



PRINCE EDWARD ISLAND

Regulatory & Appeals Commission

Commission de réglementation et d'appels

ÎLE-DU-PRINCE-ÉDOUARD

Date Issued: October 9, 2026

Dockets: LR26046

Type: Rental Appeal

INDEXED AS: Z & C Flourish International Ltd. v. Sheri Bailey

2026 PEIRAC 66 (CanLII)

Order No: LR26-52

BETWEEN:

Z & C Flourish International Ltd. (the "Landlord")

Appellant

AND:

Sheri Bailey (the "Tenant")

Respondent

ORDER

Panel Members:

Gordon MacFarlane, Commissioner
Pamela J. Williams, K.C. Chair

Compared and Certified a True Copy

(Sgd.) Michelle Walsh-Doucette

Commission Clerk

Island Regulatory and Appeals Commission

A. INTRODUCTION

1. This appeal was heard by the Commission on August 19, 2026, and asks the Commission to determine whether the Residential Tenancy Office (the “Rental Office”) erred in finding that:
 1. *The Landlord must inspect the Unit and make the following repairs or replacements by August 14, 2026:*
 1. *Investigate and repair the source of the leak on the roof;*
 2. *Ceiling and walls to be cleaned with soap and water to remove mould;*
 3. *Assess the extent of moisture damage (i.e. surface mould, drywall or wood/structure damage);*
 4. *If mould has impacted drywall or wood above, then the moisture damaged material is to be removed and replaced;*
 5. *Repair roof insulation;*
 6. *Repair kitchen window and second-floor bedroom window;*
 7. *Repair wall stair-railings;*
 8. *Repair the Tenant’s stovetop.*
 2. *Within seven days after completing the repairs, the Landlord must provide the Rental Office and Environmental Health with photographs and a written update confirming completion.*
 3. *The Unit’s rent will be reduced to \$554.63 per month, effective August 1, 2026, until the repairs ordered above are completed.*

B. BACKGROUND

2. This appeal concerns a rental unit located at 99 Westridge Crescent, Charlottetown, PE (the “Rental Unit”).
3. The Rental Unit is a townhouse in a four-unit building owned by the Landlord.
4. The parties entered into a written fixed-term tenancy agreement for the Rental Unit, effective from April 1, 2023, to March 31, 2024. The tenancy then continued on a monthly basis. The Rental Unit’s current monthly rent is \$1,109.26, and the security deposit is \$1,053.43.
5. On July 22, 2025, Environmental Health (“EH”) sent a letter (the “Letter”) to the Landlord and to the Tenant. The Letter stated that due to concerns regarding the Rental Unit’s condition, the Landlord was required to complete the following requirements no later than August 21, 2025, or request an extension:
 1. *Investigate and repair the source of the leak on the roof.*
 2. *Ceiling and walls to be cleaned with soap and water to remove mould.*
 3. *Assess the extent of moisture damage (i.e. surface mould, drywall or wood/structure damage).*

4. *If mould has impacted drywall or wood above, then the moisture damaged material is to be removed and replaced.*
6. On November 27, 2025, the parties participated in a Rental Office hearing. On December 1, 2025, the Rental Office issued Order LD25-416, which ordered the Landlord to inspect the Rental Unit and make any necessary repairs or replacements by January 16, 2026, regarding the following:
 1. *Washing machine;*
 2. *Roof insulation;*
 3. *Kitchen window and second-floor bedroom window;*
 4. *Wall stair-railing.*
7. On May 21, 2026, the Tenant filed an amended *Form 2(A) Tenant Application to Determine Dispute* (the "Application") with the Rental Office, seeking repairs to the Rental Unit and a rent reduction until the repairs are complete. A copy of the Application was served to the Landlord electronically.
8. On May 22, 2026, the Rental Office sent the parties notice of a tele-hearing scheduled for June 11, 2026.
9. On June 11, 2026, the Tenant participated in the tele-hearing before the Rental Office. The Landlord did not participate in the tele-hearing, and the hearing proceeded ten minutes after the scheduled time.
10. The Tenant confirmed receipt of the evidence package and stated that all evidence she submitted to the Rental Office was included. The Landlord submitted no evidence.
11. On July 14, 2026, the Rental Office issued Order LD26-232 which ordered:
 1. *The Landlord must inspect the Unit and make the following repairs or replacements by August 14, 2026:*
 1. *Investigate and repair the source of the leak on the roof;*
 2. *Ceiling and walls to be cleaned with soap and water to remove mould;*
 3. *Assess the extent of moisture damage (i.e. surface mould, drywall or wood/structure damage);*
 4. *If mould has impacted drywall or wood above, then the moisture damaged material is to be removed and replaced;*
 5. *Repair roof insulation;*
 6. *Repair kitchen window and second-floor bedroom window;*
 7. *Repair wall stair-railings;*
 8. *Repair the Tenant's stovetop.*
 2. *Within seven days after completing the repairs, the Landlord must provide the Rental Office and Environmental Health with photographs and a written update confirming completion.*
 3. *The Unit's rent will be reduced to \$554.63 per month, effective August 1, 2026, until the repairs ordered above are completed.*

12. The Landlord appealed Order LD26-232 on July 24, 2026.
13. The Commission heard the appeal on August 19, 2026, by way of telephone conference. The Landlord, Z & C Flourish International Ltd. was represented by Alex Wang. The Tenant, Sheri Bailey, was self-represented.
14. The applicable legislation is the *Residential Tenancy Act*, cap. R-13.11 (the “Act”).

C. DISPOSITION

15. The Landlord's appeal is dismissed and the Rental Office's Order LD26-232 is confirmed subject only to the variation of completion of repairs within one month.

D. ISSUES

16. The issues the Commission must consider on appeal are:

- A. Must the Landlord make repairs to the Rental Unit?
- B. Is the Tenant entitled to a rent reduction?

E. SUMMARY OF EVIDENCE

Landlord's Evidence & Submissions

17. The Landlord submits that the current monthly rent is \$1,109.26, which is substantially below the current market rent for comparable three-bedroom residential properties and is insufficient to cover the property's operating expenses, maintenance costs, insurance, property taxes, and ongoing repair obligations.
18. The Landlord was unsuccessful in seeking a rent increase but continued to maintain the property and absorb the associated costs rather than reducing or discontinuing maintenance because of the low rental income.
19. The Landlord submits he invested \$36,000 in the past year in repairs to the Residential Property, including insulation and decking. The Landlord submits that, during the course of these renovations, it discovered more serious defects.
20. The Landlord argues that these investments clearly demonstrate that he has continuously fulfilled responsibilities as a landlord and have never intentionally delayed or refused necessary repairs.
21. The Landlord submits that completion of these repairs requires the removal of portions of interior walls and ceilings and necessitates continuous and safe access for construction personnel. Accordingly, he says, these repairs cannot reasonably or safely be completed while the Tenant continues to occupy the premises.
22. The Landlord argues that his intention has always been to undertake a complete renovation once the property became vacant rather than continuing piecemeal repairs that would not permanently resolve the underlying issues.

23. The Landlord disputes the Rental Office's decision that he failed to resolve the Tenant's concerns regarding the stove.
24. The Landlord argues that the Tenant replaced the original stove without obtaining the landlord's authorization.
25. The Landlord does not admit that the alleged damage was caused by the Landlord or its contractors.
26. The Landlord submits that he purchased a replacement stove and offered to deliver and install it at no cost to the Tenant, however the Tenant declined the replacement stove.
27. The Landlord submits he took reasonable steps to resolve the stove issue and that these efforts were not fully reflected in the Rental Office's decision.
28. The Landlord has made the decision to list the property for sale.
29. The Landlord submits that if the Tenant continues to occupy the premises, it is impracticable and unsafe to complete those repairs.
30. The Appellant asks that the Commission set aside the Rental Office's order reducing the rent by fifty percent and recognize that the repairs required in this case constitute major renovation work that cannot reasonably or safely be completed while the premises remain occupied.

Tenant's Evidence & Submissions

31. The Tenant relies on her evidence submitted at the Rental Office hearing.
32. The Tenant submits that repairs have been ordered by the Rental Office in LD25-416 and LD26-232, but the Landlord has not completed them and cannot merely continue to disregard maintenance.
33. The Tenant submits that when the Landlord's employee was working on the exterior, they banged on the wall causing a pot to fall on the Tenant's stove and break the stovetop. The Tenant submits that the Landlord agreed to pay to repair the stovetop but did not do so, although supplied another stove that was older and not in as good condition. She submits that the cost to repair the stovetop is approximately \$400.00.
34. In response to the Landlord's argument that the rent is less than market price, the Tenant submits that the Landlord is sophisticated and was aware of this when he chose to buy the property.
35. The Tenant submits that the Landlord is confusing renovations with his obligation to provide ongoing maintenance to the Rental Unit. She further states that this situation has been going on for approximately two and a half years and if the Landlord had addressed issues earlier, repairs could have been completed in a few days, and the property may not be in the condition it is now.

F. ANALYSIS

Must the Landlord make repairs to the Rental Unit?

36. Section 28(1) of the *Act* requires a landlord to provide and maintain residential property in a state of repair that complies with applicable health, safety and housing standards and, having regard to the age, character and location of the rental unit, makes it suitable for occupation by a tenant.
37. The evidence establishes that the repair issues in this matter are not new or isolated concerns. Environmental Health first directed the Landlord, by letter dated July 22, 2025, to investigate and repair the roof leak, address mould, assess moisture damage, and remove and replace moisture-damaged materials where necessary. The Rental Office subsequently issued Order LD25-416 on December 1, 2025, requiring the Landlord to inspect and address additional deficiencies involving the washing machine, roof insulation, windows and stair railings.
38. Despite these prior directions, the Tenant submits that the ordered repairs remained outstanding when the Tenant filed the amended Application on May 21, 2026. The Rental Office then ordered further repairs in LD26-232, including the roof leak, mould and moisture damage, roof insulation, windows, stair railings and stovetop repair.
39. The Landlord does not dispute that significant work remains to be completed. Rather, the Landlord submits that the nature and extent of the work make it impracticable and unsafe to complete while the Tenant remains in the Rental Unit. The Landlord also submits that it invested approximately \$36,000 in repairs during the preceding year and intended to undertake a more comprehensive renovation once the property became vacant. The Landlord ultimately plans to sell the property.
40. The Commission accepts that the Landlord has undertaken certain repairs to the property and that further substantial work may be required. However, those circumstances do not, in themselves, discharge the statutory obligation under section 28 of the *Act*. As stated above, the *Act* places the obligation to maintain the residential property in the required state of repair on the Landlord. The fact that repairs may be extensive or costly, may be more efficiently performed during a vacancy, or that the Landlord intends to sell the property does not establish that the Landlord is relieved of that obligation while the tenancy continues.
41. The Landlord's stated intention to undertake a complete renovation once the property becomes vacant therefore does not, on the evidence before the Commission, provide a basis for setting aside the repair order.
42. The Landlord's decision to sell the property likewise does not alter the Landlord's obligations during the existing tenancy. The *Act* continues to impose the repair and maintenance obligation while the tenancy remains in existence.

43. The Commission considers the history of the matter significant. Environmental Health had already identified concerns concerning the roof leak, mould and moisture damage in July 2025. The Rental Office subsequently issued Order LD25-416 concerning other deficiencies. The evidence before the Rental Office was that those repairs remained incomplete. The Commission therefore finds that the deficiencies identified in LD26-232 were sufficiently established to justify an order requiring the Landlord to complete the repairs.
44. The Landlord's evidence that it has made substantial investments in the property and has not intentionally refused to perform repairs does not contradict the Tenant's evidence that the specific deficiencies identified by Environmental Health and the Rental Office remain outstanding. A landlord may undertake substantial maintenance and nevertheless remain in breach of its obligation with respect to particular requirements.
45. With respect to the stovetop, the Landlord submits that the Tenant replaced the original stove without authorization and that the Landlord did not admit responsibility for the subsequent damage. The Tenant, however, states that the stovetop was damaged when a pot fell onto the stovetop while exterior wall work was being performed. The Tenant further states that the Landlord agreed to pay for the repair but did not do so, although it later supplied another stove.
46. The issue before the Commission is whether the Rental Unit presently has a functioning stovetop and whether the order requiring the Landlord to address that deficiency should stand. The Commission accepts the Tenant's evidence that the stovetop was damaged and was not functioning and confirms the Rental Office's order in this regard.
47. On the evidence as a whole, the Commission is satisfied that the Rental Office was entitled to order the Landlord to address the identified deficiencies.
48. The Commission therefore finds that the Landlord remains responsible for completing the repairs identified in Order LD26-232.

Is the Tenant entitled to a rent reduction?

49. The second issue is whether the Tenant is entitled to a reduction in rent while the deficiencies remain outstanding.
50. Section 85(1)(e) of the *Act* expressly authorizes the Director to direct that past or future rent be reduced by an amount equivalent to a reduction in the value of the tenancy agreement. The *Act* therefore recognizes that where a landlord's failure to comply with its obligations diminishes the value of the tenancy, a rent reduction may be an appropriate remedy.
51. In this case, the Rental Office reduced the rent from \$1,109.26 to \$554.63 per month, representing a reduction of approximately 50%, effective August 1, 2026, until the ordered repairs are completed.

52. The Landlord submits that the existing rent is already substantially below market rent and is insufficient to cover operating expenses, maintenance, insurance, taxes and other costs. The Landlord also relies on its approximately \$36,000 investment in repairs and argues that a 50% rent reduction would be unfair. The Commission, however, does not find those considerations persuasive in this matter. The purpose of the rent reduction is not to determine whether the rent represents market value or whether the Landlord's operating expenses are adequately covered. Rather, the relevant consideration is the reduction in the value of the tenancy resulting from the outstanding deficiencies.
53. The Commission finds that the existence of significant unresolved deficiencies, including a roof leak, mould and moisture concerns, damaged or deficient windows and stair railings, and a defective stovetop, is relevant to the value of the tenancy being provided.
54. The Commission finds that the deficiencies were significant, longstanding and effected several aspects of the Rental Unit. The deficiencies were not isolated or temporary, and several had been identified by Environmental Health and the Rental Office before the Tenant filed her Application. The Commission is satisfied that these deficiencies materially reduced the value of the tenancy during the period in which they remained outstanding. In determining the appropriate reduction, the Commission has considered the nature, extent and duration of the deficiencies and the evidence concerning the condition of the Rental Unit. The Commission therefore finds that a 50% reduction in rent is an appropriate reduction in the value of the tenancy for the period at issue.

Appropriate completion period

55. The Commission does, however, consider it appropriate to vary the time within which the repairs must be completed. The original order required completion by August 14, 2026. The Commission heard the appeal after that date on August 19, 2026, and the Landlord provided evidence that some of the work is extensive and may require access to portions of walls and ceilings.
56. The Commission accepts that the Landlord requires a reasonable period to coordinate contractors, obtain materials, investigate the extent of moisture damage and safely complete the work. Accordingly, the completion period should be extended to one month from the date of the Commission's order.
57. The rent reduction shall remain in effect until the ordered repairs are completed.
58. The Commission further considers the requirement that the Landlord provide photographs and a written update to the Rental Office and Environmental Health to be a reasonable compliance mechanism. It provides objective confirmation of the work performed and permits the relevant authorities to determine whether the deficiencies identified in the orders have been addressed.

G. CONCLUSION

59. Having considered the evidence and the applicable provisions of the *Act*, the Commission finds that the Landlord has an ongoing obligation to maintain the Rental Unit in a state of repair that complies with applicable health, safety and housing standards and that is suitable for occupation and did not meet that obligation.
60. For the reasons set out above, the Commission finds that the Landlord has not established a basis for setting aside the repair requirements in Order LD26-232 or the 50% rent reduction.
61. The appeal is therefore dismissed. Order LD26-232 is confirmed, subject only to varying the deadline for compliance.
62. The rent reduction remains effective from August 1, 2026, until all outstanding work required by Order LD26-232 has been completed.

IT IS ORDERED THAT

- 1. The appeal is dismissed. Order LD26-232 is confirmed, subject only to varying the deadline for compliance as set out below.**
- 2. The Landlord shall complete all outstanding work and comply with all requirements set out in Order LD26-232 within one month of the date of this decision.**
- 3. The Landlord shall provide photographs and written confirmation that the repairs have been completed to the Rental Office and Environmental Health within 7 days of completion.**
- 4. The rent shall remain at \$554.63 per month until all outstanding work required by Order LD26-232 has been completed. Upon completion of all such work, the rent reduction shall cease and the rent shall thereafter be payable in accordance with the tenancy agreement.**

DATED at Charlottetown, Prince Edward Island, 9th day of October, 2026.

BY THE COMMISSION:

[sgd. Gordon MacFarlane]

Gordon MacFarlane

[sgd. Pamela J. Williams, K.C.]

Pamela J. Williams, K.C.

NOTICE

Subsections 89 (9), (10) and (11) of the *Residential Tenancy Act* provides as follows:

89. (9) A landlord or tenant may, within 15 days of the decision of the Commission, appeal to the Court of Appeal in accordance with the *Island Regulatory and Appeals Commission Act* R.S.P.E.I. 1988, Cap. I-11, on a question of law only.

(10) Where the Commission has confirmed, reversed or varied an order of the Director, the landlord or tenant may file the order with the Supreme Court.

(11) Where an order is filed under subsection (10), it may be enforced as if it were an order of the Supreme Court.