



Rules About Rent

Revised: October 1, 2001

This is a guide to the rules about rent in the **Tenant Protection Act**.

If you want to know exactly what the law says, you should read the Act.

Additional Information at the end of this guide explains how you can get a copy.

About the Tribunal

The Ontario Rental Housing Tribunal is an independent, quasi-judicial agency.

Tenants and landlords can apply to the Tribunal to resolve certain types of disputes, either through **mediation** or **adjudication**.

In mediation, a Tribunal mediator will help a landlord and tenant to resolve a dispute and reach an agreement they are both satisfied with.

In adjudication, a hearing is usually held. A Tribunal member makes a decision based on the evidence examined, and issues an “order.”

The Tribunal also provides landlords and tenants with information about the rights and obligations each has under the **Tenant Protection Act**.

Additional Information at the end of this guide explains how to contact the Tribunal.

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Units not covered

The following types of units may not be covered by all of the rules in this guide:

- non-profit, public, or subsidized housing units,
- units in a college or university residence,
- a unit not occupied before June 17, 1998, or in a building, mobile home park or land lease community in which no one lived before November 1, 1991.

Rent for a current tenant

When the rent can increase

In most cases, the rent can be increased if at least **12 months** have passed since a tenant first moved in or since his or her last increase.

A landlord must give at least **90 days notice in writing** of any rent increase. There is a proper form for this notice available from the Tribunal.

A landlord can propose a rent increase that is not above the “rent increase guideline,” or one that is “above the guideline.”

The rent increase guideline

The guideline is set each year by the Ontario Government, and announced by August 31.

The figure announced applies to rent increases that start on or after January 1 of the following year.

The year 2001 guideline is 2.9%.

The year 2002 guideline is 3.9 %.

A guideline increase does not need approval of the Tribunal.

In most cases, an increase above the guideline needs approval of the Tribunal before it can be charged.

Increase above the guideline

A landlord can apply to the Tribunal for an increase above the guideline if:

- the landlord’s costs for municipal taxes and charges, and/or utilities have increased significantly, or
- the landlord has done major renovations or repairs, or
- the landlord has added security services.

Rent increases for repairs, renovations or security services cannot be more than 4% on top of the guideline each year. For increases in the cost of municipal taxes, charges or utilities, there is no limit on the amount of rent increase that can be charged.

A tenant can agree to an increase above the guideline if the landlord will do major renovations or repairs, buy new equipment, or add a new service for the tenant.

This agreement **must** be in writing, on a form obtained from the Tribunal. The highest increase that can be agreed to is 4% above the guideline.



A tenant has five days, after signing an agreement, to change their mind and tell their landlord **in writing** they do not agree to the increase.

If there is an agreement to a rent increase above the guideline, the landlord does not have to apply to the Tribunal for approval of the increase.

Rent reduction

A tenant can apply to the Tribunal to have his or her rent reduced if:

- the landlord did not keep a promise in an agreement to an increase above the guideline, or
- the municipal taxes or charges on the rental property decreased, or
- the landlord reduced or removed a service to the tenant without reducing the rent.

An application because a landlord failed to keep a promise in an agreement to an increase above the guideline can be made while a tenant still lives in the rental unit, or after they have moved out. However, the application must be made within two years of the date the increase began.

A current or former tenant may apply to the Tribunal because the landlord reduced or removed a service without reducing the rent. However, the application must be made within one year after the reduction or removal of service began.

A reduction in rent ordered by the Tribunal because of a reduction or removal of a service by a landlord may be effective back to the date the reduction or removal of the service began. This may result in the landlord being ordered to pay the tenant or former tenant a refund or “rebate” of all or part of the rent paid for that period of time.

Rent for a new tenant

Application fees & other charges

A landlord **cannot** collect any type of fee, commission, or other charge in return for offering a person a rental unit.

This applies **even if the fee is refundable.**

Some examples of charges which are **not** allowed are

- a fee to process or review a rental application,
- a fee to “purchase” fixtures or furnishings already in the rental unit, such as drapes, blinds, rugs or carpets,
- a fee to paint or repair the rental unit.



The initial rent

A landlord and a new tenant decide the rent for a rental unit, and the services and things the rent will include – for example, parking, heat, cable television, or hydro.

In most cases, the rent first charged to a new tenant cannot be increased for at least 12 months.

Rent deposit

A landlord can collect a deposit from a new tenant. It cannot be more than one month's rent, or, if rent is paid weekly, one week's rent.

This deposit can only be used as the rent payment for the last month or week of the tenancy. It cannot be used for any other reason – for example, paying for cleaning or repairing a rental unit.

If the rent increases by a lawful amount, the deposit can also be increased by the same amount.

A landlord must pay the tenant six per cent interest on the deposit **every year**.

Post-dated cheques

A landlord can tell a new tenant how the rent must be paid – by cash, cheque or money order.

Post-dated cheques can be suggested, but a person cannot be refused a rental unit for refusing to give them.

When rent is due

When a landlord agrees to rent to a person, the day that rent payments are due should be made clear.

Rent is overdue if the full amount is not paid by 12 p.m. midnight on the day it is due. A landlord does not have to accept partial payment of rent, unless they want to.

If partial payment is accepted, the landlord can still take steps to collect the balance of the rent, including terminating the tenancy.

Delivery of the rent

How each rent payment is to be delivered should be made clear at the time a landlord agrees to rent to a person.

In most cases, the tenant must deliver the rent payment to a place agreed to or set by the landlord. This might be to the landlord's residence or place of business.

If a rent payment is mailed, the tenant should mail it far enough in advance to allow delivery by the due date. At least five days for delivery is suggested.

Once a landlord and tenant have agreed on how the rent payments should be delivered, this cannot be changed unless both landlord and tenant agree.



Cash or cheque

When a landlord first rents to a person, the method for rent payments should be made clear.

Some landlords want cash only; others will accept cash or cheque.

A landlord cannot demand post-dated rent cheques, and cannot refuse to rent to a person who doesn't want to pay this way. However, this method can be suggested as a convenience to both landlord and tenant.

Once a method for making rent payments has been set, it cannot be changed unless both the landlord and tenant agree.

Rent for a new or current tenant

Illegal rent or charges

A tenant can apply to the Tribunal for a rent rebate if the landlord is charging an illegal amount of rent, or has collected an illegal fee or charge.

An application of this type can also be made by a person who is a former tenant of a landlord who collected the illegal rent or charge.

The application must be made **no later than one year** after the illegal rent or fee was first charged.

Rent receipts

A landlord must supply a receipt for any rent payment, rent deposit, or other charge, if the tenant asks for one. The landlord cannot charge any fee for giving a receipt.

Holding back rent

A tenant **should not** hold back any part of the rent if they feel maintenance is inadequate or a necessary repair has not been done. They might face eviction for doing so.

For more information on this question, see the guide on **Maintenance and Repairs**.

Additional information

The Tribunal also has guides on these topics:

- The Tenant Protection Act (a brief summary of many topics)
- Filing an Application
- If a Tenant Doesn't Pay Rent
- Maintenance and Repairs
- Terminating a Tenancy
- Reasons for Terminating a Tenancy By a Landlord
- Termination of Tenancy By a Tenant
- Terminating a Tenancy in a Care Home



Our toll-free number is
1 - 888 - 332 - 3234

You can get information from this number **24 hours a day**. You can talk to a Customer Service representative **Monday to Friday, from 8:30 a.m. - 5:00 p.m.**

We have a web site with even more information:

www.orht.gov.on.ca

You can order a copy of the **Tenant Protection Act** from **Publications Ontario**; call toll-free **1 - 800 - 668-9938** or **326-5300** from within Toronto, or you can purchase a copy on line at:

www.publications.gov.on.ca

A list of Tribunal offices is on the next page.