



Minimum Wage: The Shock to the Condominium Industry

By Michael Wright, RCM

On January 1, 2018, Ontario's minimum wage will increase from \$11.40 an hour to \$14.00 an hour. A year later, Ontarians will host one of the highest minimum wages



in Canada, coming in at \$15.00 an hour. Without a doubt, the plan is great news for those struggling to make ends meet; however, the pace

at which the hike is scheduled is worrisome. What are the implications on small business owners and how will it influence their success within each industry? While the impact of the wage increase has economists crunching numbers and forecasting into 2019, one thing is certain: condominium homeowners should anticipate to pay more where they live.

Highrise condominiums rely on a number of essential services from business owners that will be impacted by the increased minimum wage: cleaning, concierge/security and landscaping to name a few. Cleaning staff and security

personnel can expect to earn minimum wage at an entry-level position working within a typical residential condominium. Companies within these industries will need to evolve with the new wage standards to avoid potential losses. We can translate 'evolve' into substantial price increases that are passed on to the homeowners through increased common expenses.

As the number of new-build condominiums outpace freehold homes, the need for highly skilled managers is at an all-time high. Effective November 1, 2017 all condominium managers will need to apply for a licence under the *Condominium Management Services Act*. While new legislation is being implemented, mandating that all managers receive adequate education and training, the future of the condominium industry is optimistic.

Condominium corporations should ensure that they are hiring a management company with licensed, experienced managers that take cost-

reduction measures to heart. In both 2018 and 2019, we know our cleaning, security and landscaping expenses will be on the rise, so as a homeowner, and especially as a member of a condominium board of directors, you need to be in the know about the ways in which your building can counteract these costs:

- Energy Audits and LED retrofits: engage with a consultant and explore the ways your building can reduce hydro costs and upgrade to more efficient technology when it is available.

- Water sub-metering: in older buildings, water comes included and often leads to frivolous and careless use. Water sub-metering allows for accountability and unit owner responsibility to pay their fair share. If your building does not have plans to sub-meter, be mindful of your consumption – it means more than you think.

- Irrigation smart sensors: rain sensors and smart sensors can help save your building thousands in water costs.



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– Staff management: buildings will need to weigh whether to cut cleaning/security hours, or simply try to utilize their time in a more condensed manner. A good manager will be able to motivate the building staff to accomplish tasks quickly and efficiently in order to save on labour costs.

– Repair versus replacement: A good manager should conduct a cost-benefit analysis with the help of a Reserve Fund study to determine the time to replace a major building component, instead of wasting money patching and repairing.

Be in the know and get involved. Ask

your property management questions and attend your Annual General Meeting. While the government-imposed minimum wage hike is inevitable, you can be influential in the ways in which your building is governed by showing some interest, joining a committee or even running for your board of directors. ■

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