

July 11, 2024

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

Attention: Nancy Martins, Administrator

Dear Chair and Committee:

**Re: Planning and Housing Committee Meeting – July 11, 2024  
Agenda Item PH14.9 – Official Plan Review - Office Replacement Policies -  
Proposals Report – Comments on behalf of H&R REIT**

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Aird & Berlis LLP acts on behalf of H&R REIT and the associated/affiliated entities which are the registered owners of properties in the attached Schedule “A” (collectively referenced herein as “**H&R REIT**”). H&R REIT is one of Canada’s largest fully internalized real estate investment trusts with total assets of \$10.9 billion as at March 31, 2024. H&R REIT has ownership interests in a North American portfolio of high quality residential, industrial, office and retail properties comprising over 26 million square feet.

We have reviewed the Official Plan Review - Office Replacement Policies - Proposals Report (the “**Staff Report**”) with H&R REIT and its consultants. Additionally, our office participated in the City’s initial consultation process in respect of the above-referenced component of the Official Plan Review – Office Replacement Policies, including participating in the initial consultation on the (then in process) Office Space Needs Study (“**Office Study**”), in May, 2024. The presentation given by City staff of the Office Study was comprehensive and demonstrated a concerted effort by City staff and the City’s consultants to ensure the stated goals of the Office Study to ‘*balance the need for new housing, including affordable housing, with Toronto’s long-term employment growth and the creation of transit-supported complete communities*’ is informed by a deep understanding of the current realities of the Toronto office market.

H&R REIT supports this initiative by the City of Toronto, and the direction to arrive at an updated policy framework to achieve the goals of the Office Study. The comments provided in this initial correspondence are intended to provide constructive comment on the Proposed Policy Directions included in the Staff Report and to encourage further stakeholder engagement – including specifically targeted engagement with H&R REIT - on the development of a policy framework which will address not only criteria for office

replacement but a suite of true incentives to encourage alternative uses, including non-office employment uses and much needed increased housing supply.

On behalf of H&R REIT, we offer the following comments in respect of the Proposed Policy Directions:

- **On/off Switch:** H&R REIT supports the proposed direction of the 'on/off switch' approach which would provide for a policy framework review that is flexible and responsive to market demands and realities. We encourage consideration of the time frame associated with the policy framework review and the criteria to be considered in the review. For example, given the stated goals of the Office Study, the delivery of housing units, including affordable housing units, and the creation of complete, transit supportive communities should be considered in addition to the supply and availability of office space.
- **Extent:** the recognition that a 'one size fits all' approach is not appropriate and that policies should vary based on locations within the City is positive. Recognition of geographic variations in land values, appropriate scale and mix of uses, and market demands across the City should also inform consideration of other Proposed Policy Directions, as discussed below.
- **Percentage Replacement:** The acknowledgment in the Office Study that the current office replacement criteria are not reflective of market demands is appreciated. H&R REIT recognizes the proposed reduction of office replacement from 100% to 25%, and the flexibility of allowing replacement by identified alternative uses, is an improvement over the current, and in our view outdated, policy framework. In its current form, this policy direction is still overly prescriptive and seeks to apply the same criteria regardless of the geographic variation acknowledged elsewhere. Additionally, requiring 25% of a development to be office (or identified alternative) uses may not be economically viable in certain locations or in such sizes depending on the scale and mix of uses proposed. The policy direction, as currently framed, may not allow the creation of a balance of residential and non-residential uses, thereby defeating the central goal of the Office Study. Finally, the rationale or support for a 25% requirement is unclear from a review of the Staff Report or the supporting consultant studies. H&R REIT encourages a transparent review of the materials used by the City to arrive at this requirement through the consultation process.
- **Alternative Uses:** The policy direction to allow for the replacement of office space with other alternative uses introduces a welcome flexibility to the overall policy direction and is supported by H&R REIT. The policy direction as currently framed, however, would require 25% regardless of the proposed alternative. This does not reflect the differences in spatial requirements and costs associated with alternative uses (for example: retail/commercial or cultural/entertainment uses as compared

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with residential uses). Greater recognition of the variables associated with alternative uses should be further explored.

In addition to the Proposed Policy Directions noted above, H&R REIT encourages development of a comprehensive suite of incentives to ensure that the policy framework which emerges from the Office Study ensures effective take-up and implementation by the development industry. These incentives must include direct financial considerations such as exemptions/reductions from Development Charges, Municipal Land Transfer Taxes, Realty Taxes, Permit Fees, et cetera, together with alternative development standards particularly when proposals include the adaptive reuse of existing office buildings.

H&R REIT is supportive of the overall directions of the Office Study which recognizes that current office replacement policies are out-of-step with market demands and that improved flexibility in such policies can serve as a means to achieve City goals including responding to the demand for housing in forms which support complete communities and transit investment. We look forward to the opportunity to engage in further consultation – including targeted stakeholder consultation - to explore the rationale for the recommended 25% replacement, the development of criteria for alternative uses and incentives.

On behalf of H&R REIT, we request notice of any future meetings, report, consultations and decisions related to these matters.

Thank you for the opportunity to provide this initial set of comments on the Office Study.

Yours truly,

AIRD & BERLIS LLP



Eileen P.K. Costello

EPKC/NM

Att.

cc: H&R REIT  
Bousfields  
Michael Foderick, McCarthy Tetrault LLP

AIRD BERLIS

Schedule "A"

<b>Address</b>	<b>Legal Entity</b>
1,4,8 Prince Andrew Place	Prince Andrew Place Portfolio Inc.
7-21, 23-31 Prince Andrew Place	Prince Andrew Place (II) Portfolio Inc.
53 Yonge St.	53 Yonge Portfolio Inc.
55 Yonge St.	55 Yonge Portfolio Inc.
69 Yonge St	69 Yonge Portfolio Inc.
100 Wynford	100 Wynford Portfolio Inc.
145 Wellington	145 Wellington Portfolio Inc.
310 to 330 Front St	320 Front Portfolio Inc. (applies to all 3 Buildings)
26 Wellington	26 Wellington Portfolio Inc.
25 Sheppard	25 Sheppard Portfolio Inc.
3625 Dufferin	3625 Dufferin Street Portfolio Inc.

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