



DECISION

Introduction

This hearing dealt with the Landlord's December 4, 2025, Application under the *Residential Tenancy Act* (the "Act") and the Residential Tenancy Regulation (the "Regulation") for an additional rent increase for \$104,175.18 in capital expenditure pursuant to section 23.1 of the Regulation.

The Landlord was represented at the February 27, 2026, hearing by their President, J.F., Building Manager, P.Y., Regional Property manager L.S., and Support Specialist C.G.

There was one Tenant at the hearing: M.F. who stated that they have lived at this residential property for over 8 years.

Parties had the opportunity to provide sworn testimony and make submissions.

Service of Notice of Dispute Resolution Proceedings and Evidence

The Landlord provided proof of Registered Mailing to the 13 named Tenants in this dispute. They testified that copies of their documentary evidence provided to the RTB, were included in the package that was mailed to the Tenants.

I reviewed proof of tracking to confirm that these packages were put in the mail on December 29, 2025. I also confirmed that the majority of these packages were collected by the Tenants, with only a few flagged as "return to sender" because they were not collected.

I therefore deem the Tenants served on January 3, 2026, as required by section 90 of the Act. The Tenant who attended the hearing confirmed receipt of the package by registered mail as described.

Regarding the requirement of Rule 11.4 of the *Residential Tenancy Branch Rules of Procedure* that landlords serve copies of their maintenance records as part of their Notice packages to tenants, Landlord J.F. stated that they have been involved in managing this property since 1999 and that they did not produce maintenance documentation because this capital project was to replace a major system that had failed as a result of exceeding its expected serviceable life.

The boiler that was replaced had been installed in 2002.

I therefore decline to draw any adverse conclusions from the Landlords failure to provide and serve copies of boiler maintenance records.

Issues to be Decided

Is the Landlord entitled to impose an additional rent increase for capital expenditures in the amount claimed of \$104,175.18 for the requested capital expenditure.

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 are set out below with my findings.

The residential property is a 21-unit apartment that was constructed in the 1960s. The named Landlord has owned and operated this building through different family companies since 1990. The costs of heat and hot water are included in rent that is paid by the Tenants.

The Landlord J.F. stated that the Landlord decided to replace the boiler, an integrated heat and hot water system, because of “problems and issues” in maintenance. They stated that they approached their contractors and came up with a practical system as described in a June 18, 2025, Job description letter from their Contractor.

The Landlord stated that this new system is more efficient than the old boiler.

They produced an invoice (53844) from their Contractor dated August 27, 2025, to confirm the costs (in the amount claimed) of installation the new boiler system as per the Job Description (quote) provided and referred to above.

The Landlord confirmed that the new boiler will not need to be replaced or require additional capital costs for the next five years. The Landlord also confirmed that the full costs of the project were paid by the Landlord on August 27, 2025.

The Landlord stated that they looked into eligibility for grant funding for the boiler replacement project but found they were not eligible because the majority of funding options are for installation of heat pumps and or conversation from oil to natural gas.

The Landlord and Tenant who was present at the hearing, agreed that the Landlord has not previously pursued or been awarded an ARI-C application for this residential property. The Landlord confirmed that they only named and served 13 of the 21 rental units because 8 of the rental units are currently paying market rent through their tenancy agreements.

Analysis

1. Statutory Framework

Sections 21.1, 23.1, and 23.2 of the Regulation set out the framework for determining if a landlord is entitled to impose an additional rent increase for capital expenditures. I will not reproduce the sections here but to summarize, the landlord must prove the following, on a balance of probabilities:

- the landlord has not successfully applied for an additional rent increase against these tenants within the last 18 months (s. 23.1(2));
- the number of specified dwelling units on the residential property (s. 23.2(2));
- the amount of the capital expenditure (s. 23.2(2));
- that the Work was an *eligible* capital expenditure, specifically that:
 - o the Work was to repair, replace, or install a major system or a component of a major system (S. 23.1(4));
 - o the Work was undertaken for one of the following reasons:
 - to comply with health, safety, and housing standards (s. 23.1(4)(a)(i));
 - because the system or component:
 - was close to the end of its useful life (s. 23.1(4)(a)(ii)); or
 - had failed, was malfunctioning, or was inoperative (s. 23.1(4)(a)(ii));
 - to achieve a reduction in energy use or greenhouse gas emissions (s. 23.1(4)(a)(iii)(A)); or
 - to improve the security of the residential property (s. 23.1(4)(a)(iii)(B));
 - o the capital expenditure was incurred less than 18 months prior to the making of the application (s. 23.1(4)(b)); and
 - o the capital expenditure is not expected to be incurred again within five years (s. 23.1(4)(c)).

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:

- for repairs or replacement required because of inadequate repair or maintenance on the part of the landlord (s. 23.1(5)(a)); or
- for which the landlord has been paid, or is entitled to be paid, from another source (s. 23.1(5)(b)).

If a landlord discharges their evidentiary burden and the tenant fails to establish that an additional rent increase should not be imposed (for the reasons set out above), the

landlord may impose an additional rent increase pursuant to sections 23.2 and 23.3 of the Regulation.

Analysis of Tenant Submissions:

No submissions on potential ineligibility were raised by the Tenant at the hearing.

2. Amount of Capital Expenditure

The Landlord has requested \$104,175.18 as the costs of installing the new boiler system. I find that these costs of this capital project:

- are not expected to re-occur for at least 5 years
- were incurred in the 18 months prior to the Landlord making this application, and
- were not eligible to be covered by any other source.

3. Was the work completed for an Eligible Reason under the Regulations?

I reviewed the Landlord's request against section 23.1(4)(a) of the Regulations to assess whether:

- 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
 - 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;

I find that the Landlord established on the balance of probabilities that monies spent to install a new boiler at the multi-unit residential property qualifies as a major component of the residential property as required by RTB Policy Guideline 37(c).

I find that this work was completed for the reason set out in 23.1(4)(a)(ii) of the Regulations, that the old boiler was at the end of its serviceable life which, as set out within RTB Policy Guideline 40, is 25 years.

4. Outcome

I find this is an eligible \$104,175.18 capital expenditure and that I must grant it as required by 23.1(4) of the Regulations.

Section 23.2 of the Regulation sets out the formula to be applied when calculating an additional rent increase:

“amount of the additional rent increase” ÷ by # of specified dwelling units

120

I find there are 21 specified dwelling unit because the Landlord testified that there are 21 apartment units within this multi-unit residential property.

I therefore order the Landlord may raise the Tenants’ current monthly rent by 3%, or \$41.34 [(\$104,175.18 ÷ 21) ÷ 120], whichever is lower.

As seen in RTB Policy Guideline 37(c):

The maximum amount a landlord can increase rent by per “phase” when they are granted an additional rent increase is 3% of the tenant’s rent for up to three phases. Amounts exceeding this cannot be carried over or given in another twelve-month period. This maximum does not include the annual rent increase (see Policy Guideline 37A). If a landlord is granted an additional rent increase, a landlord must impose it at the same time as the annual rent increase.

If \$41.34 is higher than the maximum additional rent increase of 3%, I order that this approved additional rent increase for eligible capital expenditures be implemented across three phases (ARI1, ARI2, and ARI3).

Please note that each “phase” means the first 12 months in which that additional rent increase may be imposed to comply with the timing and notice requirements set out in section 42 of the Act.

More information about how to calculate phased ARI-C increases as set out in section 23.3 of the Regulations, is provided in RTB-Policy Guideline 37(c).

Conclusion

The Landlord has been successful.

I grant the application for an additional rent increase for a capital expenditure in the amount of \$104,175.18.

The Landlord must impose this increase in accordance with the Act and Regulations and limit it to only the 13 rental units and tenancies named in this application.

I order that a copy of this decision must be provided to all Tenants named on the cover page of this Decision, through a means of service specified in section 88 of the Act.

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: February 27, 2026

Residential Tenancy Branch