



A Landlord's Self-Help Centre Publication

## Housing Affordability Task Force

The Province announced its intention to create a new **Housing Affordability Task Force** in its Fall Economic Statement:

While Ontario is already seeing signs of progress and housing starts have trended upwards, there is still more to do. As a next step, the government proposes to establish a Housing Affordability Task Force to provide recommendations to the Minister of Municipal Affairs and Housing on potential further actions to make housing more affordable for Ontario families.

The Housing Affordability Task Force will make recommendations to the Minister of Municipal Affairs and Housing that build on the initiatives under the Housing Supply Action Plan. It will explore measures to address housing affordability by:

- Increasing the supply of market rate rental and ownership housing;
- Building housing supply in complete communities;
- Reducing red tape and accelerating timelines;
- Encouraging innovation and digital modernization, such as in planning processes;
- Supporting economic recovery and job creations; and
- Balance housing needs with protecting the environment.

The nine member Task Force, chaired by Jake Lawrence, CEO and Group Head of Global Banking and Markets at Scotiabank, will publish its report in early 2022 which will include recommendations on additional measures to increase the market housing supply (rental units as well as homes for ownership), and improving affordability. The report will not provide advice to the government on homelessness, social and community housing.

LSHC will share its concerns and those of our community which include recognizing the value of rental units provided by the small landlord community and importance of promoting the retention of this form of rental housing through fair and balanced housing policies that encourage small landlords to stay in the rental business; programs that support the creation of new housing such as laneway suites; and responsive and efficient process to address disputes and defaults such a rent relief program and addressing access and delays at the Landlord and Tenant Board.

The Ontario Real Estate Association has recently called on the province to address housing affordability with an end to exclusionary single-family zoning, doubling the land transfer tax rebate and making surplus government land available for development.

The City of Toronto is moving forward with its [inclusionary zoning bylaw](#) that mandates developers building near certain transit hubs to make a portion of their units affordable. This policy comes into effect September 18, 2022. Toronto's goal is to increase the number of affordable units to between 8 per cent and 22 per cent affordability by 2030.

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### Disclaimer

The material contained in this publication is intended for information purposes only, it is not legal advice.

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# Selling a Rental Property

A landlord and their real estate representative have a responsibility to understand and respect the tenant's rights and know what the landlord's obligations and responsibilities are when there is a need to view a rental unit before it is listed or a showing is booked for prospective buyers.

Prior to listing a rental property landlords should ensure that they fully understand and comply with the following provisions of the *Residential Tenancies Act* when it comes to: privacy, security of tenancy, and the rules for ending a tenancy.



## Respecting your tenant's Privacy

Entering the Rental Unit to Show to Prospective Purchasers  
Section 27(2) of the *Residential Tenancies Act* specifies that when a landlord, a broker or a salesperson registered under the *Real Estate and Business Brokers Act*, with the written authorization of the landlord, enters a rental unit to allow a potential purchaser to view the rental unit, the landlord must provide 24 hours' written notice before the time of entry.

The landlord also has the right to provide 24 hours' written notice to enter to allow a potential mortgagee or insurer of the rental unit or complex to view the unit.

The notice of entry must be in writing, specify the reason for entry and include the date and time of entry, which must be between 8:00 am and 8:00 pm. The notice may be delivered to the tenant by:

- handing the notice to the tenant;
- handing the notice to an apparent adult person in the rental unit;
- placing the notice in the tenant's mailbox or where mail is usually delivered;
- sliding the notice under the door of the rental unit; or
- posting the notice on the tenant's door (only the notice of entry may be posted on the door.)
- by email if written consent is provided by the tenant to service by email.

Your tenant has the right to be present during showings. You cannot take pictures or videos without the tenant's permission unless this is specifically addressed in your tenancy agreement.

It's important to remember that certain COVID-19 protocols remain in place. These are set by the province, and the preferences of the seller and occupants of the home must be accommodated.

Ensure those requests are clearly understood and followed during all showings.

In-person open houses are now allowed, but you and your real estate agent must ensure that all people in the home are wearing face masks and respecting the physical distancing requirements. You are strongly advised to follow the guidance of the Real Estate Council of Ontario.

For more information visit <https://www.reco.on.ca/covid-19/>.

Landlords are subject to the [Human Rights Code](#) and have a duty to accommodate their tenant(s) with disabilities to the point of undue hardship.

## Security of Tenancy

A landlord cannot terminate a rental agreement simply because they are selling a rental property and the purchaser wants vacant possession. All tenants have security of tenancy, which means a tenancy agreement cannot be terminated by a landlord unless a valid reason, as defined under the *Residential Tenancies Act*, exists. The Act clearly defines the reason for which a tenancy may be terminated when a property is sold. If the purchaser does not have a valid reason to terminate the tenancy it would continue under the same terms and conditions as the original agreement with the landlord/vendor. (continued next page)

## What about Tenant Insurance?

There is no law that states that tenants must have liability insurance. The *Residential Tenancies Act* does not make any reference to the issue of tenant insurance. However, landlords have the right to ask their tenants to obtain liability insurance and to provide proof of coverage to the landlord.

Contents insurance is up to the tenant to obtain it if they wish. Landlords should clearly state in their tenancy agreements that the tenants are responsible for their own contents insurance. This can be done in the additional terms section.

The Standard Form of Lease includes a section where the landlord and the tenant can agree that the tenant will obtain liability insurance at all times. Tenant's insurance typically covers theft, water damage, fire damage and personal liability for damages to the rental unit and provides protection for damages to their belongings.

The provision on the lease also stipulates that the landlord can ask for proof of coverage and the tenant must provide it.

The question then becomes what can the landlord do if the tenant does not provide the proof of insurance according to the lease agreement? One option is to serve the tenant a notice of termination, as it is considered a breach of the tenancy agreement in which case the landlord could serve a Form N5 – Notice to End your Tenancy Early for Interfering with Others, Damage or Overcrowding. It is interfering with the landlord's lawful rights or interest of the property. This notice would tell the tenant that they must comply with the terms of the agreement and the tenant has seven days to correct the situation. The tenant can void the notice by simply providing the proof of coverage. If the tenant does not comply, the landlord can then file an application to the Landlord and Tenant Board for the Board to decide. It's possible that the Board may not order eviction but may issue an order for the tenant to comply.

As to how much information the tenant has to disclose to the landlord about their insurance policy, that may depend on the terms of the tenancy agreement and whether it's clarified there. Proof of coverage doesn't necessarily mean that the tenant has to provide the landlord with the entire insurance policy, it would be sufficient to provide the first page of the policy or a letter from the insurer that would indicate the address, unit number, tenant's name and coverage dates. The landlord should follow up with the tenant annually to obtain proof of insurance.



## Selling a Rental Property

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### Terminating the Tenancy

The *Residential Tenancies Act* recognizes the purchaser's intent to occupy a rental unit when a rental property is sold and accepts this as a valid reason for termination of a tenancy under certain circumstances:

- the property must contain three or fewer residential units;
- the landlord/seller has entered into an Agreement of Purchase and Sale to sell the residential complex; and
- the purchaser must, in good faith, require possession of the complex or a unit for the residential occupation of himself, the purchaser's spouse; a child or parent of the purchaser or purchaser's spouse; or a person who provides or will provide care services to one of the eligible individuals, if the person receiving the care services resides or will reside in the building where the rental unit is located.

For more information please refer to our RTA Fact Sheet on Selling your Rental Property

<https://landlordselfhelp.com/rta-fact-sheet-selling-your-rental-property/>

**A word of caution:** When picking a closing date, ensure you take into consideration that if the tenant refuses to vacate for purchaser's own use and you need to pursue the eviction process, it can take about 4 to 6 months.

### Heat Reminder

Please be reminded that according to provincial Regulations, if the landlord provides heat, the rental unit must be heated to at least 20 degrees Celsius from September 1 to June 15.

Dates and temperatures may vary where local municipalities have established bylaws for heat, please contact your municipality for details.

# Self-Help TIPS

This issue of the **Self-Help Tips** will focus on the rent increase exemptions created by *Bill 57, the Restoring Trust, Transparency and Accountability Act, 2018*. This Act amended the *Residential Tenancies Act, 2006*, (RTA), to allow for the elimination of the annual rent guideline amount for certain rental units.

## Exemptions from rules relating to rent

Section 6.1 of the RTA provides details of the amendment for the rent control exemption that refers to two types of rental units:

- 1) A building, mobile home park or land leased community; no part of which was occupied for residential purposes on or before November 15, 2018; and
- 2) Rental units located in detached, semi-detached and row houses which meet and are subject to specific requirements.

## Specific requirements

The exemption for new rental units located in detached houses, semi-detached houses or row houses, not occupied for residential purposes on or before November 15, 2018, are subject to the following:

- The property cannot contain more than two (2) rental units;
- The unit must have its own kitchen, washroom and one or more exterior/interior entrance;
- Each entrance has a door that can be secured from the inside of the unit;
- At least one door must be capable of being locked from the outside;
- The residential rental unit came into existence on or after November 15, 2018; AND
- One or both of the following apply:
  - o The building is owner occupied
  - o The unit was created in a previously unfinished space.

All of these conditions must be met in order for an exemption from the annual rent guideline increase to exist.

## Notice of Rent Increase for Partially Exempt Units

The *N2: Notice of Rent Increase (Unit Partially Exempt)* is used for rental units that are exempt

from the annual guideline increase amount. This means the landlord can set their own amount for the unit. However, proper 90 day notice must still be provided to tenant using this Landlord and Tenant Board form.

Section 6.1 of the *Residential Tenancies Act, 2006* explains the exemptions relating to rent. The N2 notice would be used in these situations. Make sure to read the notice before giving it to the tenant as it contains important information for both parties to be aware of.

## How to properly serve notice

When serving a notice of rent increase, make sure to deliver the notice to the tenant according to the Landlord and Tenant Board Rules. Improper service will result in you having to start the process all over again.

The most common methods of service are:

- delivery in person to the tenant,
- sliding it underneath the unit door, or
- putting it in the mailbox (as long as you do not require a key to access the mailbox).

Never post this notice on the unit door, or send it by text message, as this is improper service and will make the notice invalid.

As of December 15, 2018, landlords and tenants can agree to service by email using the LTB's Consent to Service by Email form. If consent for email service of this notice is given to the landlord in writing by the tenant, this form does not have to be used. However, it is suggested that you document the agreement with your tenant using this form in order to obtain all the required information.

It is important to note that consent can be revoked at any time, by the landlord or tenant, as long as it is done in writing.

## Tips

- Before you try to increase the rent above the guideline, confirm that your unit qualifies for the exemption.
- Make sure the increase amount on the N2 you are serving to your tenant is reasonable.
- When starting a new tenancy for a rental unit that is exempt for the rental guideline increase, add a clause to notify the tenant that the unit is not subject to the guideline increase.



# Did You Know?

**Q: It has been more than 12 months since my tenant moved into the rental unit and I know that I can increase the rent. I believe I can just write my own letter letting the tenant know about the rent increase. Is this true?**

You cannot write your own letter letting the tenant know about the rent increase. According to section 116 (3) of the *Residential Tenancies Act*, the landlord must give the rent increase notice in the form prescribed by the Landlord and Tenant Board. You will have to fill out either an N1 or N2 notice which has to be given to your tenant by an approved method of service. Please visit <https://tribunalsontario.ca/ltb/> in order to obtain the prescribed N1 or N2 rent increase notice, and to find the rules about service.



**Q: My tenant moved into the rental unit in January 2018. I then increased the rent in January 2019 but I forgot to give my tenant a rent increase in January 2020. I am now planning to give my tenant a rent increase in January 2022. Can I not just add my 2020 rent increase to the one I am giving for January 2022?**

Unfortunately, you are not able to add past rent increases that were not given to your tenant previously as they are forfeited. It is strongly recommended to give your tenant the rent increase each year in order to avoid losing your legal right to increase the rent.



**Q: I decided to sell my rental property and I found a buyer that wants to move in. I am aware that I need to serve an N12 notice for own use on behalf of the buyer, but I noticed that one month's compensation has to be paid. Can I ask the buyer to pay the compensation to my tenant as the buyer wants to occupy the rental unit?**

The *Residential Tenancies Act* states that it is the landlord's obligation to pay the compensation to the tenant. Therefore, you cannot ask the buyer to pay your tenant the one month's compensation as you are the landlord.



**Q: My tenant moved into the rental unit in February 2020. Her tenancy was due for a rent increase on**

**February 1, 2021. I then gave my tenant a rent increase with 90 days' notice on November 1, 2020, doesn't that mean that she is supposed to pay the increased amount starting February 1, 2021 because the notice was given in 2020 and the rent freeze is for 2021?**

No, she does not have to pay the increased rent amount because the date that the increase is to take effect is what matters, not the date when the actual notice was given to the tenant. In this scenario, the rent increase notice was given in 2020 but it stated that effective date for the rent increase was set to start on February 1, 2021. According to section 136.1 of the *Residential Tenancies Act*, any rent increase notice made to be effective between January 1, 2021 and December 31, 2021 is invalid. So, in this case, the tenant is allowed to keep paying the old rent amount.



**Q: I am planning to redo the roof of my rental property in 2022 and I have talked to the tenant about it. However, this project will be expensive and my tenant has agreed for me to increase the rent by 20%, is this legal?**

No, this is not a legal rent increase as the agreed rent increase cannot exceed the rent guideline of the year plus 3%. If you want to increase the rent based on the roof project, the agreed increase cannot be more than 4.2% which is the 2022 rent guideline of 1.2% plus 3%.



**Q: I am aware that newly built properties after November 15, 2018 are not subject to rent control. The rent exemption motivated me to buy a newly built condo which closed in December, 2020. My tenant moved into the unit on January 1, 2021. Does this mean I can increase the rent by whatever I want on January 1, 2022?**

Yes, you can increase the rent by any amount you want as you are not capped at the rent increase guideline for 2022. However, you are still required to give the tenant 90 days' notice on the prescribed N2 notice from the Landlord Tenant Board.



## Bill 23 - Rent Stabilization Act, 2021

Bill 23 – the *Rent Stabilization Act, 2021* is a Private Members Bill that was introduced in the Ontario Legislature by four members from the NDP Party on October 19, 2021.

The Bill proposed the following reforms:

- To repeal and replace the current rules under section 20 of the *Residential Tenancies Act, 2006* with respect to the landlord's responsibility to maintain a residential complex;
- To create a process for tenants to apply to the Landlord and Tenant Board when the landlord fails to comply with orders or previously mediated settlements;
- Establish new rules for rent that can be charged to a new tenant;
- Expand the grounds under which a tenant may apply to the LTB for an order determining the maximum amount of rent that may be lawfully charged; and
- Establish a Landlord and Tenant Board maintained rent registry and rules that require landlords to file statements with the LTB that will be included in the registry; and provide consequences for the failure to file and rules governing information disclosure.

The Bill further proposed amending the legal aid services legislation to require mandatory legal representation be provided to individuals directly affected by an application for rent increase above the guideline under the *Residential Tenancies Act, 2006* at the Landlord and Tenant Board.

Bill 23 was **defeated** at the Second Reading vote on November 29, 2021, losing on division. It's not surprising that Bill 23 was defeated given many of the proposed concepts, such as Maximum Rent and the Rent Registry, which have failed in previous iterations when implemented by governments in the past, and by virtue of the majority held by the Conservative Party.

Bill 23 is posted online at <https://www.ola.org/en/legislative-business/bills/parliament-42/session-2/bill-23> .

Read the debate transcripts for insight on the arguments presented on both sides of the issue:

<https://www.ola.org/en/legislative-business/bills/parliament-42/session-2/bill-23/debates>.

## DISCLAIMER

The information included in this publication is intended to provide general information, it is not legal advice.

## Landlord Education Series

Fall 2021 / Winter 2022



LSHC presentations aim to help small landlords learn about the recent amendments to the *Residential Tenancies Act* pursuant to Bill 184 and understand how these changes may impact their tenancy agreements and rental relationships.

The Fall 2021 series has included four live presentations which address Rent Increases; N12 and N13 Notices; LTB Applications Post Tenancy; and the Standard Lease Form. Find recordings of the Fall Education Series online, in case you missed them. Visit: <https://landlordselfhelp.com/landlord-education-series/> for links.

We'll be kicking off the Winter 2022 Landlord Education Series on January 26<sup>th</sup> with **Mediation and Conflict Resolution**. This presentation will be delivered in partnership with TNG Community Services-Conflict Resolution and Training and will help small landlords understand the value of mediation and learn how to engage their tenant in discussion as well as the processes in place at the Landlord and Tenant Board. Register at: <https://us02web.zoom.us/j/84451200000?pwd=Z0k0dUprTkRlE9YlIiD3k4B73RZltdQkQ7Akce>

The remaining Winter presentations are in development. Details will be posted to <https://landlordselfhelp.com/landlord-education-series/> when confirmed.

## Landlord and Tenant Board: Procedural Changes

The Landlord and Tenant Board implemented a new case management system, the Tribunals Ontario Portal, effective December 8, 2021. The transition to this new system, which will be phased in over a period of time, is expected to bring many changes and innovations.

Ontario's Attorney General, Doug Downey, announced plans to modernize the justice system on March 2021. As part of the Justice Accelerated Strategy, Ontario's 14 adjudicative tribunals will move to a digital case management system. The Tribunals Ontario Portal is modelled on a system that is used in BC and could reduce the number of cases that require a hearing.

The LTB is the first tribunal in Ontario to implement the new portal system, there are bound to be some bugs as one would expect with a transition of this magnitude. Let's hope the new case management system does not slow the LTB process any further.

Self-represented landlords, tenants and legal service providers will be the first to experience the variety of features which require users to create an account using their email address and a password. Once your application is submitted, the Landlord and Tenant Board will send all parties an email with their file number and a unique PIN. This will facilitate the completion of online forms, filing applications, and paying fees. The portal will also permit users to exchange and view documents with other parties, view the application file, status view, upload and exchange evidence, receive decisions electronically, and use a dispute resolution tool to communicate with other parties or request assistance from a LTB Dispute Resolution Officer.

In the initial phase, L1, L2, T2 and T6 applications and combined L1/L2 and T2/T6 applications can be filed through the Ontario Tribunals Portal or by mail/courier on or after Dec. 8, 2021. These applications will be processed in the Tribunals Ontario Portal and can be checked through the portal. All other applications will be processed using the old system, status may be checked using the website. Note that L5 applications must continue to be filed by mail/courier or through Service Ontario offices.

Additional changes include the file numbering system. Landlord applications will be assigned a file number resembling LTB-L-00001-21, while tenant applications will be numbered as LTB-T-00002-21. Existing files or new files that are not L1, L2, T2 and T6 applications will continue with the old file naming format.

The Tribunals Ontario Portal also features Online Dispute Resolution (ODR) which allows the parties a two-week period from the date the application is filed to communicate with one another through the portal or to request assistance from the LTB Dispute Resolution Officer. This is not mediation or adjudication, it's more of an exploration into which path would be most appropriate.

If the parties are able to reach an agreement they can select the "Agreement Reached" button and receive assistance drafting a formal agreement. Alternatively, the parties may choose to request a consent order.

Read the LTB update at <https://tribunalsontario.ca/to-december-8-2021-tribunals-ontario-launches-tribunals-ontario-portal/>

### LSHC AGM – Landlord Learning Forum

The LSHC AGM-Landlord Learning Forum was held via Zoom on October 14<sup>th</sup>, 2021. If you were unable to attend the live event or would like to re-live the evening, a recording of the event together with the draft AGM minutes are posted to the members' area at <https://landlordselfhelp.com/members-lounge/>.

The 2022 AGM-Landlord Forum will be held in **October 2022**, details will follow as we search for a venue in the hope that we can hold an in-person event. We'll be reaching out in spring/summer 2022 for your ideas and input for the program.

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