

V KEY CHALLENGES

As described previously, the City of Vaughan is looking to a future with a more intensified urban form and a compact pattern of development, including higher residential densities and a more intensive pattern of economic development involving more offices and a shift in their location to the key transit nodes. The City's vision is consistent with Regional and Provincial policies, and feedback obtained from members of the public and other stakeholders.

As also described, meeting the minimum quantitative targets of the *Growth Plan* — a greenfield density target of 50 residents and jobs per ha, 40% intensification and focussing growth in the VMC — will mean changing the way some of the community's residential and employment land is developed over time. In some cases, significant changes will need to be envisioned in the built form and character of the City, and implemented in the new official plan.

While it is certainly possible for the City to *plan* for these types of changes, actually implementing and achieving them presents challenges. The technical growth scenario that is presented in this report meets the Region's and the *Growth Plan* vision and targets, but balancing these objectives with market forces will not always be easy.

The key challenge is to encourage the necessary shift in housing demand away from traditional ground-related forms and towards apartments. There may also be challenges from a supply perspective, since urban intensification and redevelopment are both processes that occur incrementally, and over a long period of time. This final chapter describes some of these challenges to assist the City in its decision-making as the official plan process unfolds.

A. ENCOURAGING A SHIFT IN DEMAND TOWARDS APARTMENT UNITS IS THE KEY CHALLENGE

Vaughan is well-positioned to accommodate more intensive forms of development in the future as the community matures and major investments are made in transit and other urban infrastructure. The City has already been experiencing a certain level of residential intensification, as reflected in a gradually rising share of apartment unit construction shown previously in Table 9. However, some significant cultural and economic shifts will be required to achieve the higher levels of residential intensification being directed by the Province and envisioned by the Region.

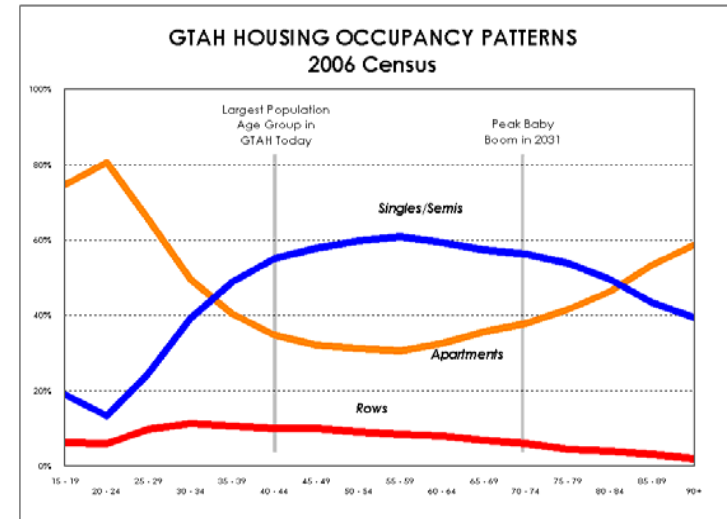
1. Housing Demand Continues to Be Driven by Young Families Seeking Ground-Related Units

One of the major factors driving demand for housing is the age structure of the population because this strongly influences the type of housing people rent or buy at any given time (single detached, rows, apartments)

Housing demand in the GTA and North America generally follows a well-established pattern, which begins with apartment occupancy for new households started by young adults, often in a rental form. The pattern typically progresses to ground-related housing when families are formed and have children; then begins a gradual move back towards apartment occupancy as the number of divorced or widowed people increases and as children move out of the family home and some empty nesters seek to “downsize.”

Of course, some individual households do make different choices, reflecting specific economic circumstances, family structure or personal preference. When observed across the entire metropolitan population, however, the pattern between age structure and housing unit type is clear, as illustrated by the following graphic.

As can be seen in the figure, the largest age group in the GTA today is just entering the peak years for family formation and peak demand for ground-related housing. Demand for apartments will increase as the population ages, however, for aging households, apartment occupancy has not historically become the dominant choice until people are in their 80s. Over the forecast period, the population of both the GTA and City of Vaughan is forecast to remain relatively young and demand ground-related housing.



Source: Hemson Consulting Ltd., based on Statistics Canada Census Data.

2. The City of Vaughan and GTA Age Structure Is Forecast to Remain Relatively Young

It is relatively well understood that, on a national basis, the population is ageing. The ageing of the population is widely discussed in the media and amongst planners. What is not as well understood is how these broader trends translate to the metropolitan level and then further to local communities such as the City of Vaughan.

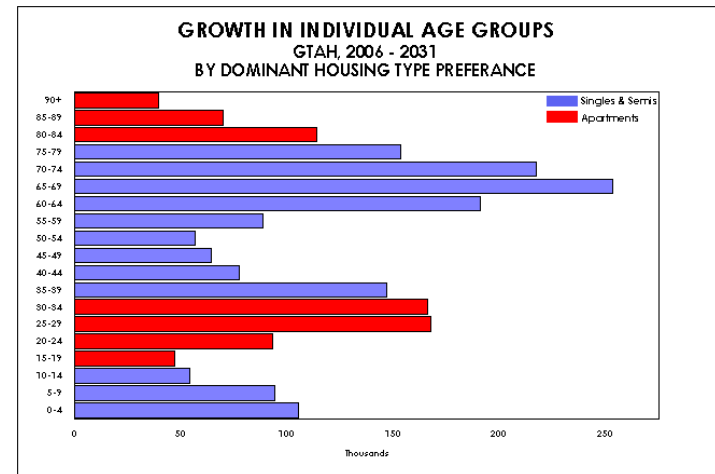
In the GTA and Vaughan, the population remains relatively young, owing in large part to the continued large numbers of relatively young immigrants. Because of continued immigration of relatively young people (20s and 30s) and out-migration from the GTA of somewhat older families (40s and 50s), the peak population age group in 2031 is forecast to *still* be at about the same age as at present.

On a country-wide scale, Canada's peak baby boom population — born in 1959–60 — will in 2031 still have not reached the point at which demand for apartments overall will equal (much less exceed) demand for single and semi-detached units. In the GTA, the population structure will remain much younger still, due to the continuous in-migration of people in their 20s and early 30s.

The housing market in Vaughan as part of the GTA housing market demonstrates similar trends by age. What does differ between Vaughan and the GTA market area overall is Vaughan's generally younger age structure. As noted previously, demand in Vaughan is driven by young families seeking ground-related units. Most of this demand is from people moving from Toronto, either native-born Canadians or immigrants who initially settled in Toronto. For both types of households, it is most typically a move from a central-city apartment to ground-related housing or a "move up" within the ground-related market.

3. To Achieve Intensification Targets, More Families Will Need to Choose an Apartment Lifestyle

As shown in the graph previously, age structure exerts very strong influence on housing unit choice by type. And, as shown below, over the planning period to 2031, it is the age groups that are more interested in ground-related housing that are forecast to grow most rapidly. To achieve the intensification targets, the number of families choosing apartment-style units over single detached or even rowhouse units must also increase.



Source: Hemson Consulting Ltd., based on Statistics Canada Census Data.

Note: Children aged 0 to 14 live with their parents and largely are occupants of single and semi detached dwellings. The 15 to 19 age group are shown here as having the apartment occupancy characteristics, when they are heads of households. However, most of this population still lives with their parents largely in single and semi-detached units.

The key challenge to achieving intensification objectives, therefore, is to encourage a significant shift towards apartment units, one that the market on its own is unlikely to deliver.

In plainer terms, the challenge will be to make apartment living more attractive to family households than it is today, including the provision of family-appropriate unit sizes and a level of community amenities that will help to encourage the necessary shift in unit type preference. Based on the forecast age structure of the GTA and City of Vaughan, continued strong demand for ground-related housing is anticipated to continue over the forecast period.

B. INTENSIFICATION AND REDEVELOPMENT OCCUR INCREMENTALLY OVER A LONG TIME

In addition to the challenge of encouraging more families to choose apartments over ground-related units, change to the timing and nature of development may also be required. The housing profile set out in this report indicates development of 27,400 apartment units within the built boundary over the 25-year period from 2006 to 2031. Accommodating these units will be a challenge for Vaughan because of the nature of the redevelopment process and the conditions that need to be in place for such development to occur.

1. Intensification Is Driven by a Set of Specific Development Factors and Circumstances

Throughout the GTA, intensification and redevelopment can occur in a number of ways, including: the redevelopment of underutilised lands; infill of vacant lands or spaces between existing buildings; the expansion or conversion of existing buildings; or development or redevelopment of larger sites in the built up area such as planned for the VMC or the Highway 7 corridor.

All of these types of intensification represent development to higher value uses and, under the right set of circumstances, are to be expected in the normal course of urban development. The overall amount of intensification that actually occurs, however, is driven by four key factors, as described below.

The Existing Development Pattern, or Physical Characteristics of the Site and of the Area

An economic opportunity must exist for intensification to occur through greenfield, infill or redevelopment. The actual configuration, size and access to a site as well as the surrounding existing land uses will determine whether a reasonable return on investment will induce a property owner or developer to build.

Often remnant vacant lands within a community have remained vacant in the first instance for good reasons, which may well still be present as the site is considered for later infill development. If the right site and surrounding conditions are not in place, the economic viability of a potential project is reduced.

Land Ownership and Interest

The owner of the property must have an interest in undertaking redevelopment and embarking on a project if intensification is to occur. A potential project must first be economically viable, a threshold many properties that may be identified as potential intensification sites will simply not meet.

Even if a site may be shown to have economic redevelopment potential, the current land owner must be interested. Some properties, such as highway strip malls, may appear to be attractive redevelopment sites from a planning perspective. However, many of these properties provide their owners a continuous very low risk revenue stream requiring a minimum of ongoing operational costs or capital investment.

For many owners, the prospect of undertaking a lengthy and complex redevelopment project may be perceived as too uncertain and risky. Still other landowners may be owner-occupants of the properties, meaning that their fundamental interest is in the long-term operation of the business rather than real estate speculation. In these cases, the real estate asset is treated more as a retirement saving for later sale than a shorter-term development asset.

Planning Policy

Planning policies, development regulation and the approvals process must specifically encourage intensification. This is necessary both at the general level of planning permission of sufficient density to warrant redevelopment, but also in detailed zoning and site planning regulations. For example, on small sites or those with an irregular configuration, design standards for access, parking and loading standards can make the difference with respect to the economic viability of a site for redevelopment.

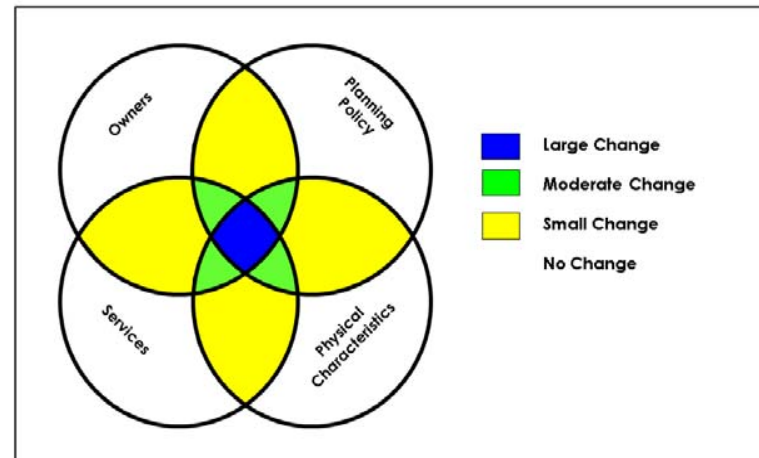
Services

And finally, existing or planned services, in particular transportation, but not excluding other hard and soft services, must be in place or the costs to improve them must be economically viable to support intensification.

2. Not All Potential Intensification Opportunities Will Be Realized

The likelihood of realizing intensification opportunities depends on the number of factors in place and on the compatibility or “fit” between these factors. As illustrated in the graphic below, while any one factor by itself may represent a *potential* for intensification, the probability of actually bringing that opportunity to market is comparatively low.

FACTORS AFFECTING INTENSIFICATION



Source: Hemson Consulting Ltd.

Or in other words, not all possible intensification opportunities have an equal likelihood of being realized. From Vaughan’s perspective, only two of the factors—the planning and services factors—are within its control. City policy and practice *may* increase the probability of intensification, but if the other factors are not in place, it is unlikely that redevelopment will occur within the period to 2031.

3. There Is Little Pressure for Redevelopment Within Newer Suburban Environments

As discussed, intensification and redevelopment typically occur primarily with older buildings and sites, late in the development cycle for a particular area. Most of the City of Vaughan is relatively new. Very little pressure exists for the redevelopment of newer buildings in recently-developed areas, that is, for them to be demolished and rebuilt with other uses.

With the exception of a few especially high-value locations, suburban-type retail, commercial or industrial buildings are generally not redeveloped until they are at least 40 to 50 years old. Only over the very long term in suburban locations do land costs increase relative to diminishing building value to the point that there arises an interest or economic incentive to demolish and redevelop.¹

Moreover, the cost of real estate is only a small part of the overall costs for most suburban businesses. Other factors such as labour, transportation and distribution costs, financing, utilities and taxes, as well as other municipal charges and fees tend to figure more prominently into the overall short-term cost structure.

¹ A good example from the GTA/H are the mid-size grocery stores of the 1950s or 1960s that were abandoned in the 1970s and 1980s, then subsequently became occupied by population-serving uses such as gyms or karate and dance studios — and only recently have started to come under interest for redevelopment with higher-density residential or commercial use. In the past few years, large-format retail stores have been considered "temporary" but this must be seen only within the context of the very long term.

Much of the building stock in Vaughan is too young to be desirable for redevelopment, except in a small number of high-value locations. Over the next 25 years, however, parts of the building stock will be entering the age range where the attractiveness for redevelopment begins to increase and the City may have the opportunity to increase intensification through the rowhouse market.

4. The City May Have an Opportunity to Increase Intensification in the Rowhouse Market

Over the past two decades, there has been considerable success in redirecting housing markets in the GTA/H through policy. The restrictive urban land designation policies relative to elsewhere in Canada or the USA have been at least, in part, responsible for generating a significant rise in the semi-detached and rowhouse market.

One of the advantages that the City of Vaughan has in this regard is the potential for a relatively large supply of rowhouse units, which are somewhat better suited for families than apartment units. Any opportunities for intensification that are based on rowhousing rather than apartments are more likely to be successful in the marketplace in the near term and, therefore, more likely to contribute to the desired outcomes for the long-term planning of the City.

C. NEW OFFICIAL PLAN NEEDS TO ADDRESS BOTH OPPORTUNITIES AND CHALLENGES

Notwithstanding the challenges, the City of Vaughan is compelled by new Provincial and Regional policies to plan more intensive urban forms along with all other GTAH municipalities. The *Vaughan Tomorrow* program is committed to such a vision for transformation.

As the *Vaughan Tomorrow* process moves forward, the City will need to consider how to facilitate a market condition that produces occupied units at the planned target levels through land use planning policy. Based on the residential and employment analysis presented in this report, our view on the preferred approach is as follows:

- There is no question that achieving even the minimum *Growth Plan* requirements will involve a significant change towards higher-density development and more intensive urban forms. It will be challenge enough to achieve these targets alone.
- The minimum target for intensification established by the Region should be applied, in accordance with the analysis in this report. This will reduce the amount of additional urban land required outside of the current settlement area, consistent with the City's vision for a more compact urban form.

- With an ultimate eye to implementation, the City should establish policies to maximize the probability of intensification, particularly planning for rowhousing and stacked rowhousing wherever possible. Efforts should also be made to make such development desirable in identified intensification areas; and
- The City will need to establish and maintain a sufficient supply of competitive employment land, balancing strategies respecting new land designations, conversion of existing employment lands, and the development of the Highway 400 North lands.

We trust that the analysis and discussion presented in this report are of assistance, particularly as they relate to some of the challenges in planning for a more intensified urban form. The City of Vaughan will need to consider these challenges carefully along with their implications, as decisions are made regarding how future growth is to be accommodated.