

Appendix A

Review of Government Response to Strata Legislation Issues and Proposed Solutions from 2008 VISOA Report

Strata Legislation Issue	Why It Is An Issue	2008's Proposed Solution	2015 Update
A. Strata Governance			
A.1. Lack of reliable information	The complexities of shared ownership and mutual obligations among individual owners and their corporate body require relevant knowledge of the intent of the Strata Property Act. Many and perhaps most disputes in stratas occur because the parties to the dispute lack reliable information on basic requirements of the Strata Property Act (SPA). Strata owners lack an accessible and authoritative source of legislation interpretation to support the operation of strata corporations according to law.	Broaden the mandate, powers, duties and resources of the Homeowner Protection Office to provide a “help line” and interpretive letters on the requirements of the SPA. This would include HPO assumption of responsibility for and expansion of the guides currently provided by the Supt. of Real Estate.	In 2015, the Strata Housing Website www.gov.bc.ca/strata was launched, replacing the Guides with user-friendly, simple language to aid strata owners in interpreting the SPA.
A.2. Dispute resolution	Even where information is not lacking many disputes remain unresolved. Part 10 of the SPA provides for arbitration to resolve disputes but the process is daunting and expensive to the point of being inaccessible to most strata owners. Strata owners require simple, direct and affordable access to due process for enforcing the SPA and resolving disputes. Current legislation provides for only cumbersome, intimidating and expensive judicial, arbitration or mediation processes to administer the SPA. It effectively indulges irresponsible actions and leaves disputes unresolved.	Further to the broadened mandate of the HPO as proposed above, establish a process under the Homeowner Protection Office for strata dispute resolution similar to that used by the Residential Tenancy Branch where: (a) a party to a dispute contacts an Information Officer who contacts the other party to provide information about rights, responsibilities and options under the law, and (b) if the parties still can't reach agreement, either party can apply for a dispute resolution hearing where a minimal filing fee is the only cost to the parties.	The Civil Resolution Tribunal (CRT) was enabled by government in 2012 and will be functional by the end of 2015. The CRT will enable timely and inexpensive resolutions to most strata disputes.
A.3. Lack of offences and penalties provision	For non-compliance with the Strata Property Act (SPA) or the regulations by a developer, a strata corporation, an employee of a strata corporation, a member of a strata council or an owner there are very few offence provisions or penalties. In the absence of offence and penalty provisions	Amend the SPA to provide penalties for non-compliance with the SPA with enforcement being the responsibility of: (a) the Superintendent or Real Estate, in the case of a developer and	The CRT, once opened, will be able to make rulings ordering a party to follow the SPA.

	in the SPA the only recourse is for an affected owner to sue the offending party. As a result, some owner developers with “deep pockets” are engaged in flagrant violations of the SPA knowing that there is virtually no chance of being sued by strata owners with “empty pockets”. In other cases, there are strata councils, strata employees or licensed strata managers engaged in violations of the Act without fear of being held accountable by strata owners.	(b) the HPO, in the case of a strata corporation, an employee of the strata corporation, a licensed strata manager or strata owner. These agencies must be allocated the resources needed to perform these new duties.	
A.4. Owner demands for meetings and agenda items	Owner demands for special meetings and agenda items at special or general meetings of owners are one way of owners ensuring transparency and accountability in strata operations. Section 43(1) of the SPA requires at least 25% of the strata corporation’s votes to demand, in writing, a special general meeting. Similarly, section 46(2) of the SPA requires at least 25% of the strata corporation’s votes to demand, in writing, that a resolution or other matter be considered at an annual or special general meeting. This 25% threshold is excessive and prevents owners from directly raising important issues for discussion and a vote by owners on the rare occasion when owners meet to consider matters affecting their property. Furthermore, for strata corporations with many absentee owners (eg. recreational properties) the 25% threshold is extremely difficult to achieve.	Amend sections 43(1) and 46(2) of the SPA to reduce the 25% minimum to 10% of the strata corporation’s votes.	In late 2009, government Bill 8 amended sections 43(1) and 46(2) of the SPA to reduce 25% to 20%. This is a welcome improvement. VISOA position in 2015 is that 10% is too low a threshold, especially in small stratas.
A.5. Small claims actions by strata corporations	Section 171(2) of the SPA requires a ¾ vote at General Meeting of owners to approve any suit by a strata corporation. This requirement fetters the ability of a strata corporation to pursue small debts and collect fines in a timely manner.	Amend section 171 of the SPA to exclude small claims actions from the requirement of a vote by owners.	A strata corporation still requires either a ¾ vote at a General Meeting or a bylaw dispensing with the need for a ¾ vote to proceed under the Small Claims Act to collect money owing.
A.6 Suit by owner against strata corporation	Section 163(2) of the SPA permits an owner to sue the strata corporation. However, many suits by owners are being pursued as small claims actions in the Provincial Court to hold down costs for both parties. However, citing lack of jurisdiction the Provincial Court has dismissed many of these suits. This means that the matter must be judged at	Amend sections 163 and 164 of the SPA to broaden the power of the Provincial Court to hear matters in dispute between an owner and a strata corporation.	The Civil Resolution Tribunal (CRT) was enabled by government in 2012 and will be functional by the end of 2015. The CRT will enable timely and inexpensive resolutions to most strata disputes.

	the much more costly BC Supreme Court.		
A.7. Building repairs	There are numerous instances where independent experts have found major repairs to common property necessary. However, the work has not been done years after because a ¾ majority vote cannot be obtained to approve the work. This creates an injustice for the minority of owners who do not wish to experience a loss in value of their property due to an absence of repairs. The remedies provided by sections 163 and 164 of the SPA are time consuming and expensive.	Amend the SPA and the Regulation to: (a) give more direction as to when work must be done, and (b) provide a more accessible way for owners to protect property value.	In December 2013, section 173 of the SPA was amended to empower the Supreme Court to approve a resolution with <u>less than ¾ but more than one half of votes</u> cast being in favor of a special levy for “the maintenance or repair of common property or common assets that is necessary to ensure safety or to prevent significant loss or damage, whether physical or otherwise”. In 2014, an amendment made to the SPA enables a strata corporation to use funds from its contingency reserve fund by a <u>majority vote</u> of owners if the expenditure is “related to the repair, maintenance or replacement, as recommended in the most current depreciation report obtained under section 94, of common property, common assets or the portions of a strata lot for which the strata corporation has taken responsibility under section 72 (3)”.
B. Strata Management Licensees			
B.1. One-sided provision for termination of strata management contracts	Under section 39(1)(a) of the SPA a strata council can enter into a strata management contract while a ¾ vote of owners at a general meeting is required to cancel a strata management contract. This provision places the strata corporation at an unfair disadvantage when it comes to terminating a strata management contract since the other party to the contract has no similar requirement imposed upon it. Sometimes, strata management companies propose contracts with no expiry date and strata councils may be led to believe they cannot propose an expiry date. The boilerplate agency agreements prepared by some strata management companies, with no provision for an expiry	Amend section 39(1)(a) to: (a) require a strata management contract to contain an expiry date, (b) remove the requirement for a ¾ vote of owners to cancel a strata management contract, and (c) permit the strata council to cancel a strata management contract on 2 months notice, without liability or penalty.	

	date, are held to be copyrighted and thus not subject to amendment.		
B.2. Policing of licensed strata managers	<p>The Real Estate Council of BC (RECBC) licenses strata managers. RECBC has a general policy of taking complaints from strata councils while discouraging complaints from individual strata owners. This can mean that strata owners are not adequately protected from the small minority of less competent strata managers who advise volunteer strata councils, when the owner (but not the strata council) is aware of incompetence.</p> <p>Realtors dominate the governing Council of the RECBC with an optional single Council member representing strata owners. This reflects the fact that strata manager licensing is a very small part of the operations of the Council.</p>	<p>Standards of practice for strata managers need to be established, supported and enforced by a provincial authority that has homeowner protection as its core mandate. The power to license strata managers should be re-located to the Homeowner Protection Office (HPO) which has a mandate focused on homeowner protection. The HPO has a Service Plan and Annual Report that are focused on performance measures, targets and results of benefit to homeowners, including strata owners. The HPO is subject to the accountability of an Auditor General's review. However, only one of the seven members on the HPO Board is arguably a consumer representative. The HPO Board should be expanded to include more consumer representatives, particularly strata homeowners.</p>	

B.3. Standard of care	Licensed strata managers are delegated powers and duties under a contract with a strata corporation. When performing these delegated powers and duties they are not subject to the standard of care under section 31 of the SPA and the requirement to disclose a conflict of interest under section 32 of the SPA, as is a member of a strata council. Where a maintenance firm or contractor and the strata management company have a common business interest, over-billing of the serviced strata corporation has been known to occur.	Amend sections 31 and 32 of the SPA to apply to a licensed strata manager and amend bylaws and rules governing the licensing to require a licensee to disclose its interest in a contract and excuse itself from the evaluation of any contract or tender in which it has an interest.	
B.4. Licensing exemptions	Some strata corporations have individuals exercising delegated powers and duties of a strata corporation or strata council. These individuals are exempt from licensing under section 2.1 or 2.17 of the Real Estate Services Regulation but are still paid to exercise these powers. Under this exemption an employee or person with only a part ownership in a unit in several strata developments can operate as a strata manager even though the person has not met the competency test to become licensed.	Amend sections 2.1 and 2.17 to remove the licensing exemption for anyone providing strata management services for compensation.	
C. Disclosure			
C.1. Financial reporting standards	Financial reports in many stratas are indecipherable and are not prepared according to the Strata Property Act or any known accounting standards. Whether prepared by a licensed strata manager, an accountant, or a strata treasurer, the result is that strata councils are unable to make sound financial decisions on behalf of the strata. Furthermore, many strata owners and purchasers are unable to assess the financial position of the subject strata corporation.	Amend the SPA and provide for regulations which set down the details of the basic financial reports required of a strata and how often they are required in a manner that owners and purchasers can understand. These regulations should be developed in consultation with the accounting profession.	
C.2. Financial audit	There is no requirement for an independent audit of strata finances even where a strata corporation has a budgets or reserve fund in the hundreds of thousands of dollars. As a result, finances are sometimes poorly managed and there are several examples where large sums of money have been reported as “missing”. BC lags behind other jurisdictions (e.g. Ontario and Washington State) in requiring an audit of	Amend the SPA to require an annual independent audit of strata finances by a qualified accounting professional while allowing: (a) a strata corporation with a small number of units, or (b) a strata corporation in a bare land strata	In 2009, proposed amendments to the SPA required that a financial statement be audited unless a ¾ vote of owners waived the requirement. In 2011, the government stated that it had decided not to require strata corporations to obtain audited financial statements. Strata corporations

	strata or condominium finances. Although audit fees can be costly to owners, the loss of strata funds can be much more costly, particularly in larger stratas with large budgets.	without a common facility or common assets to pass a motion at the AGM, with a ¾ vote, to forego an audit for that year.	may still choose to obtain audited financial statements.
C.3. Adequacy of contingency reserve funds (CRF)	<p>The current SPA and regulations require disclosure of the amount of the amount of a CRF but do not require disclosure of any indicator of the cost of replacing or repairing depreciated common assets. Current regulations do permit a depreciation report to be developed but the same regulations actually discourage a strata corporation from maintaining an adequate reserve fund by setting limits in proportion to the operating expenditures of the strata corporation. In a 2006 report the Canadian Condominium Institute found the BC reserve fund requirements to be so weak that it was unable to include BC in its ranking of provinces from strongest to weakest in terms of reserve fund requirements.</p> <p>As a result, a strata owner or prospective buyer in BC is typically unable to fairly judge the financial position of the strata corporation. Furthermore, an inadequate CRF can result in an onerous special levy that a strata owner may be unable to pay.</p>	<p>Amend the SPA to:</p> <p>(a) require a strata corporation to prepare a depreciation report periodically (ie. every 3-5 year), and</p> <p>(b) require a strata corporation to have a bylaw establishing a minimum amount of reserve funds based on a schedule of the replacement cost of depreciated assets</p> <p>with the information under both (a) and (b) to be made available to strata owners and prospective strata buyers.</p>	<p>As of late 2011, an amendment to section 94 of the SPA requires a strata to obtain a depreciation report (with some exceptions).</p> <p>This new provision also requires that the depreciation report be made available to all owners and prospective strata buyers. Although the legislation does not require a minimum amount for a reserve fund, new regulations do require the depreciation report to show three cash flow scenarios for funding expected repairs.</p>
C.4 Information certificates (Form B)	Section 59 of the SPA omits several important items from the information to be disclosed to an owner or purchaser. These items could have a significant effect on the value of the property, particularly when the building is or has been in need of remediation or if the property is not in compliance with the bylaws of the corporation (eg, unauthorized modification). A prospective purchaser should have access to this information <u>before</u> making the decision to purchase.	<p>Amend section 59 of the SPA or the regulations referred to under section 59(3)(m) to require disclosure of:</p> <p>(a) the Schedule of Unit Entitlements for all units in the strata development,</p> <p>(b) the minutes of all AGMs and strata council meetings <u>held within the past 3 years</u> ,</p> <p>(c) any outstanding non-compliance of the strata unit with the bylaws of the strata corporation,</p> <p>(d) deficiencies affecting the common</p>	<p>A 2011 amendment to the SPA section 59 now requires disclosure of parking stalls, storage lockers and the most recent depreciation report.</p> <p>There is no required disclosure of the 11 other items listed in the previous column although many of these items are now disclosed in a depreciation report.</p>

		<p>property and which remain unresolved with the developer,</p> <ul style="list-style-type: none"> (e) work recommended for the common property, whether completed or not, (f) permits issued for repair or renovation of common property, (g) certificates of completion including the scope of actual work completed, (h) most recent certificates for any annual inspections (boiler, electrical, elevator, fire and roof), (i) maintenance schedule for the common property, (j) a statement indicating whether a building has been rain screened or not, and (k) any certificate of pending litigation to which the strata corporation is a party. 	
C.5. Strata council minutes	<p>Sections 35 and 36 of the SPA require that a strata owner have access to the minutes of strata council meetings. Some strata councils are keeping minutes of “in camera” meetings where decisions are made, which they refuse to disclose to strata owners. Others are omitting important decisions from the minutes of regular strata council meetings. Even though these decisions have a direct effect on an owner’s interest in the common property or common assets, the owner is left “in the dark” on such matters. “Privacy legislation” is often used as an excuse for denying such information to strata owners.</p>	<p>Amend sections 35 and 36 of the SPA and the Strata Property Regulation to clarify what a strata council must record in the minutes and make available to strata owners. These amendments should be sufficiently clear to prevent strata councils and strata managers from abusing privacy legislation as a means of avoiding transparency and accountability.</p>	<p>Many strata councils are still erring on the side of “privacy” in minutes. The Office of the Information and Privacy Commissioner is currently working on updated guidelines for strata corporations. VISOA submitted a recommendation that the PIPA specifically exclude SPA 35/36 from application of PIPA, but the PIPA committee chose not to do so.</p>
C.6. Access to strata council meetings	<p>The Standard Bylaws under the SPA (section 17(3) & (4)) enable a strata owner to attend council meetings as an observer, with a few specific exceptions where confidentiality is reasonably required. However, a strata corporation can adopt different bylaws and eliminate the</p>	<p>Amend the SPA to include the content of sections 17(3) and 17(4) of the Standard Bylaws to ensure a strata owner is able attend council meetings as an observer, with a few specific exceptions where</p>	

	ability of an owner to attend a strata council meeting as an observer. This has occurred and has reduced the transparency of the operation of the strata corporation.	confidentiality is reasonably required.	
C.7. Strata buyer risk reduction	A buyer of a strata unit is entitled to the information on a certificate (Form B) about specific financial and other business of the strata corporation. However, this certificate does not tell the buyer about how the strata corporation conducts its business or about the ethical standards it has set for itself. Some strata buyers have exercised all the due diligence possible for a buyer under the SPA but after moving in have found the strata corporation to be dysfunctional in its operation due to low standards of conduct.	Study the feasibility of establishing a non-profit organization for strata corporations that functions similar to a Better Business Bureau by setting high standards for membership and dispute resolution. By checking for membership of the strata corporation in such an organization, a potential strata buyer would reduce his/her risk of buying into a “snake pit”. Furthermore, a strata corporation would be induced to be a member in good standing with such an organization because its strata units would be more attractive to buyers and have stronger market values.	
D. Strata development approvals & accountability			
D.1. Bare land strata approval process	Individual strata owners who purchased a lot in an early phase of a development are excluded from the approval process for subsequent phases. As a result, there are occasions where a subsequent phase is approved with that phase contradicting representations made by the developer in its disclosure for previous phases. Affected individual strata owners are essentially being denied due process in the approval of phased bare land stratas.	Amend the Bare Land Strata Regulations to require the approving officer to consult with individual strata owners before approving a subsequent phase and empower the approving officer to refuse to approve a subsequent phase where he/she has reasonably concluded that approval would contradict a representation made by the developer in a previous disclosure statement.	
D.2. Fraudulent misrepresentation by developers	Under the Real Estate Development Marketing Act (REDMA) it is left up to the affected homebuyer to sue a developer where that homeowner has been defrauded through a misrepresentation in a disclosure statement. Furthermore, it is left up to the strata owner to sue a developer that does not comply with the Strata Property Act.	Amend the REDMA and the SPA to empower the Superintendent to: (a) enforce developer compliance with the Strata Property Act, and (b) initiate an action to fine a developer where a misrepresentation has occurred	

	The Superintendent of Real Estate will not get involved as it is beyond the mandate of that office to either ensure developer compliance with the Strata Property Act or invoke a prosecution or penalty for fraudulent misrepresentation under the REDMA. This leaves the empty-pocketed homebuyer in the position of having to sue the deep-pocketed developer to obtain justice. This just doesn't happen. As a result some developers are breaking the law without any accountability.	in a disclosure statement . This would complement and support the solution proposed under item A.3.	
D.3 Administrative penalties under the REDMA	Where a developer has been found to be non-compliant under the Real Estate Development Marketing Act (REDMA) that developer can be ordered to pay an "administrative penalty" of up to \$50,000, in the case of a corporation, or up to \$25,000, in the case of an individual. In view of the financial gains to non-compliant developers such "administrative penalties" are pitifully low and are a minor cost of doing business. Financial gains to a developer through non-compliance under the REDMA can be as great as the financial gains through non-compliance by a person under the Securities Act where an "administrative penalty" of up to \$1 million can be ordered.	Amend section 30(1)(d) of the REDMA to set the maximum "administrative penalty" at \$1 million.	
D.4. Change to strata development boundaries	Presently, an owner developer can extend the boundaries of the planned strata development beyond what was originally represented to strata owners and appears to be able to do so without any agreement from strata owners. Section 78(1) of the SPA is unclear as to whether the extension of the development boundaries is included in "Before a strata corporation acquires land". As a result, attempts have been made to thrust the costs of expanded development upon strata owners without their consent.	Amend section 78 to clarify that a ¾ vote of owners is required before the boundaries of a strata development can be changed from those originally disclosed and approved.	
D.5. Strata responsibilities	Section 3 of the SPA makes the strata corporation "responsible for managing and maintaining the common property and common assets of the strata corporation for the benefit of the owners". Some owner developers and strata councils in bare land stratas have taken on the responsibility	Amend section 3 to: (a) clarify which property a strata corporation may maintain other than the common property and common assets, and	

	<p>for maintaining assets on public or private land, ie. assets not located on common property such as street lights on public right-of-way. It is not clear whether the SPA permits the taking on of such responsibility. However, if the taking on of such responsibility is not carefully controlled, a strata corporation could stray from its central purpose under section 3.</p>	<p>(b) require that maintenance of such property occur under a contract with the owner of that property with the contract being approved by a ¾ vote of owners at a general meeting.</p>	
<p>D.6. Definition of common facilities</p>	<p>Section 227 requires that the operating and maintenance costs of “common facilities” in a phased strata plan be apportioned to the strata corporation based on the proportion of all strata units to be developed that it represented by the number of strata units currently developed. This is intended to ensure that the relatively small number of units in the early phases of a development is not carrying the burden of operating costs for “common facilities” built to a capacity for the entire development not yet completed. However, the definition of “common facility” in section 217 does not mention:</p> <ul style="list-style-type: none"> (a) a sewage treatment plant commonly required in a bare land strata, (b) whether the facility must be located within a registered phase or elsewhere, or (c) whether the strata corporation must own the facility. <p>As a result, a developer can exploit this lack of clarity by not applying section 227 to sewage operating and maintenance costs when the plant is either owned by the developer or located in a phase not yet registered even though the plant was a condition of development approval. This means strata owners in the early phases of such developments are paying a significantly higher percentage of costs than is permitted under section 227.</p>	<p>Amend sections 217 and 227 to clarify that the owner developer’s share of sewage treatment expenses is subject to the formula under section 227(2) irrespective of where the plant is located and or who owns it.</p>	

D.7 Owner developer control	Where the owner developer holds title to a number of unsold strata units the owner developer controls a block of votes that can be used to elect to the strata council those owners who are least likely to challenge the developer on issues unresolved between the developer and the strata corporation. This block of votes can also be used to ensure that bylaw changes are made to favor the developer. Furthermore, some owner developers actually sit as members of strata councils and fail to comply with section 32 of the SPA by disclosing their conflict of interest on an item of business and abstaining from discussion and voting on the item.	Amend the SPA to: (a) limit the owner developer to one vote when a vote occurs on bylaw changes or strata council elections, (b) prohibit the owner developer from being a proxy for another owner under section 56 of the SPA, and (c) prohibit the owner developer from being a member of the strata council.	
D.8 Prevention of conflict of interest	Some owner developers have persuaded some owners to become investors in the strata development. This puts these owners, who are now investors, in a conflict of interest situation where they serve on the strata council when a matter involving the developer comes before the strata council. Where there is no disclosure of the investment interest of these owners, some of them can and do act contrary to section 32 of the SPA. Some have used the lack of an SPA requirement to disclose such information as meaning it is protected from disclosure under the Personal Information and Privacy Act.	Amend section 32 of the SPA to require a developer to disclose the names of any investors who are also owners of a strata lot in the development to ensure the Privacy Act does not prevent strata owners from knowing which owners would be in conflict of interest if a council member. Section 32 should also require an owner who is an investor to make a similar disclosure. Failure to make the required disclosure should be subject to investigation and prosecution by the Superintendent of Real Estate.	
D.9 Transfer from owner developer to council	Section 22 of the SPA specifies what an owner developer must deliver to the first elected strata council. However, the section omits important information a strata council needs to exercise the care and diligence of a reasonably prudent person when maintaining the common property and common assets of the strata corporation. Where a developer does not provide this important information the result is significant and unnecessary costs for strata owners.	Amend section 22 to require the developer to deliver “as built” drawings of the location of services as well as warranties, maintenance manuals and maintenance logs for all buildings, plant and equipment forming part of the common property and common assets. Failure to do should be subject to investigation and prosecution by the Superintendent of Real Estate.	

E. Property taxation			
E.1 Municipal services and mill rates	Many strata corporations are required to contract privately for some services that are provided to other types of residential properties by the municipal government out of local property taxes. Such services include garbage pick-up, street cleaning and snow removal. Where this occurs it means that strata property owners are paying twice in respect of some services. In some cases it appears reasonable for a municipal government to refuse a specific service to a strata property (eg. where a strata is inaccessible to large garbage trucks). In other cases the refusal is highly questionable.	Amend local government legislation to enable a local government to set a lower mill rate for strata developments in recognition of the lower level of municipal service provided to strata developments. (Similar to proposal by Parksville to UBCM convention in 2002.)	Each municipality handles this differently. Some do not apply the mil rate for garbage pick-up at a strata to recognize that the strata is paying a contractor directly for garbage pick-up. Other municipalities still include all services in the mil rate, regardless of whether a strata development receives those services.
F. Strata fee equity			
F.1. Establishing unit entitlement of strata lot	<p>Under sections 99 and 108 of the SPA an owner’s strata fee or required contribution to the operating fund, contingency reserve fund or special levy is based on the unit entitlement of the owner’s strata lot as a proportion of the total unit entitlement of all strata lots. The unit entitlement of the strata lot is determined by the developer under section 246(3) of the SPA that provides for several options including “habitable area”. Many developers use this option.</p> <p>Strata owners in some strata developments believe “habitable area” to be an unfair basis for determining strata fees and have considered alternative formulae which they believe to be more equitable. Section 100 of the SPA permits a strata corporation to use an alternative formula. However, unanimous consent of all owners is required. It takes only one owner to prevent any such change to the formula. This makes it virtually impossible for a strata corporation to implement an alternative formula.</p>	<p>1. Amend section 100 of the SPA to permit a strata corporation, by a 90% vote, to use a formula other than the one under section 99 to calculate a strata lot’s share of the contribution to the operating fund, contingency reserve fund or special levy. This amendment should also permit a method of apportionment to:</p> <ul style="list-style-type: none"> (a) apportion contributions to a type of strata lot in respect of costs attributable to that type of strata lot, (b) apportion contributions to all strata lots in respect of costs attributable to all strata lots, and (c) phase in the change over a period of 3 to 5 years. <p>2. Amend the definition of “habitable area” under the Strata Property Regulation to clarify whether it includes an unfinished basement.</p>	A BC Law Institute study is currently underway, with an aim to make recommendations to government on this issue, among other strata issues.

		3. Amend sections 164 and 246(8) of the SPA to ensure the court has the power to make an order to change a method of apportionment where that method results in significant unfairness. This should include the power to create a section for each type of dwelling in the strata development.	
F.2. Creation of sections	Disputes over the equity of strata fees do arise where a strata has diverse types of buildings with diverse maintenance and repair costs. Such disputes can be prevented by creating sections within a strata plan, where each section created is responsible for its own costs but shares in costs common to all sections. Section 191 of the SPA permits a developer to create sections when the development is established but is not required to do so even where diverse types of buildings are being constructed with these types having foreseeable and significant differences in maintenance and repair costs.	Amend the SPA to require the developer to create a section for each type of dwelling in a new strata development.	A BC Law Institute study is currently underway, with an aim to make recommendations to government on this issue, among other strata issues.

VISOA/March 23, 2015