



STAFF REPORT

Board Meeting

MEETING DATE: 1 December 2021

REPORT: B.3.1 Napier Street Update

REPORT DATE: 29 November 2021

AUTHOR: Jennifer Bisley, Executive Director

A. Recommendation

THAT The Blue Mountains Attainable Housing Corporation receive Item B.3.1 Napier Street Update for information.

B. Background

On November 2, 2021, at the Committee of the Whole meeting, the Town of The Blue Mountains Council recommended that staff proceed with the potential use of Napier Street as an attainable rental property, endorsing the "Structure of Lease Agreement with BMAHC", and authorizing the Town Administration to execute the lease agreement.

On November 3, 2021, the Blue Mountains Attainable Housing Corporation (BMAHC) Board appointed the Executive Director to finalize negotiations and execute lease agreements with the Town in relation to Napier Street rental, and to create and execute a tenant selection process based off the 2020 approved eligibility and suitability policy followed by a lottery, subject to Town Council approval of the Committee of the Whole meeting recommendations

On November 22, 2021, Town Council approved the Committee recommendations.

C. Analysis

Leasing Model

The Head Lease model involves: 1) the head lease between the Town as property owner and BMAHC as a commercial tenant; and 2) a residential tenancy agreement between BMAHC as landlord and an eligible tenant.

The Executive Director has reached an agreement with the Town Administration on the head lease terms and is waiting for the Town to prepare the final agreement. Until the head lease is signed, BMAHC cannot enter into a tenancy agreement with a tenant.

BMAHC will be considered a landlord under the *Residential Tenancies Act, 2016* (RTA). Exemptions from some sections of the RTA for certain housing providers will not be available for this property

as it was not developed or acquired under a prescribed federal, provincial, or municipal program. The *Housing Services Act* (HSA) does not apply as the project is not a designated housing project as defined under the HSA. This applies to the Napier Street property only, and not the Gateway Project.

The tenant must agree to enter into two agreements with BMAHC: 1) an Attainable Rental Housing Program Agreement ('Program Agreement') and 2) a Residential Tenancy Agreement ('Tenancy Agreement').

The Program Agreement outlines the terms and conditions of the program. Under this agreement, program participants continue to pay an Attainable Rent for the property as long as they qualify under the eligibility criteria. Eligibility will be reviewed annually and any time a new adult occupant joins the household.

The Tenancy Agreement is the Standard Form of Lease required by the RTA. The rent in the Tenancy Agreement will be the Market Rent.

The Market Rent is equal to the Median Market Rent for a 3-bedroom unit at the Gateway Project adjusted for the age of the property. The Attainable Rent is equal to 80% of the Market Rent adjusted for heat and water costs.

Should a participant no longer qualify for the Attainable Rent under the Program Agreement, they may remain as a tenant but will be responsible for paying the Market Rent as set out in the Tenancy Agreement.

Tenant Selection

Individuals who had previously registered their interest in a 3-bedroom Gateway unit were contacted to express interest in the Napier property. Those who expressed interest were screened for employment, income and occupancy eligibility as set out in BMAHC Attainable Rental Program Eligibility Policy, June 2020.

Households assessed as meeting the eligibility criteria were shortlisted. They were then assigned priority through a randomized list generator. Households are being contacted in order of priority and offered the opportunity to view the property, and if interested, to submit a full rental application. Each household is given at least 72 hours to respond to the initial offer. If they pass or do not respond by the deadline, the offer is made to the next household on the list.

The purpose of the rental application is to collect information to confirm eligibility and suitability. BMAHC will verify the information, and if the household is found to qualify for the Attainable Rental Program, they will be offered a tenancy. It is expected that the tenant selection will be completed in December with a tenant in place in early 2022 allowing time for the execution of the head lease and arranging property management services.

D. Financial Impact

The monthly Attainable Rent will cover monthly operating costs in the first year including the head lease and property maintenance assuming full occupancy and no rental arrears. Any rental operating surplus will be allocated for potential future vacancy losses and arrears.