

## Commercial Floorplate Size in New Buildings

<b>Date:</b>	May 19, 2009
<b>To:</b>	Planning and Growth Management Committee
<b>From:</b>	Chief Planner and Executive Director, City Planning Division
<b>Wards:</b>	All
<b>Reference Number:</b>	Pg090026

### **SUMMARY**

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This report responds to Planning and Growth Management Committee's request for a report on a by-law with thresholds for new development that replicates existing and established floorplate ratios. The main concerns are to ensure the provision of adequate opportunities for new and small businesses and provide a safe and comfortable pedestrian environment. Any response should also ensure that the shopping needs of the local population are met conveniently and adequately.

It is not practicable to develop a zoning by-law that would set commercial floorplate sizes in advance of development applications for new buildings. Nevertheless, it may be appropriate to include a policy in the Official Plan that provides for consideration of limits on floorplate sizes through the development approval process. Such a policy would require that existing retail commercial stores and opportunities be assessed in the development of such limits and would set out criteria to guide the setting of floorplate thresholds. This report recommends further consultation for such a policy.

### **RECOMMENDATIONS**

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**The Chief Planner and Executive Director, City Planning Division recommends that:**

1. Notice for the public meeting under the *Planning Act* be given in accordance with the regulations under the *Planning Act* with the public meeting targeted for Fall 2009;
2. Staff schedule consultation with stakeholders including the representatives of the development industry and the business community; and

3. The following proposed policies be the basis of consultation:

In order provide local opportunities for small businesses and maintain the safety, comfort and amenity of the pedestrian strips, zoning regulations for ground floor commercial retail uses in new buildings in new neighbourhoods or in Mixed Use areas along traditional shopping streets and pedestrian strips where most storefronts are located at the streetline, may provide for a maximum store size based on the following considerations:

- the prevailing sizes of existing stores in the area;
- other indicators of opportunities for small business, such as vacancies in existing stores and commercial floorspace in other proposed development;
- the provision of a range of store sizes to meet the range of local needs including day-to-day convenience shopping and other household goods and services;
- the potential impact of large vacant stores on the safety and comfort of the strip for pedestrians,
- the need for 'eyes on the street';
- the rhythm and flow of storefronts on the strip; and
- the ability to provide 'flexible' space so that larger stores may be accommodated through further rezoning if it is reasonable to permit them to meet local needs or ensure the ongoing health of the retail area.

### **Financial Impact**

The recommendations will have no financial impact beyond what has already been approved in the current year's budget.

### **DECISION HISTORY**

In September / October 2008 PGM considered a report that responded to Council's July 2007 direction to report on a by-law to implement a maximum floorplate by-law to protect older commercial districts and small businesses in older neighbourhoods. The aim was to retain affordable rental space for small business on these traditional shopping streets.

The report concluded that there is little evidence that the older commercial strips are being affected by large stores, and that regulating the floorplate size would be an inappropriate technique for addressing the issue. No changes to the zoning by-laws were recommended.

When considering this report, the Committee requested the Chief Planner and Executive Director of City Planning to report to the Committee, as soon as possible, on a by-law with thresholds for new development that replicates existing and established floorplate ratios.

<http://www.toronto.ca/legdocs/mmis/2008/pg/decisions/2008-10-14-pg19-dd.pdf>, PG19.5 at pages 7-8)

## **ISSUE BACKGROUND**

### **The Issue**

The Committee direction originated with a motion from Councillor Vaughan. Through discussion with staff, Councillor Vaughan clarified his concerns, as follows:

- to ensure that the strips will continue their long-standing role as informal business incubators, by providing adequate opportunities for new / small / independent businesses in the ground floor commercial space in new mixed commercial-residential buildings; and
- to maintain a safe and comfortable pedestrian environment on the pedestrian strips in the older parts of the City.

### **Official Plan**

The Official Plan's policies for retailing provide that traditional shopping streets will be improved as centres of community activity by encouraging quality development of a type, density and form that is compatible with the character of the area and with adjacent uses. Similarly, the Plan encourages retailing along the Avenues that will suit the local context of built form and support the establishment of a high quality pedestrian environment.

The Plan recognizes that most of the City's retail commercial activities will be in areas designated for Mixed Use, which also allows other uses, particularly residential. The Plan provides that power centres and large stand alone stores may be permitted in Mixed Use areas only through rezoning, and providing sufficient transportation capacity is available, and if 'the function and amenity of the area for businesses and residents and the economic health of nearby shopping districts are not adversely affected.' Similar tests are also used to evaluate applications for power centres and large stand alone stores in Employment Areas.

### **Existing Zoning**

In most of the shopping areas in the former City of Toronto, the zoning specifically prohibits adding more than 1,800 square metres (19,370 sq. ft.) of retail and service space to that which existed on the property in July 1993. In addition no store may exceed 8,000 square metres (86,080 sq. ft.). As the analysis below demonstrates, this threshold is much larger than most of the stores on the existing retail strips. These regulations were developed in the mid 1980s as part of a general strategy to support the City's retail strips and 'encourage their continued role as major elements in Toronto's commercial land use pattern'.

### **Other objectives**

In addition to the objectives of providing opportunities for small business and maintaining pedestrian amenity, the general objective of providing adequate space to meet the retail service needs of local residents and workers in convenient and easily accessible locations is also important in evaluating this issue

## COMMENTS

### Retail Structure and Store Sizes

Retail commercial services are provided in the city in a wide range of locations through a spatial structure that has evolved over the past 150 years. Major elements of this structure include the Downtown and its distinctive subareas, the traditional shopping streets and pedestrian strips in the older parts of the City, the shopping centres and plazas that proliferated to serve the post-war City, and, more recently, power centres and big box stores.

Generally, this system provides ample opportunity for new small business through normal turnover of stores. About 1 in 12 stores (8.4%) were vacant in 2007, according to Centre for the Study of Commercial Activity (CSCA) data; and between 2007 and 2008 the Toronto Employment Survey identified about 850 new retail commercial establishments in the City.

Many of these opportunities will be in small spaces. Retail stores range widely in size. The CSCA inventory for the City (the best source available for store GFA) shows that most stores and vacant spaces are small – 73% of all stores and 80% of vacancies are less than 1,000 sq.ft (see Table 1).

Table 1: Store Sizes, City of Toronto, 2007

Store size (sq.ft.)	All Stores		Vacant Stores	
	Number	Percent	Number	Percent
Less than 1,000	21,757	72.8	1,992	79.5
1,000 – 2,999	5,353	17.9	373	14.9
3,000 – 9,999	1,720	5.8	95	3.8
10,000 and over	671	2.2	26	1.0
Unknown	366	1.2	18	0.7

Source: Centre for the Study of Commercial Activity, Ryerson University

Generally then, we would expect that in most situations, there will be adequate space for small business to locate in the neighbourhood of new development.

Any limits on store size in new developments would need to recognize the role of larger stores in the retail system. Although most stores are small, and meet a wide variety of needs, big stores account for a relatively large proportion of sales: the small number of stores over 10,000 sq. ft probably accounts for over 25% of the total retail floor space. In some sectors, large stores play an even more important role in meeting the full range of shopping needs, usually because they provide more selection or better prices (See Table 2 and chart). Supermarkets are an obvious example. So it is important that opportunities for such stores also be accommodated.

Table 2: Store Sizes in Selected Retail Types, City of Toronto, 2007

Store size (sq.ft.)	All stores	Supermarkets	Drug stores	Hardware	Furniture and Appliances
	Percent of Stores				
Less than 1,000	72.8	18.6	37.0	51.2	59.1
1,000 – 2,999	17.9	9.9	20.3	17.9	23.1
3,000 – 9,999	5.8	11.1	17.0	9.9	10.3
10,000 and over	2.2	51.6	4.9	10.5	5.6
Unknown	1.2	8.7	20.7	10.5	1.7

Source: Centre for the Study of Commercial Activity, Ryerson University

By and large, then, we would expect the market to match retail activity with appropriate kinds of stores and store sizes in any given location, within the broad limits of the Official Plan:

- a wide range of types and sizes in Mixed Use Areas;
- small scale in neighbourhoods to serve area residents;
- small scale in employment areas to serve area businesses and workers; and
- large stand-alone stores and power centres on the edges of employment areas as well as in Mixed Use areas through rezoning and subject to specific impact criteria.

This provides flexibility for the retail system to evolve and adapt to changing economic and technological circumstances and provides ample opportunities for new business while meeting the needs of residents and businesses conveniently and adequately.

### Some Special Circumstances

There may, however, be some circumstances where it is appropriate to give more specific guidance on store sizes; for example, in areas where large new neighbourhoods are being developed (e.g. the Railway Lands), or in areas where the retail character is changing and that change could threaten the character and function of the traditional shopping street (e.g. Queen Street West, where new markets are being attracted and larger stores are moving in).

In particular, the pedestrian strips in the older parts of the City warrant further consideration, because their role is more than simply providing space for the sale of goods and services. They are the main streets of their neighbourhoods – the place where the community puts on its public face. They provide a public space where people walk, meet, and converse. Pedestrian amenity and the ‘feel’ of the strip are important – the strips should be safe, comfortable and familiar.

The Official Plan’s urban design policies address this from the point of view of the design and character of the streets and new buildings. But store size can also play a role:

- The basic ‘rhythm’ of a typical strip is made up of narrow stores usually with the entrance beside a large display window. Large stores may disrupt this rhythm with few entrances, small windows, or blank walls. Small stores are more likely to maintain it, and with it the pedestrian amenity of the strip

- Fewer entrances, small or opaque windows and blank walls are also an obstacle to ‘eyes on the street’ which is an important part of contributing to a general feeling of comfort and safety on the strips. Smaller stores are likely to provide more ‘eyes on the street’ than larger stores.
- Constant turnover often leaves stores vacant for lengthy periods. It may be especially difficult to rent out large spaces, so they sit vacant for lengthy periods, and reduce the strip’s comfort and attractiveness. In addition, their size means that when they are vacant they may have greater negative impact than smaller stores interspersed with occupied stores.

These are important considerations when developing zoning regulations for store sizes on the pedestrian strips. At the same time, such considerations must be balanced against the Official Plan’s approach of allowing retailers and developers flexibility to allocate retail in response to market demand.

### **A Policy Approach**

This guidance cannot, however be provided through a zoning by-law that would apply to new development across the City or even to the traditional shopping streets and pedestrian strips in the older parts of the City. It is impossible to determine in advance the variety of store types and sizes that may be needed in any particular area – they will vary from neighbourhood to neighbourhood and development to development.

In addition, there are no objective criteria for what constitutes ‘too many’ large stores in the area, or ‘not enough’ opportunities for small business. These are criteria that can only be judged in the evolving local context of a new development, which sets the parameters for the way retail is provided in the area and how the local system is changing.

Although Planning and Growth Committee requested a by-law with floorplate thresholds for new development, the Official Plan is the appropriate instrument with which to give guidance in this area. The policy should apply to Mixed Use areas on the older shopping strips, some of which are Avenues, but some of which are in the Downtown. The policy could build on the present policy which includes criteria for power centres and large stand-alone stores.

The following is suggested as a policy:

In order provide local opportunities for small businesses and maintain the safety, comfort and amenity of the pedestrian strips, zoning regulations for ground floor commercial retail uses in new buildings in new neighbourhoods or in Mixed Use areas along traditional shopping streets and pedestrian strips where most storefronts are located at the streetline, may provide for a maximum store size based on the following considerations:

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- the need for ‘eyes on the street’;
- the rhythm and flow of storefronts on the strip; and
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## **Next Steps**

This report requests direction for City Planning staff to consult with stakeholders, including representatives of the development industry and business community such as BILD and TABIA. A final report and public meeting under the Planning Act are targeted for Fall 2009.

## **CONTACT**

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## **SIGNATURE**

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