

**Condo Smarts**

Headline: Bare Land Common Expenses

Topic: Bare-land Strata

Publication date: January 26, 2014

Publication: The Province

Written by: Tony Gioventu

---

**Dear Tony:** Your recent article on how bare land strata corporations operate was very helpful. Our strata is a 38 unit bare land in the Okanagan constructed in 2003. We have a common roadway, 12 street lights and an entry gate house where mail boxes are located. The issue of common expenses has never been a problem to our community until last November. Our owner in strata lot one was having major upgrades done to her unit, and in the process relocating her electrical panel had to shut down service for a day. When her shut down happened we also lost the power at our entry gate and our street lights. The developer had the power for the street lights and the entry taken from the unit of strata lot one. It also means that the owner of strata lot one has been paying for the street lights and entry gate house since she occupied her unit in 2003. Obviously we have some local building code/inspection issues to deal with but how do we resolve the problem we are now facing with the common electrical being paid by the owner of strata lot one?

*Don McKay*

**Dear Don:** You are not the first strata corporation to raise issues on how common utilities are being allocated and how they are compensated. It would be fairly simple to calculate the rate of usage for the street lights and the gate house, and for the strata corporation to negotiate a re-imbursement to the owner of strata lot one for the past periods of use. BC Hydro can provide you with the rates in the periods, and an electrical engineer should be consulted to ensure that the installation of the electrical service meets building code requirements, and perhaps to have a separate meter installed for the common expenses. If the electrical service can be installed at the gate house, that may be the best option for the strata corporation. In addition to isolating the cost of the electrical service, the strata corporation would also have direct access to the electrical panel for maintenance and servicing. It seems incredible that your strata has gone for ten years without identifying the problem, but most problems or

issues of this nature tend to pop up when a strata corporation and its owners start conducting major repairs and upgrades, usually in the 10-15 year window. In bare land strata corporations and town house developments, look for common utility invoices. If you have common area street lights, a gate house or other facilities that require utilities, there's a problem if the strata corporation is not paying the monthly utility bills. Don't ignore owners who complain their utilities seem high compared to their neighbours. It may be worth investigating their claim.

The same type of problems also occur in town house complexes, where a single common electrical service such as a sump pump, or a landscape feature is powered directly from a strata lot. We have also identified a significant number of hidden common expenses that are misallocated for utilities in mixed use buildings. In mixed use buildings of commercial and residential occupancy, or air space parcel developments that share landscaping, parking garages, storage facilities or common amenities, there is frequently a crossover or misallocation of utility services. The source of the utility can be difficult to identify because the mechanical systems are extremely complicated. Mixed use developments that operate under sections bylaws also complicate the understanding of the exclusive allocation of common utility expenses. As part of an operations plan, it is valuable for strata councils to annually review utility services and expenses. You may identify opportunities for energy efficiency or system upgrades that directly benefit the owners.

---

**For more information on CHOA resources and benefits visit [www.choa.bc.ca](http://www.choa.bc.ca)  
or contact the office at 1-877-353-2462 or email [office@choa.bc.ca](mailto:office@choa.bc.ca).**

**No part of this publication may be reproduced without the prior written permission of CHOA**

This publication contains general information only and is not intended as legal advice. Use of this publication is at your own risk. CHOA will not be liable to you or any other person for any loss or damage arising from, connected with or relating to the use of this publication or any information contained herein by you or any other person.