

## AFFORDABLE RESIDENTIAL FORGIVABLE LOAN PROGRAM GUIDE

### 1) Program Description

Eligible properties may receive a one-time forgivable loan to offset costs incurred to construct affordable rental dwelling units (permitted by the City's Zoning provisions) within the CIP Area. Affordable Additional Dwelling Units are one of the types of dwellings eligible for this program. The forgivable loan may cover up to 70% of eligible project costs incurred up to a maximum:

- a) loan of \$20,000 per affordable dwelling unit;
- b) of two (2) affordable dwelling units per property; and,
- c) total loan of \$35,000.00 per property.

### 2) Who can apply?

Private property owners and non-profit housing providers interested in developing affordable housing within the CIP Project Area (Urban Area Boundary identified in the City of Welland Official Plan) which are eligible for program incentives under the CIP. Visit [Affordable Rental Housing Community Improvement Plan](#) for more eligibility requirements. The City retains the right and absolute discretion to reject an application received from a person or corporation which in the opinion of the City or its professional advisers, does not possess the experience, financial, technical, personnel or other resources that may be required to carry out the obligations that the applicant proposes to assume under the terms of its application and loan agreement.

### 3) How does the program work?

A forgivable loan acts the same as an upfront one-time grant. The applicant will apply with their eligible costs and receive their eligible amount, as defined below. The applicant is required to enter into an agreement with the City at the time of approval which will include program criteria which must be satisfied. No interest or repayment of the loan is required for the duration of the agreement. Upon successful satisfactory completion of the program criteria, the loan shall be

forgiven. Loan provided cannot exceed eligible costs. If at any time the applicant is found to be in breach of the agreement or fails to meet the program criteria, the applicant is required to repay the loan back to the City. The Loan Term is 10 years, 10% of the Loan will be forgiven for each term year.

#### **4) What types of work are eligible for a loan?**

Eligible projects must:

- create new affordable rental housing units as permitted by the City's Zoning By-law.

The loan provided cannot exceed eligible costs, which may include:

- Building materials and labour required to construct the unit(s);
- New or upgraded HVAC systems;
- Plumbing where required under the Building; and,
- Upgrades to provide accessibility features.

#### **5) What conditions must be met to be eligible for a loan?**

In addition to the General Program Requirements, the following program specific requirements must also be met:

- Applicant is required to enter into an agreement with the City.
- The applicant/property owner will provide a statement to the City of Welland annually confirming the affordable dwelling units remain affordable for the term of the agreement as well as a statement or other evidence as identified to show that the units are in good repair;
- The City may also require an annual audit from a certified third party at the expense of the applicant confirming the affordable dwelling units were rented to a tenant and at an affordable rate for the term of the agreement;
- Individual condominium units are not eligible for the ARFL program;
- The City may require the applicant to submit for approval impact studies such as traffic studies and studies of microclimatic conditions (sun, shadow, wind); and,

- The applicant will be required to submit at least two (2) cost estimates from bona fide licensed contractors, including a detailed breakdown of costs;

**6) Is there a fee to apply?**

No.

**7) When will the funds be advanced?**

The funds will be advanced in full when:

- A final inspection has been made, and occupancy permit has been issued by the municipality for the affordable rental unit;
- A Loan Agreement has been signed and executed;
- Picture documentation of the affordable rental unit taken at the time of completion has been provided to and reviewed by the City of Welland;
- Proof through a lease or other documentation as required by the City that the dwelling unit is occupied by an arm's length tenant at an affordable rent;
- Itemized list detailing all project costs incurred by the property owner with supporting materials including but not limited to invoices, contracts, receipts, and purchase orders are provided to and reviewed by the City of Welland; and,
- Confirmation the property has no outstanding work orders, taxes arrears, local improvement charges, or any other charges of the City or other agencies.

**8) What are the default provisions?**

The default provisions are contained in the Loan Agreement. Forgiveness of the loan may be cancelled if:

- the applicant declares bankruptcy;
- property taxes on the property are more than three (3) months in arrears;
- the applicant uses the loan for works that are not eligible for this program;
- the applicant fails to maintain the development as required in the Loan Agreement; and,

- the applicant is in default of any of the provisions of the Loan Agreement.
- the dwelling units are not occupied by an arm's length tenant at an affordable rent.

### **9) How do I apply for a loan?**

- a. Arrange a pre-application meeting with staff to determine program eligibility, proposed scope of work, project timing, etc....
- b. If authorized to apply for a loan, complete and submit the application form. Ensure that all required signatures have been provided and that the application is accompanied by all required documentation as shown in the required documents checklist.

### **10) What happens next?**

- Applications and supporting documentation are reviewed by staff to ensure that they meet all the eligibility requirements. If your application does not meet the eligibility requirements, you will be notified of this in writing.
- Staff may request clarification or additional supporting documentation.
- Staff may require the applicant to present their project to the City's Affordable Rental Housing Committee.
- Once you have submitted a complete application, you will be notified of this in writing.
- A recommendation on the loan application will be made by staff and forwarded to Council or Council's designate.
- You will be notified in writing of the decision made by Council or Council's designate on your application.
- If Council or Council's designate approves of your application, you will be sent a Loan Agreement for your signature, and then the Loan Agreement will be executed by the City. A copy of the executed agreement(s) is then returned to you for your records.
- Construction of the approved works may now commence, subject to issuance of a building permit(s).
- Contact City staff toward the completion of the works.
- Submit to the City copies of paid invoices.

- Upon review and approval of all submitted documentation, the City will issue a loan cheque to the applicant for the full amount of the approved funding.
- The applicant will be asked to complete a loan receipt form and return this to the City.
- The City reserves the right to audit the cost of the works prior to advancing the loan payment.

**For further information on this program, please contact Nicolas Aiello, Planning Supervisor - Policy at (905) 735-1700, Extension 2132 or via e-mail at [nicolas.aiello@welland.ca](mailto:nicolas.aiello@welland.ca)**