



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°2019-02

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. This Program Instruction provides direction for setting rents to Housing Providers operating AHP Strong Start communities.

RENT RULES FOR YEARS 11 TO 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 to 14 of the program, Housing Providers may 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

For new tenants, the starting rent may be at or below AMR. However, the overall building rent of 80% of AMR must be maintained.

Housing Providers may submit a business case to York Region to request a rent increase above the Rent Increase Guideline for a unit when there is a capital repair requirement or the energy cost increases. Housing Providers may also submit a business case to the Region to exceed the 80% AMR building average rent when the AMR decreases or the project's financial viability is compromised.

RENT RULES FOR YEARS 15 TO 20

Housing Providers must continue to follow program rules set between years 11 to 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 TO 14 OF THE PROGRAM

Buildings funded through the AHP Strong Start Program must achieve an average rent at or below 80% of AMR. Table 1 provides Fall 2019 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 2019 CMHC Average Market Rents for Zone 26
(Aurora, Newmarket, Whitchurch-Stouffville, East Gwillimbury, Georgina)

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom
\$795	\$1,245	\$1,338	\$1,552

For tenants receiving a rent subsidy, Housing Providers should include only the tenants' contributions to rent (the portion paid by the tenant) when calculating the building's overall average rent.

ACTION REQUIRED

The Rent Increase Guideline for 2020 is 2.2% and applies to rent increases effective between January 1 and December 31, 2020.

Applying the rent increase guideline to increase rents during years 11 to 14 of the AHP Strong Start Program

1. Identify the current rent for the unit
2. Calculate the guideline 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 2020 Rent Increase Guideline:

- Current rent is \$1,000
- Multiply the current rent by 2.2%
 - $\$1,000 \times 2.2\% = \22
 - $\$1,000 + \$22 = \$1,022$
- Guideline rent increase amount is \$1,022

4. If the calculated guideline rent increase amount is less than the most recent AMR for the unit size, then the calculated guideline rent increase amount is the maximum rent for the unit
5. If the calculated guideline 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 2.2%, an increase of \$22. As the total resulting rent of \$1,022 is less than the AMR for one bedroom units in Newmarket (\$1,245 as indicated in Table 1), the tenant's rent may be increased to a maximum of \$1,022 provided the Housing Provider maintains an average overall rent for the building of 80% of AMR.

Example #2

A Housing Provider charging \$1,220 for a one bedroom unit in Newmarket cannot increase the current tenant's rent by the Rent Increase Guideline of 2.2%, as the total resulting rent of \$1,247 exceeds the AMR of \$1,245 for a one bedroom unit in Newmarket. The Housing Provider may increase the rent to the AMR of \$1,245 provided that an average overall rent for the building of 80% of AMR is maintained.

Authority: Contribution Agreement

Please contact your Program Coordinator with any questions.

- ORIGINAL SIGNED -

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