

Opportunity to Acquire, Renovate and Operate an Affordable Rental Rooming House Property in Ward 4 - Parkdale-High Park



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NOTICE TO POTENTIAL PROPONENTS

Request for Proposal (RFP) Opportunity to Acquire, Renovate and Operate an Affordable Rental Rooming House Property in Ward 4 - Parkdale-High Park

Please review the attached document and submit your proposal to the address noted below by the closing deadline of **12:00 noon (local time) on February 8, 2019.**

Proposals must be submitted in a sealed envelope or container (submissions made by fax, telephone, electronic message or telegram will not be accepted) displaying a full and correct return address.

Proposals must be delivered no later than the Closing Deadline to:

City of Toronto Affordable Housing Office
55 John Street, 7th Floor, Metro Hall
Toronto, ON M5V 3C6
Attention: Director, Affordable Housing Office

Delays caused by any delivery service (including Canada Post and courier) shall not be grounds for any extension of the Deadline, and Proposals that arrive after the Deadline will not be accepted.

Only the names of the firms submitting proposals will be read aloud at the public opening on the date of closing.

Information meeting :	January 23, 2019 17:30 – 19:30
Attendance Requirement:	Voluntary
Location:	Metro Hall, 55 John St, Toronto, Room 310

Deadline for Questions (must be in writing):	January 25, 2019
Affordable Housing Office Contact: Valesa Faria, Manager of Affordable Housing Development T. 416.392.0602 M. 647.273.9739 (E) valesa.faria@toronto.ca	



For convenience you may affix the following address label to the envelope(s) containing your submission.

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ORGANIZATION NAME:	
CLOSING DEADLINE: 12:00 Noon (local time)	February 8, 2019

The Affordable Housing Office will not be held responsible for submission documents submitted in envelope(s) that are not labeled in accordance with the above instruction.

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Request for Proposals

For Selection of a Non-Profit/Co-operative Organization

To Own and Operate an Available Rooming House Property

in Ward 4, Parkdale-High Park

TERMINOLOGY

1.1 References to Labelled Provisions

Each reference in this Request for Proposal to a numbered or lettered “section”, “subsection”, “paragraph”, “subparagraph”, “clause” or “sub-clause” shall, unless otherwise expressly indicated, be taken as a reference to the correspondingly labelled provision of this Request for Proposal (RFP).

1.2 Definitions

Throughout this Request for Proposal, unless inconsistent with the subject matter or context, the following definitions will apply:

"Affordability Period" means ninety-nine (99) years from the date of First Occupancy.

"Affordable Rental Housing", for the purposes of the this RFP means permanent affordable rental units located within a rooming house property with average Monthly Occupancy Costs of no more than: i) 80% of City-wide Average Market Rent for a one-bedroom unit; and ii) no more than 60% City-wide Average Market Rent of a one-bedroom unit, for a Dwelling Room or Bachelorette (hereinafter defined).

“Average Market Rents” or “Average Rents” or “AMR” means average monthly City-wide rents by bedroom type as determined in the autumn survey published by CMHC for the prior calendar year; if CMHC does not publish a survey of City-wide rents, then “average market rents” for the calendar year shall be City-wide average rents as determined by the City.

"Bachelorette" means a Dwelling Room in a rooming house which is located in Ward 4 Parkdale-High Park.

“City” means the City of Toronto.

“CMHC” means Canada Mortgage and Housing Corporation.

“Conditional Letter of Commitment” means the written letter signed by the Director of the Affordable Housing Office which indicates the Proponent has been successful in Phase One of this RFP and may proceed with a Phase Two submission.

"Contribution Agreement" means the legal agreement between the City and the Successful Proponent which outlines the terms and conditions which must be met prior to release of any City funds for the project contemplated by this RFP.

“Council” means Toronto City Council.

"Dwelling Room" means a room used as living accommodation that: (a) is for the exclusive use of the occupant or occupants of the room; and (b) may contain food preparation facilities or sanitary facilities, but not both.

"Dwelling Unit" means living accommodation for a person or persons living together as a single housekeeping unit, in which both food preparation and sanitary facilities are provided for the exclusive use of the occupants of the unit.

“MFIPPA” means the Municipal Freedom of Information and Protection of Privacy Act.

“Monthly Occupancy Costs” means the sum of the monthly rent payable to the landlord and any utility amount payable by the tenant and includes monthly charges for hydro, heat, water and hot water payable but do not include charges for parking, cable, telephone or any other like charges.

“Non-Profit” means a legally formed not-for-profit corporation or housing co-operative.

“Proponent” means a legal entity, being a person, partnership or firm that submits a Proposal in response to this formal Request for Proposal.

“Proposal” means an offer submitted by a Proponent in response to a formal Request for Proposals (RFP), which includes all of the documentation necessary to satisfy the submission requirements of the RFP, either for Phase One or Phase Two.

“RFP” means this Request for Proposal package in its entirety, inclusive of all Appendices and any Addenda that may be issued by the City and published on the City's Affordable Housing Office website (found at: www.toronto.ca/affordablehousing).

"Rooming House Property" means a building that contains Dwelling Room and may also contain one (1) or more dwelling units, where: (a) The Dwelling Rooms, in total are used or designed or intended for use as living accommodation by more than three (3) persons; and (b) The living accommodation is provided in exchange for remuneration. For additional clarity, this does not include a Personal Care Rooming House, as defined in Article 1, Chapter 285 of the Toronto Municipal Code. For the purpose of this RFP, this includes only buildings with a valid Rooming House license.

"Selected Proponent" means a Proponent to whom the City issues a Conditional Letter of Commitment after successful completion of Phase One.

"Successful Proponent" means the Proponent that is selected by the City to enter into a Contribution Agreement, after successful completion of both Phase One and Phase Two submission requirements.

2. INTRODUCTION

2.1. Purpose

Dwelling Room accommodation has been and continues to be an important source of affordable rental housing in the City of Toronto. With rents typically at affordable levels, Dwelling Room accommodation contributes to the full range of affordable housing options, and helps to address the housing needs of some of the City's lowest income residents.

The Parkdale neighbourhood has a uniquely high density of rooming houses, which provide a large source of affordable housing in the area. A recent community-based research study found a total of 198 rooming houses in south Parkdale with an estimated 2,715 Dwelling Rooms.¹ This same study identified that in the past ten years, 28 rooming houses have been lost due to conversion and upscaling gentrification, displacing an estimated 347 people. These dwellings provides homes for many residents who are considered hard to house, and may be at risk of homelessness. As property values increase in the area, the threat of redevelopment, conversion to single-family homes, or transformation into non-affordable rental housing places this important source of affordable housing at risk.

The City's current "Housing Opportunities Toronto: Affordable Housing Action Plan 2010-2020" identifies various actions to preserve and promote affordable housing, including Action 8, which "...support(s) the acquisition and renovation of residential apartment and similar buildings such as single room occupancy (SRO) hotels to provide sustainable, affordable rental homes."

On July 23, 2018, City Council also adopted Item EX36.38, "Potential Rooming House Property Acquisition and Modernization in Ward 14 Parkdale-High Park" which directs staff to undertake a competitive proposal call process and work with a successful non-profit housing provider to acquire, renovate, and operate a rooming house in Ward 4 (formerly Ward 14), Parkdale-High Park. The background report is available at: <http://www.toronto.ca/legdocs/mmis/2018/ex/bgrd/backgroundfile-118046.pdf>.

The City has up to \$1,500,000 available to be used towards the cost of purchasing a licensed Rooming House in Ward 4. In addition, up to \$25,000-\$50,000 per unit/room in funding is available for eligible repairs and renovations after an acquisition has been completed, to a maximum of up to \$1,000,000. These capital contributions may be

¹ Parkdale Neighbourhood Land Trust, "No Room for Unkept Promises: Parkdale Rooming House Study", 2016.

supplemented by City incentives in the form of exemptions to Planning Application Fees, Building Permit Fees, and other fees if applicable. Note that property tax exemptions are not available for existing dwelling units or dwelling rooms.

The purpose of this Request for Proposals (RFP) is to select a Non-Profit that will acquire, renovate and operate a licensed rooming house property in Ward 4, Parkdale-High Park.

2.2 The Project Location

This project will focus on Ward 4 Parkdale-High Park as the location for preserving a select rooming house property. For greater clarity, and notwithstanding changes to ward boundaries, the boundaries of this project area are the GO train tracks to the east, CP tracks to the north, Parkside Drive to the west, Lake Ontario to the south, and Atlantic Avenue to the south east.

The Affordable Housing Office of the City of Toronto is managing this procurement process.

2.3 Who Should Apply

The City is seeking a Non-Profit with strong management and positive financial experience in operating affordable or social housing of at least four units for a minimum of five years and successfully integrating that housing into the surrounding community. Proposals from new legal entities, formed specifically for the purpose of responding to this Request for Proposals, are also invited to respond, so long as they meet the Non-Profit definition and are able to answer 'yes' to all questions on Appendix "D".

2.4 Affordability Requirements

The average Monthly Occupancy Costs for the Parkdale Non-profit must not be no more than 60% City-wide Average Market Rent of a one-bedroom unit for any Dwelling Room, and for the Dwelling Units, no more than 80% of Average Market Rents for each respective dwelling unit type.

While no capital equity is required of a Proponent, Proponents are to provide details of any financial contributions that the Proponent may make toward the capital cost of the purchase, renovation or operating costs, as well as the source of those contributions. Note that this information will not be scored.

2.5 Renovation Eligibility

Eligible renovation expenses are determined by criteria set out in in the Investment in Affordable Housing (IAH) Ontario Renovates program guidelines². Eligible repairs may include the following activities:

² *Investment in Affordable Housing for Ontario (2014 Extension) Program Guidelines*, page 23.
<http://www.mah.gov.on.ca/AssetFactory.aspx?did=12338>

Repairs and rehabilitation required to bring a home/unit to an acceptable standard while improving energy efficiency. Examples include, but are not limited to: heating systems; chimneys; doors and windows; foundations; roofs, walls, floors and ceilings; vents, louvers; electrical systems; plumbing; septic systems; well water, and well drilling.

Other repairs may be considered, with supporting documentation, at the discretion of the City, including:

- Remediation for an overcrowded dwelling through the addition of habitable living space;
- Modifications to reduce physical barriers related to housing and reasonably related to the occupant's disability. Examples include, but are not limited to:
 - Ramps;
 - Handrails;
 - Chair and bath lifts;
 - Height adjustments to countertops; and
 - Cues for doorbells/fire alarms
- Other eligible costs may include labour and applicable taxes, building permits, legal fees, certificates, appraisal fees, inspection fees, drawing and specification and some other costs that the City deems reasonable and that are agreed to by the Ministry.

Properties which have previously received federal and/or provincial repair funding (e.g. Residential Rehabilitation Assistance Program (RRAP); IAH – Ontario Renovates; Northern Repair; Northern Remote Communities, CHPI funding) may be eligible for Ontario Renovates provided the repair/remediation/modification addresses a need or condition of work which has not been the subject of previous repair assistance. Repairs must commence within 120 days of project approval. Copies of all financial invoices must be kept for reporting and audit purposes.

3. REGULATORY CONTEXT FOR ROOMING HOUSES IN WARD 4 PARKDALE-HIGH PARK

The Successful Proponent will be required to identify a licensed Rooming House for purchase and ensure that it remains fully compliant with all applicable rooming house zoning and licensing requirements. Eligibility for a license for a potential rooming house is dependent first on meeting all zoning requirements.

4 PROPOSAL EVALUATION AND SELECTION PROCESS

The selection of the Successful Proponent will follow the two phase process outlined below

4.1 Phase One

The intent is to pre-qualify Proponents and to provide Selected Proponents with a Conditional Letter of Commitment, confirming the availability of City funding up to One Million Five Hundred Thousand Dollars (\$1,500,000.00) for the purchase of a Rooming House Property.

For Phase One, Proponents are asked to review the Submission Requirements and sign the Declaration as set out in the form in Appendix "D" in order to assess their eligibility to respond. Only those Proponents that are able to answer "yes" to all three (3) questions and who complete all Phase One submission requirements will be considered for Phase Two of the process.

The evaluation of Phase One submissions will be made on a pass/fail basis. Conditional Letters of Commitment will be issued to all successful Phase One Proponents at the same time.

Please note: a specific property intended for purchase is not required to be identified by the Proponent in Phase One as outlined in section 2.3 above.

4.2 Phase Two

Upon successful passing the Phase One evaluation process, the Selected Proponent(s) will be issued a Conditional Letter of Commitment substantially in the form of Schedule "F" attached. Based on this conditional support, Selected Proponents may proceed to enter into an offer to purchase a Rooming House.

In Phase Two, the Selected Proponent(s) are required to deliver a detailed proposal for a Rooming House property, together with which they will submit a binding Agreement of Purchase and Sale. In addition, Proponents will provide all information and complete all tables included in Appendix "E" – Phase Two Submission Requirements.

A Selection Committee will review and evaluate the Phase Two Proposals in accordance with the Proposal Evaluation Table, set out in Section 4.4 below to determine which one Proposal best meets the Phase Two requirements. Proposals will be reviewed as they are received.

As there may be one or more Selected Proponents in Phase One, and a Rooming House property may only be available for purchase within a narrow timeframe, Selected Proponents will need to be prepared act quickly to submit Phase Two requirements. This is a competitive call and only one Proponent can be selected. **The first proposal made under Phase Two that scores 80% overall will be accepted.**

Note: The Proponent's Offer to Purchase must be conditional on being approved for City funding until at least 30 days after the date the Phase Two proposal is received by the City. The City will accept proposals up to September 1, 2019, or until a proposal has been accepted, whichever is earlier. The City will provide its response within 30 days of the date of the submission.

The RFP process is governed by the Terms and Conditions set out in Appendix A. The Selection Committee is bound by the procedures set out in this RFP and must ensure that all Proposals receive fair and equitable treatment throughout the evaluation process.

By responding to this RFP, Proponents will be deemed to have agreed that the decision of the Selection Committee will be final and binding. The City is under no obligation to choose a Proponent if none meets the requirements outlined in this RFP.

4.3 Selection Committee

A Selection Committee composed of City staff from the Affordable Housing Office will evaluate all Proposals through a comprehensive review and analysis.

4.4 Evaluation Process

The Selection Committee will evaluate Proposals based on the information provided by the Proponents in their submissions and will score the Proposals using the Proposal Evaluation Table below.

As aforementioned, the evaluation of this RFP is a two-phase process. The Selection Committee will determine if the Proponents have passed Phase One. Only those that pass this mandatory requirement review will receive a Conditional Letter of Commitment and will proceed to Phase Two of the evaluation process.

The Selection Committee will score Phase Two submissions using the evaluation table outlined below. The first Proponent to attain a score of 80% or above will be determined to be the Successful Proponent. All Proposals will be scored using the following evaluation table below.

Proposal Evaluation Table

Compliance with Mandatory RFP Requirements	PASS / FAIL
Phase One – Management Plan, Management Qualifications, Financial Viability, Public Engagement Plan	PASS/FAIL
Phase Two – Capacity of Proponent and Capacity to Acquire, Renovate, and Operate the Non-profit Rooming House	Total Points Available
1. Project Details (number of affordable units and depth of affordability, resident amenities)	25
2. Capital Budget	25
3. Operating Plan & Property Management Plan	25
4. Operating Budget	25
OVERALL	100

4.5 Interviews

In addition to meeting the 80% minimum score requirement, Proponents may be required to attend an interview with the Selection Committee. The interview will be used to clarify information in a Proposal only. The interview will be used to confirm or revise the Proponent's score before the Selection Committee's final decision.

Should the representatives of a Proponent be required to attend an interview, they are expected to be thoroughly versed and knowledgeable in the content of the RFP and the Proposal. The Selection Committee may interview any Proponent(s) without interviewing others, and the City will be under no obligation to notify those Proponents not receiving an invitation for an interview.

The Selection Committee may also ask Proponents for clarification in writing. A request for clarification is only intended to remove contradictions or ambiguities in a Proposal to permit a fair evaluation. No new information is allowed. Any information provided in writing by a Proponent in response to a request for clarification will form part of their formal Proposal.

4.6 Evaluation Results

Proposal evaluation results shall be the property of the City and are subject to the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA). Evaluation results may be subject to public release pursuant to MFIPPA. Proponents should be aware that Council and individual Councillors have the right to view the Proposals provided that their requests have been made in accordance with City procedures. Confidential material in a submission should be clearly marked.

4.7 Schedule of Events

Milestone	Date
RFP issued	December 27, 2018
RFP Information Meeting	January 23, 2019
Deadline for Questions from Proponents	January 25, 2019
Release of Final Addendum (if any)	January 30, 2019
Proposal Submission Deadline	February 8, 2019
Evaluation process completed	February 15, 2019
Conditional Letter(s) of Commitment Issued	February 20, 2019
Deadline for submitting a Phase Two Proposal	September 1, 2019
City's Response to Phase Two Submission	No more than 30 days after receiving Phase Two submission
Signing of Contribution Agreement	Immediately upon City's confirmation of successful Phase Two submission
Latest date to close transaction of purchase and	No less than 30 days after signing

sale	the Contribution Agreement
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This schedule is subject to change and appropriate written notice of any changes will be provided where feasible on the City's Affordable Housing website at www.toronto.ca/affordablehousing .

4.8 Terms of Funding

The funding available for the purchase of the Rooming House property is limited to \$1.5 million. These funds will be advanced to the Successful Proponent by the City within 45 days of a decision being given to the Proponent.

Up to \$1.0 million in additional funding is available to the Successful Proponent for renovations to the Rooming House property. However, these funds are available at a rate of up to \$50,000 per dwelling room/dwelling unit. These funds will be placed in an Escrow fund and disbursed to the Proponent upon submission of

4.9 Entering Into Legal Agreements

The entering into of the legal agreements will be at the absolute discretion of the City. The selection of a Successful Proponent will not oblige the City to negotiate or execute legal agreements. Any award of a legal agreement resulting from this RFP will be in accordance with the bylaws, policies and procedures of the City.

The City shall have the right to negotiate on such matter(s) as it chooses with the Successful Proponent without obligation to communicate, negotiate, or review similar modifications with other Proponents. The City shall incur no liability to any other Proponent as a result of such negotiation or alternative arrangements.

5 Documenting the Transaction

The Proponent agrees, by submitting a Phase Two proposal, to enter into the City's for of Contribution Agreement, substantially in the form of the agreement attached. Upon the successful Proponent signing the City's Contribution Agreement, the City will process payment of \$1.5 million to the Proponent to close the purchase of the Rooming House property. Upon closing the transaction, the City Charge for the value of the City