



Order under Section 126 Residential Tenancies Act, 2006

Citation: Interrent International Properties Inc. v Won, 2026 ONLTB 37229

File Number: LTB-L-078097-23

In the matter of: 527 Gordon Avenue, London, Ontario, N6J 4A9

Between: Interrent International Properties Inc. Landlord

and

Refer to attached Schedule 2 Tenants

Interrent International Properties 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 October 2, 2025. The Parties were unable to resolve the issues and this application was directed to a written merits hearing.

This application was resolved by a written hearing. The Board received submissions from the Tenant Hali Salad. A reply to the Tenant submissions was received from the Landlord.

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,

- (a) access for persons with disabilities;
- (b) energy or water conservation; or
- (c) security of the residential complex or part of it.

The 18-Month Window

2. 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, 2022 to October 3, 2023.
3. 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

4. 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.
5. 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

6. The Landlord justified a rent increase above the guideline because of capital expenditures.
7. The Landlord's evidence justifies a rent increase above the guideline of 6.70%, 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 3.00%. As a result, the rent increase justified in this Application may be taken as follows: 3.00% in the first year, 3.00% in the second year, and 0.70% in the third year. These increases are in addition to the annual guideline rent increase.
8. The Landlord's application is for the following capital expenditures:
 - (a) Elevator Modernization;
 - (b) Mechanical Upgrades; and
 - (c) Fire Alarm Control Panel.

Capital Expenditure #1 – Elevator Modernization

9. The Landlord submits that it was necessary to ensure reliability and safety of the building occupants. In support of the need to modernize the Landlord submitted into evidence the Conveying System Review prepared by Rooney, Irving & Associates Ltd. in September 2016 which states in part:

The machines are original and are now obsolete technology. The life expectancy of this equipment was assessed at about 25 - 30 years. These elevator machines have surpassed their life expectancy at approximately 37 years. Replacement parts availability continue to decrease. The relay logic controllers, and positioning system, is older technology and is becoming increasingly obsolete. We recommend serious consideration and budgeting for a full modernization over the next one to two years.

10. The scope of the work based on the evidence includes the following:
 - (a) Replace hoist motors, VVVF drive, controllers including rope brakes;
 - (b) Install new computerized solid-state equipment;
 - (c) New cab interior and lighting;
 - (d) Install in-car emergency lighting;
 - (e) Hands free in-car emergency communication;
 - (f) Install equipment guard in elevator machine room;
 - (g) Machine room air conditioning; and
 - (h) Install roof access walkway.

11. The Landlord submits that the work was “eligible” because it was necessary to maintain the provision of the mechanical conveying system and because it maintains or improves the security of the residential complex.
12. Based on the uncontested evidence, I am satisfied the elevator modernization project meets the definition of capital expenditure contained in s.18(1) of the O. Reg. 516/06 as it was a significant replacement, the expected benefit of which extends for at least five years. It also meets the test for eligibility under subsection 126(7)(c) of the *Act* because it was necessary to maintain the provision of a mechanical system.
13. The cost of this capital expenditure is \$385,293.60.
14. The useful life for this item is 15 years.

Capital Expenditure #2 - Mechanical Upgrades

15. The Landlord submits that the boiler and make-up air unit replacements were necessary as they were at the end of their useful life. The items were replaced with more energy-efficient models.
16. The scope of the work for the mechanical system upgrade involved the removal of the old boilers and the installation of two 1 million BTU high efficiency condensing water boilers and two 400,000 BTU gas fired make up air units (which provides fresh air to the hallways in the complex). In addition, a new building automation system to optimize mechanical equipment performance of the new boilers was also installed.
17. The Landlord submits that the mechanical system upgrade 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, and under s. 126(7)(e) of the *Act* because it promotes energy conservation.
18. I am satisfied that the mechanical system upgrade work completed 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 repair and replacement, the expected benefit of which extends for at least five years. Further, I am satisfied that 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, and under s. 126(7)(e) of the *Act* because it promotes energy conservation.
19. The application reflects that the Landlord did not receive any rebates or government grants for this capital expenditure.
20. Therefore, the cost of this capital expenditure is \$283,091.00.

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

Capital Expenditure #3 - Fire Alarm Control Panel

22. The Landlord submits that the work was necessary due to the age of the existing fire alarm control panel required upgrades because of the elevator modernization project.

23. The scope of the project involved the supply and installation of a new fire alarm control panel in the residential complex. In addition, the Landlord retained the services of Garda Security which was required to maintain a fire watch in the building while the new panel was being installed.

24. The Landlord submits that the building automation system is “eligible” under s. 126(7)(f) of the *Act* because it maintains and improves the security of the residential complex.

25. I am satisfied that the building installation of the fire alarm control panel completed 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, I am satisfied that capital expenditure work is eligible under s. 126(7)(f) of the *Act* it maintains and improves the security of the residential complex.

26. The cost claimed for this item is \$24,866.51.

27. The useful life for this capital expenditure is 15 years.

28. The weighted useful life for all the capital expenditures is 15 years.

Written Submissions

Financial Hardship

29. Tenant Hali Salad raises issues regarding the affordability and financial impact of any above guideline increase awarded given the current economic climate which makes it especially difficult for Tenants to absorb unexpected and significant rent increases.

30. While I appreciate the increase in rent may be of great concern to the Tenant, 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. However pursuant to subsection 205(2) of the *Act*, where the Board makes an order for a rent increase above the guideline and that order is made more than three months after the first effective date of a rent increase, the Board may permit a tenant to pay the landlord the amount owing in monthly instalments.

31. Given the facts presented by the Tenant, and the percentage of rent increase above the guideline, I find it appropriate to allow the parties 120 days to pay to the other any sum of money that is owed as a result of this order. 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 to do so.

General

32. The first effective date of the rent increase above the guideline is January 1, 2024.

It is Ordered that:

1. The Landlord may increase the rents charged by 6.70% for the units set out in Schedule 1.
2. The percentage increase set out in paragraph 1 is to be taken as follows:
 - a. The Landlord may increase the rents charged by 3.00% within the time period of January 1, 2024 to December 31, 2024; and
 - b. The Landlord may increase the rents charged by 3.00% within the time period of January 1, 2025 to December 31, 2025; and
 - c. The Landlord may increase the rents charged by 0.70% within the time period of January 1, 2026 to December 31, 2026.
3. The percentage increases set out in paragraph 1 may be taken in addition to the annual guidelines in effect on the increase dates for the unit.
4. 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.

May 13, 2026
Date Issued

Guy Savoie

Vice Chair, 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. Any part of the ordered increase that is not taken within the time period specified cannot be added to subsequent rent increases in subsequent time periods.
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 3 for information about the date and amount of the rent reduction.
4. The annual guideline for 2024 is 2.50%. for 2025 is 2.50%, and for 2026 is 2.10%.

Schedule 1 - Units affected by this Order:**527 Gordon Avenue, London, Ontario, N6J 4A9**

101	503
102	504
103	505
104	506
105	507
106	508
107	509
108	601
201	602
203	603
204	605
205	606
208	607
301	609
302	701
304	702
305	703
306	704
307	705
308	706
309	707
401	708
402	709
403	801
404	802
405	803
406	805
407	806
408	807
409	808
501	809

Schedule 2 - Tenants who are Affected by this Order:

Acevedo, Sindi Yurani Sanchez	Lauton, Mark
Ahn, Ilchan	Law, Ruth
Aljaneen, Zahrah Jewar Janeem	Lint, Abbigale
Almaili, Mashael	Lirette, Jordan
Al-Sudani, Suad, Mohammed	London Housing
Anjoli, Milja	Lopez, Andre
Arikan, Pervin	Lubo Franco, Nataly
Association, Alice Saddy	Mallory, Diane
Association, Alice Saddy	Manser, Marcus
Bakr, Achment vasileious	Martes, Carlos
Bartlett, Alyssa	Masri, Mohamad El
Beer, Larissa	Matheson, Sarah Jane Ellen
Bowden, Bernie	Matte, Ronald K.
Bowden, Gloria	McBride, Raymond
Brier, Skylar,	McBride, Wendy
Brown, Dale	Mealey, Katie
Brown, Jessica	Mealey, Scott
CMHA Middlesex	Mommahed, Miguel Rego
Cunningham, Neil	Montgomery, Arthur (Monte)
Dahleh, Mohamed Jihad	Morris, Maggie
Deslandes, Ella	Nino, Maria
Deslandes, Paul	Nooyen, Dalton
Donovan, Jody	Ortiz, Alvaro Ernesto Barrero
El Abed, Khoder	Palomo, Walter Cespedes
Fadhil, Al-Shumoos	Payne, Mickayla-Rae
Fadhil, Kawther	Portillo, Alexis
Forest, Julie	Quelch, Eric
Fralick, Breanne	Reed, Robert
Fraser, Daniel	Renaud, Darlyne Flora
Gul, Gonca	Reyes Ramirez, Jorge
Hague, Sean	Romano, Melissa
Hall, Graham	Salad, Hali
Hamad, Mayada	Shakir, Hakam
Hannan, Fidan	Sihandsi, Candri
Harrison, Carol	Taylor, Jeff
Hartley-Cox, Michael	vanHeerwaarden, Jake
Jamina, Vladimir	Villebrun, Adam
Jang, Sunock	Vukailovic, Nada
Kanema, Clemence	Walcott, Julien
Karst, William	Whitton, Felicia
Kerr, Ashford	Wilson, Kristina
Kingston, Jennifer	Won, Pyong
Kiss, Mark	Won, Young Hee
Kurniawan, Eko	Zero, Maryana Munther Gorgees

Schedule 3 - Ordered Rent Increase Above the Guideline

First Effective Date of Rent Increase in this Order is January 1, 2024

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.

Schedule 3 - Rent Reduction related to Capital Expenditures

A. Date of Rent Reduction

If the Tenant's rent is increased based on capital expenditures during 2024 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 the 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 2024 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 the 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.