



All Things Related to RENT Part One

All Things Related to RENT

Part One

At this Town Hall Meeting we will discuss:

- Rent
 - Vacancy de-control
 - Setting the rent
 - Last months' rent and interest on last months' rent
- Annual Rent Increase Guidelines
- Above Guideline Amount Increases
- Unlawful Rent
- Rent Tips for Landlords

Residential Tenancies Act, 2006

The *Residential Tenancies Act, 2006* (RTA) is the provincial statute that governs most residential rental agreements in Ontario.



The RTA defines the rights and responsibilities of landlords and tenants.

The RTA includes provisions for the termination of a rental agreement. It defines circumstances under which a tenancy may be terminated and establishes notice requirements which vary depending on the reason for notice.

Rent

According to section 2(1) of the *Residential Tenancies Act, 2006*,

Rent is defined as an amount of money given to a landlord or landlord's agent in exchange for the right to occupy the rental unit (this also includes rent paid on behalf of the tenant);
and

A **tenant** is, in general, defined as “a person who pays rent in return for the right to occupy a rental unit...”



Vacancy De-Control

The landlord is permitted, by the *Residential Tenancies Act*, to set a new rent when a rental unit becomes vacant and a new tenant moves in.

For example: If a landlord is renting their unit to Tenant A for \$500/month and Tenant A leaves, the landlord is free to re-rent that same unit to Tenant B for \$800/month (provided the landlord and tenant agree to this amount).

This amount becomes the new lawful rent for this unit.



Setting the Rent

When setting the rent for a vacant rental unit, the landlord is able to charge whatever the market will allow.

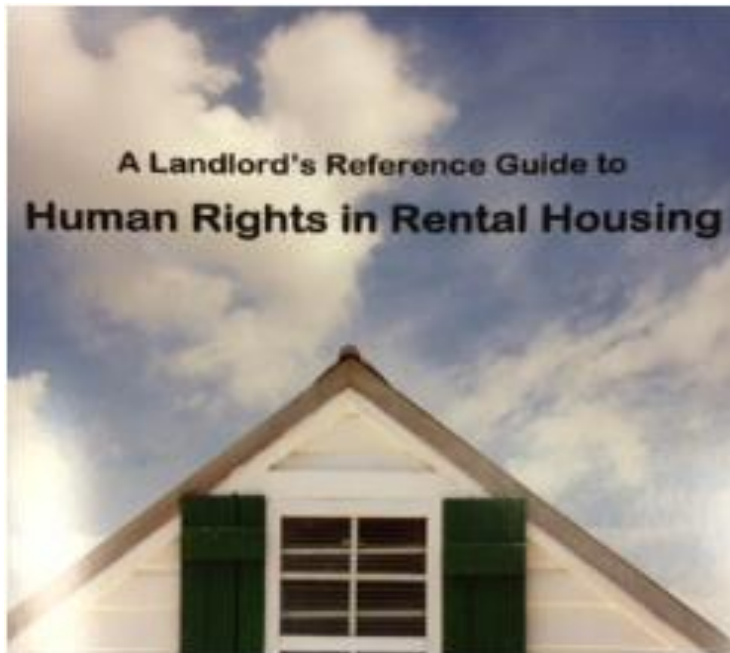
- It is best for a landlord to conduct research to determine what the rent amounts are for other units comparable in size, features and amenities.
- Look at newspaper or internet advertisements to see what other landlords are asking for and offering. It is important to factor in room to be flexible and allow room to negotiate the rent with an applicant.



Setting the Rent

(continued)

Advertisements are a good way to test the rent for your unit, if you are not receiving any calls it is likely that the amount of rent you are asking for is too high.



Caution: Make sure your advertisements comply with the *Human Rights Code* and do not discriminate.

For example, your ad should not say that you are looking for a tenant with a specific income, or for someone who is not receiving Government assistance.

The above Guide is available at

http://www.landlordselfhelp.com/human_rights/HR_Book_final2012.pdf

What's included in the Rent?

When setting the rent, the landlord and tenant may decide to have other amenities/services included in the rent, or listed as separate charges, such as:

- Parking
- Storage space (garage/shed)
- Utilities
- Air conditioning, etc.



Any additional amenities or services provided should be clearly defined in the written tenancy agreement.

Extra People

If a tenant decides to have another person move into the rental unit with them, the landlord cannot increase the rent because of the extra person.

- Regardless of the wording of the lease agreement, tenants are allowed to have guests and/or rent out a portion of their unit without the landlord's permission.
- In cases where the extra person is causing damage, interfering with the enjoyment of others, or causing overcrowding in the unit, the landlord must comply with the Landlord and Tenant Board methods, described in the *Residential Tenancies Act*, to terminate the tenancy.



Importance of Providing the Landlord's Name and Address...



The *Residential Tenancies Act* requires the landlord to provide the tenant with their legal name and address, for the purpose of serving documents.

This must be done in writing, **within 21 days of the tenancy beginning**.

A landlord's failure to provide this information results in the **suspension** of the tenant's obligation to pay rent.

Landlord's Name and Address

This information can be provided to a tenant...

- As part of the written tenancy agreement;
or
- In a letter, if the tenancy agreement is not in writing.



Legal Rent Charges

A landlord can lawfully charge a tenant:

- ✓ An administration fee of **no more than \$20**, for a bounced cheque
- ✓ For bank charges the landlord incurred from a tenant's NSF cheque
 - ✓ If the tenant refuses to pay this voluntarily, the landlord may include it in a L1 application with the LTB. It will cost the landlord **\$190** to file the application or **\$175** if filing online using e-File.
- ✓ For additional or replacement keys (not more than the direct costs)



Illegal Rent Charges

A landlord cannot :

- ✗ Increase the rent because the tenant has an additional person living with them
- ✗ Charge the tenant a fee, premium, commission, bonus or penalty
- ✗ Collect a damage or pet deposit



Rent Receipts

- Landlords are required, by the *Residential Tenancies Act*, to provide the tenant with rent receipts, free of charge. It is an offence for a landlord to refuse to provide a receipt when a tenant requests it.
- Tenants have up to one year after ending their tenancy to request receipts from the landlord, and the landlord must comply.
- The receipts need to include the following information:
 - Address of the rental unit
 - Name of the tenant to whom the receipt is being issued
 - Amount of the rental payment received and the date of the receipt
 - Name & Signature of the landlord
 - Indication what the payment was for



Last Months' Rent Deposit (LMR)

Landlords are allowed to collect a deposit for the last months' rent. For weekly or daily tenancies, the landlord is only allowed to collect a deposit equal to a rental period (i.e. one week's rent).

However, this amount should be collected on or before the date the tenancy agreement is entered into and before the tenant has possession of the rental unit.



Caution: If a landlord does not collect a last months' rent deposit ***on or before*** the date the tenant takes possession of the unit, and the tenant refuses to pay it, the landlord is unable to collect this amount through the Landlord and Tenant Board.

LMR

(continued)

This last months' rent deposit collected by the landlord cannot be more than one month's rent or the rent for one rental period. This deposit should ONLY be used for the final period of occupancy.

Note: Any other deposits, such as damage and pet deposits, are illegal deposits and they should not be collected by the landlord, even if the tenant agrees to provide it.

There is an exception for key deposits:

- Key deposits may be collected, as long as the amount collected is equal to the reasonable replacement cost for the key.



Interest on LMR

The landlord must pay interest to the tenant annually on the amount of the rent deposit at a rate equal to the guideline determined under s.120 of the RTA.

- The landlord can use the interest owed on the LMR to top off the LMR collected by the landlord at the beginning of the tenancy.
- If the landlord does not pay the interest owed to the tenant, the tenant can make an application to the Board or deduct the interest from the rent.



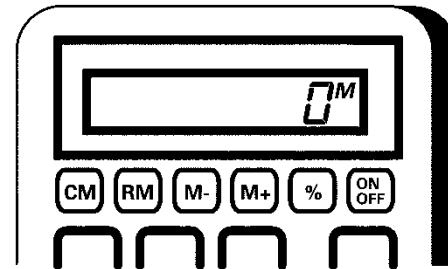
Interest on LMR

(continued)

Example: A landlord has a LMR deposit of \$500 that was collected January 1, 2016. January 1, 2017 is when the interest is due and payable to the tenant. The guideline interest for 2017 is 1.5%.

Interest payable is calculated as follows:

$$\$500 \times 0.015\% = \$7.50$$



Therefore, interest owed to the tenant for the period of January 1, 2016 to January 1, 2017 is \$7.50.

Returning LMR

Does the LMR deposit have to be returned to a tenant?

The LMR is meant to be applied to the last rent period before the tenancy terminates. If a tenant vacates a rental unit in one of the following ways,

1. Tenant gives notice
2. Landlord and Tenant agree to terminate
3. Landlord received a termination order from the LTB based on a fault or no-fault ground

and the last month rent deposit has **not** been applied, the Landlord must return it to the tenant.

A LMR deposit **cannot** be held by the landlord to cover damages caused by the tenant. **It can only be used for the last month of occupancy by the tenant.**

Annual Rent Increase Guidelines

A landlord may increase the rent by the guideline amount once every 12 months by giving the required 90 days' written notice for a rent increase. The annual rent increase guideline is based on the Ontario Consumer Price Index (CPI) and is announced by the Ministry of Municipal Affairs and Housing by August 31 of the previous year.

- The guideline increase amount for **2017 is 1.5%** and the guideline increase amount for **2018 has been set at 1.8%.**

Notice of Rent Increase
N1

Read the instructions carefully before completing this form.

To: (Tenant's name and address)	From: (Landlord's name and address)

Address of the Rental Unit:

Your New Rent

On / / , your rent will increase to \$

dd/mm/yyyy

per ☐ month ☐ week ☐ other (specify) .

Annual Rent Increase Guidelines

(continued)

Note: Rent increases not taken every 12 months (with proper written notice) are forfeited. Landlords are **not** able to back track.

If a landlord wishes to serve their tenant(s) a notice to increase the rent by the annual rent increase guideline amount, they do not need approval from the Landlord and Tenant Board.

However, the 90 days' notice to increase the rent must be provided to the tenant(s) on the Board approved form (Form N1).



Guideline Amount Calculation

Calculating your Guideline amount:

Monthly rent multiplied by the Guideline amount

Example: The monthly rent is \$1200 and the tenant began renting November 1, 2016. The earliest date the landlord can increase the rent would be November 1, 2017. The N1 notice for rent increase should be given by July 31, 2015 to allow for 90 days' notice.

$$\$1200 \times 1.5\% = \$18$$

Therefore, the rent increases to \$1,218.00 per month beginning November 1, 2015. The increase cannot take effect before this date or it would be incorrect.

Caution: Rounding up the amount to \$1,220 should not be done as it would be considered an illegal rent increase.



Rent Discounts



Note: Although the Act allows a method of discounting the rent, we do not recommend using it due to its complexity and the strong possibility of the discount negatively affecting the lawful rent.

If you would like more information about rent discounts and how to apply them to your rental unit, the following links may be helpful:

- Landlord's Self-Help Centre **RTA Fact Sheet: Rent Rules**
<https://landlordselfhelp.com/media/2017-Rent-Rules.pdf>
- *Residential Tenancies Act, 2006*, section 111
<http://www.ontario.ca/laws/statute/06r17>
- O. Reg. 516/06: GENERAL, sections 10-12
<http://www.ontario.ca/laws/regulation/060516#BK11>

Above Guideline Increase

If a landlord wants to increase the tenant's rent above the guideline amount, approval from the Landlord and Tenant Board is **required**.

A landlord can file an above guideline increase application to the Board for eligible capital expenditures, extraordinary increases in operating costs (municipal taxes and charges), or for security services.

This above guideline increase amount for capital expenditures is set for a maximum of 3 years, and is capped at 3% per year.

**** Due to the changes implemented by Bill 124, landlords will not longer be permitted to do a above-guideline increase for extraordinary increases in operating costs due to utility costs.**



Above Guideline Increase (continued)

Landlords should be aware of the strict requirements now in effect for making such an application, as well as the need to use up to date forms and schedules.

This process is very complicated and the landlord will need help. We recommend landlords seek help from a knowledgeable rent control consultant.



The filing fee for making such an application is \$200 for the first ten units plus \$10 for each additional unit to a maximum of \$1,000.

Unlawful Rent

If a tenant believes they are paying an unlawful rent amount, they may apply to the LTB for a rebate (Form T1). The tenant has one year to file this application with the LTB.

If the LTB finds that the rent has been increased unlawfully, either

- without proper written notice on Form N1 or N2,
- before the 12 months have passed since the last increase, and/or
- above the amount they are entitled to increase the rent

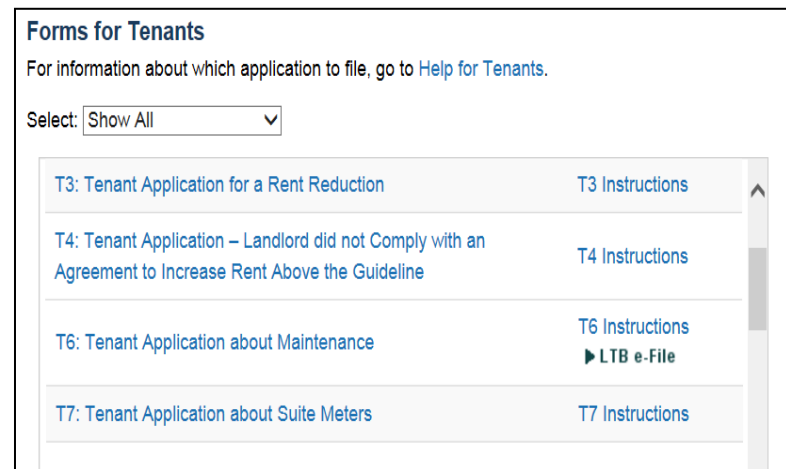
The landlord may be ordered to pay back the illegal rent collected, **and** may be fined by the LTB. The jurisdiction of the Landlord and Tenant Board is \$25,000.



Tenant Applications That May Affect Your Rent

Tenants may decide to file an application with the LTB against their landlord for various reasons. The following tenant applications affect the rent amount:

- T1- Tenant Application for a Rebate
- T2- Application About Tenant Rights
- T3- Tenant Application for a Rent Reduction
- T4- Tenant Application—Landlord did not Comply with an Agreement to Increase the Rent Above Guideline
- T6- Tenant Application About Maintenance
- T7- Tenant Application About Suite Meters



Forms for Tenants

For information about which application to file, go to [Help for Tenants](#).

Select:

T3: Tenant Application for a Rent Reduction	T3 Instructions
T4: Tenant Application – Landlord did not Comply with an Agreement to Increase Rent Above the Guideline	T4 Instructions
T6: Tenant Application about Maintenance	T6 Instructions ▶ LTB e-File
T7: Tenant Application about Suite Meters	T7 Instructions

Rent TIPS

1) Rent Receipts

A rent receipt is a valuable tool for proving if and when the tenant paid the rent. When applying for termination for arrears or persistent late payment, whether payment is made by cash or personal cheque, you must be able to show when payment was actually received.

2) Work Done in lieu of Rent Paid

Agreeing that a tenant will be charged a reduced rent in exchange for doing work such as grounds keeping or snow removal is **not** a good idea. If the work is not done well or at all, there is no clear remedy for the landlord. It is far better to charge the full rent and contract to pay the tenant separately for the work actually done.

Rent TIPS

(continued)

3) LMR

The last months' rent deposit should be collected **on or before** the official start of the tenancy agreement. If it is not collected before this time and the tenant refuses to pay it, the landlord does not have any remedy to collect it until it comes due.

4) Rent Increases

Take guideline increases (by giving the tenant proper written notice) every 12 months unless you are willing to forfeit the money. Landlords are not able to backtrack and collect increases they didn't take from previous years.

Things to Keep in Mind...

- ✓ The rent for a unit can only be increased once every 12 months.
- ✓ Landlords must give the tenant a 90 days' written notice on the appropriate Landlord and Tenant Board Form. Forms can be found at <http://www.sjto.gov.on.ca/ltb/>
- ✓ Landlords can only increase a tenant's rent by the guideline amount, unless their unit is exempt, or the landlord has filed an application with the LTB for approval to issue an above guideline increase.
- ✓ Tenants have the right to apply to the Landlord and Tenant Board to have their rent reduced due to the reasons indicated below:
 - ✓ A maintenance problem;
 - ✓ A reduction in services or taxes; or
 - ✓ For the return of money collected illegally.

Reminder:

New Forms...New LTB Website!

- As of June 1, 2015, landlords should only be using the new Landlord and Tenant Board notices and applications. These forms can be found on the LTB website at www.sjto.gov.on.ca/ltb/forms/ or on the Social Justice Tribunals Ontario website at <http://www.sjto.gov.on.ca/ltb/>
- As of July 1, 2015, the Landlord and Tenant Board began serving the Notice of Hearing and package to all, in most cases.



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Part One

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 - ✓ Vacancy de-control
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- ✓ Guideline Amounts
- ✓ Above Guideline Amount Increases
- ✓ Unlawful Rent
- ✓ Rent Tips for Landlords

Questions

A photograph of a classroom scene from behind several students. In the foreground, a girl with dark hair in pigtails, wearing a red shirt, has her right arm raised. To her left, a boy in a light blue shirt also has his right arm raised. Further back, another student in a dark blue shirt and a student in an orange shirt are also raising their hands. The background is a large blackboard filled with faint, handwritten mathematical equations and diagrams, including expressions like $(1) - \frac{1}{2} \leftrightarrow \sqrt{1} - \frac{1}{2} \leftrightarrow \frac{1}{2}$ and $\frac{1}{2} - \frac{1}{2} = 0$.

Resources:

All Things Related to RENT

Landlord's Self-Help Centre

- FAQs - Index of Q and A's
- <https://landlordselfhelp.com/frequently-asked-questions/?faq-category=deposits>
- <https://landlordselfhelp.com/frequently-asked-questions/?faq-category=increasing-the-rent>
- <https://landlordselfhelp.com/frequently-asked-questions/?faq-category=last-months-rent>
- <https://landlordselfhelp.com/frequently-asked-questions/?faq-category=receipts>
- <https://landlordselfhelp.com/frequently-asked-questions/?faq-category=rent-reduction>

Resources:

All Things Related to RENT

Landlord's Self-Help Centre

- RTA Fact Sheets: Rent Rules
<https://landlordselfhelp.com/media/2017-Rent-Rules.pdf>
- RTA Fact Sheets: Automatic Rent Reduction
<https://landlordselfhelp.com/media/2017-automatic-rent-reduction.pdf>

e-laws

- Search Residential Tenancies Act, 2006 - www.e-laws.on.ca

Resources:

All Things Related to RENT

Landlord and Tenant Board

- Your Rights and Responsibilities (Rent, Rent Deposits and other charges)
<http://www.sjto.gov.on.ca/lrb/rights-and-responsibilities/#faq4>
- 2018 Rent Increase Guideline
[http://www.sjto.gov.on.ca/documents/lrb/Brochures/2018%20Rent%20Increase%20Guideline%20\(EN\).html](http://www.sjto.gov.on.ca/documents/lrb/Brochures/2018%20Rent%20Increase%20Guideline%20(EN).html)
- 2017 Rent Increase Guideline
[http://www.sjto.gov.on.ca/documents/lrb/Brochures/2017%20Rent%20Increase%20Guideline%20\(EN\).html](http://www.sjto.gov.on.ca/documents/lrb/Brochures/2017%20Rent%20Increase%20Guideline%20(EN).html)
- Automatic Rent Reductions and Tax Decreases
[http://www.sjto.gov.on.ca/documents/lrb/Brochures/Automatic%20Rent%20Reductions%20&%20Tax%20Decrease%20\(EN\)%20Revised_Bill140_June15_2015.pdf?7094a0](http://www.sjto.gov.on.ca/documents/lrb/Brochures/Automatic%20Rent%20Reductions%20&%20Tax%20Decrease%20(EN)%20Revised_Bill140_June15_2015.pdf?7094a0)
- A Guide to the Residential Tenancies Act
[http://www.sjto.gov.on.ca/documents/lrb/Brochures/Guide%20to%20RTA%20\(English\).html](http://www.sjto.gov.on.ca/documents/lrb/Brochures/Guide%20to%20RTA%20(English).html)



The information offered in this presentation is intended as general information, it is not legal advice.

If you have a specific issue or situation, please contact a legal service provider.

