



DECISION

Introduction

This hearing was reconvened from two previous hearings on May 20 and 29, 2025 regarding the Landlord's application for an additional rent increase (the Application) pursuant to section 43 of the Residential Tenancy Act (the "Act") and section 23(1) of the Residential Tenancy Regulation (the "RTR"). The Application states the Landlord has incurred a financial loss from an extraordinary increase in the operating expenses of the residential property.

This decision should be read together with the interim decisions dated May 21 and June 10, 2025 (the Interim Decisions).

Agent for the Landlord, D.B.1 attended the hearing for the Landlord.

Tenant D.B., Tenant C.M., Tenant E.A.M. and their advocate A.S. attended the hearing for the Tenants.

Service of Notice of Dispute Resolution Proceeding (Proceeding Package)

The Tenants confirmed at the hearing that they received the Proceeding Packages and raised no concerns to service. Due to this agreement, I find the documents properly served using my authority under section 71(2) of the Act.

Service of Evidence

Both parties acknowledged receipt of the documentary evidence and agreed to its inclusion.

Due to this agreement, I find the parties' evidence properly served using my authority under section 71(2) of the Act and accepted it for consideration.

Preliminary Matter – Partial Settlement

At the hearing, Tenant D.B. and the Landlord agreed to the following binding settlement for the Landlord's application for an additional rent increase:

1. Beginning on January 1, 2026, the monthly rent will be increased to \$450.00 per month and will remain the same for the entire year of 2026, until December 31, 2026.
2. Any future rent increase after December 31, 2026 must be done in accordance with the Act.

I will adjudicate the Landlord's application for an additional rent increase against the other two named tenants, Tenant C.M. and Tenant E.A.M.

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 Application states that the current monthly rent of Tenant C.M. and Tenant E.A.M is \$415.00 respectively.

The Landlord is seeking to increase their rents by an extra 17.5%, in addition to the 3% permitted under by the Act and RTR for 2025, totaling an increase of \$85.00 and resulting in a new rent of \$500.00.

The Landlord listed their financial statement information in section 5 of the Application as follows:

	Last fiscal year (2024)	Previous fiscal year (2023)	Two fiscal years ago (2022)
Total rent for period if all sites rented	\$155,360	\$145,669	\$153,141
Other income	\$2,521	\$1,652	\$372
Total operating costs	\$152,475	\$160,292	\$174,428
Other costs	\$10,219	\$12,978	\$13,079
What types of costs were included as "other"?	Amortization and Administration	Amortization and Administration	Amortization and Administration
Rent is payable:	Monthly		

The Landlord listed the extraordinary increase of the operating costs in section 6 of the 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
BC Hydro & Fortis BC	\$31,286	\$34,222	\$39,671	-\$2,936
Garbage	\$26,682	\$21,559	\$15,090	\$5,123
Water & Sever	\$20,785	\$13,283	\$15,315	\$7,502
Repairs	\$19,323	\$32,448	\$50,535	-\$13,125
See Backup	\$64,618	\$71,758	\$66,896	-\$2,157
Net increase in operating expenses				-\$5,593

The Landlord also provided the following income statement for my consideration:

	2024		2023		2022
Expenses					
Administration	6,981		9,559		9,468
Amortization	3,238		3,419		3,611
Section 5	10,219		12,978		13,079
Bank charges	288		269		437
Cablevision	12,826		11,876		14,199
Insurance	13,223		12,889		11,269
Janitor	11,750		12,075		9,304
Landscaping	7,946		10,543		12,791
Professional Fees	7,780		10,553		5,125
Telephone	586		575		692
Section 6	64,618		71,758		66,896

The Landlord did not submit any documentary evidence such as bank statements, utility bills, repair invoices to corroborate the above.

D.B.1 stated that she was aware that the operating expenses provided in the Application reveal a decrease. She said that she was unsure why the Landlord submitted the current application given there was a decrease in the operating expenses. She opined that the Landlord might consider that they were entitled to impose rent increase on the named tenants given most of the residents of the building had agreed to an additional rent increase.

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 Landlords' 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 that 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, which is **a requirement to prove a financial loss**.

Furthermore, Policy Guideline 37D addresses the meanings 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.

Having carefully reviewed the operating expenses submitted in the Landlord's application, I find they indicate a **decrease** from 2022 to 2024 and therefore cannot be considered as "extraordinary increase". As such, I find the Landlord has not provided sufficient evidence to establish, on a balance of probabilities, that they have sustained an extraordinary increase in operating expenses.

For the above 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

Beginning on January 1, 2026, the monthly rent of Tenant D.B. will be increased to \$450.00 per month and will remain the same for the entire year of 2026, until December 31, 2026.

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: September 15, 2025

Residential Tenancy Branch