



Canadian
Federation
of Apartment
Associations

Fédération
Canadienne Des
Associations
De Propriétaires
Immobiliers

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By EMAIL – December 19, 2005

Honourable Stephen Harper
Leader of the Conservative Party of Canada
House of Commons,
Ottawa, ON K1A 0A6

Dear Mr. Harper:

**RE: CFAA Applauds the Conservative Party's GST Plan
- An Important Step for Affordable Housing**

The Canadian Federation of Apartment Associations (CFAA) applauds you and the Conservative Party for your plan to cut the GST by 2% within 5 years. Our organization consists of 16 associations across Canada, whose members together own or manage more than 1,000,000 rental suites. We are the national voice of Canada's \$30 billion rental housing industry.

Reducing the GST is of great importance to residential landlords and tenants. The 2% reduction will result in making housing more affordable, which is especially important for low income tenants. As you know, landlords do not charge GST on residential rents, but we do pay GST on our costs such as heat, electricity, insurance and repairs, even though we receive no input tax credits for the GST paid on those costs. The 2% reduction will result in significant cost savings. Through competition in the market places in which we operate, those cost savings will result in lower rents to tenants.

The CFAA would like to encourage the Conservative Party to move even further on your pledge to reduce the GST if you are elected as Canada's next federal government. Specifically, the CFAA would like to see the preservation of the GST housing rebate at 2.5% of the price of new housing, both for rental and for ownership. Ideally the whole GST would be rebated on housing, as a housing affordability measure. At the least, we would encourage you to increase the phase-out thresholds for the GST housing rebate in order to reflect the change in housing prices since 1999, and then to index those thresholds.

Thank you again for **your positive policy announcement on the GST.** That is an important step in making housing more affordable for Canadians.

Yours truly,

John Dickie
President, CFAA - FCAPI

cc. Mr. Monte Solberg, Mr. Ed Komarnicki