



Dispute Resolution Services

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Residential Tenancy Branch
Ministry of Housing

DECISION

Dispute Codes ARI-E

Introduction

This hearing dealt with the landlord's application pursuant to the Residential Tenancy Act (the "Act") and the Residential Tenancy Regulation (the "Regulation") for an additional rent increase due to a financial loss from an extraordinary increase in the operating expenses, per section 23(1)(a) of the Regulation.

Both parties attended the hearing and provided affirmed testimony. The Tenant confirmed receipt of the Landlord's Notice of Dispute Resolution Proceeding and evidence packages, and did not take issue with service. The Landlord confirmed receipt of the Tenant's evidence but since it was served in person within 7 days of the hearing, the Landlord took issue with this. The Tenant did not provide any compelling reason why her evidence was late. As it was served late, I find it is not admissible.

Preliminary Issue – Are there reasonable grounds for the application?

The Tenant currently pays monthly rent of \$913.50, and has done so since around May 2022. The Landlord is seeking an additional rent increase of \$82.50, bringing total rent to \$996.00 per month.

Section 23(1)(a) of the Regulation states:

Additional rent increase other than for eligible capital expenditures

23(1) A landlord may apply under section 43 (3) [additional rent increase] of the Act for an additional rent increase, other than for eligible capital expenditures, if one or more of the following apply:

(a) the landlord has incurred a financial loss from an extraordinary increase in the operating expenses of the residential property;

RTB Policy Guideline 37 addresses additional rent increases due to financial loss from extraordinary increase in operating expenses. It states:

Financial loss happens when expenses exceed revenue over a fiscal year. For example, if the operating costs of a building exceed the revenue generated by the building (usually through payment of rent), this may result in financial loss. The financial loss must be the result of an extraordinary increase in operating expenses.

[my emphasis added]

On the Landlord's application form, he indicated that his total rental income for last year was \$10,962.00, which is \$913.50 x 12. He also indicated that his total operating costs were \$4,366.62, plus other costs of \$1,600.00, totalling \$5,966.62. The Landlord is also concerned that since his property value went up by around 9% this year, that his property tax bill will be even higher, making it even more challenging than last year. However, the actual property tax payable for this year is not yet known.

Overall, I note the Landlord has filed this application and has indicated his total costs are \$5,966.62 for last year. He indicated his rental revenue is \$10,962.00. Although there has been a decrease in profit margin as of last year, I find the evidence does not show that the Landlord incurred a financial loss, as defined by the policy guideline #37.

Section 23(1)(a) of the Regulation does not allow a landlord to impose an additional rent increase for the reason of the landlord having diminished profit margins. The primary objective of this part of the Act is to ensure landlords are not forced to run their rental properties at a loss. Based on amounts and items listed by the Landlord on his application, and confirmed by the testimony in the hearing, I find the Landlord's application cannot succeed.

I note the following portion of the Act:

Director's authority respecting dispute resolution proceedings

62(4) The director may dismiss all or part of an application for dispute resolution if

(a) there are no reasonable grounds for the application or part,

The landlord's application does not disclose any reasonable grounds. I dismiss landlord's application, in its entirety, without leave to reapply.

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 05, 2023

Residential Tenancy Branch