

VMC Sub-committee Report

DATE: Tuesday, September 20, 2022

WARD: 4

TITLE: VMC DEVELOPMENT ACTIVITY UPDATE

FROM:

Haiqing Xu, Deputy City Manager, Planning and Growth Management

ACTION: FOR INFORMATION

Purpose

To provide an update on the status of development activity in the Vaughan Metropolitan Centre ('VMC').

Report Highlights

- The VMC Secondary Plan established a population target of 25,000 residents and 11,500 jobs by 2031.
- Approved residential development currently accounts for over 20,020 units and approximately 39,640 residents; representing 167% of the residential unit target and 159% of the population target established for the 2031 planning horizon.
- An additional 19,450 residential units, accounting for approximately 38,500 or more potential residents, are proposed through active development applications and based on Pre-Application Consultation meetings.
- Should the development pipeline proceed to full approval, a total of 329% of the residential unit and 313% of the residential population targets established for the 2031 planning horizon will be realized.
- In 2022, 72,796 m² (783,572 ft²) of new office space has been built and approved, generating 6,530 jobs, and representing 52% of the 2031 office space target.
- Three development applications propose an additional 80,680 m² (868,431 ft²) of office space, which generates approximately 13,767 new jobs. If approved, this represents 110% of the 2031 office target.

Report Highlights Continued

- In 2022, 63,572 m² (684,287 ft²) of retail uses have been proposed as part of mixed-use developments. If approved, this represents 91% of the 2031 retail target, and generates 1,711 jobs.
- To date, 39,526 m² (425,452 ft²) of retail uses have been approved by Council, representing 57% of the 2031 retail target.
- Despite the progress on office and retail uses, the exponential growth and interest in residential development continues to far exceed non-residential uses and creates an imbalance of uses in the downtown.

Recommendation

1. THAT the Vaughan Metropolitan Centre Development Activity Update report be received for information.

Background

The VMC is the City of Vaughan's (the 'City's') emerging downtown and central business district; it is poised to be the financial, innovation and cultural centre of the City, with a vibrant sense of place, a high-quality public realm and environmentally sustainable design practices. The vision of the VMC is to realize a complete and balanced community encompassing different built form typologies, and a mix of uses that are transit supportive and pedestrian friendly.

To achieve a critical mass supportive of a downtown and meet the minimum density target of 200 people and jobs per hectare established by the Provincial *Growth Plan for the Greater Golden Horseshoe* (the 'Growth Plan'), the VMC Secondary Plan ('VMCSP') established a population target of 25,000 residents and 11,500 jobs by 2031.

The existing VMCSP provides a strong vision and policy foundation for the VMC and has helped guide development since its partial approval by the Ontario Land Tribunal ('OLT', formerly the Ontario Municipal Board and Local Planning Appeal Tribunal) in 2015. Since this time, development interest in the VMC has exceeded expectations, resulting in a residential intensity that was not anticipated when the VMCSP was initially developed, nor planned for in the related engineering and community service master plans.

The City is undertaking an update to the VMCSP to address provincial and regional policy updates, and to respond to the rapid growth that is putting pressure on realizing Council's vision for a vibrant and balanced downtown. The VMCSP Update will result in a renewed policy framework that supports the completion of a downtown and central

business district as a complete community that is well supported by municipal services and social infrastructure to 2051 and beyond.

It is recognized that development interest is the catalyst that will help the City realize its ambitions for a vibrant downtown; however, in response to the heavy residential development trends, planning intervention is required through the VMCSPP Update to avoid the creation a bedroom community.

The VMCSPP Update is being coordinated with the concurrent studies including the VMC Parks and Wayfinding Master Plan ('PWMP'), VMC Transportation Master Plan Update, and the VMC Functional Servicing Strategy Report. The findings of these related studies will inform the update to the VMCSPP.

Previous Reports/Authority

[VMC Development Activity Update – April 10, 2018](#)

[VMC Development Activity Update – March 5, 2019](#)

[VMC Development Activity Update – November 10, 2020](#)

[VMC Development Activity Update – November 2, 2021](#)

[VMC Secondary Plan Update – Phase 1](#)

[VMC Secondary Plan Update – Phase 2 Approach](#)

[VMC Secondary Plan Update - Phase 2 - Land Use Options](#)

Analysis and Options

Residential development activity continues to dramatically outpace the population targets established in the VMCSPP

On November 2, 2021, Item 4 of the VMC Sub-Committee identified that based on the approved and proposed residential development pipeline, the amount of approved residential units, at 34,584 units, was 288% greater than the 2031 targets established by the VMCSPP; this coupled with a projected population of 68,476 residents, equates to a population that is 274% greater than the 2031 targets, based on utilizing a 1.98 people per unit ('PPU') assumption.

Through 2022, the residential development pipeline has continued to increase; developments that are occupied, under construction, and approved currently represent 20,020 units and approximately 39,640 residents in the VMC. This represents 167% of the residential unit targets, and 159% of the population targets established for the 2031 planning horizon of the VMCSPP.

It is important to note that the 2031 targets are exceeded based solely on development that is approved, occupied and under construction; this total does not take into

consideration development applications currently under review, Pre-application Consultation ('PAC') meetings, nor lands with future redevelopment interest.

As of the writing of this report, another 19,450 residential units, representing approximately 38,500 or more potential residents, are proposed through active development applications and based on PAC meetings, both of which are subject to Council approval. Should this development pipeline proceed to full approval, a total of 329% of the residential unit and 313% of the residential population targets established for the 2031 planning horizon will be realized.

These projections are based on:

- 3,900 units, or approximately 7,722 residents, in developments that are completed and occupied
- 5,649 units, or approximately 11,185 future residents, in developments that are under construction
- 10,471 units, or approximately 20,733 future residents, in development approved by Council but not yet constructed
- 17,254 units, or approximately 34,163 potential future residents, based on in-progress development applications
- 2,205 units, or approximately 4,366 potential future residents, based on PAC proposals

Residential uses need to be supported by other uses

The ratio of residential to non-residential uses continues to widen, causing concern for a lack of balance in the VMC. Development intensification is trending at a rate that is an average of 1.59 times greater than the maximum permissions afforded by the VM CSP.

Of note, the average increase in density for developments approved by Council is 1.44 times as-of-right permissions. However, the requested density increases from development currently under review and proposed through PAC proposals is 1.82 times as-of-right permissions. Density aspirations in the marketplace continue to set new precedents.

While the magnitude of development interest and activity in the VMC is exciting, a risk of growing too quickly is that the downtown may not develop into a complete community. Residential interests need to be balanced with other uses to achieve the vibrant downtown envisioned by Council and enshrined in policy; the VMC requires a healthy balance of social infrastructure to serve the existing and growing population.

Recognizing this concern, Staff have proactively advanced a number of VMC plans and studies, as noted earlier in this report, to address these trends; reassess the development context; and refocus efforts moving forward.

Generating a diversity of building typologies and family-sized units continues to be a challenge in the VMC

The predominate form of development continues to be high-rise residential towers, with the delivery of other building typologies, such as low-rise and mid-rise buildings lagging. Staff continue to encourage the integration of other building typologies, to address the “missing middle” challenges in the City. This issue is exacerbated as development applications that include mid-rise buildings in the future phases are revisited and revised for high-rise development.

Based on approved development applications, 98% of the VMC housing supply are apartment units, with the balance represented by townhouses. Also concerning, is the trend toward smaller units and less unit mix diversity. Within multi-unit buildings, the vast majority of units are 1-bedroom (55%), followed by 2-bedrooms (43%), while only 2% of the units are 3-bedrooms.

While the VMC has successfully secured its first purpose-built rental building, a focus on providing affordable housing and additional rental tenured buildings continues to be a priority.

Development must be balanced with supporting social infrastructure to achieve a complete community

Vaughan’s downtown has enjoyed a competitive advantage in the marketplace with its strategic location and catalytic infrastructure investments. This success, however, has come with unexpected consequences. Residential growth in the VMC continues to outpace office, retail and other non-residential uses. As a result of the unanticipated residential growth, the provision of social infrastructure necessary to support a complete community – such as parkland, schools, community services and facilities, etc. - has not kept pace with the residential population generated by new developments.

In order to achieve Council’s vision of a vibrant, diverse, thriving downtown and central business district, and to deliver on the City’s Term of Council Strategic Priority of City Building to “Develop the VMC as a complete community”, the provision of social infrastructure must be implemented in lock-step with residential development. The City needs to ensure residential density is balanced with the objective of realizing a complete and sustainable, mixed-use community complimented with parks, schools, social and cultural services, and community services and facilities.

Guided by the robust placemaking framework for the VMC, the City has secured the first privately-owned public spaces ('POPS'), pedestrian connections, public art and the iconic David Braley VMC Centre of Community. While these spaces and features help support an animated and pedestrian oriented downtown, the City needs to ensure that the build-out of parks, schools, cultural spaces, emergency services, and affordable housing are also delivered to support this existing and growing community.

Parkland development is lagging with respect to the aspirational target of 10 hectares of planned parkland by 2031, and it is expected that with growing density trends additional parkland will have to be secured to provide adequate active and passive recreation facilities to all VMC residents, day commuters, and visitors. To address these concerns, the City initiated the VMC PWMP to provide the City with a Parks and Open Space Master Plan that identifies parkland provision gaps and provides a plan that can be implemented in a timely manner to fulfill the VMC parkland target at a mid-to-long term time frame. This work has been used to inform the ongoing land use options developed as part of the VMCSPP Update.

Proposed office area has increased slightly from 2021

On November 2, 2021, Item 4 of the VMC Sub-Committee identified that approved office development represented 50,053 m² (538,770 ft²) of new office space, representing completion of 36% of the 2031 target and generating 4,490 jobs. Two office projects are currently built and occupied. An additional 99,198 m² (1,067,759 ft²) of office space has been proposed through active development applications, which would increase the volume to 107% completion of the 2031 office target, and generate 8,898 new office jobs, if realized.

In 2022, 72,796 m² (783,572 ft²) of new office space has been built and approved, representing 6,530 jobs. This volume amounts to 52% completion of the 2031 office target. Three development applications, currently under review, propose an additional 80,680 m² (868,431 ft²) of office space, which would increase the volume to 110% completion of the 2031 office target, and the number of new office jobs to 13,767, if realized.

Should the above noted office developments materialize as proposed, the City will have achieved its VMCSPP target for office uses and office jobs planned for 2031; facilitated in part through an incentive program offered for large office developments in the Community Improvement Plan ('CIP') for the VMC and other Intensification Areas.

Achieving significant office uses is a fundamental component to realizing the City's vision of a world class downtown and vibrant community. Despite being on track to meet the office and job targets established by the VMCSPP, development interest in office uses has been largely dwarfed by that of residential uses which is more than triple the office development trend, resulting in an overall imbalance of uses.

As part of the VMCSPP Update, a Background Study Report was prepared in Phase I, which indicated that the original VMCSPP set a resident-to-jobs ratio of 2.6:1, meaning for every 2.6 residents there should be 1 job, consistent with the regional policy framework. However, residential development interest in the VMC has resulted in a 7:1 resident-to-jobs ratio, based on developments that have been completed or are under construction. This ratio risks being further eroded to 8:1 based on the applications currently under review with the City, and the PAC proposals that have taken place. Should this trend continue, Council's vision of a world class downtown, with a vibrant central business district and balanced community, will no longer be possible.

To help address this concerning trend, and to help inform the land use options developed through Phase 2 of the VMCSPP Update, an Office Feasibility Assessment ('Feasibility Assessment') was completed, by Parcel Economics, to understand the market demand for office in the VMC. Recognizing the current challenges associated with developing new office uses in a post pandemic landscape, this Feasibility Assessment has helped to identify a number of mechanisms – or policy solutions – to help improve feasibility conditions. Recognizing that there is no single “silver bullet” solution, improving conditions to facilitate the growth of office uses within the VMC will require a multi-pronged approach that involves a combination of policy mechanisms focused on: built form and densities, financial incentives, and other process-related improvements to achieve cost savings.

The Feasibility Assessment demonstrates that by utilizing a combination of policy mechanisms, the financial conditions for office development are improved, which ultimately encourage the growth of a critical mass of office activity within the VMC over the long-term planning horizon. Consideration will need to be given to balancing current development pressures that predominantly focus on residential uses with longer-term goals relating to growth in office employment. The results of this Feasibility Assessment will be relied upon to support policy-related decisions for the VMCSPP Update.

Proposed retail uses have increased, but continue to lag behind other uses

On November 2, 2021, Item 4 of the VMC Sub-Committee identified that 53,887 m² (580,034 ft²) of retail uses had been proposed as part of mixed-use developments, representing completion of 77% of the 2031 retail target, and generating 1,450 jobs. Of

this, 27,762 m² (298,830 ft²) had been approved by Council and/or built, representing completion of 40% of the 2031 retail target.

In 2022, there has been an increase to 63,572 m² (684,287 ft²) of retail uses proposed as part of mixed-use developments, representing completion of 91% of the 2031 retail target, and generating 1,711 jobs. Of this, 39,526 m² (425,452 ft²) has been approved by Council and/or built, representing completion of 57% of the 2031 retail target.

Retail is a critical component to achieving a vibrant and sustainable downtown. While retail uses often follow the establishment of a critical mass of residents, early planning for a healthy amount of retail is critical in creating a complete community. As with office uses, the VMCS Update must assess whether this emerging balance of uses is appropriate for the vision of the VMC as a complete community.

Financial Impact

There are no economic impacts resulting from this report.

Broader Regional Impacts/Considerations

Building a downtown is an ambitious goal. York Region's Official Plan places tremendous importance on the centres and corridors within its local municipalities as the cornerstone to achieving provincial population and employment growth targets.

Regional Staff have participated and will continue to be involved throughout the duration of these City initiatives, including the VMCS Update and the development application process, by providing input and comments as required to ensure the successful implementation and coordination of projects in the City's downtown.

Collaboration with broader regional stakeholders continues to be an important factor in ensuring the success of the VMC.

Conclusion

The average density of projects continues to increase with new applications, a factor which must be balanced with measured delivery of community services and social infrastructure. The City is committed to ensuring that the VMC continues to develop as a complete and balanced community with high-density mixed uses that are transit supportive and pedestrian friendly, with a vibrant sense of place, a high-quality public realm and environmentally sustainable design approaches.

While development interest is the fuel that will power the realization of the City's ambitions for its downtown, it must be harnessed to achieve a built environment and a healthy community that meets the public interest. To balance the unplanned increase in residential population, increases in the capacity and provision of hard and soft infrastructure will be required to support this new community, including parks, community services and facilities, transportation, and municipal servicing systems.

The VMCSPP Update has been initiated to address new provincial and regional policies and to confirm that the framework is still relevant considering the nature of existing, approved and proposed development in the VMC. Updates to the VMCSPP will continue to recognize the VMC as the City's priority intensification area and downtown, while ensuring the area continues to develop as a complete community and support the City's strategic priorities as outlined in the 2018-2022 Term of Council Service Excellence Strategic Plan.

For more information, please contact Christina Bruce, Director of Policy Planning and Special Programs, ext. 8231.

Attachments

N/A

Prepared by

Diana DiGirolamo, Senior Planner, extension 8776

Cory Gray, Manager, Parks & Strategic Initiatives, VMC extension 8579

Christina Bruce, Director, Policy Planning and Special Programs, extension 8231

Approved by



Haiqing Xu, Deputy City Manager
Planning and Growth Management

Reviewed by



Nick Spensieri, City Manager