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CANADIAN LAW OF LANDLORD AND TENANT

Williams & Rhodes

Release No. 5, August 2025

Williams and Rhodes' *Canadian Law of Landlord and Tenant*, 6th Edition, is an in-depth examination of both commercial and residential tenancies law in every jurisdiction in Canada. It provides a consolidation of all statutory and regulatory developments, including rent control. Topics discussed in the publication include the creation of the landlord and tenant relationship, requisites of leases and agreements, various tenancies and leases, rent and recovery of rent, and termination of tenancies. The text also includes landlord and tenant legislation from all Canadian jurisdictions set out full together with concordance between provinces.

This release features updates to the case law and commentary in Chapters 7 (Recovery of Rent by Action), 9 (Quiet Enjoyment), 14 (Renewals — Valuation of Buildings — Options to Purchase), 18 (Overview of the Legislation), 20 (Rent), 22 (Termination at End of a Period of Tenancy), and 23 (Termination for Cause).

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Highlights

New and significant case law discussed in this release includes the following:

§ 14:30. Effect of Exercising Option—In *1785192 Ontario Inc. v. Ontario H Limited Partnership*, 2024 CarswellOnt 16248, the tenant and landlord had entered into two leases which each contained an option to purchase the underlying premises. The leases indicated that the purchase price would be the midpoint of the appraisals obtained by each party. The parties' appraisals were widely apart and their respective methodology's disputed. The tenant tendered the value of its appraisal, unilaterally reserving a sum equal to the difference between its tender and the midpoint of the parties' two appraisals. That sum was being held in trust by the tenant's solicitor pending the outcome of future litigation or arbitration. The landlord returned the tendered funds and refused to close the sale. The landlord later received an offer to purchase the premises for more than the midway point of the two appraisals. The tenant sought specific performance of the purchase contract or, alternatively, damages. The landlord sought a declaration that the tenant had failed to exercise the options under the terms of the two leases and that the options were now null and void. The landlord also sought an order removing the registration of the two options to purchase from title and an order for vacant possession. Finding that both parties had obtained a compliant appraisal and that the purchase price was therefore the midpoint between the two appraisals, the application judge agreed that the tenant's partial tender was sufficient. The application judge ordered specific performance, directing the landlord to convey the two properties in exchange for a sum that represented the midpoint between the two appraisals.

§ 20:47. Rent Reduction—In *Hazelview Property Services Inc. v. Matsui*, 2024 CarswellOnt 19156, the landlord had accepted 50% of the agreed rent for 17 months to accommodate the tenant during the COVID-19 pandemic. When the landlord asked the tenant to revert to the original rent, the tenant did so. The landlord demanded \$15,000 in rental arrears for the 17-month period; when the tenant refused to pay the alleged arrears, the landlord served the tenant an eviction notice. The Landlord and Tenant Board held that after one year, that discounted rent became the lawful rent, despite the landlord's request that the tenant revert to the original rent, as the parties had not complied with s. 111 of the *Residential Tenancies Act, 2006*, SO 2006 c. 17 (the "Act") and s. 12 of O. Reg. 516/06 (the "Regulation") under the Act. The landlord appealed. The Ontario Superior Court of Justice (Divisional Court) held that as s. 210 of the Act limited appeals to questions of law, the Board's finding of fact that the parties had not agreed to a deferral of rent could not be appealed. The court did concede that as the Board had only been asked to decide the issue of whether the tenant owed the alleged arrears, and not whether the reduced rent continued to apply after the landlord had asked the tenant to revert to the original rent, the Board had erred in law in resolving an issue that was not before it on the landlord's application. That portion of the Board's decision was quashed accordingly, and the remainder of the landlord's appeal was dismissed.