



TO: GENERAL COMMITTEE

SUBJECT: MODULAR SUPPORTIVE HOUSING PROJECT – VESPRA AND VICTORIA STREETS

PREPARED BY AND KEY CONTACT: R. PEWS, P. ENG. , DIRECTOR OF CORPORATE FACILITIES

SUBMITTED BY: R. PEWS, P. ENG. , DIRECTOR OF CORPORATE FACILITIES

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That Staff Report FAC002-21 concerning the Modular Supportive Housing Project – Vespra and Victoria Streets, be received.
2. That given the significant development constraints associated with the Vespra and Victoria Streets site, staff consult with the County of Simcoe regarding its interest in the site over the longer term for affordable or supportive housing and report back to General Committee.
3. That staff work with the County of Simcoe to determine sites or projects other than Vespra and Victoria Streets, that the City of Barrie could consider supporting to allow for a more expeditious provision of supportive housing.

PURPOSE & BACKGROUND

Report Overview

4. The purpose of this Staff Report is to report to General Committee regarding the status of investigation of the use of 65 Vespra Street, 72 Victoria Street and lands identified as the rear portion of 70 Victoria Street for modular supportive housing and in light of the challenges associated with delivering supportive modular housing on this site in a timely manner, to recommend that staff to work with the County of Simcoe to determine other projects that Council could consider to create supportive housing sooner.

Background

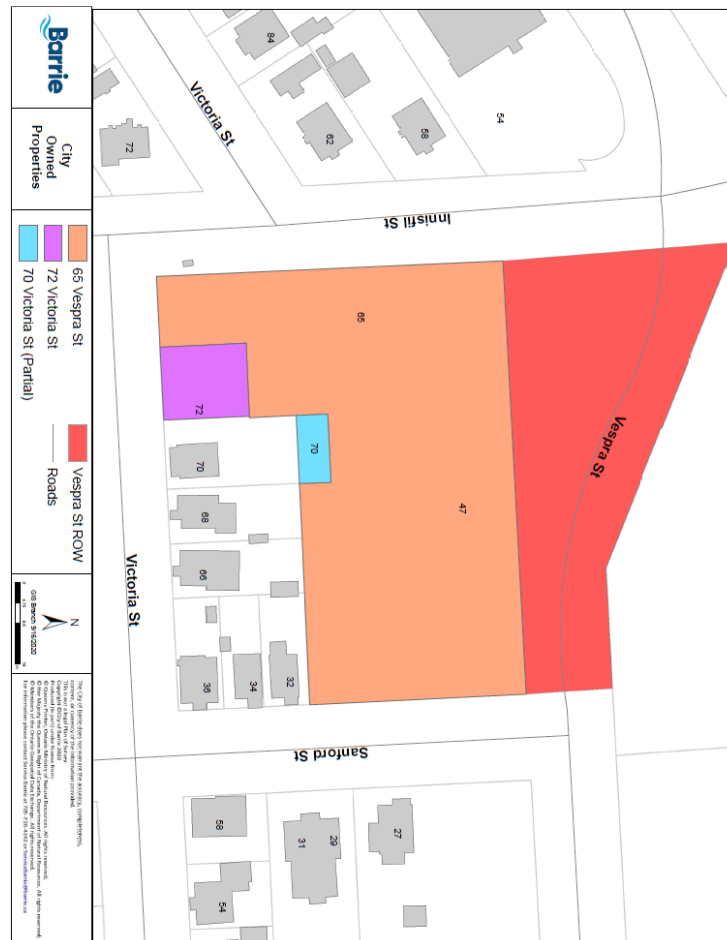
5. In 2015, Council adopted an Affordable Housing Strategy. Recommendation 3.2 of the Strategy recommended that the development of affordable housing be prioritized in considering the sale or acquisition of lands by the City of Barrie.
6. Over the past several years there have been a number of reports and motions related to providing City lands in support of affordable housing projects. The following are highlights of the past direction with respect to this matter.

7. On May 13, 2019, City Council adopted motion 19-G-115 as follows:

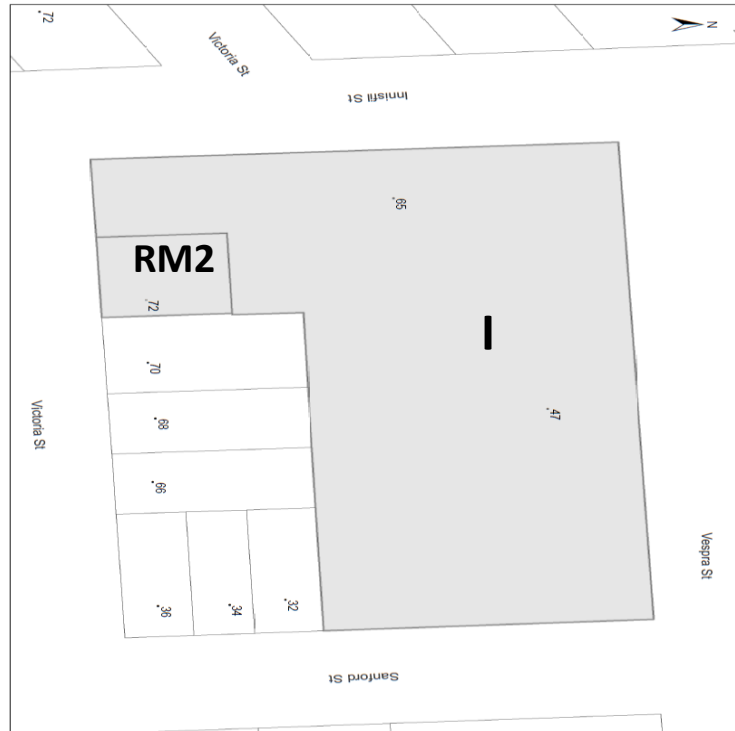
“SURPLUSING OF CITY OWNED PROPERTIES FOR THE CREATION OF AFFORDABLE HOUSING - 65 VESPRE STREET AND 70 AND 72 VICTORIA STREET (WARD 2)

1. That the properties legally described and shown in Appendix “A” to Staff Report LGL003-19 (the “Subject Properties”) be declared surplus to the needs of The Corporation of the City of Barrie (the “City”).
2. That the environmental studies and related work necessary to determine the development potential of the Subject Properties be undertaken at an estimated cost not to exceed \$100,000.00 and be funded from the Council Strategic Priorities Account.
3. That staff be directed to develop terms for a public tender process subsequent to the completion of the environmental studies seeking bid submissions from social or non-profit housing providers and obtain approval from Council prior to undertaking such process.” (LGL003-19) (File: L17-66 and L17-71)

8. 65 Vespra Street, 70 Victoria Street (rear portion only) and 72 Victoria Street are identified below:



9. The lands identified as 65 Vespra Street and rear portion of 70 Victoria Street are designated as Institutional with 70 and 72 Victoria Street designated Residential in accordance with the City's Official Plan. The zoning of the lands is primarily Institutional (I) with a portion of Victoria Street identified as Residential Multiple Dwelling Second Density (RM2), as illustrated below:



10. The total combined area of the lands is approximately 1.49 acres.
11. There are known environmental issues resulting from the historical uses of the former Fire Station 1 property and from migration of contamination on other properties in close proximity. As a result, Phases 1 & 2 Environmental Site Assessments, a Record of Site Condition, D4 study and geotechnical investigations were identified as prerequisites to the development of the lands.
12. On November 18, 2019 and May 25, 2020, staff provided Council with updates related to:
- The status of the environmental investigations being completed to assess the development potential of the Subject Properties.
 - Proposed timing for a staff report to Council recommending terms for a public tender process seeking bid submissions from social or non-profit housing providers.
13. An Environmental Site Assessment (ESA) – Phase 1 was completed by the environmental consulting firm Golder Associates Ltd and submitted to the City on January 8, 2020. The Phase 1 ESA recommended that a Phase 2 ESA be completed.

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14. Staff procured and retained WSP Canada Inc. to complete a Phase 2 ESA and Geotechnical Review. The results of these investigations identified that soil remediation would be necessary prior to redevelopment in order to address historical and surrounding uses.
 15. It was determined that the conditions could be addressed by dewatering and removing the existing soil and replacing it with engineered fill. The costs to remediate the soil were estimated to not exceed \$500,000.
 16. Council at its meeting of June 29, 2020 adopted motion 20-G-102, as follows:

“AFFORDABLE HOUSING ON SURPLUS CITY OWNED PROPERTIES - NEXT STEPS TO BE TAKEN (WARD 2)

1. That the Phase 2 Environmental Site Assessment and Geotechnical Review completed by WSP Canada Inc. and attached as Appendices “A” and “B” to Staff Report LGL004-20 be received.
 2. That staff continue to work with WSP Canada Inc. to refine the estimate of costs to remediate and prepare the properties legally described and shown on Appendix “C” to Staff Report LGL004-20, (“Subject Properties”) for redevelopment.
 3. That staff engage with social and non-profit housing providers including the County of Simcoe (“Housing Providers”) seeking their input on the creation of affordable housing as defined by the City of Barrie (“City”) to determine:
 - a) The greatest needs currently in the City for affordable housing and how those needs could be best addressed through the disposition and redevelopment of the Subject Properties;
 - b) The funding, grants and governmental assistance currently or soon to be available to Housing Providers for property acquisition and construction of affordable housing development; and
 - c) The most appropriate and effective way to bring the Subject Properties to market so as to maximize the potential number of bid submissions received from Housing Providers and to give the project the greatest chance of success.
 4. That staff in the Legal Services Department explore the possibilities of closing Vespra Street between Sanford Street and Innisfil Street and conjoining the road allowances of the subject properties for the purpose of redevelopment.
 5. That staff in the Legal Services Department report back to General Committee with the results of the consultation and recommend the next steps to be taken to dispose of the Subject Properties to a Housing Provider for the creation of affordable housing.” (LGL004-20) (L17-66 and L17-71) (P66/19)
17. Additional investigation and analysis of the soil and ground water condition was undertaken to refine the cost estimates.
 18. Initial consultation was completed with the County of Simcoe, other housing providers and the Canada Mortgage and Housing Corporation to gain an understanding of community needs, opportunities and challenges in building affordable housing and funding available.

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19. The closure of Vespra Street between Sanford Street and Innisfil Street was reviewed by staff and it was identified that it should be maintained for several reasons including the impact of detoured traffic on nearby residential streets, the linkage it provides for commercial traffic, the contribution to walkability and active transportation through a street grid network in the urban growth centre and the impact of construction activity on the portion of Vespra Street that sits on top of a historical landfill site.
20. Staff recommended a disposition strategy that prioritized the County of Simcoe and other potential purchasers who intended on constructing an affordable housing build with any sale proceeds received being used as a funding source to achieve other affordable housing objectives in the community.
21. On September 21, 2020, the federal government announced the Rapid Housing Initiative, a plan to spend over \$1B in six months to create new housing for people and populations who are vulnerable.
22. Council at its meeting of November 23, 2020 adopted motion 20-G-187 as follows:

“MOTION 20-G-172 REFERRED BY CITY COUNCIL DATED OCTOBER 26, 2020 - SURPLUS OF CITY OWNED PROPERTY - VESPRA STREET

That staff in the Development Services Department be requested to investigate the possibility of undertaking a City initiated Official Plan amendment and rezoning to an appropriate land use including the completion of the remaining environmental studies on the 65 Vespra Street, 70 Victoria Street property and to report back to City Building Committee before the sale of the property is further considered.” (LGL006-20) (File: L17)

23. The details associated with the Canada Mortgage and Housing Corporation Rapid Housing Initiative were released in late 2020. On December 7 and December 14, 2020, Council adopted the following motions and resolutions supporting applications to the Rapid Housing Initiative

“20-A-129 SUPPORT FOR THE COUNTY OF SIMCOE’S APPLICATION TO THE CANADA MORTGAGE AND HOUSING CORPORATION - RAPID FUNDING INITIATIVE

That correspondence be prepared and provided to the County of Simcoe in support of their application to the Canada Mortgage and Housing Corporation - Rapid Funding initiative that addresses urgent housing needs of vulnerable Canadians.

20-G-245 SUPPORT FOR THE REDWOOD PARK COMMUNITIES’ APPLICATION TO THE CANADA MORTGAGE AND HOUSING CORPORATION - RAPID FUNDING INITIATIVE

That correspondence be prepared and provided to the Redwood Park Communities in support of their application to the Canada Mortgage and Housing Corporation - Rapid Funding initiative that addresses urgent housing needs of vulnerable Canadians.”

24. On December 21, 2020, Council adopted motion 20-G-255 as follows:

"20-G-255 CANADA MORTGAGE AND HOUSING CORPORATION RAPID HOUSING INITIATIVE APPLICATIONS

WHEREAS Barrie City Council adopted resolution 20-A-129 and motion 20-G-245 to provide letters in support of the County of Simcoe and Redwood Park Communities applications to the Canada Mortgage and Housing Corporation Rapid Housing Initiative for projects that address urgent housing needs of vulnerable Canadians; and

WHEREAS the County of Simcoe and Redwood Park Communities have recently determined that there is an opportunity to purchase property for supportive and transitional housing in Barrie that would be a vital component of the success of any Rapid Housing Funding application(s); and

WHEREAS a \$50,000 refundable deposit is required to move forward with the potential acquisition of the subject property; and

WHEREAS there is a December 31st, 2020 deadline associated with the applications;

NOW THEREFORE BE IT RESOLVED as follows:

1. That the City of Barrie provide a \$50,000 a loan for a term of one year or less for the purpose of a refundable deposit to Redwood Park in support of the County of Simcoe and Redwood Park Communities' efforts to acquire the subject property with the Director of Finance and the Director of Legal Services provided the authority to finalize the arrangements required to facilitate the provision of the refundable deposit and the Mayor and City Clerk authorized to execute any requisite documents.
2. That the \$50,000 be funded from the Reinvestment Reserve (formerly Community Benefit Reserve)."

25. As part of the 2021 Business Plan and Budget deliberations, City Council at its meeting of January 25, 2021 adopted motion 21-G-007, as follows:

"MODULAR SUPPORTIVE HOUSING PROJECT – VESPRA STREET

- 1 a) That a Capital Project be added to the 2021 Capital Plan entitled "Modular Supportive Housing Project – Vespra Street" with funding of approximately \$3 million (inclusive of the \$500,000 estimated to be required for soil remediation) to be funded from debt, with final amounts to be determined through Request for Proposal planning and approval of a proposal, with the annual debt servicing costs to be paid from the Reinvestment Reserve and that funding be leveraged to access other funding opportunities.
- b) That funding for the remediation be capped at \$750,000, and staff in the Legal Services Department report on any overages to this amount to General Committee.

2. That after consultation with the County of Simcoe and social agencies dealing with homelessness and before the issuance of the Request for Proposal, the General Manager of Community and Corporate Services report back to General Committee on the target residents for the Vespra Street Build, sources of subsidies, key project parameters and how the City's funding can be leveraged to access other funding opportunities.
3. That following a report back to General Committee, staff in the Corporate Facilities, Development Services and Legal Services Departments in consultation with the County of Simcoe issue a call for proposals for a service provider to construct and manage the build and operate the housing units.
4. That staff in the Development Services Department conduct a Neighbourhood Meeting with the successful proponent and area residents to engage the public in the process and solicit feedback to improve the overall implementation of the project."

ANALYSIS

26. Based on the direction received on January 25, 2021, staff identified that the following steps would be required to implement the motion:
 - Completion of the peer review to determine if scope of soil remediation work is within the Council parameters and whether any components can proceed in advance of a proposal;
 - Update the Phase 1 Environmental Assessment completed in January 2020; required because Phase 1 Environmental Assessment studies are only valid for a period of 18 months. This update was completed on May 3, 2021;
 - Once Rapid Housing initiative applicants are advised of whether they were successful, determine the remaining unmet needs in the community and the resulting target audience for the site; and
 - Report back to General Committee on the peer review results/soil contamination works and target audience as well as any resulting recommendations for changes to the process identified in motion 21-G-007, such as neighbourhood consultation prior to issuance of the RFP.

Soil Remediation and other required pre-development work

27. WSP Canada Inc. completed the Phase 2 ESA to assess the soil and groundwater conditions at the site prior to any proposed redevelopment for residential land use as well as a Geotechnical review to provide subsurface information related to the potential development of the site. The geotechnical review was completed in June of 2020. The final Phase 2 ESA was received in January 2021.
28. The investigations determined the following:
 - Some soil remediation will be necessary prior to redevelopment in order to address historical and surrounding uses;
 - Existing soil condition are not ideal for supporting heavy loads; and

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- The ground water depth is between 1.3 and 3.4 metres below the ground surface, and the elevations fluctuate seasonally.
29. In order to refine the cost estimate and address other development requirements, a peer review of the work completed by WSP Canada Inc. was conducted by Aqua Insights over February and March of this year. The report received from Aqua Insights concurs with WSPs recommendation and methodology.
 30. It was identified that given that the location is within a Well Head Protection Area, a Significant Groundwater Recharge Area and historical and surrounding uses, a hydrogeological study which includes a contaminant and dewatering management plan would be required prior to site plan approval. In addition, it was determined that building supports would need to stay above the municipal supply aquifer and no deep drilling or construction activities would be permitted without the City's approval of a plan to address risks to the drinking water supply aquifer.
 31. Unsuitable soil will need to be removed within the building area and extending 5 metres beyond. The ESA estimated 2,475m³ of impacted soil or 4,500 metric tonnes would be required to be removed, with an estimated cost of \$500K for dewatering, removing the existing soil and replacing it with engineered fill.
 32. However, as the building location and perimeter is not known at this time, it would be difficult to address the aspect of extending the soil removal beyond 5 metres of the building area. Typically, soil removal occurs as part of the site preparation/construction phase to mitigate cost impacts by only removing soil that is necessary to construct building foundations.
 33. Soil remediation is only one component of the work that would be required, as noted in the Phase 2 ESA. Additional requirements for development of the site would include the need for a Record of Site Condition and a D4 study.
 34. A Record of Site Condition summarizes the environmental condition of a property, as of a particular point in time, based on the completion of one or more ESAs conducted by a qualified person. A Record of Site Condition must be filed with the Ministry of the Environment, Conservation and Parks before property use changes to a more sensitive use (e.g., from Institutional to Residential).
 35. Records of Site Conditions are often requested by mortgage lenders and/or other financial institutions to evaluate the development potential of a site for change of use or for risk management for financial lending purposes. Changes of use are not permitted or possible until a Record of Site Condition is filed.
 36. A D4 Assessment is a direct application of Guideline D-1, "Land Use Compatibility" (Guidelines), which specifies restrictions and controls on land use outlined by the Ontario Ministry of Environment and Climate Change for land use in the vicinity of landfills. A D4 Study is a study required to evaluate the presence and impact of any adverse effects or risks to health and safety and any necessary remedial measures for a proposed development including, but not limited to, ground and surface water (hydrogeology and hydrology), noise, odour, and dust, methane gas migration, traffic impact, land use compatibility, and other studies considered appropriate.

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37. D4 Studies are normally done by the applicant seeking development approval. The City would normally receive a completed D4 study, and any required mitigation, in the clearance of conditions of a development approval. The potential for gas migration onto this site and any preventative measures necessary to address it would be identified in a D4 study required for future development of the property and not necessarily through the site remediation process to obtain a Record of Site Condition.
38. Given the proximity to a Well Head Protection Area, a Significant Groundwater Recharge Area, deep drilling may not be permitted due to the risks to the drinking water supply aquifer. Buildings on the property would be limited in height as the foundation depth would be restricted to ensure contaminants do not migrate into the drinking water aquifer. This may not apply to a Slab on Grade approach unless site preparation requires some drilling.
39. While Toronto's modular supportive housing project was initially expected to be constructed using a Slab on Grade approach, staff have been informed that foundations were required. As well, the cost of the build was significantly (1/3) higher than anticipated.
40. There are several other requirements that would need to be confirmed as the development proposal takes shape, as part of the normal development approval process. These include but may not be limited to:
- disposal of any excavated garbage,
 - decommissioning of wells located on site,
 - a site alteration permit,
 - spill contingency plan,
 - fill management plan,
 - a discharge agreement for construction dewatering and monitoring of groundwater and gas migration.
41. With the exception of updating the Phase 1 Environmental Assessment report, none of these items have been costed at this time, and they would be in addition to the \$500K estimate for the soil remediation.
42. All of these requirements would typically be addressed by a developer of the lands. If as per the most recent direction from Council, the City remains as the owner of these lands, it is deemed to be the developer, even if there is another entity constructing and managing the build and housing on the land.
43. It is clear that there are limitations to development on the site. The site conditions will not allow for a quick build of the supportive housing that Council and the community are seeking. They will also require an experienced construction firm.
44. Given the amount of work and resulting time to construct any form of housing on this challenging site, staff are recommending that the County of Simcoe be consulted with respect to alternative projects or sites that may allow for the quicker delivery of safe, supportive housing in the community.

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45. Staff would continue to explore discussions with the County of Simcoe to determine its interest in this site for a longer term affordable or supportive housing project. Should the County of Simcoe identify that the site is not of interest, staff in Development Services would continue its investigation into the potential redesignation and rezoning of the site and report back to General Committee. If redesignation and rezoning was seen as an option, it would occur prior to placing the lands on the market for sale.

Rapid Housing Initiative and other Grant Opportunities

46. As the County of Simcoe is the designated Service Manager for social housing within Simcoe County and the separated cities of Barrie and Orillia, County of Simcoe is in the best position to either submit or work with service provider organizations for the submission of grant or subsidy applications for the construction of additional supportive housing. In most cases, past funding opportunities have been limited to either a Service Manager or the operator of affordable housing. As the City of Barrie is neither, it is typically ineligible to apply for these grants.
47. CMHC operates the National Housing Co-investment fund for new construction. This fund prioritizes partnerships between governments, non-profits, private sector, among others and provides low-cost loans and/or forgivable loans. The focus of this fund is to develop energy efficient, accessible and socially inclusive housing for mixed-income, mixed-tenure and mixed-use affordable housing uses. All necessary property remediation must be completed and proper zoning in place to be considered for this funding.
48. On September 21, 2020, the federal government announced the Rapid Housing Initiative, a plan to spend \$1 billion over six months to create new housing for people and populations who are vulnerable. The County worked closely with a number of organizations to co-submit or assist them with their Rapid Housing Initiative applications prior to the end of 2020.
49. Although it was anticipated that the applicants would be advised of the results of the process by this time, the number of applications received from across Canada, was several times greater than what was expected by the Federal government. To date, none of the Barrie applicants for the Rapid Housing Initiative Funding have been advised that they were successful.
50. A second round of the Rapid Housing Initiative Funding providing an additional \$1.5 billion is anticipated based on the Federal 2021 Budget. City staff propose to work with the County of Simcoe staff to determine what form of City support could assist either the County or a local service provider in achieving a successful application for new units. Staff will report back to General Committee with additional details, should this opportunity arise.

ENVIRONMENTAL AND CLIMATE CHANGE MATTERS

51. The environmental and climate change matters related to this property and the recommendation have been identified earlier in this report.

ALTERNATIVES

52. The following alternatives are available for consideration by General Committee:

Alternative #1

General Committee could recommend that the lands 65 Vespra and 70/72 Victoria Street be placed on the market to be sold “as is” to the highest bidder and any net revenues from the sale proceeds be used to fund the City’s Affordable Housing Community Improvement Plan (the “CIP”).

This is a viable option. It may be possible to achieve a higher price for the lands if they were re-designated and re-zoned to residential prior to sale.

Alternative #2

General Committee could recommend that staff proceed to transfer the lands at 65 Vespra and 70/72 Victoria Street to the County of Simcoe at no cost for the lands, and with an up to \$3,000,000 contribution towards the soil remediation and development of the lands for supportive housing.

This alternative is available. The County, as the local Service Manager for social housing is in the best position to either construct itself or determine an appropriate service provider for the construction of housing on the lands. Given the County’s interest in developing additional affordable/supportive housing, the risk of some other form of development occurring on the site is less likely than if sold to the private sector.

Alternative #3

General Committee could recommend that staff proceed with neighbourhood consultation and consultation with the County of Simcoe and various outreach organizations simultaneously, to establish suitable criteria for a call for proposals for a service provider to construct and manage the build of a project on City-owned lands at 65 Vespra and 70/72 Victoria Street.

This alternative is not recommended. The development of the Vespra Street lands will not be able to be accomplished in a timely fashion. In order to facilitate timely construction of supportive housing, the City needs to ensure that its limited resources are focused on the delivery of a single project, for maximum opportunity for success. In addition, should the City remain as owner of the lands, it assumes all of the responsibility and associated liability of a developer.

FINANCIAL

53. There are no direct financial implications related to the recommendations identified in this staff report. As part of motion 21-G-007, a Capital Project was added to the 2021 Capital Plan for a Modular Supportive Housing Project on Vespra Street.
54. Should the recommended motion be adopted, staff would work with the County of Simcoe to identify opportunities involving City support and would report back to General Committee. This may involve re-allocating the funds established for the capital project.



LINKAGE TO 2018-2022 STRATEGIC PLAN

55. The recommendation(s) included in this Staff Report support the following goal identified in the 2018-2022 Strategic Plan:
- ☒ Fostering a Safe and Healthy City
56. The recommendations in this staff report have the potential of creating more affordable housing in the City.