

## Major Changes to BC Strata Regulations, coming July 1, 2024

BC is introducing the biggest changes to strata regulations I have seen in over two decades of helping strata owners manage their building assets.

For many years we have offered what we call “predictive analysis” of strata buildings. Predictive analysis is a proprietary method that helps strata councils determine the best strategies for their reserves funding. This includes the depreciation reports that the new regulations make mandatory.

### **Do these new strata regulations apply to you?**

“Strata” will cause most residential property Owners to think of ‘condo’; however the designation can apply to multi-owner properties ranging from two to several hundred units.

In addition to residential low rise or high rise ‘condos’, row home & town home properties, Strata Titles are also found on properties used for Industrial, Retail, Commercial Office, Bare Land, and mixed-use developments.

Depending on scope and complexity of a given development and the sophistication of its Owners Strata Properties are either self-managed by the ownership group or administered through a Property Management firm employing Strata Managers.

All these properties and their Owners will be affected by current changes.

### **How will these new regulations benefit you?**

The main focus of these new regulations is to make “depreciation reports” mandatory for all stratas over 5 units. Depreciation reports are prepared by experts to describe the current condition of a strata’s building assets. Most are static reports looking at the present; we expand these reports with predictive analysis to look at the future.

Depreciation Reports were initially introduced as a disclosure mechanism intended to protect Strata Owners from poorly designed or executed developments notably experienced through the “leaky condos” crisis of the 1990s.

Exemptions were available to give Strata who were particularly hard pressed financially to right their financial situation to acquire a Depreciation Report. Unfortunately, many stratas kept delaying these reports until serious potential damage to their buildings appeared.

Today B.C.’s website says in part...

*“The depreciation report helps strata lot owners protect their homes and investments and avoid being surprised by unexpected special levies. The report also provides valuable information to prospective buyers, mortgage and insurance providers.”*

Creating a predictive analysis report (which includes the mandatory depreciation report) and using our forecasting tools can help Stratas:

- Save hundreds of thousands of dollars over the life of their properties
- Benefit from exceptional maintenance
- Grow the value of their asset
- Benefit from improved saleability, insurability, and finance options
- Create the peace of mind every strata owner desires

**When are the new regulations effective for stratas?**

Owners and their Strata Managers whose clients do not currently have a Depreciation Report will be required to find and engage a Depreciation Report services firm to meet the province’s compliance schedule described in the table below.

- CRD is Capital Regional District excluding islands accessible only by boat and air
- GVRD is Greater Vancouver Regional District
- FVRD is Fraser Valley Regional District

<b>Control Area</b> wholly or partially contained	<b>Date Strata Established</b>	<b>If DR in hand</b> dated prior to mm/dd/yyyy	<b>Deadline</b> DR in hand
CRD, GVRD, FVRD	before 7-1-2024	12-31-2020	7-1-2026
outside CRD, GVRD, FVRD	before 7-1-2024	12-32-2020	7-1-2027
all areas	on/after 7-1-2024 but before 7-1-2027	n/a	24 months after 1 <sup>st</sup> AGM
all areas	on/after 7-1-2027	n/a	18 months after 1 <sup>st</sup> AGM

### What about new buildings?

Developers are required to budget Depreciation Report support to Purchasers of their developments. *Legislated* contributions by Developers to each new Strata's Contingency Reserve Fund earmarked for use in obtaining its first depreciation report:

<b>Date Strata Established</b>	<b>Units in Strata</b>	<b>Amount</b>	<b>Contribution Deadline</b>
on/after 7-1-2027	124 or less	\$5,000 plus \$200 per unit	on or before date of 1 <sup>st</sup> AGM
on/after 7-1-2027	125 or more	\$30,000	on or before date of 1 <sup>st</sup> AGM

### Who can produce a Depreciation report?

Another change in the regulations is requiring that Report providers will need one of the following designations as of July 1, 2025:

- P. Eng./APEGBC registered,
- Architect, APIBC registered,
- App.S.T., PGA registered,
- Accredited Appraiser, APIC registered,
- Certified Reserve Planner, REIC registered,
- Professional Quantity Surveyor, CIQS registered.

### Conclusions

We welcome the mandatory requirements for depreciation reports. Over the years, we have seen strata councils choose short term savings by foregoing depreciation reports and face "surprise" costs later as the condition of their building assets deteriorates. On the other hand we have served stratas who saved themselves very significant amounts by being proactive and following up on the predictive analysis we prepared.

We also applaud the requirements for developers to fund the first depreciation reports. As we have done many new strata buildings warranty inspections that revealed "surprises", we are pleased to see new stratas equipped with the tools to start building systems planning on the right foot.

E&EO excepted

Link to the actual legislation [OIC 204-2024](#)

