
Subject: Acquisition of Modular South Niagara Shelter

Report to: Niagara Regional Housing Board of Directors

Report date: Thursday, August 8, 2024

Recommendations

Staff Recommend that the Board of Directors **APPROVE** the following:

1. That Niagara Regional Housing (NRH) Board of Directors approve, through a single source procurement process, the purchase of modular trailers to be used as an emergency shelter, situated in Welland, to support an estimated 50 clients in South Niagara;
2. That Niagara Regional Housing is hereby authorized to enter into a lease agreement with the City of Welland for a Municipally owned property (the property at 851 Ontario Road) for a term an initial term of up to 5 years, with additional opportunities to renew, as negotiated, and that the Chief Executive Officer be authorized to execute all necessary agreements associated with the lease of the land;
3. That Niagara Regional Housing is hereby authorized to enter into all such agreements as may be necessary to acquire, in the name of Niagara Regional Housing, the modular shelter units and necessary subcontracts for installation and servicing to establish the emergency shelter site in Welland and the Chief Executive Officer is authorized to execute all such agreements;
4. That a capital budget adjustment in the amount of \$2,840,400 gross **BE APPROVED (and INITIATED)** for the South Niagara Emergency Shelter Project and that the project **BE FUNDED** through Capital Variance Project - Levy funding transferred from the Niagara Region;
5. That this report **BE FORWARDED** to Regional Council for information at the August 29, 2024 meeting, where the necessary capital funding report and associated recommendations through a Regional staff report are to be considered.

Key Facts

- The suggested arrangement for the emergency shelter facility would include NRH ownership and Capital upkeep of the building and project management for renovations, while Niagara Region Community Services would provide service funding establishing agreements with a service provider to operate the facility. Program operating dollars are still subject to 2025 levy budget approval and will include consideration for all service maintenance and contribution to capital reserve for major maintenance.
- This acquisition of the modular units will be managed through sole source arrangements to support the expedited schedule associated with getting the emergency shelter operational as soon as feasible.

Given the urgency for a solution, staff considered a sole source method of procurement. Within the Niagara Regional Housing policy and procedures for procurement methods and limits, the following relevant conditions support a sole source procurement: An unforeseeable situation of urgency exists and the goods and/or services cannot be obtained in time by means of open procurement procedures.

- Per the Budget Control By-Law section 6.5(c) iii), Council approval is required for budget adjustments greater than \$250,000 that utilize funding from the Capital Variance Project – Levy. This budget adjustment request is subject to the capital funding transfer being formalized at the Regional Council meeting on August 29, 2024.
- This capital project is also included in the proposed 2025 NRH capital budget, which will be presented to the Board for approval on August 8, 2024. If Regional Council approves adding the project in 2024 at its meeting on August 29, 2024, the project will be removed from the 2025 capital budget prior to the Consolidated Capital budget being considered at Budget Review Committee of the Whole on September 12, 2024.
- A legal operating agreement will be prepared between NRH and Niagara Region outlining responsibilities.
- Niagara, like Ontario and Canada, is experiencing increased homelessness and encampment pressures. Niagara undertook a shelter capacity review with Orgcode in 2023 which indicated the need for additional shelter capacity. Since that time, Ontario Supreme Court rulings have also indicated the need for Municipalities to be

able to offer appropriate shelter spaces in order to address encampments on public properties. This additional site will be another support to encampment management and ensuring adequate shelter capacity to serve the community.

- Niagara's adult shelter system is operating at 96% occupancy in June 2024, after the infusion of over 100 new beds for the summer season. Niagara's number of encampments has increased from 53 in June of 2023 to 79 in June of 2024, however there is a slight decline in the number of encampment residents suggesting that the added beds did have a beneficial impact to an otherwise growing problem in Niagara and across the country.

Financial Considerations

The capital budget request of \$2,840,400 is comprised of an estimated \$1,000,000 for modular unit acquisition, shipping and an additional \$ 1,840,400 for servicing, site preparation and furniture/fixtures purchases.

Under the Niagara Region budget planning by-law and capital financing policy, operating costs for new capital projects must be budgeted in the year the project is approved to ensure all required funding is established. Given the exceptional circumstance and the urgent timeline to have the emergency shelter operational as soon as possible, capital funding is being requested in 2024, prior to the operating budget funding that is not yet established. Annual operating costs for the emergency shelter will be requested in the Niagara Region Community Services 2025 operating budget. The amount will be determined through a sole source negotiation with the successful proponent for the current South Niagara shelter site. The operating budget requirement will also include facility and leasing costs.

The capital budget adjustment is subject to funding being formalized by Regional Council on August 29, 2024.

Analysis

Local Need

Niagara Region engaged a third party consultant to prepare a shelter capacity review for the Region, in response to increasing pressures within the shelter system, as a result of continued low rental vacancy rates, elevated housing prices, continued freezing of social assistance rates, and a continued increase in visible homelessness throughout Ontario and to support encampment management processes.

Niagara Region currently does not have adequate shelter capacity to meet the demand for the local homeless population. The recent shelter capacity report presented as COM 21-2023 speaks to the need to increase the number of shelter spaces, while at the same time monitoring closely our investments in homelessness solutions including supportive housing and affordable housing builds that should ultimately reduce the need for large numbers of shelter spaces. While, the Region did add over 100 new spaces (as compared to what was available in the summer of 2023) as part of the project to convert seasonal shelter spaces to all year spaces, the occupancy rate in the adult shelter system in Niagara is currently averaging 96%. Niagara has seen an increase its our By Name List of 74 participants between June 30, 2023 and June 30, 2024 or 6.4%. More significantly, Niagara has seen an increase in chronic homelessness of 128 participants, or 23.9% over the same time period. Encampments in Niagara have increased from 53 to 79 again, over this same timeframe, but with a slight reduction in that actual number of encampment residents as compared to last year. This additional shelter site would support necessary increased shelter capacity, as well as addressing other recommendations within the report including the ability to support couples accessing shelter who wish to stay together.

The decision to leverage modular units is based on two key considerations. First, the financial impact is substantially less than building traditionally or renovating an existing building (from a different purpose), and Niagara continues to prefer to direct significant investments toward housing rather than shelters consistent with Niagara's commitment to work toward an end in chronic homelessness. The second factor is the speed in which a modular site can be ready for occupancy compared to a build or renovation. Niagara is continuing to invest in housing based solutions, such as the Geneva Street three-phase project, Hawkins Street, Heximer Avenue, Crescent Road, and York Street.

The Current Opportunity

In partnership with Niagara Region, NRH and City of Welland staff, the property at 851 Ontario Road Welland was identified as a potential City owned property that aligned with the principles of the shelter siting considerations report presented to Council as COM 19-2024.

The City of Welland Affordable Housing Committee met on July 24, 2024 and endorsed this project and will be recommending to the City of Welland Council on August 13, 2024 to approve the lease of 851 Ontario Street to Niagara Regional Housing to allow this project to proceed.

Suggested Arrangement

The suggested arrangement for the supportive housing facility would include NRH ownership of the building and project management for construction. Niagara Region Community Services would provide service funding establishing agreements with a service provider to operate the facility. Program operating dollars will include consideration for all service maintenance and contribution to capital reserve for major maintenance.

The following are staff's recommended conditions precedent to Niagara Regional Housing's participation in the Project and acquisition of a facility:

- That Niagara Region approve the capital budget adjustment.
- Niagara Region is satisfied that ongoing funding for the operation of the Project has been committed or can reasonably be expected to be available for operational expenditures of the Project for near term operation of the Project following completion of the capital improvements.

Relationship to Board and Council Strategic Priorities

This report supports the council priority of an Equitable Region by providing access to affordable and inclusive housing options.



Submitted by:

Cameron Banach
Chief Executive Officer, NRH



Approved by:

Gary Zalepa
Chair, NRH

This report was prepared in consultation with Adrienne Jugley, Commissioner Community Services, Cathy Cousins Director Homelessness and Community Engagement, Donovan D'Amboise Manager Program Financial Support.