

Property Management

This section introduces property management for a Condominium. Regardless of the type of Condominium or the size, all Condominium Corporations need to be managed.

Property management encompasses building operations, financial and legal obligations, and the day-to-day needs of the residents.

The declarant, when preparing the first year operating budget generally sets the initial form of property management. The Board of Directors may, with the vote of the owners, change this service. A vote is not needed to change the service provider.

It is the Board of Directors who has the responsibility to manage the property and assets of the Corporation on behalf of the owners. They can accomplish this via different approaches: self-management, direct hired management and contract management.

Self-Managed

Self-managed refers to where the Board of Directors carries out the management duties. A working Board is significantly more work than a governing one but can be appropriate in some circumstances.

Benefits

- Perhaps a sense of accomplishment because of the hands-on factor of doing or supervising a project vs. handing it off to a Property Manager to do/oversee
- Directors and owners will realize and appreciate that it's not the "condo corp" that should be doing things, covering expenses, etc... "they" are the condo corp!
- Can provide a more personal touch vs. a more "business-like" approach that professional Property Managers have
- May result in a higher level of vested interest in the property for all owners, not just Directors -- the more owners that have experience on the Board, the less there is a "landlord/tenant" mentality
- May have cost savings (although might not have the "buying power" of professional managed properties)

Drawbacks

- Necessary level of expertise of condominium administration, financial, legal and building maintenance may not be available
- Potentially higher use of consultants, incurring more cost
- Unit owners may not be comfortable discussing personal issues with Directors
- Continuity of records over Board transitions may be less effective
- Enforcement challenges when dealing directly with neighbours rather than through a third-party manager
- Directors will have substantial additional responsibility and liability, donating considerable time and effort to fulfill the duties

- Challenging to purchase adequate Director's and officer's insurance

Direct Hire

Direct hire is when the site manager is hired directly by the Board of Directors and becomes an employee of the Corporation.

Benefits

- Control of salary (vs salary set by management firm)
- Will have total control of the management function

Drawbacks

- Cost of training
- Replacement for illness
- Employer/employee responsibilities can be costly
- No senior person to turn to when things go wrong
- Probably need to hire a separate employee/company for accounting services
- Insurance may be available with a higher premium

Property Management Contract

A professional management company is often hired by the Condominium Corporation to provide the required site manager and related services.

Benefits:

- Time commitment as a volunteer is more reasonable for Directors
- Board can focus on governance rather than management
- Potential cost savings as a result of volume purchasing
- Senior support for site manager
- Support for illnesses and absence
- Established chain of communication
- Administration, financial and legal knowledge
- Third-party enforcement
- Improved continuity
- Errors and omissions insurance provided by the management company

Drawbacks

- Obligated to follow property management firm overall processes
- Potentially obligated to use property management banking institution
- Cannot establish employer/employee relationship and as such final decisions on management staff are not made by the Board of Directors

Best Practices of Governance

Governing your Condominium Corporation, whether self-managed, direct hire or by contract, should be a team effort between the designated Directors (if self-managed) or the site manager and the Board. The challenge is to identify which member of the team should take charge of an issue.

How does the Board determine when they should get involved and when they should let the manager or assigned Director handle it? Here is a helpful guide.

First, determine if the concern is really a Board issue or something better handled by the manager/Director. The Board handles issues that;

- affect the **whole** Condominium Corporation, the manager/Director handles issues that affect individuals
- dictate what the Condominium Corporation will do – in other words policy, the manager/Director implements the policy
- are dictated by by-law
- are requested by the manager/Director

Unfortunately, many situations are not clear when it comes to responsibilities and it is no wonder conflict exists in the manager/Director relationship. It is important to understand that Directors do not act as individuals; they must act as a team. Acting as a team, the Board set policies and goals for the manager to implement and achieve. Good communication is key, so that when responsibilities get confused the Board of Directors and the manager can resolve the problems.

The Board sets a clear vision for the property's future, the manager helps achieve that envisioned future. Examples of the division of duties follow:

Responsibilities and the Board's Role

Responsibility	The Manager	The Board
Supervision	Supervises the operation of the Condominium consistent with the powers delegated by the Board.	Sets the policies for the manager, delegates authority.
Planning	Creates a management plan that describes the anticipated operation of the Condominium.	Approves the plan.
Board Support	Assists the Board to set up new by-laws, rules, and policies including evaluating current process and making recommendations for change.	Adopts the by-laws, rules and policies.
Operations	Administer day-to-day implementation of Board-approved operating policies.	Approve operating policies.

Responsibility	The Manager	The Board
Staffing	Responsible for hiring staff, determining salaries, evaluating performance, setting performance standards and schedules, supervising and coordinating their activities, motivating and terminating.	Hires and fires the Management Company, who in turn, hires the site manager and monitors their performance. Approves all staff policies and procedures.
External Relations	Obtains quotes and recommends trades and service providers.	Approves specifications and sets level of service. Approves contracts.
Communication	Communication of day-to-day issues and notices to all residents and other stakeholders. Keep owners and/or Directors advised of significant operational problems.	Responsible to set a communication plan.
Organizing	Organizes the operation of the Condominium to produce expected results.	Set and approves the policies to support the operation.
Direction and Leadership	Provide administrative support to onsite staff, who have the responsibility for the day-to-day operation of the Condominium property.	Direct and lead the Condominium Corporation through the manager.
Controlling and Budgeting	Oversees the collection of fees as per the Board policy and the management of expenses to achieve the maximum economic benefit to the property. Responsible to develop the budget and complete the accounting functions.	Approves the budget, controls the expenses and monitors the financial position.
Enforcement	Enforces the by-laws, rules and policies.	Creates the by-laws, rules and policies.
Reports	Responsible for regular inspection of all aspects of the property and for preparing reports on the operation for presentation at the monthly Board meeting.	Adopts the reports.
Analyzing	Assists the Board.	Analyzes the operating results of the property in relationship to the established plan and collectively makes adjustments, as required.