

City of Toronto Request for Proposals

For Non-Profit Acquisition of Affordable Rental Housing under the Multi-Unit Residential Acquisition Program (MURA)

**Date Issued: March 31, 2022
Deadline for Submissions: May 12, 2022**



NOTICE TO NON-PROFIT AFFORDABLE HOUSING PROPONENTS

City of Toronto Request for Proposals

For Non-Profit Acquisition of Affordable Rental Housing Under the Multi-Unit Residential Acquisition Program (MURA)

Please review the attached document and submit your proposal to the email address below by the closing deadline of **12:00 noon (local time) on May 12, 2022**

Proposals must be submitted digitally.

Each Proposal should consist of a combined PDF or multiple documents grouped in one ZIP folder, submitted to HousingSecretariatRFP@toronto.ca

Voluntary Online Information Meeting:	April 13, 2022 at 3-4.30 p.m. Login details posted at: https://www.toronto.ca/community-people/community-partners/affordable-housing-partners/open-requests-for-proposals/
Deadline for Questions (in writing):	April 28, 2022
City Contact:	Sarah Power Housing Development Officer, Housing Secretariat HousingSecretariatRFP@toronto.ca

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REQUEST FOR PROPOSALS**

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1. BACKGROUND

1.1 Introduction

At its November, 2021 meeting, Toronto City Council authorized a new affordable rental housing funding program called the Multi-Unit Residential Acquisition Program (“MURA”). MURA funding is intended to support the purchase of privately-owned rental housing by qualified and experienced Non-Profit housing providers. MURA’s aim is to protect existing affordable rental buildings by converting the properties to permanently affordable Non-Profit housing. Small apartment buildings and multi-tenant houses (also known as rooming houses) of between 6 and 60 units are eligible for MURA funding. MURA funds can also be used to support critical health and safety repairs and renovations to bring the properties acquired under the program up to acceptable standards.

The MURA Program will be implemented through an open and competitive annual Request for Proposals (RFP). These RFPs will select Non-Profit housing providers, including Indigenous housing agencies, housing co-operatives and community land trusts, to receive a funding commitment and undertake the purchase and operation of eligible rental housing properties.

This is the first such RFP and the City is making available a total of \$20 million in grant funding, representing City Council’s 2021 and 2022 MURA program allocations. City incentives in the form of waived planning fees, development charges and property taxes are also available through the MURA program and this RFP.

The primary objectives of the MURA program are:

- Prevent the loss of affordable rental housing and create permanently affordable Non-Profit housing;
- Improve housing stability for current and future tenants;
- Improve the physical condition of buildings; and,
- Ensure the long-term financial sustainability of the properties.

To support the City of Toronto's Commitment to Indigenous peoples, 20% of the funding allocation under the MURA program will be dedicated to acquisitions by Indigenous housing organizations for Indigenous residents.

The MURA Program supports a number of key strategic actions in the City’s Housing TO 2020-2030 Action Plan, including to:

- Prevent homelessness and improve pathways to housing stability;
- Maintain and increase access to affordable rents;
- Ensure well-maintained and secure homes for renters; and
- Increase the supply of 'For Indigenous, By Indigenous' affordable housing.

Acquisitions will be eligible for MURA funding of up to \$200,000 per dwelling unit for apartment buildings and \$150,000 per dwelling room for multi-tenant houses (“MURA

Funding”). MURA Funding alone is not intended to pay for the entire cost of purchasing and repairing a property and the remaining costs are to be funded or financed by Proponents. Proponents are expected to obtain first mortgage financing to the maximum extent possible and MURA Funding is to be combined with other available sources of financial support, such as program funding from other orders of government and equity contributions from Proponents.

Affordable rental housing properties acquired with MURA funding are to operate at an overall building average rent of 80% of Average Market Rent (AMR), with no individual units above 100% of AMR. Recognizing that occupied rental buildings are likely to include units with a variety of rent levels, including those above 100% of AMR, the program allows for a building’s existing rents at the time of purchase to be adjusted to meet these targets as units are vacated and re-rented over time. However, Proponents must commit to achieving these targets as soon as possible and maintain them over a 99-year Affordability Period.

Proponents can respond to this RFP with or without a particular affordable rental housing property in mind for acquisition. Should a Proponent have a specific property they are considering for acquisition, this building can be the basis of their Proposal. Otherwise Proponents’ Proposals are to reflect the type and size of property they are interested in acquiring.

In either case, Successful Proponents selected through the RFP will be provided with a Commitment Letter from the City for a number of units and maximum funding amount based on the type and size of the building the Proponent is targeting. Funding for deposits and pre-acquisition work will be provided as part of the City’s MURA Funding allocations after a Proponent’s acceptance of the City’s Commitment Letter.

After making an offer to purchase and entering into an agreement of purchase and sale for an eligible property, Proponent’s must submit a site-specific Property Acquisition Package for approval by the City. Affordable rental housing properties that have been purchased by a Proponent using short-term financing are also eligible for funding where the Proponent is obligated to refinance to obtain long-term financing.

Properties acquired with the support of MURA Funding may be prioritized for any future federal and/or provincial repair and renovation program funding administered by the City. Proponents will also be supported by the City to secure repair and renovation program funding directly from other orders of government.

The following link is to the November, 2021 City Council decision approving the MURA Program: [Agenda Item History - 2021.PH28.3 \(toronto.ca\)](#)

1.2 References to Labelled Provisions

Each reference in this Request for Proposals 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 Proposals (RFP).

1.3 Definitions

Throughout this Request for Proposal, unless inconsistent with the subject matter or context:

“Access Plan” means a policy established by the Proponent and approved by the Director, Housing Stability Services which policy shall specify how tenants are to be selected and how information about such process is disseminated to the public.

“Affordable Housing” means Housing with Monthly Occupancy Costs at or below 100% of Average Market Rents.

“Affordability Period” means a minimum of ninety nine (99) years from the date of the closing of the Approved Property.

“Approved Property” means a Housing property for which a Property Acquisition Package has been received and accepted by the City as suitable for purchase under the MURA Program.

“Approved Funding” means the total amount of the grant by way of forgivable loan to be provided towards the purchase and renovation of an Approved Property, as determined by the Executive Director of the Housing Secretariat.

“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.

“City” means the City of Toronto.

“City Incentives” means the exemptions of fees and charges, as well as property taxes, outlined in Section 2.5.

“CMHC” means Canada Mortgage and Housing Corporation.

“Commitment Letter” means the letter, substantially in the form of the letter attached hereto as Appendix 2 B. to be provided to Successful Proponents setting out the MURA

Funding available to the Successful Proponent. The Commitment Letter will provide the Successful Proponent a maximum funding amount under the MURA program.

“Contribution Agreement” means the written agreement, substantially in the form of the written agreement attached hereto as Appendix 2 A. entered into between the City and a Successful Proponent with respect to the Mura Funding and City Incentives to be provided by the City and the obligations of the Proponent under the MURA Program contemplated under this RFP.

“Council” means Toronto City Council.

“Executive Director” means the Executive Director of the City of Toronto Housing Secretariat, or his/her designate or successor, if any.

“Housing” means residential accommodation and facilities, common areas and services used directly with the residential accommodation. Housing does not include commercial or institutional premises, social or recreational services, and services or facilities related to mental or physical health care, education, corrections, food services, social support or public recreation.

“Housing Access System” means the City's centralized housing access system; which includes the allocation and administration of Housing Benefits.

“Housing Benefits” means a financial benefit provided for or on behalf of a tenant to make up the difference between the rent payable by a tenant and the rent payable to the landlord for a residential unit.

“MFIPPA” means the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O.

“Monthly Occupancy Costs” means the total of the monthly rent payable to the Proponent for a Unit including the cost of hydro, heat, water and hot water; and Monthly Occupancy Costs do not include charges for applicable taxes, parking, cable, internet, telephone or any other like charges. If heat, water or hydro costs are separately metered and paid directly by the household, then the Proponent shall deliver the Utility Allowance by way of setting off the amount of the Utility Allowance against the monthly rental payable.

“Non-Profit” means a not for profit corporation, cooperative, or community land trust.

“Program Guidelines” means the MURA Program Details in Attachment 1 to the November 10, 11 and 12, 2021 Council report PH28.3 “New Multi-Unit Residential Acquisition (MURA) Program to Protect Existing Affordable Rental Homes”.

“Property Acquisition Package” means the documentation and information, listed in Appendix 1 G, to be submitted by the by Successful Proponents prior to final approval by the City.

“Proponent” means a legal entity, being a Non-Profit.

“Proposal” means a proposal submitted by a Proponent in response to this Request for Proposals (RFP), which includes all of the documentation necessary to satisfy the submission requirements of the RFP.

“Province” means the Province of Ontario as represented by the Ministry of Municipal Affairs and of Housing.

“RFP” means this Request for Proposals package in its entirety, inclusive of all Appendices and any bulletins, guidelines or Addenda that may be issued by the City.

“Successful Proponent” means a Proponent to which a Commitment Letter for MURA Funding is provided.

“Utility Allowance” means is the average amount of separately metered utility costs, determined by the City and published on the City's web site.

2.0 MULTI-UNIT RESIDENTIAL ACQUISITION (MURA) PROGRAM

2.1 Purpose

The purpose of this RFP is to solicit Proposals from qualified and experienced Non-Profit housing providers interested in funding from the MURA program to acquire privately-owned affordable rental housing and operate the acquired property at affordable rents for the 99-year term of the program's Affordability Period. MURA Funding can also be used to support critical health and safety repairs to bring properties acquired under the program up to acceptable standards.

2.2 Eligible Proponents

Only Non-Profit groups are eligible to apply to this RFP. This includes Non-Profit housing providers, Indigenous housing providers, community land trusts and Non-Profit cooperatives.

The City is seeking Non-Profit Proponents that:

- have direct experience with the purchase of affordable rental housing properties, or have assembled partners or consultants with this experience to assist them with an affordable rental housing acquisition;
- have a strong management track record of providing safe, good quality affordable rental housing and a positive living environment for tenants;
- have the experience and capacity to complete any necessary repairs, upgrades or renovations for an Approved Property; and,
- have the necessary supports available to enable any vulnerable tenants to live

independently and with dignity.

2.3 Eligible and Priority Properties

Buildings and properties to be prioritized under the MURA program include:

- buildings that currently have affordable rents and are at risk of rent increases; and,
- those housing tenants who are mainly lower-income, vulnerable or marginalized.

Buildings and properties eligible under the MURA program are:

- residential or mixed-use affordable rental housing in the form of small apartment buildings or multi-tenant homes/rooming houses with between 6 and 60 dwelling units and/or dwelling rooms as defined in the City of Toronto Zoning By-law 569-2013;
- properties that may be occupied or vacant;
- properties that can successfully operate at an overall building average rent of 80% of Average Market Rent (AMR) while remaining financially viable and in a state of good repair;
- eligible multi-tenant houses/rooming houses may include a lodging house, boarding home, bachelorettes or similar accommodations with single room occupancy;
- multi-tenant houses/rooming houses must be:
 - licensed, or;
 - evidence must be provided of the Proponent's ability to obtain or reinstate a lapsed license, or;
 - the rooming house use must be documented as legal non-conforming, or permitted to maintain its existing use as a rooming house or similar single room occupancy;
- buildings that can be brought into conformity with municipal requirements, including zoning, Ontario Building Code requirements and relevant local area by-laws.

Buildings that are NOT eligible include:

- those containing units not subject to the Residential Tenancies Act, 2006;
- rooming houses that are outside of permitted rooming house areas, including those that are located in North York, East York or Scarborough, unless the use is documented as legal non-conforming, or approved under a building permit (Note: under current City zoning By-laws, rooming houses are only permitted in certain areas in the former City of Toronto, Etobicoke and York);
- a shelter or crisis care centre including hostels, unless being converted to permanent rental housing; and,
- nursing homes or retirement homes unless being converted to permanent rental housing.

2.4 MURA Funding

The \$20M in funding available through this RFP will be allocated using the following maximum amounts:

- \$200,000 per dwelling unit for apartment buildings; and,
- \$150,000 per dwelling room for multi-tenant houses.

Proponents should note that these are maximum funding amounts and that Proponents are expected to obtain long term first mortgage financing to support acquisition and/ or renovation costs to the greatest extent possible. For more information please see Section 2.6 Other Financial Contributions below.

20% of MURA Funding allocations will be dedicated to supporting Indigenous housing organizations delivering affordable rental housing for Indigenous residents.

The City's Commitment Letter will confirm the maximum number of units that the City is able to fund. A Successful Proponent's Approved Funding will be based on the number of units and building type that are indicated in their Proposal and will be at the absolute discretion of the Executive Director, Housing Secretariat. The Commitment Letter will be in effect for a period of one year, within which time a Successful Proponent must have submitted a Property Acquisition Package to the City. In the event that a Successful Proponent does not find a property to purchase, an option to renew the allocation beyond one year will be available on request, at the sole discretion of the Executive Director, Housing Secretariat, for a period of time agreed to by the Executive Director.

A sample Commitment Letter is attached hereto as Appendix 2 B. The Approved Funding will be paid to a Successful Proponent's lawyer, pursuant to an escrow agreement. (See Appendix 2 D for a template of the Escrow Agreement.) Approved Funding will have the following components:

- a) **Pre-Acquisition Funding**
\$25,000 will be available to Successful Proponents for pre-acquisition costs, including legal or consultants fees for due diligence work such as appraisals or building condition assessments, and will be advanced within 30 days of the Successful Proponent agreeing to the terms of the Commitment Letter.
- b) **Deposit Funding**
10% of the total Approved Funding will be advanced to Successful Proponents to be used towards the deposit required by an Offer to Purchase within 30 days of their agreeing to the terms of the Commitment Letter.

Pre-Acquisition and Deposit Funding will be secured by way of a promissory note. Please refer to Section 2.8 Legal Agreements and Accountability for more details and Appendix 2 C for the form of this Promissory Note.

- c) **Acquisition Funding**
The total Approved Funding amount, less the Pre-Acquisition Funding, the Deposit Funding, and any approved Renovation Funding will be advanced on or before the sales closing of the Approved Property.

- d) **Renovation Funding**
Any Approved Funding that has been approved for urgent health and safety repairs will be advanced according to an agreed upon schedule as set out in the Contribution Agreement.

A Proponent's Approved Funding is subject to adjustment and will be determined when the financial information for a specific property is available, up to the program's maximum per unit/dwelling room thresholds and the number of units set out in the Commitment Letter.

The final Approved Funding will be secured by way of a mortgage charge on title. Please refer to Section 2.8 Legal Agreements and Accountability for more details and Appendix 2 A for the Contribution Agreement.

2.5 City Incentives

Proponents will be provided with an exemption from taxation for municipal and school purposes and exemptions from the payment of any planning and building permit fees, development charges or parkland dedication costs related to an Approved Property, if applicable.

To be eligible for the City's property tax exemption the rent for a unit cannot exceed AMR. As such, buildings that have any units renting above AMR, as of the date of acquisition, will be provided with a partial tax exemption. Proponents must commit to reducing rents on these units as the units are vacated and re-rented over time. Any vacant units as of the date of acquisition are to be rented at or below AMR and will be tax exempt. When all units are below AMR the remainder of the building will be provided with a tax exemption. Should only a small number of units be renting at above AMR and the Proponent would prefer to reduce rents for these units at the date of acquisition so as to receive a tax exemption for the entire building, this approach can also be considered at the sole discretion of the City. The City's property tax exemption will be provided for the 99 year Affordability Period.

Further information about rents is available below at Section 2.9 Rent Levels and Ongoing Affordability Requirements.

2.6 Other Financial Contributions

Proponents are expected to obtain long term first mortgage financing to support acquisition and/or renovation costs, to the greatest extent possible. First mortgage financing is to be based on building rents averaging 80% of AMR, rather than on the building's existing rents, which may exceed this amount. All acquisition and renovation costs in excess of Approved Funding are the responsibility of the Successful Proponents.

The City's intent is that MURA Funding also be combined with any available program funding from other orders of government or equity contributions from Proponents, to support the acquisition of the largest number of affordable units possible.

Properties acquired with MURA Funding may be prioritized for any future federal and/or provincial repair and renovation program funding administered by the City. Proponents will be supported by the City to secure repair and renovation program funding administered directly by other orders of government, such as CMHC's National Housing Co-Investment Fund Housing Repair and Renewal Stream and the Renovation, Repair and Renewal Fund for Indigenous Housing.

The City acknowledges that MURA program requirements may differ from those of other programs, for example, City maximum rent levels differ from CMHC maximum rent levels. Proponents are encouraged to enter into discussions with other funders early in their acquisition process to better estimate the amount of loan and/or grant funding likely to be awarded and more accurately complete the capital and operating budgets required under this RFP.

2.7 Approval and Payment Processes

The approval stages for Proponents, funding and property acquisitions and associated payment processes are as follows:

a) Proposal Submission, Evaluation and Selection

Proposals will be scored based on the Evaluation Criteria in Section 3.5 and in keeping with the Proposal and Evaluation Process outlined in Section 3.2. Proponents will be selected from those scoring a minimum of 70 points and to the amount of funding available.

Proposals submitted in response to this RFP may make a request for funding based on an existing property the Proponent is interested in purchasing, or a hypothetical property based on the Proponent's preferred property type, for example a 30 unit apartment building or a 12 room multi-tenant house.

b) Allocation of Approved Funding and Advance of Pre-Acquisition and Deposit Funds

Successful Proponents will be provided with a Commitment Letter, Escrow Agreement and Promissory Note stating their Approved Funding. (See Appendix 2 for templates of these three documents.)

Within thirty (30) days of agreeing to the terms of the Commitment Letter, Escrow Agreement and Promissory Note, Successful Proponents will receive \$25,000 in pre-acquisition funding and 10% of their Approved Funding as deposit funds, to be paid in trust to their lawyer, for the acquisition of an eligible property.

Successful Proponents will be assigned a Housing Secretariat staff contact to support the approvals and payment processes. Regular communication will be expected to ensure the property acquisition runs as smoothly as possible.

c) Offer to Purchase, Payment of Deposit, Approval of Property Acquisition Package and Purchase

Subsequent to having their Proposals approved under this RFP and receiving a Commitment Letter from the City, Successful Proponents will have up to twelve (12) months from the date of the Commitment Letter to enter into an agreement of purchase and sale for a property and submit a Property Acquisition Package for approval by the City (For more information regarding the Property Acquisition Package, please see Appendix 1 G and Section 4.3 Property Acquisition Package below.)

Proponents are expected to seek both professional and legal advice when preparing and presenting an offer to purchase for a building that meets the conditions in this RFP, however, any offer to purchase submitted to the City by a Proponent seeking funding must include the following terms and conditions.

Note: Deposit funding paid by the City to the Proponent's lawyer, in trust, cannot be released without the lawyer confirming that these terms and conditions form part of the Proponent's Offer to Purchase.

- 1) The deposit payable shall be fully refundable until such date as all conditions in the agreement are waived by both parties;
- 2) The closing date can be no earlier than 60 days after the Agreement of Purchase and Sale becomes firm and binding, meaning all conditions in favour of either party are waived or confirmed as having been met; and,
- 3) A condition that provides the Proponent a minimum of 60 days to confirm financing, satisfactory to the Proponent is available.

The City will complete the review and approval of acquisitions within 30 days of receipt of a Property Acquisition Package. Approval will be based on the property meeting the eligibility requirements in this RFP and the submission of capital and operating budgets that demonstrate that the proposed building is financially viable in the long term and can be kept in a state of good repair to provide quality, affordable, rental housing throughout the Affordability Period.

A Proponent's final MURA Funding allocation will be determined, in consultation with the Proponent based on:

- 1) the capital and operating budgets submitted with the Property Acquisition Package, up to the program's maximum per unit/dwelling room funding thresholds and the Proponent's initial Approved Funding; and,

2) the first mortgage financing available.

Note: The property acquisition price must be substantiated by an independent market appraisal – see Appendix 1 G for the requirements of the Property Acquisition Package.

d) Advance of Closing and Renovation Costs

Closing can be no earlier than 60 days after the Proponent has waived all of its conditions under the agreement of purchase and sale. Prior to closing, a Contribution Agreement will be entered into between the Successful Proponent and the City. The City will advance the remaining funding to the Successful Proponent's solicitor in trust for the sales closing, upon the fulfillment of all conditions contained in the Contribution Agreement Funding to be used for renovations will be advanced in keeping with the Contribution Agreement. Should the purchase not close, all funds are to be repaid to the City.

2.8 Legal Agreements and Accountability

Successful Proponents must agree to the terms and conditions in the Commitment Letter, Escrow Agreement and Promissory Note substantially in the form attached as Appendix 2 and have its solicitor register a Financing Statement under the *Personal Property Security Act*, to secure the funding prior to receiving any Pre-Acquisition Funding and Deposit Funding.

By replying to this Request for Proposals, Proponents are agreeing, if approved, to enter into a Contribution Agreement substantially in the form of the Contribution Agreement attached as Appendix 2 A. prior to the City advancing the Acquisition Funding for completing the purchase of the Approved Property The terms and conditions of City financial support, as well as a responsibilities and obligations of the Proponents are set out in the Contribution Agreement. Entering into a Contribution Agreement will be at the absolute discretion of the City.

The Contribution Agreement requires that the value of the MURA Funding and City incentives, not including the value of the property tax exemption, be secured by a mortgage on the title to the Approved Property. This mortgage secures the Proponent's obligations and there is no principal or interest payments required provided the Successful Proponent is not in default of the agreement.

When not in default under the Contribution Agreement, the funding is forgiven at a rate of 1% every year over the Affordability Period.

Should the Proponent be unable to proceed to acquisition before the expiration date of the Commitment Letter, as that letter may be extended, all expended pre-acquisition funding must be accounted for and all unexpended and all deposit funding must be returned to the City within 30 days of the expiration date of the Commitment Letter.

2.9 Rent Levels and Ongoing Affordability Requirements

The intent of the MURA Program is to secure long-term affordable rental housing and an Affordability Period of 99 years will be required for all Approved Properties. Approved Properties are to operate at an overall building average rent of 80% of Average Market Rent (AMR), with no individual units above 100% of AMR. Properties acquired with MURA Funding may have units with rents above 100% AMR as of the date of acquisition. However, Proponents must commit to reducing rents on these units as the units are vacated and re-rented over time. Any vacant units are to be rented at or below AMR. A building average of 80% AMR is to be achieved and maintained as soon as possible after acquisition.

Rents are referred to in the Contribution Agreement as Monthly Occupancy Costs. New tenants are to be income tested, on first occupancy, and may have monthly household incomes of no more than four times the Monthly Occupancy Costs.

Should utilities be metered separately by unit and residents required to pay utility costs directly, a Utility Allowance is to be deducted from the Monthly Occupancy Costs for each separately metered utility, as determined and updated annually by the City.

AMRs by unit size and Utility Allowances for 2022 are published at:
<https://www.toronto.ca/community-people/community-partners/social-housing-providers/affordable-housing-operators/current-city-of-toronto-average-market-rents-and-utility-allowances/>.

Please refer to Section 2.5, City Incentives, above for further information regarding rent levels in relation to the City's waiver of property taxes.

The allowable Monthly Occupancy Cost increase each year for existing tenants will be the lesser of the increase guideline set each year under the Residential Tenancies Act, 2006 (RTA), or an increase to the city-wide AMR by bedroom size.

Proponents are encouraged to reduce costs for tenants by providing rent supplements or other Housing Benefits directly or in partnership with other Non-Profit agencies. Approved Properties are required to make 20% of the affordable units available to households in receipt of a City Housing Benefit, if funding is available, and may be required to participate in the City's Housing Access System. Proponents are also encouraged to provide support services for tenants. The ability to contribute Housing Benefits and/or provide support services will be evaluated under Evaluation Criteria E – Operating Budget and Management Plan, Section 3.

3.0 RFP PROCESS

3.1 RFP Deadlines and Timing

The overall timing for this RFP and the City's process of evaluating Proposals and recommending Proponents to the Executive Director, Housing Secretariat for final approval is as follows:

Date	Milestone
March 31, 2022	RFP Issued
April 13, 2022	Online Information Session, 3-4.30 p.m. (details of how to join are posted online)
April 28, 2022	Deadline for written questions from Proponents, 4:30 PM
May 5, 2022	Last Addendum issued, if needed
May 12, 2022	RFP Submission Deadline, Closing 12:00 PM Noon
June 9, 2022	Successful Proponents to be notified

This schedule is subject to change and appropriate written notice of any changes will be provided where feasible on the City's web site.

3.2 Proposal Evaluation and Selection Process

All Proposals and Property Acquisition Packages will be evaluated through a comprehensive review and analysis by a Selection Committee comprised of Housing Secretariat and other relevant City staff. The Selection Committee may at its sole discretion retain additional committee members or advisors.

The aim of the Selection Committee will be to recommend Proponents which in its opinion best meet the City's requirements under this RFP to the Executive Director, Housing Secretariat for final approval. By responding to this RFP, Proponents will be deemed to have agreed that the decision of the Executive Director, Housing Secretariat will be final and binding.

3.3 Clarifications and Negotiations

As part of the evaluation process, and subsequent review of Property Acquisition Packages, the Selection Committee may make requests for further information. The Selection Committee may request further information from one or more Proponents and not from others. Any information provided by a Proponent in response to a request for clarification will form part of its Proposal.

The City shall have the right to negotiate on such matter(s) as it chooses with Proponents 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.

3.4 Evaluation Results

Proposal evaluation results shall be the property of the City and are subject to MFIPPA. Evaluation results may be subject to public release pursuant to MFIPPA. Proponents should be aware that Council and individual Councilors have the right to view the Proposals provided that their requests have been made in accordance with the City's procedure.

3.5 Evaluation Criteria

Proposals will be assessed on the basis of the criteria set out below. A Successful Proposal must score a minimum of 70 points in total.

The City shall not be obliged to accept any Proposals made in response to this RFP.

	Evaluation Criteria	Points Available
A	Acquisition and Renovation Qualifications	20
B	Management Qualifications	20
C	Corporate Financial Viability	10
D	Capital Budget and Financing Plan	10
E	Operating Budget and Management Plan	10
F	Property Acquisition Plan	20
G	Tenant and Community Impact Plan	10
	TOTAL	100

Property Acquisition Packages will be approved separately on the terms set out in Appendix 1 G Property Acquisition Package.

4.0 MAKING A PROPOSAL

4.1 Proposal Requirements

Note: All sections and requirements set out below must be completed and/or provided in full, whether or not a Proponent has entered into an agreement of purchase and sale or is considering a specific property for which the information required is available. If there is no building and/or site specific information available, the information is to be submitted based on a hypothetical property, illustrating the type and size of building the Proponent is interested in purchasing.

Each Proposal should:

- a) be limited to 16 pages, minimum 11 point font with unlimited Appendices;
- b) include a table of contents with page numbers including Appendices;
- c) reference the same numbering as in this RFP and have all Appendices clearly named and numbered.

All Proponents should submit:

- Proposal Submission Form provided in Appendix 1 A.;

- Proposal Application Form provided in Appendix 1 B;
- Standard Forms provided in Appendix 1 C-E;
- Mandatory Forms provided in Appendix 1 F 1-6; and,
- Proposal Sections A through F with the Proposal Information listed below.

4.2 Proposal Structure and Contents

Letter of Introduction (not scored)

The Letter of Introduction will introduce the Proponent and the members of the team making the Proposal. The Letter of Introduction should be brief and signed by the person(s) authorized to sign on behalf of the Proponent, i.e Board member.

Table of Contents

Include page numbers and identify all included materials in the Proposal including appendices and their numbers.

Summary of Proposal (not scored)

The summary should provide a brief outline in a clear and concise manner of the key qualifications of the Proponent, as outlined below, and the key features of the proposed project.

Proposal Sections

A) Acquisition and Renovation Qualifications

Demonstrate that the Proponent and the consultant team have the experience and skills to acquire an Approved Property and successfully complete any critical health and safety renovation work to preserve existing rental housing by providing the following:

- 1) An outline that demonstrates the Proponent will have the staff, organizational capacity, and housing development experience to complete the acquisition and renovation. Provide the name, qualifications and relevant experience of staff person(s) that will be managing the project for the Proponent.
- 2) Details of housing acquisitions and/or development, rehabilitation, conversion, addition and major repair or renovation projects completed over the last ten years by the Proponent, including address, type of property, size, tenant profile, and the scope and budget for the work. Emphasize projects of similar size and type of building as the intended property for acquisition and provide proof of completion on time and on budget.
- 3) Details of the names, qualifications and relevant experience of the consultant team that will assist the Proponent such as project manager, real estate advisor, engineer, architect, general contractor etc. Include their authorized resumes with emphasis on similar type of project.

B) Management Qualifications

Demonstrate the Proponent's or a proposed property management company's experience in operating good quality affordable rental housing in the long term, by providing the following:

- 1) Details of effective management strategies for properties of similar size and type as proposed, property management services provided, number and sizes of buildings currently managing, and the ability to provide appropriate supports to residents where needed, i.e. provide details of best practices, management approach, organizational chart, status of arrears and vacancies, support services partner organizations etc.
- 2) Details of projects or addresses in the portfolio that have been managed for a least 5 years by the Proponent or proposed property manager including size, location, tenant profile and issues that arose and how they were dealt with to maintain the financial viability of the project and the well-being of the tenants.
- 3) Details of the names, qualifications and relevant experience of the Proponent's property manager or manager to be provided by the proposed property management company. Include their authorized resume especially for similar size and type of building.

C) Corporate Financial Viability

Demonstrate that the Proponent is a financially sound and viable organization that has the experience and capability to obtain the necessary financing, in addition to the MURA Funding to complete the acquisition and any proposed renovations and cover any cost over-runs by providing the following:

1) Proof of Financial Viability:

i. Audited financial statements and annual reports for the two (2) most recent years available, including details of the status of all reserve funds and how they can be used.

AND

ii. A letter from the Proponents financial institution or accountant providing assurance to the City that the Proponent has been, and is financially viable and solvent as a going concern; has the financial capacity to undertake the acquisition and financing of a new property of the size proposed; and that the undertaking of this project will not put any undue financial burden on the Proponent.

2) Copies of the Proponent's Articles of Incorporation or Letters Patent, the general and borrowing bylaws, and a list of the directors, including their terms and qualifications.

If the Proponent has been formed through a partnership or other joint venture formed to acquire and/or manage this project, provide this information about each member organization. Describe the legal nature of the relationship and the roles and responsibilities of each party. Provide details of how and when the parties have worked together in the past. Only one organization can be the Proponent and accept legal responsibility if approved, if it is a partnership and not a legal joint venture.

D) Capital Budget and Financial Plan

Demonstrate that the Proponent has a realistic financial understanding of all costs involved in buying and renovating the building type chosen, can successfully secure financing, and can justify the financial contribution requested of the City by providing the following:

- 1) A completed capital budget form (Appendix 1 C.) for a building that can be currently acquired, or a proposed building to be acquired in the next 12 months, with detailed notes on assumptions used to arrive at cost figures. Include costs for the entire development and describe the method used to estimate costs i.e. cost consultant, architect, engineer, previous developments, due diligence work etc.

Note: All Proposals should include the services of a life safety consultant or similar role in order to identify critical renovations necessary to meet health and safety standards e.g. fire alarm system.

- 2) State the number of units for which MURA Funding is being requested reflecting the maximum allowable funding by building type. Provide details of the potential purchase price and renovation costs to ensure critical renovations are addressed.
- 3) Details of all other projected capital financing and funding for the project, such as renovation financing, contributions or grants from other sources and any Proponent equity. Provide proof that these financial contributions are or will be secured or explain how and when proof will be provided i.e. include letters of support and details of discussions with lenders and funders to date with full information about the parties and forms of support.

E) Operating Budget and Management Plan

Demonstrate that the operation of the proposed building as described in Section D Capital Budget and Financing Plan is financially viable in the long term and can be kept in a state of good repair to provide quality, affordable, rental housing throughout the Affordability Period, by providing the following:

- 1) A completed operating budget form (Appendix 1 D.) for a known or proposed building e.g. a 30 unit apartment building or a rooming house with 12 rooms, with detailed notes on assumptions to arrive at cost figures. Include costs for the entire building, including the proposed affordable rental and any non-residential space.

Note: To show project viability, operating budgets are to be based on current costs and building average rents of 80% with no one unit rented at more than 100% AMR by unit type, even if current rents are above this amount.

Note: Reserve funds should be funded with a minimum of 8% of gross income.

- 2) Confirmation that the Proponent commits to operating the building at 80% of AMR and will transition rent levels in the building, as may be required, so that this target is achieved, as units are vacated and re-rented. Proponents must acknowledge that property tax exemptions cannot be provided by the City for units renting at above AMR, as per Section 2.5, City Incentives, above.
- 3) An outline of who the Proponent is targeting to house and how residents are to be selected for vacant units and on unit turn over. Include any details of support services to be provided for existing or new tenants to assist in their housing stability. This outline will be the basis of an Access Plan which must be finalized with the City prior to closing. The Housing TO 2020-2030 Action Plan includes priority tenant populations, including women, Black/Indigenous people, seniors, youth, people with disabilities, people experiencing homelessness, and supportive housing tenants.
- 4) A completed Rent Form of existing or proposed rents (Appendix 1 E).
- 5) Confirm what percentage of units you would prefer to have receive Housing Benefits. Note that accepting Housing Benefits for a minimum of 20% of a property's units is required. However, the City cannot commit to the number of Housing Benefits until the Property Acquisition Package is submitted and approved. Detail what percentage you are requesting from the City and what percentage you may have or expect to have from other sources. Provide documentation to confirm and/or details of how and when confirmation will be provided for any other sources and their amounts.
- 6) A management plan including details of staff positions and their roles for those hired by the Proponent or the proposed property management company and role of the Proponent's Board of Directors in management.

F) Property Acquisition Plan

Demonstrate that you understand the steps to acquire and renovate a property by providing as much as possible of the following information for the type of building you propose to acquire.

Note: Please indicate what the information provided is based on e.g. real estate listings, due diligence, previous acquisitions etc.

1) Property Information

Describe the type of property you propose to acquire with rationales for your choices:

- (i) the wards or areas of the city you looking for a property;
- (ii) type and size of property you propose to acquire e.g. small apartment building of how many units, or a rooming house with how many rooms;
- (iii) anticipated condition of the building e.g. needs minor repairs, needs some system upgrades etc. or needs extensive repairs and renovations;
- (iv) occupied, partially occupied or vacant;
- (v) non-residential space or not e.g. some retail or commercial space in the building, vacant or occupied;
- (vi) building features – laundry room, air conditioning, parking, elevator, type of heat etc.;
- (vii) other relevant information.

2) Purchase and Renovation Timeline

Illustrate the major steps from approval of MURA Funding by the City to paying a deposit, completing the agreement of purchase and sale, finalizing financing, closing and completing all critical health and safety repairs including all aspects of the project such as legal, financing, consultant studies, start and completion of renovations, start of property management etc.

3) Renovation Plan

Illustrate your understanding of anticipated or potential critical repairs that may need to be done immediately to ensure health and life safety standards are met, potential work to be done in the following 12-24 months, cost estimates, proposed process to secure professional contractors etc. List any consultants, contractors or others you intend to work with. Detail any potential energy conservation measures and accessibility modifications anticipated.

G) Tenant and Neighbourhood Impact Plan

Demonstrate your understanding of the day-to-day management of an existing tenanted building and the impact on tenants and neighbours of new non-profit management and building renovation work by providing the following:

1) New Management Plan that demonstrates a robust property management plan and includes:

- (i) how the new management will be introduced to existing tenants e.g. communication plan;
- (ii) how landlord functions will be set up and implemented e.g. rent collection, arrears policies etc.;

- (iii) how maintenance functions will be implemented for the building and for the inside of units e.g. regular building cleaning, tenant work orders etc.
 - (iv) how continued access to existing supports and any needed new support services to the tenants will be put in place to ensure a stable living environment for all tenants;
- 2) Renovation Impact Plan that shows possible impacts of renovation work on tenants i.e. noise, dust, access to units, common areas, etc. and plan to mitigate those impacts, and a tenant relocation plan, if required by extensive renovations;
- 3) Neighbourhood Impact Plan that demonstrates a strong public and stakeholder engagement plan, including:
- (i) how the immediate neighbours will be informed that the Proponent is the new owner and landlord;
 - (ii) details of any communication with the local Councillor to date and/or how you intend to communicate through the purchase and any renovation process;
 - (iii) how the immediate neighbours will be informed about any proposed renovation plan i.e. communications plan, meetings with nearby stakeholders etc. and the impact that the renovations could have on the neighbours and how those impacts will be mitigated.

4.3 Property Acquisition Package

Subsequent to a Successful Proponent entering into an agreement of purchase and sale for a specific property, a Property Acquisition Package, the contents of which are outlined in Appendix 1 G, must be submitted to the Housing Secretariat for approval.

A Proponent's Approved Funding, as set out in the Commitment Letter is subject to adjustment and will be determined when and as the financial information for a specific property is available and up to the program's maximum per unit/dwelling room thresholds and the number of units set out in the Commitment Letter.

The City reserves the right to require additional information and to work with the Successful Proponent to ensure the MURA Funding will secure an operationally viable acquisition.