

Bill No. 270
2021

By-law No. A.- _____ - ____

A by-law to approve and authorize the execution of the Letter of Intent, and any future amended versions, between the Canada Mortgage and Housing Corporation, London and Middlesex Community Housing and The Corporation of the City of London, to initiate a loan agreement through the National Housing Co-Investment Fund to support repairs to London and Middlesex Community Housing's portfolio of housing.

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 section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001* provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001* provides that a municipality may pass by-laws respecting, among other things: i) economic, social and environmental well-being of the municipality, including respecting climate change; and ii) financial management of the municipality;

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

1. The Letter of Intent between the Canada Mortgage and Housing Corporation, London and Middlesex Community Housing and The Corporation of the City of London, ("Letter of Intent") to initiate a loan agreement through the National Housing Co-Investment Fund, attached as Schedule "1" to this by-law is hereby authorized and approved.
2. The Mayor and the City Clerk are hereby authorized to execute the Letter of Intent authorized and approved under section 1 of this by-law.
3. The Mayor and the City Clerk are hereby authorized to approve any future amended versions of the Letter of Intent between the Canada Mortgage and Housing Corporation, London and Middlesex Community Housing and The Corporation of the City of London, to initiate a loan agreement through the National Housing Co-Investment Fund.
4. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on June 15, 2021.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – June 15, 2021
Second Reading – June 15, 2021
Third Reading – June 15, 2021

Schedule 1

Canada Mortgage and Housing Corporation
Société canadienne d'hypothèques et de logement



cmhc.ca

LETTER OF INTENT

This Letter of Intent (“**LOI**”) is dated for reference the 22nd day of February 2021 and is made effective as of this date.

Between:

Canada Mortgage and Housing Corporation (“**CMHC**”)

and

London and Middlesex Community Housing Corporation (“**LMCH**”)

and

The Corporation of the City of London (the “**City of London**”)

WHEREAS, CMHC through the National Housing Co-Investment Fund (the “**Co-Investment Fund**”) seeks to support the development of affordable housing;

AND WHEREAS, LMCH has submitted an application to CMHC for funding available through the Co-Investment Fund to support the repair of 2,082 housing units, within 13 buildings in the City of London under the Co-Investment Fund (LMCH may also be referred to as the “**Borrower**”), such repairs to be done on a portfolio basis;

AND WHEREAS, City of London has agreed to guarantee the payment and performance obligations of LMCH pursuant to the application (the “**Guarantor**”);

AND WHEREAS, the 2,082 housing units in the City of London may be referred to as the portfolio (the “**Portfolio**”);

NOW THEREFORE the parties enter into this letter of intent as follows:

1. CMHC has conditionally allocated \$40,136,090.00¹ in funding for the Portfolio over a 7-year period, ending no later than December 31, 2027 that consists of up to \$24,602,101.00 in repayable loans (\$11,866 per unit or 36% of total costs) and up to \$15,533,989.00 in forgivable² loans (\$7,461 per unit or 22.65% of total cost). This represents the maximum aggregate funding allocated for the Portfolio and such funding shall form no more than 58.52% of the total overall Portfolio budget of \$68,583,866.00.

2. Please note that CMHC reserves the right to recommit all or part of the Co-Investment Funding Amount to another project in the event the Applicant is not able to satisfy the requirements or if the costs of the repairs are less than the budget submitted by the Applicant. Any decrease in total cost may lead to a proportional decrease in CMHC's funding.

3. The Borrower is committed to developing the Portfolio over a 7 year period, ending no later than December 31, 2027 and achieving Co-Investment Fund requirements including, but not limited to:
 - i. affordability will be maintained for at least 20³ years from the first anniversary date of the last day of the funding tranche based on units occupied in a particular year such that rents for a minimum of 50% of the units will be on average below 50% of the median market rental rate⁴;
 - ii. energy consumption and greenhouse gas emissions are reduced by at least 25% relative to the pre-repair levels which shall be demonstrable using modelling acceptable to CMHC; and
 - iii. at least 20% of the units will meet or exceed accessibility criteria required for the Co-Investment Fund. The Borrower will provide reporting and information in respect of LMCH's funding commitments as required and determined by CMHC, and LMCH consents to CMHC auditing such aforementioned commitments in respect of the aforementioned funding.

4. The Borrower Monitoring of the achievement of these requirements will be done during the repair period to ensure all requirements are met on a Portfolio level.

5. The Borrower acknowledges and agrees that a material increase or decrease in the total project costs or the number of housing units may affect the amount of funding outlined herein. Borrower acknowledges and agrees that cost increases and overages are the sole responsibility of Borrower.

6. The Guarantor agrees to provide an unlimited payment and performance guarantee and indemnity agreement for all of the obligations of LMCH and the City of London pursuant to the Portfolio, this LOI and all term sheets, loan agreements and all other agreements related hereto.

7. In addition to the Guarantee described in Section 4 above, additional security for the loans set forth in paragraph 1 above shall be structured as follows: (i) LMCH will provide, with respect to all properties in the Portfolio, acceptable to CMHC, an account security agreement, an operating agreement relating to the obligation of the LMCH to adhere to certain covenants (including but not limited to, energy efficiency,

¹ The conditionally allocated amount described herein remains subject to any approval CMHC must obtain, including but not limited to, any confirmation of appropriations required by the Government of Canada.

² Forgiveness is earned over 20 years (1/20th per year) from the date of last advance for a particular tranche.

³ Funding to be disbursed on quarterly basis, or at interval to be negotiated by CMHC and LMCH as required. Target affordability is applicable from the date of last advance for that particular loan tranche as described in paragraph 2 of the LOI.

⁴ As described in the most recent CMHC rental market survey (or any successor publication).

affordability and accessibility) relating to the Portfolio during and after the expiration of the construction period, satisfactory PPSA registrations, and any other security as CMHC may require.

8. LMCH acknowledges and agrees to provide CMHC with a tenant placement plan for tenants that will be displaced as a result of the revitalization of the existing project sites in the Portfolio.
9. LMCH agrees to provide CMHC with (a) an opinion of an insurance consultant; and (b) a cost consultant report substantially in the form attached hereto as Schedule “A”.
10. LMCH and the City of London, each acknowledge and agree to that should the parties proceed with the transactions contemplated in this LOI, that LMCH and the City of London have or will promptly obtain all appropriate authorizations to borrow the funds or enter into the necessary guarantee and indemnification agreements contemplated hereunder and to enter into all agreements necessary including but not limited to, loan, security and other required agreements with CMHC.
11. LMCH and the City of London each acknowledge and agree that during the course of its respective participation in the application to any of above initiatives, each party may receive documents, materials and other information from CMHC containing confidential and proprietary information and CMHC may provide LMCH and the City of London with additional materials or information relevant to applications or the Co-Investment Fund (collectively referred to herein as the “**Confidential Material**”). Unless CMHC otherwise consents in writing to disclosure of the applicable Confidential Material or, unless the disclosure of the applicable Confidential Material is required by a legal or regulatory authority, such Confidential Material shall be kept confidential and shall be used by LMCH and the City of London only in connection with the proposal.
12. No announcement relating to this LOI or any related funding provided by CMHC may be made prior to receiving written approval from CMHC.
13. It is expressly acknowledged and agreed that the LOI in no way constitutes the creation of a partnership or a joint venture between the parties. This LOI is intended to facilitate cooperation, collaboration, and coordination between the parties and is not intended to be legally binding or enforceable by the courts. The parties agree to act in good faith towards their mutual goal of providing affordable housing.
14. The parties further acknowledge that this LOI and any resulting arrangement between CMHC and LMCH and the City of London remains subject to there being a Parliamentary appropriation, pursuant to the Financial Administration Act (Canada) for the Fiscal Year in which the payment is to be made. CMHC has no liability in case of no or insufficient appropriations for CMHC funding or for CMHC undertakings in the aggregate.

[Signature Pages follow]

Whereupon this LOI has been executed by authorized officials of the parties hereto:

ACKNOWLEDGED AND AGREED BY CANADA MORTGAGE AND HOUSING CORPORATION



Name: Caroline Sanfaçon
Title: VP Housing Solutions, Multi-Unit

February 22, 2021
Date



Name: Simon Lahoud
Title: Director, Financing Prioritization and Allocation – Multi-Unit

February 22, 2021
Date

ACKNOWLEDGED AND AGREED BY LONDON AND MIDDLESEX COMMUNITY HOUSING

Name:
Title:

Date

Name:
Title:

Date

ACKNOWLEDGED AND AGREED BY THE CORPORATION OF THE CITY OF LONDON

Name:
Title:

Date

Name:
Title:

Date