



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION

June 29, 2018

Rental Housing Task Force

Submitted by email: RentalHousing.TaskForce@gov.bc.ca

Dear Task Force Members:

Once again, the British Columbia Real Estate Association (BCREA) thanks you for the opportunity to provide input into your review of BC's residential tenancy laws. Rental housing is an essential component of a thriving housing market, and your mandate of improving security and fairness for BC renters and landlords will help identify opportunities to modernize these laws while promoting the development of rental housing.

On May 24, we met with you to present our initial submission with several recommendations. Since then, we have consulted with REALTORS® and the regional real estate boards, and confirmed our recommendations:

1. Retain the current maximum allowable annual increase (2 per cent + Consumer Price Index) and the ability to go to market rent with new tenants.
2. Amend the definition of "landlord" in the *Residential Tenancy Act* to include a strata corporation dealing with a difficult tenant.
3. When protecting tenants, consider how impacts on landlords could affect rental supply.
4. Encourage local governments to legalize secondary suites with minimal red tape.
5. Work with local governments to encourage public acceptance of purpose-built rentals.
6. Work with the federal government to encourage private sector investment in rental housing.

In fact, REALTORS® related their experiences of clients who have decided to sell their rental properties because of the increasing restrictions placed on landlords.

BCREA appreciates and supports the priority government has placed on housing. BCREA firmly believes British Columbians should have safe, decent and affordable homes where they work, shop and play. BCREA also believes a strong economy depends on preserving the investments people have made in real estate by protecting the ability to freely own, use, buy and sell real property.

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Past President Jim Stewart

President-Elect Michael Trites
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We agree that rental housing supply is a priority and we look forward to being constructive partners. If BCREA can assist in any way, please contact me directly (dhyde@bcrea.bc.ca; 604.742.2787). Our full submission from May is enclosed for your information.

As you know, BCREA is the professional association for about 23,000 REALTORS® in BC, focusing on provincial issues that impact real estate. Working with the province's 11 real estate boards, BCREA provides continuing professional education, advocacy, economic research and standard forms to help REALTORS® provide value for their clients.

To demonstrate the profession's commitment to improving Quality of Life in BC communities, BCREA supports policies that encourage economic vitality, provide housing opportunities, respect the environment and build communities with good schools and safe neighbourhoods.

Sincerely,

A handwritten signature in black ink that reads "Darlene K Hyde". The signature is written in a cursive, flowing style.

Darlene Hyde
Chief Executive Officer

Enc (1)

Copies: Hon. Selina Robinson, Minister of Municipal Affairs and Housing
(MAH.Minister@gov.bc.ca)
Sam Sullivan, MLA – Vancouver-False Creek (sam.sullivan.mla@leg.bc.ca)



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION

May 22, 2018

Rental Housing Task Force

Submitted by email: RentalHousing.TaskForce@gov.bc.ca

Dear Task Force Members:

On behalf of the British Columbia Real Estate Association (BCREA), thank you for the opportunity to provide input on your mandate of improving security and fairness for BC renters and landlords. We understand you will conclude your work in the fall, and so please accept this letter only as our initial submission. We will take more time to consult with real estate boards and REALTORS® around the province and provide our final feedback to you by the end of June.

We appreciate and support the priority government has placed on housing. BCREA firmly believes British Columbians should have safe, decent and affordable homes where they work, shop and play. BCREA also believes a strong economy depends on preserving the investments people have made in real estate by protecting the ability to freely own, use, buy and sell real property.

Rental housing is an essential component of a thriving housing market, and we support measures that maintain a balance between the rights of landlords and tenants and promote the development of rental housing. This approach helps give landlords the confidence they need to make properties available for rental, and that tenants have access to adequate rental options.

It also keeps the system operating smoothly, giving renters and landlords the reassurance that their interests are protected. To that end, we appreciate the additional Residential Tenancy Branch funding provided in BC Budget 2018 to reduce wait time, improve service and deal with disputes more quickly.

In this context, BCREA makes the following recommendations.

1. Retain the current maximum allowable annual increase (2 per cent + Consumer Price Index) and the ability to go to market rent with new tenants.

While BCREA does not promote rent controls, we recognize that many BC tenants struggle with affordability. Therefore, we understand the need for a maximum annual increase. The profit margins in rental housing are very small, and this modest

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provision is important for landlords—especially those with just one or a few properties—to be able to maintain their properties.

2. Amend the definition of “landlord” in the *Residential Tenancy Act* to include a strata corporation dealing with a difficult tenant.

Strata properties are an increasingly important housing type in BC. BCREA asks that the *Residential Tenancy Act* support the ability of strata corporations to evict difficult tenants.

Section 138 of the *Strata Property Act* describes this situation as one involving,

. . . a repeated or continuing contravention of a reasonable and significant bylaw or rule by a tenant of a residential strata lot that seriously interferes with another person’s use and enjoyment of the strata lot, the common property or the common assets . . .

This is not a frivolous or one-time infraction, but rather ongoing behaviour that negatively impacts other residents in the building. This housekeeping amendment to the *Residential Tenancy Act* would clarify a strata corporation’s opportunity to evict difficult tenants, as already identified in the *Strata Property Act*.

3. When protecting tenants, consider how impacts on landlords could affect rental supply.

It is important that changes to residential tenancy laws do not unduly burden landlords. For example, recent changes to end of tenancy notices may protect tenants from landlords who deliberately abuse the system, but they could also reduce incentives for landlords to invest in rental stock and improve their rental properties.

We know tenants need security. But REALTORS® around the province are hearing from property owners that, if the restrictions place on landlords are too stringent, they may consider removing their rental properties from the market. BCREA does not believe that is the intention of tenant protection measures, so we ask that all impacts be weighed carefully.

4. Encourage local governments to legalize secondary suites with minimal red tape.

While this may be beyond the scope of the *Residential Tenancy Act*, the short supply of rental housing in many markets is one of the reasons you are examining the legislation. We are pleased with the government’s funding to build 14,000 new rental homes over the next ten years. BCREA also believes the private sector is important to supply.

Enabling homeowners to legally rent their secondary suites will help them make their mortgage payments, and provide much-needed housing for renters. While the intention of requirements for secondary suites is often safety, too many demands on these properties simply drives the activity underground and puts tenants at risk.

5. Work with local governments to encourage public acceptance of purpose-built rentals.

Residents often do not embrace new real estate developments in their communities, which can make it difficult for local governments to provide leadership. We recommend the provincial and local governments deal with “not-in-my-backyard” opposition to development through joint public education via a “new neighbours” campaign to increase acceptance of new developments geared to purpose-built rental developments.

6. Work with the federal government to encourage private sector investment in rental housing.

Several existing policies are obstacles to greater rental supply. Therefore, we recommend working with the federal government to:

- Create more housing stock by allowing sellers of investment real estate to defer the recapture of previously-claimed depreciation (Capital Cost Allowance) on investment property when the proceeds are reinvested in another investment property.
- Amend the *Income Tax Act* to enable a deferral of both the capital gains tax and the capital cost allowance recovery for all real property investments when an investment property is sold and the proceeds are invested in another real property within a specified time period.
- Ensure collaboration among all levels of government and the private and non-profit sectors to increase the supply of rental housing.

We agree that rental housing supply is a priority and we look forward to being constructive partners. If BCREA can assist in any way, please contact me directly (ccaldwell@bcrea.bc.ca; 604.677.9341). In the meantime, we will continue to consult with REALTORS® around the province and submit our final response by the end of June.

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Sincerely,

A handwritten signature in black ink, appearing to read "C. Caldwell". The signature is fluid and cursive, with a long horizontal stroke at the end.

Corinne Caldwell
Vice President, Professional Services

Copies: Hon. Selina Robinson, Minister of Municipal Affairs and Housing
(MAH.Minister@gov.bc.ca)
Sam Sullivan, MLA – Vancouver-False Creek (sam.sullivan.mla@leg.bc.ca)