

SUBSCRIBE

LOG IN

CANADA WORLD BUSINESS INVESTING OPINION POLITICS SPORTS LIFE ARTS DRIVE REAL ESTATE

# For Toronto’s poor, the Palace Arms has been their castle – now, a new condo looms

NICHOLAS KÖHLER

SPECIAL TO THE GLOBE AND MAIL

PUBLISHED JUNE 22, 2018

PUBLISHED JUNE 22, 2018

This article was published more than 2 years ago. Some information in it may no longer be current.

0 COMMENTS

SHARE

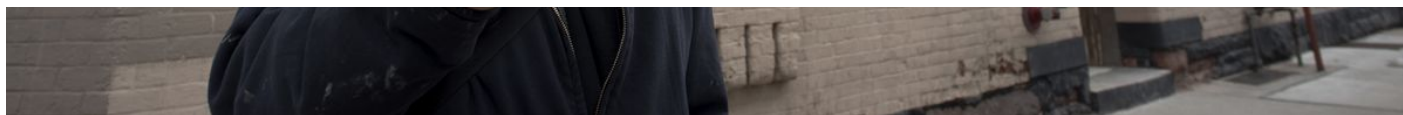
TEXT SIZE

BOOKMARK



Get full access to [globeandmail.com](https://www.globeandmail.com)  
JUST \$1.99 PER WEEK for the first 24 weeks





Donald Myette, a former manager at the Palace Arms Hotel on King St. West in Toronto, is photographed outside the building on April 19, 2018. 'There'd still be 50 people living there if it weren't for me,' Mr. Myette said recently.

FRED LUM/THE GLOBE AND MAIL

When it opened its doors in the 1890s, the Palace Arms Hotel looked out at the sprawling bustle of the Massey-Harris manufacturing complex, just west of Toronto's downtown.

Today, the factory buildings and their workers are long gone, and the faded gables and turrets of the old Palace Arms look out instead onto a King Street West lined with mid-rise condo and office buildings, and a very different kind of bustling urban life.

Over the years, the Palace, at the northeast corner of Strachan Avenue and King West, evolved from hotel and tavern into rooming house. As such, it has been home to some of Toronto's most socially and economically disenfranchised residents – poor men who often struggled with drug and alcohol problems and mental illness.

A campaign to empty the rooming house ahead of its sale last year reduced the number of tenants from almost 100 to 14. Now, the remaining men can only wait as the city and the developer who has bought the place battle over who will take care of those left behind.

Rod Bell, the Toronto developer who purchased the Palace Arms last July, has plans to erect a 16-storey high-rise anchored to the preserved heritage building.

"It's a heritage property with lots of character but in terrible physical condition," Mr. Bell wrote in an e-mail, adding that it is his intention to "restore it back to grandeur ... The bricks alone have several layers of paint that will need to be meticulously removed."

The circumstances surrounding the sale and purchase of the Palace, and Mr. Bell's management of previous real-estate deals involving marginal properties in nearby Liberty Village, provide a glimpse into what happens to Toronto's most disenfranchised residents during gentrification.

With the Greater Toronto Area's overall vacancy rate languishing at 1.1 per cent, and affordable housing increasingly scarce, the purchase of the Palace left a sprawling rooming house nearly empty during a winter of record-breaking cold and packed shelters.

Get full access to [globeandmail.com](https://www.globeandmail.com)  
JUST \$1.99 PER WEEK for the first 24 weeks



But Mr. Bell argues that the buildings are no longer fit to be lived in, and that his company means to fix that.

“In its present condition the Palace Arms should not have a major role housing people,” he wrote. “The majority of the building does not meet current health, fire and safety standards.”

Mr. Bell said that after he bought the site he offered to allow the city to continue running the rooming house, or to use it as a temporary shelter during the winter deep-freeze, but that the city declined.

The Palace was never a shelter, but it did offer a low-income option for housing: around \$200 a week, or \$700 a month, for a stuffy room with no bathroom or kitchen, all painted a drab industrial beige.

Some of the 14 remaining tenants have lived in the building for years. Three are in their 70s. One attends mass daily; others gather to chat over Tim Hortons coffee most mornings at the gas station across the street.

Mr. Bell has said that the remaining tenants are welcome to stay, adding: “Not one has left since we took over.”

It was one of these tenants, Geoffrey Thomerson, who first told city staff of the problems residents were facing at the Palace. Mr. Thomerson, 59, is a former sailor. He moved into the Palace about 10 years ago, after a TTC bus ran him over and he found himself in precarious financial circumstances.

“It’s funny, everybody looks at it as a fall, but for me it’s not,” said Mr. Thomerson, a small man who walks with a limp. “I used to make good money, big money. That I don’t miss in a heartbeat. Now I do what I want.”

Mr. Thomerson and other tenants say the trouble began under the ownership of Bernard Tishman, an older man whose family had been in the rooming-house business for decades. They say that early last year, ahead of selling, Mr. Tishman started offering tenants the choice of three months’ rent-free living, or the equivalent value in cash, in exchange for signing a legal agreement to terminate their tenancies.

For many at the Palace, that cash offer – typically around \$2,000 – proved irresistible.

Mr. Tishman's incentive was the smallest allowed under the provincial Residential Tenancies Act, which in cases of conversion or demolition of larger rental complexes requires that landlords give tenants four months' notice and three months' rent.

"Everything was done with lawyers and within the law," said Mr. Tishman, who acknowledged the arrangement. "They were satisfied at the time, everything was settled."

About 80 residents accepted. One, a man with an alcohol problem, moved directly to a park down the street and slept there for a month before disappearing, Mr. Thomerson and another tenant say.

According to tenants, Mr. Tishman left the job of encouraging the men to leave up to 57-year-old Donald Myette, then the manager of the Palace.

"There'd still be 50 people living there if it weren't for me," Mr. Myette said recently.

Mr. Thomerson is among a group of residents who filed a Landlord and Tenant Board harassment complaint against Mr. Tishman, who ultimately settled.

"When they saw the property was going to be sold, they really had no choice; so, in order to satisfy everybody, my lawyers agreed it would be best to settle," Mr. Tishman said.

The tenants allege Mr. Myette used a variety of harsh tactics to encourage their departures – that he threatened them, banged violently on doors and walls and talked some men into leaving for rental situations they could not afford.

Mr. Myette denies the accusations, and attributes them to rancour that developed when, in the course of his duties, he sought to maintain order at the Palace.

"I was hired to protect the tenants," he said.

By the time Mr. Bell bought the Palace Arms – for \$13.4-million, down from an earlier offer of \$14-million – only around 14 men still lived there, including Mr. Myette, who was also a tenant at the time.

At a Landlord and Tenant Board hearing in October, held because Mr. Bell had applied to have him evicted, Mr. Myette agreed to walk away from the Palace in exchange for an abatement of rent totalling \$17,600, according to the order. (Mr. Bell said the settlement, which Mr. Myette

“For the safety and welfare of the remaining tenants, we felt it best that Mr. Myette not remain.”)

Today, the tenants complain that no toilet paper is supplied, that the facilities are inadequately cleaned, and that renovation work has created dusty conditions that make it hard for some of them to breathe.

But Mr. Thomerson and the rest stay because they cannot afford the alternatives.

The men have also received assurances from Toronto councillor Mike Layton that the city will seek to force Mr. Bell to compensate and rehouse them, including the option to return.

It's not a position the city had to take.

Under Toronto's municipal code, tenants displaced by development receive compensation and a “right of return” so that they do not bear the cost of growth. This, however, applies only to units that include kitchens and bathrooms. The Palace provides neither.

But a 2016 letter written by Jennifer Keesmaat, then Toronto's chief planner, notes the growing scarcity of affordable housing rooms, and says the loss of those at the Palace Arms would be “inconsistent” with provincial and city policy unless the existing affordable units were replaced.

The potential financial burden at the Palace has been much reduced because Mr. Bell inherited many fewer tenants than he might have otherwise. Some believe this is because of Mr. Tishman's and Mr. Myette's efforts to clear the place.

Mr. Bell has already dealt with tenants he acquired after purchasing other properties. In 2014, he bought 25 Liberty St., a complex of former industrial loft units, and soon sought to evict long-time residents there, saying they held strictly commercial leases.

Now, Mr. Bell's development application for that property, approved by city council in May, commits to rehousing eligible tenants in replacement units his firm must subsidize. At a community council meeting, local councillor Gord Perks suggested that this arrangement didn't come easily.

“At the very beginning of the process, the applicant attempted to illegally evict tenants,” he said. “I wish the law had some kind of clause attached to our rental retention policy that

Back at the Palace Arms, Mr. Thomerson said he has cleaned up his room to make it look like a condo as he awaits the day that the redevelopment gets under way. The hope, for Mr. Thomerson, is that whatever Mr. Bell builds there might also house him.

“Development is a number of years away,” Mr. Bell wrote of the issue of the outstanding tenancies, “but a comprehensive plan will need to be developed to ensure their well-being.”

That future loomed nearer in May, when Palace Arms LP submitted a proposal to the city for the mixed-use, 16-storey building, which architectural renderings show rising in a curve above the preserved Palace Arms – almost like a giant sail unfurled above King West.

But documents submitted in support of the plan also indicate that Mr. Bell intends to push back against the city's demands that he compensate and rehouse the tenants at the Palace, and replace all 89 or so of its rooms. The proposal says Palace Arms LP is under no obligation to do so, because without kitchens or bathrooms, the rooms there do not enjoy the protections of the city's rental-housing policies and regulations.

Instead, Mr. Bell's plan makes room for 28 studio units, on the second floor of the old building, that will be so small – about 225 to 440 square feet – that “they would be intrinsically more affordable.”

And even that plan, the proposal says, depends on the city's entering a quid pro quo with Mr. Bell. His planned tower is about 35 metres higher than the site currently permits. If the city wants replacement housing and tenant relocation, the documents submitted with the plan suggest, it must stretch the rules around what Mr. Bell will be allowed to build there.

Mr. Layton said the city will continue to seek rental replacement, relocation and right to return at the Palace, and added that he expected the matter would end up before the Local Planning Appeal Tribunal, which recently replaced the Ontario Municipal Board, and would act as arbiter to decide who, if anyone, is responsible for the men remaining at the Palace Arms.

#### RELATED ARTICLES

**Last call at the Palace Arms: Developers covet the King West property, but where will its poor tenants go?**

JUNE 26, 2015

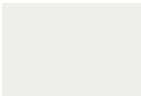
Get full access to [globeandmail.com](https://www.globeandmail.com)  
JUST \$1.99 PER WEEK for the first 24 weeks





# New condo developments roll on despite Toronto housing downturn

OCTOBER 12, 2017



FOLLOW US ON TWITTER  
**@GLOBETORONTO**

[REPORT AN ERROR](#)      [EDITORIAL CODE OF CONDUCT](#)

0 COMMENTS

[TERMS & CONDITIONS](#)   [COMMUNITY GUIDELINES](#)   [PRIVACY POLICY](#)   [DISCLAIMER](#)

[SUBSCRIBE](#)

[BUSINESS SERVICES](#)

[CONTACT US](#)

[READER SERVICES](#)

[ABOUT US](#)

© Copyright 2021 The Globe and Mail Inc. All rights reserved.

351 King Street East, Suite 1600, Toronto, ON Canada, M5A 0N1

Phillip Crawley, Publisher

Get full access to [globeandmail.com](#)  
JUST \$1.99 PER WEEK for the first 24 weeks



