

port lands acceleration initiative

public meeting #4

August 8, 2012



direction from Council and project goals

City Council asked Waterfront Toronto, the City and TRCA to create a business and implementation plan for the Port Lands, including:

- exploring opportunities to accelerate Port Lands development while building on the large body of work produced to date on the Port Lands and Lower Don Lands
- examining options for the Don Mouth Naturalization and Port Lands Flood Protection Environmental Assessment within the EA's terms of reference
- ensuring the process is shaped by extensive public and stakeholder consultation
- investigating opportunities to increase private sector investment involvement
- identifying mechanisms for minimizing the City's obligation to fund the development of the Port Lands

what we did

- retained expert advisors in real estate development, planning, design, construction and estimating
- determined infrastructure, geotechnical and environmental requirements, constraints and costs
- revisited flood protection requirements
- established potential cost saving and phasing opportunities to allow for earlier development at a lower initial cost
- conducted numerous public and stakeholder meetings, interviews with developers, financiers and contractors and Councillor briefings

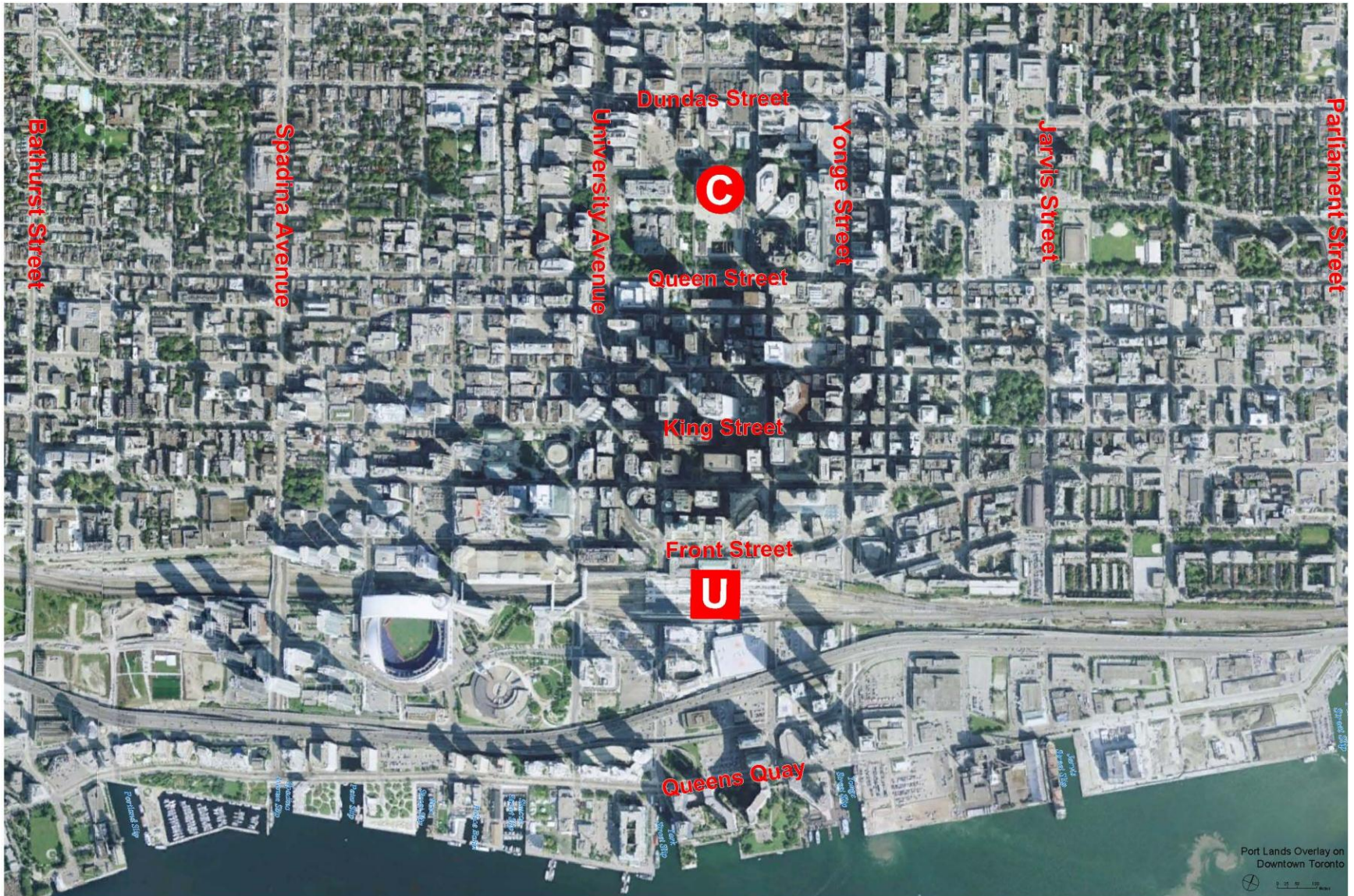
key findings

- the Port Lands is a major long-term employment and residential growth area for downtown
- the Port Lands is a working port with uses that are essential for the operation of the City
- phased development can be achieved while still accommodating current uses and maintaining the working port
- costs can be reduced and development phased by modifying flood protection alternative 4ws
- modified plan (4ws realigned) includes generous public spaces and preserves the water's edge for public use

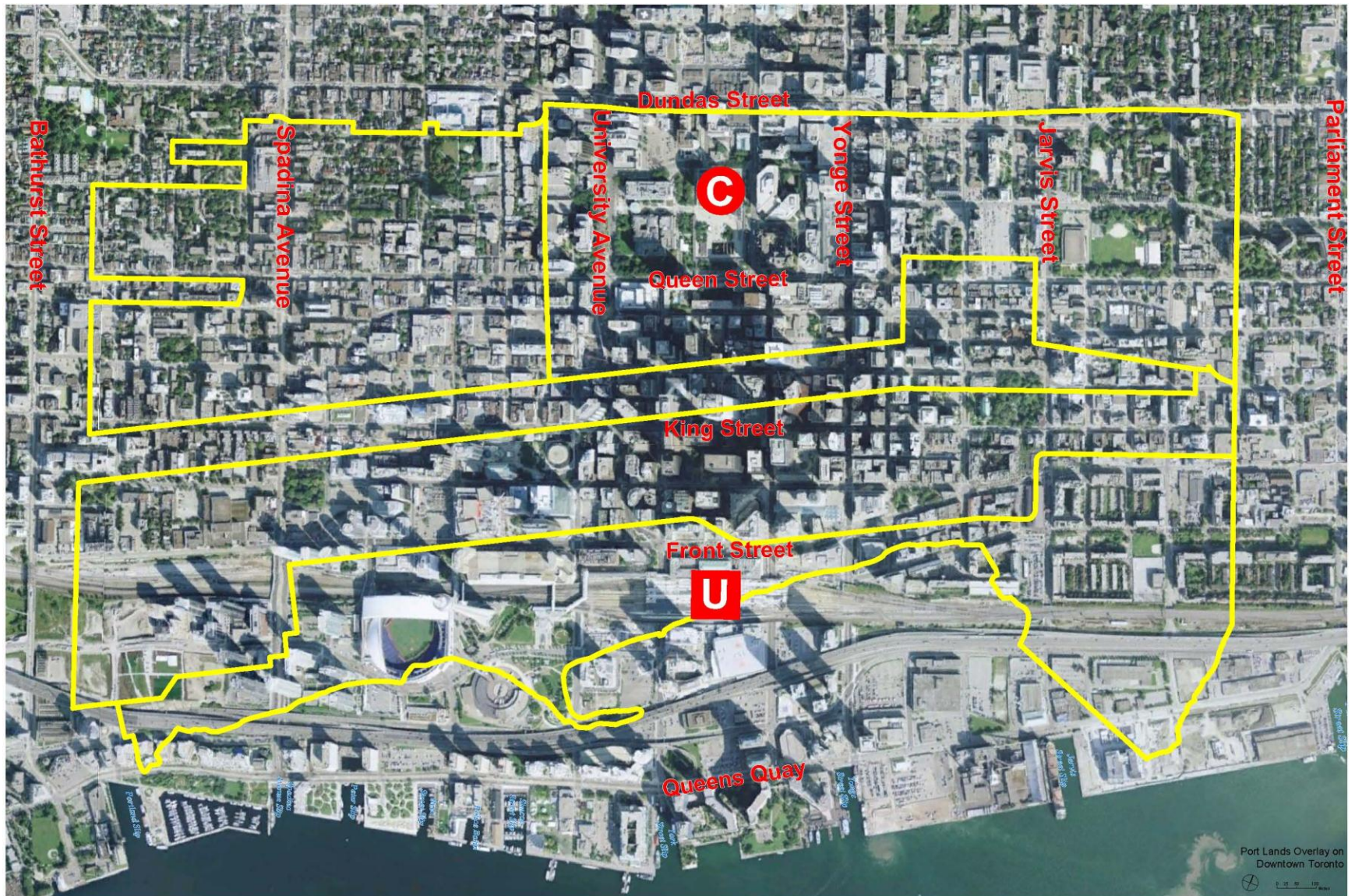
key findings

- phasing enables earlier development, generating funds for reinvestment and linking costs to revenues
- initial infrastructure investment is reduced and development expedited through phasing
- existing infrastructure can be used to support some preliminary development
- the business case, financial tools and private sector interest exist to minimize public sector investment and increase private sector funding
- upfront investment of \$150 to \$300 million is required (dependent on precinct)

context: port lands scale



context: port lands scale

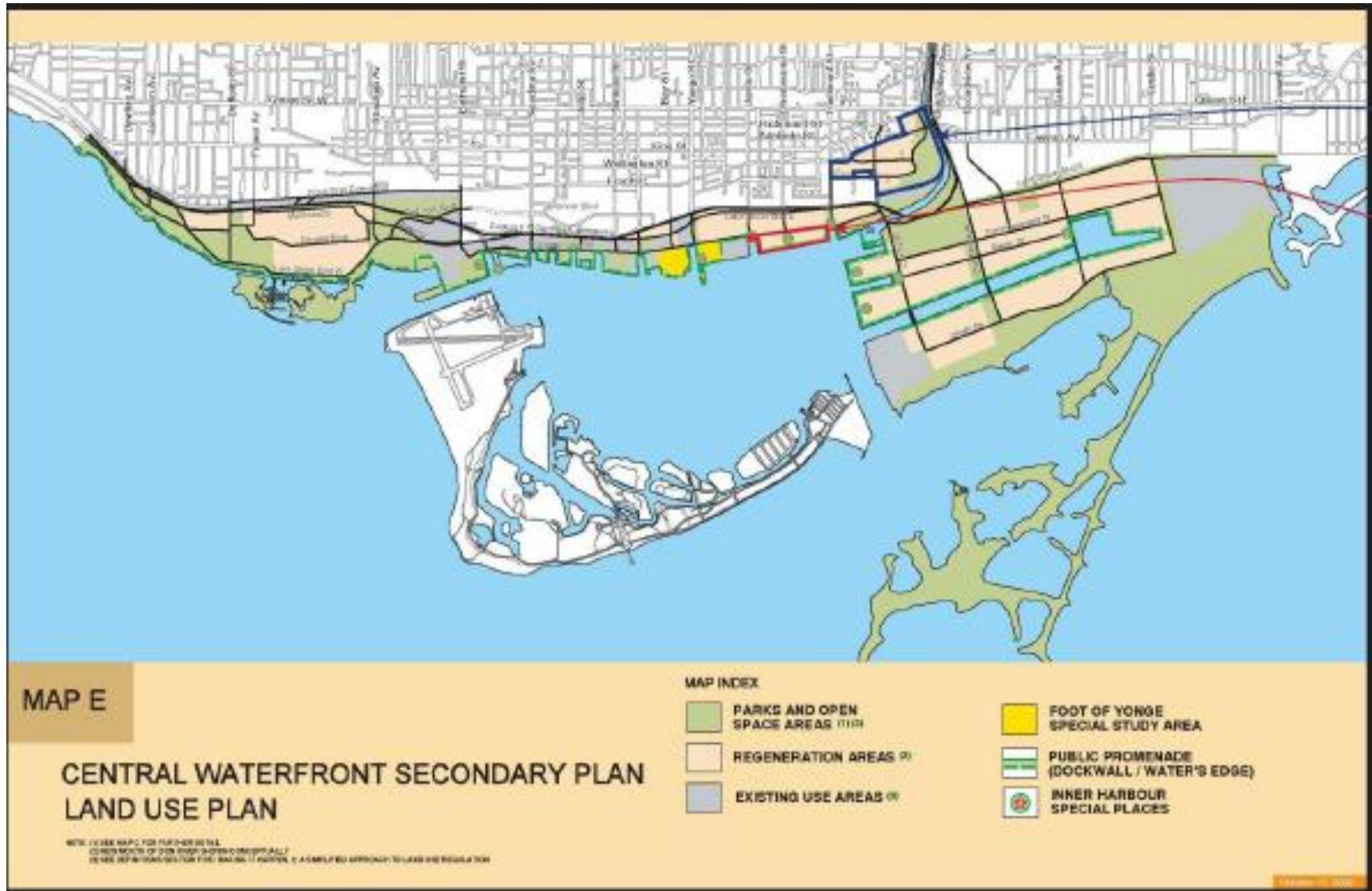


context: port lands precincts

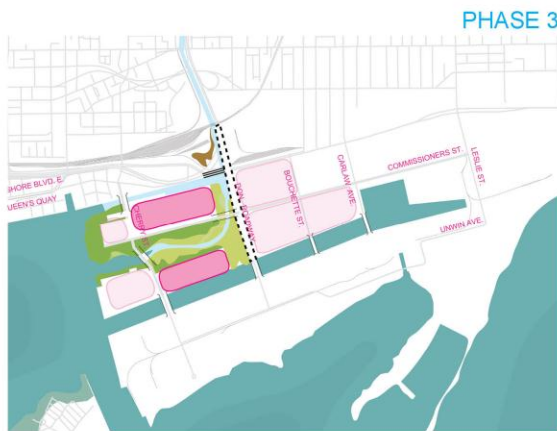
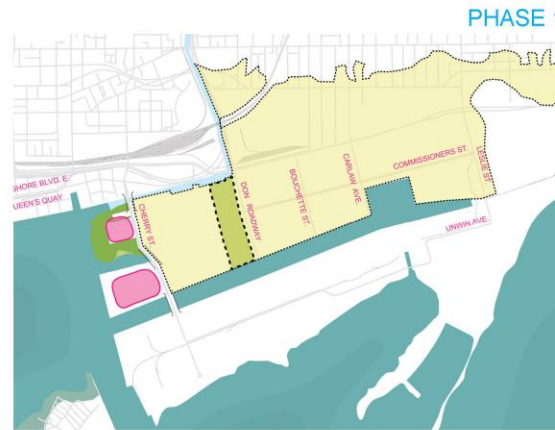
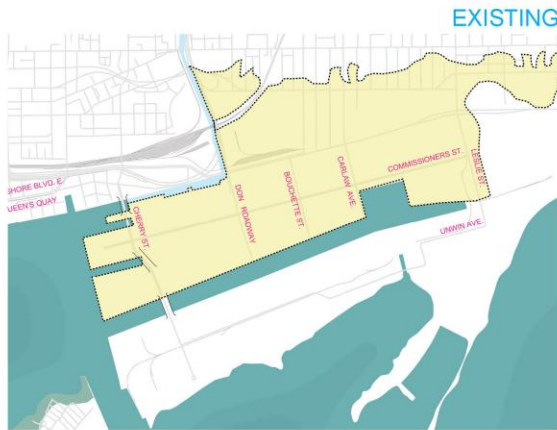


- E. RIVER
 - E1. COUSINS
 - E2. RIVER NORTH
 - E3. POLSON
 - E4. RIVER SOUTH
- F. FILM STUDIO
- G. LAKESHORE SOUTH
- H. TORONTO PORT
- I. LAKE ONTARIO PARK
- J. SHIP CHANNEL WEST
- K. SHIP CHANNEL EAST
- L. EAST PORT

central waterfront secondary plan



phased development with flood protection



-  new river crossing
-  raised Don Roadway
-  flood area
-  developable area
-  development from previous phases
-  floodplain and river infrastructure
-  dedicated parklands
-  sediment basin



remove barriers and make connections

PEDESTRIAN NETWORK



BIKE NETWORK



TRANSIT



MAJOR ROADS

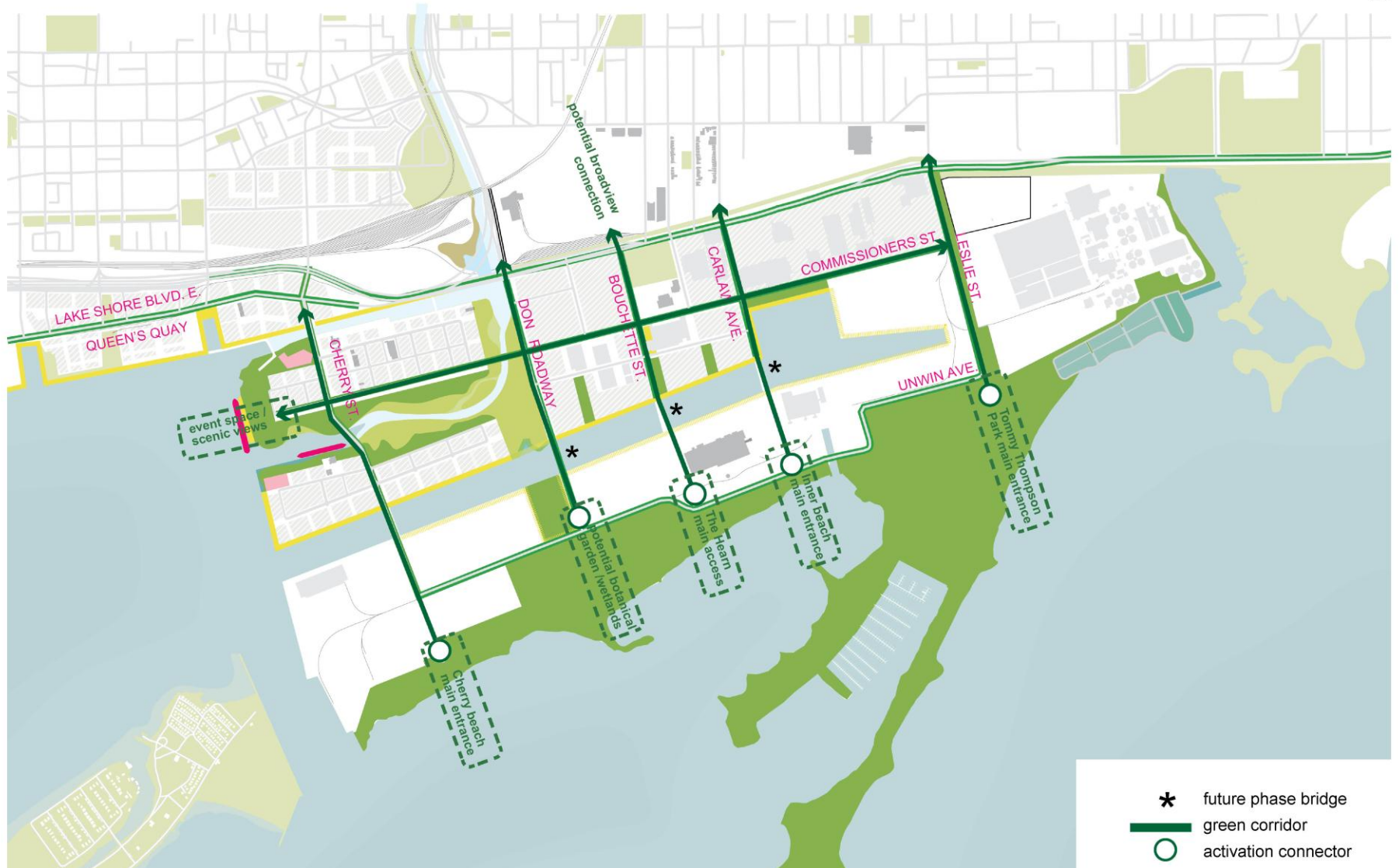


- * future phase bridge
- pedestrian network
- LRT Transit
- - - BRT replaced by LRT in future phases
- BRT Transit
- . - . bus mixed in traffic
- bike network
- major roads

a network of spectacular public spaces



promote a clean and green environment



dynamic and diverse new communities

5 distinct streetscape experiences

CHERRY ST.



DON ROADWAY



BOUCHETTE ST.



CARLAWAVE.



LESLIE ST.



connecting waterfront parks and places

key map of views



A. Commissioners Street

impression, view east toward ashbridges bay



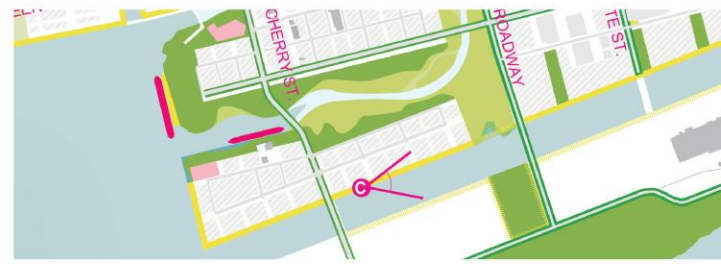
B. Don Roadway

impression, view south toward the greenway



C. Shipping Channel

impression, view of the water's edge toward the hearn



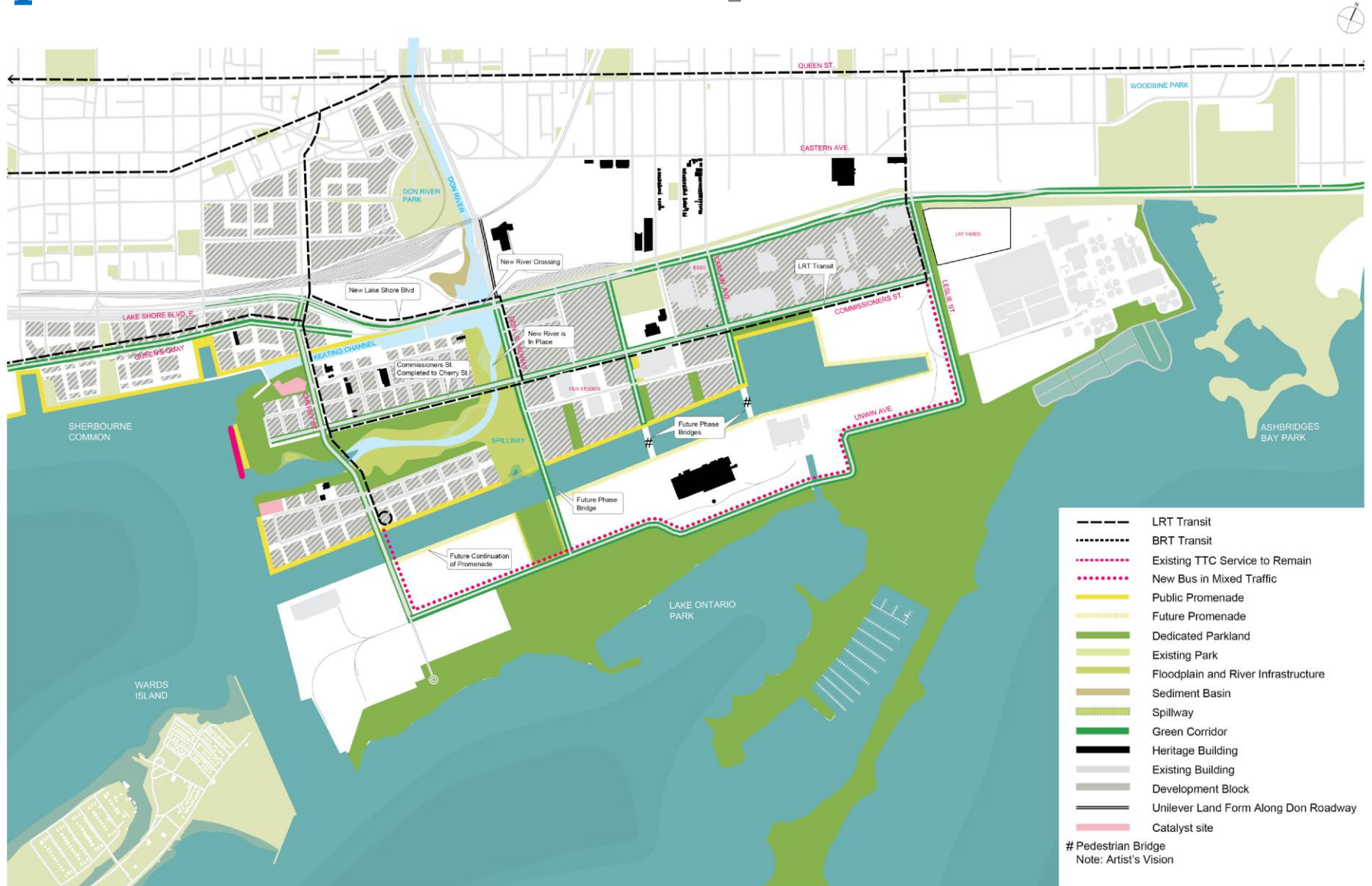
port lands revitalization phase 1



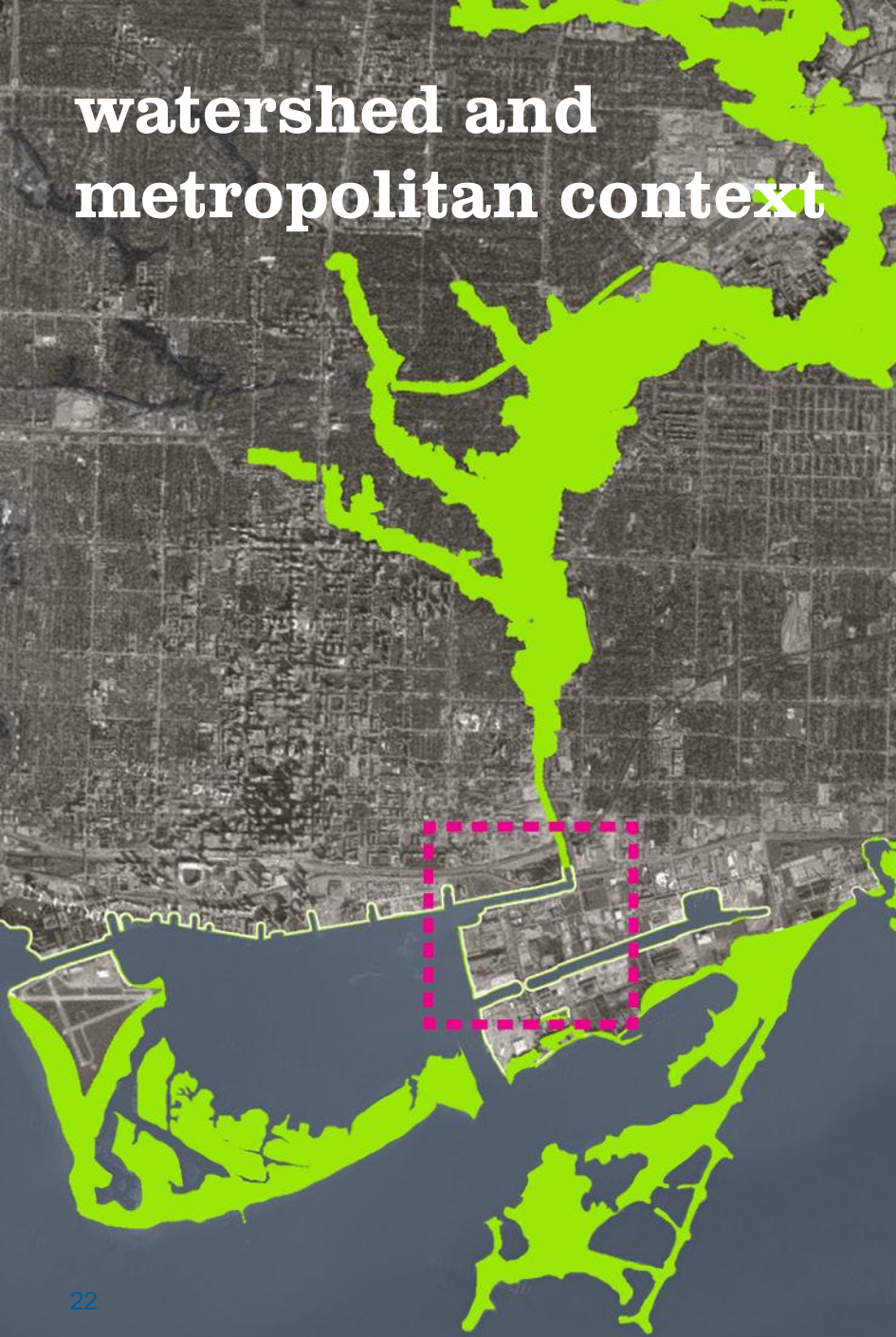
port lands revitalization phase 2



port lands revitalization phase 3



watershed and metropolitan context



don mouth naturalization project comprehensive planning process



2003
central waterfront
secondary plan



2007
MVVA team
competition plan



2010
DMNP/framework
plan preferred
alternative 4ws



May 2012
acceleration
initiative
4ws realigned

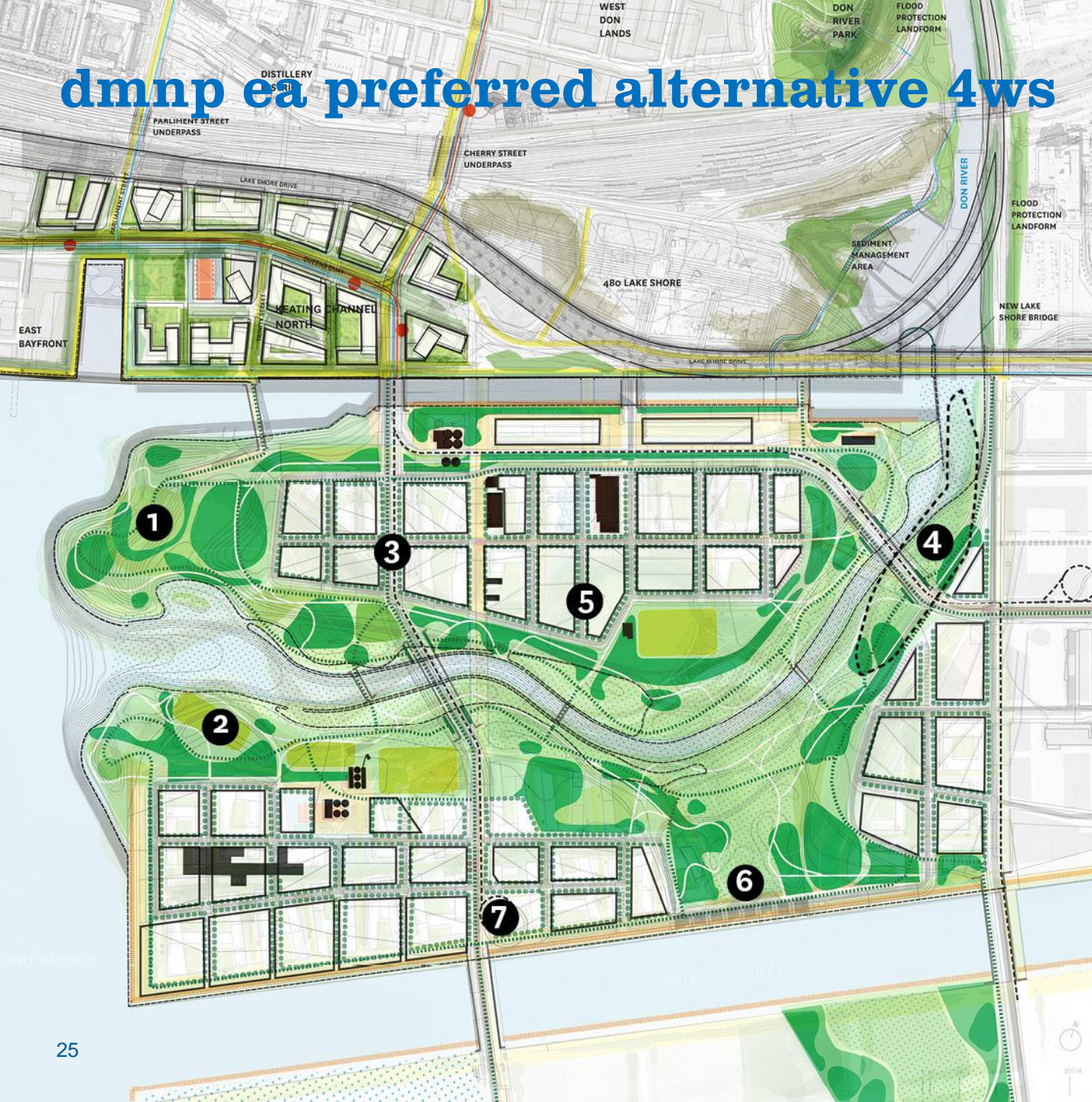


August 2012
acceleration
initiative
recommended
4ws realigned

mvva team competition plan



dmnp ea preferred alternative 4ws



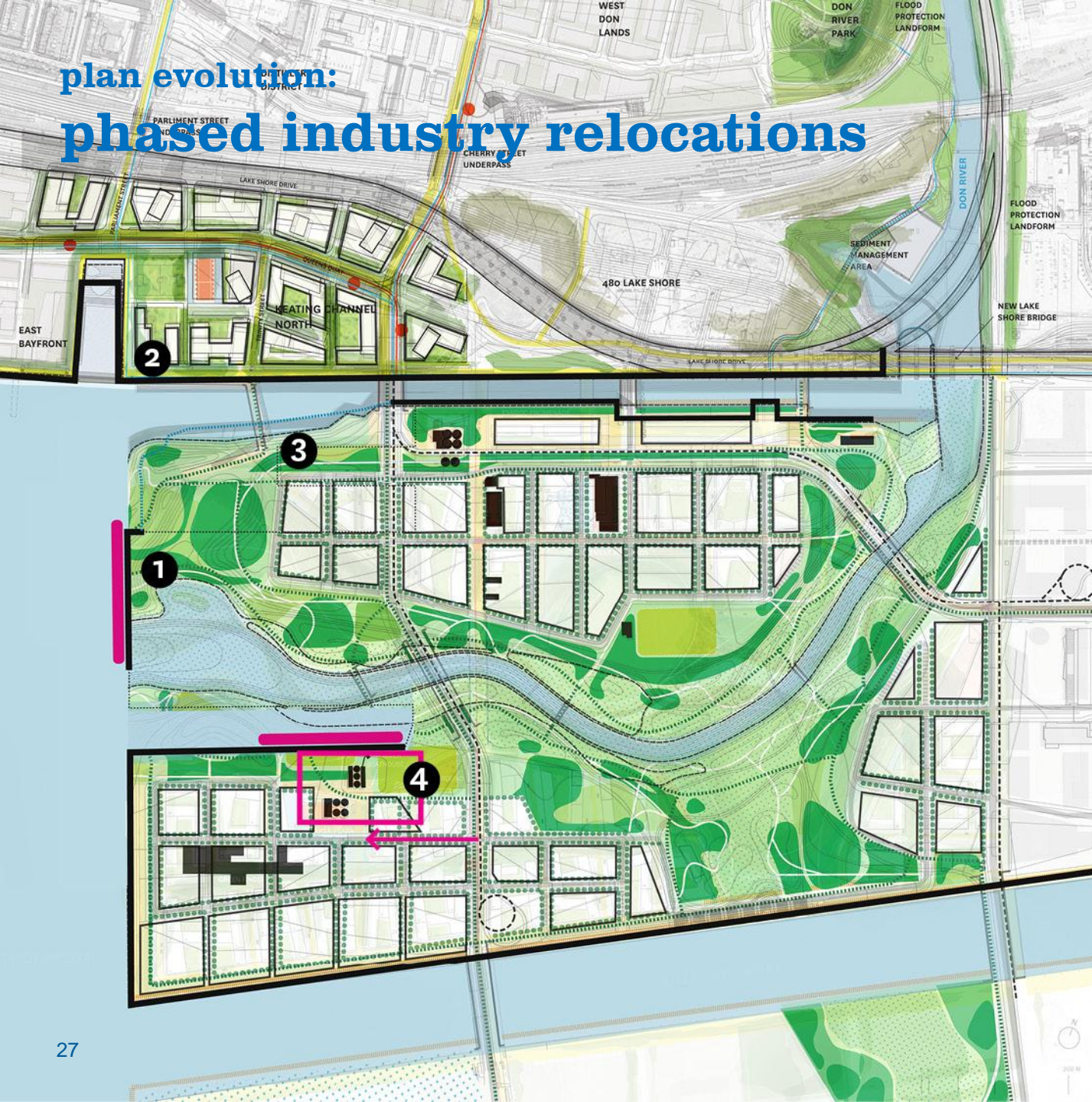
1. modified promontory park
2. relocated active recreation
3. realigned Cherry, Villiers, and Commissioners ROWs
4. improved hydrodynamics of river
5. reapportioned development
6. augmented high quality lake-fed wetland
7. optimized transit and community amenities

plan evolution: maintain port operations



1. Toronto Port Authority and port user navigation concerns addressed during EA

plan evolution: phased industry relocations



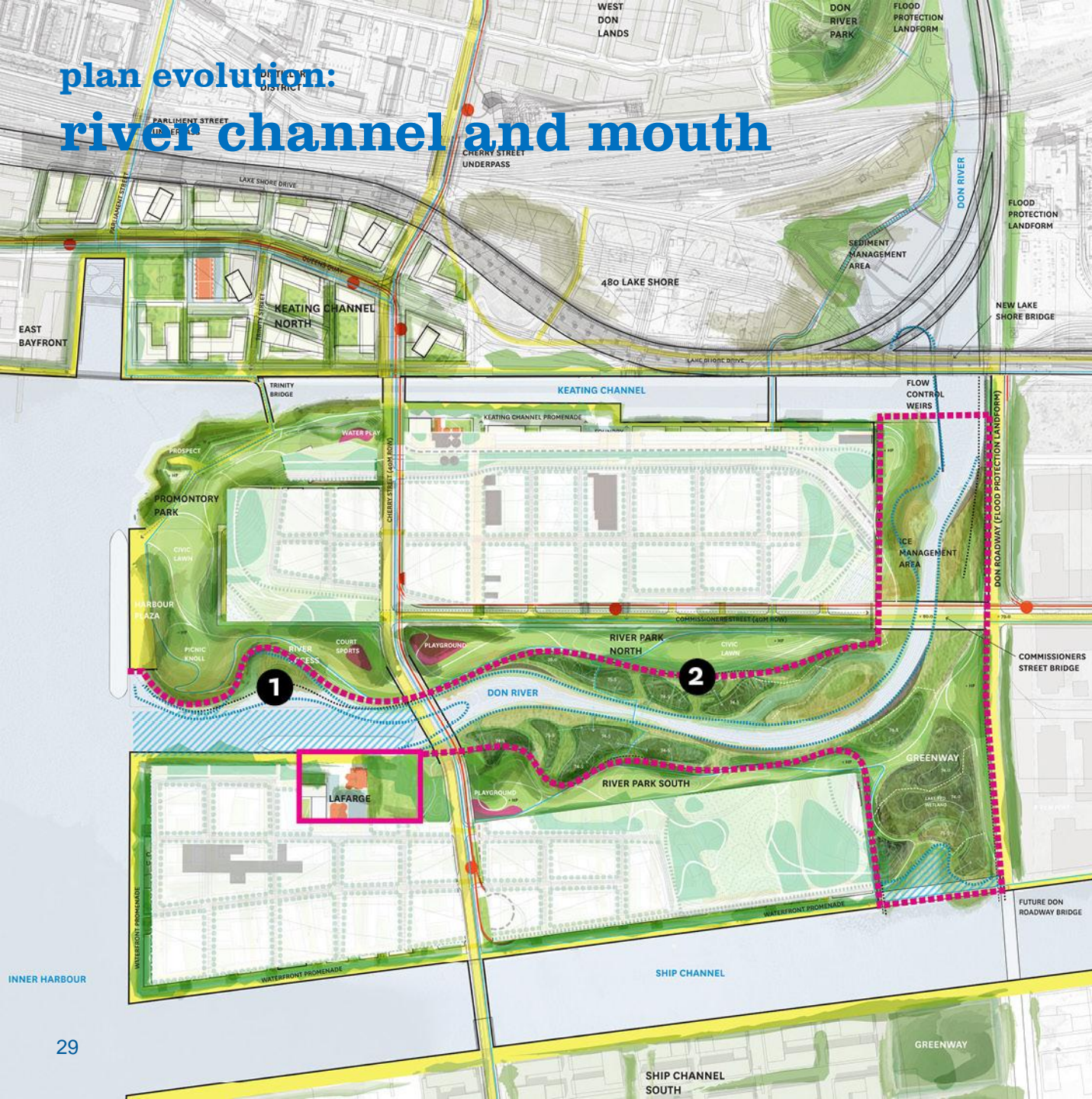
1. Redpath continues seasonal mooring at dock wall
2. water's edge reserved for public use
3. limited lake fill
4. Lafarge continues operation

plan evolution: enable phased flood protection



1. greenway adjacent to Don Roadway enables development of Cousins and Polson Quays

plan evolution: river channel and mouth



1. naturalized Don mouth utilizes Polson slip
2. floodplain optimized to gain upland park and reduce construction costs

plan evolution: south river mouth naturalization



1. if and when Lafarge property land use changes, south side of river mouth naturalized

plan evolution: flood protection and naturalization



1. phase 1
widened greenway
2. phase 2
flood protection landform north of Lake Shore
widen Lake Shore crossing
raised Don Roadway
sediment mgmt. area
3. phase 3
regulatory flood requirements met
naturalized greenway
flow control weirs
river and floodplain ice mgmt. area
4. phase 4
naturalized mouth

plan evolution: rationalize development parcels



1. redistributed, consolidated, and regularized development

remove barriers and make connections



1. Commissioners Street as east/west spine
2. Cherry Street underpass link to the city
3. Cherry Street and Don Roadway connect the city to the water

promote a clean and green environment



1. Don Valley trail
2. Trinity Street bridge and Martin Goodman waterfront trail
3. Lake Shore Boulevard trail
4. connection to Cherry Beach
5. connection to Lake Ontario Park

create dynamic and diverse new communities



1. catalytic waterfront sites and cultural buildings
2. year-round experiences
3. parks relate to new neighbourhoods

a network of spectacular public spaces



recommended 4WS realigned



INNER HARBOUR

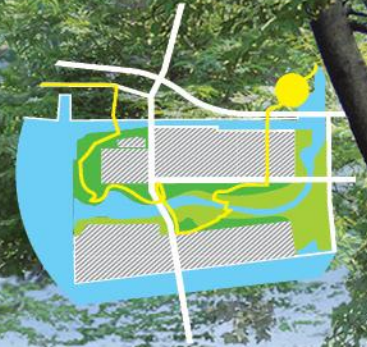
a field guide to the lower don lands

key map of views



1. don valley trail

impression, view north from the gardiner



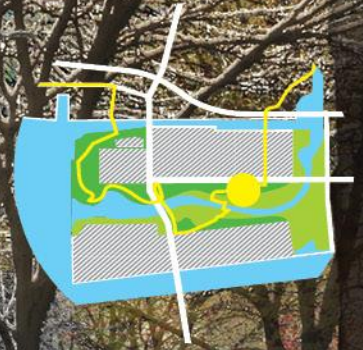
2a. river park north

impression, view west toward cherry street



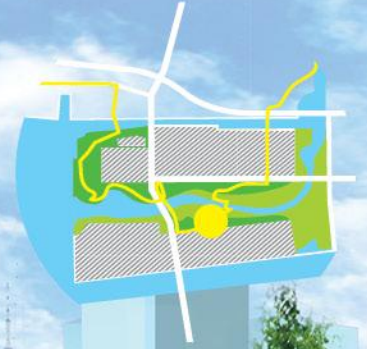
2b. river park north

impression, view west toward cherry street



3a. river park south

impression, view west toward cherry street



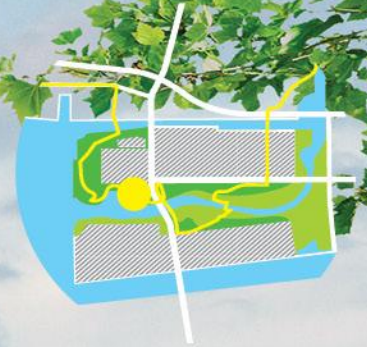
3b. river park south

impression, view west toward cherry street



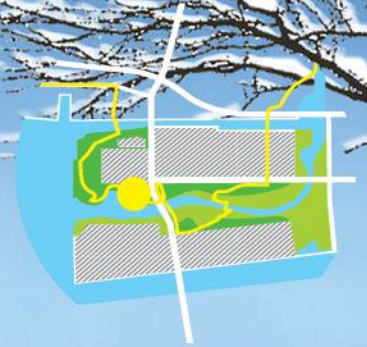
4a. don river mouth

impression, view west toward inner harbour



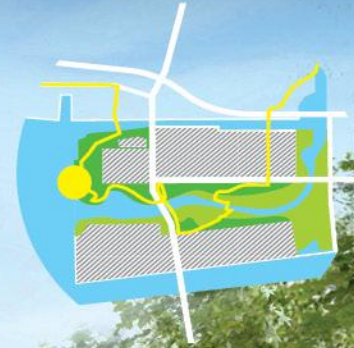
4b. don river mouth

impression, view west toward inner harbour



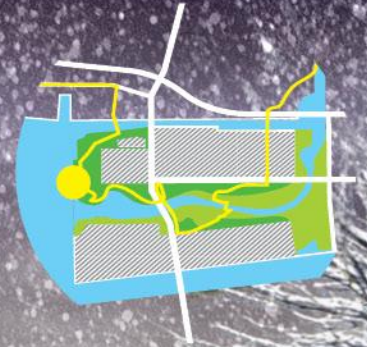
5a. promontory park plaza

impression, view north toward keating channel precinct



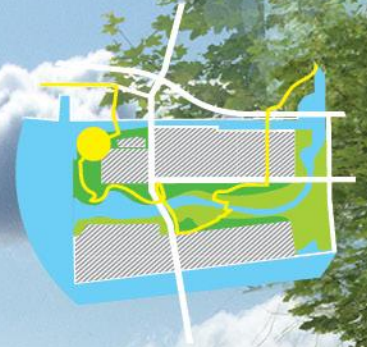
5b. promontory park plaza

impression, view north toward keating channel precinct



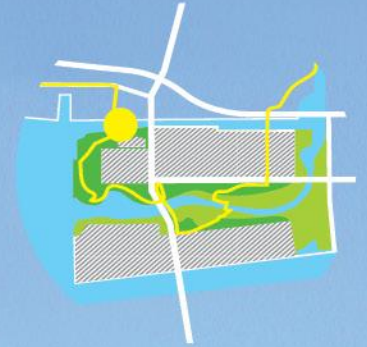
6. promontory park

impression, view west toward inner harbour



7. trinity street bridge

impression, view west toward mouth of keating channel



implementing the vision

Toronto City Council directed:

- develop a business and implementation plan for the Port Lands:
 - analyse alternative financial scenarios and revenue sources
 - minimize the City's obligation to fund the required infrastructure
 - recognize the constraints facing all three orders of government
- have the plan peer reviewed by an independent third party

key question

Can we develop a business model that generates revenues sufficient to pay for the infrastructure necessary to enable Port Lands development, and that ties costs to revenues over the development timeline?

context: port lands development constraints

the Port Lands is a high cost site to develop, as it:

- currently lies within a flood zone
- is a brownfield site, needing extensive environmental remediation
- has poor ground conditions for building
- lacks development-enabling infrastructure; existing roads and services are old and/or inadequate to support more intense development
- is poorly tied into the City's road, transit, and wastewater collection networks

port lands cost summary by phase

(for total build-out, north of ship channel only)

	Cousins & Polson Quays (Phase 1) (\$2012 Millions)	Film Studio Precinct (Phase 2) (\$2012 Millions)	Lower Don Lands (Phase 3) (\$2012 Millions)	River Mouth Naturalization (Phase 4 & 5) (\$2012 Millions)	Balance of PL North of Ship Channel (\$2012 Millions)	Total (\$2012 Millions)
Flood Protection	\$65	\$114	\$262	\$15	\$0	\$456
Major Infrastructure	\$267	\$226	\$178	\$0	\$72	\$743
Transit Infrastructure	\$26	\$82	\$70	\$0	\$20	\$198
Local Infrastructure*	\$89	\$194	\$200	\$0	\$20	\$503
Total Investment	\$447	\$616	\$710	\$15	\$112	\$1,900

* Local infrastructure costs are normally paid for by the developer of the local area

financial analysis approach

- conducted market soundings with local and international real estate developers and financiers
- forecast GTA market demand over next 30 years for higher density residential, office, retail and hotel development
- estimated Port Lands potential market share
- determined likely scenarios for supply and sequencing of development
- calculated potential land sale revenues

financial analysis approach (cont'd)

- performed financial analysis to assess viability of revitalization
- costs and revenues were compared from the viewpoint of a hypothetical 'Master Developer'
- if revenues are greater than costs, the development can pay its own way
- if revenues are lower than costs, public investment may be required or land may remain unimproved

port lands market share and land value assumptions

Land Use	Conservative Demand	Moderate Demand	Aggressive Demand	Approximate Land Value* (\$2012/sf GFA)
Office	2.7 million sf	4.5 million sf	6.2 million sf	\$11.00
Residential	8,700 units	9,700 units	10,700 units	\$34.00
Retail	1.4 million sf	1.4 million sf	1.4 million sf	\$60.00
Hotel	375 rooms	450 rooms	575 rooms	\$21.00

- land values have been adjusted to reflect payment of area-specific development charges (AS-DCs)
- retail demand accommodated in urban retail format – not big box

port lands development scenario

(Cousins quay, Polson quay & film Studios precincts)



master developer business case

(30 year moderate demand scenario)

	Total of cash flows over 30 years (\$ millions)	=	Total present value of cash flows over (\$ millions)
Land Sale Revenue	\$968	=	\$219
Area-Specific Development Charge	\$172	=	\$40
Total Projected Revenue	\$1,140	=	\$259
Total Estimated Cost	(\$1,272)	=	(\$354)
Residual Value	(\$132)	=	(\$95)

- all figures above per Cushman and Wakefield analysis based on development in Cousins Quay, Polson Quay and Film Studio precincts

peer review

- peer review by N. Barry Lyon Consultants Limited and Hemson Consulting validated the financial modeling results
- office demand projections may be high; residential demand projections may be low
- development pro-forma models can be sensitive to certain variables (e.g., inflation and discount rates)
- a master-planned, high investment community, such as proposed for the Port Lands, has a high potential for above-average value appreciation
- other revenue sources are appropriate

peer review recommendations

- assume a somewhat higher land value inflation rate
- reduce the discount rate from 10% to 8%
- assume faster absorption of residential units
- residual value increases by approximately \$20 million
- applying city-wide DCs increases residual value by further \$65 million
- explore using other sources of revenue

expanded revenue sources

Possible Revenue Source	Peer Review Model
Land Sales	increased value escalation
Area-Specific Development Charge	since offset, no change
City-Wide Development Charge	added
Local Improvement Charges	should be considered
Area Rate (Property Tax Surcharge)	should be considered
Transit Funding	should be considered
Future Property Taxes	required for City services
J/V development of City land	use selectively
Section 37	marginal application
General taxes (all orders of gov't)	if negative residual value

financing options

- significant infrastructure and flood protection costs must be incurred in advance of receiving development revenues
- options include:
 - private sector financing (cost sharing or front ending agreements)
 - Tax Increment Financing (TIF) (not recommended)
 - City-wide Development Charges
 - area-specific Development Charges
 - City (and/or other orders of government) lend money against future land sales
 - City (and/or other orders of government) fund out of normal tax base borrowing as costs are incurred
 - Section 37 (supplementary)

conclusions

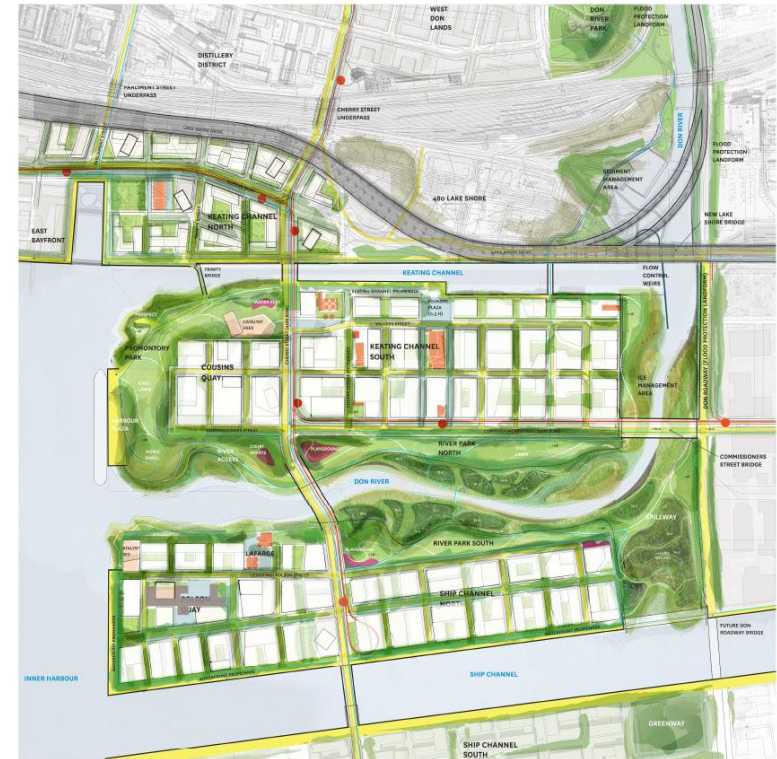
- Port Lands are a major employment and residential growth area for downtown
- public sector investment can be minimized by utilizing available mechanisms to secure private sector contributions for municipal infrastructure and public amenities
- financial analysis results – residual value nearing break even point – merit further development of the implementation plan
- a public/private sector partnership model is required to accelerate revitalization

draft recommendations (implementation)

- concentrate initial revitalization in Cousins Quay, Polson Quay and Film Studio precincts
- complete business case analysis and implementation plan for individual precincts
- organize land owners groups, as part of precinct planning, to establish and negotiate private sector funding and financing requirements for enabling infrastructure
- confirm and employ additional sources of funding and financing if required to supplement private sector investment

draft recommendations (flood protection)

- endorse option "4WS re-aligned" for the DMNP EA
- develop a phasing strategy and regulatory framework for the implementation of the DMNP
- protect the proposed corridor of the Lower Don River from encroachment by development



Recommended 4WS Realigned

draft recommendations (land use planning)

- protect the corridor of the Lower Don River from encroachment by development
- set direction for conducting precinct planning
- revise Lower Don Lands Class EA Infrastructure Master Plan
- revise Keating Channel Precinct Class EA Environmental Study Report
- revise the Lower Don Lands framework plan
- identify and retain lands for potential transformational use(s)
- maintain existing critical port and industrial uses in the Port Lands



going forward

- Executive Committee - September 10
- City Council - October 3
- amend DMNP EA (9 – 18 month process)
- commence precinct planning (Cousins Quay, Polson Quay and Film Studio precincts)
- establish land owners groups
- continued community consultation

port lands revitalization

