

Expanding Housing Options in Neighbourhoods – Neighbourhood Retail and Services Study Phase Two Proposals Report

Date: April 23, 2024

To: Planning and Housing Committee

From: Interim Chief Planner and Executive Director, City Planning

Wards: All

SUMMARY

This report presents a proposed zoning approach to permit certain small-scale retail, service and office uses on Residentially-zoned properties within Neighbourhoods city-wide. The report seeks endorsement of the Planning and Housing Committee to undertake continued consultation on the proposed zoning approach.

The Neighbourhood Retail and Services study is part of the Expanding Housing Options in Neighbourhoods (EHON) work program, which is a set of initiatives and strategies to introduce gentle intensification within designated Neighbourhoods in a form that makes efficient use of land, infrastructure and existing services. Neighbourhood Retail and Services are small-scale retail, service and office uses meant to support walkable and complete communities. This initiative supports and benefits from the development of new homes in Neighbourhoods driven by the EHON initiatives as well as other City initiatives.

The proposed draft Zoning By-law would provide as-of-right zoning city-wide with changes differentiated based on the location and type of streets. The first group are the major streets identified on the Official Plan Map 3. These streets act as thoroughfares and transportation corridors, as well as the edges and boundaries of the Neighbourhoods. The second group are the spectrum of less active streets that make up the interior of Neighbourhoods, and include collector roads, local roads and laneways as defined in the City's [Road Classification System](#).

On major streets, a broad range of retail, service and office use options are proposed to be permitted in a variety of building types, including the potential for a commercial-only building. These uses include but are not limited to an art gallery, wellness centre, production studio, repair shop, personal service shop, eating establishment, social club, and performing arts studio.

In the interior of Neighbourhoods, the range of proposed uses would be limited to a small retail store, with permissions for the serving of hot beverages and low-risk or pre-packaged, ready-to-eat food items that would allow the store to serve as a local café. Locations would be limited to corner sites and sites adjacent to existing non-residential uses, such as schools and parks.

Additional flexibility would also be provided for home-based businesses in all locations to accommodate up to two employees in addition to the resident of the home and to allow customers or clients to visit the premise for services. Home occupations would also be permitted to operate out of ancillary buildings, such as a rear garage. In all cases, a cap on non-residential gross floor area would limit the size of an individual establishment as well as the total non-residential floor area in a building.

These proposals reflect the direction of Official Plan Amendment 612, approved in July 2022 which updated Policy 4.1.3, adding language that supports new small-scale retail, service and office uses in Neighbourhoods. The proposed zoning approach is informed by an ongoing study workplan, including research and analysis of existing conditions and other jurisdictions, as well as consultation with City staff, stakeholders, and the business community.

The draft Zoning By-law appended to this report will form the basis of a city-wide consultation program, proposed for May and June 2024, to inform a refined Zoning By-law Amendment and final report to be brought to Planning and Housing Committee for consideration in late 2024.

RECOMMENDATIONS

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

1. Planning and Housing Committee direct the Chief Planner and Executive Director, City Planning, to continue consultation on the proposed zoning by-law framework, with outreach to residents' associations, industry, City divisions, and other stakeholders, and report back with recommended Zoning By-law amendments in the fourth quarter of 2024.

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.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact Section.

EQUITY STATEMENT

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.

Expanding housing options in neighbourhoods is an important step towards increasing and accelerating the creation of a diverse range and mix of housing options, and neighbourhood amenities, to accommodate people at all stages of life, and to accommodate the needs of all household sizes and incomes.

Broadening the types of retail, service and office uses available in low-rise Neighbourhoods creates the potential for local, accessible, and culturally appropriate amenities for nearby residents, leading to a more equitable and inclusive community. The proposed changes would also allow more people to operate a business out of their home or to open a retail store on the ground floor of their residential unit, providing a more affordable entry-point for prospective small business owners.

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 a 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 and Rebuild.

The draft policies proposed by the Expanding Housing Options in Neighbourhoods - 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. The increased availability of goods nearby to where people live may also contribute to the reduction in online shopping and delivery of goods which generates carbon emissions and packaging waste. 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.

As Toronto looks to rebuild and recover after COVID-19, the Expanding Housing Options in Neighbourhoods initiative can directly advance recommendations laid out in EHON - Neighbourhood Retail and Services Study Phase Two Proposals Report

the Towards Recovery and Building a Renewed Toronto report (<https://www.toronto.ca/legdocs/mmis/2020/ex/bgrd/backgroundfile-157346.pdf>).

Specifically, Recommendation 68, within the Resilience section 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.”

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 Neighbourhood Retail and Services.

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

On July 21, 2022, City Council received the Neighbourhood Retail and Services Final Report Phase One, and adopted Official Plan Amendment 612, and Zoning By-law Amendment 820-2022 with respect to home occupation permissions in Residential zones.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.PH35.1>

On May 10, 2023, City Council adopted OPA 649 and Zoning By-law 569-2013 Amendment 474-2023, to update permissions and performance standards for duplexes, triplexes, fourplexes and secondary suites as part of the EHON Multiplex Study, and direct the Chief Planner and Executive Director, City Planning to monitor the implementation and effectiveness of OPA 649 and ZBLA 474– 2023.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.PH3.16>

On September 28, 2023, 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: Major Streets Study - Proposals Report as the basis to continue consultation on the draft Official Plan Amendment and proposed zoning by-law framework, with outreach to residents' associations, industry, city divisions, and other stakeholders, and report back with recommended Official Plan and Zoning By-law amendments in the first quarter of 2024.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.PH6.4>

On November 8, 2023, City Council adopted Zoning By-law amendments to permanently expand a range of permissions for outdoor patios on private property, including permitting outdoor patios in the Commercial Local (CL) zone.
<https://secure.toronto.ca/council/agenda-item.do?item=2023.PH7.2>

PROPOSAL

The purpose of this report is to present a proposed zoning approach to permit certain retail, service and office uses on Residentially zoned properties in Neighbourhood-designated areas city-wide. The report proposes a more extensive list of permitted uses on major streets and more limited permissions on streets in the interior of Neighbourhoods. Changes are also proposed to home occupations permissions in all areas. These proposals reflect the direction of Official Plan Amendment 612, approved by City Council in July 2022, which updated Policy 4.1.3. The proposed amendments are intended to inform a city-wide consultation program.

The proposed Zoning By-law amendment focusses on changes to existing Residential zones. There are five Residential zones in Toronto: R, RD, RS, RT, and RM zones. The proposed changes provide equal flexibility to all five zones with the understanding that specific projects will differ based on the local context, with zone-specific land use regulations, such as setbacks, to be based on the existing standards in each zone. This is the same approach taking by the Multiplex and Major Streets initiatives as part of EHON.

The proposed draft zoning bylaw applies to all building types equally, with changes differentiated by location. In all cases, a cap on the gross floor area (GFA) of the retail, service and office uses, would limit the size of an individual establishment and the total scale of these uses in a building.

Major Streets

A broad range of retail, service and office uses would be permitted on all Residentially-zoned sites located on the Major Streets.

Additional permitted land uses would include:

- Community and cultural uses, such as an art gallery, educational use, performing arts studio or club;
- Dining, such as an eating establishment or take-out eating establishment;
- Production and/or office uses, such as an artist studio, custom workshop or office;
- Retail, personal and pet services, such as a retail store, retail service or pet service.

See Attachment 6 for a full list of uses proposed to be permitted on Major Streets.

On these sites, the maximum interior floor area (GFA) of a single retail, service and office use is proposed to be capped at 150 square metres (about 1,600 square feet). In an apartment building, a maximum of 85 percent of the ground floor would be permitted to be used for retail, service and office space, and the total of all of this non-residential space would be 400 square metres (4,300 square feet). If located in a building other than an apartment building, the maximum interior gross floor area of all retail, service and office uses is proposed to be restricted to 250 square metres. There is no minimum size requirement proposed.

The proposed zoning approach would permit these new uses in the same building as residential uses and also in stand-alone non-residential buildings. Retail, service, and office uses are limited to the ground floor of the building aside from an office, medical office or education use. The entrance to the non-residential space must be located off of the major street. There are currently no restrictions proposed based on building type, so uses could be integrated into the ground floor of an apartment building, a detached home, semi-detached home or townhouse, for example. There are also currently no restrictions proposed regarding eating establishments along Major Streets, provided they comply with other existing city policies.

Neighbourhood Interior

In the interior of Neighbourhoods, permissions for new retail, service and office uses would be limited to specific sites, notably corner sites, as well as sites adjacent to existing non-residential uses, such as schools and parks which often act as community nodes within neighbourhoods. Uses proposed to be permitted are narrower in scope, limited to a retail store. The retail store in this context would have permissions for an ancillary use as a small eating establishment or take-out eating establishment that would be permitted to serve hot drinks and pre-packaged or low-risk food items, but not a full-scale kitchen and restaurant. This would allow for the establishment to serve as a small, low impact neighbourhood cafe. Individual businesses would be capped at 110 square metres (about 1200 square feet).

GFA Calculations

Certain parts of the building are proposed to be exempt from the maximum GFA calculation consistent with how these uses are permitted in other zones. For example, space used for mechanical equipment would be excluded. On major streets, in the case of an eating establishment or a take-out eating establishment, the calculation would exclude the areas used for associated offices, storage rooms, and staff rooms located in the basement.

Home Occupations

The third set of proposed changes address permissions for home occupations. Home occupation regulations apply to anyone conducting business from their home. The proposed by-law would permit up to two employees, in addition to the resident of the home. For certain uses, including offices, artist studios and production studios, the bylaw change would also remove the prohibition against allowing clients or customers to attend a home occupation. Currently, only an education use is excluded from this

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prohibition. Home occupation permissions would also be extended to ancillary buildings, such as a rear garage or shed, provided they conform with all relevant zoning and building code regulations. This would grant residents the option to operate their business in the part of their home that they deem most appropriate. Businesses operated as Home Occupations would therefore have the flexibility to use as their business entrance on the front, side or rear of the property as a business entrance, including off a laneway, subject to the characteristics of the site and the needs of the resident / business owner.

Outdoor Patios and Display of Goods

Both on major streets and in Neighbourhood interiors, the proposed draft Zoning By-law amendment would allow a small amount of complementary outdoor space to support some uses. Both the outdoor display of goods and outdoor patios are proposed to be permitted to a maximum of 10 square metres (about 108 square feet).

Patios are proposed to only be permitted in conjunction with a retail store, take-out eating establishment or eating establishment. There would be a requirement for a barrier fence along the lot line portion of any patio from the neighbouring lot, as well as a required one-metre setback. Patios are not permitted above the first floor. Music and dancing is not permitted.

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”)

At the time of writing this report, the Provincial Policy Statement (2020) is in effect and 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.

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

The Ministry of Municipal Affairs and Housing has introduced a proposed change to the Growth Plan (2020) and the Provincial Policy Statement (2020), to combine these provincial policy documents into a single policy instrument, the Provincial Planning Statement. The outcome and policy implications of this initiative are not known as of writing this report.

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

A Place to Grow: Growth Plan for the Greater Golden Horseshoe (2020) came into effect on August 28, 2020, and 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;"

At the time of drafting this report, the Growth Plan (2020) remains as a relevant provincial plan, to which it is necessary to have Official Plan policies and Zoning By-law regulations conform. The Ministry of Municipal Affairs and Housing has introduced a proposed change to the Growth Plan (2020) and the Provincial Policy Statement (2020), to combine these provincial policy documents into a single policy instrument, the Provincial Planning Statement.

City of Toronto Official Plan

The City's Official Plan is founded on a growth management strategy which steers growth and change to some parts of the city, while generally limiting significant change in other areas. The Centres, Avenues, Mixed Use Areas, Regeneration Areas, Employment Areas and Institutional Areas absorb most of the anticipated increase in jobs and population.

On June 15, 2022, City Council approved Official Plan Amendment 583 which updated the environment and climate change policies, including policies addressing net zero and climate change, resilience, and adaptation. OPA 583 is pending Ministerial approval and will come into effect upon Provincial approval.

Section 3.5.5 of the Official Plan addresses The Future of Retailing. Policy 3.5.5.1 notes that "A strong and diverse retail sector will be promoted by (a) permitting a broad range of shopping opportunities for local residents and employees in a variety of settings.(d) supporting retail opportunities in a form that promotes pedestrian and transit use; and (e) encouraging stores selling fresh food in areas currently lacking pedestrian access to fresh food. Policy 3.5.5.5 notes that zoning may provide for a maximum store or commercial unit size.

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." A key objective of the Plan is that new development be sensitive, gradual and "fit" the existing physical character to respect and reinforce the general physical patterns in a Neighbourhood. Approximately 35 percent of the land in Toronto is designated *Neighbourhoods* on the Official Plan Land Use Map.

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. It was updated in 2022 through Official Plan Amendment 612, based on work completed in Phase One of the Expanding Housing Options in Neighbourhoods – Neighbourhood Retail and Services Study.

Following the amendment, the policy more clearly highlights the value of these uses in encouraging complete, connected communities, and contributing to amenity, sustainability, equity, diversity, and vitality. It supports existing small-scale retail, service and office uses and notes that new uses of this type may be permitted subject to the following criteria:

- 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; and
- c. serve the needs of residents in an effort to reduce local automobile trips.

Policy 4.1.5 further specifies that proposed development within a Neighbourhood will be materially consistent with the prevailing physical character of properties in both the broader and immediate contexts.

Section 2.3.1 of the Official Plan discusses *Healthy Neighbourhoods*. *Policy 10 notes that* "Small-scale commercial, community and institutional uses are encouraged at grade in apartment buildings and on apartment building properties on major streets shown on Map 3 in Neighbourhoods".

Map 3 - Right-of-Way Widths Associated with Existing Major Streets, introduces and identifies the major streets which provide connectivity across the city. Major streets are identified on this map to highlight the significant transportation corridors which support traffic flow planning for surface multi modal transportation, shipping, and delivery routes, including planning for public transit. Map 3 also shows the planned widths for these corridors.

Of the approximately 1,200 km of major streets, about 10 percent (or 250 km of frontage) is designated *Neighbourhood*. The Neighbourhoods designated parcels along Map 3 are the focus of the work of the EHON Major Streets team.

Zoning By-Law 569-2013

On May 9, 2013, City Council enacted City-wide Zoning By-law 569-2013. The purpose of the new city-wide zoning by-law was to harmonize 43 former municipal by-laws from the pre-amalgamated City into one zoning by-law. The city-wide Zoning By-law comprehensively regulates all land uses, buildings and structures and applies to most of the City of Toronto. A final order issued by the Ontario Land Tribunal on November 30, 2022, concluded outstanding appeals to the regulations in the by-law's Residential zone category.

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 reflects the absence of permissions for these types of uses 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.

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 legally non-conforming or 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.

The rezoning and minor variance application processes can be both cost- and time-prohibitive for small businesses, creating a 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." Specific Use Regulations relating to Home Occupations are described in section 150.5 of the By-law.

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 percent 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.

Regulations applying to Home Occupation were amended in 2022 through By-law 820-22, based on work completed in Phase One of the Expanding Housing Options in Neighbourhoods –Neighbourhood Retail and Services Study. Through this amendment, permissions that had previously been limited to the R zone, were equalized across all five zones in the Residential zone category. These permissions are:

- Personal service shops are permitted if they are a barber, hairdresser, 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 typically take the form of commercial plazas and do not include permissions for residential uses. They are found primarily within the geographic areas of the former cities of Etobicoke and Scarborough, with some sites in the former cities of East York, North York and York as well. 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

This section provides further description of the rationale underpinning the proposed Zoning By-law changes described in the Proposal section. The directions discussed in this section were developed through the consultation and research program described in the following sections and in Attachments 3 and 4.

The proposed Zoning By-law amendment is drafted to better align the By-law with the Official Plan, notably Official Plan Policy 4.1.3 which was updated in 2022.

Official Plan Policy 4.1.3 policy notes that new small-scale retail, service and office uses may be permitted in Neighbourhoods without the need for a Zoning By-law Amendment provided that they meet certain criteria. The criteria can be divided into three categories:

1. Location, meaning that locations of these uses are compatible with and integrated into the Neighbourhood.
2. Physical Scale, meaning that the scale of these uses is compatible with and integrated into the Neighbourhood.
3. Adverse Impacts and Use, meaning that regulations should ensure that these uses serve the needs of residents while minimizing noise, parking, delivery, loading and others adverse impacts.

The proposed Zoning By-law provisions identifying appropriate uses, their location, size, and other criteria are based on the goal of addressing these criteria.

Location

Location is the fundamental organizing element of the proposed Zoning By-law changes.

The proposed by-laws reflect five directions with respect to location:

1. Permit a broad range of uses on major streets;
2. Permit more limited, neighbourhood focussed uses on interior streets;
3. Prioritize corner sites on interior streets;
4. Leverage existing neighbourhood amenities (parks, schools, commercial sites); and;
5. Provide more flexibility for Home Occupations, including allowing them to operate in ancillary buildings, including on laneways, and permitting a small number of employees and/or customers.

Major streets are the logical location to focus additional retail, service and office uses given their current role as the city's main thoroughfares and transportation corridors, as well as the edges and boundaries of the Neighbourhoods. These streets typically have bus service and sidewalks and, in some cases, short term Toronto Parking Authority parking. Through the research and consultation process, sites on transit routes were highly correlated to existing businesses and were identified as preferred sites through the business survey.

This existing role of major streets have the potential to be further enhanced with the adoption of proposed Zoning By-law amendments supporting gentle intensification

along these corridors developed through the Expanding Housing Options in Neighbourhoods Major Streets project. Consultations on these proposals have recently concluded. A final report including an Official Plan Amendment and Zoning By-law Amendment is to be considered by Planning and Housing Committee on the same agenda as this report.

Major streets provide opportunities for retail, service and office uses in areas within walking distance of Neighbourhood homes, as many residents live within 500 metres and even 250 meters of these streets. These streets are also more accessible to users from other parts of the city who can access them without entering the interior of the neighbourhoods. Major streets providing the opportunity for customers, clients, and employees to access businesses via transit, walking, and short term paid parking, mitigating parking and other nuisance impacts in neighbourhoods. As a result of these access advantages, the proposed by-law requires that primary entrances to these sites be provided from the major street. Secondary access may be provided off of other frontages, including laneways where relevant.

While major streets provide the greatest opportunities, the distance between major streets create large blocks that leave many Neighbourhood residents more than 500 metres walking distance from major streets sites. Furthermore, through consultations the team heard significant interest in two primary uses within Neighbourhoods – local convenience grocery stores and small coffee shops. Through consultations, preferences were identified for corner sites, as well as sites adjacent to existing non-residential uses.

In the Toronto and East York community planning district in particular, corner sites have historically been the location of neighbourhood retail and services, many of which have been converted to residential uses in recent decades. The proposed by-law would support new uses along similar lines and would potentially allow business owners to re-establish retail, service and office uses on sites where they historically existed. Some of these buildings still have urban design characteristics that are appealing for neighbourhood businesses, including larger windows, more accessible entrances, and higher ceilings.

Similar to transit routes, research on existing businesses found that they tended to locate on corner sites, indicating that these sites tend to be more successful locations.

In North York, Scarborough and Etobicoke York districts, many neighbourhoods did not historically have businesses within neighbourhood interiors. Existing neighbourhood hubs, such as parks, schools and other non-residential uses were identified as desirable sites for new retail, service and office uses in these areas. For example, the team heard that in many parts of the city, convenience stores are more commercially viable when they are close to high schools and can attract staff, students, and parents.

A small-scale Retail Store allowing for an ancillary Eating Establishment or Takeout Eating Establishment use is proposed to be permitted in neighbourhood interiors. This would allow, for example, a small convenience store, grocery store or cafe. The proposed by-law does not specify the location of the entrance to the commercial unit, providing flexibility for access to be provided from any of the fronting streets, including a laneway. Attachment 6 includes the Zoning By-law definitions for each of these uses.

During the consultation process, some participants identified laneways as appropriate locations for retail, service and office uses, for reasons including the fact that rear garages may allow for commercial spaces to be established at lower cost than other spaces.

Some of the proposed zoning by-law changes noted above will provide opportunities on laneways. Most notable is the proposed removal of the prohibition on Home Occupations in ancillary buildings. This would provide new home occupation options in rear garages and other laneway buildings. Other sites, on major streets and neighbourhood interiors, which have proposed retail, service and office uses would have the option to provide access from a laneway as appropriate to the site.

Laneways, however, are more challenging for access than other street types. They are narrow and are often actively used by residents to travel to and from their homes and, in some cases for leisure activities. Broadly speaking, for public-facing retail, service and office uses, it is more appropriate for access to be provided off the primary street rather than the lane. The project team therefore is not proposing city-wide as-of-right permissions for laneways in neighbourhood interiors. There may be specific sites where such a use may be appropriate and, in those cases, a site-specific application, such as a minor variance, is an available route.

Physical Scale

The proposed by-laws reflect the following directions with respect to physical scale:

1. “Think Inside the Box”: Maintain existing residential zoning by-law rules for building height, density, setbacks and massing, which provide sufficient space for retail, service and office uses on the ground floor, including in within a garage.
2. Identify maximum GFA for retail, service and office uses based on typical historical small-scale unit sizes, with higher GFA permitted on major streets (150 square metres per unit) as compared to interior streets (110 square metres per unit).
3. Impose no minimum GFA for non-residential unit size to preserve flexibility.
4. On major streets sites, differentiate total building non-residential space from individual unit sizes (400 square metres for apartments, 250 square metres for other buildings).
5. Maintain existing home occupation rules restricting building alterations and limiting total GFA to lesser of 100 square metres or 25 percent of total building.

In general, the proposal zoning approach maintains and reinforces the existing physical structure of the Neighbourhoods. At the site level, the approach is consistent with the approach articulated in the EHON Multiplex Study of “Thinking Inside the Box” of existing building scale and zoning provisions. The proposed draft Zoning By-law amendments recommend permitting small-scale retail, service and office uses within the existing permitted built form of the Residential zones, proposing no new permissions related to the height, scale or massing of buildings. Similarly, no new changes are

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proposed to permissions or requirements for parking or loading spaces. Proposed size permissions are well below the requirements for a loading space, which only apply to commercial spaces sized 500 square metres or greater. The proposed non-residential uses would be permitted to intermix with residential uses in the same building or exist within stand-alone commercial buildings. The new uses are intended to provide amenities within walking distance of residents, whether they are travelling from home or returning to home via a transit stop.

On major streets, the proposed maximum interior GFA for retail, service and office uses is 150 square metres (about 1,600 square feet) per unit, approximately the same as common retail store size with dimensions of a 6-metre frontage and a 24-metre depth, or a 20-foot frontage and 80-foot depth. In apartment buildings, a total maximum of 400 square metres is permitted for retail, service, and office uses, which matches the standard for apartments in the RAC zone. The limit of 85 percent of the ground floor space allocated to non-residential uses provides the opportunity to animate the ground floor with retail, service and office uses while maintaining the basic requirements of a residential building such as a lobby and elevator. A separate, smaller building cap of 250 square metres is proposed for buildings other than apartment buildings and would apply to the conversion of a house into a standalone commercial building.

On interior streets, the proposed maximum interior GFA for the permitted retail, service and office uses is 110 square metres (1184 square feet). This would accommodate the equivalent of a common retail store size with dimensions of a 6-metre frontage and 18-metre depth (108 square metres), or a 20-foot frontage and 60-foot depth. The sizing is slightly above the existing maximum interior floor area for Home Occupations, which is the lesser of 100 square metres or 25 percent of the residence. There is no minimum size requirement proposed. The non-residential use within the interior of Neighbourhoods is proposed to be located on the ground floor of the building.

The 10 square metres (about 108 square feet) limit for outdoor display of goods and outdoor patios is consistent with the size established in the RAC zone for areas abutting a dwelling unit.

Adverse Impacts and Use

The Zoning By-law seeks to maximize positive impacts - amenities and benefits for residents - while minimizing adverse impacts. The key conclusions pertaining to the appropriate small-scale retail, service and office uses in Neighbourhoods drawn from the research and analysis and stakeholder discussions include:

1. On interior streets, provide opportunities for the benefits of a small retail store and coffee shop, while restricting permissions for on-site food preparation to avoid the need for loud machinery, waste, and odours.
2. Maintain existing use permissions for Home Occupations but create flexibility to allow customers and clients for certain uses, as well as a limited number of employees.
3. Ensure waste and recyclable materials for non-residential uses is required to be stored within an enclosed building.

4. Avoid uses identified as most likely to create adverse impacts in Neighbourhoods, such as an animal shelter or kennel, manufacturing, and car-centric uses (vehicle repair, service, washing).

5. Focus non-residential uses on the ground floor, with some office and education permissions on the second floor or in the basement.

6. While certain nuisances can be addressed through zoning, many are more appropriately addressed through enforcement of existing City by-laws such as the Property Standards Bylaw and Noise By-law.

For guidance on how to draw the line between different categories of food preparation, the team looked at Health Protection and Promotion Act, Ontario Regulation 493/17, which deals with food premises. This regulation exempts from certain provisions “food premises that sell or offer for sale only hot beverages or pre-packaged, low-risk food items”.

With respect to Home Occupation uses, the team explored options for removing some existing zoning provisions which largely prohibit home-based businesses from having employees and seeing customers and clients on-site. This is in response to requests for such flexibility received from the business community through the consultation process and the anecdotal understanding of the project team that a number of existing home-based businesses across the city currently see a limited number of customers and accommodate employees with minimal disruption.

In general, the size restriction of 100 square metres or 25 percent of the total interior floor area naturally restricts the number of people that could work or receive service at the home occupation, which combined with the other bylaws, such as the noise bylaw and street parking restrictions, further limits the level of adverse impacts.

Consultation with other City staff noted that, notwithstanding the dramatic increase in home-based work through the COVID pandemic, there are few complaints related to home-based businesses, and when they do arise it can be challenging to determine if a business is operating out of a private residence. It is particularly difficult to enforce a limitation on receiving clients, as it requires enforcement staff to discern between a residential visitor and a commercial client on a case-by-case basis. With regards to employees, an enforcement officer could identify a situation in which a significant number of employees is causing a regular parking disruption on the street and would be able to identify the presence of office space in the home that exceeds the allowances of the bylaw.

With these observations in mind, the proposed Zoning By-law provides allowances for a limited number of employees, setting a cap at two employees in addition to the resident. The prohibition on customers and clients is removed for certain named uses - education use, artist studio, office, pet services, production studio, service shop and custom workshop.

The provisions for maintaining waste storage in an enclosed building is derived from the current provisions in the CR (Commercial Residential) zone, with the goal of protecting EHON - Neighbourhood Retail and Services Study Phase Two Proposals Report

building residents and neighbours from unpleasant odours and mess. Options for indoor waste storage would include the basement of the primary building or in an ancillary building, such as a shed or garage.

Research and Consultation Process Summary

Research included:

- Internal consultation with City staff from across City Planning, including the other Expanding Housing Options in Neighbourhoods teams, Municipal Licensing and Standards, Toronto Buildings and Economic Development. Discussions pertained to the building code, licensing, sign bylaw, night economy and other related matters.
- A study of Committee of Adjustment applications for non-residential uses in Neighbourhood-designated areas between January 2018 and November 2023, with a particular focus on applications submitted since the July 2022 Official Plan change.
- Examination of the 2022 Toronto Employment Survey for patterns related to non-residential uses in Neighbourhood designated areas including location characteristics.
- Jurisdictional scans of related initiatives and by-laws in other cities, including cities in southern Ontario, Vancouver, and the United States.
- A review of Toronto policy documents and bylaws dealing with retail policies, including Secondary Plans, Heritage Conservation Districts, neighbourhood planning studies and the Retail Design Manual.

Stakeholder consultations included:

- A dedicated City of Toronto web page, "[Local Neighbourhood Retail & Services](#)", was established to describe the study. An Independent Small Business and Community Service Survey posted on the project web site was open in August and September 2023 directed at existing and prospective small business owners and community service providers, as well as industry professionals such as planners and architects, BIAs, and other associations. The survey was promoted on social media and through stakeholder networks such as the Toronto Association of Business Improvement Areas (TaBIA) and the United Way.
- Stakeholder meetings were held with associations, in small group discussions with industry professionals, and with retail knowledge experts. This included the Toronto Board of Trade, Toronto Regional Real Estate Board, the Toronto Association of Business Improvement Areas, various architecture and planning firms, and researchers from the University of Toronto and Toronto Metropolitan University.

- Meetings with individuals and professionals who have previously established retail, service and office uses in Neighbourhoods and those currently proposing or considering such projects.

CL Zones and Strip Plazas

The Neighbourhood Retail and Services Study scope of work initially included a study of strip plazas located in Neighbourhoods, typically located in Commercial Local (CL) zones. This was due to the fact that such plazas are an important existing location of retail, service and office uses. In 2023 however, City staff initiated a city-wide study of all commercial strip plazas, including those in CL zones, both within Neighbourhood-designated areas and outside of them. The study is called “Plaza Point of View (POV): Strip Plaza Study”. The goal of the project is to determine their current and potential future role in communities across Toronto, considering economic, social, and cultural factors. The web site for this study is here: <https://www.toronto.ca/city-government/planning-development/planning-studies-initiatives/strip-plaza-study/>. Study of these plazas and related recommendations have therefore been integrated within this Strip Plaza Study rather than the EHON Neighbourhood Retail and Services project.

Community Services

Early in the project, the team explored the potential links between this project and community services and facilities. The team determined that community services are already appropriately addressed in the existing bylaw or through other processes, and further study is thus out scope for this project. Examples of such services include public schools, community centres, fire stations and places of worship. The team did determine that some community services, such as employment agencies and private education (e.g., after school programs) are in scope and these are provided for in the major streets use permissions.

A comprehensive summary of the research and consultation program is included in Attachment 4.

Public Consultation Work Plan: Spring – Summer 2024

Staff are proposing to undertake community and industry consultation in Spring and Summer 2024.

This consultation program will consist of the following events, and opportunities for the public, local stakeholders, development industry representatives, and equity deserving groups to provide their input:

In-person Public Consultation Events and Toronto-wide Virtual Events

Four in-person, drop in events are proposed in May and June 2024 – one to be held in each Planning District. Two city-wide virtual events are also proposed within this time period.

These sessions will provide an opportunity for the Neighbourhood Retail and Services project team to be available to present the project and answer questions in person. These events will include background information, information about and drafts of the proposed amendments, and provide the ability for residents to respond to a new public survey and provide comments.

The team will also seek additional opportunities to engage residents. Tools used in past phases of the project have included neighbourhood walks, Reddit AMAs, Residents Association Meetings, and engagement through the local Councillor's offices.

Stakeholder Follow-Up Consultations

The project team will follow up with stakeholders engaged through the previous round of consultation, including BIAs, business owners, industry professionals and associations such as the Board of Trade and TRREB.

Webpage and Online Survey

Additionally, the project webpage (<https://www.toronto.ca/city-government/planning-development/planning-studies-initiatives/local-neighbourhood-retail-and-services/>) is to be updated with all of the materials necessary for those that are interested to be able to review all of the materials, and to provide input through an online survey. The webpage will have summary documents outlining the key considerations, the draft amendments and provide enough information for informed input to be provided by stakeholders, including members of the public.

CONCLUSION

The EHON Neighbourhood Retail and Services study aims to support the other EHON initiatives by reducing barriers and restrictions for small-scale retail, service and office uses to locate in Toronto's residential neighbourhoods. With more people working from home than ever before and with anticipated additional residential density, there is a greater need for neighbourhood amenities to serve existing and future residents. The benefit to the city's Neighbourhoods is thus an important addition to the mosaic of increased density and residential land use permissions that are being facilitated by the EHON initiatives.

The proposed Zoning By-law 569-2013 Amendments discussed and included in this report will be consulted on, and developed further to arrive at a planning policy framework that supports the introduction of small-scale retail, service and office uses in Neighbourhoods in Toronto, both along Major Streets and more limited sites within the interior of Neighbourhoods. Based on direction from the Planning and Housing Committee, the Neighbourhood Retail and Services team will continue its analysis and consultation through Q2 2024, targeting final recommendations in late 2024.

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ATTACHMENTS

Attachment 1: Draft Zoning By-law Amendment: Commercial Use Permissions in the Residential Zone Category

Attachment 2: Draft Zoning By-law Amendment: Specific Use Regulations, Home Occupations

Attachment 3: Survey Results Highlights

Attachment 4: Research and Consultation Summary

Attachment 5: Major Streets Maps – Planning Districts

Attachment 6: Proposed Permitted Uses on Major Streets – Zoning By-Law Definitions