

<b>To:</b>	Warden Matrosovs and Members of Grey County Council
<b>Committee Date:</b>	September 25, 2025
<b>Subject / Report No:</b>	PDR-CW-57-25
<b>Title:</b>	Surplus Lands for Housing – Site Preparation and Derisking Activities
<b>Prepared by:</b>	Liz Buckton, Senior Policy Planner, MCIP, RPP
<b>Reviewed by:</b>	Scott Taylor, Director of Planning Services
<b>Lower Tier(s) Affected:</b>	Municipality of Grey Highlands and Municipality of West Grey

## Recommendation

1. That staff report PDR-CW-57-25 regarding Surplus Lands for Housing – Site Preparation and Derisking Activities, be received; and,
2. That \$130,000 be included in the proposed 2026 budget and funded from the One Time Funding Reserve to fund select site preparation and derisking activities for two County-owned properties in Markdale and Durham.

## Executive Summary

This report recommends advancement of select site preparation and derisking activities for two parcels of land, held by Grey County in Durham and Markdale. The suggested activities would support greater certainty relating to the residential development potential of the lands. This recommendation was informed by development sector representatives to be a key pre-condition around any future offering for sale, lease, or partnership for housing purposes. The proposed on-site works would also support County housing development on-site, should the County wish to explore development potential. In relation to lands in Markdale in particular, this work would clear or quantify existing unknowns around the environmental site condition, arising from past rail use and relating to the archaeological potential of the lands. This work is expected to enhance optionality for the lands, regardless of future decisions relating to surplus the site(s), enter into a partnership, or seek development.

## Background and Discussion

County staff report PDR-CW-50-23 (included as Appendix 1) described the Surplus Public Lands for Housing initiative and outlined data around affordable housing needs in Grey County. Given cost and timing factors, as well as the complexity of grant application processes for affordable unit creation; staff advised that it is expected that ‘curated’ approaches will likely be required to facilitate new affordable supply. The private/for-profit development sector alone, is

not expected to be able to deliver sufficient housing at the depth of affordability necessary to support low-and-moderate income households in Grey. For example, targeted financial tools and stacking of funding, financing, and incentives are likely to be necessary to drive the creation of these affordable units by government and non-profit sectors, or via private/public/non-profit partnership.

Staff identified that the strategic use of surplus public lands presents an opportunity. Surplus lands could offer consequential support to these efforts by community partners; or potentially offer opportunities for additional County-led housing creation (e.g., via Community Services/Housing Service Manager), should funding be made available.

Given the finite nature of land, it was recommended that use of any surplus parcels should be carefully evaluated. Any related public investment through partnership, offering of incentives, and via site preparation/derisking activities should be considered against the potential of the lands to realize housing outcomes, over the long-term. The report identified some key guiding questions around site/investment prioritization, as will be further considered below, with commentary.

Staff report PDR-CW-55-24 (included as Appendix 2) further spoke to the ongoing surplus lands work. Building upon the outreach suggestions within the earlier report, staff identified the opportunity for a targeted outreach to be held in 2025 with private and non-profit sector developers and housing providers. This outreach was included in the Planning department work plan for 2025, to discuss surplus lands offering approaches, partnership opportunities/models, incentives, and pre-development needs for potential development sites.

## Sector Outreach

After further site evaluation/costing work to enhance staff's understanding of the development-readiness of the two pilot sites in Durham and Markdale; staff held sector outreach on an invited basis in August 2025. This session pulled together a mixed sample of for-profit / non-profit developers and housing providers for a discussion. In advance of the event, staff shared a survey, capturing specific written feedback around the factors that make a surplus lands offering or partnership opportunity desirable and operationally and financially feasible (or not).

With respect to site preparation and de-risking activities, the survey and event participants identified, on balance, a strong preference for ready-to-develop sites, noting the importance of removing uncertainty around the following items:

- available servicing capacity and timing,
- developable area/unit potential,
- rezoning processes/site permissions, and,
- pre-development study work (e.g. ensuring environmental and archaeological assessments and clearances are in place; and other study needs are clearly articulated).

Where more deeply affordable units are to be included, and where non-profit partners are engaged, the importance of this advance certainty is enhanced. The scale, resourcing, and capacity of non-profit sector organizations to absorb such uncertainty is limited. Generally, non-profits operate with very tight cost margins. Timing and cash flow challenges may arise in relation to project funding, and as such, the more risk that can be limited provides better opportunity to achieve financial viability for affordable housing.

## Pilot Sites

As described in staff report PDR-CW-50-23, two pilot sites have been under investigation by County staff, an ~0.7 ha parcel in Markdale, and an ~8.5 ha parcel in Durham, as shown in Figures 1 and 2 below respectively.

Figure 1: Markdale Site

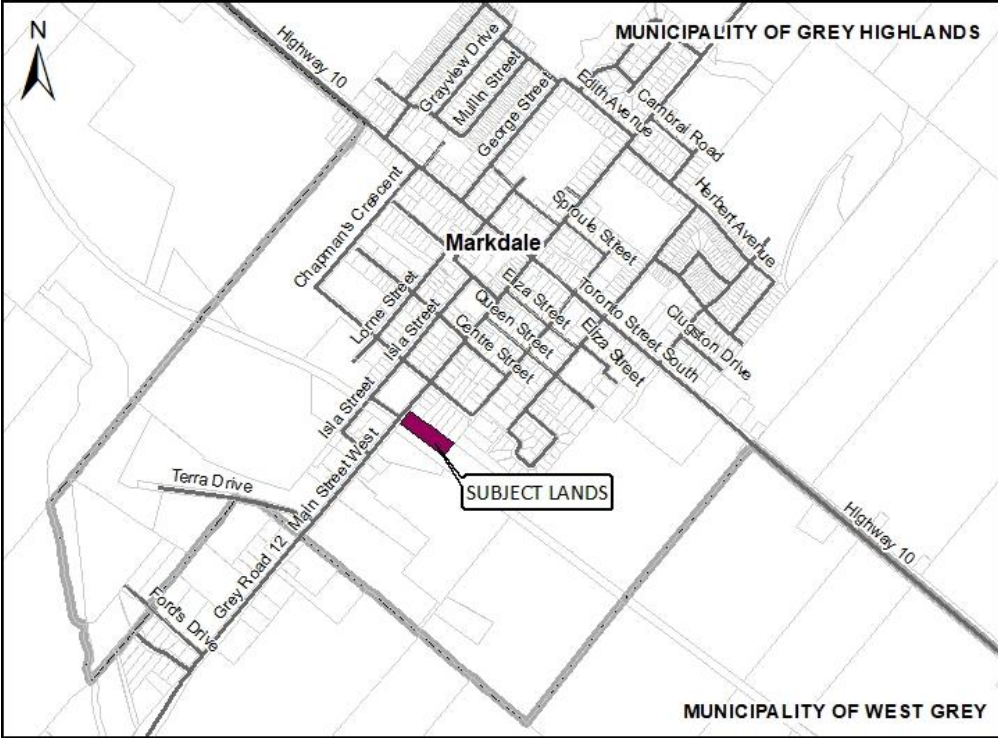
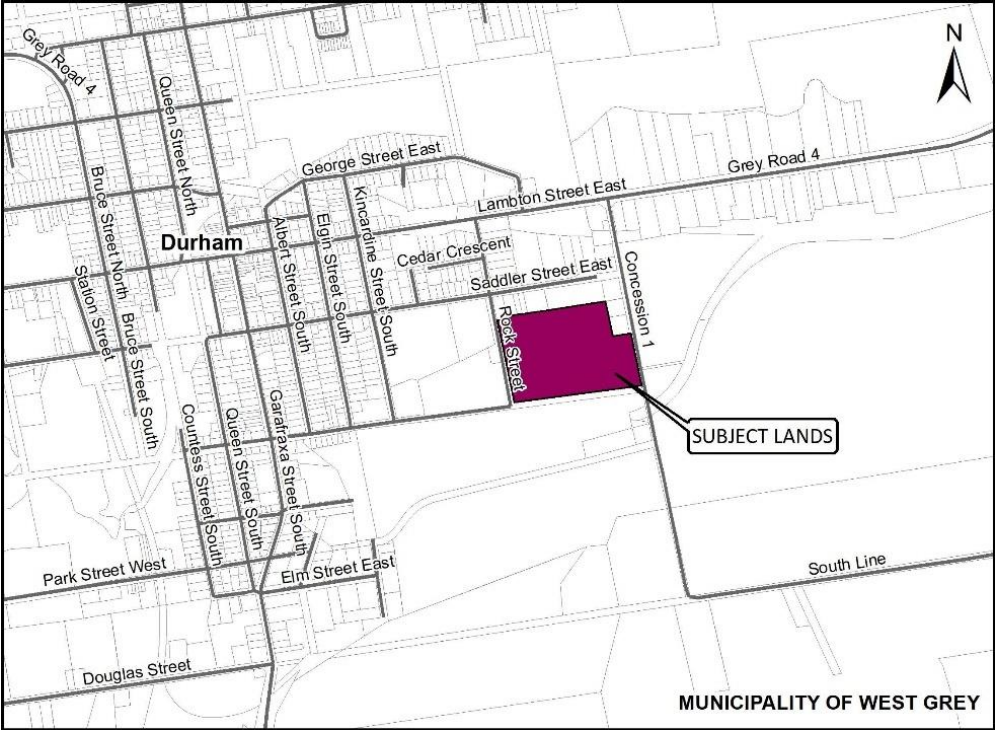


Figure 2: Durham Site



Preliminary review of the Markdale and Durham sites has included the following items:

- Initial consultation with the relevant local municipal staff relating to planning and engineering technical considerations, as would be anticipated to be necessary to advance a future development application on the lands.
- Preliminary consultation with relevant agencies (e.g., Conservation Authorities) relating to natural hazard considerations and County Ecology staff in relation to natural heritage considerations applicable to the lands.
- Subsequent high-level engineering review/input relating to the anticipated scope of such work, assigning approximate itemized costings for the list of site investigation/study indicated for each.
- Consideration of other external factors, such as the new municipal well in Durham, which will facilitate servicing for the subject site, while also impacting development considerations on the subject lands due to updated wellhead protection areas extending into the parcel.
- Coordination with Transportation Services staff relating to separate road reconstruction work planned for Grey Road 12 in Markdale, as abuts the subject County-owned site. This will involve realignment of the access laneway such that it is more directly opposite Scotland Street for best visibility, and the placement of a stormwater connection to the lot line. This work falls within the road's project scope and budget consideration. Coordination with this work may also facilitate installation of service laterals to the lot line, though discussion is ongoing relating to any cost/budget requirements that may apply for this component of the work.

Recognizing the importance of confirming development potential to enable future housing-related use or offering, staff suggest that select follow-up work from this early review be prioritized for advancement through the County's 2026 budget process.

While a more fulsome list of investigation/site preparation needs has been identified for each site, staff recommend that the work advanced by the County should be scoped to that which offers:

- greater clarity around developable area/unit potential of the parcel,
- supports the general principle for development on the lands, and
- maintains or enhances the value and/or optionality of the lands, but which does not extend into elements that would be subject to detail design consideration at the time of a future development/build.

Staff anticipate this work would include the following items, for the sites respectively:

**Table 1: Markdale Site Preparation Requirements**

Study Requirement	Intent
Archaeological Assessment (Stage 1 & 2)	<p>The subject lands are in an area of identified archaeological potential. The completion of a Stage 1 &amp; 2 Archaeological Assessment is recommended to ensure that any significant cultural heritage / archaeological resources on-site are appropriately conserved or protected prior to site development. Should archaeological resources be identified on-site through the Stage 1 &amp; 2 investigations, a Stage 3 or 4 Archaeological Assessment may be further indicated, with further budget consideration to be discussed in the event of such findings.</p>
Environmental Site Assessment (ESA) Phase 1 & Phase 2 and filing of Record of Site Condition (RSC)	<p>This site was historically occupied by the CP rail line and an adjacent yard. It has been used in an interim manner as a public parking area. Past industrial use triggers the mandatory filing of the RSC, under the <i>Environmental Protection Act</i>, where the use of land will be converted to more sensitive use, e.g., residential purposes.</p> <p>An ESA is completed in a progressive manner, beginning with a Phase 1 study and then a Phase 2, if site sampling is indicated based on the Phase 1 historical review. A Phase 2 assessment is expected to be required for these lands given their history.</p> <p>Where no site remediation is indicated to meet residential soil/groundwater standards for future use, the RSC may be filed with the Ministry of Environment, Conservation, and Parks. Filing of the RSC certifies the property’s environmental status, offering certain liability protections relating to site contamination.</p> <p>Should site remediation or a risk assessment approach for the lands be indicated, further work may be required prior to filing of the RSC.</p>

**Table 2: Durham Site Preparation Requirements**

Study Requirement	Intent
Further clarification regarding anticipated storm water management (SWM) pond	<p>Fulsome civil engineering will be required to bring together hydrogeological, geotechnical, and SWM considerations on the basis of a future site layout design/schematic plan</p>

<p>sizing and drainage outlet options.</p>	<p>for the lands. However, the initial work proposed now would focus on determining an approximate footprint for a future stormwater management facility on the lands, to provide a clearer understanding of net developable land and unit potential.</p> <p>Prior work engaged by the County in relation to the adjacent Rockwood Terrace build and through early site review activities, yielded some preliminary understanding of the anticipated storage volume required on this site. The proposed work for 2026 would seek further engineering input to better detail anticipated land need for such SWM facility.</p> <p>Further discussion with West Grey regarding drainage outlet options for the site would also be pursued.</p>
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## Prioritization and Investment Considerations

Report PDR-CW-50-23 outlined several questions to support prioritization of sites for public investment around future housing opportunity. Not all public lands offer the same level of opportunity to realize housing goals in-line with community needs. The level of advanced investment should be targeted to be reflective of site suitability/potential for housing. Special consideration is to be paid to the needs of non-profit and/or other deeply affordable housing creators, based on the capacity and financial resourcing limitations they are known to experience. Guiding questions for consideration included the following:

- Q1) Is this site well-suited for deeply affordable housing creation and/or mixed affordability development by local government, the non-profit sector, or via long-term public-private partnership?
- Q2) What base level of site preparation and supporting information is appropriate or necessary such that non-profit and/or for-profit developers may pursue purchase, or lease of surplus public lands for affordable housing creation?

In relation to the second question, it was identified that the level of shovel-readiness and/or site preparation investment appropriate for a site may be reasonably tied to:

- The suitability of the land for public, non-profit, private-public partnership, leasehold offering or disposal for other purposes.
- Site conditions or characteristics that may represent risk to a potential partner or purchaser that must be addressed prior to offering (e.g., environmental conditions).
- The size of the parcel and overall unit potential for the lands.
- The existing affordable housing deficit in the community.
- The future pressures anticipated on rental and affordable housing supply in a community due to anticipated population and employment growth.
- The availability of local infrastructure to support the development.

- The capacity of the local municipality to engage with or to support site-preparation activities (e.g., via rezoning, servicing coordination, interim agreements, co-location of local community services, contribution/ trade/leverage of other local public lands, etc.)
- The availability of local tools and incentives (e.g., Community Improvement Plan programs, Development Charge exemptions, etc.) to additionally support affordable unit creation in a particular location.

Staff have evaluated both the Markdale and Durham sites with the above in mind and concluded that both offer sufficient opportunity to proceed with further technical site investigations and derisking. Both sites are well-suited for deeply affordable housing creation and/or mixed-affordability development. In reaching this conclusion, staff have considered existing Canada Mortgage and Housing Corporation (CMHC) granting criteria, as well as early messaging from the federal government’s anticipated Build Canada Homes initiative.

For the Markdale site, given the siting and orientation of the land relative to the abutting street and adjacent rail trail, it’s anticipated that a small-to-mid-sized multi-residential building, or a stacked/rowhouse format development may be appropriate for the site.

For the Durham site, being approximately 8.5 ha, it offers flexibility relating to site layout, built format, and tenure. It’s anticipated that based on the minimum development density for Primary Settlement Areas required by the County’s Official Plan, that this site could yield more than 200 units of housing.

## Additional Considerations

The site investigations proposed by this report do not presuppose that the County will surplus, dispose of, or develop either of these sites. These investigations would prepare the County to explore options including development via a surplus offering as part of a request for proposals, a long-term lease, partnership, a sale, or even a County-build, should funding be made available.

Based on feedback from the sector outreach noted earlier within this report, this work would be anticipated also to support desirability/uptake of any future offering or potential partnership around more deeply affordable and/or non-profit housing supply on the lands.

As part of the research for this report, County staff also spoke with a local land appraiser, with respect to such derisking efforts. One of the ‘take-aways’ was that this work would enhance optionality for the lands by establishing the principle for institutional or residential uses on-site.

## Legislative Requirements

Initial *Planning Act* and *Environmental Protection Act* considerations have also been flagged within the body of the report with respect to either future development or on-site investigations for the Durham and Markdale sites.

Other legislative requirements were identified in report PDR-CW-50-23.

Should there be any future disposal of County lands, it would have to go through the County’s land disposal process, which is in accordance with the provisions of the *Municipal Act* and the *Sale and Acquisition of Land Procedure*.

## Financial and Resource Implications

Based on prior engineering consultation/development costing work, staff estimate the following expenses apply for the recommended site preparation/de-risking work in Markdale and Durham, respectively. It is recommended that the estimated project cost of \$130,000 be included in the proposed 2026 budget and be funded from the One Time Funding Reserve. A breakdown of these costs is as follows:

### Markdale Site:

- \$10,000 – Stage 1 & 2 Archaeological Assessment
- \$75,000 – Phase 1 & 2 Environmental Site Assessment; Filing of Record of Site Condition (assumes no site remediation required)
- \$30,000 – Estimate for extension of servicing laterals to the lot line (should costs be applied for installation via Grey Road 12 reconstruction work)

### Durham Site:

- \$15,000 – Estimate for high level/conceptual design work to inform land need estimates for Stormwater Management/Storage purposes, offering greater clarity around net developable lands/unit potential of the site.

## Relevant Consultation

### Internal

- Transportation Services, Finance Staff

### External

- Appraiser regarding valuation implications of site improvements
- Municipal Planning Staff at West Grey and Grey Highlands
- Engineering development cost review (scope and preliminary costings) by external consultant

## Appendices and Attachments

Appendix 1: [Staff Report PDR-CW-50-23 \(Surplus Public Lands for Housing\)](#)

Appendix 2: [Staff Report PDR-CW-55-24 \(Housing Action Plan Status Update\)](#)