To: Chair and Members  
Economic Development and Planning Committee  
PED08093

From: Tim McCabe  
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Date: March 26, 2008

Re: Hamilton Downtown Residential Loan Program – 47 Caroline Street North – Loan Repayment – RL03/04 (PED08093) (Ward 2)

City Council at its meeting held June 11, 2003 approved a loan commitment under the Hamilton Downtown Residential Loan Program (HDRLP) for 47 Caroline Street North in the amount of $940,000 for the development of a fifty-one (51) condominium unit building on a former vacant property. City Council subsequently increased the loan commitment to a total of $1,019,240 at its meeting held September 13, 2006.

The project is 100% complete and a total of $1,019,240 has been advanced under the terms of the Program. As per the terms of the Program, when each condominium unit is sold, payment is due based on $25 per square foot. To date twenty-six (26) units have been sold and the City has been paid back $500,588 therefore the outstanding balance is $518,652.

The terms of the HDRLP dictate that the minimum equity requirement of the owner in the property is 25%. In March 2008 the owner approached the Downtown and Community Renewal Division advising that they were placing a first mortgage on title in the total amount of $868,690 and requested approval of the refinancing as per the terms of the Program. The City’s loan is placed as a second mortgage on the property. The refinancing for 47 Caroline Street North was approved by the General Manager of the Planning and Economic Development Department in March 2008 as per the delegated authority approved by City Council at its meeting held March 1, 2006. The approval was based on the fact that the terms and conditions of the HDRLP continue to be maintained as the owner has over 75% equity in the property taking into account the amount of the first mortgage, the City’s total second mortgage and, the value of the completed condominium units that have not be sold to date.

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