

Rental Property Conversion Act

Consultation on Amendments

PURPOSE

This paper describes possible amendments to the *Rental Property Conversion Act*.

Changes are needed to update the protections tenants receive when their rental units are converted to some use other than rental. Landlords, tenants, developers, solicitors and special interest groups are encouraged to review this paper and provide their comments.

BACKGROUND

The *Rental Property Conversion Act (RPCA)* protects tenants when their rental units are converted to some use other than rental. In most cases, units are converted into condominium residences. The *RPCA* applies only to rental property where there are four or more units in one building or on one lot, owned by the same person.

In 1982, vacancy rates were low across Nova Scotia, and many landlords were thinking about converting their properties to a newly created concept called a condominium. To prevent large numbers of tenants from being displaced with few housing alternatives available to them, government created the *Rental Property Conversion Act*. This Act gives tenants the right to remain in the unit for an extended period of time following notification of the proposed conversion, and in the case of condominiums, provides the tenant with the right to purchase the unit at market price. The *RPCA* was not created to prevent conversion to uses other than rental, but to ensure existing tenants were treated in a responsible manner.

CURRENT SITUATION

The condominium market in Nova Scotia is booming. In the past three years, more than 40 condominium projects have been registered. Despite the growth in the condominium market, few residential rental units are being converted into condominiums. Instead, the vast majority of new condominiums being developed are new construction. In the last three years, only 3 apartment buildings are known to have been converted to condominiums.

Two issues converge to suggest that amendments to the *RPCA* are necessary. First and foremost, many building owners are unsure of their obligation to tenants when converting to some other use. This is because several key protections in the Act are open to interpretation. Secondly, the current protections were appropriate when the Act was first put into place. However, conditions have changed significantly enough to warrant changes to the protections.

RECOMMENDATIONS

The following tables identify:

- A current requirement
- A proposed change
- The reason for the change
- The expected result of the change

Please use the space at the end of each table to provide your comments on the possible amendment. If you require more space, please use additional paper.

A) Statutory Declaration

Current Requirement	<i>Clause 4(1)a</i> Notice of the proposed conversion is given to the Director.
Proposed Requirement	Notice of the proposed conversion is given to the Director in the form of a statutory declaration that identifies the property to be converted, the proposed conversion date, the number of residential units affected and confirming that all notices to tenants required by the Act have been delivered.
Reason for Change	The content of the statutory declaration has not previously been defined, leading to inconsistent approaches by declarants, and delays as they inquire about the requirements.
Expected Result	The requirements for statutory declarations under the RPCA will be defined, leading to more consistent declarations and easier preparation by declarants.
Comments	

B) Offer to Extend Tenancy

<p>Current Requirement</p>	<p><i>Subsection 4(2)</i> The notice (to the tenant) referred to in clause (b) of subsection (1) shall</p> <p>(a) give the date of the proposed conversion;</p> <p>(b) offer the tenant an extension of his tenancy, for at least twelve months beyond the date of the proposed conversion set out in the notice, where the tenancy would otherwise have terminated prior to that date; and</p> <p>(c) offer to the tenant an option exercisable within thirty days immediately following the date of the proposed conversion</p> <p>(i) where the conversion is to a condominium, to enter into an agreement to purchase, or</p> <p>(ii) in any other case, to enter into an agreement to purchase the right to occupy the unit which the tenant occupies upon terms and conditions not less favourable than the terms offered or to be offered to the public.</p>
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Proposed Requirement	<p>The notice referred to in clause (b) of subsection (1) shall</p> <ul style="list-style-type: none">(a) give the date of the proposed conversion;(b) reproduce Sections 10(1) and 10(8) of the <i>Residential Tenancies Act</i>, related to notification periods for notices to quit.(c) offer to extend the tenancy for three full calendar months beyond the date of the proposed conversion set out in the notice if the tenancy would otherwise conclude prior to the end of the third month beyond the date of the proposed conversion.(d) offer to the tenant an option exercisable within thirty days immediately following the date of the proposed conversion<ul style="list-style-type: none">(i) where the conversion is to a condominium, to enter into an agreement to purchase, or(ii) in any other case, to enter into an agreement to purchase the right to occupy the unit which the tenant occupies upon terms and conditions not less favourable than the terms offered or to be offered to the public.
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<p>Reason for Change</p>	<p>The RPCA does not affect a tenant's rights under the <i>Residential Tenancies Act</i>.</p> <p>Reproducing Sections 10(1) and 10(8) of the <i>Residential Tenancies Act</i> will remind tenants about the notification periods to which they are entitled when being served with a notice to quit. Tenants are better able to ensure their rights are observed if they know what their rights are.</p> <p><i>For clarification, Sections 10(1) and 10(8) of the Residential Tenancies Act are reproduced at the end of this document.</i></p> <p>The offer to extend the tenancy has been changed in two important ways.</p> <p>(1) The current wording leaves too much room to interpret who does and does not qualify for an extension. This confusion is eliminated by clarifying that the offer of extension applies to those tenants whose tenancy would otherwise conclude prior to the end of the third month beyond the date of the proposed conversion</p> <p>(2) Providing tenants with a 3 month extension of their tenancy continues to furnish an important protection, but corrects a situation where landlords were required to commit a further 12 months to tenants. The current and projected availability of rental units does not warrant a required 12 month extension. In addition, landlords converting their properties need to comply with the <i>Residential Tenancies Act</i>. As a result, tenants affected by a conversion enjoy the protections provided by the <i>Residential Tenancies Act</i>, including security of tenure where applicable.</p>
<p>Expected Result</p>	<p>Landlords who are converting their properties will more clearly understand their responsibilities to tenants and will more consistently comply with the requirements.</p> <p>Tenants will continue to benefit from extended tenancy rights when their units are converted, but these rights better reflect the current and projected market conditions for rental unit availability.</p>

Comments

CONTACT

Please forward your comments online at the following url
<http://www.gov.ns.ca/snsmr/consumer/resten/feedback/>

Or by mail by October 20th, 2006 to:

Director of Residential Tenancies
P.O. Box 1003
Halifax, Nova Scotia
B3J 2X1

via fax: (902) 424-0656
via e-mail: Hasheygj@gov.ns.ca

Excerpts from the Residential Tenancies Act

10 (1) Notwithstanding any agreement between the landlord and tenant respecting a period of notice, notice to quit residential premises shall be given

(a) where the residential premises are let from year to year, by the landlord or tenant at least three months before the expiration of any such year;

(b) where the residential premises are let from month to month,

(i) by the landlord, at least three months, and

(ii) by the tenant, at least one month,

before the expiration of any such month;

(c) where the residential premises are let from week to week,

(i) by the landlord, at least four weeks, and

(ii) by the tenant, at least one week,

before the expiration of any such week.

10 (8) Notwithstanding the periods of notice in subsection (1) or (6), where a tenant, on the eighteenth day of May, 1984, or thereafter, has resided in the residential premises for a period of five consecutive years or more, notice to quit may not be given except where

(a) the residential premises are leased to a student by an institution of learning and the tenant ceases to be a student;

(b) the tenant was an employee of an employer who provided the tenant with residential premises during his employment and the employment has terminated;

(c) the residential premises have been made uninhabitable by fire, flood or other occurrence;

(d) repealed 1994, c. 32, s. 1.

(e) the Director is satisfied that the tenant is in default of any of his obligations under this Act, the regulations or the lease;

(f) the Director is satisfied that it is appropriate to make an order under Section 17A directing the landlord to be given possession at a time specified in the order, but not more than six months from the date of the order, where

(i) the landlord in good faith requires possession of the residential premises for the purpose of residence by himself or a member of his family,

(ii) the landlord in good faith requires possession of the residential premises for the purpose of demolition, removal or making repairs or renovations so extensive as to require a building permit and vacant possession of the residential premises, and all

necessary permits have been obtained, or
(iii) the Director deems it appropriate in the circumstances.