
2010 RENT INCREASE GUIDELINE

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 2010 guideline is 2.1 per cent.

The new rent increase guideline applies to a rent increase that begins any time between January 1, 2010 and December 31, 2010 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 2010 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 2008 to May 2009.

Sample Rent Increase Guideline

The monthly rent of an apartment is \$800 beginning August 1, 2009. With proper written 90 days notice to the tenant, the landlord could lawfully increase the rent 12 months later on August 1, 2010.

The guideline for 2010 is 2.1 per cent.

The rental increase is 2.1 per cent of \$800 = \$16.80.

Therefore, the new rent on August 1, 2010 could be up to \$816.80 (\$800 + \$16.80)

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 per cent.

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 2010 rent increase guideline is 2.1 per cent. 50 per cent of this guideline is 1.05 per cent.

To claim an above guideline increase related to utilities, costs should increase by more than 3.15 per cent (2.1 per cent + 1.05 per cent = 3.15 per cent).

In 2009, a landlord's utility costs were \$10,000

In 2010, the landlord's costs increased to \$11,000 -- an increase of 10 per cent

Hence, the landlord is eligible to apply for an above guideline increase because the landlord's utility costs increased by more than 3.15 per cent.

Past Guidelines

Year	Guideline
2009	1.8%
2008	1.4%
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%

Year	Guideline
1997	2.8%
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%

Why is the 2010 guideline higher than the 2009 guideline?

The 2010 guideline is the third 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.

The 2010 guideline is based on the changes in the Ontario Consumer Price Index (CPI) for all goods and services running from June 2008 to May 2009, compared to the same time period in the previous year. Increased costs for energy in the first six months of this period have contributed to a guideline which is higher than last year.

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.

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

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. The text of the *Residential Tenancies Act, 2006* can also be located on the e-Laws website at www.e-laws.gov.on.ca