

Condo Smarts

Headline: To rent or not to rent

Topic: Rentals

Publication date: October 25, 2009

Publication: The Province

Written by: Tony Gioventu

Dear Condo Smarts We live in Toronto and will be retiring to Vancouver near our family in the next 5 years. We have been looking for a condo in either Vancouver or Victoria and working with a real estate agent. The agent has told us that we are best going into a building that does not limit rentals, that way we won't be restricted on our use, but we are quite uncomfortable with a building that may be all rentals. We understand you may not be able to answer this question but what is better, a condo that permits rentals, prohibits rentals or controls the limit? Adrienne Lefevre

Dear Adrienne: You have asked the million dollar question that everyone asks regarding rentals in strata buildings. Rentals are much more complicated than simply whether they are permitted or not and the impact they may or may not have on real estate values. Depending on what your intended use of the strata lot will be, ultimately influences your decision. Our offices assist every type of strata in the province, and there is no rule of thumb. There are strata corporations that permit 100% rentals that are model operations, and strata corporations that prohibit rentals and they are plagued with conflict, and the contrary. If a strata corporation has an enforceable rental bylaw, and the strata council are reasonably active regarding bylaw enforcement, the community will likely function well. Rental bylaws however, are the most complicated of all to enforce. There are exemptions that apply to family rentals, hardship rentals, owner developer rental disclosure exemptions, and of course permitted rentals. A strata bylaw may permit only 10 rentals in a 120 unit building, but in addition to those there may

be another 15 family rentals, 2 hardships, and in a newer building many of the first purchasers may still be exempt. When a Form B Information Certificate is produced for an owner, one section refers to the number of strata lots that are rented. It is almost impossible for this number to be accurate, especially in larger strata corporations, without conducting routine title searches. Even then a strata would have to consider whether exemptions are included in the number or not, and if or how those would be reported. Another new twist to rentals is the amendment under Bill 8 that effectively will exempt a new building after December 31, 2009 from rental bylaws for a specific period of time. If a developer files a proper rental disclosure statement, the building can be restricted from adopting a rental bylaw for that period. As an investor that would be beneficial as your use would not be altered in that period, but if you are looking for a resident owner community, this will prohibit the strata regulation of rentals in that period. I visit amazing strata communities all over the province that vary in their rental bylaws. They all have one thing in common though. They are consistently well managed and maintained properties. It is important to remember when looking at a property, that you review the minutes of meetings, do a site walk about, review the strata insurance, their financial operations, maintenance programs and long term renewals. If the strata is well run, it will show in the condition of the building, their finances and the effectiveness of their general operations. Most important, get everything in writing. If you have any questions about engineering reports, alterations, building conditions and building history, put your questions in writing.

For more information on CHOA resources and benefits visit www.choa.bc.ca
or contact the office at 1-877-353-2462 or email office@choa.bc.ca.

No part of this publication may be reproduced without the prior written permission of CHOA

This publication contains general information only and is not intended as legal advice. Use of this publication is at your own risk. CHOA will not be liable to you or any other person for any loss or damage arising from, connected with or relating to the use of this publication or any information contained herein by you or any other person.