

Condo Smarts

Headline: How do we get the best price for our strata?

Topic: Winding up a Strata Corporation, Buying & Selling

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Dear Tony: Our strata corporation is considering calling for an 80% vote to sell our property. The council brought a proposal from a developer to the owners 4 months ago with a recommendation that we consider selling. The reasons were: the offer would give us each 40% above our current assessed values and we would avoid a special levy of \$15,000 a unit for repairs coming up in 2019. We have two issues that owners require more information before we consider the options. Since the offer, our assessments have been published in January that have increased our values by 20%, so suddenly the 40% offer above value has been cut in half. Is the strata allowed to renegotiate the deal with the developer? Is there a good reason why our strata is only negotiating with one buyer?

Dan L

Dear Dan: Since the change in the *Strata Property Act* in 2016, the vote to wind up a strata corporation was reduced from a unanimous vote (100% of the owners) to an 80% vote (80% of the votes on the schedule of voting rights). The reduction in the voting threshold has made it marginally easier for strata corporations to consider an offer and the increase in demand for property to develop new projects has significantly increased the pressure on strata corporations to consider selling their strata. What consumers want is the best price, for the least complicated terms, in the shortest period possible. To ensure your strata attracts the highest price, it is in your best interest to retain an experienced commercial broker who can establish the best profile for your property and then go to the world market and bring offers to your strata. Once your strata has the authority to market the property, which is normally a vote of the owners at a general meeting instructing council to retain a commercial broker and proceed with marketing, it takes up to 90 days before the offers can be considered by council. Once

your council have short listed a number of offers, like any conventional transaction, they have the ability to counter back and negotiate the price and the terms and conditions of the offer. At this point, the council will call a meeting of the owners to provide the information, and get instruction from the owners on what to do next. The owners may reject all the offers in which case the sale option may end, or they may instruct the council to direct their lawyer to set up the special general meeting for the owners to pass an 80% vote to wind up the strata, and the resolutions for the sale, the Supreme Court application to approve the sale, the appointment of a liquidator to receive the funds, wind up the strata corporation and distribute the funds to the owners. The time period for the process is significant. As a result there may be inflationary pressure on property values and what seemed like a good deal, may be suddenly marginal. If the proposed deal fails, nothing prevents the strata from renegotiating a new deal for the owners to consider. There are many variables that affect value. Location, current zoning, future zoning, community plans, demand, market conditions, and negotiations will impact every potential deal. Until the strata goes to market for an open bidding process you have no way of knowing what your development potential may be. There is no way to verify maximum value in negotiating with only one investor. To get the best price and terms, consider using a commercial broker to conduct a broad marketing process and experienced legal services to act as your negotiator for the terms and conditions.