



## Rent Incentives

Staff is authorized to offer a rent incentive **of up to one month's rent** when the following situations apply:

The unit is unrented one month before date of availability; **and**

- A. the vacancy rate (CMHC data) for that area is more than 2%; **or**
- B. the unit is in a building where the previous month's vacancy costs are more than 3% of the budgeted potential market rent revenue.

The incentive can be structured in any way the staff see fit, with the exception of offering the first month free. The incentive can be used for any month of the lease (save the first), can be spread out over a period of no more than **8 months** or can be used to reduce parking fees. The Director of the Rental Department approves all rent incentives and reports these to the Rental Committee.

### BACKGROUND:

This policy allows staff the flexibility to allocate rent incentives when the vacancy rate is on the rise and it becomes difficult to rent out units.

In renting out market units, CCOC is competing with the private market, whose response to high vacancies is to offer rent incentives, generally one or two months free rent.

When vacancy rates drop below 2% it is expected that these incentives will no longer be offered.

Our budget line for vacancies and bad debts is generally based on 2% loss of total rent revenue.

Although the CMHC vacancy rate may be below 2% in a given area, some CCOC buildings have experienced high vacancy losses where others have not. This is due to other factors, like location, size of units, electric heat, etc. and these buildings can be difficult to rent even in times of low vacancy rates.