

Overcome your Condophobia

William Hanley, Financial Post · May 28, 2011

Our friends loved their new condo on the shore of Bedford Basin in Nova Scotia. They had sold their charming house a few miles away and, they thought, moved onward and upward. Their new home was a dream, with gleaming hardwood floors and vistas down the water toward Halifax. This was their retirement palace. But three years later, they were gone. They bought a new house nearby, said good riddance to their erstwhile condo retirement palace and a very special good riddance to some of their neighbours in the building.

"I finally couldn't stand having to deal with the idiots in the building," our friend said. "It was like the lunatics were running the asylum. I even went on the condo board of directors. But it was no use. We had to leave to retain our sanity." Our friends' experience is an extreme case of condophobia, where the dream turns into a nightmare. But I recalled their experience last week at the annual general meeting of our building in Toronto. These meetings are a rite of spring at condominiums across the country, a time when owners are brought up to date on the financial and physical conditions of their properties. And, yes. A time when grievances can be aired and vented.

Canada is displaying few signs of condophobia as the retired and the soon-to-be-so downsize -as our friends in Bedford did -and firsttime buyers start their home-ownership lives with purchases of modest suites in downtown areas.

Thirty years ago, fewer than 4% of owner households were condo owners. By 2006, it had reached 11%. Today, the number is approaching 15%, meaning that well over one million Canadian households own a condominium. In the Greater Toronto Area this year, six in 10 new homes sold have been condos. And that trend is likely to continue.

My wife and I moved out of our house and into our modest condo almost 10 years ago and we are satisfied that it was the right move. We can lock up each winter and head to warmer climes for five months with few worries about the state of our home in what I call the "vertical village." The building has been considerably

updated in the past few years -at some extra expense, of course. We enjoy the indoor pool and little gym when we are here. And the location is unbeatable. Yet, as our friends' experience in Bedford underscores, condo life is not for everyone. Vertical villages can, like the non-vertical kind, have idiots. And sometimes it can seem as though they're actually running the place.

Indeed, in a way it is a great leap of faith to commit yourself to entering an agreement whereby you are to be financial and social partners with a couple of hundred strangers for the foreseeable future. You will deal with them at the closest of quarters, trusting them to do the right thing so that your property and your wellbeing are secure.

Of course, you rely on neighbours when you occupy a stand-alone house, as we did for more than 30 years. But the shared ownership in a condo takes that reliance - that trust -to a far different level.

Some of the people reading this column will right now be consider-ing selling their house and buying a condo. Here are some things to consider -beyond the usual real estate caveats -before buying and taking up residence in a vertical village: Those who have never lived in a condo/apartment may wish to rent out their house for a year and testdrive a condo rental unit.

Take a long, hard look at the condo building you're thinking of buying in. You can ask for annual financial statements and the status of the reserved fund for study. (We were lucky in that a close friend had lived in our building for three years prior to our buying.)

Take a special tour of the common elements of the building. You own a share of these places and you should know what you own. (An acquaintance in our building who has lived here for more than three years was recently surprised to learn we had a golf practice room.)

Before committing to buying, you may want to sit in the lobby and read a newspaper or magazine while observing the comings and goings of the occupants and getting a sense of what the villagers are like.

Likewise, you should walk (or drive) the neighbourhood for a good, long spell to get the lie of the land.

If the building you are considering is older, there is a strong likelihood that special assessments will be coming to address the structural and decorative effects of aging. Also, some older buildings, like ours, do not have individual meters for hydro and water. So if you go away for the winter, you are in effect subsidizing your neighbours' utility bills for months at a time. We've learned to live with it. If you opt to buy in a condo under development, be warned that these projects are rarely, if ever, finished on time. Expect delays and more delays.

This last point also underscores the need for patience in the world of the vertical village. As one friend described his condo, "It's a funny little place with funny little people doing funny little things."

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