

CALCULATION OF THE 2017 RENT INCREASES

Montréal, January 20, 2017 – The Régie du logement has established the applicable percentages for calculating the 2017 rent increases, in accordance with the *Regulation respecting the criteria for the fixing of rent*. The percentages enable the amounts attributed to each component of the calculation to be determined based on the actual expenses incurred for the building or dwelling in question.

Table: Applicable percentages*

Rent component	2016	2017
Electricity	2.4%	1.0 %
Gas	- 3.2%	- 4.6 %
Heating oil and other sources of energy	- 24.3%	- 17.1 %
Maintenance	2.5%	2.4 %
Service costs	1.9%	0.9 %
Management costs	1.0%	0.8 %
Net income	0.5%	0.4 %
Capital expenditures	2.5%	2.4 %

* **CAUTION:** The applicable percentages for calculating the 2017 rent increases are not the estimated average basic increases.

In Québec, **lessors**ⁱ and lessees are free to agree on a rent increase that both consider acceptable. The lessee also has the right to refuse a rent increase proposed by the lessor. If the two parties cannot agree on the rent increase (or on any other modification to the lease), an application to modify the lease can be filed by the lessor with the Régie du logement no later than one month after the date of receipt of the lessee's reply. It is important to note that, for dwellings in buildings constructed not more than five years earlier, a lessee who refuses a rent increase must leave the dwelling at the end of the lease if the section F of the lease refers to this restriction (box checked).

To facilitate agreements on rent increases, the Régie now provides an electronic calculation tool entitled **Calculation 2017 Tool** on its website (www.rdl.gouv.qc.ca), along with a printable PDF version of the tool.

These tools help to establish the rent increase, by taking into account the variation in municipal and school taxes, insurance, major improvements and all the building's operating costs. The paper version of the form will be available at our 25 offices and service locations as of the second week of February.

As an example, the Régie provides a hypothetical calculation scenario to better illustrate the application of the *Regulation respecting the criteria for the fixing of rent*.

EXAMPLE

An electrically heated dwelling in a duplex was rented for \$600. Municipal and school taxes increased by \$106 (2.5%). Insurance increased by \$50. The electricity bill was \$750, maintenance and management costs increased to \$2000 and \$1260 respectively. Major repairs to the building itself cost \$3000, while major repairs made specifically to the dwelling cost \$2000. In this hypothetical calculation scenario, the \$600 rent could be increased by 2.0% (or \$13) to \$613.

The following table shows the detailed calculation.

DUPLEX'S REVENUE				
	Dwellings			
	Monthly rents			
Rented	\$ 600			
Occupied by the lessor	\$ 1 200			
Total	\$ 1 800	→	\$ 1 800	X 12
				\$ 21 600
				A \$ 21 600
DUPLEX'S OPERATING EXPENSES				
	Year 2017	Year 2016		
Municipal:	\$3 587,00	\$3 500,00		→ \$87,00
Taxes		Year	Year	
School:		2016-2017	2015-2016	→
		\$769,00	\$750,00	\$19,00
		December 31,	December 31,	
		2016	2015	
Insurance		\$1 150,00	\$1 100,00	→ \$50,00
Energy	Electricity:	Year 2016		→
		\$750,00	1,0%	\$7,50
Maintenance		\$2 000,00	2,4%	→ \$48,00
Service		\$0,00	0,9%	→ \$0,00
Management		\$1 260,00	0,8%	→ \$10,08
Operating expenses		B \$9 429,00		C \$221,58
NET REVENUE				
	A - B =	→	\$12 171,00	× 0,4%
				D \$48,68
MAJOR REPAIRS AND IMPROVEMENTS RELATED TO THE WHOLE BUILDING				
Major expenses benefiting the whole building	\$3 000,00	×	2,4%	→ E \$72,00
ADJUSTMENT RATE FOR THE RENTS OF THE BUILDING				
	(Add amounts C, D and E)	Enter amount A		
	\$342,26	/	\$21 600,00	→ 0,0158
				F 1,6%
MAJOR REPAIRS AND IMPROVEMENTS SPECIFIC TO THE DWELLING				
Major expenses specific to the dwelling	\$2 000,00	×	2,4%	→ \$48,00
				/ 12
				G 4,00 \$
RENT AJUSTMENT FOR THE DWELLING				
Dwelling's monthly rent (before increase)	\$600			
Enter rate F	×	1,6%	→	\$9,48
				+ Box G
				\$4,00
				→ \$13,48
				After rounding off: \$13

It is important to point out that each calculation is specific to the building or dwelling concerned. Moreover, the simplified calculation tools make no allowance for certain particular situations that could be the subject of a hearing before the Régie du logement, such as a new service that results in additional management costs, or an expenditure that does not benefit all the occupants of the building.

The specific rules that apply to rental unit rent increases (for example: time periods allowed for serving notices, particular circumstances for members of a cooperative or someone living in low-rental housing) are explained on the Régie's website, which also provides model rent increase notices and a model reply to such a notice.

Should you have any questions; the Régie can be contacted by phone:

Montréal, Laval and Longueuil

514 873-BAIL (2245)

Elsewhere

1 800 683-BAIL (2245)

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ⁱ The term "lessor" refers to the person who signs the lease in the capacity of lessor.