

# PH13.5 - CONFIDENTIAL ATTACHMENT 1 – Modular Housing Initiative – Revised Project Pricing

made public on February 21, 2025

## CONFIDENTIAL INFORMATION OR ADVICE

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Given the revised project pricing detailed in the Financial Impact section, amendments to the purchase orders originally established in 2021, are required to facilitate the completion of the remaining work at both 175 Cummer Ave. and 39 Dundalk Dr.

The amendment of purchase order 6052027 issued to NRB Inc. for design-build services for the supportive housing building located at 175 Cummer Ave. is in the amount of up to \$21,636,557 net of all taxes (\$22,017,370 net of Harmonized Sales Tax recoveries), revising the current purchase order value from \$14,610,560 net of all taxes (\$14,867,706 net of Harmonized Sales Tax recoveries) to up to \$36,247,117 net of all taxes (\$36,885,077 net of Harmonized Sales Tax recoveries) for cost escalations associated with construction delays.

The amendment of purchase order number 6052881 issued to NRB Inc. for design-build services for the supportive housing building located at 39 Dundalk Dr., is in the amount of up to \$1,730,199 net of all taxes (\$1,760,651 net of Harmonized Sales Tax recoveries), revising the current purchase order value from \$20,598,943 net of all taxes (\$20,961,484 net of Harmonized Sales Tax recoveries) to up to \$22,329,142 net of all taxes (\$22,722,135 net of Harmonized Sales Tax recoveries) for costs related to additional scope requirements and resolution of contractor delay impact claims.

## FINANCIAL IMPACT

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The City has received revised pricing from the supplier and is in the process of negotiations with NRB Inc., for the completion of the modular housing project at 175 Cummer Ave. Pricing must be renegotiated given the significant lapse in time since the original pricing was first agreed upon between the City and NRB Inc. in 2021. Pricing has also been received from NRB Inc. for completion of remaining work at 39 Dundalk Dr.

Details on actual revised pricing received from NRB Inc. are provided below in Table 1.

**Table 1: 39 Dundalk Dr. and 175 Cummer Ave. Revised Project Costs**

|                                          | 39 Dundalk Dr.      | 175 Cummer Ave.*    |
|------------------------------------------|---------------------|---------------------|
| Current Purchase Order Value             | \$20,598,943        | \$14,610,560        |
| Estimated Purchase Order Amendment Value | \$1,730,199         | \$21,636,557        |
| <b>Total Revised Contract Value</b>      | <b>\$22,329,142</b> | <b>\$36,247,117</b> |

**\*The City has obtained the revised pricing from NRB Inc. to complete the 175 Cummer Ave. project. The revised price is currently under review by a third-party cost consultant and staff.**

Planning and Housing Committee authority is required to amend the purchase orders originally established in 2021 to complete the above work.

As referenced in the public report, according to Statistics Canada Toronto's residential construction industry has faced an 82% increase in costs from the first quarter of 2020 to the first quarter of 2024, and these escalations have impacted the project at 175 Cummer Ave. Table 2 below provides a summary of the cost progression experienced at 175 Cummer Ave. from 2021 to 2025. Staff estimate that had the project completed in 2022 alongside the project at 540 Cedarvale Ave., it reasonably may have been exposed to similar cost escalations to the base contract, resulting in a project cost for 175 Cummer Ave. of \$18,865,413. This escalation includes a combination of cost escalations experienced industry wide during the time, as well as unforeseen costs and site conditions, as detailed in the report from the Auditor General of July, 2023 ([AU2.7](#)).

The total price increase for 175 Cummer Ave., from 2021 to 2025 is largely driven by a combination of additional scope of work required due to the delays related to zoning approval, and escalating costs on existing planned scope of work accumulated over the period of project delay. Staff estimate that of the total cost escalation outlined below, \$15,815,937 is directly attributable to new scope or cost escalations arising from the delay in securing zoning.

**Table 2: 175 Cummer Ave. Project Cost progression from 2021-2025**

| <b>Contract Element</b>             | <b>Original Price – 2021</b> | <b>Estimated Project Cost – Completion 2022*</b> | <b>Current Quoted Project Cost – 2025 Completion (under review)</b> |
|-------------------------------------|------------------------------|--------------------------------------------------|---------------------------------------------------------------------|
| Modular Manufacturing*              | \$8,159,466                  | \$8,159,466                                      | \$6,692,723                                                         |
| Transportation                      | \$812,527                    | \$1,446,298                                      | \$2,726,577                                                         |
| GC- Site Work                       | \$4,238,567                  | \$7,544,649                                      | \$8,987,874                                                         |
| Contingency                         | \$1,400,000                  | \$1,715,000                                      | \$1,400,000                                                         |
| Change Orders                       |                              |                                                  | \$3,229,382                                                         |
| Actuals Spent and Committed to Date |                              |                                                  | \$13,210,560                                                        |
| <b>Total Project Cost</b>           | <b>\$14,610,560</b>          | <b>\$18,865,413</b>                              | <b>\$36,247,116</b>                                                 |

**\*78% increase from base cost estimated, based on AG MHI report (AU2.7) and experienced at 540 Cedarvale Ave. Modular manufacturing price does not change as modules were constructed in 2021; 2025 Modular manufacturing cost is for refurbishment due to prolonged storage.**

Table 3 below details the cost associated with completing the project at 39 Dundalk Dr. The increases are associated with building design changes, site servicing and landscaping requirements around the facility.

**Table 3: 39 Dundalk Dr. – Purchase Order Amendment Summary**

| <b>Description</b>                                                                           | <b>Cost</b>        |
|----------------------------------------------------------------------------------------------|--------------------|
| Estimated funds to complete building, design changes and site servicing (sewer/water bypass) | \$880,199          |
| Landscaping Escalation (Community consultation)                                              | \$750,000          |
| Contingency                                                                                  | \$100,000          |
| <b>Total</b>                                                                                 | <b>\$1,730,199</b> |

Funding for the purchase order amendments required on both projects is available within the approved 2024-2033 Housing Secretariat Capital Budget and Plan in CAF006-EHI Construction.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.