



Condominium
Authority of
Ontario



Report on Reserve Fund Survey Findings

September 2024

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ACKNOWLEDGEMENTS

The Condominium Authority of Ontario (CAO) is pleased to present this report on the survey research and analysis we conducted into the state of reserve funds and owner awareness of the importance of these funds. The CAO is committed to working in partnership with members of the condominium community to continuously enhance and refine its service delivery.

The CAO would like to thank all the participants who responded to the surveys and provided helpful feedback through advisory panels and pilot groups. All your efforts have been instrumental in gaining insights for this report and identifying next steps for supporting Ontario's condo communities. Below is a list of the advisory panel members who provided feedback on the survey questions and those who helped to review the preliminary survey results and potential insights¹. The names below are those who agreed to be named publicly, representing 33 out of the 35 total participants who were consulted.

Advisory Panels and Pilot Groups - Reserve Fund Survey Development

Christine Agostinho (condo manager)	Jon Juffs (specialist)	James O'Hara (condo director)
Leza Blair (condo manager)	Greg Kanargelidis (condo owner)	Jim O'Neill (condo manager)
Suzanne Cohen (condo director)	Laura Kennedy (condo director)	Casey Pieterston (condo director)
Charles Goldman (condo director)	Leslie Knighton (specialist)	Dolores Radcliffe (condo director)
Robert Fontaine (condo director)	Gudrun Lundie (condo director)	Ron Royal (condo owner)
David Flewelling (condo director)	Alicia McCluskey (condo director)	Andrew Sancton (condo director)
Ryan Griffiths (specialist)	Lyndsey McNally (specialist)	K Saunders (condo owner)
Colan Inglis (condo director)	Darlene McTavish (condo director)	Timothy Tempest (condo director)
Jim Ivers (condo director)	Karen Mergler (condo manager)	Sally Thompson (specialist)
Wayne Johnson (condo director)	Josh Milgrom (specialist)	John Wordley (specialist)
	Terry Nicholls (condo owner)	Lisa Wilson (condo manager)

Advisory Panels - Review of Preliminary Reserve Fund Survey Findings

Leza Blair (condo manager)	Sheila Lafrance (condo manager)	James O'Hara (condo director)
Ryan Griffiths (specialist)	Lyndsey McNally (specialist)	Jim O'Neill (condo manager)
Jon Juffs (specialist)	Karen Mergler (condo manager)	Sally Thompson (specialist)

¹ Condo directors are either former or current directors and condo owners are those who have never been directors.

DISCLAIMER

The purpose of this report is to present preliminary data and potential insights into the status of reserve funds for condo owners and directors in Ontario. The surveys represent a first step in CAO's efforts to gather data on reserve funds and help to identify key areas of focus for condominium communities. The results of the surveys are not meant to be conclusive and represent only an initial step in our ongoing research.

Through the analysis of the data collected, some limitations have been identified including sample size and representation among condo corporations, abnormally high inflation rates at the time of the survey, and the complex nature of reporting these data. The CAO's future data collection efforts will strive to address these areas so that more robust data can be collected to provide greater insights into reserve funds in Ontario. Further details regarding limitations can be found in [Appendix A](#).

While we recognize there are some limitations with these initial surveys, the results confirm the need for robust reserve fund planning and the importance of continued consumer protection initiatives by the CAO to enhance owner education and support for condo directors.



EXECUTIVE SUMMARY

All condo corporations in Ontario must have at least one reserve fund. This is a separate fund from the operating account and is required so that condominiums plan and set aside money to fund the future major repairs and replacements of common elements and assets. An adequate reserve fund is mandatory under the *Condominium Act, 1998* (the “Condo Act”) and contributions to the reserve fund are made primarily through common expenses fees. Condo corporations are legally required to work with experts to complete regular reserve fund studies of their common elements, assets and finances to ensure that the reserve fund is adequate.

The importance of a well-funded and well-managed reserve fund cannot be overstated given the responsibilities under the co-ownership and self-governance model to preserve the value and sustainability of the condominium. It is a complex and multifaceted issue that requires a community-wide commitment among condo owners, directors, managers and reserve fund study providers to work together to ensure healthy reserve funds for the benefit of all owners.

An adequate reserve fund is critically important for every condo corporation. Given the growing concerns about the state of reserve funds in Ontario, the CAO developed two surveys, one for condo corporations and one for owners, in consultation with our advisory panels and pilot groups, to find out more about the health of reserve funds.

The surveys were sent to condo corporations and owners in April 2023. All condo corporations were provided with a unique survey link to the corporation survey and the owner survey was available through a link posted on our website that was sent to all CAO contacts and open to the public. We received 724 responses from corporations and 5,986 responses from condo owners. Among owner respondents, 5,212 (87%) were current or former directors, 769 (13%) had never served on a board, and 5 (less than 0.1%) did not specify.



The CAO is sharing these survey results with condo owners and directors as part of our consumer protection mandate and to guide the support we offer to condo communities.

While we acknowledge that the timing of the survey in 2023 creates some challenges due to the impacts of inflation from 2020 onwards, overall, the results indicate that greater awareness of reserve funds and key reserve fund concepts would benefit the condo sector, as evidenced in the familiarity ratings of the owner survey (e.g., less than half of non-director owner respondents reporting familiarity with the CAO Guide on Condo Reserve Funds). Based on consultation with reserve fund specialists, the data also provided further insights into the complexity of various factors affecting reserve fund planning, including inflation rates and funding strategies.

It is important for condo owners and directors to understand the impact of rising costs on reserve fund contributions and consequently, common expenses fees. Similar to other goods and services, costs for condo corporation building repairs have risen in recent years. The affordability of increasing common expenses fees is a concern for all condo owners and directors. However, common expenses fees need to take into account higher construction costs in recent years to preserve the financial and structural well-being of condo corporations.

Proper planning and effective collaboration among all members of the condo community and its advisors are essential for identifying and implementing strategies for maintaining an adequate reserve fund as required under the Condo Act. This involves regular updates to reserve fund studies, transparent communication with owners about the fund's status and future needs, and prudent financial management to align contributions with future expenditures for major repairs and replacements of common elements and assets.



The results show that greater awareness of key reserve fund concepts is needed within the condo sector to facilitate better planning and collaboration within the condo community to identify and implement strategies for maintaining an adequate reserve fund as required under the Condo Act.

Key Results

CONDO CORPORATIONS - 724 RESPONDENTS:



Inflation Rates: Forward-looking inflation rates used for reserve fund study projections have increased in recent years ([Figures 1 and 2](#))



Percentage of Total Budget: Two-thirds of respondent standard condo corporations contributed more than 30% of their total budget to the reserve fund in 2023 ([Figure 5](#))



Reserve Fund Recommendations: Nearly two-thirds of respondent corporations received recommendations to increase their reserve fund contributions by more than 3% ([Figure 3](#))



Contributions per Voting Unit: 63% of respondent standard condo corporations contributed more than \$2,000 per voting unit to the reserve fund in 2023 ([Figures 6 and 7](#))



Following Expert Recommendations: 79% of respondent corporations reported their budgeted contributions would meet or exceed the recommended reserve fund contributions for their current fiscal year at the time of the survey. Further research is required on the remaining 21% to confirm either compliance with contribution requirements or errors in reporting ([Figure 4](#))



Funding Strategies: Special assessments and loans to adequately fund the reserve fund and steep increases to common expenses fees appear to be on the rise ([Figures 8, 9, and 10](#))

Most respondent corporations were found to be following their reserve fund study recommendations with respect to annual contributions. Based on the data provided, forward-looking inflation rates used in reserve fund studies appear to be increasing in recent years.

Rising construction costs over the last three years may be triggering more special assessments and loans as corporations may be finding repair project costs are higher than originally expected.

Overall, these results point to the need for ongoing regular data collection to gain greater clarity into the state of reserve funds in Ontario. The CAO will continue to partner with reserve fund specialists and other experts to gather data and insights to help support condo corporations in planning and maintaining adequate reserve funds.



What's Next?

The CAO will continue to partner with reserve fund specialists and other experts to gather data and additional insights to help condo corporations plan for and maintain adequate reserve funds.

CONDO OWNERS - 5,986 RESPONDENTS:



Familiarity with Reserve Funds: Over 90% of non-director condo owner respondents reported being very, somewhat, or slightly familiar with the reserve fund compared to 100% of owners who were current or former directors ([Figures 11 and 12](#))



Familiarity with CAO Guide on Condo Reserve Funds: Less than half of non-director condo owner respondents reported being very, somewhat, or slightly familiar with the CAO Guide on Condo Reserve Funds compared to 70% of owners who were current or former directors ([Figures 15 and 16](#))



Familiarity with Reserve Fund Notices: More than two-thirds of non-director condo owner respondents reported being very, somewhat, or slightly familiar with key reserve fund notices compared to over 90% of owners who were current or former directors ([Figures 13 and 14](#))

These overall results confirm a high level of awareness of reserve funds among owner respondents, but lower levels of awareness of key reserve fund notices and the CAO's resources on reserve funds. The findings suggest that owners could benefit from greater support and awareness of these reserve fund related notices and resources.



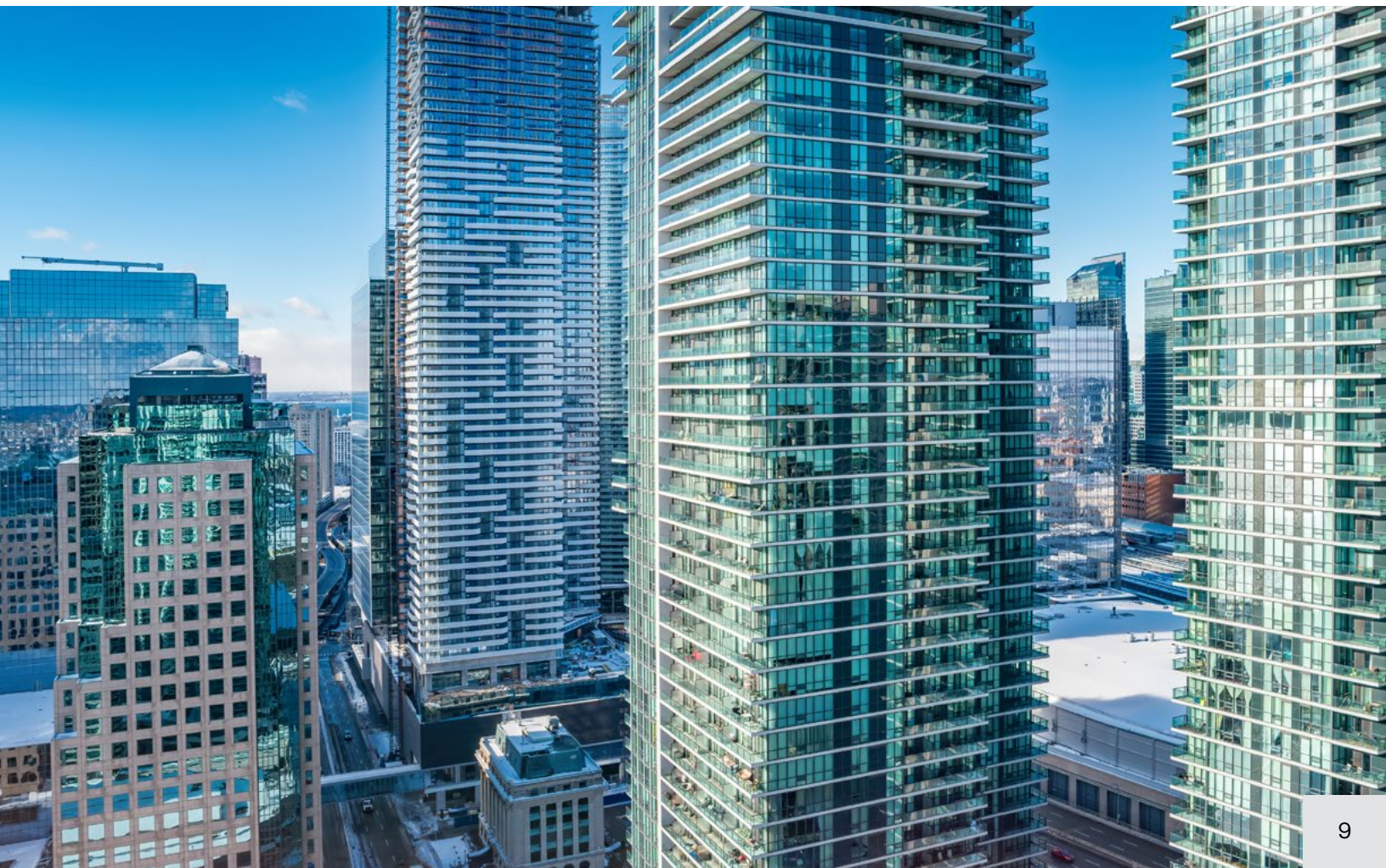
What's Next?

The CAO will enhance existing materials and will add new resources to support owners and increase their awareness of the importance of maintaining a healthy reserve fund.

INTRODUCTION

In 2020, the Office of the Auditor General of Ontario conducted an audit of the condo sector and issued a report titled “Value-for-Money Audit: Condominium Oversight in Ontario” which highlighted issues related to reserve funds. Rapid changes in economic conditions since then have led to a greater focus and growing concerns within the condo sector regarding the health of reserve funds and the extent they have been impacted by rising costs.

In 2023, the CAO issued two surveys to obtain specific data and gain greater insights into reserve funds in Ontario. The surveys were developed in consultation with reserve fund specialists and condo community members and were issued to condo corporations and owners in the CAO’s database.



METHODOLOGY

Two advisory panels and two pilot groups assisted in the development and testing of the survey questions. The advisory groups included a mix of reserve fund specialists, lawyers, condo managers, board directors and condo owners. The pilot groups consisted of condo owners, directors and managers.

The objective of the corporation survey was to gather initial data about the state of reserve funds of Ontario's condo corporations. The owner survey was intended to collect information from condo owners about their familiarity and understanding of the importance of reserve funds and related notices.

Survey Distribution and Data Collection

The CAO provided a unique survey link to each of the 12,000+ condo corporations in the CAO's database to avoid duplicate responses. The corporation survey was open for five weeks and responses were received from 724 corporations, approximately 6% of all condo corporations in Ontario. The owner survey was emailed directly to condo community members who either subscribed to the CAO's mailing list or had previously engaged with CAO services. Overall, the owner survey received 5,986 responses.

Please refer to [Appendix B](#) for the condo corporation respondent breakdown and [Appendix C](#) for the owner respondent breakdown.



PART A: CONDO CORPORATION RESERVE FUND SURVEY RESULTS

The survey asked condo corporations to provide some key data about their reserve fund from their most recent Periodic Information Certificate and Notice of Future Funding or Reserve Fund Study². Below are the survey results.

1.0 Assumed Inflation Rates in Most Recent Reserve Fund Study

Condo corporations were asked to provide the assumed forward-looking inflation rates in their most recent reserve fund study and the year when the study was conducted.

Reserve fund study providers must predict forward-looking inflation over at least the next 30 years and use an estimated inflation rate to adjust predicted repair costs in their analysis. [Figures 1 and 2](#) show that forward-looking inflation assumptions are higher in the studies completed in 2022 and 2023 than they were for the studies completed in 2021.

For 2021, 51% of studies used assumed forward-looking inflation rates between 1% and 2% and 30% used rates between 2% and 3%. In 2022 and 2023, inflation rate assumptions used in reserve fund studies appear to have increased to between 2% and 3%, as shown in 35% of studies for 2022 and 36% of studies for 2023. The proportion of studies assuming inflation rates between 3% and 6% also seem to have increased during this time period, as shown in 27% of studies for 2022 and 24% of studies for 2023, up from 17% in 2021.

These findings take into consideration that partial data was collected for 2023. Only those reserve fund studies completed by May 2023 are included in the 2023 data due to the timing of the survey.

Reserve fund study providers seem to be assuming that construction cost inflation, as measured by the residential building construction price index (BCPI)³, will continue to trend somewhat higher than consumer price inflation for the foreseeable future. However, the CAO did not collect data to determine whether reserve fund study providers used the higher BCPI benchmark for construction inflation or the general inflation benchmark.

² Please note that the CAO did not survey reserve fund study providers directly or collect and analyze reserve fund studies. All the data collected was provided directly by representatives of condo corporations.

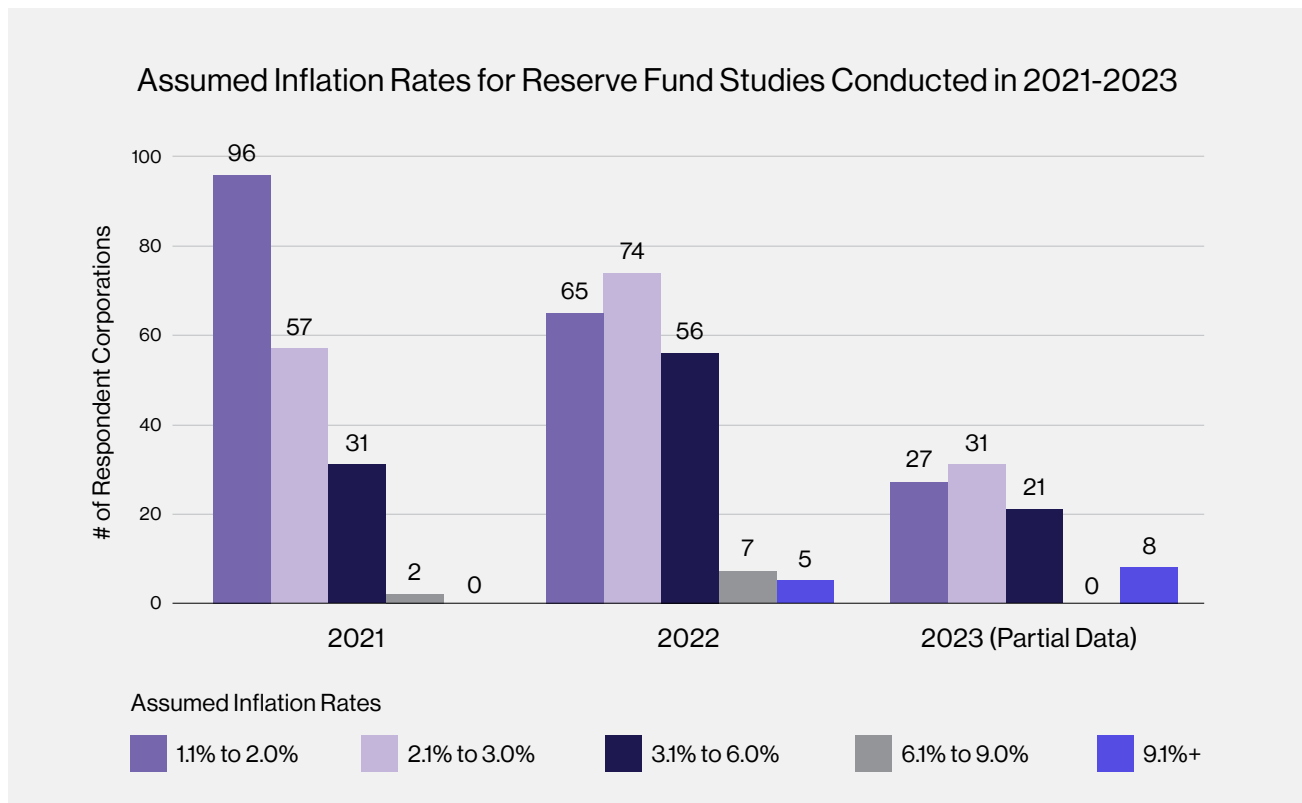
³ Consideration of the BCPI is recommended in the Guideline for Engineers Conducting Performance Audits and Reserve Fund Studies by the Professional Engineers of Ontario (PEO Guideline).

The BCPI is often seen as a better approximation of reserve fund related costs than the consumer price index (CPI)⁴. Please see [Appendix D](#) for more information about the BCPI and how it compares to the CPI.

Figure 1. Summary table of the number of condo corporations which reported the assumed inflation rate in a reserve fund study completed between 2021-2023.

Assumed Inflation Rates	2021	2022	2023
0% to 1.0%	1	3	0
1.1% to 2.0%	96	65	27
2.1% to 3.0%	57	74	31
3.1% to 6.0%	31	56	21
6.1% to 9.0%	2	7	0
9.1%+	0	5	8

Figure 2. Inflation rates used for reserve fund study projections have increased in recent years⁵.



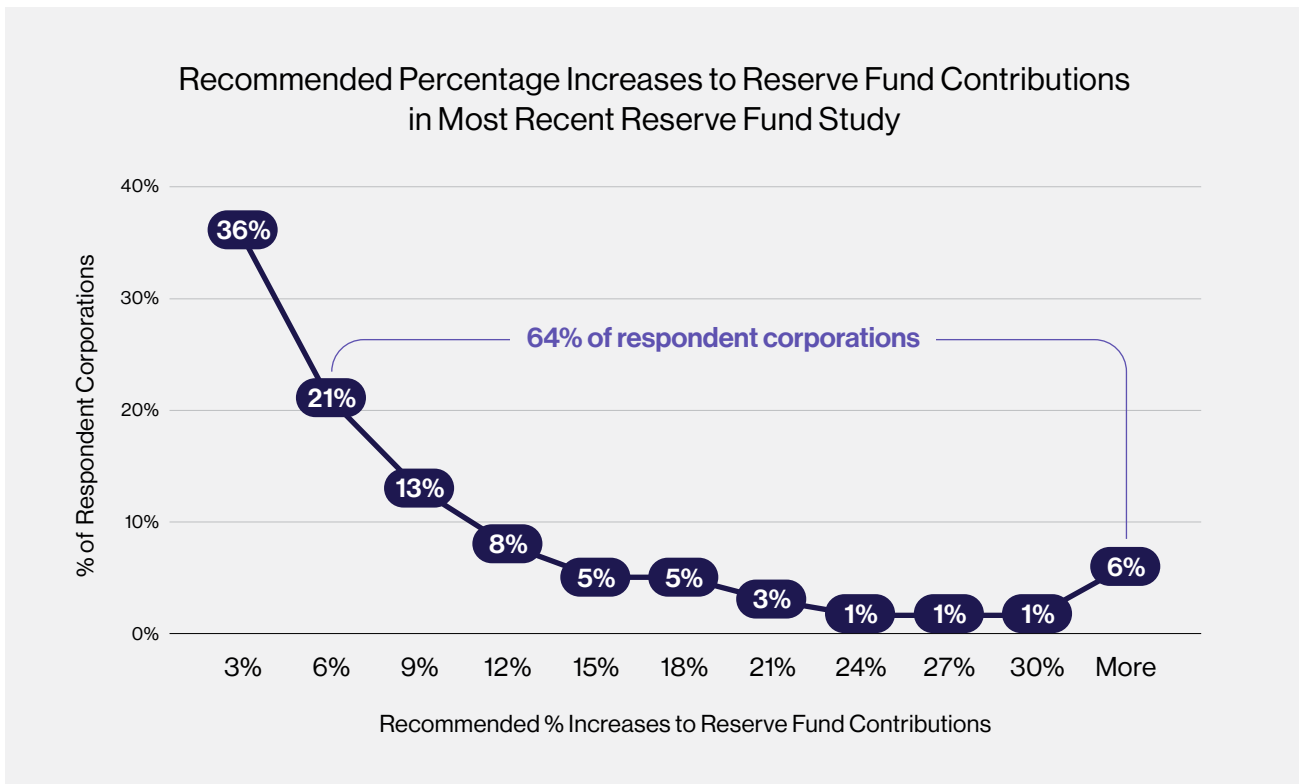
⁴ According to the PEO Guideline.

⁵ The 0% to 1.0% data was omitted from Figure 2 for greater readability of the graph.

2.0 Recommended Increases to Reserve Fund Contributions

Condo corporations were asked to report what their most recent reserve fund study recommended in terms of percentage increase to reserve fund contributions. The recommended percentage increase factors in the assumed inflation rate in the reserve fund study, which was most commonly reported to be between 2% to 3%. Figure 3 shows that nearly two-thirds of corporations surveyed (64%) received recommendations to increase their contributions by more than 3%.

Figure 3. Nearly two-thirds of respondent corporations received recommendations to increase their reserve fund contributions by more than 3%.



Condo corporations will typically also implement phase-in periods to increase contributions gradually, which can result in varying levels of increases year over year. In addition to the assumed inflation rate, other factors can affect the recommended increases to contributions, including the financial status of the condo corporation and the use of special assessments and loans.

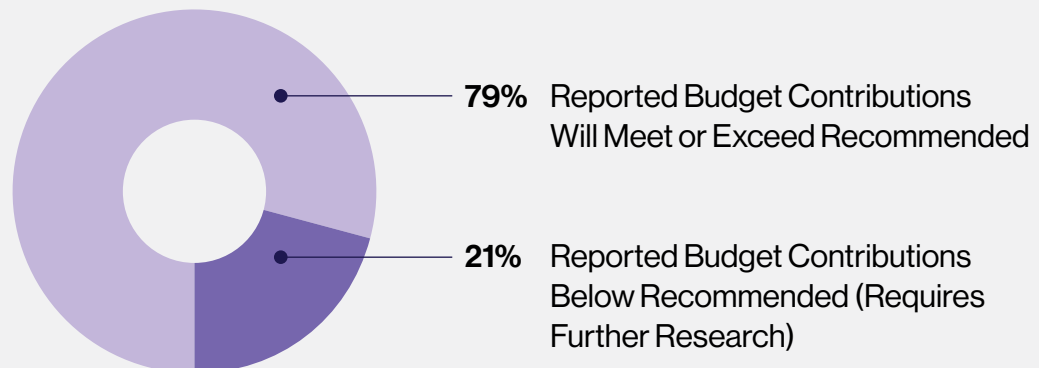
3.0 Reserve Fund Contributions

3.1 Recommended vs Budgeted Contributions

Two data points requested were the **recommended reserve fund contributions** by the reserve fund study provider and the **budgeted contributions** for the current fiscal year. Figure 4 below provides details of the reported budgeted contributions.

Figure 4. 79% of respondent corporations reported their budgeted contributions would meet or exceed the recommended reserve fund contributions for their current fiscal year at the time of the survey. Further research is required on the remaining 21% to confirm either compliance with contribution requirements or errors in reporting.

Percentage of Respondent Corporations Who Reported Budgeted Reserve Fund Contributions



While it is allowable under the Condo Act for condo boards to implement their own plan for future funding, they must specify where it differs from the reserve fund study in the Notice of Future Funding that is sent out to owners.

This initial survey did not delve into the possible reasons that condo corporations may have contributed less than the recommended amounts or whether the board developed a funding plan that differed from the recommendations in the reserve fund study as allowed by the law. There is also the possibility that some of these results are due to errors in reporting (e.g., the data was taken from a cash flow table that was not adopted or respondents may have confused calendar and fiscal years).

To be clear, condo corporations must ensure that the reserve fund is adequately funded to pay for major repairs and replacement of their common elements and assets. It would be in contravention of the Condo Act if a corporation were not meeting the legislated obligations regarding reserve fund contributions.

Due to the reasons listed above, these data require further research and have been identified as key areas for additional data collection and analysis. Limitations related to the survey questions and self-reporting of complex data have also been included in the data limitations section in [Appendix A](#).

3.2 Contributions as a Percentage of Total Budget

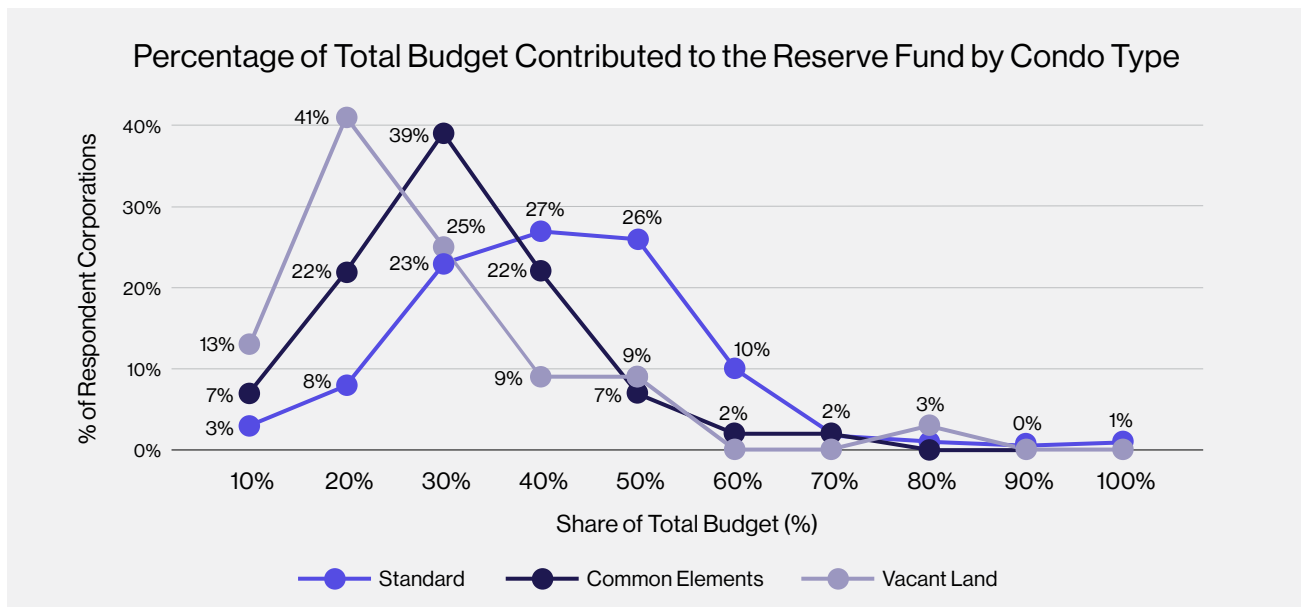
Condo corporations were asked to specify the total budget for their current fiscal year to provide some insights into reserve fund contributions as a percentage of the total budget. The findings are shown in Figure 5 according to three freehold condo corporation types (standard, common elements, and vacant land)⁶. A freehold condo corporation is one where the land is owned by the condo corporation.

The average reported contribution to the reserve fund among respondent standard condo corporations was 36% of the total budget. In comparison, the average reported contribution to the reserve fund was 27% of the total budget among respondent common elements condo corporations and 23% among respondent vacant land condo corporations.

Furthermore, Figure 5 indicates that 66% of respondent standard condo corporations contributed more than 30% of their total budget to the reserve fund in 2023. Comparatively, 33% of respondent common elements condo corporations and 22% of respondent vacant land condo corporations contributed more than 30% of their total budget to the reserve fund in the same year.

Condo corporations may refer to these data points as comparative benchmarks to assess their own contributions to the reserve fund, while considering that each corporation is unique and will need more detailed consultation with their reserve fund study provider.

Figure 5. Two-thirds of respondent standard condo corporations contributed more than 30% of their total budget to the reserve fund in 2023.



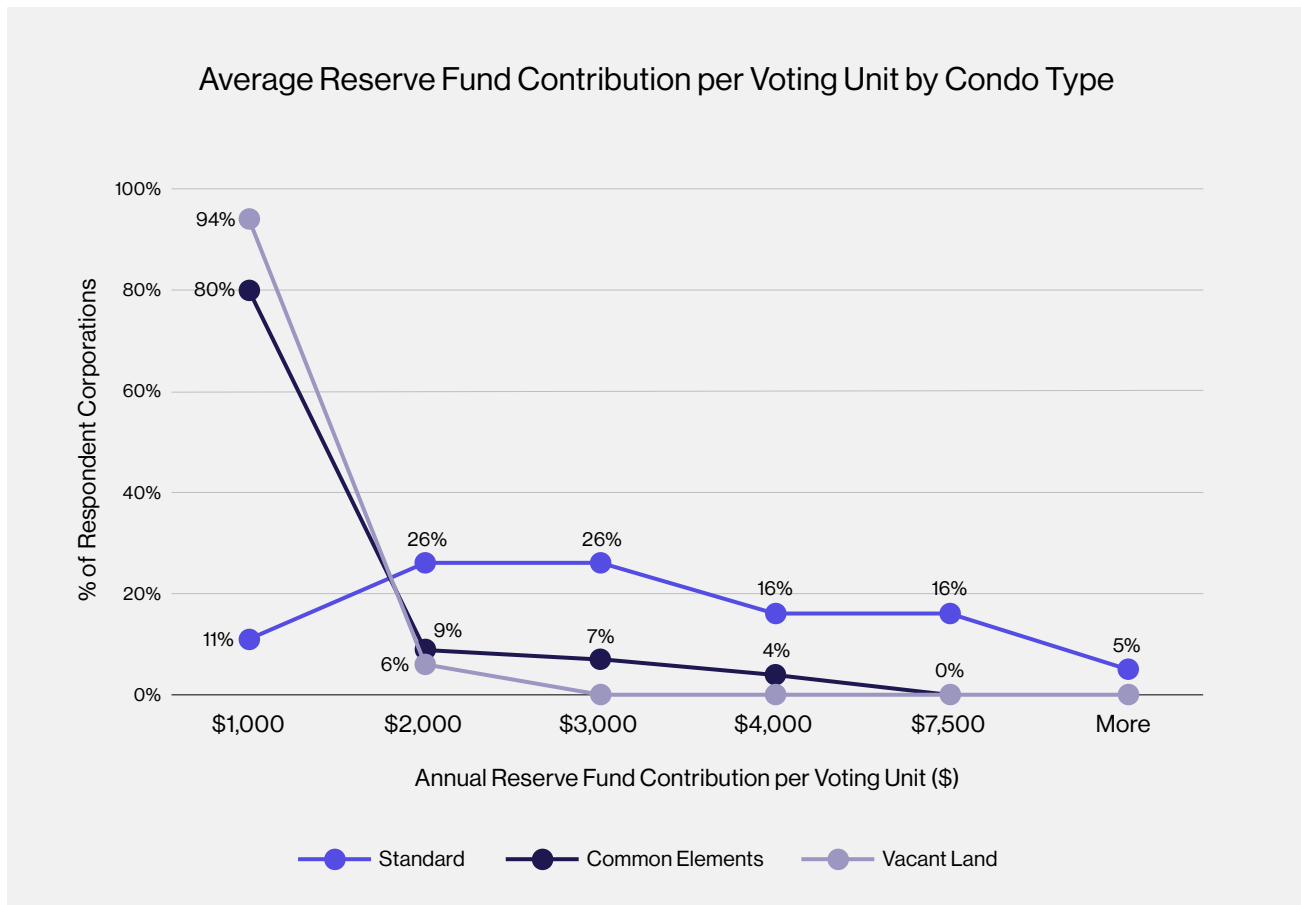
⁶ Please visit the [CAO's website](#) for more detail on the different condo types.

3.3 Contributions per Voting Unit

Further analysis was conducted to provide some insights into the annual reserve fund contribution per voting unit. Based on the number of voting units provided by respondent condo corporations through the CAO's condo returns system, an estimate of the contribution amount per voting unit was derived. The findings are shown in Figure 6 by condo type (standard, common elements, and vacant land).

Figure 6 indicates that 63% of respondent standard condo corporations contributed more than \$2,000 per voting unit to the reserve fund in 2023. In comparison, 11% of respondent common elements condo corporations and 0% of respondent vacant land condo corporations contributed more than \$2,000 per voting unit to the reserve fund in the same year.

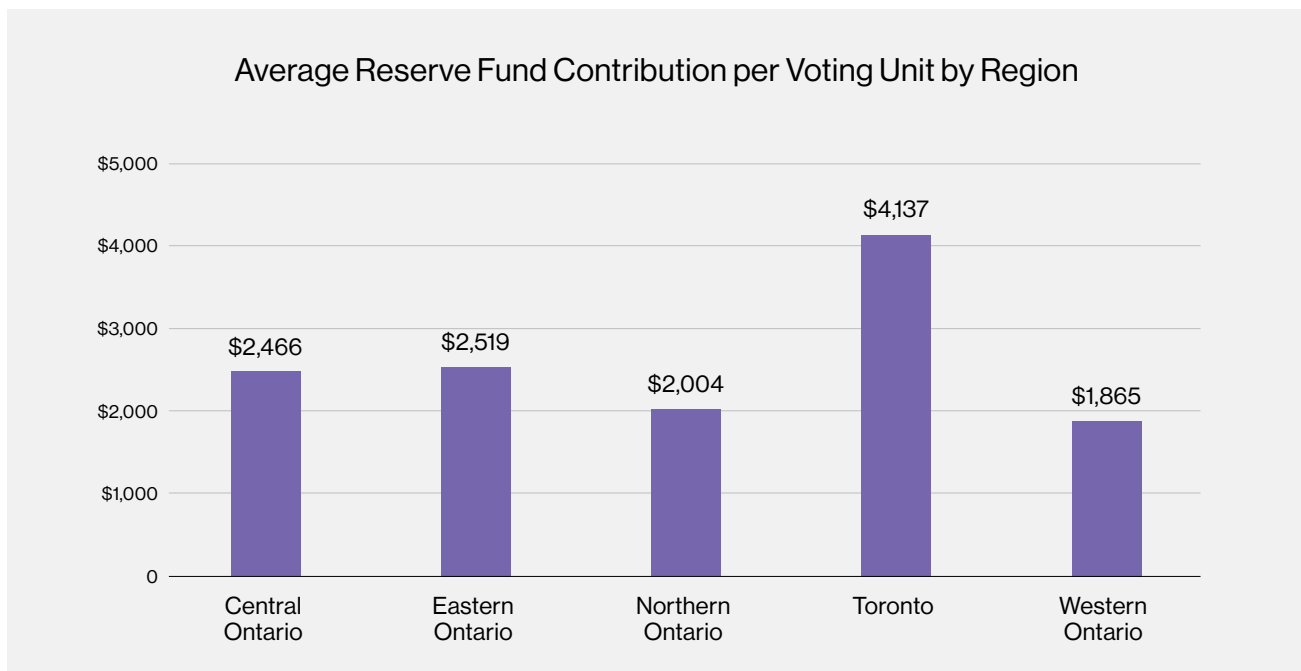
Figure 6. 63% of respondent standard condo corporations contributed more than \$2,000 per voting unit to the reserve fund in 2023.



3.4 Contributions per Voting Unit by Region

Analysis of regional patterns (Figure 7) show that condo corporations from Toronto contribute the largest amount to their reserve fund on a per voting unit basis as compared to other regions in Ontario. These results may be an indication of differences in construction costs and the composition of condo corporations in various regions and highlight the need for additional data collection on regional differences.

Figure 7. Regional differences in reported contributions to the reserve fund by voting unit⁷.



⁷ "Toronto" in Figure 7 refers to condo corporations within the City of Toronto.



4.0 Strategies for Funding the Reserve Fund

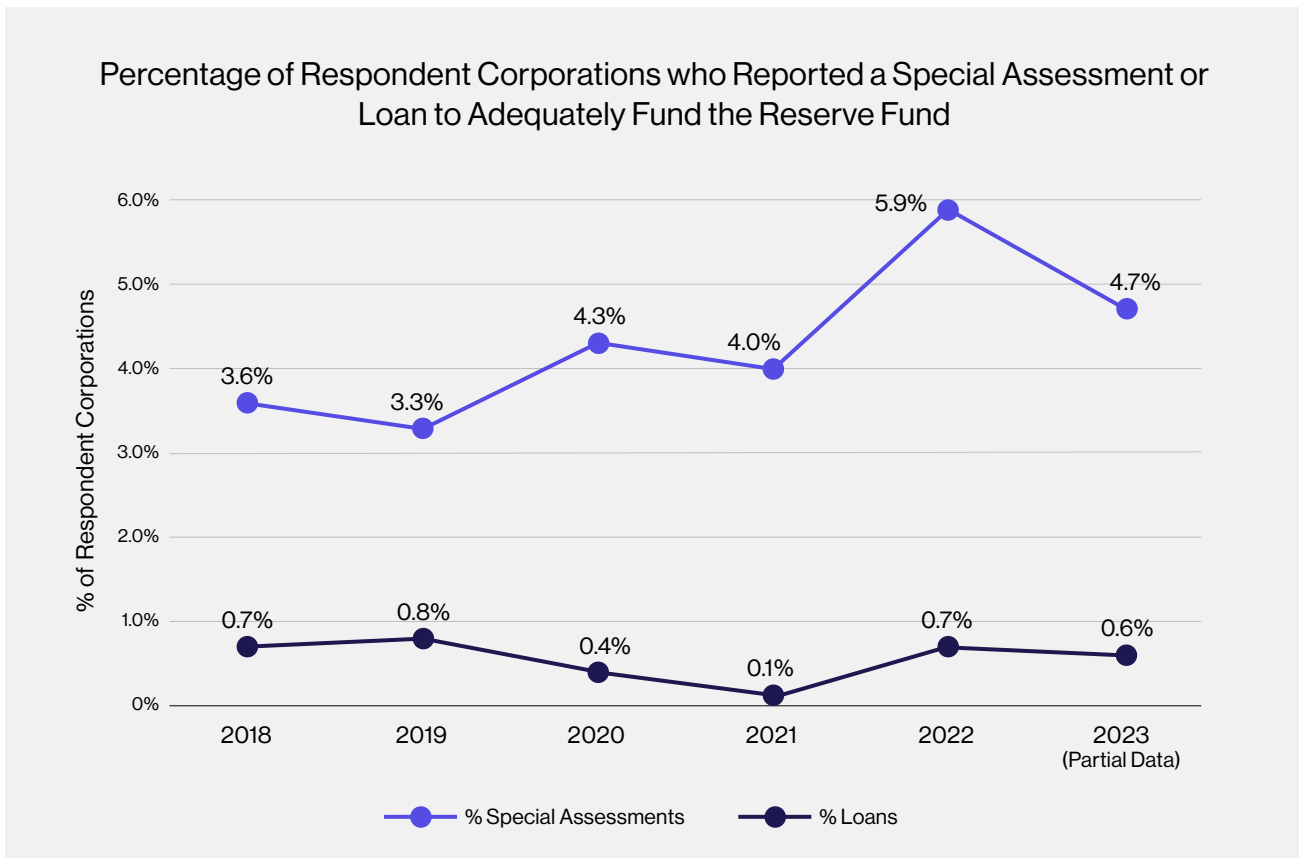
4.1 Use of Special Assessments and Loans

The survey also asked condo corporations whether they had issued any special assessments or took out a loan to fund the reserve fund from 2018 to 2023. The results are shown in Figure 8.

Between 2018 and 2023, 16% of respondent condo corporations reporting issuing a special assessment, while 3% reported seeking a loan to adequately fund the reserve fund. As of May 2023, 4.7% of corporations surveyed reported issuing a special assessment and 0.6% reported entering into a loan agreement to ensure their reserve fund is adequately funded.

It should be noted that the survey data was collected in April and May of 2023, so the surveys only captured partial data for 2023. For the full year 2022, 5.9% of respondent corporations reported issuing a special assessment and approximately 0.7% reported borrowing money to fund their reserve fund. Comparing the partial data in 2023 with the full year 2022, the data indicates a potential increase in the occurrence of special assessments and loans.

Figure 8. The number of special assessments and loans to adequately fund the reserve fund appear to be increasing.

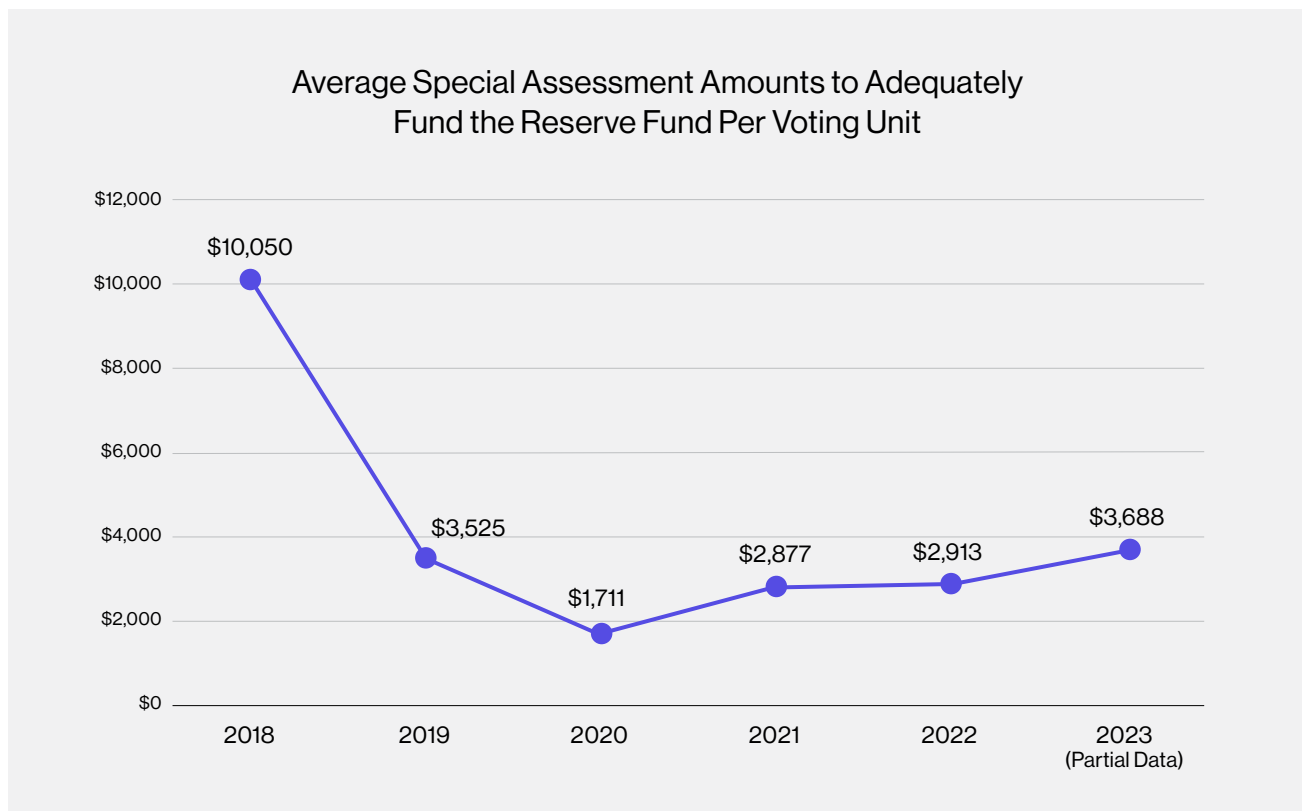


4.2 Special Assessment Amounts per Voting Unit

Condo corporations were also given the opportunity to provide the actual special assessment and loan amounts from 2018 to 2023. Due to the low number of responses received for loan amounts, no meaningful analysis could be conducted.

Among the 16% of respondent condo corporations that reported issuing a special assessment to adequately fund the reserve fund between 2018 and 2023, the average amount per voting unit by year went from a high of \$10,050 in 2018 to \$3,525 in 2023. The averages are illustrated in Figure 9, including partial data for 2023.

Figure 9. Special assessment amounts to adequately fund the reserve fund appear to be increasing since 2020 after a steep decline in 2019⁸.



⁸ This data includes a few respondent corporations who reported much larger amounts than the rest of the dataset for 2018, which may be a data entry error.

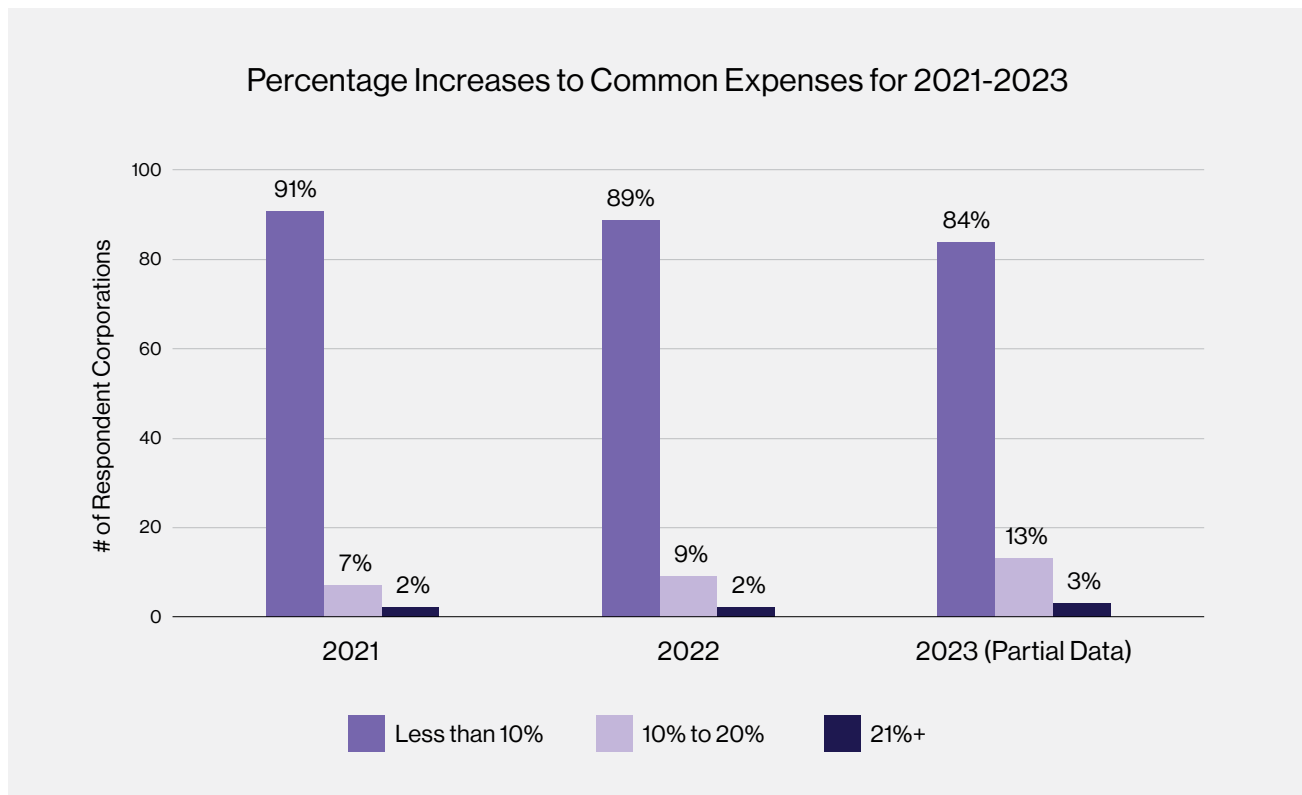
4.3 Increases in Common Expenses Fees

Condo corporations were asked to report on the percentage increases in their common expenses fees per year. The percentages reported, as shown in Figure 10, are the increases to all common expenses fees, including operating and reserve fund contributions.

Figure 10 shows that a large majority (over 80%) increased their common expenses fees by less than 10% for 2021, 2022 and 2023, with a slight upward trend in corporations reporting a 10% to 20% increase during this same period.

The reasons for these increases and their proportions contributed to reserve funds are unclear. The exact proportion of increases in common expenses fees related to reserve fund contributions will be collected in future research.

Figure 10. Steep increases to common expenses fees could be on the rise⁹.



⁹ Years 2018 to 2020 were omitted from Figure 10 for greater readability and focus on recent years.

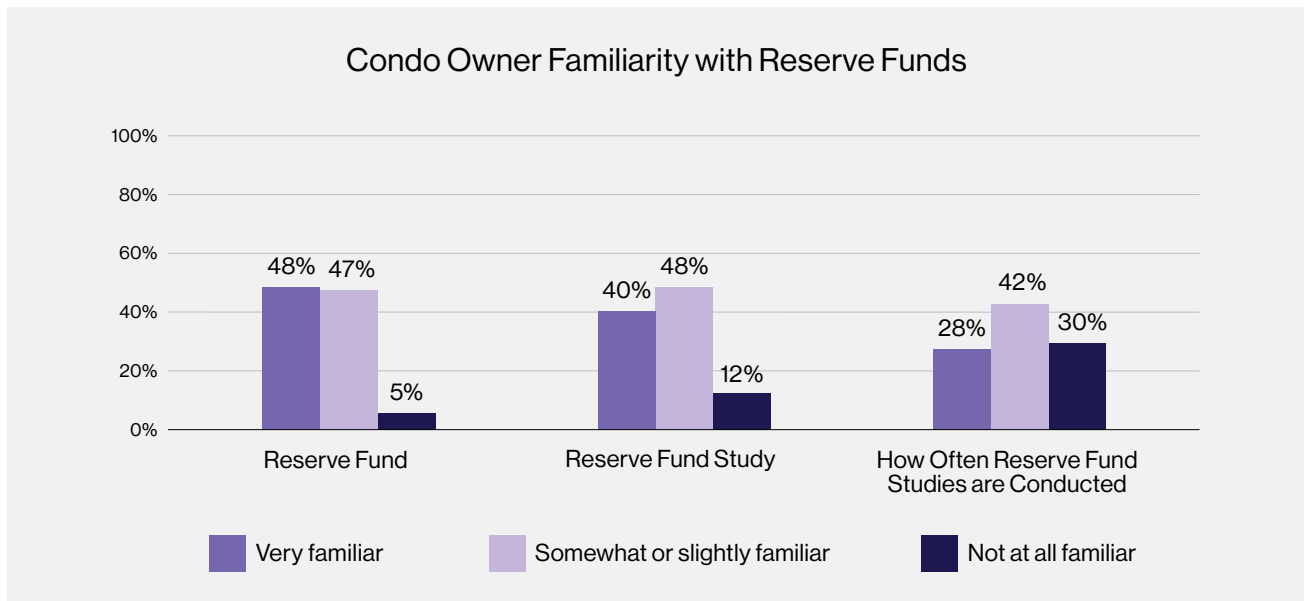
PART B: CONDO OWNER RESERVE FUND SURVEY RESULTS

Of the 5,986 owner respondents, 87% (5,212) reported being former or current directors, 13% (769) had never served on a condo board, and less than 0.1% (5) did not self-identify. The following results are presented based on these two owner types.

1.0 Familiarity with Reserve Funds

Owners were asked to rate their familiarity with the concept of reserve funds, as well as the notices and documents associated with reserve fund management. As shown in Figure 11, most owner respondents who had never been a director reported being very, somewhat, or slightly familiar with the reserve fund (95%), reserve fund study (88%) and how often reserve fund studies are conducted (70%).

Figure 11. Over 90% of non-director condo owner respondents reported being very, somewhat, or slightly familiar with the reserve fund.



Owners who were former or current directors reported greater familiarity with all reserve fund concepts, as shown in Figure 12. Almost all of these respondents reported being very, somewhat, or slightly familiar with the reserve fund (100%), reserve fund study (99%) and how often reserve fund studies are conducted (98%).

Figure 12. All owner respondents who were current or former directors (100%) reported being very, somewhat, or slightly familiar with the reserve fund.

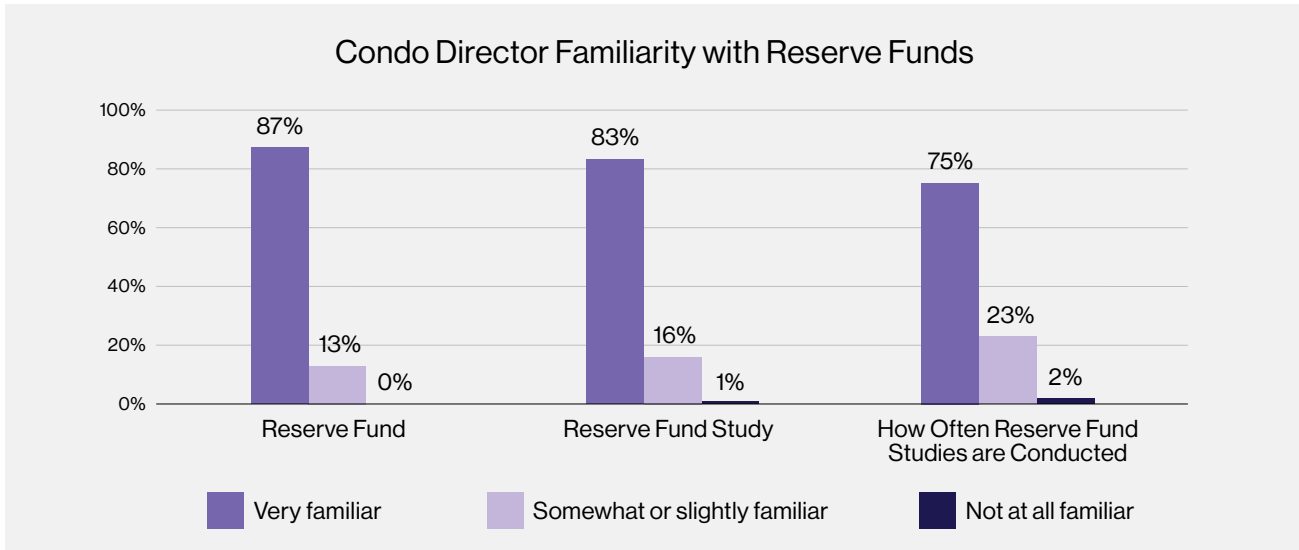
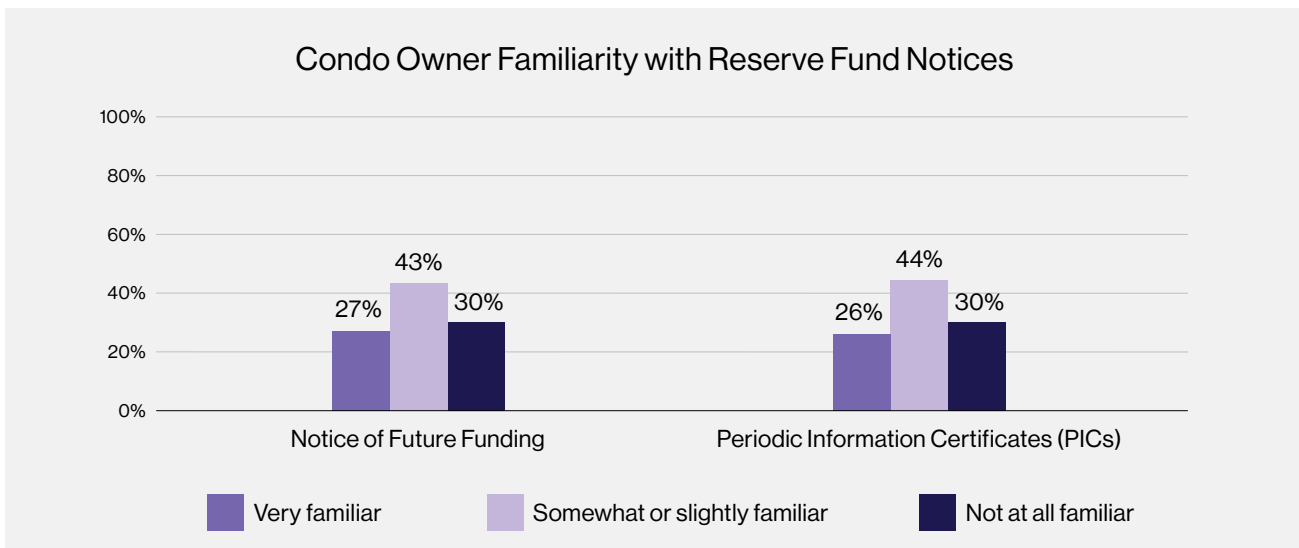


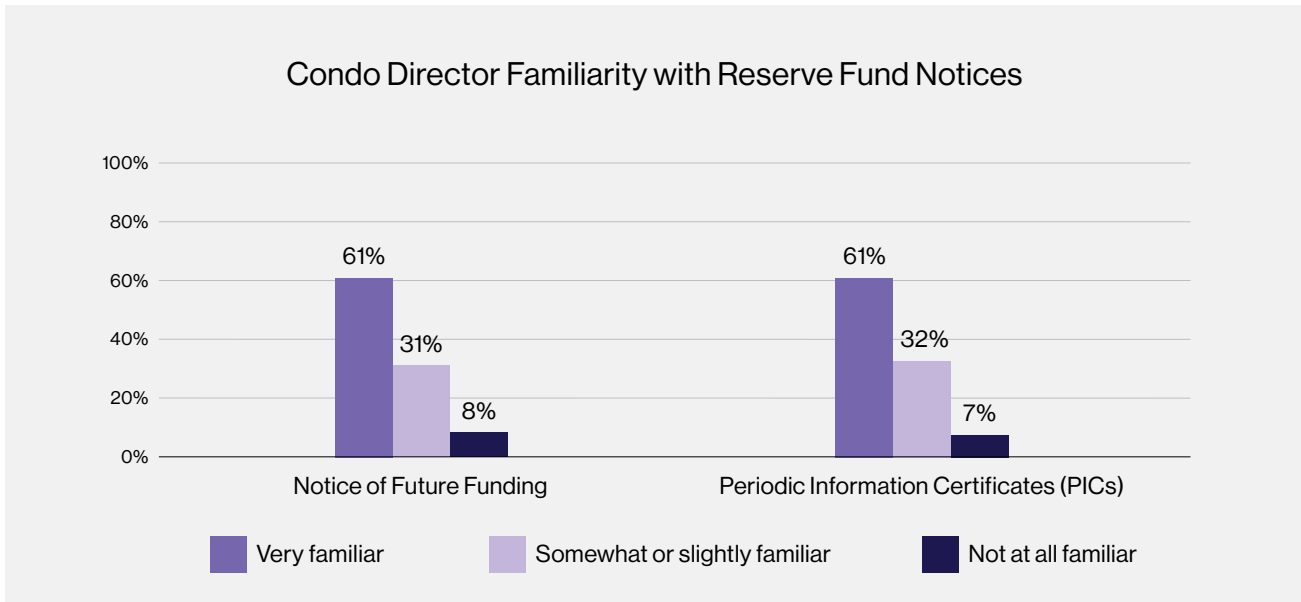
Figure 13 shows that most owner respondents who had never been a director reported being very, somewhat, or slightly familiar with the Notice of Future Funding (70%) and Periodic Information Certificates (PICs) (70%).

Figure 13. More than two-thirds of non-director condo owner respondents reported being very, somewhat, or slightly familiar with key reserve fund notices.



As shown in Figure 14, there appears to be greater familiarity of key reserve fund notices among owner respondents who were current or former directors. The majority reported being very, somewhat, or slightly familiar with the Notice of Future Funding (92%) and PICs (93%).

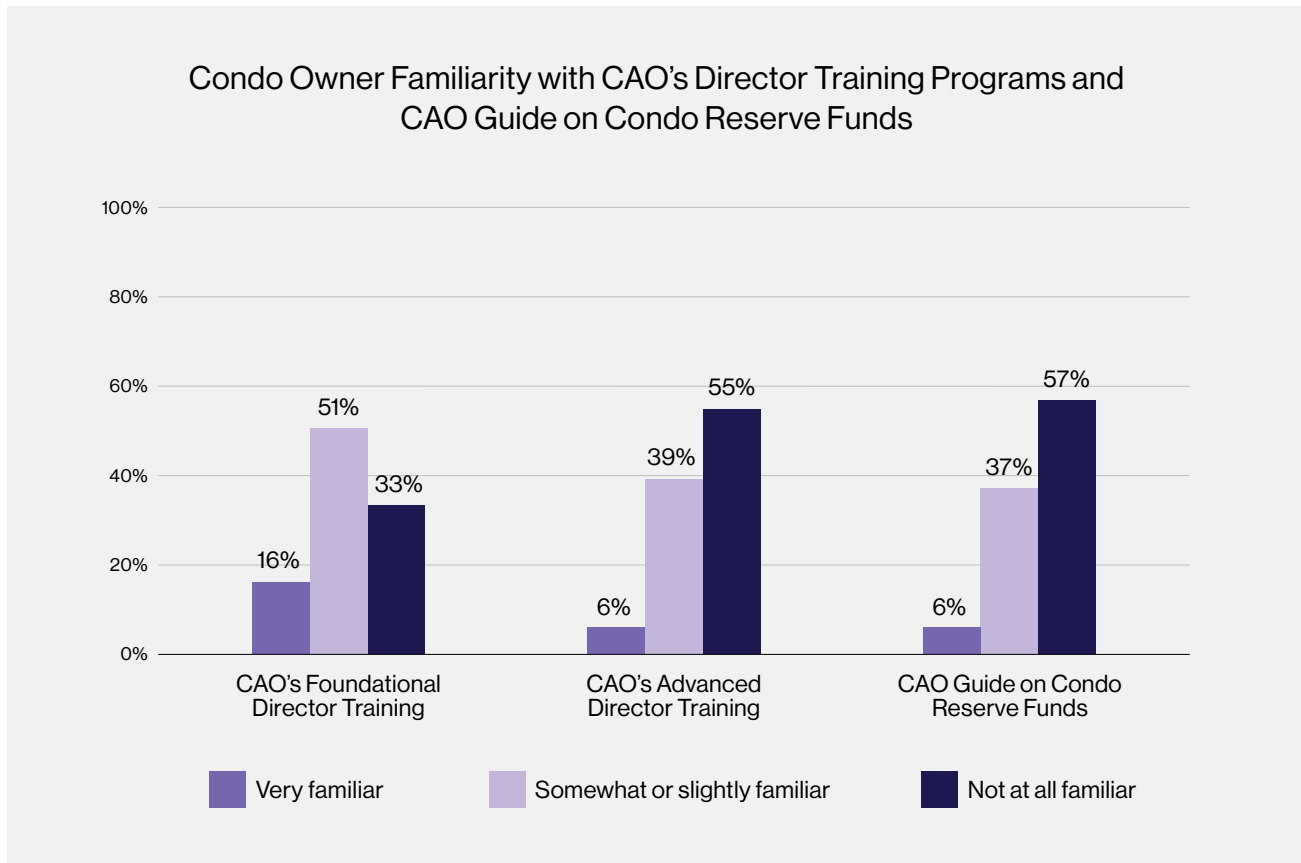
Figure 14. Over 90% of owner respondents who were current or former directors reported being very, somewhat, or slightly familiar with key reserve fund notices.



2.0 Familiarity with the CAO's Educational Materials on Reserve Funds

Owner respondents were also asked to rate their familiarity with the CAO's director training programs and the CAO Guide on Condo Reserve Funds, as shown in Figure 15. Although it is only mandatory for directors, it is beneficial for owners to also be aware of and complete the CAO's Foundational Director Training to understand key responsibilities of their board. Most respondents who never served on a condo board were very, somewhat, or slightly familiar with the CAO's Foundational Director Training (67%), but fewer with the CAO's Advanced Director Training (45%) or the CAO Guide on Condo Reserve Funds (43%).

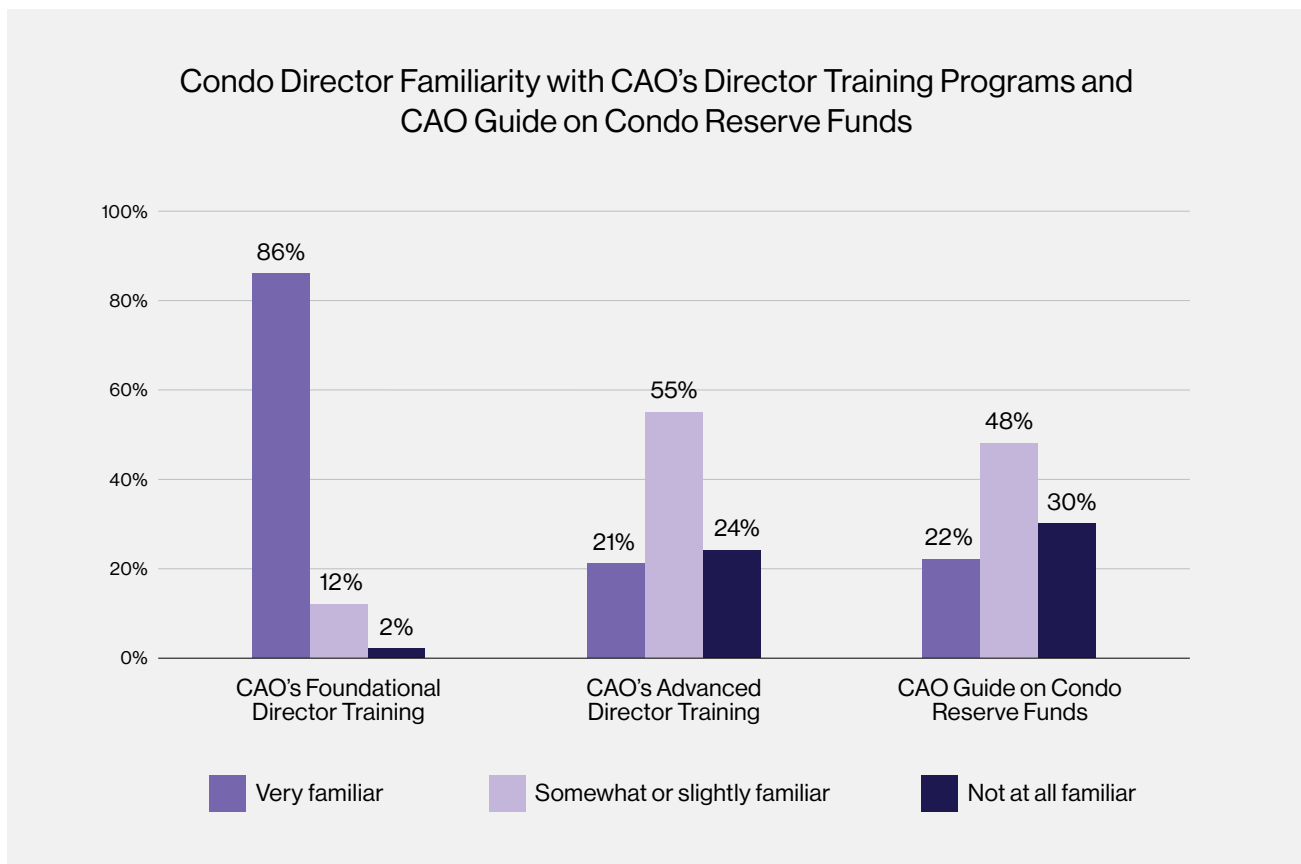
Figure 15. Less than half of non-director condo owner respondents reported being very, somewhat, or slightly familiar with the CAO Guide on Condo Reserve Funds.



Owner respondents who were current or former directors reported greater familiarity with the CAO's director training programs and the CAO Guide on Condo Reserve Funds, as shown in Figure 16. Most respondents were very, somewhat, or slightly familiar with the CAO's Foundational Director Training (98%), but fewer with the CAO's Advanced Director Training (76%) and the CAO Guide on Condo Reserve Funds (70%).

These results highlight an opportunity for the CAO to identify additional strategies for reaching condo owners directly and continuing to promote reserve fund concepts and materials.

Figure 16. 70% of owner respondents who were current or former directors reported being very, somewhat, or slightly familiar with the CAO Guide on Condo Reserve Funds.



SUMMARY OF KEY INSIGHTS AND NEXT STEPS

The data collected from these surveys provide some helpful insights into the status of reserve funds in Ontario and condo owners' familiarity with reserve fund concepts and notices. This work represents a first step for the CAO and has been valuable in helping to identify some key areas of focus for enhancing our support to the condo sector. The CAO will use the results to plan future data collection and reserve fund research in support of condo communities across Ontario.

Key Insights

As outlined above, some of the key insights from the data collected include:

CONDO CORPORATIONS:

- 1. Inflation Rates:** Forward-looking inflation rates used for reserve fund study projections have increased in recent years.
- 2. Reserve Fund Recommendations:** Nearly two-thirds of respondent corporations received recommendations to increase their reserve fund contributions by more than 3%.
- 3. Following Expert Recommendations:** 79% of respondent corporations reported their budgeted contributions would meet or exceed the recommended reserve fund contributions for their current fiscal year at the time of the survey. Further research is required on the remaining 21% to confirm either compliance with contribution requirements or errors in reporting.
- 4. Percentage of Total Budget:** Two-thirds of respondent standard condo corporations contributed more than 30% of their total budget to the reserve fund in 2023.
- 5. Contributions per Voting Unit:** 63% of respondent standard condo corporations contributed more than \$2,000 per voting unit to the reserve fund in 2023.
- 6. Funding Strategies:** Special assessments and loans to adequately fund the reserve fund and steep increases to common expenses fees appear to be on the rise.

OWNERS:

- 7. Familiarity with Reserve Funds:** Over 90% of non-director condo owner respondents reported being very, somewhat, or slightly familiar with the reserve fund compared to 100% of owners who were current or former directors.
- 8. Familiarity with Reserve Fund Notices:** More than two-thirds of non-director condo owner respondents reported being very, somewhat, or slightly familiar with key reserve fund notices compared to over 90% of owners who were current or former directors.
- 9. Familiarity with CAO Guide on Condo Reserve Funds:** Less than half of non-director condo owner respondents reported being very, somewhat, or slightly familiar with the CAO Guide on Condo Reserve Funds compared to 70% of owners who were current or former directors.

Overall, these data point to the complexity and numerous considerations needed to maintain an adequate reserve fund, especially with respect to changing economic conditions. The results also highlight the importance of understanding reserve funds for condo owners, condo boards, condo managers, reserve fund study providers, legal professionals and auditors as they work together.

The CAO is committed to supporting reserve fund planning, which is crucial to the long-term viability of condominium corporations. The CAO will continue to work with reserve fund specialists and other partners on future reserve fund research in support of these goals.



Next Steps

This initial research and analysis of the survey results confirm the need for further data collection to continue to monitor and better understand the state of reserve funds in Ontario. These results point to areas where the CAO can assist the condo sector and enhance consumer protection through data collection, analysis, reporting and collaboration across condo communities as a whole.

In the short term, the CAO will be implementing the following enhancements to its educational materials on reserve funds as part of our continuing support of condo communities and their reserve fund planning:

1

A new and condensed version of the CAO Guide on Condo Reserve Funds with additional content on reserve fund best practices, including considerations on the complexity of evolving economic conditions.

2

Amendments to the CAO's Foundational Director Training to enhance directors' knowledge of reserve funds, including additional information on the different funding options available to condo corporations to meet reserve fund requirements.

3

New materials for owners on the importance and fundamentals of reserve funds and the required notices to owners to inform them of the status of their corporation's reserve fund, as well as promotion of the CAO's information and guides on these topics.

In the long term, the CAO will work to:

1

Establish partnerships with third parties to conduct further research and data collection into reserve funds, including working with reserve fund experts and researchers involved in this topic.

2

Continue to engage with reserve fund specialists and the condo sector to gather insights into other areas where the CAO should provide additional support.

The CAO's overall goal is to assist condo corporations in strengthening their reserve fund planning within the co-ownership and self-governance framework by providing support, including new and enhanced educational materials.

APPENDIX A: DATA LIMITATIONS

The CAO's reserve fund surveys are a first for the CAO and mark the beginning of ongoing efforts to better understand the state of reserve funds in Ontario. The data has provided helpful insights into areas in need of attention and opportunities to provide greater support to the condo sector. The analysis of the data identified some of the limitations which will be used to improve future surveys and data collection on reserve funds, including:



Sample Size and Representativeness

Due to a relatively small sample size and other factors including the regional dispersion among condo corporation respondents, the survey data cannot be considered statistically representative of the whole condo sector. However, the results point to meaningful insights into reserve fund trends that will be expanded on in future surveys and research.



Complexity of the Data

The data collected was self-reported by condo corporation and owner participants. Instructions for finding the key data points in reserve fund related documents were provided for the corporation survey, but due to the complexity of the data, there appears to be some level of input error.



Survey Questions

The data collected is limited to the survey questions that respondents were asked, which did not capture the full complexity of reserve fund data to keep the questions concise. Insights gained from this initial research will be used to refine questions for future surveys.



Timing of the Surveys and Inflation Rates

The surveys were conducted in April and May 2023 and reserve fund studies are updated every three years. Therefore, the data collected reflects the state of reserve funds before high construction inflation from 2021 to 2023 could be incorporated into reserve fund study projections. While some impacts of inflation are noted in this report, future surveys will gather additional data on inflation and other economic conditions to better understand their impact on reserve fund study projections.



Year of Reserve Fund Study

Based on consultation with reserve fund experts, it is possible that some of the recommended contributions reported from the reserve fund study were actual contributions made for that year if the study was conducted in the same year as the survey. Future surveys will ask respondents to provide both the actual and recommended numbers from multiple years for greater clarity.



Shared Facilities Data

Condo corporations were asked to indicate whether they had shared facilities, as these arrangements affect reserve fund management compared to other types of corporations. Approximately one-third (29%) reported having shared facilities. Some of these corporations may contribute to more than one reserve fund, which was not captured by the survey. More data is needed to better understand the use of reserve funds in shared facilities and will be reflected in future surveys.



Data Points Reported

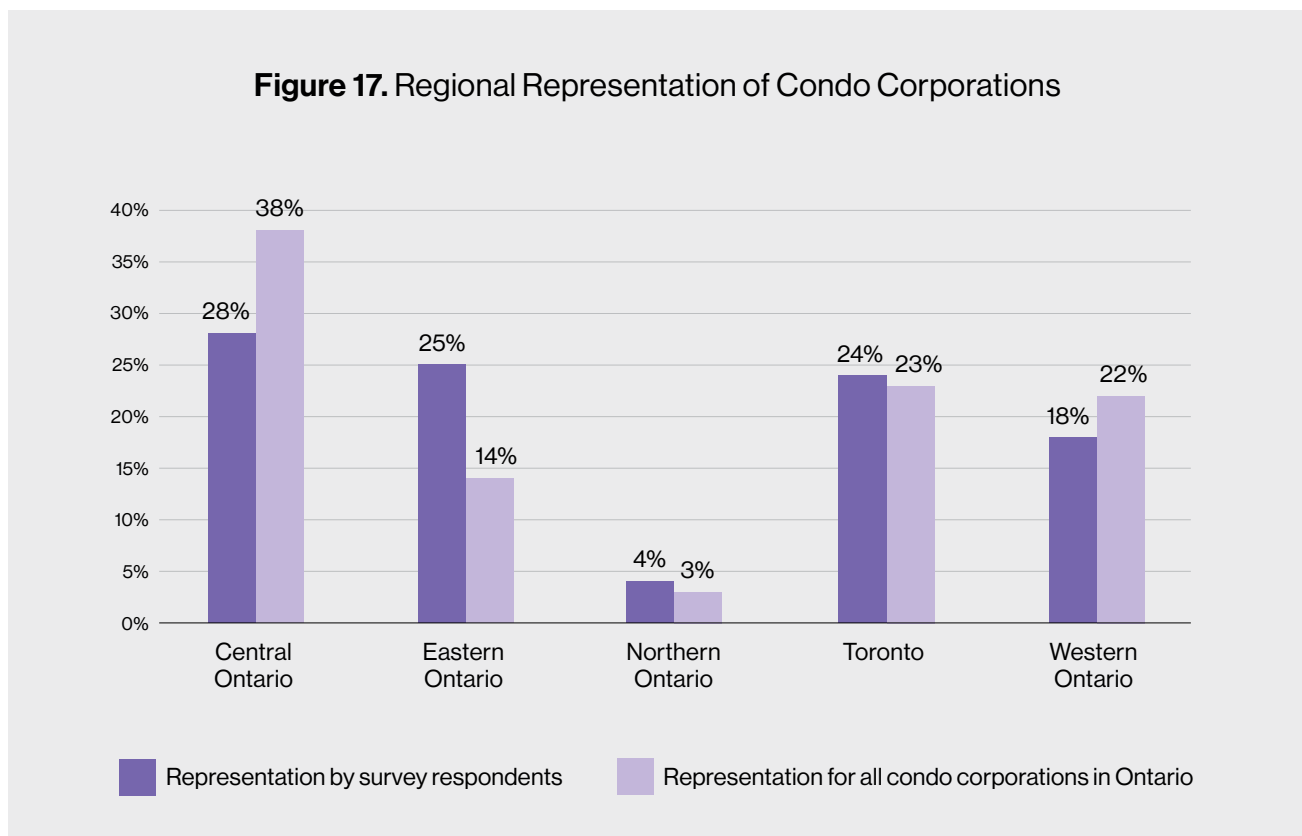
Not all the data collected from condo corporations have been captured in the report (e.g., class of most recent reserve fund study) in an effort to focus the CAO's analysis capacity on key data points at this time. The goal is to partner with or enhance resource capacity to gather additional data in future surveys and conduct more in-depth analysis.



APPENDIX B: CORPORATION RESPONDENT REPRESENTATION

Each condo corporation was provided with a unique survey link to connect the data they provided to their specific corporation profile in the CAO's database. This approach allowed for cross tabulation with the demographic data (e.g., region, size, age) of each condo corporation which responded to the survey.

Figure 17 provides a breakdown of the regional representation by respondent corporations in comparison to the regional representation of all condo corporations in Ontario¹⁰.



¹⁰ "Toronto" in Figure 17 refers to condo corporations within the City of Toronto.

Figure 18 below provides a breakdown of respondent corporations with respect to size (i.e., number of voting units) and how that compares to the size distribution of all condo corporations in Ontario¹¹.

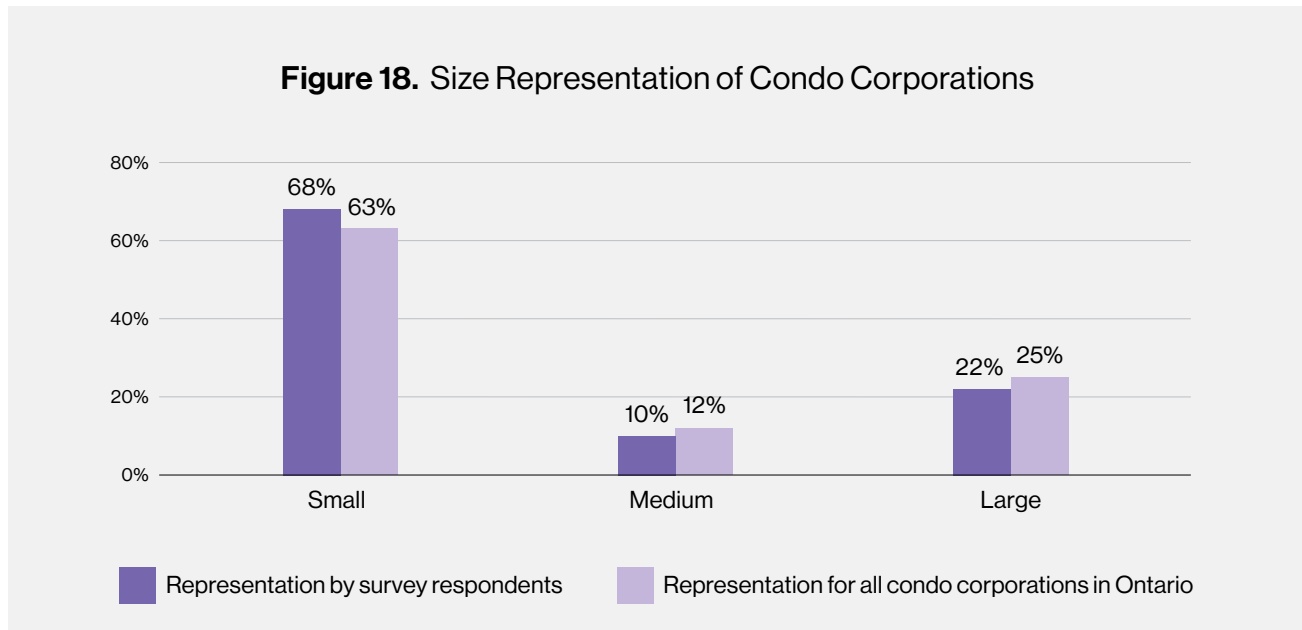
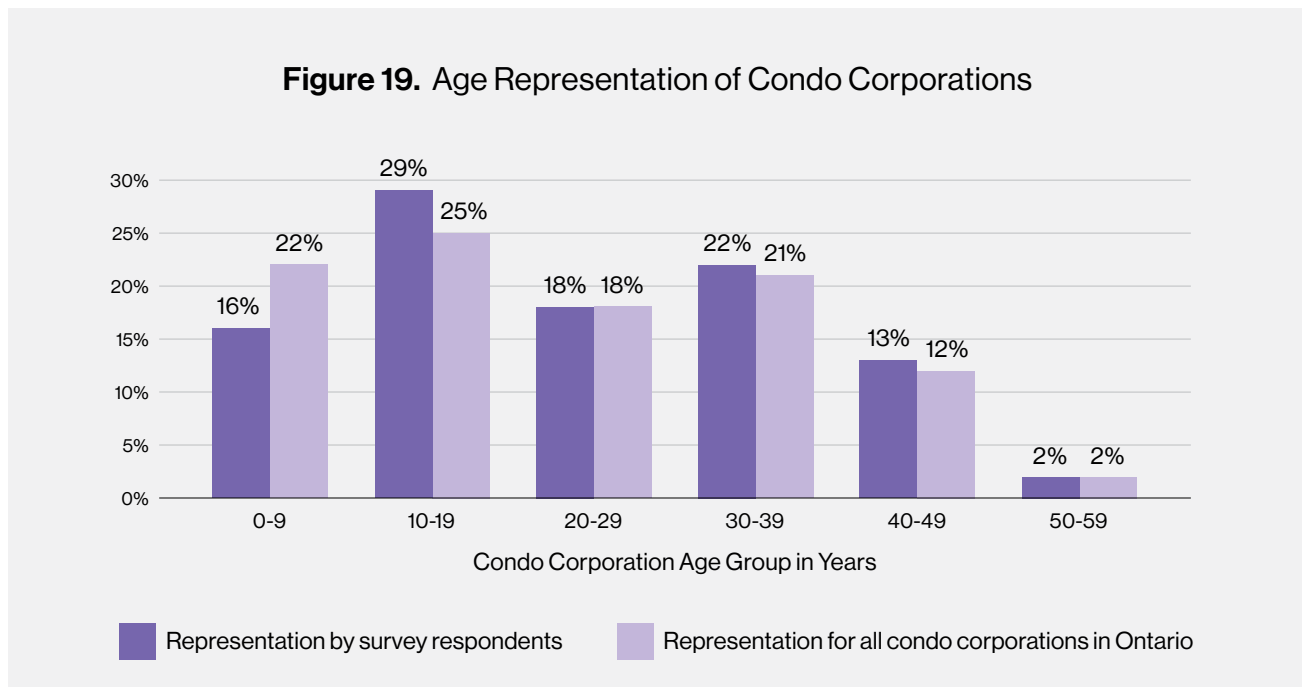


Figure 19 shows the age representation of respondent corporations in comparison to all condo corporations in Ontario.



¹¹ The size categories demonstrated are based on the self-reported data by condo corporations through the CAO's annual returns and are reflected in the [CAO's Annual Report for 2022-2023](#):

- 63 per cent of condo corporations were small (75 voting units or less)
- 12 per cent of condo corporations were medium (between 76 to 115 voting units)
- 25 per cent of condo corporations were large (116 voting units or more)

Figure 20 shows the management status representation of respondent corporations in comparison to all condo corporations in Ontario.

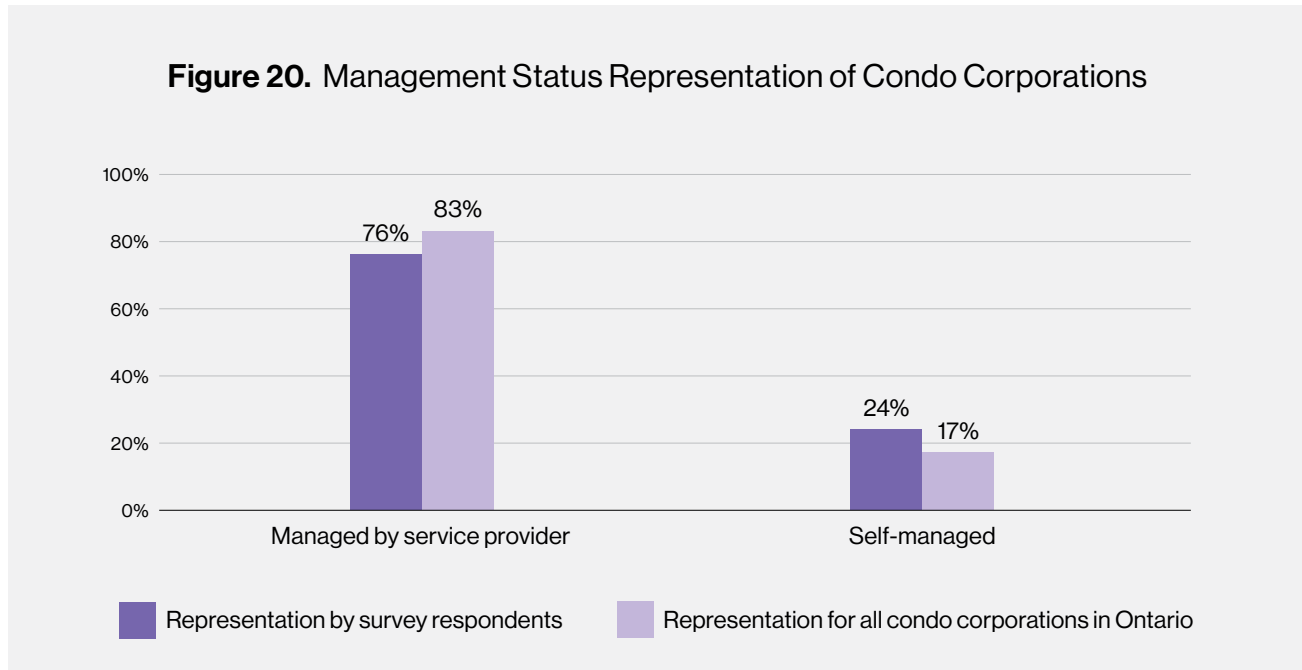


Figure 21 shows the condo type representation of respondent corporations in comparison to all condo corporations in Ontario.

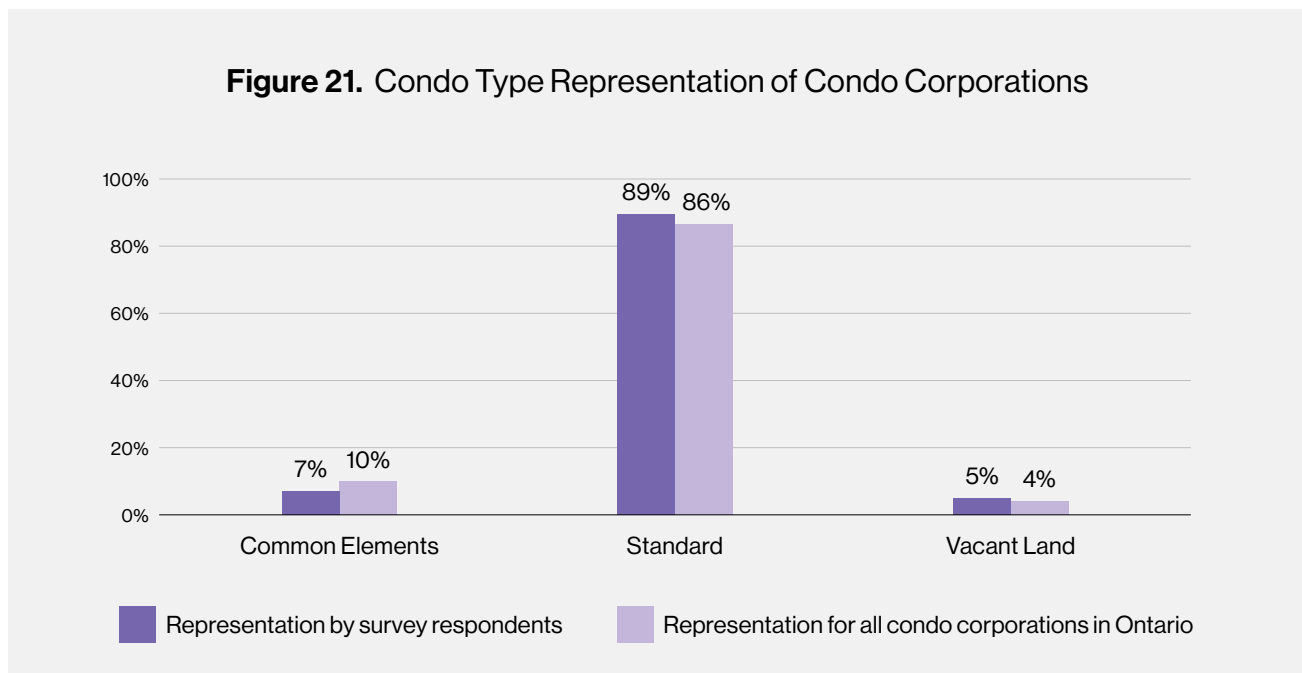
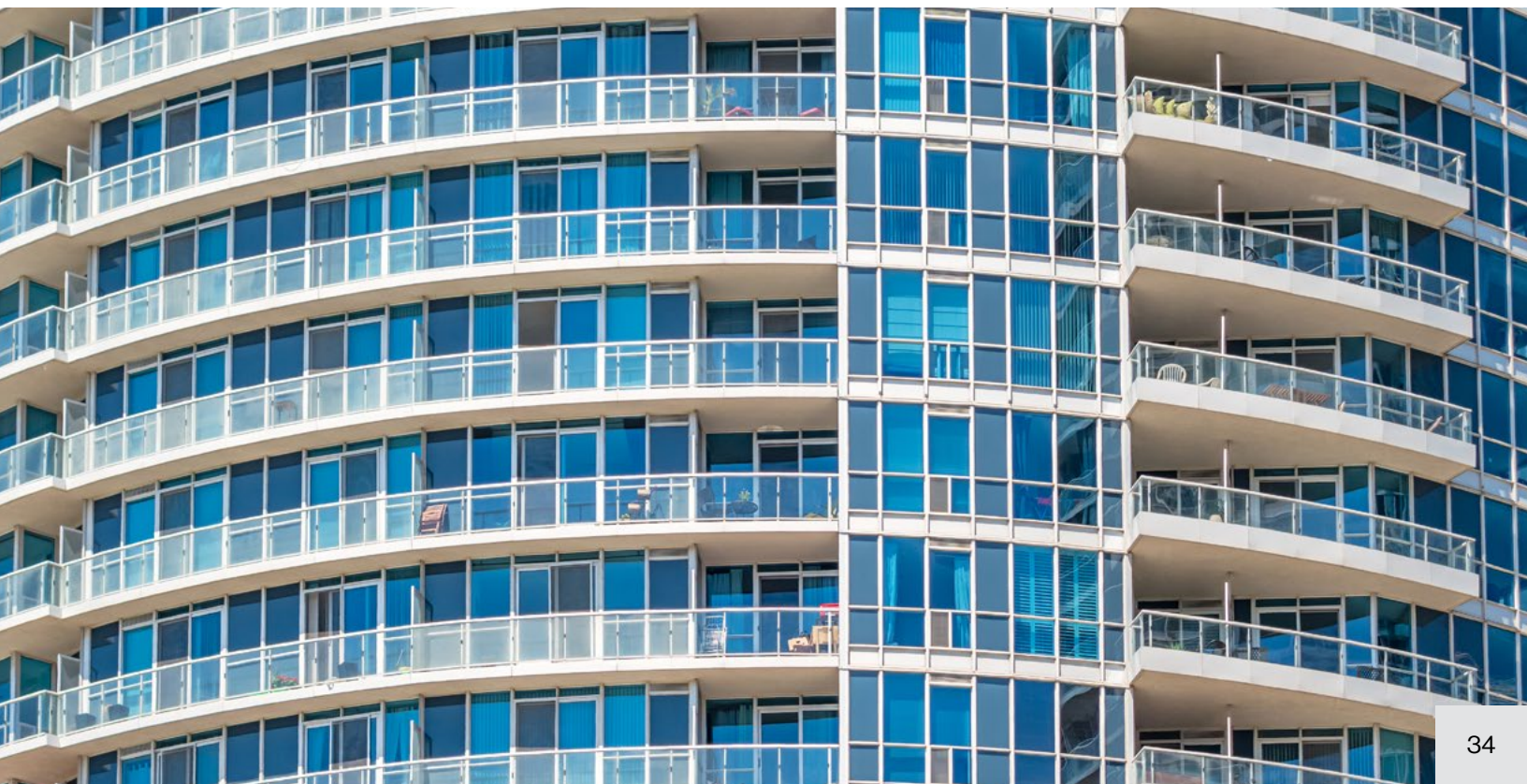
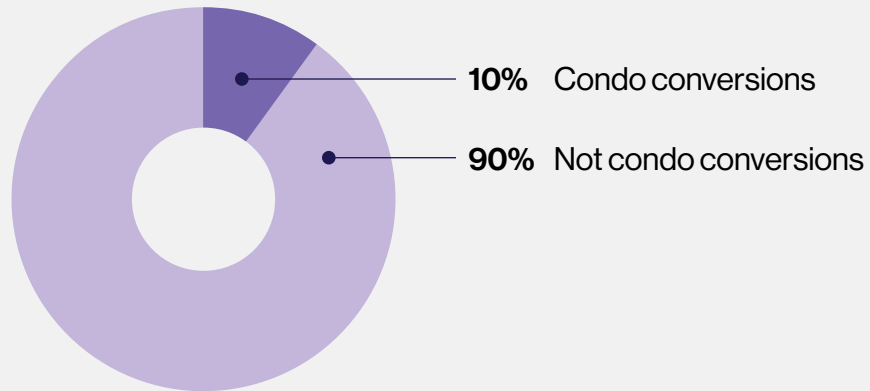


Figure 22 shows that 10% of respondent corporations reported being condo conversions (i.e., existing properties that were converted into condo corporations).

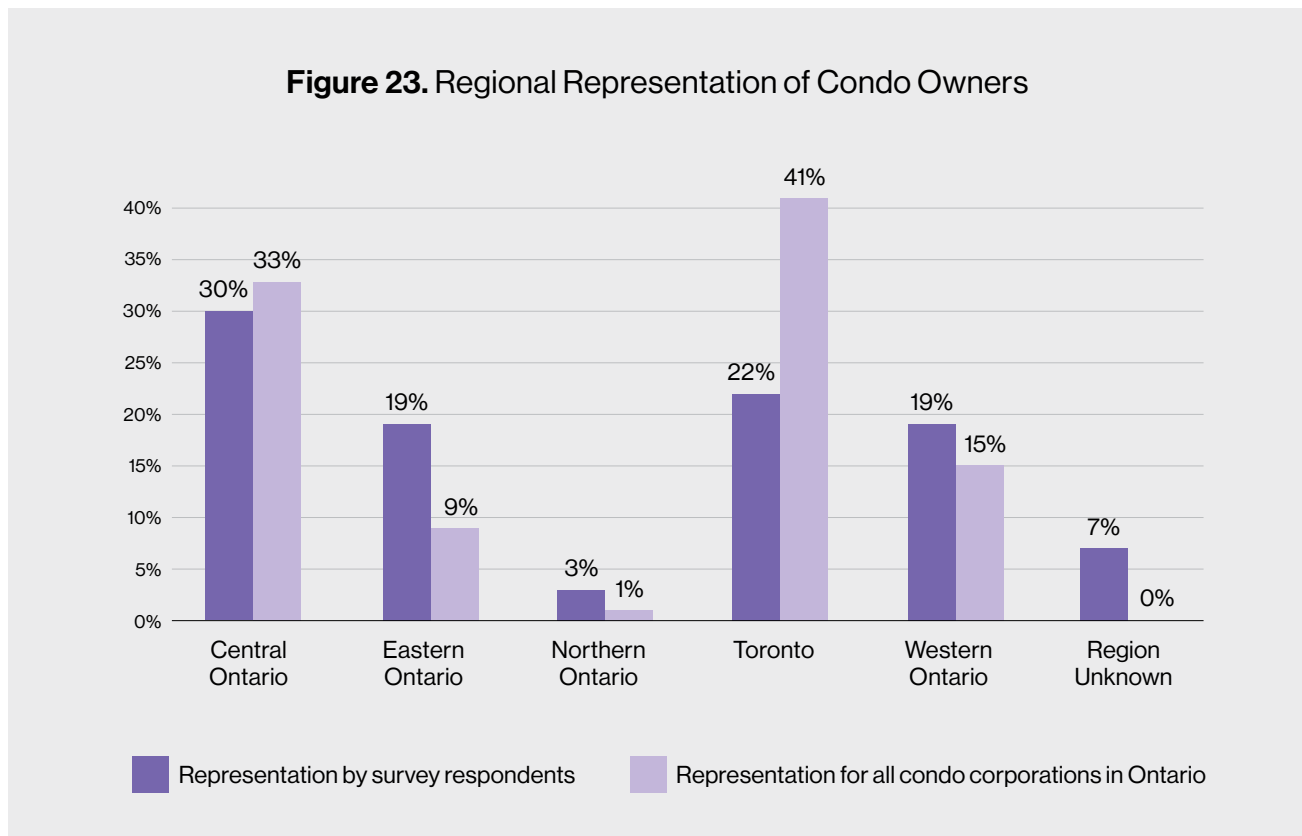
Figure 22. Percentage of respondent corporations which reported being condo conversions



APPENDIX C: OWNER RESPONDENT REPRESENTATION

The owners' survey was conducted anonymously and not linked to any identifying information such as name, contact information or condo corporation. Questions were asked regarding demographic information, including region, director status, and years as a condo owner. Figures 23 to 25 provide details regarding the regional distribution, director status, and condo ownership, respectively.

Figure 23 compares the regional distribution of the 5,986 owner survey respondents to the estimated total owners per region based on the approximately one million voting units in the CAO's condo returns system (using one owner per one voting unit)¹².



¹² "Toronto" in Figure 23 refers to condo corporations within the City of Toronto.

Figure 24 shows the breakdown of owner respondents who are currently or have been a condo director and those who have never been a director, with a majority (87%) having experience as a director.

Figure 24. Director Status of Owner Respondents

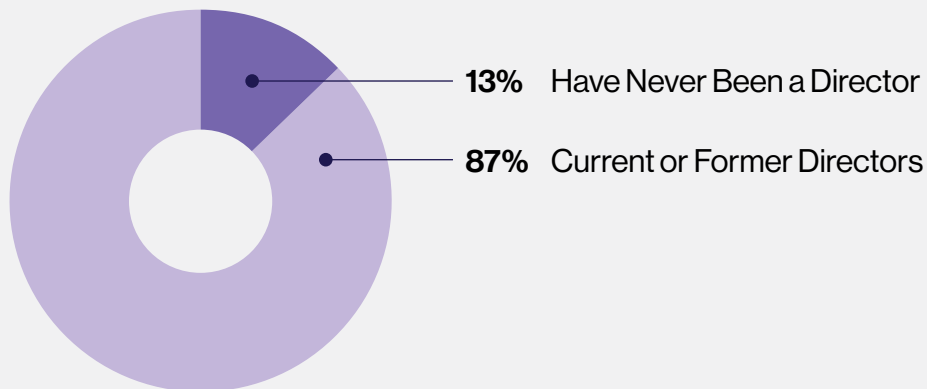
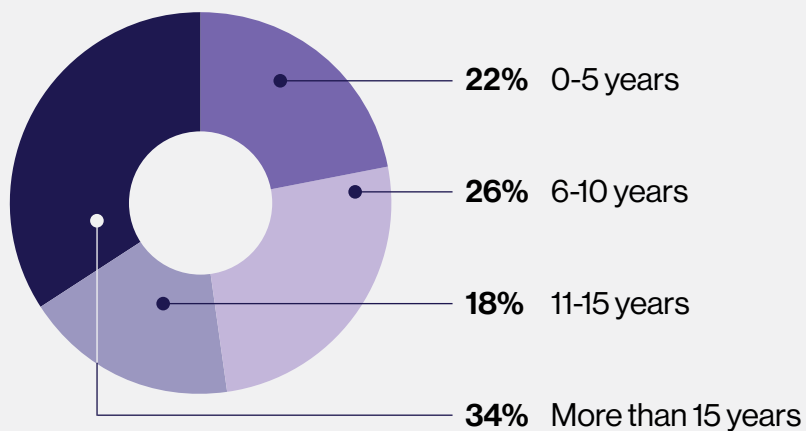


Figure 25 shows a breakdown of owner respondents by years of condo ownership, with the majority (78%) having owned a condo for more than five years.

Figure 25. Respondents' Years as Condo Owners



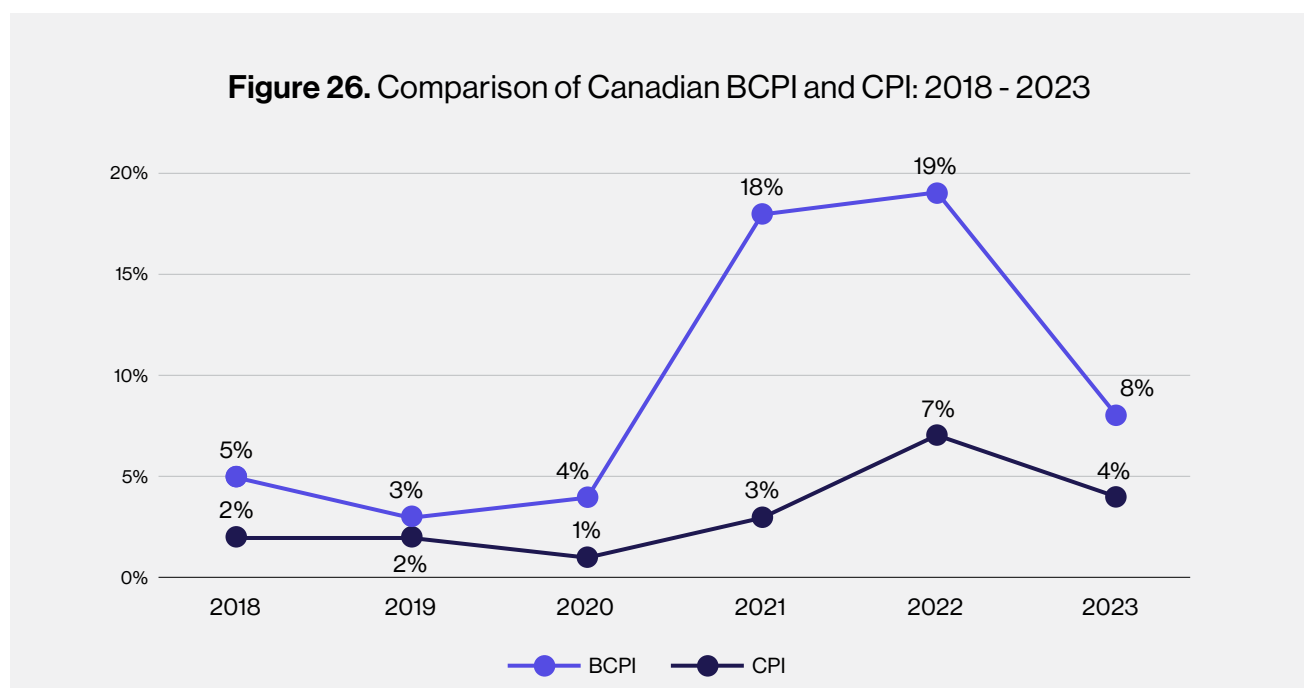
APPENDIX D: BUILDING CONSTRUCTION PRICE INDEX VS CONSUMER PRICE INDEX

The residential building construction price index (BCPI), which is the inflation rate for new construction, varied considerably between 2020 and 2023. It was as low as 4% in 2020 and as high as [19% in 2022](#).

The BCPI measures the change over time in new construction costs for residential buildings in 11 Canadian Census metropolitan areas. It measures new construction costs, but does not capture restoration or repair costs, which are more relevant to reserve funds. However, it can be a better indicator for estimating future reserve fund related expenses than the consumer price index (CPI)¹³.

The BCPI has exceeded the CPI in recent years, as reported by Statistics Canada and illustrated in Figure 26. While the 2023 rates were lower than the 2022 rates, increases to residential building construction costs will continue to have implications for reserve fund planning in future years.

The BCPI varies by region and was as high as 22% for Toronto, and comparatively 10% for Montreal and 11% for Ottawa for 2022. Figure 26 compares the national-level BCPI and CPI in Canada from 2018 to 2023.



¹³ According to the PEO Guideline.



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