

50. Compensation for Ending a Tenancy

Oct-18

The Residential Tenancy Branch issues policy guidelines to help Residential Tenancy Branch staff and the public in addressing issues and resolving disputes under the *Residential Tenancy Act* or the *Manufactured Home Park Tenancy Act*. This policy guideline may be revised and new guidelines issued from time to time.

This policy guideline addresses the requirements for a landlord to pay compensation to a tenant when:

- a landlord ends a tenancy for landlord's use of the property;
- a landlord, or purchaser as applicable, has not taken steps to accomplish the stated purpose for ending the tenancy or fails to use the rental unit for the purpose the notice was given;
- a landlord ends a tenancy for renovations or repairs, the tenant exercises a right of first refusal, and the landlord does not give the tenant a 45 Day Notice of Availability and a new tenancy agreement to sign.

A. LEGISLATIVE FRAMEWORK

Section 49 of the *Residential Tenancy Act* (RTA) and section 42 the *Manufactured Home Park Tenancy Act* (MHPTA) allow a landlord to end a tenancy for "landlord's use." Section 51 of the RTA and section 44 of the MHPTA set out compensation requirements for landlords who end a tenancy for landlord's use. See parts "B" and "C" below.

Section 51.3 of the RTA requires a landlord to pay compensation to a tenant if they do not first offer the rental unit to the previous tenant who notified the landlord that they would exercise their right of first refusal. See part "D" below.

See [Policy Guideline 33: Ending a Manufactured Home Tenancy Agreement – Landlord use of Property](#) for information on compensation requirements under the *Manufactured Home Park Tenancy Act*.

B. COMPENSATION FOR ENDING TENANCY FOR LANDLORD'S USE

Section 51(1) of the RTA and section 44(1) of the MHPTA require a landlord who gives notice to end a tenancy for landlord's use to pay compensation to the tenant for ending the tenancy. Under the RTA, a tenant who receives a notice to end tenancy for landlord's use under section 49, that complies with the requirements set forth in Section 52 [*form and content*] is entitled to receive from the landlord, on or before the effective date of the landlord's notice, an amount that is the equivalent of one month's rent payable under the tenancy agreement. See [Policy Guideline 33](#) for information on compensation requirements under the MHPTA.

C. ADDITIONAL COMPENSATION FOR ENDING TENANCY - LANDLORD'S USE

Section 51(2) of the RTA requires a landlord to compensate a tenant an amount equal to 12 months' rent payable under the tenancy agreement if the landlord (or purchaser, if applicable) has not:

- taken steps to accomplish the stated purpose for ending the tenancy within a reasonable period after the effective date of the Notice to End Tenancy, or
- used the rental unit for that stated purpose for at least six months beginning within a reasonable period after the effective date of the notice (RTA only).



50. Compensation for Ending a Tenancy

Oct-18

Compensation must be paid unless an arbitrator of the Residential Tenancy Branch finds that the landlord's failure was due to extenuating circumstances. The arbitrator has no authority to vary or alter the amount of compensation. See [Policy Guideline 33](#) for information on compensation requirements under the MHPTA.

Taking Steps to Accomplish the Stated Purpose

A step is an action or measure that is taken to accomplish a purpose. What this means depends on the circumstances. For example, if a landlord ended a tenancy to renovate or repair a rental unit, a step to accomplish that purpose might be:

- Hiring a contractor or tradesperson;
- Ordering materials required to complete the renovations or repairs;
- Removing fixtures, cabinets, drywall if necessary for the renovations or repairs.

Evidence showing the landlord has taken these steps might include employment contracts, receipts for materials or photographs showing work underway.

Reasonable Period

A reasonable period is an amount of time that is fairly required for the landlord to start doing what they planned. Generally, this means taking steps to accomplish the purpose for ending the tenancy or using it for that purpose as soon as possible, or as soon as the circumstances permit.

It will usually be a short amount of time. For example, if a landlord ends a tenancy on the 31st of the month because the landlord's close family member intends to move in on the 15th of the next month, then a reasonable period to start using the rental unit would be about 15 days.

If a landlord ends a tenancy to renovate or repair a rental unit, then they should start taking steps to renovate or repair the unit immediately after the tenancy ends. However, there may be circumstances that prevent a landlord from doing so. For example, there may be a shortage of materials or labour resulting in construction delays.

Accomplishing the Purpose/Using the Rental Unit

Section 51(2) of the RTA is clear that a landlord must pay compensation to a tenant (except in extenuating circumstances) if they end a tenancy under section 49 and do not take steps to accomplish that stated purpose or use the rental unit for that purpose for at least 6 months.

This means if a landlord gives a notice to end tenancy under section 49, and the reason for giving the notice is to occupy the rental unit or have a close family member occupy the rental unit, the landlord or their close family member must occupy the rental unit at the end of the tenancy. A landlord cannot renovate or repair the rental unit instead. The purpose that must be accomplished is the purpose on the notice to end tenancy.

A landlord cannot end a tenancy to occupy a rental unit, and then re-rent the rental

50. Compensation for Ending a TenancyOct-18

unit to a new tenant without occupying the rental unit for at least 6 months. A landlord cannot end a tenancy for renovations or repairs and then perform cosmetic repairs, or other minor repairs that could have been completed during the tenancy. This is because section 49 clearly establishes that a tenancy can only be ended for renovations or repairs that are:

- so extensive that the rental unit must be vacant in order for them to be carried out, and
- the only manner to achieve that vacancy is by ending the tenancy.

If the landlord performs cosmetic repairs, the landlord has not accomplished the purpose for ending the tenancy.

D. TENANT COMPENSATION: NO RIGHT OF FIRST REFUSAL

Section 51.2 of the RTA provides tenants of multi-unit residential properties (containing more than 5 units) who receive a notice to end tenancy for renovation or repair under section 49 (6) (b) with a right of first refusal to enter into a new tenancy agreement for the rental unit when the renovations or repairs are complete.

If a tenant exercises their right of first refusal by giving the landlord notice in the approved form (RTB 28) before vacating the rental unit, the landlord must:

- Give the tenant a notice of availability (RTB 35) at least 45 days before the rental unit will be available to rent, and
- A tenancy agreement to sign.

If the landlord does not fulfill these requirements, they must pay the tenant compensation equal to 12 months' rent payable under the former tenancy agreement, unless the landlord's failure was due to extenuating circumstances.

E. EXTENUATING CIRCUMSTANCES

An arbitrator may excuse a landlord from paying compensation if there were extenuating circumstances that stopped the landlord from accomplishing the purpose or using the rental unit. These are circumstances where it would be unreasonable and unjust for a landlord to pay compensation. Some examples are:

- A landlord ends a tenancy so their parent can occupy the rental unit and the parent dies before moving in.
- A landlord ends a tenancy to renovate the rental unit and the rental unit is destroyed in a wildfire.
- A tenant exercised their right of first refusal, but didn't notify the landlord of any further change of address or contact information after they moved out.

The following are probably not extenuating circumstances:

- A landlord ends a tenancy to occupy a rental unit and they change their mind.
- A landlord ends a tenancy to renovate the rental unit but did not adequately budget for renovations



50. Compensation for Ending a Tenancy

Oct-18

E. VACATE CLAUSES

There are no notice, compensation and minimum occupancy requirements if a fixed term tenancy agreement includes a vacate clause. Vacate clauses are only allowed in limited circumstances. See [Policy Guideline 30: Fixed Term Tenancies](#) for more information.

F. LIMITATION PERIODS

Under section 60 of the *Residential Tenancy Act* and section 53 of the *Manufactured Home Park Tenancy Act* the limitation period for filing an application for dispute resolution is two years from the date the tenancy ends or is assigned unless the Act sets specifies a different limitation period for the type of claim in question. Additionally, a party to a claim can file a counterclaim

G. CHANGES TO POLICY GUIDELINE

Section	Change	Notes	Effective Date
All	New	New policy guideline	2018-05-17
All	Am	Added reference to MHPTA	2018-06-06
E	New	New information on fixed term tenancies	2018-10-25

Change notations

am = text amended or changed

del = text deleted

new = new section added