



Order under Section 126 Residential Tenancies Act, 2006

Citation: Aloise v Carrigan, 2026 ONLTB 39155

Date: 2026-05-19

File Number: LTB-L-029434-23

In the matter of: 308, 50 Munroe Street, Cobourg, Ontario, K9A 1C1

Between: Michael Aloise
938372 Ont Ltd.

Landlord

And

Corrie Carrigan

Tenant

Michael Aloise and 938372 Ont Ltd. (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 Tenant.

A case management hearing was heard on October 6, 2025, but the sole Tenant subject to this application did not attend. The file was then directed to a written merits hearing. No submissions have been received from the Tenant.

The Board issued three deficiency letters to the Landlord. The first was sent on May 13, 2025. It asked the Landlord to file a Schedule of Parties and a Rent Unit Information form and notified the Landlord that the application may not have been filed on time. The Landlord filed the documents listed in the first deficiency letter but did not resolve the filing issue. The second deficiency letter of August 14, 2025 returned to the issue of whether the application had been filed on time, as follows:

Based on the amended first effective date (FED) of May 1, 2023 that you have chosen, your application was not filed on time. Pursuant to section 126(3) of the RTA, an application for a rent increase above the guideline shall be made at least 90 days before the effective date of the first intended rent increase referred to in the application.

In response to the Board's second deficiency letter, the Landlord filed a Request to Shorten Time to file an Application for Rent Increase Above the Guideline dated August 20, 2025. The Board approved the request by Member Endorsement dated August 25, 2025.

The Board sent a third deficiency letter on November 19, 2025. It allowed the Landlord until December 4, 2025 to address the following issue:

The Board was unable to reconcile the payment dates from the evidence provided. You must provide the Board with evidence of payment for each capital expenditure claimed. Evidence of payment is typically provided in the form of copies of cashed cheques, official bank statements identifying the name of the supplier and date paid, zero dollar balances on invoices, or letters from the supplier which identify the date the balance was paid.

The Landlord filed various documents in response to this deficiency letter, which will be addressed below in relation to the merits of this application.

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 July 31, 2021 to January 31, 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.

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 6.24%, 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 0.24% in the third year. These increases are in addition to the annual guideline rent increase.

11. The Landlord's application is for a single capital expenditure:
- a. Capital Expenditure #1 – Replace Gas Furnace and AC Unit.

Capital Expenditure #1 – Replace Gas Furnace and AC Unit

12. This capital expenditure relates to the replacement of a gas furnace and AC unit at 50 Munroe Street, Cobourg, Ontario (the "Residential Complex"). The work involved in this capital expenditure was only carried out in Unit 308 of the Residential Complex. The Landlord justifies this capital expenditure under subsection 126(7)(c) of the Act as it was necessary to maintain the provision of a heating, ventilation and air conditioning system. The Landlord explains the project's reason and scope in Schedule 2(c) of the application where it is alleged the "previous furnace and AC unit stopped working". The Landlord claims a total cost of \$9,605.00.
13. The Landlord filed invoice #12518 from Gerald Davidson Plumbing & Heating Limited dated July 22, 2022 for work valued at \$9,605.00 and described as follows:
- Supplied and Installed:*
- *Payne Hi Efficient Natural Gas Furnace
Model PG95ESAA30026A Ser#2622A48066*
 - *Comfortaire Horizontal Air Conditioner Condenser 14SEER
Model CMA1412SG-0 "'A' Coil CDP18114P/Ser#7122C51825*
- complete as per quote.*
14. In answer to the deficiency letter of November 19, 2025, the Landlord clarified the proof of payment for this project. More specifically, the Board was provided with a copy of the invoice #12518 from Gerald Davidson Plumbing & Heating Limited with a handwritten inscription confirming payments of \$3,000.00 on August 7, 15 and 18 of 2022, and a final payment of \$605.00 on September 5, 2022. The Landlord also includes receipts for three electronic payments of \$3,000.00 for the dates in August 2022. The final payment was made by e-transfer in the amount \$2,084.33 under reference number "Cas8Maba". This e-transfer is made in payment of invoice #12518 and two other invoices that are not relevant to this application. Having reviewed this material, I am satisfied that the Landlord has proved payment of the full amount of Capital Expenditure #1 as required in the Act and Regulations.

15. As noted above, invoice #12518 states that the work was completed “as per quote”. The Landlord did not file a copy of this quote in evidence. However, the application claims that this work was necessary to replace a failed furnace and air conditioning unit. The description of work in invoice #12518 is consistent with this purpose. This assertion was not disputed by the Tenant of Unit 308. Therefore, I find that the evidence demonstrates that the Landlord paid \$9,605.000 to replace a furnace and air-conditioning unit in Unit 308 of the Residential Complex, and that this work was necessary to maintain the provision of a heating, ventilation or air conditioning system.

Useful Life

16. As set out above, if the expenditure meets the requirements set out in the Act and O. Reg. 516/06, then the Board must establish the useful life of the work done in order to calculate the allowable increase. The Landlord proposes a useful life for this project of 25 years but does not provide an explanation for this assertion. I note that line 13 of Table 13 (Mechanical) of the “Useful Life of Work Done or Things Purchased” (the ‘Schedule’) found at the end of O. Reg. 516/06 assigns a useful life of 25 years to “oil, gas, forced air furnace”. However, this project also involved the installation of a “Comfortaire Horizontal Air Conditioner Condenser”. The Schedule does not provide an obvious value for the useful life of this item. In these circumstances, the Board must determine a capital expenditure’s useful life in accordance with clause 27(1)(c) of the Regulation, which provides:

27. (1) ...

3. 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.

17. Several entries in Table 13 (Mechanical) refer to cooling appliances, including “central system - air conditioning” at line 6 with a useful life of 15 years, while “chiller” at line 7 and “cooling tower” at line 8 are both assigned a useful life of 25 years. The Landlord has specified a useful life of 25 years in the application. Having considered this evidence, I find it appropriate to assign a weighted useful life of 25 years for Capital Expenditure #1.

Conclusions for Capital Expenditure #1

18. In conclusion, I find that the replacement of a furnace and air-conditioning unit in Unit 308 of the Residential Complex by the Landlord meets the definition of capital expenditure contained in subsection 18(1) of O. Reg 516/06 as it constitutes a significant renovation, repair or replacement, the expected benefit of which extends for at least five years. It benefits only Unit 308 of the residential premises. The work is eligible under subsection 126(7)(c) as it was necessary to maintain the provision of a heating, ventilation or air conditioning system. I am also satisfied that the work related to this capital expenditure was completed within the 18-month period as set out in s. 26(2) of O. Reg. 516/06.

19. The project cost was \$9,605.00.

20. The weighted useful life for the capital expenditures is 25 years.

Consideration of Subsection 205(2) of the Act Regarding Affordability

21. The Tenant did not raise the issue of affordability, but the Board must consider its discretion under subsection 205(2) of the Act, which provides as follows:

205.(2) If the Board makes an order for a rent increase above the guideline and the order is made three months or more after the first effective date of a rent increase in the order, the Board may provide in the order that if a tenant owes any sum of money to the landlord as a result of the order, the tenant may pay the landlord the amount owing in monthly instalments.

22. This order is made more than three months after the first effective date of rent increase described in the application. Factors relevant to the Board's discretion under subsection 205(2) include the rate of the rent increase, the possible amounts of accumulated arrears and the Tenant's ability to pay. While the Board has no specific evidence about the Tenant's ability to pay the rent increase resulting from this order, I have considered the rate of increase, the length of time having passed since the first effective date and the rental information provided by the Landlord in the application. In these circumstances, I find it fair to allow the parties ninety (90) days to pay any amounts resulting from this order.

It is ordered that:

1. The Landlord may increase the rents charged by 6.24% for the unit set out in this order.
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 May 1, 2023 to April 30, 2024; and
 - b. The Landlord may increase the rents charged by 3.00% within the time period of May 1, 2024 to April 30, 2025; and
 - c. The Landlord may increase the rents charged by 0.24% within the time period of May 1, 2025 to April 30, 2026.
3. The percentage increase set out in paragraph 1 may be taken in addition to the annual guideline in effect on the increase date 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 90 days of the date of this order.

May 19, 2026
Date Issued

Andreas von Cramon
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 1 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 - 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 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 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 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.