
REPORT TITLE: **Rapid Response Temporary Modular Housing**

FROM: Sean Baird, Commissioner of Human Services

RECOMMENDATION

That the recommended actions as outlined in Section 6, Proposed Directions in the report from the Commissioner of Human Services, listed on the October 26, 2023 agenda titled, “Rapid Response Temporary Modular Housing” be endorsed.

REPORT HIGHLIGHTS

- The number of individuals and families experiencing homelessness in Peel is increasing and the affordable housing system is unable to keep up with demand.
- In response, Regional Council passed Resolution 2023-585 on July 6, 2023, directing staff to assess the feasibility of temporary modular housing, as a rapid solution to supporting people experiencing homelessness and easing system pressures.
- Temporary modular housing can provide a healthier, safer temporary housing option for the homeless living outdoors.
- However, due to the limited availability of affordable, permanent and supportive housing in Peel, these temporary accommodations are at high risk of becoming permanent, creating unsuitable permanent living conditions in spaces constructed for short-term use, without the protections of the *Residential Tenancies Act*.
- Based on the results of the feasibility analysis, staff recommend not proceeding with cabin style temporary modular housing without plumbing in Peel.
- However, staff recommend exploring higher quality, temporary modular units in Peel that are non-cabin style, connected to Peel’s water and wastewater system, as a way to expand the number of emergency shelter beds, beginning with units suitable for families at the Surveyor Family Shelter site and units suitable for singles at the Cawthra Road shelter site, both in Mississauga.
- As per the report on today’s agenda entitled “Homelessness Policy and Programs” and to address increases in homelessness as winter approaches, staff also recommend other rapid solutions including: securing an alternate site outside of Peel’s emergency shelter system to support asylum claimants, establishing more homelessness respite / drop-in programs throughout the community, and investing more resources in portable subsidies and supports.

DISCUSSION

1. Background

As described in the report on today’s Council agenda entitled “Homelessness Policy & Programs”, the number of individuals and families experiencing homelessness in Peel

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is increasing and the affordable housing system is unable to keep up with demand. In recent months, system pressures have been exacerbated by the rapid influx of asylum claimants in the Greater Toronto and Hamilton Area (GTHA) in need of emergency shelter.

In response, Regional Council passed Resolution 2023-585 on July 6, 2023, directing staff to assess the feasibility of temporary modular housing, as a rapid solution to supporting people experiencing homelessness and easing system pressures.

Staff assessed the feasibility of temporary modular housing as a rapid response, including a jurisdictional review, community engagement (Appendix I) and cost analysis. Staff also visited Waterloo's hybrid/outdoor shelter and met with Waterloo Region staff to learn about their initiative.

This report provides Council with an overview of the feasibility analysis, which has resulted in staff's recommendation to further explore temporary modular units in Peel that are non-cabin style, connected to Peel's water and wastewater system, initially as a relatively quick way to expand the number of emergency shelter beds, beginning with units suitable for families at the Surveyor Family Shelter site and units suitable for singles at the Cawthra Road shelter site, both in Mississauga (See Diagrams in Appendix II).

2. Rapid Response Temporary Modular Housing

Rapid response temporary modular housing is used to address short-term housing needs in response to natural disasters, conflict, and systemic crises like housing unaffordability that force people into homelessness.

Temporary modular homes, often cabin-style, typically include a room with space for one to two people to sleep, sit and store belongings. They usually have heating and cooling, and come with or without plumbing facilities. In Ontario, structures under 108 square feet without plumbing typically do not require a building permit and are exempt from regulations under the Ontario Building Code.

While the use of these temporary structures is relatively new, established programs generally share several common characteristics:

1. Temporary Structures are not intended as a long-term housing solution and should not replace permanent housing options.
2. Projects typically require a lead agency or a partnership of agencies to oversee planning, administration, operation, and outreach efforts to connect participants with resources and support programs.
3. Individual units have essential amenities such as a locking door, operable window, a bed, lighting, insulated exterior walls and roof, electrical outlets, a space heater or wall-mounted heater, and a smoke/fire detector.
4. Groups of units without plumbing are served by a communal building that houses facilities for washroom use, bathing, laundry, and kitchen activities.
5. Communities typically include a meal program, offering one to three daily meals.
6. Services such as addiction treatment, harm reduction, mental health counselling and health care, housing search resources and life skills development are integrated into the program design.

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7. Authorized communities generally incorporate perimeter fencing and access control measures to ensure the safety of program participants and the surrounding community.
8. To limit compatibility issues and neighborhood impacts, communities are usually situated outside of existing residential neighbourhoods, often on underutilized industrial sites or in rural areas.

3. Jurisdictional Scan

In Canada, the municipality with the most experience with temporary modular homes is the City of Vancouver. In 2016, Vancouver introduced temporary modular housing projects as a solution to quickly provide housing to individuals experiencing homelessness or at risk of becoming homeless. These projects aimed to offer access to high-quality units with private kitchens and bathrooms and supportive services on-site located within both single and multi-story modular structures. These were not cabin-style structures. Currently, there are more than 600 of these units distributed throughout the city, playing a crucial role within Vancouver's housing framework.

The temporary nature of these projects, however, has sparked discussion and debate regarding the long-term viability and effectiveness of such initiatives in the city. Most recently, a 98-unit temporary modular housing building for homeless individuals and those at risk of homelessness was vacated late July 2023 to allow the redevelopment of the property for Vancouver's Art Gallery. One of the major concerns that has arisen in the process is the uncertainty faced by tenants and operators as land leases expire, coupled with the escalating expenses associated with the storage and relocation of these temporary sites when they are dismantled.

In Ontario; Oshawa, Waterloo, and Kingston have employed temporary modular housing or cabins to address increases in unsheltered homelessness and unsafe conditions in encampments. Earlier this summer, Hamilton approved the development of a tiny home project in a local park, but more recently decided against it due to costs and community concerns.

In July 2020, the Regional Municipality of Durham Council voted to expedite the creation of supportive housing for unsheltered residents in response to the increased demand during the COVID-19 pandemic. They collaborated with a modular construction company to design and construct 10 micro homes on regionally-owned land slated for a future road widening project. The plan is to relocate these units to another temporary or permanent location in approximately four years.

Unlike cabins in Waterloo and Kingston, these self-contained micro-homes are approximately 300 square feet, and fully equipped with a cooktop, microwave, refrigerator, washer/dryer, and a washroom with shower. Local agencies provide assistance in various forms, including case management, financial support, employment services, mental health and addiction support, and life skills training. Residents can stay for up to four years and, instead of signing a lease, they enter into a 'Participation Agreement' tied to their program involvement.

In Waterloo, due to a growing downtown encampment, the Region opened a temporary outdoor hybrid shelter consisting of 50 individual modular cabins on a

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portion of regionally-owned land. Each cabin is equipped with electricity and heating and cooling systems. A main cabin complex provides amenities like running water, communal space, washrooms, and laundry. The site is staffed 24/7 and managed by a local non-profit agency which provides a range of support services. The site opened in April 2023 and will operate for 24 months, with an estimated annual operating expenditure of approximately \$940,000. A small portion of the operating expenses are offset by collecting rents from shelter occupants. These occupants, while paying towards their accommodation, are not doing so under the *Residential Tenancies Act*. The capital investment for this project was \$2.4 million.

Similarly, Kingston also grappled with increased encampments and responded with a pilot project involving the construction of 17 cabins situated at the Portsmouth Olympic Harbour. This initiative was launched in January 2022 with no definitive end date mentioned. The selection of this location was practical given the pre-existing communal building equipped with facilities such as washrooms, showers, laundry services, and a shared kitchen area. The 24/7 operations of this site are overseen by a local non-profit organization, which also provides various support services. Regular meals are not provided; however, residents are given water, mini-fridges, and microwaves. Similar to the Waterloo model, rent is collected from residents. The cost for each cabin was \$16,000, funded by a \$150,000 resident donation and \$257,000 in funding from the Social Services Relief Fund Phase 3, provided by the provincial government. Annual operating expenses amount to \$431,400.

Many of these rapid response temporary modular housing programs have been introduced relatively recently in the jurisdictions profiled. In some cases, they are pilot programs or responses to emerging crises, like unsafe encampments, and they have not had enough time to track individuals over extended periods to determine their success in achieving permanent housing solutions and health outcomes. Without such data it is difficult to gauge the long-term impact and sustainability of these initiatives.

4. Benefits and Limitations of Rapid Response Temporary Modular Housing

Like other emergency responses, rapid response temporary modular housing has benefits and limitations. These units provide a healthier, safer temporary housing option to the homeless living outdoors, providing an alternative to emergency shelters and another referral pathway to permanent housing and supports.

However, due to the limited availability of affordable, permanent and supportive housing, these temporary accommodations often becoming permanent. Without clear pathways to permanent, supportive housing, residents of rapid response temporary modular housing sometimes return to living outdoors, or living long-term, in spaces constructed for short-term use without the protections of the *Residential Tenancies Act*.

Successful transitions from any temporary form of housing to permanent housing requires the provision of necessary support services, housing navigation assistance, mental health and substance abuse services, and employment and financial supports to ensure long-term successful tenancy. Financial and human resources equal to the level of need, are required to set households up for long-term success.

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The chart below summarizes the benefits and limitations of rapid response temporary modular housing, derived from jurisdictional research and engagement with stakeholders.

Benefits and Limitations of Rapid Response Temporary Modular Housing

Benefits	Limitations
<p>Rapid Deployment:</p> <ul style="list-style-type: none"> - Temporary modular structures can often be constructed relatively quickly, compared to traditional construction methods. - The potential for rapid implementation offers immediate shelter and can reduce street homelessness. 	<p>Location Selection Challenges:</p> <ul style="list-style-type: none"> - Finding suitable and affordable land for temporary modular communities can be challenging, limiting their deployment in high-demand locations. - Temporary modular housing communities are not allowed as-of-right across local municipalities in Peel. As such, planning approvals could take one to two years depending on requirements. - Concerns from communities may resist the establishment of temporary modular communities, impeding efforts to address homelessness.
<p>Cost Efficient:</p> <ul style="list-style-type: none"> - Modular structures can often be more affordable to construct and maintain than bricks and mortar. 	<p>Limited Space and Amenities:</p> <ul style="list-style-type: none"> - With limited space, often less than 110 sq ft, these small structures can accommodate at most two individuals. - Their compact design with few-to-no amenities (e.g., no kitchen, bathrooms) and limited living space make them challenging for families with children who typically require more space, privacy, and amenities to meet their needs.
<p>Supportive Services:</p> <ul style="list-style-type: none"> - On-site support services have been provided in other jurisdictions with temporary modular housing communities. Similar to services offered in shelters, they can include job training, healthcare, and counseling to help residents transition out of homelessness successfully. 	<p>Temporary Nature:</p> <ul style="list-style-type: none"> - Not a permanent housing solution - Relocation can have social impacts, disrupting community bonds and support systems for residents. This may lead to emotional stress and feelings of isolation as individuals adjust to a new environment and access to services may change. - Residents are not protected under the protections of the <i>Residential Tenancies Act</i>
<p>Community Integration:</p> <ul style="list-style-type: none"> - Temporary modular communities can promote social interactions among residents, fostering a sense of belonging and support. This may reduce isolation for residents. - Residents have the opportunity to access employment and other community services in a similar manner to how they are offered in the shelter system. 	<p>Public Perception:</p> <ul style="list-style-type: none"> - Negative stigma and concerns about community safety. - Risks of social ostracization from broader community

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Benefits	Limitations
<p>Scalability and Mobility:</p> <ul style="list-style-type: none"> - Modular construction allows for multiple configurations, and the potential to expand with more units as needed - Temporary modular homes are designed to be mobile, enabling relocation to different areas depending on changing needs and resources. 	<p>Cost of Relocation:</p> <ul style="list-style-type: none"> - There are high costs associated with moving, storage, and new construction.
<p>Sense of Privacy:</p> <ul style="list-style-type: none"> - Increased privacy beyond the traditional shelter model benefiting people with pets, couples, trans and gender-diverse people or those with health concerns requiring an increased level of privacy. 	<p>Safety Concerns with Privacy:</p> <ul style="list-style-type: none"> - Heightened level of privacy can increase some safety risks for some such as those related to substance use or domestic violence.

5. Cost Analysis

Both capital and operational funding are required to set-up and operate rapid response temporary modular housing with on-site supports. Costs are contingent on variables like the types of units, range of services provided, and whether security and supports are available 24/7 or not.

Research indicates that the cost of individual modular cabins, without plumbing, can vary, typically ranging from \$15,000 to \$25,000, depending on the manufacturer. In addition to the expenses associated with the structures, a proposed project should consider the following costs:

- Soft costs, which encompass expenses related to permits, approvals, design services, engineering services, legal services, and similar aspects.
- Land cost, including considerations for land purchase, lease, or potential in-kind contributions from willing hosts.
- Insurance expenses.
- Site construction and servicing costs, encompassing activities such as site grading, parking and driveway construction, surface preparation, water and sanitary system hookups, electrical system installation and distribution across the site, fencing, sleeping cabin installation, and other essential site-related capital investments.
- Provision for common facilities such as washrooms, bathing facilities, laundry services, and potentially kitchen facilities.
- On-site staff support to ensure the safe operation of the facility while minimizing any adverse impacts on adjacent properties and neighbours.
- Security services.
- Transportation services, if required.
- Requirements for a meal program.
- Utility costs, including expenses for water, electricity, and similar services.
- Health and social support services, which may involve funding for social services, healthcare, addiction services, housing search assistance, and skills development services.
- Solid waste management and collection.

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- Telecommunications and internet services.
- Ongoing site maintenance, which includes tasks like snow and ice clearing, grass cutting, and similar upkeep activities.
- Additional funds allocated for maintenance, damage repair, and necessary repairs over time.

Using the Waterloo model as a reference, the capital and operational expenses for 50 modular units without plumbing and a shared amenity space amount to just over \$4 million. This translates to approximately \$43,200 per person annually, including support services. As the chart below illustrates, in comparison, the Region spends \$57,200 per person annually on hotel accommodations. While rapid-response temporary modular housing may be cheaper than hotels, staff believe it may not be as cost-effective as portable subsidies or traditional shelters.

Accommodation Cost by Type

Type of Accommodation	Average Annual Cost Per Bed
Respite	\$32,200
Regional Shelter	\$24,600
Overflow Hotel	\$57,200
Portable Subsidy*	\$15,600
Modular Cabins with supports*	\$43,200
*Average annual cost per person	

6. Proposed Direction

While rapid response temporary modular housing does provide the homeless living outdoors with an alternative to emergency shelters, staff recommend not proceeding with cabin-like temporary modular homes, without plumbing, at this time. Instead, staff recommend exploring higher quality modular units with plumbing as a way to expand the number of emergency shelter beds, beginning with units suitable for families at the Surveyor Family Shelter site and units suitable for singles at the Cawthra Road shelter site, both in Mississauga.

Moreover, and as winter approaches, staff recommend securing an alternate site outside of Peel's emergency shelter system to support asylum claimants, establishing more homelessness respite / drop-in programs throughout the community, and investing more resources in portable subsidies and supports. Collectively, these solutions support the homeless while alleviating system pressures relatively quickly. Together, these recommended actions achieve benefits similar to that of temporary modular housing, but with fewer limitations and a greater focus on permanent housing solutions.

Details about these and all recommended actions can be found in the companion report on today's agenda titled "Homelessness Policy and Programs".

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RISK CONSIDERATIONS

Rapid response temporary modular housing can play a role in providing the homeless living outdoors with temporary shelter. Like emergency shelters, individuals living in temporary structures can be connected to social, health and housing supports.

The benefits of temporary modular housing are however, offset by a number of limitations and risks. Establishing temporary modular housing requires undertaking planning and development approval processes, which can threaten the ability to move quickly. Moreover, and due to the limited availability of affordable, permanent and supportive housing in Peel, these temporary accommodations are at high risk of becoming permanent, creating unsuitable permanent living conditions for residents, in spaces constructed for short-term use, without the protections of the *Residential Tenancies Act*.

At the same time, staff acknowledge the risks associated with not proceeding with temporary modular housing, including the direct risk to the most vulnerable, and reputational risk to the Region associated with the perception that the Region is not doing enough to support the homeless living outdoors and reduce homelessness.

Staff has identified alternatives to cabin like temporary modular housing that can achieve many of the same benefits, with fewer limitations and a greater focus on permanent housing solutions.

Staff will continue to monitor the effectiveness of these alternatives, and adapt and respond as required.

BILL 112 RISKS AND IMPLICATIONS

Bill 112, including recent news of local municipalities establishing local municipal human services departments, has created a tremendous amount of uncertainty for Regional staff, as well as vendors and agencies that receive funding from and deliver services for the Region of Peel, and increased service delivery and effectiveness risks. This adds considerable staff retention, funding, contract and service continuity risks to a system already under significant strain due to chronic underfunding and rapidly growing levels of need.

Regional staff remain committed to working with Regional Council, local municipal governments, and community partners, to implement viable solutions that will help to prevent homelessness, manage emergencies and improve access to affordable and supportive housing options for Peel's most vulnerable residents.

FINANCIAL IMPLICATIONS

Using Waterloo's experience as a reference, setting up and operating 50 temporary modular housing units is estimated to cost approximately over \$4 million, including upfront one-time capital costs and annual operating expenses. These funds are not available in the existing Housing Supports budget, and a request for the required funding is not included as part of the proposed 2024 Housing Supports budget ask.

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The proposed 2024 Housing support budget does include significant and additional investments in placed-based outreach, and perhaps most importantly in solutions that will create more permanent housing options for the homeless in Peel. These include more investments in subsidy and supports, and more capital investments in community and supportive housing. The proposed 2024 Housing Supports budget will be available on Peel's website on November 2, 2024.

CONCLUSION

As a result of increased homelessness, concerns about encampments and escalating pressures on Peel's shelter system, Regional Council passed Resolution 2023-585 on July 6, 2023, directing staff to assess the feasibility of temporary modular housing, as a rapid solution to supporting people experiencing homelessness and easing system pressures.

Based on the results of the feasibility analysis, staff recommend not proceeding with cabin-like temporary modular housing in Peel at this time. Instead, staff recommend exploring higher quality modular units as an extension of Peel's emergency shelter system, while in the short-term, securing an alternate site outside of Peel's emergency shelter system to support asylum claimants, establishing more homelessness respite / drop-in programs throughout the community, and investing more resources in portable subsidies and supports.

APPENDICES

Appendix I - Highlights of Sector Engagement on Rapid Response Temporary Modular Housing
Appendix II – Diagrams of Temporary Modular Units



Sean Baird, Commissioner of Human Services

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