

WHAT CONDO DWELLERS ARE READING



CONDO FEE INCREASES IN 2023

Lessons from 2022

Start off January on the right foot. Brace for the worst and hope for the best.

It comes as no surprise that condo fees must increase to cover the increasing cost of materials, services, products and staff. 2022 saw unexpectedly high inflation and cost increases arising from product shortages and delivery problems.

CONTINUED PAGE 4 ...

FROM THE EDITOR

Happy New Year from **Toronto Condo News**.

2023 will be a challenging year as communities replenish drained operation and reserve funds from higher than expected 2022 expenditures while preparing for more of the same this year.

Start the year on the right foot by identifying higher costs and those likely to increase in 2023. Create a budget ensuring these increases are a one-year blip.

Communities failing to recognize the new cost structure in their budget will have greater challenges, prolonged internal conflict and difficulty in paying bills. Opportunities to identify cost savings and where waste can be trimmed will be missed.

Condo Fee Increases in 2023 - Lessons from 2022, our feature article this month, can get you started.

A PEEK

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You have condo challenges and they have the answers.
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TSUNAMI OF RETURNS

That [Tsunami of Packages](#) which **Toronto Condo News** reported on in November 2020 gives rise to a tsunami of returns.

High-rise communities spend an estimated \$20,000 to \$50,000 per building per year to receive packages. What happens when unwanted items are returned?



You open that package, decide you don't want it, and send it back ... for free. Most items can no longer be sold as new or at regular price. The retailer pays shipping costs and deals with the loss of reselling or destroying returned items.

An employee must open your returned item, inspect it for damage and ensure it works. Opened boxes cannot be returned to shelves alongside new and unopened items.

Retailers resell what they can. Amazon Warehouse is a marketplace for refurbished products. Walmart offers a similar clearance section for returned items. For items it doesn't make sense to resell, liquidation warehouses are the destination. These operations buy returned products from retailers at a discount. Employees sort and organize large volumes of returned items by categories which include personal care products, clothing, toys, board games, kitchen appliances and electronics.

Items are resold to outlets, discount retailers and smaller business operations. Some have their own stores. Others sell to consumers on Kijiji, eBay or Amazon at less than retail prices.

Items that cannot be sold, at least 25 percent of all returned items, end up being destroyed, burned or in landfill.

The cost of returning items is high.

CONDO FEE INCREASES IN 2023... CONTINUED FROM PAGE 1

These financial challenges are unlikely to moderate until at least late 2023.

Cost increases for maintaining high-rise and condominium communities are considerably higher than the "official" consumer inflation which is about seven percent. This higher rate and impact on condo budgets are discussed in [Impact of Inflation and Higher Interest Rates](#) in the **Condo Archives**.

CondoNexus has analyzed data from 36 electronic budgets reviewed in 2022 for condominium communities throughout Toronto and the GTA. This data is consistent with earlier estimates and suggests that condo fees will likely rise substantially in 2023.

Condo budgets increased by an average of 6.7 percent in 2022. This matches the 2022 consumer rate of inflation but is far less than the 26.6 percent rate on construction-related activities as of Q2 2022. Communities will have to increase condo fees, seek cost efficiencies, or reduce maintenance and services to avoid financial difficulties.

In 2019, **Toronto Condo News** published [The Cost to Manage a Condo Corporation – A Quality Condo Revenue and Expense Statement](#) which included a typical Revenue and Expense Statement for a high-rise condominium corporation. With expenses changing so much in 2022, and continued changes in 2023, now is a good time to compare your current expense allocations with this statement.

Reserve Fund Impact

Reserve fund allocations were found represent 26.7 percent of an average condo budget, which is less than the 33 percent allocation suggested in [The Cost to Manage a Condo Corporation](#), and increased an average of 8.7 percent in 2022. With

the cost of reserve fund items increasing by nearly 30 percent in 2022, higher costs should be reflected in each community's next reserve fund study and may require condo fee increases of 15 percent or more to maintain current levels of maintenance, staffing and services.

Among individual line items in the condo budget, gas and insurance have seen the greatest increases.

Gas Costs on the Rise

While condo units may not directly rely on gas, it is required to provide heat and hot water. Gas costs increased by an average of 19.9 percent in condominium communities and averaged 5.8 percent of the condo budget in 2022. The cost of gas is expected to continue increasing at an above average rate throughout 2023 because of shortages throughout North America.

Insurance Premiums

Insurance premiums were found to have increased 9.5 percent and represent 4.7 percent of the 2022 condo budget. Insurers continue to leave the residential high-rise market citing lack of profitability due to property losses. Water issues and more severe weather are causing more damage in communities. Insurers remaining in the market are raising premiums and deductibles to cover these costs. Communities are seeking to control costs by increasing their deductible, installing water detection systems and conducting plumbing audits.

Indications are that cost pressures on condominium corporations are unlikely to slow down until at least late 2023.



THE CONDO BOARD IS NOT A LANDLORD



Many have an unclear understanding of how management of their condominium building operates.

They may choose not to read their governing documents; declaration, by-laws and rules, or the Condo Act. They fail to understand the importance of these documents and choose not to pay a lawyer to have them explained. Many come from a rental environment, or single-family home and possibly living on their own for the first time, and assume condominium living is no different.

In a condominium corporation, owners are responsible for everything going on in their unit and team up to assume shared responsibilities. They elect a board to make decisions on their behalf and oversee these shared responsibilities. A condominium manager is employed to manage the property.

The condominium manager is not a landlord and the board does not exist to serve owners individually. The board represents the community as a whole and the condominium manager reports to the board. Owners have no right to contact the

board or management about anything they desire. They do not have the right to interact with corporation vendors including a gardener, attorney or accountant. In communities where this is not enforced, vendors may choose not to work with the corporation. The board does not resolve personal problems.

Many repairs addressed by a landlord are the responsibility of an owner in condominium living. This includes leaking faucets, damaged light

fixtures, duct cleaning and window caulking. Anything within the four walls of a unit is generally the responsibility of the owner or their tenant. Anything done within these walls affecting common areas or other units is a problem.

The condominium manager is not a landlord and the board does not exist to serve owners individually

The cost of not understanding governing documents, or thinking the rules don't apply to them, is unpleasant surprises. Ignorance is not an excuse when it comes to pets, noise, renovations and other matters. It can be quite expensive when the corporation enforces its governing documents, as expected, to protect other owners.



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THE PUSH FOR DIGITAL



Leveraging technology is driving change in high-rise and condominium living to reduce costs and improve efficiency. While impacting on all areas of building and community management, and operations, it is most evident in technologies to facilitate communication.

Traditionally, high-rise communities have been slow in adapting to digital technology. Covid pushed communities to act quicker and be more responsive. This requires an understanding of the benefits to adopting digital communication technologies.

Technology is a necessity. The choice is remaining in the digital dark ages unable to address management and resident concerns, or adopting more efficient technologies and systems. These technologies must be cloud based if there is a need to access information and systems from multiple locations while maintaining flexibility and responsiveness. Improving transparency, better communication with residents, and being more effective is virtually impossible without this leveraging of technology.

Some communities closed their management office during the pandemic without offering residents an effective way to reach management or directors. Those with current technology were able to maintain communication during this period.

Announcements

E-mail, the most commonly used technology for direct communication, is not enough. It is neither timely or effective in an era when many don't see or read much of what they receive via e-mail. There is a need to communicate in multiple mediums including text messaging and automated phone calls to ensure announcements are noticed. When it is necessary to know if or when an announcement has been received by specific individuals these technologies are effective.

Digital display screens in elevators and lobby areas are effective because they push announcements to residents and make them more noticeable.

Discussion Forums

Residents desire a way to connect among themselves. When not offered through the condominium corporation, residents will establish a forum for themselves. Management has no control over the forum, may even be excluded from it, and no way to know what is being discussed or ability to address valid concerns. It can be more effective to establish a discussion forum the corporation can monitor and respond to resident concerns. By disallowing anonymous postings such groups become more popular, professional and collaborative.

Service Requests

Service requests coming through the concierge, visits to the management office and e-mail are

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THE PUSH FOR DIGITAL... CONTINUED FROM PAGE 7

difficult to manage from a workflow perspective. Far better to have a single submission system (electronic) that automatically links each request to the submitter, keeps it active until a matter is resolved, and allows management to keep the resident updated. This makes it easier for management to stay on top of everything while also providing access to historical information useful for effective building management.

Deliveries

Package deliveries is one of the more popular benefits in high-rise communities. During Covid many viewed package deliveries as an essential service. Residents need to know when packages are received so they can be retrieved. This requires each package to be recorded as received, residents notified of availability for pick-up, and recording who retrieved it. The alternative is to have no records when a package has not been delivered to the recipient, or spending time looking for records each time a package is misdelivered, lost or misplaced.

Amenity Bookings

Elevators, fitness equipment and meeting rooms require coordination. Amenity bookings allow management complete control over bookings and accessibility.

Residents can check the booking calendar for elevator availability and

reserve one as needed. In the exercise room, reserving equipment is convenient in that it eliminates people waiting in a crowded space for access. Times can be closed off for cleaning. In response to Covid it may be necessary to “shut down” some equipment to facilitate physical distancing, or to trace and notify others in the event of infection by accessing reservation and use logs. Bookings can be cancelled or refused when equipment is in need of repair.

Amenity booking systems allow for all of this to be handled seamlessly including recording of fees, deposits and refunds.

Most digital communication technologies are available through integrated packages such as [BuildingLink](#) and [UpperBee](#) combining all offerings.



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THE GRAND DELUSION

Recycling has been a lie. The belief is that most of the plastic packaging we clean and separate, deposit in the blue box or recycling bin, and gets picked up by a waste collection truck gets turned into something new.

This fiction makes us feel good.

High-rise communities have heavily invested in this fiction. Tri-sorters for segregating recycled items, dumpsters and waste bins for storing recycling, and staffing to sort and manage requires time and money. Residents rinsing out containers before depositing in recycling is a wasted resource. Communities support the system because they believe in recycling. An added incentive is “free” pick up of waste by the city. Knowledge that the system is ineffective makes it harder for communities to trust that any future system is deserving of support.

The vast majority of plastic packaging in Canada never gets recycled. Most of it ends up in landfills or burned for fuel.

The vast majority of plastic packaging in Canada never gets recycled. Most of it ends up in landfills or burned for fuel. Only an estimated 12 percent is sent for recycling. Even less is turned into something new.

Plastic bottles and rigid plastics are more easily recycled than most other

plastics, and have a greater chance of being turned into something new. Only about two percent of the film bags and plastics used for packaged meat are recycled. Plastic from the blue box and other sources are overflowing landfill, leaking into the environment, blocking waterways and getting stuck in trees. Nobody knows what to do with the growing volume of plastics entering the recycling program.

Consumers have done their part to facilitate recycling because it is good for the environment. They have trusted that government has been doing their part. We now know that government has not only failed in their role but spends lavishly to maintain the façade.

Some items are effectively recycled - paper, glass and metal containers despite the impediment of 240 municipalities each creating their own rules. These rules should not differ when one is at home, work, or just out for the day.

One of the problems is that the blue box collects less paper than in the past, and much more plastic. Plastic is more complicated to recycle, costs more



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THE GRAND DELUSION... CONTINUED FROM PAGE 9

and has fewer buyers. In 2020, municipalities that once sold their recycling were now paying to have their plastics picked up and disposed of. While Toronto claims that 67 percent of the plastics they collect from blue bins is recycled, we were actually shipping these items to China. The actual number is probably closer to two percent. Today, China no longer accepts imports of scrap plastic so we are likely burning what was once shipped overseas to be burned.

The problem of single-use plastics, which are inexpensive and versatile, will not disappear until a more effective solution exists.

A More Streamlined System

The current system requires each municipality to run its own blue box program and pay half the costs. The other half is paid for by manufacturers, retailers, franchise holders and other companies – collectively known as “product stewards” - that introduce packaged products to the marketplace. Next summer, a new system is to come into force for Toronto. The system will be set up and paid for by the stewards. In place of the current hodgepodge of rules, every household and individual in Ontario will be dealing with a single set of rules. Recycling systems should become more efficient and economical with everyone operating under this single set of rules.

Recycling can be effective and our success with paper proves this. All efforts to recycle plastic have failed making it reasonable to assume that plastic recycling does not work. Pretending that it does work has been ineffective and costly. Deluding ourselves that it can be recycled, at considerable cost in time and money, is no solution.

Some believe the solution is for manufacturers to

reduce their use of plastic for packaging, with or without government legislation, and that there should be fewer single-use plastics on the market by 2030 including all types of single-use plastic food serving products and those ubiquitous water bottles. We should be using more real dishes and washing them between uses. Food services should be making greater use of reusable dishware.

Beyond this, expectations are that the federal government will continue to ban the use of single-use plastics, and will eventually legislate use of recycled product in new plastics. The combination of these initiatives will likely increase product costs while moving closer to a balance between plastic used by consumers and its being recycled.

Without a solution, Ontario is expected to run out of landfill space by 2032. With other countries unwilling to take our plastic trash, the stakes are high if no solution is found.



ODOUR PROBLEMS WHEN SMOKING IS ALLOWED

High-rise communities where smoking is allowed have enforcement challenges when actions in one suite affect other suites or common areas.

It cost one Greater Toronto condominium community \$150,000 to unsuccessfully prohibit smoking in one suite. The resident was a long-time smoker in a community allowing in-suite smoking. Complaints about his smoking were resolved in 2015, then new complaints were made in 2017 at which time the corporation “required” him to stop smoking without updating governing documents (which would require a vote by owners). The individual moved out. A resulting court action held the condominium corporation financially responsible for their actions.

The corporation filed a lien to recover legal costs of about \$25,000. The final ruling required them to pay the owner’s legal costs of \$113,340 in addition to their own expenses.

No hard and fast rules exist about smoking in condo communities. Some allow smoking in shared and private spaces. Others prefer to prohibit smoking. Some communities only allow smoking in suites. It falls on the condo board to decide which approach is best for their community. If there is a need to revise governing documents, a vote of owners may be required. Communities failing to address smoking in their by-laws or declaration may find courts unsympathetic when those choosing to smoke become a problem for other residents or cause damage to common areas.

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RESERVE FUND LEVELS

Reserve funds are only as good as the calculations used to derive their value.

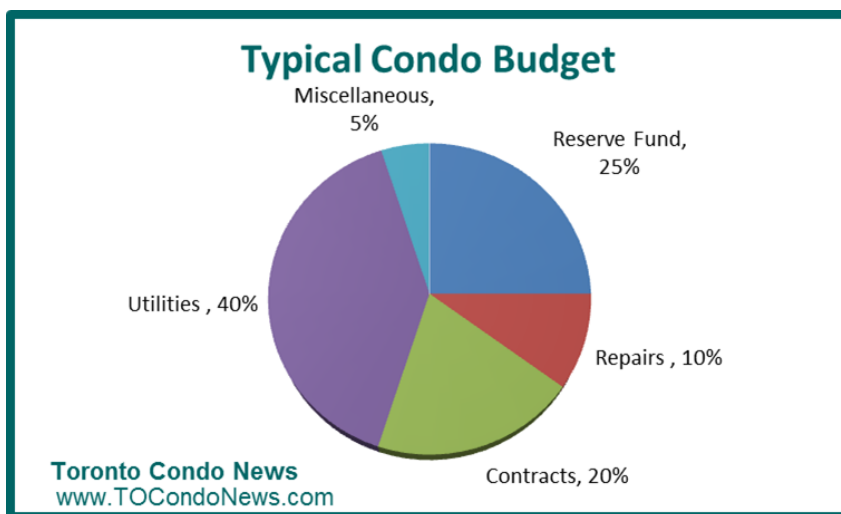
It is not uncommon for a reserve fund to be established at a level of 10 percent of condo fees. The formula may remain stable for a number of years or increase based on general inflation rates. This becomes a recipe for disaster virtually ensuring future problems and dramatic fee increases.

Choosing a percentage value of condo fees, while sufficient for complying with certain requirements, does not ensure there are sufficient funds to meet ongoing expenses. Manipulation of assumptions, from incorrect inflation or interest rates to failing to recognize all future expenditures at a reasonable level, contribute to continued underfunding.

“The only correct way to maintain a reserve fund is to base it on a reserve fund study continually updated to reflect changing circumstances and current information” explains Henry Jansen of [Criterium-Jansen Engineers](#) which specializes in conducting reserve fund studies. “That initial reserve fund study prepared for a new community

is likely to undergo dramatic changes as omitted items are added and people live their lives. This is the only way to ensure funds are available when major capital projects become necessary while continuing to fund ongoing equipment and system replacements along with operational repairs and maintenance.”

More typically, reserve fund contributions for a stable community can represent 30 to 40 percent of condo fees when the operating fund is maintained without a deficit.



ODOUR PROBLEMS WHEN SMOKING IS ALLOWED... CONTINUED FROM PAGE 11

Condominium corporations can require owners to take reasonable measures to ensure smoke and odour does not emanate from a suite into common areas or other suites.

Without a documented smoking policy, condo communities will at some point be challenged to deal with, or defend their approach to, smoking complaints or problems.

BEHIND THE TECH CURVE

Condo Elections



Nowhere is it more evident that condominium corporations lag in technology adoption than in how elections are managed.

Providing one's e-mail address is considered acceptable for receiving e-mail communication EXCEPT in the condo world where specialized consent is required. The cost of administration, printing and distribution of notices is an unnecessary burden if providing an e-mail address is, as is elsewhere, acceptable for receiving e-mail communication. Communities currently maintain updated e-mail communication lists but refrain from using them for disseminating legally mandated notices and material, much of which is more conveniently read and stored in electronic form.

For electronic voting, the Condo Act requires a virtual meeting and electronic voting by-law. Communities with such poor meetings attendance fail to meet quorum. If the goal is to encourage owner participation in management of their home, and to participate in voting, this is unlikely to be achieved by requiring a by-law

before adopting popular technology. It makes more sense to allow quorum to be obtained by those present both in-person and electronically.

The proxy form is unnecessary when electronic voting allows everyone to vote at their convenience from any location. While some jurisdictions have eliminated the requirement for a proxy form, Ontario requires condominium corporations to complicate elections by requiring this form to be maintained despite its increasingly limited value.

As technology continues to evolve, condominium management would be simplified if technology adoption is based more on practicality than outdated regulations.

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SECURITY LIGHTING GETS AN UPGRADE

Security lighting, intended to provide lighting to dark areas making them safer and less prone to crime, is receiving an upgrade.

GE Current, a company that sells intelligent lighting and energy management systems, has added a digital component to lighting being implemented by municipalities.



When widely implemented, these intelligent lighting systems are a digital network which can be financed by energy savings from LED lights. They incorporate air quality sensors; and cameras that can monitor area activity by pedestrians or vehicles,

unsafe driving and parking infractions. An audio device can be incorporated to detect gunfire, estimate its location and notify 911. Video footage can be stored for a period and used in investigations.

This upgraded intelligent lighting may offer the technology for connecting electric devices throughout the home using a light-based internet or Wi-Fi connection.

In the home this would offer an enhancement to current intelligent lighting. Sensors in lights can provide data to determine alertness and automatically adjust lighting when attention wanders, or turn off lights when a room is not in use. Wearable devices monitoring your status may

connect to light sensors with the data being used to adjust light levels. Sensors in lights can automatically monitor and control temperature levels throughout the home and readjust as you enter or exit.

Today, smart thermostats controllable over the internet are available. Building management systems companies are exploring how HVAC systems and security can be integrated with lighting networks. LED technology may serve as internet access, and connect electronic devices from mobile phones to wearable devices such as FitBit, television or refrigerator. The television may turn on as you near it. Your refrigerator can be made "aware" of its contents and inform you of what is needed through your mobile phone while shopping.

Security lighting systems are currently available to municipalities. Versions of this technology will likely be available to high-rise communities as costs decrease.



WATER LEAK ACCIDENTS

You purchase a clothes washer or dishwasher that gets installed incorrectly. A tube pops off and water leaks through the floor to the unit below. No water sensor systems were installed. There is no visible evidence of a leak until the frantic owner below calls about water leaking through their ceiling.

The owner below does not have insurance and asks to split the repair costs. Agreeing to do so would maintain a good neighbour relationship and sounds fair since the owner above caused the damage.

The owner below chose not to maintain insurance covering accidental water damage. He was delinquent in his obligation to protect his home and the home of his neighbours.

There may have been hidden damage to common areas between floors that also needs to be reported and repaired.

The best approach

is to report the damage to your insurance company and management office, then to immediately install water sensor systems to avoid a recurrence of this unfortunate situation.



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DELIVERING BAD NEWS

There comes a time when condo boards must deliver bad news. Fees may be increasing more than anticipated, a major renovation may be behind schedule or major infrastructure requires early replacement.

Delivering bad news is neither easy or enjoyable. Doing it properly reduces anger and frustration while building trust. It all depends on timing, content and tone.

Timing

Bad news should be delivered as quickly as possible. This prevents others from trying to control the story and framing it in a way that makes the board or management look bad.

Some prefer to wait until all details are available. Delays create an absence of information vacuum where owners make assumptions that are shared with others. Once this starts it is difficult for a board or management to gain control of the message and refute incorrect information without appearing defensive. A false narrative will appear more credible than what comes later.

It is better to share what you know and promise to share additional details as they become available. Be sure to live up to this promise.

Content

Bad news should be shared clearly and openly. Don't hide it in a general or broader communication. Be sure to address questions others will have. Show that you care about

residents' right to know rather than protecting yourself and any legal liability.

Present the facts and their direct impact in a straightforward manner. Explain the situation in simple terms without placing blame or being defensive. Provide answers to anticipated questions. Explain what is being done to improve the situation.

Tone

Written communications should be easy to read and as if they come from a concerned neighbour rather than a condominium manager, board member or lawyer. Keep paragraphs short with text of a reasonable size and readable font. Keep the tone neighbourly, respectful and empathetic.

Periodic bad news is inevitable in most organizations including condominium communities. Delivering this information quickly, clearly and empathetically engenders trust while allowing the community to move forward.



APPROVING AND PASSING CONDO RULES



Condo rules are the third tier of governing documents after the declaration and by-laws. Rules are more flexible and address how we are expected to live in the community. They address various prohibitions and conduct in common areas.

Rules exist to make a community more pleasant to live in. Good condo rules are based on common sense and drafted with the best interests of the community in mind.

"Condo rules must comply with section 58 of the Condo Act" explains Andrea Lusk of [Gardiner Miller Arnold LLP](#). "They must relate to the use of units, common elements or assets of the corporation. Rules must be intended to promote the safety, security or welfare of owners and property, or prevent unreasonable interference with use and enjoyment of common elements or assets of the corporation. Finally, they must be reasonable. Rules cannot be inconsistent with the Condo Act; or the corporation's declaration or by-laws."


Process for Making, Amending or Repealing Rules


The condo board is required to approve any new, repealed or amended rule at a board meeting.


The board sends notice to owners about the rule. This notice must include a copy of


the proposed rule, its proposed effective date at least 30 days after the notice, a statement explaining the right to requisition a meeting and

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RETHINKING MINIMUM PARKING REQUIREMENTS

There was once a wide-held belief among city planners that buildings required a minimum number of parking spaces. In Toronto this thinking is changing.

Current thinking is that eliminating parking requirements could make communities more livable. During the pandemic parking spaces on the street were repurposed for patios and bicycle lanes. Many would like this trend to continue with additional uses to include more green space. On Yonge Street, north of Sheppard Ave., the City is thinking of removing one lane of roadway in each direction to widen sidewalks, create seating and possibly facilitate outdoor patios.

City parking requirements have not been substantially revised since 1986. Revisions would provide city planners with greater flexibility to make decisions as fewer teenagers choose to obtain a drivers' license and public transit continues to improve.

High-rise communities, without minimum parking space requirements, could become less expensive and more desirable. Parking requirements in a

multi-unit residential building, currently 1.2 spaces for each dwelling and intended to ensure each building supports its own demand for parking, assumes each unit will have at least one vehicle. In many communities this assumption is incorrect. The cost of parking is included in unit purchase and rental cost for both drivers and non-drivers. Many communities are required to create more parking than required and for all residents to pay for it.

Reducing access to parking is now viewed as promoting use of public transit, and reducing the need to create more roadways and commercial/retail parking. This space can be used for other purposes while reducing development costs.



APPROVING AND PASSING CONDO RULES... CONTINUED FROM PAGE 17

when the rule becomes effective. Copies of sections 46 and 58 of the Condo Act must also be provided.

If no meeting requisition is received within 30 days, the rule becomes effective the day after the 30th day or a later date if proposed by the board. If the board receives a meeting requisition within 30 days

of the notice, they must call a meeting to vote on the proposed rule.

Owners have the right to "amend or repeal a rule at a meeting of owners duly called for that purpose". This suggests that owners can amend or revoke (but not create) rules without board approval.

RECOVERING FROM LOW CONDO FEES

A 250-unit condominium corporation has had minimal maintenance for the past 10-15 years. Routine maintenance such as snow plowing and lawn cutting was done. Larger items such as lighting, painting, HVAC and elevator maintenance, underground parking area repairs and water issues have been ignored, deferred or patched. The focus has been on keeping costs and condo fees as low as possible per directive of the condo board. Newer owners are increasingly concerned about the backlog of necessary maintenance, repairs and upcoming building system replacements. Their reserve fund is nowhere near adequate for this level of expenditure and current condo fees are barely adequate for ongoing operational costs.

This fictional scenario, the current state of communities failing to maintain their properties and

choosing not to increase condo fees, is a significant challenge for any volunteer condo board. The first step is to acknowledge the problem and commit to fixing things.



CONTINUED PAGE 20



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RECOVERING FROM LOW CONDO FEES... CONTINUED FROM PAGE 19

Management Company

The condominium manager and management company work for the board. Determine if they were following directives by the board or are part of the problem. All they may require is to report to a board interested in fixing the problem and willing to follow their advice. If current management truly supports the status quo, it may be best to replace them.

Condo Fees and Reserve Fund

The corporation has reached this point by keeping condo fees too low and maintaining an inadequate reserve fund.

Develop a plan to fund operational expenses, necessary repairs and replacements, and fund the reserve fund. Condo fees should be set to ensure all recurring expenditures and maintenance items can be paid. An additional amount should be added to pay for the backlog of work that needs to be undertaken. Then add an additional 15 to 20 percent to rebuild the reserve fund. This surcharge can be eliminated once the reserve fund is properly funded and the corporation is on solid financial footing.

Owners will be upset at the increase in monthly condo fees, particularly if fees have not increased more than nominally on an annual basis for many years.

Communicate

Opposition could be fierce. Owners are unlikely to be thrilled with the prospect of monthly condo fees increasing by 20 percent or more. Angry people and boisterous meetings can be expected. Some will want to

blame the current board. Others will claim the increases are not fair, fraudulent or the result of mismanagement.

The best approach is to be open. Remind owners that their home is degrading because nobody has been paying their fair share for many years, and that the current board is committed to preventing problems from worsening while avoiding problems expected to occur if the status quo is maintained. Nothing can be done about the past but mistakes will be rectified. Explain the importance of regaining a sound financial footing, protecting their investment and prospering in the coming years. Doing otherwise will result in a declining standard of living and an inability to sell their home for top dollar when the time comes.

When the yelling dies down, the corporation will be stronger. The board will be respected for taking action, and better able to carry out its mandate of maintaining, protecting and improving the community.



SELLING TO THE CONDO BOARD



The role of condominium manager does not require a sales and marketing background. Their job is about getting work done rather than selling or communicating. To be successful, condominium managers need to be able to sell ideas and solutions to condo boards and residents if they are to obtain approvals, resources and funding.

“The job of condominium manager includes facility management which requires comprehension of technical and complex issues” explains Liron Daniels of [Nadlan-Harris Property Management](#). “What it takes to keep mechanical systems running is beyond the understanding of most condo boards. Being overly technical or detailed when presenting to owners and the board is of limited value if interest or understanding is lost. Better to explain a problem or failure in simple terms and include a story about how specific residents are impacted. Focus on direct benefits which include cost, comfort, environmental impact, risk and convenience. Technical details are usually unnecessary.”

The job of condominium manager is implementation and completion of tasks. An effective manager is equally accomplished at obtaining approval from senior management and strategy. In condominium management there is no training on how this is to be accomplished.

In a well-organized community service requests, complaints and comments are recorded electronically and classified by category. These classifications allow management to obtain monthly

or annual summaries adding clarity to existing and worsening situations. The role of manager is to reduce the frequency of these submissions by developing solutions, and point to the data as proof of what needs to be done and effectiveness of past efforts.

The best condominium managers have learned these skills through experience. They know not to react immediately. Best to think things through before speaking. They employ quality contractors and employees who can work independently which allows more time for strategizing, planning and seeking management approvals.

Condominium management is viewed as a cost to the corporation and owners. It is up to the manager to change this mindset by showing it to be a benefit. Those who are successful end up with a secure income, long-term employment and an enjoyable relationship with those they serve.





PRIVACY EXPECTATIONS AND VIDEO SECURITY

Video surveillance presents unique challenges to the safety and security of our communities.

Absolute security is unachievable for many reasons. A more reasonable goal is to achieve a level of security where residents feel protected and individuals who are intent on causing harm feel the risk of getting caught is unacceptable. This includes reasonably dealing with the threat of criminal activity.

Unlike other security measures which can include lighting, fob systems, locking outer doors, security gates and staffing, video surveillance has a greater risk of infringing on privacy.

From a security perspective, surveillance cameras are desirable in hallways, mailrooms, elevators and other common areas. Privacy concerns place location and directional restrictions on them:

- The highest level of resident privacy is expected in suites. An equally high level of privacy is expected in restrooms and change rooms.

Video surveillance should not intrude on this privacy.

- A lower level of privacy is expected in hallways, lobby, stairwells, mailroom and most amenity areas. Video surveillance is more acceptable in these spaces.

Installation of new video surveillance to ensure resident safety and security is a board decision not requiring notice to owners. As a new item, cost is to be paid through the operating fund and not the reserve fund.

For communities with video surveillance, best practices include:

- Ensure video surveillance is not directed toward doors of individual suites.
- Posting of notices at building access points including the lobby informing of video surveillance on premises.
- Establishment of policies for preservation and access to security recordings.



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MAINTAINING PROPERTY VALUES



Condo boards have a limited responsibility for maintaining property values. They are required to maintain and protect the community, and to determine how much owners must contribute to do so.

Property values are partially determined by how effective the board is in fulfilling their obligations which hinge on collecting a proper amount of money from owners and using these funds in a responsible manner.

How funds are obtained for maintaining a property depends on effectiveness of the condo board, management and financial planning.

Proper Level of Condo Fees

Maintaining condo fees at a level appropriate for current and future expenditures is the preferred approach. It minimizes problems and avoids financial surprises.

Some communities choose to keep their condo fees artificially low. They do this by delaying preventative maintenance and failing to undertake repairs. This allows equipment to require replacement sooner, and damages to worsen, which increase future expenses.

Reserve funds, based on the premise that each owner should pay for what they have used, are intended to replace building components that need to be replaced. Failing to sufficiently contribute to the reserve fund, which pays for future capital expenditures, is likely the most common approach

to maintaining artificially low monthly condo fees.

Artificially low condo fees ensure alternate sources of funds will be necessary.

Special Assessments

When repairs and equipment replacement can no longer be postponed, it becomes urgent that condominium corporations find an immediate source of funds.

A special assessment bad news. It is an acknowledgement that the corporation has made poor decisions in the past that now need to be rectified. It is a determination by the condo board, not subject to owner approval, that each owner pay a specified amount ranging from hundreds to tens of thousands of dollars.

Those unable to pay a special assessment could be forced to sell their home to meet this obligation.

Borrowing Funds

Borrowing money may be a more practical option in communities where owners are unable to immediately pay higher monthly fees or a special assessment. This may be the only option when funds are needed quickly and owners are unable to provide them.

Borrowing money is an effective way to cover any shortfall between what is needed and what has been saved. It can be a responsible way to address major expenses to reduce overall costs or provide value.



BOARD STYLE AND MANAGEMENT

How much authority should be given to management, and its impact on a community, varies.

Condo boards are made up of unique individuals each with their own working style, mindset, skills and knowledge. This makes each board unique.

Some condo boards prefer a hands-off approach. They give more control and decision-making authority to the condominium manager. Others prefer to be more active in the management of their home. At one extreme is the dictatorial and autocratic condominium board. This can be effective when owners are uninterested in how their home is managed, don't want to be on the board nor do the work expected of owners. Only a few owners are interested in managing their community and are able to do so without conflict.

Some condo directors are engaged. Others may be overly engaged, or disengaged. For a manager, disengaged boards are easiest to deal with on day-to-day issues. They choose to be barely involved in the management of their home. Getting the board to make difficult decisions is hard. It requires extra work to educate and re-educate them on issues and important matters. Deferred maintenance is common if the manager is not given both authority and budget to manage the property.

An overly engaged board is the most difficult to work with. They get too involved in day-to-day operations, and lose the perspective needed to

focus on bigger issues. Boards should not be involved in managing staff; selecting flowers, wallpaper or carpeting; or choosing furniture. Micromanagement is a problem even if well intentioned and based on past experience. The board's responsibility is to make policy and procedure. The manager is responsible for management and implementation.

The best management style for a board, arguably, is collaborative. Board members want to be there. They are open to opinions and make decisions by consensus. This works best if the board focuses on the "big picture" and leaves details for the condominium manager to address. It may take longer to for a collaborative board to come to an agreement but their final decision is well thought out. This type of board doesn't spend hours discussing wallpaper or flowers. One-hour board meetings don't expand to two or three hours because of details. They find it best to let others make most decisions so the board can focus on larger matters such as controlling costs and understanding where money is spent.

Board management styles evolve as people improve their management skills and better understand their community, and director turnover. It happens when a trusted condominium manager coaches, listens and engages the board.

Condominium managers don't select the board they work with. They adapt to work with what is presented to them.



MINUTES FOR TOWN HALL MEETINGS

I have a question that I cannot find an answer to online. Are Town Hall meetings required to be minuted as Board of Director and AGM meetings are?

Thanks

D. P.



Response from Toronto Condo News

Town Hall meetings are a great way for condominium boards and managers to communicate with residents. They can be used to inform residents or obtain their views on a broad range of issues important to the community. There are no requirements for informing residents of a meeting or conducting votes on relevant matters.

Annual General Meetings (AGMs) and Board of Director meetings are different. There is a formal

process for informing of them. Quorum – minimum attendance – is required. Decisions made at these meetings are binding on the corporation so long as quorum has been met and a proper vote taken. Meeting minutes are required. In the absence of meeting minutes, there is no official record of what decisions have been made which can have broad repercussions.

In short, there is no requirement for Town Hall meetings to be minuted.

For more information see [Condo Boards, Communications & Community – Meetings & Elections in the Condo Archives](#). The following articles may be helpful:

- [Meeting Minutes – Avoid the Political Drama](https://tocondonews.com/archives/meeting-minutes-avoid-the-political-drama/) - <https://tocondonews.com/archives/meeting-minutes-avoid-the-political-drama/>
- [Meeting Minutes Matter](https://tocondonews.com/archives/meeting-minutes-matter/) - <https://tocondonews.com/archives/meeting-minutes-matter/>
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- [Quorum](https://tocondonews.com/archives/quorum/) - <https://tocondonews.com/archives/quorum/>
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