NOVEMBER 2024

TORONTO CONDO NEWS · CELEBRATING 10 YEARS 2012-2022

WHAT CONDO DWELLERS ARE READING

MULTIGENERATIONAL LIVING AND OVER-OCCUPANCY

A growing number of families are embracing multigenerational living as an adjustment to the cost of housing. Our high-rise condominium communities are not yet prepared for this transition.

A multigenerational home is a household that includes three or more generations of the same family. This could be two adults, their two children and aging parents. This was common prior to the Second World War and is once again gaining in popularity. Grandparents can watch over the children when both parents are at

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FROM THE EDITOR ....

Crossbridge Condominium Services has been having an identity crisis. Initially Brookfield Management Services, they rebranded to Crossbridge Condominium Services in 2017, then was purchased by FirstService Residential more than a year ago.

Last month, Crossbridge formally rebranded as FirstService Residential. Buildings in Ontario under their management have received new e-mail addresses.

Corporate sales and rebranding such as this are not uncommon. They are one way organizations reinvent themselves as industries and technologies evolve.

Toronto Condo News welcomes FirstService Residential to the Ontario market and looks forward to hearing more about what they bring to their communities. See Crossbridge Rebranding to FirstService Residential on page 16 for more on this transition.

A PEEK

TORONTO CONDO NEWS IS PUBLISHED MONTHLY.

TORONTO CONDO NEWS IS DELIVERED TO CONDO RESIDENTS, BOARD MEMBERS AND MANAGEMENT IN MORE THAN 1,500 CONDO BUILDINGS THROUGHOUT TORONTO AND THE GTA.

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REPORT ON STATE OF RESERVE FUNDS

Condominium Authority of Ontario (CAO) has produced a report addressing the state of condominium corporation reserve funds.

This report is CAO's response to the Auditor General's 2020 value-for-money audit on condominium oversight, and the result of two surveys conducted by the CAO. While much in this report is of little interest to condominium owners, directors and management, and intended to justify their operations to other government bureaucrats, one objective of their corporation survey was to gather data about the state of reserve funds of Ontario's condominium corporations.

This survey found that the majority of condominium corporations do not have adequate reserve funds to pay for future repairs and replacements. Central to this deficiency appears to be use of the Consumer Price Index (CPI) rather than the Building Construction Price Index (BCPI). This reaffirms concerns identified by Jon Juffs of Egis as early as 2017 in his book "Reserve Fund Essentials" along with Reserve Fund Studies can be Wrong 18 out of 25 Times and other articles published by **Toronto Condo News**.

Since 2021, nearly two-thirds of corporations were advised to increase their reserve fund contributions by more than three percent. Two-thirds of corporations contributed more than 30 percent of their total budget to the reserve fund in 2023, and 63 percent contributed more than $2,000 per voting unit to the reserve fund. Finally, the report notes that rising construction costs over the last three years may be triggering more special assessments and loans to adequately fund the reserve fund.

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REPORT ON STATE OF RESERVE FUNDS... CONTINUED FROM PAGE 3

The report states “In 2022 and 2023, inflation rate assumptions used in reserve fund studies appear to have increased to between 2% and 3%, as shown in 35% of studies for 2022 and 36% of studies for 2023. The proportion of studies assuming inflation rates between 3% and 6% also seem to have increased during this time period, as shown in 27% of studies for 2022 and 24% of studies for 2023, up from 17% in 2021.”

Looking at monthly common expense fees, of the corporations reporting their percentage increases per year, including both operating and reserve fund contributions, over 80 percent of corporations reporting increases in monthly fees report that fees rose by less than 10 per cent for 2021, 2022, and 2023.

One final insight to note in the report, as mentioned earlier, is that 66 percent of respondent standard condo corporations contributed more than 30 percent of their total budget to the reserve fund in 2023.

In short, these findings are consistent with earlier **Toronto Condo News** articles suggesting that many condominium corporations have been understating the actual rate of inflation and underfunding their reserve funds. Communities suffering from underfunding will, at some point, be forced to correct for this as needed funds are found not to exist for maintaining their home and systems.

While these insights are useful to validate deficiencies in reserve funds and the need to increase monthly contributions, it falls short of calls for CAO to require condominium corporations to submit their annual financial statements electronically to a database that supports anonymous reporting of condominium corporation expenditures and comparisons with similar buildings.

Click here to read the **CAO’s Report on Reserve Fund Survey Findings**.

MULTIGENERATIONAL LIVING AND OVER-OCCUPANCY... CONTINUED FROM PAGE 1

work. They all share in the obligations of maintaining the home

Statistics Canada reports that the number of homes shared by multiple generations of a family has grown by 45 percent in the past two decades, and represents seven percent of all Canadian households. Nearly one in ten children between the ages of zero to 14 live in the same household with a grandparent. And perhaps the most telling sign of the times: In Ontario, nearly 49 percent of young adults reside with at least one parent.

Multigenerational housing is most common among Indigenous and South Asian populations. The trend is expected to increase.

Multigenerational households save money on child and elder care. Families pooling their funds are better able to pay the mortgage, property taxes, utilities, maintenance and repairs. Groceries are less expensive when purchased in bulk. Research in the United States shows the share of people living in poverty to be lower among multigenerational households.

To better accommodate multigenerational living, and also to increase a unit's selling price, some owners choose to "create" an additional bedroom to support higher occupancy. While this may be desirable at the unit level, a condominium corporation can take measures to avoid problems and higher expenses arising from over-occupancy.

High-Rise Condominium Restrictions

Most high-rise condominium corporations control building residency to avoid overcrowding and its problems through rules, by-laws and the declaration. Accommodation for multigenerational housing requires changes.

<u>Single Family Rule</u>
The "single-family rule" municipal zoning law limits

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MULTIGENERATIONAL LIVING AND OVER-OCCUPANCY... CONTINUED FROM PAGE 5

the number of occupants in a home based on familial relationship. Condominium communities define this in different ways.

Single-family rules are intended to prevent single rooms of condominium units from being rented to unrelated and transient tenants for a short period of time. Without flexibility, these rules restrict cousins or live-in home care workers from residency. Seniors may be prohibited from living together. These restrictions do not, as some argue, conflict with human rights legislation by restricting residency according to gender, age or sexual orientation.

Single-family rules are intended to prevent single rooms of condominium units from being rented to unrelated and transient tenants for a short period of time

Allowing condo suites to become rooming or boarding houses is a disruption that causes additional expenditures for the community that must be funded by resident owners. Prohibiting relatives, seniors or home care workers from residency is an unnecessary effect.

A condominium corporation may state something similar to "each unit ... shall be occupied and used as a private single-family residence and for no other purpose..." Reasonably applied, the restriction protects owners from overcrowding.

<u>Occupancy Limits</u>
Occupancy limits is a complementary approach to prevent overcrowding. Too many people using common areas including parking can be problematic. Units with more residents use more utilities, generate more trash, create more noise and odour, and cause more wear on common areas. Elevators may break down more frequently and have longer waits. There may be safety and lifestyle considerations.

Restrictions may be stated in terms of bedrooms, such as two individuals per bedroom. Renovations that add or remove a bedroom from original construction are unlikely to impact on allowable residency.

Supporting Multigenerational Housing

Multigenerational housing can be supported without negatively impacting on other residents if supported by building infrastructure. This requires strictly enforced rules to protect against noise, odours and other problems. Rather than strictly prohibiting unit residency in excess of a stated limit, a per person fee added to monthly condo fees to account for heavier use of utilities, common areas and services would address cost concerns.

NEGLECTING YOUR BUILDING INFRASTRUCTURE

Fifty Years is NOT old for a building.

Fifty years is a short time in the life for a building despite what the Ontario government claims. If this were true, many of our most successful condominium communities, and nearly all of Toronto Housing Corporation buildings, would have to be torn down.

Our high-rise condominium buildings do not have a 50-year shelf life! In fact, there is no good reason for any building to fall into disrepair.

The Royal Ontario Museum's original Bloor Street building is 112 years old. Part of the Art Gallery of Ontario is in a building that is 207 years old. Queen's Park has been open for 131 years.

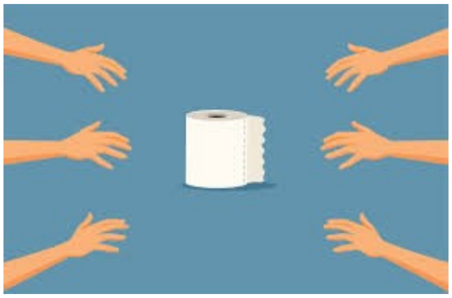
Much like government, some communities have developed the habit of allowing their valuable properties to fall apart due to neglect. They have gotten into the habit of managing decline rather than maintaining their home. This is not unlike declines in our public infrastructure which includes hospitals, schools and transit. Some condo boards choose to save money in the short term by not taking care of their home over the long term.

Neglecting proper maintenance in high-rise residential buildings, much like what has happened to Ontario Place and the Ontario Science Centre, is a choice leading to premature deterioration. Residential communities where people live don't have the option to tear down and rebuild. If people are to continue living in their home, communities must repair areas damaged by neglect at much greater cost than if they simply decided to maintain them. This leads to higher condo fees or, when the need is urgent, special assessments.

Renovations and updating is inevitable for any building. Allowing them to decay is an embarrassment of choice.

An Ernst & Young report stated the Ontario Science Centre was "in operational crisis due to a failing structure with mounting critical maintenance costs." Repair costs never disappear. If ignored, they continue to escalate to a point that they become unaffordable. While the Ontario Science Centre has now been closed, high-rise condominium buildings do not have this option. We've read about communities dealing with unimaginable repair costs, and the Sunrise Florida building that collapsed from neglect when owners failed to undertake repairs.

Pursuing a policy of neglect is costly and dangerous. Better to reverse the decay by repairing buildings and spaces so they maintain their usefulness.



ADDRESSING THE CONDOMINIUM MANAGEMENT SHORTAGE

There is a widespread labour shortage affecting all industries including condominium management.

There are not enough condominium managers to support all buildings requiring one. There are also financial pressures causing communities to reduce their management staffing level or restrict their operating hours. These are realities requiring changes to staffing models and management practices.

Ontario has more than 3,858 fully-licensed condominium managers providing services to 12,120 condominium corporations (CMRAO). Luxury buildings prefer to have a single manager, and perhaps an administrator, so the typical manager likely manages about five buildings.

In a world where there are not enough qualified people to manage high-rise condominium properties, condo boards must adjust expectations and the way their communities operate. Those with a manager and administrator may soon be forced to accept having a less-than-full-time manager. Communities will need to adopt technologies allowing greater productivity and efficiency.

A typical manager dedicates about half their time to day-to-day administrative duties. Eliminating these tasks through use of technology would allow managers to spend less time on-site while adequately focusing on the property, budgeting and working with specialists.

That fully staffed management office open to all residents will be less common. More managers will likely operate off-site and manage more buildings. More communication will occur by telephone and e-mail. Condo management software; and electronic systems for managing condo fee revenues and vendor payments will be needed to keep things organized, manageable and without any degradation in communication or services. Financial savings are considerable. That former management office can be repurposed.

The luxury of having one full-time manager is less common elsewhere. Buildings with more than 350 units can probably justify a full-time on-site manager. Communities of more than 800 units may also be able to justify an administrator. Smaller communities can be managed with a less-than-full-time manager working remotely as is common in British Columbia and elsewhere.

The British Columbia approach is for managers to handle a portfolio of properties working from a head office. Across the industry, a manager averages between 12 and 16 properties. This requires dependence on technology for efficiency, communications and to reduce errors. This model and its supporting technologies have improved productivity and customer service. It allows flexibility in working hours and locations, making it easier to attract employees. Communities offering this flexibility are better able to retain quality management without sacrificing quality or service while reducing costs.

The growing condominium management shortage may actually be a blessing in disguise.

NATURAL GAS

Natural gas is invisible – both colourless and odourless. Perhaps this is why so few in high-rise and condominium buildings are aware of its importance.

It is a cleaner, cheaper and more efficient alternative to coal or heating oil. In North America, natural gas is abundant and one of the cheapest sources of heat and energy.

Natural gas is a necessary part of living in a high-rise building. While electricity powers most equipment and personal items in a building, high-rise and condominium living would be quite different without natural gas.

Historical Use of Natural Gas
Traditionally, natural gas was used to heat homes and businesses in the winter.

Electricity is a more expensive source of energy for heating water or the interior of buildings. In Ontario, natural gas is used in the production of electricity and an integral part of provincial efforts to reduce pollution and address climate change.

Natural Gas in High-Rise Buildings
Most buildings have a natural gas furnace to produce heat and hot water as one way to lower utility costs. It allows Canada to have one of the lowest cost sources of heat anywhere. This lowers

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NATURAL GAS... CONTINUED FROM PAGE 9

the cost of operating natural gas-powered systems by about 33 percent as compared to systems requiring electricity.

Some buildings rely on natural gas to power emergency generators, barbecues and some appliances in units, on balconies and in outdoor common areas.

Natural Gas Pricing
While inexpensive, natural gas prices can be volatile with rates changing daily. Prices tend to be lower during mild winters and higher when the weather turns brutally cold and more severe. This volatility can be controlled or limited by working with certain natural gas suppliers.

Volatility of natural gas prices can be controlled or limited with locked-in pricing contracts offered by certain natural gas suppliers

Enbridge is the gas distributor for Ontario. Their role is to ensure a safe and reliable supply of natural gas to customers in the province. They own and maintain a network of pipes across the province that deliver natural gas to residential homes, high-rise and condominium buildings, and businesses. Their fees include transportation and delivery of natural gas to end users.

Natural gas prices are determined in agreement with the Ontario Energy Board. Enbridge does not offer a way to lock in a fixed price for natural gas nor do they offer price negotiation.

Other natural gas suppliers, such as Canadian RiteRate Energy, allow natural gas users to lock in prices when they are low to provide protection against price increases. They will contract with condominium and high-rise buildings to supply natural gas at a fixed or floating rate which offers pricing and budgeting benefits to purchasers.

Wouter Germans at Canadian RiteRate Energy explains that "smart customers will look to buy long term contracts when natural gas prices are historically low. These are the customers who call us and ask about extending their current contract to lock in lower prices for financial savings, stabilize their cash flow and improve the accuracy of their budget forecasts over a period of years."

Those who understand how natural gas is priced save money and stabilize their utility costs by working with a natural gas provider offering contract pricing.

Those who understand how natural gas is priced save money and stabilize their utility costs by working with a natural gas provider offering contract pricing

TORNADOS, WIND AND HIGH-RISE BUILDINGS

Canada's rising population is encroaching on undeveloped areas prone to tornados that are typically undetected.

Canada is believed to experience more tornados than any country other than the United States, with the majority occurring in Ontario. Historically, about 60 tornadoes are reported annually in Canada. During the 2022 season, 117 tornados were reported which is closer to future estimates.

Tornado Alley, a strip in the United States across Texas, Oklahoma and Kansas has been moving eastward to more densely populated areas. That area is seeing fewer days of tornadoes more severe than in the past. In Canada, we are experiencing large tornados later in the summer rather than mid-July to late August as in the past.

Tornados are not reported when they occur in heavily forested and unpopulated areas with no witnesses and without damage to personal property. Western University has been gathering tornado data as part of their Northern Tornados Project. With higher population density, there have been more eyewitness accounts of tornadoes.

Tornados are random and can occur whenever there are thunderstorms. In Ontario, the greatest threat is along the Highway 401 corridor from Windsor through Toronto to Montreal.

Roofs in Canada are strong - designed to handle heavy snow and prevent collapse. Wind tries to lift roofs up and requires something to hold them down during a windstorm. High-rise buildings are structurally safe and less vulnerable to damage from tornados with the greatest risk coming from strong winds blowing loose furniture off balconies and equipment off roofs, and windows broken by debris and rocks followed by rain and wind entering units.

Restoration companies report more calls from high-rise buildings for wind-related damage. In the past most damage was to older and unmaintained buildings. More recent windstorms have caused damage to newer roofing and wall systems, windows, vehicles and mature trees.

BEING A CONDO DIRECTOR

When my wife and I moved into our condo three years ago it didn't take long for the 300+ person community to discover that I was a retired Professional Engineer with a background in Facility Management.

I had been an Assistant Vice President of an Ontario University's Facility Department for ten years and had a similar role at a major Ontario hospital for five years. I knew buildings and the challenges in operating and maintaining them. Hey presto, first Annual General Meeting (AGM) I was elected to the board and immediately asked to serve as President. Does deer in the headlights spring to mind?

I could write a book or two on designing, building and managing buildings but first let me look at the life and times of a typical "director" in our building. I did some historical digging into who we are.

Our condominium corporation is a 218 unit, 28-storey building built in 1979. Over those 45 years there have been 95 owners who have served on the seven-person board. Of those 95 people 42 percent completed just one year; 61 percent completed two years and the average lifespan of a director was just over three years.

Moral of the story – people don't stick around. There were a few outliers. The longest serving director stuck around for 18 years in various capacities. One did 13 years but never took the role of an officer, just a rank-and-file board member.

Delving deeper into the roll call of names it soon became obvious that once bitten twice shy seemed to be the way things panned out around here. We have a lot of 'retired' directors still living in the building many years after they had done their stint, but they seldom came back for a second kick of the can. Many a sad story to tell.

- "I couldn't stand the constant abuse from owners"
- "I never truly understood what was going on"
- "One (or more) of my fellow directors just dominated and abused the other directors"
- "Too much churn with the condominium manager(s) and superintendents"
- "Took far too much of my time"

I have heard these reasons and more in private conversations with a lot of previous board members.

When we were canvassing for owners to put their names forward to join the board many long-term residents flatly refused. They had seen first-hand the vitriolic abuse many board members had succumbed to. I was first 'elected' by acclamation when we only had six nominations for seven positions. Owners don't come forward. "Volunteerism" is dying across all social groups and gatherings.

What is immediately obvious looking at this historical roll call is that boards attract 'new' owners.

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BEING A CONDO DIRECTOR... CONTINUED FROM PAGE 12

Either they naively want to help and get involved, or see what they deem to be incompetence and want to get on the board to "put things right" (which is code for getting people to do things my way!) The autocratic 'vengeance-is-mine' types don't last long.

I have been in our building for three years and am now the most 'senior' director on the board. Five (out of six) of the current board moved in after we did. The directors are, with one exception, all newbies.

I get the distinct impression this may be the 'norm' at other condos. New owners move in; get on the board; hate it and get off as soon as they can never to return. We even had one director who after two years in the building got on the board and found the whole condo industry so awful she put her unit up for sale and returned to a single-family home. So, what is wrong with the condo industry?

1. I was surprised when I contacted the Condominium Authority of Ontario (CAO) asking about condo metrics and data to learn just how little information they actually collect. With something like 11,000 condominium units under their watchful eye they had no statistics on the percentage fee increase year-over-year. How many condominium corporations imposed a special assessment and for how much? What percentage of condo fees go into the reserve funds? This is just the start of what should actually be known but for which the CAO, and the entire condominium industry, is blissfully ignorant.

   Data as we are all told is 'gold'. Big technology companies (Meta, Amazon, Apple, Google, etc.) crave and collect our data. Where is the CAO data? CAO doesn't ask for it; they should.

2. Our building is 45 years old and was not subject for the first 20+ years of its life to the Condo Act so we have been playing catch up for years. However, why do the CAO set the reserve fund contribution at ten percent for the first year of operation? Ridiculously low. It only sets in motion problems down the road when it must be increased substantially. No wonder owners become disgruntled.

   Our reserve fund contribution is now at 34 percent of our total revenues and we are in the midst of a three-year $2.7 million series of special assessments!

   As one condo lawyer said to me at a conference (who incidentally lived in a condo and had served on his condo board) "don't buy a new condo; wait at least three years and then move out around year 15 before the financial problems start to accumulate". Wise words.

3. The CAO, as the government 'enforcer' of the Condo Act should establish some basic parameters around how condominium corporations structure the reserve fund study. A triannual study is totally inadequate. Our building has an insured value approaching $100M yet we only have to, under the Condo Act, employ a professional engineer every three years to review the life cycles of all the components and sub-components. There are over 180 such components in our building. The CAO should develop a standard component template that ALL condominium corporations must adhere to and submit annually to the CAO. The Professional Engineers of Ontario (PEO) have already developed such a standard component template. It just needs to be made

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BEING A CONDO DIRECTOR… CONTINUED FROM PAGE 13

mandatory for all reserve fund studies to follow this format. This data once collected and submitted to the CAO would be priceless.

Developers of new condominium buildings should also be compelled to supply, as part of the handover of record drawings, a reserve fund template populated with a detailed breakdown of the components of the building but most importantly what those components originally cost. It should also project out the capital costs over 30 years based on anticipated lifecycle data. The reserve fund studies could then be revised and updated based on the 'modelled' plan as the building ages.

Condominium corporations must develop a strong relationship with a reputable multi-disciplinary consultancy engineering firm who annually updates the reserve fund study plan based on what they find and what has actually been spent. It incorporates all problems that have occurred or been noted over the past 12 months. Yes, this is more expensive than a cursory review every third year but you get what you pay for. The building is your biggest asset and needs taking care of.

4. In the three years we have lived in our building we have had three property management companies; four condominium managers; and five superintendents. Our corporate 'history' is almost non-existent.

   Owners sit at the very heart of the condominium business. Are we getting value for the money we pay? We are surrounded (circled?) by engineers, lawyers, accountants and property management firms (never mind the contractors and suppliers). What is sadly lacking is what can best be described as a knowledgeable devil's advocate for the board and owners. In theory that should be the condominium manager and property management firm, but they are generalists at best. They do not possess specific expertise in any of the other professional disciplines that dictate our life and expenditures whereby they can challenge or question any of the 'advice' they relay to the board. They all too often take the view – "we did our job; we got an engineer to do a reserve fund study and they said spend X million dollars". This "don't shoot the messenger" reply is a sad reflection on their role.

I appreciate the property management industry is in trouble right now with a lot of retirements plus trouble recruiting new people to the industry but it needs to get a lot more professional, and soon.

One of my fellow directors whenever we are discussing an issue that an owner doesn't like or takes exception to has a saying "that's condo living for you". The typical condo owner has no idea of what they are signing up for when they buy a unit.

John Wordley is President of CCC169 in Ottawa

ONE COMMUNITY'S SOLUTION TO WATER LEAKS AND DAMAGE

A severe winter storm occurred in December 2022. Many residents had departed to warmer locales or to visit family and friends, leaving their units vacant.

A pipe in a ninth-floor vacant unit started leaking after a polar vortex of frigid air came through the city. It may have been that that the cold weather caused standing water to freeze in the unused pipe. Water damaged multiple units as it traveled down to the second floor before being noticed, reported and repaired. Then extensive unit repairs commenced.

If the leak had been caught sooner, damage would have been minimal. Planning for the future, the board sought to prevent a repeat of this incident. They received approval from owners to regularly inspect vacant units, and to have all renovations inspected by a board-hired plumber and electrician. More importantly, everyone agreed to have water sensors installed.

Water sensor alerts are now sent to a central database for dissemination by phone, text and e-mail to affected residents, concierge/security and condominium manager. A box in the lobby broadcasts an audible announcement that there's a leak. Everyone agreed to share their internet access so additional wiring was unnecessary.

The cost of installing water sensors was considerably less than the cost of repairing water damage to units and common areas on eight floors.

CROSSBRIDGE REBRANDING TO FIRSTSERVICE RESIDENTIAL

Goodbye

Crossbridge Condominium Services has officially rebranded to FirstService Residential as of September 30, 2024. Condominium communities with Crossbridge management and using Crossbridge e-mail accounts have been informed of updated FirstService Residential e-mail addresses.

It has been more than a year since FirstService Residential announced the acquisition of Toronto-based Crossbridge Condominium Services.

Founded in 1996, Crossbridge Condominium Services, formerly Brookfield Residential, manages over 75 properties and more than 20,000 residential units in Ontario.

FirstService Residential is North America's property management leader. They manage more than 9,000 properties representing over 1.8 million residential units across the U.S. and Canada. The company manages nearly 800 communities and 200,000 residential units across Canada.

By reputation, FirstService Residential has been more focused on automating processes and making it easier to get management tasks done including communications. The company reportedly is more efficient in managing accounting and billing. They retain fewer back-office employees while relying on technology to automate and speed up accounting processes and reporting.

In addition to condominium management services, FirstService Residential offers banking, financial, accounting and proprietary technology solutions, some of which may be offered to non-FirstService Residential clients.

SELF-DETERMINATION

"I would never live in a condominium" say some people. Their reasons are varied but come down to not having control over what they can do in their own home and having to pay monthly fees.

These people have never experienced condo living and speak out of ignorance. Stating that condo fees are lower than the cost of maintaining other housing, or utility fees and taxes are lower is met with silence. Access to amenities such as a swimming pool, library, party room, and social activities are also ignored by these skeptics.

It is easier to say something they have never experienced is not good enough, and to claim that condominium living is not for them.

Being pro- or anti-condominium living is weird .... as Kamala Harris would say. Condo living is nothing more than a structure allowing people to live with shared spaces that improves people's lives. To the extent it works, it is to be embraced through self-determination because of the benefits derived.

Self-determination by a group means that anyone can be outvoted. You don't always get what you want. It means you have to adhere to the rules of the group. You relinquish some freedom to do what you want in your home so others don't have unlimited freedom to do what they want to the extent it impacts on you. It isn't complicated. Condo living reflects a willingness to cooperate so everyone benefits. This allows most to enjoy a higher standard of living than they could otherwise afford.

It becomes easy to take this for granted.

STATUS CERTIFICATE FINANCIALS

Prior to purchasing a condominium, it is standard practice for a prospective purchaser to receive current financial information so they can evaluate the financial condition of the condominium corporation.

A Status Certificate Package should include the most current financials. There are many reasons why a condominium corporation may choose not to provide this. None of them are good. Some condominium corporations may fail to prepare audited financial statements annually as required.

While it is advisable to obtain legal expertise prior to purchasing any property, relying on a lawyer for advice on the financial strength of a condominium corporation is not the best approach. One lawyer, when asked to advise on proceeding with a condominium purchase without current financials said "Unfortunately that's a business decision, and we are not allowed to get involved with client's business decisions. I've outlined the deficiencies to their disclosure. If the condo corporation is not managed well, you will have to consider whether you wish to get involved in this community. The condo is only responsible for the common areas, so there is comparatively much less potential for things to go wrong in a big way."

Lack of current financials makes any condominium purchase riskier. It is wise to be concerned when current financial information is not available.

WINTERIZE YOUR HOME

When the temperature drops and snow falls, the last thing on people's minds is how the building entrance, lobby and common areas will be affected.

This is why summer is the time for winter planning. This means inspecting, upgrading and replacing winter equipment and supplies. With fewer people residing in the building during the summer, less are inconvenienced by winter preparations.

Stay Warm
- Check heating elements in the lobby and vestibule to ensure they are operational.
- Winter employee uniforms including coats, hats and gloves should be ready for use.
- Service electronic doors to ensure mechanisms are properly lubricated and functioning.
- Ensure doors close properly in strong winds.

Stay Dry
- Umbrellas should be in good condition.
- Check awnings for tears and leaks.
- Ensure rain runners and mats are in good condition.

Be Safe
- Snow clearing equipment should be in good condition and ready for use.
- Obtain supplies of salt, sand or ice melt.
- Non functioning lights should be repaired.
- Elevator carpets should be cleaned and ready for use. Three sets per cab allow for them to be rotated and cleaned.

ELIMINATING CHEQUES

Is your condominium corporation still encouraging residents to pay their fees by cheque? There are benefits to encouraging electronic payments.

Inertia is what keeps cheque payments popular. This is the way payments have been made in the past so why change it? Another impediment is older accounting systems that are not designed to accept electronic payments. Some feel that payments by cheque are safer which is true only when compared to cash payments.

Cheques have a greater risk of fraud and take longer to process. Electronic payment systems accept credit and debit cards, and direct deposit from one bank account to another, along with cheques.

Electronic accounts payable systems used by condominium corporation vendors accept payment by these same electronic methods saving your corporation the time and cost of generating and mailing cheques.

Perhaps the greatest advantage of electronic payment systems is the reduction in manual data entry which saves time and money while reducing the number of manual errors.

LIMITS TO CONDO BOARD AUTHORITY - RENOVATIONS

Condo boards have limited authority in their condominium corporation. Exceeding this authority has consequences. One condo owner asked for permission to carry out unit renovations that included installation of new tile in the washrooms and kitchen, replacement of the kitchen counter and cabinets, and new bathroom vanities. No structural changes were requested.

The board placed unreasonable restrictions on this work. They approved it only if started on December 6 (2021) and completed within four days. Contractors were allowed to use the service elevator but only twice for a maximum of 20 minutes to transport materials, debris and equipment. The board was informed they would require at least three hours to remove construction debris. Delivery of supplies was not possible within the 20-minute window.

The owner commenced work, ran out of time and retained a lawyer who submitted a proposed construction schedule. The board failed to respond for nearly three months after which a court order was sought declaring that the corporation was in breach of the Condominium Act and requiring it to cooperate by allowing a reasonable schedule.

The owner took the corporation to court for failing to act reasonably in considering his renovation request. The corporation was required to consider his renovation requests fairly, provide timely responses and decisions, and repay additional renovation costs of more than $50,000 plus its own legal bills.

DEALING WITH THE MOST DIFFICULT OF OWNERS

Condominium and high-rise living can present challenges unique to those who reside in single-family homes. One matter before Justice Paul Perell was described as a “three ring clown circus” and “truth being stranger than fiction”.

The owner of a unit in TSCC 2581 exhibited “unacceptable behaviour” resulting from a “serious long-standing substance abuse illness.” Others reported his actions as “inappropriate, inebriated, disorderly, aggressive, rude, profane or threatening.” The owner was reported as having shouted at the concierge, shattering the front desk Plexiglas shield and throwing the desk phone at the security computer. He was charged criminally with assault and destruction of property.

The corporation took him to court and obtained a compliance order requiring that he behave himself, not disturb residents in the building and stay away from management employees. He was required to pay $35,000 in costs.

The order appeared to have no effect. The corporation sought to have him evicted and force him to sell his unit, with building security describing him as a “potential homicidal threat”. His lawyer wanted to negotiate a settlement allowing him to move out and rent his unit.

The judge refused to order that his unit be sold. He was ordered to vacate and not return to the building. He is unable to reside in the unit without the consent of TSCC 2581 earlier than December 2025 (two years from the decision). Dealings with TSCC 2581 must be through his lawyer.

ONE COMMUNITY INSTALLS ELECTRIC VEHICLE CHARGERS

Dominion Coal Silos at Merton Street and Mount Pleasant Road goes back more than 80 years to the days when Toronto homes relied on coal for heating. Rather than tearing down this landmark, they were converted to house 220 condominium units about 20 years ago.

This community more recently underwent a retrofit to support charging systems that will be necessary as gasoline-powered vehicles make way for electric vehicles.

Getting electric vehicle chargers into condo buildings is a challenge. There is a cost to installing the necessary electric vehicle infrastructure when few actually have electric vehicles. In recent years, the Condo Act has been revised to help communities incorporate this infrastructure. Each community needs to decide if, or when, to embark on a large and costly electrical project to ensure a charging system for every parking spot when only a few owners currently need them.

Dominion Coal Silos found a solution that 56 residents committed to even though only three owned an electric vehicle. While some anticipate the need for a vehicle charger, many expect their home to be more valuable when sold.

The first resident inquiry was in 2018. Working with an electrical engineer, they eventually decided to design a system with a substation on each parking level so residents wanting a charging system could run a line to their parking spot. The cost was about $400,000, partially funded by the federal government's ZEVIP program which provides grants for electric vehicle charging infrastructure. This allowed individual owners to install their own charging station at a cost of under $3,000.

Installed chargers track the charging of each vehicle and bill for the electricity so residents pay only for electricity they use. Charging systems can require so much electricity there is a shortage for other needs. The system monitors and distributes electricity to ensure the building does not run out of power for individual units or building systems. When overall building demand is high, the amount of electricity delivered to vehicles is lower so charging can take a little longer. This is generally not noticeable since most vehicles are charged overnight and fully charged by morning. The cost of a single charge is likely to be under six dollars which is about four times less than public chargers.

Bidirectional chargers offer additional possibilities. They allow electricity to flow both ways. In the event of a power failure, shortage or blackout, electric vehicle batteries can be used to power electrical devices or systems.

LARGER LEGAL BUDGETS

You may have noticed that the legal budget for your condominium corporation has grown.

Changes in the Condo Act and introduction of the Condominium Authority Tribunal have increased the risks for condominium corporations. It is increasingly important for the condominium manager to have some access to the corporation's lawyer as situations arise.

Dealing properly with situations is more economical and efficient than trying to fix mistakes. Invest in updating governing documents to ensure they are correct, consistent and enforceable. Improve communications with residents to avoid unnecessary disputes and frustrations that devolve to the point where legal assistance becomes necessary.

Update communication and information systems to ensure records are maintained and accessible if needed to support and defend actions before the Tribunal. When considering a Tribunal submission or defending against one, consider the need to utilize legal counsel. A director or condominium manager may be sufficient.

INSURANCE APPRAISALS

Insurance appraisals provide an estimate of what it costs to replace property should there be a total loss. They are used to determine how much insurance should be placed on a condo building and its property.

A condominium corporation is required to insure their property for full replacement value. Insuring for a lesser amount to lower insurance cost is not an option. A new insurance appraisal is required according to a pre-determined schedule to ensure adequate insurance is maintained.

The process of obtaining an insurance appraisal should commence up to six months prior to expiration of a policy. This allows time to obtain quotes, review proposals, provide documentation, schedule a site inspection, and negotiate terms prior to a policy's renewal date.

An appraiser will conduct an exterior and interior property inspection. They look at visible damage, interior finishes, safety and security systems, mechanical systems, roadways, landscaping, building construction materials, architectural plans and the corporation's governing documents.

Replacement costs for a building will reflect current building codes and laws to ensure compliance with current standards.

An insurance appraisal ensures that, in the event of a total loss, your corporation has money available to rebuild without requiring a special assessment or other funding sources.

UPDATING THE CONDO LOBBY

A lobby is the first impression of a condo building seen by owners, visitors and prospective buyers. Its layout, furnishings and overall impression is an important part of how the building and its suites are viewed. It should be open, visually appealing, look comfortable and welcoming.

The condo lobby is not a residential living room. Most residents will pass through it without taking notice. It is the entrance to your home and, as such, should be welcoming as a temporary waiting area for visitors.

Condo lobbies should be renovated about every 10 years. This is when the space begins to wear out or look outdated. It may have old or dim light fixtures, outdated wallpaper, faded or discolored paint, worn carpet or scuffed stone floors. There may be damaged furniture, walls and fixtures. Neither residents, visitors or potential owners feel good about entering a lobby area which looks outdated and poorly maintained.

When updating the lobby, upscale fabrics, materials and furniture is best for durability and to provide a lasting impression. That lobby should offer as pleasant an experience in the middle of winter as on a bright and sunny day. This can be achieved by using a light and bright color scheme, light fixtures to enhance the space, and durable flooring that is easy to clean. Wood paneling can be used to make a powerful statement.

Old and dim light fixtures, damaged wallpaper, worn carpet, scuffed stone floors, faded or discolored paint, scars, chips and dings combine to lower the quality of the space. Modern light fixtures using low energy will reduce energy costs. Lamps with differing levels of brightness is more desirable than having the same level of brightness throughout a large space. The whole room seems brighter, lighter and more appealing.

A large lobby can be subdivided to make the space more useful. Subdividing creates smaller spaces for other uses that may include package receiving, shelving for pick up and delivery of laundry services, or cold storage for delivery of perishables. Amenities can be expanded to incorporate a library, lounge, exercise room, children's play area or remote working space.

Hallways, corridors and other spaces are usually updated about the same time as the lobby. Hallways look nicer and safer with light-colored walls and a design that focuses the eyes upward to de-emphasize the narrowness of the space. Artwork should be appropriate for the nature of the building and its residents. For modern buildings, neutral art is a good choice. Mirrors placed in smaller areas such as the elevator lobby and in hallways can make these spaces appear larger.

It takes time to do things right. Working with an experienced designer and contractor can simplify the process and avoid problems.

CONDO AFFORDABILITY

Many want to understand condo living before buying. For them, the first step is understanding how much condo they can afford.

Many Canadians are finding they have misjudged the risks of borrowing large amounts of money while interest rates were at historic lows to purchase a home. It is not uncommon to have taken on a $700,000 mortgage requiring payments of about $3,200 monthly at a mortgage rate in the range of 2.5 percent. As interest and mortgage rates have increased, these payments have grown to about $5,000 per month. With an annual household income below $100,000, these mortgage payments are unsustainable.

Before purchasing a home, consider how much you can really afford.

- Having at least 25 percent of the purchase price in cash allows for a 20 percent down payment which eliminates the need for mortgage default insurance. That additional cash will be needed to pay land transfer taxes, closing costs, expenses of home ownership and unforeseen expenses. For that $700,000 mortgage, have $175,000 in cash.
- Use no more than 30 percent of your household income to pay monthly costs including mortgage, property taxes, insurance, utilities and condo fees. This would be $30,000, or $2,500 monthly, for a household income of $100,000.
- Limit your purchase price to no more than three or four times annual household income. At a household income of $100,000, assuming satisfying the other criteria, the most you should pay for a home is $400,000.

Many choose to ignore these criteria when purchasing a home. They have little to no savings, are unprepared for increases in the mortgage rate or condo fees, and save nothing for retirement. They run out of money as they get older and are unable to retire. There is no margin of safety if someone gets sick, injured or is unable to continue working. They are forced to sell the home to repay debt and to survive.

CONSCIENTIOUS CONDOMINIUM MANAGER

I'm a board member and our condo manager has come up with a lot of ideas for things such as EV charging stations and energy audits where we submit all our bills and some reseller performs some extremely complicated calculations to allegedly save the corporation money.

Why would a condo manager worry about EV charging stations or hedging utility rates when we never asked them to? These suggestions seem somewhere from bizarre to inappropriate.

Further, the manager never asks us what we want on the board meeting agenda.

D. G.

Response from Toronto Condo News

It sounds as if you have a good condominium manager trying to get your board to consider practical opportunities for lowering costs (and condo fees), improving your home and increasing property values.

Electric vehicle charging stations can be a good investment for attracting interest of those who own electric vehicles. Energy audits and metering systems lower electricity costs. With electricity being the largest expense for many condominium corporations, this is an excellent approach.

A good condominium manager should be aware that their job includes seeking ways to improve operations and reduce costs while providing a comfortable home to residents. They should be encouraging their condo board to delve into and deliberate on how this is best achieved. An effective condo board should be proactive and seek out these opportunities for research, evaluation and deliberation prior to making informed decisions.

Regarding board meetings, your President should be in control of both the agenda and board meetings. If the manager has been asked to take on this role, agenda items should be approved by the President in advance of the meeting.

It sounds as if your condominium manager is doing exactly what is needed to manage and improve your community. I suggest your board spend more time considering and researching these recommendations.

Best of luck.

OBTAINING A PRINTED VERSION OF THE ONTARIO CONDO ACT

Is there a way to obtain a 5x11 size version of the Ontario Condo Act?

V. H.

Response from Toronto Condo News

At one time it was possible to obtain a printed or hard copy version of the Ontario Condo Act. It was made available by different organizations at no cost. So far as we know, it is no longer available in this form.

Resources currently available include https://www.orderline.com/condominium-act-by-orderline and a more current version at https://store.thomsonreuters.ca/en-ca/products/the-condominium-act-a-users-manual-5th-edition-ontario-2018-print--proview-30845138 . Neither are entirely current.

We recommend that you use the online version provided by the Province of Ontario at https://www.ontario.ca/laws/statute/98c19 . This is easily searched and read. You can print any desired sections.

I hope this is helpful.

Regards,