

May 29, 2018

Subject: Measures to Retain the Rental Housing Stock - Building Reinvestment Actions and Amendments to the Rental Housing Stock Official Development Plan (Policy Report)

Attention: Mayor and Council, City of Vancouver (Submitted by email publichearing@vancouver.ca)

I am writing on behalf of LandlordBC, the province-wide voice of the rental housing industry in British Columbia. LandlordBC's primary mission is to facilitate the professional and responsible provision of safe, secure, sustainable long-term rental housing for British Columbians. LandlordBC and the City of Vancouver have a strong partnership history and we welcome the opportunity to continue to partner with the City to impact positive housing and socio-economic outcomes in the community.

We support the City of Vancouver's desire to seek solutions to retain the existing rental stock and commend staff for the work they have done to understand the multiple barriers that exist to achieve this objective. A substantial portion of Vancouver's purpose-built rental stock is aging with this report noting that 52 per cent of the city's existing rental stock was constructed between 1950-1970 and is nearing fifty to seventy years of age today. This is notable because many of the major original components of these buildings such as the building enclosure, drainage, piping, central heating apparatus and, electrical may be near or beyond their projected service lives, particularly in wood-frame buildings. Owners have not been able to establish reserves for upgrading the aging stock and the condition of much of it has languished, resulting in poor quality and less energy efficient housing.

As the study advises, these buildings tend to be owned by smaller, more dispersed owners who have less experience and capacity for longer term capital and renewal planning and for carrying out and managing major retrofit projects. Owners of low-rise rental buildings often find it more difficult to access financing, and might have less technical knowledge, particularly regarding more complex energy-efficient upgrades. They can also be more reluctant to reinvest in uncertain future assets. In addition, this building type faces high assessment and project management costs relative to the energy savings potential. Nevertheless, we believe that there is significant value in continue to study the potential opportunity to support low-rise wood-frame rental building owners in combining capital and energy efficiency planning for energy upgrades to be carried out with structural upgrades and renewals projects.

In this regard, we are especially pleased that staff have recommended partnering with LandlordBC on a program to support and encourage capital planning and energy benchmarking in existing rental housing. The target audience for the program are the above-noted existing owners of low-rise, wood frame buildings in Vancouver, who may not currently have a long-term capital plan but are interested in opportunities to upgrade their buildings and explore energy retrofit opportunities. Through the program, participating owners will obtain a building condition and energy assessment that will identify building components likely to require renewals in the coming years, as well as opportunities for energy-efficient retrofits. Owners will also receive education and advice on capital and energy planning, including how to fund or finance needed upgrades and plan for future renewals, as well as guidance on best practices for working with renters during major renovation projects.

Strengthening protections for renters has been stated as a key objective for the City of Vancouver. In this report staff indicated that they are committed to working with the Province on strengthening protections for renters when they are facing displacement for renovations, and to strengthening City protections for renters under the Tenant Relocation and Protection Policy and the Rental Housing Stock ODP. We respectively remind you that LandlordBC has consistently supported the City in its efforts to ensure fair and respectful consideration for tenants facing relocation due to redevelopment. Well-considered and managed tenant relocation packages are important criteria for our supporting all new purpose-built rental applications submitted to the City.

Furthermore, we have actively partnered with the Province to craft and support legislative changes to the ***Residential Tenancy Act*** enacted in recent months including eliminating fixed term tenancies with a vacate clause, eliminating geographic increases and, the providing of additional protections for tenants in the event renovation or repairs to a rental unit requires the rental unit to be vacated. These are substantial changes and reflective of government's strong commitment to consumer protection and will need some time to "work through the system". LandlordBC also appreciates Province's significant additional funding commitment to the Residential Tenancy Branch and its decision to create a new Compliance Unit.

It is LandlordBC's view that the ***Residential Tenancy Act*** as it is currently enacted, strikes an effective and fair balance between protecting tenants and allowing landlords to recover expenses and generate modest revenue surplus. However, in the context of the current high tax and expense environment, it does not provide any mechanism for either generating adequate contingency funding for or financing of the major investments required to make sure that the aging rental stock keeps up with current environmental and safety standards.

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We therefore seek the City's support for our industry to ensure that the Province retains two critical elements of the current Residential Tenancy Act; 1) the Annual Allowable Increase of 2% + CPI and, 2) rent controls tied to the tenant not the unit ie: the ability for a landlord to negotiate a new tenancy at tenant turnover on the basis of the market and the actual cost to deliver safe, secure rental housing. Any reconfiguring of either of these existing provisions under the *Act*, in whole or in part, will cause irreparable long-term harm to both renters and landlords. The economics to continue to provide rental housing will unravel, as will the incentive and ability to invest in one's property. Further, it will be impossible to build any business case for the construction of new purpose-built rental housing. Retaining these two provisions is in LandlordBC's view the only way in which the private sector can help address the critical shortcoming in supply.

In closing we wish to reiterate that we support the City of Vancouver's desire to seek solutions to retain the existing rental stock, commend staff for the work they have done to understand the multiple barriers that exist to achieve this objective, and look forward to working with the City on the project proposed in this report to support and encourage capital planning and energy benchmarking in existing rental housing.

Sincerely,
s.22(1) Personal and
Confidential

David Hutniak
Chief Executive Officer
LandlordBC