

DECISION

Introduction

On June 17, 2025, the Landlord filed an application pursuant to section 43 of the Residential Tenancy Act (the “Act”) and section 23(1) of the Residential Tenancy Regulation (the “RTR”) for an additional rent increase (the Application). The Application states the Landlord has incurred a financial loss from an extraordinary increase in the operating expenses of the residential property.

Service of Notice of Dispute Resolution Proceeding (Proceeding Packages)

Tenant L.G. confirmed receipt of the Proceeding Packages and that they had enough time to review them.

Based on Tenant L.G.’s testimony, I find the Proceeding Packages properly served using my authority under section 71(2) of the Act and the hearing proceeded as scheduled.

Service of Evidence

Both parties acknowledged receipt of the documentary evidence and agreed to its inclusion.

Due to this agreement, I find the parties’ evidence properly served using my authority under section 71(2) of the Act and accepted it for consideration.

Issue to be Decided

Is the Landlord entitled to an additional rent increase for an extraordinary increase in operating expenses?

Background and Evidence

While I have considered the 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 Landlord’s claim, and my findings are set out below.

Both parties agreed that the current monthly rent of this tenancy is \$1,565.00.

The Landlord is seeking to increase the rent by an extra 21.4%, besides the 3% permitted under by the Act and RTR for 2025, totaling an increase of \$335.00 and resulting in a new rent of \$1,900.00.

The Landlord stated that they have incurred major expenses on major expenditures that have directly benefited the Tenants. In support, the Landlord provided copies of invoices related to various capital expenditures.

The Landlord listed the extraordinary increase of the operating costs in their Application as follows:

Type of Costs	Column A: Costs last fiscal year (2024)	Column B: Costs previous fiscal year (2023)	Column C: Costs two fiscal years ago (2022)	Column A-B: Net Change
Hydro	\$2,921.32	\$3,017.28	\$3,240.84	-\$95.96
Telus Cell	\$1,266.72	\$976.80	\$1,446.74	\$289.92
Telus	\$2,611.71	\$1,523.34	\$1,830.96	\$1,088.37
Water	\$1,512.42	\$1,589.40	\$1,530.20	-\$76.98
Saanich Cans	\$288.33	\$288.33	\$274.54	\$0
Taxes	\$5,204.11	\$4,880.52	\$4,232.01	\$323.59
Insurance	\$2,026.75	\$2,559.75	\$2,294.50	-\$527.00
Net increase in operating expenses				\$1,001.94

The Landlord stated that they did not provide a financial statement because they did not want to disclose it to anyone else other than their accountant and the CRA.

The Tenants submitted that the capital expenditures should not be included in the Landlord's current application and that the Landlord did not incur an extraordinary increase in their operating expenses as per Policy Guideline 37D.

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.

An application for an additional rent increase due to a financial loss from extraordinary increases in operating expenses under section 23 of the RTR can be successful if the operating costs of the Landlord's rental unit exceed the revenue generated by the rental unit. The financial loss must be the result of an **extraordinary increase** in **operating expenses**.

RTB Policy Guideline 37D states that 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.

The Landlord did not provide an audited or certified financial statement, which is a requirement to prove a financial loss.

Furthermore, Policy Guideline 37D addresses the meanings of “extraordinary” and “operating expenses” as follows:

Extraordinary means very unusual or exceptional. If operating expenses sharply and suddenly increase without warning, it may be extraordinary.

Operating expenses include utility charges (heat, hydro, water), municipal taxes (property and school taxes), recycling, sewer and garbage fees, insurance premiums, routine repair and maintenance, reasonable management fees for the management of the residential property, and the cost of leasing land for purposes **directly related to the operation and use of the property**.

Operating expenses **do not include** financing costs or **capital expenditures** (both of which have separate additional rent increase provisions), fines or penalties levied for failure to meet an obligation, capital cost allowance or depreciation, and income taxes.

I find that the major expenditures submitted by the Landlord are not considered as operating expenses and that they fall under the application type of additional rent increases for capital expenditures.

I note that the Landlord did not provide any documentary evidence to corroborate the listed operating expenses.

Furthermore, having carefully reviewed the listed operating expenses, namely, hydro, Telus cell, water, Saanich Cans, taxes, and insurance, I find they indicate either a trivial increase or even a decrease from 2023 to 2024 and therefore cannot be considered as “extraordinary increase”. I further find that the Landlord did not provide any documentary evidence to corroborate the increase of \$1,088.37 on the Telus. As such, I find the Landlord has not provided sufficient evidence to establish, on a balance of probabilities, that they have sustained an extraordinary increase in operating expenses.

For the above reasons, I dismiss the Landlord's application for an additional rent increase due to a financial loss from an extraordinary increase in the operating expenses without leave to reapply.

Conclusion

The Landlord's application is dismissed in its entirety, without leave to reapply.

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: August 7, 2025

Residential Tenancy Branch