

Happy New Year

RENT REVIEW UPDATE FOR TENANTS AND LANDLORDS

The Ministry of Housing announces the Rent Review Guideline for 1987.

The Rent Review Guideline for 1987 has been calculated at 5.2 per cent. This is the amount by which a landlord can increase the maximum rent for a unit during 1987 *without* approval from the Ministry of Housing.

In passing the Residential Rent Regulation Act, 1986, the Ontario Government has created a new system of rent review for the Province of Ontario to increase protection for tenants and to encourage the construction of new rental housing.

One of the important features of this new legislation is a Rent Review Guideline that reflects changes in inflation and promotes proper building maintenance for tenants.

The major features of the Residential Rent Regulation Act are:

- The extension of rent review to cover all private rental units in Ontario.
- The creation of a streamlined rent review process, designed to be accessible, quicker and ensure consistency.
- The establishment of a flexible Rent Review Guideline, adjusted annually to reflect changes in inflation and other economic factors.
- The creation of an Ontario-wide *Rent Registry* to record the maximum legal rent for every rental unit in the province.
- A *Residential Rental Standards Board* to ensure the proper maintenance of all rental properties in Ontario.

The Guideline has changed.

Until now, the Guideline has been a fixed amount that did not change with economic conditions.

The new Rent Review Guideline will be adjusted annually. It will be calculated using the most up-to-date components of the Consumer Price Index and other economic indicators. And it will apply to all rental units in the province.

How the new Rent Review Guideline is calculated.

- The formula used to calculate the 5.2 per cent Guideline for 1987 is based on changes in the cost of maintaining a typical well-run rental building.
- The new Guideline calculates the average change in costs over the preceding three-year period.
- Tenants receive greater protection in times of high inflation.
- Landlords have sufficient funds for good building maintenance. A new *Residential Rental Standards Board* will help ensure proper maintenance of rental units throughout Ontario, and failure to meet these standards may result in either suspension or forfeiture of rent increases.

Tenants can apply for a review of rent increases that are at or below the Guideline.

Tenants who wish to challenge a 5.2 per cent Guideline increase may apply to the Ministry of Housing for rent review on such grounds as changes in the standard of maintenance and repairs.

Landlords are required to justify a rent increase greater than the Guideline.

A landlord who requests more than the 5.2 per cent Guideline increase must apply to the Ministry of Housing for rent review to justify the increase. The landlord and tenants will review the matter with staff of the Ministry of Housing at a local Rent Review Office. A decision reached at the local level may be appealed by either the tenant or landlord to the newly-created *Rent Review Hearings Board*.

The Guideline will be announced by August 31 each year.

In future, the Ministry of Housing will announce the Guideline by August 31 for the upcoming year.

Some landlords have already served their tenants with notices of a rent increase due early in 1987.

Tenants in buildings constructed after 1975 are protected for the first time.

These are tenants whose units are being brought under rent review by this Act.

- Landlords who have charged tenants more than the Guideline since August 1, 1985, will be given a 60-day period early in 1987 to justify these increases.
- Landlords not applying to rent review within the 60-day period must rebate excess rents to tenants.
- For the present, tenants should pay the amount requested in the notice from their landlord until the matter is resolved by rent review.
- *Under no circumstances should tenants make immediate deductions from their rent cheques.*

Only one rent increase allowed annually.

- Landlords must give tenants at least 90 days written notice of a rent increase.
- The rent for a unit can be increased only once in a 12-month period.

Tenants in buildings constructed before 1976 continue to be protected.

These are tenants whose units were under rent review prior to the passage of the new Act and whose units continue to be under rent review.

- If the landlord's rent notice is for *less* than the 5.2 per cent Guideline, the tenant should pay the amount in the notice.
- If the landlord's rent notice is for *more* than the 5.2 per cent Guideline, the most the tenant should pay is 5.2 per cent.
- If the landlord has applied to the *Residential Tenancy Commission* for a 1986 rent increase but has not yet received a final order, the tenant should pay the amount in the landlord's notice or 4 per cent, whichever is less.
- If the landlord has been to rent review and has received a decision, the tenant must pay the amount approved by the *Residential Tenancy Commission*.

For more information, complete and return this coupon.

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RENT REVIEW DIVISION
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YES! Please send me further information explaining the new Rent Review Guideline.

NAME _____

ADDRESS _____

CITY _____

POSTAL CODE _____



Ministry
of
Housing

Ontario Hon. Alvin Curling, Minister

Send today for more information about the new Rent Review Guideline