



May 25, 2018

Spencer Chandra Herbert, MLA  
Chair, Rental Housing Task Force

Submission by the Condominium Home Owners Association of BC

Dear Honourable Member:

Thank you for the opportunity to speak to the Task Force on Housing. CHOA is a consumer association that provides education, research and advisory services to strata corporations, owners, investors, strata managers and industry partners across the province. Rental housing in strata corporations is a significant part of operations for strata corporations in BC. There are over 30,000 strata corporations in BC and they include all types of housing and commercial property. Everything in BC from a duplex to bare land farms, golf courses, airports, townhouse and apartment communities, high rise residential, residential lease hold on federal, municipal and first nations land, mixed use developments and industrial complexes can be strata titled if property boundaries can be established to create a title that meet the requirements of the Strata Property Act and the Land Title Act of BC. Within all of these property variations, rentals of strata lots play a key role in operations and investment. Rental restrictions, age restriction bylaws, the conversion of rental buildings to strata titled use and the winding up of strata corporations all contribute to a changing rental market.

Prior to 2010, as legislated by the Strata Property Act, strata corporations were permitted to adopt rental restriction bylaws that limited or prohibited the number of residential strata lots that could be rented. In addition, owners were granted exemptions from such bylaws for family members or under hardship circumstances. As of January 1, 2010, developers were permitted to file a Rental Disclosure Statement for new developments that essentially exempted any of the identified residential strata lots on the statement from the application of rental restriction bylaws for the prescribed period of time in the form. This demarcation in legislation has yielded measurable results in the behavior of property owners and especially investors and speculators.

While the intent of the 2010 amendment was to provide greater access for rental housing without restrictions, the result has been much to the contrary as the face of property use changed dynamically from rental housing as an option for investors to Air BnB and speculator investments. This effect has not only been felt in metro Vancouver but in the Capital region as well as the Kelowna region.

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In 2016 CHOA undertook an occupancy study in conjunction with the City of Vancouver to identify the vacancy rate and impact of the 2010 amendment. The attached study, updated in April 2018, indicates that properties with no restrictions are highly susceptible to speculators and short term property use rentals such as Air BnB. The data on number of rentals for post 2010 buildings was not published as there was a significant discrepancy between the number of identified rentals from the inventory of the strata versus the number of “Form K Tenant’s Responsibilities” maintained by the strata management companies. On average the estimates for post 2010 buildings were between 13% and 21% of the units as tenancies.

From the study the following conclusions can be made:

- The highest vacancy rates are established in strata properties filed since January 1, 2010 and where there are no rental bylaws.
- Strata corporations with rental restrictions had the lowest vacancy rates.
- Rental restriction bylaws protect residential strata properties from speculators and investors who are attempting to assemble blocks of properties for the purpose of redevelopment.
- In post 2010 buildings, significant numbers of units are being for short term rentals resulting in significant losses of accessible rental housing.

Age restriction bylaws as legislated under the Strata Property Act also contribute to the limitation of rental units within our market. Age restrictions of 55 and over ensure the preservation of retirement communities for our aging population. The function and lifestyle behavior of seniors in retirement communities operate at a different level compared to family oriented communities. Many of these communities retain rental bylaws as well; however, those are rarely employed to their capacity as most 55 and over communities are family/owner use. Age restrictions below 55 and over have caused a significant level of confusion in the industry and have resulted in communities restricting ages to 19 and over, 30 and over, or some other variable. These age restrictions, while attractive for adult only communities pose a limitation for families with children and families about to have children and result in frequent complaints to our offices. The impact has also limited family access to these communities for both owners and tenants as they relate to tenancy agreements, family rentals and hardship rentals.

The amendment to the Strata Property Act that reduced the voting threshold for a strata corporation to wind up to 80% of the voting entitlement has resulted in two conditions that have placed additional pressure on the limited rental inventory in the housing market. The wind up process and successful completion of sale results in the termination of current tenancies in the property. Because the properties are generally older, the units are large and rent for lower values. Of the current wind ups that have occurred, this accounts for an estimated 5% of the units that were rental units where tenants are now seeking alternate accommodations. In addition, when a property sale is complete all of the owners of that property who were resident are now simultaneously seeking accommodations. The consequence of a wind up completion may be 100 owners or more competing with tenants and buyers in the same neighbourhood on the same day for whatever market or rental accommodations may be available.

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While this is a short term effect, as new properties of much higher density will replace the existing property, the cost of the future purchase or rental is significantly higher and in the short term inventory for purchase or rent is subject to availability and higher costs. While the summary information may not necessarily provide solutions to the rental inventory shortages, it is significant as 50% or more of most housing in our cities are now strata titled. With that in mind the following recommendations may be helpful in considering future policy for strata housing and rental markets in BC.

1. Retain the existing Strata Property Act legislation that permits rental bylaws for pre 2010 buildings. The identified communities have the lowest vacancy rates and elimination of rental bylaws will only result in the displacement of tenants and owners by speculators.
2. Amend the Strata Property Regulations to incorporate a higher penalty that can be charged, such as \$1,000 per violation, for unauthorized short term rentals such as Air BnB to ensure existing rental properties are retained for the purpose of tenancy occupancy only. Strata corporations are attempting to prohibit short term rentals but the penalties are not sufficient to deter the activity. If the metro Vancouver area had not lost more than 10,000 homes to short term rentals, would we have a housing availability and affordability crisis?
3. Review the age restriction bylaw provisions of the Strata Property Act and establish defined limitations within the Act. For example, 55, or 19 and over, or other defined classifications.
4. In consultation with local governments, create corridors that may only be used for short term rentals to limit the purging of occupiable tenant units.
5. Remove barriers for rental housing to be developed. DCC and CAC costs imposed by municipalities impose a substantial cost to developers or housing associations to develop affordable rental housing. It should be noted that there is rental housing available in almost every market, the barrier is *affordable* rental housing. Development costs imposed by local governments in conjunction with real estate and compounded by low lending rates for buyers costs does not make the investment in new rental housing attractive.
6. An alternative for policy development of housing is a partnership between community associations and organizations where an agency of government, such as BC Housing, develops affordable rental and family housing on sites where community organizations retain undeveloped real estate. There are many key locations that could be developed for the benefit of communities such as faith communities, community centres and social organizations who retain parking areas with minimal use. The properties could be developed in a manner that creates lease hold use to plan extended property use and development for affordable housing without the additional cost of real estate acquisition on behalf of government.

Thank you for the opportunity to meet with the Rental Housing Task Force.

Yours truly,

Antonio Gioventu,  
Executive Director