



# Landlord Resource Tool Kit

Helping Landlords to  
Maintain Tenancies

# Landlord Information

Housing Help Centre- Hamilton & Area strives to offer assistance in creating a partnership between landlords and tenants to provide the resources necessary for individuals in Hamilton to find safe and sustainable housing.

There are many questions and inquiries regarding the rights and responsibilities of being a landlord and a tenant in the Hamilton. This booklet outlines various concerns that may arise as a property manager and the answers and solutions.

Before you become a landlord or if you are currently a landlord it can be helpful to seek as much information as possible to provide safe and sustainable housing for your tenants. Challenges associated with being a landlord can be easily avoided when you have the right information. The following booklet will provide you with some of the information you may be seeking.

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## What is Property Management?

Property management provides the product of shelter to individuals in a community. The job of a property manager is to provide tenants with a place to live in exchange for payment. It is the responsibility of the landlord to provide a safe place for individuals in the community to call home.

## Responsibilities of a Landlord

- Maintaining living quarters for tenants by ensuring they meet health and safety codes.
- Abiding by the laws associated with rental properties.
- Collecting rent.
- Managing the property.
- Documenting and keeping detailed records of all financial transactions.
- Responding to tenant complaints.
- Screening and selecting tenants.

## Steps to Becoming a Property Manager

As a property manager you will be responsible for the following to successfully rent your unit to potential tenants:

1. Renting your property
  - i. keeping your unit filled with tenants who pay on time
  - ii. avoiding long term vacancies
2. Preparing your property so it is ready for a tenant to move in
3. Setting the rent
  - i. Monthly rent prices (utility costs)
  - ii. Amount of security deposit
4. Creating a rental contract
5. Creating interest in your unit
  - i. Marketing and advertising your unit
6. Showing your property
7. Finding the right tenants and signing the lease

The following booklet will touch on each of these tasks and how to accomplish each of them successfully.

## Getting Your Rental Property Ready

It is important when renting a unit that the interior, exterior and grounds of the unit are clean and are in good condition. Consider the following when preparing a unit for new tenants:

1. Assess the unit to determine what items may need to be cleaned, repaired, replaced or upgraded before moving new tenants into the unit.
2. Consider the renovations and upgrades the unit may need and evaluate the cost.
3. Determine what prospective tenants would be looking for in a unit.
  - i. Tips to know what tenants are looking for:
4. Consider what will tenants find in competitive rental units for example dishwashers or modern hardware.
5. Ensure any renovations planned have the appropriate permits or licenses
6. Assess the exterior or common areas of a rental unit to ensure tenants are impressed with the exterior before entering the unit.
7. Don't show your rental unit until it is completely rent ready to ensure good tenants are not lost due to issues within the unit that can be corrected.
8. Using a checklist to ensure everything in the unit is prepared for showing can be very helpful.

## Rent, Rental Contracts, and Last Month's Rent

Three important aspects of having a rental property are determining the rent price, having a rental contract and obtaining a security deposit or last month's rent from the tenant moving into the unit.

### Setting the Rent

The rent price for each unit you rent determines the income you will receive as a landlord. It is important to be aware of the rent prices in the area depending on the size of the unit and to ensure that you are not attempting to rent your unit at a price above market rent pricing. It will become difficult to fill vacancies in a unit if the cost of rent is too high. On the other hand you must ensure that the price you are renting for is not too low because your income needs to cover your costs.

There are two aspects to keep in mind when determining how much you should charge in rent which include the return on your investment and the market. First you must be aware of how much money you need coming in to ensure you can cover your costs and break even. Second, the price you rent your unit for is dependent on the market conditions and how desirable your unit is.

When looking at your investment it is important to calculate your costs including mortgage, taxes, insurance, maintenance, leasing and profit and to understand how much you need each month to cover your costs fully. The price you charge for rent should match these costs as closely as possible while still taking into consideration the average market value for the unit you are attempting to rent.

When addressing the average market value for units in your area you can access current listing to assess the price landlords in the area are renting their comparable units for or by researching the average market rent in your area.

Some keys factors that affect the price of rent for a unit include but are not limited to:

- Landscaping, building exterior and condition of common areas
- Property features including location, size, and shared amenities
- Traffic noise and neighbourhood noise
- Views
- Reputation of the property company or the neighbourhood the unit is located

Remember you can always reduce the asking price of your rent if you are unable to rent the unit. Selecting rent prices is not a science and it could take some time to find the right price for your unit.

## Security Deposits

Security deposits are an important part of property management because they ensure that you as a landlord are protected when a tenant moves out without adequate notice. The security deposit should be enough that it covers the cost of paying last month's rent in the unit.

If your security deposit is too high it may create difficulty for tenants to cover the cost upon moving in. In this situation it is both in the best interest of the tenant and landlord to have the option of a security deposit payment plan which increases the rent slightly for a set amount of months in lieu of the security deposit. This option provides an opportunity for tenants to pay the security deposit over a set amount of time. As the landlord you will still have the ability to cover last month's rent but will not be turning away qualified tenants who cannot afford the cost up front. When choosing this option for the security deposit ensure that you have a written contract with the tenant explaining how much of their rent is being put towards their security deposit and when they have successfully paid it in full.

## Separating Security Deposits From Rent

The money collected for security deposits is not considered income. You are technically holding these funds for the tenant for the time of their rental and the funds legally belong to the tenant not the landlord. It is best practice for a landlord to hold these funds in a separate bank account so they are readily available at the end of a tenant's lease. Always ensure you have the funds available to cover the refund of security deposits.

## Security Deposits in Ontario

In Ontario, a landlord can collect a rent deposit from a tenant on or before the day the tenancy agreement is signed. The deposit cannot exceed the rent for one month in the unit. The deposit collected in Ontario can only be used to pay last month's rent at the end of tenancy agreement and cannot be used to pay for damages sustained during the rental.

If the rent increases on the unit during the time a tenant is renting, the landlord does have the right to request additional funds from the tenant to meet the new rental price. If the landlord does not request these funds ahead of time and the tenant moves out, the landlord still has the right to collect funds from the tenant to meet the actual price of rent for the unit for last month's rent.

As a landlord, it is your responsibility to be aware that while holding money for last month's rent you are responsible for paying interest on the funds. A landlord must pay interest on the money held for a deposit every 12 months

In Ontario a landlord cannot collect a damage deposit from tenants nor can a landlord use a security deposit to pay for damages that occurred during tenancy. If a landlord finds that damages have occurred they can request that the tenant pays for them by giving the tenant a notice. If the tenant fails to pay for the damages, the landlord can then apply to the Landlord and Tenant Board to resolve the issue.

## Rental Contracts

Rental contracts are important aspects of being a landlord. Before you select tenants to move into a unit it is important to decide the type of rental contract you will use for that unit to ensure you have a legal tenancy agreement between you and the tenant. There are two options for rental contract including a lease (for example one year) or a month to month rental agreement. It is the choice of the landlord which contract they use but it is important to note that having a rental agreement is necessary when renting a unit.

The first rental contract is the lease which obligates both the tenant and the landlord to continue with the agreement until a set time. It is the choice of the landlord how long the term of the lease lasts. When choosing to use a lease it can benefit both the tenant and the landlord by locking the price of the rental property for the term of the lease and ensuring that the unit does not become vacant for a set number of months. The price of rent or the terms of the lease cannot be changed until the end of the agreement.

A month to month agreement can also be used when renting a unit. A month to month agreement is a 30 day lease agreement between a tenant and landlord that automatically renews each month unless notice is given to end the agreement. Notice is typically 30 days and can be given by the landlord or the tenant. Rent can be increased or the terms of the agreement can be changed with 30 days notice by the landlord when using a month to month lease agreement.

It is important with a rental agreement that you always have it in writing and signed by both the tenant and landlord to discourage issues in the future.



## Ending a Tenancy

Landlords and tenants both have the right to end a tenancy under specific conditions. The following outlines how both a landlord and tenant can end a tenancy in Ontario.

Security of tenancy states that a tenant can remain in a unit until one of the following occurs:

- the tenant chooses to leave and gives the landlord proper notice
- there is an agreement between the landlord and tenant that the tenant will end their tenancy
- the landlord gives proper notice to the tenant that they will ending the tenancy and the tenant moves out or challenges the notice at the Landlord and Tenant Board

A tenant does not have to leave the rental unit when asked by the landlord. A landlord must provide the proper notice from the landlord and tenant board to legally evict a tenant. A landlord does not have the right to lock a tenant out of the rental unit if they are evicting the tenant unless the tenant has been evicted by the Sherriff or the unit has been abandoned by the tenant.

A landlord and tenant can mutually agree to end a tenancy but if there is not an agreement a landlord can only evict a tenant according to the Landlord and Tenant Act. If a landlord chooses to evict a tenant before the end of their agreement the following reasons are legal according to the Landlord and Tenant Act:

- abandoned rental unit
- agreement to end tenancy
- breach of order
- ceases to qualify for subsidized housing
- change of use to non-residential
- condominium purchase failed
- damage
- demolition
- employment terminated
- illegal act or business
- impairing safety
- interference with enjoyment
- misrepresenting income
- non-payment of rent
- overcrowding
- persistent late payment of rent
- personal use by landlord
- personal use by purchaser
- repairs or renovations
- superintendent's employment ended
- subtenant stays after sub-tenancy ends
- tenant gave notice to end the tenancy
- unauthorized occupant

If a landlord chooses to evict a tenant for one of the reasons covered under the Landlord and Tenant Act, they are then responsible for applying to the board, setting up a hearing, informing the tenant of the hearing, attending the hearing to enable the tenant to explain their side and hearing the decision of the board. If the board does decide with the landlord to evict the tenant, the tenant can only be evicted by the Sherriff. The landlord does not have the right to enforce the order. 2

If a tenant chooses to end a tenancy agreement, they can only do so if the landlord agrees and they give proper notice, the landlord allows a tenant to assign the rental unit to someone else (permission must be granted by the landlord to assign a unit to someone else), or the landlord is ordered to end the tenancy by the board. 3

A tenant can assign their unit to another person with permission from the landlord. The landlord has the right to deny the person with due cause. A landlord can charge the tenant with additional costs of screening the individual who is being assigned to the unit but cannot charge the tenant more than the landlord's actual cost. If the landlord denies the assignment or does not reply to the tenant within seven days the tenant can than end their tenancy.

A tenant can also end the tenancy if the landlord:

- unreasonably withholds consent to assign or sublet the rental unit,
- is not maintaining the rental property,
- unlawfully enters the rental unit,
- alters the locking system without giving the tenant replacement keys,
- withholds or deliberately interferes with a vital service,
- interferes with the tenant's reasonable enjoyment of the rental property, or
- harasses the tenant.

If the landlord or the tenant chooses to end the tenancy through the means of the Landlord and Tenant Board, they would need to prove to the Board that ending the tenancy is the best remedy to the situation. In this situation it is necessary to provide adequate evidence proving the issue exists and that there is not another remedy available for resolving the situation.

## Advertising and Marketing

Advertising and marketing strategies are imperative to finding the best tenants possible to fill a vacancy. Creating a marketing plan or strategy for marketing, by coming up with general marketing ideas that can be used, can assist a landlord in filling a unit as quickly as possible. A marketing plan is important whether you are a private landlord with one unit or a landlord company with 50 units.

The key to being a successful landlord is to fill a unit with tenants who pay on time, who look after the property and who are going to stay for extended periods of time. Finding tenants that meet all these specifications can be more difficult than it sounds so you first must determine how you can attract the tenants.

The first step to your marketing plan is to establish a target market. In this step you determine who you think would be a best fit for the unit your are renting. A target market can range depending on the location, size and features of the unit for rent. For example it is important to determine the location based on amenities close by, size of the unit to determine how many people can comfortably live and the features of the unit you are renting. When you have determined a target market for your rental unit you can then use this information to advertise to the appropriate population. **WARNING:** As a landlord you cannot exclude a perspective renter from having an equal opportunity to rent from you. See writing a fair rental housing ad to learn more.

## Advertising

When you have successfully determined your target market you can then move on to advertising your unit. Advertising is how you inform potential renters that you have a unit available. First, you can use the information collected in your marketing plan to determine the amenities and marketable features of your rental property to create an eye catching advertisement. Second, take a moment to look at your rental property from the prospective of a tenant and ask yourself what elements of the unit would encourage you to live there.

When you have determined what to include in your advertisement your next task is to decide where to advertise. There are varying choices when deciding where to advertising your rental unit including the internet, word of mouth, print media, and flyers. It is important to take into consideration the cost of advertising through each method as well as if the advertising methods will reach your target market.

## Writing a Fair Rental Housing Ad

Ontario Human Rights Commission's guide to preventing Human rights violations and avoiding complaints:

1. Beware of open discrimination and accidental discrimination
2. Open Discrimination
  - \* “Adult building” or “Not suitable for children”
  - \* “Must have working income” or “Must provide proof of employment”
  - \* “No ODSP” \* “Seeking mature couple”
3. Accidental Discrimination
  - \* Ideal for quiet couple \* Suitable for single professional
  - \* Perfect for female student
  - \* Suits mature individual or couple
  - \* Great for working folks or students
4. You cannot deny a tenant housing because of:
  - \* receipt of public assistance, like welfare or employment insurance
  - \* race, colour or ethnic origin
  - \* age, including 16- or 17-year-olds who are independent of their parents
  - \* family status
  - \* marital status, including people with common-law or same-sex partners
  - \* ancestry, including people of Aboriginal descent
  - \* sex, including pregnancy and gender identity
  - \* religious beliefs or practices
  - \* place of origin
  - \* sexual orientation
  - \* disability
  - \* citizenship, including refugee status