



# Dispute Resolution Services

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Residential Tenancy Branch  
Ministry of Housing and Municipal Affairs

## DECISION

### Introduction

This hearing dealt with the Tenants' joiner Application under the Residential Tenancy Act (Act) for:

1. An Order to dispute a rent increase that is above the amount allowed by law under section 43 of the Act;
2. An Order for the Landlord to comply with the Act, regulations, and tenancy agreement under section 62(3) of the Act; and,
3. Recovery of the application filing fee under section 72 of the Act.

Tenant CK, Tenant SC, Tenant SK, Tenant RO, Tenant JD, advocate AS, and legal advocate KD attended the hearing for the Tenants.

Treasurer PN, property manager SW attended the hearing for the Landlord.

### Service of Notice of Dispute Resolution Proceeding and evidence (Proceeding Package)

The Tenants testified that they served the Landlord with the Proceeding Packages for all the files by Purolator courier as they were serving during the Canada Post strike. The Tenants received notice that the Landlord could not sign for the package, so the Proceeding Packages were sent by email on December 8, 2025. The Landlord confirmed its receipt.

I find that the Landlord was sufficiently served with the Proceeding Package on December 11, 2025 in accordance with section 71(2)(b) of the Act.

## **Service of Evidence**

The Landlord testified that they served their evidence to the Tenants by Canada Post registered mail on December 19, 2025. The Landlord uploaded the Canada Post customer receipts with tracking numbers for all the Tenants. All the Tenants confirmed receipt. I find the Landlord's evidence was deemed served on the Tenants on December 24, 2025 in accordance with sections 88(c) and 90(a) of the Act.

## **Issues to be Decided**

1. Are the Tenants entitled to an Order to dispute a rent increase that is above the amount allowed by law?
2. Are the Tenants entitled to an Order for the Landlord to comply with the Act, regulations, and tenancy agreement?
3. Is Tenant CK entitled to recovery of the application filing fee?

## **Background and Evidence**

I reviewed all written and oral evidence and submissions presented to me; however, only the evidence and submissions relevant to the issues and findings in this matter are described in this decision.

The Tenants stated that on October 20, 2025, they received a notice of a policy change, identifying that rents would be a rent-geared-to-income (RGI) rent structure. The notice stated the Landlord's housing was formerly under agreement with BC Housing, but that contract is no longer active. The Landlord is now:

*... implementing BC Housing's Rent-Geared-to-Income (RGI) guidelines to ensure fairness, transparency, and affordability for all residents.*

*As part of our commitment to maintaining equitable and sustainable housing, the Board of Directors has approved the transition of [residential property name] to a Rent-Geared-to-Income (RGI) rent structure.*

*This change allows rents to be calculated based on each household's income, consistent with BC Housing's affordability standards.*

...

***This is not a rent increase under the Residential Tenancy Act. It is a policy change reflecting the Society's decision to transition to the RGI system in alignment with BC Housing's recognized guidelines.***

The Landlord's correspondence to the Tenants included information that they previously operated under agreements with both the BC Housing Management Commission and the Canada Mortgage and Housing Corporation; however, those agreements have concluded. The Landlord asserted that their rent-determination practices are lawfully exempt from sections 2(2)(f) and 2(2)(h) [copied from the Landlord's notice] of the Act.

The Landlord's correspondence shows that the new RGI rent structure is effective February 1, 2026.

The Tenants do not dispute that section 2 of the *Residential Tenancy Regulation* (Regulation) can exempt the Landlord from sections 34(2), 41, 42, and 43 of the Act for new tenants signing tenancy agreements with their rent related to the tenant's income. However, the Tenants argue that none of the current Tenants in this matter had tenancy agreements where their rent was related to their incomes.

*Tenant CK's evidence:*

The parties agreed the periodic tenancy began on December 1, 2019. CK said their monthly rent is \$394.88 payable on the first day of each month. CK thought their security deposit was \$150.00, while the Landlord testified to holding around \$193.00.

CK's tenancy agreement says a four-page addendum with six additional terms is attached. CK has not uploaded the addendum.

CK uploaded their last notice of rent increase served on form #RTB-7 dated August 28, 2025 that stated their new rent would be \$394.88 per month plus \$25.00 for storage, and \$25.00 for parking commencing January 1, 2026.

On October 23, 2025, CK received a notice from the Landlord canceling their proposed rent increase served on August 28, 2025. The Landlord wrote that CK's rent will stay the same until February 1, 2026 when the RGI policy comes into effect.

Under the Landlord's proposed RGI increase, CK calculates their rent will go from \$394.88 to \$1,200.00 per month.

*Tenant SC's evidence:*

The Landlord stated there is no tenancy agreement for this Tenant. The parties did agree that the periodic tenancy's monthly rent is \$320.00 payable on the first day of each month. A security deposit of \$144.00 was collected at the start of the tenancy.

On January 12, 2013, SC's first application for tenancy at the residential property, she said she filled out information under applicant's statement of income. SC said they never signed a tenancy agreement, and they resided in the residential property from December 2014 to 2016. In 2016, SC vacated their rental unit, and in around May 2017, they moved back into the residential property, but they did not provide any new financial information to the Landlord, and they did not sign a new tenancy agreement.

SC submitted they have received notice of rent increases with the allowable percentage governed under the Act and Regulation their entire tenancy in January of every year. On August 28, 2025, the Landlord served SC with the latest Notice of Rent Increase Residential Rental Units form #RTB-7. That rent increase was effective January 1, 2026.

Under the Landlord's proposed RGI increase, SC's rent will go from \$320.00 to \$663.00 per month.

*Tenant SK's evidence:*

The parties' tenancy agreement was signed on December 2, 2016. Monthly rent is \$320.00 payable on the first day of each month. The Landlord testified to holding a security deposit totaling \$141.00, and SK said their security deposit was \$134.00 which accords with the signed tenancy agreement.

SK's tenancy agreement says a four-page addendum with six additional terms is attached. SK uploaded one page of the addendum that discusses living in a crime-free multi-housing program, and how breaching any term on the list of criminal activities shall be good cause for a notice to end a tenancy.

SK submitted they receive annual rent increases in accordance with the allowable percentage rent increase amounts which always start on January 1 of each year.

Under the Landlord's proposed RGI increase, SK submits that their rent will go from \$320.00 to \$663.00 per month.

*Tenant RO's evidence:*

RO uploaded a copy of their tenancy agreement signed on November 25, 2015. The tenancy agreement stated the tenancy began on December 1, 2015. The parties agreed that the Tenant's monthly rent is \$320.00 payable on the first day of each month. RO's tenancy agreement said their security deposit was \$136.00, while the Landlord testified to holding \$138.00.

RO's tenancy agreement says a four-page addendum with six additional terms is attached. RO uploaded three pages of the addendum with five additional terms. None of the additional terms included in the addendum specified that the Tenant's rent is related to the Tenant's income.

RO uploaded their last notice of rent increase served on form #RTB-7 dated August 28, 2025 that stated their new rent would be \$327.36 plus \$25.00 for storage commencing January 1, 2026.

On October 23, 2025, RO received a notice from the Landlord canceling their proposed rent increase served on August 28, 2025. The Landlord wrote that RO's rent will stay the same until February 1, 2026 when the RGI policy comes into effect.

On an undated letter, RO wrote the Landlord requesting clarification regarding the Landlord's proposed RGI rent increases. RO requested:

1. The **legal or program basis** under which my rent can be changed from my existing tenancy agreement, which I last signed in **2015**, and which does not reference RGI provisions.
2. A **detailed calculation** showing how my new rent was determined, including the income figures used, any deductions applied, and the percentage of income used to calculate the rent. Based on my total monthly income of **\$2,018.94**, my understanding is that 30% of income would equal approximately **\$606/month**, so I would like clarification on the discrepancy.
3. Documentation confirming whether my unit is officially designated as **rent-geared-to-income (RGI)** under BC Housing or the housing society's program, and the **effective date** of such designation.

Under the Landlord's proposed RGI increase, RO submits that their rent will go from \$320.00 to \$663.00 per month.

*Tenant JD's evidence:*

JD uploaded a copy of their tenancy agreement signed on September 30, 2023. The tenancy agreement stated that the periodic tenancy began on October 1, 2023. The

parties agreed that the Tenant's monthly rent is \$564.00 payable on the first day of each month. The parties agreed that JD paid a security deposit of \$265.00.

The tenancy agreement addendum included 2 pages with 4 additional terms, while the tenancy agreement stated the addendum included 3 pages with 7 additional terms. None of the additional terms included in the addendum pages uploaded specified that the JD's rent is related to the JD's income.

JD uploaded their last notice of rent increase served on form #RTB-7 dated June 1, 2025 that stated their new rent would be \$564.00 per month commencing October 1, 2025.

The Tenants submit that section 2 of the Regulation does not apply to them because the rent for their units was not related to their incomes. Legal advocate KD submits that rents set related to the tenant's income is a pre-requisite for the Landlord to be exempt under section 2 of the Regulation. KD stated that the Landlord can start new tenants under their RGI program, but they cannot do it with the current Tenants under their current tenancy agreements that they both have signed.

The Tenants uploaded an example of an RGI tenancy agreement used by non-profit and BC Housing properties. Paragraph 3 specifies that 'Rent shall be determined as a percentage of income as set forth in paragraph 10. Paragraph 10 states:

**10. Payment of Rent**

- (a) The tenant must pay rent to the landlord in advance on or before the first day of each calendar month at the place and in the manner the landlord designates in writing.
- (b) The amount of rent payable from time to time will be determined on the basis of 30% of the tenant's and occupant's gross monthly household income or such other percentage as shall be determined by applying the applicable BC Rent Scale, or such other rent scale as the landlord may determine from time to time. The landlord will give to the tenant notice of the amount of such rent payable prior to the date this tenancy starts. Any change in the rent will be determined in accordance with Section 10(c) and is not subject to the RTA. The tenant acknowledges the landlord has selected the tenant on a number of criteria, including the income and assets of the

tenant and occupants, and that any change in the income or assets of the tenant or occupants is material and of great importance to the landlord.

- (c) The tenant agrees:
  - (i) to complete and sign a declaration stating the number of occupants in the rental unit, their names, birthdates, gross incomes and assets on a form provided by the landlord, at least once in every 12 month period, and from time to time as required by the landlord;
  - (ii) to provide proof of income and assets with such declaration; and
  - (iii) that the declaration and supporting documentation will form part of this tenancy agreement.This information is material and fundamental to this tenancy agreement. If the tenant is applying to BC Housing for a rent subsidy, the landlord will forward the declaration and information to BC Housing for consideration.

The Tenants' tenancy agreements are the standard tenancy agreement provided by the RTB. They do not stipulate that rents are related to the Tenants' incomes.

The Tenants also seek an Order for the Landlord to comply with the Act, Regulation, and tenancy agreement that rent increases can only occur annually, and not implemented through a policy change, and must be in compliance with the Act and Regulation.

The Landlord submitted that historically, the Landlord applied elements of RGI principles primarily at the time of tenant intake, using income information to establish an initial affordable rent. After this starting point, rents were adjusted modestly for existing tenants to preserve housing stability for their tenants and avoid unintended hardship. Income verification in later years was not required.

The Landlord submitted that over time, rents became less closely aligned to current household income, and this reduced the Landlord's ability to build adequate operating reserves to address major capital repair needs in an aging building. The Landlord seeks to establish a consistent, building-wide RGI system which the Landlord states is necessary to preserve long-term affordability for tenants while ensuring the continued financial viability for the Landlord and providing access to funding.

The Landlord submits that section 2(1)(h) of the Regulation applies to the Tenant's situation. That section states:

***Exemption from certain sections of the Act for public housing bodies***

**2** (1) *Rental units operated by the following are exempt from sections 34 (2), 41, 42 and 43 [assignment and subletting, rent increases] of the Act if the rent of the units is related to the tenant's income:*

...

(h) *any housing society or non-profit municipal housing corporation that previously had an agreement regarding the operation of residential property with a person or body listed in paragraph (g), if the agreement expired and was not renewed.*

The Landlord supported their reply to the Tenants by including BC Housing's registry criteria that the residential property where the Tenants reside will be listed as RGI, and this change will be effective after BC Housing's next registry update in November 2025.

Property manager SW submitted that management of the Landlord's business was not run properly under the previous property managers and 'things fell through the cracks.' SW stated they were informed that a previous property manager did look at the tenants' finances; however, they did not keep a copy in the file. SW submitted the one copy of financial information found for Tenant SC is proof that a tenant's finances were considered, but the Landlord does not have a copy of their lease agreement.

The Landlord acknowledges that they cannot show income documents for the current Tenants. They said income documents may exist but have not been found.

The Landlord pointed to a letter addressed to CMHC dated September 29, 1975 which shows that the Landlord always intended that rent was geared to income. This letter dealt with the proposed [senior's home name] and a bus schedule servicing the residents of the residential property. They highlighted the following paragraph:

*We have a letter from the Department of Housing, Victoria, which suggests participation with CMHC in Section 44 rent supplements, so that no senior citizen need pay more than about 25 percent of income in rent. The [Landlord] is prepared to enter discussion with CMHC in Section 44 rent supplements with respect to the above proposed project.*

SW said they did not have the time to go back 50 years and put this information into their evidence package. The Landlord said that the majority of tenants support their efforts to amend their policy. SW said they want to modernize the program, and ensure the procedures are implemented.

The Landlord said there is no money for infrastructure. They have leaky roofs, and a gurgling plumbing system, to name a few, but they have no money to complete the repairs. The Landlord stated that implementing the change to an RGI rent structure was the quickest solution that the board wants to impose to allow them access to more funds for repairs, and to provide access to other funding sources.

The Landlord uploaded a December 5, 2025 letter authored by their legal counsel that stated the exemption under section 2 of the Regulation entitles the Landlord to transition from a fixed or market rent model to an income-based RGI rental structure. This is not a rent increase under the Act, but a permitted administrative power under the legislation. The letter stated, 'Having a prior tenancy agreement with certain rent amounts was neither an explicit or an implied waiver of this exclusion.'

## 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.

### **Are the Tenants entitled to an order regarding the Tenants' dispute of a rent increase by the Landlord?**

A landlord may impose a rent increase in three ways:

1. calculated in accordance with the Regulation, and issued on a formal notice (form #RTB-7) three months before the increase will begin;
2. ordered by the director on an application under section 43(3) of the Act; or,
3. agreed to by the tenant in writing.

Part 3, section 41 of the Act, states that a landlord must not increase rent except in accordance with sections 42 and 43 of the Act, which only allow for a rent increase at least 12 months after the effective date of the last rent increase, served in the approved form, at least 3 months before the effective date of the increase by an amount calculated in accordance with the Regulation or for an amount agreed to by the tenants under section 14 of the Act.

Section 2 of the Regulation sets out exemptions from sections 34(2), 41, 42, and 43 of the Act to specific units operated by listed agencies if the rent of the units is related to the tenant's income.

The Tenants submitted that their agreed rent amounts were not related to their incomes. The Landlord uploaded one application for tenancy for Tenant SC showing that financial information was asked on the application. SC, and the Landlord confirmed they have no tenancy agreement for SC. The Landlord confirmed they do not have any similar financial information disclosure for the other Tenants in this matter.

The property manager said it was the intention of the Landlord to set rent amounts to income, and they uploaded a 1975 letter addressed to CMHC suggesting participation with CMHC and offered rent supplements. There is no further disclosure of how the proposal concluded. I find this letter does not support that the current tenancies for the Tenants in this matter had rent amounts set related to their incomes.

Legal counsel for the Landlord prepared a letter indicating that the Landlord is entitled to transition from a fixed or market rent model to an income-based RGI rental structure. Legal counsel submitted that this is not a rent increase governed under the Act, but a permitted administrative power under the legislation. The letter further stated that having a prior tenancy agreement with certain rent amounts was neither an explicit nor an implied waiver that section 2 of the Regulation does not apply to the Landlord.

I find section 2(1) of the Regulation exempts the Landlord from sections 34(2), 41, 42, and 43 of the Act only if:

- the Landlord is of a type listed in section 2(1); and,
- the rent of the rental unit is related to the Tenants' incomes.

For clarity, both conditions must be met. I find section 2(1) does not indicate that future changes in the Landlord's rental determination policy are applicable, certainly, if the legislators wanted this, they would have been explicit.

I find all the Tenants in this matter were never in the situation where their rent determinations were related to their incomes, as the Landlord did not produce the documentation to support a finding otherwise.

I find Tenant SC's tenancy agreement was of an oral nature, and if financial information was required to determine their rent amount, then the Landlord should have produced an additional application with SC's financial information noted when they re-moved into the residential property in 2017. I find though tenancy agreements where rent determinations are related to a tenant's income need the type of documentation submitted as the example of an RGI tenancy agreement used by non-profit and BC Housing properties. This example clearly indicates that the tenancy rent amount is related to the tenant's income.

I find rent increases in the past were implemented following the legislation under sections 41 to 43 of the Act. I find the Landlord cannot unilaterally change their position under these tenancy agreements now that their financial situation has dictated using a different method is preferable.

Section 5 of the Act states that landlords and tenants may not avoid or contract out the Act or the Regulation, and any attempt to avoid or contract out of the Act or Regulation is of no effect.

I find the exemption under section 2(1) of the Regulation does not apply to the Landlord, and the Tenants' applications disputing the Landlord's rent increase is granted. I order under section 62(3) of the Act that the Landlord must comply with the Act and Regulation's applicable rent increase provisions.

**Is Tenant CK entitled to recover the application filing fee?**

As CK is successful in their claim, they are entitled to recovery of the application filing fee. CK may, under section 72(2)(a) of the Act, deduct \$100.00 from one month's rent due to the Landlord.

**Conclusion**

The Tenants' applications disputing a rent increase that is above the amount allowed by law are granted.

I order the Landlord to comply with the Act, Regulation, and tenancy agreement when dealing with rent increases in these Tenants' tenancies.

Tenant CK may deduct \$100.00 from one month's rent to recover their application filing fee.

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: January 29, 2026

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Residential Tenancy Branch