



**Order under Section 126
Residential Tenancies Act, 2006**

Citation: Lambovitch v Legace, 2026 ONLTB 27903

Date: 2026-04-08

File Number: LTB-L-023325-24

In the matter of: Unit 1 and Unit 3, 20 Norman Avenue, Capreol,
Ontario, P0M 1H0

Between: Bonnie Lambovitch Landlord

And

Legace, Sophie Tenants
Tremblay, Shane

Bonnie Lambovitch (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.

This application was resolved by a written hearing. No submissions were received from the Tenants.

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 April 3, 2023 to October 3, 2024.
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.

Capital Expenditure

9. The Landlord justified a rent increase above the guideline because of capital expenditures.
10. The Landlord's evidence justifies a rent increase above the guideline of 5.47%, because of capital expenditures. However, pursuant to subsection 126(11) of the Act, the maximum permitted rent increase above the guideline because of capital expenditures in any year is 3.0%. As a result, the rent increase justified in this Application may be taken as follows: 3.0% in the first year, 2.47% in the second year. These increases are in addition to the annual guideline rent increase.
11. The Landlord's application is for the following capital expenditures:
 - a. Total Bathroom Renovation (Apt #1)
 - b. Replace Windows and Door (Apt #1)
 - c. Total Apartment Renovation (Apt #3)

Capital Expenditure #1: Total Bathroom Renovation (Apt 1)

12. The Landlord submits that the total bathroom renovation was necessary to promote energy and water conservation. The scope of work involved the bathroom renovation of Apartment #1. The Landlord submits that this item is "eligible" under subsection 126(7)(e) as it promotes energy and water conservation. The cost claimed in this capital expenditure is \$5,465.56.

Landlord's Labour

13. The Landlord has indicated that a portion of the work for this capital expenditure was performed by the Landlord at a rate of \$25.00/hr for 28 hours for a total of \$700.00. Pursuant to O.Reg 516/06 subsection 26(3):

The value of the landlord's own labour in carrying out the work involved in the capital expenditure is equal to the amount of time spent multiplied by a rate of pay that is reasonable given the landlord's experience and skill in the type of work done.

14. I'm satisfied that the Landlord has specified a reasonable rate of pay and duration.

Units Affected

15. The rules set out in subsection 26 of the O. Reg. 516/06 apply to the Board in making findings relating to capital expenditures. Subsection 26(6) states:

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]

16. As the work was limited in scope to Apartment #1, I find that Apartment #2, and #3, were not affected by the project. As such, the entire cost should be borne by Apartment #1.

17. For the benefit of the Tenants in Apartment #1, I note that given the ruling that the costs associated with this project must be borne solely by those Tenants, the Landlord's evidence may justify a higher increase than the amount set out in the Notice of Hearing Package (Tenant Guide). For the purpose of clarity, regardless of whether the Landlord's evidence supports a higher amount, the allowable above guideline increase is limited to the lesser of either the percentage ordered in this decision, or the amount stated in the Notices of Rent Increases (N1 Notices) served to the Tenants related to this application.

18. Accordingly, I am satisfied that the bathroom renovation meets the definition of capital expenditure contained in subsection 18(1) of the O. Reg 516/06 as it was a significant repair, the expected benefit of which extends for at least five years. It also meets the test for eligibility under subsection 126(7)(e) as it promotes energy and water conservation.

19. The cost of this capital expenditure is \$5,465.56.

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

Capital Expenditure #2: Replace Windows and Door (Apt #1)

21. The Landlord submits that the window and door replacement in Apartment #1 was necessary to promote energy conservation. The scope of work involved replacing seven windows and one door in Apartment #1. The Landlord submits that this item is "eligible" under subsection 126(7)(e) as it promotes energy conservation. The cost claimed in this capital expenditure is \$5,178.08.

18-Month Window

22. On August 28, 2025, the Board issued a deficiency letter notifying the Landlord that the completion dates of Capital Expenditure #2: Replace Windows and Door

(Apt #1), and Capital Expenditure #3: Total Apartment Renovation (Apt #3), fall outside of the 18-month window. This is important given the wording of subsection 26(2) of O. Reg. 516/06 which states:

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 to in the application. [Emphasis Added]

23. The Landlord's application indicates that the first effective date of the proposed rent increase is January 1, 2025. The date that is ninety days prior to the first effective date in this application is October 3, 2024. As a result, the capital expenditures must have been physically completed during the period of April 3, 2023 and October 3, 2024. Given the Landlord's submission that Capital Expenditure #2 and #3 were completed on February 15, 2020 and December 6, 2020 respectively, the completion dates were more than two years prior to the eligible 18-month window. The Board requested a written justification as to why these costs meet the eligible criteria under the legislation.
24. The Landlord, in its reply, submits that they were "unaware of the 18-month submission deadline [and] wanted to make one submission cost for all work done".
25. While I appreciate that the Landlord's position, the Board is a creature of statute charged with applying the law as written. As set out above, the question for the Board to consider is whether the work was physically completed within the eligible 18-month period set out in the application. Furthermore, where a landlord seeks to submit multiple items as one project, the evidence must demonstrate that all work forms a single, distinct project rather than separate projects. In other words, while a project may begin before the 18-month window, any work completed beforehand must form part of the same overall project.
26. The invoice submitted in support of this Capital Expenditure was issued by "Paul Prevost" on December 19, 2019, describing the work as "7 window purchase & installation and 1 door", with payment recorded on December 20, 2019. As noted above, the Act is clear that the completion date is based on the date the project is physically completed. Given that the invoice included "purchase & installation", and the Landlord has provided no evidence suggesting a later completion date, I find, on a balance of probabilities, that the window and door replacement was completed in late 2019 or early 2020. Furthermore, given the more than three-year gap between this work and Capital Expenditure #1: Total Bathroom Renovation (Apt 1), I find that the window and door replacement is a distinct and separate project and will be treated as such.

27. Based on the evidence before me, I'm not satisfied the Landlord has on the balance of probabilities established that the window and door replacement was completed during the 18-month period ending 90 days before the effective date of the first intended rent increase as required by operation of ss. 26(2) of the O. Regs 516/06. Accordingly, this portion of the application is denied.

Capital Expenditure #3: Total Apartment Renovation (Apt #3)

28. The Landlord submits that the total apartment renovation was necessary to promote energy and water conservation. The scope of work involved new drywall, cupboards, flooring and a bathroom renovation of Apartment #3. The Landlord submits that this item is "eligible" under subsection 126(7)(e) as it promotes energy and water conservation. The cost claimed in this capital expenditure is \$8,859.10.

18-Month Window

29. As above, the Landlord's application indicates that this project was completed on December 6, 2020, more than two years prior to the start of the 18-month window.
30. The invoices submitted in support of this claim are from ABS Plumbing, Lowe's, and Home Hardware. The invoice dates are all between October 1, 2020 and November 9, 2020.
31. Having considered the scope of work, the dates of the submitted invoices, and the two-year time gap between the total renovation for Apartment #3 and Capital Expenditure #1: Total Bathroom Renovation (Apt 1), I find that the work associated with this capital expenditure is a distinct and separate project, and on the balance of probabilities, was likely completed in late 2020 or early 2021.
32. Accordingly, based on the evidence before me, I'm not satisfied the Landlord has on the balance of probabilities established that the total apartment renovation was completed during the 18-month period ending 90 days before the effective date of the first intended rent increase as required by operation of ss. 26(2) of the O. Regs 516/06. Accordingly, this portion of the application is denied.

Municipal Taxes and Charges

33. The Landlord justified a rent increase above the guideline because of an extraordinary increase in the cost for municipal taxes and charges.
34. The maximum rent increase above the guideline because of an extraordinary increase in the cost for municipal taxes and charges is 0.08%. This increase is to be taken in the first year.

35. Pursuant to s.126(1) of the Act, a landlord may apply to the Board for an order permitting the rent charged to be increased by more than the guideline for any or all of the rental units in a residential complex where there is an extraordinary increase in the cost for municipal taxes for the residential complex.
36. An “extraordinary increase” in municipal taxes occurs when the increase from the reference year to the base year is greater than the annual rent increase guideline plus 50 per cent of the guideline. (See s. 28(1) of O. Reg 516/06 under the Act)
37. Pursuant to s. 19(1) of O. Reg 516/06, in this application 2023 is the “base year” and 2022 is the “reference year”. The Landlord’s evidence establishes that the municipal taxes in 2022 were \$2,435.55, and in 2023 they were \$2,553.81. This represents an increase of \$188.26. Expressed as a percentage this is an increase of 4.86%.
38. Pursuant to s. 28(2) of O. Reg 516/06, the guideline in effect when the first effective date for the rent increase is to occur is used to determine if the increase is extraordinary”. The first effective date on the Landlords’ application is January 1, 2025. The annual guideline in 2025 was 2.5%.
39. The 2025 guideline plus 50% is 3.75%. The increase in the Landlord’s municipal taxes and charges was 4.86%. As the increase in municipal taxes that occurred between 2022 and 2023 was greater than 3.75%, it meets the definition of an “extraordinary increase” in s. 28(1) O. Reg 516/06. This means Landlord is entitled to an above guideline rent increase for municipal taxes.
40. The formula for calculating the actual above guideline rent increase the Landlord is entitled to is set out in Section 29 of O. Reg 516/06. The relevant parts of s. 29 read as follows:
1. Adjust the reference year costs for municipal taxes and charges by the guideline plus 50 per cent of the guideline determined in accordance with subsection 28 (2).
 5. Subtract the reference year costs for municipal taxes and charges, as adjusted under paragraph 1, from the base year costs for municipal taxes and charges, as adjusted under paragraphs 2, 3 and 4.
 6. Multiply the amount determined in paragraph 5 by the factor determined under section 21.
41. Subparagraph 29(2)6 above refers to a “factor” determined under s. 21. The s. 21 factor is determined by dividing the total rents for the rental units in the residential complex that are subject to the application and are affected by the operating cost by the total rents of the rental units in the residential complex.

42. Applying this formula to the facts before me, the rent increase above the guideline because of an extraordinary increase in the cost for municipal taxes and charges is 0.08%.

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 1.
2. The percentage increase set out in Schedule 1 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 120 days of the date of this order.

April 16, 2026
Date Issued

Andrew Laurich
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 2 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 - Ordered Rent Increase Above the Guideline**First Effective Date of Rent Increase in this Order is January 1, 2025**

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.

Rental Unit Address Name	Period of January 1, 2025 to December 31, 2025			Period of January 1, 2026 to December 31, 2026			
	% inc for Taxes	% inc for Cap Exp (Max 3%)	Total Increase (Excludes Guideline)	% inc for Cap Exp (Max 3%)	Total Increase (Excludes Guideline)	Weighted Useful Life	Total % for Cap Exp
1, 20 Norman Avenue	0.08%	3.00%	3.08%	2.47%	2.47%	15	5.47%
3, 20 Norman Avenue	0.08%	0.00%	0.08%	0.00%	0.00%	0	0.00%

Schedule 2 - 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 2025 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 this order).

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 2025 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 this order).

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.