

Bayside Land Development Agreement - Sunset Date Extension for C1

Date: December 8, 2025

To: Executive Committee

From: Chief Planner and Executive Director, City Planning, and Executive Director, Corporate Real Estate Management, Executive Director, Housing Development Office

Wards: Ward 10 - Spadina - Fort York

SUMMARY

This report seeks approval to extend the termination date (Sunset Date) set out in the existing Land Development Agreement, dated June 28, 2012, between the City and Hines Canada Management Company II ULC (Hines) for the development site designated as Block C1 (C1) within the Bayside community of the East Bayfront (see map in **Attachment 1**). The recommended Sunset Date extension would be to April 30, 2026 and only apply to the C1 site. The extension would be for the specific purpose of working with Hines to identify a viable commercial office development at the property and the preparation of a staff report. The extension of the City-Hines Land Development Agreement also requires extension of the Undertaking Agreement and Master Licence Agreement between the City and Waterfront Toronto for the coordination of Bayside, to April 30, 2026.

The extension to April 30, 2026 will not commit the City to accepting an office proposal from Hines for C1. The extension will be conditional on the LDA being amended to make the City's obligation to grant a ground lease conditional on City Council's acceptance of Hines' proposal. The City will have the opportunity to consider the proposal and determine the most appropriate course of action in consultation with Waterfront Toronto.

While Hines advances options for a viable commercial office development at C1, City and Waterfront Toronto staff will also consider alternative development options that could be pursued for the C1 site should an office option with Hines not advance. These may include options for affordable housing, a student housing pilot project or another opportunity informed by considerations of funding and investment on City land. City staff, in consultation with Waterfront Toronto, will complete due diligence to determine the most appropriate direction for C1 development and report back in April 2026.

RECOMMENDATIONS

The Chief Planner and Executive Director, City Planning, Executive Director, Housing Development Office and Executive Director, Corporate Real Estate Management recommend that:

1. City Council authorize the extension of the:

(a.) Sunset Date in the Land Development Agreement between the City and Hines (LDA) and the Undertaking Agreement between the City and Waterfront Toronto, each dated June 28, 2012, to April 30, 2026, solely in respect of the development site shown as Block C1 on Attachment 1 (Block C1), provided that the LDA is also amended to make the City's obligation to grant a ground lease conditional on City Council's acceptance of Hines' proposal for Block C1; and

(b.) Term of the Master License Agreement between the City and Waterfront Toronto, dated March 31, 2012, to April 30, 2026;

conditional on the Development Agreement between Waterfront Toronto and Hines, dated June 28, 2012, being similarly extended, and on such other terms and conditions that are acceptable to the Executive Director, Corporate Real Estate Management, in consultation with the Chief Planner and Executive Director, City Planning, and Executive Director, Housing Development Office, and in a form satisfactory to the City Solicitor.

2. City Council authorize the Executive Director, Corporate Real Estate Management or his designate to execute the extension agreements and any related documents on behalf of the City.

3. City Council direct the Chief Planner and Executive Director, City Planning, Executive Director, Housing Development Office and the Executive Director, Corporate Real Estate Management, to report back in April 2026 on plans for Bayside Block C1, based on City and Waterfront Toronto due diligence and review of development options including, but not limited to, a commercial office proposal from Hines Canada.

FINANCIAL IMPACT

There are no immediate financial impacts resulting from the recommendations included in this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact Section.

DECISION HISTORY

2018 Creating New Purpose-Built Affordable Rental Homes in R6 Bayside Waterfront District

At its meeting on June 25, 2018, Council authorized the Director, Affordable Housing Office, in consultation with Waterfront Toronto, to offer R6 Bayside for lease for a 99-year term, at below-market rent, and offer incentives to build affordable rental housing offered through the Open Door Program. City Council also approved the transfer of Section 37 funds, to the Capital Revolving Fund for Affordable Housing (XR 1058) to be invested in the development of approximately 215 affordable rental homes on the site.

[Agenda Item History - 2018.EX36.28](#)

2014 Implementing Innovative Affordable Housing in the East Bayfront

At its meeting on June 10, 11, 12, and 13, 2014, Council authorized the City to proceed with the development of 80 units of affordable rental housing that will make up the Bayside Non-Profit and authorize the City, as vendor, to enter into an Agreement of Purchase and Sale (APS) with Hines, or its designate, as purchaser, for the sale of Block 3. [Agenda Item History - 2014.EX42.16](#)

2012 261 Queens Quay East - Zoning By-law Amendment and Draft Plan of Subdivision - Final Report

At its meeting on November 27, 28, and 29, 2012, Council amended Zoning by-law 438-86 for the lands at 261 Queens Quay East to reflect the configuration of streets, parks, and development blocks proposed by the Draft Plan of Subdivision.

[Agenda Item History - 2012.TE20.13](#)

2010 Staff review of Waterfront Toronto's Proposed Sale and Lease of City Lands for Waterfront Revitalization - Bayside

At its meeting on August 25, 26 and 27, 2010, Council endorsed Hines' concept plan for the development and subdivision of the Bayside Lands and granted authority for the City, as owner of the Bayside Lands, to enter into a Land Development Agreement (LDA) with Hines. [Agenda Item History - 2010.EX46.33](#)

2006 Toronto Waterfront Revitalization Initiative East Bayfront Business and Implementation Plan

In July 2006, Council approved Waterfront Toronto's Business and Implementation Plan (BIP) for East Bayfront that included a financial model; employment strategy; cultural and animation strategy; ground floor retail strategy and project schedules. The BIP contained aggressive employment targets. As required by the 2006 MOU, the BIP was prepared on the basis that non-residential development will be on the basis of long-term leases.

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

COMMENTS

This report seeks approval to extend the Sunset Date set out in the existing Land Development Agreement, dated June 28, 2012, between the City and Hines Canada Management Company II ULC (Hines) for the development site designated as Block C1 (C1) within the Bayside community of East Bayfront. The Land Development Agreement between the City and Hines is one of the guiding agreements for the redevelopment of Bayside, for which the City is the primary landowner prior to site development. The current Sunset Date in the Land Development Agreement is December 31, 2025. City staff are recommending that the Sunset Date be extended to April 30, 2026, to allow for further examination of a commercial office development with Hines at the C1 site and the preparation of a staff report.

In addition to the Land Development Agreement, between the City and Hines, the City also has an Undertaking Agreement and a Master Licence Agreement with Waterfront Toronto (WT) to manage the overall delivery of Bayside as part of waterfront revitalization. The Undertaking Agreement and Master Licence Agreement also have Sunset Dates of December 31, 2025. These require extension to the same April 30, 2026 date in alignment with the Hines Land Development Agreement extension.

WT is the master developer of the East Bayfront Lands, which includes the Bayside area. As such, WT also has a Bayside Project Agreement with Hines, dated June 28, 2012. The WT-Hines agreement aligns with the City's agreement and contains the same Sunset Date of December 31, 2025. WT staff have received Board approval for the same extension, to April 30, 2026, for the C1 site, contingent on City Council approval of the extension in the City agreements. The consideration and recommendation of a Sunset Date extension has been identified collaboratively between staff at the City, Waterfront Toronto and Hines.

There are two remaining sites for development in the Bayside community, C1 and R6 (see **Attachment 1** for area map). R6 is an affordable housing site being led by the Housing Development Office and CreateTO in collaboration with WT. The recommended Sunset Date extension would only apply to the C1 site and would be for the specific purpose of working with Hines to identify a viable commercial office development at the property.

Over the past two years, City staff have been working closely with Hines and WT to consider alternative development options for the C1 site. The original 2012 development concept for C1 was for an office commercial building. The pandemic had a significant impact on office projects and as such, C1 was not advanced. Alternative development options explored by Hines for C1 over the past two years have not materialized for a variety of reasons including the changing market. Most recently in November, Hines approached the City with information that the office market is gradually returning and there may be an opportunity to realize the C1 site as a commercial office development in alignment with the original concept. Hines submitted a letter to the City on November 26, 2025 (see **Attachment 2**), requesting an extension to the City-Hines Land Development Agreement in order to have more time to consider an office development concept for C1. Given the changing market, the desire to achieve a mixed-use

community in Bayside and the returning office potential demonstrated in recent market reports, staff from the City and WT recommend giving Hines the first quarter of 2026 to present a viable office project for review. Staff from Economic Development and Culture have been consulted.

While Hines advances options for a viable commercial office development at C1, City and WT staff will also undertake due diligence on alternative development approaches that could be pursued in 2026 should an office option with Hines not advance. These may include options for affordable housing, a student housing pilot project or another opportunity informed by considerations of funding and investment on City land. Staff will report back in April 2026.

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SIGNATURE

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ATTACHMENTS

Attachment 1 - Map
Attachment 2 - Hines Canda Letter