



SKYVIEW

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SkyViews

Apartment Report - Fall 2009

DANNY'S CORNER



Danny Iannuzziello
Broker of Record

On behalf of the Skyview team, we trust you have had an enjoyable summer. As we look to the autumn season, our collective piece of the real estate market continues to remain a solid and stable financial foundation - with great financing rates and options, and impressive investment properties to be found in the marketplace.

Over the past few months, there has been much discussion about smart submetering and more specifically the Ontario Energy Board's decision about the legitimacy and legality of this cost-effective, environmentally-conscious form of energy consumer's accountability. To that effect, we've asked FRPO (one of our industry's leading landlord associations) to provide their summary of the OEB's decision on the matter of submetering in multi-unit residential buildings. If you would like more information about smart submetering, we'd recommend talking with the industry-leading experts at Energreen (www.energgreenmetering.com) or Stratacon (www.stratacon.ca).

For a number of years, Skyview Realty has assisted in arranging financing for our many valued clients. We strive to be the source for everything related to your multi-unit residential business. I'm excited to announce we've recently expanded our mortgage services to provide assistance on all financial transactions related to the apartment building industry. Skyview has obtained CMHC correspondent status meaning we can now deliver transactions directly to CMHC! With our connections to all of the multi-unit residential lenders, we can find you the best rates and options available for your apartment building financing. Please visit the back page of this newsletter, or contact Diana Cheng at my office, for more information on our mortgage brokerage division.

■ Danny Iannuzziello

Sub-Metering Update: OEB Interim Decision

Provided by Mike Chopowick, FRPO

Disclaimer: As noted with previous bulletins on this matter, this bulletin does not provide legal advice.

Quick Summary of OEB Decision

- The order is meant to be an interim decision, until such time as the government brings into place a formal framework
- Any landlord who submetered after Nov. 3 2005 must go back and get detailed informed written consent from the tenant if they want to continue submetering
- This consent is required, whether or not the submetering happened to a sitting tenant, or on turnover
- As part of this consent, the landlord must have an independent energy audit done
- The following must be disclosed to the tenant in order to obtain consent:
 - a) the results of the energy audit required by section 2 of this Order must be provided in their entirety;
 - b) the amount of any administrative charge that will be included on the electricity bills;
 - c) a detailed description of the methodology used to arrive at the rent reduction (including information relating to how the electricity used by the common areas will be accounted for, how the electricity charges for non smart sub-metered customers will be used in the rent reduction methodology, and any other numbers or assumptions used in the methodology);
 - d) the specific amount of the rent reduction being offered to the customer; and
 - e) the methodology used to apportion the delivery charges amongst the customers.
- If consent is not obtained, the submetering must be unwound "pursuant to structures and processes in place to resolve and adjudicate such matters".

OEB Issues Interim Decision

The OEB has issued a decision on the matter

of authorizing smart sub-metering systems in residential rental complexes. Please note that this OEB decision is an interim order and transitional in nature, pending future legislative action by the Ontario government.

While the order creates a framework for authorizing smart sub-metering, it places extensive responsibilities on landlords, who are defined by the OEB as "exempt distributors" of electricity (FRPO's submission suggested that they were incorrect to find landlords to be distributors - this position has been rejected in this decision). The OEB's decision requires costly and onerous tenant consent requirements which can allow existing and new tenants to opt-out of the government's smart meter initiative.

The Board has determined that it is appropriate for it to make an order arising from this proceeding which will authorize discretionary metering activities by landlords, and those operating on their behalf, on certain terms and conditions.

The terms and conditions are largely directed to tenant/consumer protection measures. These consumer protection terms and conditions are summarized further below.

Smart sub-metering on or after November 3, 2005 is unauthorized

An important finding by the OEB is that any smart sub-metering installation in bulk-metered residential complexes and industrial, commercial or office building settings on or after November 3, 2005 is unauthorized (regardless of whether the arrangements were made with new tenants or pre-existing tenants) and any resulting financial changes to financial arrangements respecting the payment of electricity charges by tenants to be unenforceable.

...Continued on Page 2

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NOT INTENDED TO SOLICIT PROPERTIES ALREADY FOR SALE. NOT INTENDED TO INTERFERE WITH BUYER-AGENCY AGREEMENTS



However, the Board noted that its decision in this matter is not intended to impose any form of penalty, restitution order or other disciplinary action against "exempt distributors" (landlords), and states that any unwinding of changed financial arrangements that may be necessary should be undertaken within the context of the specific leasehold or rental arrangement existing between the tenant and the landlord.

Consumer Protection Measures

The OEB has ordered that smart sub-metering systems in residential complexes are only authorized if the distributors comply with the conditions below in order to use the smart sub-metering system for the purposes of billing their customers.

Landlords must:

- Obtain an independent third party energy audit of the property where the smart sub-metering system is installed. The report from the energy audit must, in addition to any other energy efficiency evaluation:
 - a. disclose the proportion of the landlord-supplied appliances within the individual units of the residential complex that are certified to be Energy Star or certified to be energy-efficient appliances; and
 - b. assess the energy loss through the building envelope, and identify deficiencies that can be remedied through weatherization techniques for the building and the individual units.
- Retain all contractual documents relating to the installation of the smart sub-metering system in the property including, but not limited to, documents regarding the costs of installation, the costs of the capital assets, and the administrative fees for the smart sub-metering provider. This information must be provided to any customer of the distributor, or the Board, upon request.
- Only use the smart sub-metering system for their customers that consent in writing to the use of the smart sub-metering system. The customer's written consent must be voluntary and informed. Tenants must be provided with:
 - a. results of the energy audit
 - b. the amount of any administrative charge that will be included in electricity bills;

- c. a detailed description of the methodology used to arrive at the rent reduction
- d. the specific amount of the rent reduction being offered to the customer; and
- e. the methodology used to apportion the delivery charges amongst the customers.

- Obtain new consents from tenants in accordance with the terms and conditions in this Order. The terms and conditions contained in this Order apply to existing customers as well as prospective customers.

- Must use a licensed smart sub-metering provider if the distributor is going to conduct discretionary metering activities in relation to a smart sub-metering system.

- Must promptly post a copy of OEB Decision and Order 2009-0111 in a prominent location in each building in which a smart sub-metering system has been installed.

Future Government Legislative Action

The Board has considered statements made by the Minister of Energy and Infrastructure respecting his intention to enact regulations authorizing discretionary metering activity by landlords on appropriate terms and conditions. The Minister has indicated his intention to introduce legislation and develop regulations for this purpose later this year, following consultation.

Full Copy of the Decision

A full copy of the decision can be found at the link below. Interested parties are encouraged to read the full decision:

<http://www.oeb.gov.on.ca/>

Article Provided by:

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Here to Serve You... The Skyview Sales Team!



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GUIDELINE
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2.1%**

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Articles, Links, and Resources!**

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LONDON



\$39,773/SUITE
24.0% R.O.I.

Principals Only Please

- Asking \$1,750,000
- Asking \$39,773 per suite
- Thermal Vinyl Windows
- Sloped Shingled Roofs
- Individual Hydro Meters
- Individual Gas Furnaces in Suites
- Two Separate Buildings on One Title
- Lots of Parking
- 17 x Bachelors
- 27 x One Bedrooms
- Excellent Superintendent
- Good Neighbourhood
- 24.0% R.O.I.
- Existing 1st Mortgage of approx. \$709,000 @ 4.837% paying \$6,236.87 due Sept. 2011

44 Suites

OSHAWA



28.7% R.O.I.

Principals Only Please

- Asking \$1,550,000
- Asking \$67,391 per Suite
- Built in 1987
- Individual Hydro Meters
- New Roof in 2006
- Heat and Hydro Recovered from Tenants
- Electric Baseboard Heating
- Thermal Windows
- 8 x One Bedrooms
- 15 x Two Bedrooms
- Easy Building to Manage
- 8.2% CAP Rate 28.7% R.O.I.
- 1 Unit Non-Conforming
- Easy Financing with VTB
- Ex. First Mortgage approx. \$1,071,631 @ 4.61% paying \$6,145.59 due February 2011

23 Suites

BELLEVILLE



28.4% R.O.I.

Principals Only Please

- Asking \$2,050,000
- Asking \$56,944 per Suite
- Tenants Pay Own Hydro
- Tenants Pay Own Heat
- Convert Electrical Hot Water Tanks to Gas Water Tanks for Potential Upside
- Large Lot with Extra Parking
- Excellent Suite Mix
- 3 x One Bedrooms
- 33 x Two Bedrooms
- Fire Retrofit Letter of Compliance
- Excellent Tenant Profile
- Family Oriented Complex
- 7.7% CAP Rate
- 28.4% R.O.I.
- Treat Mortgage as Clear

36 Suites

LONDON



26.3% R.O.I.

Principals Only Please

- Asking \$2,100,000
- Asking \$55,263 per suite
- Individual Meters
- Hydro Paid by Tenants
- Thermal Windows
- Updated HWG Boilers
- Quiet, Dead-End Location
- Backs on to Adult Education Centre
- 18 x One Bedrooms
- 20 x Two Bedrooms
- 8.1% CAP Rate
- 26.3% R.O.I.
- Existing 1st Mortgage of approx. \$1,212,702 @ 4.92% paying \$6,501 P+I due June 2013

38 Suites

HAMILTON



SOLID INVESTMENT

Principals Only Please

- Asking \$510,000
- Asking \$63,750 per suite
- Excellent Tenant Profile
- Quiet Residential Neighbourhood
- Upgraded Kitchens
- Upgraded Bathrooms
- Roof Replaced in 1996
- New Boiler in 1997
- 1 x Bachelor
- 1 x One Bedroom
- 6 x Two Bedrooms
- Easy to Manage
- 7.6% CAP Rate
- 19.6% R.O.I.
- Solid Investment
- Treat Financing as Clear

8 Suites

LONDON



\$67,500 DOWNPAYMENT

GREAT FIRST INVESTMENT

Principals Only Please

- Asking \$450,000
- Asking \$37,500 per Suite
- Great Starter Building
- Potential Upside with New Management
- Tenants Pay Own Heat and Hydro with Individual Meters
- Fire Retrofit Letter of Compliance
- Capital Items in Good Condition
- 7 x One Bedrooms
- 5 x Two Bedrooms
- Located Close to Downtown Core and Education Facilities
- 9.3% CAP Rate 35.2% R.O.I.
- Existing 1st Mortgage of \$311,000 @ 4.7% paying \$1,895.57 due April 2010

12 Suites

TILBURY



MOTIVATED SELLER

MAKE AN OFFER

Principals Only Please

- Asking \$680,000
- Asking \$40,000 per Suite
- Thermal Windows
- Sloped Shingled Roof
- Concrete Block Construction
- Electric Baseboard Heat
- Individual Meters
- Tenants Pay Own Hydro & Heat
- 1 x One Bedrooms
- 13 x Two Bedrooms
- 3 x Three Bedrooms
- Excellent Tenant Profile
- Great On-Site Superintendent
- 7.5% CAP Rate
- 23.4% R.O.I.
- Treat Financing as Clear

17 Suites

TRENTON



WATERFRONT PROPERTY

Principals Only Please

- Asking \$815,000
- Asking \$58,214 per Suite
- 4 Semi-Detached Buildings
- 1 Six-Plex Building
- Potential Upside on Rents
- Tenants Pay Own Heat and Hydro on Turnover
- Thermal Windows
- Good Tenant Profile
- 14 Suites Updated
- 5 x One Bedrooms
- 9 x Two Bedrooms
- Waterfront Property
- Overlooks Bay of Quinte
- Boat Launch
- 7.6% CAP Rate
- 27.3% R.O.I.
- Treat Financing as Clear
- Seller Will Take VTB

14 Suites

HAMILTON



\$48,750 DOWNPAYMENT

Principals Only Please

- Asking \$325,000
- Asking \$54,167 per Suite
- New HWG Boiler in 2001
- New Roof in 2001
- New Plumbing in 2001
- New Thermal Windows in 2001
- New Circuit Breakers in 2001
- Tenants Pay Own Hydro
- 14 Suites Updated
- 4 x One Bedrooms
- 2 x Two Bedrooms
- Minutes away from the Eaton Centre and Hamilton General Hospital
- Situated in the Employment District
- 8.1% CAP Rate 30.7% R.O.I.
- Treat Mortgage as Clear
- Forgivable Low Rise Rehabilitation Mortgage is to be Assumed by the Buyer

6 Suites

industry report

trends and services

SKYVIEW'S
RECOMMENDED
SERVICES

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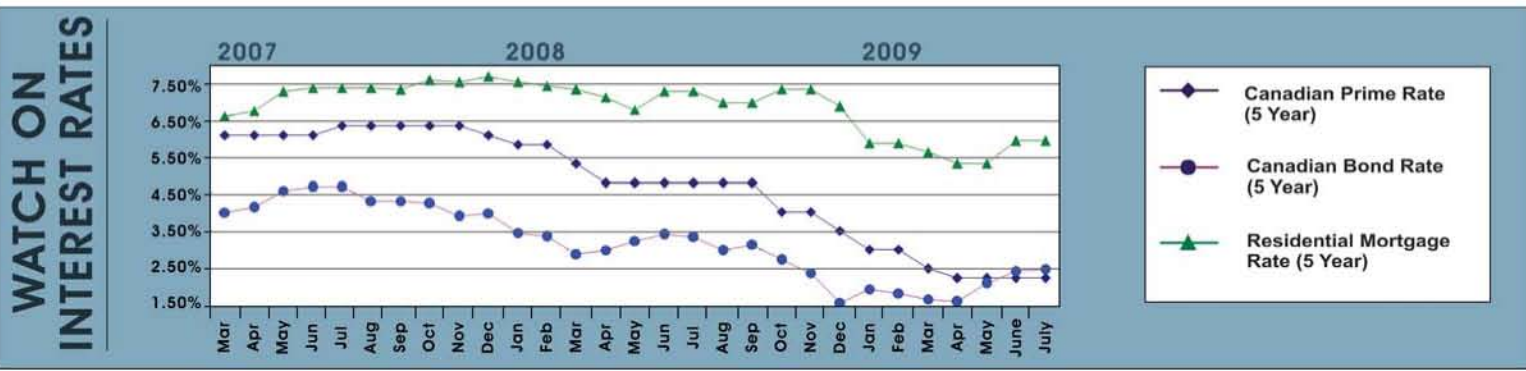
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SkyViews

Fall 2009

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