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CANADIAN FEDERATION OF  
APARTMENT ASSOCIATIONS  
FÉDÉRATION CANADIENNE DES  
ASSOCIATIONS DE PROPRIÉTAIRES  
IMMOBILIERS



# National Outlook

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- Federal, Provincial & Territorial Housing Ministers examine tax issues
- New Administrative Officer Hired for CFAA
- R.O.M.A. BC and BC A.O.M.A. join forces on vacancy survey
- CFAA AGM & Conference date & location have been set
- Owner's Associations Defeat 2-year Rent Freeze
- CFAA receive responses from Ministers Collonette & Cauchon

## CFAA Makes Representation and Headway with Federal, Provincial & Territorial Housing Ministers on Tax Issue

On April 16, 2003, the Federal/Provincial/Territorial Housing Ministers held their annual conference to discuss the challenges and possible solutions to the current national housing crisis and to hear representation from industry stakeholders.

Vince Brescia of FRPO was one of the only four groups allowed representation time at this year's conference. On behalf of the CFAA and in conjunction with the Urban Development Institute of Canada, Vince made the following presentation to the ministers in attendance.

### Unlocking the Opportunity: A National Housing Strategy for Canada

Canada needs an effective national housing strategy that will address the lack of purpose-built rental housing and lack of support for those who have housing affordability problems. These are two separate problems that require separate solutions and our limited government resources should be focused on cost-effective solutions with assistance to households being equitably distrib-

uted.

Canada's private sector is still facing barriers to meeting Canada's rental housing needs and we are losing out on rental housing jobs and the associated investment dollars. The old style methods of addressing housing affordability have failed and are very expensive. Fair taxation legislation of rental housing and direct assistance of low-income households is the best national housing strategy.

Since 1974, the national rental housing supply has been in sharp decline while the demand for units remains very high as reported in figures by Clayton Research and CMHC in 2001. Canada is also losing ground to the United States for private rental housing starts. The high demand for rental units coupled with lack of supply has created a steady decline in the national vacancy rates.

What is behind the decline? Several federal tax changes that treat rental housing unfairly compared to other investments, provincial

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## CFAA Doing "In-House Renovations" By Al Kemp

We are very pleased to announce the appointment of Tonya Moreton as Administrative Officer for the CFAA. Tonya is well qualified and experienced to add significant value to our organization. She is currently the Executive Director for the Professional Property Managers Association of Manitoba, where her most recent achievement

was a highly successful "Suite Living" day of trade show, seminars and lunch that I was privileged to attend as the Keynote Speaker.

In the 2 1/2 years she has been with PPMA, she has increased the membership by over 60%, organized various committees, semi-

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### Special points of interest:

- In response to the CFAA's letter to Minister Cauchon on the decriminalization of marijuana in February of 2003, Minister Cauchon stated that, "I note your comments regarding grow operations (in rental properties). The Department of Justice Canada continues to discuss possible legislative options to deal with problems that arise from grow operations."

In a Provincial/Territorial news release the "Ministers expressed support for further examining the implications of several taxation and other measures on housing supply such as deferring capitol gains and capitol cost allowance on the sale of property when the proceeds are reinvested as affordable housing units (rollovers)."

The CFAA has a new website address. Visit us at:

[www.cfaa-cfapi.org](http://www.cfaa-cfapi.org)

to see all of the improvements we are making to our site.

### Housing Ministers Cont'd

rent control policies, municipal fees and charges and local planning rules that pose opposition to rental housing projects.

This decline is bad for Canada for a number of reasons. Canada needs a range of housing choices for its citizens to maintain quality of life, to accommodate demographic/lifestyle needs and for economic competitiveness. Canada is losing out on investment and jobs, potential tax revenue. The private rental housing industry is ready to invest if governments create a positive investment climate.

The easiest way to turn things around is to begin taxing rental housing fairly—relative to other businesses such as the hotel and motel industry. Numerous studies have documented the tax disparity now faced by the rental housing industry:

- Options for Changes to Federal Taxes to Encourage New Rental Construction (Lampert, 2002)
- Comparative Real Estate Finance Analysis (Ernst & Young, 2001)
- Fiscal Impact of Federal Tax Legislation on Residential Rental Rates in Canada (Crawford Paterson Campbell, 1999)
- Economic Impact of Federal Tax Legislation on the Rental Housing Market in Canada (Clayton Research, 1998)

Restoring fair taxation will likely result in a net increase in government revenues. For example, the construction of 20,000 new rental units would create approximately \$500-650 million net (of tax change) new Federal revenue.

The proposed tax changes have broad support as evidenced by the number of reports prepared by the following groups requesting federal tax changes:

- The Prime Minister's Caucus Task Force on Urban Issues;
- The Federation of Canadian Municipalities;
- Mayor's Homelessness Action Task Force;
- The Canadian Real Estate Association;
- The Canadian Home Builders Association;
- The Cities of Toronto, Ottawa, York

Regions and many others;

- The Housing Supply Working Group of Ontario;
- The Toronto Board of Trade;
- The Ontario Non-Profit Housing Association;
- And others

Creating new supply is not the right vehicle to address the lack of affordability in rental housing as new supply represents only about 1-2% of the existing housing stock or 205,000 units in 2001. Only a small portion of this can be subsidized to make it affordable within government resources. New construction is much more expensive than the existing stock and about 1.8 million Canadians have affordability problems. Attempting to use new supply to address affordability is wasteful and will result in the vast majority of households in need, not getting the appropriate assistance.

Canada's past methods of attempting to help core need households - a lottery system for those who are lucky or those who are connected to people allocating the subsidized housing - has left the vast majority of Canadians without assistance. It goes without saying that this is a grossly unfair system for allocating assistance.

The recommendation was made for the increase in shelter allowance amounts as this would provide a number of short-term and long-term benefits to everyone:

- Immediacy: no wait for housing to be built;
- Autonomy: households choose where to live;
- Mobility: recipient does not lose their subsidy if they move - labour market mobility;
- Homelessness prevention: Mayor's Homelessness Action Task Force Report);
- Non-Inflationary; (Proven by quantitative research); and
- Horizontal Equity: government can afford to help many more households in need

Shelter allowances that are in use throughout Canada (B.C. Manitoba, New Brunswick and Quebec) and the world (New Zealand, United

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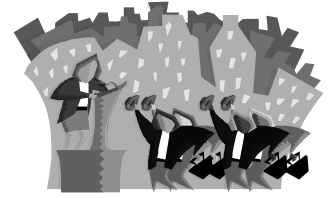
## CFAA Annual General Meeting to be held in Montreal

From July 17-19th, 2003 CFAA delegates will gather in Downtown Montreal for our Annual General Meeting and Conference.

Representatives from across Canada will be staying at the Marriott Courtyard, where they will spend two days discussing the future of the CFAA, determining its direction for the next year, electing a new board of directors, listening to sponsor presentations, and enjoying the company of their provincial counterparts.

The AGM and conference promise to be an open exchange of information and ideas as well as an opportunity for Montreal to showcase its world renowned tourism.

For more information on the AGM & Conference, sponsorship opportunities and for registration of your representatives to attend, please contact Jean-Francois Bigras of C.O.R.P.I.Q. at 514-591-6700 or via e-mail at [jfbigras@videotron.ca](mailto:jfbigras@videotron.ca)



**CFAA AGM & Conference scheduled for July 17-19, 2003 in Montreal**

## R.O.M.A. BC and BC A.O.M.A. to Join Forces on Vacancy Rate Survey

ROMA BC and BCAOMA joined forces to conduct an availability vs. vacancy survey on May 6, 2003. The format followed that of the Altus study done for FRPO last fall. They asked their members to indicate as of May 6 how many suites were vacant, but rented; how many were vacant and not rented and how many were occupied, but available

for rent within 60 days.

CFAA hopes to share the results of both the BC and Toronto surveys with senior CMHC staff at the AGM & Conference in Montreal to support our contention that "vacancy rates" as currently defined by CMHC vastly understate the number of suites actually available for rent.

## Greater Victoria Capital Region Plans Tax Hike to Fund Social Housing Construction

The biggest local issue in Victoria, is an announced plan by the Capital Region District, which encompasses the 13 fiefdoms that "govern" 300,000 people in Greater Victoria, to add between \$10 and \$25 to every property owner's tax bill so that more social housing can be built.

If successful (it is meeting a lot of expected

opposition), this tax hike would be a dangerous precedent as taxation for social housing would be occurring at the civic and municipal government level, where it traditionally has been a purview of senior governments.

The Councillor who is pushing the idea has been quoted as saying that he "never met a tax I didn't like."

## In-House Renovations Cont'd

nars, social events and a golf tournament, improved their newsletter and generally raised the profile of PPMA in Manitoba.

Tonya will take over all administrative support for CFAA, including participating in and taking minutes of our monthly Board meetings. Because of the proximity of signing officers, FRPO will continue to handle our A/P, A/R and banking functions.

Please join me in welcoming Tonya. You can contact her at 204-444-4832 or her dedicated CFAA e-mail address: [cfaa@mts.net](mailto:cfaa@mts.net).

In addition to welcoming Tonya aboard, the CFAA will be undertaking some "in-house renovations" of such things as our website, this newsletter and our membership enrollment packages and membership fees.

Please visit us at our revamped website at the new address of: [www.cfaa-cfapi.org](http://www.cfaa-cfapi.org).



**Come visit our website to see all of the exciting changes we are making to serve you better.**

## Special points of interest:

- In response to the CFAA's February 2003 letter to Minister Collonette regarding problems with the annual CMHC vacancy rate survey, the Special Assistant to Minister Collonette, Andrew Brooke responded, "...that CMHC is aware of the issue raised... regarding the difference in vacancy rates resulting from a definition of terms 'vacant and immediately available' (but that the) benefit of continuing to use the existing definition is the continuity of a time series." He further cited that "...over 80% of those consulted (in 1999) preferred to continue using the existing definition"

## Owner's Associations Defeat Two Year Rent Freeze

The Social Services Committee of the City of Ottawa brought forward a motion for debate which would have asked the province to institute a **two year rent freeze** while the *Tenant Protection Act* is reviewed. The motion was passed by the committee and forwarded to Council for approval.

Landlords in the Ottawa area mobilized quickly, through EOLO (the Eastern Ontario Landlord's Organization) and ORLA (the Ottawa Region Landlords Association) to raise awareness amongst councilors of the folly of passing such a motion.

The industry pulled together, and in doing so, demonstrated that the indus-

try can be effective when everybody works together, and when everybody contributes to an effort. Landlords large and small wrote to their councilor, and gave their perspective on the impact of a rent freeze on them personally. John Dickie of EOLO organized an education campaign on a one-on-one basis with each councilor, and the time was taken to give him or her an industry perspective, a perspective that they may not have heard.

Joy Overtveld of ORLA wrote an article for the Ottawa Citizen that effectively described who landlords are, and therefore who would be affected.

The Tenant Protection Act has helped

to inspire building owners to invest in their buildings at levels never seen before. Vacancy decontrol works! Tenants are now offered a better choice in accommodations. Help to spread that message. Too often the only story told is that of the unfortunate Tenant.

As an industry we need to fight for our livelihood. As a Landlord it will become your duty to get involved.

In the end, the motion was defeated at council by a vote of 17 to 4. Congratulations to all members of our industry in Ottawa for a job well done. There is an important lesson for all of us in this – we can make a difference when we work together, and when everybody pitches in.

*Excerpts from LPMAnews and Vince Brescia, FRPO.*

## Housing Ministers Cont'd

Kingdom and the United States) have proven that they work.

The joint recommendation of the CFAA and the Urban Development Institute of Canada to the Housing ministers were three-fold:

### 1. Restore Rental Tax Fairness:

⇒ Restore rollover provisions (ability to avoid capitol cost allowance recapture if another building is pur-

chased/built in the same year, which is available in the U.S.);

⇒ Enhance depreciation rates (currently 4% per year for all buildings);

⇒ Reverse the policy that limits owners of rental properties to claim only half of the depreciation for the first year;

⇒ Allow owners to pool rental assets, as in the U.S.;

⇒ Rate the GST as zero for rental

housing construction, allowing owners to claim GST input credits (none are currently available) - similar to other industries

### 2. Introduce a National Shelter Allowance.

### 3. Allow provinces to direct federal resources to shelter allowances.

*To receive copies of this presentation, please contact Vince Brescia at 1-877-688-1960.*

## Who is the CFAA?

In 1994 and 1995 four presidents and executive directors of successful provincial and regional residential owner and manager organizations agreed to meet in Halifax in July, 1995. The purpose of the meeting was to see if there was a need and an opportunity to create a national apartment organization in Canada.

Representatives from Halifax, Toronto, Calgary and Vancouver had a one-day meeting

where it was decided that a national organization be created to address the common concerns of provincial associations on a national level.

We had two clearly defined mandates. First, we were to represent our members on a national level, primarily to the federal government and its associated organizations like the CMHC.

Second, we learned that the exchange of information about the best practises and successful programs in each provincial association was of

great assistance to the other associations.

Membership is currently geared towards organizations that represent owners and managers of residential rental property and whose main business is representing those owners and managers in their respective provinces.

For more information on the CFAA and its endeavours, please contact Tonya Moreton, Administrative Officer at the CFAA office at the address below or visit our website at [www.cfapi.org](http://www.cfapi.org).

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