

Fairness created by condominium "unit factor"

Financial fairness is important in condominiums, as it is in any family. Enter the "unit factor", which in most cases of residential condominiums represents each home's share of the total square footage within that condo community. Regardless of whether they are apartment condos, lofts, townhouses, villa-style homes or even bare-land condominiums, unit factors allocate expenses usually--but not always--in proportion to each property's floor area.

Watch for some condominium projects where unit factors were allocated in proportion to the initial sale values of the homes, or were weighted to have those on higher floors pay more. This applies an income-tax-style "progressive taxation" approach to condominium, which is fine if you live on higher floors and can afford it, or live on lower floors and pay less.

In most residential condominiums, though, unit factor is your home's percentage of the total privately-owned square footage within a complex, taken to two decimal places. Because decimal points can be missed or be confusing, the percentage is converted to whole numbers. One hundred percent taken to two decimals is 10,000, so those are the total unit factors to be divided among all the owners.

Let's say your condo building has 20 suites of equal size. Each must carry five per cent of the collective costs for maintenance, heating and common-area janitorial services ($20 \times 5 = 100\%$). Add two zeros to 5 and you have 500/10,000, which is how expenses will be apportioned among all the owners. This system creates fairness, of course, when condo projects have varying sizes of suites, townhouses or even bare-land condo building lots.

When considering purchase of a condominium home in any project, a look at the unit factor can tell you a few things. First, move the decimal left two spaces, and you know exactly what percentage of the total project your home or "unit" comprises. If the unit factor is 265, you know that of all the privately-owned square-footage in the project, your unit comprises 2.65%. Divide that 2.65 % into 100, and you find it goes about 38 times, so if units are roughly the same size, it's a development of 38 homes.

As well, the percentage the unit factor represents ($265/10,000 = 2.65\%$) tells you exactly how much you'll have to pay of any dollar amount needed for a proposed expenditure. If a capital expenditure is proposed and requires raising \$100,000, you know you would be responsible for $265/10,000$, or 2.65% of that cost or, in this case, \$2,650.

The same applies to the condominium's annual budget. If the proposed operating budget for next year is \$175,000, your percentage of 2.65 means your fair share will be \$4,637.50. Divide that by the 12 months in the year, and you arrive at your condo home's projected monthly condo contribution of \$386.46.

Don't worry that anyone will manipulate the unit factors. They are assigned upon the creation of the condominium plan, based (again, usually) on a professional survey of square footage, all according to measuring methods detailed in that plan. While Alberta's Condominium Property Act allows for levying of condo fees by other formulae, that would require amendment of the corporation's bylaws. That rare step would require notification of all owners and a 75% "double majority" vote of both homes and total unit factors within the

condominium.

Condominium living deserves fairness for all, both real and perceived. Unit factors, which are almost always the square footage of each home, ensure that common expenses will be fairly apportioned among you and your neighbours.