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**Bob Aaron**  
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## Murder, mayhem and ghosts

### History of house and owners can affect its value

It's Halloween season again, and the tiny witches and goblins in their Day-Glo costumes won't be the only ones thinking of haunted houses on Wednesday night.

A group of real estate agents will be taking the issue of haunted houses very seriously as they study stigmatized real estate on the afternoon of All Hallows Eve.

That's the time scheduled by the Toronto Real Estate Board to host a seminar called "Selling The Haunted House: The Impact of Stigma on Real Estate." It should be a sell-out.

Why are haunted houses such a big deal? As agents and buyers become increasingly sophisticated and real estate-savvy, the issue of stigmatized real estate is becoming one with huge financial implications.

Several years ago, a Toronto real estate investor bought a property at what he knew was well below market price for similar homes. He was thrilled with the purchase until he discovered the house was the scene of a very messy, public suicide.

The house, in an ethnic neighbourhood of central Toronto, had been on the market for a long time and did not sell because of the stigma attached to it. Everyone in the community knew about the stigma everyone except the investor who bought it.

Ultimately, the investor completely renovated the house and resold it to someone from outside the community someone who didn't care about its history.

The investor was Barry Lebow. The experience with the suicide house left a lasting impression on him, one he will share with real estate agents at Wednesday's seminar.

Lebow is a real estate professional who acts as a consultant, broker, teacher, arbitrator and appraiser.

He has testified as a real estate expert in almost 500 trials, and is also something of a maven on Toronto's haunted houses. He is always happy to share his ghostly knowledge with others in the real estate field.

Does Toronto really have haunted houses? For the answer, I turned to John Robert Colombo's book, *Haunted Toronto* (1996, Hounslow Press, \$18.99). Colombo lists many public buildings that are reported to have ghosts, but he also reveals stories of ghosts, apparitions, spectres, poltergeists and unexplained happenings at many private homes, including 21 Roxborough St. W., 35 Bishop St., 121 Walmer Rd., 131 Hazelton Ave., 10 Sherbourne St. N. and 295 Shuter St.

Still more hauntings are reported at 1666 Queen St. E., unit 12, 557 Pape Ave., 3 Glamorgan Ave., unit 704, 10 Euclid Ave., 184 Prince Edward Dr. S. and 139 Inglewood Dr. The book makes for scary reading.

Others are reported on the Web site of The Toronto Ghosts and Hauntings Research Society, at <http://www.torontoghosts.org>.

Ghosts may not necessarily be bad for real estate values. Tourists, for example, flock to stay overnight at so-called haunted British castles and guest houses but only for a night or two.

Haunted houses are only one part of what Lebow calls stigmatized real estate, also known as psychologically impacted, tainted or karmic-based phenomena. These are all code words for the perception that the value of a property has been reduced by non-physical, non-scientific or even irrational perceptions by the buyer.

Real estate can be stigmatized by murders, suicides, proximity to cemeteries and even a previous resident who had AIDS.

Another type of house where the impact is psychological and cannot be proven is one that has been insulated with urea formaldehyde foam insulation. ([See Insulation foam doesn't deserve to be banned](#))

Earlier this year, a client came into my office with an agreement of purchase and sale for a condominium in downtown Toronto. As required by the listing, her agent had written in a clause that read, "Purchaser acknowledges that the former owner died in the condominium unit."

When the offer was signed back, the word "died" was struck out and replaced by "was murdered." I asked my client if she was concerned about the unit's history, and she replied "not at all." I imagine not everyone would feel the same way.

Last year, I received an e-mail from a real estate agent who was taking a listing on a house and wanted to know if he had to disclose that the former owner had hanged himself in it.

When I asked Lebow that question, he replied, "Yes, 101 per cent."

The Toronto Real Estate Board Code of Ethics states the real estate agent has an obligation to disclose any fact that could affect a person's decision to buy a property, the price that ought to be paid, and the ability to sell the property at a future time. This obviously covers any stigma attached to the property within the agent's knowledge.

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**Does an agent have to disclose that the former owner had hanged himself? 'Yes, 101 per cent.'**

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Sometimes the stigma attached to a house can be so notorious that no one would want to live in it and the house ultimately gets torn down.

Falling into this category are the O.J. Simpson house in California, the Bernardo house in St. Catharines and the Mississauga house where Christine Demeter was murdered (that one burned down, allegedly as a result of arson).

In the United States, landowners have been able to win damages under environmental legislation for the stigma to their property from a contaminated neighbouring property, even though a full cleanup had taken place. In 1993, the New York Court of Appeals opened a Pandora's box of litigation when it recognized that a fear of electromagnetic impulses from power lines could lead to damages.

When the value of property is affected by psychological factors arising from superstition, prejudice and irrationality, does it make sense to require the real estate agent to disclose the stigma?

Some American states in the 1990s enacted caveat emptor (buyer beware) laws, which in effect state that a real estate agent cannot be sued for failing to disclose the stigma of a property.

Is Ontario ready for such a law?

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