

## Report to Corporate Services Committee

**To:** Chair and Members  
Corporate Services Committee  
**From:** Anna Lisa Barbon, Deputy City Manager, Finance Supports  
**Subject:** RFP 2023-124 Consultant Services for City of London  
Vacancy Residential Property Study Award – Irregular Result  
**Date:** September 11, 2023

## Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions **BE TAKEN** with respect to Request for Proposal (RFP) 2023-124 for Consultant Services for City of London Vacant Residential Property Study:

- a) The proposal for consultant services, submitted by Ernst and Young (EY), 100 Adelaide Street West, Toronto, Ontario, M5K 1J7 **BE ACCEPTED** in accordance with the Procurement of Goods and Services Policy;
- b) Civic Administration **BE AUTHORIZED** to undertake all administrative acts that are necessary in connection with this purchase, and;
- c) The approval hereby given **BE CONDITIONAL** upon the City of London (The Corporation) entering a formal contract, agreement or having a purchase order relating to the subject matter of this approval.

## Executive Summary

The purpose of this report is to seek approval from City Council, to award the Consultant Services for City of London Vacant Residential Property Study, at the proposed cost of \$139,625.00 (exclusive HST).

## Linkage to the Corporate Strategic Plan

Council's Strategic Plan for the City of London identifies several strategic areas of focus including 'Housing and Homelessness.' This undertaking supports the following specific strategies outlined in the 2023-2027 Strategic Plan:

- Increase the supply, range, and depth of affordability of quality housing options where people feel safe;
- Align policies and programs recognizing the broad range of factors that contribute to accessing and maintaining transitional, supportive, community, affordable, and market housing, and;
- Increase the efficiency and consistency of processes that support housing access and supply.

## Analysis

### 1.0 Background Information

#### 1.1 Background Reports

- Corporate Services Committee, January 31, 2022, Consent Item # 2.2, Considerations and Viability to Implement a Vacant Home Tax in London

## **2.0 Discussion and Considerations**

### **2.1 Determining Viability**

In response to a report titled “Considerations and Viability to Implement a Vacant Home Tax in London,” Council passed the following resolution:

“That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions be taken with respect to the consideration to implement a vacant home tax in London:

- a) the staff report dated January 31, 2022, “Considerations and Viability to Implement a Vacant Home Tax in London BE RECEIVED for information;
- b) that the Civic Administration BE DIRECTED to begin a Request for Proposal (RFP) for consultant services to study and validate the number of vacant residential properties in London and report back on the scope of the problem and potential mitigation measures to a future meeting of Corporate Services Committee; and,
- c) the Civic Administration BE DIRECTED to continue to monitor implementation, execution, and experience of other Ontario municipalities of this tax.”

Although the experience in other communities has been limited, aside from Vancouver, in monitoring the implementation of a vacant home tax in other municipalities, the initial data indicates that the actual number of vacant homes and subsequent revenue generated by a vacant home tax, may be significantly lower than estimated. Should the final figures confirm this, the potential to impact housing supply with a vacant home tax would be minimized given the costs and resources associated with administering the vacant home tax program.

Experience indicates that it is imperative to validate the number of vacant residential properties in the City of London prior to implementation of a Vacant Home Tax.

To ensure the effective and efficient validation of vacant homes in London, the Corporation conducted a Request for Proposal (“RFP”) to procure Consultant Services for a City of London Vacant Residential Property Study and identified Ernst and Young (EY) as the successful proponent.

### **2.2 RFP 2023-124 Response**

In response to the RFP, EY met the requirements of the evaluation committee and presented a proposal that will support the Corporation in moving forward with the Vacant Residential Property Study. With office locations across Ontario, EY has extensive experience in performing analyses of housing market conditions and the policies and tools available to address and identify vacant residential properties. During 159 years in business, EY has focused on consulting, advisory, assurance, tax, and transaction services. Their Global Government and Public Sector Practice, a network of skilled professionals providing local, national and international experience, focuses on building solutions that help public sector entities overcome current and future challenges.

Key elements of their proposal include the following:

- Proven experience in performing housing market and vacant residential property analyses for Ontario municipalities;
- Proven experience of successful projects with major Canadian municipalities (Vancouver, British Columbia);
- Extensive expertise in housing and real estate; and
- A sound project management methodology.

In their proposal, EY demonstrated a thorough understanding of the challenges associated with the identifying vacant residential properties, and provided strategies to overcome potential challenges, confirming their suitability for this engagement. A key element of their proposal included demonstrating value to the Corporation through

established expertise in understanding and assisting municipalities with extensive experience in analysis and implementation of a vacant home tax at various Canadian municipalities.

### **2.3 Procurement Process**

After RFP2023-124 was posted, there was one addendum issued to allow more time for proponents to respond. When the RFP closed, three (3) compliant submissions were received.

A two (2) envelope RFP process was used – one envelope contained the technical project proposal and the second contained the pricing proposal.

Four (4) evaluation committee representatives from the Planning and Economic Development, Realty Services and Revenue, Financial Supports evaluated the three (3) submissions based on the technical criteria outlined in the document. At the end of this process, two (2) proponents passed a threshold to review pricing and undergo the interview process. Following which, the proponent with the highest score, demonstrating their ability to fully meet the Corporation's requirements, was EY. The pricing for their proposal amounts to \$139,625.00 (exclusive H.S.T.). This amount is within the expected cost range as indicated in the previous report to Council.

### **2.4 Associated Risk**

According to the CSC report on January 31, 2022, based on public information available, the consultant engagements were estimated at between \$100,000 and \$150,000 (exclusive HST). With inflation considered, the proposed price of \$139,625.00 (exclusive HST) is still falling well within the earlier estimated range. Acknowledging the risk that data required as inputs to vacant property estimates and feasibility review may be difficult to obtain or be outdated, data will be collected early in the project and, if necessary, alternative methods to collect information will be used. Required staff input to support the project can be provided with the existing staff complement and no additional staff resources will be needed.

### **2.5 Next Steps after Completion of Study**

Civic Administration will report back on the outcome of the study, along with what implementation considerations including time frame required should Council look to pursue the introduction of Vacant Home Tax.

## **3.0 Financial Impact**

The operational expenditure to fund the consultation project can be accommodated within the operating budget of the Tax Office as approved in the 2020-2023 Multi-Year Budget.

## **Conclusion**

To validate the number of vacant residential properties in the City, based on practices observed in other municipalities, a third party partner was engaged. Civic Administration has undergone a formal RFP process (RFP 2023-124) wherein EY has been identified as the successful proponent. The Corporation has identified, secured and prepared a budget to purchase the services of EY to begin the Vacant Residential Property Study. The cost of EY's proposal is within the Corporation's initially estimated range of costs.

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**Recommended by:** Anna Lisa Barbon, Deputy City Manager, Finance Supports