

Expanding Housing Options in Neighbourhoods – Neighbourhood Retail and Services Study Final Report Phase One

Date: June 17, 2022

To: Planning and Housing Committee

From: Chief Planner and Executive Director, City Planning

Wards: All

SUMMARY

The Neighbourhood Retail and Services study is part of the Expanding Housing Options in Neighbourhoods (EHON) work program. Local Neighbourhood Retail and Services are small-scale retail, service and office uses located in areas designated *Neighbourhoods* in the Official Plan. They have historically played an important role in Toronto's neighbourhoods but have declined in recent decades, as existing establishments close and new ones do not take their place. This decline has been the result of both socio-economic factors and City policies. Changes currently underway, including the recent, dramatic shift toward working from home, and the various Expanding Housing Options in Neighbourhoods initiatives, support the desire for more *Neighbourhood* amenities for existing and new residents. They also support the opportunity for more potential customers, employees and business owners.

To facilitate existing and new small-scale retail, service and office uses, staff are therefore proposing a first phase of immediate amendments to the Official Plan and Zoning By-law, followed by further consultation and research on broader changes to come in 2023. The focus of these proposed changes is not on predicting the future of particular industries or uses or focussing on specific sites, but on providing a city-wide policy environment that is more supportive of local businesses and community organizations.

RECOMMENDATIONS

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

1. City Council amend the Official Plan substantially in accordance with the draft Official Plan Amendment 612 appended as Attachment 1 to this report.
2. City Council amend Zoning By-law 569-2013, as amended, substantially in accordance with the draft Zoning By-law Amendment appended as Attachment 2 to this report.
3. City Council authorize the City Solicitor to make such stylistic and technical changes to the draft Official Plan Amendment and Draft Zoning By-law Amendment as may be required.
4. City Council direct the Chief Planner and Executive Director, City Planning Division, to undertake further community and stakeholder consultation consistent with the phase two work plan described in this report and report back to the Planning and Housing Committee in 2023.

FINANCIAL IMPACT

The City Planning Division confirms that there are no financial implications resulting from the recommendations included in this report in the current budget year or in future years.

EQUITY STATEMENT

As Toronto looks to rebuild and recovery after COVID-19, the Expanding Housing Options in Neighbourhoods initiative can directly advance recommendations laid out in the Towards Recovery and Building a Renewed Toronto report. Specifically, Recommendation 68 of the report calls on the City to apply the principle of “build back better” to land use planning and improve the city's overall built form by prioritizing gentle density that places greater emphasis on a mix of building types and uses – including low-rise residential, retail and services – and that supports transit use.

The Toronto Poverty Reduction Strategy, a City of Toronto 20-year plan to address housing, stability, service access, transit equity, food access, the quality of jobs and incomes, and systemic change, contains 17 recommendations to be achieved by 2035. The Expanding Housing Options in Neighbourhoods - Neighbourhood Retail and Services initiative could support the achievements of goals such as recommendation 9, which aims to increase access to affordable, nutritious, and culturally appropriate food.

As part of the broader Expanding Housing Options in Neighbourhoods initiative staff have engaged, and will continue to engage, equity-deserving and marginalized groups and organizations including persons with disabilities, low-income households, Black and racialized groups, vulnerable seniors, women, and youth. Staff are also working with the Canadian Urban Institute to engage Indigenous communities as part of the initiative.

CLIMATE IMPACT

The City has ambitious goals to cut greenhouse gas emissions to avoid disastrous climate change, as well as become resilient and adapt to the impacts that climate change have on the city and its residents. On October 2, 2019, City Council voted unanimously to declare a climate emergency and accelerate efforts to mitigate and adapt to a changing climate by adopting stronger emissions reduction target of net zero by 2050 or sooner. In December 2021, City Council adopted a new goal of net zero emissions by 2040. Climate and resilience considerations and recommendations are also included in the September 2020 report from the Toronto Office of Recovery & Rebuild.

The draft policies proposed by the Expanding Housing Options in Neighbourhoods - Local Neighbourhood Retail and Services initiative take into consideration the role complete neighbourhoods play in offering a range of housing, employment and amenities supported by active transportation and transit. Compact well-connected neighbourhoods reduce car dependency and enable people to live car-light or car free, which helps cut carbon pollution. By introducing more opportunity for retail, service and office uses to locate within the areas designated *Neighbourhoods* across the City, the draft policies could support the City's goals to reduce greenhouse gas emissions and achieving net zero emissions by 2040.

DECISION HISTORY

On July 28, 2020, City Council endorsed the Expanding Housing Options in Neighbourhoods (EHON) Work Plan Report and approved the recommended approach and work plan, including to review policies on locally serving retail and services in Neighbourhoods.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH15.6>

On February 15, 2022, the Planning and Housing Committee endorsed the contents of the report from the Chief Planner and Executive Director, City Planning titled Expanding Housing options in Neighbourhoods - Update Report, as the basis for ongoing public consultation, including outreach to a range of stakeholders regarding Local Neighbourhood Retail and Services.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.PH31.6>

PROPOSAL

Through the Neighbourhood Retail and Services study, staff are assessing the approach to permit locally serving small-scale retail, service, and office uses more easily in the City's Neighbourhoods to support vibrant complete communities that offer greater choice in daily life and promote walkability in Neighbourhoods as housing options increase.

This recognizes the historic role walkable services have played in urban life and the need to better support the daily life of residents and workers within local communities.

Neighbourhood Retail and Services are small-scale retail, service and office uses located in *Neighbourhood*-designated areas.

In the former City of Toronto, these uses in *Neighbourhoods* are typically found in one to three storey buildings, often with residential uses in same building - above, beside or behind the commercial use. In Etobicoke, York, North York and Scarborough, they are often found in small plazas without residential permissions, as well as some standalone stores. Throughout Toronto, some of these uses can also be found in home-based businesses, defined as "Home Occupations" in the Zoning By-law.

Some examples of these commercial uses in *Neighbourhoods* include small grocery or convenience stores, dry cleaners, cafes, medical services such as physiotherapy, and personal services such as a barber or tailor, as well as home offices, private home daycares and community gathering spaces, including art galleries.

The commercial activity that is present in the *Neighbourhoods* is different from that which exists in the *Mixed-Use Areas* of the city. In *Neighbourhoods*, these amenities are small in scale, typically serve local residents, have a physical form that fits in with the local context and have minimal noise, parking requirements and over all impacts on neighbouring residents. They complement other Expanding Housing Options in *Neighbourhoods* initiatives and contribute to complete communities through increasing potential for amenities and job opportunities for existing and new residents.

Notwithstanding their benefits, many *Neighbourhoods*, particularly those outside of Toronto East-York district, have few or no local retail, service and office uses. Those that do have seen a steady decline for decades, as existing amenities close and new ones do not take their place. Since 1989, these uses have declined by over 30% across the City.

There are various reasons for this, but planning policies have contributed to the decline, since those policies have preferred the separation of land uses. The current Official Plan *Neighbourhoods* policies support existing establishments but new retail, service and office uses are more limited. In the Zoning By-law, the majority of *Neighbourhood* properties are residential zones, which prohibit these uses, aside from those that pre-date the By-law and are maintained as legal non-conforming uses. Home Occupations are supported by the Official Plan and Zoning By-law in specific circumstances.

Even buildings that currently or previously housed retail or service uses in the past are affected by these policies, because legal non-conforming uses require a continuity of use. For example, a particular building may be a retail store for 50 years, and then be purchased by an owner who converts it to a residential unit. If the next owner wants to re-establish a retail store in the same building, they may need to go through a new planning approvals process simply to re-establish the prior use.

The current Official Plan and Zoning By-law are consistent with a broader approach limiting change in *Neighbourhoods* and focussing such uses on *Mixed-Use* sites such as main street corridors, shopping plazas and in the downtown and other centres. In many cases, they respectively carry forward policies and By-laws from previous historical documents and reflect the eras in which they were written.

Mixed Use sites will continue to be the main hubs of commercial activity into the future. The presence of such uses in *Neighbourhoods*, however, can provide a valuable complementary role. This is particularly true for the many Torontonians, particularly outside the old City of Toronto, who do not have a significant plaza or main street commercial corridor within walking distance of their homes. *Neighbourhood* sites also provide opportunities that are better suited to certain businesses.

While they are not the only factors limiting the provision of these amenities, removing some barriers in the Official Plan and Zoning By-law will be a helpful step forward in 2022, with further recommendations to come in 2023. These changes, discussed below, have been the subject of City-wide public consultations and analysis by City staff.

With respect to the Official Plan, *Neighbourhoods* policy 4.1.3 supports existing small-scale retail, service and office uses located in *Neighbourhoods*, but limits the establishment of new ones in a variety of ways. These uses are permitted only on lots with direct frontage on Major Streets, as defined on Map 3 of the Official Plan, (see Attachment 3), and require individual Zoning By-law amendment applications. In order to support the establishment of new retail, service and office uses, Staff therefore propose modifying this policy to leave the definition of locational and performance standard criteria to the Zoning By-law regulations, and to rely on the Zoning By-law for appropriate location criteria and performance standards. For now, staff are not proposing to change the existing Zoning By-law provisions on retail, service and office uses. Further consultations will be held in 2022 and 2023 on modifications to address appropriate locations, uses and performance standards, such as the size threshold for a small-scale establishment. Coordination with the work program of the EHON Major Streets team may also inform future proposed Zoning By-Law Amendments.

In addition, the Zoning By-law home occupation permissions currently limit certain medical and personal service uses to the "R" zone, meaning that they are only permitted within the former City of Toronto's pre-amalgamation boundaries. Staff are proposing an amendment that would equalize these permissions to all zones in the "Residential Zone Category" across the City, with further consultation in 2022 and 2023 on other potential Home Occupation permissions.

In addition to these measures, staff are exploring opportunities to better support small *Neighbourhood* plazas, currently zoned "CL" (Commercial Local).

Other measures to be explored and reported on in 2023 include an exploration of economic tools to support these uses as well as consideration of applicable regulations in other bylaws and policies such as the Sign Bylaw and Business Licensing process.

Consultations discussed will include continued internal outreach to related City divisions such as Toronto Building, Municipal Licensing and Standards and Economic Development, as well as external consultation with residents and businesses.

LEGISLATIVE AND POLICY FRAMEWORK

The Planning Act

Section 2 of the Planning Act establishes matters of provincial interest to which City Council shall have regard, in carrying out its responsibilities, including: the orderly development of safe and healthy communities; the adequate provision of a full range of housing, including affordable housing; the promotion of development that is designed to be sustainable, to support public transit and to be oriented to pedestrians; and the appropriate location of growth and development.

Provincial Policy Statement, 2020 (“PPS”)

The Provincial Policy Statement (2020) provides policy direction province-wide on land use planning and development to promote strong healthy communities, wise use and management of resources, and the protection of public health and safety. The PPS is issued under Section 3 of the Planning Act and all decisions of Council in respect of the exercise of any authority that affects a planning matter shall be consistent with the PPS. Comments, submissions or advice affecting a planning matter that are provided by Council shall also be consistent with the PPS.

The PPS includes policies on key issues affecting communities, such as:

- Managing and directing land use to achieve efficient and resilient development and land use patterns;
- Providing for an appropriate range and mix of housing options and densities to meet projected requirements of current and future residents;
- Providing infrastructure and public service facilities in an efficient manner that prepares for climate change impacts and projected needs;
- Supporting long-term economic prosperity; and
- Supporting energy conservation, air quality improvements, reduced greenhouse gas emissions and preparation for climate change impacts;

The PPS came into effect on May 1, 2020 and contains policies that encourage diverse, resilient and transit-supportive complete communities.

The PPS identifies in policy 1.1.1:

"Healthy, liveable and safe communities are sustained by:

b) accommodating an appropriate affordable and market-based range and mix of residential types (including single-detached, additional residential units, multi-unit housing, affordable housing and housing for older persons), employment (including industrial and commercial), institutional (including places of worship, cemeteries and

long-term care homes), recreation, park and open space, and other uses to meet long term needs;

e) promoting the integration of land use planning, growth management, transit-supportive development, intensification and infrastructure planning to achieve cost-effective development patterns, optimization of transit investments, and standards to minimize land consumption and servicing costs;

i) preparing for the regional and local impacts of a changing climate.

Employment Policies 1.3.1 states:

"Planning authorities shall promote economic development and competitiveness by:

d) encouraging compact, mixed-use development that incorporates compatible employment uses to support liveable and resilient communities, with consideration of housing policy 1.4;"

Policy 4.6 of the PPS recognizes and acknowledges Official Plans as the most important documents for implementing the policies within the PPS.

A Place to Grow: Growth Plan for the Greater Golden Horseshoe (2020)

A Place to Grow: Growth Plan for the Greater Golden Horseshoe (2020) provides a framework for managing growth in the Greater Golden Horseshoe. City Council's planning decisions are required to conform, or not conflict, with the Growth Plan (2020). The policies of the Growth Plan regarding how land is developed, resources are managed and protected, and public dollars are invested are based on the Guiding Principles found in Section 1.2.1. These Guiding Principles support planning for more resilient, low-carbon communities and to support the achievement of complete communities that are designed to support healthy and active living and meet people's needs for daily living throughout an entire lifetime. Complete communities are defined as: "mixed-use neighbourhoods or other areas within cities, towns, and settlement areas that offer and support opportunities for people of all ages and abilities to conveniently access most of the necessities for daily living, including an appropriate mix of jobs, local stores, and services, a full range of housing, transportation options and public service facilities." Policies supporting this goal include Policies for Where and How to Grow such as 2.2.1.4; "Applying the policies of this Plan will support the achievement of complete communities that: a) feature a diverse mix of land uses, including residential and employment uses, and convenient access to local stores, services, and public service facilities." The Growth Plan also links the provision of complete communities with achieving Climate Change goals, such as 4.2.10.1 "a) supporting the achievement of complete communities as well as the minimum intensification and density targets in this Plan;"

The proposed Official Plan and Zoning By-law amendments conform to and do not conflict with the Growth Plan.

Official Plan

Section 4.1 of the Official Plan addresses areas designated as *Neighbourhoods*, describing these as containing, "a full range of residential uses within lower scale buildings, as well as parks, schools, local institutions and small-scale stores and shops serving the needs of area residents." Approximately 35% of the land in Toronto is designated *Neighbourhood* on the Official Plan Land Use Map.

The increasing number of people working from home, and the role of home-based businesses is also identified in the Plan, written many years before the dramatic acceleration of this practice in the last two years; "as the economy has changed, thousands of Torontonians have begun working from their homes, creating valuable economic activity, enhancing safety by providing "eyes on the street", and reducing trips to work. These home occupations are provided for in *Neighbourhoods* across the City."

Home Occupations are identified in Policy 4.1.1 as an important component of *Neighbourhoods*; "Parks, low scale local institutions, home occupations, cultural and recreational facilities and small-scale retail, service and office uses are also provided for in *Neighbourhoods*".

Policy 4.1.3 specifically addresses small scale retail, service and office uses, providing support for their location properties that legally contained them prior to the establishment of the Official Plan, but the limits permissions for new uses to Major Streets shown on Map 3 of the Official Plan, with the exception of portions with reverse-lot frontages, and only through an amendment to the Zoning By-law. New uses are described as being incidental to the *Neighbourhood*.

Map 3 of the Official Plan identifies Major Streets showing both the streets themselves, and their planned widths. For reference Map 3 is included in Attachment 3 of this report. Many of the major streets on the map have not yet been built to their planned widths, and the constructed widths vary across the city, and sometimes vary along the length of the street itself. Major Streets have different levels of transit service, and in some cases do not have transit service. Land Use and Urban Structure designations also vary. Of the approximately 1,200 km of Major Streets, about 10% (or 250 km of frontage) is designated *Neighbourhood*.

Zoning By-Law

Neighbourhood Retail and Services in Residential Zones

The majority of properties in areas designated as *Neighbourhoods* in the Official Plan, are residential zones within the Zoning By-law. This includes the R, RD, RS, RT and RM zones. In Zoning By-law 569-2013, the current permissions for neighbourhood retail, service and office uses are very limited, which is reflective of a lack of permissions for these types of uses that existed in the general Zoning By-laws of the former municipalities. This can be traced back to 1959 and Zoning By-law 20623, the predecessor to Toronto Zoning By-law 438-86 and the oldest of the former general Zoning By-laws, which did not contain permissions for these uses in residential

neighbourhoods. The restrictive approach taken in the former general Zoning By-laws was carried forward when the Zoning By-laws were harmonized into the City-wide By-law.

In the residential zones of By-law 569-2013, the only permission for retail and services is for a small retail store (maximum 25 square metres) on the ground floor of larger apartment buildings, subject to certain conditions for the use such as that there may only be one store per building. This permission took the form of a "tuck shop" and is consistent with permissions in some of the former general Zoning By-laws, such as Toronto By-law 438-86 and York By-law 1-83.

Consistent with the restrictive nature of both By-law 569-2013 and the former general Zoning By-laws, few new retail, services and office uses have been established in *Neighbourhoods*. Those that exist may be legal non-conforming, may have been permitted by way of a rezoning or minor variance application, or some others may have established over the years without legal permissions.

Legal non-conforming uses are existing uses that were lawfully established, but that are no longer permitted by the current zoning regulations. They are governed by Subsection 34(9) of the Planning Act, and the use is allowed to continue if it was established legally before the zoning changed. Legal non-conforming status ends when the use ceases. For example, if a legal non-conforming local retail or service use is converted from a use to residential, it cannot be re-converted to host commercial activities.

The rezoning and minor variance application processes can be both cost- and time-prohibitive for small businesses, creating a significant barrier for many retail, service and office uses to establish themselves in these areas.

Home Occupation

Home occupation is a use that contributes to complete communities in *Neighbourhoods* and that is permitted in all residential zones in By-law 569-2013. It is defined as "a business use within a dwelling unit, where the dwelling unit is the principal residence of the business operator." Examples of this are someone running a business from home who deals with clients over the phone, or someone making goods in their home to sell off-site. Existing zoning regulations for Home Occupation limit what types of uses can be conducted from someone's home, and are intended to mitigate impacts on adjacent neighbours and the neighbourhood. Some of the existing conditions for home occupation in By-law 569-2013 are:

- No outdoor displays;
- No additional employees beyond the business owner;
- No selling, renting or leasing physical goods directly from the dwelling unit;
- No exterior alteration to a building to accommodate a home occupation;
- Maximum size of 25% of the area of the dwelling unit or 100 square metres, whichever is less;
- No clients or customers attending the premises except for a medical office or personal service shop in the R zone;

- A home occupation cannot be a personal service shop, animal shelter, kennel, vehicle repair shop, vehicle service shop, vehicle washing establishment, or manufacturing use.

In By-law 569-2013, home occupation permissions in the R zone are more permissive than in other zones. In this zone:

- Personal service shops are permitted if they are a barber, hair dresser, beautician, dressmaker, seamstress or tailor, which also means that clients and customers can come to someone's home for these services; and
- Offices and medical offices are permitted, with clients attending the home and may have one employee working in the dwelling unit in addition to the business operator.

Commercial Local (CL) Zone

In addition to Residential zones, the Commercial Local (CL) Zone in By-law 569-2013 is a zone mostly found in areas designated *Neighbourhoods* in the Official Plan. The purpose of the CL zone is to provide areas for small-scale commercial uses to serve the needs of the local residential area. CL zones often take the form of commercial plazas, but may also be stand-alone commercial uses such as a corner store. When many of these neighbourhoods were built, these plazas and stores were the primary local retail and service location for many of them and provided the option of walkable retail and services to serve convenience needs of residents.

The CL zone is mostly found within the geographic areas of the former cities of Etobicoke, North York and Scarborough, which is reflective of the former general Zoning By-laws for these areas, which all had local commercial zones. There are no CL zones found within the boundary of the former City of Toronto, since its Zoning By-law 438-86 did not have the equivalent of a local commercial zone.

COMMENTS

The Importance of Neighbourhood Retail and Services

In addition to the many housing-focused initiatives, the Expanding Housing Options in Neighbourhoods work plan addresses the important role that local retail and service uses play in *Neighbourhoods* to support current and growing populations in walkable complete communities. This will be done through increasing potential for amenities and job opportunities for existing and new residents.

Local neighbourhood retail, services and office uses are economically and socially important. These amenities are close to home, where they can be accessed on foot, via bike or mobility device. They are also an important part of the city's overall social and economic ecosystem, complementing main streets and commercial centres by providing incubation space for new businesses and responding to the specific needs of the local community. This is important at any time, but is particularly valued in times of crisis, such as a pandemic or in the aftermath of a severe weather event.

These uses contribute to the economic and cultural vitality of *Neighbourhoods* by:

- Addressing access, quality, and diversity to services and goods;
- Supporting residents with limited mobility and families with small children;
- Providing employment and economic opportunities; and
- Contributing to community safety through increased activity at different times of the day.

Neighbourhood retail, service and office uses can also have an important sustainability role, as they can be accessed easily by residents on foot or cycling. Toronto has a goal to reduce the community-wide greenhouse emissions by 65 per cent by 2030 and net zero by 2040. Preserving and creating more opportunities for residents to access services, amenities, goods and jobs in their neighbourhoods would contribute to these goals.

Finally, it is important to acknowledge that many organizations have adopted hybrid and/or remote working. The dormitory role that neighbourhoods have had in the past, seeing a daily flux of residents leaving in the morning and coming back at the end of the day, has changed. A great number of residents now spend their days in their neighbourhoods and that has changed their shopping patterns, relying on their local shops and services.

History of Neighbourhood Retail and Services Policies

The map in Attachment 4, is a "Plan Showing Development of Property" of the former City of Toronto in 1915. It includes retail and service uses located in neighbourhoods shown in black. Some of the residential areas that had a concentration of retail and services, like Bloor Avenue and Yonge Street, are now designated as Mixed Use Areas in the Official Plan. Other areas of local retail were also in close proximity to railroads serving local manufacturers and warehouses, as well as along what are now decommissioned TTC transit streetcar lines. Most of the residential areas shown in this map are still currently designated *Neighbourhoods*, but the number of local retail and service shops present has reduced as industry and transit evolved through the mid-20th century.

In the post-WWII era, the automobile gave way to a new wave of suburban development outside the old City of Toronto on what was mostly rural and undeveloped land. Residential subdivisions comprising detached houses were designed specifically to be accessed by the automobile, serviced by the occasional retail commercial strip or mall along major or minor arterial roads. This model of planning is present in much of Etobicoke, North York and Scarborough. Some examples include Don Mills, the Golden Mile, and the West Mall.

To this day, aside from Home Occupations, retail, service and office uses existing in *Neighbourhoods* are primarily those established in these earlier eras. As noted above, Official Plan Policies and Zoning-By Laws have permitted these existing uses to remain, for example as legal non-conforming uses, or through the CL Zone, but have provided

limited support for new uses. Few new establishments have been created in *Neighbourhoods*. For example, while the Official Plan allows new retail, service and office uses on Major Streets through a Zoning By-Law amendment, a staff analysis of activity between January 1, 2017 and December 10, 2021 found that virtually no projects of this kind had occurred on Major Streets, despite this being a period of significant growth in the city more generally. In that time period, there was a single Zoning By-law amendment project on a Major Street in a *Neighbourhood* that proposed new non-residential gross floor area (GFA) and contained either retail or office uses. The project proposed approximately 425 square metres of non-residential GFA for a retail store with a drive-through and gas station.

While few new establishments have been created, older ones have closed over the years, due to various circumstances, including conversion to residential space through demolition or renovation. For example, since 1989, the total number of retail and service establishments in *Neighbourhoods* has declined from 2,137 in 1989 to 1,406 in 2019, a reduction of 34%.

Some results of these trends can be seen on the maps in Attachments 5 and 6. Attachment 5 shows the density of retail and service establishments in Toronto *Neighbourhoods* in 2019, demonstrating that the majority of *Neighbourhoods* have few to no establishments, while those that do are concentrated in the old City of Toronto. Attachment 6 shows the change in retail and service establishments in Toronto *Neighbourhoods* between 1989 and 2019. It demonstrates that the majority of *Neighbourhoods* remained unchanged through this period, while many of those that had retail and service establishments saw them significantly decline.

Some of the historical characteristics of *Neighbourhoods* have also been true of *Apartment Neighbourhoods*, and the City has taken steps in recent years to increase the availability of local amenities through the work of the Tower and Neighbourhood Revitalization Unit within Social Development, Finance and Administration. This has included the creation of the Residential Apartment Commercial (RAC) Zone in 2013 to allow small-scale non-residential uses on more than 400 apartment building sites. The unit also supports property owners, community groups, residents and others interested in implementing projects in these zones. There have been some notable successes and new commercial projects on some RAC-zoned sites, in particular those owned by Toronto Community Housing. While work on these *Apartment Neighbourhood* sites is out of the scope of the Expanding Housing Options in Neighbourhoods project, the respective teams are in communication to share ideas and lessons learned.

Taxation, Development Charges and City Processes

Through public consultations, participants identified economic challenges to retail, service and office uses related to factors such as taxation, development charges, and City processes, such as business licensing. These issues will be further explored through future research, including public consultation with the business community, and consultation with City divisions. In November 2021, Toronto City Council adopted the report; "Implementing a Small Business Property Tax Subclass", which provides a 15 per cent reduction in the municipal tax rate for eligible small business properties starting

in 2022. The Province of Ontario provided a matching reduction in the provincial education portion of property taxes. These steps have the potential to benefit existing and new *Neighbourhood*-based businesses.

Historical Socio-Economic Trends

While City policies and processes have played a key role over the decades in the trend of declining *Neighbourhood*-based businesses, socio-economic factors have also been very important factors. These include:

- Increase in car ownership and use;
- Reduced overall population density in *Neighbourhoods*;
- Reduced number of people in the *Neighbourhoods* during the day, in part related to broader participation of women in the workforce;
- Increased value and reduced supply of residential units in *Neighbourhoods* incentivizes conversion from commercial to residential and focus of new developments on single-use residential;
- Recent impact of on-line shopping.

These factors have influenced not only *Neighbourhood*-based commercial uses, but also older *Mixed-Use* main streets and plazas.

The recent shift towards working from home, as well as the potential for a rebound in the *Neighbourhood* population density due to Expanding Housing Options in *Neighbourhoods* initiatives and other factors creates new opportunities for customers, employees and business owners to support *Neighbourhood* retail, service and office uses. Notwithstanding these evolving trends, proposed changes to the Official Plan and Zoning By-law do not rely upon predictions of the future of particular industries or uses or focussing on specific sites, but on providing a city-wide policy environment that is more supportive of local businesses and community organizations. It is not a panacea for change but is an important step in supporting greater liveability.

CL Zone

There are no residential uses permitted in the CL zone, which is consistent with the permissions of the local commercial zones in most of the former general Zoning By-laws. At the time that By-law 569-2013 was being drafted and consulted on, there were concerns expressed both by members of the public and Council, that if residential uses were permitted as-of-right in the CL zone, this neighbourhood amenity would be lost to residential conversions. These concerns reaffirmed the approach in By-law 569-2013, in terms maintaining the restriction on residential uses in the CL zone.

While the lack of residential permissions in the CL zone may have helped to preserve these uses in some *Neighbourhoods*, it has not prevented several CL zoned sites from being converted to residential uses through rezoning applications, or other development approvals. For example, some plazas have been converted to townhouse developments. Due to changes in shopping habits and patterns, and an increase in

online shopping, some plazas have struggled in recent years to remain viable retail destinations within *Neighbourhoods*.

Proposed Changes (Phase 1)

Official Plan Amendment – Update and Simplify 4.1.3 to Support Future Amenities

Staff are proposing an amendment to Policy 4.1.3 of the Official Plan, this is appended as Attachment 1 to this report. The updated policy includes the following:

- Adds an introductory statement identifying the positive benefits of small scale retail, service and office uses in *Neighbourhoods*;
- Maintains existing support for properties that legally contained such uses in the past;
- Removes reference to Major Streets on Map 3 of the Official Plan, leaving the Zoning By-Law to define appropriate locations for these uses;
- Removes specific requirement for a Zoning By-Law Amendment to establish such uses;
- Articulates support for new small-scale retail, service and office uses, provided that they meet certain criteria for *Neighbourhood* compatibility;
- Expands the criteria for achieving compatibility, including through establishing a compatible physical scale and location and avoiding adverse impacts such as noise, parking, delivery and loading.

This Official Plan Amendment is the result of the first phase of project work and is not accompanied by a related Zoning By-Law Amendment at this time. It does not grant as-of-right permissions for such uses and will not, in and of itself, significantly change permissions on *Neighbourhoods* properties. In removing the requirement for a Zoning By-Law Amendment on all projects, the Amendment does, however, create the possibility for certain new retail, service and office uses to proceed through a Minor Variance application to the Committee of Adjustment, subject to details of the specific project.

As with other Official Plan policies, the Zoning by-law will continue to provide direction on appropriate uses, locations, and other performance standards for retail, service and office uses. This is consistent with *Neighbourhoods* Policy 4.1.8:

"Zoning by-laws will contain numerical site standards for matters such as building type and height, density, lot sizes, lot depths, lot frontages, parking, building setbacks from lot lines, landscaped open space and any other performance standards to ensure that new development will be compatible with the physical character of established residential *Neighbourhoods*."

Further consultations as a Phase Two will be held in 2022 and 2023 on modifications to address appropriate locations, uses and performance standards (e.g. size) including through work the other EHON teams such as the Major Streets team. More details on the work plan are below.

Zoning By-law Amendment: Equalize Home Occupation permissions across Toronto

The proposed Zoning By-law amendment in Attachment 2, would equalize home occupations for all residential zones across the city. This change is consistent with current Official Plan policies and does not require an Official Plan Amendment.

The following uses which are currently only permitted in the R zone, would be permitted in all residential zones city wide:

- barber
- hairdresser
- beautician
- dressmaker
- seamstress
- tailor
- medical office or office of a health-related professional

The amendment would also allow one additional employee in a medical office home occupation, which is currently only permitted in the R zone, and which originated in the former general Zoning By-law for the former City of Toronto.

The proposed zoning amendments would harmonize permissions for home occupations that have been in place in the former City of Toronto for decades. The equalization of these permissions city-wide would provide a more equitable starting point for anyone wanting to start a home occupation no matter where in the city they live as well as legalizing those who may be already operating without permission. Flexibility in zoning permissions provides options and opportunities for all types of home occupations, which can contribute to neighbourhood amenity, sustainability, adaptability, diversity and resiliency.

A query of complaints to the City for businesses being operated out of dwelling units showed only six complaints from 2013 to 2021. While these are not uses that have generated many complaints, the other conditions for home occupation uses found in Section 150.5 of Zoning By-law 569-2013, such as maximum size, and the prohibition on clients visiting the business. These conditions mitigate impacts on the neighbourhood and on adjacent neighbours, including those living or working within the same building in a multi-unit context.

The City of Toronto Sign By-law (Toronto Municipal Code Chapter 694), sets out regulations for signs used for business identification or advertising purposes, including those in *Neighbourhoods*. Generally, the permissions in the Sign By-law align with those of the Zoning By-law. The Expanding Housing Options in Neighbourhoods study team is coordinating with the Sign By-law Unit within Toronto Buildings to understand any implications of the By-law on *Neighbourhood*-based establishments and will report further if necessary after further analysis.

Public Consultation

The Neighbourhood Retail and Services Study is part of the broader EHON Initiative. Engagement on EHON has been underway since staff first received Council direction in July 2020. The engagement strategy has included a wide range of tools, including virtual meetings, surveys, door-to-door canvassing, stakeholder meetings (such as with Residents' Associations), and engagement through the local Councillor's offices.

Web Site

A dedicated City of Toronto web page, "Local Neighbourhood Retail & Services", was established to describe the study and post the draft Official Plan Amendment and Zoning By-Law amendment for comment. The web page can be accessed here: <https://www.toronto.ca/city-government/planning-development/planning-studies-initiatives/local-neighbourhood-retail-and-services/>.

Comments received through the web site included:

- Support for the Official Plan Amendment and the Zoning By-Law amendment;
- Support for the goal of increasing neighbourhood amenities, with a particular focus on groceries and healthy food;
- Highlighting the need to connect commercial uses with good transit, walking and cycling access;
- Highlighting the co-benefits of different EHON initiatives, that new housing options help support retail service and office uses and vice versa;
- Differing opinions on the appropriate locations specific uses within *Neighbourhood* designated areas, an issue which will be discussed further in Fall 2022 and Winter 2023;
- Note that Zoning and Official Plan changes would not, in and of themselves, provide the circumstances necessary to support these uses, and other steps and incentives would be required;
- Some confusion about the fact that the Official Plan Amendment and Zoning By-Law Amendment that are being brought forward, respectively deal with different issues, and that the proposed Official Plan changes are intended to be complemented by a future Zoning By-Law Amendment in 2023.

Community Meetings

Recently, virtual community consultations and events on a number of key initiatives to the Expanding Housing Options in Neighbourhoods project were held throughout April and May 2022. These consultations included social media posts, planning and development industry-led events, community planning district events and city-wide events. Some events covered a single theme such as multiplex housing and other events covered all three initiatives including neighbourhood retail and services, major streets, and multiplex housing. The community also had the option to gather in-person for Jane's Walk events. To gather independent and objective feedback from private

sector design professionals, the EHON study was presented at the Design Review Panel on April 14, 2022.

The community was encouraged to join an event to hear about project updates and share feedback. Consultations occurred on these dates:

Date	Time	Event
April 6, 2022	1:00-3:00pm	Reddit Ask Me Anything (AMA) with EHON Staff Hosted on r/Toronto.
April 5, 2022	7:00 – 8:30 pm	EHON Public Meeting – North York district
April 7, 2022	7:00 – 8:30 pm	EHON Public Meeting – Scarborough district
April 8, 2022	1:00 -3:30 pm	EHON Roundtable on Neighbourhood Retail facilitated by the Canadian Urban Institute
April 12, 2022	7:00 – 8:30 pm	EHON Public Meeting – Etobicoke District
April 13, 2022	7:00 – 8:30 pm	EHON Public Meeting – Toronto East York District
April 14, 2022	12:30 – 4:30pm	Design Review Panel Meeting
April 19, 2022	1:00-2:30 pm	Multiplex + Local Commercial Meeting
April 20, 2022	7:00 – 8:30 pm	Multiplex + Local Commercial Meeting
April 26, 2022	1:00-2:30 pm	EHON Citywide Meeting
April 27, 2022	7:00 – 8:30 pm	Twitter Space Hosted on @CityPlanTO
April 28, 2022	7:00 – 8:30 pm	EHON Citywide Meeting
May 7, 2022	11-12:30 pm and 2:00-3:30pm	Jane's Walk Events (Walk #1 – Caledonia-Eglinton and Walk #2 – Dovercourt between Queen Street and College Street)

At each consultation the public was given the opportunity to speak, share feedback and ask questions. The following provides a summary of comments and questions heard at the virtual consultation meetings, specific to local neighbourhood retail:

- Excitement about the opportunities from expanded retail permissions

- City processes to create new establishments should be user-friendly so that they are easy to understand and can work for individuals and small organizations;
- High taxation rates have caused local retail to disappear;
- Many local retail stores have been lost over the years because there isn't enough foot traffic to support them;
- Historically, local stores were lost because residential densities have declined over time and fewer people were at home during the day as more women entered the work force;
- Question of whether local retail shops would have residential on upper storeys;
- Concerns about certain uses such as a café and a restaurant, where one may generate conflicts with residents such as complaints of noise and music from restaurants;
- Concerns that unregulated business hours may disrupt residents;
- Potential effects of expanded small scale retail and service uses towards making more walkable neighbourhood that don't require the use of a car for basic errands;
- Questions about how shoppers travel to local neighbourhood retail sites, and about overestimating the number of customers who drive to local stores, Desire to set an upper limit on how much retail can be permitted;
- Suggestions to look into the impact of development charges and other City processes like business licensing.

Design Review Panel

Industry leaders and professionals in attendance at the Design Review Panel meeting were also in favour of the initiative. There was robust support for neighbourhood retail and services as a building block for creating complete sustainable and walkable neighbourhoods throughout the City. Key ideas and comments received include:

- Retail, service and office uses will help make neighbourhoods more sustainable and offer more opportunities to age in place;
- Suggestions that individual corner stores may be hard, but other types of commercial may be more economical, including plazas or commercial strips;
- Encouragement to follow up with current store owners and develop "wrap around services" to support local retail.

Jane's Walks

Jane's Walk is an annual community-based festival to honour and celebrate the ideas of Jane Jacobs. Volunteers plan and host walks throughout the City on numerous topics for people to observe, reflect, share, question and re-imagine the places in which they live, work, play and learn. On May 7th, the Neighbourhood Retail and Services team co-hosted walks with other EHON initiatives in two Toronto neighbourhoods – Eglinton-Caledonia and Downtown-Dovercourt. The walking tours were well attended – 15 community members participated in the Eglinton-Caledonia walk and 23 community members joined the Downtown-Dovercourt walk. The walks explored missing middle – types of housing that are dense yet fit with the scale of low-rise neighbourhoods. Although these forms of housing are considered "missing", they can be found

throughout the city nestled amongst single family houses. Examples of existing local neighborhood retail and services were also identified on the walks including convenience stores.

Input received helped shape the current proposed Official Plan Amendment, and will also inform the next phase of work.

Surveys

Three City of Toronto-initiated surveys provided helpful information establishing the benefit and desire for *Neighbourhood* retail, service and office uses. Selected results are shown in Attachments 6, 7 and 8. These surveys showed that these uses are important to people and that local amenities are not sufficient to address current and projected future needs.

For example:

- The 2021 EHON Multiplex survey (Attachment 7) asked respondents about their desire for walkable access to various retail, service and office uses and found support of 75-89% for establishments ranging from a grocery store to cafés to other retail stores, and exercise locations such as a gym.
- The 2020 EHON Survey of Registered Community Associations (Attachment 8) found some concerns that new people in Neighbourhoods would put increased pressure on local services and amenities.
- Finally, the 2019 Retail Main Streets Survey (Attachment 9) found that 79% of respondents, from all parts of Toronto, prefer to shop at "Local independent stores and business" and that only 41% of respondents felt that the current offering of goods and services in their neighbourhood meets their needs.

Changes promoting *Neighbourhood* retail service and office uses can help to address these concerns by providing opportunities for the local amenities that people seek.

Next Steps - Phase Two Work Plan Fall 2022 – Spring 2023

Zoning

There are several areas of work related to zoning permissions that will continue with additional consultation and a report back in 2023. The study team will explore the following:

Residential Zoning Changes: Amendments to Zoning By-law 569-2013 are required to build upon the proposed Official Plan Amendment in order to define appropriate uses, locations, performance standards (such as maximum size). This would remove the need for individual landowners to submit site-specific zoning by-law amendments, which currently represents one barrier in terms of both cost and time to new small-scale retail, service, and office uses being established in *Neighbourhoods*. Some options being

explored in terms of possible as-of-right locations include permitting retail, service and office establishments on TTC routes and marked bicycle routes, and possibilities for corner sites.

Home Occupations: Additional permissions for uses beyond those currently permitted, and providing flexibility of conditions (such as allowing employees to work the unit if they do not live there); and

CL Zones: Adding limited residential permissions as a way to provide additional income (via residential rents), and make these sites more versatile and viable. Additional study and consultation is required to ensure that such a change would not result in the loss of retail, service, and/or office uses. Consideration will also be given to other ways that these plazas can be supported.

Expanding Housing Options in Neighbourhoods Major Streets Team Work Plan

The Major Streets team is also in the process of reporting to the Planning and Housing Committee on their work plan. A component of this work over the next year will be to determine appropriate measures to provide opportunities for retail, service and office use in new Major Streets developments, including potential opportunities for new main street-style blocks of commercial uses. The Neighbourhood Retail and Service team will collaborate closely with the Major Streets team on this work and will cooperate with the other EHON streams to ensure that all EHON projects are in alignment.

Cross-Divisional Engagement and Public Consultation

The Phase Two consultation will include engagement with the public and business owners as well as with various City divisions and teams. Consultation with other City divisions, such as Economic Development and Culture and Corporate Finance will explore existing barriers and incentives as well as potential tools these divisions may use to support local retail, service, and office businesses beyond planning interventions. The EHON Retail team will also consult with Municipal Licensing and Standards and Toronto Building to identify solutions to any potential licensing or Sign By-law requirements, respectively. Other Divisions may also be identified for consultation.

CONTACT

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SIGNATURE

Gregg Lintern, MCIP, RPP
Chief Planner and Executive Director
City Planning Division

ATTACHMENTS

Attachment 1: Draft Official Plan Amendment
Attachment 2: Draft Zoning By-law Amendment
Attachment 3: Official Plan Map 3 Right-of-Way Widths Associated with Existing Major Streets
Attachment 4: Toronto Property Development Map 1915
Attachment 5: Density of Retail and Service Establishments in Neighbourhoods by Census Tract, 2019
Attachment 6: Change in Retail and Service Establishments in Neighbourhoods by Census Tract, 1989-2019
Attachment 7: Multiplex Survey Results (2021)
Attachment 8: EHON Survey of Registered Community Associations (June 2020)
Attachment 9: Retail Main Streets Survey (2019)

Attachment 1: Draft Official Plan Amendment

Authority: Planning and Growth Management Item ~ as adopted by City of Toronto Council on ~, 20~

Enacted by Council: ~, 20~

CITY OF TORONTO

Bill No. ~

BY-LAW No. ~-20~

To adopt Amendment 612 to the Official Plan for the City of Toronto with respect to Retail Service and Office Uses in Neighbourhoods

Whereas authority is given to Council under the Planning Act, R.S.O. 1990, c.P. 13, as amended, to pass this By-law; and

Whereas Council of the City of Toronto has provided adequate information to the public and has held at least one open house and one special public meeting in accordance with the Planning Act:

The Council of the City of Toronto hereby enacts as follows:

1. The attached Amendment 612 to the Official Plan is adopted pursuant to the Planning Act, as amended.

Frances Nunziata
Speaker
(Corporate Seal)

John D. Elvidge,
City Clerk

AMENDMENT 612 TO THE OFFICIAL PLAN

RETAIL, SERVICE AND OFFICE USES IN NEIGHBOURHOODS

The Official Plan of the City of Toronto is amended as follows:

1. Chapter 4.1, Land Use Designations, Neighbourhoods, is amended by deleting the current text in Policy #3 and replacing it with the text below, as follows:

-
3. **Small-scale retail, service and office uses support daily life in Neighbourhoods and encourage complete, connected communities, contributing to amenity, sustainability, equity, diversity and vitality.**

Small-scale retail, service and office uses are permitted on properties in Neighbourhoods that legally contained such uses prior to the approval date of this Official Plan.

New small-scale retail, service and office uses may be permitted in Neighbourhoods provided that they:

- a) **have minimal adverse impacts on adjacent or nearby residences, such as those from noise, parking, delivery and loading, and other impacts from activities associated with the small-scale retail, service and/or office use;**
- b) **are of a physical scale and in a location that is compatible with and integrated into the Neighbourhood.**

Attachment 2: Amendment to Zoning By-law 569-2013

Authority:

CITY OF TORONTO Bill

BY-LAW xxxx-2022

To amend Zoning By-law 569-2013, as amended, with respect to home occupation permissions in residential zones.

Whereas Council of the City of Toronto has the authority pursuant to Section 34 of the Planning Act, R.S.O. 1990, c. P.13, as amended, to pass this By-law; and

Whereas Council of the City of Toronto has provided adequate information to the public and has held at least one public meeting in accordance with the Planning Act;

The Council of the City of Toronto enacts:

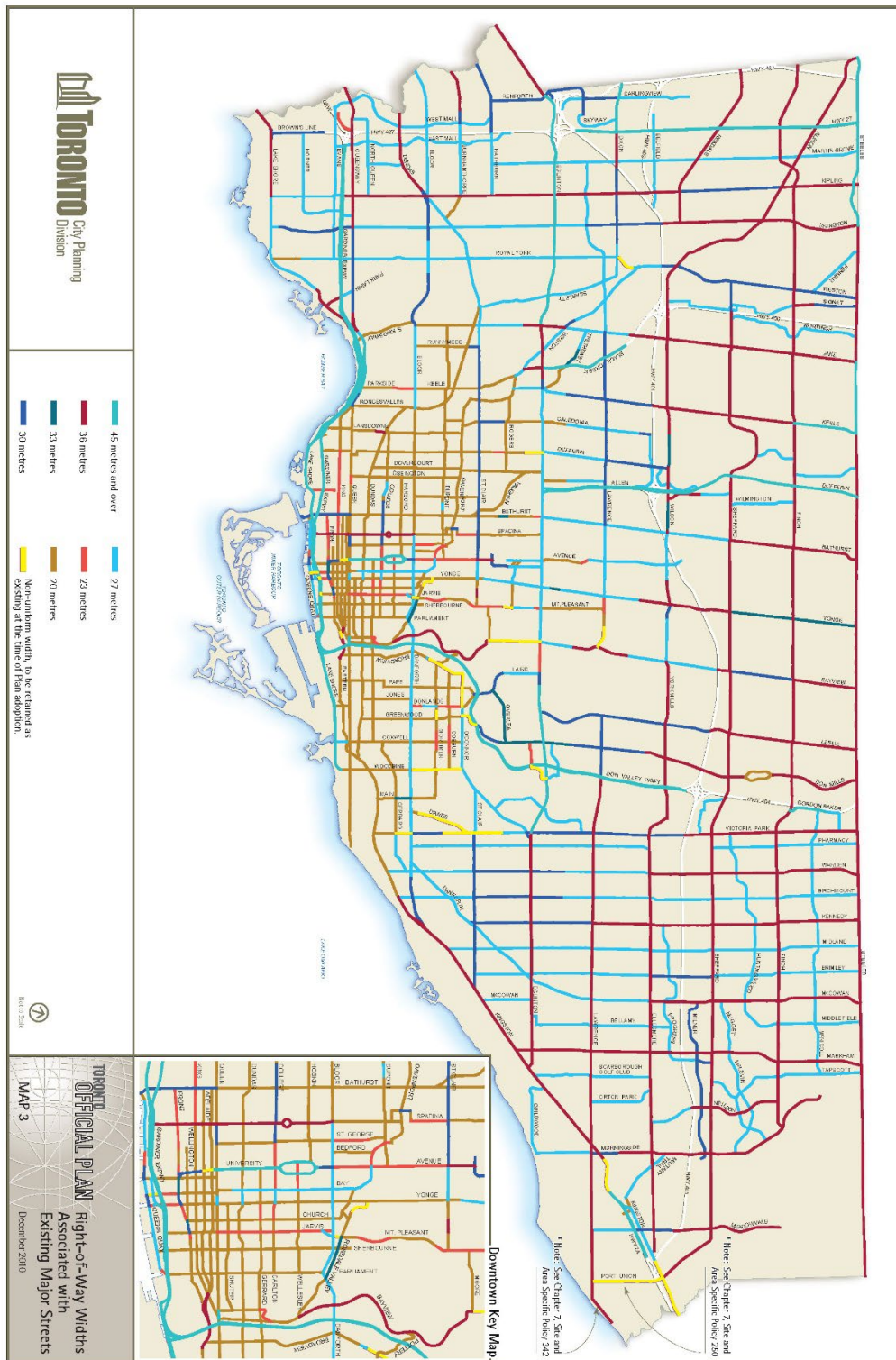
1. By-law 569-2013, as amended, is further amended as follows:

(A) In regulations 150.5.20.1(7), 150.5.20.1(8), and 150.5.40.1(2) replace "R zone" with "Residential Zone Category."

(B) In the titles for regulations 150.5.20.1(7), 150.5.20.1(8), and 150.5.40.1(2) replace "R zone" with "Residential Zone Category."

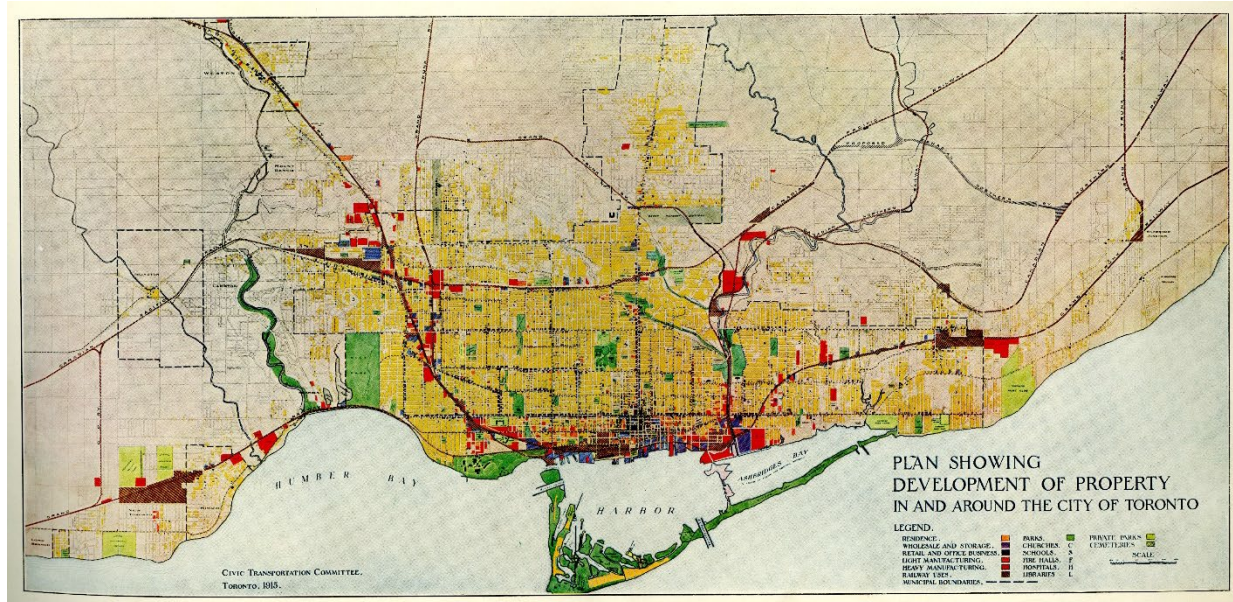
Attachment 3: Official Plan Map 3 Right-of-Way Widths Associated with Existing Major Streets

The City of Toronto strives to adhere to the accepted guidelines and standards for accessibility and usability. However, it is not always possible to do so with all documents. Should you experience any difficulty reviewing our documents, please email cityplanning@toronto.ca.



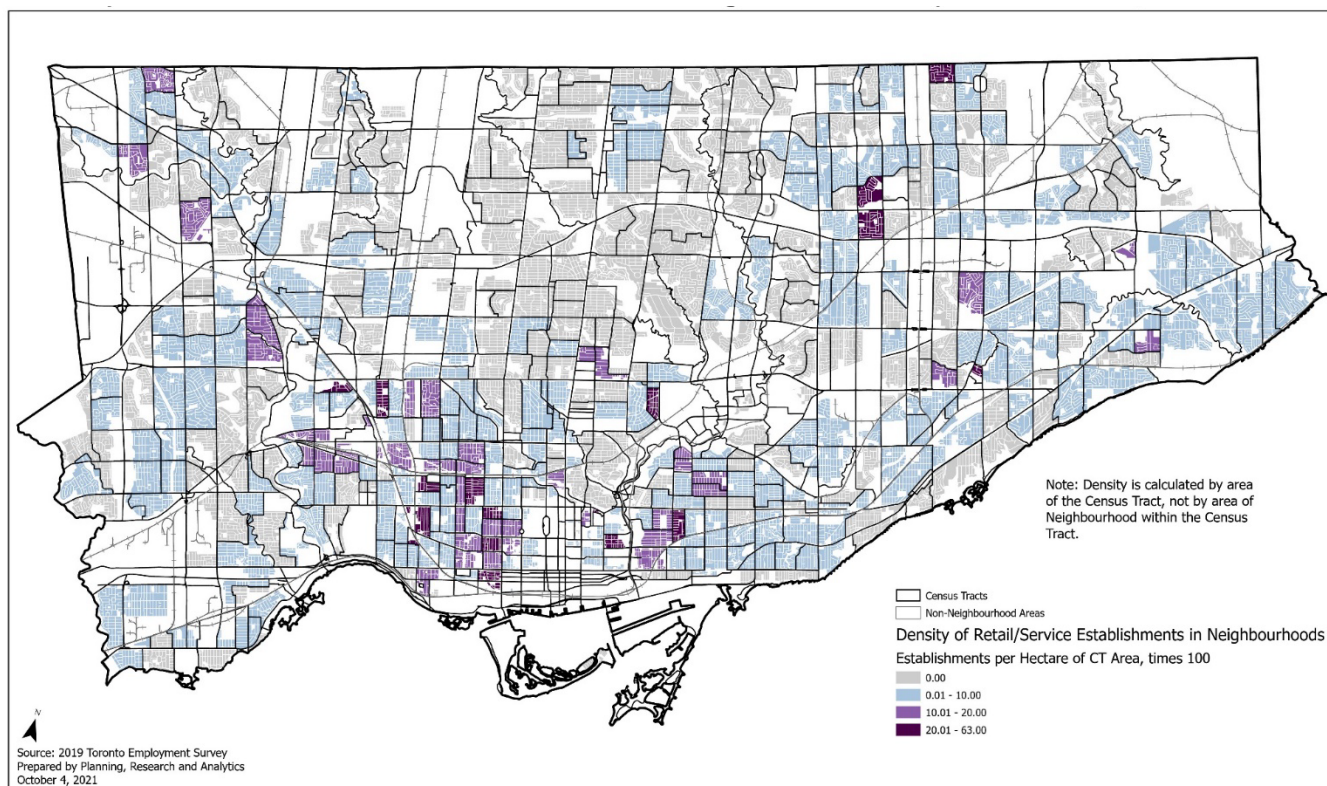
Attachment 4– Toronto Property Development Map 1915

Plan Showing Development of Property from the Report to the Civic Transportation Committee on Radial Railway Entrances and Rapid Transit for the City of Toronto Volumes I and II, 1915

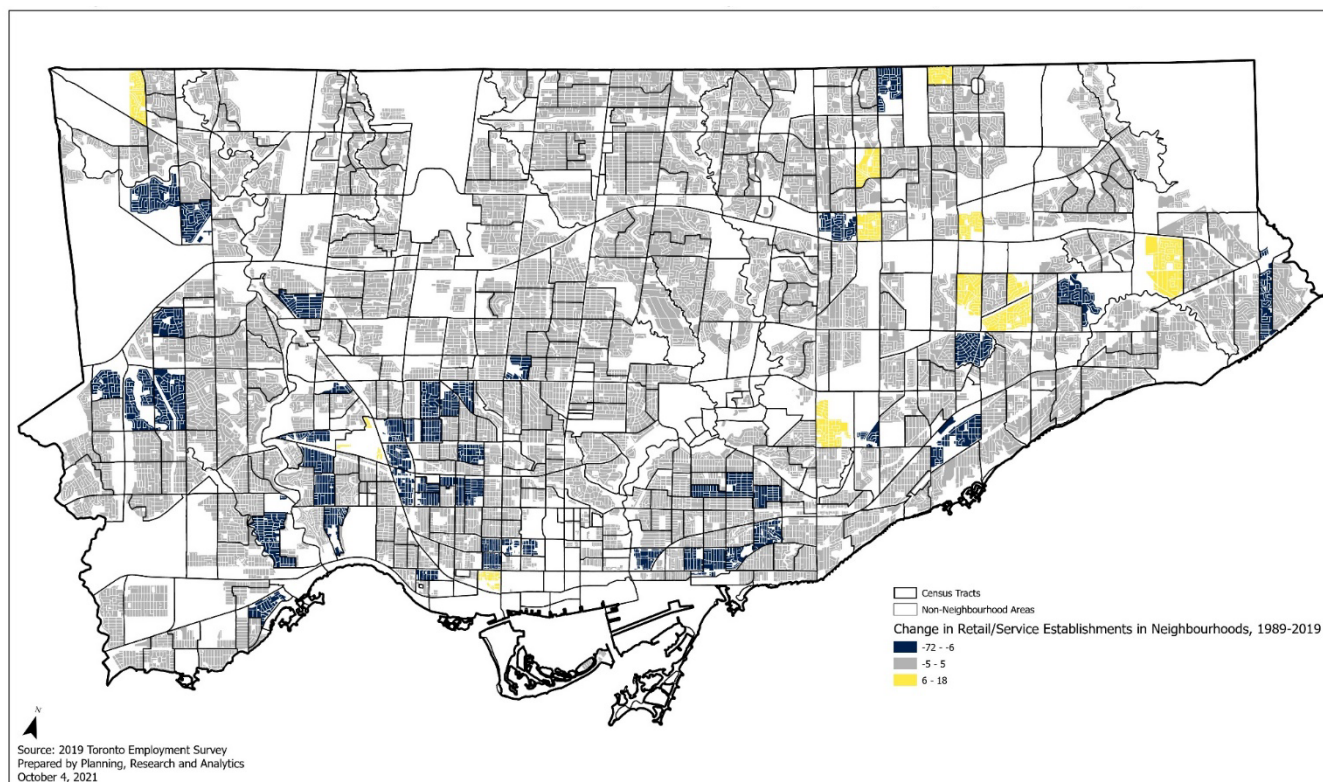


(Source: R.C. Harris, F.A. Gaby, & E.L. Cousins. Report to the Civic Transportation Committee on Radial Railway Entrances and Rapid Transit for the City of Toronto Volumes I and II, 1915. Accessed from https://maps.library.utoronto.ca/datapub/digital/HE_4509_T62_A4_V2/ on May 10, 2022.)

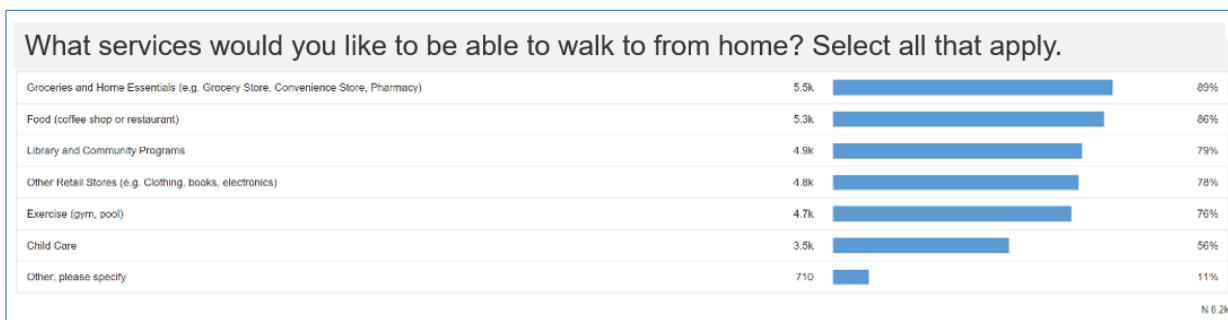
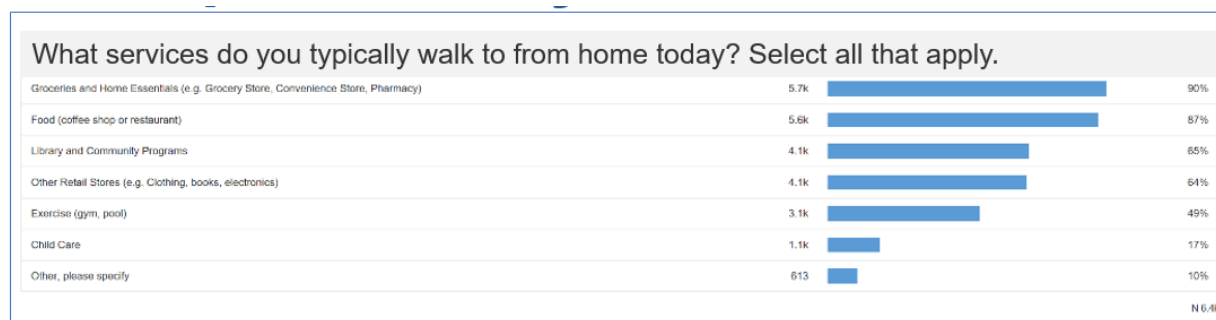
Attachment 5: Density of Retail and Service Establishments in Neighbourhoods by Census Tract, 2019



Attachment 6: Change in Retail and Service Establishments in Neighbourhoods by Census Tract, 1989-2019



Attachment 7: Multiplex Survey Results (2021)






Attachment 8: EHON Survey of Registered Community Associations (June 2020)

IMPACT ON SERVICES, AMENITIES AND INFRASTRUCTURE

There is the expectation that housing more people in neighbourhoods would either put increased pressure on local services, amenities and infrastructure (61%) or that the impact will vary depending on the service/nature of change (31%).

- Few associations (8%) believe this population increase could be managed by local services.
- Of note, no associations in Etobicoke York and Scarborough agree that an increased population could be managed in their neighbourhoods.

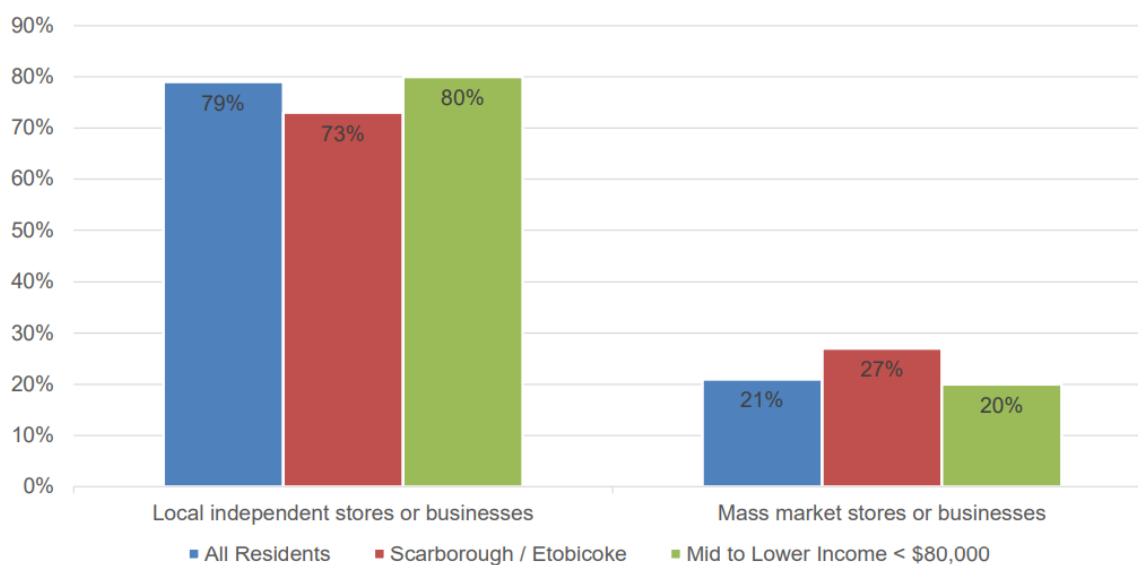
	CITYWIDE	Community Planning Districts			
		Etobicoke York	North York	Toronto and East York	Scarborough
	n=101	16	26	49	10
	%	%	%	%	%
An increased population could be managed by local services	 8	-	12	10	-
An increased population could put pressure on local services	 61	63	69	57	60
Impacts will vary depending on the service and nature of change	 31	38	19	33	40

Attachment 9: Retail Main Streets Survey 2019

Shopping Behaviour – Detailed Analysis



In general, which TYPES OF BUSINESSES do you prefer when purchasing goods and services?



Shopping Behaviour – Detailed Analysis



Overall, do you feel the current offering of goods and services that are available in YOUR NEIGHBOURHOOD MEETS YOUR NEEDS? N = 4785

