



Update on Waterfront Toronto's Quayside Project

Date: November 26, 2020

To: Executive Committee

From: Deputy City Manager, Infrastructure and Development

Wards: Spadina - Fort York

SUMMARY

The purpose of this report is to provide the Executive Committee with an update on Waterfront Toronto's Quayside project. Specifically, this report will address Waterfront Toronto's market offering process, the involvement of City and CreateTO staff in the process, and future City Committee and Council reporting milestones.

Quayside is a 4.8-hectare (12-acre) parcel of land on Toronto's waterfront, located at Queens Quay Boulevard 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, CreateTO, Ports Toronto and private landowners (see Attachment 1). In 2017, Waterfront Toronto selected Sidewalk Labs to develop a "Master Innovation and Development Plan" for Quayside, following a competitive Request for Proposals (RFP) process that sought a partner to plan for an innovative demonstration project for the site. The draft Master Innovation and Development Plan was publicly released on June 24, 2019, following two years of planning and engagement by Waterfront Toronto and Sidewalk Labs.

The Quayside project has changed substantially since June 6, 2019, when City staff last reported to the Executive Committee. On May 7, 2020 Sidewalk Labs withdrew from the project, citing global economic uncertainty related to the COVID-19 pandemic and other factors. Waterfront Toronto has since announced plans to initiate a new competitive market offering process to select a development partner for Quayside, starting in 2021.

Quayside is intended to be developed as a mixed-use community, consistent with the planning direction in the East Bayfront and Keating Channel precinct plans, and other relevant planning documents. The development concept will be informed by planning and consultation work undertaken since 2017. Accordingly, Waterfront Toronto's broad project goals relate to building an "inclusive, resilient, and dynamic" neighbourhood.

The delivery of affordable housing continues to be a primary area of focus for Waterfront Toronto; Waterfront Toronto will at minimum meet its statutory/contractual obligations to provide land for 20% affordable rental housing. Furthermore, certain innovations discussed under the Sidewalk Labs proposal may be pursued, where

feasible and subject to applicable regulations and public consultation. For example, mass timber buildings will not be mandated but may figure into the resiliency plans of proponents. Similarly, while future development concepts are not anticipated to include a significant digital infrastructure component, select digital innovations which align with government priorities and applicable regulations may be pursued.

The City has multiple roles and interests in Quayside: as land owner, owner/operator of municipal infrastructure and services, and the local planning authority. Collectively, the City and CreateTO own approximately 0.6 hectares (1.5 acres) intended to be included in the long-term development of Quayside. These lands are primarily located in the development parcel designated as Block 3 (see Attachment 2). City and CreateTO lands have been included in Waterfront Toronto's RFP and will be developed as part of the broader development concept, subject to future City Council direction including approval of a Business and Implementation Plan. Inclusion of CreateTO land will also be subject to approval by the CreateTO Board of Directors.

Waterfront Toronto is engaging senior City and CreateTO staff in their market offering process, starting with the review of draft procurement documents, currently underway. Once the offering is issued, City and CreateTO staff will participate in the technical review of submissions, as well as the evaluation and selection of the preferred proponent.

After Waterfront Toronto has selected a preferred proponent, City and CreateTO staff will assess the preferred proposal based on: alignment with City plans, policies and guidelines; desirability of business proposals; innovation in the achievement of City goals; potential for community benefits; and, in the event that any digital infrastructure components are proposed, alignment with existing and emerging government digital infrastructure and data governance policies.

It is anticipated that the development of Quayside will follow a similar approach used by Waterfront Toronto for projects of similar scale in the East Bayfront and West Don Lands. Waterfront Toronto will lead the delivery of the infrastructure and public realm components while the development partner will be responsible for the delivery of the development blocks, subject to the terms of the market offering process.

The next staff report concerning the Quayside market offering process will be submitted to Executive Committee once Waterfront Toronto has identified a preferred proponent and prior to any negotiations involving City or CreateTO staff. This report, anticipated for Fall 2021, will present City and CreateTO staff's assessment of the preferred proponent's proposal, including the use of City and CreateTO lands. Staff will seek authority to enter into negotiations with Waterfront Toronto and the agency's proponent on City issues, based on key terms authorized by Council. Final negotiations will take place later in Fall 2021, in the final stage of Waterfront Toronto's process.

A third staff report will be submitted to the Executive Committee at the conclusion of negotiations, anticipated in late 2021/early 2022. The report will present a detailed Business and Implementation Plan based on the terms authorized by Council. The report will address, among other matters, anticipated infrastructure costs, revenues and phasing, as well as implementation roles and responsibilities between Waterfront

Toronto, the City and CreateTO. Should the project move to implementation, staff will also report on land use planning applications, land transactions and other implementation matters requiring City Council direction and approval.

RECOMMENDATIONS

The Deputy City Manager, Infrastructure and Development recommends that:

1. The Executive Committee request the Deputy City Manager, Infrastructure and Development to report back to the Executive Committee following the selection by Waterfront Toronto of a preferred proponent with: the results of staff's assessment of the preferred proponent's proposal; the identification of terms to be negotiated with Waterfront Toronto and the preferred proponent; and the identification of areas of interest to be addressed in a Business and Implementation Plan, to be completed by Waterfront Toronto, working with City and CreateTO staff.

FINANCIAL IMPACT

There is no financial impact associated with this report.

The 2019 Waterfront Revitalization Initiative capital budget included a total of \$800,000 for two temporary FTEs to provide dedicated project support and for consulting projects related to public consultation and research related to digital infrastructure and privacy.

Approximately \$200,000 was spent in 2019; approximately \$300,000 will be spent in 2020. In addition, City staff time has been approximately 2 FTEs in the Waterfront Secretariat (City Planning Division). The remaining funds are unallocated, and thus available to support costs related to Quayside in future years. At the conclusion of the project, unspent funds can be reallocated to other Waterfront Revitalization Initiatives through future year budget submissions.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact Section.

DECISION HISTORY

On June 6, 2019 the Executive Committee considered a report on Quayside outlining Waterfront Toronto's decision-making process for the Master Innovation and Development Plan that was being prepared by Sidewalk Labs. The report also proposed a work plan for the City's review of the Master Innovation and Development Plan and provided an update on the development of a City-wide digital infrastructure policy framework and governance model to be used in reviewing the Master Innovation and Development Plan.

The Executive Committee directed the Deputy City Manager, Infrastructure and Development Services to undertake a comprehensive review of the Quayside Master Innovation and Development Plan and related Waterfront Toronto Board decision, including a comprehensive public and stakeholder consultation program, and to develop a list of City approvals and procurement processes that would be applicable to the Master Innovation and Development Plan to inform this comprehensive review and consultation. The Executive Committee also directed the Chief Information Officer and City Clerk to report back on the development of a City-wide policy framework and governance model associated with digital infrastructure and data to be used in the evaluation of the Quayside Master Innovation and Development Plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX6.1>

At its January 29, 2020 meeting, Council adopted Working Principles for the City's Digital Infrastructure Plan (DIP). Council also directed the City Manager to ensure that compliance with these principles be a condition of approval for any digital proposal received prior to the adoption of the full Digital Infrastructure Plan. The Working Principles are: Equity and Inclusion; A Well-run City; Social, Economic and Environmental Benefits; Privacy and Security; and, Democracy and Transparency.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX12.2>

COMMENTS

The Quayside Site

Quayside is a 4.8-hectare (12-acre) parcel on Toronto's waterfront, located at Queens Quay Boulevard 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 park and a water's edge promenade; as a result, the total developable area is approximately 3.2 hectares. (8 acres). The site is largely owned by Waterfront Toronto, but also includes 0.6 hectares (1.5 acres) of lands owned by the City of Toronto and CreateTO, and additional properties owned by Ports Toronto and private landowners. See Attachment 1 for a map of ownership within the site. The site comprises five development blocks described in Attachment 2. The City/CreateTO ownership is consolidated as Block 3.

Land use planning documents that are relevant to Quayside include: the City's Official Plan, the Downtown Plan (Official Plan Amendment No. 406), the Central Waterfront Secondary Plan, the East Bayfront Precinct Plan, the Keating Channel West Precinct Plan and various important guidelines including Growing Up and the Toronto Green Standard. Applicable Zoning By-laws establish a detailed planning framework for Quayside as a mixed-use, medium density district.

Sidewalk Labs' Withdrawal from the Project

The Quayside project has changed substantially since June 6, 2019, when City staff last reported to Executive Committee on the project. On June 17, 2019 Waterfront Toronto received Sidewalk Labs' Draft Master Innovation and Development Plan. Waterfront

Toronto released the plan publicly on June 24, 2019 and began public consultations on the plan.

On July 31, 2019 Waterfront Toronto and Sidewalk Lab extended their Plan Development Agreement, the legal document defining the roles of Sidewalk Labs and Waterfront Toronto in preparing the MIDP, by six months (to March 31, 2020) to enable additional review and consultation on the plan. An Amending Agreement to the Plan Development Agreement also included a provision to terminate the agreement on October 31, 2019 if key issues related to the proposal remained unresolved, including: project boundaries, the role of Sidewalk Labs in development, proposals requiring commitments from government outside of the jurisdiction of Waterfront Toronto, digital governance and privacy requirements, start-up ecosystem development, and intellectual property and data ownership.

Waterfront Toronto's Board of Directors voted to move forward with evaluation of the proposal on October 31, 2019, citing alignment on critical issues previously raised. On January 23, 2020 Waterfront Toronto extended the decision date on the project to May 20, 2020 to allow for further consultation. Additional Waterfront Toronto consultations were held on February 29, 2020. On March 26, 2020, due to the COVID-19 pandemic, Waterfront Toronto extended the date for a decision on the project to June 25, 2020.

Sidewalk Labs announced that the company would no longer pursue the project on May 7, 2020, citing impacts of global economic uncertainty resulting from the COVID-19 pandemic on the Toronto real estate market and the financial viability of plans for Quayside.

Current Project Scope

Since the withdrawal of Sidewalk Labs, Waterfront Toronto has committed to advancing development on the 4.8-hectare Quayside site, drawing on lessons learned from extensive planning and analysis conducted to-date, and informed by the social, economic and public health context of the COVID-19 pandemic. On June 30, 2020 Waterfront Toronto announced renewed plans to secure a development partner for Quayside in 2021.

Consistent with the City's Central Waterfront Secondary Plan, Waterfront Toronto's broad project goals relate to building an "inclusive, resilient, and dynamic" neighbourhood. Project priorities include green building design, affordable housing and a year-round public realm. Many of these goals and priorities are consistent with the recommendations of the Council-approved Report from the City Manager on Towards Recovery and Building a Renewed Toronto.

Waterfront Toronto is anticipating development proposals that are generally consistent with the approved East Bayfront and Keating Channel West Precinct Plans. Any additional municipal development approvals, including any appropriate incremental zoning by-law amendments or minor variances will be the responsibility of Waterfront Toronto's development partner, but subject to Waterfront Toronto's prior approval. Waterfront Toronto intends to work closely with its development partner to support applications for municipal development approvals that are appropriate to the planned

context, and which provide thoughtful, strategic approaches for advancing the fundamental principles of the two Precinct Plans.

The delivery of affordable housing continues to be a primary area of focus for Waterfront Toronto and the City in the Quayside development. Leveraging public land and partnerships to create new affordable housing has been identified as an important tool to help the City meet the ambitious goals in the HousingTO 2020-2030 Action Plan which sets a target of approving 40,000 new affordable rental units, including 18,000 new supportive housing units by 2030.

As a partner of the City, Waterfront Toronto will at minimum meet its statutory/contractual obligations to provide land sufficient for a minimum of 20% affordable rental housing in Quayside, in addition to a further approximately 93,000 square feet representing its previous obligations from the Parkside development. However, subject to public funding and other sources of financing and funding, Waterfront Toronto will work with the City to potentially exceed this minimum requirement and secure "bricks and mortar" affordable rental housing, with long term affordability that is owned by the City or a non-profit. The actual number of affordable rental housing units will be dependent on the density and land-use mix in Quayside and the submissions received through Waterfront Toronto's offering process; however current plans show between approximately 600 and 700 affordable housing rental units, consisting of studio, one, two and three bedroom units.

Given the Housing Secretariat's lead on the overall implementation of the HousingTO 2020-2030 Action Plan, including the delivery of new affordable housing, the Housing Secretariat will provide input and support throughout the Quayside offering process.

The current project is not expected to include a significant digital infrastructure component but may integrate advanced infrastructure systems and high performance building technologies, where feasible and subject to applicable regulations, as discussed below in a later section in this report. Similarly, mass timber construction will not be mandated although it may figure into resiliency plans by proponents.

Public Engagement

City staff anticipate that Waterfront Toronto will implement a comprehensive stakeholder and public consultation process for its Quayside project. Through COVID-19, Waterfront Toronto's consultation process has included: various communication tools including use of a project video, backgrounder, website and social media outreach; an online survey seeking feedback on project priorities and learnings from the pandemic; and online Q&A sessions. Waterfront Toronto has also organized a Stakeholder Advisory Committee for the project and two virtual meetings have already been conducted. City staff are monitoring these initiatives and will continue to do so.

The City staff report that is anticipated for Fall 2021 will make recommendations on City-led stakeholder and public consultation in relation to Quayside based on Waterfront Toronto's selected proposal. At a minimum, staff anticipate the need for stakeholder and public consultation related to planning applications and the design of parks, public realm and other municipal infrastructure.

City of Toronto Digital Infrastructure Plan

Digital infrastructure will not be a central component of the Quayside RFP put forward by Waterfront Toronto. However, it is reasonable to assume that, independent of Waterfront Toronto's offering process, developers may seek to incorporate such components where practical/feasible in future proposals, whether at Quayside or elsewhere in Toronto. Therefore, the City's Digital Infrastructure Plan, originally initiated in response to the Sidewalk Labs proposals for Quayside, will be a valuable tool to help evaluate, make decisions and manage risks related to innovative urban technologies and systems.

The City of Toronto's work to develop a Digital Infrastructure Plan is ongoing and is led by Technology Services Division, under the leadership of the Chief Technology Officer. Technology Services staff have met several times with Waterfront Toronto to discuss the Quayside project and other Waterfront Toronto initiatives. These meetings have continued since the exit of Sidewalk Labs from the project.

On January 29, 2020 City Council adopted working principles for the City's Digital Infrastructure Plan including: Equity and Inclusion; A Well-run City; Social, Economic and Environmental Benefits; Privacy and Security; and Democracy and Transparency. Council also directed the City Manager to ensure that compliance with these principles be a condition of approval for any digital proposal received prior to the adoption of the full Digital Infrastructure Plan.

Consultations on the Digital Infrastructure Plan began in 2019 and have continued in 2020. In Q1 2020, the City established a diverse Community Advisory Group with citizen representation from all four districts of Toronto. Meetings have been held in June and October 2020. Broader public consultations will begin in 2021. The City plans to launch a Digital Infrastructure Plan consultation portal through the EngageTO Platform in Q1 2021 and to hold consultation events beginning in Q2 2021. Consultations will be held virtually until such time as public health policies permit in-person gatherings.

Staff also actively engage with City Divisions and ABCs as well as the Provincial and Federal Governments and the international Cities Coalition for Digital Rights.

A staff report to Executive Committee with the draft Digital Infrastructure Plan is planned for Q3 of 2021. A final report with complete Digital Infrastructure Plan is anticipated in Q1 2022.

Waterfront Toronto's Market Offering Process

Waterfront Toronto will select a development partner through a competitive market offering process, set to launch in early 2021 once the final process has been approved by the Waterfront Toronto Board. The process for Quayside will follow Waterfront Toronto's approach to development successfully used in other projects of similar scale in the East Bayfront and West Don Lands. Under this process, Waterfront Toronto will lead delivery of the infrastructure and public realm components while the development partner will be responsible for the delivery of the development blocks, subject to requirements and commitments secured through the procurement documents.

City and CreateTO Participation

The City and CreateTO will participate in this process starting with the review of the draft procurement documents. Once the documents are issued, senior City/CreateTO staff will be involved in the technical review of submissions as well as the evaluation and selection of the preferred proponent.

After Waterfront Toronto has selected a preferred proponent, City and CreateTO staff will assess the preferred proposal based on: alignment with City plans, policies and guidelines; desirability of business proposals; innovation in the achievement of City goals; potential for community benefits; and, in the event that any digital infrastructure components are proposed, alignment with existing and emerging government digital infrastructure and data governance policies.

Future City Staff Reports

Staff anticipate a follow-up report to Executive Committee likely in Fall 2021 after Waterfront Toronto is advanced in its market offering process and a preferred proponent has been selected. The report will present staff's assessment of the preferred proponent's proposal, including any proposals for the use of City and CreateTO lands. Staff will seek authority to enter into negotiations with Waterfront Toronto and the agency's proponent on City issues, based on the terms authorized by Council. Waterfront Toronto will be clear in its process documents that, notwithstanding the selection of a preferred proponent, inclusion of the Block 3 lands will be conditional on City Council and CreateTO Board approval.

A third staff report will be submitted to Executive Committee at the conclusion of negotiations by the end of 2021 or early in 2022. The report will present a detailed Business and Implementation Plan based on the terms authorized by Council and will address, amongst other matters, anticipated infrastructure costs, revenues and phasing, as well as implementation roles and responsibilities between Waterfront Toronto, the City and CreateTO. Should the project move to implementation, staff would report subsequently on land use planning applications, land transactions and other implementation matters requiring City Council direction and approval.

The following table summarizes the key Quayside milestone dates described above:

Action	Date
WT to release procurement documents	January 2021
WT to select preferred proponent and begin negotiations	August 2021
City staff to report	September/October 2021
City staff to negotiate City terms with WT and preferred proponent, and to work with WT on a Business and Implementation Plan	Fall 2021
City staff to report on City terms and Business and Implementation Plan	Late 2021 / early 2022
Additional reports on land use planning applications and other implementation matters requiring City Council direction. Note: CreateTO staff will similarly report to the CreateTO Board at the same times.	2022 and beyond

Conclusion

Since the withdrawal of Sidewalk Labs, Waterfront Toronto has committed to advancing development on the Quayside site, drawing on lessons learned from extensive planning and analysis conducted to-date, and informed by the social, economic and public health context of the COVID-19 pandemic. On June 30, 2020 Waterfront Toronto announced renewed plans to secure a development partner for Quayside in 2021. Staff will provide a follow-up report to the Executive Committee, likely in Fall 2021, after Waterfront Toronto has advanced its market offering process and has selected a preferred proponent. The follow-up report will present: the results of staff's assessment of the preferred proponent's proposal; recommended terms to be negotiated with Waterfront Toronto and the preferred proponent; and recommend areas of interest to be addressed in a Business and Implementation Plan, to be completed by Waterfront Toronto, working with City and CreateTO staff.

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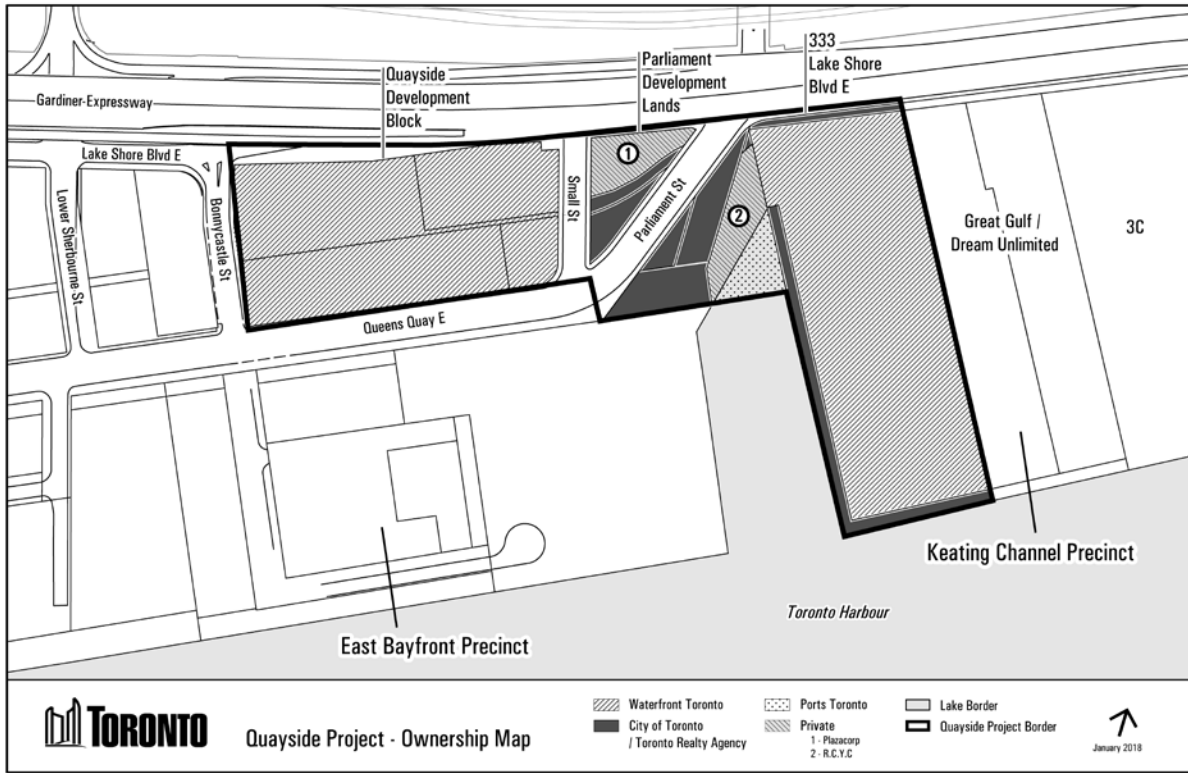
A handwritten signature in black ink, appearing to read "Tracey Cook". The signature is written in a cursive, flowing style.

Tracey Cook,
Deputy City Manager,
Infrastructure and Development Services

ATTACHMENTS

Attachment 1: Site Map
Attachment 2: Map of Quayside Development Blocks

Attachment 1: Site Map



Attachment 2: Map of Quayside Development Blocks

