

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

BETWEEN:

8740 Cartier Street Holdings Ltd. and Vancouver No. 1 Apartments Partnership, Landlord

APPLICANT

AND:

Tenants of 8740 Cartier Street, Vancouver, British Columbia, Tenants

RESPONDENTS

LANDLORD’S WRITTEN SUBMISSIONS

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

1. 8740 Cartier Street Holdings Ltd. and Vancouver No. 1 Apartments Partnership (collectively, the “**Landlord**”) applies to the Director for an order approving an additional rent increase for the apartment building located at 8740 Cartier Street, Vancouver, British Columbia (the “**Building**”) on the basis that it incurred a number of eligible capital expenditures relating to the Building, totaling \$304,123.71 (the “**Total Capital Expenditures**”).
2. If the Landlord is successful with this application, it means that the arbitrator will permit the Landlord to increase a tenant’s rent an additional amount in addition to the usual permitted annual rent increase. The total amount of the additional increase sought, per unit, is determined by using a formula which takes the Total Capital Expenditures (\$304,123.71), divides it by 35 rental units, and then further divides it by 120 months (the cost is amortized over 10 years). This comes to \$72.41 per rental unit per month. In the event \$72.41 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.
3. The Building was constructed in 1972 and the Landlord took over ownership and operation on January 28, 2021. This is the first time the Landlord has applied for an additional rent increase for this Building.

BC Assessment Information [Tab 1c]

Landlord Corporate Information [Tab 1b]

4. In order to obtain the arbitrator’s approval for an additional rent increase, the Landlord must establish that they meet the legal requirements set out in the Regulation to the *Residential Tenancy Act*, SBC 2002, c 78 (the “**Act**”). The purpose of this submission is

to explain why the Landlord meets the requirements to receive an order for an additional rent increase.

5. First, both 8740 Cartier Street Holdings Ltd. and Vancouver No. 1 Apartments Partnership meet the definition of a “landlord” in the Act, as owners of the Building. InterRent Holdings Manager Limited Partnership, also known as CLV Group (“**InterRent**”) also meets the definition of “landlord” as either an agent of the Landlord or as a person who acts on behalf of the Landlord. This explanation of the ownership structure of the Landlord is provided in case there is any confusion with respect to why legal title refers to 8740 Cartier Street Holdings Ltd. while all invoices and payment documents reference Vancouver No. 1 Apartments Partnership or InterRent.
6. 8740 Cartier Street Holdings Ltd. holds legal title to the Building. However, the Building is beneficially owned by Vancouver No. 1 Apartments Partnership (the “**Partnership**”). A partnership is not a separate legal entity at law and cannot therefore hold registered title to property directly. This means that for a partnership to own property, it must hold title to the property through a separate legal entity. In this case, the Partnership holds legal title to the Building through 8740 Cartier Street Holdings Ltd. InterRent manages the Building on behalf of the Partnership.

Title Summary of Building [Tab 1a]

Landlord Corporate Information [Tab 1b]

7. Second, the Total Capital Expenditures all relate to expenditures that were incurred 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, to repair or replace a major system or major component that has failed or is close to the end of its useful life, to reduce energy use and greenhouse gas emissions at the Building, or to increase security at the Building (as set out in section 23.1(4)(a)(i), (ii), and (iii)(A) and (B) of the *Residential Tenancy Regulation*, BC Reg 477/2003 (the “**Regulation**”).
8. The Building has 35 rental units and the work done at the Building benefitted all units.

BC Assessment Information [Tab 1c]

9. Finally, the Total Capital Expenditures were incurred in the 18-month period preceding the date of this application and are not expected to recur within the next 5 years in accordance with sections 23.1(4)(b) and (c) of the Regulation.

10. 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 in the policy guideline. 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.

11. The tenants only have two defences, and the burden of proof is on the tenants to establish them with clear and convincing evidence. Those defences are as follows:
 - 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.

12. As explained by the evidence of the contractors responsible for the work done at the Building in the tables below, none of the work was done as a result of inadequate repair or maintenance at the Building. The Building Condition Assessment Report by RJC Ltd. (the "**RJC Report**"), dated October 2, 2020, stated that "[o]verall, the building is in good condition for its age and is generally maintained".

RJC Report at page 4 [Tab 5a]

13. Eventually, however, all building components must be replaced, even if they are well maintained. The work in question all 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.

II. SUMMARY OF LAW RELATING TO ADDITIONAL RENT INCREASE APPLICATIONS

a. Overview of Additional Rent Increase Applications

14. Section 23.1(4) of the Regulation states that the Director must grant an application for an additional rent increase for capital expenditures that are:

- a. incurred in the 18-month period preceding the date on which the Landlord made the application;
- b. not expected to recur for at least 5 years; and
- c. incurred for one or more of the following reasons:
 - i. to install, repair or replace a major system or major component:
 1. in order to maintain the residential property in a state of repair that complies with section 32(1)(a) of the Act;
 2. that has failed or is malfunctioning or inoperative or that is close to the end of its useful life;
 3. in order to reduce energy use or greenhouse gas emissions; or
 4. in order to improve the security of the residential property.

6. A capital expenditure is “incurred” when payment for it is made. The Landlord paid the Total Capital Expenditures by cheque on the dates set out in the table below in these submissions. The Total Capital Expenditures were therefore incurred within the 18-month period preceding the application.

Residential Tenancy Policy Guideline 37C – Additional Rent Increase for Capital Expenditures at page 7 item 3 and footnote 1 [Tab 3]

7. The Total Capital Expenditures are not expected to recur in the next 5 years and involve replacements and repairs of major systems or major components of major systems the installation of a building automation system, which reduces energy use and greenhouse

gas emissions at the Building and the installation of additional security features. These are eligible capital expenditures pursuant to sections 23.1(4)(a)(i), (ii), and (iii)(A) and (B) of the Regulation.

Residential Tenancy Policy Guideline 37C – Additional Rent Increase for Capital Expenditures [Tab 3]

8. None of the Total Capital Expenditures were due to the completion of routine maintenance or resulted from a failure by the Landlord to maintain the Building. This is explained in more detail in the tables below.

BC Assessment Information [Tab 1c]

b. Reliance on Residential Tenancy Policy Guideline 37C to Interpret Section 23.1 of the Regulation

9. The Landlord relies on Residential Tenancy Policy Guidelines 37C (“**RTPG 37C**”) and (“**RTPG 40**”) for the proposition that the date an expense is incurred is the date payment is made by the Landlord, for the proposition that all invoices for the same project can be included in an additional rent increase application so long as one invoice is within the applicable 18-month period, and for the estimated useful life of building components.
10. Although policy guidelines do not have the force of law, policy guidelines are instructive and intended to help guide how legislation is to be interpreted.
11. The additional rent increase application (“**ARI**”) regime is new, and policy guidelines are the only interpretive aids available to landlords and tenants at this time. RTPG 37C and RTPG 40 are more detailed than other policy guidelines. They are instructive about how to apply for an ARI.
12. In this context, there are two good reasons why policy guidelines are interpretive aids which should not be ignored absent good reason:
 - a. policy guidelines provide guidance with respect to the meaning and interpretation of legislation. This permits everyone subject to the legislation to govern their

affairs in a manner which provides some certainty and confidence that if they are acting consistent with the policy guidelines, they are acting consistent with the legislation; and

- b. policy guidelines provide guidance to arbitrators such that decisions made by one arbitrator are consistent with decisions of another arbitrator. This does not mean that an arbitrator is bound to follow a policy guideline by law, but generally, an arbitrator's decision should be consistent with prior decisions by other arbitrators, and all decisions should be consistent with the applicable policy guideline. If a decision varies from past decisions and/or the applicable policy guideline, there should be a good reason for the deviation, which should be explicitly explained in the arbitrator's written reasons. Otherwise, the arbitrator's decision is vulnerable to being overturned on judicial review.
13. Judges in British Columbia routinely consider Residential Tenancy Policy Guidelines when RTB decisions are judicially reviewed by the court.¹ RTB arbitrators routinely apply RTPG 37C, including permitting expenditures outside the 18-month period where the final payment for the project was dated during the 18-month period. The policy guideline correctly interprets the legislation. Because a landlord cannot apply for an ARI until the work in question is completed, it would lead to the absurd result of landlords using accounting tricks to postpone invoicing and payments to the end of a project.

ARI Decision of Arbitrator R. Yee [Tab 8]

ARI Decision of Arbitrator M. Fox [Tab 9]

ARI Decision of Arbitrator K. Wang [Tab 10]

14. Although other Tribunal decisions are not binding on this matter the way a court decision would be, an arbitrator's decision can be set aside as unreasonable on judicial review if it deviates from prior decisions without a very good reason.

¹ See, for example, the recent BC Supreme Court decision of *Li v Virk*, 2023 BCSC 83 at **Tab 7** of the Landlord's evidence where the court refers to residential tenancy policy guidelines to support its interpretation of the RTA (paragraphs 8 and 12).

III. DESCRIPTION OF ELIGIBLE CAPITAL EXPENDITURES

Replacement of Heating and Boiler System and Installation of Building Automation System (“BAS”) (Capital Expenditure 01)

Scope of Work Completed: The existing boiler heating system was replaced with two high-efficiency boilers and an indirect water heater [see **Contract for Boiler Replacement [Tab 19]** page 39 of 40]. The existing boiler system was installed circa 1985 or 1986 and the domestic hot water system was installed in 2010. In both cases, the mechanical system was well past its recommended useful life and was due for replacement by January 2026 [see **Tab 5a – Building Condition Assessment Report – RJC Ltd.**, page 8 of 8, **Tab 5b – Building Condition Assessment Report – Morrison Hershfield**, page 7 of Report, and **Tab 27 – Letter from Bawn Plumbing Ltd. re Boiler Replacement**]. The new boiler system is also more efficient compared to the old system [**Tab 27 – Letter from Bawn Plumbing Ltd.**].

The BAS is a centralized system that controls and monitors space heating, domestic hot water, ventilation system, and natural gas consumption. For space heating and domestic hot water, the BAS uses sensors and actuators to regulate the temperature and flow of water to maintain a comfortable and efficient environment. The system can be programmed to adjust setpoint temperatures based on occupancy schedules, weather conditions, and any other factors that are expected to affect heating requirements. It also optimizes the operation of boilers, pumps and other heating equipment by providing real-time data on equipment performance and system faults, allowing the Building manager to identify and address issues quickly [see **Letter from Marek Kozlowski re BAS [Tab 25]**].

For before photos of the boiler/heating system, please see pages 5-7 of **Tab 6**. For after photos of the boiler/heating system and BAS see pages 13-22 of **Tab 12**.

Reason for Work: Heating systems generally have an estimated useful life of approximately 15 years and domestic hot water tanks have an estimated useful life of 10 years [**RTPG 40 – Useful Life of Building Elements [Tab 4]** at pages 12-13]. The boiler system had exceeded its expected useful life at the time it was replaced and is therefore eligible capital expenditures pursuant to section 23.1(4)(a)(ii) of the Regulation.

The BAS was installed in January 2023 in order to save energy at the Building. The Building Gas Usage Data [**Tab 17**] demonstrates that the BAS resulted in decreased gas usage at the Building, resulting in cost savings and a reduction of energy usage of 18% [**Tab 25 – Letter from Marek Kozlowski re BAS**]. Improving energy use is an eligible capital expenditure pursuant to section 23.1(4)(a)(iii)(A) of the Regulation.

The heating/boiler system was not replaced due to inadequate maintenance. This system had been adequately maintained by the Landlord (see maintenance logs, invoice for quarterly maintenance, and system maintenance contract at **Tabs 13, 14, and 15** and Letter from Bawn Plumbing Ltd. re Boiler Replacement at **Tab 27**).

Timing of Last Repair/Upgrade: The RJC Report notes that the boiler system was installed new in 1985 [**Tab 5a; page 3 of Report and Appendix A**]. The Building Condition Assessment Report by Morrison Hershfield dated January 21, 2021 (the “**Morrison Hershfield Report**”) noted that the boiler system was installed in 1986 and was

due to be replaced within 5 years of the date of the report (by January 2026) [Tab 5b, page 7 of Report]. The domestic hot water system was replaced in 2010 [Tab 27 – Letter from Bawn Plumbing Ltd. re Boiler Replacement].

Anticipated Useful Life of Repair/Upgrade: Heating systems generally have an estimated useful life of approximately 15 years and domestic hot water tanks have an estimated useful life of 10 years [RTPG 40 – Useful Life of Building Elements [Tab 4] at pages 12-13]. The Landlord estimates that the useful life of the BAS is approximately 20 years [Letter from Marek Kozlowski, Regional Manager Building Systems [Tab 25]]. 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 June 20, 2023. This means that the Landlord has until December 20, 2024 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): \$126,358.67

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

Contractor	Invoice No.	Tab 2a Pg.#	Cost	Date Paid	Method of Payment	Tab 2a Pg.#
Bawn Plumbing Ltd.	1854	2	\$39,264.75	December 13, 2022	Cheque 11961	3
PID Controls	INV-2022-0104-002	14	\$28,241.53	January 9, 2023	Cheque 12100	15
PID Controls	INV-2022-0104-001	5	\$10,862.13	January 10, 2023	Cheque 12047	6
Bawn Plumbing Ltd.	1864	11	\$19,632.38	January 25, 2023	Cheque 12102	12
Bawn Plumbing Ltd.	1886	8	\$19,632.38	March 22, 2023	Cheque 12246	9
Bawn Plumbing Ltd.	1909	17	\$8,725.50	June 20, 2023	Cheque 12490	19
Total Cost			\$126,358.67			

Installation of Intercom, FOBs, and Cameras (Capital Expenditure 02)

Scope of Work Completed: The intercom and access system for the Building was replaced with a new intercom and FOB access system with security cameras (the “Intercom System”) [Tab 24 – Letter from Will Chan re Security Systems]. For before photos of the intercom system, please see pages 61-62 (photos AC14 and AC15) of Tab 5b. For after photos of the intercom/FOB system, see page 1 of Tab 12 and for after photos of the camera and security system, see Tab 20.

Reason for Work: The original intercom and access system was a hard-wired phone line intercom, which required tenants to have a Telus landline set up to connect to the intercom. The system was well beyond its useful life, did not meet the needs of tenants (e.g., tenants could not connect their cell phones to the system), and did not offer any security benefits (e.g., logging entries). The new Intercom System is manufactured and designed to meet modern standards, including full internet protocol (“IP”) capability and is integrated into the Landlord’s enterprise resource planning software to allow for automation and integration with other systems in the Building. Security cameras were added to increase security at the Building [Tab 24 – Letter from Will Chan re Security System].

The Morrison Hershfield Report estimated the existing security system as being approximately 25 years old at the date of the report. The report further noted that there was no camera system at the Building. This report estimates the life expectancy of intercom systems at 15-20 years. The report recommended replacing the system when it was found to be faulty [Tab 5b, page 10 of report]. The intercom system was replaced, FOB access was added to the building, and cameras were installed to increase security at the Building. Replacing the intercom system that has reached or exceeded the end of its useful life is an eligible capital expenditure pursuant to section 23.1(a)(ii) of the Regulation. Replacing the intercom, adding FOB access and security cameras to increase security at the Building is an eligible capital expenditure pursuant to section 23.1(a)(iii)(B) of the Regulation.

Timing of Last Repair/Upgrade: As noted above, the intercom system was approximately 25 years old in 2021 [Tab 5b, page 10 of report].

Anticipated Useful Life of Repair/Upgrade: An intercom has an estimated useful life of approximately 15 years [Tab 4, RTPG 40, at page 7]. Although RTPG 40 does not include an estimated useful life for FOB access or security cameras, the Landlord does not anticipate doing any similar work for at least 10 years [see Letter from Will Chan re Security System at Tab 24].

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 4, 2024. This means that the Landlord has until September 4, 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): \$18,690.75

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

Contractor	Invoice No.	Tab 2b Pg.#	Cost	Date Paid	Method of Payment	Tab 2b Pg.#
Alarm Max Security Incorporated	P 7238	2-3	\$15,743.40	February 14, 2024	Cheque 13086	4
Alarm Max Security Incorporated	P 7795	6-7	\$2,947.35	February 14, 2024	Cheque 13086	8
Total Cost			\$18,690.75			

* Only expenses incurred with respect to this Building are included in this additional rent increase application.

Renovations to Hallways and Laundry Room (Capital Expenditure 03)

Scope of Work Completed: The walls, ceiling, doors/frames and mailboxes in the lobby were repainted. Five new LED sconces were installed in the lobby, replacing old lighting. Twenty LED flushmount lights were installed in the hallways and stairwells to replace old lighting, including emergency lights. The carpet in the hallway and stairwells was replaced and the ceilings, walls, doors/frames and stair railings were repainted in the hallways and stairwell. Tile was installed in the first floor stairwell landing. The common area door, suite door and fire safety signage was updated throughout the building, including Fire Exit signage. All resident doors were updated with new hardware including handles, locks, and eye-viewers. Corner guards, keyed levers, passage levers, floor mounted door stoppers, and door closers were also installed to common area doors [see **Tab 22 – Contract for Lobby Renovation, Tab 23 – Contract for Lobby Renovation, and Tab 28 - Letter from Catalytic Contracting Inc. re Hallway and Lobby Renovation**]. The laundry room was painted and the laundry sink and associated plumbing and drywall was replaced [see **Tab 2c – Invoice from Catalytic Contracting re laundry room work, page 28 and Tab 28 – Letter from Catalytic Contracting Inc. re Hallway and Lobby Renovation**].

For before photos of the hallways and laundry room, please see page 60 (photo AC12) of **Tab 5b** and pages 1-4 of **Tab 6**. For after photos of the lobby, hallways, and laundry room, see **Tab 12**, pages 2-12.

Reason for Work: None of the work was done as a result of the Landlord's failure to maintain the Building. The flooring and paint were tired and in need of replacement. Flooring and finishes such as painting need to be done periodically, when they reach the end of their useful life. The newly installed LED lighting increased light output while reducing energy usage at the Building [**Tab 28 – Letter from Catalytic Contracting re Hallway and Lobby Renovations and Tab 29 – LED Light Information**]. The Building Condition Assessment Report from Morrison Hershfield [**Tab 5b – page 9 of Report**] recommended replacing faulty lights with new LED fixtures.

The replacement or repair of major systems or major components that is close to or have reached the end of their useful life are eligible capital expenditures pursuant to section 23.1(4)(ii) of the Regulation. Improving energy efficiency at the Building is an eligible capital expenditure pursuant to section 23.1(4)(iii)(A) of the Regulation.

Timing of Last Repair/Upgrade: It is unknown when the interior of the Building was last painted, but was done prior to the Landlord's purchase of the Building in January 2021. The Landlord estimates that the hallways, lobby, and laundry room had not received an update since the Building in at least 5 years [**Tab 28 – Letter from Catalytic Contracting re Hallway and Lobby Renovations**].

Anticipated Useful Life of Repair/Upgrade: Interior painting has an estimated useful life of 4 years, tile and carpet flooring both have an estimated useful life of 10 years, sinks have an estimated useful life of 20 years, mailboxes have an estimated useful life of 15 years, and light fixtures have an estimated useful life of 15 years [**Tab 4 – RTPG 40**]. The average useful life of these updates is therefore 12.3 years. The Landlord does not anticipate undertaking any similar work in the next 5 years [see **Tab 28 – Letter from Catalytic Contracting re Hallway and Lobby Renovations**].

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 21, 2023. This means that the Landlord has until May 21, 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): \$147,537.57

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

Contractor	Invoice No.	Tab 2c Pg.#	Cost	Date Paid	Method of Payment	Tab 2c Pg.#
Catalytic Contracting	CLV-022	2	\$18,341.19	May 25, 2022	Cheque 11356	3-4
Yaletown Locksmith	352253	6	\$840.00	May 25, 2022	Cheque 11360	7
Catalytic Contracting	CLV-029	9	\$18,341.19	May 29, 2022	Cheque 11502	10
Corporation D'Eclairage du Quebec	I208790	12	\$799.68	July 13, 2022	Cheque 11527	13
Corporation D'Eclairage du Quebec	I208772	15	\$213.92	July 13, 2022	Cheque 11527	16
Catalytic Contracting	CLV-021	21	\$18,341.19	September 14, 2022	Cheque 11746	22
Catalytic Contracting	CLV-036	24	\$6,113.73	September 20, 2022	Cheque 11773	26
Letter Art Neon Ltd.	24601-1659	18	\$227.58	October 28, 2022	Cheque 11867	19
Catalytic Contracting	CLV-111	28	\$6,298.85	February 8, 2023	Cheque 12131	29
Catalytic Contracting	CLV-058	31	\$23,406.07	May 24, 2023	Cheque 12401	32
Catalytic Contracting	CLV-062	35	\$23,406.07	May 24, 2023	Cheque 12401	36
Catalytic Contracting	CLV-065	39	\$23,406.07	October 31, 2023	Cheque 12749	40
Catalytic Contracting	CLV-068	42	\$7,802.03	November 21, 2023	Cheque 12817	44
Total Cost			\$147,537.57			

Toilet Replacement (Capital Expenditure 04)

Scope of Work Completed: The toilets in the individual units in the Building were replaced with gravity fed 3.0 litre ultra high efficiency toilets [see **Toilet Retrofit Information [Tab 18]** at page 2 and **Tab 26 – Letter from Derek Waddell re Toilet Replacement**]. The toilets in 27 units were replaced [see **Toilet Retrofit Information**

[**Tab 18**] at page 5]. Thirty-five toilets were supplied, but eight had already been replaced during suite turnover. For an after photo of the new toilets in the Building, see **Tab 21**.

The existing toilets at the Building prior to the replacement were all 5.0 L and 6.0 L toilets which use more water and are less efficient compared to the replacement toilets. Included with the toilet replacements were new fixtures including new Pro Flow 3.0 lpf tanks, new round bowls, new round seats, new wax rings, new floor bolts, and new supply lines [see **Tab 26 – Letter from Derek Waddell re Toilet Replacement**].

Reason for Work: The Landlord does not know exactly when the toilets in individual units in the Building were replaced as this pre-dates its purchase of the Building. However, the Landlord estimates that the majority of the toilets in the Building were more than 10 years old at the time the Building was purchased. Prior to the toilet replacement, all toilets in the building were either 5.0 L or 6.0 L toilets. The new toilets are all 3.0 L toilets which use less water and are more efficient. The replacement of the toilets is an eligible capital expenditure pursuant to sections 23.1(4)(a)(ii) and (iii)(A) of the Regulation.

The new toilets use less water than the toilets that were replaced. The toilets were all replaced by December 2023, and water usage data from the Building shows that water consumption decreased compared to the water consumption one year prior [see **Tab 16 – Building Water Usage Data**].

The toilets were not replaced due to inadequate maintenance at the Building [see **Tab 26 – Letter from Derek Waddell re Toilet Replacement**].

Timing of Last Repair/Upgrade: The Landlord estimates that the majority of the toilets in the Building were more than 10 years old at the time the Building was purchased.

Anticipated Useful Life of Repair/Upgrade: Toilets have an estimated useful life of approximately 20 years. The Landlord does not anticipate another replacement of the toilets in the Building for at least 20 years [**RTPG 40 – Useful Life of Building Elements [Tab 4]** and **Letter from Derek Waddell re Toilet Replacement [Tab 26]**].

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 30, 2024. This means that the Landlord has until September 30, 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): \$11,536.72

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.#
All Professional Trades Services Inc.	136738	2	\$3,685.50	October 20, 2023	Cheque 12723	4
Water Conservation Company Ltd.	2087	6	\$7,851.22 of \$111,935.88*	December 6, 2023	Cheque 12865	8

	Total Cost	\$11,536.72			
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* Only expenses incurred with respect to this Building are included in this additional rent increase application.