



Planning and Economic Development Department  
Urban Renewal Section  
71 Main Street West, 7th Floor  
Hamilton, Ontario L8P 4Y5  
Phone: (905) 546-2424 Ext. 2755  
Fax: (905) 546-2693

## COMMERCIAL CORRIDOR HOUSING LOAN AND GRANT PROGRAM

### PROGRAM DESCRIPTION

---

The Commercial Corridor Housing Loan and Grant Program (the “Program”) is designed to stimulate residential development within Downtown Hamilton, Hamilton’s Community Downtowns, the Mount Hope / Airport Gateway, active and dormant Business Improvement Areas and “commercial corridors”, as identified in the Downtown and Community Renewal Community Improvement Project Area By-law, and those properties within the City boundaries designated under the *Ontario Heritage Act*.

The Program is intended to provide financial assistance for converting existing built commercial space into residential units, renovations to existing residential units or construction of new units via building additions. The Program is also intended to provide assistance for the costs of creating new residential units on vacant land.

The Program may also qualify the applicant for additional incentives for the development of new rental units that meet affordability needs, subject to availability. Additional incentives may include any combination of development charge and parkland dedication exemptions, capital funding contributions and any other incentive as may be available from time to time for the purposes of encouraging the development of new affordable rental housing. In order to be eligible for additional affordable housing incentives, rental units must meet the definition and criteria established in the City of Hamilton By-law 03-148 to Adopt a Municipal Housing Facility By-law. When affordable housing is developed in conjunction with this Program, this Program constitutes an affordable housing program for the purposes of the City of Hamilton’s Development Charges By-law 14-153.

Acting as a lender, the City provides financial support for the Program and ensures that development arising from the Program is consistent with the principles and design themes contained within the Downtown and Community Renewal Community Improvement Plan, the applicable Official Plan and Zoning By-law, and the provisions of relevant Urban Design Plans.

### PROGRAM TERMS

---

Note: A Pre-Application Form must be completed and forwarded to the Urban Renewal Section prior to completing a Final Application Form. The Pre-Application Form is required in order that staff can review property details and determine appropriate next steps.

1. Subject to meeting all other Program terms, the Commercial Corridor Housing Loan and Grant Program is available to property owners within:
  - a) the Downtown Hamilton Community Improvement Project Area;
  - b) the City of Hamilton’s Community Downtowns;
  - c) the Mount Hope / Airport Gateway;
  - c) the active and dormant Business Improvement Areas;
  - d) the “commercial corridors” as identified in the Downtown and Community Renewal Community Improvement Project Area By-law; and,
  - e) Properties within the City boundary designated under the *Ontario Heritage Act*.
2. The maximum loan amount is \$20 K per dwelling unit to a maximum of \$600 K per property (30 units). A dwelling unit is a room or suite of rooms used or intended to be used by one or more persons living together as one household, in which cooking and sanitary facilities are provided for the exclusive use of the household, and to which an independent entrance is provided from outside the building or from a common interior hallway, vestibule or stairway. A minimum of 50% of the loan per unit must be spent on developing / renovating the unit. The remaining 50% can cover the cost of common elements of the property e.g. roofing, HVAC, central air conditioning, fire escapes, foundations, furnaces, entranceways or other improvements deemed eligible by the General Manager of the Planning and Economic Development Department.
3. In addition to the loan, the Program has a grant portion of \$5 K per application allocated to professional fees and City of Hamilton fees only. The grant portion is paid upon presentation of paid receipts to the City’s satisfaction. Professional fees will include: architects; BCIN designers; lawyers; engineers; surveyors’ fees, title insurance, etc. City of Hamilton fees will include: building permit, site plan application, road occupancy permit, street occupancy permit and encroachment agreement fees. Eligible fees will be determined at the absolute discretion of the General Manager of Planning and Economic Development.
4. The Program does not apply to single-detached dwelling units or “individual” street townhouse dwelling units. However, the Program does apply to the creation of “accessory units” also known as basement apartments within existing dwellings including single-detached and “individual” street townhouses. Accessory units must be self-contained with kitchen and bathroom facilities. Accessory units must comply with the applicable Urban Hamilton Official Plan designation, Zoning By-law provisions and the Ontario Building Code.
5. The Program will not fund improvements including roofing, electrical, fascia, and eavestrough, in isolation of internal work on dwelling units.
6. Approval of the loan application is at the absolute discretion of the General Manager of the Planning and Economic Development Department (for loans / grants to a maximum of \$200 K) and, City Council for loans/grants above \$200 K and, subject to the availability of funds.

7. The maximum Loan term is five years and six months (subject to prior termination on default) from the date of the final advance exclusive of holdback. No extension or renewal shall be granted.
8. The Loan interest rate will be at 0% interest for the first five years. For the last six months of the Loan, interest shall be payable on the principal outstanding at the then prevailing rate established by Council for interest on tax arrears, such interest to be calculated and payable monthly, not in advance.
9. The Loan will be registered as a second mortgage upon the lands to be developed (the “Property”) prior to the first advance of funds. In addition, the Applicant will enter into a Loan Agreement which includes (but is not limited to) the terms and conditions of this program description.
10. The City will request security required to secure a commercial loan, which may include the following: loan agreement; and / or promissory note; and / or personal property security; and / or personal guarantees; and / or corporate guarantees; and / or lien on the property to be improved; and / or collateral mortgage charge registered on the property to be improved; and / or letter of credit in lieu of a second mortgage charge on the property (subject to City’s minimum equity requirements); and / or such other security which may be appropriate or available in the circumstance. The City will request net worth statements or variations thereof as the City may determine.
11. Interest on arrears will be 15% per annum or such tax arrears interest rate as may be established by Council from time to time.
12. Applicants shall have no less than 25% equity based upon the appraised value of the property offered as security, including cost of improvements being financed. The City at its discretion will determine whether an appraisal is required or whether it will accept a drive-by appraisal, tax assessment or other proof of value, depending on the amount of the Loan and the extent of construction or renovation.
13. Advances are made by the City, upon proof satisfactory to the City confirming the value of the work completed.
14. The City’s funding will be advanced in three stages, upon completion of 60%, 80% and substantial completion of the project. Upon proof satisfactory to the City that the proposed development is 60% complete based upon the value of the construction and that equity and / or financing required to that stage of completion has been injected into the development, then the approved City funds will be made available and released proportionately based upon the approved source of funds (equity / financing / City funds). The calculation of the proportion to be advanced will reflect that the first 60% of funding is from non-City sources. Advances will be made in conjunction with financing advances or after proof of equity injections.

15. Principal is repayable in annual amounts of ten percent (10%), in 12 equal monthly payments, of the original loan amount. Payments will commence one year following the substantial completion advance, exclusive of any required holdback. The balance outstanding will be paid by a balloon payment at the end of the Five Year and Six Month Term. Monthly principal payments will continue during the last six months of the repayment term with interest calculated and payable monthly, not in advance, if not paid earlier.
16. If the development is a condominium, the repayment regime is as follows: upon sale of individual condominium units, the City will be repaid \$25 K per unit, until the loan is paid in full. In addition to repayment upon sale of individual condominium units, commencing in the second year following the substantial completion advance, ten percent of the principal loan amount is repayable annually in the second, third, fourth and fifth years following substantial completion, unless repayments made upon sale of the individual condominium units are equal to or greater than ten percent of the principal loan amount in each of the second, third, fourth and fifth years. On the last day of the fifth year, a single payment of the balance outstanding will be required.
17. The loan may be prepaid at any time without notice, bonus or penalty.
18. An application fee of \$285 plus HST must accompany the final application. An administration fee of \$260 plus HST per unit is charged to the borrower. The administration fees will be paid out of the first advance of funds that flow from the City of Hamilton. The fee amount may be changed from time to time as approved by City Council.
19. Realty taxes must be paid as billed throughout the development process.
20. All costs associated with the conversion or renovations are to be borne by the applicant including construction, design, administration fees, appraisals, inspections, legal and registration fees. The City retains the right to assess the reasonableness of costs and which costs are eligible under the terms of the Program.
21. In the event of the sale, conveyance, transfer or entering into of any agreement of sale or transfer of the title of the Property all monies secured by the mortgage to the City shall forthwith become due and payable.
22. Change of Corporate Control:  
Where the Owner is a corporation the Owner covenants and agrees that in the event that:
  - a) the Owner fails to supply the City, in a form satisfactory to the City such information relating to the ownership of its shares as the City may from

time to time require: orb) without the written consent of the City first had and obtained:

- i) the Owner issues or redeems any of its shares or transfers any of its shares;
- ii) there is a sale or sales of the shares of the Owner which result in the transfer of the legal or beneficial interest of any of the shares of the Owner; or,
- iii) the Owner amalgamates, merges or consolidates with any other corporation.

and the result of any of the foregoing is a change in the effective control of the majority of the voting shares of the Owner, or the requested information is not provided, then all monies secured by the mortgage together with accrued interest thereon shall forthwith become due and payable at the option of the City and the City’s powers of sale hereby given and all other remedies for enforcement shall be exercisable.

- 23. The proposed development must conform to the relevant Official Plan and Zoning By-law and such other approved municipal policies as are applicable, e.g. urban design guidelines / built form guidelines.
- 24. The proposed development must conform to an Urban Design Plan where same is in effect. The applicant must demonstrate to staff that the Urban Design Plan is being implemented.
- 25. The City of Hamilton will require specific insurance terms to be met to protect the City’s interest.
- 26. Redevelopment / development will commence no longer than one-year following the date the loan is approved by the General Manager of Planning and Economic Development or City Council, or the loan / grant will be cancelled. The one-year period may be extended at the absolute discretion of the General Manager of Planning and Economic Development.
- 27. The deadline for 60% completion of the proposed redevelopment / development will be subject to a date established through consultation with the applicant and approved by the General Manager of Planning and Economic Development Department.
- 28. The City will periodically review the terms and the duration of the Program and make appropriate revisions as per the direction of City Council.
- 29. The Commercial Corridor Housing Loan and Grant may be received by an owner in conjunction with any other available City programs (excluding the Hamilton Downtown Barton / Kenilworth Multi-Residential Property Investment Program) in support of the redevelopment / development of the property.

30. Without limiting the discretion as set out in paragraph six, herein, City Council, whether or not an Applicant satisfies the requirements of the Program, may reject any application received from an applicant where, in the opinion of Council, the commercial relationship between the City and the Applicant has been impaired by, but not limited to, the applicant being involved in litigation with the City. Applicants shall include but not be limited to the following: the Applicant identified on the application form and if a corporation any person or entity with an interest in the corporation as determined by the City in its sole, absolute and unfettered discretion.
31. Without limiting the discretion as set out in paragraph six, herein, City Council may reject application received from an applicant, whether or not an Applicant satisfies the requirements of the Program, anywhere there are property tax arrears owed on the subject property or on other properties owned by the Applicant within the City of Hamilton.
32. Works commenced prior to submitting an application are ineligible for funding under the Program. Works commenced after submitting an application but prior to approval of an application may be eligible for funding under the Program and eligibility will be determined by the General Manager of Planning and Economic Development in his sole, absolute and unfettered discretion. An applicant shall assume the risk of paying for work commenced after an application has been submitted but prior to approval.
33. Please refer to the Application Form for the documentation required to be submitted as part of an application under this Program.