

# Dollars to Doors Affordable Units Program

## Affordable Housing Community Improvement Plan – Financial Incentive Program Guidelines – Dollars to Doors Affordable Units Program

Effective February 11, 2025

This program guideline package provides details on the “Dollars to Doors Program”, which is a financial incentive program provided by the City of London through the Affordable Housing Community Improvement Plan (CIP).

Each financial incentive program has its own specific Purpose and Eligible Improvements. The program guidelines also include Definitions, Eligibility Criteria, Appeal of Refusal, Relationship to other Financial Incentive Programs, as well as Monitoring & Discontinuation of Programs. Italicized words are either defined terms in section 1 of this document or document titles.

### 1. Definitions

*Accessible Unit:* Affordable Rental Housing Unit located in a barrier-free accessible building that can be approached, entered, and used by persons with disabilities, including but not limited to, persons with physical or sensory disabilities.

*Affordability Period:* the period during which the rent for the *Affordable Rental Housing Units* is required to be maintained at an affordable level. For the purposes of this program, the *Affordability Period shall* be maintained for a term of 25 years commencing on the first day of the month following occupancy.

*Affordable Rental Housing Unit:* with a monthly rent at or below 80% of the *Average Market Rent* by unit type for the relevant City of London zone (geographic area), as defined by the most recent Canada Mortgage and Housing Corporation data. The rent must also include, at a minimum, the provisions of heat, air conditioning, water, a fridge, and a stove.

*Annual Occupancy Report:* document completed on an annual basis by the *Applicant* to ensure compliance with the terms outlined in the Loan Agreement.

*Applicant:* The person who makes a formal application for a financial incentive program offered through the City’s Community Improvement Plans. The person may be the *Property Owner*, or an authorized agent, including a business owner who is occupying space on the *Property* or contractor who has been retained to undertake improvements on the *Property*. If the *Applicant* is not the *Property Owner*, they will be required to provide authorization in writing from the *Property Owner* as part of a *Complete Application*.

*Approved Works:* the materials, labour and/or effort made to improve a property that are determined to meet eligibility criteria under the incentive program requirements.

*Average Market Rent (AMR):* the most current average monthly market rent for a rental unit, by unit type, published by the Canada Mortgage and Housing Corporation for the relevant City of London zone (geographic area). The rent must also include, at a minimum, the provisions of heat, air conditioning, water, a fridge, and a stove.

*Dwelling Unit:* for the purposes of this program, it means a self-contained residential dwelling that includes, at minimum, the provisions of heat, air conditioning, water, a fridge, and a stove, and, without limiting the generality of the foregoing, may include:

- supportive rental housing where service funding is secured from sources other than Federal Funds and Provincial Funds provided under the program.

- multi-bedroom residential dwelling that is used for congregate living that includes shared communal rooms and spaces such as kitchen, washroom and amenity spaces while providing individual bedrooms for individual residents; and
- an *Accessible Unit*

*Capital Audit*: detailed review of all the money that has been spent on a construction or development project.

*City of London Waitlist*: centralized housing waitlist of all applicants eligible for social housing in compliance with the *Housing Services Act, 2011*.

*Commitment Letter*: a document prepared by the City of London outlining its agreement with a *Property Owner* to provide a future financial incentive – in this case, a forgivable loan - based on a redevelopment, rehabilitation and/or renovation project that has yet to be undertaken. The letter describes the specific scope of *Approved Works* the *Applicant* will undertake to receive the forgivable loan.

*Complete Application*: includes a completed application form for financial incentive program(s) with the *Applicant's* signature and date.

*Loan Agreement*: an agreement to be entered into between an *Applicant* and the *City* to be registered on title outlining the terms and conditions under which financial assistance in the form of funding will be provided.

*Market Rent*: a monthly occupancy cost for a *Dwelling Unit* that a willing, prudent, and informed tenant would pay to a landlord in the open market.

*Property*: land that permits *Affordable Rental Housing Units*, as identified by the City of London Zoning By-law, as amended, with a municipal address (including distinct unit numbers, if applicable) located in a place type and zoning that permits residential uses and is located within the Affordable Housing Community Improvement Project Area, as defined in the Affordable Housing Community Improvement Area By-law per Map 1 below. The *Affordable Rental Housing Unit* must be constructed on the *Property*.

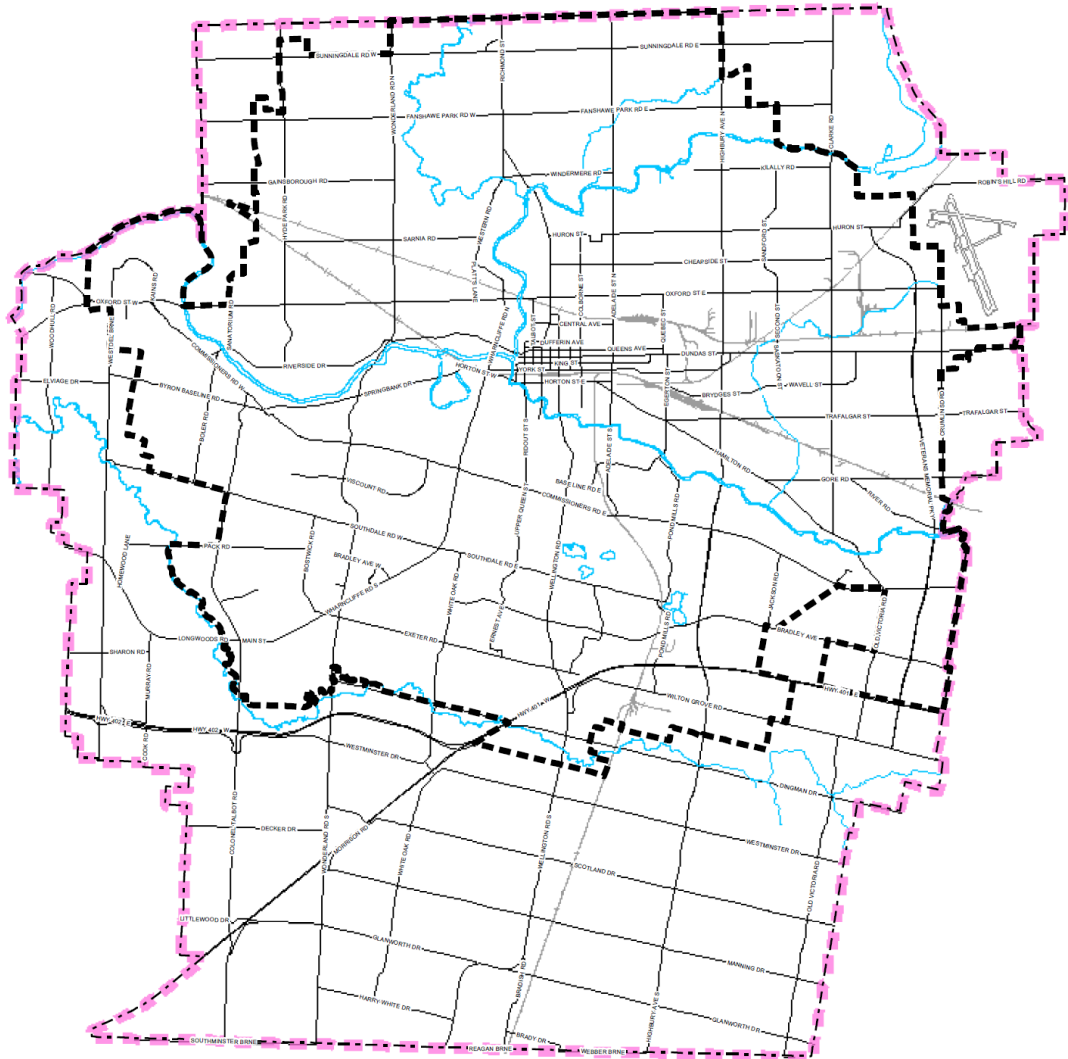
*Property Owner*: the registered owner of the *Property*.

*Rental Unit*: a *Dwelling Unit* that generates rental income.

*Rental Housing Unit*: new, purpose-built, residential housing accommodation on the *Property*. It may include supportive housing with onsite services but does not include residential premises used as a nursing home, retirement home, shelter, crisis care facility or other similar facilities.

*Residential Tenancies Act (RTA)*: Residential Tenancies Act, 2006, S.O. 2006, c.17.

*Roadmap*: The Roadmap to 3,000 Affordable Housing Units Action Plan is the City of London's strategy to guide, plan, and allocate City funding in the delivery of the City's housing-related programs and services.



Map 1: Affordable Housing Community Improvement Project Area (Pink) and Urban Growth Boundary (Black)

## 2. Program Purpose

The purpose of the Dollars to Doors Funding Program is to encourage the construction of *Affordable Rental Housing Units* by offsetting costs of development. In alignment with strategies and initiatives outlined in the Council-approved Roadmap and the Housing Accelerator Fund Action Plan, the City is offering funding as a municipal contribution to support the construction of new *Affordable Rental Housing Units*.

## 3. Eligible Works

Completing the Approved Works

- Development, redevelopment, and/or renovation that creates *Affordable Rental Housing Units*.
- Funding will not be granted for the Market Rent units within a mixed (affordable and market) building.
- Funding will not apply retroactively for works undertaken prior to entering the funding agreement.

## 4. Program Terms and Conditions

- Eligible projects include new development, redevelopment, and/or renovation that create a minimum of five Affordable Rental Housing Units. The forgivable loan is per Affordable Rental Housing Unit constructed.
- Eligible applicants are private for-profit, charitable and non-profit organizations.
- The Financial Incentive Programs will apply retroactively to work completed prior

to September 8, 2024, subject to the approval of the application by the Deputy City Manager, Housing and Community Growth, or designate.

- Maximum funding amount per *Affordable Rental Housing Unit* is \$45,000
- *Affordable Rental Housing Units* must have a minimum affordability period of 25 years
- The *Affordable Rental Housing Unit* rent will be capped at 80% *Average Market Rent*
- Tenants must be selected from the *City of London's Waitlist*.
- The funding under this program will be given as a forgivable loan and becomes payable to the City on demand, with accrued interest, in even of a default under the *Loan Agreement*. The City may add the outstanding loan and accrued interest to the tax roll.
- The *Applicant's* solicitor must register the forgivable loan as a mortgage in favour of the City, all at no cost to the City.
- All mortgages and charges, include the subject financial incentive(s), must not exceed 90% of the post-rehabilitation appraised value of the property (i.e. the *Property Owner* must maintain 10% equity in the property post-improvement).
- All City of London property taxes must be paid in full prior to the loan and/or grant being issued and remain so for the lifetime of the loan.

## 5. Eligibility Criteria

### Applicant Requirements

- The Applicant must be the *Property Owner* of the Property or an authorized agent (including building tenant or contractor who has been retained to undertake improvements). If the Applicant is not the *Property Owner*, they will be required to provide authorization in writing from the *Property Owner* as part of a complete application.
- The *Applicant* must be the *Property Owner* of the *Property* or an authorized agent (including building tenant or contractor who has been retained to undertake improvements). If the *Applicant* is not the *Property Owner*, they will be required to provide authorization in writing from the *Property Owner* as part of a complete application;
- All mortgages and charges, including the subject financial incentive(s), must not exceed 90% of the post-rehabilitation appraised value of the property (i.e. the *Property Owner* must maintain 10% equity in the property post-improvement);
- All City of London property taxes must be paid in full prior to the loan and/or grant being issued and remain so for the lifetime of the loan;
- The *Property Owner* and/or *Applicant* of the *Property* must have no outstanding debts to the City of London;
- The *Property Owner* and/or *Applicant* must not have ever defaulted on any City loan or grant program, including by way of individual affiliation with any company or group of people authorized to act as a single entity such as a corporation;

### Property Requirements

- There are no City of London Building Division orders or deficiencies on the Property prior to the loan being issued, unless the deficiencies are to be addressed as part of the eligible works associated with the loan;
- The *Property* may qualify and be eligible for multiple incentive programs provided through various Community Improvement Plans, for example, funding through the Office to Residential Conversion and/or the Upgrade to Building Code Loan

## Building Requirements

- There must be no City of London Building Division orders or deficiencies and no by-law infractions prior to the loan being issued, with the exception that the loan is for eligible works to address identified deficiencies (e.g. fire code or building code).

## 6. Application Process

*Step 1: It is strongly recommended the Applicant consult with Staff before submitting a formal application to discuss the proposed project. Staff can discuss other incentive programs that may be relevant, provide application form(s) and assist with the application process. This meeting may also help to identify what permits or permissions may be required to complete the proposed project.*

*Step 2: A Complete Application is submitted to the City of London, which typically includes the following:*

- Proof of ownership;
- Property eligibility confirmation (e.g., residential land use and zoning);
- Project description, including financial details (e.g., capital and operating budget);
- Organizational information (e.g., Articles of Incorporation, financial statements);
- Project team resources and experience;
- Any other information deemed necessary by Staff

*Step 3: Staff will review the application for completeness and advise if either more information is required, or the application is accepted. If the application is not accepted, Staff will provide feedback and assistance to the Applicant.*

*Step 4: If the application is approved, the Applicant and the City sign a Loan Agreement noting the terms and conditions for the funding.*

*Step 5: The funds will be released in stages according to a funding schedule outlined in the Loan Agreement. Typically, it will follow the process outlined below:*

*Step 6: Payment #1 - Construction Start*

On Building Permit issuance and after a mortgage is placed on the *Property* in the amount of the entire loan amount, the City will advance 50% of the loan to the *Applicant*. To receive the first advance, the *Applicant* shall provide the following list of documents:

- Signed *Loan Agreement*
- CMHC or other financial institution pre-approval letter
- First available building permit
- Confirmation of registration of mortgage
- Confirmation of construction start
- Copy of revised development schedule
- Certificate of insurance
- Any other documents deemed necessary by Staff or required under the Loan Agreement

*Step 7: Payment #2 - Substantial Completion*

35% of the forgivable loan will be paid to the Applicant once substantial completion of the *Approved Works* is achieved. The *Applicant* will provide the following list of documents to receive the second advance.

- Payment Certifier Certificate
- Certificate of Substantial Completion
- Any other documents deemed necessary by Staff

#### **Step 8: Payment #3 - Occupancy**

The remaining 15% of the forgivable loan will be paid at this stage; the *Applicant* will provide the following list of documents to receive the final advance:

- Occupancy permit or letter from the City's Building Services department and confirmation that all project development requirements have been fulfilled
- Initial Occupancy Report part I and part II
- Certificate of Insurance – General Liability
- Any other documents deemed necessary by Staff

Staff may visit the *Property* and take photographs, both before and after the project is completed, to ensure the *Approved Works* have been completed as outlined in the application and *Loan Agreement*.

*Step 9:* After the *Affordable Rental Housing Units* are constructed and the project is finished, the *Applicant* will provide a *Capital Audit* within 90 days of the construction lien being published.

*Step 10:* The *Applicant* will provide an *Annual Occupancy Report* confirming compliance with the terms and conditions in the *Loan Agreement*.

### **7. Incentive Application Refusal and Appeal**

If an application is refused, the *Applicant* may, in writing, appeal the decision of the Deputy City Manager, Housing and Community Growth or designate, to the City Clerk's Office who will provide direction to have the matter heard before Municipal Council through the appropriate Committee.

### **8. Relationship to other Financial Incentive Programs**

It is intended that this incentive program will complement and be stackable with other incentive programs offered by the City of London. *Property Owners* may also qualify for financial assistance under those programs specifically detailed within the program guidelines. However, the funding from these programs cannot be used to subsidize the *Property Owner's* required minimum equity contribution.

### **9. Monitoring & Discontinuation of Programs**

Staff will monitor the financial incentive program. In receiving and processing applications Staff will enter relevant information into a monitoring database. This information will be included in the reports prepared to determine if programs should continue, be modified, or cease to issue any new commitments. Each program is monitored to ensure it implements the goals and objectives of the CIP within which the program applies. The City may discontinue the program at any time; however, any existing funding will continue in accordance with the agreement. A program's success in implementing a CIP's goals will be based on the ongoing monitoring and measurement of a series of identified targets that represent indicators of the CIP's goals and objectives.

### **10. Loan**

The funding will be disbursed as a forgivable loan secured by way of a mortgage

(charge) registered on title at the Owner's expense. The loan will accrue interest at a rate of 8% per annum on the total amounts advanced under the Loan from the advance date of the loan. The interest so calculated shall compound annually, not in advance, until the interest adjustment date. Provided the Owner has complied with the terms and conditions of the Loan Agreement, the accrued interest shall be automatically forgiven on the Interest Adjustment Date (one year following first occupancy). Thereafter, interest shall continue to accrue on the total amount of the Loan at a rate of 8% per annum, compounded annually, not in advance. On each anniversary of the Interest Adjustment date, the amount of interest shall be automatically forgiven provided the Owner has complied with the terms and conditions of the Loan Agreement. Provided the Owner has complied with the terms and conditions of the Loan Agreement, the Loan shall be forgiven at the end of the affordability period of 25 years.

## **11. Security and Postponement**

The Loan will be secured through a mortgage conveyed to the City for the total loan amount, which shall be registered on the *Property's* title at the Owner's cost. The City will also register a certificate on title for the total loan amount and applicable interest rate. The City may postpone the mortgage (subordination of the mortgage to another encumbrance on the same property) to the Owner's primary mortgage financing in circumstances where the total value of all mortgages and encumbrances including the City's encumbrances does not exceed 90% of the appraised value of the *Property*.

## **12. Loan Agreement**

*Property Owners* shall be required to enter into a *Loan Agreement* with the City that will specify such items as (but not limited to) the funding amount, the duration of the funding and the owner's obligation to repay the City for any monies received if the property is demolished before the funding period elapses or the unit(s) no longer meeting the affordability requirements of the funding. *The Loan Agreement* shall include the terms and conditions included in the program guidelines.

## **13. Transferable Loans**

At the discretion of the City, loans may be transferred to a new *Property Owner* provided the new owner meets the eligibility criteria and agrees to the terms and conditions of the loan. The new owner may be required to enter into a new Loan Agreement with the City for the outstanding loan value at the time of purchase. Should a transfer occur without the City's consent, the City may declare the Owner in default and enforce the Loan Agreement against the new and any subsequent owners, including requiring the loan and accrued interest to be immediately due and payable.