

# LAW REFORM COMMISSION OF BRITISH COLUMBIA

c/o British Columbia Law Institute  
1822 East Mall, University of British Columbia  
Vancouver, British Columbia V6T 1Z1  
Voice: (604) 822 0142 Fax: (604) 822 0144 E-mail: [bcli@bcli.org](mailto:bcli@bcli.org)  
Website: [www.bcli.org](http://www.bcli.org)

## Backgrounder

### LRC 120—Report on Apartment Corporations

Date: May 1991

An apartment corporation is an arrangement involving the creation of a corporation to hold the legal title to a building in which individual apartments are located. Each apartment “owner” is a shareholder in the corporation and the right to occupy a particular apartment arises under a long-term lease between the owner and the corporation. This type of arrangement was commonly used before the introduction of condominium legislation as a mechanism for providing various reciprocal rights and obligations between apartment owners. Significant numbers of apartment corporations continue to exist in British Columbia.

This report arose out of work being undertaken by the Ministry of Finance and Corporate Relations on possible changes to the *Condominium Act*. The Ministry issued a Discussion Paper, which touched on several issues relating to apartment corporations, including an observation that this type of structure led to the rights of individual owners being open to abuse. One approach to addressing this perceived problem was a suggested partial or total assimilation of apartment corporations to condominiums. The Law Reform Commission was asked to research this issue and provide advice.

The conclusions reached by the Law Commission following their research and consultation are set out in this report. Based on submissions received, there is nothing to suggest that the actual or potential abuse of owners’ rights is a problem. There also appears to be a lot of resistance from owners to any proposed reform of the law to allow apartment corporations to convert to condominiums. Overall, there appears to be no strong and pressing case for reform with one exception.

The exception relates to section 9 of the *Condominium Act*, which covers the conversion of existing buildings to condominium status. Section 9 essentially requires that any conversion have the approval of local government. One of the main reasons for this provision is to preserve the supply of rental housing which has diminished in recent decades by developers purchasing apartment blocks and converting them to condominiums. The problem with Section 9 is that it is drafted in such a way as to make apartment corporations subject to the approval of the government as well. The report concludes that there is no justification

for this and recommends that section 9 be amended so that most conversions from apartment corporation to condominium are exempted from the operation of section 9.

### **Further Developments**

The *Condominium Act* was repealed on 1 July 2000 and replaced with the *Strata Property Act*, S.B.C. 1998, c. 43. The *Strata Property Act* does not contain a provision equivalent to section 9 of the *Condominium Act*.