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NEWS RELEASE

The BC NDP's April 2, 2024, Announcement: A Missed Opportunity for Landlord Support

Vancouver, BC – Every enlightened level of government understands that the rental housing crisis BC is experiencing is fundamentally a result of insufficient supply. While LandlordBC applauds the many measures and innovations advanced by the BC NDP to increase supply, and is honoured to have been and continue to be one of several key stakeholders to provide input as they implement and expand their supply strategies, the reality is that what was announced on April 2nd—contrary to the headline “More protections for renters, parents, landlords, families”—is devoid of any legitimate protections or support for landlords, nor will it increase supply for renters.

Contrary to expectations, the measures announced on April 2nd will, in fact, place additional financial pressure on a sector that is currently grappling with increased property taxes and maintenance costs, soaring interest rates and other financial burdens, and will decrease supply as more landlords, in particular small mom-and-pop landlords upon whom the market is disproportionately dependent, will leave the sector. Furthermore, those mom-and-pop landlords with vacant units sitting on the sidelines, will keep them on the sidelines as the risk/reward imbalance continues to diminish what was once a viable opportunity to provide critically needed housing for BC families, with the goal over the very long-term, to create some semblance of wealth creation for retirement. A goal that should not be demeaned as we witness increased pressure on all retirees to maintain their housing and to fund their healthcare needs.

In addition to supply reducing measures such as those announced on April 2nd, proformas, the “numbers”, largely do not support building new purpose-built rentals and won’t until we see a major shift downward in interest rates and other cost-drivers impacting new construction. The harsh reality is that what was once a 10-year time horizon to hopefully resolve this rental housing crisis, is now more like a 15 plus time horizon. Its not hyperbole to say that we are in a perfect storm.

The Premier and Housing Minister have both unambiguously acknowledged that our sector provides critical housing, and that the vast majority of landlords are responsible and respectful rental housing providers focused on delivering safe, secure, long-term rental housing. We agree! Moreover, LandlordBC has long been supportive of policies addressing bad actors and their negative impacts on the rental housing ecosystem. However, what our sector is now experiencing is death by a thousand cuts and, rather ironically, it’s renters that will ultimately suffer the consequences.

We recognize the pressures the government faces due to the dearth of supply, but the diminishment of an industry that provides homes for over 1.6 million British Columbians, and contributes billions of dollars to the provincial GDP, makes no sense. We genuinely believe that the Premier and Housing Minister are sincere when they say they want to see balance in the rental housing ecosystem. Yet, this harmony is conspicuously absent! We need to have the Premier and Housing Minister to take bold measures now to support our sector and by doing so they will in fact help renters, which is their stated goal.

We are committed to continuing to collaborate with the Premier and Housing Minister to ensure that we have a strong and vibrant rental housing ecosystem. Where the BC NDP should be directing their efforts right now are as follows:

- 1) Immediately implement a significant reduction in property taxes for all rental housing providers of purpose-built rentals and secondary market to mitigate the impacts of the soaring costs to operate, maintain and improve rental housing.
- 2) Reallocate the carbon tax on rental buildings to create a fund accessible to our sector to support the decarbonization objectives of CleanBC to retrofit BC's aging purpose-built rental stock. The reduction of Green House Gas (GHG) emissions is this generation's greatest challenge. Our sector understands that we need to be part of the solution, but the costs to upgrade the aging rental stock, a large percentage of which is the most affordable rental housing, are astronomical with no path to recoup these costs through rent increases. We need financial support to undertake these retrofits, and the redirection of the BC carbon tax into a sector accessible fund to reduce GHG emissions is a win-win for renters and the environment.
- 3) Continue to consult with LandlordBC to ensure that we have a legislative framework for residential tenancies that promotes both the preservation of current housing stock and the expansion of new rental housing supply in BC.
- 4) Federally, we need our provincial government to actively advocate with us for meaningful changes to the tax treatment of enhancements to current rental properties, such as upgrading roofs, elevators, and mechanical systems, which are being mandated to undergo capitalization under CRA regulations, rather than being expensed. It is our view that the tax treatment of capital expenses should replicate CRA's treatment of current expenses, which will give rise to an immediate write-off, thereby providing critical financial support to our sector for the continued investment in the sustainability, health, and safety of our aging rental stock.

LandlordBC has undertaken a thorough review of the April 2nd announcement, and we offer the following commentary. Some of the changes in the legislation will be ready to go once the Bill is passed (Royal Assent) while others will require more work to be done, primarily in the Residential Tenancy Regulations. We anticipate the regulatory changes to come into effect early this summer.

Changes effective upon Royal Assent:

- Prohibiting landlords from charging additional rent for additional occupants that are minors. This includes occupants who, at the time of signing the agreement were a minor and residing in the unit but are no longer a minor. We do not agree with this change. It has a significant impact on a landlord's ability to cover the costs that additional occupants in the rental unit represent such as utilities and wear and tear at a time when repair and maintenance costs are steadily accelerating. In the past we've suggested to the Housing Minister a defined maximum increase could be a reasonable alternative.
- Increasing the amount of time a landlord must occupy a rental unit after ending a tenancy for personal occupancy from 6 months to 12 months (this will be retroactive to April 3, 2024). This means if a landlord ends a tenancy for personal occupancy and does not occupy the unit for 12 months, the tenant may file a dispute for compensation. This additional compensation is up to 12 months of rent.
- Prohibiting evictions for personal occupancy in purpose-built rental buildings with 5 or more rental units (this will be retroactive to April 3, 2024). This means that landlords (or their close family members) of buildings with 5 or more units will not be able to utilize the notice to end tenancy for landlords' occupancy. We do not believe that this measure is necessary and will seek data the government used to support their decision and seek its revocation.
- Prohibiting landlords from giving a notice to end tenancy unless the requirements or circumstances apply (or the landlord had a reasonable belief that they applied). This responds to the problem where a landlord issues frivolous notices to harass a tenant or evict a tenant by exhaustion. If this happens, the tenant will still have to dispute the notice, but they can also file a complaint with the RTB's Compliance and Enforcement Unit. While we support an end to frivolous notices to end tenancy which is a form a harassment, we feel this needs clearer guidelines as to what constitutes frivolous and what standards are applied when considering if the requirements of a notice to end tenancy are met.

Changes that will come into effect through Regulation (early Summer 2024)

- Increasing the amount of notice a landlord must give a tenant when ending a tenancy for personal occupancy from 2 months to 4 months. The increase in notice period is intended to give tenants more time to find new accommodations. By doubling the notice period, a new layer of complexity has been added to this process and landlords must plan much further out when considering moving into their rental unit or selling their property. We do not agree with this decision by the government. In our experience, many tenants dispute this notice, and current RTB service standards easily add two months to the notification period as the dispute wends its way through the RTB hearing process. This will allow additional time for impacted tenants to secure new

housing. We are also concerned about negative impacts to the broader housing market.

- Increasing the amount of time a tenant has to dispute a notice to end tenancy for personal occupancy from 15 days to 30 days. With the reduction in hearing wait times and the increased notice period this should not greatly affect landlords as any RTB hearing should be resolved before the effective date of the notice to end tenancy.
- Requiring landlords to use a web portal on the RTB website (which is under development) to generate notices to end tenancy for personal occupancy. This means landlords will have to enter all the required information through the new web portal before a notice is generated. This will help ensure that notices are properly completed before they're given to tenants and help to landlords better understand when these notices to end tenancy are appropriate.

As we approach the implementation of Bill 14, it's important for landlords to fully understand the upcoming changes and their potential impact. With the Act's passage imminent, it introduces a series of amendments aimed at providing additional protections for tenants, including further rent increase restrictions for households with minors and increased restrictions for landlords wishing to reclaim properties for personal use. As outlined above, the impacts of these changes are not insignificant.

The regulatory updates scheduled for early summer 2024, specifically the introduction of a mandatory web portal for eviction notices and extended notice period should help tenants have greater confidence in the notices they receive for landlords' personal occupancy and are intended to enhance the transparency and accountability in the end of tenancy processes.

LandlordBC is committed to helping landlords understand and adapt to these changes while continuing to stand up for our sector against changes we believe are unnecessarily harmful to our sector. Overall, the rental housing ecosystem relies on a strong and stable foundation, the RTA, and these changes in our view undermine and weaken that foundation. As this legislation and regulations progress, we will continue to keep our members informed and up to date.

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Media Inquiries: Emailed questions specific to this press release will be promptly responded to. Please email: info@landlordbc.ca

Quickpoints:

- The BC NDP's April 2, 2024 announcement, while aimed at increasing tenant protections, lacks substantive measures to support landlords or address the critical issue of housing supply, potentially harming renters in the long run.

- The new policies will add financial strain on landlords, particularly small, family-run operations, risking a decrease in available rental units as these landlords may exit the market.
- The sector faces a "perfect storm," where current economic conditions and the announcement's measures are not conducive to building new rental properties, extending the rental housing crisis.
- LandlordBC supports the government's acknowledgment of the importance of rental housing providers but emphasizes that the sector is suffering from "death by a thousand cuts," with renters ultimately suffering the consequences.
- LandlordBC urges the government to take bold steps to support the rental housing sector, suggesting measures like tax reductions and financial support for retrofits, to improve the situation for both landlords and renters.