



The Regional Municipality of Durham Report

To: Committee of the Whole
From: Commissioner of Finance, Commissioner of Community Growth and Economic Development and Commissioner of Works
Report: #2026-COW-20
Date: April 15, 2026

Subject:

Request for Regional Financial Assistance under the Regional Revitalization Program by Colborne Apartments LP (the "Owner") for the Redevelopment at 44 Colborne Street East in the City of Oshawa

Recommendation:

That Committee of the Whole recommends to Regional Council:

A) That the application submitted by the City of Oshawa, on behalf of Colborne Apartments LP (Colborne Apartments), under the Regional Revitalization Program (RRP), requesting Regional financial assistance for the redevelopment of an underutilized urban infill site into a six-storey, purpose-built rental apartment building located at 44 Colborne Street East in the City of Oshawa be approved, subject to the following conditions:

- i) The Region to provide up to \$250,000 for the redevelopment, with funding provided from the Regional Revitalization Reserve Fund and transferred to the City of Oshawa for distribution to Colborne Apartments, in accordance with the timing and flow of funds under the RRP:

| | |
|--|-------------|
| Full building permit issued to Colborne Apartments | 50 per cent |
|--|-------------|

| | |
|--|-------------|
| Framing inspection (or equivalent structural completion), passed by the area municipal building inspection authority | 40 per cent |
|--|-------------|

| | |
|--|-------------|
| Occupancy permit received from the area municipal building authority or passed preoccupancy inspection of those municipalities which do not issue an occupancy permit; | 10 per cent |
|--|-------------|

- ii) The City of Oshawa executes the necessary agreements with Colborne Apartments for the provision of financial assistance by the City;

- iii) Colborne Apartments must pay all applicable Regional Development Charges in accordance with the Regional Development Charge By-laws;
 - iv) All costs associated with works for the development of the lands will be borne by the developer, Colborne Apartments, in keeping with Regional policies;
 - v) Satisfaction of any performance criteria outlined in agreements between the City of Oshawa and Colborne Apartments regarding incentives (financial or other) provided under the City's Urban Growth Centre Community Improvement Plan and applicable City By-laws;
 - vi) The City of Oshawa enter into an agreement with the Region that outlines the terms and conditions for Regional financial assistance to ensure accountability for Regional funding; and,
 - vii) The City of Oshawa agrees to conduct annual post-project reviews and audits for five years after substantial occupancy of the development of lands, in conjunction with the Region, to ensure accountability and the effective utilization of Regional resources; and,
- B) That as per the RRP, the increased property tax revenue generated from the increased current value assessment of the redevelopment project in the City of Oshawa be used to replenish the Regional Revitalization Reserve Fund.
-

Report:

1. Purpose

- 1.1 The purpose of this report is to consider a request for Regional financial assistance under the Regional Revitalization Program (RRP) for the infill redevelopment of lands located at 44 Colborne Street East in the City of Oshawa by Colborne Apartment LP (Colborne Apartments).
- 1.2 On February 20, 2026, Regional staff received an application from the City of Oshawa, on behalf of Colborne Apartment LP, under the RRP. Colborne Apartments is requesting a grant equivalent to the maximum allowable under the Regional Revitalization Program. Regional staff met with City staff to discuss the application and there were subsequent requests by Regional staff for additional information to support the application.

2. Key Elements of the Regional Revitalization Program

2.1 The Regional Revitalization Program (RRP), established originally in 2008, 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 Regional Official Plan¹ and achieve positive economic and community objectives and support development that would not otherwise proceed without municipal financial assistance. Key elements and application requirements of the RRP are contained in the [Guideline for the Regional Revitalization Program](#) for the Regional Revitalization Program – Region of Durham. Overall, the RRP is founded on the premise that the general public will benefit from municipalities providing financial support to redevelopment and intensification projects that otherwise would not be initiated without municipal financial assistance.

3. Project Support from the City of Oshawa

3.1 On November 12, 2025, 1001134181 Ontario Inc., on behalf of Colborne Apartments (the “Owner”), submitted correspondence to the City of Oshawa requesting an Increased Assessment Grant and additional incentives for the proposed development at 44 Colborne Street East (the “Subject Site”).

3.2 On January 27, 2026, City of Oshawa Council approved Colborne Apartments request for the proposed development at 44 Colborne Street East, including authorizing the Mayor and Chair of the Economic and Development Services Committee to write a letter to the Region of Durham to request support for the Owner’s proposed redevelopment at 44 Colborne Street East under the Regional Revitalization Program.

3.3 The Proposal is supported by Oshawa City Council. The City of Oshawa has approved an Increased Assessment Grant in the amount of \$457,080.40 and is waiving City Development Charges for this redevelopment project. In addition, the City of Oshawa also recognizes that the redevelopment project would support policies laid out in the Oshawa Official Plan and advance several policies of Envision Durham, related to housing, intensification, Strategic Growth Areas and Urban Growth Centres.

¹ Pursuant to Bill 23, as of January 1, 2025, the Regional Official Plan (Consolidation December 13, 2024) has now become part of the Area Municipal Official Plans of Durham's eight municipalities. Each area municipality may repeal or amend it, meaning that each area municipality will have responsibility for the Regional Official Plan as it pertains to their municipality.

4. Colborne Apartments' Proposal

- 4.1 Colborne Apartments is proposing to redevelop an underutilized urban infill site into a six-storey, purpose-built rental apartment building at 44 Colborne Street East in Downtown Oshawa. Although there is no retail/commercial component, the project aims to deliver long-term rental housing, increase the housing supply, support downtown intensification and local economic activity. The subject site is located within the Urban Growth Centre Community Improvement Plan, which seeks to intensify Downtown/Urban Growth Centre Lands, increase residential supply and encourage reinvestment on underutilized sites. The current proposal contains 30 apartment rental units, comprising ten (10) one-bedroom units, fifteen (15) 2-bedroom units and five (5) 3-bedroom units.
- 4.2 The proposed project includes a six-storey massing with a contemporary, durable exterior suitable for the downtown streetscape, with internalized/structured parking for 17 vehicles. The project will also include secure bicycle storage and resident support spaces to encourage active transportation; dedicated indoor waste, recycling, and servicing rooms designed to meet fire/life safety and operational requirements; and building systems and design features aligned with enhanced energy performance and accessibility objectives.
- 4.3 The project will cater to a diverse set of target renters, including young professionals; professional services workers; students, faculty and staff (linked to the post-secondary presence); seniors and downsizers; and couples and small families.
- 4.4 According to the application, the total construction budget for this project is approximately \$16.2 million. Construction is expected to commence in April/May 2026 and will be completed within 18 to 24 months. Occupancy is targeted for Fall 2027, subject to construction conditions and procurement.

Challenges and Extraordinary Costs

- 4.5 According to the proposal, the redevelopment faces extraordinary costs that materially impact feasibility for a small-lot infill rental project, given the building's location in the Downtown area. These challenges are not typical of larger greenfield sites or large-scale developments. Some examples cited in the application include high water table and shoring, road widening constraints, structured internal parking, and tight setbacks and separation.
- 4.6 A geotechnical report submitted to the City by the applicant's consultant indicates potential perched groundwater conditions as well as the presence of a deeper, lower aquifer. As the observed groundwater elevations are above the anticipated excavation depth, the geotechnical consultant anticipates that a temporary dewatering system will be required during construction to lower groundwater levels prior to excavation.

5. Evaluation under the RRP

Challenges highlighted by Market Analysis

- 5.1 The market for rental apartment buildings in the Greater Toronto Area (GTA) has entered a "tenant's market" phase as of early 2026, characterized by rising vacancy rates and softening rents. This shift is primarily driven by a surge in new purpose-built and secondary (condo) rental supply coinciding with a sharp deceleration in population growth.
- 5.2 For the first time in years, there is a convergence of increased supply and softening demand. On the supply side, government incentives have successfully spurred purpose-built rental construction, with rental starts outpacing other housing types.
- 5.3 On the demand side, changes to federal immigration targets have led to fewer international students and foreign workers - historically a key demographic for rental uptake. Consequently, vacancy rates across the province are trending upward, expected to settle between 3 per cent and 5 per cent this year.
- 5.4 With moderate demand-side fundamentals, developers are facing several supply-side challenges that impede the provision of rental housing in the Toronto GTA, including:
- Limited and costly residential vacant land.
 - The rapid rise in construction costs and interest rates in recent years has lowered expected returns and increased the amount of equity developers need to bring to a project. Bringing equity to a project is especially challenging for rental developments, which do not benefit from equity accumulated through pre-construction sales, like condominiums.
 - Rising operating expenses (for insurance and utilities, for example) are a significant risk to the expected return of projects.
 - Builders indicate that constraints on skilled labour capacity will resurface once development conditions improve.
- 5.5 In the City of Oshawa, there has been a recent trend toward higher density forms of housing development, likely because of policy and lifestyle preferences, as well as limited land supply and rising land costs.
- 5.6 Due to the planned GO Train extension and the 407 East extension, the City of Oshawa will continue to benefit from improving regional connectivity, which may further support high density development. As such, the trend towards rental apartment forms of development is likely to continue and is expected to represent a greater proportion of total housing starts in the upcoming years.
- 5.7 Over the last two decades, eight purpose-built rental projects have occurred in Downtown Oshawa with assistance from the City and the Region.

- 44-50 Bond Street West (Parkwood Residences). The initial project by Atria Development Corp. involved the redevelopment of a vacant office complex into a residential condominium project. The project contains 120 residential apartment units. Financial assistance of \$250,000 was provided under the Pilot Regional Downtown Revitalization Program in 2003.
- 100 Bond Street East (Bond and Mary Development Inc. - Phase 1). This mixed use residential/commercial development by Atria Development Corp. contains 239 apartment units and 12,572 square feet of ground floor commercial. Financial assistance of \$430,000 was provided under the RRP in 2015.
- Genosha Hotel (TT7 Inc). This project involved the redevelopment of a mixed-use apartment/commercial building. The project contains 86 apartment units and 22,000 square feet of commercial. Financial assistance of \$564,000 was provided under the RRP in 2017.
- 80 Bond Street East (Bond and Mary Development Inc. - Phase 2). This mixed use residential/commercial development contains 370 apartment units and 4,300 square feet of ground floor commercial. Financial assistance of \$580,000 was provided under the RRP in 2018.
- 135 Bruce Street (Medallion Developments Ltd. – Phase 1). This multi-phased mixed-use development will contain two new purpose-built apartment buildings with a total of 509 units. The site is currently a vacant brownfield occupying an area of 10.7 hectares (26.5 acres). Financial assistance of up to \$3,900,000 was committed to the proposed project under the RRP in June of 2024.
- 35 Division Street (Atria Development Corp.). This is 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. Financial assistance of up to \$4,900,000 was committed to the proposed project under the RRP in September of 2024.
- 40 King Street West (Heathrow Group). This project involves the conversion of a largely vacant and underutilized office building into a mixed residential/commercial building. The project contains 119 apartment rental units, comprising 105 two-bedroom units and 14 one-bedroom units. Financial assistance of up to \$1,350,000 was committed to the proposed project under the RRP in February of 2025.
- 39 Athol Street West (Central Clear View Developments). The proposal involves developing an 18-storey residential rental apartment building with 204 units on a vacant site - 21 units will be affordable. A 1,097 square feet business centre will be developed at the ground level. Financial assistance of up to \$3,500,000 was committed to the proposed project under the RRP in September of 2025.

Project Satisfies Mandatory Criteria under the RRP

5.8 The proposed project by Colborne Apartments satisfies several mandatory criteria for eligibility and consideration under the RRP, including:

- The project is municipally supported, with Oshawa City Council passing a motion on January 27, 2026, to approve the redevelopment under the City's Urban Growth Centre Community Improvement Plan (CIP).
- The project supports the development of people-oriented places that are highly accessible by public transit (GO Transit, Durham Region Transit, and future rapid transit) and active transportation, fostering a walkable lifestyle in the urban core.
- The project encourages residential growth within a priority urban location, identified as the Downtown Oshawa Urban Growth Centre.
- The project entails significant and substantial revitalization, removing a 3-unit building to construct a 30-unit purpose-built rental apartment, resulting in a density increase from 3.53 unit per house to 35.30 unit per house.
- A financial commitment has been provided by the City of Oshawa.
- Supports Durham Region's 2025-2035 Strategic Plan: Connected communities. Connected to you, including pathway C2: *Enable a full range of housing options, including housing that is affordable and close to transit.*
- The redevelopment at 44 Colborne Street also supports a number of broad Regional policies and initiatives, including:
 - Encouraging intensification of built-up areas, identifies Oshawa's downtown as one of the two Urban Growth Centres in Durham Region;
 - Providing transit supportive uses along a major transit route;
 - Making better use of existing municipal infrastructure/services;
 - Supporting a pedestrian-oriented urban environment; and
 - Supporting the City's broader goals of economic development and community enhancement, further positioning downtown Oshawa as an even more desirable place to live, work, and visit.
- In addition, there are expected immediate and long-term economic benefits associated with the development, including:
 - Direct employment in construction and administration related to the development, as well as the spin-off employment from the demand for goods and services by those employees;
 - Direct impact from the initial capital expenditures related to construction (i.e. hard construction costs);
 - Potential synergies with new private sector residential investment, supporting ridership of local transit and providing additional benefit to downtown businesses through increased foot traffic in the Downtown core;

- According to the application, increased annual property taxes generated by the redevelopment are anticipated as a result of an increase in the current value assessment of the property. The estimated pre-development current value assessment (CVA) is approximately \$1.02 million and the post-development CVA is estimated to be in the range of \$15 to \$17 million.

6. Financial Implications

- 6.1 Under the RRP, projects are required to fully pay all applicable Regional fees and charges, including Development Charges (DCs). Since a residential building will have to be demolished to permit the new purpose-built rental housing project, the project will be eligible for a DC demolition credit. The current estimate for the Regional DC credit is \$79,368. The estimated applicable Regional DCs (based on current rates) for the proposed redevelopment project are approximately \$823,860. Actual DCs will be determined at time of building permit issuance for the proposed project and will be payable over six equal installments beginning at time of occupancy. The proposed development at 44 Colborne Street East can be serviced within the existing sanitary sewer and water supply systems.
- 6.2 Like other rental projects in Downtown Oshawa, the project by Colborne Apartments faces several unique cost challenges. Rental apartment development is subject to a particular financial risk that is not faced by condominium apartment development. Since purpose-built rental projects generate little or no revenue until the units begin to be occupied, construction financing is more challenging for purpose-built rental projects to secure than for condominium projects. The risk can be greater when there has been only limited market rental or condominium apartment development in the downtown area.
- 6.3 Regional staff recommend a payment of up to \$250,000 under the Regional Revitalization Program which recognizes the aforementioned site-specific challenges associated with this proposed project under the RRP. Specifically, this contribution reflects the costs, as identified in the City's application, associated with the high water table and shoring for a small-lot infill rental project, along with financial risks related to cashflow during the construction of a purpose-built apartment rental building.
- 6.4 This high-density infill redevelopment in the City's Downtown Community Improvement Plan (CIP) maximizes the utilization of existing municipal infrastructure through intensification in a Regional Centre.
- 6.5 It is recommended that the application submitted by the City of Oshawa, on behalf of Colborne Apartments under the RRP, requesting Regional financial assistance for the development of a purpose-built rental apartment building located at 44 Colborne Street East in the City of Oshawa be approved, subject to the following conditions:
- The Region to provide up to \$250,000 for the redevelopment, with funding provided from the Regional Revitalization Reserve Fund and transferred to the City of Oshawa for distribution to Colborne Apartments, in accordance with the timing and flow of funds under the RRP:

- | | |
|---|-------------|
| Full building permit issued to Colborne Apartments | 50 per cent |
| Framing inspection (or equivalent structural completion), passed by the area municipal building inspection authority | 40 per cent |
| Occupancy permit received from the area municipal building authority or passed preoccupancy inspection of those municipalities which do not issue an occupancy permit | 10 per cent |
- Colborne Apartments must pay all applicable Regional Development Charges in accordance with the Regional Development Charge By-laws;
 - All costs associated with works for the development of the lands will be borne by the developer, Colborne Apartments, in keeping with Regional policies;
 - Satisfying any performance criteria outlined in agreements between the City of Oshawa and Colborne Apartments in regard to incentives (financial or other) provided under the City's Urban Growth Centre Community Improvement Plan and applicable City By-laws;
 - The City of Oshawa enter into an agreement with the Region that outlines the terms and conditions for Regional financial assistance to ensure accountability for Regional funding; and,
 - The City of Oshawa agrees to annual post-project reviews and audits for five years after substantial occupancy of the development of lands, in conjunction with the Region, to provide accountability and ensure effective utilization of Regional resources.

6.7 In addition, it is recommended that as per the RRP, the increased property tax revenue generated from the increased current value assessment of the development project in the City of Oshawa be used to replenish the Regional Revitalization Reserve Fund.

7. Conclusion

7.1 The RRP is a partnership between the Region of Durham and participating area municipalities and aims to strategically target Regional investment towards key areas of Durham Region's area municipalities that advance the goals of the Regional Official Plan and achieve positive economic and community objectives where development would otherwise not proceed.

7.2 This report has been prepared with assistance from the Works Department, Community Growth and Economic Development, Social Services and Legal Services.

Respectfully submitted,

Original Signed By

Nicole Pincombe, CPA, CMA
Commissioner of Finance & Treasurer

Original Signed By

Sandra Austin
Commissioner of Community Growth and
Economic Development

Original Signed By

Ramesh Jagannathan, MBA, M.Eng.,
P.Eng., PTOE
Commissioner of Works

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer