Condominium Home Owners Association of British Columbia
Leadership, Education and Resources for Strata Owners Across BC
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Condo Smarts

Headline: Caretaker Suite Rentals
Topic: Caretakers
Publication / Date: Province, September 5, 2024
Written by: Tony Gioventu

Dear Tony: Our strata no longer has a resident caretaker and the suite is sitting vacant. It is a significant amount of lost revenue that can offset our expenses. It is a large 2 bedroom suite perfect for a small family. As a nonprofit society, are we permitted to rent it out to the public or do we have to maintain it as a caretaker rental suite? Our strata decided in 2022 to discontinue a resident caretaker and the suite has been left vacant since.

Lesley M. Vancouver

Dear Lesley: Residential strata corporations are not non-profit organizations or societies. They are non-taxable corporations under the *Federal Tax Act*, i.e.: no commercially generated profits. If your strata corporation is generating profits from multiple rentals, rooftop signage, micro wave relay towers, or engaged in a commercial activity such as a rental pool or marina, you may discover your tax status has changed and GST may apply to monthly strata fees.

Strata corporations are required to file an annual tax return, and your annual costs of operations, strata fees payable on the strata lot, taxes and insurance will likely balance with any profit. Report the revenue on your financial statement to ensure disclosure of the revenues, but over all your financial statement shows no profits.

Remember the strata corporation has to comply with the *Residential Tenancy Act* and Regulations. Seek advice on an enforceable landlord tenancy agreement, to address some unusual circumstances that arise for a strata renting out a strata lot. Landlord BC is an excellent resource for property owners.

The awkward issue is when a tenant in a strata corporation rented unit is violating bylaws, the owner is also liable for fines, damages, or insurance deductibles. Confirm the language of the tenancy agreement addresses this issue, as you could be fining yourselves, and it may limit your access to dispute options. Proceed with caution, but yes, it is permitted for the corporation to rent out their units.

I noticed your strata corporation has not been paying or collecting strata fees on the resident caretaker strata lot # 1. Under the *Strata Property Act*, all strata corporations must pay strata fees, and while this ultimately comes from the owners, it is an expense offset against the rental income. If your owners did not consent to renting the unit out for market rates at the time they chose not to continue with a resident caretaker, you may be required to convene a special general meeting to seek their consent or instructions. Contact the strata corporation's insurance provider to confirm the type of landlord tenancy insurance that is necessary.

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