

January 2, 2024

**POSTED TO DOOR**

Tenants and Occupants  
1326 West 13th Avenue  
Vancouver, BC V6H 1N7

Dear Sirs/Mesdames:

**Re: Residential Tenancy Branch File No. 910128611**

We are legal counsel to your landlord, 1326 West 13<sup>th</sup> Avenue Holdings Inc. (the “**Landlord**”). We write to give notice that the landlord intends to rely upon to help you understand the evidence your Landlord will rely on at the upcoming hearing on February 15, 2024. That evidence is still accessible online at <https://www.drouillardlawyers.com/1326w13thavenue>. It consists of:

- a. Cancelled cheques showing proof of payment for invoices 1046, 1051, and 1066.
- b. Proof of payment of invoice 796920.

Also, your landlord writes to provide more information about Capital Expenditures 2, 3, and 5. Capital Expenditures 2, 3, and 5 can be found on the document titled “Notice of Dispute Resolution Proceeding – Application for Additional Rent Increases for Capital Expenditures” at pages 4-5.

For Capital Expenditure 03, one invoice (invoice I207494 on page 5 of Tab 2c) included costs for multiple buildings. Only the portion of the expense attributed to this Building is included (\$614.90) of the total \$2,320.64. The breakdown of costs between this Building and other buildings owned by the Landlord is shown on page 6 of Tab 2c. Details with respect to Capital Expenditure 03 can be found at page 10 of the Landlord’s Written Submissions.

For Capital Expenditure 05, one invoice (invoice INV-2021-0028-001 on page 2 of Tab 2d) included costs for multiple buildings. Only the portion of the expense attributed to this Building (\$261.31) is included of the total \$4,181.00. The breakdown of costs between this Building and other buildings owned by the Landlord is shown on page 3 of Tab 2d. Details with respect to Capital Expenditure 05 can be found at page 12 of the Landlord’s Written Submissions.

Capital Expenditure 02 was for capital expenditures for work done to the lobby and hallways of the Building. Details of Capital Expenditure 02 are provided in your Landlord’s Written Submissions at pages 8-9.

As evidence for the expenses relating to Capital Expenditure 02, your Landlord has provided a number of invoices and proof of payment documents as Tab 2b of its evidence. For nine of these

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invoices (1046 on pages 5-6, 1051 on pages 9-10, 24170-1260 on pages 19-20, 1066 on pages 26-27, CLV-049 on page 38, CLV-050 on page 41, CLV-054 on page 44, CLV-055 on page 47, and CL-057 on page 51 (collectively, the “**Invoices**”)) your Landlord is only claiming a portion of the total invoice, not the entire invoice.

For example, for invoice 1046, the invoice total is \$24,395.17 (page 6 of Tab 2b) but your Landlord is only claiming \$6,322.15 (Landlord’s Written Submissions at page 8, first line in the table for Capital Expenditure 02). This letter is intended to provide further explanation for why your Landlord is only seeking a portion of the Invoices rather than the entire amount.

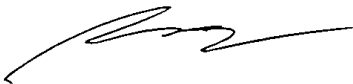
Although it is permissible for a landlord to include the costs of cosmetic upgrades if they are part of an eligible capital expenditure (see Residential Tenancy Policy Guideline 37C, Tab 3 of the Landlord’s evidence at page 5), your Landlord has not done so. Instead, your Landlord has removed the cost of the cosmetic work from Capital Expenditure 02 from the calculation of the additional rent increase sought.

For a detailed discussion of how the amount claimed for each Invoice was calculated, please refer to the enclosure included with this letter.

This letter and enclosures will also be provided to the Residential Tenancy Branch at the upcoming hearing on February 15, 2024 in order to ensure that all parties and the arbitrator fully understand the Landlord’s application for an additional rent increase and why certain costs were removed from the invoices (because some costs were cosmetic in nature and are not claimed).

Yours truly,

**DROUILLARD LAWYERS**



Per: Michael L. Drouillard\*

\* Practices through a law corporation

Encls.

**Detailed explanation for Capital Expenditure 02, invoices 1046, 1051, 24170-1260, 1066, CLV-049, CLV-050, CLV-054, and CLV-057 (collectively, the “Invoices”).**

This document is intended to provide an explanation as to how your Landlord calculated the portion claimed in the additional rent increase application for each of the above-noted Invoices. Each Invoice will be discussed in turn, except for invoices CLV-049, CLV-050, CLV-054, and CLV-057 which will be considered together.

Invoice 1046

For Invoice 1046 (pages 5-6 of Tab 2b), the non-cosmetic work related to supplying new electrical components for new light fixtures (half of the item highlighted in blue:  $\$1,275/2 = \$637.50$ ), work to the doors ( $\$4,500.00$ , highlighted in yellow), replacing the lights ( $\$675.00$ , highlighted in yellow), and installing door hardware ( $\$450.00$ , highlighted in yellow). The non-cosmetic work totalled  $\$6,262.50$  ( $\$637.50 + \$4,500.00 + \$675.00 + \$450 = \$6,262.50$ ).

The total work done by Cworth Developments totalled  $\$24,165.00$  (see all charges under the headings “Demolition”, “Drywall & Installation”, “Tilework”, “Electrical”, “Painting”, “Millwork”, “Flooring”, “Doors”, “Carpet”, “Painting”, “Finishing Carpentry”, “Walls”, and “Doors”:  $\$2,400.00 + \$2,100.00 + \$3,570.00 + \$1,275.00 + \$795.00 + \$2,700.00 + \$1,500.00 + \$4,500.00 + \$1,050.00 + \$750.00 + \$675.00 + \$1,800.00 + \$300.00 + \$300.00 + \$450.00 = \$24,165.00$ ).

The percentage of non-cosmetic work ( $\$6,262.50$ ) of total work ( $\$24,165.00$ ) is 25.92%. The management work under the heading “General Conditions” was discounted so that only 25.92% of  $\$1,650.00$  was included in the calculation for the additional rent increase, which is equal to  $\$427.61$ .

All of the above calculations mean that, when the management work under the heading “General Conditions” is factored in, the total non-cosmetic work is equal to  $\$6,690.11$  ( $\$6,262.50 + \$427.61 = \$6,690.11$ ) and the total work done was  $\$25,815.00$ .

The Landlord was only required to pay 90% of this invoice, as the remaining 10% is held back by the Landlord and paid at a later date, when the job is complete (the “**Holdback**”). After taking into account the Holdback, the total of the invoiced work is  $\$23,233.50$  ( $\$25,815.00 - 10\% = \$23,233.50$ ). This is the amount shown on the “subtotal” line at the bottom of the invoice. After the Holdback is removed from the non-cosmetic work, the total non-cosmetic work is  $\$6,021.10$ .

The Landlord was required to pay 5% GST on the work invoiced. Adding the 5% GST, the total work invoiced was  $\$24,395.17$ , which is the total shown in the last line of the invoice. Adding the 5% GST to the non-cosmetic work makes the final total  $\$6,322.15$ .

Therefore, after taking into account the Holdback and 5% GST, the Landlord included  $\$6,322.15$  in the additional rent increase application from the total cost the Landlord incurred of  $\$24,395.17$ .

The proof of payment for invoice 1046 is found on page 7 of Tab 2b, and includes all items under the pay reference number 775134 (the pay reference number can be found in the final column of the table on page 7).

## Invoice 1051

Invoice 1051 (pages 9-10 of Tab 2b) was a second invoice for further work as part of the same project as invoice 1046. The non-cosmetic work related to supplying new electrical components for new light fixtures (half of the item highlighted in blue:  $\$2,125.00/2 = \$1,062.50$ ), work to the doors ( $\$7,500.00$ , highlighted in yellow), replacing the lights ( $\$1,125.00$ , highlighted in yellow), and installing door hardware ( $\$750.00$ , highlighted in yellow). The non-cosmetic work totalled  $\$10,437.50$  ( $\$1,062.50 + \$7,500.00 + \$1,125.00 + \$750 = \$10,437.50$ ).

The management work under the heading “General Conditions” was discounted to 25.92%, as it was part of the same job as the work billed for invoice 1046. Therefore, of the  $\$2,750.00$  in management work, only  $\$712.68$  was included in the additional rent increase calculation.

The total non-cosmetic work is equal to  $\$11,150.18$  ( $\$10,437.50 + \$712.68 = \$11,150.18$ ) of the total work done.

The Landlord was only required to pay 90% of this invoice due to the Holdback described for invoice 1046. Therefore, of the  $\$11,150.18$  in non-cosmetic work, only  $\$10,035.16$  was billed with invoice 1051 ( $\$11,150.18 - 10\% = \$10,035.16$ ).

The Landlord was required to pay 5% GST on the work invoiced. Adding the 5% GST, the total non-cosmetic work is  $\$10,536.92$  ( $\$10,035.16 + 5\% = \$10,536.92$ ).

Therefore, after taking into account the Holdback and 5% GST, the Landlord included  $\$10,536.92$  in the additional rent increase application from the total cost the Landlord incurred of  $\$40,658.62$  (see total invoice amount, bottom of page 9, tab 2b).

The proof of payment for invoice 1051 is found on page 11 of Tab 2b, and includes all items under the pay reference number 789051 (the pay reference number can be found in the final column of the table on page 7).

## Invoice 1066

Invoice 1066 (pages 26-27 of Tab 2b) was the third and final invoice for work done as part of the same project as invoices 1046 and 1051. The non-cosmetic work related to supplying new electrical components for new light fixtures (half of the item highlighted in blue:  $\$850.00/2 = 425.00$ ), work to the doors ( $\$3,000.00$ , highlighted in yellow), replacing the lights ( $\$450.00$ , highlighted in yellow), and installing door hardware ( $\$300.00$ , highlighted in yellow). The non-cosmetic work totalled  $\$4,175.00$  ( $\$425.00 + \$3,000.00 + \$450.00 + \$300.00 = \$4,175.00$ ).

The management work under the heading “General Conditions” was discounted to 25.92%, as it was part of the same job as the work billed for invoice 1046. Therefore, of the \$1,100.00 in management work, only \$285.12 was included in the additional rent increase calculation.

The total non-cosmetic work is equal to \$4,460.12 ( $\$4,175.00 + \$285.12 = \$4,460.12$ ) of the total work done.

The Landlord was only required to pay 90% of this invoice due to the Holdback described for invoice 1046. Therefore, of the \$4,460.12 in non-cosmetic work, only \$4,014.06 was billed with invoice 1066 ( $\$4,460.12 - 10\% = \$4,014.06$ ).

The Landlord was required to pay 5% GST on the work invoiced. Adding the 5% GST, the total non-cosmetic work is \$4,214.77 ( $\$4,014.06 + 5\% = \$4,214.77$ ).

Therefore, after taking into account the Holdback and 5% GST, the Landlord included \$4,214.77 in the additional rent increase application from the total cost the Landlord incurred of \$16,263.46 (see total invoice amount, bottom of page 27, tab 2b).

The proof of payment for invoice 1066 is found on page 28 of Tab 2b, and includes all items under the pay reference number 811178 (the pay reference number can be found in the final column of the table on page 28).

## Invoice 24170-1260

Invoice 24170-1260 (pages 19-20 of Tab 2b) was for new signage for the sprinkler room, locker room, parkade, electrical room, laundry room, washroom, stairwell, and rear of building. The Landlord has only sought half of this invoice.

The total invoice was for \$1,640.79, but only half or \$820.40 was included in the additional rent increase application.

The proof of payment for invoice 24170-1260 is found on page 21 of Tab 2b. Please note that the proof of payment shows payment for the entire invoice (\$1,640.79).

These invoices are located in Tab 2b at the pages identified in the list above, and are described in the Landlord’s Written Submissions at pages 8-9 in the table for Capital Expenditure 02 at rows 1-3 and 5.

## CLV-049, CLV-050, CLV-054, CLV-055, and CLV-057

These four invoices all relate to the work estimate from Catalytic Contracting Inc. (estimate #2272) on pages 35-36 of Tab 2b (the “**Work Estimate**”). This work estimate describes work done to the hallways and lobby of 1326 West 13<sup>th</sup> Avenue, Vancouver, BC (the “**Building**”). The total cost of the estimated work to be done was \$90,631.00.

The Landlord has not included all the work done pursuant to the Work Estimate in the additional rent increase application. Only the work highlighted in yellow under the headings “Electrical” and “Door Hardware – 35 units” have been included. This work totalled \$7,000.00 ( $\$1,500.00 + \$2,250.00 + \$3,250.00 = \$7,000.00$ ).

This means that of the \$90,631.00 total work in the Work Estimate, only \$7,000.00 or 8.3% has been included in the calculation for the additional rent increase application. The management fees (highlighted in green) which total \$6,050.00 ( $\$2,500.00 + \$1,250.00 + \$800.00 + \$1,500.00 = \$6,050.00$ ) were discounted to 8.28%, or \$500.70

This means that of the total work of \$90,631.00, the Landlord has only included \$7,500.70 ( $\$7,000.00 + \$500.70 = \$7,500.70$ ).

The work described in the Work Estimate was billed to the Landlord across three invoices (CLV-049 (page 38 of Tab 2b), CLV-050 (page 41 of Tab 2b), and CLV-054 (page 44 of Tab 2b)), with 1/3 of the work billed on each invoice. Just like the invoices noted above, the Landlord paid 90% of the work when invoiced, and the remaining 10% (the Holdback) was invoiced and paid pursuant to invoice CLV-057 (page 51, Tab 2b).

Dividing the total of \$7,500.70 across three invoices is \$2,500.23. Ninety percent (90%) of \$2,500.23 is \$2,250.21. The Landlord had to pay 5% GST on this, and so the final total for each invoice was \$2,362.72.

At a later date, the Landlord ordered additional door hardware pursuant to invoice CLV-055 (page 47 of Tab 2b). The entire amount of the invoice \$3,773.43 is included in the calculation for the additional rent increase because the door hardware was an eligible capital expenditure. The \$3,773.43 was 90% of the cost, as this invoice was also subject to a Holdback.

The Holdback for all four invoices (CLV-049, CLV-050, CLV-054, and CLV-055) were billed to the Landlord and paid pursuant to invoice CLV-057 (page 51 of Tab 2b). The Holdback is calculated as \$2,869.98 for each of CLV-049, CLV-050, CLV-054 (see line on each invoice identified as “Holdback”). The total Holdback for these three invoices is therefore \$8,609.94 ( $\$2,869.98 \times 3 = \$8,609.94$ ). However, only 8.276% of these invoices was included in the additional rent increase application, so only 8.276% of the Holdback was also included, or \$712.56. Therefore, the total Holdback for CLV-049, CLV-050, and CLV-054 was \$712.56.

The Holdback for CLV-055 was \$399.31. Since the entire invoice was included in the additional rent increase application as an eligible expenditure, the entire Holdback of \$399.31 was included. This brings the total proportion of the Holdback as invoiced in CLV-057 and included in this additional rent increase application to \$1,111.87 ( $\$712.56 + \$399.31 = \$1,111.87$ ).

The Landlord was required to pay 5% GST on the Holdback, bringing the total amount claimed from invoice CLV-057 to \$1,167.46.

The proof of payment for invoice CLV-049 is at page 39 of Tab 2b, and includes all line items for pay reference 854275. The proof of payment for CLV-050 is at page 42, and includes all line items

for pay reference 854296. The proof of payment for CLV-054 is found at page 45 of Tab 2b, pay reference number 855883. The proof of payment for CLV-055 is found at page 49 of Tab 2b, pay reference number 854156. The proof of payment for all holdback amounts is found at page 53, pay reference number 869807.

Please note that the proof of payment documents noted above show payment for the entire amount of each invoice, not only the percentage that was included in the additional rent increase application.