

SUBMISSION TO
THE BRITISH COLUMBIA RENTAL HOUSING TASK FORCE

The health of British Columbia's private rental housing sector is critical to the B.C. housing market and to the B.C. economy overall, particularly in B.C.'s most heavily populated regions. The economic wellbeing and growth of British Columbia and the social wellbeing of its residents is dependent on the private rental housing industry's long term viability and growth as a supplier of housing given the increased demand for rental housing created by the combined impact of the rising cost of house ownership, growing populations and an increasingly mobile workforce. The impact of this increased demand is felt most dramatically in B.C.'s most heavily populated regions and particularly in the Lower Mainland of B.C. where approximately 60% of B.C.'s population resides.

All levels of Government need to work individually and collectively together to motivate, promote and embrace the development of new rental housing and to incentivize the continued operation and maintenance of, and reinvestment in, existing rental housing stock.

The economic barriers to the development of new rental housing buildings are significant and the financial returns generated from new rental buildings are slim and have more recently closer to none given increases in land costs, construction costs, interest rates, government levies on new developments and costs and risks that significantly protracted government approval processes place on new developments. The "window" for development of new rental buildings has historically opened for limited times and any material negative changes to either the economic barriers or to the regulatory framework within which private rental housing owners operate will end new rental development activity.

The feasibility of existing private rental housing stock has been greatly threatened in the recent years. Operating costs have risen significantly. Property tax costs, utility costs, insurance costs and staffing costs have been increasing at rates well above the rate of inflation. For many purpose built rental buildings in the lower mainland of B.C., operating costs have increased so significantly over the past two years that it will take years of rent increases, at the current regulated rates, to recover from the impact. Landlords cannot afford to reinvest and maintain older buildings in that sort of inflationary environment.

Given the aforementioned and the desire of the various levels of government, the consumers/tenants and the Landlords to have sufficient rental housing to support the market's requirements, we strongly recommend the following:

1. The maintenance of the current balanced, fair and effective Residential Tenancy including the continuation of:
 - a. The Annual Allowable Rate of Rent Increase for existing Tenancies of 2% plus CPI; and

CASCADIA APARTMENT RENTALS LTD.

200 – 555 WEST 8TH Ave., Vancouver, B.C., V5Z 1C6

Tel: (604) 683 1256 • Fax (604) 683-7690


Your Rental Apartment Specialists

- b. The Annual Allowance Rate of Rent Increase controls being tied to the Tenancy versus to the Unit as this will allow for the required long term maintenance of, and reinvestment in, buildings and allow overt time for a nominal return to the Landlord for the continuation of the operation of a rental building.
2. The streamlining and fast tracking of development applications for new rental housing developments by local approving authorities. New supply to the market has to be significantly increased to meet rental housing demand and increased new supply will have the greatest downward impact on rental pricing;
3. The incentivizing of development application for new rental housing developments by local approving authorities versus the overburdening of new rental housing with development cost levies and the like that render them non-viable;
4. The creation of rental housing financing programs by senior levels of government, or crown corporations, so as to help maintain the viability of new rental housing development in the face of market interest rate increases;
5. The creation of an alternate property assessment class for existing rental buildings so that they aren't penalized for not being developed to their highest and best use or highest potential density. The taxation on undeveloped potential has caused the demolition of many existing lower density, rental buildings.

Our rental housing affordability crisis is largely supply based and the supply problem relates to the rental housing industry not having generated sufficient returns to warrant the development of sufficient new rental product and the retention of sufficient existing rental product to meet the demand for rental housing.

Yours very truly,

CASCADIA APARTMENT RENTALS LTD.

a member of the

CRESSEY DEVELOPMENT GROUP OF COMPANIES



Tom Johnston

Vice President

CASCADIA APARTMENT RENTALS LTD.

200 – 555 WEST 8TH Ave., Vancouver, B.C., V5Z 1C6

Tel: (604) 683 1256 • Fax (604) 683-7690

 aptrentals.net

Your Rental Apartment Specialists