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CONTENTS

WHAT THE MARKET SYSTEM CONTRIBUTES TO SOCIETY

The market system and the profit motive are under attack, especially in rental housing.

The National Housing Council was launched in November 2020 to advise the federal government on housing policy. In 2022, the National Housing Council began a consultation on the realization of the right to adequate housing.

In that consultation, homeless service providers and people with lived experience of homelessness said: generating wealth by maximizing returns in housing is "fundamentally at odds with the goals of housing as a human right and [contributes to or is linked to] decreased supply of affordable and below-market rental units." (Interim Report dated June 2022, p. 18, column 3). In effect, some people blame the profit motive for being one of the major causes of the current shortfalls in achieving adequate housing for all.

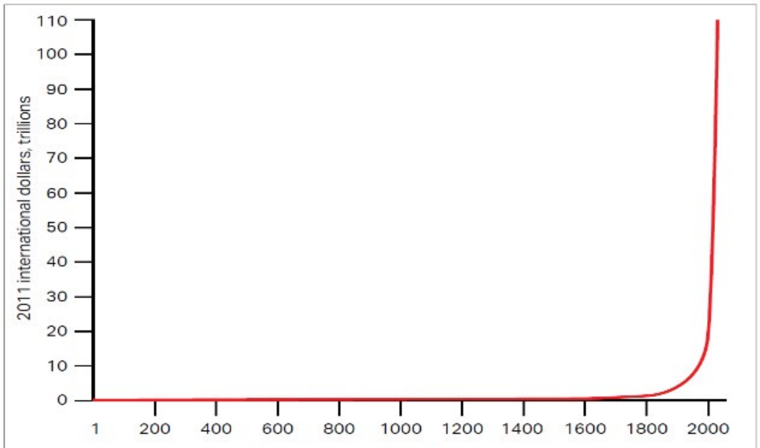
Is that true? What is the history of the effect of the profit motive in human society?

Society's organizing principles

Economist Kenneth Boulding laid out what he called the three main organizing principles for human societies, namely love, force and exchange. Love typically drives parents to support their children and vice versa. In the Middle Ages, love (and hope for salvation) drove members of religious orders to support the poor.

Force was present in early societies in bands and tribes, but became more prominent in city-states and kingdoms. Force continued as a major organizing force into the modern era. Starting in the 1800s, the use of force gradually decreased. Force remains today in the form of taxation, as well as in law enforcement.

Exchange has been present since people began trading, but it did not dominate society until recently. At about 1700 AD a major change began, based on the exchange principle. As Steven Pinker writes in his 2018 book, *Enlightenment NOW*, from 2,000 years ago until 200 years ago, world income hardly increased at all, but "The Gross World Product has grown almost a hundredfold since … 1820, and two hundredfold from the start of the Enlightenment in the 18^{th} Century" (pp. 80-81.) See the graph.



Pinker Figure 8-1: Gross World Product, 1-2015
Source: *Our Work in Data, Roser 2016c, based on data from World Bank and from Angus Maddison and Maiddison Project 2014.*

The results of economic growth

Based on many data sets, Pinker states that as a result of the vast growth in income and wealth, today starvation is less a threat in the world, medical care is vastly better than it was up to a hundred years ago, and much more income is directed to support for the poor, elderly and vulnerable than was ever directed to them in the past.

According to Pinker (and many other economic historians), the three causes of the tremendous growth of income and human welfare over the last two centuries are:

- The application of science and technology to improving material life
- Institutions that facilitate the exchange of goods, services and ideas
- A change in values in which commerce came to be seen as moral and uplifting (pp.82-85.)

(The third key point is the recognition of the benefits of exchange and the profit motive — which is exactly what some people want to drive out of rental housing.)

Over the last two hundred years, science and technology came to be broadly and rapidly applied to human endeavor because of the institution of markets, the ability to raise and apply investment capital, and the freedom to seek and apply better ways of producing goods and services, and in turn, of discovering and applying knowledge.

Exchange replaced force and love as the way most production is coordinated. The growth in total income across society, achieved through exchange and the profit motive, allowed for the application of many more resources through the love principle (more support for the poor and more re-distribution of income by governments), but exchange is not, and cannot be, based on the love principle.

Market System

Instead, the exchange principle is primarily based on producers and suppliers making a profit and being rewarded by that profit. People make profit by applying resources in better ways, to produce goods and services which people want and can pay for, including rental housing.

The impact of these facts on housing policy

According to Statistics Canada, 10.1% of Canadians were in core housing need in 2021. Many would say that that figure is too high, but it still means that 90 out of every 100 households in Canada have access to housing which is in good repair, suitable in size, and affordable to them. The 10 households out of 100 who do not live in such housing in any given year, lack the income to afford suitable housing at 30% or less of their incomes, but almost all of them are well housed except for the affordability issue.

Very few people are not housed at all. According to the Homeless Hub of the Canadian Observatory on Homelessness, there are 13,000 to 33,000 people who are chronically or episodically homeless, which is less 1 out of every 1,000 Canadians. The intelligent solution is not to dismantle or ban the system which works well for 90% of the population, and is close to working well for the remaining 10% of the population.

To make the housing system work well for everyone, the intelligent solution is to add additional financial supports to the existing ones to address the needs of the small percentage of the population whose needs are not sufficiently served by the current system. (Ideally that would include a broadly available rent subsidy to bring the rents which all low-income tenants pay closer to the standard affordability test.)

It would be counter-productive and even disastrous to drive profit out of the housing system.

Source: Many thanks to John Dickie, Dickie & Lyman Lawyers LLP

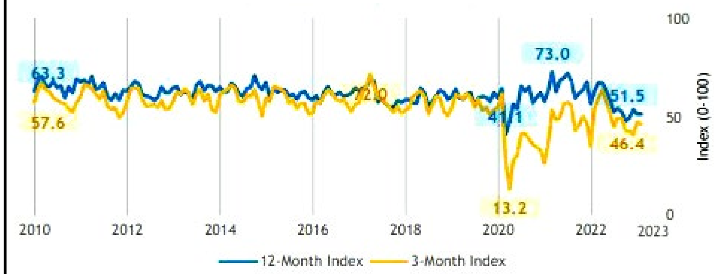
This article is a modified version of a section of the submission which the author wrote for the Canadian Federation of Apartments Associations, which CFAA made in February 2023 to the National Housing Council in its consultation with the private rental housing sector, led by SHS Consulting. Another version was published in RHB Magazine by RHB Inc.

BUSINESS BAROMETER

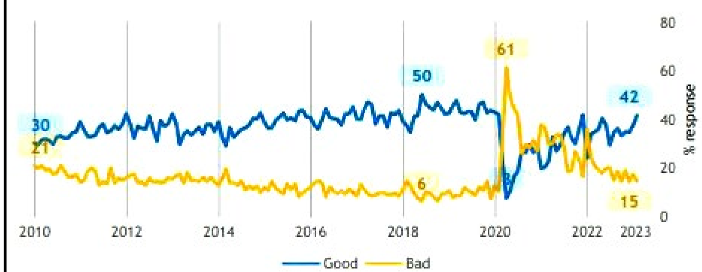
CFIB
CANADIAN FEDERATION OF INDEPENDANT BUSINESSES

Ontario • February 2023

Business Barometer, 12-Month and 3-Month Index



General State of Business Health



RENTAL FACTS & STATS

Ontario 2023 Guideline Increase (except AGIs)			2.5%	
Ontario CPI February 2022 – 2023			5.6%	
Ottawa Apartment Vacancy Rate (CMHC)			2.1%	
Ottawa March 2023 Apartment Rent	average 2 BR	$2,443		(Rentals.ca)
Ottawa March 2023 Apartment Rent	average 1 BR	$1,959		(Rentals.ca)
Ottawa February 2023 Average House Price		$708,968		(ReMax)
Ottawa February 2023 Average Condo Price		$410,927		(ReMax)

Interest Rate Forecast – for the 8th review since start of 2022, this time BoC kept the overnight benchmark at 4.5% which was previously set March 8th 2023.

Next announcement is **April 12th,2023**.

Current Inflation Rate –January 2023 at 5.9%. The CPI is expected to reduce inflation to 3% by mid 2023. BoC will employ monetary tools to a target rate of 2% in 2024.

OSFI to monitor liquidity in Canadian banks after SVB failure

The Office of the Superintendent of Financial Institutions (OSFI) took control of SVB's Canadian operations on Sunday, March 12th and Monday, March 13th. The regulator took steps to begin daily check-ins with banks that will enable it to monitor their liquidity, according to two sources with knowledge of the decision. The frequent updates are a precautionary tool last used in the early months of the COVID-19 pandemic, designed to provide an early warning if any signs of stress emerge. (The Globe and Mail is not authorized to discuss regulatory matters).

The collapse of Silicon Valley Bank

• THE BACKGROUND:

Silicon Valley Bank failed on March 10 in the largest collapse of a U.S. bank since the 2008 credit crisis. Following its failure, state regulators closed New York-based Signature Bank. What, exactly, happened and what's next for banks and investors? Here's what you need to know.

• THE LATEST:

President Joe Biden said the U.S. banking system is "safe" and U.S. regulators ensure that all SVB deposits will be returned. Fears still remain about the collapse's widespread toll, but investors have slashed their bets on additional interest rate hikes by the U.S. Federal Reserve and the Bank of Canada.

• THE FALLOUT IN CANADA:

The Office of the Superintendent of Financial Institutions said that it has taken control of Silicon Valley Bank's Canadian arm and will start daily check-ins with domestic banks to monitor their liquidity. Meanwhile, Canada's tech sector has been largely untouched by SVB's demise. Canadian banks are quietly picking up SVB's clients as the U.S. sale process stalls.

• OPINION:

Are you renewing a mortgage or buying a house? If so, Rob Carrick says the collapse of Silicon Valley Bank is the best news in ages. John Rapley writes the banking failure shows our financial system is just a collective delusion. David Rosenberg writes investors can get ready for deflation, more pain in stocks and a rally in long-term bonds.

SHOW ALL

Even so, Canada's regulator is taking extra precautions. OSFI has told banks that until further notice, they will be required to send the regulator liquidity reports each day through an existing monitoring tool that tracks banks' financial positions, the two sources said. The added monitoring is not a sign of imminent concern, they said, but it is an attempt to keep on top of a fast-moving situation that has dramatically increased uncertainty for the sector. (An OSFI spokesperson states they do not discuss supervisory measures)

Federal Finance Minister Chrystia Freeland's office said in a statement that she met with OSFI superintendent Peter Routledge and has had meetings with the heads of financial institutions and officials from the Bank of Canada.

"The government wants to assure Canadians our financial institutions are stable and resilient," the statement said.

Source: Globe & Mail, Marotta, Kildze, Bradshaw, updated March 14,2023

"This last one may not look like much, but just see what it'll do to your back after seven or eight hours a day."

StatsCan:

Rising costs in construction industry 2022

A combination of increasing demand for construction and supply challenges due to labour shortages resulted in limited availability and higher prices for materials and labour in the construction industry in 2022.

Supply chain disruptions that started during the COVID-19 pandemic continued to impact the construction industry in 2022, alongside the generalized rise in fuel prices. While lumber prices declined in the second half of the year, the wood, plastics and composites division recorded one of the largest year-over-year increases. This increase, along with the growth in prices of structural steel framing, concrete and metal fabrications, led the rise in construction material costs.

The construction industry job vacancy rate reached a high of 8.3% in April 2022, after which it steadily declined. The resulting upward pressure on wages and several labour contract renegotiations over the spring and summer added to labour costs faced by contractors in 2022.

While the number of building permits and permit values for new residential construction were down in the year compared with 2021, they were higher for new non-residential construction in 2022. Despite a slight decline in the total number and value of building permits for new construction in the year, they were both comparable to 2021, indicating a preservation of demand for new construction through most of 2022.

Double-digit gains in residential building construction costs from 2021 to 2022.

…Ottawa cost prices rose 11.4%

In 2022, the 11-CMA composite for residential building construction costs rose 19.1%, which represents its largest annual increase since the inception of the *Residential Building Construction Price Index in 2017.*

Yearly construction costs for residential buildings rose the most for ***single-detached houses*** (+20.9%) and ***townhouses*** (+20.4%) from 2021 to 2022.

Cost increases hit double digits in all CMAs, except for Moncton (+7.3%), showing the largest annual growth in Toronto (+25.2%) and Edmonton (+21.3%).

Source: The Daily, Statistics Canada, February 8, 2023

Foreign buyer ban puts builders on hold

The Prohibition on the Purchase of Residential Property by Non-Canadians Act, enacted January 01,2023, was part of a broad range of policies first announced last April aimed at improving housing affordability for Canadians.

But real estate experts say the broad scope of the regulations within the legislation has created unintended consequences that could impact a range of residential and commercial real estate transactions and make it more difficult to get new housing supply online.

"…The legislation has instead affected the production of thousands and thousands and thousands of units… Even commercial projects have ground to a halt and cannot proceed…."said Kevin Lee, the chief executive officer of the Canadian Home Builders' Association (CHBA).

"…Many commercial real estate deals have been cancelled or are on hold despite the fact that they have nothing to do with residential housing. Developers that are partly foreign owned or rely on foreign equity cannot proceed with purpose-built developments that, in our view, are the most effective tool to tackle Canada's housing affordability crisis…."

Lee says the legislation makes the government's goal of improving housing affordability more difficult and hampers developers' ability to increase supply at a time when it is most needed. He notes that it's particularly difficult for condo and purpose-built rental projects, which require significant capital for construction. Whether or not you have a portion of your company that is foreign ownership should be irrelevant when you're building new homes for purchase or rent by people living in this country.

Lee adds that the CHBA has been in discussions with the government since the legislation's regulations were released in December. The group is pushing for Ottawa to create an exemption from the Act for any organization or entity that is involved in the development of new housing supply.

Source: Alicja Siekierska, senior reporter,Yahoo Finance Canada, March 02, 2023

Half of Ontario insolvencies filed by Millennials

Insolvency filings fell during the pandemic, but are now back on the upswing, with millennials leading the pack.

Millennials accounted for 49 % of total insolvency filings in Ontario even though they only make up about a quarter of the 18-and-over population, according to the latest Joe Debtor report from Ontario-based insolvency firm Hoyes, Michalos & Associates Inc. (The Report).

The Report states that the average insolvent millennial is just 33 years old, yet they are 1.7 times more likely than baby boomers and 1.4 times as likely as generation X to file (for) insolvency, relative to the population. We've noticed an overall trend since 2016 that the average insolvent borrower continues to get younger, with student loan debt and extremely high-cost loans being the main drivers of their insolvency.

Millennials weighed down by heavier student debt loads

Millennials owed an average of $47,283 in unsecured debt last year, largely driven by student debt loads. More than one in three millennials were carrying student debt worth an average of $16,725, representing about 30 per cent of their total unsecured debt load. Post-secondary education debt has become a greater strain on younger generations as the cost of college and university has grown.

This generation was also the only age group to have a rise in unsecured debt, which grew by about 9% in 2022. They also heavily leaned on credit cards to cover rising expenses with 87% of millennials holding credit-card debt with an average value of $13,948. The taxman also hit millennials harder, with nearly half of them grappling with tax debt, up from 37 per cent in 2021. Some of the tax debt was owed to repay pandemic support measures such as the Canadian Emergency Relief Benefit (CERB).

The problem with rapid high-cost loans

Millennials have also flocked to loans with outsized rates, with more than half of them carrying at least one extremely high-cost loan — such as a payday loan or high-interest line of credit — with average balances totalling $11,940. Over half of insolvent debtors had at least one rapid loan, as subprime credit players such as payday lenders expanded their services into longer-term credit options and high-cost instalment loans became one of the limited options for desperate low-credit borrowers.

The Report pointed out that these kinds of loans typically carry a minimum interest rate of around 29.99 % and that can rise as much as 59.99% when fees are added.

The buy now, pay later trend is also coming home to roost for many of these borrowers. The Fintech Option for retailers that allows consumers to buy a product and pay in instalments has become an easy-to-access source of debt with a simple application process, no need for collateral and easy approval standards. While convenient, borrowers are often left with punitively high rates and extra charges should they fall behind on payments.

The biggest concern for insolvency trustees is the rapid pace at which the demand for these loans have grown. The Report maintains that despite subprime lending being a small component of overall lending in Canada, its fast growth is creating a crisis among heavily indebted borrowers and these rapid loans are a significant driver of consumer insolvencies.

Back with a vengeance

Even though household debt climbed during the pandemic, The Report noted that insolvency filings fell as Canadians working from home managed to bulk up on savings and government supports. They also benefited from delayed wage garnishment (which legally forces a portion of your wages to be turned over to creditors through a court order) and collection activity, which was halted when courts were closed. Now, the economic reopening and the challenge of making ends meet in a high-inflation, high-interest rate environment are bringing those debt loads back to the fore.

Source: Yahoo!Finance, Stephanie Hughes, Hughes@postmedia.com, February 13, 2023

An Essential Review of Landlord Tenant Law

With the many provisions contained within the Residential Tenancies Act and its regulations, it can often be difficult to navigate changes, especially in the current operating climate. As rental housing providers, it's important to understand your rights and responsibilities under the RTA.

This year, our sessions will focus on a variety of relevant topics including inter-tenant conflicts, recovery of rent arrears, unauthorized occupants, AGI's and the Human Rights Code. Our presenters will also provide important updates from the Landlord and Tenant Board and current timelines for various hearings.

Learn from Real Life Cases

Several landmark and precedential cases impacting rental housing operations and provider-resident relationships work their way through the courts each year. Our sessions will look at case examples from the LTB and Divisional Court that have significantly affected residential tenancy law this past year.

VIEW EVENT BROCHURE FOR FULL TOPIC LIST

Who Should Attend

These sessions are essential learning opportunities for all rental housing professionals including on-site staff, property managers, administrative and leasing teams.

Event Dates

We are pleased to provide virtual and in-person options for this year's RTA sessions. Our webinars will take place in two parts throughout April, and on May 10th, we will return to the Old Mill for our traditional half-day format.

REGISTER ONLINE HERE

For a full list of dates and registration fees, please visit our event calendar. Space is limited, register early! If you have any questions, please contact us at events@frpo.org

What if CRA flags your tax return for an audit?

Sending in your tax return only to have it flagged by the Canada Revenue Agency for an audit can evoke a whole host of negative emotions, according to Gary Chow, former CRA auditor and tax principal at Baker Tilly, WM LLP. Often people ask themselves 'why me?'

First, returns are randomly checked by CRA's computer. Agency spokesperson, Charles Drouin, explains that CRA's computer system combs through returns looking for deficiencies, inaccuracies and red flags, and pulls returns randomly to see if any supporting information is needed. If information is requested but not provided or other issues, the return will go to a CRA employee for an audit. If the computer system determines your return appears correct, it will be processed automatically and a notice of assessment will be sent.

Factors that get flagged for reviews: Drouin adds that a taxpayer's compliance history or an attempt to claim a deduction that has been denied in the past are some of the factors that could trigger a review. Another issue could be non-compliance with COVID benefits. The agency's computer system will recognize patterns of non-compliance with certain COVID benefits and begin to look for those red flags.

Meanwhile, Gary Chow says CRA can also compare certain lines on a return to broader norms. "…They will compare what you reported to other people in your neighborhood, in your city, maybe in your province and maybe across the country. So, if your number there is statistically, say, more than two standard deviations away from the mean or highly abnormal, you could get pulled. Tax credits such as the foreign tax credit or medical expense credit are also some 'favorites' for the CRA to examine…."

What happens when you get flagged: Drouin says Canadians whose returns are flagged for a review will be notified by snail mail or secured electronic mail via My Account on the CRA website. From there, Canadians are advised to follow the instructions in the assessment letter and determine what exactly the agency is looking for.

When you're calmer, reread the letter and see exactly what they're looking for: Sometimes, the agency is looking for proof of amounts being claimed, which should be submitted within 30 days. If no proof can be provided, the agency will adjust the refund or taxes owing. Most of the time, proof in the form of scanned PDFs or possible photos of receipts could suffice and can be submitted through My Account.

Set up My Account through CRA: Drouin says it's so important to set it up. My Account provides an area where you can do many things. People think it just tells them how much they're getting or what their assessment was. But this has evolved a lot over the last five years. You can go in there and pay your taxes and read your mail through My Account. Only 50 % of eligible Canadians have their My Account set up.

Appealing the Assessment Outcome: Chow says he sees an increasing number of returns being denied and ultimately ending up in appeals. Things have changed over the years. What we're seeing in reality is that we have someone in the civil service sitting thousands of miles away, getting these files electronically. They take a quick look, and if they don't like what they see, they just deny and just move on, which is why so many files are landing in appeals, where they don't really give you a second chance. I think in some respects, they were a bit more forgiving in the past and would actually work more closely with the taxpayer.

Typically, if a Canadian isn't happy with their notice of reassessment, they can appeal it themselves or go through a tax professional. If the changes to the assessment are big enough, financially, the case could end up in tax court.

CRA-related scams on the rise: The CRA wants to emphasize that it will never send text messages or links to click in their communications with Canadians.

The Canadian Anti-Fraud Centre reported phishing email scams claiming to be sent from the CRA roughly doubled to 1,360 in 2022, compared to 731 in the prior year. Drouin notes that especially through the last three years with COVID, scammers have taken advantage of that and the fact that people are getting money through all the different COVID benefits.

The agency will provide phone numbers along with its mail communications. To confirm if it's a legitimate number, Drouin says Canadians can check the CRA website.

Source: Michelle Zadikian,senior reporter,Yahoo Finance Canada, March 9, 2023

Guide To The Underused Housing Tax

The Federal Government recently introduced the Underused Housing Tax Act (UHTA) and the related Underused Housing Tax Return and Election Form, UHT-2900. The UHTA differs from the Vacant Unit Tax imposed by the City of Ottawa. Even if you already filed a declaration with the City of Ottawa recently, you may be subject to the Underused Housing Tax (UHT) and have additional filing requirements with CRA. If applicable, UHT results in a 1% tax annually on the value of the subject property.

Generally, the UHT applies to non-resident, non-Canadian owners of vacant or underused residential housing in Canada. However, there are some common situations where a UHT-2900 tax return is still required for residential real estate held, even if there is no non-resident ownership, such as by:

- a Canadian company with all Canadian shareholders or
- Canadian partners of a Canadian partnership.

Therefore, even if an owner qualifies for a tax exemption and no tax is payable to CRA, a UHT-2900 tax return may still be required. Penalties will apply for a failure to file a return even if no tax is payable.

What are the penalties?

Failure to file the return by this date could result in a penalty of at least $5,000 for individuals and $10,000 otherwise, even if no UHT is owing.

Who is impacted by the UHT rules?

The legal owners of residential property which include private corporations, partnerships and trusts, as well as individuals owning residential homes in Canada on December 31 of each year.

When is the UHT return due?

Each owner (who is not an excluded owner below) of a residential property needs to file an annual return by May 1st, 2023.

Who is excluded from filing?

Excluded owners are not required to file a return and the tax does not apply to them. "Excluded owners" include:

- Individuals who are Canadian citizens and permanent residents if they own a residential property directly;
- Companies listed on a public Canadian stock exchange;
- Registered Canadian charities;
- Canadian cooperative housing corporations; Hospital authorities; municipalities; public colleges;
- School authorities and universities; and,
- Indigenous governing bodies.

Please note that individuals owning residential property in their quality of trustees of a trust or as a partner of a partnership, Canadian trusts, corporations not listed on a Canadian stock exchange, and partnerships are not considered "excluded owners". Therefore, they are subject to the Act and maybe are required to file a return even if no tax is payable.

CLICK HERE to review our guide to determining your filing obligations and tax exposure.

Real Estate title fraud can affect owners and tenants

What is title fraud?

Title fraud takes place when a person uses fake identification or forged documents to steal the identity of a homeowner and take away their "title," or legal ownership of a property. Once fraudsters have their hands on a property's title, they can re-mortgage it, sell it to an unsuspecting buyer, or extract value from it in some other way and make away with the proceeds. Homeowners often don't learn about what's happened until they receive notice of missed payments or they try to sell.

Restoring ownership is difficult.

Victims of title fraud lose the right to mortgage their home, can no longer leverage the equity and can't sell the property until they re-establish their title rights through the courts, according to *First Canadian Title Insurance company* (FCT) on their website."…It can take considerable time, money and effort to deal with having to restore your title and/or remove any fraudulently registered mortgages…."

Morris Cooper, a civil litigation lawyer in Toronto who successfully argued a landmark case in 2006 that shifted the responsibility for title fraud from victims to lending institutions, said seniors and people who rent out their homes to tenants can be at a high risk of title fraud.

Take steps to protect your identity

Stealing a person's identity is often the first step in title fraud. Government-issued identity documents, including driver's licences, passports, birth certificates, social insurance number (SIN) cards and citizenship cards, can all be used to apply for mortgages or to take steps to buy or sell a home.

The Canadian Anti-Fraud Centre offers the following tips for preventing identity theft:

- Be wary of who you share personal information with.
- Regularly check credit card reports, bank and credit card statements and report anything irregular.
- Shred documents containing personal information before placing them in the garbage.
- Limit mail theft by regularly retrieving mail.
- Notify the post office, financial institutions and other service providers of your new address when you move.

Title Insurance will help with a loss

Title insurance is an insurance policy that protects property owners and their lenders against losses related to the property's title or ownership, including from title fraud, according to both the FTC and the *Financial Services Regulatory Authority of Ontario* (FSRAO). While it can't prevent you from becoming a victim of fraud, it is the single most important thing to mitigate its consequences.

Title insurance can cover legal expenses incurred by homeowners seeking to restore their right to their property's title. It protects homeowners from fraudulent claims on their property and pays for legal expenses to re-establish the homeowner's title rights.

What about loss prevention ?

"…Title insurance protects you in case someone defrauds you..." said Varun Sriskana, a realtor, property manager and housing advocate based in Toronto. "…(but)there are not enough 'checks and balances' in place to prevent title and mortgage fraud…". He would like to see the industry make changes to keep up with fraud and scams. If a buyer unwittingly buys a home that's been fraudulently listed, the insurance should also protect them. In cases like that, the true owner would likely get their home back and the unwitting buyer would get their money back.

Know who you're dealing with

People on both sides of a real-estate transaction should make sure they're comfortable with the identity of the person on the other side of the deal, says Stephen Moranis, past president of the Toronto Regional Real Estate Board. Potential tenants should ensure the landlord actually owns the property, while landlords should check references and request documents like credit scores to verify potential tenants."…Either side should be very, very careful to verify and ensure that the other party they're dealing with is actually in a legal position, to either lease or sell the property that they're considering…." adds Moranis.

Preventing title fraud by renters

Murtaza Haider, professor of data science and real estate management at Toronto Metropolitan University, says homeowners who rent their homes to tenants are vulnerable and should keep track of their digital and physical mail. Steps should be taken so that documents containing personal information like driver's licence renewal applications or tax returns don't fall into the wrong hands. Make sure that your mail stays with you. Make sure that you have a forwarding address. Make sure that they don't end up in the hands of people that you don't want other than yourself.

Is your property advertised for sale or rent?

Homeowners can also search for their property online from time to time to see if it's being inappropriately listed for sale or on a rental website like AirBnB. "…It's always good to be checking the address, checking it at various locations on the internet to see your property is being used for the intended use…Landlords should also rely on banking information, rather than cash payments, as that adds another layer of due diligence…" , advises Haider.

The Ontario government also provides a free, online tool that allows any member of the public to check the validity and current status of a driver's licence. Driver's licence numbers that come up as invalid could be a red flag.

Source: CBC News · Posted: Jan 13, 2023 4:00 AM EST |
Last Updated: January 13

2023 Online Licensee Conference

Good morning all,

Once again Kristin Ley of Cohen Highley and Jack Fleming (E.D. North Peel & Dufferin C.L.S.) will Chair the annual Licensee conference ""Residential Landlord-Tenant Disputes 2023: Essentials for Lawyers and Paralegals" which will be held on-line live on April 21, 2023 from 9:00 AM until 5:00 P.M. The focus of the conference is an update of a range of legal issues which have come to the fore over the past year. In-house clerks, Paralegals and Lawyers employed by multi-res landlords and property managers will gain insight into some of the most compelling issues facing multi-res stakeholders (landlord or tenant) and strategies for meeting the practical and legal challenges of processing applications at the LTB and in the appellate courts. Here are links to the program and the brochure:

The details of the day's proceedings are set out in the link below.

https://osgoodepd.ca/professional-development/short-courses-and-conferences/landlord-tenant-disputes/

Questions?

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Condo owner must pay for tenant's behaviour

A recent ruling by an Ontario tribunal should serve as a warning to condo owners who rent out their units that they could be left with a big bill if they don't take action against problem tenants.

In a Feb. 10, 2023 decision, the Condominium Authority Tribunal (CAT) found both a tenant and condo owner jointly responsible for what the adjudicator called the tenant's "pattern of annoying and disruptive conduct."

"...I find that the respondents ... have created or permitted the creation of noise and other nuisances that disturb the comfort and quiet enjoyment of the units or common elements by other owners and residents of the condominium...."*- Condominium Authority Tribunal vice-chair Michael Clifton*

The corporation that manages the condo building near Yonge Street and St. Clair Avenue was awarded more than $26,000 in damages, with $8,551.50 to be paid by the condo owner and $18,239.60 to be paid jointly by the condo owner and tenant.

Landlord took no steps to address complaints

Shortly after the tenant began renting the unit in June 2021, the condo corporation received several complaints from residents and reports from security staff. Reports included food containers left in the hallway, which caused "foul smells and tripping hazards," and "excessive noise" coming from the unit, including "screaming, yelling, shouting, arguing, swearing, throwing items, banging, and slamming noises."

Complaints also included verbal abuse of condo staff and non-compliance with the building's COVID-19 regulations. In total, the condo corporation received reports or complaints about more than three dozen incidents.

The tenant's position:

The tenant argued during the proceedings that he was being "singled out" because of a "personal vendetta" against him by one of the staff members. But he provided little evidence to support those allegations.Meanwhile, the condo owner barely participated in the proceedings, Clifton noted in his decision.

Based on the evidence submitted at the hearing, Tribunal Chair Clifton concluded the tenant and his co-resident were a "highly disruptive presence in the condominium." He also accepted the condo corporation's assertion that the condo owner took "no steps" to bring an end to the tenants' behaviour or evict him from the property despite being informed of it on several occasions.

"The unrefuted testimony of the parties is that [the condo owner] failed to take any reasonable steps to address the issue of his tenant's long-standing non-compliance," the decision reads.

The Condo Corp's position

"…The cost award here serves as a good example for owners and tenants alike that they do have obligations…." said Jonathan Miller, a partner with the law firm Shibley Righton LLP in Toronto. "…Where ... they don't take appropriate steps to try to meet those obligations, they could be facing significant cost awards against them if the corporation has to take on that responsibility…."

Landlord Advocate's position

Varun Sriskanda, an advocate for small landlords, says tribunal decisions that 'unfairly' hold landlords accountable for the problematic behaviour of their tenants could have a chilling effect.

"…Landlords are going to be very, very careful with who they let into their condominium units. It's going to create stricter renting requirements within a market that's already very difficult to rent in.…"

Challenges at the LTB

CBC Toronto had reached out to the Landlord and Tenant Board (LTB) to inquire about whether the landlord ever submitted any documents to evict the tenant, but didn't receive a response by publication time.

Advocate Varun Sriskanda further noted that landlords face a number of challenges when responding to problem tenants, particularly due to ongoing delays at the LTB."…Even if that landlord did immediately go and take steps to evict the tenant, it's going to take eight to 10 months to get a hearing date…(and) that tenant is still allowed to live within the condominium complex and cause problematic behaviour for the entire community…."

Source: CBC News, Ryan Patrick Jones, February 19, 2023

PROPERTY VALUES ON YOUR $TREET

DECEMBER 01,2022 TO FEBRUARY 28, 2023

ADDRESS	NEIGHBORHOOD	UNITS	ASK PRICE	SOLD PRICE	DAYS
CONN ST	BRITANNIA	2	729900	695000	76
ADMIRAL AV	CARLINGTON	2	899000	800000	200
BRONSON AV	CENTRETOWN	2	649000	602000	202
MCLEOD ST	CENTRETOWN	4	998000	965000	126
LYON ST N	CENTRETOWN	2	875000	845000	112
FIFTH AV	GLEBE	2	929900	780000	154
STRATHCONA AV	GLEBE	2	699000	685000	10
PATTERSON AV	GLEBE	3	1050000	1000000	91
MACLAREN ST	GOLDEN TRIANGLE	6	1999999	1999999	26
PAMILLA ST	LITTLE ITALY	4	780000	925000	8
ST ANDREW ST	LOWER TOWN	3	1100000	1060000	79
ROOSEVELT AV	MCKELLER HEIGHTS	2	929900	870000	110
MAITLAND AV	MCKELLER HEIGHTS	2	1200000	1160000	23
GOLDEN AV	MCKELLAR PARK	3	1289000	1310000	6
BESSERER ST	SANDY HILL	7	1550000	1400000	57
DESCHAMPS AV	VANIER	6	1250000	1050000	185
MARIER AV	VANIER	4	649900	610000	142
ST DENIS ST	VANIER	2	699900	660000	18
LEBRUN ST	VANIER	4	987000	865000	65
PARK ST	VANIER	2	619900	607500	50
JOLIETT AV	VANIER	2	699000	702000	24

"Blessing of the Fair of St. Denis in Paris, France"

14C. miniature - The Church promoted Fairs to follow a Holy Day(feria) to encourage commerce after the Black Death pandemic subsided. The Church took a cut.

SUNSHINE HOUSE

This 1907 all brick , 6-unit walk-up in the Golden Triangle isn't something that you'll find on the market everyday. The extremely large 9,600 square foot property sits on a 60 x 109-foot lot across from the Golden Triangle Park. Steps from shops, transit and the Canal, there's a reason why this is one of the city's most sought after areas. The word vacancy doesn't exist here.

The property features hardwood floors, high ceilings, generous principal rooms, large balconies, common area skylight, original fixtures and mouldings, working wood fire place and character at every turn. Updates included: kitchens, baths, appliances, laundry hook-ups in 3 units, common laundry room, recently graded/paved double driveway & rear private lot, roof, skylight, eves, 200 amp electrical services, boiler, copper/PVC plumbing, and refinished original floors. This building is charming and turn-key, and the rents sure reflected it.

VITAL STATS

LOT SIZE:	60 X109 FEET
PARKING SPACES:	7
2X	1BEDROOMS
4X	2BEDROOMS
GROSS INCOME:	$138,300
NET INCOME:	$108,169
TAXES:	$16,184
INSURANCE:	$3,545
WATER:	$2,740
HEAT:	$5,502
HYDRO:	$960
ASKING PRICE:	$1,999,999
SELLING PRICE:	$1,999,999
DAYS ON MARKET:	26

THE OTTAWA REGION LANDLORDS ASSOCIATION

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An Ottawa Landlord's HORROR STORY

Waste company smashes into 16 unit rental building in 2019

Now it's 2023 – $400K compensation still due!

On May 27, 2019, a Waste Connections of Canada garbage truck slammed into an apartment building at 442 Nelson St. rendering the building uninhabitable for years until repairs could be completed.

The crash involved a blue garbage truck contracted by the City of Ottawa that rolled backward down the street, snapped a hydro pole and ripped into the brick facade of the building, destroying the exterior wall and exposing a bedroom inside. No one was injured.

Engineers deemed the Nelson Street building uninhabitable, says Hoang, after this damage from the crash.

Duong Hoang, one of four friends who own the 16-unit apartment building on Nelson Street in Sandy Hill, said he and his partners are frustrated the city and Waste Connections of Canada have not "admitted to any fault" for the crash in May 2019.

Alain Gonthier, general manager for the City of Ottawa's public works department, said the city is not involved in settlement discussions regarding the crash.

Insurance and partial Waste Connections payment not sufficient to cover losses.

The group of landlords did receive approximately $700,000 from their insurance company to cover repair costs and lost rent for the first year of construction, but pandemic-related delays meant they couldn't rent out the units again until November 2022, Hoang said.

They relied on loans, even from family, to pay for carrying costs, he said. Now those lenders want their money back.

The landlords believe they are owed about $400,000 from Waste Connections to cover the nearly two-year period they weren't able to earn rental income.

Another co-owner Andrew Hamilton notes the costs continue to climb as loans incur interest.

"…It's just always a moving target just based on each and every month that passes by….it's just been incredibly personally and financially stressful…."

The co-owners received approximately two months worth of mortgage payments from Waste Connections of Canada in 2021, they said, but that was understood as a small advance payment until a larger settlement amount could be agreed upon.

Photo supplied by Duong Hoang

"…We're just left holding the bag here and it's just not fair…." said Hoang

The landlords offered Waste Connections a settlement last year, they said. Both Hoang and Hamilton said they are still waiting for the company to respond to the offer.

CBC reached out to Waste Connections for a response to this story, but did not receive an answer.

Source: CBC News, Laura Glowacki, March 03, 2023

The Weather Network:
Ontario's darkest winter in 73 years

Brian Brettschneider, an Alaskan climatologist, uncovered an unflattering trend by looking at solar energy from last December to this February.

Several factors impact the amount of solar energy that reaches our skin, such as ground reflectivity, snowpack, and fine particulates – but cloud cover is the most influential driver.

There was no deficiency of rainy days this winter, but certainly, a deficiency in vitamin D, shared by millions.

Source: **The Weather Network**, *Tyler Hamilton, March 8, 2023*

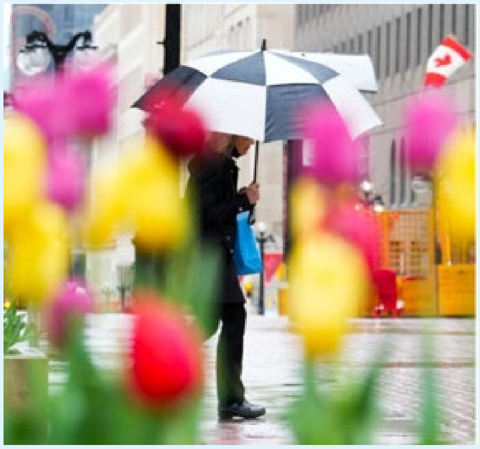
The Farmers' Almanac prediction for Ontario:
Spring 2023 .....Turbulent Transition to Warmth!

The Almanac is predicting a slow warm-up for most of Canada, with "a very stormy April" in store. The first day of spring is **March 20**, and the season will be ushered in by stormy weather throughout the Great Lakes region.

In southern Ontario and the Great Lakes area, snow and slushy weather are predicted to stretch into early April. In mid-to-late April, the province should expect more showers than usual alongside periods of stormy weather, the forecast predicts.

Lots and lots of rain: for both Easter weekend, **April 9** in 2023, and Victoria Day long weekend from **May 20 to May 22**. But for Victoria Day itself (May 22), the weather is expected to be "fair".

Unsettling weather into June across the country. "…Another threat of severe weather, this one more widespread, is forecast around the time of the June solstice, as a surge of very warm, humid, and unstable air triggers showers, violent thunderstorms, and possibly even a twister or two across much of the central and eastern parts of the nation….".



For western Ontario, the almanac predicts "dangerous" thunderstorms in mid-to-late June.

"…As we make the astronomical transition to summer, the heat will turn on big time across much of [Canada] as June winds down to a close…."

Source: **The Farmers' Almanac** - *CTV News Toronto, January 30,2023 Abby O'Brien @abbyjobrien*

New technology to remove carbon pollution

Scientists have set out a way to suck planet-heating carbon pollution from the air, turn it into sodium bicarbonate and store it in oceans, according to a study published March 8th in the journal Science Advances. The technique could be up to three times more efficient than current carbon capture technology, say the authors.

ClimeWorks direct air removal project in Iceland is largest facility to date..

The focus of the study is 'direct air capture' which involves sucking carbon pollution directly out of the atmosphere and then storing it, often by injecting it into the ground.
The problem is that while carbon dioxide may be a very potent planet-heating gas, its concentrations are very small – it makes up about 0.04% of air. This means removing it directly from the air is challenging and expensive.

Designing the process to be cost efficient

It's a 'significant hurdle', Arup SenGupta, a professor at Lehigh Research University and a study author, told reporters at CNN.

The research team used copper to modify the absorbent material which can remove CO2 from the atmosphere at ultra-dilute concentration at a capacity which is two to three times greater than existing absorbents. This material can be produced easily and cheaply to drive down the costs.

Once the carbon dioxide is captured, it can then be turned into sodium bicarbonate – baking soda – using seawater and released into the ocean at a small concentration.

Professor SenGupta says the oceans are"…are infinite sinks…if you put all the CO2 from the atmosphere, emitted every day – or every year – into the ocean, the increase in concentration would be very, very minor…" The idea is that direct air capture plants can be located offshore, giving them access to abundant amounts of seawater for the process.

Regulatory hurdles to overcome

Disposing of large tonnages of sodium bicarbonate in the ocean could be legally defined as 'dumping,' which is banned by international treaties. Other concerns include negative impacts on the oceans, already under pressure from climate change, pollution and other human activity.

Professor SenGupta says the technology is ready to be taken out of the lab and trialed. Now is the time to go forward and do something in several different places around the world. Let other people get involved, find faults, improve on it, and then proceed accordingly.

Source: Laura Paddison, investigating reporter CNN, Updated Friday March 10, 2023

"How to accumulate vast sums of money is the best trick you ever taught me."

Landlord's View: Overpaying for a Property

The standard method for determining the "baseline" value of a residential investment property is the Direct Capitalization Method ("DCM"). Realtors call it the "income approach and it is used by MPAC, all lenders, all appraisers (in conjunction with other methods), CMHC's mortgage insurance, most mortgage agents, and most commercial real estate realtors. DCM relies heavily on capitalization rate or cap rate but explaining that in detail is beyond the scope of this article.

I recently reviewed several prospective rental property purchase opportunities and found that the listing agents are either still offering such properties at 3% to 3.5% cap rates or they are discounting or excluding notable expenses that every property evaluator uses to make the cap rate appear to be higher than it really is. Artificially lowering the cap rate artificially raises the property's purchase price.

The missing expenses in the cap rate

What those expenses are, which ones are generally missing and what the amounts should be are also part of the earlier mentioned cap rate (DCM). The short version is that $1.00 of an excluded expense equals $20 of inflated property valuation, assuming a 5% cap rate. At a 3% cap rate the inflated amount is about $33.

For example, a common missing expense is property management fees. Many sellers argue that they do the property management work themselves so it shouldn't be included. However, all lenders and CMHC include around 5% of gross income as a PM expense because if they have to take the property back under power of sale, they will not manage it themselves but will hire a property manager.

Effect of rent control on property values

As an important side note, 82% of all Ontario purpose-built rental properties were constructed before 1979. All Ontario private sector rental properties first occupied before November 15, 2018 are subject to rent controls, which I estimate to be about 95% of Ontario's total rental inventory. Rent controls have a huge negative impact on property values and can represent some significant challenges for tenants, despite their perception that rent control is good for them. Also, while rent amounts may be vastly different between different geographies, the math and ratios for property valuation remain substantially the same, regardless of size.

Estimating the cap rate on a property's value

Let's assume a typical rent-controlled, suburban (not Toronto) 12-unit, 2.5-storey apartment building with a realistic overall average rent of $1,300/month per unit. $1,300 x 12 units x 12 months = $187,200 annual gross rent. Properties such as this, that are reasonably well-managed, typically have a total expense ratio (including vacancy and bad debt) of arguably 40% of gross income. For this example, that would be $74,900 (rounded) leaving $112,300. This remaining balance is called "NOI" ("noy"), meaning net operating income. The DCM states that the NOI should be divided by the cap rate to determine baseline property value. Therefore, $112,300 / 5% cap rate = $2,246,000. If the seller or realtor demands a 3% cap rate then the property value increases to $3,777,000 … a massive difference of $1.5 million because of a 2% increase in cap rate.

The missing 5% property management fee in the above example then is $187,200 gross income x 5% = $9,360. Divide that by a 3% cap rate = $312,000. This expense wasn't included in the property's financial statement.

Effect of rent control on the cap rate

In simple terms, cap rate can either be thought of as a discount off the purchase price because of the inherent risk of real estate, or as the return on investment that can be expected. As a "sanity check," it makes no financial sense to ask for a cap rate of 3% when commercial real estate mortgage rates are currently around 4.5%. Yet, knowledgeable realtors representing all the properties I recently looked at are still marketing these types of properties at around a 3 to 3.5% cap rate.

The justification for this is the individual rent amounts in rent-controlled properties that are far below market rates. The universal argument for the low cap rate is that all the buyer has to do is kick out all the low-paying tenants and increase the rents to market rates. In the next breath, they acknowledge that Ontario's rent controls derived from the Residential Tenancies Act, its predecessors, and other challenging legislation like the Human Rights Code, Privacy, municipal by-laws etc. in combination with the catastrophic and still-ongoing failure of the Landlord and Tenant Board ("LTB") make realizing the upside revenue potential very difficult. This holds true for any rent-controlled geography anywhere in the world.

Long term tenancies lower property values

Statistically, any tenant that has lived in a rental property for more than 10 years is unlikely to move of their own accord. Anyone paying rent that is, say, $400/month lower than market ($4,800/year) is also likely "trapped" by their low rent. While their living costs may be lower than their peers, they can't take advantage of career opportunities and potential lifestyle changes that would necessitate a change in home location.

Tenant buyouts to raise property values

The realtors' counter-argument is to offer "fees for keys." The new buyer-owner offers cash to tenants to terminate their tenancy and move out. I have personally made 11 offers and succeeded twice in the past three years. But, let's look at a perfect world where all the low-rent tenants agree to a buyout. What's that upside worth to you? A tenant paying $400/month below market x 12 months = $4,800 potential upside if they move out divided by a more realistic 5% cap rate in today's market = $96,000.

Calculating tenant buyouts – 'fees for keys'

Would you pay $20,000 cash to the tenant to receive a $96,000 property value increase? Most investors would say yes if they have the money to pay the fee, even if this amount was borrowed for, say, a year so you'd have to also add in the interest expense into your acquisition cost analysis. You might be able to incentivize a tenant to move for a lesser amount but $20,000 seems to be compelling.

So, using the above example of a $1.5 million difference in price between the 3% and 5% cap rate, what additional NOI would I need to generate to recover that $1.5 million before I make a penny on the upside? To calculate the property value, you divide the NOI by the cap rate. Therefore, to determine the NOI, multiply the property value by the cap rate = $75,000.

In our example, the NOI represents 60% of the property's income (expenses are 40%). Therefore, I need to increase the gross income by $125,000 (40% expense = $50,000, 60% NOI = $75,000). How many rental units in the prospective property purchase do I have with potential upside? In one case recently, three of the 12 tenants were in the building more than 10 years so they're not likely going to move no matter what price they're offered. Six were there between two and five years. Any of those might move. The remaining three were living there less than two years so their rents are probably close to market and there wouldn't be much incentive to offer them fees for keys. Let's say four of the six "two-to-five-year" tenants accepted your offer of $20,000 each = $80,000 fees for keys.

Let's say that these four tenants average $400/month below market = $400 x 12 months x 4 tenants = $19,200/year increase in income. I need $125,000 to cover the $1.5 million "over-value, over-price" that the realtor and seller were demanding. I also need to recover the $80,000 fees for keys that the realtor expects me to spend to justify their asking price for a total of $205,000.

Therefore, the $205,000 increased income requirement and buyout investment divided by the $19,200 per year anticipated income increase = 10.7 years to "pay off" the seller's $1.5 million extra price … before I see a dime of upside for me.

The cost of financing costs

None of the above includes the cost of financing the extra $1.5 million. At 5% and a 25-year amortization, that adds another $73,500/year or about $351,000 over the first five years in interest only (excluding principal). The annual amount should also be added to your return-on-investment calculation if you're financing the property. The interest cost obviously decreases as the years go by provided you don't add more principal and/or interest rates don't increase in between re-financings.

Lenders set the terms for financing

All lenders use DCM so they won't lend you any portion of the unsubstantiated $1.5 million. They will loan you maybe 75% (loan-to-value or LTV) on the substantiated value. That means that, in addition to the traditional 25% down payment, you must also come up with the extra $1.5 million yourself. That extra unsubstantiated amount means it's tied up for more than 10 years without earning a return, which amount could have been invested elsewhere for a return on investment. This is another hidden cost that should be factored into your deliberations.

Alternately, you're still willing to pay the $1.5 million extra. You believe the lender would approve the higher unsubstantiated price because lenders will make more interest: in our example, $351,000 in the first five years. But that's not what happens. Lenders will consider the extra amount to be "over-leveraging." You're unable to waive the financing clause of your purchase and sale agreement and the deal fails. Failed financing has always been—and it continues to be—the #1 failure of commercial (and private) real estate deals.

Estimating the risk in raising property values

So, there are those realtors or independent sellers who argue that I should pay them an extra $1.5 million by investing an additional $80,000 or more because of the potential upside that they have given me the opportunity to earn. BUT … I have to do all the work, pay all the fees, and take 100% of the risk that possibly none of the tenants will move no matter what I offer. If I am successful, it might still take me more than 10 years to recover the $1.5 million overpayment demanded by realtor and seller, who did nothing to earn that extra $1.5 …before I receive a dime of that upside for myself.

Consequences of overpaying when interest rates rise

Conversely, when paying substantially more for the property than the DCM determined it was worth, there should be no surprise when (not if) the property starts to lose money every month, especially when interest rates on mortgage renewal have doubled or more. It is certain that for 99% of rent-controlled opportunities, the NOI didn't increase enough to cover that "near-instant" devastating extra interest payment. A doubling of interest rates on renewal would be a significant challenge even for properties that were purchased at fair market value.

When rates go up, rent control enriches the bank, not you.

Note also that the doubling increase in interest rates for investment properties means that a larger portion of the property's income (because of rent control) is going to the lenders, which effectively means significant individual and global real estate wealth is silently shifting away from the owners and investors and into the hands of the banks and other lenders.

Moral: Never pay a seller or realtor a significant extra amount for the supposed upside potential. If they want that extra amount then they should do the work and take the commensurate risk to earn it, and then ask for the extra price hike.

Caveat: I have over-paid for every investment property because of a low supply of residential rental properties and an extremely high demand for purchase opportunities. However, I calculated what the overall upside would be, how I might be able to increase NOI (e.g. suite metering, etc.), and how long it would take to recover that upside before I received a dime for myself. Then I might give one or two years of potential upside to the seller because I'm certain I can make up for it myself. Of course, estimating such guidelines differs with everyone.

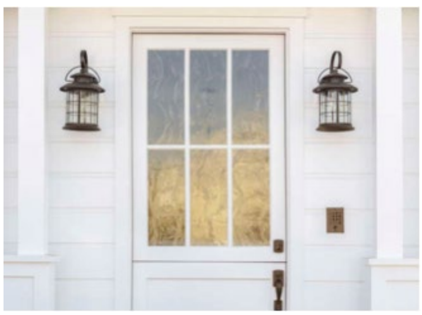
Source: Many thanks to Chris Seepe,
cseepe@aztechrealty.com, *416-525-1558,*
www.aztechrealty.com;
www.landlordingcourse.ca

"The language in this contract is wordy and indirect, and uses unnecessary technical words and phrases. I am very impressed."

Bob Vila

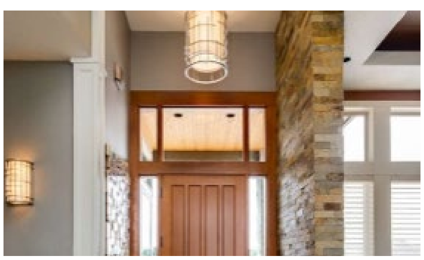
15 Old House Features we were wrong to abandon

We were probably right to leave behind many hallmarks of yesterday's home, but it's time to reconsider these once-popular details, not for their novelty, but for their practicality. Old house features are coming back and it's time to adopt some of them. Are you are renovating an older home ? ... leave these lovely features alone!



Dutch Doors

Popular with the 18th-century Dutch settlers of New York, Dutch doors are split horizontally in the middle; open just the top to keep out animals while letting in light and air. Making your own is straightforward. Saw any wood door in half, then attach each half to the door frame with two hinges apiece. A simple sliding bolt joins the top and bottom as a single, solid panel.

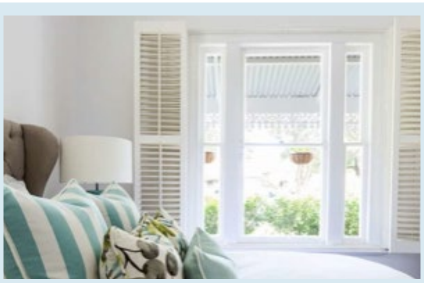


Transom Windows

Transom windows are those panels of glass you see above doors in old homes. They admitted natural light to front hallways and interior rooms before the advent of electricity, and circulated air even when doors were closed for privacy. Transoms serve both purposes just as well today, and of course, the beauty of glass is timeless.

Boot Scrapers

As paved roads replaced dirt and tires replaced hooves, the boot scraper fell out of use. Today, you can still find the traditional-style cast iron bars set into masonry on many a front stoop, although many modern wood, rubber, or plastic scrapers have been augmented with brushes to remove debris from all angles.



Pocket Shutters

Homes of the 18th and 19th century had walls of exceptional thickness (as they were often made of brick), providing a deep window jamb whose embrasures, or pockets, could contain an entire interior shutter. It's high time these clever architectural details made a comeback, because interior shutters provide not only privacy, but also insulation or shade when the elements really start to bear down.

Mail Slot

The mail slot has enjoyed a long run as a front door staple, and the image of the friendly neighborhood mail carrier sliding letters through the slot still persists to this day. However, with the rise of online bill payment and the decline of the USPS, mail slots—so sleek and secure—are no longer ubiquitous. Add some pizzazz and utility to your front door by installing one!

Ceiling Medallions

Popular in middle- to upper-class homes in the 19th century, ceiling medallions were designed to add architectural interest and beauty to a room. They were typically placed above a chandelier so that the light would emphasize their delicate patterns. Traditionally made from delicate paper mâché or heavy materials like iron or marble, you can get the same look today with ceiling medallions made from foam, plastic or light wood.

Claw-Foot Tubs

They're lovely to look at and provide a deeper soak than most modern tubs. So if you have enough space in your bathroom, consider adding the luxury of a claw foot tub to your life. Or, get whimsical and put one outside in your garden or on a patio so you can bathe under the stars. You can find many claw foots inexpensively at salvage yards that, with a little TLC (and maybe some porcelain paint) will look as good as new. Or rather, old.

Rumford fireplace

Henry David Thoreau once counted his Rumford fireplace as a modern convenience that was often overlooked by his contemporaries. Common in the early to mid-1800's Rumford fireplaces are tall and not very deep, which allows them to reflect most of the heat generated by burning wood back into the room. With escalating fuel costs, this old design is becoming popular again.

Picture Rail Molding

Picture rails were installed primarily in the Victorian era and provided a way to hang artwork on plaster walls that could crumble under the force of hammer and nail. Today, they can be installed as a visually appealing design elements that lets you hang art in a unique way. Consider aligning your molding with the tops of windows and painting the ceiling a color that extends to the picture rail.

Bob Vila Daily Newsletter, Michael Franco, Feb 09, 2023

ORLA Zoom for Members

See you soon!

Time: TBA

We will email you the Zoom Topic 2 weeks beforehand and send you a link to join us...

48 hours — 24 hrs — 12hrs before the session.