

Bill No. 63
2020

By-law No. C.P.-____-____

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. The Affordable Housing Community Improvement Project Area Financial Incentive Guidelines attached hereto as Schedule "1" and Schedule "2" is hereby adopted;
2. This by-law shall come into effect on the day it is passed.

PASSED in Open Council on January 28, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – January 28, 2020
Second Reading – January 28, 2020
Third Reading – January 28, 2020

Schedule “1”

Affordable Housing Community Improvement Plan – Financial Incentive Program Guidelines

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

How to Read this Document

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

The document also helps to identify what the responsibility of each stakeholder is in the incentive program process. The initials **PO** indicates the property owner (or authorized agent acting on behalf of the property owner) is responsible for completing that task or action, whereas **CL** indicates that a City of London staff member is responsible.

1. Definitions

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.

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 owner of the subject property, or an authorized agent, including a business owner who is occupying space on the subject property or contractor who has been retained to undertake improvements on the subject property. If the *Applicant* is not a registered owner of the property subject to the incentive program the *Applicant* will be required to provide authorization in writing from the registered owner as part of a complete application.

Calendar Year – The 12 months of the year commencing January 1 and ending December 31.

CL – Indicates that a City of London staff member is responsible for an identified action.

Commitment Letter – A document prepared by the City of London outlining its agreement with a property owner, to provide a future financial incentive – loan(s) and/or grant(s) – to an applicant based on a redevelopment, rehabilitation and/or renovation project that the applicant has yet to undertake. The letter describes the specific scope of approved works that the property owner will undertake in order to receive the grant or loan.

Complete Application – Includes a completed application form for financial incentive program(s) with the property owner(s) signature and date, which is accompanied by:

- Complete drawings of the works to be undertaken (e.g. site plan of development)
- Itemized list of specific improvements;
- A cover letter that summarizes the work to be completed;
- A signed copy of the Addendum including the Hold Harmless Agreement, General Liability Insurance, and Contractor qualifications;
- A copy of the Building Permit (if required);
- A copy of the Heritage Alteration Permit (if required);
- Any other information that may be deemed necessary by the Managing Director of Planning and City Planner, or designate.

Discrete Building – Means any permanent structure which is separated from other structures by a solid party wall and is used or intended to be used for the shelter, accommodation, or enclosure of persons. To be a discrete building, the structure will have a distinct municipal address.

Dwelling unit – The definition of Dwelling Unit in the City of London's Zoning By-law will apply to these program guidelines.

Loan Repayments – The total value of the loan repayment made by the applicant to the City at scheduled milestones. The loan agreement includes a loan schedule which provides details on the terms of loan including when loan repayment begins as well as the amount of each repayment installment.

PO – indicates the property owner (or authorized agent acting on behalf of the property owner) is responsible for completing that task or action.

2. Eligibility Criteria for Financial Incentive Programs

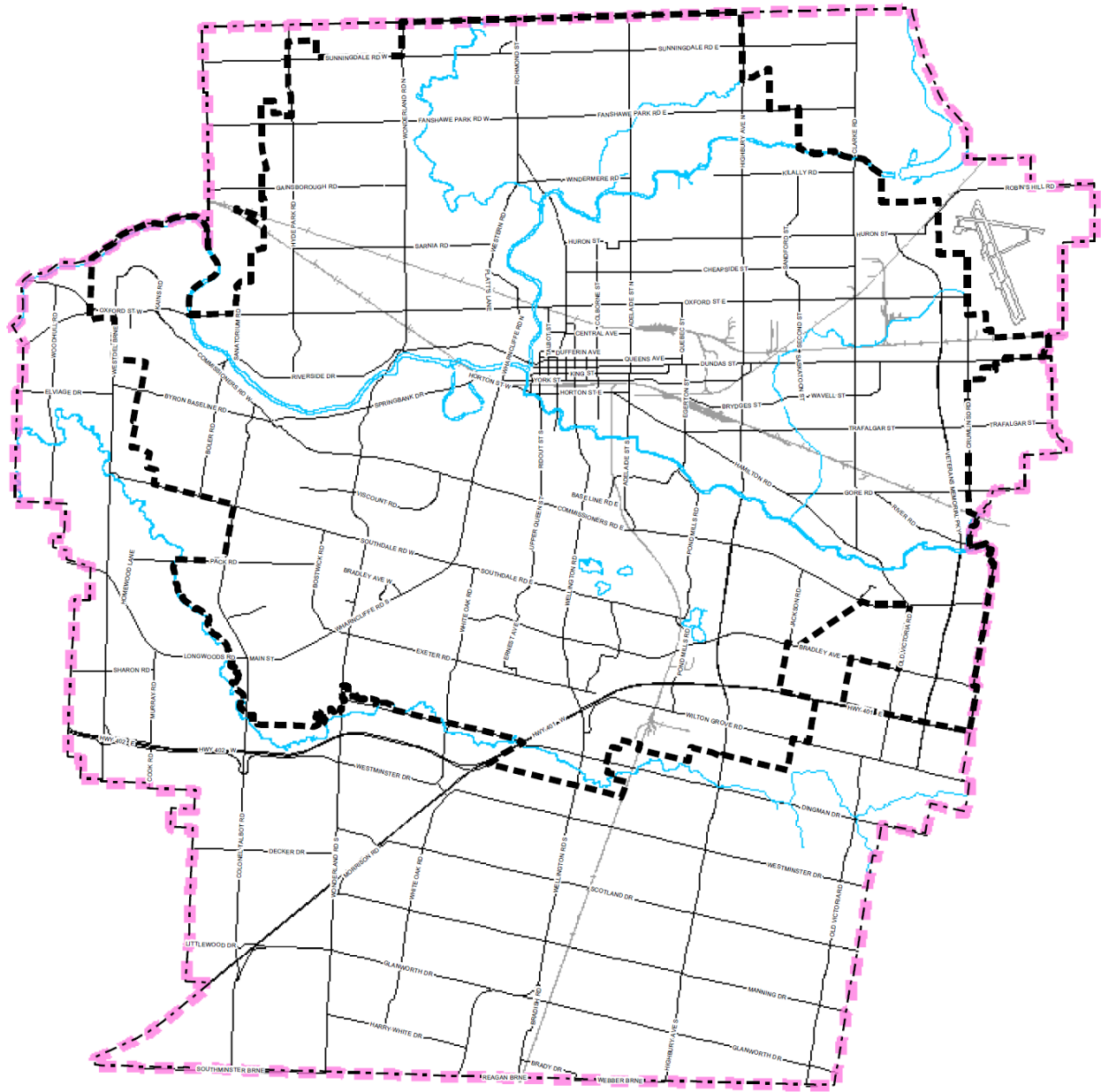
To be eligible for any Financial Incentive Program, the applicant, property and project must meet all conditions detailed in this program description.

Applicant (Property Owner) Considerations

- The applicant must be the registered owner of the property or an authorized agent (including building tenant or contractor who has been retained to undertake improvements). If the applicant is not a registered owner of the subject property, the applicant will be required to provide authorization in writing from the registered owner as part of a complete application;
- All mortgages and charges, including the subject financial incentive(s), must not exceed 90% of the post-rehabilitation appraised value of the property (i.e. the owner must maintain 10% equity in the property post-improvement);
- All City of London realty taxes must be paid in full prior to the loan and/or grant being issued and remain so for the lifetime of the loan;
- The registered owner of the property must have no outstanding debts to the City of London;
- The property owner and/or authorized applicant, 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;
- **The Financial Incentive Programs will not apply retroactively to work completed prior to the approval of the application by the Managing Director of Planning and City Planner, or designate.**

Property Considerations

- The property must be located within the Affordable Housing Community Improvement Project Area as defined in the Affordable Housing Community Improvement Area By-law (see Map #1), which is the municipal boundary of the City of London;
- The property must be located within the Urban Growth Boundary and be on lands that have a Place Type and Zone that permits residential uses;
- There are no City of London Building Division orders or deficiencies on the subject property prior to the loan being issued, unless the deficiencies are to be addressed as part of the eligible works associated with the loan;
- Each property is eligible to avail simultaneously of multiple incentive programs provided through the various Community Improvement Plans (for example, applications for the Affordable Housing Development Loan and the Upgrade to Building Code Loan if located within a program area identified in another CIP).



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

Building Considerations

- Separate applications must be submitted for each *discrete building* on a single property;
- Where the entirety of a multi-unit building, which contains separate dwelling units, are all under the same ownership, (or with condominium status) it will be considered as one building for the purpose of the incentive programs;
- Where a building is within a contiguous group of buildings, a *discrete building* will be interpreted as any structure which is separated from other structures by a solid party wall (and a distinct municipal address);
- Each *discrete building* on each property is eligible for the financial incentive program;
- Each *discrete building* is eligible to avail simultaneously of multiple incentive programs provided through the various Community Improvement Plans;
- There must be no City of London Building Division orders or deficiencies and no by-law infractions prior to the loan being issued, with the exception that the loan is for eligible works to address identified deficiencies (e.g. fire code or building code), as determined by Staff through the pre-consultation.

3. Application Process

Expression of Interest

PO – It is recommended that the applicant meet with Housing Development Corporation, London (HDC) regarding an expression of interest before any financial incentive application is made to the City of London. While City Planning Staff are often involved in meeting with HDC and an applicant, no records are formally kept until a complete incentive application, accompanied by appropriate drawings and estimates, is submitted to City Planning.

Consultation Phase

Step 1 – PO – The Applicant contacts City of London and/or HDC who will arrange a meeting with Staff to discuss the proposed project, information about incentive programs, provide application form(s) and assist with the application process. This meeting will also help to identify what permits or permissions may be required to complete the proposed improvement project. Where possible, the City will make appropriate Staff available for this meeting, which may be on-site at the property, where the proposed work is planned.

Applications made for financial incentive programs do not in any way replace the need for obtaining any necessary approvals. Prior to undertaking building improvements, the property owner (**PO**) is required to obtain any necessary approvals and/or permits. Heritage Alteration Permits (if required) will be required before financial incentive applications are accepted. Discussions with City Staff are encouraged early in the conceptual phase to ensure proposals comply with City regulations and guidelines, and the proposed improvements are eligible under the incentive program criteria. Service London Staff are also available to help with clarifying/applying for applicable permits.

Step 2 – PO – A *Complete Application* (see Definition Section) for incentive programs is submitted to the City of London.

Step 3 – CL – City of London City Planning Staff will review the application for completeness and inform the applicant in writing that either more information is required, or the application is accepted. If accepted, the City will provide a *Commitment Letter* which outlines the approved works, related costs, and monetary commitment that the City is making to the project. For the Loan Program, the City's commitment is valid for one year from the date of issuance of the *Commitment Letter*, at which time the first available building permit must be issued and construction begun. The City's commitment applies only to the project as submitted. **PO – Any subsequent changes to the project will require review and approval by appropriate City staff.**

Agreement Phase

Step 4 – PO – The applicant must notify City Planning Staff when the necessary approvals and/or permits have been received for the approved works (e.g. building permit), as identified in the *Commitment Letter* from the City.

Step 5 – CL – The loan agreement will be entered into prior to the first available building permit issuance. Before entering into any loan agreement, City Planning staff must ensure the improvements, as described in the City's *Commitment Letter* and criteria, as set out in the respective program guidelines, have been met. Generally speaking, this includes:

- Obtaining building permits;
- All City of London property taxes must be paid in full and the account deemed in good standing by the Taxation Division;
- There must be no outstanding debts 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 subject property.

Step 6 – PO – The applicant will have the security registered on title with their Counsel in the amount of the loan.

Step 7 – CL – City Planning staff will request a cheque, payable to the applicant’s lawyer “in trust”.

Step 8 – CL – When all the documentation is ready City Planning Staff will contact the applicant to arrange for a meeting to sign the documents and provide the applicant with a loan cheque.

Step 9 – City Planning staff will have three (3) original copies of the loan agreement available for signing. One original signed copy is kept by the applicant and two are retained by the City.

Construction Phase

Step 10 – CL – City Planning Staff may visit the subject property and take photographs, both before and after the subject work is completed, to ensure proposed improvements have been completed as described in the application.

Loan Repayment Phase

Full loan repayment can be made at any time without penalty. Loan Repayment is required in three (3) equal installments: first, sixty (60) days after building permit issuance, second at the time the structural framing is complete, and third at the time of building occupancy or ten (10) years after the building permit is issued, whichever is the sooner. If repayment is to vary from this installment schedule, it will be on a schedule that is to the satisfaction of the City Planner and as agreed to by all parties. **PO** – To make a full or partial repayment above the standard installment, please contact City Planning or Accounts Receivable.

PO – Please note that loan cheque distribution cannot occur in December due to financial year-end. Instead all loan cheques requested in the Agreement phase in December will be processed in January.

4. Financial Incentive Approval

Once all eligibility criteria and conditions are met, and provided that funds are available in the supporting Reserve Fund, the Managing Director, Planning and City Planner or designate will approve the incentive application. Approval by means of a letter to the applicant will represent a commitment by the City of London. Loan commitments will be valid for one year and will expire if the building permit is not issued within that time period. The Managing Director, Planning and City Planner may, at his/her discretion, provide a written time extension of up to one year. **PO – It is important to note that the consideration of such an extension will require a written request from the applicant detailing the reasons the extension is being sought.**

5. Additional Rehabilitation and Demolition

Additional work to the interior of the building can be undertaken without City Planning’s approval subject to obtaining a building and/or heritage alteration permit, when required. The loan programs do not impose any specific restrictions on demolition.

6. Inspection of Completed Works

The loan will be paid to the property owner (or designate) at the time of building permit issuance. The applicant is to inform the City when the works are completed and the City will inspect the works completed to verify that the proposed improvements have been completed as described in the application.

7. Incentive Application Refusal and Appeal

If an application is refused, the applicant may, in writing, appeal the decision of the Managing Director, Planning and City Planner to the City Clerk's Office who will provide direction to have the matter heard before Municipal Council through the Planning and Environment Committee.

8. Relationship to other Financial Incentive Programs

It is intended that the Loan Programs will complement other incentive programs offered by the City of London. Property owners may also qualify for financial assistance under those programs specifically detailed within the program guidelines. However, the funding from these programs cannot be used to subsidize the property owner's share of the total cost of the loan programs property improvements.

9. Monitoring & Discontinuation of Programs

As part of the program administration, City Planning staff will monitor all of the financial incentive programs. In receiving and processing applications Staff will enter relevant information into a Monitoring Database. This information will be included in Incentive Monitoring Reports which will be prepared 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 Community Improvement Plan within which the program applies. The City may discontinue the financial incentive programs at any time; however, any existing loan will continue in accordance with the agreement. A program's success in implementing a Community Improvement Plan's 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, as noted in the Program Monitoring Data section.

10. Program Monitoring Data and Activity Reports

The following information will be collected and serve as indicators to monitor the Affordable Housing Development Loan Program offered through the Affordable Housing Community Improvement Plan. These measures are to be flexible allowing for the addition of new measures that better indicate if the goals and objectives of the CIP have been met.

Affordable Housing Development Loan Program	<ul style="list-style-type: none">a) Number of Applications by type (approved and denied);b) Approved value of the loan and the total construction cost (i.e. total public investment and private investment);c) Total Value of Building Permit (if required);d) Number of affordable units created;e) Type of affordable units (bedrooms; building form)f) Level of affordability (relative to Average Market Rent by City quadrant)g) Total Loan Amount;h) Number of loan defaults;i) Cost/Value of loan defaults.
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11. Affordable Housing Development Loan Program – Purpose

The purpose of the Affordable Housing Development Loan Program is to encourage the creation of new affordable rental housing units and to off-set the up-front costs of developing new affordable housing units.

Objectives of this program include encouragement of new affordable units; enabling the creation of more mixed-income buildings (market and affordable

and/or range of affordable); providing opportunities for urban regeneration; and supporting and implementing the policy goals and frameworks of *The London Plan* and the Housing Stability Action Plan.

12. Affordable Housing Development Loan Program – Eligible Works

Eligible works include the following:

- Development, redevelopment, and/or renovation that creates new affordable rental housing units within the identified range of rents relative to Average Market Rent (AMR), per the “Loan Terms” below.
- Works may include deficiencies such as upgrades to meet building code or fire code (in the case of renovations or adaptive re-use projects).
- Loans may be used to off-set development and construction costs of affordable rental housing and may include required City charges such as Development Charges.

13. Affordable Housing Development Loan Program – Works Not Eligible

- Loans will not be granted for the Market Rent units within a mixed (affordable and market) building.
- Loans will not apply retroactively for works undertaken prior to entering the loan agreement.

14. Affordable Housing Development Loan Program – Loan Terms

In addition to the eligible works above, loans require that:

- In mixed (Affordable and Market) rental buildings, only the affordable rental units are eligible for the loan. The loan is per Affordable unit created.
- In buildings with more than ten (10) units there must be mixed affordability (i.e. Affordable and Market Rent units or units with different levels of affordability relative to AMR).
- A minimum of five (5) affordable rental units must be created.
- In mixed buildings of Market and Affordable units, where there are more than ten (10) units in the building, no more than two-thirds (66%) of the units may be affordable units.
- Units must be rented below Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR), based on the average market rent by CMHC Rental Market Zone of the City. If recent, reliable CMHC Rental Market Zone data is unavailable (data more than 1-year old), then the city-wide AMR will be applied to the loan agreement.
- Tenants’ income levels must be verified by landlords through annual occupancy reports.
- Applicants must enter into an agreement registered on title for the affordable units to remain affordable for a minimum “affordability period” of twenty (20) years.
- Loans will be issued at the time of building permit issuance.
- The applicant’s repayment period will begin sixty (60) days after the building permit is issued.
- Loans will be amortized over a ten (10) year repayment schedule.

- If during the repayment period there is a change of Use or if affordable units are converted to market rental rates, the remaining portion of the loan will be required to be repaid immediately.
- There are three (3) levels of loan, as follows:
 - i) \$ 10,000 per unit (LOW)
 - ii) \$ 15,000 per unit (MEDIUM)
 - iii) \$ 20,000 per unit (HIGH)

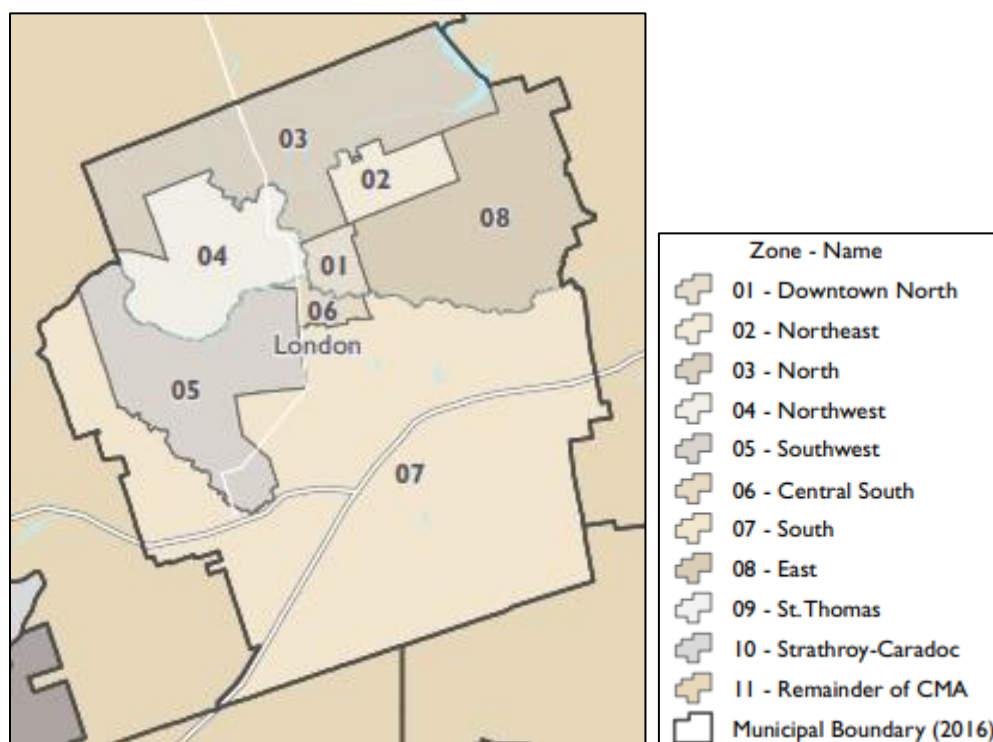
The loan amount will be based upon three factors:

1. The level of affordability of the unit(s) created as a percentage of average market rent (AMR) by City Zones. The “Zones” are the Rental Market Zones of the CMHC’s annual rental market report (see Figure 1 below);
2. Whether the developer pays municipal property taxes; and
3. Geographic location of the affordable rental housing units relative to the City’s growth objectives.

Table 1: Program Levels based on Affordability, Tax, and Geographic Factors

	Do <u>Not</u> Pay Municipal Property Taxes			Do <u>Pay</u> Municipal Property Taxes		
	Downtown, Transit Villages, Rapid Transit Corridor	Sites within Primary Transit Area or any Closed School Site	Other Sites	Downtown, Transit Villages, Rapid Transit Corridor	Sites within Primary Transit Area or any Closed School Site	Other Sites
< 80% AMR	HIGH	HIGH	MEDIUM	HIGH	HIGH	MEDIUM
80-89% AMR	HIGH	MEDIUM	LOW	HIGH	HIGH	MEDIUM
90-99% AMR	MEDIUM	MEDIUM	LOW	HIGH	MEDIUM	LOW

Figure 1: Excerpt from CMHC's Rental Market Zone Map. Used for Determining Average Market Rent (Source: CMHC, *London CMA Rental Market Report*, 2018)



15. Loan Distribution

The City will provide the applicant with one cheque in the full amount of the approved loan after: (1) the City has completed its due diligence to ensure the applicant and property remain eligible for the loan, (2) the Loan Agreement has been signed, and (3) the loan amount has been added as an encumbrance on title for repayment. **The City will not provide partial loan amounts or progress payments.**

16. Loan Security and Postponement

Loans will be secured through the registration of an encumbrance placed on property title for the total amount of the loan. The Managing Director, Planning and City Planner or designate may postpone the encumbrance (subordination of an encumbrance to another encumbrance on the same property) which is given as security for the loan in circumstances where any of the registered mortgages are being replaced, consolidated or renewed and the total value of all mortgages and charges including the City's encumbrance does not exceed 90% of the appraised value of the property.

17. Loan Agreement

Participating property owners in the financial incentive programs shall be required to enter into a loan agreement with the City. This agreement shall specify such items as (but not limited to) the loan amount, the duration of the loan, and the owner's obligation to repay the City for any monies received if the property is demolished before the loan period elapses or the unit(s) no longer meeting the affordability requirements of the loan. The agreement shall include the terms and conditions included in the program guidelines.

18. Repayment Provisions

Loan repayments will occur in three (3) equal installments (each is one-third of the value of the loan). The first repayment is due to the City sixty (60) days after issuance of the building permit. The second repayment is due when structural framing is complete, as confirmed by a letter from a Professional Engineer identifying completion. The final installment of the repayment is required at the time of building occupancy or ten (10) years after the date the building permit was issued.

If the repayment schedule is to vary from the schedule identified in the paragraph above, it will be subject to the satisfaction of the City Planner and agreed to by all parties.

If a repayment installment is missed, or an applicant is otherwise found in non-compliance with the terms of their loan agreement, then the City will enter into a protocol for non-compliance, up to and including a power of sale on the encumbrance and the outstanding loan coming due to the City immediately.

19. Transferable Loans

At the discretion of the City, loans may be transferable to a new property owner providing that the new owner meets the eligibility criteria and agrees to the terms and conditions of the loan. The new owner must enter into a new loan agreement with the City for the outstanding loan value at the time of purchase. Otherwise, where the ownership is transferred the outstanding balance of the loan shall immediately become due and payable by the selling property owner.

Schedule “2”

Affordable Housing Community Improvement Plan – Financial Incentive Program Guidelines

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

How to Read this Document

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

The document also helps to identify what the responsibility of each stakeholder is in the incentive program process. The initials **PO** indicates the property owner (or authorized agent acting on behalf of the property owner) is responsible for completing that task or action, whereas **CL** indicates that a City of London staff member is responsible.

1. Definitions

Additional Residential Unit – “ARU”, formerly known as “Secondary Dwelling 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.

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.

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 owner of the subject property, or an authorized agent, including a business owner who is occupying space on the subject property or contractor who has been retained to undertake improvements on the subject property. If the *Applicant* is not a registered owner of the property subject to the incentive program the *Applicant* will be required to provide authorization in writing from the registered owner as part of a complete application.

Calendar Year – The 12 months of the year commencing January 1 and ending December 31.

CL – Indicates that a City of London staff member is responsible for an identified action.

Commitment Letter – A document prepared by the City of London outlining its agreement with a property owner, to provide a future financial incentive – loan(s) and/or grant(s) – to an applicant based on a redevelopment, rehabilitation and/or renovation project that the applicant has yet to undertake. The letter describes the specific scope of approved works that the property owner will undertake in order to receive the grant or loan.

Complete Application – Includes a completed application form for financial incentive program(s) with the property owner(s) signature and date, which is accompanied by:

- Complete drawings of the works to be undertaken;
- Itemized list of specific improvements and budget;
- A cover letter that summarizes the work to be completed;
- A signed copy of the Addendum including the Hold Harmless Agreement, General Liability Insurance, and Contractor qualifications;
- A copy of the Building Permit (if required);

- A copy of the Heritage Alteration Permit (if required);
- Any other information that may be deemed necessary by the Managing Director of Planning and City Planner, or designate.

Discrete Building – Means any permanent structure which is separated from other structures by a solid party wall and is used or intended to be used for the shelter, accommodation, or enclosure of persons. To be a discrete building, the structure will have a distinct municipal address.

Dwelling unit – The definition of Dwelling Unit in the City of London's Zoning By-law will apply to these program guidelines.

Loan Repayments – The total value of the loan repayment made by the applicant to the City at scheduled milestones. The loan agreement includes a loan schedule which provides details on the terms of loan including when loan repayment begins as well as the amount of each repayment installment.

PO – indicates the property owner (or authorized agent acting on behalf of the property owner) is responsible for completing that task or action.

2. Eligibility Criteria for Financial Incentive Programs

To be eligible for any Financial Incentive Program, the applicant, property and project must meet all conditions detailed in this program description.

Applicant (Property Owner) Considerations

- The applicant must be the registered owner of the property or an authorized agent (including building tenant or contractor who has been retained to undertake improvements). If the applicant is not a registered owner of the subject property, the applicant will be required to provide authorization in writing from the registered owner as part of a complete application;
- All mortgages and charges, including the subject financial incentive(s), must not exceed 90% of the post-rehabilitation appraised value of the property (i.e. the owner must maintain 10% equity in the property post-improvement);
- All City of London realty taxes must be paid in full prior to the loan and/or grant being issued and remain so for the lifetime of the loan;
- The registered owner of the property must have no outstanding debts to the City of London;
- The property owner and/or authorized applicant, 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;
- **The Financial Incentive Programs will not apply retroactively to work completed prior to the approval of the application by the Managing Director of Planning and City Planner, or designate.**

Property Considerations

- The property must be located within the Affordable Housing Community Improvement Project Area as defined in the Affordable Housing Community Improvement Area By-law (see Map #1), which is the municipal boundaries;
- The property must be located in a Place Type and Zone that permits residential units;
- There are no City of London Building Division orders or deficiencies on the subject property prior to the loan being issued, unless the deficiencies are to be addressed as part of the eligible works associated with the loan;
- Each property is eligible to avail simultaneously of multiple incentive programs provided through the various Community Improvement Plans (for example,

applications for the Affordable Housing Development Loan and the Upgrade to Building Code Loan if located within a program area identified in another CIP).

Building Considerations

- Separate applications must be submitted for each Additional Residential Unit (ARU) on a single property;
- Each ARU on each property is eligible for the financial incentive program;
- Each ARU is eligible for one loan per new Additional Residential Unit created.
- The Additional Residential Unit must be on the same property as the main dwelling unit.
- There must be no City of London Building Division orders or deficiencies and no by-law infractions prior to the loan being issued, with the exception that the loan is for eligible works to address identified deficiencies (e.g. fire code or building code), as determined by Staff through the pre-consultation.

3. Application Process

Expression of Interest

PO – It is suggested to meet with Housing Development Corporation, London (HDC) regarding an expression of interest before any financial incentive application is made to the City of London. While City Planning Staff are often involved in meeting with HDC and an applicant, no records are formally kept until a complete incentive application, accompanied by appropriate drawings and estimates, is submitted to City Planning.

Consultation Phase

Step 1 – PO – The Applicant contacts City of London and/or HDC who will arrange a meeting with Staff to discuss the proposed project, information about incentive programs, provide application form(s) and assist with the application process. This meeting will also help to identify what permits or permissions may be required to complete the proposed improvement project. Where possible, the City will make appropriate Staff available for this meeting, which may be on-site at the property, where the proposed work is planned.

Applications made for financial incentive programs do not in any way replace the need for obtaining any necessary approvals. Prior to undertaking building improvements, the property owner (**PO**) is required to obtain any necessary approvals and/or permits. Heritage Alteration Permits (if required) will be required before financial incentive applications are accepted. Discussions with City Staff are encouraged early in the conceptual phase to ensure proposals comply with City regulations and guidelines, and the proposed improvements are eligible under the incentive program criteria. Service London Staff are also available to help with clarifying/applying for applicable permits.

Step 2 – PO – A *Complete Application* (see Definition Section) for incentive programs is submitted to the City of London.

Step 3 – CL – City of London City Planning Staff will review the application for completeness and inform the applicant in writing that either more information is required, or the application is accepted. If accepted, the City will provide a *Commitment Letter* which outlines the approved works, related costs, and monetary commitment that the City is making to the project. For the Loan Program, the City's commitment is valid for one year from the date of issuance of the *Commitment Letter*, at which time the building permit must be issued and construction begun. The City's commitment applies only to the project as

submitted. **PO** – Any subsequent changes to the project will require review and approval by appropriate City staff.

Agreement Phase

Step 4 – PO – The applicant must notify City Planning Staff when the necessary approvals and/or permits have been received for the approved works (e.g. building permit), as identified in the *Commitment Letter* from the City.

Step 5 – CL – The loan agreement will be entered into prior to building permit issuance. Before loan agreement, City Planning staff must ensure the improvements, as described in the City's *Commitment Letter* and criteria, as set out in the respective program guidelines, have been met. Generally speaking, this includes:

- Obtaining building permits;
- All City of London property taxes must be paid in full and the account deemed in good standing by the Taxation Division;
- There must be no outstanding debts 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 subject property.

Step 6 – CL – City Planning Staff may visit the subject property and take photographs, both before and after the subject work is completed, to ensure proposed improvements have been completed as described in the application.

Step 7 – PO – Once the works are completed, the applicant will have the security registered on title with their Counsel in the amount of the loan.

Step 8 – CL – City Planning staff will request a cheque, payable to the applicant's lawyer "in trust" and the Document General will place an encumbrance on the property in the amount of the loan.

Step 9 – CL and PO – When all the documentation is ready City Planning Staff will contact the applicant to arrange for a meeting to sign the documents and provide the applicant with a loan cheque. The Property Owner or Applicant will provide the City with the first 12 post-dated repayment cheques at that meeting.

Step 10 – City Planning staff will have three (3) original copies of the loan agreement available for signing. One original signed copy is kept by the applicant and two are retained by the City.

Loan Repayment Phase

Full loan repayment can be made at any time without penalty. **PO** – To make a full or partial repayment above the standard monthly payment, please contact City Planning or Accounts Receivable. Loan repayment will begin 12 months after the loan is issued, subject to section 18 (Repayment Provisions) of these program guidelines. If repayment is to vary from this installment schedule, it will be on a schedule that is to the satisfaction of the City Planner and as agreed to by all parties.

PO – Please note that loan cheque distribution cannot occur in December due to financial year-end. Instead all loan cheques requested in the Agreement phase in December will be processed in January.

4. Financial Incentive Approval

Once all eligibility criteria and conditions are met, and provided that funds are available in the supporting Reserve Fund, the Managing Director, Planning and City Planner or designate will approve the incentive application. Approval by means of a letter to the applicant will represent a commitment by the City of London. Loan commitments will be valid for one year and will expire if the building permit is not issued within that time period. The Managing Director, Planning and City Planner may, at his/her discretion, provide a written time extension of up to one year. **PO – It is important to note that the consideration of such an extension will require a written request from the applicant detailing the reasons the extension is being sought.**

5. Additional Rehabilitation and Demolition

Additional work to the interior of the building can be undertaken without City Planning's approval subject to obtaining a building and/or heritage alteration permit, when required. The loan programs do not impose any specific restrictions on demolition.

6. Inspection of Completed Works

The loan will be paid to the property owner (or designate) after the subject works are completed. The applicant is to inform the City when the works are completed and the City will inspect the completed works to verify that the proposed improvements have been completed as described in the application.

7. Incentive Application Refusal and Appeal

If an application is refused, the applicant may, in writing, appeal the decision of the Managing Director, Planning and City Planner to the City Clerk's Office who will provide direction to have the matter heard before Municipal Council through the Planning and Environment Committee.

8. Relationship to other Financial Incentive Programs

It is intended that the Loan Programs will complement other incentive programs offered by the City of London. Property owners may also qualify for financial assistance under those programs specifically detailed within the program guidelines. However, the funding from these programs cannot be used to subsidize the property owner's share of the total cost of the loan programs property improvements.

9. Monitoring & Discontinuation of Programs

As part of the program administration, City Planning staff will monitor all of the financial incentive programs. In receiving and processing applications Staff will enter relevant information into a Monitoring Database. This information will be included in Incentive Monitoring Reports which will be prepared 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 Community Improvement Plan within which the program applies. The City may discontinue the financial incentive programs at any time; however, any existing loan will continue in accordance with the agreement. A program's success in implementing a Community Improvement Plan's 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, as noted in the Program Monitoring Data section.

10. Program Monitoring Data and Activity Reports

The following information will be collected and serve as indicators to monitor the Additional Residential Unit Loan Program offered through the Affordable Housing Community Improvement Plan. These measures are to be flexible allowing for the addition of new measures that better indicate if the goals and objectives of the CIP have been met.

Additional Residential Unit Loan Program	<ul style="list-style-type: none">- Number of Applications (approved and denied);- Approved value of the loan and the total construction cost (i.e. total public investment and private investment);
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	<ul style="list-style-type: none"> - Total Value of Building Permit (if required); - Number of “additional residential units” created; - Type of “additional residential units” (number of bedrooms; unit locations – accessory structure or main building); - Monthly rental price for the new “additional” unit; - Number of months per year the Additional Residential Unit is occupied; - Total Loan Amount; - Number of loan defaults; - Cost of loan defaults.
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11. Additional Residential Unit Loan Program – Purpose

The purpose of the Additional Residential Unit Loan Program is to address affordability of home ownership and to create more long-term, stable rental housing supply to help address low rental vacancy rates.

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.

12. Additional Residential Unit Loan Program – Eligible Works

Eligible works include the following:

- Development, redevelopment, and/or renovations that creates new Additional Residential Units.
- Servicing to an Additional Residential Unit located in an ancillary building (e.g. converted garage or gate house).
- Works may include upgrades to meet identified deficiencies, such as Building Code and Fire Code.

13. Additional Residential Unit Loan Program – Works Not Eligible

- Additional rehabilitation, demolition, or interior works in the main dwelling unit but which are outside of an eligible “additional residential unit”.
- Loans will not apply retroactively for works undertaken prior to entering the loan agreement.

14. Additional Residential Unit Loan Program – Loan Terms

In addition to the eligible works above, loans require that:

- The new Additional Residential Unit is required to be within an existing residential building (existing as of the date the by-law adopting the Affordable Housing Community Improvement Plan is passed by Council).
- The Additional Residential Unit is permitted within or on the same property as the existing single or semi-detached home or street townhouse.
- Owner-occupancy is required.
- The Additional Residential Unit must maintain a valid Residential Rental Unit License (RRUL), which must be renewed with the City every year.
- Additional Residential Units that avail of this incentive program are not permitted to be used as short-term rental accommodation such as “airbnb” or similar.
- The loan is issued after the eligible works are completed.

- Repayment begins 12 months after the loan is issued.
- Loans are the lesser of \$20,000 or the cost of eligible works.

15. Loan Distribution

The City will provide the applicant with one cheque in the full amount of the approved loan after: (1) the City has completed its due diligence to ensure the applicant and property remain eligible for the loan, (2) the Loan Agreement has been signed, and (3) the loan amount has been added as an encumbrance on title for repayment. **The City will not provide partial loan amounts or progress payments.**

16. Loan Security and Postponement

Loans will be secured through the registration of an encumbrance placed on property title for the total amount of the loan. The Managing Director, Planning and City Planner or designate may postpone the encumbrance (subordination of an encumbrance to another encumbrance on the same property) which is given as security for the loan in circumstances where any of the registered mortgages are being replaced, consolidated or renewed and the total value of all mortgages and charges including the City's encumbrance does not exceed 90% of the appraised value of the property.

17. Loan Agreement

Participating property owners in the financial incentive programs shall be required to enter into a loan agreement with the City. This agreement shall specify such items as (but not limited to) the loan amount, the duration of the loan, and the owner's obligation to repay the City for any monies received if the property is demolished before the loan period elapses or the unit(s) no longer meet eligibility requirements. The agreement shall include the terms and conditions included in the program guidelines.

18. Repayment Provisions

Loan repayments will begin twelve (12) months after the advancement of funds. Repayment of the loan will be on a monthly basis and does not include interest. The monthly payment amount will be calculated based on the total loan amount divided by 108 payments. Full repayment can be made at any time without penalty.

If the repayment schedule is to vary from the schedule identified in the paragraph above, it will be subject to the satisfaction of the City Planner and agreed to by all parties.

If a repayment installment is missed, or an applicant is otherwise found in non-compliance with the terms of their loan agreement, then the City will enter into a protocol for non-compliance.

19. Transferable Loans

At the discretion of the City, loans may be transferable to a new property owner providing that the new owner meets the eligibility criteria and agrees to the terms and conditions of the loan. The new owner must enter into a new loan agreement with the City for the outstanding loan value at the time of purchase. Otherwise, where the ownership is transferred the outstanding balance of the loan shall immediately become due and payable by the selling property owner.