THE CONDOMINIUM EXPERIENCE IN BRITISH COLUMBIA

by

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Abstract

The overall objective of this study was to investigate the condominium market in British Columbia with special emphasis on the metropolitan Vancouver and Victoria areas. Specifically there were four main goals: 1) to quantify the amounts, type, and timing of condominium developments, 2) to establish a profile of condominium occupants including their socio-demographic characteristics, motivations for purchase, and their level of satisfaction with the concepts, 3) to investigate the developers of condominiums for the purpose of defining characteristics of this sector of the market and its participants, finally 4) to examine the administration and management of completed condominium projects. Several unique situations and unusual problems pertaining to condominiums were also examined.

All of the data necessary to quantify the condominium market was available in the Land Registry Offices. Included in the records were the number of strata projects, number of strata units, date of registration, location, use, structure type, and the name of the developer. Transaction data concerning condominiums was also collected at the Land Registry Offices; this formed part of the data needed to construct the resale price index. The quantitative data, described above, also served as the basis for the occupants and the developers surveys.

The condominium market was found to have grown rapidly since its inception in 1968. As of November 30, 1977 a total of 2340 condominium projects involving 46,411 units had been registered

in the province. Of these 94.8% of the projects and 94.0% of the units were strictly residential. This represents a significant force in the housing market as condominiums in 1976 accounted for 26.2% of all housing starts and 57.9% of all multi-unit housing starts in the province. Geographically the condominiums were concentrated in metropolitan Vancouver (65.6% of all units) and metropolitan Victoria (11.9% of all units). The largest single structural category was duplex projects (42.3% of all projects and 4.2% of all units) followed by lowrise apartments (under 4 stories) which accounted for 21.7% of all projects (36.0% of all units).

Overall residential condominium prices have risen by approximately 150% between 1969 and 1977 in metropolitan Vancouver and Victoria although those units purchased from 1974 on have shown little or no gain on resale. Condominium units have kept pace with rate of increase of single family detached house prices.

One hundred and fifty-seven projects of 10 units and greater were randomly selected in metropolitan Vancouver and Victoria. Every eighth unit within these projects was distributed; an owners and a tenants survey - 895 units were thus canvased resulting in 234 completed and returned questionnaires. From these, three submarkets within the condominium market were identified:

a) young, apartment condominium purchasers, generally without children. They purchased a unit primarily to establish an equity position in the housing market;

b) townhouse purchasers who were predominantly in the 30-39 year old age category and had the highest average number of children;

c) the older (over 40 years old) apartment purchasers who moved from single family detached dwellings to escape the required upkeep.

The owners survey also revealed that the two most frequently mentioned reasons for purchasing a condominium rather than a single family house were first, the economic advantage (46%) and second, the freedom of exterior upkeep (28%). Further it was found that overall there was a high level of satisfaction with condominium living. Eighty-eight percent of the respondents reported to be moderately or very well satisfied.

The condominium development industry was found to be made up of a large number of participants (1261). The majority of these (90%) produced only one or two projects each, however there were also a small number of firms that were large producers both in terms of units and projects. The largest twenty producers in terms of production of units concentrated their activity in metropolitan Vancouver, these firms contributed one half of the units in this region.

The management of strata council budgets, in terms of both operating and reserve accounts, has improved greatly in the recent past. Less than 9 percent of surveyed projects had operating budget deficiencies, compared to approximately one half of the projects surveyed in 1973.

The condominium market is currently experiencing very soft market conditions. This is evidenced by the minimal price appreciation displayed recently, large vacant stocks of unoccupied units (1638 in June of 1977 in metropolitan Vancouver) and the reduction in the level of new condominium construction relative to 1976. Despite these negative aspects the broadening of the consumer market to include all age groups and the high level of satisfaction displayed in the owners survey indicates the condominium market will remain viable in the long-run. The short-run outlook must remain cloudy however until the present unsold inventory is reduced.

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Introduction

Strata title projects, or condominiums as they are more commonly referred to, are a relatively new form of property ownership in British Columbia; the first project being built in 1968. The definition of the condominium concept is "one overall area having within its boundaries certain parts owned in fee simple by individual owners and other areas owned by all the individual owners as tenants in common."[1] This form of tenure may be applied to any use from residential to mixed residential, commercial, industrial, or recreational. Similarly the form the projects take may range from land subdivisions to multi-story highrise buildings.

The enabling legislations providing for the development of condominiums has been in effect in British Columbia since September 1, 1966.[2] Initially the rate of development was slow as the concept was not fully understood by the public. No strata projects were constructed until 1968 when 7 projects involving 312 units were produced. The rate of production has increased greatly since then culminating in 667 projects involving 11,052 units being built in 1976. Over the period 1968 to November 31, 1977, a total of 46,411 condominium units have been created involving 2340 projects. With their increasing number, condominiums have become a significant force in the housing market. As a proportion of new housing starts in the province they have increased from 1.2% in 1968 to 26.2% in 1976. As a share of the new starts intended for owner-occupiers they have increased from 2.2% to 32.0% over the same period.

This study divides the examination of the condominium market into five basic components represented by the following chapters. Chapter Two presents a statistical profile of the market including the quantity, type, location, and size of condominium developments and information on their selling prices. Chapter Three reviews the Strata Titles Act as it presently applies, some of the major amendments that have been made since its introduction, and some of the proposed changes in the Act. The Fourth Chapter represents a major portion of this study. It discusses the results of a survey of condominium owners and tenants which establishes a profile of the occupants including socio-demographic characteristics, motivations for purchase, and the owner's satisfaction with condominiums. The next chapter is concerned with the developers of condominiums and those charged with their administration and management on completion - the professional property managers and the strata councils. Chapter Six examines some special considerations and unique projects. Finally, Chapter Seven provides some concluding remarks.

It should be noted before proceeding further that the term "condominium" is not contained in the British Columbia legislation. Rather, the term "strata" has been adopted from the New South Wales Strata Titles Act from which the B.C. Act was modeled. Throughout this report however, the terms "condominium" and "strata" are used interchangeably to reflect the general usage of the public.

The following general definitions are provided to assist the readers who are unfamiliar with the terminology associated with condominiums. For greater detail and more specific definitions the readers are referred to Chapter Three.

<u>Strata Plan or Condominium Plan</u>: This refers to the document that is registered at the local Land Registry Office to create the legal interest in real property that are known as strata units or condominium units. Until this plan is accepted for registration in the Land Registry Office, no strata or condominium units exist.

<u>Strata Project or Condominium Project</u>: This is a rather loose definition used in the industry to describe the project developed under the Strata Titles Act. Generally this is identical to the project described in the strata plan except in the case of phased condominiums where each phase is called a project but one strata plan covers all phases.

<u>Strata Unit (lot) or Condominium Unit (lot)</u>: This refers to the individual units which are created by the registration of the strata plan. The size and boundaries of these individual units are specified in the strata plan and at the time the strata plan is filed, individual certificates of title are created for each strata unit. The strata units represent the portion of the strata plan which may be owned in fee simple.

<u>Strata Corporation of Condominium Corporation</u>: At the time the strata plan is filed, there is an automatic creation of a Strata Corporation. Each owner of the strata units constitute the members of the Strata Corporation and their voting rights are prescribed in the strata plan. The Strata Corporation is charged with the responsibility of operating and administering the common areas and by-laws and this is done through an elected strata council comprising members of the Strata Corporation.

Footnotes - Chapter 1

1. S.W. Hamilton, I. Davis, and J. Lowden, "Condominium Development in Metropolitan Vancouver", The Real Estate Council of Greater Vancouver, December 1971, p. 2.

2. Strata Titles Act, S.B.C. 1966 ch. 46, Nov. S.B.C. 1974 ch. 89.

Chapter 2

Statistical Profile of Condominiums in British Columbia

2.1 History of Condominiums

The condominium concept was first used by the ancient Hebrews, 2,500 years ago and was subsequently used by the Greeks, Phoenicians, Moslems and Egyptians. In 1804 the first modern codification of condominium law was enacted in the Code Napoleon of France (Article 664) and by 1884 there was reported to be 4,190 condominium structures in France. Condominium development also appeared in a major fashion after World War I in Europe. In North America, condominiums first became popular in Puerto Rico and Hawaii. Presently, virtually all the countries of Europe, all the American states, all the Australian states, and all the Canadian provinces have comprehensive condominium legislation.[1]

The British Columbia Strata Titles Act was introduced in 1966 and was modelled after the Strata Titles Act of New South Wales, Australia. The Alberta and Saskatchewan Acts were also patterned after the New South Wales Act while the remaining Canadian provinces adopted an American styled act. The main difference between the two styles of legislation is that the American-based law does not require a building or physical structure before the registration of a strata plan, the Australian law does. This is modified now in the B.C. Act which permits bareland and support structure strata lots.

Examining the history of condominiums reveals that the use of the condominium concept is stimulated in periods of housing shortages (such as in Europe after world War I) or in places of restricted building areas (within the walled confines of the ancient cities or the limited land areas of Puerto Rico and Hawaii). The development of condominiums in British Columbia also accelerated during a period of high demand for housing evidenced by rapidly increasing prices of single-family homes. The level of housing demand is only one reason for the acceptance of condominiums however, changes in lifestyle, consumer preferences, and economic capability also have an effect.

The objective of this chapter is to quantify the development of condominiums in British Columbia. The examination of the owners of condominiums and their motivations for purchase is left to Chapter Four - The Owners Survey.

2.2 Sources of Data and Methodology

There are several sources of data used in this chapter. Initially data were collected from the seven Land Registry Offices in British Columbia. The data included the strata plan number, number of units in the project, data of registration, municipality or area the project was located in, the use of the units (residential or non-residential), data on phased projects and those constructed on leased land. The structure type of the project could also be determined by examining the strata plans registered in the Land Registry Offices (L.R.O.). As part of this set of data, the name of the developer was also collected to be used in Chapter Five.

Data on conversions, the changing of an existing building with a single title to a strata title project with multiple titles within the same area, was not available from the records of the L.R.O.'s. This information was collected from the municipal governments in Metropolitan Victoria and Vancouver. The figures presented in this category should be used with caution for two reasons: first, before legislative changes were made in 1973 requiring the approval of the municipality before conversion could take place no records were kept on the number or location of any conversions. Secondly, even after 1973 some of the municipalities did not have complete records of the conversions. The number of conversions presented should therefore be considered a minimum number rather than a complete list.

The structure type was classified into a variety of categories: townhouses or rowhouses (those units that are attached to one another horizontally but not vertically), low rise apartments (those units that are attached vertically and may be but not necessarily horizontally and of less than four stories) high rise apartment (vertical attachment of four or more stories), duplex projects (two units attached vertically or horizontally), duplexes (more than one duplex in a strata plan), single detached, support structures, bareland, warehouse, commercial and mixed uses.

The next step in the primary data collection was to select a random sample of projects of more than 10 units in the metropolitan areas of Victoria and Vancouver. From these projects, every eighth unit was then selected and the title searched to obtain sales price information. These data were then supplemented by other sources to provide some indication of the changes in prices for condominium units.

2.3 Condominium Developments

The British Columbia Strata Titles Act became effective on September 1, 1966 but the first strata plan was not registered until February 29, 1968. The reason for the slow rate of development initially was partially due to caution on the part of developers to enter into an entirely new area and partially due to the problems of financing. Financing was difficult to obtain because mortgagees ranked condominiums very low in order of their preference[2] and 1967 and 1968 were periods of shortages of mortgage money.[3] This resulted in mortgagees placing all available funds in more traditional forms of housing.

Table 1 displays the aggregate of all condominium developments in British Columbia since 1968 - there were no strata title projects developed prior to this time. From the rather modest beginning in 1968 the rate of condominium development increased rapidly to the point where, as of November 30, 1977, there are 46,411 strata units in 2340 strata plans in British Columbia. Of these, 30,502 (65.7%) of the strata units and 1262 (53.9%) of the strata plans are located in Metropolitan Vancouver. Metropolitan Victoria comprises the second largest group of strata units and plans with 5528 (11.9%) units in 432 (18.4%) plans. Combined these areas represent 77.6% of all units and 72.3% of all projects in the province. The next largest urban area in terms of condominium development is

TABLE 1

CONDOMINIUM PROJECTS BY YEAR AND LOCATION: PROVINCE OF BRITISH COLUMBIA

Land Registry Areas	1968		1969		1970		1971		1972		1973		1974		1975		1976		1977		Total		%	
	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit
1. Metropolitan Vancouver LRO	0	0	3	78	5	220	18	494	37	1243	50	1654	72	2424	75	2363	94	2686	77	2044	431	13206	18.4	28.4
2. Balance Vancouver LRO	2	46	1	12	3	16	1	10	5	71	1	12	10	274	12	195	16	205	17	260	68	1101	2.9	2.3
3. Total Vancouver LRO	2	46	4	90	8	236	19	504	42	1314	51	1666	82	2698	87	2558	110	2891	94	2304	499	14307	21.3	30.8
4. Metropolitan New Westminster LRO	3	102	10	520	16	674	31	1409	35	1010	82	2028	83	2028	156	2857	213	4126	202	2542	831	17296	35.5	37.2
5. Balance New Westminster LRO	0	0	4	68	3	98	3	70	0	0	5	171	9	130	30	468	65	904	29	473	148	2352	6.3	4.9
6. Total New Westminster LRO	3	102	14	588	19	772	34	1479	35	1010	87	2199	92	2158	186	3295	278	5030	231	3015	979	19648	41.8	42.3
7. Total Metropolitan Vancouver Area (1+4)	3	102	13	598	21	894	49	1903	72	2253	132	3682	155	4452	231	5220	307	6812	279	4586	1262	30502	53.9	657
8. Metropolitan Victoria LRO	0	0	2	42	13	239	21	494	25	640	34	553	42	602	52	900	109	1073	134	985	432	5528	18.4	11.9
9. Balance Victoria LRO	2	164	1	22	0	0	4	72	7	141	6	160	10	210	23	567	80	821	48	460	181	2617	7.7	5.6
10. Total Victoria LRO	2	164	3	64	13	239	25	566	32	781	40	713	52	812	75	1467	189	1894	182	1445	613	8145	26.1	17.5
11. All Metropolitan Areas (1+4+8)	3	102	15	640	34	1133	70	2397	97	2893	166	4235	197	5054	283	6120	416	7885	413	5571	1694	36030	72.3	77.6
12. Kamloops City	0				0	0	4	249	3	115	1	2	4	172	4	164	8	312	5	97	29	1111	12	2.3
13. Kelowna					0	0	4	9	1	2	1	14	1	72	13	89	29	124	24	177	73	487	3.1	1.0
14. Vernon					3	6	1	21	2	4	0	0	0	0	3	60	3	56	6	35	18	182	0.8	0.4
15. Penticton					0	0	0	0	0	0	0	0	0	0	6	130	4	185	2	48	12	363	0.5	0.8
16. Balance Kamloops LRO					2	27	1	19	4	74	1	64	2	51	6	84	30	288	27	494	73	1101	3.1	2.1
17. Total Kamloops LRO					5	33	10	298	10	195	3	80	7	295	32	527	74	965	64	851	205	3244	8.7	6.9
18. Nelson LRO					0	0	0	0	1	87	0	0	2	22	6	62	6	117	4	51	19	339	0.9	0.8
19. Prince George LRO					0	0	0	0	0	0	0	0	2	60	6	176	6	88	2	107	16	431	0.8	1.0
20. Prince Rupert LRO					1	10	1	27	0	0	0	0	0	0	2	93	4	67	1	100	9	297	0.4	0.7
21. Grand Total: B.C.	7	312	21	742	46	1290	89	2874	120	3387	181	4658	237	6045	394	8178	667	11052	578	7873	2340	46411	100%	100%

Kamloops City with 29 projects (1.2%) and 1111 units (2.3%).

The data in Table 1 requires some further explanation. The totals include amalgamations or consolidations of existing condominiums, cancelled plans which were registered and subsequently cancelled, demolitions, and each phase in a multi-phase project. For example, a strata plan with three phases is counted as three separate projects to reflect the timing differences of construction. These adjustments are minor in aggregate but should be kept in mind. Table 2 indicates the extent of these adjustments. After allowing for adjustments, one finds a total of 2302 strata plans in existence involving 45,597 units. Not all of these represent new units as 1188 existing units in 48 projects were converted to condominiums from another use. These are examined in more detail in Chapter Six.

TABLE 2

Summary of Condominium Projects

		Projects	Units
1.	Provincial Totals	2340	46,411
2.	Less Cancelled or Destroyed Plans*	14	245
	Subtotal	2326	46,166
3.	Less Consolidations	4	569
	Subtotal	2322	45,597
4.	Less Duplicate Count Phased Plans**	20	0
	Existing Totals	2302 Plans	45,597 Units

**Projects include each phase in a phased strata plan. The total project included 14 phased strata plans with a total of 34 projects or phases. Each phase was recorded as a separate project in order to allocate the units to the correct year in which they were constructed.

*In most cases the records at the Land Registry Office did not indicate the reason for cancellation of the plan. Therefore it is not possible to determine if the building was destroyed or converted to a non-condominium use.

Examining the data chronologically one can see the number of condominium registrations in terms of both units and projects has risen steadily from 1968 to 1976 in the province. While the information pertaining to 1977 is complete only to November 30, there is little doubt that the production of condominiums will be down approximately 20% from the 1976 level. This is a reflection of current poor market conditions being experienced. (This is discussed in more detail in section 2.6, Current Situation). While the early periods showed the greatest rate of increase of development, the greatest increase in absolute terms in British Columbia took place between 1975 and 1976 where 273 projects and 2874 units more than the previous year's production was recorded. 1976 also represented the largest single year in terms of production accounting for 28.5% of all projects and 23.8% of all units (Table 3). Similar increases occurred in Metropolitan Vancouver during the 1975-76 period (an increase of 76 projects and 1592 units), however Metropolitan Victoria displayed its largest increase over the previous year in terms of units from 1974 to 1975 (298) although the largest increase in projects (57) took place between 1975 and 1976.

2.3.1 Condominium Developments - Type of Projects

The distribution of condominium projects and units by type of project and by year is shown in Table 3. The majority of the classifications are self-explanatory, however some clarification may be required. Lines 1 to 11 are strictly residential projects. Support structures (line 12) and bareland subdivisions (line 14)

TABLE 3

PROVINCIAL CONDOMINIUM PROJECTS BY TYPE BY YEAR

Type of Project	1968		1969		1970		1971		1972		1973		1974		1975		1976		1977*		Total		%	
	Project	Units	Project	Units	Project	Units	Project	Units	Project	Units	Project	Units	Project	Units	Project	Units	Project	Units	Project	Units	Project	Units	Project	Units
SINGLE TYPE: Residential																								
1. Single Detached							1	7	2	24	4	44	1	11	5	132	6	74	18	161	37	453	1.5	0.9
2. Duplex (2 Units)					15	30	18	36	25	50	53	106	67	134	147	294	359	706	311	622	989	1978	42.3	4.2
3. Duplexes					2	96	3	24	1	4	1	35	1	6	1	32	6	134	5	54	20	385	0.7	<1.0
4. Townhouses	3	147	15	656	18	824	30	1606	43	1611	35	1100	42	1309	77	2085	102	2362	92	1721	458	13421	19.7	29.3
5. Low-Rise	4	165	4	86	8	274	18	610	40	1409	61	2225	97	3343	104	2930	110	3373	61	2321	507	16735	21.7	36.0
6. High-Rise					3	66	13	377	6	239	20	862	21	1042	46	2313	45	2430	27	1763	181	9092	7.7	19.5
MIXED TYPE: Residential																								
7. Duplex/Townhouse							1	58					1	52	0				0	0	2	110	<1.0	<1.0
8. Low-Rise/Townhouse							1	63			1	264			0		3	626	0	0	6	953	<1.0	2.0
9. Townhouse/High-Rise							1	72					1	103	0		1	122	0	0	3	297	<1.0	<1.0
10. Single/Duplex									1	14					0		1	19	2	18	4	51	<1.0	<1.0
11. Duplex/Lowrise									0	0					0		1	7	0	0	1	7	<1.0	<1.0
MIXED TYPE: Non-Residential																								
12. Support Structure															2	24	20	678	30	807	52	1509	2.2	3.5
13. Lot Subdivision									1	1					1	7	0	0	0	0	2	8	<1.0	<1.0
14. Bareland Subdivision									0	0							0	0	1	51	1	51	<1.0	<1.0
15. Residential & Commercial													1	12	0		2	7	2	30	5	49	<1.0	<1.0
16. Warehouse							2	7	0	0	2	11	2	8	5	63	3	15	17	156	31	260	1.3	<1.0
17. Commercial									0	0	2	11	1	4	0	0	1	4	7	43	11	62	<1.0	<1.0
18. Church/Highrise									0	0							1	2	0	0	1	2	<1.0	<1.0
19. Cancelled			2	0			1	14	1	35			1	0	5	161	3	17	1	18	14	245	<1.0	<1.0
20. Consolidated													1	21	1	137	1	411	1	0	4	569	<1.0	1.23
21. Lease																	8	65	3	108	11	173	<1.0	<1.0
22. Total: All Types	7	312	21	742	46	1290	89	2874	120	3387	181	4658	237	6045	394	8178	667	11052	578	7873	2340	46411	100%	100%
23. Percentage By Year	0.2	0.6	0.8	1.5	1.9	2.7	3.8	6.1	5.1	7.2	7.7	10.0	10.1	13.0	16.8	17.6	28.5	23.8	24.7	16.9	100	100		

*To November 30, 1977.

13.

represent condominium projects with no buildings. Line 13, lot subdivision, refers to the creation of two or more strata lots out of a single strata unit. To avoid the double counting of units only the newly created strata units are indicated. Line 18 represents a novel use of the condominium concept to combine a church and a highrise residential building. Line 21 contains strata projects that are constructed on leased land - a more complete account of these is presented in Chapter Six.

Classifying the development into residential and non-residential one can see that the vast majority of the units and projects are residential in nature. Lines 1 to 11 and 21, which are all exclusively residential, aggregate to represent 95% of all units registered and 94% of all projects. This does not include the residential units contained in the mixed residential/commercial projects or those support structures and bareland strata units used for residential purposes. The numbers involved in these categories are very small and will not affect the overall picture. While the registrations of non-residential projects is very small, the numbers have been increasing in recent years. As the market gains experience in these areas even more developments will likely be forthcoming in the future.

Duplex (2 unit) condominium projects represent 42.3% of all projects but only 4.2% of all units. Lowrise apartment condominiums represent the largest category in terms of the number of units (36.0% of units, 21.9% of projects) followed by townhouses (29.3% of units, 19.7% of projects) and highrise apartments (19.5% and 7.7% for units and projects respectively). All other uses are insignificant in relation to these categories. It is interesting to note however, that support structures are approximately double the number of any other non-residential use yet they have only been developed since 1975.

Table 4 presents the distribution of condominiums by type and major locations. The locational distribution of structure types will depend on several factors including the relative price of land, level of demand for various structure types, municipal zoning, and on the availability of land in each area. Excluding the factor of municipal zoning it would be expected that the structures with the highest densities (high-rise apartments) would be closest to the inner city followed by the less dense low-rise apartments and finally by townhouses and lower density types in the suburban areas. This pattern is generally observable for condominium units.

Line 1 of Table 4, Metropolitan Vancouver LRO represents the City of Vancouver, West Vancouver, North Vancouver City and North Vancouver District, all of which are relatively close to the central business district. Over one half (51.6%) of the condominium projects in Metropolitan Vancouver are of low-rise design. These are followed in order of importance by high-rise apartments (18.2%) and townhouses (12.1%).

Metropolitan New Westminster LRO, line 4, consists of the outlying municipalities of New Westminster, Burnaby, Port Coquitlam, Surrey, Port Moody, Delta, Richmond, Langley, and White Rock. As expected there is a lower percentage of apartment styled condominiums in this area than in Metropolitan Vancouver, 20.7% versus

TABLE 4

CONDOMINIUMS BY TYPE AND MAJOR LOCATIONS 1967-1977*

Land Registry Areas	Single Detached	Duplex	Duplexes	Town House	Low Rise	High Rise	Mixed Residential	Support Structure	Others
1. Metropolitan Vancouver LRO	1 5	43 86	6 105	52 1536	221 6697	78 4378	1 103	5 40	21 238
2. Balance Vancouver LRO	4 33	16 32	2 36	30 498	4 189	0 0	0 0	9 312	1 1
3. Total Vancouver LRO	5 38	59 118	8 141	82 2034	225 6886	78 4378	1 103	14 352	22 239
4. Metropolitan New Westminster	12 199	495 990	0 0	119 5896	148 6318	23 2107	6 953	0 0	26 285
5. Balance New Westminster LRO	1 8	66 132	4 106	41 902	32 1025	0 0	0 0	1 157	1 22
6. Total New Westminster LRO	13 207	561 1122	4 106	160 6798	180 7343	23 2107	6 953	1 157	27 307
7. Total Metrololitan Vancouver Area (1 + 4)	13 204	538 1076	6 105	171 7432	369 13015	101 6485	7 1056	5 40	47 523
8. Metropolitan Victoria LRO	1 2	212 424	2 24	73 1129	51 1210	74 2430	3 201	2 8	11 49
9. Balance Victoria LRO	10 152	76 152	4 50	49 1150	20 479	4 130	4 51	11 271	0 0
10. Total Victoria LRO	11 154	289 578	6 74	122 2279	71 1689	78 2560	7 252	12 279	11 49
11. All Metropolitan Areas (1 + 4 + 8)	14 209	750 1500	8 129	244 8561	420 14225	175 8915	10 1257	7 48	58 572
12. Kamloops City	1 40	1 2	1 60	21 810	4 141	0 0	1 58	0 0	0 0
13. Kelowna	0 0	54 108	0 0	8 99	6 228	1 36	0 0	2 6	2 10
14. Vernon	0 0	5 10	1 4	7 125	4 28	0 0	0 0	1 15	0 0
15. Penticton	0 0	1 2	0 0	5 244	4 102	1 11	0 0	1 4	0 0
16. Balance Kamloops LRO	7 14	20 40	0 0	19 367	8 148	0 0	0 0	18 517	0 0
17. Total Kamloops LRO	8 54	81 162	2 64	60 1645	26 647	2 47	1 58	22 542	2 10
18. Nelson LRO	0	0	0 0	14 267	3 72	0 0	0 0	0 0	0 0
19. Prince George LRO	0	0	0 0	12 201	2 99	0 0	1 52	1 79	0 0
20. Prince Rupert LRO	0	0	0 0	8 197	0 0	0 0	0 0	1 100	0 0
21. GRAND TOTAL B.C.	37 453	989 1978	20 385	458 13421	507 16736	181 9092	16 1418	52 1509	62 605

*Excludes consolidations and cancellations

69.8%. Also this area has a larger percentage (14.4% versus 12.1%) and in absolute terms, twice as many townhouse units as Metropolitan Vancouver. The most interesting feature of the Metropolitan New Westminster area is the large number of duplex projects, 495. These represent 59.7% of all projects in the area and 50% of all duplex projects in the province.

Examining the Metropolitan Victoria area, line 8, a note of caution must be added. A large though undetermined number of the condominium projects in this area that are classified as high-rise contain only 3½ or 4 stories. Hence by definition they are classified as high-rise but locally they are considered low rise. This fact makes it difficult to comment on the Metropolitan Victoria area relative to other areas.

Excluding the major metropolitan areas, townhouses are the most popular condominium design. This also follows the pattern suggested above. Land costs are generally lower in the outlying areas which allows lower density developments to be constructed profitably. Finally it should be noted that support structures are most often located in the non-urban areas. Only 13% of the support structure projects involving 3% of the units are located in Metropolitan Vancouver, New Westminster, or Victoria.

2.3.2 <u>Condominium Development - Size of Projects</u>

The distribution of all condominium projects by year and size is shown in Table 5. It should be noted that in this table, each phase in a multi-phased condominium development is counted as a single project. Hence the range in project size is from a one unit project (of which there are two, one, a commercial phase

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TABLE 5 CONDOMINIUM PROJECTS BY PROJECT SIZE BY YEAR: PROVINCIAL TOTALS

Size of Project	1968		1969		1970		1971		1972		1973		1974		1975		1976		1977		TOTAL		PERCENTAGE	
Provincial Totals	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit
1- 2 Units	0	0	0	0	15	30	18	36	26	51	54	108	67	134	148	296	358	716	331	661	1017	2032	43.6%	4.4%
3- 9	0	0	0	0	2	12	12	76	11	62	18	101	18	105	33	189	75	395	83	453	252	1393	10.8	3.0
10- 19	1	12	6	86	8	103	17	243	20	288	25	321	42	616	62	941	57	787	45	666	283	4063	12.1	8.7
20- 39	3	94	8	182	9	253	22	667	39	1152	47	1353	56	1620	90	2505	96	2664	60	1660	430	12150	18.4	26.2
40- 59	1	42	1	51	6	304	5	259	6	288	16	715	27	1260	29	1422	39	1821	36	1735	166	7897	7.1	17.0
60- 99	1	63	2	164	4	326	7	540	13	1025	12	805	18	1319	15	1044	23	1646	12	812	107	7744	4.6	16.7
100-499	1	101	2	259	2	262	8	1053	4	521	9	1255	8	991	14	1781	18	3023	9	1379	75	10625	3.2	22.9
500 plus	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	507	1	507	<1.0	1.1
Non-Metropolitan Areas																								
1- 2	0	0	0	0	5	10	4	8	5	10	2	4	6	12	26	52	133	266	73	145	254	507	39.7	4.7
3- 9	0	0	0	0	1	4	1	3	1	4	1	8	5	38	15	89	36	195	27	150	87	491	13.6	4.7
10- 19	1	12	3	40	4	47	4	53	4	57	2	26	9	111	26	363	24	341	20	292	97	1342	15.1	12.9
20- 39	1	34	3	62	0	0	8	236	10	282	6	184	10	245	27	695	38	1044	29	806	132	3588	20.6	34.5
40- 59	0	0	0	0	2	96	1	58	1	54	3	137	5	253	9	439	8	394	9	403	38	1834	5.9	17.7
60- 99	1	63	0	0	0	0	0	0	1	87	1	64	3	192	4	283	9	638	4	305	23	1632	3.6	15.7
100-499	1	101	0	0	0	0	1	119	0	0	0	0	1	140	1	137	2	289	2	201	8	987	1.2	9.5
500 plus	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

18a.

SOURCE: Land Registry Data excluding canc ed or amalgamated projects with no units reporte
Includes cancelled or amalgamated projects where units were recorded in the Land Registry Office.
Each phase in a strata plan is counted as a separate project.

(a) Subdivision of existing strata lot, only new lot counted.
(b) One commercial unit in a two-phase project.

TABLE 5 (continued) CONDOMINIUM PROJECTS BY PROJECT SIZE BY YEAR:

Size of Project	1968		1969		1970		1971		1972		1973		1974		1975		1976		To Nov.30 1977		TOTAL		PERCENTAGE	
	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit
Metropolitan Vancouver																								
1- 2 Units	0	0	0	0	4	8	12	24	18	36	38	76	37	74	103	206	162	324	170	340	544	1088	43.1%	3.6%
3- 9	0	0	0	0	0	0	8	58	5	27	12	70	11	56	10	52	22	100	33	170	101	533	8.0	1.7
10- 19	0	0	2	28	3	43	5	66	12	179	20	246	26	405	31	499	23	314	13	195	135	1975	10.7	6.5
20- 39	2	60	4	96	5	126	10	309	18	534	33	943	41	1221	47	1389	44	1247	25	693	229	6618	18.2	21.7
40- 59	1	42	1	51	4	208	1	44	5	234	11	485	21	965	18	876	28	1273	25	1227	115	5405	9.1	17.7
60- 99	0	0	2	164	3	247	6	468	11	842	9	607	12	880	10	695	13	942	6	382	72	5227	5.7	17.1
100-499	0	0	2	259	2	262	7	934	3	401	9	1255	7	851	12	1503	15	2612	6	1072	63	9149	5.0	29.9
500 plus	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	507	1	507	<1.0	1.6
Metropolitan Victoria																								
1- 2	0	0	0	0	6	12	2	4	3	5	14	28	24	48	19	38	63	126	88	176	219	437	50.7	7.9
3- 9	0	0	0	0	1	8	3	15	5	31	5	23	2	11	8	48	17	100	23	133	64	369	14.8	6.7
10- 19	0	0	1	18	1	13	8	124	4	52	3	49	7	100	5	79	10	132	12	179	51	746	11.8	13.5
20- 39	0	0	1	24	4	127	4	122	11	336	8	226	5	154	16	421	14	373	6	161	69	1944	15.9	35.2
40- 59	0	0	0	0	0	0	3	157	0	0	2	93	1	42	2	107	3	154	2	105	13	658	3.0	11.9
60- 99	0	0	0	0	1	79	1	72	1	96	2	134	3	247	1	66	1	66	2	125	12	885	2.8	16.0
100-499	0	0	0	0	0	0	0	0	1	120	0	0	0	0	1	141	1	122	1	106	4	489	<1.0	8.8
500 plus	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

18b.

in a mixed residential/commercial development and the other being the newly created strata lot resulting from a lot subdivision) to a project of 507 units developed as a single phase.

The projects developed in the 1-2 unit size category (essentially duplexes) account for 43.6% of the projects but only 4.4% of the units in the province. Conversely, the 100-499 unit category accounts for only 3.2% of the projects but 22.9% of the units provincially. The largest group in terms of units is the 20-39 group representing 26.2% of units and 18.4% of projects. The non-metropolitan areas follow a similar pattern with a large percentage of duplex projects (but few units) and the largest category being the 20-39 unit group.

Comparing the metropolitan Vancouver and Victoria areas one can see that there are more larger projects in Metropolitan Vancouver. Twenty-one percent of the projects involving 66% of the units in Metropolitan Vancouver are in projects of 40 units or more. The same category in Victoria represents 7% of the projects and 37% of the units. It is also of interest to note that of the 76 projects containing 100 or more units in the province, 64 (84%) are in Metropolitan Vancouver. There are only four such projects in Metropolitan Victoria.

Table 6 is provided to allow some quick comparisons to be made between the areas; it is compiled from Table 5.

TABLE 6 - SUMMARY

Percent of Condominium Projects by Size

Size of Project	Provincial Total		Non-Metropolitan Areas		Metropolitan Vancouver		Metropolitan Victoria	
	Project	Unit	Project	Unit	Project	Unit	Project	Unit
1-2	43.6%	4.4%	39.7%	4.9%	43.1%	3.6%	50.7%	7.9%
3-9	10.8	3.0	13.6	4.7	8.0	1.7	14.8	6.7
10-19	12.1	8.7	15.1	12.9	10.7	6.5	11.8	13.5
20-39	18.4	26.2	20.6	34.5	18.2	21.7	15.9	35.2
40-59	7.1	17.0	5.9	17.7	9.1	17.7	3.0	11.9
60-99	4.6	16.7	3.6	15.7	5.7	17.1	2.8	16.0
100-499	3.2	22.9	1.2	9.5	5.0	29.9	<1.0	8.8
500 plus	<1.0	1.1	0	0	<1.0	1.6	0	0

Source: Table 5

Referring again to Table 5 and the provincial totals, it is possible to identify some modest trend in the size of projects over time. The project sizes appear to increase up until 1974 with projects of 40 or more units representing an increasing proportion of the total sample. In 1975 there was a shift back to smaller scale projects (under 40 units) which again reversed in 1976 and again in 1977. During 1977, projects of 40 or more units accounted for 49.8 percent of the total units as compared with the 10 year average of 57.7 percent. This suggests a current trend towards smaller scale projects reflective no doubt of the slack market for condominium projects.

Condominium projects by type, size and major location are displayed in Table 7. Considering the provincial totals the largest average sized project type is the mixed residential (58.92 units per project) due largely to the seven projects in the 100-499 unit category. The next largest average sized group is high-rise (50.23 units per project) followed by low-rises (33.01 units per project) and townhouses (29.37 units per project). The non-residential projects, warehouse, commercial, and other, all tended to be small averaging 8.39, 5.64, and 8.50 units per project respectively and none of the projects exceeded 39 units in size. The land and support structure projects were fairly evenly divided amongst the size categories.

Making regional comparisions one can see the developments in the non-metropolitan areas are smaller than those in the province and in Metropolitan Vancouver across all types of projects except land and support structures. This is generally true for comparisons with Metropolitan Victoria also, but the duplexes and

TABLE 7 CONDOMINIUM PROJECTS BY TYPE OF DEVELOPMENT and SIZE OF PROJECT 1 9 6 8 - 1 9 7 7:

Size of Project	Single Family		Duplex		Duplexes		Town House		Low Rise		High Rise		Mixed Residen-tial		Land and Support		Warehouse		Commer-cial		Other	
Provincial Totals	Pro-ject	Unit	Pro-ject	Unit	Pro-ject	Unit	Pro-ject	Unit	Pro-ject	Unit	Pro-ject	Unit	Pro-ject	Unit	Pro-ject	Unit	Pro-ject	Unit	Pro-ject	Unit	Pro-ject	Unit
1- 2 Units	13	26	989	1978	0	0	0	0	0	0	1	2	1	2	6	11	4	8	1	1	1	2
3- 9	7	43	0	0	12	64	126	716	51	294	3	24	10	47	15	75	16	80	9	39	3	11
10- 19	9	108	0	0	0	0	97	1297	127	1900	30	462	2	33	6	96	8	108	0	0	1	12
20- 39	4	86	0	0	4	123	123	3384	201	5789	73	2120	0	0	17	456	3	64	1	22	1	26
40- 59	4	190	0	0	3	138	42	2003	75	3530	34	1632	5	259	3	145	0	0	0	0	0	0
60- 99	0	0	0	0	1	60	51	3745	32	2277	17	1232	2	135	4	295	0	0	0	0	0	0
100-499	0	0	0	0	0	0	18	2276	21	2946	22	3113	7	1115	4	490	0	0	0	0	0	0
500 plus	0	0	0	0	0	0	0	0	0	0	1	507	0	0	0	0	0	0	0	0	0	0
Average Size	12.24		2.0		19.25		29.37		33.01		50.23		58.92		28.51		8.39		5.64		8.50	
Non-Metropolitan Areas																						
1- 2	11	22	239	478	0	0	0	0	0	0	0	0	0	0	3	6	0	0	1	1	0	0
3- 9	3	19	0	0	7	32	47	272	16	95	0	0	2	18	10	45	2	10	0	0	0	0
10- 19	3	40	0	0	0	0	65	852	19	295	1	11	2	33	6	96	0	0	0	0	0	0
20- 39	4	86	0	0	2	68	70	1893	33	915	4	124	0	0	16	435	0	0	1	22	0	0
40- 59	2	80	0	0	2	96	20	986	9	426	1	42	2	110	2	94	0	0	0	0	0	0
60- 99	0	0	0	0	1	60	9	637	9	640	0	0	0	0	4	295	0	0	0	0	0	0
100-499	0	0	0	0	0	0	2	220	1	140	0	0	0	0	4	490	0	0	0	0	0	0
500 plus	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average	10.74		2.0		21.33		22.82		28.86		29.50		26.83		32.47		5.0		11.50		0.0	

22.

townhouses must also be added to the list of exceptions.

The average project sizes in Metropolitan Vancouver also tend to be greater than in Metropolitan Victoria. Interestingly, the average size of townhouses in Metropolitan Vancouver is greater than the average size low-rise while in Metropolitan Victoria the reverse is true. High-rises have a greater average size than either low-rises or townhouses in each area.

Referring again to Table 4 there is exhibited a significant variation in the average sized project within Metropolitan Vancouver. In the Metropolitan Vancouver LRO area the average project size for townhouses, low-rises, and high-rises was 29.5, 30.3, and 56.1 units per project respectively. In the Metropolitan New Westminster LRO area the averages increased to 49.5, 42.7, and 98.6 units per project for each group respectively.

In order to determine any trends in the size of projects, the average size of project for each year was calculated. Table 8 provides a summary for the three main types of residential projects. The other types of projects are not reported since they reveal no apparent trend. Looking first at the townhouse type of project, the only noticeable trend is for Metropolitan Vancouver where the trend is towards smaller projects. The same trend is not evident either in the non-metropolitan areas or in Metropolitan Victoria; however, in each of these areas the average size townhouse project is considerably smaller than in Metropolitan Vancouver. In the category of low-rise projects Metropolitan Victoria shows a trend towards smaller projects

Table 8 Average Project Size by Year and Location (Major Residential Categories)

YEAR	METROPOLITAN VANCOUVER			METROPOLITAN VICTORIA			REST OF PROVINCE		
	T	L	H	T	L	H	T	L	H
1968	0	34	0	0	0	0	49	63	0
1969	67	21	0	21	0	0	16	22	0
1970	64	28	19	8	38	28	10	0	0
1971	75	38	32	15	36	28	36	14	0
1972	53	38	24	26	20	48	31	0	0
1973	36	37	56	14	35	33	29	35	41
1974	39	33	77	38	37	25	25	51	20
1975	43	30	59	21	14	36	23	25	11
1976	35	34	66	12	21	26	21	27	33
1977	25	50	85	9	14	41	19	24	0
All Years	43	35	64	15	24	33	23	29	29

Source: Land Registry Data. All averages are rounded to nearest whole unit.

T = townhouse; L = lowrise; H = highrise;

while Metropolitan Vancouver and the rest of the province are fairly uniform over the 10 years period. The final noticeable trend is in the category of high-rise projects in Metropolitan Vancouver where the trend has definitely been towards larger scale projects.

2.4 Condominium Development as a Proportion of the Housing Market

In section 2.3.1 the size and scope of the condominium market was discussed, however, the significance of condominium development is most clearly evident when it is related to other sectors of the housing market. Previous work examined this relationship on the basis of the type of tenure... "It is the distribution between rental units and home ownership units rather than the total number of units started which is of primary interest."[4] This method of comparison is valid and in fact necessary, however, the relationship based on structure type should not be ignored. The marked difference between the lifestyles congruent with townhouse and apartment living and those of single family dwelling indicates the existence of a different market which should be examined.

Tables 9, 10, and 11 give the number and percentage of housing starts by tenure and structure types for British Columbia, Metropolitan Vancouver and Victoria respectively. The "start" date of the condominiums is actually the date of registration which, due to the requirement that the building be constructed before registration, is not strictly comparable with other starting dates. The time required to register is not usually excessive and therefore these figures will provide a reasonable estimate of the production each year. It should also be noted that the number of rental units will be understated each year by the number of condominiums that are rented. No accurate information is available on the extent that this occurs and therefore no adjustment has been made.

Rental starts are defined as the number of rowhousing and apartment starts (column 2) minus the number of condominium registrations (which exclude all condominium duplexes and single detached units (column 4)) in each year. Ownership starts are the number of single family detached, semi-detached, and duplex units (column 1) plus the number of condominium registration (column 4). Multiple family dwelling units are the number of rowhousing and apartment starts listed in column 2. The proportion of multiple family units relative to the total is calculated by adding the percentage of rental relative to the total (column 8) and the percentage of condominiums relative to the total (column 9). From 1968 to 1976 the percentage of multiple family units to the total ranged from approximately 40 to 60% in all areas.

While the proportion of multiple dwelling units remained relatively constant over this period the proportion of rental units declined steadily in British Columbia and Metropolitan Vancouver. This was off-set by a similar though opposite increase in the percentage of condominiums. In 1976 rental units only accounted for 17.5% and 13.9% of total housing starts while condominiums increased to represent 26.2% and 37.9% of the

TABLE 9

HOUSING STARTS - PROVINCE OF BRITISH COLUMBIA

Year	(1) Single Family Detached, Semi-Detached, Duplex	(2) Row and Apartment (Multiple)	(3) Total Housing Starts	(4) Condominium (Excluding Duplex and Single Detached	(5) Total Residential Condominiums	(6) Planned Rental (2)-(4)	(7) Planned Owner (1)+(4)	(8) Rental as % of Total (6)÷(3)	(9) Condominium as % of Total (5)÷(3)	(10) Condominium as % of multiple (4)÷(2)	(11) Condominium as % of owned (5)÷(7)
1967	14,027	10,073	24,100	0	0	10,073	14,027	41.8	0	0	0
1968	13,613	12,583	26,196	312	312	12,271	13,925	46.8	1.2	2.5	2.2
1969	14,411	17,409	31,820	742	742	16,667	15,153	52.4	2.3	4.3	4.9
1970	14,860	12,456	27,316	1,260	1,290	11,166	16,120	40.9	4.7	10.1	8.0
1971	18,927	15,838	34,765	2,810	2,853	12,985	21,737	37.4	8.2	17.7	13.1
1972	19,708	15,609	35,317	3,277	3,351	12,258	22,985	34.7	9.5	21.0	14.6
1973	22,214	15,413	37,627	4,486	4,636	10,927	26,700	29.0	12.3	29.1	17.4
1974	19,304	12,116	31,420	5,855	6,000	6,261	25,159	19.9	19.1	48.3	23.8
1975	20,181	13,971	34,152	7,360	7,786	6,611	27,541	19.3	22.8	52.6	28.3
1976	21,970	15,757	37,727	9,138	9,918	6,619	31,108	17.5	26.2	57.9	32.0
Totals	179,215	141,225	320,440	35,240	36,888	105,838	214,455	33.0	11.5	24.9	17.2

TABLE 10

HOUSING STARTS - VANCOUVER METROPOLITAN AREA

Year	(1) Single Family Detached, Semi-Detached, Duplex	(2) Row and Apartment (Multiple)	(3) Total Housing Starts	(4) Residential Condominium (Excluding Duplex and Single Detached)	(5) Total Residential Condominiums*	(6) Planned Rental (2)-(4)	(7) Planned Owned (1)+(4)	(8) Rental as % of Total (6)÷(3)	(9) Condominium as % of Total (5)÷(3)	(10) Condominium as % of Multiple[2] (4)÷(2)	(11) Condominium as % of Owned (5)÷(7)
1967	6,328	7,568	13,896	0	0	7,568	6,328	54.4	0	0	0
1968	5,658	10,032	15,690	102	102	9,930	5,760	63.3	0.6	1.0	1.8
1969	5,165	12,525	17,690	598	598	11,927	5,763	67.4	3.4	4.8	10.4
1970	4,832	8,605	13,437	886	894	7,719	5,718	57.4	6.6	10.3	15.6
1971	5,674	9,879	15,553	1,872	1,903	8,007	7,546	51.4	12.2	18.9	25.2
1972	7,679	8,531	16,210	2,193	2,253*	6,338	9,872	39.0	13.8	25.7	22.8
1973	9,090	8,235	17,325	3,551	3,671*	4,684	12,641	27.0	21.2	43.1	29.0
1974	7,194	7,258	14,452	4,354	4,428	2,904	11,548	20.0	30.6	59.9	38.3
1975	7,051	6,264	13,315	4,704	5,020	1,560	11,755	11.7	37.7	75.0	42.7
1976	8,342	8,360	16,702	6,023	6,345	2,337	14,365	13.9	37.9	72.0	44.1
Total	67,013	87,275	154,270	24,283	25,214	62,974	91,296	40.8	16.3	27.8	27.6

*Includes all condominiums on leased land since they are all residential.

TABLE 11

HOUSING STARTS - VICTORIA METROPOLITAN AREA

Year	(1) Single Family Detached, Semi-Detached, Duplex	(2) Row and Apartment (Multiple)	(3) Total Housing Starts	(4) Residential Condominium (Excluding Duplex and Single Detached)	(5) Total Residential Condominiums	(6) Planned Rental (2)÷(4)	(7) Planned Owned (1)+(4)	(8) Rental as % of Total (6)÷(3)	(9) Condominium as % of Total (5)÷(3)	(10) Condominium as % of Multiple[2] (4)÷(2)	(11) Condominium as % of Owned (5)÷(7)
1967	889	575	1,464	0	0	575	889	39.3	0	0	0
1968	1,150	1,366	2,516	0	0	1,366	1,150	54.3	0	0	0
1969	1,287	2,457	3,744	42	42	2,415	1,329	64.5	1.1	1.7	3.1
1970	811	1,748	2,559	227	239	1,521	1,050	59.4	9.3	13.0	23.0
1971	1,034	2,068	3,102	472	476	1,596	1,506	51.4	15.3	22.8	31.6
1972	1,293	2,899	4,192	600	604	2,299	1,893	54.8	14.4	20.7	31.9
1973	1,473	2,540	4,013	516	542	2,024	1,989	50.4	13.5	20.3	27.2
1974	1,324	1,306	2,630	554	602	752	1,878	28.6	22.9	42.4	32.0
1975	1,573	2,407	3,980	855	893	1,552	2,428	38.9	22.4	35.5	36.7
1976	1,338	3,101	4,439	947	1,069	2,154	2,285	48.5	24.1	30.5	46.8
Totals	12,172	20,467	32,639	4,213	4,467	16,254	16,397	49.8	13.7	20.6	27.2

<u>Sources</u>:- Column (1) and (2) - Central Mortgage and Housing Corporation, <u>Canadian Housing Statistics</u>, 1976 and 1972, Ottawa.
Column (4) - Table 2.2, Row 7 excluding duplex units.
Column (5) - Table 2.2, Row 7

<u>Notes</u>:- Duplex units excluded to permit comparison of data. CMHC Data in Column 1 includes duplex units, independent of whether or not they are strata plans.
Condominium duplex units excluded to permit comparison of building types.

total in the province and Metropolitan Vancouver respectively. Condominiums also represented 57.9% and 72.0% of multiple starts in 1976 in the two areas. It can therefore be concluded that condominiums have been a significant factor in the housing market.

The Metropolitan Victoria market did not follow exactly the same trend as in the province or Metropolitan Vancouver but the conclusion regarding the significance of this sector of the housing market is unchanged. Rental units as a percentage of total housing starts declined from 1969 to 1974 then increased to 1976. Condominiums as a percentage of the total remained stable at approximately 14% from 1971 to 1973 then increased to approximately 23% from 1974 to 1975. Condominiums as a proportion of the multiple family market peaked in 1974 at 42.4% and has declined since then. Condominiums as a share of the ownership market have experienced fairly steady growth through the entire period. In 1976 condominiums represented 24.1% of all housing starts, 30.5% of multiple starts and 46.8% of starts intended for owner-occupiers.

Using Tables 9, 10, and 11 similar tabulations were constructed for the non-metropolitan areas of the province; these are presented in Table 12. Condominiums are a much less significant factor in the housing market in the outlying areas than in the metropolitan localities. Condominiums as a percentage of total starts did not exceed 10% until 1975. Over the entire period of 1967 to 1976 condominiums only accounted for 5.4% of all new housing starts in this area in comparison to 27.6% in metropolitan Vancouver and 27.2% in Metropolitan Victoria.

TABLE 12

Housing Starts: Non-Metropolitan Areas 1967-1976

Year	Total Starts	Residential Condominiums	Condominium As % Total
1967	8740	0	0
1968	7990	210	2.6
1969	10386	102	0.9
1970	11320	157	1.3
1971	16110	474	2.9
1972	14915	494	3.3
1973	16289	423	2.6
1974	14338	970	6.7
1975	16857	1873	11.1
1976	16586	2504	15.1
TOTAL	133,531	7207	5.4

The success of the condominium concept in terms of the number of units created and the significant share of the housing market those units represent is undeniable. There have been numerous factors that have contributed to this success both in terms of demand and supply. While it is beyond the scope of this study to quantify the extent to which each factor is influencial it is worthwhile to discuss them in a qualitative manner. First, the factors affecting demand.

The two major factors influencing the demand for housing in the 1960's and 1970's were the "baby boom" after World War II and the steady increases in real income (Tables 13 and 14 respectively). From 1965 to 1971, the 20-24 age group increased by approximately 55,400 persons while at the same time the 65+ age group increased by 26,400 persons in British Columbia. These groups greatly increased the apartment demand and resulted in the number of multiple unit starts increasing to one-half of all starts in the province from their previous level of 35% prior to 1962. The 20-24 year old group had moved into the potential home-ownership population by the 1971-1976 period. "Supported by steady increases in real incomes, both at the personal and household level and liberal credit conditions, the baby-boom moved into home ownership with a vengeance."[5] This resulted in rapidly rising house prices (evidenced in the following section). By this time the condominium concept was becoming generally accepted as a viable form of tenure and hence also experienced an increase in demand. Some of this demand was likely due to single detached prices increasing to the level that excluded many purchasers' financial capabilities.
exceeded

TABLE 13

CHANGE IN BRITISH COLUMBIA POPULATION BY AGE GROUP

CHANGE IN NUMBER OF PERSONS IN EACH AGE GROUP (in Thousands)
(Relative change in parentheses)

	TOTAL	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-64	65+
1951-56	233.3 (20.0)	30.9 (24.6)	40.7 (40.7)	30.0 (38.2)	16.1 (22.9)	6.6 (8.3)	9.9 (9.8)	15.4 (17.0)	12.2 (13.4)	47.7 (15.3)	24.7 (19.6)
1956-61	230.4 (16.7)	30 (19)	31.1 (22.1)	42.1 (38.8)	26.2 (30.3)	8.8 (10.2)	1.5 (1.5)	6.0 (5.6)	12.8 (12.4)	57.1 (15.9)	14.8 (9.8)
1961-66	222.8 (13.7)	2.0 (1.1)	31.4 (18.3)	31.7 (21)	45.8 (40.7)	34.6 (36.3)	11.8 (11.6)	1.7 (1.5)	5.3 (4.6)	67.4 (16.2)	13.0 (7.9)
1966-71	332.8 (18.0)	-13.4 (-7.1)	9.1 (4.5)	39.9 (21.9)	42.7 (27.0)	55.4 (42.7)	46.2 (40.1)	19.1 (16.8)	5.7 4.7	79.8 (16.5)	26.4 (14.8)
1971-76	282 (12.9)	-2.1 (-1.2)	-18.2 (-8.6)	5.6 (2.5)	36.8 (18.3)	36.3 (19.6)	58.8 (36.7)	43.9 (33.0)	17.5 (13.8)	66.6 (11.8)	37.0 (18.0)
						Apartment	Family				Apartment

SOURCE: DAVID BAXTER, THE BRITISH COLUMBIA AND VANCOUVER HOUSING MARKETS, OP. CIT.

TABLE 14

BRITISH COLUMBIA POPULATION BY AGE GROUP*

(THOUSANDS)

Denotes the post war baby boom

Year	Total	0 - 4	5 - 9	10-14	15-19	20-24	25-29	30-34	35-59	40-64	65+
		AGE GROUP									
1951	1165.3	125.9	99.9	78.6	70.3	79.8	91.6	90.8	91.2	311.1	126.1
	100%	10.8	8.6	6.8	6.0	6.8	7.9	7.8	7.8	26.7	10.8
1956	1398.6	156.8	140.6	108.6	86.4	86.4	100.6	106.2	103.4	358.8	150.8
	100%	11.2	10.0	7.8	6.2	6.2	7.2	7.6	7.4	25.7	10.8
1961	1629.0	186.8	171.7	150.7	112.6	95.2	102.1	112.2	116.2	415.9	165.6
	100%	11.5	10.5	9.2	6.9	5.8	6.3	6.9	7.1	25.5	10.2
1966	1873.7	188.8	203.1	182.4	158.4	129.8	113.9	113.9	121.5	483.3	178.6
	100%	10.1	10.8	9.7	8.5	6.9	6.1	6.1	6.5	25.8	9.5
1971	2184.6	175.4	212.2	222.3	201.1	185.2	160.1	133.0	127.2	563.1	205.0
	100%	8.0	9.7	10.2	9.2	8.5	7.3	6.1	5.8	25.8	9.4
1976	2466.6	173.3	194.0	227.9	237.9	221.5	218.9	176.9	144.7	629.7	242.0
	100%	7.0	7.9	9.2	9.6	9.0	8.9	7.2	5.9	25.5	9.8

* Source: B.C. Vital Statistics (Victoria: Provincial Printer, 1976)
David Baxter, The British Columbia And Vancouver Housing Markets, Op. Cit.

1976 figures from 1976 Census of Canada, supplied by Data Enquiries - Regional Office pagination only

This sector turned to condominiums to establish themselves in the housing market and to satisfy their demand for home ownership. Again supplementing this was the over 65 age group that no longer needed a single detached house as their children had established their own households. Hence, they were trading down in size to condominiums.[6]

The demand for condominiums was further stimulated by two legislative changes. First the 1971 federal Income Tax Act was amended to incorporate a tax on capital gains except those resulting from the sale of a principal residence, hence home ownership was an attractive investment from this point of view. The second legislative change was the introduction of rent controls by the provincial government in 1972. The rental market was experiencing rising rents and very low vacancies at this time and these controls acted as a deterent to new rental production. The low vacancy rate continued effectively channeling those desiring apartment accommodation into the expanding condominium market, either as owner-occupiers or as tenants renting from investors.

The provincial government further contributed to the demand for home ownership by offering low interest rate second mortgages or cash grants to first time home buyers. The federal government also offered assistance to lower and moderate income families in the form of the Assisted Home Ownership Program (AHOP). As this program was limited to dwellings of under \$47,000 (1976) in price the majority of units financed under this program were condominiums. Ninety-five percent (657) of the AHOP units constructed in Metropolitan Vancouver and Victoria during 1976 were condominiums.

The supply of condominiums responded to the increased demand and the resulting rising prices. Further factors affecting production were:

a) the removal of "tax shelters" on multiple unit rental buildings in the 1970 federal Income Tax Act,

b) the imposition of rental controls provincially in 1972 which when combined with (a) resulted in a shift away from the production of rental dwellings,[7]

c) high mortgage rates were experienced from 1974 to 1976 peaking at 12.5% which restricted both the purchasing and constructing of new units,

d) by mid-1975 the number of unsold and vacant condominiums had peaked at an estimated 1700 units[8], the production had begun to outstrip the demand,

e) in 1977 a reduction in the number of new condominiums produced was noted. This was the result of a continuing large unsold inventory (approximately 1600 units). The situation was further compounded by the initiating of the federal Assisted Rental Program (ARP) which shifted production back to the rental sector. In 1976 there were 1,797 units constructed under this program and within the first five months of 1977, applications for 1,568 units had been processed. Further applications had been received for an additional 4,400 units as of August 1977.

The development of condominiums as a portion of the housing market can now be described in general terms. Condominiums were introduced just as the demand for home ownership was beginning to increase. This demand was stimulated by several government programs while others reduced the profitability of the rental sector of the housing market. Unfortunately the production of condominiums continued at a high level even as much of the large "leading edge" of the baby-boom had been accommodated. Further, the migration into British Columbia and particularly Metropolitan Vancouver has declined from its previous levels and the rate of increase of real incomes has also declined, both of which reduce the demand for housing.[9] These factors have now resulted in the present oversupply of condominium units. The extent of this oversupply will be discussed in greater detail in Section 2.6.

2.5 Condominium Sale Prices

Selling prices are of great importance to purchasers, mortgagees and developers. The purchasers and mortgagees are primarily interested in the protection and growth in value of their investment while developers need such information for the planning and marketing of their projects. Due to the numerous factors affecting the price including location, size of units, features included, date of sale, method of financing, level of taxes and common areas charges and the common features offered, a comprehensive analysis of selling prices is beyond the scope of this study. Instead some information will be presented that will provide insights into the trend of condominium prices.

Two sources of data were used to reveal the level of condominium prices through time. First, the consumers questionnaire that is discussed in Chapter 4 asked the respondents to state the date of sale and the purchase price of their unit. This provided 202 random responses in Metropolitan Vancouver and Victoria. The second data source was the Land Registry Offices' records from which the transaction histories of 895 units were collected. These were again confined to Metropolitan Vancouver and Victoria.

While the Land Registry Office data has proven to be accurate in the past[10] caution should be used when relying on this information. As the data were collected during a period of extensive condominium development there is a large representation of initial sales from developers much more so than would generally be the case for housing market sales data. Seventy-four percent of purchases listed in the consumers survey were from the developer. Similarly, seventy-eight percent of the units examined in the L.R.O. records had transacted only once since their creation and hence must have been purchased from the developer.

The two condominium price series are presented in Table 15 in conjunction with a price index of single detached dwellings in Metropolitan Vancouver and secondly with sales information from the Multiple Listing Service, also in Metropolitan Vancouver. Some discussion of the two non-condominium price series is necessary before any comparisons are carried out.

The single detached price index was compiled from the Land

TABLE 15
CONDOMINIUM AVERAGE SELLING PRICES
METROPOLITAN VANCOUVER AND VICTORIA 1969-77

	LAND REGISTRY OFFICE DATA CONDOMINIUMS ONLY AVERAGE PRICE			SINGLE DETACHED PRICE INDEX	CONDOMINIUM OWNERS SURVEY AVERAGE PRICE	M.L.S. DATA SINGLE DETACHED AND CONDOMINIUM AVERAGE PRICE
YEAR	METRO VANCOUVER	METRO VICTORIA	WEIGHTED AVERAGE	METRO VANCOUVER	METRO VICTORIA AND VANCOUVER	METRO VANCOUVER
1969	18,512 (100)	N/A	18,512 (100)	100	17,900 (100)	23,939 (100)
1970	21,452 (116)	N/A	21,452 (116)	104	22,900 (128)	24,239 (101)
1971	21,197 (115)	N/A	21,197 (115)	106	21,233 (119)	26,471 (111)
1972	23,345 (126)	23,128	23,319 (126)	126	25,970 (145)	31,465 (131)
1973	27,810 (150)	32,077	28,074 (152)	148	32,468 (181)	41,505 (173)
1974	39,237 (212)	33,376	37,887 (205)	207	40,665 (227)	57,861 (242)
1975	42,773 (231)	43,467	42,856 (232)	212	49,081 (274)	63,169 (264)
1976	44,764 (242)	51,343	46,549 (251)	245 (JULY)	49,494 (276)	68,693 (287)
1977	45,851 (248)	58,874	50,091 (271)	N/A	49,937 (279)	70,500 (295)

Registry Office records in the same manner as was done for the condominiums (L.R.O.).[11] The comparability of the two is limited by the quality differences in the two products caused by the condominiums being mainly new units (discussed above) while the single detached units were mainly resales of existing units. Despite this limitation the single detached index provides the best comparison in terms of the choice offered to consumers between the two markets. The Multiple Listing Service (MLS) data contains three major problems: one, it does not include the White Rock or Surrey areas of Metropolitan Vancouver, two, it includes all sales made through MLS including condominiums, cooperative housing, single detached dwellings, and revenue property (both residential and commercial) (the majority however are single detached or condominium units), finally, it has been shown that the percentage of the total market sales conducted through the MLS varies with the conditions of the market.[12] Overall, ... "the multiple listing service data are not consistently representative..."[13] Despite these limitations the MLS data is widely used and therefore it has been presented.

The first point to note on Table 15 is the rapid increase in price of condominiums in Metropolitan Vancouver and Victoria over the 1969 to 1977 period. Combining both areas, prices increased from an average of $18,512 to $50,091 according to the L.R.O. data and from $17,900 to $49,937 according to the Owner's Survey data. The greatest increases took place from 1969 to 1974 and have since then moderated, particularly in Metropolitan Vancouver.

The rate of price increases did not decline as much in Metropolitan Victoria from 1974 to 1977. This coincides with proportionate reduction in the share of new housing starts held by condominiums in this area that was noted in Section 2.3. The average selling price in Metropolitan Victoria in 1977 was considerably greater than that in Metropolitan Vancouver ($58,814 versus $45,851).

One of the more common reasons cited for purchasing a condominium is to establish an equity position in the housing market that can later be used to trade up to a single family detached dwelling (See Chapter 4). The success of this strategy will be based on the relative rates of change of the condominium and single detached prices. Comparing the condominium L.R.O. data for Metropolitan Vancouver with the M.L.S. series one can see that on the average, condominium prices have not increased at the same rate as the M.L.S. average, by inference single detached prices must have increased more than the M.L.S. average. Hence condominium prices have not kept pace with single detached prices.

Such a conclusion is suspect however having realized the limitations of the M.L.S. data and the contradictory evidence presented by the single detached price index. Overall, from 1969 to 1976, single detached and condominium prices have moved in a parallel fashion, with condominiums in fact showing greater increases in several years. Such a finding leads one to conclude that condominium prices have maintained their relative position in the housing market vis à vis the single detached prices. A more comprehensive study would be required however, before such a statement could be made without some reservations.

The sample size from both the owners' survey and the Land Registry offices are not of a sufficient size to permit accurate cross-tabulations by type of structure. Once the sample is separated by type of structure, the frequency of sales in any given year for any single type of construction becomes too small to form accurate indices. However the data are at least suggestive of some differences between the price level and price trend for different types of structures. During the period 1972 - 1977, where the frequency of sales in the sample are the largest, one can observe a marginally higher rate of increase in the value of townhouse units relative to low-rise and high-rise units. The difference is not substantial but based on the limited evidence one can conclude that townhouse units are becoming more expensive relative to other types of development. This conclusion is based on similar evidence from the two price data samples.

The two series of price data also indicate that units located in high-rise projects had a higher value than units in either townhouse or low-rise units for the three years 1972 - 1974 but that townhouse units had the highest average value for the most recent three years, 1975 - 1977. In each year, 1972 - 1977, units located in low-rise units had the lowest average value and the lowest rate of increase over the six years.

In order to obtain a further indication of the change in condominium values, all properties in the Land Registry office sales price data which sold more than once were was used to measure percentage changes in value. This provided a total of 201 repeat sales of individual condominium units in the Metropolitan Vancouver and Victoria areas. The percentage increase for these properties is indicated in Table 16. Because of the limited number of transactions, no breakdown could reasonably be undertaken for the two metropolitan areas.

Table 16 is interpreted as follows: the row indicates the year the strata unit was purchased and the column gives the year of resale. The figures in brackets are the number of properties in each category while the figures under the "%" sign indicate the average rate of increase (or decrease) for those properties over the period in question. While there is not enough data to provide statistically valid results the trend is supportive of the overall price trend noted previously.

Those purchases made prior to 1974 enjoyed substantial increases in value upon resale. This corresponds to the rapid price increase over this period. Those units purchased in 1974 still enjoyed some, though moderated, increased prices. The same can not be said for the purchases made in 1975 or 1976. The increases were under 4% in all cases and for those units bought in 1975 and sold in 1977 there was a 1% loss in value. Eighteen percent of the resale transactions since 1974 occurred at a loss in value and 80% of all transactions that involved a loss in capital value occurred during this period. This again

TABLE 16

PERCENTAGE INCREASE IN RESALE PRICES

METROPOLITAN VANCOUVER AND METROPOLITAN VICTORIA

Year of Purchase	Year of Resale 1973	1974	1975	1976	1977
	%	%	%	%	%
1968		32 (1)			
1969		112 (1)	159 (1)	163 (1)	
1970	12 (2)		118 (2)	132 (1)	
1971	30 (6)	67 (6)	91 (3)	115 (3)	
1972	8 (3)	51 (6)	87 (7)	85 (6)	186 (1)
1973		37 (19)	39 (16)	58 (12)	74 (1)
1974			16 (43)	16 (24)	27 (2)
1975				3 (31)	-1 (6)
1976					2 (7)

Source: Includes all properties sold more than once in the random selection of 895 condominium units in the Land Registry offices for Victoria, Vancouver and New Westminster.

Figures in brackets indicate number of sales included in these average rates of increase.

reflects the reduced rate of price appreciation that has occurred in the last few years. It is also reflective of the current large existing vacant stock of condominiums that will be discussed in the next section.

2.6 Current Situation

The current market situation for condominiums is very poor. This is evidenced by numerous factors, many of which have already been mentioned:

a) for the first time since the introduction of the concept, the production of condominiums will decline in absolute terms in 1977,

b) the rate of price increase has reduced substantially from the pre-1974 level and some units are being traded at a loss in capital value,

c) CMHC has estimated there are 1638 newly completed and unoccupied condominiums in Metropolitan Vancouver and a further 311 units in Metropolitan Victoria as of June, 1977, this includes only the units that have been on the market for six months or less. Further, the number of newly completed and unoccupied units in Metropolitan Vancouver have been approximately 1600 since mid-1975,

d) the area of classified newspaper advertising for new condominium projects in the Vancouver Sun newspaper as of April, 1977 is double that of April, 1975, it now comprises 9½ pages,

e) an undetermined number of condominium units are being rented and the evidence would indicate it is substantial. 14.4% of the occupants surveyed (Chapter 4) were tenants. The developers' survey (Chapter 5) revealed that 1544 units or 23% of the respondent firms production of the previous 2½ years was being rented. (as of July, 1977) (A further 30% of the developer's production was vacant and unsold.)

finally f) two of the top five firms, in terms of production of units, in the province have indicated they are leaving the condominium development business.

These depressing statistics should not be taken as indications of an upcoming demise of the condominium market. Rather the condominium market is experiencing a low level of activity as are other sectors of the housing market but it is further complicated by a large existing stock. Once the large inventory is reduced the condominium market should behave as the other sectors of the market.

Footnotes

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2. Condominium Research Associates, National Survey of Condominium Lenders, Central Mortgage and Housing Corporation, Toronto, 1970, P. 47.

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4. Roberts, R.A., "Condominium Housing in Metropolitan Vancouver", M.Sc. Thesis, University of British Columbia, 1973, P. 19-25.

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6. Ibid, PP. 12-14.

7. Goldberg, M.A. and Ulinder, D.D., "Residential Developer Behaviour: 1975", Housing: It's Your Move, Volume II, Technical Reports, The Urban Land Economic Division, Faculty of Commerce and Business Administration, University of British Columbia, 1976, P. 295.

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9. Baxter, op. cit., P. 14.

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11. Subocz, Irene, "House Price Indices", M.Sc. Thesis, University of British Columbia, 1976.

12. Hamilton, "House Price Indices: Theory and Practice", P. 415.

13. Ibid.

CHAPTER 3

BRITISH COLUMBIA STRATA TITLES ACT

3.1 Introduction

The British Columbia Strata Titles Act[1] has been in effect for eleven years yet there is still some confusion regarding the concept involved. It is therefore necessary to provide a discussion of the Act and its terminology before examining the empirical data which comprises the bulk of this study. The following will outline the basic terminology of the Act and the rights and responsibilities of those involved in the strata title projects. This is not meant to be a detailed examination of the Act and all its implications but rather a general overview to provide the reader with a basic understanding of the legislation.

3.2 General Concept

The strata title or condominium (as it is more commonly known) concept is a form of ownership in real property. It consists of the combination of a fee simple ownership of individual areas within the larger area with the remaining portion owned by all the individual owners as tenants in common. The Strata Titles Act provides the legal foundation for this arrangement plus a means of effectively managing and operating the project.

One of the most common mistakes is believing that a condominium refers only to a specific type of structure or use (e.g., residential townhouse). This is not the case as the Act allows for any style of building or simply bare-land to be used as a condominium. Further, the type of use is unrestricted and may be applied to such types as residential, commercial, retail, industrial, recreational, or a mixture of uses. While the Strata Titles Act provides for a virtually unlimited array of project styles, they remain under local regulation (e.g., zoning) as to how and where they are implemented.

The areas that are owned in fee simple are termed "strata lots" or "strata units". They are issued individual certificates of title which enables them to be mortgaged, charged, conveyed or dealt with in the same manner as any fee simple interest[2]. (There are some exceptions to this which will be dealt with later.) The Act also provides for the units to be assessed and taxed in an individual manner[3]. Herein lies the basic difference between a cooperative form of ownership and a condominium. All the property in a co-operative is under a single title with the residents purchasing a right to occupy a unit. Each unit cannot therefore be dealt with individually as it does not have a separate title.

Any area that is not specifically included in a strata lot is owned by all the unit owners as tenants in common and is termed the common property, common areas, or common facilities[4]. The common property is governed by the strata corporation which is made up of all the strata lot owners. It is "responsible for the enforcement of the by-laws, and the control, management, and administration of the common property, common facilities, and the assets of the strata corporation."[5] The common property may be mortgaged, conveyed or otherwise dealt with separately from the individual units under the direction of the corporation.

3.3 Definitions

Before proceeding further, some brief definitions will be supplied which will facilitate the discussion of the Act later.

(1) Bare-land Strata Plan: means a strata plan on which the boundaries of the strata lots are defined by reference to survey markers; no building or structure is supplied.

(2) Support Strature Strata Plan: means a strata plan in which the owner-developer intends to provide only support structures, upon which improvements may be constructed. These may be in the form of concrete slabs or wood planks set in the ground.

(3) Phased Strata Plan: means a strata plan which is intended to be developed in successive stages. See Part II of the Strata Titles Act.

(4) Leasehold Strata Plan: means a strata plan in which the land contained therein is leased from the Crown, Federal Crown, or a municipality, regional district or other public authority for a term of at least 50 years. Upon the deposit of a leasehold strata plan the registered ground lease is converted to individual ground leases applicable to each unit. See Part III of the Strata Titles Act.

(5) Unit Entitlement: means that figure which is stipulated in the strata plan for each unit and is generally based on the relative square footage of the unit to the total square footage of all strata lots in the strata plan. The relationship of the lot's unit entitlement to the total unit entitlement give the lot's share of the common expenses,

shares of the common property and assets of the strata corporation, and share of any debt or liability of the strata corporation.

(6) Common expenses: means those expenses which apply to the operation and management of the common areas, common facilities and common assets of the strata corporation.

(7) Contingency Reserve Fund: means a fund for the non-annual expenditures of the strata corporation for repair, maintenance, and replacement of the common property, common facilities, and other assets of the strata corporation. It is collected from the owners on the basis of the strata lot's unit entitlement.

3.4 Creation of a Strata Plan

A condominium or strata project is created by the filing of a strata plan in the Land Registry Office[6]. Before the plan will be accepted by the Registrar, certain conditions stipulated in the Strata Titles Act must be met. These conditions provide the basis for identifying the project, the units, the voting rights of each unit, and the proportionate share of expenses relating to the common property for each unit.

The requirements for filing a strata plan are contained in Sections 2 and 3 of the Act and are as follows. Subsection 2 (2) states that the land included in the strata plan must be a single parcel or if there are several parcels, they must be part of a strata plan. Title to the land must be registered in the name of the owner-developer except for a leasehold strata plan where the owner-developer must be the registered lessee.

The major requirements under Section 3 stipulate the following must be included in the plan:-

(a) the plan must delineate the plane boundaries of the land included in the strata plan and the location of the building in relation thereto,

(b) include a drawing illustrating the strata lots and distinguishing the strata lots by numbers or letters in consecutive order,

(c) subject to Subsections 3 (3) and 3 (4), define the boundaries of each strata lot,

(d) have endorsed upon it a schedule specifying the unit entitlement of each strata lot, and

(e) have endorsed upon it a schedule...specifying ... the share of each owner as a tenant in common of the property and assets of the strata corporation upon the destruction of the buildings...calculated in the proportion that the value of each strata lot bears to the total value of all strata lots in that strata plan.

The definition of the boundaries referred to in (c) (above) are the centre of the floor, wall, or ceiling of the unit or "where the owner-developer intends to provide only support structures, on a horizontal plane by reference to the support structure, and for this purpose, unless otherwise defined in the strata plan, the boundaries shall be deemed to extend vertically upwards and downwards without limit".[7] Areas such as balconies, private yard areas, storage spaces, garages and the like may be included as part of a strata unit or part of the common property but they cannot form separate strata lots unless they are related to non-residential use. The boundaries of these parts may be defined in the same manner as the strata units or "...in any manner approved by the Registrar."[8]

In addition to the requirements of the plan itself, further approvals are necessary which will vary with the type of developments.

(a) New Building: a land surveyor must certify the building is a new development that has not been previously occupied.

(b) Conversion of an Existing Building to a Strata Project: approval by an approving authority is required. This was included to provide a means of controlling the conversion of rental buildings during a period of very low rental vacancies. The authority is allowed great discretion in approving or rejecting the conversion but is charged with certain duties:-

(i) that the building "substantially comply with the applicable by-laws of the municipality ..." (Subsection 5 (2)) or the National Building Code if the project is located outside a municipality,

(ii) the approving authority shall consider

(a) the priority of rental accommodation over privately owned housing in the area,

(b) the proposals of the owner-developer for the relocation of persons occupying the buildings,

(c) the life expectancy of the building.

(iii) the approving authority may consider any other matters which in its opinion are relevant. These provisions have resulted in the elimination of conversion in some municipalities and the severe curtailment in others.

(c) Phase Strata Plan: in filing a phased strata plan, the owner-developer must file a "Declaration of Intention to Create a Strata Plan by Phased Development" (Fourth Schedule, Form E). The declaration must specify the number and the details of each phase, an estimated schedule of development, the unit entitlement of each phase and the total unit entitlement of the completed development. The approving officer must approve each phase separately and ensure that they each comply with the details of Form E.

(d) Support Structures: prior to the Strata Titles Amendment Act, 1977 (Bill 75), strata projects supplying only support structures did not require approval. This allowed owner-developers to avoid municipal or regional subdivision by-laws by creating a strata title "subdivision." The amendments require the approval of such plans and is retroactive to June 24, 1977.

(e) Bare-land Strata Plan: the amendments provide for the stratafication of raw-land which had previously been accomplished under the guise of support structures - only wood planks or small concrete slabs would be provided with the majority of the lot undeveloped. Bare-land strata plans will also require the approval of the approving authority before filing in the Land Registry Office.

3.5 Owner-Developer

The features of the Act relating to the owner-developer are not limited to those required for the filing of the plan. They must also file a prospectus, develop an initial operating budget for the project, and face very special requirements when creating a phased development. These aspects will be discussed in this section.

Where the strata project is a new development or a conversion being offered for sale for the first time and five or more units have been created, a prospectus must be filed under the Real Estate Act[9]. A copy of the prospectus must be provided to each purchaser and shall include, among others, the following facts:-

(a) name, address, and past dealings of the promoter,

(b) a general description of the subdivision,

(c) all encumbrances of the title(s),

(d) particulars of the developer's warranties or financing, if any,

(e) a proposed operating budget,

(f) a summary of the condominium management contract, and

(g) the proposed by-laws.

The prospectus is similar to that required for a normal subdivision and should not be a significant obstacle to development. It will also serve to inform the purchasers of the project and the rules which will govern their behaviour should they decide to purchase. This can only increase the general level of satisfaction they will experience in the future. (See the results of the Owners' Survey - Satisfaction, Chapter 4.)

After the construction of the project is completed and the units are ready for sale, the owner-developer manages and operates the common areas in place of the strata council. Under the present Act he is required to relinquish these duties to the interim strata council which is elected at the general meeting of the purchasers. The meeting must be called within three months of the first conveyance of a lot. After 85% of the lots are sold, or after twelve months from the date of registration of the plan, the interim council is replaced by an elected permanent council. The new amendments streamline this procedure by eliminating the distinction between interim and permanent councils and requiring the first general meeting of the owners to be held once 60% of the lots have been conveyed or after nine months from the date of registration of the plan [10].

The Act also requires the developer to prepare an operating budget for the project for a nine-month period and to revise it every three months. If the actual expenses, until the strata council assumes the management duties, exceed those estimated in the budget, the developer is responsible for any excess. If the estimated expenses exceed the actual, all the owners, including the owner-developer, receive a rebate in proportion to their unit entitlement and their period of tenure. Naturally the developer is responsible for the common expenses attributed to any unsold units.

The development of a phased strata plan places extra requirements on the owner-developer. They are intended to protect the purchasers of the initial stages, however, they also reduce much of the flexibility of a phased development.

Previously the requirement of filing a Form E of the Fourth Schedule in creating a phased plan was noted. If the owner-developer does not wish to proceed with phases subsequent to the first one according to the timetable outlined in the Form E, he may apply to the approving officer for an extension. This may be granted at the officer's discretion for up to one year. If the owner-developer elects not to go ahead with the subsequent phases, the strata corporation created in the initial stages may apply to the Court for an order to ensure the proposed common facilities not yet constructed will be provided[11]. The strata corporation may also apply for the following stages to be completed in a "reasonable time"[12] or that the developer elect not to proceed. To ensure the common facilities can be provided by the owner-developer he is required to post a bond, letter of credit, or other security to cover the cost of the common facilities. The security is held by the municipality or regional district (whichever applicable) and may be released only after the facility is completed or the strata corporation grants its release.

The owner-developer is further responsible for the common expenses applicable to the common facilities developed in the initial stages in proportion to the unit entitlement of the phases not yet built. The amendments also requires that where the common facilities are provided in the initial stages and the owner-developer elects not to proceed with the subsequent phases,

> "he shall contribute to the common expenses in proportion to the unit entitlement of the strata lots of the phases that are not built," [13].

Presumably, though not explicitly stated, this will be for the life of the project.

3.6 Strata Corporation (Operation Management)

The strata corporation is established on the deposit of the strata plan and is comprised of all the owners of the strata lots. It is not regulated under the Companies Act but does have perpetual succession, may sue and be sued, and may sue on the behalf of an individual lot owner even when it is not involved in the action[14]. The corporation is charged with two basic duties:-

(1) the control, management and administration of the common property, and

(2) the enforcement of the by-laws.

Each of these functional areas will be discussed in turn but it should first be pointed out that the daily business of the corporation is conducted by the strata council.

The strata council is elected from the <u>purchasers</u> of the strata lots; this excludes by definition, the owner-developer from being elected to the body. The council may see to the "exercise and performance of the powers and the duties of the strata corporation"[15] but it is not empowered to act where the by-laws or Act requires the consent of the corporation by a vote. For example, only the corporation is entitled to amend the by-laws of the corporation.

In respect to the management of the common areas, the strata corporation is required to:-

(1) maintain insurance on the buildings, common facilities and any insurable improvements owned by the strata corporation to the full replacement value (Subsection 19 (a)),

(2) properly maintain the common property (Subsection 19 (d)),

(3) establish a fund for administrative expenses (Subsection 20 (a)),

(4) establish a contingency reserve fund (Subsection 20 (b)), and

(5) raise the amounts necessary for (3) and (4) by levying contributions on the owners in proportion to their unit entitlement (Subsection 20 (d)).

Further, the strata corporation may acquire, transfer, charge, or grant easements or restrictive covenants on the common property and amend the by-laws, rules and regulations by a special resolution of the owners[16].

The strata corporation is also entitled to enter into contracts "...affecting the security and maintenance of the common property ..."[17]. This allows them the option of managing the project themselves or hiring a professional management company. If a management company is employed it usually is responsible for the daily functions such as bookkeeping, supervision of maintenance, and the handling of any complaints or disputes. The final control, however, remains with the council or corporation regarding the enforcement of the by-laws and the setting of policies. The blame for any inefficient management must, therefore, be shared by the professional firm and the corporation.

The contracts entered into between the management company and the strata corporation may be cancelled by either party on three months' notice without incurring any liability for breach of contract[18]. This clause was originally intended to allow the corporation out of "sweetheart" contracts made between the developer and the management company but it is also used to get rid of management companies that prove to be unsatisfactory. Interestingly, several management companies revealed they have also used this section to break contracts with strata corporations which they found to be incompatible with their management style.

One aspect regarding condominium management firms which has caused some comment is the lack of regulation over their establishment or behaviour. Presently there is no control under either the Strata Titles Act or the Real Estate Act over the qualifications needed to establish such a firm or the handling of the considerable amount of funds represented by the budgets of their clients. This could be the source of considerable abuse which should be corrected by the appropriate legislation.

The by-laws of the strata corporation are established for "... the control, management, administration, use, and enjoyment of the strata lots and common property..."[19]. The strata corporation is charged with the duty of enforcing the by-laws, rules and regulations by any means necessary, including the removing of privileges in the use of certain facilities or the fixing and collecting of fines[20]. Generally, the council acting on the behalf of the corporation, provides the offending owner a chance to correct the problem and only if the problem reoccurs are fines imposed. Removing the use of certain facilities is usually too difficult to police and is therefore not often used.

Where an owner defaults in the payment of his share of the common expenses the strata corporation has two options under Section 21. Firstly, upon a resolution passed by a majority and after seven days' notice to the owner, the strata corporation may authorize the termination of the utility services to the defaulting owner. Such action has been seldom used and will be removed in the new amendments.

The second method is more commonly used and more effective. On default of payment of the common expense charges or of fines levied, the corporation may file a certificate in Form B of the Fourth Schedule which is a lien against the title of the strata lot. The lien can be the amount unpaid plus "...the land registry fee and the legal and administrative costs of filing the certificates"[21] and it shall have priority to every other lien except those in favour of the Crown (except mortgages in favour of the Crown[22]) and those created under the Mechanics Lien Act (Subsection 21 (3)). The point that makes this a truly effective enforcement method is that the lien is enforceable by a Court ordered sale of the strata lot after one month's notice to the owner.

The strata corporation is virtually guaranteed that they will receive their money if they act under this section. If the number of delinquencies are significant, however, the inherent time lags in the process may cause some cash flow problems. The corporation must, therefore, act expediently in the performance of their duties to ensure the situation does not become chronic. Similarly, the enforcement of the by-laws, rules and regulations must be carried out efficiently but tempered with the knowledge that overly stringent regulations will cause as much dissatisfaction as too lax enforcement.

The power of the strata corporation is not limited to the matters involving the common areas and property but also to within the strata lots themselves as will be seen in the discussion of the owner-purchaser.

3.7 Owner-Purchaser

The duties of the owners are contained in the by-laws and include:-

(1) a duty to maintain the strata lot,

(2) receive the written permission of the strata council before undertaking any alteration to his strata lot,

(3) he shall not make undue noise in or about any strata lot or common property,

(4) keep any animals on his strata lot or the common property after notice on that behalf from the council,

(5) if he wishes to rent his strata lot for more than one month, he shall submit a Form D of the Fourth Schedule notifying the strata corporation of his intent, and

(6) comply strictly with these by-laws, including the payment of the common area charges and contingency reserve fund levy.

The owner is subject to a considerable amount of regulation, however, in doing so, a reasonable life style is ensured for the majority. The owner also has the right that the strata corporation perform its duties and obligations which is enforceable by a Court ordered mandatory injunction[23]. The amendments will also provide protection to the owner in cases of oppressive acts by the strata corporation, council, or class of owners on one or more owners including himself. In such an instance, the matter may be referred to arbitration[24] or to the Court with a view to preventing or remedying the matter.

The owner will be further protected by the amendments in instances where, subsequent to the conveyancing from the owner-developer, a charge is filed against the strata lot under the Mechanics Lien Act. The new Section 41 A will provide for a 15% holdback of the full purchase price for 31 days. Payment into court of this holdback discharges all liens (even if the amount of the liens exceed the amount of the holdback) against the lot and its share of the common property. Further, no Mechanics Liens can be filed later than 31 days after the conveyancing date to the purchaser. This section provides ample protection to the purchaser but may cause the subcontractors and suppliers to be more strict on their extension of credit, particularly to small developers.

Section 18 is concerned with the restrictions on the dealings with the strata lot. Subsection 18 (1) states:-

> "No by-law...operates to prohibit or restrict a devaluation of a strata lot or any transfer, lease, mortgage, or other dealing with a strata lot or to destroy or modify an easement implied or created by this Act."

While this section protects the right of an owner in the alienation of the lot, it does not eliminate the power of the corporation to restrict the <u>use</u> of the lot[25].

The most contentious issue over this point is the development and continuation of "adult only" projects. On the one hand a by-law restricting children from inhabiting the units can be viewed as a restriction of usage. From the vendor's viewpoint, however, it is a restriction on his right to sell to whomever he wishes, including families with children. The Human Rights Code does not intercede as it "...permits, tacitly, discrimination in the purchase (and letting) of property on the basis of age."[26] Arguments can be advanced for both sides but as yet the issue does not seem to be resolved. Clarification of the Act is therefore recommended.

The major exception to Subsection 18 (1) is that a by-law may be enacted by a corporation that is wholly or partially residential that restricts the number of strata lots which may be leased[27]. This clause was included because many owners felt that tenants did not treat the common areas properly, have the proper respect for other residents' rights, or the owner-landlords would not be willing to maintain the common areas in the same manner as if they were residents. This protection may or may not be justified but it can create hardships where the market is "soft" and the developer or an owner is unable to sell his unit(s). The present legislation allows the strata council to make an exception or the strata corporation may amend the by-law to allow an additional number of units to be leased in such a situation.

Significant changes to Section 18 are contained in the amendments. A new section, Section 18 A, is proposed which attempts to allow the strata corporation to continue to control the number of units to be rented but also allows the owner-developer to stipulate a number of lots that may be leased for a specified period irregardless of the by-laws. The intention of this amendment is to protect the developer in instances where the units are not being readily absorbed into the market; however, it is likely to cause a good deal of confusion and may not protect the developer or the owners.

The details of the new section (Section 18 A) are as follows:-

(1) the by-laws of the strata corporation may restrict the number of residential strata lots leased by the owners (as before),

(2) an owner-developer must disclose the number of strata lots he has leased or intends to lease and the duration of the leases to every purchaser or prospective purchaser in a "rental disclosure statement,"

(3) where a rental disclosure statement is filed, the strata corporation cannot restrict the conditions therein, even if the lots are later sold to another,

(4) modification of the rental disclosure statement requires 75% approval of the owners, excluding the owner-developer and owners who are leasing (i.e., 75% of the owner-occupiers),

(5) if the owner-developer is suffering "undue hardship" because he is restricted by a by-law from leasing and he cannot get approval of an amendment of the rental disclosure statement by the owner-occupiers, he may appeal to the strata council for permission to lease the lot or lots and the council shall not "unreasonably refuse",

(6) the council, if it so decides, may permit the leasing of one or more strata lots in contravention with the by-laws or may alter the rental disclosure statement without the owners' consent,

(7) failure of the owner-developer to meet the requirements of this section is an offense and any agreement to purchase between the owner-developer or owner and purchaser or tenant is unenforceable.

The greatest shortcoming of this section is the lack of definition of "undue hardship" and "unreasonably refuse". Such ambiguity increases the uncertainty in the purchase and developments of condominiums and will likely be the source of significant legal disagreements.

The developer is faced with a further dilemma in specifying the number of lots to be leased and the duration of the leases. If he stipulates too few a number, he may end up with units he can neither sell nor rent. Also, he will alienate those purchasers looking for an investment or are unsure of their future plans and want the ability to rent the unit if necessary. Conversely, if he selects too large a number of units or too lengthy a duration he may alienate those looking for a project that contains strictly owner-occupiers. This may result in fractionalizing the market into an owner-occupier segment and an investor oriented segment. Much of the outcome will depend on eventual definition of "undue hardship" and "unreasonably refuse".

The Strata Titles Act provides guidelines on the purchase price and renewal rent on the expiry of the ground lease pertaining to a leasehold strata plan. Each strata lot may or may not have its lease renewed; if it is not renewed the lease is subject to the right to purchase by the lessor (under the new amendments the lessor must purchase the lot). The purchase price is to be stipulated as:-

> (a) "the price calculated on the basis set out in a schedule filed with the leasehold strata plan; or
>
> (b) if clause (a) does not apply, its fair market value, and, for the purpose of assessing its fair market value, the interest in the strata lot shall be evaluated as if the lease did not terminate...".

In other words, if clause (b) applies, the lessor must pay the fair market value of the strata lot as if it were a fee simple interest. This is despite the fact that without such legislation the owner would have no legal interest in the strata lot on expiry of the lease.

The amendments provide a basis to calculate the rent under a renewed lease which did not exist previously. The lease shall be on the same terms and conditions as the original lease and the rent shall be determined by agreement between the lessor and lessee by the date of commencement of the renewal period. Failing this, it shall be determined by arbitration and is stipulated as:-

> "...(the rent) shall be the share of the current market rental value of the land included in the strata plan, excluding all buildings and improvements, apportioned to the strata lot in accordance with the schedule filed under section 3 (1) (g)." (The strata lot's share on destruction.)

The lessee will only be required to pay a maximum rent in accordance with the land value if the lease is renewed. The lessor, however, must pay for the land which it already owns plus all the improvements if the lease is not renewed. The balance is therefore greatly in favour of the lessee.

FOOTNOTES

1. Statutes of British Columbia, 1966, Chapter 46, Now S.B.C. 1974, C. 89.

2. Section 2.

3. Section 33.

4. Section 1.

5. Section 9 (4).

6. Section 2 (1).

7. Sections 3 (3) and 4 (b).

8. Section 4 (c).

9. Statutes of British Columbia, 1974, Chapter 77, Real Estate Amendment Act, Section 51 (6).

10. Strata Titles Amendment Act, 1977, Bill 75, First Schedule, Section 22.

11. Section 43 (5).

12. Section 43 (8).

13. Section 45 (5) (d).

14. Section 9 (5).

15. First Schedule, Section 18 (b).

16. Sections 12, 13, 14, and 17.

17. Section 10.

18. Section 10.

19. Section 17.

20. Section 3 (i) and First Schedule, Section 19 (2) (d).

21. Section 21 (6).

22. Strata Titles Amendment Act, 1977, Bill 75, Clause 18.

23. Section 23.

24. Section 24.

25. The Strata Titles Act, Pavlich, D.J., University of British Columbia, Unpublished, p. 40.

26. Ibid., p. 40.

27. Section 18 (2).

CHAPTER 4

OWNERS' AND TENANTS' PROFILE

4.1 Introduction

Condominiums, while relatively new in comparison to other types of housing tenure are an increasingly common and accepted form of housing in North America. Several studies have been done in Canada and the United States to identify such items as the socio-economic profiles of the owners, their reasons for purchase, and their satisfaction with the units. One may therefore question the relevance of yet another study. The position is taken that significant changes have occurred in the housing market which necessitates further investigations.

The enabling legislation for condominiums in British Columbia was first introduced in late 1967. At that time, condominiums were thought to provide a major breakthrough in housing: an opportunity for new forms of housing structure; lower housing costs for various purchasers; and lower operating costs. The market was understandably hesitant in accepting this new form of housing tenure but by 1970 condominiums represented a significant force in the housing market. The drastic increase in condominiums which has occurred in the past ten years gives rise to some important social and economic issues. What type of people are buying condominiums? Who is living in the condominium units? What is the reason for purchase? Have they proven to be a good investment?

The most recent and directly comparable study is the 1973 study by Hamilton and Roberts[1] which examined the condominium market in Metropolitan Vancouver. During that year 4486 units existed in the area which represented 29.0% of the new home ownership units produced during the year. By 1977, over 46,000 condominium units existed in British Columbia of which 25,214 were located in Metropolitan Vancouver. The proportionate share of the new home completions in 1976 increased to 32.0% for the province and 44.1% in Metropolitan Vancouver. In spite of these impressive statistics the condominium market is presently experiencing some difficulty with a substantial oversupply and corresponding soft prices, conditions which did not exist in 1973.

This chapter will provide a socio-economic profile from a sample of existing owners, their motivations for purchase, and their level of satisfaction. Insights will also be supplied as to the owners' likes and dislikes of the units and the projects which should provide developers with information needed to meet the desires of the consumers in the future.

4.2 Previous Studies

Several recent studies have dealt with the condominium market in Metropolitan Vancouver; notably, Eger (1976)[2], Hamilton and Roberts (1973)[3], and Hamilton, Davis, and Lowden (1971)[4]. The Condominium Research Association published a study in 1970 on condominiums in Canada[5] while Norcross investigated townhouse condominiums in Washington D.C. and California in 1973[6]. A synopsis of their findings is presented in Appendix 1.

The results of the earlier studies (1970 and 1971) indicated that the condominium market was dominated by young families in the early stages of their life cycle. Their incomes were in the mid-range for all households although there was a predominance of professional and managerial household heads. The majority were first time purchasers who selected condominiums over single family homes due to the economic advantages and secondly for maintenance-free living. The later studies (Norcross, Hamilton and Roberts, Eger) showed that the condominium market was gradually appealing to a wider age distribution of purchasers, although the dominance of average incomes and professional occupations remained. The Hamilton and Roberts study identified two submarkets; young, first time purchasers in the early stages of their life cycle and secondly an older group with higher incomes moving from their single detached home and purchasing apartment units. Again the two primary reasons given for purchasing a condominium rather than a single family house were the economic advantages and the freedom of upkeep and maintenance.

Thirty percent of the owners reported by Hamilton and Roberts were over 49 years old. This is a substantial increase from the study by Hamilton, Davis, and Lowden (1971) that revealed only 10% in this age group. Table 17 shows that the older people were located mainly in apartment-styled condominiums while the younger groups were found mainly in townhouses. With the increase of older purchasers the number of purchasers that had previously owned a home increased from 14% in 1971 to 36.4% in 1973. A change in the distribution of incomes between the 1971 and 1973 study is also noted. In 1971, 68% of the family incomes were in excess of $10,000 per year while 65% of those in the 1973 study were less than $12,000. Hamilton and Roberts also evidenced a much higher percentage of lower income households in apartments than in townhouses reflecting the age distribution and the number of single occupants in this structure type.

There was a low incidence of family units in condominiums (50%) revealed by Hamilton and Roberts. Of these, there was an average of 0.86 children per unit. The largest average number of children (excluding low cost developments) were found in townhouses (1.05 children per unit). It was expected that the family size in townhouses would increase over time while the apartment households would be fairly stable based on the relative age distribution of the two structure types and the greater stability of townhouses for childrearing.

Different data sources were used in each of the previous studies that concerned condominiums in Metropolitan Vancouver. Hamilton, Davis, and Lowden assembled their data from CMHC and NHA loan application forms. This was an acceptable method as virtually all the condominiums at that time were financed or the financing insured through these two sources. The major drawbacks were the exclusion of those that paid all cash for their unit and the motivations and the attitudes of the purchasers were not available. Hamilton and Roberts corrected these deficiencies by utilizing questionnaire surveys. Both of these studies analysed the data by cross-tabulating the various factors. The data for Eger's study was collected from loan application forms of institutional lenders and included single family detached houses as well as condominiums. The purchasers of both dwelling types were profiled using discriminant analysis. None of these studies included an examination of tenants residing in the

TABLE 17

Distribution of Ages of Household Heads

(Hamilton and Roberts)

	Under 30		30 - 39		40 - 49		Over 49		Average
	No.	%	No.	%	No.	%	No.	%	Age
NHA Town House	69	34.8	72	36.4	30	15.2	27	13.6	35.7
NHA Apartment	10	26.3	2	5.3	5	13.1	21	55.3	47.2
NHA Mixed Town House & Apartment	8	28.6	8	28.6	3	10.7	9	32.1	39.8
Conventional Town House	13	38.2	6	17.6	3	8.8	12	35.3	39.5
Conventional Apartment	19	15.6	18	14.7	8	6.6	77	63.1	50.1
Total Town House (1)	82	35.3	78	33.6	33	14.2	39	16.8	36.3
Total Apartment (1)	29	18.2	20	12.5	13	8.1	98	61.2	49.4
Total	119	28.3	106	25.2	49	11.7	146	34.8	41.5
NHA Low-Cost (2)	38	49.3	25	32.5	10	13.0	4	5.2	32.5
Grand Total	157	20.5	131	26.4	59	11.9	150	30.2	40.1

Notes:

(1) These figures exclude the mixed town house and apartment projects.

(2) All data above this row exclude the low-cost housing data.

condominium units.

4.3 Sampling Process

In order to provide current data concerning condominiums in British Columbia which could provide useful insights into the current market and permit comparisions with earlier studies, two questionnaire surveys were conducted during the summer of 1977.

The surveys of condominium occupiers were limited to the Metropolitan Vancouver and Victoria areas. Questionnaires were distributed to occupiers in a total of 157 randomly selected condominium projects, a sample representing 25% of the projects of ten or more units. The sample was then stratified to represent five areas as follows:-

1.	Vancouver City	40 Projects
2.	Metropolitan Vancouver: North Shore	25 Projects
3.	Metropolitan Vancouver: Low Growth Area	30 Projects
4.	Metropolitan Vancouver: High Growth Area	30 Projects
5.	Victoria	32 Projects
	Total	157 Projects

The Low Growth Area of Metropolitan Vancouver included the municipalities of Burnaby, Surrey, New Westminster, and Coquitlam and the High Growth Area represented the municipalities of Richmond, Delta, Tsawwassen, Port Coquitlam, Port Moody, Langley, and White Rock. In each case, growth was measured in terms of population, not condominium developments.

The next step in the sampling process was to distribute questionnaires to every eighth unit in the projects. This resulted in a total sample of 895 units or 3% of all units in plans of ten units or more. Due to the length of the questionnaires, they were left, along with an explanatory letter, at each unit selected in the sample. As it was not possible to identify which occupants were tenants and which were owners prior to the survey, copies of both the tenant and owners questionnaires were enclosed with instructions to complete the appropriate one and return it by mail in the envelope provided. In order to provide maximum confidentiality, these questionnaires were not coded for area. Hence the sample results can only be interpreted for the combined areas.

Given the prior response rate obtained by Hamilton and Roberts of 50% using a similar technique and the public's greater familiarity with condominiums, a 30% response rate was expected. In total, 202 owners questionnaires and 34 tenants questionnaires were returned providing a 26.4% response rate, very close to the expected. The number of responses represent 26.4% of all existing units in the sample but a somewhat higher proportion of occupied units since some projects were new and only partially occupied. The 236 occupant responses represent approximately 1% of all units contained in projects of 10 units or more.

The sample was originally designed for statistical validity and the sample determined to reflect the expected response rate. The statistical validity of the results however, are impossible to ascertain in a quantitative fashion due to the survey technique.

The requirement of leaving the questionnaire and not having a 100% response may provide some, though unknown, bias. On a positive note, the general similarities between these findings and those of previous studies indicates they are highly reliable.

4.4 Owners' Profile

There was a total of 202 usable responses from the Owners' Survey. As the data was often categorized into several groups and the total number of responses were limited, all the questionnaires were used even if some were partially incomplete. This resulted in the total number of responses varying slightly over different factors but does not affect the overall findings. The majority (80%) of the units in the sample were purchased after 1973. This ensures that any similarities between the findings in this study and those of Hamilton and Roberts are not due to the same population being sampled but rather there are actually similarities between the two separate populations.

4.4 (a) General Characteristics of Survey Respondents

Thirty-three percent of the responses were from townhouses, 35% from low-rise apartments, 26% from high-rise apartments and 7% from mixed townhouse and apartment developments (mixed). No attempt was made to identify which units in the latter group were townhouses and which were apartments and due to their small number they will be excluded from the majority of the discussion but have been included in the tables separately for clarity. Of the townhouses, the majority were three bedroom units and overall they average 2.89 bedrooms per unit (Table 18). The low-rise and high-rise apartments were more evenly divided between one and two bedroom units, averaging 1.67 and 1.63 respectively.

The majority of households (77%) contained 2 adults while 20% were single adult households and 3% contained more than two adults. Furthermore, most households were childless (69%) while 15% had one child and 16% had two or more children. Of the single adults, 68% were women and 32% were men. As would be expected, given their larger size and greater suitability for families, the townhouses contained the highest average number of occupants (2.85) and average number of children per household (0.91). Apartments contained mainly singles and couples and had a low percentage of units with children, averaging 0.31 and 0.21 children for low-rise and high-rise units.

Table 19 correlates the number of bedrooms with the number of occupants. If one were to assume that one bedroom is required for each couple or single adult and one for each child, the majority of purchasers (60.5%) have excess space. Only 9% are overcrowded and the balance of 30.5% have the "correct" number of bedrooms for the number of occupants. Comparing the average number of bedrooms with the average number of occupants by structure type (Table 18), indicates the greatest excess capacity exists in townhouses which average one bedroom per person. It is likely these people intend to expand their household size in the future. The ratio of persons to bedrooms is not as low in apartments where there is 1.33 persons per bedroom.

TABLE 18

BASIC STRUCTURAL DATA

Structure Type	Town-House %	Low-Rise %	High-Rise %	Mixed %	Total Responses %
Number of Responses	32.7	34.7	25.7	6.9	100.0
Number of Bedrooms					
1	0.0	38.6	40.4	14.3	24.8
2	18.2	55.7	55.8	21.4	41.1
3	74.2	5.7	3.8	64.3	31.7
4	7.6	0.0	0.0	0.0	2.5
Total	100.0	100.0	100.0	100.0	100.0
Average	2.894	1.671	1.635	2.500	
Number of Occupants Per Unit					
1	7.6	18.6	23.1	14.3	15.8
2	33.3	64.3	65.4	57.1	54.0
3	30.3	8.6	3.8	14.3	14.9
4	24.2	8.6	7.7	14.3	13.9
5 or more	4.5	0.0	0.0	0.0	1.5
Total	100.0	100.0	100.0	100.0	
Average	2.848	2.071	1.962	2.286	
Number of Children					
0	45.4	77.1	86.5	71.4	68.8
1	24.2	14.3	5.8	14.3	15.3
2	25.8	8.6	7.7	14.3	14.4
3	3.0	0.0	0.0	0.0	1.0
4	1.5	0.0	0.0	0.0	0.5
Total	100.0	100.0	100.0	100.0	100.0
Average	0.91	0.31	0.21	0.43	

4.4 (b) Socio-Economic Variables

The socio-economic factors of the respondents are displayed in Tables 20 and 21 by age groups and by structure type. The data will first be analysed by the age distributions to compile a general profile and then related to the structure types.

4.4 (c) Age

The bi-polarization of the age groups as was found by Hamilton and Roberts and Eger was again evidenced here. Forty-two percent of the respondents were over 49 years old while 48% were below 40 years old. Only 9.4% of the respondents indicated the head of the household was between 40 and 49 years old. There is a significantly greater representation of those over 49 in this study than was previously reported (Table 22). This change may be explained in part by the inclusion of Victoria into the sample for the current study. Forty-five percent of Victoria's adult population (over 14 years old) is over 49 years old while this group represents only 33% of those in Vancouver.[7]

4.4 (d) Number of Children

The majority of households (69.3%) were childless followed by those with one or two children. The highest average number of children were found in the 30-39 age group (0.71 children per household) and the 40-49 age group (0.63 children per household). The lowest average was that of the group over 49 years of age. The youngest age group had an average of 0.49 children which indicated the majority had not yet started their families.

TABLE 19

Correlation Between Household Size and Number of Bedrooms

Number of Occupants	Number of Bedrooms 1	2	3	4
1	$\boxed{15}$	12	3	0
2	$\boxed{26}$	56	27	0
3	2	$\boxed{7}$	18	3
4	5	8	$\boxed{13}$	2
5	0	0	2	$\boxed{0}$
6	0	0	1	0

NOTE: $\boxed{}$ = "Correct" Occupancy

Below the rectangles are overcrowded

Above the rectangles have excess space

TABLE 20

Profile of Condominium Purchasers by Age Groups

	Under 30		30-39		40-49		Over 49	
	No.	%	No.	%	No.	%	No.	%
Income Group								
Under $8000	1	2	0	0	1	5	13	15
8001-16000	7	16	14	27	5	26	32	38
16001-24000	19	42	17	33	10	53	23	27
Over 24000	18	40	20	39	3	16	17	20
Total	45	100	51	100	19	100	85	100
Occupation								
Professional	18	40	26	50	8	42	26	30
Semi-Skilled and skilled	20	44	18	35	8	42	14	16
Unskilled	4	9	3	6	2	11	2	2
Retired	0	0	0	0	0	0	42	49
Other	3	7	5	10	1	5	2	2
Total	45	100	52	100	19	100	86	100
Education								
Post Graduate	7	16	9	18	2	11	11	13
1-4 years Post Secondary	14	31	17	35	3	17	26	31
Vocational or Technical	11	24	11	22	4	22	10	12
High School or less	13	29	12	24	9	50	38	45
Total	45	100	49	100	18	100	85	100
Use of 2nd Mortgage	22	49	19	37	9	47	12	14
Use of B.C. Govt. 2nd Mortgage	21	47	19	37	9	47	12	14

TABLE 20

Profile of Condominium Purchasers by Age Group Cont.

	Under 30		30 - 39		40 - 49		Over 49		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Number of Children										
0	30	66.0	29	56.9	13	68.4	68	79.1	140	69.3
1	9	20.0	11	21.6	3	15.8	8	9.3	31	15.4
2	5	11.1	11	21.6	2	10.5	10	11.6	28	13.9
3	1	2.2	0	0	1	5.3	0	0	2	1.0
4	0	0	1	2.0	0	0	0	0	1	0.5
Average	0.49		0.71		0.63		0.33		0.48	

TABLE 21

Basic Demographic and Economic Data - By Structure Type

Structure Type / Age of Household Head	Townhouse No.	Townhouse %	Low-Rise No.	Low-Rise %	High-Rise No.	High-Rise %	Mixed No.	Mixed %	Total No.
Under 30	15	23	16	23	7	13	7	50	45
30 - 39	27	41	12	17	8	15	5	36	52
40 - 49	7	11	7	10	5	10	0		19
Over 49	17	26	34	49	32	62	2	14	85
Average	39.9		47.8		52.1		32.9		45.
Total	66	100	69	100	52	100	14	100	201
Education of Household Head									
Post Graduate	8	13	8	12	9	17	4	29	29
1-4 Years Post Secondary	20	31	20	30	16	31	4	29	60
Vocational or Technical	12	17	12	18	10	19	2	14	36
High School or Less	24	38	27	40	17	33	4	29	72
Total	64	100	67	100	52	100	14	100	197
Occupation of Household Head									
Professional or Managerial	26	39	21	30	22	41	9	64	78
Semi-Skilled	24	36	20	29	11	21	5	36	60
Unskilled	6	9	3	5	2	4	0	0	11
Retired	4	7	21	30	17	32	0	0	42
Other	6	9	4	6	1	2	0	0	11
Total	66	100	69		53	100	14	100	202
Total Family Income									
0 - $8,000	2	3	15	21	7	13	0	0	24
$8,001-$16,000	31	48	27	39	17	33	2	14	77
$16,001-$24,000	20	31	15	21	14	27	5	36	54
Over $24,000	12	18	13	19	14	27	7	50	46
Total	65	100	70	100	52	100	14	100	201

4.4 (e) Education and Occupation

The largest groups by educational level were those with high school or less (36.5%) and those with one to four years of university education (30.5%). The majority of those with high school or less were in the over 49 age group which reflects the lesser emphasis on formal post secondary education in the past. Those with some university education represented approximately 30% of the respondents under 30, 30-39, and over 49 years old. The 40-49 age group had the lowest proportion in this category with 17%.

The occupations[8] of the household heads correspond to the educational levels discussed above. The largest single group were classified as professional or managerial with 38.6%. Excluding those that had retired, the professional/managerial groups represented 40% of those under 30 and between 40 and 49 years old, 50% of those between 30 and 39, and 59% of those over 49. These findings correspond with previous studies, particularly Eger[9] where he noted the largest proportion of professionals in the oldest age group.

The second largest occupation class was the skilled and semi-skilled representing 30% of the respondents. They were evenly distributed across the age groups if those retired are excluded. Naturally those who were retired were exclusive to the over 49 age group.

4.4 (f) Income Groups

The questionnaire asked the respondents to classify their total gross family income into one of four categories, under

DISTRIBUTION OF NUMBER OF CHILDREN IN HOUSEHOLDS

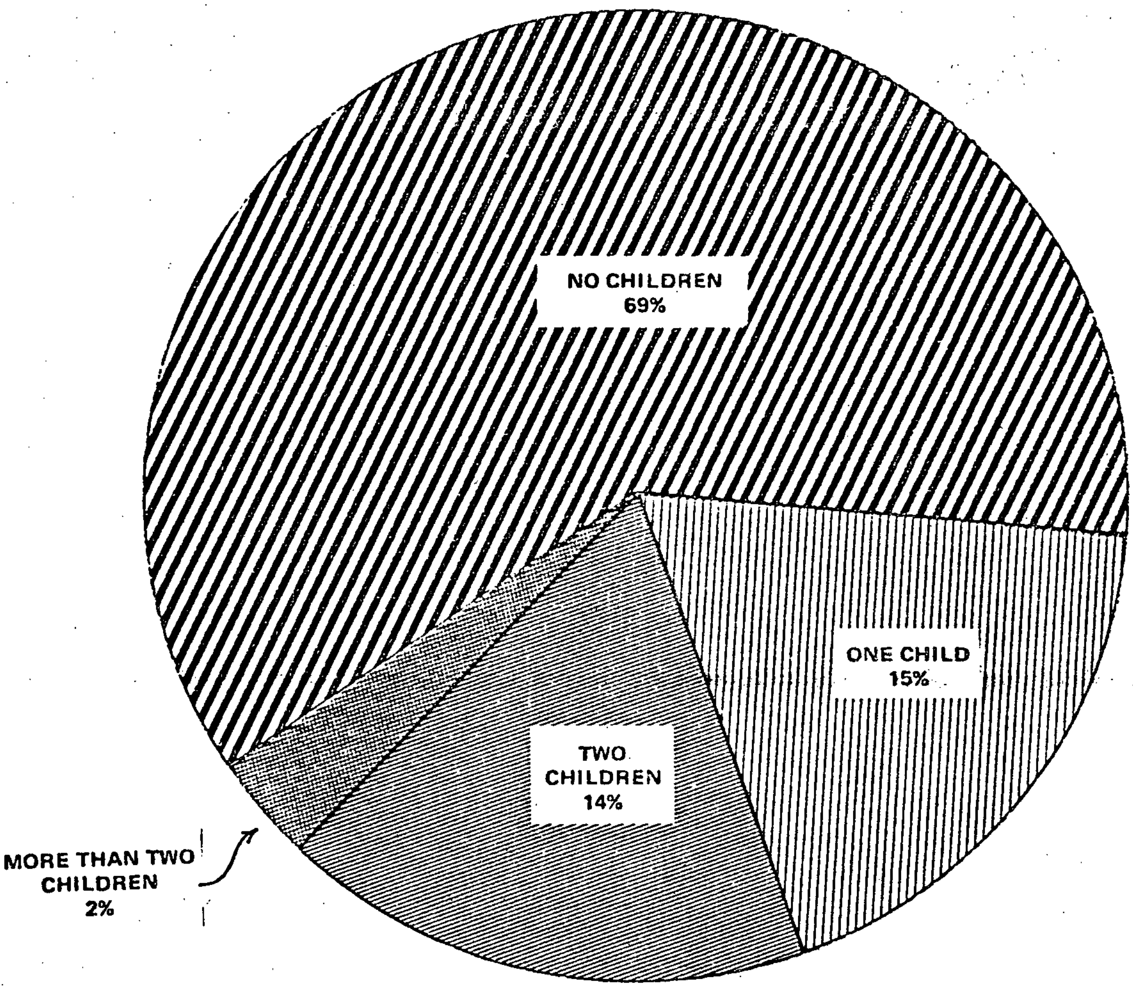


TABLE 22

Comparative Age Distributions

	Roberts 1973		Survey 1977	
	No.	%	No.	%
Under 30	125	36.7	45	22.3
30 - 39	107	31.4	52	25.7
40 - 49	48	14.1	19	9.4
Over 49	61	17.9	86	42.6
Average	36.55		45.32	

$8,000; $8,000-$16,000; $16,001-$24,000; and over $24,000. The groups were purposely made broad as it was felt narrower classifications may cause some to be reluctant to respond. In total the responses were evenly divided between those having over $16,000 income and those below $16,000. Fifty percent of those with over $16,000 income also had over $24,000. Given the average family income in B.C. at the time of the survey was approximately $18,000 per year[10], it is concluded that condominiums appeal largely to the moderate to average income groups as was noted in the previous study.[11]

Table 23 compares the distribution of family incomes for the Hamilton and Roberts study, this study, and the corresponding income distributions for the population as a whole in each year. Several points should be noted. First, there is a considerably greater proportion of households in the lower income groups in the Hamilton and Roberts study (81.4% under $15,000) than is evidenced here (50.2% under $16,000). This is due in part to the general increase in incomes over the period (increasing from an average of $11,225 in 1973 to $16,915 in 1976). Secondly, the increase in condominium prices since 1973 necessitates that the purchasers have a larger income to support a mortgage of a similar loan-to-value ratio.[12]

The second point of interest in the comparisons is that both surveys show larger proportions of household incomes in the $8,000 to $16,000 income bracket than does the general public. This confirms the earlier conclusion (above) that condominiums appeal to moderate income groups. Lastly, this study reveals a larger proportion of condominium purchasers in the highest income

TABLE 23

COMPARATIVE TOTAL FAMILY INCOMES

Hamilton & Roberts Survey		British Columbia 1973[1]	Survey 1977		British Columbia 1976[2]	
Income Group	%		Income Group	%	Income Group	%
0-$8,000	19.3	38.7	0-$8,000	11.9	-$7,999	28.9
8,001-15,000	62.1	35.2	8,000-16,000	38.3	8,000-14,999	21.9
15,001-20,000	12.0	15.1	16,001-24,000	26.9	15,000-24,999	29.2
Over 20,000	6.6	11.1	Over 24,000	22.9	Over 25,000	19.9
Average Income		11,225				16,915

SOURCE 1: Statistics Canada, Income Distributions By Size In Canada, Catalogue 13-206, 1973

SOURCE 2: Ibid, 1976

CMHC Disbribution	CMHC 1976[3] Vancouver and Victoria		Survey 1977		Survey Distribution
	No.	%	No.	%	No.
Under $10,000	11	1.9	24	11.9	$8,000
10,000-17,500	195	33.0	77	38.3	8,001-16,000
17,501-25,000	241	40.8	54	26.9	16,001-24,000
Over 25,000	144	24.4	46	22.9	Over 24,000

SOURCE 3: Canadian Housing Statistics, 1977, Central Mortgage and Housing Corporation, Ottawa, P. 82.

group (22.9%) than the general public (19.9%) which is also significantly greater than that evidenced by Hamilton and Roberts (6.6%). The significant upward shift in the proportion of this income group reflects the broadening of the condominium market.

The second portion of Table 23 compares the CMHC data for new condominium purchasers, which is collected from the loan application forms, and the survey data. There is a much larger portion of purchasers in the sample in the lowest income group than in the CMHC data. This may be explained in part by the inclusion of those purchasers on pensions who paid all cash for their unit and appeared in the survey but which would not appear in the CMHC loan application files.

The second interesting feature is that the largest proportion of households (40.8%) in the CMHC data are in the second highest income bracket ($17,501 to $25,000) while the largest proportion in the survey (38%) are in the second lowest bracket ($8,000 to $16,000). Removing the lowest income group from the analysis to remove pensioners does not change the relative distributions. Part of this is due to the differences in the date of sale of the purchases, the CMHC data refers only to condominiums sold in 1976. Secondly, Hamilton and Roberts noted a similar pattern and hypothesized that people may have exaggerated their incomes on the loan application in order to qualify. The distribution was thereby shifted upwards which may have also occurred here.

Neither the differences noted between the income distributions of the previous study or the 1976 CMHC data contradicts the conclusion that condominiums primarily appeal to moderate to average income purchasers. However, the recent rise in prices of the condominium units may have eliminated some of the lower income groups which appeared in the previous study. It should also be noted that a segment of the condominium market has been directed at the wealthy and has met with some success in Vancouver[13].

Examining the distribution of incomes by age group (Table 20) reveals a shifting downward in the proportion of upper income purchasers as you move from the youngest group to the oldest. This is surprising given the fairly even distribution of occupations noted earlier and in the fact the young group is not likely to have reached their full earning potential yet. The distribution is explained by the number of retired purchasers in the oldest group, shifting their income distribution downward and, as revealed in the next section, the number of working wives is greatest in the younger groups, thereby providing two salaries and shifting their income distribution upwards.

4.4 (g) Two Wage Earner Households

Table 24 displays the distribution of working spouses. The first point of interest is that the proportion of working spouses in this study (41.2%) is virtually identical to that found by Hamilton and Roberts (40.2%). Secondly, comparing the proportion that worked full or part time at the time of purchase and at the time of the survey reveals a slight drop (47.3% to 41.2%), the majority of the change occurring in the townhouse residents. This is to be expected as this group is the most likely to be entering into or are in the child rearing stage which would necessitate one spouse leaving the work force.

TABLE 24

DISTRIBUTION OF WORKING SPOUSES (AT TIME OF PURCHASE)

	Working Full Time		Working Part Time		Not Working	
	No.	%	No.	%	No.	%
Wife's Age						
Under 30	35	67.3	3	5.8	14	26.9
30 - 39	12	57.1	2	9.5	7	33.3
40 - 49	1	16.7	1	16.7	4	66.7
Over 49	6	11.5	2	3.8	44	84.6
Total	54	41.2	8	6.1	69	52.7
Husband's Age						
Under 30	22	64.7	2	5.9	10	29.4
30 - 39	22	68.8	3	9.4	7	21.9
40 - 49	4	57.1	0	0.0	3	42.9
Over 49	6	10.3	3	5.2	49	84.5
Household Income						
Under $8,000	1	20.0	0	0.0	4	80.0
$8,000-$16,000	15	29.4	6	11.8	30	38.8
$16,000-$24,000	18	45.0	2	5.0	20	50.0
Over $24,000	20	58.8	0	0.0	14	41.2
Number of Dependent Children						
0	39	45.9	5	5.9	41	48.2
1	9	47.4	1	5.3	9	47.4
2	6	25.0	1	4.2	17	70.8
3	0	0.0	1	50.0	1	50.0
4	0	0.0	0	0.0	1	100.0

TABLE 24 (Contd.)

Structure Type	Working Full Time		Working Part Time		Not Working	
	No.	%	No.	%	No.	%
(a) At Time of Purchase						
Townhouse	21	40.4	5	9.6	26	50.0
Low-Rise	19	51.4	3	8.1	15	40.5
High-Rise	9	28.1	0	0.0	23	71.9
Mixed	5	50.0	0	0.0	5	50.0
(b) At Time of Survey						
Townhouse	16	30.8	4	7.7	32	61.5
Low-Rise	18	47.4	2	5.3	18	47.4
High-Rise	10	31.2	0	0.0	22	68.8
Mixed	4	44.4	0	0.0	5	55.6

The most noticeable distinction between those households with a spouse working or not working is displayed in the distribution by age. The majority (71%) of the spouses below 40 years old are working full or part time while only a very small percentage over 40 are employed. The distribution is much more even when the family income is examined with only a slightly higher proportion of working spouses in the upper income groups. The results of the cross-tabulation by age are confirmed by Hamilton and Roberts. However, they found more pronounced trends over the income groups and by the number of children[15]. They found that the number of non-working spouses was greatest in the lower income groups and in families that had dependent children.

4.4 (h) Structure Type

The structure types are classified as townhouse, low-rise apartment or high-rise apartment. Townhouses are thought to be the most suitable style for families with children as the units are larger and have greater surrounding open areas and amenities than do apartments. In contrast, apartments are thought to be more suited to singles or couples without children and are generally designed with this in mind. These characteristics of the structure types are reflected in the profiles of the respective purchasers. In support of this perception, it is noted that those in the 30-39 year old group, which had the highest average number of children, are found primarily in townhouses (Table 21). The majority of the oldest group can be classified as "empty-nesters" indicating their families have grown up and left; they are correspondingly located in apartments.

The distribution by occupation, education, income, and the incident of working spouses across structure types is commensurate with the findings to date and need not be elaborated on.

4.4 (i) Previous Tenure

Knowledge of the previous tenancy of condominium owners is important both for the directing of marketing and advertising and to provide further information on their profiles. The majority of owners (62.4%) had rented prior to the purchase of their unit; of these 72% had lived in low-rise (45.6%) or high-rise (26.4%) apartments. Of those that had owned previously, 73.3% had a single family detached house and 18.7% had condominiums. While the number of previous condominium owners is not large, they do reflect a mobility between units and a level of satisfaction with the concept sufficient for the people to repurchase.

Tables 25, 26, 27, and 28 display the previous tenure classification by present structure type, age group, price of the condominium unit, and the loan-to-value ratio respectively. The data combines to show that the majority of renters are young, most frequently had high loan-to-value ratios and purchased lower than average priced townhouse and low-rise apartment units. Conversely, previous owners were older, had larger down payments, and purchased the more expensive apartment units.

The previous tenure type cross-tabulated with the reasons given for moving are presented in Table 29; the results are as anticipated given the above findings. By far the most frequently mentioned reason given by previous renters was to establish an

TABLE 25

Distribution of Previous Tenure Type by Present Structural Type

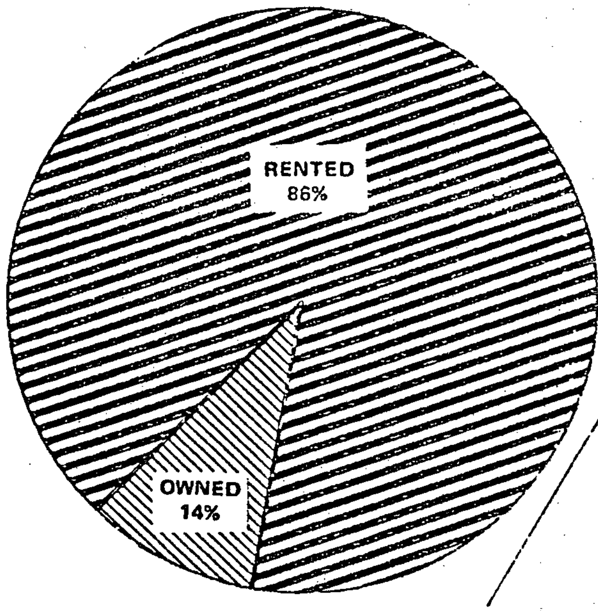
Tenure Type	Owned		Rented		Other		Total	
Present Structural Type	No.	%	No.	%	No.	%	No.	%
Townhouse	17	25.8	49	74.2	0	0.0	66	100.0
Low-Rise	23	32.9	45	64.3	2	2.9	70	100.0
High-Rise	28	53.9	22	42.3	2	3.8	52	100.0
Mixed	4	28.6	10	71.4	0	0.0	14	100.0
Total	72	35.6	126	62.4	4	2.0	202	100.0

TABLE 26

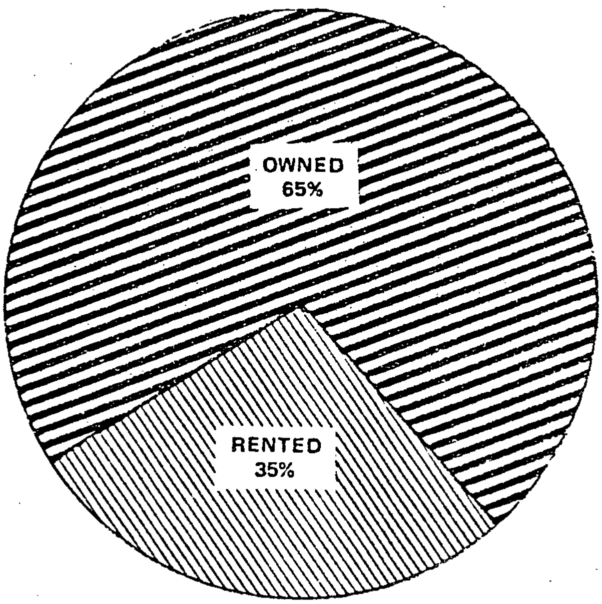
DISTRIBUTION OF PREVIOUS TENURE TYPE BY AGE GROUP

Tenure Type	Owned		Rented		Other	
Age Group	No.	%	No.	%	No.	%
Under 30	5	6.9	36	28.8	4	80.0
30 - 39	8	11.1	42	33.6	1	20.0
40 - 49	2	2.8	17	13.6	0	0.0
Over 49	57	79.2	30	24.0	0	0.0
Total	72	100.0	125	100.0	5	100.0

DISTRIBUTION OF PREVIOUS TENURE



UNDER 50 YEARS OLD



50 YEARS OLD OR GREATER

TABLE 27

DISTRIBUTION OF PREVIOUS TENURE TYPE BY PRICE OF UNIT

Previous Tenure Type	Owned		Rented		Other	
	No.	%	No.	%	No.	%
Under Average Price (By Year and Structure Type)	24	37.5	70	58.8	3	75
Over Average Price (By Year and Structure Type)	40	62.5	49	41.2	1	25
Total	64	100.0	119	100.0	4	100.0

TABLE 28

DISTRIBUTION OF PREVIOUS TENURE BY LOAN-TO-VALUE RATIO

Previous Tenure	Owned %	Rented %	Other %
Over 95%	0	9	0
80-95	9	47	25
70-79	6	16	25
50-69	11	12	25
25-49	6	3	25
Under 25	68	12	0

equity followed distantly by those desiring more space. The demand for home ownership was the major motivation for their move. It is likely the lack of a sizeable down payment may have been a restricting factor in their purchase decision given the higher incomes of the young (predominantly renters) combined with their high loan-to-value ratios. Some developers have observed this factor and have used it to market the units by offering appealingly low down payments[16].

The reasons for moving expressed by the previous owners were dominated by those wanting less space and less upkeep. The single family house, of which the majority had owned, was probably becoming burdensome and no longer necessary as the owners' requirements changed. The low loan-to-value ratios indicates they are using the equity from their house to purchase the units. Further, the tendency for this group to buy the more expensive units combined with their substantial equity shows they are looking for more amenities and have the money to act on their wishes. Designing of projects specifically for this group to include features they would demand would likely meet with success even if they had to be marketed at higher than average prices.

The reasons for moving are displayed by age group and by present structure type in Tables 30 and 31. The results confirm those found when the previous tenure type was cross-tabulated with the reasons given for moving. The younger owners wanted to establish an equity while those over 49 years old wanted less space and upkeep.

One of the interesting outcomes of this survey was the number of older people desiring a less expensive unit. It was expected that the older home owners would have traded down from their home in order to free some of their capital to provide an additional income stream or for current consumption. The low response to this question and the substantial down payments displayed earlier indicate the freedom from mortgage payments is more highly valued.

4.4 (j) Loan-To-Value Ratios and Total Monthly Payments

Tables 32 to 34 contain the distributions of loan-to-value ratios and total monthly payments. Their results confirm the findings discussed above. The over 49 age group, which were largely previous owners of single family dwellings purchased their unit with large down payments and hence have low loan-to-value ratios and monthly payments. The younger age groups, that were predominantly renters previously, had higher loan-to-value ratios and correspondingly higher monthly payments.

4.4 (k) Future Intentions

The questionnaire asked the respondents if they intended to stay in their present unit for the foreseeable future. Those that were intending to move were asked to state the type of tenure and structure they intended to move to and that which they would most prefer. There was very little difference between that which they preferred and that which they were expecting to move to and therefore the preferred distribution is not presented. There was a problem encountered as some people stated they did

TABLE 29

REASON FOR MOVING BY PREVIOUS TENURE TYPE - FIRST REASON ONLY

Previous Tenure Type	Owned		Rented		Other	
Reason	No.	%	No.	%	No.	%
Change in household membership	16	23.4	11	9.0	2	40.0
Desired less space	10	14.7	4	3.3	0	0.0
Desired less upkeep	25	36.8	3	2.5	0	0.0
Desired more living space	3	4.4	17	13.9	0	0.0
Desired better neighbourhood conditions	1	1.5	1	0.8	0	0.0
Desired less expensive unit	1	1.5	5	4.1	0	0.0
To establish an equity	1	1.5	56	45.9	2	40.0
Closer to transportation, job, etc.	4	5.9	2	1.6	1	20.0
Job transfer or change	2	2.9	12	9.8	0	0.0
Other	5	7.4	11	9.0	0	0.0

TABLE 30

REASON FOR MOVING BY AGE GROUP -
TOTAL NUMBER OF REASONS

Age Group	Under 30		30-39		40-49		Over 49		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Reason										
Change in Household Membership	7	8.3	10	10.3	5	17.2	18	12.2	40	11.2
Desired less space	1	1.2	3	3.1	1	3.4	21	14.2	26	7.3
Desired less upkeep	3	3.6	2	2.1	2	6.9	49	33.1	56	37.8
Desired more living space	20	23.8	16	16.5	6	20.7	7	4.7	49	33.1
Desired better neighbourhood conditions	4	4.8	8	8.2	0	0.0	4	2.7	16	4.5
Desired less expensive unit	1	1.2	4	4.1	0	0.0	9	6.1	14	3.9
To establish an equity	35	41.7	26	26.8	11	37.9	17	11.5	89	24.9
Closer to transportation, job, etc.	3	3.6	9	9.3	1	3.4	6	4.1	19	5.3
Job transfer or change	2	2.4	9	9.3	1	3.4	8	5.4	20	5.6
Other	8	9.5	10	10.3	2	6.9	9	6.1	29	8.1
Total	84	100.0	97	100.0	29	100.0	148	100.1	358	100.0

TABLE 31

Reasons for Moving by Structure Type -

Total Responses

Structure Type	Townhouse		Low-Rise		High-Rise		Mixed	
Reason	No.	%	No.	%	No.	%	No.	%
Change in household membership	16	13.6	14	11.2	10	14.9	0	0.0
Desired less space	6	5.1	11	8.8	9	13.4	0	0.0
Desired less upkeep	11	9.3	18	14.4	24	35.8	3	11.5
Desired more living space	22	18.6	14	11.2	6	9.0	7	10.5
Desired better neighbourhood conditions	7	5.9	5	4.0	4	6.0	0	0.0
Desired less expensive unit	2	1.7	7	5.6	5	7.5	0	0.0
To establish an equity	31	26.3	34	27.2	16	23.9	8	30.8
Closer to transportation, job, etc.	4	3.4	6	4.8	7	10.5	2	7.7
Job transfer or change	8	6.8	6	4.8	5	7.5	1	3.
Other	11	9.3	10	8.0	3	4.5	5	19.
Total	118	100.0	125	100.0	67	100.0	26	100.

not intend to move indicated where they would move to. As the intention of the question was to identify the occupants' desires these responses were included.

Table 35 displays the future intentions by age group and structure type. Overall the majority (63.7%) plan to stay while only 36.3% plan to move. As would be expected higher proportions (53.3% of those under 40 years old) of those in the younger groups plan to move while the majority (74.6% of those over 39 years old) of the older groups plan to stay. Of those planning to move, the overwhelming majority (77.4%) intend to own a single family home (Table 36). Only 13% of the respondents expressed an interest in renting. It is quite evident by these results that many of the younger households view condominiums only as temporary accommodation before moving to a single family unit.

4.4 (1) <u>Summary Profile</u>

The analysis of the data by age group and structure type indicate there are three submarkets represented by the condominium purchasers:-

(a) young (below 40 years old) apartment condominium dwellers, generally without children, having above average family incomes as a result of both adults (where applicable) working. They purchased a condominium primarily to establish an equity and will likely attempt to move to a single detached dwelling as their incomes and family size increases.

(b) townhouse dwellers are predominantly 30 to 39 years old and have the highest average number of children. Approximately half of these respondents intend to move to a single detached dwelling in the future,

TABLE 32

DISTRIBUTION OF LOAN-TO-VALUE RATIO BY AGE GROUP

Age Group	Under 30		30-39		40-49		Over 49	
	1st Mtge	1st & 2nd Mtge	1st Mtge	1st & 2nd Mtge	1st Mtge	1st & 2nd Mtge	1st Mtge	1st & 2nd Mtge
	%	%	%	%	%	%	%	%
Over 95%	2.3	7.0	4.1	8.2	10.5	21.1	0.0	0.0
80 - 95	44.2	58.1	44.2	51.0	15.8	31.6	2.6	11.1
70 - 79	18.6	9.3	32.6	18.4	36.8	36.8	9.2	5.6
50 - 69	16.3	9.3	20.9	12.2	26.3	5.2	15.3	15.3
25 - 49	7.0	4.7	0.0	0.0	10.5	5.2	12.5	8.3
Under 25	11.6	11.6	10.2	10.2	0.0	0.0	65.3	65.3
Average	44.45	46.36	50.84	55.35	60.86	66.76	43.06	47.58

TABLE 33

DISTRIBUTION OF LOAN-TO-VALUE BY STRUCTURE TYPE

Structure Type	Townhouse 1st Mtge.	1st & 2nd Mtge.	Lowrise 1st Mtge.	1st & 2nd Mtge.	Highrise 1st Mtge.	1st & 2nd Mtge.
Loan-to-Value	%	%	%	%	%	%
Over 95%	3.2	12.9	0	0	6.0	6.0
80 - 95	40.3	40.3	11.3	32.3	12.0	22.0
70 - 79	12.7	16.1	24.2	12.9	16.0	8.0
50 - 69	19.4	12.9	16.1	11.3	10.0	10.0
25 - 49	6.5	4.8	9.7	4.8	8.0	6.0
Under 25	12.9	12.9	38.7	38.7	48.0	48.0
Average	65.9	71.4	42.1	47.0	37.7	40.5

TABLE 34

DISTRIBUTION OF TOTAL MONTHLY PAYMENTS BY AGE GROUP

Monthly Payment	AGE GROUP							
	Under 30		30 - 39		40 - 49		Over 49	
	No.	%	No.	%	No.	%	No.	%
0-$100	1	2.3	3	5.9	0	0.0	21	28.4
101-200	1	2.3	1	2.0	1	5.3	29	39.2
201-250	0	0.0	4	7.8	3	15.8	5	6.8
251-300	3	6.8	8	15.7	1	5.3	7	9.5
301-350	6	13.6	6	11.7	5	26.3	3	4.1
351-400	9	20.5	11	21.6	3	15.8	1	1.4
401-500	9	20.5	8	15.7	5	26.3	5	6.8
501-700	15	34.1	8	15.7	0	0.0	1	1.4
Over 700	0	0.0	2	3.9	1	5.3	2	2.7

TABLE 35

Future Housing Intentions

	Plan to Stay		Plan to Move		Total	
	No.	%	No.	%	No.	%
Age Group						
Under 30	19	43.2	25	56.8	44	100.0
30 - 39	23	44.2	29	55.8	52	100.0
40 - 49	12	63.2	7	36.8	19	100.0
Over 49	74	86.1	12	13.9	86	100.0
Total	128	63.7	73	36.3	201	100.0
Structure Type						
Townhouse	33	50.0	33	50.0	66	100.0
Low-Rise	47	68.1	22	31.9	69	100.0
High-Rise	40	76.9	12	23.1	52	100.0
Mixed	8	57.1	6	42.9	14	100.0
Total	128	63.7	73	36.3	201	100.0

TABLE 36

Choice of Next Structural Type by Age Group - For Those Who Intend to Move

Age Group	Under 30		30 - 39		40 - 49		Over 49		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Next Structural Type										
Owned										
Single Family	24	77.4	28	82.4	6	75.0	7	50.0	65	74.7
Duplex	1	3.2	2	5.9	1	12.5	0	0.0	4	4.6
Townhouse	4	12.9	2	5.9	0	0.0	3	21.4	9	10.3
Apartment	2	6.5	2	5.9	1	12.7	2	14.3	7	8.1
Mobile Home	0	0.0	0	0.0	0	0.0	2	14.3	2	2.3
Total	31	100.0	34	100.0	8	100.0	14	100.0	87	100.0
Rental										
Single Family	2	50.0	0	0.0	0	0.0	2	28.6	4	30.8
Duplex	1	25.0	0	0.0	0	0.0	0	0.0	1	7.7
Townhouse	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Apartment	1	25.0	1	100.0	1	100.0	5	71.4	8	61.5
Mobile Home	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total	4	100.0	1	100.0	1	100.0	7	100.0	13	100.0
Total Intending to move	35		35		9		21		100	
Percentage of total age group	77.8%		67.3%		47.4%		24.7%		49.8%	

(c) the older (over 40 years old), empty nest group that purchased primarily apartments. They are moving from their single family houses to escape the required up-keep and are using the equity from their prior residence to make substantial down payments. The majority of this group do not intend to move from their present accommodation.

4.5 Discriminant Analysis

In the previous section a multitude of demographic, economic and motivational factors were examined by the condominium structure type and the owners' age groups. The analysis revealed three sub-markets within the condominium market, young apartment purchasers, old apartment purchasers, and townhouse purchasers. Further analysis was then used to verify that these groups did exist and to identify the significant variables.

Discriminant analysis was used for this purpose. It is a mathematical technique that identifies the variables which discriminate between two or more groups by capitalizing on the differences in the respective characteristics. Once a set of discriminator variables is found for a known classification group they can be used to predict the classification of an unknown group.

Simply, the sample is initially classified into known groups, say townhouse purchasers and apartment purchasers. The characteristics of each set of purchasers are then examined to find those characteristics that are most different between the groups, say the number of children and household incomes are found to be significant discriminators. It can then be said the major differences between the two populations are the differences in the respective number of children and incomes. Further, having identified the discriminating variables, the likely purchase decision of another group of people can be predicted. Conversely, if a townhouse development is built, the type of purchasers can be predicted and hence the design and marketing of the project directed to the people with the corresponding characteristics.

Discriminant analysis is a special type of factor analysis that separates two or more groups by forming one or more linear combinations of the variables each with a score of the discriminant functions. "The maxiumum possible number of functions which can be derived is one less than the number of groups, if there are more variables than groups. In the case of having more groups than variables, then the number of discriminating functions can be equal to the discriminating variables."[17] If the scores within each group are quite similar while the scores between groups differ, identification of the groups can occur. The analysis takes place in a step-wise procedure selecting the best discriminating factor then the second best and so on until none of the remaining variables discriminate beyond the stated confidence interval.

The three groups were initially separated by age and/or present structure type as reported in the questionnaire. The young apartment group was defined as those who had the head of the household below 40 years old and had purchased an apartment unit. The old apartment group consisted of those over 39 that had an apartment unit while the townhouse group were all townhouse purchases regardless of age. The responses from those in mixed apartment and townhouse developments were not used as they would interfere with the treatment of the other groups and were too few to be analyzed alone. There were 13 variables[18] used which are displayed in Table 37 along with their respective means and standard deviation by group.

In analyzing the three groups together, four significant variables (at the 95% confidence interval) were identified: the use of second mortgages; the percentage of working spouses; the age of the household head; and the number of children. Townhouse purchasers had the highest incidence of usage of second mortgages with 52% in comparison to the young apartment group (38%) and the old apartment group (22%). Similarly, they had the highest percentage of working spouses (79% versus 65% for the young apartment group and 55% for the old apartment group) and the largest average number of children (.919 versus .231 and .284 for young and old apartment purchasers respectively). The young apartment group had the youngest average age of the household heads (29.3 years old) followed by the townhouse purchasers (39.5 years old) and the old apartment group (59.6 years old).

The program then predicted the classification of the purchasers using these variables as discriminators. The predicted versus observed results are displayed in Table 38, 73.4% of all the cases could be correctly classified. While the model performed reasonably well in classifying the young and the old apartment groups, 82.7% and 85.1% respectively, the results were much poorer for the townhouses (51.6% correctly classified). Referring again to Table 37, there is evidenced a problem since the mean of several of the variables are similar between the young apartment and townhouse groups though different from the old apartment group. The notable variables being the loan-to-value

TABLE 37

Profile of Condominium Purchasers

Discriminate Analysis Variables*

	Young Apartment		Townhouse		Old Apartment	
	Mean	St. Dev.	Mean	St. Dev.	Mean	St. Dev.
Financial Variables						
Unit Purchase Price ($)	40908	11224	42933	16762	46315	20734
Gross Family Income	2.904	0.955	2.613	0.894	2.432	1.021
Loan/Value Ratio (%)	68.5	33.0	71.0	31.4	31.5	36.4
Monthly Payment ($)	382.58	143.67	345.50	153.56	197.14	163.30
Use of 2nd Mtge. (%)	38.5	49.1	51.6	50.4	21.6	41.4
Pre-Ownership (%)	17.3	38.2	22.6	42.2	56.8	49.9
Demographic Variables						
Age of Household Head	29.3	4.9	39.5	12.9	59.6	12.3
Occupation	2.346	0.764	2.129	0.914	1.784	0.955
Education	2.558	1.127	2.742	1.187	2.743	1.250
Married (%)	65.4	48.0	83.9	37.1	66.2	47.6
No. of Children	0.231	0.509	.919	0.997	.284	0.652
Working Wife (%)	65.4	48.0	79.0	41.0	55.4	50.0
Reason for Moving	0.327	0.550	0.258	0.571	-0.122	0.548

ratio, monthly payments, percentage of pre-ownership and the reason for moving. Such similarity excludes the variables from the equation and hence reduces the predictive capability of the technique.

To adjust for this problem the analysis was repeated using only two groups at one time. A summary of the results is presented in Exhibit 1. In all cases the method was able to classify approximately 80% of the respondents correctly. The discriminating variables between the townhouse group and each apartment group were the age of the household head and the number of children. Townhouses had the greatest number of children per unit (0.919 versus 0.231 for the young apartment group and 0.284 for the old apartment group) (Table 4.21) and they had a medium age of the household heads (39.5 years old versus 29.3 for young apartments and 59.6 for old apartments).

The comparison of the young and old apartment groups was performed excluding the age of the household head as this was the primary means of initial classification. The significant discriminating variables that were identified were income, monthly payment, unit value, and the reason for moving. The young apartment group had higher average incomes, larger monthly payments but purchased less expensive units than the older group. This reflects the use of the equity of their prior home by the older group as discussed previously. The older people moved because they desired less space and upkeep (hence the minus sign, -0.122) while the young group was looking for more space (hence the positive sign, 0.327).

TABLE 38

Number of Cases Classified into Each Group

Predicted / Observed	Young Apartment No.	Young Apartment %	Townhouse No.	Townhouse %	Old Apartment No.	Old Apartment %	Total No.	Total %
Young Apartment	43	82.7	9	17.3	0	0	52	100.0
Townhouse	17	27.4	32	51.6	13	21.0	62	100.0
Old Apartment	4	5.4	7	9.5	63	85.1	74	100.0

EXHIBIT 1

Results of Discriminant Analysis

Classifications	% Correctly Classified	Predicted vs. Observed	Significant Variables
Young Apartment vs. Townhouse	77.19%	Predicted Observed / Yngapt. / Twnhse. Yngapt. / 82.69 / 17.31 Twnhse. / 27.42 / 72.58	- Use of 2nd Mtge. - Age of Hsehold head - Number of Children
Old Apartment vs. Townhouse	85.29%	Predicted Observed / Oldapt. / Twnhse. Oldapt. / 90.54 / 9.46 Twnhse. / 20.97 / 79.03	- Percentage of working wives - Age of household head - Number of Children
Young Apartment vs. Old Apartment (Excluding Age of Household Head)	78.57%	Predicted Observed / Yngapt. / OldApt. Yngapt. / 84.62 / 15.38 Oldapt. / 25.68 / 74.32	- Family Income - Total Monthly payment - Unit value - Reason for Moving

4.6 Conclusion

The evidence presented here supports the conclusion that three submarkets do exist within the condominium market: young apartment dwellers; townhouse dwellers; and older apartment dwellers. The differentiation of the townhouse market from that of apartments is dependent mainly on the age of the household head and the number of children. The average age of the townhouse purchaser was midway between the average ages of the young and old apartment purchasers. Townhouse purchasers had a higher average number of children than either apartment group. Excluding the age variable, the apartment groups are differentiated primarily by their financial situation and their motivations. The younger group had higher average incomes but lower down payments than the older group. The younger group also wanted more space while the older group wanted less space and upkeep. These conclusions confirm not only the existence of the three sub-markets but also the characteristics of the purchasers indicated earlier.

4.7 Motivation For Purchasing a Condominium

The previous section examined the motivations of purchasers briefly in compiling their profiles. It was found the younger residents bought most of the townhouses and a portion of the apartments with the desire to establish an equity. The older groups purchased predominately apartments because they wanted to reduce their upkeep and space. This section will examine the factors of the purchase decisions in greater detail.

4.8 Condominium Versus Single Detached House

It was expected the apartment dwellers being predominantly childless and concerned with less space and upkeep would not have looked for a house prior to purchasing their condominium. Conversely, townhouse residents, being largely families with children or in the child bearing age group, would consider a single detached house and therefore would be expected to shop for one prior to purchasing their unit. These expectations were largely confirmed by an analysis of cross-tabulations presented in Table 39 as only one-quarter of all apartment owners and one-half of all townhouse owners looked for a house prior to buying a condominium.

Table 40 presents the distribution of those who did and did not consider a house first cross-tabulated by the tenure and structure type of the owner's prior accommodation. The frequencies displayed in this table are very close to those found by Hamilton and Roberts[19]. Of those which had owned previously, 78.6% did not look for a single family house prior to purchasing their unit. This was expected as the majority already owned single family houses. Interestingly, only 8% of prior condominium owners looked for a house indicating a level of satisfaction with the concept and a mobility between units. Fifty-eight percent of the former renters did not consider a house first; there was no discernable pattern displayed by the rental structure types.

The reasons given in previous studies for purchasing a condominium unit rather than a single detached house have been overwhelmingly the price or economic advantage and the freedom

TABLE 39

Those Who Considered Single Detached House Prior to Purchase of a Condominium - by Present Structure Type

Present Structure	Looked for House First		Did Not Look for House First	
	No.	%	No.	%
Townhouse	34	52	31	48
Apartment	29	24	93	76
Total	69	34	132	66

from maintenance and upkeep[20]. Locational factors and the provision of recreational facilities are also mentioned but are much less important. An identical pattern was found in this study.

The respondents were allowed to indicate up to three reasons for their purchase of a condominium over a house; the frequencies of the total number of times each reason was mentioned is displayed in Table 41. The price or economic advantage was segmented into three components: a lower price for an equal or better unit (20.3%); lower monthly payments (15.6%); and lower down payment (10.0%). Combined they represent 45.9% of the total responses making price the most important factor. This was followed by the freedom of upkeep with 28% of the total. The reasons of location and the provision of recreational facilities were much less significant being 13.4% and 7.7% of the total choices respectively.

Examining the data by structure type reveals that freedom from upkeep is more important to apartment purchasers than townhouse purchasers as expected. High-rise residents showed a greater preference for the location factor and less for the financial ones than did the other structure types. Again this is expected as high-rise buildings tend to be built closer to the central areas, therefore having significant locational advantages and they also tend to be more expensive, thereby attracting wealthier people who are less concerned with price.

4.9 Important Features of the Unit Purchase

The features of the unit purchased were examined on the basis of three categories; locational factors, features within the unit, and features of the project (i.e., common facilities and areas).

TABLE 40

Those Who Considered Single Detached House Prior to Purchase of a Condominium - by Previous Structure Type

Former Owners Previous Structure	Looked for House First		Did Not Look for House First	
	No.	%	No.	%
Single Detached	13	25	39	75
Semi-Detached	1	33	2	66
Townhouse	1	12.5	7	87.5
Low-Rise	0	0	2	100
High-Rise	0	0	2	100
Mobile Home	0	0	3	100
Total Owners	15	21.4	55	78.6
Former Renters -Previous Structure				
Single Detached	7	39	11	61
Semi-Detached	8	53	7	47
Townhouse	0	0	0	0
Low-Rise	21	39	33	61
High-Rise	14	42	19	58
Mobile Home	0	0	0	0
Total Renters	50	42	70	58
Total Owners and Renters	65	34	125	66

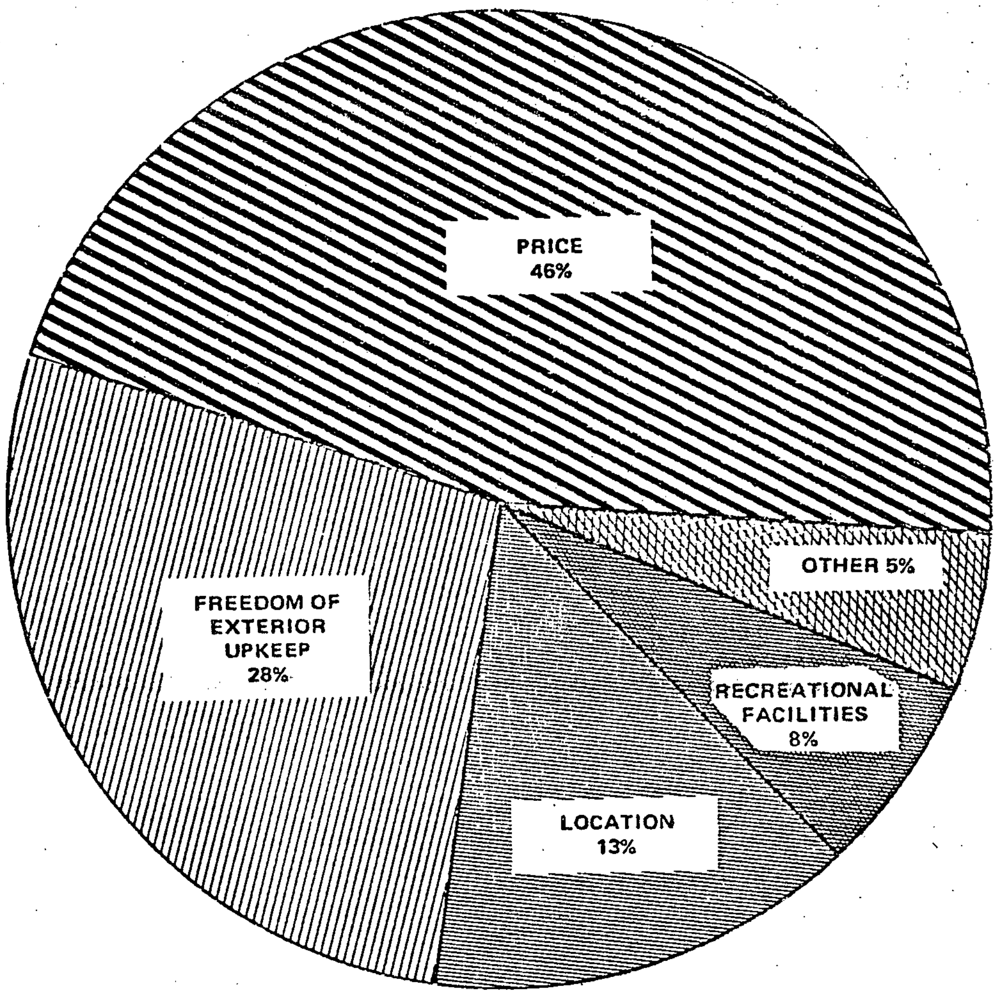
TABLE 41

Reason for Purchasing a Condominium over a

Single Detached House - by Structure Type (Total Reasons)

	Townhouse		Low-Rise		High-Rise		Total	
	No.	%	No.	%	No.	%	No.	%
Better Location	19	10.8	19	11.6	24	18.6	68	13.4
Lower Full Price for Equal or Better Unit	45	25.6	34	20.7	16	12.4	103	20.3
Lower Downpayment	22	12.5	15	9.1	10	7.8	51	10.0
Lower Monthly Payments	23	13.1	34	20.7	18	14.0	79	15.6
Freedom of Exterior Upkeep	41	23.3	50	30.5	42	32.6	142	28.0
Recreational Facilities	17	9.7	5	3.0	10	7.6	39	7.7
Other	9	5.1	7	4.3	9	7.0	26	5.1

REASON FOR PURCHASING A CONDOMINIUM
RATHER THAN A SINGLE DETACHED HOUSE



Classifying the features in this manner and providing details within each category should provide developers with greater information on what consumers desire. Asking the respondents to identify the important feature in the unit will not provide a complete picture, however, as they may desire others that were not available in the unit. To correct this, data were also collected on the features the residents would have liked and would be willing to pay more for but were not provided in their unit.

The results of this section are examined only on the basis of their structural type. Analyzing by structure type allows the comparisons with previous studies to be made.

The important locational features are displayed in Table 42. In total, the distribution is very uniform covering a wide range of the traditionally important features. Proximity to work, shopping, parkland, downtown, quiet neighbourhoods, and well maintained neighbourhoods all accounted for approximately 10% of the total responses. Similar results were obtained using only the first choice selected. The proportion of respondents that indicated that location was not a factor in the selection of the unit was 12.4%.

Some small differences in the frequency of the important features cited were displayed between the structure types although they were in the anticipated direction given the owners characteristics. Townhouse residents cited the closeness to work, well maintained neighbourhood, and quiet neighbourhood as the most important features reflecting their family orientation. They also had the largest percentage of respondents of any structure type that indicated that location was not a factor, 15.9%. The residents of low-rise units listed the closeness to shopping, bus routes, downtown, and a quiet neighbourhood while those in high-rises recorded the vicinity to parkland and shopping as the most frequently mentioned features. High-rise dwellers had the lowest proportion of respondents that felt location was not a factor in the selection of their unit.

The most often mentioned important features within the unit were apparent good quality construction (22.0%), larger than average room size (17.8%), scenic view (13.1%), and a large patio or balcony (10.5%) (Table 43). Townhouse residents listed apparent good quality construction (19.9%) and larger than average room size (17.0%) most frequently, while the order was reversed in low-rise apartments being larger than average room size (21.2%), apparent good quality construction (19.6%), and quality appliances (12.8%). High-rise residents most frequently cited apparent good quality construction (28.4%), scenic view (19.9%), and larger than average room size (18.4%). Overall only 5.0% of all respondents indicated the features of the unit were not important in its selection, less than half those that similarly indicated the location factor.

Fifty-eight percent of the respondents indicated they would have wanted some changes in their unit and they would have been willing to pay more for them. The most frequently mentioned

TABLE 42

Important Locational Features of the Unit by Structure Type (Total Choices)

	Townhouse		Low-Rise		High-Rise		Total	
	No.	%	No.	%	No.	%	No.	%
Close to Schools	11	6.7	0	0	2	1.5	15	3.0
Closeness to Work	29	17.7	17	10.0	16	11.9	70	13.8
Closeness to Shopping	15	9.1	27	15.9	18	13.4	62	12.2
Closeness to Bus Routes	4	2.4	25	14.7	16	11.9	45	8.9
Closeness to Downtown	9	5.5	22	12.9	15	11.2	51	10.1
Near Parkland or Recreational Facilities	16	9.8	15	8.8	24	17.9	62	12.2
Quiet Neighbourhood	23	14.0	21	12.4	9	6.7	57	11.2
Well Maintained	25	15.2	15	8.8	16	11.9	60	11.8
Neighbourhood Dwellings								
Surrounding Residents of Similar Education	7	4.3	1	0.6	1	0.7	10	2.0
Surrounding Residents of Similar Income Bracket	2	1.2	1	0.6	3	2.2	8	1.6
Close to Friends	8	4.9	12	7.1	7	5.2	28	5.5
Other	3	1.8	3	1.8	2	1.5	9	1.8
Location was not a Factor in Selecting this Project	12	7.3	11	6.5	5	3.7	30	5.9

TABLE 43

Important Features of the Unit by Structure Type (Total Choices)

	Townhouse		Low-Rise		High-Rise		Total	
	No.	%	No.	%	No.	%	No.	%
Larger Than Average Sized Rooms	29	17.0	38	21.2	26	18.4	95	17.8
Existence of a Fireplace	19	11.1	13	7.2	2	1.4	41	7.7
Unique Design Features	15	8.8	4	2.2	1	0.7	25	4.7
Superior Appliances	13	7.6	23	12.8	8	5.7	49	9.2
Apparent Good Quality Construction	34	19.9	35	19.6	40	28.4	117	22.0
Greater than Average Storage Space	11	6.4	18	10.1	10	7.1	42	7.9
Large Patio or Balcony	18	10.5	19	10.6	17	12.1	56	10.5
Scenic View	16	9.4	20	11.2	28	19.9	70	13.1
Other	10	5.8	7	3.9	5	3.5	26	4.9
Features of the Unit were not Important	6	3.8	2	1.1	4	2.8	12	2.3

items were greater than average storage space, fireplace, larger than average sized rooms and large patio or balcony (Table 44). Several of these items were also mentioned as the most important reasons for the selection of the unit which implies that these are widely desired features but are presently found in only some projects.

The distribution of the important features of the project are displayed in Table 45. Well maintained common areas, landscaping, and covered parking in total were the most frequently mentioned items. Apartment residents also cited these reasons most frequently, however, the order was changed to covered parking, well maintained common areas and landscaping. The townhouse respondents listed landscaping, adequate playground facilities for children, well maintained common areas and the existence of a swimming pool most frequently, again reflecting their family orientation.

An important point should be noted from these results. The concern for the landscaping and maintenance of the common areas reveals the importance of the exterior appearance of the project to the residents. Therefore, one might expect that the sale price will be directly affected by the condition of these features. To enhance property values, the present owners might ensure these areas are properly maintained and developers should note their importance when designing the project.

The desired changes in the project were indicated by 45% of the respondents and are displayed in Table 46. Considering all structure types, the most frequently mentioned items were

TABLE 44

FREQUENCY OF DESIRED CHANGES IN THE UNIT BY STRUCTURE TYPE

Desired Changes in the Unit	Townhouse %	Low-Rise %	High-Rise %	Total %
Larger than Average Sized Rooms	16.7	9.1	18.8	14.7
Existence of a Fireplace	18.5	19.7	13.2	15.7
Unique Design Features	11.1	10.6	9.4	10.5
Superior Appliances	11.1	1.5	9.4	6.8
Apparent Good Quality Construction	7.4	4.5	5.7	6.8
Greater than Average Storage Space	16.7	13.6	22.6	18.3
Large Patio or Balcony	11.1	15.2	11.3	13.1
Scenic View	5.6	16.6	3.8	8.4
Other	1.9	9.1	5.7	5.8

Total Respondents desiring changes in the Unit = 118 (58%)

TABLE 45

Important Features of the Project by Structure Type

(Total Choices)

	Townhouse		Low-Rise		High-Rise		Total	
	No.	%	No.	%	No.	%	No.	%
Well Landscaped Common Areas	33	21.0	27	19.1	23	19.2	88	19.5
Large Open Garden or Wooded Area within the Development	22	14.0	10	7.1	6	5.0	41	9.1
Adequate Playground Facilities for Children	15	19.6	2	1.4	0	0	20	4.4
Existence of a Swimming Pool	21	13.4	5	3.5	9	7.5	39	8.6
Existence of a Tennis Court	0	0	0	0	1	0.8	1	0.2
Existence of a Workshop	1	0.6	5	3.5	5	4.2	11	2.4
Well Maintained Common Areas	27	17.2	30	21.5	26	21.7	94	20.8
Adequate Covered Parking	16	10.2	35	24.8	32	26.7	85	18.8
Adequate Visitor Parking	7	4.5	4	2.8	7	5.8	18	4.0
Other	9	5.7	10	7.1	1	0.8	23	5.1
Features of the Project Were Not Important	6	3.8	13	9.2	10	8.3	32	7.1

recreational facilities such as swimming pool or tennis court, covered and visitor parking. The desire for more parking and recreational facilities was also noted by Hamilton and Roberts[21] and Norcross[22]. It would appear that developers should undertake some careful market analysis on the demand for additional parking and amenities.

Providing extra parking facilities may not be economically feasible in the higher density apartment areas as would the providing of large area recreational facilities like swimming pools and tennis courts. How much more people would be willing to pay for these items is unknown but it is unlikely it would cover the required costs. The same argument cannot be as strongly made for townhouse developments as they have larger open areas which could accommodate recreational facilities or extra parking. Again the trade-off between the extra cost and the extra selling price is unknown so a definitive statement cannot be made.

The important features of the unit, both present and desired, have been revealed above. In planning a development, certain tradeoffs between the areas are necessary however. The respondents were therefore asked which was the single most important area of concern in the selection of their unit. The results are presented in Table 47.

The reason most frequently cited was price, this was particularly true for the respondents in the younger age groups and those buying the below average price units. Location was the next most important feature followed closely by the features of the unit and the features of the project. The older age group showed a greater

TABLE 46

FREQUENCY OF DESIRED CHANGES IN THE PROJECT BY STRUCTURE TYPE

Desired Changes in the Project	Townhouse %	Low-Rise %	High-Rise %	Total %
Well Landscaped Common Areas	4.8	2.2	0.0	3.3
Large Open Garden or Wooded Areas Within the Development	6.3	13.0	7.4	9.2
Adequate Playground Facilities for Children	9.5	0.0	0.0	3.9
Existence of a Swimming Pool	12.7	23.4	44.4	22.4
Existence of a Tennis Court	15.9	13.0	22.2	15.8
Existence of a Workshop	9.5	15.2	3.7	9.9
Well Maintained Common Areas	4.8	4.3	3.7	3.9
Adequate Covered Parking	25.4	15.2	3.7	17.8
Adequate Visitor Parking	7.9	13.0	14.8	12.5
Other	3.2	0.0	0.0	1.3

Total Respondents desiring changes in the Project = 90 (45%)

preference for locational factors both in comparison to the other age groups and the other features. Those buying above average priced units were fairly evenly divided between the locational factors, features within the unit, and features of the project.

To summarize, the projects that are designed for the lower price bracket will be purchased largely by the younger age groups that are mainly concerned with the price. The desired features should therefore be sacrificed in lieu of maintaining a low price. The above average priced units catering to the older group are evenly divided between the location, features of the unit and features of the project. The trade-offs should be made between these groups rather than between them and the price.

The final item examined concerning the features of the unit are those that were sales attractions at the time of purchase but have been used infrequently since then. The most frequently mentioned category was that of the sauna, steam bath, and whirlpools (Table 48). This was followed by the games room and surprisingly the swimming pool. Unfortunately the results cannot be translated into proportions as the features available to each unit are unknown. Further investigation is therefore required to reach definite conclusions on this item.

4.10 Level of Satisfaction for Condominium Owners

The level of satisfaction experienced by the owners will have a great effect on the future of the concept. As such the last part of the owners' questionnaire inquired into the general level of satisfaction and into three areas specifically; satisfaction with the management, the behaviour of renters and specific criticisms.

TABLE 47

Most Important Reason for The Selection of the Units

Reason	Location No.	Location %	Feature of the Unit No.	Feature of the Unit %	Features of the Project No.	Features of the Project %	Price No.	Price %	Other No.	Other %
Structure Type										
Townhouse	7	15.2	11	28.9	15	42.9	36	49.3	0	0.0
Low-Rise	22	47.8	14	36.8	10	28.6	20	27.4	2	100.0
High-Rise	16	34.8	10	26.3	10	28.6	17	23.3	0	0.0
Total	46	100.0	38	100.0	35	100.0	73	100.0	2	100.0
Age Group										
Under 30	7	15.2	8	21.0	6	17.1	22	30.1	0	0.0
30 - 39	5	10.9	9	23.7	7	20.0	28	38.4	1	50.0
40 - 49	7	15.2	2	5.3	4	11.4	5	6.8	0	0.0
Over 49	27	58.7	19	50.0	18	51.4	18	24.7	1	50.0
Price of Unit										
Under Average Price (By Year and Structure Type)	18	39.1	13	34.2	11	31.4	55	75.3	1	50.0
Over Average Price (By Year and Structure Type)	28	60.9	25	65.8	24	68.6	18	24.7	1	50.0

TABLE 48

Frequency of Unused Sales Attractions by Structure Type

Unused Sales Attractions	Townhouse		Low-Rise		High-Rise		Total	
	No.	%	No.	%	No.	%	No.	%
Swimming Pool	15	17.6	3	4.3	1	1.4	22	9.0
Tennis Court	0	0.0	0	0.0	2	2.9	2	0.1
Games Room	9	10.6	8	11.4	11	15.9	30	12.3
Sauna, Steam, Bath, Whirlpool	16	18.8	11	15.7	15	21.7	48	19.7
Playgrounds	2	2.4	0	0.0	0	0.0	3	1.2
Garden Areas	6	7.1	2	2.9	6	8.7	14	5.7
Workshop	0	0.0	5	7.1	8	11.6	15	6.1
Other	2	2.4	4	5.7	2	2.9	8	3.3
Project does not have any common features	20	23.5	24	34.3	14	20.3	58	23.8
All the features are used regularly	15	17.6	13	18.6	10	14.5	44	18.0

4.11 General Level of Satisfaction

The level of satisfaction is likely to be influenced by the extent of the pre-purchase knowledge of the condominium concept. In turn, the level of knowledge may depend on the method of purchase. Table 49 displays both the source of purchase and the perceived level of information received from the source. The majority of purchases were made from the developers or their sales agents (74.5%), only 25.5% were resales. Of the sales made by the developer, 88% were from the developer's own salesmen, the rest being made through an independent agent. Sixty-four percent of the purchases made from a previous owner were also handled by an independent agent.

Hamilton and Roberts hypothesized that the developer's agents, being specialists, would better inform the purchaser than alternate sources[23]. The evidence they received was not conclusive but they concluded the developer's salesmen had done a reasonably good job of educating the purchasers. Independent agents were found to be either very good or very poor, with no middle position. Furthermore, while the responsibility of the vendor or his agent to educate the prospective purchasers was recognized, the purchaser himself must also bear part of the burden. Overall, these earlier conclusions are in accordance with the findings of this study.

Of all purchasers, 32% felt they were very well informed, 44% were moderately well informed and 23.5% were poorly informed. There were no significant differences in the level of education based on the type of vendor. Unfortunately, the few number of purchases made from the developer through an independent agent

TABLE 49

Extent of Purchasers Knowledge by Method of Purchase

Source of Purchase	Very well informed		Moderately Informed		Poorly Informed	
	No.	%	No.	%	No.	%
From Developer						
Developer's Salesman	41	32.0	57	44.5	30	23.4
Independent Agent	3	16.7	12	66.7	3	16.7
Total	44	30.1	69	47.3	33	22.6
From Previous Owner						
Directly from Owner	8	44.4	6	33.3	4	22.2
Independent Agent	11	34.4	12	37.5	9	28.1
Total	19	38.0	18	36.0	13	26.0
Grand Total	63	32.1	87	44.4	46	23.5

or directly from the owner makes the evaluation of the agent's performance relative to the others precarious. Combining the sales made from both types of vendors through an independent agent, the same proportion (77%) of purchasers were very well or moderately well informed as those that purchased from the vendor directly or through his own agent. Independent agents then do not appear to be any better or worse at informing purchasers than the other sources.

The owners were asked to what extent their expectations regarding condominium living have been satisfied. Eighty-eight percent reported that they were very well or moderately well satisfied. Only 12% of the respondents indicated being moderately or very dissatisfied and the analysis of satisfaction by age group, income group, structure type, unit's purchase price, management type, or length of residence provided no clear patterns of satisfaction. However, the level of satisfaction does appear to be positively correlated with the extent of pre-purchase knowledge (Table 50). Developers and agents handling condominiums, interested in the long run success of the condominium concept, could play an important role in properly educating their customers.

The results discussed above paralleled those received when the owners were asked if, knowing what they did of condominium living at the time of the survey, would they still have purchased their unit. Eighty percent responded affirmatively, 8% higher than the response on the Hamilton and Roberts (1973) study. The results reveal the level of satisfaction with condominium living has remained high and is not a major problem area.

4.12 Specific Problem Areas

The particular areas that have received owner complaints in the past are the management and the behaviour of renters in the projects. The questionnaire provided a definition of management for the respondents to ensure there would be no confusion as to the meaning[24]. The types of management were divided into two categories: professional management firms and the condominium association. Professional management firms are independent companies that perform the accounting, administrative, and supervisory duties on behalf of the strata corporation for a fee. Projects that are managed by the condominium association have the same duties performed voluntarily by members of the strata corporation, usually by the strata council. Overall, 80.9% of the respondents were satisfied with the management.

The professional management firms did not rate as highly as the condominium association as only 75% were satisfied under their direction versus 91% for the condominium association. This may be the result of two factors both pertaining to the fact that management firms tend to manage the larger projects (see later section on condominium management). Firstly, the larger average size of the projects means the same number of projects may be poorly managed by both the professional firms and the condominium association, yet a greater number of responses would be recorded against the professional management group. Secondly, the larger

TABLE 50

Extent of Purchaser's Knowledge by the Level of Satisfaction

Level of Satisfaction	Very Well Informed		Moderately Well Informed		Poorly Informed		Total	
	No.	%	No.	%	No.	%	No.	%
Very well satisfied	31	44.9	28	40.6	10	14.5	69	100
Moderately satisfied	32	29.4	49	45.0	28	25.7	109	100
Moderately dissatisfied	3	17.6	10	58.8	4	23.5	17	100
Very dissatisfied	0	0	2	28.6	5	71.4	7	100
Total	66	32.7	89	44.1	47	23.3	202	100

the project, the more difficult it is to be in contact with all the residents and the more difficult it is to fully explain all the problems. This would cause greater feeling of alienation and loss of control and hence greater dissatisfaction on the part of the owners.

4.13 Reaction of Tenants

The information covering the renters was collected in a four part question that was designed to have only those that had first hand knowledge of renters in the project respond as to their behaviour. In doing so this would eliminate those that were merely repeating heresay and give a clearer indication of the true scope of the problem. There were some problems encountered however as 66 respondents stated they knew of renters in the project yet 88 responded to the question regarding the behaviour of the tenants. Normally this could cast doubt on the validity of the results, however, since the results are nearly unanimous this compensates for the collection problem.

96.6 percent of the respondents stated the renters' behaviour was generally worse than that of other owners. It is difficult to understand how or why the renters' behaviour is so poor in comparison to those of other owners. One of the management firms suggested the difference was more perceived than real according to the seriousness of the complaints they receive regarding renters. Information is not available to confirm this hypothesis or explain the bias, if any.

4.14 Specific Criticisms Concerning Condominiums

The most important specific criticisms are displayed in Table 51. They follow the same pattern established in the previous study with the lack of soundproofing the most common complaint followed by "people problems." Poor soundproofing accounted for 40.5% of the first mentioned complaints and 22.1% of the total. The poor attitude of other owners (19.1% and 19.5%) was next followed by uncontrolled children (9.2% and 9.7%). On the basis of structure type (Table 52) the complaint of poor soundproofing was most prevalent from apartment residents as expected given their higher density. The complaints against children was highest in townhouse responses, again as expected given the greater number of children present.

The repetition of poor soundproofing as the single most frequent complaint gives cause to question the design of the projects. As in the discussion of the features of the unit, however, a balancing between cost and benefits must be achieved. Without further information on the price elasticity of the value of soundproofing to the consumers a conclusion regarding the design of the units cannot be reached.

The complaints against condominium living are largely the result of higher density living rather than a problem with the concept itself. It is doubtful that complete unanimity will ever be achieved between a group of people living in relatively close association. Only cooperation and understanding of those involved will ensure a reasonable level of satisfaction for all.

TABLE 51

Most Important Criticisms Of Condominiums

Number of Times Mentioned Criticisms	First No.	First %	Second No.	Second %	Third No.	Third %	Total No.	Total %
Poor Soundproofing	53	40.5	10	10.0	3	4.5	66	22.1
Poor Construction	10	7.6	21	21.0	6	9.0	37	12.4
Lack of Privacy	5	3.8	14	14.0	6	9.0	25	8.4
Poor Attitude of Other Owners	25	19.1	14	14.0	19	28.4	58	19.5
Uncontrolled Children	12	9.2	9	9.0	8	11.9	29	9.7
Uncontrolled Pets	5	3.8	17	17.0	12	17.9	34	11.4
Poor Management	7	5.3	6	6.0	5	7.5	18	6.0
Poor Upkeep	3	2.3	5	5.0	4	6.0	12	4.0
Other	11	8.4	4	4.0	4	6.0	19	6.4

TABLE 52

Most Important Criticism by Structure Type - First Mentioned

Structure Type / Criticism	Townhouse No.	Townhouse %	Low-Rise No.	Low-Rise %	High-Rise No.	High-Rise %	Mixed No.	Mixed %
Poor Soundproofing	13	27.7	25	55.6	13	44.8	2	20
Poor Construction	3	6.4	1	2.2	3	10.3	3	30
Lack of Privacy	4	8.5	1	2.2	0	0	0	0
Poor Attitude of Other Owners	11	23.4	7	15.6	6	20.6	1	10
Uncontrolled Children	7	14.9	3	6.7	1	3.5	1	10
Uncontrolled Pets	4	8.5	1	2.2	0	0	0	0
Poor Management	2	4.3	3	6.7	0	0	2	20
Poor Upkeep	2	4.3	0	0	1	3.5	0	0
Other	1	2.1	4	4.4	5	17.2	1	10
Total	47	100	45	100	29	100	10	100

Given the general level of satisfaction noted earlier and the frequency with which condominium owners purchase other condominiums, it is not likely the complaints expressed in this section are overly serious.

4.15 Tenant's Profile

The primary intention of the tenants questionnaire was to determine the proportion of condominium residents that were tenants. These results have been discussed previously. A secondary intention was to provide a profile that could be compared to the owners. As only 34 tenant questionnaires were returned only some general statements will be made; the small response does not permit extensive analysis.

The majority of the households (88%) contained 2 adults and had no children (62%). The household heads tended to be much younger than those in condominiums as 56% were under 30 years old and only 24% over 40 years old. The tenants tended to have a similar income distribution to condominium owners as approximately one-half were below $16,000 and the other half above.

The respondents were asked if they considered the purchase of a single family dwelling or a condominium unit prior to renting their unit. The overwhelming majority in both cases did not consider any purchase (76.5% and 71.4% respectively). There were too few responses as to the reasons why they did not purchase to provide reliable results. When asked their future intentions, 50% definitely planned to purchase a home within the next five years while another 17.6% were uncertain. Of those intending to purchase, 88% intend to purchase a single family dwelling.

4.16 Conclusion

At the start of this chapter several objects were outlined: to provide a profile of the existing owners, identify their motivations for purchase, and to establish their level of satisfaction with the concept. These objectives have been met. It was found the profile of the owners, their motivations and the level of satisfaction has changed very little from the Hamilton and Roberts study in 1973. This indicates the present oversupply of condominiums is not due to unanticipated changes in the type of consumers or a general level of dissatisfaction with the concept but rather is due to an over zealous development industry.

FOOTNOTES

1. Hamilton, S.W. and Roberts, R., Condominium Development and Ownership, Real Estate Board of Greater Vancouver, Vancouver, 1973.

2. Eger, A.F., "Choice in Housing", Housing: Its Your Move, Volume II, Technical Reports, The Urban Land Economics Division, Faculty of Commerce and Business Administration, University of British Columbia, Vancouver, 1976.

3. Hamilton and Roberts, op. cit.

4. Hamilton, S.W., Davis, I., and Lowden, J., Condominium Development in Metropolitan Vancouver, The Real Estate Council of British Columbia, Vancouver, 1971.

5. Condominium Research Associates, National Survey of Condominium Owners, Condominium Research Associates, Toronto, 1970.

6. Norcross, C., Townhouses and Condominiums: Residents' Likes and Dislikes, The Urban Land Institute, Washington, D.c., 1973.

7. Statistics Canada, 1971 Census of Canada, Population - Age Groups, Catalogue 92-715, Volume I, Part 2, April, 1973.

8. The respondents indicated they were employed in one of 13 categories which were later reduced to 5. Professionals consisted of professionals and managerial positions, semi-skilled and skilled were tradesmen, sales, service, and clerical workers, the "other" category is made up of home-makers, students, and those that classified themselves as other, the unskilled and retired classifications need no explanation.

9. Eger, op. cit., p. 17.

10. The average family income in B.C. during 1976 was $16,915. (Source: Statistics Canada, Income Distribution by Size in Canada, Catalogue 13-206, 1976.) This figure was adjusted upwards by 8% to give an estimated figure of $18,270.

11. Hamilton and Roberts, op. cit., p. 27.

12. A $40,000 unit with a 20% down payment, monthly property taxes of $50.00 and a mortgage at 11% would require a minimum of $17,000 income to qualify for a 25% debt service ratio.

13. Brown, Ian, That Classy Touch - Condominiums Promise a Way of Life, Financial Post, Maclean-Hunter, Toronto, Ontario, July 2, 1977.

14. Hamilton and Roberts, op. cit., p. 43.

15. Ibid., p. 27.

16. Ricketts, Mark, No Down Payment Lures the Renters, Financial Post, Maclean-Hunter, Toronto, June 4, 1977, p. 2.

17. Eger, op. cit., p. 11.

18. The 13 variables used were:-

    1. household income
    2. loan-to-value ratio
    3. existence of second mortgage
    4. percentage of previous home ownership
    5. existence of working spouse
    6. total monthly payments
    7. condominium purchase price
    8. marital status
    9. age of household head
    10. occupation of household head
    11. number of children
    12. education of household head
    13. reason for moving

19. Hamilton and Roberts, op. cit., p. 37.

20. See Appendix 4.1.

21. Hamilton and Roberts, op. cit., p. 44.

22. Norcross, op. cit. pp. 8 and 10.

23. Hamilton and Roberts, op. cit., p. 35.

24. The definition of management which was provided was as follows:-

    "management" refers to the administration of the by-laws, maintenance fund, etc., not to the caretaking or maintenance function itself."

Chapter 5

Condominium Development and Management

5.1 Introduction

This chapter will deal with the participants in the condominium market that are responsible for the development of the projects and their management on completion. The developers will be examined first with the objective of defining the composition of the development sector and the characteristics of the firms involved. The management and administration of the condominium projects is the responsibility of the strata councils and the professional management firms. Both groups will be examined but the major emphasis will be on the management firms.

5.2 Data Collection and Sample Size - Developers

Two sources of data were used in the examination of condominium developers. First, the name of the developers was collected from the strata plans registered in the Land Registry Offices. This method provided comprehensive information on the activities of developers but it is limited by the following factors:

a) some names were illegible,

b) the practice of establishing a separate company for the development of each strata project, and dissolving the company on completion of the project. Consequently a single principal or group of principal could be responsible for several developments but their name could not be linked to all projects,

c) the use of subsidiary firms to develop the projects. Again the linking of the subsidiaries together and to the parent was not possible,[1]

d) firms changing their name. Where the change was known the development activities were grouped under a single code,

e) time and budget constraints precluded the collection of all the developers' names in the Kamloops Land Registry Office, however in 50% of the projects the developer was identified.

Utilizing the L.R.O. data it was possible to identify the developers of 94% of the units and 90% of the projects.[2]

The second data source was a survey of developers conducted during the summer of 1977. The names were identified from the L.R.O. list of developers, however there was significant difficulty in contacting the registered firms.[3] This was the result of the limitations in the original data and subsequently the companies not being listed in the telephone or business directories. Sixty-five firms active in the Metropolitan Vancouver and Victoria markets were sent questionnaires and 25 were returned completed. These firms accounted for 35% of the 13,325 units in these metropolitan areas and 26% of the 18,925 units developed in the province, during the 1976-1977 period. Eleven of these firms were also interviewed.

1 Developers' Activities

In total, 1,261 separate developers' names were identified from the L.R.O. records, this in itself indicates there are a large number of participants active in this aspect of the condominium market. The identified firms were responsible for 43,664 units and 2,128 projects from 1968 to November 30, 1977. The distributions of these developers' activities are displayed in Table 53.

The first point to notein Table 53 is that the majority of firms (78%) had produced only one project, these accounted for 46% of the projects and 35% of the units. Conversely, only 14 firms (1%) had done more than 10 projects but these involved 15% of the projects and 24% of the units. Comparing the activity in terms of the number of units produced a similar dichotomy. Thirty-four percent of the firms had done only 1-2 units, essentially duplexes, while 77 firms (6%) had produced over 99 units. The latter firms were responsible for 21% of the projects and 56% of the units. One may now conclude that while there are a significant number of entrepreneurs only a small proportion are responsible for a significant portion of all developments.

The same conclusion is applicable to the Metropolitan Vancouver and Victoria areas (Table 54).* Eighty percent of the

*It should be noted that these tables refer to the activity of the developers within each subarea and therefore adding the number of firms in any one size category across the three areas will not necessarily equal the number of firms in that category when the province as a whole is considered. Regional totals, however, will always sum to the provincial total.

TABLE 53

DEVELOPER ACTIVITY - PROVINCE

A. DEVELOPER'S PROJECT DISTRIBUTION

# Projects per Firm	# Firms	FIRM'S CHARACTERISTICS # Projects	# Units	UNIT DISTRIBUTION 1-2	3-9	10-19	20-39	40-59	60-99	100-499	500+	DEVELOPERS' AVERAGE PROJECT SIZE DISTRIBUTION (UNITS) 0-2.99	3-4.99	5-9.99	10-19.99	20-29.99	30-49.99	50-99.99	100+
1	979	979	15167	427	135	145	179	54	23	16	0	427	57	78	145	105	105	46	16
2	143	286	4812	0	54	15	23	19	23	9	0	48	6	15	23	19	23	8	1
3- 4	81	271	5803	0	26	3	7	9	13	22	1	25	4	6	13	14	13	4	2
5- 9	44	278	7335	0	0	16	1	2	3	20	2	16	1	3	4	3	8	9	0
10-19	8	111	1879	0	0	0	4	0	1	2	1	4	0	1	0	0	3	0	0
20+	6	203	8668	0	0	0	0	2	0	0	4	2	0	0	0	1	1	1	1

B. DEVELOPER'S UNIT DISTRIBUTION

# Units per Firm	# Firms	FIRM'S CHARACTERISTICS # Projects	# Units	PROJECT DISTRIBUTION 1	2	3-4	5-9	10-19	20+	DEVELOPERS' AVERAGE PROJECT SIZE DISTRIBUTION (UNITS) 0-2.99	3-4.99	5-9.99	10-19.99	20-29.99	30-49.99	50-99.99	100+
1- 2	427	427	853	427	0	0	0	0	0	427	0	0	0	0	0	0	0
3- 9	215	327	1157	135	54	26	0	0	0	73	64	78	0	0	0	0	0
10-19	179	291	2514	145	15	3	16	0	0	16	3	15	145	0	0	0	0
20-39	214	306	6018	179	23	7	1	4	0	4	1	6	24	105	74	0	0
40-59	86	180	4081	54	19	9	2	0	2	2	0	2	9	19	31	23	0
60-99	63	146	4540	23	23	13	3	1	0	0	0	2	5	9	24	23	0
100-499	69	260	13360	16	9	22	20	2	0	0	0	0	2	8	22	19	18
500+	8	191	11141	0	0	1	2	1	4	0	0	0	0	1	2	3	2

TABLE 53 (cont'd)

DEVELOPER ACTIVITY - PROVINCE

C. DEVELOPER'S AVERAGE PROJECT SIZE

Average Developer's Project Size	# Firms	FIRM'S CHARACTERISTICS															
		# Projects	# Units	UNIT DISTRIBUTION								PROJECT DISTRIBUTION					
				1-2	3-9	10-19	20-39	40-59	60-99	100-499	500+	1	2	3-4	5-9	10-19	20+
0- 2.99	522	810	1619	427	73	16	4	2	0	0	0	427	48	25	16	4	2
3- 4.99	68	88	327	0	64	3	1	0	0	0	0	57	6	4	1	0	0
5- 9.99	103	164	1154	0	78	15	6	2	2	0	0	78	15	6	3	1	0
10-19.99	185	258	3762	0	0	145	24	9	5	2	0	145	23	13	4	0	0
20-29.99	142	245	5844	0	0	0	105	19	9	8	1	105	19	14	3	0	1
30-49.99	153	321	11744	0	0	0	74	31	24	22	2	105	23	13	8	3	1
50-99.99	68	198	13861	0	0	0	0	23	23	19	3	46	8	4	9	0	1
100+	20	44	5353	0	0	0	0	0	0	18	2	16	1	2	0	0	1

firms in Metropolitan Vancouver and 76% in Metropolitan Victoria had developed only one project. One percent and less than 1% of the firms in each area respectively had developed 10 or more projects involving 32% of the units in Metropolitan Vancouver and 13% of the units in Metropolitan Victoria. Examining the number of units per firm in each area reveals a similar trend. Again it can be concluded that a small number of firms are responsible for a significant portion of the development in each area. It is also noted that these firms are in the largest categories in Metropolitan Vancouver but moreso in the medium range in Metropolitan Victoria. The most significant number of firms in each area are small in terms of number of units and number of projects.

Comparisons between the rest of the Province area and the other regions cannot be made with any accuracy due to the data collection problems in the Kamloops L.R.O. as noted previously.

Having examined the developers' activities in general terms the two polar extremes will be examined in greater detail.

5.3.2 The Top Twenty

Table 55 presents the top twenty firms in terms of the number of units produced. The top five firms produced 62.5% of the projects and 58.9% of the units of the total production of the top twenty firms. This accounted for 7.4% of the projects and 20.1% of the units in British Columbia. The additional fifteen firms increased the percentage of total production to 11.7% of projects and 34.1% of units in the province. The first conclusion that can be drawn is that even within the group of the largest firms there is a small number that dominate in terms of production.

TABLE 54 DEVELOPER ACTIVITY BY REGION

	Province						Metropolitan Vancouver						Metropolitan Victoria						Rest of Province					
# Projects per firm	Firms		Projects		Units		Firms		Projects		Units		Firms		Projects		Units		Firms		Projects		Units	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
1	979	78	979	46	15167	35	557	80	557	46	8663	29	213	76	213	50	2560	46	249	77	249	50	4875	57
2	143	11	286	13	4812	11	65	9	130	11	2356	8	35	12	70	16	941	17	43	13	86	17	1276	15
3-4	81	6	271	13	5803	13	39	6	132	11	3818	13	21	8	71	17	924	17	15	5	54	11	1141	13
5-9	44	3	278	13	7335	17	23	3	144	12	5397	18	10	4	62	14	1013	18	12	4	76	15	1147	13
10-19	8	<1	111	5	1879	4	6	<1	87	7	3233	11	1	<1	13	3	69	13	1	<1	10	20	20	<1
20+	6	<1	203	10	8668	20	4	<1	149	12	6183	21	0	0	0	0	0	0	1	<1	26	5	52	1
Total	1261	100	2128	100	43664	100	694	100	1199	100	29650	100	280	100	429	100	5507	100	322	100	501	100	8511	100
# Units per firm																								
1-2	427	34	427	20	853	2	270	39	270	23	540	2	112	40	112	26	223	4	59	18	59	12	118	1
3-9	215	17	327	15	1157	3	102	15	151	13	531	2	54	19	87	20	307	6	65	20	94	19	353	4
10-19	179	14	291	14	2514	6	81	12	123	10	1159	4	41	15	78	18	568	10	61	19	95	19	847	10
20-39	214	17	306	14	6018	14	105	15	150	13	3024	10	34	12	44	10	942	17	80	25	108	22	2201	26
40-59	86	7	180	9	4081	9	55	8	100	8	2592	9	11	4	22	5	550	10	21	7	53	11	987	12
60-99	63	5	146	7	4540	10	32	5	69	6	2284	8	19	7	48	11	1385	25	17	5	29	6	1205	14
100-499	69	5	260	12	13360	30	42	6	189	16	9674	33	9	3	38	9	1532	28	19	6	63	13	2800	33
500+	8	<1	191	9	11141	26	7	1	147	12	9846	33	0	0	0	0	0	0	0	0	0	0	0	0
Total	1261	100	2128	100	43664	100	694	101	1199	100	29650	100	280	100	429	100	5507	100	322	100	501	100	8511	100
Average developers' project size																								
0-2.99	522	41	810	38	1619	4	314	45	450	38	900	3	135	48	188	44	375	7	88	27	180	36	360	4
3-4.99	68	5	88	4	327	<1	31	4	32	3	117	0	22	8	35	8	135	2	17	5	23	5	83	1
5-9.99	103	8	164	8	1154	3	44	6	61	5	438	1	24	9	47	11	321	6	33	10	43	9	291	3
10-19.99	185	15	258	12	3762	9	91	1	153	13	2243	8	40	14	62	14	944	17	63	20	84	17	1188	14
20-29.99	142	11	245	12	5844	13	69	10	100	8	2419	8	23	8	41	10	1009	18	50	16	66	13	1589	19
30-49.99	153	12	321	15	11744	27	87	13	211	18	7842	26	23	8	37	9	1360	25	45	14	69	14	2429	29
50-99.99	68	5	198	9	13861	32	44	6	160	13	11550	39	11	4	17	4	1121	20	21	7	29	6	1748	21
100+	20	3	44	2	5353	12	14	2	32	3	4141	14	2	1	2	<1	242	4	5	2	7	1	823	10
Total	1261	100	2128	100	43664	100	694	100	11	100	29650	100	280	100	429	100	5507	100	322	100	501	100	8511	100

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TABLE 55

PERCENTAGE OF DEVELOPMENT - TOP 20 DEVELOPERS IN TERMS OF UNITS

Top	# Project	# Units	Average(1) Project Size	percentage of Top 20 Production Project	percentage of Top 20 Production Units	percentage of all production (B.C.) Project	percentage of all production (B.C.) Units
1 - 5	172	9,347	54.3	62.5%	58.9%	7.4%	20.1%
6 -10	39	2,754	70.6	14.2	17.4	1.6	5.9
11 -15	35	2,074	59.3	12.7	13.1	1.5	4.5
16 -20	29	1,686	58.1	10.5	10.6	1.2	3.6
TOTAL	275	15,861	57.7	100.0%*	100.0	11.7%	34.1%

* Rounding Error

(1) Average for all Projects in B.C. 19.8 units/proj.

All of the top five firms in terms of units are in the top ten firms in terms of projects. Of the other fifteen, however, only four are in the top twenty firms in terms of projects. The dominance of the production of units vis-a-vis the production of projects is explained by the average project size. The average project size for the top twenty firms was 57.7 units per project versus 18.8 for the province.

The top five firms in terms of projects (Table 56) were responsible for 50% of the projects and 56% of the units of the top twenty firms. The production of the top five firms accounted for 7.8% of the projects and 14.2% of the units in the province. The remaining firms accounted for an additional 7.8% of all projects and 11.3% of all units developed in the province. The average project size of these twenty firms is considerably smaller than that of the top firms in terms of units. Much of this is attributed to the fact that eight of the largest firms in terms of projects only produced duplexes (totalling 116 projects, 232 units).

The firms that had the largest average project size are presented in Table 57. Only two of these firms were in the top twenty in terms of units, and only one was in the top twenty in terms of projects. Further, these firms only accounted for 1.9% of all units in British Columbia, far less than that of the other two "top twenty". Therefore the firms producing the largest average project sizes are not responsible for a significant proportion of the number of units in the province.

TABLE 56

PERCENTAGE OF DEVELOPMENTS - TOP 20 DEVELOPERS IN TERMS OF PROJECTS

TOP	PROJECTS	# UNITS	AVERAGE(1) PROJECTS SIZE	% OF TOP 20 PRODUCTION PROJECTS	% OF TOP 20 PRODUCTION UNITS	% OF ALL PRODUCTION (B.C.) PROJECTS	% OF ALL PRODUCTION (B.C.) UNITS
1- 5	183	6,606	36.1	50.0%	55.9%	7.8%	14.2%
6-10	84	2,998	35.7	23.0	25.4	3.6	6.5
11-15	56	1,627	29.1	15.3	13.8	2.4	3.5
16-20	43	583	13.6	11.7	4.9	1.8	1.3
TOTAL	366	11,814	32.3	100.0%	100.0%	15.6%	25.5%

(1) Average for all Projects in B.C. 19.8 units/project.

TABLE 57

TOP TWENTY DEVELOPERS

IN TERMS OF AVERAGE PROJECT SIZE

TOP	PROJ-ECTS	# UNITS	AVERAGE PROJ-ECTS SIZE	% OF TOP 20's PRODUCTION PROJ-ECTS	UNITS	% OF ALL PRODUCTION (B.C.) PROJ-ECTS	UNITS
1- 5	7	1,221	174.4	15.9%	22.8%	2.6%	0.3%
6-10	5	727	145.4	11.4	13.6	1.6	0.2
11-15	6	698	116.3	13.6	13.0	1.5	0.3
19-20	26	2,707	104.1	59.1	50.6	5.8	1.1
TOTAL	44	5,353	121.6	100.0	100.0	11.5	1.9

B.C. Average project size = 19.3 units per project.

One is cautioned on the interpretation of the last conclusion. It referred to the average project sizes while the following top twenty refers to the developers of the largest projects. These projects ranged in size from 507 units to 150 units in a single phase and account for 9.3% of the units in the province. Ten of these projects were developed by the top six firms in terms of units and projects. An additional 15% of the projects were developed by firms in the top ten in terms of units. If the largest forty projects (507 units to 129 units in size) are considered, 75% of them were developed by firms in the top twenty in terms of units. From the preceding information it can be concluded that the largest twenty firms in terms of units obtained this status by either producing several medium-sized projects (35% of the firms produced 13 or more projects, averaging 51.5 units per project) or a few large-sized projects (65% produced less than 10 projects, averaging 73.8 units per project).

The geographical distribution of the production of the top twenty firms in terms of units is presented in Table 58. These firms are heavily concentrated in the Metropolitan Vancouver market. Ninety-two percent of the projects and units these firms developed lie within this area and they represent 20% of the projects and almost one half of the units in this region. Further, 28% of the units and 13% of the projects in Metropolitan Vancouver were developed by the top five firms.

5.3.3 Small Development Firms

Small developers are defined as those having produced less

TABLE 58

PERCENTAGE OF DEVELOPMENT ACTIVITY BY AREA - TOP 20 FIRMS IN TERMS OF UNITS

	METROPOLITAN VANCOUVER				METROPOLITAN VICTORIA				REST OF PROVINCE			
			% OF TOTAL DEVELOPMENT IN REGION				% OF TOTAL DEVELOPMENT IN REGION				% OF TOTAL DEVELOPMENT IN REGION	
TOP FIRMS	PROJ-ECTS	UNITS	PROJ-ECTS	UNITS	PROJ-ECTS	UNITS	PROJ-ECTS	UNITS	PROJ-ECTS	UNITS	PROJ-ECTS	UNITS
1- 5	161	8,613	12.8%	28.2%	3	147	0.7%	2.7%	8	587	1.2%	5.7%
6-10	37	2,654	2.9%	8.7%	0	0	0.0%	0.0%	2	100	0.3%	1.0%
11-15	27	1,608	2.1%	5.3%	7	448	1.6%	8.1%	1	18	0.1%	0.2%
16-20	29	1,686	2.3%	5.5%	0	0	0.0%	0.0%	0	0	0.0%	0.0%
TOTAL (1-20)	254	14,561	20.1%	47.7%	10	595	2.3%	10.8%	11	705	1.7%	6.8%
TOTAL IN REGION	1,262	30,502	100%	100%	432	5,528	100%	100%	646	10,381	100%	100%

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than 3 projects or under ten units, their activity was noted previously where it was shown they accounted for a large proportion of the firms and projects but a small share of the units. Ninety percent of the firms provincially produced less than 3 projects involving 59% of the projects and 46% of the units. Similar proportions were found in Metropolitan Vancouver, Victoria and the rest of the Province. A similar trend was noted for firms producing under 10 units. These figures indicate the significant ease of entry and exit in the condominium development field.

Referring again to Table 53 it can be seen that of the firms doing under 3 projects, 38% produced duplexes (average project size 0-2.99) and 44% of those doing only one project did only a single duplex. The balance of the firms doing only one project were distributed across the full range in terms of number of units produced and average project size. Sixteen (1.6%) of the firms did projects of over 100 units in size and 35% of the firms doing the 20 largest projects did only one project.

Of the firms producing only 1-2 units all of them developed a single duplex except for one which was a strata lot subdivision. Sixty-three percent of the firms producing 3-9 units did so in only one project, none produced more than 4 projects. The average project sizes were evenly distributed amongst the three smallest categories, 0-2.99, 3-4.99, and 5-9.99 units per project. Part C of Table 53 shows the developer's average project size. Eighty-two percent of the firms producing 0-2.99 units per project on average did so in only one project. There were, however, 6 (1%)

which did ten or more such projects, these were noted previously in the discussion of the top 20 firms in terms of projects produced. The two firms producing 20 or more duplex projects were in the top 5 firms in terms of projects but were not in the top one hundred and sixty developers in terms of units.

5.3.4 Developers' Activity Over time

The distribution of developers' activity provincially over time is presented in Table 59 and condensed in Table 60. From 1968 to 1977 there has been a trend towards more firms doing more projects and units per year (Table 59). Proportionally, however, there has been only a very modest trend towards firms doing more projects per year and a decline in firms doing a large number of units per year (Table 60). The average project size has decreased significantly from 1968 to 1977, from 44.6 to 13.62 units per project. Thus, the rapid growth in condominium units that has occurred over the past decade is more the result of an increase in the number of firms and the development of more, but smaller projects, than through a trend towards producing larger projects. A similar trend was noted in the Metropolitan Vancouver and Victoria areas. It is interesting to note that despite this trend, 60% of the twenty largest projects have been developed since January 1, 1976.

5.3.5 Developers of Unique Projects

The developers of two unique types of projects were selected for further examination, first, the developers of non-residential

TABLE 59

DEVELOPERS ACTIVITY BY YEAR AND SIZE B.C.

NUMBER OF FIRMS

# PROJECTS PER FIRM PER YEAR	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
1	4	17	33	65	76	104	160	223	328	319
2	0	1	3	5	9	9	12	21	32	39
3- 4	1	0	2	2	3	4	5	14	12	12
5- 9	0	0	0	1	1	1	2	3	12	8
10-19	0	0	0	0	0	2	1	2	4	3
20+	0	0	0	0	0	0	0	0	1	0
# UNITS PER FIRM PER YEAR										
1- 2	0	0	8	7	16	17	45	86	142	159
3- 9	0	0	4	11	11	18	19	34	70	96
10-19	1	4	8	17	15	19	35	37	56	35
20-39	1	9	7	20	24	36	41	55	62	47
40-59	0	1	3	4	6	11	13	21	27	24
60-99	1	2	5	8	9	10	14	16	15	12
100-499	2	2	3	6	8	8	12	13	15	6
500+	0	0	0	0	0	1	1	1	2	2

TABLE 59 (cont'd)

DEVELOPERS ACTIVITY BY YEAR AND SIZE B.C.

NUMBER OF FIRMS

DEVELOPERS AVERAGE PROJECT SIZE PER YEAR	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
0-2.99	0	0	10	9	16	21	50	100	177	196
3-4.99	0	0	1	4	5	7	6	9	17	28
5-9.99	0	0	1	7	6	10	9	13	32	40
10-19.99	1	5	8	15	19	19	37	41	48	34
20-29.99	0	7	5	11	14	19	19	40	45	29
30-49.99	2	1	5	13	15	28	34	34	39	35
50-99.99	1	3	6	9	10	10	20	23	23	15
100+	1	2	2	5	4	6	5	3	8	4

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TABLE 60

SIZE DISTRIBUTION OF DEVELOPERS' ACTIVITY BY YEAR - B.C.

		1968		1969		1970		1971		1972		1973		1974		1975		1976		1977	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
PROJECTS PER FIRM PER YEAR	1-4	5	100	18	100	38	100	72	99	88	99	117	98	177	98	258	98	372	96	370	97
	5+	0	0	0	0	0	0	1	1	1	1	3	2	3	2	5	2	17	4	11	3
UNITS PER FIRM PER YEAR	1-39	2	40	13	72	27	71	55	75	66	74	90	75	140	78	212	81	330	85	337	88
	40+	3	60	5	28	11	29	18	25	23	26	30	25	40	22	51	19	59	15	44	12
DEVELOPERS AVERAGE PROJECT SIZE	0-19.99	1	20	5	28	20	53	35	45	46	52	57	48	102	76	163	62	274	70	298	78
	20+	4	80	13	72	18	47	38	55	43	48	63	52	78	24	100	38	115	30	83	32
OVERALL AVERAGE PROJECT SIZE (UNITS/PROJECT)		44.6		35.3		28.0		32.3		28.2		25.7		25.5		20.8		16.6		13.62	

projects and secondly, those that were responsible for condominium conversions. (Non-residential and conversion projects are discussed in Chapter 6.) All non-residential (warehouse, commercial, and mixed residential and commercial) developers were small in terms of both projects and units. Of the 39 developers of non-residential projects, only 10% did more than one project, only 18% did more than 10 units, and none did more than 65 units. Non-residential developers concentrated their activities in this segment of the market; only 7.6% of the developers of non-residential projects did residential projects as well, and none were involved in the development of support structure, bare land or lot subdivision projects. The developers who were active in the residential market did only two projects (one residential and one non-residential), and none of the residential projects contained more than twenty-five units. Thus one may conclude that non-residential condominium developers are small developers active only in this submarket.

Condominium conversion also tends to be a "one-shot" activity. The developers of fourty-six conversion projects could be identified from the data. Ninety-three percent of the developers involved did only one such project. Further, for 69% of the firms, this conversion project represented their entire activity in the condominium market. A further 21% were involved in only one other condominium project. Thus, only 9.5% of the firms active in conversions did two or more non-conversion condominium projects. Five percent of the firms which did condominium conversion projects were in the top twenty firms in terms of number of units and number of projects; none of these did more than one conversion project.

5.4.1 Developers' Characteristics: The Survey

The respondents to the developers' survey included the developers of thirty-three percent of the units, and fourteen percent of the projects in Metropolitan Vancouver, and fifteen percent of the units and six percent of the projects in Metropolitan Victoria.[4] The respondents included seven of the twenty largest producers of units, and four of the top twenty producers of projects, in the province of British Columbia. It also includes nine developers who had developed only one or two projects, and four which developed fewer than forty units. Thus the survey includes a reasonable cross-section of firms active in the industry, although it does omit the large number of duplex developers who are active in the province.

On the basis of this survey, a description of the characteristics of firms active in the industry during the 1976-1977 period, and during the ten year period commencing in 1968, is presented in the following sections. For purposes of analysis, developer responses were tabulated according to three arbitrary size classes on the basis of the total number of units they had produced, small (fewer than 60 units); medium (61-200 units), and large, (more than 200 units). This permits characterization of the industry according to both general aspects and variation according to developer size.

5.4.2 Developers' Involvement in the Condominium Market

The extent to which developers are involved in condominium development is examined in two ways, first the percentage of their total income derived from their activity (Table 61) and secondly, the ranking of real estate activities in order of importance (Table 62). Twelve percent of the respondent firms were active only in condominium developments. Thirty percent of all firms derived between 75 and 100% of their income from condominium developments while 35% derived under 25% from this source. The majority of large firms (57%) received over three-quarters of their income from condominiums. The medium and small firms tended to be found at the opposite end of the scale, 67% of medium and 50% of small firms received less than half their income from condominium developments. These figures correlate with the ranking of the sources of revenue for the respondent firms.

Thirty-seven percent of all the firms ranked condominium development first as a source of revenue. Other areas of importance were multiple unit rental development (16.7%), land development (12.5%), and commercial development (12.5%). The same trend was noted when the total rankings are considered. As was seen when the percentage of income was considered, large firms placed more importance on condominium development than small or medium firms. They also tended to be more active in land development and less active in commercial development than the other groups. On the basis of this evidence one can conclude that large firms view condominium development as a primary activity while the smaller firms consider it as secondary.

TABLE 61

PERCENTAGE OF INCOME DERIVED FROM CONDOMINIUM DEVELOPMENT

		By size		
Percentage of Income	All Firms	Large	Medium	Small
75 - 100%	30.0%	57.2%	11.1%	25.0%
50 - 74%	20.0%	14.3%	22.2%	25.0%
25 - 49%	15.0%	14.3%	22.2%	0.0%
0 - 24%	35.0%	14.3%	44.4%	50.0%
Total	100.0%	100.0%	100.0%	100.0%

Response Rate = 80%

TABLE 62

MOST IMPORTANT AREAS OF REVENUE FOR CONDOMINIUM DEVELOPERS

	ALL DEVELOPERS				SMALL DEVELOPERS				MEDIUM DEVELOPERS				LARGE DEVELOPERS			
AREA/RANKING	1st	2nd	3rd	TOTAL	1st	2nd	3rd	TOTAL	1st	2nd	3rd	TOTAL	1st	2nd	3rd	TOTAL
Condominium/ Development	37.5%	23.8%	31.6%	31.3%	16.7%	33.3%	33.3%	27.8%	33.3%	12.5%	57.1%	33.3%	55.6%	28.6%	0.0%	31.8%
Commercial Development	12.5	14.3	15.8	14.1	16.7	33.3	16.7	22.2	22.2	12.5	14.3	16.7	11.1	0.0	16.7	9.1
Industrial Development	4.2	14.3	5.3	7.8	16.7	16.7	0.0	11.1	0.0	12.5	14.3	8.3	0.0	14.3	0.0	4.5
Single Family Residential Development	8.3	14.3	5.3	9.4	0.0	16.7	16.7	11.1	11.1	0.0	0.0	4.2	0.0	28.6	0.0	9.1
Land Development	12.5	28.6	26.3	21.9	0.0	0.0	33.3	11.1	11.1	62.5	14.3	29.2	22.2	14.3	33.3	22.7
Multiple Unit Rental Development	16.7	4.8	10.5	10.9	33.3	0.0	0.0	11.1	22.2	0.0	0.0	8.3	0.0	14.3	33.3	13.6
Commercial/ Industrial Investment	0.0	0.0	5.3	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.7	4.5
Residential Real Estate Services	8.3	0.0	0.0	3.1	16.7	0.0	0.0	11.1	0.0	0.0	0.0	0.0	11.1	0.0	0.0	4.5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

RESPONSE RATE = 96%

174.

The data represented in the following two sections and the one on the management of completed projects by the developers (Section 5.4.5) refers to a specific project each respondent had developed.

5.4.3 Project Financing

The development of real estate projects generally utilizes three basic sources of financing - the developer's internal funds and lines of credit, interim or construction financing (short-term) and first mortgage financing (long-term). Table 63 displays the sources of financing for the respondent firms. Chartered banks and trust companies are the most heavily relied on sources of funds which reflects their dominance in the residential mortgage market.[5]

The majority of firms (58%) utilized interim financing from the chartered banks while 12.5% relied on their own funds or their line of credit. The small firms placed the greatest reliance on the chartered banks (82.5% versus 33.3% and 62.5% for the medium and large firms respectively) and in no instances did they use their own funds. Medium sized firms were spread fairly evenly across all sources of financing while the large firms predominately received funds from the chartered banks. Twenty-five percent of the large developers did not use any external sources other than their line of credit.

The sources of first mortgage financing were more evenly divided than those of interim financing with the chartered banks (29.2%) and the trust companies (33.3%) being the dominant sources.

TABLE 63

SOURCE OF FINANCING BY TYPE AND DEVELOPERS SIZE

SOURCE	INTERIM FINANCING				FIRST MORTGAGE FINANCING				SOURCE OF INTERIM + FIRST MORTGAGE THE SAME			
		BY DEVELOPER SIZE				BY DEVELOPER SIZE				BY DEVELOPER SIZE		
	ALL FIRMS	LARGE	MEDIUM	SMALL	ALL FIRMS	LARGE	MEDIUM	SMALL	ALL FIRMS	LARGE	MEDIUM	SMALL
CHARTERED BANK	58.3%	62.5%	33.3%	85.7%	29.2%	50.0%	22.2%	14.3%	20.8%	42.9%	22.2%	0.0%
TRUST COMPANY	8.3	0.0	11.1	14.3	33.3	12.5	33.3	57.1	8.3	0.0	11.1	14.3
MORTGAGE LOAN CO.	4.2	0.0	11.1	0.0	8.3	0.0	11.1	14.3	4.2	0.0	11.1	0.0
OTHER	16.7	12.5	33.3	0.0	16.7	37.5	11.1	0.0	4.2	0.0	11.1	0.0
NONE	12.5	25.0	11.1	0.0	12.5	0.0	22.2	14.3				
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	37.5%	42.9%	55.5%	14.3%
SOURCE NOT THE SAME									62.5%	57.11%	44.5%	85.7%

RESPONSE RATE = 96%

176.

The large firms tended to use the chartered banks more than other sources while the smaller developers relied more on trust companies. It is interesting to note that none of the large firms went without long-term mortgage funds but 22.2% of medium sized firms and 14.3% of small firms did.

Approximately 37% of all firms used first mortgage and interim financing from the same lender. Over one half of these were with chartered banks. Forty-three percent of large firms used the same lender for both loans, all of which were made with chartered banks. On the other hand only 14.3% of the small firms had the same lender for both loan types and these were all arranged with trust companies. The medium sized firms were again distributed amongst all the sources. The pattern that is evidenced here is one of the large firms arranging their long and short term financing (where needed) with the chartered banks (usually the same lender) while the small firms arrange their interim financing with the chartered banks and their first mortgage financing with the trust companies.

In the personal interviews, developers revealed that obtaining financing was not generally a problem. This must be qualified somewhat as the current poor market condition and corresponding long absorption periods have caused lenders to be more cautious than in the past.[6] Greater scrutiny of the borrower's covenant and the project's marketability is given before the loans are approved.

5.4.4 Development Process

The questionnaire was not designed specifically to investi-

TABLE 64

AVERAGE DEVELOPMENT PERIOD (MONTHS)

	STRUCTURE TYPE			
	LOW RISE	HIGH RISE	TOWNHOUSE	TOTAL
ALL DEVELOPERS				
Municipal Approval	5.7	10.0	9.5	8.4
Construction	9.3	13.2	11.4	11.4
TOTAL	15.1	20.8	18.0	18.7
Start of Construction to Date of Registration	7.9	10.8	7.2	8.8

gate the development process but questions referring to three areas were asked. These included the length of the development period, the method of initiation, and the developer's perception of the consumer's preferences. For a more detailed examination of developers of multiple family dwellings readers are referred to D.D.Ulinder and M.A. Goldberg[7] or M.A. Goldberg[8].

The average municipal approval and construction periods are shown in Table 64. Goldberg and Ulinder cited a major concern by developers over the long delays encountered in the approval process.[9] In all instances the construction period was longer than that needed to receive municipal approval, but the difference was not significant in the case of townhouse and high-rise developments. Referring back to Chapter 2, Section 2.3.2, townhouse and high-rise projects tended to be larger than low-rise developments. Hence it is possible these developments required rezoning, land use contracts, or extensive impact studies, therefore accounting for the longer approval periods. Nevertheless, the requirements for municipal approval nearly doubled the development period for high-rises and townhouses.

The tabulation of the development period by the size of the firm did not reveal any systematic differences. What variation did exist appeared to be explained by the type of development rather than the size of firm.

Table 65 tabulates the responses to the the question concerning the initiation of the development. Thirty-five percent of the firms planned the project first, then select an appropriate site.

The balance reversed the process, first selecting a site, then planning the development. The same distributions were found by Goldberg in an earlier study.[10] The majority of large (75%) and small firms (86%) selected a site first then planned the project while the medium sized firms were more evenly split between the two processes. This is likely due to the medium size firms constructing mainly low-rise projects which do not have to be tailored as specifically to the site as do townhouse and high-rise developments.

The final question regarded the developers' perception of market preferences of consumer groups. The most important features, as perceived by the developers, (Table 66,) for a successful condominium project aimed at the lower income groups were low price, location, and low down-payment (or simply price and location). For the upper income group the most important features were perceived to be location, layout of the unit and the size of the unit (or location and features of the unit).

When these results are compared with the most important reasons for the selection of the unit as indicated by the owners (Chapter 4, Table 47) the developers appear to have accurately assessed the desires of the lower income group. Forty-three percent of owners with incomes below $16,000 indicated price as their most important reason, followed by 26% who indicated location as the primary reason for the selection of their unit. On the other hand, the upper income group (over $24,000 per year) showed a more even distribution of primary reasons for the selection of units than the polarization indicated by the developers.

TABLE 65

METHOD OF DEVELOPMENT

		Developer Size		
	All firms	Large	Medium	Small
Plan project then select site	34.8%	25%	57.1%	14.3%
Select site then plan project	65.2%	75%	42.9%	85.7%

Response rate = 92%.

TABLE 66

DEVELOPERS' PERCEPTION OF CONSUMER PREFERENCE

a) Most important features for lower income groups:

Features	1st	2nd	Total
Size of units	0	1	1
Location	6	5	11
Layout and design of units	0	4	4
Low downpayment	7	2	9
Low price	7	7	14
Good recreational facilities	0	1	1
Good playground facilities	0	0	0
Good amenities within the unit (Dishwasher, carpets, etc.)	1	1	2
Other	0	0	0

b) Most important features for higher income groups:

Features	1st	2nd	Total
Size of units	3	4	7
Location	17	4	21
Layout and design of units	2	9	11
Low downpayment	0	0	0
Low price	0	0	0
Good recreational facilities	0	0	0
Good playground facilities	0	0	0
Good amemities within the unit (Dishwasher, carpets, etc.)	0	4	4
Other	0	0	0

5.4.5 Condominium Management By Developers

One of the more controversial areas in the past was the involvement of developers in the management of their completed projects. Some of the management contracts were alleged to be very long term and lucrative and there are areas where conflict of interest charges may arise if the developer is also the manager. In response to these problems the Strata Titles Act was amended to allow the strata corporation to cancel any management contract on three months notice.

In general, the developers surveyed do not appear to be greatly interested in the management of the completed projects. Table 67 reveals that only 8.7% of all firms are still responsible for, and plan to continue the management of their project. Approximately 70% of the firms are no longer responsible and 60% of these managed the project for six months or less.

Considering the responses by developer size it appears the larger firms have a greater propensity for continuing to act as managers. Approximately 43% of the small developers are still responsible for management but none plan to continue. One-half of the medium and large developers still responsible for management plan to retain their capacity. One of these firms revealed two reasons for their involvement in management. One was its profitability and the other was the feeling that the long-term viability of the condominium concept depended on the satisfactory operation of the existing projects. They felt that their property management division was best suited to ensure the owners' satisfaction. The lack of involvement by the small firm probably is a

TABLE 67

DEVELOPER INVOLVEMENT IN CONDOMINIUM MANAGEMENT

	All firms	Large	Medium	Small
Still responsible for management	30.4% (100.0%)	22.2% (100.%)	22.2% (100.0%)	42.9% (100.0%)
- plan to relinquish management	21.7% (71.4%)	11.1% (50%)	11.1% (50%)	42.9% (100.0%)
- plan to continue management	8.7% (28.6%)	11.1% (50%)	11.1% (50%)	0 (0%)
Not responsible for management	69.6% (100.0%)	78.8% (100.0%)	78.8% (100.0%)	57.1% (100.0%)
- duration of management prior to relinquishing*				
0 - 6	(60.0%)	(33.3%)	(100.0%)	(50.0%)
7 - 12	(20.0%)	(33.3%)	(0)	(25.0%)
12 +	(20.0%)	(33.3%)	(0)	(25.0%)

Response Rate = 96%

*Response Rate = 83%

reflection of their lesser commitment to the field and a lack of administrative capacity to cope with the management functions.

5.4.6 The Present Situation and Future Expectations

In Chapter Two, Section 2.6, the current poor market condition was discussed. It was evidenced by soft prices and a large inventory of unsold units. These conditions are also reflected in the developers' responses. Approximately 53% of the total number of units they had produced since January 1, 1975 were still under their ownership. Of these 56.5% (2004 units) were unsold and vacant and 43.5% (1544 units) were rented. Only 13% of the respondents did not have any (rented or vacant) units.

Table 68 displays the distribution of developers having unsold units. There is a tendancy for the large developers to have a greater number of units vacant or rented than do the smaller firms. Approximately 43% of the small firms do not hold any units. There is also a tendancy of small firms holding unsold units rather than renting. Large firms are the more prevalent in the renting of units and they tend to rent more units than do the smaller firms.

There are several reasons explaining the general pattern discussed above. First, many of the firms had recently completed projects prior to the date of the survey (July 1977) and therefore they are likely to be holding vacant and unsold units. Also by definition, large firms have produced more units and are therefore the most likely to be reporting the largest inventories. Secondly, the tendancy of small firms to hold vacant rather than rented units likely stems from their inability, financially, to

TABLE 68

DEVELOPERS HAVING UNSOLD UNITS WHICH ARE VACANT OR RENTED

NO. OF UNITS	UNSOLD UNITS RENTED OR VACANT				VACANT UNSOLD UNITS				RENTED UNSOLD UNITS			
	ALL FIRMS	BY DEVELOPER SIZE			ALL FIRMS	BY DEVELOPER SIZE			ALL FIRMS	BY DEVELOPER SIZE		
		LARGE	MEDIUM	SMALL		LARGE	MEDIUM	SMALL		LARGE	MEDIUM	SMALL
0	13.0%	0.0%	0.0%	42.9%	17.4%	0.0%	12.5%	42.9%	69.6%	62.5%	62.5%	85.7%
1-25	21.7	0.0	37.5	28.6	26.1	12.5	37.5	28.6	13.0	12.5	25.0	0.0
26-50	17.4	0.0	37.5	14.3	17.4	0.0	25.0	28.6	8.7	0.0	12.5	14.3
51-100	21.7	25.0	12.5	14.3	17.4	25.0	25.0	0.0	0.0	0.0	0.0	0.0
101-200	17.4	50.0	0.0	0.0	13.0	37.5	0.0	0.0	4.3	12.5	0.0	0.0
201+	8.7	25.0	0.0	0.0	8.7	25.0	0.0	0.0	4.3	12.5	0.0	0.0
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

*ROUNDING ERROR

RESPONSE RATE = 92%

maintain the excess holding costs of these units for a lengthy period. If one project is not successful in terms of sales, these types of firms may be forced out of business and hence would not appear in the survey.

In light of the patterns displayed by firms having unsold units the responses to the question concerning future plans is interesting (Table 69). Approximately 42% of the firms had condominium projects planned for the future. The large firms were more likely to have projects planned (55.6% versus 37.5% of medium and 28.6% of small firms) and they plan more projects per firm (3.0 versus 2.3 and 1.5 for medium and small firms respectively) than do the other groups. This perhaps is indicative of the characteristics of condominium development discussed in this chapter. The larger firms, with greater internal financial resources, greater involvement (in terms of corporate activities) and larger overhead expenses which require more continuous activity, are planning future projects. Smaller firms, with smaller cash reserves, a lesser corporate emphasis on condominium development, and greater flexibility in adjusting the level of activity, appear to be awaiting a change in the conditions which currently characterize the condominium market, and housing markets in general.

5.5.1 Condominium Management

The Strata Titles Act allows the management of a project to be performed by the strata corporation directly through the strata council or indirectly, through a property management firm. In the latter case the management firm does not acquire the rights,

TABLE 69

DEVELOPMENT FIRMS WITH PROJECTS IN THE PLANNING STAGES

(AT THE TIME OF THE SURVEY - JULY, 1977)

		BY DEVELOPER SIZE		
	ALL FIRMS	LARGE	MEDIUM	SMALL
% of Firms with Projects Planned	41.6%	55.6%	37.5%	28.6%
Average Number Projects Planned per Firm	2.3	3.0	2.3	1.5

TABLE 69

DEVELOPMENT FIRMS WITH PROJECTS IN THE PLANNING STAGES

(AT THE TIME OF THE SURVEY - JULY, 1977)

		BY DEVELOPER SIZE		
	ALL FIRMS	LARGE	MEDIUM	SMALL
% of Firms with Projects Planned	41.6%	55.6%	37.5%	28.6%
Average Number Projects Planned per Firm	2.3	3.0	2.3	1.5

duties, and powers of the strata corporation but rather acts under the direction of the corporation with the final decisions remaining in their hands. As a portion of this study, a survey of property management firms involved in residential condominium management and of residential strata councils was carried out. The remainder of this chapter presents a discussion of the results of this survey, focusing on a presentation of the major problems encountered and the methods of enforcement of the by-laws.

5.5.2 Data Collection and Sample Size

The data was collected from questionnaires distributed to condominium management firms and to strata councils. Management firms were identified by listings in classified advertisements in the Yellow Pages of the telephone directories for Vancouver and Victoria and the strata council questionnaires. Strata councils contacted for this latter survey were identified by the Owners' Survey (Chapter 4).

Through this process condominium management firms were identified and mailed a Property Managers' Questionnaire. Seventeen management firms responded to the questionnaire- six of which were subsequently interviewed in person. Sixty-four residential strata council questionnaires were completed and returned out of the 120 that were distributed.

Respondent management firms reported managing a total of 347 residential projects, (21, 218 units). This represents 50.0% of all residential projects, and 71.9% of all units, in the strata projects which contain 10 or more units in the combined Metropolitan Vancouver and Victoria areas.[12] This corresponds to the results of the residential strata council surveys which indicate that 43.8% of the projects were self-managed while 56.3% were managed by professional management firms.

The proportion of units represented in the management firm sample did vary between the Vancouver and Victoria areas, although in both areas a large enough sample was obtained to provide reliable results. Twelve firms active in the Vancouver area managed 301 strata projects (19,466 units) representing 55.2% of all projects, and 77.0% of all units, of the total residential projects containing 10 or more units. In Victoria, five firms managed 46 projects (34.1%) containing 1,752 units (41.3%).

There were also differences in the average size of the professionally managed residential projects between the two metropolitan areas, although professionally managed projects were larger than the average for all projects of 10 or more units in both areas. In Vancouver, the average size of the professionally managed projects was 64 units per project while the overall average for projects of 10 or more units was 46 units. In Victoria the average size of professionally managed residential strata projects was 38 units versus 31 units for all projects of 10 or more units. The larger-than-average size of the professionally managed projects reflects the fact that larger projects are more suitable to be managed professionally as economics of scale lower the per unit cost, and the larger size requires more management time than most councils can directly provide.

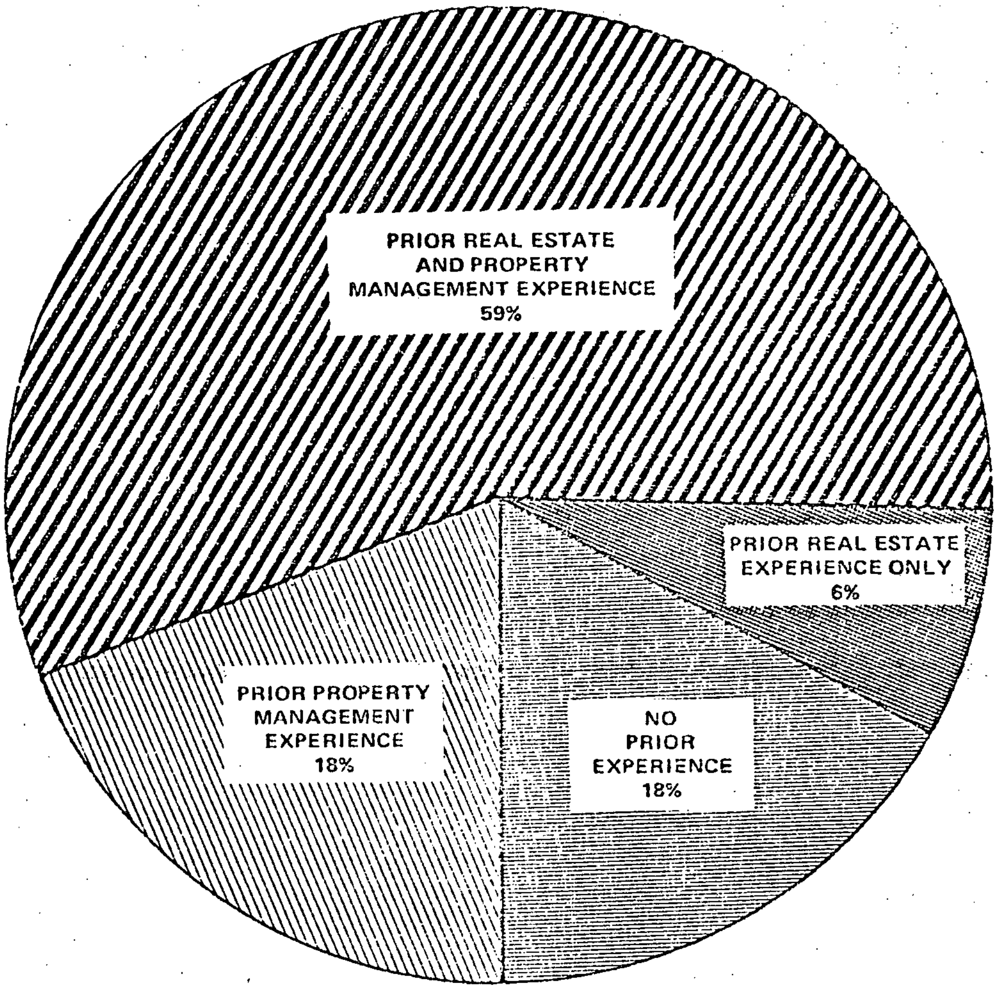
5.5.3 Management Firms

Property management firms engaged in management of residential condominium projects display a significant degree of prior experience in real estate and property management, of non-condominium property. Only 18% of respondent managers had no prior experience in these areas; 53% had experience in both property management and other non-management real estate activities, (brokerage, development, etc.), 6% had prior real estate experience in areas other than property management, and 18% had prior property management experience but had not been active in other aspects of real estate. Thus, approximately 70 percent of the condominium property managers have had prior experience in property management. Only 18% of the respondent firms were connected with companies which were involved in the development of condominium projects.

Property management firms also demonstrated a high degree of involvement with their client strata councils. Ninety-four percent send a representative to each general meeting of each project they manage, and seventy percent submit monthly reports to their clients. Each of the six firms that were contacted through a follow-up interview stated that they regularly inspected each project (as often as once a week), and that they invited contact with the strata council whenever problems arose in the project.

Ninety-four percent of the property managers were bonded with respect to their responsibilities as property managers.[13] It is the practice that the strata council's accounting records

MANAGERS PRIOR EXPERIENCE



be kept by the property manager, in 54% of 347 projects, their records were independently audited on a regular basis. Further, some managers required that the projects' records be independently audited immediately prior to the initiation and termination of their management contacts.

In a recent article in a local magazine, criticism was levelled at condominium project managers.[14] Yet the results of the survey indicate that the majority of condominium project management firms operate in a professional manner, both in terms of business practice and degree of involvement with the strata corporations. Further, the owner's survey indicated that over three-quarters of the unit owners in projects managed by property management firms were satisfied with the activities of the managers. It would appear that the publicized problems of condominium property managers stem from a minority of cases: in a field as young as condominium management, such problems may be expected in projects managed both under contract and directly by strata councils. Perhaps modifications to the Strata Titles Act with respect to management would reduce the incidence of these problems further: however, as councils and managers become more familiar with the management of property occupied by persons who have both the expectations of occupants and of investors - the owner-occupiers - these problems will also be reduced.

5.5.4 Management of Projects

a) Budgets:

A 1973 study by R.S. Roberts on condominiums in British Columbia indicated that, in the fourteen residential condominiums that were examined, the majority (57%) had current operating expenses which were in excess of the total common area (or maintenance) charges.[15] According to the response in the strata council and project managers surveys carried out in conjunction with this study, the incidence of such deficits is no longer as prevalent: only 8.5% of the projects covered by these surveys had deficiencies between operating expenditures and revenues. This change stems, in all likelihood, from the increased experience of both strata councils and property management firms.

A greater (although by no means dramatic) incidence of deficiencies occurs in the area of contingency reserves. In approximately 18% of the surveyed projects managed by property managers and by strata councils, the actual size of contingency reserves was below the level that the strata council deemed to be appropriate. In the majority of such cases reported by property managers,* this deficiency was the result of the subject projects being relatively new, and consequently not having yet built the contingency fund to the desired level.

Parenthetically, discussion of the adequacy of the actual level of contingency reserves cannot center simply on analysis of this amount vis-a-vis the desired level. The desired level of this reserve is established by the strata council. Consequently, even if the desired level is maintained, it will not necessarily be sufficient to meet the requirements of future repairs and maintenance. Some respondents to the project managers survey indicated that, in their opinion, some strata councils had a

*Similar information was not available from the strata council survey.

tendency to underestimate the required size of the contingency reserve and, occasionally, the operating budget, in order to reduce the level of monthly owner charges. Again this appears to be a problem which will be minimized with increased experience.

b) Major Problems:

Both property managers and strata councils which manage their own projects, were asked to rank the problems which were, in their experience, of greatest significance in the management of residential condominiums: the tabulation of these rankings are shown on Tables 70 and 71. From these responses there appears to be two major classes of problems associated with such projects, those which are a function of the degree of interpersonal contact which is associated with the density and physical arrangement of space in condominium projects and those which are associated with the unique, and relatively new, form of tenure represented by condominium ownership.

The first category of problems includes the frequently mentioned problems of uncontrolled children and pets, and, less frequently, the level of noise made by other residents. Such problems are, perhaps, to be expected in family owned housing which is built at medium and high densities. While good design and construction may somewhat reduce such problems, the ultimate solution will be in the area of tolerant and responsible behaviour on the part of the occupants. Certainly, these problems are not unique to condominium projects, as many occupants and owners of rental residential and owner-occupied single-detached properties will readily attest.

TABLE 70

Ranking of Most Significant Management Problems

By Management Firms

Problems	Ranking 1st	2nd	3rd	Total
1. Uncontrolled Children	3	1	1	5
2. Uncontrolled Pets	4	5	0	9
3. Excessive Noises by Residents	0	1	3	4
4. Breaches of By-Laws	4	1	3	8
5. Educating Owners of Rights and Duties	4	3	1	8
6. Collection of Common Expenses	0	1	2	3
7. Level of Common Expenses	0	1	1	2
8. Other	1	2	0	3

TABLE 71

Ranking of Most Significant Management Problems by Strata Councils

Problems	Rankings 1st	2nd	3rd	Total
1. Uncontrolled Children	4	4	2	10
2. Uncontrolled Pets	2	3	3	8
3. Excessive Noise by Residents	1	3	2	6
4. Breaches of By-Laws	2	2	3	7
5. Educating Owners of Rights and Duties	7	2	4	13
6. Collection of Common Expenses	4	3	1	8
7. Level of Common Expenses	1	1	1	3
8. Other	5	3	1	9

One problem area which might be expected on the basis of the owner survey did not appear as a significant problem to self-managing strata corporations nor to property management firms. While both the study by Roberts and the owners' survey carried out in conjunction with this study (Chapter 4) indicated a definite bias against tenants in condominium projects on the part of owners, such a bias is not shared by the two respondent groups involved in management of these projects. Only 29% of the project managers and 32% of the respondent strata councils indicated that they had received more than the average number of complaints against tenants.

The second category of problems are unique to condominium projects. The 'self-regulating' responsibilities powers of the owners through their strata council is, at least until familiarity with condominium living is more widespread, bound to create difficulties. Thus both managers and especially strata councils, experienced significant problems in educating owners in the rights and responsibilities. Further, collection of common area charges was of concern, particularly to strata councils who are most directly involved: note, however, that the <u>level</u> of common area charges was not seen to be of significance by either the council of owners or property managers. Finally, the problem of enforcing by-laws and taking action where breaches of these regulations occurred was of significant concern to both groups of respondents. As this problem actually encompasses both the education and collection problems, it warranted further investigation.

c) By-law Enforcement:

Both self-managing strata councils and property managers were asked to list the order in which appropriate powers were used in the enforcement of by-laws: the results are tabulated on Table 72. Both groups follow essentially the same procedure. The first step is to apply moral suasion in the form of a letter of telephone call advising the offending occupant or owner of the problem and asking that it be corrected. In the majority of cases, respondents reported that this was the only action required to correct the problem.

If the contravention of the rules continues,* the strata council exercises its powers under the Strata Titles Act. This will result in either fines being levied or privileges regarding the common facilities being suspended. Alternatively, a court order issued under municipal nuisance by-laws may be used to correct the situation, (for example, by having an uncontrolled dog impounded). This latter course is seldom followed, as it creates substantial hard-feelings.

If the action to this level has not corrected the problem the next step is to levy further fines, usually in increasing amounts. If the fines are not paid, a lien, in the amount of the outstanding fine plus the administrative fees and land registry costs, may be placed against the title of the strata

*If a property management firm is involved, they will contact the strata council for a decision as to the subsequent course of action to be followed.

TABLE 72

Ranking of Methods Used to Enforce By-Laws

- Strata Councils

Method	Ranking 1st	2nd	3rd	4th	Total
1. Moral Suasion	21	2	1	0	24
2. Powers under the Strata Titles Act	4	8	0	0	12
3. Municipal Nuisance By-Laws	0	2	5	0	7
4. Other	1	1	1	1	4

Ranking of Methods Used to Enforce By-Laws

- Management Firms

Method	Ranking 1st	2nd	3rd	4th	Total #	Total %
1. Moral Suasion	14	1	0	0	15	
2. Powers under the Strata Titles Act	2	12	0	0	14	
3. Municipal Nuisance By-Laws	0	0	3	1	4	
4. Other	1	0	2	1	4	

lot. If the fines are still not paid the final step would be to apply for a court sale of the unit to collect the outstanding charges and thus to remove the offending owner.

Despite the various means to enforce the by-laws, several managers complained they were not effective or are not pursued beyond the moral suasion level even when the problem is not corrected. Often, by the time strong action is taken to correct the problem, several months had passed and the offence may have occurred repeatedly. This causes significant hardships for other owners, sometimes resulting in them leaving the project. The enforcement methods per se were not criticized, but rather the relectance on the part of the strata council to exercise these powers.

Footnotes

1. The linking of names of subsidiaries and multiple development firms with the same principals would be possible if a detailed examination of the register of companies was made but time and budget constraints did not make this possible.

2. Identified developers' activities accounted for the following percentages of activity in the province:

	TOTAL	
	Units	Projects
Metropolitan Vancouver	99.0%	95.4%
Metropolitan Victoria	00.9%	99.3%
Rest of Province	77.7%	76.9%

3. Similar difficulty was encountered by Hamilton and Roberts, 1973, in their attempt to investigate condominium developers.

4. Surveyed developers' activity accounted for the following percentages of activity in the province:

	TOTAL	
	Units	Projects
Metropolitan Vancouver	32.9%	13.5%
Metropolitan Victoria	14.7%	5.9%
Rest of Province	3.9%	1.1%
Total - Province	23.9%	8.6%

5. Chartered banks and trust companies provided 27% and 39% of the funds for all residential mortgage loans in 1976 in British Columbia respectively. Canadian Housing Statistics, Central Mortgage and Housing Corporation, Ottawa, 1976, Table 36, P. 30.

6. Revealed in an informal survey of fifteen lenders and brokers in Metropolitan Vancouver.

7. Goldberg, M.A., and Ulinder, D.D., "Residential Developer Behaviour: 1975", Housing: It's Your Move, Volume II, Technical Reports, The Urban Land Economics Division, Faculty of Commerce and Business Administration, University of British Columbia, 1976.

8. Goldberg, M.A., Residential Developer Behaviour: Some Empirical Findings, Faculty of Commerce and Business Administration, University of British Columbia.

9. Goldberg, M.A., and Ulinder, D.D., op. cit., P. 295.

10. Goldberg, M.A., op. cit., P. 24.

11. Statutes of British Columbia, 1966, Chapter 46, New S.B.C. 1974, C. 89. Strata Titles Act, Section 10.

12. During the interviews with the management firms it was revealed that the projects managed by the firms were almost exclusively of at least 10 units. It was therefore felt that a comparison on this basis would be the most meaningful. The sample covers 20.5% of all projects and 58.9% of all units in the metropolitan areas.

13. Firms that were active in non-condominium property management which involved an agency function with respect to leasing, are required to be licensed under the Real Estate Act, all stated that bonding was a requirement of good business practice.

14. Sagi, Douglas, "Mondo Condo (A Man's Home May be His Hassle)", Vancouver Magazine, Vol. 10, No. 3, March 1977, pp. 36-39.

15. Roberts, R.S., Condominium Housing in Metropolitan Vancouver, unpublished thesis, University of British Columbia, 1973, p. 86.

Chapter Six

Condominiums: Unique Features and Special Considerations

6.1 Taxation of Condominiums

Condominiums are generally treated as any other real property for taxation purposes, however some peculiarities do arise. This section will highlight the differences for the real property taxation and for the income taxation treatment of condominiums.

a) Real Property Taxation

Under the Assessment Act any real property is assessed at its "actual value" and this value is divided between the land the the improvements (Section 24, Assessment Act). The Act provides for a wide discretion on the determining factors applicable to the "actual value" but in practice it is usually the "fair market value." To separate the actual value into the land and improvement portions the "land residual approach" is used. This procedure is no different for condominiums than any other type of real property. The problems concerning condominiums arise from three sources: first, the conversion of existing buildings to strata units, secondly, the treatment of the common facilities of the strata corporations and finally, the level of service that is received for the taxes paid.

Upon conversion of an existing building to a strata project a re-assessment is performed under Subsection 24 (6) (b) (iii) of the Assessment Act. This includes buildings that existed at the time of the assessment "freeze" which fixed the assessed value as that of the 1974 assessment roll. The re-assessment is significant because it will increase the tax liability for two reasons. Firstly, the value now will likely be greater than that on the 1974 rolls. This factor will soon be eliminated when the current value rolls are put into use. Secondly, but more importantly, the unit value of the strata lot will be greater than its value in leasehold and hence the tax will be increased. This results without any increase in the level of services provided by the tax dollars.

A similar situation exists where a strata project is being rented. The assessed value is still calculated on the basis of the unit's condominium value, not their rental value. Generally, the taxation will therefore be greater than if it had been built under a single title for rental purposes.

The units' share in the common areas is included in the value of strata lot by virtue of Section 33 of the Strata Titles Act. This means the expected sale price or fair market value of the units may be used without any adjustment necessary to reflect the units' share of the common areas. This is implicitly included in the value determined. There are however, strata projects where the ammenities do not form part of common areas. They may be a separate strata lot, or a separate piece of property which the strata corporation has purchased. For example, Strata Plan VR 120, Arbutus Village, the recreational centre is located in an adjacent building and is leased to the strata corporation.[1] The lease payments include a share of the real property taxes.

As the centre is not part of the strata project, it is taxed separately. In theory, this will not cause any inequality in the level of taxation because if the recreational centre were part of the project, it would be capitalized into the value of the strata lots, therefore increasing their value and hence, taxes. In practice, the market may or may not recognize the differences in the level of common area charges, property taxes, and value of the assets of the strata corporation and adjust the price accordingly.

The final problem facing condominiums is the equating of service with the level of taxes to produce a "fair" return in relation to other types of property. It has already been shown that the conversion of an existing building to a strata project can result in higher taxes without any improvement in the level of services provided. In the eyes of the taxing authorities, no inequality exists as all real property is assessed on the basis of its actual value.

An additional problem occurs in instances of strata developments that have extensive roadways within their boundaries, particularly, bareland, support structures, single detached or townhouse projects. First, all the common facilities including the roadways, sewer pipe and water pipe are installed by the developer and presumably the costs are included in the price of the units. Secondly, within the project, some municipalities will not provide the same services as to those properties fronting on municipal roads. For example, snow removal and garbage collection within the project may be left to the strata corporation to provide. The strata lot owners are therefore paying taxes on the same basis as other property owners but are receiving a lower quality of service.

b) Income Tax - Owners

Condominiums are treated in the same manner as single family detached dwellings for the purposes of classifying them as principle residences. The unit's share in the common property is included as part of the condominium and hence receives the same treatment. One point that should be noted for those that intend to purchase a unit that will be rented until a later date when the owners will occupy the unit. At the date the unit ceases to be rental and becomes owner occupied a change in use occurs. When this happens there is a deemed sale and repurchase at fair market value and a capital gains tax liability may result.

c) Income Tax - Investors

Condominiums have facilitated the involvement of small investors in the real estate market by allowing portions of building to be purchased rather than the entire project. The demand has been accelerated by the rapidly rising prices of real estate in the 1970's, the exemption of new rental units from the rent restrictions under the Landlord and Tenant Act, and the provision for deducting rental losses from other income for Class 31 and 32 buildings. Developers have also been forced into the investor category in some cases, as a result of the slow absorption rate causing the units to be rented. The rules applying to investors in general will be examined, then the developers' situation will be considered.

The first point to note is that where the property is held by an individual, the income received is classified as "passive income" unless extensive services are provided in connection with the property. Passive income is "taxed immediately at the high rate of 46% plus the excess of the provincial rate over 10%."[2] Similarly, if the property is held by a corporation, the income derived will be classified as business income but not necessarily active business income unless extensive services are again provided. Only active business income qualifies for the small business deduction which provides for the reduced tax rate of 21% on the first $100,000 of income.

The onerous taxation of rental income does not deter investment as much of the revenue is written-off against the capital cost allowance claimed. Of particular importance is the provision for classifying multiple-unit residential buildings constructed between November 18, 1974 and January 1, 1976 as Class 31 and 32 depreciable properties. Such a classification allows taxable losses, created by the capital cost allowance claimed in excess of net income, to be deducted from other income. This does not apply to any other taxation classes of real property except where they are held by a real estate corporation or a real estate partnership.

Condominiums posed a small complication as to whether they constituted a "multiple family residnetial building" especially where only one was owned. Interpretation Bulletin IT-304 clarified the situation by stating that each unit is classified as the building itself would be classified if it were not divided into strata lots. Further where two or more units in the same building are owned by the same taxpayer they are classified as a single building with a single capital cost. If a portion of the taxpayer's holdings are sold his adjusted cost base and consequently his capital cost is apportioned between the part disposed of and the part retained for determining his capital gain, recapture, or terminal loss.

Condominiums built on leased land can be categorized for depreciation purposes under several classes. Where an owner acquires the unit after 1975 the building portion of the purchase price is classified as Class 3 or 6. Where the building qualifies under Class 31 or 32 the unit is treated in the same manner. In any other case the capital cost is depreciated under Class 13 which is the normal treatment of buildings situated on leased lands.

For the purpose of determining the capital cost allowance an allocation between the land and building must be made. Paragraphs 4 and 5 of Interpretation Bulletin IT-304 apply and have been quoted in full.

"For capital cost allowance purposes, where a unit or strata lot includes land, the usual allocation of cost between land and building is required to be made. This might arise, for example, where a ground floor apartment includes an outdoor patio, or where a row-type condominium unit includes a front or back yard which is not part of the common property."

"Where a unit or strata lot is purchased, the purchaser acquires an undivided interest in the common elements or property appurtenant to such unit or lot. To the extent that the common elements or property include land, allocation of cost between the undivided interest in such land and the interest in the building or buildings is also required to be made. The cost of acquisition of the undivided interest in the common areas of the building or buildings included within the description or plan, or the owner's proportionate share of any capital expenditures made thereon, forms part of the capital cost of the building portion of his unit or lot."

Developers who are forced or choose to rent condominiums that were originally intended for sale face two special problems. Firstly, a taxpayer's inventory is not eligible for the deduction of capital cost allowances according to Regulation 1102 (1) (b) of the federal Income Tax Act. However,

> "Interpretation Bulletin IT-128 states that a taxpayer will normally be allowed to treat income producing property for tax purposes in the same manner as he handles his accounting."[3]

That is, capital cost allowance will be deductable on conversion to capital property.

Interpretation Bulletin IT-102 deals with the converstion of inventory to or from capital property, in neither case is there a deemed disposition. Where the conversion is from inventory to capital property the original capital cost is equal to all the outlays that are reasonably attributed to the property other than those currently deductable. However, these costs are limited to those actually incurred and do not include a provision for profit.

Where the conversion is reversed, capital property becoming inventory, the fair market value at the date of conversion will be the cost of inventory for the purpose of the trading profit. However

> "in calculating the gain or loss on the disposition of the property under subsection 40(1) (definition of taxpayer's capital gain or loss) the adjusted cost base. . . is based on the original actual cost of the property and not its fair market value at the date of conversion. To the extent that the gain or loss as calculated under subsection 40(1) has been included in computing the business income of the taxpayer, the amount so included reduces the capital gain or on the disposition pursuant to subsection 39(1) (definition of the meaning of capital gain)."[4]

The second problem that faces the developer is whether the income received from the rentals is classified as active business income, and hence eligible for the small business deduction, or whether it is merely business income. Normally corporations which derive income from developing and selling real estate are carrying on an active business and have active business income; rental income is not active business income however. According to the ruling handed down in the Granite Apartment Ltd. v MNR, 75 DTC 140,

> "...rental income earned on property held for a short period of time (is) active income because the pattern of the taxpayer's activities indicated that his business consisted of developing and selling real estate."[5]

Furthermore, Interpretation Bulletin IT-72R2 indicates that a developer need not be particularly active in <u>each</u> taxation year in order to be regarded as having earned active income.

The end result is that the rental income will likely be classified as active business income so long as it does not persist for greater than a "short period," probably one taxation year. If the renting continues the income may lose its "active" designation and the taxpayer will face a reassessment for the previous year.

d) <u>Income Tax - Developers</u>

The taxation of condominium developments is the same as that for any other property type. It can be complicated however, in cases of phased developments where extraordinary costs are incurred in one phase but will benefit all phases. If the costs are allocated only to the one stage it will result in a lower income in those years and higher incomes in the years of the other phases.

The high incomes may exceed the $100,000 limit applicable to the small business deduction which would result in a greater tax being paid.

The federal Income Tax Act nor any Interpretation Bulletin deals with this situation but a study suggested:

> "That a portion of the cost which benefits the later phases of the development should be allocated to those phases that will eventually receive the benefits therefrom"[6]

If this were done and the later phases were not constructed or there were cost overruns a re-assessment would have to be made. Similarly, if the common facilities were constructed in the later phases an allocation would be made to the initial phases any deviations adjusted for by the re-assessment of the previous year(s) taxes.

6.2 <u>Conversion of Rental Apartments to Condominiums</u>

During 1973 a significant controversy arose as some rental apartments were converted to condominiums. This was at a time of a severe shortage of rental apartments (0.4% vacancy in Vancouver, 0.3% in Victoria) and therefore caused significant problems for those displaced by such action. In response, the provincial government ammended the Strata Titles Act to require the approval of the municipal council before such a conversion could take place.[7] The Landlord and Tenant Act was also changed to require four months notice to the existing tenant and the payment of relocation expenses to a maximum of $300. These legislative changes made subsequent conversions significantly more difficult.

The only record of the number of conversions are those maintained by the municipalities involved. Table 73 represents the number of plans and units authorized by the municipalities in each year. Those municipalities that are not represented have not approved any conversions or did not have the records available. The impact of the requirement of municipal approval has been a major obstacle to conversions. Several municipalities (Burnaby and New Westminster) reported to have established a moretorium on conversions while Victoria will not allow any conversions so long as the apartment vacancy rate remains below 3%. Overall only 10 projects (225 units) have been converted after the requirement for municipal approval was instigated (1974-76) versus 38 (963 units) from 1971-73.

The number of conversions of rental apartments to condominiums should remain very limited in the future. This is a result of continued government restrictions, the current oversupply of new condominiums, and the proposed removal of rental increase restrictions under the Landlord and Tenant Act (Bill 87, 1977). The latter two conditions will bring the relative economic values of rental apartments and condominiums closer together and hence remove much of the stimulus for conversion. Where the economic rational for conversion has not been eliminated, the governmental restrictions will likely thwart any conversion attempt.

6.3 Support Structures

Support structures are condominium projects where the units consist of an area of land rather than a part of building. By virtue of subsection 3(4)(6) of the Strata Titles Act the boundaries as laid out on the horizontal plan are deemed to extend vertically upward and downward without limit. The most common

TABLE 73

CONVERSIONS TO CONDOMINIUMS: BRITISH COLUMBIA

Land Registry Areas	1971		1972		1973		1974		1975		1976		1977		Total	
	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit	Project	Unit
1. Metropolitan Vancouver LRO	7	119	14	305	6	114	3	51	4	63	2	109	1	2	37	763
2. Balance Vancouver LRO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Total Vancouver LRO	7	119	14	305	6	114	3	51	4	63	2	109	1	2	37	763
4. Metropolitan New Westminster LRO	0	0	1	19	2	49	0	0	0	0					3	68
5. Balance New Westminster LRO	0	0	0	0	0	0	0	0	0	0					0	0
6. Total New Westminster LRO	0	0	1	19	2	49	0	0	0	0					3	68
7. Total Metropolitan Vancouver Area (1+4)	7	119	15	324	8	163	3	51			2	109	1	2	40	831
8. Metropolitan Victoria LRO			3	136	5	221									8	357
9. Balance Victoria LRO			0	0	0	0									0	0
10. Total Victoria LRO			3	136	5	221									8	357
11. All Metropolitan Areas (1+4+8)	7	119	18	460	13	384	3	51	4	63	2	109	1	2	48	1188
12. Kamloops City																
13. Kelowna																
14. Vernon																
15. Penticton																
16. Balance Kamloops LRO																
17. Total Kamloops LRO																
18. Nelson LRO																
19. Prince George LRO																
20. Prince Rupert LRO																
21. Grand Total: B.C.	7	119	18	460	13	384	3	51	4	63	2	109	1	2	48	1188

usage of this type of development is in mobile home parks where the trailer pads are sold as separate units and the roadways and other common facilities are owned in common. In total it is estimated there are 52 bare-land strata plans in the province comprising 1509 units.

Prior to Bill 70 (Strata Titles Amendment Act, 1977) which will be retroactive to June 24, 1977, a strata plan supplying only support structures did not require the approval of the designated approving officer in the area before registration. This resulted because the section of the Act that required the approvals be received (sections 4 and 5) referred only to new buildings, phased strata plans, or the conversion of the existing buildings. The loophole allowed some developers to "circumvent municipal planning departments"[8] and regional building restrictions by creating subdivisions under the Strata Titles Act. Bill 70 eliminates this possibility by specifically requiring approval of the support structure plan prior to registration.

Table 74 shows the distribution of support structures by area and year. Only 13.4% of the projects and 3.2% of the units are located in the major metropolitan areas. These are also small developments averaging 6.8 units per project versus 29.0 for the province. The Kamloops Land Registry Office contained more support structure condominiums than any other area, representing 42% of the plans and 36% of the units in the province.

In order to provide some insight into the use of the condominium concept in support structure projects the documents

TABLE 74

SUPPORT STRUCTURE CONDOMINIUMS IN BRITISH COLUMBIA

	Land Registry Areas	1975 Project	Units	1976 Project	Units	1977 Project	Units	Total Project	Units	% Project Units
1.	Metropolitan Vancouver LRO			3	31	2	9	5	40	
2.	Balance Vancouver LRO			2	112	7	200	9	312	
3.	Total Vancouver LRO			5	143	9	209	14	352	
4.	Metropolitan New Westminster LRO			0	0	0	0	0	0	
5.	Balance New Westminster LRO			1	157	0	0	1	157	
6.	Total New Westminster LRO			1	157	0	0	1	157	
7.	Total Metropolitan Vancouver Area (1+4)			3	31	2	9	5	40	
8.	Metropolitan Victoria LRO			0	0	2	8	2	8	
9.	Balance Victoria LRO			4	195	7	760	11	271	
10.	Total Victoria LRO			4	195	9	840	13	279	
11.	All Metropolitan Areas (1+4+8)			3	31	4	17	7	48	
12.	Kamloops City	0	0	0	0	0	0	0	0	
13.	Kelowna	0	0	2	6	0	0	2	6	
14.	Vernon	0	0	0	0	1	15	1	15	
15.	Penticton	1	4	0	0	0	0	1	4	
16.	Balance Kamloops LRO	1	20	8	177	9	320	18	517	
17.	Total Kamloops LRO	2	24	10	183	10	335	22	542	
18.	Nelson LRO					0	0	0	0	
19.	Prince George LRO					1	79	1	79	
20.	Prince Rupert LRO					1	100	1	100	
21.	Grand Total B.C.	2	24	20	678	30	807	52	1509	

of a large strata mobile home park were examined. The only unusual aspects of the by-laws were amendments which restricted the size of mobile homes (450 square feet), the minimum length of mobile homes (11 feet), a minimum construction standard (equivalent to the National Building Code or standard prefabrication) and a setback requirement.

6.4 Non-Residential Condominiums

Non-residential condominiums are registered and operated in the same manner as residential projects - only the use of the property is different. The Land Registry Offices do not separate non-residential strata plans from the others nor do they index them in their catalogues. The only means of identifying the use is the examination of each set of strata plans. Since it is ~~not~~ not always possible to determine the use from the plans, the number of non-residential projects identified must be taken as a minimum rather than a precise count, the margin of error however, would appear to be very low.

The completely non-residential projects are shown in Table 75. There were also identified 5 projects involving 49 units which were partially non-residential, all of which were located in the City of Vancouver. Of those projects which were strictly non-residential, 31 were warehouses and 11 were commercial. The first strictly non-residential plan registered in the province was in May, 1971 in Kelowna (Kamloops Land Registry Office), consisting of 3 units. The first one registered in Victoria was in December 1972 and it was not until February 1975 that one was

TABLE 75

COMPLETELY NON-RESIDENTIAL CONDOMINIUM PROJECTS IN BRITISH COLUMBIA

Land Registry Areas	1971 Project	Units	1972 Project	Units	1973 Project	Units	1974 Project	Units	1975 Project	Units	1976 Project	Units	1977 Project	Units	Total Project	Units
1. Metropolitan Vancouver LRO					2	11	1	4					5	34	8	49
2. Balance Vancouver LRO					0	0	0	0					1	1	1	1
3. Total Vancouver LRO					2	11	1	4					6	35	9	50
4. Metropolitan New Westminster LRO							2	8	5	63	3	17	13	116	23	204
5. Balance New Westminster LRO							0	0	0	0	0	0	1	22	1	22
6. Total New Westminster LRO							2	8	5	63	3	17	14	138	24	226
7. Total Metropolitan Vancouver Area (1+4)					2	11	3	12	5	63	3	17	18	150	31	253
8. Metropolitan Victoria LRO	1	4			2	11					1	2	3	19	7	36
9. Balance Victoria LRO	0	0			0	0					0	0	0	0	0	0
10. Total Victoria LRO	1	4			2	11					1	2	3	19	7	36
11. All Metropolitan Areas (1+4+8)	1	4			4	22	3	12	5	63	4	19	21	169	38	289
12. Kamloops City	0	0											0	0	0	0
13. Kelowna	1	3											1	7	2	10
14. Vernon													0	0	0	0
15. Penticton													0	0	0	0
16. Balance Kamloops LRO													0	0	0	0
17. Total Kamloops LRO	1	3											1	7	2	10
18. Nelson LRO																
19. Prince George LRO																
20. Prince Rupert LRO																
21. Grand Total: B.C.	2	7	0	0	4	22	3	12	5	63	4	19	24	199	42	322

registered in the Lower Mainland. The majority (90%) of the strictly non-residential projects are located in the major metropolitan areas.

The development of condominium warehouses in any major way has been restricted by financing difficulties until recently.[9] Initially, institutional lenders would grant a maximum loan value of 75% of the units rental value which was only equal to 50-60% of the condominium value. Consequently the purchaser required a substantial downpayment or secondary financing to purchase the unit, neither of which was completely acceptable. Eventually the Mortgage Insurance Company of Canada (M.I.C.C.) was convinced to insure the loans to 75% of the condominium sale value which enabled adequate financing to be arranged.

The economic viability for industrial or commercial condominium will naturally depend on the particular market being considered. There are however several general advantages and disadvantages to the purchaser that are often cited. The positive aspects are:

(1) for users of small spaces there are considerable economies of scale by being in a large development than in having a single small building,

(2) the deduction of capital cost allowance and mortgage interest payments from taxable income can provide greater tax benefit than the deduction of the lease payment alone would provide,

(3) ownership eliminates the possibility of rent increases,

(4) the required return on the investment for the self-owner may be less than that required by an investor,

(5) there is potential appreciation in capital value,

(6) there is a greater security of tenure in ownership,

(7) the accumulation of equity as the mortgage is repaid,

(8) for industrial users there is often a shortage of small but functionally efficient space which the new units can provide.[10]

The major disadvantages are:

(1) the need for a 10-20% downpayment,

(2) to date there has been a need for the same or even greater cash-flow to service the mortgage as the lease payments,

(3) there is yet an unknown resale market which may cause:

(i) capital depreciation,
(ii) less flexibility for expansion or contraction than under leasing,

(4) the generally high loan to value ratio will be included on the balance sheet of the firm which may affect the borrowing capacity of the company.

From the developers' point of view he has the advantages of being able to recoup his investment more quickly and obtaining a higher (usually) selling price in a condominium development than under a rental arrangement. The disadvantages are the loss of any potential capital appreciation and increased rental revenue over the holding period if the project is retained.

Through the developers' survey a firm that had constructed several condominium warehouse projects was contacted.[11] In an interview they revealed the majority of their projects and others similar to them, were located in the suburban areas of Vancouver. The units contained from 1800 to 2400 square feet and are designed for small suppliers or contractors needing only a limited amount of space for storage, workshop, and an office.

One of the projects was selected for an analysis of the cost of ownership relative to leasing. The figures used were supplied by the development firm and reflect the current market conditions, the analysis is presented in Exhibit 2. The sample unit contained 1800 square feet and was offered for lease at $495 per month or could be purchased for $69,900. Eighty-five percent mortgage financing is provided at the existing market rates and terms (11%, 25 year amortization period).

Overall there did not appear to be any economic advantages to purchasing rather than renting a unit. There is only an $0.08 per square foot advantage to purchasing in the first year at the 46% taxation rate (full corporate taxation rate). At the 25% tax rate (applicable to those qualifying for the small business deduction), the situation is reversed with leasing, showing a $0.32 per square foot advantage. In subsequent years the purchase option will become more expensive as the tax benefit is reduced due to the declining mortgage interest expense and capital cost allowance. Under the lease option there is a potential for increasing rental costs on the expiration of the initial term.

It appears those that have purchased a unit have placed a positive value on the intangible aspects of purchasing, discussed previously, as there is not an economic advantage initially.

A realty firm which deals exclusively with the leasing and selling of warehouses was interviewed in conjunction with the developer.[12] They stated the overall capitalization rate for an owner-occupier was about 9% while an investor in a similar unit would require 11-12%. In relation to the sample unit this

EXHIBIT 2

Comparison of the Leasing and Purchasing Cost of a Warehouse Condominium

LEASE

46% Tax Bracket

$495 per month x 12 months =	$5940
46% Tax Bracket (.46 x 5940)	2732.4
Net After Tax Cost	$3207.6
Cost per Square Foot	$1.782

25% Tax Bracket (Applicable to those qualifying for the Small Business Deduction under the Federal Income Tax Act)

$495 per month x 12 months	$5940
25% Tax Bracket (.25 x 5940)	1485
Net After Tax Cost	4455
Cost per Square Foot	$2.475

PURCHASE

Price $69,900

15% Downpayment 10,485 say $10,500

85% Financed at 11%, 25 year amortization (59,400)

Monthly Payment 9.6253 / month / 10,000 = 571.74 say $572 / month

Yearly Payment 572 x 12 = $6864

Yearly Mortgage Payment $6864

Tax Benefit (Year 1)

Interest Expense (.11 x 59,400)	=	6534
C.C.A. (5% on 45,000)	=	2250
Total Deducation		8784

46% Tax Bracket

Tax Benefit (.46 x 8652)	(3980)
Opportunity cost of Downpayment (.09 x 10,500) (1-.46)	510
Net cost before Principle Reduction	3394
Less Principle Reduction	330
Net Cost after Principle Reducation	3064
Cost per Square Foot	$1.702
Cost per Square Foot Excluding Principle Reduction	$1.886

25% Tax Bracket

Yearly Mortgage Payment	$6864
Tax Benefit .25 x 8784	(2196)
Opportunity cost of Downpayment (.09 x 10,500) (1-.75)	709
Net Cost before Principle Reduction	5377
Less Principle Reduction	330
Net Cost after Principle Reduction	5047
Cost per Square Foot	$2.804
Cost per Square Foot Excluding Principle Reduction	$2.987

Summary - Cost per Square Foot

	Lease	Purchase*	Difference
46% Tax Bracket	$1.78	$1.70	$0.08
25% Tax Bracket	$2.48	$2.80	-$0.32

*Cost per Square Foot after Principle Reduction means the value as a condominium is about $70,000 and the value as an investment is from $52,500 to $57,300.[13] There is therefore an advantage of 18-25% in the value of a condominium warehouse over the more traditional forms.

Three hundred thousand square feet of condominium warehouse space had been sold by the realty firm since February, 1975. Another 500,000 square feet is reported to be in the planning stages and is expected to come on the market in the next 12 to 18 months. The rate of absorption of new units has been declining recently however, indicating that a substantial oversupply may result if the planned projects are developed as expected.

6.5 Common Area Charges

Common area charges are levies by the strata corporation on each unit in order to pay the maintenance and upkeep expenses of the common areas. The amount of the charges per unit is based on proportionate share, as defined by the unit entitlement, of the total expenses. Two areas concerning the common area charges were examined. Firstly, the average unit charges and their rate of increase were tabulated and secondly, the reported underestimating of charges by the developers.

It should be noted that the common area changes can vary significantly from one project to another depending upon the amount and type of amenities and upon the physical arrangements of the building. For example, one would expect the common areas to be higher for projects with numerous amenities and extensive common areas such as swimming pools, health spa's, and covered parking. What is less obvious is that common area changes may also vary, for two otherwise identical projects, because of the physical arrangements for services such as heating and air-conditioning. In one case the heating and air-conditioning may be a central service (common area charge) while in another it may form part of the direct charges (electrical) to the owners. Due to the potential variations in amenities and arrangements for services, it becomes extremely difficult to generalize with respect to common area charges. Therefore the data provided in the following tables should be used with extreme caution.

During the Owners' Survey (Chapter Four) the respondents were asked to state their current monthly common area charges, these are presented in Table 76. Approximately one half (51.5%) of the charges are less than $51 per month, only 6.7% are over $80 per month. The highest average charge is found in the high-rise units followed by low-rise, townhouse, and finally in those projects containing a mix of structure types. In 81.2% of the units, the common area charges per month exceeded the monthly equivalent of the real property tax, thereby representing the second largest cost per month after mortgage payments. In order to estimate the rate of increase of common area charges the respondents to the owners' survey were asked the level of common area charges when they first purchased the unit. This combined with the current level and the date of purchase allowed the rate of increase to be calculated. The average annual compound rate of increase was found to be 12.7% from 1972 to 1977. By comparison,

TABLE 76

Percentage Distribution of 1977 Common Area Charges by Structure Type (Metropolitan Vancouver and Victoria)

STRUCTURE CHARGES PER MONTH	TOWN-HOUSE	LOW RISE	HIGH RISE	MIXED	TOTAL
$ 0 - 30	2.0%	1.0%	3.6%	1.6%	8.3%
31 - 40	6.8	1.0	2.6	*	10.9
41 - 50	15.1	8.2	5.7	3.1	32.3
51 - 60	4.7	9.4	3.1	2.0	19.3
61 - 80	2.6	12.5	7.3	0	22.4
81 -100	0	*	4.1	0	4.7
100 or more	0	1.0	1.0	0	2.0
%Total Sample	33%	33%	27%	7%	100%
Average %	$50	$58	$67	$45	$57

*Less than one percent.

Source: Survey of 202 condominium owners randomly selected in the Metropolitan Vancouver and Victoria areas.

the average weekly earnings as measured by the industrial composite index increased by approximately 12 percent per annum during the same five years.

In the past accusations have been leveled against developers that had allegedly underestimated the common area expenses in order to attract people into purchasing.[14] The 1974 amendments to the Strata Titles Act included changes to correct this practice. The developers were required to prepare an interim budget for the operation of the project and were responsible for all the excess of the actual cost over the estimated. To investigate the extent of this problem the respondents to the owners' questionnaire were requested to state the estimated charges prior to occupation and the actual levies after having moved in.

Sixty-eight percent of the responses noted no difference between the actual and estimated charges. Of those that were underestimated (actual charges exceeding estimated), 12% were done so by $1 to $5 and 18.3% by over $5, only three responses indicated the charges were overestimated. Analyzing those that were underestimated by more than $5 reveals that they represent exactly the same proportion of the sales after the legislative amendments (1975-1977) as they did over the three years prior to the amendments (1972-1974), 18.2%. It can therefore be concluded the legal requirements are ineffective in reducing the underestimation of common area charges. However, given that this occurs in less than 20% of the units, it does not appear to be a serious problem.

6.6 Government Involvement in Condominium Financing

a) Federal Government

During the introductory stages of the condominium concept the extent of government involvement was substantial. From 1967 to 1970 approximately 50% of the total dollar amount of condominium first mortgages in Canada were supplied directly by a government agency.[15] Further, virtually all the loans made by conventional lenders were insured under the National Housing Act (N.H.A.).

> "The majority of the lending institutions stated that they would not provide any financing for condominiums unless the loans were insured under the National Housing Act."[16]

As the condominium market matured and lenders became more familiar with the concept the heavy reliance on the government was reduced. In the 1971 study, 85% of the condominium units in Metropolitan Vancouver were insured under N.H.A. or financed directly from C.M.H.C.,[17] this figure was reduced to 60% in 1973.[18] Overall, from 1967 to 1976, 36.2% of the condominiums in Metropolitan Vancouver and 29.4% of those in Metropolitan Victoria were financed directly by C.M.H.C. or the loans insured under N.H.A. The breakdown is shown in Table 77. Clearly the level of government involvement has been reduced substancially through time.

In British Columbia from 1967-1976, 11,230 N.H.A. mortgage loans were approved on new condominium units.[19] This represents 30.5% of all newly created units in the province. One would

TABLE 77

N.H.A. and C.M.H.C. INVOLVEMENT IN CONDOMINIUM FINANCING (1967 TO 1976)

	N.H.A. INSURED[1]		C.M.H.C. DIRECT[1]		TOTAL CONDOMINIUM REGISTRATIONS[2]	
	NO.	%	NO.	%	NO.	%
1967-1975						
VANCOUVER	6141	32.1	1003	5.3	19104	100
VICTORIA	552	15.9	147	4.2	3470	100
1976						
VANCOUVER	2232	32.8	-	0.0	6812	100
VICTORIA	640	59.6	-	0.0	1073	100
1967-1976 TOTAL						
VANCOUVER	8373	32.3	1003	3.9	25916	100
VICTORIA	1192	26.2	147	3.2	4543	100
TOTAL	9563	31.4	1150	3.8	30459	100.0

SOURCE: 1. CENTRAL MORTGAGE AND HOUSING CORPORATION, CANADIAN HOUSING STATISTICS, OTTAWA, 1976, P. 65.

2. TABLE 1.

expect the involvement of the government to be greater in the the outlying areas and less in the major metropolitan regions due to the difficulty in attracting private funds. In comparing the figures presented here this hypothesis is not substanciated.

Considering only 1976 there were 3553 N.H.A. loans approved on new condominium units. Ninety-one of these were direct loans from C.M.H.C. and the balance were from approved lenders. This represented an increase over the previous years as these units represented 36.0% of all units registered in British Columbia in that year. The general increase in the involvement of C.M.H.C. in condominium financing in 1976 is likely due to the soft market conditions that were being experienced and therefore lenders requiring the extra security offered through the insurance programme. Furthermore, there was a shift in the composition of the financing with a significant reduction in the direct lending of C.M.H.C. From 1967-1975, 3144 direct laons or 29% were made by C.M.H.C. while the 91 direct loans in 1976 represent less than 3% of the loans made under the N.H.A.

The Assisted Home Ownership Program (A.H.O.P.) has become an important factor in the condominium market of late. The program is designed to encourage the production of moderate cost housing by providing assistance to the purchaser. Loans of up to 95% of value at low interest rates are available plus a subsidy of $750 per year from the federal governemnt, and a further $750 from the provincial government if the debt service ratio is greater than 25%. The maximum sale price for the unit to qualify under the program is $47,000 in Vancouver and $45,000 in Victoria which is with the economically profitable range for the production of most condominiums. In 1976, 2418 units were approved under A.H.O.P. in Metropolitan Vancouver, one thousand, one hundred and fifteen were single family detached dwellings and 1186 were row or apartment condominiums.[5] These condominiums represented approximately one-sixth of the units registered in that year.

b) B.C. Government Second Mortgages

The B.C. government provides grants of $1,000 or a second mortgage of $5,000 on new units or a $500 grant or $2,500 second mortgage on existing units to purchasers who have not previously owned a home. The earlier studies both reported high percentages of purchasers using the second mortgages (60.9% in 1971 and 61.5% in 1973), however these represent only the N.H.A. insured purchases. Including the low-cost units and the conventionally financed units this percentage is reduced to 47.6% in the 1973 study.[6] The statistics recorded in this study show a reduction in the use of the second mortgages from those previously recorded.

Considering only the N.H.A. insured purchases, 46% used a B.C. government second mortgage, a decline of 15% from the 1973 study. Thirty percent of all purchasers used a B.C. government second mortgage while 3% used a second mortgage from an alternate source, again a decline of 15%. Removing the purchases made for all cash the proportions increase to 37% and 4% respectively.

It is difficult to explain why there was a reduction in the use of the second mortgages. Only a small part of it can be attributed to an increase in the number of prior owners which are ineligible for the assistance (32% in 1973, 36.5% now). Unfortunately information was not collected on the use of the grant which may have accounted for the difference.

Footnotes

1. Brief to the Commission of Inquiry On Property Assessment and Taxation, Council of Strata Corporation VR 120, Arbutus Village, December, 1975.

2. Truster, Perry, and Rosewig, Michael, Income Taxation in the Real Estate Industry, Canadian Institute of Chartered Accountants, 1975, pp. 4-01.

3. Beach, Donald J., Tax Guide for the Real Estate Industry, A Handbook for the Canadian Real Estate Association, Methuen, Toronto, 1975, p. 65.

4. Interpretation Bulletin, IT-102.

5. Truster and Rosewig, op. cit., p. 40-6.

6. Ibid., pp. 6-05.

7. Statutes of British Columbia, 1966, C. 46, Now S.B.C., 1974 c. 89, Section .

8. "Strata Title Rules to be Tightened", The Columbian, New Westminster, July 29, 1977.

9. Based on an interview with P. Day, President of Coranodo Mortgage Corporation.

10. Melaniphy, John C. Jr., Commercial and Industrial Condominiums, The Urban Land Institute, Washington, D.C., 1976, p. 8.

11. Technics Development Corporation.

12. Town Group Realty, John McIntyre.

13. Market rental of \$3.50 per square foot = \$6300 per year

    \$6300 ÷ .09 = \$70,000

    \$6300 ÷ .11 = \$57,300

    \$6300 ÷ .12 = \$52,300

14. Sagi, Douglas, "Mondo Condo (A Man's Home May be His Hassle)", Vancouver Magazine, Vol. 10, No. 3, March 1977, p. 37.

15. Forty percent was supplied by the Ontario Housing Corporation and 12% by the Central Mortgage and Housing Corporation. Condominium Research Associates, National Survey of Condominium Lenders, Condominium Research Associates Toronto, 1970, Table IV.

16. Ibid, p. 46.

17. Hamilton, S.W., Davis, I., and Lowden, J., Condominium Development in Metropolitan Vancouver, The Real Estate Council of British Columbia, Vancouver, 1971, pp. 14-15.

18. Hamilton, S.W. and Roberts, R.S., Condominium Development and Ownership, Real Estate Board of Greater Vancouver, Vancouver, 1973, p. 19.

19. Statistics quoted in this section from: Canadian Housing Statistics, 1976, Central Mortgage and Housing Corporation, Ottawa, 1976, p. 64.

Chapter Seven

Summary and Conclusions

This study comprises an extensive amount of information on the condominium market and its participants. It would be impossible to condense all the findings into a few pages but a summary of major points is provided. Also, it is noted that the vast quantity of primary data has not been analysed to its fullest and therefore some suggestions for future research are included.

The condominium market has grown significantly since its introduction in 1968. In that year only 7 plans involving 312 units were developed while in 1976, 667 plans involving 11,052 units were registered. As of November 30, 1977, 46,411 units in 2340 plans existed in British Columbia. The growth in the number of condominiums was accompanied by an increasing importance in terms of their representation in the housing market. By 1976, condominium developments accounted for 26 percent of all housing starts in the province and 58 percent of all multiple unit starts.

As the condominium experience increased and mortgage lenders, developers and the public in general became more accustomed to the concept, a greater variety of projects was developed. This was particularly true after 1973 as commercial, industrial, mixed commercial and residential, bareland, and support structure strata projects became more common. Other innovative uses of the concept will likely appear in the future.

The occupants' survey showed a broadening of the market as a wider range, in terms of the purchaser's age, financial capabilities, stage in the life-cycle, and the unit's purchase price was observed relative to that displayed in 1973. The major reasons for purchasing a condominium rather than a single detached house remained their economic advantage and the freedom from exterior upkeep. Similarly, the high level of satisfaction that was observed in 1973 was again repeated here as almost 90% of the purchasers expressed satisfaction with their unit.

The investigation of the developers revealed a dichotomy in the level of involvement of the entrepreneurs. The majority of developers (89%) had produced two or fewer projects involving 46 percent of the units in the province. Conversely, the top twenty firms in terms of units, representing 1.6% of all firms accounted for 11.7% of projects and 34.1% of units. These firms were heavily concentrated in Metropolitan Vancouver with 91% of their production in terms of units located in this area. The top five firms in terms of units alone produced 12.8% of the projects and 28.2% of the units in Metropolitan Vancouver.

The management of condominiums, involving strata councils and management firms has improved since 1973. Only 9 percent of the reported strata projects were experiencing deficiencies of operating budgets or in the level of their contingency reserve in comparison to approximately one-half in 1973. The major problems encountered by the management stem from the higher density living style that characterizes most condominiums. The condominium concept or its operation is not a source of major complaint.

The short-run outlook for the condominium market is poor. There now exists a large inventory of unsold and/or rented units and the rate of increase in selling prices has moderated to where little or no gain has been experienced in the last year. These factors are compounded by the reduction in the rate of population growth and increase of real incomes in the province which reduces the level of overall demand for housing.

In the long-run there are some positive aspects which will contribute to the future development of condominiums. First, the rapidly rising energy costs will likely lead to a concentration of housing in the urban areas. This will mean higher densities to which condominiums are well suited. Secondly, the proportion of older people in the population is increasing and it has been shown these make up a significant share of the condominium market. Finally, the slowing of growth in real incomes, although lowering overall housing demand, may shift some of the demand into the less expensive condominium sector away from the single detached house market. The conclusion that is reached from assessing these factors is that condominiums will remain viable in the long-run.

Due to the broad nature of this study, detailed examinations of all areas within the condominium market were not possible. Having established a base from which to work from several areas for future research are indicated.

The occupants' survey (Chapter Four) investigated the condominium market in Metropolitan Vancouver and Victoria. It is suggested that increasing the sample size to allow for stratification geographically (Metropolitan Vancouver, Metropolitan Victoria and the Rest of the Province) and by structure type would provide useful information as to the composition of the subsectors within the market. Further, an expanded sample may provide a sufficient number of renters to stratify on the same basis and the type of landlord (investor or developer) could be ascertained.

Several limitations to the investigation of developers were noted previously in Chapter Five: completing the list of developers' names from the Land Registry Offices in Kamloops and the linking of company's names are obvious areas to be pursued. Also, greater emphasis could be placed on surveying the numerous small developers and to defining the types of lenders providing the development funds to the entrepreneurs.

An essential piece of information that has been missing to date is a comprehensive price index providing reliable price trends by location, structure type, and by the level of amenities provided. In conjunction with this an indication of the rate of absorption of new projects through time could be constructed. The price index and absorption rates would be invaluable in investigating the trends of the development of condominiums and consumer preferences.

Finally, Chapter Two provided a brief discussion of the factors influencing the development of condominiums and their relationship to the overall housing market. Having now established a data base it would be possible to attempt to quantify the effects of these factors. This would not only provide a greater understanding of the condominium market but also of all sectors of the housing market.

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APPENDIX I

Appendix 1

Synopsis of Previous Studies

Category Year	Condominium Research Associates 1970	Hamilton, Davis, and Lowden 1971	Norcross 1973	Hamilton and Roberts 1973	Eger 1976
Methodology	Survey of Owners across Canada	Use of NHA Loan Application Files for Metropolitan Vancouver	Survey of Townhouse Owners in Washington D.C. and California	Survey of Owners in Metropolitan Vancouver	Mortgage Application forms of Institutional Lenders for Loans in Metropolitan Vancouver
Age	Most Young	Most Young but a Small Older Group	Wide Spread of Ages, Largest Group 30 - 39 Years Old	Apartment Purchasers Considerably Older than Townhouse	Young Group, Average 34, Empty Nest, Average 40 Years
Married	N.A.*	N.A.	89% East 73% West	83.1%	61% Young Group 57% Old Group
Number of Children	Average 1.20	52% with no Children	Average 1.04	1.05 Townhouse 0.31 Apartment	0.67 Young Group 0.52 Old Group
Occupation	45% Managerial, Professional or Technical	41% Professional and Managerial	82% White Collar	N.A.	Young Group - 21% Professional Old Group - 47% Professional
Incomes	Average $11,809	68% Greater than $10,000	26% 15,000-20,000 25% 10,000-15,000	Moderate incomes 65% less than $12,000	Young Average $19,760 Old Average $24,900
Previous Tenancy	85% Rented	86% Rented	66% Rented	67% of Townhouse Rented 57.8% of Apartments rented	Young - 46% Rented Old - 25% Rented

Appendix 1

Synopsis of Previous Studies (contd.)

Category Year	Condominium Research Associates 1970	Hamilton, Davis, and Lowden 1971	Norcross 1973	Hamilton and Roberts 1973	Eger 1976
Working Wives	50%	48%	41%	40%	N.A.
Reason for Move	Desire to Own More Space	N.A.	Build Equity Better Environment	N.A.	N.A.
Reason for Condominium Purchase	Economic, Maintenance Free	N.A.	Economic, Maintenance Free, Recreational Facilities	Economic, Maintenance Free	N.A.

APPENDIX 2

OWNERS' QUESTIONNAIRE

This questionnaire should be completed only by those OWNING and OCCUPYING the condominium unit. If you rent the unit, please complete the enclosed "TENANTS' QUESTIONNAIRE".

Before you begin the questionnaire, we would like to emphasize that all respondents will remain anonymous, and all information obtained will be aggregated in the final report.

INSTRUCTIONS: Where a list of possible responses to the question is provided, please insert the NUMBER of the appropriate response in the space provided in the right-hand column. (If the appropriate answer's number includes a zero such as 01, please insert the 0 and the 1 in the spaces provided). If a list of responses is not provided but the answer can be expressed numerically, please complete the spaces with the appropriate number. If the answer cannot be expressed numerically, please complete the blanks provided but do not use the spaces in the right-hand margin. If you do not know the answer or if the question is not applicable to you, please leave the space blank.

EXAMPLES:

1. QUESTION - What is your marital status?

   01. single
   02. married
   03. separated or divorced
   04. widow or widower

   ANSWER - If single, enter 01 in the right-hand column as indicated. 0 1

2. QUESTION - How old are you?

   ANSWER - If 34, enter "34" in the right-hand column as indicated. 3 4

3. QUESTION - What is your occupation?

   ANSWER - ENTER OCCUPATION IN SPACE e.g. TEACHER

DO NOT USE

___ ___ ___ ___ ___
1 2 3 4 5

1. When did you purchase this condominium unit? (Please give the month and year). Please indicate the month with the corresponding numbers as follows:

January	01	May	05	September	09
February	02	June	06	October	10
March	03	July	07	November	11
April	04	August	08	December	12

Month ___ ___
6 7

Year 19 ___ ___
8 9

2. What type of development is this unit contained in?

1) townhouse or rowhouse only
2) low-rise apartment only (3 stories or less)
3) high-rise apartment only (4 stories or more)
4) mixed apartment and townhouse
5) single family detached
6) mobile home park
7) mixed residential and commercial
8) non-residential
9) semi-detached (duplex)

___ 10

3. How many bedrooms does this unit contain? (Include the den as one bedroom, if applicable).

___ 11

4. How many people occupy this unit?

a) number of adults ___ 12
b) number of dependant children ___ 13

5. The following question applies to those adults residing in the unit. Space has been provided for responses from up to four (4) adults but please use only as many columns as required. That is, if only two (2) adults live in the unit use only the columns for "Adult 1" and "Adult 2" leaving the rest blank. Please answer all the questions for each adult living in the unit.

	Adult 1	Adult 2	Adult 3	Adult 4
a) Sex (select the appropriate category for each adult and enter the corresponding number in the appropriate column). 1 male 2 female	___ 14	___ 15	___ 16	___ 17

	Adult 1	Adult 2	Adult 3	Adult 4
b) Age (enter the age of each adult in the appropriate spaces).	18 19	20 21	22 23	24 25
c) Marital status (select the appropriate category for each adult and enter the corresponding number in the appropriate column).	26	27	28	29
d) Education (select the appropriate category for each adult and enter the corresponding number in the appropriate column).	30	31	32	33
e) Occupation (select the appropriate category for each adult and enter the corresponding number in the appropriate column).	34 35	36 37	38 39	40 41

c) Marital status categories:

1 single
2 married or equivalent
3 separated or divorced
4 widow or widower

d) Education categories:

1 highschool or less
2 1 - 2 years post-secondary
3 2 - 4 years post-secondary
4 postgraduate
5 vocational training
6 technical training

e) Occupation categories:

1 professional
2 managerial
3 service
4 sales
5 tradesman
6 labourer
7 clerical
8 retired
9 homemaker
10 student
11 other, please specify___________

f) Did you work full-time, part-time or did not work at the time of purchase of this unit? (select the appropriate category for each adult and enter the corresponding number in the appropriate column. Please include homemaker and student as "did not work".)

	Adult 1	Adult 2	Adult 3	Adult 4
1 full-time 2 part-time 3 did not work	42	43	44	45
g) Do you work full-time, part-time, or do not work <u>now?</u> Select the appropriate category for each adult and enter the corresponding number in the appropriate column. Please include homemaker and student as "do not work". 1 full-time 2 part-time 3 do not work	46	47	48	49

6. a) Into which of the following ranges did your <u>total family income</u> fall when you first occupied this unit? — 50

   1 less than $8,000
   2 $8,001 to $16,000
   3 $16,001 to $24,000
   4 over $24,000

   b) Into which of the following ranges does your <u>total family income</u> fall now? — 51

   1 less than $8,000
   2 $8,001 to $16,000
   3 $16,001 to $24,000
   4 over $24,00

7. Please indicate the terms of your purchase of the unit.

   a) full purchase price — $ 52 53 54 , 55 56 57 .00

   b) first mortgage amount — $ 58 59 60 61 62 63 .00

   c) interest rate on first mortgage — 64 65 . 66 67 %

   d) second mortgage amount — $ 68 69 , 70 71 72 .00

e) was this a B. C. government second mortgage?
Yes 1
No 2

73

f) cash downpayment

$\_ \_ \_ \_ \_ \_$.0
74 75 76 77 78 79

g) is the first mortgage NHA insured?
Yes 1
No 2

80

h) is this unit financed under the Assisted Home Ownership Plan (AHOP)?
Yes 1
No 2

6

i) is this unit financed under an agreement for sale instead of a mortgage?
Yes 1
No 2

7

8. What are your present monthly payments for the following items?

a) mortgage payment (principal and interest) $\_ \_ \_ \_$.0
8 9 10 11

b) taxes _ _ _.0
12 13 14

c) common area charges _ _ _.0
15 16 17

d) TOTAL $\_,\_ \_ \_$.0
18 19 20 21

9. a) What were the estimated common area charges for your unit before you moved in? $\_ \_ \_$.00
22 23 24

b) What were the actual common area charges after you moved in? $\_ \_ \_$.00
25 26 27

10. Which of the following were the two (2) most important reasons for moving from your previous dwilling? (Please rank in order of importance).

01. change in household membership
02. desired less space
03. desired less upkeep
04. desired more living space

05. desired better neighbourhood conditions
06. desired a less expensive unit — 1st ___ ___ (28 29)
07. to establish an equity
08. to be closer to transportation, work, services, etc. — 2nd ___ ___ (30 31)
09. job transfer or change
10. other(s) (please specify) ______________________________

____

11. a) Did you own a home immediately before buying your condominium or were you renting accommodation? ___ 32

1 owned
2 rented
3 lived at home or with friends but did not pay rent

b) If you owned a home immediately before buying this condominium unit, which of the following types was it? ___ 33

1 single family residence
2 semi-detached residence
3 townhouse condominium
4 low-rise apartment condominium
5 high-rise apartment condominium
6 mobile home

c) If you rented accommodation immediately before buying this condominium unit, which of the following types was it? ___ 34

1 single family residence
2 semi-detached residence
3 townhouse
4 low-rise apartment
5 high-rise apartment
6 mobile home

12. Did you look for a single family house before deciding to buy your condominium (within 6 months)? ___ 35

1 Yes
2 No

13. a) Did you buy your unit directly from the developer, or from an individual who owned it previously? ___ 36

1 from developer
2 from previous owner

b) If you bought it from the developer, did you buy it through one of his sales people, or through an independent agent? ___ 37

1 developer's salesman
2 independent agent

c) If you bought it from a previous owner, did you deal directly with the owner, or through an independent agent? ___ 38

1 directly with owner
2 independent agent

d) To what extent were you informed of your rights and obligations as a condominium owner <u>before</u> you purchased the unit? ___ 39

1 very well informed
2 moderately well informed
3 poorly informed

14. Why did you decide to buy a condominium rather than a single family house? (Please rank <u>only</u> the three (3) most important reasons in order of importance.)

1st ___ ___ 40 41

2nd ___ ___ 42 43

3rd ___ ___ 44 45

01. better location
02. lower full price for equal or better unit
03. lower downpayment
04. lower monthly payments
05. freedom from exterior upkeep
06. recreational facilities included with the condominium
07. other(s) (please specify and rank) ______________________

____

15. Which of the following <u>locational</u> features did you consider to be the most important in selecting this condominium project? (Please rank <u>only</u> the three (3) most important reasons in order of importance).

01. closeness to schools
02. closeness to work
03. closeness to shopping
04. closeness to bus routes
05. closeness to downtown Vancouver
06. near parkland, other wooded areas or recreational facilities
07. quiet neighbourhood
08. well maintained neighbourhood dwellings
09. surrounding residents of similar education

10. surrounding residents of similar income bracket
11. close to friends
12. other(s) (please specify and rank) ____________________

____

13. location was not a factor in selecting this project

1st __ __ 46 47

2nd __ __ 48 49

3rd __ __ 50 51

16. a) What features of your unit were most important to you in the selection of your unit? (Please rank only three (3) most important in order of importance).

01. larger than average sized rooms
02. existence of a fireplace
03. unique design features such as skylights, lofts, etc. (please specify) ____________________

____

04. superior appliances (stove, refrigerators, etc.)
05. apparent good quality construction
06. greater than average storage space
07. large patio or balcony
08. scenic view
09. other(s) (please specify and rank) ____________________

____

10. features of the unit were not important in its selection

1st __ __ 52 53

2nd __ __ 54 55

3rd __ __ 56 57

b) What changes in the design of your unit would have improved its suitability to you such that you would be prepared to pay more for it? (Please limit your choice to 2 or less). You may select from the list above or answer below.

____

____

__ __ 58 59

__ __ 60 61

17. a) What features of the project as a whole were the most important in the selection of your unit? (Please rank the three (3) most important in order of importance.)

01. well landscaped common areas
02. large open garden or wooded areas within the development
03. adequate playground facilities for children
04. existence of a swimming pool
05. existence of a tennis court
06. existence of a workshop

07. well maintained common areas
08. adequate covered parking
09. adequate visitor parking
10. other(s) (please specify and rank) ______________

____

11. features of the project were not important in the selection of this unit

1st __ __ 62 63

2nd __ __ 64 65

3rd __ __ 66 67

b) What changes in the design of the project would have imporved its suitability to you such that you would be prepared to pay more for them? (Please limit your choice to 2 or less.) You may select from the list above or answer in the space below.

____

____

__ __ 68 69

__ __ 70 71

18. Of the following list, generally which was the most important reason in the selection of this unit?

1 location
2 features of the unit
3 features of the project as a whole
4 price
5 other (please specify) ______________

____

__ 72

19. Which features of the project were sales attractions when you bought, but which you don't use now? (Limit your selection to 3 or less.)

01. swimming pool
02. tennis court
03. games room
04. sauna, steam bath, whirlpool
05. playgrounds
06. garden areas
07. workshop
08. other (please specify) ______________

____

09. project does not have any special common features
10. all the features are used regularly

__ __ 73 74

__ __ 75 76

__ __ 77 78

20. a) Do you plan to live in your present condominium for the foreseeable future? 79

1 Yes
2 No

b) If not, when do you expect to move? 80

1 within one year
2 1 to 2 years
3 2 to 5 years

c) If you intend to move, into which of the following will be your most likely choice? 6 7

01. single family detached - rental
02. single family detached - self-owned
03. townhouse - rental
04. townhouse - self-owned
05. apartment - rental
06. apartment - self-owned
07. duplex - rental
08. duplex - self-owned
09. mobile home - rental
10. mobile home - self-owned
11. other (please specify) ________________________

____

21. Is the management* of this condominium project performed by the condominium association or by a professional management company? (* "management" refers to the administration of the by-laws, maintenance fund, etc.; not to the caretaking or maintenance function itself.) 8

1 condominium association
2 professional management
3 don't know

22. a) Are you generally satisfied with the management of this condominium? 9

1 Yes
2 No

b) If no, can you suggest any changes which you think would improve its management? ________________________

____

____

DO NOT USE

10

23. a) Are there any renters occupying units in this project that you know of? 11

1 Yes
2 No

b) If yes, do you know how many renters there are in this project (leave blank if you do not know)? 12 13

c) Is there a noticeable difference in the behavior of the renters relative to other owners generally? 14

1 Yes
2 No

d) If yes, is the behavior better or worse than that of the other owners? 15

1 better
2 worse

24. Are you a member of the Strata Council? 16

1 Yes
2 No

25. a) In general, to what extent have your original expectations regarding condominium living been satisfied? 17

1 very well satisfied
2 moderately satisfied
3 moderately dissatisfied
4 very dissatisfied

b) If you have not been entirely satisfied, what are your most important criticisms? (Please rank only the three (3) most important criticisms.)

1st ___ ___ 18 19

2nd ___ ___ 20 21

3rd ___ ___ 22 23

01. poor soundproofing
02. poor construction
03. lack of privacy
04. poor attitude of other owners
05. uncontrolled children
06. uncontrolled pets
07. poor management
08. poor upkeep
09. other(s) (please specify and rank) ____________________

____

26. If you had known as much about condominium living when you bought your unit as you do now, would you still have purchased it? 24

1 Yes
2 No

27. Do you foresee any major problems ahead for your condominium? What are they? ______________________________

____

If so, how would you try to prevent them? ______________________________

____

Are your efforts in dealing with present problems successful? __________

____

____

28. Would you like any help in the running of your condominium (such as courses, advice, etc.)? ______________________________

____

29. Are there any changes you would like to see with respect to, say, the mortgage financing, the arrangements made by the developer regarding construction, sales, setting up the condominium corporation, etc. Any changes you would like to see in the condominium legislation? __________

____

____

____

____

30. If you have any other comments concerning condominium living in general, please use the space below (or the back of the page). __________

____

____

____

Please insert the completed questionnaire (along with the unused one) into the envelope provided and return as soon as possible. Thank you for your cooperation.

END

APPENDIX 3

TENANTS' QUESTIONNAIRE

This questionnaire should be completed only by those RENTING and OCCUPYING the condominium unit. If you own and occupy the unit, please complete the enclosed "Owners' Questionnaire".

Before you begin the questionnaire, we would like to emphasize that all respondents will remain anonymous, and all information obtained will be aggregated in the final report.

INSTRUCTIONS: Where a list of possible responses to the question is provided, insert the NUMBER of the appropriate response in the space provided in the right-hand column. (If the appropriate answer's number includes a zero such as 01, please insert both the 0 and the 1 in the spaces provided). If a list of responses is not provided but the answer can be expressed numerically, please complete the spaces with the appropriate numbers.

EXAMPLES:

1. QUESTION - What is your marital status?
   - 01. married
   - 02. single
   - 03. separated or divorced
   - 04. widow or widower

   ANSWER - If married, enter 01 in the right-hand column as indicated. — 0 1

2. QUESTION - How old are you?

   ANSWER - If 34 years old, enter 34 in the right-hand column as indicated. — 3 4

OFFICIAL USE ONLY

				1
1	2	3	4	5

1. When did you start renting this unit? (Please give the month and year). Please indicate the month with the corresponding number as follows:

January	01	May	05	September	09
February	02	June	06	October	10
March	03	July	07	November	11
April	04	August	08	December	12

Month ___ ___ 6 7

Year ___ ___ 8 9

2. How many people occupy this unit?

 a) number of adults? (enter number) 10 11

 b) number of dependent children? (enter number) 12 13

3. What are the ages of the adults occupying this unit? Please complete the answers for <u>all</u> adult residents.

Adult 1	enter age	14 15
Adult 2	" "	16 17
Adult 3	" "	18 19
Adult 4		20 21

4. a) Into which of the following ranges did your total family income fall when you first occupied this unit? 22

 1. less than $8,000
 2. $8,001 to $16,000
 3. $16,001 to $24,000
 4. over $24,000

 b) Into which of the following ranges does your total family income fall now? 23

 1. less than $8,000
 2. $8,001 to $16,000
 3. $16,001 to $24,000
 4. over $24,000

LEAF 262 OMITTED IN PAGE NUMBERING.

5. What type of development is this unit contained in? ___ 24

1. townhouse or rowhouse only
2. low-rise apartment only (3 stories or less)
3. high-rise apartment only (4 stories or more)
4. mixed apartment and townhouse
5. single family detached
6. mobile home park
7. mixed residential and commercial
8. non-residential
9. semi-detached (duplex)

6. How many bedrooms does this unit have? (Include a den as one bedroom if applicable). ___ 25

7. a) Into which of the following ranges does your monthly rental fall? ___ 26

1. 0 -$100	6. $351 - 400
2. $101 - 200	7. $401 - 500
3. $201 - 250	8. $501 - 700
4. $251 - 300	9. more than $700
5. $301 - 350	

b) Does this include the property taxes and common area charges on the unit? ___ 27

Yes 1
No 2

c) If no, how much extra are these charges per month to the closest dollar?

a. taxes ___ ___ ___ .00 (28 29 30)

b. common area charges ___ ___ ___ .00 (31 32 33)

d) If yes, but you know how much these charges are, please indicate.

a. taxes ___ ___ ___ .00 (34 35 36)

b. common area charges ___ ___ ___ .00 (37 38 39)

8. Prior to renting this unit (within six months) did you consider purchasing a single family home or a condominium unit?

a) i. single family home Yes 1
No 2 40

ii. If yes, why did you not do so?

1. insufficient downpayment
2. monthly payments were too high
3. rental payments were substantially less than payments on a similar single family house 41
4. a substantially better unit could be obtained renting for the same payment as on a single family house
5. preferred the flexibility of renting
6. did not feel it would a good investment
7. other (please specify) ____________________

____

b) i. condominium unit Yes 1
No 2 42

ii. If yes, why did you not do so?

1. insufficient downpayment
2. monthly payments were too high
3. rental payments were substantially less than payments on a similar condominium 43
4. a substantially better unit could be obtained renting for the same payment as on a condominium
5. preferred the flexibility of renting
6. did not feel it would be a good investment
7. other (please specify) ____________________

____

9. Immediately prior to occupying this unit, in which of the following types of accommodation did you live?

01. single family detached - rented
02. single family detached - owned
03. semi-detached (duplex) - rented 44 45
04. semi-detached (duplex) - owned
05. townhouse - rented
06. townhouse - owned
07. low-rise apartment - rented
08. low-rise apartment - owned
09. high-rise apartment - rented
10. high-rise apartment - owned
11. mobile home - rented
12. mobile home - owned

10. a) Do you definitely plan to purchase a home within the next five (5) years? 46

1. Yes
2. No
3. Uncertain

b) If yes, which of the following structure types will be your most likely choice? 47

1. single family detached
2. townhouse condominium
3. apartment condominium
4. duplex condominium
5. mobile home
6. other (please specify) ______________________

____

c) Of the above, which would you most prefer? 48

END

Please insert the completed questionnaire into the envelope provided and return as soon as possible. Thank you for your cooperation.

APPENDIX 4

DEVELOPERS' QUESTIONNAIRE

Before you begin the questionnaire, we would like to emphasize that all respondents will remain anonymous and all information obtained will be kept in the strictest confindence. The data released in the final report will only appear in aggregated form.

INSTRUCTIONS: Where a list of possible responses to the question is provided, please insert the NUMBER of the appropriate response in the space provided in the right-hand margin. If a list of responses is not provided but the number can be expressed numerically, please complete the spaces with the appropriate number(s).

EXAMPLES:

1. QUESTION - What type of development is this project?

   01. high-rise apartment
   02. low-rise apartment — 0 1
   03. townhouse
   04. other (please specify) __________

   ANSWER - If it is a high-rise apartment, enter 01 in the spaces provided as shown.

2. QUESTION - How many units are in this project? — 1 0 0

   ANSWER - If 100 units in the project enter 100 as shown.

___ ___ ___ ___ 4
1 2 3 4 5

Strata Plan #: ______________________________

Date of Registration: ______________________________ Month ___ ___ 6 7

Year 19 ___ ___ 8 9

Name of Development:

Number of unit: (enter number in margin) ___ ___ ___ 10 11 12

Location: (to be coded later)

____

____

DO NOT USE ___ ___ 13 14

The following questions apply specifically to the development indicated above.

1. What type of development is this project?

    1. townhouse or rowhouse only
    2. low-rise apartment only (3 stories or less)
    3. high-rise apartment only (4 stories or more)
    4. mixed apartment and townhouse
    5. single family detached
    6. mobile home park
    7. mixed residential and commercial
    8. non-residential
    9. semi-detached (duplex)
    10. other (please specify) ______________________________

____

___ ___ 15 16

2. a) When was the construction of the project started? (Please give the number of the month and the year in the right-hand margin).

Month ___ ___ 17 18

Year 19 ___ ___ 19 20

b) When was the last unit completed? (Please give the number of the month and the year in the right-hand margin).

Month ___ ___ 21 22

Year 19 ___ ___ 23 24

c) Was this building converted from an alternate use to strata title units? 25

1. Yes
2. No

3. a) When were the units first offered for sale? (Please give the number of the month and the year in the right-hand margin).

Month 26 27

Year 19 28 29

b) Are all the units sold? 30

1. Yes
2. No

c) If all the units are sold please give the date when the last unit was sold. (Please give the number of the month and the year in the right-hand margin).

Month 31 32

Year 19 33 34

4. How many months did it take to obtain authorization from the municipal government before commencing construction? 35 36

5. Which source of funds provided the first mortgage financing for this project? 37 38

01. chartered bank
02. trust company
03. life insurance company
04. mortgage loan company
05. Central Mortgage and Housing Corporation (C.M.H.C.)
06. institutions (pension funds, etc.)
07. private funds (including syndicated investors)
08. personal savings
09. retained earnings
10. partnership funds
11. no first mortgage financing required
12. other (please specify) ______________________

____

6. a) If you required interim financing other than your normal line of credit, please indicate which source of

funds was used.

01. chartered bank
02. trust company
03. life insurance company
04. mortgage loan company
05. Central Mortgage and Housing Corporation(C.M.H.C.)
06. institutions (pension funds, etc.)
07. private funds (including syndicated investors)
08. personal savings
09. retained earnings
10. partnership funds
11. other (please specify) ______________________

______________________________ ___ ___ 39 40

b) Was the lender who supplied the first mortgage funds the same as who supplied the interim funds? ___ 41

1. Yes
2. No

7. a) Is your firm or a subsidiary thereof still responsible for the management of this condominium? ___ 42

1. Yes
2. No

b) i. If your firm is still responsible for the management, do you intend to relinquish this responsibility within the next three (3) years? ___ 43

1. Yes
2. No

ii. If you plan to relinquish the responsibility within the next three years, please give the expected date of relinquishment. (Please give the number of the month and the year in the right-hand margin). Month ___ ___ 44 45 Year 19 ___ ___ 46 47

c) If your firm is not presently responsible for the management of the condominiums, when did you relinquish the management? (Please give the number of the month and the year in the right-hand margin). Month ___ ___ 48 49 Year 19 ___ ___ 50 51

d) When you relinquished the management function did the residents hire a professional manager or did they attempt to manage the condominiums themselves? ___ 52

1. hired a professional
2. managed themselves
3. don't know

e) Who is managing the condominiums now? $\overline{53}$

1. the residents
2. professional managers
3. don't know

The following questions are designed to provide background information on your firm.

7. How many condominium projects has your firm developed in the past 10 years? $\overline{54}$ $\overline{55}$ $\overline{56}$

8. How many condominium projects does your firm have currently in the planning stages? $\overline{57}$ $\overline{58}$

9. How many condominium units will your company complete by the end of 1977? $\overline{59}$ $\overline{60}$ $\overline{61}$ $\overline{62}$

   How many were completed in 1976? $\overline{63}$ $\overline{64}$ $\overline{65}$ $\overline{66}$

   How may in 1975? $\overline{67}$ $\overline{68}$ $\overline{69}$ $\overline{70}$

10. a) Does your firm develop other types of real estate projects? $\overline{71}$

    1. Yes
    2. No

    b) If yes, what percentage of your net income is derived from the condominium sector? $\overline{72}$ $\overline{73}$ %

    c) Please rank the three (3) most important areas in terms of generating revenue from your real estate business.

    1. commercial development
    2. industrial development
    3. single family residential development
    4. condominium development
    5. land development (to the construction stage)

    1st $\overline{74}$

    2nd $\overline{75}$

    3rd $\overline{76}$

6. multiple family rental
7. commercial/industrial investment
8. commercial real estate services (leasing, etc.)
9. residential real estate services (sales, etc.)
10. other (please specify and rank) ______________

____

11. a) Do you usually plan a project and then search for a site with the appropriate qualities (1) or do you usually just look for a "good buy" and plan a project suitable for that site? (2) (Please indicate response as either 1 or 2). 77

b) Do you usually plan the developments with a particular economic or social group in mind? 78

1. Yes
2. No

12. a) In general, which of the features listed below are the most important for a successful condominium project catering to lower or middle income groups? (Please rank only the two (2) most important features in order of importance).

1st 79 80

2nd 6 7

01. size of the units
02. location
03. layout and design of the units
04. low downpayment
05. low price
06. good recreational facilities
07. good playground facilities
08. good amenities within the unit (dishwasher, carpets, etc.)
09. other(s) (please specify and rank) ______________

____

b) In general, which of the features listed below are the two (2) most important for a successful condominium development designed for upper income groups?

1st 8

2nd 9

01. size of the units
02. location
03. layout and design of the units
04. low downpayment
05. low price
06. good recreational facilities
07. good playground facilities
08. good amenities within the unit (dishwasher, carpets, etc.)

09. other(s) (please specify and rank ______________

____

13. a) How many units does your firm have now that are completed, unsold, and vacant? ___ ___ ___ 10 11 12

b) How many units does your firm have now that were intended to be sold but are being rented now? ___ ___ ___ 13 14 15

14. If you have any other comments pertinent to the development of condominiums which have not been dealt with, please use the space below to express them.

____

____

____

____

____

END

Please insert the completed questionnaire into the envelope provided and return as soon as possible. Thank you for your cooperation.

If you would like a copy of the survey results, please state your company name and address below.

NAME OF FIRM ______________________________

ADDRESS ______________________________

____

APPENDIX 5

MANAGERS' QUESTIONNAIRE

Before you begin the questionnaire, we would like to emphasize that all respondents will remain anonymous, and all information obtained will be aggregated in the final report.

INSTRUCTIONS: Where a list of possible responses to the question is provided, please insert the NUMBER of the appropriate response in the space provided in the right-hand column. If a list of responses is not provided but the answer can be expressed numerically, please complete the spaces with the appropriate number(s). If the answer cannot be expressed numerically, please complete the blanks provided but do not use the spaces in the right-hand margin. If you cannot answer the question or it does not apply, please leave the spaces blank.

3
1 2 3 4 5

1.a) Is this firm part of or a subsidiary of a condominium development firm?

1. yes
2. no

6

b) If yes, do you manage only those projects developed by the parent firm?

1. yes
2. no

7

2. Did this firm have prior experience in the real estate industry or property management before taking on the management function of this Strata Plan?

a) real estate industry

1. yes
2. no

8

b) property management

1. yes
2. no

9

3.a) How many condominium projects does your firm manage? 10 11

b) What is the total number of units managed? 12 13 14 15

4. Is your firm bonded for its duties as a condominium manager?

1. yes
2. no

16

5. Of all the strata projects you manage, how many have their books audited professionally? 16 17 18

6. Of all the strata projects you manage, in how many does the current total common area charges NOT equal or exceed the current actual operating costs (including all charges which must be covered by the maintenance fund)? 19 20 21

7. Of all the strata projects you manage, in how many does the current level of the contingency reserve fund NOT equal or exceed the desired level of the contingency reserve fund? ___ 22 23 24

8. Of all the <u>units</u> managed by your firm, how many are:

   a) owned by the original developer and <u>rented</u>? ___ 25 26 27 28

   b) owned by someone other than the developer but rented? ___ 29 30 31 32

9. How would you rate the number of complaints against or problems encountered with non-owner residents relative to owner residents?

   1. more than average
   2. average
   3. less than average

   ___ 33

10.a) What are the most significant problems you have encountered in managing strata projects (i.e. the most frequent or the most contentious problems; please rank the three (3) most important in order of importance)?

   1. uncontrolled children
   2. uncontrolled pets
   3. excessive noise from other residents
   4. breaches of the by-laws by the residents
   5. educating owners as to their rights and duties as condominium residents
   6. collection of common expense charges
   7. complaints about the level of common expense charges
   8. other(s), please specify ______________________

   ____

   1st ___ 34
   2nd ___ 35
   3rd ___ 36

b) Please rank the following in order of most frequent use to enforce the by-laws.

   1. moral suasion
   2. enforcement under the Strata Titles Act
   3. enforcement under the municipal nuisance by-laws
   4. other(s), please specify ______________________

   ____

   1st ___ 37
   2nd ___ 38
   3rd ___ 39
   4th ___ 40

11. Generally, how would you rate the Strata Councils in terms of their knowledge of and capability for the management functions? 41

    1. very good
    2. moderately good
    3. average
    4. moderately poor
    5. very poor

12. How often do you report to the Strata Council? 42

    1. 12 or more times a year
    2. 6 to 11 times a year
    3. 4 to 6 times a year
    4. 2 to 3 times a year
    5. 1 or fewer times a year

13. Does a representative of your firm attend the strata corporation's general meetings? 43

    1. yes
    2. no

14. If you have any other comments on the management of this Strata Plan or on the management of condominiums in general, please use this space to express them.

____

____

____

____

____

Please insert the completed questionnaire into the envelope provided and return it as soon as possible. Thank you for your co-operation.

END

APPENDIX 6

STRATA COUNCIL QUESTIONNAIRE

Before you begin the questionnaire, we would like to emphasize that all respondents will remain anonymous, and all information obtained will be aggregated in the final report.

INSTRUCTIONS: Where a list of possible responses to the question is provided, please insert the NUMBER of the appropriate response in the space provided in the right-hand column. If a list of responses is not provided but the answer can be expressed numerically, please complete the spaces with the appropriate number(s). If the answer cannot be expressed numerically, please complete the blanks provided but do not use the spaces in the right-hand margin. If the answer is unknown or the question is not applicable, please leave the spaces blank.

This questionnaire is divided into two parts. The first part should be answered by all strata councils. Part II is to be completed only by those councils that manage their own project.

PART I - To be answered by all strata councils.

1.a) Has there been any difficulty in getting people to run for the Strata Council of the condominium corporations?

1. yes
2. no

6

b) Are the members of the Strata Council paid?

1. yes
2. no

7

c) What is the average level of attendance by the members of the Strata Council at the Council meetings?

1. 80-100% attendance
2. 60-79% attendance
3. 40-59% attendance
4. 20-39% attendance
5. 0-19% attendance

8

d) How often do you have regular general meetings of the Strata Council?

1. 12 or more times a year
2. 6 to 11 times a year
3. 3 to 5 times a year
4. 2 or less times a year

9

2.a) What is the average level of attendance of the owners at the general meetings?

1. 80-100% attendance
2. 60-79% attendance
3. 40-59% attendance
4. 20-39% attendance
5. 0-19% attendance

10

b) How would you rate the level of involvement in the condominium corporation activities by the owners?

1. very high
2. high
3. medium
4. low

11

3. How often do you have regular general meetings with the owners?

   1. 12 or more times a year
   2. 6 to 11 times a year
   3. 3 to 5 times a year
   4. 2 or less times a year

12

4. Do you communicate regularly (other than by general meetings) with the owners? (for example, through regular news bulletins)

   1. yes
   2. no

13

5. Do you manage this project yourself or is it managed by a professional management firm?

   1. managed by strata council
   2. managed by professional firm

14

If the project is managed by the strata council, please complete Part II. If the project is managed by a professional firm, please give the name and address in the space below and return the completed questionnaire in the envelope provided. Thank you for your co-operation.

Management firm (PLEASE PRINT):

Name ______________________________

Person in charge ______________________________

Address ______________________________

____

____

END OF PART I

PART II - This section is to be completed only by strata councils managing their own project.

1. Did any member of the Strata Council have prior experience in the real estate industry or property management before taking on the management function of this Strata Plan?

a) real estate industry

1. yes
2. no

15

b) property management

1. yes
2. no

16

2. Does this Strata Council manage Strata Plans other than its own?

1. yes
2. no

17

If yes, how many other plans?

18 19

3.a) When did you assume the management of this Strata Plan? Please indicate the NUMBER of the month and year in the right-hand margin.

Month 20 21

Year 22 23

b) Did you take over the management directly from:

1. the developer
2. a professional manager

24

4.a) What are the most significant problems you have encountered in managing this Strata Plan (i.e. the most frequent or the most contentious problems; please rank the three(3) most important in order of importance)?

1. uncontrolled children
2. uncontrolled pets
3. excessive noise from other residents
4. breaches of the by-laws by the residents
5. educating owners as to their rights and duties as condominium residents
6. collection of common expense charges
7. complaints about the level of common expense charges
8. other(s), please specify and rank ______________

____

1st 25

2nd 26

3rd 27

b) Please rank the following in order of most frequent use to enforce the by-laws.

1. moral suasion
2. enforcement under the strata Titles Act
3. enforcement under the municipal nuisance by-laws
4. other(s), please specify ____________________

____

1st ___ 28
2nd ___ 29
3rd ___ 30
4th ___ 31

5.a) To the best of your knowledge, how many units are not occupied by their owners?

___ 32 ___ 33 ___ 34

b) How would you rate the number of complaints against or problems encountered with non-owner residents relative to owner residents?

1. more than average
2. average
3. less than average

___ 36

6.a) Did the developer provide any warranty as to the structure of this development?

1. yes
2. no
3. don't know

___ 37

If yes, please continue; otherwise, go to number 7.

b) Have any major repairs been made under the developer's warranty?

1. yes
2. no

___ 37

c) If yes, were there any complications in having the repairs done under warranty?

1. yes
2. no

___ 38

If yes, please explain ____________________

____

d) Do you feel that some repairs that have been done to this project should have been done under the warranty but were not?

1. yes
2. no

___ 39

7.a) Have there been any major physical improvements or additions since the development was originally completed?

1. yes
2. no

40

b) If yes, what are they? ______________________________

____

DO NOT USE

41

c) Have there been any major deletions from the physical property since the development was originally completed (e.g., sale of part of the lands)?

1. yes
2. no

42

d) If yes, what are they? ______________________________

____

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43

8. What were the monthly common area charges and date when the units were sold, and what is the monthly levy now?

DATE Month	DATE Year	ORIGINAL LEVY	CURRENT LEVY	NO. OF UNITS
44 45	, 19 46 47	48 49 50 . 00	51 52 53 . 00	54 55 56
57 58	, 19 59 60	61 62 63 . 00	64 65 66 . 00	67 68 69
70 71	, 19 72 73	74 75 76 . 00	77 78 79 . 00	6 7 8

9. What are the current actual operating costs per month of this Strata Plan? Include all charges which must be covered by the maintenance fund.

$ 9 10 , 11 12 13

10.a) What is the current level of the contingency reserve fund? $ 14 15 16 , 17 18 19

b) What is the desired level of the contingency reserve fund? $ 20 21 22 , 23 24 25

11.a) Have there been any significant changes in the by-laws of this Strata Plan since the Council of Owners was formed?

1. yes
2. no

26

b) If yes, what are they? ______________________________

____

____

DO NOT USE

27

12. If you have any other comments on the management of this Strata Plan or on the management of condominiums in general, please use this space to express them.

____

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Please insert the completed questionnaire into the envelope provided and return it as soon as possible. Thank you for your co-operation.

END