Condominium Home Owners' Association
Serving BC's Strata Property Owners since 1976
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Condo Smarts
Headline: Costly misunderstanding
Topic: Buying_Phased developments
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Written by: Tony Gioventu

This is the first of a six-part series on buying a condo

Dear Condo Smarts: We purchased a townhouse in the Langley/Aldergrove area before Christmas in a phased development. We seriously misunderstood what we were getting, and what our costs were going to be. The strata as it turns out is almost 15 years old. We never considered we were part of the older section, so under new warranties we thought we were safe.

In March, we received an engineering report that shows the first 50 units built in the 90s are leaky condos — and we have to pay for the special assessments of the leaky townhomes as well. Our inspectors didn't investigate the older units, and no one advised us of the risks. Yes, we'll qualify for a no-interest loan, but considering the payments we may have to sell and take our losses. Please let consumers know the risks in a phased strata.

-- *Carol and Kevin*

Dear Carol & Kevin: It is most important to understand what phasing is, and it is important for buyers to read their disclosure statements and get their questions answered before they close the deal.

A phased development is a strata plan that is built, developed and sold in groups over a period of time set out by the developer as part of its master plan.

It can be a few homes — 10 units divided into two phases building and selling five at a time — or more than 500 homes of over 10 phases.

Each phase sets out the proposed number of units to be built and when they are projected to be built and completed.

Once each phase is ready for sale, the developer files the strata plan for that phase, which in turn creates the titles for each of the units. Once the phase is registered and the strata plan is filed, it becomes a functioning part of the strata corporation. Strata fees are due on each lot, and each lot exercises their voting rights.

(Bylaws regarding pets, rentals or age restrictions can only be amended once the final phase has been conveyed to the strata through its AGM, or if the developer grants permission in writing to adopt such bylaws and the strata votes in favour by 3/4 vote. In a strata with many phases being built over years, it could be a long time before restrictive bylaws could be imposed.) When purchasing in a phased development, ask how many are still to be built and when will they be finished. You may be in a development that will be under construction for a long time, or at the end of a phase with an already well-developed community.

Once the final phase is complete, all of the units of all the phases are one strata and share all the common expenses, liabilities and use of facilities. In the first phase of a 250-unit development created in 1989, where the last phase was complete in 2007, the owners of the phase of 2007 share the common costs of the development, including the new roofs being installed on the first phase from 1989. Review the history of the strata, minutes and financials to ensure it is well maintained and serviced and there are no scary surprises, or you may pay for years of use, neglect and dispute.