



OFFICE OF THE MAYOR

SAM SULLIVAN  
MAYOR

CITY OF VANCOUVER  
453 WEST 12TH AVENUE  
VANCOUVER, B.C.  
V5Y 1V4

TELEPHONE: 604-873-7621  
FAX: 604-873-7685

May 14, 2008

The Hon. Gordon Campbell  
Premier of British Columbia  
Parliament Buildings  
Victoria, BC V8V 1X4

Dear Premier Campbell:

**RE: Enhanced Protection for Tenants**

Vancouver has now seen vacancy rates in rental housing of 0.3% in 2006 and 0.5% in 2007. Across the region vacancy rates have been 0.7% for the past two years, the first time since the late 80s, and it is likely that very low vacancy rates will continue for the next couple of years as Vancouver and BC continue to lead Canada in economic growth.

A balanced vacancy rate would be 2-3%, and the consequence of vacancy rates persistently below balanced rates is upward pressure on rents. The Residential Tenancy Act (RTA) currently restricts rent increases to inflation plus 2%. This allows landlords to cover increased operating costs and allows real rents to increase incrementally to keep pace with market demand. What we are seeing now, however, are attempts by some landlords to use provisions in the RTA to take advantage of the very low vacancy rates to increase rents well in excess of inflation plus 2%.

The most common strategy is to evict tenants on the basis that vacant possession is required for renovations which could in fact be undertaken with the tenants remaining in place. While the courts have rolled back such evictions in some cases, the strategy continues to be pursued. Other strategies appear to include requiring tenants to enter into fixed term tenancy contracts of less than a year, so that rent increases higher than those allowed for month-to-month tenancies can be imposed, or prevailing on tenants to accept higher rent increases than those allowed under the RTA so as to avoid eviction on the basis of renovations.

The City of Vancouver realizes that the rental market needs to operate as freely as possible. Regulation can negatively impact the operation of the market and a balance must be struck between protecting the security of tenants and the operation of the rental market. The RTA generally achieves that balance. However, in the current circumstances, we believe the Province needs to consider strengthening the regulations to address the extreme market conditions we are facing.

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We would like the Province to consider amending the RTA to better define the scope of renovations that would justify evictions. Perhaps the onus should be on the landlord to prove vacant possession is necessary, and the approval of the Residential Tenancy Branch (RTB) is required before eviction notices are given for renovations. Ontario allows tenants to return to their units post-renovation at the same rent as before, and perhaps this should be a requirement of the RTA. Disinvestment can be the result if there is no capacity for the landlord to raise rents to pay for the renovations, so perhaps justifiable rent increases should be spread over 5 years. There are various ways to better protect tenants, and we'd ask the Province to address the issue and put in place measures that would reduce the insecurity tenants confront today.

It would also be useful if the RTB would monitor evictions for renovations, and keep an inventory of units closed for renovation, the rents before renovations and after, and similar relevant information, which could be reported and made available to the public so any issues can be identified and addressed. While cases of mass evictions are being reported in the media, at present we do not know how many individual units or smaller buildings are being vacated for renovations and it is difficult to determine the full extent of the problem.

We would also like the RTA amended to extend the notice period required for termination from 60 to 90 days. The current low vacancy rates in Vancouver (city and region) and elsewhere in the Province, mean that finding an apartment is not easy and can take more time than 60 days allows.

A closely related issue is access to RTB offices. Currently there isn't one in Vancouver, a city where half the households are renters and which provides half the rental housing in the region. In the current market conditions, improved access to an RTB office would make it easier for tenants to get information regarding their rights and obligations and to appeal evictions if they feel they are unjustified. We understand the RTB will be providing enhanced access and services in the Downtown Eastside, for which we are very grateful. This addresses the specific needs of the DTES, and we would ask that the Province open an office in Vancouver's downtown core or along Broadway that is accessible by transit and provides the full range of services for tenants elsewhere in the city.

There is increasing concern regarding the long-term health and viability of the rental housing market. Most low and modest income households live in market rental housing and renters' incomes are typically half the incomes of homeowners. Housing Matters BC recognizes the importance of market rental housing and enhances access to it by providing rent supplements and shelter allowances to families, seniors and others who can't afford market rents.

The City is undertaking a comprehensive study of rental housing that will address the viability of purpose built market rental housing, and the role of investor owned rented condominiums,

secondary suites, rented houses, etc. We hope Metro Vancouver and some of its member municipalities, landlord and tenant organizations, the development industry, and Canada Mortgage and Housing Corporation will join us as partners in this study.

Most of the housing affordable to low and modest income households in the Province is market rental housing and we need a better understanding of its long-term future. This work is urgent, as the City has put in place temporary restrictions on the demolition of rental housing to secure the stock until the study is complete, and these restrictions need to be replaced with a combination of regulation and incentives that reflect market conditions and realities. We hope the Province will participate in the rental housing study, and will consider appropriate measures to address the issues and to implement the recommendations produced by the study with the objective of ensuring that the rental market is viable and provides housing affordable to low and modest income households over the long term.

One issue that we need to assess in particular are units owned by investors but kept vacant. Most investor owned units are rented, but there are estimates that up to 20,000 units in the city are vacant - 7% of the total housing stock. There are many reasons why units may be vacant, but it may be appropriate to regulate those that are deliberately kept vacant for extended periods of time, either by disincentives - e.g. higher property taxes, or incentives - e.g. a rent supplement program, or both.

City staff will be contacting provincial staff in the relevant ministries regarding the market rental housing study. In the meantime we hope your government will be able to strengthen the RTA now to better protect for BC's tenants from the insecurity they confront today.

Yours truly,

A handwritten signature in black ink, appearing to read "Sam Sullivan". The signature is fluid and cursive, written in a professional style.

Samuel C. Sullivan  
MAYOR

c.c. The Hon. Rich Coleman - Minister Responsible for Housing