

# TENANTS' COMPENSATION

## ***Important Change to Residential Tenancy Act***

A landlord who gives a tenant notice ending the tenancy for landlord use must pay the tenant, on or before the effective date of the notice, the equivalent of one month's rent as compensation. The landlord may choose to offer the tenant one month rent free, rather than collecting the rent and returning it to the tenant as compensation. As it will always be the seller who issues the notice, the seller is responsible for paying compensation to the tenant, even if title has transferred to the purchaser before the date on which the notice takes effect (i.e., the date the tenant must vacate).

This is an issue that the parties may wish to address in the contract of sale, and/or deal with in the settlement at closing.

If the purchaser does not occupy the property as a residence, or put the property to the designated use, for at least 6 months beginning within a reasonable period after the effective date of the notice, the tenant is entitled to an additional two months' rent as compensation. A good faith intent to put the property to the planned use is not a defence — the action must be taken. It is the purchaser who is

responsible for paying the tenant the additional two months' rent if the notice was given at the purchaser's written request, even if the tenancy ended before title was transferred.

A tenant who receives a notice for landlord use of the property may, at any point during the period of notice, end the tenancy early by giving the landlord at least 10 days' written notice and paying the landlord, on the date the tenant's written notice is given, the proportion of the rent due to the effective date of the tenant's notice. If the tenant has already paid rent beyond that date, the landlord must refund any rent paid for the period after the effective date of the tenant's notice. The giving of a 10-day notice by the tenant does not relieve the landlord of the obligation to pay the equivalent of one month's rent as compensation to the tenant, or the purchaser of the obligation to pay the two months' rent as additional compensation to the tenant if applicable.

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