

WHAT CONDO DWELLERS ARE READING



CATCHING UP WITH INFLATION

The dramatic increase in inflation and supply chain struggles have played havoc with condominium corporation finances. The Residential Building Construction Price Index increased by 35 percent in the GTA over the two-year period from Q1 2020 to Q4 2021. Reserve fund studies are updated every three years at which time reserve funds need to reflect three years of cost increases. The Consumer Price Index (CPI), which many condominium corporations rely on when estimating their future

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FROM THE EDITOR

Twitter has fabricated a controversy by labelling certain media as government- or publicly-funded. The inference is that the government controls the content of media identified in this manner. Some politicians in Canada have embraced this fabrication.

Toronto Condo News is Government-Funded media as has been proudly displayed in our magazine and on our website. Our content, and the effort to publish **Toronto Condo News**, originates in Canada.

We are proud to be recognized as deserving of this funding which does not allow any level of government to influence what is published within our pages, in the **Condo Archives** or on our website.

Toronto Condo News has not made any decision on its continued presence on Twitter as we monitor the situation.

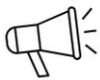
A PEEK

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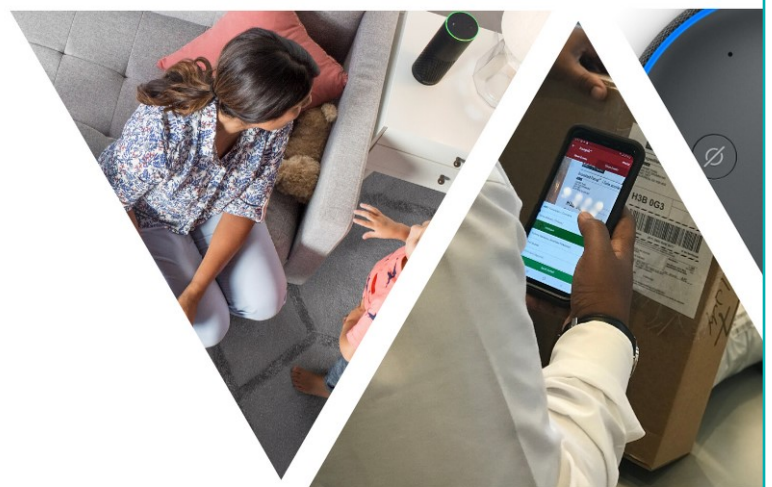
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CALLING FOR THE EXPANSION OF CAT

The Condominium Authority Tribunal has become a fixture of condominium governance.

The scales of justice are more balanced.

The Tribunal offers condominium corporations a means for resolving disputes more economically than going to court. Condominium owners don't have to incur large legal fees fighting a corporation represented by a lawyer. The Tribunal's practice of not awarding legal fees to either party makes the system fairer.



The Tribunal process may at times be slow. They may not always make the right decision, or entirely ignore concerns when new or novel issues are brought to their attention. This remains a better system than the prior one where disputes were resolved in private with no public records available for the establishment of best practices and better decision making. Those spending extravagantly on legal fees are at less of an advantage.

The Tribunal does not require legal representation.

Condominium corporations and owners appearing before the Tribunal are more equal than would otherwise be the case in arbitration or in court. Those choosing to rely on legal representation do so at their own cost. A condominium corporation spending extravagantly to be represented at the Tribunal is accountable to owners who see their legal costs increasing.

Tribunal decisions are published and offer a growing body of best practices for condominium corporations and owners to follow. Prior to the Tribunal, disputes were more frequently resolved with private agreements which prevented dissemination and awareness of best practices.

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CALLING FOR THE EXPANSION OF CAT... CONTINUED FROM PAGE 3

The Condominium Authority of Ontario is celebrating its fifth year of operation. In this five-part series, **Toronto Condo News** looks at how CAO and the Condominium Authority Tribunal have impacted on condominium living and management, and present an inside-view of what it is like to appear before the Tribunal.

February 2022 - Fairness and Justice in Condominium Communities

March 2022 - What they Don't Want you to Know - Lurking behind their closed door

April 2022 - Making a Successful CAT Submission

May 2022 - Calling for the Expansion of CAT

June 2022 - Condo Disputes without CAT

Thus far, authority of the Tribunal has been limited. The condominium community has been waiting for the Tribunal to expand their jurisdiction to address the most common resident concerns.

Jessica Bell, MPP for University–Rosedale and NDP Housing critic, has called for expansion of the Tribunal to resolve common condo complaints. She had introduced a motion for the Ford government to expand the jurisdiction and enforcement power of the province's Condominium Authority Tribunal so condo residents can have their most common concerns resolved in a fast, fair and inexpensive manner.

"Ontario's 1.3 million condo residents deserve to live in safe, well-maintained homes," said Bell. "The Conservative government has failed to properly regulate Ontario's condo sector, which means residents have nowhere to go but court when they face common issues, from unexplained condo fees hikes to fraudulent board elections," Bell said.

"The jurisdiction of the Condo Tribunal must be expanded so condo residents have a fast, affordable and fair way to have their concerns heard and addressed, without spending thousands of dollars and years of their life stuck in court," Bell said.

In 2020, Ontario's Auditor General released a damning report of the province's condo sector, calling for legal and regulatory changes including expanding the reach of the Tribunal. The Auditor General released a status report on the condo sector in 2022, revealing that the government has been slow to implement the Auditor General's recommendations to strengthen the Tribunal and improve oversight over the condominium sector.

The Tribunal currently hears disputes on records maintained by condo corporations and condo owners' rights to access those records, as well as pets, parking, storage, personal property and nuisance issues. Bell's motion would have authorized the Tribunal to adjudicate the most common complaints residents face, including condo board governance, property management, condo fees, repairs in common areas, short-term rentals, and reserve funds.

Legislation to expand jurisdiction of the Condominium Authority Tribunal did not pass in the Ontario legislature.



CATCHING UP WITH INFLATION... CONTINUED FROM PAGE 1

costs, was 6.7 percent in March 2022 and currently remains at a comparable level.

Higher expenses impact on condo fees. Here we look at the impact of these cost increases for a community trying to establish their monthly condo fees for 2023. We look at the impact of cost increases for a single unit paying \$800 each month with 60 percent going toward operating expenses and the remainder going to the reserve fund. Assuming the condominium corporation was adequately funded prior to 2020, 2022 and 2023 fees would look like this.

| | 2022 Condo Fee | Inflation Rate | 2023 Condo Fee |
|------------------|----------------|----------------|----------------|
| Operating Fund | \$480 | 7.7% - CPI | \$517 |
| Reserve Fund | \$320 | 35% - RBI | \$432 |
| Total Condo Fees | \$800 | | \$949 |

This is an annual increase of 18.6 percent.

We know that many communities are not fully funded, and that these calculations do not fully capture all cost increases. The Auditor General of Ontario and others estimate that many will need to increase their reserve fund contribution by 50 percent to make up for past underfunding. Incorporating an additional 50 percent to reserve fund contributions changes condo fees in this way.

| | 2022 Condo Fee | Inflation Rate | 2023 Condo Fee |
|------------------|----------------|----------------|----------------|
| Operating Fund | \$480 | 7.7% - CPI | \$517 |
| Reserve Fund | \$320 | 85% - RBI | \$592 |
| Total Condo Fees | \$800 | | \$1,109 |

This is an annual increase of 38.6 percent.

Financial pressures are likely to extend through 2023 and likely into 2024, and deferring work to keep costs low only increases condo fees by a greater amount a few years later.

As each community works through this process, those which have ensured condo fees reflect the costs of maintaining their home will be in a stronger position. Those communities where fees have been maintained at an unnaturally low level will have no choice but to increase their revenues through some combination of higher monthly fees, special assessments, and possibly a condo loan, as the only way to rebalance the relationship between condo fees and actual expenditures.



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- 1 Repair and Replacement
- 2 Additions and Alterations
- 3 Refinancing of Guest and Superintendent Suite
- 4 Capitalization of Undermaintained Reserve Fund



TRUSTING THE CONDO BOARD

Trust does not appear in documents governing how condominium corporations operate. Yet it is essential for good governance.

Where trust exists condo boards are busy discussing, researching and making decisions. Committees are created to aid the board. Debates are vigorous with strong disagreements and meetings are well-attended.

The opposite is true where there is a lack of trust. Residents are less aware of what their board is doing, less likely to pay attention to communications, and less willing to abide by board or management directives. Residents complain more frequently about more things and meeting attendance is poor. Frustration grows as boards and management spend more time defending their actions.

The best condo boards speak with a single voice

The best condo boards speak with a single voice. Directors disagree and debate prior to votes, after which the decisions receive full board support. All information from the board comes through a single channel. Directors do not discuss board business with others or share opinions through alternate channels.

Information, particularly bad news, is sent to everyone at the same time

Information, particularly bad news, is sent to

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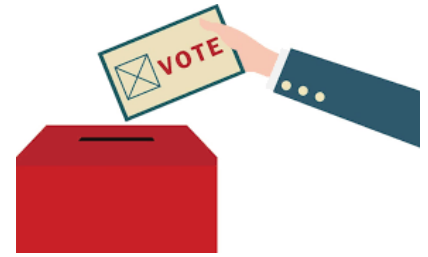
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DETERMINING THE CONDO VOTE



Condo owners are required to vote on certain matters that include electing or removing directors; changes to common elements or assets of the corporation; and to make, amend or repeal by-laws. When doing so, two independent counts are necessary.

Quorum refers to the number of units that must be represented, in person or by proxy and not in arrears by 30 days or more, to transact business at a meeting. This requires 25 percent of units in the corporation. If there have been two failed attempts at achieving quorum, this drops to 15 percent for subsequent attempts for the annual general meeting (AGM), turnover meeting, or any meeting to elect directors or appoint an auditor. Only

residential units are counted. This excludes parking, storage and other types of units.

Once quorum has been met, business can be transacted at the meeting. This business can include decisions on which owners are required to vote. Proxy refers to appointing another person to attend a meeting of owners and vote on behalf of the owner providing the proxy. The proxy holder physically takes the place of an owner at a meeting and does not need to be an owner. Proxies cannot be used for board meetings.



TRUSTING THE CONDO BOARD... CONTINUED FROM PAGE 6

everyone at the same time. Nobody receives preferential access to the board or information. Condo records accessible to owners are made available to all. While distribution via paper may occur, electronic channels are faster, easier, cheaper and accessible at any hour of the day.

The Condominium Authority of Ontario (CAO) has established a process allowing weeks to pass before basic information is provided to owners making a request. Such delays are poor form indicating to owners that management is slow, disorganized and inefficient. These traits are then applied more broadly to a range of board and management activities. Far better to be proactive and make information available electronically. When an

information request is made, residents can be directed to the proper location in minutes. More commonly, residents know where to find the information they require and don't bother management with a request.

Finally, provide residents with regular updates. A monthly or quarterly newsletter keeps residents informed and comfortable they are being well-represented. When questions are asked, assume others have the same question and provide a public response in the newsletter.

While maintaining trust requires time and effort, loss of trust is far more problematic.



WHO PAYS FOR DAMAGE

Condominium boards have some highly competent individuals serving as directors. From time to time, these directors reach out to share with **Toronto Condo News** their experiences, best practices and advice which we incorporate into our articles.

John Cardoulis is a director on the board of Newport Beach Condo in Humber Bay Shores, Etobicoke. He created a "who pays for what" chart for the residents at

Newport Beach Condo to help them understand what happens when damage occurs to common elements or a unit. The chart is custom to reflect his community's insurance policy, rules, standard unit by-law and insurance deductible.

He felt this would also be of great value to condominium managers and directors throughout Toronto and the GTA.

We agree and feel the complicated issues around insurance would be easier to understand if everyone used a similar chart customized for their community.



A STARTING POINT ON WHO PAYS FOR DAMAGES AT NEWPORT BEACH

| WHO CAUSED DAMAGE / WHAT WAS DAMAGED | WHO'S RESPONSIBLE TO COMPLETE REPAIRS | WHO PAYS FOR REPAIRS |
|---|---------------------------------------|--|
| CONDO CORP CAUSED DAMAGE TO COMMON ELEMENTS * SUCH AS UNIT DOORS, CORRIDOR WALLS, ELEVATOR DOORS | CONDO CORP | CONDO CORP PAYS * IF MAKING AN INSURANCE CLAIM, CORP PAYS ITS OWN DEDUCTIBLE |
| CONDO CORP CAUSED DAMAGE TO UNIT * PART OF DEFINED STANDARD UNIT DAMAGED | CONDO CORP | CONDO CORP PAYS * IF MAKING AN INSURANCE CLAIM, CORP PAYS ITS OWN DEDUCTIBLE |
| CONDO CORP CAUSED DAMAGE TO UNIT * PART OF UNIT'S IMPROVEMENTS / BETTERMENTS DAMAGED | OWNER OF THE DAMAGED BETTERMENTS | OWNER WHO SUFFERED DAMAGE PAYS * IF BETTERMENTS INSURED, OWNER OF DAMAGED BETTERMENTS PAYS THEIR OWN DEDUCTIBLE |
| OWNER CAUSED DAMAGE TO COMMON ELEMENTS * SUCH AS UNIT DOORS, CORRIDOR WALLS, ELEVATOR DOORS | CONDO CORP | CONDO CORP PAYS AND CHARGES BACK TO OWNER WHO CAUSED DAMAGE * CHARGE BACK LIMITED TO CORP'S INSURANCE DEDUCTIBLE AMOUNT * UNIT OWNER'S INSURANCE POLICY WILL COVER CHARGE BACK AMOUNT BUT UNIT OWNER MUST PAY THEIR OWN DEDUCTIBLE |
| OWNER CAUSED DAMAGE TO OWN UNIT * PART OF DEFINED STANDARD UNIT DAMAGED | CONDO CORP | CONDO CORP PAYS AND CHARGES BACK TO OWNER WHO CAUSED DAMAGE * CHARGE BACK LIMITED TO CORP'S INSURANCE DEDUCTIBLE AMOUNT * UNIT OWNER'S INSURANCE POLICY WILL COVER CHARGE BACK AMOUNT BUT UNIT OWNER MUST PAY THEIR OWN DEDUCTIBLE |
| OWNER CAUSED DAMAGE TO OWN UNIT * PART OF UNIT'S IMPROVEMENTS / BETTERMENTS DAMAGED | OWNER OF THE DAMAGED BETTERMENTS | OWNER WHO SUFFERED DAMAGE PAYS * IF BETTERMENTS INSURED, OWNER OF DAMAGED BETTERMENTS PAYS THEIR OWN DEDUCTIBLE |
| OWNER CAUSED DAMAGE TO SOMEONE ELSE'S UNIT * PART OF DEFINED STANDARD UNIT DAMAGED | CONDO CORP | CONDO CORP PAYS AND CHARGES BACK TO OWNER WHO CAUSED DAMAGE * CHARGE BACK LIMITED TO CORP'S INSURANCE DEDUCTIBLE AMOUNT * INSURANCE POLICY OF UNIT OWNER WHO CAUSED DAMAGE WILL COVER CHARGE BACK AMOUNT BUT MUST PAY THEIR OWN DEDUCTIBLE |
| OWNER CAUSED DAMAGE TO SOMEONE ELSE'S UNIT * PART OF UNIT'S IMPROVEMENTS / BETTERMENTS DAMAGED | OWNER OF THE DAMAGED BETTERMENTS | OWNER WHO SUFFERED DAMAGE PAYS * IF BETTERMENTS INSURED, OWNER OF DAMAGED BETTERMENTS PAYS THEIR OWN DEDUCTIBLE |

* NEWPORT BEACH BY-LAW #7 DEFINES WHAT CONSTITUTES A STANDARD UNIT

* NEWPORT BEACH BY-LAW #7, PARAGRAPH 14 - AN OWNER MUST REIMBURSE THE CONDO CORPORATION FOR DAMAGES THE OWNER CAUSES

* MTCC 1352 - NEWPORT BEACH - 2023 INSURANCE HAS A \$25,000 DEDUCTIBLE.

* RECOMMENDED THAT AN OWNER CARRY COVERAGE FOR PERSONAL PROPERTY, IMPROVEMENTS/BETTERMENTS, ADDITIONAL COSTS TO LIVE ELSEWHERE, PERSONAL LIABILITY, CHARGE BACK OF CONDO CORPORATION'S DEDUCTIBLE AND CONTINGENT UNIT OWNER COVERAGE.

CAPTURING THE DIRT



Up to one pound of dirt can be tracked into a high-rise building each day – that's up to 30 lbs a month! Most of this comes from shoes and boots as people enter from outside. Without a system to capture this dirt, it soon destroys floors, carpets, furniture and walls. It gets into your home where it accumulates until removed.

The cost of removing this dirt is expensive and can reach \$600 for every one pound. That's \$18,000 per month!



Matting does more than capture dirt which prevents damage to finishes, furniture and homes, and simplifies cleaning. It prevents slip and falls by scraping debris off footwear while retaining moisture, dirt

and debris. Good matting is anti-static and resistant to wear and tear. It is resilient to cleaning chemicals, ultraviolet rays, coffee, copy machine toner, ice melt, rock salt, bleach and other harsh chemicals which are all easily cleaned without causing damage.

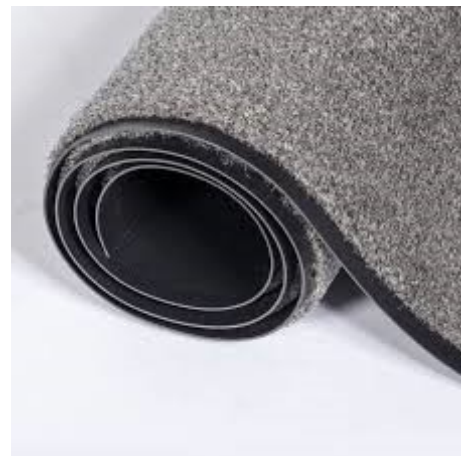
Quality matting is designed to deal with harsh conditions while projecting a quality image to visitors that is enhanced with regular cleaning and your building logo. It shows that residents care about their home and strive to increase its value while helping to reduce overall cleaning costs.



For high-rise communities it makes sense to invest in quality mats to capture this dirt as people enter the building. An effective matting system costs much less than removing dirt after it spreads throughout common areas and homes. An estimated 85 percent of this dirt can be trapped within the first 15 feet of an entrance. Proper



matting prevents dirt and soil from entering a building where it causes damage until removed.



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WINDOW PAIN



Aging condominium buildings struggle with outdated and poorly performing windows when they have not set aside sufficient funds to pay for major repairs and replacement.

Visible signs that windows are failing include those that fog up due to failed seals, air drafts and water leaks. As individual windows fail, communities will replace them until such time as the volume of individual window replacements become unmanageable.

Some reserve fund studies presume that windows will not require replacement or require replacement decades later than is practical. Most building window systems should be replaced after 30 to 40 years of service life. Earlier replacement allows communities to benefit from current window technology that is superior to older systems. Greater energy savings and improved resident comfort justify this earlier replacement. Newer window systems add to the resale value of condominium units.



Window replacement refers to just the glass. Window systems include higher quality sealed double-glazed insulating glass, aluminum frames, and sliding systems for

opening windows.

"Reserve fund studies can underestimate the cost of window replacement" explains Henry Jansen of

[Criterium-Jansen Engineers](#) which specializes in conducting reserve fund studies. "For reserve fund studies prepared prior to 2022, the cost of window and window system replacements has increased by 20 to 30 percent, after annual increases of up to seven percent in prior years." Some reserve fund studies plan for replacement of windows only rather than the entire window wall system.



Replacement of window systems are often deferred because of their high cost, causing problems for residents struggling

with damaged window systems that fog up, allow cold and hot air drafts, and water entering the unit. Internal damage and repair costs increase.

Windows and window systems can sometimes be recoated while extending their life for 15 to 20 years. Replacing windows and window systems can reset the life of windows for 35 years or more with only minor maintenance being required for many years.

When reserve fund studies fail to incorporate the full cost of window system replacement, condo fees are understated. When the time comes for replacement of windows and window systems, an underfunded reserve fund requires an additional funding source which is most likely a special assessment or condo loan.



DEALING WITH CLIMATE CHANGE

There is much we don't know about how to deal with climate change. We know temperatures are getting warmer and flooding is more common. Yet what can be done to protect high-rise homes?

In our western provinces there is extreme heat killing hundreds of people, cooking fruit on trees and marine creatures. Changes to our food supply are inevitable.



Summer temperatures in Toronto are on the rise. A good air conditioning system is the only reprieve. High-rise communities failing to maintain their HVAC systems can expect them to fail more

frequently as temperatures rise and they are more heavily used. Our modern buildings are designed to rely on HVAC systems with no possibility of installing smaller air conditioners in windows.

Glass window walls offer exceptional views. They also make it harder to heat and cool homes. When the electricity fails during warm weather, homes get exceptionally hot very quickly with no way to cool them down.

There is much that high-rise communities can do to better prepare buildings for climate change. This includes repairing buildings as they deteriorate, what we call preventative maintenance, instead of waiting for severe or complete failure. Energy metering systems help identify where energy is wasted and aid in controlling costs.

Forward thinking communities have options. Roofs can be updated to better repel heat, snow and rain. Fewer skylights offer less ways for a roof system to fail. Landscaping and plantings can be designed to survive more extreme heat and heavier rainstorms. We can incorporate canopies and umbrellas for outdoor shade.

Extreme heat can melt benches and buckle roadways or sidewalks. Balconies should be cleared of flammable items so that your home doesn't become the next major fire. There can be reduced tolerance for those who toss lit cigarettes off balconies or ignore no smoking restrictions.

High-rise buildings can take measures to lessen flooding and the risk of a complete power failure. Small leaks can be identified sooner and repaired before they become emergency repairs. Land can be graded to direct water away from structures.

High-rise communities can mitigate the known or anticipated impact of climate change. Waiting until it is too late will only cause hardship, frustration and greater expense.



COLLECTING CONDO FEES FROM TENANTS



Collecting condo fees on time is a problem that never goes away.

When fees are past due, the corporation must collect from the owner. They have no authority to go after a tenant for delinquent fees. So long as a tenant pays rent to their landlord when due, they are fulfilling their financial obligation. There is no legal remedy that can force a tenant to pay the corporation fees owed by their landlord.

When a condominium is rented by an owner who falls behind in payment of condo fees, they risk additional costs and the possibility of foreclosure by the holder of their mortgage. There are measures that the corporation should take to collect its fees. This includes filing a lien against any owner delinquent in paying their fees by more than 30 days. The mortgage holder is likely to have authority to pay these fees and collect directly from the owner.

Paying condo fees when due is central to the operation of condominium communities. It is what allows everyone to safely enjoy their home including all amenities.

REPAIRING COMMON ELEMENTS

The owner in one community decided to repair a damaged pipe that was leaking rather than wait for building management to undertake repairs. At the time this seemed prudent to more quickly resolve a water leak that was causing damage. Soon after, mould began to appear.

The condominium corporation would likely have been responsible for any mould that resulted because of a leak in the pipe. This changes when an owner undertakes repairs on their own.

The owner of a condominium should not be repairing pipes that are common elements. While owner-initiated repairs may have prevented further damage, liability for a poorly repaired pipe and resulting damage is less clear and could now reside with the owner.

The corporation could refuse to address the mould remediation because they didn't handle the repair. Regardless, the mould issue needs to be addressed to avoid growing health and safety concerns.





BUILDING TRUST IN A CONDO

Toronto Condo News is republishing this article by Tina Larrison in which she spoke with Upper West Side (New York City) condominium board member Mary Federico. Mary runs Organizational Behavior Strategies (<http://www.obstrategies.com/>), a consultancy that helps leaders use behavioral science to improve personal and organizational effectiveness. Her professional approach to communications and understanding of organizational behaviour has benefitted her community.

By the time I joined the board 5 years ago, I'd already lived in my building for 25 years. The building seemed to be very well-run. But there wasn't a lot of transparency about the board's workings or decisions. Communication was sporadic and very formal. The focus was on telling. There was no clear way to ask questions, express concerns, or have a dialog.

The mood at our Annual Owner Meetings was usually tense. Board members never appeared comfortable. They did not introduce themselves, so I never knew who was who. Without fail, an owner would stand up and deliver an angry and lengthy rant about their pet peeve. We could infer that the board was doing a lot of work. But there wasn't a feeling that we're all in this together.

Professionals in my field – behavioral science – know how critical it is for people in an organization to trust and like their leaders. Communication is critical to creating that kind of environment. In a communication vacuum, people draw their own conclusions about leader intentions and actions – and those conclusions are often wrong. This is as true in condominiums and co-ops as it is in corporations or governmental entities.

So in short, I saw a lack of the kind of communication that could create a stronger and more trusting relationship between the board and residents. Such a relationship would be especially helpful in getting residents to support changes and to give the board the benefit of the doubt when things go wrong – as is likely to happen at some point.

What actions did you take?

Five years ago, I accepted an offer to replace a departing board member. I knew I wanted to work on communication with residents.

I quickly learned that we had an extremely knowledgeable and experienced board. Members had expertise in architecture, residential building management, condominium law, interior design, finance, and telecommunications. Board members were busy with a long list of important projects.

But as is the case in many organizations, communication was an afterthought...a necessary evil...an extra task that would take time away from the "real work." There was no talk of how it might positively affect resident behavior or contribute to the smooth running of the building. No one owned

CONTINUED PAGE 15

BUILDING TRUST IN A CONDO... CONTINUED FROM PAGE 14

it or considered it to be their area of expertise. So I was able to step in.



I started slowly, collaborating with a small team of board members to put together information on key projects. I worked to gain support for what eventually became a completely new approach. Among other things, that included more frequent and timely communications on a wider variety of topics. It involved a friendlier and more informal tone, and easy-to-read writing. And it provided residents with clarity on how to voice concerns, make suggestions, and get answers to questions.

What was your solution?

The solution was to treat communication as an integral part of running the building, and to approach it strategically.

Someone (me) has overall responsibility for communications. Of course everything is a product of close collaboration, and we have a process for that. But the roles have to be clear. Because if everyone is in charge, no one is.

We have an overarching goal, which is to build and maintain a trusting relationship with residents.

Every communication – written or in person – is an opportunity to do that. Or not.

We recognize the dangers of an information vacuum, so we communicate even when we don't have all the details or answers. This reduces uncertainty and anxiety. And it lets residents know that we're committed to keeping them in the loop. We end every email with info on whom to contact with questions or concerns. And we get back to them with answers.



The tone of our communication is professional but warm and empathic. That's a product of both the writing style and our willingness to acknowledge how residents feel. We strive for a sense that all of us, as a community, are working together to create a safe and pleasant living environment.

We follow the Federal Government's "Plain Language" writing guidelines. That makes it more likely that residents will read and understand what we send them.

We structure communications to focus first on what we want the residents to do. Then we provide what they need to know in order to do it. We use email subject lines and the intro paragraph of every email

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CONDO BOARDS & MANAGEMENT

BUILDING TRUST IN A CONDO... CONTINUED FROM PAGE 15

to make sure that we've delivered the main message even if they stop reading after that. We often place signs around the building to reinforce what we've sent via [BuildingLink](#). And we send periodic newsletters to convey non-time-sensitive info of interest.

Before our Annual Meetings, we share a detailed President's Report and solicit questions in advance. We have an agenda and a facilitator, so it's orderly. We present slides on key topics and answer questions. Residents know who's there and who's speaking. Afterwards, we email the slides, along with answers to resident questions and an updated contact list.

Following this approach, we've been able to establish a closer and more trusting relationship with our residents. We haven't shied away from sensitive topics, including litigation, staff changes, and the inevitable assessments and common charge increases. And we've gotten positive feedback, with some residents saying that they don't have to ask questions because we've already provided the answers. So far, it's working.

[TINA LARSSON](#) is co-founder and co-owner of [The Folsom Group](#), New York City's leading co-op and condo business consultancy.



PROPERTY MANAGEMENT MADE SIMPLE

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ROOFTOP SOLUTIONS TO COMBAT CLIMATE CHANGE



There is now a general consensus that human activity has impacted our world, and that many of the changes are irreversible.

Buildings are responsible for nearly 40 percent of all carbon emissions which impact on hotter and colder temperatures that require more energy to keep our homes comfortable. Countering the effects of climate change will require that buildings undertake more frequent and detailed inspections, repairs and replacements to keep up with deterioration and ensure residents remain safe.

Roof upgrades are likely to become more common. They are increasingly important because each building is part of a “heat island” – large amounts of concrete and buildings that absorb and trap heat before releasing it back into the environment. One relatively inexpensive and simple upgrade is to apply a coating of reflective white paint. Adding a community terrace or garden is more expensive and complex. Each upgrade has “green” benefits that include energy savings. There may be various grants and incentives available. Many help enhance lifestyle, community living and property values. Each project needs to be evaluated against its cost.

Any roofing project is dependent on the type of roof. Low-rise units are more likely to have a sloped roof. Upgrading to a “cool roof” which has a reflective surface can reduce the roof temperature by up to 25 degrees Celsius (45 degrees Fahrenheit) from a typical asphalt roof. This results in less heat transferred indoor to your home which reduces the demands on air conditioning systems. It also

reflects a majority of damaging ultraviolet rays. There is a monthly savings in energy bills after installation of a “cool roof” and a longer lifespan.

A flat roof, more common in larger buildings, offers added benefits. Converting to a “green roof” - a vegetation-covered roof - can prolong a roof's lifespan by 20 years. Vegetation prevents exposure to the damaging effects of ultraviolet radiation, precipitation and cold winds, plus storm water control and insulation. Combined with decking, a “green roof” becomes a community social space which can include seating and barbecues.

Roofs can incorporate solar panels that absorb the sun's rays and convert them into electricity, which can be used by the building and stored in batteries for later use thus reducing the cost to purchase electricity.

Upgrading to green or cool roofs help mitigate the effects and higher costs of climate change.





BOARD-MANAGER CHEMISTRY

One local high-rise community has had four condominium managers during a one-year period. During the approximately ten years it has existed, they have gone through 18 managers.

Changing managers is exhausting. Doing so with this frequency suggests that problems lie not with management but with the board.

Among the reasons for a business relationship to sour, interpersonal conflict ranks at the top. There may be a lack of clarity in key areas of the job, micromanagement by board members, or unreasonable expectations. Perhaps all exist.

Developing a good relationship between a condo board and management requires a) clear goals about what is to be done or achieved, b) roles or who does what, and c) procedures.

Goals

Without agreement on goals, board and management end up in conflict. Goals should be clearly documented and updated as warranted. They should be quantified or measured to determine success or failure. Condo boards should initially develop their goals, then refine them after discussing with their manager.

Roles

Who does what? While most condominium boards delegate implementation to management, some choose to be involved at some level. This requires dividing up responsibilities and tasks. When this is unclear, nobody ends up satisfied. Both sides

blame the other for failure. If both the board and management are managing a project, building activities or employees, conflicts are likely to arise. This is easily avoidable when the board is operating as expected.

Procedures

There are many ways to achieve a successful elevator project, effective building repairs and proper communication with residents. Problems arise when the board wants things done one way, management does it their way, and neither have agreed on the process. There needs to be agreement between the board and management on what steps are to be taken to achieve a desirable end.

A productive working partnership with management involves chemistry, personality, and attention to details by establishing agreed upon goals, roles and procedures.



PACKAGE DELIVERIES, SECURITY AND CONVENIENCE



Package deliveries are a growing problem. This involves not only the delivery and receipt of packages at a front desk but dealing with a constant stream of delivery vehicles and calls to residents for deliveries that cannot be left in the front area.

Building residents are not always aware of when their package has arrived. Many smaller delivery services, including those involving an Uber driver, simply show up with no advance warning of day or time, no way to obtain access to a building, and no electronic notification of delivery or attempted delivery. Residents may be expected to be home at the time of delivery, accessible by phone or intercom, and required to meet a delivery person at the front door of the building.



Some buildings maintain security partially by prohibiting residents from providing their keys or fobs, or the sharing of a building door code. When delivery services are

provided with a door code to obtain access to a building, there may be no security against these unknown individuals who may wander hallways intent on damage or theft.

Most high-rise communities have no more than one person at a front desk and many have nobody in the lobby. Maintaining security without increasing

security personnel requires a new approach incorporating systems, technology and possibly secure lockers.

Security systems in communities are designed to keep undesirables out and residents safe. Allowing unfettered access to buildings and units is inconsistent with how safe communities operate.



One approach is to discontinue all security protocols when it comes to package deliveries. Allow anyone to access the property to ensure delivery of packages without providing any

level of security clearance. This requires that a resident take responsibility for the delivery company and allows them on the property as if they were a guest. They need to be at home when the delivery arrives. Some delivery personnel are likely to abuse this access and cause mischief, damage or theft of accessible packages, and is not an advisable approach. They may park in fire lanes or block driveways causing myriad other problems. The cost of this "convenience" just isn't worth the risk and liability. Another approach is to disallow the use of delivery services which requires residents to seek out alternate locations for delivery and retrieval of their packages. This extreme approach allows existing security protocols to be maintained but is undesirable for the majority of residents that rely on package deliveries.

CONTINUED PAGE 20

COMMON AREAS AND AMENITIES

PACKAGE DELIVERIES, SECURITY AND CONVENIENCE... CONTINUED FROM PAGE 19

Increasingly, communities are adopting one of two solutions intended to maintain building security and keep packages secure until retrieved without adding to costs or staffing.



One approach is to upgrade package receiving and handling procedures. Communities with a concierge accept packages for storage and inform residents of their arrival. Uncontrollable factors include volume of

packages received and length of time held. The longer it takes residents to retrieve packages the more problems arise as space gets filled up and stored packages take longer to retrieve. Rather than increase staffing, technology solutions such as those offered by [BuildingLink Canada](#) and [UpperBee Software](#) speed up package handling while more quickly and easily informing residents of their arrival so they can be retrieved sooner.



Another solution is to upgrade the parcel room to reflect the needs of communities and individuals. This can be achieved by establishing secure smart lockers, such as offered by [ParcelPort Solutions](#), where packages can be delivered

and retrieved without involving front desk personnel. Residents are informed electronically when a package arrives for them and provided with retrieval instructions via e-mail or text messaging. Concierge staff and building management, once relieved of the responsibility to accept, store and retrieve packages for residents, and inform when packages have arrived, are better able to focus on the duties for which they are hired.

Condominium communities have rules and procedures intended to provide enjoyment and security to all residents. Delivery of packages, medications and groceries without proper systems in place creates an avoidable, unreasonable and unnecessary level of risk.

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THE FUTURE MEANS FEWER CARS



Paris has gone anti-automobile with Central Paris on the way to being nearly car-free. The speed limit has been reduced to 30 km per hour which is intended to reduce accidents, pollution and noise but is yet another attack on the car. The overall goal seems to replace cars with bicycles and eliminate parking spots. The city has banned heavily polluting diesel cars and converted the Seine River quayside roadway to a waterside park. Cars have been banned from major roadways. Soon they are expected to ban most vehicle traffic crossing the city centre and eliminate tens of thousands of parking spots. Green areas are to be expanded along with dedicated bike lanes. The intent is to create a 15-minute city meaning that all essential services can be reached within 15-minutes by foot or bike.

Closer to home, New York and San Francisco are expanding pedestrian-only areas.

Toronto and the GTA have taken an aggressive but less-draconian approach. The focus has been to greatly expand public transit, build dedicated bike lanes, and reduce the space for cars on Yonge Street in some areas. Travel by car will take longer but is not actively discouraged.

Increasingly, a car-free lifestyle is viewed as attractive. Urban living remains desirable and many

millennials choose not to obtain a driver's license. For those choosing to live in suburban areas, car-free streets are a threat. Public transportation is not always easily accessible. The car is necessary for many reasons including employment.

High-rise communities will need to adapt. Fewer cars will mean excess space in parking areas that can be repurposed. Where there is a shortage of street parking, communities may convert some space to public parking. More space will be needed for bicycle storage, package deliveries and stopping areas for delivery vehicles.

The future is getting clearer. We can expect Toronto to have fewer cars, more public transportation and more bikes.





DECONSTRUCTING INSURANCE COVERAGE

Insurance claims in high-rise communities become complicated since at least two insurance

companies are often involved. Here we look at how one water damage claim occurred and why the full amount of damage was not recoverable for one condo owner.

A unit recently completed renovations. Unknown to them a nail went into a water pipe creating a hidden water leak. The owners were unaware of this but the unit below had problems soon after. Beads of moisture were first seen on the ceiling. Soon after water came pouring down damaging walls, floor and personal possessions. Total repair costs were \$20,000. Less than half of this amount was recovered through insurance.

The owner undertaking renovations and the one with water damage were both insured. The owner with water damage had coverage for up to \$100,000 in damage and a \$2,500 deductible. They chose not to purchase coverage to cover the corporation's deductible which is \$10,000.

In high-rise living fault is not always a factor so only the owner with water damage filed a claim. They file with their insurance company which then files against the condominium corporation since the damaged pipe constitutes a common area. In

practice, condominium corporations can and often do reduce the cost of insurance coverage by accepting a dramatically higher deductible of \$50,000, \$100,000 or more. Unit owners have the option of ensuring any deductible of the corporation's insurance policy is covered by their insurance.

Here is how it breaks down

| | |
|------------------------------------|----------|
| Total damage costs | \$20,000 |
| Personal insurance deductible | \$2,500 |
| Corporation insurance deductible | \$10,000 |
| Recovered by corporation insurance | \$7,500 |
| Amount received by claimant | \$7,500 |

Had the damage not impacted on common areas, the corporation's insurance coverage would not have applied. The owner would have collected an additional \$10,000 toward repair and replacement costs.



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CYBERATTACKS IN HIGH-RISE COMMUNITIES



High-rise communities are ready to embrace conveniences and expectations of future residents in the 21st century. The pandemic, a time when many more were working from home or unable to travel, made people more aware of their access to, or lack of modern conveniences.

A crucial part of these conveniences is Internet of Things – or IoT – which refers to connecting our many electronic systems, devices and appliances to the internet. There are more than 30 billion smart objects connected to the IoT, providing us with conveniences and value-added services. Many of these are devices used daily at home. The smart building market, which includes systems used building-wide in our high-rise communities, is growing at a double-digit rate annually. These are technologies we require to reduce energy consumption; increase performance of building systems; improve safety, health and security; and make our lives more enjoyable.



This embrace of Internet of Things exposes our communities to the risks of cyberattack.

What happens if a ransomware cyberattack prevents you from opening doors in the morning?

Should the corporation pay the ransom so doors will open, or does this expose your community to continued ransomware attacks? A community may be prevented from turning on and off the HVAC

system thus causing extreme discomfort for residents. Building management may lose control of lights. Electricity or water may get shut off.

We've all read of malware in the form of ransomware, phishing, spyware, and distributed-denial-of-service (DDoS). This is software intentionally designed to cause damage to a computer or computer network. It may encrypt files and hold systems or data for ransom. The only way to obtain access and control is to pay a ransom to the attackers. How much would your corporation be forced to pay just to regain control of your building systems and data?

The average ransom paid by Canadian companies affected by a ransomware attack was \$458,247 (Angus Reid survey, September 2021). In the survey of more than 1,000 businesses, 55 percent of companies had been the victim of a recent ransomware attack, and one in five had been targeted multiple times.

The first line of defense against malware is to regularly change and manage passwords, and not open unexpected or unknown e-mail attachments.

Control vendor and employee access to systems so they only access areas pertinent to their duties.





SMART-HOME TECH HIGH-RISE AMENITIES

Among popular amenities such as pet spas and exercise space are technology-related services that focus on aging in place, building emergencies, security and safety.

Buckingham Condos in Etobicoke is providing what can be described as an integrated technology system. Each suite will have a wall pad and an app which can be loaded onto any smartphone or electronic device.

The wall pad can be used to control the temperature within a suite, lock the door, view visitors in the lobby and allow them into the building.

The app will include additional features. It can be used to call an elevator without having to push a button on the wall. Remote caregivers, parents or children can be provided with access to the app for monitoring and changing temperature in the suite or ensuring the front door is locked. Children trying to contact their parents will be able to determine if they are at home, or when they have entered or exited the suite. Automatic notifications can be sent to designated individuals should there be an emergency such as an activated smoke detector or water leak.

Owner-landlords can remotely monitor for certain activities tenants may not report in a timely manner such as water leaks which can be detected by a leak detection system. Rather than wait until a water leak worsens or causes significant damage, the owner-landlord can be informed when a leak is first

detected.

The smartphone app can be used to unlock each access door in a building up to and including the unit's entrance door. There is no need to physically touch a handle or door when entering or exiting through most doors. The need for keys is eliminated. Suite doors can be locked from the car while in the parking garage or when out doing errands. Each owner can provide unit access to others remotely if they choose to do so. For those with tenants, there is no need to make, retrieve or deliver keys.

Owners can monitor anyone contacting them from the lobby and seeking access to the building. They can grant access after visually seeing who is contacting them, even if not home at the time.

As these technologies and needs evolve, even more control over activities in the home are anticipated.





CHARGING CAPITAL ADDITIONS TO THE RESERVE FUND

Can capital additions be charged to the reserve fund?

E. C.

Response from Toronto Condo News

Capital additions, also called capital expenditures, are costs involved in buying new assets or improving existing assets.

Capital additions should not be charged to the reserve fund for a condominium corporation.

It is not always clear what should and should not be charged to the reserve fund.

The purpose of the reserve fund is to maintain existing building systems. An upcoming addition does not yet exist so cannot have been considered in the reserve fund study or reserve fund. Using the fund to pay for this expenditure is inappropriate. Once the addition or enhancement exists, it should be reflected in future reserve fund studies and subsequently incorporated in the reserve fund.

Consider a building with no security cameras. A decision is made to enhance building security by adding security cameras to monitor common areas. This would not be charged to the reserve fund. Once cameras have been added, they are now part of the building systems. Their replacement

costs are included in future reserve fund studies and the reserve fund is funded for this purpose. Should an existing camera need to be replaced, that can be charged to the reserve fund. Additional cameras, should they be needed, should not be charged to the reserve fund.



Perhaps a condo board chooses to add security cameras or an electronic display monitor to elevator cabs during an elevator upgrade. While the elevator replacement project would be funded through the reserve fund, these upgrades would be charged to the operations account or some other funding account that is not the reserve fund.

Using the reserve fund for a component which has not yet been budgeted for means taking funds are unavailable for a repair or replacement which has been preplanned and budgeted for. This is not an allowable use of the reserve fund. While the Condo Act does allow for this in certain circumstances, it still makes funds unavailable for a preplanned expenditure and is not advisable.

For more information, see [Financial Management – Reserve Funds](#) in the **Condo Archives**.



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