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The Regional Municipality of Durham Report

To: Regional Council
From: Commissioner of Social Services
Report: #2024-SS-12
Date: October 23, 2024

Subject:

Detailed Design Services for the Unbudgeted Redevelopment of the Durham Regional Local Housing Corporation (DRLHC) property at 409 Centre Street, Whitby

Recommendation:

That it be recommended to Regional Council:

- A) That an unbudgeted capital project for the detailed design for the redevelopment of the Durham Regional Local Housing Corporation (DRLHC) site at 409 Centre Street, in the Town of Whitby, in the amount of up to \$500,000 before applicable taxes be approved and be funded from the reallocation of funds from previously approved DRLHC capital projects at 409 Centre Street in the amount of \$488,000, with the remaining balance of \$12,000 to be financed at the discretion of the Commissioner of Finance; and
 - B) That the Commissioner of Finance be authorized to execute any necessary related agreements.
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Report:

1. Purpose

1.1 The purpose of this report is to:

- a. request Council's authorization to undertake detailed project design services to enable the redevelopment of a proposed redevelopment at 409 Centre Street, Whitby; and,
- b. request approval of funding for unbudgeted detailed design services for the proposed redevelopment concept to advance the required detailed design to position the project to be eligible for CMHC funding.

2. Background

- 2.1 In November 2020, Regional Council approved a Master Housing Strategy which aims to improve affordability and access to housing with and without supports, protect the existing affordable housing supply, encourage housing diversity, and build capacity in the housing system. Expected outcomes from the Strategy include:
- a. The initiation of 1,000 new affordable housing units by the end of 2024;
 - b. Improved readiness for provincial and federal funding announcements;
 - c. Establishing a shovel-ready portfolio of potential projects aligned with the affordable housing needs of our communities;
 - d. Sustainable and investment strategies to support new affordable rental development and the preservation and growth of community housing; and
 - e. Improved coordination with all housing partners including local area municipalities, private developers and non-profit providers to address Regional needs.
- 2.2 The Durham Regional Local Housing Corporation (DRLHC) owns the 0.19 hectare (0.47 acre) site at 409 Centre Street in Whitby. The existing two-storey building provides 16 one-bedroom rent-geared-to-income (RGI) units for seniors.

3. Proposed 409 Centre Street Redevelopment

- 3.1 The building was constructed in the late 1960s and has a long list of needed capital repairs. The currently slated capital repair work includes the need to replace water distribution and sanitary sewage lines and the domestic hot water system. This scope of this work would require the relocation of tenants to other sites so that they may use water and sanitary facilities. Additional work includes the replacement of the electrical system, a new lift/elevator, and major repairs to the exterior of the building. The estimated cost of this repair work is approximately \$1.5 million.

It is important to note that the currently slated capital repair work does not address other functional and design deficiencies within the building, including accessibility issues, lack of in-suite cooling, etc. which would require additional investment.

- 3.2 The site is designated “Medium Density Residential” within the Whitby Downtown Secondary Plan Area, which also prescribed a 3-storey height limit. The current zoning (R4-DT) permits a variety of residential uses including apartment dwellings and retirement homes, as well as Public Uses. The site is located within the Werden’s Plan Heritage Conservation District, but the building itself is not a heritage structure.
- 3.3 A development concept for 409 Centre Street has been prepared by Urban Strategies Inc which would provide 32 one-bedroom units for seniors, doubling the current unit count. The building would provide a mix of incomes, with half of the units at market rent and half of the units as rent-geared-to-income (RGI). The new building would meet modern accessibility requirements, meet modern building

standards and will be designed in a manner that is sympathetic to the heritage context of the neighbourhood. The massing concept is illustrated in Figure 1.

Figure 1: Proposed 409 Centre Street Redevelopment



- 3.4 The estimated cost for redevelopment is approximately \$13.5M, the majority of which would be eligible for Canada Mortgage and Housing Corporation (CMHC) funding, financing and would require a Regional contribution of \$3.5M. The project is envisioned to be financially self-sustaining with rental revenue servicing operational and financing costs of the site.
- 3.5 Staff have been working with tenants to provide assistance and options for relocating ahead of construction, expected to commence in 2026 pending funding approval for the construction phase of the project. Tenants have been provided confirmation that they will be able to return to their new home on site once construction has been completed if they wish.
- 3.6 The redevelopment of 409 Centre Street site will occur through a direct delivery model. To enable timely redevelopment that aligns with priorities expressed by the provincial and federal governments while building capacity through standardized designs, a modular construction design and delivery method is recommended. The estimated upset limit for detailed design for the redevelopment project is \$500,000, exclusive of taxes.
- 3.7 A DRLHC Board Meeting was held on October 9, 2024 to present the redevelopment opportunity at 409 Centre Street. Regional staff presented the current challenges with the building, the investment required to complete currently slated capital repairs and the opportunity to redevelop to intensify the site, create a mixed income community and improve the livability for DRLHC tenants. The Board supported the proposed plan and provided staff with authorization to proceed with this redevelopment initiative.

- 3.8 In order to position this project for CMHC funding an application must include the following: the zoning must align with the project, required environmental site assessment and geotechnical reports must be completed, and the completion of detailed cost estimates in the form of a Class “B” professional quantity surveyor report which is based on design development drawings and specifications of all major systems and site investigations, and measured quantities of all items of work. A Class “B” estimate is such that no more than a 10% design allowance is required. To meet these and other requirements, detailed site, architectural, engineering and landscape design work must be completed and costed.
- 3.9 Since there is uncertainty about potential future commitments or funding stream programs once CMHC’s Affordable Housing Fund (AHF) program has ended, taking action on short-term affordable housing development projects under the current program maximizes opportunities to access known federal investment opportunities while expediting urgently needed housing.

4. Financial Implications

- 4.1 The Region’s current short-term affordable housing development projects are progressing as quickly as possible within the current Council approvals.
- 4.2 Section 8.4.1 of the Region’s Purchasing By-law Number 16-2020 requires that if the annual value of the consulting or professional service assignment is expected to be \$100,000 or greater, written proposals be obtained through a RFP issued by the Purchasing Section. To take advantage of the synergies of the projects, the scope of the design work required for 409 Centre Street will be included in the RFP being issued for the recently approved project at Christine Crescent, in the City of Oshawa.
- 4.3 Section 14.2 of the Region’s Budget Management Policy requires the approval of the Treasurer and CAO, and the applicable Standing Committee and Regional Council for unbudgeted capital project expenditures in excess of \$50,000.
- 4.4 Previously approved capital repair projects at 409 Centre Street include the replacement of water distribution and sanitary sewage lines and the domestic hot water system. These projects will not proceed should the redevelopment project be approved, resulting in unused budget of \$488,000 that is available to finance the design work.
- 4.5 The cost of the detailed design services for 409 Centre Street is estimated at up to \$500,000 before applicable taxes and is recommended to be financed from the reallocation of funds from previously approved DRLHC capital projects noted above, with the remaining \$12,000 being financed at the discretion of the Commissioner of Finance.

5. Previous Reports and Decisions

- 5.1 Report #2014-J-16 – *At Home in Durham*, the Durham Housing Plan 2014-2024

- 5.2 Report [#2019-COW-25](#) – At Home in Durham, the Durham Housing Plan 2014-2024 – Five-Year Review
- 5.3 Report [#2020-COW-27](#) – Master Housing Strategy
- 5.4 Report #2024-COW-25 – Malaga and Christine Redevelopment Feasibility Analysis

6. Relationship to Strategic Plan

- 6.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a. Goal #2 – Community Vitality
 - 2.4 – Build a healthy, inclusive, age-friendly community where everyone feels a sense of belonging.
 - b. Goal #4 – Social Investment
 - 4.1 – Revitalize community housing and improve housing choice, affordability and sustainability.
 - c. Goal #5 – Service Excellence
 - 5.1 – Optimize resources and partnerships to deliver exceptional quality services and values.

7. Conclusion

- 7.1 The proposed redevelopment of 409 Centre Street in Whitby will provide additional needed seniors housing, while optimizing the existing property and improving living and built conditions for DRLHC tenants.
- 7.2 Staff's recommendations will position the project to be shovel-ready, supported by detailed designs, technical studies and Class B cost estimates. Approval of the recommended actions will allow the procurement process for the required detailed design work to begin immediately and the Region to move closer to a submission for CHMC funding.
- 7.3 This report has been prepared with the assistance of the Finance Department and the Commissioner of Finance and Treasurer concurs with the financial recommendations.

8. Attachments

None.

Respectfully submitted,

Original signed by:

Stella Danos-Papaconstantinou
Commissioner of Social Services

Recommended for Presentation to Council

Original signed by:

Elaine C. Baxter-Trahair
Chief Administrative Officer