
INFORMATION BULLETIN

2011ENER0125-001607
Dec. 14, 2011

Ministry of Energy and Mines
and Minister Responsible for Housing

New strata property regulations introduced

VICTORIA – New regulations under the Strata Property Act that improve accountability in strata corporations have been introduced that will support the more than one million strata property owners and residents in the province.

The new rules were developed after extensive consultations with the strata community including strata lot owners, strata associations, legal experts and professionals. The consultation also included an online public survey in February 2011 that attracted over 1,800 participants, many of whom provided additional comments that helped refine the final regulations.

The majority of new housing starts in recent years have been stratas. Strata properties already make up more than half of the taxable properties in a dozen British Columbia municipalities. The prevalence of stratas will continue to grow as the province's population expands and urban densification increases.

The Strata Property Act and regulations are used directly on a regular basis by members of the public. Regulations with respect to audited financial statements are expected to be introduced next year.

A guide to the new regulations will be published early in 2012 to give strata owners and corporations an opportunity to learn more about the new rules before they are required to comply.

Further information is available at: <http://www.housing.gov.bc.ca/strata/regs>

A backgrounder follows.

Contact: Communications
 Minister Responsible for Housing
 250 952-0617

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BACKGROUNDER

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Key highlights of the new regulations

Depreciation Reports

Depreciation reports help strata corporations plan for future repair and maintenance costs. Under the new regulations, the report will contain:

- A physical inventory of the common property including building systems.
- Anticipated maintenance, repair and replacement costs for common expenses projected over 30 years.
- A financial forecasting section that contains at least three cash flow funding models for the contingency reserve fund (CRF).

What has changed: Like other provinces, depreciation reports are now mandatory unless the strata corporation exempts themselves through an annual $\frac{3}{4}$ vote. Strata corporations with less than five units are also exempt. Updates will be required every three years and include an onsite inspection.

Benefits: Strata owners will be better-informed to assist with prudent management of their common property. The report will help owners determine how repairs will be funded and the amount that could be contributed to the CRF. The most recent report will also be provided to potential purchasers.

Effective Date: Immediately. However, strata corporations have two years to comply with the new requirements.

Contingency Reserve Funds (CRF)

Strata corporations have a contingency reserve fund to help pay for expenses that usually occur less often than once a year, such as maintenance and repairs on common property.

What has changed: Previously, an annual $\frac{3}{4}$ vote was required to make contributions to the reserve fund if it already exceeded 100 per cent of the annual operating expenses. Strata owners may now make any additional contributions, above 25 per cent of the annual operating expenses, to the CRF, by simple majority vote as part of the budgeting process at the annual general meeting.

Benefits: Will give strata corporations' additional flexibility in how they choose to contribute to their contingency reserve fund.

Effective Date: Immediately.

Form B

The Information Certificate (Form B) discloses information to owners and purchasers about the strata corporation and the strata lot.

What has changed:

- a) The Form B has been slightly revised to better inform strata councils and prospective purchasers that the act requires strata corporation rules, Form J (the rental disclosure statement), the current budget and the most recent depreciation report (if any) to be attached to the Form B. (These changes will take effect March 1, 2012, although strata corporations can choose to use the revised form before that date.)
- b) The Form B will better identify how parking and storage lockers are allocated to strata property lots. (These changes to take effect Jan. 1, 2014, although strata corporations can choose to use the revised form before that date).

Benefits: Provides better disclosure to new strata owners.

Effective Date: March 1, 2012 for the new Form B listing, noting the required attachments: rules, Form J, the current budget and the most recent depreciation report (if any) to the Form B.
Jan. 1, 2014 for the changes related to parking and storage information. This two-year transition period gives strata corporations time to implement and is based on the public consultation.

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