

NEWSLETTER

September 2013

City helps tenants and landlords on property taxes

As EOLO reported in March, Ottawa residential properties (including single family homes) saw total assessment increases averaging 26%. Multi-residential properties ("multi-res" of more than six units on a single roll number) went up an average of 52%. City Council could have allowed that value shift to push up taxes for properties in the multi-res class, even though the tax rate on tenants is 1.7 times what it is on homeowners (i.e. 70% higher).

EOLO has been addressing the tax inequities with Ottawa City Council with some success for more than 10 years. Thanks to our arguments, City Council acted in April 2013 to reduce the multi-res tax ratio from 1.7 to about 1.6 in order to eliminate the 2013 tax shift. That has spared residential properties from city-wide tax increases. The average landlord does not have to pay higher taxes, and then seek to collect them in tenants' rents.

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Tenants and landlords should be grateful to Mayor Jim Watson, and all the City Councillors, for addressing the property tax situation for 2013.

However, there are substantial numbers of properties which have seen increases or decreases on an individual basis.

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New Ottawa garbage enforcement practices

By John Dickie, EOLO Chair

Garbage collection is quite a challenge for many landlords of both low-rise and high-rise buildings. The challenge is getting worse, and the risk of City fines or charges is getting more serious.

To promote organic re-cycling and extend the life of the landfill, City Council recently reduced curbside residual garbage collection from once every week to once every two weeks. That applies also to what is known as pad collection, which is often used in garden home complexes. (For the time being, bin collection is still every week.)

Complicating life are the weeks on which the waste collection is delayed by one day, including the week of Labour Day, Thanksgiving Day and the other statutory holidays; and the fact that for many areas of the city, the garbage collection day itself changed when the new curbside collection contracts began in November 2012.

Move-out and move-in garbage

Both low-rise and high rise buildings are affected when there are a significant number of move-outs or move-ins on a date which does not exactly align with a residual garbage collection day. That applies especially to areas with many student rentals, such as the areas around the U



of O, Carleton, Algonquin or City Collegiale, or even in South Keys, where many students commute to Carleton on

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CFAA advocates direct assistance for low-income tenants



For this year's federal pre-budget submissions, the House of Commons Standing Committee on Finance asked interested

parties to propose between up to three recommendations.

The Canadian Federation of Apartment Associations recommended:

- Tax deferral on the sale of rental property and reinvestment in other property
- Encouraging major building retrofits to save energy through improved tax treatment
- Use of the savings from the expiry of the social housing operating agreements to fund direct assistance to low-income renters

The first two items are recommendations CFAA has made on numerous occasions before. For more detail on them, see CFAA's newsletter *National Outlook* at cfaa-fcapi.org.

Direct assistance to renters is also long-standing CFAA policy. British Columbia, Manitoba and Quebec have used direct assistance to tenants for more than three decades. Saskatchewan and Alberta are now using direct assistance to tenants, and Ontario has taken some tentative steps in that direction. However, the federal government has been loath to provide funding for such direct assistance.

Instead, the federal government has subsidized the construction of social housing with the view that when the mortgages were paid off, the social housing would be available as an asset to house low-income Canadians.

However, the mortgages are now coming to their end, and with them the operating subsidy agreements, but the social housing providers are now asking for the extension of the subsidies since their repair costs and operating costs exceed their revenues. (In many cases, moderate or even high income residents received, or now receive, the benefit of reduced housing charges; but the social housing providers want continued government subsidies to assist those residents who are of low or moderate income.)

In CFAA's opinion, rather than continued subsidies to specific housing units, the better approach would be to use

the savings to provide direct financial assistance to low-income renters. That would enable the assistance to be targeted to those in the greatest need.

By making the direct assistance portable within and between provinces, expanded housing allowance programs would also encourage labour mobility, and allow renters to choose their housing to suit their needs. Low-income tenants should be able to take their subsidy with them if they find their social housing unit is not well maintained or does not suit their needs.

By using the program savings from the expiry of the operating agreements with CMHC, the new cost to the federal government would be zero.

CFAA will be advocating these reforms to the government, including MPs, Finance Department officials, the Finance Minister and the Prime Minister's office. Rental housing providers should recommend these measures to their contacts for the benefit of the rental housing sector, renters, workers and the economy, both in Ontario and across Canada.

Rent Guideline for 2014 is 0.8%

The rent control guideline for 2014 is 0.8%, down from the 2013 guideline of 2.5%. The 2014 guideline applies to rent increases between January 1 and December 31, 2014. The guideline is based on the change in the Consumer Price Index (Ontario) between June 2012 and May 2013.

The guideline does not apply to vacant units, nor to units in buildings first occupied on or after November 1, 1991.

The new guideline means that a landlord can apply for an above guideline rent increase for a property tax increase of more than 1.2%, or an increase in utility costs of more than 1.2%. Heat, electricity and water are all taken into account together.

The interest rate on last month's rent deposits also changes to 0.8% for interest payable in 2014.

Landlords can use the interest earned on a last month's rent deposit to top up the tenant's last month's rent deposit, to keep the deposit up-to-date with the current monthly rent.

BC Apartment Associations merge

For many years, landlords in BC were represented by two landlord associations, one based in Vancouver and one based in Victoria. That resulted in unnecessary costs, and sometimes led to different positions being taken in communications with the government. As every government relations practitioner knows, a divided voice allows the government much more room to do as it pleases, rather than as the industry wants.

As of June 30, 2013, all ordinary residential landlords in BC are being represented by the Rental Housing Council of BC. That is good news for landlords in BC.

Spring 2013 EOLO Networking Event

Our previous Spring Networking Event, held in March 2013, was a great success for EOLO's landlord and associate members.

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 Spencer Kenney at (613) 235-9792 or by email at eolo@magma.ca.

Spring 2013 Networking Event Sponsors:

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 Hydro Ottawa
 Nutri-Lawn
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Additional Sponsors:

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EOLO Thanks our Fall 2013 Networking Event Sponsors:

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Our Education Sponsor:



Our Food Station Sponsors:



City helps tenants and landlords on property taxes (cont'd)

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If the property taxes go up on a property by more than 1.2% in 2013, then a landlord can apply for an above-guideline rent increase in 2014. The threshold varies with the rent increase guideline.

If the property taxes go down by more than 2.5% in 2013 compared to 2012, then a landlord is required to reduce the rent at December 31, 2013. The City of Ottawa is required to mail out notices of rent reduction to the multi-res properties which see such tax decreases. There are 250 such properties, with a total of 13,000 rental units.

The notices to landlords will go out in September. Landlords should review those notices, and decide whether to accept the rent reduction percentage, or to apply to the Landlord and Tenant Board to vary (i.e. reduce) the rent reduction percentage. See the article below.

The notices to tenants will go out later, likely in November, telling tenants the percentage rent reduction that is required unless the landlord applies to vary it. The City notices do not tell tenants the new rent they need to pay as of January 1, 2014. EOLO will make available sample notices—which landlords can use to inform tenants about the rent reduction and tell them the new amount of rent they need to pay. That should make matters less confusing for your tenants and your staff people.

Besides the rent reductions required by provincial law, EOLO's major members have agreed to reduce rents if their property taxes have gone down by a percentage less than 2.5%, provided the average rent reduction in a building is more than one dollar.

We have always explained to City Council that it is the

How are property values determined?

For properties of seven units or more, the Municipal Property Assessment Corporation ("MPAC") determined the 2012 property value by looking at the rents at June 2011. Almost all rents are up from June 2007, the rent date used for the previous assessment. As well, since 2007-2008, net capitalization rates are down, reflecting the strong demand for rental properties as assets. As a result, gross income multipliers are also up substantially.

As compared with the previous assessment, for the 2012 values (for 2013 taxes) MPAC had taken into account more factors having to do with each property's specific location, as well as its age and size. That means there have been significant changes in the relative assessments of different buildings.

tenants who ultimately pay the property taxes, and that is why City Council has addressed the multi-res property tax inequity. These voluntary rent reductions are a way of making sure more people, both tenants and Councillors, understand the key fact that tenants pay the property taxes.

Absent further positive moves by City Council in 2014, 2015 and 2016, property taxes on residential rental properties will be going up by substantially more than the city budget needs in those years. EOLO addresses the political side of that major issue.

For more information on the property tax situation, check the EOLO website. For assistance with property tax concerns, contact David Lyman, EOLO Vice-President at 613-235-9792 or at 613-235-0101.

Applications to vary rent reductions

As noted in the article above, the City of Ottawa will be mailing out notices of rent reduction to about 13,000 rental units in October or November of this year. Notices will go out to the affected landlords in September. The notices will state the percentage rent reduction which will be required unless the landlord applies to vary the reduction.

A landlord may want to apply to vary the rent reduction for one or more of several reasons, including:

1. the property tax bill is less than 20% of the rent

revenue (or less than 15% in the case of a building of six units or fewer);

2. there is an error in the notice; or

3. there are additional city charges that change the total tax bill.

To check for point one, compare the total final 2013 tax bill with the rent revenue for January 2014 times 12. If the tax bill is less than 20% of that annualized revenue,

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Applications to vary rent reductions (cont'd)

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then a landlord can apply to vary (reduce) the rent reduction so that it matches the tax decrease.

Compared to other applications to the Landlord and Tenant Board the process is straightforward. There is usually no oral hearing; instead the application is processed on paper.

Paralegals or lawyers who act at the Landlord and Tenant Board can assist you with the review of the rent reduction notices and tax bills. EOLO can assist you with notices to tenants to tell them the correct amount of their new rent while taking advantage of the rent reductions to move the politics of the tax equalization forward.

The exercise of making the rent reductions may seem to be a bother, but it is essential to the ability of the rental housing industry and tenants to keep property taxes from increasing. Hopefully, the rent reductions will encourage the City of Ottawa to continue to reduce the over-burden of taxation currently faced by rental property.

Landlords should review the notices of rent reduction, and decide whether to accept the rent reduction percentage, or to apply to the Landlord and Tenant Board to vary (i.e. reduce) the rent reduction percentage.

Spring HOPE Food Drive collects 118,000 pounds of food



Ottawa Food Bank's Executive Director, Peter Tilley and EOLO Chair, John Dickie, with Ottawa Food Bank staff, celebrating the results!

The Spring HOPE Food Drive is an annual event organized by rental housing industry associations across Canada to collect donations for local food banks at a time of high need. After all

of the generous donations at Christmas time, many local food banks find their shelves are almost bare by early spring. The Spring HOPE Food drive has grown over the years to become the largest door-to-door food drive in Canada. Many local food banks count on it to replenish their supplies, including the Ottawa Food Bank.

On April 23, EOLO was one of many landlord associations across the country to participate in the 11th annual Food Drive. In Ottawa, close to 200 buildings participated, donating a combined total of 118,000 pounds of food!

A special thank you to Rogers Communications (475 Richmond Road) for donating their time and their trucks to pick up the food donations and Adobe for providing volunteers to assist with receiving deliveries.

Landlord members of FRPO, GTAA, LPMA, HDAA and WRAMA also collected donations for their local food banks.

The Spring HOPE Food Drive expanded into BC this year.

EOLO and the Ottawa Food Bank would like to thank all of the landlords, head office staff, building staff and tenants who participated in making this year's Spring HOPE Food Drive such a success. We will be organizing another drive in April 2014. If you are interested in participating in next year's event, please contact Spencer Kenney at 613-235-0101 to see how you can become involved.

The 2013 landlord participants in the Spring HOPE Food Drive were:

- Arnon
- Capital Properties
- CLV Group
- District Realty
- Globe General Agencies
- Greenwin Inc.
- Homestead Land Holding Ltd.
- Minto Properties
- Osgoode Properties
- Paramount Properties
- Q Residential
- Realstar Management
- The Regional Group of Companies Inc.
- Taggart Realty Management
- Timbercreek Asset Management
- Urbandale
- Vertica Resident Services

New Ottawa garbage enforcement practices (cont'd)

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the O-Train.

Long-standing residents in those areas (and their City Councillors) are upset and angry about the garbage that tenants put out, whether on move-ins, move-outs or during the school terms. That anger is a real danger for landlords because, in other cities, anger at the student renters has fuelled calls for landlord licensing. In other cities, residents and Councillors have grasped at landlord licensing to seek to force landlords to control student renters more closely (or to avoid renting to students --- which would be contrary to the Human Rights Code.)

EOLO has been working to address the garbage problem in Sandy Hill for six years. We have good connections with the Solid Waste Department, Bylaw Services and the Councillor and community group in Sandy Hill. Education has been the main tool used to date, including flyers setting out the garbage rules, and warning students and low-rise landlords of the fines and charges the City can levy for putting out garbage at the wrong time.

Fines against landlords

Solid Waste inspectors respond to garbage complaints during the week; Bylaw Services responds on the weekend. Until this year, fines for garbage violations were rare. However, this Labour Day weekend, the Bylaw Services responded to 17 complaints, and did issue verbal warnings, notices of violation and tickets (i.e. fines).

Two landlords of walk-up apartments in Sandy Hill were hit with fines for move-out or move-in garbage put in the wrong place at the wrong time. Other property owners had addressed the garbage violation at their property before the inspector arrived, or responded immediately to the verbal warnings or notices of violation.

Landlord action needed

All landlords should address the garbage procedures at their buildings. You should diarize the next major tenant turnover dates, and make sure you have a plan in place to inform tenants about the garbage rules and what to do with their garbage. If the garbage cannot be stored inside the building (e.g. in a garbage room or garage), then the City's rules demand that it be placed behind the building.



For recycling bins, the City bylaw is more flexible. City staff recently proposed a change to the property standards bylaw to require all garbage and recycling containers to be kept at the back of a building, unless that cannot be done, in which case both can be kept at the side of the building. However, an outcry from suburban homeowners caused the city to backtrack on that proposal. At least for now, and contrary to what was said at the EOLO Education event on Sept 10, recycling bins can remain at the front or side of a building.

Other solutions

Many landlords are finding themselves forced to collect garbage their tenants put out on the off-week, or on the wrong day. One large landlord contracted for a garbage truck to drive around a large complex all this past Labour Day weekend to pick up the waste tenants put out.

There is no magic bullet: landlords either need to collect that garbage or to spend considerable efforts to educate and enforce compliance with the garbage rules by their tenants.

Tenants can be directed to the City website for information. At the left side of the home page for www.ottawa.ca/en, go to "Hot topics for residents" and select "Garbage and recycling collection calendar". The Website also allows tenants or any resident to sign up for reminders of the waste collection including whether it is a day for residual waste and blue bin, or for black bin collection. Both days accept green bin collection, and yard trimmings (in season). The reminders also specifically address the delay due to statutory holidays.

The worst "solution" would be for the City to bring in landlord licensing to try to control the garbage issues, and other tenant behaviour issues such as noise. The more landlords address the garbage problem proactively, the less likely it is that the City of Ottawa will move toward licensing.

If you have to pay a garbage fine, just remember that you are not having to pay a licensing fee for each rental unit each year. Better yet, work on educating and supervising your tenants and your staff, so that the garbage is handled according to the City rules all the time, and especially each and every time a unit turns over.

City of Ottawa Lobbyist Registry

The City of Ottawa Lobbyist Registry has been in place for a year now. The registry requires certain communications between business people (including rental housing executives and employees) and City Councillors or staff to be reported.

What should you report?

Lobbying activities that are designed to have an impact on city decisions affecting by-laws, programs or contract need to be reported. Examples of communication that should be reported are:

- Seeking a zoning change to allow a development proposal for a property
- Encouraging Councillors to reduce the multi-res tax ratio
- Seeking to obtain a contract from the City to manage or maintain a city building.

What need not be reported?

There is no requirement to report:

- Communications directly related to City-initiated

consultative meetings and processes where an individual is participating as a stakeholder

- Communications regarding the enforcement, or interpretation, of by-laws.

The Registry requires that communications be reported within 15 days. Communications which need to be reported include:

- face-to-face meetings,
- telephone contact,
- written communications, and
- e-mails.

The registry is an online database that can be accessed and searched by the public and interested stakeholders. Information such as the name of the lobbyist, the business address, the means of contact, and the topic of discussion (in brief), will be publicly available.

For more information about the Registry, please visit the City of Ottawa's website, or contact EOLO at 613-235-9792.

EOLO 2013 Associate Member Directory

ADVERTISING

Gottarent.com
Genevieve Delaney
416-857-4914
www.gottarent.com

Ottawa Citizen
1-800-267-6100
www.ottawacitizen.com

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www.phelpslaundry.ca

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Pyper Construction
Rick Pyper
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Robert Spirito
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Robert@spirito.ca

ASSOCIATE MEMBERS
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613-446-5181
www.potvinconst.com

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Mike Budge
1-800-782-0557
www.hdsupply.ca

RONA
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Standard Construction Imports
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www.demtroys.com

Enbridge Gas Distribution
Chuck McCloskey
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www.enbridge.com

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Barry Zeidenberg
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Rob Perry
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If you have any questions about the issues raised in this bulletin, please contact John Dickie (Chair) or David Lyman (Vice-President) at 613.235.9792, or Luigi Caparelli (President) at 613.723.6169.

Please contact Spencer Kenney at 613.235.9792 if you are interested in advertising opportunities.