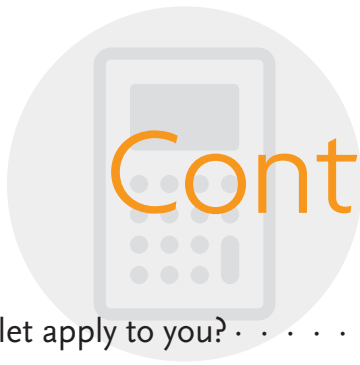


Rent increases

To increase your rent or add other charges, your landlord must follow the rules in the Residential Tenancies Act. This booklet explains those rules.





Contents

Does this booklet apply to you? next page

When you first move in 1

Types of rent increases 1

Guideline increases 2

Increases above the guideline 3

Agreements to raise the rent 5

Deposits and other charges 8

If you paid an illegal rent increase or extra charge . . . 9

Where to get help 11



DOES THIS BOOKLET APPLY TO YOU?

This booklet is about tenants' rights under the **Residential Tenancies Act (RTA)**. The RTA applies to most rental housing in Ontario, such as rooms, apartments, houses, mobile home parks, and retirement homes.

The rules in the RTA about rent do not apply to most **rent-geared-to-income (RGI)** housing. Many of the rules do not apply to other kinds of non-profit or subsidized housing. And some of the rules may not apply to some newer rental units.

There are types of rental housing that are not covered **at all** by the RTA. For example, you might not be covered if you live in a place that is supposed to be used for business, share a kitchen or bathroom with the owner or a close family member of the owner, or live in some types of temporary or seasonal housing.

Also, the RTA does not cover some types of shared living. If you share rental housing or you rent from another tenant, we have an online tool at www.cleo.on.ca/roommates that can help you find out if you are covered.

If your housing is not covered by the RTA or the RTA rent rules, the information in this booklet does not apply to you. If you are not sure, see page 11 to find out where to get legal advice.

When you first move in

There is usually no limit on how much rent landlords can charge new tenants when they first move in. So your starting rent will be whatever you and the landlord agree on.

1

There is one exception to this rule. Sometimes the Landlord and Tenant Board orders that the rent cannot be raised until the landlord does certain repairs or maintenance. This is called an **Order Prohibiting Rent Increase (OPRI)**. This kind of order applies even if a new tenant moves in. The landlord must tell you in writing if there is an OPRI on your new place, and also must tell you how much the rent can go up after the Board removes the OPRI.

After you agree on a starting rent, there are rules about how much and how often your rent can go up. These rules are explained below.

Types of rent increases

There are **3 main types of rent increases** that can happen while you are renting a place:

- guideline increases,
- increases that the Landlord and Tenant Board allows above the guideline, and
- increases that you and your landlord agree on because of a new service or improvement.

This booklet does not cover rules about rent reductions. For example, landlords might have to lower the rent if they cut off a service or do not keep the place in good repair, or if the property taxes go down a lot. Try to get legal advice if you need more information about these situations.

Guideline increases

Your landlord can raise your rent every year by a percentage that the provincial government sets. This is called the “guideline”. Each year by the end of August, the government announces the guideline for the next calendar year.

The guideline for 2007 was **2.6%** and for 2008 is **1.4%**.

To give you a guideline rent increase, your landlord must follow these rules:

12 months apart: After you move in, your landlord must wait at least 12 months before raising your rent. And any increases after that also must be at least 12 months apart.

90 days' written notice: Your landlord must give you a written notice at least 90 days before your rent goes up. This notice should be on one of the forms from the Landlord and Tenant Board. If your landlord does not use the Board's form, the notice could still be valid if it includes all the information that is on the Board's form.

Increases above the guideline

To raise your rent by more than the guideline, your landlord can apply to the Landlord and Tenant Board. Your landlord must still follow the rules about waiting 12 months between increases and giving 90 days' written notice, which are described on page 2.

3

This kind of rent increase is sometimes called an **above-guideline increase** or **AGI**. The Board can allow an AGI for only the following reasons:

- unusually high increases in property taxes or utility costs,
- the cost of security services, or
- capital expenses.

Capital expenses are major repairs, renovations, replacements, or additions that:

- will last at least 5 years, and
- are not part of normal ongoing maintenance.

The law says that there are only certain kinds of capital expenses that the Board can allow a rent increase for.

Your landlord's application to the Board can include any number of units in your building. Landlords must apply at least 90 days before the date they want the earliest increase to start. The application will not affect the rent for any tenants who move in on or after that deadline. This is because landlords can charge whatever they want to new tenants.

If your landlord applies for an above-guideline increase, the Board will schedule a hearing. Your landlord must give you a copy of the application and a Notice of Hearing at least 14 days before the hearing.

You and other tenants affected by the application have the right to challenge your landlord's application at the hearing. For example, you might be able to argue that the work done by your landlord was not needed or did not cost what your landlord says it did.

After hearing from you and your landlord, the Board will decide how much of a rent increase it will allow.

If your landlord makes this kind of application, try to get legal help. There is information about where to get legal help on page 11.

How big an increase can the Board allow?

If your landlord applies for an above-guideline increase because of capital expenses and security services, the Board can allow your landlord to increase your rent by up to 3% above the guideline, for up to 3 years in a row.

4

There is no limit to the increase the Board can allow because of taxes and utilities.



Agreements to raise the rent

If your landlord asks you to agree to increase your rent by more than the guideline, you can always refuse, or try to work out a different amount. Try to get legal advice before you sign anything.

5

There are **2 types of agreements** landlords and tenants can legally make to raise the rent by more than the guideline:

1. agreements for improvements or new services, and
2. agreements to get new items or services that are listed in the Residential Tenancies Act.

The rules for each type of agreement are explained below.

1. Improvements or new services

You can agree to a rent increase to get improvements to your apartment or building. For example, your landlord might want to put in a new security system or a washer and dryer.

If you agree to a rent increase, your landlord does not have to give you written notice of the rent increase.

This type of agreement:

- must be in writing and on the correct Board form,
- can be cancelled if you tell your landlord in writing within 5 days after signing the agreement,

- cannot increase your rent sooner than the sixth day after you signed the agreement,
- cannot raise your rent by more than the guideline amount plus 3%, and
- cannot increase your rent before 12 months have passed since your last rent increase or since you first moved in.

2. Items listed in the Residential Tenancies Act

You can also agree to a rent increase in return for certain new services or things, such as:

- a parking space,
- cable or satellite television,
- an air conditioner,
- extra electricity used by an air conditioner, washer, or dryer,
- lockers, storage space, or extra floor space.

These are only some of the items listed in the law. The government could change this list at any time. If you are not sure whether something is on the list, check with the Landlord and Tenant Board. There is contact information for the Board on page 11.

6

As with the first kind of agreement, your landlord does not have to give you written notice of the rent increase.



But, this kind of agreement is different from the first kind in the following ways:

- The agreement does not have to be in writing. But it is safer if you get it in writing.
- You do not have the right to change your mind after you have made the agreement.
- The increase is not limited to 3% above the guideline amount. The law says that the limit is a “reasonable” amount or the landlord’s actual cost.
- If you and your landlord later agree that your landlord will stop providing the service or item, your rent must go back down.
- The 12-month rule does not apply. This means that the increase can take effect on any date you agree to, even if you have had a rent increase less than 12 months ago. And after this kind of increase, your landlord does not have to wait 12 months before raising your rent again.

Is the increase worth it?

Before you make either kind of agreement, it is helpful to think of what the cost of the rent increase will be over time. Figure out how much you will have paid for the item, improvement, or service after a year or more, and how much it is worth.

Also, remember that these increases can be added to the other kinds of increases described in this booklet. Your

rent does not go back down when the improvement has been paid for, unless the agreement says that it will.

You should not agree to a rent increase to cover normal maintenance and repair costs. Your landlord is responsible for doing this without a rent increase. There is more information in our booklet called **Maintenance and repairs**. You can read it on our web site at <www.cleo.on.ca>. To find out how to order it, see the back cover.

If you are paying too much

If you think you are not getting what you agreed to, or if your landlord forced or misled you into making the agreement, you can apply to the Board to get some money back. See page 11 for where to get legal help and how to contact the Board.

Deposits and other charges

Your landlord can make you pay a security deposit when you first rent your place. If you pay your rent by the month, the deposit cannot be more than one month's rent. If you pay your rent by the week, it cannot be more than one week's rent.

8

Your landlord can use this deposit only as a rent payment for the last month or week. Your landlord cannot keep it for any other reason, such as paying for damage or cleaning.

Your landlord owes you interest on this deposit each year. The interest rate during each calendar year is the same



percentage as the rent increase guideline for that year. But instead of paying you the interest separately, your landlord can add some or all of it to your security deposit, so that your security deposit will stay the same as your rent.

Your landlord can also ask you to pay a deposit for your keys or access card, but the amount cannot be more than it would cost to replace them.

Your landlord can make you pay to replace your lost keys or access card, or to give you extra ones. Your landlord can also charge you a fee if you write a cheque but do not have enough money in your bank account to cover it. This is often called an NSF or bounced cheque.

Most other deposits and extra charges are illegal. If your landlord wants you to pay for something else, try to get legal advice.

If you paid an illegal rent increase or extra charge

If your landlord charges you an illegal rent, deposit, or other charge, you can do one or both of the following:

- apply to the Landlord and Tenant Board to get your money back,
- contact the provincial government's Investigations and Enforcement Unit.

These are separate processes. The Board and the Unit do not tell each other about the reports tenants make to them.

Applying to the Board

If your landlord breaks any of the rules about rent increases, deposits, or extra charges, you can apply to the Landlord and Tenant Board. There is contact information for the Board on page 11. The Board can order your landlord to pay back any amounts your landlord was not allowed to charge you. Usually the Board will only go back one year, so do not wait too long to apply.

If your landlord increased your rent illegally, you can also ask the Board to correct the rent. But you must do this within one year of the date that your landlord first charged the illegal rent. An illegal rent becomes legal unless a tenant applies to challenge it within one year.

Contacting the Investigations and Enforcement Unit

The provincial government has an office called the Investigations and Enforcement Unit. The Unit's job is to encourage landlords and tenants to obey the rental housing laws.

10 Sometimes the Unit can get your landlord to follow the rules by explaining the law to your landlord. The Unit can also lay charges against landlords who will not follow the rules. Landlords who are found guilty of charging illegal rent may have to pay a fine to the government. If the landlord is a corporation, the fine can be up to \$50,000. Otherwise, the fine can be up to \$10,000.

If you think your landlord might be doing something illegal, you can call the Investigation and Enforcement Unit



at **1-888-772-9277** or **416-585-7214**. Their web site address is www.mah.gov.on.ca/ieu.

Where to get help



There are **community legal clinics** across the province that give free legal help to tenants who have low incomes.

You can usually find the community legal clinic for your area by looking under “Legal Aid” in your phone book.

You can also check Legal Aid Ontario’s web site at www.legalaid.on.ca/en/locate or phone them:

- Toll-free outside Toronto **1-800-668-8258**
- In Toronto **416-979-1446**
- Toll-free TTY **1-866-641-8867**
- TTY in Toronto..... **416-598-8867**

You can contact the **Landlord and Tenant Board** for application forms and for general information about landlord and tenant issues. The Board cannot give you legal advice.

The Board’s web site address is www.ltb.gov.on.ca. You can call the Board at **1-888-332-3234** or **416-645-8080**.

This publication contains general information. It is not a substitute for getting legal advice for your particular situation.

Written, edited, and produced by CLEO (Community Legal Education Ontario / Éducation juridique communautaire Ontario).

In co-operation with Ontario community legal clinics.

With funding from Legal Aid Ontario and the Department of Justice Canada.

This publication is part of the CLEO *Tenant Law Series*. CLEO has free publications on other legal topics as well.

We revise our publications regularly to reflect changes in the law. Our Discard List tells you which publications are out of date and should be thrown away.

For a copy of our current Order Form or Discard List, visit our web site at www.cleo.on.ca or call **416-408-4420 ext. 33**