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Major Repairs & Condo Financing

This handout is designed to help owners understand why major repairs happen, why costs feel so high right now, and how condominium corporations in Alberta pay for them.

Why is our condo suddenly talking about a special assessment?

Most condominiums rely on a reserve fund to pay for big repairs like roofs, windows, siding, or parking structures.

In recent years, construction costs in Alberta have risen much faster than expected. Many reserve fund studies assumed inflation of 2–3% per year — but real costs increased by more than 60% in just a few years. That gap is called a **reserve fund shortfall**.

Didn't the board plan for this?

In most cases, yes.

Boards rely on professional reserve fund studies and follow Alberta's *Condominium Property Act*. What wasn't predictable was:

- COVID-era supply chain disruptions
- Labour shortages
- Material price spikes
- Contractors pricing extra risk into projects

Even well-run condos are facing funding gaps.

Can the board just delay the project?

Sometimes — but delaying usually costs more, not less.

Construction inflation means a $1 million project today could cost $1.3 million or more in a few years. Deferring repairs can also:

- Reduce comfort and safety
- Lower property values
- Increase the risk of emergency repairs

What is a special assessment?

A special assessment is a one-time charge to owners to cover major repair costs. It is usually based on unit factors and may be payable all at once or in scheduled instalments. Special assessments are common — but they can be difficult for owners on fixed or limited incomes.

What are condo loans?

In Alberta, a condominium corporation can take out a condo loan to fund major repairs. Important things to know:

- The corporation borrows — not individual owners
- It does not affect personal credit scores or mortgages
- Payments are often included in monthly condo fees

Condo loans allow costs to be spread over time and shared by current and future owners.

What is a "hybrid" option?

A hybrid (or opt-in/opt-out) approach lets owners choose:

- Pay their share upfront, **or**
- Finance their portion through monthly payments

This provides flexibility, especially for large projects, but requires more administration and clear communication.

Do owners get to vote?

Yes. Under Alberta legislation and most bylaws:

- Smaller borrowing may require an ordinary resolution (majority vote)
- Larger amounts often require a special resolution (75% approval)

Boards typically present owners with clear options — such as a loan versus a special assessment — and owners decide the path forward.

Why is communication such a big deal?

Most conflicts don't come from the cost itself — they come from surprise. Boards that communicate early, explain the problem clearly, and present realistic options tend to see better outcomes and less conflict.

Where does Emerald fit in?
Emerald Management & Realty Ltd. helps condominium boards understand funding options, communicate clearly with owners, navigate special assessments and loans, and stay compliant with Alberta's legislation.

Contact us:
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If you have questions about an upcoming project, Emerald is here to help guide the process.