



ENABLING A SUSTAINABLE RENTAL HOUSING MARKET

ISSUE

The issue of rental housing affordability and access for British Columbians must be addressed by providing a feasible market environment for the supply of rental units; for rental housing providers investors and landlords. Interventionist methods like vacancy control undermine an attractive investment real estate market and is a disincentive to investors and landlords. Rent controls would undermine the economic feasibility of purpose-built rental units unless they are implemented with careful attention to the financial impacts on the landlord. Rent controls would result in financial disincentive for buyers of investment properties and devalue prospects of a return on investment.

BACKGROUND

Rent controls

Ensuring the adoption of Recommendation #10 "Maintain Rent Tied to the Renter, Not the Unit" in the BC Rental Housing Task Force Review Report will assist in the provision of more supply and affordability of rental units and in an attractive investment environment for landlords and investors.

The principal effect of not adopting recommendation #10 is that landlords will not have the opportunity to increase rents to match market rents when a unit is let to a new tenant. Instead, rents will be tied in perpetuity to a government-imposed control. This policy would have several negative effects:

- Landlords will increase rents by the maximum amounts every year, since there is no opportunity to “catch up” when tenants change;
- When neighborhoods become more attractive and real-estate values rise, landlords will have a strong incentive to reap the benefits of market appreciation by converting purpose built rental housing into units for sale, which will reduce rental supply;
- Create an unfavorable investment and cost recovery climate for the real estate and development community to build and sell



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