

FIXING OF RENT IN 2017 – ADDITIONAL CALCULATION EXAMPLE

Montréal, February 9, 2017 – Today, the Régie du logement published on its website an additional calculation example for the fixing of rent in 2017, to help lessees and lessors to better understand the applicable percentages for calculating the 2017 rent increases.

The applicable percentages are used to determine the amount allocated to each component of the calculation according to the expenses that were actually incurred for the building or dwelling in question. In compliance with the **Regulation respecting the criteria for the fixing of rent**, the Régie du logement must wait until Statistics Canada releases the necessary data in order to establish these applicable percentages, and this data only becomes available in the third week of January of each year.

Table: Applicable percentages

Rent components	2017
Electricity	1.0%
Gas	- 4.6%
Heating oil and other sources of energy	- 17.1%
Maintenance	2.4%
Service costs	0.9%
Management costs	0.8%
Net income	0.4%
Capital expenditures	2.4%

CAUTION:

These applicable percentages for calculating rent increases in 2017 are not the estimated average basic increases.

The Régie du logement reminds the public that, 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 section F of the lease refers to this restriction (box checked).

On January 20, 2017, the Régie added 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, to facilitate agreements on rent increases.

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

Additional calculation example

Here is an additional calculation example. **NOTE** that this example does not take into account the specific features of each building and dwelling. The income and operating expenses of a given building may justify a variation in rent that differs from this calculation example, particularly if the building has undergone major work.

Consequently, it is important to point out that the online calculation tool must be used to obtain a more precise estimate of the increase.

Calculation example Monthly rent before calculation: \$800						
Type of dwelling	Estimated average basic increase in %	New monthly rent after calculation of the basic increase	Estimated average basic increase plus municipal tax increase Example: a 5% municipal tax increase	New monthly rent after calculation of the municipal tax increase	New monthly rent after calculation of the major work Example: \$5000 invested in the dwelling only (2.4% = \$2.00 for every \$1000, i.e. a \$10 increase)	Percentage increase after calculation of the taxes and major work
Unheated dwelling	0.6%	\$805	1.3%	\$810	\$820	2.5%
Heated dwelling						
electricity	0.6%	\$805	1.3%	\$810	\$820	2.5%
gas	0.1%	\$801	0.8%	\$806	\$816	2.1%
heating oil	- 2.0%	\$784	- 1.3%	\$790	\$800	0.0%

The estimated average basic increases in the second column were obtained by using, for each category of expenses, the new percentages that apply for 2017, based on the cases submitted to the Régie du logement in 2015 and 2016.

The specific rules that apply to rent increases for rental units (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. 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.

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

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