

# APARTMENT DIGEST

## City Imposing New Apartment By-Law

### Economic Indicators:

<b>Real GDP Growth</b> Q3 2016	3.5%
<b>Toronto Employment Growth</b> Dec 2016	-0.4%
<b>Toronto Unemployment Rate</b> Dec 2016	6.8%
<b>Inflation</b> Jan 2017	2.1 %
<b>Bank of Canada Overnight Rate</b> Feb 2017	0.5%
<b>Prime Rate</b> Feb 2017	2.7%
<b>5 Year Mortgage Rate Fixed</b> Feb 2017	4.6%

On March 29, 2017), Toronto City Council approved the creation of a new bylaw for apartment buildings. This is essentially the same set of regulations and requirements that was discussed at the Licensing & Standards Committee on March 6 2017. One change includes consideration for Certified Rental Buildings. The City will review this carefully and make their recommendation by Q3 2018.

Here are some of the main details:

**Annual registration** of rental buildings with 3 or more storeys, and 10 or more units;

Annual registration includes details regarding building owner and manager as well as their contact information;

**Annual registration fee is \$10.60 per unit;**

Each building must have a **tenant request process;**

Urgent request require a response within 24 hours;

Non-urgent requests require a response within 7 days;

Tenant notification board will display lots of information;

**Pest management program** and details are required;

**New set of 'administrative cost recovery' fees including a flat fee of \$1,800 if a full building audit is required.**

Increased paper work and cost to the landlord will be huge. For example, regarding tenant service requests the landlord must in writing:

Note the date and time of the request. Note the location and or issue at hand. Get complete tenant contact information. Determine if urgent or not urgent. Detail response from owner or operator.

For Pest Control the owner must:

At least treat the building once per month. Treat an areas within 72 hours of being notified of an issue.

Owners will now need to implement a waste management plan. Owner will need to demonstrate compliance to the plan.

Owner will now need a cleaning plan. The owner shall inspect common areas of the building at least once a day.

While most operators are doing the above all of this now must be documented and the owner must prove they are in compliance or face fines.

According to the Greater Toronto Apartment Authority (GTAA), "the Apartment Bylaw is certainly not good, and definitely the wrong way to go. We have been very clear with our position. GTAA's Board of Directors and members have agreed that moving forward we cooperate with the City with the hope that they will finally understand that not all landlords are the same; that the vast majority are professional and caring business operators, that are proud of our properties and work diligently everyday to provide safe and secure housing for the communities we have created across the City."

It is amazing that the annual costs to register under the new by-law is more than what landlords can legally increase their rents by. Costs for landlords are increasing each year with double digit utility hikes, realty tax increases etc. and now this. If council was worried about owners not pumping money into their buildings surely taking more money out of their hands will not solve the problem.

Source: The Apartment Group

## GTA Housing Market Still GOING UP

### HISTORIC ANNUAL STATISTICS<sup>1,6</sup>

Year	Sales	Average Price
2005	84,145	\$335,907
2006	83,084	\$351,941
2007	93,193	\$376,238
2008	74,552	\$379,347
2009	87,308	\$395,460
2010	85,545	\$431,276
2011	89,098	\$465,014
2012	85,498	\$497,130
2013	87,049	\$522,958
2014	92,782	\$566,624
2015	101,213	\$622,121

\*For historic annual sales and average price data over a longer time frame go to: [http://www.torontorealestateboard.com/market\\_news/market\\_watch/historical\\_statistics\\_of\\_TREB\\_historical\\_statistics.pdf](http://www.torontorealestateboard.com/market_news/market_watch/historical_statistics_of_TREB_historical_statistics.pdf)

### 2016 MONTHLY STATISTICS<sup>1,7</sup>

January	4,640	\$630,193
February	7,583	\$685,738
March	10,260	\$688,011
April	12,017	\$739,767
May	12,791	\$752,266
June	12,727	\$746,956
July	9,932	\$710,556
August	9,750	\$711,001
September	9,831	\$756,117
October	9,720	\$762,767
November	8,507	\$777,301
December	5,313	\$730,559
<b>Annual</b>	<b>113,071</b>	<b>\$729,918</b>

### 2017 MONTHLY STATISTICS<sup>1,7</sup>

January	5,174	\$789,339
February	8,014	\$875,983
March	-	-
April	-	-
May	-	-
June	-	-
July	-	-
August	-	-
September	-	-
October	-	-
November	-	-
December	-	-
<b>Year to Date</b>	<b>13,188</b>	<b>\$834,144</b>

March 3, 2017 -- Toronto Real Estate Board President Larry Cerqua announced that Greater Toronto Area REALTORS® reported 8,014 residential sales through TREB's MLS® System in February 2017. Despite the fact that February 2016 had one more day due to the leap year day, this result was up on a year-over-year basis by 5.7 per cent compared to 7,583 sales reported last year.

"The February statistics tell me that many Greater Toronto Area households continue to view home ownership as a great long-term investment. The high demand for ownership housing we're seeing is broad-based, with strong sales growth for most low-rise home types and condominium apartments. This makes sense given the results of a recent consumer survey undertaken for TREB by Ipsos, which found an even split between intending first-time buyers and existing homeowners who indicated that they were planning on purchasing a home in 2017," said Cerqua.

While the demand for ownership housing grew over the past year, new listings entered into TREB's MLS® System in February were

down on a year-over-year basis by 12.5 per cent to 9,834.

The MLS® HPI Composite Benchmark Price was up by 23.8 per cent compared to February 2016. Similarly, the average selling price was up by 27.7 per cent year-over-year to \$875,983. Annual rates of price growth continued to be strongest for low-rise home types, particularly detached houses. Growth rates for condominium apartment prices were also in the double digits, likely a result of strong demand from first-time buyers.

"The listing supply crunch we are experiencing in the GTA has undoubtedly led to the doubledigit home price increases we are now experiencing on a sustained basis, both in the low-rise and high-rise market segments. Until we see a marked increase in the number of homes available for sale, expect very strong annual rates of price growth to continue," said Jason Mercer, TREB's Director of Market Analysis.

Source: TREB

### Year-Over-Year Summary<sup>1,7</sup>

	2017	2016	% Chg.
Sales	8,014	7,583	5.7%
New Listings	9,834	11,234	-12.5%
Active Listings	5,400	10,902	-50.5%
Average Price	\$875,983	\$685,738	27.7%
Average DOM	13	21	-38.1%

## Rent Controls the Problem not the Solution

Rent control policies implemented more than 20 years ago aimed at helping low-income Ontarians get affordable housing are having the opposite effect now, and making accommodation even harder to find, an economist with the CIBC argues in a new report Tuesday.

Amid calls for even stricter caps on how much landlords are allowed to hike rents in Toronto's competitive market, economist Benjamin Tal argues any such policy would do more harm than good — even to those it's ostensibly trying to protect.

"Rent control is the exact opposite of what the [Greater Toronto Area] market needs," he says. "If history is a guide, such policy will mostly hurt the people it's trying to protect."

Under current rules that were implemented in 1992 and subsequently left in place by every government that followed, buildings built after 1991 aren't subject to any caps on how much a landlord is allowed to raise the rent each year.

But older buildings have a cap on how much the rent can rise every year, regardless of what the costs are or whatever conditions in the free market are.

The plan was to encourage landlords and developers to build more apartment units by removing artificial caps on their potential profits. But more than two decades later, Tal says, the effect has been to fund a boom in condominiums that operate as rental units largely outside of regulation.

Others aren't so sure that less regulation is the answer. The Advocacy Centre for Tenants Ontario thinks the rules need to be updated to reflect the modern market.

"The theory is that with an increased supply of units, 'the market' will drive rents down," the group says in a factsheet on the topic on its website. "The reality is that rents have been increasing across Ontario whether the vacancy rate is high or low."

Tal argues that rent control on older units causes them to fall into disrepair since landlords have little incentive to maintain them. "The turnover rate under rent control is lower as tenants stay in properties longer," Tal said. "And naturally, landlords would spend the bare minimum to maintain their units, given that, in many cases, they do not need to attract other tenants."

Toronto City Councillor Josh Matlow agrees that rules need updating, but disagrees with Tal's view and thinks more rent control is what's needed — not less. The chair of the city's tenant issues committee says the "arbitrary" cut-off of 1991 needs to be removed so all buildings are treated the same way.

"The proof is in the pudding," he said in an interview. Rent increases have vastly outpaced inflation, which is why he wants the province to update the rules for a modern era.

"There should be strict guidelines for all rentals before and after the arbitrary date of 1991, and a review and reform to ensure above-the-guideline rent increases" are subject to more scrutiny, Matlow said.

So-called "above-the-guideline" rent increases are when landlords make capital repairs and then pass the costs along to the tenant.

Unlike Matlow, Tal blames the problem of when older units fall into disrepair on rent control because there's no incentive to fix them. And people are less willing to move out of rent controlled buildings, which pushes others into the condo market, because few people are building so-called "purpose-built" rental units — the industry term for apartment buildings.

More "rent control will work to reduce the supply of rental units, and will inflate any segment of the market that is not under rent control," Tal says.

"More activity will be diverted toward condo construction, a segment of the market that is much more immune to rent control as condo owners have multiple avenues to require a tenant to leave," he says.

It's an issue that many at Toronto city hall are keenly aware of. Coun. Ana Bailao says the rules on the books today certainly need updating, one way or another.

Source: CBC

## RECENT SALES – GTA

Address/City	Suites	Price MM	Price Per Suite	Cap Rate
65-99 Silver Springs Blvd.	430	\$84	\$195,350	4.25%
3311 Bathurst St.	102	\$20.8	\$203,925	NA
1675 Eglinton Ave. W.	72	\$9.125	\$126,700	4.30%
1001 O'Connor Dr.	83	\$10.375	\$125,000	4.30%
110 Maitland St.	36	\$13.0	\$362,230	NA
1A Vermont Ave.	22	\$5.05	\$229,545	NA

Source: Realtrack,

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