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# 2008 RENT INCREASE GUIDELINE

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Each year the Ontario government announces the province's rent increase guideline for the following year. The annual rent increase guideline is the maximum percentage by which a landlord can increase the rent for most sitting residential tenants without approval from the Landlord and Tenant Board.

The 2008 guideline is 1.4 per cent.

The new rent increase guideline applies to a rent increase that begins any time between January 1, 2008 and December 31, 2008 and applies to most residential units in Ontario.

In most cases, the rent for a unit can be increased if at least 12 months have passed since the tenant first moved in or since his or her last rent increase. The tenant must be given proper written notice of the rental increase at least 90 days before the rent increase takes effect.

The guideline was designed to take into account increases in landlords' building maintenance and operating costs in order to protect tenant safety and health.

## THE GUIDELINE FORMULA

The annual rent increase guideline is based on the Ontario Consumer Price Index (CPI). The Consumer Price Index is released monthly by Statistics Canada and is widely regarded as a reliable and objective measure of inflation.

The 2008 rent increase guideline is calculated by averaging the percentage change in the Ontario Consumer Price Index for each of the previous 12 months from June 2006 to May 2007.

### **Sample Rent Increase Guideline**

The monthly rent of an apartment is \$800 beginning August 1, 2007. With proper written 90 days notice to the tenant, the landlord could lawfully increase the rent 12 months later on August 1, 2008.

The guideline for 2008 is 1.4%.

The rental increase is 1.4% of \$800 = \$11.20.

Therefore, the new rent on August 1, 2008 could be up to \$811.20 (\$800 + \$11.20)

## ABOVE GUIDELINE INCREASES

Landlords may apply to the landlord and Tenant Board for an increase above the guideline, if their costs for the municipal taxes or utilities have increased by more than the guideline + 50%.

Landlords may also apply for an increase above the guideline for operating costs related to security services and for eligible capital expenditures.

### Sample Above Guideline Increase

The 2008 rent increase guideline is 1.4%. 50% of this guideline is 0.7%  
 To claim an above guideline increase, costs should increase by more than 2.1%  
 (1.4%+0.7% = 2.1%)

In 2007, a landlord's utility costs were \$10,000  
 In 2008, the landlord's costs increased to \$11,000, i.e. an increase of 10%

This means that the landlord is eligible to apply for an above guideline increase because the landlord's utility costs increased by more than 2.1%.

## PAST GUIDELINES

Year	Guideline
2007	2.6%
2006	2.1%
2005	1.5%
2004	2.9%
2003	2.9%
2002	3.9%
2001	2.9%
2000	2.6%
1999	3.0%
1998	3.0%
1997	2.8%

Year	Guideline
1996	2.8%
1995	2.9%
1994	3.2%
1993	4.9%
1992	6.0%
1991	5.4%
1990	4.6%
1989	4.6%
1988	4.7%
1987	5.2%
1986	4.0%

Year	Guideline
1985	6%
1984	6%
1983	6%
1982	6%
1981	6%
1980	6%
1979	6%
1978	6%
1977	8%
1976	8%
1975	8%

## **How is the 2007 guideline different from the 2008 guideline?**

The 2007 guideline is the last guideline to be released under the *Tenant Protection Act, 1997*. It is based on a formula that takes into account inflation in the costs of operating a rental building. These costs are weighted as per ministry estimates. The 2007 guideline is calculated by averaging, over three years, the changes in these weighted operating costs of a building.

The 2007 guideline is 2.6% and will apply to any rent increase that begins any time between January 1, 2007 and December 31, 2007.

The 2008 guideline is the first guideline to be released under the *Residential Tenancies Act, 2006* and is based solely on the Ontario Consumer Price Index for all goods and services.

## **GUIDELINE AND RENT DEPOSITS**

A landlord can collect a rent deposit from a new tenant on or before the start of a new tenancy. The rent deposit can only be used as the rent payment for the last month or week before the tenant moves out. The landlord must pay the tenant interest on the rent deposit every year.

Under the *Residential Tenancies Act, 2006*, the interest rate is the same as the rent increase guideline.

**Exception:** For the first interest payment that the landlord has to give the tenant after January 31, 2007 (this is the date the *Residential Tenancies Act* became the law), a 6% interest rate applies for the months up to January 31, 2007.

## **ADDITIONAL INFORMATION**

The Landlord and Tenant Board provides information to the public through a network of offices across Ontario. The Board can be reached by calling toll-free 1-888-332-3234 (outside Toronto area) or 416-645-8080 (from within the Toronto area). Information is also available on the Board website at [www.ltb.gov.on.ca](http://www.ltb.gov.on.ca)

A copy of the *Residential Tenancies Act, 2006*, can be ordered from ServiceOntario Publications by calling 416-326-5300 or toll-free 1-800-668-9938, or online at [www.publications.gov.on.ca](http://www.publications.gov.on.ca). The text of the *Residential Tenancies Act, 2006* can also be located on the e-Laws website at [www.e-laws.gov.on.ca](http://www.e-laws.gov.on.ca)