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Consultation Paper on Rethinking Strata Leaseholds

**Prepared by the
Strata Leaseholds
Law Reform Project
Committee**

August 2026

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This project was made possible with the financial support of the Notary Foundation. The BC Law Institute also gratefully acknowledges the support of the Law Foundation of British Columbia and the Ministry of Attorney General for British Columbia for its work.

Strata Leaseholds Law Reform Project Committee

The Strata Leaseholds Law Reform Project Committee was formed in 2025 to assist BCLI to develop fair, just, practical, and coherent principles to strengthen and modernize the present law surrounding strata leasehold housing.

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**Participation by Veronica Barlee and Kylie Sandstone does not mean endorsement from the Ministry of Housing and Municipal Affairs of the tentative recommendations set out in this consultation paper.*

Marie Ong (staff lawyer, British Columbia Law Institute) is the project manager. The project is also indebted to the late Kevin Zakreski (former staff lawyer), whose contribution helped shape this work.

Call for Responses

We are interested in your response to this consultation paper. It would be helpful if your response directly addresses the tentative recommendations for reform set out in this consultation paper, but it is not necessary. General comments on reform of strata leasehold law are also welcome.

Responses may be sent to us in any one of three ways—

- by email:** consultations@bcli.org
- by online survey:** <https://www.surveymonkey.com/r/bcli-strata-lease-holds>
- by regular mail:** British Columbia Law Institute
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If you want your response to be considered by us as we prepare our report and final recommendations on strata leaseholds, then we must receive it by **20 November 2026**.

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Your response will be used in connection with the *Rethinking Strata Leaseholds Project*. It may also be used as part of future law-reform work by the British Columbia Law Institute or its internal divisions. All responses will be treated as public documents, unless you expressly state in the body of your response that it is confidential. Respondents may be identified by name, title, and organization in the final report for the project, unless they expressly advise us to keep this information confidential. Any personal information that you send to us as part of your response will be dealt with in accordance with our privacy policy. Copies of our privacy policy may be downloaded from our website at: <https://www.bcli.org/privacy>.

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Chapter 1. Introduction

Why Is BCLI Consulting with the Public on Strata Leaseholds?

This consultation paper is part of BCLI’s ongoing housing law reform program. The objective of BCLI’s housing work is to examine the legal framework governing housing in British Columbia and consider whether reform is needed to address emerging issues and long-standing uncertainties. Independent, rigorous law reform research plays a critical role in supporting sound housing policy. As housing needs and priorities evolve, it is important to ensure that the laws governing housing remain effective, responsive, and fit for purpose.

A leasehold is a form of property interest that gives a person the right to use and occupy land or housing for a limited period of time, without acquiring ownership of the freehold interest in the land.¹ Leaseholds can play a significant role in expanding housing options, particularly in contexts where a landowner is required, or chooses, to retain long-term ownership of the land, or where conventional forms of homeownership are not available or practical.

Strata leasehold housing occupies a unique place in the province’s housing landscape.² Rather than buying a strata lot outright (a form of ownership the law calls *fee simple* or *freehold*), the purchaser acquires a long-term lease of the strata lot.³ The landowner keeps ownership of the underlying freehold interest and regains possession of the strata lot when the lease expires.

-
1. More technically, a leasehold can be described as “a grant of exclusive possession giving rise to an estate in land”, meaning that the tenant may exclude all others, including the lessor: M.J. Mossman, *Property Law: Cases and Commentary*, 4th ed (Emond Publishing, 2019) at p 410.
 2. For readers interested in a fuller explanation of how strata leasehold fits within the broader range of homeownership tenures in BC, this primer may serve as a useful introduction: British Columbia Law Institute, *The Law at Home: A Primer on Homeownership Tenures in British Columbia* (December 2025).
 3. Government of British Columbia, “Strata leaseholds” (8 May 2026) www2.gov.bc.ca/gov/content/housing-tenancy/strata-housing/understanding-stratas/strata-leaseholds.
-

The legislative framework governing strata leaseholds in British Columbia is set out in Part 12 of the *Strata Property Act*.⁴ While the statute establishes basic rules for renewal, termination, and conversion to freehold, many of its provisions have received little sustained scrutiny since their enactment in the 1970s. Certain provisions, particularly those relating to renewal and termination, have had little to no application in practice to date.

The time is ripe to review and refine the legal framework under which strata leaseholds operate. The number of strata leasehold developments in British Columbia has been growing, particularly as universities, the provincial government, and First Nations have increasingly turned to leasehold tenure as a means of creating housing. At the same time, because strata leaseholds are typically set up for a fixed term of 60 to 99 years, the earliest strata leaseholds are now approaching the end of their leases. These converging trends make it increasingly urgent to resolve the ambiguities in Part 12.

This consultation paper examines issues that have caused, or are expected to cause, practical and legal challenges for parties involved in strata leaseholds and sets out tentative recommendations for targeted legislative reform.

Responses to this consultation paper will be closely considered in forming the final recommendations put forward in the report that BCLI will issue at the end of its strata leasehold initiative.

About the *Rethinking Strata Leaseholds Project*

Strata Leaseholds Law Reform Project Committee

BCLI is carrying out this project with the support of a volunteer expert project committee. The names and affiliations of committee members are listed at the front of this paper, and brief biographies may also be found in Appendix B.

In the early stages of the project, BCLI, with support from committee members and other experts in the housing space, identified and reviewed different models of long-term leasehold housing operating in the province. BCLI ultimately

4. *Strata Property Act*, SBC 1998, c 43 at ss 199–216.

decided to begin its housing law reform work with a focused review of strata leaseholds under the *Strata Property Act*.

Early committee meetings focused on organization and issue identification. As the project progressed, the committee turned to the consideration of options for reform and the development of tentative recommendations. Throughout this process, the committee sought to balance the interests of leasehold tenants, landowners, lenders, and public authorities, while remaining attentive to the broader policy objectives underlying strata legislation.

The committee was asked to consider and develop recommendations for reform where necessary or beneficial. As readers will see, the committee's tentative recommendations do not call for a fundamental reworking of Part 12 of the *Strata Property Act*. Rather, they propose targeted reforms intended to clarify, refine, and improve the existing framework for strata leaseholds.

The project's funder

The *Rethinking Strata Leaseholds Project* has been made possible by a generous project grant from The Notary Foundation of British Columbia.

BCLI's Prior Work on Strata Property Law

This report benefits from BCLI's earlier law-reform work in strata property law. That work provided helpful context for the present project, including identifying strata leaseholds as an area warranting focused examination.

BCLI's *Strata Property Law Project—Phase One*, completed in 2012, involved initial legal research and focused consultation with leading experts in the strata property field. The resulting report recommended that BCLI undertake law-reform work related to seven emerging issues of strata property law, including strata leaseholds.⁵ Consultation participants in Phase One observed that strata leaseholds were developing in ways not contemplated in the 1990s when the strata legislation was formed and that there were opportunities to fine-tune the legal framework under which strata leaseholds operate. A particular concern flagged

5. British Columbia Law Institute, *Report on Strata Property Law: Phase One* (November 2012) www.bcli.org/sites/default/files/2012-11-30_BCLI_Report_on_Strata_Property_Law--Phase_One.pdf at pp 22–23.

by consultation participants was the restriction on who may act as a leasehold strata landlord, which was seen as potentially limiting the development of strata leaseholds in British Columbia.

Those recommendations informed the scope of BCLI's subsequent *Strata Property Law Project—Phase Two*, which took place from July 2013 to June 2019.⁶ During this period, BCLI published a series of consultation papers and final reports addressing six of the seven identified subjects: (1) fundamental changes to a strata; (2) complex stratas; (3) selected governance issues; (4) common property; (5) selected land-title issues; and (6) selected insurance issues. Several of those reports led to legislative change.⁷

Although strata leaseholds were identified in Phase One as one of the seven topics that warranted further study, they were not examined during Phase Two due to time and resource constraints. This consultation paper is part of a separate and subsequent initiative to address that subject. While it is not undertaken under the same project umbrella as BCLI's earlier strata property law work, it draws on that project's deep study of the *Strata Property Act* and reflects a similar law-reform methodology.

Structure of This Consultation Paper

Following this introductory chapter, chapter 2 sets out the building blocks of strata property and leasehold interests, explaining how they combine to form the strata leasehold model. It then traces the origins and development of strata leaseholds in British Columbia, providing the legal and historical context for the issues explored in later chapters.

Chapter 3 examines how other provinces and territories in Canada, as well as other countries with a like-property interest to strata leaseholds, have or have not developed legislative guidance for this tenure type. This comparative legal

6. British Columbia Law Institute, "Strata Property Law—Phase Two" (modified 18 July 2019) www.bcli.org/project/strata-property-law-phase-two/.

7. See, for example, changes to the *Strata Property Act*'s provisions regarding the termination of a strata corporation: Government of British Columbia, "Changes will benefit owners of older strata properties" (29 July 2016) <https://news.gov.bc.ca/releases/2016MNGD0044-001375>.

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research was undertaken by BCLI to investigate whether any insights can be drawn from approaches in those jurisdictions.

The paper then turns to a number of substantive issues for law reform.

Chapter 4 examines the list of legislatively identified public authorities permitted to act as the landlord of a strata leasehold property.

Chapters 5 to 8 consider the following subjects, which broadly follow the life cycle of a strata leasehold unit:

- the terms of the lease set at the outset;
- modification of the lease;
- issues that arise as the lease approaches its end; and
- termination of the lease.

Each of these subject areas is addressed in its own chapter and follows a consistent structure. Each chapter begins with background information on the current legal framework, and, where relevant, comparative material from other jurisdictions. This is followed by a brief description of the issue(s) for reform, a discussion of options for reform considered by the committee, and the committee's tentative recommendation(s).

About This Public Consultation

This paper's tentative recommendations

The recommendations set out in this consultation paper are described as *tentative* and that word is chosen deliberately. Each recommendation reflects the project committee's current thinking, but none is a final position. All remain open to reconsideration, modification, or even abandonment once the committee has had the benefit of public responses. The final recommendations for reforming British Columbia's strata leasehold regime will be developed after the consultation period closes and published in a subsequent law reform report.

This consultation paper contains 23 tentative recommendations to reform Part 12 of the *Strata Property Act*. While the recommendations do not call for a fundamental reworking of the leasehold strata regime, they cover a wide range of important issues, from the question of who is allowed to set up a strata leasehold

to termination of strata lot leases at the end of the term. Taken together, they aim to clarify, refine, and strengthen the existing framework.

Invitation to respond

Public engagement plays an important role in law reform. By responding to this consultation paper, readers have a direct opportunity to shape the project's final recommendations.

BCLI invites all members of the public to comment on the tentative recommendations and welcomes input from a broad range of perspectives. Responses that agree with the recommendations and responses that disagree with them are equally valued. BCLI also welcomes general feedback on strata leaseholds, including observations, experiences, or concerns that fall outside the scope of the tentative recommendations but that may inform the committee's thinking.

BCLI is particularly mindful that the strata leasehold framework is of direct relevance to various Indigenous peoples in British Columbia. A growing number of First Nations are using the strata leasehold model to develop housing on their fee simple lands, retaining ownership of the underlying freehold interest while delivering homeownership opportunities to community members and others. The reforms considered in this paper will therefore affect Indigenous communities not only as members of the broader public, but as landowners, developers, and stewards of strata leasehold housing.

BCLI recognizes, at the same time, that meaningful engagement on matters of strata leasehold housing cannot be achieved through public consultation alone. BCLI is an independent law reform institute and is not part of the provincial government. It is therefore not in a position to fulfill the province's obligations regarding government-to-government consultation and cooperation, including those contemplated by the *Declaration on the Rights of Indigenous Peoples Act*.⁸ BCLI nonetheless welcomes responses from Indigenous individuals, communities, organizations, and governing bodies who wish to share their perspectives.

The project committee will review responses received through this consultation before making its final recommendations. Public feedback will be an important

8. *Declaration on the Rights of Indigenous Peoples Act*, SBC 2019, c 44 at s 3.

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element, alongside committee judgment and research, in shaping the direction the final recommendations will take.

Responses must be submitted in writing and may be sent to BCLI through an online survey, by email, or by regular mail.⁹ To be considered in the development of the final recommendations for this project, responses must be received by **20 November 2026**.

9. For information about submitting a response, see the *Call for Responses* section, above, at p v.

Chapter 2. A Contextual Overview of Strata Leaseholds in British Columbia

Overview: This Chapter's Content

Strata leaseholds combine two legal concepts that are often viewed as distinct: the leasehold interest and the strata property regime. Understanding how these concepts interact is essential to understanding both the opportunities and challenges associated with strata leaseholds.

This chapter provides a high-level overview of the strata leasehold model. It begins with the basic features of leasehold interests and strata property, the two legal forms that come together in a strata leasehold. The chapter then examines the historical circumstances that led to the introduction of strata leaseholds in British Columbia, the policy rationales commonly associated with them, and a few prominent examples of their use in the province.

Leasehold Basics

Leasehold interests are characterized by a hybrid legal nature, reflecting elements of both contract and property. In short, a leasehold is created through an agreement where a landlord grants exclusive possession of a property to a tenant for a defined period of time.¹⁰

Leasehold arrangements are sometimes erroneously described as creating a division between land and buildings, such that a tenant “owns” the house, while the landlord “owns” the land.¹¹ While this visualization is appealing because of its straightforwardness, it is misleading. A leasehold is more accurately

10. S.W. Hamilton, “Residential Leasehold Estates – A Paper Prepared for Canada Mortgage and Housing Corporation” (Canada Mortgage and Housing Corporation, 1991) at p vi.

11. This description comes up frequently in publicly available commentary on leaseholds, particularly real estate blogs and news articles. See, for example, S. Conner, “5 unique benefits of buying a leasehold property” *Vancouver Sun* (15 July 2025) <https://vancouver.sun.com/sponsored/real-estate-sponsored/5-unique-benefits-of-buying-a-leasehold-property>.

understood as a division of rights in time, rather than a physical division of land and a building. The leasehold tenant is not purchasing a building, but the right to occupy and use a property for a certain amount of time. The temporal limitation of the interest is the defining feature.

A lease is, by its nature, a contract. Through the terms of that contract, the parties define their respective rights and obligations relating to the use and possession of property. A valid lease identifies: (1) the parties; (2) a description of the premises to be leased; (3) the commencement date; (4) the duration of the term; (5) the rent, if any; and (6) all material terms of the contract, including any covenants or conditions.¹²

When drafting contracts, flexibility is generally a high priority as parties seek to tailor the terms and allocation of rights and obligations in a way that reflects their circumstances and goals. At the same time, a lease is not merely contractual in nature. What makes a lease unique is that it gives rise to a property interest. This distinction is significant because property law, unlike contract law, generally relies on standardized forms of legal interests.¹³

In British Columbia, parties cannot freely create novel or customized forms of property interests in law. Modern property systems are built on a principle of standardization where only a limited number of property interests are recognized and enforced.¹⁴ This principle limits not only the ability of private parties to create new forms of property by contract, but also the ability of courts to develop new categories of property interests.¹⁵

-
12. C.A.W. Bentley, J. McNair & M.J. Butkus, *Williams and Rhodes Canadian Law of Landlord and Tenant*, 6th ed (Carswell, 1988) (updated 2021, release 2) at vol 1, s 3:2.
 13. T.W. Merrill & H.E. Smith, "Optimal Standardization in the Law of Property: The *Numerus Clausus* Principle" (2000) 110 *Yale Law Journal*.
 14. Merrill & Smith at p 4 ("In the common law, the principle that property rights must conform to certain standardized forms has no name. In the civil law, which recognizes this doctrine explicitly, it is called the *numerus clausus*—the number is closed").
 15. L.E.R. Vargas Well, *Stability and Change in Property Law: A Comparative Approach to the Principle of Numerus Clausus* (PhD, University College London, 2022) at p 30.
-

The emphasis on standardized and recognizable property forms serves necessary functions.¹⁶ Property interests do not affect only the parties who create them; unlike many contractual agreements, they have a life beyond the immediate parties, and are bought, sold, financed, and relied upon by a wide range of third parties.¹⁷ By limiting property rights to recognized legal forms with predictable content, property law enables lenders, insurers, purchasers, and others to understand the rights and obligations attached to land without having to decipher bespoke arrangements.

At the same time, the principle of having a limited number of property interests is not only about standardization. Rather, it provides a stable legal framework that can adapt to changing social and economic conditions while preserving the certainty and transparency on which property markets depend.¹⁸

Strata-Property Basics

The term *strata* refers to property that has been divided into multiple, legally separate units and common elements. It is a form of legal property structure, not a particular style of building.¹⁹

Strata properties are now such a well-established part of British Columbia's real estate landscape that it can be easy to forget their relatively recent origins in the province. British Columbia enacted its first strata-property statute in 1966,²⁰ combining rules drawn from property law, corporate law, and contract law to create a distinctive form of property ownership.

16. C.M. Rose, "What Government Can Do for Property (and Vice Versa)" in N. Mercuro & W.J. Samuels, eds, *The Fundamental Interrelationships between Government and Property* (Jai Press Inc, 1999) at pp 213–214.

17. Rose at p 213.

18. Vargas Well at p 143.

19. In fact, a strata development does not need to involve a building at all. This is the case in a *bare land strata plan*, where boundaries of individual lots are defined by survey markers, not by reference to floors, walls, or ceilings of a building: *Strata Property Act*, SBC 1998, c 43 at s 1 ("bare land strata plan"). For more information on bare land strata, see D.C. Harris & G. Patterson, "Condominium to the Country: The Sprawl of Ownership within Private Local Government in British Columbia" (2024) 49:2 *Law & Social Inquiry*.

20. *Strata Titles Act*, SBC 1966, c 40.

A strata property is more commonly known in other Canadian jurisdictions and much of the world as a *condominium*. These two terms refer to the same concept. British Columbia's use of the term *strata* reflects the historical influence of Australian law on the province's original legislation.

One of the principal rationales for introducing the strata form was to make homeownership more accessible and affordable, since it allows for the physical subdivision of land in three dimensions. Strata developments can stack multiple fee simple interests in a vertical column that is limited only by the height and depth of a building. In other words, "[w]here there was once a single fee simple interest, there could, after statutory condominium, be several hundred."²¹ As one commentary observes, strata property is a "legal innovation without peer in its capacity to increase the density of private ownership in land."²²

Three defining features characterize the strata property model. First, it involves private ownership of an individual unit in a multi-unit building. Second, it includes common elements that are collectively owned by all unit owners. Third, unit owners have a right to participate in the collective governance of the property. These three features operate together as a package and cannot be separated.²³

A strata development is created when a strata plan is deposited in the land title office. The strata plan is a legal survey document that delineates the boundaries of individual units and identifies the common elements. Upon deposit, it brings the strata into existence.²⁴

The parts of the strata plan that are not designated as strata lots are classified as *common property*.²⁵ Common property may include elements such as building lobbies, elevators, hallways, and shared amenities. Responsibility for the

21. D.C. Harris, "Condominium and the City: The Rise of Property in Vancouver" (2011) 36:3 *Law and Society Inquiry* at p 696.

22. Harris at p 695.

23. J. Leslie, "The Philosopher and the Developer: Pluralist Moral Theory and the Law of Condominium" (2017) 54:2 *Osgoode Hall Law Journal* at pp 514–515.

24. *Strata Property Act* at s 2.

25. *Strata Property Act* at s 1(1) (definitions of "common property" and "limited common property").

management and maintenance of common property is a central feature of the strata property regime.

Governance is another defining feature of strata property law. By their nature, stratas must have two or more individual owners, which means the owners have to work together to manage the common parts of the property.²⁶ As one court decision states, the general principle under the *Strata Property Act* is that all owners within a strata corporation are “all in it together”.²⁷ When a strata plan is deposited, a strata corporation is automatically created, and all strata lot owners become members of the strata corporation.²⁸

The strata corporation is responsible for managing the strata’s affairs for the benefit of the owners, including making decisions relating to common property, budgeting, insurance, and maintenance.²⁹ Major decisions must be made collectively through the strata corporation, which is required to meet at least once each year.³⁰ Day-to-day governance functions are typically delegated to a strata council elected by the unit owners. Strata councils may also employ the services of a strata property manager and other staff or contractors.

Strata property is itself hybrid in character, which is noted in academic and judicial commentary. In one frequently cited decision, the Nova Scotia Court of Appeal observed that modern strata ownership “reflects the combination of several legal concepts and relies on, and to a degree incorporates by reference, principles drawn from several different areas of law,” including property, joint ownership, easements and covenants, and corporate law.³¹

In the decades since British Columbia’s first strata-property statute in 1966, strata housing has grown significantly in both prevalence and complexity. British Columbia’s strata legislation has also changed dramatically in that time. What began as a skeletal first-generation act has, through various series of

26. S.E. Hamill, “Bursting its Bounds: Ownership and the City” (2018) 51:3 *UBC Law Review* at p 753.

27. *Strata Plan LMS 1537 v Alvarez*, 2003 BCSC 1085 at para 35.

28. *Strata Property Act* at s 2.

29. *Strata Property Act* at s 3.

30. *Strata Property Act* at s 40.

31. *2475813 Nova Scotia Ltd. v Rodger*, 2001 NSCA 12 at para 5.

amendments,³² developed into the current *Strata Property Act*, a detailed and sophisticated framework.

Today, strata housing is a major component of the province's housing landscape. A recent estimate found that approximately 1.5 million people live in strata housing in British Columbia.³³ The province is home to around 34,000 strata corporations, which includes residential, commercial, and mixed-use developments.³⁴ British Columbia's reliance on strata housing is notable nationally: in 2021, it had the largest share of strata/condominium dwellers among the provinces, with 23.6% of households living in a strata.³⁵ Vancouver also led all census metropolitan areas in Canada, with almost one-third (32.5%) of occupied dwellings being strata.³⁶

The Development of Strata Leaseholds in British Columbia

The preceding sections have outlined the two legal concepts that come together in a strata leasehold: the leasehold interest and strata property interest. The next question is how and why British Columbia came to combine these concepts in the first place.

In a freehold strata development, each strata lot is associated with a fee simple interest in land. With strata leaseholds, by contrast, the strata lots are associated with leasehold interests derived from an underlying ground lease. Despite this difference, strata leasehold lots are issued individual property interests, and

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- 32. *Strata Titles Act*, SBC 1974, c 89; *Strata Titles Amendment Act, 1977 (No 2)*, SBC 1977, c 64; *Condominium Act*, RSBC 1979, c 61.
 - 33. Government of British Columbia, "Purpose of the strata housing website" (12 November 2025) www2.gov.bc.ca/gov/content/housing-tenancy/strata-housing/more-help-and-support/website-purpose/.
 - 34. Government of British Columbia, "Purpose of the strata housing website".
 - 35. Statistics Canada, "To buy or to rent: The housing market continues to be reshaped by several factors as Canadians search for an affordable place to call home" (21 September 2022) www150.statcan.gc.ca/n1/daily-quotidien/220921/dq220921b-eng.htm.
 - 36. Five of the eight Canadian census metropolitan areas with the highest share of strata dwellers in 2021 were in British Columbia: Vancouver (32.5%), Kelowna (23.4%), Abbotsford-Mission (22.2%), Victoria (20.3%), and Chilliwack (19.8%): Statistics Canada.
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Chapter 2: The Development of Strata Leaseholds in British Columbia

they, in many respects, function similarly to strata lots in freehold developments.

Strata leaseholds should not be confused with other forms of leasehold housing like long-term residential leases.³⁷ Unlike long-term residential leases, strata leaseholds are governed by the *Strata Property Act* and operate within the province's strata-property framework.³⁸

Strata properties in British Columbia, like those in other North American jurisdictions, are creatures of statute. The enactment of legislation was necessary to provide the stability needed to support investments in this new and innovative type of development.³⁹ Strata leaseholds likewise exist only because the legislature created a statutory framework authorizing their use.

British Columbia's first strata-property legislation, enacted in 1966, contained only 25 sections.⁴⁰ It was replaced in 1974 by a new *Strata Titles Act*. This 1974 Act, having 67 sections, was more than twice the size of the 1966 Act and introduced strata leaseholds for the first time in British Columbia's strata legislation.⁴¹

In a description of the 1974 Act, the minister of housing at that time stated that the legislation "accomplished four main purposes".⁴² First, the changes strengthened the Act's consumer-protection regime and streamlined and clarified its governance provisions. Second, the new Act sought broadly to accommodate the expansion and sophistication of recent condominium

37. Government of British Columbia, "Long term residential leases" (9 September 2024) www2.gov.bc.ca/gov/content/housing-tenancy/real-estate-bc/buying-selling/long-term-residential-leases.

38. Government of British Columbia, "Strata leaseholds" (8 May 2026) www2.gov.bc.ca/gov/content/housing-tenancy/strata-housing/understanding-stratas/strata-leaseholds.

39. British Columbia Law Institute, *Report on Strata Property Law: Phase One* (November 2012) www.bcli.org/sites/default/files/2012-11-30_BCLI_Report_on_Strata_Property_Law--Phase_One.pdf at p 9.

40. *Strata Titles Act*, SBC 1966, c 40.

41. 1974 *Strata Titles Act* at ss 51–62.

42. British Columbia, Legislative Assembly, *Official Report of Debates of the Legislative Assembly (Hansard)*, 30th Leg, 4th Sess, Vol 5 (7 June 1974) (L. Nicholson) at p 3834 [British Columbia, *Hansard*].

developments. The third and fourth purposes were the creation of “two entirely new procedures”: phased strata plans and leasehold strata plans.⁴³

British Columbia was the third Canadian province to enact legislation on strata leaseholds. Unlike its two predecessors,⁴⁴ which enacted simple, one-section enabling provisions,⁴⁵ British Columbia chose to adopt a more comprehensive legislative framework that would address certain legal issues that arise over the course of a strata leasehold’s lifetime. That framework, established in the 1974 Act, has since remained largely unchanged in substance and now appears as Part 12 of British Columbia’s current *Strata Property Act*.⁴⁶

Part 12 defines *leasehold strata plan* as “a strata plan in which the land shown on the strata plan is subject to a ground lease.”⁴⁷ This definition only touches on the detailed set of requirements that apply to leasehold strata plans.

Leasehold strata plans can only be established on land that is owned by a *leasehold landlord*.⁴⁸ Originally, this term was defined in the Act and its regulations to mean various levels of government.⁴⁹ Over time, other entities were added to the list of authorized leasehold landlords, such as universities, school boards,

43. British Columbia, *Hansard* (L. Nicholson) at p 3834.

44. Alberta: *Condominium Property Act*, RSA 1970, c 62 at s 3(4), as amended by *The Condominium Property Amendment Act*, 1972, SA 1972, c 22 at s 3; Manitoba: *The Condominium Act*, RSM 1970, c C170 at s 4(2).

45. Alberta has sustained this approach to strata leaseholds to the present day in the *Condominium Property Act*, RSA 2000, c C-22 at s 4(5). On the other hand, Manitoba subsequently decided to embrace an approach like the one BC has adopted, which sets out a detailed legislative framework for strata leaseholds, in *The Condominium Act*, CCSM c C170 at ss 271–284.

46. *Strata Property Act*, SBC 1998, c 43 at ss 199–216. One notable difference, however, from the 1974 act and the current legislation was a 1977 amendment which changed the wording from a leasehold landlord having the right to purchase a leasehold tenant’s interest at the date of termination to having the obligation to purchase in the provision that is currently section 214(1).

47. *Strata Property Act* at s 199.

48. *Strata Property Act* at s 201(a).

49. 1974 *Strata Titles Act* at s 51(3) (definition of “lessor”).

Chapter 2: The Development of Strata Leaseholds in British Columbia

the provincial housing corporation, treaty First Nations, and ultimately, certain corporations backed by First Nations.⁵⁰

Before the creation of a strata leasehold, a person (typically a real-estate developer) enters into a ground lease with the leasehold landlord. *Ground lease* is also a defined term under the Act.⁵¹ The ground lease must be registered in the land title office and must have an “unexpired term” of at least 50 years after the date of the application to deposit the leasehold strata plan.⁵² There may also be restrictions on the lease length based on the leasehold landlord.⁵³

A leasehold strata property is created when a leasehold strata plan is deposited in the land title office. A leasehold strata plan is a type of strata plan. As a survey document, it must comply with the requirements set out in the *Strata Property Act*,⁵⁴ its regulations,⁵⁵ and other applicable laws and policies.⁵⁶

But the deposit of a leasehold strata plan also causes a number of things to happen that are the keys to defining the leasehold strata. First, the registrar “issues new fee simple titles in the name of the leasehold landlord for each of the

50. *Strata Property Act* at s 199 (definition of “leasehold landlord”); *Strata Property Regulation*, BC Reg 43/2000 at s 12.1 (definition of “public authority” for the purposes of section 199 of the *Strata Property Act*).

51. *Strata Property Act* at s 199 (ground lease is defined as “a registered lease of land (a) granted by a leasehold landlord for the purposes of this Part [12], and (b) to which a model strata lot lease is attached”).

52. *Strata Property Act* at s 201(c). Since this 50-year period runs from the date of the application to deposit the leasehold strata plan, the term of the ground lease should factor in construction time: S.D. Smythe & E.M. Vogt, *McCarthy Tétrault’s Annotated British Columbia Strata Property Act* (Thomson Reuters, 2024) at §201:1.

53. For universities, for example, a lease term can be no longer than 99 years pursuant to the *University Act*, RSBC 1996, c 468 at s 50(2).

54. *Strata Property Act* at ss 244, 200(10) (“Subject to the regulations, the provisions of this Act apply to a leasehold strata plan”).

55. *Strata Property Regulation* at ss 14.3–14.5, 14.7, 14.9, 14.10.

56. See, for example, Association of British Columbia Land Surveyors, *Survey and Plan Rules*, version 1.16 (15 January 2026). These rules were authorized by the *Land Surveyors Act*, RSBC 1996, c 248 at s 75.

strata lots created.”⁵⁷ Second, the deposit of a leasehold strata plan converts “the ground lease into individual leases of the leasehold landlord’s interest in each strata lot, including its share in the common property.”⁵⁸ These individual leases must be in the form of the model strata lot lease attached to the ground lease and registered in the land title office.⁵⁹

After these changes take place, the developer markets its interest in the strata lot leases to purchasers. When a strata lot lease is sold, the purchaser acquires the developer’s leasehold interest in that strata lot through an assignment. Those who purchase strata lot leases are known under the *Strata Property Act* as *leasehold tenants*.⁶⁰

Strata leaseholds operate in a similar manner to strata freeholds in many ways (including with respect to insurance obligations and the repair and maintenance of common property).⁶¹ Purchasers of strata lot leases may therefore enjoy many of the practical benefits commonly associated with strata ownership. However, a strata leasehold interest is legally distinct from a freehold interest. At its core, a strata leasehold is based on a landlord-tenant relationship. For that reason, and for consistency with the terminology used in the legislation, this paper refers to purchasers of strata leaseholds as *tenants* rather than *owners*.

That said, the definition of “owner” in section 1 of the *Strata Property Act* includes leasehold tenants.⁶² In Part 12, it is also explicitly stated that the provisions of

57. M. Mangan, *The Condominium Manual: A Comprehensive Guide to Strata Law in British Columbia*, 3rd ed (Strata Publishing, 2010) at p 25.

58. *Strata Property Act* at s 203(1).

59. *Strata Property Act* at s 203(1)(a).

60. *Strata Property Act* at s 199 (“leasehold tenant” means a person “registered in the land title office as a tenant under a strata lot lease, whether entitled to it in the person’s own right, in a representative capacity or otherwise, and includes a subtenant”).

61. *Strata Property Act* at ss 200, 208.

62. *Strata Property Act* at s 1 (“owner” means “a person, including an owner developer, who is (a) a person shown in the register of a land title office as the owner of a freehold estate in a strata lot, whether entitled to it in the person’s own right or in a representative capacity, or (b) if the strata lot is in a leasehold strata plan, as defined in section 199, a leasehold tenant as defined in that section, unless there is (c) a registered agreement for sale, in which case it means the registered holder of the last registered agreement for sale, or (d) a registered life estate, in which case it means the tenant for life” [emphasis added])).

the *Strata Property Act* apply to strata leaseholds.⁶³ The combination of these two provisions assures the rights of leasehold tenants to vote and participate in the strata corporation.

Another central feature about the strata leasehold is its temporal nature. Although governed by strata legislation, a strata leasehold remains fundamentally a lease, that is, a grant of a property interest limited in time. While strata leaseholds are typically created for lengthy terms, all leasehold interests are inherently time-limited.

When a strata lot lease nears the end of its term, the *Strata Property Act* currently sets out a menu of the following options: (1) renewal of the strata lot lease;⁶⁴ (2) purchase by the leasehold landlord of the leasehold tenant's interest on termination and cancellation of the leasehold strata plan (typically this would be done as a prelude to redevelopment);⁶⁵ and (3) conversion to a freehold strata.⁶⁶

Rationale for Strata Leaseholds

The principal goal of strata-property legislation is to extend the possibility of homeownership to a larger segment of the population than can be easily achieved under traditional common-law property interests.⁶⁷ Because

63. *Strata Property Act* at s 200(1) ("Subject to the regulations, the provisions of this Act apply to a leasehold strata plan").

64. *Strata Property Act* at ss 210–212.

65. *Strata Property Act* at s 214–215. At common law, a leasehold tenant's interest ordinarily expires at the end of the lease term, leaving no remaining interest to be purchased by the landlord. A right to compensation therefore exists only where created by contract or statute. As discussed in Chapter 8, BC's purchase requirement appears to have been introduced as a market-confidence measure intended to support the sale and financing of strata leasehold units.

66. *Strata Property Act* at s 216.

67. See C.J. Berger, "Condominium: Shelter on a Statutory Foundation" (1963) 63:6 *Columbia Law Review* 987 at p 989 ("in all of its forms its principal goal remains constant: to enable occupants of a multi-unit project to achieve more concomitants of ownership than are now available either to renters or to cooperators"); V.J. Di Castri, *Registration of Title to Land*, vol 1 (Carswell, 1987) (looseleaf 2010—release 2) at §162 ("The main purpose of condominium legislation is to provide a statutory regime whereby a person may acquire fee simple ownership in a multi-unit building on land which he does not own. The legislation assures him that, title-wise, his status is that of a landowner, not a tenant").

homeownership is conventionally associated with a freehold interest, the legislative decision to extend the strata regime to leasehold interests may have seemed puzzling. As one commentator observed, the leasehold strata “complicates the pattern of [strata-property] development by superimposing the entire scheme upon a leasehold rather than a freehold estate. The change is fundamental and has implications throughout the entire term of the lease.”⁶⁸

Why would legislation extend the strata-property regime beyond freehold developments to include leasehold interests? Canadian commentary has generally offered two explanations for the adoption of strata leaseholds: development flexibility and affordability. As discussed below, however, neither explanation fully accounts for the origins or function of strata leaseholds in British Columbia, and both explanations are contested.

Development flexibility

The first commonly cited rationale for permitting strata leaseholds is that they enhance the amount and diversity of land available for development, and provide landowners and developers an additional option of dealing with land.⁶⁹ Some landowners may be reluctant or unable to part with their fee simple interest in their land and permitting strata leaseholds gives these landowners options for developments.⁷⁰ The classic example of a fee simple holder who is unable to sell is a government body or other public organization that holds title to its land in a sort of public trust.⁷¹

This feature has made strata leaseholds particularly attractive to governments, universities, and, increasingly, First Nations. In each case, the owner may wish

68. B. Bucknall, “Leasehold Condominiums: The Further Flight of the Fee” (1976) 14:1 *Osgoode Hall Law Journal* at p 31.

69. Bucknall at p 36 (“leasehold condominiums are appropriate in circumstances where a freehold transfer of the land is either impossible or undesirable or where the owner of the land does not wish to undertake the long term management responsibilities entailed in a standard residential development”); H. Sakai & M.A. Reskin, “Leasehold Condominiums” (1969) 37:2 *Connecticut Law Review* at p 39.

70. P.J. Rohan & M.A. Reskin, *Condominium Law and Practice* (Matthew Bender, 1965) at s 19.02.

71. See K.C. Woodsworth, ed, *Condominium — 1977; Being the Edited Transcript of a Lecture Course in Continuing Legal Education held at Vancouver in October, 1977* (Continuing Legal Education Society of British Columbia/Centre for Continuing Education, University of British Columbia, 1977) at p 69.

to support residential development without permanently alienating ownership of strategically important lands. In Alberta, for example, commentators have suggested that the reason condominiums were allowed to be built on leasehold land was because of a desire to develop vacation condominiums in Banff, Lake Louise, and Jasper, which involved properties within national parks where freehold interest could not be put in private hands.⁷²

Strata leaseholds have also been described as a tool for strategic site development. For example, allowing governments to develop housing around major transport corridors or other key locations, while retaining long-term control of these strategic sites for other future uses.⁷³

In jurisdictions where legislation allows private landowners to act as leasehold landlords, similar considerations may apply. For example, a private owner may wish to hold on to the fee simple interest in the land for tax, estate, or long-term investment reasons, while taking advantage of income from real estate development.⁷⁴

At a general level, this rationale is more closely aligned with the function of strata leaseholds in British Columbia than the affordability justification discussed in the next section. However, it still does not fully explain the specific historical context in which strata leaseholds emerged in this province. Although strata leaseholds have facilitated residential development on land that would not otherwise have been developed, expanding the range of land available for housing was not, in itself, the principal motivation for their introduction.

Affordability

A second rationale frequently advanced for strata leaseholds is that they have the potential to improve the affordability of real estate.⁷⁵ As one commentator observes, “[t]he theory is that when a condominium is built on a leasehold estate, the purchaser of a unit will pay only for the improvements to the land and

72. Bucknall at p 34 (this comment was made based on a conversation the writer had with a lawyer from the Alberta Housing Corporation).

73. Landgate, “Leasehold strata” (n.d.) <https://www.landgate.wa.gov.au/strata-and-community-titles/leasehold-strata/> (accessed 20 March 2026).

74. Woodsworth at pp 55, 69; Sakai & Reskin at p 39.

75. Sakai & Reskin at p 38.

not for the land itself. The purchaser would thus have a lower down payment and a smaller secured debt to discharge.”⁷⁶ The commentator further states that, under this view, strata leaseholds are seen as a means of providing middle-to-working class purchasers and small-business owners “with rights that are more substantial than those in the standard residential leases, but less expensive than comparable rights in a freehold condominium.”⁷⁷

This explanation rests on an inaccurate idea of how leasehold strata interests operate. As noted earlier in this paper, a description of leaseholds as dividing ownership spatially between land and buildings is misleading.⁷⁸ Purchasers of strata leasehold units do not buy an ownership interest in the physical improvements on the land, such as a building. Rather, they are purchasing a time-limited interest.

One commentary from the 1990s suggested that British Columbia’s strata leasehold scheme was originally established to allow the development of social housing at affordable prices, though the statute did not expressly restrict leasehold projects to that purpose.⁷⁹ The historical research reviewed in this project does not support that characterization. Rather, as explained in further detail below, the introduction of strata leaseholds was prompted by the City of Vancouver’s development of False Creek South. The legislation was enacted to permit strata development on leased land more generally and not as a dedicated affordable housing initiative. More broadly, the assumption that leasehold strata would itself promote affordability was questioned from an early stage.

In the 1970s, an Ontario task force considered the affordability rationale in some depth and concluded that strata leaseholds would likely do little to address the core concern of providing housing for people with low incomes.⁸⁰ It noted that strata leaseholds “developed on Crown Land might be adapted to

76. Bucknall at p 38.

77. Bucknall at pp 37–38.

78. See, above, at pp 9–10.

79. M. Fairweather & L. Ramsay, *Condominium Law & Practice in British Columbia* (Continuing Legal Education of British Columbia, 1996) (looseleaf 1998 update) at §2.19.

80. Ontario, Task Force on Leasehold Condominiums, *The Leasehold Condominium: Problems and Prospects—The Report of the Ontario Task Force on Leasehold Condominiums* (1975) at pp 97–107 [Ontario Task Force Report].

the low income housing market if an appropriate scheme of subsidization could be worked out,” but in the absence of such a scheme, strata leaseholds would “appeal primarily to a middle and upper income market”.⁸¹

The passage of 50 years has likely borne this conclusion out. But what couldn’t have been foreseen in the mid-1970s is that the middle-income market would itself be caught up in an affordability crisis (one that’s either a distinct facet of the affordability crisis afflicting the lower end of the market or its own separate crisis) which has increasingly been the focus of government housing policy.⁸²

Affordability continues to feature prominently in contemporary discussions about leasehold housing, however. Recent government-supported initiatives, including several large First Nations-led developments in Metro Vancouver,⁸³ have been promoted as a means of expanding access to housing for middle-income households. Whether the strata leasehold tenure produces any affordability benefits remains contested, but its continued prominence in housing policy suggests that this rationale has not disappeared from public discussion.

False Creek South: the Catalyst for Strata Leaseholds in British Columbia

The introduction of strata leaseholds in British Columbia was prompted by a specific development project. In the early 1970s, the City of Vancouver was planning the redevelopment of False Creek, waterfront land that had previously

81. Ontario Task Force Report at pp 97–98.

82. Canada-British Columbia Expert Panel on the Future of Housing Supply and Affordability, *Opening doors: unlocking housing supply for affordability: Final report of the Canada-British Columbia Expert Panel on the Future of Housing Supply and Affordability* (2021) https://en-gage.gov.bc.ca/app/uploads/sites/121/2021/06/Opening-Doors_BC-Expert-Panel_Final-Report_Jun16.pdf at p 4 (“this province’s affordability challenges are severe, affecting not just the most vulnerable British Columbians but also middle-income earners and families”); British Columbia, *Homes for B.C.: A 30-Point Plan for Housing Affordability in British Columbia* (2018) www.bcbudget.gov.bc.ca/2018/homesbc/2018_Homes_For_BC.pdf.

83. See, for example, Government of British Columbia, “Attainable Housing Initiative Heather Lands” (19 September 2024) www2.gov.bc.ca/gov/content/housing-tenancy/strata-housing/attainable-housing-initiative-heather-lands.

been used for industrial purposes.⁸⁴ The municipal government of that day had a vision to reclaim city-owned industrial lands and to build a “livable” mixed-use district with a variety of housing forms, including cooperative housing, non-market rental housing, and market rental housing.⁸⁵

A central priority of the City’s vision for False Creek South was to retain public ownership of the 80 acres of land it owned, while creating housing opportunities. Strata leasehold development was viewed as a mechanism that could help achieve these objectives.⁸⁶ To advance this vision, the City successfully advocated for amendments to provincial strata legislation that would permit strata developments to be created on leased land.⁸⁷ The resulting reforms introduced leasehold strata plans through the 1974 *Strata Titles Act*.

False Creek South consequently became one of British Columbia’s earliest and most prominent leasehold strata communities. Approximately two thirds of the properties in False Creek South are on leased land,⁸⁸ with the City of Vancouver continuing to hold about 80 percent of the land.⁸⁹ Many of the original strata lot leases were granted in the 1970s and 1980s for terms of 60 years. According to the City of Vancouver, False Creek South currently has a total of 12 residential strata corporations and 669 strata leasehold units.⁹⁰

84. The False Creek South neighbourhood is located between the Cambie and Burrard Street bridges on the south shore of False Creek, excluding Granville Island and Senakw: City of Vancouver, “False Creek South” (n.d.) <https://vancouver.ca/home-property-development/false-creek-south.aspx> (accessed 23 July 2026).

85. R. Rodger, *Creating a Livable Inner City Community: Vancouver’s Experience* (Ministry of Urban Affairs, 1976) at p 3.

86. Rodger at pp 26–27.

87. See, for example, City of Vancouver, “Regular Council Meeting Minutes” (30 April 1974) <https://searcharchives.vancouver.ca/council-meeting-minutes-apr-30-1974> at p 283 (Vancouver City Council adopted a recommendation from a development consultant for False Creek that the City enter into discussions with the Province and Canada Mortgage and Housing Corporation about having the Province amend the *Strata Titles Act* “to allow for condominiums on land leased by the City”).

88. RePlan, “Strata Leases & Lease Renewal” (March 2015) www.falsecreeksouth.org/wp-content/uploads/2016/03/FAQ-for-Leasehold-Owners-March-2016.pdf at p 1.

89. City of Vancouver, “False Creek South leases on City land” (n.d.) vancouver.ca/home-property-development/false-creek-south-leases-on-city-land.aspx (accessed 7 August 2026).

90. City of Vancouver, “False Creek South leases on City land”.

The False Creek South experience illustrates how the province's newly created leasehold-strata framework was tested in practice and changed over time. For example, under the original 1974 *Strata Titles Act*, a leasehold landlord had a right, but not an obligation, to purchase a tenant's interest when a strata lot lease ended.⁹¹ Concerns about this uncertainty led the developer of early False Creek South strata leasehold units to negotiate an addition to the original lease agreements to include the City's obligation to purchase leasehold tenant's interest upon lease expiry, and this approach was later incorporated into legislation in 1977.⁹²

False Creek South offers a valuable point of reference for considering the long-term operation of strata leasehold developments. As some of the original lease terms approach expiry, questions relating to renewal, valuation, financing, re-development, and lease-end arrangements have become increasingly prominent. Several of these issues are examined later in this consultation paper.

Other Examples of Strata Leaseholds in British Columbia

To illustrate the range of strata leaseholds in the province, this section profiles a few notable examples. These developments demonstrate successes and challenges that have arisen under existing leasehold strata arrangements and a recently growing interest in using the leasehold strata model to develop new homes in British Columbia.

Universities

The University of British Columbia (UBC), through UBC Properties Trust, started to develop properties using leasehold strata plans in the 1990s when Robert H. Lee, UBC alumnus and businessman, had an idea to turn previously undeveloped university endowed land into leasehold housing so as to create a new funding mechanism for the university that would provide revenue in perpetuity

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91. *Strata Titles Act*, SBC 1974, c 89 at s 54(1) ("The lessee's interest in the strata lot shall be subject to the right of the Crown or other lessor to purchase that interest at the date of termination or non-renewal of the ground lease").
92. K. Woodward et al., "White Paper: Historical and Legal Context for False Creek South Residential South Leases" (July 2016) www.falsecreeksouth.org/wp-content/uploads/2017/05/160721_FCS-LeaseandLegal-White-Paper-V3.3-copy.pdf at p 9.
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and foster the development of a more vibrant university community.⁹³ These leaseholds were primarily for terms of 99 years and fully prepaid.⁹⁴

When Mr. Lee created UBC Real Estate (later named UBC Properties Trust) as a vehicle to enact his plan, he predicted the development plans would ultimately generate \$1 billion in funding for the university.⁹⁵ To date, UBC Properties Trust has built over 12 million square feet of spaces for UBC in Vancouver and the Okanagan and has created over \$2 billion in endowment value.⁹⁶ It is forecast to generate \$4 billion. While, at the time, the idea of the university going into business to build development projects to support the university was unusual, the concept has ultimately been adopted by universities across the continent.

In Burnaby, Simon Fraser University (SFU) has similarly developed university properties using leasehold strata plans, beginning in the early 2000s.⁹⁷ The SFU leaseholds appear to be for terms of 99 years and were fully prepaid, so it will only be after 2100 that most of them start to expire.⁹⁸

First Nations-led developments

Recent projects by First Nations illustrate a renewed interest in strata leasehold development in high-demand urban areas, including developments on UBC Endowment Lands and at Jericho Lands.

One example already underway is Ieləḥ village.⁹⁹ In 2017, Musqueam commenced development of this 21-acre community near the University of British Columbia, which, when completed, will be home to as many as 2,500 residents. The properties are leaseholds with 99-year leases.

93. UBC Properties Trust, “Our History” (n.d.) ubcproperties.com/history/ (accessed 27 March 2026).

94. R.E. Cobbett, “Leasehold Assignment Properties” in Continuing Legal Education Society of BC, ed., *Conveyancing for Legal Support Staff: Advanced Issues — 2011 Update* (2011) at p 6.1.5.

95. C. Petty, “Bob Lee: Mr. UBC”, *The University of British Columbia Magazine* (2 June 2022) <https://magazine.alumni.ubc.ca/2022/spring-2022/community/bob-lee-mr-ubc>.

96. UBC Properties Trust, “Our Portfolio” (n.d.) <https://ubcproperties.com/our-portfolio/> (accessed 27 March 2026).

97. Cobbett at p 6.1.6.

98. Cobbett at p 6.1.6.

99. Musqueam Capital Corporation, “About Ieləḥ” (n.d.) <https://musqueamcapital.ca/Ieləḥ/>.

Another prominent example is the Heather Lands redevelopment project in Vancouver. In September 2024, the Province of British Columbia and the MST Nations announced the “Attainable Housing Initiative” which intends to provide up to 2,600 strata leasehold homes for middle income first-time homebuyers. The initiative enables strata leasehold homes to be initially purchased and financed through a 60/40 purchase financing arrangement, under which a buyer pays 60 percent of a unit’s market price and the provincial government initially finances the other 40 percent with the landowner and developer. Premier Eby made a statement saying this initiative’s development model could be replicated across the province.¹⁰⁰

Moving Forward

This chapter has outlined the legal foundations of strata leaseholds, the rationales commonly associated with them, the circumstances that led to their introduction in British Columbia, and some notable examples of their use.

In considering the purposes served by strata leaseholds, the committee took the position that strata leaseholds are a land-use and development tool rather than an affordable housing mechanism. Although strata leasehold units may sometimes sell at lower prices than comparable fee simple properties, there is no guarantee that they will be more affordable. Their value remains influenced by many of the same factors that affect the broader housing market, such as location, amenities, and housing demand.

In the committee’s view, the model’s principal significance is that it allows a landowner to retain the freehold interest in land while providing housing within the framework of the *Strata Property Act*. The recent growth of First Nations-led leasehold developments and ongoing interest in leasehold housing initiatives suggest that the model is likely to continue playing a role in British Columbia’s housing landscape.

Ultimately, the focus of this consultation paper is not whether strata leaseholds should continue to exist or be increasingly developed, but whether the legislative framework governing them continues to operate effectively. The following

100. Government of British Columbia, “Attainable Housing Initiative Heather Lands” (19 September 2024) www2.gov.bc.ca/gov/content/housing-tenancy/strata-housing/attainable-housing-initiative-heather-lands.

chapters examine areas where the current law may give rise to uncertainty, misunderstanding, or unintended consequences and present tentative recommendations for consultation. Several of these issues intersect with broader questions relating to reconciliation and the growing role of First Nations as real estate developers.

Chapter 3. Comparative Research

Overview: This Chapter's Content

As part of this project, BCLI undertook comparative research to examine how strata leaseholds are treated in other jurisdictions in Canada and beyond. The purpose of this research was to identify different approaches governments have adopted to address legal issues associated with the strata leasehold model, and to consider whether those approaches offer insights that may be instructive in the British Columbia context.

The results of that research are set out in this chapter. They demonstrate that, across jurisdictions, approaches to strata leaseholds fall along a broad spectrum. At one end are jurisdictions that expressly prohibit leasehold strata developments. At the other are jurisdictions that have adopted comprehensive statutory regimes addressing the full life cycle of strata leaseholds. Between these poles are jurisdictions that permit leasehold strata but provide little statutory guidance on how they are to operate.

An early academic commentator divided jurisdictions with legislation on strata leaseholds into two camps.¹⁰¹ One camp was made up of jurisdictions, such as British Columbia, that enacted detailed legislation. The other allowed strata leaseholds but took a more hands-off approach to their regulation. The commentator was critical of the second approach, finding it rested on two assumptions that had proven to be unsound: (1) “that leasehold condominiums are different only in detail and can be governed and administered under standard condominium doctrines” and (2) “that market pressures will be sufficient to discourage any abusive schemes.”¹⁰²

While jurisdictions may adopt comprehensive legislative frameworks governing strata leaseholds for a whole host of reasons, commentary has suggested that the overriding goal or “philosophy” of such a legislative framework “appears to be to put strata lot lessees in the same position, as nearly as possible, as fee

101. B. Bucknall, “Leasehold Condominiums: The Further Flight of the Fee” (1976) 14:1 *Osgoode Hall Law Journal*.

102. Bucknall at p 36.

simple strata lot owners.”¹⁰³ By contrast, in jurisdictions without that kind of legal framework, strata leaseholds are implicitly left to be worked out through the individual leases, and the broader law of landlords and tenants.¹⁰⁴

The diversity of approaches in Canada and in other parts of the world underscores both the complexity of the leasehold strata model and the lack of consensus on how to fit it within established principles of property and contract law.

In considering the issues for reform explored in later chapters of this consultation paper, the committee drew on the experiences of other jurisdictions. While recognizing the limits of direct comparison between legal frameworks developed in different jurisdictions, the comparative research was generally helpful in providing context for possible approaches to those reform issues.

Canadian Comparative Research

Strata property in Canada is regulated at the provincial or territorial level. Most Canadian jurisdictions have some provisions for strata leaseholds to be created, but the level of legislative guidance varies.

Outside British Columbia, the strata form of ownership is referred to as *condominium ownership* (except in Quebec, where it is known as *divided co-ownership*). For consistency with the terminology used in other jurisdictions’ legislation, this chapter uses the term “condominium” when discussing other provinces and territories, while recognizing that the condominium model is analogous to the strata form used in British Columbia. British Columbia’s use of the term “strata” reflects the fact that the province’s first strata legislation drew on Australia’s model and for that reason, used the Australian terminology.

The comparative research suggests that British Columbia is an outlier in terms of its uptake of strata leaseholds as an ownership model. In other Canadian provinces and territories where leasehold condominiums are permitted, they

103. M. Fairweather & L. Ramsay, *Condominium Law & Practice in British Columbia* (Continuing Legal Education of British Columbia, 1996) (looseleaf 1998 update) at §2.23.

104. This would typically not be landlord-and-tenant law as modified by modern residential tenancy legislation. Some provinces expressly exclude strata leaseholds from their residential-tenancy acts. See, for example, Ontario’s *Condominium Act, 1998*, SO 1998, c 19 at s 165(7).

are rare or appear not to have been developed at all. This is an important caveat when drawing on comparative experience. While laws and commentary from other jurisdictions still offer helpful points of reference, their practical value may be limited given the lack of real-world application.

Jurisdictions that do not permit leasehold condominiums

There are a handful of Canadian provinces that do not allow the creation of leasehold condominiums: Saskatchewan, Nova Scotia, New Brunswick, and Newfoundland and Labrador. These provinces achieve this result by limiting the application of their condominium legislation to land held in fee simple,¹⁰⁵ or by defining “condominium property” in a manner that excludes leasehold interests.¹⁰⁶

As a result, condominium ownership in these provinces is available only as freehold interests. Leasehold interests in land may exist for other purposes, but they cannot be subdivided into condominium units under the applicable statutory schemes.

Jurisdictions with very limited statutory guidance

Other Canadian jurisdictions permit the creation of leasehold condominiums but provide little to no statutory guidance on the legal practicalities of the leasehold condominium arrangement. Alberta, Nunavut, Prince Edward Island, and Quebec fall within this category.

Alberta’s condominium legislation initially conceived of condominiums only being developed on fee simple land.¹⁰⁷ It was amended in the 1970s to include a simple, one-section enabling provision that allows for leasehold

105. Saskatchewan: *Condominium Property Act*, 1993, SS 1993, c C-26.1 at s 4(2) (“This Act applies only with respect to land held in fee simple...”); Nova Scotia: *Condominium Act*, RSNS 1989, c 85 at s 6(1) (“A property shall comprise only freehold land and interests, if any, appurtenant to that land”); Newfoundland and Labrador: *Condominium Act*, 2009, SNL 2009, c C-29.1 at s 8(1) (“A property shall comprise only freehold land and interests appurtenant to that land”).

106. New Brunswick: *Condominium Property Act*, SNB 2009, c C-16.05 at s 1(1) (“condominium property” is defined as “the freehold land and interests appurtenant to the land described in a description, and includes any freehold land and interests appurtenant to land that are added to the common elements”).

107. *An Act to Facilitate the Division of Buildings Into Separately Owned Units*, SA 1966, c 19 at s 3(3) (“This Act applies only with respect to land held in fee simple. . .”).

condominiums.¹⁰⁸ Although Alberta's condominium legislation has since undergone several amendments, the province's minimal approach to regulating leasehold condominiums has been retained to the present day.¹⁰⁹

Nunavut is somewhat distinctive within Canada in that all condominium units in the territory are leasehold: owners lease the underlying land from the municipality and hold time-limited interests in their units.¹¹⁰ Nunavut's condominium statute imposes few restrictions on who may set up a leasehold condominium, requiring only that the person registering the condominium hold "a leasehold estate in the land described in the plan for a term of more than three years."¹¹¹ A 2022 report identified twenty condominium corporations in Nunavut.¹¹²

Prince Edward Island permits leasehold condominiums,¹¹³ but limits their availability to land owned by and leased from the Crown or a designated Crown agency.¹¹⁴ The legislation also requires a minimum lease term of 99 years.¹¹⁵ Beyond these restrictions, the statutory framework does not provide guidance on the creation, operation, renewal, or termination of leasehold condominiums.

In Quebec, the equivalent term for condominium is *copropriété divise* (divided-co-property).¹¹⁶ Quebec's *Civil Code* permits divided co-ownership on land held under *emphyteusis*, a long-term property right analogous to a leasehold interest in

108. *Condominium Property Act*, RSA 1970, c 62 at s 3(4) as amended by *The Condominium Property Amendment Act, 1972*, SA 1972, c 22 at s 3.

109. *Condominium Property Act*, RSA 2000, c C-22 at s 4(5).

110. Canada Mortgage and Housing Corporation, "Nunavut Fact Sheet" (31 March 2018) www.cmhc-schl.gc.ca/consumers/home-buying/buying-guides/condominium/provincial-fact-sheets/nunavut-fact-sheet.

111. *Consolidation of Condominium Act*, RSNWT 1988, c C-15 at s 4(1)(c).

112. Nunavut Condominium Corporation Insurance Solutions Lab, "Public Discussion Paper" (March 2022) assets.cmhc-schl.gc.ca/sf/project/archive/publications/solutions_labs/nunavut-condominium-corporation-insurance-solutions-lab-final-report---public-v3.pdf at p 5.

113. *Condominium Act*, RSPEI 1988, c C-16 at ss 34–35 [PEI Act].

114. PEI Act at s 34(1).

115. PEI Act at s 34(1).

116. Canada Mortgage and Housing Corporation, "Quebec Fact Sheet" (31 March 2018) www.cmhc-schl.gc.ca/consumers/home-buying/buying-guides/condominium/provincial-fact-sheets/quebec-fact-sheet.

common law jurisdictions.¹¹⁷ The Code establishes limited parameters for such arrangements, including minimum and maximum terms, but does not provide a comprehensive framework.

Notwithstanding the existence of enabling provisions, comparative research indicates that leasehold condominiums have seen little use in these jurisdictions to date.

Jurisdictions with more comprehensive frameworks

Several provinces and territories have adopted more detailed legislative frameworks governing leasehold condominiums. Other than British Columbia, Manitoba, Ontario, the Northwest Territories, and Yukon fall within this category. These frameworks address a wider range of issues arising from leasehold condominium arrangements, including matters such as governance, lease renewal, and termination. These statutes appear to have experienced little to no application in these jurisdictions to date, however.

Manitoba initially enacted a one-section enabling provision for leasehold condominiums,¹¹⁸ but later moved toward a more comprehensive framework.¹¹⁹ There are no statutory restrictions on which landowners may create a leasehold condominium, but registration is limited to leasehold estates with an unexpired term of at least 50 years.¹²⁰ Unit owners may mortgage, sell, or transfer their units without the property lessor's consent.¹²¹ Any renewal of the underlying property lease must be for at least 10 years, and lessors must give the condominium corporation at least five years' notice before term expiry; if that notice is not given, the corporation acquires a statutory right to renew the lease for a 10-year term.¹²² Termination of the property lease is permitted only by court

117. *Civil Code of Québec*, CQLR c CCQ-1991 at art 1040 (Divided co-ownership may be established on a building built by the emphyteuta or on a building which is the subject of surface ownership if the unexpired duration of the rights, at the time of publication of the declaration, is greater than 50 years).

118. *The Condominium Act*, RSM 1970, c C170 at s 4(2).

119. *The Condominium Act*, CCSM c C170 at ss 271–284 [Manitoba Act].

120. Manitoba Act at s 7(1).

121. Manitoba Act at s 274.

122. Manitoba Act at ss 279–280.

order.¹²³ Despite this framework, our research did not identify any examples of leasehold condominiums created under Manitoba's current legislation.

Under the Northwest Territories' condominium legislative framework,¹²⁴ a leasehold condominium must have an unexpired term of at least 25 years in order to be registered.¹²⁵ The Act shares several features with Manitoba's: unit owners may mortgage, sell, or transfer their units without the property lessor's consent, and any renewal of the lease must be for at least 10 years.¹²⁶ The lessor must give the corporation written notice of intention to renew or not renew at least three years before the end of the term; failure to give the required notice results in deemed renewal for 10 years.¹²⁷ A corporation may not terminate a leasehold condominium without the lessor's consent, and a lessor may terminate the lease only under a court order on prescribed grounds, including non-payment of rent, breach of the lease, or expiry of the term.¹²⁸

Ontario enacted enabling legislation for leasehold condominiums in the 1970s,¹²⁹ though the framework was not proclaimed in force until the enactment of *Condominium Act, 1998*.¹³⁰ The Ontario government anticipated that leasehold condominiums would be developed on institutional lands such as those held by universities and hospitals where there was an obligation for the institution to maintain title to the property.¹³¹ Despite this expectation and the successful uptake of freehold condominiums,¹³² leasehold condominiums have

123. Manitoba Act at s 282(1).

124. *Condominium Act*, RSNWT 1988, c C-15, at ss 4(1)(c), 8(6), 8.1, 8.2, 28.1, 28.2 [NWT Act]; *Condominium Regulations*, NWT Reg 098-2008.

125. NWT Act at s 4(1)(c).

126. NWT Act at ss 8.1(3), 8.2(2).

127. NWT Act at ss 8.2(1), 8(4).

128. NWT Act at s 28.2.

129. *The Condominium Act*, RSO 1970, c. 77.

130. *Condominium Act, 1998*, SO 1998, c 19, at ss 164–175 [Ontario Act].

131. Ontario Ministry of Consumer and Business Services Registration Division, "Bulletin No. 2001-1" (4 May 2001) https://files.ontario.ca/condominium_act_1998_2001-1.pdf.

132. Condominium Authority of Ontario, *Annual Report: 2023–2024* (September 2024) www.condoauthorityontario.ca/wp-content/uploads/2024/09/CAO_AnnualReport_23-24-2.pdf ("1.71 million people in Ontario live in condos and 57 per cent of new homes are condos").

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not been common in Ontario,¹³³ and research did not identify evidence of any recent increase in their development.

Notably, this outcome was foreseen by the 1975 Ontario Task Force on Leasehold Condominiums, which studied the model in depth and reached a wide range of conclusions about its viability.¹³⁴ Among them, the task force found that leasehold condominiums were likely most appropriate for people in the middle and upper income ranges, and that the market for such units would be only marginally broader than the market for freehold condominiums and freehold houses.¹³⁵ It also flagged serious inherent difficulties, particularly around financing and refinancing as rent recalculation and termination dates approached, and around risks of disrepair and dilapidation toward the end of the lease term.¹³⁶

Ultimately, the Ontario task force warned that leasehold condominiums would likely be treated as high-risk investments by financial institutions and would be, from the perspective of purchasers and lenders alike, the "least attractive element in the housing market."¹³⁷ The task force's report has proven especially valuable to this project as a thorough study of the leasehold condominium model and is cited throughout this paper.

Yukon initially enabled leasehold condominiums through a single provision in its earlier condominium legislation.¹³⁸ Its current *Condominium Act*, 2015 provides a general framework for condominiums, with the details of leasehold condominiums addressed in the *Condominiums on Leasehold Land Regulation*.¹³⁹

133. A.M. Loeb, "The Condominium Regime in Ontario" (2016) 22 *Canterbury Law Review* at p 5; Condominium Authority of Ontario, "What Is a Condo?" (n.d.) www.condoauthorityontario.ca/before-you-buy-or-rent-a-condo/what-is-a-condo/ (accessed 5 May 2026).

134. Ontario, Task Force on Leasehold Condominiums, *The Leasehold Condominium: Problems and Prospects—The Report of the Ontario Task Force on Leasehold Condominiums* (1975) at p 25 [Ontario Task Force Report].

135. Ontario Task Force Report at p 2.

136. Ontario Task Force Report at pp 34–35.

137. Ontario Task Force Report at p 3.

138. *Condominium Act*, RSY 2002, c 36.

139. *Condominium Act*, 2015, SY 2015, c 4; *Condominium on Leasehold Land Regulation*, OIC 2022/25 [Yukon Regulation].

Yukon limits leasehold condominiums to land held by public authorities, meaning the Government of Yukon, a municipality, or a prescribed public authority (which includes eligible Yukon First Nations in respect of their settlement land).¹⁴⁰ The ground lease must have a term of at least 60 years and must state that all leasehold titles expire on the expiry of the ground lease and revert to the public authority.¹⁴¹ On expiry, all leasehold titles and interests in common property revert to the public authority without compensation.¹⁴²

Australia

Strata title came into existence in Australia in 1961, with New South Wales being the first Australian state to introduce strata legislation.¹⁴³ Other Australian jurisdictions followed suit,¹⁴⁴ and by the 1970s, strata title had been adopted throughout Australia.¹⁴⁵

As noted above British Columbia's first-generation strata legislation was closely modelled on the New South Wales statute,¹⁴⁶ making that jurisdiction of particular comparative interest.

New South Wales has a dedicated statute that addresses strata leaseholds, the *Strata Schemes (Leasehold Development) Act 1986*.¹⁴⁷ At the start of the Act, it has a note that states that the purpose of the Act is "to allow land to be subdivided by means of a strata scheme in cases where the owner of the land does not

140. Yukon Regulation at s 2 ("...an eligible Yukon First Nation within the meaning of the *Land Titles Act, 2015* is prescribed as a public authority in respect of the eligible Yukon First Nation's settlement land if (a) the settlement land has been brought under the *Land Titles Act, 2015*; and (b) a certificate of title has been issued under section 67 of the *Land Titles Act, 2015* in respect of the settlement land.")

141. Yukon Regulation at s 4(2)(b).

142. Yukon Regulation at s 4(2)(d).

143. *Conveyancing (Strata Titles) Act 1961*, SBC 1966, c 46.

144. The Law Commission, *Commonhold Comparative Research* (10 December 2018) at p 2; A. Christudason, "Subdivided Buildings: Developments in Australia, Singapore and England" (1996) 45:2 *The International and Comparative Law Quarterly* at p 347.

145. C. Partners, "How strata title solved the housing crisis" (28 January 2025) *Lexology* www.lexology.com/library/detail.aspx?g=3246c281-00aa-4b03-9c2c-a0a045a116c2.

146. *Strata Titles Act*, SBC 1966, c 46.

147. *Strata Schemes (Leasehold Development) Act 1986*, no 219 [NSW Leasehold Act].

wish, or is not able, to part with ownership of the land.”¹⁴⁸ The note also points out that many of the provisions governing the leasehold strata scheme and the freehold strata scheme are the same.

New South Wales’s statute establishes a comprehensive framework governing the life of a strata leasehold, from the creation and registration of the scheme, through to the expiry of the leases and the resolution of lease-end issues.

In 2020, Western Australia introduced the strata leasehold option, following comprehensive reforms to its strata titles law.¹⁴⁹ The stated policy objectives included expanding development options on land that could not be sold, supporting strategic land use, and facilitating interim or time-limited developments.¹⁵⁰

Since this tenure came into effect in 2020, however, no application to register a leasehold scheme has been made.¹⁵¹ Western Australia is currently undertaking a five-year statutory review of its strata law, which considers the operation of its *Strata Titles Act* as a whole. Among the questions the review raises is what factors may be preventing the take-up of leasehold strata schemes.¹⁵² The first phase of consultation drew considerable interest, with over 1,600 responses received.¹⁵³ At the time of this paper’s publication, the phase two discussion paper setting out potential reform solutions has not yet been released.

United States of America

Condominium property in the United States is regulated at the state level, with all 50 states having enacted their own condominium legislation. In addition, the

148. NSW Leasehold Act at Part 1.

149. *Strata Titles Amendment Act 2018* (WA).

150. Landgate, “Leasehold strata” (n.d.) www.landgate.wa.gov.au/strata-and-community-titles/leasehold-strata/ (accessed 20 March 2026).

151. Landgate, *Phase one discussion paper: Five-year review of WA strata law* (2024) www.landgate.wa.gov.au/siteassets/documents/strata-and-community-titles/strata-titles/strata-law-and-reform/five-year-sta-review-discussion-paper.pdf at p 10 [Landgate Phase One Discussion Paper].

152. Landgate Phase One Discussion Paper at p 11.

153. Landgate, “Five year review of WA’s strata law” (n.d.) www.landgate.wa.gov.au/strata-and-community-titles/strata-titles/strata-law-and-reform/five-year-review-of-was-strata-law/ (accessed 27 July 2026).

Uniform Law Commission (ULC) has developed model laws intended to promote greater uniformity, which states can choose to adopt or not. In 2021, the ULC released the most recent version of the Uniform Common Interest Ownership Act, which featured a section on Leasehold Common Interest Communities.¹⁵⁴

BCLI did not carry out a substantive comparison of all the governing condominium property legislation across the United States, but it focused specifically on Hawaii (the American state with the longest history of experience with leasehold condominium properties)¹⁵⁵ and reform proposals by the ULC.

Hawaii

The experience of leasehold condominiums in Hawaii is unique because much of the land is owned by large trusts and Indigenous families who either cannot, or will not, sell it outright.¹⁵⁶ In addition, because Hawaii is a set of islands, land is a scarce and valuable commodity.¹⁵⁷

Condominium leasehold units are enabled under Hawaii's state legislation.¹⁵⁸ There are no restrictions on terms for private leaseholds. Public land leaseholds cannot exceed 65 years unless they are a residential leasehold, which can have an initial term of 55 years with extensions for up to a total of 75 years.¹⁵⁹

A leasehold condominium's ground lease can require the rent to be renegotiated periodically.¹⁶⁰ If a lease expires and the parties cannot agree on the renewal rent, there is a mandatory arbitration process. If arbitration does not

154. Uniform Law Conference, *Uniform Common Interest Ownership Act (2021)* at s 2-106 [UCIOA].

155. S. La Croix, *Hawai'i: Eight Hundred Years of Political and Economic Change* (The University of Chicago Press, 2019) at pp 210–229 (“The rise and fall of residential leasehold tenure in Hawai'i”).

156. Ontario, Task Force on Leasehold Condominiums, *The Leasehold Condominium: Problems and Prospects—The Report of the Ontario Task Force on Leasehold Condominiums* (1975) at p 25 [Ontario Task Force Report].

157. Ontario Task Force Report at p 25.

158. *2025 Hawai'i Revised Statutes* at ch 514-36.

159. *2025 Hawai'i Revised Statutes* at ch 171-36(2).

160. *2025 Hawai'i Revised Statutes* at ch 514B-151.

resolve the matter, then the land reverts to the landowner, including the value of any improvements.¹⁶¹

In some circumstances, the lessee may purchase the fee simple interest from the owner. This option is available for single-family residential leaseholds in Hawaii, and for multi-family residential leasehold condominiums in Honolulu.

Hawaii's experience also illustrates how politically contested residential leasehold tenure can become, particularly where it is associated with concentrated land ownership. In 1991, following significant increases in condominium prices, the Honolulu City Council enacted a land reform law that empowered a city agency to acquire land beneath leasehold condominiums and resell it to participating condominium owners.¹⁶² Between 1991 and 2004, the number of leasehold condominiums in Honolulu fell from just under 41,000 to roughly 23,000 units.¹⁶³ In 2005, however, following sustained opposition from Native Hawaiian charitable trusts and civic groups, the Honolulu City Council repealed the land reform legislation, ending involuntary condominium conversions.¹⁶⁴

While Hawaii's experience is not directly transferable to the British Columbia context, it illustrates one point of comparative interest: that legislated mechanisms for conversion from leasehold to fee simple ownership is one policy option that has been used elsewhere, although it is not one that has been adopted in Canadian jurisdictions.

The Uniform Common Interest Ownership Act

The UCIOA has been adopted in full or in part by a number of states. Most recently, Washington State adopted the 2008 version of the UCIOA.¹⁶⁵

The UCIOA's approach to leasehold common interest communities is notably minimal. The UCIOA does not specify who can set up a leasehold. It also does not set out a minimum or maximum length for a leasehold term, though it does require that every lessor sign a declaration which states the length of the

161. 2025 *Hawai'i Revised Statutes* at ch 516-70.

162. La Croix at p 211.

163. La Croix at p 211.

164. La Croix at p 211.

165. *Washington Revised Statutes*, ch 64.90.

lease.¹⁶⁶ It does not prescribe a detailed statutory framework for lease renewal, end-of-lease purchase obligations, or valuation of improvements on termination.

The UCIOA sets out certain rules for after a declaration is recorded, including that:

- neither the lessor nor lessor's successor may terminate the leasehold of a unit owner who makes timely rent payments and otherwise complies with all covenants;¹⁶⁷
- if the unit owner does not make timely rent payments or comply with covenants, then the lessor is entitled to terminate the lease;¹⁶⁸ and
- a unit owner's leasehold interest in a condominium or planned community cannot be affected by failure of any other person to pay rent or fulfill any other covenant.¹⁶⁹

The UCIOA does not provide specific rules about leasehold expiry. However, it states that declarations must clearly set out the rights of unit owners to:

- redeem the reversion and the manner whereby those rights may be exercised, or a statement that they do not have those rights;
- remove any improvements within a reasonable time after expiration or termination of the lease, or a statement that they don't have those rights; and
- renew the lease and the conditions of the renewal, or a statement that they do not have those rights.¹⁷⁰

England and Wales

This brief overview of leaseholds in England and Wales is included to avoid misunderstandings that could arise from comparing longstanding concerns with

166. UCIOA at s 2-106(a).

167. UCIOA at s 2-106(b).

168. UCIOA at s 2-106(b). The UCIOA does not state if this would require a court application.

169. UCIOA at s 2-106(b).

170. UCIOA at s 2-106(a).

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the United Kingdom's residential leasehold regime to issues related to strata leaseholds in British Columbia.

In England and Wales, leasehold ownership has been the subject of sustained social, political, and academic criticism, particularly in relation to onerous ground rents, poor management, excessive service charges levied by landlords, the charging of unreasonable permission fees for leaseholders to carry out alterations to their property, and the ability of landlords to require leaseholders to pay all or some of the landlord's legal costs when there is a dispute between the parties.¹⁷¹ As one commentator noted, "[t]he leasehold relationship tended to give the most important rights under the agreement to the landlord and the most important obligations to the tenant."¹⁷²

After World War II, many countries including Australia, Canada, and the United States, turned toward strata/condominium housing to meet high demand for housing. In England and Wales, by contrast, leasehold ownership grew and flats continued to be owned, almost universally, on a leasehold basis.¹⁷³

The *commonhold*, introduced in 2004,¹⁷⁴ is the UK's equivalent to fee simple strata ownership, though there are some structural differences.¹⁷⁵ However, for a variety of reasons, including limitations in its legal design, commonhold failed to gain traction.¹⁷⁶

171. The Law Commission, *Reinvigorating commonhold: the alternative to leasehold ownership* (2020) www.gov.uk/government/publications/reinvigorating-commonhold-the-alternative-to-leasehold-ownership [*Reinvigorating Commonhold*].

172. I.J. McDonald, "The Leasehold System: Towards a Balanced Land Tenure for Urban Development" (1969) 6:2 *Urban Studies* at p 182.

173. *Reinvigorating Commonhold* at p 18.

174. *Commonhold and Leasehold Reform Act 2002*, c 15 (UK); *Commonhold Regulations 2004*, SI 2004/1829.

175. For example, one key structural difference is that, in the UK, it is the commonhold association that owns the common property, not the owners of the commonhold lots: UK Government, "Guidance: Commonhold property" (modified 3 March 2025) www.gov.uk/guidance/commonhold-property.

176. UK Government, *Commonhold White Paper: The proposed new commonhold model for homeownership in England and Wales* (March 2025) assets.publishing.service.gov.uk/media/67c5a21368a61757838d21bd/Commonhold_White_Paper.pdf at pp 10, 24 [UK Commonhold White Paper].

Recent legislative reforms have sought to reinvigorate commonhold and to ban new leasehold flats,¹⁷⁷ with hope that freehold ownership within a commonhold will be the “default” tenure for shared residential flats and mixed-use developments moving forward.¹⁷⁸

The example of England and Wales appears to illustrate the risks associated with relying on long-term residential leases to significantly define the relationship between a landlord and tenant, outside a statutory framework. In comparison to British Columbia’s strata regime, however, the English experience does not provide a comparable housing model to strata leaseholds, as there is no equivalent statutory model that integrates leasehold interests within a strata-style governance framework.

177. *Leasehold and Freehold Reform Act 2024*, c 22 (UK). This new legal framework is largely based on recommendations made by the UK Law Commission in a 2020 report: Law Commission, *Reinvigorating commonhold: the alternative to leasehold ownership* (2020) lawcom.gov.uk/project/commonhold/.

178. UK Commonhold White Paper at p 11.

Chapter 4. Leasehold Landlords

Overview: This Chapter's Content

This chapter looks at who is legally permitted to create a strata leasehold and play the role of what the *Strata Property Act* calls a *leasehold landlord*. The legislation sets out a defined list of entities allowed to act in this role. This chapter explains how that list has changed over time and provides background on the public authorities that are currently included.

Entities Currently Authorized to be Leasehold Landlords

What is a “leasehold landlord”?

A leasehold landlord is the landowner who leases the land on which a leasehold strata or condominium development is developed.

Depending on the jurisdiction, a leasehold landlord may be a private landowner, a public body, or a developer. In British Columbia, however, the *Strata Property Act* limits who can take on this role.

Who can be a leasehold landlord in British Columbia?

Part 12 of the *Strata Property Act* defines a *leasehold landlord* as “the government of British Columbia, the government of Canada, a municipality, a regional district, a Nisga'a Village or the Nisga'a Nation, a treaty first nation or another public authority as defined by a regulation made under this Act.”¹⁷⁹

The accompanying regulation identifies the following bodies as “public authorities” under the Act:¹⁸⁰

- universities;
- the shíshálh Nation;
- the Provincial Rental Housing Corporation;

179. *Strata Property Act*, SBC 1998, c 43 at s 199 “leasehold landlord”.

180. *Strata Property Regulation*, BC Reg 184/2024 at s 12.1.

- school boards; and
- four business corporations affiliated with First Nations and associated with specific real estate developments in British Columbia's Lower Mainland.

Together, the Act and regulation create a closed list. Only the entities identified in these provisions can currently act as leasehold landlords in British Columbia.

How the current list of authorized leasehold landlords developed

Unlike other provinces and territories, British Columbia has always restricted who may be a leasehold landlord. Starting in 1974 when strata leaseholds were introduced, the legislation defined the term by reference to the following entities:

- the Crown (i.e., the government of British Columbia);
- the Federal Crown (i.e., the government of Canada);
- a municipality;
- a regional district; or
- another public authority.¹⁸¹

The items on this list are united by a common identity: they are the three levels of government in Canada (i.e., federal, provincial, and local/regional). It was suggested by one 1991 commentary that this requirement for land to be leased from the Crown or a government agency reflected “a belief the public landlord will be more honourable and fair.”¹⁸² This, however, does not appear to be the most accurate or complete explanation.

As described in chapter 2,¹⁸³ the legislative change to permit strata leaseholds in British Columbia can be traced to the City of Vancouver's desire to develop a

181. *Strata Titles Act*, SBC 1974, c 89 at s 53 (1) “lessor” [1974 *Strata Titles Act*]. See also 1974 *Strata Titles Act* at s 52 (a) (prohibiting registrar of land titles from registering a leasehold strata plan unless title to the land is held by one of these entities or another public authority).

182. S.W. Hamilton, “Residential Leasehold Estates—A Paper Prepared for Canada Mortgage and Housing Corporation” (1991) at p 27.

183. See, above, at pp 19–24.

variety of housing types while retaining the underlying freehold interest in False Creek South lands. Viewed against that history, the restriction to public entities may say less about the trustworthiness of public landlords than about which landowners it is appropriate to entrust with the power to develop and sell a marketable strata interest while retaining the right to take back possession when the lease expires (a right often described in property law as a *reversionary interest*).

In 2000, at the end of a nearly decade-long reform process, the *Strata Property Act* came into force.¹⁸⁴ This Act repealed and replaced the 1974 *Strata Titles Act*, which had changed its name in the 1990s to the *Condominium Act*.¹⁸⁵ The *Strata Property Act* carried forward essentially the same list of leasehold landlords from 1974, with a couple of drafting changes that had the effect of clarifying and tightening up the list: (1) the definition was converted from an open-ended one that “included” a list of items to a closed list that “means” only the items on it; and (2) public authorities would now be defined by a further list, which would be prescribed by regulation.¹⁸⁶

These changes set off a step-by-step expansion of the list of authorized leasehold landlords.

First, in February 2000, the Lieutenant Governor in Council (i.e., the provincial cabinet) used the regulation-making power to add the following public authorities to the list:¹⁸⁷

- a university as defined in the *University Act*;¹⁸⁸

184. *Strata Property Act*, SBC 1998, c 43.

185. *Condominium Act*, RSBC 1996, c 64.

186. This change removed the onus from the Registrar of determining whether a particular body is or is not a “public authority” authorized to be a leasehold landlord: M.C. Fairweather, *Conversions, Phasing, Bare Land, Leasehold & Municipal Issues Under the Strata Property Act* (Paper prepared for the Continuing Legal Education Society of BC’s Seminar, The New Strata Property Act, Vancouver, 11 May 2000).

187. *Strata Property Regulation*, BC Reg 43/2000 at s 12.1.

188. *University Act*, RSBC 1996, c 468 at ss 1, 3(1), 3(1.1) (a “university” is defined by reference to the University of British Columbia, University of Victoria, Simon Fraser University, University of Northern British Columbia, and a special purpose, teaching university as designated by the Lieutenant Governor in Council).

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- the Sechelt Indian Band established under section 5 (1) of the *Sechelt Indian Band Self-Government Act* (Canada);¹⁸⁹
- the Provincial Rental Housing Corporation;¹⁹⁰ and
- a board as defined in section 1 of the *School Act*.¹⁹¹

Then, in 2002, the *Strata Property Act* was amended, adding the following to the list:

- a Nisga'a Village; or
- the Nisga'a Nation.¹⁹²

Nisga'a was the first band in British Columbia to sign a modern-day lands claim agreement with the provincial and Canadian governments in 1998.¹⁹³ The *Nisga'a Final Agreement* enabled the Nisga'a First Nation to sell, lease, mortgage, and encumber all Aboriginal title lands set out in the agreement. This treaty and land claims agreement (the product of nearly 20 years of intense negotiation) delivered a full and final agreement on the property rights of the Nisga'a to nearly 2,000 square kilometers of land in the lower Nass River valley (north of Terrace).¹⁹⁴

189. The Sechelt Indian Band was recognized as a self-governing Indigenous nation in 1986 under the *Sechelt Indian Band Self-Government Act*, SC 1986, c 27. In 2024, this item in the Regulation was updated to read “the shíshálh Nation established under section 5 (1) of the *shíshálh Nation Self-Government Act* (Canada)”: see BC Reg 123/2024 at s 24.

190. Incorporated in 1961 and administered by BC Housing, the Provincial Rental Housing Corporation is the land-holding corporation for social and other low-cost housing owned by the province.

191. *School Act*, RSBC 1996, c 412 (a “board” means “a board of school trustees constituted under this Act or a former Act”). See also *School Act* at s 96 (which provides that a board can acquire and hold land and improvements to provide housing for students or employees).

192. *Miscellaneous Statutes Amendment Act, 2002*, SBC 2002, c 22 at s 12 (in force 21 June 2002—see BC Reg 149/2002).

193. *Nisga'a Final Agreement*, 27 April 1999. The treaty came into effect on May 11, 2000: Nisga'a Lisims Government, “Understanding the Treaty” (n.d.) www.nisgaanation.ca/government/nisgaatreaty/understanding-the-treaty/ (accessed 27 March 2026).

194. S. Graben, “Lessons for Indigenous Property Reform: From Membership to Ownership on Nisga'a Lands” (2014) 47:2 *UBC Law Review* at pp 404–405.

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In 2007, a further amendment to the *Strata Property Act* added a new item to the list:

- a treaty First Nation.¹⁹⁵

Treaties that have come into effect in the 21st century are referred to as modern treaties. Prior to the *Nisga'a Final Agreement*, which came into effect in May 2000, the last treaty was concluded in 1899.¹⁹⁶

There are currently eight self-governing Modern Treaty Nations in British Columbia.¹⁹⁷ After the *Nisga'a Final Agreement*, the Tsawwassen First Nation Treaty came into effect in 2009.¹⁹⁸ In 2011, the Maa-nulth Treaty came into effect, which included five independent Indigenous governments, the Huu-ay-aht First Nations, Toquaht Nation, Uchucklesaht Tribe Government, Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations and Yuułu?ił'ath Government (Ucluelet First Nation).¹⁹⁹ The Tla'amin Treaty was signed in 2014 and came into effect in 2016.²⁰⁰

According to the BC Treaty Commission's 2025 Annual Report, there are 29 First Nations in active tripartite negotiations, meaning they are participating in, or

195. *Final Agreement Consequential Amendments Act, 2007*, SBC 2007, c 36 at s 166 (in force 3 April 2009—see BC Reg 55/2009).

196. Government of British Columbia, "History of Treaties in B.C." (modified 20 September 2024) www2.gov.bc.ca/gov/content/environment/natural-resource-stewardship/consulting-with-first-nations/first-nations-negotiations/about-first-nations-treaty-process/history-of-treaties-in-bc.

197. All eight Modern Treaty Nations are also members of the Alliance of BC Modern Treaty Nations: The Alliance of BC Modern Treaty Nations, "About Us" (n.d.) alliancebcmtn.ca/ (accessed 27 March 2026).

198. *Tsawwassen First Nation Final Agreement*, 6 December 2007 www.rcaanc-cirnac.gc.ca/eng/1100100022706/1617737111330.

199. *Maa-nulth First Nations Final Agreement*, 1 April 2011; BC Government, "Maa-nulth First Nations" (modified 28 October 2025) www2.gov.bc.ca/gov/content/environment/natural-resource-stewardship/consulting-with-first-nations/first-nations-negotiations/first-nations-a-z-listing/maa-nulth-first-nations.

200. *Tla'amin Final Agreement*, 11 April 2014 www.tlaaminnation.com/governance/treaty/.

have completed treaties or agreements through, the BC treaty negotiations process.²⁰¹

Finally, between 2015 and 2024, the provincial government added the following public authorities to the list:

- Musqueam Block F Land Ltd.;²⁰²
- MST (Marine Drive, WV) Land Holdings Ltd.;²⁰³
- MST (Fairmont) Land Holdings Ltd.;²⁰⁴ and
- 0996501 BC Ltd.²⁰⁵

These last four items are business corporations, backed by First Nations, in connection with specific real-estate developments in the Lower Mainland.

Musqueam Block F Land Ltd. is a government business enterprise of the Musqueam Indian Band, shares of which are held in trust by various members of Musqueam.²⁰⁶ Its inclusion in the Regulation is in connection to a project by the Musqueam to develop a 21-acre parcel of land in the University Endowment Lands, commonly referred to as *leləm* (meaning “home” in Musqueam).²⁰⁷

leləm is an estimated 10-year phased build-out with approximately 1,250 homes planned for about 2,500 residents. Musqueam Chief Wayne Sparrow has stated that the leasehold structure was crucial to this project, because it had never

201. BC Treaty Commission, *Annual Report 2025* (9 October 2025) bctreaty.ca/wp-content/uploads/2025/10/BCTC-Annual-Report-2025.pdf.

202. BC Reg 158/2015 (effective 28 July 2015).

203. BC Reg 70/2019 (effective 1 April 2019).

204. BC Reg 172/2024 (effective 2 July 2024).

205. BC Reg 172/2024 (effective 2 July 2024).

206. Musqueam Indian Band, “Consolidated Financial Statements of Musqueam Indian Band: Year ended March 31, 2018” (16 July 2018) musqueam.bc.ca/wp-content/uploads/2019/01/MIB-2018-Consolidated-FS-1.pdf.

207. University Endowment Lands, “*leləm* (Block F Development)” (n.d.) www.universityendowmentlands.gov.bc.ca/businessservices/blockf.htm (accessed 27 March 2026).

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been a consideration to develop the land to sell fee simple strata as the Musqueam was not going to sell the land.²⁰⁸

The Regulation was amended to include MST (Marine Drive, WV) Land Holdings Ltd. in April 2019, which is connected to the development of a 5-acre property located in the District of West Vancouver by the MST Development Corporation, a historic partnership between the Musqueam, Squamish, and Tsleil-Waututh (MST) Nations.²⁰⁹ This project, the first that MST Nations is developing without a development partner, involves a proposed 150-unit townhouse development.²¹⁰

MST (Fairmont) Land Holdings Ltd. was added to the list in connection with ǵ eʷs/Xawś/The New Village, a housing initiative on the Heather Lands, a 21-acre site in Vancouver that used to be the RCMP E Division Headquarters. Announced in September 2024, this initiative aims to provide approximately 2,600 homes for middle income earners using the 99-year strata leasehold model.²¹¹

Lastly, the addition of the numbered company, 0996501 BC Ltd., to the Regulation is related to the redevelopment of the Willingdon Lands, a 40-acre land parcel in Burnaby. This project, titled Kʷasən Village, has been undertaken by the Musqueam, Tsleil-Waututh, and Aquilini Development, who partnered together to buy the land from the Province in March 2014 for \$57.9 million.²¹²

The project, titled Kʷasən Village, proposes to accommodate more than 5,200 housing units, including over 4,300 leasehold strata units.²¹³ In a Council

208. D. Fumano & L. Culbert, “‘This is just the beginning’: First Nations’ real estate megaprojects game-changing for Metro Vancouver” (15 July 2022) *Vancouver Sun*.

209. MST Development Corporation, “4165 – 4195 Marine Drive, West Vancouver” (2 November 2021) <http://mstdevelopment.ca/projects/marine-drive/>.

210. District of West Vancouver, “4165 – 4195 Marine Drive” (n.d.) <https://westvancouver.ca/business-development/development-applications/4165-4195-marine-drive> (accessed 27 March 2026).

211. Government of British Columbia, “Partnership between MST Nations, Province will help thousands own their first home in Vancouver” (19 September 2024) <https://news.gov.bc.ca/releases/2024HOUS0044-001557>.

212. Aquilini Development, “Burnaby Approves 40-Acre Willingdon Lands Project” (30 June 2022) <https://aquilinidevelopment.com/news/burnaby-approves-40-acre-willingdon-lands-project/>.

213. Musqueam Indian Band, “Consolidated Financial Statements of Musqueam Indian Band: Year ended March 31, 2018” (16 July 2018) <https://musqueam.bc.ca/wp-content/uploads/2019/01/MIB-2018-Consolidated-FS-1.pdf>.

Report to the City of Burnaby, the reasons for using a leasehold arrangement were set out:

The leasehold tenure of the Willingdon Lands allows the Nations to maintain ownership of the land in perpetuity while simultaneously creating a more affordable alternative to freehold home ownership in Burnaby. The mix of strata-leasehold, market rental, and non-market rental units provides a wide range of housing to meet the varying needs of all residents and different levels of income. Further, the leasehold tenure approach is critical for the prosperity of future generations of the Musqueam and Tsleil-Waututh Nations, and is aligned with the City's commitment to Truth and Reconciliation.²¹⁴

In summary, British Columbia's list of allowed public authorities remains highly particularized, consisting of a closed statutory list, supplemented by a prescribed list of public authorities in the Regulation. New entities may be added only through legislative amendment or by regulation, which requires an order from the Lieutenant Governor in Council (i.e., the provincial cabinet).

Issues for Reform

Should British Columbia's strata legislation continue to restrict who can act as strata leasehold landlords?

Brief description of the issue

Since the 1970s, British Columbia has permitted strata leaseholds but has controlled their development by restricting who may act as a leasehold landlord. Originally, leasehold landlords were limited to various levels of government. Over time, other organizations were added to this list, such as universities, school boards, the provincial housing corporation, treaty First Nations, and ultimately, certain corporations connected to housing projects led by First Nations.

British Columbia is unique in maintaining a closed list of authorized leasehold landlords. Is there a case to be made for removing restrictions in the strata

214. City of Burnaby, "Council Report: Rez #22-29 – 3405 Willingdon Ave – Multiple Family Residential Development – Willingdon Lands Phase I" (25 September 2023) at pp 7-8.

legislation entirely, allowing any entity with the legal capacity to hold property to act as a leasehold landlord? Or should the legislation continue to set out specific restrictions? The committee's consideration of this question served as a foundation for the more specific issues that follow.

Options for reform

One option is to remove restrictions on leasehold landlords entirely, allowing any entity with the legal capacity to hold land to act as a strata leasehold landlord. This approach would treat strata leaseholds more like freehold strata, expanding flexibility and potentially increasing development opportunities. However, it would also represent a significant departure from British Columbia's long-standing statutory approach and would raise concerns about whether private entities should be permitted to retain ownership of the underlying land and the reversionary interest, given the long-term consumer protection issues associated with strata leaseholds.

A second option is to retain restrictions, but to expand the list of authorized landlords incrementally. Under this approach, the provincial government could continue to add specific categories of entities where there is a clear public policy rationale. While this model preserves a measure of control, it risks perpetuating a piecemeal framework that may lack coherence and transparency. It may also result in inconsistent treatment between similarly situated entities, depending on how and when legislative or regulatory changes are made.

A third option is to retain the current restriction of leasehold strata to public authorities. This approach reflects the view that strata leaseholds differ fundamentally from freehold strata because the landlord retains ownership of the underlying freehold interest in the land and the right to recover possession at the end of the lease term.

Because the leasehold landlord is not simply a developer that exits a project once units are sold and remains a central participant in the legal structure of the leasehold strata development, this view holds that leasehold landlords should be entities whose mandates, governance structures, and long-term stability provide a measure of assurance to leaseholders. From this perspective, it may be appropriate to limit this power to public authorities that hold land for public or community purposes, rather than opening it to the full range of private landowners.

The committee's tentative recommendation for reform

In considering the options described above, the committee recognized that the question of who should be permitted to act as a leasehold landlord is closely connected to broader views about strata leaseholds as a housing model. The desirability of expanding or retaining restrictions cannot easily be assessed in isolation. Perspectives on this issue are often informed by views about the benefits and drawbacks of strata leaseholds generally, including questions of governance, consumer protection, affordability, and the complexity of leasehold ownership. As a result, assessments of whether access to the strata leasehold model should be expanded (and, if so, to whom) will often depend on one's broader evaluation of the model itself.

A central consideration in the committee's deliberations was the long timelines on which strata leaseholds operate. In British Columbia, a leasehold strata plan may only be created if the underlying lease has a term of at least 50 years, and many leases are considerably longer. This creates the very real possibility that strata leaseholds will very likely encounter problems of dilapidation and disrepair toward the time when the leasehold interest terminates.²¹⁵

"The British Columbia legislation permitting the creation of leasehold condominiums," a commentator has argued, "tries to meet this problem by forcing the landlord to pay the unit holders the market value of the improvements to the land upon the termination of the lease."²¹⁶ In this commentator's view, British Columbia can take this approach "only because it restricts leasehold condominiums to leases on Crown lands."²¹⁷

Since this comment was written in the 1970s, British Columbia has expanded strata leaseholds beyond "Crown lands," but each additional leasehold landlord arguably shares two characteristics that governments typically possess and that appear to support the long-term operation of the legislative framework. First, these entities can reasonably be expected to continue to exist over the many

215. Ontario, Task Force on Leasehold Condominiums, *The Leasehold Condominium: Problems and Prospects—The Report of the Ontario Task Force on Leasehold Condominiums* (1975) at p 2.

216. B. Bucknall, "Leasehold Condominiums: The Further Flight of the Fee" (1976) 14:1 *Osgoode Hall Law Journal* at p 44.

217. Bucknall at p 44.

decades that a strata leasehold development may remain in operation. Second, they can reasonably be expected to remain financially capable of meeting their legal obligations.

Another feature that seems common to these entities is that they generally develop land in pursuit of broader public objectives. That said, this characterization should not overlook the fact that some leasehold landlord arrangements may undertake developments that increase housing supply or serve other public-facing objectives, but they are operating primarily as economic development vehicles.

Ultimately, the committee was not persuaded that there was a sufficiently clear rationale for extending leasehold landlord status to private entities. No compelling reason emerged demonstrating that private entities require access to the strata leasehold model in order to achieve housing development objectives that could not be accomplished through other legal or commercial arrangements. Accordingly, the committee's tentative view is that British Columbia should continue to restrict who may act as a leasehold landlord.

The committee tentatively recommends:

1. British Columbia's strata legislation should continue to have restrictions on who can act as leasehold landlords.

Should British Columbia's strata legislation be amended to permit all non-treaty First Nations to act as leasehold-strata landlords?

Brief description of the issue

This issue arises in the context of a changing development landscape in British Columbia. In recent years, First Nations have taken on an increasingly prominent role in housing and mixed-use development, including major projects in urban and high-demand areas. Some of these projects have used, or may wish to use, the strata leasehold model as a way to develop housing while retaining long-term control of the underlying land.

Under the current strata-property framework, treaty First Nations are authorized to act as leasehold landlords, but most First Nations in British Columbia are

not. As a result, non-treaty First Nations seeking to develop strata leasehold housing off-reserve have required project-specific regulatory authorization from the province.

The question is whether British Columbia's strata leasehold framework should move away from a model based on treaty status or project-specific inclusions, and toward a general authorization for all First Nations to act as leasehold landlords.

Options for reform

One option is to maintain the current framework. Under this approach, non-treaty First Nations would continue to require project-specific regulatory authorization to develop strata leaseholds on their off-reserve lands. The status quo preserves a high degree of provincial oversight and allows eligibility to be assessed on a case-by-case basis. However, it also perpetuates uncertainty and differential treatment that may be increasingly difficult to justify in light of recent legislative changes recognizing First Nations' authority to hold land in their own name (discussed in more detail in the next section) and reconciliation commitments.

A second option is to amend the *Strata Property Act* to expressly authorize all First Nations, regardless of treaty status, to act as leasehold landlords. This approach would eliminate the treaty/non-treaty distinction and recognize First Nations' authority over their lands in a manner analogous to other governments. The strata leasehold model can allow land to be developed to generate revenue while enabling long-term ownership of the underlying freehold interest, which may be particularly important for First Nations that do not wish to alienate land through fee simple disposition. From a provincial perspective, this option could support housing supply in amenity-rich locations while operating within established strata governance and consumer protection frameworks.

A third option is for the province to undertake consultation with First Nations on whether and how eligibility should be broadened, to inform future legislative reform. The outcome of that consultation could support retaining the current framework, adopting a broader authorization for First Nations, or pursuing some other approach. This option would allow the government to assess the level of interest in strata leasehold development and align with British Columbia's *Declaration on the Rights of Indigenous Peoples Act* requirement that the

development of any reforms affecting Indigenous rights be formed “in consultation and cooperation with the Indigenous Peoples in British Columbia.”²¹⁸

The committee’s tentative recommendation for reform

While the committee has tentatively recommended that British Columbia continue to restrict who may act as a leasehold landlord, it does not regard the current list of authorized leasehold landlords as immutable. The committee considers it appropriate to explore expansions of the list where there is justification for doing so.

One historic reason for the exclusion of non-treaty First Nations from the list of authorized leasehold landlords was that, until recently, provincial law did not permit First Nation governments to register and hold land and interests in their own name, except in limited circumstances created through treaties or specific legislation. As a result, many First Nations were required to establish corporations or use other legal arrangements like trusts, societies, or proxies, to hold fee simple or leasehold interests on their behalf, imposing unnecessary costs and administrative complexities.²¹⁹

In May 2024, amendments to the *Land Title Act* and the *Property Law Act* enabled all First Nations in British Columbia to register and hold interests in land in their own name.²²⁰ The committee viewed these changes as a significant development, notable for this topic. This change removed a longstanding legal barrier that limited First Nations’ participation in the provincial property system and represents an important shift toward legal recognition of the rights of Indigenous Peoples to own, use, develop, and control land.²²¹

The committee also noted that partnership structures involving private developers, including limited partnerships or numbered companies, have sometimes been used in part because First Nations could not previously hold registered

218. *Declaration on the Rights of Indigenous Peoples Act*, SBC 2019, c 44 at s 3 [BC’s *Declaration Act*].

219. Government of British Columbia, “New legislation will eliminate discriminatory barriers for First Nations” (2 April 2024) <https://news.gov.bc.ca/releases/2024IRR0013-000460>.

220. Bill 13, *Land Title and Property Law Amendment Act*, 5th Sess, 42nd Parl, 2024 (assented to 25 April 2024).

221. J. Hickling, “Legislative Amendment Exposes and Removes Historic Barrier” (2024) 223 *BC Studies*.

title in their own name. The recent legislative amendments may reduce the need for these arrangements going forward.

The committee also considered British Columbia's broader commitment to reconciliation grounded in the *United Nations Declaration on the Rights of Indigenous Peoples*, which is a comprehensive articulation of the inherent, pre-existing individual and collective human rights of Indigenous Peoples.²²² Several rights articulated in the *UN Declaration* are particularly relevant in the housing context, including the right of Indigenous Peoples to own, use, develop, and control land they have traditionally occupied or used.²²³ Canada formally endorsed the *UN Declaration* in 2010.²²⁴ In 2016, the federal government reaffirmed its commitment to adopt and implement the *UN Declaration* and noted that it was a full supporter, without qualification, of the *UN Declaration*.²²⁵

In 2019, British Columbia enacted the *Declaration on the Rights of Indigenous Peoples Act*, which requires the provincial government to take all measures necessary to ensure that BC laws are brought into alignment with the *UN Declaration*, in consultation and cooperation with British Columbia's Indigenous Peoples.²²⁶ This includes reviewing British Columbia's existing laws to identify inconsistencies with Indigenous rights and legal orders.²²⁷ In the committee's view, these reconciliation commitments support careful consideration of whether exclusions of non-treaty First Nations embedded in provincial legislation remain

222. United Nations General Assembly, *United Nations Declaration on the Rights of Indigenous Peoples*, UN Doc A/RES/61/295 (2007) [*UN Declaration*].

223. *UN Declaration* at art 26.

224. Government of Canada, "News Release: Canada Endorses the United Nations Declaration on the Rights of Indigenous Peoples" (12 November 2010) www.canada.ca/en/news/archive/2010/11/canada-endorses-united-nations-declaration-rights-indigenous-peoples.html.

225. Government of Canada, "News Release: Canada Becomes a Full Supporter of the United Nations Declaration on the Rights of Indigenous Peoples" (10 May 2016) www.canada.ca/en/indigenous-northern-affairs/news/2016/05/canada-becomes-a-full-supporter-of-the-united-nations-declaration-on-the-rights-of-indigenous-peoples.html.

226. BC's *Declaration Act* at s 3.

227. To help move this work forward, BCLI established the Reconciling Crown Legal Frameworks Program, which supports research and law reform projects aimed at implementing BC's *Declaration Act*: British Columbia Law Institute, "Reconciling Crown Legal Frameworks" www.bcli.org/reconciling-crown-legal-frameworks/.

justified and whether they continue to reflect the role that First Nations play as governments, landholders, and housing providers.

The committee further noted the increasingly prominent role that First Nations are playing in housing and mixed-use development across the province. The Musqueam, Squamish, and Tsleil-Waututh (MST) Nations, for example, have become one of the most influential real estate developers in the province.²²⁸ One commentary notes that their large-scale developments serve two related purposes: first, as a form of economic redress for colonial dispossession (enabled through government-facilitated land reacquisition and profit-oriented development to generate revenue for First Nations), and second, as a partial response to housing affordability through the delivery of large volumes of predominantly market-rate housing.²²⁹

Within the strata context, the committee questioned whether treaty status is an appropriate basis on which to distinguish between First Nations that may act as strata leasehold landlords and those that may not. The committee observed that treaty status does not necessarily correlate with governance capacity, institutional continuity, land management expertise, or the ability to manage housing developments over the long term.

Taking these considerations together, the committee believes that the continued exclusion of the majority of First Nations from the category of authorized strata leasehold landlords is increasingly difficult to justify in light of recent legislative recognition of First Nations' landholding authority and British Columbia's reconciliation commitments. In the committee's view, these developments warrant further examination of the current framework.

At the same time, the committee did not conclude that the provincial government should immediately authorize all non-treaty First Nations to act as leasehold landlords. The committee had limited information about the extent to which First Nations are seeking this reform, whether demand varies across

228. The MST Nations are full or partial owners of six major development properties in Metro Vancouver, comprising more than 160 acres of developable land with an estimated value in the billions of dollars: MST Development Corporation, "Projects" (n.d.) <https://mstdevelopment.ca/projects/> (accessed 15 July 2026).

229. T. van der Haegen, "An Indigenous capital switch? First Nation real-estate development and the provision of social housing in Vancouver" (2025) 1 *International Journal of Housing Policy*.

communities, or whether alternative approaches might better reflect Indigenous priorities. The committee therefore concluded that robust, meaningful consultation should precede any legislative change.

The committee tentatively recommends:

2. The provincial government should consult with First Nations on whether the list of authorized leasehold landlords should be broadened, with a view to extending strata leasehold landlord authority to include non-treaty First Nations.

Should British Columbia’s strata legislation be amended to permit not-for-profit societies to act as a leasehold-strata landlord?

Brief description of the issue

Another question that the committee considered was, in view of British Columbia’s long-term trend of incrementally expanding the list of leasehold landlords, is the time right to consider adding not-for-profit societies to the list?

A society is a form of incorporated not-for-profit organization governed by the *Societies Act*.²³⁰ Like other incorporated entities, societies have legal personality. They can, among other things, own property, enter into a contract, and sue and be sued, and sustain a lawsuit—all in the society’s own name.²³¹ A society’s members enjoy limited liability, which means that they are “not, in that [membership] capacity, liable for a debt or other liability of the society”.²³²

Societies carry out a wide array of activities in British Columbia. According to Statistics Canada figures from 2023, 5.6 percent of the province’s “not-for-profit organizations” (a group that would be largely made up of societies) are active in “development and housing”.²³³ This segment of the total number of societies amounts to somewhere in the range of 1,000 societies.

230. *Societies Act*, SBC 2015, c 18.

231. *Societies Act* at s 6.

232. *Societies Act* at s 5.

233. Statistics Canada, *Table 33-10-0753-01: Percentage of total non-profit organizations, 2023, (2024)* <https://doi.org/10.25318/3310075301-eng>.

Consistent with their not-for-profit identity, societies active in development and housing tend to focus on providing affordable housing to low-income households. There are, of course, many ways to accomplish this goal. One way that has attracted considerable recent attention is the use of a community land trust, which is organized as and governed by a society.²³⁴

Given this context, the question arose whether societies should be permitted to act as strata leasehold landlords, either generally or subject to conditions.

Options for reform

The committee considered a spectrum of options under this issue. At the ends of the spectrum were options that essentially answer the question posed with a *yes* (the legislation should be amended to enable societies to act as leasehold landlords) or a *no* (the legislation shouldn't be amended to enable societies to act as leasehold landlords). But between these black-and-white options were shades of grey that involve amending the legislation to allow only certain societies, which meet articulated conditions, to act as leasehold landlords.

A rationale for the first option, allowing societies to act as leasehold landlords, is that it could achieve some major goals for the system as a whole. Allowing societies to act as leasehold landlords could help to diversify real-estate development in British Columbia's communities. In particular, since community land trusts tend to be societies, this reform could support a broader goal of the legislation, which is to encourage affordable residential housing.

For example, a recent academic article has touted the capacity of community land trusts to enhance middle-income market by "providing an additional opportunity to become homeowners to people who otherwise might not have been able to do so"²³⁵ and by "add[ing] needed nuances to a spectrum of property designs that combine the values of independence, cooperation, and community at varying levels".²³⁶ Legislative reform that allows societies to be leasehold landlords could arguably help to foster these benefits in British Columbia.

234. M. Goëtzmann, "The Liberal Case for Community Land Trusts" (2024) 37:2 *Canadian Journal of Law & Jurisprudence* at p 455.

235. Goëtzmann at p 436.

236. Goëtzmann at p 455.

Another factor considered in favour of the first option is that societies bear some similarities to the organizations already on the list of authorized leasehold landlords. If one element unites this disparate list, it is that it appears to be made up of organizations that favour developing land primarily in the public interest, rather than primarily in the interest of making profits. Societies can be seen as a natural next step for the list to take.

But, on the other hand, drawbacks to allowing societies to be leasehold landlords were identified. For instance, it is not clear that there is widespread demand within the not-for-profit sector for access to the strata leasehold model. The not-for-profit sector in British Columbia appears to be more focused on core concerns of affordability in the low-income housing market. Arguments that the sector could also play a role in alleviating problems in the middle-income market through strata leaseholds could seem speculative and less pressing than current concerns.

Second, any decision on reforming British Columbia's legal framework is going to amount to a judgment call on where to set the balance within a delicate system. It could be argued that allowing societies into this system is a bridge too far.

This last point (advancing a downside of the first option for reform) shades into the positive case for the second option, which is to essentially preserve the current list of leasehold landlords. As noted previously, authorized leasehold landlords have generally been presumed to have two qualities that are instrumental to the leasehold strata framework: permanency and solvency. While some societies may possess these two qualities, it cannot be assumed that these characteristics apply to societies as a class.

From this perspective, extending leasehold landlord authority to societies could introduce systemic risks, particularly if a society were to dissolve, lose assets, or change its activities over time. These risks are not easily mitigated through the legislative framework.

A third option is to adopt a qualified approach, allowing only certain societies that meet specified conditions to act as strata leasehold landlords. Conditions could be designed to address concerns about governance, financial capacity, and long-term commitment.

What these conditions could be poses an open-ended question. A few considered by the project committee were:

- **Distinction in the *Societies Act*:** While the *Societies Act* tends to treat all societies the same, the Act does have one special carve-out for a class of societies that it calls member-funded societies. The salient features of a member-funded society are set out in a disclaimer that all such societies are required to have in their constitutions: member-funded societies are “funded primarily by its members to carry on activities for the benefit of its members. On its liquidation or dissolution, this society may distribute its money and other property to its members.”²³⁷ As a result of these qualities, member-funded societies are subject to lower levels of public accountability and oversight than all other societies²³⁸ and aren’t eligible for significant levels of public funding²³⁹ (including not being eligible to receive any “loans or grants of money from the British Columbia Housing Management Commission”).²⁴⁰ Since these qualities likely make member-funded societies a bad fit with acting as leasehold landlords, not being a member-funded society could be made a condition of a society acting as a leasehold landlord.
- **Restrictions on activities:** The *Societies Act* contains an express prohibition on societies “carry[ing] on any activity or exercis[ing] any power that the society is restricted by its bylaws from carrying on or exercising or that is contrary to its purpose”.²⁴¹ It could be possible to build on this provision by only allowing those societies that have appropriate restrictions in place to act as leasehold landlords. This could be a way to allay concerns that a society might, over the long term of a leasehold strata, drift away from its purposes to provide that form of housing.
- **Financial qualification:** Finally, since a major concern of the legal framework for strata leaseholds relates to financial issues as the strata leasehold nears the end of its term, a condition could be applied to societies

237. *Societies Act* at s 191(1).

238. *Societies Act* at ss 195–199.

239. *Societies Act* at s 191(2); *Societies Regulation*, BC Reg 216/2015 at ss 12–13.

240. *Societies Regulation* at s 13(a).

241. *Societies Act* at s 7(1)(a).

that would only allow them to act as leasehold landlords if they meet an express financial qualification. For example, the legal framework could only permit those societies that retain assets greater than a prescribed amount to be leasehold landlords. This condition would directly address the concern that a society acting as leasehold landlord could be unable to honour the financial responsibilities that come with that role.

The legal framework could apply these conditions singly or in any combination, as a direct response to potential significant concerns about allowing societies to act as leasehold landlords. But, that said, this approach could also be criticized in a number of ways.

First, the current list is clear and precise about the identity of each entity that can be a leasehold landlord. Taking a qualified approach to societies might undermine some of that conceptual certainty. In order to determine whether a society qualifies, it would be necessary for someone to interpret the society's constitution and bylaws and also, maybe, its financial statements.

This first concern leads to a second concern. Taking a qualified approach to societies as leasehold landlords would create new administrative burdens. Some organization would have to vet societies to ensure that they meet the legal framework's conditions. Given the way that the legal framework is currently set up, that organization might be the land title office though it may be reluctant to play this role and might resist having that role imposed on it.

A third concern is that some mechanism would be needed to enforce these conditions against societies over the long term. Although it's somewhat difficult, a society can amend its constitution and bylaws. And a society's finances are going to be even more fluid. But these conditions could prove to be illusory if they were only checked upon registration of a leasehold strata plan. The whole point of these conditions is to provide some reassurance to leasehold tenants over the long haul. But it's far from clear that any group (whether the leasehold tenants collectively, the provincial government or a government agency) would be able to effectively monitor and enforce them over that period.

The committee's tentative recommendation for reform

As with the broader question of who should be permitted to act as a leasehold landlord, the committee approached this issue through the lens of the long-

term nature of strata leasehold developments. A strata leasehold may remain in existence for many decades before lease expiry occurs. The legal framework therefore depends on leasehold landlords maintaining long-term organizational continuity over extended periods.

While not-for-profit societies play an important role in housing delivery in British Columbia, the strata leasehold model raises distinct long-term governance and financial risks. After giving this issue significant consideration, the committee decided that no sufficiently persuasive case emerged to justify doing so at this time, either on a universal basis or through a conditional framework.

The committee tentatively recommends:

3. British Columbia's strata legislation should not be amended at this time to enable not-for-profit societies to act as strata leasehold landlords, whether generally or subject to conditions.

Chapter 5. Standardization of Strata Lot Leases

Overview: This Chapter's Content

This chapter examines whether British Columbia's strata leasehold framework would benefit from greater standardization of strata lot leases.

As discussed in chapter 2, strata leaseholds combine elements of both contract and property law.²⁴² A strata leasehold lot is a registrable property interest that is bought and sold in the market in much the same way as a freehold strata lot. At the same time, the content of that interest depends heavily on the terms of the strata lot lease.

This hybrid structure can create difficulties where strata lot leases are lengthy, complex, or uniquely customized. In such cases, purchasers may have difficulty understanding the nature, limits, and risks of the leasehold interest they are acquiring. This concern is particularly acute where fundamental matters, such as rent obligations or end-of-lease processes, are governed by opaque lease provisions that may vary across developments. At the same time, some degree of contractual flexibility may be valued particularly to accommodate diverse development contexts and changing circumstances.

This discussion therefore engages a familiar tension. Property law has traditionally emphasized certainty, stability, and continuity, often at the expense of adaptability. Strata property regimes already depart from some of these traditions by combining individual property interests with collective governance structures. In the strata leasehold context, this tension is compounded by the extent to which a long-term property interest is defined through contracts negotiated at the front end of a development.

Against this background, this chapter considers whether greater standardization of strata lot leases could improve clarity, predictability, and consumer

242. See, above, at pp 6–11.

protection within the strata leasehold framework, while still preserving appropriate flexibility.

The Role of the Strata Lot Lease

The *Strata Property Act* refers to two distinct leases in the context of leasehold strata plans: the ground lease and the strata lot lease.

A leasehold strata plan is registered by an application made by the registered lessee under a ground lease, typically a real-estate developer.²⁴³ When the leasehold strata plan is deposited, the registrar issues new indefeasible titles in the name of the leasehold landlord for each strata lot. In effect, the deposit of a leasehold strata plan causes the “conversion” of the ground lease into individual strata lot leases, including a share in the common property.²⁴⁴ These individual leases must take the form of the model strata lot lease attached to the ground lease.²⁴⁵ The *Strata Property Act* and regulations do not currently provide a standard form of the model strata lot lease.

Section 205 of the *Strata Property Act* states that leasehold tenants are “conclusively deemed to have agreed with the leasehold landlord to observe the terms and conditions contained in the strata lot lease.”²⁴⁶ It also provides that leasehold tenants are not bound by anything contained in the ground lease that is not also contained in the strata lot lease.²⁴⁷

In practice, therefore, the strata lot lease is the operative document governing the leasehold strata arrangement. While the ground lease remains registered on title, forming the foundation of the leasehold interest, it plays no functional role once the leasehold strata plan has been deposited. It is the strata lot lease that sets out the rights and obligations of the leasehold landlord and leasehold tenants.

243. *Strata Property Act*, SBC 1998, c 43 at s 201.

244. *Strata Property Act* at s 203(1).

245. *Strata Property Act* at s 203(1)(a).

246. *Strata Property Act* at s 205(a).

247. *Strata Property Act* at s 205(b).

Notably, the contractual terms of the strata lot lease are determined at the development stage by the leasehold landlord and the developer. The future leasehold tenants and strata corporation do not participate in those initial negotiations. Nevertheless, leaseholders are bound by the terms in their strata lot leases for what may be several decades.

Issues for Reform

Should British Columbia's strata framework include a standardized model strata lot lease?

Brief description of the issue

This question addresses whether the current reliance on strata lot leases without further legislative guidance risks undermining the predictability usually associated with strata property as a form of property interest.

Options for reform

One option is to require all strata lot leases to follow a prescribed statutory form. A standardized lease could promote consistency between developments, reduce drafting variation, and provide purchasers with clearer expectations about the nature of the interest they are acquiring. Analogous approaches already exist within the *Strata Property Act*, such as the form schedule of restrictions that leasehold landlords must use when imposing restrictions on the lease, assignment, or occupancy of lots in a strata leasehold.²⁴⁸

An alternative option would be to require that all strata lot leases include a specified set of mandatory terms, while leaving the content or wording of the terms to the parties. This could be supplemented by a government-issued template or model lease that is optional to use. Such a form could guide or educate leasehold landlords and real estate developers on the information that must be included and demonstrate how to include this information in clear, accessible language. This approach would be comparable to the Residential Tenancy Agreement form provided by the provincial government, which ensures that

248. *Strata Property Regulation*, BC Reg 43/2000, Form O (for the purposes of sections 206(2)(a) and 214 of the *Strata Property Act*).

essential requirements from the *Residential Tenancy Act* are included while allowing landlords the freedom to create their own versions.²⁴⁹

The committee's tentative recommendation for reform

A central concern for the committee was that many of the most important features of a strata leasehold interest are determined by the contents of the strata lot lease. While purchasers of freehold strata lots acquire a relatively standardized form of property interest, purchasers of leasehold strata lots must often navigate lengthy contractual provisions that may affect rent, renewal rights, end-of-lease outcomes, and other fundamental aspects of ownership.

In debating whether the legislation should be more directive, rather than less, in this area, the committee was attracted to the certainty that would result from greater standardization. In its view, the potential of strata leasehold as a stable and marketable property interest is compromised where key features of the interest depend on complex, variable contractual provisions.

Greater standardization would promote certainty and reduce the risk of poorly drafted lease terms. Even where sophisticated parties are involved, strata lot leases may contain ambiguities, internal contradictions, or provisions that become difficult to interpret over time. This concern is amplified if strata leasehold development were to expand beyond large institutional landlords to include smaller or less experienced actors.

Concerns regarding standardization are not unique to British Columbia or new. The 1975 Ontario Task Force on Leasehold Condominiums, for example, observed that leasehold condominium schemes allowed landowners and developers a "wide latitude" to structure arrangements that could be abusive to unit owners.²⁵⁰ The task force emphasized that any leasehold condominium scheme should be "very precise and very complete in its terms" and recommended that

249. Government of British Columbia, "Tenancy forms" (modified 24 July 2026) www2.gov.bc.ca/gov/content/housing-tenancy/residential-tenancies/calculators-and-resources/tenancy-forms.

250. Ontario, Task Force on Leasehold Condominiums, *The Leasehold Condominium: Problems and Prospects—The Report of the Ontario Task Force on Leasehold Condominiums* (1975) at p 2 [Ontario Task Force Report].

Chapter 5: Standardization of Strata Lot Leases

unit leases be drafted in the simplest possible language.²⁵¹ It further suggested that robust disclosure requirements are necessary to provide the minimum level of protection for prospective buyers of leasehold condominium units.²⁵²

The committee recognized that British Columbia's strata leasehold framework already contains some degree of standardization through the *Strata Property Act*. The strata framework provides a degree of consumer protection and familiarity. Nevertheless, the legislation provides relatively little guidance on the required or recommended contents of strata lot leases or how purchasers should understand the rights and risks associated with acquiring a leasehold interest, rather than a fee simple interest.

This gap is particularly significant in relation to matters such as rent and end-of-lease processes. Standardization may nonetheless come at a cost. Any prescribed form risks functioning as a one-size-fits-all solution that does not fully accommodate diverse development models, public ownership structures, or unique redevelopment objectives.

The committee's support for a standard form lease or, at minimum, mandatory substantive provisions, is grounded in concerns about clarity, consistency, and risk within the strata leasehold framework. In the committee's view, greater standardization would reduce the risk of critical features of strata leasehold interests being governed by variable, unclear, or poorly drafted contractual terms. It would also promote a more coherent and predictable framework for purchasers, leasehold landlords, developers, and others involved in the market.

At the same time, the committee recognized practical trade-offs in how this standardization is implemented. A prescribed standard form lease would provide the greatest degree of certainty and uniformity, but it may also reduce flexibility and create implementation burdens. For that reason, the committee concluded that an alternative approach requiring all strata lot leases to include a specified set of mandatory substantive provisions would also be acceptable if a full standard form lease is not adopted.

251. Ontario Task Force Report at p 3.

252. Ontario Task Force Report at pp 5, 61–62, 108.

The committee tentatively recommends:

4. The Strata Property Act should ideally provide a standard form lease that includes a list of mandatory substantive provisions and that all strata lot leases must follow. If that is not feasible, the legislation should, at a minimum, require that all strata lot leases contain certain mandatory substantive provisions.

What terms should be required to include in a strata lot lease?

Brief description of the issue

If greater standardization of strata lot leases is adopted, a further question arises: what provisions should be required in every lease?

The committee focused on three issues that may be especially important to address consistently across all strata leasehold developments: lease term, rent, and maintenance and repair obligations.

Options for reform

Some lease elements, such as identification of the parties and a description of the strata lot, are uncontroversial and functionally essential. The committee focused on identifying pressure points within strata leasehold arrangements where clarity and consumer protection are most needed. These include unified lease terms within a strata development, rent, and the end-of-lease process.

In the committee's view, it may not be sufficient to require that strata lot leases merely address these matters. In some areas, the committee considered whether the legislation should prescribe substantive rules rather than leaving outcomes to contractual negotiation.

On the issue of rent, strata leasehold developments may involve prepaid or non-prepaid rent.²⁵³ Under a prepaid structure, the cost of the lease is embedded in the initial purchase price, and no further rent is payable during the lease term. Under a non-prepaid structure, leasehold tenants are required to make

253. The Continuing Legal Education Society of British Columbia, *British Columbia Strata Property Practice Manual* (1 January 2026) at §3.62.

rent payments in instalments, typically alongside strata fees and mortgage obligations, and rent may be subject to adjustment.

A non-prepaid lease structure can be understood as introducing yet another informal layer of temporal subdivision to the strata context. Where a purchaser pays only a portion of the lease price upfront, they are effectively acquiring a smaller interest than one who has fully prepaid, not because the lease term is shorter, but because the financial commitment is deferred. The result is a further fragmentation of the property interest, with the attendant need to renegotiate or adjust the remaining obligation over time.

Most existing strata leasehold arrangements in British Columbia are prepaid for long terms, commonly 99 years, although this is not universal.²⁵⁴ The *Strata Property Act* does not expressly require strata lot leases to be prepaid, but the overall framework appears to have been developed with prepaid arrangements in mind.

The complexity associated with this additional subdivision and the disputes it may generate are arguably not justified by whatever marginal affordability advantage it may offer. The committee also noted that, if a more affordable interest is desired, that objective can be achieved more transparently by shortening the lease term itself, rather than by allowing partial prepayment to operate as a *de facto* mechanism for creating smaller interests.

If non-prepaid structures continue to be permitted, additional statutory guidance may be required. For example, Ontario's current *Condominium Act* requires leasehold condominium declarations to include both a rent schedule for the initial period and a formula governing rent adjustments for the remainder of the term.²⁵⁵ These provisions are intended to ensure predictability and transparency

254. Government of British Columbia, "Strata leaseholds" (8 May 2026) www2.gov.bc.ca/gov/content/housing-tenancy/strata-housing/understanding-stratas/strata-leaseholds. For example, the majority, but not all, of residential strata leasehold units at False Creek South are prepaid: City of Vancouver, "False Creek South leases on City land" (n.d.) vancouver.ca/home-property-development/false-creek-south-leases-on-city-land.aspx (accessed 21 April 2026).

255. *Condominium Act, 1998*, SO 1998, c 19 at s 166(2).

for purchasers. The Ontario task force in its report had suggested restrictions regarding rent recalculation.²⁵⁶

End-of-lease outcomes were identified as another critical marker of the strata leasehold interest. Under section 214 of the *Strata Property Act*, the leasehold landlord must purchase a leasehold tenant's interest in the strata lot upon termination of the lease, with the purchase price determined by the lease or by fair market valuation assumptions. These issues are discussed in greater detail in Chapter 8.

Finally, the committee considered whether strata lot leases should be permitted to impose maintenance and repair obligations that exceed those applicable to freehold strata owners under the *Strata Property Act*.

As a general rule, the *Strata Property Act* contemplates that a strata corporation is responsible for repairing and maintaining the common property, while individual owners are responsible for repairing and maintaining their own strata lots.²⁵⁷ This general principle is subject, however, to the more detailed provisions of the Act, the regulations, the strata's bylaws and various other sources including the schedule of unit entitlement and any applicable alteration agreements.²⁵⁸

Leasehold strata leases can impose obligations that go beyond those applicable to freehold owners. The committee identified a concern that, in the absence of clear limits, lease terms can be (and often are) used to impose higher or more onerous obligations on leasehold tenants. Strata lot leases commonly require that the leasehold tenant keep the premises in good repair throughout the term, so that the landlord recovers a well-maintained building at the end of the lease. As leases approach the end of their term, the obligation to fund major capital expenditure (such as significant repairs to a building's structure or roof) can weigh heavily on leasehold tenants who, unlike freehold owners, may see little or no return on that investment in the building's final years.

256. Ontario Task Force Report at p 3.

257. The Continuing Legal Education Society of British Columbia at §22.1.

258. Government of British Columbia, "Paying for repair and maintenance in stratas" (22 April 2024) www2.gov.bc.ca/gov/content/housing-tenancy/strata-housing/operating-a-strata/repairs-and-maintenance/paying-for-repair-and-maintenance.

Such outcomes place leasehold purchasers at a structural disadvantage and create inconsistency between leasehold and freehold strata regimes. Whether leasehold tenants should be held to higher or more onerous maintenance obligations than freehold owners raises real questions of fairness and market certainty that the committee considered warranted attention.

The committee's tentative recommendations for reform

The committee favours the clarity that would result from having the Act expressly acknowledge that all strata lot leases within one strata corporation must have the same lease term. The framework is set up such that strata lot leases originate from a ground lease with a set term, so it may be assumed that all model strata lot leases will have the same term. However, an explicit statutory clarification could remove doubt and prevent potential future mischief.

The committee tentatively recommends:

5. Section 203 of the Strata Property Act should be revised to expressly state that, on conversion of the ground lease, all strata lot leases within a strata corporation must have the same lease term.

On the issue of rent, from a consumer protection perspective, the committee considered that prepaid lease structures provide greater upfront certainty and reduce long-term financial risk for leasehold tenants. They also avoid the need for complex rent adjustment mechanisms and reduce the potential for dispute over time.

The committee tentatively recommends:

6. The Strata Property Act should require that all strata lot leases be prepaid.

Finally, to ensure consistency between leasehold and freehold strata regimes and to prevent the imposition of additional burdens on leasehold tenants, the committee considers that maintenance and repair obligations for strata lot leases should not exceed the obligations on freehold strata owners under the *Strata Property Act*.

The committee tentatively recommends:

7. Strata leasehold maintenance obligations for leasehold tenants should not exceed those applicable to freehold strata owners under the Strata Property Act.

How should proposed reforms apply to existing strata leasehold schemes?

Brief description of the issue

Any legislative reform raises the question of temporal application. Amendments may operate prospectively (operating for the future only) or retroactively (operating backward in application). There is a long-standing presumption against retroactive legislation, as it has the effect of changing the legal outcomes of past arrangements.²⁵⁹ The presumption is strong, but can be rebutted by clear, express language or by necessary implication.²⁶⁰

The committee considered the fairness of applying new rules to existing strata leasehold schemes, particularly in light of the long-term nature of these property interests.

Options for reform

One option would be to apply any reforms only prospectively. A prospective approach would respect the settled expectations of existing leasehold landlords and leasehold tenants and avoid altering the legal consequences of previously negotiated arrangements. It would also align with the general presumption against retroactive legislation and reduce the risk of uncertainty or dispute arising from changes to long-standing contractual relationships.

However, a purely prospective approach could result in two distinct classes of strata leasehold properties governed by different legal regimes for many years. Given the length of typical lease terms, this differentiation could persist for generations. The committee considered whether this outcome would undermine the coherence and accessibility of the strata leasehold framework as a whole, particularly for purchasers, professionals, and lenders attempting to navigate a mixed system.

A second option would be to apply the reforms retroactively to existing strata leasehold schemes. Retroactive application could promote consistency across the province and ensure that all strata leasehold developments are governed by

259. See, for example, *British Columbia v Bolster*, 2007 BCCA 65 at paras 98-99.

260. R. Sullivan, *The Construction of Statutes*, 7th ed, (LexisNexis Canada, 2022) at p 729.

a common set of rules in relation to renewal and termination. Some of the statutory provisions targeted for reform have also either never been used in practice or are framed at such a high level of generality that they arguably do not operate effectively. In this context, the impact of retroactive application may be more limited than in other settings.

At the same time, retroactive reforms may be perceived as unfair if they override clear, negotiated contractual outcomes that were intended to govern the end of a lease. In particular, where existing strata lot leases already contain provisions addressing renewal, termination, or purchase-price formulas, legislative intervention could unsettle carefully structured arrangements and reallocate economic risk in ways not anticipated by the parties.

The committee's tentative recommendation for reform

In weighing the above considerations, the committee sought to strike a balance between fairness to existing parties and the broader policy objectives of clarity, consistency, and consumer protection. The committee was persuaded that the benefits of retroactive application and avoiding a fragmented legal regime outweighed the potential disadvantages, provided that appropriate limits were imposed.

For this reason, the committee favoured retroactive application of the proposed reforms, but only where existing strata lot leases do not already expressly govern these matters. Where parties have clearly set out end-of-lease outcomes, including purchase price formulas on termination, those contractual arrangements should continue to apply.

The committee tentatively recommends:

8. The proposed reforms addressing renewal and termination issues should apply retroactively, except where existing leases already explicitly govern these matters, including purchase-price formulas on termination.

Chapter 6. Modifications to the Strata Lot Lease

Overview: This Chapter's Content

This chapter examines whether, and under what conditions, the substantive terms of a strata lot lease should be capable of modification after the lease has been created but before termination. It considers when, how, and by whom the terms of an existing strata lot lease may be modified during the life of the lease.

Part 12 of the *Strata Property Act* addresses changes to strata lot leases in three contexts: lease restrictions imposed by the leasehold landlord (sections 206–207), renewal of strata lot leases (sections 210–211), and termination of strata lot leases (section 214). Lease renewal issues are addressed in Chapter 7. This chapter concentrates on the modification mechanisms, particularly those relating to lease restrictions and changes to end-of-lease valuation formulas.

British Columbia's Current Legislative Framework

Sections 206 and 207 of the *Strata Property Act* govern restrictions on the lease, assignment, or occupancy of a strata lot imposed by the leasehold landlord. Any such restriction must be recorded in a schedule filed in the land title office at the time the strata plan is deposited and becomes enforceable against future leasehold tenants.

Section 207 permits a leasehold landlord to add to, alter, or repeal restrictions on its own initiative or on application by the strata corporation approved by a three-quarter vote. Where the leasehold landlord is not the provincial government, amendments also require approval of the Lieutenant Governor in Council.²⁶¹ Amendments to occupancy restrictions do not affect existing leasehold

261. *Strata Property Act*, SBC 1998, c 43 at s 207(3).

tenants but apply to persons who subsequently acquire an interest in the strata lot.²⁶²

These provisions appear to have been enacted to allow leasehold landlords (particularly public or institutional landowners) to advance specific policy objectives, such as affordability controls or occupancy restrictions.²⁶³ Commentary on BC's former *Condominium Act* suggests that these provisions were originally intended to support affordable housing initiatives by restricting resale prices, appreciation, or eligibility for occupancy.²⁶⁴ Despite this intended role, commentary from the late 1990s observed that schedules of restrictions were, at least at that time, rarely used in strata leasehold developments.²⁶⁵

Section 214 of the *Strata Property Act* addresses the consequences of lease termination. Where a leasehold landlord elects not to renew a strata lot lease, section 214(1) requires the landlord to purchase the leasehold tenant's interest in the strata lot.²⁶⁶ Section 214(3) permits the leasehold landlord to change the basis for calculating that purchase price, provided that the leasehold tenants consent by unanimous resolution and an amended schedule is filed in the land title office.

Issues for Reform

Who should have authority to modify a strata lot lease?

Brief description of the issue

The *Strata Property Act* does not clearly define who has the authority to modify a strata lot lease during its term. Sections 206 and 207 permit certain unilateral actions by the leasehold landlord regarding lease restrictions, while section

262. *Strata Property Act* at s 207(4).

263. The Continuing Legal Education Society of British Columbia, *Condominiums* (30 March 1984) at §4.1.06 [CLEBC, "Condominiums"].

264. The Continuing Legal Education Society of British Columbia, *Condominium Law & Practice in British Columbia* (February 1998) at §5.68 [CLEBC, "Condominium Law & Practice"].

265. CLEBC, "Condominium Law & Practice" at §5.59.

266. At common law, a leasehold tenant's interest generally expires at the end of the lease. Section 214 therefore creates a statutory entitlement to compensation that would not otherwise exist. The origins and policy rationale for this requirement are discussed further in Chapter 8.

214(3) contemplates involvement by the strata corporation. Current legislation also permits the modification of individual strata lot leases and does not require all strata lot leases in a development to be modified at the same time.

This lack of clarity raises concerns about whether individualized negotiations between landlords and leasehold tenants are appropriate in a regime built on collective ownership and governance.

Options for reform

The committee considered whether it was beneficial to keep to the status quo, and to permit leasehold landlords to continue modifying lease terms unilaterally or through individualized agreements with particular strata lot owners. Proponents of this approach may argue that it preserves flexibility and allows parties to respond to site-specific or evolving circumstances.

However, commentators have voiced concerns with the scope and implications of sections 206 and 207, particularly with respect to the landlord's ability to unilaterally amend restrictions directly affecting the value, marketability, and use of individual strata lots.²⁶⁷

The absence of any requirement for the consent of individual leasehold tenants has also been described as problematic.²⁶⁸ Such changes may diminish the sale price and constrain the pool of potential purchasers of the strata lots.²⁶⁹

An alternative option would restrict lease modifications to decisions made collectively by leasehold tenants, acting through the strata corporation, with the consent of the leasehold landlord. This approach would treat modifications in the same manner as other significant strata decisions that affect the nature and value of owners' interests.

The committee's tentative recommendation for reform

The committee found that individualized modifications are incompatible with the collective nature of strata property, and that allowing unilateral power by

267. CLEBC, "Condominiums" at §4.1.07.

268. CLEBC, "Condominium Law & Practice" at §5.59.

269. CLEBC, "Condominium Law & Practice" at §5.59.

the leasehold landlord to make lease modifications would risk undermining transparency and creating fragmented or potentially unworkable property arrangements.

The committee tentatively recommends:

9. Modifications should be allowed only at the group-of-owners level, binding all leaseholders. Individualized agreements between the leasehold landlord and specific unit owners should not be permitted.

10. Modifications of strata lot leases should require leasehold landlord approval and an 80% supermajority of all leasehold tenants in favour of the modifications.

The committee also noted that these conclusions align with tentative recommendations made later in this report regarding lease renewal (in chapter 7). In particular, the committee recommends that decisions concerning renewal of strata leasehold interests should occur on a collective and simultaneous basis and that leasehold tenants should have an opportunity to participate in decisions to change their leases. In the committee's view, these recommendations flow from the same underlying principles of strata property law, namely the importance of collective decision-making.

When should modifications to strata lot leases be permitted?

Brief description of the issue

The Act does not specify whether lease modifications may occur at any time during the lease term or only at particular stages. The question is: should there be restrictions on when during the life of a strata leasehold modifications can be made?

Options for reform

One option would restrict modifications to defined points in the lease term, such as shortly after the strata development is created or in anticipation of redevelopment near the end of the term. While this approach may enhance predictability, it risks limiting the ability of strata corporations and leasehold landlords to respond to unanticipated changes in circumstances.

An alternative option would permit modifications at any point during the lease term, subject to robust approval requirements that ensure meaningful participation by leasehold tenants.

The committee's tentative recommendation for reform

The committee concluded that flexibility in timing is desirable, provided that appropriate consent thresholds are set. Restricting modifications to specific stages risks preventing reasonable and mutually beneficial adjustments in response to changing conditions.

The committee tentatively recommends:

11. Modifications should be permitted at any point during the lease term, subject to the approval by both parties.

How should lease restrictions be modified?

Brief description of the issue

Sections 206 and 207 of the *Strata Property Act* permit leasehold landlords to impose and, in some circumstances, amend restrictions on the lease, assignment, or occupancy of strata lots through a schedule filed with the leasehold strata plan. Once filed, these restrictions run with the land and bind future leasehold tenants.

A related regulatory mechanism exists under section 219 of the *Land Title Act*, which allows governments to register covenants on title to restrict land use, development, or construction.²⁷⁰ Section 219 covenants may impose positive or negative obligations, including environmental protection, conservation measures, or occupancy restrictions. Unlike schedules filed under section 206, section 219 covenants are highly flexible in form and content.

The existence of these parallel mechanisms raises questions about whether sections 206 and 207 continue to serve a necessary or distinct function, and whether the unilateral modification powers conferred by section 207 are compatible with modern principles of strata governance and property law.

270. *Land Title Act*, RSBC 1996, c 250.

Options for reform

One option would be to maintain the status quo, preserving sections 206 and 207 as distinct statutory tools for imposing and amending lease restrictions.

Another approach would be to repeal section 207 while retaining section 206. One potential advantage of section 206 is that it requires restrictions to be set out in a prescribed statutory form and filed at the time the strata plan is deposited. This ensures that restrictions are disclosed before strata lots are marketed or sold, allowing prospective purchasers to evaluate their impact at the point of purchase. Section 207, in contrast, permits restrictions to be amended after strata lots have been created and sold. This capacity for post-inception modification, particularly when exercised unilaterally by the leasehold landlord, may adversely affect existing leasehold tenants by altering the marketability, value, or transferability of their interests.

A third option would repeal both sections 206 and 207, relying instead on section 219 covenants under the *Land Title Act* to achieve any necessary land use or occupancy restrictions.

The committee's tentative recommendation for reform

The committee was concerned that section 207 permits unilateral action by leasehold landlords that is difficult to reconcile with contemporary expectations of property stability and collective governance. The committee also noted that the unilateral modification of restrictions risks pushing strata leasehold interests further away from freehold strata interests. From a lender and market perspective, the ongoing possibility of unilateral amendment may introduce uncertainty and complicate financing, particularly where restrictions affect value or transferability.

In the committee's view, any modifications to lease restrictions should be subject to collective approval by leasehold tenants and agreement by the leasehold landlord.

Although section 206 offers a mechanism to impose restrictions at the time the strata plan is deposited and does not run into the same fairness concerns as section 207 due to timing, the committee concluded that its objectives can be

adequately achieved through alternative tools, including section 219 covenants under the *Land Title Act*.

The committee tentatively recommends:

12. Sections 206 and 207 of the Strata Property Act should be repealed.

Should s. 214(3) of the *Strata Property Act* be amended to remove the unanimity requirement?

Brief description of the issue

An important aspect of lease modification concerns the method for calculating the purchase price of a leasehold tenant's interest upon termination of a strata lot lease. Section 214(3) of the *Strata Property Act* permits the basis for this calculation to be amended where it is set out in a filed schedule, provided that leasehold tenants consent by unanimous resolution.

The Act does not address how price calculation provisions may be modified where they are contained directly in the strata lot lease rather than in a filed schedule, nor does it impose filing requirements for amendments to lease terms themselves. This creates uncertainty about the scope and consistency of the modification framework.

More significantly, the unanimity requirement under section 214(3) raises concerns about whether modification is realistically achievable, even where circumstances have changed and a large majority of leasehold tenants support an alternative approach.

As in freehold strata developments, each strata lot in a strata leasehold generally has one vote, and the *Strata Property Act* provides for a range of voting thresholds depending on the significance of the decision.²⁷¹ These include majority votes and 3/4 votes, which are calculated based on the votes cast by eligible voters present at a meeting, whether in person or by proxy. The Act also employs higher thresholds for certain decisions, including an 80% vote which requires the consent of a supermajority of at least 80% of all eligible voters in the

271. *Strata Property Act* at s 1(1) (definitions of "majority vote", "3/4 vote", "80% vote", "unanimous vote"). The different voting thresholds in the Act are also discussed in greater detail in Chapter 7: see, below, at pp 96–97.

strata corporation, and a unanimous vote which requires the consent of all eligible voters. These higher thresholds are generally reserved for decisions with particularly far-reaching consequences.

Options for reform

One option would retain the unanimity requirement, on the basis that end-of-lease valuation is fundamental to the economic value of a strata leasehold interest and should not be altered without full consensus.

Another option would remove the unanimity requirement and replace it with a supermajority voting threshold, such as an 80% vote of eligible leasehold tenants, combined with the consent of the leasehold landlord.

The committee also considered whether lower voting thresholds (such as a three-quarter vote or a majority vote) could be justified in this context, given their use elsewhere in strata governance. However, concerns arise as to whether such thresholds would provide adequate protection for minority leasehold tenants where changes may significantly affect end-of-lease compensation.

The use of supermajority thresholds for major strata decisions is well established. In 2015, legislative amendments reduced the voting threshold for strata wind-ups from unanimity to 80%, following concerns that unanimity requirements can be overly rigid and may prevent necessary or widely supported change.²⁷²

The committee's tentative recommendation for reform

The committee concluded that the current unanimity requirement under section 214(3) is overly restrictive and may prevent reasonable modification even where near-consensus exists. A single dissenting leasehold tenant can block changes, regardless of the broader interests of the strata corporation or evolving redevelopment realities.

272. *Natural Gas Development Statutes Amendment Act*, 40th Parl, 4th Sess, British Columbia, 2015 (assented to 17 November 2015) SBC 2015, c 40. These legislative changes were, in part, motivated by BCLI's previous report on termination of stratas: British Columbia Law Institute, *Report on Terminating a Strata*, Report no. 79 (February 2015).

Chapter 6: Modifications to the Lease

While the committee supports greater standardization of end-of-lease valuation methods, it also recognizes the importance of preserving a limited ability for parties to agree on alternative valuation approaches where justified. Allowing modification by super-majority vote strikes a more appropriate balance between certainty, flexibility, and minority protection.

The committee gave particular attention to how a move away from unanimity would affect leasehold tenants who oppose a change to the end-of-lease valuation formula, as a change to the valuation formula may not affect all leasehold tenants equally. The committee was mindful that a supermajority threshold, while avoiding the rigidity of unanimity, could in principle allow a majority to approve a formula that operates to the detriment of a minority.

The committee considered whether existing remedies under the *Strata Property Act* may offer some protection in these circumstances. Section 164 allows an owner or tenant to apply to the Supreme Court to prevent or remedy a "significantly unfair" action or decision of the strata corporation, or an exercise of voting rights by a person holding 50% or more of the votes. The application of this remedy to a modification of the end-of-lease formula is, however, uncertain as it is not clear that section 164's scope would include an agreement to modify the valuation formula reached between the leasehold landlord and a supermajority of leasehold tenants. A dissenting leasehold tenant might therefore be left without a clear statutory avenue for relief.

The committee concluded that leasehold tenants should have an express statutory right to seek relief from the court where a modification is "significantly unfair to them". This ensures that the flexibility gained by lowering the voting requirement is balanced by clear protection for dissenting leasehold tenants.

The committee further noted that the gap in the statutory framework where the *Strata Property Act* does not address how price-calculation provisions may be modified where they are contained directly in the strata lot lease rather than in a filed schedule is addressed by a later tentative recommendation (discussed further in Chapter 8) where the committee proposes that strata lot leases explicitly set out the end-of-lease payment framework.

The committee tentatively recommends:

13. Section 214(3) of the Strata Property Act should be amended to permit the modification of the formula used to calculate the purchase price of the leasehold tenants' interests at the end of the lease, subject to the consent of the leasehold landlord and an 80% supermajority of the leasehold tenants.

14. A leasehold tenant should have an express statutory right to apply to the court to prevent or remedy a modification of the method for calculating the purchase price of their interest at the end of the lease that is "significantly unfair" to that tenant.

Chapter 7. Decision Making as the End of the Lease Approaches

Overview: This Chapter's Content

This chapter examines the provisions governing the period toward the end of a strata leasehold arrangement, with particular attention on notice requirements and the renewal of strata lot leases. As one commentator noted, the most serious inherent challenges with the strata leasehold model tend to arise “as the project matures and the end of the lease on the land approaches.”²⁷³

Part 12 of the *Strata Property Act* sets out three possible outcomes at the end of a strata lot lease:

- (i) the lease is renewed;²⁷⁴
- (ii) the lease expires, and the leasehold landlord purchases the leasehold tenant's interest upon termination of the lease and cancellation of the leasehold strata plan;²⁷⁵ or
- (iii) the strata leasehold is converted to a strata freehold.²⁷⁶

This chapter reviews and considers how effectively and fairly the Act's statutory mechanisms function in practice as a lease approaches its expiry. The issues for reform are organized into three categories: *decision-making structure* (who decides whether renewal should proceed, and on what basis), *timing and notice* (when must decisions be made), and *content of renewal* (what rules should govern renewal terms).

The committee recognized that these issues are closely connected, and consideration of one issue frequently both influenced and was influenced by others. As a result, individual questions could not be considered in isolation. For

273. B. Bucknall, “Leasehold Condominiums: The Further Flight of the Fee” (1976) 14:1 *Osgoode Hall Law Journal* at p 40.

274. *Strata Property Act*, SBC 1998, c 43 at ss 210–212.

275. *Strata Property Act* at ss 214–215.

276. *Strata Property Act* at s 216.

example, the committee's views on whether the *Strata Property Act* should require the collective and simultaneous renewal of all strata lot leases, rather than permit partial renewal, were influenced by questions related to the renewal run-way available (that is, the minimum notice leasehold tenants would receive and the minimum length of any renewed lease term). These kinds of interdependencies recur throughout this chapter, and the committee's tentative positions taken on one issue often shaped, or were shaped by, the treatment of others.

British Columbia's Current Legislative Framework

The statutory provisions governing renewal of a strata lot lease are set out in sections 210 to 212 of the *Strata Property Act*. Under the current framework, the decision to renew strata lot leases rests entirely with the leasehold landlord.²⁷⁷

The *Strata Property Act* does not provide leasehold tenants with the right to refuse renewal of their lease, with one limited exception. If the leasehold landlord decides to renew fewer than two-thirds of the strata lot leases, this election to renew will not take effect unless all leasehold tenants whose leases are to be renewed consent in writing to the partial renewal.²⁷⁸

A leasehold landlord must provide leasehold tenant written notice of their decision to renew or not renew strata lot leases at least one year before the lease expires.²⁷⁹ If notice is not given within this timeframe, the legislation requires the leasehold landlord to renew the lease for a further five-year term.²⁸⁰

When a lease is renewed, the *Strata Property Act* requires that the terms of the strata lot lease remain unchanged, except with respect to the lease term and

277. *Strata Property Act* at s 210(1) ("A strata lot lease may be renewed at the option of the leasehold landlord"); The Continuing Legal Education Society of British Columbia, *British Columbia Strata Property Practice Manual* (1 January 2026) at §3.62 ("The landlord may unilaterally renew the strata lot lease indefinitely under s. 210, in increments of five or more years, with rent established under s. 211 and subject to arbitration").

278. *Strata Property Act* at s 212.

279. *Strata Property Act* at s 210(3).

280. *Strata Property Act* at s 210(4).

the renewal rent.²⁸¹ A renewal term must be at least five years.²⁸² To determine renewal rent, section 211 sets out a formula based on the current market rental value of the land, excluding buildings and improvements, apportioned among the strata lots according to assessed value.²⁸³ Agreement on renewal rent must be reached by the beginning of the renewal period, failing which it is determined through arbitration.²⁸⁴

Challenges at the End of the Lease

Certain challenges that are inherent with the strata leasehold model tend to become more acute as lease expiry approaches.

One difficulty relates to the ability of the leasehold tenants to obtain and renew financing. Strata leaseholds can often be viewed by financial institutions as higher-risk investments, and as the lease term shortens, the asset becomes less financeable and less marketable.²⁸⁵

Strata leasehold developments may also face growing problems with disrepair and dilapidation particularly given that strata lot leases commonly run for 60 to 99 years. As leases near maturity, incentives to fund major repairs may weaken, especially where tenants are uncertain about whether the leases will be renewed or what the renewal terms will be.

Research conducted for this project identified significant gaps in BC's strata legislation regarding renewal of strata leasehold arrangements. These gaps have also received little attention in existing legal commentary or academic scholarship. This lack of analysis, together with the complexity and importance of the issues involved, underscores the need for greater legislative coherence and

281. *Strata Property Act* at s 211(1).

282. *Strata Property Act* at s 210(2).

283. *Strata Property Act* at s 211(2). The meaning of "current market rental value" raises interpretive questions that are discussed further in this chapter: see, below, at, pp 108–112.

284. *Strata Property Act* at ss 211(3)–(4).

285. Ontario, Task Force on Leasehold Condominiums, *The Leasehold Condominium: Problems and Prospects—The Report of the Ontario Task Force on Leasehold Condominiums* (1975) at p 2 [Ontario Task Force Report].

clarity, particularly given the limited guidance available to parties seeking to understand or apply the renewal provisions in practice.

In Vancouver's False Creek South, most strata leaseholds were created with 60-year terms that expire between 2036 and 2046. As these expiry dates have approached, leasehold tenants have faced significant uncertainty around the future of their interests and the terms on which their leases might continue.²⁸⁶ Efforts to address these issues unfolded over several years and involved complex negotiations between tenants and the City of Vancouver,²⁸⁷ with leasehold tenants investing time, effort, and financial resources in the process over a number of years, including retaining legal and other professional advisors to help navigate the negotiations.

Over time, leasehold tenants across multiple strata corporations coordinated through the RePlan Strata Leaseholders Society and negotiated collectively with the City of Vancouver, resulting in a lease extension program finalized in January 2023.²⁸⁸ Notably, the process has proceeded through negotiated lease modifications rather than the *Strata Property Act's* statutory renewal provisions, with individual leaseholders given the option to accept or decline the proposed terms. This experience highlights both the practical importance of lease renewal issues and the limited role that the statutory renewal framework has played in resolving them.

286. City of Vancouver, "False Creek South: Opportunities for the Future Engagement Summary Report" (February 2021) syc.vancouver.ca/projects/false-creek-south/false-creek-south-engagement-summary-report-february-2021.pdf.

287. K. Woodward et al., "White Paper: Historical and Legal Context for False Creek South Residential South Leases" (July 2016) www.falsecreeksouth.org/wp-content/uploads/2017/05/160721_FCS-LeaseandLegal-White-Paper-V3.3-copy.pdf; R. Chan, "The impact of place-based grassroots activism when challenging the real estate state: Strategies and successes of the False Creek South Neighbourhood Association" (MA, Simon Fraser University, 2023).

288. K. Levitt, "Email to City of Vancouver Mayor and Council re: Update – False Creek South Residential Strata Leasehold Lease Extension Program" (1 January 2023) vancouver.ca/files/cov/2023-01-20-update-false-creek-south-strata-leasehold-extension-program.pdf; False Creek South Neighbourhood Association, "Update to Strata Leaseholders Society Members: Strata Leaseholders Society Members Vote 91% in Favour of Approving the Memorandum of Understanding to Extend and Modify Strata Leases in False Creek South" (29 September 2022) www.falsecreeksouth.org/2022/09/update-to-strata-leaseholders-society-members/

Issues for Reform: Decision Making

Should leasehold tenants have a statutory right to refuse renewal of their strata lot leases?

Brief description of the issue

The *Strata Property Act* does not currently give leasehold tenants a right to approve or reject renewal of their strata lot leases. As noted above, renewal may occur either because the leasehold landlord gave notice electing to renew, or by default because no notice was given. In neither case does the legislation provide leasehold tenants with the right to opt in, or decline, the renewal of their strata lot leases.

There is one limited exception. Where a leasehold landlord elects to renew fewer than two-thirds of the strata lot leases, that election will not take effect unless all leasehold tenants whose leases are to be renewed consent in writing to the partial renewal.²⁸⁹ The broader issue of partial renewals (where some tenants' leases are renewed and others are not) is discussed later in this chapter.

Options for reform

There are essentially only two options for this issue. Either the status quo is maintained and leasehold tenants do not have a statutory right to refuse a renewal of their strata lot leases, or they are given that right.

The absence of a general tenant consent requirement raises concerns. Strata leasehold interests are used as long-term housing, which comes with significant expectations and impacts. At the same time, leasehold interests are, by their nature, time-limited, and allowing one party to unilaterally change expectations about the lease end date is at odds with fundamental principles of contractual certainty and fairness.

A legislative reform that gives leasehold tenants the right to refuse renewal would bring British Columbia in line with other Canadian jurisdictions who have a more consent-based approach to leasehold renewal. For example, under Manitoba's *Condominium Act*, the term of a leasehold condominium may be

289. *Strata Property Act* at s 212.

extended only if the renewal is (1) in accordance with a provision of the property lease; or (2) by agreement between the property lessor and the leasehold condominium corporation.²⁹⁰ In Ontario, if a leasehold landlord gives notice to the condominium corporation of its intention to renew the leasehold interests, the unit owners have an opportunity to vote on the proposed renewal.²⁹¹

The questions of how consent ought to be structured and what threshold should be used if making renewal a collective decision through a voting process is addressed later in this chapter.

The committee's tentative recommendation for reform

The committee found the fact that leasehold tenants have no statutory right to refuse a renewal of their leases, with the one exception of partial renewals below a statutory threshold, to be problematic.

Little benefit was identified in favour of maintaining the status quo so that renewal decisions are left primarily with the leasehold landlords, aside from perhaps administrative simplicity. On the other hand, there are dangers with having a framework where leasehold tenants may be bound to changed contractual terms without a meaningful opportunity to accept or refuse.

The main rationale for amending British Columbia's strata legislation to require some form of leasehold tenant consent before renewal can proceed is fairness and consumer protection. It reflects the expectations of strata leaseholds, not just as contractual agreements, but also long-term residential housing. Under this approach, renewal would no longer operate primarily as a landlord-driven election (or as a default triggered by silence) but would instead provide opportunity for agency from the tenants.

The committee tentatively recommends:

15. Leasehold tenants should have a statutory mechanism by which to reject renewal.

290. *The Condominium Act*, CCSM c C170 at s 278(1) [Manitoba Act].

291. *Condominium Act, 1998*, SO 1998, c 19, at s 174(5) [Ontario Act].

Should the *Strata Property Act* require collective and simultaneous renewal of all leasehold interests?

Brief description of the issue

British Columbia's statute expressly allows for renewal of some strata lot leases in a corporation while others are not renewed. In particular, the *Strata Property Act* contemplates a situation where the landlord elects to renew fewer than two-thirds of the strata lot leases in a development.²⁹²

The legislation does not set out how a strata development must function if the leasehold landlord only renews some leasehold interests. There is no option for the leasehold landlord to convert some of the units into freehold or non-strata units, as the statute does not allow a leasehold strata plan to be cancelled or a strata corporation to be wound up while any strata lot lease remains in force.²⁹³

Considering the necessary practical implications of a partial renewal, it appears that the leasehold landlord would likely occupy the role of "owner" for the strata lots that did not extend and would therefore have the rights and obligations associated with those units (for example, in regard to voting, paying strata fees and any special levies, and possibly putting individuals up for strata council).

Options for reform

One option for reform would be to continue permitting partial renewal, but to provide more detailed statutory guidance on how a partially renewed development must operate. This approach would preserve flexibility and allow leasehold tenants to have the authority to accept or reject a renewal based on their own circumstances. However, it would require the legislation to address complex questions about governance, voting rights, financial obligations, and tenure status in mixed-interest developments. The project committee has concerns that such arrangements may be difficult or even impossible to regulate in a way that is both workable and consistent with the "all-in-it-together" logic underlying strata governance.²⁹⁴

292. *Strata Property Act* at s 212.

293. *Strata Property Act* at s 215.

294. See, above, at p 13; *Strata Plan LMS 1537 v Alvarez*, 2003 BCSC 1085 at para 35.

The status quo opens the door for scenarios where, when only a minority of strata lot leases are renewed in a development, the leasehold landlord may have the controlling votes in a strata corporation and can decide how common property is managed, what repairs ought to be made, and so on. British Columbia's legislation also does not restrict leasehold landlords from the option of selling the strata leasehold interests to other owners for different terms or from renting out the units on short-term residential tenancy arrangements.

In New South Wales, the legislation sets out that if there is an option to renew, it must be consistent for all leases in a development.²⁹⁵ However, it also clarifies that a leasehold landlord can be the owner of a strata lot in the development.²⁹⁶ As well, if a strata lot lease ends and the lessor becomes entitled to take back possession of the unit, the lessor is treated as the owner of that lot under the Act.²⁹⁷ However, this does not mean the leasehold landlord automatically takes on the rights or obligations created by the old lease or related agreements, such as mortgages or covenants.²⁹⁸

A related consideration is whether a renewal framework should include a minimum renewal threshold, below which the strata corporation cannot continue. Where only a very small number of leaseholders renew, potentially even a single leaseholder, those leaseholders may be particularly vulnerable to governance imbalances. From this perspective, a minimum renewal threshold could serve as a safeguard against imbalances of power, ensuring that a meaningful group of non-landlord leaseholders remains and is able to prevent a leasehold landlord from effectively controlling the strata corporation. In terms of what an appropriate minimum should be, it would be necessary for the threshold to be sufficient to prevent outcomes such as unilateral control of the strata corporation by the landlord.

Another option for reform would be to require that all strata lot leases within a development be renewed or terminated collectively and simultaneously, and to

295. *Strata Schemes Development Act 2015*, no 15, at s 44(7) [NSW Strata Act].

296. NSW Strata Act at s 41(2).

297. NSW Strata Act at s 43(1).

298. NSW Strata Act at s 43(2).

prohibit partial renewal. Under this approach, renewal decisions would apply uniformly across the development.

Requiring collective outcomes would avoid scenarios in which a small number of renewing leaseholders are left operating within a strata corporation dominated by a leasehold landlord that controls most voting interests. In such situations, tenants may have little practical influence over strata fees, special levies, or council composition, and may be exposed to governance risks. The principal drawback of this approach is that it may make it more difficult to accommodate individualized circumstances.

The Ontario task force that studied leasehold condominiums in the 1970s supported this emphasis on collective treatment. The task force suggested that a model statutory framework should include provisions requiring that leasehold interests be dealt with simultaneously, and that all leasehold interests be renewed or terminated at the same time.²⁹⁹

The committee's tentative recommendation for reform

At the time of this consultation paper, the committee is of the view that the legislative status quo of permitting staggered or partial renewal of strata leasehold interests allows for substantial legal and governance uncertainty that is inconsistent with the principles underlying strata property law. In particular, the committee is concerned about the absence of a clear statutory framework for managing developments in which only some leasehold tenants remain within the strata leasehold regime on extended leases while others exit.

Strata leasehold governance is premised on collective decision-making through the strata corporation, based on a general assumption that those who participate in governance share a broadly similar underlying property interest, time horizon, and set of incentives. Allowing only a subset of owners to renew their leases would disrupt this alignment. Owners who renew would be bound by renewed rent obligations and by decisions made by the leasehold landlord concerning the property, while other owners might face lease expiry or buy-outs. Over time, this would likely result in owners within the same development

299. Ontario, Task Force on Leasehold Condominiums, *The Leasehold Condominium: Problems and Prospects—The Report of the Ontario Task Force on Leasehold Condominiums* (1975) at p 57 [Ontario Task Force Report].

having materially different interests in the use, maintenance, and future of the building.

The committee also considered the position of individual leasehold tenants who do not wish to renew on the proposed terms. In the committee's view, requiring collective renewal does not leave such owners without meaningful options, particularly if this paper's tentative recommendations for change regarding extending the minimum time periods for notice and renewal periods are applied. A leasehold tenant who disagrees with the renewal terms would continue to hold a marketable interest that may be sold to a purchaser willing to accept the renewed lease. Alternatively, the tenant may be able to rent the unit to a subtenant under a residential tenancy arrangement. While renewal terms may affect market value, the availability of exit options distinguishes collective renewal from a compelled individual outcome with no alternatives.

For these reasons, the committee's tentative recommendation is that strata leasehold renewal should occur, if at all, on a collective basis, and that partial or staggered renewal of individual units within a strata leasehold development should not be permitted. The committee considers that this approach best aligns with the underlying principles of strata property law, promotes governance clarity and fairness, and avoids creating fragmented and unworkable property arrangements.

The committee tentatively recommends:

16. The Strata Property Act should require collective and simultaneous renewal or termination of all leasehold interests in a strata development and prohibit partial renewal.

If leasehold tenants have a collective right to reject renewal, what voting structure should apply?

Brief description of the issue

Building on the committee's tentative recommendations that (1) leasehold tenants should have the right to reject a proposed renewal, and (2) strata leasehold interests should be collectively and simultaneously renewed or terminated, the next question is how that right of refusal should be exercised in practice, and what voting threshold should apply.

Chapter 7: Approaching the End of the Lease

As in a freehold strata development, each strata lot in a strata leasehold generally has one vote.³⁰⁰ The *Strata Property Act* uses a range of voting thresholds for different types of decisions in strata corporations:³⁰¹

- **Majority vote:** This means that a matter will be decided by more than half of eligible voters present in person or by proxy at a general meeting, and who do not abstain from voting.³⁰² This is the default voting practice for most routine strata governance matters, including electing council members or approving ordinary resolutions.
- **3/4 vote:** This threshold is met when at least 75% of eligible voters who are present in person or by proxy at a general meeting, and who do not abstain, vote in favour.³⁰³
- **80% vote (supermajority):** This threshold requires a supermajority of 80% of all voters in a strata voting in favour.³⁰⁴ It is the threshold required for winding up (terminating) a strata corporation.³⁰⁵ Unlike majority and $\frac{3}{4}$ votes, it is not a quorum vote of unit owners (or proxies) present at a meeting. The 80% is based on the total votes in the strata.
- **Unanimous vote:** This exceptional voting threshold requires all voters in the strata corporation to vote in favour of a resolution for it to pass.³⁰⁶

Options for reform

The committee considered the four above voting thresholds of the *Strata Property Act* and how they would apply on this issue.

300. *Strata Property Act* at s 53(1).

301. The *Strata Property Act* uses the term *eligible voters*, since the right to vote for a strata lot may sometimes be exercised by someone other than the owner, such as a tenant, a mortgagee, a parent, guardian, or another representative, or even a court-appointed voter. There could also be situations where an owner may lose their voting rights, if they are in default on certain payments owed to the strata corporation and a lien is filed against their strata lot.

302. *Strata Property Act* at s 1(1) (definition of “majority vote”).

303. *Strata Property Act* at s 1(1) (definition of “3/4 vote”).

304. *Strata Property Act* at s 1(1) (definition of “80% vote”).

305. *Strata Property Act* at s 272.

306. *Strata Property Act* at s 1(1) (definition of “unanimous vote”).

Under the majority vote model, leasehold interests would be approved or rejected based on votes cast at a meeting, whether in person, electronically, or by proxy. A simple majority generally requires more than half of the votes cast in favour or against a resolution. A simple majority approach avoids adopting a presumption in favour of either renewal or expiry, allowing the outcome to be determined directly by tenant preferences as expressed through the vote.

The 3/4 vote approach would require that the matter of how to respond to a proposed renewal be resolved by a 3/4 vote of all eligible voters present in person, electronically, or by proxy at a general meeting. In contrast, an 80% vote would require that a renewal resolution be decided by an 80% supermajority of all leasehold tenants.

When considering a 3/4 vote or an 80% vote (or any voting method that involves a threshold beyond a simple majority of 50% plus one), the crucial question to ask is what default presumption the statutory framework should adopt. In the case of a proposed renewal, for example, is the presumption in favour of renewal or in favour of expiry?

A *presumption of renewal* means that leasehold interests would be renewed by default unless a specified majority of leasehold tenants voted to reject the renewal. Renewal would therefore occur unless tenants took affirmative action to prevent it. This approach is reflected in Ontario's *Condominium Act*, which provides that leasehold condominium interests are renewed unless 80% of unit owners vote against renewal.³⁰⁷

Conversely, a *presumption of expiry* means that, if the leasehold tenants receive a notice of renewal from the leasehold landlord, the renewal will only proceed if a specified majority of leasehold tenants vote in favour of renewal. If the threshold is not met, the leases would expire at the end of the term.

The presumption of expiry is the approach taken in Manitoba, which requires written consent to renewal from 80% of leasehold tenants.³⁰⁸ Similarly, in

307. Ontario Act at s 174(5) ("The leasehold interests shall be renewed for the term and subject to the provisions specified in the notice or the deemed notice, as the case may be, *unless the owners who own at least 80 per cent of the units cast a vote against the renewal* no later than one year after the notice or the deemed notice, as the case may be, was given to the corporation" [emphasis added]).

308. Manitoba Act at s 281(2).

Chapter 7: Approaching the End of the Lease

Western Australia, the state legislation requires that a renewal of a strata leasehold must only proceed if a resolution is passed by at least 75% of the strata lot owners voting in favour of renewal.³⁰⁹

The question about which way the presumption leans is a critical one, because in practice, the presumption will often determine the outcome, particularly in large or diverse strata communities where participation is modest, or in cases where the threshold is set to an 80% supermajority.

Say, for example, the statute requires a 3/4 vote in this scenario and there is a hypothetical strata leasehold development with 100 strata lots, all subject to the same lease. The leasehold landlord has proposed to renew the strata lot leases for an additional 20 years. Of the 100 leasehold tenants who all show up to a general meeting to vote, 70 tenants vote to support renewal and 30 tenants oppose renewal. With a presumption of renewal, the leases would be renewed because only 30% of tenants voted against renewal, well below the 3/4 threshold needed to prevent renewal. With a presumption of expiry, the leases would not be renewed despite receiving 70% of tenants voting in support of renewal because the 3/4 threshold needed to approve renewal was not met. The same vote count therefore produces opposite outcomes depending on the underlying presumption.

The last option for reform considered was the unanimous vote method, meaning renewal would proceed only with the unanimous consent of all leasehold tenants.

The committee's tentative recommendations for reform

In considering this issue, the committee concluded that it would be advantageous for the applicable voting scheme to align with one of the voting mechanisms already set out in the *Strata Property Act*. Using an established statutory threshold was seen as promoting understandability and clarity, as strata corporations, owners, and other stakeholders are already familiar with these voting rules and their legal consequences. Relying on an existing mechanism would also reduce the risk of confusion or misapplication that might arise from introducing a novel voting standard.

309. *Strata Titles Act 1985 (WA)* at s 41.

The committee gave this issue lengthy consideration, split between the 3/4 and the majority vote, but eventually favoured the 3/4 vote. Given the significant and irreversible consequences of renewal and expiry decisions, the committee questioned whether a simple majority adequately reflects the collective will of the community, particularly where voter turnout is low.

The committee ruled out a unanimous-consent requirement. It noted that, in practice, unanimity creates a significant risk of strategic hold-outs and gives a single tenant effective veto power over the future of the entire development, regardless of the reasonableness of the proposed renewal. This risk has been widely recognized in strata termination and redevelopment contexts and is generally addressed through supermajority thresholds rather than unanimity.

The majority of the committee favoured a presumption of renewal, where continuity operates as the default outcome, and where a landlord proposes to renew, renewal will proceed unless it is actively rejected. The majority of the committee also preferred a 3/4 vote of leasehold tenants as the threshold for rejecting a proposed renewal.

The committee noted that the current framework already contains a strong bias toward renewal, such that where a landlord decides to renew, the leasehold tenants are compelled to accept. The committee's tentative position retains that pro-renewal orientation but tempers it in the interest of fairness, giving leasehold tenants a meaningful means of rejecting a proposed renewal. This emphasis on continuity also reflects the committee's view that there are generally significant benefits to supporting the continued long-term occupation of people living in their homes.

The majority of the committee took the view that a presumption in favour of renewal, subject to a 3/4 vote to reject, best balances stability, collective governance, and protection for dissenting tenants, while minimizing the risk of lease expiry driven primarily by inaction or disengagement. It also avoids the practical problems associated with requiring unanimity or the very high threshold of an 80% vote of all leasehold tenants.

The committee tentatively recommends:

17. Where a landlord proposes to renew strata leasehold interests in accordance with the statutory requirements, renewal should be presumed unless leasehold tenants reject the proposal.

18. Rejection of a proposed renewal of strata leasehold interests should require a resolution passed by a 3/4 vote of the leasehold tenants.

Issues for Reform: Timing and Notice

What should be the minimum notice period for renewal or non-renewal?

Brief description of the issue

Under the *Strata Property Act*, a leasehold landlord is required to give leasehold tenants written notice of its decision to renew or not renew strata lot leases at least one year before the lease expires.³¹⁰ In reviewing the province's legislative history and associated commentary, no policy rationale was identified for this selection of a one-year notice period.

Compared to the other Canadian provinces or territories that permit for leasehold condominiums, British Columbia's legislation has the shortest minimum notice period in the country. Other provinces' statutes require a notice period ranging from at least three years to five years.

Options for reform

One option is to maintain the status quo, leaving the minimum notice period at one year and continuing to rely on a landlord-driven or deemed renewal model. This approach preserves administrative simplicity and limits the need for leasehold landlords to commit to renewal decisions far in advance.

A second option is to increase the minimum statutory notice period for renewal or non-renewal decisions. British Columbia would remain an outlier among

310. *Strata Property Act* at s 210(3).

Canadian jurisdictions if the one-year requirement were retained. Comparative strata legislation elsewhere provides substantially longer notice periods.

For example, in the Northwest Territories, leasehold condominium legislation requires notice at least three years before lease expiry, with failure to provide notice resulting in a deemed ten-year renewal.³¹¹ In Manitoba, Ontario, and Yukon, property lessors must provide notice at least five years before expiry.³¹² Yukon legislation additionally requires a second notice six months before the lease expires.³¹³

The committee also considered the report by the 1975 Ontario Task Force on Leasehold Condominiums which recommended a substantially longer planning horizon. The task force proposed that leasehold landlords be required to give notice of non-renewal twenty years before lease expiry, failing which the lease would automatically renew for a further twenty-year term.³¹⁴ Although this approach has never been implemented, it reflects a view that leasehold arrangements require very long lead times to preserve stability, predictability, and market confidence.

The committee noted that notice timing cannot be considered in isolation from minimum renewal terms. Together, these two periods shape how predictable, and marketable a leasehold interest is over time. On this point, the committee considered whether there would be advantages to aligning the two time periods, such as pairing a fifteen-year notice requirement with a fifteen-year minimum renewal term. A symmetrical framework may improve transparency and comprehension for all parties by creating a clear, consistent planning horizon under the statutory framework. It may also reduce scope for misunderstanding and dispute by making the timing and consequences of renewal easier to anticipate and explain to current and prospective leasehold tenants, lenders, and other stakeholders.

311. *Condominium Act*, RSNWT 1988, c C-15 at ss 8.2(1), 8(4).

312. Manitoba Act at s 279; Ontario Act at s 174(1); *Condominium on Leasehold Land Regulation*, OIC 2022/25 at s 15 [Yukon Regulation].

313. Yukon Regulation at s 15(2).

314. Ontario Task Force Report at p 2.

The committee's tentative recommendation for reform

The committee concluded that the current one-year notice period does not adequately serve the needs of either leasehold landlords or leasehold tenants, particularly in relation to financial planning and asset preservation.

Notice requirements are not merely a matter of procedural formality. Strata leasehold units are substantial financial, personal, and emotional investments for leasehold tenants. Adequate advance notice plays an important role in promoting fairness, stability, and transparency for residents who must make long-term financial and personal decisions based on whether their property interests will expire.

Timely notice can give leasehold tenants time to assess available options, engage in financial planning, seek professional advice, and make decisions about housing arrangements in a more manageable way. By contrast, if leaseholders are left in uncertainty until shortly before the end of the lease term, they will be left with limited ability to respond, which can have costly and distressing consequences, particularly for more vulnerable individuals.

As leasehold landlords in British Columbia are public authorities, often governments, expectations of transparency and procedural fairness may be especially heightened. From the perspective of leasehold landlords, longer notice periods may facilitate alignment between long-term objectives (such as transparency and sustainability) and the interests of current residents. Timely notice can reduce the likelihood of costly disputes and a loss of public confidence.

The committee came to the tentative conclusion that even notice periods of five or ten years may be insufficient for effective long-term planning, particularly where uncertainty affects property values and access to mortgage financing. Where leases are nearing expiry, property values may decline, making it difficult for leasehold tenants to sell their units or secure refinancing. Because lenders are often reluctant to lend against leasehold interests with limited remaining terms, uncertainty about renewal can further undermine the financial viability of leasehold ownership. These challenges may persist even if the notice period is modestly extended.

The committee discussed the possibility of increasing British Columbia's minimum notice period to at least fifteen years before expiry. Such a period would

reflect an expectation that leasehold tenants should have ample time to plan for the end of their lease, whether that involves arranging financing, selling their unit, or preparing for relocation.

The committee tentatively recommends:

19. Leasehold landlords should be required to give written notice to the leasehold tenants of the landlord's election to renew or not renew the strata lot lease at least 15 years before expiry of the strata lot lease.

What should the rules be regarding renewal in no-notice scenarios?

Brief description of the issue

A leasehold landlord is currently required to give a leasehold tenant written notice of whether they intend to renew a strata lot lease at least one year before it expires. If the landlord fails to provide this notice within the specified timeframe, the law obligates them to extend the lease for an additional five-year term.³¹⁵

As with situations where notice is given of an election to renew, leasehold tenants do not have a statutory right to approve or refuse a renewal triggered by a lack of notice. Is this outcome appropriate?

Options for reform

One option is to maintain a form of deemed renewal where the lease will renew automatically if the leasehold landlord fails to give notice, but leasehold tenants would be given a statutory opportunity to reject the renewal within a defined period, typically through a collective vote.

Ontario's *Condominium Act* reflects a version of this approach. If a lessor fails to give the required five-year notice of non-renewal, the lessor is deemed to have given notice to renew the leasehold interests for a ten-year term. The condominium corporation must then notify the leasehold unit owners of this deemed

315. *Strata Property Act* at s 210(4).

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renewal, and the unit owners may vote on whether the lease will, in fact, be renewed.³¹⁶

A second option is to provide that, when no notice is given, the default is that the lease will expire unless leasehold tenants affirmatively vote to renew. This approach places control squarely in the hands of the leasehold tenants and treats renewal as an outcome that requires express agreement, rather than silence.

This is the approach taken in Manitoba. Where a leasehold landlord fails to give timely notice, the lease may be renewed at the option of the leasehold condominium corporation for a ten-year term.³¹⁷ The legislation requires the corporation to hold a vote at least four years before expiry. If the required vote is not held or the necessary level of consent is not achieved, the lease is not renewed and expires according to its terms.³¹⁸

A third option is that the lease will automatically renew unless either party gives notice of non-renewal. This approach was proposed by the 1975 Ontario Task Force on Leasehold Condominiums. The task force recommended a framework in which both the leasehold landlord and the leasehold tenants would bear responsibility for giving notice of non-renewal.³¹⁹ Under its proposal, leasehold interests would renew automatically for successive twenty-year terms unless either the landlord or the tenants gave notice of non-renewal at least twenty years before expiry.³²⁰ This model emphasizes long-term planning, while preserving a right on both sides to bring the leasehold arrangement to an end.

A fourth option is that, if the leasehold landlord does not give proper notice of renewal, the strata lot leases will expire according to their terms, with no automatic renewal.

This approach treats notice as a meaningful requirement rather than a formality and ensures that renewal occurs only through deliberate action. Importantly, it

316. Ontario Act at s 174(4).

317. Manitoba Act at s 280.

318. Manitoba Act at s 281(4).

319. Ontario Task Force Report at pp 59–60.

320. Ontario Task Force Report at p 65.

avoids renewal by default and prevents a leasehold landlord from achieving renewal through inaction alone.

The committee's tentative recommendation for reform

In assessing the status quo, the committee noted that retaining automatic renewals of strata lot leases in no-notice situations would allow leasehold landlords to circumvent the committee's tentative recommendation that leasehold tenants be allowed to reject a proposed renewal. If tenants are to be granted a statutory right to reject renewal, it would be inconsistent for a landlord to be able to secure renewal simply by not giving notice.

Default-renewal models, including those that incorporate tenant voting rights, were also noted to be inconsistent with the fundamental legal character of leasehold interests as inherently time-limited. A framework in which leases repeatedly renew unless affirmative steps are taken to prevent renewal risks treating leasehold interests as functionally perpetual, rather than term-defined property interests that require conscious renewal at defined intervals.

A central concern with the second approach where leasehold tenants can vote to renew a lease when no notice is given is that it removes the leasehold landlord's affirmative intention to renew from the equation. The committee was of the view that renewal should occur only where the leasehold landlord initiates its intention to continue the leasehold arrangement.

For similar reasons, the committee did not favour the approach proposed by the Ontario task force. While that model emphasized long-term stability, it relied heavily on automatic renewal mechanisms operating across extended timeframes and placed ongoing notice obligations on both parties. In the committee's view, such a framework may obscure rather than clarify decision points and may weaken the expectation that renewal should be the product of contemporaneous, mutual agreement.

For these reasons, the committee came to the tentative conclusion that renewal should not occur by default. Treating expiry as the outcome in no-notice scenarios reinforces the time-limited nature of leasehold interests, promotes deliberate decision making by both parties, and is most consistent with a framework that emphasizes transparency, fairness, and informed consent.

The committee tentatively recommends:

20. If no notice is given, the lease expires according to its terms, with no automatic renewal.

Issues for Reform: Content of Renewal

What should be the minimum period of a renewal term?

Brief description of the issue

A renewed leasehold strata lot lease must have a term of at least five years, under the *Strata Property Act*.³²¹ The rationale for setting this minimum term at five years is not apparent from available legislative history, nor is it explained in the secondary commentary reviewed as part of this project.

This question considers whether a five-year minimum renewal period provides sufficient stability and protection for leasehold strata owners, particularly in light of the practical realities of long-term planning in leasehold developments.

As noted earlier in this chapter in the section discussing notice periods, short planning horizons can result in uncertainty that undermines property values and access to mortgage financing. Similar concerns may arise where renewal terms are too brief to support meaningful long-term decision-making.

Options for reform

A review of comparable Canadian jurisdictions indicates that British Columbia's minimum renewal period is the shortest among those that prescribe a minimum term for strata leasehold interests. Ontario, Manitoba, and the Northwest Territories each require a minimum renewal period of at least ten years.³²²

One reform option is to remove the statutory minimum renewal period altogether, leaving the length of any renewal entirely to agreement between the parties. This approach would increase flexibility and may accommodate situation-specific arrangements. However, removing a minimum term could result in shorter and more frequent renewal periods, reducing long-term stability for

321. *Strata Property Act* at s 210(2).

322. Manitoba Act at s 278(2); NWT Act at s 8.2(2); Ontario Act at s 174(2).

leasehold tenants and potentially increasing the administrative, financial, and emotional burden associated with repeated renewals.

A second reform option is to increase the statutory minimum renewal period. Extending the minimum term would bring British Columbia more closely into line with other provinces that have relatively comprehensive legislative frameworks for leasehold condominium interests. A longer minimum renewal period may enhance security of tenure, reduce the frequency and cost of renewals, and support financing and long-term planning for both leasehold tenants and leasehold landlords.

Longer minimum renewal terms may reduce flexibility for leasehold landlords and, depending on the structure of tenant voting rights, may require some leasehold tenants to remain in a renewed lease they did not support. However, this concern must be evaluated in context. As discussed earlier, even notice periods of five or ten years may be insufficient to preserve market confidence where leases are nearing expiry. In such circumstances, renewal terms that are too short may do little to restore long-term marketability or access to mortgage financing.

The committee's tentative recommendation for reform

The committee found that the current five-year minimum renewal term does not adequately address the practical realities of strata leasehold ownership, particularly when viewed alongside the current notice requirements.

As discussed in the notice-period section, the committee was of the view that notice timing and minimum renewal terms cannot be considered independently. Together, these two elements shape the stability and marketability of a strata leasehold scheme over time.

In tandem with the tentative recommendation to extend the statutory notice period to at least fifteen years, the committee concluded that a longer minimum renewal term is necessary to give meaningful effect to that reform and to support a coherent, predictable framework for strata leasehold renewal.

The committee tentatively recommends:

21. The minimum renewal term of strata leaseholds should be extended to 15 years.

What rules should guide renewal rent?

Brief description of the issue

In British Columbia, renewal terms for a strata leasehold unit are governed by section 211 of the *Strata Property Act*. It provides that:

- a renewed strata lot lease must be on the same terms as the existing lease, except that the lease term and rent may be changed;³²³
- renewal rent must equal the strata lot's proportionate share of the current market rental value of the land included in the strata plan, excluding all buildings and improvements. That share is determined by reference to the relative assessed values of the strata lots;³²⁴
- agreement on renewal rent be reached by the beginning of the renewal period, unless the lease provides otherwise or the parties agree in writing to a different timing;³²⁵ and
- where agreement cannot be reached, rent must be determined by arbitration.³²⁶

While section 211 sets out an overarching framework, it leaves many critical questions unanswered. In particular, although renewal rent is tied to the “market rental value” of land, the statute does not explain how that value is to be determined, what valuation assumptions apply, or how uncertainty should be managed where agreement is not reached until shortly before renewal begins.

As a result, renewal rent is often described as being based on the residual value of the underlying land, but the relationship between that concept and freehold land value is not clear.³²⁷ Parties may disagree on whether land should be assessed based on existing condominium use or highest and best use, how to treat servicing and infrastructure, and how comparable land interests should be selected. These uncertainties are amplified by the fact that the statute does not

323. *Strata Property Act* at s 211(1).

324. *Strata Property Act* at s 211(2).

325. *Strata Property Act* at s 211(3).

326. *Strata Property Act* at s 211(4).

327. The Continuing Legal Education Society of British Columbia, *British Columbia Strata Property Practice Manual* (1 January 2026) at §3.62 (“[w]hether and how the ‘market rental value’ specified in s 211 is related to freehold value may not be a straightforward matter”).

require renewal rent to be proposed or even estimated at the time a renewal notice is given.

Options for reform

The issues surrounding renewal rent raise two closely related questions: *when* renewal rent should be determined or disclosed, and *how* renewal rent should be determined.

Renewal rent is a central consideration in any decision about whether a strata leasehold should be renewed. If leasehold tenants are expected to vote on renewal, they must have sufficient clarity about the cost of that renewal to make an informed decision. Under the current framework, however, a landlord may give notice of an election to renew without providing any indication of the proposed renewal rent or the basis on which it will be calculated. This means that leasehold tenants may be asked to consider or respond to a renewal proposal without understanding its most consequential financial term.

One option for reform is to require earlier disclosure of proposed renewal rent or a method for determining it. Under this approach, a landlord's renewal notice would be required to include either a proposed rent supported by appraisal evidence, or a clearly articulated valuation methodology and assumptions. This would not eliminate negotiation or dispute but would ensure that leasehold tenants receive meaningful information at the point when renewal decisions are being considered.

A practical difficulty arises from the fact that renewal notice may be given well in advance of the actual renewal date (potentially 15 years or more under the statutory changes tentatively proposed in this paper). Market conditions may change substantially in the intervening period, making it difficult for a landlord to specify a precise renewal rent figure at the time notice is given. Nevertheless, even where precise figures are not yet available, a clearly articulated methodology or set of valuation assumptions would give leasehold tenants a meaningful basis on which to assess the financial implications of renewal. A disclosure requirement of this kind would address the current gap in the legislation without prescribing a fixed outcome.

There is also reason to consider the bargaining dynamics of the renewal process. Individual strata lot owners, acting collectively through a strata

corporation, may be at a structural disadvantage when negotiating with a sophisticated or well-resourced landlord. Requiring upfront disclosure would arguably serve as an important consumer protection measure, helping to ensure a more informed and balanced renewal process.

Another option is to require agreement on renewal rent, or the commencement of arbitration, a specified number of years before the renewal period begins. Rather than tying rent determination to the renewal notice itself, this approach would prescribe a separate timeline for valuation and dispute resolution. The objective would be to ensure that renewal rent is known with sufficient certainty in advance, while still allowing flexibility in how and when valuation work is undertaken.

Concerning the mechanism for determining renewal rent, the committee considered whether the legislation should prescribe the method by which renewal rent is calculated, or whether the existing framework under section 211 should continue to apply.

Under the current approach, renewal rent is based on a strata lot's share of the current market rental value of the land, excluding improvements, with valuation methodology left to agreement or arbitration. This approach offers flexibility but provides limited guidance on valuation assumptions, increasing the potential for dispute.

Another option is to prescribe a clearer statutory formula or set valuation framework. Drawing on comparative models,³²⁸ renewal rent could be calculated as a return on the market value of the proportionate interest in unimproved land, valued according to its existing strata use. The rent would be expressed as a fixed percentage of that land value, with the same percentage carried forward into future renewal rent calculations, so that land value remains the principal variable over time.

This approach would reduce discretion and improve predictability but may limit the ability of parties to tailor outcomes to specific circumstances. However, the committee observed that renewal rent, like the initial purchase price of a leasehold strata lot, is ultimately a function of market conditions. Prescribing a rigid

328. Ontario Task Force Report at p 57.

methodology could prove difficult to apply across different developments and timeframes, and might not produce outcomes that accurately reflect market realities.

A further option is to require appraisal-supported negotiations without prescribing a fixed outcome. Under this approach, the legislation could mandate the exchange of appraisal evidence prepared using prescribed assumptions or standards, providing a common evidentiary base for negotiations while preserving flexibility in the ultimate rent agreed upon.

Across these options, a recurring policy tension emerges between allowing renewal rent to reflect evolving land values and ensuring that leasehold tenants understand, well in advance, the basis on which renewal rent will be calculated.

The committee's tentative recommendation for reform

In the committee's view, requiring disclosure at the point of renewal notice would address the most significant gap in the current framework, that is the absence of any obligation to inform leasehold tenants about the financial terms of a proposed renewal.

The committee tentatively recommends:

22. Leasehold landlords should be required to disclose either the renewal rent or a method or criteria for determining the renewal rent, when giving notice to the leasehold tenants of an election to renew.

On the separate question of a legislated formula, the committee considered but ultimately declined to make a specific recommendation at this stage.

The committee drew a distinction between standardizing the property interest and standardizing the price at which that interest is renewed. While the committee strongly supported standardization of lease terms to ensure a known and consistent product, members observed that the initial purchase price of a strata leasehold lot is determined by the market rather than by statute, and that the same logic should apply on renewal: renewal rent is, in substance, the price of a new lease term, and should ultimately reflect what the parties consider to be a fair market rate. Prescribing a fixed formula was seen as potentially inconsistent with this principle.

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Since the committee is proposing that renewal notice be given 15 years or more in advance of expiry, the committee also noted the practical difficulties with proposing any formula-based figure since any calculations at that point would be inherently speculative. Members were not satisfied that any single formula could adequately account for the diversity of development contexts, lease terms, and market conditions that may arise.

Chapter 8. Termination of Strata Leaseholds

Overview: This Chapter's Content

This chapter addresses the question of what happens when a strata leasehold is not renewed and instead reaches the end of its term.

As discussed in chapter 2, strata leaseholds were introduced into British Columbia legislation in 1974. The strata leasehold developments that were created in the wake of that legislation (such as those in False Creek South in Vancouver) are now in their sixth decade of their existence. Because of the long timeframes of these leases, with the terms often ranging from 60 to 99 years, BC's termination provisions have rarely been applied or tested in practice.

British Columbia's Current Legislative Framework

In Part 12 of the *Strata Property Act*, *termination* is defined to occur in two circumstances: (1) where a strata lot lease expires without renewal; or (2) where a strata lot lease is terminated following destruction or damage to buildings exceeding one-third of their fair market value and the leasehold tenants elect not to rebuild.³²⁹

Upon termination of a strata lot lease, "[t]he leasehold landlord must purchase a leasehold tenant's interest in the strata lot."³³⁰ British Columbia's original 1974 strata statute conferred a right, rather than an obligation, on the leasehold landlord to purchase the leasehold tenant's interest at the end of the lease.³³¹

329. *Strata Property Act*, SBC 1998, c 43 at ss 199, 213 (a resolution to elect not to rebuild must be passed "by a 3/4 vote at an annual or special general meeting").

330. *Strata Property Act* at s 214(1).

331. *Strata Titles Act*, SBC 1974, c 89.

Legislative amendments enacted in 1977 changed that right into a mandatory obligation.³³²

The purchase price of the leasehold tenant's interest must be determined in one of two ways:

- in accordance with the basis set out in the strata lot lease or in a schedule filed with the leasehold strata plan;³³³ or
- where no method or formula is set out in the strata lot lease or in a filed schedule, the purchase price must be "the fair market value of the leasehold tenant's interest in the strata lot, evaluated . . . as if the strata lot lease did not expire."³³⁴

The *Strata Property Act* permits a leasehold landlord to change the valuation method set out in a schedule, but only with the unanimous consent of the leasehold tenants.³³⁵ As one commentary notes, a common reason for seeking to amend the schedule is when "both [the leasehold landlord and tenants] desire substantial renovations to the building."³³⁶ Notably, the Act does not contemplate changes to a valuation method set out in the strata lot lease itself.³³⁷

Where the parties cannot agree on the purchase price at least 30 days before the expiration of the strata lot leases and no contractual dispute process applies, the matter must be determined by arbitration.³³⁸ Once the price is settled

332. *Strata Titles Amendment Act, 1977 (No 2)*, SBC 1977, c 64.

333. *Strata Property Act* at s 214(2)(a).

334. *Strata Property Act* at s 214(2)(b) (this provision also requires this evaluation to be done "in accordance with the regulations", but no regulations have been enacted to date).

335. *Strata Property Act* at s 214(3)(a). Section 214(3)(b) sets out an additional requirement that "an amended schedule is filed in the land title office, accompanied by a Certificate of Strata Corporation in the prescribed form, stating that the resolution referred to in paragraph (a) has been passed and that the amended schedule conforms to the resolution."

336. M. Fairweather & L. Ramsay, *Condominium Law and Practice in British Columbia* (Continuing Legal Education Society of British Columbia, 1996) at p 5.62.

337. S.D. Smythe & E.M. Vogt, *McCarthy Tétrault's Annotated British Columbia Strata Property Act* (Thomson Reuters, 2024) at p 214.3 (this practice note comments that if the purchase price is predetermined, it would be better to set it out in a filed schedule, rather than in the strata lot lease because of the Act only contemplating changes to the price set out in a schedule).

338. *Strata Property Act* at s 214(4).

(either by agreement or arbitration), the leasehold landlord must pay the leasehold tenants within 30 days.³³⁹

Once all strata lot leases have been terminated, the leasehold strata plan must be cancelled, and the strata corporation wound up.³⁴⁰ The Act also goes on to expressly state that a leasehold strata plan may only be cancelled and a strata corporation wound up after all strata lot leases have ended.

Rationale and Interpretation of the Lease-End Payment Obligation

The requirement that a leasehold landlord purchase a leasehold tenant's interest upon lease expiry is a notable feature of British Columbia's strata leasehold model. However, both the purpose and proper interpretation of section 214 have been the subject of debate.

Historically, a payment to leasehold tenants upon termination of their strata leaseholds has been justified on two principal grounds.

First, such provisions are intended to preserve incentives for proper maintenance and repair as the lease term approaches expiry. Unlike a conventional long-term ground lease, where responsibility for major capital repairs often rests primarily with the landlord, a strata leasehold places responsibility for repair and maintenance decisions on the strata corporation and, ultimately, the leasehold tenants who fund its operations. As expiry approaches, tenants may be reluctant to approve or fund major repairs if they expect to receive no residual value at the end of the term.³⁴¹ Commentators have observed that, particularly in the last decades of a leasehold interest, repair decisions tend to be weighed against whether tenants will get value for the money invested.³⁴² Compensation mechanisms are intended to mitigate this risk.

339. *Strata Property Act* at s 214(5).

340. *Strata Property Act* at s 215.

341. B. Bucknall, "Leasehold Condominiums: The Further Flight of the Fee" (1976) 14:1 *Osgoode Hall Law Journal* at p 43.

342. Bucknall at p 43.

One commentary from the 1990s observed that nothing in the legislation prevents the use of a schedule that contains a nominal amount as the purchase price (like “one dollar”) but that relying on a nominal amount might raise practical concerns such as deterring strata lot lessees from maintaining the project during the last years of the term.³⁴³

Second, in British Columbia, this obligation on the leasehold landlord to purchase a leasehold tenant’s interest appears to have been adopted as a market confidence tool. Contemporary records from the 1970s suggest that guaranteed compensation at the end of the lease term was seen as necessary to make leasehold strata developments marketable and to support mortgage financing. For example, in a City of Vancouver manager’s report from July 1975, it was noted that this proposed provision about purchasing a strata lot at a price based on the fair market value was one that was recommended by the Development Consultant and Director of Finance “as being necessary in order to successfully sell the condominiums and arrange mortgage financing”.³⁴⁴

Although these objectives offer an explanation on why the lease-end payment provisions were adopted, the statutory framework leaves several important questions unanswered. In particular, there is significant ambiguity arising from the phrase “a leasehold tenant’s interest in the strata lot”.³⁴⁵ It is unclear whether this interest includes the tenant’s proportionate share of common property. Depending on the interpretation adopted, the provision could produce outcomes ranging from a payment close to freehold value to a payment that is substantially lower.³⁴⁶

343. Fairweather & Ramsay at p 5.62.

344. City of Vancouver, “Manager’s Report—July 25, 1975” www.falsecreekinfo.com/uploads/1/4/3/0/143053457/july_29_1975_minutes-purchase_sl.pdf at p 678.

345. Fairweather & Ramsay at p 5.63 (speaking about these provisions under BC’s *Condominium Act*, the *Strata Property Act*’s predecessor).

346. The Continuing Legal Education Society of British Columbia, *British Columbia Strata Property Practice Manual* (1 January 2026) at §3.62 (“This provision could be argued to imply a termination payment approaching freehold value of the strata lot, with no deduction for residual land value; or to contemplate continuing renewals under s. 210, with renewal rent owing in accordance with s. 211 and deducted from the payment; or to mean something else altogether. The difference in outcomes could be financially significant”).

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The meaning of the phrase “as if the strata lot lease did not expire” in section 214(2)(b) is also unclear from the statute and has not been clarified by BC courts. This provision could be read to require a termination payment approaching the freehold value of the strata lot, with no deduction for residual land value, to contemplate continuing renewals under section 210 (with renewal rent owing under section 211 and deducted from the payment), or to mean something else entirely.³⁴⁷ Because the interpretations lead to very different results, the financial stakes are significant for leasehold landlords and tenants.

The absence of statutory or judicial guidance has left these questions unresolved. Research conducted for this project identified only one case that has engaged with these lease-end payment provisions: *Taylor v The Queen*, a 1998 decision of the Tax Court of Canada.³⁴⁸ Although the case arose in the context of a tax appeal, the Court made certain observations about BC’s former *Condominium Act*.

In *Taylor*, the Court characterized the lease-end payment provisions as a mechanism intended to incentivize leasehold tenants to maintain buildings over the lease term, rather than as a means of compensation of land value. The Court appeared to accept that, on termination, the lessor was required to purchase the lessee’s interest in the strata lot, and it treated the value of that interest as arising from the building and the lessee’s interest in common property attributable to improvements, and not from any value attributed to the underlying leased land.³⁴⁹

347. The Continuing Legal Education Society of British Columbia, *British Columbia Strata Property Practice Manual* (1 January 2026) at §3.62.

348. *Taylor v The Queen*, 1998 CanLII 172 (TCC) [*Taylor*].

349. *Taylor* at para 66. See also, above, at pp 7–8 for discussion regarding the nature of a leasehold estate. A leasehold is generally understood in law as creating a time-limited interest in land, not dividing an interest in a building from interest in land. To the extent the court’s reasoning in *Taylor* treats the leasehold tenant’s interest as consisting of the building and improvements, it appears to adopt a conception of leasehold ownership that property law generally rejects.

Issues for Reform

Should the leasehold landlord be required to purchase a leasehold tenant's interest on termination? If so, how should the purchase price be calculated?

Brief description of the issue

Strata leasehold purchasers typically pay a substantial upfront amount for a long-term interest, commonly ranging from 60 to 99 years. In some cases, the price differential between leasehold and freehold strata can be relatively modest, suggesting that market pricing may already reflect the value of the purchaser's use and enjoyment of the property over a very long period.

At the end of the lease term, however, strata leaseholds are faced with the question of whether, and to what extent, leasehold tenants are entitled to any kind of payment or compensation. Some jurisdictions proceed on the basis that a leasehold tenant realizes the full value of their interest during the lease term and is not entitled to any residual payment on lease termination. Other jurisdictions require compensation for improvements.

In British Columbia, section 214 of the *Strata Property Act* requires the leasehold landlord to purchase the leasehold tenant's interest in the strata lot upon termination. However, as discussed above, there is significant uncertainty about what the statute requires the landlord to pay for and how that value should be determined if the basis for calculating the purchase price is not set out in the strata lot lease or in a schedule filed with the leasehold strata plan.

Options for reform

The committee identified several options for reform. The options range from an approach that provides no statutory payments to leasehold tenants on lease expiry to models that prescribe detailed valuation methodologies in determining lease-end payments.

One option for reform would be to eliminate the mandatory purchase obligation under section 214. Taking this approach, the statute would no longer require leasehold landlords to purchase leasehold tenants' interests on termination. Instead, the strata lot lease would govern whether any compensation is

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payable. In Western Australia, for example, leasehold landlords are only liable to pay compensation on expiry to the leasehold tenants “from time to time” where the leasehold by-laws expressly provide for compensation.³⁵⁰

A related but more explicit option would be to legislate that, on expiry of the lease, all leasehold titles and interests in common property automatically revert to the leasehold landlord without compensation. This is the framework for leasehold condominiums in the Yukon, where the legislation provides no mandatory compensation for leasehold tenants. It sets out that on expiry of the ground lease, all leasehold titles and all interests in any common property and common assets including any improvements or upgrades made to them go back to the public authority.³⁵¹

Hawaii also takes this approach. If a lessor and lessee cannot agree on a new lease and a mandatory arbitration process does not work, then the leasehold property reverts to the landowner including the value of any improvements.³⁵²

Another option considered was adopting a more detailed framework along the lines proposed by the 1975 Ontario Task Force. The task force agreed with the policy objectives underlying BC’s approach to compensation on termination (namely to create incentives to maintain and repair strata leaseholds and encourage the marketability of strata leasehold lots). However, the Ontario task force was critical of the drafting of BC’s legislative wording, describing it as “extremely obscure”.³⁵³

In its report, the Ontario task force provided a model statutory framework which included recommended provisions on termination. It emphasized that in regard to a lessor’s purchase of an interest in a strata lot, every effort should be made to make the principles of valuation as clear as possible.³⁵⁴ The task force suggested a rule where, on termination, the condominium project should be

350. *Strata Titles Act 1985* (WA) at s 195(2)(d).

351. *Condominium on Leasehold Land Regulation*, OIC 2022/25 at s 16(a).

352. B.A. Neil, “Ground rents from Maryland to Hawaii: leasehold interests in residential real estate” (2006) 31:2 *Real Estate Issues* at p 7.

353. Ontario, Task Force on Leasehold Condominiums, *The Leasehold Condominium: Problems and Prospects—The Report of the Ontario Task Force on Leasehold Condominiums* (1975) at p 65 [Ontario Task Force Report].

354. Ontario Task Force Report at p 65.

appraised, and the market value of improvements to the land established.³⁵⁵ The Ontario task force emphasized that improvements should be valued on the basis of the property's existing use as a condominium development, and not on the basis of the land's highest and best use.³⁵⁶ Once determined, this value would be allocated among unit holders in proportion to their interests in the common elements and paid by the lessor. Disputes over valuation could be referred to arbitration.

A central feature of the Ontario task force's suggested model is enhanced governance during the final years of the lease term. During the last 20 years of the unit leases or the condominium ground lease, significant repairs to common elements were to require approval by owners holding at least 50% of the common element interests.

This proposal does not translate neatly into British Columbia's strata framework. British Columbia's residential stratas generally operate on a one-owner, one-vote basis, and the *Strata Property Act* does not define "significant repairs." While many major expenditures require approval by a 3/4 vote at a general meeting, the Ontario proposal appears to require approval from owners representing at least 50% of all ownership interests. Depending on participation rates, this could result in a higher approval threshold than would ordinarily apply in British Columbia.

The proposal also reflects a different policy emphasis than recent reforms in British Columbia, which have generally sought to encourage long-term planning and timely major repairs through measures such as mandatory depreciation reports and lower voting thresholds for certain repairs.³⁵⁷ By contrast, the Ontario model would impose additional approval requirements for major expenditures as a lease approaches expiry.

355. Ontario Task Force Report at p 60.

356. The term "improvements" refers to the value created by the structures and other physical features of a property as distinct from the value of the underlying land itself.

357. Bill 12, *Natural Gas Development Statutes Amendment Act, 2014*, 40th Parl, 2nd Sess, British Columbia (assented to 9 April 2014), SBC 2014, c 10 at ss 39, 42; Government of British Columbia, "Strata depreciation report requirements" (12 November 2025) www2.gov.bc.ca/gov/content/housing-tenancy/strata-housing/operating-a-strata/repairs-and-maintenance/depreciation-reports/depreciation-report-requirements.

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An end-of-lease formula considered under the statutory framework in New South Wales requires compensation specifically for the value of tenant-funded improvements upon termination.³⁵⁸ That legislation sets out a valuation formula that begins with the hypothetical freehold market value of the lot, deducts the lot's proportionate share of the underlying land value, and adjusts to exclude the value of improvements effected by the lessor. What remains represents the value of the improvements attributable to the leasehold tenant.³⁵⁹

New South Wales's formula is reproduced in full below:

For the purposes of sections 37 (1) (c) and 80 (8) (e), the formula is:

$$A = B - (C - D)$$

where:

A represents the value, at the date of termination of the leasehold strata scheme concerned, of the improvements attributable to a lot,

B represents the market value, at that date, of the lot, being the value of the lot at that date calculated on the basis that the lot:

- (a) is held for an estate in fee simple in possession, and
- (b) may be used, whether or not only with development consent, for any purpose the use of the lot for which is not at that date prohibited,

$$C = E \times U_1/U_n$$

where:

E represents the site value, at that date, of the parcel the subject of that leasehold strata scheme, being the value of the land included in that parcel at that date calculated on the basis that the land:

- (a) is held for an estate in fee simple in possession, and
- (b) may be used for the purpose of a site for the building or part of the building subject to the scheme,

358. *Strata Schemes (Leasehold Development) Act 1986*, no 219 at s 37(1)(c) [NSW Leasehold Act].

359. NSW Leasehold Act at Schedule 2 (Compensation payable on termination of leasehold strata scheme).

but excluding the value at that date of all improvements within the parcel,

U_1 represents the unit entitlement of the lot, and

U_n represents the aggregate unit entitlement for that leasehold strata scheme, and

D represents the part of factor “B”, if any, attributable to the value, at that date, of improvements to the lot effected by the lessor.

The part of this formula to focus on is factor B, which delves into how to calculate the market value of the strata lot. The committee noted the contrast between this factor and the equally explicit language in the Ontario task force’s report. Whereas the Ontario task force directed “the improvements to the land shall be appraised at their value as supported by a freehold interest and on the basis of the existing use of the land and not at the highest and best use of the land,”³⁶⁰ this formula requires calculating market value “on the basis that the lot . . . *may be used*, whether or not only with development consent, *for any purpose the use of the lot for which is not at that date prohibited*.” On the face of it, the New South Wales language appears to be more favourable to the leasehold tenant’s interests.

The committee’s tentative recommendation for reform

The committee agreed that British Columbia’s current approach to lease-end compensation suffers from a fundamental lack of precision. In particular, the use of the undefined concept of “fair market value” in section 214 creates uncertainty about what the leasehold landlord is required to pay for and how that value is to be determined. It is unclear whether valuation is meant to proceed as if the leasehold tenant held a freehold interest, as if the lease were to be renewed, or on some other basis. This ambiguity undermines predictability, increases the risk of dispute, and weakens confidence in the strata leasehold framework.

In considering whether eliminating the mandatory purchase obligation on lease expiry would provide a solution, the committee discussed how such an approach would offer statutory clarity and allow compensation risk to be priced

360. Ontario Task Force at p 60 [emphasis added].

and disclosed upfront through the lease itself. However, the committee was concerned that removing mandatory compensation entirely could undermine incentives for ongoing maintenance as expiry approaches and could weaken market confidence in strata leasehold developments, particularly given their long-term residential character. The committee also noted that lease-end payments have historically functioned as a business mechanism to support marketability and financing rather than as an unearned windfall for tenants.

The committee therefore focused on identifying a model that preserves incentives for maintenance and market confidence while providing greater clarity and transparency than the current legislation. In this regard, the committee favoured the approach taken in New South Wales.

The committee preferred New South Wales's model because it clearly defines the method of valuation. Rather than relying on an open-ended notion of fair market value, the legislation specifies that compensation is payable for the value of improvements attributable to the leasehold tenant. The statutory formula makes explicit how that value is to be calculated, separating the value of the improvements from the underlying land value and adjusting for any improvements made by the lessor. By clearly identifying what is and is not being valued, the New South Wales approach reduces uncertainty and the potential for dispute.

The committee also favoured the approach of New South Wales for its consistency and transparency. The committee noted an important contrast between this approach and British Columbia's current framework. Whereas section 214 relies on an undefined concept of "fair market value," leaving unclear whether valuation should proceed as if the tenant held a freehold interest, as if the lease were to be renewed, or as if the lease were approaching expiry and would have little or no remaining value, the New South Wales legislation clearly defines what is being valued and why. By making the target of compensation explicit, the New South Wales model reduces uncertainty and the potential for dispute.

Overall, the committee concluded that an open-ended but structured approach best reflects the hybrid nature of strata leasehold developments. By building in flexibility as to whether and how compensation is provided, while requiring clear disclosure of those terms at the outset, reforms to the current legislation could provide a clearer foundation for lease-end outcomes. Consistent with the

committee's recommendation in chapter 5,³⁶¹ these proposed reforms are intended to apply retroactively, except where an existing lease already explicitly governs lease-end matters. Leaseholds that already set out how compensation is to be determined on termination would therefore continue to operate on their existing terms.

The committee tentatively recommends:

23. Section 214(2) of the Strata Property Act should be removed. Rather, the Act should require, in accordance with a standardized model lease, that the strata lot lease explicitly specifies whether the leasehold landlord's payment to the leasehold tenants at the end of the lease for the value of any improvements will be:

- (a) zero;*
- (b) calculated using the following valuation formula:*

$$A = B - (C - D)$$

where:

***A** represents the value, at the date of termination of the leasehold strata scheme concerned, of the improvements attributable to a lot,*

***B** represents the market value, at that date, of the lot, being the value of the lot at that date calculated on the basis that the lot:*

- (a) is held for an estate in fee simple in possession, and*
- (b) may be used, whether or not only with development consent, for any purpose the use of the lot for which is not at that date prohibited,*

$$C = E \times U1/U_n$$

where:

***E** represents the site value, at that date, of the parcel the subject of that leasehold strata scheme, being the value of the land included in that parcel at that date calculated on the basis that the land:*

- (a) is held for an estate in fee simple in possession, and*

361. See tentative recommendation 8, above, at p 74.

*(b) may be used for the purpose of a site for the building or part of the building subject to the scheme,
but excluding the value at that date of all improvements within the parcel,*

U1 represents the unit entitlement of the lot, and

Un represents the aggregate unit entitlement for that leasehold strata scheme, and

D represents the part of factor “B”, if any, attributable to the value, at that date, of improvements to the lot effected by the lessor;

or

(c) an alternative calculation, provided it is clearly disclosed to prospective leasehold tenants.

Chapter 9. Conclusion

The goal of this consultation paper is to inform readers of the issues considered by the Strata Leaseholds Law Reform Project Committee in developing tentative recommendations to reform British Columbia's legislative framework governing strata leaseholds.

The strata leasehold model is a relatively recent form of property, and several of its key features, such as the provisions governing lease renewal and termination, have seen little to no practical application to date.³⁶² This paper's review of possible legislative reforms has aimed to highlight ways of thinking that could respond to experienced points of tension as well as challenges expected to occur in the future.

Chapters 1 to 3 set out foundational information through an introduction to the project, a contextual overview to the creation of strata leaseholds, and how this model of housing has been used in the province and beyond.

Chapters 4 to 8 set out the committee's tentative recommendations on standardizing strata lot leases, modifications to leases, guidance needed for leasehold landlords and tenants that are approaching the end of the term, and termination of the strata leasehold. Each chapter included issues for reform and rationale for the committee's tentative recommendations. For ease of reference, a consolidated list of the committee's tentative recommendations is set out in Appendix A.

BCLI and the Strata Leaseholds Law Reform Project Committee welcome public input and participation. Responses are crucial to the process of developing law-reform recommendations. BCLI's final recommendations are typically shaped by input received at the consultation stage. To ensure that the committee is able to consider your comments to this consultation paper, please send them to BCLI by **20 November 2026**.

362. See above, at p 2, where the limited practical application of these provisions is discussed as a principal reason for undertaking this project. To date, False Creek South in Vancouver is a rare example of a development that has approached issues regarding lease renewal and termination in practice.

Appendix A

List of Tentative Recommendations

Leasehold Landlords (Chapter 4)

1. *British Columbia's strata legislation should continue to have restrictions on who can act as leasehold landlords.*
(p 53)
2. *The provincial government should consult with First Nations on whether the list of authorized leasehold landlords should be broadened, with a view to extending strata leasehold landlord authority to include non-treaty First Nations.*
(p 58)
3. *British Columbia's strata legislation should not be amended at this time to enable not-for-profit societies to act as strata leasehold landlords, whether generally or subject to conditions.*
(p 63)

Standardization of Strata Lot Leases (Chapter 5)

4. *The Strata Property Act should ideally provide a standard form lease that includes a list of mandatory substantive provisions and that all strata lot leases must follow. If that is not feasible, the legislation should, at a minimum, require that all strata lot leases contain certain mandatory substantive provisions.*
(p 70)
5. *Section 203 of the Strata Property Act should be revised to expressly state that, on conversion of the ground lease, all strata lot leases within a strata corporation must have the same lease term.*
(p 73)
6. *The Strata Property Act should require that all strata lot leases be prepaid.*
(p 73)

7. *Strata leasehold maintenance obligations for leasehold tenants should not exceed those applicable to freehold strata owners under the Strata Property Act.*
(p 73)
8. *The proposed reforms addressing renewal and termination issues should apply retroactively, except where existing leases already explicitly govern these matters, including purchase-price formulas on termination.*
(p 75)

Modifications to the Lease (Chapter 6)

9. *Modifications should be allowed only at the group-of-owners level, binding all leaseholders. Individualized agreements between the leasehold landlord and specific unit owners should not be permitted.*
(p 80)
10. *Modifications of strata lot leases should require leasehold landlord approval and an 80% supermajority of all leasehold tenants in favour of the modifications.*
(p 80)
11. *Modifications should be permitted at any point during the lease term, subject to the approval by both parties.*
(p 81)
12. *Sections 206 and 207 of the Strata Property Act should be repealed.*
(p 83)
13. *Section 214(3) of the Strata Property Act should be amended to permit the modification of the formula used to calculate the purchase price of the leasehold tenants' interests at the end of the lease, subject to the consent of the leasehold landlord and an 80% supermajority of the leasehold tenants.*
(p 86)

Appendix A: List of Tentative Recommendations

14. *A leasehold tenant should have an express statutory right to apply to the court to prevent or remedy a modification of the method for calculating the purchase price of their interest at the end of the lease that is “significantly unfair” to that tenant.*

(p 86)

Decision Making as the End of the Lease Approaches (Chapter 7)

15. *Leasehold tenants should have a statutory mechanism by which to reject renewal.*

(p 92)

16. *The Strata Property Act should require collective and simultaneous renewal or termination of all leasehold interests in a strata development and prohibit partial renewal.*

(p 96)

17. *Where a landlord proposes to renew strata leasehold interests in accordance with the statutory requirements, renewal should be presumed unless leasehold tenants reject the proposal.*

(p 101)

18. *Rejection of a proposed renewal of strata leasehold interests should require a resolution passed by a 3/4 vote of the leasehold tenants.*

(p 101)

19. *Leasehold landlords should be required to give written notice to the leasehold tenants of the landlord's election to renew or not renew the strata lot lease at least 15 years before expiry of the strata lot lease.*

(p 104)

20. *If no notice is given, the lease expires according to its terms, with no automatic renewal.*

(p 107)

21. *The minimum renewal term of strata leaseholds should be extended to 15 years.*
(p 108)
22. *Leasehold landlords should be required to disclose either the renewal rent or a method or criteria for determining the renewal rent, when giving notice to the leasehold tenants of the election to renew.*
(p 112)

Termination of Strata Leaseholds (Chapter 8)

23. *Section 214(2) of the Strata Property Act should be removed. Rather, the Act should require, in accordance with a standardized model lease, that the strata lot lease explicitly specifies whether the leasehold landlord's payment to the leasehold tenants at the end of the lease for the value of any improvements will be:*

- (a) zero;*
- (b) calculated using the following valuation formula:*

$$A = B - (C - D)$$

where:

A represents the value, at the date of termination of the leasehold strata scheme concerned, of the improvements attributable to a lot,

B represents the market value, at that date, of the lot, being the value of the lot at that date calculated on the basis that the lot:

- (a) is held for an estate in fee simple in possession, and*
- (b) may be used, whether or not only with development consent, for any purpose the use of the lot for which is not at that date prohibited,*

$$C = E \times U1/U_n$$

where:

E represents the site value, at that date, of the parcel the subject of that leasehold strata scheme, being the value of the land included in that parcel at that date calculated on the basis that the land:

Appendix A: List of Tentative Recommendations

*(a) is held for an estate in fee simple in possession, and
(b) may be used for the purpose of a site for the building or part
of the building subject to the scheme,
but excluding the value at that date of all improvements within
the parcel,*

U1 *represents the unit entitlement of the lot, and*

Un *represents the aggregate unit entitlement for that leasehold
strata scheme, and*

D *represents the part of factor “B”, if any, attributable to the
value, at that date, of improvements to the lot effected by the les-
sor;*

or

*(c) an alternative calculation, provided it is clearly disclosed to prospective
leasehold tenants.*

(pp 126–127)

Appendix B

Biographies of Project Committee Members

Dr. Alexandra Flynn (committee chair) is an Associate Professor and the Associate Dean of Graduate Studies and Professional Programs at the Peter A. Allard School of Law. Alexandra's teaching and research focus on municipal law and governance, administrative law, and property law. She has published numerous peer-reviewed papers, public reports, media articles, and a book on how cities are legally understood in law and how they govern, including the overlapping geographies and governance of city spaces, and the formal and informal bodies that represent residents. Alexandra is the Director of the Housing Research Collaborative, which comprises CMHC and SSHRC-funded projects focused on Canada's housing crisis. She is also working on several projects related to precariously housed people in Canadian cities, including the governance of personal property of precariously housed people, and human rights and tent encampments.

Thom Armstrong has more than 40 years of experience in the co-operative housing movement, holding leadership positions in Saskatchewan, Ontario, and British Columbia. Since September 2000, Thom has been the Chief Executive Officer of the Co-operative Housing Federation of BC (CHF BC) and currently serves in the same capacity for the Community Land Trust Foundation of BC and COHO Management Services Society, all headquartered in Vancouver. He also serves on the board of Boann Social Impact, an impact investor in the social finance sector. CHF BC represents 265 non-profit housing co-ops with almost 15,000 co-op homes. COHO provides professional property management services to a portfolio of 6,200 homes. CHF BC's group of community land trusts currently holds assets in housing and land worth more than \$1.25 billion.

Veronica Barlee is a Senior Policy Advisor with the Housing Policy Branch in the Ministry of Housing and Municipal Affairs. For the past 17 years, Veronica has worked on strata legislation, regulations, policies, and issues. Strata housing is a key housing tenure in British Columbia with an estimated 1.5 million strata owners and residents. Veronica's professional background includes extensive policy development and management experience in the private, public, and

Appendix B: Biographies of Project Committee Members

non-profit sectors. She supports and developed the Province's strata housing website which provides user-friendly information to strata council members, owners, and residents. Her MBA from the University of Alberta is augmented by ongoing professional development in policy development, and public consultation, engagement, and education. As a settler, she continues to learn about Indigenous peoples in BC and Canada and to support reconciliation.

Grant Haddock, KC, is the founder of Haddock & Company. Grant acts for many housing co-ops and strata corporations along with a number of housing corporations, housing societies, equity housing co-operatives, Indian Lands housing corporations, and fractional interest free-hold housing properties. In addition, Grant acts for commercial and residential landlords, manufactured home community owners and small to mid-size construction companies and developers. He is a frequent speaker at education conferences and seminars hosted by housing industry leaders and speaks on a variety of topics as they touch on non-profit housing, residential tenancy and strata property.

Dr. Douglas Harris is a Professor and the Nathan T. Nemetz Chair in Legal History at the University of British Columbia's Peter A. Allard School of Law. He teaches and writes in property law and legal history, with a particular focus on condominium law and cities.

Nizar Laarif is Director of Public Affairs at Aboriginal Housing Management Association (AHMA), the umbrella organization for all Indigenous housing providers off reserve in BC. AHMA's members represent over 5000 Indigenous families living in urban, rural and northern regions of British Columbia. Nizar has been with AHMA for 12 years. Prior to joining AHMA, he worked with the Heiltsuk Nation as Capital Manager.

Kylie Sandstone is Manager of Policy and Legislation at Housing Policy Branch, Ministry of Municipal Affairs and Housing. Kylie has been with the Ministry since 2018 serving in policy and legislative roles, related to both strata housing and building/construction standards. Prior to joining the BC Public Service, Kylie worked in non-profit and private sector housing development and operations. Kylie holds a Master of Public Administration degree (MPA), is a Registered Professional Planner (RPP), and a Project Management Professional (PMP).

Karl P. Stephan is Senior Counsel at Ratcliff LLP. He provides legal advice to numerous First Nations, with an emphasis on Aboriginal land development, incorporation and governance structuring for First Nation-owned companies, leasing of reserve lands, financing and security documentation, impact benefit and servicing agreements, trusts, and First Nation laws relating to taxation, assessment, financial administration, and land management.

Michael Walker is a real estate and social enterprise lawyer in Vancouver. He worked as a journalist and newspaper editor, and in diverse roles in the non-profit sector, spanning law reform, urban policy, community relations and housing development. Mike is now a senior partner in the law firm Miller Thomson LLP, having served in the past as a managing partner and a member of the firm's national executive committee. Mike has also served on a number of public advisory and governing bodies, including the BC Housing Board of Commissioners and the Real Estate Council of B.C. He is currently a member of the University of British Columbia's Board of Governors.