

# NON-PROFIT AFFORDABLE RENTAL HOUSING & ROOMING HOUSE REPAIR & REHABILITATION REQUEST FOR PROPOSALS

## ADDENDUM #1

October 4, 2019

*Please note: There are a number of questions that have been received by the City to date that will be answered in a subsequent addendum.*

### Section 1: Changes to the Request for Proposal Document

Please refer to the NON-PROFIT AFFORDABLE RENTAL HOUSING & ROOMING HOUSE REPAIR & REHABILITATION REQUEST FOR PROPOSALS document and be advised of the following changes.

1. The deadline for submissions is now 12:00 noon on October 17, 2019.
2. The deadline for written questions from Proponents is now October 7, 2019, 4:30 PM.

#### *Rental Housing Development Component*

3. Successful Proponents under the Rental Housing Development Component will now be notified of the City's funding allocation decision by October 24, 2019. The Contribution Agreement between the City and the Proponent can be signed immediately thereafter, conditional on the Ministry of Municipal Affairs and Housing (MMAH) providing Successful Proponents with a Conditional Letter of Commitment.

The intent of this change is to provide the OPHI funding commitment sooner as well as enable Proponents with Proposals for the acquisition of an existing rooming house or similar property to commit to the purchase of the properties sooner and with certainty.

The Contribution Agreement between the City and the Proponent for new construction and conversion Proposals will also be subject to Council approving the municipal property tax exemption at its meeting on November 26 and 27, 2019. This does not apply to Proposals for the acquisition of an existing rooming house.

To adjust for this change, the timeline at Section 2.8 Deadlines and Timing on page 9 is replaced with the timeline below. The changes made have been highlighted.

| <b>Date</b>            | <b>Milestone</b>   |
|------------------------|--|
| September 17, 2019     | RFP issued   |
| September 27, 2019     | Information Session  |
| October 7, 2019        | Deadline for written questions from Proponents, 4:30 PM  |
| October 17, 2019       | RFP Submission Deadline, Closing 12:00 noon  |
| October 24, 2019       | Successful Proponents are notified of funding commitment and can sign City Contribution Agreements   |
| November 13, 2019      | Staff report to Planning and Housing Committee, recommending tax exemptions for Preferred Proponents |
| November 26 & 27, 2019 | City Council consideration of staff report   |
| December 13, 2019      | Deadline for Successful Proponents to sign City Contribution Agreements                              |
| April 11, 2020         | Construction start deadline  |

4. Acquisitions of existing rooming houses and similar properties under the Rental Housing Development Component are not required to include "significant renovations". Acquisitions without renovations are eligible.

Bullet 3 in the Rental Housing Development Component section on page 2 of the RFP document is replaced with the following:

"Acquisition of existing rooming houses and similar properties to maintain or increase affordable rental housing stock and, as necessary, renovation or rehabilitation of the building."

5. To support the City's evaluation of rooming house or similar property acquisition Proposals under the Rental Housing Development Component, the following is added to Section 2.13 – Proposal Submission Package, (E) Project Design:

"In cases of rooming house or similar property acquisitions, Proposals are to demonstrate that the Project is one of the following:

- A licensed rooming house or other similar property, which may include a lodging house, a boarding home, bachelorettes or similar accommodation that contain legal, single room occupancy dwelling units;
- A vacant rooming house where a rooming house license has lapsed and will be reinstated, or;
- A proposed licensed/legal rooming houses or similar accommodation with single room occupancy that has received, or is expected to receive, planning approvals and building permits.

To demonstrate legal occupancy and use of the property, or that the process of making the property legal is underway, Proposals should include documentary proof of one of the following:

- The rooming house is licensed by Toronto Public Health or Municipal Licensing and Standards, as the case may be, or;
- The use is documented as legal non-conforming, or permitted as supported by one or more of the following:
  - Building Permit;
  - Notice of zoning compliance through a Preliminary Planning Review (PPR);
  - Committee of Adjustment or Ontario Municipal Boards decision;
  - Documentation proving legal non-conforming status.

Further:

- The property must contain at least five (5) or more dwelling rooms, or self-contained dwelling units with single room occupancy (SRO);
- Proponents must submit proof of an interest in the subject property (agreement of purchase and sale or deed)."

*Toronto Renovates Rooming House Component*

6. The Toronto Renovates Rooming House Component maximum rents table at Section 3.4 Rent Levels and Affordability Period on page 17 is replaced with the following table.

| Dwelling Room | Bachelor | 1 Bedroom |
|---------------|----------|-----------|
| \$762         | \$1,089  | \$1,270   |

**Section 2: Questions and Answers**

The following questions were asked at the September 27, 2019 Information Session or received by email. The questions and answers are provided for the benefit of all Proponents.

*Eligibility Questions*

Q1. Are Projects where non-profit groups are operating affordable rental housing in properties owned by Toronto Community Housing Corporation (TCHC) eligible for Toronto Renovates Rooming House Component funding?

A1. Yes, in these cases non-profit operators are encouraged to apply with the proviso that TCHC will arrange for the capital repairs in consultation with the Proponent. TCHC will have the final say in determining the scope of work and the contractors hired to perform the renovations.

Proponents operating housing in TCHC properties should describe their legal relationship with TCHC in their Proposal and submit any documentation verifying this e.g. lease, operating agreement.

Proponents should also provide an estimated capital budget for the proposed scope of work and support this with any available quotations from professional trades or contractors, or estimates from professionals such as architects or engineers. However, as TCHC will arrange for the renovations, quotations are not a requirement under these circumstances.

Q2. Are Projects where non-profit groups are operating affordable rental housing in properties owned by Toronto Community Housing Corporation (TCHC) eligible for Rental Housing Development Component funding for the acquisition of the property?

A2. No. Rental Housing Development Component of this RFP funding cannot be used for the acquisition of TCHC-owned properties.

Q3. Are units currently approved under other funding programs (eg. the City of Toronto's Open Door Program or the federal/provincial Investment in Affordable Housing program) eligible to apply for this OPHI funding to increase affordability by lowering rents or extending the term of affordability?

A3. The OPHI funding available through this RFP is federal/provincial funding and cannot be combined or "stacked" with other federal/provincial capital funding. However, developments which have received City of Toronto Open Door Program support are eligible to apply. Proponents should demonstrate how the additional funding will lower rents or extend the affordability period already secured through previous program support.

Q4. Are Proposals involving the conversion of unused non-residential space to new affordable units or dwelling rooms eligible?

A4. Non-residential to residential conversions are eligible under the Rental Housing Development Component only. Proponents should confirm that the proposed conversion is permitted under zoning, building codes, etc.

Such conversions are not eligible under the Toronto Renovates Rooming House Component. Toronto Renovates funding is intended for repairs and renovations to existing or previously licensed rooming house or similar accommodation with single room occupancy (SRO). Conversion of shared room occupancy into private single

room is eligible. This does not include new construction that will create additional residential floor space such as putting in an addition or converting a non-habitable cellar into dwelling units.

Q5. Are properties which formerly operated as rooming houses, but no longer do, eligible for acquisition funding?

A5. Yes, however, the onus is on the Proponent to ensure that the proposed use is permitted. Proponents may contact Toronto Building to ascertain the last permitted use of the property. Proponents may also contact Chip Au, Manager, Housing Improvement Programs, Housing Secretariat, at [Chip.Au@toronto.ca](mailto:Chip.Au@toronto.ca), to obtain background information about the individual property.

Q6. Would the acquisition of a rooming house property be eligible for funding where a small number of the units are currently renting at levels above the allowable Monthly Occupancy Costs?

A6. Yes, however the Proposal must include a commitment to reduce these rents to no more than the allowable Monthly Occupancy Costs.

Q7. Are elevators an eligible expense under the Toronto Renovates Rooming House Component?

A7. Yes, elevators intended to improve accessibility for tenants are an eligible expense under the Toronto Renovates Rooming House Component. Proposals should support the need for an elevator.

Q8. The Rental Housing Development Component describes acquisition of existing rooming houses when accompanied with "significant renovations". Is there a definition for significant renovations?

A8. The reference to "significant renovations" related to rooming house acquisitions has been removed from the Rental Housing Development Component. Acquisition Proposals may or may not include renovations. Please see change #4 in Section 1 of this Addendum above.

Q9. Are proposals involving the renovation of social housing governed under the *Housing Services Act* eligible for Toronto Renovates Rooming House Component funding?

A9. No. Under this RFP, these properties are not eligible.

### *RFP Timing-Related Questions*

Q10. Are Projects which have started construction eligible to submit Proposals?

A10. A Project that has already started construction is eligible for the Rental Housing Development Component provided construction did not commence prior to April 1, 2018 (the effective date of the National Housing Strategy Agreement between CMHC and Ontario).

Rooming house renovation Proposals where work has started are not eligible under the Toronto Renovates Rooming House Component.

Q11. Will Proponents whose Proposals are due to be recommended for approval to City Council be notified before the Council report is made public?

A11. Yes. As mentioned above, Successful Proponents under both the Rental Housing Development Component and the Toronto Renovates Rooming House Component will be notified of their approval and/or recommendation to City Council. Proponents should note that final OPHI funding approval is required from the Province.

Q12. How quickly will responses be posted following the deadline for submitting questions related to the RFP?

A12. Responses to questions received by the new October 7, 2019 question deadline will be posted within three business days.

### *Funding & Financial Details Questions*

Q13. Is it possible to "stack" funds from the Rental Housing Development Component and Toronto Renovates Rooming House Component in the same Project?

A13. No. If a Proposal entails both the acquisition of a rooming house property and its subsequent repair, only one Proposal should be submitted under the Rental Housing Development Component. This Proposal should detail all required renovations for which funding is sought.

Q14. Why is there no per unit funding limit for the Rental Housing Development Component, the way there is for the Toronto Renovates Rooming House Component?

A14. The Province has established a per unit funding limit of \$25,000 for the Toronto Renovates Rooming House Component, but has established a separate funding formula for the Rental Housing Development Component of a maximum of 75% of the total project costs. In evaluating Proposals, the City will assess value-for-money, so

Proposals should aim to maximize the number of units proposed, while minimizing per unit funding requests.

Q15. Will property taxes be waived for the existing rooming house properties which are to be acquired through the Rental Housing Development Component?

A15. No. Tax exemptions are available only for new affordable rental units.

### *General Questions*

Q16. Are Proposals involving partnerships between non-profit groups encouraged?

A16. The RFP requires a non-profit organization to be the Proponent for the Project with the legal and financial relationship to the City. Proponents may choose to partner with another non-profit or a private sector entity.

Q17. Is a Building Condition Assessment required for Rental Housing Development Component Proposals involving the acquisition of a rooming house property?

A17. No. Given the short timeline, this RFP does not require a Building Condition Assessment.

Q18. In 2.13 of the RFP (Proposal Submission Package - Section E), the Project Design section requires Proponents to detail how Proposals will meet or exceed the requirement to make a minimum 5% of the affordable units "fully barrier-free". Does that requirement apply to rooming house acquisitions?

A18. The City of Toronto seeks to achieve accessibility by incorporating all compliance requirements of the City's Building Division and follow the City's Accessibility Design Guidelines. In the case of acquisition of existing rooming house properties, however, it is recognized that these Guidelines may not be achievable.

Q19. Are rooming houses legal in the former municipality of York?

A19. Yes, if the property is located in an area where the operation of a rooming house is permitted. It should be noted that, unlike the former City of Toronto and Etobicoke, rooming houses in the former municipality of York are not required to have a licence and as such, no license can be obtained. Questions related to rooming house licensing may be sent to Chip Au, Manager, Housing Improvement Programs, Housing Secretariat, at [Chip.Au@toronto.ca](mailto:Chip.Au@toronto.ca).

Q20. For Proponents making Proposals involving multiple properties, should they make multiple Proposals, or combine all properties together in one Proposal?

A20. For Rental Housing Development Component Proposals each property requires its own Proposal.

Separate properties may be combined in one Toronto Renovates Rooming House Component Proposal. Complete information for each property or Project including separate budgets should be provided in separate Appendices. Proponents should not expect to have all Projects funded that are included in their Proposal.

Q21. For Proposals submitted by a non-profit group involving a partnership with a private sector developer where the non-profit will have a leasehold interest in the affordable units, are all the details required in the Section 2.13 (F) – Capital Funding and Financing Plan?

A21. No. When a non-profit Proponent is entering into a lease with a private developer to purchase a leasehold interest in a new building, the developer's full capital budget is not required. All associated costs to the non-profit to acquire the leasehold interest and the offer to lease or other agreement between the developer and Proponent must be provided.

Q22. Will a mixed commercial/residential building be eligible for acquisition and renovation?

A22. Yes. But only the residential portion of the building is eligible. In the event of replacement of a building system shared between residential and non-residential areas, only the share of the cost that corresponds with the residential portion of the building will be eligible.