

## Rodney Harvey

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**Subject:** Your August 2025 Real Estate Update



**Helping You Build Wealth Through Real Estate**

905-447-8864

**Rodney Harvey**  
Broker of Record, FRI CLO CRB C-RETS  
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**Our Real Estate Guy**

**Konfidis**  
Brokerage

Hello Valued Client,

Someone once said, "Summer should get a speeding ticket," and that doesn't feel truer than in August. So, I hope you can slow summer down just a little this month and enjoy it before getting back into a busy routine.

When you have a moment to relax, take a peek at this month's e-newsletter, featuring four timely and informative articles designed to help you make smart, strategic decisions about your real estate investments. In this issue, we cover the new Rental Renovation Licence By-law taking effect on July 31, 2025, what you need to know about transferring real estate property during your lifetime, tax implications of commission rebates from real estate agents, and key insights into commercial mortgages. Whether you're managing properties, planning your estate, or looking to optimize your investment returns, there's something here for you.

Wishing you an enjoyable rest of your summer, and as always, for any real estate-related questions or concerns, please don't hesitate to contact me. I'm just a phone call or email away.

Rodney Harvey  
Broker of Record, FRI CLO CRB C-RETS  
CERE MCNE RENE CRES SRS ABR

Konfidis, Brokerage  
47 Front Street East, Unit 200  
Toronto, ON M5E 1B3  
Cell: 905-447-8864  
Office: 1-833-566-3434

## **New Rental Renovation Licence By-law Effective July 31, 2025**

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The new Rental Renovation Licence By-law has come into effect within the City of Toronto as of July 31, 2025. The by-law requires landlords to obtain a licence before starting repairs or renovations that require tenants to move out of their rental units under the Provincial N13 process (under the Residential Tenancies Act).



To obtain a licence, owners and operators (i.e. landlords) must comply with the by-law requirements, including notifying tenants of the licence application, making arrangements for the tenant's temporary alternate accommodation during the renovation period or paying monthly rent-gap compensation if the tenant is returning to the unit, or paying compensation if the tenant chooses not to return.

When renovating a tenanted unit that requires it to be vacant, landlords must hire a qualified professional, licensed under the Ontario Association of Architects or Professional Engineers Ontario, to confirm that vacant possession is necessary. Landlords must then pay a \$700 application fee within seven days of issuing an N13 legal notice to the tenant.

If a qualified professional verifies that the unit must be vacated during renovations, landlords must provide:

Tenants wishing to return with either temporary, comparable housing at similar rents or monthly rent-gap payments.

Tenants choosing not to return with severance compensation equal to three months of rent-gap payments.

Tenants a one-time moving allowance of \$1,500 for a studio or one-bedroom unit or \$2,500 for a two-or-more bedroom unit.

These requirements do not apply to renovations that do not require the unit to be vacant.

For more details and compliance requirements for landlords and tenants, visit the [City of Toronto website](#).

## How to Transfer Real Estate Property During Your Lifetime

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Are you looking to transfer real estate property during your lifetime to your children? Maybe your rental property or a cottage? First of all, yes it's possible, but take the time to evaluate all the possible scenarios. There are many solutions available and they all come with their share of pros, cons, and major tax implications. Here's an overview of your options.



### **Should you transfer your property during your lifetime or after your death?**

There are some advantages to transferring your real estate property during your lifetime to your loved ones, like to your children, for example. By going this route, you can rest knowing that you've helped a family member during your lifetime and experience the wonderful feelings that come with doing that.

But there are some drawbacks. For example, if the money you would have made from selling your real estate property was part of your retirement strategy, you'll have to review your plan. That's another reason why you should weigh the pros and cons to make sure you're in a good position to transfer your real estate property. Here are a few different scenarios. [Click hear](#) to read the balance of the article

# Real Estate Agents Commission Rebates Can Be Taxable to Clients

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There are nearly 40,000 real estate agents in Toronto; that is one agent for every 140 Torontonians! The competition among realtors is fierce. In order to stand out from their competitors and attract potential buyers, some agents offer so-called commission rebates (a.k.a. “kickbacks”).



This is how it works: an agent tells potential buyers that if they hire her, she will redirect a portion (ex. 20%) of her commission to be paid to the buyers. If the buyers purchase a house for \$1 million, the agent receives \$25,000 + HST commission from the vendors, and then pays 20%, or \$5,000, to her clients. To sweeten the deal even further, some agents advise clients that the rebates are always non-taxable.

Here is the problem. Such advice is only correct if your buyers purchase the property for personal use. If they purchase an investment or a “flip” property, there are tax consequences.

## **Rebate is not taxable for personal use buyers**

Under the Income Tax Act (Canada), only “income from a source” such as business, property or employment, is taxable. Windfalls, gifts or lottery winnings are generally not taxable because they don’t originate from “a source” as specified in the Act.

As you’re buying your family home or a cottage, you’re not engaged in earning income from business or property. Therefore, the rebate you receive is not what we tax lawyers call “income from a source.” Just like that gift basket you received from your agent on closing, it’s not taxable. [Click here](#) for the balance of the article

## **The Commercial Mortgage**

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Article Introduction If you are reading this, you may be considering acquiring a commercial property, for example, a commercial or industrial condo, an office building, a manufacturing/warehouse facility, apartment building, shopping centre, strip mall etc., and this generally involves the negotiation of a commercial mortgage.



While most of you may have had experience with residential mortgages, commercial mortgages come with their own set of rules and headaches. This paper explores a few of the considerations inherent in the procurement of commercial mortgage financing.

### **Case-by-case basis**

The principal challenge in securing a commercial mortgage is meeting the requirements of the commercial lender at a given point in time. Commercial mortgage applications are typically more involved than residential ones and are open to considerable subjective analysis on the part of lenders. This is because the assessed value of the underlying security – the real estate – is given mainly by market forces occurring where the property is situated. Hence, location, timing of the current economic cycle, use, rental income and expenses or owner occupancy are key factors considered by lending institutions before advancing a loan.

### **Loan-to-value ratio**

As you can guess, commercial investment properties are viewed conservatively by lenders and require significantly more equity than may be required in the residential scenario.

Loan-to-value (LTV) is the percentage calculation of the loan amount divided by the purchase price. If you know the LTV requirements of a particular lender, you can calculate the loan amount by multiplying the purchase price by the LTV percentage. Note, however, that the purchase price must be buttressed by an independent property appraisal. If the appraisal amount shows a value less than the purchase price, lenders will typically use the lower number determining the loan value. [Click here](#) for the balance of the article

## Notable, Quotable, Quotes!



“People wait all week for Friday, all year for summer, all life for happiness.”

**Abhysheq Shukla**

“Fill up your own cup and let them fall in love with the overflow.”

**Harry Styles**

“You may not control all the events that happen to you, but you can decide not to be reduced by them.”

**Maya Angelou**

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Konfidis, Brokerage, 47 Front Street East, Unit 200, Toronto, Ontario M5E 1B3  
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