



## CANADIAN FEDERATION OF APARTMENT ASSOCIATIONS ANNUAL REPORT 2007- 08

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### 1. Introduction

2007-08 was a busy year for CFAA. We first focused on income tax reform, and then subsequently on housing policy. More details are set out below, particularly in sections 2 and 3.

CFAA also continued our other main function, namely information exchange. As usual, we focused on information exchange about property tax and assessment issues, and housing policy. In 2007-08, we also put emphasis on education for landlords and the image issues landlords face across Canada. More details are set out below, particularly in section 6.

### 2. Income tax reform

For CFAA, the top priority in 2007 and early 2008 was to obtain a tax deferral on the sale of a rental property and re-investment in another rental property. CFAA formed an informal coalition with the Canadian Real Estate Associations (CREA) and the Real Property Association of Canada (REALpac). CREA engaged an economist familiar with the federal income tax records to provide a detailed estimate of the revenue that the government would defer by adopting the tax deferral. CFAA worked with CREA to draw various data together and to finalize and present the estimates. Along with our allies, CFAA met the Finance Minister's office to promote the tax deferral proposal.

The government's 2007 Fall Economic Statement provided broad based tax relief in three main areas, namely reducing the GST, corporate income taxes and personal income taxes. Along with our allies, CFAA met with numerous Conservative MPs to seek their support for our proposal for a tax deferral on the reinvestment in rental property. In January 2008, CFAA and our allies met with key Liberal MPs John McKay and John McCallum in Toronto. Along with our allies, CFAA also met the Prime Minister's Office (PMO) in Ottawa to urge them to follow through on the Conservative capital gains promise through a deferral of capital gains tax upon reinvestment in rental real estate.

To attempt to move the Conservatives into action for the 2008 Budget, CFAA, CREA and REALpac issued a joint press release on January 31, 2008, calling on the government to implement the capital gains deferral. That release is available on the CFAA website, [www.cfaa-fcapi.org](http://www.cfaa-fcapi.org), along with quotes from other major organizations endorsing the tax deferral proposal, including the Canadian Home Builders Association, Federation of Canadian Municipalities, Ontario Non-profit Housing Association and Canadian Chamber of Commerce. The press release resulted in a very favourable article in several major newspapers.

The Provincial-Territorial housing ministers met on February 6. BC Housing Minister Rich Coleman invited CFAA to make a submission to the conference, which he shared with the Federal government. The key issues that CFAA addressed in our submission were the tax deferral on reinvestment and portable housing allowances. To read a copy of the submission, please visit CFAA's website.

Unfortunately, due to the broad based tax relief given in the Fall and the worsening economic situation, the government did not provide for tax deferral for rental reinvestment in the 2008 budget. However, CFAA understands that the Finance Minister still intends to take more action on capital gains and is actively considering the CFAA tax deferral proposal for implementation when the fiscal situation permits. The federal Minister responsible for housing, Monte Solberg, has also indicated his support for CFAA's efforts to obtain improved tax treatment for rental housing.

CFAA will continue to monitor the tax deferral issue and to work with our allies, CREA and REALpac, to obtain the tax deferral when the economic and fiscal situation permits.

### **3. Housing policy reform**

Since the income tax file is stalled pending an improvement in Canada's economic and fiscal situation, CFAA's current priority is to address the review of the federal-provincial affordable housing agreements and other programs, which are due to expire in March 2009. CFAA wants to ensure that federal funding can flow into housing allowances and other income-based programs (such as rent supplements) rather than being restricted to subsidies for building new housing. (Rent supplements are paid to a landlord who agrees to rent certain units to tenants sent by the municipal or provincial housing authority. Portable housing allowances are paid to low-income tenants, who rent their units from any landlord willing to rent to them. The allowances can be used to pay the rent where the tenant lives now, or allow the tenant a broad choice of where to relocate to.) See CFAA's website for our policy statements on housing allowances and the benefits of housing allowances or rent supplements, as compared with subsidies for the construction of new "affordable" housing.

CFAA works with all the main federal political parties to promote the interests of rental housing providers across Canada. Through a group aligned with CFAA on housing policy, CFAA provided key input to the Liberal Women's Caucus, which released *The Pink Book: A Policy Framework for Canada's Future, Volume 2*, in November 2007. One of its key five points is that "Canada needs a National Housing Strategy that is inclusive of women and would set low-income women as a priority. In addition, a portable shelter subsidy should be established, which would be tied to need, rather than designated units."

The recommendation was discussed at length in an article in the *National Post* under the title "Vouchers look pretty in pink", published on Dec 10, 2007. The commentator wrote, "To summarize, a new federal Liberal report eschews rent controls, publicly funded construction and all the other failed but doctrinaire government approaches to housing for the poor in favour of vouchers, choice and the free market. It is an acceptance of the practical over the ideological."

An article in the Canadian Press on April 2, 2008, provided the following statements from Minister Monte Solberg, the Minister responsible for housing. Speaking of the affordable housing programs which are up for renewal or revision, he said:

*The federal government hasn't decided whether to renew the housing agreements because it's reviewing the effectiveness and the need for such programs, he added. Everyone is better off if the government does its homework and ensures the money is well spent, Solberg said.*

*"Is building units always the appropriate thing to do?" he said. **"Some provinces have lots of housing but incomes aren't high enough to get people in. It may be a situation where provinces want to use a housing allowance instead of building more units.** These are the kinds of questions we need to have answered."* (CFAA's emphasis)

CFAA learned that Minister Solberg and his office moved forward on this issue in part due to the submission which CFAA made to them in May 2007.

In 2008, CFAA worked with CREA to encourage CREA to support portable housing allowances, and that is now their position. In the Spring of 2008, CFAA President John Dickie met with policy advisors in the Finance Minister's office to promote the ability for federal money to be used for housing allowances or rent supplements in the renewed affordable housing agreements. The federal Finance policy advisors reacted positively.

John also met with the relevant policy advisors in the Prime Minister's Office, one for Finance and the other for Social Policy. They also seemed interested in housing allowances and allowing the Federal-Provincial housing agreements to support the use of housing allowances or rent supplements (at each Province's choice).

In May and June 2008, CFAA also met the housing ministers and senior officials in several provinces in Atlantic Canada. They recognize that Atlantic Canada does not have a housing supply problem. They would like to use the federal housing money for rent supplements or housing allowances, but they are constrained by the current federal program rules.

In June 2008, Minister Solberg sent a taped message to CFAA's conference thanking CFAA for our input in support of housing allowances and rent supplements. Minister Solberg also noted his support for reforms to improve the federal tax treatment of rental

property. You can view Minister Solberg's message at CFAA's website, [www.cfaa-facpi.org](http://www.cfaa-facpi.org), through a link on the home page.

CFAA will continue to advocate for federal program rules that allow or encourage housing allowances and rent supplements, for the benefit of low-income tenants, taxpayers and landlords.

#### **4. Dealings with CMHC**

Thanks to CFAA's requests, CMHC has enhanced its rental market surveys to provide information about the secondary market (one and two unit buildings, accessory suites and condos) in most large centers. The secondary market is very important because it provides many low cost housing units, which are best accessed through housing allowances. Since the income tax rules were changed to the detriment of rental housing in the 1970's and 1980's, much of the new supply of rental housing has come onto the market through the secondary market. That means that most markets do not have a supply problem; and so, the government should address its efforts to solving the affordability problem that 13% of Canadian households have, rather than building new affordable housing to address the very limited issues of crowding and repairs (affecting less than 2% of households).

CFAA is also dealing with CMHC to provide input into the pending evaluation of the affordable housing agreements.

#### **5. Other lobbying issues**

Besides its main housing policy and tax policy goals, CFAA has decided to renew its efforts to promote

- Workable federal subsidies for energy conservation
- Better tenant credit reporting for inter-provincial moves

CFAA will take those steps primarily through member volunteers who are knowledgeable in each area, including allied members.

#### **6. CFAA Information Exchange and Annual Conference**

CFAA continues to act as a conduit for information exchange among our member associations to help associations to address various local issues.

In December 2007, we exchanged detailed information about licensing regimes across Canada; the accreditation program being introduced by the Federation of Rental-housing Providers of Ontario; and landlord education programs across Canada. We continued that information exchange at our Association Conference on June 13, 2008. While it is at an early stage of development, CFAA's member association in Ottawa, EOLO, is working on bringing out a Community college program to train entry level property managers. The program will be entirely accessible over the internet. Over the next few years, CFAA and EOLO hope to roll out the program across Ontario and the whole of Canada.

CFAA also provides for information exchange about local lobbying issues, such as:

- Provincial and municipal housing policy issues
- Provincial and municipal property tax and assessment issues
- Other provincial and municipal issues.

CFAA addressed the first two topics at its policy conference on June 14, 2008. For more on the CFAA Conference, see CFAA's website at [www.cfaa-fcapi.org](http://www.cfaa-fcapi.org) under the heading "Conferences". Material is available for viewing and downloading on

- Property tax issues (by Professor Maslove)
- Portable housing allowances (by Professor Steele)
- Approaches to education for landlords and
- Landlords' image problems and solutions.

The CFAA presentation on rents and market conditions across Canada should be posted shortly.

## **7. CFAA President's visits to member associations**

Having visited CFAA member associations in the West throughout 2006 and the Spring of 2007, the CFAA President brought the CFAA message to CFAA's Ontario and Atlantic associations in 2007-08. On October 10, 2007, John Dickie went to Waterloo to meet with the WRAMA Board and make a presentation to a WRAMA general meeting in Kitchener-Waterloo on October 10. John met the HDAA Board in Hamilton on Oct 24, and attended the GTAA Annual Dinner in Toronto on that date. In January 2008, John met with the GTAA Board about CFAA's progress and plans. In May and June, 2008, John travelled to Nova Scotia and New Brunswick, meeting with CFAA's member associations, as well as government officials.

Any association which would like a visit from CFAA's President or Chair, should contact the CFAA office at 613 235-0101 or [president@cfaa-fcapi.org](mailto:president@cfaa-fcapi.org).

## **8. Conclusion**

CFAA has worked very hard on behalf of landlords across Canada. Our tax reform efforts came very close to success in the 2008 federal Budget. We will build on that work, and hope to achieve tax deferral on sale and reinvestment if the current government is still in office when the economic and fiscal situation allows it more room to move.

CFAA's work on housing policy is gradually bearing fruit, as more and more decision makers and policy influencers grow aware of the benefits of portable housing allowances.

CFAA continues to facilitate information exchange about key issues our member associations face as they seek to promote the interests of Canada's residential landlords.

We look forward to your continuing support as CFAA addresses the key federal issues and supports your local association in its work.

On behalf of the CFAA Board of Directors

John Dickie  
CFAA President

and

Avrom Charach  
CFAA Chair

July 31, 2008