

## **DECISION**

### **Introduction**

This hearing convened on October 19, 2023, January 29, 2024, February 15, 2024 and May 14, 2024. This Decision should be read in conjunction with the October 19, 2023, January 29, 2024 and February 21, 2024 Interim Decisions. This hearing dealt with the landlord's Application for Dispute Resolution under the *Residential Tenancy Act* (the "Act") for:

- an additional rent increase for eligible capital expenditures.

The Landlord's property manager (the Property Manager), Landlord agent M.M. (M.M.) and Landlord Agent A.M. (A.M.), collectively the "Landlord's Agents", attended the hearing for the Landlord.

Tenant D.C. (D.C.) attended the hearing for the Tenants.

### **Preliminary Issue- Service**

In the February 21, 2024 Interim Decision the Landlord was ordered to serve each Tenant with their respective copy of the Notice of Hearing and with a copy the February 21, 2024 Interim Decision. The Property Manager testified that each Tenant was served with the above documents via posting on February 29, 2024. A witnessed proof of service document stating same was entered into evidence. D.C. confirmed receipt of the above documents. I find that the above documents were served in accordance with the February 21, 2024 Interim Decision.

In the February 21, 2024 Interim Decision I ordered D.C. to serve a full copy of his tenancy agreement on the Landlord and the Residential Tenancy Branch. The Tenant testified that he tried a number of times to upload the tenancy agreement to the dispute management site but was unable to do so. The Property Manager confirmed that she received a copy from D.C. Both parties agreed that the Tenant's partner, Tenant M.M. is listed as a tenant and signed the tenancy agreement. I accept the undisputed testimony of the parties regarding the contents of the tenancy agreement and find that I do not require a copy to view myself.

In the first Interim Decision dated October 19, 2024 I found that the Landlord served the named Tenants with the Proceeding Package in accordance with the Act. D.C. did not attend the first hearing. In the third hearing D.C. expressed concern that a Landlord phone number was blacked out in two locations on the Notice of Dispute Resolution

Proceeding Document which forms part of the Proceeding Package. M.M. testified that she accidentally put her personal number down in two locations when she applied for dispute resolution and it appeared on the Notice of Dispute Resolution Proceeding document that the Residential Tenancy Branch created using information inputted by M.M. when she filed the Application for Dispute Resolution. M.M. testified that she blacked it out before sending it out to the Tenants as she does not want them to have her personal phone number.

I accept M.M.'s above testimony and find that the blacking out of her personal phone number does not invalidate the Proceeding Package and was reasonable in the circumstances.

### **Background and Evidence**

While I have considered the accepted documentary evidence and the testimony of the parties, not all details of their submissions and arguments are reproduced here. The relevant and important aspects of the parties' claims and my findings are set out below.

M.M. testified that the rental property is comprised of two separate buildings, building 101 and building 102 each with 51 dwelling units. M.M. testified that the Landlord is seeking an additional rent increase for capital expenditures in this application for building 101 only. M.M. testified that building 101 is a three-story building with underground parking that was built in 1990. M.M. testified that an elevator serves the underground parking and all three stories of the rental building. M.M. testified that building 101 and 102 are very similar buildings.

The Property Manager testified that at the time this application for dispute resolution was filed unit 201 was vacant and so no persons were included in this application with respect to that unit. The Property Manager testified that unit 201 is one of the 51 dwelling units.

D.C. testified that near the elevator is a floor plan map which states that there are 55 units in the building that are rentable suites. No documentary evidence to support this testimony was entered into evidence.

A.M. testified that he does not know where D.C. got that number and that there are only 51 units that are available to be occupied. A.M. testified there are other spaces including storage units, a community amenity room and a laundry room which D.C. may possibly be referring to. The Property Manager testified that when the fire marshal comes through to inspect the building, they only have 51 dwelling units listed. The Property manager testified that there are 17 units on each floor.

A.M. testified that the Landlord has not applied for an additional rent increase for capital expenditure against any of the Tenants prior to this application.

The Property Manager testified that the Landlord is seeking to impose an additional rent increase for capital expenditures incurred to pay for work done to the residential property's elevator, CCTV system and keyed entry system. M.M. testified that the elevator and CCTV security systems were upgraded and the keyed entry system was switched to a FOB system.

D.C. testified that not all Tenants in the rental building were served with the Landlord's Application for Dispute Resolution and all subsequent documents including his wife, Tenant M.M. The Landlord entered into evidence copies of all tenancy agreements pertaining to the listed parties. Upon review of the tenancy agreements, I find that three Tenants who are listed as Tenants in their respective tenancy agreements and who signed their respective tenancy agreements, were not named in this application for dispute resolution.

The Property Manager testified that in unit:

- 116 Tenant N.K. was served with all required documents, but Tenant S.R.W. was not
- 305 D.C. was served with all required documents, but Tenant M.M. was not
- 312 Tenant P.C. was served with all required documents, but Tenant G.M. was not

### Elevator

A.M. testified that the elevator was approximately 33-35 years old and was original to the building built around 1990. A.M. testified that the elevator was at or very near the end of its useful life and needed to be upgraded for safety.

The Landlord entered into evidence a letter from the elevator repair company dated July 6, 2021 which states in part:

Your elevator is an original REM (Richmond Elevator) Elevator and is over 30 years old. Hydraulic elevators like yours usually undergo full elevator upgrade when they reach the age of 25 - 30 years. This is usually the time when all the major elevator components are worn out and require a full replacement. This elevator is well overdue for an upgrade. This elevator is in very poor condition and requires immediate attention.

The Property Manager testified that the elevator in building 101 was upgraded and a new hydraulic system was installed. The Property Manager testified that the elevator cart was replaced, and other components were upgraded. The Property Manager testified that the total cost for the elevator upgrade was \$103,822.50.

The Property Manager testified that before work began the Landlord paid the elevator repair company a deposit. A deposit cheque dated August 16, 2021 for \$7,761.60 was entered into evidence. The Landlord entered into evidence the following invoices from the elevator repair company and corresponding cheques paying the invoices as follows:

- Invoice dated June 9, 2022 for \$69,397.64, cheque dated June 19, 2022 for \$69,397.64
- Invoice dated June 20, 2022 for \$11,642.40, cheque dated June 28, 2022 for \$11,642.40
- Invoice dated August 10, 2022 for \$9,021.60, cheque dated August 26, 2022 for \$9,021.60

D.C. testified that the work on the elevators started May 26, 2022. The Property Manager did not dispute this and testified that the repairs took approximately six weeks to complete. D.C. testified that the work was completed in exactly six weeks.

A.M. testified that once the elevator upgrade was completed by the elevator repair company they hired their electrician to connect the elevator. An invoice for same dated July 12, 2022 was entered into evidence for \$5,999.25 and a cheque paying the above invoice dated July 15, 2022 was also entered into evidence.

A.M. testified that he assumed that elevator would not need another upgrade for 30 years.

#### Tenants' Response to Elevator Claim

C.M. testified that she lives on the first floor and does not usually use the elevator except to give the Landlord her rent cheque once per month. C.M. testified that the rent increase is not applicable to her first floor unit.

D.C. testified that the Landlord is not entitled to a rent increase because the Tenants' rent covers the operating cost of the building. D.C. testified that the Landlord is responsible for making the required repairs to the elevator and is not entitled to make the tenants pay for it because it is not a co-op and the Tenants are not owners. The cost of maintaining the elevators should have already been accounted for in each tenant's rent.

D.C. testified that the Landlord is not permitted to claim the cost of the elevator refurbishment in this application for dispute resolution because the Landlord made this application for dispute resolution almost 1 year and 2 weeks after the elevator work was completed.

#### CCTV Upgrade

The Property Manager testified that the security camera system at the rental building had low resolution and required updating to improve security. The Landlord entered into evidence a letter from the security company hired to complete the CCTV upgrade dated March 31, 2023 which states:

....The existing system was an older, analog CCTV system with numerous cameras that no longer function or were such that the quality of image provided

was subpar in that it would be very difficult to clearly identify individuals. There was also visual interference appearing from a locally operated radio station. The image recording device was very antiquated with limited storage capability. It was also identified that there were areas within the building, which would be considered high risk, that were not covered by the current camera systems....

[The security company] was contracted to upgrade the existing camera systems to digital IP 4 megapixel grade which provided high resolution imaging with long term storage capabilities. Also provided was better quality monitoring equipment for viewing which allows the user to zoom in to images without degrading the quality of the image itself. Think of 'pinching out' on a cell phone to better view/enlarge an image. The installation required the upgrading of current wiring to industry standard for modern camera systems.

The Property Manager testified that the Landlord added more cameras which had greater resolution and a new digital recorder which made accessing the security camera footage considerably easier.

M.M. testified that the Landlord updated the security system in both building 101 and building 102 adding the same number of new cameras in the same spots to each building and upgrading the digital recorder in each building.

The Landlord entered into evidence an invoice from the security company dated June 15, 2022 for \$26,705.52. A.M. testified that the invoice shows the total cost for both building 101 and 102. The Landlord entered into evidence the Landlord's interac transaction history which shows that:

- on March 24, 2022 the Landlord sent \$6,000.00 for "deposit on security camera upgrade" to the security company
- on March 25, 2022 the Landlord sent \$4,000.00 for "deposit on camera upgrade" to the security company.

A.M. testified that the March 24, 2022 and March 25, 2022 payments outlined above were deposits paid to the security company before work started. A.M. testified that the upgrade of the CCTV system in building 101 and 102 started in March 2022 and completed in June 2022. A.M. testified that the final payment to the security company was made on June 22, 2022. The Landlord entered into evidence a cheque from the Landlord to the security company for \$16,705.52.

M.M. testified that since the same number of cameras were installed in the same places in each building and the same upgrades were provided to each building, the Landlord is seeking to apply ½ of the total cost for both buildings to this application for an additional rent increase. ½ of the total cost for both buildings equals \$13,352.76.

A.M. testified that he expects the upgraded CCTV system to last at least 10 years.

## Tenant Response

Tenant D.C. testified that the security system needed upgrading and that it is “great” that it was upgraded.

## FOB Installation

A.M. testified that rental buildings 101 and 102 both had a key system which the Landlord upgraded to a FOB system. A.M. testified that the installation of the FOB system improved the security of the building because with the old system the Landlord could not control who made keys and many former tenants had access to the rental buildings. A.M. testified that with the old key system, Tenants on average broke their key off in the front door of the building once per month which created a security problem and required a locksmith to be called.

The Landlord entered into evidence a letter from the FOB company dated March 20, 2022 which states:

Client contacted us regarding concerns over tenant security at this property. We determined that the following conditions needed to be addressed in order to improve security:

-Currently the tenants access the building via a building common key that works on multiple exterior access points to the buildings. Tenant security is thus compromised as previous tenants and non-tenants have keys to the building.

-We recommended changing to a FOB system in order to improve security and eliminate non-authorised access to the buildings, allowing for up-to-date FOB management and tenant security, while eliminating all previous common area key access for both properties....

The Landlord entered into evidence the following invoices for the FOB system installation:

- January 6, 2023: \$29,509.79
- January 6, 2023: \$9,917.25

The invoices total \$39,427.04. A.M. testified that the invoices set out above show the total costs for both buildings. The Landlord entered into evidence two cheques to the fob company bearing the following dates for the following amounts:

- July 13, 2022: \$17,500.00
- January 15, 2023: \$21,927.04

A.M. testified that the same system was installed in each building and each building has the same number of doors so the cost of the FOB installation can be evenly divided by each building. A.M. testified that the Landlord is seeking to apply \$19,713.52 to the

additional rent increase claim for building 101. A.M. testified that he thought the useful life of the FOB system is 15- 20 years.

### Tenant Response

D.C. testified that the new FOB system is great but wishes it had additional functionality.

## **Analysis**

### 1. Statutory Framework

Sections 21.1, 23.1, and 23.2 of the Regulation set out the framework for determining if a landlord is entitled to impose an additional rent increase for capital expenditures. I will not reproduce the sections here but to summarize, the landlord must prove the following, on a balance of probabilities:

- the landlord has not successfully applied for an additional rent increase against these tenants within the last 18 months (s. 23.1(2));
- the number of specified dwelling units on the residential property (s. 23.2(2));
- the amount of the capital expenditure (s. 23.2(2));
- that the Work was an *eligible* capital expenditure, specifically that:
  - o the Work was to repair, replace, or install a major system or a component of a major system (S. 23.1(4));
  - o the Work was undertaken for one of the following reasons:
    - to comply with health, safety, and housing standards (s. 23.1(4)(a)(i));
    - because the system or component:
      - was close to the end of its useful life (s. 23.1(4)(a)(ii)); or
      - had failed, was malfunctioning, or was inoperative (s. 23.1(4)(a)(ii));
    - to achieve a reduction in energy use or greenhouse gas emissions (s. 23.1(4)(a)(iii)(A)); or
    - to improve the security of the residential property (s. 23.1(4)(a)(iii)(B));
  - o the capital expenditure was incurred less than 18 months prior to the making of the application (s. 23.1(4)(b)); and
  - o the capital expenditure is not expected to be incurred again within five years (s. 23.1(4)(c)).

The tenants may defeat an application for an additional rent increase for capital expenditure if they can prove on a balance of probabilities that the capital expenditures were incurred:

- for repairs or replacement required because of inadequate repair or maintenance on the part of the landlord (s. 23.1(5)(a)); or
- for which the landlord has been paid, or is entitled to be paid, from another source (s. 23.1(5)(a)).

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 above), the landlord may impose an additional rent increase pursuant to sections 23.2 and 23.3 of the Regulation.

## 2. Prior Application for Additional Rent Increase

Based on the undisputed testimony of A.M. I find that the Landlord has not applied for a prior additional rent increase against these Tenants in the last 18 months.

## 3. Number of Specified Dwelling Units

Section 23.1(1) of the Act contains the following definitions:

"dwelling unit" means the following:

- (a) living accommodation that is not rented and not intended to be rented;
- (b) a rental unit;

[...]

"specified dwelling unit" means

- (a) a dwelling unit that is a building, or is located in a building, in which an installation was made, or repairs or a replacement was carried out, for which eligible capital expenditures were incurred, or
- (b) a dwelling unit that is affected by an installation made, or repairs or a replacement carried out, in or on a residential property in which the dwelling unit is located, for which eligible capital expenditures were incurred.

D.C. testified that he believes that there are 55 specified dwelling units in the rental property; however, no documentary evidence to support this position was provided. The Property Manager, A.M. and M.M. all testified that there are 51 specified dwelling units with 17 specified dwelling units on each of the three floors in building 101. Upon review of the Application for dispute resolution the Landlord has named Tenants in 17 units per floor, without gaps in the numbering, with the exception of unit 201 which the Property Manager testified was empty at the time the Application for Dispute Resolution was made.

I prefer the testimony of the Property Manager, A.M. and M.M. with regard to the number of specified dwelling units over that of Tenant D.C. as they have a greater knowledge of the rental building and the Landlord's Application for Dispute Resolution supports the Landlord's Agents' testimony as the numbering is continuous. I find that the Landlord has proved, on a balance of probabilities, that there are 51 specified dwelling units in the rental property.



#### 4. Amount of Capital Expenditure

The Landlord applied for the following capital expenditures:

- Elevator upgrade: \$103,822.50
- CCT upgrade: \$13,352.76
- FOB installation: \$19,713.52

The Landlord's Agents testified that the Landlord is seeking to attribute 50% of the cost of the CCT upgrade invoices and 50% of the cost of the FOB installation invoices to the residential property because the same work was done in each building. The Landlord's Agents testified that the buildings are similar and contain the same number of specified dwelling units in each building. I accept the above undisputed testimony and find that 50% apportionment is reasonable given that the same work was done in each building at that each building contains 51 specified dwelling units.

#### 5. Is the Work an *Eligible* Capital Expenditure?

As stated above, in order for the Work to be considered an eligible capital expenditure, the landlord must prove the following:

- the Work was to repair, replace, or install a major system or a component of a major system
- the Work was undertaken for one of the following reasons:
  - to comply with health, safety, and housing standards;
  - because the system or component:
    - was close to the end of its useful life; or
    - had failed, was malfunctioning, or was inoperative
  - to achieve a reduction in energy use or greenhouse gas emissions;
  - or
  - to improve the security of the residential property;
- the capital expenditure was incurred less than 18 months prior to the making of the application;
- the capital expenditure is not expected to be incurred again within five years.

I will address each of these in turn.

##### a. Type of Capital Expenditure

Section 21.1 of the Regulation defines "major system" and "major component":

"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;

"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;

RTB Policy Guideline 37C provides examples of major systems and major components:

Examples of major systems or major components include, but are not limited to, the foundation; load bearing elements such as walls, beams and columns; the roof; siding; entry doors; windows; primary flooring in common areas; pavement in parking facilities; electrical wiring; heating systems; plumbing and sanitary systems; security systems, including things like cameras or gates to prevent unauthorized entry; and elevators.

RTB Policy Guideline 37C states that installing CCTV cameras and replacing a keyed entry system with a FOB system are examples of installations, repairs or replacements of major systems or major system components that improve security.

RTB Policy Guideline 37C and the Regulation explicitly identify a residential property's elevator as a "major system". As such, I find that the elevator upgrade was undertaken to replace "major components" of a "major system" of the residential property.

RTB Policy Guideline 37C and the Regulation explicitly identify a residential property's security systems, including the installation of a CCTV system and changing a keyed entry system to a FOB entry system as examples of installations, repairs or replacements of "major systems" or "major system components" that improve security. As such, I find that the CCTV upgrade and FOB entry system installation were undertaken to replace "major components" of a "major system" of the residential property.

b. Reason for Capital Expenditure

Based on the testimony of the Landlord's Agents and the letter from the elevator repair company, I find that the elevator upgrade was made because the elevator was at the end of its useful life.

RTB Policy Guideline 40 states that the useful life expectancy of an elevator is 20 years. The elevator repair company, in their letter to the Landlord, stated that the life expectancy of the elevator in the rental building was 25-30 years.

A.M. provided undisputed testimony that the elevator was original to the rental building built around 1990, making it approximately 32 years old when it was upgraded. Based on the letter from the elevator company and the testimony of the Landlord's Agents I am satisfied that the elevator was past its useful life expectancy and in poor condition.

Based on the testimony of the Landlord's Agents and the letter from the security company, I find that the original CCTV security system provided low resolution surveillance and had numerous non-functioning cameras. Based on the testimony of the Landlord's Agents and the letter from the security company I find that the upgraded CCTV system with high resolution and additional digital cameras, improved the security of the residential property.

Based on the testimony of the Landlords' Agents and the letter from the FOB company, I find that changing the entry system from a keyed entry system to a FOB entry system improved the security of the residential property by better controlling who has access to the residential property.

c. Timing of Capital Expenditure

Residential Tenancy Branch Policy Guideline 37C states:

A capital expenditure is considered "incurred" when payment for it is made.

RTB Policy Guideline 37C states "A capital expenditure can take more than 18 months to complete. As a result, costs associated with the project may be paid outside the 18-month period before the application date. For clarity, the capital expenditure will still be eligible for an additional rent increase in these situations as long as the final payment for the project was incurred in the 18-month period."

The Landlord filed this Application for Dispute Resolution on June 20, 2023.

Based on the elevator upgrade invoices and the cheques paying said invoices entered into evidence, I find that the final payment for the elevator upgrade was made on August 26, 2022. I find that the final payment for the elevator upgrade was incurred less than 18 months prior to the making of this application.

Based on the security upgrade invoice, the Landlord's interac history and the cheque making the final payment, I find that the final payment for the security upgrade was made on June 22, 2022. I find that the final payment for the security upgrade was incurred less than 18 months prior to the making of this application.

Based on the FOB installation invoices and the cheques paying said invoices, I find that the final payment for the FOB installation was made on January 15, 2023. I find that the final payment for the FOB system was incurred less than 18 months prior to the making of this application.

d. Life expectancy of the Capital Expenditure

As stated above, the useful life for the elevator exceeds five years. There is nothing in evidence which would suggest that the life expectancy of the components replaced would deviate from the standard useful life expectancy of building elements set out at

RTB Policy Guideline 40. For this reason, I find that the life expectancy of the elevator components replaced will exceed five years and that the capital expenditure to replace them cannot reasonably be expected to reoccur within five years.

RTB Policy Guideline 40 does not set out the useful life of a CCTV or FOB system. A.M. testified that he believed that the useful life of the CCTV system was approximately 10 years and the useful life of the FOB system was 15-20 years. The estimates of the useful life of the CCTV and FOB systems were undisputed. Based on A.M.'s undisputed testimony I am satisfied that both the CCTV and FOB systems have a useful life over 5 years.

For the above-stated reasons, I find that the capital expenditures incurred to upgrade the elevator, CCTV system and install the FOB system are eligible capital expenditures, as defined by the Regulation.

#### 6. Tenants' Rebuttals

As stated above, the Regulation limits the reasons which a tenant may raise to oppose an additional rent increase for capital expenditure. In addition to presenting evidence to contradict the elements the landlord must prove (set out above), the tenant may defeat an application for an additional rent increase if they can prove that:

- the capital expenditures were incurred because the repairs or replacement were required due to inadequate repair or maintenance on the part of the landlord, or
- the landlord has been paid, or is entitled to be paid, from another source.

C.M. testified that she lives on the first floor and does not usually use the elevator except to give the Landlord her rent cheque once per month.

RTB Policy Guideline 37C states that a landlord can apply for an additional rent increase if they have incurred eligible capital expenditures related to the residential property where a rental unit is located. C.M.'s unit is located in the rental unit and so the Landlord correctly named her in this application for dispute resolution. The fact that C.M. does not frequently use the elevator and resides on the first floor does not exclude her from this application for dispute resolution.

D.C. testified that the Landlord is not entitled to a rent increase because the Tenants' rent covers the operating cost of the building. D.C. testified that the Landlord is responsible for making the required repairs to the elevator and is not entitled to make the tenants pay for it because it is not a co-op and the Tenants are not owners. The cost of maintaining the elevators should have already been accounted for in each tenant's rent.

As set out in RTB Policy Guideline 37C and the Regulation, Landlords are permitted to apply for an additional rent increase for eligible capital expenditures. Although I am sympathetic about the hardship a rent increase of any amount may pose for Tenants, the Regulation limits the reasons which a tenant may raise to oppose an additional rent

increase for capital expenditure, and I find that Tenant D.C.'s argument does not form a basis to dispute the application.

D.C. testified that the Landlord is not permitted to claim the cost of the elevator refurbishment in this application for dispute resolution because the Landlord made this application for dispute resolution almost 1 year and 2 weeks after the elevator work was completed.

As stated earlier in this Decision, the Landlord is entitled to claim eligible capital expenditures incurred less than 18 months prior to the making of this application.

D.C. testified that not all Tenants in the rental building were served with the Landlord's Application for Dispute Resolution and all subsequent documents including his wife, Tenant M.M. The Landlord entered into evidence copies of all tenancy agreements pertaining to the listed parties.

Upon review of the tenancy agreements, I find that three tenants who are listed as tenants in their respective tenancy agreements and who signed their respective tenancy agreements, were not named in this application for dispute resolution.

The Property Manager testified that in unit:

- 116 Tenant N.K. was served with all required documents, but Tenant S.R.W. was not
- 305 D.C. was served with all required documents, but Tenant M.M. was not
- 312 Tenant P.C. was served with all required documents, but Tenant G.M. was not

I find that for this application for dispute resolution the Landlord was required to name and serve each Tenant whose rent the Landlord is seeking to increase, with the Proceeding Package and all other required documents as set out in Residential Tenancy Branch Policy Guideline 12. I find that for units 116, 305 and 312, the Landlord only served one of the two Tenants. I find that since all the Tenants in these units were not served with the required documents, tenants S.R.W. (unit 116), M.M. (unit 305), and G.M. (unit 312) were not afforded the opportunity to attend the hearings and to respond to the Landlord's claims. I therefore find that the Landlord is not entitled to raise the rent for these units as they were not named or served in accordance with Policy Guideline 12 and it would be procedurally unfair to increase their rent without providing them with an opportunity to respond to the claims.

I note that the three specified dwelling units above for which the Landlord is not entitled to increase rent must still be used in the calculation of any rent increase for the remaining units.

## 7. Outcome

The landlord has been successful. The Landlord has proved, on a balance of probabilities, all of the elements required in order to be able to impose an additional rent increase for capital expenditure. Section 23.2 of the Regulation sets out the formula to be applied when calculating the amount of the additional rent increase (the total ARI) as the amount of the eligible capital expenditure divided by the number of specified dwelling units divided by 120. In this case, I have found that there are 51 specified dwelling units and that the amount of the eligible capital expenditure is \$136,888.78.

So, the Landlord has established the basis for an additional rent increase for capital expenditures of \$22.37 ( $\$136,888.78 \div 51 \text{ units} \div 120$ ). If this amount exceeds 3% of a Tenant's monthly rent, the Landlord may not be permitted to impose a rent increase for the entire amount in a single year. As noted earlier in this Decision, the Landlord is not permitted to increase the rent of units 116, 305 and 312.

The parties may refer to RTB Policy Guideline 37, section 23.3 of the Regulation, 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 for further guidance regarding how this rent increase made be imposed.

## **Conclusion**

The Landlord has been successful. I grant the application for an additional rent increase for capital expenditure of \$136,888.78. The Landlord must impose this increase in accordance with the Act and the Regulation. I order the landlord to 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 *Residential Tenancy Act*.

This interim 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: May 15, 2024

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Residential Tenancy Branch