



# SkyViews

## Apartment Report - Winter 2012

### DANNY'S CORNER



I trust you and yours had a safe and happy holiday season! Skyview celebrated the season by donating a number of toys, on your behalf, to Holland Bloorview Kids Rehabilitation Hospital.

Our industry is seeing significant activity as many are taking advantage of continued low interest rates. At the time of writing this newsletter, we were seeing five year CMHC backed mortgages with rates in the range of 2.5-2.7%. Ten year terms as low as 3.2-3.4%. It's an incredible time to purchase additional investment inventory!

It's not only buyers who are benefiting from the interest rates. We are finding that Sellers with mortgages that can be treated as clear are often getting multiple offers. With indications that rates will stay somewhat low for the coming months, it's a great time to consider selling!

As of this month, Ontario's Accessibility Standard goes into effect for providing customer service to persons with disabilities. Essentially it involves having a clear plan of action for providing customer service to all individuals and training your staff members on that plan. For more information, visit [www.ontario.ca/accession](http://www.ontario.ca/accession)

Just a friendly reminder that 2012's Rent Increase Guideline is 3.1%. On that note, the Ontario government is currently considering legislation that would place a cap on annual rent increases, starting in 2013. If passed, the cap would be placed at 2.5% on the high end but would never fall below 1%.

From all of us at Skyview, may your 2012 be a wonderful year of peace, fulfillment, and continued success!

■ Danny Iannuzziello

## ZERO TOLERANCE FIRE SAFETY BLITZ:

### Coming to a Town Near You?

By Danny Iannuzziello,  
Skyview Realty Ltd, Brokerage

**O**ver the past few months, dozens of landlords in the City of Niagara were called into court to answer violation charges for fire safety deficiencies on their multi-unit residential properties.

The Niagara Falls Fire Services department has begun a blitz on properties, enforcing their zero tolerance policy as it relates to apartment buildings in the city. The big question is, which city is next?

As we know, fire safety is one of the most important issues in multi-unit residential properties. With proper attention to it, we should be able to avoid the hassles of being called up on violations, but more importantly, we can ensure a safe building for our tenants and protect our hard-earned investment dollars.

After talking with a few of the owners at the courthouse, it became clear how tight the fire safety enforcement had become. Niagara Fire Services is not only enforcing Zero Tolerance but doing so without adequate allowance of time to rectify any violations that were found in buildings. Most municipalities around the province typically provide 30 days to fix any deficiencies before being called into court, however in the case of Niagara Falls, no allowance was provided – it was literally straight to court on any deficiencies.

Some of the issues that were commonly raised included door closure timing, improper Fire Safety Plan box locations, fire separation barriers, equipment inspection logs, emergency lighting, and clear means of egress.

In one example, a landlord was charged with not having a clear path of egress because they had a garbage bin in their lobby – typically used for discarding junk mail from the tenant mailboxes. Having a small waste bin in the lobby was considered a blockage of the means of egress in the event of a fire, and the paper contained in the waste bins were deemed as combustible materials and a fire risk. Another example related to items blocking the means of egress in stairwells. One landlord was charged with having a tenant's bicycle chained to a stairwell railing, which could obstruct the escape route for tenants.

Some landlords were also being charged for combustible materials – in the form of discarded furniture – being improperly placed in the waste disposal areas. Another example of violations related to automatic door closure timing. The Fire Protection and Prevention Act calls for automatic door closures to close within 12 seconds. Some owners of apartment buildings were called into the courthouse for door closures that closed in between 15-20 seconds. The notion of "Hey, it's close enough" doesn't apply with fire safety and door closure timing. On your next building inspection, I'd recommend bringing a stopwatch.

One by one the landlords at the courthouse that day would appear before the court to receive their fine and negotiate a settlement. The City of Niagara's message was clear to landlords: Follow the Code, or Face the Consequences. While some cities in the past have opted to provide warnings to building owners, the City of Niagara has now set a precedent for doling out significant fines for fire deficiencies. Fines against landlords ranged in costs, with some receiving up to \$150,000 in charges. Many were arranging settlements starting at \$15,000 and up. It's not clear whether the purpose of this blitz was truly about fire safety or simply a means to increase revenues.

One landlord, who noticed the irony in the situation, made note of the very same deficiencies on the part of the courthouse as was being brought against her property. While waiting for her appointed time in court, she noticed the hallways of the courthouse had waste bins available for people to dispose of their trash. She went a step further and timed the automatic closures for the courthouse doors... giving them a failing grade based on the same standards. Even the posted Fire Safety Certificate had passed its expiration date.

This article is not a knock against Niagara Falls Fire Services or the Fire Chief. Certainly, as landlords, we recognize the need for diligence in fire safety; first, for the safety of the tenants who reside in our buildings and secondly, for the protection of our greatest investment assets.

*(continued on page 2)*

**IF YOU ARE THINKING OF BUYING OR SELLING, PLEASE CALL (416) 444-6545 FAX (416) 444-6997**

Email: [info@skyviewrealty.com](mailto:info@skyviewrealty.com)

Website: [www.SkyviewRealty.com](http://www.SkyviewRealty.com)

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



## Zero Tolerance Fire Safety Blitz... Continued from Page 1

This fire safety blitz is, however, a warning flare sent out to all who own multi-unit residential properties in Ontario. You may be next! As we have seen in the past, when one city implements a fire safety protocol, many other cities tend to follow.

How can you be prepared for a Fire Safety blitz from your local Fire Services?

- 1) Be very familiar with the Ontario fire code and follow it to the letter
- 2) Be diligent in performing your annual and monthly fire inspections – including proper logging of your inspections

Remember, even if you have your building management team or

superintendent perform your regular inspections and maintenance, when it comes to Fire Safety, ultimately the owner is responsible for any deficiency or damages. Also, it's a good practice not to rely solely on your fire equipment supplier to be in compliance. In the past, we have seen these companies remove expired fire extinguishers at a building only to be replaced with older equipment from their storage.

For those of us in the ownership capacity of these types of properties, zero tolerance is not something new, however the strict enforcement of that policy should be a wake-up call for all of us. City of Niagara may be leading the charge right now but it could also set the precedent for other cities around the province to follow suit.

## What CMHC needs to Process an Application.

Demystifying the Documentation Requirement.

By: Vito Campisi

How many times have you said or heard “can't go to CMHC, I have a quick closing and just cannot wait for them”, or something similar? As the former CMHC Regional Manager of Underwriting at the Ontario Business Centre, I can tell you that CMHC staff can turnaround an application within a reasonable time. They just need the appropriate information.

CMHC publishes an excellent Reference Guide (CMHC Mortgage Loan Insurance for Multi-Unit Projects) which provides details on its products and policies related to multi-unit projects. At the end of the booklet you will find a handy checklist of the minimum documentation needed. Of course, ticking off the box and attaching paper to it will not do the trick. The information must be up to date, accurate and complete. Often this is not the case and here is where time starts to get wasted as numerous emails go back and forth requesting additional information and clarification. My advice is: take a bit of extra time to assemble the information and you will reduce the processing time by a lot.

As you know, the underwriting process focuses on three areas whether the loan is financed with CMHC mortgage loan insurance or not:

- Analysis of the housing market
- Analysis of the borrower and guarantor
- Analysis of the security

What follows are some examples of the information needed for each area of analysis for existing projects.

**Housing Market.** The main considerations will be the vacancy history of the market and sub-market area and of the project under consideration. As a minimum you should provide a three year vacancy history of the project and show how it compares to the market and sub-market area. This is where you need to support the vacancy rate you want CMHC to accept. Make sure that the rationale of your recommended vacancy rate is supported by facts. To aid you in this assessment, you should refer to the Rental Market Survey (RMS) published by CMHC in the spring and fall each year.

**Borrower / Guarantor Capacity.** Two main aspects are examined in analyzing the borrower - competence and capacity. This is the area that, in my view, insufficient information is provided and therefore results in time delays. For competence, the underwriter will assess track record, management ability and relevance to past experience. For the assessment of capacity, the underwriter will review financial statements and net worth statements.

For competence simply provide a one pager to describe your track record and property management process and ability. A clear, concise and factual description will make the work of the underwriter much easier.

For the capacity portion, provide the most recent fiscal year financial statement, preferably prepared by a public accountant on a Review Engagement basis. Make sure that you provide sufficient information for the underwriter to assess profitability, liquidity and equity.

Simply providing a copy of the financial statement is not sufficient. Provide details behind the numbers. Show how you arrived at the market values of the income producing assets. Provide details on assets and liabilities that are material. Remember, the underwriter has to be satisfied that the equity in the company is solid and durable. As for the income statement, explain components that appear out of the ordinary. Lastly, provide an up to date credit report of the borrower and guarantors. Provide explanations for any derogatories.

**Security.** This is probably the most important component for you. CMHC's valuation of the property will determine the maximum loan amount. CMHC will generally use the income approach to arrive at a value and then it will reconcile it with comparable recent sales in the market area to determine an acceptable lending value. It is therefore very important to provide relevant up to date information about the property. Your support documentation should include:

- A current rent roll with details of unit type, unit rents, parking charges and other charges and rent effective dates. Clearly identify vacant units and explain anomalies.
- A current Income and Expense Statement for a 12 month period with at least one previous year for comparison. Show the Gross Income Potential, Vacancy and Bad Debt and Effective Gross Income separately. For Expenses make sure to explain unusual amounts and rationalize any adjustments or normalizations made. For example, if you installed new boilers or replaced windows recently and you expect substantial savings in utility costs, show your calculations to support the reduction. If the expenses include expenses not related to the property, identify them and provide an explanation.
- Provide a list of recent improvements and planned improvements to the property.
- Provide copies of bills of the most recent property tax, property insurance and utility costs listed by type and month and totaled. Provide details of superintendent costs and other wages and benefits costs.
- Indicate if the property is self-managed or managed by third party. If it is managed by a third party, provide a copy of the agreement. If it is self-managed, describe your internal charge.

I hope the above information helps you to better understand and appreciate some of the CMHC information requirements. And that it will also help you to work with the lender of your choice in preparing an application for mortgage loan insurance.

**Vito Campisi recently joined MCAP Financial Corporation as Vice President, Commercial Lending in Toronto after a long career with CMHC. He is responsible for originating mortgage financing, with an emphasis on CMHC insured products, for Multi- Residential, Nursing Homes, Retirement Homes, Assisted Housing and Student Housing. Vito is a Certified General Accountant and an Accredited Mortgage Professional. He may be reached by phone or email at 416 591 2888 or [vito.campisi@mcap.com](mailto:vito.campisi@mcap.com). The link to MCAP website is: <http://www.mcap.com/commercialmortgages.aspx>**

TORONTO



UPPER BEACHES!

Principals Only Please

62 Suites in 6 Properties

- Asking \$6,500,000
- Asking \$104,839 per Suite
- Properties include 3 Rooming Houses, Two Combined Triplexes, One Four-Plex, and One House
- Owned and Managed by Long Term Owner
- Future Potential for Redevelopment, Pending City Approval
- Potential to Purchase Additional Single House for Full Block Frontage on Gerrard
- 54 x Bachelors
- 7 x 1 Bedrooms
- 1 x 4 Bdrm House
- Over 245' of Frontage on a Busy Street with Transit at the Doorstep
- Located in a Desirable Neighbourhood wedged between Beaches & Danforth
- Motivated Seller - Bring All Offers
- Treat Financing as Clear

NORTH YORK

GREAT LOCATION!



Principals Only Please

119 Suites

- Asking \$15,350,000
- Asking \$128,992 per Suite
- Located close to New Hospital at Keele/Wilson & Downsview Park
- Large Management Office on Ground Floor could be Converted back to Two Suites
- Many Updates with RRAP Program in 1990s
- 1 x Bachelors
- 65 x One Bedrooms
- 42 x Two Bedrooms
- 11 x Three Bedrooms
- Some Long Term Tenants
- Long Term Owner (1960's)
- Ample Parking with Additional Visitor Income
- 5.3% CAP Rate
- 20.0% R.O.I.
- Treat Financing as Clear

ETOBICOKE

UPSIDE ON RENTS!



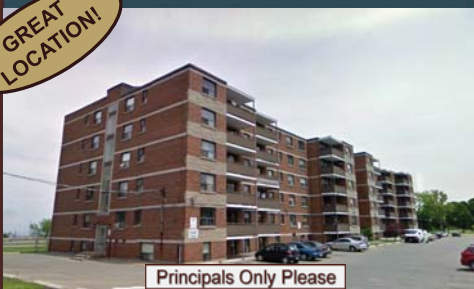
Principals Only Please

68 Suites

- Asking \$8,420,000
- Asking \$123,824 per Suite
- Well Maintained Building
- Recent Improvements include Balcony Waterproofing, Irrigation System, and Elevator Cab
- Three Bedroom Suites feature One and a Half Washrooms
- Excess Parking Lot Area
- Thermo Windows
- 2 x Bachelors
- 26 x One Bedrooms
- 33 x Two Bedrooms
- 7 x Three Bedrooms
- Upside on Rents - Many Rents Well Below Market
- Long Term Owner (1960's)
- 5.2% CAP Rate
- 19.4% R.O.I.
- Treat Financing as Clear

HAMILTON

GREAT LOCATION!



Principals Only Please

74 Suites

- Asking \$5,200,000
- Asking \$70,270 per Suite
- Located on Hamilton Mountain overlooking Escarpment
- Well Maintained Building
- Recent Improvements include Parking Re-Paving, Lighting Upgrades, and Boiler
- Some Long Term Tenants
- Tenants Pay Own Hydro
- 8 x Bachelors
- 24 x One Bedrooms
- 42 x Two Bedrooms
- Upside on Rents - Many Rents Well Below Market
- Long Term Owner (1960's)
- Thermo Windows in 1997
- 5.6% CAP Rate
- 22.2% R.O.I.
- Treat Financing as Clear

KINGSVILLE

Approx. 51,350 SF



Principals Only Please

18 Suites and Commercial

- Asking \$2,159,000
- Approx. 15,219 sq. ft. commercial space in 14 units
- Investment Property Located on Main Street
- Serviced with Elevator & Wide Stairwells
- Roof approx 7 yrs. old
- Thermal Windows
- Commercial area Sprinklered
- 2 x 1 Bedrooms
- 14 x 2 Bedrooms
- 1 x 3 Bedrooms
- 1 x 4 Bedrooms
- Units have Large Balconies
- Wheel Chair Accessible
- 7.1% CAP Rate based on July 31, 2011 year end
- Treat property as clear
- Purchaser to arrange financing

ETOBICOKE

CONDO QUALITY



Principals Only Please

63 Suites

- Asking \$8,400,000
- Asking \$133,333 per Suite
- Well Maintained Building
- Recent Improvements include Balcony Railings & Waterproofing, Irrigation System, and New Water Main
- Suites Feature Larger than Average Bedrooms
- Potential to Submeter
- 17 x One Bedrooms
- 35 x Two Bedrooms
- 11 x Three Bedrooms
- Upside on Rents - Many Rents Well Below Market
- Long Term Owner (1960's)
- Some Excess Land at Rear
- 5.2% CAP Rate
- 19.6% R.O.I.
- Treat Financing as Clear

We Don't Just List Apartment Buildings... WE SELL THEM!

The Skyview Team would like to welcome back Dani Pizzoferrato and extend congratulations to Pat Villani on a successful year with Skyview!

If you are considering selling your apartment building, our sales team would be happy to assist you in the process.

Give them a call today at 416-444-6545!



Danny Iannuzziello  
Broker of Record

Dani Pizzoferrato  
Sales Representative

Pat Villani  
Sales Representative

TRENTON

PRICE REDUCED!



Principals Only Please

14 Suites

- Asking \$815,000
- Asking \$58,214 per suite
- Waterfront Property on Bay of Quinte
- 4 Semi-Detached Buildings
- 1 Six-Plex Building
- Potential Upside on Rents
- Tenants Pay Own Heat and Hydro on Turnover
- Good Tenant Profile
- 5 x One Bedrooms
- 9 x Two Bedrooms
- Thermal Windows
- Boat Launch & Excess Land
- 7.1% CAP Rate
- 24.5% R.O.I.
- Treat Financing as Clear
- Seller Will Consider VTB
- More Pictures at [www.skyviewrealty.com](http://www.skyviewrealty.com)

NORTH YORK

Great Rental Neighbourhood!



Principals Only Please

11 Suites

- Asking \$1,350,000 FIRM
- Asking \$122,727 per suite.
- Located close to Highway 401 and Bathurst St.
- Terrazzo Flooring throughout Common Areas
- Thermal Windows
- Hydro Paid by Tenants
- HWG Boiler. approx. 3 Years Old
- Tar & Gravel Roof less than 10 Years Old
- 1 x 1 Bachelor
- 10 x 2 Bedrooms
- Property Includes Surface Parking plus 2 Double Garages and 1 Single Garage
- 5.7% CAP Rate
- 9.8% R.O.I.
- Ex. 1st Mortgage of approx. \$708,027 due April 2020 to be Assumed

# industry report

trends and services

SKYVIEW'S  
RECOMMENDED  
SERVICES

## WEEKLY E-MAIL BLASTS

Sign-up and begin receiving:

- Weekly Multi-Residential Property Listings
- Industry Related Articles
- News, Resources, and Valuable Links
- Updates on Sold Properties in Your Area



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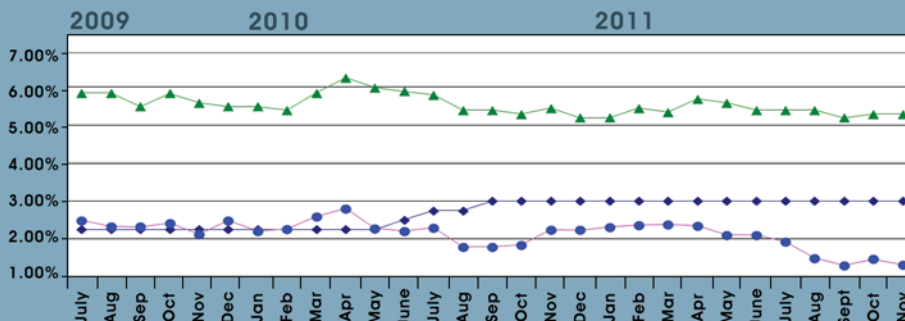
"Innovative Financial Products with Exceptional Client Services"

## MULTI-UNIT RESIDENTIAL - RECENT TRANSACTIONS

352 WESTLAKE ST - 357 THOMPSON RD. London	Aug. 15, 2011	44 Units @ \$ 45,591	\$ 2,050,000
299 GLENDALE AVENUE St Catherines	Aug. 17, 2011	39 Units @ \$ 70,513	\$ 2,750,000
1229 MARLBOROUGH CT Oakville	Aug. 29, 2011	226 Units @ \$178,230	\$40,280,000
50 & 60 SECOND AVE Orangeville	Aug. 30, 2011	77 Units @ \$ 90,909	\$ 7,000,000
182 CHRUCH ST. Brampton	Sept. 9, 2011	92 Units @ \$ 79,891	\$ 7,350,000
95 PAISLEY BLVD W Mississauga	Sept. 12, 2011	60 Units @ \$106,349	\$ 6,700,000
3480 HAVENWOOD DR Mississauga	Sept.14, 2011	264 Units @ \$118,182	\$31,200,000
101 VERONICA AVE London	Sept. 27, 2011	38 Units @ \$ 65,921	\$ 2,505,000
12 BUTTONWOOD York	Sept. 30, 2011	40 Units @ \$ 67,500	\$ 2,700,000
859 KENNDEY RD Scarborough	Sept. 30, 2011	34 Units @ \$ 98,176	\$ 3,338,000
1765 VICTORIA PARK AVE Scarborough	Oct. 14, 2011	64 Units @ \$ 90,234	\$ 5,775,000
835 & 885 OXFORD ST Oshawa	Oct. 17, 2011	184 Units @ \$ 62,228	\$11,450,000
50 BURNHILL RD Scarborough	Oct. 18, 2011	163 Units @ \$ 98,466	\$16,050,000
14 REID DR Mississauga	Oct. 25, 2011	52 Units @ \$110,577	\$ 5,750,000
125 INDIAN RD Kitchener	Oct. 27, 2011	73 Units @ \$ 81, 986	\$ 5,985,000
338-342 DONLANDS AVE East York	Nov. 15, 2011	36 Units @ \$ 69, 444	\$ 2,500,000
4141 BATHURST ST North York	Nov. 15, 2011	30 Units @ \$111,667	\$ 3,350,000
836 TALWOOD DR Peterborough	Nov. 15, 2011	97 Units @ \$ 64,175	\$ 6,225,000
68 HILLSIDE DR East York	Nov. 15, 2011	44 Units @ \$100,000	\$ 4,400,000
1264 YORK MILLS RD North york	Nov. 18, 2011	76 units @ \$139,474	\$10,600,000

SOURCE: RealTrack Inc. [www.realtrack.com](http://www.realtrack.com) 1-877-962-9033

WATCH ON  
INTEREST RATES



◆ Canadian Prime Rate (5 Year)  
 ● Canadian Bond Rate (5 Year)  
 ▲ Residential Mortgage Rate (5 Year)

## SkyViews

### Winter 2012

#### PUBLICATION:

Our newsletter is published quarterly:  
 (January, March, June, and September).

#### ADVERTISING:

For advertising rates and article suggestions, please contact the marketing department or email [info@skyviewrealty.com](mailto:info@skyviewrealty.com)

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