



# Dispute Resolution Services

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Residential Tenancy Branch  
Ministry of Housing

A matter regarding KELSON GROUP PROPERTY  
MANAGEMENT and [tenant name suppressed to protect privacy]

## **DECISION**

Dispute Codes      ARI-C

### Introduction

This hearing convened as a result of a Landlord's Application for Dispute Resolution, filed on June 12, 2023, in which the Landlord sought an additional rent increase for capital expenditures pursuant to section 43(3) of the *Residential Tenancy Act* (the "Act").

The hearing was convened by telephone conference call at 11:00 am on October 12, 2023. The Landlord was represented by K.F., the Vice President, C.D., the Senior Support Staff, S.C., the Building Manager, and D.M. the Property Manager. None of the Tenants were in attendance.

As the Tenants failed to call into the hearing I considered service of the Landlord's Application materials. K.F. testified that all Tenants were individually served by registered mail on June 16, 2023. Copies of the receipts for registered mail as well as the tracking numbers for each package were provided in evidence before me.

Section 90 of the *Act* provides that documents served by registered mail are deemed served five days later such that I find all Tenants were duly served as of June 21, 2023. The hearing therefore proceeded as scheduled, despite the absence of the respondents pursuant to Rule 7.3 of the *Residential Tenancy Branch Rules of Procedure* (the "Rules").

### Preliminary Matter—Date and Delivery of Decision

The hearing of the Landlord's Application concluded on October 12, 2023. This Decision was rendered on November 14, 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

Is the Landlord entitled to a rent increase for eligible capital expenditures?

### Background and Evidence

The Landlord sought an additional rent increase towards the cost to replace the roof on the rental building.

K.F. testified on behalf of the Landlord and stated as follows:

- The cost to replace the roof was \$139,833.75.
- There are 34 units in the rental building.
- 31 of the 34 rental units were named in this application. In those 31 rental units there are 55 tenants/occupants.
- All named tenants were served by registered mail on June 16, 2023.
- 3 of rental units were not included as they moved in after the work began and the rent charged for these units considered the cost of the roof.
- The Landlord prepared the rental increase calculation based on 34 units total as required by the *Regulations*.
- The final bill was paid September 13, 2022 such that the work was completed within 18 months preceding the application.
- The roof replacement was required as it was showing signs of exceeding its life expectancy, and increasing its risk of leakage into the building. The roof was also upgraded to improve sloping on the roof to improve drainage, which will extend the life of the new roof. Roof penetrations were replaced and a roof access hatch was added to improve safety for staff and meet current safety codes.
- This expense is not expected to reoccur in 5 years as the life expectancy of the roof is more than 20 years.
- The previous roof was installed approximately 25-30 years ago and had reached its useful building life.
- There was no option to repair the roof rather than full replacement.
- There was also no other funding available to the Landlord for this expense.

In support of this claim amount the Landlord submitted documentary evidence including an invoice, proof of payment, photos of the roof prior to repair showing ridges and swelling, the old tar and gravel, and evidence that the previous roof was clearly failing.

The Tenants did not call into the hearing and did not provide any evidence or submissions to dispute the Landlord's request.

### Analysis

I accept the undisputed documentary evidence and affirmed testimony provided by the Landlord as to the cost to replace the roof of the rental building. I find the Landlord paid \$139,833.75 to replace the roof.

I find that the cost of the roof replacement is an eligible capital expenditure under section 23.1(4)(a)(ii) of the *Regulation* as the roof is a major component which has failed and far exceeded its useful building life. None of the costs claimed by the Landlord are for routine maintenance.

I am satisfied the work to replace the roof was completed within the 18 months preceding the application and that it is not to reoccur within the next five years. I also accept the Vice President's testimony that no amounts claimed are eligible to be reimbursed from other sources.

I accept that the property consists of 34 dwelling units. At the hearing the Vice President confirmed that all 34 dwelling units were impacted by the replacement of the roof, although they are not seeking a rent increase from all of these dwelling units as three of the rental units are occupied by tenants who moved in while the roof was being replaced such that their rent considered this additional cost.

As a result of the foregoing, the relevant calculation pursuant to section 23.3 of the *Regulation* is:

$$\text{Total ARI} = \frac{\$139,833.75}{34} = \$41.13$$

The Landlord must do the remainder of the calculations and must impose the additional rent increases in accordance with the *Act*, *Regulation* and RTB Policy Guideline 37.

### Conclusion

The Landlord is entitled to impose the above noted additional rent increases. The amounts calculated pursuant to section 23.2(2) of the *Regulation* are \$41.13 for any of

the 31 specified dwelling units. The Landlord must do the remainder of the calculations and must impose this additional rent increase in accordance with the Act, Regulation and RTB Policy Guideline 37.

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: November 14, 2023

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Residential Tenancy Branch