

**CANADIAN FEDERATION OF APARTMENT ASSOCIATIONS –
Fédération Canadienne Des Associations De Propriétaires Immobiliers**

**Government Relations & Communications Committee
REPORT TO THE 2007 CFAA AGM**

June 7, 2007

For 2006-07, the CFAA Board decided to focus CFAA's efforts on obtaining tax relief, and in particular, "**tax deferral on re-investment**", which would ideally apply to defer both tax on capital gains, and recapture of capital cost allowance (CCA). CFAA's view is that such a deferral would be good for everyone in the rental housing industry.

CFAA was in contact several times with the Finance Minister's office, and met numerous Members of Parliament, including Conservative, Liberal and NDP MPs. CFAA worked with the Canadian Real Estate Association (CREA), REALpac and other groups to co-ordinate our efforts. In response to inquiries from the Minister's office, CFAA provided a submission seeking an increase in **CCA rates**. Unfortunately, no tax relief for rental housing was provided in the March 19 Federal Budget, except for an incentive for provinces to reduce or eliminate their **capital taxes**.

In December 2006, CFAA learned of a move by the Finance Department staff to proceed with legislation to re-implement the **reasonable expectation of profit ("REOP") test** which the Supreme Court of Canada struck down in 2002. Such a test could result in the disallowance of various expenses of property owners. Together with other associations, CFAA has stopped for now the introduction of statutory REOP rules.

While CFAA's main proactive work switched to the tax reform lobbying in mid-2006, we continued to deal with **housing issues**, including the federal homelessness support programs. Through CFAA's housing lobbying, the federal government opened the door for the provinces to apply federal housing money to housing allowance or rent supplement programs. Within the last 18 months BC, Manitoba and Quebec have all expanded their housing allowance or rent supplement programs, and BC, Alberta, Saskatchewan and Ontario have created new programs.

CFAA also worked with **CMHC, the government's energy program directorate and other federal agencies** on issues of concern to landlords. In 2006-07 CMHC expanded its rental market surveys to include the secondary rental market, and resumed the Spring rental market survey, changes CFAA has sought for several years. CFAA has also provided support to local associations on provincial issues of broad concern. An example of this is the policy statements CFAA prepared for rapid growth areas and for temporary spikes in accommodation demand, to address issues faced by our member associations in BC and Alberta.

The CFAA GRC Committee and Board would have liked to report more success on the income tax front; however, results do not necessarily come quickly. Every year CFAA is growing more effective in its ability to push for improvements that affect every owner or manager in Canada, but there is much still left for all of us to do so that the rental housing industry can achieve its goals at the national level.

For more details, see the full CFAA Annual Report for 2006-07 at www.cfaa-fcapi.org/pdf/annrep0607.pdf