# SUBJECT:
Main Street Housing Loan and Grant Program (PED06044)
(Wards 1, 2, 3, 4, 6, 7, 9, 11, 12, 13 & 15)

## RECOMMENDATION:

a) That the Program Description and Terms for the Main Street Housing Loan and Grant Program attached as Appendix 'A' to Report PED06044 be approved;

b) That the Main Street Housing Loan and Grant Program be funded from Account Number 102048;

c) That staff be authorized and directed to prepare and process the necessary amendments to the respective Community Improvement Plans and hold necessary Public Meetings under the Planning Act to fully implement the Main Street Housing Loan and Grant Program in the following Community Improvement Project Areas:

Ancaster Village Core  
Binbrook Village Core  
Barton Village Business Improvement Area  
Concession Street Business Improvement Area  
Downtown Dundas  
Main Street West Business Improvement Area  
Ottawa Street Business Improvement Area  
Downtown Stoney Creek  
Downtown Waterdown  
Westdale Village B.I.A.
EXECUTIVE SUMMARY:

Report PED06044 provides recommendations for the implementation of the Main Street Housing Loan and Grant Program, a program designed to stimulate residential development within Hamilton's Community Downtowns and Business Improvement Areas (B.I.A.s) with the exception of the Downtown Hamilton, International Village and King Street West B.I.A.s that presently benefit from the Hamilton Downtown Residential Loan Program.

BACKGROUND:

At its meeting held October 10, 2001, City Council approved amendments and funding transfers for existing loan and grant programs that are offered by the City of Hamilton through the Downtown Renewal Division. City Council also directed staff to continue to review municipally-funded loan and grant programs and report back.

In response to Council’s direction, staff of the Downtown Renewal Division, as part of their administration of the loan and grant programs, monitor same to identify potential improvements that would benefit both the City of Hamilton and properties. Consequently, staff have recommended a number of amendments to the programs over the last few years to Committee and Council who have approved same.

City loan and grant programs presently being implemented in the Downtown and B.I.A.s include:

- The Hamilton Downtown Residential Loan Program
- The Enterprise Zone
- The Commercial Property Improvement Grant Program

City Council is updated annually on the results of the above three (3) programs through the Downtown Renewal Division’s Annual Report. The programs have all proven successful tools towards the revitalization of the areas in which the programs are delivered.

Based on experience of the Hamilton Downtown Residential Loan Program that has triggered revitalization efforts in the Downtown through increased residential development, staff is recommending extending a similar program to the Community Downtowns and B.I.A.s that are not encompassed within the Downtown Community Improvement Project Area namely:

Ancaster Village Core
Binbrook Village Core
Barton Village BIA
Concession Street BIA
Downtown Dundas (including Downtown Dundas BIA)
Main Street West BIA
Ottawa Street BIA
Downtown Stoney Creek (including Downtown Stoney Creek BIA)
The establishment of the new Main Street Housing Loan and Grant Program is intended to stimulate residential development within Hamilton’s Community Downtowns and B.I.A.s by providing financial assistance for converting existing built space into residential units or renovations to bring existing residential units into compliance with the Property Standards By-law and Fire Code. The program will also provide financial assistance for the costs of creating new residential units on vacant land. This initiative is aligned with the Provincial Places to Grow initiative by encouraging residential intensification in existing urban areas of the City of Hamilton.

**ANALYSIS/RATIONALE:**

The intent of the Main Street Housing Loan and Grant Program is to increase and improve residential units within Hamilton’s Community Downtowns and B.I.A.s and complement the economic development initiatives of the B.I.A.s and Community Downtowns designed to stimulate investment and create a desirable destination for residents, businesses and visitors. It is also expected that this initiative will create affordable housing and add to Hamilton’s housing choices. It is also intended that such incentives will create stronger economic environments in the affected areas.

**ALTERNATIVES FOR CONSIDERATION:**

Non-acceptance of the recommendations contained within Report PED06044 would result in the inability of the municipality to make financial assistance available for the creation and improvement of residential units within the Main Streets of Hamilton’s Community Downtowns and B.I.A.s.

There are no alternative programs for consideration at this time.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financial:** Funding for the Main Street Housing Loan and Grant Program is contained in Account Number 102048 in the amount of $2.3M. The proposed funding for 2006 is $500,000 and forms part of the Downtown Renewal Division’s Capital Budget submission.

Two financial options were considered to implement the Main Street Housing Loan and Grant Program.

**Option 1** – Loan the $2.3 million from the Capital account directly to projects. This option is sustainable depending on the up-take of the Grant portion of the program.
Option 2 – Use the Capital account funding to pay the interest costs on a line of credit. This would result in the ability to offer loans in excess of $2.3 million. For example, $100,000 per year from the Capital account would pay the interest costs on $2 million worth of loans.

Recommendation – Staff recommends option 1 for the first year of program delivery. After a year’s time, staff will evaluate the delivery of the program (up-take etc.) and provide appropriate recommendations.

Staffing: Administration of the Main Street Housing Loan and Grant Program can be accommodated within the Planning and Economic Development Department and the Corporate Services Department.

Legal: Subsection 28 (7) of The Planning Act permits a municipality, in accordance with a Community Improvement Plan, to make loans and grants which would otherwise be prohibited under Subsection 106 (2) of The Municipal Act, to the registered owners or assessed owners of lands and buildings within the designated Community Improvement Project Areas.

The Downtown Renewal Division, in consultation with the City Solicitor, will prepare and process the necessary amendments to the respective Community Improvement Plans and hold necessary Public Meetings under the Planning Act to implement the Main Street Housing Loan and Grant Program.

POLICIES AFFECTING PROPOSAL:

Provincial Policy Statement

The Provincial Policy Statement sets the vision for Ontario’s land use planning system. It states that the long-term prosperity and social well-being of Ontarians depend on maintaining strong communities, a clean and healthy environment and a strong economy. Efficient development patterns optimize the use of land, resources and public investment in infrastructure and public service facilities. It is these land use patterns that promote a mix of housing, employment, parks and open spaces, and transportation choices that facilitate pedestrian mobility and other modes of travel. They also support the financial well-being of not only the Province but that of municipalities over the long term, and minimize the undesirable effects of development, including effects on air, water and other resources. The intent of the Main Street Housing Program is to provide a financial incentive for private land-owners to increase and improve residential units within Hamilton’s Community Downtowns and B.I.A.s. The provision of such a program leads to efficient use of land within the urban area of the City therefore, keeping in line with the Provincial government’s policy direction.
Regional and Local Official Plans

Staff reviewed the Regional and Local Official Plans and determined that the Official Plans encourage mixed-use development in the areas to which the Main Street Housing Program will apply. Therefore the program is consistent with the policy direction of the former Town of Ancaster, City of Hamilton, Town of Dundas, City of Stoney Creek, Town of Glanbrook, Town of Flamborough and Region of Hamilton-Wentworth Official Plans.

RELEVANT CONSULTATION:

The Corporate Services Department (Finance) and Legal Services & Corporate Counsel were consulted with respect to the administration of the program; the financing required for implementing the program; and the legal implications.

The Hamilton Association of Business Improvement Areas (H.A.B.I.A.) endorsed the Program’s Description and Terms at its meeting held January 10, 2006.

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes □ No
Partnerships are promoted.

Environmental Well-Being is enhanced. ☑ Yes □ No
The initiatives help to improve the quality of life of the residents.

Economic Well-Being is enhanced. ☑ Yes □ No
Investment in Hamilton is enhanced and supported.

Does the option you are recommending create value across all three bottom lines? ☑ Yes □ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes □ No

Through this staff initiative, Hamilton continues to lead initiatives related to renewal. Such initiatives are professionally stimulating and result in Hamilton being a choice for employment to those interested in bettering community life.

GM:HM:JEG
Attach. (1)
MAIN STREET HOUSING LOAN AND GRANT PROGRAM

PROGRAM DESCRIPTION

The Main Street Housing Program is designed to stimulate residential development within Hamilton’s Downtowns and Business Improvement Areas. However, the three Downtown Hamilton BIAs, namely, International Village, Downtown Hamilton and King Street West, are not eligible due to the availability of the Hamilton Downtown Residential Loan Program in their BIAs.

The program is intended to provide financial assistance for converting existing built commercial space into apartments or renovations to bring existing apartments into compliance with the Property Standards By-law and Fire Code. The program is also intended to provide assistance for the costs of creating new residential units on vacant land within the community downtowns and eligible Business Improvement Areas.

Acting as a lender, the City provides financial support for the program and ensures that development arising from the program within the City’s community downtowns and Business Improvement Areas is consistent with the principles and design themes contained within the Community Official Plans and provisions of relevant Community Improvement Plans and Urban Design Plans.

The program has a grant portion of $5,000 per application. The grant portion is allocated to professional fees only upon paid receipts. Professional fees will encompass: architects; lawyers; engineers; surveyors etc.

PROGRAM TERMS

The Main Street Housing program is available to property owners within City of Hamilton Business Improvement Areas and within community downtowns outside the central Hamilton Downtown Core during a semi-annual advertised application period.

1. Maximum loan amount of $100,000 per municipal address.
2. The loan maximum is $10,000 per dwelling unit.
3. The Loan interest rate will be at 0% interest.
4. The Loan will be registered as a second mortgage upon first advance of funds.

5. The maximum Loan term is five years (subject to prior termination on default).

6. 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 completion of construction. The balance outstanding will be paid by a balloon payment at the end of the five year term.

7. The maximum loan amount is calculated on the basis of $10,000 per unit. The City reserves the right to decide what is considered a unit under the terms of the program.

8. The City may request such security as may be required to secure a commercial loan, including the following: loan agreement; and/or promissory note; and/or personal property security; and/or personal guarantee’s; and/or lien on the property to be improved; and/or 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.

9. Upon proof satisfactory to the City that the proposed development is 60% complete 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.

10. Owner 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 25% equity in the project shall be maintained throughout the term of the City loan. An accredited member of the Appraisal Institute shall complete the property appraisal prior to funding within a time frame acceptable to the City.

11. An administration fee of $250 per unit is charged to the borrower and is eligible to be paid out of the loan proceeds which will also be considered in the grant portion of professional expenses.

12. Realty taxes must be paid current and in good standing throughout the development process, and during the term of the City loan.

13. Advances are made by the City, upon proof by a quantity surveyor or architect/engineer confirming the value of the work completed.

14. All costs associated with the conversion or renovations are to be borne by the applicant including construction, design, administration fee, 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.

15. Upon sale of the property the loan is due and payable upon closing. Upon refinancing of the first mortgage the loan is due in full or part if take out financing or refinancing takes place in an amount higher than the existing first mortgage.

16. Upon sale of individual condominium units, the City will be repaid $12,500 per unit, until the loan is paid in full.

17. 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.

18. 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.

19. The City of Hamilton will require specific insurance terms to be met to protect the City’s interest.

20. Deadlines for the submission and approval of building permits and construction start dates are established following a report to Council for approved applications.

21. The City will periodically review the terms and the duration of the program and make appropriate revisions as per the direction of City Council.