

ISSUES NOTE

Ministry of Energy and Mines
Minister Responsible for Housing
Date: May 2012

Minister: Hon. Rich Coleman

Strata Property Act Dispute Resolution

KEY FACTS REGARDING THE ISSUE:

The Attorney General will introduce the Civil Resolution Tribunal Act on (DATE TBC) as part of the Ministry of Justice *Modernizing B.C.s Judicial System* initiative launched in February 2012. The Act is the first step to create an alternative dispute resolution option for Strata Property Owners.

In 2011, the Housing Policy Branch of Office of Housing and Construction Standards, consulted extensively on an alternative strata dispute resolution model. The consultations wrapped up with a discussion paper and online survey that introduced a proposed Tribunal model. 95% of respondents to the online survey indicated strong support for the model.

The Tribunal model being introduced by the AG varies in some ways from the model proposed during the consultation. Primarily: it emphasizes self-help and online tools rather than a 'hearing' and individuals will not be compelled to participate, both parties will have to agree to resolve their dispute through the Tribunal. Only Strata Corporations can be compelled to participate.

Making the tribunal mandatory for strata corporations address the potential imbalance that exists within the strata owner/strata corporation relationship. Strata corporations often have insurance to cover legal costs and may be inclined pursue more costly dispute resolution options.

The Tribunal would take a staged approach, beginning with self-help tools and an online dispute resolution tool; escalating to Case Management/ Arbitration through to binding Adjudication. Application fees for the online tool would be in the range of \$100 to \$160. Costs for escalated intervention have not been set.

BACKGROUND:

- The province introduced a number of changes to the Strata Property Act in fall 2009 to:
 - Improve accountability through audited financial statements and depreciation reports; and
 - Improve dispute resolution: giving strata owners and residents better mechanisms to settle disputes.
- An online survey seeking public input on the proposed model regulations ran in September and October 2011. The survey presented a Tribunal model for public review – with a paper that provided details on the proposed approach including the role and scope of the Tribunal. Participants were asked if they agree with the concept of an impartial strata dispute resolution tribunal and given space for comments.
- Currently, the only dispute resolution options available to strata owners are arbitration or the court system. Both can be expensive, onerous and lengthy.

ADVICE AND RECOMMENDED RESPONSE:

- **We consulted with strata owners, associations and experts. They told us that they supported a Tribunal model to make dispute resolution more accessible and less costly.**
- **The Tribunal introduced today is the first step towards making that option available to the more than one million strata property owners in our province.**
- **The changes introduced by the Attorney General reflect the feedback we received. The ministry will monitor the Tribunal and continually look for ways to improve dispute resolution for the entire strata sector**

Housing | TRIBUNAL: Strat Property

- **We consulted with strata owners, associations and experts. They told us that they supported a Tribunal model to make dispute resolution more accessible and less costly.**
- **The Civil Resolution Tribunal Act is the first step towards making that option available to the more than one million strata property owners in our province.**
- **The changes introduced by the Attorney General reflect the feedback we received from strata stakeholders.**
- **The ministry will monitor the Tribunal and continually look for ways to improve dispute resolution for the entire strata sector.**

On criticism from the Canadian Bar Association

- **Any questions from the Bar Association are best directed to the Attorney General.**
- **Strata Property owners and stakeholders indicated strong support for a Tribunal during our consultations.**
- **It provides a more accessible and affordable option for dispute resolution within strata corporations.**

Background:

The Attorney General introduced the *Civil Resolution Tribunal Act* (Bill 44) on May 7, 2012 as part of the Ministry of Justice *Modernizing B.C.'s Judicial System* initiative launched in February 2012. The Act will create a tribunal system to provide dispute resolution for small claims and strata property disputes.

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Around 2,000 strata disputes a year could be heard by the tribunal, with 50 around 75 per cent involving strata corporations, whose participation is mandatory.

On May 8, the Canadian Bar Association, BC Branch issued a news release that criticized government for the lack of consultation with the legal community before introducing the Act.

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