



Order under Section 135 Residential Tenancies Act, 2006

Citation: Watson v McKnight, 2026 ONLTB 34397

Date: 2026-04-30

File Number: LTB-T-076297-25

In the matter of: 118 MOJAVE CRES
STITTSVILLE ON K2S0H3

Between: Maria Watson Tenant

And

Jennifer McKnight Landlord

Maria Watson (the 'Tenant') applied for an order determining that Jennifer McKnight (the 'Landlord') collected or retained money illegally.

This application was heard by videoconference on March 25, 2026.

The Landlord and the Tenant attended the hearing.

Determinations:

1. As explained below, the Tenant proved some of the allegations contained in the application on a balance of probabilities. Therefore, the Landlord must pay to the Tenant \$748.00 on or before May 11, 2026.

Illegal Rent Collected

2. The Tenant's rent was \$2,500.00 until August 31, 2024. On September 1, 2024, the Tenant began paying \$2,600.00 as a result of conversations with the Landlord about purchasing the rental unit.
3. The Tenant paid rent of \$2,600.00 between September 1, 2024, and April 30, 2025.
4. The Tenant's position is that that they asked the Landlord whether some additional compensation would assist them during in the purchase negotiations.
5. The Landlord's position is that there were no rent increases requested since 2022, and the \$100.00 increase in rent was offered by the Tenant to facilitate or incentivize the discussions surrounding the sale of the property to the Tenant.

6. Communication between the parties submitted at the hearing consistently refers to the additional \$100.00 as a rent increase.

Analysis

7. The discussions surrounding the rent increase were in the context of negotiating an agreement of purchase and sale however, the rent increase directly relates to the tenancy and the amount of rent being paid by the Tenant.
8. Section 168 of the Act gives the Board exclusive jurisdiction to determine all applications under this act and to all matters for which jurisdiction is conferred by the Act:

(2) The Board has exclusive jurisdiction to determine all applications under this Act and with respect to all matters in which jurisdiction is conferred on it by this Act.

9. Accordingly, the rent increase falls within the jurisdiction of the Board despite the surrounding discussions pertaining to the agreement of purchase and sale.

10. Section 116(1) of the Act provides:

116 (1) A landlord shall not increase the rent charged to a tenant for a rental unit without first giving the tenant at least 90 days written notice of the landlord's intention to do so.

11. The Act further sets out that an increase in rent is void if a landlord does not comply with section 116(1):

(4) An increase in rent is void if the landlord has not given the notice required by this section, and the landlord must give a new notice before the landlord can take the increase.

12. A rent increase that would otherwise be void is deemed not to be void if the Tenant paid the increased rent for a period of at least 12 consecutive months pursuant to section 135.1(1):

135.1 (1) An increase in rent that would otherwise be void under subsection 116 (4) is deemed not to be void if the tenant has paid the increased rent in respect of each rental period for at least 12 consecutive months.

13. When considering section 135.1(2) the Tenant did not make an application challenging the rent increase within one year after the increase was first charged and therefore, subsection 135.1(1) applies.
14. Since the Tenant did not pay the increase for 12 consecutive months pursuant to section 135.1(1), the rent increase is void and the Landlord collected funds in contravention of the Act.
15. Section 135(4) of the Act sets a one-year limitation for the Tenant to bring an application pursuant to section 135:

(4) No order shall be made under this section with respect to an application filed more than one year after the person collected or retained money in contravention of this Act or the Tenant Protection Act, 1997.

16. The Tenant's application was filed on September 11, 2025, and the illegal rent increase began on September 1, 2024. Accordingly, the unlawful increase taken for the month of September 2024, exceeds the one-year limitation period set out in the Act however, the subsequent months of October 2024 up to April 2025 are within the one-year time period.
17. Therefore, the Landlord shall pay to the Tenant \$700.00 which represents the unlawful rent increase of \$100.00 per month between October 2024 and April 2025.

Illegal Charge Collected

18. At the hearing, the Tenant requested to withdraw this allegation from consideration. No determination is made in relation to an illegal charge collected.

Compensation for N12 or N13 Notice Owing

19. The Tenant acknowledged that the Landlord did not serve an N12 notice to terminate the tenancy. The tenancy terminated in accordance with an N11 agreement to terminate signed by the parties.
20. The Tenant testified that the Landlord asked her to move out because she was selling the property. The Tenant's position is that the Landlord expressed the need to sell the property on August 5, 2024, and the Tenant told the Landlord they would be ending their tenancy with the expectation that they would be receiving one month's rent as compensation.
21. An e-mail exchange between the parties on March 7, 2025, shows the Tenant rescinding the offer to purchase and asks the Landlord about their "ideal moving date". The Landlord replies on March 8, 2025, inquiring as to whether the Tenant intends to move out if the Landlord sells the property.
22. The Tenant sends an e-mail on March 9, 2025, stating the following:

"Just thinking about what is probably best. Let's set a clear move out date – does May 30th work?"

23. The Landlord follows up with another e-mail on March 10, 2025, and suggests that the purchaser may want to keep the Tenant as a renter after the property sells.
24. Other decisions of the Board have determined that a formal N12 notice in the Board's prescribed form does not need to be served to constitute a notice of termination for the purpose of section 48 and 49 of the Act (TET-94108-18, TET-84356-17, TST-81826-17).
25. The conversations between the parties show the Landlord inquiring about the Tenant's intention to remain in the rental unit, and it is the Tenant who voluntarily proposes a termination date. The Tenant's conversations with the Landlord do not show that the Landlord asked the Tenant to vacate the rental unit because a purchaser requires the rental unit for their own personal use.

26. In the present case, the conversations and e-mails between the parties do not constitute an N12 notice for purchaser's own use. Accordingly, I do not find that the Landlord gave the Tenant a notice of termination under section 49 of the *Residential Tenancies Act, 2006* (the 'Act') that would engage the provisions of section 49.1 to require compensation be paid.

Proceeds From Sale of Property Owing

27. The Tenant testified that they worked with the Landlord to erect a fence on the property and the Tenant paid for the fence. The Tenant's position is that the cost of the fence was to be given consideration during the negotiations for the Tenant to purchase the rental unit.
28. The Tenant gave evidence that during their purchase negotiations the Landlord agreed to credit \$5,000.00 towards the purchase price of the rental unit as payment for the cost of the fence and other work performed by the Tenant at the property.
29. The Landlord denies being responsible for the cost of the fence testifying that she never agreed to pay for the fence and any discussions about compensation for the fence arose during the negotiations of the agreement of purchase and sale with the Tenant.
30. The consideration of \$5,000.00 formed separate discussions between the parties in relation to the purchase of the rental unit. The ability of a tenant to file an application for compensation in relation to the sale of personal property is set out in section 41 of the Act:
- 41** (1) A landlord may sell, retain for the landlord's own use or otherwise dispose of property in a rental unit or the residential complex if the rental unit has been vacated in accordance with,
- (a) a notice of termination of the landlord or the tenant;
- (b) an agreement between the landlord and the tenant to terminate the tenancy;
- (c) subsection 93 (2); or
- (d) an order of the Board terminating the tenancy or evicting the tenant.
- [Emphasis added]
31. The evidence before me is that the fence was erected at the Tenant's request to ensure their pets were contained. There was no prior agreement for the Landlord to pay for the fence, and the discussions relating to compensation for the fence only arose in relation to the purchase of rental unit, which was not completed.
32. The fence was a fixture installed by the Tenant, at their own expense, with no prior agreement for compensation until the parties' negotiations surrounding the agreement of purchase and sale. Accordingly, I find I do not have jurisdiction in relation to the parties' agreement of purchase and sale, nor any amounts agreed to be paid pursuant to that agreement, which includes the fence.

It is ordered that:

1. The total amount the Landlord shall pay the Tenant is \$748.00. This amount represents:
 - \$700.00 for excess rent collected.
 - \$48.00 for the cost of filing the application.
2. The Landlord shall pay the Tenant the full amount owing by May 11, 2026.
3. If the Landlord does not pay the Tenant the full amount owing by May 11, 2026, the Landlord will owe interest. This will be simple interest calculated from May 12, 2026 at 4.00% annually on the balance outstanding.
4. The Tenant has the right, at any time, to collect the full amount owing or any balance outstanding under this order.

April 30, 2026
Date Issued

Kyle McGraw
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.