



## Election Update

September 26, 2008

On September 22, the Liberal Party released its election platform. It includes two new items of direct relevance to landlords and tenants.

### **Social Housing promise**

The Liberals promise to commit \$620M of new funding for social housing over the next 5 years (i.e. \$124M per year) to upgrade 30,000 existing units and to build 30,000 more units. That would be 6,000 major repairs and 6,000 new units per year. That is a small amount compared to the demands of housing activists and such groups as the Federation of Canadian Municipalities.

The promise is unrealistic in that the subsidies actually required to obtain new construction are far in excess of the amounts per unit provided in the Liberals' monetary promise. Repair needs typically range from \$10,000 to \$30,000 per unit, and new construction subsidies typically range from \$30,000 to \$90,000 per unit. Taking both repairs and new construction together, the Liberals promise about \$10,300 per unit. A 50-50 cost split with the provinces would provide \$20,600 per unit, which would be adequate for major repairs, but too little to obtain new construction.

For the amount of money allocated, only a lower number of units can be built than has been promised. Such spending will have only a very small effect on the rental housing market.

### **Poverty Reduction program**

Of more significance to both tenants and landlords is the Liberals' promise regarding poverty reduction, called the 30-50 Plan. The 5 year goal is to reduce the number of people living below the poverty line by 30% (i.e. by 1 million), and to reduce the number of children living in poverty by 50% (i.e. by 400,000). This will be done by measures within the Green Shift Plan, and outside it.

Within the Green Shift Plan, the measures are to be:

- A new \$350 refundable child tax benefit
- An increased refundable employment tax credit of \$250 per person
- An increase in the Working Income Tax Benefit
- Refundable Disability Tax Credits (rather than non-refundable credits)

*The Canadian Federation of Apartment Associations represents the owners and managers of close to one million residential rental suites in Canada, through 17 organizations across Canada.*

*See [www.cfaa-fcapi.org](http://www.cfaa-fcapi.org).*

In addition to those elements of the Green Shift Plan, the Liberals promise:

- To create a Guaranteed Family Supplement of up to \$1,225 per year per family (for Canada's poorest families with children)
- To raise the phase out limit of the current National Child Benefit Supplement from \$21,000 to \$26,000 of family income
- To raise the Guaranteed Income Supplement for low-income seniors by \$600 per year for individuals and \$800 per year for couples.

Taken together these measures should reduce poverty among Canadian families and seniors. While not limited to low-income tenants specifically, low-income people tend to rent their housing. These measures would help low-income tenants pay for the housing they need, as well as other necessities.

The overall effect of the 30-50 Poverty Reduction Plan and the Green Shift is difficult to predict. If both were implemented, the most likely series of events would include increased heating and transportation costs, and increased rents.

Whether the rent increases would equal the energy cost increase would probably depend on the energy efficiency of each building. Energy efficient buildings might see a net benefit, and non-energy efficient buildings might see a net detriment. Since the Green Shift taxes are not to be applied to gasoline, there should no effect on the relative value of buildings based on their proximity or distance from public transit.