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CONDOMINIUM HOUSING IN METROPOLITAN VANCOUVER

by

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ABSTRACT

The objectives of this study were to obtain up-to-date statistics on the quantitative aspects of condominium development in Metropolitan Vancouver; to obtain a social profile of all condominium purchasers; to obtain information on purchasers' reasons for buying condominiums rather than single-family houses, and their criteria for selecting a particular condominium development; to assess the extent of satisfaction expressed by condominium purchasers; to examine the past behaviour of condominium resale prices; and to obtain information on the conversion of rental apartments to condominiums.

Information on the quantitative aspects of condominium development was obtained by examining records of condominium registrations in the Vancouver and New Westminster Land Registry Offices. This information was of interest in itself, and also provided the basis for a survey of condominium owners conducted to obtain information on the purchasers of condominium units. Ten per cent of the residents in each condominium project larger than nine units were surveyed to obtain data on purchasers' characteristics, their reasons for purchase, and the extent of purchaser satisfaction.

Information on condominium resale prices was obtained by examining records of units sold through the Multiple Listing Service of the Real Estate Board of Greater Vancouver, and quantitative information on apartment conversion was obtained through a real estate consulting firm.

The quantitative growth of condominium development was found to have been extremely rapid, with the annual increase in number of units registered averaging about 175 per cent between 1968 and 1971. Obviously such a growth rate could not be long sustained, and 1972 saw only 10 per cent more units registered than in 1971, but the high overall growth rate is

indicative of substantial public acceptance of this new form of housing.

The results of the purchaser survey are far too voluminous to be summarized here, but two general observations should be noted. The first is that there are substantial differences between purchasers of town house condominium units and purchasers of apartment type units. Apartment purchasers were found to be generally older, had fewer dependent children, more often considered their unit to be a permanent home, and placed different emphasis on the criteria for selecting a condominium.

The second notable finding was the high degree of satisfaction expressed by condominium residents. Over 93 per cent indicated moderate or extreme satisfaction, and 86 per cent said that, based on their experience with condominium living, they would still have purchased their unit.

Examination of condominium resale prices revealed that they had been quite static over much of the brief history of condominium development. However, a readily observable upward trend began in the latter half of 1972 and strengthened in 1973, which refutes earlier indications of a relatively slow rate of appreciation of condominiums.

Some difficulty was encountered in obtaining information on apartment conversions, and essentially only the numbers involved were obtained. Since the City of Vancouver has at least temporarily frozen all conversions, the requirement for further research on this aspect of condominium development will depend on the resolution of the current political situation.

Given the public acceptance of the condominium concept indicated by the rapid growth of condominium development, the degree of satisfaction expressed by condominium residents, and the recent strength observed in condominium resale prices, it is concluded that condominiums will continue to form an increasingly important segment of the Metropolitan Vancouver housing market.

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CONDOMINIUM HOUSING IN METROPOLITAN VANCOUVER

INTRODUCTION

The condominium concept of housing is one which is relatively new to Canada, the first legislation enabling the legal creation of condominiums or strata titles¹ having been passed in 1966. Despite its short history, however, the concept has rapidly grown in significance in the housing markets of the more densely populated areas, notably in the Vancouver and Toronto markets.

Because it is so new, the condominium concept is not very well understood by the general public. Indeed, the author has found that even many purchasers of condominium units did not fully understand what they were buying until after they had moved in. A definition of the condominium concept is therefore essential before proceeding to any further discussion of the subject.

As with any complex subject, there are many definitions of the condominium concept, varying considerably in detail. Rosenberg succinctly defines the concept as follows:

"The essential elements of the condominium concept are the division of property into units to be individually owned, and common elements to be owned in common by the owners of the units, and an administrative framework to enable the owners to manage the property."²

¹The term "condominium" is commonly used to describe either an entire project including all the individual units and the common areas, or the individual units themselves. The term "strata title" is synonymous with "condominium" when they are used in the general sense; "strata plan" is synonymous with "condominium" when referring to an entire project; and "strata lot" is synonymous with "condominium" when referring to the individual units.

²Alvin B. Rosenberg, Q.C., B.A.Sc., "Condominium in Canada", Canada Law Book Limited, Toronto, 1969, p. 13.

An even simpler 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."³ The author prefers this second definition, since, in his opinion, it is questionable whether the administrative framework required by Rosenberg's definition is an essential element of the concept itself, even though such a framework may be required by the legislation. For example, a two unit condominium (of which there are a substantial number in British Columbia) would hardly require an "administrative framework", other than to satisfy any legal requirements.

A common misconception encountered by the author is that "condominium" simply refers to a town house or row house type of development, rather than to the form of tenancy. This misconception doubtless arose from the fact that most of the earlier strata plans were row housing developments, but in fact, a condominium can take on almost any structural form from a group of detached single-family dwellings (provided that there is common space around them) to a high rise apartment structure. Nor need condominiums be restricted to residential use. Office buildings, shopping centers, warehouses, or any other use requiring multiple tenancy can be accommodated under the condominium concept. However, this study is concerned only with residential condominiums.

The development of condominiums has in effect created a new product for the Canadian housing market. This product has enjoyed great success in some areas in recent years, but because it is so new, relatively little

³S.W. Hamilton, I. Davis, and J. Lowden, "Condominium Development in Metropolitan Vancouver", The Real Estate Council of Greater Vancouver, December 1971, p. 2.

research has been done on it. The report cited previously⁴ provided some interesting information on developments which had taken place in the Vancouver area up to 1971, outlining the characteristics of the projects and of the purchasers. However, that report made no attempt to find out why people were buying condominiums, or to what extent their purchase expectations had been satisfied. Also, it was concerned only with condominiums financed under the National Housing Act, and, although these represented about 85 per cent of all units built at that time, that percentage has now dropped to less than 60 per cent. Since that study was done, the number of condominium units has almost tripled, and the resale market has matured to some extent. All of these factors pointed up the need for a new study to up-date and expand the original study, and so this study was undertaken.

This study covers virtually all aspects of condominium development. A brief history of condominium development and a discussion of the legislation is given in Chapter I. The quantitative aspects of condominium development in the Metropolitan Vancouver area are outlined in Chapter II. Chapter III contains a detailed description of the social characteristics of condominium purchasers, along with their reasons for purchase, their likes and dislikes, and the degree of satisfaction they have achieved from their purchase. Chapter IV presents information obtained by surveys of condominium developers and condominium managers, and Chapter V analyses the resale market for condominium units and provides a brief outline of the extent of apartment conversions. The results and conclusions of the study are summarized in Chapter VI.

A major portion of the study required a survey of condominium owners, which necessitated the hiring of several research assistants. This would

⁴Ibid.

not have been possible without the financial assistance provided by the Real Estate Board of Greater Vancouver, and this assistance was greatly appreciated.

CHAPTER I

REVIEW OF CANADIAN CONDOMINIUM LEGISLATION

1. History of the Condominium Concept¹

The history of the condominium concept has been traced back to the ancient Hebrews 2500 years ago, although common law did not provide any precedent for the condominium unit as it is known today. The earliest condominium statute is a local statute found in Auxerre, France, which dates back to the year 1561. In the year 1804, the Code of Napoleon of France, Article 664, became the first great modern codification of the condominium law, and, although this Article had many shortcomings, it resulted in the spread of the condominium concept throughout Europe and to many other parts of the world.

The destruction of urban property and cessation of construction work during World War I created a severe housing crisis in many countries of Europe, and this sparked a renewed interest in the condominium concept. A need for the revision of the old statutes was recognized, and the first modern condominium legislation appeared in Belgium in 1924. Hungary adopted legislation at about the same time, and in 1938, France repealed Article 664 of the Napoleonic Code and replaced it with comprehensive condominium legislation. Today practically all of the European countries have such legislation.

Although Brazil was the first Western Hemisphere country to pass a special condominium statute, the Cuban Horizontal Property Act adopted on

¹ The source of much of the historical information in this section is Rosenberg, op. cit.

September 16, 1952 is the most significant statute in the development of condominium legislation in the Western Hemisphere. The reason for this is that it served as a model for the Puerto Rican Act which in turn set the pattern for most of the American statutes. Puerto Rico had previously passed condominium legislation, but it was found to be inadequate and was replaced in 1958 by a Bill patterned after the Cuban model.

In the United States, a substantial number of condominium units existed under common law prior to the implementation of any condominium legislation. However, it became apparent that many of the advantages of a complete condominium development could not be obtained under common law, and comprehensive condominium legislation has now been passed in all but one of the States.

In Australia, the Conveyancing (Strata Titles) Act of New South Wales was passed in 1961, and Victoria enacted the Strata Titles Act, Act No. 7551, in 1967. The New South Wales Act is unique in many respects, and is of particular significance in Canada because the British Columbia, Alberta, and Saskatchewan Acts are all closely patterned after the New South Wales Act.

The first Canadian condominium legislation was the Condominium Property Act, proclaimed in force August 1, 1966 in the Province of Alberta. This was closely followed in British Columbia by the Strata Titles Act which became effective September 1, 1966. Then, Ontario proclaimed the Condominium Act on September 1, 1967; Manitoba the Condominium Act on May 25, 1968; Nova Scotia the Condominium Property Act on June 1, 1968; Saskatchewan the Condominium Act on November 1, 1968; Yukon Territory the Condominium Ordinance on December 9, 1968; New Brunswick the Condominium Property Act on December 1, 1969; and Quebec passed An Act Respecting the Co-ownership of Immovables on November 28, 1969.

2. The British Columbia Strata Titles Act

While there are significant differences between the statutes passed by the various provinces, these differences need not be discussed in detail here. However, since the study is concerned with condominium developments in British Columbia, a general discussion of the Strata Titles Act is essential. Some of the differences between the Acts will be referred to in the course of discussions on the B.C. Act.

2.1 Definitions

There is considerable variation in the terminology used in the various statutes, and so some explanation of the terminology is required. Even more important are the differences in the definitions of some of the terms, and where these are important they will be pointed out.

The first difference to be noted is the name of the act itself. Most of the other statutes use the word "condominium", which in the B.C. Act is replaced by "Strata Titles", as in the New South Wales Act on which it is based. Similarly, the term "condominium corporation" becomes the "strata corporation"; "condominium unit" becomes a "strata lot"; and "condominium plan" becomes a "strata plan".

The "strata plan" refers to the document that is registered to create the condominium. In Ontario, the document is known as a "declaration", but it is the difference in the documents themselves rather than the name which is more important. The declaration can be registered before any physical work has been started, and so a large project can be phased, and mortgage advances can be obtained as construction proceeds. The strata plan, however, requires a surveyor's certificate stating that "the building erected on the parcel described above is wholly within the boundaries of that parcel...." Thus, the strata plan cannot be registered until the buildings

are largely completed, and this creates financing problems for the developer since progress advances cannot be obtained prior to registration. This also precludes the phasing of a large project, the alternative to which may be several separate corporations in the same area sharing the same common amenities. This in fact has occurred in at least two instances, but a recent amendment to the Act allowing for the amalgamation of separate strata plans has solved this problem.

The "common property" may also be referred to as "common elements" or "common areas and facilities". In all of the Canadian statutes it is defined very simply as being everything within the boundaries of the plan excluding the individual lots or units. Some jurisdictions outside Canada require a complete detailed listing of all the common elements as part of the registration documents, which is very cumbersome and can create problems if some of the common elements are inadvertently left out.

The share which each unit owner has of the common elements is called the "unit settlement" in the B.C. Act. It determines the amount which each owner pays towards the common expenses, his voting power in poll votes, and his share of the proceeds in the event that the condominium is wound up. In some jurisdictions, the unit entitlements must be expressed in percentages, or the sum of the unit entitlements must add up to a particular total (1000). However, the only restriction placed on them by the B.C. Act is that they must be expressed in whole numbers.

"'Special resolution' means a resolution passed at a general meeting of the strata corporation....by a majority of not less than three-fourths of the total unit entitlement of the strata lots, and not less than three-fourths of all members; "unanimous resolution" means a resolution unanimously passed at a duly convened meeting of the strata corporation at which all persons entitled to exercise the power of voting conferred by or under this

Act are present personally or by proxy at the time of the motion." The importance of these two definitions will become apparent in subsequent discussions of the Act.

2.2 Requirements for Filing a Strata Plan

Section 3(1) of the Act states that "Land may be subdivided into strata lots by the deposit of a strata plan, and the strata lots created thereby, or any one or more of them, may devolve or be transferred, leased, mortgaged, or otherwise dealt with in the same manner or form as any land the title to which is registered under the Land Registry Act." In other words, a condominium is created by the simple act of registering a strata plan.

Prior to the filing of the strata plan, however, there are two important prerequisites given in sections 3(2)(a) and (b): first, the land included in the strata plan must be registered in the register of indefeasible fees, which prevents leased land from being used to create a condominium. Second, the land included in the strata plan must have been registered as a single parcel prior to registration of the strata plan. Thus, if a developer obtains several separately registered pieces of land upon which he wishes to create a condominium, he must first cancel the existing registrations and re-register the parcels as a single large parcel.

Section 4 of the Act outlines the requirements of the strata plan itself. The more important requirements are as follows:

- "4(1) A strata plan shall
 - (b) delineate the plane boundaries of the land included in the strata plan and the location of the building in relation thereto;
 - (c) include a drawing illustrating the strata lots and distinguishing the strata lots by numbers or letters in consecutive order;
 - (d) define the boundaries of each strata lot by reference to floors, walls, and ceilings;
 - (f) have endorsed upon it a schedule specifying in whole numbers the unit entitlement of each lot and a number equal to the aggregate unit entitlement of all lots,....;"

Section 4(3)(a) requires the survey certificate regarding the location of the buildings on the land, and hence the requirement for the buildings to be erected prior to registration which was discussed previously.

It is important to note section 4(1)(d) which requires that the boundaries of each strata lot be defined by floors, walls, and ceilings. This would appear to preclude outdoor areas such as patios, balconies, and parking stalls from individual strata lots. In fact, the Registrars have allowed some relaxation of this requirement,² possibly on the basis of section 4(2), which states:

"Unless otherwise stipulated in the strata plan, the common boundary of any strata lot with any other strata lot or with common property is the centre of the floor, wall, or ceiling, as the case may be." (Italics mine.)

Section 4 of the Act has recently been amended to require the approval of the municipal council of the municipality in which the strata plan is located before it can be registered. The amendment further states that the approving authority (municipal council) may either approve or refuse to approve the strata plan, or approve it subject to whatever terms and conditions it may deem appropriate, and its decision is final. The act does not provide any guidelines for such approvals, so such guidelines will have to come from each municipality involved. This new requirement could obviously cause further problems to developers, and will certainly increase the time required to register a strata plan.

Since a strata plan cannot be registered until the buildings are constructed, it is entirely conceivable that a developer with a project under construction at the time the amendment was passed could subsequently have

² K.C. Woodsworth, ed., "Condominiums", (Vancouver; Centre for Continuing Education, University of British Columbia, 1971), pp. 12-13.

his project turned down by the municipality, in which case the strata plan could not be registered. If a developer wants to avoid this potential problem in the future, he will have to obtain municipal approval for a proposed development before starting construction, then proceed with construction, and then go back to the municipality with the strata plan for the appropriate approving signatures prior to registration. Thus, the amendment actually requires two additional steps in the procedure, which could consume substantially more time.

The Vancouver Board of Administration prepared a set of recommendations on strata titles applications for Vancouver City Council dated June 22, 1973. One of its most important recommendations was that:

"Applications shall be accompanied by a prospectus which outlines to potential purchasers the true interest on any financing, any bonusing of financing, any management contract or monthly servicing, taxes and all other costs. The prospectus shall also contain provisions with regard to facilities which would normally be shared facilities under a Strata Corporation, e.g. recreation rooms, swimming pools, parking garages. If these are not the common property of the Corporation it shall be so stated. This prospectus shall be reviewed by the Director of Finance and the Director of Planning & Civic Development who shall report to Council on the results of their examination."

The Board goes on to note that this requirement should be included in the Strata Titles Act, and recommends that the City ask the Provincial Government to amend the Act accordingly. Until that happens, however, this recommendation will very likely become a requirement of the City of Vancouver.

The requirement of a prospectus has existed previously in some American jurisdictions, and has not been entirely unexpected in British Columbia.³ However, if such a requirement is instituted, it will add further to the costs and problems of registering a condominium.

³ Ibid, p. 2.

2.3 Operation and Management

Section 6 of the Act provides that upon the deposit of the strata plan in a Land Registry Office, a body corporate consisting of the owner or owners of the strata lots is automatically created. This "strata corporation" is not subject to the Companies Act or the Companies Clauses Act, but is charged with the responsibility for "the enforcement of the by-laws, and the control, management, and administration of the common property".

The by-laws mentioned in section 6 are provided for by section 13, which reads as follows:

- 13(1) The building shall be regulated by by-laws.
- (2) The by-laws shall provide for the control, management, administration, use, and enjoyment of the strata lots and common property, and shall include
 - (a) the by-laws set forth in the First Schedule, which shall not be added to, amended, or repealed except by unanimous resolution; and
 - (b) the by-laws set forth in the Second Schedule, which shall not be added to, amended, or repealed except by special resolution;
 and until by-laws are made in that behalf, the by-laws set forth in the First and Second Schedule have force and effect from the time of the deposit of the strata plan in the Land Registry Office.

The by-laws pertinent to the administration of the strata plan are found in the First Schedule mentioned in section 13(2)(a). The important by-laws are:

2. The strata corporation shall
 - (a) control, manage, and administer the common property for the benefit of all owners;
-
3. (g) do all things necessary for the enforcement of the by-laws and the control, management, and administration of the common property.
4. The powers and duties of the strata corporation shall, subject to any restriction imposed or direction given at a general meeting, be exercised and performed by the council of the strata corporation.
5. The council shall consist of not less than three nor more than seven owners and shall be elected at each annual general meeting. Where there are not more than three owners, the council shall consist of all owners.

.....

11. The council may
 - (a) meet together for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit,
 - (b) employ for and on behalf of the strata corporation such agents and servants as it thinks fit in connection with the control, management, and administration of the common property, and the exercise and performance of the powers and duties of the strata corporation;

.....

To summarize briefly, then, the strata corporation discharges its management responsibilities through an elected council of owners, which in turn usually hires a professional manager to look after the day-to-day administration of the strata plan.

In fact, it has become standard practice for the developer to sign a contract with a management firm before the strata council is formed. These contracts often have a term of five to ten years, and in some cases the management firm is a subsidiary of the developer. Even where such an obvious conflict of interest situation does not exist, many residents are unhappy about having a manager "shoved down their throats" (as they see it) by the developer. Consequently, the Provincial Government amended section 6 of the Act by adding as subsection (6) the following:

- (6) A contract entered into by a strata corporation providing for the control, management and administration of the common property
 - (a) shall be limited to matters affecting the security and maintenance of the common property; and
 - (b) may be cancelled on three months notice at the option and discretion of the owners evidenced by a unanimous or special resolution of the strata corporation.

Clause (b) of the amendment, while intended primarily to allow strata corporations to get out of contracts signed by developers, also allows them to cancel contracts with managers who subsequently prove to be incompetent or otherwise unsatisfactory, and therefore this amendment is a definite improvement in the Act.

Although mortgagees sometimes insist on the hiring of a professional manager to administer the condominium, it is not required by the act, and in some cases the strata councils have elected to manage the condominium themselves. This course has most often proved to be unsuccessful, since most owners do not have the time, the ability, or the inclination to manage the myriad details involved in operating a condominium. Self-management has been successful in a few instances, but generally only when the condominium is relatively small and most of the owners are professionals and successful businessmen.

It should be noted that an amendment to the First Schedule by-laws requires a unanimous resolution, and to the Second Schedule a special resolution (75 per cent of the owners). Since it could prove very difficult to obtain such unanimity of agreement among the owners, the by-laws should be carefully thought out in advance, and any changes from those set forth in the Act should be incorporated with the original strata plan when it is deposited.⁴

One of the problems mentioned by many owners surveyed for this study was the difficulty of enforcing the condominium by-laws. In some municipalities, municipal nuisance by-laws provide a means of enforcing proper behaviour on the part of objectionable owners,⁵ but where they do not, such "people problems" can be very difficult to solve. If an expense is required to correct a problem caused by an owner (e.g. repair of damage to the common property or the exterior of a unit), the strata corporation can do what is required and charge the owner responsible for the problem (section 14(2)(d)). If the owner refuses to pay, the corporation can sue him in

⁴Ibid, p. 5.

⁵Conversation with D. Pelling of Strataco Management.

debt (section 14(3)), but as with any such action, it may be a long time before the corporation gets its money.

While still on the subject of by-laws, section 13(3) of the Act should be noted. It requires that

No by-law or addition to or amendment or repeal of any by-law shall operate to prohibit or restrict a devolution of strata lots or any transfer, lease, mortgage, or other dealing there-with or to destroy or modify any easement implied or created by this Act.

This protects the right of the owners to deal with their lots as they wish, but it could in some cases prove to be a double-edged sword. For example, some condominiums have been sold originally as "adults only" condominiums, but subsequent re-sales to families with children have occurred. It would seem fair to expect that the original purchasers, who bought into the project because of the child-free feature, should have some means of maintaining the original concept. Section 13(3) would appear to prevent this.

It could conceivably be argued that a by-law requiring original purchasers to grant a right-of-first-refusal to the strata corporation on any subsequent re-sale would not unduly restrict the transfer of a strata lot, and so would not violate this section of the Act. However, even if this were the case, this alternative is impossible because the Inspector of Legal Offices has ruled that a strata corporation cannot own a strata lot.⁶ Thus, there would appear to be no effective legal means for the owners to prevent a re-sale to an "undesirable" purchaser.

2.4 Dissolving a Strata Corporation

At some point in time, the owners of a strata corporation may for some reason decide to terminate the condominium. To the best of the

⁶ Woodsworth, "Condominiums", op.cit., p. 17.

author's knowledge, this has not yet occurred in British Columbia, and so the extent of the problems which may be involved in termination are not yet fully known. However, sections 18 and 19 of the Act set out the procedures involved, and will be reviewed briefly here.

The most likely reason for terminating a condominium is the destruction of the buildings, which is covered by section 18 of the Act. In this event, the strata corporation must notify the Register of Titles of the destruction, who then records the fact on the registered strata plan. The owners automatically become tenants in common of the land included in the strata plan in shares proportional to the unit entitlement of their respective lots, and can, by unanimous or special resolution, sell all or part of the land.

It is not necessary, however, for the buildings to be physically destroyed in order for the strata corporation to be terminated. Section 19(1) of the Act states that "... the building is deemed to be destroyed ... (a) when the owners by unanimous or special resolution so resolve; or (b) when the Court is satisfied that, having regard to the rights and interests of the owners as a whole, it is just and equitable that the building shall be deemed to have been destroyed and makes a declaration to that effect." If a declaration is made under clause (b), the Court will also direct the settlement of all adjustments between the strata corporation and the owners and amongst the owners themselves (19(2)). Section 19(4) states that "... an application may be made to the Court by the strata corporation or by an owner or by a registered mortgagee of a strata lot." The court referred to in these sections is the Supreme Court of British Columbia.

Subsections (7) and (8) of section 19 state

- (7)(a) The Court, on the application of the strata corporation or any member thereof, may by order make provision for the winding-up of the affairs of the

strata corporation.

- (b) By the same order, the Court may declare the strata corporation dissolved as of and from a date specified in the order.
- (8) On any application under this section, the Court may make such order for the payment of costs as it thinks fit.

While applications under the above sub-sections do not require the destruction of the buildings, a recent amendment to section 18 allows applications under sub-sections (7) and (8) of section 19 when the buildings have been destroyed.

In the event that the building is damaged but not deemed destroyed, the Court must make all settlements involved. (Section 19(3)).

2.5 Comparison of the Strata Titles Act and Other Acts

The single greatest advantage of the British Columbia Strata Titles Act over the acts of many other jurisdictions is its simplicity. Once a strata plan has been filed, each strata lot is designated simply as strata lot ___, strata plan ___, and the common areas are defined simply as everything in the strata plan outside the individual strata lots. This greatly simplifies legal procedures such as the transfer or charging of lots.

Another aspect of the simplicity of the Act is the common by-laws, which are seldom amended when the original strata plan is filed.

The most important disadvantages are threefold. First, the Act is relatively inflexible in that it is difficult to change anything after the plan has been filed. Most changes require unanimous or special resolutions, which require a greater degree of agreement among the owners than is likely to be obtained.

Second, the Act requires the existence of a building before the strata plan can be registered. This creates additional financing problems for the developer, and prevents the staging of a project which is possible in some

other jurisdiction.

Third, the Act does not allow leasehold condominiums, which could significantly lower the cost of strata lots.

Despite these shortcomings, however, the Strata Titles Act has proved very effective in enabling the use of the condominium concept in British Columbia.

CHAPTER II

CONDOMINIUM DEVELOPMENT IN METROPOLITAN VANCOUVER

1. Housing Starts in Metropolitan Vancouver

As will be seen later in this chapter, the success of the condominium concept in the Metropolitan Vancouver area has been spectacular, and a brief analysis of new housing starts in the area will illustrate one of the underlying reasons for this success.

Statistics compiled by Central Mortgage and Housing Corporation on new housing starts in Metropolitan Vancouver are shown in Table 1. Condominium starts are included with the multiple-family dwelling starts, but since only a few condominium units were started before 1969, the multiple-family starts during the period 1958 to 1968 can be considered as rental units while the single-family, semi-detached and duplex starts can be considered as home ownership units. It is the distribution between rental units and home ownership units, rather than the total number of units started, which is of primary interest.

An examination of the statistics in Table 1 reveals that of the 111,599 units started between 1958 and 1968, 56,319 or 50.5 per cent were rental units. Between 1958 and 1960, multiple-family starts as a percentage of total starts was relatively constant at about 25 per cent, but they jumped to over 40 per cent in 1961, and then to an average of 58.5 per cent between 1962 and 1968. While starts of single-family, semi-detached, and duplex units remained relatively constant between 1960 and 1968, starts of multiple-family units were increasing considerably. Thus, the increasing demand for housing during this period was mostly accommodated by the increasing supply of rental units.

TABLE 1
HOUSING STARTS IN METROPOLITAN VANCOUVER
1958 - 1972

| Year | Starts | | | |
|------|--|----------------|--------|------------------------------------|
| | Single Family, Semi-Detached, and Duplex | Row, Apartment | Total | Row & Apt. as Per Cent of Total |
| 1958 | 9,221 | 3,078 | 12,299 | 25.0 |
| 1959 | 6,991 | 2,519 | 9,510 | 26.5 |
| 1960 | 3,553 | 1,122 | 4,675 | 24.0 |
| 1961 | 3,269 | 2,319 | 5,588 | 40.5 |
| 1962 | 3,607 | 3,780 | 7,387 | 51.2 |
| 1963 | 3,874 | 5,067 | 8,941 | 56.8 |
| 1964 | 4,219 | 8,572 | 12,791 | 67.0 |
| 1965 | 4,095 | 7,589 | 11,684 | 65.0 |
| 1966 | 4,465 | 4,673 | 9,138 | 51.2 |
| 1967 | 6,328 | 7,568 | 13,896 | 54.5 |
| 1968 | 5,658 | 10,032 | 15,690 | 64.0 |
| 1969 | 5,165 | 12,525 | 17,690 | 71.0 |
| 1970 | 4,832 | 8,605 | 13,437 | 64.0 |
| 1971 | 5,674 | 9,879 | 15,553 | 63.5 |
| 1972 | 7,679 | 8,531 | 16,210 | 52.5 |

Source: Central Mortgage and Housing Corporation, "Housing Statistics".

While a much more detailed analysis would be required to conclusively prove it, the author contends that these statistics indicate an increasing unsatisfied demand for home ownership units. This not only created a large potential market for condominium units, but also drove up the price of single-family units to the point where many buyers could only afford a condominium unit. Thus, the success of the condominium concept was almost inevitable.

2. Condominium Development¹

Although the Strata Titles Act became effective on September 1, 1966, the first residential strata plan wasn't registered until February 29, 1968. One of the reasons for the delay was undoubtedly the understandable reluctance of developers to plunge recklessly into a new area, but it should also be noted that the years 1967 and 1968 were characterised by an extreme shortage of mortgage money.² Since mortgage lenders could easily place their funds in the traditional forms of housing, they too were reluctant to take a chance on condominium developments.

Once this initial period passed, however, the development of condominiums proceeded at a substantial pace, as can be seen in Table 2. The three strata plans registered in 1968 were all in the same area, were of similar design, and were all built by the same developer. In 1969, the number of strata plans registered more than quadrupled, and included more than six times as many units as had been registered in the previous year. The year 1970 was again a year of tight mortgage money and high interest rates, but in spite of this the number of plans registered almost doubled,

¹ Unless otherwise noted, all data discussed in this and the remaining sections of this chapter were obtained by the author from the Vancouver and New Westminster Land Registry Offices.

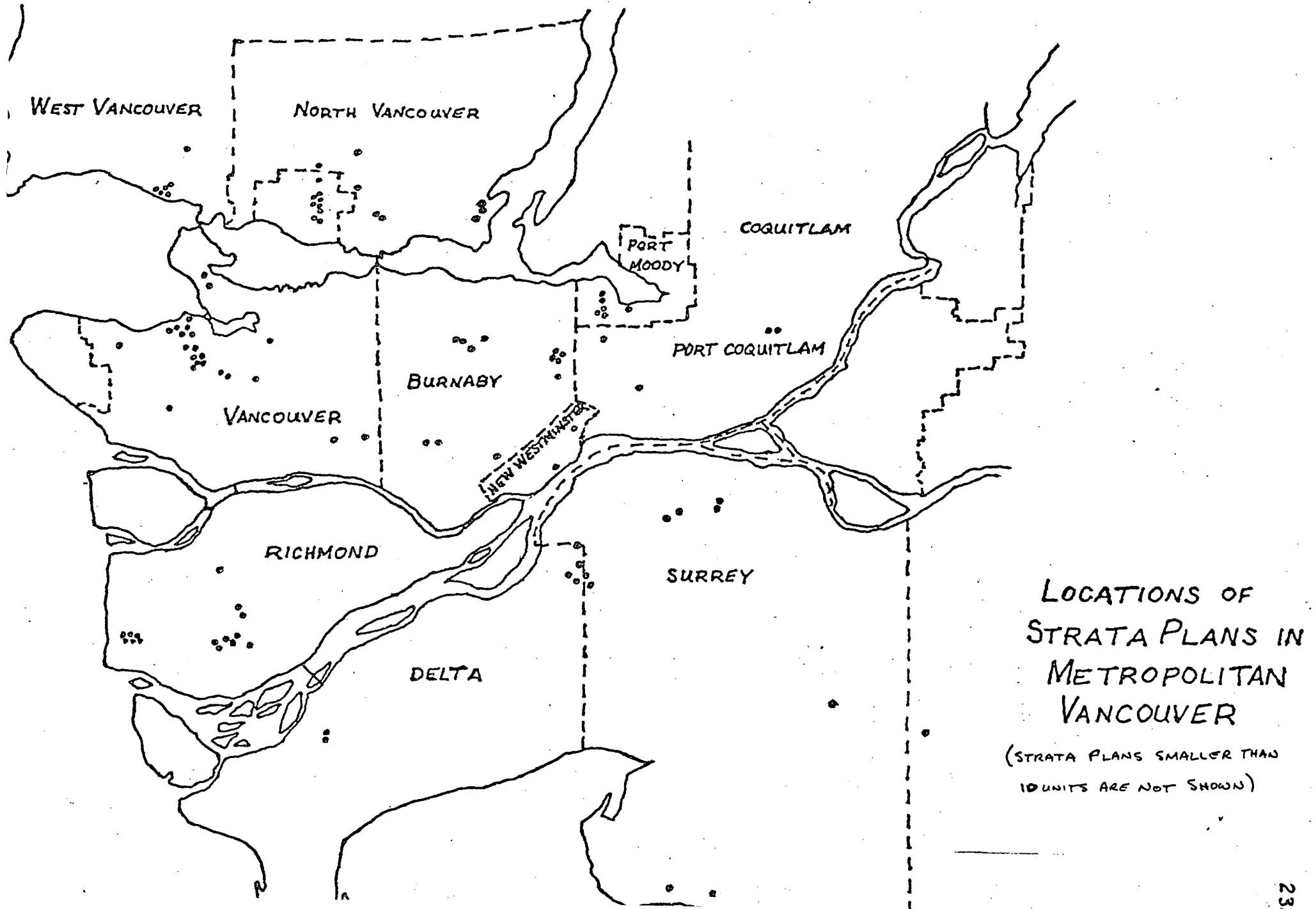
² Rosenberg, op.cit., p.1-6.

TABLE 2

RESIDENTIAL STRATA PLAN REGISTRATIONS BY LOCATION AND YEAR

| Location | 1968 | | 1969 | | 1970 | | 1971 | | 1972 | | 1973a | | Total | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | No. of Plans | No. of Units | No. of Plans | No. of Units | No. of Plans | No. of Units | No. of Plans | No. of Units | No. of Plans | No. of Units | No. of Plans | No. of Units | No. of Plans | No. of Units |
| Vancouver | - | - | - | - | 2 | 38 | 6 | 216 | 20 | 713 | 2 | 46 | 30 | 1,013 |
| North Vancouver | - | - | 1 | 78 | 3 | 182 | 8 | 174 | 13 | 404 | - | - | 25 | 838 |
| West Vancouver | - | - | - | - | 1 | 10 | 6 | 136 | 3 | 50 | - | - | 10 | 196 |
| Sub-Total-Vanc. Land Registry Office | - | - | 1 | 78 | 6 | 230 | 20 | 526 | 36 | 1,167 | 2 | 46 | 65 | 2,047 |
| Port Moody, Port Coquitlam & Coquitlam | 3 | 102 | 2 | 44 | 3 | 162 | 1 | 44 | 2 | 4 | 3 | 51 | 14 | 407 |
| Richmond | - | - | 3 | 181 | 4 | 221 | 12 | 416 | 9 | 388 | 4 | 8 | 32 | 1,214 |
| Burnaby, New Westminster | - | - | - | - | 4 | 80 | 7 | 504 | 12 | 429 | 2 | 18 | 25 | 1,031 |
| Delta, Ladner, Surrey, White Rock Langley, Cloverdale | - | - | 5 | 295 | 5 | 211 | 10 | 451 | 11 | 233 | 2 | 4 | 33 | 1,194 |
| Pitt Meadows, Haney, Chilliwack Abbotsford | - | - | 2 | 34 | 2 | 50 | 4 | 90 | - | - | - | - | 8 | 174 |
| Sub-Total New Westminster Land Registry Office | 3 | 102 | 12 | 554 | 18 | 724 | 34 | 1,505 | 34 | 1,054 | 11 | 81 | 112 | 4,020 |
| Total | 3 | 102 | 13 | 632 | 24 | 954 | 54 | 2,031 | 70 | 2,221 | 13 | 127 | 177 | 6,067 |

a. To March 22, 1973



and the number of units registered increased by about 50 per cent. Nineteen seventy-one saw a resurgence of housing construction generally, and this was reflected in a doubling of the number of strata plans and units registered over the previous year. In 1972, the pace of condominium development slowed somewhat, but still showed a substantial increase in units registered over 1971.

Since a strata plan cannot be registered until the buildings are constructed, a lag of several months occurs between the date a project is started and the date it is registered. Therefore, housing starts and strata plan registrations are not strictly comparable, but a rough guide to the significance of condominiums in the housing market can be obtained by comparing registrations in 1971 and 1972 with housing starts in the same years (Table 1). Condominium units registered represented 13.1 per cent and 13.7 per cent of total housing starts in 1971 and 1972, which represent surprisingly large market shares considering the short history of condominium development.

The total housing starts include a large number of units built for rental tenancy, and it may be of more interest to consider the share of individually owned units represented by condominiums. Virtually all of the single-family, semi-detached, and duplex units are built for individual ownership, but the condominium units are included with rental units in the row housing and apartment starts. Therefore, to separate individually owned units from rental units, condominium starts (registrations) should be subtracted from the row and apartment starts and added to the single-family, semi-detached, and duplex starts. Doing this for 1971 and 1972 produces the results summarized in Table 3. For these two years, condominium starts accounted for over 24 per cent of all units built for individual ownership in the Vancouver area, which is a very significant share of this market.

TABLE 3

COMPARISON OF CONDOMINIUM REGISTRATIONS WITH
STARTS OF INDIVIDUALLY OWNED HOUSING UNITS FOR 1971 AND 1972

| | <u>1971</u> | <u>1972</u> |
|--|--------------|--------------|
| Single-family, semi-detached & duplex starts | 5,674 | 7,679 |
| Condominium registrations | <u>2,031</u> | <u>2,221</u> |
| TOTAL - housing units for sale | <u>7,705</u> | <u>9,900</u> |
| Condominiums as % of total | 26.4% | 22.5% |

2.1 Locations

Table 2 also illustrates the distribution of strata plans by location. As would be expected, most of the condominium units built in the first few years were located in the suburbs south and east of Vancouver, where more land is available. However, in 1972, the number of units registered in the Vancouver Land Registry Office (which includes Vancouver, North Vancouver, and West Vancouver) exceeded for the first time the number of units registered in the New Westminster Land Registry Office. This can be partly attributed to the increasingly common practice of converting existing apartment buildings to condominiums. Regardless of this, however, Table 2 and the accompanying map pinpointing the locations of all the strata plans larger than 10 units illustrate the wide choice of location available to a prospective condominium purchaser.

2.2 Size of Condominium Developments

The distribution of strata plans in terms of the number of strata lots is shown in Table 4.

The author was rather surprised to find the large number of two-unit strata plans. Most of these were side-by-side duplex buildings, but the

TABLE 4
DISTRIBUTION OF STRATA PLANS BY NUMBER OF STRATA LOTS

| <u>Number of Lots in Plan</u> | <u>Number of Plans</u> | <u>Per Cent of Plans</u> | <u>Number of Lots</u> | <u>Per Cent of Lots</u> |
|---------------------------------------|--------------------------------|----------------------------------|-------------------------------|---------------------------------|
| 2 | 42 | 23.7 | 84 | 1.4 |
| 3 - 9 | 14 | 7.9 | 89 | 1.6 |
| 10 - 25 | 39 | 22.0 | 641 | 10.5 |
| 26 - 50 | 40 | 22.6 | 1,392 | 23.0 |
| 51 - 75 | 18 | 10.2 | 1,120 | 18.5 |
| 76 - 100 | 12 | 6.8 | 1,083 | 17.8 |
| 101 - 150 | 10 | 5.7 | 1,296 | 21.4 |
| 151 + | <u>2</u> | <u>1.1</u> | <u>352</u> | <u>5.8</u> |
| Total | 177 | 100.0 | 6,067 | 100.0 |
| | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> |

reasons for registering them as strata plans, rather than as normal duplexes or semi-detached houses, are not clear to the author. In any event, the reasons are not important, and since they are not typical condominium developments and account for only 1.4 per cent of all strata lots, they were ignored in the remainder of this study.

As would be expected, the bulk of the strata lots (80.7 per cent) are included in the strata plans ranging from 26 to 150 units in size. The average size of all residential strata plans is 34.3 units; excluding the atypical 2-unit strata plans, the average size is 44.3 units.

It should also be noted that seven of the strata plans were special low-cost housing developments funded by Central Mortgage and Housing Corporation. These were designed and financed to reach the low end of the market which would not normally be reached, so these developments can also be considered atypical of condominium developments generally. Four of the seven developments were larger than 100 units, and the seven developments averaged 104.8 units. Excluding these developments from the overall

average results in an average strata plan size of 41.0 units.

2.3 Type of Structure

It was mentioned in the introduction that the buildings in a residential condominium can be of any form. In fact, two of the strata plans registered in the New Westminster Land Registry Office each consist of several single-family dwellings built on a single piece of land, and it has been noted that there are 42 duplexes registered under the Strata Titles Act.

The single-detached and semi-detached structures cannot, however, be considered as typical condominium structures. Almost all of the condominium units in Metropolitan Vancouver can be classified into two structural types - town house and apartment.

The difference between the two classifications is basically the way in which the units are attached to each other. In the town house (also referred to as a row house) structure, two or more units are attached to each other horizontally, but not vertically. They are usually attached only at the "sides" to form rows, and often short rows are grouped into "clusters" around a common parking or garden area. Two rows may also be attached "back-to-back", so that each unit has common walls with three other units (other than the end units, which have two common walls).

Apartment structures are those in which the units are stacked vertically. Apartment units are also usually (but not always) attached horizontally. While an apartment unit can have two or more floors (as can town houses), it must have another unit above and/or below it to satisfy the author's definition of an apartment. Apartment structures are usually further classified as either low-rise (2 or 3 stories) or high-rise (4 or more stories).

The distribution of strata plans and units for each area of Metropolitan Vancouver according to structural type is shown in Table 5. Excluded from these figures are all the 2-unit strata plans, and several strata plans the structure of which was not determined from the records in the Land Registry Offices. These latter exclusions would not significantly affect the proportions in each category.

While more apartment type strata plans have been registered than town house strata plans, the number of units of town housing still exceeds the apartment units by a considerable margin. This reflects the generally larger size of the town house projects.

As would be expected, the apartment type of development has been dominant in the cities of Vancouver and West Vancouver. Of the three town house projects built in Vancouver, two were built under the special low-cost housing program mentioned previously, and these account for 283 of the 289 town house units in Vancouver. Land is more expensive in Vancouver and West Vancouver than in the other municipalities, and in Vancouver very few parcels large enough to accommodate a viable town house development are available. This accounts for the preponderance of the higher density (units per acre) apartment developments in these areas.

What will doubtless be surprising to some people, however, is the marked shift towards apartment strata plan registrations which has occurred since the end of 1970. At that time, of the 33 strata plans registered, 23 were town house plans, and town houses accounted for 82 per cent of the units registered for every apartment unit registered. In the succeeding two years, however, that ratio averaged almost one to one.

TABLE 5

DISTRIBUTION OF STRATA PLANS AND UNITS
BY STRUCTURAL TYPE AND LOCATION,
EXCLUDING STRATA PLANS SMALLER THAN 10 UNITS

| Location | Town House | | Low Rise Apartment | | High Rise Apartment | |
|------------------------|--------------|--------------|--------------------|--------------|---------------------|--------------|
| | No. of Plans | No. of Units | No. of Plans | No. of Units | No. of Plans | No. of Units |
| Vancouver | 3 | 289 | 20 | 619 | 5 | 99 |
| North Vancouver | 13 | 583 | 11 | 253 | - | - |
| West Vancouver | - | - | 4 | 35 | 4 | 151 |
| Richmond | 13 | 649 | 5 | 403 | - | - |
| Burnaby, New West. | 8 | 690 | 6 | 230 | 1 | 18 |
| Port Moody, etc. (a) | 4 | 199 | 7 | 202 | - | - |
| Delta, Ladner (b) | 14 | 876 | 5 | 275 | - | - |
| Pitt Meadows, etc. (c) | 3 | 88 | 3 | 82 | - | - |
| Total | 58 | 3,374 | 61 | 2,099 | 10 | 268 |
| % | 45.0 | 58.7 | 47.3 | 36.6 | 7.7 | 4.7 |

Notes: (a) Includes Coquitlam, Port Coquitlam, and Port Moody.

(b) Includes Delta, Ladner, Surrey, White Rock, Cloverdale.

(c) Includes Pitt Meadows, Haney, Maple Ridge.

2.4 Selling Prices

Selling prices of houses and condominium units are dependent on a large number of factors - location, size of unit, features included, date of sale, and, in the case of condominium units, the type of structure and the common amenities included. A comprehensive detailed analysis of selling prices would therefore constitute an extensive study in itself, and was not within the scope of this study. However, some sales data were obtained by a brief survey of condominium developers, and these data are summarized in Appendix 1.

Most of the town house developments were found to be quite similar in many respects. Of the 1,437 units covered in the survey, 1,243 (86.7%) were three-bedroom units, 174 were two-bedroom units, and only 20 were four-bedroom units. Most of the three-bedroom units were 1,200 to 1,400 square feet in size, and all were two storey town houses. All units were sold with a stove and refrigerator, and most had carports and fireplaces. Garburetors and dishwashers were also included in some of the more expensive units. Most of the developments included a pool and saunas as common amenities.

Selling prices of town houses did not appear to vary greatly between different areas, at least in the earlier years of condominium development. The majority of three-bedroom units sold in the \$20,000 to \$25,000 range between late 1969 and early 1971, then rose to the \$25,000 to \$30,000 range in 1971 and 1972. In late 1972 and early 1973, many of the units on the market were priced at well over \$30,000. Most of this increase was due to the generally rising price of housing in Metropolitan Vancouver, but some of the increase also appeared to be due to slightly larger units with some extra features.

More recently, town house prices appear to have increased more in North Vancouver than in the other areas. In general, however, price differentials due to location are surprisingly insignificant.

The prices of apartment units vary over a much broader range than those for town houses, due largely to more variation in design and common amenities. Locational variations are also more important than for town housing, since many of the apartment developments are situated much closer to central Vancouver, whereas the town houses are virtually all in the suburbs and roughly equidistant in travelling time from the downtown core. The data in Appendix 1 indicates that low-rise apartment prices in Vancouver are substantially higher than for similar units in the suburbs.

Stoves, refrigerators, and drapes were included in all the apartment units surveyed, and all except one (which had carports) included underground parking. However, only one of the eleven low-rise developments surveyed had a pool.

The price data on high-rise apartments are somewhat biased towards the higher end of the price scale, since two of the three developments were the most luxurious yet built. However, all of the high-rise developments in Metropolitan Vancouver can be considered as luxury units, offering much larger floor areas than the low-rise units, and high quality appliances, drapes, and broadloom.

2.5 Government Involvement in Condominium Financing

There are two aspects to the financing of condominium developments which will be discussed briefly in this section. These are the extent of the use of NHA insured mortgage funds as opposed to non-NHA financing, and the extent of the use of British Columbia Provincial Government second mortgages and grants to finance the purchase of units by individuals.

2.5.1 Extent of N.H.A. Insured Financing

One of the interesting findings of the the 1971 study³ was the relatively heavy involvement of Central Mortgage and Housing Corporation (CMHC) in insuring mortgages on condominium developments. At the time of that study, 60 per cent of the projects then started, completed, or approved were financed under the National Housing Act, and these projects included 85 per cent of all the units. The indications at that time were that CMHC would continue to play a leading role in the long term financing of condominium projects.

In fact, the extent of CMHC involvement in condominium financing has dropped considerably since that time, as is illustrated in Table 6. Considering the total number of strata plans registered at the time of this study, about 30 per cent of the projects and 60 per cent of the units had been financed with NHA insured loans. However, seven of the strata plans, which included 634 units, had been financed under a special low-cost housing program with funds provided directly by CMHC. Since the extent to which these funds will be made available and used in the future is unknown, excluding these projects from the data may provide a better guide to the extent of NHA insured financing, and so data excluding these projects is provided in the second row of Table 6.

The data does confirm the previous finding of heavier CMHC involvement in the larger, riskier projects. However, as lenders have grown more familiar with the condominium concept, and as the concept's success has been more fully demonstrated, the requirement for the extra security provided mortgagees by CMHC mortgage insurance has decreased.

³ S.W. Hamilton, I. Davis, and J. Lowden, op.cit., pp. 14-15.

TABLE 6
EXTENT OF USE OF NHA INSURED FINANCING

| | Strata Plans | | | Strata Lots | | |
|--|--------------|---------|-------|-------------|---------|-------|
| | NHA | Non-NHA | % NHA | NHA | Non-NHA | % NHA |
| All Strata Plans | 53 | 124 | 29.9 | 3,653 | 2,414 | 60.2 |
| Excluding Special Low-Cost Strata Plans | 46 | 124 | 27.1 | 3,019 | 2,414 | 55.6 |

2.5.2 Importance of B.C. Government Second Mortgages

The previous study also pointed out the extensive use by condominium purchasers of British Columbia Government Second Mortgages and grants.⁴ Since nothing has occurred in the succeeding period which might affect the use of these government funds by purchasers, similar findings would be expected of the present study, and the results of the purchaser survey conducted for this study (which will be fully discussed in the next chapter) confirm this expectation.

While the purchaser survey did not specifically ask if the second mortgages reported in the question on purchase terms were Provincial Government mortgages, it can safely be assumed that almost all of them were. The results of this question show that 61.5 per cent of purchasers of NHA financed condominium units (excluding the special low-cost program units) used second mortgages. This statistic is very close to the 60.9 per cent reported in the previous study.

When purchasers of conventionally financed and low-cost units are included, the percentage of purchasers using second mortgages drops to 47.6

⁴

Ibid, p. 15.

per cent. This would be expected, since the majority of conventionally financed units are apartment units, many of which are purchased by elderly people on an all-cash basis. In fact, 34.1 per cent of the surveyed purchasers of conventionally financed units paid cash, compared to only 8.6 per cent of the purchasers of NHA financed units. Thus, only 44.2 per cent of the purchasers of conventionally financed units required a second mortgage.

In the case of the units built under the special CMHC low-cost housing program, the first mortgage financing was provided at a low rate of interest and represented a high percentage of the selling price. Of the seventy-one purchasers of these units surveyed, only six reported second mortgages.

This study did not determine the number of purchasers who utilized the Provincial Government grant. However, that number would not be expected to vary significantly from the 11.2 per cent reported in the previous study. Inclusion of the purchasers of conventionally financed units would tend to lower this statistic, since there is a higher percentage of former homeowners in this category, who do not qualify for the Provincial grant or second mortgage. On the other hand, inclusion of the purchasers of the low-cost units would be expected to increase the percentage of purchasers utilizing the grant, since almost all of them would qualify for the government assistance and very few used the second mortgage.

While these statistics show that the involvement of the Provincial Government in condominium development through its policy of providing grants or second mortgages to purchasers has been substantial, it is difficult to assess the effect of this policy on the rate of growth of condominium development. Certainly the effect has been beneficial, but it is impossible

to determine the extent to which condominium development would have been slowed in the absence of this policy.

CHAPTER III

SURVEY OF CONDOMINIUM OWNERS

3.1 Purpose and Methodology

The 1971 study cited previously provided some very useful information about condominium purchasers. However, that information pertained only to purchasers of condominiums which had been financed under the National Housing Act, and, as we have seen, there has since been a large increase in the numbers of non-NHA financed developments. While CMHC has much information on purchasers of NHA financed units (which is where the information for the previous study was obtained), information on non-NHA purchasers is not available from any similar source, and so the purchaser survey was required.

The previous study also made no attempt to determine such things as why people buy condominiums instead of single-family dwellings, what features they like, the extent of their satisfaction with the management of condominiums, or the degree to which their original expectations had been satisfied. Such information could be of considerable value to developers, lenders, municipal officials, prospective condominium purchasers, and any others directly concerned with condominium development. Again, such information could only be obtained from the purchasers themselves, and so a survey questionnaire was prepared. This questionnaire is shown in Appendix 2.

The questionnaires were delivered by several research assistants to about 17 per cent of the residents of each condominium development containing 10 or more units in the Metropolitan Vancouver area. The assistants were instructed to randomly select the units surveyed, and to ask the residents to complete the questionnaire at their own convenience, and return

it in the stamped envelope provided. Since it was expected that a significant percentage of residents would not be home when the questionnaire was delivered, a covering letter explaining the questionnaire was attached so that the questionnaire could be left.

It was hoped that this procedure would yield a response from 10 per cent of the residents in each development. However, while an even greater response was obtained from a few projects, many of the projects had to be re-surveyed to obtain the desired response. A record of the units initially surveyed had been kept, and these units were avoided in the re-survey. In order to ensure the desired response, the assistants were instructed to obtain a completed questionnaire at the time of the call. They were also instructed to avoid interpreting any questions for the respondents and to keep conversation to a minimum so as to minimize the possibility of injecting any "interviewer" bias into the response.

In this way a total of 513 responses was obtained. Since, as can be seen in Table 4, there are 5,884 units in the developments containing at least 10 units, this response rate appears to be lower than the desired 10 per cent. However, many of the units in the recently registered strata plans were not occupied, and the response rate is in fact very close to 10 per cent.

Before going on to the results of the survey, some indication of the validity of the results obtained by the sample is required. Rather than justify the results statistically (which requires some assumptions to be made about the characteristics of the population from which the sample was drawn, which assumptions may or may not be true), the author presents the data on ages of household heads in Table 7. The information obtained from CMHC records represents nearly 100 per cent of the purchasers of NHA financed projects; the survey data covers purchasers of the same projects.

TABLE 7
DISTRIBUTION OF AGES OF HOUSEHOLD HEADS
OF NHA FINANCED CONDOMINIUMS

| Age Range | No. in each Range | | % in each Range | |
|-----------|-------------------|--------------|-----------------|--------------|
| | Survey Sample | CMHC Records | Survey Sample | CMHC Records |
| Under 25 | 26 | 366 | 7.6 | 11.9 |
| 25 - 29 | 99 | 766 | 29.0 | 25.1 |
| 30 - 34 | 69 | 555 | 20.2 | 18.2 |
| 35 - 39 | 38 | 363 | 11.2 | 11.8 |
| 40 - 44 | 27 | 273 | 7.9 | 8.9 |
| 45 - 49 | 21 | 274 | 6.2 | 8.9 |
| 50 & Over | 61 | 466 | 17.9 | 15.2 |

While the percentages in each age range do not exactly correspond, they are certainly close enough to indicate that the sample is sufficiently large to provide meaningful data. Further evidence of this can be seen in that the average age of household heads according to the survey was 36.55 years; the average obtained from the CMHC records was 36.23 years. Thus, it can be concluded that the results of the survey are significant.

3.2 Analysis of Results

3.2.1. Question 1

The first question asking for the date of purchase of the unit was included for two reasons. First, it was a simple, straight-forward question which no one could object to, and would tend to put the respondents in a good "frame of mind" and so improve the response to the balance of the questionnaire. Second, this question was necessary to evaluate the response to some of the subsequent questions regarding the degree of satisfaction with management and with the condominium concepts. Obviously, the response to such questions from new residents would not be as significant as the

response from longer term residents. A previous study found that purchaser satisfaction regarding construction quality was relatively high for the first few months after occupancy, then dropped off as problems arose during the next year or so, then increased again as these problems were overcome.¹ It is likely that a similar pattern would exist for satisfaction in general. This question would provide a means of checking this hypothesis, which will be done at a later point when the questions on purchaser satisfaction are discussed.

The information obtained from the first question, then, requires no analysis on its own, but will prove useful in later discussions.

3.2.2 Age of Purchasers

The second question asked for the ages of the husband and wife at the time the unit was purchased. While we are primarily interested only in the age of the household head, it was decided that asking for both ages was simpler and less subject to interpretation than asking for the age of the household head. Asking for both ages also provided a simple way of determining the number of single purchasers, since the appropriate space could simply be left blank.

The information on the distribution of ages of household heads is presented in Table 8. The most notable feature exhibited by the data is the difference in age characteristics between apartment owners and town house owners. This difference is not surprising, however, since apartment units would appeal primarily to childless purchasers, who are more likely to be elderly couples, while town houses appeal more to families with children. Thus, the residents of apartment condominiums have a considerably

¹Condominium Research Associates, "National Survey of Condominium Owners", Toronto, 1970, p. 42.

older age profile than residents of town house condominiums.

TABLE 8
DISTRIBUTION OF AGES OF HOUSEHOLD HEADS

| | 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 | 29.3 | 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 | 32.8 |
| 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 excludes the low-cost housing data.

Another feature to note is that the residents of conventionally financed projects, whether town house or apartment, are slightly older than residents of NHA financed projects. One of the reasons for using conventional financing is that the maximum NHA mortgage may be too small to effectively market more expensive units. Therefore, the average price of conventionally financed units would tend to be higher than NHA financed

units, and this may partially account for the slightly older purchasers.

Comparing the age distribution of purchasers of NHA town houses surveyed in this study with the age profile presented in the 1971 study reveals a slight increase in the age of condominium purchasers over the past two years. The percentage of purchasers under 35 dropped from 67.5 per cent in the 1971 study to 59.5 per cent in the present study; the percentage of purchasers between 35 and 49 increased from 23.2 per cent to 26.8 per cent; and the percentage of purchasers over 49 increased from 9.4 per cent to 13.6 per cent. This increase is most likely due to the rapid rise in housing prices which occurred subsequent to the previous study, which may have forced many prospective purchasers to delay their purchase until their incomes caught up with the increased housing prices.

Question 2 also provided information regarding the number of single residents. The number of single persons reported was 79, or about 16.9 per cent of all respondents. Of these 50 were women (63.4%), and many were elderly (36 of the 79 were 50 or older). As would be expected, the majority (44 of the 79) lived in apartment condominiums.

The most significant statistic regarding single residents is the percentage of apartment units occupied by single persons. The 44 single apartment residents constitute 26.2 per cent of all apartment residents, which represents a very sizeable segment of the apartment condominium market.

3.2.3 Number of Children

Another area of information on condominium purchasers which is of some importance (particularly to design considerations) is the number of children per unit. This information was obtained with question 3, the results of which are summarized in Table 9.

The data presented in Table 9 contain no surprises and are self-explanatory. It should be noted, however, that the samples for the mixed and low-cost apartment developments are small, and the results are probably not reliable. They are presented separately so as not to distort the results of the other categories, and are included in the totals.

TABLE 9
DISTRIBUTION OF CONDOMINIUM PURCHASERS
BY NUMBER OF DEPENDENT CHILDREN

| Type of Develop- ment | Number of Children | | | | | | | | | | Average No. of Children Per Unit |
|--------------------------|--------------------|------------------|-----|------|-----|------|-----|------|-----|-----|---|
| | 0 | | 1 | | 2 | | 3 | | 4 | | |
| | No. of Families | % of Families | No. | % | No. | % | No. | % | No. | % | |
| Town House | 96 | 41.2 | 61 | 26.2 | 52 | 22.3 | 16 | 6.9 | 8 | 3.6 | 1.05 |
| Apartment | 129 | 79.1 | 22 | 13.5 | 8 | 4.9 | 4 | 2.5 | 0 | 0 | 0.31 |
| Mixed | 12 | 44.5 | 9 | 3.3 | 4 | 1.5 | 2 | 0.7 | 0 | 0 | 0.85 |
| Low-Cost Town House | 15 | 21.5 | 24 | 34.3 | 18 | 25.7 | 12 | 17.1 | 1 | 1.4 | 1.43 |
| Low-Cost Apartment | 3 | 33.3 | 2 | 22.2 | 2 | 22.2 | 2 | 22.2 | 0 | 0 | 1.33 |
| Total | 255 | 50.8 | 118 | 23.5 | 84 | 16.7 | 36 | 7.2 | 9 | 1.8 | 0.86 |

Table 9 contains information on the number of children at the time of purchase. Respondents were also asked how many children they had at the time of the survey, and in the case of town house developments, the average number of children per unit had increased from 1.05 at the time of purchase to 1.23 at the time the survey was made. This figure underestimates the "stable" population of town house developments because it includes many new developments whose population is still growing. For those resi-

dents who had occupied their units for at least two years, the average number of children per unit was 1.38 for 66 town house units. While even this figure probably underestimates the stable population of town house projects, it should be fairly close.

The number of apartment units occupied longer than two years was too small to produce reliable results similar to the above. However, the population of apartment condominiums would not be expected to increase with time as much as town house projects, since the majority of apartment purchasers are beyond child-bearing age. Also, younger couples would tend to move into town house or single-family dwellings when they begin to have children.

3.2.4 Working Wives

The data on working wives are presented in Table 10. These data indicate the number of working and non-working wives at the time of purchase,

TABLE 10
WORKING AND NON-WORKING WIVES BY
TYPE OF DEVELOPMENT

| Type of Development | No. of Working Wives | % | No. of Non-Working Wives | % |
|---------------------|----------------------|------|--------------------------|------|
| Town House | 81 | 39.5 | 124 | 60.5 |
| Apartment | 45 | 39.8 | 68 | 60.2 |
| Mixed | 15 | 48.4 | 16 | 51.6 |
| Total | 141 | 40.4 | 208 | 59.6 |
| Low-Cost | 15 | 20.8 | 57 | 79.2 |

excluding single residents. Apparently the type of development has little effect on this statistic, since the town house and apartment percentages

are virtually identical. While the percentages for the mixed developments are substantially different, this result is probably not reliable due to the small sample size.

Low-cost housing condominiums have a much lower incidence of working wives than do normal developments. A possible reason for this is the maximum family income restriction placed on purchasers of these units, which in most cases would prevent two-income families from qualifying for them.

Perhaps the most surprising feature of this data is the relatively low percentage of working wives (40 per cent) compared to that found in the 1971 study (48 per cent). This drop cannot be readily explained, but must simply be accepted. The author suspected that the re-survey procedure requiring the completion of a questionnaire at the time of the call may have biased the results in favour of non-working wives, since a response would be obtained on a call only if the wife or husband were at home. This possibility was checked by subtracting the re-survey data from the data in Table 10, and, while the total percentage of working wives increased slightly to 41.4 per cent, this change is negligible and the difference in the percentage of working wives between this and the previous study must be accepted.

It may be of some interest to briefly examine the relationships between the incidence of working wives and family incomes, number of children, and age of wife. The data illustrating these relationships are shown in Tables 11, 12, and 13 respectively. In these tables, low income projects are excluded.

Examining Table 11, it can be seen that the majority of working wives (71 per cent) are in families with incomes between 10,000 dollars and 20,000 dollars, while the majority of non-working wives (58 per cent) are in families with incomes of less than 10,000 dollars.

The incidence of working wives increases steadily with increasing

TABLE 11

WORKING AND NON-WORKING WIVES BY FAMILY INCOME LEVEL

| <u>Family Income</u> | <u>No. Working</u> | <u>%</u> | <u>No. Non-Working</u> | <u>%</u> |
|--------------------------|------------------------|----------|----------------------------|----------|
| - \$8,000 | 6 | 11.5 | 46 | 88.5 |
| 8,000-10,000 | 23 | 25.9 | 66 | 74.1 |
| 10,001-12,000 | 33 | 50.8 | 32 | 49.2 |
| 12,001-15,000 | 30 | 51.8 | 28 | 48.2 |
| 15,001-20,000 | 32 | 74.5 | 11 | 25.5 |
| 20,000 + | 10 | 50.0 | 10 | 50.0 |

TABLE 12

WORKING AND NON-WORKING WIVES BY
NUMBER OF DEPENDENT CHILDREN

| <u>No. of Dependent Children</u> | <u>No. Working</u> | <u>%</u> | <u>No. Non-Working</u> | <u>%</u> |
|--|------------------------|----------|----------------------------|----------|
| 0 | 96 | 52.5 | 87 | 47.5 |
| 1 | 20 | 23.5 | 65 | 76.5 |
| 2 | 19 | 31.7 | 41 | 68.3 |
| 3 | 6 | 31.6 | 13 | 68.4 |
| 4 | 3 | 37.5 | 5 | 62.5 |

TABLE 13

WORKING AND NON-WORKING WIVES BY AGE OF WIFE

| <u>Age of Wife</u> | <u>No. Working</u> | <u>%</u> | <u>No. Non-Working</u> | <u>%</u> |
|--------------------|------------------------|----------|----------------------------|----------|
| -30 | 75 | 50.6 | 73 | 49.4 |
| 30-39 | 36 | 49.4 | 37 | 50.6 |
| 40-49 | 10 | 29.4 | 24 | 70.6 |
| 49 + | 21 | 22.6 | 72 | 77.4 |

family incomes up to the 20,000 dollar level, as would be expected. Even above the 20,000 dollar family income, 50 per cent of wives work.

The data presented in Table 12 indicate that families with dependent children are less likely to have working wives than childless families, as would be expected. Of the 172 families with children, only 48 (27.9 per cent) of the wives work, while 124 (72.1 per cent) of the wives are not working. While almost 50 per cent of wives with no children do not work, this number is inflated by a large number of elderly women who choose not to work because of their age. Therefore, the likelihood that younger childless wives are working is much greater than the 52.5 per cent indicated for all childless wives. This is supported by the results shown in Table 13, which are consistent with expectation and require no discussion.

3.2.5 Family Incomes

The data on gross family incomes at the time of purchase are presented in Table 14. The 1971 study found that the majority of condominium developments were designed for moderate income purchasers. This apparently is still true, since almost 65 per cent of all purchasers have annual incomes lower than 12,000 dollars.

The major difference between apartment purchaser and town house purchaser income levels is the much higher percentage of apartment purchasers who earn less than 8,000 dollars per year. This high proportion can be explained by two factors. First, a substantial percentage of apartment residents are single persons (see section 3.2.2), the majority of which are single women with very low incomes. Second, the older age levels of apartment dwellers indicate that a much greater proportion of retired couples on pensions live in apartment units than in town house units.

Some significant discrepancies were noted between the income data

TABLE 14

GROSS FAMILY ANNUAL INCOME AT TIME OF PURCHASE

| | - \$8,000 | \$8,000-\$10,000 | \$10,001-\$12,000 | \$12,001-\$15,000 | \$15,001-\$20,000 | \$20,000 + |
|------------|--------------------------|------------------|-------------------|-------------------|-------------------|------------|
| Town House | 31 (13.8) ⁽¹⁾ | 62 (27.7) | 50 (22.3) | 40 (17.9) | 29 (12.9) | 12 (5.4) |
| Apartment | 45 (30.8) | 33 (22.6) | 23 (15.8) | 19 (13.0) | 14 (9.6) | 12 (8.2) |
| Mixed | 3 (7.7) | 10 (25.6) | 8 (20.5) | 9 (23.1) | 6 (15.4) | 3 (7.7) |
| Total | 79 (19.3) | 105 (25.7) | 81 (19.8) | 68 (16.6) | 49 (12.0) | 27 (6.6) |
| Low-Cost | 54 (69.3) | 16 (20.5) | 4 (5.1) | 3 (3.8) | 1 (1.3) | - |

Note:

1. Bracketed figures indicate percentage in each income category.

TABLE 15

COMPARISON OF SURVEY INCOME DATA WITH INCOME DATA FROM CMHC RECORDS

| | - \$8,000 | \$8,000-\$10,000 | \$10,001-\$12,000 | \$12,001-\$15,000 | \$15,001-\$20,000 | \$20,000 + |
|-----------------------|-----------|------------------|-------------------|-------------------|-------------------|------------|
| CMHC Records | 8.6 | 22.8 | 22.9 | 24.5 | 16.7 | 4.5 |
| Survey (NHA Projects) | 13.2 | 28.6 | 21.4 | 17.3 | 13.5 | 6.0 |

Note: Numbers indicate the percentage of purchasers in each range.

obtained from the survey and the income data obtained from the CMHC records, as is evident in Table 15. The survey data indicate a much higher percentage of families with incomes of less than 10,000 dollars, and a lower percentage of families with incomes between 12,000 and 20,000 dollars, particularly in the 12,000 to 15,000 dollar range. It appears that, despite the emphasis placed on the words "gross family" in the question asking for gross family income some respondents did not include their wife's income in their answers. It may even be that some of these respondents reported their wives to be not working when in fact they were, which would explain the drop in the percentage of working wives noted in the previous section. However, it is difficult to imagine why respondents would lie about something as innocuous as whether or not their wife is working.

Another possible explanation for the income discrepancies is that the CMHC statistics are obtained from mortgage application forms, and some lower income purchasers may exaggerate their incomes in order to qualify for the mortgage. They may in fact do this by declaring an income for their wife when she is really not working. While mortgagees check income declarations quite closely, there is little doubt that some purchasers get away with this, although it is impossible to say how many. Thus, it is very likely that the true values of the statistics in question lie somewhere in between the survey figures and the CMHC figures. This does not alter the conclusion that most condominium developments appeal primarily to moderate income families, but the incomes are probably not quite as moderate as the present survey indicates.

3.2.6 Previous Tenancy

Whether condominium purchasers rented or owned their previous living accommodation has some fairly important implications from a marketing view-

point. For example, should condominium advertising be directed towards renters or homeowners? Should it stress the advantages of condominiums over renting, or over ownership of a single-family dwelling? Does the type of condominium - apartment or town house - make any difference to the answers to these questions?

The data obtained on the previous tenancy of the owners surveyed are presented in Table 16.

TABLE 16
PREVIOUS TENANCY OF CONDOMINIUM OWNERS

| Type of Unit Purchased | Previously Rented | | Previously Owned | |
|---------------------------|-------------------|------|------------------|------|
| | Number | % | Number | % |
| Town House | 157 | 67.4 | 76 | 32.6 |
| Apartment | 89 | 57.8 | 65 | 42.2 |
| Total | 246 | 63.6 | 141 | 36.4 |
| Low-Cost | 70 | 89.8 | 8 | 10.2 |

As was expected, the majority of all residents had previously been renters; however, the proportion of renters has dropped substantially since the 1971 study, which found that 86.3 per cent of all condominium purchasers had previously rented. This drop is partly due to the increasing number of older purchasers who account for the majority of previous owners; 54.1 per cent of all purchasers who previously owned homes were older than 49.

As would be expected, the vast majority (87.5 per cent) of previous owners had owned single-family dwellings; only 8.1 per cent had owned

semi-detached units, and 1.9 per cent had previously owned another condominium unit.

3.2.7 Purchase Terms

The extent of the use of Provincial Government second mortgages was discussed in Chapter 2. That discussion distinguished between NHA financed condominiums and conventionally financed condominiums; it may perhaps be of more interest to distinguish between apartment type and town house type condominiums.

A breakdown of cash purchasers, purchasers who obtained one mortgage, and purchasers who obtained two mortgages by type of unit purchased is given in Table 17. It can be seen that over one-third of apartment condominium purchasers paid cash for their units, compared to less than one-tenth

TABLE 17
DISTRIBUTION OF PURCHASERS ACCORDING
TO THEIR FINANCING REQUIREMENTS

| | No Mortgage | | One Mortgage | | Two Mortgages | |
|--------------|-------------|------|--------------|------|---------------|------|
| | Number | % | Number | % | Number | % |
| Town House | 17 | 9.2 | 49 | 26.5 | 119 | 64.4 |
| Apartment | 44 | 34.6 | 31 | 24.4 | 52 | 41.0 |
| NHA Low-Cost | 3 | 4.2 | 62 | 87.3 | 6 | 8.5 |

Note: Data exclude purchasers of used units.

of town house purchasers. Considering only purchasers who required mortgages, there appeared to be some difference between apartment purchasers and town house purchasers regarding the number of mortgages obtained; 71 per cent of town house purchasers who required mortgage financing obtained

two mortgages, and the corresponding figure for apartment purchasers is 62.8 per cent.

Whereas the great majority of town house purchasers are young families purchasing their first home, many apartment purchasers are older people who have owned homes previously and use the equity from their former homes to make substantial down payments on their apartments. Many are retired or approaching retirement, and do not want to make mortgage payments out of their retirement income. Thus, the relatively high percentage of cash purchases for apartment units.

The data regarding the size of the down payments for those purchasers who required mortgages are shown in Table 18. Again, only purchasers of new units are included.

TABLE 18

DISTRIBUTION OF DOWN PAYMENTS MADE BY ORIGINAL PURCHASERS
REQUIRING MORTGAGES, AS A PERCENTAGE OF PURCHASE PRICE

| | -5% | | 5%-10% | | 10.1%-20% | | 20.1%-40% | | 40% + | | Average Down Payment |
|------------|-----|------|--------|------|-----------|------|-----------|------|-------|-----|----------------------------|
| | No. | % | No. | % | No. | % | No. | % | No. | % | |
| Town House | 25 | 14.5 | 67 | 38.7 | 43 | 24.8 | 35 | 20.2 | 3 | 2.8 | 12.3% |
| Apartment | 6 | 7.2 | 33 | 39.8 | 16 | 19.3 | 21 | 25.3 | 7 | 8.4 | 18.3% |
| Mixed | 7 | 22.6 | 13 | 41.9 | 8 | 25.8 | 2 | 6.5 | 1 | 3.2 | 11.4% |
| Total | 38 | 13.2 | 113 | 39.4 | 67 | 23.4 | 58 | 20.2 | 11 | 3.8 | 14.0% |
| Low-Cost | 7 | 10.8 | 48 | 73.9 | 6 | 9.2 | 4 | 6.1 | - | - | 7.6% |

Almost 40 per cent of purchasers made down payments in the 5 to 10 per cent range regardless of the type of unit purchased. This would be expected because most mortgagees require purchasers to have a minimum of

5 per cent equity in their unit. In view of this, it is perhaps surprising that so many purchasers (13.2 per cent) made down payments of less than 5 per cent, although it was noted that most of the down payments in this category were between 4.5 and 4.9 per cent.

Apartment purchasers who obtained mortgages exhibited a propensity for higher down payments than town house purchasers. The down payments of apartment purchasers exceeded 20 per cent of the purchase price in 33.7 per cent of the cases, while only 23.0 per cent of town house purchasers made down payments larger than 20 per cent of the full price.

Clearly, apartment purchasers have a much greater desire to reduce their mortgage commitments than town house purchasers, as would be expected given the age statistics examined previously. If cash purchasers had been included in the calculation of average down payment, this average would rise to 46.1 per cent of purchase price for apartment purchasers, but only to 20.3 per cent for town house purchasers.

3.2.8 Monthly Payments

Question 6 asked the respondents for their total monthly payments, including principal, interest, taxes, and maintenance, and for the maintenance payment alone. Unfortunately, it was apparent, upon comparing their total payment figures with the financing terms indicated in the previous question, that many respondents had not answered the question properly, leaving either the tax or maintenance payments out of the total payment.

The intent of this question was to obtain information on gross debt service ratios (the ratio of total monthly payments to gross income). In view of the inaccuracies observed in the monthly payment answers, any conclusions regarding gross debt service ratios would be highly suspect, and so the initial part of question 6 has been ignored.

The responses to the part of the question asking for monthly maintenance payments (sometimes referred to as common elements charges) did appear to be accurate, however, and the distribution of these payments by type of structure is presented in Table 19. These data indicate that apartment unit maintenance payments are much more evenly distributed over the total range, reflecting the greater variation in sizes and prices of apartment units as compared to town house units. While the data do not indicate it, the variation in maintenance payments within each project was greater for apartment developments than for town house developments.

Of more significance, however, is the generally higher maintenance payments for apartment units than for town house units. Apartment developments would require some maintenance expenses which town house developments don't have, such as elevator servicing and upkeep and replacement of broadloom in lobbies and hallways. On the other hand, town house developments would be expected to have higher expenses for maintenance of grounds, unit exteriors, and common amenities. The generally higher maintenance charges for apartment developments are almost entirely due to the fact that heating costs are usually included in the apartment maintenance charges, while town house residents pay their heating costs separately.

3.2.9 Pre-Purchase Knowledge

The condominium concept is relatively new, and has some unique facets not found in the traditional forms of housing. In a number of preliminary conversations with condominium residents, the author noted a surprisingly low level of understanding of the condominium concept. Very few purchasers had read the Strata Titles Act, and many had either not been given or had not read the by-laws of the development in which they purchased their home. Since the degree of pre-purchase knowledge can have a considerable

TABLE 19

DISTRIBUTION OF MONTHLY MAINTENANCE PAYMENTS

| | -\$20 | | -\$20-\$24.99 | | -\$25-\$29.99 | | -\$30-\$34.99 | | -\$35-\$39.99 | | -\$40-\$49.99 | | \$50 & Over | |
|------------|-------|-----|---------------|------|---------------|------|---------------|------|---------------|------|---------------|------|----------------|-----|
| | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % |
| Town House | 9 | 4.2 | 90 | 40.6 | 103 | 46.5 | 15 | 6.3 | 1 | - | 0 | - | 4 | 1.8 |
| Apartment | 13 | 9.2 | 14 | 9.9 | 26 | 18.4 | 38 | 26.8 | 23 | 16.2 | 17 | 12.0 | 11 | 7.7 |
| Total | 22 | 6.0 | 104 | 28.6 | 129 | 35.4 | 53 | 14.5 | 24 | 6.6 | 17 | 4.2 | 15 | 4.1 |

effect on post-purchase satisfaction, an indication of the extent to which purchasers were informed of their rights and obligations as condominium owners prior to purchase was desired.

It was expected that salesmen who specialize in selling condominiums (i.e. developers' salesmen) might, on the average, better inform prospective purchasers than would a non-specialist salesman (i.e. an independent agent). Consequently, included with the question on pre-purchase knowledge were questions asking who the residents dealt with in the purchase of their units.

The complete data obtained from question 8 are presented in Table 20. The information obtained is not particularly conclusive, and could be interpreted differently depending on the point of view. Developers could point to the fact that about 75 per cent of all purchasers are very well or moderately well informed, indicating that they have done a reasonable job in educating purchasers about this new and relatively complex product. On the other hand, consumer advocates might believe that the 25 per cent of purchasers who are poorly informed is much too high, and more effort should be made to better educate purchasers. Nevertheless, the author's first impressions were that the level of pre-purchase knowledge would be somewhat lower than the data indicate, and in view of the fact that the purchasers themselves must bear some of the responsibility for acquiring knowledge of what they are buying, it is concluded that developers have done a reasonably good job of educating purchasers.

It appears that purchasers of new units were somewhat better informed by independent agents than by developers' salesmen; however, the number of new units sold by agents is very small, and the percentages are therefore subject to a low level of confidence. When purchasers of used units are included, the percentages of both very well informed and poorly informed

purchasers are substantially higher for independent agents than for developers' salesmen. Thus, independent agents appear to tend more to the extremes in their ability or willingness to explain the condominium concept to purchasers than do developers' salesmen.

TABLE 20
EXTENT OF PURCHASER'S KNOWLEDGE PRIOR TO PURCHASE

| Method of Purchase | Very Well Informed | | Moderately Well Informed | | Poorly Informed | |
|-----------------------------------|--------------------|------|--------------------------|------|-----------------|------|
| | No. | % | No. | % | No. | % |
| I. Purchased from Developer | | | | | | |
| (a) Developer's salesman | 126 | 31.3 | 176 | 43.8 | 101 | 24.9 |
| (b) Independent agent | 17 | 43.6 | 13 | 33.3 | 9 | 23.1 |
| II. Purchased from Previous Owner | | | | | | |
| (a) Independent agent | 14 | 35.0 | 11 | 27.5 | 15 | 43.5 |
| (b) Directly from owner | 6 | 40.0 | 4 | 26.7 | 5 | 33.3 |
| Total | 163 | 32.8 | 204 | 41.0 | 130 | 26.2 |

3.2.10. Reasons for Buying a Condominium

Questions 10 and 11 deal with the choice purchasers made between the purchase of a condominium or a house. While rental accommodation is an obvious third choice, the author felt that more condominium purchasers have a strong desire to own their homes, so their choice was essentially limited to either a condominium or a house; hence, the reasons for choosing to buy a condominium rather than to rent were not explored..

Question 10 asked residents whether or not they looked for a single-family house before deciding to buy a condominium; the responses are

presented in Table 21.

TABLE 21
NUMBER OF CONDOMINIUM PURCHASERS WHO
LOOKED FOR A SINGLE-FAMILY HOUSE

| | Looked For House First Number % | | Did Not Look For House First Number % | |
|---|--|------|--|------|
| Former Renters | 139 | 50.0 | 139 | 50.0 |
| Former Owners | 50 | 32.9 | 102 | 67.1 |
| Total | 189 | 44.0 | 241 | 56.0 |
| Town House Purchasers | 129 | 54.6 | 107 | 43.4 |
| Apartment Purchasers | 44 | 28.6 | 110 | 71.4 |
| Total | 173 | 44.4 | 217 | 55.6 |
| Note: Low-cost developments are excluded. | | | | |

It is commonly believed that the majority of condominium purchasers would prefer to buy a single-family house, but cannot afford to do so. They therefore buy a condominium unit as an intermediate step, intending to use the equity they will build up in the unit to eventually purchase a house. If it can be assumed that the majority of purchasers whose first choice was a house would look at houses before buying their condominiums, then this common theory is refuted by the data in Table 21. Only about 44 per cent of condominium purchasers looked for a single-family house before buying their condominium, which leaves 56 per cent who appeared to be disinterested in owning a house.

There were substantial differences noted between purchasers who were

previously renting and those who were homeowners, and between town house purchasers and apartment purchasers. The majority of former homeowners were apparently interested in changing their life style, and hence were not interested in purchasing another house. The majority of purchasers of apartment units appeared to want to combine the advantages of apartment living with those of home ownership, and since a single-family house would not satisfy these desires, they did not look for a house before buying their units. These possible explanations are largely confirmed by the results of question 11.

The actual reasons why purchasers bought a condominium unit rather than a single-family dwelling were obtained with question 11; tabulation of the six most important reasons is presented in Table 22. Less important reasons were considered to be of only minor significance and are therefore not tabulated. Purchasers of low-cost units were excluded because virtually all of them bought only because of the low price, and really had no choice between the unit they purchased and a single-family house. The totals in the two bottom rows differ slightly because the mixed apartment and town house projects were included in sections I and II, but excluded from sections III and IV.

Considering first the grand totals, the six reasons for purchasing a condominium in order of importance are (1) freedom from exterior maintenance, (2) value (which essentially means lower full price), (3) lower down payment, (4) location, (5) lower monthly payments, and (6) recreational facilities included in condominium projects. However, since value, down payment, and monthly payments are all intimately related to price, these three reasons should really be lumped together as a single reason, lower price. The order of ranking of the reasons then becomes (1) price, (2) freedom from exterior maintenance, (3) location, and (4) recreational

TABLE 22

REASONS WHY PURCHASERS BOUGHT CONDOMINIUMS
RATHER THAN SINGLE-FAMILY DWELLINGS

| | (a) | | (b) | | R e a s o n s | | | | | | | | (f) | |
|---------------------------|----------|------|-------|------|------------------------|------|---------------------------|------|--------------------|------|---------------------|------|-----|---|
| | Location | | Value | | (c) Down Payment | | (d) Monthly Payment | | (e) No Mtce. | | (f) Rec. Fac. | | | |
| | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % |
| I Former Renters | | | | | | | | | | | | | | |
| 1st Reason | 18 | 6.9 | 95 | 36.8 | 68 | 26.1 | 17 | 6.5 | 58 | 22.3 | 44 | 11.5 | | |
| 2nd Reason | 31 | 13.8 | 48 | 21.4 | 44 | 19.6 | 31 | 13.8 | 47 | 21.0 | 23 | 10.3 | | |
| 3rd Reason | 18 | 10.4 | 27 | 15.6 | 29 | 16.7 | 38 | 22.0 | 33 | 19.1 | 28 | 16.2 | | |
| Sub Totals | 67 | 10.2 | 170 | 25.8 | 141 | 21.4 | 86 | 13.1 | 138 | 21.0 | 55 | 8.4 | | |
| II Former Owners | | | | | | | | | | | | | | |
| 1st Reason | 16 | 10.1 | 32 | 20.2 | 6 | 3.8 | 8 | 5.1 | 90 | 57.0 | 6 | 3.8 | | |
| 2nd Reason | 26 | 22.2 | 27 | 23.1 | 9 | 7.7 | 9 | 7.7 | 25 | 21.4 | 21 | 17.9 | | |
| 3rd Reason | 24 | 32.9 | 10 | 13.7 | 9 | 12.3 | 8 | 11.0 | 7 | 9.6 | 15 | 20.5 | | |
| Sub Totals | 66 | 19.0 | 69 | 19.8 | 24 | 6.9 | 25 | 7.2 | 122 | 35.1 | 42 | 12.0 | | |
| III Town House Purchasers | | | | | | | | | | | | | | |
| 1st Reason | 14 | 5.8 | 93 | 38.2 | 55 | 22.6 | 15 | 6.2 | 59 | 24.3 | 7 | 2.9 | | |
| 2nd Reason | 33 | 15.1 | 40 | 18.3 | 43 | 19.6 | 26 | 11.9 | 48 | 21.9 | 29 | 13.2 | | |
| 3rd Reason | 31 | 18.5 | 25 | 15.0 | 24 | 14.4 | 36 | 21.6 | 25 | 15.0 | 26 | 15.6 | | |
| Sub Totals | 78 | 12.4 | 158 | 25.2 | 122 | 19.4 | 77 | 12.3 | 132 | 21.0 | 62 | 9.9 | | |
| IV Apartment Purchasers | | | | | | | | | | | | | | |
| 1st Reason | 23 | 15.5 | 30 | 20.3 | 16 | 10.8 | 14 | 9.5 | 61 | 41.2 | 4 | 2.7 | | |
| 2nd Reason | 20 | 17.0 | 31 | 26.3 | 12 | 10.2 | 15 | 12.7 | 28 | 23.7 | 12 | 10.2 | | |
| 3rd Reason | 19 | 22.9 | 12 | 14.5 | 10 | 12.0 | 16 | 19.3 | 16 | 19.3 | 10 | 12.0 | | |
| Sub Totals | 62 | 17.8 | 73 | 20.9 | 38 | 10.9 | 45 | 12.9 | 105 | 30.1 | 26 | 7.4 | | |
| Totals - I & II | 133 | 13.2 | 239 | 23.8 | 165 | 16.4 | 111 | 11.0 | 260 | 25.9 | 97 | 9.7 | | |
| Totals - III & IV | 140 | 14.3 | 231 | 23.6 | 160 | 16.4 | 122 | 12.5 | 237 | 24.3 | 88 | 9.0 | | |

facilities, with each of the last two being relatively unimportant. This data therefore confirm the commonly held beliefs regarding the advantages of condominiums over single-family dwellings, which are lower price and freedom from maintenance.

There are, however, significant differences in the rankings of the condominium advantages when the different purchaser characteristics are examined. Comparing purchasers who owned homes previously with purchasers who rented previously, 57 per cent of the former owners picked freedom from maintenance as the most important reason while only 22.3 per cent of former renters ranked this advantage first. Similarly, while only 29.1 per cent of former owners ranked one of the price advantages first, 69.4 per cent of the former renters ranked the price advantage first.

Similar but smaller differences are observed between town house purchasers and apartment purchasers. The maintenance free and price advantages were ranked first by almost identical numbers of apartment purchasers, whereas only 24.3 per cent of town house purchasers ranked the maintenance advantage first and 67.0 per cent ranked price advantages first.

While the location advantage was ranked first by relatively few purchasers in all categories, former owners and apartment purchasers considered location to be more important than did former renters and town house purchasers. In the case of apartment purchasers, the greater importance of location is obviously due to the fact that all of the projects with any real locational advantage are apartment developments, and their advantage is proximity to the downtown core. The reason why former owners would rank locational advantages higher than former renters is not so obvious, but presumably former owners would usually prefer a location close to their previous home, and so would have a stronger locational preference than would former renters whose ties with the community are generally weaker.

The commonly held belief that most condominium purchasers buy primarily as a first step towards the purchase of a single-family home was tested with question 14. This question asked whether or not the respondents had originally intended to live in their condominium indefinitely, and if not, what type of housing they expected to eventually move to. They were also asked when they expected to move, but the great majority had only a vague idea of the timing, and the results of this question will not be reported. The results of the other two parts of the question are presented in Table 23.

TABLE 23
FUTURE INTENTIONS OF CONDOMINIUM PURCHASERS

| Type of Unit Purchased | No. Intending to Live in Condominium Indefinitely | | Number Intending to Move to | | | | | | | |
|------------------------|---|------|--------------------------------|----------|------------------------------|----------|-----------------------------|----------|---------------------|----------|
| | No. | % | (a) Single Residence No. | (a) % | (b) Another Condo. No. | (b) % | (c) Rental Accom. No. | (c) % | (d) Other No. | (d) % |
| Town House | 119 | 49.5 | 101 | 42.1 | 13 | 5.4 | 2 | 0.8 | 5 | 2.1 |
| Apartment | 97 | 64.3 | 31 | 20.5 | 13 | 8.6 | 2 | 1.3 | 8 | 5.3 |
| Mixed | 16 | 31.4 | 28 | 55.0 | 3 | 5.9 | 2 | 2.9 | 2 | 3.9 |
| Total | 232 | 52.5 | 160 | 36.2 | 29 | 6.6 | 6 | 1.4 | 15 | 3.4 |
| Low-Cost | 23 | 43.4 | 25 | 47.2 | 2 | 3.8 | 2 | 3.8 | 1 | 1.9 |

Of the 442 complete responses to this question, only 160 residents (36.2 per cent) indicated that they bought with the intention of eventually buying a single-family house. This would appear to refute the previously mentioned belief, but there are differences between apartment purchasers and town house purchasers which tend to give somewhat more support to the

common belief.

Of the 240 town house purchasers, 119 (49.5 per cent) bought with the intention of living in their units indefinitely, and 101 (42.1 per cent) bought with the intention of eventually purchasing a single-family house. While this latter figure is lower than had been expected, it does confirm that a substantial portion of purchasers buy their unit as an interim dwelling.

On the other hand, only 20.5 per cent of apartment purchasers bought with the intention of later purchasing a house. This would be expected, however, since these purchasers are generally older, and many are apparently purchasing their retirement homes.

3.2.11 Reasons for Selecting a Particular Condominium

Question 12 dealt with the extent to which condominium purchasers shopped prior to purchase, and their reasons for purchasing their particular unit rather than the others they had seen.

Table 24 summarizes the responses to the question asking whether they looked at other condominiums before purchasing, and the data indicate that a large percentage of purchasers do shop around, as would be expected for a purchase of this importance. In fact, the percentage of purchasers who shop first is probably even higher than indicated, since many of the negative responses were from purchasers who had bought in the earlier projects when their choice was very limited. The type of unit purchased had very little effect, if any, and even purchasers of low-cost units whose choice is severely restricted by their income usually looked at other projects before buying.

The perceived advantages of the units purchased over the other units seen by respondents are summarized in Table 25. The majority of respon-

TABLE 24
EXTENT OF PRE-PURCHASE SHOPPING

| Type of Unit Purchased | Purchasers Who Shopped | | Purchasers Who Did Not Shop | |
|---------------------------|---------------------------|------|--------------------------------|------|
| | Number | % | Number | % |
| Town House | 183 | 81.0 | 43 | 19.0 |
| Apartment | 115 | 75.6 | 37 | 24.4 |
| Mixed | 25 | 62.5 | 15 | 37.5 |
| Total | 323 | 77.3 | 95 | 22.7 |
| Low-Cost | 58 | 78.4 | 16 | 21.6 |

dents listed more than one advantage, and since they were not asked to rank the advantages, it is difficult to say which of the advantages listed was most important. However, it is presumed that the majority of respondents would list the most important advantage first, so the number of times each advantage was listed first was tabulated as well as the total number of times each advantage was listed. Although several advantages not listed in Table 25 were mentioned by respondents, the total number of times each was listed was insignificant.

As would be expected, the advantages listed most often were location, price, and design. While better quality of construction, smaller project size, and better amenities cannot be ignored, they were relatively unimportant compared to the first three advantages.

The order of importance of the location, price, and design advantages (as indicated by the number of times they are listed) does not change when total number of listings and number of first listings are compared for each type of unit, but their relative importance does change. Considering total

TABLE 25
PERCEIVED ADVANTAGES OF UNIT PURCHASED
OVER OTHER UNITS (1)

| Type of Unit Purchased | Location | Price | Number of Times Advantages Listed | | | | Project Size | Project Amenities |
|----------------------------|----------|-------|-----------------------------------|-------------|----------------|----------------------------|--------------|-------------------|
| | | | Design | Unit Design | Project Design | Total(2) Design Quality | | |
| Town House | | | | | | | | |
| (a) All Listings | 102 | 66 | 32 | 18 | 143 | 24 | 20 | 27 |
| (b) First Listing Only | 60 | 37 | 12 | 13 | 70 | 13 | 6 | 2 |
| Apartment | | | | | | | | |
| (a) All Listings | 69 | 62 | 9 | 4 | 57 | 12 | 4 | 18 |
| (b) First Listing Only | 55 | 28 | 3 | 2 | 18 | 5 | 2 | 2 |
| Mixed | | | | | | | | |
| (a) All Listings | 17 | 4 | 2 | 1 | 17 | 1 | 0 | 5 |
| (b) First Listing Only | 14 | 1 | 2 | 0 | 9 | 0 | 0 | 0 |
| Total - All Listings | | | | | | | | |
| | 187 | 132 | 43 | 23 | 217 | 37 | 24 | 50 |
| Total - First Listing Only | | | | | | | | |
| | 129 | 66 | 17 | 15 | 97 | 18 | 8 | 4 |

Notes: (1) Low-cost projects excluded.

(2) Includes unit design, project design, and "design" (unspecified).

listing for town house units, design is significantly more important than location, which in turn is significantly more important than price. When first listings only are considered, design is only marginally more important than location, and price runs a more distant third.

The order of importance of advantages of apartment units is first location, second price, and third design, but when total listings are examined, the differences in importance are very small. However, location was listed first almost twice as often as price, and more than three times as often as design. While the order of the examples given in the question may have affected the order of the responses, the location advantage for apartment units was expected to be most important for reasons discussed previously, and the fact that design was most important to town house purchasers indicates that the examples did not significantly affect the results.

To summarize briefly, then, when choosing between different condominiums, apartment purchasers consider location, price, and design in that order, while town house purchasers consider design, location, and price. Other perceived advantages are relatively unimportant.

3.2.12 Design Improvements

The results discussed in the previous section indicated that design is of considerable importance to the purchase decision, especially for town house purchasers. This importance was not unexpected, and so question 13 was included to determine the relative importance of various design features.

Question 13 asked respondents to list design changes which would have improved their unit or project. It should be noted that asking the question in this way may distort the relative desirability of different design features, since the number of listings of each feature will depend on the

extent to which those features were already included as well as on the relative desirability of those features. Thus, the results cannot be taken as an absolute measure of the relative importance of the design changes mentioned, but are certainly a reasonable guide to the relative importance.

Respondents were also asked whether or not they would have been prepared to pay more for their unit as a result of the improvements they listed. The intent of this question was to determine the importance to the respondent of the changes he listed, since it was felt that a person who was not prepared to pay for them did not consider them to be of great importance, while a purchaser who would pay more attached considerably more importance to the changes.

The frequency with which various design improvements were mentioned is presented in Table 26. Some changes were mentioned other than those listed in the table, but their frequency was insignificant.

The feature most often mentioned by town house purchasers was covered parking, and, since the great majority of owners who mentioned this would have been prepared to pay extra for it, the demand for this feature is apparently great.

Second in the list of desired improvements for town house developments was better recreational facilities. This is somewhat surprising, since virtually all town house projects include a children's play area, and the majority include a pool. However, a number of respondents indicated that facilities for small children were inadequate, and several noted that facilities for older children were completely lacking. Developers might well consider a club house of some sort to enhance the saleability of their units.

The majority of town house projects built to date have included fireplaces in the units. Despite this, the frequency with which this feature

TABLE 26
DESIGN IMPROVEMENTS LISTED BY OWNERS

| Number of Responses to Each Feature | | | | | | | |
|--|-----------------|--------------|------------|------------------------|----------------------|--------------|--------------|
| Type of Unit | Covered Parking | More Parking | Fire-Place | Better Rec. Facilities | More or Larger Rooms | Exterior (1) | More Storage |
| I Town House Owners | | | | | | | |
| a) Would pay more | 63 | 15 | 37 | 41 | 30 | 30 | 27 |
| b) Would not pay more | 15 | 22 | 13 | 16 | 9 | 12 | 17 |
| Total | 78 | 37 | 50 | 57 | 39 | 42 | 44 |
| II Apartment Owners | | | | | | | |
| a) Would pay more | 8 | 3 | 17 | 15 | 13 | 5 | 17 |
| b) Would not pay more | 8 | 6 | 9 | 13 | 7 | 5 | 28 |
| Total | 16 | 9 | 26 | 28 | 20 | 10 | 45 |
| Note: (1) Includes better landscaping, larger patios, fences, etc. | | | | | | | |

was mentioned was relatively high, and again the majority of owners who mentioned it were willing to pay more.

Apartment owners were most concerned about a lack of storage space. While the majority would not pay extra for more storage space, this may well be interpreted as a belief by the owners that adequate storage space is a matter of basic design, and purchasers should not have to pay more for it. In any event, the amount of storage space is obviously of great impor-

tance in the design of apartment condominiums.

The fact that fireplaces and better recreational facilities are listed quite frequently by apartment owners is not too surprising, since the majority of apartment projects built (or converted from rental projects) have not included these features.

3.2.13 Extent of Post-Purchase Satisfaction

The last three questions all sought to determine the degree of satisfaction with condominium living. Since it was believed that the one area which offered the most potential for creating dissatisfaction was that of management of the condominium, the first question of the three dealt with management problems.

The first part of question 15 asked whether or not the respondents were generally satisfied with the management of their condominiums. The question also made clear that the quality of the caretaking was not being sought, but rather the management of the strata corporation - administration of the by-laws, collection and disbursement of funds, and things of this nature.

The response to this question was quite positive, with 75.1 per cent of all respondents indicating general satisfaction with management. In view of some preliminary conversations which the author had with a small number of condominium residents and professional condominium managers, this degree of satisfaction was higher than expected.

The second part of the question asked for suggestions as to how management could be improved. The suggestions received varied widely, but three of them accounted for almost 50 per cent of the suggestions received.

The most frequently occurring suggestion was for more enforcement of the by-laws, which was mentioned by 23 respondents. While there are means

of enforcing the by-laws within the provisions of the Strata Titles Act, or in some cases through municipal nuisance by-laws, these means are either not being used by councils and managers or are proving to be ineffective. This is certainly one area in which the legislation should be examined, since it is apparent that some improvements are required.

The two other suggestions which occurred most frequently were to improve communication between managers, council, and owners (13 responses), and to make more financial information available to owners (10 responses). These are fairly closely related, and are essentially internal problems which can only be solved by the residents themselves.

In the discussion of the first question, it was hypothesized that the degree of satisfaction might depend on length of residence in the condominium, being initially high, then dropping off, and then picking up again after one or two years of residence. This was checked by comparing the number of "yes" and "no" answers with the various lengths of residence as shown in Table 27. These results confirm that this hypothesis is in fact correct.

The purpose of question 16 was to obtain an indication of the degree of satisfaction with the condominium concept in general. Four levels of satisfaction were given ranging from very well satisfied to very dissatisfied, and purchasers were asked to check which level most appropriately applied to them. The results presented in Table 28 indicate a high degree of satisfaction, with over 93 per cent of respondents in the "moderately satisfied" and "very satisfied" categories. Purchasers of special low-cost units are generally less satisfied, but even for them the degree of satisfaction is reasonably high.

The correlation between length of residence and degree of satisfaction with management was also found to exist with the degree of general satis-

TABLE 27

CORRELATION BETWEEN LENGTH OF RESIDENCE
AND SATISFACTION WITH MANAGEMENT

| Length of Time in Residence (mo.) | Satisfied Respondents | | Unsatisfied Respondents | |
|--------------------------------------|--------------------------|------|----------------------------|------|
| | No. | % | No. | % |
| 0 - 2 | 45 | 88.2 | 6 | 11.8 |
| 3 - 5 | 49 | 77.8 | 14 | 22.2 |
| 6 - 11 | 93 | 76.9 | 28 | 23.1 |
| 12 - 17 | 45 | 72.6 | 17 | 27.4 |
| 18 - 23 | 53 | 59.6 | 36 | 40.4 |
| 24 - 35 | 39 | 75.0 | 13 | 25.0 |
| 36 & Over | 27 | 75.0 | 9 | 25.0 |

TABLE 28

DEGREE OF OVERALL SATISFACTION

| <u>Degree of Satisfaction</u> | <u>Number</u> | <u>%</u> |
|-------------------------------|---------------|-------------|
| 1. Very well satisfied | 213 (22) | 50.4 (29.8) |
| 2. Moderately satisfied | 181 (37) | 42.8 (50.0) |
| 3. Moderately dissatisfied | 16 (8) | 3.8 (10.8) |
| 4. Very dissatisfied | 13 (7) | 3.1 (9.4) |

Note: Bracketed figures are for low-cost condominium purchasers, which are excluded from the unbracketed figures.

faction. To check this, a "satisfaction index" was calculated for each length of residence category by assigning a value to each degree of satisfaction (very satisfied - 1, moderately satisfied - 2, moderately dissatisfied - 3, very dissatisfied - 4).

fied - 3, and very dissatisfied - 4), multiplying the number of responses for each level in each time category by their value, adding them up, and dividing the result by the total number of responses in that time category. For example, respondents who had lived in their units between six and eleven months totaled 114, of which 62 were very satisfied, 46 were moderately satisfied, 3 were moderately dissatisfied, and 3 were very dissatisfied. The "satisfaction index" is therefore calculated as follows:

$$S = \frac{62 \times 1 + 46 \times 2 + 3 \times 3 + 3 \times 4}{62 + 46 + 3 + 3}$$

$$= 1.54$$

The "satisfaction index" varies inversely with the degree of satisfaction.

The results are presented in Table 29. As can be seen, the degree of satisfaction decreases steadily with time up to 3 years residence, and

TABLE 29

CORRELATION BETWEEN LENGTH OF RESIDENCE AND
DEGREE OF GENERAL SATISFACTION

| <u>Length of Residence</u> | <u>Value of Satisfaction Index</u> |
|------------------------------------|--|
| 0 - 2 mo | 1.43 |
| 3 - 5 mo | 1.49 |
| 6 - 11 mo | 1.54 |
| 12 - 17 mo | 1.71 |
| 18 - 23 mo | 1.76 |
| 24 - 35 mo | 1.78 |
| 36 mo & over | 1.56 |

then increases; the pattern is similar to that noted for degree of satisfaction with management, although the increase in satisfaction levels takes longer in the case of general satisfaction.

The degree of general satisfaction was also correlated with the degree of pre-purchase knowledge expressed by the respondents, as would be expected. The results of this correlation using a similar "satisfaction index" are presented in Table 30.

TABLE 30
CORRELATION BETWEEN GENERAL SATISFACTION
AND PRE-PURCHASE KNOWLEDGE

| <u>Degree of Pre-Purchase Knowledge</u> | <u>General Satisfaction Index</u> |
|---|---------------------------------------|
| Very well informed | 1.28 |
| Moderately well informed | 1.59 |
| Poorly informed | 2.00 |

Respondents were also asked to indicate their most important criticisms of condominium living, and the most frequently mentioned complaints are shown in Table 31. The first three criticisms listed deal with construction and design problems, and are not criticisms of the condominium concept itself. However, developers should note the importance of sound-proofing. The problem of poor upkeep also does not stem from the condominium concept itself, and is one which can be corrected internally in each project.

It appears that "people problems" are the most frequent source of

TABLE 31
MOST FREQUENTLY MENTIONED COMPLAINTS

| <u>Complaints</u> | <u>Number of Times Complaints Mentioned</u> |
|-------------------------------|---|
| Poor soundproofing | 43 |
| Poor construction | 18 |
| Inadequate parking | 12 |
| Lack of privacy | 32 |
| Poor attitude of other owners | 17 |
| Uncontrolled children | 20 |
| Uncontrolled pets | 17 |
| Poor management | 15 |
| Poor upkeep | 14 |
| Others | 18 |

criticism of the condominium concept. Problems with other owners and uncontrolled children and pets are closely related criticisms which as a group constitute more than half of the criticisms concerning the condominium concept itself. Lack of privacy is also important, and management problems were mentioned often enough to warrant some examination of this area of the condominium concept.

The last question was very direct, and in effect asked respondents whether or not they would purchase a condominium unit based on their experience with condominium living. Excluding purchasers of low-cost condominium units, 86 per cent (351 out of 408) of the respondents answered "yes" to this question. Purchasers of low-cost units were somewhat less positive, with 71.5 per cent of respondents answering affirmatively, but

even this degree of positive acceptance indicates that government assisted condominiums is a viable concept from the purchaser's point of view.

It could be argued that asking the question in this way would produce biased results in that purchasers would tend to be reluctant to admit that they had made a mistake in buying their units. In a previous study, respondents were asked to indicate whether or not they would recommend the purchase of a condominium unit to their friends.² The responses were 71.2 per cent affirmative, 15.8 per cent undecided, and 13.0 per cent negative. The negative response to that question compares very well with the 14 per cent negative response obtained in this study, and so it is concluded that the results of this study are not significantly biased.

It can therefore be concluded that the condominium concept as it has developed in the Metropolitan Vancouver area has been a qualitative as well as a quantitative success, and that condominiums will in the future become an even more important segment of the housing market in this area.

²Ito, Kenji Kenneth, "An Analysis of the Residential Satisfaction of Condominium Owners", M.A. Thesis, University of British Columbia, April 1972, p. 93.

CHAPTER IV

SURVEY OF DEVELOPERS AND MANAGERS

4.1 Survey of Developers

In order to obtain some of the marketing information required for the study, a brief questionnaire for developers was prepared, and is presented in Appendix 3. The main problem encountered with this phase of the study was in finding enough developers to obtain sufficiently representative results. Of the 78 developers whose names were obtained from the strata plans registered in the Land Registry Offices, only 26 were listed in the telephone book or city directory, and calls to several of those companies listed revealed that they apparently no longer existed. It appears that in a substantial number of cases, a company was formed to develop a condominium and then dissolved as soon as the project was completed and sold. It is also fairly common for larger developers to form subsidiary companies for condominium developments, and while the developers still exist, their subsidiaries are not necessarily listed.

In any event, the author was able to contact 16 developers who were willing to provide the required information. Complete information was obtained on a total of 37 projects, and questionnaires were partially completed on 6 others. The fully completed questionnaires represented 34.9 per cent of all newly constructed strata plans then registered (excluding apartment conversions) and 42.8 per cent of all the units. The results should therefore be reasonably representative of all condominium developments.

None of the developers contacted were able to provide any information

on apartment conversions. This was unfortunate, since, as will be seen later, conversions have occurred in significant numbers, and have been the subject of considerable public controversy.

The information obtained on the physical characteristics and selling prices of the strata plans included in the developers' survey was discussed in Chapter II and appears in Appendix 1. No further discussion of this information is required here.

4.1.1 Rate of Sales

Developers and mortgagees will no doubt be interested in the rate at which condominium projects sell. The date on which units were first offered for sale and the date of the last occupancy were requested in question 4. of the developers' questionnaire, and the results are presented in Table 32. There did not appear to be an appreciable difference between the rate of sales of apartment projects and town house projects, although there appeared to be somewhat more variation between different apartment projects than between different town house projects.

The date on which the units were first offered for sale did not affect the rate of sales, nor did the location of the projects. There are, of course, a number of factors which can affect the rate of sales, but the most important controllable variable is price. In general, the developers surveyed appear to have been successful in reconciling the various factors and setting a price which gives a reasonable rate of sales.

4.1.2 Financing Condominium Developments

Developers of single-family dwellings rely to a very great extent on first mortgage funds to finance the construction of houses. This is possible because the time and financial investment required to bring a

TABLE 32
RATES OF SELLING FOR CONDOMINIUM PROJECTS

| Type of Project | Total No. of Units in Project | Date First Offered For Sale | No. of Units Sold | No. of(1) Months | Units Sold Per Month |
|------------------|-------------------------------|-----------------------------|-------------------|------------------|----------------------|
| Town House | 141 | Aug. 69 | 141 | 8 | 17.6 |
| " " | 78 | Sept. 69 | 78 | 6 | 13.0 |
| " " | 56 | May 70 | 56 | 16 | 3.5 |
| " " | 100 | June 70 | 100 | 7 | 14.3 |
| " " | 22 | June 70 | 20 | 4 | 5.0 |
| " " | 89 | Sept. 70 | 89 | 13 | 6.8 |
| " " | 130 | March 71 | 130 | 11 | 11.8 |
| " " | 75 | April 71 | 75 | 10 | 7.5 |
| " " | 30 | May 71 | 30 | 4 | 7.5 |
| " " | 86 | Dec. 71 | 86 | 15 | 5.7 |
| " " | 121 | Dec. 71 | 121 | 21 | 5.8 |
| " " | 65 | Feb. 72 | 65 | 10 | 6.5 |
| " " | 58 | July 72 | 58 | 9 | 6.4 |
| " " | 36 | July 72 | 36 | 11 | 3.3 |
| " " | 71 | Oct. 72 | 44 | 7 | 6.3 |
| " " | 74 | Nov. 72 | 52 | 7 | 7.4 |
| " " | 35 | Nov. 72 | 26 | 7 | 3.7 |
| " " | 40 | March 73 | 40 | 4 | 10.0 |
| Total-Town House | | | 1,247 | 170 | 7.3(2) |
| Apartment | 26 | March 71 | 26 | 3 | 8.7 |
| " | 52 | April 72 | 52 | 10 | 5.7 |
| " | 24 | July 72 | 24 | 8 | 3.0 |
| " | 36 | Sept. 72 | 34 | 9 | 3.8 |
| " | 58 | Sept. 72 | 58 | 10 | 5.8 |
| " | 99 | Sept. 72 | 99 | 8 | 12.4 |
| " | 39 | Nov. 72 | 33 | 5 | 6.6 |
| " | 23 | Jan. 73 | 23 | 3 | 7.7 |
| " | 21 | March 73 | 20 | 2 | 10.0 |
| " | 48 | March 73 | 32 | 2 | 16.0 |
| Total-Apartment | | | 401 | 60 | 6.7(2) |

Note: (1) Time elapsed between the date the units were first offered for sale and the date of the last sale.

(2) This figure is derived by dividing the total number of sales by the total number of selling months for all projects, and is thus the average number of units sold per month per project.

single-family house to the point where a mortgage can be registered are both relatively small. Once the mortgage has been registered, progress advances can be used to finance subsequent construction, or even construction already in place if the developer has lengthy payment terms from his suppliers.

Mortgage advances on a condominium can also be obtained after the strata plan has been registered, but unlike a single-family dwelling, the time and money required to bring a project to the point of registration are usually very substantial. This is, of course, because of the large number of units involved. By the time the last units have reached the stage of construction at which the survey certificate required for registration can be prepared, the first units started are often nearing completion.

Some statistics obtained by combining the information obtained from the start and completion dates requested in the developers' questionnaire with the registration dates obtained from the Land Registry Offices will illustrate this point. Table 34 shows the time elapsed from start to completion and from start to registration, and the time to registration as a percentage of the total construction time. Assuming that construction costs are evenly distributed over the period of construction, and that construction costs are equal to 70 per cent of selling price, a 50 unit town house project selling at 25,000 dollars per unit would, on the average, require an investment of about 437,500 dollars before the strata plan could be registered. Since construction costs are not evenly distributed over the period of construction, but are more heavily concentrated in the early stages (land, foundation, and framing), that figure could be considered conservative.

Obviously, by prudent management, a developer could register prior to 50 per cent completion (the average assumed in the previous example),

TABLE 33

TIME ELAPSED FROM START TO COMPLETION
AND FROM START TO REGISTRATION

| Type of Project | No. of Units | Time-Start to Completion (months) | Time-Start to Registration (months) | Registration Time as % of Construction Time |
|--------------------------|-----------------|--|--|--|
| Town House | 74 | 10 | 3.5 | 35.0 |
| " " | 58 | 6 | 3.5 | 58.4 |
| " " | 121 | 9.5 | 3.75 | 39.5 |
| " " | 36 | 17 | 6.75 | 39.7 |
| " " | 30 | 6 | 2.75 | 45.8 |
| " " | 130 | 10 | 2.75 | 27.5 |
| " " | 89 | 7.5 | 3.5 | 46.7 |
| " " | 52 | 10 | 3.5 | 35.0 |
| " " | 56 | 8 | 1.25 | 15.6 |
| " " | 65 | 10 | 4.33 | 43.3 |
| " " | 60 | 5 | 2.67 | 53.4 |
| " " | 78 | 5 | 2.0 | 40.0 |
| " " | 40 | 7 | 6.5 | 93.0 |
| " " | 86 | 13 | 9 | 69.2 |
| " " | 75 | 12 | 5.67 | 47.2 |
| " " | 60 | 12 | 9 | 75.0 |
| " " | 71 | 9 | 9.25 | 100.0 |
| " " | 36 | 5 | 5 | 100.0 |
| " " | 141 | 12 | 6.5 | 54.2 |
| <hr/> | | | | |
| Averages - Town House | 72.0 | 9.15 | 4.5 | 49.2 |
| <hr/> | | | | |
| Apartment | 58 | 9 | 3.5 | 38.9 |
| " | 23 | 5 | 1.33 | 26.6 |
| " | 26 | 6 | 7.75 | 100.0 |
| " | 42 | 4 | 4 | 100.0 |
| " | 99 | 8 | 8 | 100.0 |
| " | 36 | 5 | 5.25 | 100.0 |
| " | 24 | 4 | 6.33 | 100.0 |
| " | 52 | 7 | 9 | 100.0 |
| <hr/> | | | | |
| Averages - Apartments | 40 | 6 | 5.65 | 94.2 |

but equally obviously, a very substantial investment is required.

Some of the larger development companies are able to generate internally the initial funds required for condominium development. However, many of the smaller developers have to obtain external financing, which can be done in two ways.¹ First, an interim loan could be obtained on the strength of a commitment from another lender for long term mortgage funds. Second, the lender providing the long term financing could provide an interim "blanket" mortgage to finance construction to the point of registration, after which the blanket mortgage could be replaced by mortgages on the individual units.

The previous study by Hamilton et al. pointed out several potential problems with these external financing methods, and mentioned the fact that 43 of the 49 strata plans then started, completed, or approved had been financed internally. Thus, they concluded that the Strata Titles Act discriminates against small developers, and inferred that the majority of condominiums would be built by large developers.²

While the Act may in fact be discriminatory towards small builders because of the problems with interim financing which it created, these problems have not proved to be as severe an obstacle to the small developer as they were thought to be, as the following statistics will show. As of March 22, 1973, there were 119 strata plans of 10 or more units registered. Of these 56 had been registered by 15 developers who had built two or more projects. Thus, 63 of the 78 developers had built only one project each. In terms of numbers of units, the two largest developers

¹Hamilton, Davis, and Lowden, op.cit., p. 13.

²Ibid, pp. 11-13.

accounted for 1,732 of the 5,843 units, or about 29.8 per cent of the market (again, only projects of 10 or more units are included in these figures). The remaining 70.2 per cent of the market is shared by 76 developers, so it would appear that financial restrictions have not kept the small developer out of the condominium market.

Financing information was obtained on 40 projects in the course of the survey of developers. Of these projects, 16 had been financed internally, and 24 externally. Of the 24 financed externally, 8 had been financed by the same lender that provided the long term mortgages, and 16 had interim financing provided by a different lender. Thus, it would appear that the success of the condominium concept has enabled developers to readily obtain external interim financing if they require it.

4.1.3 Condominium Management

The long term viability of the condominium concept is perhaps most critically dependent on strata corporation management, since the maintenance of property values and the long term satisfaction of purchasers will depend largely on the quality of condominium management. While this aspect of condominium development will be more fully discussed in the following sections, some interesting statistics on the extent of professional management were obtained from question 10 of the developers' questionnaire.

In theory, the owners of the strata lots control the management of the strata corporation through an elected council of owners, which in turn may hire and direct an outside agency to manage the corporation. In practice, however, the control of the owners has been restricted to some extent as a result of developers signing contracts with professional managers prior to the formation of the owners' council, which the subsequently

formed council then had to honour whether or not the residents approved of the manager hired.

The following statistics indicate the extent to which this practice has been followed in the past. Of the 36 developments for which this information was obtained, 31 had originally been under the control of managers hired by the developer, or were still under the control of developers who in the past had hired the managers. Thus, the owners had had the opportunity to select the managers in less than 20 per cent of the projects surveyed.

Admittedly, this sample is small and is biased in favour of the larger developers, two of which have their own management subsidiaries which assume management of their developments. However, most smaller developers also sign contracts with management agencies, since they have neither the resources nor the inclination to manage their developments themselves prior to the formation of the owners' councils, and so these statistics are thought to fairly represent the situation as it has existed in the past.

Despite the apparent conflicts of interest which could result from this practice, it does not appear to have caused concern among a very large number of residents. Only four of the residents surveyed specifically mentioned concern over the fact that the developer had hired the management firm. Although several others expressed dissatisfaction with the management firm, there was more dissatisfaction with the owners' councils than with the management firm.

It should also be noted that in three of the projects covered by the developers' survey, the owners had been able to cancel the management contract signed by the developer and hire another management firm. Furthermore, a recent amendment to the Strata Titles Act enables owners to cancel management contracts on three months' notice, so that the practice of devel-

opers hiring condominium managers no longer presents any significant problems.

One final point requiring mention here is that only 2 of the 36 projects were managed by the residents themselves, and one of these was a 14 unit luxury high-rise which the owners would obviously be quite capable of managing. The small number of owner-managed condominiums is partly due to the requirement for professional management imposed by many mortgagees to protect their long term investment, but the responses to the owners' survey indicate that most owners also realize that good condominium management is a difficult and time-consuming task that is best left in the hands of professionals. One of the condominiums included in the developers' survey had attempted self-management, but had hired a management firm after a short period.

4.2 Survey of Managers

The primary purpose of contacting strata corporation managers was to obtain the addresses of strata lots which had been re-sold so that resale prices could be investigated. While an easier way of obtaining resale information was subsequently found, other information was obtained from the managers' questionnaire (Appendix 4) which will be discussed here. Five management firms were contacted, which collectively managed 34 strata corporations containing a total of 2,504 units.

4.2.1 Source of Management Contract

The first question asked of managers was whether they had taken over the project directly from the developer or from a previous manager. This is virtually the same as asking if they had been chosen by the owners or by the developers, and the results confirm the findings previously discussed in section 4.1.3. Of the 34 projects, 9 were being managed by sub-

sidiaries of the developer, and another 16 had been taken over directly from the developer. Only 9 strata corporations had previously been managed by another manager, and these were all under contract to one respondent.

4.2.2 Major Management Problems

Four of the five managers provided written responses to the question asking for the most significant problems encountered in managing condominiums, and these responses were generally confirmed verbally by the fifth manager.

All of the managers indicated that the majority of their efforts were made in settling complaints from unit owners about the actions of other owners. The most frequently mentioned problems concerned the control of pets, and uncontrolled children were also a frequent source of owners' complaints. Together, these two problem sources accounted for 12 of the 36 written responses to the question.

A more serious problem, even though it was mentioned for only five of the developments, was the problem of educating owners as to their rights and duties as condominium residents. The managers generally felt that the owners were poorly informed when they purchased their units, and that substantial improvement in this area is essential to the future success of the condominium concept. These two problem areas - disputes between owners and poorly informed purchasers - confirm the findings obtained in the owners' survey.

It will be recalled that one of the more frequent complaints of owners was lack of enforcement of the by-laws. Several of the problems mentioned by the managers involved breaches of the by-laws by residents, and several managers felt that more severe sanctions should be available to enforce compliance with the by-laws. However, the largest of the management

firms (in terms of the number of corporations and units managed) indicated in conversation with the author that, in most cases, the by-laws can be effectively enforced, provided that the manager is thoroughly familiar with the Strata Titles Act and, more importantly, with municipal nuisance by-laws. Another requirement for effective enforcement is prompt action on complaints, with sanctions being applied within one week of notifying the resident of any breach he has committed. Thus, it can be concluded that while some improvement in legislative sanctions would help in the enforcement of by-laws, the majority of owners' complaints about lax enforcement stem from incompetent management rather than from legislative deficiencies.

4.2.3 Competence of Council

Ratings of the owners' councils in terms of their managerial ability were obtained for only 14 of the strata corporations covered by the survey. The largest of the management firms refused to rate the councils in the fear that doing so might jeopardize its management contracts.

Of the 14 councils rated, 5 were considered to be very good, 4 were moderately good, 3 were moderately poor, and 2 were very poor. Any conclusions drawn from this information would be of dubious validity in view of the small sample size, but it does appear that the majority of councils are conscientious in the discharge of their duties.

4.2.4 Maintenance Charges and Operating Costs

The primary intent of the questions on maintenance charges and actual operating costs was to determine the accuracy of original operating cost estimates.

The original and current maintenance charges were obtained for 27 of the projects. Of these, 15 had experienced increases in maintenance fees, and 3 of those increases could be definitely attributed to under-estimating

the actual maintenance costs, since they increased very substantially (39 to 43 per cent) over a short period of time. Two of the others had increased by 25 per cent within two years of registration, and it is likely that these also resulted from under-estimation of the operating costs.

Actual operating costs were reported for only 14 of the projects. Actual operating costs exceeded the total maintenance charges in 8 of the developments; 5 reported operating costs equal to maintenance charges, and only 1 reported operating costs lower than the maintenance charges. For those which reported higher actual costs, the excess ranged from 47 dollars per month to 590 dollars per month, and averaged 247 dollars per month for the 8 projects, or just over 3 dollars per month per unit. This excess is almost 12 per cent higher than the current maintenance charges for those projects; thus, it appears that maintenance charges are significantly underestimated in over half of the projects.

In fact, conversations with the managers indicate that the situation is even worse than indicated by the above statistics. Those managers not directly affiliated with a developer believed that maintenance costs were under-estimated in most projects, and that many of the projects managed could keep actual costs within budgeted costs only by under-maintaining the property. If such a practice were to continue over several years, the consequences would be either a drastic increase in maintenance charges or declining property values. A small immediate increase in maintenance charges would clearly be preferable to either consequence, and residents would be well advised to constantly monitor the state of upkeep of their project, along with the maintenance charges, and be fully prepared to increase the charges at the slightest sign of decreasing standards.

4.2.5 Rented Units and Resales

During the course of the owners' survey, a number of residents were found to be renting units from owners who lived elsewhere. This was also noted in a previous study,³ which found some evidence of a fairly high incidence of renters in some condominium projects. Consequently, the question of the number of non-owner-occupied units was asked of the managers. The results obtained, along with the results of the question asking for the number of resales, are presented in Table 34.

As would be expected, the percentage of renters was highest in the older projects. With one unexplained exception, all of the projects registered prior to September of 1970 had between 10 and 20 per cent of the units occupied by renters. Again with one exception, all of the plans registered between October of 1970 and May of 1972 had rental occupancies ranging from 0.8 to 7.7 per cent; the exception in this case was an exceptionally unsuccessful low-cost project, which might explain the high percentage of renters in that development. Seven of the projects registered after May 1972 had no renters, four and only one renter, one had two renters, and one had seven renters - another anomalous result. Overall, 5 per cent of the units were not occupied by their owners.

The concern about renters in a condominium project is based on the assumption that renters would not be as concerned about property upkeep and adherence to the by-laws as would owners, and that therefore a high percentage of renters in a project could result in a decline in the quality of the project. There is undoubtedly some truth to this assumption, but the author suggests that the percentage of renters in a project would have to

³Ito, op.cit., p. 70.

TABLE 34

NUMBER OF CONDOMINIUM UNITS NOT OCCUPIED
BY OWNERS AND NUMBER OF RESALES

| Date Registered | No. of Units | No. of Units Not Occupied by Owner | % | No. of Resales | % |
|-----------------|--------------|------------------------------------|------|----------------|------|
| June 69 | 20 | 0 | 0 | 3 | 15.0 |
| Sept. 69 | 141 | 29 | 20.5 | 40 | 28.4 |
| Sept. 69 | 78 | 10 | 12.8 | 10 | 12.8 |
| May 70 | 100 | 10 | 10.0 | 10 | 10.0 |
| Sept. 70 | 30 | 5 | 16.7 | 4 | 13.3 |
| Oct. 70 | 89 | 5 | 5.6 | 10 | 11.2 |
| Nov. 70 | 60 | 4 | 6.7 | 6 | 10.0 |
| Dec. 70 | 98 | 3 | 3.1 | 10 | 10.2 |
| Feb. 71 | 130 | 6 | 4.6 | 10 | 7.7 |
| March 71 | 75 | 2 | 2.7 | 7 | 9.3 |
| March 71* | 134 | 9 | 6.7 | 13 | 9.7 |
| April 71 | 26 | 2 | 7.7 | 2 | 7.7 |
| April 71* | 36 | 5 | 13.9 | 4 | 11.1 |
| June 71 | 136 | 9 | 6.6 | 21 | 15.4 |
| July 71* | 63 | 1 | 1.6 | 11 | 17.5 |
| Aug. 71 | 32 | 2 | 6.25 | 0 | 0 |
| Nov. 71 | 121 | 1 | 0.8 | 1 | 0.8 |
| Dec. 71 | 93 | 2 | 2.2 | 2 | 2.2 |
| March 72 | 35 | 1 | 2.9 | 2 | 5.8 |
| April 72 | 96 | 2 | 2.1 | 0 | 0 |
| May 72 | 65 | 4 | 6.2 | 4 | 6.2 |
| May 72 | 86 | 0 | 0 | 0 | 0 |
| June 72 | 52 | 0 | 0 | 0 | 0 |
| June 72 | 58 | 1 | 1.7 | 0 | 0 |
| July 72 | 34 | 0 | 0 | 0 | 0 |
| July 72 | 27 | 0 | 0 | 0 | 0 |
| Aug. 72 | 47 | 0 | 0 | 1 | 2.1 |
| Aug. 72 | 30 | 1 | 3.3 | 2 | 6.6 |
| Aug. 72* | 150 | 2 | 1.3 | 5 | 3.3 |
| Sept. 72 | 99 | 0 | 0 | 1 | 1.0 |
| Oct. 72 | 123 | 1 | - | 2 | 1.6 |
| Nov. 72 | 46 | 1 | 2.2 | 0 | 0 |
| Nov. 72 | 58 | 7 | 12.1 | 0 | 0 |
| Feb. 73 | 36 | 0 | 0 | 0 | 0 |
| Totals | 2,504 | 125 | 5.0 | 181 | 7.2 |

*Low-Cost Housing Projects

be considerably higher than those shown in Table 34 to have any appreciable effect. In fact, the author lived for five months in the project with the highest percentage of renters, and encountered no concern among the owners about the high proportion of renters. That project appeared to be well run and well maintained and most of the residents appeared to be satisfied.

It is also further suggested that the percentage of renters will drop as the resale market for condominiums improves. As will shortly be seen, the resale price of condominiums was relatively static for several years, and many owners who wished to move would have faced a loss on the sale of their unit. It is hypothesised that many such owners decided to rent their units until the market picked up, since the market rent for these units is generally well above the total owner's monthly payments.⁴ Now that the market has picked up (as will be discussed in the next chapter), many of these owners can be expected to sell their units, and so the percentage of renters may very well decline.

⁴Units in the condominium in which the author lived were renting for about 250 dollars per month, while total monthly payments made by the owners were a maximum of about 212 dollars per month.

CHAPTER V

CONDOMINIUM RESALES AND APARTMENT CONVERSIONS

5.1 The Resale Market for Condominiums

While the rapid growth in the development of new condominium projects indicates a substantial degree of acceptance of this new form of housing, the long term viability of the condominium concept will depend largely on the development of a strong resale market for condominium units. The reason for this is that, as we have seen, a large percentage of purchasers buy a condominium primarily as a means of building equity which they can later use to purchase a single-family dwelling. While equity is increased through reduction of the mortgages, this increase is very slow in the first few years compared to the increase resulting from appreciating property values which single-family dwellings have exhibited. If the value of condominium units fails to appreciate at a similar rate, purchasers who wish to eventually buy a house will be unable to reach their goal, and knowing this, many persons who would otherwise have bought a condominium will no longer do so.

Thus the past behaviour of resale prices is of great interest, and so an investigation into resale prices was undertaken. The most complete and accurate information on resale prices can be obtained by searching the title of each condominium unit registered, but time restrictions prevented the use of this procedure for this study. Many condominium resales are made through the Multiple Listing Service (M.L.S.) of the Real Estate Board of Greater Vancouver, and the pertinent sale information is recorded by the Real Estate Board. The author learned that Western Realesearch Corporation Ltd. maintains files on M.L.S. condominium sales separate from other

M.L.S. sales, and fortunately received the permission of Mr. George Oikawa, Vice-President and General Manager, to obtain resale information from their files. Since the M.L.S. records indicate only resale data, the original sales prices were obtained from TEELA reports,¹ which report real property transactions recorded in the Land Registry Offices; some data on non-M.L.S. resales were also obtained from this source. The data so obtained are presented in Appendix 5.

In the survey of condominium residents, 56 respondents had purchased from a previous owner. Since this was a 10 per cent sample of all units in projects larger than 9 units, one would expect that there have been approximately 560 resales of condominium units. The 189 resales recorded in Appendix 5 therefore constitute a sample of about 34 per cent of all resales, which should be sufficient for examining past price trends.

The first statistic examined is the quarterly average selling price for all resales; these data are presented in Table 35. Data covering resales prior to 1971 were obtained on only one project, so the period prior to 1971 is ignored. Sales prices appeared to be level through all of 1971 and the first half of 1972, shifting up and down in a rather undecided manner. Towards the end of 1972, however, prices started to firm, and three rather small but consecutive increases occurred in the third and fourth quarter of 1972 and the first quarter of 1973. This firming finally blossomed into a substantial price increase in the first two months of the second quarter of 1973, and the substantial increase in the number of resales in both the first and second quarters of 1973 indicate that owners were taking advantage of a rapidly firming resale market for condominiums.

¹ TEELA Market Surveys, "Realty Sales Review".

TABLE 35
AVERAGE SELLING PRICES FOR ALL REALES
BY QUARTER - 1971-1973

| Year | Quarter | Number of Resales | Average Selling Price | % Change From Previous Quarter |
|------|-------------|----------------------|--------------------------|-----------------------------------|
| 1971 | I | 6 | \$19,690 | - |
| | II | 3 | 20,750 | + 5.39 |
| | III | 8 | 19,830 | - 4.44 |
| | IV | 6 | 18,000 | - 9.22 |
| 1972 | I | 13 | 19,950 | + 10.83 |
| | II | 30 | 19,000 | - 4.76 |
| | III | 19 | 19,920 | + 4.85 |
| | IV | 22 | 20,590 | + 3.36 |
| 1973 | I | 43 | 21,370 | + 3.79 |
| | II (2 mos.) | 29 | 24,030 | + 12.46 |

While these statistics probably fairly represent the market conditions as they actually existed, the relatively small number of sales included must cast some doubt on the validity of any conclusions drawn, since three or four additional sales in any of the earlier quarters could have significantly affected the averages. Since different developments and different areas have exhibited varying resale prices, the relative proportions of resales from the various areas for different quarters could conceivably account for a substantial amount of the variation in average selling price.

Perhaps a more accurate indication of the past behaviour of resale prices can be obtained by examining the resales of units from a single development. Resale data for four separate projects are presented in Table 36; the locations of these projects are Port Moody (N.W. 1), Richmond (N.W. 12), Burnaby (N.W. 58) and Vancouver (V.R. 20). While N.W. 58 and V.R. 20

TABLE 36

QUARTERLY AVERAGE RESALE PRICE
INCREASES IN FOUR PROJECTS

| | | N.W. 1 | | N.W. 12 | | N.W. 58 | | V.R. 20 | |
|------|---------|----------------|-----------------------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Year | Quarter | No. of Resales | % in- ⁽¹⁾ crease | No. of Resales | % in-crease | No. of Resales | % in-crease | No. of Resales | % in-crease |
| 1968 | IV | 1 | 6.0 | - | - | - | - | - | - |
| 1969 | I | 1 | 6.1 | - | - | - | - | - | - |
| | II | 4 | 4.8 | - | - | - | - | - | - |
| | III | 3 | 15.5 | - | - | - | - | - | - |
| | IV | 2 | 8.6 | - | - | - | - | - | - |
| 1970 | I | - | - | - | - | - | - | - | - |
| | II | 2 | 18.5 | - | - | - | - | - | - |
| | III | 1 | 14.5 | - | - | - | - | - | - |
| | IV | 1 | 12.9 | - | - | - | - | - | - |
| 1971 | I | - | - | 1 | 4.8 | - | - | - | - |
| | II | 1 | 17.6 | 2 | 4.0 | - | - | - | - |
| | III | - | - | 2 | 1.9 | - | - | - | - |
| | IV | 1 | 6.25 | 1 | 2.9 | - | - | 2 | 8.9 |
| 1972 | I | - | - | 5 | 2.8 | - | - | 2 | 12.5 |
| | II | 1 | 28.5 | 5 | 1.5 | 6 | 13.7 | 2 | 11.7 |
| | III | 2 | 13.0 | 3 | 4.0 | 5 | 23.4 | - | - |
| | IV | 2 | 16.9 | - | - | 6 | 15.2 | 5 | 26.8 |
| 1973 | I | - | - | 4 | 14.8 | 8 | 22.7 | 7 | 31.9 |
| | II | 2 | 30.9 | 1 | 13.0 | 4 | 38.2 | 2 | 34.3 |

Note: (1) Average percentage increase over original selling price.

are both low-cost housing developments, this should not affect the relationship between resale value and time which is of interest here. Because the original prices of the units in N.W. 1 varied, the percentage difference between resale price and original price is shown, rather than the resale prices themselves.

Only N.W. 1 has a sufficiently long resale history to examine the behaviour of resale prices over time. Resale values within the first year

after original sales were low as would be expected, averaging close to 6 per cent over original sales price. In the third quarter of 1969, the three sales recorded averaged 15.5 per cent over original price, and subsequent resales varied more or less around this figure through the fourth quarter of 1972. The overall average over this period was 15.0 per cent above original price, and the quarterly average exceeded this figure in five quarters and was below it in five quarters. While the number of resales was very small, they tend to confirm the stationary behaviour of resale prices through the second quarter of 1972 noted in the quarterly averages discussed previously. The Richmond development (N.W. 12) also exhibited static resale prices through 1971 and the first half of 1972. All four projects showed substantial increases in either late 1972 or early 1973. It would appear that the sharply rising prices of real estate in general in the Vancouver area in late 1972 early 1973 pulled condominium resale prices up out of a prolonged period of the doldrums. It therefore appears that condominium prices will keep pace with the prices of single-family dwellings.

Finally, it may be of interest to compare the number of profitable resales with the number of resales resulting in a loss to the vendor. Since almost all of the sales reported in Appendix 5 were made through M.L.S., the M.L.S. commission of 7 per cent of selling price should be deducted from the selling price when calculating profit or loss on resale. Also, since this commission is based on selling price, the original price must increase by 7.53 per cent to break even on resale. Finally, a commonly used rule-of-thumb in the real estate business is that, in a normal housing market, it takes approximately two years from the original purchase date for the value to appreciate sufficiently to cover resale costs; therefore, the profit and loss statistics shown in Table 37 are further broken down into resales occurring less than and more than two years from the original

purchase date. Resales of low-cost units are excluded from this data, since their artificially low original prices distort the profit and loss statistics.

TABLE 37
COMPARISON OF THE NUMBERS OF PROFIT
AND LOSS CONDOMINIUM REALES

| | Time Between Original Purchase and Resale | | Total |
|------------------------------|--|--------------------|-------|
| | Less Than 2 Years | 2 Years Or More | |
| Number of Profitable Resales | 18 | 25 | 43 |
| Number of Loss Resales | 29 | 15 | 44 |

Looking first at the totals, it is seen that 44 out of the 87 resales for which complete data were available resulted in a net loss to the vendor. Taken by themselves, these figures would constitute a rather severe indictment of condominiums from the point of view of purchasers who view their first home as an investment as well as shelter. However, when the time factor is considered, condominium resale prices have not performed that badly, since 62.5 per cent of resales occurring after at least two years of occupancy resulted in a net profit to the vendor. While some might consider this performance rather poor in comparison to single-family dwelling, the fact that the real estate market in general was down over much of the period covered by these statistics contributed to the sluggishness of condominium prices.

There were two other factors which very likely contributed to the slow appreciation of condominium prices over much of the period covered. First, it will be recalled that developers were producing new condominium

units in rapidly increasing numbers through 1970, 1971, and 1972, so that there was no shortage of new units on the market. Second, the Provincial Government second mortgage or grant available to qualified purchasers of used homes is only half the amount available to purchasers of new homes. Thus, there were large numbers of new units available, and a strong incentive for prospective condominium purchasers to buy a new unit rather than a used unit. In view of these additional factors, the author is of the opinion that the rate of appreciation of condominium units has been quite satisfactory.

Considering only the resales which occurred in 1973 (again, excluding resales of low-cost units), the average profit to the vendor after paying 7 per cent commission was 8.17 per cent. For a 23,000 dollar unit, this amounts to almost 1,880 dollars. Since such a unit could have been purchased with a 5 per cent down payment (1,150 dollars), and the average length of time between purchase and resale of the units resold in 1973 was only 2.3 years, condominium units would appear to be an exceptionally good investment. These recent figures therefore dispel the concerns expressed by earlier investigators who noted the sluggish rate of appreciation of condominium units then evident.²

5.2 Conversions

One of the more controversial topics connected with the housing industry in the Vancouver area in recent months has been that of apartment

²Hamilton et al., op.cit., pp. 37-38.

conversions.³ An apartment conversion is simply the registering of an existing rental apartment building as a strata corporation, and selling the units individually, as in a new condominium development. The prime cause for concern about conversions has apparently been the displacement of former tenants who did not wish to buy a unit, which in some cases caused considerable hardship.

What should perhaps be of more concern is the effect of conversions on the rental market generally. The Vancouver area is currently suffering from a rather severe apartment shortage, evidence of which is an extremely low vacancy rate.⁴ Conversion of more apartment units to condominiums would further aggravate this situation, which could result in drastic rent increases. This could in turn provoke additional government controls in the rental housing market, and while such a result is pure speculation at this point, it is a distinct possibility.

5.2.1 Conversion Procedure

The steps required to convert an existing apartment building into a condominium were outlined to the author by personnel in a firm which has handled several conversions.⁵ The procedure has until recently been fairly

³Several articles have appeared in local newspapers on the apartment conversion controversy, such as the following:

"Converters Make Millions - Hardwick", The Province (Vancouver), June 13, 1973, p. 1.

Ben Pires, "Government to Curb Suite Conversions", The Province, March 3, 1973, p. 2.

⁴A. McKenzie, "Acute Apartment Shortage Looms", The Province, Feb. 3, 1973, p. 14.

⁵Conversations with Messrs. Stan Cote and Ed Wall of Hallmark Realty Ltd.

simple, and has presented no major problems to persons wishing to convert. The first step was to have a strata plan drawn up by a surveyor, similar to the plan required for a new development. The strata plan was then submitted to municipal authorities, who simply checked on conformance to municipal by-laws, and notified the developer by letter of their approval. This step has until recently been little more than a formality, but as will be seen, this has now changed. Once the strata plan had been approved by the municipal officials, it could be registered, and a strata corporation thereby created.

Perhaps the biggest obstacle facing converters has been that of financing. Obviously, any existing mortgage on an apartment building would have to be discharged to allow the mortgaging of individual units as needed by the purchasers. In fact, clear title to the property must be obtained before the strata plan can be registered, so that apartment converters may be faced with a substantial outlay to discharge the existing mortgage, and thus have the same problem of interim financing faced by new condominium developers. However, this does not appear to have been a significant problem thus far.

A recent amendment to the Strata Titles Act has complicated the procedure not only for apartment conversions but for all condominium developments. This amendment requires that all strata plans must be approved by the municipal council before they can be registered, and this approval can be withheld for any reason. This gives municipal governments complete control over all condominium developments, and, as a result of the forementioned controversy, the Council of the City of Vancouver has temporarily frozen all conversions of existing apartment buildings.⁶

⁶Hall Leiren, "Conversions Frozen in City Apartments", The Vancouver Sun, June 27, 1973, p. 1.

Amendments have also been made to the Landlord and Tenant Act which affect apartment conversions. Tenants must now be given four months written notice of the intention to convert to Strata Title and to terminate the rental agreement, and the landlord must give 300 dollars to tenants who are displaced by conversion to defray their relocation expenses. The Vancouver City Council is considering the implementation of a relocation service which would also be charged to the developer in addition to the required 300 dollar payment to displaced tenants. The Vancouver City Council may also require on-site inspections prior to conversion approvals, and will likely implement an additional charge to the developer to cover the costs of inspections and general processing.⁷ Thus, while the situation regarding apartment conversions has not yet been clarified since the amendments to the Strata Titles Act were effected, it is obvious that the conversion procedure will be considerably more difficult than it was previously.

5.2.2 Number of Apartment Conversions

Since there is no means of differentiating between apartment conversions and new developments from the Strata Plans filed in the Land Registry Office, obtaining information on the numbers involved in apartment conversions proved extremely difficult. This information was finally obtained for the author by Mr. George Oikawa, Vice-President and General Manager of Western Realesearch Corporation Ltd., whose assistance is very greatly appreciated.

A complete list of conversions which had been registered as of July, 1973 is provided in Appendix 6. As of that time, a total of 34 strata

⁷ Report by the Board of Administration of the City of Vancouver to Vancouver City Council dated June 22, 1973.

plans comprising 696 units were conversions. Some of the strata plans included in Appendix 6 had not been registered at the time the author obtained the information for Table 2; those conversions containing 10 or more units which had been registered constituted 14.9 per cent of the total plans larger than 9 units and 8.0 per cent of the total units in those plans. Considering only apartment type strata plans of 10 units or more, these percentages become 25.4 per cent and 19.9 per cent, respectively.

Compared with the total number of strata plans and units registered, the number of apartment conversions has not been large. The history of conversions, however, has been relatively brief, all but two of them having occurred since the beginning of September, 1971. Between September, 1971 and March, 1973, apartment conversions of 10 units or more constituted 47.2 per cent of all strata plans and 29.8 per cent of all strata units registered in the Vancouver Land Registry Office, which includes Vancouver, North Vancouver, and West Vancouver. Thus, the impact of conversions in these municipalities has been substantial. However, the future impact of conversions is unpredictable, and will depend on the outcome of the current political situation mentioned previously.

5.2.3 Survey of Developers - Conversions

When this study was originally undertaken, it was hoped that a relatively large number of developers (converters?) of apartment conversions could be contacted, and that the second part of the developers' questionnaire (Appendix 3) would provide some useful information on conversions. Unfortunately, the difficulties encountered in contacting developers, and the even greater difficulties encountered in obtaining a list of conversions, severely restricted the scope of the conversion study.

However, the author did contact one developer who had converted three

buildings, and obtained completed questionnaires for those strata plans. While these three conversions included 28.6 per cent of all conversion units in strata plans larger than 9 units registered as of March, 1973, the small number of strata plans, and the fact that only one developer was involved, mean that the results obtained are possibly not typical of all conversions. They are presented here only as interesting information.

Of the 113 units, 98 were 1-bedroom units, six were 2-bedroom units, six were studios, two were bachelor suites (no kitchen facilities), and two were 3-bedroom units. Prices on the 1-bedroom units were 18,000 dollars for a 600 square foot unit and 20,000 dollars for a 725 square foot unit. The studios sold for 17,900 dollars, and the 2-bedroom units (approximately 1,000 square feet) for 28,000 dollars. The prices included a stove, a refrigerator, drapes, and wall-to-wall broadloom, and all three buildings had underground parking. All were located in the Kitsilano Beach area, which would be considered a prime location.

In all three cases, the tenants were given the opportunity to buy a unit before it was placed on the open market. In the case of the first conversion, which sold between January, 1972 and January, 1973, the tenants were apparently not formally notified of the conversion, but suites were not offered for sale until the tenants gave their notice to vacate. They therefore had ample opportunity to purchase a unit if they wished. In the other two conversions, which were placed on the market in October, 1972 and January, 1973, tenants were notified of the conversion 30 days prior to the placing of units on the open market, and were given the price information at the same time.

Tenants in the first conversion were offered a 5 per cent (900 dollars) discount from the list price, which was firm. In the other two, tenants were offered a discount of 1,000 dollars. Despite these incen-

tives, none of the tenants bought a unit, which the author finds somewhat surprising. However, the rather unfavourable purchase terms available may explain the lack of interest on the part of the tenants.

Details on the financing available to purchasers were obtained for the second conversion. The prices reported by respondents to the owners' questionnaire were 21,000 dollars and 21,900 dollars, somewhat higher than the 20,000 dollars indicated by the developer. Purchasers were required to put at least 15 per cent down to one 9-3/4 per cent mortgage. If a purchaser bought a 21,000 dollar unit with the minimum down payment of 3,150 dollars, he would have monthly principal and interest payments of almost 157 dollars. Taxes and maintenance payments (again obtained from the owners' survey) would add another 44 dollars per month, for a total monthly payment of 201 dollars. The developer indicated that these units had previously rented for 150 dollars per month, so a tenant would face a 34 per cent increase in his monthly payments if he purchased a unit on these terms. To bring the total payments down to 150 dollars per month, a down payment of 8,900 dollars would be required. Apparently, none of the tenants were willing or able to undertake these financial commitments.

All of the buildings were relatively new, having been completed in 1969, 1970, and 1971. In the latter two conversions, the developer replaced the broadloom, re-painted the units, and up-graded light fixtures prior to the sale of the units. Similar up-grading was done on the first conversion, but the improvements made were negotiated with each purchaser.

The total cost of conversion was estimated by the developer to be roughly 3,000 dollars per suite, equally distributed between improvements, financing costs, and selling costs. This "rule-of-thumb" cost would obviously be subject to considerable variation, and would depend to a great extent on the condition of the building being converted.

As was mentioned previously, the current political situation is such that it is very difficult to forecast the future course of apartment conversions. Should this situation be resolved in favour of further apartment conversions, this subject will warrant more extensive and detailed study.

CHAPTER VI

SUMMARY AND CONCLUSIONS

This study has covered virtually all aspects of condominium development in Metropolitan Vancouver, and in view of the volume and scope of the information contained in this thesis, a brief summary is essential.

6.1 The Strata Titles Act

While the condominium concept has had a long history in Europe, it was virtually unknown in Canada until the various provincial condominium statutes were passed in the latter half of the 1960's. In British Columbia, the condominium statute is called the Strata Titles Act, and the rapid quantitative growth of condominium developments which has occurred since the Act was passed is indicative of both the need for the legislation and its effectiveness. Several amendments have further improved the Act, but there are several areas where further amendments would be of benefit to condominium development.

First, provision should be made whereby a strata plan could be registered prior to construction of the buildings. This would substantially ease the financial burden faced by developers, and would thereby help to lower costs of condominium units.

Second, the legislation should be amended to allow the phasing of condominium developments. While the recent amendment allowing for amalgamation of two or more strata corporations solves the problem of shared facilities, the author believes that a more streamlined solution would be much more preferable.

Third, the Act presently does not specifically allow condominiums on leasehold land. While some legal authorities believe that leasehold condo-

miniums could possibly be built under the existing legislation, they are not sure how one would go about doing so, and agree that legislation specifically allowing leasehold condominiums is required.¹

6.2 Condominium Developments to Date

The first condominium developments were not built until 1968. In that year, only three projects totalling 102 units were registered, but since then, the growth of condominium development has been very rapid; with over 2,200 units registered in 1972 alone.

Condominium units are available in substantial numbers in all areas of Metropolitan Vancouver, and the increasing number of apartment type condominiums has broadened the range of styles and prices available to prospective purchasers.

In the earlier years of condominium development, the majority of projects were financed with NHA insured mortgage money. As the viability of the condominium concept has become better established, however, the involvement of Central Mortgage and Housing Corporation has been substantially reduced.

6.3. Condominium Owners

While the large volume of information obtained on condominium owners prevents a complete summary here, some of the differences observed between apartment owners and town house owners are worth repeating. In general, apartment purchasers are older than town house purchasers, and have fewer children. There is a higher incidence of single owners in apartment condominiums than in town house condominiums, and the majority of single

¹ Woodsworth, op.cit., p. 4.

owners are women.. The relatively high incidence of single women and retired couples in apartment condominiums is reflected in the greater percentage of lower income residents in apartment projects than in town house projects, but there are also more higher income residents in apartments, reflecting the broader range of apartment prices compared to town house prices.

Apartment residents are more likely to have owned a home previously than are town house residents, and thus are able to make higher down payments than town house purchasers. The percentage of purchasers who pay cash for their units is substantially higher for apartment purchasers than for town house purchasers.

6.4 Reasons for Purchasing Condominiums

It was noted that only 50 per cent of town house purchasers intend to live in their condominium indefinitely, while almost 65 per cent of apartment purchasers are buying their permanent residence. This difference is reflected in somewhat different emphasis placed on the reasons for purchasing a condominium rather than a single-family dwelling by town house owners and apartment owners. Whereas the majority of town house owners listed lower price as the most important reason for buying a condominium, the majority of apartment owners indicated that freedom from maintenance was most important. The importance of reasons other than price and maintenance was relatively insignificant for both groups.

6.5 Reasons for Selecting a Particular Condominium

In choosing between different condominiums, town house purchasers listed design, location, and price in that order as being the most important considerations. These same considerations were most frequently listed by apartment purchasers, but the order of importance was different, being

first location, then price, and then design.

When asked to list design deficiencies in their unit or project, town house residents most frequently mentioned covered parking as a desired feature. This was not mentioned frequently by apartment owners since the majority of apartment projects have underground parking. Both groups appeared to want fireplaces. The deficiency most frequently listed by apartment owners was lack of en suite storage space.

6.6 Satisfaction of Condominium Residents

It appeared that the condominium concept has enjoyed substantial qualitative as well as quantitative success. It was felt that condominium management would prove to be the most contentious area, but when asked to express their satisfaction with management, 75 per cent of all residents said they were satisfied with management. When asked to express the extent to which condominium living in general had satisfied their original expectations, 50 per cent said they were extremely satisfied, and another 43 per cent indicated moderate satisfaction. Only 14 per cent of all respondents indicated that they would not have bought a condominium had they known what condominium living would be like. In view of the fact that the condominium concept is so new, and that the purchasers were buying an unknown, untried product, the author believes the degree of satisfaction expressed to be quite remarkable.

The most frequently listed criticisms of owners who were not entirely satisfied largely involved problems resulting from living in close proximity to neighbours. Most of the criticisms concerned lack of privacy, the attitude of other owners, and uncontrolled children and pets. These are problems which are common to all high-density housing developments, and condominium residents will simply have to learn to accept these inherent

shortcomings.

6.7 Survey of Developers

The most important information obtained from the survey of developers was the price data given in Appendix 1.

The developers' survey also provided the information that condominium projects are on the average sold at a rate of seven units per month. However, there is considerable variation between different projects, and an "acceptable" rate of sales is defined by individual developers. Nevertheless, mortgagees and developers may find this statistic a useful guide in evaluating their pricing and selling efforts.

The information on construction times enabled the presentation of an example of the extent of interim financing which condominium developers may require. As was seen, this requirement can be very substantial, but developers do not appear to have had any great problems in obtaining financing. However, interim financing can be quite expensive, as several developers indicated that 12 per cent interest was a reasonable rate to pay for interim financing. If this financing cost could be reduced to the first mortgage interest rate, condominium prices could conceivably be reduced.

6.8 Survey of Managers

The problems most often encountered by condominium managers are "people problems" - disputes between owners, and complaints about owners breaking the by-laws. Some managers feel that more effective means of enforcing the by-laws are required, but the largest management firm indicated that most problems can be resolved or corrected within the existing legislative framework, provided that the manager is fully aware of the alternative courses of action available and acts promptly on them.

Perhaps the most important information supplied by the managers is that monthly maintenance charges are often insufficient to cover actual operating costs. Prospective purchasers should be aware of this fact, and be prepared to pay a few dollars more per month than the figure quoted by the developer. In addition, residents should closely monitor the quality of maintenance in their projects to ensure that the value of their property is not being depreciated by inadequate maintenance resulting from a low maintenance budget.

One of the unforeseen potential problems about which previous investigators raised some concern is that of rental tenants in condominium projects. The managers' survey revealed that there are in fact a significant percentage of non-owner tenants in some projects, but their presence has not had any appreciable effect on the quality of life in condominium projects, since none of the owners surveyed raised this issue. The author expects the number of renters to decline as the market price of used condominium units increases, and therefore concludes that this is not likely to be a problem in the future.

6.9 Resale Values

During much of the brief history of condominium development in Metropolitan Vancouver, resale prices of condominium units have been fairly static. More recently, however, resale prices have shown a tendency to follow the general real estate market, and this tendency will doubtless become more apparent as condominiums become an increasingly important segment of the general real estate market. This aspect of condominiums is, of course, of great importance to those purchasers who are buying their unit as an investment as well as shelter, intending to use the profits they realize on the sale of their unit to purchase a single-family dwelling.

It is possible that resale values in a particular project may be adversely affected as a result of inadequate maintenance of the common elements. However, it is the author's opinion that owners of units in well-maintained projects need have no fear of the rate of appreciation of their units being significantly lower than that of single-family dwellings.

6.10 Apartment Conversions

Since late 1971, the conversion of existing apartment buildings to condominium units has become increasingly common. As a result of the rapid growth of this practice, considerable controversy has arisen over the displacement of former tenants who could not or did not wish to buy. Largely as a result of this, the provincial government has given municipal governments virtually complete control over all condominium developments, and the Vancouver City Council has subsequently refused to approve any further apartment conversions for one year. Pending the resolution of this political situation, the future of apartment conversions is very much in doubt.

6.11 The Future of Condominium Development

In view of the rapid growth in condominium development observed over the past five years, and the substantial degree of satisfaction with the condominium concept expressed by condominium residents, it appears that condominium housing will continue to assume increasing prominence in the housing market of Metropolitan Vancouver. The ever-diminishing supply of habitable land in reasonable proximity to the city has resulted in an increasing requirement for higher density residential development, which can be satisfied only with multiple-family dwellings. Since home ownership is still a very important and integral part of the Canadian ethic, a large proportion of the multiple-family dwellings built will be condominium

housing, and thus the continued growth of condominium development is almost certain.

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APPENDIX 1

SUMMARY OF SALES DATA

TOWN HOUSINGLocation: North Vancouver

| <u># Units/# BR</u> ^(a) | <u>Size (Sq.Ft.)</u> | <u>Selling Prices</u> | <u>Sale Dates</u> | <u>Features</u> ^(b) |
|------------------------------------|----------------------|----------------------------|-------------------------|--|
| 78 (?/2BR (?/3BR | 1122 1207 | \$17,900 21,400 | Sept. '69 - Feb. '70 | Garburetor, F.P., Car- ports |
| 20/2BR 80/3BR | 1122 1207 | 19,300 22,000 | June '70 - Jan. '71 | F.P., Car- port, Pool |
| 60/3BR | 1230 | 27,000 | Sept. '70 | F.P., Car- port, Pool, Sauna |
| 22/3BR | 1280 | 23,900 | June '70 | Garb., D.W. Carport |
| 75/3BR | 1230 | 28,500 | Mar. '71 - Jan. '72 | F.P., Car- port, Pool, Saunas |
| 12/2BR 53/3BR | 1180 1283-1593 | 27,500 28,800-38,000 | Feb. '72 - Nov. '72 | F.P., Car- port, Pool, Saunas |
| 12/2BR 62/3BR 12/3BR | 1180 1290 1435 | 31,400 33,900 37,500 | Dec. '71 - Feb. '73 | F.P., Car- port, Pool, Sauna, Meet- ing Room |
| 35/3BR | 1404-1742 | 46,500-51,900 | Nov. '72 | Garb., F.P., Dbl. Carport, D.W., Pool, Saunas |

Richmond

| | | | | |
|------------------|-------------------|-------------------------|------------------------|----------------------|
| 141/3BR | 1260 | 20,800 | Aug. '69 - Feb. '70 | F.P., Pool Saunas |
| 16/2BR 40/3BR | 1144 1285-1380 | 18,100 20,100-20,500 | May '70 - Sept. '71 | Carport, Pool |

Notes: (a) BR - bedrooms

(b) F.P. - fireplace; D.W. - dishwasher; W&D - clothes washer and dryer; U.G.Pkg. - underground parking

TOWN HOUSING (Cont'd)

Richmond (Cont'd)

| <u># Units/# BR</u> | <u>Size (Sq.Ft.)</u> | <u>Selling Prices</u> | <u>Sale Dates</u> | <u>Features</u> |
|---------------------|----------------------|-----------------------|-------------------|------------------|
| 20/2BR | 1126 | 19,100 | Sept. '70 - | Dbl. Carport, |
| 69/3BR | 1271 | 20,700-23,100 | Oct. '71 | Some F.P., Pool |
| 30/3BR | 1350 | 25,000 | May '71 - | F.P., Carport, |
| | | | Aug. '71 | D.W., Pool |
| 58/3BR | 1450 | 29,500 | July '72 - | F.P., Carport, |
| | | | March '73 | D.W., Pool, |
| | | | | Saunas |
| 4/2BR | 1128 | 26,000 | Oct. '72 | F.P., D.W., Car- |
| 67/3BR | 1401-1540 | 29,000-32,500 | | port, Pool, |
| | | | | Saunas, Exercise |
| | | | | Room |

Port Moody, Coquitlam

| | | | | |
|--------|------|---------------|-----------|-----------------|
| 52/3BR | 1430 | 22,500 | April '69 | Carport, Tennis |
| | | | | Courts |
| 40/3BR | 1017 | 21,600-22,650 | March '73 | Wash. & Dryer, |
| | | | | Pool |

Burnaby

| | | | | |
|---------|-----------|---------------|------------|--------------------|
| 18/2BR | 1154 | 21,500-22,300 | Mar. '71 - | Carport, Some |
| 112/3BR | 1200-1400 | 23,500-28,800 | Feb. '72 | F.P., Pool, |
| | | | | Saunas, Kit- |
| | | | | chen, Wading |
| | | | | Pool. |
| 24/2BR | 1170 | 24,000-24,800 | Dec. '71 - | F.P., Carport, |
| 97/3BR | 1200-1400 | 24,000-30,800 | Sept. '72 | Share in facil- |
| | | | | ities in dev. |
| | | | | above. |
| 76/3BR | 1240 | 29,600-30,700 | May '72 | Garb., F.P., W&D., |
| 20/4BR | 1320 | 31,000-33,000 | | DW, Carport, Pool |
| | | | | Club House |
| 12/2BR | 1165 | 26,400 | Nov. '72 | F.P., Carport |
| 62/3BR | 1200-1394 | 29,600-31,800 | | Pool, Saunas |

TOWN HOUSING (Cont'd)

White Rock

| <u># Units/# BR</u> | <u>Size (Sq.Ft.)</u> | <u>Selling Prices</u> | <u>Sale Dates</u> | <u>Features</u> |
|---------------------|----------------------|-----------------------|-------------------|---------------------------------|
| 36/2BR | 1100-1221 | 34,000-35,000 | July '72 | Garb., F.P., Carport, W&D, D.W. |

Aldergrove - Low-Cost

| | | | | |
|--------|------|--------|-----------------------|---|
| 36/3BR | 1150 | 16,665 | July '71 - May '73 | - |
|--------|------|--------|-----------------------|---|

Vancouver - Low-Cost

| | | | | |
|---------|------|--------|-------------|---|
| 14/2BR | 735 | 14,900 | April '72 - | - |
| 122/3BR | 925 | 15,900 | Oct. '72 | |
| 14/4BR | 1096 | 16,900 | | |

LOW-RISE APARTMENTNorth Vancouver

| | | | | |
|--------|----------|---------------|-------------|--|
| 14/1BR | 700 | 17,000 | March '71 | Underground Parking |
| 12/2BR | 1100 | 25,000 | | |
| 14/1BR | 700 | 19,900-20,500 | Sept. '72 - | Garb., Carport, |
| 37/2BR | 948-1000 | 22,700-25,000 | July '73 | D.W., W&D. |
| 7/3BR | 1070 | 26,550 | | Pool, Sauna |
| 6/1BR | 716 | 22,000 | March '73 | W&D., D.W., |
| 15/2BR | 966 | 28,900-31,400 | | F.P., U.G. Pkg., Saunas, Rec. Room |

Vancouver

| | | | | |
|--------------|----------|---------------|-------------|--------------------------------------|
| 25/1BR | 782 | 27,000 | April '72 - | Garb., W&D., |
| 12/1BR + Den | 938 | 34,000 | Feb. '73 | Underground Parking |
| 15/2BR | 1078 | 38,000 | | |
| 4/1BR | 725 | 22,000 | July '72 - | Some F.P., |
| 20/2BR | 950 | 30,000 | Feb. '73 | U.G. Pkg. |
| 7/1BR | 710-730 | 24,900-25,500 | Sept. '72 | Garb., Some |
| 29/2BR | 952-1079 | 32,900-38,000 | | F.P., U.G. Pkg., D.W., W&D (Some) |

LOW-RISE APARTMENT (Cont'd)

Vancouver (Cont'd)

| <u># Units/# BR</u> | <u>Size (Sq.Ft.)</u> | <u>Selling Prices</u> | <u>Sale Dates</u> | <u>Features</u> |
|---------------------|----------------------|-----------------------|-------------------|------------------------------|
| 5/Studio | 470-550 | 12,990-14,500 | Jan. '72 - | Some F.P., U.G. |
| 18/1BR | 630-650 | 16,900-19,000 | March '73 | Pkg., W&D on each floor. |
| 1/Studio | 600 |) 44,000-47,000 | '73 | Garb., F.P., U.G. Pkg., D.W. |
| 1/1BR | 750 | | | |
| 13/2BR | 950-1050 | | | |

Richmond

| | | | | |
|-----------|------|--------|-------------|---------------|
| 12/Studio | 594 | 16,700 | Sept. '72 - | Garb., Under- |
| 51/1BR | 800 | 21,000 | April '73 | ground Park- |
| 36/2BR | 1000 | 26,000 | | ing. |

Burnaby, New Westminster

| | | | | |
|----------|-----|---------------|-----------|--|
| 6/1BR | 620 | 19,200 | March '73 | W&D., U.G. Pkg., |
| 42/2BR | 860 | 22,700-28,900 | | Saunas, Billiard Rm., Lounge, Exercise Room. |
| 3/Studio | 468 | 15,100 | Nov. '72 | Underground |
| 33/1BR | 638 | 16,500 | | Parking |
| 6/2BR | 848 | 21,800 | | |

HIGH-RISE APARTMENTVancouver and West Vancouver

| | | | | |
|--------|------|--------------------|-------------------------|--|
| 14/3BR | 1956 | 60,000-78,500 | Oct. '70 - Sept. '72 | D.W., W&D., Garb., U.G. Parking |
| 1/1BR | 1000 | 28,000 | Aug. '71 - | D.W., W&D., Garb., |
| 18/2BR | 1300 | 38,000-68,000 (PH) | Nov. '72 | Drapes, F.P., |
| 8/3BR | 1400 | 49,000-58,000 | | U.G. Pkg., Pool, Whirlpool, Saunas, Sun Room, Hobby Room, Meeting Room |
| 17/3BR | 2156 | 95,000-165,000 | Oct. '71 | Garb., D.W., W&D., U.G. Pkg., Rec. Rm., Board Room |

CONDOMINIUM STUDY
SURVEY QUESTIONNAIRE

LOCATION:

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.

1. When did you purchase your condominium? (Please give date of occupancy.)
Month: _____ Year: _____

2. What were your ages at that time?
Husband: _____
Wife: _____

3. How many dependent children did you have when you bought your unit, and how many do you have now?
When bought: _____
Now: _____

4. Was your wife working when you bought your condominium, and is she working now?

| | <u>Yes</u> | <u>No</u> |
|-------------------|------------|-----------|
| When bought | () | () |
| Now | () | () |

5. Please indicate the terms of your purchase in the spaces provided below:
Full Price: \$ _____
First Mortgage Amount: \$ _____
Second Mortgage Amount: \$ _____
Cash Down Payment: \$ _____

6. What is your total monthly payment (including taxes and maintenance), and what is your monthly payment for maintenance only?

Total Monthly Payment: \$ _____

Monthly Payment for Maintenance: \$ _____

7. Into which of the following ranges did your gross family income fall (a) when you bought your unit, and (b) now?

(a) (b)

Less than \$8,000 () ()

\$8,000 to \$10,000 () ()

\$10,001 to \$12,000 () ()

\$12,001 to \$15,000 () ()

\$15,001 to \$20,000 () ()

Over \$20,000 () ()

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

From developer ()

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?

Developer's salesman ()

Independent agent ()

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

Directly with owner ()

Independent agent ()

- (d) To what extent were you informed of your rights and obligations as a condominium owner before you purchased the unit?

Very well informed ()

Moderately well informed ()

Poorly informed ()

9. (a) Did you own a home immediately before buying your condominium, or were you renting your accommodation?
 Owned ()
 Rented ()

- (b) If you owned a home previously, was it a single-family house, half of a semi-detached house (duplex) or another condominium?
 Single residence ()
 Semi-detached ()
 Condominium ()

10. Did you look for a single-family house before deciding to buy your condominium?
 Yes ()
 No ()

11. Why did you decide to buy a condominium rather than a single-family house? (Please rank the following list of reasons in order of importance by placing "1" in the space beside the most important reason, "2" beside the next most important, etc. If you considered two or more reasons to be equally important, place the same number beside them.)
 (a) Better location ()
 (b) Lower full price for equal or better unit ... ()
 (c) Lower down payment ()
 (d) Lower monthly payments ()
 (e) Freedom from exterior upkeep ()
 (f) Recreational facilities included with
 condominium ()
 (g) Other (specify and rank) :

 _____ ()

12. (a) Did you look at other condominiums before deciding to buy this one?
Yes ()
No ()
- (b) If you looked at other condominiums, what were the main advantages of this one over the others?
(For example, location, price, design, amenities, etc.)

13. (a) What changes in the design of your unit or of the development as a whole would have improved its suitability to you? (For example, more or fewer bedrooms, more storage space, covered parking, a fireplace, better recreational facilities, etc.)

- (b) Would you have been prepared to pay more for the unit if some of the above changes had been available?
Yes ()
No ()

14. (a) When you bought your condominium, did you plan to live in it indefinitely?

Yes ()
No ()

- (c) If not, when do you expect to move, and what type of housing will you move to?

When: _____

- (a) Single residence ()
(b) Another condominium ()
(c) Rental accommodation ()
(d) Other (specify):

15. (a) Are you generally satisfied with the management of this condominium? ("management" refers to the administration of the bylaws, maintenance fund, etc. not to the caretaking).
Yes ()
No ()

- (b) If not, can you suggest any changes which you think would improve its management?

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

- (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?

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

- Yes ()
No ()

CONDOMINIUM STUDY
Questions for Developers

Strata Plan #

Name of Development:

Number of Units:

Location:

Type of Structure:

This questionnaire is divided into two parts. The first part applies to all types of strata plans; the second part applies only to rental apartment conversions.

Part I: All Strata Plans

1. What is the distribution of one, two, three, and four bedroom units in this project, and what were their approximate sizes and prices? (Provide brochure if possible).

| | <u># of Units</u> | <u>Size (sq. ft.)</u> | <u>Selling Price (give range of prices if necessary)</u> |
|------|-----------------------|---------------------------|--|
| 1 BR | | | |
| 2 BR | | | |
| 3 BR | | | |
| 4 BR | | | |

- @. Check which of the following features were included in the selling price:

Stove ()

Refrigerator ()

Drapes ()

Garbage Disposal ()

Fireplace ()

Carport ()

Garage ()

Other (specify) _____

- 2 -

3. What was provided in the way of common amenities? (e.g., games or party room, pool, saunas, exercise room, tot lots, tennis courts, etc.)

4. When was construction of the project started, and when was the last unit completed (ready for occupancy)?

Month & Year

date project started

completion of last unit

5. When were the units first offered for sale?

month _____ year _____

6. When was the last unit occupied?

month _____ year _____

7. How many units are completed and unsold now?

number completed and unsold _____

8. Which lender(s) provided the first mortgage financing for this project?

1. _____

2. _____

Others _____

9. a) Did you require any interim financing for this project other than your normal line of credit?

yes ()

no ()

- 3 -

- b) If the answer to part (a) is "yes", where did you obtain the interim financing?

source of interim financing _____

10. a) Are you still responsible for the management of this condominium?

yes ()

no ()

- b) If so, when do you expect to relinquish management responsibility?

month _____ year _____

- c) If not, when did you relinquish the management responsibility?

month _____ year _____

- d) When you relinquished the management functions, did the residents hire a professional manager, or did they attempt to manage the condominium themselves?

1. hired a professional ()

2. managed themselves ()

- e) Who is managing the condominium now?

1. The residents ()

2. Professional manager ()

3. Manager's name _____

11. Do you have any condominiums under plan or construction which have not been mentioned? If so, fill out a questionnaire for each one.

- 4 -

Part II: Apartment Conversions

1. Were the former rental tenants given the opportunity to purchase units before the units were offered for sale on the open market?

yes ()

no ()

2. How many of the former tenants purchased a unit?

number of tenants who bought _____

3. a) Was any special incentive to purchase given to former tenants which was not available to non-tenant purchasers? (e.g., lower price, right of first refusal on offers from non-tenants, etc.)

yes ()

no ()

- b) If so, what was the incentive?

4. When were the former tenants formally notified of the conversion?

month _____ year _____

5. Was a display suite set up to help sell the units?

yes ()

no ()

6. Please provide the following information for each differently priced unit: (if space is insufficient, use back of page).

| <u>Selling Price</u> | <u>Down Payment (to 1st Mtge only)</u> | <u>Total Monthly Payment</u> | <u>Former Rental Rate (\$/mo)</u> |
|----------------------|--|----------------------------------|---------------------------------------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

7. When was this building originally completed?

month _____ year _____

8. a) What improvements were made in the units to enhance their saleability? (e.g., replacement of appliances, floor coverings, plumbing, etc., repainting, etc.)

- b) Were these improvements made before or after the units were sold?
(Give approx. percentage in each category if necessary).

before ()

after ()

9. What was your total conversion cost per unit?

improvements: _____

financing: _____

other: _____

TOTAL: _____

APPENDIX 4

CONDOMINIUM STUDY

Managers' Questionnaire

Strata Plan #

1. a) When did you assume the management of this strata plan?

month: _____ year: _____

- b) Did you take over the management directly from the developer or from another manager?

directly from developer ()

from another manager ()

- c) Who were the previous managers of this condominium?

2. What are the most significant problems you have encountered in managing this strata plan? (i.e., the most frequently occurring problems, or the most contentious problems).

3. How would you rate the Council of Owners of this strata plan in terms of their knowledge of and capability for the management functions?

very good ()

moderately good ()

moderately poor ()

very poor ()

- 2 -

4. What was the monthly maintenance levy when the units were sold, and what is the monthly levy now? (If the levy varies with different units, give the number of units to which each levy applies).

| <u>Original Levy</u> | <u>Current Levy</u> | <u>No. of Units</u> |
|----------------------|---------------------|---------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

5. What are the current actual operating costs of this strata plan? (Include all charges which must be covered by the maintenance fund).

\$ _____ /mo. or year

6. a) Have there been any significant changes in the bylaws of this strata plan since the Council of Owners was formed?

yes.... ()

no..... ()

- b) If so, what were they?

7. a) Have there been any major physical improvements or additions since the development was originally completed? (e.g., pool, saunas, games room, etc.)

yes.... ()

no..... ()

- b) If so, what were they?

APPENDIX 5

RESALES OF CONDOMINIUM UNITS

| <u>Area</u> | <u>Registered Plan No.</u> | <u>Original Sale Date(1)</u> | <u>Original Price</u> | <u>Resale Date</u> | <u>Resale Price</u> | <u>% Increase (Decrease)</u> |
|-------------|--------------------------------|--------------------------------------|---------------------------|------------------------|-------------------------|----------------------------------|
| Richmond | NW 49 | NA(2) | NA | 3/73 | \$16,500 | NA |
| | 49 | NA | NA | 3/73 | 15,900 | NA |
| | 49 | NA | NA | 4/73 | 17,500 | NA |
| | 49 | NA | NA | 5/73 | 17,900 | NA |
| | 12 | 2/70 | 20,800 | 6/72 | 21,500 | 3.36 |
| | 12 | 2/70 | 20,800 | 6/72 | 20,750 | (0.024) |
| | 12 | 2/70 | 20,800 | 7/72 | 21,000 | 0.96 |
| | 12 | 2/70 | 20,800 | 6/72 | 21,200 | 1.92 |
| | 12 | 2/70 | 20,800 | 1/72 | 21,400 | 2.88 |
| | 12 | 2/70 | 20,800 | 7/71 | 20,500 | (1.44) |
| | 12 | 2/70 | 20,800 | 2/72 | 21,500 | 3.36 |
| | 12 | 2/70 | 20,800 | 4/71 | 21,970 | 5.62 |
| | 12 | 2/70 | 20,800 | 3/72 | 20,500 | (1.44) |
| | 12 | 2/70 | 20,800 | 1/71 | 21,750 | 4.81 |
| | 12 | 2/70 | 20,800 | 2/73 | 24,000 | 15.4 |
| | 12 | 2/70 | 20,800 | 3/73 | 23,500 | 13.0 |
| | 12 | 2/70 | 20,800 | 6/72 | 20,200 | (2.89) |
| | 12 | 2/70 | 20,800 | 4/71 | 21,300 | 2.40 |
| | 12 | 2/70 | 20,800 | 1/73 | 23,500 | 13.0 |
| | 12 | 2/70 | 20,800 | 8/72 | 21,000 | 0.96 |
| | 12 | 2/70 | 20,800 | 3/72 | 21,500 | 3.36 |
| | 12 | 2/70 | 20,800 | 5/72 | 21,900 | 5.29 |
| | 12 | 2/70 | 20,800 | 8/71 | 21,900 | 5.29 |
| | 12 | 2/70 | 20,800 | 8/72 | 22,900 | 10.1 |
| | 12 | 2/70 | 20,800 | 12/71 | 21,400 | 2.88 |
| | 12 | 2/70 | 20,800 | 2/72 | 22,000 | 5.78 |
| | 12 | 2/70 | 20,800 | 2/73 | 24,500 | 17.8 |
| | 12 | 2/70 | 20,800 | 4/73 | 23,500 | 13.0 |
| | NA | NA | NA | 12/71 | 23,500 | NA |
| | 49 | NA | 24,500 | 9/72 | 26,950 | 10.0 |
| | 52 | NA | NA | 2/73 | 20,500 | NA |
| | 52 | NA | NA | 4/72 | 23,200 | NA |
| | 29 | 12/70 | 21,500 | 1/72 | 24,000 | 11.6 |
| | 24 | NA | NA | 1/73 | 24,500 | NA |
| | 16 | NA | NA | 3/73 | 20,500 | NA |
| | 16 | 7/70 | 18,500 | 1/73 | 20,700 | 11.9 |
| | 16 | NA | NA | 9/71 | 22,000 | NA |
| | 16 | NA | NA | 10/72 | 21,500 | NA |
| | 51 | 9/71 | 24,495 | 3/73 | 26,500 | 8.19 |
| | 52 | 9/71 | 18,400 | 7/72 | 19,000 | 3.26 |

Notes:

1. Where it is known, the date given is the date of sale of the last unit in that project.
2. NA - unable to determine.

| <u>Area</u> | <u>Registered Plan No.</u> | <u>Original Sale Date</u> | <u>Original Price</u> | <u>Resale Date</u> | <u>Resale Price</u> | <u>% Increase (Decrease)</u> |
|-------------|--------------------------------|-----------------------------------|---------------------------|------------------------|-------------------------|----------------------------------|
| Burnaby | NW 78 | NA | NA | 2/73 | 26,500 | NA |
| | 50 | NA | NA | 3/73 | 15,350 | NA |
| | 48 | 10/71 | 23,900 | 4/73 | 25,900 | 8.37 |
| | 27 | 10/70 | 17,900 | 5/73 | 19,500 | 8.94 |
| | 27 | 9/71 | 22,900 | 2/73 | 18,400 | (19.65) |
| | NA | NA | NA | 3/73 | 23,500 | NA |
| | NA | 9/71 | 21,190 | 10/72 | 23,200 | 4.77 |
| | NA | 10/71 | 25,500 | 8/72 | 26,000 | 1.96 |
| | 86 | NA | NA | 4/73 | 30,000 | NA |
| | 64 | 7/72 | 25,900 | 1/73 | 27,500 | 6.18 |
| | 65 | 5/72 | 23,990 | 3/73 | 25,000 | 4.22 |
| | 58(3) | 12/71 | 15,350 | 3/73 | 21,900 | 42.6 |
| | 58 | 12/71 | 15,350 | 5/72 | 18,000 | 17.3 |
| | 58 | 12/71 | 15,350 | 3/73 | 19,900 | 29.6 |
| | 58 | 12/71 | 15,350 | 8/72 | 17,500 | 14.0 |
| | 58 | 12/71 | 15,350 | 4/73 | 22,900 | 49.2 |
| | 58 | 12/71 | 15,350 | 8/72 | 19,500 | 27.0 |
| | 58 | 12/71 | 15,350 | 5/73 | 21,700 | 41.4 |
| | 58 | 12/71 | 15,350 | 4/73 | 19,250 | 25.4 |
| | 58 | 12/71 | 15,350 | 8/72 | 21,000 | 36.8 |
| | 58 | 12/71 | 15,350 | 1/73 | 18,950 | 23.5 |
| | 58 | 12/71 | 15,350 | 1/73 | 19,900 | 29.6 |
| | 58 | 12/71 | 15,350 | 4/73 | 21,000 | 36.8 |
| | 58 | 12/71 | 15,350 | 10/72 | 18,500 | 20.5 |
| | 58 | 12/71 | 15,350 | 12/72 | 17,500 | 14.0 |
| | 58 | 12/71 | 15,350 | 1/73 | 17,500 | 14.0 |
| | 58 | 12/71 | 15,350 | 9/72 | 18,500 | 20.5 |
| | 58 | 12/71 | 15,350 | 1/73 | 17,500 | 14.0 |
| | 58 | 12/71 | 15,350 | 2/73 | 17,500 | 14.0 |
| | 58 | 12/71 | 15,350 | 6/72 | 17,000 | 10.8 |
| | 58 | 12/71 | 15,350 | 11/72 | 18,000 | 17.3 |
| | 58 | 12/71 | 15,350 | 2/73 | 17,550 | 14.3 |
| | 58 | 12/71 | 15,350 | 8/72 | 18,200 | 18.6 |
| | 58 | 12/71 | 15,350 | 11/72 | 17,00 | 10.8 |
| | 58 | 12/71 | 15,350 | 5/72 | 17,250 | 12.4 |
| | 58 | 12/71 | 15,350 | 6/72 | 16,900 | 10.1 |
| | 58 | 12/71 | 15,350 | 6/72 | 18,000 | 17.3 |
| | 58 | 12/71 | 15,350 | 12/72 | 18,300 | 19.2 |
| | 58 | 12/71 | 15,350 | 6/72 | 17,500 | 14.0 |
| | 58 | 12/71 | 15,350 | 10/72 | 16,750 | 9.1 |
| Surrey, | 4 | 9/69 | 17,950 | 12/72 | 21,000 | 17.0 |
| Delta, | 4 | 9/69 | 17,950 | 2/72 | 18,000 | 2.79 |
| Ladner | 4 | 9/69 | NA | 1/71 | 19,500 | NA |
| | 4 | 9/69 | NA | 8/71 | 18,000 | NA |

Note: 3. NW 58 is a low-cost housing development

| Area | Registered Plan No. | Original Sale Date | Original Price | Resale Date | Resale Price | % Increase (Decrease) |
|--------------|------------------------|--------------------------|-------------------|----------------|-----------------|--------------------------|
| Surrey, | NW 4 | 9/69 | NA | 3/72 | \$18,700 | NA |
| Delta, | 4 | 9/69 | NA | 7/71 | 17,800 | NA |
| Ladner | 4 | 9/69 | 15,995 | 12/71 | 17,000 | 6.3 |
| | 4 | 9/69 | NA | 6/72 | 19,000 | NA |
| | 4 | 9/69 | NA | 6/70 | 19,000 | NA |
| | 4 | 9/69 | 15,995 | 7/71 | 16,950 | 6.0 |
| | 4 | 9/69 | NA | 1/72 | 17,000 | NA |
| | 4 | 9/69 | NA | 7/72 | 18,200 | NA |
| | 4 | 9/69 | NA | 3/73 | 21,500 | NA |
| | 4 | 9/69 | 15,995 | 6/72 | 19,000 | 18.8 |
| | 4 | 9/69 | 15,995 | 6/72 | 17,900 | 11.9 |
| | 4 | 9/69 | NA | 5/72 | 18,500 | NA |
| | 4 | 9/69 | NA | 6/72 | 18,900 | NA |
| | 41 | NA | NA | 8/72 | 20,750 | NA |
| | 41 | NA | NA | 8/72 | 20,500 | NA |
| | 41 | NA | NA | 3/73 | 19,000 | NA |
| | 41 | NA | NA | 5/73 | 24,000 | NA |
| | 41 | NA | NA | 6/72 | 19,200 | NA |
| | 18 | NA | NA | 4/73 | 22,900 | NA |
| | 67 | NA | NA | 1/73 | 22,500 | NA |
| | 67 | NA | NA | 4/73 | 25,000 | NA |
| | NA | NA | NA | 2/73 | 20,500 | NA |
| | 11 | 11/69 | 20,647 | 4/73 | 24,500 | 18.1 |
| | 14 | 11/69 | NA | 4/73 | 17,000 | NA |
| | 14 | 11/69 | 17,100 | 11/71 | 17,300 | 1.17 |
| | 14 | 11/69 | 17,900 | 3/71 | 17,500 | (2.24) |
| | 57 | NA | NA | 9/72 | 12,600 | NA |
| | 57 | NA | NA | 9/72 | 13,000 | NA |
| Coquitlam(4) | NW 1 | 10/68 | 15,950 | 11/68 | 16,900 | 5.95 |
| Port | 1 | 10/68 | 16,150 | 1/69 | 17,136 | 6.1 |
| Coquitlam, | 1 | 10/68 | 15,700 | 4/69 | 17,000 | 8.3 |
| Port Moody | 1 | 10/68 | 16,150 | 6/69 | 16,320 | 1.05 |
| | 1 | 10/68 | 15,700 | 6/69 | 16,500 | 5.1 |
| | 1 | 10/68 | 16,150 | 6/69 | 16,900 | 4.65 |
| | 1 | 10/68 | 15,950 | 8/69 | 18,500 | 22.2 |
| | 1 | 10/68 | 16,150 | 9/69 | 17,250 | 6.82 |
| | 1 | 10/68 | 16,150 | 9/69 | 19,000 | 17.6 |
| | 1 | 10/68 | 15,700 | 10/69 | 17,500 | 11.5 |
| | 1 | 10/68 | 15,700 | 10/69 | 16,600 | 5.73 |
| | 1 | 10/68 | 16,150 | 4/70 | 19,300 | 19.5 |
| | 1 | 10/68 | 15,500 | 6/70 | 18,200 | 17.4 |
| | 1 | 10/68 | 16,150 | 8/70 | 18,500 | 14.5 |
| | 1 | 10/68 | 15,950 | 12/70 | 18,000 | 12.9 |
| | 1 | 10/68 | 16,150 | 6/71 | 19,000 | 17.6 |
| | 1 | 10/68 | 16,000 | 11/71 | 17,000 | 6.25 |
| | 1 | 10/68 | 15,950 | 5/72 | 20,500 | 28.5 |

Note: 4. Most of the data obtained on NW 1 is from undergraduate research undertaken for Commerce 309 - author unknown.

| <u>Area</u> | <u>Registered Plan No.</u> | <u>Original Sale Date</u> | <u>Original Price</u> | <u>Resale Date</u> | <u>Resale Price</u> | <u>% Increase (Decrease)</u> |
|--|--------------------------------|-----------------------------------|---------------------------|------------------------|-------------------------|----------------------------------|
| Coquitlam, Port Coquitlam, Port Moody | NW 1 | 10/68 | 16,150 | 7/72 | 18,000 | 11.4 |
| | 1 | 10/68 | 15,700 | 7/72 | 18,000 | 14.6 |
| | 1 | 10/68 | 16,150 | 11/72 | 18,750 | 16.1 |
| | 1 | 10/68 | 16,150 | 12/72 | 19,000 | 17.6 |
| | 1 | 10/68 | 16,150 | 5/73 | 21,200 | 31.2 |
| | 1 | 10/68 | 15,700 | 5/73 | 20,500 | 30.6 |
| | 3 | NA | NA | 2/71 | 17,750 | NA |
| | 3 | NA | NA | 1/72 | 18,600 | NA |
| | 3 | NA | NA | 6/72 | 19,500 | NA |
| | 3 | NA | NA | 2/73 | 19,000 | NA |
| | 3 | 4/69 | 17,250 | 11/72 | 22,750 | 31.9 |
| | 7 | NA | NA | 4/72 | 17,250 | NA |
| | 7 | NA | NA | 2/73 | 19,000 | NA |
| | 20 | 8/71 | 22,500 | 5/73 | 23,800 | 5.79 |
| | 33 | NA | NA | 5/73 | 27,320 | NA |
| | 33 | NA | NA | 4/73 | 23,700 | NA |
| | 33 | NA | NA | 4/73 | 26,800 | NA |
| Vancouver | VR 20(5) | 11/71 | 16,200 | 11/71 | 17,500 | 8.04 |
| | 20 | 8/71 | 16,200 | 11/71 | 17,800 | 9.88 |
| | 20 | 8/71 | 16,200 | 2/72 | 18,250 | 12.7 |
| | 20 | 8/71 | 16,200 | 3/72 | 18,200 | 12.3 |
| | 20 | 8/71 | 16,200 | 4/72 | 18,500 | 14.2 |
| | 20 | 8/71 | 16,200 | 4/72 | 17,700 | 9.25 |
| | 20 | 8/71 | 16,200 | 10/72 | 20,800 | 28.4 |
| | 20 | 8/71 | 16,200 | 11/72 | 20,400 | 25.9 |
| | 20 | 10/71 | 16,200 | 12/72 | 20,000 | 23.4 |
| | 20 | 10/71 | 16,200 | 12/72 | 21,500 | 32.7 |
| | 20 | 11/71 | 16,200 | 12/72 | 20,000 | 23.4 |
| | 20 | 8/71 | 16,200 | 1/73 | 21,500 | 32.7 |
| | 20 | 8/71 | 16,200 | 2/73 | 21,500 | 32.7 |
| | 20 | 8/71 | 16,200 | 2/73 | 21,500 | 32.7 |
| | 20 | 10/71 | 16,200 | 2/73 | 21,300 | 31.5 |
| | 20 | 11/71 | 16,200 | 3/73 | 21,250 | 31.2 |
| | 20 | 8/71 | 16,200 | 3/73 | 21,500 | 32.7 |
| | 20 | 11/71 | 16,200 | 3/73 | 21,000 | 29.6 |
| | 20 | 8/71 | 16,200 | 4/73 | 21,500 | 32.7 |
| | 20 | 8/71 | 16,200 | 4/73 | 22,000 | 35.8 |
| | 53 | 10/72 | 15,900 | 3/73 | 22,000 | 38.4 |
| | 53 | 10/72 | 15,900 | 3/73 | 22,700 | 42.7 |
| North Vancouver | VR 5 | 11/69 | 21,400 | 10/72 | 24,200 | 13.1 |
| | 5 | NA | NA | 3/73 | 28,000 | NA |
| | 5 | NA | NA | 4/73 | 28,500 | NA |
| | 10 | 12/70 | 21,500 | 10/71 | 22,900 | 6.51 |
| | 10 | 12/70 | 21,900 | 11/71 | 22,500 | 2.74 |
| | 10 | 12/70 | 19,300 | 2/72 | 21,500 | 11.4 |

Note: 5. Both VR 20 and VR 53 are low-cost projects.

| <u>Area</u> | <u>Registered Plan No.</u> | <u>Original Sale Date</u> | <u>Original Price</u> | <u>Resale Date</u> | <u>Resale Price</u> | <u>% Increase (Decrease)</u> |
|-------------|--------------------------------|-----------------------------------|---------------------------|------------------------|-------------------------|----------------------------------|
| North | 10 | 12/70 | 19,300 | 4/72 | 22,800 | 18.1 |
| Vancouver | 10 | 12/70 | 19,300 | 5/72 | 22,000 | 14.0 |
| | 10 | 12/70 | 23,500 | 5/72 | 24,500 | 4.26 |
| | 10 | 12/70 | 22,500 | 10/72 | 23,000 | 2.22 |
| | 10 | 12/70 | 21,500 | 12/72 | 23,000 | 6.98 |
| | 13 | 3/71 | 26,466 | 5/73 | 30,000 | 13.3 |
| | 17 | NA | NA | 1/73 | 29,250 | NA |
| | 17 | 6/71 | 27,669 | 5/73 | 32,900 | 18.9 |
| | 17 | 9/71 | 27,669 | 5/73 | 33,000 | 19.2 |
| | 19 | 8/71 | 14,500 | 2/73 | 20,500 | 41.3 |
| | 19 | 7/71 | 24,500 | 9/72 | 26,000 | 6.13 |
| | 19 | 7/71 | 14,900 | 9/72 | 18,450 | 23.8 |
| | 19 | 8/71 | 25,400 | 10/72 | 26,900 | 5.9 |
| | 44 | 6/72 | 29,910 | 11/72 | 32,500 | 8.66 |

APPENDIX 6

APARTMENT CONVERSIONS

VANCOUVER CONVERSIONS

| <u>Registered Strata Plan No.</u> | <u>Registration Date</u> | <u>No. of Units</u> |
|-----------------------------------|--------------------------|---------------------|
| VR 22 | 7/71 | 29 |
| VR 24 | 9/71 | 15 |
| VR 37 | 3/72 | 6 |
| VR 54 | 9/72 | 21 |
| VR 55 | 9/72 | 35 |
| VR 58 | 10/72 | 8 |
| VR 61 | 11/72 | 61 |
| VR 68 | 12/72 | 35 |
| VR 70 | 12/72 | 18 |
| VR 71 | 12/72 | 2 |
| VR 74 | 12/72 | 23 |
| VR 76 | 1/73 | <u>10</u> |
| | | 263 units |

NORTH VANCOUVER - CITY

| | | |
|-------|-------|-----------|
| VR 16 | 2/71 | 14 |
| VR 36 | 3/72 | 11 |
| VR 52 | 8/72 | 26 |
| VR 65 | 11/72 | 35 |
| VR 69 | 12/72 | 17 |
| VR 72 | 12/72 | 10 |
| VR 79 | N.A. | 10 |
| VR 83 | N.A. | <u>11</u> |

134 units

NORTH VANCOUVER DISTRICT

| <u>Registered Strata Plan No.</u> | <u>Registration Date</u> | <u>No. of Units</u> |
|-----------------------------------|--------------------------|---------------------|
| VR 25 | 9/71 | 8 |
| VR 30 | 11/71 | 8 |
| VR 32 | 11/71 | <u>8</u> |
| | | 24 units |

WEST VANCOUVER

| | | |
|-------|-------|-----------|
| VR 28 | 10/71 | 11 |
| VR 31 | 11/71 | 36 |
| VR 33 | 12/71 | 8 |
| VR 75 | 12/72 | 30 |
| VR 82 | N.A. | 29 |
| VR 93 | N.A. | 45 |
| | | 2 |
| VR 95 | N.A. | 35 |
| VR 97 | N.A. | <u>44</u> |
| | | 240 units |

BURNABY

| | | |
|-----|------|-----------|
| 84 | 8/72 | 19 |
| 104 | 1/73 | <u>16</u> |
| | | 35 units |