

This page is a PDF cover page which contains information about the document that follows.

## Overview

This document contains material delivered at the **Life after Operating Agreements: The Practical and the Possible** forum which took place on March 31, 2016, organized by the City of Toronto Shelter, Support and Housing Administration Division.

## Contact us

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## More information

Please visit [www.toronto.ca/socialhousing](http://www.toronto.ca/socialhousing) and select Planning for End of Operating Agreements.



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# Life after Operating Agreements Development and Redevelopment

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## Agenda - Real Estate Issues

- Development Team
- Partnering
- Construction Contracting



## Development Team

### The Development Team

- Size Depends on complexity of the work contemplated and requirements of any regulatory approvals.
- Some roles may be handled internally depending on expertise.
- There are differing views as to when to engage your builder (to be discussed below).



# Development Team

Core	Function
Architect	Drafts Conceptual plans and ultimately working drawings
Project Lawyer	Corporate structure/ Liability protection/ risk management/ contracting/ planning approvals
Financial Analysis/Accountant	Pro Forma Analysis/ Corporate Structure
Finance Broker	Obtain Financing/ Should be familiar with alternative financing arrangements
Builder	Construction and Feasibility
Project Manager	Absent internal expertise an experienced manager with development experience. The “Owner’s Representative”.



# Development Team

As Needed	Function
Surveyor	Identifies extent of title/ reference plans etc.
Cost Consultant/ Quantity Surveyor	Certifies progress draws to the Bank
Planner	Identifies required planning variances and prepares municipal applications
Traffic Consultant	If required by planning approvals – Identifies impact on traffic patterns
Noise Consultant	If required by planning approvals – Identifies noise levels at nearby homes;
Shadow Study Consultant (etc.)	If required by planning approvals – Identifies shadow impacts of a large building.

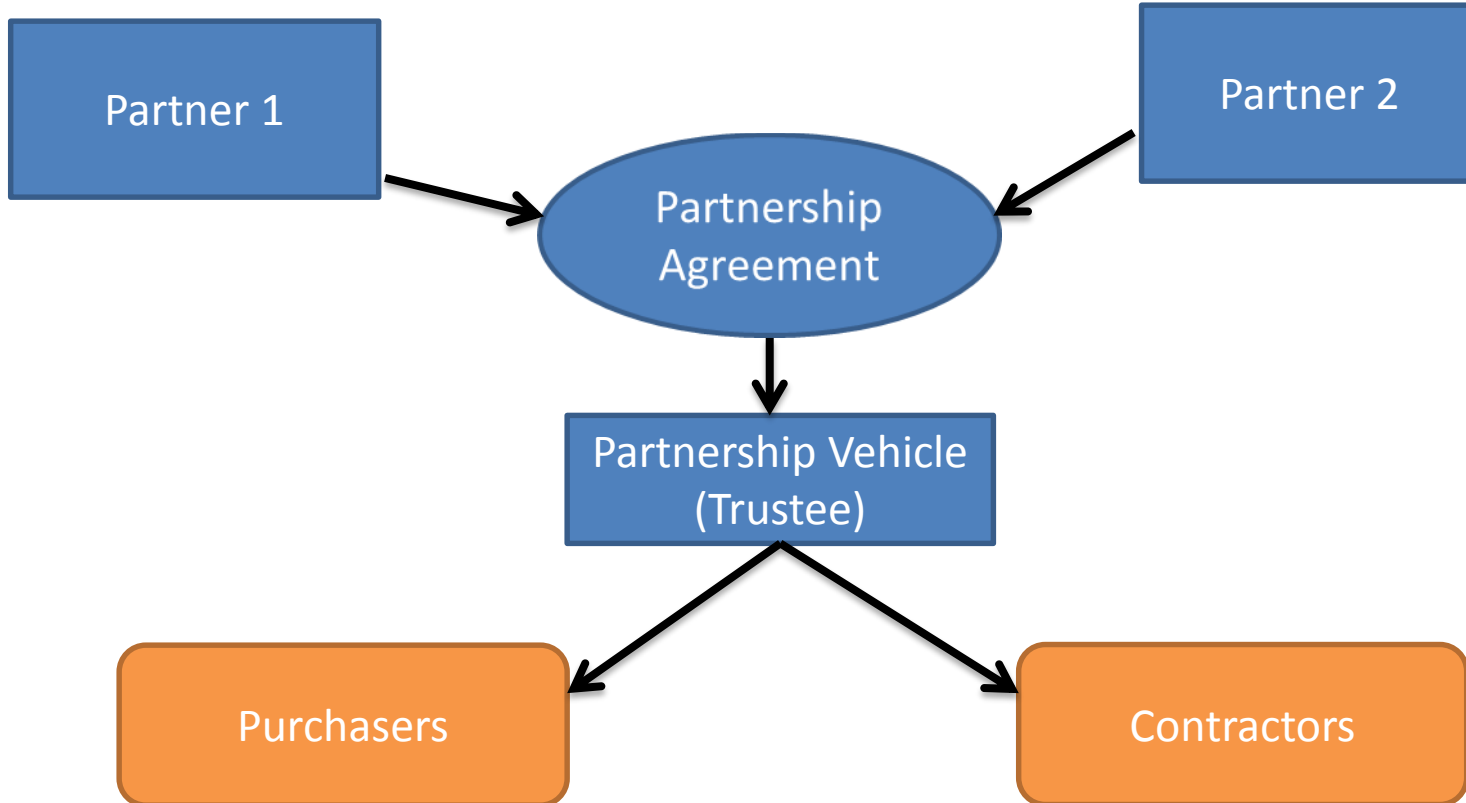
## Partnerships in Real Estate – Why do it?

- Pool talents to be able to leverage combined assets, skills and knowledge to achieve your goal.
- Financial reasons – create value you could not create on your own (ie. expand the pie)
- Mutual Respect - Each partner sees value in the contributions of the other.
- Risk Management – Spread the risk
- Values – A shared purpose at partnership level.



## Partnerships in Real Estate – The Basic form

Partnerships tend to follow a basic format:



## Partnerships in Real Estate – The Agreement

- The Partnership Agreement establishes:
  - Land Value (and transfer if required)
  - Proportionate share of ownership
  - Equity Investment (get credit for advance work)
  - Responsibilities of the partners
    - May differ according to expertise
    - May include fees
  - Management of the Partnership
    - Typically a committee with set responsibilities
  - Distribution of Proceeds

## Partnerships in Real Estate – The Agreement

- Key items to remember:
  - Understand the role you are playing in the partnership.
  - Understand how the money flows:
    - Value of land
    - Fees
    - Distribution of Proceeds
  - Its all negotiable
    - Proceeds, for example, can “waterfall”.
    - Partner may retain some unilateral rights



# Construction Contracting

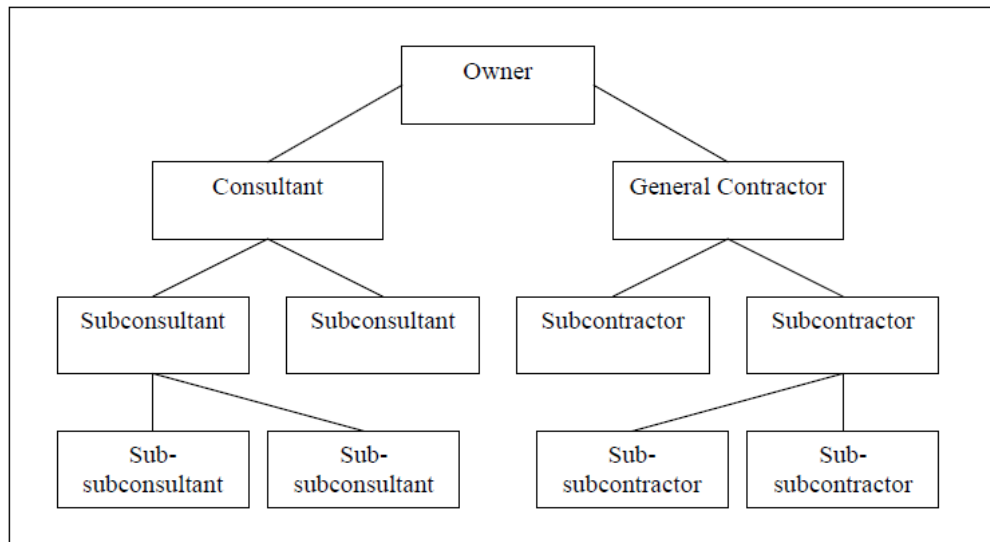
Types of Construction Contracts:

- Stipulated Price (CCDC2)
- Classic Construction Management (CCDC5A)
- "At-Risk" Construction Management (CCDC5B)

# Construction Contracting

## Stipulated Price

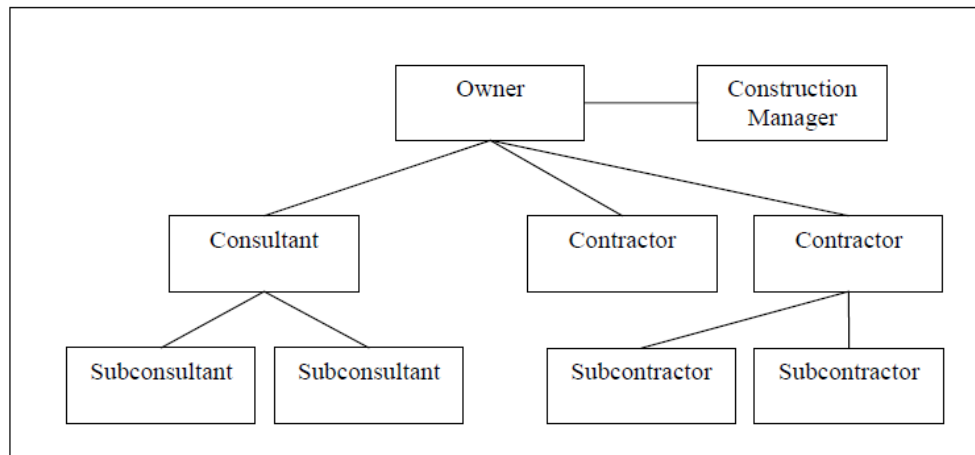
- Procure Builder when drawings fully formed
- Trade pricing risk is transferred to the Builder
- One Price (subject to Change Orders) etc.



# Construction Contracting

## Classic Construction Management

- Procure Builder at the beginning based on experience and fee. Becomes part of the team.
- Price Control is in the procurement of sub contracts.
- Generally, a faster model because construction can start before drawings complete.
- Greater admin burden on Owner





# Construction Contracting

## “At-Risk” Construction Management

- Procure Builder at the beginning based on experience and fee. Becomes part of the team.
- Price Control is in the procurement of sub contracts.
- Still a faster model than Stipulated Price.
- Builder remains on site for warranties.
- Contemplates setting a guaranteed Maximum Price.



# Construction Contracting

Key Considerations when deciding:

1. How important is speed?
2. How far along am I on design? Am I building something novel?  
How much construction expertise do I need at the outset?
3. How much control do I want as Owner over the budget and schedule of the project?
4. How much administration do I want to take on?
5. How important is cost certainty – even if I am paying for it.
6. How comfortable am I with being responsible for Health and Safety Risks?
7. How am I protected if the General Contractor (or a major sub-trade) fails?






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