Dispute Resolution Services

Residential Tenancy Branch
Ministry of Housing

A matter regarding ORCHARD VALLEY SENIOR HOUSING SOCIETY and [tenant name suppressed to protect privacy]

DECISION

Dispute Code ARI-C

Introduction

Orchard Valley Senior Housing Society applied on May 12, 2023 for an additional rent increase for capital expenditures, under section 43 of the Residential Tenancy Act (the Act) and 23.1 of the Residential Tenancy Regulation (the Regulation).

Orchard Valley Senior Housing Society, represented by agent STB (the Landlord), and Tenant DIP attended the hearing on January 8, 2023. All were given a full opportunity to be heard, to present affirmed testimony, to make submissions, and to call witnesses.

This decision should be read in conjunction with the interim decision dated September 14, 2023.

Partial Withdrawal of the Application

The application lists 70 tenants residing in 69 rental units in the same rental building.

The Landlord affirmed that 63 of the 70 original respondents in this application moved out or agreed in writing to the rent increase. The Landlord is seeking the rent increase order against the remaining 7 tenants (the Remaining Tenants), listed on the cover page of this decision.

Policy Guideline 37C states: “A landlord must make a single application to increase rent for all the rental units on which a landlord intends to impose an additional rent increase. As noted in Policy Guideline 37B, a tenant may voluntarily agree in writing to a rent increase greater than the maximum annual rent increase. When a condition of the voluntary agreement is that a landlord will not seek to impose an additional rent increase on the tenant, the tenant does not need to be named and served with the Application for an Additional Rent Increase.”

I amended the application to exclude the tenants not served. This application is proceeding only against the remaining tenants listed on the cover page of this decision.

Service

The Landlord testified that he served the notices of application on May 18, 2023 by attaching them to the tenants' front door. The Landlord submitted witnessed proof of service declarations indicating the exact time and date that each package was served.

The Landlord stated he attached the written submissions and evidence packages (the evidence) to all the remaining tenants by attaching them to the tenants' front door on October 10, 2023. The Landlord submitted witnessed proof of service declarations indicating the exact time and date that each package was served.

Tenant DIP confirmed receipt of the notice of application and evidence and that she had enough time to review these documents.

The Landlord confirmed receipt of DIP's response evidence and that he had enough time to review it.

Based on convincing testimony and the proof of service declarations, I find the Landlord served the notice of application and the evidence in accordance with section 89 of the Act and the interim decision and that tenant DIP served the response evidence in accordance with section 89 of the Act and the interim decision.

Application for Additional Rent Increase

The Landlord is seeking an additional rent increase for 13 expenditures in the total amount of $254,199.23. The expenditures are:

1. Common area flooring
2. Common area lights
3. Parkade gate
4. Pavement
5. Washing machines
6. Sidewalks
7. Gas meter security cage

8. Glass panel
9. Parkade door
10. Building perimeter lights
11. Hot water circulation pipe
12. Fob system and security cameras
13. Security bars and steel mesh

The standard of proof in a dispute resolution hearing is on a balance of probabilities, which means that it is more likely than not that the facts occurred as claimed. The onus to prove the case is on the person making the claim.

Regulation 23.1 sets out the framework for determining if a landlord is entitled to impose an additional rent increase for expenditures.

Regulation 23.1(1) and (3) require the landlord to submit a single application for an additional rent increase for eligible expenditures "incurred in the 18-month period preceding the date on which the landlord makes the application".

Per Regulation 23.1(2), if the landlord "made a previous application for an additional rent increase under subsection (1) and the application was granted, whether in whole or in part, the landlord must not make a subsequent application in respect of the same rental unit for an additional rent increase for eligible capital expenditures until at least 18 months after the month in which the last application was made."

Regulation 23.1(4) states the director must grant an application under this section for that portion of the capital expenditures in respect of which the landlord establishes all 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.

Per Regulation 23.1(5), tenants may defeat an application for an additional rent increase for expenditure if the tenant can prove, on a balance of probabilities, that the expenditures were incurred:

(a) for repairs or replacement required because of inadequate repair or maintenance on the part of the landlord, or
(b) for which the landlord has been paid, or is entitled to be paid, from another source.

If a landlord discharges their evidentiary burden and the tenant fails to establish that an additional rent increase should not be imposed for the reasons set out in Regulation 23.1(5), a landlord may impose an additional rent increase pursuant to section 23.2 and 23.3 of the Regulation.

Regulation 21.1 defines major component and major system:

"major component", in relation to a residential property, means
(a)a component of the residential property that is integral to the residential property, or
(b)a significant component of a major system;
"major system", in relation to a residential property, means an electrical system, mechanical system, structural system or similar system that is integral
(a)to the residential property, or
(b)to providing services to the tenants and occupants of the residential property;

I will address each of the legal requirements.

While I have turned my mind to the evidence and the testimony of the attending parties, not all details of the submissions and arguments are reproduced here. The relevant and important aspects of the Landlord’s claims and my findings are set out below.

I emphasize the parties submitted 113 pages of documentary evidence and submissions and the hearings lasted 157 minutes.

Number of specified dwelling units

All the parties agreed the 90-rental unit building was built in 1988 and that all the expenditures benefit all the tenants. The parties also agreed that all the tenants can access the parkade, as one of the building's accesses is through the parkade and the garbage room is located in the parkade.

Based on the uncontested testimony, I find the rental building has 90 rental units and that they all benefit from the expenditures. In accordance with Regulation 21.1(1), I find there are 90 specified dwelling units.

Prior application for an additional rent increase and application for all the tenants

The Landlord testified he did not submit a prior application for an additional rent increase and that the Landlord is only seeking an additional rent increase for the remaining tenants.

Based on the Landlord's undisputed and convincing testimony, I find that the Landlord has not imposed an additional rent increase in the 18 months preceding the date on which the landlord submitted this application, per Regulation 23.1(2).

Based on the Landlord's convincing testimony, I find the Landlord submitted this application for all the rental units on which the Landlord intends to impose the rent increase and excluded the tenants that agreed in writing to the rent increase, per Regulation 23.1(3) and policy guideline 37C.

Expenditures incurred in the 18-month prior to the application

The Landlord submitted this application on May 12, 2023.

The Landlord said that all the expenditures happened between November 12, 2021 and May 12, 2023 (hereinafter, the 18-month period).

Based on the Landlord's convincing and undisputed testimony, I find the Landlord incurred all the expenditures in the 18-month period, per Regulation 23.1(1).

Expenditures expected to occur again for the next 5 years

The Landlord affirmed that the expenditures are not expected to occur again for at least 5 years.

Based on the Landlord's undisputed convincing testimony, I find that the life expectancy of the expenditures is more than 5 years and they are not expected to be incurred again for at least 5 years. Thus, I find that the capital expenditures incurred are eligible capital expenditures, per Regulation 23.1(4)(c).

Expenditures because of inadequate repair or maintenance

The Landlord stated that the expenditures are not necessary because of inadequate repair or maintenance.

Tenant DIP disputed the Landlord's testimony about the common area flooring, pavement and sidewalks expenditures.

Based on the Landlord's convincing testimony, I find the Landlord proved that all the expenditures except the common area flooring, pavement and sidewalks expenditures were not necessary because of inadequate repair or maintenance on the part of the landlord, per Regulation 23.1(5)(a).

I will address the common area flooring, pavement and sidewalks expenditures later in this decision.

Payment from another source

The Landlord received credits for the GST payments included in the invoices and the

amounts claimed in this application exclude GST. The Landlord testified that he is not entitled to be paid from another source for the expenditures claimed.

Based on the Landlord's convincing and undisputed testimony, I find the Landlord is not entitled to be paid from another source, per Regulation 23.1(5)(b).

Type and reason for each expenditure

I will individually analyze the expenditures claimed by the Landlord.

Common area flooring – expenditure 1

The Landlord replaced the tiles floor in the entry area, mail rooms, lobby and common washrooms (hereinafter, the common area flooring), as the prior tiles were 16-years-old. The Landlord also painted the lower parts of the walls, as this service was necessary because of the tiles' replacement. The Landlord said the prior tiles were beyond their useful life, had wear and tear and were slippery. The Landlord affirmed that tenants have slipped on the prior floor.

The Landlord submitted two photographs showing the new flooring in the common areas.

The Landlord submitted four invoices in the total amount of $116,125.01. The Landlord paid these expenses between December 2021 and February 1, 2023.

Tenant DIP stated the tiles are expected to last 75 to 100 years, the tiles were in good condition and she is not aware of tenants slipping on the prior tiles. DIP submitted 4 photographs showing the prior tiles in good condition and testified the Landlord failed to maintain the prior tiles properly by not waxing them.

The Landlord said the prior tiles were properly cleaned and maintained.

The Landlord affirmed DIP's photographs show a small number of tiles and that these photographs do not reflect the condition of the 3,800 square feet of tiles replaced.

RTB Policy Guideline 37C states:

> 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. A “major component” is 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 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 (e.g., walls, beams, and columns); the roof; siding; **entry doors; windows; primary flooring in common areas;** subflooring throughout the building or residential property; **pavement in parking facilities; electrical wiring;** heating systems; **plumbing and sanitary systems; security systems, including cameras or gates to prevent unauthorized entry;** and elevators.

A major system or major component may need to be repaired, replaced, or installed so the landlord can meet their obligation to maintain the residential property in a state of decoration and repair that complies with the health, safety and housing standards required by law. Laws include municipal bylaws and provincial and federal laws. For example, a water-based fire protection system may need to be installed to comply with a new bylaw.

Installations, repairs, or replacements of major systems or major components will qualify for an additional rent increase if the system or component has failed, is malfunctioning, or is inoperative. For example, this would capture repairs to a roof damaged in a storm and is now leaking or replacing an elevator that no longer operates properly.

Installations, repairs or replacements of major systems or major components will qualify for an additional rent increase if the system or component is close to the end of or has exceeded its useful life. A landlord will need to provide sufficient evidence to establish the useful life of the major system or major component that was repaired or replaced. This evidence may be in the form of work orders, invoices, estimates from professional contractors, manuals or other manufacturer materials, or other documentary evidence.

Repairs should be substantive rather than minor. For example, replacing a picket in a railing is a minor repair, but replacing the whole railing is a major repair. Cosmetic changes are not considered a capital expenditure. However, a cosmetic upgrade will qualify if it was part of an installation, repair, or replacement of a major system or

> component. For example, a landlord may replace carpet at the end of its useful life with porcelain tiles even if it costs more than a new carpet.
> The following is a non-exhaustive list of expenditures that would not be considered an installation, repair, or replacement of a major system or major component that has failed, malfunctioned, is inoperative or is close to the end of its useful life:
> • repairing a leaky faucet or pipe under a sink,
> • routine wall painting, and
> • patching dents or holes in drywall.
>
> (emphasis added)

Policy Guideline 40 states: “If the useful life of a building element is substantially different from what appears in the table, parties to dispute resolution may submit evidence for the useful life of a building element. Evidence may include documentation from the manufacturer for the particular item claimed.”

Policy Guideline 40 states the useful life of flooring tiles is 10 years.

I accept the Landlord’s uncontested testimony that the common area flooring tiles replaced after November 2021 were 16-years-old.

I find DIP’s testimony that “tiles are expected to last 75 to 100 years” vague. DIP did not submit documents from the manufacturer regarding the tiles useful life. I find the tiles were beyond their useful life, as the tiles were 16-years-old when the Landlord replaced them and Policy Guideline 40 provides the useful life of tiles is 10 years.

Based on the landlord’s convincing testimony, the photographs and the invoices, I find the landlord proved that he replaced the common area flooring.

Based on DIP’s vague testimony, I find DIP failed to prove, on a balance of probabilities, that the Landlord is responsible for inadequate repairs.

Painting the walls because of the floor replacement is an allowed capital expenditure, as it was necessary because of the floor replacement. Policy guideline 37C explains that “Cosmetic changes are not considered a capital expenditure. However, a cosmetic upgrade will qualify if it was part of an installation, repair, or replacement of a major

system or component. For example, a landlord may replace carpet at the end of its useful life with porcelain tiles even if it costs more than a new carpet."

I find the tiles replaced are part of the rental building's primary flooring in common areas and it is a major component of the rental building, as the tiles are integral to the rental building, per regulation 21.1 and Policy Guideline 37C.

Considering the above, I find that the expenditure of $116,125.01 to replace the common area flooring is in accordance with Regulation 23.1(4)(a)(ii), as the landlord replaced the tiles that were beyond their useful life and the tiles are part of the rental building's primary flooring, which is a major component.

Common area lights – expenditure 2

The Landlord replaced the lights in the entry area, mail rooms, lobby, hallways and parkade, as the lights replaced were 17 years-old and beyond their useful life. The Landlord stated the new energy-efficient LED lights will reduce energy consumption.

The Landlord submitted one photograph showing the new lights in the hallways and one specification sheet indicating the lights are energy efficient.

The Landlord submitted one invoice in the total amount of $11,815.00 dated December 31, 2021.

I find that common area lights are an integral part of the rental building and are essential to provide illumination to common areas. Thus, I find that common area lights are part of the rental building's electrical system. I find the electrical system is a major system, as it is integral to the rental building, per regulation 21.1 and Policy Guideline 37C.

Considering the above, I find that the expenditure of $11,815.00 to replace the lights in the common areas is in accordance with Regulation 23.1(4)(a)(iii)(A), as the LED lights will reduce energy consumption.

Parkade gate – expenditure 3

The Landlord replaced the parkade gate, as the 1988 original gate was beyond its useful life. The Landlord also replaced the parkade fob reader and two concrete poles

by the fob reader known as bollards, as these improvements will increase the rental building's safety.

The Landlord submitted two photographs showing the new parkade gate, fob reader and bollards.

The Landlord submitted three invoices in the total amount of $19,725.00 dated between September 01, 2022 and January 20, 2023.

The Landlord testified the new gate is 4 feet higher, it has sensors that prevent the gate from closing if a car is passing, there is a battery that allows the gate to be used if there is a power outage and that the bollards help to protect the fob reader.

Policy Guideline 40 states the useful life of garage doors is 10 years. I find that a parkade gate is similar to a garage door.

Policy Guideline 37C states that entry doors and gates that prevent unauthorized entry are major components.

I find the parkade gate is a major component of the rental building, as the parkade gate is integral to the rental building and it is essential for the building's safety, per Regulation 21.1 and Policy Guideline 37C.

Considering the above, I find that the expenditure of $19,725.00 to replace the parkade gate, the fob reader and to install two bollards is in accordance with Regulation 23.1(4)(a)(ii) and (iii)(B), as the parkade gate was beyond its useful life and the new gate, fob reader and the bollards increase the rental building's safety, by preventing unauthorized entry.

Pavement – expenditure 4

The Landlord replaced the asphalt pavement in the driveway around the garbage dumpster and in front of the parkade, as the prior pavement was original from 1988 and broken. The Landlord said that the pavement was properly maintained and repaired since 1988, but it was broken because it was beyond its useful life in 2022.

The Landlord submitted one photograph showing the new pavement and one invoice in the total amount of $11,800.00 dated September 28, 2022.

DIP stated the pavement should have been repaired on a constant basis and that the pavement replacement does not fit the definition of capital expenditure. DIP submitted an excerpt into evidence:

> Expenses that provide lasting benefits are considered capital. Those are renovations and repairs that will be around for your tenants to enjoy for years to come. Some common capital expenses you might claim on your rental property include a new roof, vinyl siding, and new windows. Short-term repair costs are generally considered current expenses. Some common examples of current expenses include interior painting, repaving the driveway, and landscaping.

The excerpt does not prevail over the British Columbia tenancy legislation and Policy Guideline 37C.

Policy Guideline 37C states that pavement is a major system.

I find the pavement in the driveway around the garbage dumpster and in front of the parkade is a major component of the rental building, as it is integral to the rental building, per Regulation 21.1 and Policy Guideline 37C.

Policy Guideline 40 states the useful life of asphalt driveway is 15 years.

Based on the Landlord's more convincing testimony, I find the Landlord proved, on a balance of probabilities, that the pavement was properly maintained from 1988 to 2022.

Considering the above, I find that the expenditure of $11,800.00 to replace the pavement in the driveway around the garbage dumpster and in front of the parkade is in accordance with Regulation 23.1(4)(a)(ii), as the pavement was beyond its useful life.

Washing machines – expenditure 5

The Landlord replaced the 6 washing machines available for use by all the tenants by paying a fee per use, as the machines replaced in 2022 were from 1994 and 2003 and it was very hard to find new parts to repair them. The Landlord stated the new washing machines also reduce energy use.

The Landlord submitted one photograph showing the new washing machines and two invoices in the total amount of $21,421.40 dated August 14, 2022 and November 17.

DIP testified that replacing the washing machines is not a capital expenditure, as this is not a major system.

Policy Guideline 37C states that a major system is a system that provides services to the tenants. Based on the Landlord’s convincing testimony, I find the washing machines

are a major system, as they provide a valuable service (laundry) to all the tenants and are integral to the rental building, per Regulation 21.1 and Policy Guideline 37C.

Policy Guideline 40 states the useful life of washing machines is 15 years.

Considering the above, I find that the expenditure of $21,421.40 to replace the washing machines is in accordance with Regulation 23.1(4)(a)(ii), as the washing machines were beyond their useful life.

Sidewalks – expenditure 6

The Landlord replaced about 30% of the concrete sidewalks around the building, as the original sidewalk from 1988 had cracks and gaps in 2022. The Landlord said he properly maintained the sidewalks, but they were beyond their useful life.

The Landlord submitted two photographs showing the original sidewalk damaged and three photographs showing the new sidewalks and one invoice in the amount of $6,087.40 dated October 6, 2022.

DIP testified that the sidewalk replacement is a routine repair, as the Landlord only replaced 30% of the sidewalks.

Policy Guideline 37C states: “Repairs should be substantive rather than minor. For example, replacing a picket in a railing is a minor repair, but replacing the whole railing is a major repair.”

Based on the October 6, 2022 invoice, I find the partial sidewalk replacement is a major project, as the Landlord paid $6,087.40 to replace 30% of the sidewalks.

I find the sidewalks are a major component of the rental building, as the sidewalks are integral to the rental building, per Regulation 21.1 and Policy Guideline 37C.

Policy Guideline 40 states the useful life of concrete sidewalks is 15 years.

Considering the above, I find that the expenditure of $6,087.40 to replace 30% of the sidewalks is in accordance with Regulation 23.1(4)(a)(ii), as the sidewalks were beyond their useful life.

Gas meter security cage – expenditure 7

The Landlord installed a security cage around the gas meter in October 2022, as the cage protects the gas meter and improves the rental building's security. The Landlord stated that in July 2022 someone tried to set fire to the gas meter.

The Landlord submitted four photographs showing the gas meter and one invoice dated October 12, 2022 in the amount of $2,200.00.

Based on the Landlord's undisputed and convincing testimony and the photographs, I find the security cage will improve the rental building's security, as it is less likely that someone will vandalize the gas meter with a security cage.

I find the security cage is a major component of the rental building's security system. The security system is a major component of the rental building, per Regulation 21.1 and Policy Guideline 37C.

Considering the above, I find that the expenditure of $2,200.00 to install the security cage is in accordance with Regulation 23.1(4)(a)(iii)(B), as the security cage improves the rental building's security.

Glass panels – expenditure 8

The Landlord replaced the glass panels in the windows located in the lobby, corridor, entry area and mailroom, as the replaced panels were from 1988 and beyond their useful life.

The Landlord submitted one photograph showing the windows and one invoice dated August 31, 2022 in the amount of $7,361.92.

Policy Guideline 37C states windows are major systems.

Policy Guideline 40 states the useful life of windows is 15 years.

Considering the above, I find that the expenditure of $7,361.92 to replace the glass panels in the windows located in the common areas is in accordance with Regulation 23.1(4)(a)(ii), as the glass panels were beyond their useful life.

Parkade doors – expenditure 9

The Landlord replaced the parkade pedestrian entry doors, as the replaced doors were original from 1988 and beyond their useful life. The Landlord testified there was an increase in break-ins and the new doors are safer than the replaced doors and they improve the rental building's security.

The Landlord submitted one photograph showing the replaced door and two invoices dated December 2022 in the total amount of $5,441.00.

Policy Guideline 37C states entry doors are major systems.

Policy Guideline 40 states the useful life of doors is 20 years.

Considering the above, I find that the expenditure of $5,441.00 to replace the pedestrian entry doors located in the parkade is in accordance with Regulation 23.1(4)(a)(ii), as the doors were beyond their useful life.

Building perimeter lights – expenditure 10

The Landlord installed LED lights outside the rental building in August 2022 and February 2023, as these lights will improve the rental building's security. The lights illuminate the entry doors and windows located on the ground floor.

The Landlord submitted one photograph showing the lights and two invoices dated August 15, 2022 and January 19, 2023 in the total amount of $2,192.00.

Based on the Landlord's undisputed and convincing testimony and the photograph, I find the building perimeter lights improve the rental building's security, as it is less likely that someone will attempt to break-in a better illuminated building.

I find that building perimeter lights are an integral part of the rental building and are essential to illuminate the building and increase its safety. Thus, I find that building perimeter lights are part of the rental building's electrical and security system.

Electrical and security systems are major systems, per regulation 21.1 and Policy Guideline 37C.

Considering the above, I find that the expenditure of $2,192.00 to install LED lights in the building perimeter is in accordance with Regulation 23.1(4)(a)(iii)(B), as the building perimeter lights improve the rental building's security.

Hot water circulation pipes – expenditure 11

The Landlord replaced the hot water circulation pipes, as the replaced pipes were original from 1988 and beyond their useful life and were leaking. The Landlord's submission (page 69) states:

> Rationale: Due to aging copper pipes (which leaked and had to be repaired on a total of 8 occasions) and what was discovered to be undersized piping by today's standards, the ½" copper recirc line which keeps hot water circulating in the building mains (located in the 2nd floor ceiling) was replaced with ¾" PEX piping. (See photo, page 70) The costs for the removal of drywall, re-installation of insulation around the replaced pipes and re-installation of drywall have not been included in this claim as this work was completed by building staff. The invoices included were only the ones that were paid to a commercial plumber for the actual plumbing installation work.

The Landlord submitted one photograph showing the replaced pipes in a long hallway and two invoices dated December 2022 and April 2023 in the total amount of $1,150.50.

The Tenant said this expense is not a capital expenditure and it is regular maintenance, and that the cost was small.

The Landlord affirmed he spent over $20,000.00 to purchase the necessary construction materials and replace the hot water circulation pipes, but he is only claiming the amounts he had to pay for contractors because the maintenance team could not perform this work.

Considering the Landlord's detailed and convincing testimony and the photograph, I find the hot water circulation pipe is a major project, as hot water circulation main pipes are

major parts of the plumbing system. The photograph submitted shows a large replacement project in the hallway ceiling.

Policy Guideline 37C states plumbing is a major system.

Policy Guideline 40 states that the useful life of water systems is 20 years.

Considering the above, I find that the expenditure of $1,150.50 to replace the hot water circulation pipes is in accordance with Regulation 23.1(4)(a)(ii), as the pipes were beyond their useful life.

Fob system, security cameras, magnetic locks, security bars and steel mesh – expenditures 12 and 13

The Landlord installed security components to improve the buildings' security between January 2022 and January 2023. The Landlord installed a fob access system to control the access to the staircases and storage lockers, security cameras, magnetic locks and security bars to the entry doors and steel mesh to the perimeter of the parkade (hereinafter, the security equipment).

The Landlord submitted four photographs showing the fob system, security cameras and magnetic locks and four invoices dated between January 2022 and 2023. The Landlord stated he paid the total amount of $38,670.00 for these expenditures.

The Landlord submitted three photographs showing the entry doors security bars and steel mesh and three invoices dated between April 22, 2022 and October 26 in the total amount of $10,210.00.

Based on the Landlord's undisputed and convincing testimony and the photographs, I find the security equipment improves the rental building's security, as it is less likely that someone will be able to break-in a building equipped with the security equipment.

I find the security equipment is part of the building's security system.

Policy Guideline 37C states the security system is a major system.

Considering the above, I find that the expenditure of $48,880.00 to install the security equipment is in accordance with Regulation 23.1(4)(a)(iii)(B), as the security equipment improves the rental building's security.

Final submissions

Both parties confirmed they had enough time to present their evidence.

DIP testified in closing arguments that some of the expenditures were for small amounts under $6,000.00 and are not significant expenses that qualify as a capital expenditure.

The Act does not require a specific Dollar amount for an expenditure to qualify as a capital expenditure.

DIP affirmed the application for additional rent increase is very confusing and that other tenants could not understand what this application is about, as many tenants are seniors and some of them have disabilities.

As explained in the heading 'service', I accepted service of the notice of application and the evidence. All the respondents had a chance to attend the hearing, ask questions to the Landlord and serve response evidence. During the 157 minute hearings tenant DIP, the only respondent who decided to attend and provide response evidence, was allowed to provide testimony, ask questions and be assisted. I explained the process in detail to the attending parties and they did not indicate they did not understand the application.

Furthermore, tenant DIP does not represent other tenants and can not provide testimony on behalf of other tenants.

Outcome

The Landlord has been successful in this application, as the Landlord proved that all the elements required to impose an additional rent increase for expenditure and the tenants failed to prove the conditions of Regulation 23.1(5).

In summary, the Landlord is entitled to impose an additional rent increase for the following expenditures:

Expenditure	Amount $
Common area flooring	116,125.01
Common area lights	11,815.00
Parkade gate	19,725.00
Pavement	11,800.00
Washing machines	21,421.40
Sidewalks	6,087.40
Gas meter security cage	2,200.00
Glass panels	7,361.92
Parkade doors	5,441.00
Building perimeter lights	2,192.00
Hot water circulation pipes	1,150.50
Security equipment	48,880.00
Total	**254,199.23**

Section 23.2 of the Regulation sets out the formula to be applied when calculating the amount of the additional rent increase as the number of specified dwelling units divided by the amount of the eligible expenditure divided by 120. In this case, I have found that there are 90 specified dwelling units and that the amount of the eligible expenditure is $254,199.23.

The Landlord has established the basis for an additional rent increase for expenditure of $23.54 per unit ($254,199.23 / 90 units / 120). If this amount represents an increase of more than 3% per year for each unit, the additional rent increase must be imposed in accordance with section 23.3 of the Regulation.

The parties may refer to RTB Policy Guideline 37C, Regulations 23.2 and 23.3, section 42 of the Act (which requires that a landlord provide a tenant three months' notice of a rent increase), and the additional rent increase calculator on the RTB website (http://www.housing.gov.bc.ca/rtb/WebTools/AdditionalRentIncrease/#NoticeGeneratorPhaseOne/step1) for further guidance regarding how this rent increase may be imposed.

Conclusion

The Landlord has been successful. I grant the application for an additional rent increase for expenditures of $23.54 per unit. The Landlord must impose this increase in accordance with the Act and the Regulation.

The Landlord must serve the tenants with a copy of this decision in accordance with section 88 of the Act.

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: January 24, 2024

Residential Tenancy Branch