

For Immediate Release

BC Real Estate Association and Canadian Mortgage Brokers Association – BC Identify Significant Issues with Changes to *Residential Tenancy Act*

Vancouver, BC – July 25, 2024. The BC Real Estate Association (BCREA) and the Canadian Mortgage Brokers Association – British Columbia (CMBA-BC) are calling upon the BC Government to amend and refine recent changes to the *Residential Tenancy Act* (RTA). Both organizations published open letters outlining concern around unintended consequences and the high potential the changes will negatively impact homebuyers, rental-property owners, and tenants in the province.

Changes laid out in Bill 14, which amends the RTA and is intended to protect residential tenants from tenancies terminated in bad faith, came into effect on July 18, 2024. However, in their letters to government, BCREA and CMBA-BC noted a number of concerns and points of confusion that will create difficulties when using the rules in real-life transactions.

BCREA noted the following concerns, among others, in its letter to government:

- The new requirement of providing four months' notice – instead of the previous two months' notice – for evictions due to personal or caretaker use is posing a major hurdle. While this is a problem for all buyers, it's particularly problematic for high-ratio buyers, including first-time buyers, who generally need mortgage default insurance to secure their financing.
- The new legislation makes no distinction between a buyer of a tenanted unit who just wants to move into their new home and a landlord who might be using a bad-faith eviction as a tool to raise rents beyond the allowable limit.
- Combining a four-month eviction notice with a 30-day dispute notice produces an effective five-month period in which a buyer can't take possession of their new home. This is impractical for buyers moving from one home to another and is too long a period to wait between completions.
- Without default mortgage insurance, lenders require a minimum down payment of 20 per cent for rental properties. First-time buyers typically do not have the financial capacity for such a significant down payment. Furthermore, a default-insured mortgage holder must receive vacant possession to qualify for a default-insured mortgage and cannot close on a purchase where the former tenant has not vacated the home.
- A home must be owner-occupied to be eligible for homeowner insurance and also for mortgage insurance from Canada's largest providers of mortgage insurance, including CMHC.
- Using a new web portal, landlords will be required to provide personal and confidential details about the persons moving into the home, which will then be shared with the tenant. This new requirement is raising serious implications for the privacy and security of owners.

For its part, CMBA-BC pinpointed several other concerns, including:

- **Mortgage Approvals Timeline:** The four-month notice period creates a misalignment with the typical 90 to 120-day rate hold period for mortgage approvals. Buyers, especially those with less than 20 per cent down payment, may face significant challenges in coordinating the vacancy of the property with their mortgage approval timeline, potentially leading to funding denials or increased costs for buyers. These changes will impact first-time homebuyers the most as these are the most typical buyers of previous rental properties.
- **Increased Financing Risks:** Buyers may be forced to remove financing conditions from their offers without a guaranteed mortgage approval due to the extended notice period. This leaves them vulnerable to interest rate fluctuations and other factors that could impact their ability to qualify for the mortgage, heightening their financial risk.
- **Legal and Liability Concerns:** The new timeline could increase the risk of purchase contract cancellations, as buyers may struggle to secure financing within the extended period. This could lead to legal disputes or lawsuits, adding stress and financial risk for all parties involved.

In light of these and other concerns, the two organizations have offered the following recommendations to government:

1. Adjust the notice rules for conventional mortgage buyers to allow for vacant possession within no longer than a three-month time period.
2. Allow high ratio insured buyers (including first-time buyers) who will be occupying the property to continue to have a two-month notice period because of the financial hardship caused by a longer delay in them taking possession of their property, and the likelihood of them running afoul of financing restrictions.
3. Require that the privacy of new buyers be protected. Use existing, publicly accessible systems as the source of information on new buyers to be reported by landlords to former tenants. Contracts of Purchase and Sale are confidential documents and should not be shared with tenants. A standard Statutory Declaration form should be developed to carry out any necessary disclosures.
4. Eliminate the reporting requirement for buyers who intend to occupy their own unit. The buyer's intent could be documented by use of a Statutory Declaration or as part of the Property Transfer Tax return process. An early sale of the unit could be tracked through the Land Titles or BC Assessment systems.

BCREA also reiterated its past call for the BC Government to create a permanent housing roundtable comprised of housing policy experts and other representatives from organizations across the housing sector in BC. Such a group, the association said, would be able to provide early advice to government in the creation of new or updated housing policy, such as changes to the RTA.

Quotes:

Trevor Hargreaves, Senior Vice President of Government Relations, Marketing & Communications, BCREA –

“We appreciate the efforts to protect tenants from bad-faith evictions and the need to provide more rental supply, but are concerned the policy changes appear to have been crafted without adequate consultation with related sectors in terms of the multitude of related issues they will cause. These changes are inadvertently making it more difficult for all buyers, but especially first-time buyers, many of whom are currently tenants, to enter the housing market.”

Rebecca Casey, President, CMBA-BC –

“The Canadian Mortgage Brokers Association of British Columbia firmly believes that the amendments to the *Residential Tenancy Act* will exacerbate housing unaffordability and availability of rental units in our province by hindering purchase transactions for buyers with less than 20 per cent down payments, narrowing the eligibility of purchasers for properties that are currently tenanted. We appreciate the BC Ministry of Housing's commitment to addressing housing challenges and protecting tenants' rights. However, while we await accommodations or changes to the Act, we are concerned that these amendments will worsen these issues rather than alleviate them, potentially compromising the stability and affordability for current and prospective tenants and home purchasers.”

Learn More:

To read BCREA's full open letter to the BC Government, click [here](#).

To read CMBA-BC's full open letter to the BC Government, click [here](#).

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About BCREA

[BCREA](#) is the provincial association for BC REALTORS®. As a champion for the real estate sector, BCREA advances REALTOR® professionalism and ensures the REALTOR® voice is heard, for the benefit of consumers and communities, across BC. By working in collaboration with the province's [real estate boards and associations](#), our mission is to provide professional development opportunities, advocacy, economic and policy research, and standard forms so REALTORS® are trusted, respected, and proud of their profession.

About CMBA-BC

As the voice for B.C.'s mortgage brokers, the [Canadian Mortgage Brokers Association – British Columbia](#) (CMBA-BC) represents the province's mortgage industry. Incorporated in 1990, the Association exists to support and enhance professionalism and ethical standards within the mortgage industry. Our members support housing affordability measures and CMBA-BC is committed to working with government and financial regulators to create mortgage and housing policies with solutions to help more British Columbians own homes.