

The Future of Yonge and Eglinton's Canada Square: Supporting Midtown Existing and Future Residents' Quality of Life - Feasibility Review

Date: October 1, 2021

To: Planning and Housing Committee

From: Chief Planner and Executive Director, City Planning

Wards: 8 - Eglinton Lawrence, 12 - Toronto-St. Paul's, 15 - Don Valley West

Related Planning Application Number: 20 232714 STE 12 OZ

SUMMARY

On December 21, 2020, a Zoning By-law Amendment (ZBA) Application was submitted for a phased 5-tower development including new TTC infrastructure, a new public road, public park, multiple Privately Owned Publicly-Accessible Open Spaces (POPS), and community space located at 2180-2210 Yonge Street, 15 Eglinton Avenue West and 20 and 46 Berwick Avenue, also known as Canada Square.

The scheduling of a community meeting regarding the ZBA application was put on hold at the request of Toronto and East York Community Council and City Council to engage with local area stakeholders, across three Wards, to develop guiding principles for the site and immediate area and to provide further information regarding the existing planning framework and the consolidated ground lease agreement for the site.

Following a number of meetings, the Midtown Working Group with the support of a facilitator, drafted a vision for the area with six priorities. City Council supported the vision report and requested the Chief Planner and Executive Director, City Planning to provide a feasibility review of the vision, in consultation with relevant City divisions and the Midtown Working Group, and to report to the October 18, 2021 meeting of the Planning and Housing Committee.

This Feasibility Review Report was prepared following input and consultation with the Midtown Working Group. The report assesses the extent to which the six priorities align with existing policy and other City priorities and identifies the challenges in balancing all six priorities. The report also explains how the six priorities can be implemented.

The next steps are to hold a community meeting for the ZBA application, to engage with the broader community, and work with the applicant all to achieve City Council's objectives of:

- securing the TTC infrastructure needed for the site;
- securing the community benefits identified in the planning framework and,
- where feasible, implementing the six priorities in the vision report.

Planning staff will work, to bring a Final Report with a draft Zoning By-law to City Council prior to July 1, 2022 which is the municipal approval condition date in the consolidated lease agreement.

RECOMENDATIONS

The City Planning Division recommends that:

1. Planning and Housing Committee receive the report from the Chief Planner and Executive Director, City Planning, dated October 1, 2021, for information.

FINANCIAL IMPACT

The City Planning Division confirms that there are no financial implications resulting from the recommendations included in the report in the current budget year or in future years.

DECISION HISTORY

On July 14, 2021, City Council passed Motion PH 25.7, supporting the vision for a New Town Centre for Midtown and requested the Chief Planner and Executive Director, City Planning, in consultation with relevant City divisions, to report to the October 18, 2021 meeting of the Planning and Housing Committee. The report is to include a feasibility review and implementation plan of all aspects of the vision described in Attachment 1 to the report (June 10, 2021) from the Chief Planner and Executive Director, City Planning, including consideration of modifying or transitioning the City's current contractual and financial arrangements, varied lease terms for different uses, City funding mechanisms, support from senior levels of government and other sources of support.

City Council also requested the Chief Planner and Executive Director, City Planning to inform and consult with the Midtown Working Group during the preparation of the feasibility review and to hold a community consultation meeting on the vision for a New Town Centre prior to a community consultation meeting on the Canada Square ZBA application.

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The Motion can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH25.7>

COMMUNITY CONSULTATION

In accordance with Motion PH 25.7, City Planning consulted with the inter-divisional review team on the feasibility and implementation of the Midtown Working Groups' vision and priorities on July 28, 2021, August 25, 2021 and September 22, 2021. City Planning also held more focussed discussions with the interdivisional review team members as needed throughout the feasibility review. The interdivisional review team consists of staff from various City Divisions responsible for commenting on the ZBA application for the site as well as members of the Toronto District School Board, Toronto Catholic District School Board and CreateTO. The Applicant of the Canada Square ZBA application also attended these meetings.

City Planning consulted with the Midtown Working Group on August 26, 2021 and September 9, 2021 and also held more focussed discussions with group members as needed.

City Planning has scheduled a virtual Community Consultation meeting on October 13, 2021 to receive comments from the public on the Midtown Working Groups' vision and priorities. In accordance with Motion PH 25.7, this meeting is being held prior to the City Planning community consultation meeting on the ZBA application for the site that is currently under review by City staff.

COMMENTS

Feasibility Review

City Council supported the six priorities identified in the vision for a New Town Centre report resulting from working group meetings looking at the Canada Square lands and both sides of the Yonge Street Corridor north of Eglinton Avenue. The staff report on the Midtown Working Group's vision, and well as the Midtown Working Group's report itself, can be found at the following link:

<https://www.toronto.ca/legdocs/mmis/2021/ph/bgrd/backgroundfile-168157.pdf>

This feasibility review assesses the six priorities in context with City Council and TTC's priorities (including a new bus terminal, two new station entrances and improvements to the underground concourse), the existing planning framework, lease arrangements, and physical and technical constraints of the site.

The planning framework is summarized in the February 3, 2021 City Planning preliminary Report on the Canada Square ZBA application and associated Supplementary Reports and can be found at the following links.

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ZBA Application - Preliminary Report and Supplementary Report:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.TE24.31>

Supporting Canada Square Working Group with Additional Information – Supplementary Report: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.TE24.96>

Priority 1: New Town Centre

The Canada Square site should be a New Town Centre for Midtown Toronto and contain a vibrant mix of uses: a public square, park and open space, residential, learning, employment, community facilities, cultural and performing arts spaces.

Priority 1 is feasible within the existing policy framework and in the context of a development application.

The first priority includes elements of the other five priorities with the objective of creating a New Town Centre. This idea aligns with existing City and Provincial Policy. The area is designated an Urban Growth Centre in the Growth Plan and a Centre in the Official Plan.

The Canada Square site is located within the Yonge-Eglinton Centre as identified in the Official Plan and the Yonge-Eglinton Secondary Plan. The Official Plan states that Yonge-Eglinton Centre is centrally located at the crossroads of the Yonge subway line and the Eglinton Crosstown light rapid transit line, both of which bisect the City. At this strategic location, the Centre serves as a major residential area, employment centre and an important institutional, retail and entertainment destination, highly accessible for a large segment of Toronto. Yonge-Eglinton Centre incorporates a variety of streetscapes and neighbourhoods in a compact form. The diverse mix of uses, range of housing options and conveniently accessible transportation options, community facilities, parks and open spaces are enjoyed by a growing residential population and contribute to a complete and liveable community.

The Centre covers a larger area than the Canada Square site, as it extends east to Mount Pleasant Road, north to Erskine Avenue, south of Eglinton Avenue East and west to Duplex Avenue. While the consolidated Canada Square site brings great opportunity for coordination and master planning, this site alone cannot fulfill all the objectives of the Urban Growth Centre, Yonge Eglinton Centre or New Town Centre Vision - given its size and function as a transit hub with significant underground infrastructure and needs for a new bus terminal, and subway entrances.

As described in greater detail below, when looked at individually, many of the six priorities can be accommodated in the proposed redevelopment of Canada Square but not all. In some circumstances the six priorities compete, and limit their individual objectives if they are combined in one small or geographically restricted area.

An example of how the priorities noted below, when layered, compete with one another can be demonstrated when looking at the priorities for a new school, a large park and limiting residential uses. By limiting residential uses, this limits the City's ability to secure a large park through Parkland Dedication. A new JK-8 school has requirements which may limit the usability of a new public park for the general public.

Priority 2: Limiting Residential Uses and Requiring Affordable Housing

Residential uses on the Canada Square site should be limited to 20% of the Gross Floor Area and affordable housing should be a key component of any housing and comprise at least 25% of the housing mix.

Not all of Priority 2 is feasible within the existing policy framework or in the context of a development application. Given that Site Specific Zoning By-Law 236-2009 allows for a floor space index of 7 times the area of the site, of which up to 5 times the area of the site can be residential uses, implementation of this priority through the limiting of residential uses beyond the existing permission, would effectively be a downzoning of the site. A decrease in residential uses would also result in a reduction in the statutory parkland dedication requirements, which would conflict with Priority 3. Further, there are limitations on the effectiveness of policy to affect demand for non-residential uses to the extent described in this policy.

The ZBA application includes replacement of a portion of the office space currently on the site as well as retail uses. The applicant is proposing the development to be built out over at least 2 phases, with the first phase containing 57,517 square metres of non-residential uses and 32,656 square metres of residential uses, in addition to the construction of a new TTC bus terminal.

According to the applicant and leaseholder, subsequent phases of the development of the site are not expected to be complete for 10-15 years. The applicant has indicated the difficulty in securing office tenants and predicting market conditions this far in advance. This opinion is shared by the interdivisional review team member representing CreateTO. Phase 1 of the current ZBA application consists primarily of office uses, while Phase 2 is residential. The Site Specific Zoning By-law resulting from approval of the ZBA application could include flexibility to allow for a greater proportion of the development to be non-residential uses than currently proposed, in the event market conditions for non-residential uses change and tenants can be secured.

The City's objective is to secure a mix of residential units on the site, a portion of which would be affordable housing. Limiting residential uses as presented in this priority does not align with City and Provincial policy which is to increase housing options at transit nodes. The applicant and CreateTO have advised that the proposal will deliver purpose-built rental housing and limiting the residential uses on the site to the extent specified in this priority will make the overall project financially unfeasible.

A percentage of the residential gross floor area proposed in the development application will be delivered as affordable housing.

The existing policy framework supports:

- investment in new office space and 100% replacement of office floor area;
- increasing housing options on transit lines;
- allowing for a greater proportion of the development to include non-residential uses through a site specific zoning by-law; and,
- the provision of affordable rental housing, which is also contemplated in the consolidated lease.

Additional implementation measures for Priority 2:

- programs such as the City's Open Door Affordable Rental Housing Program are available to provide financial incentives to support greater affordable housing outcomes, such as more affordable units or lower rents.
- Economic Development programs to attract business uses such as the Imagination, Manufacturing, Innovation and Technology (IMIT) - Business Incentive;
- Economic Development Programs to support cultural and creative space such as the Creative Co-Location Facilities Property Tax Subclass Designation; and,
- community benefits through Section 37 of the Planning Act to fund City-owned community service facilities.

Priority 3: New School

Midtown needs a new school to serve students from JK to Grade 8.

For a new school to be feasible at Canada Square, rather than considering other sites within the Yonge-Eglinton Secondary Plan area, there needs to be a flexible approach to the size and age of the student population, and its programming, to fit within the site and to limit competing use of a new public park.

While the initial ZBA application does not propose a new school, since its submission there have been numerous discussions with the applicant and the City to understand the needs and requirements of both the Toronto District School Board (TDSB) and the Toronto Catholic District School Board (TCDSB).

In general, the TDSB and the TCDSB are exploring opportunities to collaborate with the development community and the City to design alternative and innovative school models, including schools in the base of a tower. Unlike traditional stand-alone school sites which can develop on its own time frame, a decision and agreement to include a school in a tower must be made at the same time a developer is seeking City planning approvals.

Some considerations when constructing a school in the base of a tower include the requirement to occupy approximately 2-3 floors of the base building, with the need for significant presence at grade due to the size of the student population, necessary adjacencies to outdoor space, and the functional requirements for program accommodation; a full-sized gym; and, suitable access for school buses.

Outdoor areas may be provided in a combination of outdoor podium space and shared-use of greenspace/parkland owned by the City; this is dependent upon school size, site configuration, and the amount of City-owned parkland that is secured. Outside of school hours there are opportunities for use of certain school facilities, such as gyms or classrooms, via a shared-use agreement with the City or permitting for the community.

The TCDSB requires a school size of 500 pupil places serving grades JK – 8 and has developed guidelines to incorporate school use into a podium on the first 2-3 floors of the development. Dedicated play space for kindergarten and primary grades can be part of the building structure and additional play space can be managed through controlled access. This school building in addition to a future projected rebuild of St Monica Catholic School to the northeast would satisfy TCDSB enrolment requirements for the Midtown area.

The TDSB's standard elementary school model accommodates grades JK – 8, with two to three classrooms per grade and a total of 550 pupil places. While this school size would not meet the TDSB's total projected elementary student accommodation need for Midtown, it would make a significant contribution to their accommodation needs.

If the applicant at Canada Square, chooses to pursue a school, the Toronto Lands Corporation (TLC) would seek TDSB Board of Trustee approval to enter into a non-binding Memorandum of Understanding with the developer. Ministry approval for acquisition funding is a condition within the agreement. Unlike the TDSB, the TCDSB is eligible to use Education Development Charge funds in this area that can be applied towards the delivery of a new school, although both School Boards will require Ministry approval to proceed.

Both School Boards have acknowledged that the a new school in Phase 1 of the proposed development is not feasible due to timing constraints associated with the need to secure Provincial approval and funding as well as its location at a busy intersection, and competing need for a new bus terminal.

A Site Specific Zoning By-law resulting from the current ZBA application could allow for the inclusion of a school in subsequent phases of the development. This would provide the time and opportunity to come to an agreement with the developer, allow the School Boards to secure funding and provide an opportunity to resolve design issues.

Priority 4: Large Public Park

Canada Square should feature a large public park.

Priority 4 is feasible within the existing policy framework and in the context of a development application.

Approximately 50% of the site is proposed in the ZBA application as open space - 21,353 square metres (2.1 hectares), which includes a new public park, POPS and other landscape areas. Much of the open space areas on the site are encumbered by underground parking or TTC infrastructure. The City does not typically accept encumbered parkland spaces unless approved by City Council.

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The ZBA application is proposing a 1,836 square metre unencumbered park along Duplex Avenue. The in-force Site Specific Zoning By-law (236-2009) for the Canada Square lands requires a public park of approximately 2,500 square metres along Duplex Avenue. As part of the review of the site size and allocation of non-residential and residential uses in the ZBA application, Parks Forestry and Recreation staff have advised that an on-site parkland dedication of 4,192 square metres is required.

Section 42.1 and 42.3 of the Planning Act and Sections 415-22 and 415-23 of the Municipal Code allow the City to require on-site parkland as part of the review of a ZBA application. While grading issues and technical complications due to the underground subway infrastructure present challenges, creative methods of increasing the size of a public park on the site above the 1,836 square metres proposed in the development application are being explored.

Potential implementation measures for increasing the size of the public park on the site include:

- changes to the siting of proposed buildings;
- redesigning, relocating and/or converting some of the proposed new public road to park space; and,
- accepting encumbered land - as suggested by the Midtown Working Group.

Accommodating a new school on the site, potentially limits the size and/or usability of a portion of a new park because of the need for exclusive outdoor space for students during the day.

Staff will continue to work with the applicant and the School Boards to explore opportunities to expand the public park proposed as part of the development application.

Priority 5: Centre for Inspiring Learning and Jobs.

Canada Square should be a centre for inspiring learning and jobs.

Priority 5 is feasible within the existing policy framework and in the context of a development application.

As discussed in Priority 2 and 3, the current policy requires 100% replacement of office floor area and the requirements for a new school is being studied. The new office space is planned to be concentrated in a new office tower fronting Eglinton Avenue West which is anticipated to retain Canadian Tire Corporation's headquarters in Midtown. Other non-residential uses such as retail and a community facility are also proposed. Discussions are underway with a post-secondary institution which has expressed interest in locating a satellite campus on the site. The current plan can accommodate their spatial needs.

The Midtown Working Group's Vision also identified the need for an innovation hub. The City's Imagination, Manufacturing, Innovation and Technology (IMIT) business incentive program administered by Economic Development could be used to help attract potential users.

Priority 6: Community and cultural spaces

Community and cultural spaces are vital and Canada Square can be a part of that.

This priority can be achieved and is called for in the existing planning framework.

A Community Services and Facilities Strategy (dated May 2018) for the Yonge-Eglinton area identified a variety of existing gaps and increasing demand for a full range of community services and facilities in Midtown resulting from ongoing intensification and demographic change. It prioritizes the provision of social and physical infrastructure in conjunction with development. The integration of new community facilities within mixed-use buildings is a key strategy to address increasing demand. The Midtown Community Services and Facilities Strategy identifies the Canada Square site as an opportunity to provide onsite child care and human service facilities. The current application includes 1,000 square metres of community space. As per the Midtown Community Services and Facilities Strategy (2018), the City has a plan to address population pressure and that includes monitoring the situation and expanding North Toronto Memorial Community Centre, if needed.

A greater amount of community space, than currently proposed, including more cultural and performing arts space is feasible.

Potential implementation measures for achieving Priority 6 include:

- programming of POPS spaces to support cultural activities;
- collaboration with a potential future school and non-residential users for evening and weekend use of facilities such as meeting rooms and a gymnasium; and
- Economic Development Programs to support cultural and creative space such as the Creative Co-Location Facilities Property Tax Subclass Designation.

Creating a Green Focus

A consistent theme of the Midtown Working Group meetings was to put an environmentally responsible focus on all aspects of this site and throughout implementation of the priorities.

This theme is feasible through the existing policy framework and in the context of a development application.

Toronto City Council declared a climate emergency and endorsed a City-wide greenhouse gas emissions target of net zero by 2050 or sooner. To meet this target, all new development needs to be net zero by 2030, as per the four-Tier Toronto Green Standard (TGS). The applicant is required, at a minimum, to meet TGS Tier 1.

The applicant's Energy Strategy Report identified a number of solutions to meet the voluntary Tier 2 and Tier 4 (net zero) requirements, which would also earn them a partial refund on development charges. Capital costs can be further reduced by partnering with energy developers on low carbon thermal energy systems, such as district energy systems.

A potential implementation strategy for keeping with the Midtown Working Group's theme for a "green focus", could be achieved through a development application. In order to assess private/public net-zero/green innovation initiatives, the City could pursue TGS Tier 2 and request an assessment of the commercial and engineering feasibility of TGS Tier 4 in whole or in part, including a potential partnership with an energy developer on a low carbon thermal energy system. Discussions are ongoing between Enwave Energy Corporation and the applicant.

Implementation Plan

Planning staff is targeting a Final Report with a draft ZBA on the Canada Square application to City Council prior to July 1, 2022. The Final Report will apply the six priorities to the extent they are feasible within the context of the assessment provided in this report, using the following mechanisms and tools:

Site Specific Zoning By-law: can regulate the mix of land uses and can establish limits. The By-law can permit uses like schools and post-secondary institutions. It can also control the location of buildings and open spaces.

Section 37 Agreement: can secure, with the agreement of the applicant, the provision of community benefits. Details of any community benefits, including the provisions for an on-site child care, will be secured using the Section 37 Agreement.

Parkland Dedication: will enable the City to secure open spaces on the site as City-owned parkland.

Site Plan Control: can secure the design of the buildings and open space to help achieve the sustainable and resilient themes in the six priorities.

Official Plan Amendment: can be considered if a new public road is no longer pursued connecting Berwick Avenue and Duplex Avenue.

Shared-Use Agreement: can be used to establish the shared use between a potential future school and parkland, for example.

Economic Development Incentive Programs: to attract business uses such as the Imagination, Manufacturing, Innovation and Technology (IMIT) - business incentive and to support innovation hubs and cultural and creative space such as the Creative Co-Location Facilities Property Tax Subclass Designation.

Parkland Acquisition: can be considered for additional parkland.

Lease Modifications or Buy-out: If, through the review of the ZBA application, Staff and the Applicant agree on a revised proposal that requires modifications to the consolidated lease agreement, then those modifications will be presented to City Council.

The consolidated lease agreement requires that any extensions to condition deadlines or modifications to other components of the consolidated lease agreement must be agreed to by both the tenant and the City.

The only way the City can unilaterally regain control over the lands would be to negotiate a buy-out with the tenants or use its expropriation power. However, there would be a significant cost to the City in this scenario.

The new lease provides monthly rental payments to the Toronto Transit Commission based on a Net Present Value of \$161 million and also provides for additional transit infrastructure improvements, including upgrades to the concourse and a new bus terminal, valued at \$35-50 million. The City would also incur a significant cost to buy-out or expropriate the lease from the tenants. The potential cost to the City (and TTC) relating to the loss of rental payments, the loss of the contribution towards the subway infrastructure improvements and the buy-out costs to the tenant is estimated to be approximately \$400 million. Council would also need to provide further direction as to how and who it intends to implement its transit needs and other city building initiatives including those detailed in the Midtown Working Group's vision.

NEXT STEPS

The next steps are to hold a virtual community meeting on the ZBA application for Canada Square and to continue the review of the application, which includes studying alternative options to achieve greater alignment with City policy and the six priorities assessed in this report.

The technical review of the ZBA application is ongoing and includes a new TTC bus terminal and subway entrances, and alternatives to the new public road currently called for in the Secondary Plan.

The appropriate building heights and transition is currently being studied comprehensively over the block and negotiations will need to commence to secure the appropriate community benefits for this site.

A Final Report will be presented to the Planning and Housing Committee to be considered by City Council before July 1, 2022.

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SIGNATURE

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