
NEW REGULATIONS ON DEPRECIATION REPORTS

Strata owners will soon have more certainty and consistency around the repair and maintenance of common property with new regulations to close a loophole that allowed strata corporations to indefinitely defer depreciation reports.

Depreciation reports help estimate the long-term repair and replacement costs of a strata corporation's shared property and assets, giving strata owners the ability to contribute to contingency reserve funds as required. Obtaining these reports could previously be deferred repeatedly as long as three-quarters of a strata corporation's owners voted annually in favour of a deferral.

Updated regulations that take effect July 1, 2024, will tighten up the depreciation report requirements and eliminate the ability to defer depreciation reports by three-quarter vote. Existing strata corporations with five or more strata lots to be required to obtain depreciation reports on a five-year cycle, instead of a three-year cycle. This change aligns B.C. with other jurisdictions, including Alberta and Ontario.

There are two zones with two separate dates for the completion of depreciation reports. If you are in Metro Vancouver, the Fraser Valley and Capital Regional District of Victoria, you must have a report complete by July 1, 2026.

For the rest of the province, and on islands accessible only by boat or air, the deadline is July 1, 2027. If a strata corporation had a report completed since Dec. 31, 2020, then the five-year cycle applies to that report.

Effective July 1, 2025, all strata corporations must also obtain their depreciation reports from a list of qualified professions, including engineers, certified reserve planners, architects, appraisers, applied science technologists and quantity surveyors.

To support new strata corporations with five or more strata lots, effective July 1, 2027, owner-developers will be required to contribute funds toward the cost of obtaining a first depreciation report: a minimum of \$5,000, plus \$200 per strata lot, up to a maximum of \$30,000.

Strata corporations with four or fewer lots will continue to be exempt from being required to obtain depreciation reports.

(2024)

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