



Dispute Resolution Services

Residential Tenancy Branch
Ministry of Housing and Municipal Affairs

Page: 1

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 Landlord, along with three Tenants, attended the hearing on January 9, 2026. The Landlord's representative was affirmed before presenting evidence, and there were no issues with service of evidence.

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, and my findings, are set out below.

The property in question is a 3-storey apartment building (the "building") in Parksville. The building was built in the late 1960s. There are a total of 31 rental units in the building and there are 35 Tenants. There are no units, such as a property manager's unit, excluded from this total.

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 roof replacement, which is the capital expenditure being applied for (the "project").

The Landlord testified that a local maintenance man, who performs building maintenance on the Landlord's various properties in the region, attended to the building in early 2025. The maintenance man noticed that the building's roof was showing signs of extreme wear and was close to the end of its useful life at that time. The maintenance man reached out to a local roofing and construction company. This company attended to the building and reviewed the roof, agreeing with the maintenance man's assessment that the roof was indeed at the end of its life and "needed immediate replacement."

The roof replacement work consisted of a two-ply SBS torch on roof replacement, which is the standard roofing material for a multi-family residential construction. The Landlord further testified that one-half of the building's roof was replaced, with the second half to be undertaken some time in 2026. It is the Landlord's estimate that the roof's useful life expectancy, with proper maintenance, could last upwards of 40 years.

The project was entirely completed within 2025, and the Landlord's expenditures were \$72,975.00, with the first payment of \$36,487.50 made on July 23, 2025, and the second payment of \$36,487.50 made on August 20, 2025. The Landlord submitted into evidence a copy of both cheques for these payments, along with a copy of the roofing company's invoice for the project.

The Tenants provided oral submissions regarding this application, which I address later in the decision.

ANALYSIS

1. Statutory Framework

[Sections 21.1](#) and [23.1](#) of the Regulation set out the framework for deciding 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 12, 2025. The Landlord submits, and the Tenants do not dispute, that the Landlord has made the same or similar application for an additional rent increase for eligible capital expenditures (for the roof project) 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 31 rental units as specified dwelling units.

4. Amount of Capital Expenditures

The total amount of the capital expenditures for the work is \$72,975.00, and the Landlord has established this amount by providing copies of the roofing company's invoice, along with copies of two cheques reflective 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 roof replacement was, as described by the Landlord, to replace and install a new roof. I have no hesitation in finding, as a matter of fact and law, the roof constitutes a “major system” (see *Residential Tenancy Policy Guideline 37C. Additional Rent Increase for Capital Expenditures*, at page 4, available [online](#)).

b. Reason for Capital Expenditures

The project was undertaken because the roof was at the very end of its useful life and needed immediate replacement.

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 (see *Residential Tenancy Policy Guideline 40. Useful Life*, available [online](#)). Under this guideline, a roof of the type being replaced has a useful life expectancy of 20 years (see page 7 of the guideline). The Landlord expects or anticipates that the roof should last much longer, at closer to 40 years.

Therefore, I find that the life expectancy of the roof will 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 who attended the hearing provided thoughtful submissions and argument.

Tenant R.K. objects to the Landlord's request to increase rent on the basis that the roof is a structural component of the building, and therefore its repair and maintenance fall squarely under the Landlord's responsibilities. They emphasize that residential tenancy principles distinguish between a tenant's obligation to pay rent and a landlord's obligation to handle major repairs, capital improvements, and ongoing structural upkeep. They also note that their tenancy agreement contains no clause requiring them to contribute to building-wide structural repairs, nor have they ever agreed to any additional fees or rent increases for such purposes.

Tenant C.P. expresses full agreement with R.K.'s position and reiterates that tenants should not be charged for structural repairs. They raise an additional question about a fire that occurred in the building roughly 26 years ago, noting that the upper floor had been completely redone at that time and wondering whether any of that work involved the roof. After the Landlord's representative explained that they have no information about the fire or any related repairs, the Tenant restated that their rental agreement also contains no provision requiring payment toward structural or building-wide repair costs.

Last, Tenant S.K. also states that they agree entirely with R.K.'s submissions and support the objection to the proposed rent increase. They mention having an additional concern or question, which I addressed in the hearing. Tenant S.K. reiterated that they support the joint position that tenants should not be responsible for costs associated with major structural repairs such as roof replacement.

After carefully reviewing the submissions provided by the Tenants, I acknowledge the concerns raised regarding the nature of the roof repairs and the belief that such work falls within the Landlord's general responsibility for structural maintenance. The Tenants emphasized that their tenancy agreements do not contain provisions requiring contributions toward building-wide structural repairs, and they expressed the view that these costs should not form the basis of a rent increase. These points have been fully considered.

However, the Landlord's application has been made under section 43(1) of the Act and section 23.1 of the Regulation, which establishes a specific statutory mechanism permitting rent increases in circumstances involving eligible capital expenditures. The question before me is not whether the Tenants agreed to contribute to structural repairs, but whether the Landlord's claimed expenses meet the criteria set out in section 23.1. The Tenants' submissions, while relevant to their understanding of general landlord obligations, do not alter the statutory test that must be applied.

In this case, the evidence provided by the Landlord satisfies the requirements of section 23.1, including the nature of the work performed, the categorization of the expenditure, and the supporting documentation. The Tenants' objections do not displace the Landlord's entitlement to seek a rent increase through this regulatory process. As a result, while their submissions have been given full and thoughtful consideration, they do not affect the outcome of the Landlord's application.

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, \$72,975.00 is divided by 31 specified dwelling units, which is \$2,354.03. The amount of \$2,354.03 is then divided by 120, which is \$19.62.

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:

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: January 13, 2026

RESIDENTIAL TENANCY BRANCH