



Dispute Resolution Services

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Residential Tenancy Branch
Office of Housing and Construction Standards

DECISION

Dispute Codes ARI

Introduction

This hearing dealt with the landlord's application for an additional rent increase over and above the amount provided for in the Residential Tenancy Regulation. Both landlords were present and one of the named tenants participated in the conference call. GE confirmed that he was personally served by the landlords on January 10, 2019 notice of this hearing along with the three other named tenants. I have reviewed all evidence and testimony before me that met the requirements of the rules of procedure; however, I refer to only the relevant facts and issues in this decision.

Issue to be Decided

- Whether the landlord is entitled to a rent increase beyond the amount permitted by the legislation?

Background and Evidence

The landlords gave the following testimony. LC testified that they have owned the property for about three years. LC testified that on January 3, 2019 an underground water line ruptured on the property and the repair cost was \$5722.50. The landlord testified that on November 25, 2018 the hot water tank burst costing \$1171.90 to repair. The landlord testified that the amount significantly cut into the contingency operating fund of an amount of 9.6%. The landlord is requesting to recoup those repairs by imposing three equal rent increases of 3.2% for the next three years on top of the regulated amount.

GE testified that he understands that landlords position and thinks their actions are reasonable but questions whether the landlord should be entitled to recover the cost of the hot water tank.

Analysis

Section 23 of the Residential Tenancy Regulations states the following
Additional rent increase

- 23** (1) A landlord may apply under section 43 (3) of the Act *[additional rent increase]* if one or more of the following apply:
- (a) Repealed. [B.C. Reg. 225/2017, App. 2, s. 2.]
 - (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;

I find that the landlords have provided sufficient documentation to show that there was no way for them to know that the underground water line would rupture and that it will not recur for significant amount of time, accordingly; they are entitled to the recovery of this cost through an additional rent increase.

However, ZL testified that the hot water tank was 9 years old. Residential Tenancy Policy Guideline 40 addresses the useful life of building elements and lists a residential hot water tank at 10 years. The hot water tank had almost exhausted its useful life and is an expense that the landlords could have reasonably expected to have occurred in the near future; accordingly, I do not find that the additional rent increase will include the recovery of costs for the hot water tank.

The landlords provided a calculation of the amount of revenue they received this past year of \$71844.00 and the requested claim to arrive at the 9.6% request. Using their same calculation and applying the \$5722.50 for the ruptured underground water line; I find that the landlords are entitled to an 8.0% rent increase to be phased in over three years at 2.7% for 2019, 2.7% for 2020 and 2.6% for 2021. The landlord is entitled to add the above amounts in addition to what the allowable rent increase is per the Regulations for 2019, 2020 and 2021.

Conclusion

I grant the landlord the additional rent increase as I have outlined in the analysis portion of this Decision. That increase is to be implemented in three amounts and phased in over a three year period.

I direct that the rent increases shall take effect 3 full months after the landlord has served the tenants with a Notice of Rent Increase in accordance with the Act, along with a copy of this entire Decision, granting the additional rent increase.

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: March 15, 2019

Residential Tenancy Branch