

Lead Service Extension Replacement Loan Program By-law

A-6123-196 – Consolidated – October 1, 2007

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**OFFICE CONSOLIDATION INCLUDING AMENDMENT
A.-6123(a)-236 (OCTOBER 1, 2007)**

Bill No. 313
2007

By-law No. A.-6123-196

A By-law to provide for a Lead Service Extension Replacement Loan Program Pilot Project for owner-occupied dwellings of three or less dwelling units

WHEREAS section 107 of the *Municipal Act, 2001* provides that a municipality may make grants to any person, group or body, including a fund, for any purpose that council considers to be in the interests of the municipality, and this power to make a grant includes the power to guarantee a loan and to make a grant by way of a loan and to charge interest on the loan;

AND WHEREAS Council for the City considers it to be in the interests of the municipality to provide loans to owners who occupy dwellings of three or less dwelling units having lead service extensions to replace the lead service extensions as a one-year pilot project;

AND WHEREAS 443 of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended, provides that if a municipality makes a loan to any person to pay for the whole or any part of the cost of the person complying with a by-law of the municipality, the municipality may add the amount of the loan, together with interest to the tax roll if all the owners of the land are responsible for repaying the loan, and the municipality may collect the amount owing in the same manner as municipal taxes over a period of years determined by the municipality;

AND WHEREAS subsection 443(2) of the *Municipal Act, 2001* provides that the amount of the loan, including interest accrued to the date of the loan is repaid, is a lien upon the registration in the proper land registry office of a notice of lien;

AND WHEREAS the City's Property Standards By-law provides in section 2.1 that owners of property that does not conform to the standards of the by-law, shall repair and maintain the property to conform with the standards of the by-law;

AND WHEREAS the City's Property Standards By-law sets out the requirement that only habitable space shall be used for human habitation, and in order to be deemed habitable space, the property must be in compliance with the plumbing and drainage system requirements as set out in section 5.3 of the by-law;

AND WHEREAS the City's Property Standards By-law set out in section 5.3.1 that plumbing and drainage systems shall be provided and installed so that such systems supply potable hot and cold water commensurate with the normal requirements of the use and or occupancy served;

AND WHEREAS the *Safe Drinking Water Act, 2002*, S.O. 2002, c.32 provides in section 10 that a requirement that water be "potable" in a municipal by-law shall be deemed to be a requirement to meet, at a minimum, the requirements of the prescribed drinking-water quality standards.

AND WHEREAS the prescribed drinking-water quality standards are contained in Ontario Regulation 169/03, with the Chemical Standard for lead being 0.010 maximum concentration in milligrams per litre;

AND WHEREAS the City's Water By-law provides in section 6.17 that the City shall renew service stubs (defined as the portion of a water service pipe from a main to the property line which will always include one control valve) on public property at its expense and to its specifications when the existing pipe material is substantially composed of lead, provided the owner has completed replacement of the service extension before the City replaces the service stub, and that replacement pipe shall be the same size as existing or the minimum size for the area;

AND WHEREAS the City's Water By-law provides in section 6.9 that any and all defects to the water service extension (defined as the portion of a water service pipe from the property line to the meter location, or for a fire service to the inside of the exterior wall of a structure, ie. an extension of a service stub) shall be repaired by the owner of the property being serviced;

THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. That a Lead Service Extension Replacement Loan Program Pilot Project ("Program") be established and implemented in accordance with the Lead Service Extension Replacement Loan Program Pilot Project Guidelines attached as Schedule "A" to this by-law.
2. That the Program is not retroactive and shall not apply to any lead service extension replacements prior to the coming into force of this by-law.
3. That the issuance of loans under the Program are subject to availability of funds as determined by Council.
4. That a Reserve Fund be established for the Lead Service Extension Loan Program Pilot Project.
5. This by-law shall come into force and effect on September 1, 2007

PASSED in Open Council August 13, 2007

Anne Marie DeCicco-Best
Mayor

Kevin Bain
City Clerk

First reading - August 13, 2007
Second reading – August 13, 2007
Third reading – August 13, 2007

Schedule "A"

Lead Service Extension Replacement Loan Program Pilot Project Guidelines

Purpose

Some homes in London built before the mid-1950s have lead levels in their water that are higher than Provincial Standards. Many of these homes have lead water service pipes running from the City's water main in the street into the home. The City's goal at this time is to replace the City's service stub (located on City property) in conjunction with the property owner replacing the service extension (located on private property), subject to availability of funds. During this sixteen month pilot project ending December 31, 2008, the property owner may be eligible for a loan to replace the owner's portion of the water service pipe. Such loan is only available to owner-occupied dwellings of three or less dwelling units.

Definitions

"*City Engineer*" means the General Manager of Environmental and Engineering Services & City Engineer, or designate;

"*Contractor*" means the person hired by the owner to conduct the work;

"*dwelling*" means a building containing one to three dwelling units;

"*dwelling unit*" has the same meaning as contained in the City's Zoning By-law;

"*owner*" means an owner in fee simple under the *Land Titles Act*, R.S.O. 1990, c. L.5;

"*property*" means a separate parcel of land which has been assigned a property identifier under section 141 of the *Land Titles Act*, R.S.O. 1990, c. L.5;

"*service extension*" means the portion of a water service pipe located on private property from the property line to the meter location, or for a fire service to the inside of the exterior wall of a structure, ie. an extension of a service stub;

"*service stub*" means the portion of a water service pipe located on City property from a main to the property line which will always include one control valve;

"*water service pipe*" means the pipe and fittings that convey potable water from a connection on a main or private main to the meter location, or, for a fire service, to the inside of the exterior wall of a structure.

Funding

For this sixteen month Pilot Project, the Program will be funded in an amount determined by Council in its sole discretion from time to time, which will be placed in an interest-bearing revolving loan fund which will receive loan payments and accumulate interest. The cost of lien registrations, discharges, loan defaults, and promotional costs will be a charge to this fund. Loan commitments will be provided subject to funding availability as determined by Council at its sole discretion from time to time.

Eligible Work

The only work that is eligible for this Program is the replacement of service extension by the owner that:

- are substantially composed of lead;
- are of the same size as existing or the minimum size for the area; and
- supply owner-occupied dwellings (containing up to three dwelling units).

Eligibility for Loan

The applicant(s) for the loan must meet the following criteria in order to qualify for the Program:

- must be the owner(s) of the property;
- all owners of the property must apply for the loan;

- have obtained a minimum of 3 quotes for the work from *bona fide* qualified Contractors;
- has not commenced replacement of service extension prior to loan approval;
- all property taxes must be paid in full at the time of application and throughout the loan process;
- there must be no other outstanding debts to the City of London;
- the owner(s) must not have defaulted on any City-sponsored loan or grant program in the past;
- the owner(s) must complete and sign the Loan Agreement;
- the owner(s) must meet all conditions of this Program.

Approval of all loan applications is also subject to availability of funding at any given time, as determined by council.

Manufacturing businesses, or industrial or commercial enterprises are not eligible for this Program.

The City Engineer retains the right and absolute discretion to reject any application which provides three or more quotes which in his or her opinion are excessive.

Loan Details

Loans may be available to cover all or part of the estimated cost (as approved and determined by the City Engineer) of replacing the owner's service extension (located on private property, from the water meter to the property line). Loans will not be available to cover any other associated costs (e.g. it will not cover the costs of relocating internal plumbing, repaving of an entire driveway, restoration of landscaped yards, or any other such costs that are deemed by the City Engineer to be unnecessary for the replacement of the owner's service extension).

The loan if approved will only be paid to the owner upon receipt of invoices for completed work, and inspection of the completed work by City staff under the plumbing permit.

The maximum amount of each loan will be determined in each case by the City Engineer, based on the City Engineer's determination of the reasonable cost and scope of the proposed work.

The loan amount plus interest will be transferred to the owner's tax roll, over a ten-year period. The loan amount plus interest will be repayable on the final tax installment due dates, and calculated as Local Improvement charges are calculated.

Loan approvals are subject to the availability of funding at any given time, as determined by Council. Loan applications will be processed in chronological order based on the date of receipt of applications and **all applications must be received by the City on or before August 30th, 2008.**

Loan approvals will be valid for six months and will expire if the work is not completed within that time period (unless extended at the City Engineer's discretion).

Security

The loan will be added to the owners tax roll, and may also be secured through the registration of a lien on title for the total loan amount. Liens will be noted on the next tax roll. Liens will be registered and discharged by the City.

Administrative Charges

At the time of application, the owner must pay the non-refundable application fee of \$50.00 to cover the costs of processing the application.

At the time of application, the owner must pay the registration fee of \$100.00 to cover the costs of registering a lien on title. If the loan is not approved, this amount is refundable to the applicant.

Repayment of the Loan

Repayments of the loan plus interest will be made through taxes as set out in the agreement signed by the owner(s). Full repayment (including interest) can be made at any time with no penalty to the owner. At the discretion of the City, the loan may be transferable to a new owner provided that the new owner agrees in writing to the terms and conditions of the loan. In the event of default in loan repayment over 30 days, or in the event of sale of the property, the outstanding balance (including principal and interest) may be immediately payable.

Application Procedure

1. The applicant owner(s) will be required to complete an application form provided by the City Engineer. Every person who is registered on title as an owner of the property is required to sign the application. The application must be received by the City on or before August 30, 2008.

In addition to the completed application form the applicant owner(s) must provide:

- the non-refundable application fee of \$50.00;
- a registration fee of \$100.00 (refundable if the application is not approved);
- a minimum of 3 quotes for the work from *bona fide* qualified Contractors . The quotes must detail what work is to be done, and separate out costs for each portion of work (i.e. separate line item prices for service extension replacement, driveway restoration, front yard restoration, internal plumbing modifications up to the water meter, etc.). Only prices for service extension replacement are eligible for the loan;
- the Owner(s) will complete and sign the Loan Agreement;
- such other further information or documentation as may be required by the City Engineer;
- owner must have City confirm that the service extension material is lead.

Any work that is started or completed prior to the loan application approval will be ineligible under this Program.

2. City reviews application and supporting documentation and decides whether to approve the loan amount, and determines approximately how much the loan amount will be. City advises applicant in writing of its decision.

3. Applicant or Contractor obtains any necessary permits, including a plumbing permit from the City's Building Division (7th Floor, City Hall, 300 Dufferin Avenue, London, 519-661-4555) prior to work commencing. Failure to obtain a plumbing permit prior to work commencing will result in cancellation of any approved loan amounts.

4. The Contractor must co-ordinate work with the City well in advance. The Contractor is responsible to obtain all utility locates for the work for both private property and City property.

5. The Contractor or the applicant must arrange for an inspection by the City with respect to the plumbing permit. Plumbing permits that have not had an inspection by the City will result in cancellation of any approved loan amounts.

6. Within six months of receiving loan approval the owner(s) must submit to the City the final invoice from the Contractor setting out the amount due for the work. Any owner submitting an invoice more than six months after the loan approval will be ineligible for payment of the loan. The City will not provide a loan for an amount greater than the approximate loan amount set out in paragraph 2 above, even where the final invoice is greater than the approximate loan amount.

7. The City may register a lien on the owner's title for the amount of the loan.

8. The City may advance either the invoice amount submitted by the Contractor, or the amount of the approximate loan amount as set out in paragraph 2 above, whichever is less, to the applicant owner(s).

Information to Accompany Application

- complete application form signed by all owners;
- the application fee of \$50.00 (non-refundable) and the registration fee of \$100.00 (refundable if application is not approved);
- a minimum of 3 quotes for the work from *bona fide* qualified Contractors. The quotes must detail what work is to be done, and separate out costs for each portion of work (i.e. separate line item prices for service extension replacement, driveway restoration, front yard restoration, internal plumbing modifications up to the water meter, etc.). Only prices directly related to service extension replacement are eligible for the loan;
- such other further information or documentation as may be required by the City Engineer.

Not Retroactive

The Lead Service Extension Replacement Loan Program will not be retroactive to apply to works started before the commencement of the Program.

Discontinuation of Program

The terms of the Program are subject to change. Council may periodically review the Program Guidelines to determine if the Program should continue, be modified, or cease to issue any new loans. The City may discontinue the Program at any time.

City Not Liable

In order to qualify for a loan, the owner agrees that the City shall not be liable for any damages to the owner's property as a result of any lead service extension replacement.