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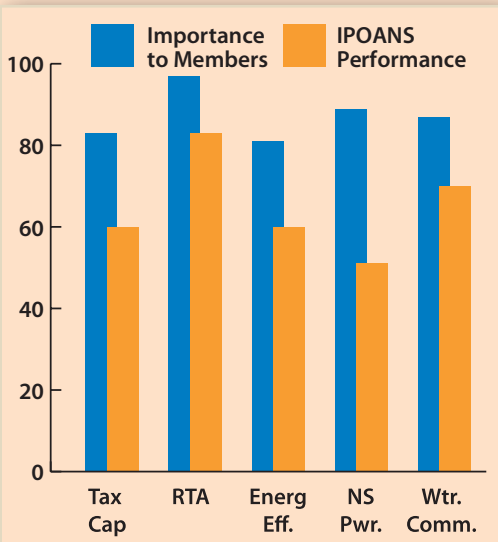
How we must work together to control runaway costs

By **Mark Bergman**

Flat rents and double digit cost increases. Sound like any buildings in your portfolio? Some of the largest line items such as property tax, water, and power prove a formidable foe for the small operator and large player alike. Operating costs are spiraling out of control and landlords are growing weary of being served an unfair portion of increases. IPOANS members of all sizes are increasingly asking what we can do as a community to push back.

What matters most?

In November 2012, seventy IPOANS members responded to a survey to rate



the issues of greatest concern. In addition to Residential Tenancies issues, more than eighty per cent of respondents ranked the Water Commission, the Tax Cap, and NS Power as the key areas of concern. Water Commission rate increase hearings are continuing with key allocation decisions coming up. On the tax cap front, multifamily buildings are excluded and thereby supplement the lower increases on single family homes that enjoy protection under the cap. NS Power rate increases continue to rise, although IPOANS is working in tandem with Efficiency NS to return more and more of efficiency-related funds back to our members. While members are generally pleased with IPOANS' performance against these issues, they are asking for more results.

How can we be heard?

The issues are clear. But what can we do to turn the tide on unfair treatment of landlords by these public monopolies? Under the leadership of Peter Polley, IPOANS' Legislative Committee has proven that our collaborative, focused efforts can actually see legislation rewritten. The Residential Tenancies Act (RTA) is a good example. After nearly four years of persistent, aggressive engagement by IPOANS, the new RTA came into effect Nov. 15, 2012 with key revisions enacted directly as a result of IPOANS' involvement. Perhaps the biggest wins were the omissions that would have been simply unfair and unjust for landlords (for example, a landlord giving 15 day notice to demand late rent was originally set to unfairly apply to only the current month's rent, not back rent).

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President's Message

Membership speaks, Association listens (and acts)...

In the fall of 2012, your working committee felt that after three years of executing our revitalization plan (which included revamped Advocacy, Education and Member Services), we should take the pulse of the membership to ensure that we are focused on the right things and performing effectively in these areas. In late November, we conducted a formal survey and in general were very pleased with the results. The survey results confirmed that we are definitely focused on the right priorities (i.e. Advocacy, Education and Member Services), and in most instances are performing quite well. As with any good survey, we also learned of areas where we can improve.

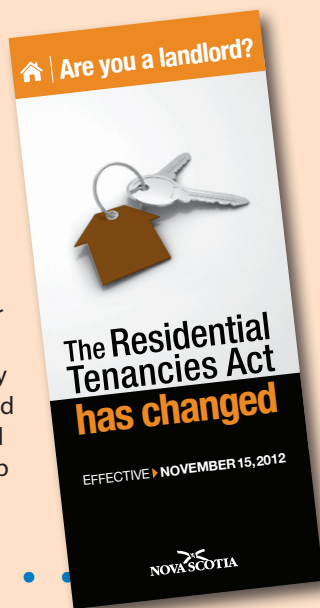
Results showed that members were generally very happy with our efforts in our advocacy work regarding the Water Commission and the Residential Tenancies Act. In fact, nearly 90% of respondents rated these legislative issues as 'Important' or 'Very Important'. In both of these very crucial areas, the majority felt that we were doing a very good job. The largest gaps between importance to members and our performance (and therefore areas for improvement) related to our advocacy work

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Choosing your battles *cont.*

Baked in for good

These positive RTA changes have been baked in for years and years to come. Now a key question remains. How will IPOANS fare in the battle against the Water Commission and the unfair Property Tax Cap? Will our voice be heard and will policy reflect equitable treatment of landlords and tenants? Or will unfair legislation be locked in for decades to come? IPOANS' leadership



is poised to further the fight but requires the financial support of its members through the Call to Action Fund. Perhaps you do not have time to volunteer. But you can make a contribution this year.

You can be confident that together we can impact policy decisions for good. But you can be absolutely sure that if we do nothing, multifamily property will become the default dumping ground for unfair cost increases.

Q&A Property Assessment

with Mark Turner



1 What developments, trends, changes, etc do you see happening around multifamily property assessments and property tax?

Landlords have more control over their expenses than over their revenues. Landlords are placing an increasing focus on minimizing expenses and property taxes are usually the largest single expense.

2 What are some common misconceptions and mistakes you see landlords make regarding assessments and property tax?

Mistake #1: Assuming that property taxes will stay relatively constant following an acquisition. *The assessment department has access to the sale price of every property in the province and uses these to "calibrate" their Mass Appraisal models. Scrutinize your assessment annually, but use the purchase price as your "upper limit" of the assessment in two years' time and budget your taxes accordingly.*

Mistake #2: Using assessments/unit of other buildings as grounds for appeal. *Many buildings are under-assessed or are not as comparable to your building as you think they are. Instead, focus on sales of similar buildings, and the income/expense history of the subject property.*

Mistake #3: Reporting laundry income on the annual Income & Expense Questionnaire. *This is not assessable but can inadvertently be incorporated into the assessment if it is reported.*

3 What advice and insight can you give our members as they seek to best manage and minimize property tax?

Be pro-active: Don't wait for the assessment notice to arrive in January and be forced into filing an appeal. Contact the assessor during the fall: this gives you time to provide input and clarification to the assessor while he/she is still in the process of calculating the assessment.

When in doubt...file an appeal: Cross-check your income and expenses with the assessment calculation, do your research, speak to the assessor, and don't be afraid to seek professional advice.



Welcome to New Board Member Greg Whynot

In response to our recent member survey, IPOANS leadership identified a need for greater focus and value around partner discounts for members. And instead of asking why, we decided to ask why not – Greg Whynot that is. We are pleased to welcome Greg to IPOANS' Board and one of Greg's main objectives will be to spearhead a new partner discount program for our membership. Greg is the President and owner of Maverick Communications, one of Atlantic Canada's leading experiential and ambient media marketing companies. Maverick was recently named one of the top Fastest Growing Companies in Atlantic Canada by Progress Magazine. Greg also plays an active role in his family's company, Kent Field Estates, one of the largest owners and developers of multifamily property in the Annapolis Valley. Greg's role includes advising on sales and marketing and development opportunities. **Welcome aboard Greg!**

President's Message *cont.*

on Nova Scotia Power rates, Collections policy, and HRM bylaws.

On the education front, we were pleased to see positive responses regarding our Lunch and Learn sessions and also our 15 week Property Management course in partnership with NSCC. Member Services was a key area where we saw room for improvement, particularly around partner discounts. As a result of these findings, we are pleased to welcome a new Board Member, Greg Whynot, who will be looking to develop some key partnerships to benefit our members in the coming months.

The survey also indicated that there is some communications work to be done around

the very important area of affordable housing. I trust we all understand that this will continue to be a hot topic of public discussion in 2013 and beyond. The 'rent control' debate goes hand in hand with any affordable housing discussion. With the provincial government's recently launched Housing Strategy, we as private sector property owners have a real opportunity to be a part of the solution. Clearly, we need to continue to have a very strong voice in discussions around this important topic.

In the end, the survey further underlined the vital importance of our Association's work, and that we all need to share in the funding of these efforts. That means, beyond annual

membership fees, (which simply keep our office lights on), we all need to continually support the Call to Action Fund which drives all of our advocacy efforts.

Let's continue to work effectively together on the most important issues this year. Thanks for your continuing input and support!

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We're bringing energy efficiency to you.

By **Liam Cook** of Efficiency NS

Recent electricity rate increases have everyone's attention. Although none of us can control the price of electricity, we can control the amount of electricity we use. By taking steps to reduce our consumption and increase our efficiency we can save energy and money.

Efficiency Nova Scotia makes it easy and affordable for landlords to reduce both their common area and tenant water and energy costs. We will arrange for one of our qualified Efficiency Partners to upgrade individual rental units and common areas with free energy efficient lighting, water conservation measures such as high efficiency shower heads and faucet aerators, and electric hot water tank and pipe insulation.

During the initial upgrades, information will be gathered on other potential energy saving opportunities within the building such as inefficient fluorescent and exterior lighting, mechanical ventilation, common area laundry sets, hot water consumption, and other opportunities specific to your building. Assistance to convert from electric baseboard heat to high efficiency heat pumps or alternative fuel sources such as natural gas is also available.

A dedicated account representative will contact building management with an itemized list of other energy saving opportunities, and financial incentives available including possible financing for common area projects. The account representative will become the go-to contact for all additional energy saving projects within the building to minimize the administrative burden and interruption to building occupants.

Call Efficiency Nova Scotia at 1-877-999-6035 to get started today!

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Legislative Committee Update

By **Peter Polley**

The current challenges for our industry are of such magnitude that a growing amount of time and resources are required to defend the interests of our members. Following are some of the key issues we are actively involved with:

Halifax Water Rates set to Soar - Worse than Media reports to date - 51% increase seen!

On January 9, 2013, Halifax Water filed a 963 page document with the Utility and Review Board (UARB) for a rate increase application hearing the week of April 15th. Media headlines quoted Halifax Water documents that referenced household increases of approximately 27% over a 16 month period.

I performed an analysis of the proposed new rates versus current rates for two buildings. A typical older six unit, non-sprinklered building with a gravel parking lot will experience increases similar to those featured in media headlines for single family homes. In contrast, a larger, newer building with sprinkler service and underground parking will be hammered with a whopping 51% increase in overall water costs.

The consumption rate for water and sewer will be increased by 52%, while sprinkler rates will increase by as much as 900%!!! Perhaps the most offensive part of the increase is due to new "Stormwater Service Charges" that will charge property owners for not only their own impervious lot area (i.e. roof area and asphalt/concrete) as determined from satellite photos; but also the cost to dispose of water that falls on HRM-owned streets. This is akin to a new charge from NS Power for the street lights in front of your home that have always been paid for out of property tax revenues.

IPOANS has filed for intervener status at the UARB hearings, and is working with other large water users to ensure that apartment owners do not need to pay more than their fair share of water and sewer costs.

New Residential Tenancies Act – Jury still out

Mixed reports are being received about the practical implementation of the new RTA. Some property managers indicate that the process for "expedited hearings" is not worth pursuing due to problematic notice requirements and limits on which periods may be claimed as arrears. We will continue to monitor.

Apartment Market Rental Commentary

IPOANS has commissioned an independent research report from Will Dunning Economic Research (Toronto) to explore the Halifax area rental market. The report will serve as a valuable tool for several ongoing discussions with provincial and municipal governments. We expect the report to provide objective, qualified insight on the evils of rent control, the importance of housing affordability, and the impact of government policies and taxation on housing affordability and rent levels. The final report should be available for distribution to members in the coming months.

Thank You!

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At Home Homecare	250.00
Mark Bergman	500.00

Supply and Demand by the Numbers



By **Greg Taylor**, Vice President & Managing Director, Colliers International (Nova Scotia)

With the announcement that Irving Shipyard was the successful bidder for the \$23 billion ship building contract in late 2011, there was euphoria of sorts in HRM... our economic future was stabilized and now there was a collective optimism in the air.

The rush to acquire property in the north end of peninsula Halifax began, asking rents increased in Burnside, and inquiries were received from investors from all over North America. Nobody wanted to "miss out" on the opportunity that was about to unfold.

With a population growth rate of just under 1% per annum since 2002, the Halifax market has not provided a "sexy" story but it has provided a predictable investment environment that is attractive to investors of all kinds. With the shipbuilding announcement, Halifax now had the "sizzle" to go with an excellent investment story. But rumors that new projects are taking longer to lease up than expected makes one ask if supply has exceeded demand, and if so what are the implications?

Halifax's multi residential market has historically absorbed an average of 485 units per year and experienced an average vacancy rate of 2.89%. In 2012, developers added 725 new units to the Halifax CMA inventory, and the vacancy rate climbed to 3.0%.

With the rising vacancy rate, supply and demand may have slipped out of balance in the short term; but we expect the market will quickly return to its historical balance within two quarters, based on historical absorption rates.

While it is easy to look around the city and wonder if development has jumped ahead of the demand curve, history has proven that our developers are in tune with the market and respond with the appropriate amount of new supply. Halifax will move ahead on a steady basis with new supply in balance with demand, but now with the sizzle we always wanted.

Source: CMHC and Stats Canada



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