

Comfort Chronicle

Comfort Property Management

Fall 2009

HST & Condominium Budgets

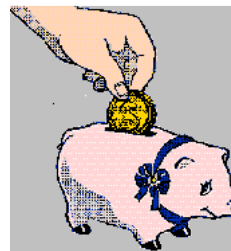
The Provincial Government recently announced that effective July 1, 2010 a new HST (Harmonized Sales Tax) will replace the current GST & PST. Amazingly, there was negligible outcry, perhaps because no one understood the extent of the potential impact of the HST.

Where condominiums are concerned, it is estimated that both reserve and operating funds will be negatively affected since HST will now apply to several services etc. previously not subject to PST. While the accountants and condo. property management companies vary on the extent of this potential affect, the Association of Condominium Managers of Ontario estimates a 6% increase to the operating budget alone.

Boards are advised to learn

how the HST will affect both their operating and reserve fund budgeting as experts say that the extent of each corporation's increase will vary but could be as high as 10%. There are many things that boards need to be doing to ensure they are prepared both in the short and long term for this increase such as meeting with their own property manager, accountant and reserve fund study provider to formulate a customized strategy.

Boards are also advised to prepare for July 1, 2010 by communicating a.s.a.p. and regularly thereafter with their owners as information becomes more available and strategies are put in place so that both boards and owners are 'on the same page'.



Inside this issue:

Asbestos Survey	2
Home Renovation Tax Credit & Condo Owners	2
Condo Insurance vs. Owners' Insurance	3
Backflow Preventors	3
Chiller Retrofit	3

Waste Levies in Toronto – Tips for Condominium Recycling

While the routine behind garbage and recycling collection can certainly be different when you're living in an apartment (compared to living in a single-family house), just because you're in a high-rise doesn't mean you're above recycling.

With so many recyclable items, why is so much of it thrown away? A leading factor in the amount of recyclables that are tossed out

with the trash is the resulting contamination of apartment recycling bins - and it is an issue that apartment residents can prevent with just a little bit of effort (see Special Points of Interest).

If, for whatever reason, you need more incentive to recycle than helping the environment, how's this - recycling can save you money too! You can always return your empty

wine, beer, and spirit container to The Beer Store for a full deposit refund rather than putting them in your building's bins

If your Corporation is not recycling as much as it should or at all, contact your Board of Directors or Property Manager to put a program in place.

The City of Toronto has websites devoted to this topic – check them out.

Special points of interest:

- Don't put recyclables in plastic bags.
- Not everything is recyclable – think before you pitch.
- Weigh the cost of properly recycling against the cost of non-compliance.

Welcome Committees/Orientation Meetings & New Residents

Two things are true: moving can be stressful and first impressions count. Where condominium corporations are concerned, having Welcoming Committees can alleviate both these problems by providing resources for acclimating new residents to their unfamiliar surroundings. This creates a pleasant transition and a positive first impression of the corporation.

However, the most important function of the Welcoming Committee is to prepare and deliver a Welcome Package to effectively communicate with new residents. It should contain:

- Governing documents of the corporation.
- Corporation's newsletter.

- List of the local schools, churches, utilities and even shopping areas.

Orientation meetings can also be highly successful, but they should not replace Welcome Packages because some new residents will not attend such meetings.

Whatever the format, a good welcoming process is essential.

Asbestos Survey

Asbestos is a strong, flexible and heat-resistant material which makes it ideal in the manufacturing of building construction materials etc. until the previously imbedded and immobile (non-friable) asbestos fibres are disturbed, causing them to become airborne (friable). Long-term exposure to asbestos has been linked to cancer.

Therefore, Ontario regulates its use, quantities and involving processes to reduce and control worker exposure. Ontario Reg. 278/05 (Phase 1 effective

November 1, 2005 and Phase 2 effective November 1, 2007) mandates greater security when dealing with non friable products such as drywall joint filling compound etc.

This means that condominiums built before 1990 with four or more units must complete both a presence and location survey of all asbestos in the building (specifying whether it is friable or non-friable) as well as a management plan for any work requiring disturbing same. This procedure requires licensed and specifically trained asbestos

technicians. Buildings must then be frequently re-inspected and records must be updated annually. Boards must disclose this report to contractors before tendering or entering into a contract and to unit owners.

However, to date many Boards have not complied. In addition, there doesn't seem to be an "or else" for non-compliance. If your Board is one of these, you are advised to act appropriately.

Check out www.csa.org/t.tools/t6.news/asbestos.cfm

"Carefully monitoring asbestos is essential to a safe, healthy condominium community."

Home Renovation Tax Credit (HRTC) and Condominium Owners

The January 27, 2009 budget statement included a new tax incentive designed to enable taxpayers to invest in the long term value of their homes while boosting our economy.

This program provides for a maximum 15% income tax credit on eligible renovation

work on houses, cottages and condominium units performed February 1, 2009 to February 1, 2010. The consumer must spend more than \$1,000.00 but no more than \$10,000.00 (on renovations not maintenance) thereby capping the tax credit at \$1,350.00 per family

Condominium unit owners should also know that if a corporation undertakes an eligible job on their building's common areas, members of that corporation can claim their share of the spending.

For further information, go to: www.fin.gc.ca

Condominium Corporation Insurance vs. Unit Owners' Insurance

Condominium unit owners often ask why they need their own insurance when the corporation has insurance. Condo. owners' insurance covers:

- Upgrades made inside the unit
- Personal belongings
- Personal liability for visitors and guests
- Damage to the neighbouring property from the suite
- Condo. corporation insurance billback
- Additional living expenses after a loss until the unit is again habitable

Since the advent of the New Condominium Act and Standard Unit By-law, both unit owners and corporations know who repairs what damage after a loss. Generally speaking, the condo. corporation's insurance covers:

- Building exterior
- Common property inside and outside the unit as described in the Declaration
- Permanently affixed items installed at construction

Both unit owners and condo.

corporations must know their responsibilities so there is no delay in repairing damage, confrontation and/or bad feelings. Unit owners should also know that some insurance companies may offer *Special Assessments in Common Areas* coverage. This provides modest protection to owners against the corporation levying a special assessment against their unit for things not fully covered by its insurance. Contact your agent for more information

Backflow Preventors – Mandatory in Toronto

Current legislation mandates that the public water supply be protected to the point of delivery. Therefore, the Water Supply By-law (effective January 1, 2008) includes the Backflow Protection Program. Focusing on among other buildings, all multi-residential properties of five or more units, this program involves isolating private water systems from public waterworks by installing a backflow prevention device (BPD).

Backflow happens when private

water pressure is greater than city water pressure or the pressure in the supply system dips due to watermain breaks etc.

Before installing a BPD, corporations must first seek professional assistance since a City approved surveyor must complete a water system survey to determine the right type of BPD and a building permit must be obtained. After installation, the BPD must be tested. Then it must be tested upon repair, replacement, re-location and at

least annually thereafter.

Although the BPD installation deadline has passed, many corporations have not complied. Boards should know that Toronto now aggressively enforces this by-law. Therefore, corporations not in compliance risk serious fines or complete water supply shut off.

For further information see, www.toronto.ca/water/backflow



Comfort Property Management
12 Showboat Crescent
Brampton, Ontario
L6V 4P9

gabriel@comfortpm.ca

www.comfortpm.ca

Comfort Property Management Inc. was conceived by its founder and President, Gabriel Dolnicanu in response to a growing number of dissatisfied condominium corporations caught between large management companies' "cookie cutter" style and small, over extended companies' poor product. The obvious answer - a property management company small enough to be able to customize its program to meet the clients' unique needs but large enough to attract knowledgeable professionals.

Our **philosophy** is very simple – provide the best possible property management program that recognizes and caters to our clients' unique needs at a competitive price without sacrificing the level of client service. But that is just the beginning

For more information, contact Gabriel.

Customized Property Management
at a Comfortable Price



Chiller Retrofit

Effective January 1, 2005, building owners cannot replace refrigerant containing CFC's (chlorofluorocarbons) after a chiller overhaul. But because compliance has been slow, an exemption was available on the condition that the system is converted, replaced or removed from service no later than twelve months from the date of the charge.

Effective January 1, 2010, the Montreal Protocol mandates that all chillers operating on "outlawed" CFC refrigerant be replaced or re-engineered for refrigerant change-out.

Because replacing a chiller carries a hefty price tag (approx. \$250,000), at approx. \$90,000, retrofitting is a viable short-term option if the corporation's chiller is still operating problem free. However this procedure involves using R123 refrigerant which itself will be phased out in 2020 while replacement chillers use R134a refrigerant which, so far, has no phase-out date. The up-side of retrofitting is that it enables a conscientious Board to budget for replacement well before the phase-out date. In addition, it is anticipated that by that date

chillers will be more efficient so that corporations will have a completely different spectrum from which to choose. It is also recommended that the cool tower be factored into the replacement schedule and budget.

Condominium corporations must quickly decide, together with their reserve fund study contractor and corporation accountant which is the best solution for their building.