

## **DECISION**

### **Introduction**

On August 20, 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)**

The Tenants confirmed receipt of the Proceeding Packages and that they had enough time to review them.

Based on the Tenants’ 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**

The Tenants acknowledged receipt of the Landlords’ documentary evidence and agreed to its inclusion.

Due to this agreement, I find the Landlord’s 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.

The Landlord's application and the Notice of Rent Increase #RTB-7 dated September 1, 2024 indicate that the current monthly rent of this tenancy is \$1,500.00.

The Landlord's application states that they are seeking to increase the rent by an extra 22.5%, besides the 3% permitted under by the Act and RTR for 2025, totaling an increase of \$700.00 and resulting in a new rent of \$2,200.00.

The Landlord testified that the operating costs are much higher than the current rent and that they could not financially keep accommodating a low rent.

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
Strata	\$5,819.88	\$5,819.88	\$5,819.88	0
Mortgage	\$11,205.72	\$11,205.72	\$11,205.72	0
Property Tax	\$2,580.00	\$2,592.00	\$2,472.00	-\$12
Insurance	\$484.08	\$373.08	\$292.08	\$111
Other	\$2,617.23	\$1,022.05	\$467.41	\$1,595.18
	Strata/new appliances	Plumbing/furnace	Fence levy	
Net increase in operating expenses				\$1,694.18

The Landlord stated that the other type of costs includes new appliances, plumbing/furnace repairs, and strata levy.

The Landlord submitted copies of mortgage statement, bank transaction records, strata fee statement, property tax notice, strata fee payment receipt and invoices to corroborate the above.

The Tenants do not agree that the Landlord has incurred 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 meaning 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. For example, if the cost of a kilowatt hour of electricity doubled in a period of 3 months, this may be considered extraordinary. If the cost of garbage collection increased 7% over the previous year, this would probably not 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.

I find the purchase of new appliances is not considered an operating expense as it is not a routine repair and maintenance.

Having carefully reviewed the rest of the operating expenses listed in the Landlord's application, I find they indicate either a trivial increase or even a decrease from 2022 to 2024 and therefore cannot be considered as "extraordinary increase". As such, I find the Landlord has failed to establish, on a balance of probabilities, that they have sustained an extraordinary increase in operating expenses.

For the 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: October 24, 2025

---

Residential Tenancy Branch