



REPORT

Planning and Development Council

Meeting Date: November 25, 2024

FROM: Planning and Development Department

DATE: November 12, 2024

SUBJECT: North Oakville East Commercial Study

LOCATION: North Oakville East Secondary Plan Area

WARD: Multiple Wards: 6 and 7

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RECOMMENDATION

1. That the “North Oakville East Commercial Study”, attached as Appendix A to report titled North Oakville East Commercial Study, dated November 12, 2024, be endorsed.
2. That staff be directed to implement the directions from the North Oakville East Commercial Study and report back with amendments to the Town’s Official Plan for approval, as appropriate.

KEY FACTS

The following are key points for consideration with respect to this report:

- The North Oakville East Secondary Plan area is located north of Dundas Street, south of Highway 407, between Ninth Line and Sixteen Mile Creek.
- The North Oakville East Secondary Plan was approved by the Ontario Municipal Board (OMB) in January 2008. It predates the 2006 Growth Plan and was developed to have regard for the 1997 Provincial Policy Statement.
- The North Oakville East Secondary Plan (NOESP) envisions mixed-use, complete communities. The policies of the NOESP provided too much flexibility leading to primarily residential development without sufficient support for commercial opportunities. Factors like market conditions, the retail industry's

state, changing consumer preferences, and rising construction costs have further influenced the lack of commercial and retail development.

- Due to this commercial shortage, the North Oakville East Commercial Study (NOECS) was initiated to provide a comprehensive understanding of the area's commercial needs, particularly within the Urban Core Areas of the NOESP. The goal of the study is to provide directions to amend the North Oakville East Secondary Plan, regarding commercial areas through targeted amendments to provide opportunities for the right amount and scale of commercial development.

BACKGROUND

The North Oakville East Secondary Plan, approved by the Ontario Municipal Board in January 2008, was developed to have regard for the 1997 Provincial Policy Statement, and in consideration of the 2006 Growth Plan. The North Oakville East Secondary Plan relied on policies from the 1984 Town of Oakville Official Plan which is not part of the Livable Oakville Plan. The latter governs land use south of Dundas Street and north of Highway 407.

On November 1, 2016, a report titled "Employment and Commercial Review: Summary Report" recommended implementing policy definitions to ensure commercial uses are developed in North Oakville, specifically clarifying requirements for commercial development in certain areas like the Trafalgar Urban Core and Dundas Urban Core.

In November 2017, the Livable Oakville Council Sub-committee reviewed the "North Oakville Secondary Plans Review – Directions Report," focusing on short-term and long-term policy updates. Key areas included neighbourhood centre and urban core development in Part 1 and neighborhood commercial policies in Part 2.

On February 12 and June 11, 2018, public meetings were held to discuss and adopt Official Plan Amendment 321, which introduced changes like replacing "live/work" with "mixed-use," increasing building heights, and adding apartment permissions in certain areas. Halton Region approved the amendment with modifications in September 2018, and most policies took effect on October 12, 2018.

Parcel Economics Inc. (Parcel) and Gladki Planning Associates (GPA) were hired by the Town of Oakville in May 2023 to conduct the North Oakville East Commercial Study. The purpose of this study was to assess the current and future commercial needs of NOESP. Their role included providing research, analysis, and strategic insights from a market and economic perspective, while considering the Town's key objectives.

The North Oakville East Commercial Study focuses on the quantity, scale, location, and form of required commercial development. It provides direction to the North Oakville Secondary Plan Review, which is a component of the Town's on-going official plan review. Also, it identifies the vision for North Oakville East as a complete community. It also complements and builds on the existing and adopted policy framework and work completed as part of the town-wide Employment and Commercial Review which was completed in April 2018.

Also, the study comprises several background key components, including a review of the commercial market and existing land use policies, an analysis of local market dynamics and commercial space inventory, and stakeholder interviews. Data was collected through surveys on shopping behaviours and customer origins, followed by an assessment of commercial development trends and market demand. Based on these findings, the study provides both market-based and policy-based recommendations.

From a market-based perspective, the study analyzes the commercial market in North Oakville East, assessing current and future needs based on local, regional, and provincial policies. It projects a demand for up to 2.2 million square feet of retail and service space by 2051, with a significant shortfall due to limited existing development plans. Stakeholder interviews and market trends, such as the rise of e-commerce, informed recommendations for concentrating commercial spaces in key areas, rather than dispersing them across the community. It emphasizes a "quality over quantity" approach, prioritizing flexible development to adapt to evolving retail trends.

The policy analysis highlights several challenges for mixed-use commercial development in North Oakville East, including limited space for planned commercial uses, an unfriendly pedestrian environment in Urban Core Areas due to traffic, and weak developer support for mixed-use and pedestrian-oriented structures. Stakeholders from the development industry prefer stand-alone retail buildings with surface parking, and economic conditions make large-scale commercial development unlikely in Neighbourhood Centres. In response, the study recommends rethinking the commercial strategy, focusing on strategic, smaller-scale retail clusters, allowing interim commercial typologies, and offering incentives like parking reductions to encourage development while maintaining flexibility for future growth.

As a result of the analysis, the study identifies four key reporting elements that are expected to have the most fundamental impact on the future commercial landscape of North Oakville East. These elements include Amount, Type, Location and Format of commercial uses to be developed in this area as it continues to grow and mature as a complete community.

The recommendations and direction in this study are provided in the context of broader objectives at North Oakville East and other relevant areas of the Town that seek to achieve an appropriate balance between yielding both economic and social value for the community overall. As such, the study's assessment was not focused exclusively on maximizing developer profitability and/or optimizing returns on investment, but rather balancing out a more complete range of municipal strategic objectives and priorities and creating a complete community.

COMMENTS

As part of the North Oakville East Commercial Study, a comprehensive research program was undertaken, comprising several key components. This included a review of the subject area from a commercial market perspective and an analysis of existing provincial, regional, and local land use policy frameworks. Local market dynamics and development conditions were examined, including a detailed inventory of existing and proposed commercial spaces. Stakeholder interviews and surveys were conducted to gather insights on shopping behaviours, customer origins, and preferences. Additionally, trends in commercial development and operation were considered.

A detailed market demand assessment was then carried out to estimate the amount and type of commercial space needed to meet the demands of a growing population, informing both market-based and policy-based recommendations for future development.

It is crucial to approach the results of this study with a clear understanding of the opportunities, consequences, and priorities involved. This includes identifying which elements must be advanced to 'get it right the first time,' as opposed to adopting a more flexible, adaptive approach that can evolve with changing urban development dynamics.

Market-Based Analysis and Recommendations

Market Context

Throughout September and October 2023, the consultant conducted informal, virtual research interviews with relevant stakeholders. Town staff also conducted interviews with all three Business Improvement Areas (BIAs) in Oakville: the Bronte BIA, the Kerr Village BIA, and the Downtown BIA.

Stakeholder research identified several central issues expressed by the development community in North Oakville East, particularly as it relates to the format of retail/service commercial space to be delivered in this area. Mutual objectives presented an opportunity for the public and private sector to work

collaboratively to establish a shared understanding of how best to deliver commercial space in North Oakville East.

The North Oakville East Commercial Study identifies a range of material changes that the retail sector has faced in recent years, including substantial growth in online shopping activity, continued shifts in merchandise / service offerings, and other on-going responses to the COVID-19 pandemic.

In the study's market context, respondents from other parts of Oakville and beyond showed a stronger preference for stores and services with larger footprints and regional appeal. As visitors who already have access to local retail and services in other areas of Oakville, they see the new retail and service spaces in North Oakville East as an opportunity to address broader retail gaps in the Town, rather than focusing on the immediate needs of the local community.

Market Analysis

The forecasted population growth of 116,900 people by 2051 suggests a need for 15 to 19 square feet of retail/service commercial space per capita. Although this is below historically healthy levels, it aligns with latest trends of declining square feet per capita due to factors like the rise of e-commerce, reduced in-store inventory, and rising lease rates. For North Oakville East, this reflects its role within the broader context of the Town, where large-format stores already exist elsewhere. Currently, the 25,200 residents are served by 199,800 square feet of space, or about 8 square feet per capita.

As the population grows, the addition of new retail and service commercial space will help ensure that future residents, and the community, are better served than the existing residents.

This market analysis projects strong demand for commercial space in North Oakville East by 2051. By 2031, demand was estimated to support 114,000 to 183,000 square feet of new food retail space and 133,000 to 186,000 square feet of non-food retail, increasing to 390,000 to 630,000 square feet and 460,000 to 640,000 square feet, respectively, by 2051.

Service commercial space demand was expected to reach 320,000 square feet by 2031 and up to 960,000 square feet by 2051. Overall, this represented a potential need of 1.8 to 2.2 million square feet of additional retail and service commercial space by 2051. With only 11% of this demand potentially met by existing development applications, there was still a projected shortfall of 1.6 to 2.0 million square feet.

Market-Based Recommendations

The existing Secondary Plan envisions comprehensive retail coverage throughout North Oakville East, offering a variety of opportunities for commercial space delivery (See Figure 1 below). This includes:

- Urban Core Areas:
 - Trafalgar Urban Core Area
 - Dundas Urban Core Area
 - Neyagawa Urban Core Area
- Neighbourhood Activity Nodes (comprising part of broader Neighbourhood Centre Areas)
- Transitional & Employment Areas

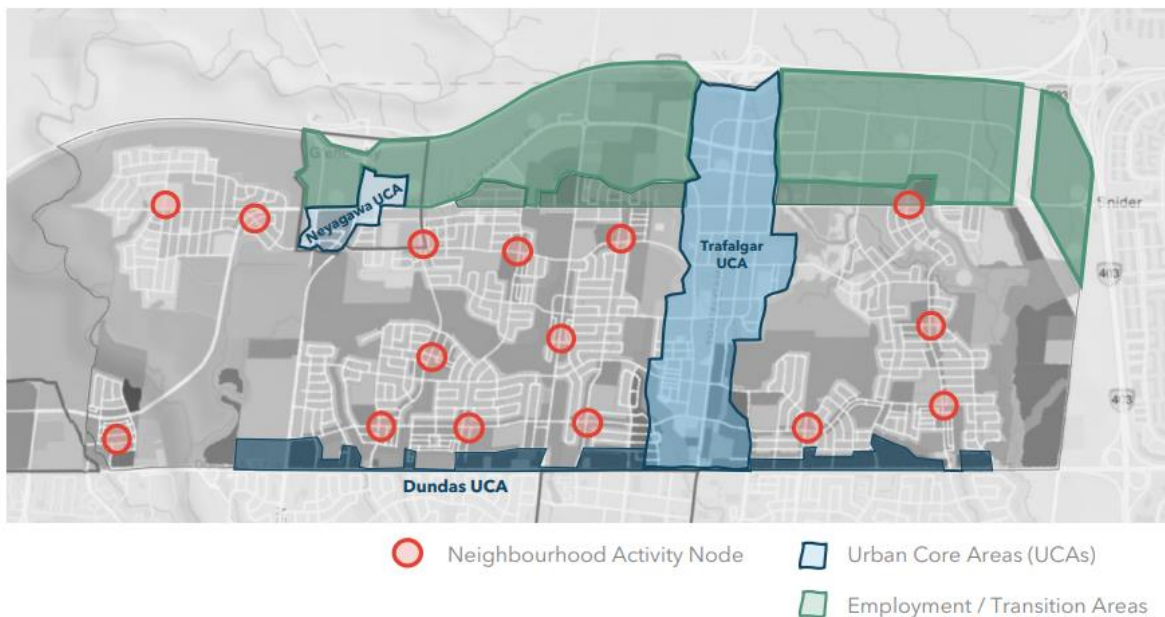


Figure 1 Location of Planned Commercial Uses in NO-E (Existing Secondary Plan Context)

Source: Parcel, based on Town of Oakville base map, designations and land use categories.

Based on the market-based research and analysis, the North Oakville East Commercial Study states that retail/service commercial activity in North Oakville East will thrive if concentrated in a smaller number of strategic locations, rather than being dispersed across the entire community as originally envisioned in the Secondary Plan. This approach may require a re-evaluation of current policies from a locational standpoint, with a focus on strengthening requirements for commercial

space at key sites. It could also involve replacing these policies with alternatives designed to "encourage" or "enable" additional retail and service commercial growth in other areas. Overall, this would emphasize a "quality over quantity" approach to commercial development in North Oakville East.

The study outlines a hierarchy of Areas of Focus for meaningful opportunities for commercial spaces within the Urban Core Areas and Neighbourhood Activity Centres. These areas are categorized based on location, scale, co-locational benefits, and anticipated catchment (Refer to Figure 2 below).

This approach differs from the existing Secondary Plan by distinguishing between Primary and Secondary Neighbourhood Activity Centres and providing additional policy direction for commercial use concentrations at Key Intersections within Urban Core Areas.

The study identifies the following areas for meaningful opportunities for commercial spaces in North Oakville East (Refer to Figure 2 below):

Intersections of Interest:

The largest concentration of commercial uses, including anchor spaces like supermarkets are located at major road intersections for high visibility and access.

1. *Intersection of Trafalgar Road and Dundas Street:*
This intersection is identified as a major focus due to its location and potential for leveraging existing commercial activities south of Dundas.
2. *Intersection of Dundas Street and Neyagawa Boulevard:*
Highlighted for its potential to accommodate concentrated commercial uses, leveraging existing retail and institutional activities like the Fortino's plaza and Sixteen Mile Sports Complex.
3. *Intersection of Neyagawa Boulevard and Burnhamthorpe Road West:*
This intersection is identified as another intersection of interest, as a potential key focal point for a future stand-alone commercial node.
4. *Intersection of Trafalgar Road and Burnhamthorpe Road:*
Identified as a key area for further commercial development, particularly extending north from existing developments near Dundas Street.

Neighbourhood Activity Nodes:

The North Oakville Secondary Plan identifies 15 Neighbourhood Activity Nodes requiring commercial space at key intersections. However, it is unlikely all nodes will develop as planned due to market conditions, limited tenant interest, and strained financial feasibility conditions. The recommendation is to reduce the number of

nodes requiring retail/service space and concentrate on a select few "primary" nodes, located farthest from other commercial activities. The remaining nodes could be encouraged as "secondary" areas, without the explicit requirement, to avoid hindering overall development, including housing.

1. *Primary Neighbourhood Activity Centres:*
Significant commercial areas offering local and service-oriented uses, located within neighbourhoods to enhance walkability and local access.
2. *Secondary Neighbourhood Activity Centres:*
Smaller clusters of commercial uses within neighbourhoods, providing convenience retail and community-oriented services at a walkable scale.

Transitional / Employment Areas:

The "Transitional" and "Employment" Areas in the northern part of North Oakville East, near Highway 407, are designated for future employment-based development. The focus of the commercial activity in these areas should be on highway-serving businesses, such as gas stations and quick-service restaurants, or along Burnhamthorpe Road, where high visibility and access to local traffic make it a prime location for secondary commercial activity, separate from the Dundas Urban Core Area. It should be catering primarily to pass-by traffic, local employees, and visitors rather than residents.

Additionally, given the guidance from the Provincial Planning Statement 2024, which does not permit retail uses in Areas of Employment, expanding retail and service spaces in Transition and Employment areas of North Oakville East should not be a short-term priority. Instead, the recommendation is to focus commercial uses in designated key nodes, such as major intersections or Urban Core Areas, where they can better serve the needs of the local community.

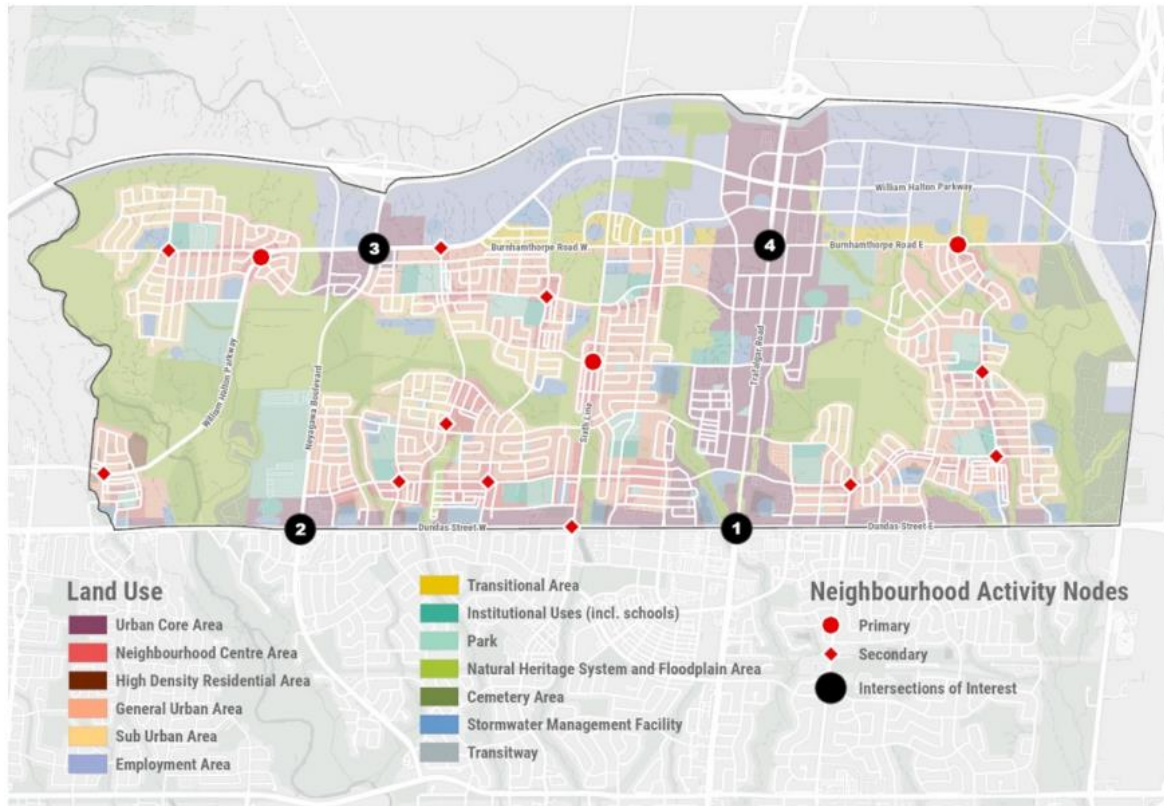


Figure 2 Location of Commercial Uses in NO-E (Proposed Directions)

Source: Parcel and Town of Oakville base mapping, designations and land use categories. This map is intended to show the “emerging evolution” of NOE, integrating the latest zoning / subdivision approvals, proposed or anticipated road layouts and the NOE Master Plan. As proposals evolve, it is important to keep in mind that this concept may also be adjusted.

Providing opportunities for a range of different commercial unit types and sizes will continue to be important as part of the future growth and development in North Oakville East. Whereas other existing commercial centres throughout the Town can continue to be relied upon to satisfy more community-wide and/or regional shopping elements of the commercial hierarchy, future retail/service commercial uses in North Oakville East are more likely to be comprised of smaller to mid-sized retail units and tenant types that are more local-serving in nature.

Based on this analysis, the North Oakville East Commercial Study identified the following recommendations:

1. *Flexibility:* The retail sector is evolving rapidly, especially post-COVID-19, requiring adaptable planning for the long term. Immediate delivery of retail/service space is needed, but within more realistic timelines.
2. *Prioritize Objectives:* There is a disconnect between the Town and landowners on commercial development. The Town should prioritize a

range of urban objectives, including retail, housing, and urban design, to align with market conditions.

3. *Patience/Urgency Dilemma:* North Oakville East faces challenges in developing mixed-use and retail spaces due to current market conditions. The Town should consider a "now" and "later" strategy, establishing a commercial base now while planning for future growth.
4. *Consider Alternatives:* The Town should explore alternative approaches, such as temporary spaces, smaller footprints, incentives, and integrating non-residential uses, to encourage commercial development and meet community needs.

Policy-Based Analysis and Recommendations

Policy Analysis

The market assessment and stakeholder feedback identify several constraints that could hinder successful mixed-use commercial development in North Oakville East:

- There may be insufficient space to support the full range of commercial uses originally planned.
- The Urban Core Areas, intended for high-density "main street" commercial development, are located on arterial (i.e. Halton Region) roads, which create an uncomfortable pedestrian environment due to traffic volume and speed, with no opportunity for on-street parking.
- There is weak support from landowners and developers for a pedestrian-oriented commercial structure.
- Landowners and developers show limited interest in mixed-use buildings with commercial components, given current economic conditions and the predominantly suburban built form context in North Oakville East.
- Many stakeholders, including local developers, landowners and industry groups, prefer single-storey, stand-alone retail buildings with surface parking due to market conditions, construction costs and tenant preferences.
- The current economic and planning landscape in North Oakville East makes it unlikely that landowners will develop commercial spaces in Neighbourhood Centre Areas at a scale that meets community needs.

Policy-Based Recommendations

Given the constraints identified, the Town should rethink the approach taken for commercial uses in the North Oakville East Secondary Plan and be reflected in future policy updates. The following alternative planning approaches respond to these constraints, organized along the following themes:

1. *Principle #1: Rethinking the Place of Commercial Uses Within the Urban Structure:*

The Town should reconsider its approach to commercial development in North Oakville East due to challenges with creating a "main street" environment and limited development of Neighbourhood Activity Nodes. Alternatives include:

- Prioritizing retail at strategic locations varying in scale based on their benefits and catchment areas, ensuring reasonable distribution across North Oakville East.
- Shifting from the Main Street concept to internally oriented clusters on large sites, which can meet commercial needs while maintaining visibility along roadways.
- Refocusing the Main Street Concept to extend commercial uses along perpendicular or parallel streets in the Urban Core areas, penetrating deeper into neighbourhoods.

2. *Principle #2: Allowing Interim Typologies / Building Format*

The Town should permit interim forms of commercial development that may not fully align with existing policies or design guidelines, reprioritize the delivery of retail/service commercial space in the interim in a more traditional low-rise building format, while deferring broader placemaking and urban design outcomes of achieving full integration of commercial uses until later stages of development.

A focussed set of urban design guidelines should be compiled to address the expectations of interim built form and site functionality.

3. *Principle #3: Considering Commercial Use Requirements & Incentives:*

The Town could establish requirements and incentives to ensure the current and future needs of North Oakville East residents are met. This could involve flexibility in ground floor area (GFA) requirements, limiting ground floor residential uses, retail requirements at key intersections, and/or offering incentives like parking reductions and exemptions from density calculations for commercial uses.

4. Principle #4: Design & Placemaking for Interim Typologies / Formats:

To support initial phases of commercial development, interim urban design principles and/or parking requirements could allow greater flexibility. These could be adapted from existing urban design principles to be more tailored to interim development options.

The design objectives for pedestrian- and transit-friendly design, along with the existing applicable policies, zoning, and urban design guidelines, should be prioritized across all development phases, not solely in the final stage, to maintain baseline standards while accommodating evolving development needs.

Neyagawa Urban Core Review

Urban Core Areas in North Oakville, including the Neyagawa Urban Core (NUC), are intended to support high-density, mixed-use developments. Staff will be presenting a by-law to adopt Official Plan Amendment (OPA) No. 326 to the 1984 Oakville Official Plan to establish policies for the Neyagawa Urban Core strategic growth area, and to adopt Official Plan Amendment No. 45 to the Livable Oakville Plan to update the Town's urban structure accordingly.

The direction from the North Oakville East Commercial Study informed parts of the proposed official plan amendments for the NUC, given that it is identified as one of the four key intersections targeted for the highest concentration of commercial development in North Oakville East.

The proposed OPA for the NUC proposes the expansion of its boundary to the east to support a mixed-use node. It reinforces the activity node function and allows for non-residential uses by introducing mixed use permissions in alignment with the North Oakville East Commercial Study. To prevent interim land uses from limiting the ultimate development potential, guiding planning and design principles should promote design excellence across all phases, incorporating local character.

Additionally, the North Oakville East Commercial Study introduces the concept of minimum commercial requirements to be further regulated through the Zoning By-law. Staff is proposing minimum commercial requirements based on quadrants of the NUC to assist with the delivery of commercial uses with the understanding that the delivery will be further defined through the Zoning By-law. The study includes a "Summary of Warranted Space by Location" which provides a rough order-of-magnitude indication as to how the total space warranted could be allocated across different geographic contexts. These values have assisted with generating the proposed minimum commercial requirements within the OPA.

As a result of insights from the North Oakville East Commercial Study, staff has shifted their approach to commercial uses in the Neyagawa Urban Core. In 2022,

the proposed OPA required all commercial uses to be located on the ground floor of a mixed-use building and all parking to be located within a structure. The study recommends building in flexibility related to parking as an interim condition, and not requiring commercial in the ground floor in all areas. The proposed OPA allows some flexibility regarding the format of commercial uses. The Amendment states that stand-alone commercial buildings may be permitted if they support a connected, pedestrian-friendly streetscape and are adaptable for future intensification. This approach ensures compatibility with local roads, pedestrian-friendly routes, and orientation of buildings to support long-term growth, potentially incorporating office and residential uses on upper levels.

The North Oakville East Commercial Study also states that “Interim design principles and parking requirements could allow greater flexibility for the initial phases of commercial development in North Oakville East, while not compromising on components that are integral to the achievement of a pedestrian-friendly and vibrant place in the long-term”. Staff is of the opinion that the proposed OPA supports the delivery of commercial uses in the NUC which are vital for the creation of a complete community.

Public Consultation

In September 2024, Town staff and the consultant team conducted a follow-up session with North Oakville Community Builders Inc. in the North Oakville East and Neyagawa Urban Core areas to present the Commercial Study findings and share the draft Official Plan Amendment for the NUC. This session built on stakeholder engagement from September and October 2023, where initial feedback highlighted key challenges to achieving successful mixed-use commercial development in North Oakville East.

Insights from this session led to further refinements in both the market and policy-based analysis and recommendations presented above.

Next Steps

The North Oakville East Commercial Study's direction will be incorporated into the North Oakville East Secondary Plan through amendments to the Town's Official Plan, as appropriate.

Additionally, the study's recommendations have informed sections of the proposed Official Plan amendments for the Neyagawa Urban Core, identified as one of the four key intersections targeted for the highest concentration of commercial development in North Oakville East.

A focused set of urban design guidelines may be developed to outline expectations for interim built form and site functionality that may not fully align with current policies or design guidelines.

CONCLUSION

The North Oakville East Commercial Study is part of the broader review of the North Oakville East Secondary Plan. It was initiated to provide a comprehensive understanding of the area's commercial needs, particularly within the Urban Core Areas of the Secondary Plan. The goal of the study is to provide directions to amend the North Oakville East Secondary Plan, regarding commercial areas through targeted amendments to provide opportunities for appropriate commercial development.

CONSIDERATIONS

(A) PUBLIC

The North Oakville East Commercial Study conducted public engagement through a series of informal virtual research interviews with relevant stakeholders throughout September and October 2023. This involved soliciting feedback from the developer industry, landowners and other individuals familiar with the delivery and management of retail/service commercial uses in both stand-alone and mixed-use development environments.

Additionally, Town staff held interviews with representatives from existing the Business Improvement Areas in Oakville. These efforts aimed to gather insights and input from key stakeholders on the commercial development needs and opportunities in North Oakville East.

In September 2024, Town staff and consultants conducted a follow-up session with North Oakville Community Builders Inc.

(B) FINANCIAL

There are no financial implications arising from this study.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

The study was circulated and reviewed by internal Town departments that may be impacted such as Development Planning and Urban Design.

(D) COUNCIL STRATEGIC PRIORITIES

This report addresses Council's strategic priorities: Growth Management and Community Belonging.

(E) CLIMATE CHANGE/ACTION

The goal of the North Oakville East Commercial Study is to provide opportunities for the right commercial amount and scale. This type of mixed-use community design helps to reduce GHG emissions by providing opportunities to live and work with the same community, reducing reliance on personal vehicles.

APPENDICES

Appendix A – North Oakville East Commercial Study (by Parcel Economics Inc., in association with Gladki Planning Associates, November 2024)

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