United Counties of Leeds and Grenville
Community and Social Services Division

# Directive

## Directive: 2024/2025 Affordable Housing Rent Increase Guideline

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|---|---|---|---|
| **Issue Date:** | July 1, 2024 | **Directive No.:** | AHDIR2024-02 |
| **Revision Date:** | N/A | **Revision No.:** | N/A |

**Applicable Policy:**

**Type:**

***The policies and procedures in this Directive are applicable to all affordable units funded by the Canada-Ontario Affordable Housing program.***

- ☒ **Elgin Seniors Housing Development**
- ☒ **2049515 Ontario Inc.**
- ☒ **United Counties of Leeds and Grenville**
- ☒ **Community Living North Grenville**
- ☒ **Community Involvement Legacy Homes**
- ☒ **Marguerita Residence Corp. Wall Street Village**
- ☒ **Marguerita Residence Corp. St. Vincent De Paul**

### BACKGROUND

Annual rent increase guidelines for residential tenancies are set each year by the Ontario government based on the Ontario Consumer Price Index (CPI), and is the maximum percentage by which a landlord can increase the rent for current residential tenants without approval from the Landlord and Tenant Board. The guideline is designed to take into account increases in building operating and maintenance costs incurred to protect the health and safety of tenants.

The provincial rent increase guideline applies to any rent increase for current tenancies effective between January 1 and December 31. The provincial rent increase guideline for all rent increases in 2024 is 2.5 per cent; the 2025 allowable rent increase guideline will be announced in late summer of this year.

Affordable housing providers must also maintain "affordable" rents. This means that the increased rent for funded units also cannot be higher than 80% of the average market rent for the area, as communicated by Directive from the Service Manager.

**New** - An optional person-centered affordable rent table (Table Two) has been added to this directive, which provides an income-based rent table geared to the affordability of low-to-moderate income households in Leeds and Grenville. Affordable Housing Providers are

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encouraged to consider the rents listed in Table Two where feasible, but are advised that the use is optional.

## PURPOSE

The purpose of this directive is to notify all affordable housing providers within The United Counties of Leeds and Grenville of the 2024/2025 rent increase guideline that is **effective July 1, 2024 to June 30, 2025,** and the allowable average rent as published by Canada Mortgage and Housing Corporation, and the Ministry of Community and Social Services, or alternate Average Market Rent approved by the Ministry of Municipal Affairs and Housing.

## ACTION TO BE TAKEN

Each Affordable Housing Provider is directed to increase the Affordable Rent for all funded units in accordance with Ontario's rent increase guideline (2.5 per cent in 2024) **up to** the allowable rent under the Affordable Housing Program (AHP), Investment in Affordable Housing (IAH), Social Infrastructure Fund (SIF), or Ontario Priorities Housing Initiative (OPHI) by Service Manager area.

Ontario's 2025 rent increase guideline for 2025 will be announced in late summer and will apply to all rent increases that are effective January 1, 2025 to December 31, 2025.

The rent increase must be approved in a motion by the Board of Directors, if applicable, prior to notifying tenants of the rent increase. Allowable rents under the AHP/IAH/SIF/OPHI by provider, unit type and size are as follows:

**Table One: Maximum Allowable Affordable Housing Rents Effective July 1, 2024**

| Unit Size | Allowable Rent per Unit per Month |
|---|---|
| Bachelor | $961 |
| One Bedroom | $1,261 |
| Two Bedroom | $1,550 |
| Three Bedroom | $1,794 |
| Four Bedroom | $1,925 |

**For Current Tenants:**

1. Determine the Provincial Maximum Allowable Rent Increase for each unit:
   Current Rent **x** Percentage Increase **=** Provincial Maximum Allowable Rent Increase
2. Compare the Ontario provincial rent increase guideline rent amount to the Maximum Allowable Affordable Housing Rent listed in Table One. The **lesser amount** may be

charged.

3. All in-situ tenants must be given a **Form N1: Notice of Rent Increase** at least **90 days** in advance of the effective date of the rent increase.
4. At least 12 months must have passed since the tenant first moved in or since the previous rent increase.

**For Move-in's:**
Units may be rented at the Maximum Allowable Affordable Housing Rent per Unit per month listed in Table One following a vacancy.

**Further restrictions to rent increases may apply to rent increases where the Housing Provider has a rent supplement agreement in place. Reference your rent supplement agreement for further details.**

**<u>Affordable Housing Rent Increase Examples</u>**

**Example One: Existing Tenant**
Tenant signed a lease for a one-bedroom Affordable Housing unit on November 1, 2023 paying $990 per month. Under Ontario's Rent Increase Guideline, rents may only be increased by up to 2.5% in 2024, twelve months after the tenant first moved into the unit (or since the previous rent increase).

Current rent ($990) **x** Guideline Percentage Increase (1 + 2.5%) = $1,015.

As $1,015 is less than the rent listed in the Maximum Allowable Affordable Housing Rent Table for a one-bedroom unit ($1,261), the maximum this tenants rent may be increased to is $1,015, effective November 1, 2024.

**Example Two: New Tenant**
A new tenant is set to move into a two-bedroom Affordable Housing unit on December 1, 2024. The maximum rent chargeable is according to the Table One: Allowable Affordable Housing Rents, which is $1,550.

**Directive: 2024/2025 Affordable Housing Rent Increase Guideline**

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## TO BE CONSIDERED AS OPTIONAL APPENDIX

**Person-Centered Approach to Affordability**

As market rents have continued to rise throughout Canada, including Leeds and Grenville, the Community Housing Department undertook a study to determine what low-to-moderate income households in our community can afford to pay for shelter costs. The study determined that average market rents are slightly above what is affordable, and encourage the Affordable Housing Providers, where feasible, to consider using Table Two: Person-Centered Affordable Rent Table (optional) when setting rents.

**Table Two: Person-Centered Affordable Rent Table for the United Counties of Leeds and Grenville (Optional)**

| Unit Size | Optional Rent per Unit per Month |
|---|---|
| Bachelor | $910 |
| One Bedroom | $1,110 |
| Two Bedroom | $1,330 |
| Three Bedroom | $1,610 |
| Four Bedroom | $1,610 |

## REFERENCES

Landlord and Tenant Board 1-800-332-3234 or www.ltb.gov.on.ca
Ontario's Residential Rent Increases https://www.ontario.ca/page/residential-rent-increases

If you have any questions, please contact the following:

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**Chris Morrison, Manager**
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July 11, 2024
**Date**