

Non-Competitive Contract with N. Barry Lyon Consultants for Multi-Tenant Housing Land Economics Study

Date: November 22, 2023

To: General Government Committee

From: Chief Planner and Executive Director, City Planning, and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to seek City Council authority to enter into a non-competitive contract with N. Barry Lyons Consultants for professional services to conduct a land economics study of the economic viability and impacts on residential property values of multi-tenant houses. The study also seeks to assess the economic viability of other residential units and housing types in comparison to multi-tenant houses under the new multi-tenant houses policy and regulatory framework. The expected term of the contract is anticipated to be for a period of 16 weeks commencing from the date of award and would end on March 31, 2024, with a value \$48,500 net of all taxes and charges (\$49,354 net of Harmonized Sales Tax recoveries).

In October 2021 and December 2022, through items 2021.PH25.10 and 2023.CC2.1, City Council directed the Chief Planner and Executive Director, City Planning, the Executive Director, Municipal Licensing and Standards, the Executive Director, Housing Secretariat, the Chief Communications Officer, the Executive Director, Toronto Building, and the Fire Chief and General Manager, Toronto Fire Services to report to Planning and Housing Committee on various matters throughout the implementation period for the new multi-tenant houses Regulatory Framework.

This direction includes reporting to Council on the results of a land economics study related to multi-tenant housing permissions as introduced, including their economic viability and impacts on residential property values, and the economic viability of other residential units and housing types in comparison to multi-tenant houses. As part of the overall implementation reporting work, City Planning proposes to retain N. Barry Lyon Consulting to complete the Land Economics Study through a non-competitive fixed price contract with a value of \$48,500 (\$49,354 net of harmonized sales taxes).

The proposed non-competitive procurement will cause the cumulative value of contracts between City Planning and N. Barry Lyon Consulting to exceed the staff authority threshold, as discussed below.

The Chief Planner and Executive Director, City Planning, entered into a contract with N. Barry Lyon Consulting in 2018 to provide professional services in land economics research and analysis to evaluate the financial impacts of a range of inclusionary zoning requirements on the housing market in support of the City's Inclusionary Zoning framework. The final value of this contract was \$491,307 (\$499,954, net of Harmonized Sales Tax recoveries) and it was awarded through Purchase Order 6048042 resulting from non-competitive procurement number 9327, with subsequent amendments to address changing provincial legislative requirements and additional Council direction. That contract remains open with an unspent value of \$95,214 relating to work that is currently on hold pending announced provincial regulatory changes.

Procurement for the multi-tenant houses Land Economics Study with a value of \$48,500 (\$49,354 net of harmonized sales taxes) will therefore bring the cumulative value of non-competitive contracts between City Planning and N. Barry Lyon Consulting to \$539,807 exclusive of all taxes and charges.

City Council approval is required in accordance with Municipal Code Chapter 195- Purchasing, where the current request exceeds the Chief Purchasing Official's authority of the cumulative five-year commitment for each supplier, under Article 7, Section 195- 7.3 (D) of the Purchasing By-Law or exceeds the threshold of \$500,000 net of Harmonized Sales Tax allowed under staff authority as per the Toronto Municipal Code, Chapter 71- Financial Control, Section 71-11A.

RECOMMENDATIONS

The Chief Planner and Executive Director, City Planning and the Chief Procurement Officer recommend that:

1. City Council grant authority to the Chief Planner and Executive Director, City Planning to negotiate and enter into a non-competitive agreement with N. Barry Lyon Consultants in the amount of \$48,500 net of all taxes and charges (\$49,354 net of Harmonized Sales Tax) to complete a land economics study of the effects of multi-tenant housing permissions, on terms and conditions satisfactory to the Chief Planner and Executive Director, City Planning and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The contract has a total value of \$48,500 net of all taxes and charges (\$49,354 net of Harmonized Sales Tax) and is fixed for the term of the contract.

The funds required for this contract are available in the 2023-2032 Approved Capital Budget and Plan for City Planning as summarized in Table 1 below.

Table 1: Financial Impact Summary

WBS element	GL	Description	2023	2024	Total (net of H.S.T. Recoveries)
CUR028-67	4199	Multi-tenant Houses Land Economics Study	\$5,000	\$44,354	\$49,354

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

DECISION HISTORY

At its meeting of October 1 and 4, 2021, City Council considered a report on a proposed City-wide Multi-tenant Housing Regulatory Framework, and referred the item to the City Manager requesting staff report back to the Planning and Housing Committee in 2022 with the results of additional analysis of several matters including: a plan to study land economics related to multi-tenant housing permissions. Council's decision on Item 2021.PH25.10 can be accessed at the following link:

<https://secure.toronto.ca/council/agenda-item.do?item=2021.PH25.10>

On December 14 and 15, 2022, City Council adopted the new Multi-tenant House Regulatory Framework as part of the 2023 Housing Action Plan, amending City Zoning Bylaws to permit multi-tenant houses city-wide, and adopting a new Multi-Tenant Houses Licensing Bylaw, which will introduce consistent standards, regulatory oversight, and enforcement to help protect the safety of tenants and respond to neighbourhood concerns.

As part of this decision, Council directed staff to report back during the implementation period on the results of a land economics study related to multi-tenant housing permissions and other missing middle housing permissions as introduced, including their economic viability and impacts on residential property values, and the economic viability of other residential units and housing types in comparison to multi-tenant houses and missing middle housing. Council's decision on Item 2023.CC2.1 can be accessed at the following link:

<https://secure.toronto.ca/council/agenda-item.do?item=2023.CC2.1>

COMMENTS

The City Planning Division requires a third-party consultant to complete a land economics study related to multi-tenant housing permissions and other missing middle housing permissions as introduced in the new multi-tenant house Regulatory Framework ("multi-tenant house Land Economics Study"), including their economic

viability and impacts on residential property values, and the economic viability of other residential units and housing types in comparison to multi-tenant houses and missing middle housing, pursuant to Council's direction. The primary objective of the multi-tenant Land Economics Study is to understand the land economics and conditions that would impact the establishment of multi-tenant houses in neighbourhoods and the effect of multi-tenant house permissions on land values for other permitted housing types.

City Planning would like to procure the multi-tenant house Land Economics Study from N. Barry Lyon Consulting through a fixed fee contract, as non-competitive procurement Sourcing Request number SR4267385390. The value of the contract is \$48,500 net of all taxes and charges and the review would last approximately 16 weeks once started.

Procuring this review from a supplier other than N. Barry Lyon Consulting would not be efficient from a financial or operational perspective. Council has directed staff to complete the multi-tenant house Land Economics Study and report back with its results during the initial implementation period, which ends with the coming into force of the new multi-tenant house framework on March 31, 2024. The time required for a competitive solicitation process and vendor preparation would result in substantial delays which could prevent timely reporting to Council.

The study requires technical expertise possessed by a limited number of firms, and specialized knowledge of Toronto land market conditions. The recommended vendor, N. Barry Lyon Consulting, is one of a limited number of firms with this technical expertise, and has experience with the relevant data and market conditions from the residential market analysis work conducted in support of the City's Inclusionary Zoning framework, creating considerable value add and cost savings because the team is already familiar with the processes and has other important background information.

City Planning has negotiated a fixed fee contract to ensure a fair price and cost containment for this project. City Planning does not anticipate further consultant work to be generated as a result of the multi-tenant house Land Economics Study.

City Council approval is required for this procurement in accordance with Municipal Code Chapter 195-Purchasing because the cumulative value of Non-Competitive contacts with N. Barry Lyon Consulting by the City Planning Division is \$539,807 net of all taxes and charges, which exceeds the \$500,000 threshold.

CONTACT

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SIGNATURE

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