



Dispute Resolution Services

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Residential Tenancy Branch
Office of Housing and Construction Standards

DECISION

Dispute Codes O

Introduction

This is an application brought by the landlords requesting an additional rent increase of 30% which would bring the overall rent to \$2000.00.

A substantial amount of documentary evidence and written arguments has been submitted by the parties prior to the hearing. I have thoroughly reviewed all relevant submissions.

I also gave the parties the opportunity to give their evidence orally and the parties were given the opportunity to ask questions of the other parties.

Both parties were affirmed.

Issue(s) to be Decided

The issue is whether or not the landlord has established the right to a rent increase over and above the amount normally allowed under the Residential Tenancy Act.

Background and Evidence

This tenancy began on April 1, 2015, for a fixed term of three years, with a monthly rent of \$1500.00.

The rent has subsequently been raised to \$1543.50.

The landlord is now applying for an additional rent increase under the following reasons:

- After the rent increase permitted by the regulation, the rent for the rental unit is significantly lower than rent payable for other rental units similar to and in the same geographic area, as the rental unit.
- The landlord has completed significant repairs or renovations to the rental property in which the rental unit is located that:
 - could not have been foreseen under reasonable circumstances, and will not recur within a time period that is reasonable for the repair or renovation.
- The landlord has incurred a financial loss from an extraordinary increase in the operating expenses of the residential property.

The landlord testified that the rent for this rental unit is significantly lower than other rents in the same geographic area for similar units.

The landlord further testified that he has provided ads from 11 different rental units in the same geographic area that all list the square footage of the units, and it shows that the average price per square foot for rental units is a \$1.50.

The landlord further testified that this rental unit is a superior unit with a total square footage of 1750 feet, and therefore at \$1.50 per square foot, this unit should rent for \$2625.00, however he is only requesting a rent increase from \$1543.50 to \$2000.00 per month, well below the square-foot average for rental units in the area

The tenant testified that she cannot dispute that there are other rental units that are renting for more than hers, however one year and nine months ago the landlord was willing to accept rent of \$1500.00 per month for this rental unit and she fails to see how it's reasonable to raise the rent to \$2000.00 such a short time later.

Analysis

I have reviewed the extensive list of comparable units supplied by the landlord, and it is my finding that the landlord has shown that the rent for this rental unit is significantly lower than the rent payable for other units in the same geographical area.

The landlord has shown that the average price per square foot for these comparable rental units is \$1.50 and therefore, by increasing the rent to \$2000.00, the landlord is still well below that \$1.50 per square foot amount.

It is my decision therefore that I will allow the landlords request for an increase of \$457.00 to bring the total monthly rent to \$2000.00.

However; it is also my decision that, since this tenancy is not even two years old, it would be unreasonable to expect the tenant to pay such a large increase all at once, and therefore, pursuant to section 4(c) of the Residential Tenancy Regulation, it's my decision that the increase must be phased in over a three-year term.

I have included a copy of section 4(c) of the Residential Tenancy Regulation below:

- (4) In considering an application under subsection (1), the director may
 - (a) grant the application, in full or in part,
 - (b) refuse the application,
 - (c) order that the increase granted under subsection (1) be phased in over a period of time, or

The landlord may therefore increase the rent by \$152.33 each year for the next three years.

The landlord will still be required to serve the proper three-month notice of rent increase each year for each of these increases to take effect.

Having allowed the landlords requested increase due to the fact that the rental unit is rented at a significantly lower rent, there is no need for me to make a finding on the other reasons given for the requested increase.

Conclusion

Pursuant to section 4 of the Residential Tenancy Regulation I have allowed the landlords full rent increase, however I have ordered that the increase be phased in over a three-year time period.

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: January 30, 2017

Residential Tenancy Branch