



Committee of the Whole Report For the Meeting of September 2, 2021

To: Committee of the Whole **Date:** August 18, 2021
From: Karen Hoes, Director, Sustainable Planning and Community Development
Subject: Rental Business Licensing Bylaw

RECOMMENDATION

That Council direct the Director of Sustainable Planning and Community Development to:

1. Suspend development of a Rental Business Licensing Bylaw given changes to the provincial *Residential Tenancy Act* (RTA) designed to prevent evictions carried out to renovate or repair a rental unit that came into effect on July 1, 2021;
2. Monitor the implementation of the provincial legislative updates and report back to Council in the fall of 2023 on its efficacy and whether future City initiatives to further enhance protections for tenants are needed;
3. Facilitate public awareness and access to information regarding RTA requirements on repair and renovations of rental housing;
4. Undertake tenant capacity-building and outreach activities regarding RTA requirements on repair and renovations of rental housing.

EXECUTIVE SUMMARY

The purpose of this report is to provide Council with an update on the development of a Rental Business Licensing Bylaw. The objective of this bylaw was to protect tenants from eviction due to repair or renovation and was prioritized in June 2020 in response to mounting housing insecurity during the onset of the COVID-19 pandemic. The project commenced in the fall of 2020 and consultation with targeted stakeholders took place in early 2021.

In March 2021, the BC Provincial Government announced changes to the *Residential Tenancy Act* (RTA) that would improve protections for tenants from evictions relating to repair or renovation. The new legislation aims to prevent nearly all evictions relating to repair or renovations; there may however still be instances where the nature and duration of work is so extensive that accommodation of tenants may not be possible. Current provincial policy guidance indicates that most repairs and renovations can be carried out without tenants having to vacate their unit.

Given this new legislation, it is recommended that Council suspend development of a Rental Business Licensing Bylaw at this time. Instead, it is recommended that the provincial implementation of RTA amendments be monitored over a two-year period to better understand their efficacy and determine whether further municipal actions are required. In addition, to complement the provincial legislation, actions to improve housing security in Victoria through public awareness and tenant capacity building initiatives are proposed for immediate implementation.

PURPOSE

The purpose of this report is to provide Council with an update on new provincial legislation designed to improve protections for tenants (in effect as of July 1, 2021), provide recommendations regarding the previously initiated Rental Business Licensing Bylaw in light of this new legislation, and propose new actions that the City can take to further strengthen tenant protections.

BACKGROUND

Victoria Housing Strategy

One of the key actions in the *Victoria Housing Strategy 2016-2025* (Housing Strategy) is the preservation of Victoria's existing rental housing stock. The Market Rental Revitalization Study (MaRRS) led to the adoption of the Tenant Assistance Policy and the Rental Property Standards of Maintenance Bylaw, as well as the upcoming Seismic Energy Efficiency Pilot Program to explore incentives to encourage rental building upgrades. The Housing Strategy also proposes examination of additional incentives and regulations to preserve existing rental housing stock (to be re-initiated in the fall of this year) and protect tenants from renoviction¹. In June 2020, as part of COVID-19 recovery, Council directed staff to prioritize the development of a Rental Business Licensing Bylaw to regulate landlords that are proposing renovations, with the aim of preventing renovictions.

Preliminary Work on Rental Business Licensing Bylaw

In response to direction from Council, staff initiated work on the Rental Business Licensing Bylaw. This included a jurisdictional review, developing a draft bylaw and targeted public engagement.

Jurisdictional Review – Prior to the announcement of the March 2021 provincial RTA amendments, a jurisdictional review was completed to inform the creation of a Rental Business Licensing Bylaw (Attachment A, Jurisdictional Review). In early 2019, New Westminster was the first municipality in BC to enact regulations that restrict the ability of landlords to evict tenants to accommodate repairs and renovations. According to New Westminster staff, the bylaw initially required significant resources, but these have decreased as compliance improved; it has been effectively applied to 15 buildings, comprising 340 units. The bylaw has been challenged several times in court and while it was upheld by the BC Court of Appeal in May 2021, Landlord BC has submitted an application to appeal to the Supreme Court of Canada. New Westminster staff are waiting to see how their regulations will work with the provincial RTA amendments and expect that some changes will be required.

The Port Moody and Port Coquitlam Bylaws have not yet been enforced, in part due to their limited number of rental apartment buildings. It is unclear how they will function in tandem with the new process for overseeing evictions for repair and renovation and staff have indicated that they are keeping a watching brief.

Draft Rental Business Licensing Bylaw – To help inform consultation, a draft Rental Business Licensing Bylaw had been prepared prior to the provincial announcement of the RTA changes. The draft bylaw was similar to the New Westminster regulations on renovations of rental properties,

¹ The Government of British Columbia defines 'renoviction' as "an eviction that is carried out to renovate or repair a rental unit." Most often, a renoviction refers to the eviction of tenants by landlords for minor cosmetic renovations and for disingenuous plans to undertake this work with the primary intention of increasing rents.

which required that landlords obtain necessary permits to complete a renovation prior to giving tenants notice to vacate, and that tenants be provided with:

- alternative accommodation while renovation work is being carried out, and then a return to the renovated unit with no rent increase; or
- accommodation in another comparable rental unit in the same building on the same or better terms as the previous tenancy agreement.

Engagement – To seek input on the draft bylaw content and the draft enforcement approach, targeted consultation took place between February 1 and March 15, 2021. A diverse range of groups were consulted, and multiple interests were considered, so that the potential impacts of the proposed Rental Business Licensing Bylaw could be assessed across different sectors, including tenant advocacy, rental housing development, property management, financial institutions, and the provincial government. Support for the proposed bylaw was mixed, with some key organizations citing concerns over data gaps, costs, and overlap, while others noted the value of the additional housing security and landlord accountability.

The provincial government announced its legislative improvements to the RTA after the City's engagement was complete, therefore staff were not able to include these considerations in stakeholder discussions. However, staff have assessed how the impacts and outcomes of the new provincial legislation intersect with feedback received during engagement and considered this in their recommendation.

Provincial Legislation and New Amendments to Prevent Renovictions

The *Residential Tenancy Act* (RTA) is provincial legislation that regulates residential tenancies in British Columbia. The RTA Section 49(6) (Attachment B) permits a landlord to end a tenancy in respect of a rental unit if the landlord has all the necessary permits and approvals required by law and intends in good faith to renovate or repair the rental unit in a manner that requires the rental unit to be vacant. The RTA also establishes levels of compensation (equivalent compensation to one month's rent) and notice (four months' notice) for tenants who must vacate their unit due to renovation or repair.

In response to the growing concerns regarding renovictions in BC, including the adoption of municipal bylaws to prevent them, the province introduced the *Tenancy Statutes Amendment Act* on March 1, 2021, that came into effect on July 1, 2021 (Attachment C, Province of BC - Media Announcement). This Act requires landlords to apply to the Residential Tenancy Branch (RTB) for approval prior to ending a tenancy for the purposes of repairs or renovations.

In this new process, RTB arbitrators will determine whether tenants can be reasonably accommodated. Current provincial guidance (Attachment A, Jurisdictional Review, page 8) indicates that most work can be undertaken without ending existing tenancies. Specifically, there are four types of work that are unsafe for tenants or that may result in the prolonged loss of an essential service or facility and would likely require vacancy: unit re-wiring, fire sprinkler installation or replacement, seismic upgrades, or interior wall or ceiling demolition (see Table 1).

If the RTB determines that tenants cannot be reasonably accommodated, a four-month notice to vacate with one month's rent in compensation is required, and an offer of right of first refusal would be required for tenancies within a residential property containing five or more rental units. Alternatively, a landlord and tenant can enter into a Mutual Agreement to End Tenancy with a negotiated compensation package should such an agreement be reached.

Table 1: Examples of Type of Work and Vacancy²

Types of Work	Examples	Vacancy
Cosmetic Repairs and Renovations	<ul style="list-style-type: none"> • Repainting • Replacing baseboards, cabinets, or doors 	Almost Never ³
Repairs or Renovations that cause temporary, intermittent, or short-term loss of services	<ul style="list-style-type: none"> • Re-piping • Electrical Service Replacement • Building Envelope Repair 	Unlikely
Extensive Repairs and Renovations, Significant disruption to tenants	<ul style="list-style-type: none"> • Rental unit re-wire • Fire sprinkler installation or replacement • Seismic upgrades • Interior wall or ceiling demolition 	May be Required

Table 2: Summary of Key RTA Amendments

Previous Regulation
<ul style="list-style-type: none"> • Landlords provided notice to vacate directly to tenants; the RTB is not notified • If tenant had reason to believe an eviction was done in bad faith, it was their responsibility to file a dispute with the RTB • Four months' notice and one month rent in compensation required for all evictions
New Regulation
<ul style="list-style-type: none"> • Landlord must apply to the RTB for any eviction for renovations requiring vacancy of the unit • Landlord must have all necessary permits in place and must demonstrate that the renovations are: <ul style="list-style-type: none"> ○ necessary to prolong or sustain the unit and, ○ that the only way to achieve vacancy of the unit is to end the tenancy. • In cases where an end to tenancy is approved, four months' notice and one month rent is still required

ISSUES & ANALYSIS

1. Rental Business Licensing Bylaw Considerations in Light of RTA Amendments

The adoption of the new RTA amendments increases provincial oversight protecting tenants from renoeviction and has potential resource implications, limitations, and opportunities for municipalities, which has led staff to reassess whether Victoria should proceed with a Rental Business Licensing type of bylaw. Each of these considerations are outlined in detail below.

² Residential Tenancy Policy Guideline 2B: Ending a Tenancy to Demolish, Renovate, or Convert a Rental Unit to a Permitted Use, July 2019: [gl2b.pdf \(gov.bc.ca\)](#)

³ Examples of when vacancy might be required in these situations include asbestos remediation, lead based paint disturbance, or other contaminants.

Table 3: Comparison of City's draft RBLB and RTA Amendments

Indicator	City Rental Business Licensing Bylaw	BC Tenancy Statutes Amendment Act
Applicability	Rental properties that require a business license; excludes landlords with two or fewer rooms/units	All rental housing under the RTA and <i>Manufactured Homes Act</i> in BC
Prevention of evictions for <i>minor or disingenuous</i> repairs	Relies on tenant complaints and building permits to trigger enforcement. May not prevent evictions for cosmetic renovations that do not require building permits.	Likely to prevent most evictions due to repair or renovation. Relies on tenant awareness and landlord compliance.
Protection from evictions for <i>major</i> repairs	Although the bylaw requires that tenants not be evicted due to major repairs, exemptions to the Bylaw are required to comply with municipal bylaws, such as the Rental Properties Standards of Maintenance Bylaw.	Requires tenants to be reasonably accommodated. Unknown level of risk of displacement where RTB determines that accommodation is unreasonable due to the extent of work or length of time vacancy is required.
City Resources	The bylaw would require significant resources to administer effectively, and it is estimated it would require a minimum of 1 FTE (\$120,000), more engagement, and \$10,000 to implement a communications strategy and tenant outreach.	The City could initiate several complementary actions to improve housing security for tenants, including a communications strategy and tenant outreach, costing \$10,000.
	9	12

Level of Effectiveness

High Benefit	3	Medium Benefit	2	Low Benefit	1
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Jurisdiction

Tenant and landlord relations are provincially regulated under the RTA. The main objective of pursuing a municipal Rental Business Licensing Bylaw was to supplement the RTA with more robust tenant protections. However, with the introduction of improvements to the provincial legislation, the need for a municipal bylaw is now uncertain.

If Victoria proceeds with the development of a Rental Business Licensing Bylaw at this time, there are risks of a duplication of efforts and competing expectations causing confusion for tenants wishing to avoid eviction. Furthermore, separate provincial and municipal application processes running simultaneously would likely result in a high risk of legal and procedural conflicts.

Additionally, the RTA applies to all permanent rental housing in the province, whereas the City's authority to enforce a Rental Business Licensing Bylaw would only apply to rental property operators that require a business license and would not apply to landlords that do not require a City Business Licence – homes where there are two or fewer suites for rent.

Without understanding the new RTB process in practice, it is unlikely that revisions to the draft Bylaw at this time would resolve the high risk of conflicts between each regulation.

Preventing Evictions for Extensive Repairs and Renovations with Prolonged Duration

Under current RTA legislation a landlord cannot end a tenancy to renovate or repair a rental home just because it would be faster, more cost-effective, or easier to have the home vacant. To balance the financial burden of necessary building upkeep and the need to keep tenants housed, the new RTA amendments allow landlords to apply for a rent increase to recuperate costs of completed work. Annual increases of up to 3% are permitted for a maximum of three years in addition to inflation, when proof of completed work is provided. This change replaces the previous regulation that permitted a 2% annual rent increase and will direct rent increases towards the intended maintenance costs. A new bylaw would not impact the ability for landlords to apply for this increase.

Cost and Complexity to Administer and Enforce

If Council wishes to proceed with drafting a Rental Business Licensing Bylaw, it is anticipated that at least one FTE would be required to administer the bylaw in addition to existing resources. Even with the improved provincial oversight, the bylaw's administration would likely require significant resources within the first two years of implementation. This work includes developing policy guidance and establishing precedents for exemption applications to ensure that the bylaw is enforced fairly and consistently. Administration of the bylaw includes receiving and responding to public enquiries, investigating complaints, reviewing applications for exemptions, tracking incidents, developing a mechanism to identify potential evictions for repair or maintenance, coordinating across departments and liaising with external groups including the RTB, tenant advocates, property owners, and landlords, as well as building awareness and compliance. There are also particularly large resource implications where staff bring forward time sensitive exemption applications for Council's consideration.

2. Complementary Actions to Improve Housing Security and Prevent Renovictions

Given the legislative improvements the province has made to improve tenant security, as well as the issues described with creating a similar municipal bylaw, it is recommended that Council not proceed with a Rental Business Licensing Bylaw at this time. Instead, it is recommended that the City pursue other actions to complement the improvements to the RTA and its implementation, to improve housing security for renters in Victoria, help to improve landlord compliance, and prevent renovictions. These actions are discussed below.

Monitoring the Outcomes of the Provincial Legislation Using the Equity Framework

Given the analysis provided, it is recommended that Victoria staff maintain regular communication with provincial staff in order to monitor the outcomes of the RTA amendments over a two-year period. The new RTB process will include tracking data on evictions for repair or renovations across BC. Staff also propose working closely with the EDI office and using the forthcoming Equity Framework to assess the efficacy of the new legislation for under-represented and under-served members of the community.

Improve Public Awareness and Access to Information

The effectiveness of the new provincial legislation relies on the compliance of landlords and awareness of tenants. There are several opportunities for the City of Victoria to lead initiatives that improve understanding of tenants' rights and landlord responsibilities. This includes providing RTA information during the permit application initiation; updating the City's website relating to tenants' rights and resources; and supporting tenants, through the City's Tenant Assistance Planner, to determine if the necessary permits and approvals are in place and make referrals to tenant advocacy organizations when needed.

Undertake Tenant Capacity-Building and Outreach Activities in Partnership with The Shift Initiative

The City of Victoria has been invited to participate as one of five municipalities across Canada in the Shift Demonstration Project, a national effort to operationalize a human rights approach to housing. This project will engage with tenants and build their capacity so that they are better equipped to respond to notices or threats of eviction, with a fulsome understanding of their rights and entitlements. Feedback from tenants in this initiative would support the creation of the framework for monitoring the effectiveness of the RTA amendments.

The Shift Initiative is an international organization led by Leilani Farha, former UN Special Rapporteur on the right to adequate housing, in partnership with United Cities Local Government (UCLG) and the Office of the High Commissioner for Human Rights (OHCHR).

OPTIONS & IMPACTS

Option 1 (Recommended): Suspend the development of a Rental Business Licensing Bylaw, monitor efficacy of the provincial legislative improvements, undertake tenant capacity building for awareness and report back to Council on RTA efficacy in two years.

This option allows the City to monitor the RTA improvements and work with the province to ensure that the changes are adequately protecting tenants, ensures that municipal actions are responsive to tenants' needs in Victoria, fulfills the intent of improving housing security, and balances the City's desire to support tenants with responsible stewardship of City resources. Should Council choose Option 1, a budget of \$10,000 will be requested as part of the 2022 Budget process, to improve awareness and undertake tenant capacity building through a partnership with the Shift Initiative.

Option 2 (Not Recommended): Direct staff to report back with a revised draft Rental Business Licensing Bylaw, an implementation plan, and resourcing requirements for Council's consideration.

This option is not recommended as a City bylaw would create overlapping and conflicting requirements to the RTA which would be problematic for tenants, landlords, City staff and potentially, the RTB. The provincial government has made significant improvements to the RTA that protect tenants against illegal renovations for minor or disingenuous renovations and repair. Additionally, a municipal bylaw would require additional City resources to implement.

This would include an initial cost of \$120,000 per annum for a new staff position with a tenant focus. The administration of the bylaw would further draw on existing resources from building permits and inspections, zoning, housing policy, and bylaw enforcement, possibly also requiring additional staffing. The tenant capacity building and awareness actions estimated at \$10,000 for Option 1 would also be required for this option.

Should Council choose the option to proceed with bylaw development, staff would update the draft bylaw, incorporating feedback from early consultation, and carry out further engagement to identify opportunities for the bylaw to work in concert with the *Tenancy Statutes Amendment Act, 2021* as much as possible. Following this update to the draft bylaw, Council direction to engage in public consultation would be required before adoption.

Related Municipal Plans and Policy

Accessibility Impact Statement

With the adoption of the provincial legislation, all groups, including individuals that have disabilities, as well as other vulnerable populations identified in the Housing Needs report will be positively impacted. Pending Council direction to proceed with Option 1, staff will ensure that education and awareness materials are targeted toward a range of equity-seeking groups.

2019 – 2022 Strategic Plan

The recommendations in this report align with Strategic Objective Three: Affordable Housing, by improving housing security for tenants in Victoria.

Impacts to Financial Plan

The recommendation for the tenant capacity building and awareness actions is estimated to require \$10,000 for engagement costs including accessibility provisions, technology, and if needed, catering and venue rentals. This will be included in the 2022 budget as part of continued Victoria Housing Strategy implementation, for Council's consideration.

Option 2 would require, at a minimum, \$130,000 which would include one new staff position to administer the bylaw, in addition to the tenant capacity building and awareness initiatives.

Official Community Plan Consistency Statement

The tenant capacity-building actions recommended in this report, together with the improvements to the provincial RTA legislation support the *Official Community Plan* objective that all residents have access to appropriate, secure and affordable housing.

CONCLUSIONS

The changes to the *Residential Tenancy Act*, will improve provincial oversight and improve protections of tenants who are unnecessarily displaced due to renovation or repair. The City of Victoria is well positioned to implement complementary actions to enhance housing security for residents, by monitoring the performance of provincial legislation and building tenant capacity, without duplicating work at the senior government level.

Respectfully submitted,

Andrew Cusack
Senior Planner – Housing Policy

Karen Hoese, Director
Sustainable Planning and Community
Development Department

Report accepted and recommended by the City Manager.

List of Attachments

- Attachment A: Jurisdictional Review
- Attachment B: Province of BC – Policy Guidance for Evictions Due to Repair or Renovation
- Attachment C: Province of BC – Media Announcement

2021

Jurisdictional Review of Municipal Rental Business Licensing Bylaws



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Introduction

A Rental Business Licensing Bylaw is a municipal tool intended to protect tenants from displacement due to the repair or renovation of their home. Prior to the announcement of amendments to the Provincial Residential Tenancy Act (RTA), the development of a Rental Business Licensing Bylaw was included as part of the *Victoria Housing Strategy 2019-2022* and direction to start was given by Council on [June 4, 2020](#).

According to the Province of BC, ‘renoviction’ refers to an eviction that is carried out in order to renovate or repair a rental unit – this is often followed by increasing the rents for new tenants. The Residential Tenancy Branch (RTB) acknowledges that most renovations or repairs can be carried out without ending tenancies, with only minor disruptions to tenants, and provides policy guidance for which repairs may likely require a home to be vacant.

Shortly after the City began engagement for the Rental Business Licensing Bylaw, the Province announced *Residential Tenancy Act* (RTA) amendments that would improve protection for tenants from evictions for repair or renovation. The new legislation is intended to prevent nearly all evictions for rental repairs or renovations. While there may be some cases where the work is so extensive in nature and duration that accommodation of tenants may not be possible, current provincial policy guidance indicates that the vast majority of repairs and renovations can be carried out while keeping tenants housed. This new amendment, which came into effect on July 1st of this year, is welcome news for renters across British Columbia who may have been facing ‘bad faith’ evictions for renovations.

Over the past two years, before the latest provincial amendments were proposed, three municipalities in BC amended their municipal business bylaws with the aim of preventing renovictions. This review describes how the City of New Westminster, Port Coquitlam and Port Moody have navigated the development, implementation, and monitoring of bylaws to regulate renovations and repairs and disincentivize renovictions. It also briefly explores provincial legislation in Quebec and Ontario that prevents or mitigates ‘bad faith’ evictions for minor repairs, while also detailing Victoria’s rental context and the provincial framework for preventing renovictions in BC.

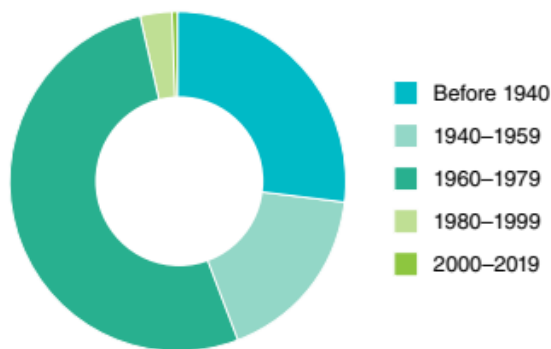
Victoria's Context

Victoria ranks as one of the least affordable places to live in Canada due to the large income and housing price gap. With increasing average market rents, and low vacancy rates, renting in Victoria is an extreme challenge. Renters make up 61% of Victoria's households with Indigenous households being overrepresented as 77% are renters.¹ Landlord and tenant conflict is one of the top reasons for homelessness, accounting for 11.8% of the 2020 Point in Time Count responses.²

Victoria has approximately 700 rental apartment buildings (not including rental housing in secondary suites, triplexes and rented condominiums), providing nearly 17,000 units.³ The majority of these buildings (78%) were built in the 1960s and 1970s and nearly all (97%) were built before 2000. As older purpose-built rental apartments age, the need for significant capital repairs or redevelopment increases and so does the risks of tenant displacement.

The number of renter households in Victoria grew 12% between 2006 and 2016, however, from 2005 to 2019, the total purpose-built rental stock only increased 6%.⁴ High demand and low vacancy contribute to increasing rents and can push renters out of Victoria.

Victoria's Rental Apartment Stock by Period of Construction⁵



¹ Statistics Canada 2016 Census of Population

² 2020 Greater Victoria Point-In-Time Homeless Count and Housing Needs Survey: [crd-pit-count-2020-community-report-2020-07-31.pdf](https://victoriahomelessness.ca/report-2020-07-31.pdf) (victoriahomelessness.ca)

³ CMHC Rental Market Survey

⁴ Ibid

⁵ CMHC, adapted from Statistics Canada (Census of Canada and National Household Survey)



Prevalence of Renovictions in Victoria

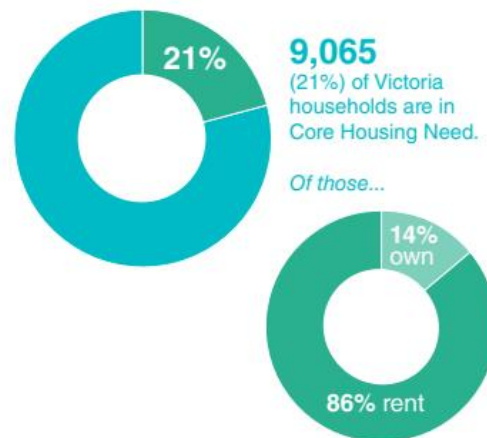
There is limited data available about the prevalence or nature of evictions due to repair or maintenance in BC, because there is no mechanism in place to track evictions, other than through complaints made to governments, media, or tenant advocates.

Over the last four years, there is evidence that tenants may have been evicted or threatened with eviction for renovations and repairs in over 10 rental buildings in Victoria, affecting over 200 homes, with more than 40 homes being affected since the fall of 2020. This data has been compiled from tenant complaints, building permits data and media reports, but there may be other occasions that have not come to the attention of the city, particularly in cases where building permits are not required.

Impacts on Victoria's Renters

1 in 5 households in Victoria are in Core Housing Need, meaning they do not have access to affordable, suitable, or adequate housing, and they would need to pay more than 30% of their income to find housing that meets their needs in their area. The majority (86%) of households in need rent their homes.⁶

Evictions adversely affect tenants across all demographics but especially long-term tenants whose rents have remained low due to restrictions on annual increases. These impacts are exacerbated for vulnerable populations and those in Core Housing Need identified in the [Victoria's Housing Needs Assessment, 2020](#), such as seniors or those with fixed and low incomes, those requiring accessible housing, as well as tenants who experience discrimination such as Indigenous people, racialized and migrant groups. Finding alternative housing is often costly, challenging and stress inducing, resulting in increased monthly housing costs, moving costs, risks of homelessness as well as the severing of social connections and access to community support.



Source: Statistics Canada, 2016 Census of Population (custom data)

COVID 19

Across Canada, people have struggled to pay for housing and basic necessities due to loss of regular employment due to the pandemic, and there has been reports of rising homelessness in Victoria. Senior governments have offered income and rent support to help improve housing stability. The City of Victoria reprioritized [Housing Strategy](#) actions for an immediate response, including:

- a. Advance and support the rapid supply of affordable and supportive housing in neighbourhoods throughout the city, with government partners and non-profit housing providers;
- b. Bring forward an expanded Rental Property Standards of Maintenance Bylaw for consideration;
- c. Develop a Rental Property Licensing Bylaw to prevent renovations and demovictions;
- d. Explore the creation of a non-profit administered rent bank on a pilot basis.

⁶ Statistics Canada 2016 Census of Population



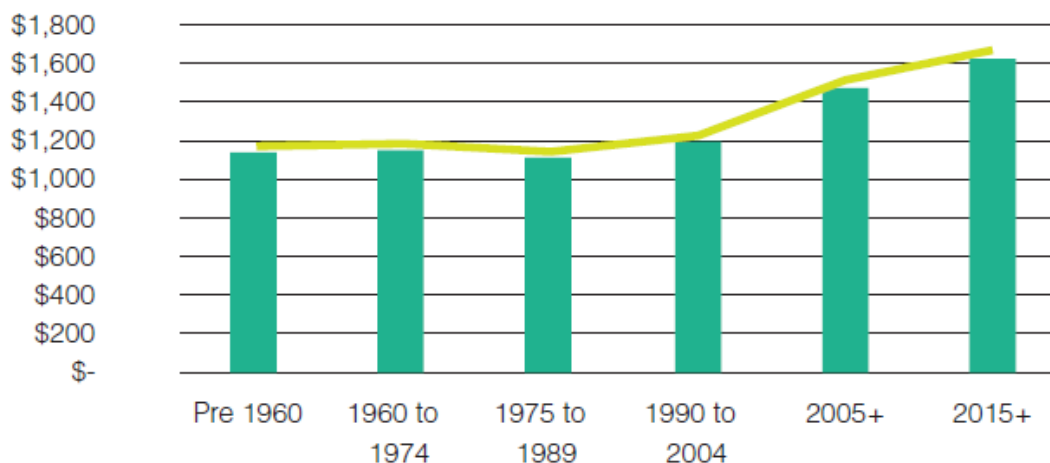
Importance of Housing Security

Having affordable and secure rental housing for residents supports many City objectives, including the creation and retention of equitable, healthy, and diverse mixed-income communities. Suitable rental options are essential for attracting and retaining employers and workers to Victoria.

When long-term tenants are evicted from older buildings because of renovations or repairs, they often face a rental market starkly different from the one they originally entered, as shown in Figure 1 and Table 1 below.

Preventing displacement supports the city to achieve and maintain an equitable, sustainable, diverse, and mixed-income community, as well as advances local economic health by attracting and retaining workers and employers. The new provincial legislation aims to keep people housed, protect tenants from illegal evictions for regular maintenance, minor cosmetic renovations or disingenuous plans to do work with the sole purpose of increasing rents, while also permitting necessary repairs and renovations to maintain safe and livable rental housing.

Figure 1: Victoria's Average Rents by Building Age⁷



When entering the rental market, rent could potentially increase by \$500 per month or more (see Table 1 below). The CMHC average market rents include rents in these older buildings and may be artificially low. Combined with a low vacancy rate, this results in uncertainty for many tenants facing eviction due to renovation or repair.

Table 1: Victoria's Average Market Rents vs. Costs of Entering Rental Market

Unit Size	Average Market Rents, November 2020, CMHC⁸	Market Rent Listings May 2021, Rentals.ca⁹
1 Bedroom	\$1,185	\$1,640
2 Bedroom	\$1,507	\$1,864

⁷ CMHC Rental Market Report, 2018

⁸ CMHC Rental Market Report, 2021.

⁹ [Rentals.ca May 2021 Rent Report](#)

*Please note, this table is for illustrative purposes only. Rentals.ca is a third party website, the accuracy of this report has not been verified. The rents listed include prices for all rental listings, including secondary market rentals such as secondary suites, condominiums, townhomes and other housing forms which may often rent at higher prices. The CMHC data only includes market rental apartment buildings.

Provincial Legislation

The *Residential Tenancy Act* (RTA) is provincial legislation that regulates residential tenancies in British Columbia. The RTA Section 49 permits a landlord to: end a tenancy in respect of a rental unit if the landlord has all the necessary permits and approvals required by law, and intends in good faith, to do any of the following: renovate or repair the rental unit in a manner that requires the rental unit to be vacant. The RTA also establishes levels of compensation (equivalent compensation to one month's rent) and notice (four months' notice, up from two months previously) for tenants who have to vacate their unit due to major renovation or repair.

Since 2018, the province has implemented recommendations of the Renters Task Force and have revised the RTA, including providing new guidance for what renovations or repairs would not require vacancy.

The guidance states that “renovations or repairs that result in temporary, intermittent, or short-term loss of services like water, hydro or heat, or disruption to the tenant like construction noise do not usually require the rental unit to be vacant.” Vacancy is almost never required for renovations or repairs that are cosmetic, such as painting walls, replacing doors, and replacing baseboards. The guidelines list very few types of renovations or repairs which are likely to require the vacancy of a rental home for a period of time.

Table 2: Examples of Type of Work and Vacancy¹⁰

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Types of Work	Examples	Vacancy
Cosmetic Repairs and Renovations	<ul style="list-style-type: none">• Repainting• Replacing baseboards, cabinets or doors	Almost Never
Repairs or Renovations that cause temporary, intermittent or short-term loss of services	<ul style="list-style-type: none">• Re-piping can be done one unit at a time• Electrical Service Replacement• Building Envelope Repair	Unlikely
Extensive Repairs and Renovations, Significant disruption to tenants	<ul style="list-style-type: none">• Rental unit re-wire• Fire sprinkler installation or replacement• Seismic upgrades• Interior wall or ceiling demolition	May be Required

¹⁰ Residential Tenancy Policy Guideline 2B: Ending a Tenancy to Demolish, Renovate, or Convert a Rental Unit to a Permitted Use, July 2019: [gl2b.pdf \(gov.bc.ca\)](#)

New Provincial Legislative Amendments to Prevent Renovictions

On March 1, 2021, the Province introduced [Bill 7](#) effective July 1, 2021, to require landlords to apply to the RTB for approval prior to ending a tenancy agreement for the purposes of conducting renovations. In this new process, the RTB, will determine whether tenants can be reasonably accommodated, with the objective of keeping existing tenancies in place. Another key change is to permit landlords to apply for increases in rent, following the completion of renovations to rental units, which may help to keep existing tenancies in place with only incremental rent increases. These changes represent a shift from a responsive approach for enforcing the RTA, to a more proactive approach that actively reviews notices of eviction for repairs or renovations to ensure compliance.

Table 3: Summary of changes to the Residential Tenancy Act relating to renovictions

RTA Provision	Before 2018 ¹²	2018 and 2019 Changes ¹³	July 1, 2021 Changes ¹⁴
<i>Notice of evictions</i>	2 months' notice, 1 month rent in compensation required	4 months' notice	RTB to review all eviction notices for renovation or repairs, if granted
<i>Time to dispute notice</i>	15 days	30 days	No change
<i>Compensation for bad faith evictions</i>	2 months' rent	12 months' rent	No change
<i>Right of first refusal</i>	Not offered	Offered in multi-unit buildings at the market rental rate	No change

¹² Residential Tenancy Policy Guideline 50. Compensation for Ending a Tenancy, October 2018: [Legislation: \(gov.bc.ca\)](#).

¹³ Residential Tenancy Policy Guideline 2B: Ending a Tenancy to Demolish, Renovate, or Convert a Rental Unit to a Permitted Use, July 2019: [gl2b.pdf \(gov.bc.ca\)](#)

¹⁴ Attorney General News Release, March 2021: [Preventing renovictions, extending rent freeze to benefit tenants | BC Gov News](#)

Municipal Renovation Regulations in BC

In 2019, prior to the province's announced RTA amendments, New Westminster, Port Coquitlam, and Port Moody have recently amended regulations to disincentivize renovations in their communities. Each community has taken the approach of creating anti-renovation protections by amending their Business Bylaws for rental apartments. Through these municipal regulations, they can enforce requirements for landlords to provide alternative accommodation and Right of First Refusal (or right to return to the unit) after repairs or renovations are carried out, effectively making it illegal to evict tenants for minor or cosmetic repairs and renovations. Port Coquitlam and New Westminster's bylaws have both been legally challenged by landlords. New Westminster's bylaw was upheld by the BC Supreme Court in 2020 and the BC Court of Appeal in 2021,¹⁵ and Port Coquitlam's lawsuit was dropped.

Like Victoria, other jurisdictions across BC support tenants facing eviction through tenant advocacy, tenant assistance or relocation policies, and non-profit housing associations or foundations, among other policies. But only the three municipalities discussed in this review have developed and implemented regulations and bylaws that aim to disincentivize and regulate renovations, in addition to provincial legislation and guidelines. Summaries of anti-renovation legislation and organizations in Ontario and Quebec are also included, although a comprehensive review of their policies was not carried out for the purposes of this review.



¹⁵ 1193652 B.C. Ltd. v. New Westminster (City), 2021 BCCA 176 (CanLII), <https://canlii.ca/t/jfnxd>

Table 4: Municipal Renovation Regulations in BC

Application	Alternative Accommod'n	Right of first refusal (RoFR)	Penalty	Exemption
<i>New Westminster</i>				
Dwelling units, defined as “rental units” that require a building permit for alterations. Does not apply to secondary suites in owner-occupied single detached dwelling units.	Temporary accommodation arrangements while renovation work is carried out.	Return to renovated unit under the same terms, including rent, as the tenancy agreement pertaining to the suite being renovated, or terms that are more favourable to the tenant.	Up to \$2,000 per infraction per day, and up to \$10,000 in total per infraction. Up to six months imprisonment if not providing payment.	Owner may apply to Council for an exemption, accompanied by professional certification, meeting conditions related to rent and accommodation. Exemption is guaranteed when an owner is proposing repairs to meet minimum maintenance standards.
<i>Port Coquitlam</i>				
Properties with five or more rental suites, defined as “Suite Rental Business”, requiring a building permit for alterations.	Temporary accommodation arrangements while renovation work is carried out.	Return to renovated unit under the same terms, including rent, as the tenancy agreement pertaining to the suite being renovated, or terms that are more favourable to the tenant.	Up to \$2,000 per infraction per day, and up to \$10,000 in total per infraction. Up to six months imprisonment if not providing payment.	Owner may apply to Council for an exemption, accompanied by professional certification, meeting conditions related to rent and accommodation.
<i>Port Moody</i>				
Properties with five or more rental dwelling units, defined as “Market Rental Apartments” requiring a building permit for alterations.	Temporary accommodation arrangements while renovation work is carried out.	Return to a comparable unit under the same terms, including rent, as the tenancy agreement pertaining to the unit being renovated, or terms that are more favourable to the tenant.	Up to \$2,000 and costs per infraction. Up to 60 days imprisonment if not providing payment.	Owner may apply to Council for an exemption, accompanied by professional certification, meeting conditions pertaining to rent and accommodation.

City of New Westminster

44 percent of New Westminster's households are renters, and rental vacancy rates have remained below healthy levels since 2000. Around 9,600 rental units exist in the primary rental market, comprised of purpose-built rental apartments. Rentals are also contained in condominium rentals, single-family house rentals, secondary suites and rooming houses. According to the [2019 Metro Vancouver Housing Data Book](#), renter households in New Westminster have nearly half the median yearly income of owner households (\$44,368 and \$86,115 respectively). The [Business Regulations and Licensing \(Rental Units\) Amendment Bylaw, 2019, No. 8130](#), adopted February 4, 2019, requires that before issuing an eviction notice (or evicting a tenant under an eviction notice issued before the new regulations), the property owner must provide tenants with:

- alternative accommodation while renovation work is being carried out, and
- a written offer to return to the renovated unit or another rental unit at the same rent as currently paid, subject to any rent increase permitted under the BC Residential Tenancy Act.
- The City can impose fines if the new rules are not followed.
- There is an option for landlords to apply to Council for an exemption from the Bylaw, and Council may attach provisions to their approval if granted.

Over the last two years, there is evidence that renovictions have occurred in at least fifteen rental buildings in New Westminster, affecting at least 340 units. The bylaw has been effective in protecting tenants from displacement due to renovation or repair, and in nearly all cases, tenants have been properly accommodated and have retained their housing throughout the upgrades to their homes. Often tenants had already moved out or had signed mutual agreements to end tenancy, before the City or the RTB could inform them of their rights. There were high rates of complaints and incidents of renovictions when the bylaw was first adopted, however, recently, there is only one active case being investigated. There have been two applications for exemptions to this Bylaw to date.

Prior to February 2019, when the new regulations came into effect, New Westminster assisted tenants affected by renovictions, as outlined in the [Renovictions Action Plan](#), adopted May 2, 2016. These actions included:

- Circulating copies of the Tenant Survival Guide and updates to the RTA
- Sponsoring workshops on tenants' rights
- Advocating for amendments to the Residential Tenancy Act to allow tenants the first right of refusal to return to their unit at a rent that is no more than the landlord could lawfully have charged if there had been no disruption in the tenancy.

In 2019, a landlord challenged the validity of the Bylaw on the grounds that it exceeded the legislative jurisdiction of the city under the Community Charter. In February 2020, the BC Supreme Court dismissed this challenge, holding that it was within the City's legislated authority to regulate renovictions through the Bylaw. The landlord subsequently appealed the dismissal, and in May 2021, the Court upheld the Bylaw. Landlord BC is now taking the case to the Supreme Court of Canada.

City of Port Coquitlam

Port Coquitlam's primary market rental stock is around 980 units, and the vacancy rate is below healthy levels, at 0.7 percent. The city's tenure ratio is 23 percent renter households to 77 percent owner ratio, reflecting a higher proportion of owner-occupied single detached homes.

Under the [Business Bylaw, 2010, No. 3725](#), and the Business Amendment Bylaw, 2019, No. 4116, rental apartment businesses with five or more units that plan to make repairs or renovations must provide interim accommodation. After the upgrade project is done, landlords cannot increase the rent (landlords also have the option to relocate displaced tenants to a comparable unit). This regulation is triggered by a building permit application – and it applies to all units that will need repairs or renovations, and that require a building permit to make existing building repairs or make interior renovations.

Council tried to find a balance with its renoviction bylaw to allow rental building owners to find a return on their investment but to also stop the practice of removing long-term tenants unnecessarily. There was one building where there was potential for as many as 60 residential tenants to be renovicted. As soon as New Westminster adopted their bylaw, Port Coquitlam worked quickly to adopt a similar bylaw, to prevent this building's tenants from facing renoviction. At the same time that the Bylaw was amended, the building's tenants collectively initiated an appeal process to the RTB, to challenge the landlord for not being compliant with RTA guidelines around evictions. In the end the tenants were able to stay in their units under the same tenancy agreements due to the challenge at the RTB.

The bylaw does not apply to smaller landlords, including homeowners who rent out a secondary suite or a coach house, or apartment condominium owners who rent out their suites. This is a potential gap in the bylaw related to enforcement since it does not apply to landlords with four or fewer suites. Port Coquitlam is also considering potential outcomes of the Bylaw for Standards of Maintenance. They would like to encourage renovations to be carried out in a way that ensures that rental apartments do not become run-down over time, and do not face disinvestment.

City of Port Moody

Port Moody's primary market rental apartment stock is only around 500 units and renter households make up around 25 percent of the population. There are only about 15 rental market apartment buildings throughout the city. Most homes are single-family detached dwellings.

Under the [Business Licensing and Regulation Bylaw, 2015, No. 3000](#), amended in July 2020, properties with five or more "Market Rental Apartment" dwellings that plan to make repairs or renovations that require the tenant to temporarily leave, must provide temporary alternative accommodations. Tenants must also return to the same unit or a comparable unit within the building at the same or more favourable terms as their current tenancy agreement. The terms of Port Moody's business licensing regulation bylaw are similar to New Westminster and Port Coquitlam, except that they have a lesser penalty for non-compliance.

During implementation, they chose not to enforce the regulations. There was no large consultation process since there are not many renters or purpose-built rental buildings across the community.

Although staff made a tenant awareness campaign to educate about these new amendments, they have not heard any complaints from tenants about potential renoviction scenarios, and none of the rental apartment buildings have submitted applications for renovation or repair. There is minor concern, similar to Port Coquitlam, that since the Bylaw only addresses properties with five or more rental units, that tenants renting in older single-family detached dwellings could face renoviction. Similar to Port Coquitlam, they are concerned about finding a balance between encouraging the maintenance of building standards, proper rehabilitation and replacement, and redevelopment where it makes sense, without unnecessarily increasing the rate of tenant displacement, all while providing supports for existing tenants.

Other Provinces

Ontario

Ontario's Landlord Tenant Board (LTB), a provincial body similar to BC's RTB, seeks to resolve disputes between landlords and tenants. [Notice N-13](#) specifies that when giving a notice to end tenancy because the landlord wants to repair or renovate a rental unit, the landlord must have applied for building permits, must provide four months' notice, and must offer Right of Return to the unit.

The tenant can choose to move back into the rental unit after the repairs or renovations are complete. The rent must be the same as the rent before the tenancy was terminated. Before the tenant moves out, the tenant must inform the landlord in writing of their intent to re-occupy the rental unit. Moving expenses or compensation is not required for tenants who are temporarily displaced.

If the rental unit is located in a residential complex that contains at least five residential units and the tenant does not give the landlord a written notice stating that they want to move back after the repairs are completed, the landlord must give the tenant an amount equal to three months' rent or offer another rental unit that is acceptable to the tenant.¹⁶

- Whether vacant possession is necessary for the landlord to do the repairs or renovations is discussed in these LTB orders: [TSL-81965-17 \(Re\)](#), 2017 CanLII 28702 (ON LTB); [SOL-14870-11 \(Re\)](#), 2011 CanLII 101419 (ON LTB).
- The onus is on the tenants to notify the landlord that they want to return to the unit at the same rent or challenge a notice to end tenancy that appears to be in 'bad faith.' Local tenant advocacy organizations in the City of Toronto have created a website - <https://renovictionsto.com/> - where tenants can report renovictions and proactively seek advocacy.
- The City of Hamilton implemented a [Tenant Defense Pilot Program](#) that has [recently expanded](#) to help tenant associations facing potential renoviction, by providing funding and support to help fight their case at the Landlord and Tenant Branch.

¹⁶ [LTB | Eviction for Personal Use, Demolition, Repairs and Conversion \(tribunalsontario.ca\)](#)

Quebec

Quebec law allows for a rent increase when a new tenant moves into a rental unit, but the landlord must give the tenant a notice stating the lowest rent paid in the last 12 months before the beginning of the lease before they sign the rental agreement. The tenant has the right to object to the rent and request the landlord to fix his or her rent.¹⁷ This helps prevent unreasonable rent increases between tenancies.

Quebec's [Tribunal administratif du logement \(gouv.qc.ca\)](http://gouv.qc.ca) requires landlords to provide a notice to end tenancy one to six months beforehand, depending on the reason for eviction and the length of the lease. For [major improvements or repairs](#), the landlord can ask tenants to temporarily leave the dwelling and offer compensation for that time. The landlord cannot raise the rent on the dwelling during the term of the lease because of major work they have done. For [eviction for subdivision, enlargement or change of destination of a dwelling](#), the landlord must provide proper notice, three month's compensation, and reasonable moving expenses, but does not have to offer Right of Return/ Right of First Refusal. The tenant can dispute the eviction and apply to the Tribunal, requiring the landlord to provide proof to the Tribunal that they intend to make extensive enough changes to the property that they require the tenants to end their leases and vacate. During this process, the Tribunal can also impose conditions on the eviction that they consider just and reasonable. As well, a landlord may not evict a tenant if they or the tenant's spouse meets all of the following criteria at the time of eviction:

- they are 70 years of age or over;
- they have occupied the dwelling for at least 10 years;
- their income is equal to or less than the maximum threshold to qualify for a dwelling in low-rental housing.¹⁸



Source: [twin stairs](#) | [Montréal](#) | [mabi2000](#) | [Flickr](#)

¹⁷ Civil Code of Quebec article 1896: [CCQ-1991 - Civil Code of Québec \(gouv.qc.ca\)](http://ccq-1991 - Civil Code of Québec (gouv.qc.ca))

¹⁸ Civil Code of Quebec article 1959.1: [CCQ-1991 - Civil Code of Québec \(gouv.qc.ca\)](http://ccq-1991 - Civil Code of Québec (gouv.qc.ca))

Resources

British Columbia – Residential Tenancy Branch:

- [Protecting renters by preventing illegal renovations](#)
- [Fact Sheet: Summary of Legislative Changes](#)
- [Fact Sheet: Applying for an Additional Rent Increase for Capital Expenditures](#)
- [Fact Sheet: Ending a Tenancy for Renovations or Repairs](#)
- ["Renovictions" - Province of British Columbia \(gov.bc.ca\)](#)

City of New Westminster:

- [Business Regulations and Licensing \(Rental Units\) Amendment Bylaw, 2019, No. 8130](#)
- [Renovictions Action Plan Report, June 2018](#)

City of Port Coquitlam:

- [Business Bylaw, 2010, No. 3725](#)
- Housing Affordability Report, July 2018: [2018-07-24-CIC-Agenda-Housing-Affordability-report.pdf \(portcoquitlam.ca\)](#)

City of Port Moody:

- [City of Port Moody Business Licensing and Regulation Bylaw, 2015, No. 3000](#)

Ontario:

- [Renovictions in Hamilton | ACORN Canada](#)
- Advocacy Centre for Tenants Ontario (ACTO): [We Can't Wait: Preserving Our Affordable Rental Housing in Ontario report, November 2019](#)
- Landlord and Tenant Board: [LTB | Eviction for Personal Use, Demolition, Repairs and Conversion \(tribunalsontario.ca\)](#)
- Renovictions Tracker: <https://renovictionsto.com/>
- Tenant Defence Fund Pilot Program: [Tenant Defence Fund Pilot Program | City of Hamilton, Ontario, Canada](#)

Quebec:

- Major Work: [Major work | Tribunal administratif du logement \(gouv.qc.ca\)](#)
- Notice of eviction for subdivision, enlargement or change of destination of a dwelling: [U:\MESDOC~1\F3\FORM\PUBLICA\AVI \(gouv.qc.ca\)](#)
- Notice of major improvements or repairs: [U:\MESDOC~1\F3\FORM\PUBLICA\AVI \(gouv.qc.ca\)](#)
- Rent Increases in Quebec: [Tenant rights and Landlord rights in Quebec | tenantrights.ca](#)
- Repossession of an apartment or eviction: [Repossession of an Apartment or Eviction | Éducaloi \(educaloi.qc.ca\)](#)



2B: Ending a Tenancy to Demolish, Renovate, or Convert a Rental Unit to a Permitted Use

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This policy guideline is intended to help the parties to an application understand issues that are likely to be relevant. It may also help parties know what information or evidence is likely to assist them in supporting their position. This policy guideline may be revised and new guidelines issued from time to time.

A. LEGISLATIVE FRAMEWORK

Section 49(6) of the *Residential Tenancy Act* (RTA) allows a landlord to end a tenancy if the landlord has all the necessary permits and approvals required by law and intends in good faith to:

- a) demolish the rental unit;
- b) convert the residential property to strata lots under the [Strata Property Act](#);
- c) convert the residential property into a not for profit housing cooperative under the [Cooperative Association Act](#);
- d) convert the rental unit for use by a caretaker, manager or superintendent of the residential property; or
- e) convert the rental unit to a non-residential use.

Section 49.2 of the RTA (in effect as of July 1, 2021) allows a landlord to apply for an order to end the tenancy and an order of possession if all of the following apply:

- a) the landlord has all the necessary permits and approvals required by law and intends in good faith to renovate or repair the rental unit(s)
- b) the renovations or repairs require the unit(s) to be vacant
- c) the renovations or repairs are necessary to prolong or sustain the use of the rental unit(s) or the building in which the rental unit(s) are located
- d) the only reasonable way to achieve the necessary vacancy is to end the tenancy agreement

If an arbitrator is satisfied that all of these criteria are met, then they must grant an order ending the tenancy and issue an order of possession. Such an order must not end the tenancy earlier than 4 months after the date it was made.

Section 49.2(2) states that if there are renovations or repairs being done to more than one rental unit in a building, a landlord must make one application for orders with the same effective date.

Section 42(1) of the *Manufactured Home Park Tenancy Act* (MHPTA) allows a landlord to end a tenancy if the landlord has all the necessary permits and approvals required by law and intends in good faith to convert all or a significant part of the park to a non-residential use or an alternative residential use. (See [Policy Guideline 33: Ending a Manufactured Home Park Tenancy Agreement - Landlord Use of Property](#))

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B. PERMITS AND APPROVALS REQUIRED BY LAW

“Permits and approvals required by law” can include:

- demolition, building or electrical permits issued by a municipal or provincial authority;
- a change in zoning required by a municipality to convert the rental unit to a non-residential use; or
- a permit or license required to use it for a new purpose.

For example, if the landlord is converting the rental unit to a hair salon and the current zoning does not permit that use, the zoning would need to be changed before the landlord could give notice under section 49(6)(f) of the RTA.

Strata corporations may require certain permits and approvals before a rental unit can be renovated or repaired or converted to a non-residential use. There may also be strata bylaws that prohibit the rental unit from being used for a non-residential purpose. If a strata bylaw requires the landlord to obtain permission before renovating the rental unit, the landlord must have that permission in place before applying to the RTB to end the tenancy under section 49.2 of the RTA. If a strata bylaw prohibits the landlord from using the rental unit for a non-residential purpose, the bylaw would need to be changed or the rental unit exempted from the bylaw before a landlord gives a notice to end tenancy under section 49(6) of the RTA.

Some local governments may have additional policies and bylaws that apply when landlords are performing renovations or repairs to a rental unit. In general, it is the municipality, and not the Residential Tenancy Branch (RTB), that is responsible for enforcing its policies and bylaws. RTB will only consider this to the extent the policies and bylaws impact on or create additional required permits and approvals for the repairs and renovations themselves. Landlords should check with the local government where the rental unit is located as they may face other legal consequences if they fail to do certain things even if an order of possession is granted under the RTA.

When ending a tenancy under section 49(6) of the RTA or section 42(1) of the MHPTA, a landlord must have all necessary permits and approvals that are required by law before they give the tenant notice. If a notice is disputed by the tenant, the landlord is required to provide evidence of the required permits or approvals.

When applying to end a tenancy under section 49.2 of the RTA, a landlord must have in place all the permits and approvals required by law to carry out the renovations or repairs that require vacancy before submitting their application.

The required permits must have been valid at the time the Notice to End Tenancy was given or the application to end the tenancy was made. A permit that was valid at the relevant time but that has expired prior to the dispute resolution hearing will not always be considered a failure to obtain the necessary permits and approvals. A landlord may provide evidence of their efforts to obtain an extension of the permit and an arbitrator

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will consider that evidence and the likelihood of the permit being renewed in making a determination about whether all necessary permits and approvals have been obtained. In some circumstances, an arbitrator may adjourn the hearing while the relevant authority reaches a decision on renewing a permit.

The permits or approvals must cover the extent and nature of work that requires vacancy of the rental unit(s) or the planned conversion. A landlord does not need to show that they have every permit or approval required for the full scope of the proposed work or change. For instance, a landlord can issue a Notice to End Tenancy under section 42 of the MHPTA if they have the permits and approvals required to convert the park to a residential use other than a park, even if they do not yet have all of the permits required to build the planned single-family home on that land.

If a required permit cannot be issued because other conditions must first be met, the landlord should provide a copy of the policy or procedure which establishes the conditions and show that the landlord has completed all steps possible prior to issuing a Notice to End Tenancy or applying to the RTB.

If permits are not required for the change in use or for the renovations or repairs, a landlord must provide evidence such as written confirmation from a municipal or provincial authority stating permits are not required or a report from a qualified engineer or certified tradesperson confirming permits are not required.

GOOD FAITH

In *Gichuru v. Palmar Properties Ltd.*, 2011 BCSC 827 the BC Supreme Court found that good faith requires an honest intention with no dishonest motive, regardless of whether the dishonest motive was the primary reason for ending the tenancy. When the issue of a dishonest motive or purpose for ending the tenancy is raised, the onus is on the landlord to establish they are acting in good faith: *Aarti Investments Ltd. v. Baumann*, 2019 BCCA 165.

Good faith means a landlord is acting honestly, and they intend to do what they say they are going to do. It means they are not trying to defraud or deceive the tenant, they do not have an ulterior purpose for ending the tenancy, and they are not trying to avoid obligations under the RTA or MHPTA or the tenancy agreement. This includes an obligation to maintain the rental unit in a state of decoration and repair that complies with the health, safety and housing standards required by law and makes it suitable for occupation by a tenant (section 32(1) of the RTA).

In some circumstances where a landlord is seeking to change the use of a rental property, a goal of avoiding new and significant costs will not result in a finding of bad faith: *Steeves v. Oak Bay Marina Ltd.*, 2008 BCSC 1371.

If a landlord applies for an order to end a tenancy for renovations or repairs, but their intention is to re-rent the unit for higher rent without carrying out renovations or repairs that require the vacancy of the unit, the landlord would not be acting in good faith.

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If evidence shows the landlord has ended tenancies in the past for renovations or repairs without carrying out renovations or repairs that required vacancy, this may demonstrate the landlord is not acting in good faith in a present case.

C. DEMOLITION

Section 49(6)(a) of the RTA allows a landlord to end a tenancy to demolish a rental unit. Demolition means the complete and irreversible destruction of the rental unit. Usually, but not always, this involves the destruction of the building containing the rental unit. This may also involve partial demolition of a building so that the rental unit ceases to exist.

If the tenancy is ending under section 49(6)(a), the tenant has no right of first refusal to enter into a new tenancy agreement with the landlord for the rental unit.

D. RENOVATIONS OR REPAIRS***Vacancy requirement***

Section 49.2 allows a landlord to apply to the RTB for an order to end the tenancy and an order of possession to renovate or repair a rental unit if the necessary renovations or repairs require the rental unit to be vacant. Any period of time in which the unit must be vacant is sufficient to meet this requirement.

In *Berry and Kloet v. British Columbia (Residential Tenancy Act, Arbitrator)*, 2007 BCSC 257, the BC Supreme Court found that “vacant” means “empty”. Generally, extensive renovations or repairs will be required before a rental unit needs to be empty.

In *Allman v. Amacon Property Management Services Inc.*, 2006 BCSC 725, the BC Supreme Court found that a landlord cannot end a tenancy to renovate or repair a rental unit just because it would be faster, more cost-effective, or easier to have the unit empty. Rather, it is whether the “nature and extent” of the renovations or repairs require the rental unit to be vacant.

Renovations or repairs that require the rental unit to be vacant could include those that will:

- make it unsafe for the tenants to live in the unit (e.g., the work requires extensive asbestos remediation); or
- result in the prolonged loss of a service or facility that is essential to the unit being habitable (e.g., the electrical service to the rental unit must be severed for several weeks).

Renovations or repairs that result in temporary or intermittent loss of an essential service or facility or disruption of quiet enjoyment do not usually require the rental unit to be vacant. For example, re-piping an apartment building can usually be done by

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shutting off the water to each rental unit for a short period of time and carrying out the renovations or repairs one rental unit at a time.

Cosmetic renovations or repairs that are primarily intended to update the decor or increase the desirability or prestige of a rental unit are rarely extensive enough to require a rental unit to be vacant. Some examples of cosmetic renovations or repairs include:

- replacing light fixtures, switches, receptacles, or baseboard heaters;
- painting walls, replacing doors, or replacing baseboards;
- replacing carpets and flooring;
- replacing taps, faucets, sinks, toilets, or bathtubs;
- replacing backsplashes, cabinets, or vanities.

A list of common renovations or repairs and their likelihood of requiring vacancy are located in Appendix A.

RENOVATIONS OR REPAIRS ARE NECESSARY TO PROLONG OR SUSTAIN THE USE OF THE RENTAL UNIT OR THE BUILDING IN WHICH THE RENTAL UNIT IS LOCATED

Renovations and repairs are important to the life cycle of a building. As buildings age this work is necessary to ensure the rental unit and the building in which it is located remain safe for the tenants. Some examples of these necessary renovations or repairs include:

- Undertaking seismic upgrades
- Updating electric wiring to code
- Installing or replacing a sprinkler system to ensure the building meets codes related to fire safety

ENDING THE TENANCY AGREEMENT IS THE ONLY REASONABLE WAY TO ACHIEVE THE NECESSARY VACANCY

The onus is on the landlord to provide evidence that the planned work reasonably requires the tenancy to end.

In *Aarti Investments Ltd. v. Baumann*, 2019 BCCA 165, the Court of Appeal held that the question posed by the Act is whether the renovations or repairs “objectively” are such that they reasonably require vacant possession. Where the vacancy required is for an extended period of time, then, according to the Court of Appeal, the tenant’s willingness to move out and return to the unit later is not sufficient to establish objectively whether vacant possession of the rental unit is required.

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On the other hand, in *Berry and Kloet v. British Columbia (Residential Tenancy Act, Arbitrator)*, 2007 BCSC 257, the BC Supreme Court found that it would be irrational to believe that a landlord could end a tenancy for renovations or repairs if a very brief period of vacancy was required and the tenant was willing to move out for the duration of the renovations or repairs.

If the renovations or repairs that require vacancy can be completed within 45 days or less and the tenant is willing to make alternative living arrangements for the period of time vacancy is required and provide the landlord with the necessary access to carry out the renovations or repairs, then the tenancy agreement should not need to end to achieve the necessary vacancy. The right of first refusal (see below) contemplates new tenancy agreements being provided at least 45 days before the renovations or repairs that ended the tenancy are completed. If the timeframe is longer than 45 days, it may be unreasonable for the tenancy agreement to continue even if the tenants are willing to make alternative living arrangements. The longer the timeframe, the less likely the tenant can be considered to retain the rights of possession and use contemplated for tenancy agreements, as established in the RTA, and for which the tenant pays rent.

E. RIGHT OF FIRST REFUSAL

If the tenancy is being ended under section 49.2 and the residential property has 5 or more rental units, the tenant is entitled to enter into a new tenancy agreement for the rental unit that takes effect once renovations or repairs are complete. The tenant must give the landlord notice that they want to be able to exercise this right by completing form [#RTB-28 "Tenant Notice: Exercising Right of First Refusal"](#). The tenant must give the completed form to the landlord before vacating the rental unit.

If the tenant gives the landlord this notice, the landlord must complete form [#RTB-35 "45 Day Notice of Availability"](#) and give it and a tenancy agreement that commences on the date the rental unit will be available to the tenant at least 45 days before the renovations or repairs are finished.

If the tenant does not exercise their right of first refusal by entering into a new tenancy agreement on or before the availability date set out in the "45 Day Notice of Availability" form, the tenant has no further rights respecting the rental unit. The landlord may then rent it to another tenant.

If the landlord fails to comply with the requirements above, the landlord must pay the tenant an amount that is the equivalent of 12 times the monthly rent payable under the previous tenancy agreement unless there are extenuating circumstances.

Some municipalities may have bylaws that impact on the allowable terms for the new tenancy agreement. The RTB does not resolve disputes relating to whether the new tenancy agreement complies with these bylaws. The RTB will only consider whether the new tenancy agreement complies with the RTA. So long as the landlord has provided a

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new tenancy agreement that complies with the RTA, the tenant is not entitled to compensation respecting the right of first refusal.

F. CONVERTING TO A NON-RESIDENTIAL USE

Non-residential use means something other than use as living accommodation. However, sometimes use as a living accommodation is secondary, incidental or consequential to a non-residential use. For example, correctional institutions are facilities that incarcerate persons convicted of criminal offences – a non-residential use – but they also provide living accommodation to incarcerated persons. Similarly, community care facilities provide 24-hour institutional care to persons and, in doing so, must also provide living accommodation to those persons. These facilities are considered non-residential even though they provide living accommodation because this use is consequential to their primary institutional use.

Other examples of non-residential use include using the rental unit as a place to carry on business, such as a dental office. Some live/work spaces may also be considered non-residential if the majority of the unit must be devoted to commercial enterprise based on municipal requirements: *Gardiner v. 857 Beatty Street Project*, 2008 BCCA 82.

Holding the rental unit in vacant possession is the absence of any use at all. A landlord cannot end a tenancy for non-residential use to leave the rental unit vacant and unused.

G. COMPENSATION FOR ENDING TENANCY FOR LANDLORD'S USE

Both the RTA and MHPTA require a landlord who gives a notice to end tenancy for landlord's use or receives an order to end a tenancy for renovations and repairs to pay compensation to the tenant for ending the tenancy. For more information on compensation requirements under the RTA, see [Policy Guideline 50 – Compensation for Ending a Tenancy. For more information on compensation requirements under the MHPTA see Policy Guideline 33: Ending a Manufactured Home Park Tenancy Agreement - Landlord Use of Property.](#)

**H. CONSEQUENCES FOR NOT USING THE PROPERTY FOR THE STATED
PURPOSE*****Residential Tenancy Act***

A tenant may apply for an order for compensation under section 51 of the RTA if a landlord who ended their tenancy under section 49 of the RTA has not:

- accomplished the stated purpose for ending the tenancy within a reasonable period after the effective date of the notice to end tenancy,

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- or used the rental unit for that stated purpose for at least six months beginning within a reasonable period after the effective date of the notice (except for demolition).

A tenant may apply for an order for compensation under section 51.4 of the RTA if the landlord obtained an order to end the tenancy for renovations and repairs under section 49.2 of the RTA, and the landlord did not:

- accomplish the renovations and repairs within a reasonable period after the effective date of the order ending the tenancy.

The onus is on the landlord to prove that they accomplished the purpose for ending the tenancy under sections 49 or 49.2 of the RTA or that they used the rental unit for its stated purpose for at least 6 months under sections 49(6)(c) to (f).

Under sections 51(3) or 51.4(5) of the RTA, a landlord may only be excused from these requirements in extenuating circumstances.

For more information see [Policy Guideline 50 – Compensation for Ending a Tenancy](#).

Manufactured Home Park Tenancy Act

A tenant may apply for an order of compensation under section 44 of the MHPTA if the landlord who ended their tenancy under section 42 of the MHPTA did not:

- take steps to accomplish the stated purpose for ending the tenancy within a reasonable period after the effective date of the notice to end tenancy.

The onus is on the tenant to prove that the landlord has not taken steps to accomplish the stated purpose for ending a tenancy under section 42(1) of the MHPTA.

Under section 44(3) of the MHPTA, a landlord may only be excused from these requirements in extenuating circumstances. For more information see [Policy Guideline 33: Ending a Manufactured Home Park Tenancy Agreement - Landlord Use of Property](#).

A. CHANGES TO POLICY GUIDELINE

Section	Change	Notes	Effective Date
new	new	New policy guideline	2019 -07 -08
all	am	Updated to reflect legislative changes	2021-07-01

Change notations

am = text amended or changed

del = text deleted

new = new section added

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APPENDIX A: COMMON RENOVATIONS OR REPAIRS

These are examples of common renovations or repairs that may require permits or approvals. This information is provided to act as guidance, acknowledging that each building is unique and evidence may be presented that contradicts this table.

Type of Renovation or Repair	Disruption to tenants	Requires Vacancy?
Electrical		
Electrical service replacement	Usually minimal	Unlikely
Replacing receptacles and switches	Usually minimal	Unlikely
Rewiring a circuit	Usually minimal	Unlikely
Full rewire of the rental unit	May be significant	May require vacancy
Heating		
Boiler/furnace replacement	Usually minimal	Unlikely
Hydronic heating system upgrades	Usually minimal	Unlikely
Electric baseboard heater replacement	Usually minimal	Unlikely
Other Mechanical		
Elevator modernization	Usually minimal	Unlikely
Fire sprinkler installation/replacement	May be significant	May require vacancy
Plumbing		
Re-pipe	Usually minimal	Unlikely
Replacing faucets and fixtures	Usually minimal	Unlikely
Replacing bathtubs/toilets	Usually minimal	Unlikely
Structural/Exterior		
Exterior window/glass door replacement	Usually minimal	Unlikely
Roof replacement	Usually minimal	Unlikely
Building envelope repair/remediation	Usually minimal	Unlikely
Exterior painting	Usually minimal	Unlikely
Balcony repair/remediation	Usually minimal	Unlikely
Seismic upgrades	May be significant	May require vacancy
Demolishing load bearing walls	May be significant	May require vacancy

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Type of Renovation or Repair	Disruption to tenants	Requires Vacancy?
Interior		
Replacing cabinets/vanities/countertops	Usually minimal	Unlikely
Replacing backsplashes	Usually minimal	Unlikely
Interior painting	Usually minimal	Unlikely
Replacing interior doors	Usually minimal	Unlikely
Replacing flooring/baseboards	Usually minimal	Unlikely
Replacing appliances	Usually minimal	Unlikely
Adding appliances	Usually minimal	Unlikely
Demolishing a non-load bearing wall	Usually minimal	Unlikely
Minor asbestos remediation	Usually minimal	Unlikely
Major asbestos remediation	May be significant	May require vacancy
Full interior wall and ceiling demolition	Likely significant	Likely requires vacancy

Protecting renters by preventing illegal renovictions

<https://news.gov.bc.ca/24812>

Victoria - Wednesday, June 30, 2021 1:00 PM

Residential tenancy changes that will prevent renovictions and provide renters with more security and protection come into effect on Thursday, July 1, 2021.

These changes address the Rental Housing Task Force's number one recommendation – to stop renovictions by shifting responsibility to the landlord to apply to the Residential Tenancy Branch (RTB) for pre-approval.

Tenants will have the opportunity to participate in a dispute resolution hearing and provide evidence that the tenancy does not need to end for the work to be completed. The landlord will need to have all required permits and approvals, and must prove the work is necessary and the only way to complete it is by ending the tenancy.

The changes will eliminate most renovictions. Landlords will only be able to end a tenancy in situations where that is the only way to do the necessary repairs or upgrades. In those rare cases, tenants will now have a full four months' notice after the RTB approves the application – no longer having to spend that time fighting the eviction.

Previously, some landlords issued notices to end tenancy for renovations when the work did not require units to be vacant. The tenant could then dispute the notice with the RTB if they disagreed with the eviction. These changes will give the RTB oversight over any eviction notice for renovations, which will help stop illegal renovictions from happening.

Additional tenant's compensation for bad-faith evictions

In cases where a tenant has been evicted, but the landlord does not follow through on the stated purpose for ending the tenancy, an amendment will make it easier for tenants to receive compensation.

For example, a landlord can end a tenancy because they or a family member will move into the unit. Before, if the landlord failed to follow through on that plan and a tenant sought compensation from their landlord, the burden was on the tenant to prove it. The amendment shifts the onus to the landlord to prove they have used the property for the stated purpose of ending the tenancy.

Additional rent increase for capital expenditures

Should a landlord make repairs or improvements to a rental unit or building and want to apply a modest rent increase to pay for them, they must now apply to the RTB for approval. This fulfils a recommendation of the Rental Housing Task Force, along with capping rent to inflation to keep rent more affordable while ensuring rental homes are maintained and improved.

Tenants can participate in the hearing and submit evidence if they believe that the costs are ineligible. The improvements must be capital expenditures involving major systems or components that are integral to the residential property, such as roof repairs or new windows.

If successful, the RTB's decision will set out the eligible rent increase based on a formula, which factors in the amount of eligible capital expenditures and the number of dwelling units, amortized over a 10-year period. The additional rent increase will be capped at a maximum of 3% per year (plus the annual rent increase) for a maximum of three years.

The rent freeze continues to be in effect until Dec. 31, 2021.

Applications for these new processes will open July 5.

Quick Facts:

- These changes fulfil recommendations from the Rental Housing Task Force.
- Previous action to support renters and address the task force's recommendations include:
 - rent freeze until the end of 2021;
 - closing the fixed-term lease loophole;
 - eliminating geographic rent hike;
 - bringing in a new compliance and enforcement unit; and
 - introducing initial steps to strengthen protections for renters facing “renovictions” and “demovictions.”
- The requirement for landlords to apply to the RTB to end a tenancy for renovations or repairs is similar to the process in Ontario.

Learn More:

Residential Tenancy Branch: <https://www2.gov.bc.ca/gov/content/housing-tenancy/residential-tenancies>

Online application for dispute resolution: www.gov.bc.ca/landlordtenant/online

Residential Housing Task Force recommendations:
https://engage.gov.bc.ca/app/uploads/sites/121/2018/12/RHTF-Recommendations-and-WWH-Report_Dec2018_FINAL.pdf

Ministry of Attorney General

and Responsible for Housing Media Relations

778 678-1572

Rental Business Licensing Bylaw

September 2, 2021



1

Purpose

- Provide Council with an update on new provincial legislation designed to improve protections for tenants
- Provide recommendations regarding the previously initiated Rental Business Licensing Bylaw in light of this new legislation
- Propose new actions that the City can take to further strengthen tenant protections.

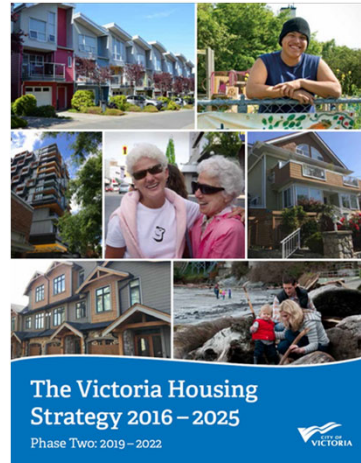


Rental Business Licensing Bylaw

2

Background

- Housing Strategy focus on renters:
 - ✓ Tenant Assistance Policy
 - ✓ Rental Property Standards of Maintenance Bylaw
- Rental Business Licensing Bylaw prioritized as part of COVID-19 recovery
- Main objective to supplement the RTA with more robust tenant protections.



Rental Business Licensing Bylaw

3

What Are Renovictions?

The Province of BC defines 'renovictions' as an event where tenants are evicted in order to repair or renovate the unit, and the rent for the unit is increased following completion of the upgrade.

Distinction between disingenuous, minor and major repairs.



Rental Business Licensing Bylaw

4

Jurisdictional Review

- New Westminster, Port Coquitlam, Port Moody
- Their bylaws restrict evictions by requiring:
 - ✓ alternative accommodation while renovation work is being carried out, and
 - ✓ right of first refusal to return to the renovated unit or alternative unit at the same rent (subject to increase permitted under BC RTA)
- Do not apply to secondary rental units, i.e. garden suites or laneway houses



Rental Business Licensing Bylaw

5

Preliminary Work

- Draft Rental Business Licensing Bylaw prepared (similar to New Westminster's bylaw)
- Engagement on draft bylaw held from February 1 – March 15, 2021
- Province announced legislative improvements to RTA after engagement complete
- New legislation considered



Rental Business Licensing Bylaw

6

Key Changes to Provincial RTA

- Landlords must apply for approval from RTB for all eviction notices for renovations:
 - ✓ RTB determines whether tenants can be reasonably accommodated (temporary accommodation etc.)
 - ✓ Where landlords prove that long-term unit vacancy is required, tenants will be evicted, with 4 months notice and one months rent compensation
- Landlords must apply for permission to increase rent, following the completion of a renovation
- In effect since July 1, 2021



Rental Business Licensing Bylaw

7

Key Changes to Provincial RTA

Types of Work	Examples	Vacancy
Cosmetic Repairs and Renovations	<ul style="list-style-type: none"> •Repainting •Replacing baseboards, cabinets, or doors 	Almost Never
Repairs or Renovations that cause temporary, intermittent, or short-term loss of services	<ul style="list-style-type: none"> •Re-piping •Electrical Service Replacement •Building Envelope Repair 	Unlikely
Extensive Repairs and Renovations, Significant disruption to tenants	<ul style="list-style-type: none"> •Rental unit re-wire •Fire sprinkler installation or replacement •Seismic upgrades •Interior wall or ceiling demolition 	May be Required



Rental Business Licensing Bylaw

8

Considerations

- RTA improvements aim to prevent nearly all evictions relating to repair or renovations
- RTB improvements to undertake enforcement and arbitration
- Need for a municipal bylaw now uncertain with increased Provincial oversight
- City bylaw would create duplication, confusion, conflicts
- City bylaw would require additional resources for low benefit



Rental Business Licensing Bylaw

9

Complementary Actions by City

There are other actions Victoria can take to improve housing security, prevent renovations and complement Provincial improvements, including:

- ✓ Monitoring the outcomes
- ✓ Reporting to Council on efficacy of legislation
- ✓ Improving public awareness
- ✓ Building capacity with tenants – Shift Initiative



Rental Business Licensing Bylaw

10

Recommendations

1. Suspend development of a Rental Business Licensing Bylaw given changes to the RTA
2. Monitor implementation of the provincial legislation and report back to Council in the fall of 2023 on its efficacy and whether further City action is needed
3. Facilitate public awareness and access to information regarding new RTA requirements
4. Undertake tenant capacity-building and outreach activities regarding new RTA requirements

