

B. ROXBOROUGH RENTAL HOUSING LOAN PROGRAM (RRHLP)



B.1 PROGRAM DESCRIPTION

The Roxborough Rental Housing Loan Program (RRHLP) is available to property owners (or their assignees) who create residential rental buildings within the Roxborough Community Improvement Project Area (CIPA) which meet specific affordability parameters.

Buildings which meet the Eligibility Criteria in Section B.2 will be eligible for a forgivable loan equal to the value of municipal Development Charges owed. Note the value of Educational Development Charges are not part of the scope of this program.

A loan provided under this program will be forgiven on a pro-rated basis in a minimum amount equal to 1/10th the value of the principal loan plus interest (or other fraction as required dependent on the term of the loan). Loan forgiveness will occur on the annual anniversary date on which occupancy was granted by the City for the last eligible unit contained within an Eligible Building and where the following conditions of forgiveness have been met to the satisfaction of the General Manager of Healthy and Safe Communities:

- a) Rents for eligible units do not exceed 175% of the Average Market Rent (AMR) for the Hamilton Census Metropolitan Area, as stated by Canadian Mortgage and Housing Corporation (CMHC) (see Section B.5 for additional supporting information);
- b) Rents for eligible units are maintained at the level identified in a) above for a period of no less than 10 years from the date building occupancy is granted by the City; and
- c) The applicant is in compliance with the loan agreement and all the terms and conditions of this program.

A loan provided under this program will bear interest at 15% per annum with both interest and principal being forgiven in accordance with above.

Where the conditions of forgiveness contained above have not been met for all eligible units which were the subject of a forgivable loan under this program and located within an Eligible Building (a “Default”) and such Default is not cured within 30 days’ written notice from the City of such default, then the entire portion of the loan for which forgiveness has not previously been granted shall become immediately payable to the City in monthly payments for the balance of the term of the loan with an interest rate of 15% per annum, or such other interest rate as may

be established by City Council from time to time, with interest accrued and accruing from the date the last eligible unit in the Eligible Building(s) which are the subject of an approved application under this program being approved for occupancy by the City. If a Default is cured within 30 days' written notice from the City of such Default, then a payment shall become immediately payable to the City in an amount equal to 15% interest per annum on the entire portion of the loan for which forgiveness has not previously been granted applicable, calculated during the number of days between the written notice from the City or a date on which the City can demonstrate that conditions of forgiveness began to not be met, and the curing of such default.

In order to receive a forgivable loan pursuant to this program, successful applicants shall be required to enter into an agreement with the City with such terms consistent with the terms and conditions of this program including without limitation the maintenance of rents in accordance with a), b) and c) above and such additional terms and conditions that the General Manager of Healthy and Safe Communities deems appropriate in their sole discretion and secured by a mortgage and such other security as the General Manager of Healthy and Safe Communities deems appropriate in their sole discretion.

Where an application is approved under this program, a forgivable loan will be provided to the registered property owner of the property on which the Eligible Building is located pursuant to the conditions and requirements of this program.

A forgivable loan provided under this program shall not exceed the value of the municipal Development Charges owed for eligible unit(s) in an Eligible Building(s) which are the subject of an approved application under this program.

The maximum forgivable loan amount shall not include the value of municipal Development Charges which are owed for uses other than the eligible units contained within the Eligible Building(s) which are the subject of an approved application under this program.

A forgivable loan under this program will be provided at issuance of a Building Permit for all eligible unit(s) in the Eligible Building(s) which are the subject of an approved application and in a value equal to the municipal Development Charges owed for the eligible unit(s) which were the subject of the Building Permit.

A forgivable loan provided under this program will have a term of 10 years beginning from the date on which occupancy was granted by the City for the last eligible unit contained within an Eligible Building.

A forgivable loan provided under this program shall be secured by a mortgage upon the lands/property to be developed, prior to the first advance of funds and, in a position no less than 2nd priority unless otherwise permitted by the General Manager of Healthy and Safe

Communities in their sole discretion. The mortgage shall not be discharged until the loan is paid or forgiven. In addition, the General Manager of Healthy and Safe Communities may require such additional securities in their sole direction 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 developed; and / or such other security which may be appropriate or available in the circumstance.

The loan plus accrued interest (if any) be prepaid at any time without notice, bonus or penalty.

The assignment of an application under this program may only be permitted by the General Manager of Healthy and Safe Communities in their sole discretion and on such terms and conditions as the General Manager deems appropriate.

All costs associated with the development and the requirements of this program are to be borne by the applicant including construction, design, development charges, administration fees, appraisals, inspections, legal and registration fees.

Realty taxes must be paid as billed throughout the development process and must not be in arrears at the annual anniversary date of forgiveness.

Development shall commence no later than five-years following the date of approval of an application under this program. The five-year period may be extended by the General Manager of Healthy and Safe Communities in their sole direction and on such terms and conditions as the General Manager deems appropriate.

The City of Hamilton may require specific insurance terms to be met to protect the City's interest as it determines in its sole discretion.

Disposition of a property containing eligible residential rental unit(s) which are the subject of a forgivable loan under this program shall not be permitted except where:

- a) the City is provided written notice of the sale including the name of the purchaser and closing date of the purchase; and
- b) the transfer of ownership includes the assignment of any remaining loan under this program to the purchaser subject to the approval of the General Manager of Healthy and Safe Communities in their sole discretion and on such terms and conditions as the General Manager deems appropriate.

The Housing Services Division will periodically review the terms and the duration of the Program and make appropriate revisions as per the direction of City Council.

B.2 ELIGIBILITY CRITERIA

1. Applicants to the RRHLP must meet the goals of the Housing for Hamilton Community Improvement Plan (HHCIP) as identified in Section 6.o.
2. An applicant will be eligible for a forgivable loan under this program where eligible units meet the following requirements:

- a) The eligible units are located within the Roxborough Community Improvement Project Area (CIPA) as identified in Section 7.o of the Housing for Hamilton Community Improvement Plan (HHCIP);
- b) Rents do not exceed 175% of the Average Market Rent (AMI) for the Hamilton Census Metropolitan Area, as stated by Canadian Mortgage and Housing Corporation (CMHC) (see Section B.5 for additional supporting information);

For clarity, an applicant shall have no obligation to reduce rent in the event of an AMR decrease and the rent payable under a residential lease that met the eligibility requirements at the timing of aligning with a tenant.

- c) Rents compliant with the parameters contained in b) above for a period of no less than 10 years from the date building occupancy is granted by the City;
- d) The applicant is in compliance with the loan agreement and all the terms and conditions of this program;
- e) The eligible units are contained within a building in which no non-eligible units are located (“Eligible Building”);
- f) The eligible units constitute a Dwelling Unit as defined by City of Hamilton Zoning By-law 05-200;
- g) The eligible units are not in the form of Single Detached Dwelling, Duplex, Semi-detached Dwelling, any form of Townhouse or Accessory Dwelling Unit;
- h) Eligible Building(s) conform to the City’s Official Plan, Zoning By-Laws(s), Site Plan approval and any other applicable and approved municipal policy or guidelines (e.g. urban design guidelines); and
- i) Any outstanding work orders, property violations or tax arrears on properties containing an Eligible Building are rectified prior to an approval being issued under this program and prior to a loan being provided.

B.3 APPLICATION CRITERIA

1. Applications shall be submitted to the Housing Services Division prior to payment of any Development Charges or the issuance of a Building Permit for an Eligible Building which is the subject of an application under this program.
2. An approval under this program shall not preclude eligibility of the property for any other loans or grants available under a municipal program or Community Improvement Plan, where applicable.
3. Applications to this program are subject to the approval of the General Manager of Healthy and Safe Communities in their sole discretion.
4. Approval of an application under this program is subject to the availability of funds.

The General Manager of Healthy and Safe Communities may reject any application received from an applicant where, in the opinion of the GM, 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.

The General Manager of Healthy and Safe Communities may reject any application received from an applicant, whether or not an applicant satisfies the requirements of the Program, where property tax arrears are owed on the subject property or on other properties owned by the applicant within the City of Hamilton.

The General Manager of Healthy and Safe Communities, whether or not an applicant satisfies the requirements of the Program, may reject any application received from an applicant where there is credible information that an applicant has been involved recently or repeatedly in illegal activity supporting the conclusion that he or she will not conduct himself or herself with honesty and integrity in undertaking the activity, operation or business for which the loan/grant is sought. For corporate applicants, it will be the corporation and the principals of the corporation whose illegal activity will be considered.

B.4 ADMINISTRATION

Applicants to the RRHLP will complete and submit an application to the Housing Services Division prior to obtaining a Building Permit.

A forgivable loan will be provided at the time of payment of applicable municipal Development Charges to the City and successful issuance of a Building Permit in accordance with the terms

and conditions of this program. Agreements securing the loan will be signed with the City in advance of Building Permit issuance and provision of the loan.

Amongst other conditions, the loan agreement will require that rents for eligible units will be maintained over the term of the loan within the parameters established under this program.

In order to receive a forgivable loan pursuant to this program, successful applicants shall be required to enter into an agreement with the City with such terms consistent with the terms and conditions of this program including, without limitation, the maintenance of rents in accordance with program requirements and such additional terms and conditions that the General Manager of Healthy and Safe Communities deems appropriate in their sole discretion and secured by a mortgage and such other security as the General Manager of Healthy and Safe Communities deems appropriate in their sole discretion.

The registered property owner must provide an annual statement and information package to the City, in a form and content satisfactory to the General Manager of Healthy and Safe Communities in their sole discretion, confirming that the rent for each eligible unit for the reporting year were maintained within the City’s affordability parameters as provided for under this program. Rents may increase annually in accordance with market prices as long as they continue to meet the City’s defined affordability parameters.

If at any point during the 10-year affordability period the City determines that the rent for any eligible unit(s) is or was no longer within the defined affordability parameters established under this program, the applicant fails to meet program criteria or the applicant does not comply with the Loan Agreement, the loan will become payable to the City, plus interest, in accordance with the requirements of this program.

A loan provided under this program will be forgiven on a pro-rated basis in a minimum amount equal to 1/10th the value of the principal loan plus interest (or other fraction as required dependent on the term of the loan). Loan forgiveness will occur on the annual anniversary date on which occupancy was granted by the City for the last eligible unit contained within an Eligible Building and where the conditions of forgiveness established under this program have been met to the satisfaction of the General Manager of Healthy and Safe Communities.

B.5 SUPPORTING TECHNICAL INFORMATION

For the purposes of this program, 175% of Average Market Rent for rental units in 2019 within the Hamilton Census Metropolitan Area, as stated by the Canadian Mortgage and Housing Corporation, shall be:

Unit Size	175% AMR
Bachelor	\$1,337
1 Bedroom	\$1,617
2 Bedroom	\$1,904
3+ Bedroom	\$2,401

*to be indexed annually