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# 2012 RENT INCREASE GUIDELINE

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Each year, the Ontario government announces the province's rent increase guideline for the following year.

Ontario's annual Rent Increase Guideline is based on the Ontario Consumer Price Index (CPI), which is a measure of inflation calculated monthly by Statistics Canada. The rate of allowable rent increases for 2012 will be 3.1 per cent.

The guideline is the maximum amount that most landlords can increase a tenant's rent during the year without making an application to the Landlord and Tenant Board. It is based on the CPI, which is regarded as an objective, reliable measure of inflation, charting the change in the price all goods and services in the provincial economy.

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 Rent Increase Guideline is calculated by averaging the monthly CPI from June 2010 to May 2011, as required under the Residential Tenancies Act, 2006 (RTA).

The 2012 guideline applies to rent increases between January 1 and December 31, 2012. This is up from last year's guideline of 0.7 per cent.

The average yearly increase from 2004-2011 was 1.89 per cent. The average yearly increase from 1993 – 2003 was 3.17 per cent.

## **THE GUIDELINE FORMULA**

The 2012 rent increase guideline is calculated by averaging the per cent change in the Ontario Consumer Price Index during the previous 12 months, from June 2010 to May 2011.

## **SAMPLE RENT INCREASE GUIDELINE**

The monthly rent of an apartment is \$800 beginning August 1, 2011. With proper written 90 days notice to the tenant, the landlord could lawfully increase the rent 12 months later on August 1, 2012.

For example:

- The guideline for 2012 is 3.1 per cent.
- The rental increase is 3.1 per cent of \$800 = \$24.80.
- Therefore, the new rent on August 1, 2012 could be up to \$824.80 (\$800 + \$24.80).

## **ABOVE GUIDELINE INCREASES**

Landlords can 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 plus 50 per cent.

Landlords can 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 2012 rent increase guideline is 3.1 per cent. Fifty per cent of this guideline is 1.55 per cent.

To claim an above guideline increase related to municipal taxes, costs should increase by more than 4.65 per cent (3.1 per cent + 1.55 per cent = 4.65 per cent.)

For example:

- In 2011, a landlord's municipal taxes were \$10,000.
- In 2012, the landlord's municipal taxes increased to \$10,500 - an increase of five per cent.
- Therefore, the landlord is eligible to apply for an above guideline increase because the landlord's municipal taxes increased by more than 4.65 per cent.

**PAST GUIDELINES**

<b>Year</b>	<b>Guideline %</b>
2011	0.7
2010	2.1
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
1997	2.8
1996	2.8
1995	2.9
1994	3.2
1993	4.9
1992	6.0
1991	5.4

## **GUIDELINE AND RENT DEPOSITS**

A landlord can collect 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 toll-free at: 1-888-332-3234, or at: 416-645-8080. Information is also available on the Board website: [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 toll-free at: 1-800-668-9938, or at: 416-326-5300. It can also be ordered online at: [www.publications.gov.on.ca](http://www.publications.gov.on.ca).

The text of the *Residential Tenancies Act, 2006* is available on the e-Laws website at: [www.e-laws.gov.on.ca](http://www.e-laws.gov.on.ca)