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Bill 82

An Act to amend the Residential Tenancies Act, 2006 with respect to above guideline rent increases

MPP S. Smyth

Private Member's Bill

1st Reading November 27, 2025

2nd Reading

3rd Reading

Royal Assent



EXPLANATORY NOTE

The Act amends the *Residential Tenancies Act, 2006* with respect to above guideline rent increases.

The amendments require landlords to provide additional reports and evidence with any application they make to the Landlord and Tenant Board for an above guideline increase that is due in whole or in part to an eligible capital expenditure.

The amendments also establish new exceptions for capital expenditures that cannot be the subject of an above guideline increase, including expenditures related to specified cosmetic work, certain routine or ordinary work and work that arises as a result of a failure of the landlord to comply with specified obligations.

The Board is required to consider certain considerations relating to the potential effect on affected tenants. The Board may, after considering these factors, determine that an above guideline increase would impose undue hardship on the affected tenant or tenants and dismiss the application.

When determining the amount of an above guideline increase, the Board shall not include any costs the landlord incurs or is expected to incur in a non-arm's length transaction and any amounts for which the landlord has received specified financial assistance from any level of government.

Currently, subsection 126 (12) effectively authorizes the Board to dismiss or pause applications in cases of "serious breaches" of certain landlord obligations. The amendments replace the concept of a "serious breach" with the concept of a "breach" of these obligations.

Section 129 is amended to add a new requirement for landlords to provide notice to the tenant of the date on which their rent will be reduced if an above guideline increase has been approved. If notice is not given and if the tenant overpays, the landlord is required to reimburse the tenant for 1.5 times the amount of the overpayment.

**An Act to amend the Residential Tenancies Act, 2006
with respect to above guideline rent increases**

His Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1 (1) Section 126 of the *Residential Tenancies Act, 2006* is amended by adding the following subsection:

Required information with application for eligible capital expenditure

(3.0.1) The landlord shall include the following information with an application under this section for an above guideline increase that is due in whole or in part to an eligible capital expenditure:

1. An engineering or professional report demonstrating that the expenditure is necessary to protect the structural integrity, health, safety of the residential complex or one or more of the rental units in it or that it is necessary to provide a vital service.
2. Evidence demonstrating that the expenditure is not substantially cosmetic in nature.
3. Evidence demonstrating that the expenditure is not for routine or ordinary work.
4. If the expenditure is to repair or replace a capital asset, evidence that the expenditure is not reasonably expected due to the expected service life of the capital asset that is to be repaired or replaced.
5. If the expenditure is to replace a capital asset, documentation of why the landlord believes it is reasonable to replace the asset instead of repairing it, having regard to the cost-effectiveness of the potential repairs, the state of the asset and any other relevant concerns.
6. Documentation demonstrating that any costs the landlord incurs in respect of an eligible capital expenditure for which the landlord intends to seek an above guideline increase are incurred as part of an arm's length transaction, as defined in the regulations.

(2) Subsection 126 (7) of the Act is amended by striking out “Subject to subsections (8) and (9)” at the beginning of the portion before clause (a) and substituting “Subject to subsections (8), (8.1) and (9)”.

(3) Section 126 of the Act is amended by adding the following subsection:

Exception

(8.1) The following capital expenditures are not eligible capital expenditures for the purposes of this section:

1. Work that is substantially cosmetic in nature or is designed to enhance the level of prestige or luxury offered by a unit or residential complex.
2. Routine or ordinary work undertaken on a regular basis or undertaken to maintain a capital asset in its operating state, such as cleaning and janitorial services, elevator servicing, general building maintenance, grounds-keeping, appliance repairs, electrical repairs, roof repairs, heating equipment repairs, ventilation repairs and air conditioning repairs.
3. Any work that arises as a result of the landlord's failure to comply with subsection 20 (1) or section 161.

(4) Section 126 of the Act is amended by adding the following subsections:

Considerations

(9.1) In assessing an application under this section, the Board shall consider the following:

1. The percentage of income that the affected tenant or tenants currently spend on rent.
2. The local vacancy rate.
3. The impact of local rent pressures on the ability of the affected tenant or tenants to find other housing.

Board may dismiss application for undue hardship

(9.2) The Board may dismiss the application with respect to a rental unit if the Board determines, after considering the factors described in subsection (9.1), that an above guideline increase would impose undue hardship on the affected tenant or tenants.

Calculation to exclude certain costs

(9.3) In assessing an application under this section and determining the amount by which the rent may be increased, the Board shall not include any of the following costs:

1. Any costs the landlord incurs or is expected to incur in a non-arm's length transaction, as defined in the regulations.
2. Any costs that are or will be paid for by a grant, rebate, subsidy or other financial assistance from any level of government.

(5) Subsection 126 (12) of the Act is amended by striking out “serious breach” wherever it appears and substituting in each case “breach”.

(6) The French version of subclause 126 (12) (a) (iii) of the Act is amended by striking out “soit a gravement manqué” and substituting “soit a manqué”.

(7) Subclause 126 (13) (b) (iii) of the Act is amended by striking out “serious breach” and substituting “breach”.

(8) Section 126 of the Act is amended by adding the following subsection:

Transition

(16.1) An application that was made before the day section 1 of the *Protecting Renters from Unfair Above Guideline Rent Increases Act, 2025* comes into force shall continue to be dealt with in accordance with this section as it read at the time the application was made.

2 Section 129 of the Act is repealed and the following substituted:

Capital expenditures

129 (1) If the Board issues an order under subsection 126 (10) permitting an increase in rent that is due in whole or in part to eligible capital expenditures,

- (a) the Board shall specify in the order the percentage increase that is attributable to the eligible capital expenditures;
- (b) the Board shall specify in the order a date, determined in accordance with the prescribed rules, for the purpose of clause (c); and
- (c) the order shall require that,
 - (i) if the rent charged to a tenant for a rental unit is increased pursuant to the order by the maximum percentage permitted by the order and the tenant continues to occupy the rental unit on the date specified under clause (b), the landlord shall, on that date, reduce the rent charged to that tenant by the percentage specified under clause (a), and
 - (ii) if the rent charged to a tenant for a rental unit is increased pursuant to the order by less than the maximum percentage permitted by the order and the tenant continues to occupy the rental unit on the date specified under clause (b), the landlord shall, on that date, reduce the rent charged to that tenant by a percentage determined in accordance with the prescribed rules that is equal to or lower than the percentage specified under clause (a).

Landlord to provide notice

(2) If the Board has issued an order described in subsection (1), the landlord shall provide notice to the tenant of the date on which their rent will be reduced as described in clause (1) (c) at least 30 days before that date.

Failure to provide notice resulting in overpayment

(3) If the landlord fails to provide notice as required by subsection (2) and the tenant overpays by paying the amount that was owing before the reduction required by clause (1) (c), the landlord shall reimburse the tenant for an amount equal to 1.5 times the amount of the overpayment.

3 (1) Paragraph 31 of subsection 241 (1) of the Act is amended by striking out “clause 129 (b)” at the end and substituting “clause 129 (1) (b)”.

(2) Paragraph 32 of subsection 241 (1) of the Act is amended by striking out “subclause 129 (c) (ii)” at the end and substituting “subclause 129 (1) (c) (ii)”.

Commencement

4 This Act comes into force on the day that is four months after the day this Act receives Royal Assent.

Short title

5 The short title of this Act is the *Protecting Renters from Unfair Above Guideline Rent Increases Act, 2025*.