COA
CONDO OWNERS ASSOCIATION

COA Presentation by:

Linda Pinizzotto

Founder President CEO

Bob Coffey

Director Finance

Derrick Thomas

IT Director Secretary

COA

Condo Owners Association is a Registered Non-Profit Association

What Condo Owners must learn about Condos

- Board of Directors
- Property Management
- Turnover Meetings
- Annual General Meeting
- Importance of Proxies
- Operating Budget Reserve Funds
- Reserve Fund Study
- Energy Audits
- Performance Audit

Is your Unit and Building maintaining Value ?

How Much do you really know?

Basics Info for Condo Owners

- Condo Owners is a unit owner in a Condo
- Condo Corporation includes all Unit Owners
- You are a Member of a Corporation
- Therefore you have (1) Unit per Unit
- Condominiums are non profit Associations
- Condominium Act 1998 relates to Condominiums
- Corporations Act does not apply to the Condo Corporation
- Condo Corporations are registered ie. TSCC 5555
- Each name depends on the City Location
- TSCC stands for Toronto Standard Condominium Corporation
- ALL OWNERS have RIGHTS in their Condo Corporation

Condo Owners Must Support

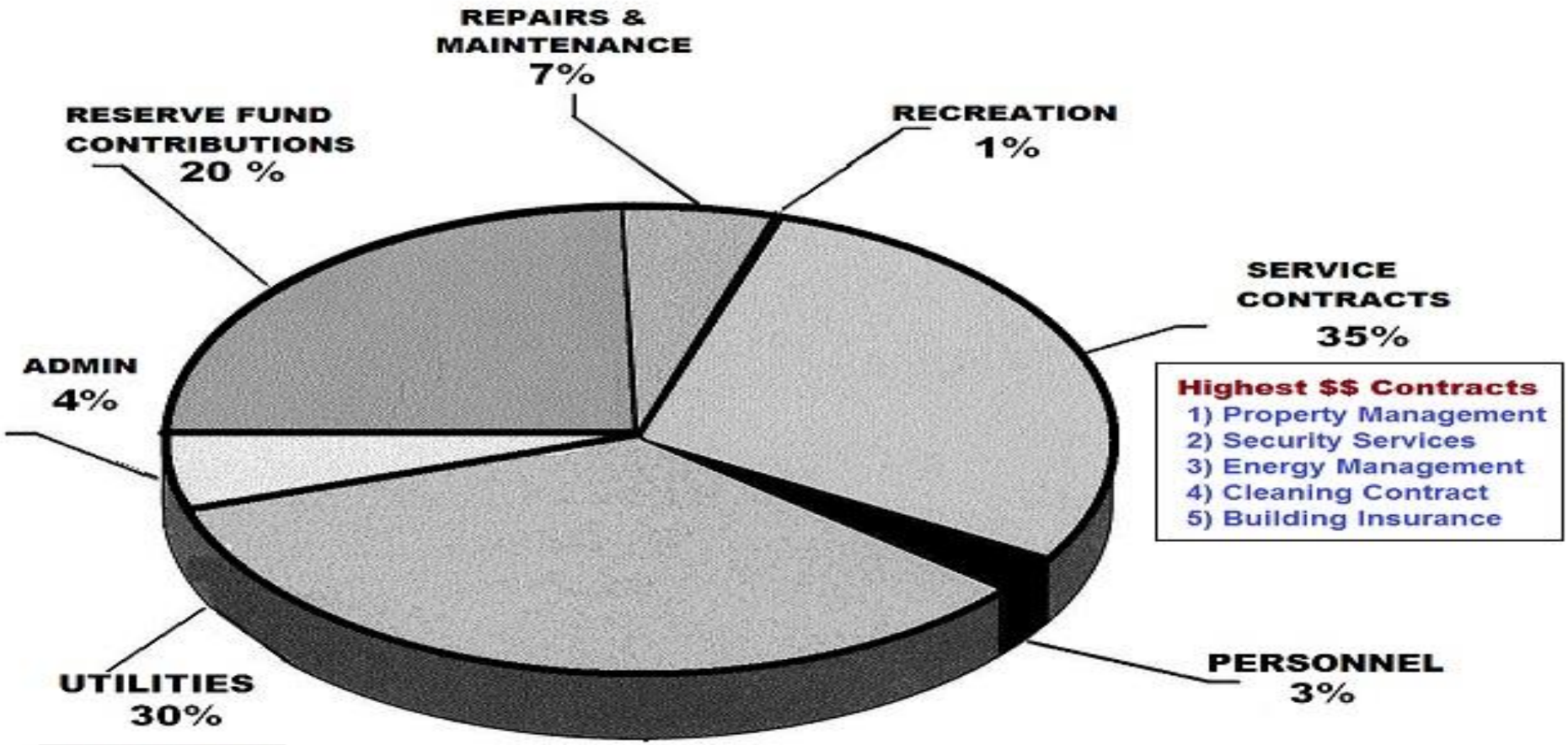
CONDO ACT REFORM !

The Condo Act, 1998 needs to be changed

Condo Owners need protection on their home and investment

- **The Condo Act has not been updated in years**
- **There are over 1.25 Million Condo Owners**
- **New Construction all over the Province**
- **Condo population growing with limited protection**

TYPICAL CONDO OPERATING BUDGET
Independent "300 UNIT" Building



Highest $$ Contracts
1) Property Management
2) Security Services
3) Energy Management
4) Cleaning Contract
5) Building Insurance

Highest $$ Contracts
1) Hydro
2) Gas
3) Water

Operating Budget
$1,200,000

Service Contracts	$650,000
Reserve Fund	$220,000
Maintenance	$40,000

Condominium Act - Changes

- Considerably More Consumer Protection
- Better protection for Condo Owners Rights
- Enforceable Governance mandates for Boards
- Fines for Board of Directors in non compliance
- Solicitor Appointment by Condo Owners
- Licensing of Property Management Firms
- Licensing of Property Managers
- Better rules on Reserve Funds
- More Transparency on Financials

CONDO CORPORATIONS
Board of Directors Critical Necessity

- 1) Must adhere to Condo Act
- 2) Board of Director Fines for Non-Compliance to Act
- 3) Good Governance & Transparency
- 4) Codes of Ethics / Standard of Care

Note: Property Management Firms and Property Managers must have Government licensing for the above protective measures to be successful

Proxies – Board - Owners

Important Changes in Condo Act Required

- **Problems during an Election Process compromise voting process**
- We need restrictions on resume content of candidate
- Owners use resume to slander Director and/or Corporation
- A standard mandated proxy form must be used by all condominiums
- We need a Third Party or electronic format for proxy submission
- Property management or Board should not hold proxies
- Proxies must be witnessed outlining name and contact info of witness

- **What does happen:**
- Board of Directors forge proxies in favour of friends and/or re-election
- Owners manipulate and forge proxies of other owners
- Scrutineers are friends of Board Members
- Door-to-Door Canvassing allows for abuse and misinformation

- **Condo Corporation needs protection**

Does your Board of Directors have the knowledge and experience to represent your Condominium?

Key Considerations:

- How does the Board of Directors operate?
- Do they respect the guidelines of the Condo Act?
- How much knowledge do they have on the Condo Act?
- Have they receive Director courses re: condominiums?
- How do you know they have good governance?
- Do you feel the Property Manager is in charge?
- Is the Board transparent?
- Do you feel protected and comfortable?
- Do they return phone calls or address issues?
- Do they have an open door policy?

Property Management

- The Board of Directors contracts the Property Management company
- The Property Management company assigns a Property Manager to the Condo Building
- The Board approves the Property Manager
- The Property Manager reports to the Board and their Property Management Firm

- **THE BOARD makes all these decisions**
- **Who does the Property Manager work for?**

Key Considerations for Value

Sustainable Unit Value

Strong Reserve Fund

Maintenance Fee 10 – 14% of Value

Board of Director Compliance to the Condominium Act

Warning Watch your Documents

Builders and Developers “Maintain Ownership”

Corporation has Lease agreements for:

- Terminal – communications Room
- Underground Parking
- Heating, HVAC systems – mechanical etc.
- Insulation, framing and windows

Don’t get caught with Surprises and Added Costs

Status Certificates & Financial Documents

- Prepared by Property Manager or Management Firm
- Property Management firm is uploading confidential Corporation status certificate and financial documents to third party provider ie Conduit and Property Management Firms are receiving $100 not Condo Corporations payment – concerns on Privacy Act
- Status should only be signed by the Board of Directors
- Status outlines Financials Documents of the Corporation
- Status outlines information on a particular unit
- Status outlines changes/concerns in the Building
- Status confirms Building Insurance for the Corporation
- Status Includes a copy for the Corporations Declaration

Government losing Tax Dollars

High Maintenance fee = Reduced Values

Reduced Values = Reduced Taxes

COA researched various condominium units in condominiums across the GTA and found that our Government is losing tax dollars because condo values are decreasing therefore decreasing the assessed values. Many condominium units are paying less tax dollars than they did in 2002 and or they have increases considerably less than inflation.

Out of control maintenance fees decreases the value of units in condo buildings as shown on this report. The self regulated Condo Act opens the door for abuse on service contracts and more

MPAC – building better communities

MPAC has a four year strategy to building better communities

Mission: to serve Ontario property taxpayers together with provincial and municipal stakeholders through accurate and timely property assessments and a commitment to service excellence and efficiency.

Values: Openness and transparency in the delivery of public service

Role: to accurately value and classify all properties in Ontario. MPAC is responsible for administering a uniform assessment system based on current value assessment CVA in accordance with legislation set by the Ontario Government

MPAC – Assessment update

MPAC delivered its second province wide assessment update under Ontario's four year cycle updating the assessments of all properties in Ontario as of Jan 1, 2012

Eligible increases are phased in over four years 2013 – 2016

Next Province update will take place in 2016 effective 2017-2020 property tax years and based on legislation valuation Jan 1, 2016

Provincial Government – passes legislation , sets property tax policies and sets education tax rates

MPAC – establishes current value assessment and classifications for all properties in Ontario

Municipalities – determine their revenue requirements, set municipal tax rates and collect property taxes.

Assessment Review Board and Condos losing Value = Loss Tax Dollars

An independent tribunal that is part of the Environment and Land Tribunals Ontario cluster which reports to the Ontario Ministry of the Attorney General, hears assessment appeals from property taxpayers. The ARB must open their files to investigate condominiums.

BOTTOM LINE:

Condominiums lose value and our Government loses tax dollars as a result of assessed values on condominium units where the maintenance fees are increasing over an above 10% yearly.

COA has received reports of maintenance fee increases of 20% 30% per year and higher. New construction as high as 60% increase.

Condominiums lose value if reserve funds are low

Condominiums lose value if the Corporation is involved in a law suit

- 24 Southport St
- W01

November 2002

Price: $159,900

Style: 1 Bedrooms

Mntce Fee: $440.00

Taxes: $1,763.84

November 2012

Price: $229,000

Style: 1 Bedrooms

Mntce Fee: $649.77

Taxes: $1,265.298

- 2495 Dundas St W
- W02

November 2005

Price: $201,000

Style: 1 Bedrooms

Mntce Fee: $239.14

Taxes: $2,000

November 2012

Price: $260,000

Style: 1 Bedrooms

Mntce Fee: $443.06

Taxes: $1,712

- 100 Quebec Ave
- W02

November 2002

Price: $222,000

Style: 2 Bedrooms

Mntce Fee: $452.65

Taxes: $2,308

November 2012

Price: $451,099

Style: 2 Bedrooms

Mntce Fee: $675

Taxes: $2,472

- 250 Scarlett Rd Toronto
- W03

November 2012

Price: $219,000

Style: 1 Bedrooms

Mntce Fee: $534.08

Taxes: $1,395.87

November 2002

Price: $165,100

Style: 1 Bedrooms

Mntce Fee: $308.18

Taxes: $1,346.65

- 10 Martha Eaton Way
- Toronto W04

November 2002

Price: $123,000

Style: 2 Bedrooms

Mntce Fee: $474.07

Taxes: $1,052

November 2012

Price: $129,000

Style: 2 Bedrooms

Mntce Fee: $593.68

Taxes: $1,007.01

- 4673 Jane St Toronto
- W05

November 2002

Price: $67,000

Style: 2 Bedrooms

Mntce Fee: $426.39

Taxes: $850.00

November 2012

Price: $44,900

Style: 2 Bedrooms

Mntce Fee: $610.85

Taxes: $749.00

- 785 Browns Line Toronto
- W06 (Co Op)

November 2002

Price: $103,500

Style: 1 Bedrooms

Mntce Fee: $403.00

Taxes: included in Mntce Fee

November 2012

Price: $134,900

Style: 1 Bedrooms

Mntce Fee: $432.01

Taxes: included in Mntce Fee

- 185 Stephen Dr Toronto
- W07 - Co-Op

November 2004

Price: $143,000

Style: 2 Bedrooms

Mntce Fee: $481.00

Taxes: in Mntce Fee

November 2012

Price: $189,000

Style: 2 Bedrooms

Mntce Fee: $698.00

Taxes: in Mtnce Fee

714 The West Mall Toronto W08

November 2002

Price: $138,000

Style: 2 Bedrooms

Mntce Fee: $440.00

Taxes: $1,140.00

November 2012

Price: $149,000

Style: 2 Bedrooms

Mntce Fee: $685.65

Taxes: $1,071.97

- 320 Dixon Rd. Toronto
- W09

November 2002

Price: $77,000

Style: 2 Bedrooms

Mntce Fee: $349.73

Taxes: $766.00

November 2012

Price: $75,000

Style: 2 Bedrooms

Mntce Fee: $896.74

Taxes: $570.69

- 2901 KIPLING AVE
- W10 – outlined in letter

November 2002

Price: $117,000

Style: 2 Bedrooms

Mntce Fee: $450.22

Taxes: $1,502

November 2012

Price: $112,000

Style: 2 Bedrooms

Mntce Fee: $668.86

Taxes: $1,135.86

40 Panorama Crt Toronto W10 -- note Tax

November 2002

Price: $119,000

Style: 2 Bedrooms

Mntce Fee: $373.72

Taxes: $800.00

November 2012

Price: $64,900

Style: 3 Bedrooms

Mntce Fee: $811.45

Taxes: $1,262.00

- 1 King St Toronto
- C01 – different style

November 2005

Price: $259,000

Style: 2 Bedrooms

Mntce Fee: $453.20

Taxes: new build

November 2012

Price: $240.00

Style: 0 Bedrooms

Maintenance Fee: $570.38

Taxes: $5,185.22

- 580 Christie St Toronto
- C02

November 2002	November 2012
Price: $160,000	Price: $268,000
Style: 1 Bedrooms	Style: 1 Bedrooms
Mntce Fee: $418.31	Maintenance Fee: $630.07
Taxes: $962.93	Taxes: $873.43

- 1648 Bathurst St. Toronto
- C03

There are several buildings that have reduced values in the C03 neighbourhood… high maintenance fees and very low values

November 2002

Price: $119,000

Style: 1 Bedrooms

Mntce Fee: $402.25

Taxes: $900 2003

November 2012

Price: $140,000

Style: 1Bedrooms

Maintenance Fee: $600.00

Taxes: now coop

- 3555 Bathurst Ave
- C04

November 2002

Price: $118,000

Style: 1 Bedroom

Mntce Fee: $375.21

Taxes: $1,159

November 2012

Price: $158,000

Style: 1 Bedroom

Maintenance Fee: $646.22

Taxes: $$1,186.83

- 1201 Steeles Ave Toronto
- C07

November 2002

Price: $185,000

Style: 2 Bedrooms

Mntce Fee: $540.00

Taxes:$1,810.25

November 2012

Price: $264,900

Style: 2 Bedrooms

Maintenance Fee: $932.85

Taxes: $1,619.52

- 2550 Pharmacy Ave
- E05

November 2002

Price: $129,300

Style: 2 Bedrooms

Mntce Fee: $433.96

Taxes: $967.00

November 2012

Price: $131,200

Style: 2 Bedrooms

Maintenance Fee: $616.18

Taxes: $1,071.44

- 757 Victoria Park Ave
- E06

November 2002

Price: $155,000

Style: 2+1 Bedrooms

Mntce Fee: 629.60

Taxes: $1,670.05

November 2012

Price: $240,000

Style: 2+1 Bedrooms

Maintenance Fee: $866.99

Taxes: $1,867.34

- 1701 & 1703 McCowan Rd
- E07

November 2002

Price: $128,000

Style: 2 Bedrooms

Mntce Fee: 250.00

Taxes: $1,092

November 2012

Price: $135,000

Style: 2 Bedrooms

Maintenance Fee: $535

Taxes: $1,203

- 4091 Sheppard Ave E
- E07

November 2002

Price: $115,000

Style: 2 Bedrooms

Mntce Fee: 351.28

Taxes: $946.69

November 2012

Price: $135,000

Style: 2 Bedrooms

Maintenance Fee: $535

Taxes: $1,203

- 4091 Sheppard Ave E
- E07 – Agincourt

November 2002

Price: $115,000

Style: 2 Bedrooms

Mntce Fee: 351.28

Taxes: $946.69

November 2012

Price: $137,000

Style: 2 Bedrooms

Maintenance Fee: $532.65

Taxes: $532.65

- 3105 Queen Frederica
- Mississauga

November 2002	November 2012
Price: $77,000	Price: $118,000
Style: 1Bedrooms	Style: 2 Bedrooms
Mntce Fee: 305.84	Maintenance Fee: $601.00
Taxes: $870.21	Taxes: $1,141

- 3040 Constitution Blvd
- Mississauga

November 2002

Price: $90,000

Style: 2 Bedrooms

Mntce Fee: 360.00

Taxes: $1,180.21

November 2012

Price: $125,000

Style: 2 Bedrooms

Maintenance Fee: $606.48

Taxes: $1,429.49

- 3455 Morning Star Drive
- Mississauga

November 2002

Price: $97,500

Style: 2 Bedrooms

Mntce Fee: 468.00

Taxes: $1,150

November 2012

Price: $123,500

Style: 2 Bedrooms

Maintenance Fee: $602.00

Taxes: $1,379

Condo Owners Association recommends a Reserve Fund Bond to Help Condominiums

- Most Reserve Funds are under water
- Very few investments with good returns
- Short-term Interest Rates very low
- Long-term Interest Rates very low
- Property Management Firm chooses Investment Firm - possible kickbacks
- Boards chooses Investment Firm – possible kickbacks
- Open target for abuse

Condo Owners Association recommends
fining process for non compliance of Condo Act

Fines for Board of Directors knowingly in non compliance of Act

Government Licensing for Property Management Firms

Errors & Omissions Insurance for Property Management Firms

Government Licensing for Property Managers

Condo Lawyers must be appointed by Condo Owners at Annual AGM and not hired by the Board

WHY JOIN - Condo Owners Association

COA Mission Statement:

To represent and provide leadership to Condominium Owners with a united voice advocating and fostering quality lifestyle, prosperous and sustainable Condo Ownership

Condo Owners “NEED” an Association to represent them as a collective body

Thank you BMO Nesbitt Burns

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