

Ontario-Toronto New Deal - Advancing the Delivery of Transit Oriented Communities along the Eglinton Crosstown West Extension

Date: April 29, 2025

To: Executive Committee

From: City Manager and Deputy City Manager, Corporate Services

Wards: 2 - Etobicoke Centre and 5 - York - South Weston

SUMMARY

The purpose of this report is to seek City Council's approval to execute components of the Ontario -Toronto New Deal related to the Province's priority transit projects as described in the New Deal Term Sheet. The Ontario - Toronto New Deal reached in November 2023 included an agreement between the City and the Province on a set of core commitments in exchange for over \$4 billion in financial supports to the City. Council approved the terms of the Ontario - Toronto New Deal Working Group on December 13, 2023.

With respect to advancing the delivery of the Province's priority transit projects, the New Deal Term Sheet includes a commitment for the City to "expeditiously provide Metrolinx and the Province with the necessary properties and easements to advance construction of Eglinton Crosstown West Extension (ECWE), tunnels, elevated guideway and stations and to support Transit Oriented Communities (TOC) along the ECWE corridor".

In accordance with the New Deal Term Sheet, the Province has requested the transfer of the properties described in this report to support TOC Program along the ECWE corridor. As the estimated value of the total recommended land transaction of the TOC properties exceeds staff delegated authority, Council approval is required.

RECOMMENDATIONS

The City Manager and Deputy City Manager, Corporate Services recommend that:

1. City Council approve transfers by the City of Toronto to Metrolinx, or such other Provincial body or agency, as directed by the Province of Ontario, of ownership to the City-owned lands identified "Dual Purpose Land Requirement" in Attachment 1, for the purpose of supporting Transit Oriented Communities to be located along the Eglinton

Crosstown West Extension, in consideration of the financial support that the Province of Ontario has previously committed to the City pursuant to the terms of the New Deal (CC13.2), with such transfers to be on terms satisfactory to the City Manager, including the reservation of such rights and interests as may be appropriate for the continued operation of existing City infrastructure and programs located within the boundaries of such lands, and the granting of such ancillary property rights as may be appropriate to support the transfers of ownership.

2. City Council authorize severally each of the City Manager and the Deputy City Manager, Corporate Services to execute, on behalf of the City, any documents required to implement the transactions identified in Part 1 above on terms that have been approved by the City Manager, in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The estimated value of the City-owned lands identified in Attachment 1, based on high-level assumptions of future development value, is between \$137 million and \$160 million. The final value of such land interest would be reduced by any existing or future encumbrances or reservations by the City for infrastructure or municipal requirements.

The over \$4 billion in financial support that the Province of Ontario has previously committed to the City pursuant to the terms of the New Deal (CC13.2) exceeds the estimated land value of the proposed transactions.

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 July 24 and 25, 2024, City Council adopted, with amendments, EX16.3 - Subway Agreement in Principle and Update on Metrolinx Subway Program - Third Quarter 2024, including approval of the terms for the Subway Program Agreement in Principle which includes the Eglinton Crosstown West Extension as a project subject to that agreement. <https://secure.toronto.ca/council/agenda-item.do?item=2024.EX16.3>

On June 26 and 27, 2024, City Council adopted, with amendments, EX15.2 - Priorities in Transit Expansion and Transit-Oriented Communities Projects. This report identified City priorities that guide and inform negotiations with the Provincial government and its agencies, as well as the relevant policies and levers for implementation. <https://secure.toronto.ca/council/agenda-item.do?item=2024.EX15.2>

On December 13, 2023, City Council adopted, with amendments, CC13.2 Ontario - Toronto New Deal Agreement, which included the terms of the Ontario-Toronto New Deal. <https://secure.toronto.ca/council/agenda-item.do?item=2023.CC13.2>

On December 15, 16, and 17, 2021, City Council adopted, with amendments, EX28.12 - Metrolinx Subways Program - Real Estate Protocol and Land Valuation Principles for Subways and GO Expansion Programs. The Subways Program delivered by Metrolinx includes the Ontario Line, the Scarborough Subway Extension, the Eglinton Crosstown West Extension and the Yonge North Subway Extension. This Protocol does not deal with transactions related to the TOC. <https://secure.toronto.ca/council/agenda-item.do?item=2021.EX28.12>.

COMMENTS

Core Commitment #3 in the New Deal Term Sheet is a joint commitment to advance the delivery of the Priority Transit Projects, including the ECWE, and support key transportation objectives.

Subway Program

The Government of Ontario has committed \$4.7 billion in funding to plan, design and construct the ECWE, which is one of four priority transit expansion projects under the Subway Program. As all contracts for ECWE have yet to be awarded, the total cost of constructing the ECWE has not been confirmed by Metrolinx/Infrastructure Ontario. In accordance with the Subway Agreement in Principle (AIP) negotiated between the City of Toronto and the Province of Ontario, the City is not responsible for funding any capital cost of the ECWE.

In addition, in accordance with the Metrolinx Subways Program - Real Estate Protocol and Land Valuation Principles for Subways and GO Expansion Programs (Subway REP), adopted by City Council in December 2021 (EX28.12), City staff have worked expeditiously to provide Metrolinx with necessary properties and easements to advance construction of the ECWE.

Provincial TOC Program

The Province has requested the City authorize the transfer of the ownership of certain City-owned properties along Eglinton Avenue West as further described in Attachment 1 for the purposes of the Province's Transit Oriented Communities (TOC) Program, as per the New Deal Term Sheet. The Subway REP does not cover sale of City lands for the purposes of the TOC Program, and Council authority under EX28.12 is insufficient for the purposes of the transactions recommended in this report.

The TOC Properties are part of the Province's plan to provide new housing and jobs near or at transit stations along the routes of the Province's Subway Program. The Province has requested City-owned real estate interests to support the Provincial TOCs at the future Royal York, Islington and Martin Grove stations.

The Province acquires private land through Metrolinx when private lands are required for the purposes of transit project construction. Following completion of the transit projects, any surplus lands may be made available for the TOC Program by Infrastructure Ontario. Along the ECWE corridor, the City owns much of the property

along Eglinton Avenue West that the Province requires for the ECWE and the Province's TOC Program. These lands were assembled by the former Metro Toronto in planning for the abandoned Richview Expressway and some of the lands have since been developed. The Province intends to deliver the TOC Program on some of the remaining former expressway lands.

For clarity, the transactions recommended in this report are not required for the construction of the Province's ECWE project, but rather for the purposes of the Province's TOC Program.

Under the Subway Program AIP, the Province is entitled to retain all development revenue, defined as revenue derived from the transit land TOCs, development (residential, commercial, institutional, etc.) property related revenue sources (short and long-term/future), and commercial benefits, which consist of the following: full or partial dispositions (air rights; temporary and permanent), limiting distance agreements, infrastructure overbuilds and/or integrated entrance connections, and naming rights on the projects. While the transactions recommended in this report are not related to ECWE transit lands, if approved by Council, the Province would be the owner of these TOC Properties and would retain the development revenue.

As these TOCs advance through design, Infrastructure Ontario will engage directly with City staff, following the typical process negotiated between the City and the Province.

Royal York TOC

The Province has identified a potential TOC site at the future Royal York Station, on the northwest corner of Royal York Road and Eglinton Avenue West adjacent to the station building and ancillary buildings. The TOC site is comprised of two parcels of land. Mary Reid House, a designated heritage building, is located at 4200 Eglinton Avenue West and is expected to be preserved at its current location including the circular driveway on the site. The stone wall between the two sides of the driveway will be temporarily removed to facilitate construction of the subway station, following which it will be reconstructed in its existing location.

City staff and Infrastructure Ontario have had exploratory discussions about the inclusion of Mary Reid House into the Royal York TOC, to act as a feature amenity of the development. The City has no budget or plans for the heritage property. Infrastructure Ontario has expressed an interest in including the Mary Reid House in the TOC concept, subject to the same New Deal terms. City staff are recommending the transfer of this property to the Province subject to reaching terms with Infrastructure Ontario on the sensitive integration of the heritage property into the future TOC design.

Infrastructure Ontario consulted with City staff in early 2024 on preliminary TOC design concepts. The City has not received a formal TOC submission for this site.

Islington TOC

The Province has identified potential TOC sites at the northwest corner of Islington Avenue and Eglinton Avenue West and the northeast corner of Eglinton Avenue West

and Wincott Drive. The Province has not presented any preliminary design concepts to City staff. The development would likely mimic Royal York TOC with the TOC development proposed next to Islington Station without direct integration with the station.

Martin Grove TOC

The Province has identified a potential TOC site at Martin Grove Station located at the northeast corner of Eglinton Avenue West and Martin Grove Road. The TOC site is proposed south of the Richview Park. The TOC and station facilities would be linked by at-grade pedestrian connections as opposed to direct physical integration. City staff have undertaken a high-level review of the Province's preliminary TOC designs; however, the Province has not submitted a formal submission.

Transfer Terms

Following receipt of Council authority, City staff will commence negotiations with the Province on the terms of the transfer. Staff must complete additional diligence to identify existing and future City infrastructure and interests that must be protected through the terms of the transfer agreement. Consistent with past real estate agreements with the Province that support transit projects, the transfer of the TOC Program properties will be at market value, for consideration received in connection with the New Deal. The proposed terms of the transfer will be negotiated in accordance with the authority as set out in this report.

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SIGNATURE

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ATTACHMENTS

Attachment 1 - Location Map of the TOC Properties

Royal York Station TOC (block size approximately 8,700 sq m)



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