

CORPIQ refutes the indicator chosen by the Quebec government to fix rents

Montreal, January 26, 2018 – For the past two decades the Québec government has been providing the Régie du logement with inaccurate statistics. This faulty data has then been used to establish the adjustment scenarios published last January, as well as to fix disputed rents in court.

CORPIQ has discovered a range variation twice lower than that of the market, due in part to the rent indicator used to establish the Régie du logement calculations, in accordance with regulation and as decreed by the government.

In consequence, this indicator has a major impact on the entire rent setting process. As such, it is influencing the portions of "net income" and "management fees" of a building, which represents on average 70% of the rent, excluding heating.

According to CMHC's 2007 to 2017 annual reports, rents increased yearly by 2% on average, as measured for same dwellings. Yet the 1% rate provided to the Régie du logement by the Québec government is twice lower.

"According to the CMHC, rents increased by 1.9% in 2017, while the Régie du logement will use 0.7% in its calculations, as announced on January 26. This figure has no credibility, both for landlords and tenants", declared Hans Brouillette, CORPIQ's Public and Corporate Affairs Manager.

Moreover, the Regroupement des comités logements et associations de locataires (RCLALQ) has declared in a recent statement that rents have increased by 22% for the past ten years (representing an average of 2% per year). That is more than double the figure used by the government.

"We are asking the Québec government to adopt the CMHC's figures to put a halt to unnecessary conflicts between landlords and tenants," declared CORPIQ's spokesperson. "In the meantime, we propose to real estate owners our own [calculation grid](http://corpiq.com), on corpiq.com. It has the benefit of being more honest than that of the government."

41 years to write off a renovation

CORPIQ spoke out against other rent-fixing criteria, notably the absurd rate used to write off major renovation expenses. It has been established at 2.4% for 2018: the lowest rate in the history of the Régie du logement. For every \$1,000 of renovations completed in 2017, only \$2 is eligible for the 2018 monthly rent increase. It will take 41 years for the owner, compared to 8 years in the 1980s, to recover the amount invested.

Electricity's rate questioned

Lastly, CORPIQ is questioning the -0.9% rent-fixing criterion, as it does not reflect the reality of rental property owners who use this type of heating in their units. This figure is negative due to the fact that although Hydro-Québec's has increased its rates by 0.7%, they apply their lowest rate to the first 33 kWh of daily consumption, compared to the first 30 kWh, as previously. However, in the case of a multi-unit dwelling, where a large volume of electricity is billed to the same account, this negative fixation criterion decreed by the government unfairly penalizes owners in 2018.

The impact of municipal taxes

Lastly, according to CORPIQ's calculations, the impact of a 3.3% property tax increase, as adopted last week by the city of Montreal, can alone represent an increase of about \$4 for an \$800 rent. Property owners are appalled to be forced into collecting municipal taxes on rent from tenants who, unfortunately, often forget that the appetite of municipalities is responsible for a large part of their rent increase.

About CORPIQ

CORPIQ, a non-profit organization present in all regions of Quebec, constitutes the largest association providing services to and defending the interests of its 25,000 real-estate owners and managers and their 500,000 housing units. Quebec property owners, who seven out of ten own a duplex or a triplex, provide housing to 1.3 million renters. The rental market represents gross annual revenues of \$10.5 billion, of which 1.6 is returned as municipal and school taxes.

Cell phone: 514 249-1691
Telephone: 1 800 548-1921, extension 225
Email: hbrouillette@corpig.com

Access CORPIQ's rent adjustment calculator



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