

## Report to Community and Protective Services Committee

**To:** Chair and Members  
Community and Protective Services Committee

**From:** Kevin Dickins, Acting Managing Director, Housing, Social Services and Dearness Home

**Subject:** Homeless Prevention Head Lease program (Single Source 20-34)

**Date:** January 19, 2021

## Recommendation

That, on the recommendation of the Managing Director, Housing, Social Services and Dearness Home and with the concurrence of the Director, Financial Services, the following actions **BE TAKEN** with respect to the award of contracts through Single Source procurement requiring Committee and City Council approval for awards greater than \$50,000:

- a. A Single Source Procurement (SS 20-34) as per section 14.4(a) of the Procurement of Goods and Services Policy **BE AWARDED** to 186 King Street Holdings Incorporated for the provision of up to twenty (20) units at an estimated cost of \$180,000 (excluding HST) for use in the Head Lease program for a one year term with an option to renew for two additional one year terms based on available funding/budget.
- b. Civic Administration **BE AUTHORIZED** to undertake all administrative acts that are necessary in connection with this matter.

## Executive Summary

The Head Lease program is intended to secure units in the private market to facilitate rapid delivery of affordable transitional housing with supports for individuals and families experiencing homelessness. The City of London Homeless Prevention team intends to lease units in the private market to be used as transitional housing for individuals and families who are experiencing homelessness with a range of support needs. The supportive component of the housing placement will be aimed at supporting successful tenancy through life skills development and focused on housing stability.

The purpose of this report is to approve the Single Source procurement for 20 units for the Head Lease program at an estimated annual cost of \$210,000 (rent and other costs).

## Linkage to the Corporate Strategic Plan

Housing Stability for All: The Housing Stability Action Plan for the City of London (2019)

London's Homeless Prevention and Housing Plan, Housing Stability for All The Housing Stability Action Plan for the City of London (2019), is the approved guiding document for homeless prevention and housing in the City of London, and was developed in consultation with Londoners. The Head Lease program supports the implementation of key strategies in the Housing Stability for All Plan.

## Analysis

### 1.0 Background Information

#### 1.1 Previous Reports Related to this Matter

- Homeless Prevention Head Lease program (Single Source 20-34) (CPSC:

November 3, 2020)

- Homeless Prevention Standard Form Occupancy Agreement for Head Lease Units (CPSC: March 31, 2020)
- Housing Stability Plan, 2019-2024 (CPSC: December 3, 2019)

## **2.0 Discussion and Considerations**

### **2.1 Rapid Rehousing Through Head Leasing**

Rapid rehousing is intended for individuals and families who have been unable to resolve their homelessness, to secure housing as quickly as possible. Through Lease Agreements, the City will secure units in the private market for use as transitional housing with support for individuals and families experiencing homelessness. The intent of the Head Lease program is to support individuals with high needs. Homeless Prevention will retain the flexibility to match individuals to units with a range of support needs and based on individual choice.

Individuals and families who are on the City of London Homeless Priority List are “matched” to affordable units (based on individual choice) leased by the City and with housing support services to promote successful tenancy through life skills development.

The units will be occupied by individuals and families for a transitional period. As housing stability increases for the individual or family they will be supported to secure permanent housing of choice.

On April 7, 2020, Municipal Council approved the Homeless Prevention Standard Form Occupancy Agreement for Head Lease Units.

A competitive process was undertaken to secure units for the Head Lease program. On June 15, 2020, an Expression of Interest (EOI) was released through Procurement to seek interested landlords for the Homeless Prevention Head Lease program. The EOI was posted for three weeks on Bids and Tenders and the link was distributed to City of London Housing and Realty Services, Housing Development Corporation, London St. Thomas Real Estate Board, London Property Managers Association, London Homeless Coalition and the London Homeless Prevention Network. The EOI did not receive any responses.

In addition to the EOI, communications released social media messaging to increase awareness about the Head Lease program. There was not any interest generated from social media.

On November 10, 2020, Municipal Council approved a Standard Lease Agreement for the Head Lease program and Single Source procurement of two homes to Wastell Homes at a cost of \$80,000.

### **2.2 Head Lease Program Update – New Opportunity**

An opportunity has presented to secure up to sixty (60) units in the core to support individuals experiencing homelessness. Forty (40) units have been allocated to housing support programs who will match individuals to the units and provide supports aimed at housing stability. These units will be leased by the individuals occupying the units and receiving supports from the housing support programs.

The remaining twenty (20) units are available for lease to the Head Lease program. The City is a leader in creating housing stability opportunities in London and is working with the community to create a range of solutions to meet the needs of individuals and families experiencing homelessness.

Securing twenty (20) units for the Head Lease program at this location will increase the current number of units available to the Head Lease program to twenty-three (23) units.

Civic Administration has continued to work with landlords to secure units for the Head Lease program for individuals, couples and families. Homeless Prevention is currently working with three landlords to secure units for the Head Lease program. A summary of the units available and status are outlined on the chart below:

<b>Unit Overview</b>			
<b>Number of Units</b>	<b>Unit Type</b>	<b>Location</b>	<b>Status</b>
2	3 bedroom	West	Leased (1) In progress (1)
1	Bachelor	Core	In progress
20	Bachelor	Core	New opportunity
<b>Total Units</b>			<b>23</b>

By increasing the pilot from ten (10) units to a maximum of twenty five (25) units there will be capacity to add two additional units based on the needs of the program (example: unit size, location) and availability of funding through program revenue.

### 2.3 Single Source Approval

The current opportunity to secure up to 20 units through 186 King Street Holdings Incorporated will expand the capacity of the Head Lease program. The twenty (20) available units are bachelor units and therefore suitable for individuals or couples.

A single source methodology is being used to enter into agreements with 186 King Street Holdings Incorporated through the Standard Lease Agreement (approved by Council November 10, 2020) for up to 20 units for a one year term with an option to renew for two additional one year terms based on available funding/budget. This approach is applied under the Procurement Policy (14.4.a Single Source) when an attempt to acquire the required goods and/or services by soliciting competitive bids has been made in good faith, but has failed to identify more than one willing and compliant supplier.

The estimated costs for the twenty (20) units are included below:

<b>Cost Estimate</b>	
Estimated Annual Rental Amount <ul style="list-style-type: none"> <li>20 bachelor units at \$750 per month</li> </ul>	\$180,000
Estimated other costs <ul style="list-style-type: none"> <li>Example: utilities, damages, fob cards</li> </ul>	\$30,000*
<b>Total Cost Estimate</b>	\$210,000 (excluding applicable taxes)
* The Head Lease program is a pilot program and therefore program costs are estimated. Funding will be made available from program occupancy fees or other Homeless Prevention funding streams if the costs exceed the estimate.	

These units provide an opportunity to expand the number of individuals supported through the Head Lease program. Occupants will be supported to rapidly secure permanent housing to ensure that individuals do not exit the Head Lease program to homelessness.

### 2.4 Legal and Risk Review

#### Legal

The Lease Agreement between the City and Landlord may be subject to the Residential Tenancies Act, 2006 ("RTA") or the Commercial Tenancies Act. The Lease Agreement was drafted with the intent that the RTA applies as between the City and the Landlord.

Where the RTA applies to a lease agreement, remedies under that Act are available to the landlord and to the tenant (in this case the City) with respect to evictions. Further, where the RTA applies to a lease agreement, there is a “deemed renewal” provision in the RTA (s. 38); if landlord or tenant do not give notice to the other to terminate a yearly tenancy, then it is deemed to be renewed on a month to month basis.

In general, with respect to this program, some of the risks to the City that may arise include:

- if the occupant asserts a right to maintain occupancy beyond the term agreed to by the City, litigation may result, at the Landlord and Tenant Board or in court.
- physical damage to the Landlord’s unit, for which the City may incur liability.
- injury to occupants of the unit, for which the City may incur liability.

Council has previously approved the standard form Occupancy Agreement to be entered into between the City and the occupant of the unit through By-Law No. A-7960-96. Such occupancy is not intended to be subject to the RTA, as it is intended to fall within an exception to the RTA (s. 5.1). Section 5.1 of the RTA provides that the RTA does not apply with respect to living accommodation provided to a person as part of a program described in ss. 5.1(2) of the RTA if the person and the provider of the living accommodation have entered into a written agreement that complies with ss. 5.1(3) of the RTA, including that the living accommodation is intended to be provided for no more than a four-year period, and that a program consists of the provision of living accommodation and accompanying services such as rehabilitative services, therapeutic services, services intended to support employment, or services intended to support life skill development.

## Risk

As mentioned in previous reports, there is exposure of risk from harm to property, persons or dispute and the Corporation has mitigated this exposure by transferring the risk to the occupant through the insurance and indemnity provisions in the approved Standard Form Occupancy Agreement, as well as through appropriate levels of oversight and control of services to ensure the associated risk is eliminated.

## 3.0 Financial Impact/Considerations

On November 10, 2020 Municipal Council approved the reallocation of one-time 2020 assessment growth funding originally intended for the Housing Allowances program to a maximum of \$300,000 to the Head Lease program. This funding will be used for the cost of units and other costs (example: utilities, keys, damages).

Occupants will pay the City monthly occupancy fees based on their income and this revenue will go back into the Head Lease program. If the Head Lease program operates twenty-five (25) units the annual estimated occupancy fees will be \$108,000. The amount recovered will be used to supplement other costs (examples: damages, utilities, fob cards) at current and future head leased units and to secure additional units.

Housing support services are funded through other Homeless Prevention funding streams, including the provincial Community Homeless Prevention Initiative (CHPI), Federal Reaching Home, and municipal funds contained in the Homeless Prevention base budget.

## 4.0 Key Issues and Considerations

The Head Lease program will have capacity to secure two additional units to reach a total of twenty-five (25) units. These units will be secured within the Head Lease program funding including funds recovered through occupancy fees. Units will be secured based on the needs of the program (example: size, location).

## **Conclusion**

Civic Administration is continuing to actively seek interest of landlords to lease units to the City for use in the Head Lease program.

**Prepared by:** Laura Cornish, Manager, Housing, Social Services and Dearness Home

**Submitted by:** Craig Cooper, Manager, Housing, Social Services and Dearness Home

**Recommended by:** Kevin Dickins, Acting Manager, Housing, Social Services and Dearness Home

**Concurred by:** Ian Collins, Director, Financial Services – Finance and Corporate Services