

## HOUSING PROVIDERS

### ELIGIBLE APPLICANTS

Ontario housing providers may apply for an Infrastructure Ontario Loan for capital expenditures as set out in Section 8 of Ontario Regulation 220/08. Corporations incorporated as local housing corporations pursuant to Part III of the Social Housing Reform Act, 2000, non-profit housing providers and co-operative housing providers that provide or will provide housing under a federally, provincially or municipally funded housing program in Ontario are specified as public bodies for the purposes of paragraph 1 of section 3 of the Act.

These include:

- Local Housing Corporations<sup>1</sup>
- Municipal Non-Profit Housing Providers
- Private Non-Profit Housing Providers
- Co-operative Housing Providers
- Non-Profit Supportive housing providers or agencies that provide housing for persons with special needs<sup>2</sup> to live independently in the community.

Co-operative housing providers with projects under programs managed and administered by the Canada Mortgage and Housing Corporation that are specified below are NOT eligible to apply for an Infrastructure Ontario Loan:

- The 1973-1978 Co-operative Housing “Low Charge” Program delivered under section 61 of the National Housing Act (Canada)
- The 1979-1985 Co-operative Housing “2% Mortgage” Program delivered under section 95 of the National Housing Act (Canada)
- The Post 1985 Federal Co-operative Housing Index Linked Mortgage (ILM) Program delivered under section 95 of the National Housing Act (Canada)

Federal, provincial or municipal funding includes but is not limited to:

- Federal and/or provincial funding provided to social housing providers under the SHRA and/or the SHA
- Funding provided pursuant to the federal/provincial AHP/AHI program
- A recognized government program which provides funding to a social, affordable or supportive housing provider

### ELIGIBLE PROJECTS

Infrastructure Ontario’s Loan Program provides affordable long-term financing for all capital expenditures relating to the renovation, construction or acquisition of housing units.

1. Depending on how a Local Housing Corporation (LHC) is structured, the borrower could be the municipality, service manager or the LHC itself.

2. Special needs includes those individuals with developmental disabilities, victims of family violence, the physically disabled, frail/elderly, and those with acquired brain injuries, HIV/AIDS, mental health, and addiction needs.

### ONLINE APPLICATION PROCESS

- Register for a username and password by contacting an Infrastructure Ontario Loan Officer at 1-800-230-0937.
- The following documents will need to be provided to Infrastructure Ontario to obtain a username and password:
  - Articles of Incorporation/Letters Patent showing that the corporation is incorporated as a local housing corporation pursuant to Part III of the Social Housing Reform Act, 2000 or a Non-Profit Housing Provider and/or Co-operative Housing Providers that provides or will provide housing under a federally, provincially or municipally funded housing program in Ontario
  - If applicable, documentation from the Service Manager that they support the project and the required Ministerial consent has been given by MMAH
  - Copies of all documents/agreements confirming that a government ministry, agency and/or municipality is providing or will provide funding under a housing program in Ontario to the potential borrower.
  - Description of the intended use of the Infrastructure Ontario financing which must be for infrastructure purposes, if available
- A user name and password will be e-mailed after Infrastructure Ontario has verified the registration information. All applicable forms and templates are available within the Web Loans application.
- Complete an online application form
- Submit application

### TERMS AND RATES

Clients may select repayment terms of 5 to 25 years subject to the following guidelines:

- Term of the loan (repayment period) cannot exceed the life of the asset or capital project,
- The term of the loan (repayment period) should not exceed the term of the Federal Operating Agreement, or
- The term of the loan (repayment period) should not exceed the term stipulated in the Social Housing Reform Act, 2000.

Alternative, or longer, repayment terms may be considered on a case-by-case basis.

The loan interest rate varies with the term of the loan (i.e. a 10 year loan term would have a different rate than a 25 year loan) and with loan type (serial versus a mortgaging loan).

Borrowers can access our lending rates by contacting their Relationship Manager who will provide an indicative rate, as well as answer any financing questions. Loan applications are subject to pricing based on the borrower's market sector.

On a case-by-case basis, Infrastructure Ontario may consider offering borrowers long-term fixed rate financing with terms shorter than the loan amortization period. This is offered solely at Infrastructure Ontario's discretion.

Infrastructure Ontario reserves the right to withdraw applications if they become inactive for more than one year after the date of submission.

## Loan Program Guidelines

### LEGAL AND CREDIT REVIEW

Once the application is complete and has been submitted, Infrastructure Ontario will undertake a legal and credit review. Infrastructure Ontario relies on data obtained from financial statements and other materials provided as part of the application process to complete the reviews.

A legal review is conducted to ensure that the borrower has the requisite authority to borrow from Infrastructure Ontario. Any pending, existing or threatening litigation that may impair the borrower's ability to meet its debt obligations is also reviewed.

A credit review assesses each borrower's ability to repay the loan from available and/or projected sources of cash flow. A project management review, as part of the credit review, will assess the adequacy of the project budget and contingencies, competency of the project manager and the applicant's ability to complete the project on budget. Where applicable, CMHC Insurance may be required as a condition of loan application approval.

A credit review assesses each borrower's ability to repay the loan. More specifically, the Borrower will need to provide a business case which addresses risks under the following headings:

- Project construction
- Past and future financial performance
- Management and governance
- Sustainability of the business model
- Legal structure and security
- Other encumbrances and environmental risks

Once the reviews are complete and approved, applicants will be notified.

### FINANCING AGREEMENT

After the Legal and Credit review have been completed, a Financing Agreement will be drafted by Infrastructure Ontario for review and execution by both parties.

After the Financing Agreement has been executed and expenditures have been incurred, a short-term advance may be requested. Or, if the project is substantially complete, clients may wish to begin the long-term financing process. Amounts taken as short-term advances are typically converted to a long-term promissory note upon completion of the project.

### TYPES OF FINANCING

#### *Long-Term Financing*

The client shall issue a long-term promissory note to Infrastructure Ontario for up to the approved amount of the loan as per the Financing Agreement on an agreed upon date. The promissory note specifies when principal and interest payments are due. The interest rate is fixed for the committed term of the loan. Long-term financing conversions will close on the 1st and 15th of every month.

Infrastructure Ontario offers both a mortgaging and serial long-term financing options to clients. With a mortgaging promissory notes, borrowers pay equal amounts of blended principal and interest on each payment date. Alternately, with serial promissory notes, borrowers pay equal amounts of principal on each payment date and interest is calculated on the declining balance.

## Loan Program Guidelines

### *Short-Term or Construction Financing*

Short-term (construction) financing is available to clients during the construction period of an approved project based on incurred costs. Interest is calculated and payable monthly on the 1<sup>st</sup> day of each month based on the applicable short-term rates. Short-term advances are processed on the 1<sup>st</sup> and 15<sup>th</sup> of every month and Infrastructure Ontario requires five business days' notice to process a payment.

**Note:** Proceeds of the loan are advanced after a Financing Agreement has been executed and expenditures have been incurred.

### **DEFAULT**

In the event that a borrower misses a scheduled payment, penalty interest will be charged on the amount outstanding. Infrastructure Ontario has the right, at its discretion, to terminate the Financing Agreement if a borrower remains in default of its obligations.

In addition, in the event of a default Infrastructure Ontario is authorized to request the Minister of Finance to intercept, on Infrastructure Ontario's behalf, certain amounts payable to the borrower by the Province.

### **PROJECT MANAGEMENT REPORTING REQUIREMENTS**

To help ensure the effective and efficient delivery of projects financed (in whole or in part) with funds from the Loan Program, Infrastructure Ontario has established reporting requirements for capital construction projects only. Loan clients are responsible for submitting project reports according to the Estimated Project Start Date as indicated in their online application and Financing Agreement.

More detailed Project Management Reporting Requirements may be found within the online application.

### **CONTACT INFORMATION**

If you have any questions regarding Infrastructure Ontario's Loan Program or would like clarification on guidelines or eligibility, please visit us online, or contact an Infrastructure Ontario representative any time.

Toll-free Telephone: 1-800-230-0937

Email: [loans@infrastructureontario.ca](mailto:loans@infrastructureontario.ca)