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The Regional Municipality of Durham Report

To: Committee of the Whole
From: Commissioner of Social Services, Commissioner of Works and
Commissioner of Finance
Report: #2025-COW-11
Date: March 19, 2025

Subject:

Confidential Report of the Commissioners of Works, Finance and Social Services –
Proposed or Pending Acquisition or Disposition of Land for Regional Corporation
Purposes as it relates to the Acquisition of Property in the City of Oshawa

Recommendation:

That the Committee of the Whole recommends to Regional Council:

- A) That a purchase agreement for the former Grandview Rehabilitation and Treatment Centre of the Durham Region site in the City of Oshawa for future Social Services purposes be approved with an upset limit as follows:

Grandview Rehabilitation & Treatment Centre	600 Townline Rd South Parcel B-2 Section M1177; Part Block B Plan M1177, PTS 1, 9, 40R6117; S/T LT152762, LT597755, in the City of Oshawa	\$6,800,000
Equipment and furnishings	Equipment, furnishings and fixtures, etc.	\$1,000,000
Total		\$7,800,000

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- B) That financing for the acquisition at an offer price of \$6,800,000 be funded from debenture financing;
 - C) That financing for unbudgeted capital project for equipment and furnishings, in an amount of up to \$1,000,000 be approved and be financed from the Capital Project Reserve (Best Start Funding);
 - D) That the Commissioner of Finance/Regional Treasurer be authorized to execute all necessary agreements associated with the debenture financing;
 - E) That the Commissioner of Works be authorized to execute all documents associated with the Agreement of Purchase and Sale; and
 - F) That staff be authorized to publicly release the confidential information from the report at the appropriate time.
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Report:**1. Purpose**

- 1.1 The purpose of this report is to obtain approval for the strategic acquisition of 600 Townline Road South, in the City of Oshawa (Oshawa). The acquisition cost is currently under negotiation; however, a third-party appraiser has estimated the fair market value to be \$7,100,000. The Region has proposed a purchase price of \$6,800,000.

2. Background

- 2.1 In October 2024, the Region identified the property at 600 Townline Road South in the City of Oshawa as a potential acquisition opportunity for Social Services purposes.
- 2.2 The site is currently owned by the Grandview Rehabilitation and Treatment Centre of Durham Region (Grandview Children's Centre). It comprises a 2,679 m² (28,841 sq. ft.) one-storey institutional building on a 1.6-hectare (4.01 acre) parcel of land at the northwest corner of Townline Road South and Bloor Street East in Oshawa. The building has been vacant since November 2024, with Grandview Children's Centre having completed their transition into a new facility in Ajax.

3. Property Acquisition

- 3.1 The current owner of the property commissioned a third-party appraisal as of September 26, 2023. The appraiser (Colliers) determined the fair market value of the property to be \$6,450,000. The appraisal has been updated as of January 13, 2025, with a fair market value of \$7,150,000. This is in the \$6,310,000 to \$7,100,000 range determined by the internal valuation as of October 30, 2024. The Region has offered a price of \$6,800,000, which the seller has accepted, conditional on Council approval.
- 3.2 The City of Oshawa Official Plan designates the site as Residential. The Durham Regional Official Plan (“Envision Durham”) designates the subject site as Community Areas with a Regional Corridor overlay. The site is designated “Residential” within the City of Oshawa Official Plan. These designations allow for housing, commercial uses such as retail shopping and personal service uses, offices, institutional uses, community uses, and public service facilities such as schools, libraries, and hospitals, as well as an array of cultural and recreational uses. Housing should be multi-storey, compact, pedestrian-friendly, and transit supportive, and apply the relevant transit-oriented development design principles.
- 3.3 The property is zoned R2 (Residential Type 2 Zone) and CIN (Community Institutional Zone). This zone permits residential dwellings and other uses such as schools, churches, nursing homes, homes for the aged, childcare centres, libraries, parks, open space and recreation uses, convenience commercial centres, limited office, retail and personal service uses, convenience stores, home occupations, and group homes. Public Uses are permitted on the site, which includes uses owned/operated by the Region.

4. Progressive Use of the Current Property

Child Care and Early Years

- 4.1 Social Services has identified that there is flexibility within the currently licensed capacity among the Region’s eight Directly Operated child care centres, allowing for a redistribution of licensed capacity to maximize operating capacity through the creation of a new child care centre.
- 4.2 A new site would provide the physical space to utilize licensed capacity currently unused due to existing site limitations. Additionally, these spaces would be part of the Canada-Wide Early Learning and Child Care system, providing more families with increased access to affordable child care.

- 4.3 The site would also offer space to expand EarlyON Child and Family programming and provide a location to consolidate services offered through Special Needs Resourcing agencies and Early Learning and Child Care training and education programs; each of these services falling within the Region's mandated role as the Consolidated Municipal Service Manager for child care and early years programs for Durham Region.
- 4.4 The scope of the project includes architectural and engineering services for the design, tender, and contract administration required for the renovations at the proposed Grandview site.
- 4.5 The objective is to ensure the new facility meets all mandatory Child Care and Early Years Act regulations and Region standards.

Opportunity for Affordable and Mixed Market Housing

- 4.6 Along with the retention and reuse of the existing building, part of the site provides the opportunity for new affordable and mixed market housing. Staff retained Urban Strategies Inc. (USI) to investigate the feasibility of providing complementary residential development on-site.
- 4.7 The southeast corner of the property is undeveloped and provides enough space to develop 36 apartments in a four-storey building. There is also an opportunity to develop approximately 16 stacked townhouses along Townline Road. A massing study/development concept prepared by USI illustrates how new development could be accommodated by redesigning a small area of surface parking and developing a grassed area next to the Bloor/Townline intersection. The proposed density would be approximately 32 units per hectare (uph) (see Figure 1).

Figure 1: Massing Study

(Source: Urban Strategies Inc.)

- 4.8 Upon Council's approval of the recommendations of this report and the Housing and Homelessness Service and Financing Study (Report 2025-COW-14), staff will arrange a pre-consultation meeting with the City of Oshawa staff and commenting agencies to determine their technical and process requirements for new housing on-site. These requirements would be addressed through the detailed design process and a required future site plan application. Expediting the detailed design process and a Class B cost estimate will position the project for potential future CMHC financing.
- 4.9 The concept also leaves a potential long-term opportunity to redevelop the entire site for housing purposes in the future should it ultimately be deemed surplus to the Region's needs.
- 4.10 Should Council endorse the introduction of new housing on a portion of the site, the site could also serve in the interim as swing space that will allow the relocation of residents from other DRLHC redevelopment sites. The development would provide unit sizes that could accommodate families as well as smaller units. Providing childcare and other day programs on-site will complement the introduction of new housing.

Community Programming and Supports

- 4.11 The property presents an opportunity for a variety of Regional programming or community supports to be offered on site. Staff will explore these opportunities throughout 2025. Potential uses of the site include programming to enhance the quality of life for seniors, child and family programming, early learning and child care, family counselling, mental health outreach services, support groups, educational workshops, and a community programming site.

5. Financial Implications

- 5.1 The following table provides a summary of the estimated property acquisition and initial furniture, fixtures and equipment costs and proposed financing to operate a significant portion of the existing building for EarlyON Child and Family programming and provide a location to consolidate services offered through Special Needs Resourcing agencies and Early Learning and Child Care training and education programs.

Expenditures:

Property Acquisition	\$6,800,000
Furniture, Fixtures and Equipment	<u>\$1,000,000</u>
Total Expenditures	\$7,800,000

Proposed Financing:

Debentures	\$6,800,000
Capital Project Reserve (Best Start Funding)	<u>\$1,000,000</u>
Total Proposed Financing	\$7,800,000

- 5.2 The annual operating costs associated with this portion of the development are estimated at \$500,000. These costs are anticipated to begin in 2026 and will be included in the 2026 Business Plans and Budgets. Staff will explore opportunities to allocate subsidy to minimize the property tax levy impact.
- 5.3 Based on current interest rates for a 20-year debenture, the estimated annual debt servicing costs associated with the proposed \$6,800,000 debenture is approximately \$542,000. Actual debt servicing costs will vary based on market conditions at the time of debenture issuance, term and debenture instrument selected.

- 5.4 The Regional Treasurer has updated the Region's debt and financial obligation limit and has determined that the limit will not be exceeded with issuance of this additional debenture amount.
- 5.5 The estimated capital and associated operating costs along with the proposed financing for the affordable and mixed market housing development outlined in this report has been included in the Housing and Homelessness Services 2025 – 2034 Service and Financing Strategy (Report #2025-COW-14) for Committee and Council's consideration.
- 5.6 Capital and operating budgets including financing for more extensive renovation and retrofit work of the existing facility on this property to accommodate other Social Services programming will be included in future Business Plans and Budgets for Council's consideration.

6. Relationship to Strategic Plan

- 6.1 This report aligns with/addresses the following Strategic Direction(s) and Pathway(s) in Durham Region's 2025-2035 Strategic Plan:
- a. Connected and Vibrant Communities
 - C1. Align Regional infrastructure and asset management with projected growth, climate impacts, and community needs.
 - C2. Enable a full range of housing options, including housing that is affordable and close to transit.
 - b. Healthy People, Caring Communities
 - H3: Support the development of healthy children and youth, including access to affordable and quality child care.

7. Conclusion

- 7.1 The acquisition of the former Grandview site presents a significant opportunity to create new early years and childcare spaces, potential adult day programming for seniors, space for family counselling, and new affordable and mixed market housing. Additionally, the site presents significant opportunities to enhance community services and support for various Regional priorities. A detailed feasibility study, stakeholder engagement, and implementation plan is planned to ensure the successful execution of these initiatives.

- 7.2 Should the property be successfully acquired, further reports to Council outlining the next steps and consultation recommendations will be presented.
- 7.3 For additional information, please contact Christine Dunkley, Director, Corporate Infrastructure and Strategic Business Services at 905-668-7711, extension 3475 or Gary Muller, Director of Affordable Housing Development and Renewal at 905-668-7711, extension 2575.

Respectfully submitted,

Original signed by

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Recommended for Presentation to Committee

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