



Order under Subsection 87(1) Residential Tenancies Act, 2006

Citation: 1314171 Ontario Inc. v Steadman, 2023 ONLTB 75823

Date: 2023-11-20

File Number: LTB-L-048922-23

In the matter of: 1, 111 Chatsworth Drive
Toronto Ontario M4R1R8

Between: 1314171 Ontario Inc. Landlord

And

Judi Steadman Tenants Michael Steadman

1314171 Ontario Inc. (the 'Landlord') applied for an order requiring Judi Steadman and Michael Steadman (the 'Tenants') to pay the rent that the Tenants owe.

This application was heard by videoconference on November 7, 2023.

The Landlord's Legal Representative, Mark Ciobotaru, and the Tenants attended the hearing.

Determinations:

1. The Tenants did not pay the total rent they were required to pay for the period from June 1, 2022 to November 30, 2022.
2. The lawful rent is \$2,550.00. It is due on the 1st day of each month.
3. The Tenants have not made any payments since the application was filed.
4. The tenancy ended on November 30, 2022 as a result of the Tenants moving out in accordance with a notice of termination, they gave the Landlord. Therefore, the Tenants' obligation to pay rent also ended on that date.

The arrears owing

5. The Landlord claimed rent arrears and daily compensation owing to November 30, 2022 in the amount of \$4,307.64.



6. The Tenants' position was that they should not have to pay the Landlord the amount claimed for the following two reasons: 1) the Landlord did not initially provide them a copy of the tenancy agreement; and 2) the Landlord agreed to discount the rent throughout the tenancy and this was the lawful rent, which they paid in full.

The Tenants' copy of the tenancy agreement

7. The Tenants testified that at the beginning of the tenancy they were not provided a copy of the tenancy agreement and they did not receive a copy until sometime in September 2022.
8. Section 12(1) of the *Residential Tenancies Act, 2006* (the 'Act') requires a landlord to give a copy of the signed tenancy agreement to the tenant within 21 days after the tenant signs it and gives to the landlord. Section 12(4) states until the landlord has complied with section 12(1), the tenant's obligation to pay rent is suspended and the landlord shall not require the tenant to pay rent. Subsection 12(5) states that after the landlord has complied with section 12(1), the landlord may require the tenant to pay any rent withheld by the tenant under section 12(4).
9. In this case, the Landlord provided the Tenants a copy of the tenancy agreement in September 2022, thereby complying with section 12(1) of the Act. Accordingly, the Landlord was free to require the Tenants to pay any withheld rent at that point and it was appropriate and reasonable for the Landlord to then file this application with the LTB seeking arrears on October 27, 2022.

The lawful rent

10. In the application, the Landlord claims arrears for the period from June 2022
11. The tenancy agreement, which was submitted at the hearing, indicates the following:
 - The tenancy started on July 1, 2021 and it had a fixed term of one year.
 - Page 2 states that the total monthly rent was \$2,550.00.
 - Page 4 states that the lawful rent will be discounted as follows:

The market rent is \$2,550.00

The landlord provides a \$600.00 discount for the first 8 months of the first year of the tenancy therefore the rent for July 1, 2021 to February 28, 2022 is \$1,950.00 per month.

Starting March 01, 2022 the rent is \$2,550.00 per month.

- Page 4 states that the Tenants would pay a rent deposit of \$2,550.00.



12. The Tenants' position is that the lawful rent was \$1,950.00 throughout the tenancy, which is what they paid and, therefore, they do not owe any arrears. The Landlord's position is that the lawful rent was \$2,500.00 and it was only temporarily discounted so the Tenants are responsible for paying the difference after the discount ended.

Applicable Legislation

13. The following provisions of the Act are applicable to the determination of the case:

- Section 113 of the Act states that the lawful rent for the first rental period for a new tenant under a new tenancy agreement is the rent first charged to the tenant subject to any discounts offered under s.111.
- Section 111 prohibits a landlord from charging more than the lawful rent. It also sets out certain types of rent discounts that are permitted by the RTA. The discount in this case, does not fall within s. 111.
- Further, section 202 (1) provides that in making findings on an application, the Board shall ascertain the real substance of all transactions and activities relating to a residential complex or a rental unit and the good faith of the participants and in doing so,
 - (a) may disregard the outward form of a transaction or the separate corporate existence of participants; and
 - (b) may have regard to the pattern of activities relating to the residential complex or the rental unit. 2006, c. 17, s. 202.

Legal Analysis

14. In , the present case, I have applied s. 202(1) of the Act to conduct a contextual analysis of the tenancy agreement and the parties' intentions with respect to the lawful rent. is an instruction to the Board to look at the real intentions between the parties to determine if there is a tenancy agreement covered by the Act and what the terms of that agreement are. It is about searching for intent.

15. Given all the references in the tenancy agreement to \$2,550.00 being the monthly rent as well as the explanation in the lease about the discount and how it was to be temporary only, I find that the parties understood that the lawful rent was \$2,550.00 and the



File Number: LTB-L-048922-23

"discount" was more about the Landlord agreeing to temporarily waive part of the rent for a period of time. The scheme of the Act regulates rent increases and decreases, including when and how they are to occur. In the present circumstances, I cannot find that the rent was decreased or discounted, as intended by the Act. Therefore, based on the evidence and testimony before me, I find on the balance of probabilities that the lawful monthly rent was \$2,550.00 throughout the tenancy.

16. The Landlord collected a rent deposit of \$2,550.00 from the Tenants and this deposit is still being held by the Landlord. The rent deposit is applied to the arrears of rent because the tenancy is terminated.
17. Interest on the rent deposit, in the amount of \$43.43 is owing to the Tenants for the period from July 1, 2021 to November 30, 2022.
18. The Landlord incurred costs of \$201.00 for filing the application and is entitled to reimbursement of those costs.

It is ordered that:

1. The Tenants shall pay to the Landlord \$1,915.21. This amount includes rent arrears owing up to November 30, 2022 and the cost of the application minus the rent deposit and interest owing.
2. If the Tenants do not pay the Landlord the full amount owing on or before December 22, 2023, the Tenants will start to owe interest. This will be simple interest calculated from December 23, 2023 at 7.00% annually on the balance outstanding.

December 11, 2023

Date Issued

Teresa Hunt

Member, Landlord and Tenants 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.



File Number: LTB-L-048922-23

2023 ONLTB 75823 (CanLII)