



The Regional Municipality of Durham Report

To: Regional Council
From: Chief Administrative Officer
Report: #2025-SS-1
Date: February 26, 2025

Subject:

Pre-Budget Approval for Operating Costs and Confirmation of Federal Investment in Capital for 1635 Dundas Street Phase 2, Whitby

Recommendation:

That it be recommended to Regional Council:

- A) That in order to maximize opportunities for CMHC grant funding, pre-budget approval be granted to commit to funding operations for 1635 Dundas Street East Phase 2, Whitby with an expected occupancy date of Winter 2026;
- B) That the operating costs be funded through a combination of senior level government investments, potential partner contributions, regional tax base contributions, with any remaining amount being included in the 2026 Business Plans and Budgets to accommodate the commencement of operations projected for Winter 2026;
- C) That the Region of Durham commits to ensuring the full operationalization of all supportive housing units and shelter beds at 1635 Dundas Street East and is committed to providing an annual contribution of approximately \$6.6 million, if no other funding sources are realized or if funding received from other sources falls short, the Region will provide the additional contribution required to fully operate such programs; and
- D) That a copy of this report be provided to Canada Mortgage and Housing Corporation as Regional Council's support to fund the ongoing operational costs related to this project.

Report:**1. Purpose**

- 1.1 The purpose of this report is to request Regional Municipality of Durham (Region) Council's authorization to seek pre-budget approval to confirm a commitment to operating costs of 1635 Dundas East Phase 2, so that the Region will be in the best position to receive funding through Canada Mortgage and Housing Corporation's (CMHC) Affordable Housing Fund (AHF).

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 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 In June 2023, Regional Council approved the acquisition of the former Sunnycrest long-term care facility at 1635 Dundas Street East in the Town of Whitby, after its operations ceased in 2022. The Region acquired the site to provide urgently needed shelter space, supportive housing, and deeply affordable housing options. The immediate focus was to open a low-barrier shelter and supportive services to approximately 45 individuals. The shelter opened in March 2024 and has been operating at full capacity since.
- 2.3 On February 20, 2025, the Region received notice that in order for its application to proceed further in the underwriting stage of the AHF, a funding commitment from the Regional Council in support of the ongoing operations of the 1635 Dundas East project was required.

3. Previous Reports and Decisions

- 3.1 Report #2014-J-16 – At Home in Durham, the Durham Housing Plan 2014-2024
- 3.2 Report [#2019-COW-25](#) – At Home in Durham, the Durham Housing Plan 2014-2024 – Five-Year Review

- 3.3 Report [#2020-COW-27](#) – Master Housing Strategy
- 3.4 Report [#2024-SS-7](#) - Accelerating Detailed Design Services for Christine Crescent, Oshawa and 1635 Dundas Street Phase 2, Whitby
- 3.5 Report [#2024-COW-56](#) - Unbudgeted Federal funding from Infrastructure Canada for the Unsheltered Homelessness and Encampments Initiative

4. CMHC Funding for Affordable Housing Development

- 4.1 Regional staff have been working with staff from CMHC to best position the Region's short-term affordable housing development projects for eligibility under CMHC's capital funding/financing programs. CMHC staff have identified the Affordable Housing Fund (AHF) as the most appropriate federal funding stream to achieve the Region's objectives. The key elements of the AHF program that the Region must consider include:
 - a. Funding commitments under the AHF are to be aligned with the current ten-year National Housing Strategy which launched in 2017.
 - b. Ensuring that funding agreement(s) under the AHF be executed before program is fully allocated.
 - c. Confirmation from the municipality, through a Council resolution, that funding will be in place to ensure the operational costs of the facility and programming are secured.
- 4.2 In November 2024 CMHC launched the Rapid Housing Sub-Stream of the Affordable Housing Fund which supports the construction of shelters, transitional and supportive housing for those in the greatest need. The funding available in this sub-stream is a combination of loan, forgivable loan and grant contribution, depending on the requirements of the project. For 1635 Dundas Street, the total funding opportunity available through CMHC's Affordable Housing Fund (AHF) is substantial (i.e., \$40 million in grant contribution), and without a Council resolution, the Region risks losing this critical financial support, which is essential for advancing the 1635 Dundas Street Phase 2 project and meeting our affordable housing objectives.

5. Phase 2 of 1635 Dundas Street East

- 5.1 In June 2024, staff presented Regional Council with an update on Homelessness in Durham. Community Engagement for this project has proceeded in two phases:
 - a. Phase One included the creation of a Community Liaison Committee with members from the surrounding neighbourhood, residents of Whitby, service providers, Town of Whitby staff and Regional staff. The Committee had its first monthly meeting in January 2024 and continues to meet.
 - b. Phase Two was launched at the end of June with the release of a Community Engagement survey. The survey remained open for responses until

September 27, 2024, and feedback from the survey will help inform detailed design and final programming.

- 5.2 The June 2024 presentation to Council also included conceptual plans created by LGA Architects, which highlighted programming areas such as the low-barrier shelter, transitional housing, supportive housing, recovery beds and victim services recovery (all identified as needed services during the Phase 1 Community Engagement process).
- 5.3 LGA was retained to complete the conceptual design of the project. To be ready for federal and provincial funding opportunities. LGA Architects' familiarity with the project through the completion of the conceptual design, familiarity with the building, understanding of programming needs and the Community Engagement process allowed for efficiencies in both time and cost to ensure the project can be shovel ready in keeping with CMHC's requirements.
- 5.4 Utilizing conceptual design elements, Phase 2 will involve renovating the second and third floors of 1635 Dundas into 70 units, including single and double occupancy units of up to 104 new supportive housing beds.
- 5.5 Staff continue to collaborate with community health provider agencies about planning for proposed programs. There are currently signed letters of agreement with Lakeridge Health, Ontario Shores, Saint Elizabeth Health Care, Victim Services of Durham Region and Durham College. The individual agencies are seeking funding through various provincial and federal opportunities to support their programming needs. Opportunities to build partnerships with additional community health providers will continue to be explored.
- 5.6 When partners are able to secure additional funding, it will significantly reduce the amount of Regional contribution required for the operating costs of the 1635 Dundas Street East Phase 2 project. This collaborative effort will not only alleviate the financial burden on the regional tax base but also enhance the overall sustainability and success of the project. By leveraging external funding sources, this will ensure that the supportive housing units and shelter beds are fully operationalized, while maintaining our commitment to improving housing affordability and access in the community.

6. Council Resolution

- 6.1 In order to move forward with the underwriting process, CMHC requires a commitment from Regional Council confirming its support in funding the ongoing operating costs of 1635 Dundas East.

7. Financial Implications

- 7.1 The estimated capital costs for the 1635 Dundas Street Phase 2 project are \$46.435 million. To date \$6.435 million in federal funding has been secured under the federal Encampment Homelessness Initiative program with the Region currently

working with CMHC to secure the remaining \$40.0 million through a federal grant contribution from the Rapid Housing Sub-Stream of CMHC's Affordable Housing Fund program. To secure this grant funding CMHC requires confirmation of Regional Council's commitment to fund the operating costs associated with 1635 Dundas.

- 7.2 Table 1 provides a summary of the operating costs of \$11,865,628 and potential financing for 1635 Dundas including those costs approved through the 2025 Business Plans and Budget for operations of 1635 Dundas Street – Phase 1. The operating cost estimates are based on information and scope of services currently available and cost estimates will be finalized through the final designs and plans for 1635 Dundas and will be included in the 2026 Business Plans and Budgets.

Table 1: 1635 Dundas Street E, Operating Assumptions and Investments

Component	2025 Approved Budget	Incremental Increase for Supportive Housing	Total
<u>Estimated Operating Costs</u>			
Existing Shelter Operations	\$3,097,412	-	\$3,097,412
Facilities Maintenance	\$1,662,006	\$1,615,262	\$3,277,268
Supportive Housing Operations	-	\$5,490,948	\$5,490,948
Total Estimated Operating Costs	\$4,759,418	\$7,106,210	\$11,865,628
<u>Estimated Operating Financing</u>			
Provincial Contribution	(\$4,759,418)	-	(\$4,759,418)
Rent (from supportive housing program participants)	-	(\$486,720)	(\$486,720)
Balance of funding to be confirmed from senior levels of government, partnership contributions, and additional Regional contribution	-	(\$6,619,490)	(\$6,619,490)
Total Estimated Operating Financing	(\$4,759,418)	(\$7,106,210)	(\$11,865,628)

- 7.3 As identified in the above table \$6,619,490 in financing for the estimated annual operating costs will need to be addressed through a combination of senior level government investments, potential partner contributions, and additional Regional funding provided in the 2026 Business Plans and Budgets. This is to accommodate the commencement of operations projected for Winter 2026.

8. Relationship to Strategic Plan

8.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- a. Strategic Direction – Connected and Vibrant Communities:
 - C2. Enable a full range of housing options, including housing that is affordable and close to transit.
- b. Strategic Direction – Healthy People, Caring Communities
 - H2. Collaborate with partners to respond to complex social issues that improve community safety and well-being, including mental health and addictions.
 - H3. Integrate and co-ordinate service delivery for positive life outcomes, including investments in poverty prevention, housing solutions, and homelessness supports.
- c. Strategic Direction – Strong Relationships
 - S4. Advocate to the federal and provincial government and agencies to advance regional priorities.

9. Conclusion

- 9.1 There is a critical need to move quickly to secure funding through CMHC's Affordable Housing Fund (AHF) to help achieve the Region's affordable housing objectives. There was much anticipation for the release of the Rapid Housing Sub-Stream of the AHF and CMHC staff have been clear that the current funding allocation is limited and will likely be committed quickly to shovel-ready projects that have secured operational funding.
- 9.2 CMHC requires Regional Council to commit to funding the operating costs of 1635 Dundas, Phase 2, in order for the AHF application to move forward to secure capital funding.
- 9.3 Failure to secure the funding opportunity with CMHC will place a significant impact on the Region's property tax base to finance the capital costs related to the Phase 2 project.

Respectfully submitted,

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer