



# Dispute Resolution Services

Page: 1

Residential Tenancy Branch  
Office of Housing and Construction Standards

## **DECISION**

Dispute Codes      ARI-C

### Introduction

This hearing was convened in response to an application by the Landlord for an additional rent increase pursuant to section 43 of the *Residential Tenancy Act*.

The Tenants did not attend the hearing. I accept the Landlord's evidence that each Tenant was served with the application for dispute resolution, notice of hearing and evidence (the "Hearing Package") in person on October 15, 2021, in accordance with Section 89 of the Act. Section 90 of the Act provides that a document served in accordance with section 89 of the Act is deemed to be received if given or served by mail, on the 5th day after it is mailed. Given the evidence of registered mail I find that the Tenants are deemed to have received the Hearing Package on October 20, 2021.

The Landlord was given full opportunity to be heard, to present evidence and to make submissions.

### Issue(s) to be Decided

Is the Landlord entitled to an additional rent increase?

### Background and Evidence

The tenancy of a unit in a fourplex started January 1, 2019. At the outset of the tenancy the Landlord collected \$575.00 as a security deposit. The Landlord purchased the

fourplex on September 27, 2019. Rent of \$1,250.00 is payable on the first day of each month. The last rent increase of \$30.00 became effective January 2020. The rent includes the provision of an air conditioner.

At the time of purchase the Landlord was informed by the inspector that the air conditioners for each unit of the fourplex were very old and would require replacement at some point. The Landlord believes that the air conditioner is the same age of the building constructed in 1991.

The Landlord replaced the air conditioners to all the units in the fourplex however the Landlord is only seeking a rent reduction from the Tenants' unit as the other units are providing rent at market rate while the Tenant's rent is below the market rate. The Landlord seeks a rental increase based on the cost of the one air conditioner which was \$2,091.60. The Landlord calculates that the additional monthly rent increase would be \$17.43.

The Landlord states that the air conditioner is a major component of the HVAC system. The conditioner is not part of the heating system, is not part of the electrical systems and is a separate conditioner external to the unit with an attachment only to the ventilation system and thermostat. The Landlord argues that the HVAC system is a central system and that since the air conditioner connects to the HVAC it is a major component of the HVAC system.

### Analysis

Section 23.1(4) of the Regulations provides that subject to subsection (5), the director must grant an application under this section for that portion of the capital expenditures in respect of which the landlord establishes all of the following:

(a) the capital expenditures were incurred for one of the following:

(i) the installation, repair or replacement of a **major system or major component** in order to maintain the residential property, of which the

major system is a part or the major component is a component, in a state of repair that complies with the health, safety and housing standards required by law in accordance with section 32 (1) (a) [*landlord and tenant obligations to repair and maintain*] of the Act;

(ii) the installation, repair or replacement of a **major system or major component** that has failed or is malfunctioning or inoperative or that is close to the end of its useful life;

(iii) the installation, repair or replacement of a **major system or major component** that achieves one or more of the following:

(A) a reduction in energy use or greenhouse gas emissions;

(B) an improvement in the security of the residential property;

(b) the capital expenditures were incurred in the 18-month period preceding the date on which the landlord makes the application;

(c) the capital expenditures are not expected to be incurred again for at least 5 years.

Policy Guideline #37 sets out that the Regulation defines a “major system” as an electrical system, mechanical system, structural system or similar system that is integral to the residential property or to providing services to tenants and occupants. The term “major component” means a component of the residential property that is integral to the property or a significant component of a major system. Major systems and major components are typically things that are essential to support or enclose a building, protect its physical integrity, or support a critical function of the residential property. Examples of major systems or major components include, but are not limited to, the foundation; load bearing elements such as walls, beams and columns; the roof; siding; entry doors; windows; primary flooring in common areas; pavement in parking facilities; electrical wiring; heating systems; plumbing and sanitary systems; security systems, including things like cameras or gates to prevent unauthorized entry; and elevators.

Given the Landlord’s evidence that the air conditioners are separate items attached to the exterior of each unit and is only connected to the heating system’s ventilation and

thermostat, I find that the air conditioner is not a major component of the heating system. Further there is no evidence that the air conditioner is essential to the critical function of the unit or is a component that is required by law to ensure health safety and housing standards. For these reasons I find that the Landlord has not sufficiently substantiated that they are entitled to an additional rent increase, and I dismiss the application.

### Conclusion

The application is dismissed.

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

Dated: February 28, 2022

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Residential Tenancy Branch