

When “Residential” Is Not Residential: Corporate Tenants, Jurisdiction, and the Limits of the RTA

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The Landlord and Tenant Board’s recent decisions in *Farooqui v. Toronto Luxury Suites*, 2025 ONLTB 46458 and *Al-Jabar v. Star International Luxury Suites and Properties Inc.*, 2026 ONLTB 2375 (not on CanLII) clarify, but do not change, the law governing jurisdiction under the *Residential Tenancies Act, 2006* (“RTA”). Properly understood, these decisions reaffirm a long-standing principle: a corporate tenant may attract RTA protection where the tenancy is residential in substance, but not where the parties knowingly structure a commercial intermediary arrangement.

Corporations can still be “tenants” under the RTA

It has long been settled that the RTA does not exclude corporate tenants as a category. In *TST-01512 (Re)*, 2009 ONLTB TST-01512, the Board held that the RTA applies where the mutual intention at the commencement of the tenancy was that the unit would be occupied as a residence, regardless of commercial lease language, zoning irregularities, or the landlord’s later attempts to re-characterize the relationship. Applying section 202, the Board emphasized that substance prevails over form. This section provides that in making findings, the Board is required to ascertain the real substance of all transactions and activities relating to a residential complex or a rental unit and the good faith of the participants. In doing so, the Board is allowed to disregard the outward form of a transaction or the separate corporate existence of participants, and regard the pattern of the activities relating to a residential complex or the rental unit.

Nothing in *Farooqui* or *Al-Jabar* displaces this framework. Rather, those decisions address a different factual scenario, one in which the landlord knew from the outset that the tenant would not occupy the unit as a home.

Farooqui and *Al-Jabar*: where jurisdiction falls away

In *Farooqui*, the corporate tenant, Toronto Luxury Suites, operated a business providing furnished, short-term accommodation to third-party occupants and never resided in the unit itself. The landlord knew at the time of contracting that the unit would be sublet as part of that business, and that the lease expressly permitted that use. Rent was paid by the corporation, not by the occupant.

On those facts, the Board concluded that the relationship between the landlord and the corporate tenant was commercial in substance. Any residential tenancy existed only between the intermediary and its occupants. The RTA therefore did not apply, and the Board lacked jurisdiction.

The Board reached the same conclusion in *Al-Jabar*. There, the corporate tenant operated a furnished-suites business, did not reside in the unit, paid rent using corporate funds, and granted occupancy rights to third parties under express sub-leasing provisions. Crucially, the Board found that the landlord understood and accepted this business use when entering into the lease. Applying section 202, the Board held that the RTA did not apply and dismissed the landlord’s application for lack of jurisdiction.

The role of landlord knowledge

A common and decisive feature of both *Farooqui* and *Al-Jabar* was the landlord's knowledge of the tenant's intended use at the time of contracting. In each case, the Board grounded its jurisdictional finding in evidence that the landlord knew the tenant would operate a furnished-suite or short-term rental business and agreed to that structure.

This feature distinguished these cases from authorities such as *TST-01512*, where the landlord intended the unit to be lived in and later sought to re-characterize the tenancy as commercial. Read together, the cases confirm that section 202 operates to prevent both sham residential arrangements and post-hoc commercial re-labeling.

Importantly, neither *Farooqui* nor *Al-Jabar* involved a landlord who was unaware of the tenant's intended use. The reasoning therefore leaves open the argument that where a landlord reasonably believes they are entering into a conventional residential tenancy, and the tenant later converts the unit into a short-term rental operation without disclosure, the tenancy may remain residential in substance, and LTB jurisdiction may still apply.

Implications

The immediate implication of *Farooqui* and *Al-Jabar* is that jurisdiction will often turn on what the landlord knew and accepted at the outset of the tenancy. Disclosure, lease terms, and evidence of mutual intention will be central to any section 202 analysis.

For landlords, knowingly entering into a furnished-suite or short-term rental arrangement may place the relationship outside the LTB's jurisdiction entirely. For corporate tenants, the decisions confirm that RTA protection remains available where the tenancy is residential in substance, but not where the corporation functions solely as a commercial intermediary with the landlord's knowledge.

For practitioners, the cases underscore that jurisdictional disputes in this area are fact-driven and formation-focused, rather than dependent on lease labels or downstream residential occupation alone.

Conclusion

Farooqui and *Al-Jabar* do not narrow the scope of the RTA or exclude corporate tenants from its protection. Instead, they reaffirm a consistent principle: the RTA applies where the substance of the relationship is residential, and not where the parties knowingly create a commercial intermediary arrangement. By grounding jurisdiction in mutual intention and landlord knowledge, the Board preserves RTA protection where that knowledge is absent, while respecting the statutory limits of its authority.

Representation by Gardiner Roberts LLP

The corporate tenants in *Farooqui* and *Al-Jabar* were represented by Baruch Wise, an associate in the Dispute Resolution group at Gardiner Roberts LLP. A PDF version is available for download [here](#).

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Bay Adelaide Centre — East Tower
22 Adelaide Street West, Suite 3600
Toronto, ON M5H 4E3

Phone: 416.865.6600
Fax: 416.865.6636
contactGR@grllp.com

Authors



Baruch Wise



Dylan Romero-Marshall

Associate

647.255.4993

dromerommarshall@grllp.com



Bay Adelaide Centre — East Tower
22 Adelaide Street West, Suite 3600
Toronto, ON M5H 4E3

Phone: 416.865.6600
Fax: 416.865.6636
contactGR@grllp.com