3.5 Some Other Living Expenses

Focus: research, percent

Warm Up	
1. Calculate **a)** 10% of $900 _____ **b)** 1% of $900 _____ **c)** 2% of $900 _____ **d)** 3% of $900 _____	**2.** Add each amount in #1 to $900. **a)** _____ **b)** _____ **c)** _____ **d)**
3. What is 12 × $900?	**4.** Calculate 12 times the answer to #2 d).
5. What is 1.03% of 1500?	**6.** Calculate a 3% increase on $850.

Rent Increases

Each year, the Ontario government announces the province's rent increase guidelines for the next year.
- This is the maximum amount by which landlords are allowed to increase rent in that year.
- The increase is based on the cost of living.
- A positive rate of change in the cost of living is often called inflation.

1. In the 1970s, the annual rate of inflation was quite high. In 1975, the province set the annual percent rent increase at 8%. Complete the table.

Monthly Rent in 1974 ($)	Allowable Rent Increase ($)	Monthly Rent in 1975 ($)
$475		

2. In the first decade of this century, the annual inflation rate was quite low. In 2005, the province sent the annual percent rent increase at 1.5%. Complete the table.

Monthly Rent in 2004 ($)	Allowable Rent Increase ($)	Monthly Rent in 2005 ($)
$860		

3. Go to **www.mcgrawhill.ca/books/workplace12** and follow the links to the Landlord and Tenant Board. Research the percent rent increase for this year and the last 2 years.

Year	Percent Rent Increase

4. Three years ago, a 2-bedroom apartment rented for $970 per month. Use the data from the table in #3 to determine the possible monthly rent for the apartment this year.

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Year	Previous Amount of Rent	Percent Rent Increase (%)	Amount of Increase ($)	Total Monthly Rent
	$970			

5. If you were a landlord, why would you charge the maximum rate of increase every year? _____

_____

Insurance

Many renters choose to have their belongings insured against damage or theft. The amount of money people pay to the insurance company for insurance coverage is called a **premium**.

6. Moktar lives alone in a 1-bedroom basement apartment. Last year, the insurance on his belongings was $242. He could pay the entire premium at once, or in monthly installments.

   a) Calculate Moktar's monthly insurance premium.

   b) This year, Moktar's insurance premium will increase by 5%. Calculate his new monthly insurance premium.
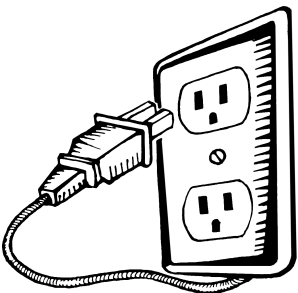
Utilities

Some rental units have certain expenses included with the rent. Water, electricity, and heating are often referred to as **utilities**. Some tenancy agreements require the tenant to pay for utilities.

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7. a) Bianca and Sarah rent a semi-detached house. They pay for utilities as well as rent. Complete the chart to determine their estimated annual cost for utilities.

Item	Billing Frequency	Average Amount Billed	Estimated Annual Cost
Natural gas	Monthly	$118	
Electricity	Bi-monthly	$140	
Water	Quarterly	$120	
		Estimated Total Annual Cost	

b) A news report claimed that utility costs would rise by an average of 10% next year. Estimate how much Bianca and Sarah can expect to pay for utilities next year.

8. a) Christine just moved into a 2-bedroom apartment. She pays $915 per month in rent. The costs of electricity, heat, and water are included. How much did Christine pay for first and last months'

rent? _____

b) How much will Christine spend on rent in one year?

_____

c) What other expenses might Christine have to pay for?

_____

_____

d) Christine keeps her apartment set to 27 °C during the winter because she says that she doesn't have to pay for heating. Is she right about not paying for heating?

Explain. _____

_____

_____

☑ Check Your Understanding

1. What is meant by "annual percent increase in rent?"

_____

_____

2. List 2 things a tenant can do to lower the cost of heating, electricity, and water.

Heating: _____

Electricity: _____

Water: _____

3. If using simple conservation strategies can conserve resources by 15%, how much could a couple who spend $3000 annually on utilities save in 1 year?