



**STAFF REPORT
ACTION REQUIRED**

**Affordable Housing – Funding Recommendations
Request for Proposals 9155-07-7200 for the
Development of Transitional Housing and Supportive
Housing**

Date:	October 31, 2007
To:	Affordable Housing Committee
From:	Deputy City Manager Director, Purchasing & Materials Management
Wards:	Wards 14, 30, and 32
Reference Number:	P:\2007\Cluster A\AHO\ Funding Recommendations RFP 9155-07-7200 for Transitional and Supportive Housing Development (AFS-6173)

SUMMARY

This report recommends approval of \$8,209,000 in federal Homelessness Partnership Initiative funding for the development of 3 transitional and supportive housing projects. These three projects will result in 68 new affordable homes for people who have experienced homelessness in the City of Toronto. The developments were selected from proposals submitted in response to a Request for Proposals (“RFP”) issued by the City. It also recommends the establishment of a Contingency Fund in the amount of \$500,000 to be funded from Homelessness Partnership Initiative.

Federal capital funding is from the Homelessness Partnership Initiative (HPI), a program that provides resources to communities across Canada to address and alleviate homelessness. In order to acquire the funding, the City of Toronto must sign an agreement with the federal government for HPI, anticipated to be in place effective January 1, 2008. City of Toronto support is in accordance with existing affordable housing policies and programs. This report recommends that the City administer the projects for a period of 25 years. Contributions from the City include waiver of development fees and charges, and exemption from property taxes. There will be no net costs to the City.

This report also recommends approval of \$240,000 from the City of Toronto Capital Revolving Fund (CRF) as a grant for the completion of Parkdale United Church Foundation's "Shalom House", a transitional and supportive housing project, the majority of the previous funding was funded under the predecessor program to HPI, the Supporting Communities Partnership Initiative (SCPI).

RECOMMENDATIONS

The Deputy City Manager and Director of Purchasing and Materials Management recommend that City Council:

1. Approve the following supportive housing and transitional housing projects selected through the RFP subject to the City successfully signing an agreement with the federal government for the administration of the Homelessness Partnership Initiative funding:
 - a. Alternative Living Solutions Inc. at 1908 Gerrard Street East;
 - b. Parkdale United Church Foundation Incorporated at 1355 King Street West;
 - c. WoodGreen Community Housing Inc. at 650 Queen Street East;
2. Grant authority to exempt the listed projects from taxation for municipal and school purposes for the term of the municipal capital facility agreement;
3. Grant authority for exempting all projects, not subject to a waiver under the *Development Charges Act*, from payment of development fees and charges;
4. Grant authority to designate the listed projects to qualify as social housing allowing all or part of the project relief from normal parking standards;
5. Approve \$240,000 in funding from the Capital Revolving Fund as a grant to be allocated to Parkdale United Church Foundation for its transitional housing project at 1339 King Street West;
6. Approve the establishment of a Contingency Fund of \$500,000 to be drawn from the Homeless Partnership Initiative transitional and supportive housing funds; and
7. Authorize and direct the General Manager, Shelter Support and Housing Administration on behalf of the City, to approve use of the Contingency Fund under the criteria set out in Appendix 2 and if use of the contingency funds is approved, the General Manager, Shelter Support and Housing Administration be granted authority to execute on behalf of the City an agreement to amend the municipal capital facility agreement for the project receiving contingency funds to reflect the increase in funding.

8. Grant authority for the City to enter into a municipal capital facility agreement and such other agreements, security and other documents deemed necessary, with the proponents of each of the projects, set out in the foregoing recommendations or to another entity associated and controlled by it and acceptable to the Director of Affordable Housing Development to provide for the development and operation of supportive housing and transitional housing, on such terms and conditions as the Director Affordable Housing Development and the General Manager, Shelter, Support and Housing Administration, considers appropriate and in a form approved by the City Solicitor;

9. Authorize and direct the Director, Affordable Housing Office Development, on behalf of the City, to execute municipal capital facility agreements and all other agreements and documents deemed necessary to give effect to all other recommendations in this report, on terms and conditions satisfactory to the Director, Affordable Housing Development and the General Manager, Shelter, Support and Housing Administration and in a form approved by the City Solicitor;

Financial Impact

The funding sources to build the 68 units (3 projects) recommended in this report for a total of \$11,797,990 are set out below and detailed in Appendix 1. Access to Homelessness Partnership Initiative funding is contingent on the successful signing of an agreement with the federal government, anticipated to be in place effective January 1, 2008.

Direct capital assistance for the construction of the 68 units from all orders of government is:

Government Assistance Capital

Homelessness Partnership Initiative (HPI) Contribution	\$8,209,000
Capital Revolving Fund Contribution	\$ 240,000
Minimum Expected GST and PST Rebates	\$ 293,220
Municipal Development Charges and Planning Fees at current rates	\$ 337,770
TOTAL	\$9,079,990

Private equity and mortgage financing to be obtained is set out below:

Proponent Capital Contributions

Minimum Proponent Equity	\$1,718,000
Minimum First Mortgage Financing	\$1,000,000
TOTAL	\$2,718,000

The only operating assistance will be property tax exemptions for the twenty five years of the term of the Contribution Agreements at a total net present value of \$666,973 for the three projects. No rent supplements are being provided by the City to any of the projects.

Funding from the Capital Revolving Fund for the Parkdale United Church Foundation “Shalom House” transitional housing project will be provided as a grant by way of forgivable loan in the amount of \$240,000. The Capital Revolving Fund for Affordable Housing projects has an uncommitted balance of \$13.5 M available.

The detailed budget implications (including 2008 budget adjustments) for the 2008-2010 year will be reported to the Budget Committee early in 2008 and any 2009-2010 budget year implications associated with these projects will be reported and included in the 2009-2010 year program budgets as developments proceed and funds are advanced. There is no City contribution/commitment required for development beyond what is recommended in this report.

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

DECISION HISTORY

In January 2006 Council adopted Clause 18 of Report 1 of the Policy and Finance Committee - the 2006 Action Plan for Affordable Housing Development (“the Action Plan”, <Q:\2006\Standing\Policy\Clauses\200601-018.pfc.doc>) which outlines the resources, priorities and timing to guide the City in its annual objective of securing 1,000 affordable homes. Appendix A to the Action Plan contained an extensive outline of the selection process and evaluation criteria to be used in future RFP’s for affordable, transitional or supportive housing. This selection process and evaluation criteria were used in this RFP.

This RFP was based on Federal capital funding from the Homelessness Partnership Initiative (HPI) program. The HPI is the successor program to the federal Supporting Communities Partnership Initiative (SCPI). The City of Toronto is the community entity responsible for delivering and administering these programs in Toronto. The most recent Community Plan for the delivery of the SCPI program is from September 2003 and is entitled, *Building on Successes: The Community Plan for the Supporting Communities Partnership Initiative in Toronto, 2003-2006* (see <http://www.toronto.ca/housing/pdf/scpi031031.pdf>).

The federal Homelessness Partnership Initiative (HPI) was announced on December 19, 2006. The program covers a two-year period beginning on April 1, 2007 and replaces the Supporting Communities Partnership Initiative (SCPI).

Council approved the report from the General Manager, Shelter, Support and Housing Administration entitled *Federal Homelessness Funding: Authority to Negotiate a New Federal Agreement and Manage the Transition to the New Program Item CD2.1* (see <http://www.toronto.ca/legdocs/mmis/2007/cd/bgrd/backgroundfile-1587.pdf>) at its meeting on March 5 and 6, 2007. The report outlined the plan for investment of the

approximately \$34.58 million in federal funding. \$8.7 million was deemed available for the development of new transitional housing and supportive housing. The HPI is a two-year program and projects selected through the development RFP must have expended all HPI funding by March 31, 2009.

City Council subsequently approved a high level plan outlining the City's objectives and priorities for funding projects through the HPI in March 2007. See <http://www.toronto.ca/legdocs/mmis/2007/cd/bgrd/backgroundfile-1587.pdf> for the Staff Report *Federal Homelessness Funding: Authority to Negotiate a New Federal Agreement and Manage the Transition to the New Program*. A new 2007 – 2009 Community Plan under the HPI is currently being reviewed by the federal government and it is expected that the associated agreement between the City and the federal government will be signed prior to January 2008. These documents will guide the City's administration of the HPI program.

ISSUE BACKGROUND

The Affordable Housing Office used the selection process set out in Appendix A of the Action Plan as the basis to prepare an RFP that was issued by Purchasing & Materials Management as Request for Proposals No. 9155-07-7200 for Development of Transitional Housing and Supportive Housing on June 25, 2007. The RFP closed on August 8, 2007.

The majority of the funding for this RFP was made available through the Homelessness Partnership Initiative (HPI) program, a federal program that provides resources to communities across Canada to address and alleviate homelessness. The HPI is the successor program to the Supporting Communities Partnership Initiative (SCPI), a program originally announced in December 1999.

Toronto's total envelope of HPI capital funding for transitional and supportive housing development is \$8.7 million. Approximately \$8.2 million dollars in HPI capital funding was available through the RFP, while the remaining \$.5 million will be held as a contingency.

Federal Homelessness Partnership Initiative funding under this RFP is contingent on the finalization of the related contract between the City of Toronto and the Government of Canada. This is anticipated to be effective January 2008.

In conjunction with the Federal funds, City resources were made available through this RFP in the form of exemptions from property taxes, Planning Fees, and Development Charges, under existing Council policies.

Funding for the Parkdale United Church Foundation "Shalom House" transitional and supportive housing project is necessitated by the lack of Canada Mortgage and Housing Corporation (CMHC) Residential Rehabilitation Assistance Program (RRAP) funding.

COMMENTS

The City's Request for Proposals

The Affordable Housing Office issued Request for Proposals No. 9155-07-7200 for Development of Transitional Housing and Supportive Housing using HPI funding on June 25, 2007. The RFP closed on August 8, 2007. Of the thirteen (13) proposals received (listed in Appendix 5) two proposals failed to meet the mandatory requirements, which disqualified the proposals. In the RFP the City called for proposals for projects that create transitional and supportive housing to meet the needs of very low income individuals and families who have experienced homelessness, or are at risk of homelessness.

City and Federal priorities were reflected in the proposal call. City priorities included prospective proponents working with City staff from the Shelter, Support and Housing Administration Division (SSHA) to house clients referred from the Streets to Homes program and from City funded and directly operated shelters.

As this RFP was for transitional and supportive housing for people who have very limited incomes and need a variety of support services, prospective projects were expected to have very low rents and provide services to meet clients' needs. However, no Rent Supplements were available from the City through this RFP. This means that to make the project financially sustainable over the long term – while offering the low rents and supports (either directly or through partnership with other agencies) required by this high need, low income clientele – projects would need substantial up-front capital funding.

Given the absence of funding for ongoing operating and support services costs, substantial capital allocations are being recommended. (For more information see the Financial Analysis and Value for Money section of this report below.)

The RFP Process and Fairness Monitor

After the RFP was issued June 25, 2007 by posting on the City's web site, an information meeting for potential proponents was held by staff on July 5th. The session was well attended. Questions and answers, the presentation and information materials from the session, were issued as an addendum to the RFP on July 12, 2007. A final addendum providing further clarification and information and the responses to questions received in writing was issued July 30, 2007.

The Selection Process was organized according to the City's purchasing policies. The Affordable Housing Office hired an external Fairness Monitor to ensure the fair application of City policies and to monitor the evaluation and award processes to ensure that all proponents are treated fairly. The Fairness Monitor's activities and advice supplemented, but did not replace or duplicate staff responsibilities for managing the RFP.

P1 Consulting was the Fairness Monitor. Rob Lowry of that firm worked with staff on all stages of the processes from drafting of the text of the RFP through to the final selection of projects. The Fairness Monitor’s report on this RFP is attached as Appendix 3. Section 2 of that report sets out the workings of the selection process and is not repeated here.

The selection process included a comprehensive review and analysis by an Evaluation Team consisting of staff from the Affordable Housing Office with input from staff from SSHA, City Planning and Buildings. Staff were required to act according to and sign the Code of Conduct attached as Appendix 4. The selection meetings were also monitored by staff from ServiceCanada and an independent financial review by N. Barry Lyons Consultants Ltd. was conducted on all qualified proposals.

RFP Evaluation Criteria

Staff used the Evaluation Criteria approved by Council from the *2006 Action Plan for Affordable Housing Development*. The RFP clearly outlined and explained in detail the selection criteria. The evaluation’s point system followed the selection criteria and is summarized as follows:

Evaluation Criteria	Maximum Points
Proponent Qualifications	15
Financial Viability and Value for Money	20
Property Management and Support Services Plan	25
Development Plan	25
Community Consultation and Communications Plan	5
City Priorities	10
Total Score	100

City criteria in the RFP also required energy efficiency measures from the Toronto Green Development Standard.

Proponents’ scores by criteria, price comparison and a staff analysis of the evaluation results for the RFP can be provided in an in-camera presentation if requested by the Committee Members.

RFP Evaluation Results and Comments

The final analysis by the selection team resulted in the list of recommended projects detailed, as proposed, in Appendix 1, for a total of 68 units. The three projects are in three different wards, all within the Toronto and East York Community Council District. All projects will house persons who have experienced homelessness and/or mental illness and will provide extensive support services. All proposed rents are at either the shelter component of Ontario Works or the Ontario Disability Support Program. Two proposals are conversions of existing buildings and one is an addition to an existing building. One

project with 29 units will be delivered by the private sector and the other two projects with 11 and 28 units each will be delivered by the non-profit sector.

The new projects provide opportunities to house Streets to Homes clients and people resident in shelters. Placement procedures will be tailored to provide referral agreements that can assist in the implementation of Council's Streets to Homes strategy, as appropriate.

The Contribution Agreement between the City and the Proponents provides that the City must approve all details of the development before the start of construction and the flowing of the program funding. This agreement also sets out terms and conditions related to flow of funds, insurance, rents, tenant selection and reporting requirements.

Financial pro formas for each project have a built in construction contingency at or above industry standards. Each project will be monitored closely to ensure that the scope and cost of the project is in compliance with the approved proposal.

Financial Analysis and Value for Money

An independent financial analysis of all proposals was carried out by N. Barry Lyons Consultants Ltd. who was selected through an RFP process. The financial consultant, as in previous Affordable Housing Office RFPs, compared capital costs in each proposal with industry standards, tested whether proposals were financially viable over the term of the Contribution Agreement by reviewing operating budgets and evaluated whether projects would qualify for sufficient mortgage financing to complete. All three recommended projects met these financial tests.

In addition, the financial consultant examined the value in rent savings for the amount of government assistance provided over the life of the agreement, or value for money for all projects. All three recommended projects would provide rents at either the shelter component of Ontario Works or Ontario Disability Support Program (which are approximately 50% of average market rents, e.g. rents of \$436 for a one bedroom instead of \$897) for the twenty years of the Contribution Agreement or more. To achieve these rents, the capital contributions from all levels of government are approximately 76% of total project costs. In addition the Net Present Value of property taxes is \$666,973 or approximately 6% of total project costs. Including net present value of property taxes would be 82% of total project costs. By providing this level of capital assistance the projects are able to provide the necessary support services for their target groups as well as low rents without rent supplements.

Fair Wage Policy

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

Parkdale United Church Foundation "Shalom House"

Shalom House is a transitional and supportive housing project being developed by the Parkdale United Church Foundation. It involves the conversion of an existing Victorian building at 1339 King Street West to 10 self-contained apartments for people who have experienced homelessness. It is currently in the final stages of construction. Funding for the project was provided primarily by the predecessor program to HPI, the federal Supporting Communities Partnership Initiative (SCPI).

Shalom House was also approved to receive \$240,000 in federal Residential Rehabilitation Assistance Program (RRAP) funding from the federal government. Unfortunately, administrative requirements between Canada Mortgage and Housing Corporation (CMHC) and the Ministry of Municipal Affairs and Housing (MMAH) have made the funds unavailable.

Accordingly, this funding will be required from the City of Toronto Capital Revolving Fund (CRF) to see this important project to completion without a burdensome amount of additional and unanticipated debt. In future, City staff will verify the legal and administrative requirements for RRAP loans before approving project proposals.

CONCLUSION

The proposals recommended for funding in this report were selected by applying the Evaluation Criteria approved by Council from the 2006 Action Plan for Affordable Housing Development. The RFP clearly outlined and explained in detail the selection criteria. Staff acted under a performance Code of Conduct and the entire process was monitored by an outside consultant to ensure fairness.

City and Federal priorities were reflected in the proposal call. City priorities included prospective proponents working with City staff from the Shelter, Support and Housing Administration Division (SSHA) to house clients referred from the Streets to Homes program and from City sponsored shelters.

The majority of funding is provided by the federal Homelessness Partnership Initiative (HPI). Contributions from the City include waiver of development fees and charges, and exemption from property taxes. There will be no net costs to the City. An independent financial analysis of all proposals was carried out by N. Barry Lyons Consultants Ltd. and all projects represent good value for money.

Funding from the City of Toronto Capital Revolving Fund (CRF) for the Parkdale United Church “Shalom House” project is necessary to replace the lack of federal RRAP loan funding.

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ATTACHMENTS

- Appendix 1 Summary of Recommended Projects from the RFP
- Appendix 2 Contingency Fund Criteria
- Appendix 3 Fairness Monitor’s report
- Appendix 4 Code of Conduct for Proposal Evaluators
- Appendix 5 Responses to the RFP

Appendix 1 Summary of Recommended Projects from the RFP

Proponent Name / Partner		Parkdale United Church Foundation Inc.	Woodgreen Community Housing Inc.	Alternative Living Solutions Inc. / Houselink Community Homes	Totals
Proposal Address		1355 King Street West	650 Queen Street East	1908 Gerrard Street East	-
Ward Number		14	30	32	-
Total Units Proposed		11	28	29	68
Unit Types	Bachelor	7	28	-	35
	1-Bedroom	2	-	29	31
	2-Bedroom	2	-	-	2
Total HPI Funding		\$1,375,000 or \$125,000/unit	\$3,934,000 or \$140,500/unit	\$2,900,000 or \$100,000/unit	\$8,209,000 or \$120,720/unit
Total Project Cost		\$2,049,558 or \$186,323/unit	\$5,035,539 or \$179,841/unit	\$4,471,893 or \$154,203/unit	\$11,556,990 or \$169,956/unit
Target Group		Homeless individuals & small families	Homeless individuals / those with mental health issues	Homeless individuals experiencing mental illness	-
Support Services		Agency & in-house support workers & in-house counsellor	Agency support workers / case management	Agency support workers / case management	-
Project Description		Addition to existing apartment building	Conversion of hotel and bar	Conversion of entertainment hall	-

Appendix 2

1. The General Manager, Shelter Support and Housing Administration is authorized to approve use of the contingency fund on a per project basis.
2. The General Manager's approval for use of contingency funds be based on reasonable and verified project costs.
3. Reasonable costs are to include those that:
 - (i) are increased to cover actual costs as compared to estimated costs in the project's application for funding;
 - (ii) are increased to cover the cost of inflation due to the length of the development period; and
 - (iii) are increased to cover necessary expenses unforeseen at the time of application.
4. Verified costs are those that are proven by a copy of a signed contract, dated detailed invoices or other accepted documents.

Appendix 3 Fairness Monitor's report



RFP #9155-07-7200

Development of Transitional Housing and
Supportive Housing

Final Report submitted by the
Fairness Monitor Consultant

October 2007



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INTRODUCTION

P1 Consulting acted as the Fairness Monitor Consultant to review and monitor the processes of communication, evaluation and decision-making associated with the Request for Proposals #9155-07-7200 for the Development of Transitional Housing and Supportive Housing, issued by the City of Toronto. Our role related to ensuring openness, fairness, consistency and transparency of the procurement process.

P1 Consulting hereby presents its final report to the City of Toronto at the conclusion of the procurement process to accompany the recommendation of the selected Proponents, describing how the procurement process has complied with openness, fairness and transparency requirements.

Background to the Fairness Monitor Consultant Role

Throughout Canada, at all levels of government, P1 Consulting is seeing significant, transformational changes in the design, delivery and organization of public services. In particular, innovative procurement options are being used increasingly 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 either innovative or traditional procurement processes. The engagement of a Fairness consultant is now being adopted more widely 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 made certain that the following steps were taken to ensure a fully 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 project 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 and transparent
- 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

It is noted that the procurement process was initiated on 27 June 2007 with the issuance of the Request for Proposals (closing on 8 August 2007); and P1 Consulting was engaged as the Fairness Monitor Consultant before the RFP was issued.

Project Background

The purpose of this Request for Proposal was to select Proponents who would enter into a contract with the City of Toronto to build and operate Transitional Housing and Supportive Housing. The City of Toronto had capital funding and other financial assistance available in the form of a grant by way of forgivable loan to contribute toward the development costs of these types of housing. Capital funding of approximately \$8 million dollars was available through the Homelessness Partnership Initiative (HPI).

Conversions of non-residential buildings to residential, renovations, and additions to existing buildings were all eligible for consideration. Proposals for new construction would be considered if Proponents could demonstrate that they had the necessary Planning and Building approvals to proceed with development in a timely manner. All Homelessness Partnership Initiative funds were to be spent by 31 March 2009.

The majority of the funding was made available through the Homelessness Partnership Initiative (HPI) program, a federal program that provides resources to communities across Canada to address and alleviate homelessness. The HPI is the successor program to the Supporting Communities Partnership Initiative (SCPI), a program originally announced in December 1999.

The City of Toronto is the community entity responsible for delivering and administering the program in Toronto. The most recent Community Plan for the delivery of the SCPI program is Building on Successes: The Community Plan for the Homelessness Partnering Strategy in Toronto, 2003-2006. City Council also approved a high level plan outlining the City's objectives and priorities for funding projects through the HPI. These two documents will guide the City's administration of the HPI program and an updated Community Plan will be finalized in the fall of 2007. (See <http://www.toronto.ca/housing/pdf/scpi031031.pdf> for the complete Community Plan and <http://www.toronto.ca/legdocs/mmis/2007/cd/bgrd/backgroundfile-1587.pdf> for the Toronto Staff Report Federal Homelessness Funding: Authority to Negotiate a New Federal Agreement and Manage the Transition to the New Program.)

This Request for Proposals (RFP #9155-07-7200) invited Proposals for the development of Transitional Housing and Supportive Housing. Proponents had to demonstrate the experience necessary to develop and manage a Transitional and Supportive Housing project that:

- a) was financially viable over the long term without rent supplements;
- b) was well constructed using materials and construction methods intended to maximize life-cycle performance and represented good value for the money;
- c) integrated harmoniously into the neighbourhood and addressed the needs of those who would live and work there;
- d) was well managed and provided the necessary supports so tenants could live independently;
- e) was developed so that HPI funding could be spent by March 31, 2009;
- f) incorporated environmental elements outlined in the Toronto Green Development Standard;
- g) met HPI program requirements as outlined in this RFP;
- h) had a well defined community engagement plan including consultation and communications components so that the project would integrate into the community; and
- i) had rents by unit type not higher than Average Market Rents over the term of the Agreement (25 years).

Scope of our Engagement

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

- Review of Procurement Documents: we reviewed, prior to their release, the RFP documents and, as required, other documents, including addenda, related to the procurement process to ensure that the requirements were met
- Review of Evaluation Criteria and Procedures: we reviewed the evaluation criteria and procedures to ensure that the requirements were met, with specific reference to fairness and objectivity. (We also subsequently reviewed the consensus results for the evaluation team and their selection recommendations.)
- Evaluation Team Training and Advice on Best Practices: we provided all Project team members 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
- Meetings: we attended Project Team planning sessions, all evaluation sessions, and final consensus sessions for the purposes of observing, providing guidance on processes related to the Project, and verifying our findings. We also will attend the presentation of the recommendations for selection to the Affordable Housing Committee and Council, as required
- RFP Response Period: we 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
- Information Sessions: we attended and monitored the Proponent Information Meeting (5 July 2007) that dealt specifically with the RFP
- Senior Management and Councillor Briefings: we attended and participated in all briefings with senior management to verify the procurement process and to respond to questions related to fairness. If requested, we also will attend briefings with local Councillors that may be scheduled after this report is tabled with the Affordable Housing Committee
- Debriefings: we will attend debriefing sessions with successful and unsuccessful Proponents, as requested.

Code of Conduct and Confidentiality Obligations

Each evaluator, advisor and observer involved in the evaluation process signed a declaration committing to preserve the confidentiality of the proposals and the evaluation process and to declare any potential, actual or perceived Conflict of Interest. It was confirmed that no participant had any conflict of interest that would preclude their involvement in the procurement process.

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 drafts of those addenda documents and reviewed them from a fairness perspective.

Proposal Period

P1 Consulting participated in an information session and presentation to ensure that members, advisors and observers involved in the evaluation process were aware of good procurement practice and the role of the Fairness Monitor Consultant. A Code of Conduct form (included as Appendix 3 of

the Council Report) was provided to all evaluation participants to ensure that conflicts of interest could be avoided and that credibility and objectivity would be preserved throughout the process. Each participant was informed within the document of the Conflict of Interest provisions and Conduct provisions; it contained a signed and witnessed declaration. 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 assessment templates for use by the evaluators and a scoring calculation spreadsheet to record the consensus results.

Evaluation of the Proposals

Thirteen (13) submissions were received. Purchasing & Materials Management staff received the Proposals at Closing and performed the review of mandatory requirements (Stage 1). Two of the Proponents failed to meet the mandatory requirements, which led to the disqualification of their proposals from further consideration. The remaining eleven (11) submissions were compliant with the RFP submission requirements and were forwarded for detailed evaluation.

The qualified submissions were distributed to the members of the evaluation team. The members reviewed each of the eleven submissions independently and completed a preliminary evaluation with scores. The team then met over two days to complete the evaluation session, reviewing each submission in detail, to reach a consensus score for Stage 2 criteria. The evaluation team took into their consideration comments from City Planning, Social Housing and the external financial consultant (N. Barry Lyon Consultants Limited). The Fairness Monitor Consultant attended and observed all evaluation sessions, provided guidance regarding consistency and fairness, and documented the consensus scores and explanatory notes for all 11 Proposals according to the evaluation template, which was developed in advance of opening the submissions.

This evaluation session confirmed the consensus scores and identified the Proposals to be recommended for selection. All consensus score sheets (Stage 2) with brief explanatory notes to support high and low scores were finalised to be signed by the evaluators.

Senior Management Briefing

The Fairness Monitor Consultant attended one senior management briefing where the evaluation team presented the recommended Proposals. We provided support to verify the diligence of the evaluators and the fair treatment of all Proponents throughout the procurement process, as well as guidance in response to specific questions.

We agreed to attend the subsequent meetings of the Affordable Housing Committee and Council.

The senior managers as well as the project staff expressed support for the participation of the Fairness Monitor Consultant in this procurement effort.

CONCLUSION

As the Fairness Monitor Consultant for the RFP #9155-07-7200 for the Development of Transitional Housing and Supportive Housing, issued by the City of Toronto, we certify that the principles of openness, fairness, consistency and transparency have been, in our opinion, properly established and maintained throughout the procurement process. Furthermore, we were not made aware of any issues that emerged during the process that would impair the fairness of this initiative.

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

Procurement Principle	Measures Taken in this Procurement Initiative
Openness	<ul style="list-style-type: none">• RFP documents contained no barriers to prospective Proponents• RFP posted on City of Toronto website• Notifications were sent to entire Affordable Housing mailing list• E-mail notifications were sent to all non-profit organisations with an interest in housing• One public Information Session open to all prospective Proponents• Proposal period allowed sufficient preparation time for Proponents
Fairness	<ul style="list-style-type: none">• Submission and technical requirements contained no bias to any prospective Proponent• All Proponents were treated equitably with regard to access and response to questions• Evaluation criteria and process matched to RFP requirements• Evaluation and scoring guideline was finalised before Closing• Evaluation training provided to all evaluators, advisors and observers• Evaluation team efforts were diligent and consistent for all Proponents• Consensus evaluation and scoring was based only on written submissions• Final identification of the short listed Proposals followed predetermined and objective selection criteria

Procurement Principle	Measures Taken in this Procurement Initiative
Transparency	<ul style="list-style-type: none"> • Evaluation criteria and process were documented clearly in the RFP • Sample Agreement was included in the RFP • Public information session encouraged questions and discussion <ul style="list-style-type: none"> ○ Addendum issued with summary of questions and responses • Proponents had direct access to submit questions related to the RFP – both administrative and technical <ul style="list-style-type: none"> ○ Second Addendum issued with proponent questions and responses • Proponents had confidential access to the Fairness Monitor Consultant • Each evaluator, advisor and observer involved in the evaluation process signed a Code of Conduct to preserve confidentiality and avoid conflict of interest • Consensus evaluations and scoring were documented in official records and signed-off by all evaluators • Recommendations for selection will be presented at Affordable Housing Committee • Debriefings will be available to all Proponents upon request • Fairness Process Monitor will be available to attend all briefings, committee meetings and debriefings to verify the procurement process and results

P1 Consulting Inc.



Rob Lowry
Fairness Monitor Consultant

Louise Panneton
Fairness Advisor

Appendix 4 Code of Conduct for Proposal Evaluators

To: Simon Liston, Project Lead
And to: Rob Lowry, Fairness Monitor (P1 Consulting)
Subject: **AFFORDABLE HOUSING RFP #9155-07-7200**
Development of Transitional Housing and Supportive Housing

Participant: _____

This Code of Conduct is intended to ensure the highest standards and to maintain the integrity of the Affordable Housing RFP #9155-07-7200 for the Development of Transitional Housing and Supportive Housing (the "Project") procurement process. By having team members disclose relevant personal, occupational or financial connections or interests with potential Proponents, the City of Toronto will ensure that conflicts of interest can be avoided, thereby preserving the objectivity and credibility of the process.

CONDUCT PROVISIONS

"Employees of the City of Toronto are expected to conduct themselves with personal integrity, ethics, honesty and diligence in performing their duties for the organization. Employees are required to support and advance the interests of the organization and avoid placing themselves in situations where their personal interests actually or potentially conflict with the interests of the City".ⁱ

In fulfilling my duties as a member of the Project Team, I agree and acknowledge that I shall:

1. act fairly in the conduct of my duties;
2. avoid impropriety and the appearance of impropriety and shall observe high standards of conduct so that the integrity and impartiality of the procurement process is preserved;
3. be independent and impartial;
4. not be influenced by self-interest, outside pressure, political considerations or fear of criticism;
5. not allow past or existing financial, business, professional, family or social relationships or responsibilities to influence my conduct or judgment;
6. treat all interested parties with dignity and respect and perform my duties, being collegial and assisting colleagues through the exchange of views, information and opinions; and
7. act with honesty and integrity, and conduct myself in a manner consistent with the responsibility for maintaining public confidence in the activities of the Project Team.

COMMITMENT TO AVOID CONFLICT OF INTEREST

- I am involved in the project in a manner that provides me with information that - if provided to one or more Proponents - could provide an unfair competitive advantage, or
- I am a member of the project team, which could include the evaluation team for the procurement process for selecting an organization to provide services related to the Project (the "Procurement Process").

I am aware that the City requires the highest ethical conduct from its employees, elected officials and those who do business for the City and requires that conflicts of interest should be avoided.

"A conflict of interest refers to a situation in which private interests or personal considerations may affect an employee's judgement in acting in the best interest of the City of Toronto. It includes using an employee's position, confidential information or corporate time, material or facilities for private gain or advancement or

the expectation of private gain or advancement. A conflict may occur when an interest benefits any member of the employee's family, friends or business associates.”ⁱⁱ

A conflict of interest includes any situation or circumstance where in relation to the Project, my other commitments, relationships or financial interests:

- could or may be seen to exercise an improper influence over the objective, unbiased and impartial exercise of the City's independent judgment; or
- could or may be seen to compromise, impair or be incompatible with the effective performance of the City's obligations during the Procurement Process or under the Project agreements.

A potential conflict of interest may arise when an individual has a private or personal interest or commitments such as an identified future commitment with an interested or prospective Proponent. A perceived or apparent conflict of interest may exist when a reasonable well-informed person has a reasonable belief that they may have a conflict of interest, even if there is no real conflict.

In order to avoid any conflict of interest, I acknowledge that no individual who has been in the employ of, or a consultant to, a prospective or actual Proponent within one year prior to the publication date of any solicitation documents may serve on any Procurement Process-related Committee. In addition, I acknowledge that Members of any such Committees or evaluation or selection committees must not, either directly or indirectly, accept any material gift, reward or benefit of any kind from any member of any interested organization, special interest group, or interested or prospective Proponent with whom they are brought into contact with by reason of their duties in the Project.

I acknowledge that as a participant in the Procurement Process, which could include the evaluation of bid(s), neither I nor any members of my immediate family are permitted to:

- have any direct or indirect financial interest in the award of a contract to any Proponent;
- be currently retained or employed by, or be a consultant to or under contract to a prospective or actual Proponent;
- be negotiating or have an arrangement concerning future employment or contracting with any prospective or actual Proponent; or
- have any ownership interest in, or be an officer or director of any prospective or actual Proponent.

In connection with the Procurement Process, I shall:

- avoid any Conflict of Interest in relation to the Project;
- disclose to the Project Lead or Fairness Monitor without delay any actual or potential Conflict of Interest that arises during the procurement process; and
- comply with any requirements prescribed by the City to resolve any Conflict of Interest.

“If employees or their family members, friends or business associates have a personal or financial interest that might present a conflict or bias in connection with their duties as city employees, they must report this conflict to their executive directors/general managers or designates in writing.”ⁱⁱⁱ

If any conflict of interest as described above arises during my involvement in the Procurement Process, including the evaluation of bids I will report it immediately in writing to the Project Lead or the Fairness Monitor.

I declare that there is no actual, potential or perceived Conflict of Interest arising out of my participation in the procurement process for this Project, including but not limited to the procurement development and/or evaluation of the bids, except for the following (write "None" if there is no Conflict of Interest):

I understand that I continue to be under an obligation to declare all potential or actual Conflicts of Interest as well as any situation that may be reasonably perceived as a Conflict of Interest that may arise or exist in the future.

COMMITMENT TO MAINTAIN CONFIDENTIALITY

I acknowledge that during the course of the Procurement Process I will acquire certain knowledge or receive certain written or verbal information (collectively, the "Information") which is, non-public and confidential or proprietary to the Proponents responding to the Procurement. I fully understand that if unauthorized parties receive the Information, the interests of either the Proponent or the City may be compromised or severely damaged.

For purposes of this Declaration, the term Information shall include, but not be limited to, the details of the procurement, including draft and final documents, financial and operating information, data, procedures, business processes, and any related supporting documentation (in verbal, printed or electronic form), which may be created by or imparted to the City during the procurement process.

"Employees may not disclose confidential or privileged information about the property, or affairs of the organization, or use confidential information to advance personal or others' interests." iv

I agree that I will not use the Information, directly or indirectly, for any purpose other than the evaluation and selection processes related to the Procurement Process. I further agree not to copy or circulate the Information except as a result of the written direction of the Project Lead. I will keep all written Information in my possession in a secure place and manner as directed by the Project Lead and return all Information to the Project Lead immediately upon request.

I understand that I will use such Information solely for the purpose for which it was first obtained and shall not disclose or utilize it, directly or indirectly, after expiry or termination of the Procurement Process, except and solely:

1. upon mutual agreement of the parties to the disclosure of such Information;
2. as may be required by law or legal process pursuant to an arbitration or to a court in respect of a dispute;
3. to legal counsel or independent accountants representing the City;
4. as may be required by a municipal or government authority, having first obtained a written confidentiality commitment from such authority; or
5. to the extent that the Information is generally and previously known or available to the public.

I understand that these confidentiality obligations shall be continuing and shall survive the completion of the Procurement Process including the execution of the Project agreements, without limit in time.

“Employees who fail to comply with this policy are subject to disciplinary action up to and including dismissal.”^v

My signature below acknowledges that I have received and read this document and that in consideration of my participation in the Project, I agree with its terms.

Print Name

Signature

Date

Witness:

Print Name

Signature

Date

ⁱ Conflict of Interest Policy - Approved by City Council (Clause 20, Report No. 16 Administration Committee), Date Approved: August 4, 2000

ⁱⁱ Ibid.

ⁱⁱⁱ Ibid.

^{iv} Ibid.

^v Ibid.

Appendix 5 Responses to the RFP

1. Accommodation Information and Support Inc.
2. Alternative Living Solutions Inc. (5 Donlands Ave.)
3. Alternative Living Solutions Inc. (1908 Gerrard St. E.)
4. Anduhyaun Inc.*
5. Day Singh Flora & Balbir Singh Flora
6. Fred Victor Community Homes
7. John Howard Society of Toronto*
8. Mainstay Housing
9. Parkdale United Church Foundation Inc.
10. The Salvation Army Florence Booth House
11. Villa Otthon
12. Woodgreen Community Housing Inc.
13. 1654674 Ontario Ltd.

* The proposals submitted by Anduhyaun Inc. and John Howard Society of Toronto have been declared non-compliant as a result of the firms not meeting the mandatory requirements of the RFP.