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Condo developer Freed slapped with \$6.5-million lawsuit

King West condo owners allege Freed Developments did not keep its promise to hire award-winning designer Munge Leung.



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Lawyer David Shiller (left) and condo buyer Aaron Crangle with the King Street W. condo building in the background. Condo developer Peter Freed is the target of a \$6.5 million lawsuit by disgruntled buyers.

By: [Rachel Mendleson](#) News reporter, Published on Tue Apr 14 2015

Prominent Toronto developer [Peter Freed](#), known for partnering with top designers on his condominium projects, is lauded on his website for crafting “a community of design-centric buildings.”

This was the vision articulated in the marketing materials for Six50 King, which listed award-winning designer Munge Leung as part of the “dream team” that would create a “luxurious” new development “drenched in designer details” in the heart of the [King West strip](#) Freed helped to transform.

But in a \$6.5-million lawsuit against Freed, condo owners at 650 King St. W. and the attached building at 95 Bathurst St. allege that Munge Leung did not, in fact, design Six50 King.

Instead, the lawsuit alleges, the units and common areas “were built, designed and furnished without luxurious and high-end style finishes and furniture and in a materially different and inferior manner” than the developer had promised.

The owners are suing for misrepresentation, breach of contract, construction deficiencies and unjust enrichment, among other allegations. None of the allegations has been proven in court.

Critics say the case illustrates the lack of protection afforded to condo owners when developers' promises, made during pre-construction, fall through. The pre-construction phrase is often years ahead of the move-in date.

Officials at Freed, which recently announced a partnership with Chanel's Karl Lagerfeld to design the lobby in the Art Shoppe Lofts at Yonge St. and Eglinton Ave., declined to comment for this story.

In a statement, Danny Roth, a spokesman for the partnership group, said, "While we believe the claim is without merit, we also believe that it is not appropriate to discuss this through the media."

Tricon Capital, which "jointly developed Six50 King," according to the lawsuit, is also listed as a defendant, and declined to comment.

Munge Leung is not named in the lawsuit. Kasia Chalas, a spokeswoman for the design firm, said in an email that, "this matter has nothing to do with Munge Leung."

As of Tuesday, no statement of defence had been filed, according to lawyer David Shiller, who is representing the owners of Six50 King's approximately 200 units.

Condo board president Aaron Crangle, who moved into his two-bedroom unit in Six50 in fall 2012, says he wants to send a message to developers to "live up to their end of the deal."

Strong demand for condos "shouldn't allow developers to wiggle out of doing what their representations were," said Crangle, 46.

"This is people's homes that they walk through every day. Shouldn't they have the sort of finishings that they expected from the developer?" he said.

Crangle, who bought his place in July 2007, said he was impressed by Freed's reputation in the King West area and the partnership with award-winning Canadian interior design firm Munge Leung.

"The description of Munge Leung sounded incredible. We were excited about their involvement," he said. "That's the King West style that was emerging, and it sounded like a great fit."

The lawsuit alleges that Freed included Munge Leung in the marketing materials "to take advantage of . . . Munge Leung's world class reputation . . . in order to distinguish Six50 King from other condominium developments . . . and reinforce Freed's brand of 'design-based development.'"

Under the Condominium Act, which is currently under review by the provincial government, developers must give buyers notice of any "material changes" to the agreement, to give buyers an opportunity to back out.

But Crangle alleges that didn't happen in this case. Instead, the condo owners discovered in June 2014 that Munge Leung allegedly did not design Six50 King, according to the lawsuit.

On a recent visit to the development, Crangle shook his head at the long, barren hallways with scuffed white walls and simple grey carpeting. The tile in the central courtyard is cracked, and he says the fountain had to be turned off because it was leaking into the underground parking garage.

"We expected more," he said.

By not hiring Munge Leung, the lawsuit alleges, Freed and Tricon "saved the expense of retaining a high-end interior developer and delivered a lesser product."

Lawyer [Ted Charney](#), who is currently representing condo owners in other disputes with developers, says this case is “a new twist on a recent theme.”

“Developers promise the moon at the pre-construction stage using glossy advertising campaigns . . . and they take your dollars based on those promises,” he said.

Because these changes are often made years after the condo has been purchased, and the unit has appreciated, Charney believes owners should have other remedies available to them besides backing out of the purchase.

The condo owners at Six50 King, Crangle says, are simply interested in beautifying their homes. The damages sought, he says, are intended to cover the cost of hiring Munge Leung “or another designer of equal calibre” to bring the common areas and elevators up to the standard they were expecting.