
Condo Smarts

Headline: Depreciation Report Amendments

Topic: Depreciation Reports

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Dear Tony: As a follow up to last week's column on Depreciation Reports, our management team attended an information session and we were informed strata corporations can continue to exempt from depreciation reports until July 1 2026, but at that time we are required within 18 months to have a report completed, so this extends our time period to the end of 2028 to comply with the Act. Is this correct?

RVS, Richmond

Dear RVS: That is not correct. There are 2 zones with 2 separate dates for the completion of depreciation reports. If you are in Metro Vancouver, the Fraser Valley or Capital Regional District of Victoria, you must have a report complete by July 1, 2026. For the rest of the province, and on islands only accessible by boat or air, the deadline is July 1, 2027.

If a strata corporation had a report completed since December 31, 2020, then the 5 year cycle applies to that report. For example you had a report recently renewed or complete in the fall of 2023, then your next renewal will be the 5 year period to the fall of 2028. Of note, bare land and townhouse strata corporations of 5 units or more are not exempt from this requirement. While the cost may seem excessive for a small community, the significant rise in complaints from deferred infrastructure repairs warrants the need for inspections and reporting.

Buyers, lenders and insurers are entitled to the knowledge of maintenance history to evaluate

potential risks associated with the common areas and strata lots. In ground systems such as sanitary, electrical lines and water within a bare land strata and town house community are a common asset and common property, and pose a significant cost to each community.

An in ground failure that requires excavation, repair and restoration is currently averaging \$16,000 a linear meter and often higher depending on the nature of the failures, ground conditions and access. When a sanitary or water line fails, the zones can be 5-15 meters to complete the repairs and restoration. It's a shock to most small communities when they are faced with an emergency bill for \$80-200,000 dollars. There are a few strata corporations with in ground services managed by their district or municipality as they pass through to other communities. Review your registered strata plan to determine if these services are part of your common expenses.