

Toronto Star



Developer cancels Danforth condo ‘due to unforeseen circumstances’



By [Tess Kalinowski](#) Real Estate Reporter
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A Danforth Ave. condo is the latest in a series of residential construction cancellations to disappoint Toronto-area home buyers, who handed over deposits to Brampton-based DIAM Developments nearly three years ago.

They received letters this week telling them the 135-unit, 10-storey On the Danforth development was being terminated “due to unforeseen circumstances outside of DIAM’s control.”

A company statement cited unanticipated construction cost increases, delays and its lender calling in a construction loan.

“These circumstances ... have left us no option but to cancel the sale of the proposed units,” said the statement emailed to the Star.

DIAM is also the developer of Radiance, an Innisfil townhouse project that is supposed to be completed this year, according to the company’s website.

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On the Danforth buyers' deposits will be refunded, according to the Tuesday letter to the purchasers.









The cancellation came as a disappointment but not a surprise to Dave and Laura Wright, who bought a one-bedroom-plus-den unit in June 2016 for \$322,000 as an investment.

“The project had sold out 100 per cent and there’s actually a wonderfully deep hole at the site but I knew something wasn’t right when the occupancy date went from November 2017, to August 2018, to April 2019,” said Dave Wright.

They also noticed a crane that had been standing idle on the building site east of Woodbine Ave. disappeared in January. When Wright called DIAM, he was told that more information would be coming mid-March and then on Tuesday they received the cancellation letter.

Wright says buyers are owed more than a refund of their \$49,000 deposit — a loan on which they have been paying interest.

“(DIAM) had 100 per cent of sales so they’re sitting on millions in cash in their pocket. They’ve profited from just holding our money. They’ve expended quite a bit of money digging a hole but they still have the asset which is the land,” he said.

Wright said he wouldn’t be surprised if the same developer relaunched a project on the east-end site, which is in an area where other condos have sprouted up since On the Danforth launched.

Although he expects to look for another real estate investment, Wright said he doesn’t think he’ll find a property in the range of \$320,000.

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“There should be some sort of penalty — maybe not bankruptcy — but they should at least have to liquidate that site,” Wright said.

The province’s new home warranty provider, Tarion, has not received any complaints about DIAM, it said on Wednesday.

“Tarion is reviewing the circumstances surrounding the DIAM condo cancellation to ensure that it is in compliance with its obligations as a registered vendor,” said an email from a spokesperson.

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An update to its builder directory that will flag developers’ cancellation histories — something Tarion suggested last fall and the province promised last month — isn’t expected until the end of summer.

The project follows the cancellation last year of 17 condos with 4,672 units in the Toronto region — up from 1,678 units cancelled in 2017 and only 379 in 2016.

Pauline Lierman, director of market research for Urbanation, a company that tracks condo construction, says she expects there will be more cancellations this year but not as many as the area experienced in 2018.

“We’ve kind of flushed through a lot of the buildings that launched before the peak of 2017 so they didn’t capture the pricing they needed,” she said.

“We’re going to start to meter down to a normal level of cancellations,” said Lierman, who put that number at about 400 to 500 units a year.

Some On the Danforth buyers said the project launched when there were few options in the east end. But that has changed.

In the three years DIAM buyer Andres Vernall has been waiting for his one-bedroom-plus-den condo, the nearby Canvas building launched and is nearing completion.

He said he chose the Danforth project because, “I wanted to get out of downtown, I really wanted more of a neighbourhood vibe.”

But on Wednesday, Vernall said, “It’s been a letdown for me.” Next time, he said, he would buy a resale home, rather than pre-construction.

A spokesperson for DIAM Developments said the circumstances surrounding On the Danforth won’t impact its other projects.

DIAM is the sister company to Shyamora Luxury Homes, founder Moninder Khudal said in a June 2017 interview in CondoLife magazine.

Among last year's terminated projects were the giant Cosmos towers by Liberty developments and Gupta Group's Icona condos. Buyers in those projects are pursuing compensation for lost property appreciation through the courts. Another condo, similar in size to On the Danforth, was also cancelled in Georgetown late last year.

Tess Kalinowski is a Toronto-based reporter covering real estate. Follow her on Twitter: [@tesskalinowski](https://twitter.com/tesskalinowski)