
Condo Smarts

Headline: Short Term Liabilities

Topic: Buying and Selling: Buying a short term accommodation investment

Publication / Date: Province, February 29, 2024

Written by: Tony Gioventu

Dear Tony: As owners of an investment property, we hope you will include our letter for other investors and strata councils to read. We owned two condos in Metro Vancouver that were permitted short term rentals. They were frequently booked and a profitable investment for our retirement. Everything was fine until we had a one week rental in one property where two individuals granted access to associates who used the opportunity to break into a number of unoccupied homes, storage lockers and vehicles. The video surveillance identified the same group accessing the building storage rooms, and the floors where the break-ins occurred. There was considerable damage to the building security and entries, and significant personal losses of residents and investors. As the owner of the property that permitted the short term accommodation, we now find ourselves facing the threat of several lawsuits for the damages and losses, based on the bylaws of the strata corporation. We will likely lose one of our homes to cover the costs and potentially both as we had not secured sufficient insurance for short term accommodation activity. Can an owner sue another owner if they experience losses as a result of the action or lack of action by another strata lot owner?

deductibles if an owner is responsible for the claims or losses. This responsibility extends to the owner where the damages or losses were caused by an action or failure of a tenant, visitor, family occupant or short term accommodation. If your occupants, tenants or visitors engage in an activity that results in losses to the strata corporation or other residents and owners, those parties can seek to recover their losses if their insurance does not cover the claims. Yes, in a nutshell, you can be sued for losses to other parties caused by your permitted users.

This is not the first reported incident of this type of activity, and it is not isolated to short term accommodations. We have also heard of tenants, residents, family and friends with a criminal history who have also committed the same crimes and caused significant damages in buildings. Hopefully this is a wakeup call for all investors to be aware of their liabilities and to secure appropriate insurance coverage and exercise scrutiny over what short term booking services they are using. Strata corporations and councils also need to closely review their bylaws to ensure they have the authority to recover losses for claims and damages.

CV

Dear CV: With the higher cost of insurance deductibles, fewer claims are being covered by strata insurance policies, and unfortunately home owners and investors are not placing sufficient insurance on their strata units, rental units or for short term accommodations. There are different risks associated with each type of use. Owners and investors need to inform their insurance brokers the nature of their property use, otherwise the broker may not provide a policy that matches your risks.

Many strata corporations have adopted bylaws that define the responsibility of damages or insurance