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The Regional Municipality of Durham Report

To: Committee of Whole
From: Acting Commissioner of Works, Commissioner of Finance and
Commissioner of Social Services
Report: #2023-COW-31
Date: June 14, 2023

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 Property in the Town of Whitby

Recommendation:

That the Committee of the Whole recommends to Regional Council:

- A) That negotiation of a purchase agreement for property required for future Social Services purposes in the Town of Whitby be approved with an upset limit as follows:

1635 Dundas Street East Inc.	1635 Dundas St. E.	\$13,000,000
	Part Lot 20 Concession 1, Whitby, As In CO156534, Town of Whitby	

Equipment and furnishings	Equipment, furnishings, and fixtures, fitted fans, commercial grade kitchen and laundry equipment, beds, dressers etc.	\$800,000
Initial Remedial work	Estimated cost of remedial work/upfitting costs for the lower level of the facility and improvement to outdoor space	\$4,800,000
Total		\$18,600,000

- B) That financing for the acquisition at a maximum offer price of \$13,800,000 be provided at the discretion of the Commissioner of Finance;
- C) That financing for initial remedial work to facilitate the interim use of the facility totalling \$4,800,000 be provided at the discretion of the Commissioner of Finance; and
- D) That the Commissioner of Works be authorized to execute all documents associated with the agreement.

Report:

1. Purpose

- 1.1 The purpose of this report is to obtain approval for the strategic acquisition of 1635 Dundas Street East in the Town of Whitby (Whitby) (Attachment #1). The acquisition cost is currently under negotiation; however, a third-party appraiser

provided a fair market value estimate ranging from \$9,300,000 to \$13,000,000. Additional compensation of up to \$800,000 is also being considered for the equipment, furnishings, and fixtures currently on site. This includes fitted fans, commercial-grade kitchen and laundry equipment, beds, and dressers, that will support the ability to promptly commence services at the site. The existing furnishings and equipment are designed to be cleaned/disinfected to meet Infection Prevention and Control (IPAC) requirements. This report also includes a request for approval to expend up to \$4,800,000 for initial remedial work at the site.

2. Background

- 2.1 In December of 2022, Org Code Inc., a private consulting firm provided a report titled "Renewed Homelessness and Housing Support Service System for the Regional Municipality of Durham". The report identified the need for increased shelter, supportive housing, and deeply affordable housing options to meet increasing needs in the Region. This report was received by Council on February 3, 2023.
- 2.2 As of April 2023, 267 persons have been identified as experiencing homelessness in the Region, of which 167 have been experiencing homelessness for six months or longer. As of December 2022, there were 8,284 households on the Durham Access to Social Housing (DASH) waitlist.
- 2.3 The building at 1635 Dundas Street East in the Town of Whitby is 70,527 square feet and has been vacant since its use as a long-term care facility ceased in 2022. The facility contains 85 rooms and can accommodate up to 160 persons. This makes it ideal for use as a shelter and the provision of support services for unsheltered and vulnerable patrons with limited upfitting required.
- 2.4 The property was sold in October of 2022 for a consideration of \$8,000,000 and the transaction closed on January 16, 2023. The Region has made multiple attempts to lease the property from the current owners, 1635 Dundas Street East Inc., but has been unable to negotiate a rate the Region considers reasonable. Given the lack of success in negotiating a lease and the Region's ongoing need for supportive housing, Regional staff recommended that negotiations to acquire the facility commence. The opportunity to purchase the property in the fall of 2022 was not an option for the Region as the intent of the original transaction was significant

residential intensification which has now encountered some complexities to allow this to move forward.

3. Property Acquisition

- 3.1 The 2.23-acre (0.902-hectare) parcel is located adjacent to Dundas Street East, having 169 feet of frontage along Dundas Street East and 169 feet of frontage adjacent to the Whitby Mall.
- 3.2 The parcel is “L” shaped and improved with a structure that was formerly used as a long-term care facility known as Sunnycrest Nursing Home. The facility was closed in 2022 and is currently vacant. The design of the building offers opportunities for a variety of shelter and supportive housing options. The space includes 85 residential rooms with washroom facilities and several common rooms to support programs and services for clients. There is also private outdoor space.
- 3.3 The site is designated as Regional Corridor Area and Major Commercial Area within the Regional and Whitby Official Plans, respectively. The parcel is also located within an Intensification Area along the Dundas East Urban Centre Area. Due to the current land designation and location within the Dundas East Urban Centre Area, the Town of Whitby staff have indicated they would support a high-density residential or mixed-use development on the subject property.
- 3.4 This is a strategic location in Whitby, having direct access to national chain anchored retail stores and plazas in the immediate area. The property’s location is adjacent to a major transportation corridor and provides future opportunities for transit-oriented development which will include the provision of affordable housing units.
- 3.5 The Social Services Department, Income, Employment and Homelessness Support Division will initially use a wing of the facility as a low-barrier shelter program starting by upfitting the 15 residential rooms with full bathrooms and common areas on the ground level of the building to increase capacity within the shelter system. This will provide space for human service, outreach, hub, and housing-first staff in the sector to help people seeking safe space to transition indoors.

4. Progressive Use of the Facility

- 4.1 Social Services will develop the site gradually using data and needs-driven approaches to intentionally manage, plan, and coordinate a variety of services at the site.
- 4.2 Building and maintaining positive relationships with the surrounding community will be a priority for the Region as the use of the facility progresses. A community engagement and communications strategy will be developed to introduce the interim planned use for the facility and to seek input into programming and services to be delivered from this location to support the residents and the community over the longer term. Regional staff, Town of Whitby staff, community human and health service providers and people with lived experience will also be engaged to support the development of the site, and to offer a coordinated and accessible service delivery model that supports people, creates a sense of belonging, and meet individualized needs.
- 4.3 In the immediate short term, the facility will be used to provide low-barrier shelter services to approximately 45 individuals while the community consultation and engagement process is underway. Initial remediation activities including, deep cleaning and disinfection, painting, floor repairs, and the installation of fencing and security measures are anticipated. Processes will also be implemented to support this use, including procedures to address inquiries and concerns from the community.
- 4.4 Once a longer-term vision for the facility is established through the engagement and consultation work, a comprehensive renovation/retrofit plan will be developed and included in future capital budget requests. The consultation work will include discussions around how to recognize the impact of the COVID-19 pandemic as it specifically relates to the outcome at Sunnycrest Nursing home, and the resulting impact on the community.
- 4.5 Regional staff, community human and health service providers, people with lived experience, members of the local community and the Town of Whitby staff will be engaged through consultation to share their concerns and ideas for consideration in the development of services and types of housing to offer at the location in a coordinated service delivery model that empowers people to feel a sense of

belonging, ensure services are accessible and meet individualized needs and promotes community and social connectedness.

5. Financial Implications

- 5.1 Financing for the site and fixtures acquisition will be provided at the discretion of the Commissioner of Finance. Based on the third-party appraisal of the property, an upset limit of \$13 million for the land and building, with an additional \$800,000 for the equipment and furnishing is recommended.
- 5.2 Financing for any immediate remedial work to facilitate the proposed interim use of the site estimated at \$4,800,000 will also be provided at the discretion of the Commissioner of Finance.
- 5.3 Financing for more extensive renovation and retrofit work to accommodate the recommendations from the engagement and consultation process will be included in future capital budgets.
- 5.4 Financing for the operating and programming costs for the facility will be provided from the Social Services Department 2023 Business Plans and Budget. Ongoing operating and programming costs will be included in future Business Plans and Budget.

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. Community Vitality Goal 2.3: Influence the social determinants of health to improve outcomes for vulnerable populations.
 - b. Community Vitality Goal 2.4: Support a high quality of life for all through human services delivery.
 - c. Social Investment Goal 4.3: Demonstrate leadership in poverty prevention.
 - d. Social Investment Goal 4.4: Expand access to existing life stabilization programs.
 - e. Service Excellence Goal 5.1: Optimize resources and partnerships to deliver exceptional quality services and value

7. Conclusion

- 7.1 The proposed acquisition of the site detailed in this report is a strategic purchase to increase shelter, service provision and supportive housing options in the Region of Durham. This acquisition aligns with the Region's commitment to reducing and ending chronic homelessness. Should the property be successfully acquired, further reports to Council outlining the next steps and consultation recommendations will be presented.
- 7.2 For additional information, please contact Christine Dunkley, Manager of Financial Services and Corporate Real Estate, at 905-668-7711, extension 3475 and Lisa McIntosh, Director, Income, Employment and Homelessness Support, at 905-668-4113, extension 2754.

8. Attachments

Attachment #1: Location Map – 1635 Dundas Street East, Whitby

Respectfully submitted,

Original signed by:

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

Original signed by:

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

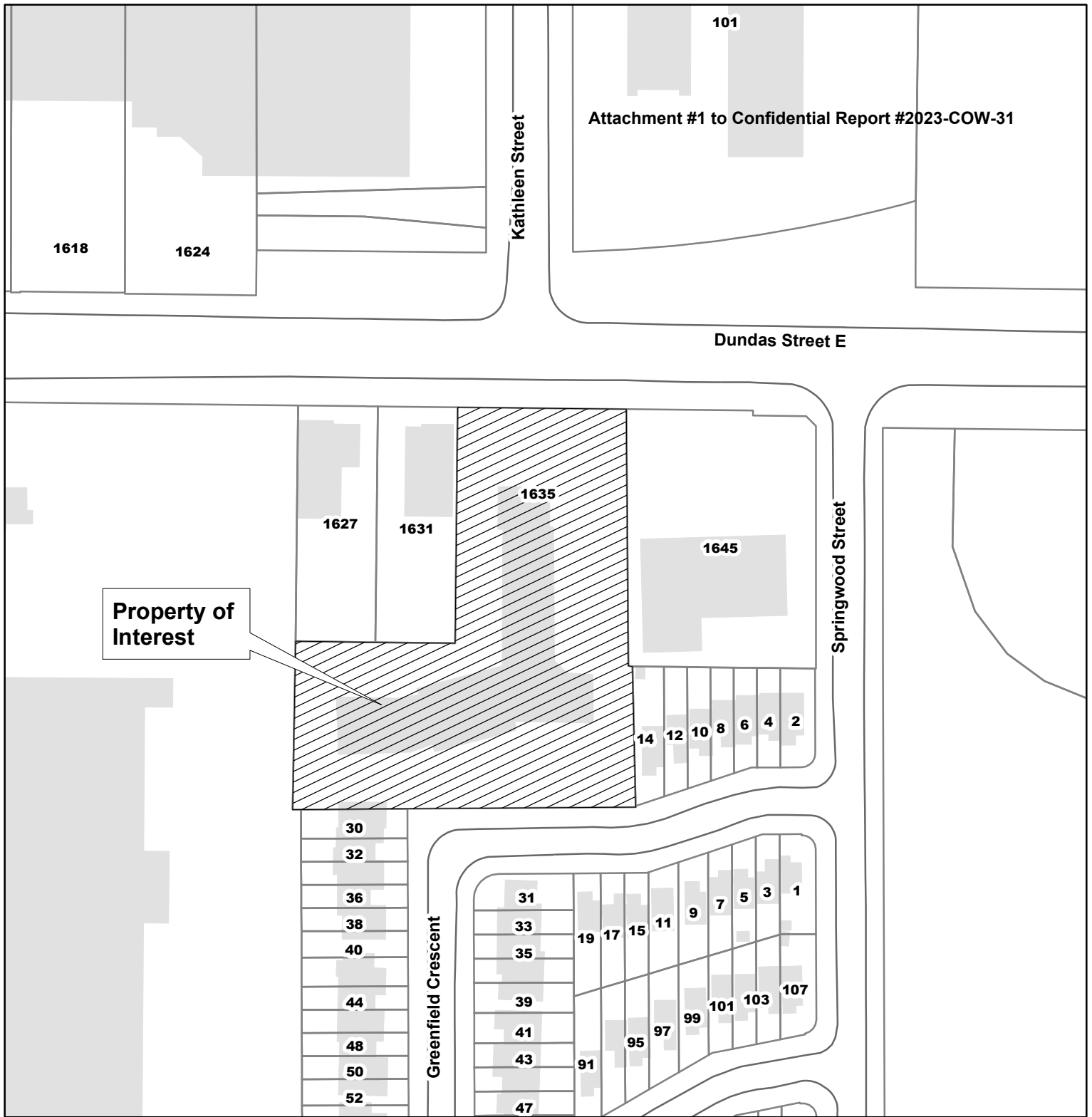
Original signed by:

Stella Danos-Papaconstantinou
Commissioner of Social Services

Recommended for Presentation to Committee

Original signed by:

Elaine C. Baxter-Trahair
Chief Administrative Officer



1635 Dundas Street East, Whitby



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 Map Created: June 6, 2023

