
From: Wong, Elaine <Elaine.Wong@burnaby.ca>
Sent: Thursday, February 13, 2020 3:01 AM
To: Clerks <Clerks@burnaby.ca>
Subject: Fwd: Concerns regarding strata insurance

From: Yasmin Abraham [REDACTED]
Date: February 12, 2020 at 8:42:58 PM PST
To: Mayor <Mayor@burnaby.ca>
Subject: Concerns regarding strata insurance

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe. If you feel this email is malicious or a scam, please forward it to phishing@burnaby.ca

Dear Mayor Mike Hurley and Members of Burnaby City Council,

Please see attached a letter regarding the current strata insurance and the impact to our strata and owners.

We look forward to your response.

Regards,
Yasmin Abraham
Strata Plan NW 86 [REDACTED] Strata Council

Referred to:
Planning and Development Committee (2020.02.25)
Copied to:
City Manager
Dir. Corporate Services
Dir. Planning and Building
Dir. Finance

To: Mayor's Office of the City of Burnaby
4949 Canada Way
Burnaby BC, V5G 1M2
mayor@burnaby.ca

Subject: Concerns about unpredictable and sharp increases in residential strata insurance impacting housing affordability

February 12, 2020

Dear Mayor Mike Hurley and Members of Burnaby City Council,

We, the Strata Council of Strata Plan NW 86 (Coronado Drive) in Burnaby, British Columbia, are writing to indicate our concerns regarding increases in residential strata insurance rates that are impacting our residents and residents of other strata corporations. In order to address these unpredictable and sharp increases in residential strata insurance rates, we would like the Provincial Government to investigate this issue and consider an upper "cap" or "limit" put on allowable strata insurance rate and deductible increases. In this letter, we will address the importance of strata housing, the challenges with strata insurance increases and why we are asking for you to advocate to the Provincial Government of British Columbia to advance these changes.

Based on the 2016 Census, there were 34,665 households in the City of Burnaby living in strata condominium (both townhomes and apartments) units. They include owners, renters, seniors, families with children, young adults getting into the housing market and many others. Generally, strata condominiums represent a more affordable alternative to the increasingly unattainable single family home, with 2019 benchmark prices for apartments (\$598,500 in December 2019) and townhomes (\$724,200) being much lower than for single family homes (\$1,389,000) in our neighbourhood of Burnaby North¹. The sense of community, great shared amenities, and less outdoor maintenance required by individual homeowners also attract many households to strata living.

Strata residents are increasingly facing challenges related to increasing costs. Historically the majority of costs to strata are related to maintenance as complexes age. However, recently strata insurance increases are creating an unsustainable and unaffordable situation for strata residents. For our strata complex, which has not had any major insurable losses or problems over the past several years, insurance rates have increased by 40.9% in one year. We are very concerned with the potential for unregulated strata insurance increases much larger than this for our residents in the future. For many residents on a fixed income, this increase is unaffordable and leaves them with few options

One of our neighbouring strata complexes, which has also had not had any major insurable losses over the past several years, recently saw their strata insurance increase by over 100%, resulting in increases to their strata fees by over \$100.00 per month per household, or over \$1,200.00 per year per household. According to the Condominium Home Owners Association of British Columbia, these

¹ Greater Vancouver Real Estate Board. Stats Package. December 2019. <http://members.rebgv.org/news/REBGV-Stats-Pkg-December-2019.pdf>

insurance increases are expected to affect probably 8,000 to 10,000 strata corporations in British Columbia, with some seeing strata insurance premiums and deductibles increase by as much 300%².

For the 26,160 strata owner households in Burnaby (as per the 2016 Census), this can create serious problems. According to the 2016 Census, the median after-tax household incomes of \$59,007/year for low-rise unit owners, \$49,124/year for high-rise unit owners and \$80,975/year for townhome unit owners in Burnaby, much lower than the median after-tax household income of \$91,694/year for single family home owners. Owners are facing increasing costs to pay for repairs in maintenance of their aging buildings. Any additional insurance costs can quickly become unaffordable to the owners that call our strata complexes home.

Strata units also provide an important source of rental housing, with 8,510 rental households in Burnaby living in strata units (as per the 2016 Census). This is crucial in Burnaby where the rental vacancy rate was only 1.3% in October 2019³. When faced with additional strata fees due to rising strata insurance costs, some owners will likely need to increase their rents for tenants. This may be unaffordable for renters, who had a median after-tax household income of \$41,624/year in Burnaby based on the 2016 Census. In some complexes without short-term rental regulations, these additional costs may push owners towards short-term rentals instead of renting out their units to long-term tenants, further reducing the supply of much-needed rental housing.

The City of Burnaby Council has taken many great steps to addressing the issue of housing affordability, including offering up city-owned lands for affordable housing, creating a Mayor's Task Force on Community Housing and approving a Rental Use Zoning Framework. The City of Burnaby can continue to build on this positive momentum by advocating to the Province of British Columbia to study strata insurance rate increases and requesting a 'limit' on strata insurance rate and strata insurance premium increases. The City of Burnaby can accomplish this advocacy through making a resolution to the UBCM (Union of British Columbia Municipalities) and by encouraging leaders of other municipalities to endorse this resolution. This resolution would request that the Provincial Government of British Columbia undertake all of the following actions:

- 1) Undertake a study looking into the key causes for rapid and unpredictable strata insurance rate increases
- 2) Introduce and enact legislation that puts a 'cap' or 'limit' on allowable increases to strata insurance costs and deductibles.

² CBC News. "How rising strata insurance rates across B.C. could affect you". By Estefania Duran. December 11, 2019. <https://www.cbc.ca/news/canada/british-columbia/bc-strata-insurance-hike-1.5393035> and also CHOA (Condominium Home Owners Association of British Columbia). December 2019. Condo Smarts. "How do strata corporations and owners manage the dramatic increase in Insurance Rates". By Tony Gioventu. <https://www.choa.bc.ca/wp-content/uploads/300-869-05122019-How-do-Strata-Corporations-and-Owners-Manage-the-Dramatic-Increase-in-Insurance-Rates.pdf>

³ Canada Mortgage and Housing Corporation (CMHC). Housing Market Information Portal. Burnaby. Vacancy Rate. Data originally from Rental Market Survey.

We understand that unlike auto insurance premium increases, strata insurance premium increases are currently unregulated in British Columbia. Part of the logic behind auto insurance premium increases being regulated is that auto insurance is mandatory for drivers. However, as per Article 149 of the **Strata Property Act of British Columbia**⁴, 'The strata corporation must obtain and maintain property insurance'. Therefore, in consistency with auto insurance practices and in fairness, strata insurance premium increases, as well as deductible increases, should be regulated and capped in British Columbia.

We are aware that insurance companies are facing increasing costs due to climate change and aging buildings. However, there are many other groups that face increasing costs to doing business, but still are subject to regulations in regards to fees. This is because of the importance of housing affordability and the importance of housing as a human right. For example, although landlords face increasing costs, the Provincial Government of British Columbia has shown leadership in amending the **Residential Tenancy Act**⁵ to further limit allowable rent increases in order to protect affordability for renters. Similarly, although insurance companies face increasing costs, we believe that strata insurance fees rates and deductible increases should be 'capped' by the Provincial Government of British Columbia in the interest of housing affordability that will benefit hundreds of thousands of households in British Columbia.

We appreciate you taking the time to consider our proposal. Please consider the many residents, both homeowners and renters, which make strata units their homes and the affordability concerns discussed in this letter. Please contact our Strata Council to acknowledge receipt of this letter and to provide us with feedback and progress on our proposal. Thank you.

Sincerely,

Yasmin Abraham, strata council member on behalf of Strata Plan NW 86



Strata Plan NW 86 (Coronado Drive) Strata Council
Burnaby, British Columbia

Yasmin Abraham



⁴ British Columbia Provincial Government. BC Laws. Strata Property Act of British Columbia.
http://www.bclaws.ca/civix/document/id/complete/statreg/98043_09#section149

⁵ Provincial Government of British Columbia. "Changes to Tenancy Laws".
<https://www2.gov.bc.ca/gov/content/housing-tenancy/residential-tenancies/changes-to-tenancy-laws>