

November 18, 2014

Tuesday

9:00 AM - 9:30 AM

NR

12:00 PM - 12:30 PM

3:00 PM - 3:45 PM

Meeting -- MO

Landlord BC:

David Hutniak, Jason Fawcett and Karin MacMillan

4:00 PM - 4:30 PM

NR

4:30 PM - 4:50 PM

6:30 PM - 7:30 PM

Beattie, Michelle OHCS:EX

From: David Hutniak <davidh@landlordbc.ca>
Sent: Monday, December 1, 2014 3:07 PM
To: Vasey, Jeff OHCS:EX; May, Cheryl OHCS:EX
Cc: hector.bremmer@gov.bc.ca
Subject: LandlordBC
Attachments: LLBC-Rent Increase-1Dec14.pdf

Dear Mr. Vasey and Ms. May,

Pursuant to the November 18th meeting with Minister Coleman, wherein it was agreed that LandlordBC would provide further clarification in regard to our position on rent control, please find the attached briefing note. We welcome the opportunity to discuss our recommendations in greater detail.

During the course of the November 18th meeting the Minister expressed considerable interest in the Landlord Registry as proposed by LandlordBC. We look forward to meeting with yourself and Ms. May to discuss this particular initiative in greater detail. Ideally, these discussions could be scheduled for Q1 in 2015. Thank you in advance for your serious consideration.

Please do not hesitate to contact me with any questions or further requests in regard to the briefing note.

Sincerely,

David Hutniak
Chief Executive Officer
LandlordBC - BC's top resource for owners and managers of rental housing
Phone: 604.733.9440 ext. 202 | Fax: 604.733.9420 | Mobile: 604.644.6838
Email: davidh@landlordbc.ca
Website: www.landlordbc.ca



LANDLORDBC

BC's top resource for owners and managers of rental housing

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LANDLORDBC

Increasing Capacity of Rental Housing Industry to Maintain Aging Stock Briefing Note

ISSUE:

LandlordBC is seeking an opportunity to meet with senior representatives of the BC Government to discuss the urgent requirement to increase the resource capacity of the rental housing industry to address the challenging issues associated with aging rental stock across British Columbia. The current rent calculation formula does not generate sufficient revenues for property owners to address the costly maintenance and operation issues associated with aging buildings, or to participate in carbon reduction programs.

BACKGROUND:

BC Rental Housing Industry Overview

LandlordBC represents 3,267 landlords across the province of British Columbia. The majority of members are small business owners. More than 88% of LandlordBC members are small business owners managing 30 rental units or less. Only 1.4% of LandlordBC members are large commercial landlords managing 500 rental units or more.

The Residential Rental industry provides homes for more than 550,000 people in British Columbia representing approximately 30 percent of all BC households. The Residential Rental industry is one of the province's largest industries generating \$10.6 billion of annual economic activity in British Columbia and a total of \$12.25 billion of annual economic activity across Canada, and, supporting full-time equivalent (FTEs) employment for over 82,851 British Columbians and a total of 98,937 FTEs for Canadians (Source: KPMG Study, "Economic Impact Assessment Study – British Columbia's Rental Housing Sector", November 2014).

Current Rent Control Policy in BC

The Government of British Columbia currently imposes rent controls on all rental housing units in the province. Current rent increases are limited by the Rent Increase Calculation Formula (Canadian Price Index (CPI) plus two per cent), as presented in the *Residential Tenancy Act*. Unfortunately, the Rent Increase Calculation Formula does not adequately reflect rising operating and/or maintenance costs for apartment owners and managers. Therefore, rental housing owners are challenged by increasing costs and controlled revenue increase potential, which places owners in the unsustainable position of a negative cash flow. Consequently, LandlordBC is very concerned the existing rent control formula is having a negative impact on the overall health of the rental housing market.

Primary Rental Housing Industry Challenges Resulting from Rent Controls

- ***Insufficient Resource Capacity to Revitalize Aging Rental Housing Stock*** - The average age of existing rental housing stock in British Columbia is almost 60 years old. Aging rental stock requires increasing capital investment to maintain the standards and safety of the buildings. However, the current Rent Increase Calculation Formula does not provide rental housing owners with sufficient revenues to generate the level of capital required to undertake all required maintenance work, or to undertake revitalization and rehabilitation projects. Consequently, the current Rent Increase Calculation Formula acts as a disincentive to rental housing owners to undertake necessary capital investment in the renewal of BC's rental housing stock.

The current lack of resource capacity to revitalize aging rental housing stock in British Columbia imposes a variety of serious – but avoidable – challenges for the rental housing industry including:

- ***Diminishing Quality of Rental Housing Stock*** – Property owners are limited in their financial capacity to undertake repairs or upgrades to their rental housing units beyond the minimum requirements for health and safety, as a direct result of the current Rent Increase Calculation Formula. The current Rent Increase Calculation Formula does not generate sufficient revenues to enable property owners to make investments beyond the minimums required for health and safety. Consequently, the current Rent Increase Calculation Formula acts as a disincentive to adequate investment in the maintenance and repair of rental housing units which has the undesired effect of diminishing the quality of the existing rental housing stock over time.
- ***Increasing Operating Costs for Rental Housing*** – The current Rent Increase Calculation Formula does not provide a means for property owners to pass through operating expenses to renters, which in some cases has resulted in a negative revenue stream for property owners. Operating costs including gas, electricity, water, insurance, property taxes, carbon tax, municipal and regional fees, sewage treatment, etc., have been increasing at significantly higher rates than allowable increases in rental rates. If controlled rents do not provide rental housing owners with a sufficient revenue base to cover costs associated with rental housing operations and maintenance, the undesired impact of rent controls over time will be to negatively impact the quantity and quality of rental housing units, a phenomenon the industry is already experiencing.
- ***Insufficient Resource Capacity to Participate in Carbon Reduction Programs*** – In addition, the current Rent Increase Calculation Formula negatively impacts rental housing owners' resource capacity to undertake any other initiatives that require capital such as energy efficient renovations that would support the BC Government's carbon reduction objectives or regional governments' green housing objectives.

Proposed Improvement

Landlord BC respectfully requests that the Government of British Columbia adjust the current Rent Increase Calculation Formula of Canadian Price Index (CPI) plus two per cent, as presented in the *Residential Tenancy Act*, to Canadian Price Index (CPI) plus five per cent.

Analysis

The proposed improvement of raising the current Rent Increase Calculation Formula to CPI plus 5% will provide the rental housing industry with the required revenues to better address the many costly issues associated with the ongoing maintenance and operation of aging rental buildings (noted above).

However, it is important to note the requested increase to the current Rent Increase Calculation Formula will not be sufficient to adequately address the other major issue challenging the rental housing industry – the decreasing supply of rental housing. Landlord BC proposes that the solution to this challenge would be the elimination of rent controls, as previously proposed to the BC Government.

RECOMMENDATION:

Landlord BC respectfully recommends that the BC Government adjust the current Rent Increase Calculation Formula from CPI +2% to CPI +5% as a solution to generating required revenues to address the existing challenges and significant costs associated with aging rental housing stock across British Columbia.

Beattie, Michelle OHCS:EX

From: Panter, Audrey OHCS:EX
Sent: Tuesday, December 30, 2014 3:19 PM
To: May, Cheryl OHCS:EX
Subject: LandlordBC Brief on Landlord Registry
Attachments: 18934 LandlordBC-Brief-Registry-Draft2 -20Aug14.pdf - Adobe Reader.pdf

Hi Cheryl,

Here is the brief that David provided a few months ago along with his request to meet with the Minister (had also provided briefs on the other two topics of discussion -- including Certified Building Program).

I am working on the meeting note for the January 13th meeting with Jeff and will send you a copy of that to review prior to your discussion with David. Learned some interesting info from the UK where this is place in most of the countries there.

Audrey

**LANDLORDBC
PROPOSAL TO CREATE LANDLORD REGISTRY IN BC
BRIEFING NOTE**

ISSUE:

LandlordBC respectfully requests an opportunity to meet with senior representatives of the BC Government to discuss the creation of a Landlord Registry in British Columbia and the many benefits the Landlord Registry would bring to the BC rental housing industry including enhanced landlord professionalism and accountability.

BACKGROUND:

LandlordBC is proposing to work with the Government of British Columbia to establish a mandatory Landlord Registry in British Columbia. The objective would be to create a central provincial registry of all landlords in British Columbia, to create the first comprehensive database and education platform for the rental housing industry in British Columbia, to be operated and managed by LandlordBC. The goal of the proposed registry is to enhance the professionalism and accountability of landlords across British Columbia.

Landlords would be required to provide the following information to the proposed registry:

- Property description for each property including building type, address, number of units (broken down by types suites and number of each);
- Type of building construction (wood frame, concrete, etc);
- Average monthly rent for each suite type, and;
- Occupancy rate at time of registration.

The proposed LandlordBC Registry will collect and maintain up-to-date and accurate information on landlords and their properties across the province, something that is woefully lacking today. The registry will be updated on an annual basis to maintain a current database of information about the rental housing industry in British Columbia.

The Landlord Registry program will require all landlords to use a standardized set of industry forms including tenant application, tenancy agreement, and rental condition inspection, developed by LandlordBC to meet all RTB requirements.

The proposed Landlord Registry will also provide tenants with a "Customer Satisfaction" program to be based on a scoring system for tenants to rate landlords (to be developed by LandlordBC). Tenants (on a verifiable basis) will be provided with an opportunity to rate landlords based on a prescribed scoring system. Landlords will then have an opportunity to address and rectify any legitimate complaints. If the complaint is satisfactorily addressed, the complaint will not appear on the landlords' "Customer Satisfaction" record. The "Customer Satisfaction" component of the Landlord Registry is intended to provide landlords with an incentive to maintain the standard of rental units required in British Columbia and to enhance rental service to tenants. The goal of the "Customer Satisfaction" program is also to mitigate landlord/tenant disputes and reduce the costs associated with disputes.

LandlordBC proposes to manage the Registry with ConnectedLandlord™, a new technology created by LandlordBC which will be ready for launch in early September 2014. All landlords in the Landlord Registry would have free access to ConnectedLandlord™.

Benefits of the Landlord Registry

This centrally registry will:

1. Provide the first comprehensive landlord/rental housing database in British Columbia, something that is lacking today.
2. Provide accurate information on the number of landlords and their rental properties in British Columbia.
3. Provide an education platform to landlords and tenants, about each party's responsibilities in accordance with the *Residential Tenancy Act*. The goal of the education program is to enhance the standard of rental housing in British Columbia and mitigate the number of landlord/tenant disputes (currently a significant cost-driver for all stakeholders, particularly government and landlords).
4. Provide an efficient means of distribution to disseminate information and education to landlords and tenants regarding updates on the duties and responsibilities of landlords and tenants in British Columbia.
5. Provide tenants, neighbours and government with easy access to information about landlords and their properties, and provide landlords with an opportunity to demonstrate to tenants that they offer safe, secure rental housing.

The Landlord Registry will also support the BC Government's efforts to protect the rights of consumers.

Landlord Registry Funding Proposition

The Landlord Registry is proposed as a self-sustaining program. Landlords would be required to pay a registration fee to fund the program. LandlordBC is a non-profit society with limited means to raise capital. LandlordBC is respectfully requesting that the BC Government support this important initiative to enhance the accountability of the rental housing industry in BC by providing start-up funding of \$250,000.

RECOMMENDATION:

LandlordBC respectfully recommends that meetings be arranged with senior representatives of the BC Government to discuss the creation of a Landlord Registry in British Columbia and the many benefits the Landlord Registry would bring to the BC rental housing industry including enhanced landlord professionalism and accountability.

Beattie, Michelle OHCS:EX

From: Gordon, Alexis M OHCS:EX
Sent: Monday, December 22, 2014 3:08 PM
To: May, Cheryl OHCS:EX
Subject: RE: landlord bc
Attachments: 18346_FINAL_BN_Minister_LandlordBC_Meeting[1].pdf; FYI: LandlordBC

Hi Cheryl,

Please see attached Meeting Information Note and follow-up email from David Hutniak.

Alexis Gordon
Policy Analyst, Residential Tenancy Branch

Office of Housing and Construction Standards
Ministry of Natural Gas Development and Minister Responsible for Housing
250.812.2675
Alexis.Gordon@gov.bc.ca
Website: www.gov.bc.ca/landlordtenant



From: May, Cheryl OHCS:EX
Sent: Monday, December 22, 2014 2:59 PM
To: Gordon, Alexis M OHCS:EX
Subject: landlord bc

Can you put your hands on the material where LLBC proposes the Landlord Registry -- it would have been for the last meeting they had with the Minister.

Thanks,

Cheryl May
Executive Director
Residential Tenancy Branch

OFFICE OF HOUSING AND CONSTRUCTION STANDARDS MEETING INFORMATION NOTE

DATE: November 10, 2014

PREPARED FOR: Honourable Rich Coleman, Minister

MEETING DETAILS: Meeting with Landlord BC on November 18, 2014 at 3:00pm to discuss Certified Rental Building Program, Landlord Registry and Sustainable Rental Housing Industry

- Attendees:
 - David Hutniak, LandlordBC CEO
 - Jason Fawcett, LandlordBC Board Director
 - Karin MacMillan, Western Policy Consultants Inc.
 - Jeff Vasey, ADM, Office of Housing and Construction Standards

BACKGROUND:

LandlordBC is proposing to operate and manage a Certified Rental Building Program and a Landlord Registry and would like support from the province toward the establishment of these initiatives.

Start-up funding of \$250,000 to establish the Landlord Registry is being requested.

LandlordBC is also interested in following up on previous discussions about rent controls.

ISSUES:

Certified Rental Building Program

- LandlordBC plans to establish a multi-residential apartment building certification program modeled on an Ontario program that has been operating for over 5 years.
- Prospective rental housing providers will be required to meet a defined set of more than 36 industry quality assurance standards of practice for tenants, in order to receive certification and become listed on the LandlordBC Registry.
- The program will include mandatory Standards of Practice, Training and Education, Customer Support and an External Building and Operations Audit to ensure rental housing buildings are fully compliant with all standards of safety and practice. Certification will be conducted by an independent, third-party auditor.
- The goal is to provide rental housing consumers with a quality assurance alternative when selecting their apartment home.
- LandlordBC had planned to launch the program in September 2014.

OFFICE OF HOUSING AND CONSTRUCTION STANDARDS MEETING INFORMATION NOTE

Landlord Registry

- LandlordBC would like to work with the province to establish a mandatory registry of all landlords in BC, which would be operated and managed by LandlordBC.
- Start-up funding of \$250,000 is being requested. Once established, the program is proposed to be self-sustaining, funded by a landlord registration fee.
- Landlords would be required to provide detailed property descriptions including building type, address, number of units, types of suites and average monthly rent, type of building construction, and occupancy rate at time of registration.
- The goal is enhanced professionalism and accountability of landlords.
- The program would require all landlords to use a standardized set of industry forms including tenant application, tenancy agreement, and rental condition inspection, developed by LandlordBC to meet RTB requirements.
- It would provide tenants with a "Customer Satisfaction" program for rating landlords which landlords can then address and rectify complaints. The mitigate landlord/tenant disputes and reduce the costs associated with disputes.
- LandlordBC states that a central Landlord Registry would provide the benefits of:
 - The first comprehensive landlord/rental housing database in BC.
 - Accurate information on the number of landlords and their rental properties.
 - An education platform to landlords and tenants, about each party's responsibilities in accordance with the *Residential Tenancy Act*, with the goal of enhancing the standard of rental housing in BC and mitigating the number of landlord/tenant disputes.
 - An efficient means of distribution to disseminate information and education to landlords and tenants regarding updates on the duties and responsibilities of landlords and tenants in British Columbia.
 - Providing tenants, neighbours and government with easy access to information about landlords and their properties, and providing landlords with an opportunity to demonstrate to tenants that they offer safe, secure rental housing.

Sustainable Rental Housing Industry

- LandlordBC views rent control as having a negative impact on the overall health of the rental housing market and an impediment to a viable rental housing industry.

RECOMMENDED RESPONSE:

- I understand that the Certified Rental Building program in Ontario has been quite successful and that prospective tenants can search for certified rental buildings on the program's website.
- Although a Landlord Registry has great potential, at this time we are not interested in requiring mandatory registration of all landlords in the province. It is, however, something that LandlordBC could consider making mandatory for members.

OFFICE OF HOUSING AND CONSTRUCTION STANDARDS MEETING INFORMATION NOTE

- I realize that as a non-profit society, LandlordBC has limited means to raise capital; however, there is no mechanism for the province to fund this initiative at this time.
- The Residential Tenancy Branch has recently updated the website which provides easier access to information on rights and responsibilities under the Act, as well as standardized forms.
- We have had previous discussions about rent control and I appreciate your views.

**OFFICE OF HOUSING AND CONSTRUCTION STANDARDS
MEETING INFORMATION NOTE**

Prepared by:
Audrey Panter
Sr. Policy Analyst
Residential
Tenancy Branch
250-818-5749

Reviewed by:
Brenda Floyd
A/Policy Director
Residential Tenancy
Branch

Initial

Date:

Cheryl May
Executive Director
Residential Tenancy
Branch

Jeff Vasey
ADM
Office of Housing
and Construction
Standards

Steve Carr
Deputy Minister
Ministry of Natural
Gas Development

JV

November 10, 2014

Beattie, Michelle OHCS:EX

From: Page, Doug OHCS:EX
Sent: Wednesday, December 3, 2014 10:38 AM
To: Barlee, Veronica OHCS:EX; Gordon, Alexis M OHCS:EX
Subject: FYI: LandlordBC
Attachments: LLBC-Rent Increase-1Dec14.pdf

From: May, Cheryl OHCS:EX
Sent: Monday, December 1, 2014 3:10 PM
To: Steves, Gregory OHCS:EX; Page, Doug OHCS:EX
Cc: Vasey, Jeff OHCS:EX
Subject: FW: LandlordBC

FYI – their back-up position (if no end to rent controls) is CPI +5%

From: David Hutniak [<mailto:davidh@landlordbc.ca>]
Sent: Monday, December 1, 2014 3:07 PM
To: Vasey, Jeff OHCS:EX; May, Cheryl OHCS:EX
Cc: hector.bremmer@gov.bc.ca
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Email: davidh@landlordbc.ca
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LANDLORDBC

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Proposed Improvement

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RECOMMENDATION:

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