

Condo Smarts

Headline: Major Repair Conflicts
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Dear Condo Smarts: Our strata corporation is facing a unique situation dating back to early 2008 regarding some major repairs. We're a 24-year old apartment building with exposed balconies and since 2009 have known we needed to replace the membranes and the drainage systems. Back in 2008, when real estate sales and prices were going mad, about 35% of our owners sold their units. Most of those buyers were minimal down payments and that has now come back to haunt us. The building is older, values have declined a bit, and the owners with high mortgages cannot get additional credit to pay their share of the repairs. It's going to be about \$18,000 a unit. Many owners have come to us admitting they know the repairs have to be done, but if they vote in favour of the repairs they are basically sentencing their own bankruptcies, so they have no choice but to vote against. We tried a strata corporation loan but that was turned down, so we're told our only option is based on the engineering reports and safety concerns, turn the matter over to the courts. There are hundreds of strata communities in the same situation as we are, surely there must be some other solutions? Evan Irvine, Surrey

Dear Evan: You are absolutely correct about the high credit risks that are being maintained by many home owners. Zero down or 5% was an enticing lure for many people looking at the alternative to renting. Unless they were planning for the immediate future costs of maintenance or the rising costs of maintenance fees in the early years of a new development, they are likely in a tough situation. No one wants to see an owner lose their home or investment, and many strata corporations have struggled over delay or deferring repairs to avoid an inevitable catastrophic crisis, but there is one truth about buildings that we cannot ignore. As buildings age they need more money for more maintenance and

renewals, and if they are not attended to before damage or deterioration takes hold, the costs accelerate at a terrifying pace. If the owners won't vote for the full repairs you are down to two choices. Either the courts become involved at the action of an owner or council, or you find a solution that the owners can support. On application, the courts may order the repairs detailed by the engineering report, or an administrator may be appointed to ensure the strata corporation fulfills its statutory obligations. All at a significant cost. The other option is a committed phased repair. While it may be more costly, is it possible to break this down into ten balconies a year over the next three years? While not all construction can be feasibly staged, it reduces the impact of the levy each year and perhaps makes it an affordable solution for the owners. There may be additional costs for construction staging and administration and there may be failures that could add to the costs, but if that enables the strata corporation to move forward and take control of their maintenance and renewals you can spend your funds on repairs and not disputes. One pitfall is the owners who won't get a new balcony this year, and may oppose the plan. So get some legal advice on a resolution that commits the strata corporation to all the repairs and staged levies over the next three years. If there are significant changes in construction costs, the strata can raise an additional levy at a future meeting. Make sure you have a very clearly defined scope of work and that there is independent supervision by a certified professional. The last thing you would want is someone bleeding the project without a clearly defined contract, negotiated fees, a set construction schedule, clearly published specifications or independent review. The Strata Property Act says you **MUST** maintain and repair, not may. Hopefully your strata can get on with it.

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