

# Condo depreciation reports can actually save money

Since December of 2013, strata depreciation reports have been required for all condominium buildings in British Columbia.

A depreciation report is a comprehensive study of the common physical components within a strata corporation, including an inventory and summary of all necessary renewals and maintenance for the next 30 years, plus a financial plan for the future. As buildings age there are necessary costs, incurred to maintain the common property and assets of the strata corporation. A depreciation report provides a strata corporation with the tools it needs to properly and accurately plan for the future.

While compliance was extended to July 1 of this year, the law is now in effect for the vast majority of B.C. strata corporations. But many strata corporations have yet to comply with the new regulations, and some have voted to opt out of the legislation.

However, a depreciation report is economically advantageous for both strata corporations and individual condominium owners and buyers. Regrettably, there seems to be a great deal of uncertainty on the subject.

I hope to shed some light on this process and give condo owners and strata councils a starting point to take action.

The strata depreciation report legislation is intended to eliminate ongoing and future special levies and special assessments, which have been disastrous for many condo owners who have been blindsided by unexpected expenses.



By GLENN DUXBURY

The law is also meant to assist strata administrations and property managers in determining the proper contributions required for the contingency reserve fund (CFR). The CFR is supported by strata fees and is required to maintain and renovate the entire strata property over time.

Each aspect of the common property belonging to the strata corporation now needs to be reviewed and documented, in regard to the estimated service life remaining and replacement. Think of this as an inventory to-do list.

The depreciation report will also provide clarity on what is required for future budget planning and will eliminate the guesswork and potential negligence on the part of councils who may turn a blind eye to required repairs.

This legislation also removes barriers that have in the past, hindered the strata's ability to

build up reserve fund levels adequate to meet the maintenance requirements of the strata's common property.

A good example may be a roof or exposed balconies or decks. Why wait for these structures to fail when proactive action can be taken?

Waiting until repairs are critical is much more expensive and increases the risk of interior water damage and/or liability exposure in the case of a dangerous deck system.

As **Tony Gioventu**, executive director of the **Condominium Homeowner Association** has pointed out, it is either "pay now, or pay much more later on."

## Where to begin?

Start by compiling documentation and records of current financials and invoices pertaining to operations and past repairs. These should include:

- Insurance documents
- Easements
- Leases/licences
- Agreements pertaining to granting third parties use of the strata property
- Blueprints/plans/drawings (building, structural, mechanical, electrical, fire protection, etc., investigation/engineering reports, annual fire system certification reports)

- Maintenance manuals and logs
- The registered strata plan (and any amendments)
- Current bylaws (and amendments), alterations, and assumption of liability agreements entered into, and any lawsuits.

## Digitalize records

Scanning the above paperwork into electronic (PDF) form may simplify the process and will have an added benefit: ease of use for future reference and drastic reduction of storage needs.

Your insurer will also appreciate this digital backup, which will protect the data in case of loss, damage or deterioration of current paper records.

Depending on the type and size of your strata corporation, there can be an enormous variation

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in the amount and types of documentation required (think of the difference in details and scope when comparing a modern highrise building to a town house complex).

The process may require a great deal of time, taking into account raw data collection, data entry and finally turning the information into a solid action plan.

We encourage strata councils and condo owners to consider the true value a depreciation report will provide.

## Who to hire?

Under the current provisions, there is a curious lack of specification on what professional designation is required to be "qualified" to complete a depreciation report. For example, it may be necessary to hire an engineering firm for a complex high rise, while a standard inspection consultant may be adequate for strata properties that are far less complex.

Feel free to contact us. We are the only strata specialist service in the Lower Mainland. ■

*Glenn Duxbury is a professional home and building consultant and president of New Westminster-based Duxbury & Associates Building Inspection and Consulting Ltd. Phone 604-524-2502 or visit www.glennduxbury-inspections.com*

**Done properly, these now-mandatory reports can provide a heads-up on necessary repairs and form the basis for a long-term maintenance program**



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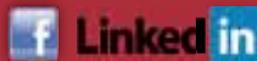
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### INDUSTRIAL

#### 2302 Ferguson Rd. - Quesnel, B.C.

8,500 sq ft concrete block building on 0.86 Acres. Fenced compound. Two tenants.

#### 1550 - 1st Ave.

3 concrete block warehouses on 3 Acres. 44,080 sq ft total space. Well maintained with 11 loading doors, 13 O/H doors, 3 Phase power & highway access.

#### 2165 Ogilvie St.

12,336 sq ft fully renovated building located in Prince George's prime Light Industrial Park on a .488 Acre City lot.

### LAND

#### 2988 Cessna Rd.

1 Acre serviced Industrial Lot, corner of Boundary Rd. & Cessna Rd. Bordering airport & Hwy 16 East.

#### 700 Kinsmen, Pt.

Prime location & high visibility. Beside new 'Skyline Dental' bldg. City has adjacent 0.53 Acres for sale. Zoned C-4.

#### 978 & 996 Central St.

Located on corner of 10th Ave. & Central. Must be sold together. Value is in the land.

#### 1589-7th Ave.

Prime exposure, three paved City lots on corner of 7th Ave. & Vancouver St. Zoned C-7. Presently used as a paid 24 vehicle parking lot.

#### Lot #1 Atwood Rd.

'Sanctuary Estates' 17-4 acre (+ or -) high quality Rural Residential lots (78.8 acres total). Wells in place. 14 kms west of Prince George.

#### Lot #13 Hwy 5, Valemount, BC

6.77 Acres with highway 5 frontage. Has been logged. Well in place.

### OFFICE/RETAIL

#### 1466-3rd Ave.

Great Retail Location  
3,372 sq ft main floor plus full basement. Concrete block construction. Zoned C-1.

#### 470 Brindamour St. - Fraser Lake, BC

Prosperous North Central B.C. investment opportunity. 2.75 Acres, 2 buildings - 16,300 sq ft total. 11% Cap Rate. Five tenants.

### FOR LEASE

#### 430 McAloney Cres.

Prime location in new building. Highway access. 4,000 sq ft OFFICE/RETAIL space available. Net-lease.

#### 1023 Central St.

11,000 sq ft Industrial bldg on 0.62 Acres. Approx. 3,000 sq ft office & 8,000 sq ft warehouse. Net-lease.

#### 1777-3rd Ave.

Bright modern 2nd floor 10,000 sq ft OFFICE space. Includes elevator, parking & security vaults. 3rd floor 1,900 sq ft & 900 sq ft also available. Net-Lease.

#### 513 Ahbau St.

840 sqft OFFICE space behind Spruceland Mall, corner of 5th Ave. and Ahbau St. Natural light, clean, ground level and parking available. Net-lease.

#### 1396-5th Ave.

1,000 sqft - 4,000 sqft top quality RETAIL/OFFICE space available. Gross lease.

### BUSINESS

#### Freeport Mobile Home & RV Park

Highway 16 West, Burns Lake (B.C. Energy Corridor). Quality Mobile Home & RV Park. 17.87 Acres. 32 pads & house. Excellent condition overlooking the lake. Profitable opportunity for significant growth.

#### Vivian Lake Resort

113 Acre resort situated on Vivian Lake, 1/2 hour drive north of Prince George. Main house, 4 cabins, lodge/office, kitchen. 50 un-serviced RV sites. Several outbuildings, playground, walkout swimming beach & boat launch. Lake is stocked.

#### 374 George St.

Fantastic opportunity to own Prince George's oldest full-service European Bakery. Highly profitable. Fully equipped efficient production bakery. Includes land, building, equipment & inventory. Owner's retiring.

*Do not contact directly, please make all inquiries through Listing Realtor.*

#### 'Lakeland Hotel' Burns Lake, BC

Burns Lake Hotel. Located in the heart of the BC Energy corridor. Owner retiring. 125 seat pub, 65 seat restaurant and 24 rooms. Huge opportunity to expand existing services.