Redevelopment of TTC Lands at Yonge-Eglinton

Date: May 5, 2016
To: Executive Committee
From: Chief Corporate Officer
Wards: Ward 22
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SUMMARY

To support potential City building opportunities, City staff are in the process of implementing a joint initiative involving Toronto Transit Commission (TTC), Build Toronto, Real Estate Services, and City Planning to facilitate redevelopment of TTC-owned lands at Yonge-Eglinton (known as "the Lands" and identified as Parts 1-4 in Appendix A). This report recommends that Build Toronto (including TTC and City staff) negotiate with long-term tenants on the Lands and report back to City Council in Q4 2016 regarding options to enable redevelopment of the Lands as a mixed-use, transit-oriented hub. This report complements a report on the same initiative adopted by the TTC Board on April 27, 2016, entitled "Redevelopment of TTC Lands at Yonge-Eglinton."

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council request Build Toronto, in consultation with TTC, Real Estate Services and City Planning, to negotiate directly with the long-term lessee(s) located at Yonge and Eglinton regarding options for redeveloping the Lands, identified as Parts 1-4 in Appendix A, and to report back to City Council in Q4 2016 with an evaluation of options and a recommended plan for advancing redevelopment.

Financial Impact

There is no financial impact at this time. There are potentially significant revenues associated with redevelopment of the Lands, which will be determined and included in a report back to City Council in Q4 2016.
DECISION HISTORY

At its meeting on April 27, 2016, the TTC Board adopted a report entitled "Redevelopment of TTC Lands at Yonge-Eglinton," which requested staff to report back in Q4 2016 on recommended arrangements for redevelopment of the Lands and forward the report to Executive Committee and the City's Chief Corporate Officer for consideration:

https://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2016/April_27/Reports/6_Redevelopment_of_TTC_Lands_at_Yonge_Eglinton.pdf

At its meeting on June 10, 11, 12, 2015, City Council adopted Official Plan amendments to the Yonge Eglinton Secondary Plan (OPA 289) that implement, among other matters, the urban design and public realm policies of the Midtown in Focus Public Realm Plan. The proposed Secondary Plan amendments are currently under appeal at the Ontario Municipal Board:


At its meeting on May 25, 26, and 27, 2009, City Council declared surplus for turnover to Build Toronto a portion of the Lands shown as Part 3 and Part 4 in Appendix A, subject to TTC declaring these properties surplus:


At its meeting of April 27, 2009, the TTC Board approved the transfer of transit properties to Build Toronto including a portion of the TTC Lands at Yonge-Eglinton, specifically the old bus garage property (shown as Part 4 in Appendix A):


At its meeting on February 23, 24, and 25, 2009 Toronto City Council adopted recommendations from City Planning Staff to amend the Yonge-Eglinton Secondary Plan to reflect the conclusions of the focused review of the Yonge-Eglinton Centre (Official Plan Amendment 63). As part of the Yonge-Eglinton Centre Review a comprehensive design first approach was taken with the southwest corner. The built form and land use planning recommendations for the southwest corner that were written into the secondary plan include:

- Creation of a new neighbourhood park at the southwest portion of the Lands;
- The use of a 45° angular plane to protect transition to the neighbourhood;
- The use of a 60° angular plane to provide transition to Eglinton and Duplex;
- Massing the height of the towers at Yonge and Eglinton with the use of strata title (retained by the City) to enforce the 120 metre height limit; and
- The provision of a new road bisecting the Lands generally from mid-block on Berwick exiting mid-block on Duplex:

ISSUE BACKGROUND
The Lands are located at the southwest quadrant of Yonge Street and Eglinton Avenue and includes 2180, 2190, 2200 and 2210 Yonge St. There are a number of leasehold improvements above grade (including office buildings and retail space), that are owned by long-term tenants. The ground leases encumber Parts 1, 2 and 3 on Appendix A, and are scheduled for long-term renewals in 2021.

COMMENTS

Current Status and Uses at Yonge-Eglinton
The Lands are currently occupied by a mixed-use development consisting of approximately 844,000 square feet including office towers, retail uses and parking. Construction of the complex dates back to the 1960’s and early 1970’s. The Lands also includes significant transit improvements above and below grade, including an interim TTC bus terminal, Eglinton TTC Subway Station and related subway structures, and the Metrolinx Eglinton Crosstown currently under construction. The majority of the Lands are encumbered by long-term leases. Please refer to Appendix B for an outline of current uses on the Lands.

City Building Opportunity
The Yonge-Eglinton intersection presents a unique opportunity to redevelop the Lands at a major transit hub. The Metrolinx Eglinton Crosstown LRT Project is estimated to be completed in 2021 and will provide an interchange station that connects to the TTC Line 1 (Yonge-University) subway at Eglinton Subway Station. As a transit interchange location, the Lands are expected to attract and support an increased level of development and activity.

Yonge and Eglinton is also the central point of the Midtown area and an emerging urban centre with significant development under way in the surrounding area. The adopted Yonge-Eglinton Secondary Plan amendments outline a comprehensive public realm strategy and a system of improvements that will be implemented as part of any new development in the Secondary Plan Area. Section 2.16 requires that improvements be made to both the private and public realm as part of any new development including: enhancements to streetscapes and the provision of wider sidewalks and the establishment of multi-purpose promenades. One of the five place making moves in the plan calls for the creation of a series of squares at the four corners of Yonge Street and Eglinton Avenue. The Lands are also expected to have a square and represent an opportunity to create a large and inviting civic space.

In addition to these amendments of the Secondary Plan, the City Planning Division is leading an inter-diisional review of growth, built form and infrastructure issues in the Yonge-Eglinton area. The Growth, Built Form and Infrastructure Review will inform the development of up-to-date policy that will guide growth in the area and, in combination with necessary capital upgrades identified through the review, support the vitality and quality of Midtown Toronto.
A development proposal on the Lands represents an opportunity for the City to secure a number of important civic and planning objectives, including: increase and retention of office space, increased and improved open space, additional public realm improvements and, potentially, new community facilities as well as affordable housing. Any application on the Lands should be guided by the objectives outlined above, be in keeping with the intent of the Yonge-Eglinton Secondary Plan and the Midtown in Focus Public Realm Plan and align with directions emerging from the Yonge Eglinton Secondary Plan review now underway.

Joint Approach to Redevelopment
Subject to Council approval, potential redevelopment of the Lands will be guided by the "Canada Square Lands Steering Committee," which includes City executives and senior managers. The Steering Committee is chaired by the Deputy City Manager, Cluster B, and includes senior staff from City Planning, Real Estate Services, TTC, Build Toronto, the Chief Corporate Officer's Office and the City Manager's Office.

Protecting TTC Interests
Redevelopment of the Lands must ensure retention of areas and interests required to satisfy operational requirements (both existing and future) of TTC. Opportunities to improve existing infrastructure will be included, including a replacement of the existing interim bus terminal. The Lands will also be considered for other long-term needs of the TTC, such as head office accommodation. Additional guiding principles for protecting TTC interests are provided in the TTC report entitled "Redevelopment of TTC Lands at Yonge-Eglinton," adopted by the TTC Board on April 27, 2016.

Valuation of Lands and Leasehold Interests
The valuation of the Lands is complicated by a number of factors. Build Toronto, in consultation with the Steering Committee, will undertake a valuation process and give consideration to:

- Status and nature of ground leases, including renewal options, expiration dates and expected rents
- Metrolinx land requirements – both permanent and temporary interests for the planned LRT station
- TTC infrastructure above and below grade
- Various easements, strata interests and other encumbrances on title
- Official Plan, Secondary Plan, zoning and planning context for the area
- Development potential, considering 'highest and best use' principles
- Market demand and forecasts for a variety of proposed uses
Rationale for Exclusive Negotiations with Long-Term Lessees
The majority of the Lands at Yonge and Eglinton are subject to a variety of long-term leases, which expire as late as 2070 (considering renewal options). These leasehold interests occupy Parts 1, 2 and 3 as identified in Appendix A. As a result of the long-term leasehold interests and to ensure that City building opportunities are fully explored, it is recommended that Build Toronto undertake negotiations, in consultation with TTC, Real Estate Services and City Planning, with the lessee(s) and develop a strategy for improving the Lands under a single, comprehensive plan. As a transit hub in a highly developed area of the City, there are substantial opportunities for integrated, mixed-use development that is integrated with excellent public transit and new public spaces.

Next Steps
City Planning Staff anticipates reporting to City Council in June 2016 with a Status Report that identifies key findings and emerging directions from the review of growth, built form and infrastructure issues in the Yonge-Eglinton area. Following a Council decision on this report, further consultation will occur on recommended directions and proposed amendments to the Yonge-Eglinton Secondary Plan.

Subject to Council approval, Build Toronto will lead negotiations with the lessee(s), in consultation with TTC, Real Estate Services and City Planning, and guided by the Steering Committee. All options for the Lands, including potential redevelopment, will be fully explored and evaluated, and a report back with results will be provided to City Council in Q4 2016.

CONTACT
Joe Casali, Director, Real Estate Services, Tel: 416-392-7202
Email: jcasali@toronto.ca

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Josie Scioli,
Chief Corporate Officer

ATTACHMENTS
Appendix A – Property Sketch
Appendix B – Aerial View and Current Uses