



LandLord

PROPERTY & RENTAL MANAGEMENT INC.

2026 Rent Increase Guide for Ontario Landlords

Introduction

The 2026 Rent Increase Guide is designed to help Ontario landlords understand the regulations and best practices governing rent adjustments. Whether you manage a single unit or a portfolio of properties, staying informed about the Residential Tenancies Act (RTA) ensures your rent increases are lawful, transparent, and well-received.

This guide explains how the 2.1% rent increase guideline applies in 2026, outlines which properties are exempt, and details the proper process for implementing increases. It also includes practical recommendations to help you balance compliance with good business management—because responsible landlords know that informed decisions lead to better tenancies.

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2026 Rent Increase Guide for Ontario Landlords

I. Understanding the 2026 Rent Increase Guideline

For landlords in Ontario, staying informed about rent control regulations is essential to ensuring compliance and maintaining positive tenant relationships. Each year, the Government of Ontario sets a rent increase guideline—the maximum percentage by which most landlords can raise the rent for existing tenants without obtaining approval from the Landlord and Tenant Board (LTB).

For 2026, the rent increase guideline has been established at 2.1%, effective Jan 1, 2026. This means that, in most cases, landlords may increase rent by up to 2.1% provided they follow all notice and timing requirements set out in the Residential Tenancies Act (RTA).

It's important to understand that not all residential properties are subject to this limit. Certain units are exempt from rent control, allowing landlords to set new rental rates without being restricted by the annual guideline. The following section outlines which properties fall under these exemptions.

II. New Buildings and Additions

Newly Constructed Units

Rental units located in buildings first occupied for residential purposes after **November 15, 2018**, are exempt from Ontario's rent increase guideline. This exemption allows landlords of these properties to increase rent by more than the annual limit—2.1% for 2026—as long as all other requirements under the RTA are met.



Additions to Existing Buildings

The same exemption applies to new units added to existing buildings after November 15, 2018. For example, if a landlord converts a basement into a rental suite or builds an additional unit within the property, that new unit is not subject to the annual guideline.

III. Vacant Units and Turnover

Vacant Units

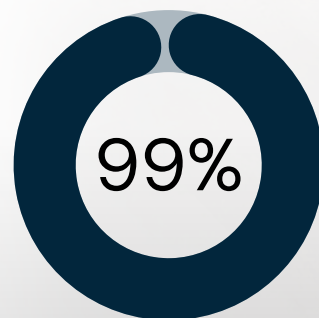
When a rental unit becomes vacant, landlords are permitted to set a new rental rate for the incoming tenant. This process, often referred to as vacancy decontrol, allows the rent to be adjusted to reflect current market conditions. Once a new tenancy begins, however, future rent increases for that tenant are again governed by the annual rent increase guideline (unless the unit itself is exempt, as outlined above).

Turnover Considerations

While vacancy decontrol provides flexibility, it's important to approach rent adjustments responsibly. Excessive rent increases can lead to higher turnover rates, longer vacancy periods, and increased operational costs. Landlords are encouraged to balance profitability with sustainability—maintaining competitive, fair rents supports long-term tenant retention and property stability.



OCCUPANCY STATUS



IV. Above-Guideline Rent Increases

While most rent increases in Ontario must remain within the annual guideline, landlords may apply for an **Above-Guideline Increase** (AGI) through the Landlord and Tenant Board (LTB) under specific circumstances. An AGI allows a landlord to raise the rent by more than the annual limit, but only if the increase meets one or more of the qualifying criteria set out in the Residential Tenancies Act (RTA).

Common grounds for an AGI include:

- **Capital Expenditures:** Major repairs or renovations that significantly extend the life of the property or improve energy efficiency (e.g., replacing a roof, upgrading plumbing, or installing new windows).
- **Extraordinary Operating Costs:** Significant, unexpected increases in operating expenses such as municipal taxes, utilities, or security services.
- **Security or Compliance Work:** Costs associated with meeting new health, safety, or accessibility standards required by law.

Landlords seeking an AGI must submit a formal application to the LTB, provide supporting documentation, and give tenants proper written notice before implementing the increase. The Board will review the evidence and determine whether the requested increase is justified.

It's important to remember that AGIs are not automatically approved, and landlords must continue to follow all procedural requirements regarding notice periods and rent increase timing.



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V. Rent Increase Notice and Timing Requirements

Even when a rent increase follows the annual guideline or has been approved through an Above-Guideline Increase (AGI), landlords must comply with the notice and timing rules outlined in the Residential Tenancies Act (RTA). Failing to follow these requirements can make a rent increase **invalid** or **unenforceable**.

Key requirements include:

Notice Period:

Landlords must provide tenants with at least 90 days' written notice before the rent increase takes effect. The notice must be delivered using the LTB's official Form N1 – Notice of Rent Increase.

Frequency of Increases:

Rent can only be increased once every 12 months for a given tenancy, regardless of how much time has passed since the tenant moved in.

Effective Date:

The new rent amount can only take effect on or after the anniversary of the last rent increase or 12 months after the tenancy began, whichever is later.

Accuracy and Delivery:

The notice must clearly state the current rent, the new rent amount, the percentage of increase, and the effective date. It should be served in accordance with the RTA's notice delivery rules (in person, by mail, or electronically if agreed upon in writing).

Providing proper notice not only ensures compliance with Ontario's rental laws but also helps maintain transparency and trust in the landlord-tenant relationship.

V. Best Practices and Recommendations for 2026

Rent increases are more than a regulatory process—they're an opportunity to demonstrate professionalism, maintain transparency, and strengthen tenant relationships. By following best practices, landlords can ensure compliance while fostering stability and long-term profitability.

1. Plan Ahead

Review your portfolio annually to determine which tenancies are eligible for a rent increase. Preparing early allows you to issue notices on time and avoid missed opportunities.

2. Document Everything

Keep accurate records of rent amounts, payment history, notices, and any property improvements. Proper documentation protects you in the event of a dispute and supports any future Above-Guideline Increase (AGI) applications.

3. Communicate Clearly

Tenants appreciate transparency. When issuing a rent increase, explain the reason (e.g., inflation, rising maintenance costs, or property upgrades). Clear communication helps reduce misunderstandings and maintains goodwill.

4. Balance Market Conditions and Tenant Retention

While maximizing revenue is important, frequent tenant turnover can lead to vacancy losses and additional costs. Aim for fair, market-aligned rent adjustments that support both financial health and long-term occupancy.

5. Stay Informed

Regulations and market conditions evolve. Monitor updates from the Landlord and Tenant Board (LTB), Ontario Ministry of Municipal Affairs and Housing, and trusted industry sources to ensure your practices remain compliant and competitive.

By applying these principles, landlords can confidently manage rent adjustments in 2026 while promoting responsible housing management and positive tenant relationships.



Summary

Navigating rent increases in Ontario requires both knowledge and care. By following the rules set out in the RTA, respecting notice periods, and communicating clearly with tenants, landlords can maintain strong relationships and safeguard their investments.

For 2026, the 2.1% guideline offers a clear benchmark—but effective property management goes beyond percentages. It's about understanding your legal responsibilities, documenting your actions, and making thoughtful decisions that contribute to long-term stability for both landlords and tenants alike.

Disclaimer

This guide is intended for general informational purposes only and should not be considered legal advice. For specific questions regarding your property or tenancy, please consult the Landlord and Tenant Board, a qualified paralegal, a legal professional or a property management company.

Resources

Forms	Filling Instructions
N1: Notice of Rent Increase	N1 Instructions
N2: Notice of Rent Increase (Unit Partially Exempt)	N2 Instructions
N10: Agreement to Increase the Rent Above the Guideline	N10 Instructions

Historical Trend Of Rent Increase Guidelines In Ontario

