

# The Exploding Condominium Market in Ontario



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# Introduction



# What is a Condo?



- Either a townhouse or stacked townhouse complex (which can range from 5 to hundreds of units in one Corporation) or multi residential building owned by individuals (which also varies in size). They can also be in the form of a detached or semi-detached house. In a condo you own the individual unit and share in the ownership and expenses of maintaining the common elements.
- A condominium is a self governing community with rules and by laws to guide their operations and business affairs. It is operated by a Board of Directors which is usually made up of owners of the Corporation that are voted in by the other owners
- The Board of Directors hire a Professional Management company to run the day to day operations of the Condominium, which includes maintaining the property, finances, official records reserve fund study agreements and all related matters.

# Who Lives in a Condo?



There are a variety of people who live in condominiums; they are:

- Retired
- Single
- Young couples
- Young families
- Single parents

# Why Do People Live in Condos?



- If they are retired, they would like to be in a place where they do not have to worry about shoveling snow, cutting lawns, doing outside work, etc.
- If they do a lot of travelling they do not have to worry about things being taken care of in their absence, such as maintaining the grounds.
- Sense of security
- It can be a starter home for professional couples that have busy careers and do not have time for the day to day maintenance of a home

# Where are Condo's Located?



- Typically in urban centres – London, GTA, K-W, Guelph, Ottawa, Burlington-Hamilton
- GTA – more high rise condo's
- **Growing markets are: Barrie, Niagara, Collingwood, Brockville-Kingston, Woodstock**

# How Many Condo's are there in Ontario?



- As of 2010 there were approximately 7,000 condo corporations or 500,000 units
- Baby boomers are retiring – want services
- **The number of condo's in Ontario is growing rapidly**

# Different Types of Condominiums



- There are a variety of different types of condos

# Standard Condominium Corporation



- Corporation is responsible for the complete maintenance of the units.
- Condo fees are usually higher
- There are Rules pertaining to what can or cannot be done in the common elements, e.g. gardens, planting of trees, etc.
- There are a few styles of condos; there are the townhouse style, the building style and there is also ones that are combined with commercial properties.
- The townhouse styles have more grounds to maintain as each unit has their own front lawns, garden areas, rear areas, etc. whereas a building has the grounds around the building itself to maintain with a few large flower gardens.
- The rear of the units are considered exclusive use common areas and in most cases, the owners maintain this area.

# Common Element Corporation



- The owners are responsible for all the maintenance involved with their units, e.g. snow shoveling, lawn maintenance, plantings, all repairs to the units.
- The Corporation is only responsible for the main roadway and any part of the grounds considered common elements, e.g. light standard, visitors parking area.

# Lot Line or Freehold Condo



- The owners are responsible for the maintenance of their own unit and their grounds
- The Corporation maintains the roadway, common elements, visitors parking area, light standards, perimeter fencing

# How are Condominiums Structured?



- They can be a townhouse, high rise or free standing bungalows.
- The complexes may be as small as five or six units to as large as several hundred units.

# Role of the Board



Governed by the Condominium Act and the corporation's By-laws

Board consists of minimum of three members; number is in by-laws

1. Manage the affairs of the corporation.
  - Handle the day-to-day affairs of the corporation.
  - Act in good faith /honestly. Exercise care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
2. Hold regular Board meetings.
3. Set budgets; be fiscally sound.
4. Work with contractors, engineers, lawyers, auditor - your team.
5. Must disclose conflict of interest re contracts; do so immediately; cannot vote.

# Role of the Property Manager



- The Property Manager is responsible for the day to day operations of a Condominium Corporation, such as maintenance and financials aspects
- The Property Manager facilitates obtaining quotes for any contracts pertaining to the maintenance of the Corporation such as landscaping contracts, insurance, major repair projects and presents them to the Board for a decision and who they wish to hire.
- Usually 3 quotes are obtained to be presented to the Board. The Property Manager usually has a list of preferred trades companies that they have dealt with and are satisfied with their work. Board decisions are usually based on costs and reputation of companies.
- There are situations in some condos where there are Board members who are very hands on and get involved with obtaining quotes



# Condominium Operations



# What is a Reserve Fund?



- A Reserve Fund is money held in a separate account by the Corporation
- This money is transferred on a monthly basis from the maintenance fees collected from each owner, which is to be used for funding major repairs or replacement of the common areas.

# What is Included in the Reserve Fund?



- Major type/ repair and/or replacement work
- Current cost to do the work - projected cost to do the work when scheduled to be done
- Estimated balance of the RF
- Recommended amount for contribution to the RF
- Estimated interest that will be earned on RF

# How are Budgets Set?



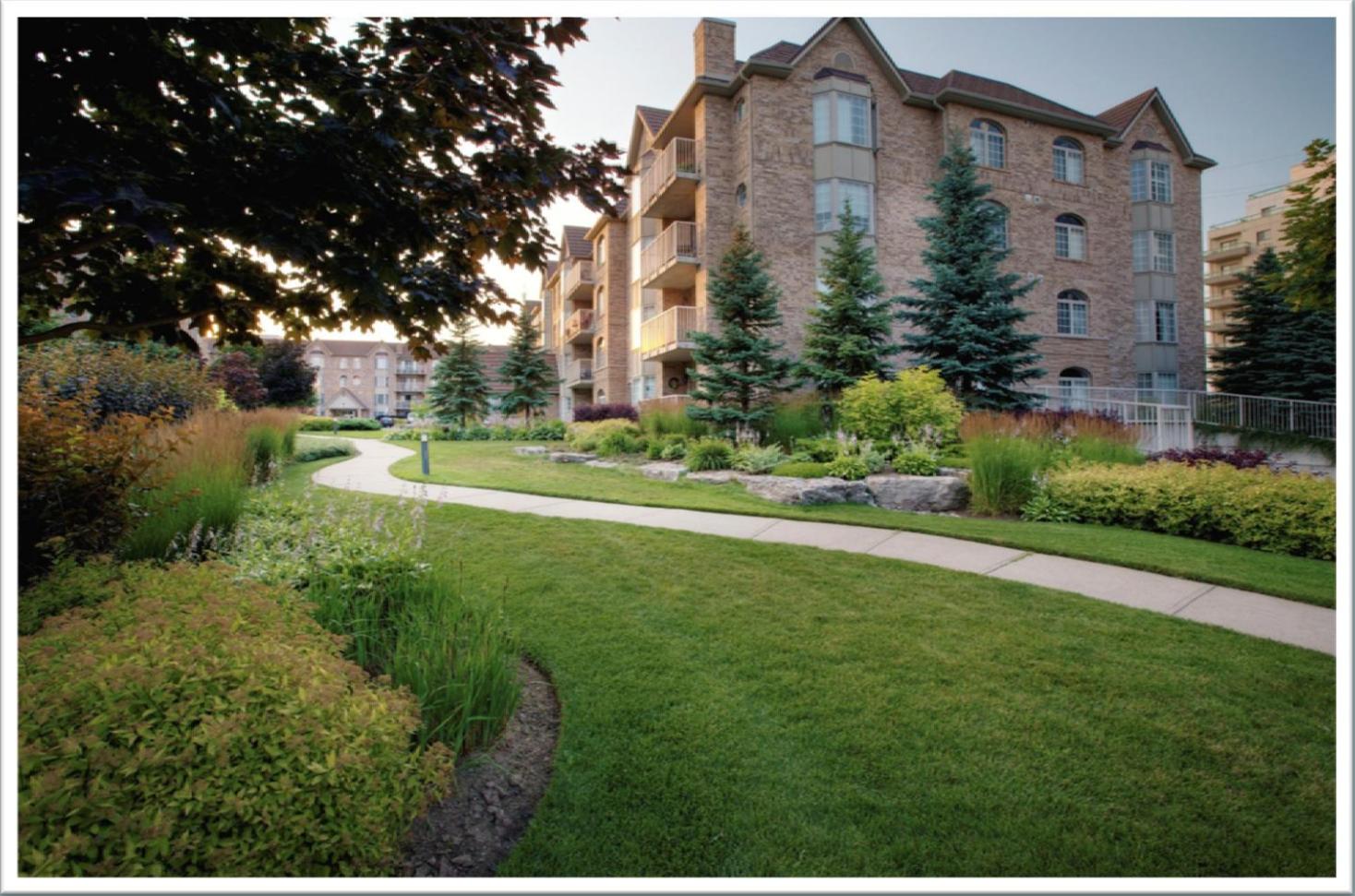
When putting together a budget there are three things that are taken into consideration:

- There are the set contract amounts
- We look at what was expensed the previous year and set projections based on what was spent that year
- Look at a wish list of extra projects that the Board is looking at doing, e.g. removing diseased trees and replacing with new trees, etc.

# How Condo Fees are Derived



- Review current budget; analyze where over/under spending occurred.
- Project expenditures for the next fiscal year for regular expenses - take into consideration increases in hydro/water, gas, renewed contracts, etc.
- Include expenses for projects that are considered to be operating that should be addresses.
- Are there any areas that can be decreased?
- Include the increase for the RF contribution.
- Total and divide by number of units - equals monthly payments



# Services



# What Services do Condominiums Use?



- Maintenance and Landscape Construction & Design Services
- Fertilizing & Pest Control
- Irrigation & Lighting
- Tree Care
- Power Sweeping
- Snow Services
- Exterior Maintenance
- Pool Services
- Eaves Trough Cleaning
- Etc.

# What is the Boards Process when Hiring a Contractor?



- Large contracts - engineers- minimum of 3 bids
- Smaller contracts, landscape contractors, roofers - 3 bids
- interview, view property to give appropriate bid
- Recommendations
- List of contractors trust, worked with

# How are Decisions Made?



- Examine all info presented - compare apples to apples
- Have contractors meet with the Board - discuss scope of work, ask/answer questions
- Reputation
- Cost

# How can Contractors Market their Services to Condominiums?



- **The condo industry is built on relationships – people dealing with people.**
- **Marketing is rather expensive... It takes commitment and time to build relationships**

# What are CCI & ACMO?



- **ACMO** – Association of Condominium Managers of Ontario – Property Management Companies & Managers join this organization for education purposes, learn more.
- **CCI** – Canadian Condominium Institute:
  - 18 chapters across Canada
  - Condo corporations (and Property Managers) join this organization to take courses – Level 100, 200, 300
- With the new Condo Act – it will be mandatory for managers and board directors to take courses and become certified

# Join ACMO & CCI



## **Become involved in the association:**

- Sit on committees
- Advertise in their magazines (focused audience)
- Write articles & tip sheets
- Attend conferences & trade shows

**Don't just expect to get business because you have a membership.**



# Communication & Relationships



# Communications & Relationships



## How Should Contractors Interact with the Condominium Community?

- Be courteous, polite, business-like

## How should contractors respond to unit owners?

- Thank them
- Ask them to contact ..... Person on site such as landscape director or the property manager

# Communication



## What does it look Like?

- Being polite, saying thank you, asking questions, answering questions
- Explain what is going to be done

## What do the best contractors do?

- Provide complete bids/ full details as to work to be done
- Keep to schedule / if not, keep informed as to why and new schedule
- Have a good handle on what is being done re sub- contractors or workers
- Complete all the loose ends in a timely fashion - don't drag on
- Clean up
- Do not over extend or over commit themselves
- Identify other issues related to the work they are doing; or make suggestions

## What do you wish they would do more of?

- If they are going to be late for an appointment, please call.
- Items listed above



# Common Issues



# Common Issues



What are the top four issues or problems that condominiums boards or property managers experience with contractors?

1. Keeping appointments at agreed time.
2. Not supervising the job - relying on a Foreman
3. Not communicating.
4. Over extending themselves; working too many jobs at the same time

# Tips & Advice



Top five tips for contractors working with condominium boards or property managers:

1. Communicate what is to be done for the amount quoted. All terms of doing business are explained up front.
2. Develop a rapport with the Board / one director.
3. If work is to be outsourced, make sure sub- contractors understand the job/tasks/ contract; inform the board/management company.
4. See something that needs to be done, do it; every little task should not have to be spelled out - if you see a major weed - pull it; if you see some tasks that need to be done- tell supervisor - inform board if required.
5. Ensure supervisor / manager visits and follows up onsite.



# Summary



# It's a Good Thing



## **Top 5 reasons why servicing condos is a good thing:**

1. Services needed are recession proof; grass will always grow & snow will always fall.
2. The ability to provide multiple services for one client – “Basket of Goods”
3. Good work leads to a complex referral tree
  - 1 Property Management company has 10 Managers
  - 10 Property Manager’s each manage 8 properties
  - 80 Condo Corporations per Management Company
  - 80 Condo Corporations (townhouse) has an average of 50 units each + 4,000 units of personal space to be landscapes
4. Condo Corporations have a budget – they pay on time!
5. Average value of contract is higher than with a residential or commercial property

# It's Not a Good Thing



## **Top 3 reasons why servicing condos is not a good thing:**

- 1.** Organizational structure of landscape company needs to be strong for communication – have an Account Manager to deal with complaints
- 2.** Unit owners can have high and unrealistic expectations of service
- 3.** Staff need to be educated on a high level of customer service and understand how to deal with unit owners

