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2012 Rent Increase Guideline

Rent control limit fails to allow landlords to recover cost increases

FRPO calculates that Ontario's rent increase guideline for the year 2012 will be 3.1%. The final Statistics Canada Ontario CPI number used in calculating the 2012 guideline was released today.

This year's guideline does not come close to covering the cost increases being experienced by rental housing providers. The impact of the HST, combined with inflation, has driven much larger cost increases for Ontario's rental housing industry. This problem is compounded by the fact that the 2011 guideline was a record low 0.7% in 2011, which has been devastating for rental housing providers.

"Rental housing providers are going to be experiencing cost increases that are more than double this year's rent guideline, in part due to the huge impact of the HST on our industry" says Vince Brescia, President & CEO of FRPO. "Ontario's rent control guideline is not working for rental housing providers in Ontario" added Brescia.

In addition to increased operating costs in rental housing, the low rent guideline once again set for next year will fail to address the capital needs of Ontario's rental stock, which are expected to accelerate in the coming years. This is due to the large volume of high-rise buildings built in the 1960s and 1970s or prior.

"The average age of a rental building in Ontario has gone from 29 years old in 1991 to 40 years old in 2006 according to Census data", says Brescia. "Far from protecting tenants, the inadequate rent guideline for 2012 prevents housing providers from making all necessary capital investments in Ontario's ageing rental stock, which impacts the renting experience for tenants."

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