

37A. Annual Rent Increase

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A. Takeaway

This policy guideline addresses annual rent increases. Landlords can increase rent once per year by an amount that is based on the inflation rate. For 2023 and 2024, the maximum allowable rent increase 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* (MHPTA) and section 43 of the *Residential Tenancy Act* (RTA), a landlord may increase rent 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. For other rent increases, see:

- Policy Guideline 37: Permitted Rent Increases
- 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)

RTA	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 (RTR)</i>	<i>Manufactured Home Park Tenancy Regulation (MHPTR)</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 2023 and 2024 (see C.3 and C.4), the maximum annual rent increase for residential tenancies is the inflation rate.

The “inflation rate” is 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 2023 and 2024 (see C.3 and C.4), the maximum annual rent increase for manufactured home park tenancies is calculated as follows:

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

“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.

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“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 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*.

“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. “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 the proportional amount. 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. Another example are penalties related to municipal fees. Under section 194 of the *Community Charter*, local governments can establish penalties, like late fees, as a term or condition of a “municipal fee.” However, penalties are not a “municipal fee” itself and cannot be included. Lastly, amounts only meet the definition of “local government levies” or “utility fees” if the landlord has paid the amount owed to the local government authority or utility provider; a landlord cannot include an estimated amount in the proportional amount.

When determining the amount of “local government levies” or “utility fees” to be included in each 12-month period, the landlord may need to prorate amounts for invoices issued by a local government authority or utility provider. For example, the annual tax notice should be used for prorating items such as property tax, school, tax, regional district tax and transit tax, as applicable, so that the amounts are counted correctly for “this year” and “last year.”

Some “local government levies” or “utility fees” are billed more frequently, like water

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bills, which are may be issued quarterly. Since the year always consists of 12 months ending in the prior month, certain bills must be prorated accordingly, with only a portion of the total amount applied.

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. A copy of these items must be posted in a common location and be available to a tenant until the effective date of the rent increase. Additionally, if a tenant submits a written request for a copy of these items, the landlord must provide them with a copy within three business days following receipt of the written request.

Calculating the “proportional amount” in mixed-use manufactured home parks

Manufactured home park owners may use portions of the park for other purposes beyond renting sites to tenants under the MHPTA, such as:

- operating recreational vehicles (RVs) sites under licenses to occupy,
- operating a campground, or
- operating a storage locker facility in a portion of the park.

Parks with uses in addition to renting sites under the MHPTA are “mixed-use.”

When calculating the proportional amount in mixed-use parks, it is necessary to determine:

1. the number of manufactured home sites to be included in the calculation and
2. what proportion of the local government levies and utility fees should be allocated to the manufactured home sites.

A “manufactured home site” is a site in a manufactured home park, that is rented or intended to be rented to a tenant for the purpose of being occupied by a manufactured home. The number of manufactured home sites in a mixed-use park is determined by how many of the sites are rented to or intended to be rented to a tenant under the MHPTA. Other uses of a park, such as licenses to occupy for RVs, should not be counted as manufactured home sites when calculating the proportional amount.

For example, in a park with 40 sites, if 20 are rented as manufactured home sites and the 20 as RV sites, only the 20 manufactured home sites are included in the proportional amount calculation.

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When calculating the proportional amount, a landlord can only claim changes to local government levies and utility fees proportional to the use by manufactured home sites. A landlord cannot claim amounts relating to other sites/uses being carried out in the park.

For example, if a common area such as a laundry room is being shared by 40 sites, and only 20 are manufactured home sites, the landlord can only claim the change in utility fees relating to those 20 manufactured home sites when calculating the proportional amount.

3. 2023 Annual Rent Increase

For residential tenancies, the maximum allowable annual rent increase for 2023 is 2%, not the “inflation rate.”

For manufactured home park tenancies, the maximum allowable annual rent increase for 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 notice was given before September 9, 2022, but effective 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 with the 2% increase (plus a proportional amount for manufactured home park tenancies). The second notice must be given before the effective date of the rent increase in the original notice. 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 2024 is 3.5%, not the “inflation rate.”

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

Notice of a rent increase effective 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 effective 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 with the 3.5% increase (plus a proportional amount for manufactured home park tenancies). The second notice must be given before the effective date of the rent increase in the original notice. The landlord is not required to serve the second notice with three full months’ notice before the effective date.

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D. Disputing a Proposed Rent Increase

A rent increase that does not exceed the permitted annual rent increase and 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 RTA and the MHPTA. 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
C	New	New subsection clarifying how to calculate the proportional amount in mixed use manufactured home parks	June 24 th , 2024
C.2	Am	Added content clarifying that penalties are not “municipal fees”	June 24 th , 2024
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

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C.2	Am	Clarification about prorated amounts	May 20, 2025
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Change notations

am = text amended or changed

del = text deleted

new = new section added