STAFF REPORT
ACTION REQUIRED

Draft Official Plan and Zoning By-law Amendments for the Impact of Large Retail Development on Pedestrian Shopping Areas

Date:	August 19, 2016
To:	Planning and Growth Management Committee
From:	Chief Planner and Executive Director, City Planning Division
Wards:	All
Reference Number:	P:\2016\Cluster B\PLN\PGMC\PG16114

SUMMARY

This report proposes that City staff undertake consultation on proposed amendments to the Official Plan and Zoning By-laws to support the role of pedestrian shopping areas as areas that support local shopping and service needs, and provide locations for small business and for social gathering and interaction. The proposed consultation would take place in the first quarter of 2017.

The draft Official Plan amendment sets out objectives and urban design policies for pedestrian shopping areas, provides for limits on the amount of new retail development and the size of individual stores and sets out assessment criteria for proposals to exceed such limits.

The draft zoning by-law amendments would implement the draft Official Plan policies and include:

i. revisions to the existing regulations for the former City of Toronto to set a maximum store size of 3,500 sq.m.; and

ii. new limits on the amount of new retail space on a property and a maximum store size of 3,500 sq.m. in pedestrian shopping areas outside the former City of Toronto.

RECOMMENDATIONS

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

1. Council direct that the draft amendments to the Official Plan policies and Zoning By-law contained in Attachment 2 and Attachment 3 of this report be used as the basis for public consultation;

2. Council direct staff to schedule consultation with stakeholders including representatives of the development industry, BIAs and residents groups;

3. Notice for a public meeting under the *Planning Act* be given in accordance with the regulations under the *Planning Act* with the public meeting targeted for a meeting of Planning and Growth Management Committee in the second quarter of 2017.

Financial Impact

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

DECISION HISTORY

In July 2013 City Council adopted an Interim Control By-law on Bathurst Street from Queen Street West to Dupont Street that prohibited any new retail development in the area. The By-law was adopted in order to allow the City to study the retail and service permissions now allowed in the corridor. This detailed review of retail and service uses would be used to inform the final report on the Bathurst Street Built Form and Land Use study and may also assist in understanding the need to amend the Zoning By-law more generally across the former City of Toronto where Section 12(2) 270(a) of By-law 438-86 applies, as well as assist in understanding whether there is a need to provide policy direction in the Official Plan.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.MM37.70

Consultants were retained to provide analysis and policy recommendations on how the City should evaluate and regulate new large retail commercial developments in the City and their impact on pedestrian shopping areas, with particular application to the Bathurst Street Corridor between Queen Street West and Dupont Street.

On March 20, 2014 Council requested a report to the Toronto and East York Community Council on how to bring forward and implement a commercial floorplate by-law to limit the size of retail spaces on main streets in the Toronto and East York Community Council area. http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.TE30.14

ISSUE BACKGROUND

Pedestrian Shopping Areas

Toronto's pedestrian shopping areas are important because they:

- provide a broad range of shopping and services to residents and visitors;
- provide locations for small businesses, especially start-ups; and
- are centres of community activity: places for strolling and relaxing, and informal meetings of family and friends.

The typically small and medium sized stores appeal to a wide range of retailers and offer varied and interesting places for shoppers' enjoyment.

Existing Official Plan Policies

The Official Plan recognizes that traditional shopping streets are more than a place for business. The Plan contains policies (Sec 3.5.3, 'The Future of Retailing') intended to improve traditional retail shopping streets 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. A companion policy provides for limits on the size of ground floor stores on pedestrian shopping strips in order to provide local opportunities for small businesses and maintain the safety, comfort and amenity of shopping areas.

Limits on New Retail Development to Protect Pedestrian Shopping Areas

The Official Plan recognizes that limiting the amount of new retail development and store sizes can help to support the economic health and vibrancy of pedestrian shopping areas, especially when the local retail market is not large enough to support large new retail developments and stores.

Former City of Toronto

The Zoning By-law for the former City of Toronto was amended in 1994 to restrict the size of new retail commercial development in the City (except for parts of Downtown), where:

- Retail and service uses on a property are limited to the size that existed in July 1993, plus an additional 1,800 sq.m.; and
- Retail and service uses cannot exceed the zoning density for commercial uses on the property; and
- No single retail or service store can be larger than 8,000 sq.m.

Large stores (except 'retail warehouses') are permitted in parts of Downtown provided they are in mixed-use developments. This regulation is carried forward in the new City-wide Zoning By-law (By-law 569-2013), though it only applies within the former City of Toronto.

These restrictions were developed in order to protect the City's retail strips as active and economically viable shopping districts. They were partly a response to the emergence of new large format retailing and its introduction to the City. The City's research at the time showed that:

- a store of less than 1,800 sq.m. (about 20,000 sq.ft.) could fit in to the existing strips with minimal disruption;
- 'superstores' of more than 8,000 sq.m. (about 86,000 sq.ft.) would have major impacts on market share within local trade areas; and
- large stores would attract non-local customers in cars, thereby creating major local traffic issues.

The accompanying policy in the former City of Toronto's Official Plan specified that developments that added more than1,800 sq.m. would require a zoning by-law amendment. Developments that proposed individual stores of over 8,000 sq.m. would require an amendment to the Official Plan.

Changes to Retailing Since 1994

Power retail has evolved continuously since 1994. The Centre for the Study of Commercial Activity (CSCA) reported over 1,400 'big box'[1] stores in the GTA in 2012, up from 267 in 1995. Commentators have noted that the big box stores have almost exhausted their opportunities in their usual more suburban locations and are now looking to move into older areas and downtowns. At the same time, these newer stores often have a more 'urban' format: comparatively smaller stores, street-oriented buildings and entrances, structured parking, multi-storey and part of a mixed use development.

Toronto's retail strips have also changed. As summarized in the CSCA report, 'The Changing Character of Retail Strips in the City of Toronto, 1996-2005' (p38):

> "The total amount of activity on the strips has not changed much over the past 20 years: they are home to about 22,000 establishments and 180,000 employees, or 30% of Toronto’s establishments and 15% of its employment. But this masks a great deal of change within the strips. Service functions such as health services, restaurants and bars, and hair and beauty services are becoming more important. On the other hand traditional retailing is declining, especially household and appliance stores, department stores, fashion (clothing and shoes), food stores, and hardware stores.
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> The strips appear to provide flexible locations that accommodate many of the broader changes in the service economy and the retail sector. As places that help to meet the retail and service needs of the City they have persisted, while their local character has constantly evolved. The decline in retail on the strips is partly a result of the growth of ‘new format’ retailing – big boxes, power centres, category killers and the like. In fact the new formats tended to avoid many of the strips, with their smaller lots and more pedestrian-oriented built form. As the non-strip market areas have become almost

[1] 'Big box' is the term used by the CSCA to define retail outlets that are typically at least three or more times larger than other comparable stores. Big box stores include: Department stores, Superstores, Category Killers, Membership Clubs, large entertainment venues, and large fitness centres. The term is synonymous with 'New format' store.

'saturated' with the new formats, however, they are now turning their attention more and more to the strips."

The City's population has also changed and with it the demographic character of many of its neighbourhoods and consequent impacts on the retail system. These changes include: about 450,000 more residents since 1991; increasing income polarization; continuing immigration from Asia and Africa; and younger smaller households in new 'condo neighbourhoods'.

Bathurst Street (Queen – Dupont) Study

Taken together, these trends suggested that the existing approach to regulating the size of new retail commercial development in both the Official Plan and the Zoning By-law should be re-evaluated. The retail study for the Bathurst Street Built Form and Land Use Review provided the opportunity for such a re-evaluation.

The results of the Bathurst Street Study were reported to Council in 2014, including the findings of the retail study leading to Official Plan and zoning by-law changes to address retail issues in the former City of Toronto.

A Site and Area Specific Policy for the Bathurst corridor from Queen Street West to Dupont Street was added to the Official Plan. It stated that:

- *Mixed Use Areas* (on Bathurst Street) are intended to be pedestrian shopping areas and new development will support this objective;
- pedestrian shopping areas will be vital and economically viable and centres of community activity that are safe and comfortable for pedestrians and provide opportunities for small businesses;
- pedestrian shopping areas have a typical built form comprised of a fine grain of pedestrian-oriented commercial, retail or service uses on the ground floor at the street edge with residential, retail, office or service uses above.

The Zoning by-law was amended to restrict the maximum size of stores on Bathurst Street between Queen Street West and Dupont Street to 3,500 sq.m. and to restrict the maximum store frontage to 12 m. The 3,500 sq.m. store size limit was recommended by the consultants (described below). The zoning retained the existing provision for an additional 1,800 sq.m. of retail commercial GFA to allow relatively small scale additions to the retail fabric.

The amendments to both the Official Plan and the Zoning by-law were appealed to the OMB. The hearings have not yet been held.

The Official Plan's Policies for Large Retail Development

The Official Plan includes policies that address 'large scale, stand-alone retail stores and "power centres".' These uses are not permitted in Downtown and the Central Waterfront, or in *Regeneration Areas*. They are only permitted in *Employment Areas* and *Mixed Use Areas* through a zoning by-law amendment, and such permission is generally contingent on ensuring that:

- sufficient transportation capacity is available;
- the function and amenity of the area is not adversely affected;
- the economic health of nearby shopping districts is not adversely affected;
- the locations in Employment Areas are on major roads on the boundary of the Employment Area

(See Official Plan, Policies 4.5.3 *Mixed Use Areas* and 4.6.3 *Employment Areas*)

OPA 231

In 2012, as part of the employment policy review, the City retained Malone Given Parsons to conduct a major study of employment uses in the City. The study, 'Sustainable Competitive Advantage and Prosperity - Planning for Employment Uses in the City of Toronto', can be accessed at: http://www.toronto.ca/opreview/docsandinfo.htm. This study indicated that the City could anticipate between 15 and 40 million sq.ft. (1.4 and 3.7 million sq.m.) of additional retail and service commercial floor space between 2011 and 2041. This space would likely be distributed across all formats, including large centres and stores on pedestrian and arterial strips (see pp. 4-23 – 4-29).

As part of its comprehensive review of employment policies, Council adopted Official Plan Amendment 231 (OPA 231) in December 2013. The decision can be viewed here: http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.PG28.2. OPA 231 contains new retail policies and non-policy text that are intended to replace Section 3.5.3 of the Official Pan (The Future of Retailing). In addition to these policies, OPA 231 also includes a new policy for major retail developments in *Employment Areas*. These policies have been appealed to the OMB and will be heard in an upcoming hearing.

COMMENTS

The Consultant Study

As part of the Bathurst Street Built Form and Land Use Study, JC Williams Group (JCWG) was retained to conduct the study evaluating the impact of large retail development near pedestrian shopping areas. The consultant carried out research and analysis of trends in retailing and consumer behaviour, elements of the vitality and viability of main streets and recent changes in a selection of main streets in Toronto. The research included a consumer satisfaction survey of residents in the area between Yonge Street and the Humber River and south of St. Clair Avenue. This research was presented at three workshops with the City steering committee for the study. A final workshop reviewed the policy directions being developed by the consultant. The consultant's report is available on the Bathurst study web page:
http://www1.toronto.ca/City%20Of%20Toronto/City%20Planning/Community%20Planning/Files/pdf/B/Bathurst_Study_JCWG%20Final.pdf

Consultant Findings

The report recognized the variety and diversity of retail main streets in the City and emphasized that it is the duty of the City to support existing shopping districts and nurture new ones for the role of meeting neighbourhood shopping needs and providing a community focal point / meeting place.

The study recognized that the City's planning and economic development policies and programs have helped to bring about healthy main streets. Through its assessment of main street retail and the impacts of large retail development, the City should continue to support the economic health of the retail sector for the benefit of local consumers.

The consultant presented key trends in the consumer, retailer and retail real estate sector that have implications for planning for retail space:

- The key finding is the need for flexibility. While innovation in design can and should be encouraged, the adaptable small and medium sized box is often the best suited to a wide variety of retailing needs.
- Retail assessments should recognize not only the quantitative trends such as growing online sales, but also changing consumer attitudes and behaviour.
- The City should be proactive in planning for new retail and assessing proposed retail developments.

Attachment 1 to this report contains a full summary of the consultant's findings.

Consultant Recommendations

Additional Retail Space

The consultant recommends keeping the former City of Toronto's existing limit of 1,800 sq.m. on the amount of new retail space that can be developed. This would apply whether or not the property has any existing retail space on it. This would allow a single store of up to 1,800 sq.m. which fits in with the overall goal of allowing gradual change in local shopping areas and also provides for several smaller units of 120 to 360 sq.m.

The consultant recommends continuing to use 1993 as the base year for establishing the amount of existing retail. It was about this time that there was a noticeable shift to larger retail (big boxes, power centres) in the GTA.

New retail development over 1,800 sq.m. would require a zoning by-law amendment and need to be supported by a review including a retail impact assessment.

Single Store Size Limit

The consultant recommends a maximum store size limit of 3,500 sq.m. which is notably lower than the 8,000 sq.m. limit in the existing zoning by-law. This would allow for medium sized retailers such as supermarkets and home furnishing stores of 2,500 to 3,500 sq.m. Larger stores such as very large supermarkets, large general merchandize stores (department stores) and large home improvement stores would require a zoning by-law amendment and need to be supported by a review.

Conducting Retail Assessments

The consultant provided guidelines for conducting assessments of proposals for large retail developments. The guidelines support greater consistency in the way the assessments are conducted, including using pedestrian oriented trade areas around the proposed development. The consultant also emphasized that retail impact assessments are only one evaluative tool, and that the quantitative approach should be balanced against more qualitative considerations such as vitality, variety and vibrancy.

Criteria for Permitting Large Retail Developments

The consultant provides an extensive set of criteria for permitting more retail space than the proposed limits of 1,800 sq.m. for new developments or 3,500 sq.m. for a single store. Key elements of these criteria include assessing whether or not the proposed development or store will:

- support the overall long-term vision for the street and neighbourhood as set out in plans for the local area such as Secondary Plans or Precinct Plans;
- detract or diminish the opportunity for further retail development in the main street;
- cause an adverse impact on other nearby main streets;
- increase economic health for the area by providing employment opportunities and other economic regeneration;
- have the potential to increase competition and draw more consumers to the area;
- allow for gradual change on the main street - new retail development on a main street should not be more than 10% of the existing space; and
- respond to local population growth or other demographic or socio-economic changes in the area, such as rising incomes, increased household formation and gentrification.

The criteria allow for a thorough and balanced approach that focuses not only on the economic sales impact of new retail development but also on other qualitative and quantitative functions.

Attachment 1 contains a full summary of the consultant's guidelines for impact assessments and criteria for permitting large retail developments.

Draft Amendments to the Official Plan and Zoning By-law

The following draft amendments to the Official Plan and Zoning by-law are proposed as the basis for further consultation in the first quarter of 2017 with a report on final recommendations in the third quarter of 2017.

Draft Amendment to OPA 231 (3.5.3 The Future of Retailing)

The existing policy framework contained in the Official Plan supports the pedestrian environment on the main streets and encourages Business Improvement Areas. The existing policies also require assessments of large retail proposals in lands designated *Employment Areas* and *Mixed Use Areas*.

The draft Official Plan Amendment (Attachment 2) provides further policy guidance for pedestrian shopping areas. In particular, the draft amendment:

- recognizes the role of pedestrian shopping areas role as centres of community activity;

- provides for limits on new retail development and store sizes in support of that role;
- recognizes such limits may also function as 'triggers' for review of proposals; and
- sets out matters to be addressed for applications for development that may exceed such limits.

The draft policies would apply not only to existing pedestrian shopping areas, but also to developing retail strips in areas undergoing intensification and retail areas being transformed into pedestrian shopping areas through redevelopment.

The draft Official Plan amendment would modify the 'Future of Retailing' policies contained in OPA 231. In addition, a key element of the City's pedestrian shopping areas is their typical built form of small stores and a fine-grained rhythm of doorways and windows. This built form creates a safe, comfortable and interesting experience for shoppers and pedestrians. The draft amendment recognizes the importance of these design elements.

OPA 231 contains a policy that states that where major retail development of more than 6,000 sq.m. is proposed on land designated as *Employment Areas*, various matters must be addressed through a Zoning by-law amendment, including the impact on the economic health of nearby shopping areas. OPA 231 applies to locations throughout the City and not just those near pedestrian shopping strips. The consultant recommended that where the main street considerations intersected with employment lands, the stricter conditions recommended by the consultant should apply.

OPA 231 allows up to 6,000 sq.m. of new development in *General Employment Areas* without an impact assessment. It would not be appropriate to reduce this amount. It would be appropriate, however, to limit stores sizes to 3,500 sq.m, in areas near pedestrian shopping areas, consistent with the proposals in this report. Proposals for larger stores in such areas would trigger an impact assessment and the proposed Official Plan policy would provide direction for assessing such proposals.

Draft Zoning By-law Amendment
The zoning restricts retail development in the former City of Toronto (except for parts of Downtown), where:

- Retail and service uses on a property are limited to the size that existed in July 1993, plus an additional 1,800 sq.m.; and
- Retail and service uses cannot exceed the zoning density for commercial uses on the property; and
- No single retail or service store can be larger than 8,000 sq. m.

The consultant's study does not recommend changes to the additional floor space amount or the density requirement. It recommends lowering the individual store size to 3,500 sq.m. The draft Zoning By-law amendment (Attachment 3) should be contingent on adopting the draft Official Plan amendment that provides direction for assessing impacts of proposals for larger stores. The consultant clearly envisaged store size limits as a threshold that would trigger an assessment. As such, it would be important to have the policy for the assessment in place when the zoning limits are put in place.

The consultant's recommendations apply to all areas in Toronto where new large retail development would impact pedestrian shopping areas. This includes some areas outside the former City of Toronto where the zoning by-law doesn't currently restrict the amount of new retail development or store sizes. It would be appropriate to extend the zoning limits to these areas.

The maps included with the draft Zoning By-law amendment show the areas to which it is proposed to apply the extended zoning restrictions. Most of these areas are currently healthy and viable retail areas, but we have also included some less healthy areas with long term prospects for revitalization, and some developing retail strips that are undergoing intensification and redevelopment. The draft Zoning By-law amendment would apply to zones that permit retail and service uses within the pedestrian shopping areas and an area within 800 metres of the strip. The consultant recommended 800 metres as the maximum comfortable walking distance to shop.

The pedestrian shopping areas include:

- Lakeshore Blvd West in South Etobicoke
- Royal York Rd in Mimico Village
- The Queensway east of Islington Ave
- Bloor St W west of the Humber
- Dundas St W between Islington and Kipling
- Eglinton Ave in the former City of York
- Weston Rd in Mt Dennis and Weston
- Rogers Rd near Keele Ave
- Oakwood Avenue near Rogers Rd and Vaughan Rd
- Marlee Ave near Glencairn Ave
- Bathurst St south of Hwy 401 and south of Lawrence Ave
- Sheppard Avenue near Wilmington Avenue
- Avenue Rd north of Lawrence
- Yonge St north of Hwy 401 to Steeles
- Willowdale Ave near Sheppard Ave East
- Bayview Avenue south of Eglinton Ave
- Pape Avenue near Cosburn Ave
- Donlands Ave near O'Connor
- Coxwell Ave near O'Connor
- O'Connor Dr near St Clair Ave East
- Danforth Avenue west of Danforth Rd
- Kingston Rd west of Birchmount Rd
- Old Kingston Rd in Highland Creek Village

Urban Design Official Plan Review
The draft Official Plan policy reflects the importance of the built form and public realm in achieving the planning objectives for pedestrian shopping areas. The built form and public realm elements of these policies will be further developed through the review of the Urban Design policies that City staff are currently undertaking. The policy directions endorsed by Planning Growth Management Committee at its meeting on August 7, 2014, are intended to be used as the basis for consultation and inform revisions to, or the introduction of, new urban design policies. They are: (1) Seeing the bigger picture; (2) Prioritizing the public realm; (3) Guiding built form; and (4) Enhancing parks and open spaces. New and revised policies will help reinforce the importance of the public realm and the pedestrian experience across the city. New and revised policies for Phase 1 of the review are targeted for the first quarter of 2017.

NEXT STEPS

Staff will schedule consultation on these proposals including an open house and meetings with stakeholders including BILD, BIAs and residents' groups. A further report in the second quarter of 2017 will report on the results of the consultation and bring forward recommendations for amendments to the Official Plan and Zoning by-law.

CONTACTS

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ATTACHMENTS

Attachment 1: Summary of Findings and Recommendations (JC Williams, 'Evaluating Large Retail Developments Near Pedestrian Shopping Areas in Toronto,') February 2014
Attachment 2: Draft Amendment to Official Plan Amendment 231 (3.5.3 The Future of Retailing)
Attachment 3: Draft Zoning By-law Amendments

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Attachment 1: Summary of Findings and Recommendations (JC Williams, 'Evaluating Large Retail Developments Near Pedestrian Shopping Areas in Toronto,') February 2014

Principles

The consultant identified key principles to guide the study and recommendations:

- Retail follows residential and planned residential – area planning studies should provide for retail space (amount and location) to serve residential growth.
- Healthy competition is good and should be encouraged in retail situations to keep businesses fresh, new, innovative and profitable.
- Encourage good retail growth: new retail development has to fit in with the environment, including the planned function, the socio-economics of the local neighbourhood, the retail mix, and respect for the physical form of the street and neighbourhood.
- Retail space should allow for flexibility – the space has to be able to accommodate different / future retailers as retail uses within the space will change over time.
- Planning should not control for types of goods sold.
- To the extent that each retail main street has its own retail character this is good as it adds diversity
  - The duty of the City is to support existing shopping districts and nurture new ones for the role of meeting neighbourhood shopping needs and providing a community focal point / meeting place.
  - It is not the City's duty to support individual stores or merchants.
  - It is important to note that the planning system should not be used to inhibit competition, preserve existing retailers or prevent innovation.
- The review of demand and supply characteristics may include both positive and negative impacts as well as both quantitative and qualitative impacts. All of these should be considered in a full retail impact assessment.

Goals

The study recognizes that the City's planning and economic development programs have helped to bring about healthy main streets. Through its assessment of main street retail and the impacts of large retail development, the City should continue to support the economic health of the retail sector for the benefit of local consumers.

More specific goals flow from the principles

- Continue to be pro-active in retail planning rather than reactive.
- Retail planning should follow planned residential development identifying areas for growth suited to new and changing socio-economic patterns.
- The City should work co-operatively with retailers and the development community on good retail planning and design.
- There must be a combination of regulations as well as incentives to achieve the vision for each neighbourhood and main street area.
- Focus on supporting the vitality and viability of main streets.

  - If main streets are healthy and successful, they are better able to withstand pressures from new retail developments.
- Encourage healthy competition for quality retail development proposals in appropriate locations to provide more convenient shopping for local residents, workers and visitors.
- Encourage more pedestrian-oriented, public transit-oriented and cycling-oriented retailing that serves local neighbourhoods.
- Encourage sustainable retail development that may include minimizing travel times and encouraging smart travel alternatives.
- Allow for the gradual evolution of the retail system and control or avoid the shock from large changes.
- Increase consistency in the manner in which retail impact assessments are conducted.

Trends

The consultant presented key trends in the consumer, retailer and retail real estate sector:

- Price and convenience. Consumers are being squeezed in their wallets, so more households are placing a greater emphasis on value retailing. In the consumer survey, the price of the product or service was rated the most important determinant of where people shopped.
- Quality and service. Consumers do not necessarily want more selection / choice or one-stop shopping; they want a curated and solution-oriented choice of retailers to suit their needs. In the consumer survey, excellent service and quality of goods and services was rated more important than selection of stores and ability to shop in one location.
- Unique and complementary main streets. The consumer survey indicated that residents shop at many different main streets. The main streets are both complementary and competitive at the same time. Many main streets have pursued a strategy based on a unique character that developed from the retail mix, and this character can change as the retail mix changes to respond to the neighbourhood's needs.
- Increasingly urban. More consumers are reflecting 'urban' values – less use of cars, smaller residential units, smaller households, and greater mobility. This is affecting their shopping behaviour. For example, smaller housing units means have led to more reliance on retail areas including main streets to meet up with friends and family. Main streets are the local residents" social and gathering spaces.
- Buying online. Buying online (e-commerce) is growing. Online shopping by itself does not drive high sales growth – the omni channel experience ids driving growth. There is also rapid growth in m-commerce ('m' for mobile). The overall growth and impact of online retail is still hard to gauge, but planning studies should take this category into consideration when planning retail space needs.
- Main streets are resilient and flexible. Toronto's main streets have standard rectangular stores in the ranges of 6m by 20 m to 12 m by 30 m (120sq.m. to 360

sq.m.). They appeal to a wide range of retailers and services, which allows the retail mix to evolve over time.

- Increased services. Consumers are buying more services compared to merchandise goods, including food services. Many retailers offer services as party of their complete package.
- Shrinking store sizes. Store sizes have been shrinking in thepost-2008 environment as result of things such as:
  - Cost efficiencies and leaner management;
  - Consumer shopping more often and buying less;
  - Omni-channel opportunities mean retailers do not need as much space to store inventory as previously;
  - New formats moving in to urban locations are adjusting their store size and configuration to fit into the urban fabric.
- Food. There is a blurring within the general food category. There will be increased competitive pressures in this sector. Examples include:
  - General merchandise stores, health care and pharmacies, and gas station stores are selling more food
  - Supermarkets are adding more food services, cafes, pharmacies and other items.
- Other trends:
  - More chain retailers;
  - more sales by chain retailers;
  - lack of competition in a number of retail sectors (dominance by a small number of players);
  - growth in discount-oriented retail.

These trends have implications for planning for retail space:

- The key finding is the need for flexibility. While innovation in design can and should be encouraged, the adaptable small and medium sized box is often the best suited to a wide variety of retailing needs.
- Retail assessments should recognize not only the quantitative trends such as growing online sales, but also changing consumer attitudes and behaviour.
- The City should be proactive in planning for new retail and assessing proposed retail developments.

Recommendations for Store Size Limits / Thresholds
The consultant recommends:

- Additional retail space:
  - Retain the existing limit in the former City of Toronto zoning by-law of 1,800 sq.m. on the amount of new retail space that can be developed. This would apply whether or not the property has any existing retail space on it. This would allow a single store of up to 1,800 sq.m., which fits in with the overall goal of allowing gradual change in local shopping areas and also provides for several smaller units of 120 to 360 sq.m.

- Continue to use 1993 as the base year for establishing the amount of existing retail. It was about this time that there was a noticeable shift to larger retail (big boxes, power centres) in the GTA.
    - A new retail development over 1,800 sq.m. would require a zoning by-law amendment and need to be supported by a review including a retail impact assessment.
- Single store size limit:
    - A maximum store size limit of 3,500 sq.m., which is notably lower than the 8,000 sq.m. limit in the existing zoning by-law.
    - This would allow for medium sized retailers such as supermarkets and home furnishing stores of 2,500 to 3,500 sq.m.
    - Larger stores such as very large supermarkets, large general merchandize stores (department stores) and large home improvement stores would require a zoning by-law amendment and need to be supported by a review.

Conducting Retail Assessments

The consultant provided guidelines for conducting assessments of proposals for large retail developments.

- The consultant recommends increased consistency in the way assessments of the impact of proposed large retail developments on nearby pedestrian shopping areas are conducted. This includes using primary trade areas that are pedestrian oriented and related to the main street area. The consultant recommends basing the trade area on the distance that a local resident could walk in about 10 minutes. This is approximately 800m. The trade area might be larger if the proposal includes comparison goods shopping.
- Retail impact assessments are one evaluative tool. They should be used to provide direction or guidance, rather than a definitive 'yes' or 'no.'
- The review process should begin by evaluating the vitality and viability of the main street that the proposed development is on or near.
- Retail impact assessments are meant to primarily assess convenience based retailing that serves the local neighbourhood (grocery, food pharmacy, etc), and comparison shopping goods (apparel, leisure, general merchandise, furniture, home furnishings, electronics, etc).
- There is a need to balance the quantitative estimates of demand and impact against other considerations that can be more qualitative such as vitality, variety, vibrancy.

Criteria for Permitting Large Retail Developments

The consultant provides an extensive set of criteria for permitting more retail space than the proposed limits of 1,800 sq.m. for new developments or 3,500 sq.m. for a single store:

- Supports the overall long-term vision for the street and neighbourhood as set out in plans for the local area such as Secondary Plans or Precinct Plans. The City should set broad retail requirements for additional retail floor area over a planned period with respect to the planned residential development by retail type and amount and broad guidelines for the location and function of the retail activity. The results should be able to be applied to other areas outside the former City of Toronto that are also near pedestrian shopping areas (e.g., Lakeshore Boulevard West, Dundas Street West in Etobicoke, and Eglinton Avenue West in York, among others).

- Must not detract or diminish the opportunity for further retail development in that main street. The development should not be such that no other retailer would want to locate adjacent to it by either the form or the retail use.
- Increase economic health for the area by providing employment opportunities and other economic regeneration.
- Has the potential to increase competition and draw more consumers to the area (cannot only shift consumption from one area to another), but should create new economic growth.
- Respond to consumer demand through its retail offering and not diminish the range of activities and services that can be supported in the area.
- Not cause an adverse impact on other nearby main streets (either current or those developments that have planning permission but are not yet built) sufficient as to undermine the quality and wider function.
- Not cause an increase in the number of vacancies that would likely persist for a long period.
- Ensure a high standard of access by foot, public transit, and cycling primarily.
- Link with an existing main street area so that there is likely to be commercial synergy (physical design).
- Critical mass of retail: new retail development on a main street should not be more than 10% of any existing main street in the area. This is to allow for gradual change.
- Exception for new and emerging neighbourhoods such as Liberty Village or Canary District whereby there is no major main streets nearby, or insufficient retail GFA to serve the growing neighbourhood.
- Access to high order transit: retail should be in close proximity to medium to high order transit to relieve parking pressures.
- Population growth: there should be positive population growth projected for the area, or the City has identified the area for medium to high population growth (e.g., TCHC redevelopment plans for Lawrence Allen). Alternatively, there may be other factors such as changing socio-economics (rising incomes, increased household formation, gentrification, etc.) that may warrant additional retail space being added.
- Physical design of the site (depth to width ratio can accommodate floor plates) length of the block, entrances, heights, signage, etc.
- Areas of the City of Toronto with no or negative population growth and that have other issues should be addressed separately (e.g., Weston area) as ways of incenting retail redevelopment activity.

These criteria allow for a thorough and balanced approach. It focuses not only on the economic sales impact but also on further qualitative and quantitative functions.

Attachment 2: Draft Amendment to Official Plan Amendment 231
(3.5.3 The Future of Retailing)

Policy for Impact of Large Retail Developments on Pedestrian Shopping Areas

Pedestrian shopping areas typically have street-fronting buildings characterized by a fine-grained rhythm of storefronts and sidewalk-level entrances with direct access to commercial, retail or service uses on the ground floor and residential, retail, office or service uses on the floors above.

Pedestrian shopping areas will be planned as diverse and vibrant community destinations that:

a) are economically healthy;

b) meet the shopping and service needs of the local community, particularly day-to-day convenience needs;

c) provide local opportunities for small businesses;

d) support and promote active transportation choices and transit use as convenient and preferred alternatives to automobiles;

e) prioritize a safe, accessible, attractive and comfortable environment for pedestrians; and

f) provide a setting for casual meeting to encourage informal interaction, social belonging and civic/neighbourhood identity.

Pedestrian shopping areas will be designed to be safe, attractive and comfortable for pedestrians by:

a) providing a fine-grained rhythm of storefronts with direct access from sidewalk-level entrances along the street;

b) ensuring that new development maintains or enhances this visual continuity of storefronts and entrances;

c) locating larger stores on the second floor where feasible and appropriate

In order to support vital and viable pedestrian shopping areas, zoning regulations may limit the amount of new commercial retail floor space and the size of individual establishments within or near pedestrian shopping areas.

The assessment of proposals to exceed limits on the amount of new commercial retail space or the size of individual stores or commercial establishments will be based on the following considerations:

a) The potential impacts on the vibrancy and economic health of nearby pedestrian shopping areas;

b) The benefits of healthy competition in the commercial retail sector within the impacted areas, including: attracting new shoppers to the area, and increasing choice in existing stores;

c) Support for gradual changes to the commercial retail structure and character of the impacted areas, except in rapidly growing neighbourhoods where a new commercial retail presence is being established to meet local needs;

d) The potential need for more retail and service space in response to:

    i. population growth and demographic and socio-economic change in the local community; and
    ii. trends in consumer behaviour, retail formats and retail real estate development;

e) The potential benefits of new large commercial retail development, including:

    i. provision of job opportunities for community residents; and
    ii. the ability to attract other stores and shoppers to support a viable and healthy local commercial retail sector.

Attachment 3: Draft Zoning By-law Amendments

1. Amendment to By-law 438-86, which applies to the Former City of Toronto

By-law provision 12(2)(270)(a)(iii) is amended to:

(A) replace the number 8,000 with the number 3,500 so that it reads:

provided no single retail or service use, unless existing on August 29, 1994, exceeds a
non-residential gross floor area of 3,500 square metres.

(B) add after provision (iii) a new provision (iv) so that it reads:

(iv) a lawfully existing *non-residential gross floor area* of more than 3,500 square metres constructed between August 4, 1994 and [add a date]and used for a single retail or service use is permitted.

2. Amendment to By-law 569-2013, which would apply site specific exceptions to selected CR Zones outside of the former City of Toronto identified in Maps 1 to 5.

Wording for site specific exceptions to regulate non-residential GFA:

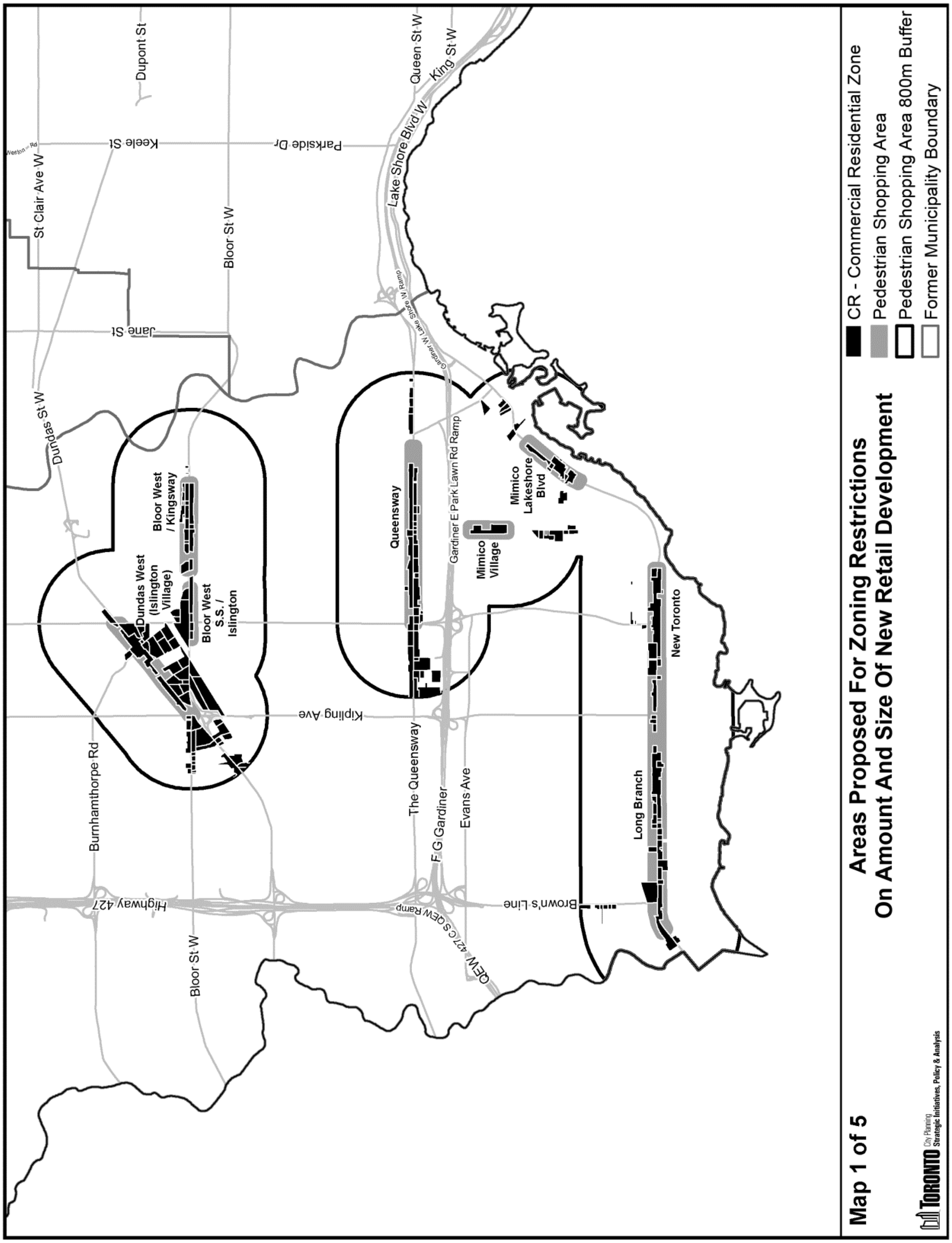
<u>Maximum Non-Residential Gross Floor Area</u>

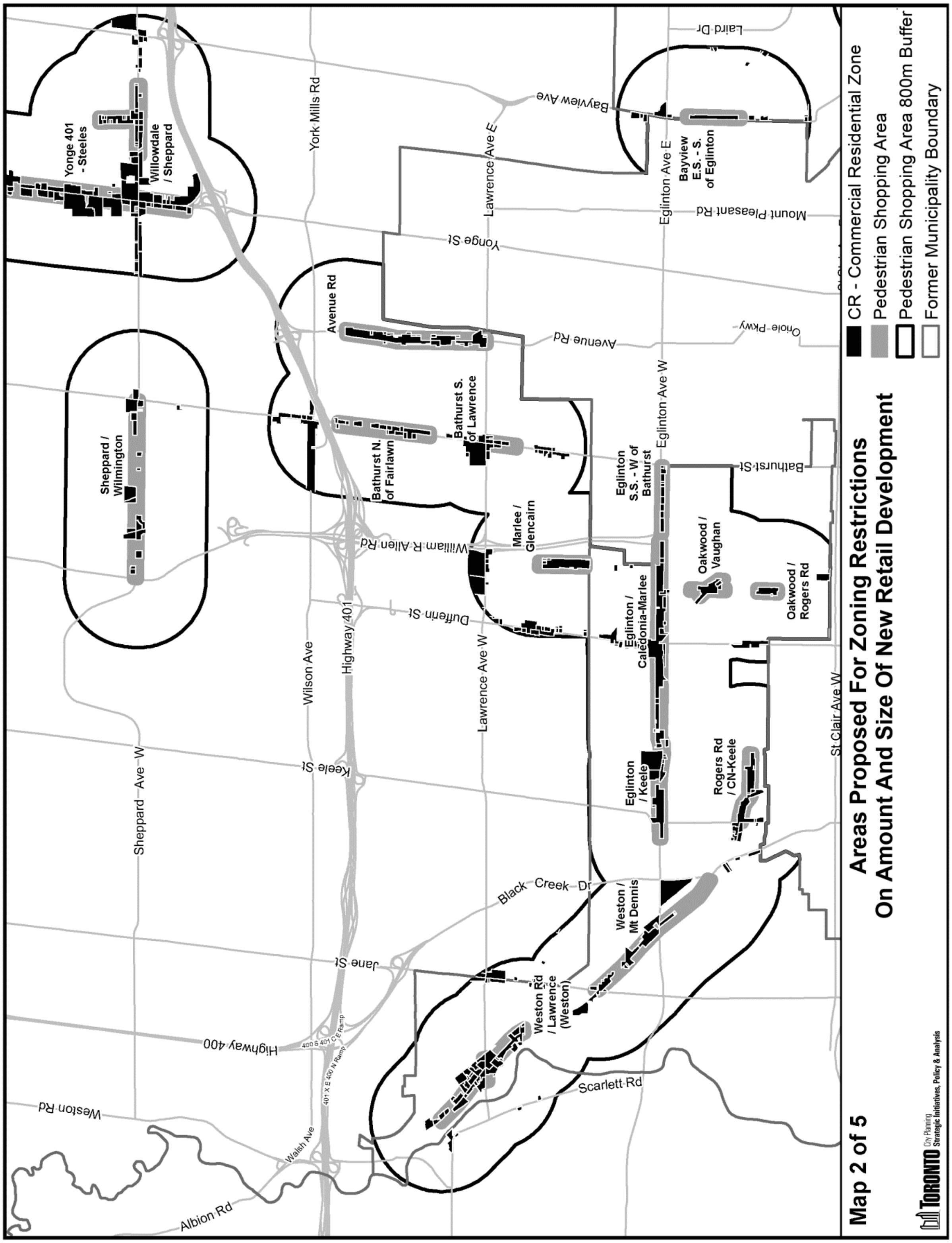
(A) In the CR zone, the maximum the **interior floor area** on a **lot** used for all **Retail Stores, Retail Services, Personal Service Shops, Eating Establishments, Take-out Eating Establishments, Financial Institutions** or Private **Art** Galleries is the amount that existed for these uses on [Date of the enactment of the By-law] plus 1,800 square metres

(B) In the CR zone, the maximum the **interior floor area** on a **lot** used for a single **Retail Store, Retail Service, Personal Service Shop, Eating Establishment, Take-out Eating Establishment, Financial Institution** or Private **Art Gallery** is 3,500 square metres

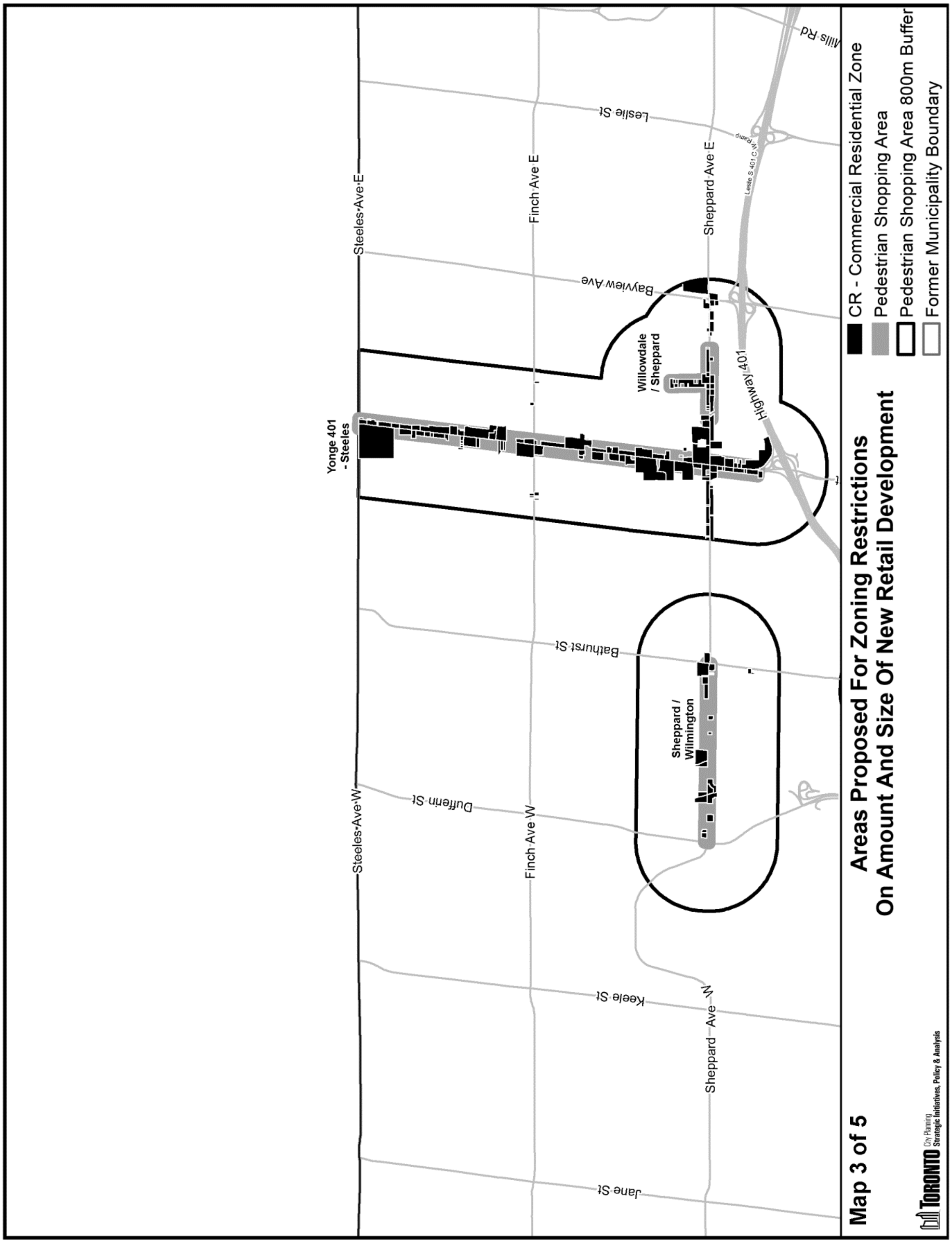
(C) If a **lawfully existing building** has a **lawful interior floor area** used for all **Retail Stores, Retail Services, Personal Service Shops, Eating Establishments, Take-out Eating Establishments, Financial Institutions** and Private **Art Galleries** that is greater than the **gross floor area** permitted in (A) above, that **lawfully existing interior floor area** is the maximum **interior floor area** permitted for all **Retail Stores, Retail Services, Personal Service Shops, Eating Establishments, Take-out Eating Establishments, Financial Institutions** and Private **Art Galleries** on that **lot**

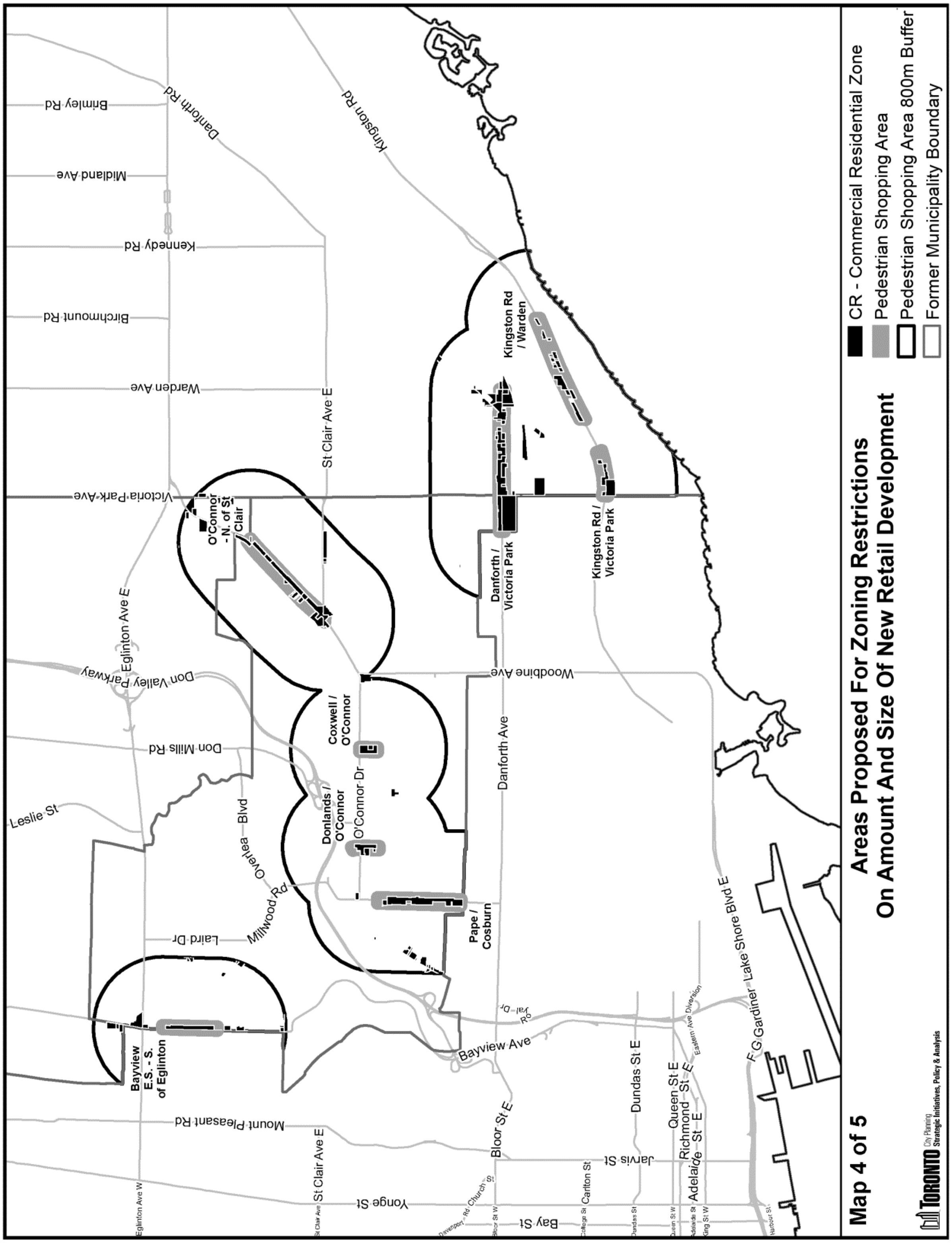
(D) If a **lawfully existing building** has a **lawful interior floor area** used for a single **Retail Store, Retail Service, Personal Service Shop, Eating Establishment, Take-out Eating Establishment, Financial Institution** or Private **Art Gallery** that is greater than the **interior floor area** permitted in (B) above, that **lawfully existing interior floor area** for that single use is the maximum **interior floor area** permitted for that single use.

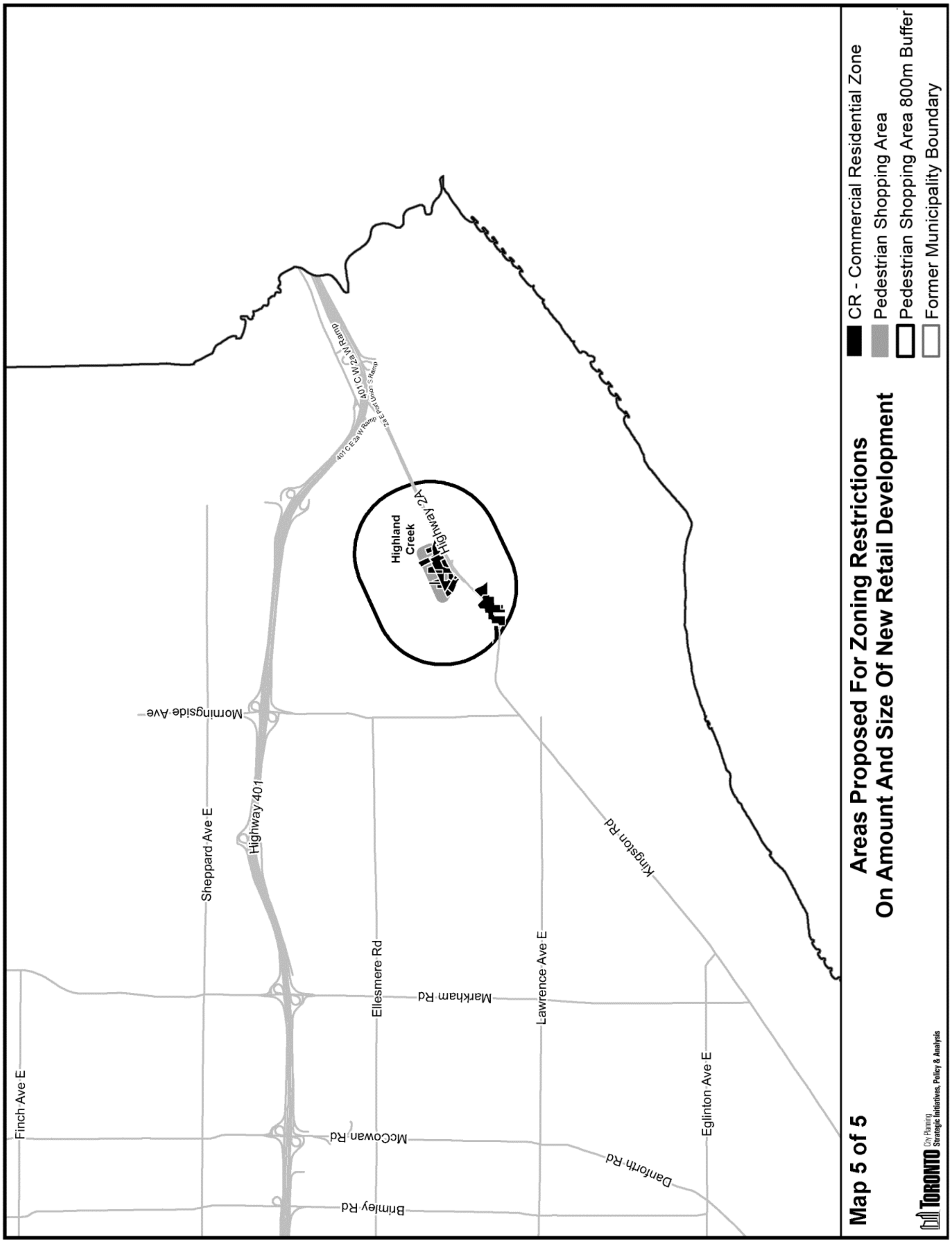

Map 1 of 5
Areas Proposed For Zoning Restrictions On Amount And Size Of New Retail Development
CR - Commercial Residential Zone
Pedestrian Shopping Area
Pedestrian Shopping Area 800m Buffer
Former Municipality Boundary
Dundas West (Islington Village)
Bloor West S.S. / Islington
Bloor West / Kingsway
Queensway
Mimico Village
Mimico Lakeshore Blvd
New Toronto
Long Branch
Dundas St W
St Clair Ave W
Keele St
Parkside Dr
Dupont St
Bloor St W
Jane St
Queen St W
King St W
Lake Shore Blvd W
Gardiner E Park Lawn Rd Ramp
Kipling Ave
Burnhamthorpe Rd
The Queensway
F G Gardiner
Evans Ave
Highway 427
Brown's Line
427 C S QEW Ramp
QEW
TORONTO City Planning Strategic Initiatives, Policy & Analysis



Map 2 of 5
Areas Proposed For Zoning Restrictions
On Amount And Size Of New Retail Development
CR - Commercial Residential Zone
Pedestrian Shopping Area
Pedestrian Shopping Area 800m Buffer
Former Municipality Boundary
TORONTO City Planning Strategic Initiatives, Policy & Analysis
Yonge 401 - Steeles
Willowdale / Sheppard
Sheppard / Wilmington
Avenue Rd
Bathurst N. of Fairlawn
Bathurst S. of Lawrence
Marlee / Glencairn
Eglinton S.S. - W of Bathurst
Oakwood / Vaughan
Oakwood / Rogers Rd
Eglinton / Caledonia-Marlee
Eglinton / Keele
Rogers Rd / CN-Keele
Weston / Mt Dennis
Weston Rd / Lawrence (Weston)
Bayview E.S. - S. of Eglinton
Sheppard Ave W
York Mills Rd
Wilson Ave
Highway 401
Lawrence Ave W
Lawrence Ave E
Eglinton Ave W
Eglinton Ave E
St Clair Ave W
Keele St
Jane St
Dufferin St
William R Allen Rd
Bathurst St
Avenue Rd
Yonge St
Mount Pleasant Rd
Bayview Ave
Laird Dr
Oriole Pkwy
Black Creek Dr
Highway 400
Weston Rd
Scarlett Rd
Albion Rd
Walsh Ave


Map 3 of 5
Areas Proposed For Zoning Restrictions
On Amount And Size Of New Retail Development
CR - Commercial Residential Zone
Pedestrian Shopping Area
Pedestrian Shopping Area 800m Buffer
Former Municipality Boundary
TORONTO City Planning Strategic Initiatives, Policy & Analysis
Yonge 401 - Steeles
Willowdale / Sheppard
Sheppard / Wilmington
Steeles Ave E
Steeles Ave W
Finch Ave E
Finch Ave W
Sheppard Ave E
Sheppard Ave W
Highway 401
Jane St
Keele St
Dufferin St
Bathurst St
Bayview Ave
Leslie St
Mills Rd


Areas Proposed For Zoning Restrictions
On Amount And Size Of New Retail Development
Map 4 of 5
CR - Commercial Residential Zone
Pedestrian Shopping Area
Pedestrian Shopping Area 800m Buffer
Former Municipality Boundary
Bayview E.S. - S. of Eglinton
Pape / Cosburn
Donlands / O'Connor
Coxwell / O'Connor
O'Connor - N. of St Clair
Danforth / Victoria Park
Kingston Rd / Victoria Park
Kingston Rd / Warden
Eglinton Ave E
St Clair Ave E
Danforth Ave
Danforth Rd
Kingston Rd
Victoria Park Ave
Warden Ave
Birchmount Rd
Kennedy Rd
Midland Ave
Brimley Rd
Woodbine Ave
Don Valley Parkway
Don Mills Rd
O'Connor Dr
Leslie St
Overlea Blvd
Millwood Rd
Laird Dr
Bayview Ave
Mount Pleasant Rd
Yonge St
Bay St
Jarvis St
Bloor St E
Dundas St E
Queen St E
Richmond St E
Adelaide St E
Lake Shore Blvd E
F G Gardiner
Toronto City Planning Strategic Initiatives, Policy & Analysis


Map 5 of 5
Areas Proposed For Zoning Restrictions
On Amount And Size Of New Retail Development
CR - Commercial Residential Zone
Pedestrian Shopping Area
Pedestrian Shopping Area 800m Buffer
Former Municipality Boundary
TORONTO City Planning
Strategic Initiatives, Policy & Analysis
Highland Creek
Highway 2A
Highway 401
Morningside Ave
Sheppard Ave E
Finch Ave E
Ellesmere Rd
Markham Rd
Lawrence Ave E
Kingston Rd
Eglinton Ave E
McCowan Rd
Danforth Rd
Brimley Rd
401 C W 2a W Ramp
401 C E 2a W Ramp