No more reset to market rent? British Columbia considers vacancy control with Bill M-218

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Under British Columbia's *Residential Tenancy Act*, rent increases are regulated. In most cases, landlords may only increase rent once every 12 months and only by the annual allowable amount set by the province, which in 2026 is 2.3 per cent. However, once a tenant vacates a rental unit, the current regime generally permits a landlord to set a new rent for the incoming tenant, including at market rates.

Bill M-218, the *Residential Tenancy Amendment Act, 2025*, a private member's bill introduced by MLA Rob Botterell, would change that approach by introducing what is commonly referred to as 'vacancy control.' If enacted, the bill would prevent landlords from increasing the rent for a vacant unit beyond the amount that could have been charged if the previous tenant had stayed.

For example, if the previous tenant paid $1,500 per month, the landlord could not charge a new tenant the market rent for the unit. Instead, the landlord could generally charge only $1,500, plus any rent increase permitted by law. In practical terms, rent increases would be tied to the rental unit itself, rather than resetting when a new tenancy begins.

Key takeaways

- Bill M-218 would significantly restrict a landlord's ability to reset rent to market levels when a tenancy ends.
- Rent increases would attach to the rental unit, rather than resetting when a new tenancy begins.
- British Columbia may join Prince Edward Island in adopting a form of vacancy control that ties rent increases to the rental unit, rather than allowing rent to reset when a new tenancy begins.
- If enacted, Bill M-218 would not make rent increases impossible. Landlords would still be able to rely on existing rent increase mechanisms, including annual allowable increases, tenant-agreed increases above the annual limit, and additional rent increases approved by B.C.'s Residential Tenancy Branch.

How are other provinces approaching market rent and vacancy control?

Most Canadian provinces regulate rent increases during a tenancy, but allow rents to return to market levels once a tenant vacates. This remains the prevailing model across Canada, because it attempts to balance tenant protection with incentives for private investment in rental housing.

Prince Edward Island is the main Canadian example of vacancy control, as it generally limits rent increases by reference to the unit rather than the individual tenancy. Commentary on Prince Edward Island's vacancy control regime has highlighted the broader policy trade-offs associated with vacancy control.

While tenant advocacy groups argue that vacancy control can improve housing stability and slow rent escalation, others have raised questions about its potential impact on investment incentives, redevelopment projects and the construction of new rental housing. Similar questions may also arise in British Columbia, particularly given the province's ongoing shortage of affordable rental housing supply.

Vacancy control is not entirely new to B.C. From the mid-1970s to the early 1980s, British Columbia operated a rent regulation regime that, at various points, limited rent increases by reference to the rental unit rather than only the continuing tenant. That regime evolved significantly over time and was ultimately phased out in 1983 by the Social Credit government as part of a broader move toward rent decontrol, promoting a greater reliance on the private rental market.

Recent research from the Canada Mortgage and Housing Corporation (CMHC) underscores that rent control may offer short-term protection for existing tenants, but it also carries meaningful trade-offs. Studies reviewed by the CMHC suggest that rent control can contribute to higher rents for uncontrolled new units, fewer rental options, reduced residential mobility and, in some cases, lower housing quality or reduced investment in rental supply.

Will increasing rent become impossible in B.C.?

As currently drafted, Bill M-218 does not expressly provide any exceptions to its vacancy control provisions. However, landlords may still be able to increase rent through existing mechanisms under the *Residential Tenancy Act*.

First, rent may continue to be increased by the annual allowable amount set by the province. For 2026, the maximum permitted increase is 2.3 per cent, and rent may only be increased once every 12 months in accordance with the statutory requirements.

Second, a landlord may ask a tenant to voluntarily agree to a rent increase that exceeds the annual allowable limit, although a tenant is under no obligation to accept such a proposal. While this mechanism to increase rent is currently available under the *Residential Tenancy Act*, it is unclear whether tenants will be able to continue to consent to a rent increase under Bill M-218.

Landlords may also seek approval from the Residential Tenancy Branch for rent increases above the annual limit in specific circumstances, including where they have incurred eligible capital expenditures or other qualifying expenses.

Final thoughts on Bill M-218

Bill M-218 may appear straightforward, but its implications could be significant. By tying rent increases to units rather than tenancies, the proposal would represent one of the most consequential changes to British Columbia's rental housing regime. Whether vacancy control becomes a meaningful affordability tool or an obstacle to future housing investment will likely be the focus of intense debate among tenants, landlords, developers, and policymakers in the months ahead.

At the date of publication, Bill M-218 has received first reading, but has not yet received royal assent; it is therefore not currently in force.

BLG's Commercial Real Estate Group will continue to monitor provincial developments and advise clients on rental housing matters in British Columbia. For more information, please contact a member of our Commercial Real Estate Group.

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