

## **Exploring Possible Changes to the *Strata Property Act* Survey Summary**

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To help government continue to explore possible improvements to the *Strata Property Act*, earlier this year in January CHOA conducted an online survey to enhance our discussions and to be able to provide direct input from the strata industry. Thank you to everyone who took time to complete this survey and for sending in additional comments and areas of the legislation they would like to see improved.

We received more than 1600 responses from across the province with over 91.9% of respondents being strata owners and strata council members. Respondents represented strata corporations of all sizes and development ages which provides a valuable cross-section for how the areas of the legislation impact each category of users.

The survey highlighted the five topics currently being reviewed by government.

### **Electronic Meetings**

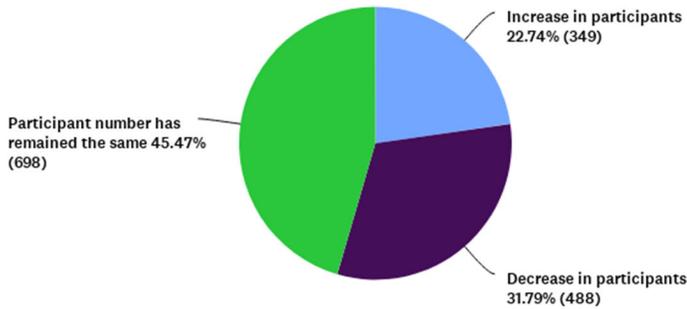
The first topic, electronic meetings, is a direct result of the impact of COVID-19. Strata corporations have faced many challenges over the course of the pandemic; however, the most significant challenge has been an inability to hold in-person annual and special general meetings. Government responded to the need to conduct electronic online meetings by issuing an order

under the *Emergency Program Act*, allowing all strata corporations in British Columbia to conduct remote meetings during the COVID-19 state of emergency. The order applied to all strata corporations whether or not they currently had a bylaw that permitted remote meetings. In addition, a regulation under the *COVID-19 Related Measures Act* confirmed that strata corporations may continue to conduct remote meetings until December 31, 2022, unless the *COVID-19 Related Measures Act* is repealed before then.

The *Strata Property Act* was not amended at this time to allow for electronic voting. Therefore, if strata corporations wish to continue to conduct electronic meetings after December 31, 2022, they are required to pass a bylaw to permit electronic meetings. Over 69% of respondents would like the legislation to be amended to allow strata corporations to hold electronic annual or special general meetings without the need for a specific bylaw.

Interestingly, the impact of electronic meetings appears to be somewhat neutral. 51.24% believe electronic meetings improve their ability to impact the direction of their strata corporation while 48.76% believe the opposite. As well, respondents indicated electronic meetings have had little impact on the number of participants at their general meetings.

Q8 With the demand for electronic meetings, has your strata corporation seen an increase or decrease in the number of participants at your general meetings?

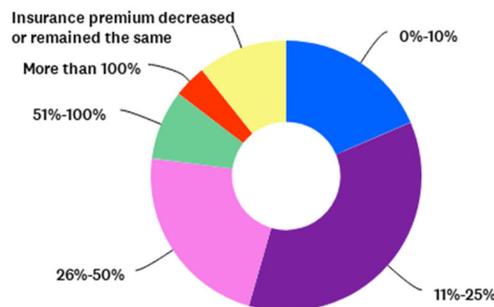


One element of electronic meetings that has proven complicated is the ability to conduct an electronic secret ballot. The survey asked respondents, if the legislation was amended to allow for electronic meetings, should the *Strata Property Act* Schedule of Standard Bylaws be amended to remove the ability for an owner to require a secret ballot when a meeting is held electronically. 45.67% of respondents agreed the ability to require a secret ballot should be removed while 54.33% wanted to retain the ability to hold a secret ballot.

**Insurance**

The second topic covered in the survey remains a hot topic for strata corporations across the province. World-wide disasters continue to place a high level of pressure on insurance products, their availability and the terms and conditions. In the past year 73% of respondents indicated their insurance deductibles for water damage increased. As well, 57.43% reported an increase in their strata corporation premiums.

Q13 How much did your strata corporation insurance premium go up?



Not surprisingly, 83.48 % of respondents also advised that their home-owner insurance premiums went up and 48.98% reported an

increase in their home-owner insurance deductibles. Curiously, 62.55% responded that their strata corporation had not filed an insurance

claim in the past year. Respondents were asked several questions surrounding insurance, including if their strata corporation had a direct relationship with their broker (only 33% yes), if their broker attended their annual general meetings to address insurance questions (94% advised no) and if they were aware of any exclusion or clauses within their policy that may limit the amount paid in the event of a claim (59% responded no).

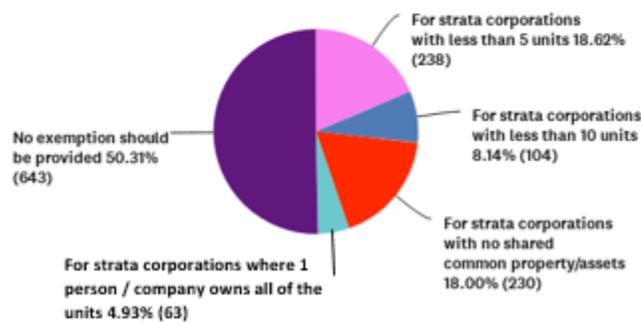
We were happy to see that 81% of respondents understood their exposure for an insurance deductible in the event they were found responsible for causing a claim under the strata corporation’s insurance policy. The survey also confirmed that the majority of respondents, over 62%, do not want the insurance deductible amount, that an owner or tenant may be responsible to pay, to be limited or capped to a maximum dollar amount or percentage of the total deductible (leaving all other owners in the strata to be responsible to make up the shortfall). As well, over 72.69% felt the legislation should be amended to define what constitutes a “basic strata lot” for the purpose of insurance. Respondents supported the idea that a definition be created to establish a minimum “as built” base line of liability per

strata lot that a strata corporation would be required to obtain and maintain insurance. Luxury and bonus finishings would then be an owner responsibility.

**Depreciation Reports**

The next topic addressed by the survey was depreciation reports. The anticipated evolution of depreciation reports has led to many discussions over what happens next. Therefore, respondents were asked several questions surrounding depreciation reports and the type of legislative changes they would support. The survey confirmed that 70% of respondents agree that obtaining a depreciation report should be mandatory for all strata corporations. In contrast, when asked if an exemption should be provided some respondents changed their minds. 18.62 % of respondents thought exemptions should continue to be provided for strata corporations with less than 5 strata lots. As well, 8.14% thought exemptions should be extended to strata corporations with less than 10 strata lots while 18% thought that strata corporations with no shared common property or assets should be exempt.

Q25 Should the legislation provide an exemption to obtain a depreciation report?



The survey also asked respondents if the legislation was amended to mandate depreciation reports should the change be phased in over a period of 2 or 3 years or take effect immediately. 54.14% of respondents would like to see a 3-year phase in while 26.46% of respondents would like the change to take effect immediately. Respondents were also asked to consider how often a strata corporation should be required to obtain a new depreciation report. More than 60% supported obtaining a new report every 5 years, 28.19 were satisfied with the current 3 year renewal and 11.41% thought a new report should be obtained following a major event or project in the strata corporations, such as a roof replacement.

Over 88% of respondents would like to see a mandatory adjustment to the reports for inflation or material changes in building codes, energy codes or material/labour supply if the period to obtain a new depreciation report is 5 years or longer. As well, there was an overwhelming response (94.17%) to amend the Strata Property Regulation to mandate the person or firm preparing the report to provide proof of adequate errors and omission insurance. Errors and omission insurance is not a current requirement to be carried by a person completing a depreciation report. Similarly, 94.13% of respondents would like the regulation to clearly establish specific competencies for the author of a depreciation report as opposed to the current broad definition of who is qualified to prepare a report.

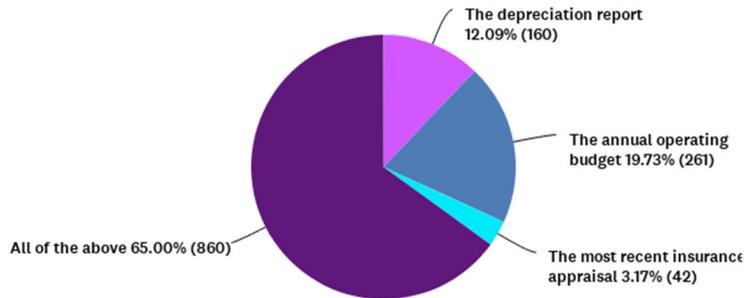
In the interest of making owners aware of their ongoing future liabilities, 94.09% of respondents agreed it would be beneficial to require strata corporations to include a standardized summary report as part of the annual general meeting.

### **Contingency Reserve Funds**

The fourth issue covered by the survey was strata financial matters. The survey explored possible solutions for saving for future repairs by asking respondents to consider the type of amendments they would support respecting contingency reserve fund (CRF) contributions. Currently, the Strata Property Regulation establishes the minimum annual contribution that must be made to the CRF as 10% of the annual budget if the balance in the CRF is below 25% of the value of the annual operating budget.

Interestingly, only 41% responded that their current minimum annual CRF contribution was sufficient to meet the strata's repair, maintain and replacement needs. 67.33% agreed the minimum annual CRF contribution amount should be increased. However, if the legislation is amended to increase the contribution amount (based on the annual operating budget) respondents were almost evenly split on what percentage they would support. 35.29% of respondents would support a 10% increase, 33.88% would support a 15% increase and 30.82% would support a 20% increase. If the legislation is amended to provide for an increase in the minimum amount required to be contributed to the CRF, nearly half of the respondents (49.27%) would support the change if phased in over 2 years, while 33.41% supported a 3-year phase in and 17.32% supported a 5-year phase-in. As indicated in the chart below, the survey confirmed 65% of respondents believe the minimum annual CRF contribution amount should be based on the depreciation report, annual operating budget, and most recent insurance appraisal.

Q36 What should the minimum annual CRF contribution amount be based on?

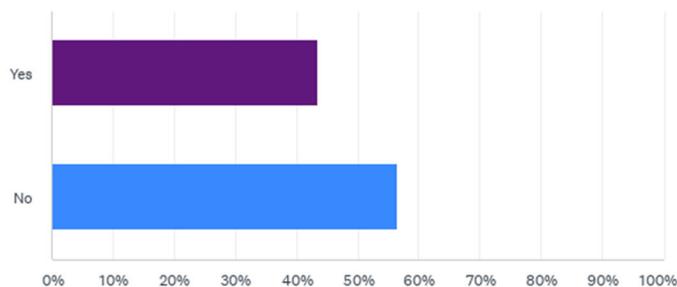


**Administrative Fees**

The final section of the survey sought input from respondents on the fees charged when requesting an Information Certificate (Form B) or a Certificate of Payment (Form F) from the strata corporation. Currently, the maximum fee a strata corporation may charge for providing a Form B is \$35 plus the cost of reproducing the required attachments of up to 25 cents per page. The maximum fee that a strata corporation may charge for a Form F is \$15. These rates apply when the request is made with more than 7-day notice. Surprisingly, only 43.56%

of respondents supported an increase to the minimum fee to be charged for each certificate. The majority 56.44% did not believe the fee amounts should be increased and therefore, not surprisingly led to a stronger support for raising the fee to the minimum amounts presented in the survey. For example, an overwhelming 85.76% felt a \$100 was an adequate amount to be charged if the legislation was amended to increase the maximum fee for a Form B. Similarly, 79.47% supported a fee increase to \$50 for a Form F.

Q37 Should the minimum fee for each certificate be increased?



The legislation does not establish a maximum amount that a strata corporation may charge for rush fees when forms are requested with less than the minimum 7 days required. The survey clarified that 78.59% of respondents would support a legislative amendment to establish a maximum

amount that a strata corporation may charge for rush fees. As well, 78.75% of respondents would support a rush fee of \$250 while 11.64% would support \$500 and 2.2% would support \$750. Interestingly, 7.41% of respondents believe there

should be no limit on how much a strata corporation may charge for rush fees.

We greatly appreciated all the input and participation in this survey. The input we received is invaluable and will help enrich our discussions with government as we continue to liaise, explore and debate possible changes to the *Strata Property Act*. At this time, we have shared the results of the survey with the Housing Policy Branch, Ministry of

Municipal Affairs and Housing and the Financial and Corporate Sector Branch, Ministry of Finance. We will also be sharing the numerous emails and letters received by our offices with the additional comments or concerns from strata owners. As information becomes available, we will provide the strata industry with updates through CHOA's eUpdate email. To sign up for our eUpdate please visit our website at [www.choa.bc.ca/eupdate](http://www.choa.bc.ca/eupdate).