

The Regional Municipality of York

Committee of the Whole
Planning and Economic Development
May 5, 2022

Report of the Commissioner of Corporate Services and Chief Planner

2021 Regional Centres and Corridors Update

1. Recommendation

1. Council continue to advocate for Federal and/or Provincial funding toward the Phase Three Rapid Transit network, and critical infrastructure for the advancement of the Yonge North Subway Extension project that will support and implement Provincial Growth Plan forecasts within the Regional Centres and Corridors.
2. The Regional Clerk forward this report to the local municipalities, Minister of Municipal Affairs and Housing and York Region Members of Federal and Provincial Parliament as an example of the Region's continued commitment to transit-oriented development within Regional Centres and Corridors.

2. Summary

This report provides an annual overview of development activities, trends and project updates in Regional Centres and Corridors. It highlights permit and construction activities, infrastructure investments and projects, secondary plan updates and socio-demographic trends.

Key Points:

- Regional Centres and Corridors are being transformed into compact, mixed-use communities through committed infrastructure investments, comprehensive and integrated planning policies, and strong development activity
- Multi-unit residential construction activities remained robust, with 87% of new apartment starts located in Regional Centres and Corridors
- Office vacancies and subleasing activities in Centres and Corridors remained stable in 2021. Future demand will be shaped by return-to-office models and shifts to leveraging office space for collaboration and innovation
- There is growing interest in developing purpose-built rental housing in Centres and Corridors, with two buildings being constructed and 11 buildings proposed

- York Region remains committed to the timely advancement of the Yonge North Subway Extension and working with the Province to develop livable, complete communities around subway stations
- Strong development interests along the Yonge North Subway Extension Corridor resulted in over 50,000 new residential units proposed in 2021

3. Background

Regional Centres and Corridors support and implement objectives and principles of city building and complete communities

Regional Centres and Corridors are priority intensification areas in York Region. They are integral to the Regional urban structure in the Regional Official Plan to accommodate residential intensification and commercial/office growth supported by rapid transit investment. Accommodating growth through intensification in strategic locations like Centres and Corridors helps maintain fiscal sustainability by aligning growth with existing and planned infrastructure and services.

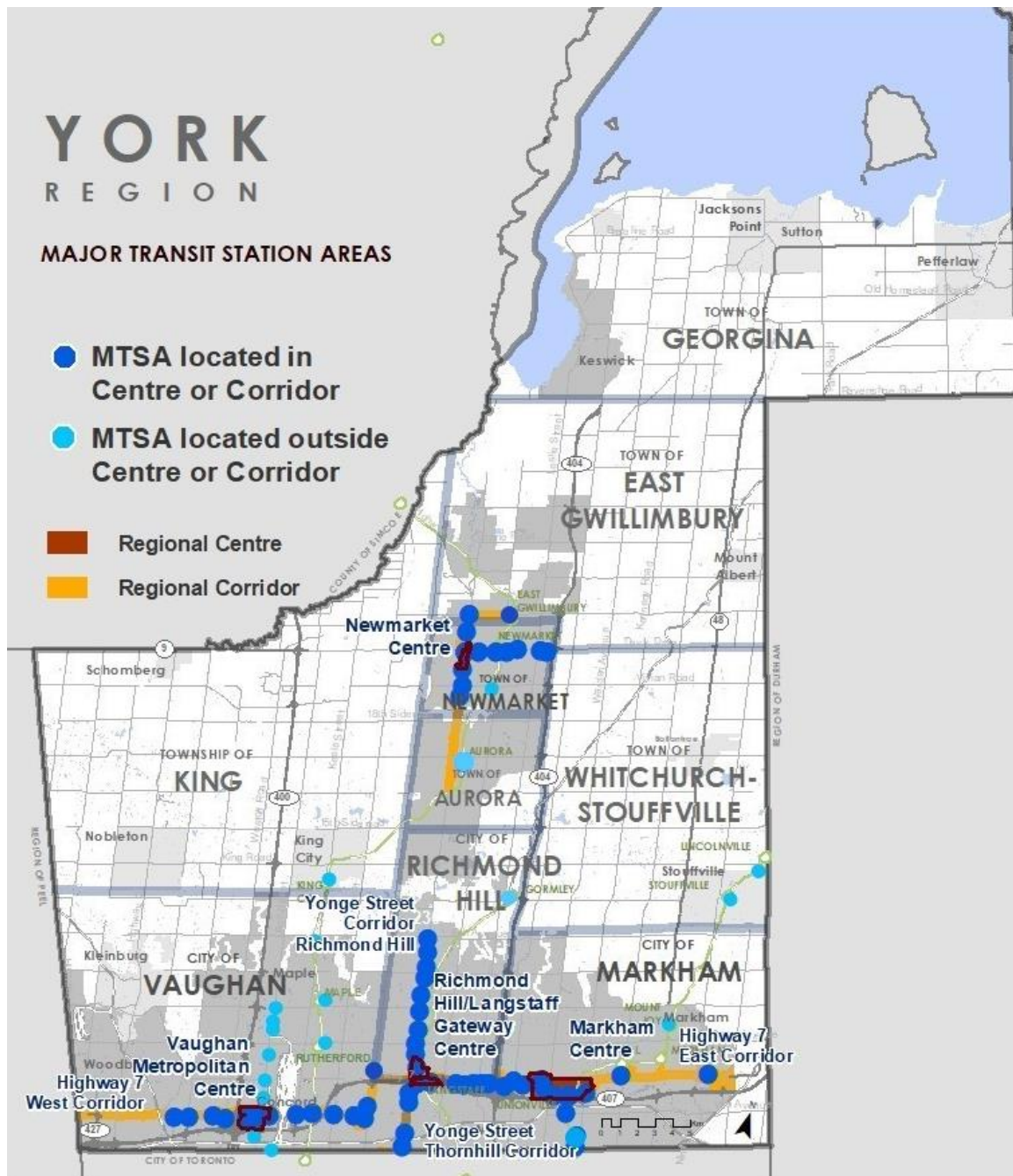
The Region's four Regional Centres (Markham Centre, Newmarket Centre, Richmond Hill/Langstaff Gateway and Vaughan Metropolitan Centre) and Regional Corridors (Highway 7, Yonge Street, Davis Drive and Green Lane) shown in Figure 1 are at different stages of growth and development. Subsequent report sections highlight development activities, trends, investments and initiatives along Regional Centres and Corridors in 2021.

Figure 1
Growing Regional Centres and Corridors



The Region's urban structure includes 78 major transit station areas (MTSA), with 58 located in Centres and Corridors (Figure 2). MTSA and Phase Three Rapid Transit projects will strengthen connections between Regional Centres and Corridors. Together with updated Regional Official Plan policies, intensification in Centres and Corridors will support the advancement of city building objectives to deliver complete, resilient communities with destinations to live, work, learn and play.

Figure 2
Major Transit Stations Areas in Centres and Corridors



4. Analysis

Strong development interest and robust building activities continue to drive high-density residential growth in Regional Centres and Corridors

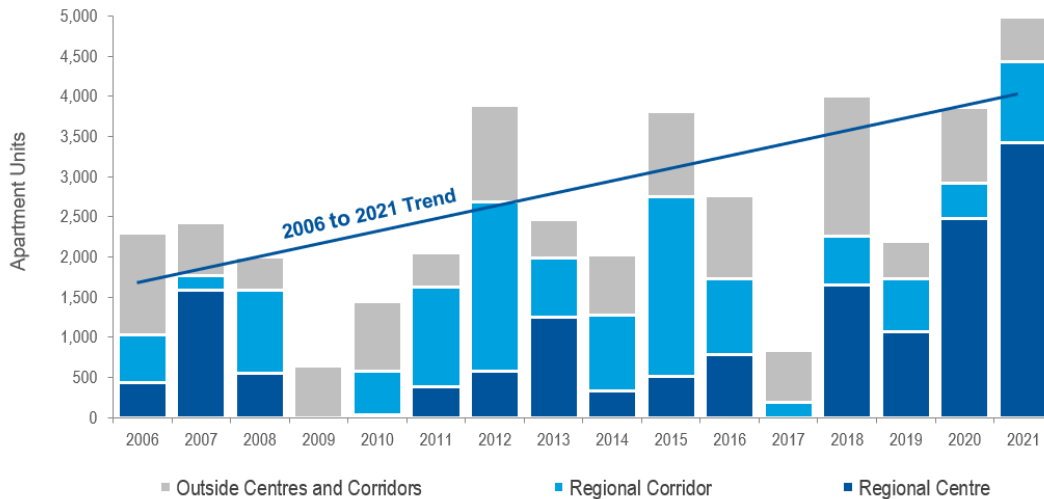
Across the Region, building permits were issued for 5,096 apartment units in 2021. This represents a 32% increase compared to 3,855 units in 2020 (Figure 3), the highest single-year apartment growth Region-wide since 2006. Since 2006, 68% of all new multi-storey apartment units in the Region are in Centres and Corridors.

2021 was a record year for apartment building activities in Regional Centres and Corridors. Almost 87% (4,435) of building permits issued for new apartments were in Regional Centres and Corridors (Figure 3), with a majority (72%) issued in the first half of the year. Apartment starts were mainly concentrated in Markham Centre (1,521 units) and Richmond Hill Centre (1,149 units). Development activities in Centres and Corridors continue to show strength and resilience during the pandemic.

The following are key highlights of 2021 building permit activity in Centres and Corridors:

- 43% of new building permit units and most new apartment units (87%) were in Centres and Corridors
- Within Regional Centres, Markham Centre had the strongest apartment permit unit activity (44%) followed by Richmond Hill/Langstaff Gateway (34%) and the Vaughan Metropolitan Centre (22%)
- 578 purpose-built rental apartments are under construction, with another 2,616 units proposed in Centres and Corridors
- Only 5% of housing starts in Centres and Corridors are medium density developments (10 storeys or less)
- About 68,200 new high-density units and 427,800 square metres of commercial space are proposed or under construction along the Yonge North Subway Extension (YNSE) corridor
- In November 2021, Smart Centres announced plans to acquire 21 hectares of land in the Vaughan Metropolitan Centre, making them the largest landowner in this Regional Centre

Figure 3
New Apartments in York Region and Centres and Corridors



Note: 2020 apartment units shown included an additional 1,400 units observed to be under construction

Construction activity is strong in Vaughan Metropolitan Centre and Markham Centre

After a strong year of building activity in 2020 with 29 multi-story residential buildings (8,900 units) being constructed, construction activity in the Centres remained robust in 2021. There were 27 multi-story residential buildings (8,140 units) under construction. The largest volume of construction activities was in the Vaughan Metropolitan Centre (Figure 4) with 7 buildings (2,540 units) followed by Markham Centre with 7 buildings (2,190 units) (Source: Altus Group Data Solutions Inc.). The York University Markham Centre Campus, which broke ground in 2020, is under construction and scheduled to open in fall 2023 (Figure 5).

Figure 4
Apartments Under Construction in Centres and Corridors, 2021

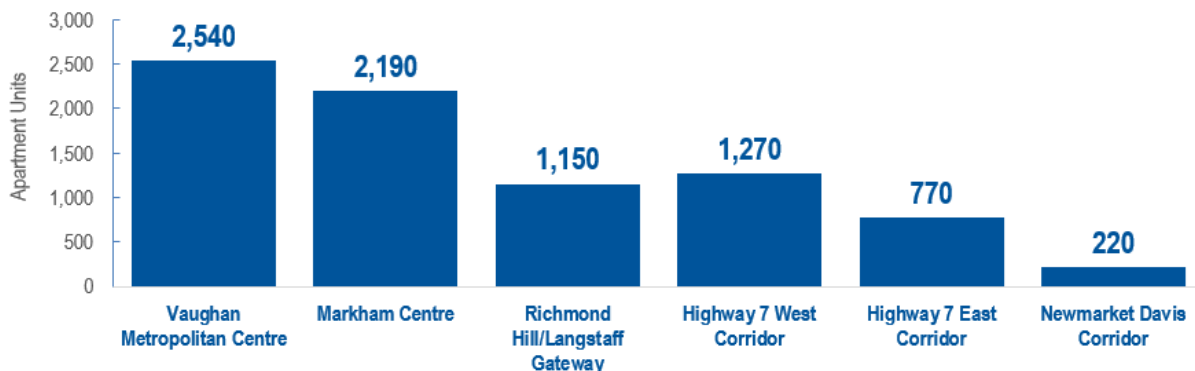


Figure 5

York University Markham Centre Campus Rendering



Source: York University and Diamond Schmitt Architects

GTA recorded strong new condominium sales activity in 2021, despite low inventory in Centres and Corridors

Despite the pandemic, the GTA experienced strong new condominium sales in 2021, 40% above the 10-year average with 32,900 units sold among low, medium, and high-rise buildings, stacked townhouses and loft units. York Region alone recorded a 44% (1,800 unit) increase in apartment sales from 2020 (Source: Altus Group Data Solutions Inc). In 2021, unsold new condominiums in Centres and Corridors remained consistent with previous two-year trend at 4% (443 units) of total apartment inventory.

Office activity in Centres and Corridors remained stable in 2021, but future demand will be shaped by return-to-office models post-pandemic

Office market conditions, in terms of vacancies and subleasing activities, is relatively stable in Centres and Corridors due to the type of businesses and variety of services and amenities offered at these locations. Companies with office spaces in Centres and Corridors are typically in the information and communication technologies (ICT), engineering, financial and professional services, and retail sectors. Modern office towers are in demand by high profile anchor tenants. Commercial real estate market indicators have recorded a strong trend for modern office space built since 2015, at a single-digit vacancy rate compared to GTA's 905-regions overall double-digit vacancy rates.

With the ease of COVID-19 restrictions, businesses will be testing return-to-office models. The demand for office space will be dependent on business decisions to continue with remote work, shift to hybrid models, or bringing employees back to in-office work full-time.

Offering flexibility may also help employers tap into an expanded talent pool by being more sensitive and adaptable to workers' needs and schedules. According to the Collier Office Market Report (2021), office space will increasingly be leveraged as a destination for collaboration and innovation to strengthen and enrich company culture. York Region continues to promote mixed-use communities through its development charge deferral program for large office building projects.

Purpose-built rental housing projects have increased in Centres and Corridors, with two buildings under construction and 11 buildings proposed

Complete communities include housing options for people at all income levels, which has positive outcomes for the broader economy, environment, and community. Centres and Corridors are great locations for purpose-built rental and affordable housing projects because of great access to rapid transit and a variety of community amenities and services.

Region-wide, 15 purpose-built rental apartments (2,885 units) are being proposed, of which 11 apartments (2,616 units) are in Centres and Corridors. Two rental housing buildings are under construction in the Vaughan Metropolitan Centre (362 units) and along Davis Drive (216 units) (Figure 6). Almost three-quarters (71% or 1,851 units) of proposed purpose-built rental housing units are concentrated along the Yonge Street Corridor in Richmond Hill, with another 19% (501 units) along Davis Drive Corridor in Newmarket.

Figure 6

Purpose-built Rental Housing along Davis Drive in Newmarket



The Region continues to promote purpose-built rental housing through the development charge deferral program. In 2020, two proposals with 261 units secured affordable rental development charge deferral, of which 216 units were in Centres and Corridors. There were no new rental housing development charge deferrals in 2021.

More renters and seniors are moving into Centres and Corridors

Demographics in Centres and Corridors evolve with housing and job options, access to services and amenities, changing lifestyle and personal needs. Based on 2021 EnviroNics Analytics, the proportion of tenants has grown in all four Regional Centres compared to

2019. These areas, well-served by higher order transit and diverse daily destinations are also attracting more seniors (65+). Markham Centre and Newmarket Centre had an increased share of single-person household. Richmond Hill Centre recorded growth in family households (with four or more persons). More households in Markham Centre and Vaughan Metropolitan Centre are earning more than \$100,000 compared to 2019.

Updates to Regional Centre Secondary Plans are underway to manage growth trends, infrastructure and service needs in these growing communities

Official plan amendment applications in Centres and Corridors proposing heights and/or density beyond local Official Plan permission grew over the past few years. In 2021, 70% of proposed developments exceeded planned height and/or density permissions. Over the years, there has been an increase in the number development proposals requiring amendments to Official Plans and zoning by-law to build much denser and taller buildings than the planned vision. This additional population places greater demand on infrastructure and community services.

Existing developments and active applications in Markham Centre, Vaughan Metropolitan Centre and Richmond Hill/Langstaff Gateway Centre (including Provincial Transit-Oriented Communities proposals) already exceed local secondary plan 2031 projected residential target by 62%, 94% and 95% respectively (Attachment 1). Secondary Plan updates at these Regional Centres are underway to balance growth trends with the delivery of infrastructure, parkland and community services, and meeting the needs of demographics within these communities (Attachment 1). Updated population and employment targets, and policies to support city building and complete community visions will be tabled for local Council adoption later in 2022.

York Region remains committed to the advancement of the Yonge North Subway Extension

The Federal government announced a \$2.24 billion funding commitment to the Yonge North Subway Extension in May 2021. Together with Provincial and Regional funding, the Yonge North Subway Extension project has advanced planning and design works, alignment options, and community engagement to deliver critical infrastructure and services required to support growth and intensification in Centres and Corridors.

In planning for the arrival of extended subway services and stations along Yonge Street, it is important to plan livable, complete communities with context appropriate residential densities, a mix and range of residential, employment, community and cultural amenities and destinations around future stations.

Unprecedented development interest along the Yonge North Subway Extension corridor with over 68,000 units under review and construction, 78% of which were newly proposed in 2021

The anticipated opening of extended subway services continued to attract and strengthen development interest in and around the Yonge North Subway Extension corridor in York

Region. There are about 68,200 units and 427,800 square metres of non-residential space in different stages of development review and approval (Table 1).

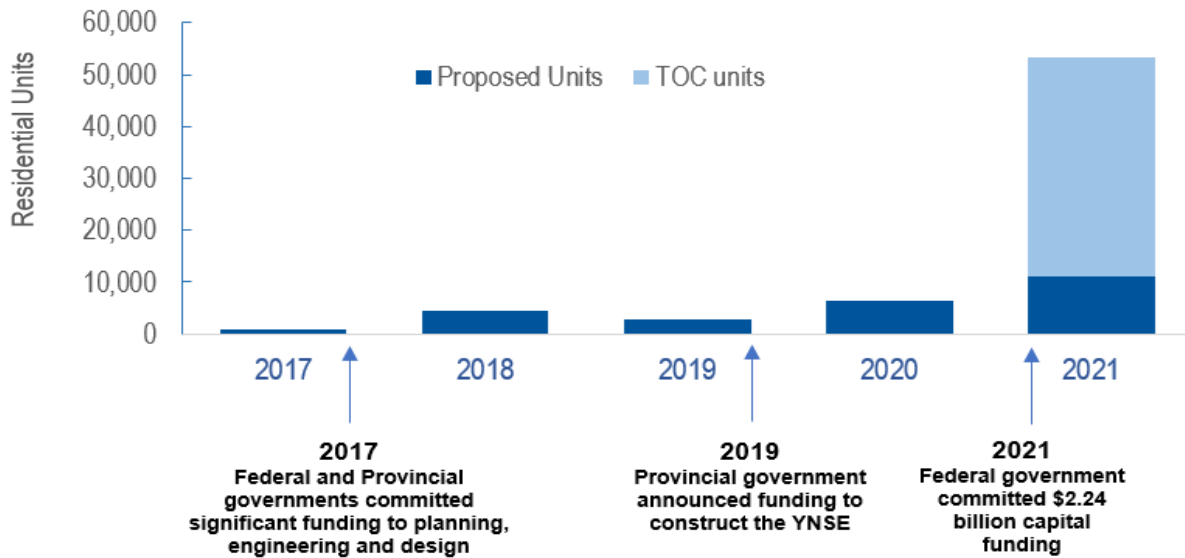
Table 1
Development Activities in the Yonge North Subway Extension Corridor, 2021

Status	Residential Units	Non-Residential Gross Floor Area (sq.m.)
Pre-consultation	9,000	38,400
Under Application	16,000	46,000
Provincial Transit-Oriented Communities proposals	42,000	343,000
Approved and Under Construction	1,200	400
Total	68,200	427,800

Through the Ontario Transit-Oriented Communities Program, the Province partnered with landowners to submit development proposals to offset capital cost of the transit program. Approximately 42,000 units and 343,000 square metres of commercial/retail/office space are proposed in the Bridge and High Tech station areas. Regional and local municipal staff continue to work with the Province to promote Transit-Oriented Communities along the Yonge North Subway Extension corridor that reflect good planning principles and the visions established in local municipal secondary plans.

Of the 68,200 units under review and construction in the Yonge North Subway Extension Corridor, 78% (53,200 units) were proposed in 2021 alone (Figure 7). About 45,700 units were part of active applications, with an additional 7,500 units considered through pre-consultation meetings.

Figure 7
New High-Rise Residential Units Proposed Along the
Yonge North Subway Extension Corridor, 2017 to 2021



Additional funding needed to support expansion of rapid transit service

Approximately 34 km of opened rapidways connecting Regional Centres in Markham, Richmond Hill, Vaughan, and Newmarket were completed in 2020. An additional 135 km of rapid transit is planned to complete missing links along Highway 7, Yonge Street, Jane Street, Leslie Street, McCowan Road, Steeles Avenue, Green Lane and Major Mackenzie Drive as well as extension of the Toronto-York Spadina Subway Extension and the Yonge North Subway Extension to Major Mackenzie Drive (Figure 8).

Additional funding is needed for the planning and design of these Phase Three Rapid Transit Network, with the amount to be confirmed upon the completion of the Regional Transportation Master Plan and Development Charge Bylaw Update. It is anticipated that planned and opened bus rapid transit corridors will be home to approximately 766,000 residents and 512,000 jobs by 2051.

Figure 8

Opened and Planned Rapidways Connect Communities, Improve Quality of Life and Support Economic Vibrancy



York Region has requested the Province introduce legislative changes similar to Bill 171, the Building Transit Faster Act, to advance Environmental Assessment Approvals for critical Water and Wastewater Infrastructure

Bill 171, the *Building Transit Faster Act*, introduced by the Province in February 2020, includes several measures to help accelerate the delivering of the Provincial subway program. York Region has asked the Province to introduce similar legislation to Bill 171 to help expedite Environmental Assessment Approvals associated with approval of key infrastructure projects. Continued delay in approval of a sewage solution for York Region’s northern municipalities significantly impacts the ability for municipalities dependent on this project to meet Provincial Growth Plan targets and realize economic development opportunities.

5. Financial

Development in Centres and Corridors optimizes investment in capital infrastructure. To date:

- The Region has invested in Bus Rapid Transit, preliminary planning and design for the Yonge North Subway Extension, and facilities and terminals to support Centres and Corridors
- This investment has provided over \$2.1 billion in assets, including rapidway, stations and lanes, boulevard work, underground infrastructure, streetscape features, facilities and terminals, and Toronto-York Spadina Subway Extension subway infrastructure
- Additional funding is required to build 135+ km of planned bus rapidways and subway extensions, critical to connecting the Regional Centres and complete the rapid transit network
- York Region has committed \$1.12 billion for capital construction of the total \$5.6 billion project cost of the Yonge North Subway Extension project to Highway 7. It is understood that the Region will not be required to contribute any additional funding beyond the \$1.12 billion, which represents the Region's pro rata contribution to the \$5.6 billion capital construction costs as per the preliminary agreement. This contribution will be funded through a combination of tax levy and development charges.
- An incremental Rapid Transit Infrastructure Levy (RTIL) equivalent to 1% tax levy increase was approved as part of the 2022 budget, to help fund the Region's portion of the Yonge North Subway Extension. As noted in the 2022 budget, additional RTIL amounts will be necessary to fully fund the project. Financial analysis continues and further levy requests will be made through future budgets.
- Region's 2022 Development Charge Bylaw, which is anticipated to come into effect in June 2022, includes the Region's share of the Yonge North Subway Extension for the first time.
- Implementation of these capital projects will have implications for the operating budget

Additional density and population proposed beyond the Regional and local municipal planning framework will place additional demands on funding for infrastructure and services. Staff are assessing and identifying infrastructure upgrades required to support additional growth in Centres and Corridors.

6. Local Impact

Regional staff continue to collaborate with local municipal partners in planning and implementing city building initiatives along Centres and Corridors. Ongoing municipal engagement and partnership activities include:

- Review of Secondary Plans and draft Regional Official Plan city building policies
- Coordinate review and commenting of development applications along Regional Centres and Corridors, including Transit-Oriented Communities proposals
- Establish data and 3D modelling visualization standards and processes to inform development review, community engagement and promote city building objectives
- Develop a 15-minute city mapping tool to assess walkability in York Region neighborhoods and measure achievement of complete community objectives outlined in the Regional Official Plan

7. Conclusion

Regional Centres and Corridors program is a long-term strategy to drive city building efforts in York Region. Accommodating growth through intensification in strategic locations like Centres and Corridors and MTSAs helps maintain fiscal sustainability by aligning growth with existing and planned infrastructure and services.

Ongoing funding commitments for subway and bus rapid transit projects and strengthened municipal policy framework have stimulated residential and job growth in Centres and Corridors. In 2021, 43% of York Region residential permit units and 87% of apartment permits units were in Centres and Corridors. Development proposals in Markham, Richmond Hill/Langstaff Gateway and Vaughan Metropolitan Centres have exceeded planned population growth targets with secondary plan updates underway. Growth along Centres and Corridors will need supporting infrastructure, servicing and community services to achieve planned vision and growth targets.

Federal and Provincial funding commitments for the Yonge North Subway Extension, and the opening of the Toronto-York Spadina Subway Extension are important catalysts to the transformation and growth of vibrant communities in Centres and Corridors. The planned 135 km Phase Three Rapid Transit Network requires additional funding to complete the missing links in the Region's rapid transit network, moving people and attracting jobs to York Region and GTA-wide destinations.

For more information on this report, please contact Jessica Wu, Senior Planner at 1-877-464-9675 ext. 71507. Accessible formats or communication supports are available upon request.



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Commissioner of Corporate Services



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Bruce Macgregor

Chief Administrative Officer

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Attachment (1)

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