



# Dispute Resolution Services

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Residential Tenancy Branch  
Office of Housing and Construction Standards

## DECISION

Dispute Codes      AARI

### Introduction

This matter dealt with an application by the Landlord for an Annual Rent Increase and an Additional Rent Increase.

The Landlord said he served 44 of the Tenants by personal delivery and 24 of the Tenants by registered mail on February 17, 2016. Based on the written evidence submission by the Landlord, I find that the Tenants were served with the Landlord's hearing package as required by s. 89 of the Act and the hearing proceeded with both the Landlord and the Tenants in attendance.

### Issues(s) to be Decided

1. Is the Landlord entitled to an annual and an additional rent increase and if so how much?

### Background and Evidence

The Landlord's submission indicates that the Landlord is applying for an annual and an additional rent increase as the Landlord has supplied a new water system to the Manufactured Home Park. The Landlord says the new water system is to comply with the Health Authority's requirements and directives. The Landlord said the Health Authority ordered a new water system is to meet current government standards for potable water. As well, the Landlord has indicated the new water system allows for fire hydrants in the Park. The Landlord says this is a significant capital expense that is reasonable and necessary and it will not reoccur for a number of years. Consequently the Landlord has applied for an additional rent increase to cover the costs of the new water system for the Manufactured Home Park. The Landlord indicates in his written submission that the total cost of the new water system which includes attaching to town water is over \$800,00.00 but he is claiming for costs to date of \$427,878.11 which he believes the Manufactured Home Park is responsible for. The project is not completed as new water lines still have to be installed into the sites number 60 and up. At present all the Park is on town water including the sites #60 and up. The Landlord said the remaining sites will be upgraded within 5 years when funds are available to complete the water system upgrade.

The Landlord calculated the **annual rent increase** in accordance to the regulations at 2.9%. The annual rent increase is \$270.00 monthly rent X 2.9% = \$7.83.

The **additional rent increase** the Landlord is requesting is calculated as following:

1. Total cost of the water system upgrade is \$427,878.11 divided by 115 pads = \$3,720.67 per pad.
2. \$3,720.67 per pad divided by 10 years (cost recovery time) = \$372.06/ pad/year.
3. \$372.06/ pad /year divided by 12 month /year = \$31.00/month

The Landlord is requesting a total rent increase of \$30.00 /pad /month which is made up of the annual increase of \$7.83 and the additional rent increase applied for is \$22.17 which is below the amount \$31.00 per month that resulted from the calculations above. The Landlord is requesting an additional month rent increase of \$30.00 for each site in the Park to recover the costs of upgrading the water system. The Landlord gave the following reasons for the water system upgrade.

1. The Landlord said that the Health Authority ordered the Landlord to improve the water quality in the Park to meet potable water standards. The Landlord said he had two choices; upgrade the water infrastructure and connect to town water or upgrade the infrastructure and continue operating the Park water system. The Landlord said with new regulations and requirements of operating your own water system he found it too difficult and demanding so he decided to hook up to town water.
2. The Landlord continued to say that the Park was originally built in the 1960s and added to in 1974 and in the 1980s. The Landlord continued to say the existing water system was not engineered. As a result the pipes are not the correct size for the Park, the pipes are not made of the correct materials and there is no flush system for the water system. Consequently the Landlord said he had no choice but to upgrade the system with a completely new water system that draws water from the town's water plant.
3. The Landlord said the health authority has monitored the installation of the new water system in the Park.
4. The Landlord said he has followed the rules for an additional rent increase and because the cost is for an upgraded water system it is a significant upgrade that was not a maintenance item and the upgrade will not reoccur for many years. The Landlord believes the additional rent increase is warranted.
5. Further the Landlord said he understands these are difficult economic time for both the Tenants and for him so he has held the total rent increase to \$30.00 per month to try to accommodate the Tenants. The Landlord said he is applying for an annual rent increase for \$7.83 and an additional rent increase of \$22.17 for a total of \$30.00 per month per pad per month.

There are 4 Tenants that participated in the conference call that are not in agreement with the Landlord's proposed additional rent increase of 8.25%. There was no designated lead tenant so each Tenant spoke for themselves:

1. The first Tenant K.L. said he agrees the water system is old and the Park has had many water issues over the years. The Tenant said he believe this is because the Landlord has not maintained the water system adequately. The Tenant said there have been many water outages, there is sediment in the water often and the water system has poor pressure. The Landlord responded to the Tenant by agreeing with the Tenant that the water system was out dated and needed an upgrade to a new system. The Tenant said this is a maintenance issue not an upgrade issue.
2. The second Tenant M.L. said she agreed this is a maintenance issue as the Landlord has not maintained the water system over the years as he should have. As well the Tenant M.L. questioned a number of the invoices that the Landlord included in his evidence package as she did not believe the invoices were expenses of the water system upgrade or she did not understand the invoices. Approximately 25 invoices were discussed with amounts ranging from approximately \$10.00 up to \$400.00. The Landlord responded to each invoice and then asked if he reduced the total invoices by \$5,000.00, if that would satisfy the Tenants. The Landlord said he was not saying the invoices were incorrect but he understood there could be errors. The Tenant M.L. said that it was more the principle that the Landlord may have included expenses that are not part of the water system upgrade and these expenses should not be in the calculation. The Tenant said there are over 200 invoices and the invoices do not explained as to site number or work done. The Landlord said the contractor did the work and he paid the invoices so he is unable to explain each invoice to the detail the Tenant is requesting.
3. The third Tenant B.W said she agreed with Tenant M.L. that this is a maintenance issue not an upgrade issue. As well Tenant B.W. questioned some additional invoices and she too said she would like more explanation of the work done and the sites where the work was done. The Landlord again said he paid the contractor to do the work so he is unable to explain every invoice and he believes the reduction of the total invoices by \$5,000.00 will cover any mistakes as the amounts being discussed were small amounts and he thought it may be nit picking.
4. The fourth Tenant K.C. said she had lived in the Park for 43 years and they have done many repairs to their site and home themselves. The Tenant said the Landlord is not responsive to requests to do maintenance and many time the Tenants have to get mad to get things done. The Tenant K.C. said she too believes the water system issue is a maintenance issue not an upgrade issue and if the Landlord had done it years ago when it should have been done it would have cost a lot less. The Landlord said he does respond to maintenance request in a timely manner and he doesn't get credit for some of the things he does for the Tenants. The Landlord said he paved the pads and he did not include those costs in a proportional rent increase.

The Tenants were asked how the new water system is working and the Tenants said the water is good and the pressure is good in the sites number under 60 and it is only OK in the sites number over 60 because these sites are still using the old pipe. All the sites are on town water now. The Landlord said they are working on the older pipes to flush them and make any repairs needed until the new pipes can be installed.

The Tenants agreed in their closing remarks that they believe the water system issues are a maintenance item that the Landlord has neglected. The Tenants said because it is a maintenance issue that the Landlord should have dealt with years ago and the cost of the new water system should not be passed on to the Tenants. Further the Tenants said the Landlord has already increased the rent in January, 2016 in the amount of \$30.00 for the annual rent increase and a proportional increase for the increased town water utility costs.

The Landlord said in closing that he is stalling a new water system which is an upgrade to the Manufactured Home Park. Under the Act he is allowed to claim an additional rent increase for significant repairs or renovations, repairs and renovations that are needed and that will not recur for reasonable period of time. Further the Landlord said he is requesting a \$30.00 or 11.15% increase in rent which is only about half of what the rent increase could be. The Landlord said he is trying to mitigate the cost of the upgrade given the present economic times.

### Analysis

Policy guideline 37 ( rent increases) under the section pertaining to additional rent increases that are a result of a significant repairs or renovations it says that in manufactured home park tenancies, a landlord's completion of a repair or renovation in a circumstance under which he or she can apply for an additional rent increase if: (1) the repair or renovation is significant; (2) the repair or renovation is reasonable and necessary; and (3) the repair or renovation will not reoccur within a time period that is reasonable for the repair or renovation.

The Landlord has submitted in his written evidence that the water system upgrade for the Manufactured Home Park is significant as it changed the water piping and the supply source from the Manufactured Home Park water system to the town water. The Landlord provided documented evidence that the cost to the Manufactured Home Park was \$427, 878.11. Further the Landlord gave affirmed testimony and the Tenants acknowledged that the Health Authority had ordered the water upgrade and was monitoring the Landlord's progress. I accept the Landlord has established grounds to support his application that a significant repair or renovation has been done to the water system at the Manufactured Home Park.

There was much contradictory testimony given from the parties with respect to whether the water system upgrade was reasonable. The Landlord testified the upgrade was both **reasonable and necessary** as the Health Authority order the water system to be upgraded. The Landlord has not provided any documentation from the Health Authority in the evidence package. Consequently the Landlord is relying on his own statements and the acknowledgement of the Tenants to prove the water system upgrade was a requirement of the Health Authority.

All the Tenants gave testimony that they believe the water system issues are maintenance issues and that is why the water system had to be upgraded. The Tenants all said the Landlord has not maintained the water system and the Park as well as they would like to see. The Tenants agreed that the Park's water system was unreliable and there was sediment in the water which caused damage to appliances and was unusable at times. The Landlord stated that this confirms that the water system required a significant upgrade. The Tenants believe the cost of the upgrade was **excessive** because it should have been done years ago so now the upgrade is really maintenance for the years the Landlord did not repair the water system. The Tenants continued to say that the Landlord's request for an additional rent increase to pay for the capital cost for the project is **unreasonable**. The Tenants requested the rent increase of \$30.00 or 11.15% to be cancelled.

This dispute is whether an additional rent increase is justified because of a capital expenditure for the upgraded water system to the Manufactured Home Park. To justify the additional rent increase the Landlord must prove the capital cost, in this case the water system upgrade, was **reasonable and necessary for the Manufactured Home Park**. There were considerable amounts of testimony, but only some corroborating evidence from the Landlord to support the Landlord's request. The Tenants did not provide any written evidence. The Landlord said that the water system upgrade was required by the Health Authority, but the Landlord has not provided documented evidence that proves the Manufacture Home Park was required by the Health Authority to upgrade the water system. This evidence would have been helpful but it is unavailable so I am relying on the testimony of both the Landlord and the Tenants that the Health Authority ordered the upgrade. Beyond the Health Authority ordering the water system upgrade it is apparent from the testimony of the Tenants and the Landlord the previous water system was not adequate for the Park and the system was old and breaking down. Consequently I find the Landlord has met the burden of proof required to prove the upgrade to the water system was **reasonable and necessary** for the Manufacture Home Park. Therefore the Landlord's application for an additional rent increase based on significant repairs or renovations is granted. The Landlord is permitted an annual rent increase of 2.9% and an additional rent increase of 8.25%. The Landlord has rounded that dollar amount to a total rent increase of \$30.00 which is the amount that I grant to the Landlord. This rent increase is to come into effect January 1, 2017.

Conclusion

The Landlord's application for an annual and additional rent increase of \$30.00 month per pad starting January 1, 2017 is granted.

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

Dated: April 12, 2016

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Residential Tenancy Branch