

NATIONAL OUTLOOK

RHB
EDITION

PROBLEMS IN CANADA'S RENTAL HOUSING MARKETS

BY JOHN DICKIE, CFAA PRESIDENT

Canada has problems in the residential rental housing market. Many people are aware of some of the problems, but little concern is shown for other problems, nor for the potential for the situation to worsen in the foreseeable future.

It is important that the problems be recognized as an important public policy issue, and that a dialogue take place about why these problems exist, and about what is required to fix them. What follows is an edited version of CFAA's pre-budget submission for the 2015 federal budget.

The state of Canada's rental housing market

More than 30% of Canadians rent their homes, but for the last 25 years, less than 10% of all new housing has been built for the rental market. In Canada outside Quebec, the rate is even lower. This contrasts dramatically with the rental construction rates of the 1960s and even the 1970s and 1980s.

Because of the economies of scale and other savings in land, services, construction costs and professional fees, rental housing is the most affordable housing which can be built and operated. But Canada is not building enough new purpose-built rental housing.



Rental housing is the housing of choice for most workers moving to Canada or within Canada, for many newly-formed households, for new Canadians, for low-income households and for many seniors. The negative impacts of insufficient new rental housing include these:

- High growth communities cannot attract an optimal labour force to grow as much as they could
- High growth and new communities face high housing costs and difficulty attracting the young workers they need to provide government services, such as fire, police and hospitals
- Many communities see rising rents throughout the rental market, much to the disadvantage of low-income people (and of governments which support many of them)

continued on page 3

IN NATIONAL OUTLOOK
(DIGITAL EDITION)

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Manitoba changes its residential tenancies law

(This is an expanded version of the information reported in "In the Know" at page 36)

LESSONS FROM THE TORONTO ICE STORM AND CALGARY FLOOD

BY CRYSTAL SKEAD AND RANDY DAITER

Within the last 15 months, landlords in two of Canada's major rental markets faced serious trouble from a natural disaster. At CFAA's Rental Housing Conference in June, delegates were able to hear from two experienced managers who had to mitigate that trouble.

Crystal Skead, CPM, ARM, is the Senior Director of Property Management - Residential with Bentall-Kennedy, with responsibility for the company's buildings in Vancouver, Victoria, Regina, Toronto and Calgary. In June 2013, a

continued on page 4

continued from page 1

major rain storm settled in at the edge of Rocky Mountains in Alberta, just west of Calgary. In 36 hours the storm produced 220 mm of rain, when the ground was still frozen and not absorbing water.

Due to extensive flooding, residents of major areas of Calgary were advised to evacuate, including a Bentall-Kennedy high-rise with 294 suites. However, evacuation was not enforced.

KEY ISSUES

Know your building	Asset protection
Backup generator	Staff training
Communications	

The landlord notified residents of the evacuation order. City Emergency Medical Services teams responded to help mobility-challenged tenants vacate their suites.

The security contractor's staff did not report for their regular work shifts. As a result, the landlord engaged a replacement security contractor to provide patrols 24-7 and staff the front desk. They and the building staff made a door-to-door inventory of who remained in the building, and then maintained a log book of people leaving and arriving.

The main problem was that electrical power was shut off. Among the building challenges, the elevators were undergoing modernization, and as a result did not operate on the emergency power. The water pumps were also not hooked up to emergency power, and so there was no water service higher than the 17th floor.

Bentall Kennedy's call centre, ClikFIX, which is available through a 1-800 number, provided information to residents over their telephones, while the on-site staff attended

to building issues. Managers in all asset classes sent updated information to everyone on the team, via ClikFIX by Blackberry every 4 hours.

The lobby became a central social area and gathering place. The ClikFIX manager ordered in pizza and pop for staff and residents on the second day of power outage. Staff delivered food to those who could not come to the lobby. The landlord allowed residents to come and go from their suites, for example to water plants, feed cats, or check on loved ones who did not evacuate. Staff regularly monitored the tenants who stayed on site, and even charged cell phones in cars when needed.

After 2 days with no power, staff went through the suites, removing all perishables from the refrigerators to prevent damage to them. In preparation for the restoration of power, staff also shut off breakers in all suites to mitigate the potential fire hazard of any appliances left on when the residents evacuated. Notices were left in the suite with instructions on how to turn the breakers back on.

The Toronto Ice Storm

Similar problems occurred in Toronto during the ice storm of December 2013. Randy Daiter is the Vice-President of Residential Properties for M&R Holdings spoke about the M & R buildings that lost power. Because 300,000 accounts were affected, a long wait was anticipated before power could be restored, and power and heat were off for up to five days at 60% of the M & R portfolio.

Power was on in some surrounding locations. To communicate what the tenants needed to do, M & R was able to print instructions and copy them at a local copy shop. The instructions included information that the situation was a major municipal crisis, and not to use candles, or combustible cooking materials. For on-going communications, the building staff set up a whiteboard in the lobby, on which they could post updates, and any new instructions.

As a goodwill gesture, the landlord distributed blankets, flashlights, snacks and bottled water to tenants, as well as hot coffee from McDonalds and Starbucks.

To protect the building, staff monitored the interior and exterior wall temperatures and drained the boilers (when the exterior walls or radiators reached below 40 F degrees (4 degrees Celsius). Staff also turned off the breakers for key mechanical and electrical equipment so that relays, motors and other components in the base building equipment would not be shorted out when the power came back on.

KNOW YOUR BUILDINGS

Check what systems run under emergency power, by powering down the building.

Lighting – generator or battery	Security cameras
Elevators	Compactor
Building access systems	Sump pumps
Garage door	Cold water booster pumps
	Domestic hot water pumps

The building staff had recently updated their information about residents with disabilities; and so, they could easily check on them, and see if they wanted assistance to move to another location.

M & R had protocols in place, and their team stepped up to address the problems. The company has subsequently developed a comprehensive Loss of Power Plan and List of Preparedness Items. It consists of three main areas, namely: 1) practical building equipment modifications worth considering, 2) communications and public relations, and 3) a checklist of items staff should have on-site at each building.

OTHER CONSIDERATIONS

Dual fuel generators	Pre-printed notices of entry (1 or 2 sets), including in-unit breaker instructions
Power for the office on site	A white board for the lobby
Battery operated radio on site	Communications plan
Flashlights	Reliable and loyal key contractors (e.g. security, plumbing, electrical)
Pre-printed emergency instructions at each site	

Randy quoted Harvey Silver, who said, "When you succeed in planning, you're planning to succeed, so when you plan well, you'll do well."

In both Calgary and Toronto, the fundamental challenge was dealing with a loss of electrical power. Both landlords experienced some things working well, and other areas where more investigation and pre-planning for the response would have helped.

As Benjamin Franklin said, "By failing to prepare, you are preparing to fail." ■

Chrystal has been active in property management since 1985. As well as being the Senior Director of Property Management - Residential with Bentall-Kennedy, Chrystal facilitates courses for the Real Estate Institute of Canada. Chrystal was awarded her Accredited Residential Manager (ARM) designation in 1990 and her Certified Property Manager (CPM) designation in 2000. Chrystal can be reached at cskeed@bentallkennedy.com.

Randy has held several Senior Management and Executive roles in the rental housing industry. Prior to M&R Holdings, Randy was the Vice-President, Operations, at CAPREIT and the Vice-President and General Manager at O'Shanter Development Company. Randy is the current chair of the Federation of Rental Housing Providers of Ontario (FRPO) Certifications Committee. Randy can be reached at rdaiter@mandrholdings.com.

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