
Condo Smarts

Headline: Converting our strata

Topic: Converting a strata

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Dear Tony: Our strata corporation is an usual design of 28 detached homes and was created as a townhouse complex. Our building exteriors are yards that are all common property which requires the strata corporation to repair and maintain as a common expense and our insurance is also a common expense. We have been discussing the possibility of converting to a bare land strata so each owner would be responsible for their own homes including insurance. We have been reading the Act but cannot find anything about conversions. Would this not be a simple amendment to the strata plan the owners can vote on?

Marguerite S. Cranbrook

Dear Marguerite: Your strata corporation design is common across BC. There are many detached strata corporations that are not bare land strata plans and this was for a variety of reasons. The most common is the density, zoning and setbacks approved by the local approving officer or municipality when the project was submitted.

If your strata corporation is interested in converting your strata plan to a bare land, you will need a lawyer who is familiar with the *Strata Property Act* and development of a strata corporation. The property and titles cannot be simply converted to a bare land. Before you start this process, your lawyer will submit a request and proposal to the local approving officer to determine if this option will even be considered. Without the approval of the regional district or local municipality there is no point in moving forward.

If they consider the possible "conversion" the next step will be for the lawyer to strategize the steps, meetings and votes of the owners required in winding up the current strata corporation and the creation of a new strata corporation. This will require the approval of the

Superintendent of Real Estate and the Registrar of Land Titles. Notice will also have to be issued to all interest holders on each title such as mortgage providers, as the changes will affect individual mortgages, appraisals and assessed values. If the owners can manage to successfully navigate through the different approval levels, address the creation of a new strata corporation as a bare land strata and vote on all of the resolutions necessary to wind up the corporation and create the new strata plan, you may have a fighting chance of reaching your goal as a conversion.

Anticipate the costs to be substantial as the individual titles of each strata lot will be reissued, there will be several special general meetings to address approvals of the owners and the legal fees to manage the process will be substantial. To be successful, if all the parties and the owners agree, I would recommend you budget at least \$7-10,000 per unit and it will most likely take a 1-3 year window. If you start the process, obtain a written assessment from your lawyer on the anticipated costs to consider the conversion in the worst case scenario.

I have yet to see a strata corporation successfully manage a conversion from a building type townhouse strata to a bare land with the current owners maintaining occupancy as the time periods and costs are significant. Remember this type of change will not only affect the owners, but it will affect how your properties are valued, how utilities and services are provided, any easements, financing requirements, tax assessments, and insurance liabilities.

Because of the dynamic changes in insurance costs and liability of deductibles, we have had many inquiries regarding converting the building type town house developments to bare land strata corporations. The change may not yield any better collective costs of

insurance and your strata corporation may find they have expended significant funds on the process without any success. Use your funds wisely. Work with your insurance brokers to determine the best method of addressing your risks, and the steps your community can take in managing your property to reduce cost.