URBAN
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INSTITUTE

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September 1, 2026

The Honourable Christine Boyle
Minister of Housing and Municipal Affairs
PO Box 9074 Stn Prov Govt
Victoria, BC V8W 9E9

Re: 2027 Annual Allowable Rent Increase

Dear Minister Boyle,

On August 27, 2026, the Province announced the 2027 Annual Allowable Rent Increase (AARI) at 2.2%, the seventh consecutive year the maximum has been capped at or below inflation. Two of those seven years saw the increase cancelled outright, and two more saw it capped below even the reduced formula rate, and well below what is needed to manage increasing operating costs.

UDI's recommendations on the AARI have never been about returns for building operators. They are about the health of the rental market as a whole, for renters and providers alike. A rent framework that does not keep pace with real operating costs puts existing rental housing at risk and discourages the new supply the Province needs to keep affordability gains going. If this issue isn't addressed, British Columbia risks finding itself back in the same supply shortage it has spent years working to improve.

On July 24, we wrote to you with specific, data-backed recommendations:

- Return the AARI to a Consumer Price Index plus 2% formula;
- Reform the Additional Rent Increase (ARI) process for major repairs and capital upgrades; and
- Examine whether the current rent framework still fits a rental market that has changed as much as British Columbia’s has.

A lower AARI is not making the rental ecosystem healthier; it is instead doing the opposite. The current formula is falling further behind real, non-discretionary operating costs, for the seventh year running. Every year that gap goes unaddressed, it compounds into the next, and reinvestment in existing rental stock is further undermined.

The Province's announcement points to falling rents as evidence the current approach is working. The real drivers behind that decline are a temporary reduction in population growth, driven by federal immigration policy, and the wave of purpose-built rental supply that CMHC financing programs made possible over the past several years.

Both are shifting. Immigration will normalize, and increased demand will return with it. At the same time, CMHC is making those same financing programs harder to access, which will slow the supply response that has been moderating rents. A change in either factor, let alone both, would reverse the trend the Province is celebrating. A rent framework that cannot support the operating and capital costs of existing rental stock leaves the market with even less room to absorb that reversal.

UDI is not asking government to set aside protections for renters. We are asking for a formula and a process that reflect the real cost of keeping existing rental housing safe, maintained, and available, so today's affordability gains don't unwind.

On August 26, your office replied to say our submission would help inform ongoing discussions on housing policy. UDI would welcome the opportunity to meet and work through these issues directly with you and your ministry.

Yours Sincerely,

Michael Drummond, Chief Executive Officer
Urban Development Institute