# Long Term Residential Leases

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A long-term leaseholder engagement process was concluded on July 2, 2024. Click here to access MLA Chandra Herbert's letter to the Premier and Minister of Housing, which includes the results of the engagement.

**Consult a lawyer before purchasing** a residential leasehold. Prospective purchasers are strongly advised to consult a knowledgeable lawyer to thoroughly understand the leasehold contract and its obligations.

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**What is a long term residential lease**

A small number of residential properties in B.C. are long-term leaseholds (sometimes referred to as a '99-year lease' or a 'leasehold unit'). While commercial leaseholds are very common, residential leaseholds are not.

A long-term residential leasehold is a form of home ownership where a person (the lessee or leaseholder) purchases from the owner of a building (the lessor or leasehold landlord) the right to occupy a premise for a long-term, fixed period (more than 20 years, and usually for 99 years, on first sale). This is sometimes referred to as "prepaying the lease".

Once purchased, the 'right of occupancy' can be bought and sold in a conventional real estate market, although some oversight of these transactions is typically retained by the leasehold landlord. The relative value of the lease tends to decline as the lease term approaches its termination date but will fluctuate over time with market values.

**Not regulated by the Residential Tenancy Act or the Strata Property Act**

**Long term residential leaseholds are NOT governed by the Residential Tenancy Act.** Leases with an original term longer than 20 years fall outside the scope of the Residential Tenancy Act. However, if long-term leaseholders rent their unit to a tenant, the Residential Tenancy Act applies to that relationship. The Province's rental housing site has helpful information for landlords and tenants.

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**Residential leasehold properties are NOT governed by the Strata Property Act.** Strata legislation does not apply to long term residential leases; it only applies to strata lots or leasehold strata lots. The Province's strata housing website has helpful information for strata owners, residents and council members.

The requirements, rights and responsibilities set out by strata legislation do *not* apply to long term residential leaseholds.

**How long-term residential leases work**

**Contracts**

- Through a lease agreement, an initial leaseholder purchases the right to occupy a unit for a fixed length of time (more than 20 years, and usually for 99 years).
- The lease agreement is a legal contract with obligations for both the lessee (leaseholder) and the lessor (leasehold landlord).
- In most cases, the lease contract has been drawn up by the leasehold landlord and is non-negotiable. Leasehold contracts are registered with the Land Title Office by leaseholders or their representatives at the time of purchase.

**Fees and taxes**

- Arrangements for paying fees and taxes are usually established through the leasehold contract.
- The leaseholder may be required to pay for the maintenance and repair of the building, usually in the form of monthly fees or extra assessments that the leasehold landlord can require the leaseholders to pay.
- Monthly fees may include:
    - Building administration and maintenance services
    - Repairs
    - Water and sewer
    - Garbage pickup and recycling
    - Utilities such as natural gas
    - Electricity for the common building areas as well as in units
    - Property taxes
    - Building insurance
- Leaseholders in non-strata residential lease properties do not usually have the right to vote on decisions concerning the building or the fees they pay

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**Disputes**

- Sometimes there are disputes between the leasehold landlord and the leaseholders about repair and maintenance costs.
- The leasehold agreement may require the leasehold landlords to provide an annual audit report to leaseholders. However, most contracts do not stipulate that leaseholders be given specific details or access to invoices and receipts for items in the report. This is very different from strata leaseholds, which are governed by the *Strata Property Act*.
- Long-term leases in B.C. are subject to the principles of contract law and common law. Contract terms can vary widely from one building to another.
- Disputes between leaseholders and leasehold landlords that cannot be resolved by negotiation may be resolved through the courts. The Provincial Government has no role in resolving these disputes.

**Home Owner Grant**

Long term leaseholders may be eligible to benefit from the provincial Home Owner Grant if the registered lease has a term of at least 99 years, and the lease agreement requires the leaseholder to pay the property taxes for the property. The grant is claimed by the lessor (landlord) and must be passed on to the lessees (leaseholders).

**Property transfer tax**

Purchasers of long term residential leasehold units are typically responsible to pay the Property Transfer Tax. Purchasers may be exempt from paying the Property Transfer Tax if the lease provides the right to occupy the property for a term of 30 years or less from the date of registration at the Land Title Office. For more information, please contact the Property Transfer Tax Administration Office at 250-387-0604.

**Getting legal advice**

Long term residential leases are not governed by the Residential Tenancy Act or the Strata Property Act. As terms in the contract can vary, buyers should seek independent legal advice to understand the contract before purchasing.

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The information on this website about residential leasehold properties is provided for the user's convenience as a basic starting point; it is not a substitute for getting legal advice. The content on this website is periodically reviewed and updated by the Province of British Columbia as per the date noted at the top of each page.