The Newsletter for Apartment Owners since 1983

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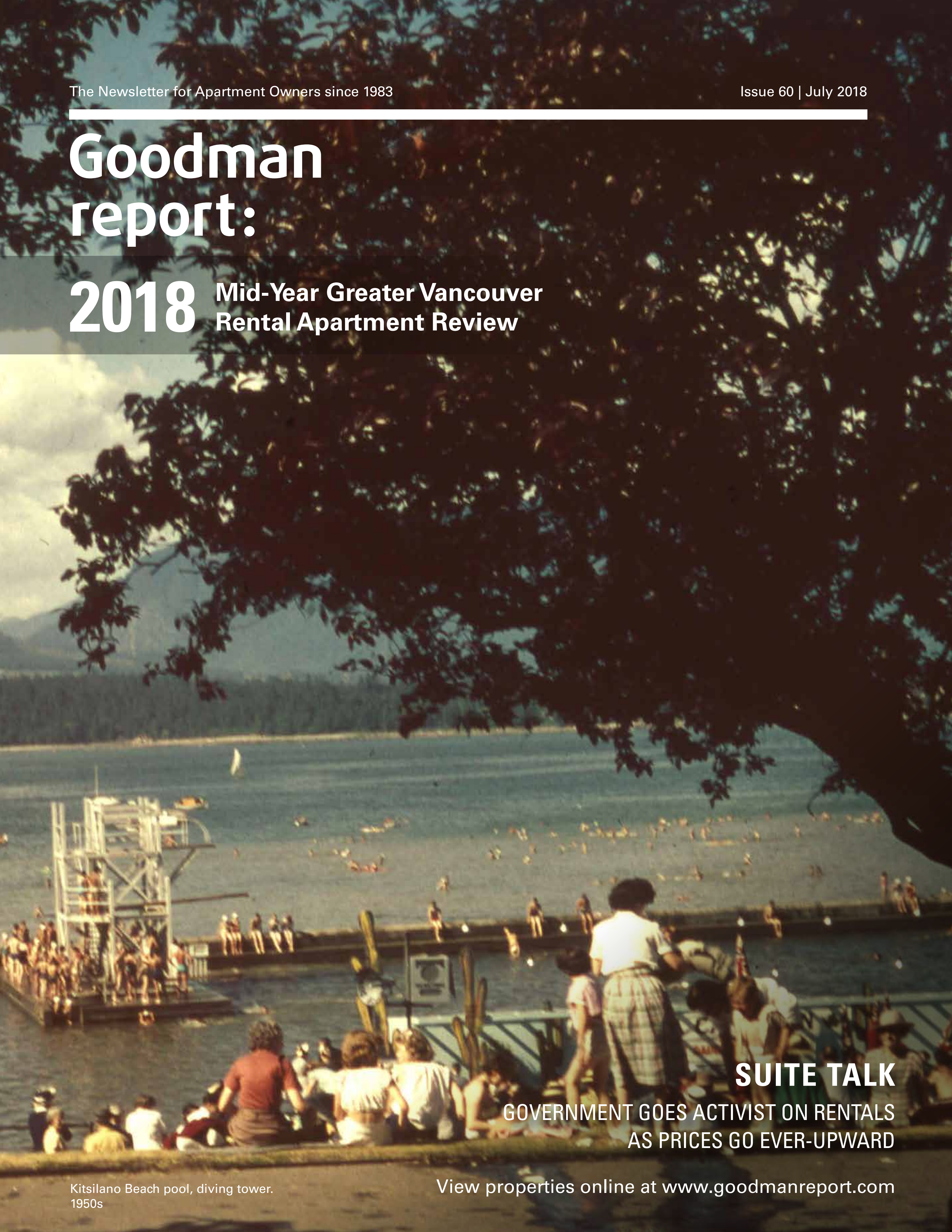
Goodman report:

2018 Mid-Year Greater Vancouver Rental Apartment Review



SUITE TALK

GOVERNMENT GOES ACTIVIST ON RENTALS AS PRICES GO EVER-UPWARD

View properties online at www.goodmanreport.com

Kitsilano Beach pool, diving tower. 1950s

THE MARKET RETAINS ITS LUSTRE

So much for the anticipated drop-off in demand and pricing for Metro Vancouver's rental apartment sector. Despite the B.C. government's highly publicized efforts to impact real-estate values negatively by extracting tax dollars from almost all known transactions and sources, the market in the first six months of 2018 versus 2017 is very much alive, if not thriving.

The forces behind the rental market's enduring strength are numerous. The most apparent is that Metro Vancouver's low unemployment reflects a strong local economy. Tenant demand remains near insatiable, and with the erosion in homeownership affordability, growing numbers of people are resigned to renting. Vacancy rates are tracking less than 1% across many of the region's urban centres, with rents rising at a rapid clip. Our research indicates that little new rental supply is making its way to the market. Additionally, high in-migration including a record volume of foreign students and low long-term mortgage rates are critical factors underpinning the rental asset class.

The only restraint to greater sales activity is the constrained supply of listings. Eager buyers are readily snapping buildings up at or near market. Of late, however, we observe a growing fickleness on the part of wary investors, who shun certain offerings whose asking price is positioned well above perceived market.

With respect to supply challenges, as evidenced by the modest number of yearly transactions, owners of multifamily rentals are generally a content lot, not typically prone to selling. Many are long-term owners who either self-manage or possess able property management. Furthermore, they've been fortunate beneficiaries of extreme value escalation within the past twenty years and are understandably not anxious to cut cheques to the CRA. Thus their business rationale for parting with rewarding rental assets are diverse, often complex. The decision may be triggered by estate planning issues, family dynamics, illness, liquidity requirements caused by trading up, a move away from Metro Vancouver or – of late – offers from developers that are so extraordinarily compelling that a "yes" is a given.

Staying in the loop

Owners of older buildings currently not zoned to benefit from potential development as well as typical apartment owners who stand to reap significant value well over market with immediate development prospects have urged the Goodman Report to continue to provide ongoing status updates of new rental initiatives in their respective communities throughout Metro Vancouver. We're pleased to furnish this latest information.

What has emerged from our latest internal survey of suburban activity is the staggering success of Coquitlam, with its municipal focus on new rental development. Spurred on by 15 separate projects in the Lougheed and Burquitlam areas, Coquitlam anticipates the addition of 2,402 new rental units. Burnaby, in second place, has 1,700 units in play derived from 8 separate projects, while an aggressive City of North Vancouver campaign now has 15 projects on the go expected to generate 1,336 new rental units.

While most suburban communities have been stellar in their efforts to create new rental housing, Delta, Richmond and White Rock remain most conspicuous in their lack of success in providing a meaningful development environment to address pent-up demand. Meanwhile, despite a vastly higher population, housing programs receiving much ballyhoo and a ten-year head start on new rental construction, Vancouver itself has only 7,316 units in the pipeline: a testament to the less-than-stellar effectiveness and lack of political will of Mayor Robertson's administration.

NEW HOUSING PROGRAM SPECIFICS

Metro Vancouver's population has suffered through years of benign neglect during which various levels of government have displayed only token measures toward addressing chronic issues with housing supply and pricing. With housing inequity evolving into an untenable political crisis, both the B.C. government and the City of Vancouver, to address the affordability issue and the non-availability of certain housing types, have finally introduced a newly minted agenda for major segments of the population. We can now expect a stepped-up emphasis on social and supportive housing and increased support for purpose-built rental units.

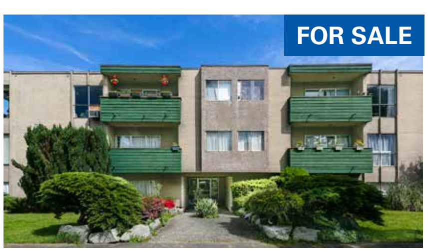
The Housing Vancouver Strategy (2018–2027) provides the principal example of these new directions. Through this policy, the City intends to add a total of 72,000 housing units by 2027, as follows:

The Housing Vancouver Strategy (2018–2027)

1. Social and supportive housing	12,000 units
2. Purpose-built rentals	20,000 units
3. Laneway rental housing	4,000 units
4. Market condos	32,000 units
5. Market townhomes	4,000 units
	Total 72,000 units

It's worth noting, however, that Vancouver's population, now approximately 640,000, is expected to grow over the same period to approximately 715,000. The city's housing problems will not be easily resolved, even with this high-profile program.

Beyond Vancouver's new housing strategy, the B.C. government has struck a new Rental Housing Task Force to modernize the province's tenancy laws. Notwithstanding the need for review of the proposed amendments, landlords are wary of the implications and how it could negatively impact their holdings. For further thoughts, see Claire Immega's "Shifting Sands" column on page 11.



45 EAST 16TH AVENUE, VANCOUVER

23 suites between Cambie and Main
Mount Pleasant neighbourhood

Asking $10,520,000

1955 WESTERN DR, PORT COQUITLAM

65 suites on a 1.5-acre site
3% cap rate / $208,000 per unit

Asking $13,500,000

1900 MAYFAIR DRIVE, VICTORIA

107 suites on a 6-acre site
Ocean, city and mountain views

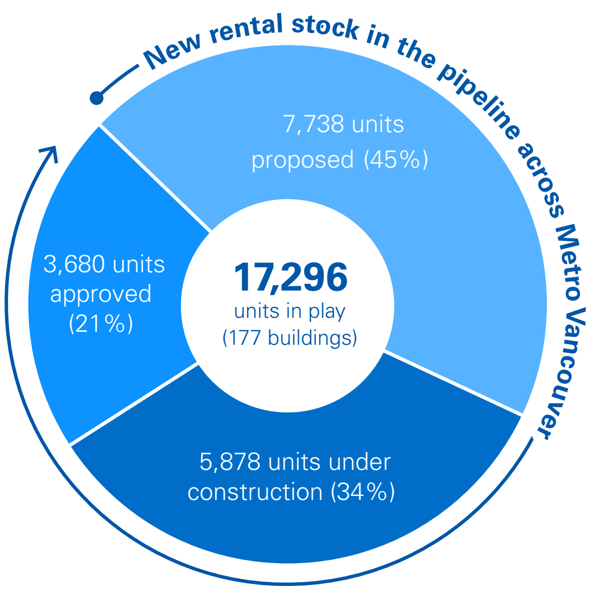
Asking $10,800,000 (50% undivided interest)

NEW SUPPLY IN THE PIPELINE (MID-2018)

	Proposed Units (buildings)	Approved Units (buildings)	Under construction Units (buildings)	Completed Units (buildings)	Cancelled Units (buildings)
Suburbs	6,035 (45)	1,098 (13)	2,847 (20)	528 (3)	0 (0)
Vancouver	1,703 (32)	2,582 (37)	3,031 (30)	737 (8)	703 (2)
Total	**7,738 (77)**	**3,680 (50)**	**5,878 (50)**	**1,265 (11)**	**703 (2)**
	Projected occupancy 2020–2022	Projected occupancy 2019–2021	Projected occupancy 2018–2020	Occupancy 2018	

Source: Goodman Report

Across Metro Vancouver, at this point in the market cycle, there are 177 proposed, permitted and under-construction rental projects that have the potential to add up to 17,296 suites. It is expected that these units will be added to the rental stock over the next five years.



Municipality	Units (buildings) in play*	Units (buildings) completed 2018
Burnaby	1,700 (8)	-
Coquitlam	2,402 (15)	-
Delta	-	-
Langley	431 (4)	-
Maple Ridge	315 (3)	-
New Westminster	881 (8)	386 (2)
North Vancouver, City of	1,336 (15)	-
North Vancouver, District of	640 (11)	-
Port Coquitlam	294 (1)	-
Port Moody	713 (5)	-
Richmond	165 (1)	-
Surrey	793 (3)	142 (1)
White Rock	29 (1)	-
West Vancouver	281 (3)	-
Suburban total	**9,980 (78)**	**528 (3)**
Vancouver (including UBC)	7,316 (99)	737 (8)
Total	**17,296 (177)**	**1,265 (11)**

** Proposed, approved or under construction*

At the time of this writing, Vancouver has 99 rental projects in the pipeline, 28 of which are situated on the Westside, 25 in Downtown and 46 on the Eastside. Together, these comprise 7,316 rental units under construction, approved and/or proposed, all to be finished by 2023 or earlier. Beyond these 99 projects, we're aware of 737 newly built suites in 8 projects added to Vancouver's rental inventory so far in 2018.

In the suburbs, 78 projects are in various forms of development, representing 9,980 suites, all slated for completion by 2023 or sooner. Additionally, we have tracked 528 suites of newly added inventory in various communities delivered to date in 2018, representing 3 separate rental projects. For a complete breakdown of new rental stock by community, please refer to page 4.

Up until about five years ago, many landlords and developers would expand their rental portfolios by purchasing existing assets. Now, however, we're faced with a preponderance of aging, inefficient product and scarce availability combined with poor economies of scale. Developers able to tap into municipal density incentives for new rental construction are not only building projects on spec but also interestingly retaining new rental buildings for their own account. On page 4, you'll find an updated comprehensive survey that breaks down new purpose-built rentals in various stages of development throughout Metro Vancouver.

> "A wise person should have money in their head, *but not in their heart*"
>
> — JONATHAN SWIFT

35 years and counting…

We're very proud to be celebrating our 35th year of publishing the Goodman Report! Thank you for your continued support and constructive comments over the years. We know and understand rental buildings and development sites and remain committed to serving our clients with professionalism and integrity. Call us any time for an evaluation on your property – of course without cost or obligation.

METRO VANCOUVER FACTS

Average age of purpose-built rental apartments

60

Number of building transactions in Greater Vancouver for first half of 2018

89

Total sales volume in Greater Vancouver for first half of 2018

$1.45B

*Average Greater Vancouver vacancy rate of rental apartments in 2017

0.9%

**Average Greater Vancouver cap rate 2018 year-to-date

2.8%

*Average rate of monthly rent in Greater Vancouver for 2017

$1,297

Average price per suite in Greater Vancouver for first half of 2018

$495,000

Total number of apartment owners in Greater Vancouver

1,925

Total number of rental apartment buildings in Greater Vancouver

3,250

*as per CMHC
**as per RealNet

ADVOCATE'S CORNER

On July 4, we did something we almost never do. We wrote a super-urgent email asking all our readers to stop what they were doing and write to the provincial government ASAP.

Why?

In April, the province appointed a Rental Housing Task Force to "advise on how to improve security and fairness for **renters and landlords** throughout the province." We attended the task force's Vancouver session in June. While popular with renters, **the event had very few landlords or property managers**. Though this free event was supposedly "sold out," 60+ people were waitlisted, and most of the tables designated for landlords were empty. It was clearly an unbalanced consultation.

Why it matters?

Imagine being forced to rent out one of your units at the same rate as to a previous tenant, after you've spent hundreds of thousands (even millions) upgrading an old building. Imagine a rent of 20 years ago sticking "with the unit" if someone moves out. We're concerned that the Task Force isn't truly interested in hearing from landlords. We anticipate that they'll make sweeping changes to the Residential Tenancy Act that will deter owners from upgrading buildings and stop the construction of purpose-built rentals. If enacted, these changes could ensure the ongoing deterioration of the rental stock, negatively impacting your investment.

If you took the time to let the government know your thoughts, thank you! For a sampling of the responses, check out the column to the right and page 7.

"

Municipal costs including taxes, water, sewer and scavenging fees rise unabated and well above inflation rates. Insurance costs have doubled in the last 10 years. Basic maintenance rises yearly, as of course the building is old. I do not have the ability to redevelop the site as the City of Vancouver has a moratorium on redevelopment in my zone. Why?

Because they are well aware that private individuals like myself are in fact providing the only affordable housing in this city.

I am compassionate, but providing social housing is not my remit; it is yours. I will be forced to hand out rent increases for the very first time this year, and I am not happy to be doing so.

— LANDLORD

"

Simple ideas can change the world. The overall concepts are mainly drawn from historical precedent, reinterpreted into twenty-first century forms. The ideas are straightforward, but their implementation requires the cooperation of all levels of government and a wide range of public and private agencies. This is a market process and requires open market forces to be fully operational. Rent restrictions and affordability criteria operationalized in property transfer rules are blunt instruments that I believe will deter innovation.

I believe that the best application of affordability efforts is in the promotion of *innovation* rather than restriction,

and I would welcome the opportunity to present such alternatives to the Task Force.

— DEVELOPER OF RENTAL HOUSING

… It is a universal and strongly held view in both our organization and our industry that the government must retain two critical elements of the current Residential Tenancy Act:

1) the annual allowable increase of 2% + CPI (we note some stakeholders suggesting the annual allowable increase should be changed to just CPI); and

2) rent controls tied to the tenant not the unit, i.e., the ability of 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 of continuing 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. This in our view is the only way in which the private sector can address the critical shortcoming in supply.

— DEVELOPER OF RENTAL HOUSING

If you study markets where there's no rental control, the markets stay balanced. Alberta and Texas are good examples of this. The rents are reasonable because there is a fair market for landlords and tenants. The Residential Tenancy Act should be reasonably studied to assess fairness.

The rental industry in B.C. is one of the more highly regulated and controlled industries in the province. There are perhaps 20 tenants to each property owner, which could pose obstacles when trying to hear landlords.

If the interests of landlords are not heard, their investment capital would simply go some place else, leading to no new rental construction.

— LANDLORD

We appreciate the challenges government has balancing landlord and tenant concerns. It is essential that market principles be allowed to function. Political interference only serves to drive up costs and act as a disincentive for private investors to provide new or updated/upgraded residences for rent. Having been in the real estate industry since 1980,

I have personally seen how rent controls, development cost charges and restrictive tenancy regulations have only served to increase rents and discourage development.

— LANDLORD

I am deeply concerned about many issues which the provincial government appears to be considering for purpose-built rental buildings which are privately owned and operated.

These ideas have serious consequences which will hurt renters for generations to come.

— LANDLORD

ACTIVITY HIGHLIGHTS: 2018 COMPARED TO 2017

First six months | January 1 to June 30, 2018

Building transactions

Area	2018 transactions	2017 transactions	% change
Vancouver	39	48	-19%
Suburbs	50	39	+28%
Total	**89**	**87**	**+2%**

Number of suites sold

Area	2018 suites sold	2017 suites sold	% change
Vancouver	1,278	1,329	-4%
Suburbs	1,643	1,978	-17%
Total	**2,921**	**3,307**	**-12%**

Dollar volume

Area	2018 dollar volume	2017 dollar volume	% change
Vancouver	$748,768,955	$708,778,000	+6%
Suburbs	$696,316,314	$641,843,900	+8%
Total	**$1,445,085,269**	**$1,350,621,900**	**+7%**

Average price per suite

Area	2018 $/suite	2017 $/suite	% change
Vancouver	$585,891	$533,317	+10%
Suburbs	$423,808	$324,491	+31%
Total	**$494,723**	**$408,413**	**+21%**

Buildings sold and average price per suite

Vancouver areas	2018 transactions	2017 transactions	2018 $/suite	2017 $/suite	% change
Eastside	15	17	$410,691	$375,206	+9%
Kerrisdale	1	7	$1,108,333	$536,576	+107%
Kitsilano	5	4	$529,430	$513,500	+3%
South Granville	2	8	$475,386	$564,038	-16%
Marpole	4	5	$348,652	$361,667	-4%
West End	12	5	$679,275	$776,801	-13%
Suburban areas	**2018 transactions**	**2017 transactions**	**2018 $/suite**	**2017 $/suite**	**% change**
Burnaby	15	7	$607,189	$639,763	-5%
New Westminster	12	10	$253,385	$270,147	-6%
North Vancouver	5	6	$504,176	$472,697	+7%
Surrey	4	5	$206,321	$171,100	+21%
White Rock	4	3	$273,958	$212,443	+29%

2018 APARTMENT BUILDING SALES: METRO VANCOUVER

First six months | January 1 to June 30, 2018

ADDRESS	SUITES	PRICE ($)	AVG $/UNIT
Vancouver (Eastside)			
825 E. 8th Ave	41	$14,350,000	$350,000
3618 E. Hastings St (MU)	9	5,725,000	636,111
2185 Oxford St	8	2,672,000	334,000
396 E. 2nd Ave	53	24,850,000	468,868
866 E. Broadway (MU)	8	3,050,000	381,250
2065 Triumph St	15	5,500,000	366,667
736 E. Broadway (MU)	6	2,800,000	466,667
2067 Pandora St	8	3,200,000	400,000
1908 E. 5th Ave	7	3,285,000	469,286
2285 Triumph St	16	6,000,000	375,000
275 E. 13 Ave	23	9,450,000	410,870
3038 Commercial Dr (DS)	10	8,000,000	800,000
225 North Garden Dr (SP)	18	5,739,130	318,841
2333 Oxford St (SP)	51	16,260,870	318,841
1522 E. 3rd Ave	5	3,290,000	658,000
	278	**$114,172,000**	**$410,691**
Vancouver (Kerrisdale)			
* 6310 East Blvd (DS, CO)	12	$13,300,000	$1,108,333
	12	**$13,300,000**	**$1,108,333**
Vancouver (Kitsilano)			
2425 York Ave	24	$12,100,000	$504,167
1875 Yew St	25	10,500,000	420,000
* 1406 Laburnum St	10	6,825,000	682,500
* 2358 York Ave	11	7,800,000	709,091
2035 W. 5th Ave	9	4,600,000	511,111
	79	**$41,825,000**	**$529,430**
Vancouver (South Granville)			
230 W. 10th Ave	19	$9,546,200	$502,432
1110 W. 10th Ave	23	10,420,000	453,043
	42	**$19,966,200**	**$475,386**
Vancouver (Marpole)			
8860 Montcalm St	24	$7,800,000	$325,000
8616 Fremlin St	8	2,850,000	356,250
8623 Selkirk St	31	11,880,000	383,226
1133 W. 70th Ave (ST)	26	8,500,000	326,923
	89	**$31,030,000**	**$348,652**
Vancouver (West End)			
1450 Burnaby St (HR, SP)	42	$18,350,000	$436,905
** 1040 Barclay St (HR, SP, DS)	40	TBA	TBA
1005 Jervis St (HR)	135	65,115,338	482,336
1501 Haro St (HR)	144	81,850,843	568,409
1755 Haro St (HR)	138	74,459,574	539,562
* 1537 Burnaby St	24	8,750,000	364,583
1640-50 Alberni St (DS)	66	130,000,000	1,969,697
1057 Barclay St (DS)	29	19,000,000	655,172
1830 Alberni St (DS, ST)	53	52,000,000	981,132
1065 Burnaby St (DS)	15	13,300,000	886,667
1958 Barclay St (HR)	42	19,650,000	467,857
1155 Haro St (HR)	50	16,000,000	320,000
	778	**$528,475,755**	**$679,275**
Port Moody			
* 2340-50 St. Johns St (MU)	10	$5,120,000	$512,000
	10	**$5,120,000**	**$512,000**
Surrey			
13265 104 Ave	57	$13,650,000	$239,474
** 10011 150th St (ST)	23	5,125,000	222,826
5875 177B St (SP)	40	7,400,000	185,000
17719 58A Ave (ST)	39	6,629,981	170,000
	159	**$32,804,981**	**$206,321**

ADDRESS	SUITES	PRICE ($)	AVG $/UNIT
Burnaby			
** 7387 10th Ave	13	$2,300,000	$176,923
7110 Linden Ave	30	8,400,000	280,000
4330 Maywood St (DS, SP)	27	13,500,000	500,000
6730 Dow Ave	10	5,900,000	590,000
4495 Imperial St (DS)	8	4,300,000	537,500
6730 Burlington Ave (DS)	18	11,500,000	638,889
7227 Arcola St	36	11,350,000	315,278
7265 Arcola St	48	TBA	TBA
* 6675 Dow Ave (DS)	23	TBA	TBA
6691 Dow Ave (DS)	15	TBA	TBA
6659 Dow Ave (DS)	16	TBA	TBA
6645 Dow Ave (DS)	40	TBA	TBA
7070 Inlet Dr (DS)	117	32,500,000	277,778
6630 Telford Ave (DS)	40	28,500,000	712,500
6688 Willingdon Ave (DS)	45	28,000,000	622,222
	486	**$295,094,050**	**$607,189**
Coquitlam			
1411 Hachey Ave	22	$4,500,000	$204,545
605 Como Lake Ave (ST, DS)	44	26,839,000	609,977
545 Sydney Ave (ST, DS)	36	15,575,000	432,639
675 North Rd (DS)	76	34,400,000	452,632
520 Cottonwood Ave (DS, ST)	36	22,500,000	625,000
	214	**$103,814,000**	**$485,112**
Delta			
4564 Evergreen Lane	**24**	**$5,300,000**	**$220,833**
Langley			
20669 Eastleigh Cres (TH)	**7**	**$2,745,000**	**$392,143**
Maple Ridge			
22535 Royal Cres	**11**	**$1,650,000**	**$150,000**
Mission			
33359 2nd Ave	**12**	**$1,440,000**	**$120,000**
New Westminster			
* 420 Eleventh St	61	$13,400,000	$219,672
404 Seventh St	42	9,250,000	220,238
610 Blackford St	29	6,670,000	230,000
329 7th St	21	4,830,000	230,000
1222 Fifth Ave	21	6,950,000	330,952
508 Eighth St	42	TBA	TBA
1024 St. Andrews Ave	23	6,420,000	279,130
311 Ash St (SP)	27	6,480,000	240,000
530 Ninth St	14	3,600,000	257,143
304 Third Ave	17	5,900,000	347,059
76 Coburg St	12	3,500,000	291,667
* 1210 Seventh Ave	16	5,650,000	353,125
	325	**$82,350,000**	**$253,385**
North Vancouver			
150 E. Keith Rd (HR)	39	$26,493,283	$679,315
269 W. 4th St	47	19,400,000	412,766
3701 Princess Ave (TH)	57	41,855,000	734,298
170 W. 5th St	18	TBA	TBA
1923 Purcell Way (DS, ST)	90	31,000,000	344,444
	251	**$126,548,283**	**$504,176**

The sale information provided is a general guide only. There are numerous variables to be considered such as:

1. Suite mix
2. Rent/SF
3. Rent leaseable area
4. Buildings' age and condition
5. Location
6. Frame or highrise
7. Strata vs. non-strata
8. Land value (development site)
9. Special financing

(HR) Highrise
(MR) Midrise
(TH) Townhouse
(ST) Strata
(DS) Development site
(EST) Estimated price
(SP) Share purchase
(NC) New construction
(MU) Mixed-use
(CO) Co-op

* Sold by The Goodman Team
** December 2017 sale

YEAR-TO-YEAR COMPARISON

For the first half of this year, transactions and dollar volumes remain essentially on par with the comparable period in 2017, while average prices have increased dramatically. A total of 89 sales occurred in the first six months of 2018, essentially mirroring the 87 sales in the corresponding period of 2017. Transactions to June 30, 2018 in Vancouver declined to 39, whereas 48 sales were recorded in 2017. As for the suburbs, an increase to 50 transactions have been registered in 2018, compared to 39 in the same period last year. Perhaps indicative of a somewhat slowing market, 128 building sold in the first 6 months of 2016 (two years ago) compared to this year's 89 sales – a 30% decrease in overall sales activity.

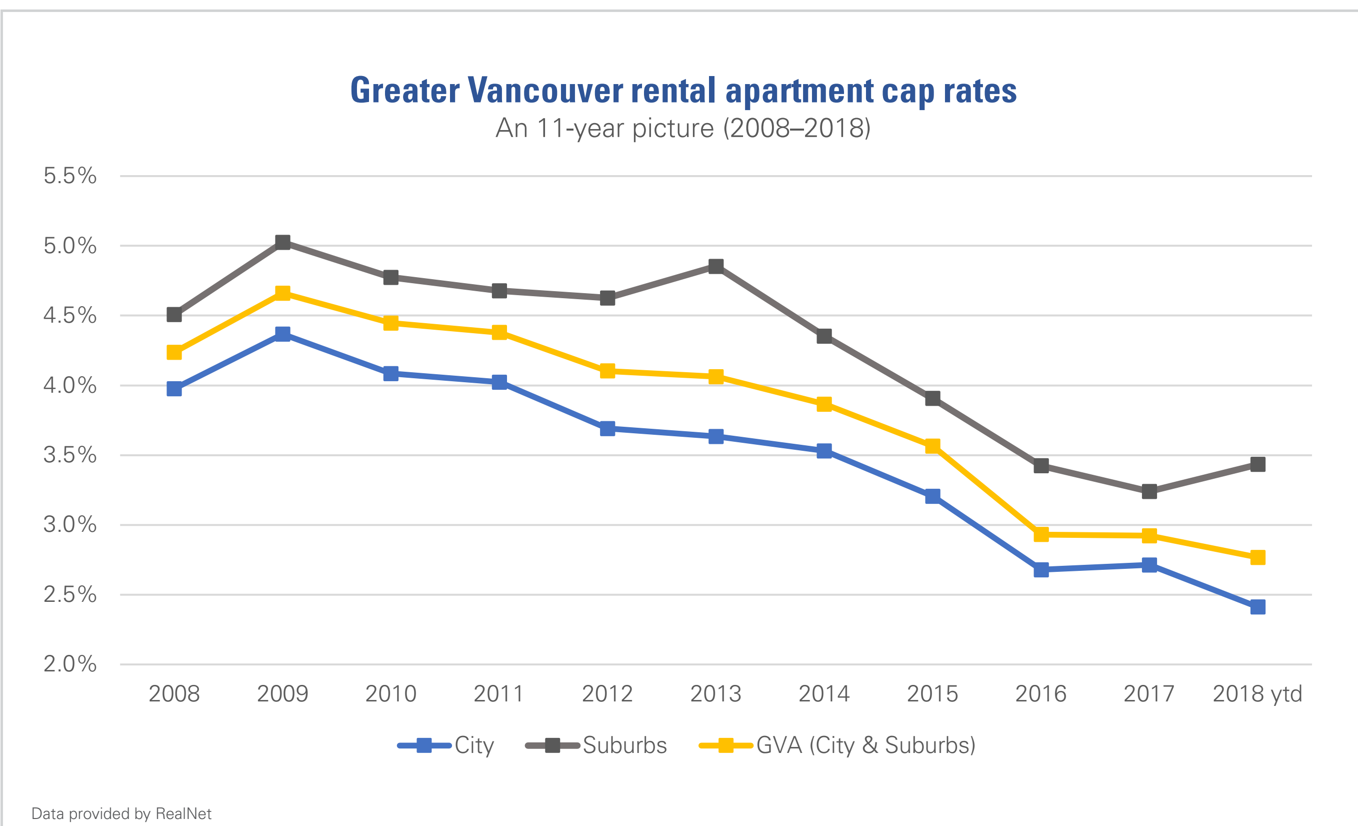
Nevertheless, our latest research reveals clear evidence of a robust investment market in rental apartments. Metro Vancouver's soaring values have surpassed historic highs, with average prices at $495,000 per suite, up from $408,000 per suite a year ago: a 21% increase. Vancouver's averages are a remarkable $586,000 per suite, up 10% from last year's figure of $533,000. Meanwhile the suburban averages have soared to $424,000, up 31% from a year ago at $325,000.

The shift to significant higher average prices must be seen in context. Partial credit goes to the approximately 22 properties acquired specifically by developers in Vancouver's West End and in Coquitlam and Burnaby, significantly inflating the typical suite averages well above the norm. Another factor involves newly renovated and newly constructed product, which also skews the average price per unit beyond traditional figures.

For the first six months of 2018, total dollar volume for Metro Vancouver was $1.445 billion, up 7% from $1.35 billion in 2017. Broken down, Vancouver 2018 volume was $749 million, up 6% from $709 million in 2017, suburban volume also at $696 million, was up 8% from 2017's volume of $642 million.

The total number of suites sold in Metro Vancouver in the first half of 2018 was 2,921, down 12% from 3,307 in 2017. Vancouver had a 4% decline from 1,329 suites in 2017 to 1,278 in 2018, whereas the suburbs had a significant decrease of 17% to 1643, down from 1,978 in 2017 (for the specific breakdown in all categories, please refer to Activity Highlights on page 8).

We forecast that approximately 165 buildings will sell in 2018, with record-high dollar volume expected to be approximately $2.6 billion.



SHIFTING SANDS

Renovating rental stock: Rewards come with new risks

Shifting Sands is a series by Claire Immega, lawyer at Singleton Reynolds, reporting on legal and political issues that impact apartment building owners. Claire can be reached at (604) 673-7401 or cimmega@singleton.com

Throughout British Columbia, and particularly in Metro Vancouver, much of the rental stock is aging and requires major renovations. In a market with skyrocketing construction costs, bringing a building's envelope, plumbing, electrical and environmental systems up to date can be very expensive. Many building owners need to increase the value of outdated rent rolls in order to make major renovations fit their business models within the context of prevailing cap rates. Yet rather than incentivizing owners to perform these much-needed repairs, local governments have increasingly been making it difficult to secure a return on costly renovations.

In 2015, the City of Vancouver implemented the Tenant Relocation and Protection Policy, requiring that landlords who are ending tenancies in order to perform major renovations or demolition must provide significant compensation and assistance to displaced tenants. Other municipalities may follow suit.

Recent changes to the Residential Tenancy Act (RTA) and decisions from the B.C. Supreme Court are going further. As of May 2018, the RTA includes an increased notice period for ending a tenancy and significant penalties if a landlord acts in bad faith. In Baumann v. Aarti Investments Ltd., released on April 6, 2018, the Supreme Court has decided that a tenant can offer to leave his or her unit for the duration of a significant renovation, even if the unit is going to be uninhabitable for 3–4 months (or longer), and return at the same rent. Baumann is currently under appeal, and the outcome is uncertain. However, this potential change in the law could detract dramatically from the financial feasibility of significant renovations.

The provincial government has struck the Rental Housing Task Force, headed by MLA Spencer Chandra Herbert, to provide further recommendations for changes to the RTA to protect renters. In the current housing market, protection for tenants from predatory landlords may be a good idea; however, recommendations to the task force by tenant unions and other interest groups on renovations and other issues are striking fear into the hearts of many landlords, and some changes, if implemented, may seriously erode the availability of rental housing in B.C.

What's going to happen is anybody's guess. Building owners operating on today's shifting legal sands should get top-notch advice, advocate for themselves and their peers, and pay close attention to legal developments both from the courts and from the legislature.

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