Accommodation at any time during the term of the Loan.
 - iv. All tenants occupying an Additional Residential Unit on the Property shall be required to enter into a formal residential lease agreement with the Owner, with a minimum term of thirty-one (31) days.
 - v. The Owner shall rent the Additional Residential Unit on the Property at no more than 100% Average Market Rent during the term of the Loan.
 - vi. The Owner shall use commercially reasonable efforts to ensure the Affordable Residential Unit is rented.
 - vii. The Owner shall ensure that the Additional Residential Unit complies with municipal bylaws and provincial law.
8. Insurance: Fire and liability insurance shall be maintained by the Owner at all material times indicating the City as a mortgagee and loss payee with minimum coverage representing guaranteed replacement cost or full replacement value of the subject property and shall be produced to the City annually. The Owner acknowledges that any non-payment, default, cancellation, or reduction below the minimum amount of the insurance policy shall constitute a default under this Agreement.
9. Conditions Precedent: The provision of the Loan by the City pursuant to section 2 is subject to the following conditions precedent, each of which is for the exclusive benefit of the City and may be waived in full or in part by the City:
- i. There being no claim for lien under the *Construction Act* registered against the Property;
 - ii. There being no work orders issued against the Property by any governmental entity, agency or official;
 - iii. There are no City of London Building Division issued orders or deficiencies on the Property and the Owner has not received notice or warning of a bylaw contravention or been charged with a bylaw contravention;
 - iv. The City of London has confirmed the construction of and inspected the approved Additional Residential Unit;
 - v. All property taxes must be paid to date;
 - vi. The Owner not having any outstanding debts to the City;
 - vii. The Owner must not have defaulted on any City loans or grants.
 - viii. The Owner shall ensure they have applied for and been issued a Residential Rental Unit Licence for the Additional Residential Unit.
10. Representations and Warranties of the Owner: The Owner represents and warrants that they have not ever defaulted on a City loan or grant program, including by way of individual affiliation with any company or group of people authorized to act as a single entity such as a corporation, property taxes are paid in full and there are no City of London Orders or by-law infractions currently outstanding in relation to the Property. The Owner represents and warrants that the cumulative balance owing on all mortgages and charges (including the Loan) registered against the Property shall not exceed 90.00% of the post rehabilitation appraised value of the Property at any time prior to the end of the term of the Loan.
11. Assignment, Transfer and Postponement: In the event that the Owner transfers any interest in the Property, in whole or in part, to any person other than the Owner, the full amount of the Loan shall become immediately due and payable. Notwithstanding, the City may, at its sole discretion, consent to the assignment of the Loan to a transferee prior to a transfer being completed. The City may, at its sole discretion, consent to the postponement of the lien registered on title to the Property

in favour of another encumbrance.

12. Reporting: Each year following the date of the distribution of the Loan, the Owner shall provide an annual information report in the form required by the City identifying the unit type, rent, tenant names and move-in date for the Affordable Rental Housing Unit; the current annual report form is attached as Schedule "C" to the Agreement. The annual information report will be filled out by the Owner and the Owner shall declare that the information provided to the City is true to the best of their knowledge and that no information has been withheld or omitted.
13. Inspecting Records: The Owner shall, on forty-eight (48) hours' notice, give the City free access to such documents, books, records and accounts as may be determined by the City, for the purpose of verifying compliance with this Agreement. This provision shall continue to apply for a period of seven (7) years following the end of the term of the Loan or the early termination of this Agreement.
14. Termination: The parties acknowledge and agree that this Agreement and all obligations of the parties hereunder, excluding those which expressly survive this Agreement, shall be terminated upon either the repayment in full of the Loan, together with any and all interest or penalties accrued, if applicable, and the subsequent discharge of the lien registered against the Property or upon forgiveness of the Loan and accrued interest, and the subsequent discharge of the lien registered against the Property.
15. Default: Time shall be of the essence in this Agreement. Upon breach by the Owner of any covenant, term, condition or requirement of this Agreement, if any representation or warranty made by the Proponent in this Agreement proves to be untrue or misleading in any material respect as of the date it was made, or upon the Owner becoming insolvent or making an assignment for the benefit of creditors, the Owner shall be in default under this Agreement. Notice of such default shall be given in accordance with this Agreement and if the Owner has not remedied such default within such time, as provided in the notice, the City may direct that the full amount of the Loan together with accrued interest be immediately due and payable. Interest shall continue to accrue at a rate of 8% per annum, compounded and calculated every 30 days, from the date of the event of default until the Loan and accrued interest are repaid. The City may add the amount of the Loan and accrued interest to the collector's roll and collect the Loan in like manner as municipal taxes..
16. Enforcing Performance of Requirements: In addition to any remedy authorized or permitted by this Agreement or by law, the City may, in the event of a default by the Owner under this Agreement, do such matter or thing at the Owner' expense to correct the default, and the City may recover the expense incurred in doing it by action, from any security posted by the Owner, or by recovery in like manner as municipal taxes.
17. Remedies No proceeding by the City and no waiver under any provision of this Agreement shall prejudice the rights of the City in respect of any subsequent default by the Owner under this Agreement. The rights of the City may be enforced by any remedy authorized or permitted by this Agreement or by law, and no such remedy shall be exclusive of or dependent on any other remedy.
18. Notice: Any notices required or permitted to be given pursuant to the terms of this Agreement shall be given in writing sent by prepaid registered post, addressed in the case of notice given by the City to the Owner at the municipal address of the Property, and in the case of notice given by the Owner, addressed to: The City Clerk, P.O. Box 5035, 300 Dufferin Avenue, London, Ontario N6A 4L9. Notice shall conclusively be deemed to have been given seven days following the day that the same is posted.
19. Separate Covenants: All of the provisions of this Agreement are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate clause hereof. Should any provision

of this Agreement be adjudged unlawful or not enforceable, it shall be considered separate and severable from the agreement and its remaining provisions as though the unlawful or unenforceable provision had never been included.

20. Entire Agreement: This Agreement (including any Schedules, Exhibits and Attachments) shall constitute the entire agreement of the parties with respect to, and supersedes all prior written and oral agreements, understandings and negotiation with respect to, the subject matter hereof.
21. Number and Gender: This Agreement shall be read with all changes to gender and number required by the context.
22. Agreement Registered on Land: The Owner acknowledges and agrees that the City shall register this Agreement upon the Land pursuant to Subsection 28 (11) of the *Planning Act*, R.S.O. 1990, c. P. 13. This Agreement shall be discharged upon the expiry of the term of the Loan provided the Owner has complied with the terms and conditions of the Agreement.
23. Subsequent Owners Bound: Subject to the provisions of the *Registry Act* and the *Land Titles Act*, the covenants, agreements, conditions and understandings herein contained on the part of the Owner shall be conditions running with the Land and shall be binding upon it, its heirs, executors, administrators, successors and assigns, as the case may be, as subsequent owners and occupiers of the Land from time to time and "Owner", wherever used in this Agreement, is intended and shall be construed to include such subsequent owners and occupiers) in accordance with Subsection 28 (11) of the *Planning Act*, R.S.O. 1990, c. P. 13.

IN WITNESS WHEREOF the City has executed this Agreement by its authorized officers and the Owner has hereunto set its hand and seal, or hereunto affixed its corporate seal attested by the hands of its duly authorized officers.

THE CORPORATION OF THE CITY OF LONDON
by its authorized officers:

[Name and Title]

Date:

SCHEDULE "A"

DESCRIPTION OF THE PROPERTY

Property Address: [Street Address]
Legal Description: [Lot/Part Lot/33R Plan/ etc.]
Place Type: [Name of Place Type, from The London Plan]
Zoning: [Zone from Zoning By-law]

Number of "Additional Residential Units" on property: [Insert number]

1. Description of ARU for this loan: [i.e. location within building, garage, etc].

Current Property Indebtedness	Owed To	Amount
1st Mortgage:	[Lender]	[\$]
2nd Mortgage:		
Other encumbrances:		

SCHEDULE "B"
COMMITMENT LETTER

SCHEDULE "C"

ARU ANNUAL RENT REPORTING FORM¹

A. Project and Property Information

Reporting Period	
Form Submission Date	
Loan Agreement Date	
Property & ARU Address	
Number of Bedrooms	
Property Owner Name(s)	
Property Owner(s) Contact Info (Phone and Email)	

B. ARU Tenant and Rental Information

Tenant Name(s)	
Actual Monthly Rent (excluding utilities) (CAD \$)	
CMHC Average Market Rent (CAD \$) ²	
Tenant(s) Move-In Date	
Tenant(s) Annual Gross Household Income (CAD \$) ³	

Notes:

1. This form is to be completed by one property owner and signed by all applicable property owners.
2. Per the Agreement, the rent charged to a tenant must be a maximum of 100% Canada Mortgage and Housing Corporation (CMHC) average market rent. To determine this maximum, please review the CMHC Housing Market Information Portal website annually to determine the latest "Average Rent" for London by dwelling type, including the number of bedrooms. ARUs are dwellings under the Secondary Rental Market – accessory suite category. However, if info is not available under this category, please use London average rent statistics under the "Primary Rental Market" category considering the number of bedrooms. The website is currently available at: <https://www03.cmhc-schl.gc.ca/hmip-pimh/en#TableMapChart/1/1/Canada>
3. The City of London requires this information to assist with its program monitoring and reporting obligations.
4. The property owner/landlord is responsible for completing their due diligence when selecting tenants and ensuring said tenant(s) has/have the capacity to meet their rental obligations. In addition to complying with the provisions of the Loan Agreement, the landlord is also subject to the *Residential Tenancies Act*, which may be amended from time to time.

Solemn Declaration:

I declare that all the information on this form is true to the best of my knowledge and that no information has been withheld or omitted. I make this declaration knowing that it is of the same force and effect as if made under oath by virtue of the *Canada Evidence Act*.

Property Owner(s):

Signature:

Date:

Signature:

Date:

Appendix "9"

**ADDITIONAL RESIDENTIAL UNIT CONSTRUCTION GRANT LOAN AGREEMENT
(INDIGENOUS)**

This Agreement made in triplicate this xx day of xxxxx, 20xx.

BETWEEN:

THE CORPORATION OF THE CITY OF LONDON.
hereinafter called "the City" OF THE FIRST PART;

- and -

Xxxxxxxx

hereinafter called "the Owner" OF THE SECOND PART;

WHEREAS the Owner represents that they are the registered owner of the property, known municipally as [XXXX], located in the City of London, in the County of Middlesex and more particularly described in **Schedule "A"** attached hereto (the "Property");

AND WHEREAS section 28(7) of the Planning Act , R.S.O. 1990, c. P.13 authorizes a municipality to make grants or loans in conformity with a community improvement plan to registered owners within a community improvement project area;

AND WHEREAS the City has established the Additional Residential Unit Construction Grant Program (Indigenous) within the Affordable Housing Community Improvement Plan to improve low rental vacancy rates in London by encouraging the creation of more long-term, stable rental housing supply;

AND WHEREAS the Owner has applied for a financial loan from the City pursuant to the terms of the City's Additional Residential Unit Construction Grant Program (Indigenous) and the City has provisionally accepted the Owner's application pursuant to the City's Commitment Letter dated [insert date] as contained in the **Schedule "B"** attached hereto;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the parties hereto covenant and agree each with the other to comply with, keep, perform and be bound by each and every term, condition and covenant herein set out to the extent that the same are expressed to be respectively binding upon them, and the same shall ensure to the benefit of and shall be binding upon their respective heirs, executors, administrators, successors and assigns.

1. Definitions: The words and phrases defined in this section shall, for all purposes of this Agreement and of any subsequent agreement supplemental hereto, have ascribed to them the meanings herein specified unless the context expressly or by necessary implication otherwise requires:

“**Additional Residential Unit**” is a dwelling unit ancillary and subordinate to a primary dwelling unit, in which food preparation, eating, living, sleeping and sanitary facilities are provided for the exclusive use of the occupants thereof.

“**Agreement**” means this Additional Residential Unit Construction Grant Loan Agreement (Indigenous) entered into between the City and the Owner;

“**Commitment Letter**” is the document prepared by the City attached hereto as **Schedule “B”**.

“**Dwelling Unit**” means a suite operated as a self-contained housekeeping unit, used or intended to be used as a domicile by one or more persons and contains cooking, eating, living, sleeping and sanitary facilities.

“**effective date**” means the date this Agreement is signed by the City.

“**Short-Term Accommodation**” means a Short-Term Accommodation as defined by the City of London’s Business Licensing bylaw.
2. Loan Amount: The City shall loan the Owner the total amount of [\$XXXX] (the “Loan”) by way of a single lump-sum payment to be advanced subsequent to the Owner’s construction of the Additional Residential Unit, in accordance with the scope of work described in the Commitment Letter. The provision of the Loan is subject to conditions precedent set out in section 9.
3. Term of Loan: The Loan shall have a term of ten (10) years, commencing on the effective date of the Agreement. For clarity, this Agreement shall also have a term of ten (10) years commencing as of the effective date of the Agreement.
4. Forgiveness of Loan: On the last day of the month at the end of the term of the Loan, the Loan and accrued interest shall be forgiven provided the Owner has complied with all terms and conditions of this Agreement.
5. Interest: Interest shall accrue on the principal amount of the Loan at a rate of 8% per annum, compounded and calculated every 30 days, commencing upon the effective date of the Agreement.
6. Lien Registered on Property: The Owner acknowledges and agrees that the City shall register a certificate signed by the Clerk of the City setting out the amount of the Loan and the applicable interest rate on the Property. The Loan shall constitute a lien or charge on the Property. The registered certificate shall be discharged from the Property upon forgiveness of the Loan or upon repayment of the Loan and accrued interest in accordance with this Agreement.
7. Additional Residential Unit: In consideration for the Loan, the Owner shall construct and maintain the new Additional Residential Unit on the Property in accordance with the terms of this Agreement, including the scope of work contained in the Commitment Letter. The Owner shall comply with the following requirements during the term of the Loan:
 - i. The Additional Residential Unit must maintain a valid Residential Rental Unit License, which must be renewed with the City every year.
 - ii. The Additional Residential Unit on the Property shall not be operated as a Short-Term Accommodation at any time during the term of the Loan.
 - iii. All tenants occupying an Additional Residential Unit on the Property shall be required to enter into a formal residential lease agreement with the Owner, with a minimum term of thirty-one (31) days.
 - iv. The Owner shall use commercially reasonable efforts to ensure the Affordable Residential Unit is rented or occupied.
 - v. The Owner shall ensure that the Additional Residential Unit complies with municipal bylaws and provincial law.

8. Insurance: Fire and liability insurance shall be maintained by the Owner at all material times indicating the City as a mortgagee and loss payee with minimum coverage representing guaranteed replacement cost or full replacement value of the subject property and shall be produced to the City annually. The Owner acknowledges that any non-payment, default, cancellation, or reduction below the minimum amount of the insurance policy shall constitute a default under this Agreement.
9. Conditions Precedent: The provision of the Loan by the City pursuant to section 2 is subject to the following conditions precedent, each of which is for the exclusive benefit of the City and may be waived in full or in part by the City:
 - i. There being no claim for lien under the *Construction Act* registered against the Property;
 - ii. There being no work orders issued against the Property by any governmental entity, agency or official;
 - iii. There are no City of London Building Division issued orders or deficiencies on the Property and the Owner has not received notice or warning of a bylaw contravention or been charged with a bylaw contravention;
 - iv. The City of London has confirmed and inspected the approved Additional Residential Unit(s);
 - v. All property taxes must be paid to date;
 - vi. The Owner not having any outstanding debts to the City;
 - vii. The Owner must not have defaulted on any City loans or grants;
 - viii. The Owner shall ensure they have applied for and been issued a Residential Rental Unit Licence for the Additional Residential Unit.
10. Representations and Warranties of the Owner: The Owner represents and warrants that they have not ever defaulted on a City loan or grant program, including by way of individual affiliation with any company or group of people authorized to act as a single entity such as a corporation, property taxes are paid in full and there are no City of London Orders or by-law infractions currently outstanding in relation to the Property. The Owner represents and warrants that the cumulative balance owing on all mortgages and charges (including the Loan) registered against the Property shall not exceed 90.00% of the post rehabilitation appraised value of the Property at any time prior to the full repayment of the Loan. The Owner represents and warrants they are an Indigenous person according to the following definition: Indigenous Peoples are people who are First Nations, Inuit or Métis.
11. Assignment, Transfer and Postponement: In the event that the Owner transfers any interest in the Property, in whole or in part, to any person other than the Owner, the full amount of the Loan shall become immediately due and payable. Notwithstanding, the City may, at its sole discretion, consent to the assignment of the Loan to a transferee prior to a transfer being completed. The City may, at its sole discretion, consent to the postponement of the lien registered on title to the Property in favour of another encumbrance.
12. Reporting: The Owner shall, on forty-eight (48) hours' notice, give the City free access to such documents, books, records and accounts as may be determined by the City, for the purpose of verifying compliance with this Agreement. The City may require the Owner to complete an information report in the form set by the City on the Affordable Residential Unit demonstrating compliance with the Agreement on the timeline set by the City which shall not be less than fourteen (14) days. This provision shall continue to apply for a period of seven (7) years following the end of the term of the Loan or the early termination of this Agreement.
13. Termination: The parties acknowledge and agree that this Agreement and all obligations of the parties hereunder, excluding those which expressly survive this Agreement, shall be terminated upon either the repayment in full of the Loan, together with any and all interest or penalties accrued, if applicable, and the subsequent discharge of the lien registered against the Property or upon forgiveness of the Loan and accrued interest, and the subsequent discharge of the lien registered against the Property.

14. Default: Time shall be of the essence in this Agreement. Upon breach by the Owner of any covenant, term, condition or requirement of this Agreement, if any representation or warranty made by the Proponent in this Agreement proves to be untrue or misleading in any material respect as of the date it was made, or upon the Owner becoming insolvent or making an assignment for the benefit of creditors, the Owner shall be in default under this Agreement. Notice of such default shall be given in accordance with this Agreement and if the Owner has not remedied such default within such time, as provided in the notice, the City may direct that the full amount of the Loan together with interest be immediately due and payable. Interest shall continue to accrue at a rate of 8% per annum, compounded and calculated every 30 days, from the date of the event of default until the Loan and accrued interest are repaid. The City may add the amount of the Loan to the collector's roll and collect the Loan in like manner as municipal taxes over a period fixed by the City. The City may add the amount of the Loan and accrued interest to the collector's roll and collect the Loan in like manner as municipal taxes.
15. Enforcing Performance of Requirements: In addition to any remedy authorized or permitted by this Agreement or by law, the City may, in the event of a default by the Owner under this Agreement, do such matter or thing at the Owner' expense to correct the default, and the City may recover the expense incurred in doing it by action, from any security posted by the Owner, or by recovery in like manner as municipal taxes.
16. Remedies No proceeding by the City and no waiver under any provision of this Agreement shall prejudice the rights of the City in respect of any subsequent default by the Owner under this Agreement. The rights of the City may be enforced by any remedy authorized or permitted by this Agreement or by law, and no such remedy shall be exclusive of or dependent on any other remedy.
17. Notice: Any notices required or permitted to be given pursuant to the terms of this Agreement shall be given in writing sent by prepaid registered post, addressed in the case of notice given by the City to the Owner at the municipal address of the Property, and in the case of notice given by the Owner, addressed to: The City Clerk, P.O. Box 5035, 300 Dufferin Avenue, London, Ontario N6A 4L9. Notice shall conclusively be deemed to have been given seven days following the day that the same is posted.
18. Separate Covenants: All of the provisions of this Agreement are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate clause hereof. Should any provision of this Agreement be adjudged unlawful or not enforceable, it shall be considered separate and severable from the agreement and its remaining provisions as though the unlawful or unenforceable provision had never been included.
19. Entire Agreement: This Agreement (including any Schedules, Exhibits and Attachments) shall constitute the entire agreement of the parties with respect to, and supersedes all prior written and oral agreements, understandings and negotiation with respect to, the subject matter hereof.
20. Number and Gender: This Agreement shall be read with all changes to gender and number required by the context
21. Agreement Registered on Land: The Owner acknowledges and agrees that the City shall register this Agreement upon the Land pursuant to Subsection 28 (11) of the *Planning Act*, R.S.O. 1990, c. P. 13. This Agreement shall be discharged upon the expiry of the term of the Loan provided the Owner has complied with the terms and conditions of the Agreement.
22. Subsequent Owners Bound: Subject to the provisions of the *Registry Act* and the *Land Titles Act*, the covenants, agreements, conditions and understandings herein contained on the part of the Owner shall be conditions running with the Land and shall be binding upon it, its heirs, executors, administrators, successors and assigns, as the case may be, as subsequent owners and occupiers of the Land from time to time and

"Owner", wherever used in this Agreement, is intended and shall be construed to include such subsequent owners and occupiers) in accordance with Subsection 28 (11) of the *Planning Act*, R.S.O. 1990, c. P. 13.

IN WITNESS WHEREOF the City has executed this Agreement by its authorized officers and the Owner has hereunto set its hand and seal, or hereunto affixed its corporate seal attested by the hands of its duly authorized officers.

THE CORPORATION OF THE CITY OF LONDON

by its authorized officers:

[Name and Title]

Date:

Schedule "A"

DESCRIPTION OF THE PROPERTY

Property Address: Street Address
Legal Description: [Lot/Part Lot/33R Plan/ etc.]
Place Type: [Name of Place Type, from The London Plan]
Zoning: [Zone from Zoning By-law]

Number of "Additional Residential Units" on property: [Insert number]

1. Description of ARU for this loan: [i.e. location within building, garage, etc].

Current Property Indebtedness	Owed To	Amount
1st Mortgage:	[Lender]	[\$]
2nd Mortgage:		
Other encumbrances:		

SCHEDULE "B"
COMMITMENT LETTER