

Under construction

With new condominiums on the rise, it pays to understand their sometimes unique security policies and requirements

By Scott Hill



Condominiums are a different type of animal when it comes to security management, and this is definitely apparent when discussing security requirements and upgrades. This article is prepared using the Ontario Condominium Act (herein referred to as Act) as a primary reference, but security professionals will note a similarity to other provincial legislations as well.

To start off, condominiums are built by developers with the primary purpose of selling the units to individual owners or investors. When these investors purchase the units, they become proportional owners of the building. Unlike a rental building, where the developer maintains ownership of the building and then rents units to realize revenues on a monthly basis, the condominium developer has a short term relationship with the building. Their goal is to sell the units, get out, and then move on to the next project. This transition occurs once a certain number of units are sold; the developer of the building holds a turnover meeting and the first board of directors is

elected from the owners. This Board of Directors will be the governing authority of the building going forward.

Problems with the security of the condominium begin to occur at this stage for the following reasons.

Due to the nature of the business and the objective of selling units as quickly as possible, the developer is often unwilling to incur the cost of a good security system, as it is not considered a main selling feature. Consequently, security requirements may not be clearly defined, security may not be designed into the facility, and the implemented system may only meet minimal requirements. On the other hand, in a rental building, usually because the builder wants to protect their investment, more care and diligence is often shown in defining security requirements at the earliest stages, integrating security into the design and implementing a good quality system.

Once the first Board of Directors is elected (and the governance of the condominium is under its control), there is a process in place where construction deficiencies in the condominium are under warranty and the builder has a

certain period to rectify the deficiencies (in Ontario, this is covered by Tarion New Home Warranty Program). Unfortunately, physical protection systems are not listed as items to be warranted; so again, security is often ignored at this point in the condominium lifecycle.

The next challenge that condominiums face is the financing of any proposed upgrades or replacements to the physical security system. There are two main reasons for this.

The first is the allocation of funds, a common issue... A condominium is usually mandated to have two separate bank accounts — an Operating Fund for the day-to-day expenses of the building, and a Reserve Fund where funds are set aside for the capital repair or replacement of the major common element.

The issue that arises is that both of these accounts are funded by the same source (the owner's pocket) in the form of common element fees ("condo fees"). These fees are set annually and are due from the owner at the beginning of each month. There is intense pressure on the Board of Directors to keep the

condominium fees as low as possible. Failure to do so has been known to result in angry confrontations in the building or ugly scenes at the Annual General Meeting. In light of this, a number of Boards will try to tread the path of least resistance, where they manage reactively rather than proactively. That is, a Physical Security Survey (PSS) may only be initiated following a series of break-ins or other events, and even then it will likely be limited in breadth and scope.

The second focuses on the Reserve Fund Account and the supporting legislation. In Ontario, legislation requires that a report called a Reserve Fund Study, be completed every three or four years. This report details the annual contributions that must be made to the bank account to ensure that the condominium is in compliance, and fully funded. This report also provides a budget and timeline for when common element items should be replaced and/or repaired, and establishes the Capital Repair or Replacement of the Condominium's common element account. Where Boards of Directors often experience a problem is determining what is "Capital"? Common usage of the term suggests that Capital refers to a major repair or replacement, but different condominiums will have a different view on what constitutes major. Is it \$500? \$1,000? \$10,000? Usually, this amount is broken out as a percentage of the total expenses, which gives management a rule of thumb for guidance.

Once that has been determined and agreed upon, the next term that can cause an issue is "repair or replacement." Most condominium's governing documents (Acts, Declarations, Bylaws, etc.) allow for a condominium to replace existing systems with a similar product. An upgrade to a superior product or newer technology could constitute an enhancement, and enhancements may require that the Board of Directors hold a Special General Meeting of all owners to vote on the proposed enhancement. This is specifically known to occur when the cost of the enhancement is significant. In other words, there is a Substantial Change to the Common Element. Chaos has been known to ensue where every

owner in the meeting has a brother, uncle or friend that knows more than the experts, can get it done cheaper, and/or can get it done with a better product. Inevitably, many of these suggestions fall by the wayside if they are ever asked to actually produce a viable solution. However, achieving consensus remains a significant challenge. Happily, in Ontario, there is a clause in the Act that allows for the Board of Directors to effect changes without the cumbersome owners' meeting. A section of the Act states that Boards may substantially alternate the common element without notice if the Board deems the change necessary to ensure the safety and security of the people using the facility (section 97.2.b).

Going back to the comment that dealt with the system installed by the developer, most condominiums, through a lack of knowledge on their options, choose to keep adding on to an outdated system rather than evaluate the vulnerabilities of the existing system.

There is a growing trend in the industry where condominium Boards of Directors are more aware of, and invested in, securing the facility to ensure the safety of the residents. I have recently been commissioned by several condominiums to conduct formal security assessments of the buildings and to assist with the project management in incorporating the recommendations and security solutions.


There are several ways that security can be used to bring additional value and tangible return on investment to all parties involved in condominiums.

For security professionals, it is worthwhile to understand the processes, restrictions and limitations that condominiums face when commissioning upgrades or repairs to the security system. By reviewing the guiding legislation, the declaration of the condominium, and the bylaws that have been passed, the security professional

will be better positioned to align his/her recommendations with the guidelines for the corporation. In this manner, it will be much easier for the Board of Directors to approve any recommendations and in turn implement sound measures in a timely manner.

For builders and developers; they would be well served by consulting a security professional, like a Board-certified CPP or PSP, when considering the security solution for any proposed building. This will assist in proper definition of security requirements, appropriate security design to meet those requirements, and validated implementation of

the required functionality. In a recent engagement, I was commissioned to provide recommendations for a mixed-use facility so that the builder could use enhanced security as an actual selling feature for the building.

And lastly, for existing Boards of Directors, it would be prudent to have the current security system examined by a security professional, to determine what is working and what needs to be replaced and/or upgraded. An overall assessment is an invaluable tool for long range planning and ensures that those important, but limited, security dollars are only spent on items that provide a tangible return on investment to the facility. In addition, when the Reserve Fund Report and budget are prepared, ensuring that a contingency budget is set aside for security items is highly recommended. Very few residents are going to be disturbed by the fact that their elected Board is allocating funds to ensure that they and their loved ones remain safe and secure. 

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Scott Hill of 3D Security Services, is a Registered Condominium Manager (RCM) with the Accredited Condominium Managers of Ontario, a Physical Security Professional (PSP) with ASIS, and a Certified Security Project Manager (CSPM) with the Security Industry Association.