

Lawrence Heights Revitalization Phases 2 and 3 - Infrastructure Reimbursement and Budget Update

Date: July 14, 2026

To: Planning & Housing Committee

From: Executive Director, Housing Development Office

Wards: Ward 8 - Eglinton-Lawrence

REASON FOR CONFIDENTIAL INFORMATION

Confidential Attachment 1 to this report contains confidential information about a position, plan, procedure, criteria or instruction to be applied to negotiations carried on or to be carried on by or on behalf of the City of Toronto.

SUMMARY

Toronto Community Housing Corporation (TCHC) revitalization projects are central to advancing the City's HousingTO 2020-2030 Action Plan, supporting both the preservation of existing social housing and the creation of new affordable rental homes. These projects take a comprehensive, end-to-end approach, spanning pre-development, design, construction, community engagement, and resident relocation. Through its 10-year development plan, delivered in partnership with the City, TCHC aims to create more than 10,000 new homes across Toronto by 2035.

As TCHC's largest community, Lawrence Heights is a cornerstone of this development plan, originally built in the late 1950s. Located in North York, the 45-hectare site includes 1,208 rental homes across a mix of detached and semi-detached houses, townhomes, and walk-up apartment buildings. The Lawrence Heights revitalization is a four-phase transformation that will modernize the area into a vibrant, mixed-use, mixed-income neighbourhood.

Phases 2, 3, and 4 of the revitalization have been designated as Toronto Builds sites. Under this framework, capital funding for community amenities, public facilities, and required city-building and civil infrastructure is incorporated into relevant City divisional budgets and brought forward to City Council for approval through the annual budget process.

Phase 2 is scheduled to begin site works in Q4 2026 and will include new and reconfigured public streets, parks, community spaces, and residential buildings ranging from 6 to 28 storeys. This phase will replace 277 existing social housing units and is anticipated to deliver approximately 194 new TCHC affordable homes, and approximately 960 new market units. Phase 3 is planned to commence in 2030 and is planned to include the replacement of 385 social housing units, the creation of approximately 385 new TCHC affordable units, and approximately 2,127 new market units.

This report seeks approval of updated cost estimates for public infrastructure to enable their inclusion in the 2027-2036 Capital Budget and Plan Submissions for Toronto Water and Transportation Services and the reimbursement by the City to TCHC of eligible infrastructure costs incurred by TCHC. When City Council approved the Lawrence Heights Infrastructure Development Plan (IDP) in October 2020, the full financial implications were not incorporated. More detailed and refined cost estimates for Phases 2 and 3 will be developed as design advances, with updates brought forward to Council for consideration through future site phasing approvals.

This report also requests Council authorization for Toronto Water and Transportation Services to reimburse eligible infrastructure costs incurred by TCHC in 2026 for the Lawrence Heights revitalization project, from the approved 2026-2035 Capital Budget and Plans of Toronto Water and Transportation Services.

RECOMMENDATIONS

The Executive Director, Housing Development Office recommends that:

1. City Council request the Mayor to include the updated infrastructure cost estimates for Lawrence Heights Phases 2 and 3, as set out in Confidential Attachment 1, Table 2, in the 2027-2036 Capital Budget and Plan for Transportation Services and Toronto Water, subject to the availability of funding.
2. City Council direct that reimbursement of the 2026 cash flow set out in Confidential Attachment 1, Table 2, shall be funded from the 2026-2035 Council approved Capital Budget and Plans of Toronto Water and Transportation Services, and that should the existing 2026 Capital Budgets be insufficient, funding is to be accelerated from their respective future year budgets.
3. City Council direct that the confidential information contained in Confidential Attachment 1 remain confidential at this time, as it relates to a position, plan, procedure, criteria or instruction to be applied to negotiations carried on or to be carried on by or on behalf of the City of Toronto and authorize it be made public following the completion of the infrastructure work contemplated in this report, at the discretion of the Deputy City Manager, Development and Growth Services.
4. City Council authorize the Executive Director, Housing Development Office, to enter into one or more agreements with the Toronto Community Housing Corporation (TCHC), if the terms are not otherwise secured in the Subdivision Agreement(s) for

Phases 2 and 3, to reimburse eligible infrastructure costs incurred by TCHC for Phases 2 and 3 of the Lawrence Heights Revitalization Project, in consultation with the General Manager, Toronto Water, the General Manager, Transportation Services, and the Executive Director, Development Review, substantially on the terms identified in Attachment 2 and such other or amended terms and conditions deemed appropriate by the Executive Director, Housing Development Office, and in a form satisfactory to the City Solicitor, using funds from the approved 2026-2035 Capital Budget and Plan and as incorporated in the 2027-2036 Capital Budget and Plans Submissions of Toronto Water and Transportation Services referred to in Recommendations 1 and 2 above, subject to any updated cost estimates as approved by Council through the 2027-2036 capital budget processes and/or applicable capital variance reporting processes, subject to the availability of funding, consideration of other City priorities, and Council review and approval.

FINANCIAL IMPACT

The 2026-2035 Capital Budget and Plan has already included \$12.450 million under Transportation Services and \$25.102 million under Toronto Water for Phases 2 and 3 of the Lawrence Heights Revitalization project.

This report seeks Council approval for the reimbursement by Transportation Services and Toronto Water for eligible infrastructure design costs and consultant contract administration costs to support design incurred by TCHC for Lawrence Heights Phases 2 and 3 in 2026 by way of a standalone reimbursement agreement(s) with TCHC, and that should the existing 2026 Capital Budgets be insufficient for the reimbursement, funding from the respective future year budgets of Transportation Services and Toronto Water will be accelerated through required in-year 2026 capital budget adjustments.

This report also seeks Council direction to include the updated civil infrastructure construction and design cost estimates for Lawrence Heights Phases 2 and 3 as outlined in Table 2 of Confidential Attachment 1 in the 2027-2036 Capital Budget and Plan submissions of Toronto Water and Transportation Services, subject to consideration of all other City priorities and available funding.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On March 25 and 26, 2026, City Council adopted Item PH28.4, "Lawrence Heights Revitalization (Phase 2) - Toronto Builds - Official Plan and Zoning By-law Amendment Applications - Decision Report - Approval". OPA and Rezoning Application for Phase 2 of the TCHC Lawrence Heights revitalization includes new and reconfigured public streets, public parks and community uses, and residential development ranging from 6 to 28 storeys in height.

<https://secure.toronto.ca/council/agenda-item.do?item=2026.PH28.4>

On May 21 and 22, 2025, Council adopted Item PH21.4, "Toronto Builds - A Policy Framework to Build More Affordable Rental Homes on Public Land" directing that capital funding for all community amenities, facilities, city-building and civil infrastructure required as part of Toronto Builds Projects be included in the relevant Divisional budgets and considered by City Council for approval as part of the annual budget process.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.PH21.4>

On March 20 and 21, 2024, Council adopted Item NY11.3 "3 Leila Lane, 5 Leila Lane, and 31-109 Bagot Court - Rental Housing Demolition Application - Decision Report" approving the Rental Housing Demolition Application for the lands municipally known as 3 Leila Lane, 5 Leila Lane, and 31-109 Bagot Court.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.NY11.3>

On November 8 and 9, 2023, Council adopted Item EX9.3, "Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes". Recommendations 26 and 27 specifically refer to Lawrence Heights Revitalization Phases II and III.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX9.3>

On December 15-17, 2021, City Council adopted Item PH29.7, "Lawrence Heights Revitalization – Phases 2 and 3 Interim Status and Budget Update", which included direction to Toronto Water and Transportation Services to include infrastructure costs in their annual capital budgets. This cost has been carried forward.

<https://secure.toronto.ca/council/agenda-item.do?item=2021.PH29.7>

On October 27, 2020, City Council adopted Item PH17.8, "Lawrence Heights Phases 2 and 3 - Initial Development Proposal". The Initial Development Proposal ("IDP") was provided to Council for approval in accordance with the new approval framework for Toronto Community Housing Corporation revitalization projects. This approvals process framework was approved by Council in July 2019 and aims to provide the City with earlier insight into TCHC revitalization projects and ensure that they support wider city-building priorities.

<https://secure.toronto.ca/council/agenda-item.do?item=2020.PH17.8>

On July 16, 17 and 18, 2019, Council adopted Item PH7.4, "A New Approvals Framework for Toronto Community Housing Corporation Revitalization Projects,"

incorporating the review of an Initial Development Proposal for the Lawrence Heights Phase 2 revitalization project as a stage gating process.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.PH7.4>

On May 14 and 15, 2019, City Council adopted Item AU2.1, "Moving Forward Together: Opportunities to Address Broader City Priorities in Toronto Community Housing Corporation Revitalizations", and requested staff to report to the July 3, 2019 meeting of the Planning and Housing Committee on any options for city building objectives that may be included in revitalizations that have yet to obtain planning approvals.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.AU2.1>

On November 27, 28 and 29, 2012, City Council adopted Item NY20.34, "Final Report - Official Plan and Zoning By-law Amendment, Rental Housing Demolition and Subdivision Applications - 1-29 & 111-133 Bagot Court, 1-87 Bredonhill Court, 41-119 Varna Drive, 1-78 Cather Crescent, 1 Leila Lane, 1-11 & 15-45 Zachary Court and 215-251 Ranee Avenue".

<https://secure.toronto.ca/council/agenda-item.do?item=2012.NY20.34>

COMMENTS

Lawrence Heights Municipal Roads and Site Servicing Work

As outlined in Attachment 1, Lawrence Heights Phases 2 and 3 will require the construction of new municipal sewers, watermains, roadways and street extensions, as well as temporary utility relocations during construction. The cost of this municipal infrastructure is to be incurred over the next ten years.

Phase 2A work will begin in Q4 2026 and will comprise of the extension of Varna Drive to Hooyo Terrace, and the sewers and watermains under them. The sewers and watermains will be extended to the intersection of Varna Drive and Rondale Boulevard. Cost estimates for earthworks, underground services, and roads to base course asphalt for Varna Drive and Hooyo Terrace are included in Confidential Attachment 1 and will be updated to reflect the final design.

This report seeks approval for Toronto Water and Transportation Services to include 100% of updated design and construction costs associated with all public streets, lanes, pavement markings, regulatory signs, sidewalks and sodded boulevards as well as all municipal sewer and water distribution systems and their respective appurtenances for Lawrence Heights Phases 2 and 3 in their 2027-2036 Capital Budget and Plan Submissions, as outlined in Table 2 of Confidential Attachment 1 and to reimburse TCHC up to 100% of the eligible infrastructure costs incurred by TCHC for Phases 2 and 3.

Should TCHC secure a development partner for Phase 2B and/or 3, the eligible infrastructure costs incurred by TCHC for the respective Phase(s) would be subject to a 60% (City) /40% (TCHC/Development Partner) cost sharing arrangement established in other TCHC revitalizations.

TCHC will continue to work with City staff to refine the accuracy of the cost estimates and the cost sharing implementation mechanisms upon approval of the Draft Plan of Subdivision application(s) and associated drawings. These details will be finalized as part of the Subdivision Agreement(s), or any other required agreement(s).

Cost Reimbursement

The public infrastructure for Lawrence Heights Phase 1 is split into three (3) subphases: 1A, 1B and Northeast District (NED). As such, there were three (3) separate Plan of Subdivision applications, and three (3) Subdivision Agreements associated with Phase 1 based on the sub-phasing. The cost sharing arrangement for infrastructure costs was included in each district's (1A, 1B, NED) Subdivision Agreement.

The Housing Development Office will continue to collaborate with Legal Services, Toronto Water, Transportation Services and Development Review to enter into agreement(s) with TCHC, if the terms are not otherwise secured in the Subdivision Agreement(s) for Phases 2 and 3, that establishes the cost-reimbursement arrangement for the construction of municipal roads, sewers, and watermains to support each phase within the Lawrence Heights revitalization, substantially on the terms identified in Attachment 2 and such other or amended terms and conditions as may be satisfactory to the General Manager, Toronto Water, the General Manager, Transportation Services, in consultation with the Executive Director, Development Review, and in a form satisfactory to the City Solicitor.

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SIGNATURE

Hugh Clark
Executive Director, Housing Development Office

ATTACHMENTS

Attachment 1 - Lawrence Heights Phases 2 and 3 - Phasing Plan

Attachment 2 - Key Terms for Reimbursement

Confidential Attachment 1 - Financial Impact Section