

# **Toronto** STAFF REPORT

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July 3, 2006

To: Affordable Housing Committee

From: Deputy City Manager  
Director, Purchasing & Materials Management  
Chief Corporate Officer

Subject: Development of Affordable and Supportive Housing and Other Compatible Uses  
at 110 Edward Street  
Request for Proposal 9155-06-7197  
(Ward 27)

Purpose:

To report on the results of Request for Proposal (RFP) 9155-06-7197 and to obtain authority to enter into any necessary agreements with the recommended proponent to provide for the development of affordable and supportive housing and other compatible uses at 110 Edward Street.

Financial Implications and Impact Statement:

This report recommends the assignment of funding and benefits from numerous sources as approved in the Council report of October 26, 27, 28 and 31, 2005 to the recommended proponent in this report for the development of an affordable and supportive housing project at 110 Edward Street. The funding and benefits are slightly modified from what was approved by Council in October, 2005 as follows:

The project was approved under the Affordable Housing Program (AHP) Strong Start Component and the City entered into a Provincial Contribution Agreement (PCA) with the Ministry of Municipal Affairs and Housing (MMAH) on March 21, 2006 for a total of \$21,000,000.00. \$8,400,000.00 is to be advanced in the form of a forgivable loan and the remaining \$12,600,000.00 as monthly affordability payments over twenty years including the cost of financing. \$8,000,000.00 was advanced for the purchase of the Property leaving \$400,000.00 to be advanced as a forgivable loan to the proponent. However, the proponent will be assigned the PCA and assume full liability for \$8,400,000.00.

\$1,000,000.00 of Supporting Community Partnership Initiatives (SCPI) funds was approved by Council in October, 2005 for the project. \$120,645.00 was spent for closing costs at the time of purchase leaving \$879,355.00 to be advanced to the proponent from the Shelter Support and Housing Administration (SSHA) 2006 approved operating budget. By entering into a City municipal funding agreement, the proponent will assume liability for the full \$1,000,000.00.

This report recommends that the project be exempt from taxation for municipal and school purposes for twenty five years. An extension for another twenty five years less a day to the expiration of the lease to maintain the affordability of the project could be considered at a later date. The Council report of October, 2005 approved property tax exemption for the period of the lease. The benefit of the tax exemption for the project at a net present value over 20 years based on the proposed unit mix is estimated to be \$2,954,103.00 of which \$1,967,433.00 is municipal tax and \$986,670.00 is for school purposes. The October, 2005 report estimated the tax exemption at \$2,664,465.00 which is lower given a different unit mix and the 2005 rather than 2006 tax rate.

Applicable municipal planning fees and development charges to be waived for the eligible non-profit organization are estimated to be \$2,367,962.00 subject to the authority contained in the City's Municipal Housing Facility By-law No. 282-2002 and Section 10 of the Municipal Act and pursuant to the authority contained in Clause 13, Report No. 9 of the Policy and Finance Committee Report adopted as amended by Council at its meeting on July 4, 5 and 6, 2000. This foregone revenue amount is higher than the October, 2005 Council report estimate of \$1,265,500.00. That estimate reflected the cost of waiving development charges only; it did not take into consideration the foregone revenue from the exemption of planning fees and charges that a non-profit is eligible for.

A Capital Revolving Fund (CRF) loan of \$5,500,000.00 will be lent to the proponent, as approved by Council in October 2005, for a period of twenty five years with advances starting in 2007. The interest rate was specified in the RFP at 3.25 per cent while the City's interest rate on investments is currently 4.25 per cent. The benefit the City is giving is calculated as the net present value of the difference in interest income over twenty years which is \$553,565.00.

The SSHA 2007 operating budget will be adjusted to include funding from the CRF of \$5,500,000.00 and the Mayor's Homelessness Initiatives Reserve Fund of \$300,000.00.

The total capital cost of the recommended project is estimated at \$60,965,395.00 of which \$30,504,211.00 or 50 per cent is from the three levels of government and the remainder from the proponent in the form of equity and loans. A summary of the funding is as follows:

Government Capital Contributions

Affordable Housing Program federal contribution	\$8,400,000.00
Affordable Housing Program provincial affordability payments	\$12,600,000.00
SCPI contribution from the City	\$1,000,000.00
PST and GST rebates	\$5,836,249.00
Mayor's Homeless Initiatives Reserve Fund contribution	\$300,000.00
City Fees and Charges waived	\$2,367,962.00

City Non-Capital Contributions

Rent Supplement Funding for 50 units

NPV of Property Tax Exemption	\$2,954,103.00
NPV of Interest Reduction on CRF Loan	\$553,565.00

Proponent Contributions

Proponent Equity	\$1,500,000.00
Conventional First Mortgage	\$23,461,184.00
CRF Loan	\$5,500,000.00

The Deputy City Manager and Chief Financial Officer has reviewed this report and concurs with the financial impact statement.

Recommendations:

It is recommended that:

- (1) authority be granted to enter into a municipal capital facility agreement and such other agreements, licenses and security with the highest scoring proponent, the Young Women's Christian Association of Greater Toronto (YWCA), to provide for the development of 110 Edward Street as an affordable and supportive housing project and other compatible uses, and the funding and other benefits for the project approved by Council at its meeting of October 26, 27, 28 and 31, 2005 and modified in this report, and on such terms and conditions as the Director of Development, Affordable Housing Office considers appropriate and in a form approved by the City Solicitor;
- (2) authority be granted to assign the City's interest in the Provincial Contribution Agreement entered into with the Her Majesty the Queen, in the Right of Ontario, as represented by the Ministry of Municipal Affairs on March 21, 2006 for 110 Edward Street, providing both provincial and federal funding assistance for the Property purchase and development to the YWCA;
- (3) authority be granted to enter into a lease of the Property with the YWCA for the purposes of developing supportive and affordable housing, together with other compatible uses, substantially on the terms and conditions outlined in Appendix 3 to this report and in a form acceptable to the City Solicitor, such grant by way of below market rent being in the interest of the municipality;
- (4) the Chief Corporate Officer shall administer and manage the lease including the provision of any consents, approvals, waiver notices and notices of termination provided that the Chief Corporate Officer may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction;

- (5) the City solicitor be authorized to complete the transaction on behalf of the City, including payment of any necessary expenses and amending the commencement date of the lease and any other dates to such earlier or later dates and on such terms and conditions as she may from time to time consider reasonable;
- (6) authority be granted to reduce the term of the tax exemption granted for the Property to twenty-five (25) years from the term of fifty (50) years less a day previously approved by Council;
- (7) authority be granted for the City to make or provide its consent as owner to any regulatory applications with the proponent and that the Director, Real Estate Services, or his designate, be authorized to execute the applications or consents; and
- (8) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

By adopting Clause 29 Report No. 9 of the Policy and Finance Committee, Council at its meeting of October 26, 27, 28 and 31, 2005 authorized the purchase of 110 Edward Street from the Rotary Laughlen Centre at a price of \$8,000,000.00 for the development of up to 300 units of affordable and supportive housing as well as other compatible uses. Council's approval of the purchased was based on the understanding that the site represents a unique opportunity to achieve significant housing goals in partnership with other levels of government and community agencies. The purchase transaction was completed on April 3, 2006.

Further at its meeting of October, 2005, Council approved federal, provincial and City funding and other benefits for the acquisition and development of the site towards an estimated total capital cost of approximately \$53,000,000 to develop 300 units of affordable and supportive housing.

A mix of incomes and needs can be accommodated in the development given the funding approvals authorized. Up to 300 units can receive capital funding from the Affordable Housing Program Strong Start Component which will enable rents to be at or below the average market rent. 100 units can have Ministry of Health rent supplement and support services funding to enable people with mental health challenges at risk of homelessness to be residents. 50 units can have City of Toronto rent supplement funding to enable people from the Housing Connections waiting list to be housed.

Council also approved the issuance of one or more proposals calls and the hiring of a Fairness Monitor at its October meeting to enable the selection of a proponent to lease, develop, manage and provide support services for the development at 110 Edward Street. Based on the Council authorities, staff of the Affordable Housing Office, Real Estate and Purchasing and Materials Management proceeded to complete the purchase of the site and issue proposal calls.

This report details the results of three proposal calls and recommends a proponent for the lease, development, management and support service provision of 110 Edward Street. This report also recommends that the various funding and benefits from federal, provincial and City sources that were approved at Council's October 26, 27 28 and 31, 2005 meeting be assigned to the approved proponent.

Comments:

Results of Three Proposal Calls:

Based on Council approval to undertake necessary procurement processes, two Requests for Expressions of Interest (REOI) and one Request for Proposals (RFP) were issued in order to select a proponent to develop 110 Edward Street. The first REOI was issued February 17, 2006 to receive submissions from proponents interested in developing the whole site for affordable and supportive housing as well as compatible uses. The REOI stated that the evaluation of the submissions would result in a maximum of five pre-qualified proponents who would be the only ones eligible to respond to the RFP. The second REOI was issued February 28, 2006 to receive submissions from proponents interested in proposing a compatible use on the site. The REOI for compatible uses stated that all submissions would be provided to the pre-qualified proponents for the RFP to use or not use as they wished in preparing their RFP submissions.

Fairness Monitor:

Prior to issuing the first REOI, the Affordable Housing Office hired an external Fairness Monitor to ensure the fair application of City purchasing policies and to monitor the evaluation and award processes for all 2006 RFPs. The Fairness Monitor's activities and advice are required to supplement, not replace or duplicate staff responsibilities for managing proposal calls.

Property One Consulting was selected as the Fairness Monitor through a competitive proposal call and Louise Panneton of Property One Consulting worked with staff on all stages of the three proposal call processes. The Fairness Monitor's report on the procurement processes is attached as Appendix 4.

A. REOI No. 9155-06-7059 for the Development of Affordable and Supportive Housing and Other Compatible Uses at 110 Edward Street:

The REOI was issued on February 17, 2006 and closed on March 16, 2006 with seven submissions being received from the following:

1. 2001138 Ontario Inc.
2. Delterra Inc. and DMS Property Management Ltd.
3. Houselink Community Homes
4. Mainstay Housing
5. Medallion Corporation
6. Verdiroc Development Corporation

## 7. YWCA of Greater Toronto

Submissions were evaluated by a team of staff from the Affordable Housing Office and Shelter, Support and Housing Administration Division (Social Housing Unit and SCPI team), two persons from the affordable and supportive housing sector and one from the private sector. Staff from Ministry of Municipal Affairs and Housing and Ministry of Health and Long Term Care acted as advisors. The Fairness Monitor Consultant and staff from Purchasing and Materials Management and Internal Audit of the City acted as observers.

The evaluation team assessed the seven proposals according to the Council approved Proposal Evaluation Criteria listed in the REOI. The REOI stated that submissions that scored seventy five or above, to a maximum of five, would be pre-qualified. Based on scores arrived at by the evaluation review the following five proponents were qualified:

1. Delterra Inc. and DMS Property Management Ltd.
2. Houselink Community Homes
3. Mainstay Housing
4. Verdiroc Development Corporation
5. YWCA of Greater Toronto

### B. REOI No. 9155-06-7058 for the Development of Compatible Uses at 110 Edward Street:

The REOI was issued on February 28, 2006 and closed on March 21, 2006 with two submissions being received as follows:

1. Ronald McDonald House of Toronto
2. COTA.

These submissions were not reviewed by the City, but distributed in their entirety without comment to the five pre-qualified proponents according to the process outlined in the REOI. The REOI stated that respondents to the development RFP are under no obligation to use the information provided by the City regarding compatible uses and can propose compatible uses that have not been identified through this REOI or the City.

### C. RFP No. 9155-06-7197 for the Development of Affordable and Supportive Housing and Other Compatible Uses at 110 Edward Street:

The RFP was issued on May 23, 2006 and closed on June 16, 2006 with four submissions being received from the following:

1. Houselink Community Homes
2. Mainstay Housing
3. Verdiroc Development Corporation
4. YWCA of Greater Toronto

Prior to the closing date Delterra Inc. stated their intentions to not submit a proposal. The remaining four proponents were reviewed by the evaluation team.

In addition to a review by the evaluation team, an independent financial analysis was conducted by N. Barry Lyon Consultants Limited who was selected through an RFP process (No. 9155-06-7153) to provide independent financial and cost analysis on Affordable Housing Office procurements in 2006. The financial consultant was asked to compare proponents capital costs with industry standards, demonstrate whether proposals were financially viable over the term of the City's legal agreement by reviewing operating budgets, mortgage costs and reserve funding and other calculations, to calculate the net present value of City assistance and to demonstrate whether proposals could meet new CMHC guidelines for mortgage insurance.

Planning staff provided comments on all proposals in regards to planning approvals and Heritage and Preservation Services provided comments on the proposed treatment of the heritage building on site in relation to the heritage easement agreement on title.

The total scores ranged from 46 to 85 with the highest scoring proponent being the YWCA of Greater Toronto.

Proponents' scores by criteria, price comparison and a staff analysis of evaluation results can be provided in an in-camera presentation if requested by Committee members.

The Fair Wage Office has reported that the recommended firm has indicated that they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and have agreed to comply fully.

#### Recommended Proponent Project:

The recommended proponent, the YWCA of Greater Toronto, will develop 300 units of affordable and supportive housing and innovative compatible uses in two new buildings and the existing heritage building in partnership with Wigwamen Incorporated and the Jean Tweed Centre. The YWCA is a long standing and experienced housing and support service provider for women and girls. Wigwamen is the oldest and largest housing and support services provider in the city for the Aboriginal community with 404 units of affordable housing. The Jean Tweed Centre has been running a residence and education centre since 1984 for women who have substance abuse and gambling issues and their families. It is recognized as a leader in holistic addiction treatment.

One building will house primarily women and women-led households in 150 affordable units at 5 per cent below average market and 100 supportive housing units for women and women-led families with serious mental illness. The second building will have 50 units that will be for Aboriginal singles, couples and families and economic development program space for the Aboriginal community.

The heritage building will be renovated to house the head offices of the YWCA along with a café that will provide employment training opportunities for residents. In the main building there will

be a 200 seat auditorium/meeting space for public use and a small boutique again to provide employment training opportunities for residents. The overall project is proposed to be built to LEED Gold standard with the goal of reducing energy demand by at least 75 per cent below current standards.

Appendix 1 contains a summary of the project and Appendix 2 shows architectural drawings of the buildings and the ground floor layout.

#### Compatible Uses:

As noted above, the REOI for Compatible Uses resulted in submissions from Ronald McDonald House (RMH) of Toronto and COTA. In the RFP, the Assessment and Referral Centre (ARC) for the homeless currently running out of 110 Edward Street by the City was proposed as an additional compatible use. RMH was proposing to build housing for families from out of town with children at Sick Children's Hospital. COTA was proposing to partner on the supportive housing component with rent supplements. Three of the four proposals discussed including space for RMH, one proposal included COTA while none of the proposals included ARC as a compatible use. As noted above, the recommended proponent is not including any of the three identified compatible uses.

#### Acquisition and Long Term Leasing:

The purchase of the site by the City was based on the project being approved as a Strong Start project by the Ministry of Municipal Affairs and Housing (MMAH) enabling it to receive up to \$70,000.00 per unit in federal/provincial funding. As approved by Council, the City was to purchase the property with the clear intent to assign the funding to a successful proponent which would lease, develop and manage the site in the long term. The project was approved under the Affordable Housing Program Strong Start Component and the City entered into a Provincial Contribution Agreement with the MMAH for a total of \$21,000,000.00.

After completing its due diligence process, the City waived conditions on March 3, 2006 and proceeded to finalize the purchase of 110 Edward Street. With the advance of \$8,000,000.00 of federal funding to the City by the MMAH and Supporting Communities Partnership Initiative (SCPI) funds for closing costs, the purchase was able to be completed on April 3, 2006.

As stated in the RFP for the development of the site, the Property is to be leased to the successful proponent at a nominal rate for fifty years less a day as in the case of other City sites leased for affordable housing purposes. This report recommends that the City enter into such a lease with the successful proponent substantially on the terms and conditions listed in Appendix 3.

The usual practice has been to receive Council authority to declare a property surplus to the City needs and proceed to negotiate a lease and then come back to Council for approval to enter in to the lease. In compliance with the Municipal Act, as the property was purchased in April 2006 with Council's authority with the sole purpose of assigning it to a proponent for the development of affordable and supportive housing, this report is recommending a one step rather than a two



step process. Therefore, Council is being asked for authority to negotiate and enter into a lease with the recommended proponent substantially on the terms and conditions in Appendix 3.

#### Value for Money:

The recommended project will result in approximately 300 units of affordable and supportive housing. The provision of this housing will provide a number of benefits to the tenants who live there. Apart from having safe, secure and high quality new housing, tenants will benefit from having affordable rents compared to what they would pay in the rental market.

The proponent has proposed to rent 150 units in the project at 95 per cent of average market rents (AMR). The 100 supportive units will be for people on Ontario Disability Support Payments (ODSP) who will pay the shelter component of ODSP in rent and the 50 City rent supplement units will be rented to households with varying incomes. Together these rents will average 55 per cent of AMR resulting in an overall project average of 70 per cent below average market rent. The Strong Start Program requires an average project rent of 80 per cent of average market rent or below. This project more than meets this requirement.

The total government capital contributions are \$30,504,211 or 50 per cent of the total capital cost or \$101,680 per unit. The YWCA and Wigwamen are contributing \$1,500,000.00 in total cash equity to the project as well as taking out a first mortgage of \$23,500,000.00 and a CRF loan of \$5,500,000.00.

The City's contribution is the waived fees and charges of \$2,367,962, Mayor's Homeless Initiatives Reserve Fund monies of \$300,000.00, SCPI funds of \$1,000,000.00, a net present value of \$553,565.00 on a CRF loan of \$5,500,000 at a reduced interest rate, a net present value of \$2,954,103.00 on a property tax exemption as well as funding for fifty units of rent supplement. (See Appendix 1 for a detailed listing of all funding) The City is contributing thirteen percent of the total government capital contributions.

#### Funding Agreements:

As a condition of funding, the successful proponent must enter into a 25 year municipal funding agreement and a long term lease with the City and any other agreements deemed necessary by the Director of Development, Affordable Housing Office (AHO) and the City Solicitor, on such terms and conditions as deemed necessary by the Director of Development, AHO in consultation with the City Solicitor. The successful proponent will also enter into agreements with the Ministry of Health and Long Term Care for the funding to provide 100 rent supplements and support services to those living in the units. If the City cannot conclude an agreement with the preferred proponent it will enter in to negotiations with the second highest scoring qualified proponent.

The legal agreements will secure the long-term objectives of providing sustainable, affordable and supportive housing and provide a framework for accountability to the City. The funding agreements will include terms and conditions relating to insurance, reporting requirements, disbursement of funding, rent and support levels, tenant selection criteria, standards for project

maintenance, and other matters. They also contain remedies that the City may utilize in the case of default or in case the Vendor does not meet any of the terms and conditions of the Agreement.

The recommendations contained in this report are limited to funding only and in no way are to be considered as an assurance of planning or building permit approvals. A condition of funding, clearly stated in the Municipal Funding Agreement to be signed by the successful proponent, is that the proponent must obtain all necessary development approvals.

#### Monitoring and Reporting:

Staff will monitor the progress of the project to ensure that the project proceeds as approved and that funds flow in a timely manner. Staff will follow appropriate administrative and due diligence requirements before releasing funds to the proponent.

The successful proponent is expected to meet and report on an agreed upon set of outcomes. Staff will work with the funded organization to ensure that it provides the requisite information for an overall evaluation of the affordable and supportive housing and SCPI funding.

#### Conclusions:

This report recommends the YWCA of Greater Toronto as the proponent to lease, develop, manage and provide support services at 110 Edward Street for 300 units of affordable and supportive housing as a result of a procurement process that included two REOIs and one RFP. The YWCA is proposing to build two buildings on the site. One will house 150 affordable units for women and their families and 100 supportive housing units for women with serious mental illness with supports being provided by the YWCA and the Jean Tweed Centre. The remaining 50 units will be in a separate building which will house Aboriginal singles and families from the Housing Connections waiting list who require rent supplements and be managed in partnership with Wigwamen Incorporated. As well, the YWCA is proposing to renovate the heritage building on site to become its head offices and to incorporate a publicly accessible 200 seat auditorium/meeting room into the ground floor of the larger building.

This report also recommends that the City enter into a long-term lease with the successful proponent at a nominal rate and assign all funding approved by Council at its October 26, 27, 28 and 31, 2005 meeting to the proponent. This funding includes contributions totalling \$21,000,000.00 from the federal and provincial governments under the Strong Start Program, \$1,000,000.00 in SCPI funds, \$300,000.00 in Mayor's Homeless Initiatives Reserve Funds, a \$5,500,000.00 loan at a reduced interest rate from the City's CRF, waived planning and development charges and a property tax exemption for twenty five years. With these contributions and \$1,500,000.00 in equity and a \$23,500,000.00 first mortgage from the proponent, the average project rent will be 70 percent below average market rents.

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Bruce Bowes, P. Eng.  
Chief Corporate Officer

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Sue Corke  
Deputy City Manager

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Lou Pagano, P. Eng.  
Director

List of Attachments

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| Appendix 1 | Summary of Recommended Project   |
| Appendix 2 | Architectural Drawings of the Proposed Development   |
| Appendix 3 | Major Terms and Conditions - Lease with the YWCA of Greater Toronto for 110 Edward Street, Toronto |
| Appendix 4 | Report from the Fairness Monitor Consultant  |

Appendix 1  
Summary of Recommended Project

Proponent	YWCA of Greater Toronto
Contact Name	Heather McGregor, Executive Director
Partners	Wigwamen Incorporated – provider of housing and support services for the Aboriginal community Jean Tweed Centre – provider of support services to women with addiction and gambling issues and their families
Proposal Address	110 Edward Street
Ward/Councillor	Ward 27 Toronto-Centre Rosedale / Councillor Rae
Consultants	Hilditch Architect and Architects Alliance SHS Inc. – development consultant
Client Group	Women, singles, families
Project Description	<p>The project will create four elements by demolishing the existing building and building two new buildings as well as renovating the heritage building on the site.</p> <ol style="list-style-type: none"> <li>1. One new building will be for 100 supportive housing units for diverse women-led households with serious mental illness which will include singles and women with children in 11 bachelors, 41 one bed-rooms, 2 two-bedroom accessible units, 31 two-bedrooms and 15 three bed-rooms. The women will be from those that are accessing services from the Y and the Jean Tweed Centre. There will be also be 150 units of affordable housing for primarily single women and women-lead households with children drawn from the Y's extensive network and program linkages in 110 one-bedrooms and 40 two-bedrooms. A small boutique that will provide employment training opportunities for residents will be on the ground floor of the building.</li> <li>2. The other new building will house 50 Aboriginal households of singles, couples or families drawn from the City's waiting list in 39 one-bedrooms, 1 one-bedroom accessible unit and 10 two-bedrooms. This will include up to ten households of women fleeing domestic violence. Space for economic development programs for the Aboriginal community will be incorporated as well.</li> <li>3. The heritage building will be renovated to become the head offices of the Y and will also include a café run by the Y to provide employment training opportunities for residents.</li> <li>4. Public facilities will include a walkway/green space and a 200 seat auditorium/meeting room on the ground floor of the large apartment building.</li> </ol>
Proponent Qualifications	The YWCA, founded over 133 years ago, is a well experienced provider of affordable housing and support services. They provide permanent housing, shelters, employment training and many other

	<p>supports to women and girls.</p> <p>Wigwamen was established in 1972 and currently operates 404 units of affordable housing across the City for the aboriginal community. The Jean Tweed Centre has been operating its treatment Centre since 1984. It provides both a home and an educational facility to women who have substance abuse and gambling issues and their families.</p>				
Financial Viability and Value for money	<p>The Proponent has experience financing affordable housing projects; the capital and operating budgets are well within the industry norms for a project of this scope and size and demonstrate long term viability. The Y and Wigwamen together have committed \$1,500,000.00 of capital equity to the project and will assume a conventional mortgage of \$23,500,000.00.</p> <p>The capital funding from all levels of government for the housing portion is \$30,504,211.00 or \$101,680 per unit or 50 per cent of total costs.</p> <p>As well, the City is contributing the net present value of the property tax exemption estimated to be \$2,954,103.00 and the reduced interest rate on the CRF loan calculated to be \$553,565.00 and funding for fifty rent supplement units.</p> <p>The project average rent will be 70.1 per cent of average market rents while the Strong Start Program requirement is a minimum of 80 per cent.</p>				
Management and Support Services Plan	<p>Property management will be provided by the YWCA. Project staff will work under the supervision of a senior management team of the Y in their head offices on site and the General Manager of Wigwamen. Comprehensive support services will be provided by the Y and the Jean Tweed Centre to the women with mental health issues. The Y will provide support services to the families fleeing domestic violence.</p>				
Development Plan	<p>The project is expected to proceed as-of-right. Demolition is projected to start in April 2007 and construction in July 2007 with occupancy January 2009.</p>				
Community Consultation and Communications Plan	<p>The Y and Wigwamen and their development consultant SHS Inc. have a great deal of experience in dealing with community consultation. Part of their community consultation process will be to engage the community in a meaningful way about ideas for the public outdoor space and the use of the auditorium/meeting room. These public spaces along with the proposed café and boutique will be a focus for integrating the project and the residents into the community over the longer term.</p>				
Estimated Total Project Cost	<table> <tr> <td>Housing Portion</td><td>\$60,965,395,000.00 including land price</td></tr> <tr> <td>Compatible Use Portion</td><td>\$4,019,000.00</td></tr> </table>	Housing Portion	\$60,965,395,000.00 including land price	Compatible Use Portion	\$4,019,000.00
Housing Portion	\$60,965,395,000.00 including land price				
Compatible Use Portion	\$4,019,000.00				

Funding Mix	SCPI federal (forgivable loan)	\$1,000,000.00
	AHP federal (forgivable loan )	\$8,400,000.00
	AHP provincial (affordability payments)	\$12,600,000.00
	Municipal Mayor's Homeless Initiatives Reserve Fund (forgivable loan)	\$300,000.00
	CRF loan at 3.25 per cent	\$5,500,000.00
	(NPV of interest reduction)	\$553,565.00
	Waived fees and charges	\$2,367,962.00
	Property Tax exemption (NPV 20 years)	\$2,954,103.00
Proponent Contribution	Proponent Equity	\$1,500,000.00
	Conventional Mortgage	\$23,461,184.00

Appendix 2  
Architectural Drawings of the Development









Appendix 3  
Major Terms and Conditions  
Lease with the YWCA of Greater Toronto (the "Tenant") for 110 Edward Street, Toronto

- (1) Property: 110 Edward Street, Toronto, ON briefly, legally described as being

Lots 9, 10, 11, 12, 18, 19, 20 and 21, Plan 60,  
Lots 41, 42 and 43, Plan 243, City of Toronto  
Sayre Street Plan 147, Toronto (also known as Chestnut Street) closed by CT469952;  
designated as Parts 1, 2, 3 and 4 on Plan 63R-2811.  
The boundaries of Elm Street, Elizabeth Street and Edward Street as confirmed by Plan  
63BA1267 registered as CT297001.

Assessment Role No: 19-04-06-6-520-00100

- (2) Area:

Consisting of an area of 5206 square metres or 53,037 square feet.

- (3) Term:

A term of fifty years less a day from April 1, 2007, or such other date that is mutually agreed to by the parties.

- (4) Use:

The Tenant shall only use the Property as affordable rental housing accommodation and ancillary facilities in accordance with the requirements of the Landlord under the City's Municipal Funding Agreement and the lease.

- (5) Rent:

The basic rent shall be the current market rent for the highest and best use of the Property, as if vacant, as of the time when the Landlord invokes its right to receive payment and to be agreed to by the Landlord and the Tenant. If the Landlord and the Tenant cannot reach agreement, then the rent shall be determined by arbitration.

Provided the Tenant is not in default of the Lease Agreement and/or the Municipal Funding Agreement, the Landlord shall waive the basic market rent, such below market rent constituting a grant within the meaning of the Municipal Act, but which grant, being in the best interests of the Municipality.

(6) Additional Rent:

The tenant accepts the property “as is” and will be responsible for all costs associated with the construction, maintenance and repair of all structures. The Tenant acknowledges and agrees that it is intended that this Lease is a completely carefree net lease to the Landlord, and the Tenant shall pay all charges, impositions, costs and expenses of every nature and kind whatsoever relating to the Property including, without limitation, the costs of utilities, insurance and all taxes. The Tenant shall at its sole cost be responsible for all capital construction and operating expenses including any subsequent repairs, replacements and maintenance of any component in relation to new construction buildings throughout the entire Term.

(7) Insurance:

The Tenant shall obtain adequate insurance of all types in an amount and form satisfactory to the City Solicitor and/or Chief Financial Officer, with the City of Toronto shown as an additional insured and loss payee.

(8) Default:

If the Tenant is in default of the Lease Agreement and/or the Municipal Funding Agreement and fails to rectify any default within the specified time, the Landlord shall have access to the remedies as set out in the lease including and not limited to, re-entry, reletting and/or termination and enforcing of market rent. It would constitute an event of default of both the Lease Agreement and the Municipal Funding Agreement if construction of the Project was not completed within pre-determined time frames.

(9) Assignment:

The Tenant shall not assign all or part of the Demised Premises without obtaining prior written consent of the Landlord, which consent shall not be unreasonably or arbitrarily withheld or delayed.

(8) Other:

Any other terms required by the City’s Affordable Housing Office, Real Estate Services and the City Solicitor.

Appendix 4  
Report of the Fairness Monitor Consultant

# Report



Request for Expressions of Interest (REOI) # 9155-06-7059 and  
Request for Proposals (RFP) #9155-06-7197  
for the Development of Affordable and Supportive Housing and other  
Compatible Uses at 110 Edward Street

AND

Request for Expressions of Interest (REOI) No. 9155-06-7058 for  
Compatible Uses at 110 Edward Street

Submitted by the

**Fairness Monitor Consultant**

June 30, 2006



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## Introduction

Property One Consulting was engaged by the City of Toronto in February 2006 to act as the Fairness Monitor Consultant to review and monitor the processes of communication, evaluation and decision-making associated with three procurement processes REOI and the Request for Proposals #9155-06-7197 for the Development of Transitional Housing and Supportive Housing at 110 Edward Street issued by the City and the Request for Expressions of Interest (REOI) No. 9155-06-7058 for Compatible Uses at 110 Edward Street. The role of the Fairness Monitor Consultant was to ensure the openness, fairness, consistency and transparency of the procurement process.

Property One Consulting hereby presents this report to the City of Toronto to accompany the recommendation of the selected Proponent for the Development of Transitional Housing and Supportive Housing and other Compatible Uses at 110 Edward Street.

### ***Background to the Fairness Monitor Consultant Role***

Throughout Canada, at all levels of government, Property One Consulting is observing significant, transformational changes in the design, delivery and organization of public services. In particular, innovative procurement options are increasing to support new approaches to the delivery of programs and services while ensuring both fiduciary responsibilities and development accountabilities are maintained in procurement policies and practices. Concerns about fairness, openness and transparency in public sector procurement are now playing an integral part in all aspects of the arrangements for both innovative or traditional procurement processes. The engagement of a fairness consultant is now being more widely adopted by the public sector to ensure that stakeholder confidence is maintained throughout the full procurement planning, implementation and contracting cycle. These stakeholders include political leaders; funding agencies; public auditors; executive management; the vendor community; special interest groups; and citizens.

In particular, in our role as Fairness Monitor Consultant for the City of Toronto, we ensured that the City of Toronto undertook the following steps to ensure an open, fair and transparent procurement process:

- Compliance with the requisite procurement policies and procedures, the accepted leading practices and the laws for the acquisition of services relating to public sector procurement;
- Compliance of evaluation participants with strict requirements of conflict of interest and confidentiality during the procurement and evaluation activities;
- Adherence to the confidentiality of proposals and the evaluation activities;
- Proper definition and use of evaluation procedures and assessment tools in order to ensure that the process was unbiased;
- Objectivity and diligence during the procurement process in order to ensure that it was conducted in an open, fair and transparent manner; and
- Oversight to provide a process where all Proponents were treated fairly, including the opportunity to contact the Fairness Monitor Consultant directly on a confidential basis.

### *Project Background*

The City is interested in developing a large affordable and supportive housing project on a central downtown Toronto block located at 110 Edward Street near Bay and Dundas. As well as an affordable and supportive housing project, the site can accommodate the development of compatible institutional/commercial/residential uses. The Elm Street frontage, which has a registered Heritage Easement Agreement on it, may be one potential area for such compatible uses.

The City undertook a two stage procurement process: Request for Expression of Interest (REOI) and Request for Proposal (RFP) which led to the identification of the selected proponent. Subject to obtaining the necessary approvals, the City will negotiate an Agreement to implement the project. The successful vendor is expected to develop and manage the City owned site at 110 Edward Street for Affordable and Supportive Housing and other Compatible Uses.

### *Scope of our Engagement*

We performed the following tasks in our role as the Fairness Monitor Consultant:

- ***Review of Procurement Documents:*** The Fairness Monitor Consultant reviewed, prior to their release, the EOI, REOI and RFP documents and, as required, other documents, including all addenda, related to the procurement process to ensure that the requirements were met.
- ***EOI, REOI and RFP Response Period:*** The Fairness Monitor Consultant provided verbal and written comments with respect to fairness, objectivity and consistency of process to ensure strict accordance with the specifications and criteria set out in the documents. This included responses to inquiries from prospective Proponents on matters of fairness.
- ***Meetings:*** The Fairness Monitor Consultant attended the Proponent Information Session, Project Team planning sessions, all evaluation sessions, , for the purpose of observing and providing guidance on the proposed processes related to the Project.
- ***Information Sessions and Interviews:*** All information sessions and interviews with Proponents were attended and monitored by the Fairness Monitor Consultant.
- ***Review of Evaluation Criteria and Procedures:*** The Fairness Monitor Consultant reviewed the evaluation criteria and procedures to ensure that the requirements were met, with specific reference to fairness and objectivity. (The Monitor also subsequently reviewed the Evaluation Team's selection recommendations.)
- ***Evaluation Teams:*** We reviewed the qualifications of the Evaluation Team members and provide training to the Team on how to conduct a fair evaluation process.
- ***Advice on Best Practices:*** The Fairness Monitor Consultant ensured that all Project Team members were provided with briefings on best practices including the principles and duties of fairness, care and protection of confidential information, avoidance and disclosure of conflict of interest, bias and undue influence, scoring procedures and sign-off on individual scoring sheets, preparation, treatment and retention of evaluation documents



### *Code of Conduct and Confidentiality Obligations*

Each member, advisor and observer involved in the evaluation process confirmed that they did not have any Conflicts of Interest and signed a declaration to this effect.

### **Request for Proposal Process**

#### *Review of Solicitation Documents*

The Fairness Monitor Consultant was provided with and reviewed copies of the draft procurement documents and the final procurement documents prior to their release. As addenda were issued, we also received copies of those addenda documents and reviewed them from a fairness perspective.

#### *Procurement Period*

Property One Consulting conducted an information session and presentation to ensure that members, advisors and observers involved in the evaluation process were aware of good procurement practices and the role of the Fairness Monitor Consultant. A Code of Conduct form was provided to all evaluation participants to ensure that conflicts of interest might be avoided and that credibility and objectivity would be preserved throughout the process. This document contained a signed and witnessed declaration (see Attachment A). Copies of the proposals were not released to the evaluators or the advisors until they had signed the declaration.

The Fairness Consultant also monitored communications with the Proponents to ensure consistency and transparency up to the date of this report. In addition, we ensured that there was adequate documentation of the process.

We provided guidance and review to the Project Team in developing the detailed scoring template as well as templates for use by the evaluators and a scoring calculation spreadsheet to record the consensus results.

The procurement was conducted in two phases. The first phase was the Request for Expression of Interest (REOI) which was issued February 23, 2006 and closed March 16, 2006. This process led to the prequalification of the following vendors:

1. Delterra Inc. and DMS Property Management Ltd.
2. Houselink Community Homes
3. Mainstay Housing
4. Verdiroc Development Corporation
5. YWCA of Greater Toronto

The pre-qualified vendors were invited to submit proposals in response to the Request for Proposal (RFP) issued on May 23, 2006 which closed on June 16, 2006. Delterra/DMS withdrew from the process on June 12<sup>th</sup> stating that they "cannot handle due to present commitments".

The process was linked to the Compatible Uses REOI 9155-06-7058 issued on February 28, 2006 which closed on March 21, 2006. Through this process, the City sought to identify parties interested in proposing uses that would be compatible with the development of affordable and supportive housing at 110 Edward Street. The two responses that were received were provided to the five Proponents that prequalified as a result of REOI No. 9155-06-7059. Section 2.3 of the RFP for the Development of Affordable and Supportive Housing and other Compatible Uses at 110 Edward Street stated:

*As stated in the Compatible Use REOI, the Prequalified Proponents may use the information contained in the Responses to that REOI to assist in preparing their submissions to this RFP. However, there is*

*no obligation on the part of the Prequalified Proponents to use that information in their submissions, nor is there any obligation on the part of the firms identified under the Compatible Use REOI to partner with any of the Prequalified Proponents. Further, the Compatible Use REOI stated that the "City shall have no liabilities whatsoever with respect to any interaction, relationship or agreements (or lack thereof) that the Compatible Use Respondents establish with the Prequalified Respondents of the Development REOI".*

### ***Evaluation of the RFP Proposals***

All proposals submitted by vendors for the RFP were received by the due date and time. Purchasing & Materials Management staff received the Proposals at Closing and conducted a review of the Mandatory Requirements. All the Proposals were compliant with the Mandatory Requirements and were forwarded to the Evaluation Team for the next stage of the evaluation process.

The Fairness Monitor Consultant attended and observed the consensus evaluation session, provided guidance regarding consistency and fairness, and documented the preliminary consensus scores and rationale for all Proposals according to the evaluation process and guidelines, which was developed in advance of opening the submissions.

The Evaluation Team determined that they had sufficient information to make their recommendation and as a result, interviews (as provided for in Section 4.6 of the RFP) were not deemed necessary.

### **Conclusion**

As the Fairness Monitor Consultant for EOI No. 9155-06-7058 for Compatible Uses at 110 Edward Street; REOI No. 9155-06-7059 and RFP No. 9155-06-7197 for the Development of Affordable and Supportive Housing and other Compatible Uses at 110 Edward Street issued by the City of Toronto, we certify that the principles of openness, fairness, consistency and transparency have, in our opinion, been maintained throughout the procurement processes. Furthermore, we were not made aware of any issues that may have emerged during the process that would impair the fairness of these initiatives.

The following table summarises this conclusion with regard to the principles of openness, fairness and transparency:



**Fairness Monitor Consultant Report**  
**REOI # 9155-06-7059 RFP #9155-06-7197**  
**for the Development of Affordable**  
**and Supportive Housing and other Compatible Uses at 110**  
**Edward Street and EOI No. 9155-06-7058 for Compatible**  
**Uses at 110 Edward Street**

Procurement Principle	Measures Taken in this Procurement Initiative
Openness	<ul style="list-style-type: none"><li>• REOI and RFP documents contained no barriers to prospective Proponents</li><li>• REOI posted on City of Toronto website</li><li>• RFP provided to the Prequalified bidders</li><li>• Information session open to all prospective Proponents</li></ul>
Fairness	<ul style="list-style-type: none"><li>• Submission and technical requirements contained no bias to any prospective Proponent</li><li>• All Proponents were treated equitably with regard to access and response to questions</li><li>• Evaluation criteria and process matched to RFP requirements</li><li>• Evaluation training provided to all evaluators, advisors and observers</li><li>• Evaluation Team efforts were diligent and consistent to all Proponents</li><li>• Consensus evaluation and scoring was based on written submissions</li></ul>
Transparency	<ul style="list-style-type: none"><li>• Evaluation criteria and process were documented clearly in the REOI and RFP</li><li>• Sample Agreement was included in the RFP</li><li>• Prospective proponents information sessions encouraged questions and discussion</li><li>• Proponents had direct access to submit questions related to the REOI and RFP</li><li>• Proponents had confidential access to the Fairness Monitor Consultant</li><li>• Consensus evaluations and scoring were documented in official record</li><li>• Recommendations for selection will be tabled at Affordable Housing Committee</li><li>• Debriefings will be available to all Proponents upon request</li><li>• Fairness Monitor Consultant will be available to attend all briefings, committee meetings and debriefings to verify the procurement process and results</li></ul>

Property One Consulting Inc.

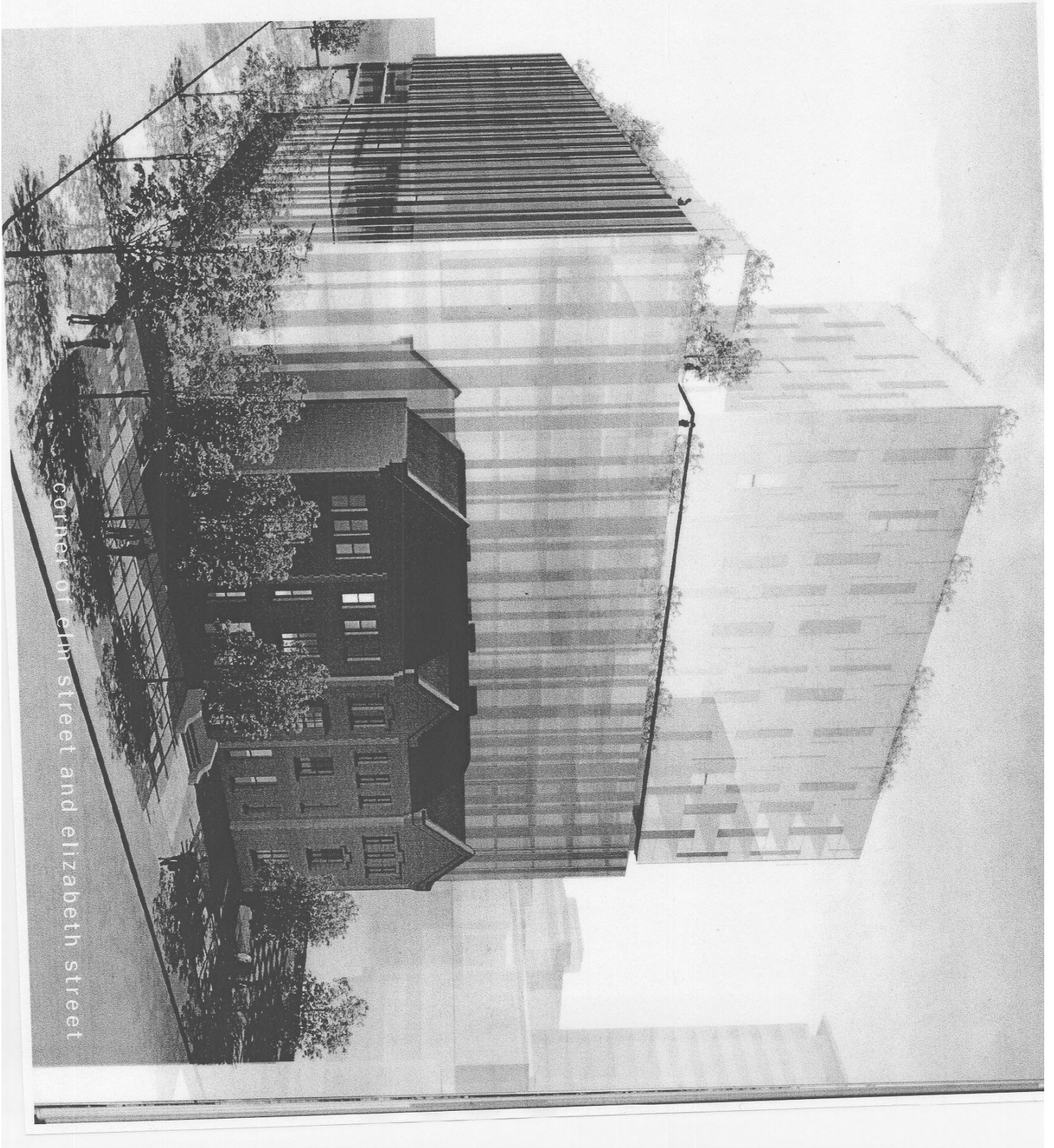
Louise Panneton  
Lead Fairness Monitor Consultant

June 30, 2006



view of the courtyard





corner of elm street and elizabeth street

floor elevations

96.42 elm street  
95.21 elizabeth street  
93.73 edward street

Edward Street

floor elevations

96.42 elm street  
95.21 elizabeth street  
93.73 edward street

Edward Street

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95.21 elizabeth street  
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Edward Street