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Concerns for Canadian renters after two B.C. landlords allowed to hike rent by 23.5 per cent

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The residential property at the centre of the ruling is a four-plex unit purchased in October 2021. Rent amounts at the property ranged from \$1,282 to \$1,550, according to the court documents.

The landlords requested a rent increase after their interest rates went up from 1.9 per cent in 2021 to 6.65 per cent in 2023.

“The landlords stated that they did have a cushion to buffer in case of rate increases, but the rate increase in 2023 was substantial and quick,” the decision said, which made managing the property “unsustainable.”

The ruling found that the landlords took reasonable precautions by getting their mortgage through a well-known lender from one of the big five banks.

The 23.5 per cent rent increase was sought on top of the current permitted annual rent increase amount of 3.5 per cent in the province.

B.C. increased the permitted limit to 3.5 per cent in 2024, up from the previous 2 per cent, CBC News reported. The reason behind the increase was to provide a “balance to protect renters while helping keep rental units on the market,” B.C.’s Minister of Housing Ravi Kahlon said in a news release.

“Before 2018, the annual allowable rent increase was based on the inflation rate plus 2 per cent. Following a recommendation by the Rental Housing Task Force, the rent increase was reduced to just the inflation rate,” per the release in September 2023.

“A rent increase freeze was put in place in 2020 and 2021 to support renters during the COVID-19 pandemic. To protect renters from high inflation in 2023, the Province capped rent increases at 2 per cent, well below the 5.4 per cent inflation rate that would have otherwise applied.”

On May 8, 2024 the Residential Tenancy Branch in B.C. granted the application for a rent hike over two years.

After the ruling, concerns were raised about the rent increase. Kahlon said the policy would be reviewed, in a statement to political commentator Mo Amir which was posted on X.

“Renters are struggling with the high cost of rent. That’s why we are taking action to fight the housing crisis and ensure renters have a home they can afford,” according to Kahlon’s statement.

In response to the ruling, others seemed certain that other landlords would pursue similar demands.

“This is something landlords will be testing on a MASS level very soon. I’ll be part of it,” property manager Jason Bugra wrote on X.

“Landlords will definitely apply,” for rent increases beyond what the government permits Keaton Bessey told Castanet. Bessey is the owner and managing broker at Greater Vancouver Tenant and Property Management.

B.C. and Ontario are the country’s most expensive provinces for renters, according to a Rentals.ca report released in June.

The average price listed to rent an apartment or condo in Ontario in May 2024 was \$2,423. In B.C., it was \$2,526.