



Dispute Resolution Services

Residential Tenancy Branch
Office of Housing and Construction Standards
Ministry of Housing and Social Development

DECISION

Dispute Codes: O (Additional rent increase)

Introduction

This application was brought by the landlord seeking authorization to implement an additional rent increase as permitted under section 43(3) of the *Act*.

This provision permits a landlord to apply for a rent increase beyond the regulated maximum (currently 3.7%) under circumstances specified at Regulation 23. In this instance the landlord's application is based on Regulation 23(1)(a) which provides for such an application where, even after the approved increase, rents are significantly lower than those of comparable units in the same geographic area.

The proposed increase will affect 11 units and two of those were represented by tenants at the hearing.

Background and Evidence

During the hearing, the landlord gave evidence that the rental building has been owned by the same family for approximately 40 years.

The family patriarch passed away about five years ago, and a recent review of the buildings operations indicated that existing rents have fallen far behind market norms. He stated that, in order to continue a satisfactory maintenance program, it was necessary to increase revenues.

However, he stated that in the proposed schedule aimed to keep rents about ten percent below market value and to make rents more equitable within the building by implementing small increases for new tenants whose rents are closer to market value, but maintain some recognition for long term tenants by maintaining rents below market value.

The landlord stated that tenants had been informally advised of the intention to apply for an additional rent increase about five months ago in order to allow them ample time to make appropriate preparation.

The proposed increase would, for example, raise rents from 6 percent to 33 percent, the former raising a one-bedroom suite from \$710 to \$750 per month and the latter raising a two-bedroom penthouse from \$900 to \$1,200 per month. Comparable averages for the same zone from Canada Mortgage and Housing for 2007 were \$830 and \$1,326 respectively.

The landlord sampled five comparable area buildings and found, for example, one building has two two-bedroom penthouses similar to his own, one renting for \$1,300 per month and the other on the market for \$1,400 per month. One bedroom units were \$800 to \$850.

Tenants of one ground-floor two-bedroom unit who face an increase from \$950 to \$1,150 gave examples of three neighbouring and comparable units of which they had personal knowledge renting from \$830 to \$930 per month.

The tenants also expressed some concern over their unit's condition, but the landlord gave evidence that the first he had heard of their concerns were those expressed at the hearing.

The tenants also expressed caution regarding the CMHC statistics as the latest available were from 2007 and market conditions have changed in the interim.

Another tenant who has lived in the building for 11 years and who faces a 12 percent increase to \$700 said she accepts the increase without reservation due to her fondness for the building and the quality of service she had experienced.

Analysis

While I appreciate the evidence given by the dissenting tenants, I must prefer the landlord's much larger sampling and detailed analysis based on both statistical and direct research.

I find that the landlord has established that the proposed rent increase is supportable on the grounds that existing rents are significantly lower than comparable rents in the same geographic area.

Conclusion

Accordingly, the landlord is hereby authorized to implement the additional rent increases as requested and as set out in the document titled, "PROPOSED 2009 INCREASES AND LOCAL RENT COMPARISONS," circulated to tenants prior to this hearing.

This means that the landlord may now serve the required three-month notice of the addition rent increase to the affected tenants.

While I have sent copies of this decision to those tenants who attended the hearing, the landlord has agreed to circulate copies of it to other affected tenants with the Notice of Rent Increase.

January 20, 2009

Dispute Resolution Officer