

INTRODUCTION

- [1] This decision determines four applications filed with the Residential Tenancy Office (the “Rental Office”) under the *Residential Tenancy Act* (the “Act”).
- [2] The Residential Property is a four-unit apartment building, owned by the Landlord.
- [3] The Landlord served four *Form 4(B) Eviction Notices* (the “Notices”) to all four Tenants seeking to end all of the Tenants’ tenancy agreements because the Landlord wants to convert the Residential Property to non-residential use.
- [4] All four Tenants in the Residential Property disputed the reason contained in the Notices.

DISPOSITION

- [5] The Notices are invalid and all four Tenants’ tenancy agreements will continue in full force and effect.

BACKGROUND

- [6] The four Tenants occupy Units 1, 2, 3 and 4 and each of the four Tenants have their own tenancy agreement. Copies of the tenancy agreements were not provided into evidence.
- [7] On March 25, 2025 the Landlord gave all four Tenants a letter, which stated that it intended to sell the Residential Property due to family estate requirements.
- [8] On July 9, 2025 the Landlord served all four Tenants the Notices with an effective date of January 31, 2026 for the reason of converting the Residential Property to non-residential use.
- [9] On July 29, 2025 all four Tenants filed four *Form 2(A) Tenant Applications to Determine Disputes* (the “Applications”) with the Rental Office disputing the Notices.
- [10] On July 30, 2025 the Tenants served the Landlord’s representative (the “Representative”) the Applications. The Tenants permitted one of the Tenants (“JM”) to represent all the Tenants during the Rental Office dispute.
- [11] On August 13, 2025 the Rental Office provided the parties with notice of a teleconference hearing scheduled for September 18, 2025, along with copies of the Applications.
- [12] On September 12, 2025 the Rental Office emailed the parties a 25-page evidence package.
- [13] On September 18, 2025 JM and the Representative joined the teleconference hearing for determination of the Applications. The parties confirmed that they received the evidence package and JM confirmed that all evidence submitted to the Rental Office was included. The Representative confirmed that the Landlord did not submit any evidence.

ISSUE

- A. Must the Tenants vacate the Residential Property due to the Notices?

ANALYSIS

Legal Basis

[14] The Landlord has the onus to prove, on the civil standard of the balance of probabilities, a valid reason to end the all four of the Tenants' tenancy agreements, which is contained in the Notices.

[15] In Order LR24-64, the Island Regulatory and Appeals Commission (the "Commission") made the following comment regarding a landlord ending a tenancy (paragraph 21):

"The termination of a tenancy is a serious matter and accordingly a Landlord seeking to evict a tenant must put forward compelling evidence..."

[16] In this case, there is one reason contained in the Notices. The Landlord seeks to end all the Tenants' tenancy agreements under clause 64(1)(b) of the Act, which states:

A landlord may give a notice of termination if the landlord, after obtaining all necessary permits and approvals as required by law, requires possession of the rental unit in order to

*...
(b) convert the rental unit to a non-residential use.*

[17] For the reasons below, I find that the Landlord has provided insufficient evidence on a balance of probabilities to establish the reason contained in the Notices. Therefore, the Notices are invalid and all the Tenants' tenancy agreements will continue.

Summary of the Evidence

[18] The Tenants dispute the validity of the Notices, request that the Notices be set aside and that all the Tenants' tenancy agreements continue.

[19] JM stated that on March 25, 2025 the Landlord gave all the Tenants a letter which stated that the Landlord intended to sell the Residential Property. A copy of the letter was included in the evidence.

[20] JM stated that on July 9, 2025 all of the Tenants received the Notices for the same reason – *convert the rental unit to a non-residential use*. However, a couple of days later, a for sale sign was placed on the Residential Property's lawn.

[21] JM argued that selling a rental property is not a valid reason to end a tenancy agreement.

[22] The Residential Property had many showings throughout the end of July 2025 and early August 2025.

[23] The Landlord did not submit any documentary evidence.

[24] The Representative stated that the Residential Property was taken off the market in early September 2025.

[25] The Representative stated that the Landlord intends to use the Residential Property for a commercial use.

[26] The Representative stated that she did not know if the Landlord had any specific plans for the Residential Property. The Representative provided no further clarity to what the Landlord intended by "commercial use." The Representative stated that she was unaware if there were any renovations or contractors scheduled for the Residential Property after the termination date.

- [27] The Representative stated that the Residential Property does not need any permits because it is already zoned for a commercial use.
- [28] The Representative stated that she was unaware if the family estate matter was resolved, which was stated in the March 25, 2025 letter.
- [29] The Representative stated that the Landlord was comfortable with the four rental units being vacant effective February 1, 2026 and not bringing in any rental income.

Determination

- [30] The Landlord wants to end the four tenancy agreements to convert the four rental units into a non-residential use. This is a permitted reason to end a tenancy under clause 64(1)(b) of the *Act*.
- [31] In order for a landlord to be successful in terminating a tenancy for conversion, based on an eviction notice, a landlord has to meet two preconditions.
- [32] The first precondition is that the Landlord must, in good faith, intend to convert the Residential Property to a non-residential use.
- [33] The second precondition is that the Landlord must also obtain all the necessary permits and approvals as required to carry out the conversion of the Residential Property to non-residential use.

Statutory Interpretation

- [34] As mentioned above, the first precondition for the Landlord is “*good faith*.” However, I note that the word “*good faith*” is not stated under subsection 64(1).
- [35] In these circumstances, I must consider the text, context and purpose of subsection 64(1) when engaging in the principles of statutory interpretation.¹
- [36] The text outlined in subsection 64(1) does not state “*good faith*.” Yet, subsection 65(1) of the *Act* states:

A former tenant may make an application to the Director under section 75 to determine whether a landlord gave a notice of termination under sections 62, 63 or 64 in bad faith.

- [37] This provides context when reviewing the *Act* in its entirety. Subsection 65(1) mentions former tenants having the ability to file an application against their former landlord who were given an eviction notice under sections 62, 63 or 64 in *bad faith*.
- [38] It logically follows that an eviction notice given to a tenant under sections 62, 63 or 64 require a *good faith* analysis.
- [39] I further note that subsection 65(3) of the *Act* references *previous determinations of good faith*. This reference again provides context that a determination of *good faith* is presumed to have been considered in eviction notices under sections 62, 63 and 64.
- [40] The overall purpose of the *Act* is to balance the rights and responsibilities for landlords and tenants. In circumstances regarding ending a tenancy agreement, one of the key considerations is a tenant's security of tenure. This is noted in *Part 4 – Ending a Tenancy*.
- [41] A landlord may *only* terminate a tenancy agreement in accordance with the *Act* (see subsection 51(1) of the *Act*). I find that *good faith* is required in a subsection 64(1) analysis.

¹ *Canada (Minister of Citizenship and Immigration) v. Vavilov*, 2019 SCC 65 at para 120 [Vavilov].

First Requirement: Good Faith

- [42] The first precondition is good faith. Subsection 64(1) of the *Act* is similar to subsection 50(1) of Ontario's *Residential Tenancies Act*, S.O. 2006, C.17.
- [43] In the Ontario Supreme Court decision, *Fava v. Harrison*, 2014 ONSC 3352, the Court considered what is meant by "*good faith*" in the context of a termination notice for landlord's occupation. The following is stated at paragraph [17] of the decision:
- "We accept, as reflected in Salter, supra, that the motives of the landlord in seeking possession of the property are largely irrelevant and that the only issue is **whether the landlord has a genuine intent to reside in the property**. However, that does not mean that the Board cannot consider the conduct and the motives of the landlord in order to draw inferences as to whether the landlord desires, in good faith, to occupy the property.*
[Emphasis added]
- [44] I note that this interpretation of "*good faith*" is the same as the interpretation of section 15 of the *Rental of Residential Property Act* (the "Former Act"), which was the former rental law on Prince Edward Island (see Commission Orders: LR19-09, LR19-16 and LR21-50).
- [45] On April 8, 2023, the rental law on Prince Edward Island changed from the Former Act to the *Act*; however, the law regarding conversion of a rental unit to a non-residential use continued to be similar to Ontario's legislation. As a result, I find that "*good faith*" still means whether the landlord has a genuine intention to convert a rental unit to a non-residential use.
- [46] I further note that there is a duty for the Landlord to continue acting in good faith after the Notices were served.²
- [47] I find that the Landlord has provided insufficient evidence, on a balance of probabilities, to establish a genuine intention to convert the Residential Property to non-residential use.
- [48] The evidence establishes that the Landlord's intentions for the Residential Property changed throughout the eviction process.
- [49] The Landlord intended to sell the Residential Property due to a family estate matter. Then the Landlord served all the Tenants the Notices for the reason of conversion. A few days later, the Residential Property went up for sale. At this time, all the Tenants were facing eviction for conversion of the Residential Property to non-residential use, yet the Residential Property was for sale. The Landlord did not rescind the Notices and the Landlord still attempted to end all the Tenants' tenancy agreements for conversion, while actively trying to sell the Residential Property.
- [50] I note that the *Act* does not permit the Landlord to end a tenancy agreement solely because the Residential Property is being sold.
- [51] At the beginning of September 2025 the Landlord took the Residential Property off the for sale market. The Landlord's intention changed to wanting to convert the four rental units to a non-residential use.
- [52] I find that the Landlord has not put forward compelling evidence to establish a genuine intention to convert the four rental units to a non-residential use.

² *Elkins v. Van Wissen*, 2023 ONCA 789, para 47 [*Elkins*].

- [53] I further find that the Representative was unable to provide any specific details about what the Landlord had planned for the four rental units as becoming non-residential use. A vacant four-unit apartment building in the middle of winter with no planned renovations, contractors or plan does not assist the Landlord's position that it had a genuine intention to convert the Residential Property to a non-residential use.

Second Requirement: Permits & Approvals

- [54] The second precondition is that the Landlord must obtain all necessary permits and approvals under law.
- [55] As I have already determined that the Landlord has failed to establish the first precondition, I do not have to determine the second precondition. I will note that the Landlord's evidence was that the Residential Property was already zoned to allow commercial use. However, the Landlord did not submit evidence to substantiate this claim.

CONCLUSION

- [56] The Notices are invalid and the Applications are allowed.
- [57] The Tenants' tenancy agreements will continue in full force and effect.

IT IS THEREFORE ORDERED THAT

1. The Tenants' tenancy agreements will continue in full force and effect.

DATED at Charlottetown, Prince Edward Island, this 25th day of September, 2025.

(sgd.) Cody Burke

Cody Burke
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.