



CAI Canada Chapter

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The Honourable Marie-Claude Bibeau, P.C., M.P.
Minister of National Revenue
7th Floor
555 Mackenzie Avenue
Ottawa ON K1A 0L5

Sent via mail and email to: marie-claude.bibeau@parl.gc.ca

Dear Minister Bibeau,

The implementation of the *Underused Housing Tax Act* (the “UHTA”) has caused concern for condominium and strata corporations (“condo corporations”) across Canada. Many condo corporations own guest suites that fall under the definition of residential property set out in Section 2(b) of the UHTA, as well as superintendent suites.

In most cases the guest suites and superintendent units are individual legal units, and the condo corporation is the registered owner. While the condo corporation is the registered owner, the guest suite and superintendent units are assets of the corporation, used for the benefit of all owners.

The UHTA does not provide a filing exemption for condo corporations. We note that a filing exemption does exist for cooperative housing corporations (“co-ops”) and submit that the underlying rationale for exempting co-ops from filing applies equally to condo corporations.

Both co-ops and condos administer property on behalf of a larger group of owners. While owners in condo corporations hold title to their individual units, the condo corporation fulfills a similar role to co-ops in operating the common areas and services that benefit all owners.

Similar to co-ops, condo corporations will also have provisions in their governing documents that stipulate how the guest and superintendent suites will be used and build in protections for the interests of the individual owners. The use of these units is set out in the declaration of the corporation, and they do not represent underused housing.

Condo corporations are run by volunteer boards of directors and the new filing requirements are an administrative burden that many will not be sufficiently equipped to deal with. Condo corporations are non-profit organizations and the potential imposition of a \$10,000.00 penalty for failing to file a return under the UHTA would be a serious financial burden for many.

In light of the above, the Community Associations Institute (“CAI”) suggests that the filing exemption for co-ops should be extended to condo corporations as well. We note that there is the possibility for further exemptions by regulation provided for under the definition of excluded owner in Section 2 of the UHTA.

If condominiums are not exempted, then the requirements to constitute a specified Canadian corporation presents a unique problem in the condo setting. The unit owners in a condominium

directly elect volunteer board members. If one person on a five-person board happens not to be a Canadian citizen or permanent resident, then the entire condo corporation could face different tax implications than if all the directors are Canadian or permanent residents. This could pose particular challenges, as for example Ontario's *Condominium Act, 1998* does not require disclosure of citizenship or residency status when an individual runs for election. Requiring the disclosure of citizenship or residency status may be prejudicial to a candidate and condo corporations may not be able to compel such disclosure.

Established in 1973, Community Associations Institute (CAI) is an international membership organization dedicated to building better communities. With more than 40,000 members worldwide, CAI works in partnership with 63 chapters, including chapters in Canada and South Africa. CAI provides advocacy, information, education, and resources to the boards of directors of condominiums and the professionals who support them.

CAI Canada (the Canadian chapter of CAI) was formed to represent the Canadian interests of the broader industry, and to ensure that Canada is part of the conversations related to setting standards and sharing industry-wide best practice.

We would be pleased to discuss these issues further with you, if it is of value.

Yours truly,



Justin McLarty
CAI Canada Legislative Committee Member



Sally Thompson
CAI Canada Vice President

On behalf of CAI Canada