

Condo Smarts

Headline: Do we have to continue paying strata fees?

Topic: Annual General Meeting, Coronavirus (COVID-19)

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Dear Tony: Our strata council has been contacted by several owners asking if the strata corporation can defer strata fees until people can get back to work. We are not sure what options we have. Is this something the council has the authority to consider? Could we declare an emergency and transfer money from our contingency fund to cover several months of strata fees? What happens if the strata corporation runs out of money and cannot pay for our expenses? With the increase in our insurance costs and higher deductible costs, we don't want to tap into our reserve funds unless absolutely necessary.

Karen Lynch, Vancouver

Dear Karen: Under the current crisis there are no provisions in the legislation, or contingencies within budgets, for a strata corporation to defer strata fees. How you collect those fees if an owner is in financial difficulty is a decision of the strata council and determined in your bylaws. Have your council work closely with your manager and treasurer to review monthly receivables and then decide on collection procedures if necessary. Your council is not obliged to impose fines or interest, or file liens or take further actions for collections; however, it is important to pay attention to balances owing and treat everyone the same, and be mindful of the obligations to eventually collect the funds and protect the interest of the corporation.

It will be essential to monitor the period of our shut downs and when residents may be returning to work. In conjunction with mortgage and loan payment deferrals and funding provided by government, owners will hopefully still be in a position to manage their strata fees.

Before you consider options for reducing budgets for the next fiscal year or using reserve funds, it is vital that you look at your essential obligations and services for your strata corporation. During the spring many strata corporations convene their Annual General Meetings and while it is tempting to reduce your expenses, many strata corporations are already at their minimal levels of funding to simply maintain crucial services. If your strata corporation reduces its operating costs the effects will result in deferred maintenance and services that may end with compounded damages, building failures and likely disputes that will cost exponentially more to remedy. These are text book results in strata corporations who fail to maintain their properties with low strata fees.

Look at a single high-rise or low-rise building with no shared commercial spaces. The administration and management of your service contracts, increased janitorial protocols, increased demands on concierge or maintenance staff, utility costs, insurance costs, and building security, are all essential costs and services for the protection of your property and your owners. Who will ensure the elevators are serviced and can someone respond to an after-hours call when residents are trapped or there is a shut down? Who will manage the maintenance and emergency response for the hot water boilers and circulation systems? What if there is a flood or fire in the building?

In addition to the management of a potential insurance claim who will respond to the calls, emergency abatement and management of the repairs? How are plumbing and drainage systems being maintained and flushed to prevent backups within units? How is the waste management and collection being administered?

With so many residents isolated and using home delivery, the increase in waste and cardboard recycling has doubled in many buildings. Even though on-site meetings may be reduced, the network of service providers and emergency responders coordinated by your strata manager or resident manager are critical services and likely even busier and in higher demand with reduced staffing.

The CHOA offices have seen a doubling of calls and emails for assistance with meetings and operations during this period, and with residents isolated there will be increased demand for hot water, gas fire place use and janitorial services. These are stressful tough times for everyone. Strata fees are necessary for operations to continue, and suppliers and contractors are still working to provide essential services. For more guides and resources on managing your strata corporation during the COVID-19 crisis go to ww.choa.bc.ca.