Order under Section 126
Residential Tenancies Act, 2006

Citation: Shoebanktree Holdings Inc., Greenbanktree Power Corporation and 1583619 Ontario Limited C/O Myriad Property Management Inc v Cha, 2026 ONLTB 7325
Date: 2026-01-23
File Number: LTB-L-038280-23

In the matter of: 35 Spencer Avenue, Toronto, Ontario, M6K 2J6

Between: Shoebanktree Holdings Inc., Greenbanktree Power Corporation and 1583619 Ontario Limited C/O Myriad Property Management Inc — Landlord

And

Refer to attached Schedule 2 — Tenants

Shoebanktree Holdings Inc., Greenbanktree Power Corporation and 1583619 Ontario Limited C/O Myriad Property Management Inc (the 'Landlord') applied for an order permitting the rent charged to be increased by more than the guideline for one or more of the rental units in the residential complex.

A Case Management Hearing was held on June 24, 2025. The parties were unable to resolve the issues at that hearing and this application was scheduled for a Written Merits Hearing and which was later changed to a Virtual Merits Hearing.

A Merits hearing was held by videoconference on December 16, 2025.

The following parties attended the hearing:
For the Landlord:
- David Ciobotaru, Legal Representative

<u>*Witnesses*</u>*:*
- Ryan Gibson, Former Property Manager
- Craig Flatley – Landlord Agent

Tenants:
- Andrew Cha – Unit 102
- Anthony Parente – Unit 303
- Debra Lagrandeu – Unit 408
- Spencer Maceach – Unit 511
- Kaylyn (Julian) Munro – Unit 610 (*Spokesperson*)

The Certificate of Service filed by the Landlord on January 10, 2026, indicates that some rental units listed in the application were not served with the application and notice of hearing. The Board shall therefore amend the application by removing these rental units. As a result, this order for a rent increase above the guideline under section 126 of the Act does not apply to the following units: 104, 107, 201, 203, 205, 212, 307, 311, 407, 409, 510, 601, 611, 705, 707, and 708.

<u>Preliminary Matters</u>

Deficiency Letter

The Board issued a deficiency letter on July 21, 2025, seeking missing evidence of costs and proof of payment for the capital expenditures claimed. The Landlord replied to the deficiency letter on July 30 providing the missing information sought. I am satisfied that the Landlord has provided the requested evidence of costs and proof of payment for the claimed capital expenditures.

<u>Capital Expenditures</u>

It is determined that:

1. I find that the Landlord has justified a rent increase above the guideline because the Landlord incurred an eligible capital expenditure for the residential complex or one or more of the rental units in it.

THE DEFINITION OF CAPITAL EXPENDITURE

2. The Landlord must lead evidence to establish that each of the capital expenditures claimed meets the definition of "capital expenditure" as set out in s. 18(1) of the regulation. It says:

   "capital expenditure" means an expenditure for an extraordinary or significant renovation, repair, replacement or new addition, the expected benefit of which extends for at least five years including,

   a. an expenditure with respect to a leased asset if the lease qualifies as determined under subsection (2), and

   b. an expenditure that the landlord is required to pay on work undertaken by a municipality, local board or public utility, other than work undertaken because of the landlord's failure to do it,

   but does not include,

   c. 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 and appliance repairs, or

d. 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;

"ELIGIBLE" CAPITAL EXPENDITURES

3. In addition to meeting the definition of capital expenditure, each of the Landlord's claimed items must be an "eligible" capital expenditure.
4. Subsections 126(7) and (8) of the Act say:

   (7) Subject to subsections (8) and (9) and except under the prescribed circumstances, a capital expenditure is an eligible capital expenditure for the purposes of this section if,

   a. it is necessary to protect or restore the physical integrity of the residential complex or part of it;
   b. it is necessary to comply with subsection 20 (1) or clauses 161 (a) to (e);
   c. it is necessary to maintain the provision of a plumbing, heating, mechanical, electrical, ventilation or air conditioning system;
   d. it provides access for persons with disabilities;
   e. it promotes energy or water conservation; or
   f. it maintains or improves the security of the residential complex or part of it.

   (8) A capital expenditure to replace a system or thing is not an eligible capital expenditure for the purposes of this section if the system or thing that was replaced did not require major repair or replacement, unless the replacement of the system or thing promotes,

   g. access for persons with disabilities;
   h. energy or water conservation; or
   i. security of the residential complex or part of it.

THE 18-MONTH WINDOW

5. Pursuant to s. 26(2) of the regulation a rent increase shall not be ordered in respect of a capital expenditure unless the work was completed during the 18-month period ending 90 days before the effective date of the first intended rent increase referred to in the application. In this case the 18-month window is from September 3, 2021 to March 3, 2023.
6. The expenditure must also be "incurred" which essentially means the work must have been paid for prior to the application being filed. This is not an issue with respect to any of the items claimed in this application.

THE USEFUL LIFE

7. If the expenditure meets the requirements set out above, then the Board must establish the useful life of the work done in order to calculate the allowable increase.

8. Section 27 of the regulation says:

   27. (1) The useful life of work done or a thing purchased shall be determined from the Schedule subject to the following rules:

   a. Where the useful life set out in Column 3 of the Tables in the Schedule is less than 10 years, the useful life of work done or a thing purchased shall be deemed to be 10 years.

   b. If, when a thing is purchased, it has previously been used, the useful life of the thing shall be determined taking into account the length of time of that previous use.

   c. If the work done or thing purchased does not appear in the Schedule, the useful life of the work or thing shall be determined with reference to items with similar characteristics that do appear in the Schedule.

   d. Despite paragraphs 2 and 3, for the purposes of making a finding under this section, the useful life of work done or a thing purchased shall not be determined to be less than 10 years.

   (2) If the useful life of work done or a thing purchased cannot be determined under subsection (1) because the work or thing does not appear in the Schedule and no item with similar characteristics appears in the Schedule, the useful life of the work or thing shall be what is generally accepted as the useful life of such work or thing but in no case shall the useful life be determined to be less than 10 years.

<u>Capital Expenditure</u>

9. The Landlord justified a rent increase above the guideline because of capital expenditures.

10. The maximum rent increase for capital expenditures is 2.22%. The increase is to be taken in the first year.

11. The Landlord's application is for the following capital expenditures:

    a. New Boilers; and
    b. New Carpet.

Capital Expenditure #1: New Boilers

12. The Landlord submits that the old boilers were beyond their operational life and required replacement. They submit that the new boilers are more energy efficient and will save on energy costs.

13. The Landlord called Ryan Gibson (hereafter Mr. Gibson), the former Property Manager, present during the period where the claimed capital work was undertaken. Mr. Gibson testified that the residential complex consists of a 7-storey residential purpose-built rental building.

14. Mr. Gibson testified Boiler was original to the building construction in the late 1950s. He testified that his responsibility at the time included ensuring the boilers were operating. He testified that in the winter of 2020-2021 the boiler had maintenance related issues and was becoming unreliable, having surpassed its useful life. It was his testimony that the old boiler, called a Spencer Boiler, was a coal fired boiler which then got converted to gas, was comprised of steel which corrodes and oxidizes over time, and eventually fails due to its age, in this case being nearly 60 years old at the time of replacement.

15. Mr. Gibson testified that they relied on the project engineer, Norman Lee & Associates Ltd., for their expertise in changing to an atmospheric boiler, reviewing what was in place at the time, and what kind of boiler would be appropriate for a building of that size considering energy efficiency.

16. Mr. Gibson testified that an issue with the boiler was that it was either on or off due to the way it operated, and since it would fire at 100%, it would use maximum fuel and that there were a couple of winters where they were scrambling to get heat to the building, having HVAC technicians constantly on site to keep the boilers working. He testified that the new boilers, being the Camus boilers, have an exterior thermostat which moderates the needs of the heat for the building based on the outside temperatures.

17. Mr. Gibson testified to the scope of the work, as set out under the Tridon Mechanical Ltd. Invoice #1104 for the new boilers which is summarized as follows:
    - Removal of the old boiler, being 20 feet tall, requiring welders to cut it into pieces.
    - The installation of two new Camus DFNH 1750 Dynaflame Non-Condensing Boilers and two new B&G circulating pumps.

18. The Landlord submits that the new boilers are “eligible” under s. 126(7)(c) of the Act as it is necessary to maintain the provision of a plumbing, heating, mechanical, electrical, ventilation or air conditioning system.

19. Mr. Gibson was questioned by Julian Munro – Unit 610, about whether an independent opinion was sought about the need to replace the boilers.

20. Mr. Gibson testified that as a property manager, it was his job to decide what was required and he decided based on input from the engineer, onsite staff, and Tenants, that it was time to replace the boiler.

Findings

21. I am satisfied that the new boilers installed at the rental complex was significant and meets the definition of a “capital expenditure” as set out in s. 18(1) of O. Reg. 516/06 as the work was a significant replacement, the expected benefit of which extends for at least five years. Further, given the age and operability concerns of the old boiler, I am satisfied that this capital expenditure work is eligible under s. 126(7)(c) of the Act as it is necessary to maintain the provision of a plumbing, heating, mechanical, electrical, ventilation or air conditioning system.

22. The application reflects and Mr. Gibson testified that to his knowledge the Landlord did not receive any rebates or government grants for this capital expenditure.

23. Therefore, the cost of this capital expenditure is $242,566.70.

24. The useful life of this capital expenditure is 15 years.

Capital Expenditure #2: New Carpet

25. The Landlord submits that the carpets required replacement because the old carpet was thread bare and a tripping hazard and required replacement.

26. Mr. Gibson testified that he believed the carpet was installed in the early 2000s. They testified that a third-party contractor was used for daily cleaning, and annual steam cleaning was done by another contractor who were reporting that the carpets were deteriorating, getting pulled up by their machines, and that the contractors were cutting away loops in the hallway which were becoming a tripping hazard. As a result, he testified, he made the decision that the carpets required replacement and could not be replaced due to patching since the carpet

was no longer in production and patching with new carpet would render the floors uneven throughout, creating additional tripping hazards and issues for those with shopping buggies. They testified that nothing could be done to save the material.

27. Mr. Gibson testified to the scope of the work for the carpet replacement which involved replacing the carpet on floors 2-7 of the residential building.

28. The Landlord submits that the new carpet is “eligible” under s. 126(7)(b) of the Act as it is necessary to comply with subsection 20 (1) of the Act.

Affected Parties

29. The Tenants, Julian Munro- Unit 610 and Andrew Cha – Unit 303, raised the question as to whether the units on the first floor should be affected by this capital expenditure given that they do not have any carpeting.

30. Mr. Gibson testified that the first floor was terrazzo flooring and did not have any carpet replacement. The Landlord argued that the carpet replacement, was similar to work done to balconies where the Board has found in other cases that all units are affected because the balconies contribute to the structural integrity of the residential complex. They argued that the Tenants residing on the first floor could visit friends on other floors and therefore they benefit from the replacement of the tiles on floors 2-7.

31. I disagree. Pursuant to subsection 26(6)(1) of O. Regs 516/06:

> For each rental unit that is subject to the application, the percentage rent increase that is justified by capital expenditures shall be determined in accordance with the following rules.
>
> > 1. Determine which capital expenditures affect the unit. [Emphasis added]

32. For greater clarity, Tenants will not be impacted by any capital expenditure that does not affect them and ‘affected’ means that the units use, or otherwise benefit from the completion of the capital expenditure. While it is true that there is a possibility that a Tenant from the first floor where no carpeting is present may visit a friend on a floor above where the hallways are carpeted, it is too far of a leap to suggest that because of this hypothetical possibility, all or the vast majority of the Tenants on the first floor therefore benefit from this capital expenditure. Further, the replacement of the carpet does not contribute to the structural integrity of the residential complex. As such, I find that the Tenants

residing on the terrazzo tiled first floor, are not affected by this capital expenditure and shall not be affected by any increase pertaining to it.

Findings

i. A Capital Expenditure

33. I am satisfied that the new carpets installed in the hallways of the rental complex on floors 2-7 was significant and meets the definition of a “capital expenditure” as set out in s. 18(1) of O. Reg. 516/06 as the work was a significant replacement, the expected benefit of which extends for at least five years.

ii. Eligibility - Was the work necessary?

34. The Tenant, Julian Munro – Unit 610, questioned Mr. Gibson about why carpets were replaced on the 3rd and 6th floors, stating those carpets to be in pristine condition. Mr. Gibson testified that there was a lot of pedestrian traffic which contributes to the breakdown and wear and tear of the flooring and that the first 6 feet of carpet past the tiled elevator landing on each floor was damaged and contained loops posing tripping hazards.

35. I note the Tenants did not challenge the necessity of the carpet replacement for all other floors.

36. Notwithstanding that the carpet on the 3rd and 6th floors may not have been deteriorating at the time that the work was done, I am satisfied that the carpet was old and deteriorating having loops near the elevators, creating tripping hazards, and getting torn up when regular maintenance was performed by third party contractors. There are maintenance standards which require consistency in flooring throughout the residential complex. I am satisfied that on a balance of probabilities, it was necessary to replace all hallway carpets, and the Landlord need not wait until the same tripping hazards appears on every floor to undertake work to address those maintenance issues. It is sufficient that the deterioration was observed on at least floors 2, 4, 5, and 7.

37. As such, I am satisfied that the capital expenditure work is eligible under s. 126(7)(b) of the Act as it is necessary to comply with subsection 20 (1) of the Act.

38. The application reflects and Mr. Gibson testified that to his knowledge the Landlord did not receive any rebates or government grants for this capital expenditure.

39. Therefore, the cost of this capital expenditure is $35,205.82.

40. The useful life of this capital expenditure is 10 years.

<u>Written Submissions</u>

Maintenance

41. The Tenants, Andrew Cha – Unit 102, Anthony Parente – Unit 303, and Julian Munro – Unit 610, raised maintenance issues at the hearing which can be summarized as follows:
    a. New boilers not working properly.
    b. Heating issues in the rental unit – rental unit is too cold and maintenance requests have been closed without the issue being addressed.
    c. Drafts from windows not sealed properly.
    d. Hallway carpets not cleaned regularly.
    e. Lack of maintenance staff.
    f. Hearsay testimony about a Tenant residing on the third floor without a functioning bathroom sink faucet.
    g. Building lobby and hallways are cold and not heated.
    h. Allegations that there is tampering with radiators in the lobby.
    i. Allegations that the property owner refuses to do maintenance where Tenants are paying lower rent.
    j. Having to run water for a longer duration to get hot water.
    k. Requests in the maintenance portal being closed without work being done or issues addressed.
    l. No regular window cleaning.
    m. Cleaning of staircases inside and out including salting is not regularly done.
    n. No regular pest control measures.
    o. Unkept car park.

42. The Landlord led reply evidence by calling Craig Flatley, the Landlord Agent, who testified that they responded to the heating issue within Unit 102 by providing a space heater and that they did in fact respond to and communicate with the Tenant. They testified that they have new maintenance staff starting in the next couple of weeks and were unaware of a faucet not working in unit 603 as it was never reported to them, but that they were looking into it at the time of the hearing. Lastly, they testified that vacuuming is supposed to be done regularly and will be reviewed and that steam cleaning occurs every quarter.

43. As I set out in my ruling at the hearing, subsection 126(12) of the *Act* refers to serious, ongoing breaches of the Landlord's maintenance obligations and I am

not satisfied that maintenance issues raised by the Tenants even if they remain outstanding, would rise to the level of a serious breach of the Landlord's maintenance obligations. A disrepair problem that is not "serious" as that term is used under the Act is not relevant to these proceedings. However, the Tenant(s) is entitled to file their own applications at the Board in respect of these issues.

Financial Hardship

44. The Tenants requested a 6-month settlement period. During the hearing, I heard that many Tenants are elderly and I presume likely to be on a fixed income.

45. The Landlord requested a 60-day settlement period.

46. Although the Tenant may feel it is unjust, the Board is a creature of statute charged with applying the law as written. Section 126 of the *Act* specifically provides that a Landlord may apply for an AGI for eligible capital expenditures incurred respecting the residential complex or rental units. The Board cannot stop the Landlord from exercising its right to make application for an above guideline rent increase.

47. In respect to the Tenant's submission of financial hardship, the Act does not provide the Board with the authority to consider the financial impact on the tenants of an AGI when determining whether a landlord's AGI application should be granted or denied.

48. As always, if the Landlord is amenable to a longer repayment plan for those Tenants facing financial hardship that remains within the Landlord's discretion.

It is ordered that:

1. The Landlord may increase the rents charged by the percentage increases and within the time periods set out in Schedule 3.
2. The percentage increase set out in Schedule 3 may be taken in addition to the annual guideline in effect on the increase date for the unit.

3. The Landlord or the Tenants shall pay to the other any sum of money that is owed as a result of this order within 90 days of the date of this order.

January 23, 2026
Date Issued

Luciella Longo
Member, Landlord and Tenant Board

15 Grosvenor Street, Ground Floor
Toronto ON M7A 2G6

If you have any questions about this order, call 416-645-8080 or toll free at 1-888-332-3234.

Important Notes:

1. The Landlord may increase the rent charged by the ordered increase within the time period specified if at least 12 months have passed since the last rent increase or since the tenant moved in, and if the landlord has given the Tenant at least 90 days proper Notice of Rent Increase.
2. If the Landlord has given a Notice of Rent Increase for a rent increase that is less than the ordered increase, the Landlord may only take the rent increase set out in the Notice.
3. If the Tenant's rent is increased pursuant to the percentage increase ordered for capital expenditures and the same Tenant remains in the unit after the expiration of the weighted useful life for capital expenditures, then the rent will be reduced. Refer to Schedule 4 for information about the date and amount of the rent reduction.
4. The annual guideline for 2023 is 2.50%, for 2024 is 2.50%, for 2025 is 2.50% and for 2026 is 2.10%.

Schedule 1 - Units affected by this Order:

35 Spencer Avenue, Toronto, Ontario, M6K 2J6

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Schedule 2 - Tenants who are Affected by this Order:

Agrawa, Abhishek
Alamin, Hussen
Aman, Ahlam
Amooma, Esther
Artymiuk, Rachel
Batten, Curtis
Bhattacha, Indrani
Bowes, Devon
Braga, Ismael
Brethour, Sue
Castellano, Jordan
Cha, Andrew
Chakka, Yaswanth
Clark, Graeme
Dewar, Cherry
Drutis, Radek
Greves, Ann
Hassan, Fahad
Hodge, Michael
Homem, Lucas
Jamang, Jamyang
Jan, Meteo Ramos
Lagrandeu, Debra
Le, Van
Lorenz, Taurel
M, Kaylyn(Julian)
Maceach, Spencer
Medina, Sebastian
Morea, Charmain
Nagy, Sandor
Padda, Nevreet
Padern, Margarita
Parente, Anthony
Pauwels, Nadine
Petrignani, Bruno
Pham, Duong
Poona, Ramnarine
Puskova, Barbara
Puskova, Marketa
Roberts, Joann
Sanchez, Marco
Sanghvi, Anil
Silva, Max
Smart, Devin
Strasbou, Damien
Syrie, Brooke
Teigess, Jonathan
Trott, Nigel
Tulloch, Theron
Viragova, Ivana
Xu, Alexander
Yeboah, Eugene
Zhang, Wei

Schedule 3 - Ordered Rent Increase Above the Guideline

First Effective Date of Rent Increase in this Order is June 1, 2023
The Landlord may increase the rent charged for the units affected by this order by the total percentages set out below and within the time periods set out below. These percentage increases may be taken in addition to the annual guideline in effect on the increase date for the unit.

	Period of June 1, 2023 to May 31, 2024			
Rental Unit Address Name	% inc for Cap Exp (Max 3%)	Total Increase (Excludes Guideline)	Weighted Useful Life	Total % for Cap Exp
102, 35 Spencer Avenue	1.83%	1.83%	15	1.83%
105, 35 Spencer Avenue	1.83%	1.83%	15	1.83%
109, 35 Spencer Avenue	1.83%	1.83%	15	1.83%
110, 35 Spencer Avenue	1.83%	1.83%	15	1.83%
111, 35 Spencer Avenue	1.83%	1.83%	15	1.83%
112, 35 Spencer Avenue	1.83%	1.83%	15	1.83%
202, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
204, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
208, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
210, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
211, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
301, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
302, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
303, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
304, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
305, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
308, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
309, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
312, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
403, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
404, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
405, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
406, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
408, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
410, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
411, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
412, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
501, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
502, 35 Spencer Avenue	2.22%	2.22%	14	2.22%

Rental Unit Address Name	Period of June 1, 2023 to May 31, 2024			
	% inc for Cap Exp (Max 3%)	Total Increase (Excludes Guideline)	Weighted Useful Life	Total % for Cap Exp
503, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
504, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
505, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
506, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
507, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
509, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
511, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
512, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
602, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
603, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
605, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
607, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
608, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
609, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
610, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
701, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
702, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
703, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
704, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
706, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
709, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
710, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
711, 35 Spencer Avenue	2.22%	2.22%	14	2.22%
712, 35 Spencer Avenue	2.22%	2.22%	14	2.22%

Schedule 4 - Rent Reduction related to Capital Expenditures

A. Date of Rent Reduction

If the Tenant's rent is increased based on capital expenditures during the period 2023 then:

The date of the rent reduction will be the day before:

- the date of the Tenant's first rent increase under this order, plus
- the number of years for the weighted useful life for capital expenditures for the unit (set out in Schedule 3).

Example:
If the Tenant's rent was increased on June 1, 2021 and the weighted useful life for capital expenditures is 10 years, then the rent will be reduced on May 31, 2031.

If the Tenant's rent was *not* increased based on capital expenditures during the period 2023 but was increased during the later periods set out in the order then:

The date of the rent reduction will be the day before:

- the First Effective Date of Rent Increase in this order, plus
- the number of years for the weighted useful life for capital expenditures for the unit (set out in Schedule 3).

Example:
If the first effective date of increase in this order is April 1, 2021 and the weighted useful life for capital expenditures is 10 years, then the rent will be reduced on March 31, 2031.

B. Amount of Rent Reduction

If the Tenant's rent is increased by the total percentage increase set out in this order then:
The rent must be reduced by the total percentage increase set out in this order for capital expenditures.

If the Tenant's rent is *not* increased by the total percentage increase set out in this order then:
The rent must be reduced by an amount determined in accordance with the prescribed rules which may be equal to or less than the total percentage increase set out in this order for capital expenditures.