

## Report to Strategic Priorities and Policy Committee

**To:** Chair and Members  
Strategic Priorities and Policy Committee

**From:** Scott Mathers MPA, P. Eng, Deputy City Manager, Planning and Economic Development  
Kevin Dickins, Deputy City Manager, Social and Health Development

**Subject:** SS-2023-120 Single Source: Supportive Housing Model at 403 Thompson Road

**Date:** May 30, 2023

## Recommendation

That, on the recommendation of the Deputy City Manager, Planning and Economic Development, with the concurrence of the Deputy City Manager, Social and Health Development, the following actions **BE TAKEN** with respect to a Single Source Award Recommendation:

- a) A single source procurement in accordance with s. 14.4(e) of the Procurement of Goods and Services Policy **BE APPROVED** to Indwell Community Homes to deliver a Supportive Housing Model pilot project at 403 Thompson Road for a term commencing June 15, 2023, through to December 31, 2025, with the option to extend for four (4) additional one (1) year terms, at an annual operating fee of up to \$1,164,000 and initial one-time onboarding expenses of up to \$490,000; such onboarding expenses include the one-time capital costs of \$158,918 to operationalize the building to provide for the programs, services, and delivery method associated with the proposed Supportive Housing Model;
- b) Funding for the initial one-time onboarding capital costs referenced in part a), above, **BE APPROVED**, as outlined in the Source of Financing Report attached as Appendix A;
- c) The Deputy City Manager, Planning and Economic Development and the Deputy City Manager, Social and Health Development **BE AUTHORIZED** to jointly approve and execute a Municipal Purchase of Service Agreement with Indwell Community Homes and the Housing Development Corporation for the operation of 403 Thompson Road and the initial onboarding services and capital improvements required for Indwell to deliver the proposed Supportive Housing Model;
- d) Civic Administration **BE AUTHORIZED** to undertake all other administrative acts necessary in connection with this purchase;
- e) The approval given herein **BE CONDITIONAL** upon the Corporation entering into a Municipal Purchase of Service Agreement with Indwell Community Homes and the Housing Development Corporation; and
- f) The Deputy City Manager, Planning and Economic Development and the Deputy City Manager, Social and Health Development **BE AUTHORIZED** to jointly execute amendments to or amending agreements associated with the Municipal Purchase of Service Agreement authorized above.

## Executive Summary

The City of London is committed to ensuring that proper supports and resources are in place to launch the Whole of Community System Response. Through the recent Health and Homelessness Summits aimed to engage all sectors to create a people centred, housing centric system, it was recognized that, to be effective, a range of housing options are needed with particular emphasis on highly supportive housing with 24/7 on-site care.

In accordance with s. 14.4(e) of the Procurement of Goods and Services Policy, a single source procurement with Indwell Community Homes (“Indwell”) is recommended to immediately launch a Supportive Housing Model pilot project at 403 Thompson Road. This action will provide 44 of the 100 highly supportive housing units targeted through the Whole of Community System Response for delivery this year.

Subject to the required approvals, the term of the associated Municipal Purchase of Service Agreement would commence immediately on June 15, 2023, with onboarding activities, building modifications, and the work to align eligible clients taking place through to September 31, 2023. Tenant move-ins would then commence as of October 1, 2023, with the building targeted for full occupancy by the end of the month.

## **Linkage to the Corporate Strategic Plan**

Council and staff continue to recognize the importance of actions to support housing, as reflected in the 2023-2027 - Strategic Plan for the City of London. Specifically, the efforts described in this report address the following Areas of Focus, including:

### **Housing and Homelessness**

Outcome 1 - The City of London demonstrates leadership and builds partnerships to increase quality, affordable, and supportive housing options.

Expected Result – 1.1 Increased access to a range of quality, affordable and supportive housing options that meet the unique needs of Londoners.

Strategies:

- a. Increase the supply, range, and depth of affordability of quality housing options where people feel safe.
- b. Align policies and programs recognizing the broad range of factors that contribute to accessing and maintaining transitional, supportive, community, affordable and market housing.
- c. Address the specific needs of populations, including equity-denied groups, and prioritize housing initiatives that are affordable.

Outcome 2 - London has a robust community system of health, homelessness, housing stability services, policies, procedures, and by-laws in place to support individuals and families at risk of or experiencing homelessness or in precarious housing consistent with Council’s recognition of the health and homelessness emergency.

Expected Result – 2.1 Decreased number of Londoners at risk of or experiencing homelessness.

Strategies:

- a. Implement the whole-of-community system response to the health and homelessness crisis that creates pathways to housing.

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

Providing the right level of support at the right time to support individuals and families experiencing or at risk of experiencing homelessness are strategic areas of focus within the 2019 – 2024 Housing Stability Action Plan.

# Analysis

## 1.0 Background Information

### 1.1 Previous Reports Related to this Matter

- [Update – Whole of Community System Response Implementation](#) (SPPC: April 18, 2023)
- [Authorization and Delegations to Advance Urgent Housing Projects](#) (CPSC: November 2, 2021)

### 1.2 Background

#### 403 Thompson Road

In December 2018, consistent with the Asset Transfers to Municipal Services Corporations Policy, 403 Thompson Road (“Thompson”) was transferred by the City to its Housing Development Corporation (“HDC”) for the purpose of new affordable housing development. Following the land transfer, HDC undertook all actions required to assemble the vacant lands to provide for a shovel-ready affordable housing project.

In March 2021, Council approved the land use permissions required to build a four-storey, 44-unit affordable rental apartment building (the “Project”) and HDC continued to advance the Project plans through Site Plan Approval and Building Permit, while working with the City to apply for funding sources to build the Project.

#### Rapid Housing Initiative – Round Two Project

In October 2021, the City executed a Rapid Housing Initiative (“RHI”) Agreement under the RHI Round 2 with Canada Mortgage and Housing Corporation (“CMHC”) to secure \$10.8M in RHI Round 2 Cities Stream funding. The City then aligned this and other funding sources to advance the shovel-ready Project at 403 Thompson Road, and HDC executed and administered the design-build contract required to develop the Site to deliver the Project.

In April 2022, construction of the Project was formally handed over from the former HDC to the City’s new Municipal Housing Development service area. As of February 2023, the building construction is now complete and ready for move-in and occupancy.

### 1.3 Health and Homelessness Whole of Community System Response

Throughout 2022, communities across Ontario experienced a dramatic increase in the volume, complexity and impact of health and housing needs on individuals experiencing homelessness; London as a community has experienced the significant impacts of this housing and healthcare crisis.

To address the whole of community impacts of this crisis with a focus to better deliver healthcare and housing for the most marginalized Londoners experiencing homelessness, the City of London hosted three initial Health and Homelessness Summits between Q4-2022 and Q1-2023 aimed to engage several sectors to create a Whole of Community System Response (the “Response”).

Through the Summits, it was recognized that, to be effective, a range of housing options are needed with particular emphasis on highly supportive housing with 24/7 on-site care.

Following the successful work of the initial Summits and through the recommendations of this report, Civic Administration is working to implement elements of the Response. This work includes aligning existing plans and resources to deliver 44 units toward the City’s goal of providing 100 highly supportive housing units, this year.

## **1.4 Supportive Housing Model Pilot Project**

Supportive housing models include services related to health, employment, and activities of daily living. The goal of supportive housing is to provide affordable and stable housing for people who may face challenges related to mental health, addictions, housing deprivation, or other factors that make it difficult to maintain housing stability.

The Supportive Housing Model pilot project at 403 Thompson Road will provide on-site care 24 hours per day / 7 days per week, including mental health, addiction, and nursing services coordinated with food security services (one meal per day), housing stability supports for tenant related concerns, and assistance with activities of daily living. Each tenant will have varying levels of acuity and needs for personalized care, it is through this full-time on-site and collaborative support model that all levels of acuity can receive a high-level of care.

This pilot project will provide the City with valuable operational and property management data and experience with which to structure future programs. Additionally, building design decisions can be optimized through review by our supportive housing partners such that minimal capital start-up costs are components of future projects.

## **2.0 Discussions and Considerations**

### **2.1 403 Thompson Road**

Thompson is a four-storey brick building, including one elevator, 3 offices for building management and/or tenant support services, a multipurpose amenity room with a full kitchen for residents, guests, programs and support services, an accessible common-use washroom and laundry room, and 34 indoor bicycle parking spaces on the ground floor level. An additional multipurpose amenity room is also available on the second, third and fourth floors for other supportive housing related needs.

Thompson also provides for exterior amenities, including a pavilion, leisure seating areas, open greenspaces, and surface parking for 16 vehicles (including 2 barrier-free parking stalls).

The 44 units at Thompson are considered single resident occupancy (“SRO”) units, measuring approximately 27 square meters (300 square feet) in size. Each of the 44 units come fully furnished and provide for a range of barrier-free accessible design elements, including:

- Whereas 15% is required, 100% of the 44 units have been designed to comply with the barrier-free design Occupancy Requirements of Ontario Building Code (“OBC”) s. 3.8.2.1.(5) to (8), including wider interior hallways and doors, latch-side clearance, turning circle clearance and structural backing to support future grab bars in washrooms.
- 100% of the 44 units also incorporate enhanced accessibility features including, lever-style handles, accessible height controls and receptacles, front control appliances, bottom access freezers, and roll-in showers; and
- 3 of the 44 units, measuring approximately 31 square meters (340 square feet) in size, provide for full barrier-free design, including accessible-height counters, roll-under knee clearance at sinks, grab bars in the washrooms, a fold-down seat installed in the showers, and turning circle clearance in the kitchen.

### **2.2 Indwell Community Homes’ Supportive Housing Model**

Indwell is a non-profit organization that creates affordable housing communities supporting people seeking health, wellness and belonging, and is the largest developer of purpose-built, permanent, affordable, supported housing in Ontario. Indwell’s practice and history are grounded in working with individuals emerging from institutions, homelessness, or precarious housing and who are challenged by mental health and addictions. Indwell programs are built upon working with local hospitals, community

mental health agencies and primary care providers. The partnerships formed between Indwell and health care have been integral to their success.

To-date, Indwell has been successfully delivering supportive housing since 1974 and expanded to London in 2019. Indwell currently has three programs covering 138 units operating in London, including Embassy Commons, a 72-unit supportive housing complex at 744 Dundas Street and Woodfield Gate, a 66-unit supportive housing program at 356 Dundas Street whereby 35 individuals were successfully transferred from the Parkwood institute into stable permanent housing.

It is in this work that the Indwell cohesive full support care model aligns directly with the objectives of the Whole of Community System Response.

## **2.3 Single Source Procurement**

The Procurement of Goods and Services Policy describes that procurement may be conducted using a Single Source process if the goods and/or services are available from more than one source, but there are valid and sufficient reasons for selecting one supplier in particular.

Civic Administration is recommending Indwell to deliver a Supportive Housing Model pilot project, as permitted in the Procurement of Goods and Services Policy:

14.4 (e): The required goods and/or services are to be supplied by a particular supplier(s) having special knowledge, skills, expertise, or experience.

Indwell, as the largest in-house developer of purpose-build, permanent, affordable, supportive housing in Ontario, has been an active participant in the Whole of Community Response. Indwell delivers person-centred, housing-focused supports in many of their existing programs and their organizational history and practices are grounded in working with individuals emerging from institutions, homelessness, or precarious housing who are challenged by mental health and addictions.

A single source procurement to Indwell, including an initial onboarding period, would serve to immediately initiate modifications to the building and recruitment of new staff, as required to deliver the Supportive Housing Model, and aligning of City Clients as tenants to the building while planning to best-support individual move-in needs over an extended period.

## **2.4 Cyclical Review of Contract**

Commencing June 15, 2023, through to December 31, 2025, the 2.5-year term of the Municipal Purchase of Service Agreement provides contractual certainty for Indwell and its tenants and shall include a contract renewal provision whereby the City reserves its absolute right to negotiate the reasonable pricing of any contract renewals with the successful proponent(s) upon a renewal request in subsequent years (at a maximum of four additional one-year terms).

This approach allows for the annual review of the scope of service, associated costs, and/or available funding sources, and for any significant changes to require Committee and Council approval.

## **3.0 Financial Issues and Considerations**

### **3.1 Annual Operating Budget**

The total annual operating cost of the facility is estimated to be approximately \$1,735,000. Of this amount, \$1,164,000 represents an annual operating fee to Indwell Community Homes for the provision of supports necessary for the residents of the building to achieve housing stability. A portion of this cost will be funded from existing Provincial funding allocated to the City while a variety of Provincial, Federal, and other sources of funding will be pursued to supplement this existing program. The balance of costs to operate the facility will be sourced from the rental revenue.

In alignment with the CMHC RHI Round 2 funding agreement, rents are to be set at no more than 30% of the tenants' gross income. As such, a rental supplement of up to \$680 per month, or \$8,160, annually, for each of the 44 units at 403 Thompson Road may be required. The actual rent supplement amount will be finalized once each tenancy and associated income is confirmed. The proposal is to allocate a total rent supplement investment of up to \$360,000 per year. This funding source would initially be through the rent supplements program identified in the Council-approved Roadmap to 3,000 Affordable Units Action Plan (the "Roadmap").

The total monthly cost of supporting a single unit through this Supportive Housing Model, including both a rent supplement and operating subsidy, could be up to \$2,885 per month. This cost is more economical than traditional costs of support through emergency shelter, hospital, and corrections in our community to support individuals with varying needs.

The annual fees and costs outlined above are summarized in Table 1.

**Table 1 – Summary of Annual Rental Revenue and Rent Supplement Ranges**

Supplement Range	Rental Revenue (000's)	Rent Supplement (000's)	Indwell Annual Operating Fee (000's)	Total Operating Cost (000's)
Low	\$426	\$144	\$1,164	\$1,735
High	\$210	\$360	\$1,164	\$1,735

As the building is operationalized, other possible application-based sources of funding to support individuals needs in the building will be explored through provincial ministries. It is necessary to make an initial interim investment for the operating fee while other avenues for funding are explored and applied for. The rent supplement funding is anticipated to be an ongoing need, beyond the current Roadmap funding period, and even after an alternate source of funding for the operating fee is identified.

### 3.2 Onboarding Expenses

Initial onboarding expenses to align Indwell to deliver a Supportive Housing Model at 403 Thompson Road are estimated at a total cost of \$490,000 (excluding HST). The onboarding expenses are broken down into capital and operating costs, as follows:

#### Capital Costs

Building modifications are required to operationalize the building to deliver the enhanced supports, health services and program elements associated with the Supportive Housing Model pilot project. This work includes, for example, IT/network, intercom, electrical and security camera modifications, the addition of stairwell and elevator access controls and lockable medical storage cabinets, and the purchase of furniture for the administration and programs offices and for the common-use amenity rooms.

The one-time capital cost of \$158,918 (excluding HST) associated with this onboarding work is available in the capital project account established for the building construction, as outlined in the Source of Financing Report attached as Appendix A.

#### Operating Costs

Onboarding expenses, including acquiring materials and supplies, building set-up and program staging, and the hiring and training of staff resources by Indwell to deliver the programs and services of the Municipal Purchase of Service Agreement are considered operating costs.

Operating costs during the onboarding period of June 15<sup>th</sup> to September 31<sup>st</sup>, including managing typical carrying costs such as utilities, taxes, and insurance is estimated at \$331,082 (excluding HST). Funding to support these initial onboarding costs is available through provincial Homeless Prevention Program ("HPP") funding.

## Local Partnership and Resourcing

Establishing the staff positions and local partnerships to ensure the high standard of care will be the focus over the first few months following Council approval.

### **3.3 Future Multi-Year Budget Requests**

The following four items represent potential Multi-Year Budget requests that will be reviewed in further detail:

1. It is anticipated that existing funding from other levels of government through HPP will be utilized to fund a portion of the operating fee required for this facility on an interim basis. Other potential funding sources from other provincial ministries will be thoroughly explored and actively pursued. However, should other sources of funding not be available, additional municipal funding to support this facility may need to be incorporated in future Multi-Year Budget submissions.
2. Additional funding will also be incorporated into the base budget for the Municipal Housing Development service area in the 2024-2027 Multi-Year Budget to provide for a sufficient asset replacement reserve for this new municipal affordable housing asset.
3. In accordance with the Council-approved Roadmap, Civic Administration will develop a business case to be included in the 2024-2027 Multi-Year Budget for the continued expansion of the rent supplement program to achieve the target of 3,000 units.
4. Consistent with the outcomes intended through the Roadmap and the Whole of the Community System Response, as the Corporation continues to build and retain new affordable and supportive housing assets, additional staff resources are required to support all aspects and activities related to operationalizing and the over-arching management of these municipal housing assets.

## **Conclusion**

Approval of a single source procurement with Indwell would serve to immediately advance 44 highly supportive housing units that will provide for 24/7 on-site care, as part of the City's 100-unit target within the Whole of Community System Response.

In alignment with s. 14.4 (e) of the Procurement of Goods and Services Policy, Indwell is an experienced supportive housing provider with the required special knowledge, skills, and expertise to deliver a Supportive Housing Model Pilot Project at 403 Thompson Road.

Subject to the required approvals, onboarding activities will commence immediately, including preparations by Indwell to hire and train new staff and the building modifications required to support the program, as well as work by the City and Indwell to align eligible Clients from the City's by-name list in advance of the planned move-in start date of October 1, 2023.

**Prepared by:** **Kimberly Wood, M.A.A.T.O., C. Tech.**  
**Development Lead, Housing Development**  
**Julia Rennick, Coordinated Access Manager, Social and Health Development**

**Submitted by:** **Matt Feldberg, MPA, CET**  
**Director, Municipal Housing Development**  
**Craig Cooper, Director, Housing Stability Services, Social and Health Development**

**Recommended by:** **Scott Mathers, MPA, P.Eng., Deputy City Manager,**  
**Planning and Economic Development**  
**Kevin Dickins, Deputy City Manager, Social and Health Development**

**Attached: APPENDIX A – Source of Financing Report**

**Appendix "A"**

#23120

May 30, 2023

(Award Contract)

Chair and Members

Strategic Priorities and Policy Committee

RE: SS-2023-120 Single Source: Supportive Housing Model at 403 Thompson Road

(Subledger NT23HDC3)

Capital Project HDC0003 - HDC Re-Dev of 403 Thompson Rd

Indwell Community Homes - \$158,918.00 (excluding HST)

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**Finance Supports Report on the Sources of Financing:**

Finance Supports confirms that the cost of this project can be accommodated within the financing available for it in the Capital Budget and that, subject to the approval of the recommendation of the Deputy City Manager, Planning and Economic Development and the Deputy City Manager, Social and Housing Development, the detailed source of financing is:

<b>Estimated Expenditures</b>	<b>Approved Budget</b>	<b>Committed To Date</b>	<b>This Submission</b>	<b>Balance for Future Work</b>
Engineering	144,093	144,093	0	0
Land Acquisition	160,036	160,036	0	0
Construction	13,079,057	12,260,443	161,715	656,899
City Related Expenses	751,327	751,327	0	0
<b>Total Expenditures</b>	<b>\$14,134,513</b>	<b>\$13,315,899</b>	<b>\$161,715</b>	<b>\$656,899</b>

**Sources of Financing**

Capital Levy	160,000	160,000	0	0
Drawdown from HDC Reserve Fund	1,652,000	833,386	161,715	656,899
Federal Grants - CMHC Seed Funding	150,000	150,000	0	0
Federal Grants - RHI 2 Funding - CMHC	10,794,247	10,794,247	0	0
Provincial Grants - SSRF4 Funding	1,225,000	1,225,000	0	0
Provincial Grants - OPHI Year 3	153,266	153,266	0	0
<b>Total Financing</b>	<b>\$14,134,513</b>	<b>\$13,315,899</b>	<b>\$161,715</b>	<b>\$656,899</b>

**Financial Note:**

Contract Price	158,918
Add: HST @13%	20,659
Less: HST Rebate	-17,862
<b>Net Contract Price</b>	<b>\$161,715</b>

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Alan Dunbar  
Manager of Financial Planning & Policy

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