

Above Guideline Increases

Management continues to pursue applications in Ontario for AGIs where it believes increases above the annual guideline are supported by market conditions to raise monthly rents on lease renewals. The maximum allowable annual increase is up to 3% above the annual rental guideline, with the exception of applications based on an increase in the cost of municipal taxes and charges.

The following table summarizes the status of cumulative AGI applications settled and outstanding:

	January 1, 2019– December 31, 2019	January 1, 2018– December 31, 2018
Applications Settled:		
Number of suites and sites	1,565	5,309
Weighted average total increase approved ^{(1),(2)}	1.70%	1.99%
Weighted average total increase applied for ^{(1),(3)}	2.27%	2.35%
Applications Outstanding:		
Number of suites and sites	4,409	2,252
Term weighted average total increase applied for ^{(1),(4)}	1.89%	2.50%

⁽¹⁾ Weighted by number of impacted suites and sites filed.

⁽²⁾ For applications settled during the year ended December 31, 2019, the weighted average total increase approved is to apply over a weighted average of 2.10 years (1.68 years for the year ended December 31, 2018).

⁽³⁾ For applications settled during the year ended December 31, 2019, the weighted average total increase applied for was to apply over a weighted average of 1.78 years (1.64 years for the year ended December 31, 2018).

⁽⁴⁾ For applications outstanding as at December 31, 2019, the weighted average total increase applied for was to apply over a weighted average of 1.28 years (1.96 years as at the year ended December 31, 2018).

Tenant Inducements, Vacancy Loss and Expected Credit Loss Expense

The table below shows the new tenant inducements incurred during the year ended December 31, 2019 and 2018 as well as the amortization of tenant inducements, loss from vacancies and expected credit loss (“ECL”) allowance (formerly known as bad debt expense) included in net rental revenue for the same years.

(\$ thousands)	2019		2018	
For the Year Ended December 31,		% ⁽¹⁾		% ⁽¹⁾
New tenant inducements incurred – residential	\$ 1,089		\$ 1,243	
New tenant inducements incurred – commercial	149		1,111	
Total new tenant inducements incurred	\$ 1,238		\$ 2,354	
Tenant inducements amortized	\$ 1,707	0.2	\$ 1,840	0.3
Vacancy loss incurred	13,416	1.7	10,568	1.5
Total amortization and loss	\$ 15,123	1.9	\$ 12,408	1.8
Additional ECL allowance recognized as an expense	\$ 2,896	0.4	\$ 2,445	0.4

⁽¹⁾ As a percentage of total operating revenues.