

# Renting on PEI

A Guide for Landlords



**Community Legal  
Information**  
Empowerment Through Knowledge

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# Introduction

This publication is for landlords and property managers of residential rental properties, including apartments, condominiums, and houses. This publication explains your rights and responsibilities as a landlord or property manager. You may also find this publication useful if you are thinking of renting out a property you own or buying a rental property.

This publication is not legal advice, and it does not replace guidance from a lawyer.

This publication was created in collaboration with the Office of the Director of Residential Rental Property.

## About Us

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Renting PEI helps PEI tenants and landlords by providing legal information, referrals, and support during the rental hearing process. We also deliver workshops about tenants' and landlords' rights and responsibilities.

Renting PEI is a project of Community Legal Information. Renting PEI is funded by the PEI Department of Social Development and Housing.

### Contact

**Telephone**

902-940-5368

**Website**

[www.rentingpei.ca](http://www.rentingpei.ca)

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**Social Media**

@RentingPEI



**This publication is not legal advice, and it does not replace guidance from a lawyer.**



**Renting PEI**

Legal Information for  
Tenants & Landlords



# PEI Rental Law

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## The Basics of Rental Law

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A **landlord** is the owner of rental housing. A landlord is also called a lessor.

A **tenant** is a person who rents a rental unit. A tenant is also called a lessee.

A **property manager** is the person in charge of managing rental housing. A property manager may be the main person a tenant communicates with. A landlord may give the name and phone number of a property manager and ask the tenant to communicate mainly with them. Even if there is a property manager, landlords must still give their own name and address in writing to tenants.

A **rental agreement** is a legal contract between a landlord and a tenant. The agreement can be verbal, written, or implied. A **lease** is a written rental agreement. In a rental agreement, the tenant agrees to pay rent to live in a rental unit owned by a landlord.

# The Rental of Residential Property Act

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The law that applies to most residential rental agreements on PEI is the *Rental of Residential Property Act* and its *Regulations*. We call the *Rental of Residential Property Act* “the Act” in this publication.

The *Act* and its *Regulations* explain the rights and responsibilities of landlords and tenants. They also explain what you or the tenant may do if one of you is not following the law. The *Act* and *Regulations* do not cover all types of rental properties. Rentals not covered include:

- Housing co-operatives.
- University or college residences.
- Community care facilities and long-term care facilities.
- Facilities that provide therapy or rehab services.
- Facilities that provide temporary shelter, such as transition houses.
- Group homes.
- Short-term rentals where the renter stays for less than one week.
- Commercial rentals.

If you are not sure if your rental property is covered under the *Act*, call the **Rental Office** at 902-892-3501.

## Other Important Laws

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Other laws may impact your rights and responsibilities as a landlord, including:

- The ***Public Health Act*** and its ***Rental Accommodation Regulations***.
- The *National Building Code of Canada*.
- The ***Fire Prevention Act***.
- The PEI ***Human Rights Act***.
- The PEI ***Tourism Industry Act***.
- The ***Cannabis Control Act***.
- Local municipal zoning bylaws or official plans.

Talk to a lawyer if you are unsure how these laws apply to you.

## Office of the Director of Residential Rental Property

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The **Rental Office** oversees rental issues between tenants and landlords on PEI. The Rental Office has an administrative tribunal that has the power to hold hearings between tenants and landlords and make binding decisions, called orders. The Rental Office is also known as the Office of the Director of Residential Rental Property.

The Rental Office is part of the **Island Regulatory and Appeals Commission (IRAC)**. The Island Regulatory and Appeals Commission (IRAC) is a quasi-judicial tribunal that is independent of the provincial government. IRAC is also responsible for setting gas prices and hearing appeals for provincial planning, tax, and rental decisions.

The Rental Office only deals with residential rentals covered by the ***Rental of Residential Property Act***. The Rental Office may not be able to help you if your property is not covered under the *Rental of Residential Property Act*.

If you have an issue with your rental unit, or if the tenant is not meeting their legal responsibilities, you may ask the Rental Office to get involved. To start the process, file an official form with the Rental Office explaining the issue. **All the official forms for residential rentals are available on the Rental Office's website.** You may also get copies of the rental forms at IRAC's office.



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### Island Regulatory and Appeals Commission

Confederation Court Mall

5th floor, Suite 501,  
National Bank Tower

134 Kent Street,  
Charlottetown, PEI



The tenant may ask the Rental Office to get involved if you are not meeting your legal responsibilities.

If you or the tenant file a form with the rental office:

1. The Rental Office may try to work with you and the tenant to resolve the issue without a hearing.
2. The Rental Office will hold a hearing. During a hearing, you will be required to present evidence to support your claim, and the tenant will do the same. An employee of the Rental Office, called a Rental Property Officer, will oversee the hearing, and will make a decision. This decision is written in a document called an order.
3. If you or the tenant disagree with the Rental Office's decision about your case, you may be able to file an appeal with IRAC. You may only file an appeal with IRAC if you attended the first hearing with the Rental Office. To start the appeal process, file a Notice of Appeal within 20 calendar days of receiving the decision from the Rental Office.

For more information about the Rental Office and what they do, call their inquiry line at 902-892-3501 or email them at [askrental@peirentaloffice.ca](mailto:askrental@peirentaloffice.ca).



# Buying a Property that is Currently Rented

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You may become a landlord by buying a rental unit that a tenant is already renting from the previous owner. There are rules you must follow when you buy a rental property.

## Must I follow an existing rental agreement?

Yes. If you buy a rental unit that is currently rented, you must continue with any existing rental agreements the tenant had with the former landlord.

## How do I change terms in a rental agreement?

Apply to the Rental Office if you want to make changes to the services offered to a tenant under an existing rental agreement.

Use **Form 2 – Application for Enforcement of a Statutory or other Condition of Rental Agreement**.

If you buy a rental property and want to increase the rent, you must follow the province's rent increase rules. Rent increase rules apply even if the unit is vacant when you buy it.

For more information about rent control on PEI, read more about rent increases on page 29.

## How do I get a security deposit if the property is already rented?

Ask the seller if the tenant paid a security deposit. If yes, the previous owner should transfer the deposit to you. This information is usually given to your lawyer or real estate agent.

For more information about security deposits, see page 23.



**If you buy a rental unit that is currently rented, you must continue with any existing rental agreements the tenant had with the former landlord.**

## What if I want to move myself or a family member into the property?

You may only evict a tenant if the property has two or fewer rental units and you or a close family member want to move in. A close family member may be:

- Your spouse.
- Your children.
- Your parents.
- Your spouse's parents.

Examples of a property with two or fewer rental units are a family home or a duplex.

Tell the seller that you want to move yourself or your family into the property. The seller must serve the tenant with **Form 4 – Notice of Termination by Lessor of Rental Agreement**. Form 4 must be served along with an affidavit.

An **affidavit** is a sworn statement of facts. The affidavit must be signed by you (the purchaser) in front of a Commissioner for Affidavits. The affidavit must state that you and/or your family want to move into the property.

The seller must serve the Form 4 and the affidavit on the tenant at least 2 months before you want the tenant to move out.

For more information about evictions, see page 38.

# Preparing a Unit for the Rental Market

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## What are the minimum requirements for a rental unit?

You must make sure the rental unit meets the requirements in the *Public Health Act Rental Accommodation Regulations*. There are minimum requirements for space, ventilation, heating, lighting, and water.

### Space

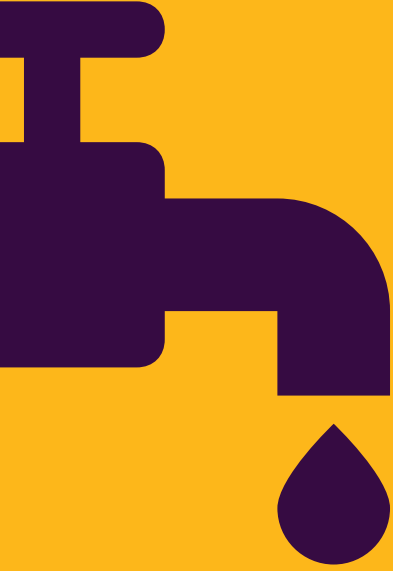
- Sleeping area: at least 50 square feet per occupant.
- Living area: at least 80 square feet.
- Ceilings: at least 7 feet, 6 inches high.
- No room may be less than 7 feet wide unless it is a kitchenette or bathroom.

### Ventilation

Every bathroom or room with a toilet must be ventilated by at least one of the following:

- A window opening directly to outside air.
- A window opening directly into a vent shaft which extends outside of the unit.
- A duct of non-flammable material extending through the roof.
- A ventilating skylight.
- Mechanical ventilation approved by a public health official.





## Heating

All heating equipment must work properly, be in good condition, and be reasonably efficient. If you are not sure if your unit meets these requirements, request a free inspection from the Department of Environmental and Public Health.

If you provide heat and you control the heat, you must make sure that the heat is at least 65 °F / 18.3 °C in the unit.

## Lighting

Every livable room in the unit must have at least one window that opens to the outside.

Any public hallways in a building with 3 or more units must be lit 24 hours every day by natural or artificial light.

## Water

The rental unit must have hot and cold water with adequate pressure.

## Other Requirements

The rental unit must be:

- Weatherproof (free from rain or snow).
- Damp-proof (free from dampness).
- Vermin-proof (no rodents or insects are able to get in).

The rental unit must have at least 48 cubic feet of food storage.

There are many other standards to consider. These are listed in the *Public Health Act Rental Accommodation Regulations*. For more information, contact the **Department of Environmental and Public Health** at 902-368-4970 or 1-800-958-6400.

## **What if the rental unit doesn't meet the standards?**

The tenant may:

- Ask you to repair the unit.
- File a **Form 2 – Application for Enforcement of a Statutory or other Condition of Rental Agreement** with the Rental Office to request that you repair the unit.

## **What amount of rent do I charge for a new rental unit that has never been rented before?**

You may charge any amount of rent the tenant agrees to pay if you are renting a brand-new unit which has never been rented before. Once you enter into your first rental agreement, you must follow the province's rent increase rules.

Information about rent increases are on page 29.

## **Should I inspect the rental unit before the tenant moves in?**

It is a good idea for you and the tenant to inspect the rental unit together before the tenant moves in. This is not required by law, but it ensures you both agree on any pre-existing damage.

Note the condition of walls, floors, counters, appliances, and anything else in the rental unit. Document any damage and consider taking photos and/or videos. It is a good idea for you and the tenant to sign a form acknowledging any existing damage.

A detailed and signed inspection form may help settle disagreements about damage when the tenant moves out. An example **Rental Unit Condition Report** is on the **Rental Office's website**.

When the tenant moves out, you and the tenant should do a final inspection of the rental unit. You may use the notes and photos from the first inspection before the tenant moved in. This may help determine if anything has been damaged while the tenant lived in the unit. If the tenant causes damage, you may be able to keep part or all of their security deposit to cover the cost of repairs.

# Finding a Tenant

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## What are my obligations under the Human Rights Act?

Everyone has the right to equal access to housing without discrimination. **Discrimination** means treating someone unfairly because of their identity, beliefs, or background. The *PEI Human Rights Act* protects people from discrimination.

You can't deny someone a rental or treat a tenant unfairly because of their:

- Age.
- Colour, race, ethnic or national origin.
- Creed or religion.
- Family or marital status (including having children if the unit is large enough to accommodate each person).
- Gender identity.
- Gender expression.
- Disability (including having an addiction).
- Political belief.
- Sexual orientation.
- Sex.
- Source of income (including being on social assistance or employment insurance).

You also can't discriminate against someone who filed a human rights complaint in the past.





## May I refuse to rent to someone with a service animal?

No. Even if your rental unit is pet free, you can't refuse to rent to someone because they have a service animal.

A **service animal** is an animal trained to assist a person with a disability. A service animal usually wears a harness or collar identifying them as a service animal. The owner of a service animal may have a letter or card from a recognized training organization identifying the animal as a service animal.

A tenant may not tell you that they have a service animal before you agree to rent a unit to them. If you agree to rent a unit to a tenant and then learn that they have a service animal, you can't refuse to rent to them or terminate the rental agreement because they have a service animal.

You may ask if the animal is trained to assist the tenant with a disability, but a tenant is not required to give you details about their disability. If the animal is clearly marked as a service animal and is behaving appropriately, the tenant should not have to provide you with confirmation that it is a service animal.

For more information about service animals, contact the **PEI Human Rights Commission** at 902-368-4180 or read their **Service Animal Fact Sheet**.



## What personal information do I collect from a tenant?

The law that covers personal information for tenants is the **Personal Information Protection and Electronic Documents Act** (*PIPEDA*).

When you ask a tenant or potential tenant for personal information:

- Explain why you need it,
- Explain how you will store it,
- Identify any third parties you will share the information with, and
- Explain how you plan to protect the information.

The tenant or potential tenant may suggest another way of achieving the same goal.

You must:

- Have a tenant's consent when you collect, use, or disclose their personal information.
- Tell the tenant why you are collecting their personal information. You may only use this information in ways a reasonable person would consider appropriate.
- Allow the tenant to access the personal information you have about them. Tenants may challenge the accuracy of any information they do not think is correct.
- Only use the tenant's personal information for the purposes it was collected for, and you should not keep this information for any longer than necessary.
- Make sure the tenant's personal information is protected.

## May I run a credit check on a potential tenant?

Yes, you may run a credit check on a potential tenant to get information about their ability to pay the rent. You must have a tenant's consent to share their personal information with any third party, including with a credit reporting agency, for a credit check. The tenant may say no or suggest another way of showing they are able to pay the rent.

## May I ask the tenant for their social insurance number (SIN)?

A social insurance number (SIN) is a confidential number. You can't require a tenant to provide their SIN unless you show that their SIN is required for a specific and legitimate purpose.

If you ask a tenant for their SIN, they may ask why you need it, how it will be used, and who it will be shared with. The tenant may:

- Refuse to give you their SIN, or
- File a complaint with the Office of the Privacy Commissioner of Canada.

For more information, visit the website of the Office of the Privacy Commissioner of Canada.

## Can I require that my tenant has tenant insurance?

Yes, you may require the tenant to get tenant insurance before they rent from you. **Tenant insurance** covers a tenant's belongings in the case of a flood, fire, or theft. Most property insurance policies cover your rental property but will not cover the tenant's belongings inside the rental units.

# Rental Agreements

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A **rental agreement** is a legal contract between a tenant and a landlord. The agreement may be verbal, written, or implied. In a rental agreement, you and the tenant agree to follow a list of rules, called conditions.

## What do I need to include in a rental agreement?

The law requires that you include certain conditions in every rental agreement. Conditions required by law are called **statutory conditions**. You and the tenant can't leave these conditions out of any agreement, even if you both want to. Statutory conditions apply even if you do not have a written rental agreement.

The statutory conditions are in the Rental Office's **Form 1 – Standard Form of Rental Agreement**. Statutory conditions for rental agreements include your responsibility to keep the unit in a good state of repair and the tenant's responsibility to keep the unit clean.





## What other conditions may I add to a rental agreement?

You and a tenant may add conditions to your agreement before you both sign the agreement. The conditions that you and the tenant add to your agreement can't contradict legislation. If any condition of your agreement contradicts the *Rental of Residential Property Act* or any other law, that condition will not be enforceable.

You may choose to include some utilities in the rent or not. **Utilities** are services such as heat, water, electricity, and internet. Make sure to specify which utilities, if any, are included in the rent.

You may also add conditions like 'no pets' or 'no smoking inside the unit' to a rental agreement. A "no pets" condition does not include service animals. For more information about service animals, see page 16.

## How do I change the conditions of the rental agreement after it is signed?

You and a tenant must agree to changing the conditions, preferably in writing. For example, making a unit smoke free, or removing a "no-pets" rule. If you enter into a new rental agreement with a new tenant, however, you are free to set new conditions.

## **How do I change the services or utilities offered in the rental agreement?**

You must apply to the Rental Office for permission if you want to change the services or utilities offered under the rental agreement. For example, if you no longer want lawn cutting or hot water to be included in the rental agreement.

Use **Form 2 – Application for Enforcement of Statutory or Other Condition of Rental Agreement**. The Rental Office will schedule a hearing. Both you and the tenant may attend. After the hearing, the Rental Office will either allow or deny the change to the rental agreement. The Rental Office may order that the rent be reduced to compensate the tenant.

Stopping a service or utility suddenly is considered an illegal rent increase. The tenant may apply to the Rental Office for a return of rent.

## What are the types of rental agreements?

A **month-to-month agreement** does not include an end date. The agreement continues until either the tenant gives you notice that the agreement will end, or you evict the tenant for a valid reason stated in the *Act*. An example of a valid reason for eviction is if the tenant does not pay their rent or if they damage the property.

A **fixed-term rental agreement** has a clear start date and end date. A tenant is expected to live in a rental unit and pay rent until the end of a fixed-term agreement. After the end date, a fixed-term rental agreement automatically becomes a month-to-month rental agreement with the same rules and conditions as the original agreement.

You can't evict a tenant just because their term is ending. The exception is if the rental unit is licensed as a short-term rental under the *Tourism Industry Act*. For more information contact the **Rental Office** at 902-892-3501.



**After the end date, a fixed-term rental agreement automatically becomes a month-to-month rental agreement with the same rules and conditions as the original agreement.**

# Security Deposits

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## What is a security deposit?

A **security deposit** is money paid by a tenant and held in trust for the tenant by the landlord during the rental agreement.

A security deposit must be:

- No more than one month's rent.
- Held in trust until the tenant moves out.

You can't ask any tenant for any extra deposit. For example, key money, a holding deposit, pet deposit, or both first and last month's rent.

After a tenant moves out, you have 10 days to return their security deposit (plus interest) or notify them that you intend to keep it and explain why.

## How do I calculate interest on a security deposit?

Calculate the interest owed by using the Interest Rate Calculator on the **Rental Office's website**.





## When do I have the right to keep all or part of the security deposit?

You may keep all or part of a tenant's security deposit if they:

- Did not pay rent and/or bills in full,
- Damaged the unit beyond reasonable wear and tear, or
- Did not clean the apartment to a reasonable standard.

## What steps do I take to keep all or part of the security deposit?

If you want to keep all or part of the security deposit, you must serve the tenant a **Form 8 – Notice of Intention to Retain Security Deposit**. If a tenant wants to challenge your decision, they may file a **Form 9 – Application Re: Determination of Security Deposit with the Rental Office**. The Rental Office will schedule a hearing and you and the tenant may attend.

Before the hearing, the Rental Office will ask you to send them the security deposit (plus interest).

During the hearing, you, and the tenant may present evidence. For example, an inspection form or any photographs or videos from before and after the tenant lived in the unit. Based on the evidence, the Rental Office may allow you to keep all or part of the security deposit.



## **What if the security deposit isn't enough to cover the damages?**

The Rental Office can't order the tenant to pay for any damages that the deposit does not cover. If the security deposit is not enough to cover the damages, you may be able to file a small claim in civil court. If you plan to file a small claim in civil court, you may want to speak with a lawyer. For more information about small claims, see our publication **Going to Court**.

## **Privacy**

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Tenants have a right to privacy in their rental units.

### **What notice do I have to give before visiting the rental unit?**

You must give the tenant at least 24 hours notice. The notice must be in writing, and it must state the date and time of any visit. You must schedule your visit between 9 AM and 9 PM.

If you enter a rental unit without giving the tenant proper notice, the tenant may file a complaint with the Rental Office.

You may enter the rental unit without giving 24 hours' notice if:

- Tenant invites you to visit the unit within 24 hours, or
- There is an emergency in the rental unit, like a water leak.

## **May I take photos or videos of the rental unit while a tenant is living there?**

Yes, if the tenant consents. You must tell the tenant how you will use the photos or videos. For example, if you need pictures to sell or rent the property.

## **May I put surveillance cameras on the rental unit?**

Yes. But, you must:

- Post signs saying there are surveillance cameras.
- Hand out policies that explain how the recordings will be used and when it will be looked at.
- Make sure the camera does not record the inside of the rental unit.

## **Where do I find more information about privacy?**

Contact the Office of the Privacy Commissioner of Canada or read their publications **Privacy in the Landlord and Tenant Relationship** and **10 Privacy Tips for the Rental Housing Sector**.

### **Office of the Privacy Commissioner of Canada**

Website [www.priv.gc.ca](http://www.priv.gc.ca)

Phone 1-800-282-1376

# Resolving Tenants' Complaints

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Landlords are responsible for maintaining the condition of the rental unit and for ensuring that the tenant's rights are respected. If a tenant has a problem with the unit or with another tenant, you are often the first person they will contact.

If a tenant tells you about a problem with a rental unit or complains about another tenant renting from you, you have a responsibility to resolve the issue within a reasonable amount of time.

## What are common tenant complaints?

A tenant may ask you for help if:

- They discover mice, bedbugs, cockroaches, silverfish, or another pest in the unit.
- One of the appliances included in the rental agreement (stove, dishwasher, etc.) stops working.
- They discover black mold in the unit.
- There is a leak or draft in the unit.
- The heat or hot water stops working.
- Another tenant is smoking in a non-smoking building.
- Another tenant of yours is noisy.
- Another tenant is harassing them.

As the landlord, you are responsible for taking action to resolve these problems.





## **What if I don't resolve the problem?**

If you are not fulfilling your responsibilities, the tenant may apply to the Rental Office. They may ask for a return of rent, to end the lease early, or for an order requiring you to act.

## **What if a tenant is causing the problem?**

If a tenant is not meeting their responsibilities or is infringing on another tenant's rights, you may:

- Talk to them,
- Give them a written warning,
- Serve them with an eviction notice, or
- Apply to the Rental Office for an order ending the rental agreement.

# Rent Increases

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## What are the rules for increasing rent?

Landlords may increase rent once per year within a maximum allowable amount. If you want to increase a tenant's rent, you must:

- Give the tenant 3 months' written notice of any rent increase.
- Only increase the rent once every year. This applies even if a new tenant moves in.
- Only increase rent by the allowable amount or less. To see this year's allowable amount, visit the **Rental Office's website**. Apply to the Rental Office for permission to increase the rent by more than the allowable amount.



**Landlords may increase rent once a year according to the allowable rent increase.**

## **What is the maximum allowable increase?**

Each year, the Island Regulatory and Appeals Commission (IRAC) sets a maximum allowable rent increase. Landlords may increase rent once a year according to the allowable rent increase. For example, in 2021, landlords on PEI may increase rent by:

- **1.0%** for heated premises.
- **1.0%** for unheated premises.
- **1.0%** for mobile home sites within mobile home parks.

This means a landlord renting a unit for \$1,000 monthly in 2020 may increase rent to \$1,010 in 2021 without an application to the Rental Office. The landlord may not increase the rent again for one full year. This applies even if a new tenant moves in.

Visit the [Rental Office website](#) for more information.

## **How does IRAC decide on the maximum allowable increase?**

IRAC sets the increase based on written feedback from tenants and landlords and changes to housing-related expenses.

Changes to housing-related expenses may include:

- The All-items PEI Consumer Price Index from the previous year.
- The cost of furnace oil.
- The cost of electricity.
- Municipal water and sewer rates.
- Insurance costs.
- Property taxes.
- Waste removal rates.

## How do I increase rent within the allowable amount?

Serve the tenant with a **Form 10 – Notice of Increase in Rent of Residential Premises** at least 3 months before you charge them the increased rent. The increase takes place after the 3-month notice period. You do not have to make an application to the Rental Office for this kind of increase.

If a tenant is not sure if an increase is within the allowable amount or if it has been at least one year since the last time you increased the rent, they may file a **Form 13 –Application by Lessee for Review of Proposed Rent Increase** with the Rental Office to have the rent increase reviewed. The Rental Office will schedule a hearing. You and the tenant may attend. The Rental Office may ask you for evidence that it has been at least a year since the last time you increased rent for the unit.





## How do I increase rent above the allowable amount?

If you renovate a rental unit or if your expenses go up, you may apply to the Rental Office for permission to increase the rent above the allowable amount.

To apply for a rent increase above the allowable amount, you must:

- Serve the tenant a **Form 10 – Notice of Increase in Rent of Residential Premises** at least 3 months before the rent increase.
- Apply to the Rental Office for permission. Within 10 days of serving a Form 10 on the tenant, file a **Form 12 – Application by Lessor for Approval of Rent Increase Exceeding Percentage Allowed by Regulation** with the Rental Office. The Rental Office will schedule a hearing. You and the tenant may attend.
- Before the hearing, submit a **Form 15 – Lessor’s Statement of Income and Expenses**.
- During the hearing, the Rental Office will consider:
  - If the rent increase is necessary for you not to lose money.
  - Your increased operating costs or large expenses.
  - Your expectation to have a reasonable return on your investment.
  - The date and amount of the last rent increase.



The Rental Office may approve the rent increase, approve the rent increase in part, or deny the rent increase. You and the tenant have the right to appeal the decision within 20 calendar days.

You can't charge a tenant the increased rent while you are going through this process. You must wait to receive the decision from the Rental Office.

If you increase the rent by more than the allowable amount and you do not apply to the Rental Office for approval, a tenant may file for a return of rent and an adjustment of rent.

### **May I increase the rent if the unit is vacant?**

No. Rent is tied to the unit, not to the tenant or the landlord. This means you must apply to the Rental Office for permission to raise the rent before a new tenant moves in. Even if you renovate the unit while it is vacant, you must apply to the Rental Office for permission to increase rent by more than the allowable amount.

If you purchased a vacant rental unit from another landlord, you must find out what the rent was for each tenant. You can't increase the rent by more than the allowable amount without applying to the Rental Office. This information is usually provided to your real estate agent and/or lawyer.

If you increase the rent by more than the allowable amount and you do not apply to the Rental Office for permission, the next tenant may file for a return of rent and an adjustment of rent.

# Ending a Rental Agreement

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## When the Tenant Wants to Move Out

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### How does a Tenant end a month-to-month agreement?

A tenant may end a month-to-month rental agreement with one month's notice. They must serve you with a **Form 3 – Notice of Termination by Lessee of Rental Agreement** at least one month before the next time their rent payment is due.

### How does a tenant end a fixed-term rental agreement at the end of the term?

If a tenant wants to end a fixed-term agreement and move out at the end of the fixed-term, they must give you a **Form 3 – Notice of Termination by Lessee of Rental Agreement** at least two months before the end of their term.

## How does a tenant end a fixed-term rental agreement early?

A tenant may only end a fixed-term rental agreement early if you both agree. If approving a tenant's request to end their lease early costs you money, you may be able to keep part of the security deposit. For information on keeping a security deposit, see page 23.

If the fixed-term agreement is for more than six months and a tenant wants to move out, the tenant may ask to sublet or assign their lease.

- **Subletting** means the tenant rents their rental unit to another person. You and the original tenant stay in a rental agreement. The original tenant will continue to pay you rent. You will continue to hold the damage deposit for the original tenant. The original tenant is responsible for making sure the subletter follows the conditions of the rental agreement. If the subletter breaks a condition of the rental agreement or if the original tenant misses a rent payment, you may serve the original tenant with an eviction notice. If you evict the original tenant, the subletter will also be evicted.
- **Assigning** is when a new tenant takes over a rental agreement. Assigning is also called signing over a lease. You no longer have an agreement with the original tenant, and they don't have any further responsibility for the unit. The new tenant will pay you rent directly. The original tenant should charge the new tenant for the security deposit, and you should keep the original security deposit.





The tenant must ask for your permission to sublet or assign a rental unit. Be reasonable when considering a tenant's request. If you refuse to let a tenant sublet or assign their lease, the Rental Office may ask you to justify your decision. Usually, if a tenant wants to sublet or assign to another tenant, they are responsible for finding the subletter or new tenant.

As soon as you learn that the tenant has left the unit while still in a fixed-term agreement, you have an obligation to find a new tenant to move in as soon as possible.

The tenant must continue to pay rent until you find a new tenant if:

- The tenant leaves the rental unit before the end of the fixed-term agreement, and
- They do not assign or sublet the lease.

The tenant may apply to the Rental Office for an order to end the agreement early. A tenant may want to end the rental agreement early if, for example, they believe that you are not taking action to fix a serious issue in the property, such as mould.

A tenant is required to keep paying rent until the Rental Office issues an order allowing them to stop.

You may be able to make a claim for rent owing if the tenant:

- Is not still paying rent, and
- Didn't find a subletter or someone to take over the lease, and
- Was not authorized by the Rental Office to end the rental agreement early.

**File Form 2 – Application for Enforcement of a Statutory or other Condition of Rental Agreement.**

During the hearing, a Rental Officer will ask you for evidence that you have been trying to find a new tenant. Evidence may include an online ad for the rental unit, a picture of a sign outside of the unit, or any applications you have received from prospective tenants.

If the Rental Office finds that you have done all you can do to find another tenant, they may order your former tenant to pay you rent for the period between the day they stopped paying rent and the day you found a new tenant.

If you have not been doing everything you can to re-rent the unit as quickly as possible, you may not be successful in your claim for rent owing.

# Evictions

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You must have a valid reason to evict a tenant. Any notice of eviction given to a tenant must be on a **Form 4 – Notice of Termination by Lessor of Rental Agreement** from the Rental Office to be valid. If you do not use a Form 4, the eviction is not valid.

When you give a Form 4 to a tenant, a tenant has the right to request that the Rental Office cancel an eviction notice if they disagree.

## How do I evict a tenant for non-payment of rent?

Tenants are responsible for paying rent in full and on time. If a tenant does not pay rent on time, you may serve them with an eviction notice the day after the rent is due. You must give the tenant at least 20 days to move out.

If the tenant pays rent within 10 days of receiving the notice, the eviction becomes void.

If a tenant consistently pays rent late (for example, they pay rent late 3-4 times in a short period of time), but then always pays the rent in full within 10 days of receiving the notice, you may still apply to the Rental Office for permission to end the agreement. Use the **Application by Lessor for an Order – Persistently and/or Habitually Late in Paying Rent**.

## How do I evict a tenant for breaching a condition?

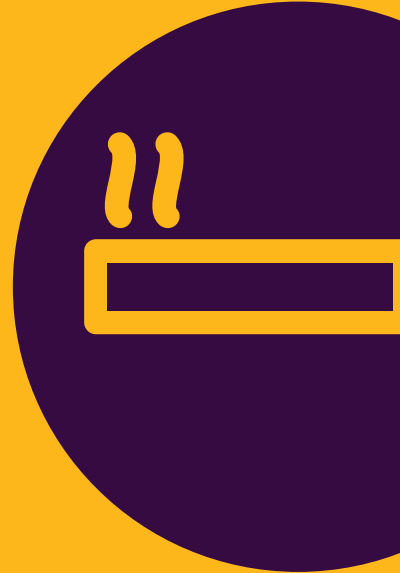
You may evict a tenant for breaking one of the conditions that they have agreed to in the rental agreement. For example, if the rental agreement contains a condition that no smoking is allowed and you learn that the tenant is smoking in the unit, you may serve the tenant with an eviction notice.

You must serve the tenant with a **Form 4 – Notice of Termination by Lessor of Rental Agreement** at least 30 days before you want them to move out. The tenant may challenge the eviction by filing a **Form 6 –Application by Lessee to Set Aside Notice of Termination** within 20 days of receiving the eviction notice. If a tenant files a Form 6, they must also serve you with a copy.

The Rental Office will schedule a hearing, and you and the tenant may attend. The Rental Office may consider evidence like testimony from roommates, neighbours, photographs of cigarette butts, etc., and any documentation of breach of condition.

After the hearing, the Rental Office will either allow the eviction or cancel the eviction.

Both you and the tenant have the right to appeal the Rental Office's decision within 20 days of receiving the decision if you or they attended the hearing. To appeal a decision, you must file a **Notice of Appeal** to IRAC.





## How do I evict a tenant for renovation, personal use, demolition, or conversion?

You may evict a tenant if:

- You, your children, your spouse, your parents, or your spouse's parents want to move in.
- A major renovation is necessary to preserve the property or protect the health and safety of the tenant. (Note: you must have appropriate permits and approvals.)
- You want to convert it to a non-residential property (for example, a store or restaurant).
- You want to demolish the unit.

You must serve the tenant with a **Form 4 – Notice of Termination by Lessor of Rental Agreement** at least two months before you want them to move out. The tenant may challenge the eviction by filing a **Form 6 – Application by Lessee to Set Aside Notice of Termination** within 20 days of receiving the eviction notice. If the tenant files a Form 6, they must also serve you with a copy.

The Rental Office will schedule a hearing. You and the tenant may attend. The Rental Office may consider evidence like a signed statement that you want to move into the unit or a permit for a renovation. After the hearing, the Rental Office will either allow the eviction or cancel the eviction.

You or the tenant have the right to appeal the decision within 20 days of receiving the decision if you or they attended the hearing. To appeal a decision, file a **Notice of Appeal** to IRAC.

Once you serve an eviction notice for one of the above reasons, a tenant may give you ten (10) days' notice that they are leaving the unit early. They are only required to pay rent up until the date they move out.



## **What if I think there is a high risk of harm to other tenants?**

If you have served a tenant an eviction notice, and you believe there is risk of immediate harm to people or property, you may apply to the Rental Office for an early eviction.

If there is an emergency at one of your rental properties, contact emergency services by calling 911.

You must serve the tenant with a **Form 4 – Notice of Termination by Lessor of Rental Agreement**. After you serve the Form 4, you may also file a **Form 5 – Application by Lessor for Earlier Termination** with the Rental Office. You must explain why you want to evict the tenant early and attach a copy of the Form 4 to the Form 5. You must also serve a copy of the Form 5 on the tenant.

The Rental Office will schedule a hearing. You and the tenant may attend.

## **May I evict a tenant because I am selling the property?**

No, you can't evict a tenant because you are selling their rental unit. If you sell the unit to a new owner, they must honour the rental agreement(s) that are already in place.

If the new owner wants to move into the unit or wants their spouse, children, parents, or the parents of their spouse to move in on closing day, you may serve the tenant with a **Form 4 – Notice of Termination by Lessor of Rental Agreement** at least 2 months before you and the new owner want the tenant to move out. The new owner must also sign an affidavit explaining that they or their family member want to move in. The affidavit and your notice of termination must be served to the tenant at the same time.

## **How does a tenant challenge an eviction?**

A tenant may challenge the eviction by filing a **Form 6 – Application by Lessee to Set Aside Notice of Termination** within 20 days of receiving the eviction notice.

The Rental Office will schedule a hearing. You and the tenant may attend. The Rental Office may consider evidence like a signed statement from the buyer who wants to move into the unit.

After the hearing, the Rental Office will either allow the eviction or cancel the eviction.

Both you and the tenant have the right to appeal the Rental Office's decision within 20 days of receiving the decision if you or they attended the hearing. To appeal a decision, you must file a **Notice of Appeal** to IRAC.

## What if the tenant refuses to leave?

You can't enforce an eviction yourself. If you want to enforce an eviction, you need to request help from the Sheriff's Office. The Sheriff's Office will only help you enforce an eviction if you have a delivery of possession. A **delivery of possession** is a court order to return a rental unit to the landlord.

You may apply for an order for Delivery of Possession if:

- You have served a tenant with an eviction notice, and
- The tenant has not challenged the notice, and
- The tenant has not moved out by the eviction date on the notice.

You do not need to apply for delivery of possession if:

- You served a tenant with an eviction notice, and
- The tenant challenged the notice, and
- The Rental Office allowed the eviction, and
- The tenant has not moved out by the eviction date on the notice.

To apply for delivery of possession, file **Form 2 – Application for Enforcement of a Statutory or other Condition of Rental Agreement** with the Rental Office. The Rental Office will schedule a hearing. You and the tenant may attend. The Rental Office may consider if the original eviction notice was valid, if you gave the tenant enough notice to move out, if the tenant has challenged the eviction notice, if you are being honest about your reasons for evicting the tenant, and anything else about the eviction.



**After the hearing, the Rental Office may issue an order for Delivery of Possession.**

**Take the order for delivery of possession to the sheriff, who will enforce the eviction.**

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**Prince Edward Island  
Sheriff's Office**

42 Water St,  
Charlottetown, PE  
C1A 1A4

902-368-6050

# Glossary

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**Affidavit:** A signed and witnessed statement of facts.

**Assigning:** When a new tenant takes over a rental agreement.

**Delivery of possession:** A court order to return a rental unit to the landlord.

**Discrimination:** Treating someone unfairly because of their identity, beliefs, or background.

**Fixed-term renting agreement:** An agreement with a clear start date and end date.

**Island Regulatory and Appeals Commission (IRAC):**

A quasi-judicial tribunal that is independent of the Provincial Government.

**Landlord:** The owner of rental housing. A landlord is also called a “lessor.”

**Lease:** A written rental agreement.

**Order:** A formal, typed document that contains a Rental Property Officer’s decision on a case.

**Property manager:** The person in charge of managing rental housing.

**Rental agreement:** The agreement between a landlord and a tenant with a standard form and required conditions.

**Rental Office:** The office that oversees rental issues between tenants and landlords on PEI. The Rental Office is also called the Office of the Director of Residential Rental Property.

**Rental property:** A building with one or more rental units or a site rented for a mobile home. Rental property is also called “residential property.”

**Rental unit:** A building or part of a building that a tenant rents from a landlord to live in. A rental unit is also called a residential premise.

**Security deposit:** Money paid by a tenant and held in trust for the tenant by the landlord during the rental agreement.

**Serve:** Delivering a legal document in the appropriate manner. Often in person, to a known residence, or to their lawyer.

**Service animal:** An animal trained to assist a person with a disability.

**Signing over:** When the tenant leaves their lease and is replaced by another person.

**Statutory conditions:** Conditions of a rental agreement required by law.

**Subletting:** When a tenant rents their rental unit to another person.

**Tenant:** A person renting a rental unit. A tenant is also called a “lessee.”

**Tenant insurance:** Covers a tenant’s belongings in the case of a flood, fire, or theft.

**Utilities:** Services such as heat, water, electricity, and internet.

# Support Services

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<b>Renting PEI – Legal Information for Tenants and Landlords</b>	902-940-5368 renting@legalinfopei.ca www.rentingpei.ca
<b>Community Legal Information</b>	902-892-0853 info@legalinfopei.ca www.legalinfopei.ca
<b>Island Regulator and Appeals Commission</b>	902-892-3501 info@irac.pe.ca www.irac.pe.ca
<b>The Rental Office / The Office of the Director of Residential Rental Property</b>	902-892-3501 askrental@peirentaloffice.ca www.peirentaloffice.ca
<b>Human Rights Commission</b>	902-368-4180 1-800-237-5031 www.peihumanrights.ca
<b>Department of Environmental Health</b>	902-368-4970 1-800-958-6400 www.princeedwardisland.ca
<b>Office of the Privacy Commissioner of Canada</b>	1-800-282-1376 www.priv.gc.ca



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