

Condo Smarts July 19th – 22nd, 2017

Rental Cancellation: Much Ado about Nothing?

Dear Tony: Is it true that the government is going to cancel the ability of strata corporations to enforce any type of rental limitation or restriction bylaws? Our strata is a 50 unit apartment building in Victoria and we permit 5 rentals. We also have 2 family rentals to retired owners and 1 hardship rental. Our council has few complaints against any of our tenants and we treat them the same as owners and enjoy their residency and do not have any vacant units in our building. This has not been our history however. 4 years ago we had a tenant who was disruptive, abusive to residents and council, and eventually had to be forced out by the strata. The owner ignored our requests for assistance until we spent almost \$5,000 on legal fees and threatened court action. When this was done, our council members were exhausted, the residents were fragile and the strata had exhausted far too much of our hard earned money. Who do we call to stop this change? Janine

Dear Janine: The information that you have seen relates to the city council of Victoria who are requesting the province change the *Strata Property Act* to remove the ability for strata corporations to enforce and apply rental bylaws. The *Act* is provincial legislation and local governments cannot override the *Act*. At this time, there is no indication that the provincial government will remove rental bylaws from the legislation; however, like any legislation, if there is enough lobbying and pressure it may be a possibility. Across the province there are 30,000+ strata corporations with all types of bylaws and communities that permit, limit or restrict rentals. There is no evidence that one type of strata operation is better than the other; however, there is sound evidence that indicates well run strata corporations with good communication between the council and residents, a healthy level of funding to ensure prudent maintenance and repairs, and the financial ability and authority to address problems before they become a crisis are necessary to operate a strata corporation and protect owner investments. I am bewildered why anyone would believe removing rental bylaws is a solution to the rental housing crisis in BC. In 2010 the province amended the *Act* to enable developers to adopt a rental exemption that apply to all identified units in a new strata corporation. It was expected this would make a larger number of strata units available for rentals. What no one expected was the economic speculation surge that affected real estate. In 2016 CHOA undertook a detailed assessment of 16 target buildings of 50 units or more in Vancouver to identify if rental bylaws did indeed have an impact on vacancy on rental availability. Eight of the buildings were constructed since 2010 with rental exemptions and eight buildings were pre 2010, six with rental restrictions. The outcome was surprising for everyone. Buildings without restrictions had the highest vacancy rates, between 19 and 35%, and highest turnover of sales indicating they were predominantly investors or speculators. Building with rental restrictions were generally owner occupied, the permitted rentals were full and the vacancy rate was below 2.5% in every case. One possible conclusion of rental restricted buildings is the limit on speculation combined with their age. They are generally more affordable, established communities that are well occupied. I would hope the legislators seriously consider the future impact on housing affordability and exposure to speculation before they consider removing rental bylaws. For investors, there are many great unrestricted buildings available to enable speculation and use as rental properties. If you want to voice your opinion to your local MLA, go to www.leg.bc.ca/learn-about-us/members and send an email.

Sincerely,

Tony Gioventu, Executive Director
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