Dispute Resolution Services

Residential Tenancy Branch
Ministry of Housing and Municipal Affairs

DECISION

Dispute Code: ARI-E

Introduction

The applicant Landlord has applied, under section 43(3) of the *Residential Tenancy Act* (the 'Act'), for an additional rent increase unrelated to eligible capital expenditures.

Issue

Is the Landlord entitled to an additional rent increase under section 43(3) of the Act?

Background, Evidence, and Analysis

In an application for an additional rent increase under section 43(3) of the Act, the landlord must prove and establish certain criteria set out in sections 23(1) and 23(3) of the *Residential Tenancy Regulation,* B.C. Reg. 477/2003 (the 'Regulation').

The applicant Landlord and the respondent Tenant attended the dispute resolution hearing by way of teleconference on June 18, 2025. Both parties were affirmed on the record before testifying, making submissions and argument, and before presenting and referring to documentary evidence. There were no issues regarding the service of documentary evidence between the Tenant and the Landlord.

The Landlord seeks an amount of rent increase which would exceed the annual permitted increase of 3%. Over the past four years (from 2021 to 2025, inclusive), monthly mortgage payments have increased from $1,039.61 to $1,407.36, strata fees from $351.79 a month in 2021 to $405.30 a month in 2025, and annual condo insurance from $258.00 in 2021 to $659.00 in 2025.

Over the same period, the monthly rent has gone from $1,250.00 (in 2021) to the current $1,338.00. The rental unit itself is a condominium (or apartment) within a 60-unit strata apartment building.

For all these operating expenses, the Landlord acknowledges that they are not what they would consider “extraordinary”—this definition or meaning is of critical importance in this type of application. The Tenant as well argues that these increased expenses are not extraordinary and are the regular (but ever-increasing) cost of owning property.

There is, however, an additional amount for which the Landlord seeks to recoup through a rent increase: in 2024 there was a $6,325.55 “special levy” (hereafter referred to as the “levy”) imposed by the strata upon each of the property owners. For many years, there was no fire hydrant near the building. However, a new building was constructed approximately three years ago, and the municipality became “aware” of the absences of a fire hydrant and decided to install a hydrant.

The strata and the municipality ended up in litigation over who was to pay for the hydrant installation. The strata lost the litigation, and ended up bearing the cost for the installation, which resulted in a substantial levy for each individual condo owner. While the Landlord certainly understands the importance of having a fire hydrant near the building, it is unfortunate that the strata was made to bear the cost of the installation.

And so, in 2024, the strata presented each owner with the levy, which had to either be paid in full by a certain date or half then and half later. The Landlord cashed out part of their RRSP to pay the levy, which they did in 2024 to cover the cost.

In respect of this expense, the Landlord submits and argues that this type of expense is certainly “extraordinary.” The Tenant did not dispute that the fire hydrant levy would be considered “extraordinary.” From that, the Tenant then made submissions regarding the amounts of any rent increase, if the increase was imposed; the Tenant referred me to the online rent calculator.

Last, the parties briefly testified about how the Landlord withdrew $26,000 in equity from the property when the Landlord renewed their mortgage. And the Tenant submitted that the increased mortgage payments were tied to that equity extraction. The Landlord explained that the withdrawal was to pay off $13,000 in debt and that another $13,000 was set aside for potential bathroom renovations.

Both parties submitted various documents, including bank statements, correspondence, and so forth, on this application. I reviewed every single page of their documentary evidence and have taken the evidence into account in rendering this decision.

A landlord may only increase rent in compliance with Part 3 (sections 40 through 43.1) of the Act. Rent may only be increased up to an amount permitted under section 43 of the Act. In most cases, rent is increased no more than the allowable annual amount, which in 2025 is 3%. A landlord may also increase rent up to any amount agreed to by a tenant in writing.

However, a third manner in which a landlord may increase rent up to an amount if they make an application under subsections 43(1)(b) and 43(3) of the Act. Subsection 43(1) of the Act states that

> In the circumstances prescribed in the regulations, 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 referred to in subsection (1) (a) by making an application for dispute resolution.

The “circumstances prescribed in the regulations” refers to either an additional rent increase for eligible capital expenditures or an additional rent increase other than for eligible capital expenditures. These circumstances are set out in sections 23.1 and 23 of the Regulations, respectively. The Landlord’s application is for an additional rent increase other than for eligible capital expenditures, which is section 23 of the Regulation.

Subsection 23(1) of the Regulation states that

> A landlord may apply under section 43 (3) *[additional rent increase]* of the Act for an additional rent increase, other than for eligible capital expenditures, if one or more of the following apply:
>
> (a) the landlord has incurred a financial loss from an extraordinary increase in the operating expenses of the residential property;
> (b) the landlord, acting reasonably, has incurred a financial loss for the financing costs of purchasing the residential property, if the financing costs could not have been foreseen under reasonable circumstances;
> (c) the landlord, as a tenant, has received an additional rent increase under this section or section 23.1 for the same rental unit.

The Landlord's application (that is, the seven-page paper application, which was submitted as a PDF into the file) indicates they seek a rent increase on the basis of financial loss from an extraordinary increase in operating expenses (subsection 23(1)(b)) and that they seek an increase due to incurring a financial loss due to financing costs of purchasing the property, if the financing costs could not have been foreseen under reasonable circumstances (subsection 23(1)(a).

The Landlord acknowledged that they grouped together the increased strata fees, increased condo insurance, and increase mortgage payments into the latter category. Having considered these three operating expenses, I am not persuaded that they are considered financial losses due to anything financing related—the rental unit was purchased in 2018.

Regarding the levy, what is absent from the Landlord's application is persuasive, evidentiary proof that they incurred a financial *loss*. There is no evidence to support the Landlord's claim that they cashed out a portion of their RRSP, and no evidence such as a statement or an invoice from the strata requesting payment of the levy amount. There is, I recognize, an entry in a bank statement indicating a payment on September 24, 2024, in the amount of $6,325.55 for something described as "PROLINE U6Y9L9", which likely reflects a payment made for the levy.

However, I am not persuaded on a balance of probabilities , especially in light of the fact that the Landlord withdrew approximately $26,000 in equity from the rental unit, of which half sits idle (most likely for future bathroom renovations—which do not appear urgent or even entirely necessary at this time), that the Landlord can be found to have suffered a financial loss. In reference to *Residential Tenancy Policy Guideline 37D: Additional Rent Increase for Expenditures* (ver. February 2023), which the parties both acknowledged having reviewed before the hearing, it states that (at pages 2-3):

> To prove a financial loss, a landlord must ordinarily submit into evidence an audited or certified financial statement that:
> • summarizes the financial condition of the landlord,
> • includes a statement of profit and loss, and
> • is signed by someone authorized to sign audited financial statements in the Province of British Columbia, or is certified by a professional accountant, or is accompanied by a sworn affidavit of the landlord that the financial statements are true.

No such vital audited or certified financial statement, which must include these requirements, was submitted into evidence by the Landlord. Thus, I am simply unable to find that the Landlord has proven a financial loss. As a result, I need not consider the remaining factors set out in subsection 23(3) of the Regulation.

Conclusion

Given the reasons outlined above, I respectfully dismiss the application in accordance with section 23(4)(b) of the Regulation.

I make this decision under delegated authority, pursuant to section 9.1(1) of the Act.

Dated: June 20, 2025

Residential Tenancy Branch