

Condo Smarts

Headline: Depreciation Impact on Bare Land Strata Corporations
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Dear Condo Smarts: We have been following your columns on the depreciation requirements with keen interest. We are moving to BC from the Maritimes and have been in BC for 2 months shopping. We are a bit confused about the impact of new regulations on buyers, especially on how the new regulations apply to bare land strata corporations. We understand that in a bare land strata, the strata lot boundary is the surveyed land boundaries and not the buildings, as they are not shown on the strata plan, other than common buildings. So if the bare land does not include buildings, what is left for the responsibility of the strata corporation? Two of the five properties that we have viewed, decided not to conduct depreciation reports, and considering the age of the developments we have a sneaky suspicion they are trying to hide something. I guess doing the report is going to "out" all of these buildings that have growing costs that they don't want buyers to know about. In addition to the bare land impact, how can we verify whether a depreciation report is credible or not? One of the properties gave us a depreciation report that was printed on two pages, with no actual future costs and the other two properties are in the process of having their reports completed. *Denise Owen, Dartmouth NS*

government doesn't send someone out to fix it. In both bare land and townhouse communities, the infrastructure of sewer, water, roads, landscaping, street lights, entry gates, surface drainage, storm sewers, and any other common property or amenities are all part of a depreciation report. The costs can also be just as significant when you consider the urgency of repairs that you may not be able to necessarily anticipate or plan for. It is not uncommon for ground service costs of sewer or water to cost \$8,000 per linear meter of construction. One of our members in the interior recently replaced 50 meters of water and sewer lines, in a 38 year old development. Total cost was just over \$380,000, once the repairs and restoration to roadways and landscaping were complete. While they did not know what the life expectancy would be, they had anticipated some renewals and had saved \$500,000 in their reserves. This is the overwhelming value of the planning both for funding and renewals. Depreciation reports will soon be a mandatory demand from buyers, and buyers will walk away from properties with no reports, zero funding, or a lack of planning for the future.

Dear Denise: There are a number of conditions that buyers and owners of bare land strata corporations need to remember. Unless where a section is specifically exempted, *the Strata Property Act, Regulations and Schedule of Standard Bylaws* apply to all bare land strata corporations. While the strata corporation may not be responsible to maintain, repair or insure the buildings that are not shown on the strata plan, the strata corporation is still responsible for all the common property and common assets that remain, and parts of the strata lots that have been included in the bylaws. Even in a small bare land strata corporation there is often significant infrastructure which will be the responsibility of the corporation. Buyers are often told that living in a bare land is just like any neighbourhood of detached homes. Not true. You are still part of a strata corporation, the bylaws and legislation still apply, and when the water line or sewer fails within the strata roadways, your local

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