



**Order under Section 69
Residential Tenancies Act, 2006**

File Number: LTB-L-014109-26

In the matter of: BASEMENT IN LAW SUITE,
302 TOLL GATE BLVD
WATERLOO ON N2L5H9

Between: Mohit Singh Verma Landlords
Bhola Singh Verma

and

Mohammad Adnan Sarwar
Farjana Sarwar

Tenants

Mohit Singh Verma and Bhola Singh Verma (the 'Landlords') applied for an order to terminate the tenancy and evict Mohammad Adnan Sarwar and Farjana Sarwar (the 'Tenants') because the Landlords requires possession of the rental unit in order to demolish the unit.

This application was heard by videoconference on April 16, 2026.

The Landlords and the Tenant, Mohammad Adnan Sarwar, attended the hearing.

Determinations:

1. As explained below, the Landlords have not proven on a balance of probabilities the grounds for termination of the tenancy in the application. Therefore, the application is dismissed.

N13 Notice of Termination - Demolition

2. The Tenants were in possession of the rental unit on the date the application was filed.
3. On February 10, 2026, the Landlords gave the Tenants an N13 notice with the termination date of June 30, 2026. The Landlords claim that vacant possession of the rental unit is required for demolition.
4. The Landlords state that they intend “to demolish the rental unit by decommissioning the basement rental unit so that it no longer exists as a separate dwelling unit.”

5. The notice provides:

6. The rental unit is a basement apartment located in Waterloo, Ontario. The residential complex contains fewer than five residential units. The Landlords testified that “no compensation will be provided because the demolition is required by law.”
7. The Landlords testified that when they purchased the property in 2015, they believed that it was legal because it was marketed with a basement apartment which contains a separate entrance, bedrooms, and a kitchen. The Landlords further testified that in 2024, the City of Waterloo required rental licensing applications and during that process concerns regarding the legality of the basement unit arose.
8. The Landlords were informed in January 2026 by the City of Waterloo that the basement unit was not legal or created pursuant to a building permit. As a result, the Landlords were ordered to bring the property into compliance.
9. The Landlords testified that compliance with the City's direction would require removal of the basement stove and related electrical connections, and that the basement would no longer operate as an independent rental unit. The Landlords also stated that the basement rooms would remain in existence and could potentially be used as recreation rooms, storage rooms, or incorporated into the upper portion of the house in the future.
10. The Tenant does not dispute that the City raised concerns regarding the legality of the basement unit. However, the Tenant testified that he believes the N13 notice was served in bad faith because the Landlords proposed work does not amount to demolition of the rental unit. The Tenant testified that the Landlords are making a business decision not to pursue legalization of the unit and instead to remove the kitchen while retaining the basement living space for residential purposes.
11. The Tenant testified that the City informed the Landlords to contact the Building Division to determine what steps would be required to legalize the unit.
12. During cross examination, the Landlords confirmed that they chose not to legalize the unit because “it would cost upwards of \$50,000.00.” The Landlords stated that was not feasible, so they chose to demolish the unit instead.

Analysis and Reasons

13. Subsection 50(1)(a) of the *Residential Tenancies Act, 2006* (the 'Act'), allows a Landlord to give notice of termination of a tenancy if the Landlord, in good faith, requires possession of the rental unit in order to demolish it.
14. The issue before the Board is whether the work described in the N13 notice constitutes demolition of the rental unit within the meaning of s. 50(1)(a) of the Act.
15. The term "demolition" is not defined in the Act. However, in *Two Clarendon Apartments Limited v. Sinclair*, [2019 ONSC 3845 \(CanLII\)](#), the Divisional Court provided guidance on this issue. The Court upheld the LTB's determination that demolition occurs when the rental unit ceases to exist, even in an altered form. If the unit continues to exist albeit in extremely altered form, and it is possible for a tenant to exercise a right of first refusal, it constitutes a renovation, not demolition. The following portions of the LTB's reasons were quoted by the Court:

"13. In a situation where the rental unit continues to exist, albeit in an extremely altered form, it is possible for the tenant to exercise a right of first refusal, because the rental unit is still there: the tenant may move back and continue the tenancy. In a situation where the rental unit is gone, it is not possible for the tenant to exercise a right of first refusal: the rental unit is no longer there and so the tenant cannot move back. The fact that the Act distinguishes renovations and demolitions by the tenant's right of first refusal shows that the intention of these sections of the Act is to preserve tenancies where it is possible to do so. [Emphasis added]"

14. Accordingly, a project will be defined as a renovation under the Act in a case where it is possible for the tenant to move back into the unit and a project will be defined as a demolition where it is not possible for the tenant to move back into the unit."

16. I find that in this case the Landlords' intention is not to demolish the rental unit by tearing it down or eliminating it or destroying it. Rather, they intend to simply remove the stove and disconnect the electrical connection serving the stove. In my view, that work would not result in the rental unit ceasing to exist. I say this because the Landlords testified that the basement rooms will remain in existence and may continue to be used as a recreation rooms, storage rooms, or potentially as bedrooms associated with the upper unit following future approvals. In other words, the rooms, walls, floors, ceilings, bathroom, and other portions of the basement are intended to remain intact. Applying *Two Clarendon Apartments Limited v. Sinclair* to these facts leads me to conclude that the Landlord is not intending to demolish the rental unit.
17. While the City order may require the Landlords to discontinue use of the basement as a separate dwelling unit, the Board must determine whether the Landlords have established or proven their case. Here, the Landlords intention is to discontinue the use of the rental unit as a separate dwelling, not demolish the rental unit. Therefore, the application is dismissed.

It is ordered that:

1. The Landlords' application is dismissed.

June 19, 2026
Date Issued

Adeela Alvez
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.