

# real estate

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

### *Condominium Act Review – Completion of Stage Two: Solutions Report.*

In June 2012, the Ministry of Consumer Services (“MCS”) engaged Canada's Public Policy Forum (“Forum”), based in Ottawa, to lead a public engagement process to review and recommend changes to the current Condominium Act. The Forum's mandate is to engage condominium owners, developers, managers and other community stakeholders in a three-stage, 18-month review process.

In Stage One, participants were selected from across the condominium industry and the general condominium owner public. This stage identified numerous shortcomings and was completed in early 2013.

Stage Two consisted of the Forum setting up five working groups representing a broad cross-section of the condominium industry's interests to review the Stage One findings and develop possible solutions. This Stage was recently completed. The Stage Two Solution Report as well as an essential survey can be found on the Forum's web site [www.ppforum.ca](http://www.ppforum.ca). The public has an opportunity to review and provide comments on the Stage Two Solution Report until November 8, 2013.

Stage Three will review the recommendations of the Stage Two Solution Report as well as the additional comments provided by the public. The recommendations will be validated by the participants of the review process; then presented to the government. These recommendations will form the basis on which the MCS will draft an action plan for implementation.

There was one major recommendation that I found to be particularly troublesome. The recommendation is to reducing owners' involvement in the approving process for substantial changes to the condominium common elements (i.e. the addition or deletion of amenity space etc.).

The current Act (legislation) requires that 66.6% of all owners must agree to a substantial change. As a condominium owner, and a professional in the condominium industry, I think that the current requirement of 66.6% agreement of all owners is democratic and fair. I acknowledge that this percentage is very difficult to achieve, but if the owners (via Board of Directors) want a substantial

change to their condominium corporation then they, along with their condominium manager, must educate and engage all owners in order to obtain the 66.6%.

The Stage Two Solution Report has recommended the required percentage should be reduced from 66.6% of all owners to 66.6% of owners that are in attendance (either in person or by proxy) at an owners meeting. A vote can only be conducted in a situation in which a minimum of 25% to 33.3% (still to be determined) of all owners are being represented, this is commonly referred to as a quorum. This would mean that a substantial change to a condominium corporation could be approved by a minimum of 17% to 22% of the total owners.

The average size of a condominium corporation in Ontario is 70 units. Assuming the recommendation is incorporated into the new Act, a substantial change for the average condominium corporation could be implemented based on the confirmative votes of 12 to 16 owners, while under the current Act the required approval is 47 owners. When I was managing condominiums, my average condominium corporation was 30 units and in these cases, substantial change could be approved by as little as 5 to 7 unit owners.

This recommendation is contradictory to one of the most crucial common concerns raised during Stage One of the review process, that being; many condominium owners feel that they have no real power over the decisions and actions of boards and managers. The Act must protect condominium owners and ensure that a condominium corporation's physical structure, amenities, services and financial obligations remain relatively status quo. Rather than lowering the percentage to ease the substantial change procedure, greater effort should be made to increase owners' engagement.

I encourage all interest parties to get involved and Please fill out the survey. Thanks.

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Tom LePage is a Condominium Consultant and is a 25-year plus Member of the Real Institute of Canada, Institute of Real Estate Management and the Association of Condominium Managers of Ontario in which he has earned several real estate and condominium management designations. All Tom's published articles as well as useful links can be found on his web site [www.condominiumconsulting.net](http://www.condominiumconsulting.net) , Tom can be reached at tom@lepage.biz.