

Sidewalk Labs Publishes Comprehensive Blueprint for the Neighbourhood of the Future

Toronto Tomorrow is a guidebook for how innovation can help achieve inclusive, sustainable growth—and a plan to create an estimated **44,000 jobs**, **\$4.3 billion** in annual tax revenues, and **\$14.2 billion** in annual GDP impact

1,500-page proposal developed in consultation with more than **21,000 Torontonians** would accelerate development on Toronto's eastern waterfront by a decade

TORONTO—Sidewalk Labs' draft Master Innovation and Development Plan (MIDP) for Toronto's eastern waterfront, titled *Toronto Tomorrow: A New Approach for Inclusive Growth*, was publicly released today. It spans three volumes plus an overview, more than 1,500 pages in all, and includes detailed plans for dozens of innovations—from thermal and advanced energy grids, to factory-based construction of timber buildings, to a dynamic mobility network with heated bike lanes and adaptive traffic signals—that in combination aim to dramatically increase sustainability, affordability, and ease of transportation, and improve many other facets of urban life. *Toronto Tomorrow* can be explored and downloaded in full at www.sidewalktoronto.ca.

Implementation of the plan would produce an economic windfall for Toronto, Ontario, and Canada, and accelerate the development of Toronto's eastern waterfront by a decade. Sidewalk Labs proposes to provide, along with local partners, up to \$1.3 billion in funding and financing, which would catalyze \$38 billion in investment, primarily by third parties, by 2040. A report released today by the Toronto-based consultancy urbanMetrics quantified the effects of Sidewalk Labs' proposal, estimating that at its fullest scale, it would directly create 44,000 jobs (27,000 more than would be created in a business-as-usual baseline scenario), generate \$4.3 billion in annual tax revenues (\$2.8 billion more than the baseline), and add \$14.2 billion annually in Canadian gross domestic product (\$9 billion more than the baseline).

Dan Doctoroff, CEO of Sidewalk Labs, said: “This proposal aims to do something extraordinary on Toronto’s eastern waterfront: create the neighbourhood of the future in the right kind of way, with people at its centre, and with cutting edge-technology and forward-thinking urban design combining to achieve ambitious improvements in the urban environment and in the way we all live. Waterfront Toronto set a high bar for what it hopes to achieve with this project, and we believe we can meet it. If, together, we can shorten commute times for hard-working households, make housing more affordable, and create a new standard for a healthier planet, then the world will take notice.”

Toronto Tomorrow includes detailed plans for Quayside, a five-hectare site primarily owned by Waterfront Toronto, and envisions a new Canadian headquarters for Google on the western edge of Villiers Island to serve as an economic anchor for the revitalization of the Port Lands. These are the only areas that Sidewalk Labs, together with local partners, would develop—representing less than 7% of the eastern waterfront. The proposal outlines governance structures to enable the ideas, innovations, and infrastructure systems piloted in these areas to scale across a broader area representing about one-third of the eastern waterfront, known as an Innovative Development and Economic Acceleration (IDEA) District. Government would decide whether to scale the project beyond Quayside and Villiers West, with real estate development done by other parties.

Doctoroff continued: “Our approach is inspired by Toronto’s deep commitment to inclusivity. We are not interested in creating a corporate campus or a gated community, but rather a diverse neighbourhood that embraces the complexity and serendipity that makes cities great. Our plan puts the public sector in the driver’s seat in a way that stands in contrast to the clashes between other startups and city governments. Sidewalk aims to partner with government in order to create the conditions for real estate developers, civic organizations, tech companies, and residents, workers, and visitors to build a great community in the decades to come. We look forward to Waterfront Toronto’s consultation and evaluation process, which we hope will lead to the implementation of this plan.”

Public engagement programs during the drafting of the MIDP involved more than 21,000 Torontonians. Two polls conducted by the Toronto Region Board of Trade, one in February 2019 and a second April/May 2019, found that Torontonians support the project by margins of more than three-to-one. In the more recent poll, 54% of respondents from the city of Toronto said they supported the project, while 17% said they opposed it. Among respondents from across the Greater Toronto Area who said they were aware of the project, 71% said they supported the project, while 18% said they opposed it.

The MIDP will now be subject to public consultation and evaluation led by Waterfront Toronto and the City of Toronto. Any decision to move forward would be subject to approval by the respective boards of Waterfront Toronto and Alphabet.

Highlights from *Toronto Tomorrow*

The draft Master Innovation and Development Plan, if approved and implemented at full scale, would deliver:

- **An economic windfall for Toronto, Ontario, and Canada.** The project would deliver billions in new investment dollars, initially from Sidewalk Labs and partners, and spurring many times that from others. According to an analysis by urbanMetrics, a third-party economic impact consultancy based in Toronto, the project would generate approximately \$4.3 billion in annual municipal, provincial, and federal tax revenues; add \$14.2 billion annually to the Canadian gross domestic product (GDP); and create a total of 44,000 permanent jobs (93,000 total direct, indirect, and induced) by 2040. Compared to a business-as-usual scenario based on the current set of government-created planning documents for the project geography (including zoning where it exists, precinct plans, and the Port Lands Planning Framework) the project would generate \$2.8 billion more in annual tax revenues (including personal tax, corporate tax, property tax, and other taxes), a \$9 billion increase in GDP, and 27,000 more jobs. Over time, the project would also generate a \$1.7 billion increase in city development charges and a \$1.5 billion increase in proceeds from the sale of public land within the project area.
- **Thousands of new units of affordable and below-market housing.** Half of all housing units in Sidewalk's plan would be purpose-built rentals, and 40% of the units would be family-sized (two bedrooms or more). 40% of all housing units would be offered at below-market rates, with half of those (20% of all units) meeting traditional definitions of affordable housing (including 5% of all units meeting the definition of "deep affordability") and the other half affordable for middle-income households. This plan—which would dramatically exceed the rates of affordability being produced in other downtown and waterfront developments—would generate more than 1,700 below-market units in Quayside and Villiers West.
- **Vibrant, comfortable public spaces and mobility innovations that increase walking, cycling, transit use, and time outdoors.** Sidewalk's approach to urban planning would

result in 91% more pedestrian open space, while its weather mitigation vision would increase by 35% the number of hours each year it is comfortable to be outdoors. A comprehensive mobility plan incorporates light rail expansion, robust pedestrian and cycling infrastructure, strong accessibility measures, new mobility services, and other innovations, such as heated bike lanes and traffic signals that adapt to real-time use for safety. Based on these plans, Sidewalk's transportation models indicate that 73% of project trips in Quayside, and 77% of trips at the full scale of the IDEA District, would be made using public transit, walking, or cycling. Freed of the need to own an automobile, a two-person household could save \$4,000 every year.

- **The first neighbourhood built entirely from timber.** Sidewalk proposes that all buildings in Quayside be built from mass timber, an emerging building material every bit as strong and fire-resistant as concrete and steel, but far more environmentally sustainable and easier to manufacture. Together with local partners, Sidewalk proposes to invest up to \$80 million in a mass timber factory in Ontario to jumpstart this emerging industry.
- **The establishment of a global hub for the urban innovation industry.** Sidewalk proposes to create a thriving ecosystem of tech startups, with a focus on the emerging industry of urban innovation, by providing \$10 million in seed funding for a new graduate applied research institute in partnership with local institutions and, together with local partners, \$10 million to establish a new venture fund for local, urban innovation-focused startups. Sidewalk's proposal also includes a commitment by Alphabet to establish a new Canadian headquarters for Google at Villiers West, as part of an agreed-upon transaction within the IDEA District. This would serve as an economic anchor for the revitalization of the Port Lands, creating a path for others to follow. In addition, to create the most innovation-friendly environment possible, Sidewalk Labs would pledge not to assert digital innovation-related hardware or software patents issued in Canada against third parties.
- **A dramatic reduction in greenhouse gas emissions and a path to the largest climate-positive district in North America.** The low-carbon, resilient neighbourhood would be home to an integrated set of environmental innovations, including sustainable building materials and designs, an advanced power grid for electricity, a clean thermal grid for heating and cooling, a smart disposal chain designed to increase recycling, and active stormwater management. At Quayside, the plan would reduce greenhouse gas emissions by 85%; at the full scale of the IDEA District, emissions would be reduced by 89%, and with public-sector cooperation, the project could become the largest climate-positive district in North America.

- **The strongest governance regime for urban data anywhere in the world.** In addition to adherence to all existing Canadian privacy laws, Sidewalk Labs proposes the creation of an independent, government-sanctioned Urban Data Trust that would oversee all collection and use of data from the physical environment (“urban data”). This would make the project area the first to rein in the wild west of urban data collection that is proliferating in cities today and would align with work by all three levels of government to actively develop digital policy, including the City of Toronto’s recent decision to join a global coalition of Cities for Digital Rights. Separately, Sidewalk Labs has committed to de-identification and Privacy by Design principles, including minimizing data collection; to not selling personal information or using personal information for advertising purposes; and to not sharing personal information with any of its sibling Alphabet companies, including Google, without consent.
- **A first-of-its kind profit-sharing arrangement with the public sector.** Sidewalk Labs proposes that for certain technologies—developed by Sidewalk Labs and determined to have been given a valuable testbed opportunity on the eastern waterfront—that go on to achieve commercial success elsewhere, Waterfront Toronto and its government shareholders will receive 10% of profits for 10 years. holders will receive 10% of profits for 10 years.
- **A vibrant public realm and unparalleled access to Lake Ontario.** Sidewalk Labs’ proposal includes a newly naturalized shoreline at Parliament Slip, an entirely new public space nearly the size of Sugar Beach called Parliament Plaza, expansive greenery and all-ages play at Silo Park, and dramatically more sidewalk space. All of the spaces would be lively across seasons, supported by technology that makes outdoor spaces accessible year-round, like building “raincoats” that will block rain and wind or provide shade on sidewalks. The proposal also includes innovative programs to support small businesses, arts, and community groups, creating a truly vibrant neighbourhood that would result in 33% more street life activity each day than the average Toronto neighbourhood streets.
- **Acceleration of the Waterfront East LRT.** Sidewalk Labs’ proposal emphasizes the importance of having public transit in place as residents move into this new community. Sidewalk’s proposal provides for an optional credit enhancement to help enable governments to fund the \$1.2 billion, 6.5-kilometre Waterfront East LRT on an expedited timetable without drawing resources away from other transit priorities. This enhancement would alleviate the main risk that holds governments back from using transit-oriented development to pay for transit infrastructure. (Sidewalk’s proposal would be entirely at the government’s option, and in no circumstance would involve private ownership or operation of the LRT.)

The Partnership Proposal

Sidewalk Labs’ proposed role and business model would draw on its strengths to support the public sector and encourage others to develop real estate and technology.

Sidewalk Labs would lead real estate development with local partners in just two areas—Quayside and Villiers West—to prove out its innovative development approach. Together, these areas represent less than 7% of the eastern waterfront. If the innovations piloted at Quayside and Villiers’ Island are successful, government could choose to apply them to a broader area, known as the Innovative Development and Economic Acceleration (IDEA) District. The IDEA District would be led by a strong public administrator, with whom Sidewalk Labs would advise as Innovation and Funding Partner.

Over the life of the project, Sidewalk Labs would serve in several roles, each involving specific commitments and associated business models:

Sidewalk Labs Role	Sidewalk’s Commitments	Business Models
<p>Development of Real Estate, and Advanced Systems:</p> <p>In partnership with local development entities, lead development to prove out the viability of the innovation agenda.</p>	<ul style="list-style-type: none"> • \$900 million equity investment with local partners to support a \$3.9 billion project across Quayside and Villiers West 	<ul style="list-style-type: none"> • Standard real-estate economics (e.g., condo sales and rent) with a projected market return across Quayside and Villiers West
<p>Innovation Planning, Design, and Implementation:</p> <p>Provide advisory, technical, and management services to the public administrator to implement the MIDP’s innovation strategy.</p>	<ul style="list-style-type: none"> • Multi-year advisory services • \$80 million investment in a tall timber factory alongside local partners • \$10 million in seed funding for an Urban Innovation Institute • \$10 million investment in venture fund focused on Canadian urban innovation startups 	<ul style="list-style-type: none"> • Advisory services provided at cost • Stand-alone economics for investments in a venture fund and tall timber factory

<p>Technology Deployment:</p> <p>Serve as technical advisor in sourcing the majority of technologies from existing vendors. For a select few where the solution doesn't exist in the market, Sidewalk Labs would develop the product.</p>	<ul style="list-style-type: none"> • Deployment of limited number of Sidewalk Labs technologies, such as physical mounts and dynamic curb • 10% profit sharing with government for 10 years for certain technologies first deployed in the IDEA District 	<ul style="list-style-type: none"> • Sidewalk Labs “purposeful solution” technologies provided at cost, in Toronto and at market rates to other places around the world
<p>Optional Infrastructure Financing:</p> <p>Provide optional financing to accelerate delivery of the LRT system, and advance development of municipal and advanced infrastructure systems.</p>	<ul style="list-style-type: none"> • Up to \$400 million in optional financing from Sidewalk Labs 	<ul style="list-style-type: none"> • Market return for the magnitude and risk associated with the agreed-upon financing structure
<p>Performance payments:</p> <p>Sidewalk proposes that it be eligible to receive compensation, at the end of the project, tied to success in accelerating development, achieving priority outcomes, and generating new economic activity and government revenues.</p>		

To proceed, the transaction would involve certain commitments from the public sector:

- Partnering with Sidewalk Labs to implement a comprehensive innovation and development strategy;
- Establishment of the IDEA District with a public administrator;
- Disposition of land for Quayside and Villiers West at a price that accounts for additional Waterfront Toronto requirements;
- Source a limited number of Sidewalk Labs’ products to enable prototyping and deployment at scale;
- Payment of performance payments upon Sidewalk Labs achieving a series of negotiated growth and performance targets; and
- Public infrastructure commitments, most notably related to transit.

In its entirety, the proposal contemplates leveraging private-sector resources to deliver over 30% more square feet of development on a timeline at least 10 years faster than current plans contemplate. All told, Sidewalk Labs and local partners would invest up to \$1.3 billion in the project, which would catalyze \$38 billion in investment across the IDEA District, primarily by third parties, by 2040.

Project Background

The project was initiated by a Request for Proposals (RFP) issued by Waterfront Toronto in March 2017. Sidewalk Labs was one of many firms that responded and participated in the procurement process, which lasted seven months, before being selected and announced as Waterfront Toronto's "Innovation and Funding Partner" in October 2017. No land was transferred with the awarding of the RFP. As Waterfront's partner, Sidewalk Labs has committed more than \$50 million USD over the last year and a half to develop the draft MIDP.

In December 2018, Waterfront Toronto published detailed evaluation criteria that the agency said it would use to evaluate Sidewalk's eventual proposal, along with a public consultation process. Earlier this month, Toronto's City Council Executive Committee voted unanimously to establish and fund a separate process for reviewing and seeking public feedback on the MIDP. These processes will now commence.

Sidewalk Labs

Sidewalk Labs is an Alphabet company, founded in 2015, that aims to combine world-class urban design with cutting-edge technology to set new standards of sustainability, affordability, and economic opportunity for people of all incomes, abilities, and ages. Sidewalk has offices in New York and Toronto, with more than 30 full-time employees now based in Toronto. ■