



**City of Kingston  
Report to Council  
Report Number 25-092**

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**To:** Mayor and Members of Council  
**From:** Lanie Hurdle, Chief Administrative Officer  
**Resource Staff:** Jennifer Campbell, Commissioner, Community Services  
**Date of Meeting:** March 4, 2025  
**Subject:** Limestone City Co-Operative Housing Inc. – One Year Review

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**Council Strategic Plan Alignment:**

Theme: 1. Support Housing Affordability

Goal: 1.3 Increase supply of new-build not-for-profit and co-op housing and ensure sustainability and quality of existing stock.

Theme: 4. Foster a Caring and Inclusive Community

Goal: 4.2 Help address food insecurity and sustainability.

**Executive Summary:**

This report provides Council with a one-year update on the Limestone City Co-Operative Housing Inc. (LCCH) as well as options for next steps.

In February 2024, City Council committed the City-owned property located at 900 Division Street for a one-year period to allow the LCCH to develop architectural designs as well as a financing plan for a future residential development. Architectural designs were submitted and presented to City Council in 2024. A draft budget and a financial request were also presented to Council within the same report. Council did not support this financial request and is still seeking a proposed financing plan from LCCH.

This report provides Council with a budget and financing options received on February 21, 2025, which includes detailed breakdowns attached as exhibits to this report.

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As the one-year commitment has expired, staff are also providing Council with an option to sell the property to the open market and reinvest the revenues in affordable housing projects located in other areas of the city.

**Recommendation:**

**Option 1:**

**That** Council direct staff to advance work on the divestment of the City-owned property at 900 Division Street to Limestone City Co-operative Housing Inc. utilizing one or a combination of the following options while protecting the City of Kingston's interest:

1. Lease
2. Sale at a nominal rate (re: \$1)
3. Sale at a negotiated price with a City of Kingston backed vender take-back mortgage
4. Sale at a market rate; and

**That** Council direct staff to report back with information on the proposed transfer/conveyance mechanism.

**Option 2:**

**That** Council direct staff to declare 900 Division Street surplus and advertise on the open market with the intent of reallocating revenues to an affordable housing project located in another area of the city; and

**That** Council direct staff to report back with information once the property at 900 Division Street has been sold and which affordable housing project(s) are to be supported with this additional funding.

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**Authorizing Signatures:**

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

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**Lanie Hurdle, Chief  
Administrative Officer**

**Consultation with the following Members of the Corporate Management Team:**

Paige Agnew, Commissioner, Growth & Development Services

Jennifer Campbell, Commissioner, Community Services

Neil Carbone, Commissioner, Corporate & Emergency Services Not required

David Fell, President & CEO, Utilities Kingston Not required

Ian Semple, Acting Commissioner, Transportation & Infrastructure Services Not required

Desirée Kennedy, Chief Financial Officer & City Treasurer Not required

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**Options/Discussion:****Background**

On March 21, 2023, Council endorsed the following motion:

**Whereas** the City of Kingston has acknowledged that there is an affordable housing shortage; and

**Whereas** a growing Kingston needs to increase its housing supply on all levels; and

**Whereas** at this moment federal and provincial funds are abundant for non-profit housing starts; and

**Whereas** a City and community non-profit partnerships better facilitate access to federal and provincial funds; and

**Whereas** housing co-ops meet these requirements and provide many additional benefits to the community; and

**Whereas** Limestone City Co-operative Housing is an organization with the goal of providing housing to members on a co-operative basis.

**Therefore, Be It Resolved That** Council approves the appointment of a member of Council to the board of directors of Limestone City Co-operative Housing Inc. effective upon its incorporation and further approves the inclusion of such an office in the by-laws of Limestone City Co-operative Housing Inc.; and

**That** Council further approves, upon such incorporation of Limestone City Cooperative Housing Inc., the appointment of Councillor Jeff McLaren for the term of Council as the initial appointee to serve as municipal representative on its board of directors.

**Limestone City Co-operative Housing Mandate and Board**

The Limestone City Co-operative Housing Inc. (LCCH) is a local co-operative housing organization that obtained its certificate of incorporation in May 2023, shortly after the Councillor's appointment. The organization's goal is to offer housing for its co-operative members through a mixed-income housing project. This is the organization's first housing development project. LCCH does not currently own or operate any other housing projects.

In 2025, LCCH Board of Directors endorsed the following vision and mission statement respectively:

- Building secure, green, inclusive, co-operative housing communities sustainably nourished by urban farming

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- LCCH builds and operates cooperative housing that is affordable/attainable and environmentally sustainable. Our unique buildings address food and housing insecurity, by integrating ecofriendly vertical farming and low-emission, green designs in community based models of living.

It is important to note that the membership of the LCCH Board of Directors has significantly changed since its incorporation in May 2023. In 2023 there were five founding members of the Board. At present, the Councillor is the longest serving member as the four other founding members resigned by the end of 2023. Five of the current Board members, now numbering eight, have been appointed for less than one year. As a new organization, LCCH has experienced a very high turnover with a completely new Board, except for the appointed Councillor, within less than two years. Furthermore, several new advisors and consultants were introduced to this project over the last couple of months. Staff are raising this as stability, consistency and shared responsibilities are all important aspects to maintain a healthy organization that can support significant project developments.

### **LCCH Housing Development Project**

Shortly after its incorporation, LCCH board members initiated discussions with City staff to identify potential City-owned properties that could be made available for a residential development led by LCCH. Two City-owned properties, 900 Division St. and 367 Gore Rd., were identified as City-owned properties that could potentially be available for residential development.

On June 20, 2023, through [Report Number 23-174](#), City Council endorsed a contribution of up to \$50,000 to support LCCH with the retention of consulting expertise to develop a concept and budget for a future residential development. This report also identified property options which were to be part of the consultant's review.

LCCH retained a consultant/architect to support the development of its future project and on February 6, 2024, through [Report Number 24-074](#), City Council committed the City-owned property located at 900 Division Street for a one-year period to allow the Limestone City Co-operative Housing Inc. to have a dedicated property to develop architectural designs as well as a financing plan for a residential development.

On September 17, 2024, through [Report Number 24-232](#), City Council received LCCH's consultant's concept for a 14-storey cooperative housing and indoor farm/vertical farming development with 248 proposed residential units. Preliminary information at that time, indicated that the overall project cost could range between \$170M - \$180M. There was still significant work to be done on the concept and business/financing plans, and Council considered an option to provide LCCH with a \$2,290,000 as a forgivable line of credit for three years to advance the project to a Class B estimate and retain philanthropic services. This motion lost and Council subsequently approved an alternate option, through an additional motion on September 17, 2024:

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**That** Council decline the request for \$2,290,000 from the Limestone City Co-Operative Housing Inc.; and

**That** Council continue to commit the City-owned property at 900 Division Street until February 2025, as previously approved, allowing the Limestone City Co-Operative Housing Inc. opportunity to secure its financing to advance design and studies to a Class B estimate; and

**That** staff report back on the status of the Limestone City Co-Operative Housing Inc. project in February 2025.

On February 21<sup>st</sup>, staff received an updated proposal and ask from LCCH. The new proposal has a budget estimated at approximately \$136M. The detailed estimated budget includes soft and hard costs and is attached in Exhibit B to this report. LCCH has also provided proposed financing options incorporated in the same Exhibit.

### **Steps of Proposed LCCH Financing Plan**

The following section describes the financing options as staff understand them based on meetings over the last 3 weeks and documentation received on February 21, 2025. City staff have stressed the need to have options to limit or remove financial risks for the City. The plan presented was described in a step process which is outlined below. Staff continue to have concerns related to the risks involved in this project as there is still much uncertainty in the financing options.

#### **Step 1 – Land Commitment/Conveyance**

The proposed financing for this project includes a variety of tools and approaches but does require some form of City commitment/conveyance of the 900 Division Street City-owned property as an initial step. LCCH has suggested that the conveyance could take place in the following manner:

1. Lease
2. Sale at \$1
3. Sale at a negotiated price with a City of Kingston backed vender take-back mortgage
4. Sale at a market rate

Options 1 and 3 would provide Council with more influence and control over the future development of the property and represent the lowest financial risks to the City. Staff's experience with option 3 is that it would be best to utilize the appraised value of the property rather than a negotiated price for a sale with vendor take back mortgage. Option 2 would represent the highest financial risk to the City. As Council is aware, a sale or transfer of the property without any conditions would eliminate the City's ability to have influence on the final development, except through the land use process. Option 4 could be considered in a broader market sale and not limited to LCCH. Option 4 does remove the City's ability to influence the future development, except for the land use process. The financing options submitted by LCCH

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assumes a land donation from the City which could be achieved through option 1, in the short term with an eventual land conveyance, through options 2 or 3. Should Council direct staff to move forward with the divestment of the property in support the proposed LCCH project, staff will continue to work with the LCCH Board and its advisors to utilize one or a combination of the above land commitment/conveyance options while protecting the City of Kingston's financial interest and its intent to support affordable housing development.

### **Step 2 – Grants/Donations/Private Investments**

LCCH and its advisors have identified various grants totaling about \$126M available through various programs. LCCH and advisors have also advised that some form of land commitment, as described in Step 1, is required to be eligible for application to these grant programs. LCCH and advisors believe that about \$26M can be leveraged from grants and donations through this initial step. LCCH has also indicated that an unconditioned commitment of the property, through either of options 2 and 4, would open the greatest number of grant opportunities; while a lease or a sale backed with a vender take-back mortgage, options 2 and 4, could limit the grant opportunities for the project. LCCH and advisors believe that about \$26M can be leveraged from grants and donations through this initial step. The list of grants reviewed by LCCH is attached as Exhibit C of this report. LCCH has also indicated its intention to seek donations for the project as well as private investment.

### **Step 3 – Loan**

Once LCCH has been able to leverage \$26M in grants and donations (about 25% of the construction project cost), it intends to apply for a loan of \$100M through Canada ICI Capital Corporation (ICI). LCCH has a letter of engagement from Canada ICI Capital Corporation (ICI), a direct lending firm, that has outlined qualifying terms and conditions under which Canada ICI may, on behalf of LCCH, secure mortgage financing. In order to secure lending with ICI, LCCH will require a guarantor for the loan and a secured financing plan to repay the loan. It is unclear at this point who would be the guarantor for this loan as the investments/donations and grants are as yet unconfirmed, but City staff have clearly indicated that the City cannot be the guarantor based on previous Council direction. The ICI letter of engagement is attached to this report as Exhibit D.

### **Step 4 – Co-operative Housing Federation of Canada & CMHC**

The final step in the financing of the project would be to apply to the Co-operative Housing Federation of Canada which now manages the Co-operative housing funding previously administered by the CMHC. The amount available from this grant is scalable based on the project, and therefore they do not release a public number for the maximum funding available through this grant. LCCH intends to apply for \$100M. If the LCCH was successful in its grant application, it would then be able to release its loan with Canada ICI Capital Corporation.

LCCH has indicated that it also intends to apply to CMHC's Apartment Construction Loan Program (ACLP) and possibly the Multi-Unit Mortgage Loan Insurance (MLI) Select.

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## **900 Division Value and Zoning**

The City has estimated the value of 900 Division Street at \$1.3M based on an appraisal completed in 2023. Staff assume that the value has increased over the last 2 years. The appraisal was based on the highest and best use which would include residential development in the form of multi-residential. The current zoning allows for 4 storeys in height as of right and Planning staff have indicated that some additional height, up to 6 storeys, could be supported with the appropriate design and setbacks as surrounding properties are primarily one and two storey buildings.

LCCH's current design includes a building with a proposed 14 storeys in height, with step backs reducing the buildings massing at the upper levels to allow for increased roof top garden space. LCCH received preliminary feedback from planning staff identifying major concerns with the height and the massing of the proposed development. LCCH and its advisors have recently mentioned, in a meeting, that they could reduce the height of the building and decrease the size of the step backs across all levels to accommodate the same number of units. It was mentioned that this would reduce the amount of roof top garden space. Staff are raising this because LCCH's financing plan, and the assumed property value, is based a zoning amendment that would allow more height and density than currently permitted.

### **Alternative Option for 900 Division Street**

Council committed the property for one year to LCCH to allow the organization some time to develop concept/design and financing plans that would include some affordable housing. In previous Council reports, it was noted that the supply of land available for residential development within the urban boundaries is becoming more challenging. It was also noted that the neighbourhood/district area for 900 Division Street already has a high concentration of affordable housing units and therefore efforts are being made to try to minimize the introduction of new and additional affordable units in the area. Staff have been contacted by the private sector over the past months with interest in purchasing the property and developing market residential units.

900 Division Street was also identified as a property available for housing development as part of the Housing Accelerator Program in 2023. This program was established to identify underutilized properties that could accommodate new affordable housing or that could be sold for market residential units in areas where there is already a high concentration of affordable housing units. As part of the program, Council approved the reinvestment of profits from disposal of properties to affordable housing projects. This was implemented for 33 Compton Street which generated a revenue of \$700,000 and was directed into the Housing and Homelessness Reserve Fund and used to support the 309 Queen Mary Road transitional and supportive housing project. Council could choose to sell 900 Division Street on the open market and reinvest revenues to affordable housing projects in other areas of the City. It is important to note that LCCH could purchase the property when it is made available on the open market.



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There are a number of affordable housing projects that could benefit from a funding reinvestment which includes one located on Hillendale Avenue and another one on Cataraqui Woods Drive. The funds could also be reinvested for the acquisition of additional shelter locations which will facilitate the relocation of services from 38 Cowdy Street which was always intended to be a short-term location.

**Public Engagement**

Public engagement for this project will be required through the relevant and appropriate land use process.

**Climate Risk Considerations**

The LCCH project proposes residential development on an underutilized property located within the existing urban boundary, hence maximizing existing resources. Furthermore, the LCCH project proposes significant green spaces as well as community gardens and vertical farming.

**Indigenization, Inclusion, Diversity, Equity & Accessibility (IIDEA) Considerations**

It is anticipated that the project will provide affordable rental and co-operative ownership options for Kingston residents.

**Financial Considerations**

The property at 900 Division Street was appraised at a value \$1.3M in 2023.

**Contacts:**

Lanie Hurdle, Chief Administrative Officer, 613-546-4291 extension 1231

**Other City of Kingston Staff Consulted:**

Brandon Forrest, Director, Business, Real Estate & Environment

**Exhibits Attached:**

Exhibit A - Limestone City Co-operative Housing – Executive Summary February 21, 2025

Exhibit B - Project Budget – New Construction

Exhibit C - List of Potential Grants

Exhibit D - Letter of Engagement - Canada ICI Capital Corporation

## **Executive Summary**

The current LCCH concept is viable according to CMHC's viability calculator and it meets Canada ICI requirements with a debt coverage ratio of 1.71 – this is well above CMHC requirement of 1.0 and Canada ICI's requirement of 1.1

The current plan contributes to every major part of Council's strategic plan:

1. Support Housing Affordability
  - 1.1.1 Seek opportunities to foster innovative approaches to housing
  - 1.1.2 Develop measures to promote affordable and attainable housing of all types
  - 1.1.6 Explore strategy to incent the use of underused public and private land
  - 1.2 Promote increase in purpose-built rental housing
  - 1.3 Increase supply of new-build not-for-profit and o-op housing
    - 1.3.1 Work with Limestone City Co-operative Housing Inc. to identify a city property and develop an affordable housing project
    - 1.3.2 Invest in affordable and supportive housing
2. Lead Environmental Stewardship and Climate Action
  - 2.2 Support climate action and sustainability for residents, businesses and partners
    - 2.2.1 Develop a climate lens as a decision-making framework used to embed climate consideration throughout infrastructure, policy and investment opportunities
    - 2.2.2 Evaluate opportunities to accelerate net-zero building standards in the community
    - 2.2.4 Explore the potential to use City sites/facilities as centres for green energy innovation
    - 2.2.5 Increase education on water conservation in the community
  - 2.3.3 Expand the tree canopy
3. Build an Active and Connected Community
  - 3.1 Expand parks
  - 3.3.2 Prioritize pedestrian connections
4. Foster a Caring and Inclusive Community
  - 4.1 Enhance community safety and well-being
    - 4.1.1 Develop a community food security plan
  - 4.2 Help address food insecurity and sustainability
    - 4.2.1 Examine policies to support urban and vertical farming
5. Drive Inclusive Economic Growth
  - 5.3.1 Support local food production
  - 5.4.1 Support Kingston's economic competitiveness through workforce development and talent attraction

## The Financial Plan

The current plan can access on the order of \$100 Million in private mortgage funding through Canada ICI and Dominion Lending- Steve Marshal Kingston Mortgage Broker for up to 95% of the residential portion of the building as referenced in their letter of engagement.

With the land secured, the gap of around \$30M we can be pursued with donations, seed funding, and A lender agricultural financing solution with partners such as BMO AgriInvest, RBC Agriculture Loan Programs, Sustainable Development Technology Canada (SDTC), Farm Credit Canada (FCC), CIBC Green Energy & Sustainability Lending, Alternative Private Lenders, Impact Investors & ESG Funds.

Our model shows that the entire project is financially viable at 100% financing with very conservative assumptions. These conservative assumptions include: 30% inflation, no grant funding, no property tax abatement, No HST rebate, conservative vertical farm yield, and market land purchase. Please see spreadsheet tab "IMPCT".

No further city capital funding is required. We are confident that we can de-risk the City from any half completion risk as this is also a condition of CMHC in their guarantor clause. LCCH, in order to move to the next level, will need a strong City of Kingston endorsement and a strong commitment to transfer the land when the City of Kingston has been satisfactorily convinced and de-risked from further financial obligations arising from building the project. We believe we have achieved this and are willing to answer any further questions you may have to demonstrate this claim.

Grant Solutions Canada has Identified an initial \$26,760,000. publicly identified grant opportunities. There are several sources that do not have publicly published grant numbers. There are likely more grant funding sources coming through Innovation Science Economic Development Canada and some social impact lenders and donors. All grants and donations make the project more viable and offer future residents more affordability.

Part of this initial financial model and cost estimates was to develop financial plans that would bring confidence to donors and investor through a triple bottom line as well as broad and far-reaching sustainability in as many domains as possible. We believe we have achieved this.

The current financial plan (LCCH 900 Division Financial Plan v250221\_SUBMIT.xlsx) represents the most up to date information available as of February 21, 2025.

Vertical Farm prospectus and notes: the vertical farm is a key component of making this project viable and support affordable housing without capital inputs from government. LCCH does this from many perspectives including shovel worthiness. Please see attached Vertical Farm prospectus and notes.

## Next Steps

Given a City of Kingston commitment to transferring the land at 900 Division St. to LCCH, we will then be in a position to be taken seriously by other funders and lenders. We will soon thereafter start the planning rezoning process. With the land secured, LCCH can start the seed funding grant applications, seed investor, and donor outreach.

Private investors believe that the increased land value from an upzone will be higher than the cost to upzone. As part of the upzoning LCCH is very willing to put in prohibited uses and or requirements that make the City feel safe that private interests will not be making a profit from a City of Kingston asset if it were to go south.

The project needs a zone bylaw and an official plan amendment to get the legal parameters for Class B costing estimates. Class B estimates are the minimum level necessary for building and securing large capital grants and loans. LCCH is willing to include any planning tools (such as prohibited uses, liens, land covenants, and easements) to ensure affordable housing.

The LCCH project represents a transformative opportunity for Kingston to address housing affordability, climate resilience, food security and economic sustainability. However, to unlock the full potential of a \$130M investment in Kingston, the City of Kingston's commitment to land transfer is critical.

## LCCH's Asks

A vote of confidence and support for the LCCH project.

A Letter of commitment from the city for the land transfer to LCCH.

A land transfer in the form of a:

- 1) Lease
- 2) Sale at \$1
- 3) Sale at a negotiated price with a City of Kingston backed Vender Take back Mortgage
- 4) Sale at a market rate

LCCH is willing to negotiate conditions that de-risk the City of Kingston from any of its fears while maintaining the condition of some kind of affordable housing project that comes with no more financial risk to the City before and during construction.

With all the best wishes,



# Exhibit B to Report Number 25-092

**Note: Only Orange highlighted fields that are applicable need to be input.**

## Project Budget: New Construction

**Total Project Budget Costs**

Project Characteristics		Residential (A)	Non-Residential (B)	Total (A + B)
Total sq feet (Gross Floor Area estimated)	189,618	182,191	7,427	189,618
Proportion of total	100.00%	96.08%	3.92%	100.00%
Number of Residential units	256.15			

1. Project Budget Cost	Total	Per unit	Pro-Rata Project Budget Cost			Comments (If Any)
Land value (Under ACLP, MLI Select and/or if applicable) OR		\$ -	\$ -	\$ -	\$ -	
Land cost (Under AHF and/or if applicable)	\$ 1	\$ 0.00	\$ 1	\$ 0	\$ 1	City of Kingston donation
Hard costs (Construction costs)	\$ 79,804,188	\$ 311,552.56	\$ 76,678,400	\$ 3,125,788	\$ 79,804,188	
Soft costs (Development costs)	\$ 8,579,782	\$ 33,495.15	\$ 8,243,727	\$ 336,055	\$ 8,579,782	
Financing costs	\$ 11,975,000	\$ 46,749.95	\$ 11,505,961	\$ 469,039	\$ 11,975,000	
HST (Net of Rebate, if any)	\$ 11,714,924	\$ 45,734.62	\$ 11,256,071	\$ 458,853	\$ 11,714,924	
Contingency	\$ 23,625,995	\$ 92,235.00	\$ 22,700,606	\$ 925,388	\$ 23,625,995	
Other (describe)		\$ -	\$ -	\$ -	\$ -	
Other (describe)		\$ -	\$ -	\$ -	\$ -	
Other (describe)		\$ -	\$ -	\$ -	\$ -	
Other (describe)		\$ -	\$ -	\$ -	\$ -	
<b>Grand Total - Budget Cost</b>	<b>\$ 135,699,889</b>	<b>\$ 529,767</b>	<b>\$ 130,384,765</b>	<b>\$ 5,315,123</b>	<b>\$ 135,699,889</b>	

2. Sources of Funding	Total	Per unit	Comments (If Any)
<b>Debt financing</b>			
AHF repayable loan	\$ 108,000,000	\$ 421,628	Placeholder for sum to \$130M
ACLP financing		\$ -	
MLI Select financing		\$ -	
Other (describe)		\$ -	
Other (describe)		\$ -	
<b>Land</b>			
Land donation value	\$ 1,290,000	\$ 5,036	03a - 900 Division Street Kingston Site Appraisal-FINAL-JD-13Apr23
Land lease value		\$ -	
Land value equity		\$ -	
Other (describe)		\$ -	
<b>Other Grants / Contributions</b>			
AHF contribution or forgivable loan	\$ 18,600,000	\$ 72,614	
Owner cash equity	\$ 2,766,442	\$ 10,800	5% of Grand Total Budget cost minus land donation value
Development Charge waiver		\$ -	
Other (describe)		\$ -	
Other (describe)		\$ -	
Other (describe)		\$ -	
Other (describe)		\$ -	
<b>Gross Total - Sources of Funding (not including Seed)</b>	<b>\$ 130,656,442</b>	<b>\$ 510,078</b>	
<b>Seed Funding Required</b>	<b>\$ 5,043,447</b>	<b>\$ 19,689</b>	
<b>Grand Total - Sources of Funding</b>	<b>\$ 135,699,889</b>	<b>\$ 529,767</b>	

**Additional Comments:**

## LCCH Grant Strategy & Analysis 2025

### Summary of Company Activities:

#### Vision:

Attainable, affordable, secure, sustainable housing, food, and utilities for all in supportive communities.

#### Mission Statement:

LCCH builds and operates cooperative housing that is affordable/attainable and environmentally sustainable. Our unique buildings address food and housing insecurity, by integrating eco-friendly vertical farming and low-emission, green designs in community based models of living.

The grant analysis was designed based on the details provided by the LCCH about the construction project as well as the following additional key factors:

- Registered Not-For-Profit Cooperative Housing
- Construction of 200+ units (single building) + vertical farm integration
- Location: Kingston Ontario

### Grant Analysis Summary:

Conducted in December - January 2025, Grants Solutions Canada conducted a pre-eligibility research phase concluding in the following summary:

- 1) Number of potentially eligible grants: 20
- 2) Total \$ amount eligible: \$26,760,000
- 3) Total ask: \$126,760,000
- 4) Total project budget: \$120,000,000 (rounded)
- 5) % of project budget eligible for government funding: 105%

#### Conditional notes\*

1. Number of potentially eligible grants: based on public information the following amounts are calculated on the number of grants the LCCH's project outcomes align with the funding outcomes of the grant. The next step will be to re-evaluate each grant in detail with the board to approve moving forward with an application.

2. *The total amount of eligible grants is based on all publicly available information as provided by federal and provincial funding websites and has been calculated at the highest award amount.*
3. *CMHC grants do not disclose a capped amount, we will be submitting a requested amount with consultation. Our initial ask will be **\$ 100,000,000**.*
4. *The calculated amounts are for the pre-construction and construction phases of the project and do not include any operational funding post-construction.*

*This summary is reflective of the most up-to-date ongoing research. As grants get announced through out the duration of the project, the amounts will increase.*

### **Outstanding action items:**

The following action items must be completed by the company in order to be eligible for the grants listed. Failure to complete the following items could result in the grant application remaining incomplete with an inability to submit:

#### Immediate Threats to Grant Success:

- Securing Land and Approved Zoning (largest obstacle)
  - No funder will provide financing for the purchase of land, and there is a low likelihood of any funding approval without proof of ownership.
  - The project must be “shovel ready” - a term commonly seen in eligibility language for any construction grant.
- Securing the proper support material
  - 3 years of audited financial statements for each guarantor(s) if applicable. Exceptions can be accepted at the discretion of CMHC.
    - At minimum 1 year of externally audited statements.
  - Environmental Site Assessment
  - Geotechnical Report
- Cost Estimates for the project must be provided by a cost consultant-certified report.

\*See SWOT for details



Nov 12<sup>th</sup>, 2024

**Limestone City Cooperative Housing Inc (Borrower)**  
 201 Queen Mary Road, Apt 10, Kingston, ON K7M 2B1

**CMHC FINANCING – 250 High-Rise Cooperative/Affordable Development located 900 Division Street, Kingston, ON**

Canada ICI Capital Corporation is a multi-faceted commercial real estate firm that provides direct lending and commercial mortgage brokerage services across all asset classes in Canada. With annual volumes in excess of \$8.2 Billion, Canada ICI is regarded as Canada's pre-eminent commercial real estate finance firm. Canada ICI works with Canada's largest institutional and private borrower clients who rely on our ability to structure the most competitive commercial mortgage transactions in the marketplace. We have a team of over 100 seasoned commercial real estate finance professionals that continue to grow our trusted relationships by ensuring our clients' financing objectives are clearly identified and dependably executed.

This Engagement Letter will serve to outline terms and conditions under which Canada ICI may, on your behalf, secure mortgage financing for the above captioned subject properties. The salient terms of the requested financing are as follows:

**PURPOSE:** To provide CMHC MLI Select financing to facilitate the construction and completion takeout of a **250 High-Rise Cooperative/Affordable Development located 900 Division Street, Kingston. The project will be referred to as LCCH.**

Canada ICI will originate the loan as outlined and will coordinate Lender due-diligence and funding functions to ensure the loan is funded reliably. This letter assumes there are no commercial components to this development.

**BORROWER:** **Limestone City Cooperative Housing Inc (Borrower)**

**GUARANTOR(S):** Standard corporate/personal guarantees from an entity/person(s) with sufficient net worth, as required by CMHC. Canada ICI will request that CMHC approve the loan on a limited recourse basis given that the project is assumed to achieve 100 MLI Select points. Final approval is to be confirmed by CMHC at COI stage.

**LOAN DETAILS:** **CMHC MLI SELECT FINANCING:**  
 To qualify for MLI Select financing, the borrower is assumed to be qualifying for Tier 3 Affordability therefore scoring 100 points. Additional are available to strengthen the application.

**Loan Amount:**

- Up to 95% Loan to Cost.
- In addition to the above, the loan amount will be limited by a minimum debt service coverage ratio of 1.10x, using fully stabilized cashflows.
- Anticipated loan amount: +/- \$100 million

**Term:**

5 or 10 Years.

**Interest Rate:**

Canada ICI will canvas the market to find the most competitive rate.

**Amortization:**

50 Years.

**SECURITY:** Standard security as required by the lender and their counsel.



## Exhibit D to Report Number 25-092

<b>FINANCING FEES:</b>	<p><b>This mortgage will be facilitate by two parties. Both fees are independent of each other and billable by each respective party:</b></p> <p><b>Canada ICI Placement Fee: 0.5% of the approved gross loan amount.</b> <b>Steve Marshall (DLC FC Funding): 0.25% of the approved gross loan amount.</b></p> <p>Canada ICI's fees will be earned at issuance of the CMHC Certificate of Insurance (COI) and the signing of the lender's Commitment Letter. The borrower will instruct the lender's solicitor to withhold and pay Canada ICI's placement fee at time of funding of the project. The fees will be deducted from the first advance of construction financing or completion takeout, whichever is sooner.</p>
<b>CMHC APPLICATION:</b>	<p>Application fee of \$200 per door for the for the first 100 units and \$100/unit thereafter – payable at initial submission of the CMHC MLI Select financing. Please note that should the file be withdrawn, CMHC may elect to keep all or part of the Application fee. Note: This assumes that there are no commercial components to this development.</p>
<b>CMHC PREMIUMS:</b>	<p>Please note that the premiums below due to the CMHC will be added to the net loan amount and paid as part of the monthly mortgage payments.</p> <p>At 100 points, the ensuing CMHC premium will be 2.80% of the approved residential loan amount.</p>
<b>OUR PROCESS:</b>	<p>Canada ICI's service to you with respect to securing the financing for the Project will include the following:</p> <ul style="list-style-type: none"><li>• Undertake a detailed review of all borrower and property information, including third party reports, and supporting market data.</li><li>• Correspond with CMHC/other lenders on a preliminary basis to confirm applicable underwriting parameters.</li><li>• Prepare a detailed confidential information memorandum ("CIM") to be presented to both CMHC and the ensuing approved lender.</li><li>• Steer the process with the CMHC in order to move the file forward in a timely manner and utilize our national database and influence, to pre-emptively address underwriting questions that arise from the CMHC.</li><li>• Secure a Certificate of Insurance ("COI") for the file.</li><li>• Steer the CMHC Seed funding application at CMHC on behalf of the borrower.</li><li>• Market the deal to prospective lenders across the country on your behalf.</li><li>• Provide an analysis of the lender offers for financing along with our recommendations.</li><li>• Negotiate with the lender selected for financing to secure the best possible terms.</li><li>• Obtain a Commitment Letter from the lender.</li><li>• Conduct a tour of the property with the lender (as necessary).</li><li>• Carry out negotiations with the lender to finalize the commitment letter for financing.</li><li>• Fulfill the lender requirements to facilitate funding.</li><li>• Throughout the process and subsequently – provide advice on all levels required.</li></ul>



TOR | MTL | VAN | CGY | EDM | OTT | WIN

Please note this letter is not a commitment of funds but rather a letter of engagement based on our experience in the current commercial mortgage market. We are confident in Canada ICI's ability to arrange the most competitive loan in the most efficient manner possible and welcome the opportunity to work with you.

Canada ICI hereby acknowledges that the execution of this engagement letter voids any previously signed contracts or agreements to arrange and source financing for the construction and long-term financing of this project.

Yours very truly,

**CANADA ICI CAPITAL CORPORATION**

A handwritten signature in black ink, appearing to read "Steven Dionne", with a long horizontal line extending to the right.

**Steven Dionne**

**DIRECTOR, MORTGAGE ORIGINATION**

We hereby accept the terms of this letter.

**Limestone City Cooperative Housing Inc**

Per:

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024.



**Schedule A:**

**Additional Retainer Terms:**

1. Nature of Relationship – Canada ICI will act as a facilitator between the Borrowers and Lenders and will attempt to secure a financing commitment from one or more potential Lenders based on the criteria set forth herein.
2. Duties to Borrower – in the performance of its role as a mortgage broker, Canada ICI will act competently and honestly and will disclose to the Borrower all relevant information related to the financing.
3. Compensation – in consideration of the services provided by Canada ICI, Canada ICI will be entitled to a fee in the amount set forth in the attached letter. This fee will be earned and payable if Canada ICI is successful in obtaining a financing commitment on terms which are substantially the same as the criteria set forth herein.
4. Relationship to Lenders – Canada ICI is not employed by any Lenders in relation to the financing and does not generally receive referral fees from any Lender. Through its experience and knowledge of the commercial mortgage industry, Canada ICI maintains ongoing relationships with a broad variety of Lenders including but not limited to chartered banks, trust companies, credit unions, insurance companies, pension funds, conduits, treasury branches, mortgage investment corporations and private investors, and is therefore able to seek financing commitments for most types of commercial mortgages.
5. Additional Fees – in addition to the fees payable to Canada ICI, the Borrower will generally be required to pay all costs and fees related to the financing including, but not limited to, the following:
  - (a) refundable standby fee to the Lender;
  - (b) non-refundable commitment fee to the Lender;
  - (c) legal fees and disbursements; and
  - (d) third-party consultants and reports.