

Bill No. 140  
2021

By-Law No. C.P.-\_\_\_\_\_ - \_\_\_\_

A by-law to approve and authorize the use of the Additional Residential Unit Loan Agreement template between The Corporation of the City of London (the "City") and Registered Owner of a property providing affordable rental units (the "Borrower") to provide for a loan to address affordability of home ownership and to create more long-term, stable rental housing supply to help address low rental vacancy rates, and to delegate the authority to enter into such Agreements to the City Planner or delegate

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law

AND WHEREAS sections 8, 9 and 10 of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended, authorize a municipality to pass by-laws necessary or desirable for municipal purposes and, in particular, paragraph 3 of subsection 10(2) authorizes by-laws respecting the financial management of the municipality

AND WHEREAS section 23.1 of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended, authorizes a municipality to delegate its authority

AND WHEREAS subsection 23.2(2) of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended, authorizes a municipality to delegate quasi-judicial powers under the *Municipal Act, 2001* to an individual who is an officer, employee, or agent of the municipality

AND WHEREAS the Municipal Council of The Corporation of the City of London adopted By-law C.P.-1543-38 to designate the Affordable Housing Community Improvement Project Area

AND WHEREAS the Municipal Council of The Corporation of the City of London adopted By-law C.P.-1544-40 to adopt the Affordable Housing Community Improvement Plan

AND WHEREAS the Municipal Council of The Corporation of the City of London adopted By-law C.P.-1545-41 to establish financial incentives for the Affordable Housing Community Improvement Project Area

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

1. The Additional Residential Unit Loan Agreement template to provide for a loan to address affordability of home ownership and to create more long-term, stable rental housing supply to help address low rental vacancy rates, attached as Schedule "1" to this by-law is hereby authorized and approved.
2. The City Planner, or delegate, is hereby authorized to enter into and execute the Additional Residential Unit Loan Agreement substantially in the form approved in section 1 above.
3. This by-law comes into force on the day it is passed.

PASSED in Open Council on April 13, 2021.

Ed Holder  
Mayor

Catharine Saunders  
City Clerk

First Reading – April 13, 2021  
Second Reading – April 13, 2021  
Third Reading – April 13, 2021

Schedule "1"

**LOAN AGREEMENT  
ADDITIONAL RESIDENTIAL UNIT LOAN PROGRAM**

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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 Borrower" OF THE SECOND PART;

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

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 Loan 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 Borrower has applied for a financial loan from the City pursuant to the terms of the City's Additional Residential Unit Loan Program and the City has provisionally accepted the Borrower's application pursuant to the City's Commitment Letter dated **XXXXXX** 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.

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

2. Loan Amount: The City shall loan the Borrower the total amount of **XXXXXXXXXX**, (the “Loan”) by way of a single lump-sum payment to be advanced subsequent to the Borrower’s construction of the Additional Residential Unit(s), in accordance with the scope of work described in the Commitment Letter, which shall be confirmed by the City by inspection prior to the advancement of funds.

3. Repayment of Loan: The Borrower shall repay the Loan in accordance with the Loan Repayment Schedule attached hereto as **Schedule “C”** to this Agreement. Failure to render any payment owing under this Loan once due and payable shall constitute a default under this Agreement.

4. Interest: The Loan shall be interest-free, save and except in relation to interest payable on late payments or default. Interest shall accrue against the balance of any late payments at a rate **1.25%**, calculated monthly. The interest rate payable for late payments or default under this Loan shall be calculated in the same manner as interest payable on the late payment of municipal property taxes.

5. Charge Registered on Land: The Borrower acknowledges and agrees that the City shall register a charge upon the Land in the amount of the Loan as security. The registered charge shall be discharged from the Lands upon full repayment of the Loan, including interest if applicable. The Borrower warrants that the cumulative balance owing on all mortgages and charges (including the Loan) registered against the Land shall not exceed 90.00% of the post-rehabilitation appraised value of the Land at any time prior to the full repayment of the Loan.

6. Additional Residential Units: In consideration for the Loan, the Borrower shall construct and maintain **\_\_\_ new Additional Residential Unit(s)** on the Land in accordance with the terms of this Agreement, including the scope of work contained in the Commitment Letter and the following Borrower acknowledgements:

- i. The Land shall be owner-occupied as the primary residence of the Borrower until the termination of this Agreement. The Borrower shall confirm that they occupy the primary residence every year until the termination of this Agreement.
- ii. Each new Additional Residential Unit shall be constructed within a residential building existing on the Land on or before January 28, 2020.
- iii. Each new Additional Residential Unit must maintain a valid Residential Rental Unit Licence, which must be renewed with the City every year.
- iv. No Additional Residential Unit on the Land shall be operated as a short-term rental accommodation at any time prior to the termination of this Agreement. All tenants occupying an Additional Residential Unit on the Land shall be required to enter into a formal residential lease agreement with the landlord, with a minimum term of thirty-one (31) days.

7. Insurance: Fire and liability insurance shall be maintained by the Borrower 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 Borrower acknowledges that any non-payment, default, cancellation, or reduction below the minimum amount of the insurance policy shall constitute a default under this agreement.

8. Representations and Warranties of the Borrower: The Borrower 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 Land.

9. Assignment, Transfer and Postponement: In the event that the Borrower transfers any interest in the Land, in whole or in part, to any person other than the Borrower, the outstanding balance of the Loan, including any interest or penalties accrued, 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. An assignment of the Loan shall require as a condition that the transferee enter into a new Loan Agreement with the City in relation to the balance of the Loan outstanding at the time of transfer of the Land, require the Assignor and Assignee to enter into an Assignment and Assumption Agreement in a form satisfactory to the City. The City may, at its sole discretion, consent to the postponement of the Loan charge registered on title to the Land in favour of another encumbrance on the condition that the total value of all registered mortgages and charges continues to not exceed 90% of the appraised value of the Land.

10. 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 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 Land. This Agreement may further be terminated upon the written agreement of the parties to same.

11. Default: Time shall be of the essence in this Agreement. Upon breach by the Borrower of any covenant, term, condition or requirement of this Agreement, or upon the Borrower becoming insolvent or making an assignment for the benefit of creditors, the Borrower shall be in default under this Agreement. Notice of such default shall be given in accordance with this Agreement and if the Borrower has not remedied such default within such time, as provided in the notice, the City may direct that the full amount of the balance owing on the Loan together with interest be immediately due and payable.

12. 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 Borrower under this Agreement, do such matter or thing at the Borrowers' expense to correct the default, and the City may recover the expense incurred in doing it by action, from any security posted by the Borrower, or by recovery in like manner as municipal taxes. No proceeding by the City under

this clause and no waiver under any provision of this Agreement shall prejudice the rights of the City in respect of any subsequent default by the Borrower 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.

13. 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 Borrower at the municipal address of the Land, and in the case of notice given by the Borrower, addressed to: The City Clerk, P.O. 5035, London, Ontario N6A 4L9. Notice shall conclusively be deemed to have been given on the day that the same is posted.

14. Separate Covenants: All of the provisions of this Agreement are, and 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.

15. 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.

16. Number and Gender: This Agreement shall be read with all changes to gender required by the context.

IN WITNESS WHEREOF the City has executed this Agreement by its authorized officers and the Borrower 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:

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We have the authority to bind the Corporation

**XXXXXXXXXX**

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(seal)

Schedule "A"  
DESCRIPTION OF THE LAND

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

Number of "Additional Residential Units" on property: [ 1 / 2 ]

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

<b><u>Current Property Indebtedness</u></b>	<b><u>Owed To</u></b>	<b><u>Amount To</u></b>
1 <sup>st</sup> Mortgage:	[Bank Name]	[\$_____ ]
2 <sup>nd</sup> Mortgage:		
Other encumbrances:		

Schedule "C"  
LOAN REPAYMENT SCHEDULE

Total Loan Amount: \$ \_\_\_\_\_

Monthly Payment Amount: \$ \_\_\_\_\_.

First Payment Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Maturity Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

1. The Loan shall be repaid in 108 equal monthly installments, commencing on the 1<sup>st</sup> anniversary of the date of advance in accordance with Section 2 of the Agreement.
  
2. The Loan shall be interest-free, save and except in relation to interest charged against late payments or default under this Loan as described in Sections 4 and 11 of the Agreement. Interest shall accrue against the balance of any late payments at a rate **1.25%**, calculated monthly. The interest rate payable for late payments or default under this Loan shall be calculated in the same manner as interest payable on the late payment of municipal property taxes.
  
3. The Borrower shall provide twelve (12) post-dated cheques for the monthly payment amount prior to the First Payment Date and provide a further twelve (12) post-dated cheques thirty (30) days prior to each subsequent anniversary of the First Payment Date until the termination of this Agreement. Monthly payments may be provided by another method of payment if approved by the City, in writing.
  
4. Full repayment of the Loan may be made at any time without penalty.
  
5. The parties may agree to vary the payment schedule of this Loan through mutual agreement, in writing.