

Report to Community and Protective Services Committee

To: Chair and Members, Community and Protective Services Committee
From: Scott Mathers, Deputy City Manager, Planning and Economic Development
Subject: Shovel-Ready Affordable Housing – 18 Elm Street Approval of Contribution Agreement
Date: January 10, 2023

Recommendation

That, on the recommendation of the Deputy City Manager, Planning and Economic Development the following actions **BE TAKEN**;

- a) The attached proposed by-law, attached as Appendix “A”, **BE INTRODUCED** at the Municipal Council meeting on January 24, 2023, to:
 - i. **APPROVE** the Contribution Agreement between The Corporation of the City of London and the Ontario Aboriginal Housing Support Services Corporation (the “Agreement”), attached as Schedule “1”;
 - ii. **AUTHORIZE** the Mayor and the City Clerk to execute the Agreement;
 - iii. **AUTHORIZE** the Deputy City Manager, Planning and Economic Development to approve and execute any amending agreements or new agreements related to funding 18 Elm Street.
- b) **IT BEING NOTED** that the Housing Development Corporation, London (HDC) must receive authority through a Board Resolution approving the Agreement of Purchase and Sale between HDC and Ontario Aboriginal Housing Support Services Corporation.

Executive Summary

The Housing Development Corporation, London (HDC) is a subsidiary corporation solely owned by the Corporation of the City of London. In June 2020, HDC purchased the former Holy Cross school property located at 18 Elm Street, London to provide for two municipal interests: affordable housing and parkland.

In February 2021, Ontario Aboriginal Housing Support Services Corporation (OAHS) committed to build and operate 18 Elm Street as a new Indigenous-led, mixed-use, affordable rental housing development. The City and HDC have undertaken the shovel-ready preparation and are in a position to transfer the property with approved zoning, site plan and building design to OAHS in order to release a construction tender in the spring of 2023.

The Site is currently owned by HDC. To access pre-approved project funding from the Canada Mortgage and Housing Corporation (CMHC), OAHS must hold title to the Site. Completion of the Agreement of Purchase and Sale for OAHS to own the site is subject to Municipal Council’s approval of a Contribution Agreement between The Corporation of the City of London and OAHS.

The City and OAHS are actively working on a tenant placement agreement that includes local Indigenous partners and reduces the number of applicants on the City’s Coordinated Access and By-Name Lists.

Linkage to the Corporate Strategic Plan

Council and staff continue to recognize the importance of actions to support housing, as reflected in the 2019-2023 Strategic Plan for the City of London. Specifically, the efforts described in this report address the following Areas of Focus, including:

- Strengthening Our Community
- Safe City for Women and Girls

Strengthening our Community Strategic Area of Focus:

The following strategies are intended to “increase affordable housing options”:

- Increase supportive and specialized housing options for households experiencing chronic homelessness.
- Strengthen the support for individuals and families in need of affordable housing.
- Utilize innovative regulations and investment to facilitate affordable housing development.

The following strategies are intended to achieve the result of reducing the number of individuals and families experiencing chronic homelessness or at risk:

- Create more purpose-built, sustainable, affordable housing stock in London.
- Implement coordinated access to mental health and addictions services and supports.

Safe City for Women and Girls Strategic Area of Focus:

The following strategies are intended to decrease violence toward women through housing:

- Work with landlords and developers to end discrimination and bias against abused, sex trafficked and/or sexually assaulted women and girls attempting to access affordable housing; and
- Work together with City of London Housing Services, Housing Development Corporation, London Middlesex Community Housing to build more accessible and safer housing options for women and girls.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

The following reports provide direct and relevant background to this report:

- [Municipal Council Approval of the Housing Stability Plan 2019 to 2024, As Required Under the Housing Services Act, 2011](#) (CPSC: December 3, 2019)
- [Closed School Sites: Evaluations and Approach \(18 Elm and 1958 Duluth\)](#) (PEC: May 27, 2019)
- [Neighbourhood School Strategy – Evaluation and Acquisition of Surplus School Sites](#) (PEC: October 9, 2018)
- [Neighbourhood School Strategy – Evaluation and Acquisition of Surplus School Sites](#) (PEC: April 3, 2018)

1.2 Background

In March 2019, the London District Catholic School Board advised the City that it had identified two school properties as surplus and available for potential acquisition:

- 18 Elm Street (the former Holy Cross elementary school); and
- 1958 Duluth Crescent (the former St. Robert elementary school).

In accordance with Council's "Surplus School Site Evaluation and Acquisition Policy", an administrative review team including HDC evaluated each property and identified two municipal interests: affordable housing and parkland.

In May 2019, Municipal Council agreed to take no action, noting that the HDC, as the delegated Service Manager for new affordable housing, would submit an expression of interest in these lands for the purpose of providing affordable housing and accommodating suitable parkland to meet municipal needs. The HDC Board approved a total allocation of \$1,050,000 from the HDC Reserve Fund and executed the Purchase and Sale agreement in June of 2020.

1.2 Shovel-Ready Affordable Housing Project

By January 2021, the former school building was razed, and the Site was cleared in preparation for future shovel-ready development.

In August 2022, Municipal Council approved an Official Plan and Zoning Bylaw Amendment to permit the 4-storey, multi-residential development Project and an Open Space Zone for lands that will be conveyed to the City through the development approvals process to meet the Parkland Dedication requirement. Site Plan approval has been granted and the building permit application will be submitted early in 2023.

2.0 Discussion and Analysis

2.1 The Site

The Project provides for 42 affordable rental housing units consisting of one, two, three, and four-bedroom unit and provide for a small-scale community facility to deliver wrap-around tenant services and supports with a future childcare centre. Through an Indigenous partner, rents will be established at not more than 80% of the median market rent for the London area support local Indigenous people looking for housing.

2.2 Affordable Housing Development Partnership

In February 2021, HDC and OAHS executed a Letter of Intent (LOI) to advance an Indigenous-led mixed-use affordable rental housing at 18 Elm Street. OAHS is an independent not-for-profit organization that provides safe and affordable housing and support services for First Nation, Inuit, Metis and non-Indigenous people living in urban and rural areas of Ontario.

The LOI outlined the intent of the partnership approach, the scope of the Project, and established OAHS as the future project lead and acknowledged that in exchange for its investment and services, the City's interests would be secured through future agreements.

2.3 Shovel-Ready Project – HDC Contribution

This partnership originally involved OAHS and HDC, however, following the re-organization in 2021 HDC became a division within Planning and Economic Development. To align with this new organizational structure, the agreement will be entered into between OAHS and the City to provide 42 new affordable housing units at 18 Elm Street.

The HDC contribution to affordable housing through this project is consistent with the shovel-ready approach outlined in the Roadmap to 3,000 Affordable Units:

- Negotiating and executing the acquisition of surplus school lands.
- Preparing the lands for future development, including delivering on the demolition, pre-development due diligence and preliminary designs to advance the future land improvements.

- Recognizing costs for land improvements (\$1.2 Million) through a contribution agreement with a 3rd party non-profit partner, i.e. OAHS.

2.4 Agreement of Purchase and Sale

The Site is currently owned by HDC. To access pre-approved capital project funding from the CMHC, OAHS must hold title of 18 Elm Street. An Agreement of Purchase and Sale (APS) is required to transfer title to OAHS. The HDC Board has approved the disposition of the Site, subject to Municipal Council approval of the CA to secure the municipal investment in the Project.

Completion of the APS will also enable OAHS to enter into the Development Agreement required by the City as the Approval Authority, in order to issue a Building Permit and commence construction of the Project.

The pre-approved capital funding agreement between CMHC and OAHS provides for a 40% grant contribution. If the APS between HDC and OAHS are not executed early 2023, OAHS could default on their current funding agreements. The result could be a re-application for capital funding through a revised CMHC funding that provides for only 7% in grant contributions. The result of not executing the APS could be a loss of approximately \$5.8 Million in capital grant funding to complete the Project.

2.5 Contribution Agreement

The City is securing the HDC investment and municipal interests in the Project by entering into a Contribution Agreement (CA) under which OAHS that will provide for 42 new affordable housing units. These will be in alignment to the City's Coordinated Access System and By-Name List wait list through a Tenant Placement Agreement (TPA) which will be negotiated at a later date.

Civic administration are actively working with OAHS on an approach to aligning local Indigenous partners with City systems. The TPA will be added to the CA at a later date through delegated authority to the Deputy City Manager. Affordability minimums required by CMHC, Roadmap and new Provincial legislation from Bill 23 will be reflected in the development of the TPA.

The attached CA has been reviewed by the City's Legal Services, Risk Management and Housing Stability Services.

3.0 Financial Impact / Considerations

HDC's contribution to OAHS is outlined below and includes the property, related expenses and HDC staff services to undertake development approvals including site plan, re-zoning and demolition. HDC acquired 18 Elm Street for approximately \$350,000 and then incurred land transfer tax, closing and carrying costs and preparation for disposition. Some seed funding was provided by CMHC with the majority of the expenses approved by the HDC Board for these kinds of partnership developments.

Activity	Value (\$)
Acquisition	349,998
Construction/Demolition	427,957
Consulting for Design	599,358
Other	75,579
Capitalized Land Costs	1,452,892
Operating Costs Incurred	67,047
Total HDC Contribution	1,519,939

Project costs are subject to year-end audit. The final contribution value may change accordingly.

Conclusion

Through approval of the Contribution Agreement between the City and OAHS the shovel-ready project planned at 18 Elm Street will move to the construction phase under the guidance of our local Indigenous partner. The agreement will secure the City's contribution and enable the HDC to execute Agreement of Purchase and Sale with OAHS. Once these agreements are executed, OAHS can secure CMHC grant funding and construction financing to proceed with construction of the Project.

Prepared by: Kimberly Wood, M.A.A.T.O., C. Tech.
Development Lead, Municipal Housing Development

Reviewed by: Brian Turcotte, BES (PIng)
Manager, Municipal Housing Development

Recommended by: Matt Feldberg MPA, CET
Director, Municipal Housing Development

Submitted by: Scott Mathers MPA, P. Eng.
Deputy City Manager, Planning and Economic Development

Cc Housing Enterprise Action Team

Attachments:

Appendix 'A' – Bylaw
Schedule '1' – Contribution Agreement – 18 Elm Street

Appendix “A”

Bill No.
2022

By-law No.

A by-law to approve the Contribution Agreement between The Corporation of the City of London and the Ontario Aboriginal Housing Support Services Corporation (“Agreement”) and authorize the Mayor and City Clerk to execute the Agreement

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 107(1) of the *Municipal Act, 2001* authorizes a municipality to make a grant on such terms as to security and otherwise as the council considers appropriate to any person, group or body for any purpose that the council considers to be in the interests of the municipality;

AND WHEREAS subsection 107(2) of the *Municipal Act, 2001* provides that the power to make a grant includes the power to make a grant by way of loan and to charge interest on the loan;

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

1. The Contribution Agreement between The Corporation of the City of London and the Ontario Aboriginal Housing Support Services Corporation for (“Agreement”) substantially in the form attached as Schedule “I” to this by-law is hereby authorized and approved.
2. The Deputy City Manager, Planning and Economic Development is authorized to approve any amendments to the Contribution Agreement approved under section 1 of this by-law.
3. The Mayor and the City Clerk are authorized to execute the Agreement authorized and approved under section 1 of this by-law.
4. The Deputy City Manager, Planning and Economic Development is authorized to approve and execute any amending agreements to the Contribution Agreement approved under section 1 of this- bylaw or new agreements related to funding 18 Elm Street provided that the funding in said agreements are within approved budgets or funding allocations and do not increase the indebtedness or contingent liabilities of The Corporation of the City of London.
5. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on

Josh Morgan
Mayor

Michael Schulthess
City Clerk

First Reading –
Second Reading –
Third Reading –

Schedule "1" – Contribution Agreement – 18 Elm Street

CONTRIBUTION AGREEMENT

This Agreement made the _____ day of November 2022.

BETWEEN:

THE CORPORATION OF THE CITY OF LONDON
(hereinafter called the "City")

- and -

ONTARIO ABORIGINAL HOUSING SUPPORT SERVICES CORPORATION
(hereinafter called the "Proponent")

WHEREAS:

- A. The Proponent is a not-profit housing provider focused on creating safe, affordable housing for the Indigenous community and has come together with the City to establish housing services for the Indigenous community within the geographic territory of the City.
- B. The Proponent entered into a Letter of Intent ("LOI") dated November 30, 2020, with the Housing Development Corporation, London ("HDC"), a municipal service corporation of the City, facilitate the Proponent's development and operation of a forty-two (42) unit multi-residential Indigenous led specialized affordable housing development on the property municipally known as 18 Elm Street, London (the "Property").
- C. Pursuant to the LOI, HDC prepared the land for development and entered into an agreement with the Proponent to facilitate the conveyance of the Property (the "APS"), subject to certain conditions;
- D. As a condition of the APS, the Proponent has agreed to enter into this Contribution Agreement with the City for the purpose of establishing the parties' respective interests and obligations with respect to the completion of the Project, securing the City/HDC's contributions to the Project and clarifying the Proponent's commitment to provide affordable housing.

NOW THEREFORE, in consideration of the sum of TWO DOLLARS (\$2.00) now paid by the Proponent to the City and for other good and value consideration, the receipt of which is hereby acknowledged, the City and the Proponent agree with each other as follows:

1. INTERPRETATION

1.1 In this Agreement, including its Schedules, unless the context requires otherwise,

- "Affordability Period" means the period during which the average rent in a Project is required to be maintained at an affordable level, as determined in accordance with this Agreement under Section 4.1 or as otherwise established by the City;
- "Affordable Rent" means a housing portion of rent for a unit that does not exceed 80% of the CMHC MMR for that Unit. The Affordable Rent must include at least the unit heat, water, fridge, and stove;
- "Affordable Rental Housing" means new, purpose-built, rental housing accommodation Units in any building or buildings which is modest in terms of floor area and amenities, based

on household needs and community norms, in Projects that achieve Affordable Rent, but does not include residential premises used as a nursing home, retirement home, shelter, crisis care facility or any other type of similar facility;

- “Affordable Rental Housing Unit” means the 42 Units the Proponent has agreed to provide in accordance with the terms set out in this Agreement.
- “Agreement” and “Contribution Agreement” means this Contribution Agreement entered into between the City and OAHS.
- “Business Day” means each Monday, Tuesday, Wednesday, Thursday and Friday except when any such day occurs on a statutory holiday observed in Ontario;
- “CMHC” means Canada Mortgage and Housing Corporation;
- “Development Activities” means those activities which have been approved for the Project as set out in the approved Plans and Specifications and, generally, activities that are normally undertaken for the development, construction, repair, renovation, rehabilitation or conversion of buildings for residential purposes and include the acquisition of property;
- “Force Majeure” means a delay arising from strike, lockout, lockdown, riot, insurrection, terrorism, war, fire, tempest, act of God, pandemic, lack of material or supply of service at a reasonable cost, inclement weather, binding orders, directives or regulations of governmental bodies, courts or arbitrators or any other event beyond the control of the Parties which causes a delay in the fulfillment of a Party's obligations under this Agreement notwithstanding the reasonable efforts of such Party and provided that any such non-availability or delay does not relate to any extent to any act or omission by such Party or any of its authorized agents or employees;
- “Housing” means residential accommodation and facilities, common areas and services used directly with the residential accommodation. Housing does not include commercial or institutional premises, social or recreational services, and services or facilities related to mental or physical health care, education, corrections, food services, social support or public recreation;
- “Interest Adjustment Date (or “IAD”) means the date on which the Proponent makes the first payment of principal and interest in respect of the Proponent's permanent financing obligations for the Project, following the completion of construction;
- “Improvements” means the improvements to be made on the Property, consisting of a building and other improvements to be constructed by the Proponent on the property in accordance with the Plans and Specifications;
- “Loan” means as described in 2.1;
- “Median Market Rents (MMR)” means the median monthly market rent for a rental housing unit, by unit type, as published by CMHC (or, should CMHC not publish such information, as determined from time to time by the City, acting reasonably), as adjusted on an annual basis;
- “Occupancy Date” means the date on which initial occupancy of a Unit in the Project is permitted by the City;
- “Parties” means the Proponent and the City and “Party” means either of them, as the context may require;
- “Permitted Encumbrances” means the encumbrances encumbering the Affordable Housing Units listed in Schedule “D”, together with such renewals or replacement financing that may be approved by the City, acting reasonably, during the term of this Agreement;
- “PIPEDA” means the Personal Information Protection and Electronic Documents Act, S.C. 2000, c. 5, including any amendments thereto;

- “PIPEDA Protected Information” means any "Personal Information" or "Personal Health Information", as defined under PIPEDA;
- “Plans and Specifications” means the plans and specifications for the development of the Project that have been approved and reviewed by all appropriate governmental authorities for the issuance of all permits necessary to construct and occupy the Improvements and as certified by a Quantity Surveyor;
- “The Project” means the property and the building(s), as approved by the City, as the context may require on lands described in Schedule “E”;
- “Quantity Surveyor” means such architect, engineer or other professional duly licensed to practice in the Province of Ontario as the Proponent may from time to time appoint to supervise, direct, monitor, inspect or assess the Project or a specific aspect of the Development Activities;
- “Security Documents” means the security documents attached to and forming part of the Contribution Agreement under Schedule “C”;
- “Service Manager” means The Corporation of the City of London;
- “Substantial Completion” means the substantial performance, within the meaning of the Construction Act, of all contracts which the Proponent has entered into for Development Activities in connection with the Project under this Agreement;
- “Unit” means a self-contained residential dwelling.

1.2 All references in this Agreement including without limitation, the Schedules hereto, to “rent” are deemed to include housing charges paid by members of non-profit housing cooperatives and “rental” is deemed to have a corresponding meaning.

1.3 The following Schedules are attached to and form part of this Agreement:

Schedule “A”	Option Agreement
Schedule “B”	Rental Protocol / Tenant Placement Agreement
Schedule “C-1”	City Charge/Mortgage of Land
Schedule “C-2”	Assignment of Rents
Schedule “C-3”	Security Agreement
Schedule “D”	Permitted Encumbrances
Schedule “E”	Legal Description of Property and The Project
Schedule “F”	Project Information Form
Schedule “G”	Municipal Contribution Breakdown

1.4 In the event of a conflict or inconsistency between the provisions of this Agreement and the provisions of a Schedule, the provisions of this Agreement shall prevail.

1.5 All references in this Agreement to section numbers are references to sections of this Agreement unless otherwise stated.

2. MUNICIPAL CONTRIBUTION TO PROJECT

2.1 The Proponent acknowledges that the Municipal Contribution to the Project, consisting of acquisition, demolition, pre-development activities and approvals, and staff services costs to acquire and assemble the Property for the purposes of completing the Project, being the total amount of one million three hundred ninety-two thousand four hundred fifty-three dollars and eighty-seven cents (\$1,392,453.87), as outlined in Schedule G, shall constitute a debt owed to the City by the Proponent, forgivable in accordance with the terms of this Agreement (the “Loan”).

2.2 The City may provide support to the Proponent with the contract administration and

project management activities to deliver the Project in accordance with the Plans and Specifications. The Proponent will execute any and all documentation in its capacity as the owner of the Property. Any and all costs associated with the Development Activities shall be the sole responsibility of the Proponent.

- 2.3 The City and Proponent shall jointly review and approve a construction schedule, which shall include a Project Completion Date, and construction budget no later than four (4) weeks prior to the start of construction. The construction budget shall include soft costs, and the cost of each item of the Project.
- 2.4 The City and Proponent will jointly review and approve any material amendment to the construction schedule and construction budget. A material amendment shall mean any single amendment that increases the cost of the fixed price construction contract by an amount exceeding \$20,000 or any series of amendments that, in the aggregate, increase the cost of constructing the Project by an amount exceeding \$50,000.

3. SPECIAL CONDITIONS

- 3.1 The Proponent agrees to undertake its Development Activities in connection with the Project in accordance with this Agreement and in conformity with the Plans and Specifications.
- 3.2 The Proponent shall, subject to Force Majeure, achieve substantial completion of the Project in accordance with the terms of this Agreement.
- 3.3 The Proponent acknowledges and agrees that a portion of the Property will be conveyed as parkland to the City at no cost as the required Parkland Dedication through the site plan process for the Project, free and clear of all encumbrances (the "Parkland").
- 3.4 The Proponent shall discharge or cause the discharge of any registered construction liens so as to ensure that there are no construction liens registered against the Project.
- 3.5 The Proponent shall not at any time during the term of this Agreement breach any Contribution Agreement respecting the Project, including any municipal capital facility agreement made pursuant to section 110 of the *Municipal Act, 2001* and shall not, through any breach on its part, cause such other entity to terminate a Contribution Agreement for cause. The Proponent agrees that a breach by it of any such Contribution Agreement, that has not been corrected, shall constitute a breach of this Agreement. The Proponent shall provide the City with evidence of its good standing under any such Contribution Agreement within thirty (30) days following its receipt of a written request from the City.

4. OPERATION OF AFFORDABLE HOUSING

- 4.1 The Proponent shall provide and maintain forty-two (42) Affordable Rental Housing Units within the Project, for a period of twenty-five (25) years (the "Affordability Period") commencing upon the Occupancy Date.
- 4.2 The City recognizes the Project as an Indigenous led affordable rental housing Project that will serve to house and support members of the Indigenous community.

- 4.3 The Proponent agrees to operate the Units in accordance with their organizational mandate and policies and in accordance with the terms set out in Schedule "B" of this Agreement.
- 4.4 The Proponent acknowledges and agrees that the Rental Protocol in Schedule "B" applies to the Project by virtue of the contractual terms of this Agreement, notwithstanding that the Rental Protocol does not apply to the Project under the Residential Tenancies Act, 2006.
- 4.5 The parties will meet to coordinate tenant selections for the identified Designated Units and execute a Tenant Placement Agreement prior to occupancy as determined by the Chief Building Official.
- 4.6 The Proponent acknowledges and agrees that all forty-two (42) Affordable Rental Housing Units in the Project will not exceed the Affordable Rent of 80% of the CMHC MMR as outlined in Schedule "B". Affordable Rent increases may follow the *Residential Tenancies Act, 2006* rent increase guidelines but shall not exceed 80% of the CMHC MMR for the term of the Agreement.
- 4.7 The City shall meet with the Proponent to discuss whether Rent Supplement agreements with City of London may be available for any Affordable Rental Housing Units forming part of this Agreement as Schedule "B".
- 4.8 The Proponent acknowledges and agrees that the Affordable Rent for a Project include the provision of a fridge, stove, water, air conditioning and heat.
- 4.9 The Proponent acknowledges and agrees that a minimum 4% of the annual rental income will be designated to a reserve fund account and, if requested, will provide account information to the Service Manager within thirty (30) days.

5. TERMS OF THE LOAN

- 5.1 The Loan shall have a term of twenty-five (25) years equivalent to the Affordability Period, commencing as of the Occupancy Date of the Project.
- 5.2 Prior to the Interest Adjustment Date, interest shall accrue on the total amount of the Loan at the rate of eight percent (8%) per annum. The interest so calculated shall compound annually, not in advance, until the Interest Adjustment Date.
- 5.3 The amount of interest accrued on the Loan as calculated in section 5.2 shall be forgiven on the Interest Adjustment Date, provided that the Proponent has satisfied all requirements as set out in section 2 and is otherwise in good standing under this Agreement.
- 5.4 Following the Interest Adjustment Date, interest shall accrue on the total amount of the Loan at the rate of eight per cent (8%) per annum. The interest so calculated shall compound annually, not in advance.
- 5.5 Where the Proponent has satisfied the requirements of this Agreement, as of such anniversary date, the amount of the interest so owing shall automatically be forgiven on each anniversary date of the Interest Adjustment Date. The Proponent shall only pay the City the amount of interest, as calculated on the Loan amount according to the interest rate stipulated in section 5.4 if the requirements of this Agreement are not met.

- 5.6 The Loan amount shall be fully forgiven on the last day of the month at the end of the term of the Affordability Period, provided that the Proponent has fulfilled all the requirements of the Program as set out in this Agreement.
- 5.7 The Proponent shall provide the City with such information respecting the Proponent's permanent financing obligations for the Project as the City may require from time to time.

6. SECURITY

- 6.1 In conjunction with the conveyance of the Property to the Proponent, the Proponent shall provide the City with executed registerable security documents in the form attached hereto as Schedules "C-1", "C-2" and "C-3" (the "Security"), completed in accordance with this Agreement.
- 6.2 The Security shall be collateral to this Agreement. The amount of all contributions from the City and/or HDC shall be included in the Security documents. The amount of any eligible in-kind contributions from the City and/or HDC shall not be included in the Security documents, save and except those contributions described in section 2 of this Agreement.
- 6.3 Without limiting the Proponent's covenants and the remedies of the City under the Contribution Agreement and the Security, the Proponent agrees that a breach of this Agreement shall constitute a breach of the Security and a breach of the Security shall constitute a breach of this Agreement.
- 6.4 The City acknowledges and agrees that notwithstanding that the Security provides that the principal and interest secured thereunder is payable on demand, the City shall have no right to demand payment thereunder except in accordance with the provisions of this Agreement relating to repayment. In the event of a conflict or inconsistency between the provisions of this Agreement and the Security, the provisions of this Agreement shall prevail with respect to the Loan.
- 6.5 The Security shall rank immediately behind the registered security for the Proponent's Permitted Encumbrances obligations for the Project unless the City determines that the Security shall have a lesser priority. If required, the City may enter into any postponement, priority and standstill agreements required by the Proponent's First Mortgage lenders if deemed advised in its sole discretion.

7. ACCOUNTABILITY FRAMEWORK

- 7.1 (a) In the event:
- i. The City is advised by the Proponent that the Project will not proceed; or
 - ii. The building permit for the Project is not issued on or before December 31, 2023, or such longer period of time as the City may determine; or
 - iii. the Proponent has not complied with a term or condition of this Agreement; or
 - iv. the Proponent will be in default, the Loan shall be payable to the City, forthwith upon demand.
- (b) Without limiting the Proponent's obligations under any other section, the Proponent, if requested by the City, shall forthwith submit to the City information similar to an occupancy report, where necessary, in addition to any such material that the Proponent may have previously submitted to the City.
- 7.2 The Proponent represents that it has not provided any false or misleading information in

relation to the Project and agrees that it shall not provide any false or misleading information under this Agreement.

- 7.3 The Proponent shall, at a mutually convenient and agreeable time, give the City free access to the Project and to such staff, documents, books, records, and accounts as may be required to conduct an audit, investigation, or inquiry for the purpose of verifying compliance with this Agreement.
- 7.4 The City may conduct an audit, investigation, or inquiry in relation to the Project or any larger development or project of which the Project is a part of, and the Proponent shall provide free access, at a mutually convenient and agreeable time, to the Project and to such staff, documents, book, records and accounts as may be determined by the City.
- 7.5 The provisions of sections 7.1, 7.2, 7.3 and 7.4 shall continue to apply for a period of seven (7) years following the end of the Affordability Period or the date of any early termination of this Agreement.

8. COMMUNICATIONS PROTOCOL

- 8.1 The Proponent and the City shall mutually and collaboratively organize any press conferences, announcements, and official ceremonies to be held at an appropriate location and time respecting the Project as may be required by the parties.
- 8.2 During the period of the Development Activities related to the Project, the Proponent and the City shall mutually and collaboratively design and erect a Project sign that shall remain in place throughout the construction period.
- 8.3 The Proponent and the City may, in the spirit of reconciliation, mutually and collaboratively design and install a plaque or permanent sign bearing an appropriate inscription. .

9. REMEDIES

- 9.1 Upon the occurrence of any one or more of the following events (each an "Event of Default"):
- (a) the failure of the Proponent to perform, observe or comply with any other term, covenant, condition or provision of this Agreement within thirty (30) days of receipt of written notice of the "failure" from the City provided the Proponent shall not be deemed to be in default if within the said period of thirty (30) days, the Proponent commences the necessary action to remove the "failure" and such action is diligently prosecuted;
 - (b) any representation or warranty made by the Proponent in this Agreement proves to have been untrue or misleading in any material respect as of the date on which it was made;
 - (c) the Improvements have not been substantially completed in accordance with the Plans and Specifications and in accordance with the construction schedule approved pursuant to section 2.3 of this Agreement, or such substantial completion not certified to the City by the Quantity Surveyor on or before 12 months after the Project Completion Date in the construction schedule approved pursuant to section 2.3 of this Agreement;
 - (d) any person commences an action, suit or proceeding materially affecting the Project or file a lien against the Property, or any person shall commence an action, suit or

proceeding contesting or questioning the validity or enforceability of this Agreement, unless the Proponent shall diligently contest such action, suit or proceeding and discharge any such lien forthwith without the requirement of notice by the City and post such bonds, cash or letters of credit or give such other security in order to obtain such discharge in amounts and on terms satisfactory to the City, acting reasonably;

- (e) the Proponent ceases to carry on business;
- (f) the Proponent:
 - (i) becomes insolvent or unable to pay its debts as they become due; or
 - (ii) files a petition in bankruptcy or voluntary petition seeking reorganization or effect a plan or other arrangement with creditors; or
 - (iii) makes an assignment for the benefit of creditors under the *Bankruptcy Act* (Canada) or any other insolvent debtors' legislation; or
 - (iv) applies for or consents to the appointment of any receiver or trustee for it or of all or any substantial part of its property and assets; or
 - (v) voluntarily liquidates or winds-up or suffers itself to be liquidated or wound-up;
- (g) any of:
 - (i) an involuntary petition seeking the adjudication of the Proponent as bankrupt or insolvent not removed within 30 days; or
 - (ii) an order of any court or other authority appointing any receiver or trustee for the Proponent or for all or any substantial portion of its property and assets; or
 - (iii) a writ of execution, judgment or writ of attachment or any similar process which may, in the reasonable opinion of the City, materially impair the ability of the Proponent to perform its obligations under this Agreement or any of the Security Documents shall be made, given or issued against the Proponent or in respect of its property and assets, and such petition, order, writ or judgment is not vacated or stayed within 15 days after its date;
- (h) the occurrence of a material adverse change in the financial condition of the Proponent which would, in the reasonable opinion of the City, detrimentally affect the ability of the Proponent to meet its obligations to the City; and
- (i) if the Improvements shall be entirely destroyed or damaged to such an extent that, in the opinion of the Quantity Surveyor, acting reasonably, they are no longer fit for the purpose for which they were intended and the insurance proceeds, if any, held by the City, in the opinion of the Quantity Surveyor, acting reasonably, insufficient to repair such destruction or damage, and the Proponent has not provided evidence satisfactory to the City of the timely availability of such sufficient funds, then, at its option, the City may declare the full principal amount of the Loan then advanced, together with all other monies owing to the City hereunder, due and payable forthwith. In such case, the City may realize upon any and all security pledged to it and may commence such other legal actions or proceedings against the Proponent, the Property or assets of the Proponent as may be permitted hereunder, by any one or more of the Security Documents or at law or in equity, all as it, in its sole discretion, deems expedient. The Proponent hereby acknowledges that the City's remedies are cumulative and not mutually exclusive.

- 9.2 Complete Construction: If an Event of Default shall occur, then a mutually agreed Committee of Stakeholders including the Proponent and the City shall be formed to establish an appropriate remedy. If the Committee of Stakeholders is not able to reach an agreement on an appropriate remedy, the City may, in addition to any other remedy available to it, enter upon and take charge of the Project and assuming full charge of the Improvements and may complete the Improvements or enter into a contract with another to complete the same, and all amounts advanced for such purpose, including reasonable legal fees incurred by the incident to the enforcement of any provisions hereof, shall be an indebtedness of the Proponent to the City. All such amounts, even though they may, when added to the monies advanced and disbursed under this agreement, exceed the Loan, shall be secured by the Mortgage and other Security Documents.
- 9.3 During Term of Agreement: Should the Proponent be in default under the terms of the Loan or under the terms of this Agreement or under the terms of any mortgage or other encumbrance registered on title to the Property, the City shall have the right to declare all or part of the unearned portion of the Loan due and payable immediately.
- 9.4 Assignment of Plans and Specifications: The Proponent hereby assigns to the City and its successors, the right to possess and use the Plans and Specifications and the Proponent's rights under all construction contracts, for the purpose of completing the Improvements if Proponent defaults subject to any prior assignment to the holder of any primary financing against the Property.
- 9.5 Costs and Expenses of Collection: All reasonable costs and expenses of collection (including legal fees, disbursements and court costs) of all amounts owing hereunder or of enforcement of any security created in favour of the City pursuant hereto, shall be for the account of the Proponent and shall be repayable within thirty (30) days from the date of request.

10. OPTION TO PURCHASE THE PROPERTY

- 10.1 In addition to the Security Documents, the Proponent shall grant the City an Option to Purchase the Property in accordance with Schedule "A" for a term of twenty (20) years, exercisable upon an Event of Default under Section 9 of this Agreement or a transfer or assignment of the Proponent's interest in the Property, save and except the Parkland, pursuant to Sections 12.2 (b) and 15.12.
- 10.2 The Proponent hereby consents to the City's registration of a Notice of Option to Purchase against title to the Property, in priority to the Security Documents. The Notice of Option to Purchase shall be postponed in favour of the Permitted Encumbrances in the same manner as the Security Documents in accordance with section 6.5.

11. REPRESENTATION AND WARRANTIES

- 11.1 The Proponent represents and warrants to the City that:
- a. The Proponent is a duly incorporated, organized and validly existing under the laws of the Province of Ontario and has full capacity, power and authority to own all its property and to carry on its business as now conducted and as contemplated under this Agreement and all other agreements contemplated thereunder, and is duly qualified and in good standing in each jurisdiction in which the character of the property owned or leased or the nature of the business carried on by it makes such

qualification necessary or desirable.

- b. The Proponent has full corporate power, legal right and authority to enter into this Agreement and to do all acts and things as are required or contemplated hereunder to be done, observed or performed by it.
- c. Neither the execution and delivery of this Agreement, the consummation of the transactions herein contemplated, nor the compliance with the terms, conditions and provisions hereof and of the mortgage will conflict with, or result in a breach of any of the terms, conditions or provisions of the constating documents of the Proponent or of any agreement or instrument to which it is now a party, or constitute a default thereunder, or (except as contemplated by this Agreement) result in the creation or imposition of any mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Proponent (whether such properties or assets are owned legally or beneficially) pursuant to the terms of any agreement or instrument to which it is a party.
- d. There is not now pending against the Proponent any litigation, action, suit or other proceeding of a material nature by or before any court, tribunal or other governmental agency or authority or any other such pending or threatened action, suit or other proceeding against the Proponent or against or affecting any of the properties or assets of the Proponent (whether such property or assets are owned legally or beneficially) such that if the same were adversely determined, it could be reasonably expected to materially and adversely affect the business operations, properties or assets, or the condition, financial or otherwise, of the Proponent.
- e. Except as previously disclosed in writing to the City, the Proponent is not a party to any agreement or instrument or subject to any restriction or any judgment, order, writ, injunction, decree, rule or regulation which materially and adversely affects the business, operations, prospects, properties or assets, or condition, financial or otherwise, of the Proponent.
- f. None of the information, financial or otherwise, provided by the Proponent to the City and to induce the City to convey the Property and to enter into this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in light of the circumstances in which it was made.

12. COVENANTS OF THE PROPONENT

12.1 The Proponent covenants and agrees with the City that, it shall:

- a. take all such actions and do all such things required to develop and continuously carry on the construction of the Improvements in a good and workmanlike manner and in accordance with the Plans and Specifications;
- b. do or cause to be done all acts and things necessary to preserve in full force and effect the existence of the Proponent and all licenses and permits required for the carrying on of the operations of the Proponent at and from the Property and to preserve and protect all of the properties, real and personal owned and used by the Proponent in connection with the Project and to cause the same to be properly maintained and to be kept in good state of repair;
- c. pay and discharge or cause to be paid and discharged all taxes and other levies of the Province of Ontario, the City, or of any other entity having jurisdiction to impose

such taxes or levies, when the same become due and payable, except such taxes as are being contested in good faith by appropriate proceedings and provided that, in such case the Proponent shall have provided the City with appropriate security;

- d. deliver to the City the statements and reports as required by the Contribution Agreement.

12.2 The Proponent covenants and agrees with the City that, so long as any obligation is outstanding by the Proponent to the City hereunder the Proponent will not, without the prior written consent of the City, which consent may not be unreasonably withheld:

- (a) create, incur, assume or permit to exist, after knowledge of the existence thereof, any mortgage, pledge, lien, hypothecation, charge (fixed or floating), security interest or other encumbrance whatsoever on the Property or any personal property or fixtures thereon except the encumbrances created by the following encumbrances (collectively, the "Permitted Encumbrances"):

- i. the First Mortgage;

- ii. encumbrances created in favour of or assigned or pledged to the City;

- iii. inchoate or statutory liens for taxes which have not been assessed, or if assessed, which are either not delinquent or which are being contested by bona fide proceedings in good faith, and sufficient security for the payment of same has been given to the City, if requested;

- iv. inchoate or statutory liens of contractors, sub-contractors, mechanics, suppliers, workers and others in respect of the construction, maintenance, repair and operation of the Improvements, provided that the same are not registered encumbrances against title to the Property or any personal property, or, if so registered, have been postponed to all charges in favour of the City contained in the Security Documents or are being contested by bona fide proceedings in good faith with sufficient security for the payment thereof having been given to the City or paid into Court to prevent effectively in the City's opinion realization by disposal or other alienation from the Proponent of its legal or beneficial title to or interest in any such property; and

- v. other Permitted Encumbrances listed in Schedule "D" hereto.

- (b) become a party, without the prior written consent of the City, to any transaction whereby the Project would become the property of any other person, whether by way of reorganization, amalgamation, merger, transfer, sale, lease, sale and leaseback, or otherwise;

- (c) permit any change in the beneficial ownership of the Proponent without prior written consent of the City;

- (d) make any material change in the Plans and Specifications or the Construction Contract which pertains to the number or type of residential dwelling units of the Project without the prior written approval of the City; or

- (e) change its fiscal year end or change the basis upon which the financial records of the Proponent are maintained, without the prior written consent of the City.

13. INDEMNIFICATION

13.1 The Proponent shall indemnify and save harmless the City and HDC from all claims, costs, all matter of actions, cause and causes of action, duties, dues, accounts, covenants,

demands or other proceeding of every kind or nature whatsoever at law or in equity arising out of this Agreement and out of the operation of the Units including claims arising out of negligence of the Proponent and specifically, all claims arising out of the intentional or criminal acts of any officers or directors, employees, agents, volunteers or independent contractors of the Proponent. Such indemnification shall survive the termination of this Agreement for claims arising from or out of incidents occurring the term of this Agreement.

13.2 The Proponent agrees to purchase and maintain, during the term of this Agreement third party liability insurance in a limit of not less than five million dollars (\$5,000,000) covering bodily injury, loss or property damage resulting from any activity related in any way to this Agreement. This insurance shall include the City and HDC as an additional insured, a cross liability clause, severability of interest clause, non-owned automobile insurance and personal injury liability clause

13.3 The Proponent further agrees, upon Substantial Completion, to purchase and maintain insurance policies that a prudent manager of similar premises would maintain and, without limiting those types of policies, at least the following:

- a) Broad form boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount of at least the replacement cost of the Project and with a deductible of not more than one hundred thousand dollars (\$100,000);
- b) All risks property insurance (including flood and earthquake) in an amount equal to the full replacement cost of the Project and with a deductible of not more than one hundred thousand dollars (\$100,000).

13.4 In addition, during the design and construction period of the contract the Proponent will obtain and maintain the following policies of insurance:

- a) All risk builder's risk property insurance for the full replacement value of the completed construction project, including boiler and machinery, earthquake and flood based on a stated amount co-insurance and including a waiver of subrogation and loss payable, as their interest may appear, in favour of the City and HDC, and with a deductible of not more than one hundred thousand dollars (\$100,000) and remaining in effect until the completion of construction;

Construction wrap-up liability insurance coverage including owners and contractors protective, broad form products and completed operations, cross liability and severability of interest clauses, blanket contractual, hook liability, employers liability, non-owned automobile liability and shoring, blasting, excavating, under-pinning, demolition, pile driving and caisson work, work below and above ground surface, tunnelling and grading, and similar operations associated with the construction work, as applicable; to an inclusive limit of not less than \$5,000,000 and in the joint names of the Proponent, City and HDC, designated consultants, designated contractors, all other contractors, sub- contractors, suppliers and/or tradesmen while working on the site, engineers, architects, consultants and other persons (including, but not limited to directors, officers, employees, shareholders, legislators and officials involved in the Project) which the City or HDC reasonably may require to be added as insured parties.

13.5 The Proponent shall advise the City of any cancellation, material alteration or lapse of any policies of insurance required to be provided hereunder. If the Proponent fails to effect and keep such insurance in force, or if such insurance is in an amount less than the amount required under this Agreement, the City shall have the right, upon notice to the Proponent and without assuming any obligation in connection therewith, to effect such insurance at

the cost of the Proponent and all outlays by the City or HDC shall be payable by the Proponent to the City forthwith upon demand without prejudice to any other rights and recourses of the City and HDC hereunder. No such insurance taken out by the City or HDC shall relieve the Proponent of its obligations to insure hereunder and the City and HDC shall not be liable for any loss or damage suffered by the Proponent.

- 13.6 The Proponent shall duly and punctually pay or cause to be paid all premiums and other sums of money payable for maintaining the insurance to be provided pursuant to this Article. Evidence that the insurance described above is in force shall be provided to the City prior to commencement of the Agreement and thereafter once annually at least ten (10) clear days prior to the renewal date of the policy, and that the insurance will not be cancelled or permitted to expire unless the insurer notifies the City in writing at least thirty (30) days prior to such cancellation.
- 13.7 Further, the Proponent shall require all professionals involved with the Project to carry professional (errors and omissions) liability insurance in an amount not less than two million (\$2,000,000) dollars and make reasonable efforts to verify such insurance is in force throughout the period of the work.
- 13.8 The Proponent agrees to obtain for its employees and to require all designated consultants, designated contractors, all other contractors, sub-contractors, suppliers and/or tradesmen while working on the site, engineers, architects, consultants and other persons Workplace Safety and Insurance Board coverage and to ensure that such coverage continues in effect throughout the period of the work.

14. NOTICE

- 14.1 Any notice or other communication required, desired or permitted to be given by this Agreement shall be in writing and shall be effectively given if:
- (a) delivered personally;
 - (b) sent by prepaid courier service; or
 - (c) sent by e-mail communication, and confirmed by mailing the original documents so sent by prepaid mail on the same or following day, addressed as follows:
 - (i) in the case of notice to the City:

The Corporation of the City of London
Municipal Housing Development
P.O. Box 5035 London, ON N6A 4L9
E-mail: housing@london.ca
 - (ii) in the case of notice to the Proponent:

Ontario Aboriginal Housing Support Services Corporation
500 Bay Street
Sault Ste. Marie, ON P6A 1X5
Attention: Chief Executive Officer
Email: jmarchand@oahssc.ca

or at such other address as the party to whom such notice or other communication is to be given shall have advised the party giving same in the manner provided in this section. Any notice or other communication delivered personally or by prepaid courier service shall be deemed to have been given and received on the day it is so delivered at such

address, provided that if such day is not a Business Day such notice or other communication shall be deemed to have been given and received on the next following Business Day. Any notice or other communication transmitted by facsimile communication shall be deemed to have been given and received on the day of its transmission, provided that such day is a Business Day and such transmission is completed before 4:20 p.m. on such day, failing which such notice or other communication shall be deemed to have been given and received on the first (1st) Business Day after its transmission. If there has been a mail stoppage and if a party sends a notice or other communication by facsimile communication, such party shall be relieved from the obligation to mail the original document in accordance with this paragraph.

15. GENERAL

- 15.1 Any power, right or function of the City contemplated by this Agreement, may be exercised by any employee, agent or assign of the City who is hereby specifically authorized in this regard.
- 15.2 It is understood that the *Municipal Freedom of Information and Protection of Privacy Act* shall apply to all records submitted to or created by the City pursuant to this Agreement.
- 15.3 The Proponent represents and warrants that:
- (a) it shall preserve the PIPEDA compliance of all PIPEDA protected Information transferred to it by the City or HDC;
 - (b) it shall ensure the PIPEDA compliance of all PIPEDA Protected Information it collects in the course of performing its contractual obligations; and
 - (c) it shall ensure the PIPEDA compliance of all PIPEDA protected information that it transfers to the City or HDC.
- 15.4 Nothing in this Agreement is to be construed as authorizing one Party to contract for or incur any obligation on behalf of the other or to act as agent for the other and nothing in this Agreement shall be construed to constitute the City and the Proponent as partners of each other.
- 15.5 No member of:
- (a) the House of Commons or Senate of Canada; or
 - (b) the Legislative Assembly of Ontario; or
 - (c) the Municipal Council constituting the Service Manager or the Municipal Council of any local municipality of the Service Manager or the governing body of any Municipal Agency, Board or Commission, of any such municipalities;
- shall be admitted to any share or part of any contract, agreement or commission made pursuant to this Agreement.
- 15.6 Time shall in all respects be of the essence in this Agreement, provided that the time for doing or completing any matter provided for under this Agreement may be extended or abridged by agreement in writing signed by the City and the Proponent or their respective solicitors on their behalf, who are hereby expressly authorized in this regard.
- 15.7 Any tender of documents or money hereunder may be made by the City or the Proponent or their respective solicitors, and it shall be sufficient that a bank draft or certified cheque may be tendered instead of cash.

- 15.8 This Agreement is made pursuant to and shall be governed by and construed in accordance with the laws of the Province of Ontario. Any reference to a statute in this Agreement includes a reference to all regulations made pursuant to such statute, all amendments made to such statute and regulations in force from time to time and to any statute or regulation which may be passed, and which has the effect of supplementing or superseding such statute or regulations.
- 15.9 The headings and subheadings contained in this Agreement are inserted for convenience and for reference only and in no way define, limit or describe the scope or intent of this Agreement or form part of this Agreement.
- 15.10 The Parties agree that there are no representations, warranties, covenants, agreements, collateral agreements or conditions affecting the property or this Agreement other than as expressed in writing in this Agreement.
- 15.11 This Agreement shall be read with all changes of gender and number required by the context.
- 15.12 (a) The Proponent shall not transfer or convey its interest in all or any part of the Project without, subject to subsection 15.12(b), simultaneously assigning its interest in this Agreement to the transferee, which transferee shall enter into one or more agreements with the City, in a form satisfactory to the City, to assume all of the Proponent's obligations under this Agreement and to provide the City with Security in accordance with this Agreement.
- (b) The Proponent shall not assign its interest in this Agreement and/or the Property without the prior written consent of the City, which consent shall not be arbitrarily or unreasonably withheld;
- (c) For the purpose of this Agreement, a transfer of the beneficial interest in the shares of the Proponent shall be deemed to constitute an assignment if it results in a change in the party or parties who owns or own more than fifty per cent (50%) of the voting shares of the said corporation.
- 15.13 Each of the Parties shall, at any time and from time to time, upon not less than twenty (20) Business Days prior written notice by the other Party, execute and deliver to the other Party a statement in writing certifying that this Agreement is in good standing, unmodified and in full force and effect, or if there have been modifications that the same are in good standing and in full force and effect, as modified, and stating the modifications. Where applicable, the statement shall state the defaults, if any, known to the Party to whom such request has been made and the action taken or proposed to be taken by such requested Party with respect to same.
- 15.14 If more than one entity is a party to this Agreement as a Proponent, all references to the Proponent shall include all of the said entities and this Agreement shall be binding on each jointly and severally.
- 15.15 This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns, provided that this paragraph shall in no way derogate from the provisions herein restricting the Proponent's ability to assign this Agreement.

IN WITNESS WHEREOF this Agreement has been executed by the **Parties**.

THE CORPORATION OF THE CITY OF LONDON

Josh Morgan, Mayor

Michael Schulthess, City Clerk

ONTARIO ABORIGINAL HOUSING SUPPORT SERVICES CORPORATION

Justin Marchand, Chief Executive Director

I have the authority to bind the Corporation.

SCHEDULE "A"
OPTION AGREEMENT

This Option Agreement dated the _____ day of _____, 2022.

Between:

ONTARIO ABORIGINAL HOUSING SUPPORT SERVICES CORPORATION

hereinafter called "the Optionor"
- OF THE FIRST PART -

and

THE CORPORATION OF THE CITY OF LONDON

hereinafter collectively called "the Optionee"
- OF THE SECOND PART -

WHEREAS the Optionor is the owner of an estate in fee simple in the lands hereinafter referred to;

AND WHEREAS the Optionee has conveyed to the Optionor, the lands and premises municipally known as 18 Elm Street and legally described as the PT LT 44, PLAN 404 AS IN EL23522, PT LTS 38 & 39, PLAN 404, PART LTS 43, 42, 41, & 40 PLAN 404, PT LT 10 CON B AS IN EL23319; EXCEPT EL25458 LONDON/LONDON TOWNSHIP in the City of London, County of Middlesex hereinafter referred to as the "Property", pursuant to an Agreement of Purchase and Sale dated _____ ("APS") and subject to the conditions contained in the Contribution Agreement to which this Option Agreement is appended;

AND WHEREAS it being a condition of the conveyance of the Property to the Optionor that the Optionee be granted an Option to reacquire the Property in fee simple, free and clear of all liens, claims, charges or encumbrances, under certain conditions;

NOW THEREFORE this agreement witnesseth that in consideration of these covenants and agreements herein contained, and in consideration of the payment or payments made or to be made to the Optionor by the Optionee in accordance with the provisions of this agreement, the Optionor agrees to sell to the Optionee the Property upon the terms and subject to the conditions hereinafter set forth:

1. Capitalized terms in this Agreement not otherwise defined shall have the meaning defined within the Contribution Agreement to which this Option Agreement is appended.

2. The Optionor hereby grants to the Optionee, for a period of twenty (20) years commencing on the date of closing, in accordance with the executed APS (the "Term") the option to purchase the Property for the purchase price as hereinafter set forth subject to the terms and conditions set out herein (the "Option"). The Option shall be exercisable by the Optionee only upon the occurrence of any one of the following events (the "Triggering Events") during the Term:
 - a. The occurrence of an Event of Default under Section 9 of the Contribution Agreement; or
 - b. The Optionor requests the City's consent to assign or otherwise transfer their interest in the Property pursuant to Sections 12.2(b) or 15.12(b) of the Contribution Agreement.
3. The Optionor may exercise the Option by the delivery of written notice to the Optionor at any time after the occurrence of a Triggering Event, prior to the expiry of the Term. The date for completion ("Closing") specified in such notice from the Optionee to the Optionor shall be no less than 30 days and no more than 120 days after the date of such notice, subject to any further extensions of Closing required to facilitate the determination of the purchase price.
4. The purchase price for the Property pursuant to the Option shall be at the mutually negotiated fair market value of the Property, save and except the value of the Parkland required to be conveyed to the City pursuant to the APS and Contribution Agreement, determined as of the date of the exercise of the Option. The fair market value shall be such amount as is agreed upon by the Optionor and Optionee or, failing such agreement, such amount as may be as determined by a qualified appraiser selected by agreement of the parties or, failing agreement as to an appraiser, the average of the amounts determined by three qualified appraisers, one of whom shall be selected by the Optionor, one of whom shall be selected by the Optionee and the third of whom shall be selected by the other two appraisers. The purchase price shall be paid by cash or cheque of lawful money of Canada as follows:
 - (a) The Optionee shall be credited a setoff against the purchase price equivalent to the total amount of the Loan, being (\$1,392,453.87), as outlined in Schedule G, plus any accrued interest that remains payable at the date of exercise of the Option and any additional amounts the parties may agree remain owing to the Optionee by the Optionor on Closing;
 - (b) the balance of the purchase price shall be paid by the Optionee on Closing, subject to the usual adjustments.
5. The Optionor shall on Closing execute and deliver to the Optionee a good and valid deed or Transfer (the "Conveyance") of the Property in appropriate form for registration in the land registration office where the Property are recorded in order to enable the Optionee to be registered as owner in fee simple of such Property and the Optionor covenants with the Optionee that it will execute such further assurances of the Property as may reasonably be required.
6. Provided the title to the property is good and free from all encumbrances, except as otherwise expressly provided herein, and except as to any registered easements, restrictions or covenants that run with the land, or municipal by-laws, or other governmental enactments, providing that such are complied with. If prior to Closing any valid objection to title or to the fact that the proposed use

of the Property by the Optionee may not lawfully be undertaken is made in writing to the Optionor (or its solicitors) and which the Optionor is unable or unwilling to remove, remedy or satisfy and which the Optionee will not waive, this agreement, notwithstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and all monies therefore paid shall be returned to the Optionee without interest or deduction and the Optionor shall not be liable for any costs or damages.

7. The Optionor covenants to the Optionee that it has the right to convey the Property to the Optionee notwithstanding any act of the Optionor and that the Optionee shall have vacant and quiet possession of the lands free from all encumbrances, except as aforesaid, from and after Closing.
8. The Property and any other things being purchased shall be and remain until Closing at the risk of the Optionor. Pending Closing, the Optionor shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interests may appear and in the event of substantial damage, the Optionee may either terminate this agreement or else take the proceeds of any insurance and complete the purchase.
9. All Harmonized Sales Tax (HST), if any, which may be payable in connection with this transaction shall be in addition to and not included in the Purchase Price. The Optionee is a HST Registrant and will account for its HST liability, if any, in accordance with Subsection 228(4) of the Excise Tax Act.
10. The Optionor shall pay all charges including, without limitation, taxes (including local improvements) levied against the Property up to and including Closing and the Optionee shall pay all said taxes after that date.
11. The Optionor hereby agrees that the Optionee shall have the right to register this Option Agreement, or notice of any of the Optionee's rights hereunder, against the title to the Property, and the Optionor agrees to promptly execute any documents required in connection therewith.
12. This Agreement is conditional on compliance with the subdivision control provisions of the Planning Act (Ontario).
13. This Agreement shall be binding upon and ensure to the benefit of the Optionor and the Optionee and their respective successors and assigns and the Optionor covenants and agrees that prior to conveying any interest in the Property it shall obtain an agreement by any successor, assigns or transferee in favor of the Optionee whereby such successor, assign or transferee to be bound by all of the terms of this Agreement in favor of the Optionee.
14. The parties hereto acknowledge each with the other that neither execution nor registration of the Conveyance, nor the issuance of title to the Optionee, shall supersede, cancel or in any way render unenforceable any of the provisions of this agreement.

15. All notices required or permitted to be given hereunder shall be in writing and may be given by either delivering the same to the other party, or (ii) if postal service is fully operative, by mailing same by registered mail postage prepaid:

in case of the Optionee to:

The Corporation of the City of London
Realty Services Division
300 Dufferin Avenue, P.O. Box 5035
London, ON N6A 2L9
Attention: Director, Realty Services

and in the case of the Optionor to:

Ontario Aboriginal Housing Support Services Corporation
500 Bay Street, Sault Ste. Marie, ON P6A 1X5
Attention: Chief Executive Officer

or to such other address as the Optionee and the Optionor respectively may from time to time designate in writing and any such notice shall be deemed to have been given to and received by the addressee on the date on which it was delivered or if mailed shall be deemed to have been given to and received by the addressee on the fifth business day following the date on which it was deposited in the mail, except in the event of interruption of mail service after mailing, in which event it shall be deemed to have been given when actually received.

IN WITNESS THEREOF the Optionee has hereunto executed this agreement as of the day and year first above written.

**ONTARIO ABORIGINAL HOUSING
SUPPORT SERVICES CORPORATION**

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE “B”

RENTAL PROTOCOL / TENANT PLACEMENT AGREEMENT

1. DEFINITIONS

1.1 In this Schedule “B”, unless the context requires otherwise,

“Agreement” means the Contribution Agreement to which this Schedule “B” is attached; and

- when used in this Schedule “B”, the term “rent” includes the amount of any consideration paid or given or required to be paid or given by or on behalf of a tenant to the Proponent or the Proponent's agent for the right to occupy a Unit and for any services and facilities and any privilege, accommodation or thing that the Proponent provides for the tenant in respect of the occupancy of the Unit, whether or not a separate charge is made for services and facilities or for the privilege, accommodation or thing.

1.2 The definitions in the Agreement shall apply to this Schedule “B”, in addition to the definitions contained in section 1.1 above.

1.3 All references to section numbers in this Schedule are references to sections of the Schedule and not sections of the Agreement, unless otherwise explicitly stated.

2. PROJECT RENTS

2.1 During the Affordability Period, the Proponent shall not charge rent for an Affordable Rental Housing Unit in the Project in excess of the affordable rent permitted under this Schedule “B” nor increase any rent charged for a Unit except as permitted in this Schedule “B”.

3. RENTS

3.1 Initial rents listed herein and in Schedule “F” will not be adjusted prior to occupancy.

Affordable Rent Units: forty-two (42) Affordable Rental Housing Units shall not exceed eighty per cent (80%) of the CMHC Median Market Rent. In accordance with funding agreements between the Proponent and other levels of government, and as required to establish a viable project proforma, the range of rents will be established using the Pooled Provincial or London area Median Market Rent, as posted by Canada Mortgage and Housing Corporation.

The Canada Mortgage and Housing Corporation posted 2022 rent rates are as follows:

Unit Type	London MMR	Provincial Pooled MMR
One-bedroom Affordable	\$1,000 / month	\$1,229 / month
Two-bedroom Affordable	\$1,211 / month	\$1,397 / month
Three-bedroom Affordable	\$1,355 / month	\$1,600 / month

Rent rates for a four-bedroom affordable unit were not posted by CMHC at the time of the agreement.

3.2 Rents include a fridge, stove, heat, air conditioning and water.

4. RENT INCREASES

4.1 Rent increases will follow the RTA rent increase guidelines and must not exceed 80% CMHC MMR for the term of the agreement.

4.2 The Proponent may increase the rent charged under section 3.1 with respect to an Affordable Rental Housing Unit only if at least twelve (12) months have elapsed,

(a) since the day of the last rent increase respecting the Affordable Rental Housing Unit, if there has been an increase, or

(b) since the day the Affordable Rental Housing Unit was first rented for the first (1st) rental period following the completion of the Development Activities in connection with the Project.

4.3 No additional increase is permitted when an Affordable Rental Housing Unit becomes vacant within 12 months of the annual rent increase.

4.4 The Proponent shall not increase the rent pursuant to section 4.1 during the Affordability Period by more than the then prevailing rent increase guideline established for each calendar year pursuant to the *Residential Tenancies Act, 2006* or any successor legislation.

SCHEDULE “C-1”, “C-2”, “C-3”

SECURITY DOCUMENTS

Schedule C-1: City Charge/Mortgage of Land - register in land titles/land registry system

Schedule C-2: Assignment of Rents - register in land titles/land registry system and PPSA

Schedule C-3: Security Agreement (chattels) - register in PPSA

SCHEDULE "C-1"

CITY CHARGE / MORTGAGE OF LAND

ADDITIONAL PROVISIONS: Continued from Page 1 - Box 10 (TERAVEIW)

1. Section 24 of the Standard Charge Terms filed as No. 200033 is deemed to be excluded.
2. This Charge/Mortgage of Land is collateral security for a Contribution Agreement made between the Chargor and the Corporation of the City of London ("Chargee"), dated the 30th day of September, 2022, (the "Contribution Agreement") under which the City contributed for a total of one million six hundred sixty-six thousand one hundred thirty-one dollars and thirty-seven cents (\$1,666,131.37) (the "Loan") towards the Project and is in addition to and not in substitution for any other security held by the Chargee for all or any part of the monies secured under this Charge/Mortgage of Land.
3. In the event of a breach of the terms of the Security Agreement or the Assignment of Leases and Rents being given by the Chargor to the Chargee simultaneously with this Charge, the principal balance then outstanding, together with any other amounts payable pursuant to the terms of this Charge, shall forthwith become due and payable at the option of the Chargee and all powers conferred by this Charge shall become exercisable by the Chargee.
4. With respect to the portion of the Loan advanced by the Chargee:
 - (a) Prior to the Interest Adjustment Date as defined in the Contribution Agreement, interest shall accrue on the total amount of the Loan at the rate of eight per cent (8%) per annum. The interest so calculated shall compound semi-annually, not in advance, until the Interest Adjustment Date.
 - (b) On the Interest Adjustment Date, the amount of interest accrued shall be forgiven, provided that the Chargor has satisfied all requirements as set out in the Contribution Agreement.
 - (c) With effect from the Interest Adjustment Date, the interest rate shall be at the rate of eight per cent (8%) per annum.
 - (d) On each anniversary date of the Interest Adjustment Date, the Chargor shall pay the City the amount of interest, as calculated according to the interest rate stipulated in paragraph 4(c), so accrued during the previous year; provided, however, if the Chargor has satisfied, as of such anniversary date, the requirements of the Program as set out in the Contribution Agreement, the amount of the interest so owing shall automatically be forgiven.
 - (e) The Loan amount shall be fully forgiven on the last day of the month at the end of the term of the Loan, provided that the Chargor has fulfilled all the requirements of the Program as set out in the Contribution Agreement.
 - (f) Upon the occurrence of any one or more of the Events of Default described in the Contribution Agreement, the Chargee, at its option, may declare the outstanding principal amount of the Loan then advanced, together with all other moneys owing under the Contribution Agreement, due and payable forthwith.

5. The Chargor covenants with the Chargee that upon request in writing from the Chargee, it will provide the Chargee, within thirty (30) days of receipt of such request, a schedule containing the names of all tenants in the building constructed on the Charged Premises, accompanied by a certificate of an officer of the Chargor confirming the terms of all existing leases, that the same are in full force and effect, that the Chargor has complied with all terms thereof, and that the Chargor will not amend, modify or cancel any lease or receive any prepayment of rent other than the current and last month's rent without the prior written consent of the Chargee, that there are no outstanding set-offs or equities disclosed or undisclosed as between the Chargor and the tenant, that no money other than a maximum of two (2) months rent has been prepaid by the tenant to the Chargor, and that the tenant is aware of the assignment by the Chargor of all rents and leases affecting the Charged Premises.
6. The Chargor covenants with the Chargee that if the Chargee make any payment, in connection with the determination, establishment or preservation of its priority, whether such payment is made to a lien claimant or other person claiming an interest in the Charged Premises or is paid into court, then the amount or amounts so paid and all costs, charges and expenses incurred in connection therewith shall be forthwith payable to the Chargee by the Chargor and shall be a charge on the Charged Premises and shall be added to the debt hereby secured and shall bear interest at the said rate, and in default of payment, the power of sale and other remedies hereunder may be exercised. It is further agreed that the Chargee shall not become a mortgagee in possession by reason only of exercising any of the rights given to them under this paragraph or in making any payment to preserve, protect or secure the Charged Premises.
7. The Chargor covenants with the Chargee that in the event of the Chargor selling, conveying, transferring or entering into an agreement for the sale or transfer of title of the Charged Premises to a purchaser or transferee not approved in writing by the Chargee, which approval shall not unreasonably be withheld, all monies hereby secured with accrued interest thereon, at the option of the Chargee, shall forthwith become due and payable.
8. Subject to the renewals, replacements and consolidations permitted in paragraph 13 below, the Chargor shall not further mortgage or encumber the Charged Premises without the prior written approval of the Chargee.
9. The Chargor shall take out and maintain throughout the term of the Charge the following insurance, all in a form and with insurers acceptable to the Chargee:
 - (a) all policies shall include thirty (30) days written notice to the Chargees of material alternation or cancellation and must be signed by the insurer(s) or their authorized representative(s). Brokers signing on behalf of the insurer(s) must provide the Chargee with a letter of authority from the insurer(s);
 - (b) the policies shall include the Chargee as loss payees, as their interest may appear, and shall contain the Insurance Bureau of Canada approved standard mortgage clause endorsement; all risks, including extended coverage and flood, to full one hundred per cent (100%) replacement cost, and boiler and pressure vessel and machinery insurance;
 - (c) comprehensive or commercial general liability insurance to a limit of not less than five million dollars (\$5,000,000.00) per occurrence;
 - (d) general liability coverage for non-owned automobile to a limit of not less than two million dollars (\$2,000,000.00); and
 - (e) co-insurance shall not be acceptable.

10.
 - (a) The Chargor, at its sole cost and expense, shall comply, or cause its tenants, agents, and invitees, at their sole cost and expense, to comply with all federal, provincial and municipal laws, rules, regulations and orders, with respect to the discharge and removal of hazardous or toxic wastes, and with respect to the discharge of contaminants into the natural environment. The Chargor shall pay immediately when due the cost of removal of any such wastes and the cost of any improvements necessary to deal with such contaminants and keep the Charged Premises free and clear of any lien imposed pursuant to such laws, rules and regulations. In the event the Chargor fails to do so, after notice to the Chargor and the expiration of the earlier of (i) any applicable cure period under the Charge or (ii) the cure period under the applicable law, rule, regulation or order, the Chargee at their sole option may declare the Charge to be in default.
 - (b) The Chargor shall indemnify and hold the Chargee harmless from and against all losses, costs, damages or expenses (including, without limitation, legal fees and costs incurred in the investigation, defence and settlement of any claims) relating to the presence of any hazardous waste or contaminant referred to herein.
11. The Chargee or its agents may, at any time, before and after default, and for any purpose deemed necessary by the Chargee, enter upon the Charged Premises to inspect the lands and buildings thereon. Without limiting the generality of the foregoing, the Chargee or its agents may enter upon the Charged Premises to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee and the reasonable cost of such testing, assessment, investigation or study, as the case may be, shall be payable by the Chargor forthwith and shall be a charge upon the said Charged Premises. The exercise of any of the powers enumerated in this paragraph shall not deem the Chargee or its agents to be in possession, management or control of the said lands and buildings.
12. At any time after the security hereby constituted becomes enforceable, or the moneys hereby secured shall have become payable, the Chargee may appoint in writing a receiver or receiver-manager (the "Receiver") of the Charged Premises, with or without bond, and may from time to time remove the Receiver and appoint another in its stead, and any such Receiver appointed hereunder shall have the following powers: To take possession of the Charged Premises and to collect the rents and such property, undertaking and assets of the Chargor assigned and/or charged to the Chargee herein and for such purpose to enter into and upon any lands, buildings and premises and for such purpose to do any act and take any proceedings in the name of the Chargor or otherwise as it shall deem necessary, specifically including, but not limited to managing, operating, repairing, altering or extending the Charged Premises or any part thereof;
 - (a) To employ and discharge agents, workmen, accountants and others upon such terms and with such salaries, wages or remuneration as it shall think proper, to repair and keep in repair the Charged Premises and to do all necessary acts and things for the protection of the said Charged Premises;
 - (b) To sell or lease or concur in selling or leasing any or all of the Charged Premises, or any part thereof; and to carry any such sale or lease into effect by conveying in the name of or on behalf of the Chargor or otherwise; and any such sale may be made either at public auction or private sale as seen fit by the Receiver; and any such sale may be made from time to time as to the whole or any part or parts of the Charged Premises; and the Receiver may make any stipulations as to title or conveyance or commencement of title or otherwise which it shall deem proper; and it may buy or rescind or vary any contracts for the sale of any part of the

Charged Premises and may resell the same, and it may sell any of the same on such terms as to credit or part cash and part credit or otherwise as shall appear in its sole opinion to be most advantageous and at such prices as can reasonably be obtained thereof; and in the event of a sale on credit, neither the Receiver nor the Chargee shall be accountable for or charged with any moneys until actually received;

- (c) To make any arrangement or compromise which the Receiver may think expedient in the interest of the Chargee and to consent to any modification or change in or omission from the provisions of this Charge and to exchange any part or parts of the Charged Premises for any other property suitable for the purposes of the Chargee and upon such terms as may seem expedient and either with or without payment or exchange of money or regard to the equality of the exchange or otherwise;
- (d) To borrow money to carry on the operations of the Chargor at the Charged Premises and to charge the whole or any part of the Charged Premises in such amounts as the Receiver may from time to time deem necessary, and in so doing the Receiver may issue certificates that may be payable when the Receiver thinks expedient and shall bear interest as stated therein and the amounts from time to time payable under such certificates shall constitute a Charge against the Charged Premises in priority to this Charge;
- (e) To execute and prosecute all suits, proceedings and actions which the Receiver, in its opinion, considers necessary for the proper protection of the Charged Premises, and to defend all suits, proceedings and actions against the Chargor or the Receiver, to appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and to appeal any suit, proceeding or action;
- (f) To execute and deliver to the purchaser of any part or parts of the Charged Premises, good and sufficient deeds for the same, the Receiver hereby being constituted the irrevocable attorney of the Chargor for the purpose of making such sale and executing such deed, and any such sale made as aforesaid shall be a perpetual bar both in law and equity against the Chargor, and all other persons claiming the said property or any part or parcels thereof by, from, through or under the Chargor, and the proceeds of any such sale shall be distributed in the manner hereinafter provided;
- (g) The net profits of the operations of the Chargor at the Charged Premises and the net proceeds of any sale of the Charged Premises or part thereof shall be applied by the Receiver, subject to the claims of any creditor ranking in priority to this Charge:
 - (i) Firstly, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by it of all or any of the powers aforesaid, including the reasonable remuneration of the Receiver and all amounts properly payable by it;
 - (ii) Secondly, in payment of all costs, charges and expenses payable hereunder;
 - (iii) Thirdly, in payment to the Chargee of the principal sum owing hereunder;
 - (iv) Fourthly, in payment to the Chargee of all interest and arrears of interest, if any, and any other monies remaining unpaid hereunder; and
 - (v) Fifthly, any surplus shall be paid to the Chargee, provided that in the event any party claims a Charge against all or a portion of the surplus, the Receiver shall make such disposition of all or a portion of the surplus as the Receiver deems appropriate in the

circumstances.

- (h) During any period wherein the Chargee or any receiver or receiver and manager appointed by it shall manage the Charged Premises or any part thereof, upon or after entry, as provided herein, the Chargee shall not, nor shall any receiver or receiver and manager, be responsible or liable for any debts contracted by it, for damages to any other property or person, or for salaries or non-fulfilment of any contract, save and except as to claims at law or in equity to an accounting; and the Chargee shall not be bound to do, observe, or perform or to see the observance or performance by the Chargor of any of the obligations herein imposed upon the Chargor nor in any other way supervise or interfere with the conduct of the Chargor's operations of the Charged Premises;
- (i) The Chargee shall not be liable to the Receiver for his remuneration, costs, charges or expenses, and the Receiver shall not be liable for any loss howsoever arising, unless the same shall be caused by his own gross negligence or wilful default; and he shall, when so appointed, by notice in writing pursuant hereto, be deemed to be the agent of the Chargor, and the Chargor shall be solely responsible for his acts and defaults and for his remuneration;
- (j) Save as to claims for an accounting contained in this paragraph, the Chargor hereby releases and discharges any such Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Chargor or any person claiming through or under it by reason or as a result of anything done by such Receiver, unless such claim be in direct and proximate result of dishonesty or fraud; The Chargee may, at any time and from time to time, terminate any Receiver by notice in writing to the Chargor and to the Receiver;
- (k) The statutory declaration of an employee or agent of the Chargee as to default under the provisions of this Charge and as to the due appointment of the Receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with the Receiver through its ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual;
- (l) The rights and powers conferred herein in respect of the Receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.
- (m) The Charge is hereby postponed to all mortgages registered against the Charged Premises as of the date of registration of this Charge and shall be continued to be postponed to any renewal or replacement or consolidation of such mortgages, with or without an increased rate of interest, provided the Chargor maintains sufficient equity in the Charged Premises as determined by the Chargee acting reasonably.

SCHEDULE "C-2"

ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this _____ day of September, 2022,

BETWEEN:

ONTARIO ABORIGINAL HOUSING SUPPORT SERVICES CORPORATION

(hereinafter called the "Assignor")

- and -

THE CORPORATION OF THE CITY OF LONDON

(hereinafter called the "Assignee")

WHEREAS:

1. The Assignor is the owner of the lands and premises hereof (the "Premises"), subject to a charge to the Assignee of even date (the "Charge");
2. The Assignor has leased or granted a right of use, occupation or license with respect to parts of the Premises and will from time to time lease or grant a right of use, occupation or license with respect to parts of the Premises.

NOW THEREFORE, the Assignor and the Assignee agree with each other as follows:

1. In consideration of Two Dollars (\$2.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Assignee, the Assignor hereby assigns, transfers and sets over unto the Assignee, its successors and assigns, as security for payment of the principal and interest and other moneys secured by the Charge and for performance of the obligations of the Assignor thereunder, all rents, charges and other moneys (the "Rents") now due and payable or hereafter to become due and payable,
 - (a) under every existing and future lease of and agreement to lease the whole or any portion of the Premises,
 - (b) under every existing and future tenancy, use, occupation or license granted by the Assignor, its successors and assigns, in respect of the whole or any portion of the Premises, whether or not pursuant to a lease, agreement to lease or license, and
 - (c) under every existing and future guarantee of all or any of the obligations of existing or future tenants, users, occupiers or licensees of the whole or any portion of the Premises,

including all rents and other moneys under every lease, agreement to lease, use, occupancy, license and guarantee (the "Leases"), with full power and authority to demand, collect, sue for, recover, receive and give receipts for the Rents, and to enforce payment of the same in the name of the Assignor, its successors and assigns, or otherwise.

2. The Assignor shall be permitted to collect and receive the Rents as and when the same shall become due and payable according to the terms of the Leases, unless and until the Assignor is in default under any of the provisions of the Charge and thereafter, the Assignee shall give notice to the tenant, user, occupier, licensee or guarantor, requiring the same to pay the Rents to the Assignee, which notice shall be binding upon the Assignor and may not be contested by it.
3. The Assignor represents, warrants, covenants and agrees that, subject to the provisions of paragraph 9,
 - (a) none of the Leases or the Assignor's rights thereunder, including the right to receive the Rents, have been or will be amended (except in the ordinary course of business), assigned, encumbered, discounted (save and except in connection with any settlement with a defaulting tenant in the ordinary course of business) or anticipated in priority to this Assignment, without the prior written consent of the Assignee;
 - (b) it has not and will not do or omit to do any act having the effect of terminating, canceling or accepting surrender of any of the Leases or of waiving, releasing, reducing or abating any rights or remedies of the Assignor or obligations of any other party thereunder or in connection therewith;
 - (c) none of the rights, remedies and obligations are or will be affected by any reduction, abatement, defense, set-off or counterclaim;
 - (d) none of the Rents under any of the Leases has been or will be paid in advance, except rent for the ensuing month and rent for the last month of the term of the lease;
 - (e) none of the Rents under any of the Leases has been paid prior to the due date for payment thereof;
 - (f) there has been no default under any of the Leases;
 - (g) there is no outstanding dispute under any of the Leases between the Assignor and any other party thereto;
 - (h) each of the Leases is valid, enforceable and in full force and effect;
 - (i) the Assignor shall observe and perform all of its obligations under the Leases.
4. Nothing herein contained shall have the effect of making the Assignee, its successors or assigns, responsible for the collection of the Rents or any of them or for the performance of any obligations or provisions under or in respect of the Leases or any of them to be observed and performed by the Assignor; and the Assignee shall not, by virtue of this

Assignment or their receipt of the Rents or any of them, become or be deemed to be a mortgagee in possession; and the Assignee shall not be under any obligation to take any action or exercise any remedy in the collection or recovery of the Rents or any of them, or to see to or enforce the performance of the obligations and liabilities of any person under or in respect of the Leases or any of them or to see to or enforce the performance of the obligations and liabilities of any person under or in respect of the Leases or any of them; and the Assignee shall be liable to account only for such moneys as shall actually come into its hands, less proper collection charges and such moneys may be applied on account of any indebtedness of the Assignor to the Assignee.

5. In the event the Assignee shall have exercised its rights under paragraph 2 and shall have received any of the Rents and if the Assignor shall cure the default under the Charge which gave rise to such exercise and shall have resumed collection of the Rents, the Assignee shall provide the Assignor with details of all Rents received by them prior to such resumption.
6. The Assignor covenants and agrees to execute such further assurances as may be reasonably required by the Assignee from time to time to perfect this Assignment and without limiting the generality of the foregoing, upon the request of the Assignee made at any time, it shall assign, transfer and set over unto the Assignee the Leases or such of them so requested by a valid assignment thereof and shall give any other parties thereto a notice of such assignment and shall obtain from them acknowledgements of such notice, and the Assignor hereby irrevocably appoints the Assignee its attorney to effect and execute such assignment.
7. A full and complete Discharge of the Charge shall operate as a full and complete release and re-assignment of all of the Assignee's rights and interest hereunder, and after the Charge has been fully discharged, this instrument shall be void and of no further effect. In the event further documentation is required for such release and re-assignment, the Assignees shall execute the same promptly, upon request by the Assignor.
8. This Assignment is given in addition to and not in substitution for any other security held by the Assignee for all or any part of the monies secured under the Charge. It is understood and agreed that the Assignee may pursue its remedies under the Charge or hereunder or under any other security, concurrently or successively, at its option. Any judgment or recovery hereunder or under any other security held by the Assignee for the monies secured under the Charge shall not affect the right of the Assignee to realize upon this or any other security.
9. This Assignment is hereby postponed to the Assignment of Rents registered against the Premises as of the date of registration of this Assignment and any extension or renewal thereof and any specific assignment of Rents made thereunder from time to time.
10. This Assignment shall ensure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF this Assignment has been executed on behalf of the Assignor by its authorized officers.

**ONTARIO ABORIGINAL HOUSING
SUPPORT SERVICES CORPORATION**

Justin Marchand
Chief Executive Director

I/We have the authority to bind the Corporation.

SCHEDULE "C-3"
SECURITY AGREEMENT

THIS AGREEMENT made this _____ day of September, 2022,

BETWEEN:

ONTARIO ABORIGINAL HOUSING SUPPORT SERVICES CORPORATION

(hereinafter called the "Assignor")

- and -

THE CORPORATION OF THE CITY OF LONDON

(hereinafter called the "Assignee")

1. SECURITY INTEREST

1.1 **IN CONSIDERATION** of Two Dollars (\$2.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Assignees, the Assignor hereby grants, bargains, assigns and transfers to the Assignees a fixed and specific mortgage and charge, as and by way of a continuing security interest (the "Security Interest") in the following property now or hereafter owned or acquired by or on behalf of the Assignor:

Equipment - All tools, machinery, equipment, furniture, plants, fixtures, and other tangible personal property, fixed goods, chattels or assets of the kind, nature or description of the property particularly described in Schedule "B" hereto (the "Collateral").

1.2 The Security Interest is given for the payment of all obligations, indebtedness and liabilities, direct and indirect, of the Assignor to the Assignee, pursuant to the charge/mortgage (the "Charge") given by the Assignor to the Assignee, registered on [insert date and Registry Office: _____] as Instrument No. [insert number: _____], including extensions or renewals thereof (the "Obligations").

2. LOCATION OF PROPERTY

2.1 The Assignor confirms and warrants that the Collateral shall be kept at 18 Elm Street, London, Ontario more particularly described in Schedule "A" hereto, and that the Assignor shall not remove any of the Collateral from said location, without the prior written consent of the Assignee.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 The Assignor hereby represents, warrants and covenants to or with the Assignee, as the case may be, that:

- (a) the Assignor shall reimburse the Assignee for all costs and expenses, (including legal fees on a solicitor and his own client basis), incurred by them in the filing of this Agreement and the taking, recovering or possessing the Collateral, and in any other proceedings taken for the purpose of protecting or enforcing the remedies provided herein, or otherwise in relation to the Collateral or by reason of non-payment of the Obligations, and all such costs and expenses shall be payable on demand;
- (b) at the time of execution and delivery of this Security Agreement, the Assignor is and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title to the Collateral, free of any charge, lien, charge, security interest or encumbrance, except for any held by the currently registered first mortgagee of the lands and premises described in Schedule "A";
- (c) the Assignor shall not remove any of the Collateral from the lands and premises described in paragraph 2, without the Assignee's prior written consent, unless such Collateral is worn out or obsolete and provided that prior to such removal such Collateral is replaced with other Collateral of comparable quality, which shall be free of any mortgage, lien, charge, security interest or encumbrance, except for any held by any registered first mortgagee, from time to time, of the said lands and premises;
- (d) the Assignor shall care for, protect and preserve the Collateral and shall not permit its value to be impaired, and shall not sell, transfer, assign, mortgage, charge, pledge, hypothecate or deliver or otherwise dispose of any such property or any interest therein, except to any registered first mortgagee, from time to time, of the lands and premises described in Schedule A, without the prior written consent of the Assignee;
- (e) the Assignor shall keep the Collateral insured under the policies provided for in the Charge;
- (f) the Assignee shall be entitled, from time to time and at any time, to inspect the Collateral wherever located and to make enquiries and tests concerning the Collateral, and the Assignor shall defray all expenses in connection therewith; and
- (g) this Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Assignor in accordance with its terms.

4. USE OF SPECIFICALLY CHARGED PROPERTY

4.1 Until the occurrence of an event of default, as hereinafter provided, the Assignor may use the Collateral specifically charged in any lawful manner not inconsistent with this Agreement.

5. EVENTS OF DEFAULT

5.1 Obligations not payable on demand shall immediately become payable upon the

occurrence of one (1) or more of the following events of default:

- (a) the Assignor fails to pay when due any of the Obligations, or to perform or rectify a breach of any of the representations, warranties or covenants of this Agreement or of the Charge;
- (b) the Assignor ceases or threatens to cease to carry on business, becomes insolvent or the subject of bankruptcy or insolvency proceedings;
- (c) an encumbrancer takes possession of any of the Collateral or any process of execution is levied or enforced upon or against any of the Collateral;
- (d) indebtedness or liability of the Assignor, other than to the Assignee, becomes due and payable, or capable of being declared due and payable, before the stated maturity thereof, or any such indebtedness or liability shall not be paid at the maturity thereof or upon the expiration of any stated applicable grace period thereof, or any guarantee given by the Assignor is not honoured when due and called upon;

and the Assignee shall have all rights and remedies under the applicable laws, as well as any other rights and remedies provided by this Agreement.

6. ADDITIONAL POWERS UPON DEFAULT

- 6.1 In addition to the rights and powers provided in paragraphs 5 and 8 and under the *Personal Property Security Act*, the Assignees and the Receiver, as defined in paragraph 8, shall have the following rights and powers, if the security hereby constituted becomes enforceable:

to dispose of any of the Collateral in the condition in which it was at the date possession of it was taken, or after any commercially reasonable repair, processing or preparation thereof for disposition; and the Assignor shall from time to time forthwith on the Assignee's request, execute, do and make all such agreements, statements, further assignments, acts, matters and things which may, from time to time, in the opinion of the Assignee, be necessary or expedient for the purpose of carrying into effect any of the provisions hereof and of perfecting the title of the Assignee in the collateral; and the Assignee and any of its managers or acting managers are by the Assignor hereby irrevocably constituted and appointed the true and lawful attorney of the Assignor, with full power of substitution for the Assignee, at its option, whenever and wherever it may deem necessary or expedient to do, make and execute all such statements, assignments, documents, acts, matters or things, with the right to use the name of the Assignor.

7. WAIVER BY THE ASSIGNEE

- 7.1 Any breach by the Assignor of any of the provisions contained in this Agreement or any default by the Assignor in the observance or performance of any covenant or condition required to be observed or performed by the Assignor hereunder may only be waived by the Assignee in writing, provided that no such waiver by the Assignee shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

8. APPOINTMENT OF RECEIVER AND MANAGER

8.1 The Assignee may appoint in writing any person, whether an employee or employees of the Assignee or not, to be a receiver or a receiver and manager (the "Receiver") of the Collateral or any part of parts thereof.

8.2 A receiver so appointed shall have power:

(i) to take possession of, collect and get in the Collateral or any part thereof, and for that purpose to take any proceedings in the name of the Assignor or otherwise; and

(j) to sell or concur in selling any of the Collateral.

8.3 Any Receiver so appointed shall be deemed to be the agent of the Assignor. The Assignor shall be solely responsible for the Receiver's acts or defaults and for the Receiver's remuneration and expenses. The Assignees shall not, in any way, be responsible for any misconduct or negligence on the part of the Receiver.

8.4 All moneys received by the Receiver after providing for payment of all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver shall be applied in or towards satisfaction of the Security Interest.

8.5 The rights and powers conferred by this paragraph are in supplement of and not in substitution for any rights the Assignees may have from time to time.

9. NOTICE

9.1 The Assignor shall be entitled to not less than fifteen (15) days notice in writing of the date, time and place of any intended disposition of the Collateral, such notice to be sent by registered mail to the last known post office address of the Assignor.

10. APPROPRIATION

10.1 The Assignee shall have the right, at any time, to appropriate any payment made to any portion of the Obligations and to revoke or alter any such appropriation.

11. TERM

11.1 This Agreement shall be a continuing agreement, in every respect, for the payment of the Obligations and it shall remain in full force until all of the Obligations shall be paid in full. In the event any provisions of this Agreement shall be deemed invalid or void by any court of competent jurisdiction, the remaining terms and provisions of this Agreement shall remain in full force and effect.

12. NON-SUBSTITUTION

12.1 The Security Interest is in addition to and not in substitution for any other security now or hereafter held by the Assignee.

13. ACKNOWLEDGEMENT

13.1 The Assignor acknowledges receipt of a copy of this Agreement.

IN WITNESS WHEREOF this Assignment has been executed on behalf of the Assignor by its authorized officers.

**ONTARIO ABORIGINAL HOUSING
SUPPORT SERVICES CORPORATION**

Justin Marchand
Chief Executive Director

I/We have the authority to bind the Corporation.

SCHEDULE "A1"

LOCATION OF THE COLLATERAL

Property Address: 18 ELM STREET, LONDON, ONTARIO

PIN: 08337-0013

Description: PT LT 44, PLAN 404 AS IN EL23522, PT LTS 38 & 39, PLAN 404, PART LTS 43, 42, 41, & 40 PLAN 404, PT LT 10 CON B AS IN EL23319; EXCEPT EL25458 LONDON/LONDON TOWNSHIP

SCHEDULE "B1"

PROPERTY COMPRISING THE COLLATERAL

All refrigerators, stoves, washers, dryers and all other items of personal property owned by the Assignor and located on or used in connection with the operation of the lands and premises described in Schedule "A1".

SCHEDULE "D"

PERMITTED ENCUMBRANCES

1. All mortgages and security collateral thereto-totaling principal amounts which do not exceed \$XX plus any CMHC or lender fees.
2. An additional 10% of the mortgage stated in 1 above is permitted for construction financing only. Any additional construction financing must be reduced to the permitted takeout mortgage amount of \$XX at IAD.
3. Such easements and restrictive covenants as do not prevent the Project from being constructed or used as Affordable Rental Housing.
4. Municipal agreements relating to the Development Activities in connection with the Project.

SCHEDULE "E" LEGAL DESCRIPTION OF PROPERTY AND THE PROJECT

Property Address: 18 ELM STREET, LONDON, ONTARIO

PIN: 08337-0013

Description: PT LT 44, PLAN 404 AS IN EL23522, PT LTS 38 & 39, PLAN 404, PART LTS 43, 42, 41, & 40 PLAN 404, PT LT 10 CON B AS IN EL23319; EXCEPT EL25458 LONDON/LONDON TOWNSHIP



The Project: 4-Storey mixed-use affordable rental housing development

Number of Units: 42 rental affordable housing units and other non-residential ground floor uses.



SCHEDULE “F”

PROJECT INFORMATION FORM

Service Manager: City of London

Project Name: 18 Elm Street Affordable Rental Housing Development

Proponent Information

Justin Marchand, Executive Director
 Ontario Aboriginal Housing Support Services Corporation
 500 Bay Street, Sault Ste. Marie, ON P6A 1X5 Phone:
 Email: jmarchand@oahssc.ca

Proponent Type: independent not-for-profit corporation

Project Information

Number of affordable units created: 42 **Number of market units created:** 0

Total number of units created: 42

Building Type: 4-Storey mixed-use multi-residential apartment

Included in Rent: Fridge, stove, heat, air conditioning and water

Anticipated First Occupancy Date: October 2024

Unit Type	Number of Units	Unit Sizes
One bedroom Affordable	7	45m ² – 53 m ²
Two bedroom Affordable	5	67m ² – 71 m ²
Three bedroom Affordable	19	79m ² – 94m ²
Four bedroom Affordable	11	105m ² – 124m ²
Total	42	

Monthly Rent:

In accordance with funding agreements between the Proponent and other levels of government, and as required to establish a viable project proforma, the range of rents will be established using the Pooled Provincial or London area Median Market Rent, as posted by Canada Mortgage and Housing Corporation.

The Canada Mortgage and Housing Corporation posted 2022 rent rates are as follows:

Unit Type	London MMR	Provincial Pooled MMR
One-bedroom Affordable	\$1,000 / month	\$1,229 / month
Two-bedroom Affordable	\$1,211 / month	\$1,397 / month
Three-bedroom Affordable	\$1,355 / month	\$1,600 / month

Rent rates for a four-bedroom affordable unit were not posted by CMHC at the time of the agreement.

SCHEDULE "G"
MUNICIPAL CONTRIBUTION BREAKDOWN

BREAKDOWN OF THE MUNICIPAL CONTRIBUTION

Acquisition Expenses	\$ 359,959.09
Pre-Purchase Due Diligence and Pre-Development Site Investigation	\$ 30,243.00
Land Use Permissions Application Fees	\$ 24,459.00
Demolition - Project Management & Administration Fees	\$ 32,250.00
Demolition - Asbestos Abatement Specification Fees	\$ 3,250.00
Demolition - Abatement Inspection Fees	\$ 13,630.00
Demolition - Structural Assessment and Support Fees	\$ 7,500.00
Demolition Contract	\$ 427,602.00
Consulting Services & Studies required by Approval Authority	\$ 39,713.55
Prime Consultant Services - Design & Approvals	\$ 473,752.50
Carrying Costs	\$ 130,094.73
Total Pre-Development Expenses	\$ 1,542,453.87
less CMHC Seed Fund (Grant Portion Only)	\$ 150,000.00
Total Municipal Contribution	\$ 1,392,453.87