

Report to Planning and Environment Committee

To: Chair and Members
Planning & Environment Committee
From: John M. Fleming
Managing Director, Planning and City Planner
Subject: City of London
Hamilton Road Area CIP Forgivable Loan Program
Meeting on: June 18, 2018

Recommendation

That, on the recommendation of the Managing Director, Planning and City Planner, with respect to the Hamilton Road Area CIP Forgivable Loan Program, the proposed by-law attached hereto as Appendix "A" **BE INTRODUCED** at the Municipal Council meeting on June 26, 2018 to adopt a by-law to establish financial incentive programs including forgivable loans for the Hamilton Road Area community improvement project area.

Executive Summary

Summary of Request

Municipal Council directed the Civic Administration to report back with amendments to the Hamilton Road Area Community Improvement Plan to implement the forgivable loan programs, similar to those provided in the downtown and Old East Village, within the Hamilton Road Area community improvement project area.

Purpose and the Effect of Recommended Action

The purpose and effect of the recommended action is to introduce the Façade Improvement Loan program and the Upgrade to Building Code program, including a forgivable component, for the Hamilton Road Area community improvement project area. Appendix "A" contains the detailed guidelines on how the loan programs will operate including the Targeted Area and Targeted Uses for properties to be eligible for the forgivable loans. Properties outside the Targeted Area but still within the Hamilton Road Corridor as defined by the Community Improvement Plan remain eligible for the standard non-forgivable loan programs.

Rationale of Recommended Action

The introduction of forgivable loans for a targeted area within the Hamilton Road Corridor will help to achieve the vision and objectives of the Hamilton Road Area Community Improvement Plan.

Discussion

1.0 Background

The Hamilton Road Area Community Improvement Plan (CIP) was developed through a two-year community engagement process. In March 2018, Municipal Council adopted the CIP and the area within which the CIP applies known as the community improvement project area.

Overlapping with the creation of the Hamilton Road Area CIP, the Civic Administration undertook an extensive CIP Service Review in 2016 and 2017. The CIP Service Review made recommendations on future financial incentive programs for the Hamilton Road Area CIP. As a result, the Hamilton Road Area CIP was considered for the Upgrade to Building Code Loan and the Façade Improvement Loan, excluding the forgivable component. Through the preparation of the CIP, the Hamilton Road Corridor as defined

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in the CIP (Bathurst Street to Highbury Avenue) was found to be in need of incentives to help improve the commercial and residential building stock and to help reduce vacancies along the Corridor.

In March 2018, the Civic Administration brought forward a recommendation to adopt financial incentive program guidelines that outlined how the two loan programs operate. At the Planning and Environment Committee (PEC) meeting, a request was made that the inclusion of forgivable loans, similar to those found in downtown and the Old East Village, also be made available to the Hamilton Road Area. This request was approved in principal and the Civic Administration was directed to return to the PEC with amendments to the financial incentive program guidelines to implement forgivable loans for the Hamilton Road Area. The relevant clauses of the March 27, 2018 Municipal Council resolution are provided below.

At its meeting held on March 27, 2018, Municipal Council resolved:

That, on the recommendation of the Managing Director, Planning and City Planner, the following actions be taken with respect to the application by The Corporation of the City of London, relating to a Community Improvement Plan for the Hamilton Road Area:

- f) that forgivable loans similar to those provided in downtown and Old East Village BE APPROVED IN PRINCIPLE for the Hamilton Road Community Improvement Area, it being noted that the balance of the Community Investment Reserve Fund is sufficient to cover the estimated budget of \$118,000 for 2018 and 2019; and,*
- g) the Civic Administration BE DIRECTED to report back to the Planning and Environment Committee with amendments to the Hamilton Road Community Improvement Area to implement forgivable loans;*

It should be noted that no amendments are required to the Hamilton Road Area CIP or the Hamilton Road Area community improvement project area. Instead, the inclusion of forgivable loans as a financial incentive program are addressed through the establishment of the financial incentive guidelines and the adoption of its related by-law (Appendix "A").

2.0 Forgivable Loans

Community Improvement Plan Loan Programs

The City of London offers two loans programs through Community Improvement Plans: Façade Improvement and Upgrade to Building Code. The Façade Improvement Loan is intended to support the maintenance, improvement, and beautification of the exterior appearance of buildings and to encourage reinvestment in the Hamilton Road Area. The Upgrade to Building Code Loan program is intended to assist property owners with the financing of building improvements that are often necessary to ensure older buildings comply with current Building Code and Fire Code requirements, as well as address safety issues.

The Façade Improvement loan is issued to cover the lesser of:

- 50% of the cost of the eligible work per building;
- A maximum of \$50,000 per building.

The Upgrade to Building Code loan is issued to cover the lesser of:

- 50% of the cost of the eligible work per building;
- A maximum of \$200,000 per building.

Both loans are interest free and are amortized over a 10-year period. Loan repayment begins six months after the advancement of the loan cheque.

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An application is submitted for each loan program by the applicant and approved by Planning Services staff. If approved, the City issues a Commitment Letter to the applicant outlining the committed loan amount and details on the loan programs.

Forgivable Loans – What Are They, How Are They Different, and How Do They Work?

Forgivable loans offer an extra incentive to property owner to invest in their properties by granting back a portion of the annual loan repayments over the 10-year amortization period. The terms of the loan (for example: maximum loan amount, repayment schedule, and zero interest) remain the same as the standard loan. Besides the grant portion, the major difference is the introduction of a Targeted Area (also known as the Targeted Incentive Zone) for forgivable loans and Targeted Uses.

Forgivable loans only apply to a defined Targeted Area within the community improvement project area. This area is determined by Staff in consultation with the local business association or BIA. A list of Targeted Uses is also created. For a property to be eligible for a forgivable loan it must have a Targeted Use occupying the ground floor of the building. The use must be permitted under the Zoning By-law and must have a key role in achieving the goals of the Business Association/BIA, the Community Improvement Plan, the London Plan, and any other current or future plan that provides direction on the growth and development of the defined area. The Targeted Area and Targeted Uses for the Hamilton Road Corridor are discussed in more detail in Section 3.0.

The grant portion of a forgivable loan is calculated on an annual basis. For the Façade Improvement Loan, a maximum of 25% of the annual loan repayments is forgivable. For the Upgrade to Building Code Loan, a maximum of 12.5% of the annual loan repayments is forgivable.

The following scenario offers an example of how a Forgivable Façade Improvement Loan works:

The applicant (“Ms. Smith”) applies for a Façade Improvement Loan prior to beginning construction on her building. Ms. Smith works with the local BIA/BA representative to submit a complete loan application to Planning Services including an application form, façade drawing, and two comparable quotations for the eligible work. The lowest provided quotation is for \$125,000. Planning Services staff review the application and proposed façade improvements, verify that the property is located in the Targeted Area, and because the application is approved, issue a Loan Commitment Letter to Ms. Smith for the maximum loan amount of \$50,000. After receiving any necessary approvals (for example, a Building Permit) she now proceeds with the work. Ms. Smith completes the façade improvement work and pays her contractors in full. Ms. Smith provides proof of payment to Planning Services staff. Finally, staff review the finished improvements to ensure they are complete and in keeping with what was approved.

After staff confirm the work was completed as approved, the loan can now be processed and loan agreement signed. Staff complete their due diligence and issue a \$50,000 loan cheque to Ms. Smith in March 2018 with the following terms:

- Loan Amount: \$50,000;
- Monthly payment: $\$50,000 / 114 \text{ payments} = \438.60 ;
- Interest Rate: 0%;
- Loan Issue Date: March 2018;
- Repayment Start Date: September 2018.

In 2018, Ms. Smith makes four loan payments (September to December) for a total of \$1,754.40.

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In the first quarter of 2019, Planning Services staff send Ms. Smith a letter for her to complete and return to confirm that the ground floor of her property was actively occupied from September to December and to identify what business or use was occupying the ground floor. Staff review the letter to confirm if the use is a Targeted Use as defined in the program guidelines. If so, Ms. Smith is issued a grant cheque for \$438.60 (25% of her annual repayment).

In 2019, Ms. Smith would make 12 monthly payments for a total of \$5,263.20 and if the ground floor of her property continues to be actively occupied by a Targeted Use, she would receive a grant for \$1,315.80 in the first quarter of 2020.

This pattern continues annually for the duration of the loan.

If the ground floor of the property is vacant or does not contain a Targeted Use, the property owner is not eligible for the grant. If the ground floor of the property is vacant or does not contain a Targeted Use for only a few months of a year, the grant is pro-rated based on the number of months the ground floor was occupied by a Targeted Use.

It should be noted that the above scenario is an example and is a condensed version of the process for illustrative purposes.

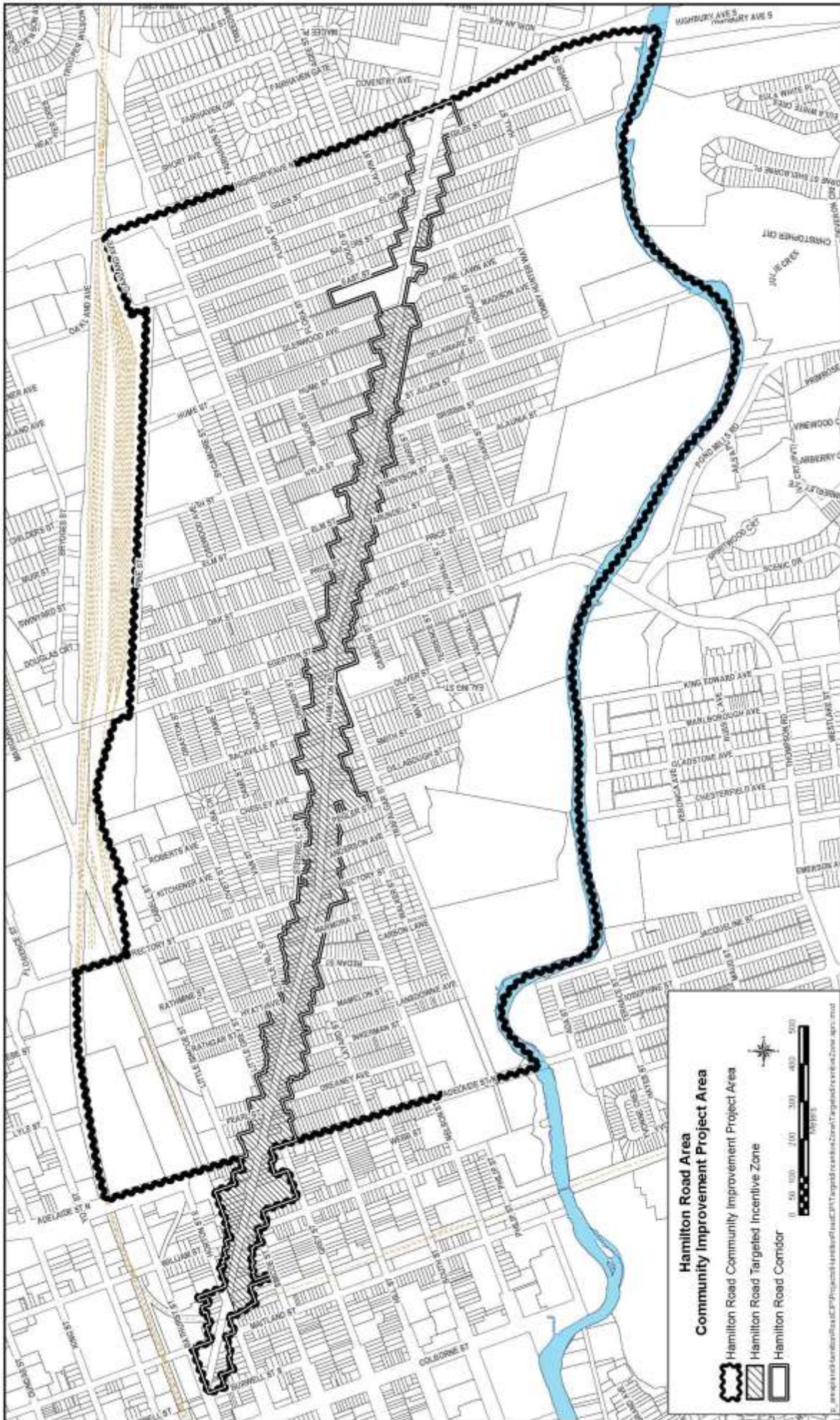
3.0 Hamilton Road Area CIP Forgivable Loans

Targeted Area (Targeted Incentive Zone)

As explained in Section 2.0, for a property to be eligible for a forgivable loan it is required to be in the Targeted Area.

Figure 1 identifies the recommended Targeted Area for forgivable loans along the Hamilton Road Corridor:

Figure 1 - Targeted Area for Forgivable Loans



Generally the Targeted Area is the Hamilton Road Corridor between Horton Street and Pine Lawn Avenue, as well as the properties on the south side of Hamilton Road between East Street and Sanders Street.

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The Targeted Area has the highest concentration of commercial properties in the corridor and would benefit the most from the availability of forgivable loans.

Properties within the Hamilton Road Corridor but outside the Targeted Area are still eligible to receive the standard Façade Improvement or Upgrade to Building Code Loan; however, these properties are not eligible for the forgivable component.

Targeted Uses

As explained in Section 2.0, for a property to be eligible for a forgivable loan it is required to have the ground floor actively occupied by a Targeted Use.

Table 2 in Appendix “A” outlines the uses permitted along the Hamilton Road Corridor and if they are targeted or not-targeted for forgivable loans. It should be noted that not all the uses listed in the table are permitted on all properties within the Corridor. The Zoning By-law Z.-1 establishes what uses are permitted on a specific property. If a use is not listed in the table and is approved for the Hamilton Road Corridor through a Zoning By-law Amendment application or related process, the Managing Director, Planning and City Planner or designate will make the determination if that use is a Targeted Use.

The uses that were selected as being Targeted Uses help support the vision and objectives of the Hamilton Road Area Community Improvement Plan, particularly, to build upon the success of the local small businesses and restaurants to create a healthy, vibrant, and mixed-use main street. In other words, the forgivable loans are targeted towards uses that will encourage multi-residential living, walking, shopping, and eating along Hamilton Road.

Both the Targeted Area and the Targeted Uses have been reviewed by the Hamilton Road Area Business Association.

Affordable Housing

Though not explicitly listed as a Targeted Use for forgivable loans, the provision of affordable housing is desired on the upper floors of mixed-use buildings along Hamilton Road. To assist in this initiative, dwelling units above the first floor is listed as a Targeted Use in Table 2 in Appendix “A”. Working with the London Housing Development Corporation, property owners along Hamilton Road may be eligible for programs that encourage the provision of affordable housing.

4.0 Financing

As identified in clause f) of the March 27, 2018 Municipal Council Resolution (see section 1.0 of this report for the relevant portions of the resolution), the funding for the Hamilton Road Area forgivable loan programs will come from the Community Investment Reserve Fund, with up to \$118,000 budgeted for 2018 and 2019.

5.0 Conclusion

Initially the Hamilton Road Area Corridor was only considered for the standard Façade Improvement Loan program and Upgrade to Building Code loan program; however, at the direction of Municipal Council, the Civic Administration has prepared financial incentive guidelines that include forgivable loans for the Hamilton Road Corridor similar to those provided in downtown and Old East Village.

The Hamilton Road Area Financial Incentive Guidelines are attached as Appendix “A”. The Guidelines outline in detail how the loan programs will operate and in what area of the Hamilton Road Area community improvement project area. For the forgivable loans, a Targeted Area (Targeted Incentive Zone) and Targeted Uses are identified that support the vision and objectives of the previously adopted Hamilton Road Area Community Improvement Plan.

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Prepared by:	Graham Bailey, MCIP, RPP Planner II, Urban Regeneration
Submitted by:	Michael Tomazincic, MCIP, RPP Manager, Current Planning
Recommended by:	John M. Fleming, MCIP, RPP Managing Director, Planning and City Planner

June 4, 2018
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Appendix A

Bill No. (number to be inserted by Clerk's Office)
2018

By-law No. C.P.- _____

A by-law to establish financial incentives
for the Hamilton Road Area 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 by subsection 28(4) of the *Planning Act* enables Council of a municipal corporation to adopt a community improvement plan for the community improvement project area;

AND WHEREAS 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 adopted By-law C.P.-1522-112 to designate the Hamilton Road Area Community Improvement Project Area;

AND WHEREAS the Municipal Council of The Corporation of the City of London adopted By-Law C.P.-1523-113 to adopt the Hamilton Road Area Community Improvement Plan;

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

1. The Hamilton Road Area Financial Incentive Program Guidelines attached hereto as Schedule 1 is hereby adopted;
2. This By-law shall come into force on the day it is passed.

PASSED in Open Council on June 26, 2018.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading – June 26, 2018
Second Reading – June 26, 2018
Third Reading – June 26, 2018

Schedule 1

**Hamilton Road Area Community Improvement Plan –
Financial Incentive Program Guidelines**

The program guidelines provides details on the financial incentive programs provided by the City of London through the Hamilton Road Area Community Improvement Plan (CIP), which includes:

- Façade Improvement Loan Program (including non-street façades);
- Upgrade to Building Code Loan Program.

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How to Read this Document

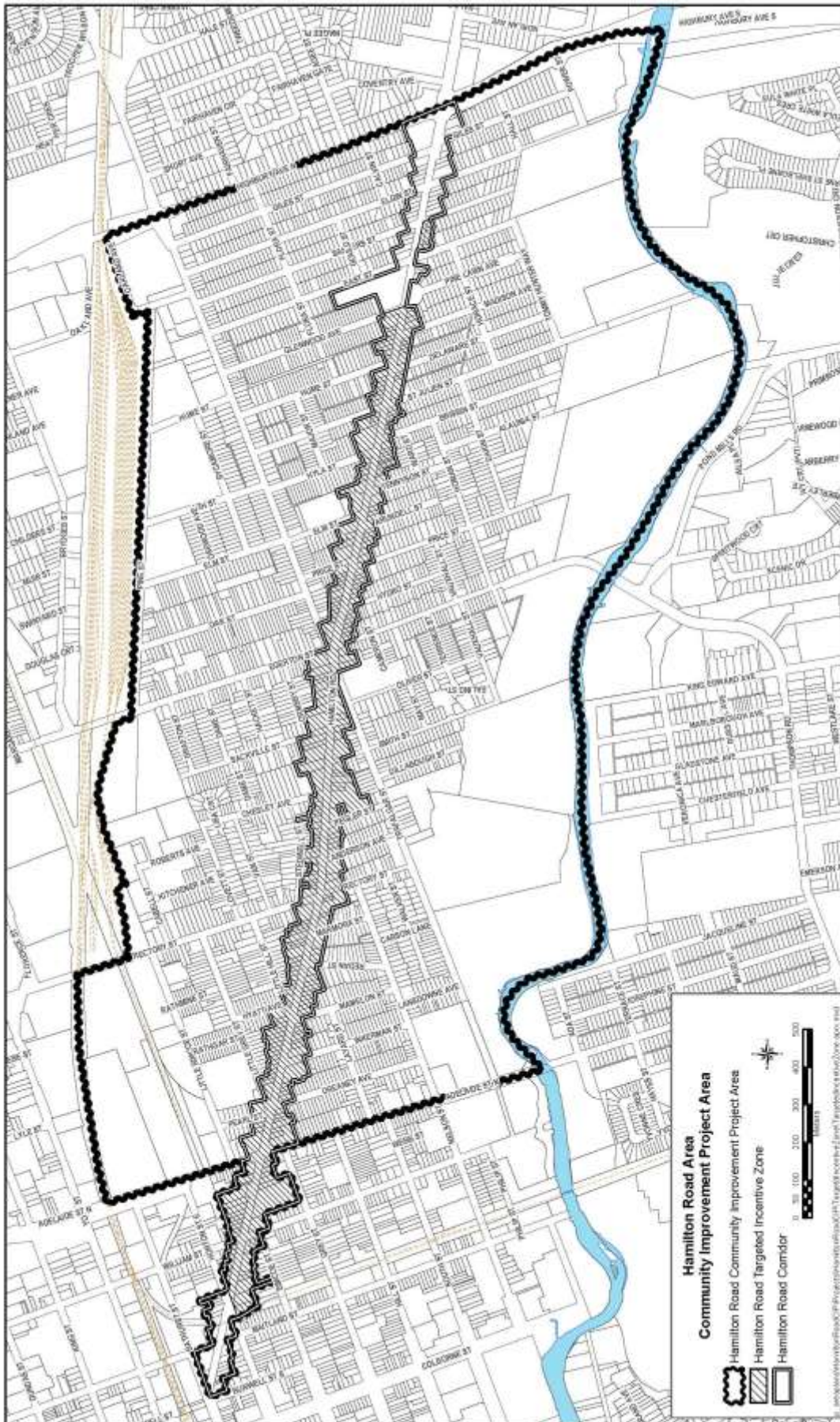
Each of the financial incentive programs has its own specific Purpose, Program Objectives and Eligible Improvements. There are many areas of each program that are the same including Definitions, Eligibility Criteria, Targeted & Non-Targeted Uses, Appeal of Refusal Section, Relationship to other Financial Incentive Programs, as well as Monitoring & Discontinuation of Programs.

Therefore, the program guidelines are arranged so that information respecting all programs is stated once and details specific to individual programs are outlined in the program specific sections.

Further, the document helps to identify what the responsibility of each stakeholder is in the incentive program process. The initials **PO** indicate the property owner (or 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.

PO – Check the map to locate your property in the Hamilton Road Area Community Improvement Project Area – Hamilton Road Corridor Sub-project Area. After verifying the property location on the map, check Table 1 to verify what programs may apply. Then proceed to review the rest of the program guidelines or use the Table of Contents to skip directly to a program to learn more about it and its eligibility information.

Map 1 – Hamilton Road Area Community Improvement Project Area



Only properties located in the Hamilton Road Corridor Sub-project Area are eligible for financial incentives. Properties located in the Targeted Area may be eligible for Forgivable Loans.

Table 1 – Financial Incentive Programs offered in the Hamilton Road Corridor Sub-project Area

Financial Incentive Program	Hamilton Road Corridor (see Map 1)
Façade Improvement Loan	X
Forgivable Façade Improvement Loan	X
Upgrade to Building Code Loan	X
Forgivable Upgrade to Building Code Loan	X
Rehabilitation and Redevelopment Tax Grant	
Residential Development Charges Grant Program	

1. Definitions

Active Occupancy – The space being used by a business that is open, in operation and serving customers.

Annual Grant Amount – The annual grant is defined as the grant amount that would be given to the applicant in any one year of the ten-year grant period.

- For Tax Grant this means each property owner will be given ten annual grants and the annual grant amount will change over this period depending upon year and grant level;
- For Forgivable Loans this means the amount that would be given each year based on the *Yearly Grant Value* set out in the agreement and *Pro-rated Yearly Grant Percentage* which is based on ground floor occupancy;
- For the Combined Development Charge (DC)/Tax Grant this means the amount that would be given to the applicant in any one year of the grant period. Each property owner will be given annual grants until such time as the value of Residential DCs have been repaid. The annual grant amount may change over the term of the grant period depending upon year and grant level.

Annual Grant Calculation – The annual grant for any single year will be calculated as follows, the *Annual Tax Increment* multiplied by the *Year/Level Factor*.

Annual Tax Increment – The incremental difference between the municipal portion of property taxes that would be paid for a full year before the improvement versus after the improvement. This can also be considered the tax increase that is directly related to the renovation or redevelopment project. This amount is fixed based on the tax rate at the time of pre-improved assessed value.

Annual Tax Increment Calculation – The annual tax increment will be calculated as follows, the annual taxes based on the post-improved assessed value less the annual taxes based on the pre-improved assessed value. This annual tax increment is fixed for the ten-year duration of the grant schedule. Changes to the tax rate, general reassessments or changes in tax legislation will not be considered for the purpose of calculating the annual tax increment.

Example:

Annual tax based on post-improved assessed value	\$100,000
- <u>Annual tax based on pre-improved assessed value</u>	<u>- \$25,000</u>
= <i>Annual Tax Increment</i>	= \$75,000

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.

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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 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.

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 a property owner, 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 (including a façade drawing for façade projects);
- Itemized list of specific improvements;
- Two (2) comparable quotations by qualified contractors showing cost estimates for each of the proposed works which are required to be included in the incentive program. In general, the lower of the two estimates will be taken as the cost of the eligible works. Cost estimates should be consistent with the estimate noted on the accompanying Building Permit (if required);
- A cover letter that summarizes the work to be completed and summarizes the provided quotations;
- 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.

Development Charge – Means any Development Charge (DC) that may be imposed pursuant to the City of London's Development Charge By-law under the Development Charges Act, 1997.

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 – Means a suite operated as a housekeeping unit, used or intended to be used as a domicile by one or more persons and usually containing cooking, eating, living, sleeping, and sanitary facilities.

First storey – The storey that has its floor closest to grade and its underside of finished ceiling more than 1 .8m above the average grade.

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Grant Cap – The maximum amount of money that the City will provide as a grant back to the property owner.

Maximum Yearly Grant Value – Grant values are established in the payment schedule which is included in the agreement between the City and the property owner. With respect to the forgivable loans the annual grant equals the yearly loan repayments multiplied by a percentage, to a *Grant Cap*, as shown below:

Program	Loan Amount	Forgivable Loan Portion	Considerations for Yearly Grant
Upgrade to Building Code	\$200,000 maximum	The lesser of a maximum of \$25,000 or 12.5% of the loan is eligible to be paid back in the form of grants over the term of the loan	<ul style="list-style-type: none"> - Number of payments made in the previous <i>Calendar Year</i> - Number of months the main floor was actively occupied with a targeted use in previous <i>Calendar Year</i>
Façade Improvement	\$50,000 maximum	The lesser of a maximum of \$12,500 or 25% of the loan is eligible to be paid back in the form of grants over the term of the loan	<ul style="list-style-type: none"> - Number of payments made in the previous <i>Calendar Year</i> - Number of months the main floor was actively occupied with a targeted use in previous <i>Calendar Year</i>

Municipal Portion of Property Tax – For the purposes of the Tax Grant program, property taxes refer only to the municipal portion of the property taxes paid, and does not include such charges/taxes/levies as education, water, sewer, transit or phase-in.

Non-Targeted Area – Lands within the Hamilton Road Area Community Improvement Plan Project Area which are eligible for incentive programs however are not eligible for consideration of Forgivable Loans.

Non-Targeted Uses – The use occupying the ground floor of a building which is permitted under the land use zone but not listed as a targeted use. Please refer to Section #2 for a full list of *Targeted* and *Non-Targeted Uses*.

Post-Improved Assessed Value – For the purpose of calculating the *Annual Tax Increment*, the *Post-Improved Assessed Value* of the property will be established based on:

- i. Completion of the project as identified by the applicant; and
- ii. Completion of the reassessment of the property by the Municipal Property Assessment Corporation (MPAC) such that the work done at the project completion date (defined in i. above) is recognized. Note: Receiving the *Post-Improved Assessed Value* from MPAC may take one to two years or longer.

Pre-improved Assessed Value – For the purpose of calculating the *Annual Tax Increment*, the pre-improved assessed value of the property will be established as the earlier of the following:

- i. Date of application for building permit;
- ii. Date of application for demolition permit; or

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- iii. Date of application for the Rehabilitation and Redevelopment Tax Grant Program.

Future increases in taxes that may be phased in AFTER the *Post-Improved Assessment Date* (as defined above) will not be eligible for grant calculation.

Pro-rated Yearly Grant Percentage – The percentage of months in the *Calendar Year* where the ground floor is actively occupied by a targeted use and can be used in calculating the value of a yearly grant payment on the forgivable portion of a loan.

Rehabilitation Project – For the purpose of the incentive programs shall mean the restoration or reconstruction of buildings, structures or parts thereof to modern building standards without the removal of the building or structure from the lot.

Redevelopment Project – For the purpose of the incentive programs shall mean the development of lands, which are vacant, planned for demolition, in part or in whole, or which will have the building or structure removed from the lot.

Relevant Tax Class Rate – For the purpose of the incentive program means the applicable tax class as of the date of the corresponding grant year.

Targeted Area – Lands within a defined area of the Hamilton Road Area Community Improvement Plan Project Area which are eligible for the consideration of Forgivable Loans.

Targeted Uses – The use occupying the ground floor of a building which is permitted under the land use zone and has a key role in achieving the goals of the City's Strategic Plan, the Business Improvement Area, the Community Improvement Plan, and any other current or future related plans. Please refer to Section #2 for a full list of *Targeted* and *Non-Targeted Uses*.

Year 1 – The first full calendar year that taxes are paid after the project is completed and reassessed. This becomes the first of the ten years of grant payments.

Yearly Grant Value – Means the amount of money granted back to the applicant which may change from year to year based on the calculation of the *Yearly Loan Repayments* multiplied by 25% (for Façade Improvement loan) or 12.5% (for Upgrade to Building Code loan) to give the *Maximum Yearly Grant Value* that is multiplied by the *Pro-rated Yearly Grant Percentage*.

Example (Upgrade to Building Code Loan with the ground floor occupied for six months of the *Calendar Year*):

Yearly Loan Repayments multiplied by 12.5% = *Maximum Yearly Grant Value*

\$60,000 x 12.5% = \$7,500

Maximum Yearly Grant Value multiplied by *Pro-rated Yearly Grant Percentage* = *Yearly Grant Value*

\$7,500 x 50% = \$3,750

Yearly Loan Repayments – The total value of the loan payment made by the applicant to the City in a *Calendar Year*. 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 monthly repayments.

Year/Level Factor – The following tables illustrate the *Year/Level Factor* that is used for each of the Tax Grant levels. The appropriate table will be populated based on the *Annual Tax Increment Calculation* and the *Annual Grant Calculation* and will be included as part of the Grant Agreement between the property owner and the City of London:

Part IV Heritage Designated		Existing Buildings		Vacant or Cleared Land	
Year	Level 1	Year	Level 2	Year	Level 3
1	100%	1	70%	1	60%
2	100%	2	70%	2	60%
3	100%	3	60%	3	50%
4	90%	4	50%	4	40%
5	80%	5	40%	5	30%
6	70%	6	30%	6	20%
7	60%	7	20%	7	10%
8	50%	8	10%	8	10%
9	40%	9	10%	9	10%
10	30%	10	10%	10	10%

2. Table 2 - List of Targeted & Non-Targeted Uses

Permitted Uses within the Hamilton Road Corridor	Targeted	Non-Targeted
Accessory dwelling units	X	
Animal hospitals	X	
Apartment buildings	X	
Artisan Workshop	X	
Assembly halls		X
Automobile body shops		X
Automobile repair garages	X	
Automotive uses, restricted		X
Bake shops	X	
Bakeries	X	
Brewing on Premises Establishment	X	
Building or contracting establishments		X
Business service establishments	X	
Campground		X
Catalogue stores	X	
Cemeteries		X
Clinics	X	
Commercial recreation establishments	X	
Community centres	X	
Conservation lands		X
Conservation works		X
Continuum-of-care facilities	X	
Convenience service establishments	X	
Convenience stores		X
Converted dwellings		X
Craft Brewery	X	
Cultivation of land for agricultural/horticultural purposes		X
Custom workshop	X	
Day care centres	X	
Donation Centre	X	
Dry cleaning and laundry plants		X
Duplicating shops		X
Dwelling units, above the first floor	X	
Dwelling units, together with any other permitted uses	X	
Elementary schools	X	
Emergency care establishments	X	

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Permitted Uses within the Hamilton Road Corridor	Targeted	Non-Targeted
Existing dwellings		X
Existing industrial uses		X
Existing Self-storage establishments		X
Financial institutions	X	
Fire stations	X	
Florist shops	X	
Food stores	X	
Food, tobacco and beverage processing industries		X
Funeral homes	X	
Golf courses		X
Group Home Type 2	X	
Handicapped person's apartment buildings	X	
Home and auto supply stores	X	
Hostels		X
Institutions	X	
Laboratories	X	
Libraries	X	
Lodging house class 2	X	
Managed forest		X
Manufacturing and assembly industries		X
Medical/dental laboratories	X	
Medical/dental offices	X	
Nursing homes	X	
Offices support	X	
Offices	X	
Paper and allied products industries		X
Personal service establishments	X	
Pharmaceutical and medical product industries		X
Places of Worship	X	
Police station	X	
Printing establishments	X	
Printing, reproduction and data processing industries		X
Private clubs	X	
Private parks		X
Private Schools	X	
Public Parks	X	
Recreational buildings		X
Recreational golf courses		X
Repair and rental establishments		X
Research and development establishments	X	
Rest homes	X	
Restaurants, eat-in	X	
Restaurants	X	
Retail stores	X	
Retirement lodges	X	
Schools	X	
Senior citizen apartment buildings	X	
Service and repair establishments	X	
Services trades	X	
Single detached dwelling		X
Stacked townhouses	X	
Studios	X	

Permitted Uses within the Hamilton Road Corridor	Targeted	Non-Targeted
Taverns	X	
Taxi establishments		X
Textile processing industries		X
Truck sales and service establishments		X
Video rental establishments		X
Warehouse establishments		X
Wholesale establishments		X

Any new use that is not listed in Table 2 but is permitted through a Zoning By-law amendment or other process will be deemed a Targeted or Non-Targeted use at the discretion of the Managing Director, Planning and City Planner or designate.

3. Eligibility Criteria for Financial Incentive Programs

Financial Incentive Programs will not apply retroactively to work started prior to the approval of an application by the Managing Director, Planning and City Planner, or designate.

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

Property Owner Considerations

- The applicant must be the registered owner of the property or an 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 when the loan and/or grant is issued and remain so for the lifetime of the loan and/or grant;
- The registered owner of the property must have no outstanding debts to the City of London;
- The property owner and/or 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 Hamilton Road Corridor Sub-project Area as identified in the Hamilton Road Area Community Improvement Project Area (see Map 1);
- There are not any City of London Building Division orders or deficiencies relating to the subject property at the time the loan or grant is issued;
- Each property is eligible to avail simultaneously of multiple incentive programs provided through the various Community Improvement Plans (for example,

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applications for an Upgrade to Building Code Loan, Facade Improvement Loan, and Tax Grant can be made at the same time).

Building Considerations

- Separate applications must be submitted for each *discrete building* (as defined) on a single property;
- The property must contain an existing buildings (occupied or unoccupied) located within an identified area for improvement under the Hamilton Road Area CIP (for the Residential Development Charge Grant & Tax Grant Programs, the property may also be vacant);
- Where the entirety of a multi-unit building, which contains separate 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 financial incentive programs;
- Each *discrete building* is eligible for multiple Upgrade to Building Code loans provided the total of all loans do not exceed the maximum amount allowable under the program guidelines (\$200,000), additional Upgrade to Building Code loans may be considered after the previous loan(s) is repaid;
- Each *discrete building* is eligible for multiple Façade Improvement loans provided the total of all loans do not exceed the maximum amount allowable under the program guidelines (\$50,000), additional Façade Improvement loans may be considered after the previous loan(s) is repaid;
- Each property is eligible for a Rehabilitation and Redevelopment Tax Grant;
- Each *discrete building* is eligible to avail simultaneously of multiple incentive programs provided through the various Community Improvement Plans (for example applications for an Upgrade to Building Code Loan, Facade Improvement Loan, and Tax Grant can be made at the same time);
- There must be no City of London Building Division orders or deficiencies and no by-law infractions when the loan or grant is issued.

4. Application Process

Expression of Interest

PO – It is suggested to meet with Planning Services or the BIA if/when one exists regarding an expression of interest or proposal before any financial incentive application is made to the City of London. While Planning Services staff are often involved in meeting with the BIA and a property owner, no records are formally kept until a complete incentive application, accompanied by appropriate drawings and estimates, is submitted to Planning Services.

Financial Incentive Programs will not apply retroactively to work started prior to the approval of an application by the Managing Director, Planning and City Planner, or designate.

Consultation Phase

Step 1 – PO – The Applicant contacts the City of London and/or the BIA who will arrange a meeting to share ideas for 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. Consultation with an Urban Designer and/or Heritage Planner may be necessary. Where possible, the City will make appropriate staff available for this meeting, which is usually 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 (for properties requiring them) will be required before financial incentive applications are accepted. Discussions with City staff and the BIA are encouraged early in the conceptual phase to ensure proposed façade improvements 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.

Concept Phase

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

For the Tax Grant and Residential Development Charge Grant programs, the applicant must also obtain a building permit and make full payment of Residential Development Charges.

Residential Development Charge Grants are processed by Planning Services in conjunction with Development and Compliance Services (Building Division). Application to the Residential Development Charge (DC) Grant program is triggered when the full payment of Residential DCs is made to the Building Division. **PO – After making the DC payment, applicants must contact Planning Services to complete the application process.**

Step 3 – CL – City of London Planning Services 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. The letter will also state whether the commitment is for a Forgivable Loan. For the Residential DC Grant the residential DCs must be paid prior to the City's issuance of a *Commitment Letter*. For the Loan Programs, the City's commitment is valid for one year from the date of issuance of the *Commitment Letter*. 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.**

Step 4 – CL – Planning Services Staff may visit the subject property and take photographs, both before and after the subject work is completed. When considering forgivable loans, staff will also confirm that the intended use meets the eligibility requirements of the program.

Construction Phase

Step 5 – PO – Having obtaining all necessary approvals and/or permits and receiving a *Commitment Letter* from the City for approved works the applicant may start to undertake eligible improvements. With respect to the Residential DC Grant there is an additional requirement that the DCs have been paid.

Financial Incentive Programs will not apply retroactively to work started prior to the approval of an application by the Managing Director, Planning and City Planner, or designate.

Confirmation Phase

Step 6 – PO – The applicant will notify the City in writing (via letter or email) once the project is complete and the costs respecting those works are paid. For Loans the applicant will submit paid receipts (as proof of payment in full). Confirmation that related building permits are closed is also required so that the City may begin drafting an agreement. With respect to Tax Grant and Residential DC Grant, when the project is complete or following the re-assessment of the property, the applicant will notify Planning Services, in writing, that the project is complete for the purpose of calculating the *Post-Improved Assessed Value*.

Step 7 – CL – Before setting up any agreement Planning Services staff must ensure the improvements, as described in the City's *Commitment Letter* are completed and other criteria, as set out in the respective program guidelines, have been met. Generally speaking, this includes:

- Related costs, or bills respecting those approved works are paid in full;
- Related building permits are closed;
- The loan must be in good standing with no arrears owing;
- 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 7.i (Grants) – CL – Upon written notice from the applicant, Planning Services will request the City's Finance and Corporate Services Taxation Division to provide a grant schedule that establishes the value of the annual grant over the term of the grant program.

Step 7.ii (Grants) – CL – Upon request by Planning Services, the Finance and Corporate Services Taxation Division will establish a *Post-Improved Assessed Value*. To do this they will review the assessed value of the property and determine whether this is the final assessment relating to the completion of the renovation or development project. If this is not the final assessment, the Finance and Corporate Services Taxation Division will contact the Municipal Property Assessment Corporation (MPAC) and request that the final assessment be prepared.

Step 7.iii (Grants) – CL – The Finance and Corporate Services Taxation Division will prepare and note the annual tax increment for the purpose of calculating the grant schedule. The Finance and Corporate Services Taxation Division will then prepare a schedule for the first year that the new taxes were levied for the full year.

Step 7.iv (Grants) – CL – At the completion of the *Calendar Year*, Planning Services staff will ask Finance and Corporate Services Taxation Division staff to confirm that all taxes have been paid for that year and that the tax account is in good standing with a zero balance. Upon receiving confirmation, a grant agreement can be drafted.

Agreement Phase

Step 8 (Loans) – CL – Once the approved works are verified by Planning Services, staff will draft the loan agreement.

Step 8 (Grants) – CL – Once the eligible works are verified and the grant schedule is complete, Planning Services staff will draft the grant agreement and provide a draft copy of the grant agreement to the applicant for review.

Step 9 (Loans) – CL – Planning Services staff will request a cheque, and the Document General to place a lien on the property in the amount of the loan is prepared.

Step 9 (Grants) – CL – After the applicant has approved the grant agreement Planning Services staff can prepare two hard copies of the agreement to be signed.

Step 10 – CL – When all the documentation is ready Planning Services staff will contact the applicant to arrange for a meeting to sign the documents (and in the case of a loan, exchange a loan cheque for the first 12 post-dated repayment cheques provided by the property owner or applicant (**PO**)).

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 Planning Services or Accounts Receivable.

Step 11 – Planning Services staff will have two original copies of the agreement available for signing. One original signed copy is kept by the applicant and one is retained by the City.

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.

5. 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 work is not completed 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.**

6. Additional Rehabilitation and Demolition

Additional work to the interior of the building can be undertaken without Planning Services approval subject to obtaining a building and/or heritage alteration permit, when required. The loan programs do not impose any specific restrictions on demolition except that any outstanding loan amount must be repaid to the City prior to the issuance of a demolition permit.

7. Inspection of Completed Works

The loan will be paid to the property owner (or designate) following City receipt of invoices for all completed work and after the City inspection of all completed improvements has taken place. The City will inspect the work completed to verify that the proposed improvements have been completed as described in the application.

8. 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.

9. Relationship to other Financial Incentive Programs

It is intended that the Loan and Grant 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.

10. Monitoring & Discontinuation of Programs

As part of the program administration Planning Services 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 or grant 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.

11. Program Monitoring Data

The following information will be collected and serve as indicators to monitor the financial incentive programs offered through the Hamilton Road Area 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.

Incentive Program	Monitoring Data
Façade Improvement 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); - Pre-Assessment Value; - Total Value of Building Permit (if required); - Location of façade being improved (Street Front, Non-Street Front); - Post-Assessment Value; - Use Type (Targeted or Non-Targeted); - Increase in assessed value of participating property; - Total Loan Amount; - Number of forgivable loans; - Number of loan defaults; - Cost/Value of loan defaults.
Upgrade to Building Code 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); - Pre-Assessment Value; - Total Value of Building Permit; - Post-Assessment Value;

Incentive Program	Monitoring Data
	<ul style="list-style-type: none"> - Use Type (Targeted or Non-Targeted); - Increase in assessed value of participating property; - Total Loan Amount; - Number of forgivable loans; - Number of loan defaults; - Cost/Value of loan defaults.
Tax Grant Program	<ul style="list-style-type: none"> - Number of Applications (approved and denied); - Pre-Assessment Value; - Total Value of Building Permit; - Level of Grant (Type 1, Type 2 or Type 3); - Post-Assessment Value; - Use Type (Targeted or Non-Targeted); - Number of residential units created; - Increase in assessed value of participating property; - Total Grant Amount; - Number of grant defaults; - Cost/Value of grant defaults.
Development Charge Program	<ul style="list-style-type: none"> - Number of Applications (approved and denied); - Pre-Assessment Value; - Total Value of Building Permit; - Number of residential units created; - Post-Assessment Value; - Type (Targeted or Non-Targeted Industrial) Use; - Increase in assessed value of participating property; - Total Grant Amount; - Number of grant defaults; - Cost/Value of grant defaults.

12. Activity Monitoring Reports

Annual Activity Reports will measure the following variables:

- Number of applications by type;
- Increase in assessment value of properties;
- Value of the tax increment (i.e. increase in property tax after the construction activity);
- Value of construction and building permits issued;
- Number of units created (by type, ownership/rental);
- Number and value of incentive program defaults;
- Ground floor occupancy rates within the CIP area where the program(s) is in effect.

COMMON PROGRAM INFORMATION SECTION ENDS HERE

INDIVIDUAL PROGRAM INFORMATION BEGINS NOW

13. Façade Improvement Loan Program

Façade Improvement Loan Program – Purpose

The Façade Improvement Loan Program is intended to assist property owners in identified community improvement project areas with façade improvements and to bring participating buildings and properties within the identified community improvement areas into conformity with the City of London Property Standards By-law. Through this program, the City provides a no interest 10-year loan. Loans will be issued to cover 50% of the cost of the eligible works to a maximum of \$50,000.

Façade Improvement Program – Objectives

The overarching goals of this Program are to:

- Support the maintenance, improvement and beautification of the exterior appearance of buildings in the Hamilton Road Area;
- Encourage reinvestment in the Hamilton Road Area;
- Help make the Hamilton Road Area environment interesting and aesthetically pleasing for residents, patrons and visitors alike;
- Bring participating buildings and properties into conformity with the City of London Property Standards By-law.

Façade Improvement Program – Eligible Works

Eligible works that will be financed through this program include improvements that are demonstrated to enhance the appearance of building exteriors in compliance with applicable Urban Design Guidelines. Examples of works that may be eligible under this program include:

- Exterior street front renovations;
- Portions of non-street front buildings, visible from adjacent streets. Non-street front visible portions may only be eligible for funding after the street front façade has been improved or street front improvements have been deemed unnecessary by the Managing Director, Planning and City Planner, or designate;
- Awnings that are affixed to the exterior street front of a building which are used to keep the sun or rain off a storefront, window, doorway, or sidewalk, and/or to provide signage for a commercial tenant;
- Business name signage that is affixed to the exterior street front of a building;
- Decorative lighting which is affixed to the exterior street front of a building that is ornamental and installed for aesthetic effect;
- Eaves troughs, rain gutters, soffits, fascia, bargeboard, and other materials that direct rain water;
- Doors, windows, and their finished framing;
- Professional fees for the preparation of drawings and technical specifications required for eligible works (limited to the lesser of a maximum of \$5,000 or 10% of the loan).

Note: A Heritage Alteration Permit is required for heritage designated properties in the Hamilton Road Area.

Façade Improvement Program – Works Not Eligible

The following provides examples, but not a complete list of works that are not eligible to be financed through this program:

- New stucco building materials;
- Back lit signs;
- Any other materials that at the discretion of the Managing Director, Planning, and City Planner, or designate, are deemed ineligible or inauthentic.

Façade Improvement Program – Loan Terms

- **A complete application must be received and a *City Commitment Letter* issued before any work can commence.**

Period

The loan will be interest free and will be amortized over a 10-year period.

Loan Amount

Loans will be issued to cover the lesser of:

- 50% of the cost of the eligible works per building;
- A maximum of \$50,000 per building.

While more than one *discrete building* on a single property may be eligible for a loan, loans will not exceed 50% of the cost of the eligible works that related to each *discrete building*.

More than one loan may be issued for each *discrete building* on each property, but the sum of these loans must not exceed the maximum loan amount of \$50,000 per *discrete building*.

Determination of Eligible Non-Street Front Façade Improvements

The Managing Director, Planning and City Planner or designate will decide when this program can be applied to a building façade that is not street facing. Typically this consideration is made when the street-front façade is deemed to be in compliance with applicable Urban Design guidelines and Building and Fire Codes.

Determination of Façade Improvements where there are Two Street Frontages

If a building has both the front and rear façade facing a municipal street (not a private street or a laneway), then the building is eligible for a Façade Improvement Loan for each unique street fronting façade. Further, if a building is on a corner property where two or more façades face a municipal street (not a private street or laneway), then the building is eligible for two or more Façade Improvement Loans. All façade designs must be deemed in compliance with applicable Urban Design guidelines and the Building and Fire Codes, to be eligible for loans.

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 first 12 months of post-dated cheques (to be used for the first year repayment of the loan) are received. City of London Accounts Receivable staff will contact the applicant annually to request a supply of cheques in subsequent years. **PO** – The applicant will

notify the City about any changes to their banking arrangements and replace cheques as appropriate over the term of the loan. **The City will not provide partial loan amounts or progress payments.**

Loan Security and Postponement

Loans will be secured through the registration of a lien placed on property title for the total amount of the loan. Liens will be noted on the tax roll and will be registered and discharged by the City. The Managing Director, Planning and City Planner or designate may postpone the lien (subordination of a lien to another lien 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 lien does not exceed 90% of the appraised value of the property.

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. The agreement shall include the terms and conditions included in the program guidelines.

Repayment Provisions

Loan repayments will begin six 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 **114 payments**. Full repayment can be made at any time without penalty.

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.

Façade Improvement Program – Forgivable Loan – Grant Terms

Subject to the eligibility criteria detailed in the program guidelines, forgivable loans are set up to grant a percentage of the annual loan repayment back to the applicant over a 10-year period.

Forgivable Grant Amount

Where applicable, and if confirmed in the City's *Commitment Letter*, a portion of the Façade Improvement loan may be forgivable and paid back to the applicant in the form of a grant to cover the lesser of:

- A maximum of \$12,500; or
- 25% of the loan amount.

Annual Grant Value

Means the amount of money granted back to the applicant which may change from year to year based on the calculation of the *Yearly Loan Repayments* multiplied by 25% to give the *Maximum Yearly Grant Value* that is multiplied by the *Pro-rated Yearly Grant Percentage*.

For example:

\$50,000 Façade Improvement Loan

Yearly Loan Repayments = \$50,000 / 114 payments = \$438.60 / month x 12
monthly payments = \$5,263.20

Maximum Yearly Grant Value = \$5,263.20 x 25% = \$1,315.80

Maximum Yearly Grant Value multiplied by *Pro-rated Yearly Grant Percentage* =
Yearly Grant Value

\$1,315.80 x 50% (assumes ground floor was only occupied for 50% of the
Calendar Year) = \$657.90.

The grant value may differ from year to year based on targeted use occupancy. Grant amounts will be monitored to ensure the maximum Forgivable Grant Amount is not exceeded.

Grant Disbursement

PO – The disbursement of the grant requires action by the applicant. During the first quarter of the *Calendar Year* the City will send out an acknowledgment letter requesting that the applicant verify the number of actual months in which a targeted or non-targeted use actively occupied the ground floor of the building for the previous *Calendar Year*.

PO – To be eligible to receive the annual grant, the applicant must meet all conditions detailed in the program guidelines including:

- The loan must be in good standing with no arrears owing;
- All City of London realty 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 of London;
- The property owner must not have defaulted on any City loans or grants;
- There must be no outstanding City of London Building Division orders or deficiencies against the subject property;
- The acknowledgement letter is completed by the applicant and returned to City of London Planning Services.

Having confirmed that the applicant has met all conditions of the program guidelines, the annual grant can be disbursed. *Providing misleading information can result in the default of the balance of the loan and the forfeiture of the ongoing grant.*

14. Upgrade to Building Code Loan Program

Upgrade to Building Code Loan Program – Purpose

The Upgrade to Building Code Loan Program is intended to assist property owners with the financing of building improvements that are often necessary to ensure older buildings comply with current Building Code Requirements. The costs associated with these improvements frequently pose a major issue for building owners wanting to upgrade their properties. This issue is amplified in the Hamilton Road Area where much of the building stock is older and needs major rehabilitation. Through this program, the City provides a no interest 10-year loan for an eligible property. Loans will be issued to cover 50% of the cost of the eligible works to a maximum of \$200,000. In some locations (see the targeted incentive zone map for specific locations) a portion of these loans may be partially forgivable in the form of a grant from the City.

Upgrade to Building Code Loan Program – Objectives

The overarching goals of this Program are to:

- Support the maintenance, improvement, beautification, and viability of the historic building stock in the Hamilton Road Area;
- Encourage the development of residential units in older buildings through conversion and adaptive re-use;
- Support the development of distinctive, interesting and attractive commercial spaces in existing buildings to assist in the regeneration of the Hamilton Road Area;
- Help ensure that buildings are safe for residents, patrons, and visitors alike by meeting Ontario Building Code and Fire Code regulations;
- Bring participating buildings and properties into conformity with the City of London Property Standards By-law.

Upgrade to Building Code Loan Program – Eligible Works

Eligible works that will be financed through this program include improvements that are demonstrated to be necessary to meet Building and Fire Code requirements, address one or more health and safety issues, and accessibility and/or environmental sustainability issues. Examples of works that may be eligible under this program include:

- The installation or alteration of fire protection systems such as sprinklers, stand pipes, fire alarms, emergency power, lighting, and exit signs;
- Installation or alteration of fire separations, fire doors, fire shutters and other fire protection devices;
- The relocation of fire escapes and the installation of new exit facilities;
- The extension of plumbing and electrical services for the creation of habitable space;
- The replacement of plumbing, electrical, and mechanical systems that no longer meet Building Code requirements;
- The construction or alteration of stairs, guards, handrails, etc.;
- The reinforcement or reconstruction of floors, walls, ceilings or roofs;
- The installation or alteration of required window openings to residential spaces;
- Required improvements to ventilation systems;
- Improvements for barrier-free accessibility including elevators, ramps, and washrooms;
- Improvements for green, or sustainable developments such as living walls and green roofs;
- Improvement to basements, or other such spaces that can be occupied and are located below the first storey;
- Asbestos abatement, including the removal, enclosure and/or encapsulating to prevent building occupant from being exposed to the fibers;

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Planner: G. Bailey**

- Renovations required to remove moulds (or other materials caused by water-damage from interior building materials), replace affected materials and install vapour barriers;
- Professional fees for the preparation of drawings and/or technical specifications required for eligible works (limited to the lesser of a maximum of \$5,000 or 10% of the loan);
- Other improvements related to health and safety issues at the discretion of the Managing Director of Planning and City Planner or designate.

Upgrade to Building Code Loan Program – Loan Terms

Period

The loan will be interest free and will be amortized over a 10 year period.

Loan Amount

Loans will be issued to cover the lesser of:

- 50% of the cost of the eligible works per buildings; or
- A maximum of \$200,000 per building.

While more than one *discrete building* on a single property may be eligible for a loan, loans will not exceed 50% of the cost of the eligible works that relate to each *discrete building*.

More than one loan may be issued for each *discrete building* on each property, but the sum of these loans must not exceed the maximum loan amount of \$200,000 per *discrete building*.

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 first 12 months of post-dated cheques (to be used for the first year repayment of the loan) are received. City of London Accounts Receivable staff will contact the applicant annually to request a supply of cheques in subsequent years. **PO** – The applicant will notify the City about any changes to their banking arrangements and replace cheques as appropriate over the term of the loan. **The City will not provide partial loan amounts or progress payments.**

Loan Security and Postponement

Loans will be secured through the registration of a lien placed on property title for the total amount of the loan. Liens will be noted on the tax roll and will be registered and discharged by the City. The Managing Director, Planning and City Planner or designate may postpone the lien (subordination of a lien to another lien 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 lien does not exceed 90% of the appraised value of the property.

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. The agreement shall include the terms and conditions included in the program guidelines.

Repayment Provisions

Loan repayments will begin six 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 **114 payments**. Full repayment can be made at any time without penalty.

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.

Upgrade to Building Code Loan Program – Forgivable Loan – Grant Terms

Subject to the eligibility criteria detailed in the program guidelines, Forgivable Loans are set up to grant a percentage of the annual loan repayments back to the applicant over a 10-year period.

Forgivable Grant Amount

Where applicable, and if confirmed in the City's *Commitment Letter*, a portion of the Upgrade to Building Code loan may be forgivable and paid back to the applicant in the form of a grant to cover the lesser of:

- Maximum of \$25,000; or
- 12.5% of the loan amount.

Annual Grant Value

Means the amount of money granted back to the applicant which may change from year to year based on the calculation of the *Yearly Loan Repayments* multiplied by 12.5% to give the *Maximum Yearly Grant Value* that is multiplied by the *Pro-rated Yearly Grant Percentage*.

For example:

\$150,000 Upgrade to Building Code Loan

Yearly Loan Repayments = \$150,000 / 114 payments = \$1,315.79 / month x 12 monthly payments = \$15,789.48

Maximum Yearly Grant Value = \$15,789.48 x 12.5% = \$1,973.69

Maximum Yearly Grant Value multiplied by *Pro-rated Yearly Grant Percentage* = *Yearly Grant Value*

\$1,973.69 x 100% (assumes ground floor was occupied for the entire *Calendar Year*) = \$1,973.69.

The grant value may differ from year to year based on targeted use occupancy. Grant amounts will be monitored to ensure the maximum Forgivable Grant Amount is not exceeded.

Grant Disbursement

PO – The disbursement of the grant requires action by the applicant. During the first quarter of the calendar year the City will send out an acknowledgment letter requesting that the applicant verify the actual number of months in which a targeted or non-targeted use actively occupied the ground floor of the building for the previous *Calendar Year*.

PO – To be eligible to receive the annual grant, the applicant must meet all conditions detailed in the program guidelines including:

- The loan must be in good standing with no arrears owing;
- All City of London realty 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 of London;
- The property owner must not have defaulted on any City loans or grants;
- There must be no outstanding City of London Building Division orders or deficiencies against the subject property;
- The acknowledgement letter is completed by the applicant and returned to City of London Planning Services.

Having confirmed that the applicant has met all conditions of the program guidelines, the annual grant can be disbursed. *Providing misleading information can result in the default of the balance of the loan and the forfeiture of the ongoing grant.*