



Order under Section 135 Residential Tenancies Act, 2006

File Number: LTB-T-100179-25

In the matter of: 532, 525 Adelaide Street West
Toronto ON M5V0N7

Between: Danny Gorny Tenant

And

Central REIT Acquisition Corporation Landlord

Danny Gorny (the 'Tenant') applied for an order determining that Central REIT Acquisition Corporation (the 'Landlord') collected or retained money illegally.

This application was heard by videoconference on May 7, 2026.

The Landlord's Legal Representative, Bryan Rubin, and the Tenant attended the hearing.

Determinations:

1. As explained below, the Tenant did prove the allegations contained in the application on a balance of probabilities. Therefore, the Landlord must pay the Tenant \$3,880.08.

Illegal Rent Collected:

2. The Tenant alleged that the Landlord had illegally collected rent in excess of the amount allowed by the *Residential Tenancies Act, 2006* (the 'Act') from December 1, 2024 to November 27, 2025.
3. The Tenant testified that he moved into the rental unit on May 1, 2021 pursuant to a short term rental agreement, and in November 2021 he signed a "rent-to-own" agreement where the rent was \$2,110.66 per month, and every month \$50.00 would go towards equity in the property. The Tenant then testified he was notified by email on September 27, 2024 that as of December 1, 2024 his rent would be \$2,430.00. The Tenant also testified that he never received an N1 notice of rent increase. The Tenant testified that from December 1, 2024, his rent increased to \$2,430.00, and that he filed his T1 application on November 27, 2025, which was within one year of the increase being first charged,
4. The Landlord's Legal Representative testified that as this was a rent-to-own agreement and the Tenant's intention was to eventually own the property, this could not be a tenancy agreement. When asked how much each monthly payment went towards the total equity in

the property, the Landlord's Legal Representative did not know. The Tenant submitted as evidence the rent-to-own agreement which shows that equity was accumulating at \$50.00 per month, and that as of September 2025 when the Landlord asked him to sign a new lease, emails demonstrate that the total equity was \$20,025.00.

5. The Landlord also submitted that the Tenant had paid the rent increase for 12 consecutive months, and so the lawful rent became \$2,430.00 pursuant to section 136(1) of the Act. However, the Landlord cannot rely upon section 136 because of the Ontario Court of Appeal's reasoning in *Price v. Turnbull's Grove*, 2007 ONCA 408, which held that section 136(1) does not apply if the landlord fails to serve a notice of rent increase.
6. In any event, section 136(1) of the Act does not apply because the Tenant filed their T1 application challenging the lawfulness of the rent increase on November 27, 2025, 2025, which is within one year from December 1, 2024, the date the unlawful rent increase was first "charged". As a result, neither section 136(1) nor 136(2) would apply due to their terms:

136 (1) Rent charged one or more years earlier shall be deemed to be lawful rent unless an application has been made within one year after the date that amount was first charged and the lawfulness of the rent charged is in issue in the application. 2006, c. 17, s. 136 (1).

(2) An increase in rent shall be deemed to be lawful unless an application has been made within one year after the date the increase was first charged and the lawfulness of the rent increase is in issue in the application. [Emphasis added]

7. While the Tenant testified he paid the 12 consecutive months of the unlawful rent, just like the deeming provisions in section 136, section 135.1(1) of the Act would not apply because section 135.1(2) states as follows:

135.1 (2) Subsection (1) does not apply with respect to an increase in rent if the tenant has, within one year after the date the increase was first charged, made an application in which the validity of the rent increase is in issue. [Emphasis added]

8. As noted above, the Tenant filed their T1 application challenging the lawfulness of the rent increase on November 27, 2025, which was within one year of the date that the unlawful increase was first charged (December 1, 2024). As a result, neither section 136 nor 135.1 deem the increase as lawful.
9. I find that while this originally was a rent-to-own agreement, the Tenant is a tenant pursuant to the definition of the Act and this was a tenancy agreement, therefore the Landlord was only allowed to increase rent pursuant to an N1 notice of rent increase and pursuant to the guideline. As such, I am satisfied that the Tenant has established on a balance of probabilities that the Landlord did not service an N1 notice, and that the Landlord's rent increase was above the 2.5% guideline. Therefore, the Landlord did collect rent in excess of the amount allowed by the Act.

It is ordered that:

1. The total amount the Landlord shall pay the Tenant is \$3,880.08. This amount represents:
 - \$3,832.08 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 June 2, 2026.
3. If the Landlord does not pay the Tenant the full amount owing by June 2, 2026, the Landlord will owe interest. This will be simple interest calculated from June 3, 2026 at 4.00% annually on the balance outstanding.
4. If the Landlord does not pay the Tenant the full amount owing by June 2, 2026, the Tenant may recover this amount by deducting \$646.68 from the rent each month from July 1, 2026 to December 31, 2026.
5. The Tenant has the right, at any time, to collect the full amount owing or any balance outstanding under this order.

May 22, 2026
Date Issued

Allana McComb
Member, Landlord and Tenant Board

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