

Region of Waterloo**Community Services****Housing Services**

To: Committee of the Whole

Meeting Date: November 17, 2020

Report Title: Expression of Interest EOI-2020-1 Alternative Housing Pilot Project
127-161 Bechtel Street, Cambridge

1. Recommendation:

That the Regional Municipality of Waterloo take the following actions regarding the 127-161 Bechtel Street, Cambridge Alternative Housing Pilot Project, as described in Report CSD-HOU-20-21, dated November 17, 2020:

- a) Issue a letter of commitment pursuant to the EOI 2020-01 Alternative Housing Pilot Project, 127-161 Bechtel Street, Cambridge, to NOW Housing/Masters of Building Assembly in regard to Proposal A: Six 1-bedroom units, at an estimated cost of \$1,226,252.00, , that is conditional upon the parties negotiating and entering into an agreement that is satisfactory to the Commissioner, Community Services and the Regional Solicitor; and
- b) Authorize the Commissioner, Community Services to execute the letter of commitment and agreements in a form satisfactory to the Regional Solicitor, as may be required to process the advance of funding for these units.

2. Purpose / Issue:

To consider the approval of NOW Housing – Proposal A: Six 1-bedroom units for the Expression of Interest to Develop Alternative Housing Units at 127-161 Bechtel St., Cambridge ON (EOI-2020-1).

3. Key Considerations:

- a) EOI-2020-1 was called to develop alternative housing units at 127-161 Bechtel St., Cambridge ON and advertised on the Region's website.
- b) The following responses were received:

NOW Housing	Cambridge, ON	Proposal A: Six 1-Bedroom Units	\$1,226,252.00
NOW Housing	Cambridge, ON	Proposal B: Six Studio Units	\$860,000.00

- c) The work under this contract includes the provision of up to six alternative housing units at the Bechtel site. The EOI outlines the requirements, objectives, and preferences for the development, incorporating the Waterloo Region Housing (WRH) Affordable Housing Design Guidelines and Standards. Vital to the EOI is a neighbourhood engagement element, requiring the successful respondent to work with a WRH Community Engagement Specialist to communicate with and engage the Bechtel community throughout the development process.

4. Background:

On July 15, 2020, Regional Council directed staff to issue an Expression of Interest (EOI) to private and non-profit proponents to build an alternative housing project at the existing Waterloo Region Housing (WRH) site known as 127-161 Bechtel Street Cambridge, as outlined in report CSD-HOU-20-15. On August 24, 2020, staff released the Expression of Interest EOI-2020-1 for the development of alternative housing at 161 Bechtel Street, Cambridge. To encourage innovative proposals, the EOI included general, high-level guidelines. A pre-bid meeting took place on August 31, 2020, and submissions were received by the October 7, 2020 deadline.

5. Area Municipality Communication and Public/Stakeholder Engagement:

Region staff engaged staff from the City of Cambridge early on in the pilot project, facilitating collaboration and engagement of City staff in the project start-up. City staff has been actively participating in the project team, contributing to neighbourhood communications and engagement efforts, and informing the development of the affordable housing design guidelines and standards. City staff has also played an integral role in developing the Expression of Interest and reviewing the submissions.

The Bechtel neighbourhood, including Waterloo Region Housing tenants living at the Bechtel site, has been the focus of communication and engagement efforts during the project. Opportunities offered to provide feedback include two virtual town halls, an Engage Waterloo Region project webpage, and a dedicated email and phone line. The focus of feedback has been on the site concept and green space, elements included in the EOI evaluation, and remain central to the project.

6. Strategic Plan:

Award of this Expression of Interest addresses Strategic Objective 4.2, make affordable housing more available to individuals and families, and Action 4.2.3, engage community partners to identify new innovative strategies to increase the affordable housing supply.

7. Financial Implications:

The costs for the six units from the recommended proponent is \$1,226,252. There are additional costs of \$109,617 for a transformer upgrade, project management fees, and

net HST expense, which will increase the overall project to \$1,335,869. Subject to the approval of this report, the costs for this project and funding will be included in the 2021-2030 capital budget.

Funding for this project would utilize and optimize one-time grants from senior levels of government (i.e., provincial funding from Social Service Relief Fund – Phase 2, or federal funding from Reaching Home COVID or the Rapid Housing Initiative). On October 23, 2020, the Region received a letter from the Canada Mortgage and Housing Corporation (CMHC) advising of an allocation of \$8.19M under the Major Cities Stream of the Rapid Housing Initiative (RHI). The RHI is one-time funding to create housing for the most vulnerable people in the Region. Further, on October 26, 2020, the Region's business case to allocate \$3.5M of SSRF II funding to modular housing development was approved by the Ministry of Municipal Affairs and Housing. The RHI or SSRF II capital funding can be used for modular housing, as presented in this proposal regarding the Bechtel site.

Subject to Council approval, the 2021 Waterloo Region Housing (WRH) operating budget will include operating costs and revenues. The Facilities Management (WRH) operating budget for maintenance expenses will increase by \$17,000 to accommodate these operating costs, as presented in the table below. The Region will own and operate the six units. This budget reflects six months of operations as the project has an estimated completion date of June 30, 2021:

OPERATING BUDGET (\$000s)	2021 Budget
Expenditure	
Service contracts, maintenance (Facilities)	\$2
Utilities and property taxes	8
Lifecycle, insurance fees, etc.	7
Subtotal Expenditure	\$17
Revenues	
Net rental income less vacancy loss (WRH)	17
Subtotal Revenue	\$17
Net Regional Levy	Nil

8. Conclusion / Next Steps:

Encouraging the development of alternative housing solutions aligns with the 10-Year Housing and Homelessness Plan through Strategic Direction 3 to facilitate the development of an appropriate range of housing options, enabling available housing options that respond to the needs of diverse populations in Waterloo region.

Subject to Council approval, staff will issue a letter of commitment outlining the conditions that need to be addressed before signing a funding agreement. It is

anticipated that the units will be ready for occupancy by July 2021.

9. Attachments / Links:

Nil.

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