



Ontario's Condominium Law Experts



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Announcements

Audrey Loeb was recently featured in the CBC documentary The Condo Game. The documentary examines the forces driving Toronto's condominium boom over the last two decades and the resulting issues for stakeholders. The Condo Game can be viewed online at:
<http://cbc.ca/doczone/episodes/the-condo-game>

Past Issues

October 2013

- Requests for Records: Fishing Expeditions not Permitted

September 2013

- Mould: Handle with Care

Newsletter Tips

If there is a hydro vault in your condominium, the condominium corporation should carry out an annual inspection of the vault to determine whether maintenance or repair to the non-hydro equipment is required. Although Toronto Hydro carries out regular inspection and maintenance of its equipment, maintenance and repair of the walls, floor, etc. within which the transformer is located is often the condominium corporation's obligation. However, it is unlikely the condominium corporation will have a key to enter the hydro vault. Accordingly, it is a good idea to coordinate the inspection of the vault with Toronto Hydro's annual inspection of its equipment. If this is not possible, Toronto Hydro should be contacted to attend the building and provide access to the vault for inspection by the condominium corporation.

THE RISING COST OF CONDO OWNERSHIP

Common Expenses and Rising Household Costs

by Odysseas Papadimitriou

Monthly maintenance fees are an integral and unavoidable part of condominium living. At the same time, maintenance fees are one of the most misunderstood aspects of buying a condominium. According to a 2012 TD Canada Trust Condo Education survey, 68 per cent of condominium buyers had no idea their fees could increase and 38 per cent said they weren't confident they could afford a fee increase. It is therefore no surprise that even a fractional increase in maintenance fees may turn into a hot-button issue at an annual general meeting.

Sometimes, an increase in maintenance fees is a result of the developer leaving the cupboard bare, and occasionally an increase may arise from the board's mismanagement of the corporation's finances. An overwhelming majority of the time, however, maintenance fee increases arise simply as a result of increases in the cost of living.

Our Mission

Our mission is to provide comprehensive, competitively priced, value-added, community oriented solutions throughout Ontario utilizing the range of knowledge and depth of expertise of a larger firm, while providing professional, friendly and timely service to our clients

With offices in Toronto, Markham, Guelph, London and Kitchener-Waterloo, our Condominium Practice Group is part of a full service law firm which provides us with significant strengths in matching your legal needs to our resources. Our office systems and technology assist us in providing quick turnaround on a cost efficient basis.

As with all forms of home ownership, owning a condominium unit entails significant financial responsibility. In addition to paying for the services and amenities available to residents, maintenance fees pay for management costs, building repairs, staff salaries, insurance, utilities, cable, etc. These costs tend to increase annually. Statistics Canada recently released its survey of household spending, which compared the increases in the cost of living from 2010 to 2011. Some year-over-year increases include:

- 2.7% increase in water and sewage costs;
- 4.7% increase in electricity costs;
- 3.9% increase in the cost of natural gas;
- 5% increase in insurance premiums;
- 2% increase in average hourly wages; and
- 2.7% increase in property taxes.

Spending did not rise in all areas, but overall average household expenditures were up 3.1 per cent in 2011. These increases affect all homeowners. For those in condominiums, most of the above increases will be reflected in the financial statements of the condominium corporation, but the costs will be shared by all unit owners through increases in the common expenses.

On top of the annual increases for utilities and services, condominium corporations also need to budget for an adequate reserve fund. This is meant to ensure that owners are held equally accountable for their investments. If you own a freehold house, no one will force you to set aside money each month to pay for likely major repairs in the future, but you will be on the hook for such repairs if something goes wrong. Roofs leak, pipes back-up, washing machines overflow, and whether you own a condominium unit or a freehold house, you will pay for all these unfortunate occurrences. If there's no money set aside, the corporation will need to look to the unit owners for additional funds in the form of a special assessment. Condominium owners should also keep in mind that a corporation's reserve funds can only be used for major repair and replacements. Accordingly, the owners are the only source of funding for any increases in the year over year costs of living.

Ultimately, owning a condominium unit is just like owning any other home – you cannot avoid the impact of increases in the cost of living and you should never purchase if doing so will entail being at the very limit of what you can afford.

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