Policy Name: **Development Charges Forgivable Loan Program for First-Time Homeowners**

Policy Number: **AH-002-2025**

Administrative Approval Date: 2025/03/20 **Council Approval Date:** 2025/04/22

Most Recent Amendment Date: N/A **Effective Date:** 2025/04/22

By-law reference: By-law 2024-34 **Supersedes:** N/A

1. Policy:

The District Municipality of Muskoka (the District) is committed to supporting low- to moderate-income households in obtaining housing through policies that promote affordability and financial accessibility. To help address the financial barriers of homeownership, the District provides eligible first-time homeowners (or those re-entering homeownership after the breakdown of a marriage or common law relationship) with financial assistance to offset Development Charges associated with the purchase of a newly constructed residential Unit or construction of a newly built home to which development charges are applied. This financial assistance is in the form of a conditional loan that is forgiven at an annual rate established by the District. The borrower is not required to make any principal or interest payments on the loan unless there is an event of default or other event giving rise to a balance due before the maturity date of the loan. Applicants will be screened in accordance with this policy and any other related policies, procedures, directives, and policy/guidelines as may be updated by the District from time to time to ensure transparency, consistency, and effective program administration.

2. Purpose:

To establish requirements for First-Time Homeowners of newly constructed residential Units in Muskoka to receive forgivable loan assistance toward the Development Charges that have been paid to the District in respect of the Unit.

3. Application:

This policy applies to all First-Time Homeowners purchasing newly constructed Units or constructing a new residential Unit within the District Municipality of Muskoka and applying to the District's Development Charges Forgivable Loan

Program for First-Time Homeowners.

4. Definitions:

a) **Applicant(s)** – the individual(s) applying to the Development Charges Forgivable Loan Program for First-Time Homeowners

b) **Asset Limits Policy** – Policy AH-001-2019, as it is amended from time to time

c) **Borrower** – the person(s) who are named as borrower(s) in the Loan Agreement

d) **Common Law Partner** – one of two people who have been continuously living together in a conjugal relationship for at least 12 months.

e) **Co-owner** – an individual registered on title to real property as a joint tenant or tenant-in-common

f) **Developer** – any individual, person, body of persons, company, firm or society, who or which engages in or carries on or undertakes or causes to be undertaken the construction or refurbishment of buildings or structures

g) **Development Charges** – charges that meet the criteria set out in the Development Charges By-law 2024-34

h) **Development Charges By-law** – By-law 2024-34, as it is amended from time to time

i) **District** –The District Municipality of Muskoka

j) **First-Time Homeowner** – an individual that:

   i. has never previously owned, co-owned, or held any ownership interest in a residential property anywhere in the world and whose Spouse or Common Law Partner has not owned a residential property anywhere in the world while he or she was a Spouse or Common Law Partner of the individual; or

   ii. has been living separate and apart from their Spouse or Common Law Partner because of a breakdown of their marriage or common law relationship for a period of at least 90 days, provided the individual has not owned other residential property since the breakdown of the marriage or common law relationship.

k) **Forgivable Loan** – a Loan provided under specific conditions that does not require repayment if all program requirements are met

l) **Forgivable Loan Program** – the Development Charges Forgivable Loan Program for First-Time Homeowners program established by the District for the purpose of providing financial assistance to eligible First-Time Homeowners to offset Development Charges associated with the purchase or construction of a newly constructed residential Unit

m) **Household** – all persons with an ownership interest in the Unit and their Spouse or Common Law Partner

n) **Loan** – the sum loaned by the District to the Borrower(s) under the Forgivable Loan Program

o) **Loan Agreement** – the agreement executed by Borrower(s) and the District under the Forgivable Loan Program

p) **Mortgage** – the mortgage/charge of land that is registered against title to the Unit in favour of the District under the Forgivable Loan Program

q) **Muskoka** – lands within the boundaries of the geographic area of the District Municipality of Muskoka

r) **Spouse** – One of two persons who are legally married to each other

s) **Unit** – the residential unit under the forgivable loan program for which the development charges were paid, which for certainty, includes the home and the land on which the home is situated

5. Administration:

5.1 Eligibility – Applicant(s)

To be eligible for the Forgivable Loan Program, the Applicant(s) must meet the following requirements at the time of funding:

i. Applicant(s) must be eighteen (18) years of age or older;

ii. Applicant(s) must have Canadian citizenship, permanent resident, landed immigrant, or refugee claimant status;

iii. Applicant(s) must be individual(s) who have bought or built a residential unit that is eligible under this policy;

iv. Applicant(s) must occupy the unit they paid the Development Charges for as their sole and principal residence;

v. Applicant(s) do not currently own a home or have any ownership interest in residential real property, other than the Unit for which Development Charges were paid;

vi.

a) Applicant(s) have demonstrated eligibility for the Ontario Land Transfer Tax refund program for First-Time Homebuyers (if purchasing a newly built home) or can demonstrate that they have not previously owned a residential property or an interest in a residential property anywhere in the world (if building a new home on land the applicant owns); or

b) Meet the definition of First-Time Homeowner in section 4(j).

vii. Household income at the time of application does not exceed the limit established and approved by District Council under the Forgivable Loan Program;

viii. Household assets at the time of application does not exceed the amount set out in the District's Asset Limits Policy, exclusive of the value of the Unit the Development Charges were paid for; and

ix. Applicant(s) do not owe arrears to a social/community housing provider for a designated housing project as defined by the *Housing Services Act, 2011*.

5.2 **Eligibility – Unit**

To be eligible for the Forgivable Loan Program, the Unit must meet the following requirements:

i. Must be located in Muskoka;

ii. Must be a new construction;

iii. Must have been subject to and paid Development Charges at the time of building permit issuance;

iv. May be single-detached, semi-detached, townhouse, row home, duplex, triplex, quadraplex, or a single unit in a larger multi-residential development;

v. May be a of modular or factory construction provided that the

Unit is permanently affixed to land and approved for year-round occupancy;

vi. May be freehold or condominium ownership;

vii. Purchase price does not exceed the amount established by the District under the Forgivable Loan Program;

viii. The District is satisfied, in its sole discretion, that there is sufficient equity in the Unit to protect the District's security interest if a Mortgage for the Loan is registered against title to the Unit in favour of the District; and

ix. Must be purchased from a developer or, for privately built homes, applicant(s) must provide a full property appraisal at their own expense, showing the combined value of the land and home. The unit must be the Applicant(s)'s sole and principal residence and not built for resale or investment purposes.

5.3 **Document Requirements**

To be considered for the Forgivable Loan Program, application documentation requirements must include, but are not limited to:

i. Proof that the Unit is new construction;

ii. Proof of occupancy of the Unit by Applicant(s);

iii. Proof that the Unit is being used by Applicant(s) as their sole and principal residence;

iv. Proof of Applicant(s) identification;

v. Proof of Applicant(s) and Household income from all sources;

vi. Proof of Applicant(s)and Household assets; and

vii. Proof that the Applicant(s) are First-Time Homeowners. Where the Applicant qualifies following the breakdown of a marriage or common law relationship, the following will be required:

a) A copy of the Transfer; and

b) a sworn affidavit that the Applicant has been separated from their Spouse or Common law Partner for at least 90 days and any interest in a residential property during a marriage or common law relationship has been disposed of and that the new home subject to the application is the first home purchased after the spousal relationship permanently ended; and

c) Such other documentation as the District may require in its sole discretion.

For Units purchased from a Developer:

i. Proof of full purchase price the Applicant(s) paid to the developer for the Unit;

ii. Proof that the Unit was purchased by the Applicant(s) from a developer; and

iii. Proof of transfer of deed for the Unit from the developer to the Applicant(s).

For units developed privately by the Applicant(s):

i. Full property appraisal completed by a designated member of the Appraisal Institute of Canada;

ii. Proof of the amount of Development Charges paid for the Unit; and

iii. Occupancy permit.

5.4 **Timing**

i. Application must be received within six (6) months after the date of transfer of deed for the Unit from developer to Applicant(s) or the issuance of an occupancy permit;

ii. An application will be considered received when all required documents and information are received by the District;

iii. Approved applications will be offered a Forgivable Loan in the date and time order in which it was received; and

iv. A wait list may be established if program funding becomes depleted.

5.5 **Funding Stacking**

i. Applicant(s) who have been approved for the District's Gateway Muskoka Homeownership Program may also apply to the Forgivable Loan Program provided there is sufficient equity in the property to protect the District's interests, as determined by the

District.

ii. Applicant(s) may also be eligible for the Forgivable Loan Program when in receipt of other incentives, rebates or grants offered by other governments or third-party agents provided there is sufficient equity in the property to protect the District's interests.

5.6 **Loan Agreement and Security**

i. Successful applicant(s) must enter into a conditional Loan Agreement with the District;

ii. Loan principal amount will not exceed the amount established by the District under the Forgivable Loan Program;

iii. The term of the of loan will be three (3) years;

iv. Loan will be forgiven at an annual rate established by the District under the Forgivable Loan Program, and will be pro-rated at a daily rate;

v. Loan will be interest-free for the term of the Loan, provided there is not an event of default under the Loan Agreement and Borrower otherwise remains eligible for the Forgivable Loan Program, as set out below;

vi. Loan will be fully forgiven on the maturity date of the Loan, provided there is not an event of default under the Loan Agreement and Borrower otherwise remains eligible for the Forgivable Loan Program;

vii. As security for the Loan, a Mortgage will be registered against title to the Unit in favour of the District; and

viii. The Mortgage will be subsequent in priority to mortgage(s) registered on title to the Unit at the time of application.

ix. The interest rate on default shall be the Bank of Canada Prime Rate plus 2%.

5.7 **Transfer, Resale, Default, or Cessation of Eligibility**

Borrower must repay the principal amount of the Loan, less the forgiven amount as stipulated in the Loan Agreement, plus applicable interest as stipulated in the Loan Agreement if:

i. The Unit is sold, transferred, or disposed of before the maturity date of the Loan;

ii. There is an event of default under the Loan Agreement that is not remedied within a reasonable amount of time, as determined by the District in its sole discretion; or

iii. Borrower otherwise ceases to be eligible for the Forgivable Loan Program before the maturity date of the Loan. To remain eligible, the Applicant(s) must:

a) Occupy the Unit as their sole and principal residence for the duration of the term;

b) Keep property tax for the Unit paid and up to date for the duration of the term;

c) Keep the Unit insured for full replacement value with the District as an additional insured on the policy for the duration of the term; and

d) Keep all required mortgage payments paid and up to date for the duration of the term.

5.8 **Postponements**

Where the Borrower is refinancing or renewing its previous financing before the maturity date of the Loan, the District may agree to postponement of the Mortgage if:

i. The postponement request is submitted in writing to the District;

ii. The Borrower is not in default under the Mortgage, or has otherwise ceased to be eligible for the Forgivable Loan Program;

iii. The Borrower submits all documentation required by the District to consider the postponement request, within the time frame required by the District;

iv. The principal amount of the proposed new financing, when combined with all other remaining encumbrances, does not exceed the total encumbrances in place at the time of registering the Loan Agreement; and

v. The District is satisfied, in its sole discretion, that there remains sufficient equity in the Unit to protect the District's security interest.

5.9 **Costs**

i. The borrower is responsible for all costs associated with the registration of the mortgage, including the District's legal fees and applicable disbursements;

ii. The Borrower is responsible for the Borrower's own legal costs;

iii. The Borrower is responsible for all costs associated with a postponement of the Mortgage, including the District's legal fees and applicable disbursements; and

iv. The borrower is responsible for all costs associated with the discharge of the Mortgage, including the District's legal fees and applicable disbursements.

5.10 Review of Borrower Eligibility

The Borrower will be subject to annual attestation or compliance requirements to remain eligible for the Forgivable Loan Program.

5.11 Collection of Information

Personal information required by the District to determine initial and ongoing eligibility for the Development Charges Forgivable Loan Program for First-Time Homeowners will be collected in accordance with the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. M.56.

6.0 Eligibility Criteria – Summary

Basic eligibility criteria outlined in Table 1 and may be updated from time to time.

Table 1

Effective Date	**April 22, 2025**
Maximum Forgivable Loan Amount	$15,000
Household Income Limit	$112,400*
Household Asset Limit - Single	$50,000
Household Asset Limit – Co-Ownership	$75,000
Maximum Unit Purchase Price or Appraised Value	$726,600**
Forgivable Loan Amortization period	36 months

*Household income limit will be updated annually and will be set at the 60th income percentile for The District Municipality of Muskoka as provided in the Provincial Policy Statement (PPS) Table 1.

**Maximum unit purchase price or appraised value will be updated annually and will be set at 30% Below Average Resale Price for The District Municipality of Muskoka as provided in the PPS Table 2.

7.0 Review of Policy

This policy shall be reviewed and/or updated:

i. Annually;

ii. When the PPS tables are updated; and

iii. If the Consolidated Municipal Service Manager amends the Asset Limits policy for the District of Muskoka.

8.0 Administrative Approval

Amendments to this policy, when considered routine, minor, or result from updated information shared by the Province of Ontario or the Consolidated Municipal Service Manager related policies, procedures, directives, and guidelines, will be reviewed and necessary changes approved by the responsible Commissioner(s).

Related Policies/Procedures:

- Asset Limits (AH-001-2019)

Reference: (approval and amendment details, legal references)

- The District Municipality of Muskoka By-law 2024-34
- *Housing Services Act, 2011*, S.O. 2011, c. 6, Sched. 1
- *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. M.56