

37A. Annual Rent Increase

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A. Takeaway

This policy guideline addresses annual rent increases. Landlords can increase rent once per year to by an amount that is based on the inflation rate. The maximum allowable rent increase for rent increases with an effective date in 2023 and 2024 was capped below inflation.

Keywords: annual rent increase, proportional amount, 2023 annual rent increase, 2024 annual rent increase

B. Legislative Framework

Under section 36 of the *Manufactured Home Park Tenancy Act* and section 43 of the *Residential Tenancy Act*, a landlord may impose a rent increase only up to the amount:

- calculated in accordance with the regulations (“annual rent increase”),
- agreed to by the tenant in writing (“agreed rent increase”), or
- ordered by the director on an application in the circumstances prescribed in the regulations (“additional rent increase”).

This Policy Guideline is about annual rent increases. Information on the other permitted rent increases can be found in the following Policy Guidelines:

- Policy Guideline 37B: Agreed Rent Increase

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- Policy Guideline 37C: Additional Rent Increase for Capital Expenditures (ARI-C)
- Policy Guideline 37D: Additional Rent Increase for Expenditures (ARI-E)

Information that applies to all permitted rent increases is available in Policy Guideline 37: Permitted Rent Increases.

| <i>Residential Tenancy Act</i> (RTA) | <i>Manufactured Home Park Tenancy Act</i> (MHPTA) |
|--|--|
| <ul style="list-style-type: none">• section 43 (1) (a) | <ul style="list-style-type: none">• section 36 (1) (a) |
| <i>Residential Tenancy Regulation</i> | <i>Manufactured Home Park Tenancy Regulation</i> |
| <ul style="list-style-type: none">• section 22• section 22.1• section 22.2 | <ul style="list-style-type: none">• section 32• section 32.1• section 32.2 |

C. Annual Rent Increase

The maximum annual rent increase is published on the Residential Tenancy Branch website at: www.gov.bc.ca/landlordtenant/increase

1. Residential Tenancy Regulation

Except for rent increases in 2023 and 2024 (see C.3 and C.4), the percentage amount for the maximum annual rent increase for residential tenancies is the inflation rate.

The “inflation rate” is defined in the *Residential Tenancy Regulation* as the 12-month average percent change in the all-items Consumer Price Index for British Columbia ending in the July that is most recently available for the calendar year for which a rent increase takes effect.

2. Manufactured Home Park Tenancy Regulation

Except for rent increases in 2023 and 2024 (see C.3 and C.4), the maximum annual rent increase for manufactured home park tenancies is calculated as follows:

$$\text{percentage amount} = \text{inflation rate} + \text{proportional amount}$$

“Inflation rate” has the same definition as in the *Residential Tenancy Regulation* (set out above).

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The “proportional amount” is the sum of the change in local government levies and the change in utility fees divided by the number of manufactured home sites in the manufactured home park.

The “change in local government levies” is the local government levies for the 12-month period ending at the end of the month before the month in which notice under section 35 of the MHPTA was given, less the local government levies for the previous 12-month period. “Local government levies” are the sum of the payments respecting a manufactured home park made by the landlord for property value taxes, and municipal fees under section 194 of the *Community Charter*.

The “change in utility fees” means the utility fees for the 12-month period ending at the end of the month before the month in which notice under section 35(2) of the Act was given, less the utility fees for the previous 12-month period. “Utility fees” are the sum of the payments respecting a manufactured home park made by the landlord for the supply of electricity, natural gas, water, telephone services or coaxial cable services provided by the following:

- a public utility as defined in section 1 of the *Utilities Commission Act*;
- a gas utility as defined in section 1 of the *Gas Utility Act*;
- a water utility as defined in section 1 of the *Water Utility Act*;
- a corporation licensed by the Canadian Radio-television and Telecommunications Commission for the purposes of that supply.

Expenses that do not meet the definition of “local government fees” or “utility fees” cannot be included in calculating a rent increase for a manufactured home site. For example, if electricity is generated by diesel fuel, a landlord may not include the increased cost of diesel fuel because that fee is not paid to a local government or a prescribed utility provider.

A landlord must provide tenants with access to the tax notices, local government levy invoices, public utility bills and assessment notices used to calculate the proportional amount. These may be posted in a common area for all tenants, but the landlord must provide a tenant with copies upon written request. A copy must remain posted in a common location and be available to a tenant until the effective date of the rent increase. The landlord must provide the tenant with a copy within three business days following receipt of the written request.

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3. 2023 Annual Rent Increase

For residential tenancies, the maximum allowable annual rent increase for rent increases with an effective date in 2023 is 2%, not the “inflation rate.”

For manufactured home park tenancies, the maximum allowable annual rent increase for rent increases with an effective date in 2023 is 2% plus the proportional amount, not the “inflation rate.”

Notice of a rent increase with an effective date in 2023 must be given according to the process set out in Policy Guideline 37. If a landlord has given a notice of rent increase before September 9, 2022, but it is not effective until on or after January 1, 2023, and the rent increase is for an amount calculated as set out in C.1 or C.2, then the landlord must give a second notice. The second notice must be given before the effective date of the rent increase in the original notice and with the amount of the rent increase calculated as 2% (plus a proportional amount for manufactured home park tenancies). The landlord is not required to serve the second notice with three full months’ notice before the effective date.

4. 2024 Annual Rent Increase

For residential tenancies, the maximum allowable annual rent increase for rent increases with an effective date in 2024 is 3.5%, not the “inflation rate.”

For manufactured home park tenancies, the maximum allowable annual rent increase for rent increases with an effective date in 2024 is 3.5% plus the proportional amount, not the “inflation rate.”

Notice of a rent increase with an effective date in 2024 must be given according to the process set out in A.3. If a landlord has given a notice of rent increase before September 8, 2023, but it is not effective until on or after January 1, 2024, and the rent increase is for an amount calculated as set out in C.1 or C.2, then the landlord must give a second notice. The second notice must be given before the effective date of the rent increase in the original notice and with the amount of the rent increase calculated as 3.5% (plus a proportional amount for manufactured home park tenancies). The landlord is not required to serve the second notice with three full months’ notice before the effective date.

D. Disputing a Proposed Rent Increase

A rent increase that does not exceed the permitted annual rent increase and

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complies with the timing and notice provisions cannot be disputed by a tenant. If a landlord collects an unlawful rent increase, the tenant may deduct the increase from their rent, or apply for a monetary order for the excess rent collected.

E. Policy Guideline Intention

The Residential Tenancy Branch issues policy guidelines to help Residential Tenancy Branch staff and the public in addressing issues and resolving disputes under the *Residential Tenancy Act* or the *Manufactured Home Park Tenancy Act*. This policy guideline may be revised and new guidelines issued from time to time.

F. Changes to Policy Guideline

| Section | Change | Notes | Date Guideline Changed |
|---------|--------|---|------------------------|
| All | New | New Policy Guideline. Based on previous version of Policy Guideline 37. | February 17, 2023 |
| All | Am | Formatted to new template | July 28, 2023 |
| C.3 | Am | Revised to reduce confusion. | July 28, 2023 |
| C.4 | New | Added information on 2024 annual rent increase | September 11, 2023 |
| All | Am | Minor changes throughout to reflect 2024 annual rent increase. | September 11, 2023 |

Change notations

am = text amended or changed

del = text deleted

new = new section added