

July 10, 2024

Via Email: phc@toronto.ca

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

Attention: Chair Perks and Members of the Planning and Housing Committee

Re: PH14.9 – Official Plan Review – Office Replacement Policies – Proposals Report

This letter is being submitted on behalf of NAIOP Greater Toronto and BILD. With over 1,200 members from approximately 300 companies in the GTA, NAIOP represents developers, owners and related professionals in office, industrial, retail, mixed use and multi-residential real estate. With over 1,200 member companies, BILD is the voice of the land development, home building and professional renovations industry in the Greater Toronto Area. Both NAIOP and BILD are prominent voices advising on commercial and residential real estate matters that affect the region. As the voice of these industries, NAIOP and BILD have always sought to maintain a constructive working relationship with all levels of government in examining ways to better serve the communities in which they operate. It is in this spirit that we are writing to you today.

NAIOP and BILD are proponents of the City's Office Space Needs Study (the "**Study**"). We applaud the City for this initiative. The Study looks to address the need for new housing while recognizing new office market conditions resulting from the COVID-19 pandemic. Toronto is experiencing a prolonged housing crisis that has elevated pressures for residential intensification. At the same time, Toronto's office market has seen rising vacancies that according to the Study would take until 2034 to be leased to warrant the construction of major new office buildings. It is with this lens that we must seize on the opportunity to address our housing crisis by implementing policies that would allow for the oversupply of existing office space to be replaced with much needed housing.

Through the Study, it is imperative that we land on a policy framework that in practice achieves the objective of creating more housing through office replacement. It would be a missed opportunity to introduce a policy framework that the industry does not seize on because the policy framework that is introduced does not make office replacement projects viable. To this end, NAIOP offers the following comments on the Study:

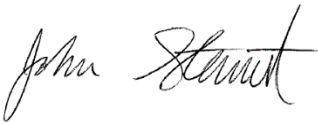
- The Study recognizes there is an oversupply of office that could be replaced with residential uses without impacting the appropriate supply of office space in Toronto. Given the existing oversupply of office space, a market based approach to replacement would be most appropriate. This would best ensure that office space replacement to residential uses will be realized.
- Rather than a market based approach, the Study recommends that existing office space must be replaced with 25% alternative uses that includes affordable or supportive housing and non-residential (i.e. institutional, community, commercial, other). If the City proceeds with an approach that requires a certain amount of alternative uses to be part of a redevelopment, it is essential to ensure that the quantum being requested is not prohibitive and does not prevent office space replacement from taking place. At the very least, stakeholders should be given an opportunity to review and comment on the City's economic analysis that justifies 25% replacement. NAIOP and BILD are not aware of any economic analysis supporting 25% replacement being made publicly available and have significant concerns that such a quantum will render many potential office replacement projects in the City not viable.
- NAIOP and BILD have concerns with the approach to require replacement with alternative uses based on a percentage of existing gross floor area, as this one size fits all approach may render some projects not viable. While redevelopment projects that propose significant density may be able to account for 25% replacement, smaller projects may not. Tying the quantum of replacement to existing gross floor area without considering the magnitude and scale of the proposed redevelopment may not be appropriate.
- The Study recommends that City staff should revisit the policy framework every four years or until, in Council's opinion, the supply and availability of office in the City has returned to a healthy state. Rather than four years, five or more years may be more appropriate to revisit the policy and any removal of the policy should include a transparent transition provision that clearly allows projects which have moved forward relying on the policy to continue to benefit from it. Otherwise, proponents may not proceed with redeveloping office space concerned that the policy regime could shift as a project is being processed.
- The Study recommends monitoring the availability of office space to determine if changes to the policy will be warranted in the future. In addition to monitoring the availability of office space, the number of office replacement projects in the City should be monitored annually to determine if the policy is achieving its objective of creating more housing. If the policy is not achieving its objective, it should be revisited and improved upon so that the policy is put into practice and new housing is realized.

NAIOP and BILD request that City staff be directed to engage further with stakeholders to determine the policy direction for the Study. In addition to addressing other comments in this letter,

it is important for City staff to further consider whether 25% replacement is appropriate and share its analysis that supports any quantum of replacement publicly for stakeholder comment. In this regard, NAIOP and BILD offer to work with City staff collaboratively to identify an appropriate approach and quantum to securing alternative uses through the redevelopment of office space.

NAIOP and BILD look forward to ongoing dialogue regarding this important issue.

Yours truly,

A handwritten signature in black ink that reads "John Stewart". The signature is written in a cursive, flowing style.

John Stewart
President
NAIOP Greater Toronto

A handwritten signature in blue ink that reads "Danielle Binder". The signature is written in a cursive, flowing style.

Danielle Binder, RRP MCIP
Senior Director, Policy and Advocacy
BILD