



Kay Four Quarterly

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Why is My Rent Going Up? Where Does it Go?

We are often asked why rent increases by more than 1-2%. Tenants also ask if they pay for other buildings' repairs. Below we explain what drives higher rent costs. We also tell you how to get some of your rent back from the government.

Housing is a commodity, but our prices are regulated by the RTB. In contrast to that, most businesses raise their prices whenever they want to, without being audited. Government raises taxes in order to increase services. Utilities go the Public Utilities Board (PUB) and ask for an increase for expected price increases and for additional profit. Retailers can price their products as they see fit.

Rent increases are carefully controlled by the government through the Residential Tenancies Branch (RTB). To obtain rent higher than the annual guideline we must prove to the RTB, through an audited application process, that in the year before we ask for a rent increase, your building's costs rose by the amount requested. That is to say that if we ask for a 5% rent increase we must prove that the costs of running the building went up by 5% last year. In essence we are catching up on money spent, not asking for increased profit before expenses are incurred.

When we apply for an increase in rent, the RTB only looks at costs for your building; the costs of running any other part of our business do not form part of the application. That is to say you are not paying a portion of the repairs to any other building.

Why do rents increase by more than the Guideline? As the word guideline implies, the guideline is the government's guess as to what cost increases landlords face. The 2013 Guideline was 1% however inflation was 2.1%. Canada Mortgage and Housing Corporation (CMHC) indicated rents increased by 4.8%, on average, during that time. The fact is that the guideline was not a good guess last year and it is not a good guess in most years. That is why there is a process for applying for rent increases above the Guideline.



What forms our cost of running the building, and thus your rent increase?

In simplest terms, before the owner can make any profit, they have to pay the mortgage, property taxes, utilities, insurance, normal and large repairs, staff costs, permits, snow clearing, pest control, and sundry other costs. Many of the largest costs incurred cannot be controlled by us—in fact you, the tenants, often have more control over our costs than we do. Similarly the government controls many of the other costs since they control tax levels and, through the PUB, the cost of utilities.

Continued on Page 2



“All I’m askin’ is for a little respect”, sang Aretha Franklin in this 1960’s Grammy winning song. That lyric rings true for your neighbours, our staff and our buildings.

The vast majority of our tenants respect others and the property. We thank them for that. These respectful tenants have adopted the ancient adage of do unto others as you would have them do unto you. A little respect can go a long way to making everyone’s lives better. It can also help keep rent costs down.

How can you show respect for your neighbors? Say hello or open a door for a neighbor who has their hands full. Keep the volume down on your sound system. Do not use inappropriate language in public areas. Clean up after yourself in the laundry rooms.

Our staff work hard to keep our tenants happy, with safe, clean, and well maintained buildings. How can you show respect to these staff? Thank your caretaker for their hard work. Be polite with all staff, even if the answer to a question asked is one you do not like. Staff are just doing their job. They can not always make every tenant happy.

A small effort, such as wiping your feet before you enter the building or throwing garbage into a bin instead of the hallway or courtyard shows respect for the property. Doing so and opening a door by the handle instead of your key, for example, can reduce the costs of maintenance while making the building a more pleasant place to live.

We thank all of you who continue to treat the property and others with respect. We thank you in advance for trying even harder. We pledge to ensure that our staff shows appropriate respect to our tenants.

Aretha Franklin had it right—all everyone wants is a little respect.

“Sometimes we can do so much damage to another person that our relationship with them cannot survive. Treating others with kindness and respect is always the best thing to do” - Bizlife Solutions

Why is My Rent Going Up? Continued....

Before describing some of our expenses we want to share with you how a portion of the rent you pay comes right back into your pocket. Be sure to apply for the Education Property Tax Credit when you file your income tax return. If you paid \$3,500 or more in rent last year, you receive the full \$700 refund, or the equivalent of \$58 of the rent you pay to us every month!

We describe below some of the largest costs and increases, using the average over all the apartment buildings we manage:

- ◆ 25% of the rent paid is spent on repairs and maintenance. The cost of repairs and maintenance rose by 9.3% in 2013.
- ◆ Utility costs make up 14% of our total operating costs. The cost of hydro increased by 12.6%, water increased 6.5%, and natural gas was up 2.8%. These increases reflect a combination of higher rates and tenant usage, neither of which we control. You control usage, and government controls the rates. If you turn off lights when you are not in rooms, turn down your thermostat a degree or two, or run your air conditioner only when someone is home, these bills are likely to increase at a lower pace.
- ◆ Property taxes, which make up 9% of the total costs of running a building, increased by an average of 5.3% last year. As noted above, you can get \$700 of this tax money back.
- ◆ Insurance costs went up by exactly 7%, the amount of Provincial Sales Tax (PST) added by the government to all property insurance in 2013. That will increase to 8% tax for the 2014 insurance bill.
- ◆ Cable TV rates increased by 9.5% for buildings that have cable TV included in the rent.
- ◆ Pest control costs rise every year—only five years ago, just before the bedbug problems started in Canada, the costs of pest control were less than 1/4 of what they are today. They will continue to increase unless a better solution for bedbugs is found.

We examine our costs building by building and make efforts to reduce costs where we can. As we wrote this winter, we have reduced consumption of utilities through Powersmart and other programs and continue to look for the best value for other items.



Rent increases are simply our way of trying to keep pace with rising operating costs. As you can gather from the details we have provided, we cannot simply ask for a rent increase from you. We are required to prove our cost increases to government before we can begin to recover these increased costs. Our applications for rent increase are carefully audited by the RTB to ensure that we are not allowed rent increases that are any higher than cost increases justify. In point of fact the RTB regularly asks us for additional evidence which often includes copies of invoices for products or services costing less than \$5.00 at a given property. That is how careful they are in reviewing our applications.

We know that you want a clean, comfortable and secure home. That is why we maintain our properties at a high standard. In order to continue providing high quality properties and stay in business we must raise rents by more than the Guideline. Any other decision would negatively affect tenants' living conditions and be an unsound business decision.

Feel free to call our office at 204-339-0461 or the RTB at 204-945-2476 if you have any questions about rent increases.

Rent Payment By the Numbers

A half dozen helpful tips about paying your rent:

1. Rent is due on the first of every month. It can be paid at the building even if the first of the month is a weekend or holiday.
2. PAD (Pre-Authorized Debit) is now available at almost all buildings! Sign up with your Caretaker or at our office to ensure your rent is never paid late.
3. You can provide a series of post-dated cheques if you do not want to forget to pay on time but do not like PAD.
4. Be sure to write your suite number and address on the memo line of cheques or money orders.
5. Receipts are not provided for each cheque. We provide a receipt at the end of each year for all rents paid.
6. Cash payment of rent is only accepted at our office, not at the buildings.

More Winners

The following lucky tenants have won tickets to Winnipeg Goldeyes games. We purchase tickets to Goldeyes games as part of our commitment to support local community organizations.

M & G Bahalla
D Sanford
L Michaels
G Gilbert
A & C Nucom
D & L Hacking
A & M De Villa
A Stagg
J & E Ceralde
J Umandap & P Ruiz



T Espersen
W Omelian
D Hatch
M Yackel
G Antonyshyn
L & S Millar
M Nahuliak
D Hein
W&J Smith