

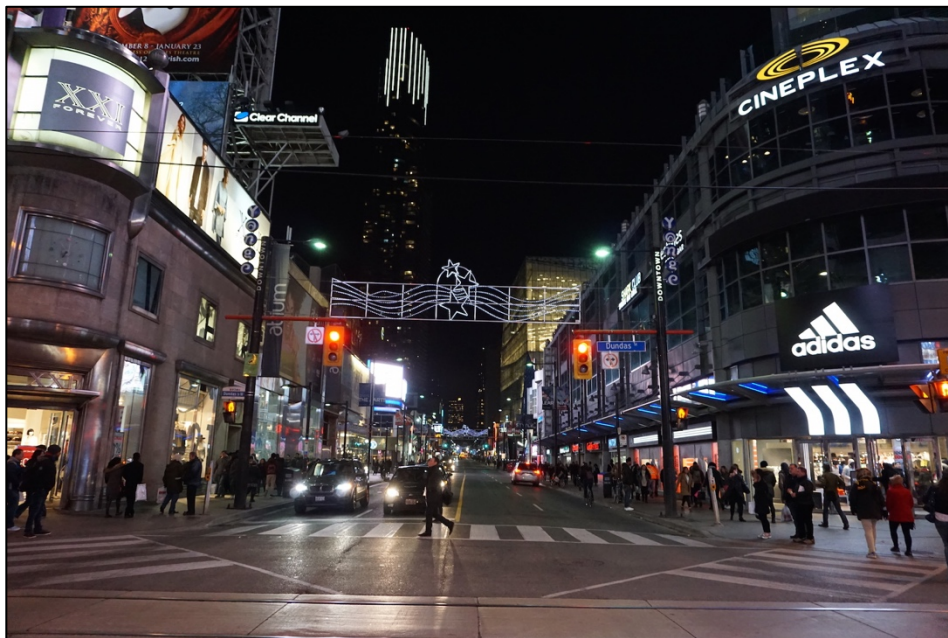
TOcore

Retail and Service

Commercial Land Use Study

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**December 2015**



*Yonge Street at Night, Source: J.C. Williams Group*

**Prepared by:**

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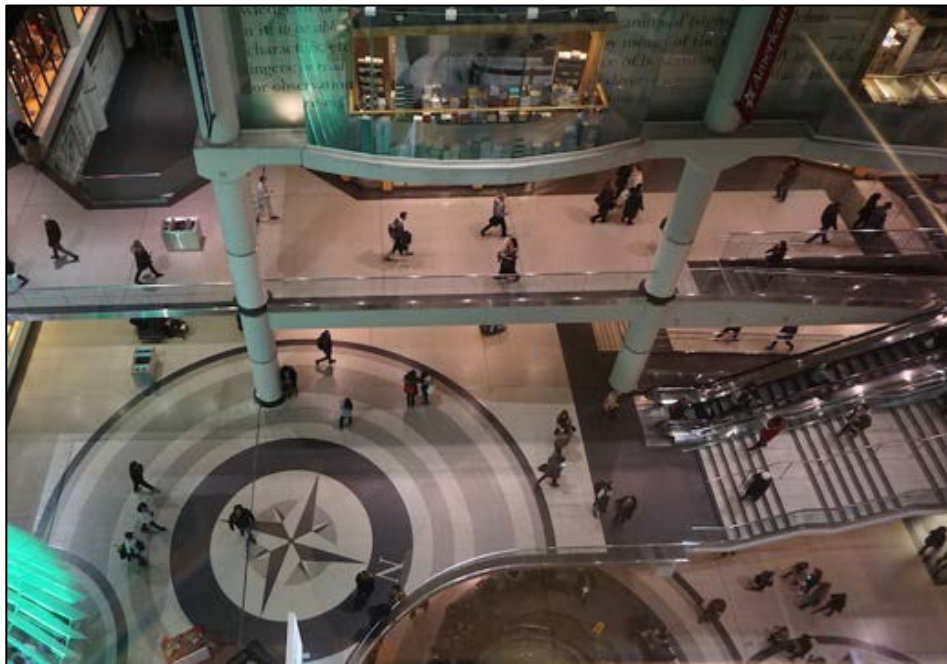
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## Executive Summary



*CF Toronto Eaton Centre, Source: J.C. Williams Group*

**Prepared by:**

**J.C. WILLIAMS GROUP**

**MSH**

**Ryerson  
University**

**CSCA**  
CENTRE FOR THE STUDY OF COMMERCIAL ACTIVITY

## Executive Summary

### Study Context

The objective of the currently underway TOcore Study is to ensure that growth positively contributes to Toronto's Downtown as a great place to live, work, learn, play and invest by determining: a) how and where future growth will be accommodated, shaped and managed, and b) what physical and social infrastructure will be needed, where it should be located, and how it will be secured.

Retail and service commercial<sup>1</sup> is an essential component of complete communities. Part of what makes Downtown a great place is its strong network of retail goods and services that meet the daily needs of residents and employees, as well as serving as a regional shopping destination for day visitors and tourists. Retail land uses also act as a bridge between the public realm and the built environment, animating streetscapes and anchoring main streets.

In this context, the purpose of the TOcore Retail and Service Commercial Land Use Study is to:

- Evaluate existing conditions in Downtown's retail sector and its current ability to meet the retail and service commercial needs of residents, workers, and visitors;
- Build on the lessons learned from this analysis to determine emerging planning priorities in regards to retail location, form/design, use, and scale; and,
- Develop a strategy to ensure that as Downtown grows, retail and service commercial uses continue to support the formation of complete communities while maintaining the health of great retail main streets.

### Study Approach

The Study examined existing conditions, the interrelationship between supply and demand, emerging retail planning priorities, and policy through the lenses of location, form/design, use, and scale. A major focus of this research was ongoing consultation with local retail professionals, as well as workshops with City of Toronto community planners, the Building Industry and Land Development Association GTA Chapter (BILD), and BIAs. Input was also provided through the Study's Steering Committee, which included representatives of the City Planning Division and the Economic Development and Culture Division.

A detailed technical analysis was undertaken including a retail supply and demand assessment; a retail planning policy review; case studies of six major developments; a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis; a retail category analysis for complete communities; an assessment of the vitality and viability of retail

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<sup>1</sup> Retail and service commercial uses, referred to herein as 'retail', encompasses merchandise retailers, restaurants, cafes, personal and professional services.



main streets; a review of approaches to incentivizing and controlling retail uses; and a review of examples of retail scale interventions. This work formed the basis for the development of a series of strategic directions for retail uses in Downtown.

## Background

The current success of Toronto's Downtown, including its retail network, is partially a result of the leadership role the City has taken since the implementation of the 1976 Central Area Plan, which encouraged residential intensification. Since the implementation of this Plan, Downtown's population has more than doubled and employment growth has also been substantial. This growth has been supported by a series of evolving planning programs and policies that included a focus on animating streetscapes and the pedestrian experience using retail as the linkage between the public realm and the built environment.

The 1976 Central Area Plan resulted in major changes to Toronto's Downtown built form and land use composition that were unique in North America. It focused retail at grade in mixed-use developments, making connections between other land uses and retail development, and enhancing the role and design of main streets. However, it was not until the 1980s and 1990s that the value of retail main streets was firmly entrenched in the City's planning documents. In response to the advent of large format retailing, the City instituted policies that controlled the size of retail units and also identified areas where large stores would be allowed. In addition, the City designated Priority Retail Streets in Downtown, requiring a minimum of 60% of the lot frontage to be "street related retail and service uses" (Zoning By-Law No. 438-86: Section 12). It was also during this time that the pre-eminence of Downtown Toronto for retail was included in the Official Plan.

Planning documents have continued to evolve with stronger guidelines on retail form in terms of mixed-use design (e.g., entrance locations, heights, setbacks, upper level retail, and retail street front coverage). The most recent initiatives address the vitality and viability of the retail streets in stable neighbourhoods, as well as the impact of large format retail. In addition, Downtown BIAs have effectively used their financial resources to establish and promote retail area brands, enhance local streetscaping and maintenance, market to both local and regional customers, and advocate for policies and regulations which enhance retail main streets. Programs operated by the Economic Development and Culture Division continue to assist BIAs in these endeavours.

## Key Findings

Overall, the Study indicates that there are no significant retail demand, supply, or policy issues associated with Downtown Toronto, although there are a number of emerging priorities that should be addressed through the TOcore Study. Key findings that support this conclusion are as follows:

### **Strengths**

- **Local residents' needs are being met by local-serving retail**

As of 2014, local-serving retail such as supermarkets, pharmacies, personal services and building supply/hardware type stores are broadly distributed throughout Downtown. Communities within the Study Area can be considered 'complete' from a retail standpoint to a far greater degree than was the case ten to fifteen years ago.

- **Positive retail fundamentals**

Downtown's retail market is supported by positive underlying fundamentals, including increasing population levels, above-average income growth, a higher daytime population, and a declining crime rate. These conditions have strengthened retail sales in Downtown, prompting both retailer expansion and increased commercial real estate investment.

- **Diverse and strong consumer markets drive Downtown retail growth**

There are a wide variety of large consumer groups to which Downtown retail caters, including local residents, employees, post-secondary students, regional visitors, and tourists. This diversity has led to activity on retail main streets at most hours of the day and night, helping to drive sales volumes and market growth.

- **No chronic vacancy issues**

Supported by positive retail fundamentals, vacancy rates have generally declined across Downtown over the past fifteen years. Although a few areas with above-average vacancy rates still remain, incremental building improvements are gradually shaping the attributes of retail space to meet the evolving needs of tenants.

- **Number and size of stores is stable**

Retail space has expanded throughout Downtown but as new stores have been added, others have consolidated or closed, leaving the total number of units at approximately 5,000. While the trend to larger stores is a potential issue that should be monitored, it does not yet appear to be a significant concern as three-quarters of units remain under 1,500 ft<sup>2</sup> (139 m<sup>2</sup>) in size.

## **Challenges**

- **Discrepancy between retail space and population growth rates**

While new retail space has been added in Downtown, these increases lag behind population and employment growth. The resulting declines in retail space per capita may be one factor causing rental price escalation, leading to the displacement of retailers less able to adapt to changing market conditions. In addition, local- and destination-serving retailers are increasingly in competition for suitable retail space, creating challenges for emerging businesses.

- **Retail in mixed-use developments is challenging to implement**

Developing successful retail components in mixed-use buildings is a complicated process, which requires balancing tenant needs with other on-site land uses and public realm considerations. In some instances, developments in Downtown have not prioritized retail uses, resulting in space that is challenging for retailers to operate in and which integrates poorly with the surrounding streetscape.

- **Outdated regulation and policy framework**

The City's Official Plan and Zoning By-law require additional review with respect to retail development as they do not reflect Downtown's current retail land use structure. In particular, the recognition of existing Priority Retail Streets in the Zoning By-law and the Tall Building Guidelines requires a policy foundation in the Official Plan. In its current form, it does not adequately support future aspirations for healthy, pedestrian-oriented main retail streets.

## Recommendations

With no significant issues identified, recommendations focus on adjustments to existing policies and practices that affect retail in Downtown. Through a balanced approach, the City can continue to evolve the policy framework that forms the basis for the current success of the retail sector, while providing practical support for new retail in challenging mixed-use environments.

### **Retail Location: *Strengthen Priority Retail Streets***

Downtown's retail main streets define its character and serve as the core interaction spaces for residents, workers, and visitors. In addition, they play a fundamental role in animating streetscapes by facilitating linkages between the public realm and built environment. Updating and strengthening the Priority Retail Streets provisions will allow the City to continue to ensure street related retail plays this critical role as Downtown grows.

- Review Priority Retail Streets Zoning By-law provisions to ensure regulations are transparent and accurately reflect Downtown's future retail land use structure.
- Elevate importance of Priority Retail Streets by recognizing them in the TOcore Parks and Public Realm Plan, Downtown Secondary Plan and associated Official Plan Amendments.

### **Retail Form and Design: *Ensure the Functionality of New Retail Space***

As identified in stakeholder discussions, the challenges inherent in developing functional and successful retail in mixed-use developments require an informed and nuanced approach.

- Create a graphic best-practices manual on quality retail design, specifically related to retail space on the ground floor of mixed-use development.
- Identify training opportunities for both industry professionals and City staff to improve understanding of retail design and functionality.
- Throughout the development application process, encourage the early and continuous involvement of professionals with retail expertise.
- Review and update the existing retail design requirements identified within the current Priority Retail Streets designation.

### **Retail Use: *Allow Market to Meet Retail Needs without Intervention***

The review of existing conditions determined that, in most situations, retail uses have evolved organically to meet the needs of local communities without public intervention. As such, it is recommended that the City not regulate retail uses except in targeted geographies where specific issues have emerged.

**Retail Scale: *Maintain Retailer Size Diversity***

With 75% of retailers less than 1,500 ft<sup>2</sup> (139 m<sup>2</sup>) in floor area, Toronto's Downtown has been historically characterized by its abundance of small retailers. Conversely, when designed to conform to the character of existing main streets, it is recognized that larger stores have an important role to play in anchoring retail strips and providing the merchandise essential for everyday living (i.e., grocery and pharmaceutical goods).

- Implement the recommendations of the “Evaluating Large Retail Developments Near Pedestrian Shopping Areas in Toronto” report to reduce the maximum allowable floor plate of a single retail unit to 3,500 m<sup>2</sup> without an amendment to 12(2) 270 of By-law 438-86.
- Review the “Central Core” (the lands exempt from 12(2) 270 of By-law 438-86) and re-delineate the boundaries during Phase II of TOcore to be consistent with the intent of the Planning Framework.
- Continue to encourage applicants to provide small retail units within mixed-use buildings through the development review process.

Additional secondary recommendations are identified within section 6.0 Strategic Directions.

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## 1.0 Study Context and Background



*Dupont Street, Source: J.C. Williams Group*

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## 1.0 Study Context and Background

J.C. Williams Group and Macaulay Shiomi Howson Ltd. were retained by the City of Toronto as part of the TOcore study to carry out a Downtown Retail and Service Commercial Land Use Study. Assistance on retail supply inventory and mapping was provided by the Centre for the Study of Commercial Activity at Ryerson University. The study was coordinated by the City Planning Division and the Economic Development and Culture Division.

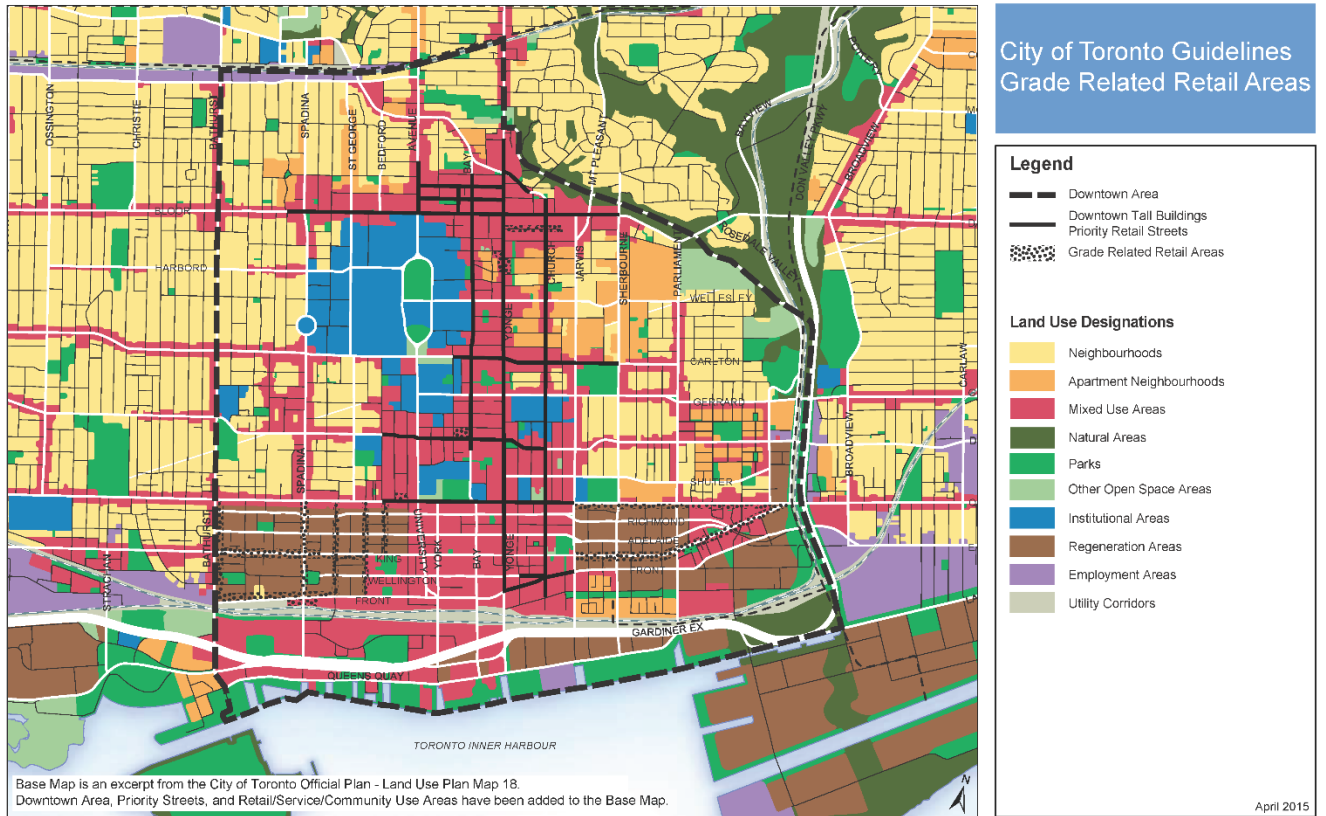
In this context, the purpose of the TOcore Retail and Service Commercial Land Use Study is to:

- Evaluate existing conditions in Downtown's retail sector and its current ability to meet the retail and service commercial needs of residents, workers and visitors.
- Build on the lessons learned from this analysis to determine emerging planning priorities in regards to retail location, form/design, use and scale.
- Develop a strategy to ensure that as Downtown grows, retail and service commercial uses continue to support the formation of complete communities while maintaining the health of great retail main streets.

The study provides policy recommendations that address the following issues, focusing on the viability and vitality of retail in Toronto's Downtown:

- **Retail location** within Downtown with a specific emphasis on Priority Retail Streets.
- **Form/design** of retail that includes not only the interior functionality of the space such as heights, entrances, columns, etc., but also how the retail space relates to the streetscape and the rest of the public realm.
- **Retail use** and whether it should be regulated through policy, or if the current focus on function through controlling scale and design is preferable. Of importance is the **retail mix** in each business district or main street, encouraging complete communities, as well as maintaining and enhancing the regional destination appeal of Downtown retail.
- **Scale** includes both the size of the individual retail unit as well as the size of the entire retail component of the development. To encourage competition and retail innovation, the City encourages fine-grain retail. This also aids in animating the street. The City has policies related to larger format retail including where it should be located and specific design and form guidelines to ensure these developments blend into the urban environment.

The study serves as input to the background research efforts of Phase I of TOcore: Planning Toronto's Downtown. The focus of this multi-year study of Downtown Toronto is to develop a renewed planning framework to manage growth and achieve infrastructure improvements in a comprehensive and coordinated manner.

**Map 1.1: Map of Downtown Toronto TOcore Study Area**

A significant focus of this study is to ensure that main street retail continues to thrive Downtown. This includes targeting the needs of local residents, workers, and students with retail amenities suited to their desired expectations. To that end, a discussion of complete communities is included. However, Downtown's regional retail role is also very important. The competitive positioning of the comparison and destination type retail including flagship, unique, and one-of-a-kind retail is part of the essential character of Downtown Toronto's retail mix. For example, Toronto Eaton Centre (TEC) is one of the top performing malls in North America, the highest retail rents in Canada are along Bloor St. W., and Hudson's Bay on Queen St. is the largest retail store in Canada. It is important to maintain the retail primacy of Downtown as the first choice for these unique retailers.

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## 2.0 Methodology



*Bloor St. W. Toronto, Source: J.C. Williams Group*

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## 2.0 Methodology

From a retail planning and economic development perspective, it is important that the City of Toronto have a strong understanding of both Downtown's existing retail market and the future conditions that it wants to achieve. The approach taken in this study was based on an assessment of the inter-relationship between retail supply, demand, and the retail planning and economic development policies. The J.C. Williams Group Team assessed the existing conditions and emerging priorities through the lenses of retail location, form/design, use and scale. The strategic directions derived from this process are outlined in Section 6.0.

### 2.1 An Interactive Approach with Steering Committee

A steering committee included J.C. Williams Group, Macaulay Shiomi Howson Ltd., and the City of Toronto's City Planning Division and the Economic Development and Culture Division. The committee met on a regular basis throughout the study period to review and refine the findings and next steps.

Steering Committee members included the following:

- Andrew Farncombe: Project Manager, Strategic Initiatives, Policy and Analysis (SIPA), City Planning
- Sarah Phipps: Senior Planner, SIPA, City Planning
- David Fitzpatrick: Special Projects Coordinator, Chief Planner's Office, City Planning (Chair)
- Peter Moore: Project Manager, SIPA, City Planning
- Peter Viducis: Manager, Research and Information Systems, Economic Development and Culture
- Henry Byres: Economic Partnership Advisor, BIA Office, Economic Development and Culture
- Jim Helik: Senior Planner, SIPA, City Planning
- John Archer: Project Lead, J.C. Williams Group
- Elizabeth Howson: Project Lead, Macaulay Shiomi Howson Ltd.

The steering committee met on the following dates:

- February 19, 2015 – Project Kick Off
- April 22, 2015 – Existing Conditions Review
- May 15, 2015 – Existing Conditions Review and SWOT
- June 25, 2015 – Emerging Priorities Review
- August 5, 2015 – Emerging Priorities and Strategic Direction Review

In addition, there were five internal status update meetings held during this time period.

## 2.2 Existing Conditions and Emerging Priorities Review

J.C. Williams Group and Macaulay Shiomi Howson Ltd. undertook the following study initiatives to develop the strategic directions:

- Interviews: held with key retail professionals including retailers and property developers and professionals in the legal, planning, and brokerage fields.
- Retail Supply Assessment: reviewed current and past retail supply information from 1996 to 2014 through the Centre for the Study of Commercial Activity and the Toronto Employment Survey. See Appendix A: Existing Conditions and Appendix B: BIA Retail Inventory Review.
- Retail Demand Assessment: for each potential consumer market, assessed who they are, what their current Downtown retail experience is, and what their desired retail experience is. This included residents, workers, students, hotel visitors, theatre attendees, sporting venue attendees, and event attendees. See Appendix A: Existing Conditions.
- Retail Planning Policy Review: assessed policies under the framework of form/design, scale, and retail use. See Appendix A: Existing Conditions.
- Historical Context: assessed major retail changes in the context of demand and policy changes from the 1960s to the present. See Appendix C: Retail Historical Context.
- Case Studies: analyzed six major developments in Downtown Toronto in the context of the health and vitality of the retail area, demand and supply changes, and policy changes. This included interviews with City staff who were knowledgeable about each project. See Appendix D: Downtown Retail Development Analysis Case Studies.
- Strengths, Weaknesses, Opportunities, and Threats (SWOT): summarized the retail supply, demand, planning policies, historical context, and case studies as part of the emerging priorities component of the study.
- Downtown Business Improvement Association (BIA) Workshops: conducted two separate workshops with BIAs to review background information and to discuss topics from the emerging priorities. A summary of the discussion was posted on the TOcore website. See Appendix E: Downtown BIA Workshops Summary.
- Building Industry and Land Development Association for the Greater Toronto Area (BILD GTA) Workshop: conducted a workshop with members of BILD to review topics related to the emerging priorities. A summary of the discussion was posted on the TOcore website. See Appendix F: BILD GTA Workshop Summary.
- Complete Communities: reviewed retail categories that primarily service local residents, workers, and students. See Appendix G: Retail Category Analysis for Complete Communities.

- Vitality and Viability of main streets: factors to assess both the health and prioritization of main streets and retail strips. See Appendix H: Retail Strip Health and Prioritization.
- Retail Use: See Appendix I: Examples of Incenting and Control of Retail Use.
- Retail Scale: See Appendix J: Example of Retail Scale Interventions.
- Toronto East York Community Planners Workshop: reviewed findings with Managers and Senior Planners working in Downtown including emerging priorities and strategic direction options.

In addition, the study relied heavily upon existing research initiatives conducted by both J.C. Williams Group and Macaulay Shiomi Howson Ltd. including:

- Research conducted by J.C. Williams Group for the Bathurst Street Study and the Impact of Large Retail on Pedestrian Streets Study that included key person interviews with professionals as well as a consumer survey of Downtown and west end residents related to their shopping satisfaction and behaviour.
- Other research and projects conducted by J.C. Williams Group on behalf of private sector companies in Downtown. This included First Canadian Place, Queen's Quay Terminal, St. Michael's Hospital, Ryerson University, 2 Bloor St. E., and Concord Adex, among others.
- Other research and projects conducted by Macaulay Shiomi Howson Ltd. and J.C. Williams Group in other regions including York Region "Market the Shift and Shift the Market" and Calgary Main Streets and Activity Centres retail review, among others.



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### 3.0 Summary of Existing Conditions



*Toronto Chinatown at Night, Source: J.C. Williams Group*

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### 3.0 Summary of Existing Conditions

The following includes four major sections:

1. Summary of the retail demand and supply
2. Downtown Toronto retail and service commercial planning policy review
3. Summary of retail development case studies
4. Strengths, weaknesses, opportunities, and threats.

#### 3.1 Summary of the Retail Demand and Supply

##### ***Very Good Retail Fundamentals***

Today, Downtown Toronto has very good retail fundamentals.

- Population and household income growth are expected to continue. Downtown Toronto has favourable socio-economic characteristics that retailers covet, such as high education levels.
- Recent retail sales growth works to attract further retail investment.
- Finally, there are continued improvements in safety and security in Downtown.

All three basic principles have aligned to create a strong retail foundation for Downtown Toronto. In addition to these core retail development fundamentals, there are the following positive attributes of Downtown Toronto's retail sector.

##### ***Long Legacy of Mixed-use Retail Planning and Main Streets***

It is important to understand the history of the leadership and planning policies enacted in the 1970s that impacted retail development in Downtown. Focusing retail into more mixed-use type developments, making the connections between target markets and retail development, and enhancing the role/function of main streets as well as the design have had a long legacy. See Appendix C: Retail Historical Context for a complete review of the inter-relationship of retail supply, demand, and policy from the 1960s to present in Downtown Toronto.

- Leading up to the 1970s and the Central Area Plan, Toronto was similar to many other North American Downtowns (de-industrialization and population loss).
- Prior to the 1976 Central Area Plan, the City favoured interior retail malls primarily in the lower level of the newly constructed major office towers. The residential developments in Downtown did not usually include retail in the base. The Colonnade was one of the first mixed-use developments.
- The 1976 Central Area Plan changed that way of thinking. It was unique in North America. There was an expressed desire to create greater linkages between residential and retail opportunities. Retail along the street fronts was preferred.

Density incentives for interior malls on the lower levels were removed and incentives for retail at grade were implemented. There was significant investment in arts and culture as precursors to neighbourhood formation.

- However, the value of the main streets throughout the former City of Toronto, including those in Downtown was debated and various plans regarding their future were developed. It would not be until the 1980s and into the 1990s that the value of Toronto's retail main streets (retail strips) as places for communities to develop was firmly entrenched in planning documents.
- In the 1990s, the shift in retailing towards larger formats coincided with the change in policy related to enhancing main streets that prompted increased regulations related to the scale of new retail developments. The City determined where large format retail could be allowed, and where it needed to be discouraged in Downtown. In addition, the City designated Priority Retail Streets in Downtown's zoning code.
- It was also during this time that the pre-eminence of Downtown Toronto for retail was included in the Official Plan.
- Programs and catalyst projects such as urban entertainment centres were developed, reinforcing the attraction of Downtown. There was investment in sporting facilities in Downtown that shifted and coalesced sporting and entertainment attendees into a central area.
- Starting in the late 1990s with programs such as the Kings Regeneration Initiative and continuing to present, the City encouraged residential and office commercial development. Positive economic conditions in Downtown have continued to foster intensive residential growth as well as office commercial. The combination of positive employment growth and places to live in and near Downtown have fueled retail sales and development.
- It appears that retail square footage growth has not kept pace with population and employment growth. This has led to higher sales per square foot productivity and an inflow of retailer interest to locate in Downtown.
- Planning documents have continued to evolve with stronger guidelines on retail form in terms of mixed-use design (e.g., entrance locations, heights, setbacks, upper level retail, as well as retail street front coverage, etc.).
- The most recent programs address the vitality and viability of the main streets in stable neighbourhoods and the impact of large format retail. Continued enhancement programs through Economic Development and Culture for the City's business improvement areas has added to the strength and vitality of Downtown's main streets.
- From the 1976 Central Area Plan until present, the City has continued to evolve and enact planning programs and policies that enhance the pedestrian experience using retail as the linkage between the public realm and the built environment, animating streetscapes, and anchoring Toronto's main streets. As Downtown grows, it is critical that Toronto be able to both maintain its great streets while simultaneously providing the retail and commercial needs of local and regional consumers.

- It was very evident that Downtown Toronto's retail followed the changing socio-economic trends over the years. The employment growth of the 1970s matched the early career stages of the large Baby Boom generation. When this generation was in their mid-20s, they wanted places to go out and socialize, leading to an influx of restaurants, bars, and clubs that sprang up to feed that need. As that generation entered its higher income stages in the 1980s, so too did retail adjust and luxury retail in Downtown Toronto flourished. The recession of the 1990s matched the smaller Generation X segment, which could not sustain the same levels of retail spending as the previous generation. Today, the very large number of Millennials are in their early career stages and once again, there is an emphasis on employment growth and new and interesting cafes and restaurants. Looking ahead, as the Millennials move from early career to established career, so too will their retail spending shift to more luxury. This will coincide with the opening of new Downtown luxury retailers. However, within ten years, the children of Generation X will be entering their early career stage and this smaller generation may coincide with a contraction once again.

### ***Diverse and Strong Target Markets***

'Target markets' are an approach to analyzing the needs of various potential consumer groups (i.e., meeting the needs of local residents, students, workers, tourists, etc.) in Downtown. Downtown Toronto has a wide variety of large target markets that either combined or individually impact retail development. Downtown truly has become a 24/7 place that is animated with street level retail. As stated, today's rich diversity is the result of very concerted City-led efforts started by the 1976 Central Area Plan that explicitly sought out planning and economic development opportunities to connect residential and retail together. For a Downtown to be able to successfully connect the dots between various target markets and the retail opportunities is a critical achievement. These major target markets include the following:

#### ***Local Residents***

- Large population; over 225,000 residents in 2014 (TOcore estimates that the current 2015 population is 240,000 to 245,000)
- High growth rate: over 20% growth from 2011 to 2015
- Diversity of household incomes
- Young, urban focused

#### ***Employees***

- Large number of employees; approximately 482,700 in 2014
- Continued growth of new office towers: 557,000 m<sup>2</sup> approximately under construction in 2014
- High proportion of professionals and executives who live nearby
- Retail needs are associated with their business/working lives

*Post-Secondary Students*

- Large student population; over 130,000 post-secondary students in 2014/2015
- Evolving needs related to integrating student campus life into Downtown life, including retail

*Regional Visitors for Shopping*

- Downtown continues to draw regionally for specialized shopping, comparison shopping, and food services

*Other Target Markets*

- Rich diversity of large visitor segments that are derived from tourists, theatre, sporting events, live music/entertainment, arts/culture, overnight accommodation, and other events that drive retail sales opportunities

**Potential Issues**

- In certain circumstances in Downtown, retail has not transitioned at a pace aligned with the rapid change in socio-economic characteristics of local residents and workers

### ***Retail Supply that Services Target Market Needs***

These target markets have driven growth in the amount, quality, and performance of Downtown retail. There are several key strengths to the retail supply in Downtown Toronto including the following:

- Downtown as a pre-eminent location for retail has been enshrined in the Official Plan.
- There are urban design and Tall Building guidelines in place that enhance the main street experience in terms of scale and form of the retail developments.
- The City has been able to maintain fine-grain retail in Downtown: there are 5,000+ retail units in Downtown and over 90% of retail stores are less than 3,000 ft<sup>2</sup> and over 75% are less than 1,500 ft<sup>2</sup>.
- Growth in local neighbourhood-serving retail has occurred, caused in part by incentives such as waiving development charges for upper level retail (and office). This policy has helped attract the recent construction of supermarkets on upper and lower levels.
- Downtown is characterized by polycentric retail nodes and areas. These multiple retail districts are both competitive and complementary to one another creating a diverse experience for the consumer and local residents.
- Downtown Toronto is not dominated by any one particular retail category. A diversity of retail offerings includes both local and regional shopping.
- The largest category and one of the fastest growing is food services. It accounts for 20% of the total square footage. Food services can be the glue that joins communities together and is a factor in neighbourhood development.
- Clothing and accessories store floor space has grown over 50% from 1996 to 2014. Much of that growth occurred from 1996 to 2010. Since 2010, the amount of clothing and accessories floor space has stabilized as larger new stores have replaced smaller existing ones.
- General merchandise has remained relatively constant. This will change with the redevelopment of the Toronto Eaton Centre's Sears location to smaller department stores and other smaller retailers. At present, the future of the proposed Target location on York St. is uncertain.
- Food and beverage stores have witnessed the most profound change. The category has addressed the growing population base. As a result, total square footage of food and beverage stores has grown two and half times since 1996. There is still room for further growth but the category is becoming very competitive as retailers vie for market share and contend with lower profitability expectations. The study does not account for proposed supermarkets that are planned or under construction but this is a significant addition to Downtown.



- Vacancy had declined from 2001 to 2012 but has recently increased. Overall, there is no chronic vacancy issue in Downtown although there are a few areas of concern, such as Queen St. E. that is currently in transition. While vacancy levels are still high (14% in 2014), they have improved significantly from 2006 when a third of space was empty.
- The proportion of stores that are less than 3,000 ft<sup>2</sup> is high but it has declined from 94% in 1996 to 90% in 2014. The proportion of stores less than 1,500 ft<sup>2</sup> is 75% of all retailers in Downtown in 2014.
- Future growth trends suggest an increased number of mixed-use developments that will include more retail space.

**Table 3.1: Downtown Toronto Retail Inventory Square Footage**

Retail Category	1996	2001	2006	2010	2011	2012	2013	2014
<b>Retail Merchandise</b>								
Clothing and Clothing Accessories Stores	1,256,102	1,680,551	1,781,538	1,927,373	1,873,529	1,895,720	2,021,541	1,942,015
Furniture and Home Furnishings Stores	259,996	296,512	328,268	383,740	384,335	412,265	430,590	490,887
Electronics and Appliance Stores	208,932	308,215	312,835	286,238	283,960	278,081	274,341	247,287
General Merchandise Stores	1,386,436	1,689,335	1,760,984	1,752,134	1,775,124	1,776,888	1,751,159	1,677,748
Sporting Goods, Hobby, Book and Music Stores	504,446	717,104	588,768	520,457	494,012	493,648	485,212	367,428
Building Material and Garden Equipment and Supplies Dealers	27,570	28,270	23,620	31,910	32,610	29,120	45,320	43,070
Miscellaneous Store Retailers (e.g., office supply, used)	637,344	713,351	623,053	562,891	532,918	500,899	494,411	434,407
<b>Total Retail Merchandise</b>	<b>4,280,826</b>	<b>5,433,338</b>	<b>5,419,066</b>	<b>5,464,743</b>	<b>5,376,488</b>	<b>5,386,621</b>	<b>5,502,574</b>	<b>5,202,842</b>
<b>Food/Drug Retail</b>								
Food and Beverage Stores	401,661	575,613	659,057	747,021	789,313	963,586	989,823	992,047
Health and Personal Care Stores (e.g., drug store, cosmetics, eye wear)	270,604	321,616	423,113	505,083	537,110	534,781	551,234	575,076
<b>Total Food/Drug Retail</b>	<b>672,265</b>	<b>897,229</b>	<b>1,082,170</b>	<b>1,252,105</b>	<b>1,326,424</b>	<b>1,498,368</b>	<b>1,541,058</b>	<b>1,567,124</b>
<b>Food Services</b>								
Food Services and Drinking Places	1,488,902	1,679,484	1,823,972	1,961,571	2,045,950	1,996,258	2,067,871	1,994,259
<b>Total Food Services</b>	<b>1,488,902</b>	<b>1,679,484</b>	<b>1,823,972</b>	<b>1,961,571</b>	<b>2,045,950</b>	<b>1,996,258</b>	<b>2,067,871</b>	<b>1,994,259</b>
<b>Services</b>								
Personal and Laundry Services	343,636	425,704	477,152	444,251	483,722	436,320	470,604	481,592
Credit Intermediation and Related Activities (e.g., banks)	412,970	353,331	305,691	320,767	346,673	358,927	367,813	360,156
Repair and Maintenance	58,054	60,744	50,962	45,632	44,532	43,782	37,640	36,421
Securities, Commodity Contracts, and Other Financial	11,220	30,776	65,796	41,816	38,697	37,147	41,307	38,037
Insurance Carriers and Related Activities	4,000	6,750	25,650	27,100	25,850	26,300	25,400	27,400
<b>Total Services</b>	<b>829,880</b>	<b>877,305</b>	<b>925,251</b>	<b>879,566</b>	<b>939,474</b>	<b>902,476</b>	<b>942,764</b>	<b>943,606</b>
<b>Total Occupied Retail</b>	<b>7,271,873</b>	<b>8,887,356</b>	<b>9,250,459</b>	<b>9,557,985</b>	<b>9,688,336</b>	<b>9,783,723</b>	<b>10,054,267</b>	<b>9,707,831</b>
<b>Vacant</b>	<b>720,052</b>	<b>781,090</b>	<b>650,726</b>	<b>648,756</b>	<b>622,004</b>	<b>587,988</b>	<b>628,059</b>	<b>744,052</b>
<b>Totals</b>	<b>7,991,925</b>	<b>9,668,446</b>	<b>9,901,185</b>	<b>10,206,741</b>	<b>10,310,340</b>	<b>10,371,711</b>	<b>10,682,326</b>	<b>10,451,883</b>

Source: CSCA

Automotive uses and gasoline stations are excluded from the inventory

Table 3.2: Downtown Toronto Number of Retail Operations

Retail Category	1996	2001	2006	2010	2011	2012	2013	2014
<b>Retail Merchandise</b>								
Clothing and Clothing Accessories Stores	905	914	909	905	880	824	799	753
Furniture and Home Furnishings Stores	112	131	163	151	150	142	141	132
Electronics and Appliance Stores	176	213	183	154	146	134	135	120
General Merchandise Stores	70	63	63	55	82	78	69	67
Sporting Goods, Hobby, Book and Music Stores	307	312	275	225	214	210	200	176
Building Material and Garden Equipment and Supplies Dealers	22	21	20	19	20	17	21	18
Miscellaneous Store Retailers (e.g., office supply, used clothing)	511	600	497	441	407	388	370	320
<b>Total Retail Merchandise</b>	<b>2,103</b>	<b>2,254</b>	<b>2,110</b>	<b>1,950</b>	<b>1,899</b>	<b>1,793</b>	<b>1,735</b>	<b>1,586</b>
<b>Food/Drug Retail</b>								
Food and Beverage Stores	311	367	362	341	347	339	363	366
Health and Personal Care Stores (e.g., drug store, cosmetics, eye)	166	207	240	256	262	256	264	270
<b>Total Food/Drug Retail</b>	<b>477</b>	<b>574</b>	<b>602</b>	<b>597</b>	<b>609</b>	<b>595</b>	<b>627</b>	<b>636</b>
<b>Food Services</b>								
Food Services and Drinking Places	1,221	1,380	1,466	1,551	1,608	1,562	1,639	1,636
<b>Total Food Services</b>	<b>1,221</b>	<b>1,380</b>	<b>1,466</b>	<b>1,551</b>	<b>1,608</b>	<b>1,562</b>	<b>1,639</b>	<b>1,636</b>
<b>Services</b>								
Personal and Laundry Services	375	471	497	489	532	499	516	527
Credit Intermediation and Related Activities (e.g., banks)	121	113	96	105	117	116	119	114
Repair and Maintenance	70	82	68	61	58	57	51	49
Securities, Commodity Contracts, and Other Financial Investment	15	30	48	44	42	40	43	41
Insurance Carriers and Related Activities	2	4	6	8	8	9	7	8
<b>Total Services</b>	<b>583</b>	<b>700</b>	<b>715</b>	<b>707</b>	<b>757</b>	<b>721</b>	<b>736</b>	<b>739</b>
<b>Total Occupied Retail</b>	<b>4,384</b>	<b>4,908</b>	<b>4,893</b>	<b>4,805</b>	<b>4,873</b>	<b>4,671</b>	<b>4,737</b>	<b>4,597</b>
<b>Vacant</b>	<b>588</b>	<b>661</b>	<b>535</b>	<b>562</b>	<b>591</b>	<b>564</b>	<b>616</b>	<b>495</b>
<b>Totals</b>	<b>4,972</b>	<b>5,569</b>	<b>5,428</b>	<b>5,367</b>	<b>5,464</b>	<b>5,235</b>	<b>5,353</b>	<b>5,092</b>

Source: CSCA

Automotive uses and gasoline stations are excluded from the inventory

Table 3.3: Downtown Toronto Retail Inventory as Percentage of Total Retail

Retail Category	1996	2001	2006	2010	2011	2012	2013	2014
<b>Retail Merchandise</b>								
Clothing and Clothing Accessories Stores	15.7%	17.4%	18.0%	18.9%	18.2%	18.3%	18.9%	18.6%
Furniture and Home Furnishings Stores	3.3%	3.1%	3.3%	3.8%	3.7%	4.0%	4.0%	4.7%
Electronics and Appliance Stores	2.6%	3.2%	3.2%	2.8%	2.8%	2.7%	2.6%	2.4%
General Merchandise Stores	17.3%	17.5%	17.8%	17.2%	17.2%	17.1%	16.4%	16.1%
Sporting Goods, Hobby, Book and Music Stores	6.3%	7.4%	5.9%	5.1%	4.8%	4.8%	4.5%	3.5%
Building Material and Garden Equipment and Supplies Dealers	0.3%	0.3%	0.2%	0.3%	0.3%	0.3%	0.4%	0.4%
Miscellaneous Store Retailers (e.g., office supply, used clothing)	8.0%	7.4%	6.3%	5.5%	5.2%	4.8%	4.6%	4.2%
<b>Total Retail Merchandise</b>	<b>53.6%</b>	<b>56.2%</b>	<b>54.7%</b>	<b>53.5%</b>	<b>52.1%</b>	<b>51.9%</b>	<b>51.5%</b>	<b>49.8%</b>
<b>Food/Drug Retail</b>								
Food and Beverage Stores	5.0%	6.0%	6.7%	7.3%	7.7%	9.3%	9.3%	9.5%
Health and Personal Care Stores (e.g., drug store, cosmetics, eye)	3.4%	3.3%	4.3%	4.9%	5.2%	5.2%	5.2%	5.5%
<b>Total Food/Drug Retail</b>	<b>8.4%</b>	<b>9.3%</b>	<b>10.9%</b>	<b>12.3%</b>	<b>12.9%</b>	<b>14.4%</b>	<b>14.4%</b>	<b>15.0%</b>
<b>Food Services</b>								
Food Services and Drinking Places	18.6%	17.4%	18.4%	19.2%	19.8%	19.2%	19.4%	19.1%
<b>Total Food Services</b>	<b>18.6%</b>	<b>17.4%</b>	<b>18.4%</b>	<b>19.2%</b>	<b>19.8%</b>	<b>19.2%</b>	<b>19.4%</b>	<b>19.1%</b>
<b>Services</b>								
Personal and Laundry Services	4.3%	4.4%	4.8%	4.4%	4.7%	4.2%	4.4%	4.6%
Credit Intermediation and Related Activities (e.g., banks)	5.2%	3.7%	3.1%	3.1%	3.4%	3.5%	3.4%	3.4%
Repair and Maintenance	0.1%	0.1%	0.3%	0.3%	0.3%	0.3%	0.2%	0.3%
Securities, Commodity Contracts, and Other Financial Investment	0.7%	0.6%	0.5%	0.4%	0.4%	0.4%	0.4%	0.3%
Insurance Carriers and Related Activities	0.1%	0.3%	0.7%	0.4%	0.4%	0.4%	0.4%	0.4%
<b>Total Services</b>	<b>10.4%</b>	<b>9.1%</b>	<b>9.3%</b>	<b>8.6%</b>	<b>9.1%</b>	<b>8.7%</b>	<b>8.8%</b>	<b>9.0%</b>
<b>Total Occupied Retail</b>	<b>91.0%</b>	<b>91.9%</b>	<b>93.4%</b>	<b>93.6%</b>	<b>94.0%</b>	<b>94.3%</b>	<b>94.1%</b>	<b>92.9%</b>
<b>Vacant</b>	<b>9.0%</b>	<b>8.1%</b>	<b>6.6%</b>	<b>6.4%</b>	<b>6.0%</b>	<b>5.7%</b>	<b>5.9%</b>	<b>7.1%</b>
<b>Totals</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: CSCA

Automotive uses and gasoline stations are excluded from the inventory

**Map 3.1: CSCA Retail Store Locations - 2001**

Each retail unit is represented by one dot. In some locations, multiple dots are located on top of one another such as the Toronto Eaton Centre.

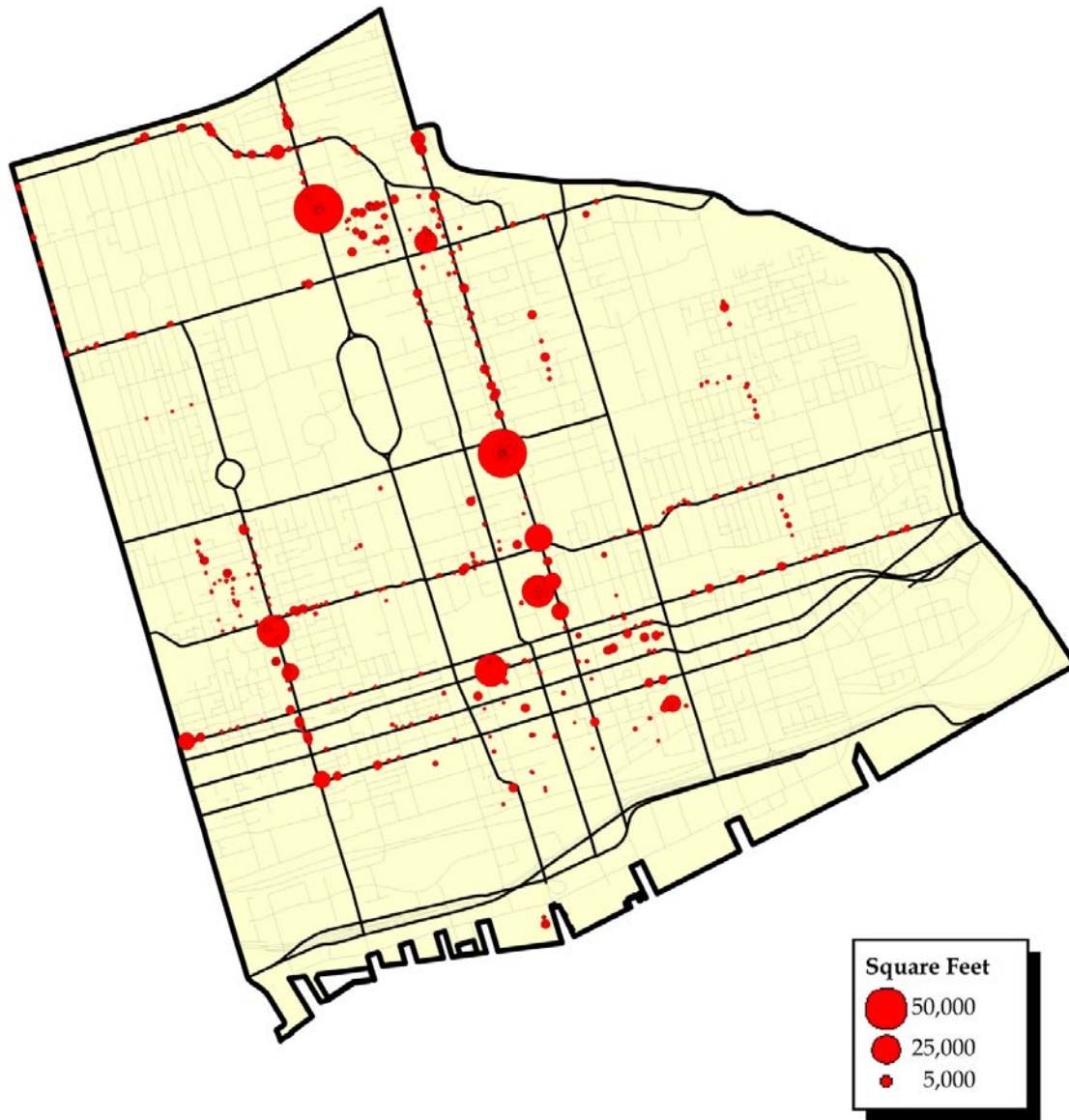
Source: CSCA

**Map 3.2: CSCA Retail Store Locations - 2014**

Retail space has expanded throughout Downtown but as new stores have been added, others have consolidated or closed, leaving the total number of units at approximately 5,000.

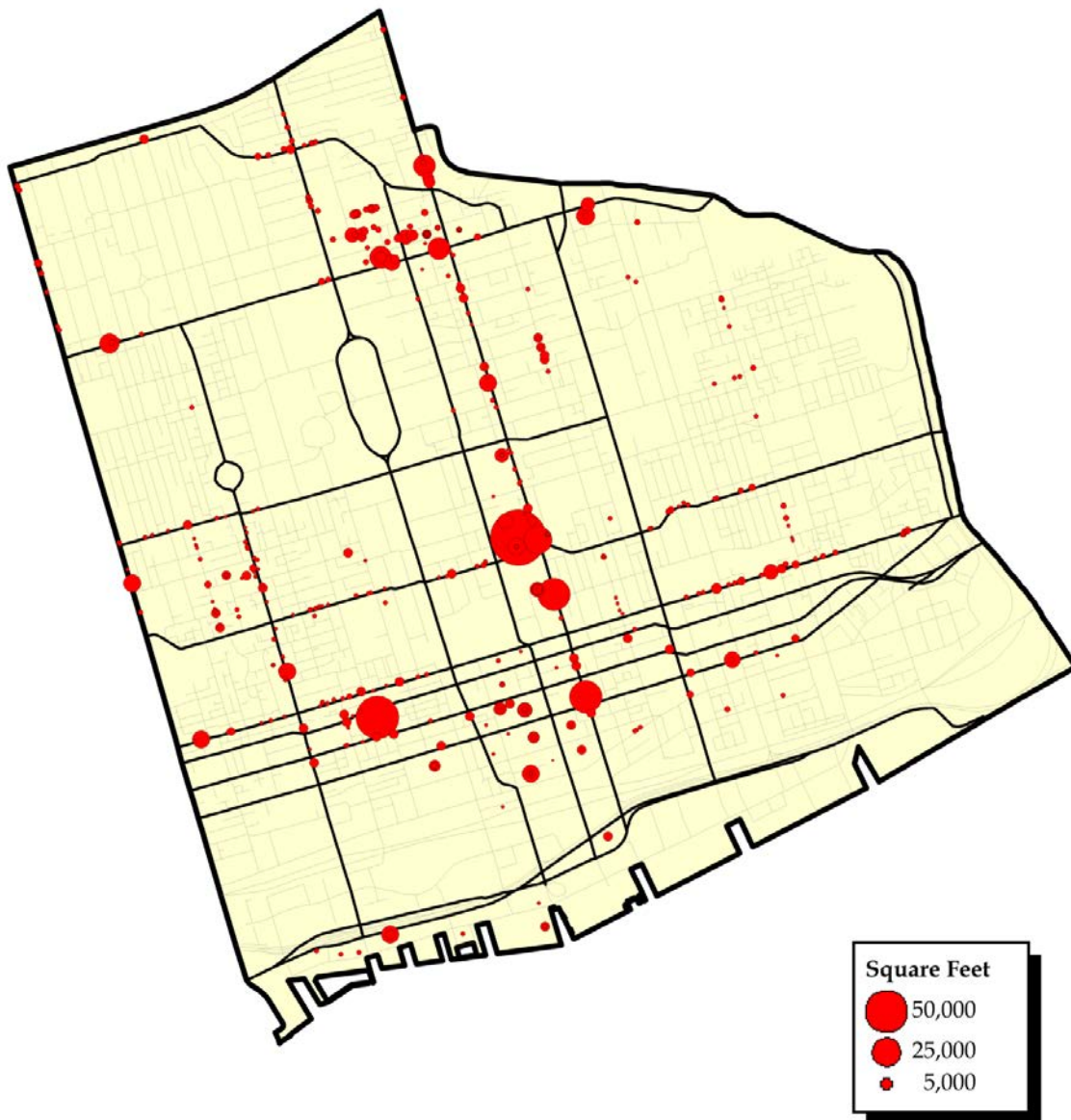
Source: CSCA



**Map 3.3: CSCA Vacant Retail Units and Square Footage - 2001**

In absolute terms, vacant space tends to be most prevalent in areas with the greatest inventory of total retail space. In general, vacant space in most areas of Downtown is a function of natural store turnover rather than a structural issue.

Source: CSCA

**Map 3.4: CSCA Vacant Retail Units and Square Footage - 2014**

Some of the most notable vacancies are redevelopment sites such as the former World's Largest Bookstore on Edward St. or the former Chapters on Richmond/John.

Source: CSCA

### ***Retail Supply Issues***

Apart from the positive attributes, there are several demand and supply issues:

- There is no chronic vacancy issue in Downtown at present.
- There is competition at the development level for filling retail space between local-serving and destination-serving retail. The growth in total retail space at present is primarily from local retail demand. Regional retail is primarily stemming from redevelopment of existing space (e.g., redevelopment of 1 Bloor St. W. and Toronto Eaton Centre) as well as some moderate growth elsewhere in Downtown.
- With successful retail comes higher rents in Downtown. As a result, some retailers cannot afford the higher rents and are being displaced – either because their business category is not conducive to these costs (e.g., home furnishings stores cannot pay higher rents due to lower turnover) or because they have not adapted their operations to align with new demands.
- The continued trends of institutional acquisition of Downtown Toronto's main streets could lead to more generic chain-type retailers.
- There is a shift among developers from providing little to no retail in new mixed-use projects to wanting more retail and only pursuing higher-rent and more secure national/international tenants. There is a continual concern in both scenarios related to the lack of local and unique retailers.
- Retail in mixed-use developments is expensive and complicated, often requiring transfer structures to reduce intrusive columns. There is a need for greater flexibility in the planning system to accommodate better functioning retail spaces on multiple levels.

### ***Downtown Retail Locations That Help to Create Complete Communities***

As stated, this study examined both local-serving and destination/regional-serving retail. There was a specific emphasis on the attributes of main street retail and local-serving retail.

Most retail categories can aid in the development of complete communities from an economic/community building and placemaking perspective. However, there are certain categories that are more heavily relied on to satisfy the needs of local residents, workers and students on a frequent basis. These include:

- Supermarkets as well as grocery stores,
- Specialty food retailers,
- Pharmacy and personal care stores,
- Personal services,
- Building supply/hardware,
- Food services.

While these categories are primarily local-serving (residents, workers, and students), there is a need for main streets to also include some level of comparison or regional shopping.

A review of these categories and others as they relate to complete communities and scale and form/design is provided in Appendix G: Retail Category Analysis for Complete Communities.

### ***One Retail Mix Does Not Suit All Districts***

It is demonstrated in Appendix A: Existing Conditions and in Appendix B: BIA Retail Inventory Audit that all 18 Downtown BIAs have different retail mixes. It is this diversity of retail mix that actually makes them complementary to each other and as a result creates stronger, more viable main streets.

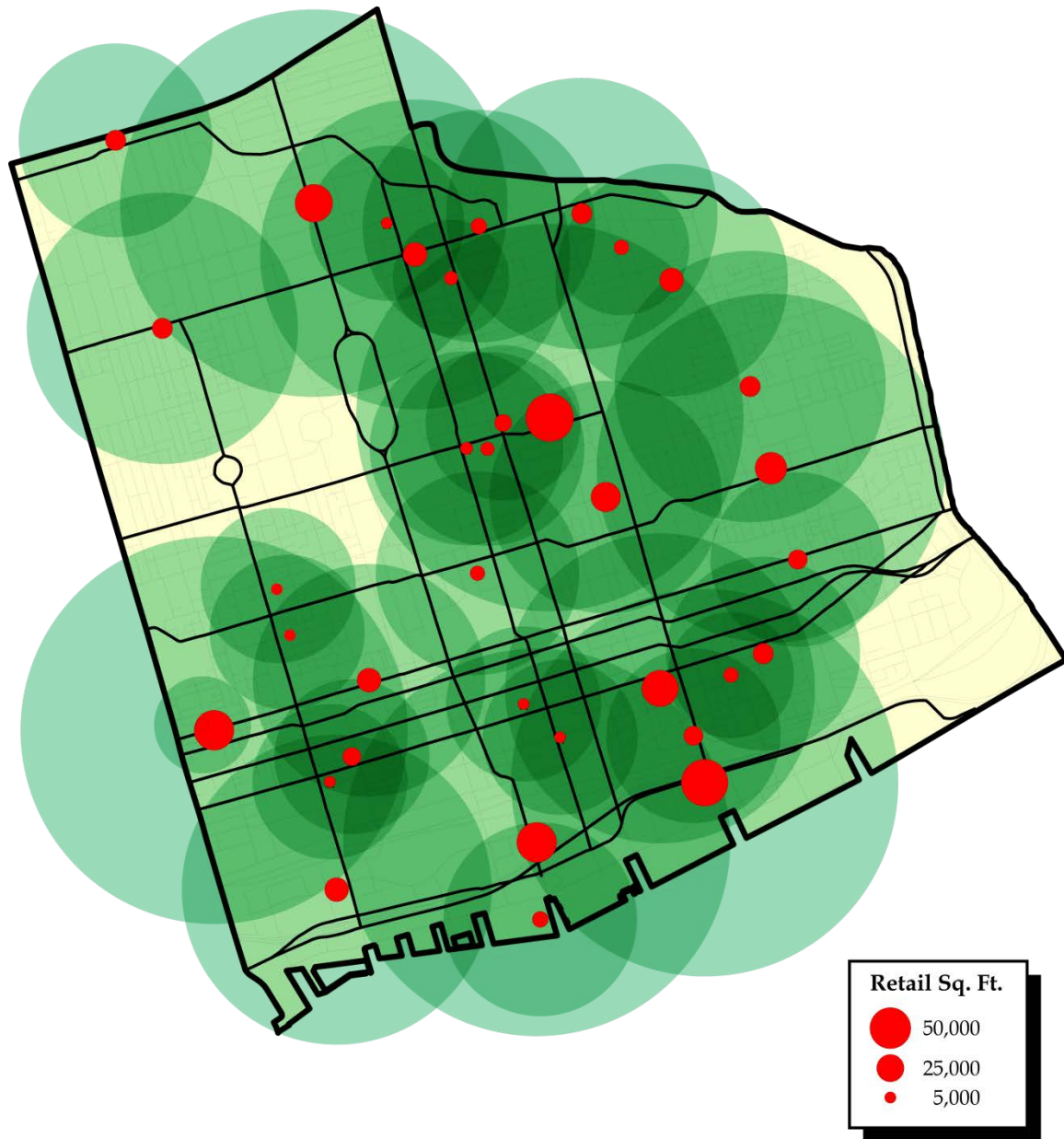
This discussion should not be viewed as a prescriptive list of “must have” retailers required to make a main street successful. Rather, the retail mix in each district should have its own focus, its own retail mix, and its own identity. In addition, the retail should be allowed to change, be enhanced, and adjust over time to suit target market needs and changing experiential offering.

### ***Key Examples of Retail Categories in Downtown Toronto for Complete Communities***

The role of each key retail category is discussed in detail in Appendix A: Existing Conditions of this report. However, from a purely goods and services provision for complete communities perspective, six categories are of particular interest:

1. **Food and beverage** – major food retailers that are over 5,000 ft<sup>2</sup> and includes supermarkets, grocery stores, and larger pharmacies that have a large food component (excludes convenience stores, smaller specialty food stores, alcohol stores).
2. **Specialty food** – includes small specialty food retailers that sell meat, seafood, fruits and vegetables, bakery items, confectionery, and nuts. It does not include alcohol.
3. **Pharmacy and personal care stores** – includes drug stores and pharmacies. It excludes personal care services such as beauty salons.
4. **Personal care services** – includes beauty salons, barbers, and aestheticians.
5. **Hardware stores** – includes hardware stores, general merchandise stores such as Canadian Tire, and specialty hardware such as Lee Valley Tools. It excludes specialists such as paint and wallpaper stores, etc.
6. **Food services** – cafes, restaurants, coffee shops, etc. However, the accompanying map illustrates only those establishments over 1,000 ft<sup>2</sup> to intentionally exclude food court vendors and very small food services. The map also excludes bars and nightclubs as this was part of a different TOcore study that examined entertainment uses in Downtown.

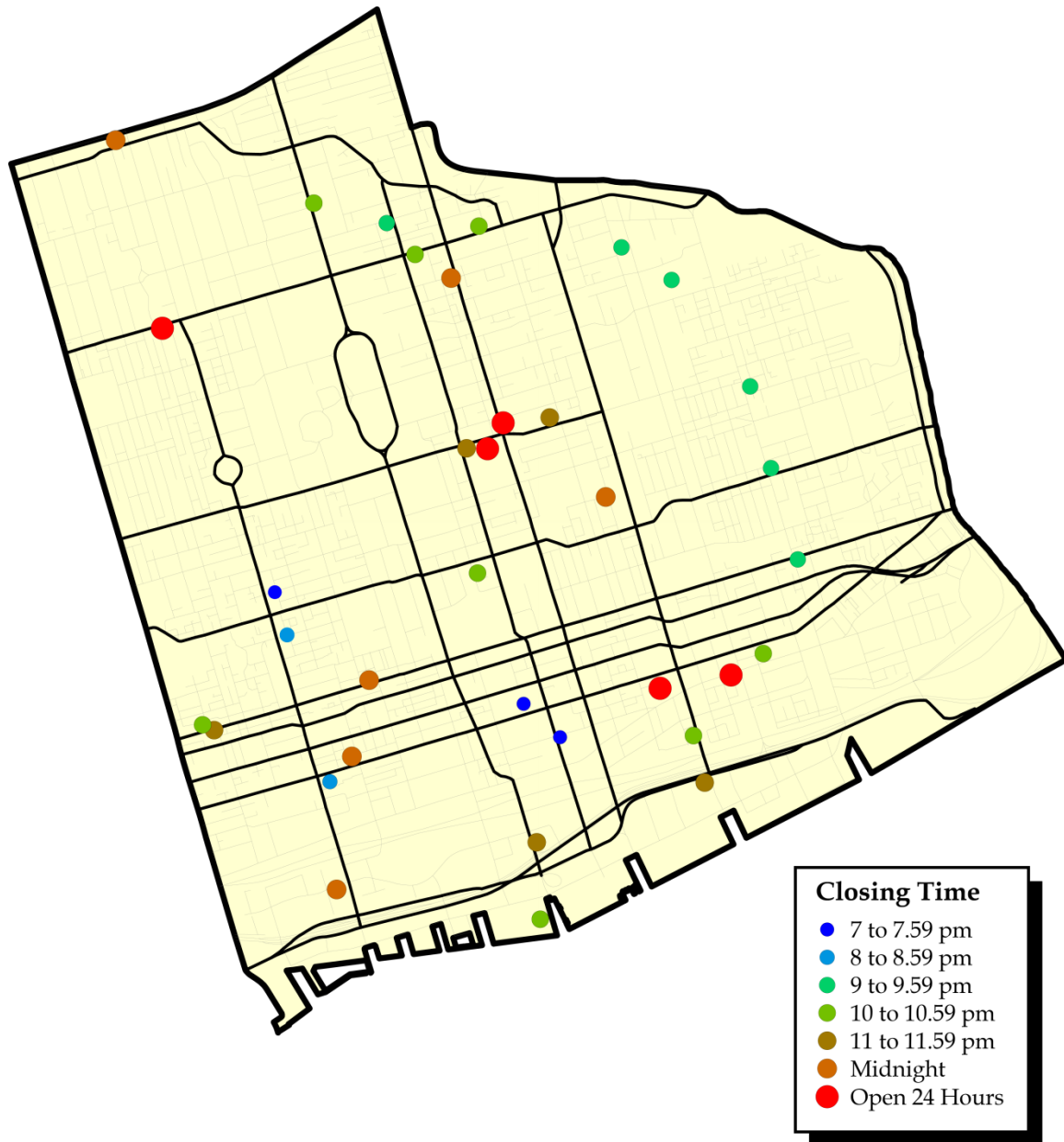
**Map 3.5: CSCA Downtown Toronto Major Supermarkets and Pharmacies that Sell Food and Beverage Goods - 2014**



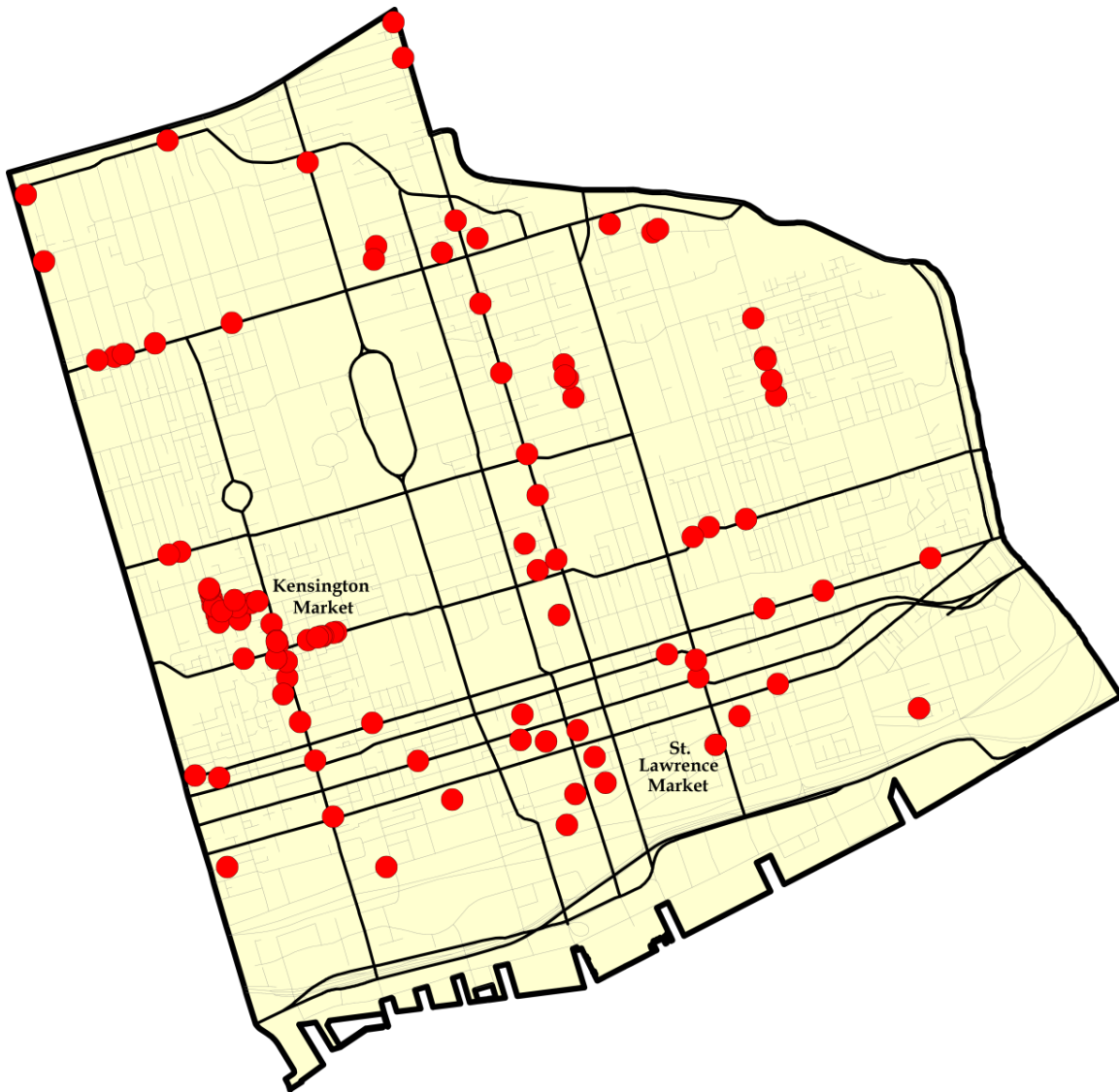
This map illustrates major existing supermarkets and pharmacies that sell a significant amount of food and beverage items. The walking zones are correlated to the size of the retailer and location on transit. Overlapping trade areas (high degree of clustering) are illustrated as cumulative shading patterns and correspond with residential density. At present there is a gap in the western end of Downtown. It is noted that Kensington Market does serve some of that role through specialty food retailers and several proposed supermarkets are located nearby. Also, the Canary District and Distillery District are underserved but this may change in the future. In general, most Downtown residents are well served by these food and beverage based stores.



**Map 3.6: CSCA Closing Time of Downtown Toronto Major Supermarkets and Pharmacies that Sell Food and Beverage Goods – 2014**



A secondary consideration in the provision of food and beverage commodities is the availability throughout the day. The map illustrates the weekday closing time for Downtown Toronto major supermarkets and pharmacies that sell a significant amount of food and beverage items. As Downtown Toronto becomes a true 24/7 environment, retail needs to respond in a corresponding fashion. There are 35 major supermarkets and pharmacies that sell food in Downtown Toronto. Five are open 24 hours, six are open until midnight, and five are open until 11 pm (accounting for 46% of the retailers). These tend to be in high visibility and high density areas. Those in lower density neighbourhoods close earlier.

**Map 3.7: CSCA Downtown Toronto Specialty Food Retailers - 2014**

Specialty food retailers including meat and seafood, fruit and vegetable, bakery, confectionary, nuts, etc. (excluding alcohol) are clustered throughout Downtown in key main streets.

There are three major clusters including St. Lawrence Market, Kensington Market, and Chinatown. Note that all St. Lawrence Market vendors are located at the same address and are represented by one single dot.

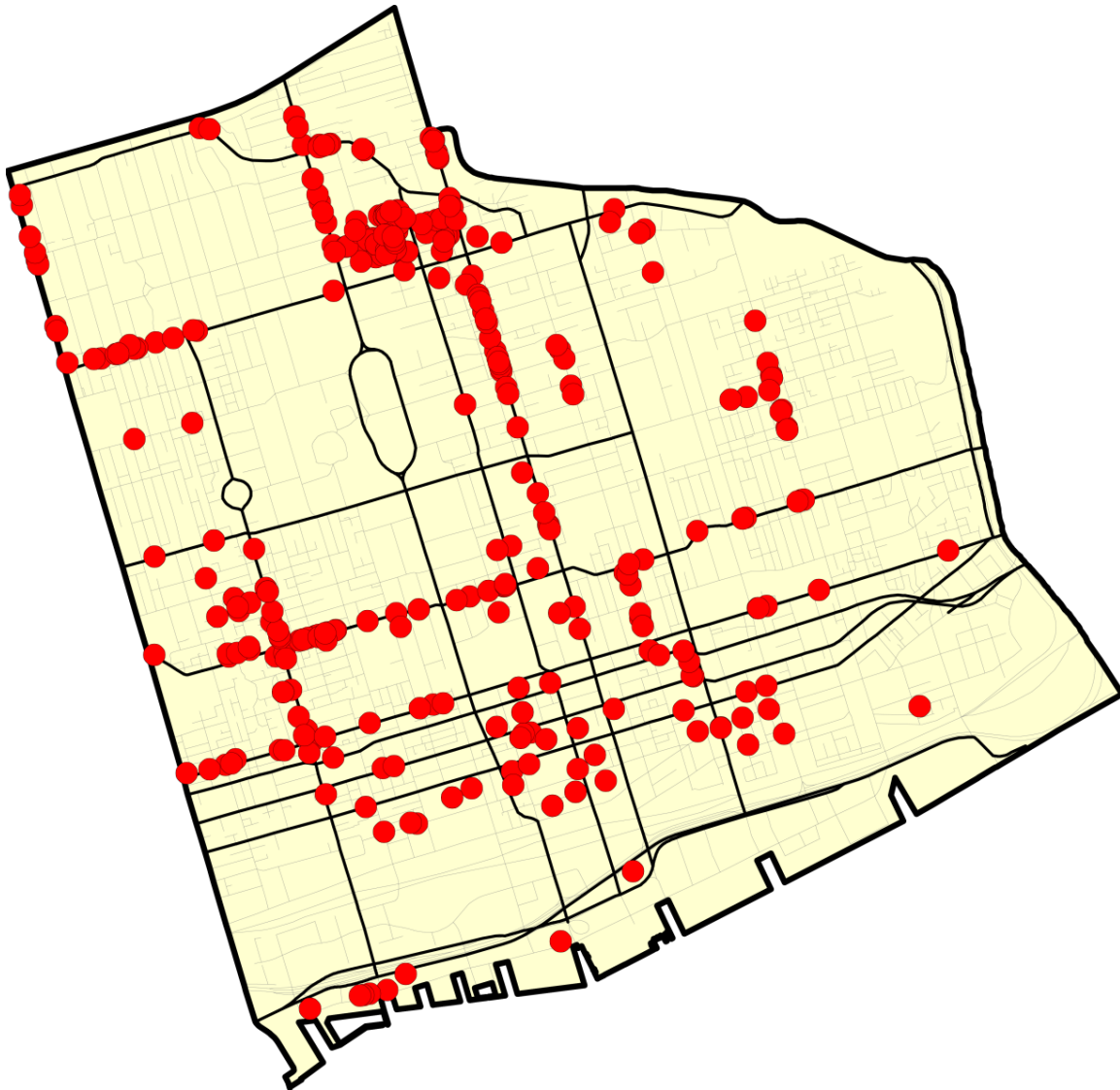


**Map 3.8: CSCA Downtown Toronto Major Pharmacy and Personal Care Stores - 2014**



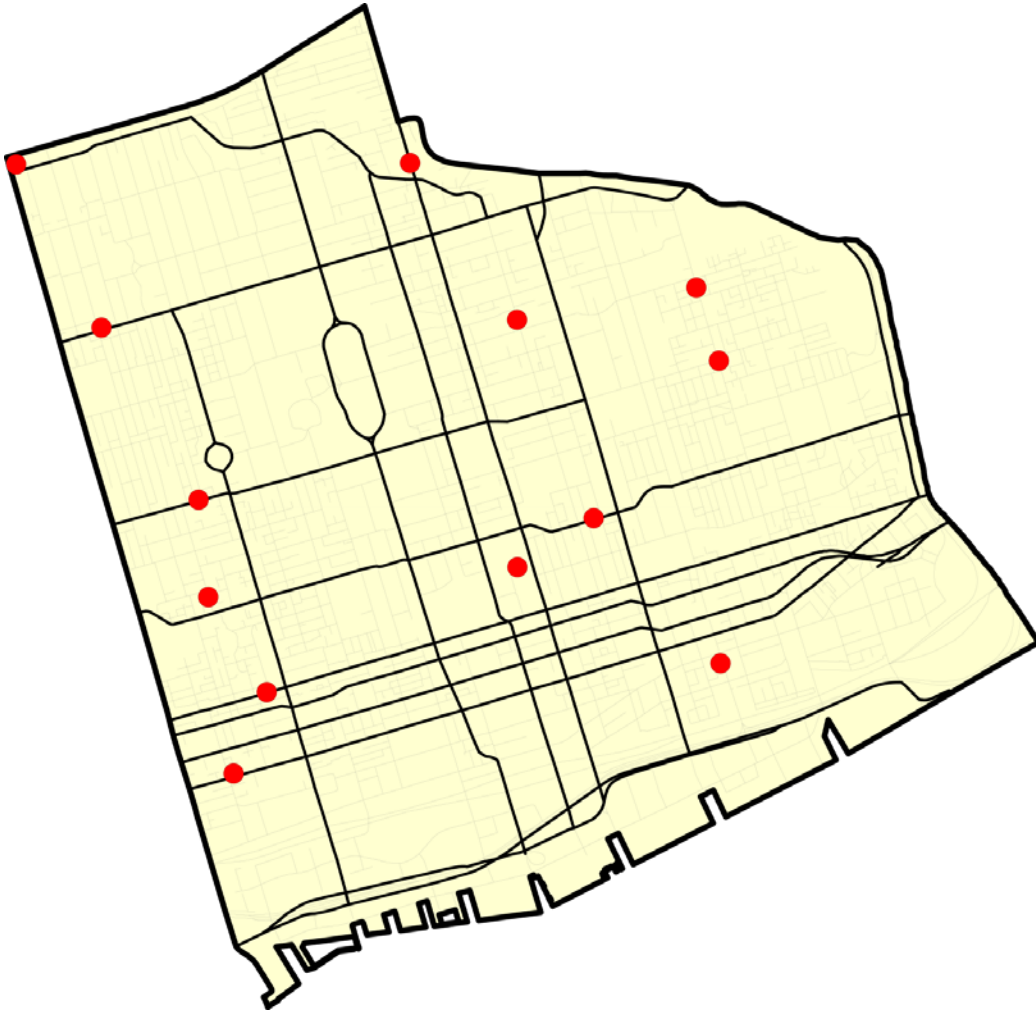
Pharmacies are distributed relatively evenly throughout Downtown. They are prevalent in local neighbourhoods and often correspond to the local consumer base. For example, the cluster in Chinatown is related to alternative health and the cluster within the Financial Core is geared to office workers.

**Map 3.9: CSCA Downtown Toronto Personal Care Services including Beauty Services - 2014**



Personal care services include beauty salons, barbers, aestheticians, and spas. This category does not include major beauty supply stores. The location of personal care services is neighbourhood oriented and there is also a major cluster in Yorkville as well along established main streets. There are noticeably fewer personal care services in major shopping areas including Bloor St. W., Queen St. W., and Toronto Eaton Centre.

**Map 3.10: CSCA Downtown Toronto Major Hardware Stores and Stores that Sell Hardware Type Merchandise - 2014**



Hardware stores are distributed in a relatively even manner in Downtown Toronto, ranging in size from small local shops to large formats. They are more neighbourhood focused where there is still a high proportion of single family homes compared to high-rise residential. Many of the hardware stores are long-time retailers with deep connections into their local communities.

**Map 3.11: CSCA Downtown Toronto Major Food Services Greater than 1,000 ft<sup>2</sup> and Excluding Bars - 2014**



Food services (restaurants, cafes) larger than 1,000 ft<sup>2</sup> are located on the above map. Food services are located in highly visible and accessible places including along major transit lines and south of Queen St. Areas west of Yonge St., such as the Entertainment District, have a high concentration of food services. Food services often act as an important socialization and connection point for both residents and workers.

### 3.2 Downtown Toronto Retail and Service Commercial Planning Policy Review

#### ***Where to Find the Commercial Planning Policy Framework for Downtown***

Downtown cannot be considered a single area, but rather a collection of different districts that include a full range of development forms. The planning policy framework reflects this fact. It consists of general policies in the City's Official Plan, as well as policies, regulations and guidelines for specific sites, areas and districts (e.g., Bloor St. W. between Avenue Rd. and Bathurst St., King-Spadina Secondary Plan), and particular forms of development (e.g., Tall Building Guidelines). The following summarizes the City's current (2015) key policy directions for commercial development with respect to location, form/design, use and scale as well as implementation approaches found in the zoning by-law, urban design guidelines, and heritage conservation district plans.

#### ***What are the City's Current General Policy Directions for Downtown Commercial Development?***

The Official Plan provides the general objectives and policy framework for Downtown commercial development. The Plan recognizes that retailing is an important part of the economy, serving the needs of residents and businesses, and also attracting tourists. The Plan also recognizes that new retail commercial space should be commercially viable. However, in terms of form, the Plan provides strong direction that retail development must go beyond economic imperatives. In particular, the form, function, and scale of retail development must support a high-quality pedestrian environment and public realm<sup>2</sup>.

In this context, to understand the City's particular objectives for Downtown commercial development, it is important to first understand the underlying general approach to growth. Section 2.2, Structuring Growth in the City: Integrating Land Use and Transportation provides that general direction and states:

*"This Plan will create a better urban environment, a competitive local economy and a more socially cohesive city by attracting people and jobs to targeted growth areas in the City that are supported by good transit services and other infrastructure."* (Section 2.2.1)

Building on this direction, other policies (i.e., Downtown: The Heart of Toronto) provide more specific direction with respect to the form, scale, and function of development in Downtown generally, including retail and service commercial:

#### ***Form:***

- New development in Downtown is to respect the context of districts of historic or distinct character (2.2.1.6).

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<sup>2</sup> Note: The Official Plan retail policies were recently revised in Official Plan Amendment (OPA) 231. OPA 231 has been appealed to the Ontario Municipal Board, but is referenced in the discussion of commercial policy because it represents City Council's most recent statement with respect to Official Plan retail policy.

- New development is to enhance the quality of the public realm including City streets (Section 3.1.1).
- Interior shopping malls, underground concourses, plaza walkways, and private mid-block connections are to be designed to complement and extend, but not replace the role of the street as the main place for pedestrian activity (Section 3.1.1.13).
- New development is to be located and organized to fit with its existing and/or planned context, and specific direction is given with respect to the form of development including generally locating buildings parallel to the street, locating main building entrances so they are clearly visible and accessible, and providing ground floor uses that have views into, and where possible, access to adjacent streets and open space (Section 3.1.2.1).
- New development is to provide amenity for adjacent streets and open spaces including weather protection and landscaping (Section 3.1.2.5).
- Tall buildings are identified as being subject to additional built form principles including being designed to consist of three parts integrated into a single whole and addressing key urban design considerations including demonstrating how the building and site design will relate to existing and/or planned context (Section 3.1.3.1 and 3.1.3.2).
- Vehicular parking, access, service areas, and utilities are to be located to minimize their impact on property and to improve the safety and attractiveness of adjacent streets and open spaces including using shared service areas and providing underground parking where appropriate (Section 3.1.2.2).

*Function:*

- Downtown is to “evolve as a healthy and attractive place to live and work as new development that supports the reurbanization strategy and goals for Downtown is attracted to the area.” In particular, Downtown policies will accommodate development that reflects its function as the premier employment centre; provides a full range of housing opportunities for Downtown workers and focuses on the Financial District as the prime location for the development of prestige commercial office buildings and landmark buildings that shape the skyline. (Section 2.2.1.1).
- Investment in Downtown is to support and enhance the specialty retail and entertainment districts found Downtown as they are important regional and tourist destinations (Sections 2.2.1.2 c and 3.5.3.1).
- Investment in Downtown is also to maintain and improve the public realm, promote an environment of creativity and innovation for arts and culture; maintain a high-quality business infrastructure and create and advance

research and business development alliances among various sectors such as health and education (Section 2.2.1.2).

- A strong and diverse retail sector is to be promoted by permitting a wide range of shopping opportunities in a variety of settings (Section 3.5.3.1).
- Traditional retail shopping streets are to be improved as centres of community activity (Section 3.5.3.2).
- Community Improvement Plans can be prepared to promote the maintenance, rehabilitation, revitalization and/or conservation of selected land, buildings and communities (Section 5.2.2.1).

*Scale:*

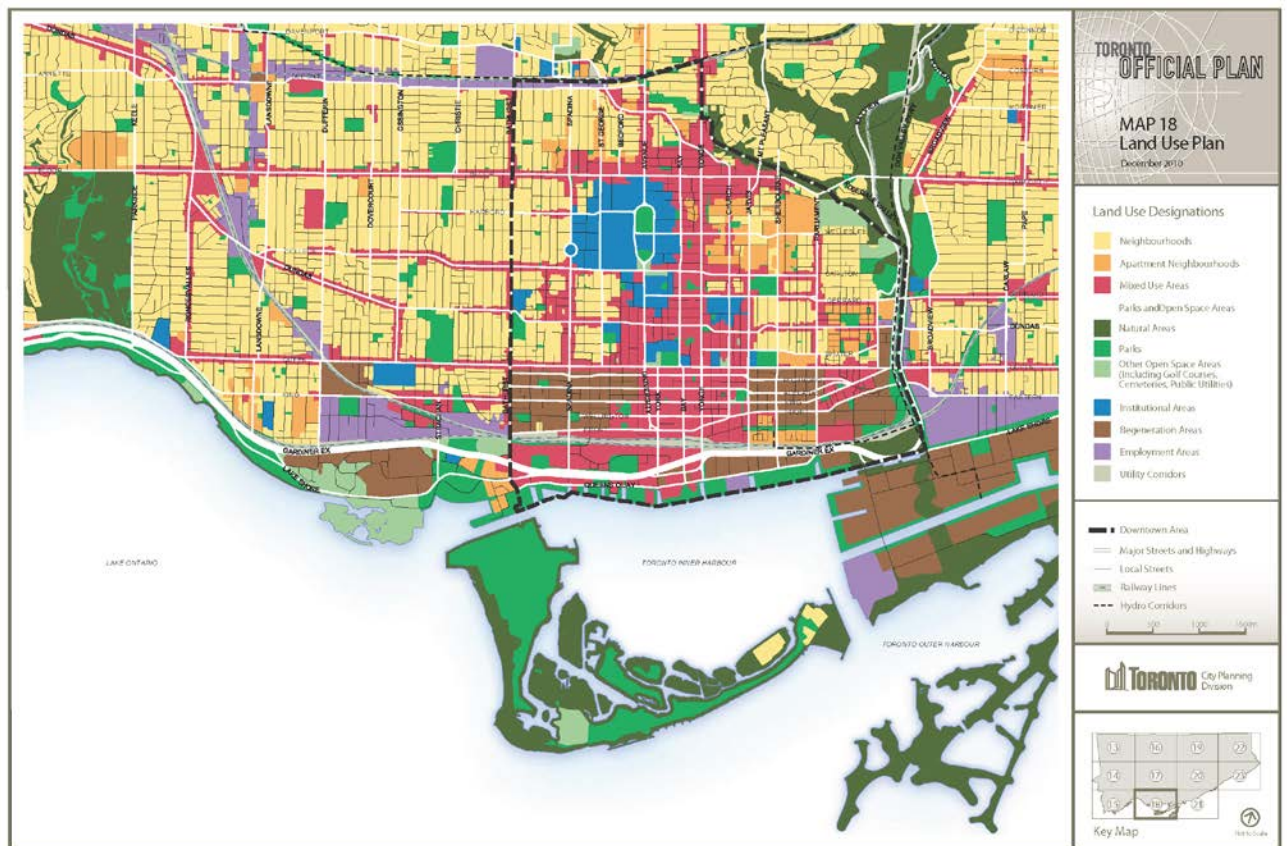
- New development in Downtown is to respect the context of districts of historic or distinct character (Section 2.2.1.6).
- New development is to enhance the quality of the public realm including City streets (Section 3.1.1).
- New development is to be “massed to fit harmoniously into its existing and/or planned context,” to limit impacts on neighbouring streets, open space and properties, and to define the edges of streets and open spaces (Sections 3.1.2.3 and 3.1.2.4).
- Development in Neighbourhoods and Apartment Neighbourhoods, which are considered physically stable areas, will be consistent with that objective and reinforce the existing physical character (Section 2.3.2.1).
- Zoning By-laws may be enacted to permit more height and/or density for a use than otherwise permitted in return for the provision of community benefits in the form of capital facilities (Section 5.1.1).



The Official Plan also provides direction with respect to the following key land use designations, which apply to Downtown (See Map 3.12):

- Mixed Use
- Neighbourhoods
- Apartment Neighbourhoods
- Regeneration Areas
- Institutional Areas

**Map 3.12: Downtown Key Land Use Designations in Toronto's Official Plan**





The following table summarizes the relevant policy directions, which relate to development, including retail and service commercial development, for each land use designation.

**Table 3.4: Retail Policy Direction Summary**

<b>Designation</b>	<b>Form</b>	<b>Function</b>	<b>Scale</b>
<b>Mixed Use (Section 4.5)</b>	<ul style="list-style-type: none"> <li>• Single or mixed-use buildings</li> <li>• Provide good site access, circulation, and adequate parking</li> <li>• Locate and screen service areas</li> <li>• Large scale stand-alone retail stores and/or power centres are not permitted in Downtown and Central Waterfront</li> </ul>	<ul style="list-style-type: none"> <li>• Permits a broad range of commercial, residential and institutional uses</li> </ul>	<ul style="list-style-type: none"> <li>• Locate and mass buildings to provide a transition between areas of different development intensity and scale, reduce shadow impacts, and frame edges of streets and parks</li> </ul>
<b>Neighbourhoods (Section 4.1)</b>	<ul style="list-style-type: none"> <li>• New uses have physical form compatible with and integrated into Neighbourhoods</li> <li>• Minimal noise, parking or other adverse impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Physically stable areas including existing small-scale retail, service and office uses</li> <li>• New small scale uses permitted if compatible with area and subject to specific criteria through a Zoning By-law amendment</li> </ul>	<ul style="list-style-type: none"> <li>• Lower scale buildings</li> <li>• Serve needs of area residents</li> </ul>
<b>Apartment Neighbourhoods</b>	<ul style="list-style-type: none"> <li>• Significant growth not generally intended; however, compatible infill permitted on sites with existing apartments</li> </ul>	<ul style="list-style-type: none"> <li>• Small-scale retail, service and office uses permitted that serve the needs of area residents</li> </ul>	<ul style="list-style-type: none"> <li>• Locate and mass buildings to provide a transition between areas of different development intensity and scale, reduce shadow impacts, and frame edges of streets and parks</li> </ul>

Table 3.4: Retail Policy Direction Summary - Continued

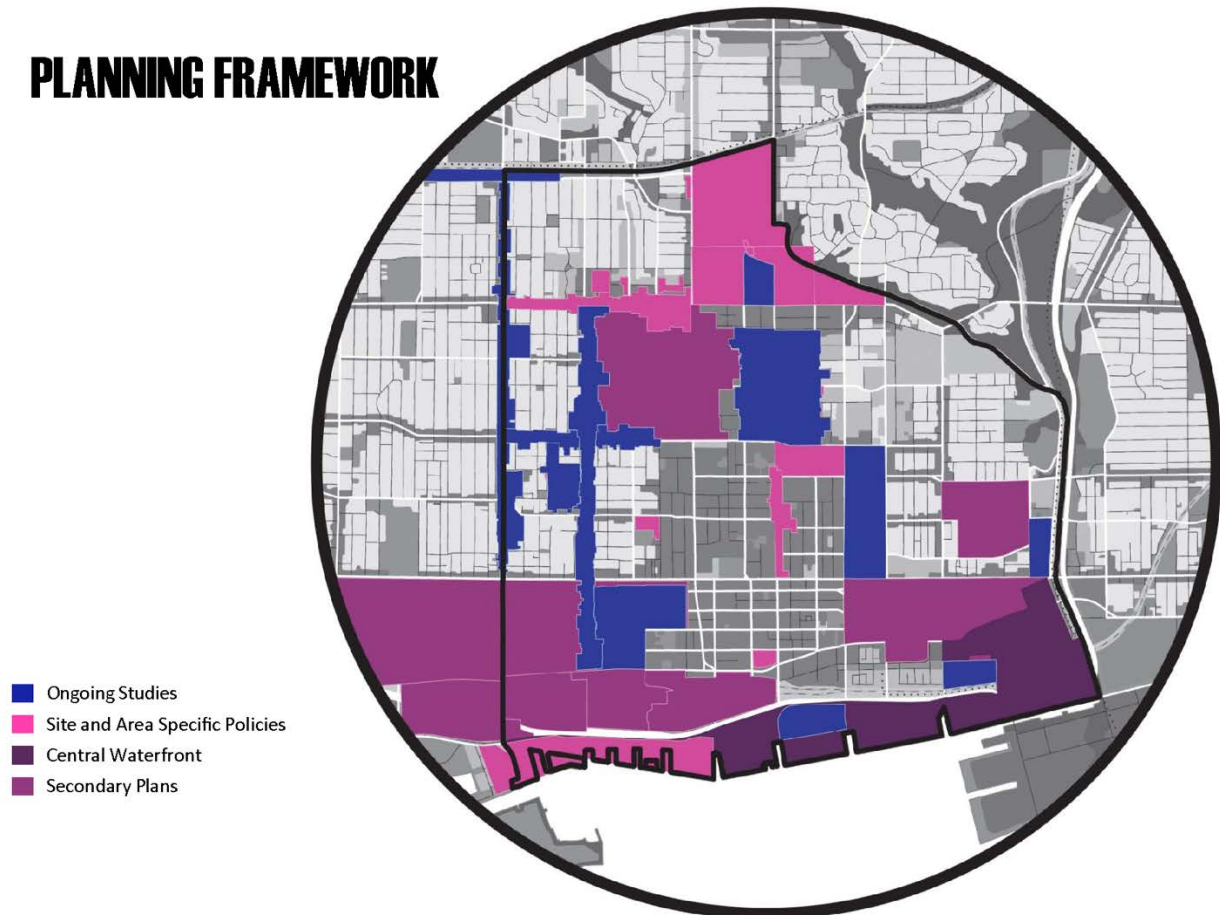
Designation	Form	Function	Scale
<b>Regeneration Areas</b>	<ul style="list-style-type: none"> <li>Large scale standalone retail stores and/or power centres are not permitted</li> <li>Secondary Plan will establish urban design guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Permits broad mix of commercial, residential, light industrial, institutional, live/work, and utility uses in an urban form within a framework established in a Secondary Plan that includes urban design guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Secondary Plan will establish urban design guidelines</li> </ul>
<b>Institutional Areas</b>		<ul style="list-style-type: none"> <li>Made up of major educational, health and governmental uses with various related facilities, including commercial</li> <li>Universities, colleges and hospitals are encouraged to create campus plans that identify development sites to accommodate planned growth and set out building envelopes for each site</li> </ul>	<ul style="list-style-type: none"> <li>Campus plans are to identify development sites to accommodate planned growth and set out building envelopes for each site</li> </ul>

### ***What Specific Policy Direction Does the City Provide for Retail and Service Commercial Development?***

In addition to the general directions in the Official Plan, more specific policy direction is found with respect to retail and service commercial development within Downtown's various sub-areas, as established in Secondary Plans and Site- and Area-Specific Policies. Map 3.13 illustrates the areas of Downtown that are the subject of these specific policies. It also illustrates where there are ongoing studies, which may result in the development of additional Site and Area-Specific Policies.

**Map 3.13: TOcore Planning Framework: Secondary Plans and Site and Area-Specific Policies**

## **PLANNING FRAMEWORK**



The policies relevant to retail and service commercial development reinforce the general directions in the Official Plan:

- Recognizing the importance of retail and service commercial uses in providing necessary services for residents and business; and
- Encouraging a built form that supports a high-quality pedestrian environment and public realm, which makes the street both more interesting and safer.

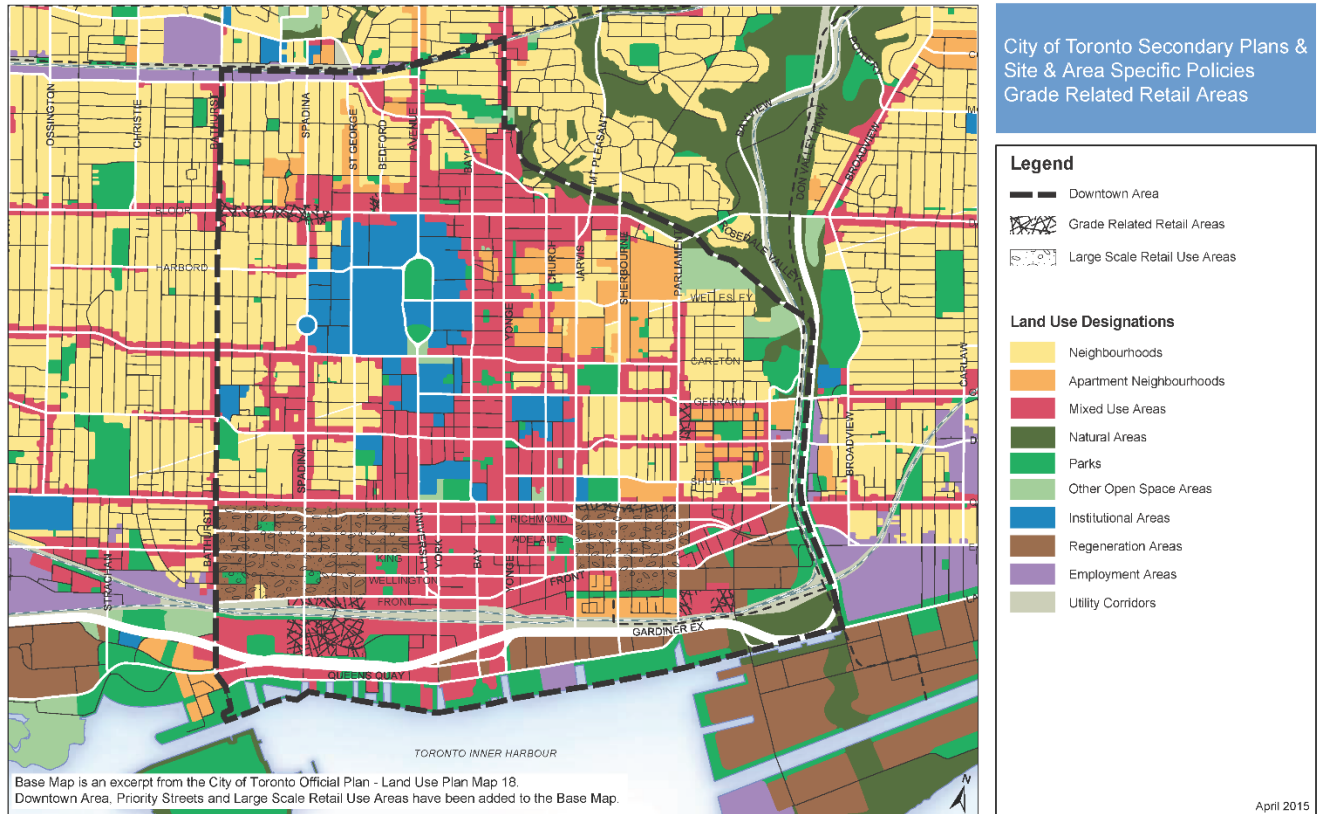
The policy directions in most cases encourage, but do not require, specific forms of development; in particular, street-related commercial at grade. The following policy (Section 3.3) from the Railway Lands Central Secondary Plan is a typical example encouraging, but not requiring, street-related commercial uses in a specific form and implicitly a related scale and function:

*“In accordance with the policy of achieving an attractive, inviting, comfortable, and safe public realm in the Railway Lands Central, the City will ensure that:*

- (c) *special attention is paid to the relationship of the lower level of buildings and the pedestrian realm by encouraging:*
  - (i) *the provision of residential and public uses, which are directly accessible from grade level and the provision of street related retail and service uses which open out onto the sidewalk, attract pedestrians, and make the sidewalk and street a more interesting and safe place, ...”*

However, there are a number of instances where specific requirements are established. With respect to grade-related retail and service commercial, a number of the Secondary Plans identify areas where grade-related commercial is required (See Map 3.14).

**Map 3.14: TOcore Secondary Plans and Site and Area Specific Policies and Grade Related Retail Areas**



Generally, limited direction is provided with respect to the scale and form other than that such development is to have a strong street or grade related retail and service commercial component. The design policies do provide direction to the scale and form of development though, which is applicable to commercial uses as well (e.g., clearly define and give form to the edges of streets, parks and open spaces, reinforce the visual continuity, and spatial definition of streets).

Official Plan Site and Area Specific policies also provide additional direction for street related commercial for areas such as Yonge St. between Queen St. and north of Gerrard St., Bloor St., Yorkville Ave., and Kensington Market and blocks such as the west side of Avenue Rd. between Pears Ave. and Dupont St. These include references such as:

- The Yonge Dundas Redevelopment Project will include “strategically located buildings with appropriately designed and configured space for retail and entertainment uses” (Yonge St.);
- The need for new buildings to “reflect the existing fine-grained retail character” (334 Bloor St. W., between Avenue Rd. and Bathurst St.);
- The need for development to “respect and reinforce the existing character of... contiguous retail shops and services with limited frontages along the street, with entrances located a half level above or below street level” (Village of Yorkville);

- Any developments will be consistent with the special characteristics including “low scale buildings with retail at grade” (Kensington Market); and
- “Development will take the form of street related retail and service uses and residential uses, in house-form buildings. Any changes ...will respect the architectural and design character of the existing buildings and be compatible with the scale of adjacent neighbourhoods” (West side of Avenue Rd. between Pears Ave. and Dupont St.).

Large scale stand-alone retail stores and entertainment uses is the other form of retail development for which detailed direction is provided. These uses are prohibited except in certain areas and where permitted are subject to the following directions (see Map 3.14):

*Form:*

- Urban form is compatible with the character of streetscape and surrounding area
- Built to street line and front on the street
- Entrance from sidewalk of a major street
- Limited parking
- Heritage resources conserved.

*Function:*

- Large scale retail and entertainment uses are permitted.

*Scale:*

- An urban form subject to a Zoning By-law amendment and provided that they meet specific criteria related to form.
- Scale is compatible with the character of streetscape and surrounding area.

### ***How Does the City Implement the Existing Policy Directions?***

The key Official Plan policy implementation tools the City uses with respect to achievement of built form objectives are zoning and urban design guidelines. In some cases, Heritage Conservation District Plans are also applicable.

#### ***Zoning***

With respect to street related retail, the City's former Zoning By-law (438-86) established regulations for Priority Retail Streets, which are applicable in Downtown (See Map 3.15). The City's new By-law (569-2013), which is under appeal at the Ontario Municipal Board, carried this regulation forward as a Prevailing Section applied through an exception to those properties subject to the regulation under 438-86. The regulation is as follows:

#### ***Zoning By-Law No. 438-86: Section 12 – Exceptions Applying to Specific Use Districts or Specific Lands***

“250. No person shall, on a *lot* adjoining a *street* designated as a priority retail street on the following maps, erect or use a building or structure for any purpose unless:

- (i) *street related retail and service uses* are provided (1997-0422); and,
- (ii) at least 60 percent of the aggregate length of the portion of the *frontage* of the lot abutting the primary retail street on the following maps is used for the purpose (581-93) (1997-0422).”

Street related retail and service uses are defined as:

“means one or more uses listed in section 8(l)(f)(b)(i), (ii) and (iv), other than a *public park* or public playground, where:

(i) the principal public entrance to each shop or store is located in the exterior wall of the building, which is directly accessible by pedestrians along a route not more than 5 metres from:

- A. the *frontage* of the *lot* on which the shop or store is located; or
- B. a building setback line on the *lot* on which the shop or store is located, provided the line is established by this By-law as amended.

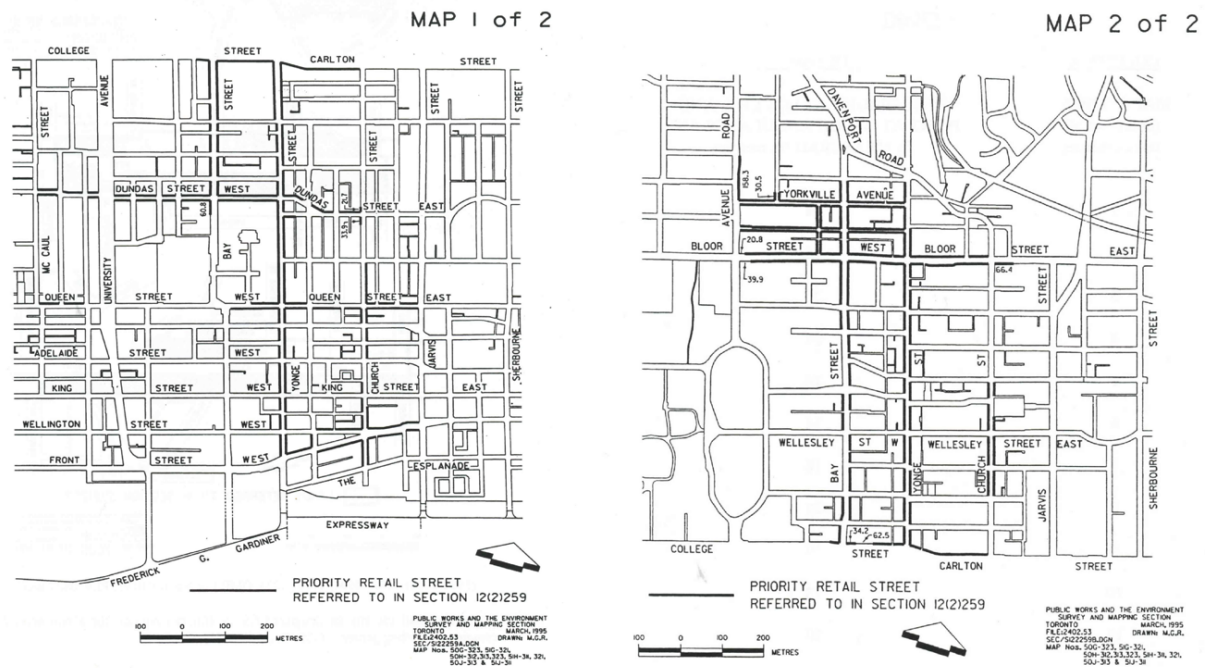
(ii) the exterior wall from which the principal main entrance is gained is at an angle of divergence from the *frontage* of not more than 85 degrees;

(iii) only 15 metres of *frontage* for any one of the uses listed in sections 8(l)(f)(b)(i) or (ii), or a *branch of a bank or financial institution* may be included as *street related retail or service uses*; and

(iv) the level of the floor of the principal public entrance is within 0.2 metres of the level of the public sidewalk opposite such entrance.”

### Map 3.15: Priority Retail Street Network in Zoning By-law 438-86

Zoning By-law 438-86 Priority Retail Street Network



No additional priority retail streets were added in the City's new By-law. However, there are a number of new regulations, which are intended to encourage street-related retail and related uses, although such uses are not required at grade unless it is an area where such a regulation already exists. The new regulations would apply in all Commercial/Residential (CR) Zones in the Development Standard Set 1(SS1) area (Downtown) identified in the Zoning By-law (Downtown). These regulations also apply in SS2 areas (main streets):

- Minimum 75% 'build-to' line (i.e., 75% of the street wall shall be within 0–3 metres of the front lot line to ensure the building is brought up to the sidewalk);
- Minimum 4.5 metre floor-to-ceiling height for the ground floor (to encourage ground floor space, which is suitable for commercial uses);
- Requirement for pedestrian entrances for commercial uses to be within 0.2 metres of the sidewalk (maximizing accessibility to commercial uses); and,
- Low-density residential built form is not permitted in the CR Zone.

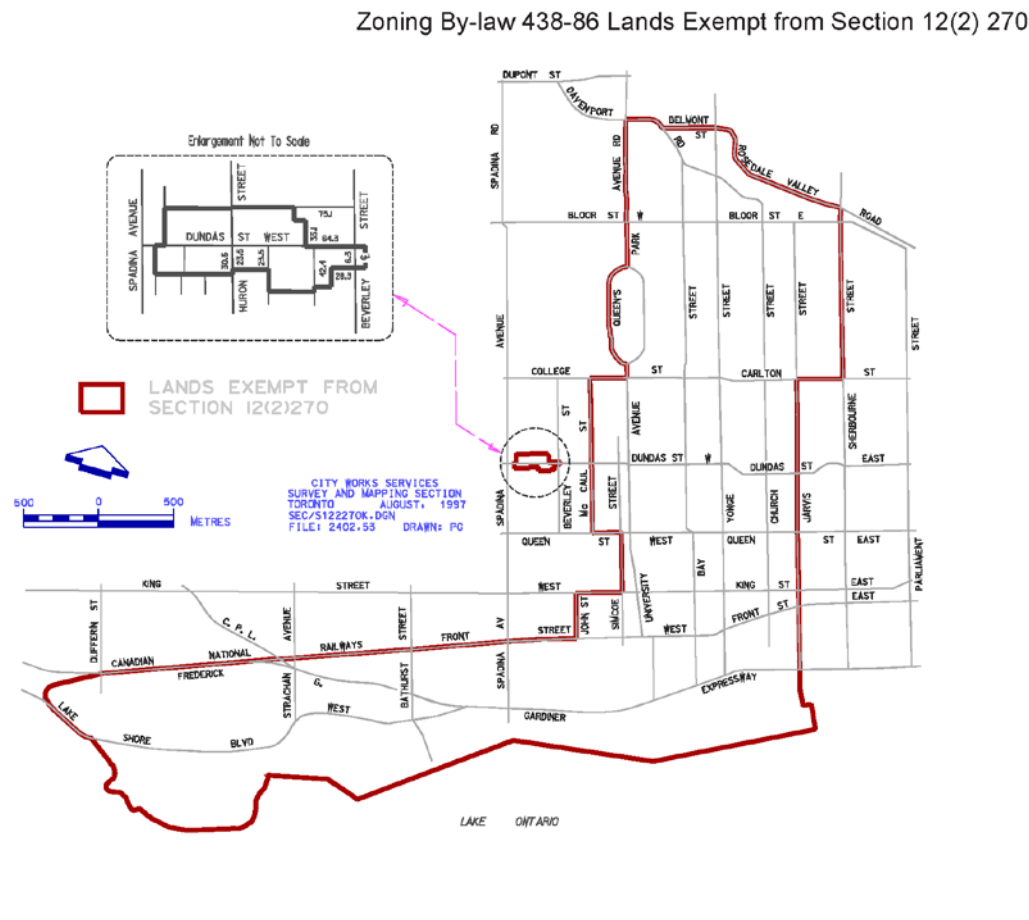


With respect to large format retail, Exception 12(2)(270) of Zoning By-law 438-86 restricts such uses for the former City of Toronto including portions of Downtown, although a significant area of Downtown is exempt (See Map 3.16 referred to as the Central Core area in this report). Exception 12(2)(270) limits:

- Retail and service uses to the size existing as of July 1993 plus an additional 1,800 m<sup>2</sup>;
- Retail and service uses to the zoning density limit for commercial use on the property; and,
- Any retail or service store to a maximum of 8,000 m<sup>2</sup>.

A recent study carried out for the City<sup>3</sup> has recommended that the existing regulations be amended to reduce the maximum store size allowable without a rezoning from 8,000 m<sup>2</sup> to 3,500 m<sup>2</sup>. This is to provide an opportunity for additional review by the City of large retail units.

**Map 3.16: Lands Exempt from Section 12(2) 270 of Zoning By-law 438-86**



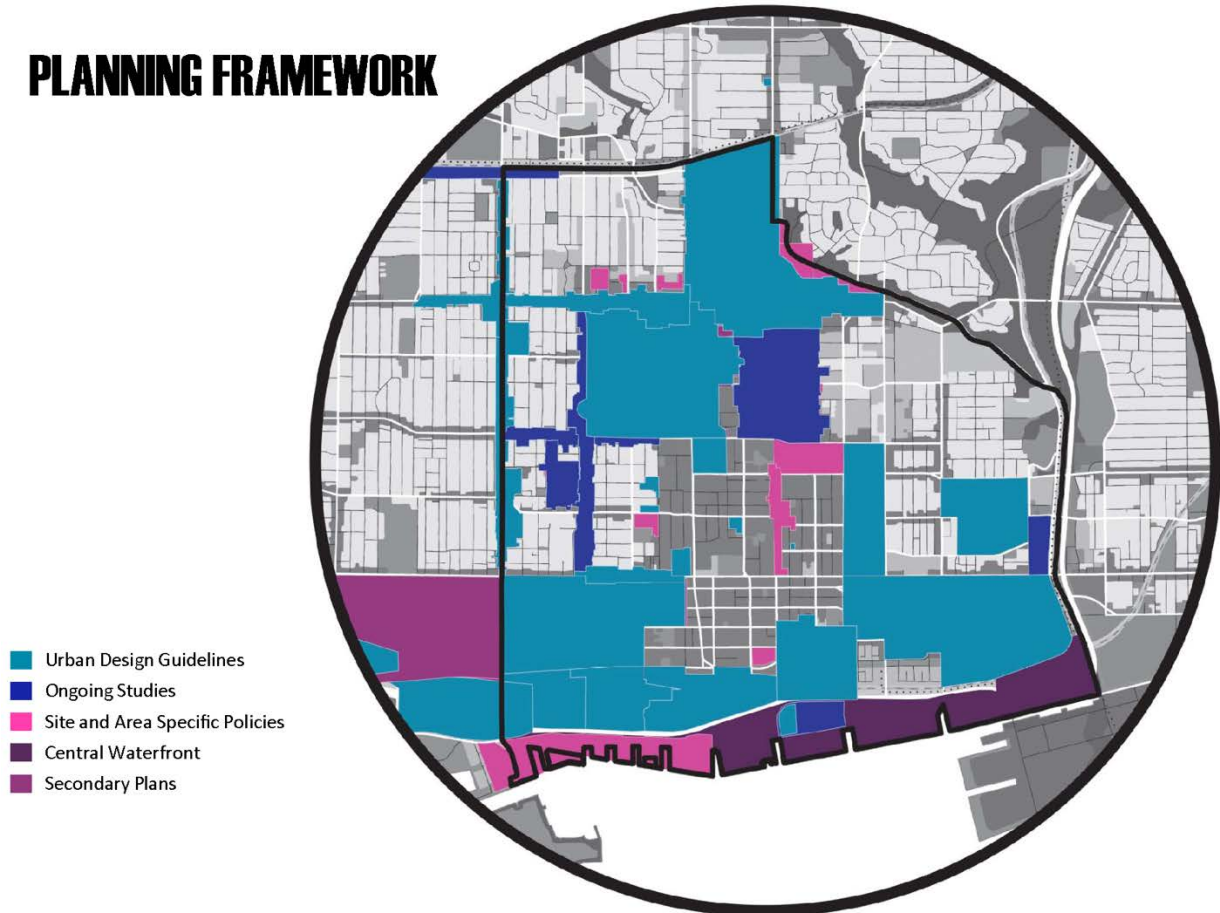
<sup>3</sup> J.C. Williams Group et. al., Evaluating Large Retail Developments Near Pedestrian Shopping Areas in Toronto, February 2014.

### *Urban Design Guidelines*

The Official Plan provides for the preparation of urban design guidelines as part of its implementation strategy. There are two categories – general Citywide and District or Area Specific (See Map 3.17).

**Map 3.17: TOcore Planning Framework: Urban Design Guidelines**

## **PLANNING FRAMEWORK**



The Downtown Tall Buildings: Vision and Supplementary Guidelines are the most relevant of the general guidelines. With respect to retail development, these Guidelines identify Priority Retail Streets, which are similar to but somewhat more extensive than those identified in the Zoning By-law (See Map 3.18). At least 60 per cent of the total building frontage along these streets is to contain active retail uses.

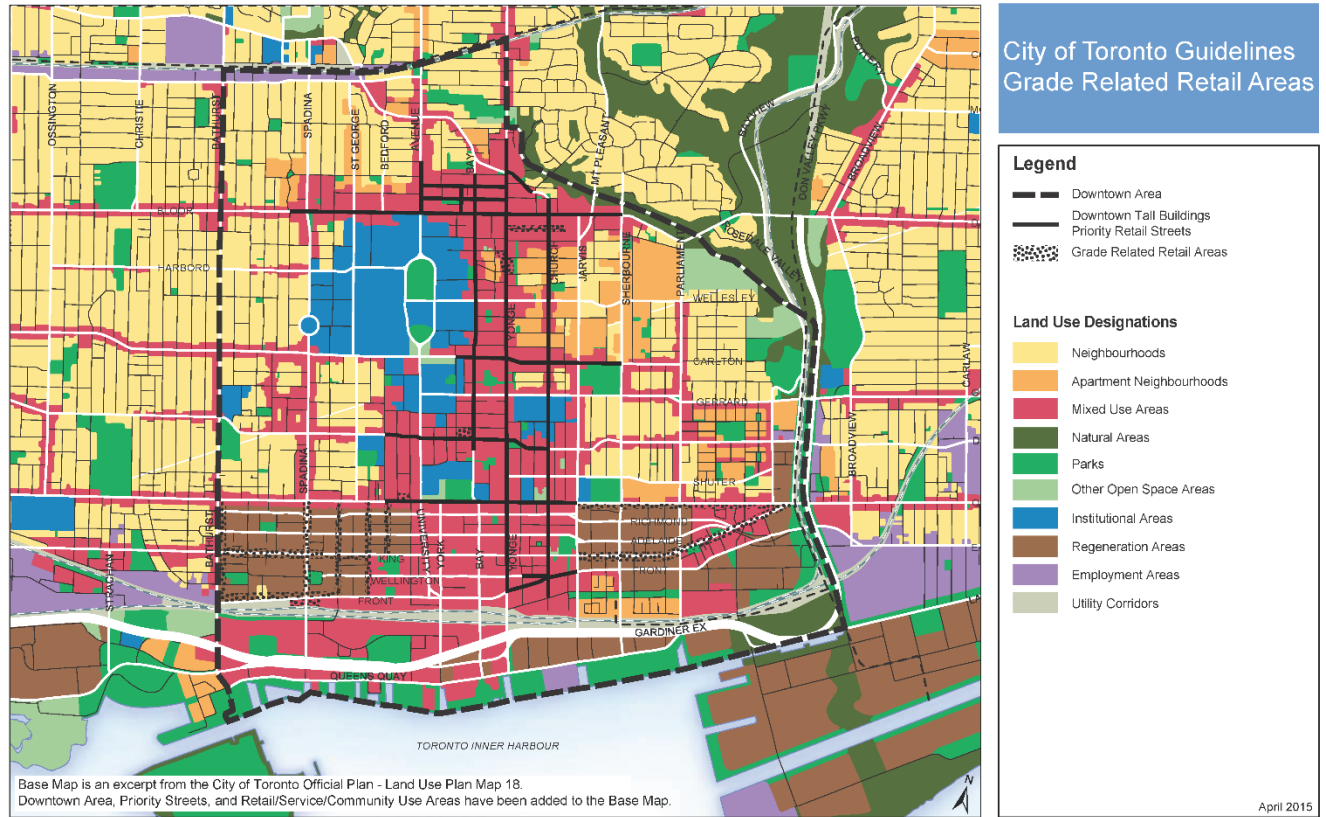
The primary District or Area Specific Guidelines applicable in Downtown include:

- North Downtown Yonge
- St. Lawrence Neighbourhood Focused Area
- Bloor-Yorkville/North Midtown
- King-Spadina
- King-Parliament
- Railway Lands West and Central
- Queen-University/Canada Life
- Queen St. W., Baldwin and The Grange
- University of Toronto (Main Campus)
- Bloor Corridor Visioning Study: Avenue Rd. to Bathurst St.

These guidelines build on the Official Plan policies to provide more detailed direction related to matters such as views, key sites, open space network, sustainable design, public art, street character types, and built form and scale (e.g., angular planes, height). With respect to retail, the guidelines, similar to the Official Plan policies, often encourage such development at grade, but do not require it. For instance, in describing Primary Pedestrian Streets in the St. Lawrence Neighbourhood Focused Area, the guidelines state:

*“On Primary Pedestrian Streets that are predominately commercial, transparency at the sidewalk, as well as awnings and canopies, provide comfort and interest for pedestrians. Narrower retail frontages are desirable on these streets and signage should be appropriately scaled to the pedestrian. Outdoor cafés and opportunities for spill out retail should be accommodated within setbacks and close to the pedestrian traffic.”*  
(Page 33)

There are some instances though where retail at grade is required (See Map 3.18, which identifies such “Grade Related Retail Areas,” which are also described in some cases as “Special Streets”). An example is the King-Spadina Guidelines, which require “street related retail, business or community uses” on the ground floor of buildings on “Special Streets” such as Spadina between Queen and Front.

**Map 3.18: Priority Retail Streets and Grade Related Retail Areas**

### *Heritage Conservation District Plans*

The majority of the existing approved Heritage Conservation District Plans (HCDP) are for areas which are primarily residential. The exception includes the Queen West HCDP. The focus of HCDPs is on ensuring the preservation of buildings that contribute to heritage character, and that new and renovated buildings are designed to be sympathetic to district heritage attributes. With respect to retail, the Queen West HCDP indicates that:

“New and renovated buildings must respect the heritage character of the built form by respecting the narrow rhythm of facades. The bays of storefronts and facades should ideally be 4.5 metres wide, and must be no more than 7 metres wide.” (Page 60).

### 3.3 Downtown Retail Development Case Studies

An overarching aim of the TOcore study is to review retail development and planning policies for Downtown as a whole, and the ability to zoom in on select retail projects or areas for more intense scrutiny was a valuable exercise. The J.C. Williams Group Team assessed six developments in Downtown Toronto area. The six areas included:

1. Yonge/Dundas
2. Spadina/Fort York Blvd
3. Queen/Portland
4. Bay/Wellesley
5. RioCan Hall (Festival Hall) at Richmond/John
6. Bathurst/Nassau

The full assessment of the case studies is located in Appendix D: Downtown Retail Development Case Studies.

The assessments included a review of the major retail planning policies in effect, the socio-economic changes that occurred during the time period, and the results on the retail supply mix before and after the development to help gauge if it was successful. It is the inter-relationship between demand, supply, and policy that the Team is most interested in understanding.

The analysis of the case studies highlights conditions that can be used to assess successful main street development retail strategies, programs, and policies and their likelihood of success. This can be used to develop the evaluation criteria for determining Priority Retail Streets. A full list of evaluation criteria is set out in Appendix H: Retail Strip Health and Prioritization criteria.

The evaluation criteria included three key components: (a) retail main street characteristics, (b) retail mix and anchors, and (c) and trade area socio-economics.

#### **Retail Main Street Characteristics**

- Pedestrian counts and walk score
- High order transit and transit score
- Vehicular counts
- Number of vehicles per household
- Presence of public urban plaza
- Underground utilities

- Leadership including BIA organization, private sector retail management
- Public parking
- Overall quality of area
- Average retail rents
- Streetscape design program
- Heritage District.

### **Retail Mix and Anchors**

- Retail mix changes
- Daytime uses including employment, learning, library, and art/cultural
- Nighttime uses including restaurants/bars, and theatres.

### **Trade Area Socio-economics**

- Socio-economic profile including population threshold, household income, education levels, and other factors.

The data was obtained through secondary research, interviews with relevant City of Toronto staff who were involved in each project, CSCA retail data for 400 m trade area, and Statistics Canada and Environics socio-economic data for 400 m and 800 m residential trade areas.

## ***Case Study Summary***

### **Overall Retail Success Factors**

- As stated, retail planning policies are focused on finding a balance between viability and vitality of retail and main streets. The evaluation criteria are used to determine the strength of these vitality and viability factors for local-serving retail districts as well as destination retail. This analysis helps to illustrate important underpinnings of successful retail areas.
- Retail follows residential and requires certain thresholds before it becomes feasible. In a high-growth, competitive environment this decision factor may change as retailers opt for market share over profitability.
- Developing a long-term retail vision is critical to success. Conflicting visions create confusing retail developments and uncertainty.
- An important step is to have an understanding of the target markets, asking the questions related to what their desired retail experience is, and then being able to deliver that to them.

- There needs to be evidence of growth or change before deciding to invest resources for a retail catalyst project.

**Retail Location**

- Retail spaces that are geared to local, independent retailers through rent subsidies or incentives (or are to be used as catalysts for further area development) must be located on the main retail street; otherwise, they are likely to fail.
- Neighbourhood retail streets need to balance the level of vehicular traffic with the local neighbourhood household density levels.

**Form/Design**

- Walkability in Downtown Toronto is highly correlated to retail opportunities and success.
- Urban plazas and socialization spaces can help retail to function better.

**Retail Use**

- Supermarket anchored developments combined with some destination retailers can be effective at creating a stronger neighbourhood retail area and can dramatically affect pedestrian traffic levels.

**Scale**

- Large retail developments should be located on major retail streets to be effective. Secondary locations rarely perform well unless it is purely destination retail. Ideal locations are high density, high rent, and high pedestrian traffic areas.
- Developments that intend to include large retail stores in lower rent-type neighbourhoods do not assist in revitalizing the local area (however, they may not detract either).

### 3.4 Strengths, Weaknesses, Opportunities, and Threats

This section summarizes the current retail policy strengths, weaknesses/gaps, opportunities, and threats to development in relation to creating animated, diverse, and functioning streetscapes in the context of mixed-use retail redevelopment.

While the specific focus is on retail planning policies, retail development is affected by other policies, programs, and planning at the City level. These include employment, residential, education, arts, cultural, sporting, transit, and the public realm, among others.

#### ***Existing City of Toronto Retail Planning Policy Strengths***

##### **Overall Strength**

- The City has recognized the need to provide a general policy framework for Downtown as a whole, while refining that direction to reflect the special character of specific sites, areas, and districts as well as particular forms of development.

##### **Form/Design**

- At the same time, the City has encouraged a built form and scale which supports a high quality pedestrian environment and public realm.

##### **Retail Use**

- With respect to retail and service commercial, the City has sought to balance the need to allow the market to operate while ensuring sufficient services are available for residents and businesses.

##### **Other Factors**

- Business Improvement Areas play a critical role in the advertising, promotion, and animation of the City's Downtown retail areas. They allocate considerable resources to area maintenance, cleanliness, public safety, and advocacy initiatives, as well as partnering with the City on streetscape and public realm improvement projects.



## ***Existing City of Toronto Retail Planning Policy Weaknesses***

### **Retail Location**

- The rationale for the existing Priority Retail Street designation is not well communicated. This has resulted in a lack of clear evaluation criteria for how they are defined and where they are to be located.
- In addition, there is a lack of clear methodology related to evaluating development proposals situated along Priority Retail Streets.
- The result is that currently these regulations and policy framework are relatively ineffective, despite their transformative potential.

### **Form/Design**

- The current approach commonly taken through development review to achieving the objective of fine-grain retail has not been completely successful.
- At the City level, there appears to be greater concern for how development benefits the streetscape, and lesser consideration for how retail functions internally and how it interacts with the street.
- In some instances, developments in Downtown have not prioritized retail uses, resulting in space that is challenging for retailers to operate in and which integrates poorly with the surrounding streetscape.
- The City tries to use guidelines as regulations and policies, which creates uncertainty in the development community. Guidelines do not carry the same legal weight as policies.
- The planning tools that the City can use (i.e., zoning, policies, etc.) are fairly blunt instruments that may not give the detailed direction required.

### **Retail Use**

- New developments in Downtown often accommodate standardized, traditional retailers that are not providing unique experiences. Consultations illustrated that the issue of “uniqueness” is more important than the independent vs. chain store issue.

### **Overarching Issues**

- Despite policies and guidelines in place, many parameters of development are now negotiated on a site-by-site basis albeit in the context of the current policy framework. Incentives related to retail development, such as reduced parking requirements for certain types of retail sizes, or higher density, etc., do not appear to be very effective in this type of environment where development interests are more concerned with “striking a deal” on larger issues such as height and density. This environment requires the City to be vigilant and to keep going back to policy documents to ensure that the negotiations reflect basic retail planning objectives.

- There is a perception within the development community that there are excessive and inconsistent layers of guidelines and regulations. While there is a need for tailoring tools for specific areas in Downtown, there needs to be a more transparent approach.

## ***Opportunities***

### *Target Market Opportunities*

- Continued investment is needed in residential, employment, educational institutions, arts and culture, sporting venues, transportation, and transit in a manner that positively impacts retail development opportunities.
- Downtown Toronto's diverse socio-economic characteristics are positive from both a retail market and urban environment standpoint. These characteristics include a mix of household incomes, a younger adult focus complemented by a range of ages, a high proportion of adults who walk to work, real average household income growth, and continued population and household growth. Overall planning policies that result in a healthy mix of residents or households are preferred and help to avoid the extreme income polarization experienced in cities such as Chicago.
- Work should continue to address safety and security issues (e.g., security cameras, police patrols by foot and on bike, standardized reporting protocols, lighting, etc.). At the same time, retailers need to be discouraged from using heavy bars on their windows and roller doors to protect their stores when closed. Main streets should present a hospitable frontage even during the night.
- Planning guidelines and policy need to include more content related to the target markets and the people that are on the street and potentially shopping. There is a rich lexicon within planning to describe physical attributes of the street that do not exist for different target markets. Pedestrians are treated similarly throughout planning when in fact there is great diversity that needs a fuller understanding at the planning and economic development levels. Further coordination between planning and economic development is also encouraged.
- An understanding of natural pedestrian movements from home to shopping areas and from work to home will present opportunities for increased retail development. These patterns should be recognized and incorporated within public realm and pedestrian network planning within Downtown.

### *Retail Supply Opportunities*

- Continued retail sales growth in urban areas of the Greater Toronto Area (GTA) is in response to the recent population growth. Overall, the GTA and Downtown Toronto are becoming increasingly competitive for retailer locations and market share retail battles. This will mean more development applications with significant or larger retail components included in them. A stronger understanding of how to create functional retail spaces is required by the City.
- To maintain strong retail sales performance metrics, continual and significant investment is required in Downtown Toronto on a similar scale to the top performing Toronto malls in terms of investment in the public realm, transportation options, facades, quality buildings, etc.
- The City needs to leverage the role that supermarkets can play in neighbourhood development and community formation.
- The City needs to leverage the role that arts, entertainment, and culture can play as a catalyst for retail development, which has to be planned well to be effective.
- There is a need for greater understanding of the strength of food services, its role in providing the “glue” for community development, and its immunity to online retail.
- There is a need to develop flexible retail spaces that can evolve over time but also to understand the need for unique, flagship-type retail space in Downtown. As retail changes, the function of the traditional store will evolve. Increased showrooming and omni-channel (i.e., the merging of offline and online) opportunities for retailers can provide both high visibility and accessibility to a dense population. This includes the issues related to upper level retail and retail heights in the context of height limitations of midrise projects.
- There is a need for greater understanding of how retail functions internally to ensure policies and regulations do not undermine the success of retail operations. The City needs to continue to enhance the retail districts for local retail and destination retail through public realm projects that create enjoyable and walkable streets (including the PATH). Urban plazas, restaurant patios, and the public realm can handle large volumes of pedestrian traffic and help enhance a retail shopping experience.
- The City should be able to share best practises within the industry on retail development layouts, engineering and transfer structures, proformas, governance and condo board structures, etc.
- The City needs to ensure that retail is not overly planned and controlled to the degree that it limits competition. The City should strive to ensure that new retail development is authentic to the traditional character of its main street environments, but not overly “themed.”

### *Retail Planning Policy Opportunities*

- There is an opportunity to be clearer about the City's retail priorities by identifying the fundamentals essential to successful retail environments and establishing them as mandatory requirements.
- There is an opportunity for the City to increase transparency and consistency in the planning process. Some guidelines need to be made into policy to provide clear direction to the development community. This would capitalize upon a directive and give it strength, as well as clarify the intent of the City and provide a consistent approach.
- By better communicating and showcasing retail best practices, there is an opportunity to increase awareness of what makes successful retail for both developers and City staff.

### *Other Issues*

- Continued improvements to safety and security.
- Consider the role of the BIAs in addressing new and emerging retail issues, and enhancing the experiential quality of Downtown retail areas, relative to their existing authorities as provided by Council.

### **Threats**

#### *Competition*

- Retail districts outside of Downtown are increasing their local and regional draw. In addition, there is continued investment in competitive malls across the GTA.
- There is continued investment in competitive malls in Toronto and outside of Toronto.
- International competition for retail including luxury and one-of-a-kind type retailers is increasing.
- Online retail continues to threaten leisure retail (e.g., music, electronics, books, etc.) as well as clothing and food/drug retailers.
- All of these factors combined suggest that the City may be more cautious for major destination retail-type developments (net new retail space) as there may be slightly diminished growth prospects. Demand for new retail space will stem from local demand.

TOcore



Retail and Service

Commercial Land Use Study

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#### 4.0 Emerging Priorities for Retail and Service Commercial Land Use in Downtown Toronto



Queen St. West, Source: J.C. Williams Group

Prepared by:

J.C. WILLIAMS GROUP



Ryerson  
University

CSCA  
CENTRE FOR THE STUDY OF COMMERCIAL ACTIVITY

## 4.0 Emerging Priorities for Retail and Service Commercial Land Use in Downtown Toronto

Building off the Existing Conditions section, the retail and commercial study review process gauged the emerging priorities with a cross section of BIA representatives and Downtown Toronto developers through the organization BILD GTA. Summaries of these workshop sessions are in Appendix E: Downtown BIAs Workshop Summary and Appendix F: BILD GTA Workshop Summary.

### 4.1 No Major Retail Issue but Several Emerging Issues

Overall, the study indicated that there were no significant retail demand, supply, or policy issues associated with Downtown Toronto. This does not mean that there are not issues that need to be addressed but many of them are specific to a local area and not to Downtown in general (e.g., see City Staff Report: Kensington Market Study of Restaurant and Bar Uses – Preliminary Directions and Next Steps August 14 2015).

However, there are several key emerging priorities that include:

#### **Overarching Goals and Objectives: Ensuring a Balanced Retail Planning Approach**

- Ensuring a balanced retail planning approach between economic and community building/placemaking goals and objectives;
- Ensuring that retail development takes a combined market based approach that considers the various target markets including local residents, regional shoppers, office workers, students, hotel visitors, theatre attendees, sports and recreation centre attendees, and event attendees. Through this approach, it is important that the new retail supply responds to questions such as: who the target markets are, what their current retail experience in Downtown is, what is their desired retail experience, and how to deliver that to them.

#### **Location of Retail**

- Determining where retail should be located in Downtown, including Priority Retail Streets (PRS);

#### **Form/Design of Retail**

- Re-evaluating and simplifying requirements for form and design elements that affect retail including entrances, loading area, and retail heights to enhance functionality;

#### **Future Retail Planning Needs**

- Assessing future retail planning needs including ensuring local-serving retail as part of complete communities in Downtown;

#### **Retail Use**

- Focusing retail use and function policies to encourage unique retailers to locate in Downtown;

- Allowing the private sector to deliver retail to Downtown unless there are public or City interests that need to be addressed (e.g., retail rent affordability, retail use, etc.);

### **Retail Scale Including Large Format and Small Format**

- Implementing a reduction in the maximum allowable retail unit size and assessing whether the “Central Core” boundaries where this policy is exempt should be revised.; and
- Encouraging small scale retail as an important component of a competitive retail climate and an animated public realm.

## **4.2 Two Major Lessons Learned from Existing Conditions**

There are two major lessons learned from the Existing Conditions review of Downtown Toronto’s retail planning policy and its impact on retail demand and supply:

1. **Planning for retail needs a strong economic underpinning:** the change in focus brought about by the 1976 Central Area Plan was in part based on improving retail economic development opportunities in Downtown. There was a deliberate planning and economic development shift whereby the objective was to plan for increased connectivity between the target markets and the retail commercial opportunities. Through mixed-use developments and focusing on exterior retail design, the intent was to provide a rational economic program that would encourage increased residential development and benefit retailers in Downtown. In effect, the planning policies brought retail demand and retail supply together in a more efficient manner.
2. **Community building and placemaking is the defining differentiator for main streets:** starting in the 1970s, the value of main streets in the former City of Toronto and in Downtown has been studied with the aim of enhancing their economic opportunities. There have been programs including incentives to foster a more economical and efficient retail structure to these main street areas (e.g., easy access/egress, ample parking, etc.). This would include higher density retail, convenient parking for easy access/egress, as well as ample parking at key locations. However, redevelopment of the main streets into these highly efficient retail nodes never fully materialized. In part, this was due to the fact that the main streets served a far greater purpose than as pure places of retail commerce. Their existence and success was not completely dependent on their ability to sell goods and services to local residents. The successful redevelopment of the main streets included both functions of retail economic centres and as community building places and placemaking elements. This is not to be confused with experiential retailing. This shifting focus to combining commerce and community has also meant that they were more resilient to outside influences.

### ***Differentiating Community Building/Placemaking from Experiential Retail***

At this point, it is important to clearly define the term community building and placemaking vis-à-vis experiential retailing.



### *Community Building and Placemaking*

The term community building and placemaking refers to aspects of the built form and scale of the retail as well as the adjacent public realm. The concept is about long-term development, which is designed to contribute to community building. It includes requirements that certain main streets be designed to have a retail component and how the street is laid out, the placement of entrances and how the retail connects to the street, the glazing, the angle of the windows, and/or that an urban square be created close to buildings that have a retail component.

A further differentiator is that the retail component of the buildings or public realm are designed first and foremost for the needs of the people who are going to use the space (there needs to be a demand side/target market approach to the assessment). Placemaking that primarily analyzes physicality will fail to truly contribute to the social and economic well-being of the retail area. The public realm and streetscaping needs to better support the retail vision for the main streets including the requirement for more retail spaces that promote innovation.

### *Experiential*

Community building and placemaking is different than experiential elements. Experiential refers to the nature of the retail uses and the public realm. It can be ephemeral. Today it is a chef in a supermarket, tomorrow it is a free makeover at a pharmacy. It is also the small shop owner and the relationship he or she builds with their clientele. The fact that a customer can watch their food being cooked, or receive one-on-one advice about how to cook something, or you can meet friends and hang out in the space is of value in a complex retail environment. For a retailer, it has to do with the internal layout of the store, with the corporate culture, or in the case of the small shop, the owner's personality. This is a layer on top of the built form. For instance, there may be an urban square which in and of itself, because of its location and design, encourages community building. That direction is enhanced if the BIA provides programming for that area – an art show, buskers, or Christmas carolers (see Appendix G: Retail Category Analysis for Complete Communities).

As stated, for the most part the City is not directly involved in the actual experiential aspects of how the retail will or will not be experiential. However, there are instances (e.g., through liquor licensing, patio development, or noise By-laws) related to how the City regulates and/or encourages this additional layer of experiential retail on its main streets. It is a very important element for the City to consider as an element of community building/placemaking, although not one over which the City has significant control.

In this report, the term “community building/placemaking” is used to express retail's contribution to community building including experiential elements.

### 4.3 **Balanced Approach – Economic and Community Building/Placemaking**

Retail planning policy for Downtown Toronto is about striking a balance between providing for efficient, competitive, and viable retail units that connect directly to their target markets and creating places that are walkable, enjoyable, interesting, and deliver community building and placemaking opportunities. In essence, there is viability and vitality to the retail. Retail planning policy in Downtown needs to have a combination of both the business lens and the community building/placemaking lens to be successful. The primary goal for the City is to ensure that main streets are both well-functioning economically and have great placemaking characteristics rather than being overly protective and regulatory.

Developments along blocks, retail strips, or main streets that are purely economic-based retail, that is to say, there is a lack of community building and placemaking to the area, are more vulnerable to outside influences. This may include downturns or competition from large format retail. Similarly, a lack of economic underpinnings for retail may result in unleaseable spaces.

Examples include the following:

#### **Lack of Community Building and Placemaking**

- Aura on the Yonge St. side does not contribute to community building. The two large bank facades and the mall entrance do not animate the street.
- Loblaws Queen's Quay is another example. It is a highly successful retail location. Inside the retail unit, there have been exceptional experiential components to the retailer including food tasting and opportunities for meeting friends. However, the building fails to contribute to the street or provide any street level synergy as most people drive to it.
- The Four Seasons Hotel on Yorkville Ave. has a street front that is primarily a blank wall, a car park and drop off area, and an underutilized privately owned public park, which do not contribute to the creation of a Priority Retail Street section.

### **Lack of Economics to Support Retail**

- 12 Lower Jarvis St. has a retail space that has not been leased due to the lack of pedestrian traffic despite being adjacent to high traffic generator St. Lawrence Market.
- There are several projects such as Queens Quay Blvd. and Carlton St. where the retail is poorly configured resulting in the retail space only being suitable for standardized quick service eateries and banks. The space offers limited flexibility to be redeveloped into other uses.

In addition, it is also important to have economic fundamentals in the local trade area to support retail. This was the case in the past in the Distillery District whereby there was a lack of residential population to support local-serving retail.

### ***Why a Balanced Approach is Necessary***

The arguments often put forward that the City should not intervene in retail land use planning are misdirected. Lack of controls may lead to either retail sprawl or underserved areas. The result is that such an approach will fail to achieve the objective of a competitive retail environment that can serve the full range of Downtown target markets and will also not meet the City's objective of providing social cohesion and community building through placemaking. Similarly, too much emphasis on social elements and the aesthetics of the street front can lead to inefficient and under invested retail developments.

### ***Current Economic Context: Sound Retail Economics in Downtown Toronto***

In considering future directions with respect to retail planning policy, the current economic context is a key factor. At present, there is strong demand for retail development in many places in Downtown Toronto. For most of Downtown, retail can generate a positive return on investment for a mixed-use development. This is not true everywhere in the City or in the GTA. Often incentives and programs may be required to encourage retail mixed-use in those other areas. As referenced in a U.K. report (Retail Planning Policy in the United Kingdom Oct 1, 2013) on Town Centre First planning and in Appendix A: Existing Condition, during good economic conditions, retail land use planning regulations are usually more relaxed (and vice versa, as witnessed in the 1990 recession, planning regulations became stricter).

### ***Planning Policies Should Encourage Competition***

From an economic perspective the City should strive for increased competition including consideration of the following points:

- The location and amount of land designated as retail is related to how much competition there is. Ultimately, a competitive retail environment is based on the scale and location of retail space. The City has direct control over these two factors.
- Increased competition creates incentives for retailers to seek out efficient business models ensuring they remain innovative and therefore relevant to target markets.

- Competition means more operators, not necessarily more square footage. The City should not allow retailers to become monopolies through size advantage.
- Striving for increased efficiencies in the retail sector does not necessarily mean “greater choice” and “cheaper goods” as the only criteria. The City should be concerned about increasing the quality of retail.
- The consequence of increased competition is that the main streets will be more animated due to increased competitive pressures.

### ***Interventions Need to Have Specific Aims and Outcomes That Match the Retail Vision***

Interventions in the market through retail planning need to be undertaken in the context of specific retail aims and outcomes. Often, interventions are more implicit rather than explicit. This is most often the case as the City has developed planning policies aimed at controlling retail function through the use of scale and built form related policies. However, sometimes, planning policies may go too far as indirect regulations. For example, the Yonge and Eglinton/Lawrence retail scale zoning regulations (By-law 438-86 Section 12(2) 269, p.12(2).147) were aimed at keeping certain retailers' units smaller in size after several larger format stores opened in the area. The regulation requires very high parking standards for retail developments above 550 m<sup>2</sup>. Rather than explicitly directing scale of the retail units, the policy indirectly achieves the aim through a penalizing-type regulation. It is preferable to have policies and regulations which directly match the retail vision for the retail area to reduce the potential of unintended consequences arising.

### ***Market Can Solve Many Retail Planning Issues***

Over regulating retail development is not necessary, particularly in Downtown where there is demand for retail uses. As stated, retail planning interventions are more common during downturns and more relaxed during upswings. This was witnessed in the early 1990s in Toronto during the recession whereby planning policies to protect main streets became stricter and the City introduced specific language in the Official Plan to ensure Downtown Toronto was “pre-eminent,” especially for retail planning.

Often the market achieves the desired aims set out by some planning policies. For example, the desire for the City of Toronto to have fine-grain retail and to limit large format retail space is partially being achieved without regulations in the following instances:

- Higher rents in certain main streets such as Church and Wellesley Village BIA help to ensure that retail store units stay smaller. The higher rents are forcing landlords to divide units into smaller units so that the spaces are more affordable. (However, the trend for comparison shopping and destination shopping areas, such as Bloor St. W., is towards larger scaled retail units despite higher rents.)
- High land costs and corresponding retail rents in certain areas help ensure that larger format retailers either do not enter the market or that they develop alternative smaller format concepts that will fit better in an urban context.
- The growth of e-commerce has slowed the expansion of retail brick and mortar stores and larger format stores. Many of these larger format stores are consolidating their locations as well as assessing smaller footprints to achieve greater sales efficiencies. Examples include the closure of Downtown Future Shop and Chapters locations as well as the development of a smaller 35,000 ft<sup>2</sup> urban format IKEA. In addition, Loblaws has put food and beverage goods in many of its Shoppers Drug Mart locations.

#### 4.4 Determining Future Retail Planning Needs

Retail demand and the need for additional retail square footage will be impacted by the following:

- The amount of retail space dedicated to destination and comparison type retail should not change significantly. As indicated in Appendix A: Existing Conditions, from 2001 to 2014 the amount of destination type retail categories increased modestly from 3.9 million ft<sup>2</sup> to 4.4 million ft<sup>2</sup>. However, the number of stores decreased from 1,321 to 1,072. The result is fewer but larger destination type stores. This trend will continue and will be affected by increased competition including online sales growth.
- Local-serving retailers including supermarkets, grocery stores, specialty food stores, and health care and pharmacy stores will continue to grow in line with population growth. As indicated in Appendix A: Existing Conditions, there is still room for growth within this category. The amount of food and beverage square feet per capita has increased from ft<sup>2</sup>/capita in 2001 to ft<sup>2</sup>/capita in 2014. The general rule is that between 4 and 5 ft<sup>2</sup>/capita are acceptable limits. However, as indicated, there are several supermarkets being proposed across Downtown. In addition, Appendix D: Downtown Retail Development Case Studies highlights the need for approximately 5,000 to 7,000 residents within 400 m of a site as a threshold for a significant supermarket (25,000 to 35,000 ft<sup>2</sup>).

Local retail is also affected by daytime population including workers. Generally, for smaller neighbourhoods in Downtown, 2,000 workers in the immediate area will solicit the need for some food service operations. However, daytime worker populations that are greater than 5,000 will create more demand. The major office nodes including the Financial Core, Bloor/Yorkville, or Yonge/Dundas have very high levels of office employment as the major target markets.

## 4.5 Complete Communities

The section on retail supply delved into the existing conditions related to the location of local-serving retail and uncovered that there were no major issues related to the location of these goods and services in their ability to service local residents' needs.

### ***Ontario Provincial Policy Complete Community Definition***

The definition of 'complete communities' in the 2006 Growth Plan for the Greater Golden Horseshoe is:

*“Means communities that meet people’s needs for daily living throughout an entire lifetime by providing convenient access to an appropriate mix of jobs, local services, a full range of housing, and community infrastructure including affordable housing, schools, recreation and open space for their residents. Convenient access to public transportation and options for safe, non-motorized travel is also provided.”*

Explicitly, from a consumer perspective, retail is part of the access to local services. However, retail is also part of everyday living and is highly correlated to transportation options.

Based on the preceding discussion, the retail planning component of complete communities needs to provide for:

1. Viable retail spaces or economic components,
2. Community building and placemaking,
3. Experiential retail opportunities.

### ***Development of Viable Retail Spaces for Complete Communities***

Achieving viable retail spaces for complete communities includes the following:

- Understand the desired retail expectation of a diverse range of target markets and how they will change in the future.
- Provide frequently purchased goods and services to residents within easy walking or biking distance from their home.
- Encourage retailers to locate in highly visible and accessible locations to nearby target markets based on pedestrian movement patterns. Target markets should also include those visitors associated with both daytime and nighttime activities.
- Ensure that there is an adequate supply of retail square footage and that it is a competitive environment for retailers. This is based on achieving necessary population thresholds/densities within a walking/biking trade area so that the developers can have leasable retail stores and retailers can be profitable.

- Help to foster an innovative environment so that retailers stay fresh and are relevant to their target market's changing needs. This may be achieved by ensuring there is more competition and encouraging unique retailers/entrepreneurs.
- Ensure efficiency of retail through the use of existing infrastructure to 'maximum' benefit. This includes use of existing transportation systems as well as redevelopment of retail within existing main streets.
- Understanding of retail governance and how it may impact management and future leasability of a retail space. This may be exclusivity clauses established between the developer and the retailer as well as issues such as the pros and cons of condo board structures that can include a freehold, separate board for retail, or having the retail as part of the residential condo board.
- Ensure there is local retail in nearby neighbourhoods as retail also provides employment opportunities for people closer to their home.

### ***Retail-Related Community Building and Placemaking Components of Complete Communities***

Achieving retail related community building and placemaking for complete communities includes the following:

- Encourage local and accessible shopping through the built form of retail.
- Contribute in a positive manner to create better functioning retail environments through the walkability of the street, the placement of patios, entrances, windows/glazing, the use of lighting, etc.
- Encourage the public realm in front of retailers and in urban plazas nearby to be an essential role to making retail function better for complete communities. They offer opportunities to pause, relax, linger, disperse high pedestrian volumes, or coalesce pedestrians. Overall, they provide a focal point for the local community and a sense of place. This can make a main street function better through increased enjoyment of the space as well as extending the stay, leading to increased shopping time. Their economic and social functions are intertwined.

### ***Public Realm That Supports Retail Function***

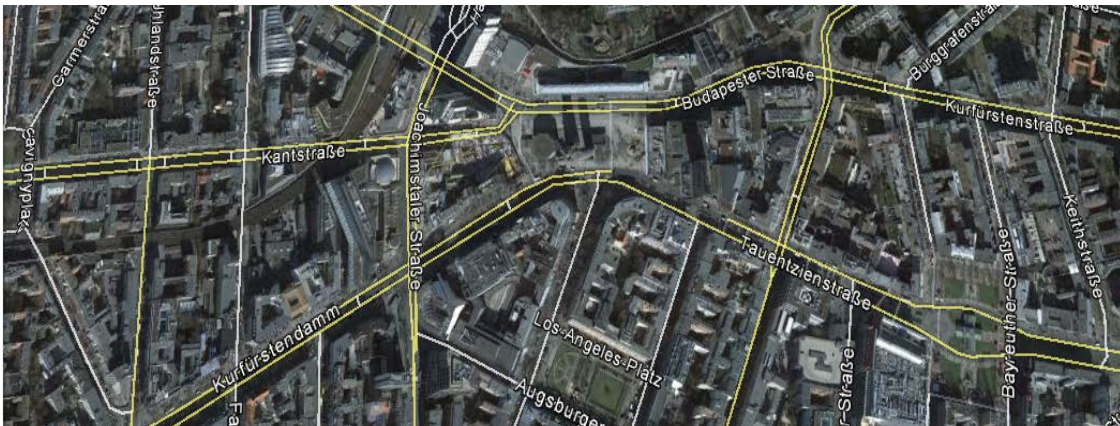
Sidewalk widths need to funnel pedestrian traffic in close proximity to retailers to generate enough friction to slow potential customers down so that they look into the stores and stop. The placement of features such as patios, trees, benches, and light standards all play a part in the design.

Public spaces can also be used to take large volumes of pedestrian traffic and create a manageable flow of traffic that will benefit retailers. If there is too high a volume of pedestrians that pass a retailer, the likelihood of sales diminishes.



**Map 4.1: Fifth Avenue, NYC**

*The main shopping area of Fifth Avenue runs from 42<sup>nd</sup> St. to 60<sup>th</sup> St. It is bookended by major urban plazas (Bryant Park and Grand Army Plaza/Central Park) as well as Rockefeller Plaza in the middle. These major breaking points are spaced approximately 600 to 700 metres apart.*

**Map 4.2: Charlottenburg, Berlin**

*In Charlottenburg, Berlin, the main shopping streets of Kurfürstendamm and Tauentzien Strasse are anchored by two plazas on each end – Wittenberg Platz and Grolman Strasse. The plaza at Kaiser Wilhelm Memorial Church provides a break 525 m from the east end and 670 m from the western end.*

Other urban plazas that assist in retail development include Friedrich Strasse in Berlin, Potsdamer Platz in Berlin, Union Square in New York City, Pioneer Square in Portland, and Kings Road in London, among others.

### ***Experiential Retail Components of Complete Communities***

As stated, retail in local communities functions more than just for the delivery of goods and services in an efficient manner to local residents and target markets. It is the glue that can hold communities together. This experiential function is achieved by the following:

- Retail stores are the places where people gather, meet friends, and socialize. This can be both casual and business related. This occurs in coffee shops, restaurant patios, pubs, supermarkets, specialty food shops, hardware stores, barber shops, ice cream shops, banks, etc., and is different for different communities. The retailers that perform this social function have changed over time. In some instances, their social role has been resurrected. For example, the local barbershop might have been where locals hung out in the past. Today, new barbershops are re-imagining that function by offering community gathering space including billiard tables, music, and free alcohol while you wait. Supermarkets have taken on an increasing function as social gathering places and in some instances they have even become dating places.
- Retailers are melding themselves into everyday living. The blurring of retail categories is ever changing. At present it can include food services in supermarkets, food in pharmacies, alcohol served in a clothing store, etc. Many are based on current trends of healthy lifestyles, solutions for busy work lives, or self-improvement including career advancement. Some examples are listed here: sporting goods retailers offer daily workout/yoga classes or running clinics; there are coffee shops that specifically focus on cycling aficionados as a niche market; retailers offer children play spaces for busy parents; and for the young career building entrepreneurs, retailers and shopping centres are now developing events geared to networking, self-improvement, and career advancement.

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Retail and Service

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## 5.0 Retail Planning Policy



*Regent Park, Source: J.C. Williams Group*

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## 5.0 Retail Planning Policy

The key to achieving a competitive retail environment that also contributes to community building and placemaking is a strategic approach by the City to the location of retail.

Regulations that impact the location and amount of retail also enable the City to somewhat control retail function (although not specifically use). Theoretically, allowing too much retail results in oversteering or sprawl and limiting retail too much results in artificially high land values/rents.

The second most important element is the form/design of retail. Often large format retail and larger retail developments can be controlled more effectively through Site Plan Control.

### **No Major Retail Planning Issues – City’s Goal for Retail Planning Should be Strategic but Simplified**

The retail planning approach needs to be strategic. There are no significant issues with retail development in Downtown and thus no need for major intervention in the market by the City. The overarching goal should be to simplify the retail regulations while ensuring that a strategic policy and regulatory framework is in place to maintain and enhance the existing retail environment. Retail planning policy should provide for:

- Relatively well functioning layouts.
- Retail located in specific areas so that it can serve the local target markets.
- Supporting and enhancing the specialty retail and entertainment districts, which act as important regional and tourist destinations. This includes highly specialized stores and flagship stores.
- Flexibility within sites to accommodate future uses as they arise.
- Flexibility for new retail districts to emerge and existing ones to grow.
- A mix of retail sizes while recognizing that fine-grain retail creates a competitive environment.
- Desirability for retailers who want to locate there.

In addition, the City should foster an environment, which contributes to community building and placemaking that provides:

- Inherently small retail blocks;
- A large proportion of retailers that are in smaller units;
- An ability to maximize the benefits of outdoor shopping including walkability, patios, permeability for pedestrians into the retail stores, etc.; and
- Enhancement of the public realm.

## 5.1 Determination of Retail Location in Downtown

Through a variety of policy and regulatory approaches, the City currently provides requirements for the location of retail development. These requirements are found primarily in Secondary Plan policies, the Zoning By-laws, and Tall Building Guidelines. However, the criteria for determining the location of retail development, particularly Priority Retail Streets, are not clearly established.

The location of retail is affected by:

- Demand for both local-serving and destination-serving retail. As stated, the amount of new retail will be affected by the demand for both local-serving and destination-serving needs. Given the competitive environment and the slow growth of bricks and mortar stores relative to online sales growth, the demand for destination retail space will grow at a slower rate. The demand for local-serving retail will continue to grow relative to population and target market growth.
- The desire of the City is to ensure healthy existing main streets in Downtown. Retail should be encouraged to redevelop in these areas rather than retail sprawl.
- However, new main streets have formed and will form in the future as the population builds out.

### ***Prioritizing Main Streets***

There is a vast range of evaluation criteria that can be used to assist the City to determine the viability and vitality of Downtown main streets. As stated, the retail development case studies used a number of factors to assess the viability, health, and potential future opportunities (see Appendix D: Retail Development Case Studies). A full list of retail development factors are provided in Appendix H: Retail Strip Health and Prioritization. These elements are categorized in terms of:

- Required elements,
- Trade area socio-economic elements,
- Retail mix and anchor elements, and
- Retail strip general characteristics.

The evaluation factors are not an exhaustive list and there is overlap between some elements. The mix of retail is important to the customer draw appeal. However, it is important to remember that no individual retailer alone will ensure the creation of a successful competitive retail environment. Other factors relate to the creation of an area that will contribute to community building and placemaking. In particular, the creation of an area that is comfortable to be in.

### ***Key Considerations for Retail Planning Locations***

- The City should establish a transparent process for determining where retail should be located on main streets and, in particular, what segments should be identified as Priority Retail Streets.

- The City should prioritize existing streetscape improvement capital budgets through the lens of Priority Retail Streets.
- For those retail strip segments or main streets that are designated Priority Retail Streets, the City should combine additional oversight to ensure both the viability of retail and the vibrancy of retail to the public realm. This ensures that potential retail units are not only functional but add to community building and placemaking aspects of the City. This can include ensuring the potential sites have sufficient loading opportunities that meet retailer's needs, have sufficient width to depth ratio opportunities, have sufficient height allowances, and make use of retail designers to assist with layouts, lighting, etc.
- As an example, the important shopping destination of Fifth Avenue in New York City requires that entrances to off-street loading not be located on Fifth Avenue or within 50 feet of the street. Also, if three or more berths are required, they are to be located below grade. The City also allows for greater retail density and sets the minimum floor area ratio of not less than 1.0. The maximum height of retail is 6 stories or 85 feet (whichever is less) and not more than 5 feet below curb level. Retail uses exclude personal services. Banks and travel agents are allowed but are limited to 15% of the linear street front on or within 50 feet of Fifth Avenue as well as they must be less than 10% of the total lot area.

## 5.2 Retail Form/Design

### ***Flexible and Holistic Approach***

From the key person interviews and the developer workshop (See Appendix F: BILD GTA Workshop Summary), two major themes kept being repeated:

1. The need for increased flexibility in retail design.
2. The need for a project to be designed holistically from the beginning. This includes retail and loading, otherwise the site will not be successful. This is equally true from the City's perspective in terms of requiring a holistic approach to the development parameters of a proposed site.

It is generally accurate that when retail is planned as an add-on towards the end of the project it will likely result in less successful retail space. In addition, too much concern with the aesthetics of the site and the street may result in hampered retail conditions. Ultimately, a beautifully designed street with no pedestrian traffic because the retail is not visible does not constitute successful placemaking.

### ***Need for Increased Retail Functionality and Viability in Design/Form***

There are three major issues related to the form/design of better functioning retail space:

1. It is difficult to determine the effectiveness of regulations and guidelines when many design details are negotiated on a case-by-case basis. This includes loading, parking ratios, number of entrances, retail heights, etc.
2. There needs to be an increased level of retail economics in the design and form of the project to ensure increased functionality of the retail space as well as community building/placemaking attributes.
3. For main streets, and in particular Priority Retail Streets, there may need to be increased regulations (or a similar process that has been instated for the Mid Rise Buildings/Avenues guidelines) to create increased consistency.

### ***Emerging Issues***

Currently many of the Official Plan policies, zoning regulations, and urban design guidelines focus primarily on community building and placemaking directions. A better balance needs to be established with respect to economic considerations and rationale for retail planning.

The following examples illustrate some of the key issues for retail form/design including loading, entrances, and lighting.

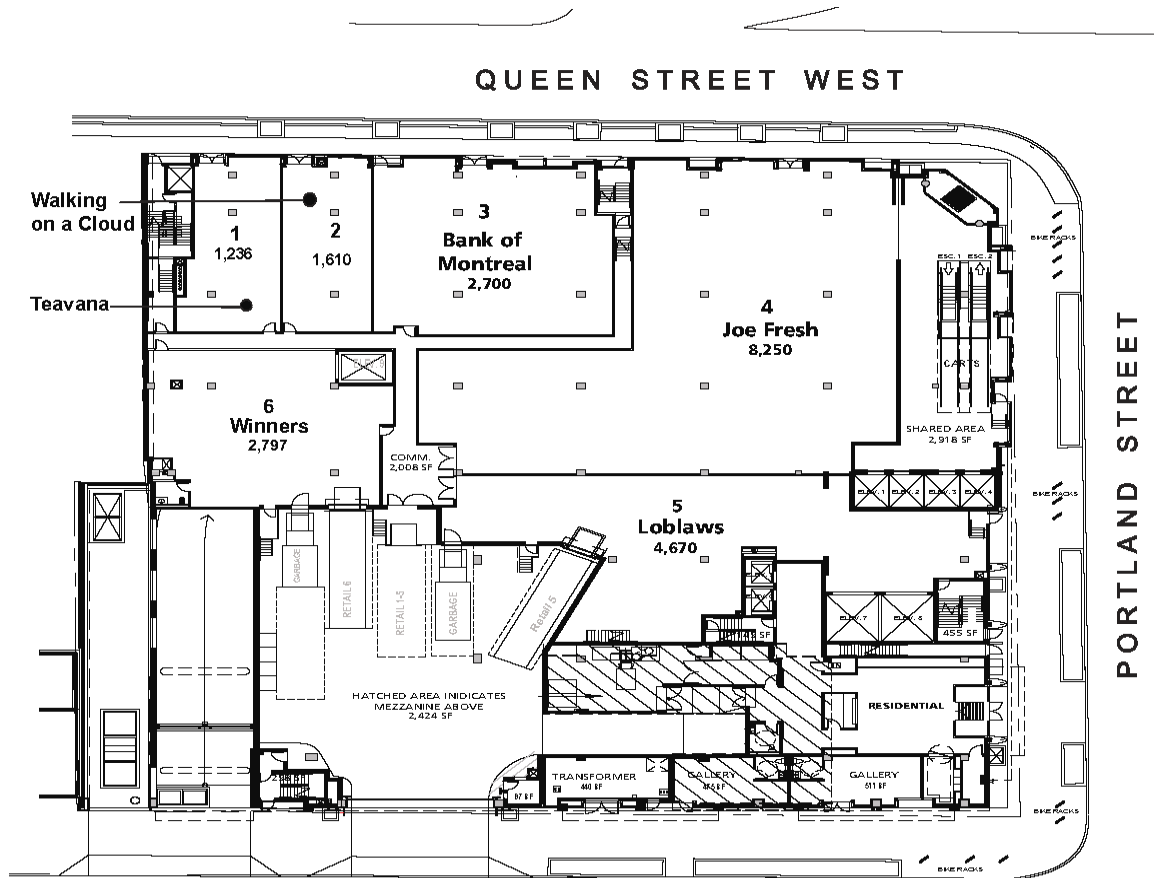
#### ***Loading***

Loading (including waste storage, garbage, and receiving functions) is just one of the issues related to the functionality of retail. It is a key consideration in site plan approval and also with respect to zoning. As re-enforced in the Developer's Workshop (see Appendix F: BILD GTA Workshop Summary), successful mixed-use projects need to

consider the totality of the entire development including retail space needs and the allocation of the loading areas from the outset.



Figure 5.1: Loading Area for Queen and Portland Development

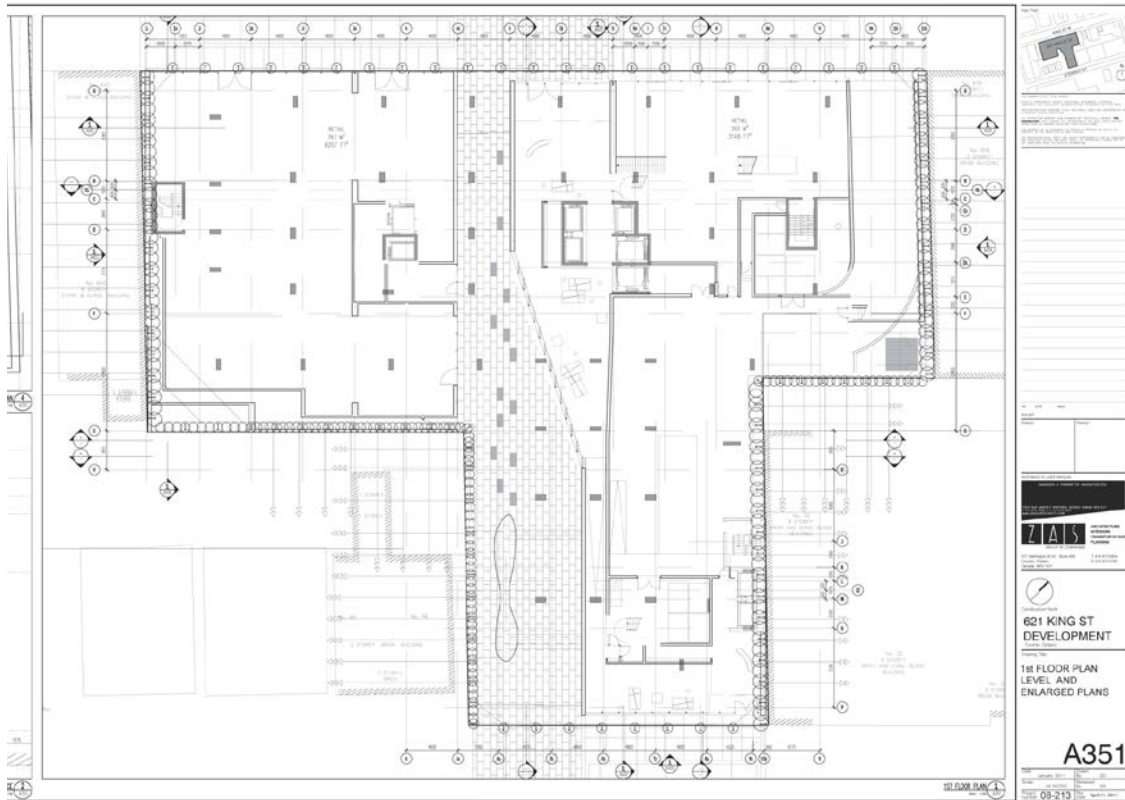


*The loading area has been kept to a minimum size and primarily requires trucks to back into the area from Richmond St. W. There is no ability for forward movement in the loading area.*

*In addition, because the site occupies the full block, the loading can be located at the rear of the site and not interrupt the functionality of the Queen St. W. retailer depths.*



**Figure 5.3: Loading Area for 621 King St. W.**



*The proposed layout for the ground level of 621 King St. W. includes two retail spaces separated by an open walk-through and residential lobby. The loading area is located on the east side of the site adjacent to the smaller retail unit. The larger retail unit is located on the west side of the site. However, it is separated from the loading area by the open walkway. Loading and receiving functions require an elevator to take goods from the dock area down to the parking area, across the parking area, and then back into another elevator into the larger retail area. This is cumbersome and costly from a retail operation's perspective.*

The City of Toronto conducted an extensive review of loading issues in 2009 (City of Toronto Loading Standards Review, MMM Group Limited, May 2009). This report does not delve further into loading sizes and standards, as that would be the focus of a complete mixed-use loading review. However, the following issues are noted:

- As stated, for Priority Retail Streets, there may be a need for stricter loading standards as they pertain to location. For example, the actual size of the loading area (including the need for trucks to move in a continuous manner or for ease of backing up) is inconsistent as some loading areas allow for trucks to back up into the loading berths by blocking street traffic (e.g., Queen and Portland development) and others have turning that is wholly contained within the development. Others use an internal turntable (e.g., One Bloor St. E.).

From the review conducted in this study, it is clear that a greater assessment is needed of how the allocation of ground level space works. These trade-offs are not easy decisions and require multiple groups to work collaboratively for a solution that produces quality, leasable retail spaces. There needs to be a balance in terms of the location of the loading areas so that it serves the retailers' needs in an efficient manner but does not consume large sections of valuable retail space.

An alternative is the potential move to smaller trucks for loading and garbage pickup. However, the use of smaller trucks typically increases labour costs and may lead to more congestion. The new technology being deployed for driverless vehicles including delivery trucks may create increased efficiencies.

### *Entrances and Lighting*

The regulations and guidelines need to include an economic rationale for their inclusion beyond aesthetics and placemaking goals and objectives. Two specific examples include the following:

In the Tall Building Guidelines (Urban Strategies 2013 pp 42)

*“Multiple entries and transparent glazing are encouraged to support active street-related commercial uses”*

It is unclear how multiple entrances support retail commercial uses. Rather, it should have noted that multiple entrances are intended to help create a competitive retail environment. A competitive retail environment encourages cross-shopping. That creates more active pedestrian traffic and an active street environment and public realm.

This follows By-law 1714-2013 relating to Economic Health Policies

#### Sect 3.5.3 The Future of Retailing

*“Street related retail at the base of larger developments with a fine grain of entrances should be provided in Centres, on streets with adjacent to higher order transit, on Avenues, and important pedestrian streets to promote pedestrian use.”*

The goal of the above statement is not retail focused but the goal is ‘pedestrian use’. This is more of a transportation related goal to encourage pedestrian traffic rather than specifically addressing how this will be positive for retail specific planning. The goal should be more explicit to aiding better retailer/retail district conditions with an objective of higher pedestrian traffic.

Currently, the City's zoning regulations and urban design guidelines are designed to require small retail units primarily to enhance activity on the street. The Tall Building Guidelines stipulate entrances at a maximum of every 7 m to 10 m along the street front of Priority Retail Streets and less on street fronts such as Queen St. W. However, there is little economic rationale given.

Another example is the recessed doorway guidelines stipulated in the Queen St. W. Heritage Guideline. The inclusion of this feature appears to be more for aesthetic purposes. However, there may be an economic rationale for their inclusion. The recessed doorways give the illusion that the street frontage is wider. In addition, the additional windows provide higher visibility into the store for pedestrian traffic passing by thereby potentially increasing sales opportunities. This increases the permeability into the retail store.

The ability to reconsider these directions in an economic context should be reviewed. Planners should assess the retail economic opportunities of the built form of retail to create places that can generate increased sales activities. Two pioneers in this field are W.H. Whyte "The Social Life of Small Urban Spaces" and Paco Underhill "Why We Buy: The Science of Shopping." It is this understanding of the economics combined with psychological factors that provides the foundation for good retail planning.

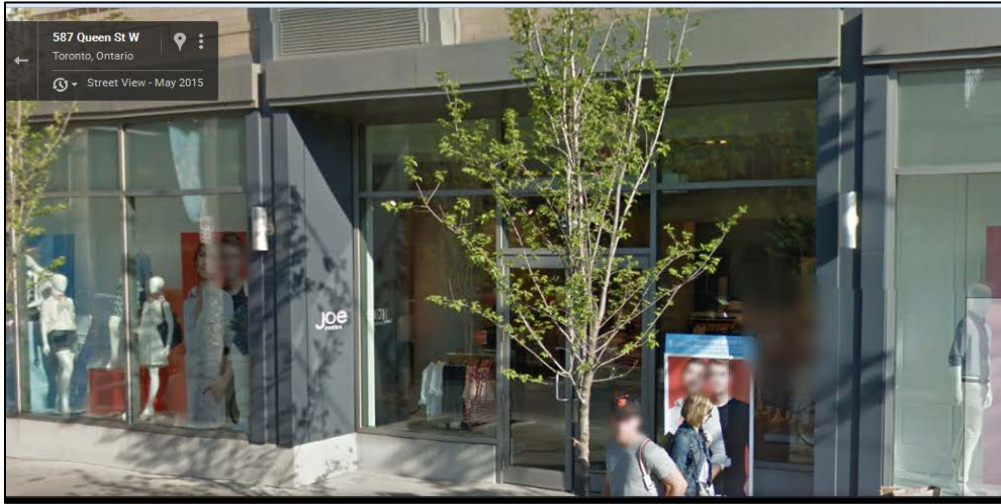
**Image 5.1: Entrances Impact Retailers: Entrance Condition with Recessed Doorway at 132 King St. E.**



*The recessed doorways provide an economic benefit to the retail space by allowing pedestrians both the perception and reality of increased visibility into the store.*



**Image 5.2: Entrances Impact Retailers: Entrance Condition with Recessed Doorway at 589 Queen St. W.**

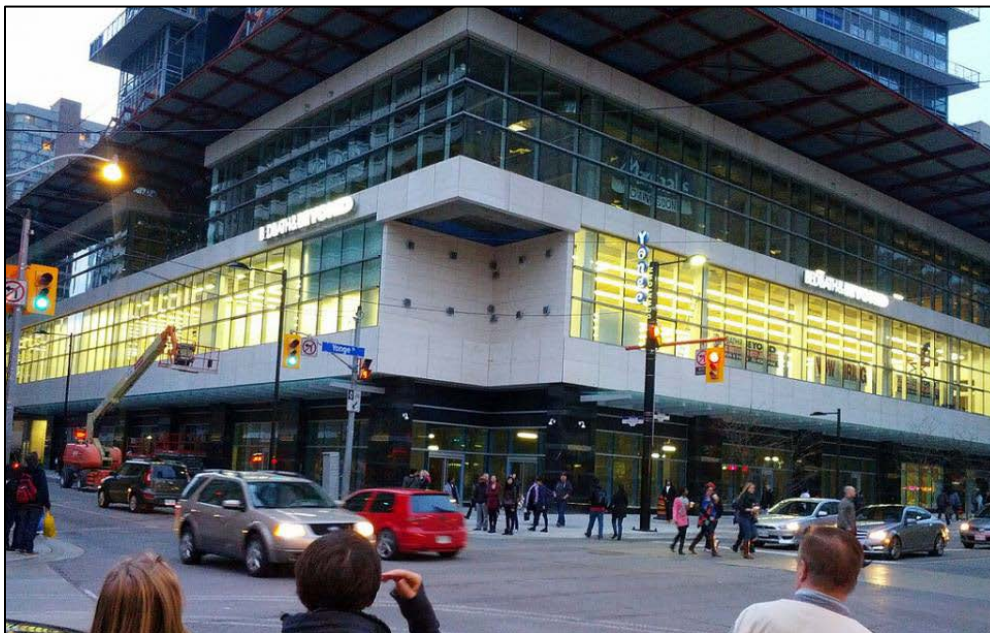


*This recessed doorway is not as effective as there is a solid column/wall obstructing sight lines.*

#### ***Retail Sight Lines from the Street***

Greater care needs to be taken in retail design for upper levels regarding how the retail space looks and feels from the street. Too often the view is that of the fluorescent light panels.

**Image 5.3: Poor Upper Level Lighting at 382 Yonge St.**



*The eye is drawn to the upper level ceiling fluorescent light fixtures and not to the retail.*

**Image 5.4: Successful Upper Level Lighting at One New Change, London UK**



*This is contrasted with One New Change in London UK that used a lighting specialist to develop the daytime and nighttime views of this urban shopping complex*

The over-arching concern is that retail design should be reviewed by experts familiar with the nuances of what makes successful retail (i.e., retail designers). Requiring developers to use the services of a retail design firm would be worth considering. These firms will know the angles of the windows to achieve exceptional visibility, where signage should be located, entrance requirements, and internal layouts, etc. to make the retail spaces function better.

### ***Additional Issues Related to Retail Functionality and Form/Design***

Other considerations related to retail functionality and form/design:

- Length of frontage – larger retailers such as supermarkets and pharmacies will want longer street frontages. This provides greater visibility and, to a certain extent, natural light. However, this is countered with the need for an animated street front. Creative solutions are required for allowing natural light and higher visibility from the street while also ensuring that the street remains animated and not deadened.
- Entrances from the public realm for large retail developments – developers should be encouraged where possible to continue to provide entrances to the retail units from the street level. Retailers and developers will continue to request internal circulation patterns but the end result is a deadening of the main street.
- Frontage to depth of space – generally a one-third/two-thirds ratio is considered ideal for many retail merchandise stores. Restaurants may prefer other arrangements. Larger formats will prefer a custom layout to suit their merchandising needs.
- Column spacing – fewer columns in retail are more desirable as it makes the space more flexible. Columns should not be placed near the front of the building to maximize sight lines. The use of transfer structures to reduce the column size may be encouraged.
- Usable outdoor space – including patios and the ability for retailers to merchandise the outside of their stores aids in animation and can help generate increased sales.
- Parking – parking requirements have been consistently reduced through shared parking arrangements or the provision of alternative parking including car share and increased bicycle racks. This can be reviewed on a case-by-case basis, such as the increased need for bicycle parking near supermarkets.



### 5.3 Retail Use

#### ***Continual Shift Away from Detailed Regulations on Retail Use***

There are many examples in Toronto's zoning regulations that deal with retail and service uses. These regulations are organized from uses permitted throughout a zone, to area-specific regulations and site-specific regulations. The approach to the regulation of use varies somewhat, but not significantly between the former City of Toronto By-Law 438-86 and the Citywide harmonized By-Law 569-2013. Over time, the use definitions have moved to more generalized descriptions.

Over regulating use can lead to problems that stifle innovation, resulting in retail districts becoming 'fossilized'. In New York City, there are very detailed street-by-street regulations related to retail use. Many retail use designations are now outdated. In San Francisco, outside of the central Downtown area, many retail districts are regulated by Formula Retail policies that are meant to control U.S. and international chains (see Appendix I: Examples of Incenting and Control of Retail Use for a review of the policies and regulations). The applicability of Formula Retail regulations to Downtown Toronto planning policies is limited due to the problematic manner of its enforcement and subjectivity on what is and is not a Formula Retail.

#### ***Downtown Toronto is Stronger with More Unique Retailers***

Through the research, interviews, and workshops with BIAs and developers, it is clear that an over-riding concern in Downtown Toronto is not specifically on retaining independent retailers vs. chain retailers, but for many main streets it is about attracting the most unique and/or interesting and/or first-to-the-City type retailers. This may include flagship type retailers. Within the category of unique and interesting retailers is the need for independent retailers, especially for places such as Kensington Market and within the St. Lawrence Market buildings.

Many, but not all, BIAs recognize that there will be a mix of chains and independents in their districts to satisfy consumer demand. However, to maintain their unique identities and stand out from each other and other parts of the GTA they desire unique, one-of-a-kind retailers. The exact mix will depend on each district's identity and vision. Some districts indicated that it could be just a handful of extraordinarily unique retailers that can help set the business district apart from the others (see Appendix E: Downtown BIAs Workshop Summary).

#### ***Attracting Unique Retailers***

Rather than an emphasis on regulating retail use, there should be more incentives and intervention towards the recruitment of desired retailers. However, the J.C. Williams Group Team does not believe that the City should be directly involved in recruitment programs such as innovation labs or the management of retail spaces on main streets (e.g., retail units on Richmond St. West of Queen/Portland building and alleyway retail at 5200 Yonge St. are problematic examples). Rather, the City can help to facilitate these programs. The Case Studies (see Appendix D: Downtown Retail Development Case Studies) illustrate key findings that are of interest to retail recruitment and development including the following:

- Retail as a catalyst: the retail component needs to be located on or extremely near the main retail strip.
- There needs to be evidence that the private sector is investing in the area before the public should invest.
- The City may continue with Section 37 requirements that include lower rent for select uses including art and culture related functions. However, the City can have a more significant impact by combining funds from several projects.

At present, in Downtown there are several organizations doing retail innovation recruitment, perhaps most notably Downtown Yonge BIA. The BIA helps support recruitment by:

- Providing a retail knowledge think tank that brings together innovative thinking around retail opportunities.
- Working collaboratively with the Ryerson University School of Retail Management to assess potential student-led retail business plans and then helps to connect the entrepreneurs with local landlords and brokers.
- Facilitating connections between landlords and ‘non-traditional’ retail that includes artisanal markets, art galleries, pop-up retailers, as well as global tenants.
- Providing support to landlords looking for unique retail opportunities.
- Using metrics to measure and gauge success including pedestrian counts, consumer surveys, etc.

Many other Downtown organizations ranging from Downtown Austin Alliance, Downtown Seattle Partnership, Center City Philadelphia, among others have hired recruitment staff to search out retailers.

Other initiatives are offered by the Centre for Social Innovation, Artscape, Scadding Court Building Out of the Box, St. Lawrence Market, Ryerson University DMZ, among many others. There are examples from around the world including the most recent example from Westfield Shopping Centres that opened a retail innovation hub in Downtown San Francisco and Bikini Berlin. The Westfield program includes a workspace for entrepreneurs and a pop-up store location within a shopping centre. The 180,000 ft<sup>2</sup> mall in Charlottenburg, Berlin includes 19 pop-up store locations and the retail lab Supernova (as the innovation hub). Appendix I: Examples of Incenting and Control of Retail Use identifies innovation programs that have been used in other cities specifically with the aim of attracting or retaining unique, independent businesses.

### ***Retail Rent Affordability***

Throughout the study the issue of retail rent affordability permeated many of the discussions. The success in many areas of Downtown Toronto retail has resulted in correspondingly higher retail rents. The issue of rent, affordability, and how rents are set is complex.

Retail rents that are high indicate several positive attributes:

- Signals that the sales potential for an area is equally strong. Higher rents will attract quality entrepreneurs and retailers who can develop sound and profitable retail business plans.
- Retail rents are commensurate with retail sales opportunities. As the saying goes within the industry, retail rent is not an expense but an opportunity to do business. Retailers will be attracted to higher rent locations as these places provide a better guarantee that there are potential sales opportunities. Low market rents are a sign that an area is weak and will not generate required sales volumes.
- Retail rents correspond to higher land values. The higher land values in Downtown Toronto are functioning to keep larger format retailers out or forcing them to develop smaller urban concepts.
- Similarly, higher rents force other retailers to assess their retail space needs resulting in many seeking out smaller, more productive retail units thereby helping to ensure fine-grain retail prevails in many places in Downtown.

On the negative side, the following are areas of concern:

- Retail rents can be 'sticky'. If market conditions change and retail rents decrease, this may take longer to flow through the system. Landlords are often very reluctant to lower rents or offer rent breaks to retailers as they may anticipate a turn around. Also given the high covenant retailers often sign longer leases (over 10 years and longer), this can present issues when retail changes.
- Landlords may be more concerned with the asset value of the property and the corresponding rent attached to it rather than the operational needs of the property. This can result in an imbalance between market rents and actual rents, which could ultimately lead to higher vacancy rates in the long-term.

#### *City of Toronto Lower Taxes on Small Retail Sizes*

- The City of Toronto provides a slightly lower property tax rate for smaller commercial buildings (a smaller retail unit in a large commercial building does not receive a tax preference). As a result, this does not impact the developer's inclination to provide a higher number of small retail units.

#### *Total Gross Rent Affects Retail Mix*

- Retailers will assess rents from a gross basis. Gross rents reflect total occupancy costs and includes base rent to the landlord plus property taxes to the municipality, and any additional expenses such as common area maintenance and insurance. It is the total occupancy costs relative to the total gross revenue generated by the site that the retailer will be interested in. Most retailers will want the ratio of total occupancy costs to total revenue to be between 9% and 16% depending on the exact type of retail category. In theory, lowering property taxes for some retailers will likely be offset with a higher net rent thereby keeping the total gross rent unchanged.

In addition, higher rents may keep some services and retailers (e.g., furniture, home furnishings, and leisure retailers) out of the retail streets potentially impacting the diversity of the retail mix.

**Table 5.1: List of Retail Categories in Terms of Ability to Pay Higher Rents**

	<b>Avg. Cdn. Sales/ ft<sup>2</sup></b>	<b>Gross Margin</b>	<b>Operating Profit</b>	<b>Difference</b>	<b>Amount That Can Go To Staff, Rent, Marketing</b>
Jewellery, luggage and leather goods	\$896	49.9%	9.5%	40.4%	\$361.98
Electronics and appliances stores* (inflated by Apple)	\$889	30.3%	4.6%	25.7%	\$228.47
Health and personal care stores	\$728	31.9%	3.1%	28.8%	\$209.66
Specialty food stores	\$600	36.9%	3.7%	33.2%	\$199.20
Shoe stores	\$379	50.4%	5.4%	45.0%	\$170.55
Clothing stores	\$340	51.5%	7.6%	43.9%	\$149.26
Supermarkets and other grocery stores	\$655	23.8%	1.8%	22.0%	\$144.10
Beer, wine, liquor stores	\$1,044	45.2%	31.4%	13.8%	\$144.07
Home furnishings stores	\$255	45.9%	5.4%	40.5%	\$103.28
Sporting goods, hobby, book, music	\$279	38.3%	3.7%	34.6%	\$96.53
Other general merchandise stores	\$501	23.1%	4.3%	18.8%	\$94.19
Furniture stores	\$240	40.2%	3.8%	36.4%	\$87.36
Building materials and garden supplies	\$287	33.8%	5.1%	28.7%	\$82.37
Department stores	\$276	32.3%	7.2%	25.1%	\$69.28

Source: Statistics Canada

The preceding table illustrates retail categories in terms of ranking after accounting for gross margin/cost of goods sold and profit, how much is remaining for rent, marketing, and salaries. Accordingly, Toronto's higher rent main streets include a high percentage of those top listed retailer categories.

*City Intervention on Retail Rents*

The City should not be overly interventionist in retail rents. There are select opportunities to continue to work with programs such as Section 37 to request a developer to provide lower rent units for uses that have community value. This may include art-type spaces to encourage more affordable space or for the inclusion of a people generator activity such as a theatre or museum. These projects would act as a catalyst for further area development. In addition, these types of projects should be in highly visible and accessible locations and not managed by the City.

The City can indirectly enable more affordable space by allowing upper and lower level retail, retail development on side streets, and requiring small retail units in developments.

*Future Retail Rent Determination Models*

In the future, the determination of retail rents will be difficult. In the past, retail rents were primarily based on the physical site's ability to generate retail sales. Today, in an omni-channel environment, the physical storefront is only one piece of the entire consumer 'path to purchase'. Determining the value of the land for a retailer's ability to generate sales becomes much more difficult to determine.

## 5.4 Retail Scale

### ***Ensuring Economically Strong and Vibrant Main Streets Before Regulation***

Economically strong main streets with compelling retail visions/identities are much better at accommodating a variety of retail sizes including large format retailers. In addition, main streets that have a strong experiential focus combined with solid economics are able to withstand market downturns and the impacts of large retail developments better than those that do not have those attributes. The primary goal for the City is to ensure that main streets in Downtown are both well-functioning economically and have great community building and placemaking characteristics first, rather than being overly protective and regulatory.

### ***How to Control Retail Function Through Scale***

That being said, regulating retail and service function by scale is probably the most universal and effective planning tool in zoning. The size of a retail and service store, in most cases, works as an appropriate proxy in establishing how it functions and fits in with a given area or geography. By limiting the size per lot or the size of an individual retail or service user, the by-law directly controls the amount of merchandise or type of service that can be available/operate on site. The function of a retail and service use in terms of its geographical draw is also correlated with its size.

Regulation of scale is achieved by:

- The density (floor space index) and height of a proposed building,
- Total size of the retail and services area allowed per lot, and
- The size of a single retail or service unit.

### ***Current City of Toronto Scale Regulations – Three Separate Areas***

Scale within Downtown is governed by three major zoning regulations (By-Law 438-86 Section 12(2) 270):

1. Outside of the core:

- The amount of retail and service area is limited to the floor area size that existed on July 20, 1993, plus an additional 1800 m<sup>2</sup> per lot,
- Cannot exceed the zoning density for the commercial use applicable to that lot, and
- No single retail or service unit, unless it existed on August 29, 1994, can be greater than 8,000 m<sup>2</sup> (retail warehouse definition).

2. The Core area:

- The Core Area is bounded by McCaul St. to Jarvis St. and Rosedale Valley Rd. to Lake Ontario as well as Chinatown, Railway Lands, and Harbourfront. These areas are exempt from the above-noted regulations.

3. Kings Regeneration Areas

- The requirements in (1) do not apply to a lot in the Kings Regeneration Areas provided the retail allowed is located within:
  - A building or structure existing on April 30, 1996
  - A building or structure erected after that date, provided such building or structure complies with the following:
    - a. The building setback is less than 3 m from any frontage,
    - b. The principal public entrance to each shop/store is located in the exterior wall of the building which is directly accessible by pedestrians along a route not more than 3 m from the frontage of the lot on which the shop/store is located,
    - c. The level of the floor of the principal public entrance is within 0.2 m of the level of the public sidewalk directly opposite such entrance, and
    - d. The building complies with setback requirements and the width of such building equals the distance that is not less than 90% of the aggregate length of the portion of the frontage of the lot abutting the street, excluding any vehicular access required by this By-law.



### ***A Policy that Combines Regulation with Economic Incentives***

The City of Toronto's retail planning regulations related to scale are unique. Most other municipalities regulate scale based on a size threshold. Toronto's unique policy actually includes an economic incentive feature that encourages redevelopment of existing retail areas. This helps to ensure that redevelopment occurs on existing main streets and that they remain economically viable. For these reasons, during the study of the Impact of Large Retail on Pedestrian Streets, the team concluded that the existing policy continues to work well for the City and is achieving the desired goals and objectives.

### ***Small Scale Retail / Fine-Grain Retail***

Small scale retail is a desirable goal for the City of Toronto within Downtown as it creates a competitive environment. This in turn helps to enable an animated public realm as there will be more people on the streets shopping at a number of retailers. The City should encourage a full range of retail sizes while recognizing that increased competition through smaller scale retail should also continue to be encouraged.

### ***Future Retail Scale Regulations Issues and Opportunities***

The current regulations are valid as they are achieving the desired goals and objectives. The study "Evaluating the Impact of Large Retail" recommended lowering the threshold from 8,000 m<sup>2</sup> to 3,500 m<sup>2</sup> for the maximum size of a single retail or service unit.

### ***Retail Impact Requirements***

At present, retail developments in Downtown outside the exempt area of the Central Core (Exception 12(2) 270 of Zoning By-law 438-86) that exceed the limits are subject to a Zoning By-law change and those above 8,000 m<sup>2</sup> are subject to an Official Plan amendment.

This process allows for a pause in the retail development and ensures that the new development will fit in and complement the main street. The current process to enable larger than allowed retail and service units in a development is a retail impact study.

According to the Impact of Large Retail on Pedestrian Streets study, the retail impact study can be maintained but as stated, it should be only one tool used to assess whether to move forward with an application. Also, as stated, the application would be subject to site plan control which affects the retail development including the length of retail and number of entrances, ceiling heights, etc.

Within the study, a more prescriptive approach to defining the walking, biking, transit, and vehicular trade areas was recommended. This can be carried out in coordination with the City. However, other non-demand oriented evaluation criteria such as in the New South Wales Net Community Benefit Test (or San Francisco's Conditional Authorization process or the City of Winnipeg's Complete Community Checklist and Toolbox) can be included to assist in reviewing applications if deemed helpful. Examples of retail scale regulations are provided in Appendix J: Examples of Retail Scale Interventions.

TOcore



Retail and Service

Commercial Land Use Study

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## 6.0 Strategic Directions



*Yonge Street at Rosedale, Source: J.C. Williams Group*

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## 6.0 Strategic Directions

Based on input from the Steering Committee as well as internal meetings with City of Toronto Community Planners, the following strategic directions are proposed.

**Table 6.1: Ensuring a Balanced Retail Planning Approach**

Issues	Recommendations	Next Steps
<p><b>Policies and guidelines prioritize community building/placemaking. Importance of retail functionality should also be recognized (see Sections 4.2, 4.3, and 5.1 of this report).</b></p>	<ul style="list-style-type: none"> <li>• Through a balanced approach, the City can continue to evolve the policy framework that forms the basis for the current success of the retail sector, while providing practical support for new retail in challenging mixed-use environments.</li> <li>• Review policies and guidelines so that retail functionality is more positively reflected. Direction should be provided not just with respect to exterior relationship to the street (e.g., “multiple entries and transparent glazing are encouraged to support active street-related commercial uses” – Tall Building Guidelines 2012) but also direction on the functionality of the retail unit and related accessibility for customers and deliveries.</li> </ul>	<ul style="list-style-type: none"> <li>• Review Official Plan and relevant Secondary Plans and guidelines to better recognize the importance of retail functionality.</li> <li>• Review layers of policy and guidelines with the objective of clarifying and simplifying.</li> </ul>

Table 6.2: Location of Retail

Issues	Recommendations	Next Steps
<p><b>The rationale for Priority Retail Streets are not well communicated. The result is a lack of clear criteria on how they are identified and as a basis for recognizing new Priority Retail Streets.</b></p>	<ul style="list-style-type: none"> <li>• Priority Retail Streets designations are a useful approach to implementing the City's goals and objectives. This policy tool should be updated and strengthened to continue to ensure street related retail land uses play this critical role as Downtown grow.</li> </ul>	<ul style="list-style-type: none"> <li>• Review Priority Retail Street Zoning By-law provisions to ensure regulations are transparent and accurately reflect Downtown's future retail land use structure. This includes clear criteria for their identification as well as the inclusion of additional design direction (e.g., loading location, retail FAR, retail heights, etc.).</li> <li>• Elevate importance of Priority Retail Streets by recognizing them in the TOcore Parks and Public Realm Plan, Downtown Secondary Plan, and associated Official Plan Amendments</li> </ul>

Table 6.3: Form/Design of Retail

Issues	Recommendations	Next Steps
<p><b>Developers of mixed-use projects need to plan for retail from the outset of the project.</b></p>	<ul style="list-style-type: none"> <li>• Develop education programs based on a graphic best practices approach that could include retail ROI and design considerations, loading, condo board agreements, exclusivity clauses, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• City to work with BILD GTA on developer oriented training programs with clear guidelines to focus on major issues that the City can control.</li> <li>• City to develop a checklist of issues and monitor progress.</li> </ul>
<p><b>Form/design of retail is determined on a case-by-case basis primarily through negotiation.</b></p>	<ul style="list-style-type: none"> <li>• There is a need for increased consideration of retail functionality and viability in the City's review of the form/design of retail spaces.</li> </ul>	<ul style="list-style-type: none"> <li>• City should expand existing policies and guidelines, or reflect in any new policies and guidelines developed for Downtown and Priority Retail Streets, direction with respect to functionality and viability of retail spaces and long-term flexibility based on input from retail professionals.</li> <li>• City Planning should continue to implement the Development Team Lead Initiative that recognizes the importance of consistent messaging for retail.</li> <li>• Retail professionals should have increased representation on Design Review Panels.</li> <li>• City should engage in training staff on similar issues as the BILD GTA developer training and encourage a holistic review of retail.</li> <li>• Priority Retail Streets require more retail oversight including direction with respect to retail designers, retail FAR, location of loading, etc.</li> </ul>

Table 6.3: Form/Design of Retail - Continued

Issues	Recommendations	Next Steps
<p><b>Public realm planning and streetscaping need better integration with retail development and unique, innovative retail (see Section 4.2 and 4.3 of this report).</b></p>	<ul style="list-style-type: none"> <li>• In discussions with BIAs, the City should consider how best to align BIA streetscape design programs and funding resources with other municipal planning and capital improvement initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• The relationship between the public realm and retail should be examined through the TOcore Parks and Public Realm Plan. This initiative could provide a channel to better align BIA programs with the broader Downtown public realm plan.</li> </ul>

Table 6.4: Future Retail Planning Needs

Issues	Recommendations	Next Steps
<p><b>Continued population growth in Downtown Toronto requires increased local-serving retail to meet the needs of consumers.</b></p>	<ul style="list-style-type: none"> <li>• The City should continue to encourage the complete community concept that includes local-serving retail.</li> </ul>	<ul style="list-style-type: none"> <li>• The analysis showed that retail is meeting the needs for complete communities and City should monitor the provision of local goods and services.</li> <li>• Economic Development and Culture should help local BIAs ensure main streets are healthy and viable through policies and programs especially in the field of experiential retail, public realm, and other supportive institutions such as arts, culture, sports, recreation, etc.</li> <li>• The City can assess retail mix and vacancy rates, conduct consumer satisfaction surveys, monitor pedestrian movements, and consult with retailers and BIAs as a means of monitoring results (see Appendix H: Retail Strip Health and Prioritization).</li> </ul>

Table 6.4: Future Retail Planning Needs - Continued

Issues	Recommendations	Next Steps
<p><b>Online retail and competing space located outside of Downtown may limit or diminish the growth rate for new retail space demand for destination goods. However, significant new retail and retail redevelopment is planned in Downtown.</b></p>	<ul style="list-style-type: none"> <li>• The City should continue to monitor retail supply changes.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue and enhance ongoing monitoring programs (BIA Dashboard) including identification of key performance measures (see above and those in Appendix H: Retail Strip Health and Prioritization).</li> <li>• With more planned retail in Downtown, consider the impact of significantly higher levels of goods delivery in Downtown (e.g., curbside management, truck sizes, nighttime deliveries, role of automated vehicles, etc.).</li> <li>• Other programs such as coordinated garbage pickup should be assessed in new developments.</li> </ul>



Table 6.5: Retail Use

Issues	Recommendations	Next Steps
<b>Should the City regulate retail use and type?</b>	<ul style="list-style-type: none"> <li>Regulating retail use is not recommended. Attempts to do this elsewhere have been problematic (e.g., San Francisco Formula Retail).</li> </ul>	<ul style="list-style-type: none"> <li>No changes are recommended.</li> </ul>
<b>City has retail use regulations in special areas; usually in food services.</b>	<ul style="list-style-type: none"> <li>City should allow private sector to deliver retail to Downtown; unless there are public interests or City interests that need to be addressed.</li> </ul>	<ul style="list-style-type: none"> <li>The City should consider in unique circumstances.</li> </ul>
<b>There is a need for retail innovation and unique retailers to keep main streets strong and reinforce their unique identities.</b>	<ul style="list-style-type: none"> <li>Use of Section 37, Community Improvement Plans, or other similar programs may be used for attracting unique retail at lower rents or for signature projects such as arts/culture. However, the City should not operate or lease the projects.</li> </ul>	<ul style="list-style-type: none"> <li>Economic Development and Culture may partner with other organizations (e.g., Artscape, etc.) to deliver programs aimed at attracting and nurturing unique retailers or activity generators. This may include pursuing retail innovation hub programs.</li> </ul>
<b>The establishment of retail rents is a complex process. Retailers will often assess a location based on the total gross rent that includes base rent, other charges, and property taxes. The issue of rent affordability is difficult to address through municipal policy (see Section 5.3 of this report).</b>	<ul style="list-style-type: none"> <li>The City has lowered property taxes for small retailers.</li> <li>In general, however, the City should not intervene in retail rents. The City can indirectly enable more affordable retail space by allowing lower and upper level retail, retail on side streets, laneways, and requiring small retail spaces.</li> </ul>	<ul style="list-style-type: none"> <li>Economic Development and Culture should monitor affordability issues with input from the BIAs.</li> </ul>

Table 6.6: Retail Scale including Large Format and Small Format

Issues	Recommendations	Next Steps
High land values and relatively small block/lot sizes make it difficult for new large format retailers to locate in Downtown. At present, where larger format retailers are proposed they tend to be urban concepts.	<ul style="list-style-type: none"> <li>The City's existing policies, regulations, and guidelines should encourage urban concepts from retailers.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that policies, zoning, and guidelines continue to encourage urban concepts from retailers.</li> </ul>
Outside the Central Core (Central Core refers to Exemption 12(2) 270 of By-law 438-86) and Regeneration Areas: current system to regulate scale are complex. However, the regulations include good economic policy that encourages redevelopment of existing areas, limits retail sprawl, and allows for incremental change.	<ul style="list-style-type: none"> <li>The City should keep existing system and refine the upper limit for an individual retail unit.</li> </ul>	<ul style="list-style-type: none"> <li>Implement recommendations from the "Evaluating Large Retail Developments Near Pedestrian Shopping Areas in Toronto" study to reduce the maximum allowable floor plate of a single retail unit to 3,500 m<sup>2</sup> without an amendment to 12(2) 270 of By-law 438-86.</li> </ul>
Inside Central Core (lands exempt from 12(2) 270 of By-law 438-86): No major issues related to large format stores, except select areas such as Chinatown on Dundas St., portions of Yonge St. etc.	<ul style="list-style-type: none"> <li>The City should review boundaries.</li> </ul>	<ul style="list-style-type: none"> <li>Review Central Core exempt area boundaries based on clear criteria as part of Phase II of TOcore study.</li> <li>Review select areas for additional regulations required for scale issues.</li> </ul>

Issues	Recommendations	Next Steps
<p><b>Small scale retail is important for a competitive retail climate as well as for an animated public realm.</b></p>	<ul style="list-style-type: none"> <li>• The City should continue to encourage smaller scale retail units within mixed-use buildings recognizing that a full range of retail sizes may be required to ensure the viability and vibrancy of main streets.</li> </ul>	<ul style="list-style-type: none"> <li>• See above: Implement recommendations from the “Evaluating Large Retail Developments Near Pedestrian Shopping Areas in Toronto” study.</li> <li>• City Planning to continue to encourage applicants to provide small retail units within mixed-use buildings through the development review process.</li> </ul>

## Quick Win Recommendations

Recognizing that quick wins are required to improve the City of Toronto's approach to planning retail environments, the following recommendations provide a series of achievable steps to start taking immediate action.<sup>4</sup>

The quick win recommendations include:

- Develop retail training programs for developers in coordination with BILD GTA based on best practices manual.
- Develop City staffing training programs related to retail functionality, development, etc. based on best practices manual.
- Develop a small retail business class category for urban design awards.
- Assess the opportunity for an increased presence of retail experts on design review panels.
- Require the use of retail designers for retail projects that are located on Priority Retail Streets or for major developments.
- Implement changes to reduce the single retail unit size from 8,000 m<sup>2</sup> to 3,500 m<sup>2</sup> outside of the Central Core area.
- Review the Central Core exempt area boundaries.
- Continue and enhance the existing monitoring program for the main streets.

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<sup>4</sup> Other quick win recommendations that were raised during the consultation process, but not directly related to planning and economic development, include:

- City may investigate improved sidewalk/curb land snow removal for main streets.
- City may require developer sites to have a truck washing station that must be used prior to trucks leaving a development site to ensure excessive dirt is not spread throughout the business district. In addition, a noise monitoring station should be installed to monitor noise on a development site and warn the crew when a certain decibel level is attained.

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