Dispute Resolution Services

Residential Tenancy Branch
Ministry of Housing and Municipal Affairs

DECISION

Dispute Code: ARI-C

INTRODUCTION

This decision is in respect of the Landlord's application made under the *Residential Tenancy Act* (the "Act") and the *Residential Tenancy Regulation* (the "Regulation") for an additional rent increase for eligible capital expenditures pursuant to section 43(3) of the Act and section 23.1 of the Regulation.

A representative for the applicant Landlord, along with five respondent Tenants, attended the hearing on December 5, 2025. The Landlord's representative was affirmed before presenting evidence, and there were no issues regarding the service of evidence and written submissions.

ISSUE

Is the Landlord entitled to impose an additional rent increase for capital expenditures?

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 parties' claims, arguments, and submissions (both oral and written), and my findings are set out below.

The property in question is a 3-storey apartment building in Kamloops. The building was built in 1969 and there are a total of 42 apartment units in the property. 42 units are included in this application. There are 37 Tenants named in this application.

The Landlord testified that they have not applied for an additional rent increase for eligible capital expenditures against any of the Tenants or tenancies prior to this application in respect of the patio door replacements, which is the capital expenditure being applied for (the "project").

The Landlord testified that the project involved replacing the patio doors in thirty-five apartments. The new installations were modern double-paned vinyl doors, which provide improved soundproofing, higher UV protection, and better insulation compared to the originals. The old doors, installed in 1969, were typically metal and had long surpassed their useful life. They were inefficient, often drafty, and prone to seal failures that caused the glass to become cloudy. While a few replacements had been carried out in the past, it became clear that the entire building required a comprehensive upgrade.

Work began in the spring of 2025 and was completed on July 16, 2025. The project proceeded smoothly and addressed long-standing issues with the aging doors. The Landlord testified that they expect the newly installed patio doors to have well over 20 or 30 years of useful life.

The total cost came to $127,914.10. Billing was handled through three invoices: an initial 50 percent deposit, a final payment upon completion, and a third invoice to cover one apartment that had been omitted from the original quote, which listed only thirty-four units instead of thirty-five. Copies of those invoices were submitted into evidence, along with exterior before-and-after photographs of the doors.

Overall, the replacement project was straightforward and necessary. It modernized the building's infrastructure, improved energy efficiency, and resolved the persistent problems associated with the outdated patio doors.

The Tenants provided oral and written submissions regarding this application, which I shall refer to and address later in the decision.

ANALYSIS

1. Statutory Framework

Sections 21.1 and 23.1 of the Regulation set out the framework for determining if a landlord is entitled to impose an additional rent increase for eligible capital expenditures.

Section 21.1 of the Regulation sets out the definitions used in this type of application; I will turn to the relevant definitions below.

Section 23.1 of the Regulation states the following:

(1) Subject to subsection (2), a landlord may apply under section 43 (3) *[additional rent increase]* of the Act for an additional rent increase in respect of a rental unit that is a specified dwelling unit for eligible capital expenditures incurred in the 18-month period preceding the date on which the landlord makes the application.

(2) If the landlord made a previous application for an additional rent increase under subsection (1) and the application was granted, whether in whole or in part, the landlord must not make a subsequent application in respect of the same rental unit for an additional rent increase for eligible capital expenditures until at least 18 months after the month in which the last application was made.

(3) If the landlord applies for an additional rent increase under this section, the landlord must make a single application to increase the rent for all rental units on which the landlord intends to impose the additional rent increase if approved.

(4) Subject to subsection (5), the director must grant an application under this section for that portion of the capital expenditures in respect of which the landlord establishes all of the following:

(a) the capital expenditures were incurred for one of the following:

(i) the installation, repair or replacement of a major system or major component in order to maintain the residential property, of which the major system is a part or the major component is a component, in a state of repair that complies with the health, safety and housing standards required by law in accordance with section 32 (1) (a) *[landlord and tenant obligations to repair and maintain]* of the Act;

(ii) the installation, repair or replacement of a major system or major component that has failed or is malfunctioning or inoperative or that is close to the end of its useful life;

(iii) the installation, repair or replacement of a major system or major component that achieves one or more of the following:

(A) a reduction in energy use or greenhouse gas emissions;
(B) an improvement in the security of the residential property;

(b) the capital expenditures were incurred in the 18-month period preceding the date on which the landlord makes the application;
(c) the capital expenditures are not expected to be incurred again for at least 5 years.

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

(1) for repairs or replacement required because of inadequate repair or maintenance on the part of the landlord, or

(2) for which the landlord has been paid, or is entitled to be paid, from another source (see subsection 23.1(5) of the Regulation).

If a landlord discharges their evidentiary burden and the tenants fail to establish that an additional rent increase should not be imposed (for the reasons set out above), the landlord may then impose an additional rent increase pursuant to sections 23.2 and 23.3 of the Regulation.

2. Prior Application for Additional Rent Increase

The Landlord made this application on October 3, 2025. The Landlord submits, and the Tenants do not dispute, that the Landlord has made the same or a similar application for an additional rent increase for eligible capital expenditures (for patio doors) in the 18-month period before the date this current application was made.

3. Number of Specified Dwelling Units

A landlord may make this application for an additional rent increase in respect of a rental unit that is a *specified dwelling unit.* Section 21.1(1) 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.

This application includes 42 rental units as specified dwelling units.

4. Amount of Capital Expenditures

The total amount of the capital expenditures for the work is $127,914.10, and the Landlord has established this amount by providing copies of three invoices, along with a payment summary document showing the three payments made.

5. Is the Work an "Eligible" Capital Expenditure?

As stated above, for the work to be considered an eligible capital expenditure, the landlord must prove each of 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
    - because it 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 Expenditures

The patio doors repair and replacement was, as described by the Landlord, to replace and install new patio doors. I have no hesitation in finding, as a matter of fact and law, that patio doors are a "major system". (See examples, including "entry doors," on page 4 of *Residential Tenancy Policy Guideline 37C*.)

b. Reason for Capital Expenditures

The project was undertaken because the patio doors were not only close to the end of their useful lives, but in fact had long exceeded this. The patio doors were 56 years old—as old as the building itself. I also note that the new patio doors will improve heat insulation and exterior noise reduction.

c. Timing of Capital Expenditures

I accept the Landlord's evidence that payments made on the project were incurred within an 18-month period preceding the date on which this application was filed.

d. Useful Life of the Capital Expenditures

Useful life is the approximate period that an item or asset can reasonably be expected to last before it must be replaced or undergo major maintenance (*Residential Tenancy Policy Guideline 40. Useful Life*, ver. February 2025, at page 1). Under this policy guideline, an exterior door has a useful life expectancy of 30 years (see page 8), which is consistent with the Landlord's testimony as to how long the doors should last.

Therefore, I find that the life expectancy of the patio doors will all exceed five years and that a capital expenditure to replace them cannot reasonably be expected to reoccur within the next five years, which is a requirement under subsection 23.1(4)(c) of the Act.

And so, for the above-stated reasons, I find that the capital expenditures incurred on the project are eligible capital expenditures as defined by the Regulation.

6. Tenants' Submissions and Rebuttals

Subsection 23.1(5) of the Regulation narrowly defines the grounds upon which tenants may oppose an application for an additional rent increase based on capital expenditures. Tenants may succeed only if they establish either:

(a) 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

(b) the landlord has been paid, or is entitled to be paid, from another source.

The Tenants in this matter have provided thoughtful submissions, both oral and written. Tenant G.G. raised an issue concerning a special assessment on the parking lot, which, with respect, falls outside the scope of this application. Other Tenants, including C.L. and L.C., emphasized that “zero maintenance” had been performed on their doors and windows, with complaints extending over many years. L.C. further described winter conditions where ice accumulation rendered the balcony door unusable, allegedly increasing heating costs and creating safety concerns. These submissions reflect genuine frustration and highlight the lived experience of the Tenants in the building.

That said, while these accounts are acknowledged, they do not meet the evidentiary threshold required under the Regulation. The Regulation requires more than anecdotal complaints; tenants must demonstrate that specific maintenance, if performed, would have prevented the need for replacement. No such evidence has been provided. The patio doors in question were installed in 1969—well beyond their expected service life.

Once a building component has exceeded its useful life, no amount of maintenance can forestall replacement. The situation here is analogous to a roof at the end of its life: while a landlord’s neglect of a leaking roof could render certain expenditures ineligible, if the roof has simply reached the end of its lifespan, replacement is unavoidable and eligible.

Accordingly, while I respect the Tenants’ submissions and acknowledge their concerns, I am not persuaded that the capital expenditures for the patio doors were incurred due to inadequate repair or maintenance. The evidence demonstrates that the doors had reached obsolescence, and replacement was the only viable option.

Finally, Tenants’ additional arguments—that the Landlord should have maintained a contingency fund or that the Landlord selectively chose projects—are not relevant to the statutory framework. The Act and Regulation do not require landlords to maintain contingency reserves, nor does it restrict their discretion in determining which projects to undertake. What the law does require is that, if a landlord seeks to recover capital expenditures through rent increases, they must file the appropriate application. That is precisely what has been done here.

7. Outcome

The Landlord has been successful in this application. The Landlord has proven, on a balance of probabilities, all the elements required to be able to impose an additional rent increase for capital expenditures. As such, I grant the Landlord's application pursuant to section 23.1 of the Regulation.

Having granted the Landlord's application, the additional rent increase is determined under section 23.2 of the Regulation. Section 23.2(2) of the Regulation states that

> The director [that is, the arbitrator having delegated authority] must
>
> (a) divide the amount of the eligible capital expenditures incurred by the number of specified dwelling units, and
> (b) divide the amount calculated under paragraph (a) by 120.

In this application, $127,914.10 is divided by 42 specified dwelling units, which is $3,045.57. The amount of $3,045.57 is then divided by 120, which is $25.38.

Having calculated this amount, the Landlord is required, upon receiving this Decision, to apply sections 23.2(3) and (4) of the Regulation in determining the amount of additional rent increases for eligible capital expenditures. For the benefit of the parties, sections 23.2(3) and (4) are as follows:

> (3) The landlord must multiply the sum of the rent payable in the year in which the additional increase is to be imposed and the annual rent increase permitted to be imposed under section 43 (1) (a) of the Act in that year by 3%.
>
> (4) The landlord may only impose whichever is the lower amount of the 2 amounts calculated under subsection (2) or (3).

The parties may wish to further refer to any applicable policy, section 23.3 of the Regulation, and section 42 of the Act (which requires that a landlord provide a tenant three months' notice of a rent increase).

For additional guidance on how and when this additional rent increase may be imposed, the parties may access the Residential Tenancy Branch's additional rent increase calculator online at the following URL:

https://www2.gov.bc.ca/gov/content/housing-tenancy/residential-tenancies/rent-rtb/rent-increase-costs-expenses#capital.

CONCLUSION

The application is hereby granted.

The Landlord is ordered to provide a copy of this Decision to the Tenants.

This decision is final and binding, except where otherwise permitted under section 79 of the Act, or by way of an application for judicial review made under the *Judicial Review Procedure Act,* RSBC 1996, c. 241.

Dated: December 10, 2025

Residential Tenancy Branch