



A Guide to the *Residential Tenancies Act*

Information in this guide

This guide is a summary of Ontario's new *Residential Tenancies Act* (the Act). This new law came into effect on January 31, 2007. The Act sets out the rights and responsibilities of landlords and tenants who rent residential properties.

This guide is not a complete summary of the law and it is not intended to provide legal advice. If you require more detailed information about the law, please see **For more information** at the end of this guide.

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Who is covered by this Act?

Landlords and tenants of most rental units are covered by most of the rules in the Act. A rental unit can be an apartment, a house, or a room in a rooming or boarding house. The Act also applies to care homes, retirement homes, and sites in a mobile home park or land lease community.

Many of the rules about rent do not apply to:

- new rental buildings,
- non-profit and public housing,
- university and college residences.

But these units are still covered by most of the other rules in the Act about such things as maintenance and the reasons for eviction.

The Act does not apply if the tenant must share a kitchen or bathroom with the landlord.

About the Board

The Landlord and Tenant Board (the Board) resolves disputes between tenants and landlords. It is similar to a court.

Either a landlord or a tenant can apply to the Board. Their disputes can be worked out through **mediation** or **adjudication**.

In **mediation**, a Board Mediator helps a landlord and tenant reach an agreement they are both satisfied with.

In **adjudication**, a hearing is usually held. A Board Member makes a decision based on the evidence the landlord and tenant present, and then issues an order. An order is the final, written version of the Board Member's decision.

The Board also provides landlords and tenants with information about the rights and responsibilities they have under the Act.

To contact the Board, see the section **For More Information** at the end of this brochure.

About tenancy agreements

The landlord and tenant can sign a written agreement when a new tenancy is entered into, or they can have an oral agreement. A tenancy agreement is often called a **lease**. The landlord must give the tenant a copy of any written lease.

The lease should not contain any terms that are inconsistent with the Act. If the lease does contain a term that is inconsistent with the Act, that term will not be enforced by the Board.

The landlord must also give the tenant the landlord's legal name and address so that the tenant can give the landlord any necessary notices or documents.

Whether there is a written or oral lease, landlords must provide new tenants with information about the rights and responsibilities of landlords and tenants and about the role of the Landlord and Tenant Board. The landlord must give this information to the tenant on or before the start of the tenancy, in a form approved by the Board. The Board has a two-page brochure that landlords should use for this purpose.

About Rent

Rent for a new tenant

When a new tenancy is entered into, the landlord and tenant decide how much the rent will be for a rental unit and which services will be included in the rent (for example, parking, cable, heat, electricity).

In most cases, the rent cannot be increased until at least 12 months after the tenant moved in.

Rent deposits A landlord can collect a rent deposit from a new tenant on or before the start of a new tenancy. Where the tenant pays rent by the month, the deposit cannot be more than one month's rent; where the tenant pays rent by the week, the deposit cannot be more than one week's rent.

The rent deposit can only be used as the rent payment for the last month or week before the tenant moves out. It cannot be used for anything else, such as repairing damage to the rental unit.

If the landlord gives the tenant a notice to increase the rent, the landlord can also ask the tenant to increase the rent deposit by the same amount.

A landlord must pay the tenant interest on the rent deposit every year. Under the Act, the interest rate is the same as the rent increase guideline (see the section **Rent Increase Guideline** on page 4).

- **Exception:** For the first interest payment that the landlord has to give the tenant after January 31, 2007 (this is the date the *Residential Tenancies Act* became the law), a 6% interest rate applies for the months up to January 31, 2007.

**Post-dated
cheques and
automatic
payments**

When a landlord and a new tenant agree to enter into a rental agreement, they usually discuss how the rent will be paid.

Although the landlord and tenant can agree that the rent will be paid by post-dated cheques or automatic payments (such as debits from a tenant's account or by credit card), a landlord **cannot require** the tenant to pay by either of those methods.

Once the landlord and tenant have agreed on a method of payment, it cannot be changed unless both the landlord and tenant agree.

Rent receipts

A landlord must give the tenant a receipt for any rent payment, rent deposit or other charge, if the tenant asks for one.

A landlord must also give a former tenant a receipt if that person asks for one within 12 months after the end of their tenancy.

The landlord cannot charge a fee for giving a receipt.

**Increasing a
tenant's rent**

In most cases, the rent can be increased if at least 12 months have passed since the tenant first moved in or since the tenant's last rent increase.

A landlord must give at least 90 days notice in writing of any rent increase. The proper forms for this notice (Form N1, N2 or N3) are available from the Board. See the section **For More Information** at the end of this guide to find out how you can contact the Board.

The most a landlord can increase the rent by, without asking the Board for approval, is the rent increase guideline (see the next section).

The rent increase guideline

The rent increase guideline is set each year by the Ontario Government. It is based on the Consumer Price Index.

Each year, the Government announces the guideline by August 31st for rent increases that will take effect on or after January 1st of the following year.

A guideline rent increase does not need to be approved by the Board. However, a landlord must get approval from the Board before they can charge an increase **above** the guideline.

Rent increase above the guideline

A landlord can apply to the Board for an increase above the guideline if:

- the landlord's costs for municipal taxes and charges, and/or utilities (such as fuel, electricity or water) have increased significantly, or
- the landlord has done major repairs or renovations (these are called **capital expenditures**), or
- the landlord has operating costs for security services performed by persons who are not employees of the landlord.

Rent increases for capital expenditures or security services cannot be more than 3% above the guideline each year. If the landlord justifies an increase that is more than 3% above the guideline, the increase can be taken over three years, at a rate of up to 3% above the guideline per year. For increases in the cost of municipal taxes and charges, and/or utilities, there is no limit on the amount of rent increase that can be approved.

Some special rules apply to rent increases due to capital expenditures. For example, the landlord must make a copy of the supporting documents related to the application available to the tenants who are affected by the rent increase. Also, before passing the costs on to the tenants, the Board will determine whether the work was really necessary. As well, if the Board determines that there are serious maintenance problems in the rental unit or building, the Board may:

- dismiss the landlord's application, or
- require the landlord to prove to the Board that the problems have been fixed before they can charge the approved increase.

The landlord and tenant can agree to a rent increase above the guideline if they agree that the landlord will do major repairs or renovations, buy new equipment for the rental unit, or add a new service for the tenant.

This agreement must be in writing. The proper form for this agreement (Form N10) is available from the Board. The highest increase that can be agreed to is 3% above the guideline.

Rent increase above the guideline
(continued)

Where the landlord and tenant make this kind of agreement, the landlord does not have to apply to the Board for approval of the increase.

A tenant has five days after signing this agreement to change their mind and tell their landlord, in writing, that they no longer agree to the rent increase.

When the rent should be reduced

A landlord is required to reduce the rent where:

- the utility costs go down after the landlord has increased the tenant's rent by more than the guideline based on an order from the Board that approved the increase based on utility costs,
- a capital expenditure is fully paid for; this only applies to tenants who are still living in the same rental unit they were living in when the Board approved the rent increase based on the capital expenditure, or
- the municipal property tax is reduced by more than the prescribed percentage, resulting in an automatic rent reduction.

A tenant can apply to the Board to have their rent reduced if:

- the municipal taxes or charges on the rental property go down,
- the landlord reduced or removed a service they had provided to the tenant without reducing the rent, or
- the landlord did not keep a promise they made in an agreement to a rent increase above the guideline.

About Maintenance and Repairs

A landlord's responsibilities

A landlord has to keep the rental property in a good state of repair. A landlord must obey all health, safety, housing and maintenance standards, as set out in any provincial laws or municipal bylaws.

This is true even if the tenant was aware of the problems when they agreed to rent the unit.

A tenant can apply to the Board if the landlord is not meeting their maintenance obligations. If the Board agrees that the landlord is not meeting their maintenance obligations, there are a number of remedies the Board can order. For example, the Board can order that the tenant does not have to pay some or all of the rent until the landlord does the repairs or that the landlord cannot increase the rent for the rental unit until any **serious** maintenance problems are fixed.

A tenant's responsibilities

A tenant must keep their rental unit clean, up to the standard that most people would consider ordinary or normal cleanliness.

A tenant must repair or pay for the repair of any damage to the rental property caused by the tenant, the tenant's guest or another person who lives in the rental unit. This includes damage in the tenant's unit, as well as any **common area** such as a hallway, elevator, stairway, driveway or parking area.

It does not matter whether the damage was done on purpose or by not being careful enough - the tenant is responsible. However, the tenant is not responsible to repair damage caused by normal "wear and tear". For example, if the carpet has become worn after years of normal use, the tenant would not have to replace the carpet.

A landlord can apply to the Board if the tenant has not repaired any damage. If the Board agrees that the tenant should be held responsible for the damage, the Board can order the tenant to pay the cost of repairing the damage or even evict the tenant.

A tenant should not withhold any part of the rent, even if the tenant feels that maintenance is poor or a necessary repair has not been done. A tenant could be evicted, if they withhold rent without getting approval from the Board.

Vital services

A landlord cannot shut off or interfere with the supply of any of the following vital services to a tenant's rental unit:

- heat (from September 1st to June 15th)
- electricity
- fuel (such as natural gas or oil)
- hot or cold water

More information about maintenance and repairs

For more information about maintenance read the Board's brochure called **Maintenance and Repairs**.

About Entering the Rental Unit

Entry without written notice

A landlord can enter a tenant's rental unit without written notice if:

- there is an **emergency** such as a fire,
- the tenant agrees to let the landlord in,
- a care home tenant has agreed in writing that the landlord can come in to check on their condition at regular intervals.

A landlord can enter a rental unit without written notice, between **8 a.m. and 8 p.m.** if:

- the rental agreement requires the landlord to clean the unit – unless the agreement allows different hours for cleaning,
- the landlord or tenant has given a notice of termination, or they have an agreement to end the tenancy, and the landlord wants to show the unit to a potential new tenant (in this case, although notice is not required, the landlord must try to tell the tenant before entering for this reason).

Entry with 24 hours written notice

A landlord can enter the rental unit **between 8 a.m. and 8 p.m.**, and only if they have given the tenant **24 hours written notice**:

- to make repairs or do work in the unit,
 - to carry out an inspection, where reasonable, in order to determine whether repairs are needed,
 - to allow a potential mortgagee or insurer of the complex to view the unit,
 - to allow a potential purchaser to view the rental unit (note: the Act also allows a registered real estate agent or broker to enter for this purpose if they have written authorization from the landlord),
 - to allow an engineer, architect or other similar professional to make an inspection for a proposed conversion under the *Condominium Act*; or
 - for any reasonable purpose allowed by the rental agreement.
 - The notice must include the reason why the landlord wants to enter the rental unit and must state what time, between 8 a.m. and 8 p.m., the landlord will enter the unit. If the landlord gives the tenant the correct notice, the landlord can enter even if the tenant is not at home.
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About Ending a Tenancy

Renewing a lease

The end of a lease does not mean a tenant has to move out. A new lease can be made or the landlord and tenant can agree to renew the lease for another fixed term period.

If a new agreement is not reached, the tenant still has the right to stay:

- as a monthly tenant, if they paid their rent by the month in the expired lease, or
- as a weekly tenant, if they paid their rent by the week in the expired lease.

Where the tenant stays on as a monthly or weekly tenant, all the rules of the former lease will still apply to the landlord and tenant. But the landlord can increase the rent each year by the amount allowed under the Act.

If a tenant wants to leave

A tenant must give their landlord **written notice** if they plan to move out. The proper form for this notice (Form N9) is available from the Board. The amount of notice that is required is based on the rental period, as follows:

If the tenant:	then the tenant must give:	and the termination date must be:
pays rent on a daily or weekly basis,	at least 28 days notice,	the end of a weekly rental period. (This only applies to weekly tenancies.)
pays rent on a monthly basis,	at least 60 days notice,	the end of a monthly rental period.
has a lease for a fixed term,	at least 60 days notice,	no earlier than the last day of the lease.

A tenant and landlord can agree to end a tenancy early. The parties can make an oral agreement to end the tenancy, but it is best to have a written agreement. A notice of termination does not have to be given by either the landlord or the tenant if there is an agreement to end the tenancy.

A tenant in a care home can end a tenancy early, by giving at least 30 days notice in writing to the landlord.

Assigning a tenancy and subletting

A tenant may be able to transfer their right to occupy the rental unit to someone else. This is called an **assignment**. In an assignment, a new person takes the place of the tenant, but all the terms of the rental agreement stay the same.

Assigning a tenancy and subletting
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A **sublet** occurs when a tenant moves out of the rental unit, lets another person live there for a period of time, but returns to live in the unit before the tenancy ends. In a sublet, the terms of the rental agreement and the landlord-tenant relationship do not change.

A tenant must have the landlord's approval for an assignment or a sublet, but, in either case, the landlord must have a good reason for refusing.

Rules about special tenancies

Some tenants do not have the right to assign their tenancy or sublet; for example, a tenant who is a superintendent, or a tenant who lives in subsidized, public or non-profit housing, or in housing provided by an educational institution where the tenant works or is a student.

For more information about assigning, read the Board's brochure called **How a Tenant can End a Tenancy**.

Ending a tenancy by the landlord

A landlord can end a tenancy only for the reasons allowed by the Act.

The first step is for the landlord to give the tenant notice in writing that they want the tenant to move out. The proper forms a landlord must use for giving a notice to end the tenancy are available from the Board.

If the tenant does not move out after receiving the notice, the landlord can ask the Board to end the tenancy by filing an application. The Board will decide if the tenancy should end after holding a hearing. Both the landlord and the tenant can come to the hearing and explain their side to a Member of the Board.

Reasons for eviction based on the tenant's conduct

The Act allows a landlord to give a tenant notice if the tenant, the tenant's guest or someone else who lives in the rental unit either does something they should not do, or does not do something they should. For example:

- not paying the rent in full,
- persistently paying the rent late,
- causing damage to the rental property,
- illegal activity,
- affecting the safety of others,
- disturbing the enjoyment of other tenants or the landlord,
- allowing too many people to live in the rental unit ("overcrowding"),
- not reporting income in subsidized housing.

In some cases, a landlord can give a tenant notice based on the presence or conduct of a pet the tenant is keeping, such as where a pet causes damage to the rental property.

Other reasons for eviction

There are some other reasons for eviction that are **not** related to what the tenant has done or not done. For example:

- the landlord wants the rental unit for their own use or for the use of an immediate family member or a caregiver,
- the landlord has agreed to sell the property and the purchaser wants all or part of the property for their own use or for the use of an immediate family member or a caregiver,
- the landlord plans major repairs or renovations that require a building permit and vacant possession,
- the landlord plans to demolish the rental property,
- in a care home that is occupied for the sole reason of receiving therapy or rehabilitation, the tenant's rehabilitation or therapy program has ended,
- a tenant of a care home needs more care than the care home can provide, or no longer needs the level of care provided by the landlord.

For More Information

Contact the Landlord and Tenant Board

This guide provides general information only. For more information, or to obtain copies of the Board's forms and publications, you may:

- visit the Board's website at www.LTB.gov.on.ca.
- call the Board at **416-645-8080** or toll-free at **1-888-332-3234**, or
- visit your local Landlord and Tenant Board office. A list of Board office locations can be found on our website, or you may call us at the numbers listed above.