



Program Instructions

This Program Instruction applies to the following:

- ✓ **AHP Strong Start Program**
 - ✓ Tom Taylor Place

Achieving Affordable Rents for AHP Strong Start Communities

Note: This Program Instruction replaces Program Instruction N°2017-05

Summary

The Canada-Ontario Affordable Housing Program (AHP) is designed to increase the supply of affordable housing. There are specific rules that must be followed for the duration of the program.

RENT RULES FOR YEARS 11-14

To achieve affordability, rents must remain at or below the Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR) while also maintaining an average rent at or below 80% of AMR for the entire building.

During years 11 – 14 of the program, Housing Providers can raise rents for existing tenants by the annual Rent Increase Guideline provided that:

- The increase **does not result in rent exceeding** 100% of AMR for a unit
- Average rent of 80% AMR for the entire building is maintained

Housing Providers may make a business case to the service manager for a rent increase above the Rent Increase Guideline for a unit when there is a capital repair requirement or the energy cost increases.

For new tenants, the starting rent can be at or below CMHC AMR. However, the overall building rent at 80% of AMR must be maintained. Housing Providers can make a business case for above 80% AMR building rent when the AMR decreases or the project's financial viability is compromised.

RENT RULES FOR YEARS 15-20

Housing Providers must continue to follow program rules set between years 11 -14 for existing tenants.

New tenants are no longer subject to any program limitations and there is no maximum rent threshold for the building.

AHP RULES REQUIRE THE BUILDING TO ACHIEVE AN AVERAGE RENT AT OR BELOW 80% OF AMR DURING YEARS 1-14 OF THE PROGRAM

Housing funded through the AHP Strong Start Program must achieve an average project rent which is at or below 80% of AMR. Table 1 provides a summary of Fall 2018 CMHC AMRs for Zone 26 which includes Newmarket. Housing Providers must refer to Table 1 to ensure that the overall rent for the building remains at or below 80% of AMR for the applicable zone.

Table 1: Fall 2018 CMHC AMR for Newmarket				
Zone	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom
Zone 26				
Aurora, Newmarket, Whitchurch-Stouffville, East Gwillimbury, Georgina	\$769	\$1,110	\$1,258	\$1,449

For tenants receiving a rent subsidy, Housing Providers should include only the tenants' contributions to rent when calculating the building's overall average rent.

THE RENT INCREASE GUIDELINE FOR 2019 IS 1.8%

The Rent Increase Guideline for 2019 is 1.8% and applies to rent increases effective between January 1 and December 31, 2019.

APPLYING THE RENT INCREASE GUIDELINE TO INCREASE TENANT RENTS DURING YEARS 11 -14 OF THE AHP STRONG START PROGRAM

1. Identify the current rent for the unit
2. Calculate the rent increase by multiplying the current rent by the Rent Increase Guideline
3. Determine the new rent by adding the rent increase calculated in step 2 to current rent

Example of using the 2019 Rent Increase Guideline:

- Current tenant's rent charge is \$1,000
- Multiply the current rent by 1.8%=\$18.00 (2019 Rent Increase Guideline)
 - $\$1,000 \times 1.8\% = \18

- $\$1,000 + \$18 = \$1,018$
 - Guideline rent increase amount is \$1,018
4. If the calculated rent increase amount is less than the most recent AMR for the unit size, then the calculated RTA rent increase amount is the maximum rent for the unit
 5. If the calculated rent increase amount is more than the most recent AMR for the unit size, then the AMR amount is the maximum rent for the unit
 6. After applying the rent increases, ensure that an average overall rent for the building of 80% is maintained

Example #1

A Housing Provider in Newmarket currently charging \$1,000 for a one bedroom unit may raise the current tenant's rent by the Rent Increase Guideline of 1.8%, an increase of \$18. As the total resulting rent of \$1,018 is less than the AMR for one bedroom units in Newmarket (\$1,110 as indicated in Table 1), the tenant's rent may be increased to a maximum of \$1,018 provided the Housing Provider maintains an average overall rent for the building of 80% of AMR.

Example #2

A Housing Provider charging \$1,095 for a one bedroom unit in Newmarket cannot increase the current tenant's rent by the Rent Increase Guideline of 1.8%, as the total resulting rent of \$1,115 exceeds the AMR of \$1,110 for a one bedroom unit in Newmarket. The Housing Provider may increase the rent to the AMR of \$1,110 provided that an average overall rent for the building of 80% of AMR is maintained.

ACTION REQUIRED

Housing Providers may raise rents for tenants by the most current Rent Increase Guideline as long as the rent is at or below the CMHC AMR for the applicable zone. Rent for new tenants is at or below 100% of the CMHC AMR.

Average rent for the building must be maintained at 80% of CMHC AMR for the applicable zone.

Authority: Contribution Agreement

Please contact your Program Coordinator with any questions.

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Housing Services Branch

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