



Council Member Motion **For the Committee of the Whole Meeting of June 12, 2025**

To: Committee of the Whole
From: Councillor Kim
Subject: Commercial Rent Control

Date: June 5, 2025

BACKGROUND

Victoria's small businesses—restaurants, retailers, and community-serving organizations—are being priced out of the city. From long-standing institutions like Little Jumbo and Quonley's Gifts to top-rated establishments like Joie Grillades, closures and relocations are accelerating due to unregulated and unpredictable commercial rent increases.¹²³

The unaffordability of commercial space is limiting the ability of small food and retail businesses to survive, let alone grow. Restaurants are particularly vulnerable, as they operate on thin margins and are often locked into triple net leases—agreements that force tenants to absorb rising property taxes, insurance, and maintenance costs. Our community businesses are being pushed out by a commercial leasing system that offers no stability, no predictability, and no protection.

As land values increase, landlords pass these costs directly onto tenants. Unlike residential renters, commercial tenants have no legal protections. They can face multiple rent increases in a single year, with no notice, and no recourse.

As well, this instability discourages new entrepreneurs, undermining long-term homegrown investment in areas like Victoria's downtown core and urban villages. Local small businesses make up the character and flavour of beloved neighbourhoods like Old Town, Fernwood Square, Cook Street Village, and more. These areas are crucial to the walkability and character of the City, and, by extension, the tourism economy on which the City of Victoria depends.

In fact, the Better Way Alliance goes so far as to argue that commercial rent control would be a good step towards affirming Canadian economic sovereignty in the wake of global trade disputes.⁴ Small businesses would be able to fill gaps created by tariffs and focus on growth with

¹ <https://www.vicnews.com/local-news/victoria-restaurants-feeling-the-heat-from-steadily-rising-rents-7659879>

² <https://www.sooke.newsmirror.com/local-news/downtown-victoria-struggles-amidst-a-growing-suburban-retail-rental-market-7791696>

³ <https://cheeknews.ca/little-jumbo-fifth-victoria-business-to-announce-closure-in-two-weeks-due-to-rent-hikes-1208821/>

⁴ <https://betterwayalliance.ca/commercial-rent-control-is-key-to-canadas-economic-sovereignty/>

nimbleness rather than stress about uncertain rent increases. A research study conducted by LOCO and the Canadian Federation of Independent Business found that:

“BC independent retailers recirculate 66% of their revenue within the province, equal to the Canadian average, and the second highest in the country. In comparison, Multinational Corporations (MNCs) with physical stores in Canada have a recirculation of 11% and large online platforms with no retail stores have a recirculation of 8%. Independent retailers in BC have 6 times the economic benefit of multinationals with stores in the province and 8 times the economic benefit of big online platforms with no stores. The study also found that 83% of BC consumers feel it’s important that the money they spend is redistributed in their communities, but they underestimate the amount that local businesses recirculate by almost 1/2, while also overestimating the amount that MNCs and online platforms do by up to 3.4 times.”⁵

The Municipal Bind

Municipalities like Victoria are responsible for delivering essential services, like roads, policing, parks, libraries, and more. However, municipalities receive only about 8 to 10 cents of every tax dollar collected in Canada; the majority of tax revenue goes to provincial and federal governments.

With limited fiscal tools, municipalities often rely heavily on property taxes to fund services. As residential tax increases are politically sensitive, cities frequently shift the burden onto commercial properties, which is inequitable from the outset given BC Assessment’s “highest and best use” evaluations. This results in disproportionately high tax rates for commercial spaces; these costs are passed directly to tenants under triple net leases. The City and Council are well aware of these challenges given the recent approval of the temporary tax relief pilot program for Harris Green businesses.⁶

This system of taxation ultimately unfairly penalizes small businesses and community-serving organizations, who are forced to subsidize public services they may not directly benefit from, such as large civic infrastructure projects or tourism amenities.

Under the BC Residential Tenancy Act, rent increases are capped, limited to once per year, and require three months’ notice. Commercial tenants have no such protections. The result is a system that downloads the financial burden of rising land values and municipal taxes onto small businesses, while landlords continue to gain equity. This system threatens the diversity, accessibility, and resilience of Victoria’s commercial landscape, and the effects have already begun to unfold in our community.

Exemptions for Non-Profit Landlords

To ensure that commercial rent control supports community development, the Province should exempt non-profit commercial landlords from rent control regulations. These organizations often reinvest rental income into vital community services, affordable programming, and social infrastructure.

⁵ <https://www.locobc.ca/cpages/our-work>

⁶ <https://www.vicnews.com/local-news/victoria-to-pilot-new-tax-relief-program-for-downtown-businesses-7584493>

By exempting non-profit landlords, the Province can:

- Encourage the growth of mission-driven property ownership,
- Support long-term affordability for community-serving tenants, and
- Redistribute rental income into public benefit rather than private profit.

Municipal Advocacy on Commercial Rent Control

In response to these interlocking challenges that hinder the vibrancy of Victoria, the Province of British Columbia must act to protect small businesses and community-serving organizations by introducing a framework for commercial rent regulation. This should include:

1. **Commercial Rent Caps**
Limit annual rent increases to a predictable, reasonable percentage, similar to residential rent controls.
2. **Standardized Lease Agreements**
Ensure transparency and fairness in commercial leasing practices across the province.
3. **Dispute Resolution Mechanisms**
Provide accessible, affordable mediation and arbitration services for commercial tenants.
4. **Triple Net Lease Reform**
Prevent landlords from offloading property tax and maintenance costs onto tenants without oversight.
5. **Municipal Empowerment**
Allow municipalities to develop localized tools to cap commercial rents in key commercial areas.⁷

RECOMMENDATION

- 1) That Council endorse and forward the following resolution to the Union of BC Municipalities (UBCM) for consideration at the 2025 Convention:
WHEREAS the current economic instability is applying financial pressure on small businesses across our communities; and
WHEREAS the Province has greater jurisdictional power to decrease the economic pressures on small businesses through a variety of policy changes related to rental rates; and
BE IT RESOLVED THAT the Province of British Columbia regulate commercial rent increases through a rent cap to ensure the sustainability and strength of local economies.
- 2) That Council request that the Mayor send a letter to the Minister of Finance, Minister of Municipal Governments and Rural Communities, Minister of Housing and Municipal Affairs, and the Minister of Jobs, Economic Development and Innovation advocating for:
 - a. An expedited Property Assessment Review,
 - b. WorkBC programs offered to support the development of new businesses be extended to offer continued operational support to small businesses; and
 - c. The development of a program to regulate commercial rent increases through a rent cap to ensure the sustainability and strength of local economies.
- 3) That this Motion, if adopted, be forwarded to the daytime Council meeting of June 12, as resolutions to the UBCM 2025 Convention must be submitted by June 15, 2025.

⁷ <https://betterwayalliance.ca/commercial-rent-control-is-key-to-canadas-economic-sovereignty/>

Respectfully submitted,



Councillor Kim