

real estate

Condo-Ology®: A former front line condo manager's perspective

Introduction to Ontario's On-Going Condominium Act Review/Revamp

In a previous article, I touched upon the on-going Provincial Condominium Act Review. I am astonished that this review remains relatively unknown to many condominium directors and condominium owners.

The Province of Ontario has taken a courageous process for the Condominium Act review in hiring an independent third-party, 'Canada's Public Policy Forum', to initiate a public engagement review process. The review is a three-stage collaborative, public engagement process aimed at modernizing the Act.

Stage 1

This stage is now complete. Several public information sessions were held, unfortunately, these information sessions were not well advertised which resulted in poor participation.

In order to obtain a diverse representation of condominium residents, a lottery was used to recruit condominium residents which would comprise a Resident Panel. Ten thousand condominium residents' received a letter inviting them to participate. In the end, 36 residents were selected based on age, gender, geography, the number of years they have lived in a condominium, and their condo type.

In addition to the Resident Panel, other stakeholders, such as condominium industry organizations, lawyers, mediators, engineers, and so forth were invited. I, personally take issue with the significant involvement, and possible influence, of these other stakeholders (including myself) that derive their income from the condominium owners. Condominium owners can only hope that those in charge of the review placed greater weighting on the opinions and suggestions of the Resident Panel as opposed to the other stakeholders who may have self-serving agendas.

Through roundtable discussions consisting, of the Resident Panel, other stakeholders and individual submissions, this stage determined a set of priorities for changing the Act. My submission for Stage 1 can be found on my website under “Condo-Ology™”

The following is a condensed version of the Public Policy Forum Stage 1 Findings Report, Executive Summary. I encourage readers to seek more information by searching: Ontario Condo Act Review – Canada’s Public Policy Forum.

Condominium Governance

Condominium boards need increased diligence when informing and educating their own members and the owners about everything from community rights and responsibilities to the financial state of their condominium. In addition, boards need to take steps to increase their responsiveness, transparency and accountability. Specifically, corporate and governance documents (such as by-laws, full reserve fund studies and board meeting minutes) must be made more readily available and information must be accurate, accessible, up to date, and complete. For their part, owners must engaged and accept a greater degree of responsibility for the good governance and management of the community, including participating in Annual General Meetings.

Dispute Resolutions

Although a more effective and efficient means to enforce the rules and responsibilities set out in the Condominium Act and individual condominium corporation documents is needed, this is only one part of a high-quality system for resolving disputes. Participants agreed that issues could often be resolved quickly and amicably if there was better access to the right information, informed and impartial advice, and a reliable, trusted mediation. Such tools need to be incorporated to make a more effective dispute resolution system for the future.

This has raised further questions asking not only such a system would work but also, how it would be managed. Many felt that some form of independent, authoritative agency or organization is needed to oversee the development and implementation of these tools and processes

Condominium Manager Qualifications

A higher standard of skills and training is necessary for managers and management firms. This may incorporate a minimum level of knowledge and regulation of the industry by government, or some organization acting on its behalf. It is important to note that managers are not currently licensed, nor is the profession regulated.

Financial Management

Reserve funds (funds that owners pay as part of their common expense contributions for major repairs and replacement of common elements and condominium assets) must be adequately funded through contributions that are based on appropriate, standardized studies. The rules around the use of these funds should be reviewed and adjusted where necessary. In some cases, more flexibility may be appropriate but, however, it should be clear how and where the funds can be used and how the owners will be informed of this. Owners need access to tools and information that keep them well informed on how the monthly contributions (and possible special assessments) are set and used. This information must be in a form that is accessible, timely and reliable.

Consumer Protection

Documents related to the sale of a condominium unit should be supported by clear summaries that explain the key information buyers need to make an informed purchase decision. In the event of exceptions there should be a requirement of meeting stringent criteria, including disclosure to ensure consumers are able to make an informed decision

Stage 2

Stage 2 started March 2013; groups of experts in condominium issues (including owners) convened to review the findings from the Stage 1 report. Based on the issues, proposals and arguments, the experts will develop a detailed set of options for the new Condominium Act.

Stage 3

Stage 3 is set to begin in the Autumn of 2013. The options arising from Stage 2 will be reviewed and validated by condominium owners and other stakeholders. Once validated, the options will be presented to the government and the condominium sector.

FORE!

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