



**Docket: LR22058**

**Order: LR22-58**

**IN THE MATTER** of an appeal, under section 25 of the *Rental of Residential Property Act* (the "Act"), filed by Kent Tredenick against Order LD22-293 issued by the Director of Residential Rental Property and dated August 18, 2022.

**BEFORE THE COMMISSION ON** Friday, October 21, 2022.

Panel Chair - Erin T. Mitchell, Commissioner  
M. Douglas Clow, Vice-Chair

Hearing Date: Wednesday, October 19, 2022

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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 of Residential Rental Property (the “Director”) erred in permitting a greater than allowable rent increase for a two unit building.

## BACKGROUND

Kent Tredenick (the “Landlord”) rents 22 and 24 Granville Street, Charlottetown, PE (collectively the “Premises”) to Ramon and Gisselle Sierra (“Mr. and Mrs. Sierra”) and P.E.I. Housing Corporation (the “Housing Corporation”) respectively. Rent for the Premises in question range from \$869.00 to \$890 per month.

On June 22 and June 30, 2022, the Landlord provided a Form 10 notice of rent increase to Mr. and Mrs. Sierra and to the Housing Corporation. On June 30, 2022, the Landlord filed with the Director a Form 12 application to increase the rent above the percentage allowed by Regulation.

In Order LD22-293 dated August 18, 2022, the Director ordered that:

- a) the maximum allowable monthly rent for the Premises shall be as follows:

Unit	Rent	Effective Date
22	\$906.18	October 1, 2022
24	\$884.80	October 1, 2022

The Landlord appealed.

The Commission heard the appeal on October 19, 2022. The hearing was conducted by way of telephone conference call. The Landlord participated by way of telephone conference call. Allan Corney (“Mr. Corney”) represented the Housing Corporation. Mr. and Mrs. Sierra did not participate, notwithstanding that they were provided with notice of the date and time of the hearing.

## Disposition

The appeal is allowed. The rent for Unit 22 is increased to \$1,050.00 while the rent for Unit 24 is increased to \$1,029.00.

## The Issue

The Commission must decide whether the requested rent increases are justified.

## Analysis

Part IV of the *Act* governs rent increases, and sets out the factors the Director shall consider in determining whether a rent increase beyond the annual allowable amount is justified. Subsection 23(8) reads:

*Factors considered*

*At the hearing both parties are entitled to appear and be heard and the Director shall consider the following factors:*

- (a) whether the increase in rent is necessary in order to prevent the lessor sustaining a financial loss in the operation of the building in which the premises are situate;*
- (b) increased operating costs or capital expenditures as advised by the lessor;*
- (c) the expectation of the lessor to have a reasonable return on his capital investment;*
- (d) such other matters as may be prescribed by the regulations.*

One additional matter is set out in the Rental of Residential Property Act Regulations (the “Regulations”):

*20. Additional factors*

*The following additional matter is to be considered under subsection 23(8) of the Act: The date and amount of the last rental increase. (EC10/89)*

The Landlord acknowledged that his original application to the Director did not contain a property appraisal. He noted he submitted a copy of a September 9, 2022 appraisal to the Commission in support of his appeal. He submitted that an average of Provincial property tax assessment with the appraisal would provide significant equity; which, using the Commission’s 4% rate of return on equity, would fully justify the Landlord’s original rental increase request.

Mr. Corney stated that the Housing Corporation has an excellent relationship with the Landlord. Mr. Corney stated that the Housing Corporation was presenting no evidence to challenge the Landlord’s requested rental increase.

The Commission notes that the September 9, 2022 property appraisal was prepared after Order LD22-293 was issued and thus the Director did not have the benefit of that appraisal.

The Commission has reviewed the factors set out in subsection 23.(8) of the *Act* and section 20 of the Regulations. The Commission finds that, with the value of equity established by an averaging of the Provincial property tax assessment with the appraisal, the increases requested by the Landlord are fully justified. The rent for Unit 22 is increased to \$1,050.00 while the rent for Unit 24 is increased to \$1,029.00.

**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 allowed and Director's Order LD22-293 is hereby varied.
2. The maximum allowable monthly rents are as follows:

Unit	Rent	Effective Date
22	\$1,050.00	October 1, 2022
24	\$1,029.00	October 1, 2022

**DATED** at Charlottetown, Prince Edward Island, Friday, October 21, 2022.

**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.