



# Dispute Resolution Services

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Residential Tenancy Branch  
Ministry of Housing

A matter regarding KRISS CANADA LTD  
and [tenant name suppressed to protect privacy]

## **DECISION**

**Dispute Code**     ARI-E

### **Introduction**

This hearing dealt with the Landlord's application under the *Manufactured Home Park Tenancy Act* (Act) and the *Manufactured Home Park Tenancy Regulation* (Regulation) for an additional rent increase for significant repairs or renovation expenditures under section 36(3) of the Act and under section 33 of the Regulation.

Owner S.D. and secretary R.K. attended the hearing for the Landlord.

Tenant M.B. attended the hearing for the Tenants.

### **Service of Notice of Dispute Resolution Proceeding and evidence (Proceeding Package)**

The Landlord served the Proceeding Package to twenty of the Tenants by Canada Post registered mail on January 5, 2024. The Landlord uploaded the Canada Post customer receipts attesting to this service. I find that the Tenants were deemed served with the Proceeding Package on January 10, 2024 in accordance with sections 82(1)(c) and 83(a) of the Act.

The Landlord served the Proceeding Package to five of the Tenants by email on January 5, 2024. The Landlord uploaded the email sent receipts attesting to this service. One Tenant attended who confirmed receipt of the email package. I find that the Tenants were deemed served with the Proceeding Package on January 8, 2024 in accordance with sections 59(2) and 60 of the Regulation.

The Tenant who attended confirmed that they did not upload any evidence for this matter. No other Tenants uploaded any evidence to be considered.

## **Issue to be Decided**

Is the Landlord entitled to impose an additional rent increase for significant repairs or renovation expenditures?

## **Background, Evidence and Analysis**

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 their case is on the person making the claim.

I have reviewed all written and oral evidence and submissions presented to me; however, only the evidence and submissions relevant to the issues and findings in this matter are described in this decision.

The Landlord testified that they bought the Manufactured Home Park (park) in August 2016. The park had a bad reputation with respect to the water system. The Landlord said that the park sometimes had no water delivery or the quality of the water delivered was low. The Landlord's written submissions stated that the repair to the water line was required to address low water pressure, compromised water quality, intermittent water supply blockages, and significant underground water leaks.

The Landlord's written submissions further explain the necessity of the repairs. Water in the town is scarce, and the park relies on surface water which causes calcium build up and reduces the useful life of water lines. Repairing the water line is an imperative for continued functionality and safety.

The Landlord said the water line has two sections. The Landlord believes that the section they worked on was completed in the 1980s. The previous owner did upgrades from time to time, but the current Landlord has no record of those upgrades.

The buyers of the park are four engineers, and after they purchased the park they started to address the water issues every year. They stated they are improving it section by section but have not imposed an additional rent increase on the residents until this application.

**Is the Landlord entitled to impose an additional rent increase for significant repairs or renovation expenditures?**

Section 36(3) of the Act states that a landlord may request the director's approval of a rent increase in an amount that is greater than the amount calculated under the regulations by making an application for dispute resolution.

Section 33 of the Regulation states that a landlord may make a single application for all sites in the park for an additional rent increase if the landlord has completed significant repairs or renovations to the manufactured home park in which the manufactured home site is located that are reasonable and necessary, and will not recur within a time period that is reasonable for the repair or renovation.

Section 33(3) of the Regulation describes the points that the director must consider when deciding whether to approve an application for an additional rent increase application.

Residential Tenancy Policy Guideline #37D-Additional Rent Increase for Expenditures (PG#37D) is intended to help the parties to an application understand issues that are likely to be relevant. It may also help parties know what information or evidence is likely to assist them in supporting their position. PG#37D states a landlord may apply for an additional rent increase if they complete significant repairs or renovations to the park that are reasonable and necessary and will not recur within a time period that is reasonable for the repair or renovation. PG#37D not only describes the criteria for significant repairs or renovations, but also explains what evidence the landlord must provide to support the costs of the repairs or renovations.

Has the Landlord completed significant repairs or renovations?

In 2017 to 2019, the Landlord repaired sections of the water lines in the park. In July and August 2022, the Landlord installed a new water system in the park which is the subject of this additional rent increase application. The Landlord believes this section of the water line was first installed in the 1980s.

The Landlord described the work for the water line in this application. They said this section of work targets an improvement for eight pads in the park. They said the work in this section was difficult because there were lots of rocks, and they had to go through many narrow sections in the park. It took a longer time to complete because there was lots of planning and time spent with the contractors on the project.

The Landlord also completed an additional line which will be used for future water delivery operation. The Landlord rationalized that the additional line imposed marginal cost increases while doing the 2022 repairs and renovations on the subject water line system.

The Landlord further described that they installed insulation around the water line in addition to the normal use of sand to prevent damage to the water line system.

The Landlord submitted a detailed spreadsheet listing the total expenses of \$46,572.55 they claim for this project. The spreadsheet sets out the invoice dates, project, vendor, and amounts of the submitted work as follows:

Lowerpark Waterline Upgrade 2022			Total Expenses		\$46,572.55	
Invoice Date	Project	Vendor	Dates	Amount	Inc Number	Receipt
08/18/2022	Earthwork, Hauling and Materials	Golden Installations	July 25th to Aug 17th 2022	\$2,444.61	#269082	Yes
08/12/2022	Earthwork, Hauling and Materials	Golden Installations	Aug 2nd to 9th 2022	\$8,475.84	#268776	Yes
10/07/2022	Earthwork, Hauling and Materials	Golden Installations	Oct 10 2022	\$403.20	#272774	Yes
07/28/2022	Earthwork, Hauling and Materials	Pederson & Sons Excavating	July 26 2022	\$1,250.00	#493389	Yes
07/28/2022	Earthwork, Hauling and Materials	Pederson & Sons Excavating	July 26 2022	\$1,000.00	#493369	Yes
07/25/2022	Earthwork, Hauling and Materials	Golden Installations	July 25th 2022	\$749.70	#267543	Yes
08/08/2022	Earthwork, Hauling and Materials	Gottler Brother trucking and excavating	July 25 to 26 2022	\$2,173.50	#20892	Yes
08/10/2022	Earthwork, Hauling and Materials	Gottler Brother trucking and excavating	Aug 4th 2022	\$313.60	#20907	Yes
<b>Sub Total</b>				<b>\$14,810.45</b>		
02/08/2022	Pipes, Fittings etc.	Kardash Plumbing & Heating	Aug 2nd 2022	\$485.76	#44600	Yes
07/21/2022	Pipes, Fittings etc.	Kardash Plumbing & Heating	July 21 2022	\$257.80	#44561	Yes
08/17/2022	Pipes, Fittings etc.	Kardash Plumbing & Heating	August 17 2022	\$482.73	#44740	Yes
09/07/2022	Pipes, Fittings etc.	Kardash Plumbing & Heating	Sep 7 2022	\$148.39	#44879	Yes
08/29/2022	Pipes, Fittings etc.	Kardash Plumbing & Heating	Aug 29 2022	\$91.35	#44817	Yes
08/03/2022	Pipes, Fittings etc.	Kardash Plumbing & Heating	Aug 3 2023	\$1,477.41	#44624	Yes
08/09/2022	Pipes, Fittings etc.	EMCO	Aug 9 2022	\$4,198.65	#8002904141	Yes
07/21/2022	Pipes, Fittings etc.	EMCO	July 21 2022	\$2,041.20		Statement
08/04/2022	Pipes, Fittings etc.	EMCO	Aug 4 2022	\$1,176.00		Statement
08/17/2022	Pipes, Fittings etc.	ITM Intruments Inc	July 19th 2022	\$312.20	#510123	Yes
09/01/2022	Pipes, Fittings etc.	Alltherm, Andrew Sherit and Ace Courier	July 2022	\$14,576.21	Paid to NK	Yes
<b>Sub Total</b>				<b>\$25,207.70</b>		
08/06/2022	Plumbing Work	Plumber Ed	July 14th to Aug 6th 2022	\$2,454.00	Paid to Ed	Yes
08/17/2022	Plumbing Work	Plumber Ed	Aug 6th to Aug 17th 2022	\$2,118.00	Paid to Ed	Cheque
<b>Sub Total</b>				<b>\$4,572.00</b>		
07/12/2022	Manholes	Mardan Enterprises LTD	July 12 2022	<b>\$1,982.40</b>	#542	Yes

Residential Tenancy Policy Guideline #40-Useful Life of Building Elements (PG#40) provides a general guide for determining the useful life of building elements. The useful life is the expected lifetime, or the acceptable period of use, of an item under normal circumstances. PG#40 states that the useful life of wells and water systems is 20 years. Based on a conservative estimation, the water line system in the park is at least 33 years old. The Landlord's application submits that the estimated year when this work will next be required is 2042.

I find the Landlord's evidence about the significant repairs conducted in the park credible and necessary. I find the repairs completed in 2022 were necessary to restore and protect the physical integrity of the water line system in the park. I find the repairs completed in 2022 will not recur within a time period that is reasonable for the repair. I find the Landlord has completed significant repairs to the water line system in the park under section 33(1)(b) of the Regulation.

Is there a single application to increase the rent for all sites by an equal percentage

The Landlord stated they have never applied for an additional rent increase before, although they have imposed annual rent increases on their Tenants. The Landlord uploaded Notice of Standard Rent Increases which were applied in 2021, 2022, and 2023.

On December 28, 2023, the Landlord applied for an additional rent increase for the water line system work completed in 2022. The Landlord seeks a 3.5% additional rent increase amount on top of the permitted annual rent increase amount of 3.5% for a total rent increase of 7%.

Based on the Landlord's uncontested testimony and written submissions, I find the Landlord has made a single application to increase the rent for all sites in the park by an equal percentage in accordance with section 33(2) of the Regulation.

Other considerations

The Landlord's written submissions state that typical pad market rentals in the subject town are around \$500.00 per month. Rent amounts in the park range from \$279.70 to \$407.00 per month, with the average rent calculated to be \$344.52. The Landlord's requested additional rent increase application would raise the rents in the park to \$299.28 to \$435.49 per month which is still under the market rental rates in the town.

The Landlord testified that they have raised the Tenants' rents in the park over the last three years in accordance with the allowable rent increase limits.

The Landlord submitted that over the past four years, they have made several upgrades to the park. They also submitted that maintenance costs have risen significantly. Despite these cost increases, the Landlord has only imposed the allowable rent increases as set by the RTB.

The Landlord stated there are 31 sites in the park. The Landlord owns six sites in the park, and they rent out the manufactured homes on each of those sites. All six sites are presently rented. The other 25 sites are rented by the Tenants for whom this application is made against.

The Landlord stated they have one other section in the park that appears to have the potential for needing repairs. Currently, the Landlord is monitoring this section, and depending on the need, and costs of repairs, the Landlord may need to apply for another additional rent increase in the future. But right now, it is speculation.

The Landlord said one time they had to apply to the RTB because one of the tenants in the Landlord's owned mobile home had not paid their rent. The tenant vacated because of a previous dispute resolution hearing. The Landlord confirmed that they have never had the director set aside a notice to end served by them.

The Landlord does not have any past RTB decisions against them that they have contravened section 26 of the Act and ordering the Landlord to complete repairs in the RTB decision database. There is no decision that the Landlord has submitted false or misleading evidence or failed to comply with an order of the director for the disclosure of documents.

Tenant M.L. testified that the Landlord is adding 19 new rental sites (the Tenant was not certain about the number of new sites) behind where his mobile home is situated. Tenant M.L. stated that the water source is limited in the park, so the Landlord needs to increase the water gallonage to serve the 19 new rental sites that will be opening up in the future. Tenant M.L. believes that this additional work is mostly for the benefit of the 19 new rental sites, that will in turn result in more revenue to the Landlord.

The Landlord replied that their additional rent increase application is for the lower park sites, and none of their submitted expenses are for the upper park where the new site additions will be situated.

Tenant M.L. asked the Landlord for clarification on one of their invoices (pg. 17 of the Landlord's uploaded evidence, document name Letter\_Rationale\_Costs\_Summary\_and\_Invoices.pdf). The grand total of the invoice was \$11,951.46. The Landlord replied that not all items in the submitted invoices are claimed in the additional rent increase application. Only two items on this invoice are claimed in the Landlord's detailed spreadsheet noted above. One item is submitted but broken down to two items – Gottler

Brother trucking and excavating totaling \$2,173.50 and \$313.60; and the second item is the ITM Instruments [sic] Inc totaling \$312.20.

The Landlord replied that none of the submitted expenses are for the new area being added. The Landlord submitted they have not included any invoices for water quality upgrading.

Tenant M.L. found the Landlord's submitted evidence a bit troubling because it was not always clear what was included in the Landlord's additional rent increase application and what was excluded. I offered Tenant M.L. an opportunity to ask further clarification questions, but he stated he did not want to go through all the numbers. Tenant M.L. said anytime he has asked the Landlord for clarification, he said he found them responsive and honest.

The Landlord found it difficult to upload their evidence on the RTB dispute access website. They stated anytime they crossed out line items on their invoices, it increased the file size which caused the Landlord trouble when uploading their evidence.

Based on the above testimonies and evidence, I find there are no adverse findings against the Landlord that would prevent an approval for an additional rent increase for significant repairs or renovation expenditures.

## **Outcome**

I find the Landlord has been successful. They have proven, on a balance of probabilities, all the elements required to be able to impose an additional rent increase for significant repairs under section 33 of the Regulation for the expenses totaling \$46,572.55 for the Tenants. The amount per site is \$1,502.34 (\$46,572.55/31 sites).

The Landlord calculated their proposed additional rent increase using the Residential Tenancies Capital Expenditure calculator. This tool is used for determining additional rent increases based on the cost to install, replace or repair a major system or component in a residential building (capital expenditure). This tool is not applicable to manufactured home park tenancies. The capital expenditure calculator amortizes over a 10-year period.

I find the Landlord submitted that the estimated year when this work will next be required is 2042. The work was completed in 2022, so this is a 20 year amortization period. I find no reason not to use this amortization period to determine the additional

rent increase for this matter. The additional rent increase amount for the expenses amortized over a 20 year period is \$6.26 ( $\$1,502.34 / (20 \text{ years} * 12 \text{ months} / 1 \text{ year})$ ). This amount equals a monthly additional rent increase of 1.8%, considering the average rent amount of \$344.52 ( $\$6.26 / \$344.52 * 100\%$ ).

Regulation 33(4) states when considering an additional rent increase application for repairs or renovations, the director may grant the application, in full or in part. I find the Landlord is granted the full 1.8% additional rent increase.

The parties may refer to RTB Policy Guidelines 37A and D, sections 34, 35 (which requires that a Landlord provide a Tenant three months' notice of a rent increase), and 36 of the Act, and section 33 of the Regulation.

## **Conclusion**

The Landlord has been successful. I grant the application for an additional rent increase of 1.8% per month per site. 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 81 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: April 12, 2024

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Residential Tenancy Branch