

Above Guideline Rent Increase (AGI)

Terms and Acronyms

- N1 form- the annual notice of rent increase tenants receive from the landlord
- LL- landlord
- AGI- Above guideline rent increase
- LTB – Landlord and Tenant Board

What is guideline rent increase?

- An annual increase set by the Ontario government (2.5% 2025 and 2.1% 2026).
- The guideline increase is based on the Consumer Price Index (CPI)
- It is a cost of living increase but capped at 2.5% so if the CPI is more than 2.5% the guideline will be 2.5%. If the CPI is less than 2.5% than the guideline will be less than 2.5%

Above Guideline Rent Increase (AGI)

- An increase for more than the legal guideline that must be approved by the Landlord and Tenant Board (LTB)
- Reasons a landlord can apply for an AGI:
 - Increases in municipal taxes or charges.
 - Completed capital expenditure work in the building.
 - Completed accessibility upgrades, energy efficient upgrades and or improved security.

Notice of Rent Increase – guideline and above the guideline (the rules)

- Must be *at least* 12 months since your last rent increase or since you moved in.
- Must be given at least 90 days written notice of the rent increase.
- See N1 Form

Notice of Rent Increase
N1
(Disponible en français)

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) _____ .

This rent includes the basic rent for your rental unit, plus any amount you pay separately to your landlord for services.

Explanation of the Rent Increase

This is a rent increase of: \$.

per month week other (specify) _____ or _____ %.

Shade one of the following:

This rent increase is less than or equal to the rent increase guideline and does not need approval by an order under the *Residential Tenancies Act, 2006*.

OR

This rent increase is more than the rent increase guideline, but:

1. The rent increase has been approved by an order under the *Residential Tenancies Act, 2006*.
2. The rent increase must be approved by an order under the *Residential Tenancies Act, 2006*. I have applied to the Board for a Rent Increase Above the Guideline.

How to tenants realize that their landlord has applied for an AGI?

- N1 form- call our Outreach and Organizing Team and the Landlord and Tenant Board
- Notice of hearing
- Outreach and Organizing Team holds a meeting in your building

AGI- rent increase notice

- Once a LL has filed an application, they can start asking for the above guideline rent increase, in your rent renewal notices, even though a decision has not been made at the Landlord and Tenant Board (LTB).
- The LL must still abide by the rules of a rent increase (see slide 5)

Tenants have a choice

When you receive a notice of rent increase before an order is issued

- Pay the guideline rent increase and wait for the order from the LTB. If the landlord is awarded an increase the tenant will owe money back dated to the day the rent increase takes effect in their N1 notice
- Pay the full amount asked for in the N1 notice and if the LL is not awarded all that was asked in the N1 notice the LL will owe it back to the tenant from the day the rent increase takes effect in the N1 notice.
- Tenants that receive N1 notices that state it has already been approved must pay the amount stated in the notice.(This only happens after the order has already been issued)

AGI- start date and who is affected by the application.

- Every tenant is affected at a different time by the AGI because they moved in on a different date and so their rent renews on a different date. Usually, most units are affected by the application and most receive the same percentage increase.
- Sometimes units are not affected by an application or are only partially affected by the application the reason for this are:
 - Tenant moved in after the filing date – *not affected*.
 - LL has chosen to exclude the unit from the application –*not affected* .
 - In capital expenditure cases - tenants that moved in after some of the work was completed are only *partially affected* by the application and therefore will receive a percentage increase that is lower than their neighbours.

Reasons LL can file an AGI application

- Increase in municipal taxes and charges
- Capital expenditures
 - Major repairs
 - Improvement to security, accessibility, and energy efficiency
- Both

Municipal Taxes and Charges

- LL can file for an extraordinary increase in municipal taxes and charges
- Extraordinary increase is the guideline + 50% of the guideline for example in 2025: 2.1% (guideline) + 1.05% (half of guideline) = 3.15%

Notice of Hearing

- Given, in writing, 30 days prior to the hearing – Usually mailed sometime put under the door.

Capital Expenditures Cases-What is a capital expenditure?

- Is an expenditure for an extraordinary or significant renovation, repair, replacement or new addition, on the residential complex, whose sole purpose is not to improve the prestige of the building.. This includes but is not limited to:
- The envelop of the building e.g. roof replacement, window replacement, balcony work, brick work
- Elevator upgrades, broiler upgrades, underground garage work, plumbing, venting upgrades
- Maintains or improves the security of the residential complex
- Provides access to persons with disabilities

Capital Expenditures Cases-What is a capital expenditure? continued

- Energy efficient upgrades e.g. water conservation
- Any replacement of a system or item that promotes, access for persons with disabilities, energy or water conservation, or promoted security of the residential complex is a capital expenditure even if it did not need replacing or improving.
- A capital expenditure **does not include** cosmetic upgrades e.g. new lobbies, painting, new carpeting, new signage, upgrades to units, general maintenance, new landscaping (there are exceptions to these rules it depends on why the work was undertaken).
- A LL cannot be awarded for capital expenditures if there is an outstanding work order for elevators.

Hearings

- Tenant receive the notice of hearing at least 30 days before it is scheduled
- **Case management hearing-** aka negotiation - mediator will assist tenants there is no judge scheduled that day. This happen over Zoom
- **A case based on the merits** -aka a hearing before a judge - only happens if no settlement occurred during the case management hearing - be prepared to make legal arguments and ask questions. Many merits hearing are written but some are over zoom
- **Decision** -months after the case management hearing with a settlement or after a merits hearing - all affected tenants will be mailed the decision from the LTB whether or not they attended court.

More on Written Hearings

- Some AGI hearings are written hearings
- The tenants will be given an opportunity to respond in writing to the LTB.
- The LL is given the opportunity to reply to the tenant's submission. The landlord sends the reply to the LTB not to the Tenant.
- The adjudicator will read all the submissions and responses, from both tenants and LL, and will make a decision that will be mailed to each affected tenant

Maximum LL can be awarded

- Municipal taxes and charges cases- there is no maximum - the percentage amount is based on how much the taxes went up, the LTB will do the math and calculate the percentage based on the receipts the LL provides to the LTB
- Capital expenditures cases – there is a maximum - LL can get no more than 3% (above the guideline) in one year and no more than 9% (above the guideline) in one application
- Municipal taxes and charges + capital expenditures cases - no maximum - the capital expenditure portion is capped at 9% (see above bullet) but because municipal taxes and charges have no maximum this portion of the case also has no maximum is it based on the amount of taxes paid
- LL can file a capital expenditure application **every time** they complete capital expenditure work this means it can happen year after year or multiple times per year. Municipal taxes and charges applications can only be filed once per year.

Decision – what is on it

- Units will be listed with the percentage amount awarded for the unit.
- A time frame will be stated to settle all accounts (usually 30-120 days but you can request at mediation or at your hearing/written submission for payment in installments for 12 months). If you fail to pay the amount owe by the final date the landlord can stat eviction proceeding for non payment of rent.
- A useful life date – As part of the decision a useful life for the application will be determined, this will establish how long the work should last and when you will be entitled to a rent reduction for the percentage amount awarded.

Decision Continued

- The useful life is between 10-25 years. if you happen to live in the building when the useful life expires, your landlord is required to automatically reduce your rent by the awarded percentage
- Many LLs fail to reduce the rent so keep a copy of the decision so you can prove to your LL that you are entitled to a rent reduction if they fail to reduce
- Definition- Useful life is the amount of time the work is expected to last and the amount of time, in the law, your LL has to wait before filing another application for the same work. Never throw out your Order from the Board.

Final Thoughts

- LLs file AGIs to increase the rent- It is a legal method of displacement – LLs **do** have capital repair funds and can afford to pay for capital expenses.
- Over the long term, AGIs make rents unaffordable for long term tenants on fixed incomes., this tends to have the hardest impact on seniors, tenants on welfare and disability and racialized communities.
- Although it is important to understand the legal process and the legal structures (Landlord and Tenant Board and Residential Tenancies Act) it is also important to understand that these structures heavily favour LLs at AGI hearings. This is why it is important to get organized.
- Almost all tenants walk out of these hearings with an AGI increase

Important numbers for AGI

- **Federation of Metro Tenants' Association Outreach and Organizing Team**-to have a workshop in the building and to organize tenants 416-413-9442
- **Landlord and Tenant Board**- 416-645-8080
- **Canadian Centre for Housing Rights** – for free legal representation for AGIs and summary advice 416-944-0087