

Request for Proposals

City of Toronto Housing Now Property for the Development and Operation of Affordable Rental Housing for Seniors at 140 Merton Street

ADDENDUM #3

Please refer to the above Request for Proposal (RFP) document and be advised of the following:

1. Questions Submitted by Email regarding Partnerships:

Q1. (a) The RFP and information session indicated that “partnerships” between a non-profit and a for-profit entity would be acceptable. Would you please confirm?

A. As directed by City Council, the Successful Proponent must be a non-profit entity. The City will enter into the various legal agreements related to the site with this non-profit entity or partnership consisting of non-profits. Beyond this key condition, the RFP does not set out specific requirements, parameters or limitations for evaluating and scoring the potential corporate structure, composition or partnership arrangements of the Successful Proponent.

As noted at Section 1.4 Who should apply?, the City is seeking a Proponent with strong affordable rental housing development and operations experience, and that can deliver a successful and viable project either independently or as part of a non-profit led consortia/partnership. If a partnership can be structured to accommodate the requirement that a non-profit entity be the Proponent, and enter into the site's agreements with the City, the City will accept and evaluate the Proposal.

Proponents putting forward a partnership scenario are encouraged to obtain legal advice on the proposed structure and terms and should provide detailed and complete information on the model proposed, including any agreements or term sheets available, to assist in the City's evaluation.

For clarity, a non-profit entity should be organized as a non-share capital corporation or co-operative.

(b) More particularly:

i) Would a joint venture arrangement in which a non-profit (51%) and a for-profit (49%) each own an interest in the leasehold interest be accepted? Is your answer impacted by the extent of ownership of the non-profit? That is, would your answer be different if the non-profit owns 70% to the for profit's 30%? If so, what is the minimum ownership requirement of the leasehold interest for the non-profit entity?

A. As above, only a non-profit entity or partnership of non-profits can sign the Lease Agreements with the City so the leasehold interest cannot be held jointly by both a non-profit and a for-profit corporation. If a partnership scenario can satisfy this requirement, the Proposal will be accepted and evaluated.

ii) Would a joint venture in which the surplus generated from the operation of rental housing on the site is split among a non-profit and a for-profit based on percentage of ownership be accepted? Would the answer be different if the share payable to the for-profit is less (for example if the surplus were split on a 70% (non-profit) to 30% (for profit) basis? If so, what is the minimum share of surplus accruing to the non-profit entity that would be acceptable?

A. The RFP does not impose any direct restrictions regarding the possibility of sharing surplus revenues. The successful development and long term viability of the project, as well as the City securing good "value for money" for the public investment of land and other financial contributions, is critical. Any sharing of surpluses should be supported by a competitive Proposal that evidences the project will have a strong operating budget to ensure long term viability. Proponents putting forward a surplus sharing model are encouraged to provide complete information on the proposed structure and terms, including any agreements or term sheets available, to assist in the City's evaluation.

iii) Would your answer be different if, instead of a joint venture, a limited partnership is advanced as the Proponent, in which a non-profit owns 50% of the units and a for-profit owns 50% of the units? Would your answer be different if the units were held on a 70/30 basis? If so, what is the minimum ownership requirement for the non-profit entity?

A. As above, the Successful Proponent must be non-profit entity or partnership of non-profits. This may limit traditional joint ventures or limited partnerships with for profit entities, but if this requirement can be accommodated the Proposal will be accepted and evaluated.

iv) In either case, does the joint venture or limited partnership (as the case may be) have to be controlled by the non-profit or can governance of the joint venture or limited partnership be shared? (for example, would a joint venture arrangement in which each joint venture party has an equal say in decisions, regardless of the extent of ownership in the leasehold interest) be acceptable?

A. Aside from the conditions outlined above, the RFP does not set-out specific requirements, parameters or limitations for evaluating and scoring the potential corporate structure, composition or partnership arrangements of the Successful Proponent. The Proposal will be evaluated based on the stated terms of the RFP.

Q2. Can a non-profit partnership be struck for the development to be transitioned to a single non-profit for operations thereafter?

A. Yes, so long as the proposed model is in keeping with the answers above.

PLEASE NOTE: Any questions not answered in this Addendum will be answered in the next Addendum.