



STAFF REPORT ACTION REQUIRED

New Affordable Housing Program Opportunities: Results of Request for Proposals No. 9155-09-7195

Date:	September 23, 2009
To:	City Council
From:	Sue Corke, Deputy City Manager and Director, Purchasing and Materials Management
Wards:	4,7,10, 19, 26, 40
Reference Number:	P:/2009/Internal Services/pmmd/cc09027pmmd (AFS #10354)

SUMMARY

This is a supplementary report arising from a report and recommendations to the Affordable Housing Committee on August 26, 2009 and the Executive Committee on September 6, 2009 on new affordable housing opportunities supported by federal - provincial economic stimulus funding.

Due to delays caused by the labour disruption and the need to make recommendations to the Ministry of Municipal Affairs and Housing on new affordable housing initiatives by September 30, 2009, the Affordable Housing and Executive Committees recommended that the Deputy City Manager and Director of Purchasing and Materials Management report directly to City Council with the list of recommended projects upon completion of the Requests for Proposals for Affordable Housing process.

City officials have now completed the process as set out in Request for Proposals No. 9155-09-7195 and are recommending six projects totalling 1,253 rental units for Council's consideration. All six projects have all zoning approvals in place and are "construction ready" as required by the terms of the stimulus funding. Upon Council approval, the details of the successful projects will be immediately forwarded to the Ministry of Municipal Affairs as the City of Toronto's recommended list. The final selection will be made by the Ministry subject to the results of the province-wide competition and the availability of remaining Canada- Ontario Affordable Housing Program (AHP) Extension (2009) funding.

The report also recommends that Council request the Ministry of Municipal Affairs to approve all the recommended projects, thereby ensuring that Toronto receives its fair share of funding under the Affordable Housing Program Extension.

RECOMMENDATIONS

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

1. Approve the following affordable housing projects, selected through a Request for Proposals No. 9155-09-7195, for submission to the Ministry of Municipal Affairs and Housing (MMAH) for a decision on funding from the Canada-Ontario Affordable Housing Program Extension (2009), New Rental Housing Component:

Deauville Place Inc. – 5 Deauville Lane

Medallion Corporation – 3415 Weston Road/2435 Finch Avenue West

Minto Apartments Ltd. - 7-21 Richgrove Drive

Patricia and Bathurst Developments Inc. – 485 Patricia Avenue

Remington Group Inc. – 8 Chicester Place

Verdiroc Development Corporation – 1001 Queen Street West
2. Approve the acceptance of funding for projects selected by the Ministry of Municipal Affairs and Housing;
3. Request the Ministry of Municipal Affairs and Housing to approve all Toronto's recommended projects and thereby provide the City a fair share of federal/provincial affordable housing funding;
4. Exempt those projects selected for funding by MMAH from taxation for municipal and school purposes for the term of the municipal capital facility agreement;
5. Exempt those projects selected for funding by MMAH from the payment of development charges under existing Council policy;
6. Grant authority to and direct the Director, Affordable Housing Office, be granted authority to negotiate and enter into municipal capital facility agreements with the proponents whose projects have been selected by MMAH, on such terms and conditions as the Director considers appropriate, including any non-material changes that the Director deems to be in the best interests of the City or the project, and in a form satisfactory to the City Solicitor;

7. Grant authority to and direct the Director, Affordable Housing Office to execute, on behalf of the City, all municipal housing facility agreements, any security or financing documents or any other documents required to facilitate the funding process, including any documents required by the approved proponents to complete construction and conventional financing, where required;
8. Designate the Veridroc Development Corporation project with Centre for Addiction and Mental Health, in the event it is approved for funding by MMAH, as social housing accommodation, allowing all or part of the project relief from normal parking standards under existing zoning by-law provisions;
9. Request that federal and provincial governments directly consult with the City of Toronto regarding measures to improve the delivery of the Affordable Housing Program to align with approved City affordable housing policies and priorities; and
10. Direct the Director, Affordable Housing Office to report back to Budget Committee and the Affordable Housing Committee on the results of the funding selection by the Ministry of Municipal Affairs and Housing, including identifying the current year and any future year budget implications associated with projects that are approved by MMAH.

Financial Impact

This report recommends that City Council approve six affordable housing projects totalling 1,253 units, selected through Request for Proposals No. 9155-09-7195, for submission to the Ministry of Municipal Affairs and Housing (MMAH) for a decision on funding from the Affordable Housing Program Extension (2009). The federal/provincial AHP funding for the six projects would amount to \$150,360,000 or \$120,000 per unit. Further details of these six projects are shown in Appendix 2 to this report.

It is also recommended that upon approval by MMAH for funding, the projects be exempted from the payment of development charges and municipal property taxes for the period of their municipal capital facility agreements. As all six proponents are private sector companies there is no recommendation for the waiving of planning fees as private companies are not eligible under Council policy.

Proponent/ Address	Development Charges Exempted	NPV of Property Tax Exemption	AHP Funding Requested
Deauville Place Inc. 5 Deauville Lane	\$ 45,958	\$ 491,833	\$ 7,440,000
Medallion Corporation 3415 Weston Road	\$2,353,871	\$3,142,075	\$43,320,000
Minto Apartments Ltd. 7-21 Richgrove Drive	\$1,016,940	\$1,577,777	\$24,480,000
Patricia and Bathurst Developments Inc. 485 Patricia Avenue	\$1,393,965	\$1,984,199	\$28,440,000
Remington Group Inc. 8 Chicester Place	\$1,338,306	\$1,809,280	\$25,200,000
Verdiroc Developments Corporation 1001 Queen Street West	\$1,116,979	\$1,508,000	\$21,480,000
TOTAL	\$7,266,019	\$10,513,164	\$150,360,000

Detailed budget implications for the current year will be reported to the Budget Committee and any future year budget implications associated with projects that are approved by MMAH for funding will be reported and included in future year program budgets.

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

DECISION HISTORY

This report is a supplementary report to the report, direction and recommendations provided by the Affordable Housing Committee on August 26, 2009 and the Executive Committee on September 6, 2009.

<http://www.toronto.ca/legdocs/mmis/2009/ah/decisions/2009-08-26-ah10-dd.htm>

At its meeting of May 25, 26, and 27, 2009, Council adopted the report “Contributing to the Economic Recovery – Construction of Three Hundred and Sixty-Two New Affordable Rental Homes.” which recommended three projects to MMAH for funding under the AHP Extension program.

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-05-25-cc36-dd.htm>

(see EX32.12)

ISSUE BACKGROUND

As part of the national, provincial and local economic recovery effort, the federal and provincial governments are making \$540 million available in new affordable housing funding in Ontario over the next two years, ending March 31, 2011. It is estimated that this investment will assist in creating some 4,500 new rental homes province-wide.

At its meeting of May 25, 26, 2009, Toronto City Council recommended three previously approved new affordable housing developments for funding under the extended Affordable Housing Program.

To date, the Ministry has approved funding in Toronto for a total of 171 rental homes, with 44 to be constructed at 270 Donlands Avenue by Woodgreen Community Homes and 127 at the former McCord site in the West Don Lands by Toronto Community Housing. A provincial decision is still pending on Council's funding request of 180 new rental homes being developed by Toronto Community Housing on Block 32 of the Railway Lands.

In the August 12, 2009 report to the Affordable Housing Committee, City officials reported on the results of a Request to Pre-Qualify (RTP) process that was conducted over the past summer. The initial call resulted in a tremendous response with 48 proponents requesting funding for 9,738 rental homes. This represented an unprecedented interest in developing affordable housing in Toronto. The city's non-profit and private sector community is to be applauded for their support and interest in making housing happen and contributing to the economic recovery.

Through the RTP process, staff ultimately recommended a short-list of 31 private and non-profit housing developments totalling 6,095 homes. These were then eligible to apply for the Request for Proposal (RFP) issued by the City on August 14, 2009.

Upon the closing of the RFP on September 3, 2009, a total of 22 pre-qualified proponents responded, requesting funding for 4,483 homes. (See Appendix 1 for a list of Proponents) After completing an evaluation of these proposals, the Selection Committee is now recommending for Council's consideration six developments totalling 1,253 rental homes. (See Appendix 2 for Summary of Recommended Projects).

In making these recommendations, the Selection Committee consulted with the area planners on the planning status of each submission and was provided with an independent financial analysis of project capital and operating budgets by N Barry Lyons Consulting. The RFP selection process was also overseen by an independent fairness monitor, P1 Consulting. (See Appendix 3 Fairness Monitor Report).

COMMENTS

The RFP was issued by Purchasing and Materials Management Division (PMMD) on August 14, 2009 and was available for download in PDF on the City's Internet website. The RFP included the selection criteria to be used for evaluation. This resulted in a total of twenty-two (22) submissions being received on September 3, 2009 (see Appendix 1 for the list of Proponents).

The proposals from Victoria Wood (Main Square) Inc. and Verdiroc Development Corporation (Proposal 1) were declared non-compliant as a result of their submissions not meeting all the mandatory requirements set out in the RFP.

A formal selection committee comprised of members of the Affordable Housing Office and the Shelter, Support, Housing and Administration Division – Social Housing Unit, evaluated the remaining proposals using the criteria outlined in the RFP.

A threshold proposal evaluation score of 75 points out of 100 as stated in the RFP had to be met by each submission as a criterion to be recommended to City Council. The proposals being recommended from Deauville Place Inc., Medallion Corporation, Minto Apartments Ltd., Patricia and Bathurst Developments Inc., Remington Group Inc., and Verdiroc Developments Corporation met or exceeded this threshold. The total scores ranged from 55.8 to 79.6 points.

The Affordable Housing Program Extension provides a significant opportunity to increase affordable housing in Toronto and assist the City in achieving its goal of creating 1,000 new rental homes annually. This is consistent with the City's recently adopted Housing Opportunities Toronto: An Affordable Housing Action Plan 2010-2020.

Over the course of the past decade the federal/provincial Affordable Housing Program has provided significant assistance in meeting Toronto's affordable housing needs and targets. Through the current Program Extension the Ministry of Municipal Affairs and Housing, upon the recommendation of municipal councils, is allocating new federal/provincial funding through a province-wide competition.

Given the two-year funding available, City officials estimate Toronto should receive funding for about 1,500 new rental homes. As of September 10, 2009, the City has received approval for two projects totalling 171 homes with a decision pending on an additional 180. When considered with this request for an additional 1,253 homes, Council will have sought federal/provincial funding for 1,604 rental homes under the Affordable Housing Program.

The six projects being recommended to Council are in six different wards, and will be delivered by private sector companies well experienced in the delivery of rental housing. As per the funding available, two thirds of the units will be for seniors and the disabled and one third for families and singles. Proposed rents range from 50 to 95% of average

market rents and are well distributed across the range. The private sector proponents recommended in this report are committed to partnering with community service agencies to ensure appropriate senior and other supports, as required, will be available to assist residents.

With the City having successfully completed rigorous RTP and RFP processes, it is recommended that the Ministry of Municipal Affairs and Housing provide a fair share of Affordable Housing Program funding to Toronto by approving all Council approved projects. It is also proposed that the federal and provincial governments consult with the City of Toronto on improvements to the Affordable Housing Program to help align its future investment opportunities with Council's approved affordable housing policies and priorities.

Proponent's scores and staff analysis of the evaluation results can be provided to Councillors in an in-camera presentation if requested by members of Council.

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

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SIGNATURE

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ATTACHMENTS

Appendix 1 List of Proponents Who Responded to the RFP

Appendix 2 Summary of Recommended Projects

Appendix 3 Fairness Monitor Report