

RE: RENTAL AGENCIES

The following is a report from the Chief Licence Inspector re the above.

RECOMMENDATION

1. THAT the recommendations of the Chief Licence Inspector be adopted.

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1980 June 18

TO: MUNICIPAL MANAGER  
FROM: CHIEF LICENCE INSPECTOR  
RE: RENTAL AGENCIES

RECOMMENDATIONS

1. THAT a by-law to regulate the operations of rental listing agencies not be brought down; and
2. THAT a copy of this report be forwarded to all persons corresponding with Council regarding rental agencies.

REPORT

At the meeting of 1980 May 26, the Greater Vancouver Renters Association appeared before Council to protest the operations of commercial rental listing agencies and requested that regulations to control such businesses be implemented. Arising out of the discussion Council adopted the following motion:

"THAT this subject be referred to the Municipal Solicitor and the Chief Licence Inspector to determine the magnitude of the problem and the nature of possible solutions."

Also, members of Council raised the following points of concern:

1. Does the Municipality have the authority under the Municipal Act to adopt a by-law to govern or control the operations of rental agencies in the Municipality?
2. If so, it was suggested that the Municipal Solicitor report on whether he considers such a by-law would be an effective method of controlling rental agencies, or would such a by-law be merely the means of relocating rental agencies to neighbouring municipalities?
3. It was also suggested that the Municipal Solicitor determine from the City of Vancouver the effectiveness of the Vancouver by-law on rental agencies and whether the Vancouver by-law has produced positive results.
4. Mr. LaLonde was requested to supply the Municipal Solicitor with actual cases, to his knowledge, where people have paid the registration fee to a rental agency and had received no satisfaction insofar as obtaining rental accommodation.

5. What could be considered as a fair fee for registration at a rental agency for people looking for accommodation? 171
6. It was suggested that staff contact the Burnaby Division of the United Way to determine their experience in this regard.
7. Information also may be available on this subject from other groups such as the Better Business Bureau and other agencies such as the action group which appeared before Council on 1980 May 26.

At the meeting of 1980 June 02, a representative for Robert J. Carstairs Enterprises Ltd., the operators of the Rentex Agency, appeared before Council and provided information on the service that they offer.

At the meeting of 1980 June 16, a representative from the Vancouver Y.W.C.A. appeared before Council concerning the operations of commercial rental listing agencies, and provided information regarding the housing registration service which the Y.W.C.A. operates. Also, Council received correspondence from Canadian Home Locators regarding the service that they offer to the public.

In reference to Council's points of concern, the following is submitted for consideration:

1. The Municipal Solicitor advises that Section 526 - 1979 (458M - 1960) of the Municipal Act permits Council by by-law to:

"Regulate the carrying on of any business within the Municipality to the extent not inconsistent with the intent of this or any other Act for the purpose of protecting the public or preventing or minimizing nuisances and misleading business practices."

Therefore, Council may enact a by-law to regulate the operations of rental listing agencies. However, the Solicitor further advises that it may be necessary before enacting such a by-law to have evidence that these agencies are in fact misleading the public and that the public requires protection.

2. A by-law covering the operations of rental agencies must be for the purpose of regulating them to protect the public by preventing or minimizing misleading business practices. It should be fair and equitable to operators of such businesses and to members of the public who wish to use the service. It cannot prohibit such businesses.

In my opinion, a by-law similar to Vancouver's, which set a maximum registration fee of \$5.00, would likely result in the operators of rental listing agencies appealing it in court. If such a by-law were upheld, the probable result would be the closing of such businesses.

To determine if rental listing agency operators are misleading the public, a survey of customers and landlords using the agencies located in the Municipality was conducted. The results are set out in the attached Schedule A, and a review of the operations of the rental listing agencies in Burnaby is set out in Schedule B attached.

3. Vancouver's by-law, adopted in 1974, provides that a rental listing agency may charge a \$5.00 registration fee but no further charge may be made until the customer has obtained accommodation as a direct result of the information supplied by such agency.

The City's Licence Department advised that following adoption of the by-law and an appeal to the Supreme Court of B.C. to quash it, the various agencies in operation at the time ceased doing business. Since that time an appeal to relax the provisions of the by-law was rejected by Council. Also, an attempt to operate an agency by charging the \$5.00 registration fee and \$30.00 for a "rental kit" was terminated when the operator was informed that such methods are deemed to be contrary to the by-law.

Currently, one rental listing service, operating as an extension of a real estate office, is doing business in accordance with provisions of the by-law. Also, Vancouver is processing an application for licence from a person who states that no fee will be required until customers locate accommodation through the agency's files.

4. Regarding the submission from the Greater Vancouver Renters Association, Mr. LaLonde, spokesman, advised that they could provide documented information concerning unsatisfactory service experienced by individuals in dealing with commercial rental listing agencies. We contacted Mr. LaLonde, and were referred to the Red Door Rental Aid Society, 4806 Main Street, Vancouver. This is a non-profit organization providing free listings of rental accommodation to renters and landlords.

Linda Mead, Service Administrator for the Society, provided information on the experiences of five persons in which it is claimed that rental agencies had failed to provide service. These were solicited at their office between 1980 May 30 and June 02 for the purpose of preparing a submission to the Ministry of Consumer and Corporate Affairs in Victoria.

Investigation of the five examples determined:

- 1) Unable to contact.
- 2) Seeking one bedroom unit - \$250.00 rental - 1979. Received approximately 15 listings. Did not rent any one of them.  
NOTE: This person proposed to move from New Westminster to the North Shore area. Does not own a car, consequently it is difficult to view accommodation within a reasonable time. Also registered with the Red Door; nothing found through this service.
- 3) Seeking four bedroom unit - \$600.00 rental - 1979. Received four listings. None satisfactory.
- 4) Seeking three bedroom unit - \$500.00 rental - 1980. Registered approximately one week, no listings received. Confirmed by rental agency.
- 5) Seeking three bedroom unit - \$500.00 - 1979. Received an average of one listing per day. None satisfactory.

The results of this survey are included in Schedule A attached.

Additionally, the Society referred the names of five other persons whom they believed had dealt with rental agencies. We were able to contact three. One is a landlord who was contacted by a rental agency approximately three years ago but has not had any dealings with such businesses and has no knowledge of their operations. Another is a former property manager who disagrees with the concept of rental listing agencies. The third is a renter who expressed satisfaction with the listings received and has not lodged a complaint anywhere, therefore, does not understand why the name and phone number were put forward.

5. A registration fee could cover the entire service to be provided, or it could cover the recording of a customer's needs and requirements only. Further charges could be levied for each rental listing provided; or the company and the individual could enter into an agreement to pay a predetermined amount when accommodation is rented through a listing that was provided by the agency. The latter was the basis of a trial operation in Vancouver during 1979, the results of which are reported by the agency involved to be totally unsuccessful.

A fair fee would be a company's operating costs plus a reasonable profit. However, we have no basis on which to substantiate specific calculations for a recommended fee.

6. The office of the Burnaby Division of the United Way advised that they operated the Burnaby Rental Service from 1976 to 1978. This was a free service to both landlords and renters, funded by grants from the Municipality. The program was concluded in 1978 because at that time an excess of rental accommodation was available. Currently, the United Way - Lower Mainland is conducting a study of housing titled "Special Needs Housing Study".
7. The Better Business Bureau advises that to date 1980 they have received ten complaints concerning the operations of rental listing agencies. Each complaint has been adjusted. Also, they reviewed the procedures of one agency and conducted a sampling of their listings. They concluded that the service offered by the agency is based on bona fide listings of available rental accommodation.

The Vancouver office of the Federal Department of Consumer and Corporate Affairs advised that they have reviewed the operations of a rental agency and determined that no contravention of Federal regulations is apparent.

The Provincial Ministry of Consumer and Corporate Affairs, Vancouver office, advised that their position parallels that of the Federal office; based on the available information, no violation of Provincial consumer regulations is apparent at the present time.

Both the Federal and Provincial agencies advised that they are prepared to investigate complaints alleging misleading business practices, and to initiate measures to correct any problem or take other action as warranted.

ITEM	19
MANAGER'S REPORT NO.	44
COUNCIL MEETING	1980 06 23

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SUMMARY

The service offered by rental listing agencies is to provide leads on available residential rental accommodation only. In the case of private operators, they charge a fee for such service. They do not provide a system of rating accommodation, nor do they participate in rental arrangements between prospective tenants and landlords. In this regard, our examination indicates that occasionally there is a misunderstanding between customer and agency; therefore, the operators of agencies should be urged to advertise in a precise manner which will leave no doubt as to the service that is offered.

In view of the Solicitor's advice that before enacting a by-law it may be necessary to have evidence that the agencies are in fact misleading the public, or that the public requires protection; and that our examination indicates that the agencies are providing the service that they offer to the public; and that there is no evidence to support allegations of misleading practices at this time; it is concluded that a by-law to regulate the operations of rental listing agencies cannot be substantiated; therefore is not warranted or recommended.



P. Kenzie  
CHIEF LICENCE INSPECTOR

PK:gw  
Attach.

CC: Municipal Treasurer  
Municipal Solicitor

SCHEDULE A

## THE CORPORATION OF THE DISTRICT OF BURNABY

SURVEY OF CUSTOMERS OF RENTAL LISTING AGENCIES

A survey of 31 customers of rental agencies, comprising 25 names selected at random from agencies' records and six names received through the Red Door Society, provided the following information:

Unable to contact	16
Satisfactory: listings received or accommodation found	7
Unsatisfactory	6
No comment	2

The low contact ratio among renters is because they have moved and a new number is not available. Presumably they have found accommodation through agency listings or otherwise. Of those persons shown as unsatisfied, five received from three to 18 listings, and the sixth was a new registration who had not been supplied any listings at the time. Those persons shown as 'no comment' were recent registrations; one had received three listings and the other, nine. In each case, accommodation had not yet been found.

Our examination indicates that those persons who received several listings but had not found accommodation generally have special requirements, or are hampered by lack of transportation to view possible rentals.

The names of 15 landlords were selected at random from agencies' records. Checking with them confirmed that the listings did exist and further determined:

Landlords supplying listings to agencies	7
Listings solicited from landlords by agencies	8
Landlords advertising in addition to listing with agencies	11
Landlords regularly contacted by agencies to confirm availability of listings	11
Landlords' opinion of agencies' service:	
satisfactory	10
unsatisfactory	3
no opinion	2
Landlords listing with non-profit rental agencies	nil

Additionally, a check of newspaper advertisements placed by the Rentex Company over a four day period determined that at the time the ads were placed they represented bona fide listings.

THE CORPORATION OF THE DISTRICT OF BURNABY

REVIEW OF THE OPERATIONS OF RENTAL LISTING AGENCIES

Three rental listing agencies are operating in the Municipality. They are:

Robert J. Carstairs Enterprises Ltd.  
Rentex  
4525 East Hastings Street

\* Chris Haight  
Rent-A-Home  
3732 East Hastings Street

\*\* Tom Wendel  
G.D. Canadian Home Locators  
3937 East Hastings Street

\* Mr. Haight is also the manager of Rentex.

\*\* We are advised that this licence will be transferred to Gerry Dank operating as Canadian Home Locators.

Excluding student services at S.F.U. and B.C.I.T., no non-profit agencies are located in Burnaby to our knowledge.

The service offered by the agencies is to provide listings of available residential accommodation that is comparable to an individual's requirements. The fee for such service is \$45.00, \$35.00 and \$40.00 respectively, and provides the customers with access to rental listings of two agencies for a period of four months, and for a three month period by the agency which charges \$35.00. No charge is made to landlords who list with these agencies.

Interviews with representatives of the three agencies determined that they follow basically the same registration procedures. Customers' requirements regarding type and extent of accommodation, rental fee, and preference of location are established. Upon payment of the registration fee they are provided with addresses, and landlord or agent's telephone number for the listings which meet such requirements. If accommodation is not found from the initial list, the customer may contact the agency concerned by telephone or in person and receive new listings as they become available. There is no limit to the number of listings a customer may request and receive. Each agency maintains a separate telephone number for customers to check for new listings.

One agency is fully computerized and before customers pay the registration fee they are shown on a screen the listings which meet their requirements. If a customer is interested, and upon payment of fee, they are given a printout of addresses and the information necessary to contact the landlord or agent, as the case may be.

The other agencies operate from printed lists and customers must pay the fee before they are permitted to see listings. The Rent-A-Home company contracts some computer service from Rentex.

Each agency offers to arrange appointments between customer and landlord. Also, each advised that as a matter of policy, they will refund the registration fee if, after a reasonable time, they are unable to provide available listings that match a customer's requirements. If a customer locates accommodation on his own, he may apply to have the unused period of the registration held as a credit for future use.

The agencies' lists of available accommodation are compiled from newspaper advertisements, and landlords, apartment managers and management companies' input. The major source is through the newspapers. The type of accommodation ranges from single unfurnished rooms to executive class facilities providing extensive amenities. The particulars available on each listing provide detailed information not normally found in newspaper advertisements. In the case of listings obtained from newspaper advertisements, each company advised that they solicit the landlord or agent's approval to list the availability of the accommodation. If a landlord is adamantly opposed to such listing it is not shown and, in the case of the agency with the computer, the landlord's phone number is put into their program to avoid unnecessary further contact. Each agency attempts to avoid staledated listings by contacting landlords or agents on a daily basis. If contact is not made for three consecutive days, the listing is deleted until the availability can be confirmed.

Our examination of rental agencies failed to reveal that they are engaging in misleading practices at this time. This is consistent with the results of examinations conducted by the Federal and Provincial agencies responsible for consumer affairs, and the Better Business Bureau.

There is no evidence to indicate that they provide non-existent or fictitious listings, or that the listings are staledated. To the contrary, it is apparent that they devote a substantial effort to confirming the availability of their listings.

The survey of persons seeking accommodation revealed that those persons who must work regular daytime hours, or persons who do not have their own transportation, or otherwise experience difficulty in arranging to view rentals, are facing the greatest odds in obtaining housing. The fact that the demand for rental accommodation greatly exceeds the supply means that rentals, particularly in the reasonable or moderate price range, are often available for a few hours only. Under such circumstances I believe that inevitably this will lead to claims of misleading practices, such as staledated information. On the other hand, persons who are able to immediately follow up listings are reasonably successful in obtaining accommodation and are generally satisfied with the service provided by the agencies.

Our survey indicates that in excess of two-thirds of available rentals are advertised by landlords in newspapers. Therefore, persons seeking accommodation have an option of going directly to landlords or through the rental agencies. In cases where persons are new arrivals to the area, or are not familiar with the current rental situation, the information supplied by the agencies may assist them to assess the market.

To date this year, we have received eight complaints concerning rental agencies, four of which were received following the feature news article printed in the Vancouver Sun on 1980 May 22. One complaint relates to an experience in Vancouver in 1973. Three involve situations where listings were provided but accommodation was not obtained. The fourth was due to a misunderstanding between the customer and the agency regarding how information on new listings was to be received. The three complaints received prior to the newspaper article involved a landlord who was annoyed by agencies soliciting listings, and two anonymous complaints.