

EVERYTHING YOU NEED TO KNOW ABOUT

LEASE RENEWALS AND RENT INCREASES

A GUIDE FOR TENANTS



Comité d'action des locataires
de l'Ouest-de-l'Île



Centraide
du Grand Montréal

KEY FACTS AND TAKEAWAYS

- **Your landlord cannot refuse to renew your lease or kick you out at the “end” of your lease without a valid reason. In Quebec, your lease renews automatically.**
- **Your landlord cannot increase your rent whenever they want to. For a 12-month lease, your landlord must propose a rent increase between 3-6 months before your lease renews.**
- **Your landlord cannot increase your rent more than once a year.**
- **You always have a right to refuse a rent increase. And your landlord cannot evict you for refusing a rent increase.**
- **If you want to refuse a rent increase, you must formally notify your landlord of your refusal within 30 days.**
- **Get every communication with your landlord in writing, save a copy for yourself, and send all of your communications through registered mail.**
- **Do not sign anything on the spot. Ever. Take time to consider your options before making any decisions.**
- **It is up to you to defend your rights by properly refusing a rent increase, but you are not alone! Talk to your neighbors and reach out to the CALODI for support.**

Please read the rest of this guide for more detailed information about your rights and responsibilities regarding lease modifications and rent increases.

INTRODUCTION

Your lease is a binding contract between you and your landlord. Any modifications must be made according to certain rules, outlined in the Civil Code of Quebec (C.c.Q) and upheld by the *Tribunal administratif du logement* (TAL). The aim of this guide is to inform you of these rules and of your rights in order to make sure that you have the tools to refuse an unfair rent increase or lease modification and feel confident doing so!

THE RIGHT TO MAINTAIN OCCUPANCY

As a tenant in Quebec, you have the right to maintain occupancy of your rental unit. This means that **your lease renews automatically, and that your landlord cannot terminate your lease or kick you out without a valid reason.**

For example, the period written on your lease may be July 1, 2023 to June 30, 2024, but this does not mean that you must leave your unit on June 30, 2024. Your lease will automatically renew for the term of July 1, 2024 to June 30, 2025.

However, automatic lease renewal does not mean that the lease will always stay the same. Your landlord has a right to propose certain modifications, including modifications to the rent price, the services included in the lease, and the rules of the building.

In turn, you have a right to refuse any and all modifications to your lease and to maintain occupancy of your unit.

LEASE MODIFICATION PERIOD

The C.c.Q outlines a period during which all lease modifications must be proposed. **Outside of periods outlined on the following page, your landlord cannot propose changes to the lease:**

Length of lease	Timeframe to propose a lease modification	Timeframe for tenant to respond
12 months or longer	3-6 months before lease renewal	1 month
Under 12 months	1-2 months before lease renewal	1 month
Undetermined length	1-2 months before proposed modifications come into effect	1 month

For leases of any duration, your landlord can only increase your rent once every 12-month period. So, even if your lease renews every 6 months, your landlord can only propose a rent increase once per year.

For leases of any duration, the tenant has one month to respond to the landlord's proposed modifications. **If the tenant does not respond, they are presumed to have accepted the modifications.**

NOTICE OF RENEWAL

During the lease modification period, your landlord should present you with a notice of renewal that describes the modifications they would like to make to the lease. A valid notice of renewal **MUST be written** and it **MUST in the language of your lease**. If your landlord mentions to you verbally that they want to increase your rent, this is not a valid notice. If your lease is in French but your notice of renewal is in English, it is not valid. **However, if your notice is invalid for whatever reason, you must reach out to your landlord to let them know.**

Please note that if you do not receive a notification of lease renewal from your landlord at all then, your lease renews with the exact same conditions.

You may receive a notice of renewal from your landlord that lists only two options for you:

1. Accept the modifications and renew the lease
2. Refuse the modifications and terminate the lease

However, you **ALWAYS** have a third option, even if your notice does not have it listed:

3. Refuse the modifications and renew the lease

YOUR RESPONSE TO YOUR LANDLORD

Once you receive your notice of renewal, you have one month (30 days) to respond. Think carefully about your decision, take the time to do an estimation (see below), and remember to **never sign anything on the spot.**

If you do not respond to the notice, you are presumed to have accepted the modifications and renewed the lease. If you do wish to respond to the notice and refuse the lease modifications or rent increase, it is important to keep in mind the following information:

- Your response must be in writing, it must be written in the language of your lease, and it must be received by your landlord within the 30 day period. **Do not wait 25 or 28 or 30 days to send your response.** Rather, you should aim to send your response around two weeks after receiving your notice of renewal to ensure that it will be delivered in time.
- **Save a copy of your response.** This will be important in case you need to submit proof to the TAL.
- **You must obtain a proof of receipt,** or a proof that your landlord received your response within 30 days. **So, the preferred method of delivery is via Canada Post registered mail.**
- If you deliver your response in person, keep a copy for yourself and ask your landlord to sign and date it so that you have proof of when they received it.

- You can deliver your response via text message, messenger, or email, BUT in order for it to be valid at the TAL, your landlord MUST respond to the message and acknowledge receipt, and you MUST be able to establish that you have previously used this method of communication to correspond with your landlord.

TERMINATING YOUR LEASE

If you do not want to renew your lease, you must either respond to your landlord's notice of renewal indicating that you wish to terminate your lease or send them a **notice of non-renewal of the lease** within the **lease modification period** (see above).

Your notice must be written in the language of your lease, and you must obtain a **proof of receipt**.

For example, if your 12 month lease renews in July, you must formally notify your landlord of your desire to leave between January and March. If you do not receive a notice of renewal from them and you wait to notify them of your intention to leave in April, it will be too late. Your lease will already have renewed in the eyes of the TAL.

NEGOTIATING WITH YOUR LANDLORD

The idea of having to appear before the TAL can be stressful. If you wish to avoid a court settlement and have a decent amount of trust that your landlord will cooperate in good faith, you should consider negotiating with them. However, keep in mind that there is a **power imbalance** and, especially when it comes to rent increases, an **information imbalance** between you and your landlord.

In order to negotiate, you can submit to your landlord a **counter offer**. This demonstrates good faith on your part, and you may see the problem resolved more quickly than if you choose to refuse outright.

In order to avoid a negative outcome, carefully consider your options, and approach the situation with confidence knowing that you have the **right to maintain occupancy**.

You should also make sure to get every communication in writing and include elements which protect you. *For example, you can always add a line at the end of your counter offer which states: “**If you do not answer within the five days following receipt of this letter, consider this a refusal of rent increase.**”*

You should consider corresponding through **registered mail**. In this case, you will be able to prove to the TAL that your landlord has received all of your communications.

Any agreement that you come to through negotiating with your landlord **must be written and signed by both parties**, in order to ensure that you are protected. If you are unable to come to an agreement with your landlord, the matter will be settled at the TAL.

ESTIMATING A RENT INCREASE

It is a good idea to try to estimate an appropriate rent increase. That way, when you receive a notice of renewal with a proposed rent increase, you can try to assess on your own whether or not this increase is fair.

Before proceeding, it is important to understand how a rent increase is calculated by the TAL. **An increase in the price of your rent is calculated as a function of an increase in your landlord’s costs.** Unfortunately, increased costs which cut into a renter’s budget are not considered by the TAL.

Your landlord’s costs can incorporate many things, including the cost of insurance, the cost of major renovations, an increase in municipal and school taxes, administrative and maintenance costs, and the cost of energy.

You can do your own estimation, although the information you have regarding your landlord's expenses is incomplete. The information you typically have access to is:

- The amount of residential units in your building;
- Whether or not your landlord pays for your heating;
- The municipal taxes for the current and previous years;
- The school taxes for the current and previous years;
- An estimation of the cost of major work.

To access a rent increase estimation tool, please visit our website or send us an email.

RENT FIXATION AT THE TAL

If you refuse your rent increase or other lease modifications, your landlord has a right to apply for fixing of rent or other conditions of the lease at the TAL. They must apply within 30 days of receiving your notice of refusal. Once they apply for rent fixation, they are required to send you a form entitled "Necessary information regarding the fixing of rent," along with a copy of their filed application, within 45 days of filing.

Theoretically, you may find out about your landlord's application 2.5 months after you refused changes to the lease, but do not be alarmed when you do!

On the form your landlord sends you along with the application, they must list their revenue and expenses from your building for the last year. **Please keep in mind that this form is not considered proof at the TAL!** When the time comes for a judge to calculate your rent increase, your landlord will be required to back up their expenses with receipts in order for them to be factored into the rent increase calculation. Furthermore, the receipts must clearly indicate that the expenses in question are related to ONLY your building.

For example, if your landlord is claiming on the form to have done \$2M in repairs on your building but you have not noticed any repairs being done in the last year, it could very well be that your landlord does not have the documentation to support this claim. They could be bluffing about the number in order to try to convince you to accept their proposed rent increase, or they could be trying to claim expenses for repairs that were done in another building they own.

After you receive this form from your landlord, you are welcome to try to negotiate with them and settle the case outside of court, but take these figures with a grain of salt!

When it comes time for your rent fixation hearing, you will receive a notice in the mail. You are not obligated to attend a rent fixation hearing, although it is always preferable for you to attend.

At the hearing, your landlord will have an opportunity to provide their evidence to the TAL judge or special clerk who will be calculating your increase. **You will have an opportunity to contest any evidence that your landlord submits or to submit your own evidence.**

If you have refused the modification of a condition of your lease, you will have the opportunity to explain why. *For example, if you refused the addition of a clause in your lease prohibiting animals because you already have a cat.*

You can also ask the TAL for a proportional reduction in rent in the event that the lease modification in question represents a reduction in the services included in your lease. *For example, if your landlord is proposing that you begin paying for your own heating or internet in the new term, you will be entitled to a rent deduction.*

DISCLAIMERS

Please note that a rent fixation hearing is NOT an opportunity for you to air your general grievances with your landlord or to ask a judge to order repairs or damages. **You may have perfectly valid complaints about your landlord or your unit, but the judge or special clerk in charge of a rent fixation hearing will not allow you to air them in this setting.**

The TAL fixes your rent based on annually established applicable percentages for the purpose of calculating rent increases, in accordance with the *Regulation respecting the criteria for the fixing of rent*. **Your landlord has a legal right to request a rent increase at the TAL even if they have not made any improvements to your unit.**

You can bring up a lack of repairs during the hearing if your landlord is trying to claim the cost of repairs that were not actually done for your rent increase. *For example, if your landlord is claiming to have renovated your bathroom for a cost of \$15,000 in order to justify a dramatic rent increase, but they did not actually renovate your bathroom.*

However, if you try to bring up issues that are not directly related to the task of rent fixation, the judge will not entertain your comments. **For these kinds of issues, you need to open your own application at the TAL.**

Please note that there is a possibility that the TAL may fix your rent at a higher price than what your landlord proposed. *For example, if your rent is \$900 and your landlord proposes to increase your rent by \$5, there is a strong chance that the TAL would increase your rent by even more than \$5, based on the increases in the cost of taxes and insurance alone.* In this case, it may be in your best interest to accept the rent increase.

FREQUENTLY ASKED QUESTIONS

What rent should I pay if my lease renews and I still have not had my rent fixation hearing?

You should continue to pay the previous amount of rent. Once the TAL has fixed your rent for the new term, you will need to pay out the difference between what you paid and what your new rent is for the months following the renewal.

On the TAL website it says that the landlord can only increase my rent by 2.3% in 2023. Is this true?

No, the TAL website merely provides estimates based on hypothetical scenarios to illustrate the applicable percentages for the fixing of rent for each year. So, the 2.3% is a base estimate for an unheated dwelling with a current rent of \$1000. **In practice, the percentage of increase that is allowed by the TAL will vary by building and even by unit.**

Are there any exceptions to the restrictions on rent increases and lease modifications?

Yes, there are three notable exceptions:

1. If your unit was turned into a residential unit or built within the last 5 years, you cannot refuse a rent increase. **It MUST be clearly indicated on Section F of your lease if your unit falls into this category.**
2. If you live in a housing cooperative, you cannot refuse a rent increase or lease modification. If you do not wish to comply with the lease modifications agreed upon by the cooperative, you have your lease terminated or your co-op membership revoked.
3. If you are a tenant in low-rent housing, your rent is decided as a function of your income and you do not have the right to refuse a rent increase. If you receive a rent supplement, all rent increases must be negotiated between your landlord and the *Office municipal d'habitation de Montréal* (OMHM)

This guide has been developed exclusively for the purposes of informing and does not constitute legal advice. Please consider your options carefully before proceeding.
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