

Term Sheet for Forgivable Grant Agreement

60 Caledon Avenue

Borrower: Caledon Community Collaborative LP

Lender: City of Hamilton ("City")

Type of Grant: Forgivable loan to secure long-term affordable housing commitments as set out in this term sheet, Appendix "A" to Report HSC22050/FCS22073, below hereinafter referred to as the "Loan"

Loan Conditions

1. The Loan will be subject to the recipient entering into a forgivable loan agreement ("FLA") with the City containing such terms and conditions as set out in this term sheet, Appendix "A" to Report HSC22050/FCS22073.
2. The amount of the Loan shall equal the municipal DCs owing for the 266 units at Caledon Ave., for a term of 20 years from date of first occupancy.
3. The FLA will have a term of 20 years consistent with the period of affordability, commencing from the date any of the 266 affordable housing units in the Project are cleared for occupancy.
4. No assignment of the Loan, other than to the City, the FLA will be permitted unless consented to by the General Manager of the Healthy and Safe Communities Department ("GM") in their sole discretion and only in the following circumstances: (a) the property is sold to another provider of "non-profit housing" who enters into an assignment agreement with the City and Caledon Community Collaborative LP agreeing to be subject to all of the terms and conditions of the FLA for the remainder of the term of those agreements and such other terms and conditions as the GM and City Solicitor in their sole discretion deem appropriate; (b) the property is sold to another provider of "non-profit housing" who enters into an assignment agreement with the City and Caledon Community Collaborative LP agreeing to be subject to all of the terms and conditions of the FLA for the remainder of the term of those agreements and the assignee agrees to complete the Project in accordance with the Caledon Community Collaborative LP plans approved by the City and such other terms and conditions as the GM and City Solicitor in their sole discretion deem appropriate.

5. Requirement to provide the City with original insurance certificates for "Property All Risks" insurance, Broad Form Boiler and Machinery insurance, and insurance against loss of Rent, rental value and other payments required to be paid or made by tenants, or business interruption and profits from the business, to the satisfaction of the Manager of Legal and Risk Management Services.

Rent Requirements and Maximum Allowable Rent

6. At all times during the term of the FLA the rents for these 266 units will at no time be above the maximum allowable rent level, stated in a percentage of CMHC Average or Median Market Rent for the City of Hamilton, to be determined by the GM in their sole discretion when the final construction and operating budgets are produced, but prior to signing of the construction contract. The maximum allowable rent level determined by the GM will be as affordable as possible given the financial conditions at the time of determination, and considering the reasonableness of the construction and operating budgets, the financial viability of the Project both during construction and throughout the affordability period, and the long-term financial viability of Caledon Community Collaborative, but shall not be above 125% of CMHC Average or Median Market Rent for the unit type. The City shall provide Caledon Community Collaborative LP with a loan in the maximum principal amount of the municipal and Go Transit DCs payable by Caledon Community Collaborative LP to the City for the development of the 266 units of the 60 Caledon Ave. affordable housing development project.
7. Units subject to the FLA 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 at the sole discretion of the GM following submission of a business case justifying the increase. At vacant possession, rents may be increased up to the maximum allowable rent level for the unit type as determined in accordance with Section 1 of this Terms Sheet.

Events of Default

8. Events of default shall include but not be limited to:
 - a. Within the term of the Agreement the housing is no longer "non-profit housing" as defined under the *Development Charges Act*, O.Reg.82/98;
 - b. Failure to observe any of the conditions for advance of a loan payment;
 - c. Breach of any provision of the Conditional Grant Agreement (CGA);
 - d. If any part of the Project to which the Loan applies is changed so that it no longer consists of a non-profit housing;

- e. Any disposition of the property not consented to by the GM in their sole discretion which consent may include such conditions as the GM determines in their sole discretion;
 - f. Failure to submit required documentation by 30 days past the March 1 deadline in Section 13 of this Terms Sheet;
 - g. Failure to notify the City about any change in that could lead to failure of the Project either during or post construction; and,
 - h. Failure to notify the City about any default of the agreement within 30 days.
9. Consequences of an event of default, unless permitted to be remedied in such time and manner as the GM determines in their sole discretion, shall include, but not be limited to: loan becomes immediately repayable, and unpaid DCs shall be added to the tax roll.

Advance and Payment Provisions

10. The loan will be advanced in full at the time of building permit issuance to offset the municipal DCs applicable to the 266 units.
11. The Loan will be assigned to the City and no Advance will be paid directly to Caledon Community Collaborative LP. The Loan will be irrevocably assigned to the City and at the time of the Advance will be transferred by the Housing Services Division to the appropriate DC reserve. The total amount of the Grant will equal the municipal DCs payable on the 266 units.
12. The performance of the conditions for the Grant will be secured by the following:
- a. the FLA;
 - b. if permitted, registering restrictions on the sale of the land without the consent of the City; and such other security as the GM determines appropriate.

Monitoring Provisions

13. During the term of the FLA and following initial occupancy, Caledon Community Collaborative LP will monitor their respective Projects annually to ensure the obligations under the FLA have been met for the previous year. During the term of the payment period Caledon Community Collaborative LP will submit the following documents for the previous year to the Housing Services Division annually on or before March 1:

- a. Rent rolls for all of the units that are subject to the FLA;
- 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;
- c. Confirmation of insurance on the affordable units; and,
- d. By request only, annual financial statements (audited if available).

Other Provisions

14. Any out-of-pocket expenses incurred for the preparation of the FLA, over and above staff costs, are the responsibility of the proponent.
15. Any other terms deemed appropriate by the City Solicitor and GM.