

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 parties dispute whether the *Act* applies to the Tenant’s rental of the Unit from the Landlords.
- [3] The Tenant filed an application disputing an oral eviction notice. The Tenant was locked out of the Unit and the Tenant seeks access to the Unit.
- [4] The Tenant seeks compensation regarding an unlawful rent increase.

BACKGROUND

- [5] The Unit is a hotel room with a kitchenette located in a 71-unit building at a two-building property (the “Residential Property”) that the Landlord has owned since 2017. The other building contains 72 units.
- [6] The Tenant moved into the Unit in late May of 2023.
- [7] The parties dispute whether a tenancy agreement exists.
- [8] On May 29, 2026 the Tenant filed a *Form 2(A) Tenant Application to Determine Dispute* with the Rental Office disputing an oral eviction notice and seeking compensation for an unlawful rent increase. The Landlords’ witness (“ET”) confirmed receipt of the Application on this date.
- [9] On June 1, 2026 the Landlords locked the Tenant out of the Unit.
- [10] On June 1, 2026 the Rental Office sent the parties notice of a tele-hearing scheduled for June 16, 2026.
- [11] On June 10, 2026 the Rental Office provided the parties with a 23-page PDF evidence package.
- [12] On June 15, 2026, at the Landlords’ request, the Rental Office sent the parties notice of a tele-hearing rescheduled for June 22, 2026.
- [13] The parties filed and served additional evidence.
- [14] On June 22, 2026 the Tenant, the Landlords’ representatives (“AM” and “CJ”) and ET, the Landlords’ witness, participated in the hearing. The parties confirmed that they received the evidence package and the additional evidence and they were not aware of any missing documents that had been filed with the Rental Office and served to the other party.

DISPOSITION

- [15] I find that the *Act* applies to the Tenant’s rental of the Unit from the Landlords.
- [16] The tenancy will continue. The Landlords must allow the Tenant to reoccupy the Unit once the mold and asbestos work is complete and the Unit is habitable. The Landlords must provide the Tenant with reasonable written notice that the Tenant can reoccupy the Unit once the Unit is habitable. The Tenant’s obligation to pay rent and the Tenant’s other obligations under the *Act* are suspended until the Tenant reoccupies the Unit. The Unit’s monthly rent is \$800.00 until the rent is increased in accordance with the *Act*.

- [17] The Landlords must pay the Tenant \$9,600.00 by August 17, 2026 because the Landlords unlawfully increased the Unit's rent.

ISSUES

- A. Does the Rental Office have jurisdiction to determine the disputes between the parties in the Application?
- B. Was the Tenancy Agreement ended in accordance with the *Act*? Does the tenancy continue?
- C. Must the Landlords compensate the Tenant for an unlawful rent increase?

EVIDENCE

- [18] The evidence of the parties is summarized below.
- [19] The parties agree that the Residential Property had the following managers for the periods stated below:
- DS – accounting worker and later interim manager over approximately four years, up to May 3, 2024
 - WC – manager from May 16, 2024 to February 9, 2026
 - ET – manager from February 11, 2026 to present

Tenant's Evidence

- [20] The Tenant's evidence is summarized as follows.
- [21] The Tenant visited the Residential Property around the May long weekend in 2023 to visit a buddy. The Tenant moved into the Unit in late May of 2023.
- [22] At this time the Residential Property's manager was DS. The Tenant paid DS a \$400.00 security deposit and \$800.00 in rent for June of 2023. The payment was made in cash and DS provided the Tenant with a receipt. The Tenant is unable to locate the receipt. DS did not provide the Tenant with any other receipts for the other rent payments. DS told the Tenant that he could stay in the Unit *"as long as you like."* The Tenant did not sign a written agreement.
- [23] The Tenant paid \$800.00 per month from June of 2023 to May of 2024. The Tenant stated that he mainly paid DS rent at the Residential Property's front desk when DS was there working there and sometimes in DS's office. It appeared to the Tenant that DS had a girlfriend that also worked at the Residential Property. The Tenant frequently saw DS's girlfriend at the front desk.
- [24] The Tenant and DS discussed the Tenant moving to one of the Residential Property's new, smaller units for \$1,200.00 per month, but the Tenant decided to continue living in the Unit.
- [25] The Tenant stated that DS turned out to be a *"crook."*
- [26] WC took over managing the Residential Property in May of 2024. WC told the Tenant that DS was *"pocketing the money"* that the Tenant was paying for rent. The Tenant had not known that DS was pocketing the Tenant's rent payments.
- [27] WC wanted the Tenant to continue living in the Unit instead of a new unit in the Residential Property because the Tenant had a dog and the Unit was in need of renovations.

- [28] WC told the Tenant that the Unit was an apartment and he needed to charge the Tenant \$1,200.00 per month. WC told the Tenant that apartments rent for \$2,000.00 to \$2,500.00 per month. The Tenant stated that this may be a normal price in Ontario, where WC is from.
- [29] The Tenant paid \$1,200.00 per month from June of 2024 to May of 2026. The rent increased right around the time that AM was at the Residential Property with WC. The Tenant denied that there was any agreement to a \$400.00 increase regarding additional parking. The Tenant stated that he could have found additional parking elsewhere for around \$75.00 per month and would not have agreed to a \$400.00 increase for parking.
- [30] The Tenant stated that he was not buddies with DS or WC.
- [31] The Tenant denied receiving the Landlords' letters regarding mold and the end of the tenancy that are referred to in the Landlords' evidence below.
- [32] In mid-May of 2026 ET told the Tenant that AM was arriving at the Residential Property at the end of the month. ET stated that the Tenant would need to find a new place by June 1, 2026 because the Unit was being renovated. The Tenant requested a proper eviction notice because he needed time to find a place for himself and his dog.
- [33] The Landlords would not accept the Tenant's June 2026 rent payment.
- [34] On June 1, 2026 the Tenant was walking with his dog and he returned to the Residential Property but the Landlords had cancelled his key access. The Landlords also had removed the Tenant's personal property from the Unit.
- [35] In response to the Landlords' evidence, the Tenant stated that some months the Tenant paid rent in advance for the next month. The Tenant had keys to the Unit that worked for months. The Tenant disputed that the Unit's keys were changed every month.

Landlords' Evidence

- [36] AM's evidence is summarized as follows.
- [37] The Residential Property has been licensed under the *Tourism Industry Act* for over thirty years.
- [38] AM stated that, according to Tourism PEI, the Landlords were exempted from the *Act* under the *Innkeepers Act* as long as the customer checked in and checked out of their room within a maximum period of one month. This is the reason that the Landlords reprogram key cards every thirty days. The customer must come back to the Residential Property's front desk and request another key card and the Landlords would decide whether to issue one.
- [39] AM assumed that the *Act* did not apply to the Tenant because there was no long-term lease in place, no written lease and no security deposit collected.
- [40] Hurricane Fiona affected the Residential Property causing about fifty percent of the units to be unusable due to insurance. The Landlords lost track of which units were in working shape and which ones were not. With the Fiona chaos with insurance and closed rooms, the rental of the Unit to the Tenant slipped through.
- [41] AM only had discussions regarding the Tenant on two occasions and they did not speak about a rent increase for the Unit. The first occasion was regarding a battery purchase from the Tenant, which the Landlords declined. The second occasion in May of 2026 was regarding the mold and asbestos work occurring at the Residential Property. Notices were posted for over a year on the walls regarding mould remediation and asbestos removal.

- [42] AM leaves decisions with customers to the hotel managers because AM is busy running properties across the country.
- [43] The Landlords are unfamiliar with the Rental Office's forms because they function as a hotel and never had tenancy files on a monthly basis or long-term rentals. The Landlords have never had a Rental Office issue with the Unit or any other units in the Residential Property.
- [44] The Tenant rented the Unit on a nightly basis thirty days at a time and the Tenant was never entered in the Landlords' computer system for more than thirty days.
- [45] The Tenant sometimes claimed that he paid a \$400.00 security deposit and other times claimed it was \$800.00. The Landlords have no record of the Tenant's security deposit and the Tenant has not provided proof of payment.
- [46] AM believes that the Tenant was living in the Unit as of June 2023. The Tenant was already living in the Unit when AM attended the Residential Property in May of 2024 to introduce WC, the new manager of the Residential Property from Ontario. At this time AM learned that the Unit had been rented to the Tenant but the rental had not been added to the Landlords' computer system.
- [47] In response to the Tenant's evidence, AM stated that DS did not work at the Residential Property's front desk and DS would not be working out of the nearby office.
- [48] AM stated that there is a record of \$800.00 in rent being paid on a thirty-day basis effective beginning of June of 2023.
- [49] AM stated that there was an increase of the Tenant's total amount payable effective June of 2024 shortly after WC started. The Tenant and WC agreed that the \$800.00 rental rate would remain the same and the Tenant agreed to pay an additional \$400.00 for additional vehicle parking because the Tenant was previously only allowed one parking spot.
- [50] In response to CJ's evidence, below, AM later stated that the Tenant's first recorded payment was \$1,200.00 for June of 2024. AM does not directly know what amount the Tenant was paying before this time because there is no record in the Landlords' computer system.
- [51] The Landlords could not get in contact with DS regarding the reason the Unit was not in the Landlords' computer system or the amount of rent the Tenant was paying.
- [52] AM stated that the letters to the Tenant submitted into evidence would have been put under the Unit's door and also made available at the front desk. AM's February 20, 2026 letter states in part:
- "As part of our efforts to improve operations and align with the standards followed at our other properties, we are implementing several operational changes. Effective immediately, we will no longer accommodate long-term stays and will only offer daily-rate arrangements, as outlined in your printed folios."*
- [53] AM's March 15, 2026 letter states in part:
- "Please be reminded that our property operates strictly as a hotel and not as a serviced apartment. All accommodations are subject to nightly or daily room rates, as stated in your printed folios. Under the new management policies, we no longer permit long-term stays at the property."*
- [54] AM's April 18, 2026 has similar statements regarding long-term stays no longer being permitted in the Residential Property.
- [55] AM stated that the Tenant and WC were "buddies."

- [56] CJ's evidence is summarized as follows. CJ has worked for the Landlords since 2007.
- [57] In 2024 CJ heard that the Landlords had found a person living in the Residential Property that was paying cash to DS.
- [58] The Landlords only have the Tenant's word that the Tenant was paying \$800.00 per month. The first record that the Landlords have is from June of 2024, in the amount of \$1,200.00.
- [59] Some of the Residential Property's units, including the Unit, were marked "OOO." This stands for "out of order."
- [60] There is a tax collected on nightly rentals. However, if someone stays longer than twenty-eight or thirty days, then the tax is adjusted off afterwards. The Landlords did not have to pay a nightly rental tax for the Tenant's rental of the Unit.
- [61] CJ was not aware of the two-month exclusion for *Tourism Industry Act* properties in subsection 4(a) of the *Act*.
- [62] ET stated that the Unit was rented to the Tenant on a nightly basis.

ANALYSIS

A. Does the Rental Office have jurisdiction to determine the disputes between the parties in the Application?

- [63] For the reasons below, I find that the Rental Office has jurisdiction to determine the disputes between the parties in the Application.
- [64] At the hearing AM referred to the *Innkeepers Act*, legislation which was later replaced by the *Tourism Industry Act*, RSPEI 1988, Cap. T-3.3.
- [65] Subsection 1(i) of the *Tourism Industry Act* defines "tourism establishment" as follows:

"tourism establishment" means an establishment that provides temporary accommodation for a guest for a continuous period of less than one month, and includes a building, structure or place in which accommodation or lodging, with or without food, is offered for a price to travellers, such as a cabin, cottage, housekeeping unit, hotel, lodge, motel, inn, hostel, bed and breakfast establishment, resort, travel trailer, travel trailer park, recreational vehicle park, houseboat, unique lodgings, camping cabin and campground;

- [66] The one-month period in this clause is similar to the timeline in subsection 1(c) of the former *Rental of Residential Property Act Regulations*, which were in force up to April 7, 2023. This subsection states:

The following premises are exempt from the provisions of the Act:

(c) premises licensed under the Tourism Industry Act R.S.P.E.I. 1988, Cap. T-3.3, except when such premises are provided as accommodation for a guest for a continuous period of one month or more;

- [67] The *Residential Tenancy Act* and the *Residential Tenancy Regulations* have been in force since April 8, 2023.
- [68] The *Act* applies to tenancies of rental units (section 2).

- [69] A “tenancy” means a tenant’s right to possession of a rental unit under a tenancy agreement (subsection 1(v)). A “rental unit” includes living accommodation rented or intended to be rented to a tenant (subsection 1(o)). A “tenancy agreement” means an agreement, whether written or oral, express or implied, between a landlord and a tenant respecting possession of a rental unit, use of common areas and the provision of services and facilities (subsection 1(w)). A “tenant” includes a person who is entitled to use or occupy a rental unit under a tenancy agreement (subsection 1(x)).
- [70] The Tenant had a right to possess the Unit, being residential living accommodation, that the Landlord provided under an agreement. The Landlord was required to follow the rules in the *Act* unless there was an applicable exception.
- [71] Section 4 of the *Act* and section 2 of the *Residential Tenancy Regulations* exclude certain accommodations from the *Act*.
- [72] The balance struck in the *Act* for temporary accommodations licensed under the *Tourism Industry Act* and rental units governed by the *Act* is based upon the length of time the accommodations are provided to a person.
- [73] In particular, subsection 4(a) of the *Act* provides the following exclusion:
- This Act does not apply to*
(a) temporary accommodation licensed under the Tourism Industry Act R.S.P.E.I. 1988,
Cap. T-3.3, except when the temporary accommodation under that Act is provided as
accommodation for a guest for a continuous period of two months or more;
- [74] The one-month period in the *Rental of Residential Property Act Regulations* was increased to two months in the *Residential Tenancy Act*.
- [75] In this case the Tenant has lived in the Unit for three years, well past the two-month period referred to in subsection 4(a) of the *Act*.
- [76] The Landlords have limited direct evidence regarding this matter. AM and CJ are not involved in the daily interactions with customers at the Residential Property. Former managers DS and WC were not witnesses at the hearing. ET has only worked at the Residential Property since February 11, 2026. The Landlords did not provide the Rental Office with documentation recorded around May of 2024 regarding what was discussed between the Tenant and WC at that time.
- [77] The issuance of new key cards every month do not change the fact that the Tenant occupied the Unit for a continuous period of three years while paying rent for a place to live. Further, the Tenant’s direct evidence was that there were periods of several months where the same key provided access to the Unit.
- [78] These longer periods of key access are consistent with AM’s February 20, 2026, March 15, 2026 and April 18, 2026 letters which acknowledge that “*long-term stays*” had been permitted at the Residential Property.
- [79] I find that the disputes between the parties are governed by the *Act* because the exclusion in subsection 4(a) does not apply.

B Was the Tenancy Agreement ended in accordance with the Act? Does the tenancy continue?

- [80] For the reasons below, I find that the tenancy was not ended in accordance with the *Act* and the tenancy continues.

Landlord's Reasons for Regaining Possession

- [81] AM stated that the Landlords informed the Tenant on February 19, 2026 that the Unit was being demolished. The Landlords were required to give the Unit's number over to the City of Charlottetown through the WorkSafe program for mold abatement on the Unit.
- [82] The mold remediation and asbestos removal work was planned for about one year. The commencement date was delayed from March 1, 2026 to April 1, 2026 to May 1, 2026 to June 1, 2026 because the Landlords were waiting for WCB to give approval to do the work required. WorkSafe and OHS posted notices in the Residential Property for all customers to see.
- [83] Effective June 1, 2026 the Unit was taken off the tourism license and is not rentable until the mold and asbestos work is completed. The Unit is currently sealed off. There are no changes being made to the layout of the building.
- [84] The City of Charlottetown, OHS, WCB and Worksafe PEI in conjunction with Tourism PEI have required the completion of the mold and asbestos work through different orders in the last twelve months. The mold remediation and asbestos removal have two different teams. The orders are only between the Landlords and the government bodies.
- [85] The Unit has to go through several levels of testing and asbestos removal. Once that is all completed, Tourism PEI has a three-month waiting period after all the tests and clearances are done before they give back a permit to use the Unit. The Landlords estimate that the Unit will not be available until March or April of 2027.
- [86] The Landlords provided evidence regarding behaviour complaints against the Tenant.

Determination

- [87] Clause 52(2)(d) provides a partial exclusion to the *Act* for temporary accommodation licensed under the *Tourism Industry Act* that is provided to a guest for a continuous period of two months or more.
- [88] Fixed-term agreements for this type of accommodation do not automatically convert to a monthly agreement at the end of the term. Therefore, it would be expected that a person occupying this type of accommodation would move out at the end of the fixed-term.
- [89] The Landlords did not prepare a written tenancy agreement as required by section 11 of the *Act*, which would have clarified the term.
- [90] The Tenant's evidence that DS stated he could live in the Unit "*as long as you like*" indicates a monthly agreement.
- [91] The evidence does not establish that the Landlords and the Tenant were parties to a fixed-term agreement that would end under clause 52(2)(d).
- [92] The Landlords referred to orders from other government bodies requiring the Unit to be vacant. However, the evidence presented does not establish that the Tenant was made a party to these orders.
- [93] I note that no court order would be enforceable against the Tenant unless the Tenant was made a party to the proceeding. Section 105 of the *Act* states:

Despite any other enactment, no order of a court in a proceeding involving a foreclosure or an estate, a proceeding under the Divorce Act (Canada) or the Family Law Act R.S.P.E.I. 1988, Cap. F-2.1, or another proceeding that affects possession of a rental unit is

enforceable against a tenant of the rental unit unless the tenant was a party to the proceeding.

- [94] Subsection 61(1)(k) permits a landlord to end a tenancy to comply with a government issued order as follows:

A landlord may end a tenancy by giving a notice of termination where one or more of the following applies:

(k) the rental unit is required to be vacated to comply with an order of a federal, Prince Edward Island or municipal government authority;

- [95] The Landlords could also have sought to end the tenancy for the Tenant's behaviour under section 61 or for renovations under section 64.

- [96] Regardless of which way the Landlords wanted to end the tenancy, they were obligated to follow section 53 of the Act and the following requirements for a valid eviction notice:

*In order to be effective, a notice of termination **shall** be in writing and shall*

(a) be signed and dated by the landlord or tenant giving the notice;

(b) give the address of the rental unit;

(c) state the effective date of the notice;

(d) except for a notice of termination under section 56, state the grounds for ending the tenancy;

(e) be given to the other party in accordance with section 100; and

(f) when given by a landlord, be in the approved form.

[Emphasis added.]

- [97] The parties agree that the Landlords did not serve the Tenant with a *Form 4A Eviction Notice* or a *Form 4B Eviction Notice* and the Tenant did not give the Landlords notice to end the tenancy.

- [98] The Tenant denied receiving AM's February 20, 2026, March 15, 2026 and April 18, 2026 letters and ET's letters.

- [99] Even if these letters were served to the Tenant, they would not be valid eviction notices because they were not in the approved form.

- [100] Further, when a landlord serves an eviction notice in the approved form, restrictions remain on the landlord regaining possession of a rental unit.

- [101] A landlord is prohibited from changing the locks to a rental unit under the Act unless they provide their tenants with the new keys for access. Subsection 26(1) states:

A landlord shall not change a lock or other means that give access to the rental unit or to common areas of the residential property unless the landlord provides each tenant with a new key or other means that give access to the tenant's rental unit and the common areas of the residential property as soon as practicable.

- [102] Further, subsection 51(4) restricts a landlord from regaining possession to a rental unit as follows:

A landlord shall not regain possession of a rental unit unless

(a) the tenant has vacated the rental unit or has abandoned the rental unit in accordance with section 42; or

(b) the Director has made an order directing the tenant to vacate the rental unit and the order has been sent to the sheriff for enforcement.

- [103] I find that the tenancy continues because the Landlords did not end the tenancy in accordance with the *Act*. I find that the Tenant was unlawfully evicted from the Unit.
- [104] Based upon the Landlords' evidence, I find that the Unit is not currently habitable by the Tenant because of mold and asbestos work. I find that it is not possible for the Tenant to immediately reoccupy the Unit.
- [105] However, the Landlords must allow the Tenant to reoccupy the Unit once the mold and asbestos work is complete and the Unit is habitable. The Landlords must provide the Tenant with reasonable written notice that the Tenant can reoccupy the Unit once the Unit is habitable. The Tenant's obligation to pay rent and the Tenant's other obligations under the *Act* are suspended until the Tenant reoccupies the Unit. The Unit's monthly rent is \$800.00 until the rent is increased in accordance with the *Act*.
- [106] The Tenant submitted invoices and receipts for accommodation expenses related to the unlawful eviction. However, the Application does not include these types of expenses. As a result, I will not determine whether the Landlords must pay these expenses in this decision.
- [107] The Tenant may file an additional application with the Rental Office regarding expenses related to the unlawful eviction.

C. Must the Landlords compensate the Tenant for an unlawful rent increase?

- [108] The Tenant claims against the Landlords for an unlawful rent increase from \$800.00 to \$1,200.00 from June of 2024 to May of 2026 (24 months), in the total amount of \$9,600.00.
- [109] The Tenant's direct evidence is that he paid \$800.00 per month from June of 2023 to May of 2024. The rent was paid to DS, the person that the Landlords had chosen to manage the Residential Property.
- [110] Although the Tenant does not have payment receipts, the Tenant's evidence was that DS only provided a receipt on one occasion around the time the Tenant moved in. I note that the Landlords were required to provide the Tenant with receipts for all cash payments under subsection 19(2) of the *Act*.
- [111] The Tenant provided text-message correspondence that is consistent with an unlawful rent increase. The Tenant submitted into evidence messages with WC from mid-June of 2026. The Tenant obtained WC's number from one of the workers at the Residential Property. The messages state as follows:

Message 1

Tenant "[WC]?"

WC "Im sorry, whos this?"

Tenant "It's [Tenant] from the motel lol [emojis]"

"In pei"

WC "Okay, what's up?"

Tenant "What year did you come and put my rent went from 800-1200 May 2024 wasn't it"

Message 2

Tenant "Or aril"

WC "May"

"Well, id almost say June cause it was late may"

"And you had already paid for may"

Tenant *"Trying to kick me out in 5 days no notice lol"*

"Renovations"

- [112] At the hearing AM confirmed that WC's telephone number in the Tenant's evidence (ending 9659) was the same telephone number that the Landlords have for WC. The Landlords have not spoken to WC about this dispute.
- [113] AM disputed that DS would be present in the locations that the Tenant paid DS rent.
- [114] However, the Landlords have limited direct evidence regarding this matter. AM runs properties across the country and is not permanently working at the Residential Property. AM and CJ are not involved in the daily interactions with customers at the Residential Property. Former managers DS and WC were not witnesses at the hearing. ET has only worked at the Residential Property since February 11, 2026.
- [115] The Landlords would have better evidence had they followed the requirements in the *Act*. The Landlords were required to prepare written tenancy agreements. If the Landlords followed these procedures, then they would have documented the rent and the rent previously charged, as required by subsection 11(2) of the *Act*.
- [116] Based upon the evidence presented, I find that the Unit's rent increased from \$800.00 to \$1,200.00 effective June 1, 2024. This was a 50.0% rent increase, which was well above the 3.0% annual allowable percentage for 2024.
- [117] Other than subsection 4(a) of the *Act*, there are no other rent increase exemptions for properties that are licensed under the *Tourism Industry Act*.
- [118] I have reviewed the evidence of the parties regarding additional parking spaces and there is insufficient evidence that the \$400.00 increase was related to the Tenant being provided with additional services or facilities.
- [119] I find that the evidence establishes a \$400.00 unlawful rent increase that was charged for 24 months, from June 2024 to May 2026. The Landlords must pay the Tenant \$9,600.00 (24 months multiplied by \$400.00 per month) by the timeline below.

Mitigation

- [120] The Landlords questioned why the Tenant did not make the unlawful rent increase application two years ago, around the time of the increase. ET stated that the Tenant never raised any objection about the rent while ET has managed the Residential Property.
- [121] This essentially raises an argument whether the Tenant's claim should be denied or reduced for insufficient mitigation.

- [122] The Tenant stated that he only became aware that the \$400.00 rent increase was unlawful when he attended the Rental Office to dispute being evicted from the Unit. The Tenant stated that he would never have known that the \$400.00 increase was unlawful if he had been given a proper eviction notice.
- [123] I note that the ownership of the Residential Property has not changed during the time that the Tenant has lived in the Unit.
- [124] The evidence establishes that the Tenant filed the Application for an unlawful rent increase shortly after learning that the increase was unlawful. Therefore, I find that the Tenant adequately mitigated his losses. A similar determination was made by the Island Regulatory and Appeals Commission in Order LR25-32¹.
- [125] Further, the *Act* restricts applications for annual rent increases to 3.0% above the annual allowable percentage under subsection 50(7). As a result, the *Act* significantly restricts the ability to mitigate rental income losses in the context of unlawful rent increases.
- [126] For instance, consider if the Unit's rent was reduced in 2024 from \$1,200.00 to \$800.00 because the Tenant filed an unlawful rent increase application at that time.
- [127] The annual allowable percentage for 2024 was 3.0% and the additional rent increase maximum is 3.0% with a successful Rental Office rent increase application, for a total 6.0% rent increase being possible.
- [128] The largest rent increase in 2024 that the Rental Office could have approved was \$48.00 (6.0% of \$800.00).
- [129] Therefore, in this example mitigation would only have resulted in the Landlord's 2024 rental income increasing by \$48.00 monthly, not the \$400.00 increase that the Landlord collected.

CONCLUSION

- [130] The *Act* applies to the Tenant's rental of the Unit from the Landlords.
- [131] The evidence establishes that the Tenant was unlawfully evicted from the Unit. The tenancy will continue on the terms states below.
- [132] The Tenant may file an additional application with the Rental Office regarding the Tenant's out-of-pocket expenses related to the unlawful eviction.
- [133] The evidence establishes that the Unit's rent was unlawfully increased by \$400.00 in June of 2024.

¹ <https://irac.pe.ca/wp-content/uploads/Order-LR25-32.pdf>

IT IS THEREFORE ORDERED THAT

1. The *Act* applies to the Tenant's rental of the Unit from the Landlords.
2. The tenancy will continue. The Landlords must allow the Tenant to reoccupy the Unit once the mold and asbestos work is complete and the Unit is habitable. The Landlords must provide the Tenant with reasonable written notice that the Tenant can reoccupy the Unit once the Unit is habitable. The Tenant's obligation to pay rent and the Tenant's other obligations under the *Act* are suspended until the Tenant reoccupies the Unit. The Unit's monthly rent is \$800.00 until the rent is increased in accordance with the *Act*.
3. The Landlords must pay the Tenant \$9,600.00 by August 17, 2026 because the Landlords unlawfully increased the Unit's rent.

DATED at Charlottetown, Prince Edward Island, this 15th day of July, 2026.

(sgd.) Andrew Cudmore

Andrew Cudmore
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.