

### **SELECTION OF PROPONENTS FOR 140 MERTON STREET**

---

As part of City Council direction on EX1.1 "Implementing the Housing Now Initiative", 140 Merton Street was identified as one of 11 initial properties to be included in the Housing Now program. Additionally, the report directed that four of those Housing Now offerings were to be targeted exclusively to the not-for-profit community. 140 Merton Street was identified as one of the initial properties to be leased and operated exclusively by a not-for-profit entity and is the first of these sites to proceed through the planning approval and offering process.

#### **Planning Approvals**

A final site specific Zoning By-law has been approved for 140 Merton. Following two rounds of Zoning By-law Amendment submissions to City staff for review and comment, a final report dealing with the Zoning By-law Amendment on 140 Merton Street was brought forward to the Planning and Housing Committee in December, 2019 and subsequently adopted at City Council. No appeals were filed and the Zoning By-law Amendment for 140 Merton Street is currently in full force and effect.

In addition, the existing building at 140 Merton Street is subject to a Heritage Designation by-law. Council approved the alteration of the heritage building through the adoption of a report to the Planning and Housing Committee in 2019 (PH11.3). These permitted alterations will allow for the adaptive reuse and redevelopment of the property for mixed-use building containing affordable housing in accordance with the Zoning By-law Amendment. A conservation plan will be completed through the site plan approval process based on the preliminary work already completed by consultants on behalf of the City.

#### **Existing Occupants**

The existing building at 140 Merton Street has been leased to Senior Peoples' Resources in North Toronto (SPRINT) since 1998. SPRINT is a not-for-profit community support service agency offering a wide range of practical and low-cost services to seniors and their caregivers. Council approved the re-accommodation of SPRINT in the newly constructed community space as part of the Housing Now redevelopment at 140 Merton Street.

CreateTO has worked closely with CREM and the Housing Secretariat to identify and secure suitable space for the temporary relocation of SPRINT. Suitable temporary space was identified at 130 Merton Street and following direction by City Council, a five-year lease was executed with the landlord at 130 Merton Street in September 2021. Securing this space will allow SPRINT to continue to operate in the North Toronto area throughout the duration of the redevelopment of 140 Merton Street. Following completion of construction at 140 Merton Street, SPRINT will be relocated into the newly constructed community.

## Offering Process

As this site is targeted exclusively to not-for-profit proponents the offering was conducted jointly by the Housing Secretariat and CreateTO through a City-led Request For Proposals (RFP) process. In June 2021, an RFP was issued by the Housing Secretariat for the development and operation of affordable rental housing for seniors at 140 Merton Street. The RFP was open exclusively to not-for-profit organizations and included the following targets:

- A minimum of 50% of the total residential unit count and residential GFA within the project is to be dedicated to affordable rental units (currently estimated to be 90 new affordable units). Rents for the affordable units will average a maximum of 80% of the city-wide Average Market Rents (AMR) for Toronto as determined by Canada Mortgage and Housing Corporation (CMHC) annually, with no individual affordable unit to be rented at over 100% AMR and a minimum of 10% of affordable units to be rented out at a maximum of 40% of AMR.
- A minimum of 2,150 square meters of community space to be constructed and subleased to the City for 99 years; up to \$15,300,000 to be allocated by the City for the construction and delivery of this Community Space
- Adaptive reuse of the heritage building in compliance with the "Alterations to Designated Heritage Property" report
- Compliance with Tier 2 of the Toronto Green Standard Version 3 at a minimum
- Community Benefits including a minimum of 10% social hiring targets and procurement targeting local or diversely-owned businesses

A fairness monitor was retained by CreateTO at the outset of the selection process to ensure a fair and transparent selection process.

The RFP was open for 12 weeks and closed in late August 2021. The bids were then analyzed and evaluated by an Evaluation Committee made up of staff from both the Housing Secretariat and CreateTO, with additional input provided by technical advisory teams from City Legal, Corporate Finance and Shelter Support and Housing Administration.

The Evaluation Committee formally scored each of the proposals using an evaluation scoring matrix based on the weighted evaluation criteria outlined in the RFP and included in Attachment 1. Based on consensus scoring by the Evaluation Committee a recommended proponent was selected. This recommended proponent is identified in Confidential Attachment 1.

All proponents responding to the 140 Merton Street RFP executed an Offer to Lease based on the proposed terms of the transaction summarized in Confidential Attachment 2. CreateTO staff will work with the Executive Director, Housing Secretariat and the City Solicitor to finalize documents with the recommended proponent based on those terms, and will report back to the Board once agreements have been reached.

## Appendix 1 – Evaluation Criteria

The following is an excerpt from the RFP for the Development and Operation of Affordable Rental Housing for Seniors at 140 Merton Street detailing the submission evaluation minimum criteria and detailed breakdown of the evaluation criteria.

### SUBMISSION EVALUATION CRITERIA

---

Proposals will be assessed on the basis of information provided by the Proponents at the time of submission. The weighted evaluation criteria below are in keeping with submission requirements and checklist as outlined in the RFP for the Development and Operation of Affordable Rental Housing for Seniors at 140 Merton Street. In the event of a tie, Proposals will also be evaluated based on how well they meet the City Priorities outline in the RFP. The successful Proposal must score a minimum of 70 percent and the City shall not be obliged to accept any Proposal in response to this RFP.

#### Evaluation Criteria Summary Table

<b>Evaluation Criteria</b>	<b>Evaluation Weighting</b>
<i>Prerequisite: Minimum 90 affordable rental units at average 80% of CMHC AMR and 90 maximum market rental units, with rent increases for in situ market rental tenants limited to Provincial Guideline plus 2%</i>	<i>Pass/Fail</i>
<i>Prerequisite: Minimum of 20% accessible affordable rental units and 15% accessible market rental units plus fully barrier-free common areas</i>	<i>Pass/Fail</i>
<i>Prerequisite: The inclusion of required City Building features (i.e. community space)</i>	<i>Pass/Fail</i>
<b>1. The Proponent:</b>	<b>55%</b>
<i>a) Development team capability, experience and record in acquiring land and developing purpose built and affordable rental housing</i>	<i>20%</i>
<i>b) Operating experience in managing affordable rental housing; financial capability and resources, corporate financial viability</i>	<i>15%</i>
<i>c) Ability to execute on this deal and secure financing (quality of collateral, guarantors, earnest money, experience with CMHC)</i>	<i>20%</i>
<b>2. The Proposal:</b>	<b>45%</b>
<i>a) The Development Plan and Schedule: The design, proposed plan, timeline to construction start and occupancy</i>	<i>20%</i>

<b>Evaluation Criteria</b>	<b>Evaluation Weighting</b>
<p><i>b) The Operating Plan: Demonstrate that your Proposal is financially viable for the term of the lease with the City, in addition to keeping the building in a state of good repair and continuing to provide quality, affordable, rental housing throughout the term</i></p>	<p>15%</p>
<p><i>c) Affordable Housing Components that exceed the minimum requirements:</i></p> <ul style="list-style-type: none"> <li><i>i) The inclusion of more affordable rental units than the minimum requirement</i></li> <li><i>ii) The inclusion of deeper levels of affordability than the minimum requirement</i></li> <li><i>iii) The inclusion of controls on rent increases for affordable and market tenants that exceed the minimum requirement</i></li> <li><i>iv) The inclusion of supportive housing including housing and or housing opportunities for a targeted Seniors community (eg. Indigenous)</i></li> </ul>	<p>5%</p>
<p><i>d) City Building, Social Benefit and Community Benefit Components that exceed the minimum requirements:</i></p> <ul style="list-style-type: none"> <li><i>i) The inclusion of accessibility and universal design commitments that exceed the minimum requirement;</i></li> <li><i>ii) The inclusion of measurable community benefits opportunities, such as social procurement and apprenticeship, training, and/or other hiring opportunities for people from equity-seeking communities, and community benefits agreements for larger sites;</i></li> <li><i>iii) The inclusion of measures that exceed the minimum energy and carbon targets;</i></li> </ul>	<p>5%</p>
<p><b>WEIGHTED SCORE</b></p>	<p>100%</p>