

**37. Rent Increases**

Sep-18

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This policy guideline is intended to provide a statement of the policy intent of legislation, and has been developed in the context of the common law and rules of statutory interpretation, where appropriate. This Guideline is also intended to help the parties to an application understand the issues that are likely to be relevant. It may also help parties know what information or evidence is likely to assist them in supporting their position. This policy guideline may be revised and new guidelines issued from time to time.

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This policy guideline addresses rent increases permitted under the *Residential Tenancy Act* and *Manufactured Home Park Tenancy Act* (the Legislation).

**A. LEGISLATIVE FRAMEWORK**

The Legislation permits a landlord to impose a rent increase up to the amount

- (a) calculated in accordance with the regulations,
- (b) ordered by an arbitrator on application<sup>1</sup>, or
- (c) agreed to by the tenant in writing.

A tenant's rent cannot be increased unless the tenant has been given proper notice in the approved form at least three months before the increase is to take effect. The tenant's rent can only be increased once every 12 months. A rent increase that falls within the maximum amount permitted by the applicable Regulation<sup>2</sup> cannot be disputed at a dispute resolution proceeding.

**B. RENT INCREASE CALCULATED IN ACCORDANCE WITH THE RESIDENTIAL TENANCY REGULATION**

A landlord may impose an annual rent increase up to, but not greater than, the percentage amount calculated as follows:

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

In September of each year, the maximum allowable rent increase percentage amount for the upcoming calendar year rate is published on the Residential Tenancies website at: [www.gov.bc.ca/landlordtenant/increase](http://www.gov.bc.ca/landlordtenant/increase).

The "inflation rate" is defined in the Residential Tenancy Regulation and means 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.

The Legislation specifies that a rent increase **cannot exceed** the percentage amount; therefore a landlord should not round up any cents left in calculating the allowable increase. For example, if the base rent is \$800 and the maximum allowable increase is \$36.80, the landlord can issue a Notice of Rent Increase for a new rent of up to \$836.80, but not \$837.

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1 *Residential Tenancy Act*, section 43(3), *Manufactured Home Park Tenancy Act*, section 36(3).

2 *Residential Tenancy Regulation*, section 22; *Manufactured Home Park Tenancy Regulation*, section 32.

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**C. RENT INCREASE CALCULATED IN ACCORDANCE WITH THE MANUFACTURED HOME PARK TENANCY REGULATION**

A landlord may impose an annual rent increase up to, but not greater than, the amount calculated as follows:

$$\text{percentage amount} = \text{inflation rate} + \text{proportional amount}^3$$

In September of each year, the maximum allowable rent increase percentage amount for the upcoming calendar year rate is published on the Residential Tenancies website at: [www.gov.bc.ca/landlordtenant/increase](http://www.gov.bc.ca/landlordtenant/increase).

The “inflation rate” is defined in the Manufactured Home Park Tenancy Regulation and means 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.

The Regulation defines “proportional amount” as 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(2) of the Act was given, less the local government levies for the previous 12-month period. The formula for the change in local government levies is:

$$\text{this year's levies} - \text{last year's levies}$$

The “change in utility fees” is 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. The formula for the change in utility fees is:

$$\text{this year's fees} - \text{last year's fees}$$

The term “local government levies” means the sum of the payments respecting a manufactured home park made by the landlord for property tax values, and municipal fees under section 194 of the *Community Charter*.

The term “utility fees” means 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) a public utility as defined in section 1 of the *Utilities Commission Act*;
- b) a gas utility as defined in section 1 of the *Gas Utility Act*;
- c) a water utility as defined in section 1 of the *Water Utility Act*;
- d) a corporation licensed by the Canadian Radio-television and Telecommunications Commission for the purposes of that supply.

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<sup>3</sup> Effective July 18, 2007.



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Expenses that do not meet the definition of “local government fees” and “utility fees” cannot be included when calculating a rent increase for a manufactured home site. If electricity is generated by diesel fuel, for example, a landlord may not include the increased cost of diesel fuel. The fees must be paid to a local government or a regulation utility in order to be included.

The Legislation specifies that the rent increase **cannot exceed** the calculated amount; therefore, a landlord should not round up any cents left in calculating the allowable increase. For example, if the base rent is \$800 and the maximum allowable increase is \$36.80, the landlord can issue a Notice of Rent Increase for a new rent of up to \$836.80, but not \$837.

### **Documentation to support proportional amount rent increase**

A landlord who is using the proportional amount rent increase provisions must provide tenants with access to a complete and relevant set of tax notices and local government levy invoices, public utility bills and assessment notices. These may be posted in a common area for all tenants, but the landlord must provide a tenant with copies upon written request. If a tenant requests a copy of the documentation, the landlord must provide the tenant with a copy within three business days following receipt of the written request.

A copy of the documentation must remain posted in a common location and must be available to a tenant on request until the effective date of the rent increase. If, before that date, a tenant reports to the landlord that the posted copy, or part of it, is no longer available, the landlord must resolve the issue within three business days.

### **D. TENANT MAY AGREE TO A RENT INCREASE GREATER THAN THE MAXIMUM ALLOWABLE PERCENTAGE AMOUNT**

A tenant may agree to, but cannot be required to accept, a rent increase that is greater than the maximum allowable amount unless it is ordered by an arbitrator. If the tenant agrees to an additional rent increase, that agreement must be in writing. The tenant’s written agreement must clearly set out the agreed rent increase (for example, the percentage increase and the amount in dollars) and the tenant’s signed agreement to that increase.

The landlord must still follow the requirements in the Legislation regarding the timing and notice of rent increases<sup>4</sup>. The landlord must issue to the tenant a Notice of Rent Increase. It is recommended the landlord attach a copy of the agreement to the Notice of Rent Increase given to the tenant. Tenants must be given three full months’ notice of the increase.

Payment of a rent increase in an amount more than the allowed annual increase does not constitute a written agreement to a rent increase in that amount.

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<sup>4</sup> RTA, s.42; MHPTA, s.35



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## **E. ADDITIONAL RENT INCREASE UNDER THE RESIDENTIAL TENANCY ACT**

The *Residential Tenancy Act* allows a landlord to apply to an arbitrator for approval of a rent increase in an amount that is greater than the maximum annual allowable amount. The Residential Tenancy Regulation<sup>5</sup> sets out the limited grounds for such an application. A landlord may apply for an additional rent increase if one or more of the following apply:

1. The landlord has completed significant repairs or renovations to the residential property in which the rental unit is located that could not have been foreseen under reasonable circumstances, and will not recur within a time period that is reasonable for the repair or renovation.
2. The landlord has incurred a financial loss from an extraordinary increase in the operating expenses of the residential property.
3. The landlord, acting reasonably, has incurred a financial loss for the financing costs of purchasing the residential property, if the financing costs could not have been foreseen under reasonable circumstances.
4. The landlord, as a tenant, has received an additional rent increase under this section for the same rental unit.

If a landlord applies for a rent increase under any of the first three circumstances, the landlord must make a single application to increase the rent for all rental units in the residential property by an equal percentage. If one or more tenants of rental units in the residential property agree in writing to the proposed increase, the landlord must include those rental units in calculating the portion of the rent increase that will apply to each unit, however the tenants need not be named and served on the Application for Additional Rent Increase.

A landlord cannot carry forward any unused portion of an allowable rent increase or an approved additional increase that is not issued within 12 months of the date the increase comes into effect without an arbitrator's order.

## **F. ADDITIONAL RENT INCREASE UNDER THE MANUFACTURED HOME PARK TENANCY ACT**

The *Manufactured Home Park Tenancy Act* allows a landlord to apply to an arbitrator for approval of a rent increase in an amount that is greater than the maximum annual allowable amount. The Manufactured Home Park Tenancy Regulation<sup>6</sup> sets out the limited grounds for such an application. A landlord may apply for an additional rent increase if one or more of the following apply:

1. The landlord has completed significant repairs or renovations to the manufactured home park in which the manufactured home site is located

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<sup>5</sup> RT Reg, s. 23.

<sup>6</sup> MHPT Reg, s. 33.



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that are reasonable and necessary, and will not recur within a time period that is reasonable for the repair or renovation.

2. The landlord has incurred a financial loss from an extraordinary increase in the operating expenses of the manufactured home park.
3. The landlord, acting reasonably, has incurred a financial loss for the financing costs of purchasing the manufactured home park, if the financing costs could not have been foreseen under reasonable circumstances.
4. The landlord, as a tenant, has received an additional rent increase under this section for the same manufactured home site.

If a landlord applies for a rent increase under any of the first three circumstances, the landlord must make a single application to increase the rent for all sites in the manufactured home park by an equal percentage. If one or more tenants of sites in the manufactured home park agree in writing to the proposed increase, the landlord must include those sites in calculating the portion of the rent increase that will apply to each site, however the tenants need not be named and served on the Application for Additional Rent Increase.

A landlord cannot carry forward any unused portion of an allowable rent increase or an approved additional increase that is not issued within 12 months of the date the increase comes into effect without an arbitrator's order.

### G. APPLICATION FOR ADDITIONAL RENT INCREASE

Unless a tenant agrees to a rent increase of an amount that is greater than the prescribed amount, a landlord must apply for dispute resolution for approval to give the additional rent increase. The landlord must properly complete the application. The rent increase identified on the Application for Additional Rent Increase must be the total proposed rent increase, which is the sum of the annual rent increase + the additional rent increase:

**Proposed rent increase = annual rent increase + additional rent increase**

The application will be considered by the arbitrator in relation to the circumstance(s) identified as applicable to each application. Select items relevant to each circumstance are discussed below.

In order to ensure that an additional rent increase is issued in accordance with the Legislation, and cannot be disputed by a tenant, the landlord should either obtain the tenant's consent, in writing, or apply for the increase before issuing the first Notice of Rent Increase that will include the additional rent increase. If the application results from significant repairs or renovations, or a financial loss resulting from an increase in operating expenses or financing costs, the application should be made before the first Notice of Rent Increase for the calendar year is issued.

Each tenant named on the application must be served with a copy of the Application and hearing package. The landlord is required to provide affected tenants with

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copies of the evidence used in support of the Application for Additional Rent Increase, including relevant invoices, financing records, and financial statements if applicable. **The landlord has the burden of proving any claim for a rent increase of an amount that is greater than the prescribed amount.** The tenants will have an opportunity to appear at the hearing of the application, question the landlord's evidence, and submit their own evidence.

In considering an Application for Additional Rent Increase, the arbitrator must consider the following factors and will determine which factors are relevant:

- the rent payable for similar rental units in the property immediately before the proposed increase is to come into effect;
- the rent history for the affected unit for the preceding three years;
- any change in a service or facility provided in the preceding 12 months;
- any relevant and reasonable change in operating expenses and capital expenditures in the preceding 3 years, and the relationship of such a change to the additional rent increase applied for;
- a relevant submission from an affected tenant;
- a finding by an arbitrator that the landlord has failed to maintain or repair the property in accordance with the Legislation<sup>7</sup>;
- whether and to what extent an increase in costs, with respect to repair or maintenance of the property, results from inadequate repair or maintenance in the past;
- whether a previously approved rent increase, or portion of a rent increase, was reasonably attributable to a landlord's obligation under the Legislation that was not fulfilled;
- whether an arbitrator has set aside a notice to end a tenancy within the preceding six months; and
- whether an arbitrator has found, in a previous application for an additional rent increase, that the landlord has submitted false or misleading evidence, or failed to comply with an arbitrator's order for the disclosure of documents.

An arbitrator's examination and assessment of an Application for Additional Rent Increase will be based significantly on the arbitrator's reasonable interpretation of:

- the application and supporting material;
- evidence provided that substantiates the necessity for the proposed rent increase;
- the landlord's disclosure of additional information relevant to the arbitrator's considerations under the applicable Regulation<sup>8</sup>; and
- the tenant's relevant submission.

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<sup>7</sup> RTA, s. 32; MHPTA, s. 26.

<sup>8</sup> RT Reg, s. 23; MHPT Reg, s. 33.



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Evidence regarding lack of repair or maintenance will be considered only where it is shown to be relevant to whether an expenditure was the result of previous inadequate repair or maintenance. A tenant's claim about what a landlord has not done to repair and maintain the residential property may be addressed in an application for dispute resolution about repair and maintenance.

### **1. Significant repairs or renovations**

In residential tenancies<sup>9</sup>, a landlord's completion of a repair or renovation is a circumstance under which he or she can apply for an additional rent increase if: (1) the repair or renovation is significant; (2) the repair or renovation could not have been foreseen under reasonable circumstances<sup>10</sup>; and (3) the repair or renovation will not reoccur within a time period that is reasonable for the repair or renovation.

In manufactured home park tenancies<sup>11</sup>, a landlord's completion of a repair or renovation is a circumstance under which he or she can apply for an additional rent increase if: (1) the repair or renovation is significant; (2) the repair or renovation is reasonable and necessary; and (3) the repair or renovation will not reoccur within a time period that is reasonable for the repair or renovation.

A repair or renovation may be considered "significant" when (i) the expected benefit of the repair or renovation can reasonably be expected to extend for at least one year, and (ii) the repair or renovation is notable or conspicuous in effect or scope, or the expenditure incurred on the repair or renovation is of a noticeably or measurably large amount.

In order for a capital expense for a significant repair or renovation to be allowed in an Application for Additional Rent Increase for a residential tenancy, the landlord must show that the repair or renovation could not have been foreseen under reasonable circumstances and will not reoccur within a time period that is reasonable for the repair or renovation. An example of work that could not have been foreseen under reasonable circumstances is repairs resulting from a ruptured water pipe or sewer backup even though adequate maintenance had been performed. Another example is capital work undertaken by a municipality, local board or public utility for which a landlord is obligated to pay (e.g., sewer system upgrade, water main installation), unless the work is undertaken because of the landlord's failure to do the work. An example of work that could have been foreseen under reasonable circumstances, and for which a rent increase would not be allowed, is a new roof.

In order for a capital expense for a significant repair or renovation to be allowed in an Application for Additional Rent Increase for a manufactured home park tenancy, the landlord must show that the repair or renovation was reasonable and necessary, and will not reoccur within a time period that is reasonable for the repair or renovation. A

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9 RT Reg, s. 23(1)(b).

10 Refer also to Guideline 40.

11 MHPT Reg, s. 33(1)(b).



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repair or renovation may be considered “reasonable” when (i) the repair or renovation, (ii) the work performed to complete the repair or renovation, and (iii) the associated cost of the repair or renovation, are suitable and fair under the circumstances of the repair or renovation. A repair or renovation may be considered “necessary” when the repair or renovation is required to (i) protect or restore the physical integrity of the manufactured home park, (ii) comply with municipal or provincial health, safety or housing standards, (iii) maintain water, sewage, electrical, lighting, roadway or other facilities, (iv) provide access for persons with disabilities, or (v) promote the efficient use of energy or water.

Where an expenditure incurred on the repair or renovation has been, is anticipated to be, or will be reimbursed or otherwise recovered (e.g., by grant or other assistance from a government, by an insurance claim), a rent increase will not be ordered. In considering a landlord’s capital expense for a significant repair or renovation, the arbitrator will consider only those expenditures which have not been included in full or in part in a previous rent increase given to the tenant before the subject proposed rent increase.

An application can be made at any time after the landlord has made the repairs or renovations and is able to provide proof of their cost. The landlord does not have to have completed paying for the repairs or renovations. A landlord could complete a major renovation project in phases, and seek an additional rent increase at the completion of each phase. However, the additional rent increase must apply equally to all rental units in the building.

The landlord must provide documentary evidence (e.g. invoices) of the costs of those repairs or renovations, and must also be prepared to show why those costs could not have been foreseen (residential tenancy) or are reasonable and necessary (manufactured home park tenancy), and that they will not recur within a reasonable time period.

## **2. Financial loss**

“Financial loss” means the amount by which the total costs that have been experienced by a landlord in respect of a residential property for an annual accounting period exceed the revenue for the same period. Proof of financial loss normally consists of an audited or certified financial statement that (i) summarizes the financial condition of the landlord, (ii) includes a balance sheet, (iii) includes a statement of profit and loss, and (iv) is signed by an individual authorized to sign audited financial statements in the Province of British Columbia, certified by a professional accountant, or accompanied by a sworn affidavit of the landlord that the financial statements are true.

If an application is made on the basis of a financial loss, the landlord is not required to provide tenants with more than an audited financial statement at the time of application. If an audited financial statement(s) is not available, the landlord must provide before or at the hearing sufficient evidence (for example, all relevant



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financial records supporting the application) to prove the financial loss. It is in the landlord's best interest to provide this evidence in sufficient time before the hearing to allow the arbitrator and tenants to thoroughly review the evidence in advance of the hearing. It is important to note that in considering an application under this section, the arbitrator may order that the landlord provide an audited financial statement to the arbitrator and tenants as proof of the financial condition of the landlord. An example of when an arbitrator may make an order for an audited financial statement is the landlord has more than one corporate entity involved with the residential property.

The landlord can request an increase sufficient to cover the loss experienced as a result of the increase in operating or financing costs. The additional rent increase must apply equally to all rental units in the building. The application cannot be made until after the fiscal year end of the rental property, in order that the landlord is able to show the financial loss incurred.

If an application results from a significant increase in operating expenses<sup>12</sup>, the landlord must show what costs have increased, provide documentary evidence of the increase in costs (e.g. invoices for the most recent and the preceding year), and the impact on the landlord's financial position. "Operating expenses" includes utility charges (including heat, hydro, water), municipal taxes (including property and school taxes), recycling, sewer and garbage fees payable to the local government or other party, insurance premiums, routine repair and maintenance (including interior painting done on a regular schedule), reasonable management fees for the management of the residential property, and the cost of leasing land for purposes directly related to the operation and use of the residential property. Expenses that are not operating expenses include expenses that are not related to the normal or usual operation of the residential property, non-recurring expenses, capital expenses, fines or penalties levied for failure to meet an obligation, financing costs (including interest expenses and mortgage interest), capital cost allowance or depreciation, and income taxes. A capital expense means an expenditure for a repair, renovation, or new addition that has a lasting and long term benefit to the residential property (including a roof, an appliance, carpets and exterior painting), and consists of the net cost to the landlord after an allowance for trade-in, if any.

"Extraordinary" means going beyond what is usual or regular, or exceptional to a marked extent. The landlord must prove the financial loss has incurred from an extraordinary increase in the operating expenses of the residential property. The extraordinary increase in operating expenses may be incurred over the landlord's most recent annual accounting period, or it may be an increase accumulated over previous accounting periods and resulting in the financial loss in the most recent accounting period. If, over the preceding years, a landlord has simply failed to give rent increases to capture rising operating expenses, the landlord is not allowed to recapture those previously forsaken expenses.

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<sup>12</sup> RT Reg, s. 23(1)(c); MHPT Reg, s. 33(1)(c).

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If an application results from an increase in financing costs<sup>13</sup>, the landlord must prove that he or she has incurred a financial loss for the financial costs of purchasing the residential property. The landlord must provide evidence of the new financing costs, the previous financing costs, and the impact on the landlord's financial position. The landlord must prove the financing costs incurred are usual or regular. The landlord must also explain why the financing costs could not have been foreseen under reasonable circumstances. The financial loss must be incurred by a landlord acting reasonably in entering into the agreement or debt with the subject financing costs. "Financing costs" means the interest and amortization rates attributable to the purchase of the residential property made in good faith and at arm's length. The attached Table 1: 'Chartered Bank Administered Interest Rates' provides a guide for determining appropriate interest rates attributable to purchasing residential property. A landlord incurring financial costs that are unusual or irregular (for example, when compared with Table 1) will be determined as not acting reasonably, unless the landlord provides clear evidence to the contrary.

In considering a landlord's financing costs, an arbitrator will not consider an increase in financing costs that is the result of a new loan or a change in the principal or term of the existing loan for the purchase of the residential property. Where there has been a reduction in the principal of a loan because of a payment against the principal other than through regular blended payments of principal and interest, the arbitrator will consider any change in financing costs on the basis of the amount of the principal of the loan after the reduction. This provision is not applicable to other costs or losses associated with the property purchase, including the direct costs of purchasing the property.

**3. Landlord has received an additional rent increase**

If a tenant receives a rent increase that includes an additional rent increase granted by an arbitrator in accordance with the Legislation, and that tenant is subletting the rental unit to a subtenant, the tenant may request an increase under the applicable Regulation<sup>14</sup>. The intent of an application under this provision is to pass along the rent increase received from the original landlord to the subtenant. In these circumstances, it is sufficient to provide a copy of the arbitrator's decision and order granting the original increase, and the resulting Notice of Rent Increase.

A tenant who is subletting the rental unit to a subtenant can make an application at any time after the tenant receives notice of the Application for Additional Rent Increase on his or her own tenancy, and ask that it be heard together with the "head" application. If the tenant does not wish the two matters to be scheduled together, the tenant's application cannot be heard until a decision is issued on the landlord's application.

An arbitrator may hear a tenant's application under this provision before the tenant is

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13 RT Reg, s. 23(1)(d); MHPT Reg, s. 33(1)(d).

14 RT Reg, s. 23(1)(e); MHPT Reg, s. 33(1)(e).

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issued the Notice of Rent Increase that pertains to the additional rent increase sought by the landlord. In those circumstances, the arbitrator should consider allowing an additional increase of “the lesser of the percentage increase granted to the landlord or the actual increase issued to the tenant”.

## **H. ARBITRATOR’S POWERS ON AN APPLICATION FOR ADDITIONAL RENT INCREASE**

In considering an application for additional rent increase, an arbitrator may:

- grant the application, in whole or in part;
- refuse the application;
- order that the increase granted be phased in over a period of time; or,
- order that the effective date of the increase is conditional on the landlord’s compliance with an arbitrator’s order respecting the residential property.

An arbitrator may order the landlord to supply any financial records the arbitrator considers necessary to properly consider the application, may issue a summons for such records, or may refuse the application if inadequately supported.

The arbitrator’s order will set out the amount of the maximum allowed increase. That amount includes the annual rent increase and any additional amount granted and, if applicable, the amount to be phased in over multiple years. An arbitrator’s refusal of the application will result in an order for the amount of the Annual Rent Increase.

### **1. Negotiated Agreement**

If all the parties to the dispute resolution (or representatives of those parties) attend the hearing and negotiate an agreement that results in the arbitrator recording that agreement, in the absence of circumstances that render the agreement invalid – such as fraud, duress or misrepresentation – the parties are bound by the agreement.

### **2. Phased Increases**

An arbitrator’s decision to order an increase phased in over a period of time will be determined in the context of the particular application. Examples in which a phased increase may be considered are (i) where an application justifies a rent increase of an amount that is significant in relation to the current rent amount, and (ii) the increase is associated with a significant repair or renovation of which the expected benefit of the repair or renovation has a lasting and long-term benefit to the rental unit or residential property. In the latter example, the period of the expected benefit is determined in association with the reasonable life expectancy of the repair or renovation.

An order for a phased-in increase applies to the existing tenant and any assignee of the tenancy agreement from the tenant. New tenants under new tenancy agreements cannot rely on phased increases previously ordered for that rental unit.



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## **I. NOTICE OF RENT INCREASE**

If a landlord applies for an additional rent increase and the application is successful in full or in part,

- (a) the landlord may give a notice of rent increase to one or all tenants of rental units in the residential property for a rent increase of an amount up to that ordered; and
- (b) the landlord may give a notice of rent increase to one or all other tenants agreeing to an additional rent increase in writing, for a rent increase of an amount up to the amount agreed.

If a landlord applies for an additional rent increase and the application is not successful,

- (a) the landlord may give a notice of rent increase to one or all tenants of rental units in the residential property for a rent increase of an amount up to that calculated under the applicable Regulation<sup>15</sup>; and
- (b) the landlord may give a notice of rent increase to one or all tenants agreeing to an additional rent increase in writing, for a rent increase of an amount up to the amount agreed.

The Regulations provide that where a landlord has not fully applied an approved rent increase within 12 months of the date the increase comes into effect, the unused portion cannot be carried forward or added to another rent increase, unless an arbitrator orders otherwise<sup>16</sup>.

## **J. DISPUTING A PROPOSED RENT INCREASE**

A tenant cannot dispute a rent increase that does not exceed the percentage permitted as an annual rent increase<sup>17</sup>, an amount the tenant has agreed to in writing, or an amount ordered by an arbitrator as an additional rent increase<sup>18</sup>.

A tenant is not required to pay an additional rent increase until served with the Notice of Rent Increase and a copy of the arbitrator's order granting the additional rent increase. A tenant will receive notice of a landlord's application for an additional rent increase, and will have an opportunity to provide evidence, however they may also choose to be represented by one or more of the tenants named as they are now in a joined application.

If a landlord collects an unlawful rent increase, the tenant may deduct the increase from rent, or may apply for a monetary order for the amount of excess rent collected. In those circumstances, the landlord may issue a new three month Notice of Rent Increase, as the original notice did not result in an increased rent.

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15 RT Reg, s. 22(2); MHPT Reg, s. 32(2).

16 RT Reg, s. 23(5); MHPT Reg, s. 33(5).

17 RT Reg, s. 22; MHPT Reg, s. 32.

18 RT Reg, s. 23; MHPT Reg, s. 33.

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**TABLE 1:  
Chartered Bank Administered Interest Rates**

Date	CONVENTIONAL MORTGAGE – 1 YEAR	CONVENTIONAL MORTGAGE – 3 YEAR	CONVENTIONAL MORTGAGE – 5 YEAR	PRIME BUSINESS
31 Jul 2009	3.75	4.55	5.85	2.25
31 Jul 2010	3.50	4.40	5.79	2.75
31 Jul 2011	3.50	4.35	5.39	3.00
25 Jul 2012	3.1	3.95	5.24	3.00
31 Jul 2013	3.14	3.75	5.14	3.00
30 Jul 2014	3.14	3.75	4.79	3.00
29 Jul 2015	2.89	3.39	4.64	2.7
31 Jul 2016	3.14	3.39	4.74	2.7
26 Jul 2017	3.14	3.39	4.84	2.95
31 Jul 2018	3.49	4.30	5.34	3.70

Source: <https://www.bankofcanada.ca/rates/interest-rates/>

**K. CHANGES TO POLICY GUIDELINE**

Section	Change	Notes	Effective Date
All	am	Reformatted	2017-12-11
A	am	Added (c)	2017-12-11
B	am	Minor updates and reorganized for clarity	2017-12-11
C	am new	Minor updates and reorganized for clarity Added documentation requirements	2017-12-11
D	am	Minor updates for clarity	2017-12-11
E	del am	Removed provisions for “significantly lower rent” Amended section for clarity	2017-12-11
F	del am	Removed provisions for “significantly lower rent” Amended section for clarity	2017-12-11
G	del am	Removed “significantly lower rent” Minor updates for clarity	2017-12-11
G, 1	del	Removed reference to repairs prior to 2004 Legislation coming into force	2017-12-11
H,1	del	Removed reference to non-attendance and Rules of Procedure	2017-12-11
J	am	Minor updates for clarity	2017-12-11
Table	am	Updated and revised	2017-12-11
B,C	am	Updated rent formula	2018-09-26

am = text amended or changed

del = text deleted

new = new section added