

HIGHLIGHTS OF RESIDENTIAL TENANCIES ACT

The name of the Ontario Rental Housing Tribunal will be changed to the Landlord and Tenant Board once the act is proclaimed. This was done to reflect its new mandate of fairness and accessibility for both tenants and landlords.

As you read the highlights of the Residential Tenancies Act, 2006, the Tribunal is referenced on this webpage as the 'Landlord and Tenant Board' or 'the Board'.

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Residential Tenancies Act

MAINTENANCE

Provisions contained in the legislation will encourage landlords to maintain their buildings and provide more remedies to tenants who are living in poorly maintained buildings.

- If a building has serious maintenance issues or serious outstanding work orders, the following remedies will be available to tenants:
 - A tenant could apply to the Landlord and Tenant Board to stop all rent increases, including annual rent increases and above guideline increases, until all the serious maintenance issues are resolved.
 - If there are serious outstanding work orders or serious maintenance issues, the Board could refuse some or all of an above guideline increase application, until these issues were resolved.
 - In special circumstances, the Board member could allow tenants to pay some or all the rent to the Board, instead of to the landlord, until the serious maintenance issues were resolved.
- Landlords will be able to inspect rental units for maintenance problems. They will be required to give their tenants 24-hour notice of this inspection. This will help landlords fix maintenance issues before they became serious.

RENT INCREASE GUIDELINE

Under the legislation, the **annual rent increase guideline** will be based on the Ontario Consumer Price Index (CPI). The CPI will be the rate of inflation for the year running from June to May. The guideline is announced each August.

The guideline will be more stable and never higher than inflation.

Note: The **annual rent increase guideline** is the maximum percentage that landlords can raise rents without getting permission from the Board.

ABOVE GUIDELINE INCREASES – UTILITIES

A tenant's rent can be raised by an **above guideline rent increase** for higher utility costs. Sometimes the utility costs later decrease.

Under the legislation, if a tenant's rent is increased because of higher utility costs, the landlord will be required to reduce the rent so the tenant does not continue paying for the higher utility costs after they had decreased.

If a landlord does not reduce rents correctly, there will be substantial fines imposed on the landlord.

After receiving an above guideline increase for utilities, a landlord will be required to share information about utility costs with the tenant each year. This is so tenants can know whether the utility costs have decreased. If the landlord does not provide this information, the tenant can apply to the Landlord and Tenant Board.

Note: An **above guideline increase** is an increase above the annual rent increase guideline. Landlords can apply for this type of increase if their costs have increased due to:

- a) Extraordinary increases in municipal taxes and charges or utilities
- b) Capital expenditures such as roof replacement
- c) Operating costs related to security services

ABOVE GUIDELINE INCREASES – CAPITAL

A tenant's rent can be raised by an **above guideline increase** for capital expenditures, e.g. a new roof. The legislation will make the above guideline increase system fairer to tenants:

- When a landlord finishes paying for a capital expense, e.g. a new roof, sitting tenants whose rents were increased based on a capital expenditure will have their rent reduced accordingly.
- Before a landlord is allowed to pass costs onto tenants, there will be a stricter test to decide if the capital expenditure is really necessary.
- Landlords will no longer be able to receive an above guideline increase for routine maintenance or repair.
- The rent increase for certain items will be spread out over more years, so the tenant will be paying less per year.
- The cap for an above guideline increase based on capital expenditures will be set at 3% per year for a maximum of 3 years. Previously, the cap was 4% per year with no maximum number of years.
- Landlords will no longer be able to pass management cost allowances onto their tenants.
- The financing rate for landlords will be reduced.
- Landlords will be required to make a copy of above guideline applications and supporting documents available to affected tenants at their buildings or another convenient location.

Note: An **above guideline increase** is an increase above the annual rent increase guideline. Landlords can apply for this type of increase if their costs have increased due to:

- a) Extraordinary increases in municipal taxes and charges or utilities
- b) Capital expenditures such as roof replacement
- c) Operating costs related to security services

EXCESSIVE OR WILFUL DAMAGE TO A UNIT

Under the legislation, if a tenant is purposely causing wilful and/or excessive damage in a rental unit or building, a landlord will have more remedies to deal with this type of tenant. This will cut the eviction process approximately in half.

Remedies will include:

- The notice period to the tenant will be shortened to 10 days from 20 days.
- The notice period to the tenant and the landlord application process will run at the same time.
- The tenant will not be able to void the eviction application by repairing the damages.
- The eviction order will include a request that the Sheriff speed up the enforcement of the eviction.
- Where a tenant has caused excessive damage to a rental unit or building, the Board will have to consider whether the tenant should be evicted immediately.

CAUSING A DISTURBANCE IN A LANDLORD'S HOME

Under the legislation, a landlord will have more remedies available to deal with a tenant causing a disturbance, such as playing loud music all night. This applies to a tenant who has a rental unit in a building that is in the landlord's home. This will cut the eviction process approximately in half.

Remedies will include:

- The notice period to the tenant will be shortened to 10 days from 20 days.
- The notice period to the tenant and the landlord application process will run at the same time.
- The eviction order will include a request that the Sheriff speed up the enforcement of the eviction.

SMART METERS

Under the legislation, tenants, who have smart meters installed in their units, will be required to pay for their own electricity and will be given the following protections.

When a smart meter is installed in a tenant's unit, the tenant will:

- Pay electricity bills based on electricity use, but not until the smart meter had been in place for one year. This way, the rent reductions to remove electricity costs from the rent will be based on real costs.
- Have the ability to apply to the Landlord and Tenant Board if the tenant's landlord does not have appliances and buildings that promote electricity conservation.

After a smart meter has been installed in a rental unit, a landlord will be required to:

- Inform potential new tenants about a rental unit's usual electricity costs.
- Choose appliances and materials that will support electricity conservation to receive future above guideline increases for capital expenditures.

Note: **Smart-meters** measure how much electricity is used in a unit during different times of the day. During certain high-use times, the cost of electricity will be higher. Smart meters encourage people to conserve energy and save money.

LANDLORD AND TENANT BOARD (currently known as the Ontario Rental Housing Tribunal)

Under the legislation, the Board will make its processes fairer and more accessible for both tenants and landlords by:

- **Eliminating the default eviction process:** Every tenant facing eviction will have access to a hearing or mediation. They will not have to file a written dispute to obtain a hearing.
- **Considering a tenant's circumstances:** Before allowing an eviction, the Board will automatically consider a tenant's special circumstances. For example, if the tenant is in the hospital and cannot pay the rent.
- **Applications for rent arrears and evictions based on rent arrears:** For these applications, the Board will consider all issues raised by the tenant (e.g. poor maintenance) and order any available remedies to resolve these issues.
- **Lowering fees:** Application fees, including fees for above-guideline increase applications and photocopying services, will be reduced.
- **Distributing an information pamphlet:** A pamphlet with information on the responsibilities of landlords and tenants, the role of the Board and contact details will be given to all tenants by landlords when they move in.
- **Providing better notice:** The Board will send an information notice about the eviction hearing process to a tenant when an eviction application has been filed. Landlords will still be responsible for giving the formal "Notice of Hearing" to their tenants.
- **Allowing payment to avoid eviction:** Tenants will be allowed to pay outstanding rent and related landlord costs to the Board up until the Sheriff enforces the eviction. This provision will be allowed **one time** during a tenancy.

Note: This is in addition to current provisions that a tenant can pay the rent arrears and avoid eviction, in most cases, up until 10 days after the eviction order is issued. There is no limit on the number of times this can happen during a tenancy.

- **Creating a repayment schedule:** Landlords and tenants will be able to work out their own repayment schedule for outstanding rent. They will be able to do this without a Board mediator, and have the details of their agreement made official by the Board. If the agreement is broken, a hearing would be scheduled.

INTEREST ON LAST MONTH'S RENT

Under the legislation, the interest paid to tenants on **last month's rent deposit** will be the same as the Consumer Price Index to more closely reflect actual interest rates.

Landlords will be able to keep the interest earned on last month's rent deposits to top up the last month's rent as required.

Note: Landlords can ask tenants for the last month's rent as a deposit before a tenant moves in. The landlord can keep this amount until the last month of the tenancy. If the rent increases, landlords can ask tenants to pay the increase to 'top-up' the rent deposit.

RENT DISCOUNTS

Under the legislation, landlords will be able to give up to 3 months' free rent to tenants. Landlords could use this as a way to attract new tenants, while still keeping the original rent in place.

MOBILE HOMES/LAND LEASE COMMUNITIES

Under the legislation, the rules for mobile homes and land lease communities will be fairer to tenants:

- Tenants will be allowed to assign their tenancies to someone else, without getting their landlord's permission. Landlords can apply to the Board if they disagree with the assignment.
- Landlords will be required to tell their tenants the property tax breakdown for individual units, once the landlord has received the information from the Municipal Property Assessment Corporation. Until the landlord gives this information to the tenant, a tenant will not have to pay his/her share of the property taxes.
- Landlords will be required to disclose, in writing, all park rules to all tenants.
- Tenants will receive compensation of up to \$3,000 or one year's rent, whichever amount is less, if they are evicted because of conversion or demolition of their mobile parks.

CARE HOMES

Under the legislation, the rules for care homes will be fairer to tenants:

- When a tenant is leaving a unit, the period required to end care services or meals will be no more than 10 days.
- Tenants will receive a temporary rent reduction if their landlords fail to provide a written lease.
- Landlords will not be allowed to stop a tenant from receiving external care services.

OTHER PROVISIONS

Personal Caregiver

A landlord will be able to evict a tenant to allow the landlord's personal caregiver to move into the unit.

Maximum Penalties

The maximum penalty for an offence under the act will be increased to \$25,000 for individuals and \$100,000 for a corporation.

Rent Geared-to-Income Subsidies

The Board will not be permitted to adjudicate rent geared-to-income subsidies or other forms of assistance that are calculated in other legislation (e.g. Social Housing Reform Act).

Extending Exemptions for Social Housing

Exemptions for housing will be extended to Municipal Service Managers' portfolios and District Social Services Administration Board portfolios and provincial portfolios not covered by the Social Housing Reform Act.

Maximum Rent

The current **maximum rent** provision has been removed.

Note: Maximum rent is lawful rent that a landlord could have charged for a rental unit on June 16, 1998, if a landlord had taken all annual rent increases allowed on or after August 1, 1985. Landlords can currently raise the rent to maximum rent without applying to Board, if the same tenant who occupied the unit on June 16, 1998 continues to rent the unit.

Definition of Tenant

The definition of tenant will be broadened. For example, if a tenant died, the spouse of the tenant will be granted the tenant's rights.

Time to Collect Property

The time period for an evicted tenant to collect their property will be extended to 72 hours.

Debiting Bank Accounts

Landlords will not be allowed to require automatic debiting of bank accounts to pay rent.

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Vital Services

Heat will be added to the definition of vital services for specific times of year, for the seasons when heat is necessary.

Rules for Post-1991 Units

For units built after 1991, a landlord and a tenant will be permitted to add and discontinue services and adjust rent accordingly (same as for pre-1991 units).