



The Regional Municipality of Durham Report

To: Health and Social Services Committee
From: Commissioner of Social Services
Report: #2020-SS-9
Date: July 9, 2020

Subject:

Expedited Supportive Housing Development

Recommendation:

That the Health and Social Services Committee recommends to Regional Council subject to approval of the Finance and Administration Committee:

- A) That, subject to a two-thirds majority vote, Council be requested to rescind its previous decision to issue a Request for Proposal for the purpose of soliciting affordable rental housing project proposals under the Ontario Priorities Housing Initiative, as adopted by Council on June 26, 2019 in Part (F) of Report #2019-COW-13 in order for the funds to be reallocated and used directly by the Region for supportive housing development; and
- B) That 2021 pre-budget approval be granted for the development of a modular supportive housing project of approximately 50 units and the construction of an approximate 5,000 square foot ancillary structure to provide a combination of support services and congregate living, on Regional land located at 133 Main St., Beaverton, at an estimated cost of \$13,552,990 to be funded from the reallocation of the proposed \$5,620,900 in Ontario Priorities Housing Initiative (OPHI) and \$7,932,090 from the Social Housing Reserve Fund, subject to the approval of the Ministry of Municipal Affairs and Housing (MMAH) under Years 2 and 3 of the Ontario Priorities Housing Initiative (OPHI) in the amounts of \$2,137,535 and \$3,483,365 respectively; and
- C) That a sole source agreement with Horizon North Inc. (or its affiliate NRB) for the design, delivery and installation of approximately 50 modular affordable supportive housing rental units at 133 Main St., Beaverton be approved subject to the terms and conditions being satisfactory to the Commissioner of Finance; and
- D) That 2021 pre-budget approval be granted for a "Microhome Pilot" project to provide temporary supportive housing on Regionally owned lands, that are available for a

limited period of time at an estimated cost \$880,000 to be funded from the Social Housing Reserve Fund and the procurement process, including potentially sole sourcing be delegated to the Commissioner of Finance and the Commissioner be authorized to award and execute any required agreements; and

- E) That staff be directed to pursue all available and eligible funding from senior levels of government related to the “Supportive Housing - Modular Homes” and “Supportive Housing – Microhomes” projects, and that the Commissioner of Finance be authorized to execute any subsequent agreements; and
 - F) That the CAO be authorized to urgently request the Ontario Government to make available operating funding to support the Region’s modular supportive housing initiative and that the Commissioner of Finance be authorized to negotiate and enter into any agreements necessary to secure such funding.
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Report:

1. Purpose

- 1.1 The purpose of this report is to identify the urgent need for affordable and supportive housing development and facilitate the process to expedite the development. The current COVID-19 crisis has highlighted that homelessness is not only a social issue but also a community health issue. Those who are unsheltered cannot practice public health guidelines and recommendations aimed at reducing the spread of COVID-19 or any other future pandemic.

2. Background

- 2.1 On March 11, 2020 the World Health Organization (WHO) declared the COVID-19 virus as a global pandemic with significant public health risks. WHO officials stressed that measures should be implemented to address both containment and mitigation to limit the spread of the virus. The former involves trying to detect and stop known chains of transmission by isolating cases and mitigation involving community-level steps like social distancing.
- 2.2 The Province of Ontario and the Regional Municipality of Durham (Region) have declared emergencies under the Emergency Management and Civil Protection Act as a result of the pandemic.
- 2.3 On April 7, 2020 a Class Order was issued by Durham’s Commissioner and Medical Officer of Health ordering those who have tested positive for COVID-19, pending test results, having reasonable grounds to believe they have symptoms of COVID-19 or having had contact with someone with or believed to have symptoms of COVID-19 to self isolate.
- 2.4 Unsheltered populations are significantly challenged to self isolate or practice social distancing. Unsheltered individuals also lack access to the appropriate hygiene supplies and/or facilities.

2.5 Regional staff have initiated a number of programs to help unsheltered residents practice the same precautions as others in the community however these measures are not sustainable over the long term. Temporary measures put in place to achieve compliance with public health recommendations include the expansion of hotel/motel programs, implementation of isolation and recovery programs, expanded shelter services and community hubs.

3. Supportive Housing Alignment with At Home in Durham, the Durham Housing Plan 2014-2024

3.1 In May 2014 Regional Council approved At Home in Durham, the Durham Housing Plan 2014-2024 (Report #2014-J-16). Key findings from the Durham Housing Review and community consultation identified the need for more supportive housing options in the Region.

3.2 In November 2019, Regional Council reaffirmed its commitment to At Home in Durham, the Durham Housing Plan 2014-2024 and the goals and actions that will improve affordability and access to housing with and without supports, protect the existing affordable housing supply, encourage housing diversity, and build capacity in the housing system.

3.3 Regional Council committed to:

- a. initiating the development of 1,000 new affordable housing units during the next five years, with development completed and ready for occupancy over the following five years; and
- b. ending chronic homelessness in Durham by 2024.

3.4 Through the 2020 Regional Budget process Council approved undertaking a comprehensive Master Housing Strategy to operationalize and support the goals of At Home in Durham. The strategy includes:

- a. A review of public surplus lands and the potential social and community benefits that these properties can provide;
- b. The provision of affordable, community, supportive and transitional housing, as well as emergency shelters and other Regional housing programs, all of which provide essential services to low-income residents; and
- c. Other opportunities to support the delivery of affordable housing.

4. Supportive Housing Implementation – Approaches by Other Municipalities

4.1 The COVID-19 crisis has highlighted the need for even more aggressive timelines to address the needs of our unsheltered population. Municipalities such as the City of Vancouver (Vancouver) and the City of Toronto (Toronto) have taken steps towards expediting the development of supportive housing with positive results through the use of modular housing construction.

- 4.2 Modular housing consists of prefabricated units. The units are built indoors in a factory and transported to the site where the building is assembled. This approach is considered a faster and a more cost-effective construction option than conventional construction methods. Construction of the units takes place indoors, eliminating the impacts of weather on the construction process, allowing for expanded construction hours, thereby providing the ability to expedite the construction period overall.
- 4.3 Since 2017, Vancouver has created 663 supportive housing units using modular construction, financed in part by the Province of British Columbia. The units are spread across 11 different developments. Residents at these supportive housing developments are provided with supports, such as life skills training as well as health and social services, and opportunities to connect with community groups, volunteer work, and social events. An additional 40 self-contained non-supportive community housing units were provided through a modular development on City owned lands.
- 4.4 The Province of British Columbia renewed its commitment to develop more temporary supportive modular housing in 2019. Temporary modular construction incorporates building practices that allow for relocation of the project at a future date and is used when sites are not available in perpetuity.
- 4.5 Toronto is taking steps to expedite the delivery of supportive housing through modular construction based on the model used in Vancouver. These modular homes will house residents, and layer in housing benefits and health supports.

5. Justification for Sole Source – Modular Construction

- 5.1 There is a significant benefit to have an established and vetted vendor for expediting the production of the modular homes, within this project.
- 5.2 NRB, a Horizon North Company located in Grimsby, Ontario has been contracted by Toronto to implement its first modular housing development. Horizon North worked extensively with Vancouver on the development and implementation of their modular housing projects. Designs are being updated to meet current Ontario Building Code requirements with customizations based on Toronto's needs. The result will be a repeatable design permitting rapid construction of units, complete with the necessary furniture and fixtures to welcome residents.
- 5.3 Toronto has taken the necessary steps to expedite this process to better address future waves of COVID-19 or any pandemic. These measures include sole sourcing (first phase only), delegation of authorities, prioritizing the planning process (review and consideration of required planning applications), exemptions from fees and charges and exemptions from taxation for municipal and school purposes.
- 5.4 The City of Toronto's decision to enter into a non-competitive procurement process for Phase 1 was based on the recommendation of an inter-divisional team of CreateTO and city staff. The recommendation was based on research and outreach

to a number of modular manufacturers in the Greater Toronto Area and across Canada taking the following factors into account:

- a. There is limited competition in the market with only a handful of companies that have actually delivered residential modular housing;
- b. Horizon North Inc./NRB has extensive experience (over 40 years) in the modular residential housing industry;
- c. Horizon North Inc./NRB has successfully delivered hundreds of modular homes in City of Vancouver and across the province of British Columbia; and
- d. This is the only manufacturer contacted who confirmed they can meet the urgent, emergency timelines.

5.5 The City of Toronto has signed a non-binding letter of intent with NRB.

6. Durham Region's Approach

6.1 Staff is exploring both short-term and long-term approaches to implement supportive housing units throughout the Region.

6.2 As noted earlier, the Region has implemented short term measures to deal with the issues presented from the COVID-19 crisis. These measures include the expansion of hotel/motel programs, implementation of isolation and recovery programs including the temporary supportive housing program at Camp Samac, expanded shelter services and community hubs. Staff are reviewing other opportunities for temporary shelter across the Region.

6.3 In addition, staff are reviewing lands assembled for future Regional projects to accommodate short term micro-housing which could be relocated at a future time to a permanent location. Properties acquired over several years for the Gibb Street/Olive Avenue realignment and widening project may be good candidate sites for this temporary form of development as they are already serviced, and units can be readily relocated once road construction commences.

6.4 Durham Region Non-Profit Housing Corporation (DRNPHC) has developed a model microhome for viewing at their downtown Oshawa headquarters with the hope that this type of housing can be incorporated into the mix of affordable rental housing options for Durham residents. The cost for the construction of each microhome is estimated at approximately \$80,000.

6.5 To facilitate future partnership opportunities that promote the development of affordable housing units, correspondence has been forwarded to the Region's local municipalities and faith-based community for lands that can be used either in a temporary capacity or for long-term application. To date, two churches have contacted staff for more information on how they can help serve the homeless population through supportive housing models.

6.6 The Affordable and Seniors' Housing Task Force Report (Refer #2017-COW-249) recognized the need for action and the important role of the Region as a "Leader

and Champion”. Pursuing the development of supportive modular housing, with a goal of implementing a pilot project on land owned by the Region is in alignment with the recommendations of the task force.

- 6.7 The key to success for a rapid implementation of modular housing is the site selection. Sites that require little alteration, have services readily available, are suitably sized and located, and can be supported through expedited approval processes are critical considerations to quickly establishing these modular developments.
- 6.8 An outcome of the Affordable and Seniors’ Housing Task Force was the identification of potential surplus land for the development of affordable housing. One of the five sites identified, located at 133 Main Street, Beaverton adjacent to the Region’s Lakeview Manor long term care facility, is a good location for the development of modular supportive housing. There are benefits to providing supportive housing outside of the 401 corridor, provided an effective on-site support model is in place. Staff are leveraging the Region’s existing partnership with the Canadian Alliance to End Homelessness (CAEH) to develop an effective supportive housing model that can be used in a rural setting and have received a letter of support for the proposed project (Attachment 2). In addition, staff have contacted the cities of Toronto and Ottawa for their practical advice with respect to developing and operating supportive housing.
- 6.9 The development of permanent self-contained supportive housing units is eligible for funding under the Ontario Priorities Housing Initiative (OPHI). The Region’s investment plan for OPHI funding was approved by Council in June 2019 (Refer #2019-COW-13). The investment plan includes \$2,137,535 in 2020/2021 and \$3,483,365 in 2021/2022 for a total of \$5,620,900. Based on Toronto Council report Item CC20.6, the overall cost of their modular supportive housing project is approximately \$190,000 per unit or \$9.5 million for a 50-unit building. To account for potential additional site work in Beaverton an allowance for \$1.5 million is being added to the total estimated cost. Therefore, OPHI funding has the potential to cover approximately half the estimated cost of \$12,320,900 to develop a 50-unit building (excluding contingencies).
- 6.10 In order to address the urgent need for supportive housing development and maximize federal-provincial funding steps must be taken to commit the resources required to initiate the development and delegate authority to expedite the process to meet strict federal-provincial OPHI program timelines.
- 6.11 The Region will approach the development of the “Supportive Housing – Modular Units” project through a succession of steps that are aligned with federal-provincial OPHI funding guidelines and “piggy back” on the City of Toronto’s expedited supportive housing phase 1 development project. These steps include:
 - a. Approval from the Ministry of Municipal Affairs and Housing (MMAH) for funding eligibility under the Ontario Priorities Housing Initiative (OPHI);

- b. Negotiation with NRB a Horizon North Company, under a sole source agreement for the delivery of a modular housing project;
- c. Initiate a Request for Proposal for the development of an ancillary structure to provide both support services and congregate living; and
- d. Issuing a Request for Proposal (RFP) for the provision of on-site supports consistent with sector best practices.

6.12 The Region will approach the delivery of the “Supportive Housing – Microhomes” project by issuing an expression of interest for microhome manufacturers to showcase product offerings. Staff will work closely with the Durham Region Non-Profit Housing Corporation who have experience with the microhome housing model. Staff will report back to Council on the outcome of the expression of interest.

7. Financial Implications

7.1 The expedited development of supportive housing solutions will require an initial allocation from the Social Housing Reserve Fund in the amount of \$8,812,090, along with \$5,620,900 allocated from the Ontario Priorities Housing Initiative. The estimated total project budget is noted in Table 1A.

Table 1A: Estimated Funding Requirement

Description	Regional Social Housing Reserve Fund	Ontario Priorities Housing Initiative	Total Financing
Modular Construction	\$3,879,100	\$5,620,900	\$9,500,000
Ancillary Structure to Support Modular	1,320,900	0	1,320,900
Additional Site Work	1,500,000	0	1,500,000
Contingency (10% of total)	1,232,090	0	1,232,090
Subtotal-Modular	7,932,090	5,620,900	13,552,990
Microhomes	800,000	0	800,000
Contingency (10% of total)	80,000	0	80,000
Subtotal-Microhomes	880,000	0	880,000
Total	\$8,812,090	\$5,620,900	\$14,432,990

- 7.2 Regional annual operating costs will be partially offset by rental revenue, set between the maximum Ontario Disability Support Program (ODSP) shelter allowance and 80 per cent of the average market rent as determined by the Canada Mortgage and Housing Corporation (CMHC) which is the maximum rental charge for this project under the OPHI program. The use of federal and/or provincial rent supplements will maximize potential rental revenue. Operating costs in 2021 and subsequent years will be included in future annual business plans and budgets.
- 7.3 Costs associated with the provision of support services, based on similar supportive housing projects in other jurisdictions, is estimated at \$1.2 million annually and will be funded through federal and/or provincial funding under the Community Homelessness Prevention Initiative (CHPI) and/or Reaching Home (RH). To preserve CHPI and RH funding for other homelessness initiatives the Province of Ontario will be requested to provide direct funding for the provision of support services for the “Supportive Housing – Modular Units” project.

- 7.4 To improve the financial sustainability of supportive housing developments all fees and charges at the local municipal level must be reviewed to determine maximum waivers and/or grants in lieu of fees.
- 7.5 There are risks to the Region with the Provincial and Federal funding noted above. In the event that the Province or Federal government decreases the level of OPHI funding for 2021-2022, then the Region's costs would need to increase to complete the approved projects. In addition, should the Provincial and/or Federal Funding for homelessness programs, including supportive housing decrease, the shortfall may need to be accommodated by reducing other homelessness supports or increasing the Regional contribution to homelessness programs. That being said, both levels of government have committed to increasing affordable housing and reducing homelessness.

8. Conclusion

- 8.1 Estimated occupancy for the modular units and microhomes is anticipated for 2021. The various milestones for progress (e.g. site preparation, installation, construction, inspection, etc.) will be subject to timelines that are negotiated with the vendors.
- 8.2 The most effective way for residents to stay at home during a health crisis is for them to have a home. Providing supportive, self contained housing units on both a temporary and longer-term basis accomplishes this objective.
- 8.3 Expedited modular housing construction combined with microhome housing, both fitted with wrap around supports for the residents is key to meeting the urgent needs of the unsheltered population.
- 8.4 Modular housing has been successfully implemented in Vancouver for the past three years, and Toronto is now implementing similar measures to address the pressing needs for supportive shelter.
- 8.5 The expedited development of modular supportive housing in Durham now will not only maximize available federal-provincial OPHI funding but will build upon the temporary measures put in place to address the needs of Durham's homeless population and overall wellbeing of the community as highlighted by the current global pandemic.
- 8.6 The adoption of innovative housing solutions is consistent with the goals of At Home in Durham, the Durham Housing Plan 2014-2024 and Councils commitment to increasing the supply of affordable housing.
- 8.7 The use of modular supportive housing and microhome housing is at the forefront of innovative housing solutions in North America and the Region of Durham has an opportunity to take a leadership position in this new frontier.
- 8.8 The Commissioner of Finance concurs with the financial recommendations.

8.9 For additional information, contact Alan Robins, Director of Housing Services at 905-668-7711, extension 2500.

9. Attachments

Attachment #1: [Link to City of Vancouver Temporary Modular Housing Webpage](#)

Attachment #2: Letter of Support, Built for Zero- Canadian Alliance to End Homelessness, dated June 18, 2020

Respectfully submitted,

Original signed by:

Stella Danos-Papaconstantinou
Commissioner of Social Services

Recommended for Presentation to Committee

Original signed by:

Elaine C. Baxter-Trahair
Chief Administrative Officer



June 18, 2020

Alan Robins
Director, Housing Services Division
Regional Municipality of Durham
605 Rossland Road East
Whitby, Ontario L1N 6A3

Re: Permanent Supportive Housing

Hello Alan,

On behalf of the Built for Zero Canada team and the Canadian Alliance to End Homelessness, I want to recognize the progress your community has made thus far on your journey to end chronic homelessness. Your resilience during this unprecedented time saw you maintain progress on your Coordinated Access system and By-Name List initiative and swiftly lead innovative projects to ensure the health and safety of people experiencing homelessness in response to COVID-19.

In particular, modeling Camp Samac in Oshawa as a way to provide supports while maintaining isolation and social distancing requirements demonstrates your commitment to serve your most vulnerable population. When the youth camp's supports highlighted a need for permanent supportive housing, you immediately took the necessary steps toward permanent supportive housing modules. We fully support your community's response to invest in housing solutions. This response will bring Durham Region, and all of Canada, closer to ending homelessness. We believe this endeavour will be successful because of your team's strong leadership. Durham Region is a model amongst our Built for Zero Canada communities.

It is apparent that you are dedicated to see an end homelessness in your community, and that your team will innovate and act to accomplish that end. The Built for Zero Canada team and the Canadian Alliance to End Homelessness is very excited to continue to support you with this project and in reaching your functional zero goal.

Sincerely,

Marie Morrison, Director, Built for Zero Canada