

NEWSLETTER

September 16, 2014

2014 Ottawa Mayoralty Race

Over the past term of City Council, a number of positive things have taken place for landlords. In large part, landlords can thank Jim Watson's leadership for Council's actions.

Based on a campaign promise made by Mr. Watson, City Council allocated a significant portion of the provincial social services upload money to additional financial support for housing. Each year, \$14 million was applied to housing services and supports. Of that \$14 million, \$5 million was used for rent supplements and housing allowances. An expansion of housing allowances and/or rent supplements has been a major plank in EOLO's housing policy for more than 20 years.

In addition, much of the rest of funding was used for social service supports and supportive housing, which again EOLO supports. \$4 million per year went to new social housing construction, but that was focused on supportive housing

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(which EOLO supports), so that the funding of new social housing to address affordability (which EOLO opposes) was low by historical standards.

For municipal property taxation, properties are assessed by the Municipal Property Assessment Corporation (MPAC). In the assessment of two years ago (for 2013, 2014, 2015 and 2016 taxation), the assessment of multi-residential property increased by an average of 52% which was substantially

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Housing Answer - 2014

As noted in the update on mayoralty race, Ottawa City Council provided \$14 million dollars of annual funding for housing in each of the past four years beyond the base budget of 2010. The source of that money was the provincial "upload" of certain social service costs. A substantial amount of the money went to new rent supplements and housing allowances.

As part of the implementation of that funding, the City created a Housing System Working Group, which included EOLO. EOLO has participated in that working group for the past four years and has developed positive relationships with the Ottawa Supportive Housing Network ("Housing Plus") and the Ottawa Social Housing Network (OSHN) as well as other groups.

Notable past successes include:

- Over 1000 new rent supplements and housing allowances,

- an 80% reduction in the number of individuals who are unsheltered (i.e. homeless and sleeping outdoors),
- a substantial reduction in the overflow motel usage by homeless families,
- a reduction in the number of individuals sleeping in shelters, and
- a further development of innovative shelter-based transitional programs that support homeless people in moving to permanent housing.

As well, the City recently adopted a 10 year housing and homelessness plan known as "Everyone Has a Home: Ottawa's Housing and Homelessness Plan."

EOLO supports that Plan because it addresses the needs of less fortunate residents, and because reducing the number of homeless people on the street, or in shelters, helps to reduce pressure on government to regulate the

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Landlord Licensing Status

Over the last decade, many long-standing residents in urban communities near universities have become angry at student renters and their landlords. In a number of municipalities that has resulted in a program of landlord licensing requiring substantial fees and a substantial paper filing (maintenance plans, garbage plans, parking plans, building insurance, a criminal records check, the deed and a whole variety of other paper work.)

Almost a decade ago, EOLO recognized that the anger of residents who lived near the University of Ottawa in Sandy Hill might lead to a similar result in Ottawa.

Since 2008 EOLO has been working with By-Law Services to address the main concerns of the residents. Six years ago the main concern was garbage. In order to address that problem, EOLO produced a garbage flyer, and urged the city to take more effective enforcement measures against tenants or other building occupants who did not comply with the garbage rules. Those efforts have proven largely successful, and they continue to this day.

Four or five years ago, the then City Councillor for Rideau-Vanier, Georges Bedard, wanted to amend the noise by-law so that the owner of the property would be responsible for any excess noise from a property. EOLO objected to that, and explained to the city staff, councillors and the community that landlords are not able to control the noise their tenants may make immediately.

Thanks to EOLO's efforts, the noise by-law was amended to prohibit people from making *or permitting* excess noise. That has enabled the city to ticket tenants of properties from which there is excess noise, so that the noise problem is being reduced; and at the same time landlords are not

being held responsible for what they do not control. EOLO added to that effort with a noise flyer, and has also prepared information for landlords about steps they can and should take to control tenants.

EOLO has also prepared tenant-specific information on those two issues, which EOLO members are invited to use to deal with their tenants on those two problems.

As a result of those efforts, EOLO has an excellent relationship with the current City Councillor for Rideau-Vanier, namely Mathieu Fleury. EOLO has a permanent seat on the Sandy Hill Town and Gown Committee, which is a group of the stakeholders seeking to resolve and minimize the conflicts among the student renters, the University, landlords and the long-standing residents in the community. So far, that committee has worked well for all the stakeholders, including the long-standing residents and landlords, as well as responsible students and the University.

Recently another set of concerns regarding a post-secondary institution has arisen. That is a move by Councillor Rick Chiarelli to bring in a form of landlord licensing in the area around Algonquin College. EOLO has opposed this, because in our view it does not address the real problem, and because of our fear that if such landlord licensing regime is brought in anywhere in the City of Ottawa, it will spread.

Thanks in no small part to the relationships EOLO has built with Ottawa By-law Services and with members of council, including Mayor Jim Watson, EOLO has succeeded so far in that the move toward landlord licensing around Algonquin College has not advanced. Continuing to address that issue is a significant part of EOLO's ongoing lobbying program.

Provincial Election - FRPO Goals

As readers will know, the Ontario Liberals were elected with a majority government, winning 59 seats, as compared with a total of 48 seats for the PCs and the NDP. While some landlords hoped for the election of a government which would bring provincial spending under control quickly, the election of a majority government is in many ways a positive outcome. Barring major unforeseen circumstances, it seems unlikely that the provincial government will reopen the idea of a rent control guideline below the rate of inflation, or to take away vacancy de-control/re-control.

On provincial matters, EOLO supports the work of the Federation of Rental-housing Providers of Ontario (FRPO).

FRPO has resumed its ongoing and positive discussions with the Ontario government concerning these key issues:

- fixing the broken eviction process
- revoking the ability of municipalities to license rental housing
- improving the fairness of the property tax system

As well as working locally on those issues, EOLO actively supports FRPO's efforts to resolve those issues on a province-wide basis.

Rent increase guideline for 2015

For rent increases that take place between January 1, 2015, and December 31, 2015, the rent increase guideline has been set at 1.6%.

Ninety days notice must be given using the approved form.

Spring 2014 EOLO Networking Event

Our previous Fall Networking Event, held in March 2014, 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 Anna Flood at (613) 235-9792 or by email at eolo@magma.ca.

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2014 Ottawa Mayorality Race (cont'd)

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more than the increase in the assessments of residential properties --- mostly single family homes (26%). Had City Council not taken action, that would have resulted in major increases in property taxes on multi-residential buildings across the City.

However, under Jim Watson's leadership, City Council reduced the multi-residential tax ratio to offset the relative increase in assessed values. Certainly, properties which saw assessment increases of more than the norm within the multi-residential sector paid higher taxes, but for the sector as whole, the tax increase was (on average) the same as the City's budgetary increase, namely 2.4% in 2013, and 1.9% in 2014.



Jim Watson

A separate issue arose concerning vacant buildings, some of which had been allowed to run down because the City had not enforced its property standards by-law against vacant buildings for decades. There was a certain amount of furor over that issue. EOLO strongly advocated for the current rules to be enforced before any new rules were put in place, and that was the conclusion reached to resolve that issue.

EOLO has worked diligently, both to explain why landlord licensing is not helpful to address residents' concerns, and to

avoid its coming into force. Under Jim Watson's leadership, Council has not taken any steps to implement landlord licensing, nor to adopt a city-wide student housing policy.

Barring major unforeseen and unavoidable circumstances, it seems reasonable for landlords to expect that the policies of the past will continue to be the policies of the future.

Besides Jim Watson, the most prominent candidate seeking to be the Mayor of Ottawa is Mike Maguire. Mr. Maguire ran for mayor in 2010.



Mike Maguire

At that time he received 2.5% of the vote to Mr. Watson's 49%. Mr. Maguire came fifth in a field of 20 candidates, trailing the incumbent Mayor, namely Larry O'Brien, Councillor Clive Doucet, and former Regional Chair Andy Haydon.

Mr. Maguire's key campaign promises are:

- to collect curbside residual garbage weekly
- to scrap the second phase of the LRT, and instead use existing rail lines
- to cut back on non-essential services

Like Mayor Watson, mayoralty candidate Mike Maguire has come out in favour of rent subsidies to people (that is, rent supplements or housing allowances) as the best main approach for making housing affordable.

The other candidates are not serious contenders for the office of Mayor of Ottawa.

Rideau-Rockcliffe Councillor speaks to EOLO on the landlord role

In Rideau-Rockcliffe, incumbent Councillor Peter Clark, the former Regional Chair, is being challenged by five newcomers. EOLO has had a successful relationship with Councillor Clark. Soon after he was elected, we met him to address the proposal to make landlords responsible for excess noise from their tenants. He reacted with incredulity, saying, "What? You're not their parents. You're not the police."

Clark does not have a website. He is being challenged by five candidates, all of whom have websites. The five are

- Cam Holstrom (www.camholstrom.ca)

- Jevone Nicholas (www.jevonenicholas.ca)
- Tobi Nussbaum (www.votetobi.ca)
- Sheila Perry (www.sheilaperry.ca)
- Penny Thompson (www.votePENNYt.ca)

With Councillor Fleury and Councillor Hume, Clark sat on the sub-committee addressing property taxes on single-family homes and multi-residential properties. As readers know, the City has reduced the multi-residential (MR) tax ratio in order to prevent a tax shift to MR properties.

Rideau-Vanier important for student housing issue

Mathieu Fleury was first elected in 2010 receiving 46% of the vote to defeat the incumbent Councillor Georges Bedard. Bedard had proposed that property owners, including landlords, be fined for any excess noise from their properties. EOLO convinced City staff to make occupants responsible (i.e. tenants or owner-occupiers), but not owners who do not occupy a property (i.e. landlords), unless they permit excess noise.



Mathieu Fleury

EOLO has developed a good relationship with Councillor Fleury, who has the difficult job of seeking to manage the relations among the University of Ottawa, the student renters and the long-standing residents of Sandy Hill. To do that, he created the Sandy Hill Town and Gown Committee, on which EOLO now has permanent representation.

Fleury sat on the City sub-committee which addressed the

property tax situation between single family homes and multi-residential property. In both situations, Fleury has been responsive and fair to the interests of landlords and renters.



Marc Aubin

Fleury's main opponent is Marc Aubin. Aubin was president of the Lowertown Community Association from 2011 to 2014. Aubin's website is extensive, as is his experience as a community leader and activist. He is putting out 52 goals over the coming days.

Goal #35 is to explore the creation of a "landlord registry" "to get rid of slumlords."

Other candidates include George Atanga and Catherine Fortin LeFavre, who have modest websites, and David-George Oldham and Marc Vinette, who do not.

Bay Ward effectively a two person race

Mark Taylor has represented Bay Ward since 2010 when he won 38% of the vote to defeat the long-time incumbent Councillor, Alex Cullen, who won 30%. George Guirguis came third with 13% of the vote, with Terry Kilrea fourth at 8%. Taylor is a provincial Liberal, and Cullen is a past provincial NDP candidate. Except for Terry Kilrea, all those candidates are running again in the upcoming election.



Mark Taylor

In terms of issues affecting landlords, Taylor has been very supportive.

Following Mayor Watson's lead, he has supported property tax fairness for tenants and landlords, and he has stood on the landlord side of the licensing issue, and on housing policy (on which he strongly supports rent supplements and housing allowances rather than building new social housing.) Taylor is currently the Chair of the

Community and Protective Services Committee, which addresses many issues important for landlords and tenants.

Cullen also supported property tax fairness for tenants and landlords, and took a leading role on that issue every year at City Council. On the other hand, he attempted to bring in landlord licensing for landlords of all sizes, and strongly supports social housing over rent supplements and housing allowances.



Alex Cullen

It is not clear where George Guirguis stands on those issues. His campaign website is limited to YouTube videos showing him delivering campaign flyers.

The fourth declared candidate for the ward is Brendan Mertens. His campaign tag-line is "Building a Bear-free Bay Ward." Mertens does not appear to be a serious candidate.

Housing Answer – 2014 (cont'd)

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business of rental housing.

The social service upload is expected to increase by approximately \$5 million dollars per year for each of 2015, 2016, 2017 and 2018 (a total additional upload of \$20 million by 2018.)

As a result of the ongoing collaborative work in the Housing System Working Group, EOLO joined with five other housing networks to promote a further investment in housing during the next term of council.

Through a joint campaign entitled "Housing Answer 2014: Invest in What Works," EOLO, OSHN, Housing Plus and the other allied groups are seeking the application of a significant amount of new funding, such as \$2 million each year, or better yet, \$2 million increments each year ramping

up to a total increase of \$8 million by 2018, which would be close to half the money made available by the provincial upload. Among other things, that funding would likely be used for more housing allowances or rent supplements, and for a municipal program to subsidize major repairs to private rental properties, like the former CMHC-run RRAP program.

A public launch of the Housing Answer 2014 campaign is expected to take place in September, followed by candidate engagement, public engagement and media engagement, leading up to the October 27 municipal election. We invite EOLO members to endorse the plan at www.housinganswer.ca.

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 was 1.6 times what it is on homeowners (i.e. 60% 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 2014 to reduce the multi-res tax ratio from 1.6 to about 1.53 in order to eliminate the 2013 tax shift. That has spared multi-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. 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, because of changes in the property's assessment relative to the class average.

If the property taxes go up on a property by more than 2.4% in 2014, then a landlord can apply for an above-guideline rent increase in 2015. (The threshold varies each year with the rent increase guideline.)

If the property taxes on a property go down by more than 2.5% in 2014 compared to 2013, then a landlord is required

to reduce the rent at December 31, 2014. 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 likely 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.

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, 2015. 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 tenants who ultimately pay the property taxes, and that is why City Council has addressed the multi-res property tax

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City helps tenants and landlords on property taxes cont'd

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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 2015 and 2016, property taxes on residential rental properties will be going up by substantially more than the city budget 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.

New CFAA Conference approach a great success

Delegates praised the new format of this year's CFAA Rental Housing Conference, held in Vancouver, which included four keynote speakers, including Benjamin Tal. Twenty-six other education sessions addressed many other topic areas, while many delegates took and enjoyed the building tour, which visited buildings with different features of interest.

Rental Housing Conference 2015

CFAA hopes you will plan to attend its Rental Housing Conference 2015 in Toronto. The building innovations bus tour will take place on June 10, and visit the Metropolitan newly renovated by Timbercreek, and the Roehampton, newly constructed by KG Group.

The main social event takes place on Thursday evening, June 11, while the education sessions will take place on June 11 and 12.

In 2015, CFAA looks forward to the return of Benjamin Tal, and another group of the three more great keynote speakers, as well as more than 40 landlords, suppliers and other rental housing experts, covering a variety of investment and rental operations topics on both days.

EOLO is a member of the Canadian Federation of Apartment Associations, which is the sole national organization representing the interests of Canada's \$480 billion dollar private rental housing industry, providing homes for more than eight million Canadians. Learn more at www.cfaa-fcapi.org.

EOLO 2014 Associate Member Directory

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MultiLogic Energy Solutions

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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.

If you are interested in membership or advertising opportunities, please contact Anna Flood at 613.235.9792