

8/3/2023

Minister's Office, Ministry of Municipal Affairs and Housing
College Park, 17th Floor
777 Bay Street
Toronto, ON M7A 2J3

Attention: Hon. Steve Clark, Minister of Municipal Affairs and Housing

Dear Minister Clark:

RE: Hullmark's comments on the Province of Ontario's proposed Provincial Policy Statement

Thank you for the opportunity to provide comments on the Proposed Provincial Planning Statement (PPS) as announced by the Province of Ontario on April 6, 2023. Hullmark respectfully submits the following comments for your review and use. Hullmark is encouraged to see policy initiatives in the PPS that will get more housing built, and to achieve the Province's mandate of constructing 1.5 million new homes by 2031. Our comments are targeted to the provisions in the Housing section of the PPS regarding conversions and intensification of office space.

As background, Hullmark is a real estate investment and development team that is committed to shaping a vibrant urban Toronto. Developing Toronto since the 1950s, Hullmark has built a legacy of finding opportunities where others do not. We believe and are inspired by the neighbourhoods we invest in, and call home. We are committed to best-in-class design, long-term ownership, social impact, and environmental stewardship. Our flagship development is the Hullmark Centre at Yonge and Sheppard, a mixed-use urban-type community, and we have many successful developments across the downtown of Toronto, having a range of sizes from smaller infill sites to larger mixed-use communities.

Ontario is in a housing crisis and the proposed PPS contains several policy tools to remove regulatory barriers to getting more homes built. We support the removal of Provincially Significant Employment Zones (PSEZ) and the Municipal Comprehensive Review (MCR). While both are well-intentioned and useful policy tools, the unintended consequences have had significant impacts on the timely ability to deliver the housing Ontarians need.

For example, residential and non-residential portions of our developments are required to come online simultaneously despite different timelines and financial constraints on either of these portions. Instead, it would be easier for us to bring residential online at the high density required to meet the housing crisis if the non-residential portions could be phased to a time when costs of construction may be recouped by sale of residential spaces.

Definition of Employment Areas and Office Conversions

Hullmark is encouraged to see the removal of office uses from the definition of employment areas and shifting strategic protection to the key economic drivers of manufacturing,

warehousing and goods movement. We understand transition policies are proposed in the City of Toronto to capture existing office uses into the new definition of areas of employment. We are concerned that it may cause confusion without broader clarity on permitted uses within employment areas and specificity on which land uses count as 'areas of employment. This may result in large swaths of land unintentionally becoming legal non-conforming. Well-crafted transition policies have the potential to unlock the ability to deliver more much-needed housing in areas where housing development was previously not permitted, but these require careful consideration.

After the COVID-19 pandemic, the nature of office work and the office space market have shifted drastically. Today, historically high office vacancies combined with a substantial demand to work from home have created a devaluation of anything but the most prime, Class A office space. As a consequence, demand for Class B and below office space has plummeted, leaving a significant amount of office space vacant for the foreseeable future. Converting that surplus office space to residential uses presents a significant opportunity to help achieve the housing targets your government has set, and Ontarians need.

Policy 2.2.b.2 already permits and facilitates the conversion of other spaces to residential uses: “*all types of residential intensification, including the conversion of existing commercial and institutional buildings for residential use.*” While Hullmark supports facilitating all types of residential intensification, we feel that the current policy could go further to incentivize the kind of intensification necessary to meet your ambitious housing targets and alleviate the housing crisis. With historically high office vacancies and decrease in demand for Class B and below office space, now is the time to unlock these spaces for housing development. We propose the following policy language to truly capture every type of residential intensification possible in Policy 2.2.b.2:

“all types of residential intensification, including the conversion of existing commercial, **office**, and institutional buildings for residential use, development and introduction of new housing options within previously developed areas, and redevelopment which results in a net increase in residential units in accordance with policy 2.3.3;”

Facilitating the conversion of vacant office space into housing is a sustainable and quick way to make use of existing resources. Office to residential conversions is a wise policy option that creates less construction waste and represents a lesser burden on municipal servicing than sprawl.

Regards,

Charles Arbez
Director, Development
Hullmark

cc: *Mr. Ryan Amato (Ministry of Municipal Affairs and Housing)*
Ms. Kirstin Jensen (Ministry of Municipal Affairs and Housing)
Ms. Alexandra Earthy (Ministry of Municipal Affairs and Housing)