

Common Ground update

As part of COVID-19 emergency social rescue measures, Council entered into a lease of the former Habitat Backpackers at 331-335 St Kilda Road St Kilda, in order to establish a temporary Common Ground facility. The Common Ground was to be established for approximately 12 months to provide 24-hour housing and support for people who were rough sleeping in the city given the identified need at the time.

This initiative was to be funded through a \$300,000 grant from the Victorian Government, \$450,000 allocated from Council's In Our Back-Yard housing reserve and \$250,000 in the 2020-21 Budget.

Council commenced a lease for 331-335 St Kilda Road St Kilda on 7 September 2020 with a rent of \$250,000 per annum plus GST. The term of the lease was for a period of 13 months' expiring 6 October 2021 with the option of two further terms of six months (after the first 12 months the landlord had an early termination right by giving 5 months' notice).

Officers sought to procure a provider to operate the service. Officers undertook pre-market testing with two major providers of supported accommodation for people experiencing homelessness prior to undertaking the procurement process. A procurement process was subsequently facilitated however only one tender was received and this did not result in a viable service offering as it was significantly over the allocated budget.

This procurement process coincided with a release of tender by DHHS for the Homeless to Homes package and this may have contributed to Council receiving only one tender.

Officers worked with the Department of Health and Human Services who indicated they would be comfortable for any successful consortia under Homeless to Homes to allocate packages to provide housing and support to deliver the Common Ground service at Habitat backpackers. Two successful consortia were contacted regarding whether they would like to use these packages to house and support people at Habitat and one consortium expressed an interest in using these to operate the temporary Common Ground. However, a key condition was a requirement for an 18-month sublease as funding provided by the Department was for this length of time.

The owners of 331-335 St Kilda Road St Kilda advised officers they were not prepared to guarantee the 18-month lease nor accept a sub-lease and as a result Council endorsed a decision to exit the lease at its meeting held on 17 March 2021. This decision was made in confidence while commercial negotiations were underway for the exit of the lease. Council authorised that this resolution be released from confidence once an agreement with the owners of 331-335 St Kilda Road, St Kilda to exit the lease has been finalised. This has now happened.

The CEO has requested a review of this project to identify any lessons learned. Council has requested that officers liaise with Homes Victoria regarding the government funding provided for this project, including possible reallocation of the funds. Council also noted that the CEO will examine ways to replenish the Social Housing Fund of the costs associated with exploring this initiative. The total amount spent on this project was \$275,966.