

**Ministry of Housing**

**Minister Responsible for the  
Poverty Reduction Strategy**

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**JUN 29 2017**

Hello,

I am writing to inform you that Bill 124, the *Rental Fairness Act, 2017*, received Royal Assent on May 30, 2017.

The *Rental Fairness Act* makes important and timely changes to the *Residential Tenancies Act, 2006* (RTA) by:

- Expanding rent control to all private rental units, including those first occupied on or after November 1, 1991
- Enabling regulations to specify circumstances where capital expenditures would not be eligible for an above-guideline rent increase (AGI)
- Removing AGIs for utilities, to protect tenants from carbon costs and encourage landlords to make their buildings more energy efficient
- Enabling a standard lease to help both tenants and landlords know their rights and responsibilities, while reducing the number of disputes
- Protecting tenants from eviction due to abuse of the "landlord's own use" provision
- Ensuring landlords cannot pursue former tenants for unauthorized charges
- Prohibiting AGIs in buildings where elevator maintenance orders have not been addressed
- Strengthening the transitional housing system to improve outcomes for participants, and to support the province's goal of ending chronic homelessness by 2025
- Making technical amendments that will improve Landlord and Tenant Board (LTB) processes

Expanding rent regulation and strengthening protections for tenants under the RTA are key components of Ontario's Fair Housing Plan, to help more people find an affordable place to call home.

Please see below for further details on the amendments and implementation.

***Residential Tenancies Act, 2006***

- **Improve rental housing affordability and stability:**
  - The expansion of rent regulation applies to notices of rent increase given on or after April 20, 2017 (the day the Ontario government announced its Fair Housing Plan). It removes the November 1, 1991 exemption (as well as two other date-based exemptions from rent control) so that all private rental units are subject to the rent increase guideline, which is 1.5% for 2017. The guideline is capped at 2.5% annually.
  - A landlord has 60 days to refund any amounts that were collected in excess of the rent guideline increase. Alternately, a tenant may deduct this amount from subsequent rent.
- **Specify circumstances where capital expenditures would not be eligible for an above-guideline rent increase:**
  - This amendment further tightens rules for above-guideline rent increases for capital expenditures by providing a mechanism through regulation to define circumstances where capital expenditures are not eligible.
  - This change addresses tenant concerns that many capital expenditures undertaken by landlords are not necessary or should be covered by existing rent revenues, and may help enhance rental housing affordability.
  - This amendment comes into force on a future date to be named by proclamation.
- **Mitigate the impact of carbon costs on tenants:**
  - Regulations were amended on April 24, 2017 to immediately remove carbon costs from the calculation used to determine above-guideline rent increases.
  - Further, legislation was amended to remove the ability for landlords to apply for AGIs based on extraordinary increases in utility charges. This amendment will come into force on a future date to be named by proclamation.
  - These changes are in support of Ontario's Climate Change Action Plan (CCAP) to mitigate the effects of carbon costs on tenants and to encourage landlords to make their buildings more energy efficient.

- **Strengthen tenant protection and help facilitate successful tenancies:**
  - Create a framework for standard leases for residential tenancies.
    - Tenancy agreements entered into before the in force date would not be subject to the requirement for a standard lease. However, parties entering into a new tenancy agreement (i.e., new lease with new terms), would be required to use the government-issued standard lease once it is developed and approved.
    - This amendment will result in fewer disputes about tenancy agreements, serve as an educational tool for the sector, and reduce unlawful terms in leases and confusion that can result from oral tenancy agreements.
    - The Ministry of Housing will consult on the details of the standard lease in the coming months.
  - Curb abuse of landlord's own use evictions.
    - Landlords must meet additional requirements to terminate a tenancy of a rental unit for the landlord's or landlord's family's own use. These changes will protect tenants from unfair evictions and provide tenants with greater security of tenure.
    - This amendment comes into force on a future date to be named by proclamation.
  - Prevent landlords from pursuing former tenants for arbitrary charges.
    - It is an offence for landlords to collect additional fees or penalties from former tenants if the tenant has vacated the rental unit in accordance with a landlord's notice of termination.
    - Part of this amendment came into force on Royal Assent. The remainder will come into force on a future date to be named by proclamation.
  - Deny or dismiss AGIs for buildings that have outstanding elevator-related work orders.
    - Landlords are required to disclose all outstanding elevator-related work orders when applying for an AGI and will be required to clear these orders before receiving an AGI.
    - This amendment comes into force on a future date to be named by proclamation.

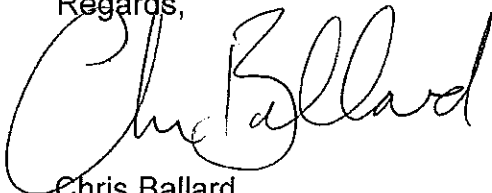
- **Facilitate better results for individuals living in transitional housing:**
  - This amendment exempts transitional housing programs from the RTA where:
    - The provider enters into a written occupancy agreement with the program participant to ensure participant protection;
    - The living accommodation is provided for no more than four years;
    - Accompanying services include rehabilitative or therapeutic services, or services intended to support employment or life skills development;
    - The program is intended to support the participant in obtaining and maintaining longer-term living accommodation; and
    - Any part of the program is provided by or funded under an agreement with any order of government, or provided or funded by a registered charity.
  - This amendment provides greater clarity to the sector and gives providers the flexibility to operate their programs for a longer period of time to better meet the needs of participants.
  - This amendment comes into force on a future date to be named by proclamation.
- **Improve and simplify processes at the Landlord and Tenant Board (LTB):**
  - Clarify the pay-and-stay provision.
    - This amendment clarifies the intention of the pay-and-stay provision in the RTA by specifying that only tenants who pay the full amount of rent arrears will receive a 'stay' of their eviction order. This clarification will reduce undue delays and ensure that legislation works the way it was intended.
    - This amendment came into force on Royal Assent.
  - Simplify eviction applications based on a tenant's second breach of their obligations.
    - This amendment allows landlords to give a second notice of termination without being required to prove that the tenant voided the first notice. This change will reduce confusion for all parties regarding eviction applications.
    - This amendment comes into force on a future date to be named by proclamation.

- Allow unsworn statements to support applications and motions.
  - The LTB can establish rules allowing unsworn statements that will facilitate electronic filing of applications, improve efficiency for all parties and save landlords and tenants time and resources.
  - This amendment came into force on Royal Assent.
- Enable the LTB to combine orders and mediated agreements.
  - The LTB can combine orders and mediated agreements to simplify enforcement of orders for landlords. This will result in less confusion for all parties and reduce undue delays.
  - This amendment comes into force on a future date to be named by proclamation.

Through the Fair Housing Plan and the *Rental Fairness Act*, the government is committed to protecting tenants and ensuring that Ontarians have access to affordable housing. At the same time, the government wants to ensure that landlords are able to invest in and maintain their rental properties. As such, the government is retaining vacancy de-control, which is an important incentive for landlords to continue to invest in rental housing. Vacancy de-control allows landlords to establish rents that reflect market conditions upon turnover. Further, landlords of newly rent regulated units will be able to apply to the LTB for AGIs for eligible expenses.

I would like to thank you for providing us with your valuable input on the amendments to the RTA.

Regards,

A handwritten signature in black ink that reads "Chris Ballard". The signature is written in a cursive, flowing style.

Chris Ballard  
Minister