

Term Sheet for Municipal Housing Project Facilities Agreements

90 Carling Street

Borrower: 1649626 Ontario Inc. ("1649626")

Lender: City of Hamilton ("City")

Type of Agreements: Municipal Housing Project Facilities Agreements ("MHPFAs")

Type of Loan: Forgivable loan to secure long term affordable housing commitments as set out in the Municipal Housing Project Facilities Agreements ("MHPFAs")

1. The number of agreements will be determined by the City Solicitor.
2. In exchange for 10% of the units in the 90 Carling Street development project being maintained at 125% of CMHC Average Market Rent for a minimum of 15 years from date of first occupancy, the City shall provide 1649626 with a forgivable loan in the amount of 10% of the site plan application fees, 10% of the building permit fees, and 10% of the cash-in-lieu of parkland dedication due to be paid by 1649626 to the City for the 90 Carling Street development project.
3. The loan will have a minimum term of 15 years consistent with the period of affordability, commencing from the date of occupancy of all 10 of the affordable housing units and shall be secured by a collateral mortgage and will be forgiven and the mortgage discharged at 15 years if 1649626 complies with all of the terms of the MCFLA for its entire term. Forgiveness of the loan will not be pro-rated and will only be earned at the end of the term of the loan.
4. Units subject to the MHPFAs may increase rents annually within a tenancy by the Provincial Guideline amount as specified annually by the Ontario Ministry of Municipal Affairs and Housing. Higher increases may be permitted by and at the discretion of the City following submission of a business case justifying the increase. At vacant possession, rents may be increased up to 125% of the most recent CMHC Average Market Rent for the unit type in the local housing market zone. At no time shall the rent for any unit subject to the MHPFAs be higher than 125% of the most recent CMHC Average Market Rent for the unit type in the local housing market zone.
5. It is required that 1649626 will receive referrals for tenants of the units subject to the MHPFAs first from the Housing Services Division. The target market will be tenants living in Rent-Geared-to-Income (RGI) units in social housing in Hamilton

who are currently paying market rent. The City will refer and match the appropriate tenant households with units in the project which are subject to the MHPFAs, including assessing the household’s income relative to the rent. 1649626 retains all rights and obligations as a landlord under the *Residential Tenancies Act* and all other relevant legislation, including the rights to assess and decline tenants that may be referred by the City.

6. **Payment Provisions:** No funds will be transferred. At the time planning fees and building permit fees are due to be paid by 1649626, the equivalent balance will be paid by the Housing Services Division. At the time parkland dedication fees are due to be paid, the proportion of the total fees corresponding to the proportion of units that are committed to being affordable will be exempted. The total amount of the forgivable loan will be determined at the time of the payment or exemption of the planning fees, building permit fees, and parkland dedication fees, to be the total value of the fees exempted and paid by the Housing Services Division, and registered on the title of the property as a forgivable mortgage for 15 years.

The planning fees and building permit fees that have previously been advanced to the City, but following approval of the incentives, but prior to registration of the mortgage will be returned to 1649626 upon registration of the mortgage. The mortgage is automatically forgivable at the end of the term of the MCFLA, being 15 years from the date the affordable units are occupied, unless it is mutually determined that the MHPFAs should be extended.

7. **Interest Rate:** There is no interest for this forgivable loan. If any fee or other amount owed by 1649626 to the City under the MHPFAs is not paid when due and payable, including the Principal Amount if not forgiven and not paid in accordance with the MHPFAs, that overdue amount shall bear interest at a variable rate per annum equivalent to the highest rate charged by the City from time to time in respect of property tax arrears calculated and payable monthly. Interest as aforesaid shall be accrued from day to day and until it is paid in full and interest shall accrue on overdue interest at the Interest Rate from day to day until it is paid.
8. **Security:** The City’s security shall be in lesser priority only to a CMHC registered mortgage and/or other third-party financing. All mortgages on title other than the City’s security cannot exceed 100% of the value of the property as improved by the project including non Affordable Housing – Rental Housing Units.
9. **Title insurance policy in favour of the City.**

10. At initial occupancy and on unit turn-over thereafter for the duration of the affordability period, 1649626 will provide the city with copies of the leases for the affordable units and Notices of Assessment from the Canada Revenue Agency for the tenants of the affordable units. Within 30 days of the receipt of the documents pertaining to the lease of the final affordable unit to be occupied, the City will confirm in writing that all of the occupancy requirements have been met and the agreement is in good standing.
11. Following initial occupancy, the project will be monitored annually to ensure the obligations under the MCFLAs have been met for the previous year. The proponent will submit the following documents for the previous year to the Housing Services Division annually on or before February 1:
 - a) Rent rolls for all of the units that are subject to the Agreement;
 - b) Proof of income for any new tenants (entire household) of the units subject to the Agreement, generally in the form of a Notice of Assessment from the Canada Revenue Agency, or alternative documentation to the satisfaction of the City; and,
 - c) Confirmation of insurance on the affordable units; and,
 - d) By request only, annual financial statements (audited if available).
12. The Director of the Housing Services Division will confirm in writing by March 15 whether the terms of the agreement have been met and there is no default.
13. In the event of default, the full principal amount of the mortgage will become payable to the City. There will be no interest payable except late payment charges.
14. Other events of default shall include but not be limited to:
 - a. Failure to obtain an occupancy permit by December 2022;
 - b. Failure to rent all of the units that are subject to the Agreement by July 2023;
 - c. Failure to submit required documentation by 30 days past the deadlines in the agreement;
 - d. Failure to notify the City about any change in that could lead to failure of the project either during or post construction; and,
 - e. Failure to notify the City about any default of the agreement within 30 days.
15. Late payments charges will be applied to any payments required as a result of a default of the MCFLA as per the City's policy on late payments.
16. In the event of non-payment or late payments, the MCFLA will include terms as determined by the City Solicitor in her discretion.

17. Any out-of-pocket expenses, such as appraisal costs, incurred for the preparation of the MHPFAs, over and above staff costs, are the responsibility of the proponent.
18. Any other terms deemed appropriate by the City Solicitor and General Manager of the Healthy and Safe Communities Department.