



**Docket: LR21038**

**Order: LR21-41**

**IN THE MATTER** of an appeal under section 25 of the *Rental of Residential Property Act (the "Act")*, filed by Jeff Hannam against Order LD21-303 issued by the Director of Residential Rental Property and dated August 12, 2021.

**BEFORE THE COMMISSION ON** Wednesday, September 22, 2021.

Panel Chair - Erin T. Mitchell, Commissioner

M. Douglas Clow, Vice-Chair

Hearing Date: Thursday, September 16, 2021

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# ORDER

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(Sgd.) Susan Jefferson  
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Commission Administrator  
Corporate Services and Appeals

This appeal asks the question of whether the Director erred in calculating a greater than allowable rent increase.

## **BACKGROUND**

Jeff Hannam (“Mr. Hannam”) rents half of a duplex located at 29 Thorndale Drive, Charlottetown, PE (the “Premises”), to two tenants, Kyle Holland (“Mr. Holland”) and Julia Hunter (“Mr. Hunter”). Rent for the unit is \$675 per month.

On June 1, 2021, Mr. Hannam gave formal notice to Mr. Holland and Ms. Hunter that he intends to raise their rent to \$1,350 per month. On June 1, 2021, the Landlord filed with the Director of Residential Rental Property (the “Director”) an application to increase the rent above the percentage allowed by regulation without a change to the included service (“Form 12”).

Mr. Hannam submitted to the Director the Statement of Income and Expenses (“Form 16”) dated May 18, 2021, together with supporting documentation.

In Order LD21-303 dated August 12, 2021, the Director ordered that effective September 1, 2021, the maximum allowable monthly rent for the Premises is \$860.62.

Mr. Hannam appealed.

The Commission heard the appeal on September 16, 2021. Mr. Hannam and Mr. Holland participated by way of telephone conference call.

## **Disposition**

The appeal is denied and Director’s Order LD21-303 is confirmed.

## **The Issue**

The Commission must decide whether the requested rent increase is justified.

## **Analysis**

Mr. Hannam provided a market-value appraisal report for the duplex. Recognizing that market values can fluctuate, and that the Provincial Property Assessment for the duplex is significantly lower than current market value, the Commission has taken an average of the Provincial Property Assessment and the Appraisal. Based on this valuation of the duplex, the maximum allowable monthly rent of \$860.62 ordered by the Director provides a return on equity of 4.07%. The Commission has previously determined that a 4% return on equity is reasonable (see Order LR21-18).

Accordingly, the appeal is denied and Director’s Order LD21-303 is confirmed.

**NOW THEREFORE**, pursuant to the *Island Regulatory and Appeals Commission Act* and the *Rental of Residential Property Act*,

**IT IS ORDERED THAT**

1. **The appeal is denied.**
2. **Director's Order LD21-303 is confirmed.**

**DATED** at Charlottetown, Prince Edward Island, Wednesday, September 22, 2021.

**BY THE COMMISSION:**

(sgd. Erin T. Mitchell)

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Panel Chair - Erin T. Mitchell,  
Commissioner

(sgd. M. Douglas Clow)

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M. Douglas Clow, Vice-Chair

**NOTICE**

Subsections 26(2), 26(3), 26(4) and 26(5) of the *Rental of Residential Property Act* provides as follows:

26. (2) A lessor or lessee may, within fifteen days of the decision of the Commission, appeal to the court on a question of law only.  
(3) The rules of court governing appeals apply to an appeal under subsection (2).  
(4) Where the Commission has confirmed, reversed, or varied an order of the Director and no appeal has been taken within the time specified in subsection (2), the lessor or lessee may file the order in the court.  
(5) Where an order is filed pursuant to subsection (4), it may be enforced as if it were an order of the court.