

IN THE MATTER OF THE *RESIDENTIAL TENANCY ACT*, SBC 2002, c 78

BETWEEN:

Horizon Towers Holdings Ltd. and Realstar Apartment Partnership 3, collectively, the Landlord

APPLICANT

AND:

Tenants of 4960 and 5050 Sanders Street, Burnaby, British Columbia, Tenants

RESPONDENTS

**LANDLORD’S WRITTEN SUBMISSIONS**

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Dated: January 19, 2026



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**I. SUMMARY OF THE LANDLORD’S REQUEST FOR AN ADDITIONAL RENT INCREASE**

- Horizon Towers Holdings Ltd. and Realstar Apartment Partnership 3 (collectively, the “**Landlord**”) apply to the Director for an order approving an additional rent increase on the basis that the Landlord incurred the following eligible capital expenditures to the buildings located at 4960 and 5050 Sanders Street in Burnaby, British Columbia (the “**Buildings**”):

	<b>5050 Sanders Street (Building A)</b>	<b>4960 Sanders Street (Building B)</b>
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<b>Age of Building</b>		55 years old (buildings were built in 1970) (see BC Assessment Information for Buildings [Tab 1b])	
<b>Number of Units<sup>1</sup></b>		103	103
<b>Capital Projects (9 Total)</b>	<b>01: Boiler Replacement</b> (Building A only)	\$126,695.10	\$0.00
	<b>02: Hot Water Storage Tank Replacement</b> (Building A only)	\$10,442.03	\$0.00
	<b>03: Heating Pump Replacement</b> (Building B only)	\$0.00	\$8,392.65
	<b>04: Sanitary Piping Upgrades</b> (Both Buildings)*	\$22,939.41	\$37,137.45
	<b>05: Replacement of Recirculation Line and Shut Off Valves</b> (Both Buildings)*	\$19,393.83	\$27,802.96
	<b>06: Front Entry Work</b> (Both Buildings)*	\$9,765.00	\$9,765.00
	<b>07: Backflow Assembly Installation</b> (Both Buildings)*	\$8,919.75	\$8,919.75
	<b>08: Parkade Catch Basin Bin Work</b> (Both Buildings)*	\$8,019.37	\$8,019.37
	<b>09: Pool Repairs</b> (Both Buildings)*	\$6,611.14	\$6,611.13
<b>Total Capital Expenditures</b>		<b>\$212,785.63</b>	<b>\$106,648.31</b>
<b>Monthly Additional Rent Increase per Unit</b>		<b>\$17.22</b>	<b>\$8.63</b>
<b>Landlord</b>		The Buildings are legally owned by Horizon Towers Holdings Ltd. and beneficially owned by Realstar Apartment Partnership 3. Collectively, Horizon Towers Holdings Ltd.	

<sup>1</sup> The BC Assessment information for Building A (5050 Sanders Street) indicates that there are 102 units in Building A, not 103 (see **BC Assessment Information for Buildings [Tab 1b]**). This is incorrect and both buildings contain 103 units (206 units total).

	<p>and Realstar Apartment Partnership 3 are the Landlord as defined in section 1 the Residential Tenancy Act, SBC 2002, c 78 (the “Act”).</p> <p>Since January 1, 2024, Realstar Corp. manages the Buildings on behalf of the owners, Horizon Towers Holdings Ltd. and Realstar Apartment Partnership 3. Realstar Corp. therefore also meets the definition of a “Landlord” because it is acting on behalf of the owners of the Buildings (see definition of “Landlord” at section 1 of the Residential Tenancy Act, SBC 2002, c 78).</p>
<p style="text-align: center;"><b>Landlord’s Purchase of Buildings</b></p>	<p>The Landlord took over ownership and operation of the Buildings on May 29, 2014.</p>

\*For capital projects benefitting both Buildings, if a specific invoice was for work relating to one Building only, the entire invoice was attributed to that specific Building. Otherwise, capital projects that benefitted both Buildings were allocated between the two Buildings by splitting the cost of the work equally (the Buildings have the same number of units, and allocating the expense proportionally between the Buildings based on the number of units in each Building results in an even split).

2. The Landlord makes this single application pursuant to section 43(3) of the *Residential Tenancy Act*, SBC 2002, c 78 (the “**Act**”) to increase the rent for all 206 rental units in the Buildings (as applicable and described in more detail below) for eligible capital expenditures incurred in the 18-month period preceding the date of this application, pursuant to sections 23.1(1) and (3) of the Residential Tenancy Regulation, BC Reg 477/2003 (the “**Regulation**”). The Landlord has not made a previous application for an additional rent increase in the last 18 months (section 23.1(2), Regulation).
3. The total amount of the additional rent increase (“**ARI**”) sought, per unit, per month, was calculated using the following formula:

$$\text{ARI per Unit} = (\text{Total Capital Expenditures} / \text{Total Number of Units}) / 120$$

4. Using the above-noted formula, the monthly ARI per unit per month for each Building was calculated as follows:

**ARI per Unit Building A** =  $(\$212,785.63/103)/120 = \$17.22$

**ARI per Unit Building B** =  $(\$106,648.31/103)/120 = \$8.63$

5. In the event the ARI per Unit is more than 3% of the current monthly rent for a rental unit, then the remaining portion of the approved increase in excess of 3% must be applied in a later year and cannot be imposed all at once upon a tenant.

*Residential Tenancy Policy Guideline 37C [Tab 3] at pages 14-16*

## II. SUMMARY OF LAW RELATING TO ADDITIONAL RENT INCREASE APPLICATIONS

6. The Director must grant an application for an additional rent increase for capital expenditures when the criteria set out in section 23.1 of the *Residential Tenancy Regulation*, BC Reg 477/2003 (the “**Regulation**”) are met.
7. Section five of this application includes a detailed description of how the Landlord has established all the necessary requirements for the Director to grant this application, including a detailed description of the work that was done, why the work was done, and past maintenance and repairs at the building.
8. In addition to providing a detailed analysis, the Landlord has also provided the following summary table explaining the requirements set out in the Regulation that the Landlord must meet for the Director to grant this application and a brief explanation of how each requirement is established by the Landlord:

ARI Requirements Established by Regulation	How Requirement Met by Landlord for the Building
The Landlord has not applied for an additional rent increase in the 18 months preceding this application  (section 23.1(2) of the Regulation)	The Landlord has not applied for an additional rent increase in the 18-months preceding this application.  The last additional rent increase application was made on November 6, 2022 [see <b>Tab 43 – Prior ARI Decision</b> , at page 1]. The Landlord was eligible to file an additional rent increase application as of May 6, 2024.

<p>The Landlord must make a single application to increase the rent for all units on which the Landlord intends to impose the ARI if approved (sections 23.1(1) and (3) of the Regulation)</p>	<p>The Landlord has made this single application to increase the rent for all rental units in both Buildings (as applicable) on which the Landlord intends to impose the ARI if approved.</p>
<p>The capital expenditures must have been incurred for one (or more) of the reasons set out in section 23.1(4)(a)(i), (ii), or (iii) of the Regulation</p>	<p><b>Capital Expenditure 01:</b> Work was necessary to keep Building A in a state of repair that complies with the health, safety, and housing standards required pursuant to section 32(1)(a) of the Act (section 23.1(4)(a)(i), Regulation) and to replace a major component of a major building system that had failed, was malfunctioning, or was inoperative (section 23.1(4)(a)(ii), Regulation).</p> <p><b>Capital Expenditure 02:</b> Work was necessary to keep Building A in a state of repair that complies with the health, safety, and housing standards required pursuant to section 32(1)(a) of the Act (section 23.1(4)(a)(i), Regulation) and to replace a major component of a major building system that had failed, was malfunctioning, or was inoperative (section 23.1(4)(a)(ii), Regulation).</p> <p><b>Capital Expenditure 03:</b> Work was necessary to keep Building B in a state of repair that complies with the health, safety, and housing standards required pursuant to section 32(1)(a) of the Act (section 23.1(4)(a)(i), Regulation) and to replace a major component of a major building system that had failed, was malfunctioning, or was inoperative (section 23.1(4)(a)(ii), Regulation).</p> <p><b>Capital Expenditure 04:</b> Work was necessary to replace a major component of a major building system in both Buildings that had failed and that had exceeded the end of its useful life (section 23.1(4)(a)(ii), Regulation).</p> <p><b>Capital Expenditure 05:</b> Work was necessary to keep both Buildings in a state of repair that complies with the health, safety, and housing standards required pursuant to section 32(1)(a) of the Act (section 23.1(4)(a)(i), Regulation) and to replace a major component of a major building system that had failed, was malfunctioning, or was inoperative (section 23.1(4)(a)(ii), Regulation).</p>

	<p><b>Capital Expenditure 06:</b> Work was necessary to keep both Buildings in a state of repair that complies with the health, safety, and housing standards required pursuant to section 32(1)(a) of the Act (section 23.1(4)(a)(i), Regulation) and to replace a major component of a major building system that had failed, was malfunctioning, or was inoperative and that had exceeded the end of its useful life (section 23.1(4)(a)(ii), Regulation).</p> <p><b>Capital Expenditure 07:</b> Work was necessary to keep both Buildings in a state of repair that complies with the health, safety, and housing standards required pursuant to section 32(1)(a) of the Act (section 23.1(4)(a)(i), Regulation) and to replace a major component of a major building system that had failed, was malfunctioning, or was inoperative (section 23.1(4)(a)(ii), Regulation).</p> <p><b>Capital Expenditure 08:</b> Work was necessary to keep both Buildings in a state of repair that complies with the health, safety, and housing standards required pursuant to section 32(1)(a) of the Act (section 23.1(4)(a)(i), Regulation) and to replace a major component of a major building system that had failed and that had exceeded the end of its useful life (section 23.1(4)(a)(ii), Regulation).</p> <p><b>Capital Expenditure 09:</b> Work was necessary to keep both Buildings in a state of repair that complies with the health, safety, and housing standards required pursuant to section 32(1)(a) of the Act (section 23.1(4)(a)(i), Regulation) and to replace a major component of a major building system that had failed, was malfunctioning, or was inoperative and had reached the end of its estimated useful life (section 23.1(4)(a)(ii), Regulation).</p>
<p>The capital expenditures must have been incurred in the 18 months preceding this application</p>	<p>The Landlord paid the final invoices for each project as follows:<sup>2</sup></p> <ul style="list-style-type: none"> <li>• <b>Capital Expenditure 01:</b> November 6, 2024 (18-month deadline: May 6, 2026)</li> </ul>

<sup>2</sup> Residential Tenancy Policy Guideline 37C [Tab 3] confirms that the 18-month period is calculated from the date the final invoice for a project is paid by the Landlord (page 7). Although Residential Tenancy Policy Guidelines do not have the force of law, these policy guidelines are important interpretive aids and are frequently relied on by RTB Arbitrators to interpret the Act and Regulation (see ARI Decisions of Arbitrators R. Yee [Tab 6], M. Fox [Tab 7], and K. Want [Tab 8]). Although prior RTB decisions are not precedential or binding on future arbitrators the way court decisions are, an arbitrator’s decision can be set aside as unreasonable on judicial review if it deviates from prior tribunal decisions without a very good reason (see *Communications, Energy and Paperworks Union of Canada, Local 30 v Irving Pulp & Paper, Ltd.*, 2013 SCC 34 at page 6 [Tab 9]). Courts in British Columbia routinely refer to policy guidelines when interpreting the Act and Regulation (see *Li v Virk*, 2023 BCSC 83 [Tab 5]).

<p>(section 23.1(4)(b) of the Regulation)</p>	<ul style="list-style-type: none"> <li>• <b>Capital Expenditure 02:</b> July 5, 2024 (18-month deadline: January 5, 2026)</li> <li>• <b>Capital Expenditure 03:</b> March 20, 2025 (18-month deadline: September 20, 2026)</li> <li>• <b>Capital Expenditure 04:</b> January 9, 2025 (18-month deadline: July 6, 2026)</li> <li>• <b>Capital Expenditure 05:</b> May 21, 2025 (18-month deadline: November 21, 2026)</li> <li>• <b>Capital Expenditure 06:</b> May 6, 2025 (18-month deadline: November 6, 2026)</li> <li>• <b>Capital Expenditure 07:</b> June 6, 2024 (18-month deadline: December 6, 2025)</li> <li>• <b>Capital Expenditure 08:</b> May 6, 2025 (18-month deadline: November 6, 2026)</li> <li>• <b>Capital Expenditure 09:</b> June 19, 2025 (18-month deadline: December 19, 2026)</li> </ul> <p>The Landlord had until December 6, 2025 to make this application. The application was made on November 30, 2025.</p>
<p>The capital expenditures cannot be expected to recur in the five years following this application (section 23.1(4)(c) of the Regulation)</p>	<p>As will be described in more detail in the sections that follow for each capital expenditure, none of the expenses claimed in this application are expected to recur in the next 5 years.</p>
<p>Capital expenditures cannot be required due to inadequate repair or maintenance (section 23.1(5)(a) of the Regulation)</p>	<p>As will be described in more detail in the sections that follow for each specific capital expenditure, none of the expenses claimed in this application were required as a result of the Landlord's failure to maintain the Buildings or complete adequate repairs.</p>
<p>Landlord cannot apply for an additional rent increase for capital expenditures that are not paid by it (section 23.1(5)(b) of the Regulation)</p>	<p>The Landlord incurred all expenses claimed in this application for all nine capital expenditures. The Landlord has not been paid, and is not entitled to be paid, from another source for any of these capital expenditures.</p>

### III. TENANT DEFENCES TO ADDITIONAL RENT INCREASE APPLICATIONS

9. A tenant’s legal authority to oppose this kind of additional rent increase application is very limited. It’s only as specifically set out in the Act, as explained policy guideline 37C. So, for example, a tenant cannot argue that the replacements or repairs could have been handled a different way, or in their opinion, at a lower cost. A tenant cannot argue that they were unnecessary. A tenant cannot argue that a landlord should have budgeted for the cost either. Also, an arbitrator lacks jurisdiction to apply discretion not to grant an additional rent increase, when the landlord has met the requirements, because the Act says the arbitrator “must” grant the additional rent increase when the criteria are met.
10. The tenants only have two defences to an ARI application, and the burden of proof is on the tenants to establish them with clear and convincing evidence. Those defences are:
  - a. the cost of the repairs or replacements is required because of inadequate repair or maintenance on the part of the landlord; or
  - b. the landlord has been paid, or is entitled to be paid, from another source.
11. As explained by the evidence provided in the tables that follow, the work was not due to the fact that the Building was not properly maintained by the Landlord. The Landlord paid for all work included in this application and is not entitled to be paid from another source.
12. Eventually, all building components must be replaced, even if they are well maintained. The work in question has a life expectancy in excess of five years. Therefore, the Director must grant this application for an additional rent increase for capital expenditures pursuant to section 23.1(4) of the Regulation.

#### **IV. PRIOR ADDITIONAL RENT INCREASE APPLICATION**

13. On November 6, 2022, the Landlord filed an additional rent increase application for capital expenditures incurred by the Landlord with respect to Building B only (the “**Prior**

**ARI Application**”). The Prior ARI Application did not include any capital expenditures associated with Building A.

*Prior ARI Decision Building B [Tab 43] at page 1*

14. A Landlord may not apply for an additional rent increase within 18 months of a prior additional rent increase application (section 23.1(2) of the Regulation). The Prior ARI Application was made on November 6, 2022. As a result, the Landlord was eligible to apply for this additional rent increase application with respect to both Buildings A and B as of May 6, 2024.

*Prior ARI Decision Building B [Tab 43] at page 1*

15. Pursuant to the Prior ARI Application, the Landlord applied for an additional rent increase for the tenants of Building B with respect to the following capital expenditures:

- c. elevator modernization of the elevator in Building B;
- d. replacement of the heating and domestic hot water boilers in Building B with new high efficiency boilers, heat exchangers, and storage tanks;
- e. repairs to the parkade entry ramp for Building B, which included coating and sealing the parking entrance, replacing the parkade expansion joint, and removing loose membrane in the underground parkade;
- f. security system upgrades to add a FOB access system and additional security cameras for Building B;
- g. installing a panic bar (a horizontal bar that runs from one of the front entrance doors to the other) in Building B, as the existing small paddle bars were broken; and
- h. regrouting the swimming pool.

*Prior ARI Decision Building B [Tab 43] at page 2*

16. None of the capital expenditures claimed in the Prior ARI Application for Building B are claimed as part of this additional rent increase application.<sup>3</sup>

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<sup>3</sup> Arbitrator Thiessen disallowed some expenses for payments made prior to the 18-month deadline for expenditures that were part of the same capital expenditure in the Prior Arbitration Decision. Since the Prior Arbitration Decision was released on May 29, 2023 [Tab 43, see page 12 of the decision], Residential Tenancy Policy Guideline 37C was

**V. DESCRIPTION OF ELIGIBLE CAPITAL EXPENDITURE**

17. Each capital expenditure is applied to the units in the specific Building that benefitted from the work. If both Buildings benefitted equally from a project, the total cost of the project was proportionally split between the Buildings, based on the number of units in each Building, as follows:

<b>Building</b>	<b>Number of Units</b>	<b>Percentage of Total Expenses</b>
<b>Building A</b> (5050 Sanders Street)	103	50%
<b>Building B</b> (4960 Sanders Street)	103	50%
<b>Total</b>	206	100%

18. The following tables provide a detailed explanation as to how each of the requirements for an additional rent increase application have been established by the Landlord and why the Director must therefore grant this additional rent increase.

**1. Capital Expenditures for 5050 Sanders Street (Building A) Only**

**Heating Boiler Replacement (Capital Expenditure 01)**

**Reason for Work:** Heating at Building A is provided by perimeter hydronic baseboard heaters supplied with hot water heated by boilers. Prior to the boiler replacement, the hot water supplying heat to Building A was heated by two Laars condensing natural gas-fired boilers (the “**Laars Boilers**”). The Laars Boilers include two boiler pumps (one for each boiler) which circulate the hot water to the baseboard heaters throughout the Building [Tab 72 – Letter from JJM Mechanical Group Ltd.]

Domestic hot water at Building A is provided by two different boilers, Raypak natural gas-fired boilers (the “**Raypak Boilers**”) [Tab 53 – Building Condition Assessment Report (Both Buildings), pages 36-37].<sup>4</sup> Only the

amended to clarify that the all payments incurred as part of a capital expenditure are eligible as long as the final payment is within the 18-month period preceding the application [Tab 3, page 7].

<sup>4</sup> Pages 36-37 of the Building Condition Assessment Report [Tab 52] describes how heat is supplied to Building A by two Laars boilers and domestic hot water is supplied to Building A by two Raypak boilers. The report notes that the domestic hot water boilers in Building A were manufactured in 2018 but mistakenly refers to them as “Laars”

two Laars Boilers were replaced. The Raypak Boilers were not replaced and continue to provide domestic hot water to Building A [Tab 72 – Letter from JJM Mechanical Group Ltd.].

Pinchin Ltd. (“**Pinchin**”) conducted a site visit on January 29, 2020, and provided the Landlord with a condition assessment of both Buildings on January 29, 2020 (the “**Building Condition Assessment Report**”). This report identified building deficiencies that should be corrected as part of routine maintenance at the Buildings. The report identified deficiencies that either (1) posed a safety hazard to the public or tenants of the building, (2) were damaging the building or interfering with tenants, or (3) if left unattended, could accelerate damage to building components in the short term (the “**Deficiencies**”) (the “**Baseline Condition Assessment Report**”) [Tab 53 – **Building Condition Assessment Report (Both Buildings)**, page iii].

The Building Condition Assessment Report did not identify any Deficiencies with the Laars Boilers to be corrected as part of routine maintenance. The report estimated that the Laars Boilers were approximately 15 years old in 2020 (installed in approximately 2005) [Tab 53 – **Building Condition Assessment Report (Both Buildings)**, page 36]. At the time of their replacement in August-September 2024 [Tab 2a – **Invoices and Payment for Boiler Replacement (Building A)** and Tab 12 – **Installation Permit – Boiler Replacement**] the Laars Boilers were approximately 19 years old.

The Laars Boilers underwent regular preventative routine maintenance by Milani Plumbing, Heating & Air Conditioning (“**Milani**”) [Tab 40 – **Preventative Maintenance Agreement (Milani) 2025-2029**]. Milani has provided these preventative maintenance services at both Buildings since approximately 2015 and is currently under contract to provide these preventative maintenance services at both Buildings until December 31, 2029 [Tab 73 – **Letter from Milani** and Tab 42 – **Preventative Maintenance Agreement (Milani) 2025-2029**].

As part of its preventative maintenance services, Milani provides periodic preventative maintenance summary reports to the Landlord [Tab 40 – **Preventative Maintenance Summary Reports (Building A)**].

On January 27, 2023, Milani conducted a regular site visit at Building A as part of its preventative maintenance services. The preventative maintenance summary report recommended replacing the existing Laars Boilers at Building A, and one of the existing boiler pumps [Tab 40, page 1]. Under the heading “Mechanical Systems Equipment Condition Summary” in the preventative maintenance summary report, Milani identifies “boiler 1” and “boiler 2” (the Laars Boilers) as requiring replacement, while “boiler 3” and “boiler 4” (the Raypak Boilers) are noted to be in ok condition. The boiler pump recommended for replacement is identified as “B. Pump 1” [Tab 40, pages 2-3].

Milani provided quote 103150-1145372 in connection with the recommendation to replace the two Laars Boilers [Tab 68 – **Milani Quote 103150-1145372**]. Milani provided quote 103150-1153649 in connection with the recommendation to replace one of the associated boiler pumps [Tab 70 – **Milani Quote 103150-1153649**].

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boilers rather than “Raypak” boilers at line 2 of the first paragraph in section “3.10.2 Domestic Hot Water” (page 37, second line in the first paragraph of section 3.10.2). This is a typo in the report. A review of the entire description of sections 3.10.1 *Heating, Ventilation and Air Conditioning* and 3.10.2 *Domestic Hot Water* on pages 36-37 of the report makes clear that the two Laars boilers supply heat to Building A and the two Raypak boilers supply hot water to Building A. The report makes clear at page 36 that the Laars boilers were manufactured in or about 2005 and were approximately 15 years old at the time of the report. Only the two Laars boilers in Building A were replaced. The two Raypak boilers in Building A were not replaced and continue to supply domestic hot water to Building A. No boilers in Building B were replaced as part of this work.

The recommendation to replace the existing Laars Boilers was made by Milani again on September 8, 2023 [Tab 40, pages 5-8], January 10, 2024 [Tab 40, pages 14-15 and 17-18], and May 14, 2024 [Tab 40, pages 23-24 and 27-28]. On May 14, 2024, Milani noted that one of the Laars Boilers (boiler #2) had failed [Tab 40, pages 25 and 28]. Milani provided quote 103150-1249965 [Tab 40, page 28]. Quote 103150-1249965 did not recommend any additional work in addition to quote 103150-1145372 but simply noted that Boiler #2 had failed and recommended replacement [Tab 58 – Milani Quote 103150-1249965].

The replaced boilers supply heat to the tenants at Building A. Heating systems are specifically enumerated in Residential Tenancy Policy Guideline 37C as a major system or major component of a major system [Tab 3, page 4]. The work to replace the Laars Boilers in Building A was done to replace a major system or major components of a major system that were failing, malfunctioning, or inoperative, pursuant to section 23.1(4)(a)(ii) and to maintain Building A in a state of repair that complies with the health, safety and housing standards required pursuant to section 32(1)(a)(i) of the Act (section 23.1(4)(a)(i) of the Regulation).

**Scope of Work:** On June 20, 2024, the Landlord hired JJM Mechanical Group Ltd. (“JJM Mechanical”) to replace the two existing Laars Boilers and boiler pumps at Building A [Tab 14 – Contract for Boiler Replacement (Building A), pg. 1]. The existing Laars Boilers were replaced by four Navien 399,000 BTU condensing heating boilers (the “Navien Boilers”). The boiler replacement work also included installing four sets of service valves, one condensate neutralizer Axiom NT-25 (with required piping to drain), four Grundfos UPS43/44FC 1/6 HP for condensing boilers, four DUAL XP Magnetic filtration equipment, cascade cables, heating water supply, return piping, gas piping, exhaust and combustion air venting as required, and replacing the two existing hydronic heating pumps with two new Armstrong S57-1 system pumps (including flanges and pipe connections) [Tab 13 – JJM Mechanical Estimate for Boiler Replacement (Building A), page 4, Tab 12 – Installation Permit (Boiler Replacement) (Building A), and Tab 2a – Invoices and Payment for Boiler Replacement, page 4].

For before photographs of the Laars Boilers, see Tab 10. For after photographs of the Navien Boilers, see Tab 11.

**Building Maintenance:** The Landlord provided evidence to show that the Laars Boilers were not replaced due to inadequate maintenance or repair. Milani has been performing preventative boiler maintenance at the Building since approximately 2015 and continues to do so [Tab 73 – Letter from Milani and Tab 42 – Preventative Maintenance Agreement (Milani) 2025-2029]. The Landlord has also provided a letter from JJM Mechanical providing an opinion that the Laars boilers and associated work was not due to inadequate maintenance or repair [Tab 72 – Letter from JJM Mechanical Group Ltd.].

The Building Condition Assessment Report noted that the Buildings appeared to be “in satisfactory condition, commensurate with their ages and in better than comparable standing regarding maintenance to other similar residential properties in the area” [Tab 53 – Building Condition Assessment Report (Both Buildings), page iii]. This report further noted that boiler maintenance was reportedly completed by a licensed contractor on a regular basis [Tab 53, page 36].

**Timing of Last Repair/Upgrade:** The Laars boilers were estimated to have been last replaced in 2004 and 2005, making them 19 years old at the time of replacement [Tab 53 – Building Condition Assessment Report (Both Buildings), pages 36-37].

**Anticipated Useful Life of Repair/Upgrade:** Residential Tenancy Policy Guideline 40 estimates that a boiler has an estimated useful life of 25 years [Tab 4, pages 8-9]. JJM Mechanical estimates that the useful life of the Navien Boilers and associated pumps is 10-20 years [Tab 72 – Letter from JJM Mechanical Group Ltd.]. The Landlord does not anticipate doing any similar work for at least 10 years.

**Expenditures Incurred in Past 18 Months:** The date on which a capital expenditure is considered to be incurred is the date the final payment related to the capital expenditure was made. If a landlord pays for the capital expenditure by cheque, the date the capital expenditure is considered to be incurred is the date the landlord issued the final cheque [Tab 3 – RTPG 37C Additional Rent Increase for Capital Expenditures at page 7 item 3 and footnote 1]. The final cheque for this capital expenditure is dated November 6, 2024. This means that the Landlord has until May 6, 2026 to apply for an additional rent increase with respect to this capital expenditure. This application was therefore incurred within the 18 months prior to this application.

**Total Cost of Work Completed (Capital Expenditures):** \$126,695.10

The Landlord incurred these expenses in full and is not entitled to be paid from another source for this capital expenditure.

**Description of All Work Done, Dates Costs Incurred, and Method of Payment by Landlord**

<b>Contractor</b>	<b>Invoice No.</b>	<b>Tab 2a Pg.#</b>	<b>Cost</b>	<b>Date Paid</b>	<b>Method of Payment</b>	<b>Tab 2a Pg.#</b>
JJM Mechanical Group Ltd.	11985	3-5	\$36,750.00	September 6, 2024	Cheque (397)	2
JJM Mechanical Group Ltd.	12131	8-10	\$77,275.59	October 4, 2024	Cheque (415)	7
JJM Mechanical Group Ltd.	12234	13-15	\$12,669.51	November 6, 2024	Cheque (435)	12
<b>Total Cost</b>			<b>\$126,695.10</b>			

**Domestic Hot Water Storage Tank Replacement (Capital Expenditure 02)**

**Reason for Work:** Domestic hot water at Building A is supplied by two Raypak natural gas-fired boilers and stored for use in three Bradford-White domestic hot water storage tanks (the “Storage Tanks”) [Tab 53 – Building Condition Assessment Report (Both Buildings), page 37].

The Baseline Condition Assessment Report did not note any Deficiencies with respect to the Storage Tanks or domestic hot water supply at Building A in 2020 [Tab 53 – Building Condition Assessment Report (Both Buildings), page 37]. No concerns were raised during regular preventative maintenance at Building A until May 2024 [Tab 40 – Preventative Maintenance Summary Reports (Building A), pages 6, 10, 19, 26, 29, and 30].

In or about May 2024, one of the three Storage Tanks failed (it had started leaking) and required replacement on an emergency basis. [Tab 40 – Preventative Maintenance Summary Reports (Building A), pages 23, 26, and 27].<sup>5</sup>

The Storage Tanks were manufactured in or about 2012. Therefore, the failed Storage Tank was approximately 8 years old in 2020 [Tab 53 – Building Condition Assessment Report (Both Buildings), page 37] and 12 years old at the time of replacement

The domestic hot water system is a major system in the Building and the domestic hot water tanks are major components of that system. One of the three Storage Tanks had failed and required replacement. Domestic hot water is required in order to maintain the Building in a state of repair that complies with the health, safety and housing standards required by law, pursuant to section 32(1)(a) of the Act. This capital expenditure is an eligible expenditure pursuant to section 23.1(4)(a)(i) and (ii) of the Regulation.

**Scope of Work:** Milani supplied and installed a new 120-gallon domestic hot water storage tank at Building A in May 2024 [Tab 2b – Invoices and Payment for DHWT (Building A), page 3]. For before photographs of the original Storage Tank, see Tab 54. For after photographs of the new Storage Tank, see Tab 50.

**Building Maintenance:** The Storage Tank was not replaced due to inadequate maintenance or repair at Building A. The Landlord has provided preventative maintenance records for the hot water storage tanks at Building A and a letter from the contractor who completed the replacement, confirming that the work was not required due to inadequate maintenance and/or repair [Tab 40 – Preventative Maintenance Summary Reports (Building A) and Tab 73 – Letter from Milani].

No concerns necessitating maintenance or repair with respect to the Storage Tank were raised in the Building Condition Assessment Report [Tab 53 – Building Condition Assessment Report (Both Buildings), page 37]. The maintenance records also indicate that the first time a concern was raised with respect to the Storage Tank was on May 14, 2024, shortly before it was replaced [Tab 40, page 23].

**Timing of Last Repair/Upgrade:** The hot water tank was estimated to have been last replaced in 2012 [Tab 53 – Building Condition Assessment Report (Both Buildings), page 37]. The Storage Tank was approximately 12 years old at the time of replacement.

**Anticipated Useful Life of Repair/Upgrade:** Residential Tenancy Policy Guideline 40 estimates that a hot water tank has an estimated useful life of 15 years [Tab 4, page 9]. The Landlord does not anticipate doing any similar work to replace this storage tank in the next 15 years.

**Expenditures Incurred in Past 18 Months:** The date on which a capital expenditure is considered to be incurred is the date the final payment related to the capital expenditure was made. If a landlord pays for the capital expenditure by cheque, the date the capital expenditure is considered to be incurred is the date the landlord issued the final cheque [Tab 3 – RTPG 37C Additional Rent Increase for Capital Expenditures at page 7 item 3 and footnote 1]. The final cheque for this capital expenditure is dated July 5, 2024. This means that the Landlord has until January

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<sup>5</sup> The Preventative Maintenance Summary Report also notes that some of the pipes for domestic hot water in the boiler mechanical room were rusted and corroded, and the shut off valves were not reliable in the event of a boiler shut down (Tab 40, pages 26 and 29). These issues were resolved with a small repair, the cost of which has not been included in this application.

5, 2026 to apply for an additional rent increase with respect to this capital expenditure. This application was therefore incurred within the 18 months prior to this application.

**Total Cost of Work Completed (Capital Expenditures):** \$10,442.03

The Landlord incurred these expenses in full and is not entitled to be paid from another source for this capital expenditure.

**Description of All Work Done, Dates Costs Incurred, and Method of Payment by Landlord**

<b>Contractor</b>	<b>Invoice No.</b>	<b>Tab 2b Pg.#</b>	<b>Cost</b>	<b>Date Paid</b>	<b>Method of Payment</b>	<b>Tab 2b Pg.#</b>
<b>Milani Plumbing Drainage &amp; Heating</b>	1250144	3	\$10,442.03	July 5, 2024	Cheque (360)	2
<b>Total Cost</b>			<b>\$10,442.03</b>			

**2. Capital Expenditures for 4960 Sanders Street (Building B) Only**

**Heat Pump Replacement (Capital Expenditure 03)**

**Reason for Work:** Heat at the building is supplied by boilers, similar to Building A. The heat pumps do not create heat, but instead move the heat produced by the boilers throughout the building. The heat pumps at Building B are part of the heating system for that building.

No Deficiencies requiring routine maintenance or repair were reported with respect to the heat pumps in Building B in the Building Condition Assessment Report [Tab 53 – Building Condition Assessment Report (Both Buildings), pages 36-37]. No concerns were raised with respect to the heat pumps at Building B by Milani as part of its preventative maintenance services until March 7, 2024 [Tab 41 – Preventative Maintenance Summary Reports (Building B), page 23].

The Building Condition Assessment Report does not provide an estimated age for the heat pumps in Building B. However, the Landlord has not replaced the heat pumps in Building B since taking over ownership and operation of the Buildings on May 29, 2014. The heat pumps were therefore at least 11 years old at the time they were replaced in 2025.

In or about March 2024, Milani noted that one of the heat pumps was “running noisy” and provided a quote to repair this heat pump (quote dated March 7, 2024) [Tab 60 – Milani Quote 152272-1241060]. Milani attended at Building B for a site visit on May 14, 2024. In its preventative maintenance summary report, Milani noted that both heat pumps were “running noisy” and recommended both Heat Pumps be replaced [Tab 41 – Preventative Maintenance Summary Reports (Building B), pages 23-25].<sup>6</sup> On May 23, 2024, Milani provided an updated quote to supply and

<sup>6</sup> Note that “Heating Pump #1” on pages 25, 28, and 29 of Tab 41 refers to both Heat Pumps at Building B. “Pump #1” on pages 25, 27, and 32 of Tab 41 refers to one of the Heat Pumps at Building B. The pump referred to as “Pump #2” throughout Tab 41 refers to pumps in the domestic hot water system and is unrelated to the Heat Pumps.

install two new heat pump motors and two new seal bearing assemblies and couplers [Tab 61 – Milani Quote 152272-1250075].

On November 21, 2024, Milani provided a quote to replace both heat pumps with new S-55 heat pumps [Tab 59 – Milani Quote 152272-1268221]. On January 16, 2025, Milani attended at Building B to conduct further investigations of the heat pumps. Milani reiterated its prior recommendation that both heat pumps be replaced [Tab 15 – Service Records for Heating Pumps]. On January 29, 2025, Milani replaced both heat pumps, bearing assemblies, and motors [Tab 2c – Invoices and Payment for Heating Pumps, page 3].

For after photographs of the new heat pumps in Building B, see Tab 52.

The heating system is a major system and the heating pumps are a major component of that system. The heating pumps had failed and required replacement. A functioning heating system is required in order to maintain the Building in a state of repair that complies with the health, safety and housing standards required by law, pursuant to section 32(1)(a) of the Act. This work is therefore an eligible capital expenditure pursuant to sections 23.1(4)(a)(i) and (ii) of the Regulation).

**Scope of Work:** The two existing heat pumps, bearing assemblies, and motors were replaced [Tab 15 – Service Records for Heating Pumps, page 2 and Tab 73 – Letter from Milani].

**Building Maintenance:** The heat pump replacement was not required as a result of the Landlord’s failure to maintain the Building.

The Buildings undergo regular, routine preventative maintenance and the Landlord has provided maintenance records for the heat pumps at Building B [Tab 41 – Preventative Maintenance Summary Reports]. The Landlord has also provided a letter from the contractor who replaced the heat pumps confirming that this work was not required as a result of the Landlord’s failure to maintain the Building or complete necessary repairs [Tab 73 - Letter from Milani].

**Timing of Last Repair/Upgrade:** The heat pumps were last replaced some time before the Landlord took over ownership and operation of the Buildings on May 29, 2014.

**Anticipated Useful Life of Repair/Upgrade:** Residential Tenancy Policy Guideline 40 estimates that a heat pump has an estimated useful life of 15 years [Tab 4, page 8]. The Landlord does not anticipate doing any similar work in the next 15 years.

**Expenditures Incurred in Past 18 Months:** The date on which a capital expenditure is considered to be incurred is the date the final payment related to the capital expenditure was made. If a landlord pays for the capital expenditure by cheque, the date the capital expenditure is considered to be incurred is the date the landlord issued the final cheque [Tab 3 – RTPG 37C Additional Rent Increase for Capital Expenditures at page 7 item 3 and footnote 1]. The final cheque for this capital expenditure is dated March 20, 2025. This means that the Landlord has until September 20, 2026 to apply for an additional rent increase with respect to this capital expenditure. This application was therefore incurred within the 18 months prior to this application.

**Total Cost of Work Completed (Capital Expenditures):** \$8,392.65

The Landlord incurred these expenses in full and is not entitled to be paid from another source for this capital expenditure.

**Description of All Work Done, Dates Costs Incurred, and Method of Payment by Landlord**

<b>Contractor</b>	<b>Invoice No.</b>	<b>Tab 2c Pg.#</b>	<b>Cost</b>	<b>Date Paid</b>	<b>Method of Payment</b>	<b>Tab 2c Pg.#</b>
<b>Milani Plumbing Drainage &amp; Heating</b>	1278310	3	\$8,392.65	March 20, 2025	Cheque (522)	2
<b>Total Cost</b>			<b>\$8,392.65</b>			

**3. Capital Expenditures Shared by Buildings A and B**

**Sanitary Piping Upgrades (Capital Expenditure 04)**

**Reason for Work:** The sanitary piping in both Buildings was original to the Buildings (installed approximately 1970). When in suite laundry was added to individual rental units, riser modifications were made to the sanitary piping system to comply with city code requirements and to upgrade the approximately 55-year-old sanitary piping [Tab 41 – Preventative Maintenance Summary Reports (Building B), page 9].

On October 10, 2023, Milani identified the need to upgrade the sanitary piping in Building B to comply with city code requirements for the addition of washing machines to rental units [Tab 41 – Preventative Maintenance Summary Report (Building B), page 11].

On December 20, 2023, Milani provided the Landlord with a quote to reroute the existing sanitary piping in two locations on the P1 parking level (Building A) to protect the existing pipe connections [Tab 24 – Building A Sanitary Piping Proposal, page 1]. On November 4, 2024, Milani provided the Landlord with a quote to reroute the existing sanitary piping in Building B to prevent future leaks in the system [Tab 25 – Building B Sanitary Piping Proposal, page 1].

For before photographs of the sanitary piping, see Tab 16 (Building A), Tab 20 – Site Report 1 for Sanitary Piping (Building A), pages 3-6, and Tab 21 - Site Report 1 for Sanitary Piping (Building B), pages 3-4. For work in progress photos showing the sanitary piping upgrades, see Tab 17 (Building A). For after photographs of the sanitary piping upgrades, see Tab 18 (Building A).

The sanitary piping is a major building system or a major component of a major system. The sanitary piping in both Buildings was original to the Buildings (approximately 55 years old) and had therefore exceeded its estimated useful life of 30 years by approximately 25 years [Tab 4 – RTPG 40, page 8]. The sanitary piping at both Buildings was therefore replaced in order to repair or replace a major system or major component that had exceeded the end of its useful life, pursuant to section 23.1(4)(a)(ii) of the Regulations.

**Scope of Work:** Milani rerouted and replaced the sanitary piping in Buildings A and B as set out in the engineering plans at Tabs 22 and 23 [see also Tab 27 – Contract for Sanitary Piping Work (Building B)]. JJM Mechanical rerouted the sanitary piping from unit 108 in Building A, down into the P1 and P2 levels [Tab

**2d – Invoices and Payments for Sanitary Piping (Both Buildings)**, page 2]. JJM Mechanical rerouted and replaced the sanitary piping in the plumbing stack serving the 07 and 08 units on all floors of Building A (the “07/08 Stack”). The 07/08 Stack serves the showers, toilets, and lavatories for all units ending in 07 and 08 on all floors in Building A. The modifications were made to the piping into the parkade so that the 07/08 Stack could accommodate the addition of washers and dryers in the 07 and 08 units in Building A [**Tab 72 – Letter from JJM Mechanical Group Ltd.**].

**Building Maintenance:** The sanitary piping for both Buildings was estimated to have been installed in or about 1970, making the sanitary piping approximately 55 years old at the time they were replaced. The sanitary piping had exceeded its estimated useful life of 30 years by approximately 25 years [**Tab 4 – Residential Tenancy Policy Guideline 40**, page 8].

Since the sanitary piping had exceeded its estimated useful life at the time it was replaced, maintenance and repair are not relevant to the determination of whether this capital expenditure is eligible for an additional rent increase. This is because the policy rationale for making capital expenditures ineligible for an additional rent increase if they are due to improper maintenance or failure to adequately repair building components (section 23.1(5)(a), Regulation) is to incentivize landlords to take care of the rental property and to ensure that major building systems and components are in use for their approximate expected useful life.

Residential Tenancy Policy Guideline 37C makes clear that when a major system or major component of a major system is replaced at the end of its estimated useful life, this capital expenditure is eligible for an additional rent increase even if that system was not adequately maintained [**Tab 3 - Residential Tenancy Policy Guideline 37C at page 9, emphasis added**]:

An example of an ineligible capital expenditure due to the inadequate repair or maintenance of a landlord would be if a landlord knew or ought to have known that the roof was leaking but did not act promptly to fix the leak adequately and, as a result, had to repair structural damage, remediate mould, and replace drywall. **The roof expenditures would be eligible because the roof was at the end of its service life.** However, if the extent of the repairs or replacement necessary is due to a landlord’s inaction, the full amount may not be eligible. For example, **if the leaking roof was not at the end of its useful life and could have been repaired instead of being fully replaced had a landlord acted sooner, then only the amount that reflects what the repairs would have cost would be eligible.**

It is only when a major system of a major component is replaced before it has reached the end of its estimated useful life that maintenance and repair concerns are relevant. If the major system or major component reaches the end of its estimated useful life, it is eligible for an additional rent increase even if it was not adequately repaired or maintained. In this case, the sanitary piping that was replaced was 55 years old at the time of replacement and had exceeded its estimated useful life of 30 years. As a result, allegations of inadequate maintenance and repair, even if they could be proven (which is denied), would not preclude the Landlord from successfully applying for an additional rent increase for this capital expenditure.

However, even though the specifics regarding maintenance and repair are not relevant to this capital expenditure, this work was not required as a result of the Landlord’s failure to maintain the Building. Milani

undertakes regular preventative maintenance at both Buildings [Tab 73 – Letter from Milani]. No Deficiencies were raised with respect to the sanitary piping in the Building Condition Assessment Report [Tab 53].

**Timing of Last Repair/Upgrade:** The sanitary piping was cast iron copper piping and was likely original to the Buildings (1970). RTPG-40 provides an estimated useful life for pipes as 30 years [Tab 4 – RTPG 40, page 8]. The sanitary piping at both Buildings had exceeded its estimated useful life by approximately 30 years.

**Anticipated Useful Life of Repair/Upgrade:** RTPG-40 estimates that plumbing pipes have an estimated useful life of 30 years [Tab 4, page 8]. The Landlord does not anticipate doing any similar work in the next 30 years.

**Expenditures Incurred in Past 18 Months:** The date on which a capital expenditure is considered to be incurred is the date the final payment related to the capital expenditure was made. If a landlord pays for the capital expenditure by cheque, the date the capital expenditure is considered to be incurred is the date the landlord issued the final cheque [Tab 3 – RTPG 37C Additional Rent Increase for Capital Expenditures at page 7 item 3 and footnote 1]. The final cheque for this capital expenditure is dated January 9, 2025. This means that the Landlord has until July 6, 2026 to apply for an additional rent increase with respect to this capital expenditure. This application was therefore incurred within the 18 months prior to this application.

**Total Cost of Work Completed (Capital Expenditures):** \$60,076.86

The Landlord incurred these expenses in full and is not entitled to be paid from another source for this capital expenditure.

**Description of All Work Done, Dates Costs Incurred, and Method of Payment by Landlord**

Contractor	Invoice No.	Tab 2d Pg.#	Cost	Date Paid	Method of Payment	Tab 2d Pg.#	Tower A	Tower B
JJM Mechanical Group Ltd.	11466	2	\$5,562.41	April 15, 2024	Cheque (4897)	1	100%	0%
Milani Plumbing Drainage & Heating	1247830	7	\$17,377.00	September 6 and October 4, 2024	EFT (418 and 399)	8-11	100%	0%
Milani Plumbing Drainage & Heating	1273784	5-6	\$37,137.45	January 9, 2025	Cheque (473)	4	0%	100%
<b>Total Cost</b>			<b>\$60,076.86</b>					
Tower A Total			\$22,939.41					
Tower B Total			\$37,137.45					

**Replacement of Recirculation Line and Shut Off Valves (Capital Expenditure 05)**

**Reason for Work:** On November 22, 2021, Milani provided the Landlord with a proposal to replace the riser shut off valves that had missing handles in Building B and the recirculation lines on the 12<sup>th</sup> floor of both Buildings, with shut off valves on each recirculation riser branch. These shut off valves enable water to be shut off in individual risers rather than turning off all the water to the building when fixing leaks or performing repairs to the water system [Tab 63 – Milani Quote 152272-1137138].

In its preventative maintenance summary report arising from site visits to Building B on April 10 and April 18, 2023, Milani recommended completing the work set out in quote #152272-1137138 [Tab 41 – Preventative Maintenance Summary Report (Building B), pages 1-2 and 5-6]. Milani repeated this recommendation on October 10, 2023 and January 9, 2024 with respect to Building B [Tab 41 – Preventative Maintenance Summary Report (Building B), pages 9 and 13].

On February 21, 2024, Milani provided a revised quote (quote#152272-1239571) to supply and install new recirculation lines on the 12<sup>th</sup> floor of both buildings, with shut off valves on each branch [Tab 64 – Milani Quote 152272-1239571 and Tab 41 – Preventative Maintenance Summary Report (Building B), pages 13 and 15]. The recommendation to complete the work described in quote#152272-1239571 was repeated by Milani in its preventative maintenance summary reports arising from site visits to Building B on May 14, 2024 [Tab 41 - Preventative Maintenance Summary Report (Building B), pages 23 and 25].

As part of its preventative summary maintenance report arising from a site visit on May 14, 2024 to Building A, Milani noted that the shut-off valves in Building A were faulty and recommended replacement [Tab 40 – Preventative Maintenance Summary Report (Building A), pages 24 and 27]. Milani provided quote #103150-1256776 on July 25, 2024 for this work [Tab 65 – Milani Quote 103150-1256776].

On August 28, 2024, Milani provided a revised quote to replace the recirculation line on the 12<sup>th</sup> floor of tower B with shut off valves on each riser on the 12<sup>th</sup> floor [Tab 66 – Milani Quote 152272-1260858]. On October 9, 2024, Milani provided an additional quote (quote #152272-1263628) to replace the shut off valves for the riser in the P1 hallway of Building B [Tab 67 – Milani Quote 152272-1263628].

From September 2024 to May 2025, Milani completed the work recommended in quote #152272-1239571, quote #152272-1260858, #152272-1263628, and quote #103150-1256776 to both Buildings (described in more detail in the “Scope of Work” section below).<sup>7</sup>

The plumbing system is a major system in both Buildings. The recirculation lines and shut off valves are major components of the plumbing system. The recirculation lines and shut off valves were failing and could no longer be repaired and required replacement. A functioning plumbing system is required in order to maintain the Buildings in a state of repair that complies with the health, safety and housing standards required by law, pursuant to section 32(1)(a) of the Act. The work done is an eligible capital expenditure pursuant to sections 23.1(4)(a)(i) and (ii) of the Regulation.

<sup>7</sup> Although the work set out in quotes #152272-123628, #152272-126328, and #152272-1239571 was ongoing at the time of Milani’s site visits on October 9, 2024, February 10, 2025, and May 27, 2025, Milani repeats the recommendation to complete this work in its preventative maintenance summary reports arising from these site visits [Tab 41 – Preventative Maintenance Summary Reports (Building B), pages 32, 43, and 55]. The work set out in quotes #152272-123628, #152272-126328, and #152272-1239571 is not included in Milani’s preventative maintenance summary report arising from a site visit on September 17, 2025, as the work had been completed by then [Tab 41 – Preventative Maintenance Summary Reports (Building B), page 66].

**Scope of Work:** Milani replaced the shut off valves for the riser in the P1 hallway of Building B and replaced the recirculation lines on the 12<sup>th</sup> floor with shut off valves for each riser on the 12<sup>th</sup> floor in the hallways of both Buildings [Tab 2e – Invoices and Payment for Recirculation Valve and Shut Off Line (Both Buildings), pages 3, 9, and 20, Tab 28 – Proposal for Replacement of Recirculation Line (Building A), pages 1-3, Tab 29 – Proposal for Replacement of Recirculation Line (Building B), Tab 30 – Proposal for Replacement of Shut Off Valves (Building B), and Tab 31 – Contract for Replacement of Recirculation Line and Shut Off Valves].

To complete the above-noted work, Milani:

- installed 8 new shut off valves for hot and cold water, new pipes, and pipe insulation in the P1 hallway [Tab 2e, page 3];
- installed a new recirculation line on the 12<sup>th</sup> floor with shut off valves on each branch, connected to the existing recirculation branch lines from each unit [Tab 2e, page 9];
- once the recirculation line and shut off valves were installed on the 12<sup>th</sup> floor, Milani tested the system to determine which shut off valves on the lower floor required replacement [Tab 2e, page 9]; and
- shut down the applicable riser (kitchen or bathroom) at various locations throughout the Buildings, removed a 6 inch section of the riser, installed new piping and insulation, restored the water and tested the new connections [Tab 2e, pages 18].

Although the work included taking domestic water samples in both Buildings, the cost to sample and test the domestic water at both Buildings is not included in this application.

For after photographs of the recirculation lines and shut off valves, see Tab 44 (Building A) and Tab 45 (Building B).

**Building Maintenance:** The replacement of the recirculation and shut off valves was not required as a result of the Landlord's failure to maintain the Buildings [Tab 73 - Letter from Milani]. Both Buildings undergo routine preventative maintenance inspections by Milani [Tabs 40 and 41]. The Landlord replaced the recirculation lines and shut off valves after Milani recommended they be replaced.

**Timing of Last Repair/Upgrade:** The Landlord does not know exactly when the recirculation lines and associated shut off valves in either Building were last replaced. The Landlord has not done any similar work since taking over ownership and operation of the Buildings on May 29, 2014.

**Anticipated Useful Life of Repair/Upgrade:** Residential Tenancy Policy Guideline 40 estimates that plumbing pipes have an estimated useful life of 30 years [Tab 4, page 8]. Residential Tenancy Policy Guideline 40 does not provide an estimated useful life for shut off valves, but Milani estimates that the shut off valves should last at least 15 years [Tab 73 - Letter from Milani]. The Landlord does not anticipate doing any similar work to the replaced recirculation lines in the next 30 years and to the shut-off valves in the next 15 years.

**Expenditures Incurred in Past 18 Months:** The date on which a capital expenditure is considered to be incurred is the date the final payment related to the capital expenditure was made. If a landlord pays for the capital expenditure by cheque, the date the capital expenditure is considered to be incurred is the date the landlord issued the final cheque [Tab 3 – RTPG 37C Additional Rent Increase for Capital Expenditures at page 7 item 3 and footnote 1]. The final cheque for this capital expenditure is dated May 21, 2025. This means

that the Landlord has until November 21, 2026 to apply for an additional rent increase with respect to this capital expenditure. This application was therefore incurred within the 18 months prior to this application.

**Total Cost of Work Completed (Capital Expenditures):** \$47,196.79

The Landlord incurred these expenses in full and is not entitled to be paid from another source for this capital expenditure.

**Description of All Work Done, Dates Costs Incurred, and Method of Payment by Landlord**

Contractor	Invoice No.	Tab 2e Pg.#	Cost	Date Paid	Method of Payment	Tab 2e Pg.#	Tower A	Tower B
Milani Plumbing Drainage & Heating	1248406	18	\$10,132.50	September 19, 2024	Cheque (408)	17	100%	
Milani Plumbing Drainage & Heating	1258735	21	\$9,261.33	October 18, 2024	Cheque (427)	20	100%	
Milani Plumbing Drainage & Heating	1270177	3	\$8,391.60	December 5, 2024	Cheque (454)	2		100%
Milani Plumbing Drainage & Heating	1269985	9	\$5,509.88	December 5, 2024	Cheque (454)	8		100%
Milani Plumbing Drainage & Heating	1269985R	12	\$5,509.88	May 6, 2025	Cheque (557)	11		100%
Milani Plumbing Drainage & Heating	1270177R	6	\$8,391.60	May 21, 2025	Cheque (569)	5		100%
<b>Total Cost</b>			<b>\$47,196.79</b>					
Tower A Total			\$19,393.83					
Tower B Total			\$27,802.96					

**Front Entry Work (Capital Expenditure 06)**

**Reason for Work:** The front landing concrete at both Buildings was cracking, creating a tripping hazard. Areas of the common area concrete walls near the pool were also cracking, exposing the rebar underneath.

For a photograph showing exposed rebar through the common area concrete wall, see **Tab 53**, page 19. For after photographs of the front entry landings for both Buildings, see **Tabs 48 (Building A)** and **49 (Building B)**.

**Scope of Work:** The concrete at the front the landings of both Buildings was repaired. Parts of the common area concrete walls near the pool were repaired as necessary, in places where the stones and stucco were damaged and the rebar was showing [**Tab 71 – Letter from City Wide Environmental Cleaning**].

The work completed by City Wide Environmental Cleaning was necessary in order to replace building components that were failing or inoperative and that had exceeded their estimated useful life and to maintain the Building in a state of repair that complies with the health, safety and housing standards required by law, pursuant to section 32(1)(a) of the Act. This work is an eligible capital expenditure pursuant to sections 23.1(4)(a)(i) and (ii) of the Regulation.

**Building Maintenance:** This work was not required as a result of the Landlord’s failure to maintain the Building. The Landlord has provided a letter from the contractor who completed the above-noted work, confirming that this work was not required as a result of the Landlord’s failure to maintain the Buildings or complete necessary repairs [**Tab 71 – Letter from City Wide Environmental Cleaning**].

**Timing of Last Repair/Upgrade:** The Landlord is not certain as to when the front concrete landings at both Buildings were installed, as these installations predate its ownership and operation of the Building. Similarly, the Landlord does not know when the common area concrete walls were last repaired. However, no work to the front landing concrete or common area concrete walls has been completed by the Landlord at either Building since it took over ownership and operation of both Buildings on May 29, 2014.

**Anticipated Useful Life of Repair/Upgrade:** Residential Tenancy Policy Guideline 40 estimates that concrete has an estimated useful life of 25 years [**Tab 4**, page 6]. As a result, the Landlord does not anticipate doing any similar work in the next 25 years.

**Expenditures Incurred in Past 18 Months:** The date on which a capital expenditure is considered to be incurred is the date the final payment related to the capital expenditure was made. If a landlord pays for the capital expenditure by cheque, the date the capital expenditure is considered to be incurred is the date the landlord issued the final cheque [**Tab 3 – RTPG 37C Additional Rent Increase for Capital Expenditures at page 7 item 3 and footnote 1**]. The final cheque for this capital expenditure is dated May 6, 2025. This means that the Landlord has until November 6, 2026 to apply for an additional rent increase with respect to this capital expenditure. This application was therefore incurred within the 18 months prior to this application.

**Total Cost of Work Completed (Capital Expenditures):** \$19,530.00

The Landlord incurred these expenses in full and is not entitled to be paid from another source for this capital expenditure.

**Description of All Work Done, Dates Costs Incurred, and Method of Payment by Landlord**

<b>Contractor</b>	<b>Invoice No.</b>	<b>Tab 2f Pg.#</b>	<b>Cost</b>	<b>Date Paid</b>	<b>Method of Payment</b>	<b>Tab 2f Pg.#</b>	<b>Tower A</b>	<b>Tower B</b>

<b>City Wide Environmental Cleaning</b>	36539*	3	\$12,390.00	April 21, 2025	Cheque (543)	2	50%	50%
<b>City Wide Environmental Cleaning</b>	36557	6	\$7,140.00	May 6, 2025	Cheque (552)	5	50%	50%
<b>Total Cost</b>			<b>\$19,530.00</b>					
Tower A Total			\$9,765.00					
Tower B Total			\$9,765.00					

### **Backflow Assembly Installation (Capital Expenditure 07)**

**Reason for Work:** The backflow assemblies for both Buildings are part of each respective Building’s plumbing system. A backflow assembly is a plumbing device that only allows water to flow in one direction. Backflow assemblies must be installed at any point in a water system where a potable water source line and a non-potable water source line connect (i.e., at any cross connections). In the event the water pressure in the non-potable water source line is higher than the pressure in the potable water source line, the backflow assembly prevents the non-potable water from forcing its way into the potable water line, preventing contamination of the potable water. If a backflow assembly fails, non-potable water can contaminate the potable water and lead to health concerns, water damage, and is a violation of city code [**Tab 73 - Letter from Milani**].

The Building Condition Assessment Report estimated that the domestic hot water and domestic cold water piping was replaced in or about 1997 at both Buildings [**Tab 53, page 37**]. Although the Building Condition Assessment Report does not specifically refer to the backflow assemblies at either building, it is possible that the backflow assemblies were replaced at the same time as the domestic water system was re-piped. The Landlord has not replaced the backflow assemblies at either Building since taking over ownership and operation of the Buildings on May 29, 2014.

No Deficiencies were observed by Pinchin relating to the backflow assemblies at either Building during its site visit on January 29, 2020 [**Tab 52, page 37**]. The backflow assemblies at both Buildings are tested on an annual basis, as required by the City of Burnaby. The Landlord has provided invoices from Milani for the annual backflow testing each year from 2020 to 2025, with the exception of 2023 [**Tab 69 – Invoices for annual backflow testing (both Buildings)**].

From 2021 to 2023, the backflow assemblies at both Buildings operated normally. No concerns were raised by Milani in its preventative maintenance summary reports for either Building from 2022-2023 [**Tabs 40 and 41**]

On February 15, 2024, Milani attended at Building A to perform the annual backflow assembly tests [**Tab 55 – Backflow Prevention Assembly Test Report P2 Pump Room (Building A) 2024**]. When Milani attempted to complete the test of the backflow assembly in the P2 pump room of Building A, the test could not be performed as the gate valves would not hold and the backflow assembly was leaking. This backflow assembly serves the main plumbing system at the building.

On March 11, 2024, Fire Pro Fire Protection (“**Fire Pro**”) attended at Building B to test the backflow assembly serving the fire hose system in the building. Valve 2 was leaking and failed the test. Fire Pro recommended replacement [**Tab 56 – Backflow Prevention Assembly Test Report P2 Pump Room (Building B)**, page 2]. This backflow assembly serves the fire suppression system in Building B.

The backflow assemblies at both Buildings are major components of each Building’s plumbing system (a major system). The backflow assemblies had failed and required replacement. The backflow assemblies at both Buildings were replaced in order to maintain the Buildings in a state of repair that complies with the health, safety and housing standards required by law, pursuant to section 32(1)(a) of the Act and to repair or replace a major system or major component that has failed, is malfunctioning, or is inoperative, pursuant to sections 23.1(4)(a)(i) and (ii) of the Regulations.

**Scope of Work:** On April 11, 2024, Milani removed the existing valve assembly from the P2 pump room at Building A and installed a new backflow assembly and two new isolation valves [**Tab 2g – Invoices and Payment for Backflow Assembly Work (Both Buildings)**, page 4 (Building A)]. On April 19, 2024, Milani removed the existing valve assembly from the P2 pump room/storage room at Building B and installed a new backflow assembly and two new isolation valves [**Tab 2g – Invoices and Payment for Backflow Assembly Work (Both Buildings)**, page 3 (Building B)].

For before photographs of the backflow assemblies, see **Tab 53** at page 46. For after photographs of the backflow assembly, see **Tab 46** (Building A) and **Tab 47** (Building B).

**Building Maintenance:** This work was not required as a result of the Landlord’s failure to maintain the Building. The backflow assemblies were tested annually as required by the City, with the exception of 2023 [**Tab 69 – Invoices for Annual Backflow Testing 2020-2025 (Both Buildings)**]. Milani undertakes regular preventative maintenance at both Buildings. No concerns were raised by Milani in its preventative maintenance summary reports for either Building until the main backflow assemblies at both Buildings failed in February and March 2024 [see **Tabs 40 and 41** and **Tab 73 - Letter from Milani**].

**Timing of Last Repair/Upgrade:** If the backflow assemblies were installed when the domestic piping was replaced in 1997, they would have been 27 years old at the time of replacement in 2024 [**Tab 53**, page 37]. Since the Landlord has not replaced the backflow assemblies during its ownership of the Buildings, the backflow assemblies were between 10 and 27 years old at the time they were replaced.

**Anticipated Useful Life of Repair/Upgrade:** Residential Tenancy Policy Guideline 40 does not have an estimated useful life for backflow assemblies specifically. However, this policy guideline does include an estimated useful life for plumbing fixtures generally of 20 years [**Tab 4 – Residential Tenancy Policy Guideline 40**, page 8]. The Landlord does not anticipate replacing these backflow assemblies in the next 20 years [**Tab 73 - Letter from Milani**].

**Expenditures Incurred in Past 18 Months:** The date on which a capital expenditure is considered to be incurred is the date the final payment related to the capital expenditure was made. If a landlord pays for the capital expenditure by cheque, the date the capital expenditure is considered to be incurred is the date the landlord issued the final cheque [**Tab 3 – RTPG 37C Additional Rent Increase for Capital Expenditures at page 7 item 3 and footnote 1**]. The final cheque for this capital expenditure is dated June 6, 2024. This means

that the Landlord has until December 6, 2025 to apply for an additional rent increase with respect to this capital expenditure. This application was therefore incurred within the 18 months prior to this application.

**Total Cost of Work Completed (Capital Expenditures):** \$17,839.50

The Landlord incurred these expenses in full and is not entitled to be paid from another source for this capital expenditure.

**Description of All Work Done, Dates Costs Incurred, and Method of Payment by Landlord**

<b>Contractor</b>	<b>Invoice No.</b>	<b>Tab 2g Pg.#</b>	<b>Cost</b>	<b>Date Paid</b>	<b>Method of Payment</b>	<b>Tab 2g Pg.#</b>	<b>Tower A</b>	<b>Tower B</b>
<b>Milani Plumbing Drainage &amp; Heating</b>	1243560	3	\$8,919.75	June 6, 2024	Cheque (345)	2		100%
<b>Milani Plumbing Drainage &amp; Heating</b>	1243558	4	\$8,919.75	June 6, 2024	Cheque (345)	2	100%	
<b>Total Cost</b>			<b>\$17,839.50</b>					
Tower A Total			\$8,919.75					
Tower B Total			\$8,919.75					

**Parkade Catch Bin Work (Capital Expenditure 08)**

**Reason for Work:** City Wide Environmental Cleaning conducted a site inspection in November 2023 to assess the condition of the catch basins in the underground parking serving both Buildings. The existing catch basins in the parkade were original to the Buildings (1970) and were in a state of advanced deterioration, posing significant safety risks to both vehicles and pedestrians. City Wide Environmental Cleaning initially recommended full removal and replacement of all 10 catch basins [Tab 35 – Service Report for Catch Basin Work (Both Buildings), page 1]. However, it was later determined that only 5 catch basins required full replacement. Three of the remaining 5 catch basins were able to continue being used by installing perforated aluminum plates over these catch basins [Tab 35 – Service Report for Catch Basin Work (Both Buildings), page 1]. The remaining two catch basins did not require replacement or repair [Tab 71 – Letter from City Wide Environmental Cleaning Only the cost to replace the five catch basins are included in this application. The cost to repair the three catch basins is not included in this application [Tab 2f – Invoices and Payment Documents (Parkade Catch Basin Replacement), page 6].

Five of the 10 catch basins were replaced in order to maintain the Building in a state of repair that complies with the health, safety and housing standards required by law, pursuant to section 32(1)(a) of the Act, and to repair or replace a major system or major component that has failed and had exceeded the end of its useful life, pursuant to sections 23.1(4)(a)(i) and (ii) of the Regulations.

**Scope of Work:** In March 2025, City Wide Environmental Cleaning removed and replaced 5 of the 10 catch basins in the parkade and repaired the surrounding concrete [Tab 2h – Invoices and Payment for Parkade Catch Basin (Both Buildings), page 3 and Tabs 36 and 37].

For before photographs of the parkade catch basins, see Tab 57.

**Building Maintenance:** As previously discussed, how a landlord has maintained a major system or major component being replaced is not relevant and does not preclude an additional rent increase for capital expenditures made when the work is done to a major system or major component that has reached or exceeded its useful life Tab 3 - Residential Tenancy Policy Guideline 37C at page 9].

The parkade catch basins that were replaced had exceeded their useful life. They were original to the Building and were approximately 55 years old at the time they were replaced [Tab 35 - Service Report for Catch Basin Work (Both Buildings), page 1]. However, this work was not required as a result of the Landlord’s failure to maintain the Building [Tab 71 – Letter from City Wide Environmental Cleaning]

**Timing of Last Repair/Upgrade:** The existing catch basins in the parkade were original to the Building (built in 1970). They were approximately 55 years old at the time they were replaced [Tab 35 – Service Report for Catch Basin Work (Both Buildings), page 1].

**Anticipated Useful Life of Repair/Upgrade:** Residential Tenancy Policy Guideline 40 does not provide an estimated useful life for parkade catch basins specifically. The closest building element addressed by this policy guideline is plumbing fixtures (such as drains), which have an estimated useful life of 20 years [Tab 4, page 8]. The Landlord does not anticipate doing any similar work to the replaced catch basins in the next 20 years. [Tab 71 – Letter from City Wide Environmental Cleaning]

**Expenditures Incurred in Past 18 Months:** The date on which a capital expenditure is considered to be incurred is the date the final payment related to the capital expenditure was made. If a landlord pays for the capital expenditure by cheque, the date the capital expenditure is considered to be incurred is the date the landlord issued the final cheque [Tab 3 – RTPG 37C Additional Rent Increase for Capital Expenditures at page 7 item 3 and footnote 1]. The final cheque for this capital expenditure is dated May 6, 2025. This means that the Landlord has until November 6, 2026 to apply for an additional rent increase with respect to this capital expenditure. This application was therefore incurred within the 18 months prior to this application.

**Total Cost of Work Completed (Capital Expenditures):** \$16,038.75

The Landlord incurred these expenses in full and is not entitled to be paid from another source for this capital expenditure.

Description of All Work Done, Dates Costs Incurred, and Method of Payment by Landlord								
Contractor	Invoice No.	Tab 2h Pg.#	Cost	Date Paid	Method of Payment	Tab 2h Pg.#	Tower A	Tower B
City Wide Environmental Cleaning	36550	3	\$16,038.75	May 6, 2025	Cheque (552)	2	50%	50%
<b>Total Cost</b>			<b>\$16,038.75</b>					

Tower A Total	\$8,019.37
Tower B Total	\$8,019.38

### Replacement of Pool Filtration System (Capital Expenditure 09)

**Reason for Work:** The pool pump had failed, causing leaks into the office below. The pool skimmers had deteriorated to the point of requiring replacement, as they were no longer filtering the pool and were also leaking [Tab 39 – Fraser Health Recreation Facility Report (Pool)]. Both the pool pump and pool skimmers were at or had exceeded their expected useful life at the time they were replaced [Tab 74 – Letter from RLL Concrete N Pool Metro Vancouver].

The pool is a major system of the Building and the filtration system is a major component of the pool. The work to the pool was therefore done in order to replace a building component that had failed or was inoperative and had reached the end of its estimated useful life and to maintain the Building in a state of repair that complies with the health, safety and housing standards required by section 32(1)(a) of the Act. These are eligible capital expenditures pursuant to section 23.1(4)(a)(i) and (ii) of the Regulation.

**Scope of Work:** RLL Concrete N Pool Metro Vancouver (“RLL”) replaced the existing pool pump with an energy efficient, Moov MP15A1 pump. RLL also replaced the existing pool skimmers with new plastic skimmers [Tab 2i – Invoices and Payment for Pool Repairs and Tab 39, page 9 and Tab 74 – Letter from RLL Concrete N Pool Metro Vancouver].

For a before photograph of the pool filtration equipment, see Tab 53 at page 42. For after photographs of the pool work, see Tab 51.

**Building Maintenance:** This work was not required as a result of the Landlord’s failure to maintain the Building. The Landlord routinely maintained the pool and has provided maintenance records in support of this application [Tab 38 – Pool Maintenance Records and Tab 74 – Letter from RLL Concrete N Pool Metro Vancouver].

**Timing of Last Repair/Upgrade:** The pool filtration equipment was estimated to have been replaced in or about 2012. It was therefore approximately 13 years old in 2025. Pinchin did not report any Deficiencies with respect to the pool filtration equipment in the building condition report [Tab 53, page 37].

**Anticipated Useful Life of Repair/Upgrade:** Residential Tenancy Policy Guideline 40 does not provide an estimated useful life for pool filtration equipment, such as pumps or skimmers [Tab 4]. However, the Aquastar A10CFR main drain cover that was installed has an estimated five-year lifespan following installation [Tab 39, page 9] and pool filters can last over 10 years [Tab 74 – Letter from RLL Concrete N Pool Metro Vancouver]. Pool skimmers have an estimated useful life of approximately 20 years [Tab 74 – Letter from RLL Concrete N Pool Metro Vancouver]. The Landlord does not anticipate doing any similar work in the next 10 years.

**Expenditures Incurred in Past 18 Months:** The date on which a capital expenditure is considered to be incurred is the date the final payment related to the capital expenditure was made. If a landlord pays for the

capital expenditure by cheque, the date the capital expenditure is considered to be incurred is the date the landlord issued the final cheque [**Tab 3 – RTPG 37C Additional Rent Increase for Capital Expenditures at page 7 item 3 and footnote 1**]. The final cheque for this capital expenditure is dated June 19, 2025. This means that the Landlord has until December 19, 2026 to apply for an additional rent increase with respect to this capital expenditure. This application was therefore incurred within the 18 months prior to this application.

**Total Cost of Work Completed (Capital Expenditures):** \$13,222.27

The Landlord incurred these expenses in full and is not entitled to be paid from another source for this capital expenditure.

**Description of All Work Done, Dates Costs Incurred, and Method of Payment by Landlord**

<b>Contractor</b>	<b>Invoice No.</b>	<b>Tab 2 Pg.#</b>	<b>Cost</b>	<b>Date Paid</b>	<b>Method of Payment</b>	<b>Tab 2 Pg.#</b>	<b>Tower A</b>	<b>Tower B</b>
<b>RLL Concrete N Pool Metro Vancouver</b>	1	3	\$2,313.06	June 19, 2025	Cheque (5164)	1	50%	50%
<b>RLL Concrete N Pool Metro Vancouver</b>	2	4	\$10,909.21	June 19, 2025	Cheque (5164)	1	50%	50%
<b>Total Cost</b>			<b>\$13,222.27</b>					
Tower A Total			\$6,611.14					
Tower B Total			\$6,611.13					