

Economic Implications of Mixed-Use Development in the Golden Mile

Independent Real Estate Intelligence

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Economic Implications of Mixed-Use Development in the Golden Mile

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EXECUTIVE SUMMARY

Altus Group Economic Consulting Ltd. was commissioned by 1941 Eglinton East Holdings Inc. to examine the potential economic implications of the proposed redesignation of lands in the Golden Mile Secondary Plan Area to permit high-density mixed-use development.

The subject lands are bounded by Eglinton Avenue East to the north, Warden Avenue to the west, Civic Road to the south and Prudham Gate to the east. The 1.62 hectare area is currently occupied by a mix of low-density commercial uses including two automobile dealerships, a restaurant and a sales outlet, with a substantial share of the land used for surface parking and automobile storage and display. The subject lands also about a future light rail transit (“LRT”) station at Eglinton and Warden Ave that is part of the Eglinton Crosstown LRT line project, which the province is investing \$5.3 billion dollars in.

The private owners of the subject block seek permission to redevelop the subject block as a high-density mixed-use residential and commercial development containing retail and service uses on the ground floor, potentially offices in the upper storeys of the podium, and residential towers above.

In the Golden Mile Secondary Plan area, office rents are not high enough relative to construction costs to make new office development viable. With the completion of the Eglinton LRT, the Golden Mile will be one of many new areas close to new planned higher order transit stations and stops competing for new office development. The market is expected to continue to favour locations that offer a wider range of transit options. The Secondary Plan did not provide for Golden Mile specific economic development incentives intended to overcome the obstacles to office development in the area.

Approximately 348,500 new housing units will be required in the City of Toronto over the 2021 to 2051 period. The development of new housing on the subject lands can help to meet the needs of current and future residents in a location that will soon have ready access to higher order transit.

The subject lands are not required for the employment purposes permitted under the General Employment Areas designation of the Official Plan. In the City of Toronto, the combination of the forecast decrease in Employment

Land Employment and policies to increase employment density in Employment Areas will reduce the need for land in Employment Areas.

The existing density within walking distance of the intersection of Warden Avenue and Eglinton Avenue East is well below the recommended minimum density for LRT stations. Preserving the subject lands for mid-rise office development that is unlikely to materialize in the foreseeable future would be a barrier to the achievement of transit-supportive density in the area around the new LRT station. High-density mixed-use development of the subject lands would make a significant, positive contribution towards the achievement of transit-supportive density around the planned Warden LRT station.

High-density mixed-use redevelopment of the subject lands will make a substantial contribution towards the provision of new infrastructure and public service facilities planned for the Golden Mile area and the City as a whole through development charges, community benefit charges, parkland contributions and other potential development contributions.

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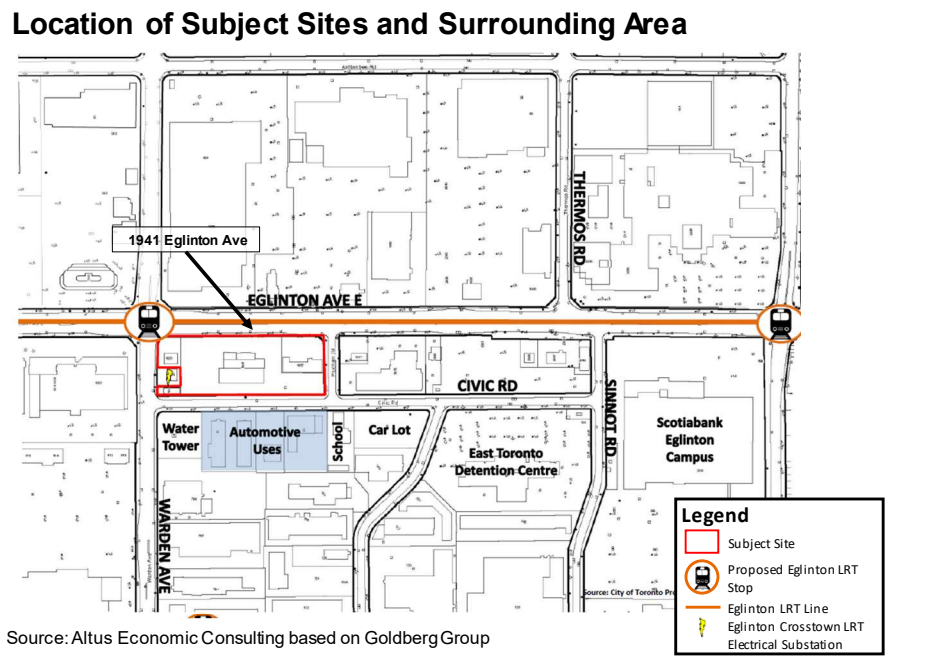
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1 INTRODUCTION

Altus Group Economic Consulting Ltd. was commissioned by 1941 Eglinton East Holdings Inc. to examine the potential economic implications of the proposed redesignation of lands in the Golden Mile Secondary Plan Area to permit high-density mixed-use development.

The subject lands are bounded by Eglinton Avenue East to the north, Warden Avenue to the west, Civic Road to the south and Prudham Gate to the east and are approximately 1.62 hectares in size.¹ The subject lands are currently occupied by a mix of low-density commercial uses including two automobile dealerships, a restaurant and a sales outlet, with a substantial share of the land used for surface parking and automobile storage and display. Approximately 100 people currently work in the existing commercial businesses within the block.

Figure 1



Currently under construction is the Eglinton Crosstown Light Rail Transit (LRT) line which will run along Eglinton Avenue from Mount Dennis to Kennedy station, including a stop at Warden Avenue adjacent to the subject

¹ Excluding the parcel owned by Metrolinx for an Eglinton Crosstown Electrical Substation.

lands. The Ontario government is investing \$5.3 billion in the Eglinton Crosstown LRT, which is expected to be completed in 2022.

In October 2020, the City of Toronto adopted the Golden Mile Secondary Plan (OPA 499)². The Vision for the secondary plan says:

“The Golden Mile functions as the western gateway to the former City of Scarborough. Once a prominent employment area known as the “Golden Mile of Industry”, the Golden Mile has undergone several periods of growth. The Plan area is approximately 113 hectares in size and is planned to undergo significant change in the coming years with the construction of the Eglinton Crosstown Light Rail Transit (“ECLRT”), which will introduce five surface transit stops to the Plan Area. The ECLRT will be a catalyst to aid in transforming the Plan Area’s current landscape of auto-oriented retail and industrial uses into a mixed-use, transit-oriented community, while maintaining and enhancing the existing employment uses in the Plan Area.”

The Golden Mile Secondary Plan Alternatives Study undertaken by SvN Architects and Planners for the City of Toronto set out three alternatives using different land use and built form strategies for the area. One of the four “key factors” underlying all three alternatives was:

“1. maintaining existing Official Plan designations”. (Section 3, page 44)

The Alternatives study did not examine the potential implications of redesignating lands on the south side of Eglinton Avenue from Employment Area to Mixed-Use Area.

The private owners of the subject block seek permission to redevelop the subject block as a high-density mixed-use residential and commercial development containing retail and service uses on the ground floor, potentially offices in the upper storeys of the podium, and residential towers above.

This report examines the potential economic implications of the redesignation the subject lands to permit high-density mixed-use development.

² By-Law 911-2020

2 PLANNING POLICY CONTEXT

This chapter reviews the planning policies that set the context for the economic analysis in this report.

2.1 PROVINCIAL POLICY STATEMENT, 2020

Part IV of the Provincial Policy Statement, which sets out the Vision for Ontario's Land Use Planning System, says:

"Land use must be carefully managed to accommodate appropriate development to meet the full range of current and future needs, while achieving efficient development patterns..."

Efficient development patterns optimize the use of land, resources and public investment in infrastructure and public service facilities. These land use patterns promote a mix of housing, including affordable housing, employment, recreation, parks and open spaces, and transportation choices that increase the use of active transportation and transit before other modes of travel..."

Policy 1.1.1.e says

"healthy, liveable and safe communities are sustained by, among other matters:...

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

Policy 1.1.3.2.f says:

"land use patterns within settlement areas shall be based on densities and a mix of land uses which:...

f) are transit-supportive, where transit is planned, exists or may be developed".

Policy 1.3.1 says

"Planning authorities shall promote economic development and competitiveness by:

- a) *providing for an appropriate mix and range of employment, institutional and broader mixed uses to meet long-term needs;*
- b) *providing opportunities for a diversified economic base, including a range and choice of suitable sites for employment uses which support a wide range of economic activities and ancillary uses, and take into account the needs of existing and future businesses;*
- c) *facilitating the conditions for economic investment by identifying strategic sites for investment, monitoring the availability and suitability of employment uses, including market-ready sites, and seeking to address potential barriers to investment;*
- d) *encouraging compact, mixed-use development that incorporates compatible employment uses to support liveable and resilient communities, with consideration of housing policy 1.4; and*
- e) *ensuring the necessary infrastructure is provided to support current and projected needs."*

2.2 A PLACE TO GROW, THE GROWTH PLAN FOR THE GREATER GOLDEN HORSESHOE, 2019

Among the guiding principles set out in section 1.2.1 of the Growth Plan is:

"...Prioritize intensification and higher densities in strategic growth areas to make efficient use of land and infrastructure and support transit viability..."

Policy 2.2.4.3 says:

"Major transit station areas on priority transit corridors or subway lines will be planned for a minimum density target of: ...

b) 160 residents and jobs combined per hectare for those that are served by light rail transit or bus rapid transit...."

Policy 2.2.4.6 says:

"Within major transit station areas on priority corridors or subway lines, land uses and built form that would adversely affect the achievement of the minimum density targets in this Plan will be prohibited."

Policy 2.2.5.1 says:

“Economic development and competitiveness in the GGH will be promoted by:

- a) making more efficient use of existing employment areas and vacant and underutilized employment lands and increasing employment densities;*
- b) ensuring the availability of sufficient land, in appropriate locations, for a variety of employment to accommodate forecasted employment growth to the horizon of this Plan;*
- c) planning to better connect areas with high employment densities to transit; and*
- d) integrating and aligning land use planning and economic development goals and strategies to attract investment and employment.”*

Policy 2.2.5.9 says:

“The conversion of lands within employment areas to non-employment uses may be permitted only through a municipal comprehensive review where it is demonstrated that:

- a) there is a need for the conversion;*
- b) the lands are not required over the horizon of this Plan for the employment purposes for which they are designated;*
- c) the municipality will maintain sufficient employment lands to accommodate forecasted employment growth to the horizon of this Plan;*
- d) the proposed uses would not adversely affect the overall viability of the employment area or the achievement of the minimum intensification and density targets of this Plan; and*
- e) there are existing or planned infrastructure and public service facilities to accommodate the proposed uses.”*

Policy 2.2.5.10 says:

“Notwithstanding policy 2.2.5.9, until the next municipal comprehensive review, lands within existing employment areas may be converted to a designation that permits non-employment uses, provided the conversion would:

- a) satisfy the requirements of policy 2.2.5.9 a), d) and e);*
- b) maintain a significant number of jobs on those lands through the establishment of development criteria; and*
- c) not include any part of an employment area identified as a provincially significant employment zone unless the part of the employment area is located within a major transit station area as delineated in accordance with the policies in subsection 2.2.4."*

The definition of a major transit station area is:

"The area including and around any existing or planned higher order transit station or stop within a settlement area; or the area including and around a major bus depot in an urban core. Major transit station areas are generally defined as the area within an approximate 500 to 800 metre radius of a transit station, representing about a 10-minute walk."

Schedule 3 sets out the 2051 population forecast (3,650,000 people) and employment forecast (1,980,000 jobs) for the City of Toronto.

Schedule 5 is a map showing priority transit corridors, including the Eglinton Crosstown LRT.

2.3 CITY OF TORONTO OFFICIAL PLAN

Policy 2.2.4.17 of the Toronto Official Plan says the City will assess requests to convert lands within Employment Areas by considering, among other matters, the following:

- a) there is a demonstrated need for the conversion(s) to:
 - 1. meet population forecasts allocated to the City in the Growth Plan for the Greater Golden Horseshoe; or*
 - 2. mitigate existing and/or potential land use conflicts;**
- b) the lands are required over the long-term for employment purposes;*
- c) the City will meet the employment forecasts allocated to the City in the Growth Plan for the Greater Golden Horseshoe;*
- d) the conversion(s) will adversely affect the overall viability of the Employment Area and maintenance of a stable operating environment for business and economic activities.....*

- e) the existing and planned sewage, water, energy and transportation infrastructure can accommodate the proposed conversions;*
- f) in the instance of conversions for residential purposes, sufficient parks, libraries, recreation centres and schools exist or are planned within walking distance of new residents;*
- g) employment lands are strategically preserved near important transportation infrastructure such as highways and highway interchanges, rail corridors, ports and airports to facilitate the movement of goods;*
- h) the proposals to convert lands in an Employment Area will help maintain a diverse economic base accommodating and attracting a variety of employment uses and a broad range of employment opportunities in Toronto....”*

2.4 SUMMARY OF POLICY CONTEXT

Provincial and City planning policies:

- Promote efficient development patterns that optimize the use of land and public investment in transit;
- Prioritize intensification and higher densities in locations within walking distance of higher-order transit;
- Promote economic development and competitiveness by providing for a mix and range of employment, institutional and broader mixed uses to meet long-term needs; and
- Permit the conversion of lands in employment areas to non-employment uses subject to criteria.

3 DATA AND ANALYSIS

This chapter provides data and analysis relevant to the proposed redesignation of the subject lands.

3.1 HOUSING AND EMPLOYMENT TRENDS AND FORECASTS

3.1.1 Housing

The technical report prepared by Hemson Consulting Ltd. for the Ministry of Municipal Affairs and Housing titled Greater Golden Horseshoe: Growth Forecasts to 2051, dated August 26, 2020 (the “technical report”) formed part of the review of the population and employment forecasts contained in Schedule 3 of the Growth Plan. It included reference population and employment forecasts to 2051 (consistent with the population and employment now incorporated in Schedule 3 of the Growth Plan), high and low population and employment forecasts, and forecasts of housing and employment by type for the reference scenario.

Figure 2 shows the housing forecast for the City of Toronto from the technical report.

Figure 2

City of Toronto, Housing Forecast

<u>Year</u>	<u>Housing Units</u>
2011	1,048,000
2016	1,112,900
2021	1,195,300
2031	1,353,100
2041	1,452,900
2051	1,543,800
2011-2021	147,300
2021-2051	348,500
Average Annual	
2011-2021	14,730
2021-2051	11,617

Source: Hemson Consulting Ltd., Greater Golden Horseshow: Growth Forecasts to 2051, August 2020

Approximately 348,500 new housing units are forecast to be required in Toronto to accommodate the population growth forecast for the City for the 2021 to 2051 period.

3.1.2 Employment by Sector

Figure 3 shows the employment forecast for the City of Toronto from the technical report.

Figure 3

City of Toronto, Employment Forecast

Year	Major Office	Population Related	Employment Lands	Total
2011	592,000	594,000	343,000	1,529,000
2016	667,000	643,000	298,000	1,608,000
2021	714,000	677,000	306,000	1,697,000
2031	846,000	637,000	346,000	1,829,000
2041	935,000	635,000	325,000	1,895,000
2051	1,030,000	672,000	277,000	1,979,000
2011-2021	122,000	83,000	(37,000)	168,000
2021-2051	316,000	(5,000)	(29,000)	282,000
Average Annual				
2011-2021	12,200	8,300	(3,700)	16,800
2021-2051	10,533	(167)	(967)	9,400

Source: Hemson Consulting Ltd., Greater Golden Horseshow: Growth Forecasts to 2051, August 2020

The average annual increase in total employment in the City of Toronto over the 2021 to 2051 period (9,400 additional jobs per year) is approximately 44%³ lower than the average annual increase in employment over the 2011 to 2021 period (16,800 additional jobs per year).

Major office employment refers to office type employment contained in free-standing buildings with more than 20,000 net square feet of floor area (page 32). Major office is the only sector for which net employment growth is forecast for the 2021 to 2051 period in the City of Toronto.

Population-related employment is employment that primarily serves a resident population. This category includes retail, education, local government, health care and work-at-home employment (page 29). No net growth is forecast for population-related employment in the City of Toronto over the 2021 to 2051 period.

Employment land employment refers to employment accommodated in primarily low-rise industrial-type buildings, which are generally located in

³ (16,800-9,400)/16,800

business parks and industrial areas (page 33). No net growth is forecast for employment land employment in the City of Toronto over the 2021 to 2051 period.

3.1.3 Geographic Distribution of Forecast Employment Growth in Toronto

The April 17, 2018 City of Toronto staff report regarding TOcore: Downtown Plan Official Plan Amendment included forecasts of employment growth:

“By 2041, the Downtown, together with the two “shoulder” areas of South of Eastern and Liberty Village, have the potential to reach between 850,000 and 915,000 jobs...” (page 2)

Total employment in the Downtown and the “shoulder” areas amounted to approximately 598,300 jobs in 2016.⁴ Over the 2016 to 2041 period, total employment in the Downtown and shoulder areas has the potential to gain between 251,700 and 316,700 jobs.

Over this same period, Schedule 3 of the Growth Plan indicates that total employment in the City of Toronto is forecast to increase by 287,000 jobs. At the low end of the TOcore forecast, the Downtown and shoulder areas would account for 88% of total employment growth in the City as a whole over the 2016 to 2041 period. At the high end of the TOcore forecast, employment growth in the Downtown and shoulder areas would be offset by a net loss in employment across the rest of the City.

The rest of the City includes Mixed-Use Areas in the Urban Growth Centres (Yonge and Eglinton Centre, Etobicoke Centre, North York Centre and Scarborough Centres). Under the Growth Plan, Urban Growth Centres will be planned to serve as high-density major employment centres (2.2.3.1.c)

3.1.4 Employment Trends in the Golden Mile and Surrounding Employment Area

In 2016, urbanMetrics Inc. was retained by the City of Toronto to undertake a Market Analysis and Economic Strategy Study for the Golden Mile area. The purpose of the study was:

“...to enable the City to gain a better understanding of current economic and employment conditions within the Golden Mile area” and

⁴ Hemson Consulting Ltd., TOcore Planning Downtown: The Outlook for Office and Institutional Employment, page 68

“... to recommend strategies to enhance existing employment uses and jobs in the area, and to attract new investment, in order to support an increase in the overall amount of employment floor space within the study area”. (page i)

As part of the background for the urbanMetrics study, data from the Toronto employment survey was compiled for three geographic areas:

- The Golden Mile Study Area, which generally encompassed the Mixed Use Area on the north side of Eglinton Avenue and properties fronting on the south side Eglinton Avenue, designated Mixed Use and Employment Area (page 198);
- The Local Employment Area⁵, which included the entire designated Employment Area south of Eglinton Avenue (page 203); and
- The South West Scarborough Employment Area, which includes the Local Employment Area and the designated Employment Area located north of the Mixed Use Area on the north side of Eglinton Avenue (page 209).

The urbanMetrics report included employment data for the period from 2001 to 2015. The following tables include Toronto Employment Survey data for the 2016 to 2019 period obtained by Altus Group Economic Consulting from the City of Toronto.

Figure 4 shows employment trends by sector for the Golden Mile Study Area (“Study Area”).⁶ Total employment in the Study Area increased 3,872 jobs over the 2001 to 2017 period, then decreased by approximately 1,100 jobs over the 2017 to 2019 period.

Over the 2001 to 2019 period, the Study Area experienced net employment growth in every sector except the office sector where employment decreased by 2,771 jobs (18 percent).

⁵ This area is congruent with the City’s Environmental Assessment (“EA”) Areas for the Golden Mile

⁶ Manufacturing and retail employment was grouped to avoid potential confidentiality issues.

Figure 4 Golden Mile Study Area, by Sector, 2001-2019

Sector	2001	2006	2011	2015	2016	2017	2018	2019	Change Jobs	Change Percent
Institutional	105	56	273	290	296	286	264	292	187	178%
Office	4,134	4,159	4,759	5,142	5,025	4,623	3,178	3,397	(737)	-18%
Service	534	803	951	905	979	1,016	983	945	411	77%
Manufacturing & Retail	2,132	2,474	3,286	3,883	4,029	4,673	5,043	4,817	2,685	126%
Other	81	159	315	250	255	260	238	306	225	278%
Total	6,986	7,651	9,584	10,470	10,584	10,858	9,706	9,757	2,771	40%

Note: Employment counts include both full-time and part-time workers

Source: Altus Economic Consulting based on urbanMetrics Golden Mile Market Analysis & Economic Strategy, and City of Toronto Employment Survey

Figure 5 shows employment trends in the Local Employment Area. Over the 2001 to 2019 period, the Local Employment Area experienced a net loss of 3,649 office jobs (45 percent). The loss in office jobs was more than offset by employment growth in all other sectors.

Figure 5 Local Employment Area

Sector	2001	2006	2011	2015	2016	2017	2018	2019	Change Jobs	Change Percent
Institutional	645	1,108	1,053	1,042	1,214	1,193	1,135	1,263	618	96%
Office	8,028	5,379	5,821	6,660	6,795	6,060	4,333	4,379	(3,649)	-45%
Service	1,580	1,682	2,028	2,167	2,209	2,328	3,248	3,489	1,909	121%
Retail	1,471	1,196	2,607	2,949	2,982	3,234	3,443	3,414	1,943	132%
Manufacturing	4,728	4,174	3,746	3,652	3,795	4,089	4,546	5,100	372	8%
Other	226	176	1,174	1,193	1,232	1,265	366	446	220	97%
Total	16,678	13,715	16,429	17,663	18,227	18,169	17,071	18,091	1,413	8%

Note: Employment counts include both full-time and part-time workers

Source: Altus Economic Consulting based on urbanMetrics Golden Mile Market Analysis & Economic Strategy, and City of Toronto Employment Survey

Figure 6 shows employment trends in the South West Scarborough Employment Area. Over the 2001 to 2019 period, this area experienced a net loss of 401 office jobs and 2,438 manufacturing jobs. The loss in office and manufacturing jobs was offset by growth in the Institutional, Service, Retail and Other sectors.

Figure 6

South West Scarborough Employment Area, by Sector, 2001-2019

Sector	2001	2006	2011	2015	2016	2017	2018	2019	Change Jobs	Change Percent
Institutional	828	1,384	1,509	1,306	1,700	1,705	1,706	1,782	954	115%
Office	6,606	5,787	6,379	6,572	6,851	6,592	6,126	6,205	(401)	-6%
Service	2,087	2,195	2,170	2,169	2,266	2,351	3,338	3,660	1,573	75%
Retail	2,182	1,909	2,423	2,425	2,490	2,692	2,769	2,781	599	27%
Manufacturing	9,928	7,331	5,972	6,095	6,537	6,541	7,077	7,490	(2,438)	-25%
Other	293	275	1,174	1,431	1,462	1,469	600	627	334	114%
Total	21,924	18,881	19,627	19,998	21,306	21,350	21,616	22,545	621	3%

Note: Employment counts include both full-time and part-time workers

Source: Altus Economic Consulting based on urbanMetrics Golden Mile Market Analysis & Economic Strategy, and City of Toronto Employment Survey

Maps of the Study Area, the Local Employment Area and the South West Employment Area from the urbanMetrics report may be found in Appendix A to this report.

Although there has been strong employment growth in the office sector at a City-wide level, office employment in the Golden Mile Study Area and the adjacent Employment Areas has been shrinking. The loss of office jobs in the Golden Mile Study Area and the adjacent Employment Areas has been offset by growth in the institutional, service and retail sectors.

3.2 OFFICE MARKET ANALYSIS AND TRENDS

3.2.1 The Golden Mile Market Analysis & Economic Strategy

The urbanMetrics report analysis of the market prospects for office development in the Golden Mile Study Area concluded⁷:

“The current market for office development exists in only select locations in the GTA. In general, low rents coupled with high development costs make office development challenging in most locations, including the Golden Mile at present. Contributing to the construction costs is the cost associated with underground or deck parking.” (page iv)

The report identified market challenges for the Golden Mile Study Area including:

“Office rents compared to construction costs are prohibitive in the Golden Mile”; and

⁷ The Golden Mile Study Area used in the urbanMetrics report is the same as the Golden Mile Study Area used in this report.

“The existing incentives applicable to the Golden Mile are generous, but are also available in other parts of the City and they do nothing to set apart the Golden Mile from other competitive areas in terms of attracting investment.” (page 15)

The urbanMetrics analysis of office market prospects for the Golden Mile concluded:

“Market research suggest that a suburban office market such as the Golden Mile is in a challenging position in terms of competing with the downtown financial core. Furthermore, the Eglinton LRT may not have that a great enough impact to increase market rents to the extent that office development is feasible and attractive investment proposition to developers. While the Eglinton LRT will raise some market interest, research suggests that office market continue to favour locations that offer a range of transit options and are close to residential areas.” (page 137)

“The office market in the Golden Mile is competitively disadvantaged in the short to medium term, when compared to other locations such as the downtown and suburban office cluster centred on major highways. We recognize the City’s desire to stimulate the growth of new office space in the Downtown, Centres and in proximity to rapid transit stations. Based on the significant number of planned new transit stations that are under construction or proposed as part of approved and proposed transit improvements, the Golden Mile will be one of many new areas close to new planned transit stations competing for new office development.” (page 171)

“The past office construction in the Golden Mile has been driven by purpose built developments by individual companies such as Aviva HQ, where parking was an operational cost absorbed by the company. In a mixed use urban area such as proposed for the Golden Mile, offices would require underground or decked parking, the added costs will make them less attractive and likely financially unfeasible....” (page 172)

3.2.2 An Office Market Update

Figure 7 shows net asking rental rates for the Greater Toronto Area (GTA Office Market) and the Scarborough submarket for the 2003 to 2015 period as reported in the Colliers Office Market Quarterly Report and tabulated in the urbanMetrics report (page 230).

In the table below, net asking rents for the fourth quarter of 2020 have been added.

Figure 7

Net Asking Rental Rate for Office Space, Greater Toronto Area and Scarborough Submarket, 2003-2020

Date	GTA Office Market	Scarborough	Difference	
Q4 2003	\$ 15.49	\$ 12.01	\$ 3.48	22%
Q4 2004	\$ 13.31	\$ 12.17	\$ 1.14	9%
Q4 2005	\$ 14.55	\$ 11.54	\$ 3.01	21%
Q4 2006	\$ 16.10	\$ 12.32	\$ 3.78	23%
Q4 2007	\$ 17.46	\$ 13.72	\$ 3.74	21%
Q4 2008	\$ 18.20	\$ 14.14	\$ 4.06	22%
Q4 2009	\$ 16.78	\$ 10.80	\$ 5.98	36%
Q4 2010	\$ 16.26	\$ 12.12	\$ 4.14	25%
Q4 2011	\$ 16.12	\$ 13.16	\$ 2.96	18%
Q4 2012	\$ 17.19	\$ 13.31	\$ 3.88	23%
Q4 2014	\$ 19.00	\$ 11.90	\$ 7.10	37%
Q4 2015	\$ 17.74	\$ 11.48	\$ 6.26	35%
Q4 2020	\$ 21.95	\$ 13.18	\$ 8.77	40%
Change 2003-2020	\$ 6.46 42%	\$ 1.17 10%		
Change 2015-2020	\$ 4.21 24%	\$ 1.70 15%		

Source:

Altus Economic Consulting based on urbanMetrics Golden Mile Market Analysis & Economic Strategy, and Colliers Office Market Report

Since fourth quarter of 2015, the gap between office rents in the Scarborough submarket and the GTA office market have widened. Average rents across the GTA as a whole increased by 24 percent, while average rents in the Scarborough submarket increased by only 15 percent.

Office construction costs have increased significantly over the period since 2016 when the urbanMetrics report was prepared. According to the Altus Group Cost Guide, in 2016, construction costs for 5 to 30 storey office buildings in the GTA ranged from \$170 to \$270 per square foot. In 2021, construction costs for 5 to 30 storey office buildings in GTA ranged from \$220 to \$365 per square foot – an increase of 29 to 35 percent. Over the 2016 to 2021 period, construction costs for above ground parking garages in the GTA increased from \$65 to \$95 per square foot (46 percent) and construction costs

for underground garages increased from \$90 to \$160 per square foot (78 percent).

In 2016, urbanMetrics concluded low office rents coupled with high construction costs, including the cost of underground or deck parking, was a barrier to new office development in the Golden Mile. Since 2016, the slow growth in office rents in the Scarborough submarket combined with the rapid increase in construction costs has further intensified the market barrier to new office development in the Golden Mile.

3.2.3 Implementation Strategy

The urbanMetrics report recommended a number of development incentives to stimulate office development in the Employment Areas in the Golden Mile including a Golden Mile Community Improvement Plan that would provide:

- *“Tax-Increment Equivalent Grants: Modification of the IMIT program as it relates to the Golden Mile. A higher tax increment financing grant of 80% (from its current rate of 70%) of the increase in the municipal taxes over a defined period should be extended to developments in Employment Areas.”*
- *“Development Charge Exemption for all Office Space including ground floor.”*
- *“Parkland Levy Exemption for Office...”*
- *“Reduced Parking Standards...” (pages 28 to 29)*

The City of Toronto did not adopt a Community Improvement Plan for the Golden Mile area that would provide incentives for new office development in the Employment Areas in the Golden Mile, over and above the incentives that are available for office development elsewhere in the City of Toronto.

3.3 DENSITY IN THE AREA AROUND THE WARDEN LRT STATION

In 2015, the Ontario Growth Secretariat released the Technical Report on Preliminary Performance Standards for the Growth Plan for the Greater Golden Horseshoe, 2006. The technical report included estimates of the 2011 density in major transit station areas on the Eglinton Cross Town LRT.

The total land area of the Warden LRT major transit station area, 78.5 hectares, is equivalent to the area of a circle with a 500 metre radius. In 2011, there were approximately 150 residents and 5,200 jobs within the 500 metre radius, resulting in a density of 68 residents and jobs per hectare. A minimum of 11,890 additional residents and/or jobs will be required in this

area to reach the minimum density target in the Growth Plan for major transit station areas on LRT lines (160 residents and jobs per hectare).

Under the 2019 Growth Plan, major transit station areas are defined as the area within an approximate 500 to 800 metre radius of a transit station, and municipalities are to delineate the boundaries of major transit station areas on priority corridors (including stations on the Eglinton LRT). As part the current municipal comprehensive review, the City of Toronto will be delineating the major transit station areas along the Eglinton LRT.

3.4 SUMMARY OF ANALYSIS

Over the 2021 to 2051 period, the City of Toronto is forecast to:

- Need 348,500 new housing units;
- Experience a modest decrease in employment lands employment; and
- Experience a strong increase in major office employment resulting in a net increase in total employment of 282,000 jobs;
- With all or most of the net increase in total employment potentially occurring in the Downtown and shoulder areas.

In the Golden Mile Secondary Plan area, office rents are not high enough relative to construction costs to make new office development viable. With the completion of the Eglinton LRT, the Golden Mile will be one of many new areas close to new planned higher order transit stations and stops competing for new office development. The market is expected to continue to favour locations that offer a wider range of transit options (i.e. Downtown). The Secondary Plan did not provide for Golden Mile specific economic development incentives.

In 2011, the density within a five hundred metre radius of the Warden LRT stop was 68 residents and jobs per hectare – well below the minimum density required under the Growth Plan for Major Transit Station Areas on LRT lines.

4 ADDRESSING CRITERIA FOR CONVERSION

In this chapter, the economic criteria set out in provincial and municipal planning policies for the conversion of lands in employment areas are addressed.

4.1 THE NEED FOR THE CONVERSION

The Employment Area at the south east corner of the intersection Warden Avenue and Eglinton Avenue needs to be converted to permit high-density mixed-use development to optimize the provincial government's \$5.3 billion investment in the Eglinton Crosstown LRT, including the stop at Warden Avenue.

Although transit-supportive office development may be permitted under the Employment Area designation, there are no realistic market prospects for the development of new office buildings in the Employment Area in the foreseeable future. Office rents in the Scarborough sub-market are too low to justify the construction of new office space, and the LRT is unlikely to result in rent increases that would be large enough to make new office development viable at this location.⁸

Approximately 348,500 new housing units will be required in the City of Toronto over the 2021 to 2051 period. The development of new housing on the subject site can help to meet the needs of current and future residents in a location that will soon have ready access to higher order transit.

4.2 ARE THE LANDS REQUIRED FOR THE EMPLOYMENT PURPOSES FOR WHICH THEY ARE DESIGNATED ? / WILL THE CITY MAINTAIN SUFFICIENT EMPLOYMENT LANDS TO ACCOMMODATE FORECASTED EMPLOYMENT GROWTH?

The subject lands are not required for the employment purposes permitted under the Employment Areas designation of the Official Plan. In the City of Toronto, the combination of the forecast decrease in Employment Land Employment and policies to increase employment density in Employment Areas will reduce the need for land in Employment Areas.

⁸ In the context of a mixed-use development, the profitable components of a development (such as market housing) may effectively subsidize unprofitable components (such as office space or affordable housing).

Approximately 100 people work in the existing businesses on the subject lands. The redesignation of the subject lands to permit high-density mixed-use development will not result in a loss of employment. A commercial component (street-related retail space) will be required in new mixed-use development and new office space (alone or as a component of a mixed-use development) will be permitted. High-density mixed-use redevelopment of the subject lands will accommodate at least as many jobs as today, with the potential for significantly more jobs.

The redesignation of the subject lands to permit high-density mixed-use development will not hinder the ability of the City to achieve the 2051 employment forecast in the Growth Plan. Future employment growth in Toronto will be focused in the major office sector, primarily in the Downtown, the Downtown shoulder areas and the other designated Urban Growth Centres in the City.

4.3 WILL THE PROPOSED USES ADVERSELY AFFECT THE OVERALL VIABILITY OF THE EMPLOYMENT AREA?

The redesignation of the subject lands to permit high-density mixed-use development will not adversely affect the viability of the remaining designated Employment Area south of Civic Road or remaining designated Employment Areas located east and west of the subject lands along the south side of Eglinton Avenue.

The existing land uses on the south side of Civic Road do not include manufacturing or distribution facilities. The existing land uses east and west of the subject site are primarily commercial (retail (including automotive sales) and office uses), institutional (courts) and service uses.

Although the South West Scarborough Employment Area has been bisected by the Mixed-Use Area along the north side of Eglinton Avenue for decades, total employment has remained stable, with slightly more jobs in 2019 than in 2001. Given the mix of uses in the vicinity of the subject lands, redesignation to permit high-density mixed-use development will not adversely affect the viability of the subject lands.

4.4 WILL THE PROPOSED USES ADVERSELY AFFECT THE ACHIEVEMENT OF THE MINIMUM DENSITY TARGETS OF THE GROWTH PLAN?

The redesignation of the subject lands to permit high-density mixed-use development will improve the prospects for the achievement of the minimum density target in the Growth Plan for major transit station areas on an LRT. Given the market conditions for office development in the area, redevelopment of the subject lands for mid-rise office buildings is highly unlikely in the foreseeable future.

4.5 IS THERE EXISTING OR PLANNED INFRASTRUCTURE AND PUBLIC SERVICE FACILITIES TO ACCOMMODATE THE PROPOSED USES?

The Golden Mile Secondary Plan provides for planned new infrastructure, community services and facilities, parks and open space, and pedestrian and cycling networks to serve the secondary plan area – including lands south of Eglinton Avenue.

High-density mixed-use redevelopment of the subject lands will make a substantial contribution towards the provision of new infrastructure and public service facilities through development charges, community benefit charges, parkland contributions and other potential development requirements.

Appendix A

Area Maps

Figure A-1

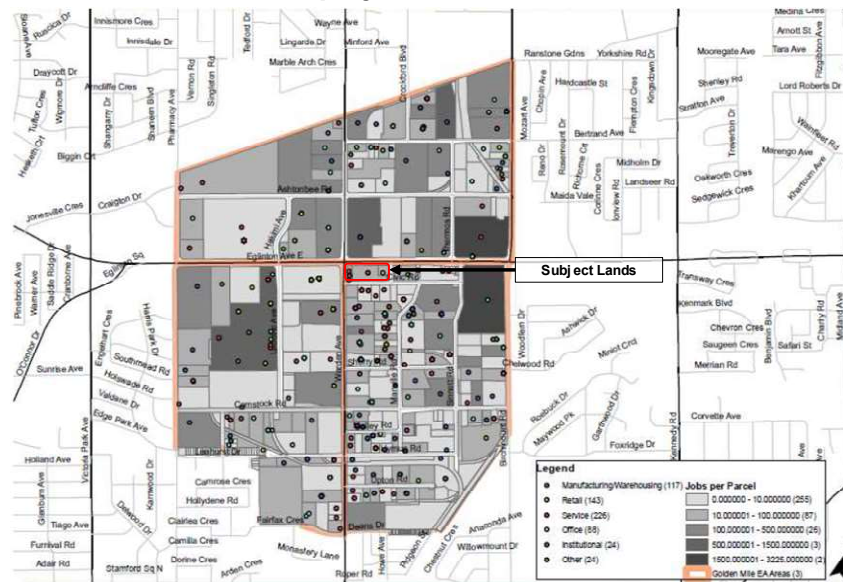
Golden Mile Study Area



Source: Altus Economic Consulting based on urbanMetrics and City of Toronto

Figure A-2

Golden Mile Local Employment Area



Source: Altus Economic Consulting based on urbanMetrics and City of Toronto

Figure A-3



Source: Altus Economic Consulting based on urbanMetrics and City of Toronto