



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENTS

Quayside Business and Implementation Plan

Date: June 27, 2022

To: Executive Committee

From: Deputy City Manager, Infrastructure and Development Services

Wards: Ward 10 - Spadina-Fort York

REASON FOR CONFIDENTIAL ATTACHMENTS

Confidential Attachment 1 to this report involves proposed or pending acquisitions or dispositions of land by the City of Toronto and CreateTO (the Toronto Economic Development Corporation, now operating as Toronto Port Lands Company).

Confidential Attachment 2 to this report contains commercial and financial information supplied in confidence to the City of Toronto which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

SUMMARY

This report provides a "road map" for approvals related to Waterfront Toronto's Quayside project. In particular, this report addresses a number of business and implementation planning issues that are fundamental to Waterfront Toronto's ability to advance this revitalization project. Quayside is a significant and complex project that will be implemented over a number of years. Numerous City approvals will be required in the coming years, related to affordable housing implementation, major infrastructure and parkland funding, real estate transactions and land use planning approvals. In 2022, City approvals are required with respect to: the Quayside Business and Implementation Plan; City funding contributions to the Quayside affordable rental housing, and major infrastructure and parkland programs; and how City Divisions and CreateTO, as the City's real estate agency, will work with Waterfront Toronto as it implements the Quayside project.

Quayside Business and Implementation Plan

Waterfront Toronto has submitted a Business and Implementation Plan for Quayside, dated June 27, 2022, as required by a Memorandum of Understanding (M.O.U)

between Waterfront Toronto, the City of Toronto and the Toronto Economic Development Corporation (now operating as Toronto Port Lands Company or T.P.L.C.), covering lands owned by the City and T.P.L.C. in the East Bayfront and Port Lands. The M.O.U. defines the requirements for detailed business and implementation plans prior to providing Waterfront Toronto with effective control of City or T.P.L.C. lands in the Designated Waterfront Area. The Quayside Business and Implementation Plan is appended to this staff report as Attachment 6.

About Quayside

Quayside is a 4.9 hectare parcel of land on Toronto's waterfront, located at Queens Quay East and Parliament Street. The majority of the site is owned by Waterfront Toronto. However, it also includes lands owned by the City of Toronto and the Economic Development Corporation operating as T.P.L.C. (All T.P.L.C. lands are managed under agreement by CreateTO with corporate governance provided by the T.P.L.C. Board of Directors.) In addition, the property at 307 Lake Shore Boulevard East which abuts Block 3B to the north is privately owned by Plaza Partners. Quayside straddles two precincts: Blocks 1 and 2 (owned by Waterfront Toronto) are sited within the East Bayfront Precinct and Blocks 3B (owned by City and T.P.L.C.), 4 and 5 (owned by Waterfront Toronto) are within the Keating Channel West Precinct (refer to Attachment 2: Quayside Current Land Ownership Map). Waterfront Toronto estimates that Quayside will be developed between 2022 and 2031. Waterfront Toronto estimates that approximately 6,100 people will live in 3,500 housing units in Quayside; Waterfront Toronto estimates that the area's commercial space will support approximately 1,600 jobs.

The City has multiple roles and interests in Quayside: as land owner, as owner/operator of municipal infrastructure, parkland and services, as provider of affordable housing and as the local planning authority. Collectively, City and T.P.L.C. lands constitute approximately 0.6 hectares in the Quayside project area. The City and T.P.L.C. both own lands in the future development parcel designated as Block 3B, including the existing Parliament Street; these parcels are relatively small and are irregular in shape. Beyond Block 3B, T.P.L.C. also owns a triangular-shaped rail spur remnant, an east-west strip of land abutting Block 4 and an L-shaped strip along the dockwall.

Waterfront Toronto's Procurement Process

Over the past year, Waterfront Toronto has conducted a procurement process to secure a development partner for Quayside. All levels of government reviewed and contributed to the final R.F.Q. and R.F.P. documents. This included an R.F.Q. issued in March 2021 and an R.F.P. issued in July 2021. Ten submissions were received in response to the R.F.Q. From this, four proponents were selected to participate in the R.F.P. process. The City and CreateTO were represented on the Evaluation, Steering and Technical Committees for the project.

On February 15, 2022, Waterfront Toronto's Board of Directors approved a recommendation from its Investment and Real Estate sub-committee to partner with the Preferred Proponent known as Quayside Impact Limited Partnership, led by Dream Unlimited and Great Gulf Group. Terms relating to the development of the project will be

set out in a Project Agreement between the two parties; Waterfront Toronto will be responsible for the overall coordination of the project and the delivery of infrastructure, while Quayside Impact Limited Partnership will be responsible for the development. It is anticipated that the Project Agreement will be finalized and executed in fall 2022, after which, the Preferred Proponent will become Waterfront Toronto's Development Partner.

Development Proposal and Project Phasing

Quayside is intended to be developed as a mixed-use community consistent with the East Bayfront and Keating Channel West Precinct Plan frameworks.

The Quayside Project will take place in two phases. Phase One will include Blocks 1 and 2 and implementation will commence starting in 2022. Blocks 1 and 2 are covered by the East Bayfront Precinct Plan. Phase Two includes Blocks 3B, 4 and 5 and is more complex when compared with Phase One. Waterfront Toronto estimates that Phase Two will commence in 2026. All three Phase Two development blocks are within the Keating Channel West Precinct. The consolidation of lands owned by the City and T.P.L.C. is required to facilitate the implementation of planned road and infrastructure improvements, as well as to create Block 3B as a development parcel. Further details are provided in the "Comments" section below.

Affordable Housing Implementation

The residential development at Quayside will include approximately 23% of residential gross floor area as affordable rental housing (a minimum of 800 units and up to 875 units), and a further 5% of the units as affordable ownership (approximately 200 units). The actual number of affordable homes to be created will be dependent on the final approved density and land-use mix in Quayside, plus the amount of funding and financing secured to build the units. The Housing Secretariat has been involved in reviewing the Quayside proposal and will continue to be involved throughout the process.

Waterfront Toronto will work with the City, Province and Federal governments, as well as the selected non-profit housing providers and/or the Development Partner to secure the affordable funding and financing necessary to deliver the affordable housing component of the project, and to, potentially, exceed the affordability targets (e.g., number of affordable units and/or deeper levels of affordability).

As such, Recommendations 1, 2, and 3 of this report address the Council directions that are needed to advance the Quayside affordable housing program to:

- i) Direct land sale revenues from City and T.P.L.C. lands on Block 3B towards affordable rental housing in Quayside;
- ii) Authorize Open Door Affordable Housing Program incentives (waivers of fees for planning applications, building permits and parkland dedication, and development charges exemption, with authority for property tax exemptions to be requested in a later report once the location(s) of the affordable rental housing units are known) for up to 875 affordable rental units (estimated value of \$47,951,703); and

- iii) Issue a Request for Proposals to identify suitable non-profit providers to own and/or operate the affordable rental housing.

Once the actual number of affordable housing units and the location of the units have been determined, staff will report to Council to seek approval for property tax exemptions for a 99 year period through the Open Door Affordable Housing Program. The overall anticipated value of Open Door incentives using current rates, once approval is received from Council for the property tax exemptions, is estimated at \$78,231,280.

The affordable rental units are intended to be delivered over two phases. Land for all units (800 to 875) will be set aside through the Quayside project. Based on input from City staff, Waterfront Toronto's Request for Proposals document identified the criteria for the units, including the required locations, unit mix and distribution, with which the Preferred Proponent complied.

The cost to deliver between 800 and 875 affordable rental homes is significant and will require funding and financing from a range of sources. While the land has been secured for both phases, the funding plan to deal with the "bricks and mortar" costs is still a work in progress.

Quayside Phase One will provide approximately 460 affordable housing units (of the up to 875 units) at a cost of approximately \$270 million (including soft, hard and financing costs). The City's contribution for Phase One will include the full value of Block 3B and City Open Door Affordable Housing incentives, as detailed in the Financial Impact Section of this report.

Waterfront Toronto, working with City staff, has reached out to the Provincial and Federal governments (including the Canada Mortgage and Housing Corporation) to explore funding opportunities to deliver the Quayside affordable housing program. The required equity contribution from Waterfront Toronto from land sales proceeds will vary based on how much funding can be secured from other levels of governments for each phase of Quayside.

While there is a plan to deliver the Phase One affordable rental units, Waterfront Toronto continues to work on a funding plan for the construction of the Quayside Phase Two units. City staff, in consultation with Waterfront Toronto and others, will report back to the Executive Committee in late 2023 with a funding plan for the Phase Two housing units (see Recommendation 7). The funding model for the construction of the Quayside Phase Two affordable housing units (approximately 415 units) will be based on similar assumptions, including Open Door incentives; potential funding and financing from the Provincial and Federal governments, and potential additional contributions from Waterfront Toronto.

In addition, Waterfront Toronto and City staff will work with Waterfront Toronto's Preferred Proponent to also look at options to reduce the cost of the planned affordable rental housing at Quayside, including:

- Potential long-term leases (versus ownership);

- Aligning studio and one bedroom unit sizes with market units; and
- Allowing for slightly smaller two and three bedroom units.

Major Infrastructure and Parkland Funding

Similar to the approach used in the East Bayfront and West Don Lands, Waterfront Toronto will be responsible for the delivery of major infrastructure and parkland in Quayside.

For Quayside, the major infrastructure and parkland includes the partial acquisitions of Parliament Slip and 11 Parliament Street, and the partial lake filling in order to facilitate the future extension of Queens Quay East (and related dockwall rehabilitation), including a reconfigured Queens Quay East/Parliament Street intersection; improvements to Bonnycastle Street and Lake Shore Boulevard East; Silo Park (0.4 hectares) and Water's Edge Promenade (0.3 hectares). Refer to Attachment 4: Quayside Infrastructure and Public Realm Plan. Delivery is estimated to cost approximately \$190 million based on project timeline and annual inflation estimates.

As is further outlined in the Financial Impact section below, City staff are recommending a \$142 million City contribution towards the major infrastructure and parkland that is to be delivered at Quayside, to be cash-flowed over a 10-year period. City funding is not required in 2022. This report recommends this funding be included in Waterfront Revitalization Initiative capital budget submissions for Council's approval through the 2023 and future year budget processes, with consideration of other city priorities and capital requirements. This report includes recommendations that would allow for staff to enter into the necessary infrastructure delivery agreements with Waterfront Toronto to facilitate planning, design and construction.

Subsequent detailed reports will address the necessary approvals needed to complete the proposed infrastructure and parkland implementation work.

Real Estate Transactions

Quayside requires a series of land transactions to create the future Block 3B through the consolidation of City and T.P.L.C. properties, as well as the transfer of various other remnant City and T.P.L.C. parcels located beyond Block 3B. Once the coordination and sequencing of the land transactions have been determined and agreed upon by all parties, it is anticipated that delivery, contribution and infrastructure related funding agreements will need to be entered into with the appropriate land owners.

This report recommends that authorization be given to the Executive Director, Corporate Real Estate Management, subject to any property management agreements between the City and CreateTO, to proceed with leases, licences and other interim agreements for nominal consideration to allow for necessary site investigation, preparation and environmental remediation. This report also recommends that City Council request that the T.P.L.C. Board of Directors do the same in respect of T.P.L.C. lands.

Subsequent reports to Council will address transactional details related to: the closure of Parliament Street, the surplus declaration and disposal terms of any portions of Block 3B being sold, the land appraisal of Block 3B, and the details of the necessary implementation agreements needed for the development of Block 3B between the City, T.P.L.C. and Waterfront Toronto and/or its Development Partner for Block 3B. The results of an appraisal of Block 3B are addressed in Confidential Attachment 1.

Land Use Planning Approvals

The Development Partner, or its designated Site Developers, will be subject to applicable City Planning Division development review processes. A formal pre-application consultation meeting will be scheduled to confirm application and submission requirements. Given that the Phase One lands are serviced to accommodate development for the existing as-of-right zoning permissions, a draft plan of subdivision application will not be required. However, a draft plan of subdivision application will be required for the Phase Two lands. Waterfront Toronto, as agent, will act as the applicant for the draft plan of subdivision application. The Development Partner and its site developers are to comply with the applicable zoning by-laws and submit their designs for review and comment to the Waterfront Toronto Design Review Panel.

This report recommends that Waterfront Toronto be authorized as the City's agent to file planning and development related applications for City-owned lands; it requests that the Board of Directors of T.P.L.C. authorize the same agency approvals in respect of the T.P.L.C. lands. This report seeks an acknowledgement that local infrastructure improvement contributions have been satisfied for Blocks 1 and 2.

Next Steps

The recommendations in this report will, if adopted, allow Waterfront Toronto to move forward with finalizing its agreements with its Preferred Proponent; Waterfront Toronto will also be able to close on Blocks 1 and 2, and advance site investigations, site preparation and environmental remediation. City of Toronto staff will work with CreateTO on a work plan, outlined above and described in more detail below, which will lead to subsequent staff reports related to affordable housing implementation matters, infrastructure funding, real estate transactions and land use planning approvals that will require City Council direction in 2023 and beyond. The Board of Directors of T.P.L.C. will also consider staff reports in a concurrent manner, as necessary, to facilitate real estate transactions.

Given the enormous scope and complexity of the Quayside project, there are matters that will need further evolution in order to determine outcomes. For instance, proposed on Block 5 are a cultural centre and the potential co-location of an elementary school. These two uses will require on-going review, discussion and negotiation to ensure the achievement of the aspirations for the block. Given that Quayside is a long-term phased project, phasing and scheduling will require review throughout the design process, and the project's cost estimates will be subject to further detailed review. Specifically, the estimated construction timeline (Q4 2025 to Q4 2028) of Queens Quay East and Parliament Street will be subject to ongoing coordination with other impacted major

projects in the area. Further, Waterfront Toronto is also the proponent of the Parliament Slip project, a proposed water's edge public and recreational space that would abut and complement the Quayside neighbourhood; the City will work with Waterfront Toronto as it engages with the Provincial and Federal governments with respect to potential financial contributions to the Parliament Slip project.

Quayside will advance in the coming months and years, and be addressed in future City staff reports. In the meantime, the recommended approvals in this report will allow Waterfront Toronto to transact with its Preferred Proponent, and to begin detailed design, submit land use planning application, and to commence site preparation and related work in Quayside.

RECOMMENDATIONS

The Deputy City Manager, Infrastructure and Development Services recommends that:

Affordable Housing Implementation

1. City Council endorse the inclusion of the City lands, and request that the T.P.L.C. Board of Directors endorse the inclusion of T.P.L.C. lands in the Quayside project, consistent with the Quayside Business and Implementation Plan, with specific terms to be defined in future land transactions for Council and/or Board approval, including the principle that the net sale proceeds from the City and T.P.L.C. lands in Block 3B be contributed to the Quayside affordable housing program.
2. City Council authorize the up to 875 new affordable rental dwelling units to be developed at Quayside to be eligible through the City's Open Door Affordable Housing Program, for waivers of fees for planning applications, building permits and parkland dedication, and for development charges exemption, unless already paid.
3. City Council authorize the Executive Director, Housing Secretariat to issue a Request for Proposals and to select one or more non-profit housing provider(s) to own and/or operate the affordable rental homes in Quayside.
4. City Council authorize the Executive Director, Housing Secretariat, in consultation with the Chief Financial Officer and Treasurer, to negotiate and execute on behalf of the City, Municipal Housing Facility Agreement(s) (the City's "Contribution Agreement(s)), with the non-profit housing provider(s) selected through the competitive process, referred to in Recommendation 3 above and/or the Development Partner, to secure the financial assistance being provided and to set out the terms of the operation of the new affordable rental housing, on terms and conditions satisfactory to the Executive Director, Housing Secretariat, and in a form approved by the City Solicitor.
5. City Council authorize the Executive Director, Housing Secretariat, in consultation with the Chief Financial Officer and Treasurer, to negotiate and execute on behalf of the City, any agreements with the non-profit housing providers selected through the competitive process referred to in Recommendation 3 above and/or the Development Partner, for any operating funding that may be available, including, but not limited to

rent supplement or grant funding agreements, on terms and conditions agreed to by the Executive Director, Housing Secretariat, in a form approved by the City Solicitor.

6. City Council authorize the Executive Director, Housing Secretariat, in consultation with the Chief Financial Officer and Treasurer, to negotiate and execute on behalf of the City, any security or financing documents required by any of the non-profit housing provider(s) selected through the competitive process referred to in Recommendation 3 above, to secure construction and conventional financing, as well as any subsequent refinancing, including any postponement, confirmation of status, discharge or consent documents where and when required during the term of the Municipal Housing Facility Agreement, as required by normal business practices, and provided that such documents do not give rise to financial obligations on the part of the City that have not been previously approved by City Council.

7. City Council request the Executive Director of the Housing Secretariat, in consultation with Chief Planner and Executive Director, City Planning to report to the Executive Committee in Q4, 2023, on the status of a delivery plan for the affordable housing, including, availability of funding, timing of the development of affordable housing, location of the units to be delivered, and an update on the funding plan for the construction of the Quayside affordable rental housing program.

Major Infrastructure and Parkland Funding

8. City Council direct that a \$142 million City contribution towards the major infrastructure and parkland that is to be delivered at Quayside by Waterfront Toronto, be included in Waterfront Revitalization Initiative capital budget submissions for Council's approval through future year budget processes, giving consideration along with other city priorities and capital requirements.

9. City Council direct the Director of Waterfront Secretariat to include funding for major infrastructure and public park work, consistent with the \$142 million capital funding requirement in Recommendation 8, in future year Waterfront Revitalization Initiative budget submissions.

10. City Council authorize the Deputy City Manager, Infrastructure and Development Services, for the Director of Waterfront Secretariat to work with the General Manager, Transportation Services, and the General Manager, Parks, Forestry and Recreation, to negotiate and execute on behalf of the City the necessary delivery agreements with Waterfront Toronto related to the delivery of infrastructure.

Real Estate Transactions

11. City Council request that the Executive Director, Corporate Real Estate Management, in consultation with the CEO of CreateTO, to report back in Q2 2023 on the real estate transactions and related Board and Council approvals necessary to include City and T.P.L.C. lands in the Quayside project as described in Recommendation 1, including the creation of Block 3B under consolidated ownership.

12. City Council authorize the Executive Director, Corporate Real Estate Management to negotiate and execute on behalf of the City (subject to any property management agreement between the City and T.P.L.C. in respect of City-owned lands in Quayside) any leases, licenses or other interim agreements (including such agreements with Waterfront Toronto for nominal consideration) to provide access to City-owned lands for site investigations, site preparation and environmental remediation activities for the Quayside project, on such terms and conditions as the Executive Director, Corporate Real Estate Management deems appropriate and in a form satisfactory to the City Solicitor.

13. City Council request that the Board of Directors of T.P.L.C. authorize the same interim approvals in respect of the T.P.L.C. lands as set out in Recommendation 12.

Land Use Planning Approvals

14. City Council authorize the Executive Director, Corporate Real Estate Management to execute and deliver on behalf of the City, documentation granting the City's consent to Waterfront Toronto to act as the City's agent (in the City's capacity as owner of the City-owned lands in Quayside) in connection with any planning and development, infrastructure, servicing or other applications or agreements required for the development of the Quayside lands (except environmental applications or agreements), including agreements with Toronto Hydro, Enbridge Gas or any third party utility provider, provided that Waterfront Toronto has agreed to assume all costs and liabilities under such applications and agreements and upon such other terms and conditions as the Executive Director, Corporate Real Estate Management deems appropriate, and in form satisfactory to the City Solicitor.

15. City Council request that the T.P.L.C. Board of Directors authorize the same agency approvals in respect of the T.P.L.C. lands in Quayside as set out in Recommendation 14 above.

16. City Council direct that all actions described in this report, shall be taken by or on behalf of the City in its capacity as land owner and not in its capacity as a planning authority under the Planning Act, the City of Toronto Act, 2006, or otherwise and such actions are not intended to and do not fetter the City's planning and municipal rights and responsibilities.

17. City Council deem Waterfront Toronto's parkland contribution for Blocks 1 and 2 to be satisfied, per the East Bayfront Precinct Plan requirements and approved as-of-right densities, through the conveyance of Sherbourne Common, Sugar Beach, Aitken Place, and Waters Edge Promenade west of the Parliament Slip.

18. City Council deem Waterfront Toronto's parkland contribution for Blocks 3B, 4 and 5, to be satisfied by Waterfront Toronto, per the Keating Channel West Precinct Plan requirements and as-of-right densities through the delivery of Silo Park and the Water's Edge Promenade (east of the Parliament Slip).

Other, General

19. City Council approve the Quayside Business and Implementation Plan, as Attachment 6 in the report.

20. City Council authorize the public release of the confidential information in Confidential Attachment 1 upon completion of the development of the publicly-owned lands in Quayside, as determined by the Deputy City Manager, Infrastructure and Development Services.

21. City Council direct that the information contained in Confidential Attachment 2 remain confidential in its entirety.

FINANCIAL IMPACT

The overall financial impact of the City's proposed involvement in the Quayside project is summarized below. Future reporting on financial matters will be required in relation to affordable rental housing implementation, through the Planning and Housing Committee, as well as on affordable housing, major infrastructure and parkland funding, through the City's annual capital budget process.

All cost figures in this report are in future year dollars, meaning that they have been escalated to year of expected expenditure.

Through the Quayside project, the City will contribute to and assume ownership of: a minimum of 800 units and up to 875 affordable rental units; the partial acquisitions of Parliament Slip and 11 Parliament Street and the partial lake filling in order to facilitate the future extension of Queens Quay East (and related dockwall rehabilitation), including a reconfigured Queens Quay East/Parliament Street intersection; improvements to Bonnycastle Street and Lake Shore Boulevard East; new local roads Streets A and D, and upgrades to Small Street; Silo Park and Water's Edge Promenade. In sum, the estimated value of the infrastructure that will be delivered to the City at the end of the project will be approximately \$900 million.

Affordable Housing Implementation

The Quayside affordable rental units will be delivered over two phases. The delivery of between 800 and 875 affordable rental homes will require an estimated \$47,951,703 in Open Door Affordable Housing Program incentives, including relief from development charges, and planning and building fees as presented in Table 1 below. In addition, an exemption of property taxes for 99 years, estimated at \$30,279,577 (see Table 2 below), will be required for the two phases, and will be presented for Council's consideration in a future report once the actual location(s) of the units have been identified.

Table 1: Summary of Open Door Financial Incentives Authorized in This Report

| Affordable Rental Homes | Affordability Period | Estimated Development Charges* | Estimated Planning Fees and Charges* | Estimated Total Value of Incentives |
|-------------------------|----------------------|--------------------------------|--------------------------------------|-------------------------------------|
| 875 | 99 | \$41,449,800 | \$6,501,903 | \$47,951,703 |

*Calculated using current 2022 AMR rates, November 2021 development charge rates, 2022 building permit fees and 2022 planning fees.

These incentives are not a direct capital payment from the City but rather foregone revenues that the City waives or forgives under the Open Door Affordable Housing Program.

Using current 2022 rates, the anticipated total Municipal property tax incentives for the affordability term of the rental homes is estimated at \$959,828 annually. The total net present value over the target 99 year affordability term for the homes is estimated at \$30,279,577 as summarized in Table 2 below.

Table 2: Annual and Net Present Value of Property Taxes

| Property Tax | Annual | NPV |
|---------------|------------|---------------|
| City | \$ 716,989 | \$ 22,618,750 |
| Education | \$ 232,388 | \$ 7,331,118 |
| City Building | \$ 10,451 | \$ 329,709 |
| Total: | \$ 959,828 | \$ 30,279,577 |

As mentioned above, while there is a plan to deliver Phase One (approximately 460 affordable rental units), additional funding and financing will be required to deliver Phase Two (up to 415 affordable rental units).

In addition to the up to 875 affordable rental units, up to 200 affordable homeownership opportunities are proposed. Delivery of these opportunities will require grant funding from the federal and provincial governments, as well as development charges deferral through the City. A plan for delivery of these homeownership opportunities will be reported back to Council in 2023, along with the delivery plan for the affordable rental units.

Ultimately, the development of the Quayside lands will require support, participation and investments from all orders of government to deliver this signature city-building project.

Major Infrastructure and Parkland Funding

Table 3 below outlines Waterfront Toronto's total major infrastructure and parkland program for Quayside. In addition to the table below, the development will provide additional "local infrastructure" that the development industry would otherwise be expected to deliver, such as local roads: Streets A and D, and Small Street.

Table 3: Major Infrastructure and Parkland Assumptions

| | |
|------------------------------------------------------------------------------------------------------------------|----------------------|
| Major Infrastructure: | |
| Queen's Quay East | \$74,893,000 |
| Parliament Slip Acquisition (northern portion) - to facilitate the construction of Queens Quay East extension | \$16,400,000 |
| Parliament Street | \$9,030,000 |
| Parliament Slip Dockwall | \$27,878,000 |
| Bonnycastle Street (east side) and Lake Shore Boulevard East (south side) | \$12,123,000 |
| Parkland: | |
| Silo Park | \$18,893,000 |
| Water's Edge Promenade | \$31,697,000 |
| Total Parkland and Major Infrastructure | \$190,915,000 |

The City has limited fiscal capacity and many critical unfunded capital priorities. Out of the \$190.9 million, City staff are recommending that City Council consider funding \$142 million towards the Quayside project through inclusion in future budget processes, with consideration given against other capital priorities and funding requirements, with cash flow subject to the fluctuations of the City's financial circumstances and subject to project stage-gating, as set out in delivery agreements. City staff will report on funding details as part of future budget submission and expect to leverage various funding sources including:

- Development Charge reserves;
- Cash-in-lieu parkland dedication payments secured through Section 42 of the Planning Act;
- Intergovernmental funding opportunities; and
- Other sources.

There are a number of unknown factors related to cost estimates noted above. The current project cost estimates are based on designs that range from 10% to 30% and are subject to further scope review, and public engagement, project cost refinements to meet the near-zero greenhouse gas emissions and the Toronto Green Standard requirements. Furthermore, estimates above include escalation and the applicable H.S.T. Operating impact of capital and the future state of good repair costs associated with major infrastructure and parkland cannot be reasonably quantified at this time. Confidential Attachment 1 contains additional financial information related to the Quayside project.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

EQUITY AND RECONCILIATION IMPACT

Waterfront Toronto and the City of Toronto will ensure that the affordable housing to be delivered at Quayside supports delivery of the City's HousingTO 2020-2030 Action Plan and meets the diverse needs of a range of Toronto residents including those from equity-deserving groups. Priority will be placed on increasing housing opportunities for Indigenous and Black residents, helping seniors to age in place, increasing the number of accessible homes, and supporting families and essential workers that need an affordable home.

Toronto's waterfront sits on the traditional territory of many nations, including the Mississaugas of the Credit and the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. The waterfront is a place with historical and ongoing importance to Indigenous communities. As such, engagement with First Nations, Inuit and Métis communities will feature prominently throughout the process, with various opportunities to create an inclusive environment.

DECISION HISTORY

Key Governance and Business Documents for Toronto Waterfront Revitalization

In September 2005, Council approved a report entitled "Implementation of a New Governance Structure for Toronto Waterfront Renewal". The report confirmed that effective control of public lands in the Designated Waterfront Area (DWA) was to be provided to Toronto Waterfront Revitalization Corporation (now Waterfront Toronto) on an incremental basis, following Council's approval of business and implementation plans. The report also directed that Memoranda of Understanding (M.O.U.s) be developed between the government partners and their agencies to, among other matters, designate Waterfront Toronto as the revitalization lead.

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050928/pof8rpt/agendain.pdf>

In January/February 2006, Council authorized the City to enter into a Memorandum of Understanding (M.O.U.) with Waterfront Toronto and City of Toronto Economic Development Corporation (now operating as Toronto Port Lands Company or T.P.L.C.) covering lands then owned by T.P.L.C. in the East Bayfront and Port Lands. The M.O.U. defined the requirements for detailed business and implementation plans prior to providing Waterfront Toronto with effective control of City or T.P.L.C. lands in the Designated Waterfront Area.

<https://www.toronto.ca/legdocs/2006/agendas/council/cc060131/pof1rpt/cl027.pdf>

In July 2006, Council approved Waterfront Toronto's Business and Implementation Plan for the East Bayfront that included a financial model; employment strategy; cultural and

animation strategy; ground floor retail strategy and project schedules. The Plan contained aggressive employment targets, a target of approximately 200,000 m2 of residential development and the provision of critical hard and soft infrastructure. A Ground Floor Animation strategy to enliven the public realm was a key component of this Plan.

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060725/pof6rpt/agendain.pdf>

Quayside Project Status Update Report

At its meeting on December 10, 2020, Executive Committee adopted the report of November 26, 2020 from the Deputy City Manager, Infrastructure and Development titled "Update on Waterfront Toronto's Quayside Project."

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX19.4>

Key Council and Committee of Adjustment Decisions Applying to Quayside Land Use Planning Matters

At its meeting on December 5, 6 and 7, 2005, City Council adopted the report of November 16 from the Deputy City Manager titled "East Bayfront Precinct Plan and Class Environmental Assessment Master Plan". This pertains to Blocks 1 and 2 in Quayside.

<http://www.toronto.ca/legdocs/2005/agendas/council/cc051205/pof10rpt/cl002.pdf>

At its meeting on July 6, 7 and 8, 2010, City Council adopted the report of May 31, 2010 from the Deputy City Manager titled "Lower Don Lands Project". The report seeks City Council's support for the planning vision for the Lower Don Lands which includes Blocks 3, 4 and 5 in Quayside.

<http://www.toronto.ca/legdocs/mmis/2010/ex/bgrd/backgroundfile-30878.pdf>

At its meeting on December 8, 2021, the Committee of Adjustment granted consent to sever a portion of the lands owned by the Toronto Port Authority and The Toronto Harbour Commissioners (known collectively as "Ports Toronto") to Waterfront Toronto, to create a new water lot and associated easement/right-of-way to be conveyed to the Parliament Slip site. (File No. B0098/21TEY, Application No. 21, 213209 STE 10 CO).

<https://www.toronto.ca/city-government/planning-development/application-information-centre/>.

Key Council Decisions Applying to Transit in Quayside

At its meeting on September 30 and October 1, 2009, City Council adopted the report of May 14, 2009 from the Deputy City Manager titled "Queens Quay Revitalization Environmental Assessment and East Bayfront Transit Environmental Assessment". The report seeks City Council's authority to issue a Notice of Completion following completion of Environmental Study Reports for revitalization of Queens Quay and East Bayfront transit expansion.

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-09-30-cc40-dd.htm>

At its meeting on July 12, 13, 14 and 15, 2016, City Council adopted the report of March 3, 2016 from the Deputy City Manager titled "Waterfront Transit Network Vision - Phase 1". The report presents a comprehensive review of waterfront transit initiatives and options and directs the initiation of Phase 2 of the Waterfront Transit "Reset."
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.17>

At its meeting on January 31 and February 1, 2018, City Council adopted the report of January 10, 2018 from the Deputy City Manager titled "Waterfront Transit Network Plan". The report seeks City Council endorsement of the overall Waterfront Transit Network Plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX30.1>

At its meeting on April 16 and 17, 2019, City Council adopted the report of April 3, 2019 from the Deputy City Manager titled "Toronto's Transit Expansion Program - Update and Next Steps". The City-wide transit report includes direction that staff commence the preliminary design and engineering phase of the Union Station-Queens Quay link and the extension of light rail transit to East Bayfront with a report back to Council when a Class 3 cost estimate and Level 3 schedule have been developed.

http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX4.1&utm_source=All&utm_campaign

At its meeting on December 16, 17 and 18, 2020, City Council adopted the report of November 26, 2020 Chief Planner and Executive Director, City Planning and Executive Director, Transit Expansion Office titled " Update on the City's Transit Expansion Projects - Fourth Quarter 2020". The report seeks City Council's authority to report back on the recommended schedule and funding requirements for the Union Station to Queens Quay Link and the East Bayfront Light Rail Transit section of the Waterfront Transit Network, including phasing options and an updated business case, prior to the 2022 Budget process.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX19.5>

In June 2022, City Council adopted the report Advancing City Priority Transit Expansion Projects - Eglinton East Light Rail Transit and Waterfront East Light Rail Transit. City Council requested a constructability review of the Union Station to Queens Quay Link and the Waterfront East LRT and requested a report in Q3 2023 on a recommended alignment and scope, an updated cost estimate and a funding, financing, and implementation strategy, including a phasing strategy and the reporting will be in concert with the anticipated report on the Next Phase of Waterfront Revitalization.

The staff report is available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.EX33.2>.

COMMENTS

Staff and Agency Circulation

Staff of Corporate Real Estate Management, the Housing Secretariat, Transportation Services, Parks, Forestry and Recreation, Financial Planning, City Planning

(Community Planning), CreateTO and the Waterfront Secretariat have reviewed Waterfront Toronto's Business and Implementation Plan and contributed to the preparation of this report, all in consultation with City Legal.

The Quayside Site

Quayside is a 4.9 hectare parcel on Toronto's waterfront, located at Queens Quay East and Parliament Street, south of the Gardiner Expressway. The parcel includes land dedicated for the extension of Queens Quay East to the east, a public park and Water's Edge Promenade; as a result, the total developable area is approximately 3.2 hectares. Refer to Attachment 1: Quayside Project Area Plan. The site is largely owned by Waterfront Toronto, however, it also includes 0.6 hectares of land owned by the City of Toronto and T.P.L.C. (under legal title to Toronto Economic Development Corporation). The site comprises five development blocks as illustrated in Attachment 2: Quayside Current Land Ownership Map. City and T.P.L.C. owned land is to be consolidated as the future Block 3B.

In addition, abutting Block 3B is a private landowner (Plaza Partners) at 307 Lake Shore Boulevard East. An Official Plan and Rezoning Amendment, and Site Plan Control planning applications were on May 4, 2022, (File Nos. 22 141954 STE 10 OZ and 22 141953 STE 10 SA), for a 49-storey mixed-use building and 430 residential units. A Preliminary staff report will be at the June 29 and 30, 2022, Toronto and East York Community Council meeting.

<http://app.toronto.ca/tmmis/decisionBodyProfile.do?function=doPrepare&decisionBodyId=1925#Meeting-2022.TE34>

An Approvals "Road Map"

Waterfront Toronto's Quayside project is a significant and complex project that will be implemented over a number of years. This report provides a "road map" for approvals related to Quayside. In particular, this report addresses a number of business and implementation planning issues that are fundamental to Waterfront Toronto's ability to advance the project. This report includes a number of recommendations related to "high level approvals" related to proposed City funding contributions to affordable housing, major infrastructure and parkland; this report also addresses how City Divisions and CreateTO, as the City of Toronto's real estate agency, will work with Waterfront Toronto as it implements the Quayside project. In turn, Council's consideration of this report will allow Waterfront Toronto to proceed with the necessary Phase One transactions in fall 2022, and to advance the project towards implementation. Numerous detailed City approvals will be required in the coming years, related to affordable housing implementation, infrastructure and parkland funding, real estate transactions and land use planning approvals, and staff will provide the necessary reports for Council's consideration.

Quayside Business and Implementation Plan Requirement

In March 2006, City Council authorized the City to enter into a Memorandum of Understanding (M.O.U.) with Waterfront Toronto and the Toronto Economic Development Corporation (now operating as Toronto Port Lands Company or T.P.L.C.)

covering lands owned by the City and T.P.L.C. in the East Bayfront and Port Lands. The purpose of the M.O.U. was to facilitate the implementation of the East Bayfront (EBF) precinct plan, and the precinct plans for the Port Lands, and to ensure that the public lands in the East Bayfront and Port Lands were dealt with in a manner that expedites the realization of the waterfront vision.

The 2006 M.O.U. defined requirements for detailed business and implementation plans prior to providing Waterfront Toronto with effective control of City or T.P.L.C. lands in the Designated Waterfront Area.

The M.O.U. defined a business and implementation plan as a detailed business and implementation strategy of Waterfront Toronto, and a work plan for implementing the revitalization of a precinct that includes the T.P.L.C. lands, or one or more parcels of land owned by T.P.L.C., and which plan has been reviewed and commented on by T.P.L.C. and approved by Council.

With the exception of particulars of real estate transactions involving City and T.P.L.C. lands in Phase Two of the Quayside project, which will be the subject of future Council reports and decisions, the attached Business and Implementation Plan contains the details required by the M.O.U. and are reviewed in this report. Given the complexity of the Quayside project a number of additional City Council approvals will be required in relation to project details. These approvals will be addressed in a number of future staff reports.

Procurement Process

Over the past year, Waterfront Toronto has conducted a procurement process to secure a development partner for Quayside. This included an R.F.Q. issued in March 2021 and an R.F.P. issued in July 2021. Ten submissions were received in response to the R.F.Q. and a shortlist of four proponents were selected to participate in the R.F.P. process. The Evaluation Committee scored the submissions against set criteria, making recommendations to the Steering Committee, and it was comprised of Waterfront Toronto senior management, and representatives from the City and CreateTO. The Steering Committee oversaw the Evaluation Committee's process and ensured that due diligence was carried out and had the ability to accept or reject the Evaluation Committee's recommendation. It was comprised of Waterfront Toronto's executive team, representatives of the City and CreateTO and one external member. The role of the Technical Team was to support the Evaluation Committee by conducting a review of the submissions and present their findings to the Evaluation Committee. They were comprised of Waterfront Toronto and City staff, and external advisors. Waterfront Toronto assigned a Procurement Manager and staff to coordinate and facilitate the process ensuring process compliance, potential conflict of interest review and the communication process.

Furthermore, to ensure that the process was open, fair, transparent and equitable to all proponents, Waterfront Toronto retained The Right Honourable Justice Beverly McLachlin, former Chief Justice as a fairness monitor to provide independent attestation that the process was conducted fairly.

On February 15, 2022, Waterfront Toronto's Board of Directors approved a recommendation from its Investment and Real Estate sub-committee with the Preferred Proponent known as 'Quayside Impact Limited Partnership' (QILP), led by Dream Unlimited and Great Gulf Group. Terms relating to the development of the project are set out in a Project Agreement between Waterfront Toronto, as revitalization lead with responsibility for the overall coordination of the project and infrastructure, and QILP as Development Lead. It is anticipated that the Project Agreement (PA) will be finalized and executed in fall 2022, after which, the Preferred Proponent will become the Development Partner.

Quayside Vision

Quayside will be a master-planned mixed-use complete community that builds on the development in the adjacent Bayside and Dockside lands, and the emerging Keating Channel West Precinct. A key driver for Quayside is the provision of a diverse range of affordable rental housing units, between 800 and 875 units, delivered in either stand-alone or stratified sites; approximately 60% of the units will be two-bedroom units or larger, responding to the needs of families. A further 5% of Quayside's housing will comprise affordable home ownership units, representing approximately 200 units.

Significant infrastructure improvements are planned which include the extension of the Queens Quay East as a 38 metre wide right-of-way through Quayside including a reconfigured intersection at Parliament Street as a 30 metre wide right-of-way. Partial acquisitions of Parliament Slip and 11 Parliament Street, and the partial lake filling will be required in order to facilitate the new Queens Quay East extension along with dockwall rehabilitation. Also, the Waterfront East Light Rail Transit route is being planned to support the community with access to transit in close proximity. Additional infrastructure improvements will occur with Bonnycastle Street, Small Street, Lake Shore Boulevard East, and the construction of two new local public rights-of-way (Streets A and D) abutting Blocks 4 and 5 respectively.

Public parks are planned with Silo Park sited in between Blocks 4 and Queens Quay East, and the continuation of the Water's Edge Promenade on the east side of the Parliament Slip continuing south of Block 5. Parliament Plaza will offer generously sized privately owned, publicly accessible open spaces (POPS) straddling both sides of Parliament Street, extending from Queens Quay East and north to Lake Shore Boulevard East, with additional POPS areas planned to be located within the Phase One lands.

A year-round cultural centre is planned on Block 5 designed to be an important event and gathering destination for local and broader communities to converge as well as to attract tourism to this destination. Waterfront Toronto will also work with the Toronto District School Board to consider the feasibility to co-locate an elementary school.

Quayside aims to achieve new standards for sustainability and climate resilience. Development is targeted with near-zero greenhouse gas emissions, low levels of energy consumption, and embodied carbon, and will also achieve sustainability performance levels equivalent to Tier 3 of the Toronto Green Standard Version 3, as outlined in the Waterfront Toronto Green Building Requirements, which aims to achieve leadership in

sustainability on the waterfront. The Development Partner will comply with the version of TGS that is in effect at the time of Site Plan Approval.

Through Waterfront Toronto's extensive procurement process, Quayside attracted a diverse range of proponents from around the globe. One of the considerations is to achieve design excellence. In addition, given the enormous scale of the Quayside Project, it will generate employment opportunities through both the construction and operational phases.

Toronto's waterfront is a place with historical and ongoing importance to Indigenous communities. As such, engagement with First Nations, Inuit and Métis communities will feature prominently throughout Waterfront Toronto's process, with various opportunities to create an inclusive environment. Waterfront Toronto has engaged the Mississauga's of the Credit and other Indigenous organizations throughout the Quayside planning process.

Policy Framework

Central Waterfront Secondary Plan

The Central Waterfront Secondary Plan governs the Quayside lands for each the East Bayfront and Keating Channel West Precincts promoting compatibility between the two precincts, and provides a policy framework towards the revitalization of the central waterfront through a "phased effort, part of the much larger city-wide context". The Plan identifies several core principles divided into the "Big Moves" and "Policies" identifying the vision and implementation of the central waterfront. Quayside will align with the core principles and policies of the Central Waterfront Secondary Plan through the provision of affordable housing, Queens Quay East right-of-way extension and new public streets with new development blocks, and a series of inviting park and public realm open spaces.

East Bayfront Precinct Plan

The East Bayfront Precinct Plan implements the Central Waterfront Secondary Plan to further articulate the Plan's policies at a more detailed level. The EBF Plan builds on the Central Waterfront Secondary Plan with emphasis on areas such as: open space, infrastructure, affordable housing and sustainability. Quayside is a planned complete community that will contribute to waterfront renewal by the inclusion of the aforementioned themes to fulfil the Central Waterfront Secondary Plan core principles and policies.

Keating Channel West Precinct Plan

The Keating Channel West Precinct Plan implements the Central Waterfront Secondary Plan, and outlines a vision and series of key principles to support the creation of a new waterfront precinct. Key principles include: transportation, open spaces, connectivity, and economic and social diversity. The Quayside proposal aligns with the Plan with the incorporation of new public park and open spaces, prioritization of new infrastructure with the planned construction of the Queens Quay East extension, additional street

connections with linkages to adjacent developments, and the inclusion of new affordable housing.

Core Components of the Quayside Project

Development Proposal and Project Phasing

Quayside is intended to be developed as a mixed-use community consistent with the East Bayfront and Keating Channel West Precinct Plan frameworks. Waterfront Toronto estimates that Quayside will be developed between 2022 and 2031. Waterfront Toronto estimates that approximately 6,100 people will live in 3,500 housing units in Quayside; Waterfront Toronto estimates that the area's commercial space will support approximately 1,600 jobs.

The Quayside Project will take place in two phases. Phase One will include Blocks 1 and 2 and the implementation will commence upon the execution of the Project Agreement. Phase One lands can be implemented as the priority of the two phases given that it has municipal services available from the abutting public streets. The as-of-right zoning allows for development of a mixed-use gross floor area of 169,566m² and split zoning heights of 38 and 46 metres. The blocks legally form one parcel and are within the East Bayfront Precinct. There are existing services to support the development within the public right-of-way adjacent to the site. The transfer of Blocks 1 and 2 to the Development Partner is anticipated to occur following the finalization of the Project Agreement in the fall of 2022.

Phase Two will include Blocks 3B, 4 and 5 and is more complex when compared with Phase One. Waterfront Toronto estimates that Phase Two will be developed starting in 2026. All three development blocks are within the Keating Channel West Precinct. Block 3B has a mixed-use gross floor area maximum of 39,500m², and the abutting privately owned lands at 307 Lake Shore Boulevard East (Plaza Partners) to the north allow for a maximum of 7,700m² if the properties are to be developed separately. However, if they are developed together, the maximum mixed-use gross floor area increases to 53,350m². Block 3B will be created as a result of the future realignment of Parliament Street and the extension of Queens Quay East. The consolidation of lands owned by the City and T.P.L.C. is required to facilitate the implementation of planned road and infrastructure improvements, as well as to create Block 3B as a development parcel.

Block 4 has a maximum mixed-use gross floor area permission of 65,000m² according to an Ontario Land Tribunal Minutes of Settlement decision. However, the zoning by-law permits a combined maximum mixed-use gross floor area for Blocks 4 and 5 of 88,870m² and a maximum tower height of 150 metres.

Block 5 is intended to function as a cultural destination supporting a broad mix of innovative cultural activities, along with the integration of digital infrastructure, providing opportunities for equity-deserving groups. The Keating Channel West Precinct Plan contemplates the co-location of an elementary school on the block. Waterfront Toronto will work with the Toronto District School Board on a feasibility study for a potential new school site, as well as on-going review, discussion and negotiation to ensure the achievement of the public-serving aspirations for the block. The maximum mixed-use

gross floor area permitted by the Minutes of Settlement is 32,500m², however, the zoning by-law establishes a density cap of 88,870m² for Blocks 4 and 5.

Waterfront Toronto is responsible for delivering Silo Park, a new public park located between the future Queens Quay East extension (east of the Parliament Slip and north of Block 5). Also proposed are two new public streets (Streets A and D) abutting Blocks 4 and 5, respectively, which will also be delivered by Waterfront Toronto. Refer to Attachment 4: Quayside Infrastructure and Public Realm Plan. In addition, Waterfront Toronto is responsible for the delivery of major infrastructure and parkland as discussed below.

The Quayside Business and Implementation Plan cash flows assumes a 9-year build-out of Quayside within two phases of total of 297,936m² of developable gross floor area. Refer to Attachment 6: Quayside Business and Implementation Plan. The Development Partner will proceed with Phase One (Blocks 1 and 2) in fall 2022 as a fully serviced site. Refer to Attachment 5: Quayside Impact Limited Partnership Site Plan.

Affordable Housing

A key city-building component of the Quayside proposal is affordable housing, in alignment with the City's HousingTO 2020-2030 Action Plan objectives. Waterfront Toronto's Quayside Business and Implementation Plan proposes a minimum of 800 units and up to 875 rental units. This represents a minimum of 23% of the land to be used for affordable rental housing. In addition to affordable rental housing, up to 200 affordable homeownership opportunities are proposed.

Waterfront Toronto's proposed land contribution to the Quayside affordable housing program is valued at approximately \$161 million. In addition, Waterfront Toronto estimates that it is able to contribute \$157 million in development revenues to the capital costs of the affordable rental housing units. Waterfront Toronto's ability to commit this capital is contingent on it receiving the Phase Two land sale revenues in full from the developer by mid-2026, on no new or unforeseen costs, on City funding for major infrastructure and parkland through a cash flow that aligns with project timelines, and on the achievement of the following milestones:

- A Council-approved Business and Implementation Plan by July 2022;
- Approvals for early enabling civil works in place by Q2 2023;
- The sale terms between the developer and the City for all of the Block 3B lands settled by Q2 2024 in order for Waterfront Toronto to commit the capital contribution to the Phase 1 affordable rental housing; and
- Registration of the Phase 2 subdivision by the end of Q1/Q2 2026.

The business case for the Quayside affordable rental housing program is also anticipating Open Door Affordable Housing Program incentives to support up to 875 affordable rental units (up to \$78.2 million, up to \$48 million of which is considered in Recommendation 2 for Council approval in this report, and the remaining \$30.2 million will be subject of a future staff report once the actual number of affordable housing units and the location of the units have been determined).

With respect to the land sale proceeds and appraisal, the future realignment of Parliament Street will create a land consolidation of City and T.P.L.C. lands. It is proposed in this report that the revenues from the sale of Block 3B will be reinvested into Quayside's affordable rental housing program. An updated land appraisal for Block 3B has been requested to assist with the land evaluation. (Refer to Confidential Attachment 1).

Waterfront Toronto has, working with City staff, reached out to the Provincial and Federal governments (including the Canada Mortgage and Housing Corporation) to discuss the possibility of providing funding to the Quayside affordable housing program, aligned with the forecasted Phase Two affordable rental housing delivery timelines. Waterfront Toronto has determined that the aforementioned contributions and incentives will be sufficient to deliver approximately 460 affordable rental housing units for development in Phase One (Blocks 1 and 2) commensurate with the market units. The Quayside proposal will also deliver approximately 200 affordable home ownership units across both phases of the project.

Major Infrastructure and Parkland

Major infrastructure to support a new complete community and public realm initiatives, all delivered by Waterfront Toronto through the master-planned Quayside project. City staff have determined that \$142 million of funding is available to support a parkland and major infrastructure program valued at \$190.9 million. Waterfront Toronto will pay for the balance of the parkland and major infrastructure costs through development revenues (\$48.9 million). This program will include parkland (Silo Park and Water's Edge Promenade), and major infrastructure projects (Refer to Table 3: Parkland and Major Infrastructure Assumptions) to support the Quayside neighbourhood.

Projects Funded by Waterfront Toronto - Additional City Benefits

The following projects, not funded by the City, will be funded by Waterfront Toronto:

- The Parliament Slip;
- Parliament Plaza POPS (west and east sides of Parliament Street); and
- Improvements to Small Street.

Waterfront Toronto is the proponent of the Parliament Slip project, a proposed water's edge public and recreational space that would abut and complement the Quayside neighbourhood; the City will work with Waterfront Toronto as it engages with the Provincial and Federal governments with respect to potential financial contributions to the Parliament Slip project. In sum, the project budget for the full Parliament Slip project is \$96 million in 2021 dollars and \$111.9 million in future year dollars.

The cost estimates for the other projects are: Parliament Plaza POPS (\$12.3 million), and Small Street (\$7.7 million).

Waterfront Toronto has indicated that they will be responsible for the delivery of the aforementioned projects. Further, Waterfront Toronto will be responsible for the delivery

of local public Streets A and D in the Keating Channel West Precinct abutting the east sides of Blocks 4 and 5 respectively. The cost estimates are: Street A (\$5.6 million) and Street D (\$9.4 million) for a total of \$15.4 million.

All of the above project costs are future year dollars, meaning that they have been escalated to include cost inflation in the year of expected expenditure.

Affordable Housing

The creation of affordable housing is crucial to support the mixed income and complete community vision in the waterfront. Delivery of new affordable housing will also support the City's HousingTO 2020-2030 Action Plan objective of creating 40,000 new affordable rental homes.

One of the primary drivers of waterfront revitalization is to leverage public ownership of waterfront lands to achieve City of Toronto affordable housing objectives. The provision for affordable housing opportunities has been assigned to Waterfront Toronto as part of its mandate and in turn, Waterfront Toronto has required affordable housing proposals in all of its market residential projects including Quayside.

The minimum zoning by-law requirements for Quayside is 20% of the land set aside for affordable housing. A target of up to 20% affordable housing on public lands, secured for 99 years or longer, aligned with the City's new income-based definition of affordable housing has been prioritized. This approach builds upon the policy framework set out in the Central Waterfront Secondary Plan and the East Bayfront Zoning By-law. In addition to the 20% requirement, there's also an additional 8,640 square metres of affordable housing requirement for Quayside, representing a previous outstanding obligation for the Parkside development for a combined total minimum requirement of 23%.

Waterfront Toronto will work with the City, Province and Federal governments, as well as the selected non-profit operator(s) to secure the funding and financing necessary to deliver the affordable housing at Quayside, and to potentially exceed the minimum requirements. The residential development program at Quayside will include approximately 23% affordable rental housing, a minimum of 800 units and up to 875 units, and a further 5% affordable home ownership units, approximately 200 units. The actual number of affordable rental housing units to be delivered will be dependent on the density and land-use mix in Quayside, as well as the potential funding and financing secured from all orders of government. The Housing Secretariat has been involved, and will continue to be involved throughout the process.

Public or non-profit/housing co-operative owner/operators will be required by the City of Toronto. As such, Recommendations 2, 3 and 4 request authority for the Executive Director, Housing Secretariat to issue a Request for Proposals and to select non-profit housing provider(s) to own and/or operate the affordable rental units in Quayside, to provide waivers of fees for planning applications, building permits and parkland dedication, and development charges exemptions towards Quayside's housing program, and to enter into agreements to secure the financial assistance being provided. Authority for property tax exemptions for the affordable housing units will be requested as part of the report back. Further funding is requested from land sale

revenues from City and T.P.L.C. lands on Block 3B. City staff are exploring the possibility of a reduction in the provision of vehicular parking to assist with a reduction in the total cost of the affordable housing at Quayside; this will be addressed through the project's development applications.

Housing Secretariat staff will report back in Q4, 2023 to provide an update on the housing program, per Recommendation 7.

The Quayside Affordable Rental Housing Funding Model

The Quayside affordable rental housing funding model represents a departure from the funding model used by Waterfront Toronto in the West Don Lands and in the portions of the East Bayfront that have developed to-date. Previously, Waterfront Toronto's obligation was to allocate land for affordable rental housing; funding to construct the housing units – the "bricks and mortar" – was provided through government programs. Waterfront Toronto's obligation to provide land was implemented through Affordable Rental housing Delivery Agreements with the City that were aligned with the Precinct Plans and zoning by-laws for the West Don Lands and East Bayfront. This model resulted in a number of successful affordable rental housing projects (yielding 576 units), most notably in the West Don Lands in the lead up to the 2015 Pan Am and ParaPan Am Games.

In the late 2010's governments began to look at models where land value could contribute to the funding of the construction of affordable rental housing units. In the West Don Lands, the Provincial government has pursued this model in partnership with Dream, Kilmer and Tricon. Under this model:

- 30% of the units were affordable rental for a 99-year term, with the majority of land value going to fund the cost of constructing the affordable units;
- Land was leased to the developer on a 99 year ground lease;
- The developer maintained ownership of both the market rental and affordable rental units;
- The lands were significantly up-zoned to increase the value and productivity of the land parcels;
- The lands were already serviced; and
- The developer was able to apply for financing through the low-rate Canada Mortgage and Housing Corporation rental construction financing initiative (RCFI) on all rental units in the development (both market and affordable), significantly reducing the cost of borrowing for market units and increasing the profit generated on them.

Through this Provincial initiative, 481 affordable rental housing units are now under construction in the West Don Lands, with an additional 196 approved.

The City's Housing Now program utilizes a similar model. The Housing Now Initiative is an innovative approach to delivering a range of housing for a range of needs within mixed-income, mixed-use, livable communities. Through the Housing Now Initiative, the City will utilize its own land, financial incentives and staffing resources to expedite the delivery of 10,000 new affordable rental homes, representing on average 33% of the

new residential homes to be created through the program. Alongside affordable housing, these developments will also contribute other community assets, such as child care facilities, space for community agencies, local parks and open spaces that will be added to neighbourhoods across the city. In addition, locating the affordable housing near higher-order transit services is expected to greatly reduce travel times and costs for low-and moderate income households, and provide greater access to employment, educational opportunities and services

The delivery model for Housing Now projects, including a proportion of affordable units, tenure mix, community benefits, and funding model varies based on site-specific considerations. Support for Housing Now projects typically involve a combination of land value contributions, Open Door Affordable Housing Program incentives, as well as Provincial and/or Federal funding. Housing Now projects have been meeting the Toronto Green Standard, Tier 2, Version 4.

The Quayside affordable rental housing funding model builds on the Housing Now model but with some key differences. Created in collaboration with the Housing Secretariat, the Quayside model attempts to achieve a number of policy objectives, including:

- The City will maintain ownership of the affordable housing;
- The units will remain affordable for a minimum of 99 years;
- A non-profit housing provider(s) selected by the Housing Secretariat with Waterfront Toronto's input, will operate the units for the 99 year period and receive all rental revenue plus be responsible for all expenses during this period, helping to expand the capacity of Toronto's non-for-profit housing sector;
- The units will be located in stand-alone buildings and in buildings integrated with market condominium units to foster community cohesion;
- The units will be developed concurrent with market housing, and affordable units will address the City's Affordable Housing Design Guidelines; and
- All units will be in highly sustainable, well-designed buildings with lower operating costs to the housing providers, supporting City of Toronto's TransformTO strategy.

The Quayside project will deliver all of the land for the affordable rental units at no cost.

The capital required to build the units will be part of Waterfront Toronto's larger proposed Quayside financial program but the affordable rental housing funding model is challenged by a number of circumstances that are unique to Quayside:

- The financial program must address soil and ground water remediation requirements, as well as the costs of servicing blocks 3B, 4 and 5;
- Over \$200 million (future year dollars) in necessary infrastructure work is required to service Quayside and prepare the site for sale and development;
- The financial program must address the need for the buildings to comply with Toronto Green Standard Version 3, Tier 3 and Waterfront Toronto's heightened Green Building Standards, or whichever version of the Toronto Green Standard is in place at the time of Site Plan applications; and

- The majority of affordable rental units will be in stratified buildings where the Development Partner will own the market (condominium units) and the City/not-for-profit operator will own the affordable units adding to the complexity of delivery.

Current market conditions, including steady construction cost escalations, rising interest rates and supply chain issues also pose a challenge for this project.

Given the above, investments from all orders of government will be needed to support the Quayside affordable rental housing funding model. This report discusses City funding/contributions through the Open Door Affordable Housing Program and through the allocation of land disposition revenues related to Block 3B. Further, it outlines the capital contribution from the project.

Waterfront Toronto and City staff have also introduced the Quayside affordable housing program to Canada Mortgage and Housing Corporation officials. In addition, Waterfront Toronto has introduced the project to staff of the Provincial and Federal governments Ontario, and Infrastructure Ontario.

Waterfront Toronto and City staff will continue these discussions with the hope of potentially securing Provincial and/or Federal funding for the Quayside affordable housing program. City staff will report to committee and Council in 2023 with an update on these discussions, including any funding commitments secured.

Parkland and the Public Realm

Parks and public realm spaces serve an important role to the quality of life for residents and the broader community, and given the impacts of COVID, the desire and importance for these spaces is greater. Quayside includes a series of parks and open spaces that expands and enhances the existing network.

Silo Park (0.4ha) will be sited in between the future Queens Quay East right-of-way and Block 5. Waterfront Toronto will work with Parks, Forestry and Recreation, which will manage the park once it has been completed, with respect to the design and programming of the park. The Water's Edge Promenade (WEP) builds on the existing 5.2 hectares WEP (west of the Parliament Slip) with 0.8 hectares additional area along the east side of the Parliament Slip, abutting Blocks 4 and 5, and continuing along the south side of Block 5.

Parliament Plaza will be designed as privately owned, publicly accessible (POPS) spaces to be located on the west and east sides of Parliament Street. The POPS will be delivered by Waterfront Toronto on Blocks 3B and 4. There will be additional POPS spaces designed within Blocks 1 and 2 and details will be provided once a Development Partner is formally engaged. The Parliament Plaza POPS open space will be delivered and funded by Waterfront Toronto and the Site Developer will own, manage and maintain the space. Refer to Attachment 2: Quayside Land Ownership Map.

Parkland Dedication

The Phase One lands (Blocks 1 and 2), are located within the East Bayfront Precinct and given the prior parkland contributions by Waterfront Toronto of; Sherbourne Common, Sugar Beach, Aitken Place, and Water's Edge Promenade (west of the Parliament Slip), PF&R staff acknowledge that those contributions satisfy the Precinct Plan's as-of-right density requirements for Blocks 1 and 2. If further density is sought, the need for any further parkland dedication will be reviewed through the development review application process.

The Phase Two lands (Blocks 3B, 4 and 5), are located within the Keating Channel West Precinct. Silo Park and Water's Edge Promenade (east of the Parliament Slip) will be delivered by Waterfront Toronto as the parkland contribution. Block 3B will be created as a result from a land assembly of City and T.P.L.C. lands. PF&R are satisfied with the parkland contribution for Blocks 3B, 4 and 5 fulfill the Precinct Plan's as-of-right density requirements. If further density is sought, the need for any further parkland dedication will be reviewed through the development review application process.

Infrastructure

The Waterfront Toronto model is to design and deliver municipal infrastructure in order to sell serviced blocks. The following is an outline of the major infrastructure projects planned in Quayside.

Waterfront Toronto is requesting \$16.4 million for the acquisition of the northern portion of the Parliament Slip and 11 Parliament Street to facilitate the construction the Q.Q.E. (\$75 million) right-of-way; and the realignment of Parliament Street (\$9 million). As part of this work, Waterfront Toronto will coordinate efforts to also complete the Parliament Slip dockwall rehabilitation (\$28 million). Through the Parliament Street realignment efforts, the City and T.P.L.C. lands will create Block 3B. In addition, Waterfront Toronto will deliver infrastructure improvements to portions of Bonnycastle Street and Lake Shore Boulevard East (\$12 million).

The East Bayfront Zoning By-law requires that a local infrastructure charge of \$69.86 per square metre of residential gross floor area be applied for development in the precinct or to undertake local infrastructure improvements in lieu of part or all of the aforementioned contribution. However, the local infrastructure charge is not required for development in the Keating Channel West Precinct. Given that Waterfront Toronto provides infrastructure in the East Bayfront, the charges have been satisfied for Blocks 1 and 2. Although Waterfront Toronto will deliver infrastructure in the Keating Channel West precinct regardless, no local infrastructure charges will be required for Blocks 3B, 4 and 5.

Section 37 Community Benefits

Given that there are in force zoning by-laws securing Section 37 Community Benefit obligations for Blocks 1 and 2 in the East Bayfront Precinct, and Blocks 3B, 4 and 5 in the Keating Channel West Precinct to be fulfilled by Waterfront Toronto, once the Community Benefit Charge (CBC) comes into force and effect, the aforementioned

lands will not be subject to the provisions of CBCs but will continue to be subject to the Section 37 obligations.

Development Review and Density

The Preferred Proponent's concept for Quayside goes beyond the height, density and amount of residential development originally master planned for Quayside. This additional density, subject to the outcomes of the planning development review process and Council's ultimate decision, could provide additional revenue to support affordable rental housing at Quayside, however, it could also trigger the need for additional infrastructure and community services for this complete community.

Existing Leases

Waterfront Toronto has five commercial leases and three month-to-month licenses located on Blocks 1 and 2. Given that they continue to be renewed on a short-term basis, where Waterfront Toronto has informed the tenants of Waterfront Toronto's redevelopment plans, it has been determined that a relocation strategy will not be required.

Waterfront Transit Network Plan & Quayside

City Council approved the Waterfront Transit Network Plan in 2018 (EX30.1), and in 2019 (EX4.1) Council directed staff to commence the preliminary design and engineering phase of the Union Station to East Bayfront LRT extension. In December 2020 (EX19.5) an update on the easterly extension noted that staff were pursuing a terminus point for the LRT at the Distillery Loop on Cherry Street in order to advance the plans for redevelopment of the Quayside site at Parliament and Queens Quay. Since the last update report, the design for the LRT has advanced from 10% to a draft 30% stage, a value engineering exercise has been undertaken to inform the design and pending cost estimate, and a Preliminary Business Case and Environmental Project Report (EPR) have also advanced.

To extend the Waterfront LRT from Union Station to the East via Queens Quay, the current project phase will involve extending Queens Quay East from its current terminus at Small Street through the Quayside site. The design of this extension is broadly consistent with previous Environmental Assessments, which had identified a 38 metre right-of-way, the partial filling of Parliament Slip, the realignment of Parliament Street, and a new intersection of Parliament Street and Queens Quay East. By providing high-quality transit service, the Waterfront East LRT will help to unlock the redevelopment of publicly owned lands along the route and build upon the history of success on Queens Quay West.

Digital Infrastructure

Waterfront Toronto states that the Development Partner, once on board (fall 2022), will be required to participate in the intelligent communities program. This program includes a telecommunications service provided by Beanfield Metroconnect. The intent is to

incorporate services and a fee structure that responds to a range in resident income levels in Quayside.

Parliament Slip

As of June 1, 2022, Waterfront Toronto has taken ownership of Parliament Slip water-lot from Ports Toronto. The northerly portion of the Slip area will be lake filled towards to realize the future Queens Quay East extension. Waterfront Toronto is also the proponent of the Parliament Slip project, a proposed water's edge public and recreational space that would abut and complement the Quayside neighbourhood; the City will work with Waterfront Toronto as it engages with the Provincial and Federal governments with respect to potential financial contributions to the Parliament Slip project.

Conclusion

Waterfront Toronto's Business and Implementation Plan will be implemented over a number of years to support the delivery of Quayside as a master-planned, complete and inclusive community spanning five blocks with new major infrastructure unlocking the area. This includes the provision of a minimum of 800 and up to 875 affordable rental housing units, the Queens Quay East extension, including a reconfigured Queens Quay East/Parliament Street intersection, improvements to Bonnycastle Street and Lake Shore Boulevard East, a network of new park and open spaces, a cultural centre and the potential co-location of an elementary school.

This report provides the immediate and long-term roadmap for the approvals, and addresses business and implementation planning issues towards Waterfront Toronto's ability to advance the Quayside project. Through delivery of this project, the City will realize numerous economic and social benefits including a new sustainable, inclusive and integrated community and new public assets valued more than the total City funding contribution. Delivery of this project will also support Ontario and Canada's economic and social viability and competitiveness through the creation of a world-class waterfront.

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ATTACHMENTS

Attachment 1: Quayside Project Area Plan
Attachment 2: Quayside Current Land Ownership Map
Attachment 3: Quayside Future Land Ownership Map
Attachment 4: Quayside Infrastructure and Public Realm Plan
Attachment 5: Quayside Impact Limited Partnership Site Plan
Attachment 6: Quayside Business and Implementation Plan

Confidential Attachment 1
Confidential Attachment 2

Attachment 1: Quayside Project Area Plan



Quayside

Current Land Ownership with Future Blocks

- | | | |
|----------------------------|--------------------|-------------------------------|
| Quayside Project | City of Toronto | Other |
| Waterfront Toronto - Water | T.P.L.C. | East Bayfront Precinct |
| Property Boundaries | Waterfront Toronto | Keating Channel West Precinct |



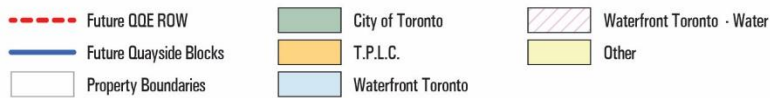
07/04/2022

Attachment 2: Quayside Current Land Ownership Map



Quayside

Current Land Ownership with Future Blocks



06/30/2022

Attachment 3: Quayside Future Land Ownership Map



Quayside

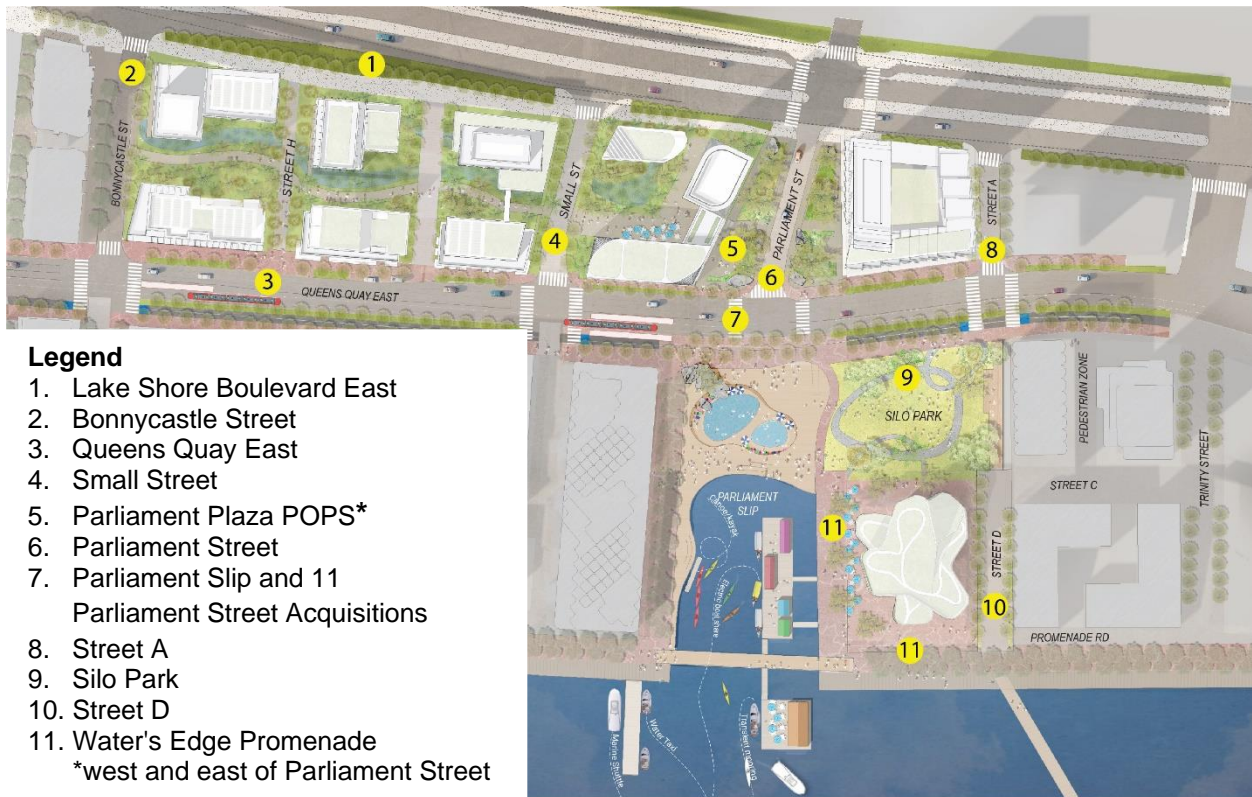
Future Land Ownership

- Future QQE ROW
- Future Quayside Blocks
- City of Toronto
- Quayside Development Partner
- Waterfront Toronto - Water
- Other
- Future Institutional/Cultural Uses

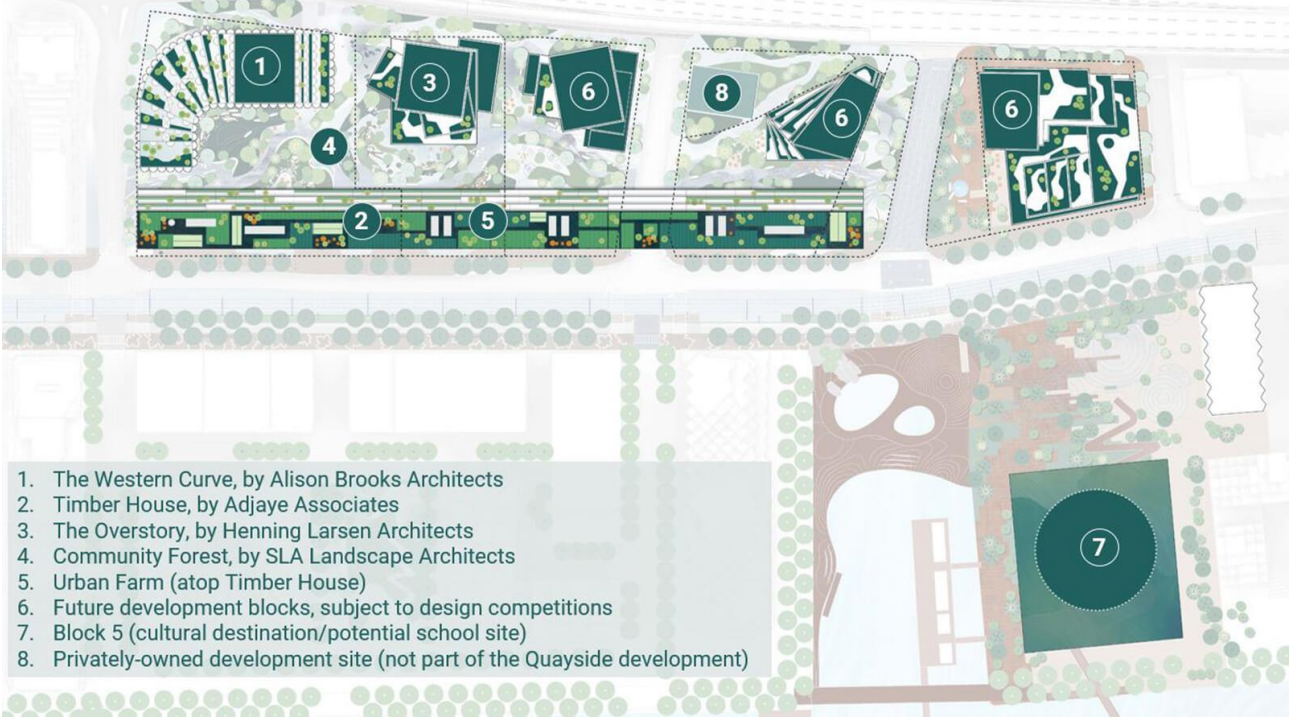


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Attachment 4: Quayside Infrastructure and Public Realm Plan



Attachment 5: Quayside Impact Limited Partnership - Conceptual Site Plan



Attachment 6: Quayside Business and Implementation Plan