

INTRODUCTION

[1] This decision determines an application filed with the Residential Tenancy Office (the "Rental Office") under the *Residential Tenancy Act* (the "Act").

[2] The Tenant seeks a return of rent due to an unlawful rent increase for a total claim of \$8,100.00.

DISPOSITION

[3] I find that the Landlords must pay the Tenant \$1,800.00 due to an unlawful rent increase.

[4] The lawful rent for the Unit is set at \$1,500.00 per month and can only be changed by following the process set out in the Act.

BACKGROUND

[5] The Unit is an apartment in a four-plex (the "Residential Property") that the Landlords purchased in September 2023.

[6] The parties entered into a written, fixed-term tenancy agreement (the "Tenancy Agreement") for the Unit for the period of January 15, 2024, to January 14, 2025. The Tenancy Agreement then continued on a month-to-month basis.

[7] The charged rent was \$1,600.00 per month, due on the 15th day of each month. On February 15, 2024, the security deposit was paid.

[8] On May 9, 2025, the Tenant filed a *Form 2(A) Tenant Application to Determine Dispute* (the "Application") with the Rental Office, seeking a return of rent due to an unlawful rent increase and a return of a security deposit overpayment.

[9] On June 5, 2025, the Rental Office mailed and emailed the parties notice of a teleconference hearing scheduled for July 3, 2025.

[10] On June 24, 2025, the Rental Office emailed a 51-page PDF (the "Evidence Package") to the parties.

[11] On July 3, 2025, the Tenant, the Tenant's representative (the "Tenant Representative") and the Landlords participated in a teleconference hearing. The parties stated they received a copy of the Evidence Package and that all submitted evidence was included.

[12] Both parties submitted additional evidence after the hearing, which was shared with each party.

[13] On July 15, 2025, the parties contacted the Rental Office and stated that the Tenant moved out of the Unit on July 14, 2025, and the security deposit, including interest, had been returned. Therefore, the security deposit overpayment claim has been resolved.

ISSUES

A. What was the previous rent for the Unit?

B. Must the Landlords return rent to the Tenant due to an unlawful rent increase?

ANALYSIS

- [14] The Tenant stated that he moved into the Unit on January 15, 2024. He signed the Tenancy Agreement for \$1,600.00 per month and stated that he was seeking a return of rent for an unlawful rent increase from January 2024 to June 2025 (18 months), totalling \$8,100.00.
- [15] The Tenant stated that the previous tenant had only paid \$1,150.00 per month for rent for the Unit. The Tenant submitted a letter dated May 6, 2025, which was signed by the previous owners of the Residential Property. The letter stated that the previous owners sold the Residential Property on September 29, 2023, and at that time, the rent for the Unit was \$1,150.00 per month.
- [16] The Landlords stated that the rent for the Unit was \$1,500.00 when they purchased the Residential Property. They submitted a copy of the previous tenancy agreement, which stated the previous rent and security deposit were \$1,500.00. The previous tenancy agreement was signed by one of the previous owners of the Residential Property and the previous tenant.
- [17] The Landlords submitted bank records, stating that they show the previous tenant paid them \$1,500.00 monthly until she moved out. They submitted a copy of an email from their realtor, dated September 13, 2023, in which the realtor informed the Landlords that the rent for the Unit at that time was \$1,500.00 per month, and the security deposit paid was also \$1,500.00. They also submitted a copy of an email from the previous tenant, dated June 19, 2025, in which she stated she paid \$1,500.00 monthly for the Unit with "heat and water" included.
- [18] The Landlords stated that the previous tenant had heat and hot water included, and electricity and internet were excluded, being the previous tenant's responsibility. They stated that the Tenancy Agreement also includes electricity and internet, and this is why they increased the rent by \$100.00.
- [19] The Landlords stated that they had upgraded the Residential Property to electric heat. To cover this cost, they added \$50.00 to the monthly rent to offset the increase in electricity costs and included electricity as a service. The Landlords included copies of the Unit's electricity bills as evidence, which they stated are more than \$50.00 per month.
- [20] The Landlords stated that they were able to obtain internet for all four units for \$221.00 per month. They added internet as an included service in the Tenancy Agreement and increased the rent by another \$50.00, making the total monthly rent for the Unit \$1,600.00.
- [21] The Landlords stated that the previous rent section of the Tenancy Agreement states "N/A" and does not disclose the previous tenant's included services because they did not believe these sections were applicable under the updated Tenancy Agreement.

A. What was the previous rent for the Unit?

- [22] The Landlords submitted several pieces of evidence, including the previous tenancy agreement, an email from the previous tenant, an email from a realtor, and bank statements, which reference that the previous rent and security deposit were \$1,500.00.
- [23] The Tenant submitted a letter from the previous owners of the Residential Property stating that the previous rent for the Unit was \$1,150.00. However, the previous owners did not participate in the hearing to explain the discrepancy between their letter, which stated the previous rent was \$1,150.00, and the Landlords' evidence, which stated that the previous rent was \$1,500.00.
- [24] I find that the evidence establishes, on a balance of probabilities, that the previous rent for the Unit, before the Tenant moved in, was \$1,500.00 per month.

B. Must the Landlords return rent to the Tenant due to an unlawful rent increase?

- [25] The Island Regulatory and Appeals Commission (the “Commission”) in Order LR19-15 summarized PEI’s rent control rules under the *Rental of Residential Property Act* (the “Former Act”) as follows:

“In Prince Edward Island, the Rental of Residential Property Act ... provides for a system of rent control whereby rent runs with the residential unit. When a lessee surrenders possession of that unit to the lessor, that rate of rent still remains fixed to that unit. This rent applies to a subsequent lessee even if the unit has been vacant between the tenancies. Any agreement as to the amount of rent reached between lessor and lessee is null and void to the extent that it runs contrary to the rent control provisions of the Act.

To balance out the rigours of rent control, Part IV of the Act sets out the process whereby rent increases may lawfully be made. If a lessor raises the rent of a unit without first following the process set out in Part IV of the Act, such an increase is illegal.”

- [26] Subsections 47(1), (2) and 49(1) of the Act state:

47(1) A landlord shall not increase rent except in accordance with this Part.

47(2) The obligations of a landlord under this Part run with the rental unit and not the tenant.

49(1) No landlord shall increase the rent charged for a rental unit by more than the allowable annual increase, except in accordance with section 50.

- [27] The Landlords stated they increased the rent because they included additional services in the Tenancy Agreement that were not included in the previous tenancy agreement. However, the Act is silent regarding landlords increasing the rent as a result of added included services. The Act only refers to “terminating or restricting” services under Section 21.
- [28] The Act limits the amount a landlord can increase the rent annually. At the beginning of the tenancy, the rent increased from \$1,500.00 to \$1,600.00, which was a 6.6% increase. The allowable annual guideline for 2024 was 3.0%, as set by the Director under subsection 49(2) of the Act.
- [29] I find that the Landlords did not provide notice or increase the rent in accordance with the allowable annual guideline. The Landlord did not file an application with the Rental Office seeking approval of an additional rent increase under the Act. I find that this rent increase was not compliant with subsection 47(1) of the Act.
- [30] Therefore, I find that the Landlords unlawfully increased the rent and the Tenant paid an unlawful rent increase for 18 months, totalling \$1,800.00.

Tenancy Agreement

- [31] The Landlords stated that the previous rent section of the Tenancy Agreement states “N/A” and does not disclose the previous tenant’s included services because they did not believe these sections were applicable under the updated Tenancy Agreement
- [32] Since April 8, 2023, landlords have been required to prepare a written tenancy agreement that contains specific information, including the previous rent charged and the services previously included. Subsections 11(1) and (2) of the Act state in part:

11. Tenancy agreement in writing

- (1) *A landlord shall prepare a written tenancy agreement in respect of a tenancy that is entered into on or after the date this Act comes into force.*

Formal requirements

- (2) *The landlord shall ensure that the tenancy agreement complies with the requirements of this Act and the regulations and includes*

...

(g) the amount of rent that was charged, and the services and facilities that were provided, to the previous tenant of the rental unit, unless there was no previous tenant.

[33] The Tenancy Agreement between the parties does not disclose the previous tenant's rent, and only states "(N/A)". Furthermore, the Tenancy Agreement does not disclose the services included for the previous tenant. Failing to disclose the previous rent and services is non-compliant with clause 11(2)(g) of the Act.

[34] The Landlords should ensure that all future tenancy agreements comply with the requirements under the Act.

CONCLUSION

[35] The Tenant Application is allowed in part.

[36] I find that the Landlords must pay the Tenant \$1,800.00 due to an unlawful rent increase (\$100.00 x 18 months).

[37] The lawful rent for the Unit is set at \$1,500.00 per month and can only be changed by following the process set out in the Act.

IT IS THEREFORE ORDERED THAT

1. The Landlords must pay the Tenant \$1,800.00 by August 18, 2025.
2. The lawful rent for the Unit is set at \$1,500.00 per month and can only be changed by following the process set out in the Act.

DATED at Charlottetown, Prince Edward Island, this 17th day of July, 2025.

(sgd.) Mitch King

Mitch King

Residential Tenancy Officer

NOTICE**Right to Appeal**

This Order can be appealed to the Island Regulatory and Appeals Commission (the "Commission") by serving a Notice of Appeal with the Commission and every party to this Order within **20 days of this Order**. If a document is sent electronically after 5:00 p.m., it is considered received the next day that is not a holiday. If a document is sent by mail, it is considered served on the third day after mailing.

Filing with the Court

If no appeal has been made within the noted timelines, this Order can be filed with the Supreme Court of Prince Edward Island and enforced as if it were an order of the Court.