



# Dispute Resolution Services

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Residential Tenancy Branch  
Office of Housing and Construction Standards

A matter regarding COLYVAN PACIFIC PROPERTY MANAGEMENT STRATA  
PLAN VIS 1853  
and [tenant name suppressed to protect privacy]

## **DECISION**

Dispute Codes      ARI-E

### Introduction

This hearing convened as a result of a Landlord's Application for Dispute Resolution, filed August 26, 2022, in which the Landlord sought an Order approving an additional rent increase for an extraordinary increase in operating costs, namely insurance.

The hearing of the Landlord's Application was scheduled for teleconference on February 7, 2023. The Landlord's Property Manager, J.L., called into that hearing as did the Tenant A.W. The hearing was adjourned to March 21, 2023 at which time J.L. and A.W. called in. A.W. provided proof that she was appearing on behalf of the Tenants J.M., D.R., K.S, and M.W.

J.L. provided proof that the Tenant S.E. and E.C. had consented to the additional rent increase. J.L. also confirmed that the Tenant H.P. and H.R. in units #6 and 10 respectively were not to be affected by the additional rent increase.

As the Tenant L.L. in unit #1, S.H. in unit #8 and the Tenants C.N. and A.N. in unit 11 failed to call into the hearing I considered service of the Landlord's application materials. Documentary evidence provided by the Landlord confirms all affected tenants were served by registered mail on October 5, 2022. Section 90 of the *Act* provides that documents served by registered mail are deemed served five days later such that I find L.L., S.H., C.N. and A.N. were duly served as of October 10, 2022 and I proceeded with the hearing in their absence.

The parties were cautioned that private recordings of the hearing were not permitted pursuant to *Rule 6.11* of the *Residential Tenancy Branch Rules*. Both parties confirmed

their understanding of this requirement and further confirmed they were not making recordings of the hearing.

The parties agreed that all evidence that each party provided had been exchanged. No issues with respect to service or delivery of documents or evidence were raised. I have reviewed all oral and written evidence before me that met the requirements of the *Residential Tenancy Branch Rules of Procedure*. However, not all details of the parties' respective submissions and or arguments are reproduced here; further, only the evidence specifically referenced by the parties and relevant to the issues and findings in this matter are described in this Decision.

#### Preliminary Matter—Date and Delivery of Decision

The hearing of the Landlord's Application concluded on March 21, 2023. This Decision was rendered on May 9, 2023. Although section 77(1)(d) of the *Residential Tenancy Act* provides that decisions must be given within 30 days after the proceedings, conclude, 77(2) provides that the director does not lose authority in a dispute resolution proceeding, nor is the validity of the decision affected, if a decision is given after the 30-day period.

#### Issue to be Decided

1. Is the Landlord entitled to an additional rent increase for extraordinary expenses?

#### Background and Evidence

The Property Manager testified as follows. She confirmed the extraordinary increase in "operating costs" includes doubling of the insurance costs.

The Property Manager confirmed that all rental units are to be affected except #6 and #10 as they already pay close to market rent; specifically \$1,050.00 and \$1,000.00 respectively.

The Property Manager confirmed that the Landlord sought an additional rent increase to cover the cost of insurance on the rental building which had increased from \$8,970.00 to \$18,214.00. She further stated that she believed the higher insurance rates were a result of the Landlord not residing in Canada.

The Property Manager stated that she was unaware if the Landlord made any attempts to secure insurance from another provider as a result of the doubling of her insurance premiums. She further stated that she was under the impression that all insurance providers use the same underwriter such that she assumed the insurance costs would have doubled no matter who the provider was. Finally, she confirmed that if it was a part of her management agreement, she would have obtained two quotes for comparison.

The Property Manager confirmed the Landlord has been increasing the rent for all units annually.

The fiscal year end for the property is December 31, 2022. In terms of the Landlord's relevant income and expenses, the Landlord provided her T776 – 5 Year Comparative which indicated the following:

Item	2021	2020	2019
Gross rental income	105,913	102,578	98,515
Insurance	18,214	8,970	8,400
Total expenses	62,706	46,147	46,608
Net income	42,471	56,696	54,258

The Property Manager submitted that a one bedroom unit in the rental building would rent for \$1,400.00 per month if one were rented out today. In support she stated that she looked at rental units advertised online at the time she made her application and she provided in evidence ads which indicated that one bedroom rental units within a kilometer of the rental unit rent for \$1,450.00-\$1,845.00 per month. She also provided evidence that the median rent was \$1,585.00 for a one bedroom unit in the city in which the rental unit is located.

In response the Tenant, A.W., testified as follows. She noted that the Landlord doesn't seem to have looked for alternatives for insurance. The Tenant stated that she was of the opinion that the insurance costs for non resident Landlords should not be passed on to tenants.

In terms of market value of current rentals, A.W. stated that the amount the Landlord could charge for the units should have no bearing as what she pays has no effect on other tenants.

### Analysis

Rent may only be raised in accordance with the *Residential Tenancy Act*, or the *Regulations*. A landlord may apply for an order approving a rent increase that is greater than the annual rent increase in the following circumstances:

- capital expenditures;
- significant repairs or renovations;
- financial loss from extraordinary increase in operating expenses;
- financial loss for financing costs of purchasing property or park; and,
- a tenant, who is a landlord, receives an additional rent increase.

In this case the Landlord applies for an additional rent increase on the basis the third noted circumstance, a financial loss from an extraordinary increase in operating expenses.

Financial losses occur when operating expenses *exceed* rental income. To qualify for an additional rent increase, the loss must be the result of an *extraordinary increase* in such expenses. Extraordinary means unusual or exceptional.

In this case the Landlord submits that their insurance premiums increased from \$8,970.00 to \$18,214.00, an increase of \$9,244.00 from 2020 to 2021.

There was no evidence the Landlord made any attempt to obtain a second quote or otherwise attempt to compare rates with another insurance provider, rather the Landlord simply paid the requested increase.

At all times a party seeking monetary compensation must mitigate their losses. In this case I find the Landlord failed to make any effort to obtain less expensive insurance. The Landlord cannot simply pass on such expenses to Tenants without attempting to reduce the cost.

More importantly, the evidence submitted by the Landlord confirms the Landlord continued to earn a \$42,471.00 net profit in 2021 despite the increased insurance premiums. I therefore find the Landlord has failed to show they suffered a financial loss.

Additionally, I find that an annual increase of \$9,244.00 in insurance premiums is not

unusual or exceptional to warrant a rental increase over and above the allowable amounts.

I therefore dismiss the Landlord's request for an additional rent increase pursuant to section 43(3) of the *Residential Tenancy Act*, and section 23(1)(a) of the *Residential Tenancy Regulation*.

### Conclusion

The Landlord's request for an order authorizing an additional rent increase 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 *Residential Tenancy Act*.

Dated: May 9, 2023

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Residential Tenancy Branch