

VMC Sub-committee Report

DATE: Wednesday, October 4, 2023

WARD: 4

TITLE: VMC DEVELOPMENT ACTIVITY UPDATE – OCTOBER 2023

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

- Development activity has decreased likely due to the current markets being affected by high interest rates and deteriorating affordability across the GTA. Although this may have resulted in a slowdown of applications for new developments in 2023, applications are continuing to be processed in the VMC at a pace that continues to outpace the VMC Secondary Plan 2031 planning horizon targets.
- Other applications are also being processed in the immediate periphery of the VMC. More specifically in two areas being considered for expansion through the on-going VMC Secondary Plan Update. As these areas technically remain outside the VMC, the statistics listed in this report exclude development activity outside the established VMC boundaries.
- As growth continues to far outpace the original targets set for Vaughan's downtown, key efforts continue to be carried out to maintain a healthy balance between the existing population growth trends and an appropriate physical and social infrastructure system that includes public services, green spaces, and amenities that adequately serve the future population of the VMC.
- Summary of residential development:
 - 3,900 completed residential units are home to 7,722 residents.
 - 5,649 residential units are under construction bringing an additional population of 11,185 residents.
 - 11,710 residential units have been approved by Council and will house 23,186 future residents.
 - 17,891 residential units, for 35,424 potential residents, are proposed currently through active development applications and subject to Council approval.
- The realization of developments that are occupied, under construction, or approved represents more than 42,093 residents in over 21,259 units, greatly exceeding the population target established for the 2031 planning horizon.

Report Highlights (Continued)

- Office and retail development:
 - Currently, about 78,000 m² (~840,000 ft²) of new office space has been built or approved, representing 55% of the 2031 office space target.
 - Two new development applications that are subject to Council approval are proposing 76,000 m² (~820,000 ft²) of office space thus bringing the built, approved, and new applications to represent 110% of the 2031 office target.
 - To date, about 65,032 m² (~700,000 ft²) of retail space is occupied, under construction, approved by Council, or subject to Council approval, representing 93% 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, threatening the vision of a complete and balanced community as intended in the VMC Secondary Plan.

Recommendation

1. THAT the VMC Development Activity Update – October 2023 report be received for information.

Background

The VMC is the City of Vaughan's emerging downtown and central business district. Envisioned as the financial and cultural centre of the City, it aims to radiate a lively sense of place, a high-quality public realm while promoting environmentally sustainable design practices. The vision of the VMC is to create a dynamic 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. The exponential growth in residential intensity 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 VMCSPP 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 VMCSPP Update will result in a renewed policy framework that supports the completion of a downtown and central business district as a complete and balanced community that is well supported by municipal services and social infrastructure to 2051 and beyond. Please refer to the VMC Secondary Plan Update: Phase IV – Recommendations for the latest information on the update.

The VMCSPP Update is being coordinated with 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 – March 5, 2019](#)

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

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

[VMC Development Activity Update – September 20, 2022](#)

[VMC Development Activity Update – April 11, 2023](#)

[VMC Secondary Plan Update – Phase 1 – March 2, 2021](#)

[VMC Secondary Plan Update – Phase 2 - Approach – June 8, 2021](#)

[VMC Secondary Plan Update – Phase 2 Land Use Options – June 21, 2022](#)

Analysis and Options

Development activity has decreased likely due to the current markets being affected by high interest rates and deteriorating affordability across the GTA. Although this may have resulted in a slowdown of applications for new developments in 2023, The original population targets set by the VMCSPP continue to be greatly exceeded by the ongoing residential development activity.

Residential development projections have exceeded the targets set out in the VMCSPP for residential units and number of residents. Currently, more than 23 high-rise mixed-use buildings have been built or approved in the VMC, at almost 1.6 times the density set out in the Secondary Plan.

This residential development includes:

- 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.

- 11,710 units, or approximately 23,186 future residents, in developments approved by Council but not yet constructed.
- 17,891 units, or approximately 35,424 potential future residents, based on in-progress development applications.

The realization of developments that are occupied, under construction, or approved represents more than 42,093 residents over 21,259 units, greatly exceeding the population target established for the 2031 planning horizon.

Additionally, other applications are also being processed in the immediate periphery of the VMC. More specifically in two areas being considered for expansion through the on-going VMC Secondary Plan Update. As these areas technically remain outside the VMC, the statistics listed in this report exclude development activity outside the established VMC boundaries.

As growth continues to far outpace the original targets set for Vaughan's downtown, key efforts continue to be carried out to maintain a healthy balance between the existing population growth trends and an appropriate physical and social infrastructure system that includes public services, green spaces, and amenities that adequately serve the future population of the VMC.

Residential uses need to be supported by other uses.

Development in the VMC continues to be dominated by residential uses, which could threaten its original intent to become a complete, balanced, and diverse community. The actual development intensity is surpassing the VMCSPP's maximum targets by an average factor of 1.6. The market demand for density keeps breaking new records.

Although the rapid development of the VMC is impressive, the dominance of residential uses is threatening its quality as the lively and diverse downtown that Council and policy envisioned. Additionally, this unprecedented fast-paced growth requires an equivalent number of social services, facilities, and adequate infrastructure to service the current and future residents in the downtown.

Recognizing this concern, and to keep pace with growth, staff have taken the initiative to work on various VMC plans and studies, as mentioned before 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.

Most of the development built-form in the VMC continues to be high-rise residential towers on podiums, while other types of buildings required to create a more balanced and diverse downtown, such as low-rise and mid-rise typologies, are falling behind. Staff keep pushing for more variety of buildings to fill the "missing middle" gap in the

City. The problem worsens as previously approved and/or in progress development applications that had proposed mid-rise buildings are being amended to replace the latter with more high-rise typologies.

Based on approved development applications, 98% of the VMC housing supply comprises apartment units, with the balance represented by townhouses. There is also a continuing trend toward smaller units and less unit mix diversity. Within multi-unit buildings, the vast majority of units are 1-bedroom (59%), followed by 2-bedrooms (37%), while only 4.1% of the units are 3-bedrooms.

While the VMC has successfully secured its first purpose-built rental building, and other projects under review are gradually starting to propose this type housing supply, a focus on providing equitable, attainable 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 continues to maintain its advantage in the market through its strategic location and key infrastructure investments to date. This success brings many challenges. As previously stated in this report, residential growth in the VMC is far outpacing that of office, retail, and other non-residential uses which is creating an unhealthy imbalance of population and jobs. In addition, the unprecedented growth also means that much needed social infrastructure such as parks, schools, community services and facilities, will not be enough to adequately serve the residential population based on current development trends.

To maintain Council's vision to create a lively, diverse and prosperous downtown and central business district, and to deliver on the City's Term of Council Strategic Priority of City Building to "Build a world-class city based on good planning and urban design principles, which foster community well-being", social services, facilities and infrastructure needs to be provided simultaneously with on-going development.

Of growing concern is the City's capability to build out parks, schools, cultural spaces, emergency services and provide attainable housing to support the existing and growing community. For example, the dramatic increase in residential density trends suggests a deficit in the available parkland. 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. Given the recent changes to provincial planning legislation, it is imperative that the procurement of parkland be made a top priority to benefit residents and visitors with a wide variety of recreational opportunities in the VMC.

Concern to develop suitable school sites across the VMC.

The City continues to work with the School Boards and landowners to develop suitable school sites and urban school typologies across the VMC. The size and quantity of future school sites is being reviewed to ensure the demand from the increase in resident population can be properly facilitated. Additional schools may be required to accommodate the influx of residents.

Proposed office area on course with 2031 planning horizons however no longer balanced to achieve a vibrant central business district.

There has been a significant reduction on the proposal of office uses across various mixed use development applications in the VMC since the beginning of 2020 as a response to COVID and the opportunity to work remotely. This is of concern as currently only 78,000 m² (840,000 ft²) of new office space has been built or approved, representing 55% of the 2031 office space target. Two developments located within the northern quadrant of the VMC are currently under review proposing an additional 76,000 m² (820,000 ft²). If built, this would represent 110% of the original 2031 office targets as established in the VMCSPP. This would not keep a proportionate pace to balance the increasing residential trends being proposed in the downtown.

Achieving significant office uses is a fundamental component in 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.

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, far exceeding the 2.6:1 resident-to-jobs ratio indicated in the original VMCSPP. This ratio risks being further eroded to 8:1 based on the applications currently under review with the City, and the Pre Application Consultations ('PACs') 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, may no longer be possible.

To help address this trend, and to help inform the land use options developed through Phase 2 and Phase 3 of the VMCSPP Update, an Office Feasibility Assessment ('Feasibility Assessment') was completed on April 14, 2023, 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.

The Feasibility Assessment demonstrates that by utilizing a combination of policy mechanisms, the financial conditions for office development are improved, which ultimately encourages 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 VMCS Update.

Proposed retail uses have increased.

By the end of Q3, 2023, about 12,000 m² (~130,000 ft²) of retail space was completed and occupied, and almost 11,000 m² (~118,000 ft²) was under construction, additionally, about 14,500 m² (~156,000 ft²) of retail space was approved by Council. Currently, an additional 28,430 m² (~306,000ft²) of retail space is proposed, subject to Council approval. Should the applications proceed to full approval and construction, 95% of the 2031 retail target will be attained. As with the office uses, projections indicate that these numbers could come short in complementing the increasing residential trends being proposed in the VMC.

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 significant retail space 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.

Operational Impact

Staff have actively coordinated with other City departments, including Economic Development, to provide input for this report.

Development applications for the VMC are actively reviewed through a Pre-Application Consultation process whereby applicants meet with City staff to present a preliminary concept plan. The City then identifies the submission requirements for a complete application to ensure future submissions can be processed efficiently. City staff review incoming applications internally across various departments and with other external agencies to ensure the proposed developments adhere to the guidelines of the VMCS and City and regional policies.

Broader Regional Impacts/Considerations

Building a downtown is a lengthy, challenging and 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 actively in various City initiatives, such as 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.

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

Conclusion

City Staff are committed to ensuring that the VMC continues to develop as a complete and well-rounded community with high-density mixed uses that are balanced, transit supportive and pedestrian friendly. The primary goal is to establish a lively and inviting downtown core that is characterized by a strong sense of place, high-quality public realm and environmentally conscious design strategies.

As the average density of projects continues to increase with new applications, a significant focus must be placed on the delivery of community services and social infrastructure. To balance the increase in residential population, a recalibration of the 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. This recalibration is vital to effectively support this rapidly evolving downtown community.

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, balanced, and equitable community that supports 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

Andrea Shotlander, Project Manager, Urban Design, VMC, Ext. 8035.

Gaston Soucy, Senior Manager, Planning and Urban Design, VMC, Ext. 8266.

Christina Bruce, Director, Policy Planning and Special Programs, Ext. 8231.

Approved by

A handwritten signature in black ink, appearing to read 'Haiqing'.

Haiqing Xu, Deputy City Manager,
Planning and Growth Management

Reviewed by

A handwritten signature in black ink, appearing to read 'Nick Spensieri'.

Nick Spensieri
City Manager