

The Proline Pulse

COMMUNITY EDITION



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Contact Us:

Email:

proline@prolinemanagement.com

Website:

www.prolinemanagement.com

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The Why, *By Kathryn Squires Basson*

Thank you to all of you who take the time to read this newsletter. We know that people have full lives and reading about property management and community living might not be a top priority, so we appreciate it! We create these newsletters and offer our other learning opportunities with the intention of helping people live together better, and so we truly value your feedback.

You might ask how a newsletter could help people live together better. Our Proline team manages over 13,000 rental and strata units and works with people from all walks of life, of different ages, with different interests, situations, professions and opinions. Everyone is living together in relatively close quarters, which often causes friction. We believe that knowledge and understanding are keys to addressing that friction. The more we understand each other's perspectives and the systems within which we operate, the better we collectively are at living and growing together. That's why we share news, educational opportunities and industry insights, so people know what's happening in the industry and how it impacts their stratas and lives and the lives of their neighbours. We also share information about charitable organizations to highlight the good that is happening in our communities. Honestly, it might not be cool to be this earnest, but we really do care about building stronger communities and supporting you, the people who engage and connect with one another day in and day out, as you care for your communities.

Industry Insights

2023 Residential Realty Insurance Market

By Melissa Stedman, FCIP, CRM Senior Vice President, Arthur J. Gallagher Canada Limited

Insurance –the highest costing item in a Strata’s budget with the least tangible presence. How did we get to where we are today and why are premiums still rising?

Insurance is both regional and global. We began to see some stabilization mid-year in 2022 however, severe weather has significantly impacted insurer profitability. For the fifth straight year in a row, catastrophic events have reached over \$1.5 Billion. 2022 caused \$3.1 Billion in insured damage making it the third worst year for insured damage in Canada, compared to \$2.1 Billion in 2021.

Globally, hurricanes, earthquakes, wild fires and flooding have contributed to poor financial results for insurance companies. Insurers, after all, are primarily driven by profit. If they were not, they wouldn’t have enough money to pay out claims or continue to operate year over year. The high claims payouts combined with years of low returns on investment income have significantly impacted insurers’ profitability. As a result, two London syndicates stopped writing new business in North America as of January 1, 2023 and many other insurers including domestic markets are making changes.

Insurance companies spread their risk by purchasing insurance from reinsurance companies. Reinsurers are heavily influenced by past claims history but more so on the probability of future losses. In BC, the probability of a catastrophic earthquake is a significant exposure. Modelling is done to ensure the insurers and reinsurers have money to pay for losses. With many insurers no longer writing business in Canada, the remaining available markets have to increase their share. With this comes increased rating and deductibles to mitigate the extent of the exposure to the carriers.

The cost of reinsurance for the insurers has increased and the insurer transfers that cost to the policy holder. This is why we are seeing Strata earthquake deductibles increasing to 15% and 20% though some insurance companies are no longer offering earthquake coverage in certain postal code areas.

While Earthquake in BC is top of mind, other factors continue to have an impact. Inflation is one major issue. Over the past year or so, the cost of building materials and labour has risen exponentially, causing replacement values to increase from 5% to 15% over the prior year.

Building codes and materials are constantly being updated to help a structure withstand the shaking during a seismic event, however, one of the very real risks we face living in beautiful British Columbia is the risk of earthquakes, particularly on Vancouver Island. As discussed above, insurance companies utilize reinsurance companies to spread their risk. Reinsurers pay out when catastrophic losses occur.

As unit owners, you may have noticed that your deductible assessment for earthquake coverage has maxed out at a limit far below what your deductible portion would be in event of an earthquake and you may have even been advised that earthquake coverage is no longer available for your unit from your current carrier. Some of the smaller cooperative or mutual insurers cannot offer earthquake coverage on Vancouver Island or parts of the mainland. Larger markets including some domestic carriers such as Aviva and Wawanesa are restricted in certain areas – identified by postal code. Intact, Canada’s largest

P&C insurer, continues to offer coverage to unit owners but at a significant increase in rate and deductibles. This is all due to their earthquake modelling and their cost of available reinsurance.

To mitigate exposure and prevent losses, insurers are taking steps such as:

- **Decreasing capacity:** insurers are now more likely to take on a small percentage of a building rather than the entire risk; renewals may see a reduction in capacity from a carrier, particularly if values have increased significantly.
- **Stringent underwriting criteria:** If your building(s) is located in a floodway, earthquake zone, has previous claims, has Poly-B plumbing or aluminum wiring, be prepared to answer questions from carriers or receive terms with subjectivities such as infrared inspections within a specified time. If buildings are older, the insurers will want to know when you last had major components replaced or inspected, particularly as it relates to the roof, plumbing, heating or electrical.
- **Increasing deductibles:** If your building has prior losses, those related deductibles will increase; alternatively, insurers are increasing deductibles across the board to mitigate the number of claims. Higher deductibles on a Strata policy pushes the losses to the unit owners and saves the Strata from reporting a claim.

What can Strata's do?

The following is a list of consumer actions that can help mitigate some of the increases we have been experiencing:

- Ensure unit owners and tenants carry their own personal insurance
- Voluntarily increase building deductibles – this can, on occasion, reduce the overall rating
- Ensure hot water tanks are replaced prior to warranty dates
- Replace plastic hoses with steel-braided hoses on all appliances and regularly check them to ensure no leaks
- Follow depreciation report recommendations for upgrades and replacements
- Replace Poly-B plumbing and aluminum wiring where it exists
- Perform regular inspections/maintenance on electrical, roofing, gutters, sprinklers, elevators and other major building components
- Take preventative measures such as water leak detections systems or water treatment systems to prevent pin-hole leaks
- Ensure owners and tenants know where water shut off valves are located and who to contact in the event of a loss
- Keep an ongoing maintenance log of major repairs/maintenance/inspections which can be passed on to the next council members

If you have key questions regarding your insurance policy or would like to discuss the market in more detail, reach out to your insurance broker to set up a meeting with the Strata Council.

Industry Insights



News Bulletin—Strata Federal Underused Housing Tax

On June 9, 2022, the federal government adopted the Underused Housing Tax (UHT) that may potentially impact strata corporations as of December 31, 2022. It is important to be aware of this new tax and filing requirement and whether or not it is relevant to your strata's operations.

What Is It?

- An annual federal tax of 1% on vacant or underused housing in Canada on the taxable value or if elected, the fair market value of the residential property owned by certain affected owners.

Who Does It Affect?

- The tax is intended to apply to foreign nationals, but filing is required by any property owners in Canada other than individual owners. As of this time, strata corporations owning a strata lot, caretaker unit or guest suite unit are not exempt from the tax and must file the required forms and, potentially, be subject to the tax.
- The Condominium Home Owners Association (CHOA) is seeking additional information from the federal government; however, CHOA has suggested that if a strata corporation owns and operates a titled suite, caretaker suite or guest suite, the strata must file the annual return, whether the strata is subject to the tax or not.
- At this time, it is CHOA's belief that this does NOT affect caretaker or guest suites that are designated as Common Property as those spaces are not considered to be habitable.

What Should You Do?

- If you believe that your Strata Corporation is affected, the Strata must file a UHT return no later than October 31, 2023. It is important to note that the penalty for filing a UHT return late is up to \$10,000 for a strata corporation; so, if in doubt, we recommend filing.
- Strata councils may also wish to inform owners, as a courtesy, of the requirement to file a UHT return for some owners, encouraging concerned owners to seek their own advice.

What Resources Are Available?

- For more information, the Government of Canada has published details on the Underused Housing Tax which can be read [here](#). CHOA has published an article on the Underused Housing Tax which can be read [here](#). Clark Wilson LLP has published an article on the Underused Housing Tax which can be read [here](#).
- For questions, please reach out to your Strata Property Manager. Please note that the expertise required for these significant new filings are outside the scope of our regulatory licensing at this time.
- RHN Chartered Professional Accountants is providing their services of preparing the UHT return and electronic form for a fee of \$500 plus GST. Dong Russell Company Inc. Chartered Professional Accountants is providing their services of preparing the UHT return and electronic form for a fee of \$525 plus GST.

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News

VISOA Blog Post—Changes to the Strata Property Act re Electric Vehicle Charging

On April 6, 2023, the BC Government introduced significant changes to the Strata Property Act to make it easier for strata corporations and owners to install electric vehicle charging stations in strata properties, including a requirement to obtain an electrical planning report.

See [Bill 22 – 2023 The Strata Property Amendment Act, 2023](#).

For more details about these changes, go to [VISOA's blog post](#) to read the whole article.

CHOA Information Release— New Regulations Expands 55+ Age Restriction Bylaws

Effective immediately the Strata Property Regulations have been amended to expand 55+ age restriction bylaws to include future children, dependents, and spouses or partners of current residents. The regulations also create an exemption to permit adult children, or former dependents of current residents, to move back home with their parents or former caregivers. The Strata Property Act was recently amended, allowing for only 55+ age restriction bylaws in a strata corporation wanting to limit the age of occupants. While this restriction only applied to future occupants, and did not impact occupants living in their strata lot at the time the bylaw was passed, it did create uncertainty for occupants at the time a bylaw was passed wanting to start families.

Go to https://choa.bc.ca/wp-content/uploads/IR2023_02-final.pdf for the full release.

The Federal Underused Housing Tax (UHT)—Rental Owners

As noted on the previous page, the federal government has adopted the Underused Housing Tax (UHT) that may potentially impact rental property owners as of December 31, 2022.

Who Does It Affect?

Foreign owners of residential property, as well as other entities that may own residential property, such as charities, corporations or partnerships. The only owners of residential properties that are completely unaffected are individual owners that are residents of Canada.

What Should You Do?

If you believe that you are affected, you must file a UHT return no later than October 31, 2023, whether your property is taxable or not.

There is a minimum late penalty of \$5,000 for individuals, and \$10,000 for others. This penalty applies even when there is no tax.

If in doubt, we recommend that you file a return. We are encouraging concerned owners to seek their own advice on this matter.

What Resources Are Available?

There are some details and resources linked on the previous page.

In our experience, accountants are offering to complete this service for affected owners for approximately \$500 plus taxes. Please note that the expertise required for these significant new filings are outside the scope of our regulatory licensing and experience at this time.

If you have further questions, please reach out to your Rental Property Manager directly.

Learning Station



Our Team ForUs & Office Closure

As you may remember, we hold an event each year for our team to gather together, learn, connect and recharge. This year, we will close the offices on Tuesday, June 6th for our ForUs, a forum for the team. There will still be a property manager on-call for any emergencies, and we will be back in the office for regular hours on Wednesday, June 7th. If you have any questions, please speak with your property manager or reach out to our office.

VISOA's May 2023 Bulletin

It's out! Some of the featured articles in this issue include:

- *Age Restriction Bylaws: New Exemptions for Spouses and Children*
- *6 Things Every Strata Should Know About the BC Fire Code*
- *Depreciation Reports 10 Years On and*
- *Understanding Waste Removal Contracts.*

Find it and lots of other helpful info on [VISOA's website.](#)



Proline Academy

Our Proline Academy, offering virtual Lunch & Learns with industry experts as well as virtual sessions on various topics led by our own team of experienced strata managers, is continuing on in full swing.

Our latest sessions included lunch & learns with CHOA's Tony Gioventu in March and a lunch & learn on Depreciation Reports with Pinchin Ltd. earlier this month. We've also held Academy sessions on *Creating Community Ambassadors* in February and *Using Your Strata Council Manual* in April. For recordings of past sessions, check out our [YouTube channel.](#)

Our next academy session will be focused on Bylaws. Stay tuned for more details!

Condominium Home Owner's Association (CHOA) Spring Education Program

CHOA's spring education program offers educational sessions both in-person throughout BC and online via Zoom. The sessions will cover Insurance and Risk Management, Collections and Financial Management. For more information and to register go to <https://choa.bc.ca/rs/>.



Odds and Ends

Welcomes

New Community Members

Welcome to Sandpiper in Courtenay, Pacific Trilogy 3 in Langford and Sparrow, Westbay Quay and Uplands Gate in Victoria!

New Team Members

Over the last few months, we've welcomed new team members Georgia Patrick as a property manager trainee, Zephalié Bechamp as an operations coordinator, Alex Kielman in a coop administration role and Jan Redekop as a senior accountant.



Running for Santas Anonymous

We at Proline support the work Santas Anonymous does in our community and also love the idea of trying things that challenge and make us better!

This year we are combining these missions and have three team members running the Oak Bay Half Marathon to raise funds for Santas Anonymous. Our runners include Kathryn, a self-professed hater of running who was volunteered for the marathon and is now looking forward to the challenge, Andy, the person who volunteered her and is running in support, and another awesome team member who both loves a challenge and running (but not public acknowledgment). We're all participating to support Santas Anonymous and the work they do caring for families and kids year around.

Donate and show your support [here!](#)

Feedback Please!

We are always eager for feedback from our community members so that we can continue to improve our services.

If you've had a positive experience, we'd be so appreciative if you could take a few minutes to leave us a review and share your experience. Simply [click here](#) to provide a review.

If you have specific feedback on something we can change or improve, please take a moment to email Kathryn Squires Basson, our Director of Culture & Community, at kathryn@prolinemanagement.com. Thank you for being an active participant in the Proline community and helping us live and grow together.



REBELLIOUS
OPTIMISM



WHOLEHEARTED
TOGETHERNESS



INSIDIOUS
JOY



RADICAL
TRANSPARENCY



RELENTLESS
INCREMENTALISM

HELPING PEOPLE LIVE AND GROW TOGETHER.

Community Corner

Empowering Vulnerable Youth at Take a Hike



TAKE A HIKE
FOUNDATION

Being young is hard. As the pandemic affects its third school year, youth mental health is experiencing a crisis. Before the pandemic, 1 out of 8 youth reported mental health issues. As the pandemic continues, this number has become 2 out of 3 youth reporting mental health struggles as severe as suicidal ideation. Programs like Take a Hike are truly needed more now than ever to support vulnerable youth across BC who are struggling with their mental health and wellbeing.

Before Take a Hike, Dillon’s life was unstructured. He wasn’t going to school and was arguing a lot with his family. Dillon started smoking and getting into bad habits. His life was moving in an unhealthy direction. In his own words, “I wasn’t in the best state mentally or physically”. He was skipping school and barely attended class. Eventually, he learned about Take a Hike through a friend of his. Dillon was intrigued, he asked his mom if she could sign him up for the program. They met with Take a Hike’s Youth and Family Worker and the teachers in the classroom and felt comfortable to join the program for his grade 10 year.



Take a Hike empowers youth experiencing vulnerabilities to change the journey of their lives with intentional clinical counselling, land-based learning, and community all within an alternative education classroom. Youth at Take a Hike gain the skill and resilience they need to build healthy relationships, and achieve success, however they define it. And that’s exactly what happened for Dillon during his time at Take a Hike.



Coming into Take a Hike, Dillon was nervous and took some time to warm up. He struggled with his shyness and found his first year in the program nerve-racking as he didn’t have a friend group and was nervous about becoming friends with the kids in the

Community Corner



program. He still wasn't coming to school very often and would disappear from the program all-together from time to time. But eventually, he started to make friends in the program and found confidence. Dillon even started to come to class everyday and keep up with his schoolwork – he actually enjoyed coming to school.

Dillon started to thrive in the program and built a trusting relationship with the mental health counselor who he spoke with often. He started to think about his future – something he never would have done before. From the out-days and multi-day trips he had experienced during his time at Take a Hike, Dillon developed a love of the outdoors and found his mental health started to really improve. One day, around the campfire during a trip, he looked around at everyone around him as their faces were lit up by the light of the fire and he realized, they were all smiling and laughing. He realized, he was smiling too and that he was happy and felt safe. He belonged.

Dillon has since graduated from Take a Hike and is pursuing a trades career. He is looking forward to giving back to his community and engaging more with the outdoors. As Dillon reflected on his time at Take a Hike, he realized, “before coming to Take a Hike, I wouldn't have bothered to think about the future... Take a Hike has done a lot for me.”

Take a Hike started in Vancouver in 2000. Since then, it has expanded to three programs in the lower mainland and two in the Interior region. In 2019, Take a Hike opened its first Vancouver Island program in Nanaimo and now has 5 programs in the Vancouver Island area including in Cowichan, Saanich, Sooke, and Stz'uminus – Take a Hike's first Indigenous-led partnership. Since its inception, Take a Hike has empowered over 1000 youth to achieve success, however they define it.



To learn more about Take a Hike, visit takeahikefoundation.org.

The Heart of the Business

I See You

By Andy Spurling

As many of you know, my wife's dad just died as a result of a massive brain injury sustained in a bike accident. The injuries he sustained were tragic to witness. But after a brief fight and glimmers of hope, we let him go and he passed away quickly and peacefully. There with the love of his life in his final moments on earth.

His last days were spent in the intensive care unit, which is a place I hope you never see. And I hope that we never see again. The ICU is an incredibly important part of our medical system, awash in sadness and tragedy, in hope and love. From the outside, it seems the strangest place to be in a time of intense personal tragedy. In an institution, surrounded by strangers, all facing one of the most difficult times in their lives.

As hard as it is to be there, a kind of beauty also exists in many of the moments you are invited to experience in that environment. And the smallness of our world, the simplicity of our human essence, and our needs for human connection are all amplified for the period of time we are held within its walls. It is as much an opportunity to watch and encourage the fight of your own loved ones as it is an opportunity to love and support total strangers doing the same. To hear them. To really listen. To tell stories. And have stories told. To be comforted and to provide comfort. To see how similar we really are. To move right into the depths of the human experience rather than figuring out how to navigate the surface and wonder whether an interaction will ever get deeper.

We met Mike, whose son had been shot multiple times by the police. We learned about his challenging path and all he had done to create a better life for himself. We met his son's wife and their 10 week old



Photo by Josie Lopez on Unsplash

baby. We saw hope and optimism rise up as Davin emerged from surgery and was able to respond to commands and show glimmers of being after 16 days of worry and wonder. We saw that hope and optimism morph and shift of the reality of a recovery that will require months or years with completely uncertain outcomes. Will he ever be able to speak again? To walk? To know and hold his baby girl? In the midst of all of it, Mike was also worried about us. To see how we were doing. To share the bits of wisdom he had acquired watching and sitting with families dealing with tragic circumstances over his 16 days in the ICU. Sharing his own story of transformation and the evolution of his own shock and grief.

We got to know Liam and Linda, the husband and mother of Kristy. A woman our age that had experienced a catastrophic stroke while at work. On the playground of the daycare she manages. The shock and disbelief was profound. Kristy's eleven year old daughter remained in the hallway. Hoping for a miracle. Confident in a miracle that was unlikely to occur. We spent hours talking with Liam and Linda. Hearing their stories. Loving and supporting them. And they both did the same for us. It felt like we were each getting heartbreaking news on the same schedule. Processing it together. Coming to terms with the end around the corner. And while we had our own family unit there, the process would have been so much lonelier without Liam and Linda. We will probably never see them again. But shared a moment and love that will last forever.

We ran into Bruce, the father of our son's childhood friend. We knew that his son had experienced some troubles, but he had overdosed four days earlier and died for 21 minutes before being resuscitated. We saw Bruce right after his son had regained consciousness for the first time in four days. With a little bit of hope for his future, but even more angst and fear for what life might look like going forward. With a level of privilege and wealth that none of us are ever likely to experience, Bruce had found himself the single father of a teenage boy that had spiraled so badly that he found himself living on the streets two months ago. One of the many nameless faces along Pandora. One of those people that are easy to create stories about.

In every interaction, and there were so many more, the real stories were almost always unexpected. Including in our own. It was such a stark reminder of so many things. To lean into those you love before they leave, because it can happen at any time. To stop and listen to the stories people tell. To really listen. Because you will always learn something and assumptions are almost guaranteed to be shattered. And that while external elements of life might be incredibly difficult, the internal realities of life are really quite simple. In times of tragedy and loss, it is about being there. Being authentic. Being a witness and speaking your truth. Seeing others. Seeing yourself. And wondering why we don't just do that all the time...



Photo by Annie Spratt on Unsplash