

NEWSLETTER

May 2009

www.EOLO.ca

EOLO Convinces City Council to Lower Taxes for Multi-Res.

On April 22, 2009, Ottawa City Council voted to reduce the multi-residential tax ratio from 1.75 to 1.70. This reduction will save the rental housing sector \$3M compared with its total 2009 taxes had the City not taken this step towards tax fairness. The average tax increase for multi-residential property in the City of Ottawa will now be about 2.5% instead of the 5% increase that was expected.

On a rent of \$1,000 per month the tax savings achieved through this reduction are about \$45 per unit per year.

Prior to this victory, a typical multi-res unit renting at \$1,000 per month would have seen a tax increase of about \$90. Such an increase would have justified bringing an above-guideline increase (AGI) application. The landlord could have passed through about \$45 of that increase to the tenant through a higher rent.

With EOLO's victory at City Council, that typical unit will now face a tax increase of only \$45 per unit. There is no need for the landlord to bring an AGI application. Tenants win, as most tenants will now not experience a tax-driven rent increase for the 2009 City tax increase.

The tax change on each specific property will depend on

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the assessment change. For most properties the overall reduction in the tax increases will avoid increases that would justify an AGI for taxes. However, some multi-res properties that had very high assessment increases will still face extraordinary tax increases. (Those increases will be lower than they would otherwise have been.) EOLO was very clear to City Council that a shift to 1.70 would leave some properties still subject to tax increases that would allow AGIs. Landlords of these buildings are free to make applications for AGIs to recover the extraordinary tax increase if they choose. But EOLO asks that all landlord members advise us if they plan to claim an AGI for taxes in

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CFAA Gains Improved Energy Conservation Incentives for Landlords

In March 2009, the Canadian Federation of Apartment Associations (CFAA) achieved a significant win for rental housing providers by improving the federal energy retrofit incentives for low-rise rental buildings. Those are buildings with fewer than four stories and a footprint of less than 600 square meters. CFAA's government relations work increased the federal incentives for energy conservation measures from about 6% or 7% of the cost of the work to about 12% to 15% of the cost of the work. There are also matching Ontario grants so that the total incentives have

been increased from about 12% to about 30%.

For more details of the changes, see the article at page 5 of the May 2009 issue of National Outlook available at www.cfaa-fcapi.org, the CFAA website. For the total incentives for different work see www.homeenergyontario.ca. Do not be put off by the reference to homes; the program also applies to low rise rental properties.

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Spring HOPE Tenant-Landlord Food Drive Raises 126,000 lbs of Food!

The Ottawa Spring HOPE Tenant-Landlord Food Drive was held on Tuesday, April 21, 2009. It is organized each year by the Eastern Ontario Landlord Organization in coordination with the Ottawa rental property companies so that landlords and tenants can work together to help those less fortunate.

This year's event helped The Ottawa Food Bank collect 126,000 lbs of food, which is a new record for this event! This food will be put to good use filling the Food Bank's shelves after a long Winter.



Pictured Above: John Dickie (EOLO Chair), Karen Keskinen (Community & Media Relations, Rogers Communications), Peter Tilley (Executive Director, The Ottawa Food Bank).

Thank you to the tenants and staff of the 180 participating buildings, which are managed by 15 different rental property companies. Rogers Cable technicians collected the food donations from each building and delivered them to the Food Bank.

The landlords who participated this year are:

Capital Properties Ltd.
CLV Group Inc.
Greenwin
Homestead Land Holdings Ltd.
I.P.T Investments Inc.
Minto Group Inc.
Osgoode Properties Ltd.
Paramount Properties
Realstar Property Management
The Regional Group of Companies Inc.
Taggart Realty Management
Timbercreek Asset Management
TransGlobe Property Management
Urbandale Corporation and
Vertica Resident Services Inc.

The Ottawa Food Bank is the National Capital Region's central emergency food assistance organization. Through its 127 member agencies, The Ottawa Food Bank helps 40,000 individuals per month, 40 per cent of whom are children.

City Licensing Still a Threat

Thanks to EOLO's work, the idea of licensing landlords is now dormant in Ottawa. Unfortunately, the idea of licensing is still very much alive in several other cities across Ontario.

On October 2, 2008, the Community and Protective Services Committee recommended that Ottawa City staff study "best practices" for licensing all landlords. EOLO communicated with City councillors, and worked with others, to convey the message that licensing would add costs and bureaucracy without improving the issue it is supposed to address, namely problem properties.

On October 22, 2008, in a major win for Ottawa

landlords, Ottawa City Council directed staff "to limit the study to finding more effective ways of dealing with problem rental properties," rather than imposing new and unnecessary requirements on landlords who already meet all City and provincial standards.

The licensing issue has moved forward in other cities. The City of Oshawa has brought in licensing for a limited area around its College and University. The license fee is \$250 per dwelling unit, and the license is valid for only one year. Since the Oshawa licensing program is so clearly targeted at people providing rental accommodation to students, several challenges were made under the Human Rights

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Spring 2009 Networking Event

EOLO's 8th semi-annual Networking event for our landlord and associate members will be held on Wednesday, May 27 between 5:00 to 7:00 pm at the Centurion Conference and Event Centre in Ottawa.

Fall 2008 Networking Event

Our previous Fall Networking event, held on Wednesday, October 22, 2009, was a great success for EOLO's landlord and associate members. The landlord members were able to learn more about the products and services provided by our sponsors and other EOLO associate members, while enjoying roast beef sandwiches and other refreshments with them.

EOLO would like to thank all of the landlords and suppliers who were in attendance. If you are interested in joining EOLO in order to attend future events, please contact Erin Wallace at (613) 235-9792 or by email at eolo@magma.ca.

Fall 2008 Networking Event Sponsors:

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Property Tax Win for Ottawa's Landlords and Tenants

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the next 18 months, so that we can discuss with you how best to manage the issue with the ward Councillor.

Many multi-res properties will see tax decreases in 2009. Whenever a rental property benefits from a tax decrease of more than 2.5%, the landlord is obliged to pass through the full tax decrease to the tenants of the buildings. The reason for the 2.5% threshold is that the Province recognizes that the administrative burden in passing through very small tax decreases is not worthwhile. Despite the administrative burden, most of EOLO's larger members agreed to pass through rent reductions even if they fall below the threshold. EOLO asks that landlords advise us which buildings show a tax decrease from 2008 to 2009 (comparing the 2008 final tax bill to the 2009 final tax bill). As we have done in previous years, EOLO will provide landlords with a form letter to make any rent reductions as smooth as possible.

Councillors' voting

Besides the positive vote by Council to reduce the MR tax ratio to 1.70, there was an unsuccessful attempt to reduce the MR tax ratio to 1.65. Councillor Cullen originally moved a motion for 1.60. However given the lack of appetite around the Council table to make that large a move, the motion was amended by Councillor Legendre to seek a tax ratio of 1.65. That motion lost 14-8. Here is the breakdown of the votes.

Councillors Cullen, Legendre, Holmes, Leadman, Doucet, Qadri, Chiarelli and Hunter voted in favour of both the motion for 1.65 and the motion for 1.70. We thank them for their work in bringing about tax fairness for tenants and the multi-residential sector.

The Councillors who voted in favour of 1.70 but against 1.65 were Councillors Wilkinson, Hume, Deans, Bellemare, McRae, Feltmate and Bloess. The Councillors who voted against both decrease motions were the suburban and rural Councillors Harder, Brooks, El-Chantiry, Desroches, Jellett and Monette and Mayor O'Brien.

Safety and Security in Rental Buildings

Crime Prevention Ottawa has produced a booklet designed to assist small- and medium-size landlords to avoid and overcome the challenges of crime and disorder (such as drug dealing) on their property. Several of EOLO's largest members have also indicated that the booklet has been helpful in their staff training. The booklet was produced with the support of the Ottawa Police Services.

The booklet highlights certain areas of the *Residential Tenancies Act* (the "RTA"), which governs residential tenancies in Ontario. The booklet explains a landlord's role

and responsibilities, reviews the legal options available to combat illegal activity and other interference with the peaceful enjoyment of people's homes, and provides a list of referrals to assist landlords whose tenants may be in need of mental health, domestic violence or other resources.

Booklets are available online at <http://www.crimepreventionottawa.ca> in the publications section, or by contacting EOLO at (613) 235-9792.

Reducing Domestic Violence

The Neighbours, Friends and Families (NFF) campaign is helping community members fight domestic violence through raised awareness, community presentations and a media campaign aimed at changing the way people living in Ottawa think about and respond to domestic abuse.

Landlords, property managers and superintendents can join with neighbours, friends and family members in playing a role in ending violence against women. Become aware

of the warning signs of domestic abuse, and learn how to refer your tenant, neighbour, friend or family member to the available services. It is easy to do, and it can save a life.

For more information or to obtain the NFF material, please telephone Neighbours, Friends, and Families at (613) 741-6025 ext 141.

City of Ottawa Cross-connection Water By-law

The City of Ottawa is moving to bring in a cross-connection water by-law. The purpose of the proposed by-law is to prevent wastewater from entering into the City's public water supply.

The short-term plan will likely require a retrofit for all properties that are considered to be a "severe" or "moderate" hazard. Although there appears to be little evidence of any problems, apartment buildings of 4 or more stories are considered a "moderate hazard".

"High or severe hazard" is defined as any cross-connection or potential cross-connection involving any substance that could be a danger to health. "Moderate hazard" is defined as any cross connection or potential cross-connection that constitutes only a nuisance, where there is no current

possibility of any health hazard and a low probability of becoming a severe hazard.

The retrofit will likely require the installation of a perimeter backflow prevention device that will be registered by the City and must be inspected by a licensed person on an annual basis. Internal estimates are that the installation cost could be between \$15,000 and \$30,000 per building.

The longer term goal is to prevent backflow within a building. EOLO understands that similar by-laws have been adopted in a number of other cities across North America, including Toronto and Hamilton. EOLO will continue to monitor the situation and advocate for landlords' interests.

CFAA Gains Improved Energy Conservation Incentives for Landlords

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The value of that win for landlords is about \$100,000,000 across Canada. That is about 200 times the money which has been spent on CFAA since its inception in 1995. In other words, even if CFAA had achieved absolutely nothing other than this energy win, it has returned 200 times the cost of its work.

In fact, CFAA has also achieved various other changes of benefit to landlords. For example, two years ago CFAA achieved an improvement in the energy conservation incentives for buildings of four stories or more. And CFAA has improved federal housing policy and tax rules.

CFAA will continue to work to improve the operating environment for rental housing providers of all sizes at the federal level.

Ontario's Poverty Reduction Strategy

On May 6, 2009, the Ontario legislature passed the *Poverty Reduction Act*. That Act requires the Government of Ontario to implement the government's current poverty reduction strategy, or another similar poverty reduction strategy that includes a specific poverty reduction target, initiatives designed to improve the economic and social condition of persons living in poverty, and indicators to measure the success of the strategy. The strategy is to be based on the principle of eliminating barriers to people who face discrimination.

The government's current poverty reduction strategy is called *Breaking the Cycle – Ontario's Poverty Reduction Strategy*. It was published on December 4, 2008. The main current goal, articulated in that document, is to achieve a 25% reduction in the number of Ontario children living in poverty within the next five years.

The Provincial government has also developed a "Child and Youth Opportunity Wheel" to track progress of their poverty reduction strategy. The wheel looks at a set of eight indicators which, when measured together, are to show whether Ontario is moving closer to the goal of breaking the cycle of intergenerational poverty. These indicators include birth weights, standardized elementary school testing, and high school graduation rates. One of the indicators will be the "Ontario Housing Measure," which remains under development. EOLO will continue to track the Provincial government policy, although we will rely primarily on the Federation of Rental-housing Providers of Ontario (FRPO) to represent the interests of landlords to the Ontario government on this matter, and on other provincial matters.

City Licensing Still a Threat

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Code, but none of those has succeeded to date.

In Hamilton the issue is also driven by the student housing issue. The City has two committees of ratepayers and interested parties reviewing what to do about the resident complaints about the behaviour of many students, and whether to bring in licensing. The Hamilton & District Apartment Association (HDAA) is working to try to avoid licensing in Hamilton.

The Region of Waterloo has a long history of regulating rooming houses to attempt to deal with student housing issues. City staff are considering whether to recommend the expansion of licensing to non-student rentals. The Waterloo Regional Apartment Managers Association (WRAMA) will be working to oppose the extension of licensing.

The City of London has been considering licensing for the past year, with somewhat mixed motivations. London is considering starting with a fee and an inspection process for buildings with 6 or fewer units, but some staff have recommended that the program be expanded to include all building with 5 storeys or less. The London Property Management Association (LPMA) won a battle in March. At the eleventh hour, London City Council decided to defer the vote on the licensing bylaw for 3 months, and instructed City staff to conduct more proactive enforcement of existing Property Standards bylaws.

LPMA's success came from the fact that London landlords were able to rally their tenants in the largest public meeting ever in the City of London. Landlords gave tenants the contact information for the city councillors, and encouraged them tell their councillors what they thought about this "tenant tax". The tenants spoke loudly and clearly in opposition to licensing.

In Toronto as in Ottawa, the driving force behind licensing was not student housing issues, but rather the twin desires to gain another means of going after bad landlords and to gain a means of raising revenue to fund proactive inspections. The Greater Toronto Apartment

Association (GTAA) and the Federation of Rental-housing Providers of Ontario (FRPO) successfully opposed the moves toward licensing in Toronto. However, instead of licensing landlords, the City of Toronto has chosen to create a new Multi-Residential Apartment Building audit program to conduct targeted proactive inspections of many publicly and privately owned buildings across the city. If a landlord does not address an inspector's concerns promptly, the City of Toronto will charge a fee of \$60.00 per hour for each visit after the second inspection.

Before the licensing debate, Ottawa City Council had already increased the size of the property standards enforcement unit from 12 officers to 21. The enforcement protocol had also been strengthened by reducing the timelines for a property owner to comply with an order. EOLO and our members are not opposed to the effective enforcement of the property standards by-law, and other legal requirements. We are also not opposed to better services for tenants and quality maintenance for tenants. In fact, we support all those goals.

The vast majority of rental housing buildings in Ottawa already meet a high standard for quality. Buildings that fail to meet adequate standards are best dealt with through targeted inspections and work orders by the existing municipal property standard enforcement department, or through tenant applications to the Landlord and Tenant Board. A licensing program would result in ineffective use of municipal resources by increasing bureaucracy, collecting paper and inspecting buildings most of which already meet adequate or superior maintenance standards.

In the words of one Ottawa City Councillor, "[our decision] should assure the large number of good landlords that the City has no intention of licensing them, but the few bad landlords should take notice that the City is going after them." EOLO's goal is to make sure that good landlords are not caught up in the rules and processes meant to address the few problem properties in the City.

Rental Housing Employee Salary Survey

EOLO is supporting the Canadian Federation of Apartment Associations (CFAA) in its launch of a professional survey of employee compensation and benefits in the rental housing industry in Ottawa and most other major cities across Canada.

The survey will help property managers to manage compensation costs by reporting the market salary and wage rates for property managers, superintendents, cleaners, leasing agents and other rental housing employees. Where the data permits, the consultant will stratify the results by company size and building size, and by building type (i.e. high-end, mid-range and affordable).

The survey will also include positions which are used in larger or more particular operations such as Regional Manager, Marketing Manager, Maintenance Technician, Maintenance Manager; Property Assistant Manager, Property Administrator, Legal Administrator/Paralegal, Property Accountant, Security Guard and Doorman/Concierge.

Compensation and benefits information will be confidential to the survey consultant ONLY. EOLO will not have access to it, and CFAA will not have access to it.

As an EOLO member, you should receive the survey questionnaire from EOLO. If you have not received a compensation survey questionnaire by June 3 and want to fill one out, please contact EOLO Chair and CFAA President John Dickie at president@cfaa-fcapi.org, and he will send the questionnaire to you.

Survey participants will have access to the survey report for Ottawa for \$225 rather than \$450 or \$650, which is the price for landlords who do not complete the survey questionnaire.

The CFAA Compensation survey has been endorsed by EOLO and by Canada's national landlords. Please participate in the CFAA Compensation survey so that as property owners and managers we can all operate our businesses in a more cost-effective manner with less staff turnover.

CFAA Conference, London, Ontario – May 6 to 8, 2009

Geoff Younghusband represented EOLO at the CFAA Conference and AGM held in London, Ontario, from May 6 to 8. Steve Ryan and Kevin Kennedy also attended from Ottawa, along with John Dickie, the CFAA President.

At the Association Conference on May 7, CFAA delegates listened to a short presentation about creating value as a key means of engaging association members. Delegates then broke out into groups to discuss the goals of four key member segments, namely large, mid-size and small

landlords, as well as industry suppliers. The Association Conference continued with a Rental Housing Outlook report from CMHC, and with Cross-Canada Round Up, the member associations' reports of key economic and political developments from across Canada as they affect the rental housing industry.

For more details about the CFAA Association Conference and the CFAA Energy Conference, see the May 2009 issue of *National Outlook*, at www.cfaa-fcapi.org.



John Dickie, CFAA President, addresses CFAA delegates in London on creating value to engage association members.



Geoff Younghusband (on the right), EOLO's CFAA Director, facilitates a discussion group on the goals of mid-size landlords and non-owner employees.

EOLO Associate Members

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		Windows/Doors	Comfort King Ltd. Norstar Windows & Doors Ltd. Scheel Windows Limited

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Please contact Erin Wallace at (613) 235-9792 to discuss advertising opportunities.