



Reply to the Attention of: Mary Flynn-Guglietti
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Our File No.: 248950
Date: September 26, 2025

BY EMAIL (DANIEL.ELMADANY@TORONTO.CA)

WITHOUT PREJUDICE

City of Toronto, Legal Services Division
55 John Street, 26th Floor
Metro Hall
Toronto, ON M5V 3C6

Attention: Mr. Daniel Elmadany

Dear Mr. Elmadany:

**Re: Without Prejudice Settlement Letter,
Cartareal Corporation N.V., 505 University Avenue, Toronto
OLT File Numbers: OLT-23-001079 and OLT-24-000714**

We represent Cartareal Corporation N.V., ("**Cartareal**") owner of lands municipally known as 505 University Avenue, in the City of Toronto ("**Subject Site**"). A site-specific Zoning Amendment Application ("**ZBA**") was filed with the City of Toronto ("**City**") for the Subject Site on August 29, 2022, and deemed complete as of August 31, 2022. On October 25, 2023 we filed an appeal of Cartareal's ZBA to the Ontario Land Tribunal (the "**Tribunal**"). The ZBA Appeal is assigned Tribunal File Number OLT-23-001079.

On February 20, 2024, Goldberg Group, Cartareal's land use planning consultants filed an Official Plan Amendment Application ("**OPA**") with the City to, among other matters, exempt the Subject Property from Policy 6.1.4 of the Downtown Secondary Plan (the "**Downtown Plan**"). On July 9, 2024, we filed an appeal of Cartareal's OPA to the Tribunal. The OPA Appeal was assigned Tribunal File Number OLT-24-000714.

In May of 2024 the City of Toronto passed By-law 505-2024 under Part IV, Section 29 of the *Ontario Heritage Act* designating the Subject Site as a property of cultural heritage value or interest. On July 2, 2024, on behalf of Cartareal we filed a Notice of Appeal of the passing of designation By-law 505-2024 to the Tribunal. The appeal was received by the Tribunal and assigned file number OLT-24-000726.

Subsequent to filing the aforementioned appeals our client, together with the City of Toronto staff and the other party to the proceedings entered into without prejudice and confidential mediation discussions. The Mediation process has resulted in our client amending its proposal to address various issues raised by City staff, including our client agreeing to withdraw its appeal of the heritage designation by-law 505-2024. As a result of the Mediation discussions, we write this letter as a without prejudice settlement offer to resolve the OPA and ZBA appeals without the necessity of a lengthy and costly hearing.

Cartareal has also submitted an application to demolish the designated heritage property at 505 University Avenue (former Shell Oil Building) under section 34(1)2 of the *Ontario Heritage Act*, which requests that the existing building be carefully dismantled and the Queenston Limestone be salvaged and reused as part of a new building that would commemorate the heritage building by incorporating its reconstructed facades as part of a new mixed-used building facilitated through a Reconstruction and Commemoration Plan.

A Heritage Impact Assessment prepared by GBCA Architects dated August 22, 2025, including a comprehensive structural review (Heritage Retention Study) prepared by Jeff Watson, P. Eng, Jablonsky Ast and Partners dated November 25, 2024 and a Site Investigation Report by Clifford Restoration dated October 8, 2024 and Stone Cladding memo prepared by Clifford Restoration dated January 13, 2025 (collectively, the “**Cartareal Heritage Studies**”) were submitted in support of the heritage permit application. We understand the heritage permit application to demolish the designated heritage building will be considered by City Council in a separate report at the same meeting of Council with the report on this Without Prejudice Settlement Offer.

Background

The Subject Site is designated in the City of Toronto Official Plan (“**City OP**”) as *Mixed-Use Area* on Map 18 – Land Use Plan, and is located in the *Downtown and Central Waterfront*, as shown on Map 2. The Subject Site is designated Mixed Use Areas 1 – Growth in the Downtown Plan. The Subject Site is located within several approved Protected *Major Transit Station Areas* in the City’s OPA 524. As such, this is an area targeted to accommodate significant growth.

The zoning on the Subject Site is *Commercial-Residential Zone CR 7.8 (c4.5; r7.8) SS1 (x2197)* pursuant to the City’s Comprehensive Zoning By-law 569-2013, which permits a maximum building height of 76.0 metres.

The purpose of the original ZBA is to amend City of Toronto Zoning By-law 569-2013 to redevelop the Subject Site for a 64-storey mixed use building with a total height of 206.89m plus a mechanical penthouse. The original ZBA proposed 704 residential dwelling units and a total 1,428 sq. m of indoor amenity space and 1,418 sq. m of outdoor amenity space. The description of the revisions to the applications and the Without Prejudice Settlement Offer are set out below.

Settlement Offer

The Without Prejudice Settlement Offer is presented through two variations on two sets of architectural plans with updated site statistics. The primary difference relates to the uses at the lower levels of the building, namely whether they continue to provide for office

uses or alternatively provide for residential uses in the form of affordable housing as contemplated in the draft OPA and ZBA attached to this letter. In all other respects, the architectural plans are generally the same, in particular with respect to the heritage strategy, uses at grade, unit mix requirements, amenity space requirements and overall building height to address the City Hall View Corridor.

The main revisions from the proposal that is currently before the Tribunal relate to the following:

1. **Overall Building Height and View Corridor:** the maximum building height has been adjusted to be a total maximum of 63 storeys and 217.9 metres, inclusive of all projections, which implements the proposed amendment in the Draft OPA respecting the View Corridor of City Hall.
2. **Heritage Strategy:** While no heritage application had been previously submitted, through the original ZBA, the original development proposed to demolish the 20-storey Shell Oil Building for a new 64-storey mixed use building, and to commemorate it by re-using some of its materials in the construction of a new 12-storey podium. The podium design in the original development proposed were intended to reinterpret some of the design intentions and architectural expression of the heritage building.

The revised development, as reflected in the heritage permit application and revised draft OPA and draft ZBA and updated architectural plans, commemorates the Shell Oil Building by incorporating a reconstruction of the heritage building in its original location and to its full 20-storey height on its public-facing facades (full west, south and east elevations and partial north elevation), duplicating the building's design and re-using the original Queenston limestone cladding, with some alterations to accommodate the building's new use. The demolition and reconstruction are proposed by way of dismantling and panelization. A new mixed use building is proposed to connect to the north elevation of the reconstructed heritage building with stepbacks and setbacks.

Significant work was undertaken as demonstrated through the Cartareal Heritage Studies to support the requested permit application and changes to the proposed development. To mitigate the impact of demolishing this significant heritage resource the Cartareal Heritage Studies recommend a Reconstruction and Commemoration Strategy (the "Strategy"). The objectives of this Strategy are to commemorate the existing building's heritage value by placing a new building in the exact location of the existing building. The new building would replicate the scale, form and massing of the original building with its one storey podium. The original Queenston limestone cladding would clad the new building, and it would be designed to include features such as punched window openings, decorative metal grilles and cantilevered roof overhang that match those on the original building.

The detailed design of the new building addition will be further refined through subsequent development stages and the heritage permit process. The Applicant proposes to attach to the north elevation of the reconstructed Shell Oil Building, incorporating setbacks or reveals to allow for the original extent of the reconstructed heritage building to be read, with 3 windows being reconstructed on the north elevation. The portion of the building above the reconstructed Shell Oil Building is

stepped back on all elevations as follows: 3.6 metres from the south elevation, 5.03 metres from the east elevation and 9.7 metres from the principal west elevation along University Avenue. The floor-to-floor heights of the new mixed-use building are proposed to match those of the reconstructed building. The design is to be compatible with, distinguishable from and subordinate to the Shell Oil Building. A regular pattern of fenestration is proposed to reference the regularity of the Shell Oil Building and the overall context of University Avenue.

3. Gross Floor Area

- a. With proposed replacement of non-residential uses: a minimum of 16.3% of the existing gross floor area (being 3,602 square metres from the existing 22,115 square metres) is proposed to be replaced in a combination of office and other non-residential uses in the lower levels of the building). Residential uses would make up the remainder of the gross floor area; or
- b. With Affordable Housing in lieu of non-residential use replacement: a minimum replacement of 853 square metres of the existing gross floor area (from the existing 22,115 square metres) is proposed to be generally at-grade in the form of retail, commercial and other non-residential uses in the lower levels of the building. Affordable Housing would contribute to a minimum of 2,416 square metres of gross floor area for affordable housing, in the lower levels in the building, and the remainder of the building will contain market residential uses would make up the remainder of the gross floor area.

The non-residential uses may include other supporting uses to the Health Sciences District and the proposed instruments do not preclude such uses from being considered in future development of the Subject Site and protect for both scenarios where there is and is not Affordable Housing provided in lieu of non-residential uses on the Subject Site.

4. **Building Setbacks and Separation from Adjacent Properties:** The building setbacks and separation distances from adjacent properties and lot lines is shown on the two sets of architectural plans attached to this letter and will be implemented in the draft zoning by-law amendment diagrams.
5. **Tower Floorplate:** The tower above the reconstructed heritage building will have a maximum floor plate of 950.3 square metres gross construction area, measured from the exterior of the main wall exclusive of the balconies.
6. **Pedestrian Realm:** Since the original location of the existing heritage building will be maintained as described above, the existing building setbacks along University Avenue and Edward Street provide for a greater public realm that better supports the building's relationship to University Avenue and supports providing new open space along Edward Street in the form of a privately owned publicly accessible open space (POPS). The approximate size of the POPS will be 413.60 square metres. The specific design, configuration of the POPS will be implemented through Site Plan Control in consultation

with City staff, including providing to the City any such easements, at the owner's sole cost and expense, to support public access to the POPS along Edward Street.

7. **Restrictions on Projections:** the intent of the draft ZBA provisions are to restrict projections in certain locations, including as follows:
 - a. No new balcony projections from the reconstructed Shell Oil Building (this includes no new balcony projections);
 - b. No balcony and similar encroachments into setbacks along the north and east elevations;
 - c. No vertical projections on the reconstructed Shell Oil Building;
 - d. The total building height of 63 storeys and 217.9 metres is inclusive of all permitted vertical projections to protect the view corridor, subject to e. below;
 - e. A zoning provision may be added to address a vertical projection above 217.9 metres to be limited to matters such as for a garbage chute and air cooling pipes, to the satisfaction of the Executive Director, Development Review and the Senior Manager, Heritage Planning, provided it is not visible within the view corridor and only permitted along the north elevation;
 - f. A zoning provision may be added to address vertical projections on lower levels of the new addition attached to the Shell Oil Building where they do not interfere with the reconstructed Shell Oil Building, exceed the overall maximum height of 217.9 metres or create adjacent privacy/overlook concerns.
8. **Amenity Space:** either option of the revised proposal meets the City-wide Zoning By-law requirements for amenity space of 4 square metres per dwelling unit.
9. **Affordable Housing:** should the Owner elect to proceed with providing Affordable Housing as set out in the Draft OPA and Draft ZBA, the draft instruments contemplate the use of a holding by-law to restrict residential uses in that portion of the building and to provide for the entering into an affordable housing agreement with the City and use of a section 118 restriction on the *Land Titles Act* to secure the provision of the Affordable Housing for an affordability period of at least 40 years. Cartareal agrees to this approach as it provides flexibility for future development of the property, while maintaining clarity on the minimum required non-residential uses on the Subject Site should the pathway for Affordable Housing not be provided for.
10. **Conditions to be satisfied before issuance of Tribunal Final Order:** Should Council accept the Without Prejudice Settlement Offer and the Tribunal consider approval of the revised OPA and ZBA, Cartareal also supports the following conditions being imposed on the issuance of the Final Order of the Tribunal being finalized to the satisfaction of the City and on confirmation from the City Solicitor:

- a. the final form and content of the draft Official Plan Amendment substantially in accordance with the attachment to this letter, is satisfactory to the Executive Director, Development Review and the City Solicitor;
- b. the final form and content of the draft Zoning By-law Amendment, is satisfactory to the Executive Director, Development Review and the City Solicitor;
- c. the owner has, at its sole expense:
 - i. provided a detailed Reconstruction and Commemoration Plan prepared by a qualified heritage consultant that is substantially in accordance with the reconstruction and commemoration strategy set out in the Heritage Impact Assessment dated August 22, 2025, prepared by GBCA Architects, to the satisfaction of the Senior Manager, Heritage Planning;
 - ii. entered into a Heritage Easement Agreement with the City for the property at 505 University Avenue substantially in accordance with plans and drawings prepared by BDP Quadrangle Architects, dated June 12, 2025, and submitted in conjunction with the Heritage Impact Assessment, dated August 22, 2025 prepared by GBCA Architects, and in accordance with the Reconstruction and Commemoration Plan required in above, the satisfaction of the Senior Manager, Heritage Planning, including execution and registration of this agreement, to the satisfaction of the City Solicitor;
 - iii. submitted a revised Functional Servicing Report and Stormwater Management Report, Hydrogeological Review, including the Foundation Drainage Report ("Engineering Reports") to the satisfaction of the Director, Engineering Review;
 - iv. secured the design and provided financial securities in respect of any upgrades or required improvements to the existing municipal infrastructure identified in the accepted Engineering Reports, to support the development, all to the satisfaction of the Director, Engineering Review, should it be determined that improvements or upgrades are required to support the development, according to the Engineering Reports accepted by the Director, Engineering Review;
 - v. ensured that implementation of the accepted Engineering Reports does not require changes to the proposed amending By-law or that any required changes have been made to the proposed amending By-law to the satisfaction of the Executive Director, Development Review, including the use of a Holding ("H") By-law symbol regarding any new municipal servicing infrastructure or upgrades to existing municipal servicing infrastructure, as may be required;
 - vi. submitted an updated Transportation Impact Study or Addendum, and updated Parking and Loading Study or Addendum, to reflect revisions to

site circulation, loading, parking and access for the development, to the satisfaction of the General Manager, Transportation Services;

- vii. submitted a revised Travel Demand Management Plan or Addendum acceptable to, and to the satisfaction of the Chief Planner and Executive Director, City Planning and the General Manager, Transportation Services, and that matters arising from such study be satisfactorily addressed, and secured if required; and
- viii. submitted an updated Noise Study or Addendum, including any required third party peer review, to the satisfaction of the Executive Director, Development Review; and
- ix. where a zoning provision is requested to be added to the draft ZBA arising from Paragraph 7. e. above, an updated View Corridor Analysis respecting the protected view of City Hall will be provided to the satisfaction of the Executive Director, Development Review and the Senior Manager, Heritage Planning.

Should the City Solicitor advise that Council has accepted the Without Prejudice Settlement Offer and the Tribunal consider approval of the revised OPA and ZBA and approved the Heritage Permit Application with the appropriate conditions, Cartareal will forthwith submit to the Tribunal an immediate withdrawal of their appeal of Designation By-law 505-2024.

We respectfully request that our settlement offer be brought before the Council of the City of Toronto for consideration as soon as possible and preferably to the October 2025 Council meeting. The settlement offer implements the planning objectives of the City of Toronto policies in its Official Plan, is consistent with the PPS 2024 and represents good land use planning.

To assist Council in its deliberations, on behalf of my client, I am attaching the following documents:

1. Two sets of the revised OPA & ZBA plans prepared by Quadrangle Architects dated June 12, 2025 for the non-residential use and affordable housing options; and
2. A draft of the proposed OPA and ZBA by-laws.

This Without Prejudice Settlement Offer will remain open until the end of the City Council meeting scheduled to commence on October 8, 2025, subject to extensions satisfactory to Cartareal and the City Solicitor, at which point it should be considered as withdrawn if not accepted by City Council. If City Council accepts the without prejudice settlement offer, our client consents to the release of this without prejudice settlement offer, including all enclosures.

Subject to City Council's acceptance of this settlement offer, Cartareal's expert witnesses will bring evidence on consent with the City in support of the settlement at a subsequent settlement hearing before the Tribunal.

Yours truly,



Mary Flynn-Guglietti

Encls.

CC: David McCordic
Michael Goldberg, Goldberg Group