

Headline: Can I make a profit and keep it legal?

Topic: Rentals and Rental Bylaws

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Many strata owners have discovered that as rental properties, strata corporations can be a good bet for investments, or can they? An investment property could be a resort location in a rental pool, a short term rental company, a hotel strata, a long term rental in tenancy agreements or the recent popular movement of Air BnB sweeping across the country. Every form of rental or investment use has its benefits and its risks. As an owner you must remember one underlying principle of strata investment property. You will be responsible for the actions of your tenants. Property damages, insurance deductibles, bylaw violations and penalties. They can all mount up to make your investment dreams a day to day nightmare.

Perhaps the best way to look at this is through the lens of the strata corporation. Everyone always wants to know whether it is a good or bad decision to permit rentals in a building. Are renters a problem? How does a strata corporation deal with someone who is not an owner and only there for the short term? The simple answer both for strata corporations and investors is that well run buildings don't vary between rentals or non-rentals. Rentals are subject to the bylaws of the strata corporation and how each community wants to control the use of their property. Strata corporations that are consistent and fair about bylaw enforcement deal with problems as they arise and don't let a nuisance issue consume their community. Many strata corporations across the province successfully permit rentals with few problems and to the benefit of their investors. Whether an owner is a resident or investor they are eligible to sit on council and can play a vital role in the health of our communities. Chronic bylaw and maintenance problems that are left unmanaged overwhelm our volunteers and quickly draw our communities into conflicts. Whether a tenant is short term or long term, investors need to consider the consequences of who they put into their unit. We are surprised at the number of owners and landlords who

do not have homeowner/landlord insurance for their condos. As an investor, all of your gains can quickly evaporate if your tenant causes damages or an incident that results in an insurance claim by the strata corporation. Air BnBs are also a rising problem. If the owner of the rented unit is a resident in the building, the strata and the tenants have direct access to assistance if a problem arises, but we have a growing problem of investors who do not occupy a strata lot in the building where they are renting multiple units. The strata corporation is left with managing security, noise, parking and access problems, and significant increased pressure on recreational facilities such as pools, hot tubs and gyms. If a landlord is not directly managing their tenants, the strata council, who are volunteers are left with the crisis.

Looking for an investment?

1. Confirm that your strata property permits the type of use you are planning
2. Read the bylaws closely. Rentals bylaws may limit or prohibit rentals and business bylaws may prohibit short term use such as VRBO and Air BnB.
3. Screen your tenants closely, or hire a reputable agent to manage your tenants and the screening. A tenant verification service is money well spent for long term tenants.
4. Confirm that your tenants are aware of the bylaws and rules of the strata. If they don't comply, you will pay. Keep a posted copy of the strata bylaws, rules and emergency contacts in the strata lot.
5. Purchase landlord/strata insurance to cover your risks including the possible cost of an insurance deductible or damages below that amount if your tenants cause a claim.