

Actions to Increase Renter Protections and Amendments to the Tenant Relocation and Protection Policy

**Presentation to Council
June 11, 2019**

Presentation Outline

Actions to Increase Renter Protections and Amendments to the Tenant Relocation and Protection Policy

- Background / Context
- Immediate Actions to Increase Tenant Protections
 - Actions to Address Renovictions
 - Amendments to Tenant Relocation and Protection Policy
 - Enforcement Actions
- Longer Term Actions to Create a Healthy Rental System



Council Direction to Enhance Tenant Protections

Motion B.10: Protecting Tenants from Renovictions and Aggressive Buy-Outs

Tenant Relocation and Protect Policy (TRPP)	Offer displaced tenants the opportunity to move out during renovations without leases ending or rent increasing
Apartment buildings sold	Upon building sale, immediately send tenants their tenancy rights by mail
Tenant buyouts	Regulate and publicly register all tenant buyouts
Explore ability to take action on tenancy issues	Report back in Q1 2019 with: <ul style="list-style-type: none">• Language and timeline to amend <i>Vancouver Charter</i> to allow City to perform actions that affect tenancy issues• Other measures the City can undertake to protect tenants from renovictions and buyouts
Renters and rental supply	Report back in Q1 of 2019 with impacts of: <ul style="list-style-type: none">• TRPP amendments to apply to all forms of rental accommodation• Vacancy controls or maximum rent increases between tenancies

Timeline and Work Program – Enhance Tenant Protections

★ WE ARE HERE

1. REVIEW AND ANALYSIS OF NEW OPTIONS

- Gap analysis
- Brainstorm and analyze new ideas Other city research
- Economic testing

March

2. CONSULTATION

- Stakeholder meetings (industry, renter groups, Province)

March - May

3. DEVELOPMENT OF OPTIONS & DRAFT POLICY

- Policy options refined
- Draft policies and guidelines

April - May

4. FINAL POLICY & COUNCIL REPORT

- Draft final policy and guidelines
- Council Report

May - June

OTHER RELATED WORK

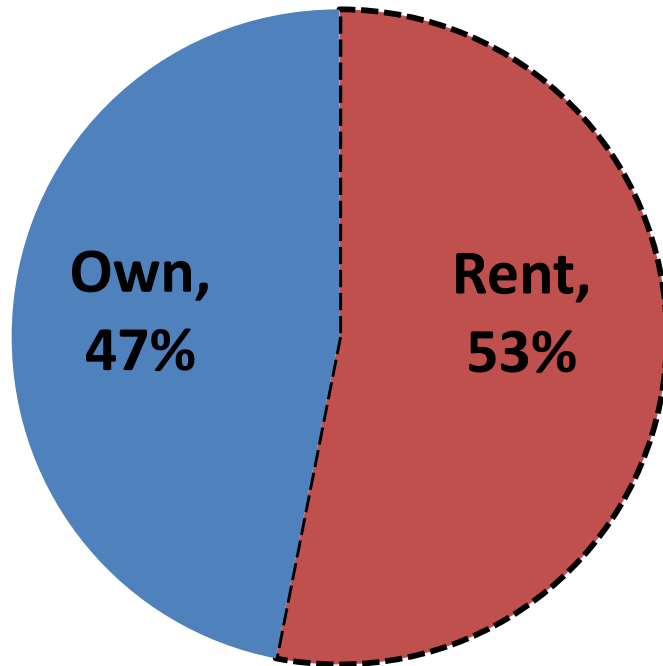
Work with Province on Renovictions / Rental Housing Task Force
Bylaw - Targeted Enforcement on Violations
Renter's Office
Longer term actions to create a healthy rental system (e.g. Rental Incentive Review, Reinvestment Strategy)

Background

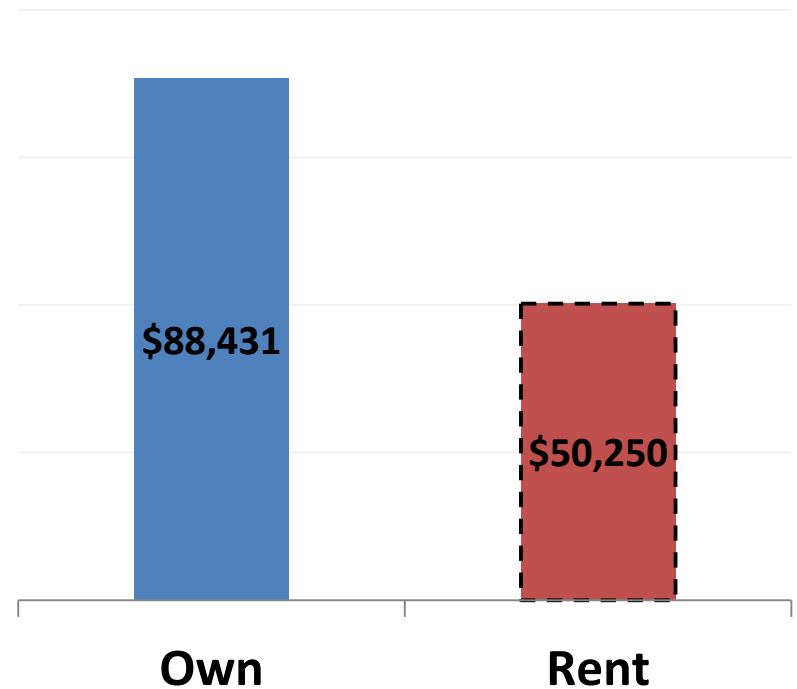


Share & Income of Renter Households in Vancouver

Households by Tenure,
2016

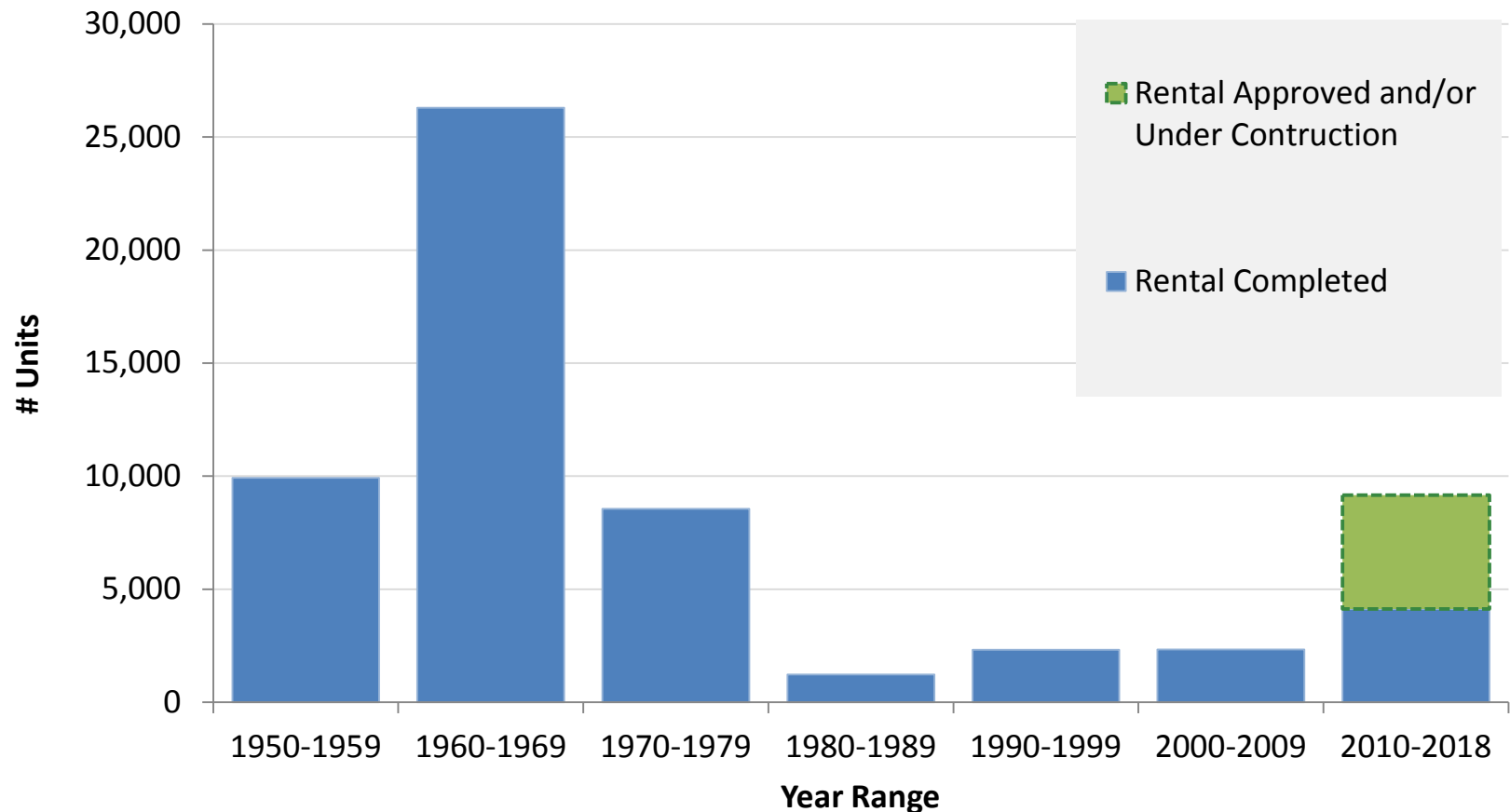


Renter vs Owner
Household Incomes, 2016



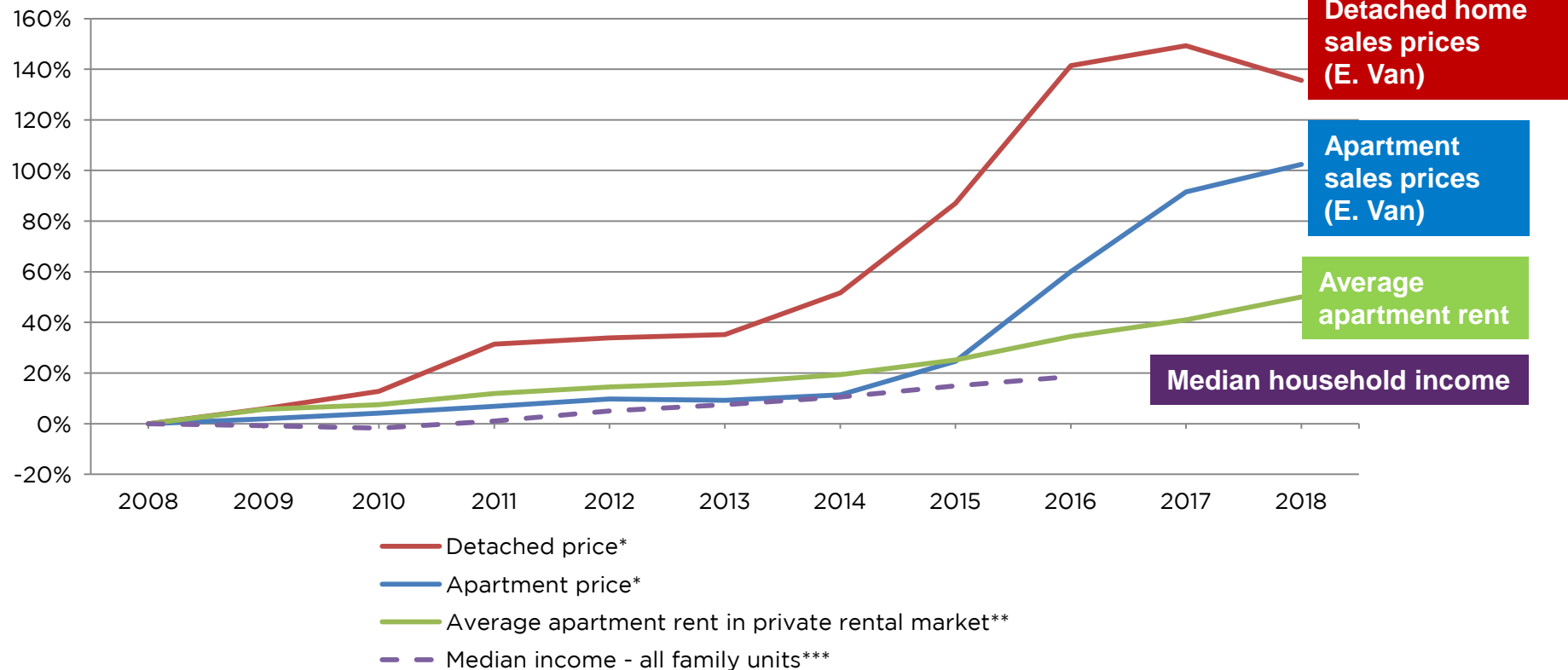
Limited rental stock due to low production until recently

Market rental housing built (1950-2018)



Cost of ownership has far outpaced rental – moderate income renters are priced out of ownership

Percentage change in housing costs and median household income from 2008 levels, 2008-2018



* Source: Benchmark prices from MLS Home Price Index. All data for Vancouver East in October of each respective year.

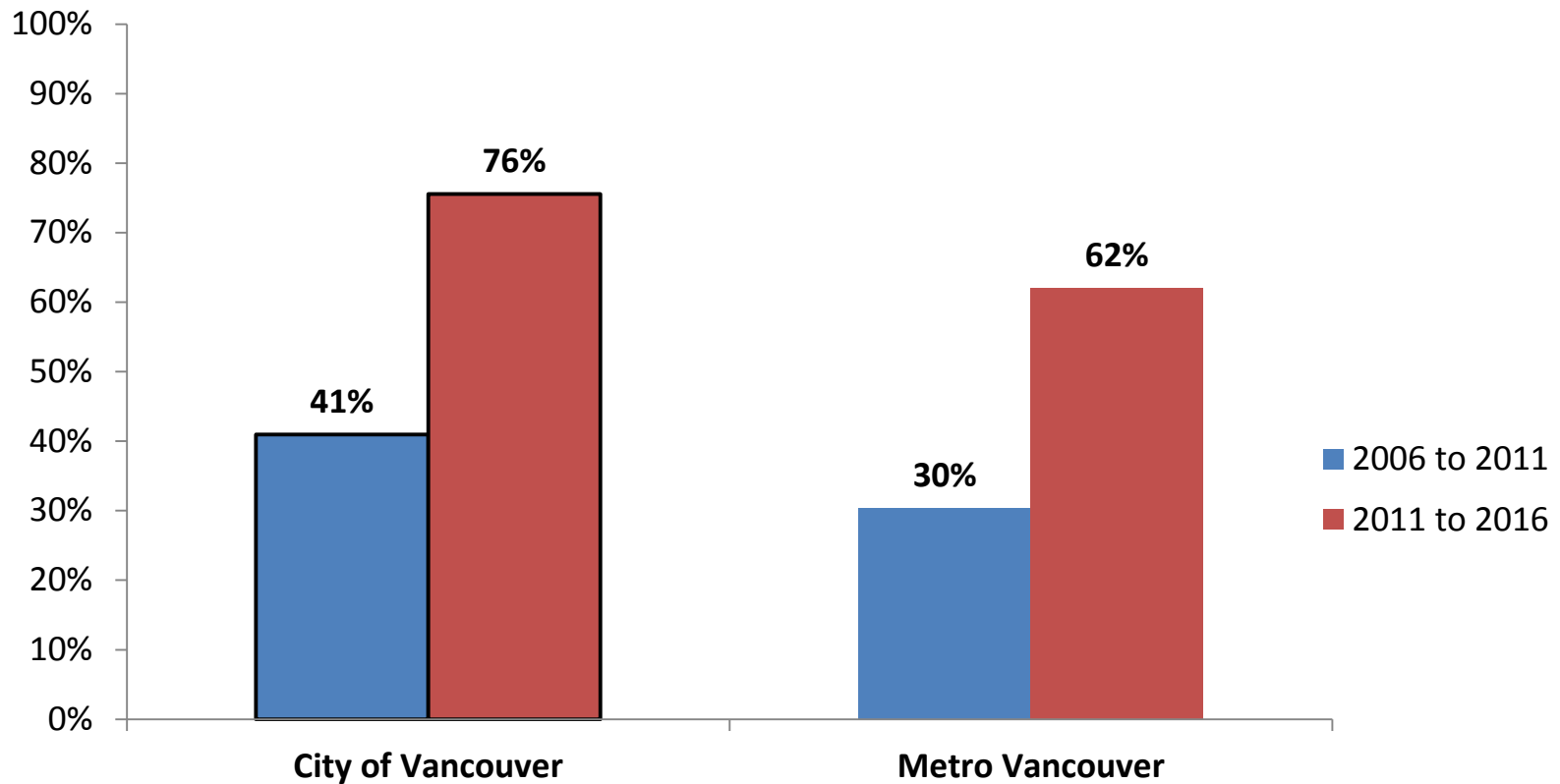
** Source: CMHC 2018 Rental Market Report.

*** Source: Statistics Canada Income Statistics Division, 2016. Median Income is shown for all family units

For all data, increases are from 2008 levels.

Increasing renter households, causing growth in demand

Renter Household Proportion of Net New Households

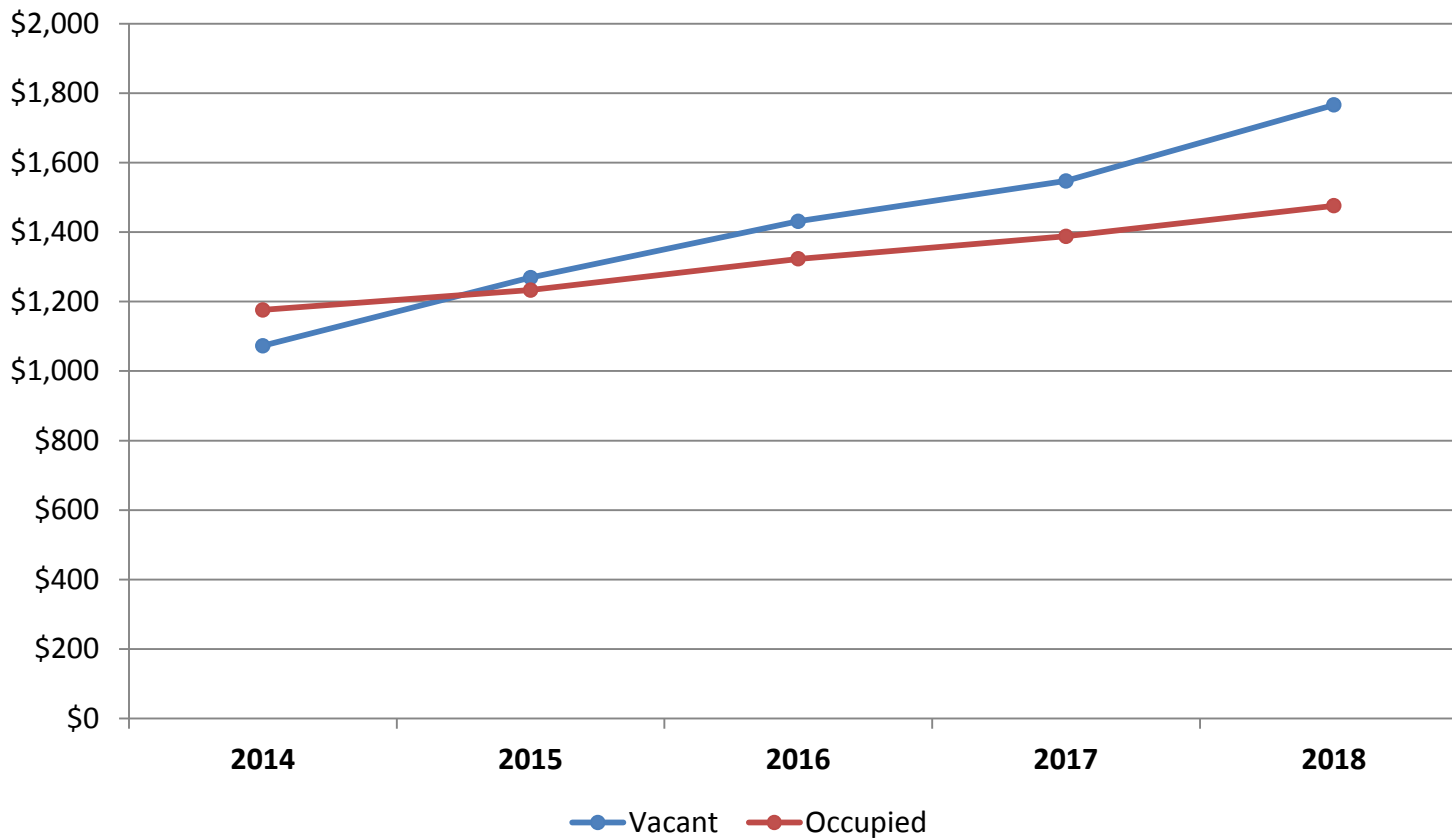


Source: Statistics Canada Census and National Household Survey

Note: Renter household proportion of net new households is calculated by dividing change in # of renter households by change in # of total private households

Growing rental demand creates incentive for unit turnover

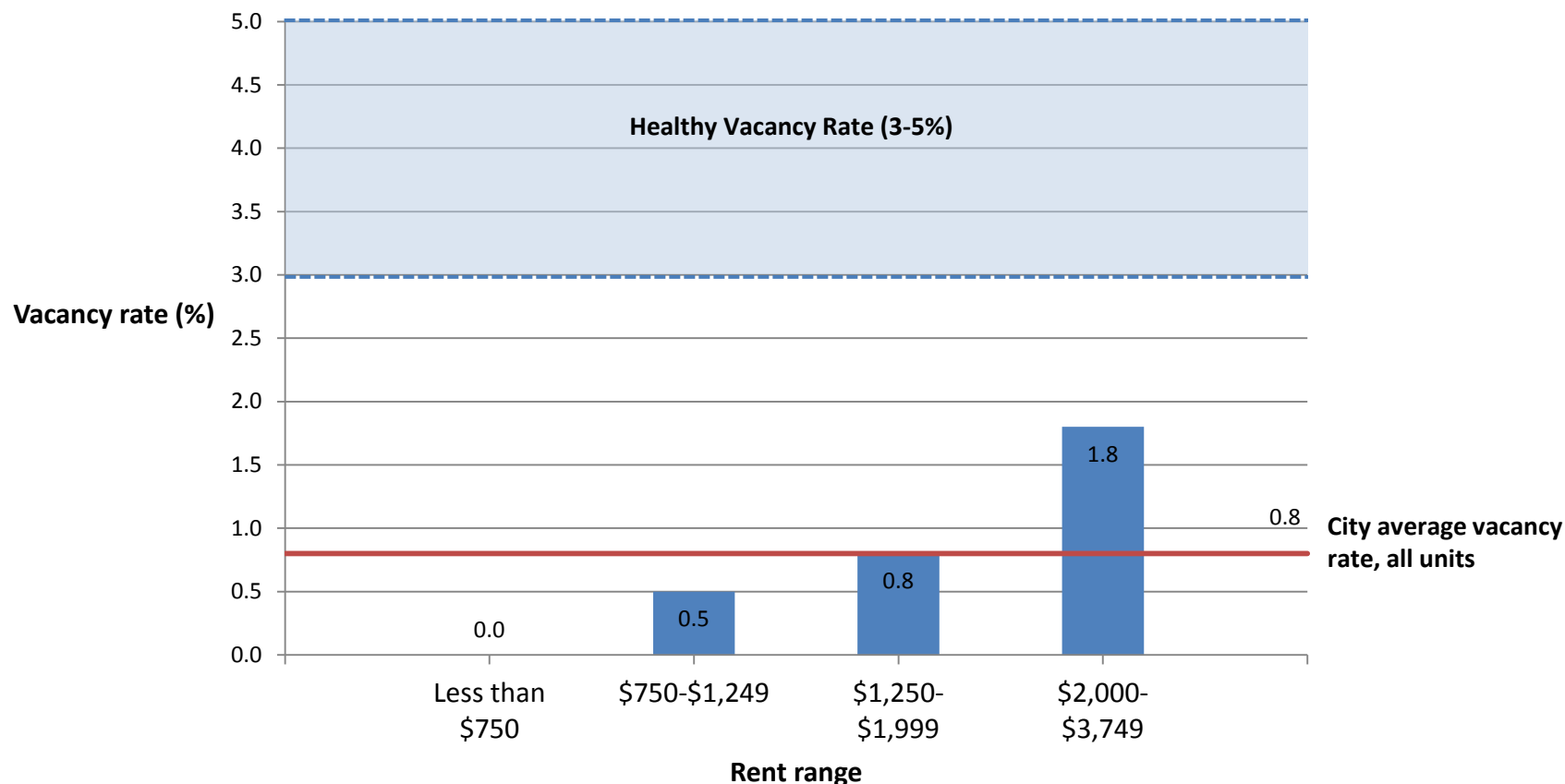
Average Purpose-Built Apartment Rent, Vacant vs. Occupied Units, 2014-2018



With increasingly higher rents for vacant units compared to occupied units, there is now more financial incentive for unit turnover

Limited options for displaced renters

Vacancy rate of private market rental universe by rent range, 2018



Impact on renters

Renoviction pressures and limited alternative housing options have significant impacts on renters in Vancouver

Mental health/stress and anxiety

Loss of community and social connections

Migration out of the city

Living in unsuitable accommodations

Increasing homelessness



Major Systems Upgrades Needed in Coming Years

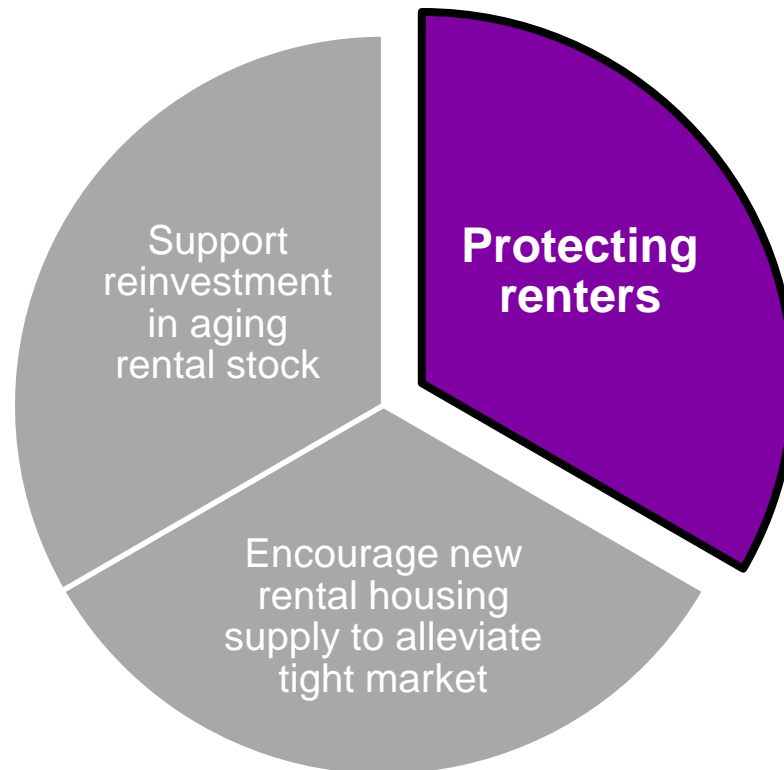
- Existing rental apartments reaching 60+ years of age
- Most landlords undertake regular upgrades like roofs, windows, etc.
- Age of stock means major systems like the enclosure, electrical system, and pipes are nearing end of life and need to be replaced
- Many older buildings also need seismic, energy, and fire safety to be brought up to code



Overarching challenge

How do we protect renters while encouraging reinvestment in our aging stock and new supply for future renters?

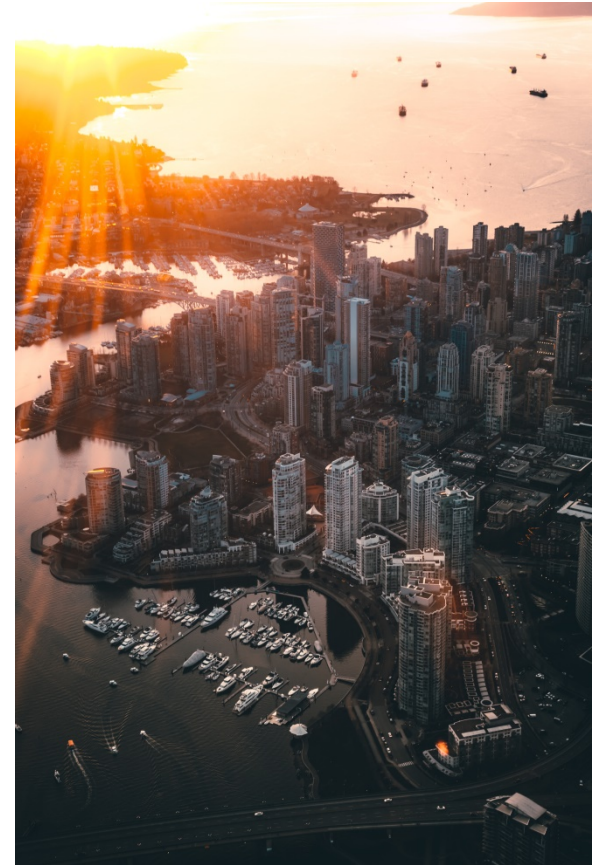
Healthy Housing System



Constraints to protecting both existing and future renters

Vancouver is built out and has almost no vacant land

This means that building new rental housing options for the future nearly always affects existing residents



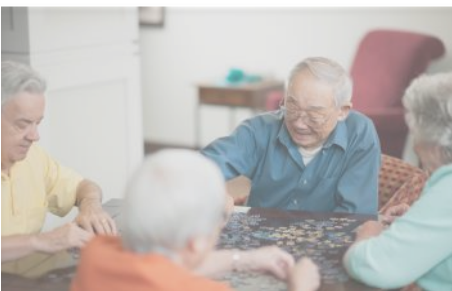
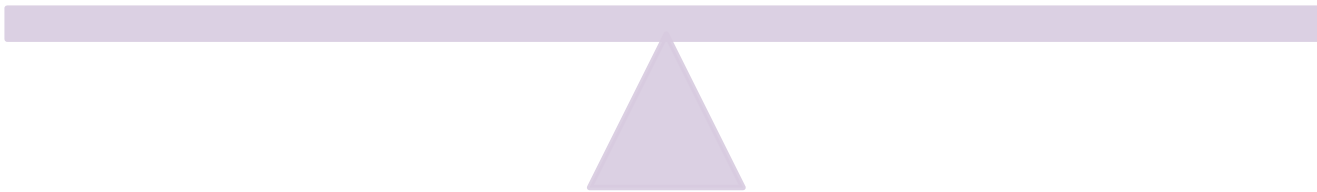
Balancing what renters need now and planning for future generations

**Actions to protect
existing renters**

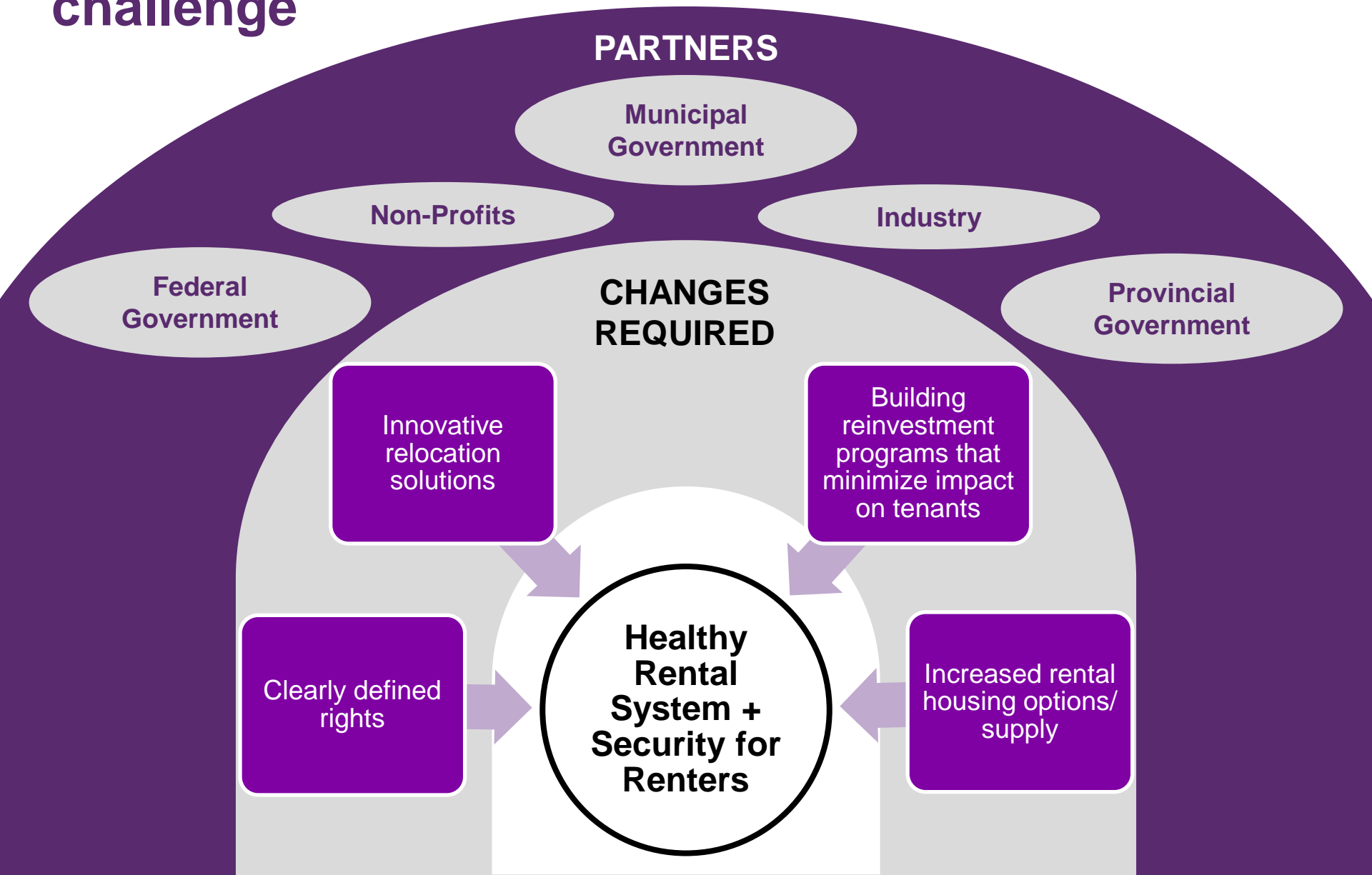
Protections and
affordability today

**Actions to aid
future renters**

New supply and
upgrades to aging
stock for future
generations



Systemic changes required to address the challenge



Tenant Protection Actions: Immediate and Longer Term

What actions are recommended?

Immediate Actions

Address renovictions

Enhanced Tenant Relocation and Protection Policy (TRPP)

Increase enforcement against violations

Establish a Renter's Office

Longer Term Actions

Work with Province on system changes for a proactive RTA and alignment with municipalities

Explore rent supplements + supports for displaced tenants

Encourage reinvestment in existing stock without displacement

Community + city-wide relocation approaches to minimize tenant impact

Addressing Renovictions

THE STAR VANCOUVER[Subscribe Now](#)
1st month for 99¢ + tax

Vancouver

'Not sure where I'll go': With a renoviction looming, this 79-year-old renter is urging local governments to act now

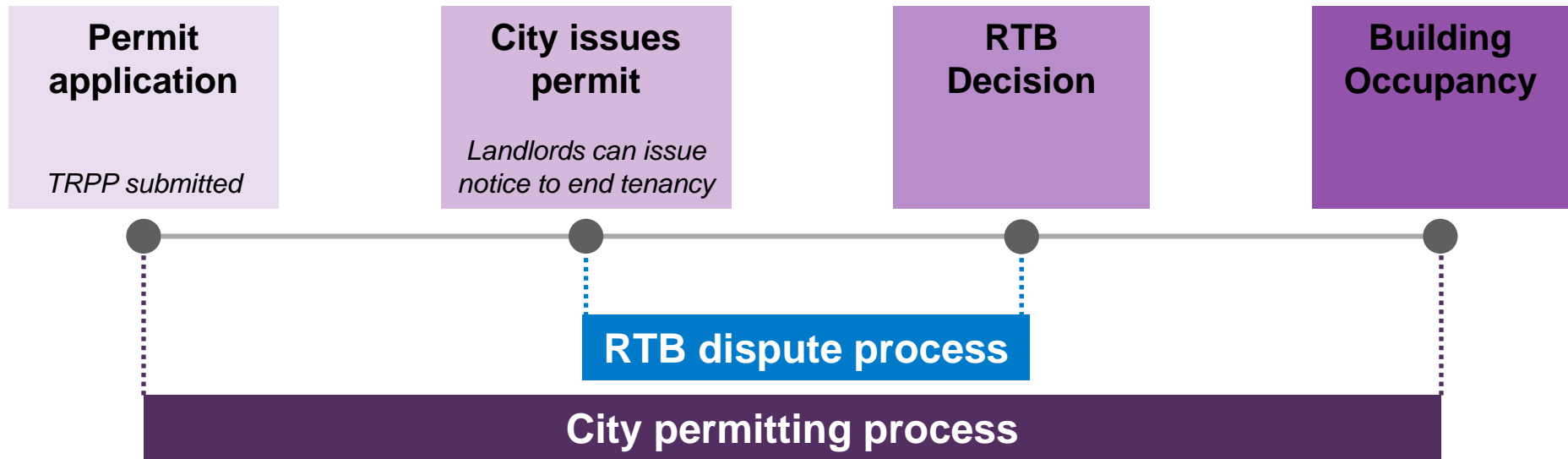
Addressing Renovictions: Current RTA regulations around renovations unclear

Currently, the RTA Guidelines stipulate that tenancy agreements do not need to end for renovation or repairs unless repairs/renovations are:

- So extensive they are in effect a demolition of the rental unit or
- Significantly alter the rental unit so that it is fundamentally different than it was at the start of the tenancy

Issue: it is often unclear when renovation work requires a tenancy agreement to end

Addressing Renovictions: Process misalignments between RTA and TRPP

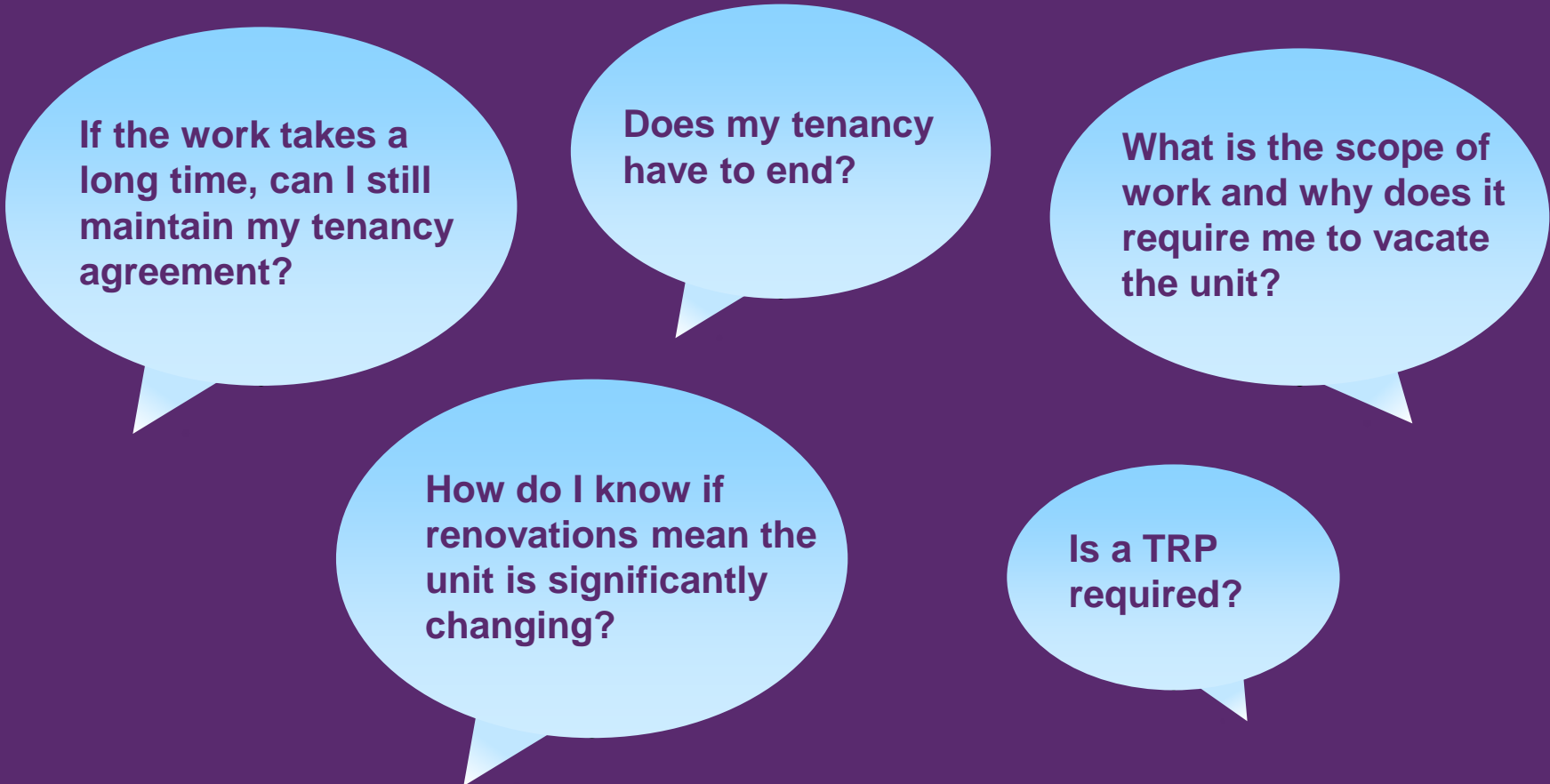


Challenges for City:

- City uncertain when tenancies must end until RTB decision
- City is unable to address renovictions until notices to end tenancies are issued

Addressing Renovictions: Issues

Due to ambiguity in the RTA around when tenancies can be maintained, as well as process misalignments between the RTA and TRPP, there is a lack of clarity for tenants and landlords.



If the work takes a long time, can I still maintain my tenancy agreement?

Does my tenancy have to end?

What is the scope of work and why does it require me to vacate the unit?

How do I know if renovations mean the unit is significantly changing?

Is a TRP required?

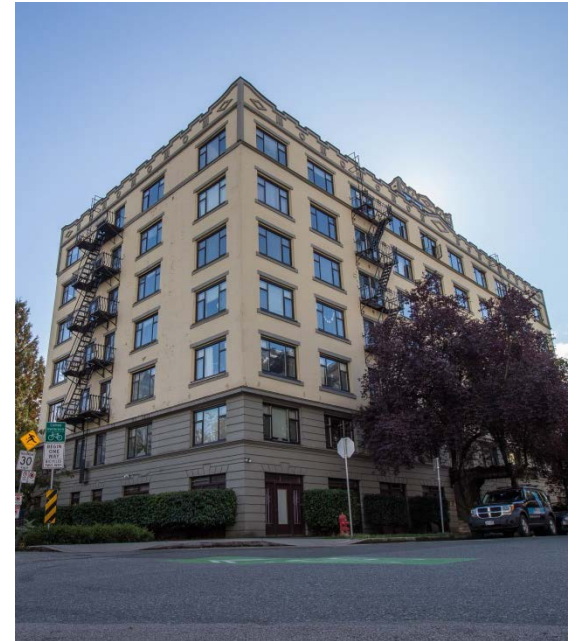
The Province is Taking Action

Decemember 2018:

- Rental Housing Task Force Report
 - Recommendation #1 is to end more prominent renovictions

Spring / Summer 2019:

- Updated RTB guidelines around temporary relocation for renovations and maintaining tenancies, to be released shortly
- Expanded education to renters on their rights
- Enforcement against non-compliant and unethical practices



Addressing Renovictions: Our Approach

Objective: Build a stronger system of protections against renovictions in close collaboration with the Province

How are we doing this?

- Empower tenants with tools and resources to address renovictions
- Increase transparency and information for all parties – tenants, landlords, and RTB
- Strengthen our enforcement tools to target problem actors
- Ensure City processes are aligned with the Province **without** creating additional confusion for tenants and landlords by taking on Provincial jurisdiction

Immediate Actions: Information Guide

What We've Heard

There is a lack of clarity on the impact of certain types of renovations on tenants:

- Whether the work will cause disruption to tenants (e.g. workers in suites, access to utilities)
- Whether tenants may need to leave the unit in order for work to proceed



Proposed Approach*

- City to publish an information guide outlining tenant impacts of various scopes of work. This will help provide general information on whether work requires tenants to leave the suites.

**Note: the Guide is for informational purposes only, as the City cannot make any determination about when a residential tenancy agreement may or may not end under the RTA.*

Information Guide for renovations

Example

Type of Upgrade	Does work involve disruptions to tenants? If yes, for how long?	What aspects of work might require tenants to vacate?
Re-piping (Plumbing permit required)	Water shut off + workers in units; 3-8 hours per day per suite Work may take up to two weeks per unit to complete (usually less)	<ul style="list-style-type: none"> Asbestos in drywall - a few hours absence If work is more invasive then units may need to be vacated for duration of the work.
Replacement of Windows and Sliding Glass Doors (DP + BP required)	Opening of walls to remove window frame; 1-2 days per suite	<ul style="list-style-type: none"> Potential asbestos exposure in suites may require tenants to vacate for a few days while work is underway



Immediate Actions: Temporary relocation option in Tenant Relocation and Protection Policy

What We've Heard

There are some types of renovations where under the RTA, renters may be able to maintain their tenancy agreement if they are willing to temporarily accommodate the work



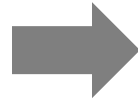
Proposed Approach

- Introduce a temporary relocation option in the TRPP to accommodate potential scenarios where tenants can maintain their tenancy under the RTA
 - If work takes more than 1 day, applicant to provide alternate accommodation or rent reduction.

Immediate Actions: More Information to tenants

What We've Heard

- Tenants are not provided any documentation about why they are being evicted (e.g. landlords do not need to provide information on permit/scope of work)
- Information on the scope of renovations is helpful for tenants in RTB arbitrations



Proposed Approach

Provide increased information to tenants on scope of work and impact on tenancies by:

- Requesting changes to the RTA

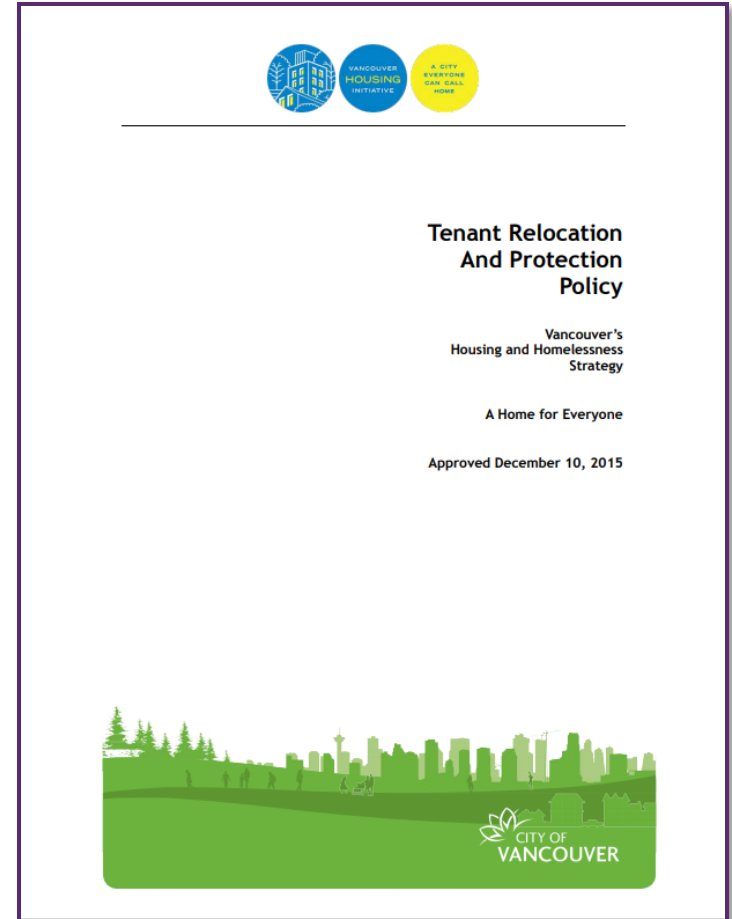
AND

- Requesting authority under Vancouver Charter to require building owners to provide tenants with information on permit scopes of work (e.g. building permits) as part of permit issuance; and
- Developing a City approach to ensuring tenants receive this information

Implementation Considerations

- Impacts on permit processing times
- Systems upgrades requirements
- Additional staff resourcing

Tenant Relocation and Protection Policy Updates



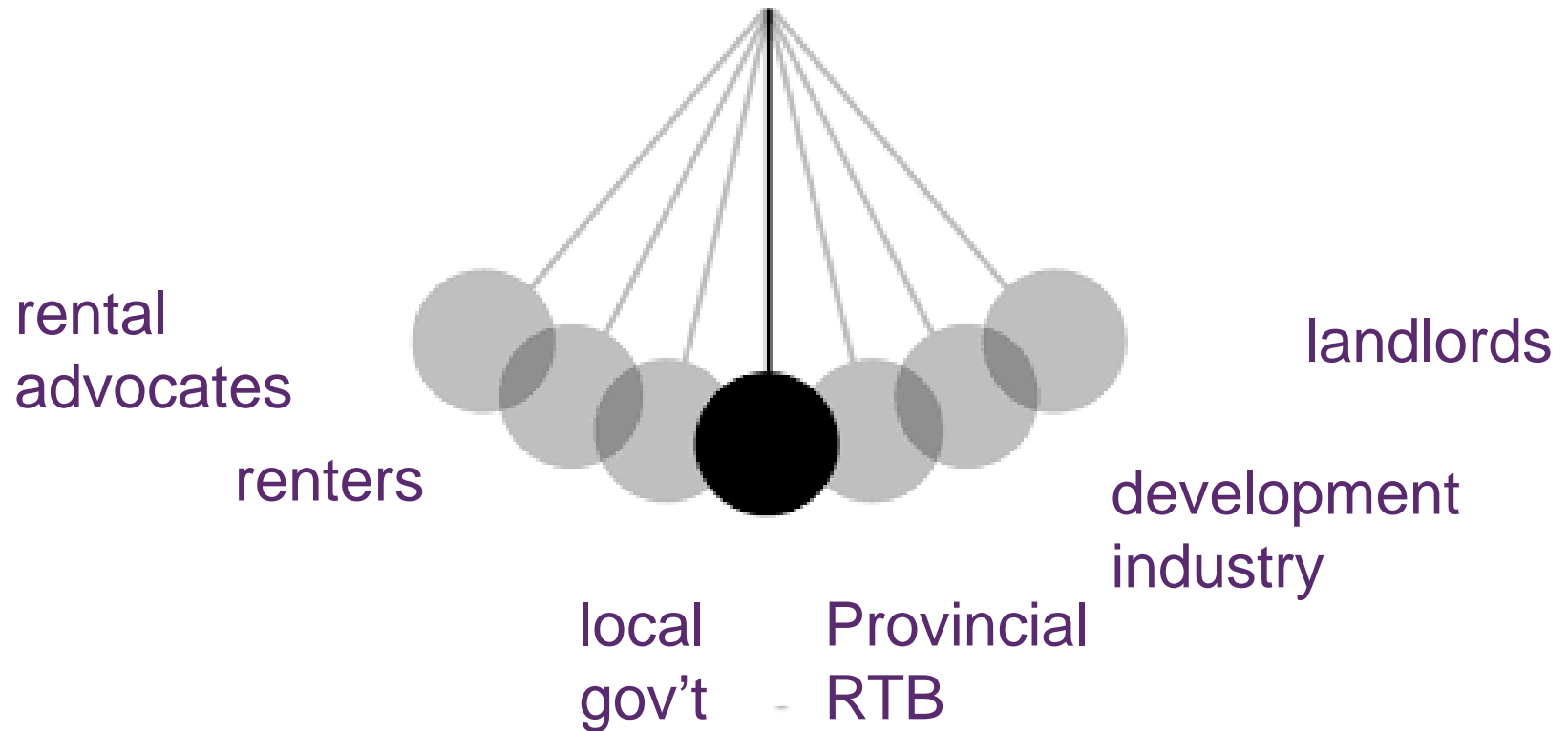
Who was engaged?

Staff met with various stakeholders with diverse perspectives on tenant relocation, issues, and opportunities. Groups consulted include:

- Tenant advocacy and legal groups (TRAC, VTU, WESN)
- Development industry (UDI)
- Private tenant relocation specialists
- Non-profit housing providers (BCNPHA, BC Housing, and other non-market housing providers)
- LandlordBC
- Co-ops



What We Heard – Different Perspectives



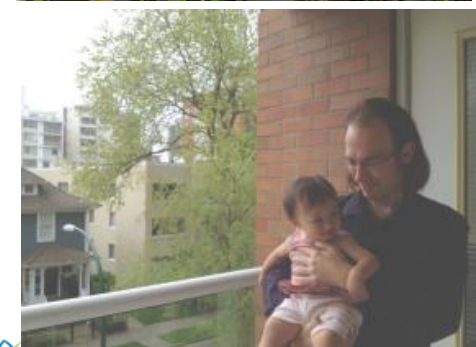
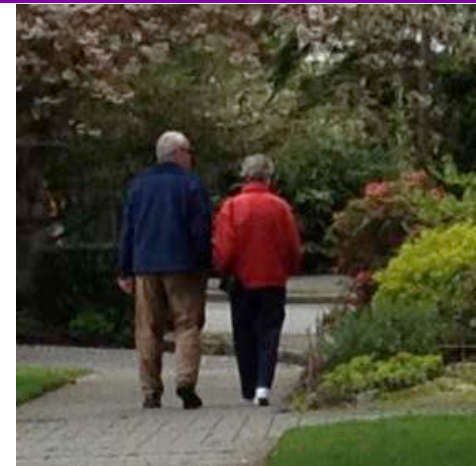
Summary of Policy Changes

Overall goal:

- Increase compensation and support
- Prioritize assistance for those who need it most - including securing permanent housing options
- Increase communication and engagement between landlords, tenants, and city

Summary of major policy changes:

1. Expanded coverage + enhanced compensation
2. Enhanced assistance for low-income tenants and tenants facing other housing barriers
3. New approach for non-profit housing providers



Immediate Actions: Market Tenant Relocation Policy

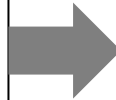
Policy coverage

Current Policy

- TRPP only applies to primary rental stock, not secondary rental (secondary suites, rented condos, etc.)

What We Heard

- Expand to all rental, including secondary rental (basement suites and rented condos)
- Expand to all permits
- Lack of capacity of small landlords to carry out TRPs



Proposed Approach

- Expand TRPP to **site consolidations** with secondary rental where new project is proposing **5 or more units** under a Development Permit or rezoning
- City does not have authority to apply to Building Permits

Immediate Actions: Market Tenant Relocation Policy

Communication and engagement

Current Policy

- No clear guidance in policy
- In practice, tenant meetings are held in major rezonings / projects

What We Heard

- Need better communications between landlord, tenants, and City
- Tenants and landlords need to be aware of their rights and responsibilities



Proposed Approach

- Mandatory meetings between tenants and applicant with City staff in attendance for buildings with 10+ existing units
- Standardized forms/ information sent to tenants re. TRPP and RTA rights
- Require a mandatory Needs Assessment of all tenants to identify vulnerabilities

Immediate Actions: Market Tenant Relocation Policy

Clarity around buy-outs



Current Policy

None

What We Heard

- Tenants often do not know their rights under the TRPP and RTA
- Because of this, some tenants are receiving and accepting buy-outs with unfavourable conditions
- Some tenants report harassment to sign buy-out agreements



Proposed Approach

- Require standardized language be sent to tenants, explaining their rights under TRPP and RTA
- Require any Mutual Agreement to End Tenancy offer to be accompanied by a TRPP offer

Immediate Actions: Market Tenant Relocation Policy

Assistance finding new accommodations and additional provision for tenants facing housing barriers 

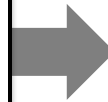
Current Policy

For those who request help, applicant to provide 3 housing options:

- At least one in current neighbourhood (2 if current neighbourhood is West End)
- At rents no more than CMHC average rents

What We Heard

- Current policy is not feasible and does not account for other tenant priorities (e.g. pets)
- CMHC rents are an arbitrary rent target
- Some tenants require more help finding new accommodations



Proposed Approach

- Focus on providing additional support for low-income tenants and tenants facing housing barriers.
 - Provide proof that a housing option has been secured (in applicant's portfolio, market, non-market, rent top –up in another unit, etc.)
- For other tenants who request help, require applicant to provide 3 options that best meet tenant identified priorities.
- **Additional stipend** and additional support for special circumstances – up to **\$2,500**

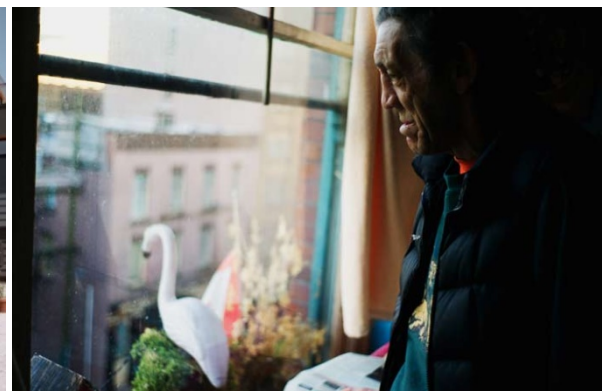
Identifying low income tenants and tenants facing other housing barriers

Tenant needs will be identified through the Mandatory Needs Assessment.

Low income tenants will be defined as:

- Singles, couples and roommate households without dependents with a gross income of \$30,000 or less
- Singles, couples, and roommate households with dependents with a gross income of \$50,000 or less

Tenants facing additional housing barriers will be identified through the Mandatory Needs Assessment (e.g. renters with a physical or mental health issue, etc.)



Immediate Actions: Market Tenant Relocation Policy

Compensation \$

Current Policy

Compensation provided based on length of tenancy:

- 1-5 years (2 months' rent)
- 5-10 years (3 months' rent)
- 10-20 years (4 months' rent)
- 20+ years (6 months' rent)

What We Heard

- Compensation should be higher for long-term tenants, since length of tenancy is a good proxy for lower-incomes and higher needs
- Recommendations for different compensation models – some based on market rents and others based on existing rents

Proposed Approach

Higher compensation amounts scaled on length of tenancy:

- 1-5 years (4 months' rent)
- 5-10 years (5 months' rent)
- 10-20 years (6 months' rent)
- 20-30 years (12 months' rent)
- 30-40 years (18 months' rent)
- 40+ years (24 months' rent)

Immediate Actions: Market Tenant Relocation Policy

Right of First Refusal

Current Policy

- Right of first refusal for all tenants at 20% discount from market rents

What We Heard

Differing experiences and opinions

- ROFR is unpredictable and is extremely challenging for project viability
- Tenants should be allowed to return at the same rent
- Many dislike the current ROFR as it's not a real option; finding immediate alternate accommodation is often preferable



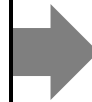
Proposed Approach

- Focus on upfront compensation and assistance finding permanent re-housing for tenants most in need.
- Maintain ROFR at 20% below market for all tenants and increase requirement to secure permanent rehousing for those who need it most.

Immediate Actions: New Approach for Non-Profit Housing Providers

What We've Heard

- Cost of compensation is a barrier to project viability for non-market projects and impacts affordability in new building
- Priority for non-profits is finding permanent re-housing options for existing tenants affordable to incomes
- Non-profits require flexibility to achieve positive tenant relocation outcomes
- Importance of community connections that form in non-profit housing



Principles for New Approach

- Ensure permanent rehousing options that limit disruption for existing residents
- Maintain affordability for existing residents
- Support with relocation and consideration of special circumstances
- Communication and engagement with residents

Immediate Actions: New Approach for Non-Profit Housing Providers

Key Policy Requirements for Non-Profit Providers

- Identify a permanent replacement option for each tenant that minimizes moves, prioritizes existing neighborhood and aims to keep communities together
- Permanent option must maintain affordability:
 - For RGI tenants, rents must be same as current subsidy requirement
 - For all other tenants, rents must be no more than the higher of either 30% of income or the tenant's current rent
- Compensation levels as per RTA (1 month free rent) + all moving expenses
- Additional support for special circumstances as needed (e.g. support with packing and moving)



Proposed policy exceeds other Canadian cities

Vancouver's Tenant Protections - How do they measure up?

Policy Requirement	 VANCOUVER	 BURNABY	 NEW WESTMINSTER	 NORTH VANCOUVER	 TORONTO
Covers Primary Rental – rezonings and DPs	✓	Rezonings only	Rezonings + HRAs only	Rezonings only (voluntary)	✓
Covers secondary rental in consolidations	✓	✗	✗	✗	✗
Compensation scaled by length of tenure	✓	3 months' rent	3 months' rent	3 months' rent	3 months' rent
Right of First Refusal at below market rents	20% below market	Existing rents or 20% below market	✗	✗	Similar rents
Assistance with permanent housing	✓	✓	✓	✓	✗
Additional assistance for tenants with housing barriers	✓	✗	✗	✗	✗
Policy for non-market housing	✓	✗	✗	✗	✗

Implementation

Staff recommend moving to implementation quickly. New TRPP will apply to instream projects as follows:

Policy Coverage	Effective Start Date	
	Rezoning Applications	Development Permit Applications
Buildings / sites already covered under existing policy <ul style="list-style-type: none"> Purpose-built rental Non-Profit Housing Multiple Conversion Dwellings over 5 units 	Immediately at time of Council approval for all new and in stream applications	Immediately at time of Council approval for all new applications
Buildings / sites with secondary rental proposing consolidation of 2 or more lots <ul style="list-style-type: none"> multiple dwellings or townhouses in RS, RT, RM, CD-1 zoning areas) 	<p>Immediately at time of Council approval for all new and in stream applications</p> <p><i>Exception: projects that have already been referred to public hearing prior to Council adoption of the amended Tenant Relocation and Protection Policy</i></p>	<p>Effective as of September 3rd, 2019 for all new applications</p>

Vacancy Control

As part of Motion B10, Council directed staff to explore the implementation of vacancy control in Vancouver

Vacancy Control Vs. Rent Control

Rent Control

Rent control limits the amount a landlord can increase rent while the same tenant occupies the rental unit.

The amount of rent increase varies depending on the governing policy

Vacancy Control

Vacancy control is tied to the unit and limits rent increases for existing tenants and new tenants leasing a unit.

The amount of rent increase varies depending on the governing policy

This differs from rent control, as rent control regulation does not limit the rent a landlord can charge to a new tenant moving into the unit.

Vacancy Control – Results from Analysis of Other Cities

- Staff identified limited examples of vacancy control in other North American cities
- Some other cities with vacancy control either allow rent increases between tenancies or only apply to a very small proportion of the stock, or both– e.g. New York City allows increases up to 20% between tenancies
- Most cities with strict vacancy control also have provisions to increase rents to allow major repairs
- Academic studies vary widely in conclusion about the effectiveness of vacancy control



Vacancy Control – Not Recommended at this Time

Staff do not recommend advocating for vacancy control at this time for the following reasons:

- Current research on vacancy control is mixed and dependent on local context and housing system in place;
- Rental Housing Task Force report released by the Province did not take action on vacancy control, noting concerns on the impact of new supply, and the ability of existing owners to seek financing for repairs and retrofits

Further analysis with Provincial Partners is necessary to understand implications to rental system, and the impact on reinvestment and new supply

Compliance and Enforcement



Enforcement issues

Renters are faced with unethical and/or predatory practices of a small number of landlords (e.g. evictions for minor renovations and aggressive buy-out tactics)

There is a need for **stronger enforcement.**



Proposed Enforcement Actions



1. **Work with the new RTB compliance and enforcement unit to investigate and take action against repeat, serious, and deliberate offenders.**
 - Work already started
 - Support Provincial investigations
 - Further information sharing
2. **Amend the License By-law to support enforcement against landlords found to be not in compliance with the RTA**
 - Strengthen our ability to enforce against landlords who have repeatedly been found to have violated the RTA or City by-laws
 - Requirement that landlords produce documentation of RTB decisions on request
 - City can pursue fines or prosecution against violators

Overall goal: Support Provincial compliance branch to ensure enforcement against violations in Vancouver.

Fines/penalties instead of removing business license in order to maintain tenancies and prevent displacement

Longer Term Actions – Systemic Changes



Systemic Gaps

1. Limited provisions to encourage capital and energy upgrades while maintaining tenancies

- No provision for reasonable rent increases for major upgrades
- Lack of financial support for capital improvements

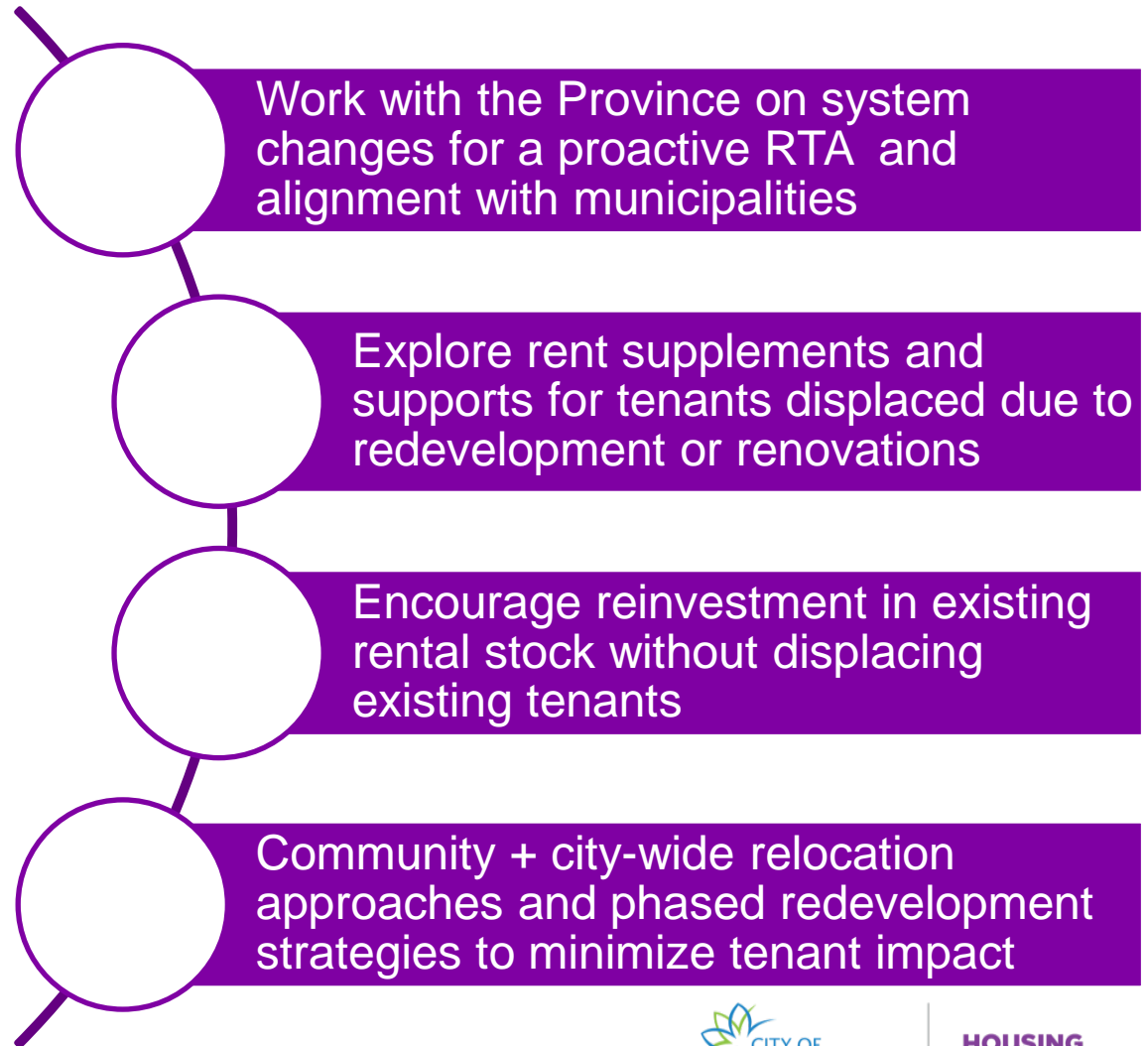
2. Lack of affordability supports for renters who are displaced

- Very low shelter assistance rates
- No housing assistance for moderate income households

3. Barriers to new rental supply



Working with partners on longer term systems changes



Summary of Actions to Increase Protection to Renters

Enhanced Tenant Relocation and Protection Policy

- More compensation for renters; prioritizes assistance for those who need it
- New Approach for Non Profit Housing Providers

Actions to address Renovictions

- New information bulletin on renovations;
- Requesting Provincial authority to provide more information to renters - require mandatory disclosure of scope of work for renovations
- Targeted enforcement on problem actors

Longer term actions on bigger system changes to create a more proactive system that encourage reinvestment without displacement, and new creates new housing options



Thank you