



Dispute Resolution Services

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Residential Tenancy Branch
Office of Housing and Construction Standards

DECISION

Dispute Codes AARI

Introduction

This hearing was convened by way of conference call in response to the landlord's application for an additional rent increase.

Service of the hearing documents, by the landlord to the tenant, was done in accordance with section 89 of the *Act*; served by registered mail to both tenants on May 01, 2014. Canada Post tracking numbers were provided by the landlord in evidence. The tenants were deemed to be served the hearing documents on the fifth day after they were mailed as per section 90(a) of the *Act*.

The landlord appeared, gave sworn testimony, was provided the opportunity to present evidence orally, in writing, and in documentary form. There was no appearance for the tenants, despite being served notice of this hearing in accordance with the *Residential Tenancy Act*. All of the testimony and documentary evidence was carefully considered.

Issue(s) to be Decided

Is the landlord entitled to impose an additional rent increase on these two tenants?

Background and Evidence

The landlord testified that the tenant LK has lived in his unit since 2006 and the tenant SW has lived in his unit since 2007. The landlord testified that he brought this fourplex

in April 2012. Prior to this the tenants had never been given a rent increase by the former landlord. The landlord testified that the four plex consists of two, one bedroom units and these two, two bedroom units in which these tenants reside.

The landlord testified that the tenants' rent has increased to the allowable amounts in 2012 and 2013. The landlord testified that when he purchased the fourplex the building had severe deferred maintenance issues as the former landlord had not maintained the property and had not put any money into the property.

The landlord testified that he has put on a new roof at an approximate cost of \$5,000.00, the flooring has been upgraded in the one bedroom units at an approximate cost of \$700.00; there was some upgrading done in one of the one bedroom units to the plumbing and fixtures at an approximate cost of \$500.00; the baseboards were also replaced in the one bedroom unit at an approximate cost of \$100.00; the breaker panels were upgraded for the building at an approximate cost of \$2,000.00; the washing machine shared by all four units was replaced at an approximate cost of \$600.00; two sets of outdoor steps were replaced at an approximate cost of \$100.00; a large birch tree was removed and yard maintenance was done by the landlord.

The landlord testified that no upgrades have been done to the two bedroom units at this time. The upgrades were done in the one bedroom units because those tenants had vacated and the units were empty so upgrades were able to be completed.

The landlord testified that the one bedroom units now rent for \$525.00 per month. The tenant LK pays a monthly rent for his two bedroom unit of \$453.00 including utilities. The landlord seeks an Order to be able to increase that tenant's rent by \$97.00 per month to \$550.00. The landlord testified that the tenant SW pays a monthly rent of \$509.00 including utilities. The landlord seeks an Order to increase that tenant's rent by \$41.00 per month to \$550.00.

The landlord testified that he has another two bedroom unit 14km away in Trail; of a similar size and the rent on that unit is \$690.00 a month and does not include utilities. The landlord testified that he has also spoken to an apartment owner who has 21 units 6.6 km away and rents similar sized two bedroom units for \$650 to \$750.00 per month without utilities. The landlord agrees those units have slightly more upgrades. The landlord testified that there are no other two bedroom units known in the area; however, there are three bedroom units within a kilometer which the landlord believes rent for \$850.00 to \$900.00 per month without utilities. The landlord also states in his submissions that two bedroom units currently being advertised in the area are going for \$610.00 to \$900.00 per month.

The landlord seeks to increase the rent on these two bedroom units only because the landlord feels the rent is significantly lower than comparable units in the same geographical area. The landlord testified that as he has now done some upgrades on the one bedroom units in the fourplex they are being rented for more than the two bedroom units so the two bedroom units should have higher rents.

Analysis

The *Act* allows a landlord to apply to an Arbitrator for approval of a rent increase in an amount that is greater than the basic Annual Rent Increase which in 2014 is 2.2 percent. The policy intent is to allow the landlord to apply for dispute resolution only in “extraordinary” situations. The Residential Tenancy Regulation sets out the limited grounds for such an application. A landlord may apply for an additional rent increase if one or more of the following apply:

- (a) after the allowable Annual Rent Increase, the rent for the rental unit is significantly lower than the rent payable for other rental units that are similar to, and in the same geographic area as, the rental unit;
- (b) the landlord has completed significant repairs or renovations to the residential property in which the rental unit is located that
 - (i) could not have been foreseen under reasonable circumstances, and

- (ii) will not recur within a time period that is reasonable for the repair or renovation;
- (c) the landlord has incurred a financial loss from an extraordinary increase in the operating expenses of the residential property;
- (d) the landlord, acting reasonably, has incurred a financial loss for the financing costs of purchasing the residential property, if the financing costs could not have been foreseen under reasonable circumstances;
- (e) the landlord, as a tenant, has received an additional rent increase under this section for the same rental unit.

In this matter the landlord has testified that he seeks the rent increase because the rent for these two bedroom units is significantly lower than other comparable units in the same geographical area. The landlord has the burden of proof to show that there are comparable properties in the same geographical area in which the rent is significantly higher. The landlord has provided a written statement about some other properties which the landlord has stated are comparable units which have significantly higher rents; however, the landlord has provided insufficient corroborating evidence to support these statements.

The landlord has testified about some repairs he has completed in the fourplex; however, these repairs could have reasonably been foreseen when the landlord purchased the property, and the landlord has provided no evidence to show that the cost of these repairs have created an extraordinary increase in the operating expenses of the residential property.

Therefore, in the absence of any corroborating evidence showing that the rent for these two units is significantly lower than other comparable units or evidence pertaining to either an extraordinary increase in operating costs; I must dismiss the landlord's application for an additional rent increase. The rent for these units was last increased on August 01, 2013 therefore the landlord is entitled to issue the tenants with Notices of

rent increases to the allowable amount for 2014 of 2.2 percent as prescribed under s. 42 and 43 of the *Act*.

Conclusion

The landlord's application for an additional rent increase is dismissed without leave to reapply.

This decision is made on authority delegated to me by the Director of the Residential Tenancy Branch under Section 9.1(1) of the *Residential Tenancy Act*.

Dated: June 20, 2014

Residential Tenancy Branch

