

# CALCULATION

## HOW TO AGREE ON THE RENT

For a period starting **after** April 1, 2008 but  
**before** April 2, 2009

For the dwelling at :

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**IMPORTANT: This form is a negotiation tool to be used by tenants and lessors. IT MUST NOT BE RETURNED TO THE RÉGIE.**

### TO REACH US

Montréal, Laval and  
Longueuil areas :

**873-2245\***

In other areas :

**1-800 683-2245\***

\*An automated information service  
is available around the clock.

### RÉGIE ON THE WEB

The present form is also  
available in electronic ver-  
sion on the web site of the  
Régie du logement :

<http://www.rdl.gouv.qc.ca>.

You will also find its law and  
regulations, publications, the  
main forms in use, as well  
as answers to the most fre-  
quently asked questions.

When the tribunal of the Régie du loge-  
ment is called upon to set the rent varia-  
tion, it applies the rules established in  
the *Regulation respecting the criteria for  
the fixing of rent*. The present document  
aims at helping tenants and lessors of  
Québec to negotiate on the basis of a  
good knowledge of the criteria that  
would be used by the tribunal if ever  
such intervention should be required.

The rules concerning the renewal of the  
lease are fixed in the Civil Code of Qué-  
bec and reproduced on the mandatory  
lease form. By following the time limit  
allotted according to the duration of the  
lease, the lessor may give a notice of  
rent increase. Within a month of receiv-  
ing the notice, the tenant may dispute  
the rent increase by notifying the lessor  
of his refusal. If the two parties do not  
reach an agreement, the lessor has one  
month to file an application at the Régie  
du logement.

These rules leave plenty of ground for  
negotiation to take place. Before a deci-  
sion has been rendered, the two parties  
can conclude an agreement at any  
given time, based on considerations that  
they judge to be relevant.

When fixing the rent, the existing rent is  
adjusted according to data related to the  
building. When both parties agree at  
least about the amounts of the building's  
revenue and expenses, the use of this  
form enables them to compute the ad-  
justments to bring to the rent, according  
to the criteria for the fixing of the rent.

This form also applies to buildings with  
commercial premises.

Some particular situations, which could  
be settled in court, are not foreseen in  
this **simplified** version, for instance a  
service introduced in the course of the  
past year that involves new operating  
expenses or an expense that does not  
benefit to all the occupants of the build-  
ing.

Page 2 is a guideline for using the form  
on page 3. Explanatory notes about  
certain categories of expenses are on  
page 4. An example of how to use this  
form is available on a separate sheet.

## BUILDING'S REVENUE

Enter the sum of the monthly rents for all rented dwellings and commercial premises in December 2007.

Estimate the value of vacant dwellings and premises according to the rents charged for comparable leased dwellings. Likewise, estimate the rents of dwellings and units occupied by the lessor, the lessor's family, an employee or used for the operation of the building.

If such be the case, enter other **annual** revenue collected in 2007 that comes from the operation of the building (for instance, services payable upon use like a laundromat). However, do not include the revenue of operation of a non-residential premise.

## BUILDING'S OPERATING EXPENSES

Enter the amount of **municipal taxes** and **school taxes** billed for the building for each year as indicated and calculate the difference between the two amounts.

For the building's **insurance** (fire and liability), enter the amount of the bill pertaining to the policy in force on December 31, 2007 and the one on December 31, 2006 and calculate the difference between them.

For other expenses, only the costs of the year 2007 are being considered. In each case, multiply the amount of the expense by the indicated adjustment rate.

For more information about **energy**, **maintenance**, **service** and **management** costs, refer to explanatory notes on page 4.

**Management** costs are set at 5 % of amount **A**, in order to avoid calculation of minor costs and the lessor's time value spent managing the building. However, real costs may be considered up to a maximum of 10 % of the building's annual revenue.

## NET REVENUE

Calculate the difference between the building's revenue and the total of the building's operating expenses. Then multiply the result by the indicated rate.

## MAJOR REPAIRS AND IMPROVEMENTS RELATED TO THE WHOLE BUILDING

For further information about **major repairs and improvements**, refer to the explanatory note on page 4. Multiply the total of those expenses, for the year 2007, by the indicated rate.

## ADJUSTMENT RATE FOR THE RENTS OF THE BUILDING

The sum of the adjustments retained (operating expenses, net revenue and major repairs and improvements) divided by the building's annual revenue leads to an adjustment rate for all the rents of the building, before considering any major repairs specific to some dwellings.

## MAJOR REPAIRS AND IMPROVEMENTS SPECIFIC TO THE DWELLING

If **major repairs or improvements** have been made in this dwelling in 2007, enter the amount and multiply it by the indicated rate, then divide by 12 in order to obtain the monthly adjustment.

If some repairs benefited to more than a dwelling (but not to the whole building), evaluate the cost attributable to the dwelling subjected to this calculation.

## RENT ADJUSTMENT FOR THE DWELLING

Multiply the actual monthly rent by the justifiable adjustment rate **F** for the building, then if such be the case, add the the additional adjustment **G** for expenses specific to the dwelling.

By virtue of the rules applied in judicial assessment, the result is **rounded** to the nearest dollar.

## BUILDING'S REVENUE

	Dwellings		Non-residential premises		
	<i>Monthly rents</i>		<i>Monthly rents</i>		
Rented	\$		\$		
Vacant	\$		\$		
Occupied by the lessor	\$		\$		
	(Total of the above boxes)		(Total of the above boxes)		
<b>Total</b>	\$	+	\$	=	\$
					x 12
					↓
					Annual revenue
					\$
Other revenue from the operation of the building					\$
					(Total of the above boxes)
					<b>A</b> \$

## BUILDING'S OPERATING EXPENSES

	Amount of the expense			Adjustment
	Year 2008	Year 2007		
<b>Taxes</b> Municipal property taxes :	\$	\$	-	= \$
		Year 2007-2008		= \$
School taxes :		\$	-	= \$
		December 31, 2007		= \$
<b>Insurance</b>		\$	-	= \$
		December 31, 2006		= \$
<b>Energy</b>		Year 2007		
Electricity :	\$		x	1.7%
Gas :	\$		x	-1.1%
Heating oil (or other source) :	\$		x	4.1%
<b>Maintenance</b>		\$	x	0.6%
<b>Service</b>		\$	x	2.2%
<b>Management</b>		\$	x	1.3%
		(Total of the above boxes)		(Total of the above boxes)
<b>Operating expenses</b>		<b>B</b> \$		<b>C</b> \$

## NET REVENUE

Amount **A** minus amount **B** : \$  x 0.6% = **D** \$

## MAJOR REPAIRS AND IMPROVEMENTS RELATED TO THE WHOLE BUILDING

Major expenses benefiting the whole building \$  Year 2007 x 4.3% = **E** \$

## ADJUSTMENT RATE FOR THE RENTS OF THE BUILDING

(Add amounts **C**, **D** and **E**) \$  ÷ (Enter amount **A**) \$  =  x 100 = **F**  %

## MAJOR REPAIRS AND IMPROVEMENTS SPECIFIC TO THE DWELLING

Major expenses specific to the dwelling \$  Year 2007 x 4.3% = \$   
 (Aside from the expenses declared in box **E**) ÷ 12 = **G** \$

## AJUSTEMENT DE LOYER DU LOGEMENT

Dwelling's monthly rent (before increase) \$   
 Enter rate **F** : x  % = \$  + (Enter amount **G**) \$   
 = \$

After rounding off : \$

# EXPLANATORY NOTES

## ENERGY

**Energy** costs are those that are assumed by the lessor for all the dwellings, non-residential premises and common areas of the building, notably for the heating, electricity consumption or hot water. They may be costs for electricity, gas or heating oil (or another source of energy) or even a combination of those different sources of energy.

Reminder: this simplified calculation is not suited to cover the cases where an expense does not benefit all the occupants of the building, for example, when some dwellings are heated at the expense of the lessor while the others are heated at the expense of the tenant.

## MAINTENANCE

**Maintenance** costs are those that are assumed by the lessor for minor repairs and upkeep of the building, the dwellings, the grounds and of the installations that benefit the tenants.

Consider the products necessary for maintenance, materials used for minor repairs, expenses related to snow removal, minor carpentry and painting work, the maintenance of the grounds, the plumbing, the heating system, electrical wiring, elevators, washers and dryers, stoves and refrigerators, pool and machinery.

Consider also the wages of employees who carry out the work and maintain the building (e.g., janitor) as well as fees due in virtue of a service contract (e.g., electrician, plumber).

## SERVICE

**Service** costs are those that are assumed by the lessor to provide the tenant with services included in the lease such as security, food, personal care, etc.

These expenses include namely the salary of employees providing the services (e.g., security guard, cook, nurse, care giver, doorman) whether the employees work for the lessor or are incurred by way of a service contract.

Also included is the cost of inherently related products (e.g., food, nursing products).

## MANAGEMENT

**Management** costs include management contracts, wages and other expenses related to administrative staff, office expenses, advertising expenses, legal and accounting fees.

However, interest and reimbursement of capital, capital cost allowance and cost relating to the sale or acquisition of a building must not be included.

In order to avoid calculation of minor expenses and the value of time that the lessor spends in the management of the building, these costs are set at 5 % of the building's annual revenue. Nevertheless, it is possible to consider real costs incurred in the management of the building up to a maximum of 10 % of the building's annual revenue.

## MAJOR REPAIRS AND IMPROVEMENTS

The costs of **major repairs and improvements** are not part of the general operating expenses, which are assumed on a regularly basis for the building.

They may be expenses for repairing or modifying the major components of the building's structure (e.g., roof, plumbing, heating system, insulation, windows), for renovations (e.g., major carpentry and painting work) in the dwellings or common areas or added installations (e.g., parking, pool).

Do not take into account an expense that benefits only to commercial premises.