



Hamilton

Planning and Economic Development Department
Economic Development Division
Real Estate Section

Conditional Sale Offering

Residential Development - 60 Caledon Avenue, Hamilton

Project Objective

A Land transaction for residential development at 60 Caledon Avenue, Hamilton (the “Subject Site”) that:

- Supports the creation of family oriented affordable rental housing;
- Fosters holistic community development;
- Showcases excellence in urban design and high performance building construction;
- Integrates the new development with the existing neighbourhood.

Offering Parameters & Mandated Conditions

1. Financial Requirement

Offer submissions are requested to include a land value offer of Nine Million (\$9,000,000.00) Dollars, or greater, and the Land is sold at the offer value. However, only Five Million \$5,000,000.00 Dollars cash proceeds are paid upon close of the transaction and the City will hold a vendor-take-back (“VTB”) mortgage for the remainder at a Prime + 2% interest rate, with interest accruing, but not payable. The VTB mortgage is dischargeable on sale lots as set out below. The VTB mortgage principal will remain on the affordable lots to secure the obligations of the Purchaser to deliver affordable housing over the affordable term.

City will not accept alternate offers that consider a lower cash payment structure.



2. Affordable Housing Supply and other Minimum Requirement Conditions

- a) Any offer is conditional on the development of affordable housing in accordance with the following Affordable Housing Supply Schedule (the “AHSS”):

Tier	Unit Type, Tenure	Mandated Rental Rate
1. First 10 Affordable Units	3-bedroom, rental	Max 80% AMR
2. Next 20 Affordable Units	3-bedroom, rental	Max 125% AMR
3. All Affordable Units Thereafter	Any bedroom configuration, rental	Max 150% AMR

- b) Residential units within the development that meet the AHSS parameters shall be considered “affordable units” by the City. The City will not accept offers that propose alternate definitions and must adhere to the following tiered sequence.

The first tier of units in the AHSS is a mandatory minimum and cannot be contingent on qualifying for any government-sourced capital loans or grants.

- c) In all cases, at least 10% of all units within the entire project must be allocated as affordable housing in accordance with the AHSS.
- d) All offers must designate a team member as an “operator”, as per the *Housing Services Act*, that has experience delivering, administering, and operating affordable housing in Canada.
- e) Tenants must be drawn exclusively from the City’s centralized wait-list.
- f) All affordable units must be committed to the above Schedule and for a term of 20 years.
- g) Average Market Rent (AMR) shall be as defined in the most recent CMHC Rental Market Survey of any given year and/or as reported in its online Housing Market Information Portal, whichever is more current.
- h) Rents may only be increased annually by the Provincial Rent Increase Guideline amount, regardless of unit turnover.



3. Site Conditions

The lands are being sold “as is”. The purchaser shall be responsible for managing and funding the entire capital cost of all site condition requirements, including, but not limited to, any environmental issues, demolition of existing buildings, necessary on-site and off-site servicing, grading, geotechnical, etc.

The City of Hamilton commissioned a Designated Substance Survey, and Phase I and Phase II Environmental Site Assessments in Late 2017 and Early 2018. A copy of these reports are available upon request.

4. Regulatory Requirements

This land offering is being made available by the City as the Owner/Vendor of the lands. Any resultant contract shall not fetter the City’s rights to regulate the use or improvement of the lands.

In proceeding with development, the purchaser shall be responsible for meeting all applicable regulatory requirements imposed by any level of government or conservation authority. The purchaser is responsible for site plan application and approval processes for any regulatory policy amendments required to implement its redevelopment plan.

As related to this offering, assume that the City shall not make any concessions to exempt the subject lands or development project from typical application fees, development charges, permitting requirements or taxation. Furthermore, as a former school, this property is not eligible for demolition development charge credits. The purchaser shall have the right to inquire about any exemptions at the time of formal pre-consultation, following the close of the subject transaction.

The site may be considered for any incentive programs that are available through an established policy or program provided all standard eligibility requirements are met. Notwithstanding, only incentive programs, and their associated terms and conditions, in

existence at the time of submitting development applications shall apply – the City cannot guarantee that any such programs in existence today shall be applicable to the Subject Site.

5. Parkland Dedication

This neighbourhood has been deemed by the City as being adequately serviced by existing public parks. As such, dedications of parkland will not be accepted, and instead cash-in-lieu of parkland dedication will apply in full to all units, per the City's applicable by-laws at the time of building permit issuance. Any open space contemplated at the site shall be built, owned and maintained in perpetuity by the purchaser or an assignee.

6. Additional Capital Funding

The City is willing to be named as a “co-investor” for any applications being made for upper-tier government capital funding or financing to build the affordable housing units. However, only the difference between the Five Million (\$5,000,000.00) fixed payment and the offer sale price, may be counted as co-investment capital contributions if/when applying for upper-tier government loans or grants.

It is the responsibility of the purchaser to make appropriate accounting and legal arrangements to satisfy the funding agency's application submission and due diligence requirements.

7. Obligation to Deliver

The VTB mortgage shall be used to enforce contractual arrangements between the City and purchaser. The VTB mortgage shall be charged against the land and may be discharged against no more than 70% of sale lots at the time such lots are sold. The VTB mortgage on the remaining 30% of sale lots will only be discharged at the time that a building permit for the affordable rental units has been issued by the City (“Milestone Achievement”). The VTB mortgage will remain on the affordable lands to secure the delivery of affordable housing throughout the 20-year affordable term.



The VTB mortgage principle shall encumber the Subject Site equally across the site based on a proportion of gross land area, irrespective of subdivision plans.

The entire development must be completed by no later than 5 years following the close of the land transaction unless it can be reasonably demonstrated that completion is imminent or that the delay is a result of extraordinary circumstances. Delays related to obtaining entitlements that disproportionately benefit market sale units shall not be considered a reasonable delay. Failure to deliver within this timeframe will constitute default under the terms of the VTB mortgage.

8. Reporting and Consent Requirements

Every six (6) months, the purchaser shall provide the City's Housing Services Division with a written project progress update that includes projected milestones for land development, financing, construction, and operations management activities, with particular emphasis on specific steps that require City participation as either a named co-investor or operating partner.

The first update report shall be submitted within two (2) months of transaction close, or not less than one (1) month prior to making an application submission, whichever is earlier.

Post- construction, the purchaser shall be required to submit rent reports annually as part of the auditing process to ensure the continuity of affordability, in accordance with a Contribution Agreement to be executed and attached as a schedule to the VTB mortgage.

Offer Submission Objectives and Requirements

The City wishes to encourage offers that showcase excellence in urban design, high performance building construction and connectivity with the community, particularly with the provision of amenity spaces.

1. Offers may be accepted up to 3pm on Friday, February 14, 2020 and must include:
 - A. Land value offer;



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- B. Detailed development presentation/descriptions (the “Proposed Development Plan”), that is compatible with the surrounding neighbourhood including:
 - i. Concept sketches/ development layout;
 - ii. Number of base affordable units committed (ie. not contingent on government capital funding);
 - iii. Number of incremental affordable units contingent on government capital funding;
 - iv. Approximate land allocation for affordable units including area of units committed and area of units requiring government capital funding;
 - v. Information on any intended features or use of techniques and technologies that promote environmental sustainability.
 - C. Signed Memorandum of Understanding;
 - D. Certified Cheque or Bank Draft in the amount of \$100,000.00 payable to: City of Hamilton;
2. City reserves the right to choose any offer, or reject all offers and issue a new call for offers.
 3. City will prioritize offers on the basis of committed affordable units.
 4. City anticipates conducting interviews with shortlisted potential purchasers during the week of February 24-28, 2020, to discuss their offers and topics that may include, but not be exclusive to, delivery of affordability objectives, proposed design, the partners’ commercial relationship, phasing, financing plans, sustainability measures, accessibility targets, and affordable housing management experience.
 5. The selected purchaser will enter into an Offer to Purchase Agreement with the City, conditional upon City Council approval, and providing the purchaser a due diligence period of not more than 3 months. An additional Four Hundred Thousand Dollar (\$400,000.00) deposit will be due upon the potential purchaser signing of the Offer to Purchase Agreement. The anticipated Council date to be scheduled is April 15, 2020.



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6. Should the due diligence period result in the purchaser withdrawing or wishing to materially modify its offer, the City reserves its rights to terminate the conditional Offer to Purchase, negotiate a revised offer, consider any other offers, cancel the offering indefinitely and/or re-issue the same or a new Conditional Sale Offering.

7. Closing shall occur within 30 days of due diligence condition waiver, at which time the Five Million (\$5,000,000.00) dollar sale proceeds will be transferred to the City; the subject lands will be conveyed to the Purchaser, and, the VTB mortgage will be registered against the subject lands.