



Order under Section 126 Residential Tenancies Act, 2006

Citation: Watson v McQuestion, 2026 ONLTB 46530

Date: 2026-06-17

File Number: LTB-L-092490-23

In the matter of: 520 Lonergan Boulevard, Timmins, Ontario, P4P 1C9
540 Lonergan Boulevard, Timmins, Ontario, P4P 1C9

Between: Greg Watson Landlord

and

Refer to attached Schedule 2 Tenants

Greg Watson (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,

- 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

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 May 3, 2022 to November 3, 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:

1. 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.
2. 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.
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.
4. 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 rent increase above the guideline because of capital expenditure is not the same for all of the affected units. The maximum rent increase above the guideline is **3.48%**, but the increase is lower for Tenants who have moved into their units more recently or who are not affected by some of the capital expenditures. See Schedule 3 for the unit specific increases.
11. The Landlord's application is for the following capital expenditures:
 - a. Exterior Doors; and
 - b. Exterior Siding (plywood) & Exterior Rigid Insulation.

Capital Expenditure #1 - Exterior Doors

12. The Landlord submits that the exterior door replacements were necessary as "the doors were at least 25 years old". The scope of the work involved replacing sixteen (16) exterior doors and associated work. The Landlord submits that this item is "eligible" under subsection 126(7)(a) because the work was necessary to protect or restore the physical integrity of the residential complex. The cost claimed in this capital expenditure is \$35,544.00.

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 \$35.00/hour for 64 hours for a total of \$2,240.00. Pursuant to O. Reg. 516/06 section 26(3):
 - (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 but,
 - (b) only that part of the value of the landlord's own labour that does not exceed the amount a person in the business of doing such work would charge shall be considered; and [emphasis added]
14. As per the Government of Canada's Labour Market Information, the prevailing wages for a contractor in the Northeast Region of Ontario ranged from \$25.64/hour at the low end, \$34.99/hour as a median, and \$50.28/hour at the high end (updated as of November, 2025). Given the range set out above, I find the Landlord's rate of \$35.00/hour a reasonable rate of pay and duration.

Arm's Length

15. In addition to the Landlord's own labour, the Landlord submits that the renovation work was performed by two employees of the Landlord's company. The Landlord states that one employee was paid \$1,262.00 per week, for a total of \$12,096.00, and the second employee was paid \$1,250.00 per week, for a total of \$4,032.00.

16. Where a portion of the cost claimed in a capital expenditure relates to employee wages, those wages are not paid at "arm's length". Subsection 25(1) of O. Reg. 516/06 applies to the Board in such situations and states that:

25. (1) If the landlord incurs a cost arising out of a transaction that is not an arm's length transaction, the Board shall consider only that part of the landlord's cost that is less than or equal to the costs that would arise from a similar market transaction.

(2) "arm's length" means the persons involved are not related persons;

"related person", where used to indicate a relationship with any person, includes,

(b) an employer or employee of such person,

17. Given that the payment for the two employees was not at "arm's length", the issue for the Board to determine is whether the Landlord's costs are less than or equal to the costs that would arise from a similar market transaction. Given that the Tenants have not contested the Landlord's submission, and having considered the cost, nature, and scope of the work, I am satisfied that the costs are equal to, or less than, what might arise from a similar market transaction.

18. Accordingly, I am satisfied the exterior door replacements meet the definition of capital expenditure contained in subsection 18(1) of 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)(a) as it is necessary to protect or restore the physical integrity of the residential complex.

19. The cost of this capital expenditure is \$35,544.00.

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

Capital Expenditure #2 - Exterior Siding (plywood) & Exterior Rigid Insulation

21. The Landlord submits that the exterior siding and rigid insulation project was necessary as "the siding was 25 years old", and the exterior insulation was added to conserve energy. The scope of work involved replacing exterior siding and adding rigid insulation. The Landlord submits that this item is "eligible" under subsection 126(7)(a) as it is necessary to protect or restore the physical integrity

of the residential complex or part of it and 126(7)(e) as it promotes energy conservation. The cost claimed in this capital expenditure is \$42,033.48.

Landlord's Labour and Arm's Length Transaction

22. As above, the Landlord has indicated that a portion of the work for this capital expenditure was performed by the Landlord at a rate of \$35.00/hour for 80 hours for a total of \$2,800.00. Similarly, two employees were paid \$6,840.00 and \$7,211.54 at the same weekly rate specified in Capital Expenditure #1.
23. I am satisfied the Landlord has specified a reasonable rate of pay, and while the payment for the two employees was not at "arm's length", I am satisfied that the costs are equal to, or less than, what might arise from a similar market transaction.
24. Based on the uncontested evidence, I am satisfied that the exterior siding and rigid insulation project meets the definition of capital expenditure contained in subsection 18(1) of O. Reg. 516/06 as it was a significant repair and replacement, the expected benefit of which extends for at least five years. It also meets the test for eligibility under subsection 126(7)(a) as it is necessary to protect or restore the physical integrity of the residential complex or part of it and 126(7)(e) as it promotes energy conservation.
25. The cost of this capital expenditure is \$42,033.48.
26. The useful life of this capital expenditure is 10 years.
27. The weighted useful life for the capital expenditures is as specified on Schedule 3.

General

28. The Certificates of Service filed by the Landlord on January 6, 2026, indicate that some rental units listed in the application were not served with the application and notice of hearing. The LTB shall therefore amend the application by removing these rental units. As a result, this order for a rent increase above the guideline under section 126 of the Act does not apply to the following units: 520 Lonergan Boulevard, Unit 4; and 540 Lonergan Boulevard, Units 11 and 13.
29. The first effective date of the rent increase above the guideline is February 1, 2024.

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 3.
2. The percentage increase set out in Schedule 3 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.

June 17, 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. 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 4 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:

520 Lonergan Boulevard, Timmins, Ontario, P4P 1C9

2 3 5 6

540 Lonergan Boulevard, Timmins, Ontario, P4P 1C9

9 10 12 14 15

Schedule 2 - Tenants who are Affected by this Order:

Gervais, Michelle
Hookimaw, Angel
Hunter, Kaitlyn
McQuestion, Claudette
Rickard, John
Savage, Vanessa
Spence, Theresa
Tremblay, Kathy
Wesley, Yionna

Schedule 3 - Ordered Rent Increase Above the Guideline**First Effective Date of Rent Increase in this Order is February 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.

	For the Period of February 1, 2024 to January 31, 2025		For the Period of February 1, 2025 to January 31, 2026			
Rental Unit Address	% 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
2, 520 Lonergan Boulevard	3.00%	3.00%	0.48%	0.48%	15	3.48%
3, 520 Lonergan Boulevard	3.00%	3.00%	0.48%	0.48%	15	3.48%
5, 520 Lonergan Boulevard	3.00%	3.00%	0.48%	0.48%	15	3.48%
6, 520 Lonergan Boulevard	3.00%	3.00%	0.48%	0.48%	15	3.48%
9, 540 Lonergan Boulevard	3.00%	3.00%	0.48%	0.48%	15	3.48%
10, 540 Lonergan Boulevard	0.00%	0.00%	0.00%	0.00%	0	0.00%
12, 540 Lonergan Boulevard	3.00%	3.00%	0.48%	0.48%	15	3.48%
14, 540 Lonergan Boulevard	3.00%	3.00%	0.48%	0.48%	15	3.48%
15, 540 Lonergan Boulevard	3.00%	3.00%	0.48%	0.48%	15	3.48%

Schedule 4 - 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 of February 1, 2024 to January 31, 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 Schedule 3).

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 of February 1, 2024 to January 31, 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 Schedule 3).

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.