



The Regional Municipality of Durham Report

To: Finance & Administration Committee
From: Commissioner of Finance
Report: #2025-F-8
Date: May 13, 2025

Subject:

Wind Down of the Regional Revitalization Program and Rescinding the Redundant Pickering Casino Reserve Fund By-law

Recommendation:

That the Finance & Administration Committee recommends to Regional Council:

- A) That the Regional Revitalization Program (RRP) be cancelled with no new applications being considered, and any existing approved projects continue to receive the committed payments in accordance with the milestones set out in the executed project agreements, as the enabling legislative mechanism that the Region relied upon to provide financial assistance to third party redevelopment projects is no longer legally available to the Region following the changes to the Region's role in land-use planning through Bill 23 – the More Homes Built Faster Act, 2022, wherein the Region is now an "upper-tier municipality without planning responsibilities," and that after almost twenty years, the original intent of the RRP has been primarily achieved;
- B) That the Regional Revitalization Reserve Fund be dissolved and one-time funding from the current uncommitted balance of the Regional Revitalization Reserve Fund be allocated to the following initiatives:
 - i) \$1 million be transferred to tariff response related economic development initiatives planned for 2025 that address local economic impacts on small businesses in Durham caused by the tariff dispute primarily between Canada and the United States;
 - ii) \$0.912 million be transferred to the Economic Development Reserve Fund for future economic development and tourism related uses intended to grow downtown vibrancy and economic prosperity across the Region; and,
 - iii) The balance of Reserve Fund, estimated at \$10 million, be allocated for critical housing capital repairs and corresponding building condition assessments (BCAs) for external legacy third-party community housing providers, as identified through the Region's Housing and Homelessness Service and Financing Strategy (2025 – 2034);

- C) That the Regional Revitalization Reserve Fund be automatically repealed upon all existing commitments being settled through existing executed contribution agreements with local municipalities.
 - D) That any future increased property tax revenue generated from projects that have been approved under the RRP be redirected from the Regional Revitalization Reserve Fund to the General Levy revenues to assist with budgetary pressures; and,
 - E) That By-law 11-2023, the by-law governing the Pickering Casino Revenues reserve fund, be repealed since the current balance in the reserve fund is zero and the reserve fund is not required, as the Region's share of funding from the Reserve Fund is being treated as flow through funding to support housing and homelessness initiatives through the Corporate Items budget in the Annual Business Plans and Budgets.
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Report:

1. Purpose

- 1.1 The purpose of this report is to highlight the past successes of the Regional Revitalization Program (RRP) and to advise of the need to discontinue the program, as the program has lost its legislative mechanism to flow funds under the Planning Act. The RRP has broadly served its purpose of redeveloping key areas within the Region, including downtowns, through Regional support of projects demonstrating both financial needs related to redevelopment and positive revitalization benefits to Durham's communities. Market demand has generally been established and while financial support is still sought, it is no longer a determining factor in a project proceeding.
- 1.2 It is also recommended that the Region continue to honour existing RRP commitments through its existing executed contribution agreements with local municipalities.

2. Background

- 2.1 Regional Council established the RRP on October 8, 2008 (refer to Report #2008-J-37) for a term of five years. The RRP was renewed indefinitely by Regional Council on March 5, 2014 (refer to Report #2014-J-10).
- 2.2 The RRP is a partnership between the Region of Durham and participating area municipalities and aims to strategically target Regional investment towards key areas that advance the goals of the former Regional Official Plan¹ and achieve positive economic and community objectives and support development that would not otherwise proceed without municipal financial assistance.

¹ Pursuant to Bill 23, as of January 1, 2025, implementation of the Regional Official Plan (Consolidation December 13, 2024) has become the responsibility of Durham's eight area municipalities. Each area municipality may repeal or amend it.

2.3 For a summary of key elements of the RRP, refer to Attachment #1.

3. Previous Reports and Decisions

3.1 Report #2008-J-37: Proposed Regional Revitalisation Program, File: D24-02

3.2 Report #2014-J-10: Continuation of the Regional Revitalization Program

3.3 Report #2023-F-6: Memorandum of Understanding for the Sharing of the Pickering Casino Revenue

3.4 Report #2025-COW-14: Housing and Homelessness Service and Financing Strategy (2025 – 2034)

4. Successes from the Regional Revitalization Program

4.1 The Region plays a key role in the revitalization of downtowns. In addition to providing critical infrastructure, like transit, roads, water and wastewater to support intensification and growth, the Region has also provided financial or in-kind support to signature redevelopment projects through participation in area municipal CIPs

4.2 In May 2003, the Region of Durham established a pilot program to assist area municipalities in offsetting expenditures incurred in the revitalization of Main Central Areas (MCAs) located in CIPs (refer to Report #2003-J-15).

4.3 Under this Program, the Region committed \$250,000 to the City of Oshawa in 2003 for the redevelopment of the former Bond Towers office building (located at 44 Bond Street West and 50 Bond Street West) into residential condominium units known as Parkwood Residences by Atria Developments.

4.4 The RRP was implemented in 2008. The RRP was designed to ensure a focused approach for Regional participation in local CIPs; recognizing the higher risk associated with the redevelopment of downtown areas, while ensuring effective use of Regional resources that are limited relative to larger overall needs of the Region's eight area municipalities.

4.4 The RRP has been effective. Evaluation of eligible projects have been conducted on a case-by-case basis that ensures any Regional investment is targeted towards projects that demonstrate municipal financial need.

4.5 Since the program's inception in 2008, Regional Council has approved thirteen projects through the RRP, with assistance amounting to \$19.0 million in the municipalities of Ajax (1 project, \$1.5 million, \$3.5 million in kind works), Oshawa (8 projects, \$12.8 million), Uxbridge (2 projects, \$329,730) and Whitby (2 projects, \$925,580). Please refer to Attachment #2 for a list of approved projects under the RRP.

5. Provincial Legislation and Recent Changes Impacting the Region

- 5.1 The legislative mechanism that the Region relied upon to provide financial incentives to area municipalities was made possible through an amendment to the *Planning Act* in 2006 and subsequent inclusion of enabling policies into the Region's Official Plan (ROP) in 2008.
- 5.2 On October 19, 2006, the *Planning Act*, was amended to give upper-tier municipalities (i.e. the Region) the authority to participate in area municipal CIPs by providing grants or loans to the area municipalities.
- 5.3 For the Region to exercise this authority, the *Planning Act* required that policies relating to community improvement be included in the ROP.
- 5.4 On June 20, 2007, Regional Council authorized the initiation of an amendment to the ROP to introduce policies addressing the Region's involvement in community improvement initiatives. The amendment was adopted in 2008.
- 5.5 Recently, the Region of Durham's role in land-use planning changed significantly with the introduction of Bill 23 – the More Homes Built Faster Act, 2022. Effective January 1, 2025, the Region became an "upper-tier municipality without planning responsibilities," meaning in addition to the Region not having responsibility to approve applications under the Planning Act, the Regional Official Plan is now implemented by the area municipalities, and they can appeal or amend it until such time as they complete their next official plan review. As the ROP is no longer implemented by the Region, the Region cannot legally rely upon the *Planning Act*, and the policies contained within the ROP for authority to provide Regional financial assistance to redevelopment projects through area municipal CIPs.

6. Current Financial Challenge is Community Housing Provider Capital Needs

- 6.1 In its provincially legislated role as Service System Manager, the Region funds and administers the community housing system in Durham. Community housing provides almost 30 per cent of the rental housing supply in Durham and most of the affordable rental supply.
- 6.2 There are approximately 6,000 community housing units across Durham, and roughly 4,400 of those units are Rent-Geared-to-Income.
- 6.3 The majority of community housing stock is aged and in need of urgent capital repair. It is critical to maintain current stock before it reaches a state beyond repair that requires immediate redevelopment. The cost for capital repair work continues to increase and rental revenue increases are not able to keep pace. This, along with aging critical infrastructure reaching end of life (elevators, roofs, windows, etc.) is putting considerable strain on limited capital reserves across the sector. It is also challenging to make improvements in areas of energy efficiency, accessibility and in-suite cooling when there is an urgent need to address these critical systems.

- 6.4 According to the Housing and Homelessness Service and Financing Strategy (2025 – 2034) (refer to Report #2025-COW-14), it is estimated that approximately \$30 million annually is needed to maintain community housing assets in an optimal state of good repair. Collectively, community housing provider reserves for capital projects hold less than half of this amount.
- 6.5 It is also important to facilitate regular BCAs to ensure proper monitoring of building conditions across the sector and provide planning support for providers, many of which have limited capacity in this area.
- 6.6 The dissolution of the RRP provides an opportunity to make approximately \$10 million available in one-time funding to the highest need capital projects of the community housing providers.
- 6.7 Regional staff are currently developing a competitive Regional Capital Repair Program following Council approval of the Housing and Homelessness Service and Financing Study (2025-2034) and can leverage the new application, assessment and monitoring process to advance this funding.

7. Tariff Response Activities Funding and Future Economic Development Programming

- 7.1 In response to the local economic impacts of U.S. and retaliatory tariffs and related uncertainty, the Durham Economic Task Force (DETF), comprised of Regional Economic Development, Area Municipal Economic Development, the Chambers of Commerce and Boards of Trade, and the post-secondary institutions, are collaborating to deliver projects and programming that provide support to affected businesses and address broader economic impacts.
- 7.2 Local economic impacts may include reduced spending at local small businesses in the retail, service, and tourism industries and on smaller local goods producers. To respond to these impacts, the DETF is planning promotional campaigns this summer and fall to attract tourism spending to these local businesses, and promote consumer products and services produced by Durham employers. The DETF is also exploring opportunities to showcase and promote Durham-based producers of commercial and industrial goods. It is recommended that \$1 million be transferred and used for these, and similar or related uses.
- 7.3 Additionally, the objectives of the RRP were to advance positive economic and community objectives in primarily urban and downtown areas. It is recommended that \$0.912 million be transferred to the Economic Development Reserve Fund for future regional economic development and tourism related projects intended to grow downtown vibrancy and economic prosperity across the Region's 14 downtown and 'main street' areas of Ajax Downtown, Beaverton, Bowmanville, Brooklin, Cannington, Newcastle, Orono, Downtown Oshawa, Pickering Nautical Village, Pickering Village, Port Perry, Sunderland, Uxbridge, and Downtown Whitby.

8. Rescinding the Redundant Pickering Casino Reserve Fund By-law

- 8.1 In 2023, Regional Council approved entering into a Memorandum of Understanding with the City of Pickering for sharing of revenues from the Pickering casino, including the establishment of a reserve fund for Pickering Casino Revenues (refer to Report #2023-F-6). However, the Region's share of funding is being treated as a flow through funding to support housing and homelessness initiatives through the Corporate Items budget in the Annual Business Plans and Budgets. The current balance in the reserve fund is zero and the reserve fund is not required. Consequently, it is deemed appropriate to repeal By-law 11-2023 that established the Pickering Casino Revenues Reserve Fund.

9. Financial Implications

- 9.1 There are currently five projects being funded from the RRP. Existing commitments of approximately \$10.3 remain outstanding for these approved projects, which will continue to receive the committed payments in accordance with the milestones set out in the executed project agreements.
- 9.2 The uncommitted balance in the Regional Revitalization Reserve Fund is approximately \$11.912 million at December 31, 2024 and is no longer required for the intended purpose of the RRP. With the pressing needs as described above, it is recommended that \$1.912 million be transferred to economic development uses designed to respond to the local economic impacts of U.S. and retaliatory tariffs on Durham small businesses as well as future economic development projects to grow downtown vibrancy, with the balance of approximately \$10 million be allocated for critical housing capital reports for external legacy third-party community housing providers as identified through the Housing and Homelessness Service and Financing Strategy (2025 – 2034).
- 9.3 The reserve fund for the RRP is no longer required and will be dissolved. In addition, it has been determined that the reserve fund for the Pickering Casino Revenues is not required and the by-law governing that reserve fund should be repealed.

10. Relationship to Strategic Plan

- 10.1 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.
- C6. Continue to revitalize and transform downtowns into hubs of economic, social, and cultural connection.

- C7. Create accessible, lively, and culturally welcoming public spaces, including opportunities to access nature.

e. Strong Relationships

- S1. Enhance inclusive opportunities for community engagement and meaningful collaboration.
- S3. Collaborate across local area municipalities, with agencies, non-profits, and community partners to deliver co-ordinated and efficient services.
- S5. Ensure accountable and transparent decision-making to serve community needs, while responsibly managing available resources.

11. Conclusion

11.1 The purpose of this report is to highlight the past successes of the RRP and recommend discontinuation of the program, as the program has broadly served its purpose of redeveloping key areas within the Region, including downtowns, through Regional support of projects demonstrating both financial needs related to redevelopment and positive revitalization benefits to Durham's communities.

11.2 Recently, the Region of Durham's role in land-use planning changed significantly with the introduction of Bill 23 – the More Homes Built Faster Act, 2022. Effective January 1, 2025, the Region became an "upper-tier municipality without planning responsibilities," meaning in addition to the Region not having responsibility to approve applications under the Planning Act, the Regional Official Plan is now implemented by the area municipalities, and they can appeal or amend it until such time as they complete their next official plan review. This legislative change has compromised the legal mechanism for providing Regional financial assistance to redevelopment projects through area municipal CIPs.

11.3 The Region will continue to honour existing RRP commitments through its existing executed contribution agreements with local municipalities.

11.4 This report has been prepared with assistance from Development Approvals – Works, Community Growth and Economic Development, Social Services – Housing Division and Corporate Services – Legal Services Division.

12. Attachments

Attachment #1: Key Elements of the Regional Revitalization Program

Attachment #2: Approved Projects Under the Regional Revitalization Program (2025)

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer

Project	Municipality	Description	Regional Assistance	Status
Heathrow Group – 40 King Street West (2025)	Oshawa	Proposing to convert a largely vacant and underutilized office building at 40 King Street West into a mixed residential/commercial building. The building is located in the City of Oshawa's Urban Growth Centre Community Improvement Plan. The proposal contains 119 apartment rental units, comprising 105 two-bedroom units and 14 one-bedroom units.	Up to \$1,350,000	Approved by Regional Council on February 26, 2025. The Contribution Agreement is executed.
Atria Development Corp. 35 Division Street (2024)	Oshawa	Proposing to develop a 12-storey, 233-unit purpose-built rental apartment building with approximately 2, 200 square feet of retail floor space and 218 subsurface parking spaces on three levels at 35 Division Street in the Downtown Oshawa Urban Growth Centre.	Up to \$4,900,000	Approved by Regional Council on September 25, 2024. Contribution Agreement is being reviewed by City staff.
Medallion Developments Ltd. 135 Bruce Street (2024)	Oshawa	Proposing to develop a multi-phased mixed-use development for Phase 1, which consists two purpose-built apartment buildings and will result in a total of 509 units. The site is currently a vacant brownfield site.	Up to \$3,900,000	Approved by Regional Council on June 26, 2024. The Contribution Agreement is executed.
Brookfield Residential (2020) 201 Brock Street South, Town of Whitby, legally described as Lots 1, 2, 3 and 4, and Part of Lots 17, 18, 19 and 20, 2nd Double Range, Plan H50031; Part 1, Plan 40R-30568; Town of Whitby, being All of PIN 26503-0270 (LT)	Whitby	Development of a six (6)-storey mixed-use development (including residential condominiums and commercial space), under the marketing name Station No.3. The proposed project includes 160 residential condominium units, and approximately 9,505 square feet of ground floor commercial space.	\$625,580	100% of financial assistance has flowed to proponent.
Uxmed Inc.	Uxbridge	Development of a new	\$114,350	Approved by

Development for the Uxbridge Health Centre at 4 Campbell Drive (2019)		36,532 square foot integrated medical facility to enhance quality of care and assure continued physician support.		Regional Council on December 19, 2019. The site plan drawings have not been approved yet, RRP agreement cannot be finalized. Outstanding Commitments: \$114,350
City Homes Development at 215-234 Perry St and 205 John St. (2019) 215-234 Perry Street, 205 John Street East	Whitby	Development of a six (6) storey purpose-built rental apartment building, known as the Ashbrooke, with 114 residential apartment units and one (1) level of underground parking	\$300,000	100% of financial assistance has flowed to proponent.
Bond and Mary Development Inc. (Phase 2) 80 Bond St. E (2018)	Oshawa	Redevelopment of a mixed use residential/commercial development. (Phase 2) 370 apartment units 5,000 square feet of ground floor commercial	\$580,000	100% of financial assistance has flowed to proponent.
Genosha Hotel (TT7 Inc.) (2017) 68-72 King Street East legally described as "LT 6 N/S KING ST PL H50003 OSHAWA; LT 7 N/S KING ST PL H50003 OSHAWA; PT LT 5 N/S KING ST PL H50003 OSHAWA AS IN D275134 (THIRDLY); PT LT 6 S/S BOND ST PL H50003 OSHAWA; PT LT 7 S/S BOND ST PL H50003 OSHAWA AS IN D275134 (SECONDLY)	Oshawa	Redevelopment of a mixed use apartment/commercial building. 86 apartment units 22,000 square feet of commercial	\$564,000	100% of financial assistance has flowed to proponent.
Genosha Hotel	Oshawa	Redevelopment of a mixed	\$490,000	Not proceeding

(Bowood Properties) (2016)		use apartment/commercial building.		due to ownership issues.
<p>Bond and Mary Development Inc. (2015) 100 Bond St. E</p> <p>100 Bond Street East legally described as PT LT 13 S/S RICHMOND ST PL 71 OSHAWA; PT RICHMOND ST PL 4 OSHAWA AS SHOWN ON PL 335 CLOSED BY OS23998; PT LT 13 N/S BOND ST PL 71 OSHAWA; PT LT 14 N/S BOND ST PL 71 OSHAWA; PT LT 14 S/S RICHMOND ST PL 71 OSHAWA PT LT C36 SHEET 8 PL 335 OSHAWA, PARTS 1, 2 & 3 PLAN 40R28464; SUBJECT TO AN EASEMENT IN GROSS AS IN DR1025159; SUBJECT TO AN EASEMENT AS IN DR1490988</p>	Oshawa	<p>Redevelopment of a mixed use residential/commercial development. (Phase 1)</p> <p>239 apartment units 13,000 square feet of ground floor commercial</p>	\$430,000	100% of financial assistance has flowed to proponent.
<p>Medallion Development (Bayly Square) (2011)</p> <p>Southwest corner of Harwood Avenue and Bayly Street in the Town of Ajax (Building A and B ONLY)</p>	Ajax	Construction of a mixed use development, including retail, office and high density residential, with a pedestrian oriented civic square for social and cultural activities.	<p>Regional Financial Assistance: \$1,451,000</p> <p>Regional Works & Pumping Station: <u>\$3,500,000</u></p> <p>TOTAL: <u>\$4,951,000*</u></p> <p>*Commitment includes costs associated with relocation of a Regional storm sewer, sanitary sewer and watermain. In addition, the Region, in the 2013 DC By-law update, included a sanitary pumping station, forcemain and</p>	100% of financial assistance has flowed to proponent.

			associated appurtenances valued at an additional \$3.5 million to accommodate future phases of development.	
First Leaside (2010)	Uxbridge	Construction of an office building, including remediation of a brownfield site.	\$215,380	Not proceeding due to project issues – not municipal related
Genosha Hotel (2009)	Oshawa	Redevelopment of a mixed use apartment (103 bachelor suites)/commercial building (16,900 sq. ft.)	\$550,000	Not proceeding due to project issues – not municipal related

KEY ELEMENTS OF THE REGIONAL REVITALIZATION PROGRAM

- The RRP targets new projects within Community Improvement Plan (CIP) Areas as recommended by area municipalities;
- The RRP focuses on initiatives that advance goals of the former Regional Official Plan (ROP) as a basis for achieving positive economic and community objectives;
- The RRP encourages both residential and employment growth in the Region's key urban locations, including Regional Centres and Regional Corridors, and brownfield sites throughout the Region, which are given preference;
- The project must entail significant and substantial revitalization and/or development. Construction cannot already be underway. Examples of eligible project types are:
 - New construction
 - Additions to existing buildings
 - Redevelopment
 - Brownfield redevelopment
- Projects involving façade improvements are not eligible under the RRP;
- Program eligibility is determined through the submission of an application, including a business case by the supporting area municipality, which demonstrates the benefits of the project and the need for Regional financial assistance. Area municipalities must submit an application, including a business case, to the Region's Commissioner of Finance;
- Applications are reviewed and evaluated by the Commissioners of Community Growth and Economic Development, Works and Finance to ensure that program eligibility and business case requirements are addressed;
- Recommendations regarding project selection are then presented to the Finance & Administration Committee or the Committee of the Whole and Regional Council;
- Regional financial assistance under the RRP is not to be greater than the area municipality's financial assistance;
- Funds for approved community improvement projects will be transferred to the applicable area municipality at the following stages:
 - Building permit issued by area municipality: 50%
 - Framing inspection, or equivalent structural completion, Passed by the area municipal building inspection authority: 40%
 - Occupancy permit received from area municipal building authority or passed preoccupancy inspection of those municipalities which do not issue an occupancy permit: 10%
- The participating area municipalities are required to provide relevant project information for all qualified community improvement projects approved through the RRP on an annual basis for the five years after substantial occupancy of each project;

- Funding is provided through the Regional Revitalization Reserve Fund, which is replenished through the dedication of the increased Regional property tax revenue of the RRP projects, resulting from increased current value assessment; and
- Regional financial assistance operates like a grant; it is not an exemption from Regional Development Charges, a reduction in property taxes, or a contribution towards Regional infrastructure