

10/25/2023

Planning and Housing Committee
Toronto City Hall
100 Queen Street West
Toronto, ON M5H 2N2

Attention: Brad Bradford, Vice Chair, Planning and Housing Committee

Dear Chair and Members of the Planning and Housing Committee:

RE: **Agenda Item PH7.9** Exploring the Potential for Office Conversion – Affordable Housing – in Downtown Toronto

Hullmark strongly supports the proposed initiative to study the potential for conversion of office space to new housing within the City of Toronto. Office conversions represent a forward-thinking and creative response to the post-pandemic conditions in the office market. As noted in Mr. Bradford's letter, occupancy rates remain at ~50% of pre-pandemic levels, and with the reality of hybrid work, it is unlikely that demand will substantially increase in the near future. Given the escalating housing crisis, we must explore every opportunity to create new housing within the city, and office conversions represent an exciting opportunity that align with many of the City's important goals including increasing housing supply, growing in an environmentally responsible manner, and ensuring the long-term economic viability of the city.

Increasing Housing Supply

It is no secret that the City of Toronto is facing an affordability crisis. Allowing for the potential of office conversion to residential is in accordance with the council passed HousingTO Action Plan, and Housing Pledge. These conversions would open new opportunities for residential development that could be acted upon in a timeline much quicker than traditional 'ground-up' construction, effectively bringing new homes online in an expediated manner. We would request that in addition to the motion put forward that City Staff also report back on the possibility of incentives for office conversions. Development in the City of Toronto is subject to a number of fees, charges, and taxes which combine together to increase the price of housing in our city, incentivizing this type of conversion would facilitate the provision of new homes at a reduced cost. Finally, we support the direction to remove existing barriers to make this type of development feasible. It is our experience that existing policy, such as office replacement, is overly onerous and does not provide sufficient flexibility to adapt to changing conditions in the office and housing markets.

Environmentally Friendly Development

Adaptive reuse projects, such as office to residential conversions, are also in accordance with the City of Toronto's initiatives around sustainable development. Hullmark has extensive experience with adaptive reuse projects, and we support the environmentally sustainable benefits such development achieves through the reuse of existing materials and structures. Converting underused office space to residential will achieve new homes while minimizing embodied carbon, greenhouse gas emissions and construction waste.

Long-term Economic Viability

Finally, we support the proposed motion as it is in the best interest of the city long-term. The office market is currently undergoing a 'flight to quality' where tenants are moving from Class B and C office spaces to Class A. Allowing office conversions will contribute to the continued success of the areas around Class B and C buildings, by ensuring they remain vibrant occupied areas comprised of a mix of uses. We understand that there is a concern that if allowed, all office buildings would be converted to residential. It is our experience that most office buildings aren't suitable for conversion to residential use for a number of factors including floorplate, layout, and location, and would not be converted ensuring the continued existence of office uses in the city.

Happy to Offer our Assistance

We share with our partners in Toronto a desire to do things the right way for the right reasons. As mentioned above, we strongly support this initiative and would be happy to share our experience with the Committee and City Staff. We are committed to continue building strong relationships and strong communities with Toronto in the future.

Thank you for your consideration of these proposed changes. If you have any questions, please do not hesitate to contact the undersigned.

Thank you,

Charles Arbez
Director, Development