

CONDO INDUSTRY - REALTOR PERSPECTIVE



CCI Manitoba Chapter recently had a discussion with representatives from the Winnipeg Regional Real Estate Board (WRREB) about various issues related to buying, occupying and selling condos. You may have experience and opinions on these topics and if so, we encourage you to let us know via email ccimanitoba@cci.ca or via our Condo Conversation Corner portal on our website <https://cci-manitoba.ca/resources/condo-conversation-corner>. What follows is a summary of those discussions.

LOCKBOXES

Since there are marketing advantages for sellers to use the multiple listing service (MLS®), being able to easily show the unit to prospective buyers through as many REALTORS as possible is important. A lockbox is a valuable tool towards this end as it eliminates the need for others to pick up a key from a listing agent and return it after the showing. REALTORS are busy and the old saying "time is money", so key drop-offs and pickups are lost time. The problem is that many condominium corporations (CC) do not allow the use of lockboxes on their property.

Why would a CC not allow a lockbox? Sometimes there is a Rule or Bylaw prohibiting the use of lockboxes. Are lockboxes mentioned explicitly in your CC documents? Sometimes there is a formal (or informal) policy prohibiting the use of lockboxes due to real or perceived security risks. For example, lockboxes on units with individual access (townhouses or bungalows), if broken into, would expose the unit to unauthorized access and possible theft or assault or vandalism. For apartment style CCs, the lockbox could include both a key to the unit and a key to the main door. Besides the temporary security risks already noted, locks would have to be re-keyed and potentially hundreds of keys reissued.

The risk could be mitigated to some extent by not having the lockbox associated with a specific unit - i.e. rather than attach the lockbox to a doorknob or railing on the stairs, perhaps place it somewhere

accessible on the common elements and definitely do not have a label on the lock box indicating the unit number. Another option would be to place the lockbox at a REALTOR office close to the unit for sale, to minimize the travel time to pick up and drop off. For buildings with a passcode system, a REALTOR passcode can be set and then the lockbox would just contain an unmarked unit key.

What do you think of the options or possible solutions? Maintaining security is important and while there are some reports of people breaking into lockboxes, a bigger risk for some CCs is people gaining access through underground parking.

CONDO DOCS & COOLING OFF PERIOD

The Manitoba Condo Act (the Act) allows for a seven day cooling off period for the buyer to reconsider their purchase decision and allow them to review the disclosure documents. Since the period only starts upon receipt of all disclosure documents, any delay in providing said documents is of concern to all parties involved. Sometimes it has taken over a week to provide all of the documents and other times all can be provided within a day.

The list of prescribed documents is defined in Section 10 of the Manitoba Condo Regulation in Form 6A and 6B <https://web2.gov.mb.ca/laws/regs/current/164.14.pdf>, which can be used as a checklist (Form 6A if sale is prior to registration of the Declaration and Plan and Form 6B if the sale is after registration).

There are a variety of reasons contributing to the delay in providing disclosure documents. Some of the reasons include

- Larger CC projects often can have a high turnover of units which results in a significant workload for the individual property manager and/or Board;
- We are currently in a hot condo market right now with higher than normal sales volumes - again, increased workload for the Property Manager and/or Board;
- There are some seasonal influences with summer vacations potentially causing some delays;
- Larger property management (PM) companies can have thousands of units in their portfolios, so with higher sales volume there will be higher workload levels;
- During the pandemic, there have been increased workloads all around and document requests are less urgent than many day-to-day issues;
- Some documents are time-limited so are often not produced until absolutely needed;

- Some CCs require a Board member signature on documents which can add delay.

How quickly does your CC or PM company turn around document requests? Some PM companies have staff dedicated to the task, thereby relieving some of the burden on the individual property manager. Some CCs delegate signing authority to their property manager, which eliminates a potential source of delay. Even though some of the documents have some time-limited data, with the current hot market, the documents could be produced when the unit is listed for sale - in the event the document has to be redone, the extra cost is insignificant with respect to the overall purchase transaction cost.

If you have comments on this topic please forward them to us via email ccimanitoba@cci.ca. If there is enough interest, CCI Manitoba would be willing to organize a forum or panel of industry professionals and condo directors and add it to our education schedule.

FOR SALE SIGNS

Proper signage can provide marketing value for the seller by bringing a buyer to their unit more quickly. As well, they provide marketing value to the REALTOR, especially when the sign changes from 'For Sale' to 'Sold' in a timely manner. However, many CCs prohibit REALTORS from putting up signs for a number of reasons, including

- Declaration or Bylaws may prohibit signs; these documents are difficult & expensive to change but must be enforced by CC Boards
- Some CCs allow signs but only with permission from the Board. In some cases Boards are reluctant to grant permission because it can result in complaints from non-selling unit owners. This is especially an issue for larger CCs that may have multiple units for sale at all times.
- Some CCs rationalize their prohibition because with the preponderance of social media options and buy/sell websites, signs are no longer a sign of the times.

Do you think signs provide value? When you purchased your own condo, was it the sign that brought your attention to the unit? Some signs now have a QR code on them which when scanned by a smartphone take you to a website with all the details of the listed property - definitely seems to be of some value there.

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SHORT-TERM RENTALS

This is a big issue lately, especially in downtown Winnipeg in the Sports Hospitality District (SHED). This is a difficult topic for industry professionals, REALTORS included, as there is a mix of resident owners and investor owners with resident rentals. The issue is so contentious in the USA because of the conflict between individual property rights versus community rights, the US National Association of REALTORS (NAR) have stayed away from the issue and maintain a neutral position. WRREB is monitoring the situation as is CCI Manitoba.

Fundamentally, the problem is due to bad behaviour of some short-term renters. Problems include damage to common elements, excessive trash, parking issues, noise disturbances, concern for safety of residents and security of units to name just a few, all of which can result in a potential decrease in home values.

"Approximately 70% of units on the Airbnb distribution platform are entire home rentals, with guests having complete and sole access to the entire unit during their stay."

A short-term rental often is the rental of a house or condominium. Companies or individuals facilitate short-term rental reservations online and receive payment for this service. There are a variety of firms that facilitate these short term rentals, including Airbnb, Vrbo, Bookings.com and Homeaway. According to Mr. Scott Jocelyn, President and CEO of the Manitoba Hotel Association, only 17% of total Airbnb revenues in Canada is generated by true home-sharing where the owner is present during the guest's stay – i.e. in 2016-2017 when the survey occurred (and the percentage is higher today) entire home rental units comprised 83% of total revenues in Canada. Approximately 70% of units on the Airbnb distribution platform are entire home rentals, with guests having complete and sole access to the entire unit during their stay. One third units in Canada are rented out for more than 90 days per year in this manner. The idiom 'a bad apple spoils the bunch' comes to mind as anecdotally, most of the problems with short-term rentals are due to entire home rentals with the owners absent.

PLEASE KNOW: If you are having issues with short term rentals located beside or near you – like noise, excessive garbage or other neighbourhood livability issues, please file a complaint to 311 or 311@winnipeg.ca and a bylaw officer will investigate.

Cities around the world are regulating short-term rentals and Winnipeg needs to look at these regulations and implement them here. Winnipeg has started to take some action - look for Report #6 at <http://clkapps.winnipeg.ca/dmis/ViewDoc.asp?DocId=20950&SectionId=&InitUrl=>.

CANNABIS GROW OPS

Illegal commercial grow ops are becoming a problem in Winnipeg residential neighbourhoods. This impacts neighbours with smell and safety concerns. The WRREB is sensitive to the community aspect since happy condo owners make for a healthy condo market. WRREB is fully engaged with the City of Winnipeg on prohibiting illegal grow ops in Winnipeg's residential neighbourhoods and ensuring suitable regulations are in place.

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