

Advisory

Effects of Amendments to *Strata Property Act* on *Real Estate Development Marketing Act* Disclosure Statements

Date: March 27, 2023
Distribution: Real Estate Development Industry and Interested Parties
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PURPOSE

On January 24, 2023, the Government of B.C. announced amendments to the *Strata Property Act* (“SPA”) that increase the minimum amount that owner developers and strata corporations must contribute to a strata corporation’s contingency reserve fund (“CRF”). These changes will come into force on November 1, 2023.

This Advisory is intended to inform real estate developers and other interested parties of what these changes mean in relation to compliance with the *Real Estate Development Marketing Act* (“REDMA”).

Effect on New Strata Developments with Interim Budget

At the time of the first conveyance of a strata lot in a new strata development to a purchaser, the owner developer will be required to contribute either:

- 10 per cent of the estimated operating expenses as set out in the interim budget of the strata corporation if the conveyance occurs no later than one year after the deposit of the strata plan; or
- The lesser of 10 per cent of the estimated annual operating expenses set out in the interim budget of the strata corporation multiplied by the number of years since the strata plan was deposited, and 50 per cent of the estimated annual operating expenses set out in the interim budget of the strata corporation if the conveyance occurs later than one year after the deposit of the strata plan.

Effect on Strata Corporations Following First Annual General Meeting

For the fiscal years following the first annual general meeting of a strata corporation, the strata corporation will be required to contribute a minimum of 10 per cent of the total budget of the annual operating expenses to the strata corporation’s CRF.

EFFECT ON FILED DISCLOSURE STATEMENTS

The changes noted above may require a developer to immediately file a REDMA disclosure statement amendment if the changes to the SPA mean that the disclosure statement does not comply with REDMA or contains a misrepresentation.

For example, if a developer’s existing REDMA disclosure statement includes a budget that does not comply with the new minimum required CRF contribution, they must immediately amend that disclosure statement to include a compliant budget to ensure continuous, accurate disclosure.

Classification: **Public**

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ADDITIONAL INFORMATION

Developers, purchasers, and other stakeholders may wish to consult a lawyer for legal advice on disclosure requirements and strata budget matters.

To learn more, please refer to:

- B.C. government news release: [Amendments will better protect B.C. strata owners, lessen insurance costs](#);
- B.C. government [website](#), which includes an optional email subscription service to keep informed of any upcoming changes to strata legislation;
- [Order in Council](#); and
- [BCFSA Advisory 23-014](#), “Strata Property Regulation Changes: Form B and Contingency Reserve Fund Contributions”

If you have questions about this Advisory, contact BCFSA's [Practice Standards Advisors](#).