

# Building Saskatchewan

## The Economic Impact of Saskatchewan's Rental Housing Industry



Saskatchewan's private rental housing industry

- provides **quality homes for over 82,600 households**
- generates **\$1.6 billion in GDP**
- provides **10,100 jobs**
- generates **more than \$480 million in tax revenue annually**

Those figures are the key findings of a report by KPMG Canada commissioned by CFAA and SKLA, and published in November 2016. For the full report, go to [www.cfaa-fcapi.org](http://www.cfaa-fcapi.org).

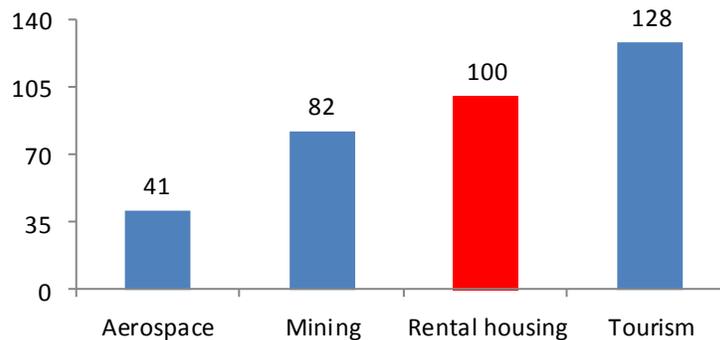
KPMG Canada is one of the nation's most respected accounting and management consulting firms. Around the world, member firms of KPMG International have a work force of 174,000 professionals in 155 countries.

## GDP Impact - \$1.6 billion

Gross domestic product (GDP) generated by Saskatchewan's private rental housing industry refers to the "value-added" output from the provision and production of rental homes and related services, including what that value-added generates in the rest of the economy.

Saskatchewan's rental housing industry contributes \$1.6 billion to Canada's economy. Across Canada, the rental housing industry contributes more than mining and aerospace, but less than tourism.

### Canada-wide GDP Impact (in relation to rental housing)



## Employment and Labour Income

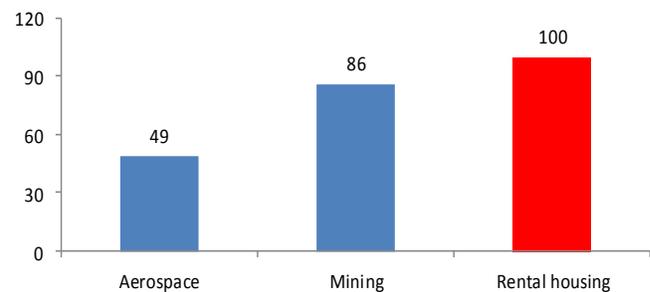
### 10,100 Jobs

Saskatchewan's private rental housing industry generates 10,100 full-time jobs across Canada, including 6,400 in Saskatchewan.

### \$677 million Total Labour Income

Saskatchewan's private rental housing industry generates \$677 million in labour income, including wages and employer-paid contributions for full-time positions, including \$438 million in Saskatchewan.

### Canada-wide Jobs (FTE Positions) (in relation to rental housing)



### \$67,936 Average Earnings

The average annual earnings and benefits associated with employment in the broad rental housing sector is \$67,936 in Saskatchewan. Rental housing drives the earnings and benefits of construction workers, architects, engineers, tradespeople and others who are engaged in the construction or renovation of residential housing, as well as the earnings and benefits of property managers, leasing agents, superintendents, and other job

# Infrastructure Investment

Saskatchewan rental housing provides much-needed infrastructure investment, with over \$520 million invested in 2015.

## **\$520 million in Total Capital Investment**

Total impact of expenditures on construction on new apartment homes and renovations to existing housing.

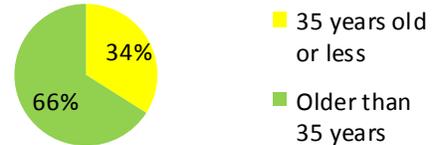
## **\$332 million in Construction**

Impact of new construction expenditures in 2015.

## **\$188 million in Capitalized Renovations**

Sixty-six per cent of Canada's private rental stock was built prior to 1981, and requires significant investments in upgrading. The private sector organizes and finances those upgrades, creating jobs at little or no cost to the government or taxpayers, while generating substantial tax revenue.

## **Age of rental homes** (Canada-Wide)



# Taxes and Government Revenue

Private rental housing generates substantial revenue to governments in the form of property taxes, sales taxes (including GST), and income taxes.

## **\$480 million in Total Tax Revenues**

Saskatchewan's private rental housing industry generates a total in excess of \$480 million to all levels of government.

## **\$253 million in Taxes on Products and Production**

Rental housing generates \$253 million in property taxes, sales taxes (including GST) and excise taxes. Of this, \$106 million is collected by the municipalities, \$119 million by provinces, and \$28 million by the federal government.

## **\$194 million in Income Taxes on Employment Income**

Rental housing generates over \$194 million in personal income taxes. Rental housing also generates CPP contributions of \$50 million, and EI and other tax contributions of over \$23 million.

# Public Policy that supports Rental Housing: Now is the Time

To keep the rental housing sector working as a driver for private investment, jobs, tax revenue and GDP, CFAA recommends governments:

**Attach rental subsidies to low-income people, not to bricks and mortar.** By expanding portable housing benefits, governments can give low-income people choice, and the ability to move to take jobs or to attend to family needs.

**Make construction incentives for affordable housing open to for-profit rental developers.** By allowing for-profit rental developers access to these incentives, governments promote healthy, mixed-income communities, and encourage rental development rather than crowding it out.

**Reduce red tape.** Rental developments that used to take two to three years now often take five to six years, increasing costs and rents, and reducing the volume of construction.

**Loosen rental controls.** Rent control reduces investment in rental housing, both on new construction and in capital repairs. Rent control results in fewer upgrades on rental homes. Rent control also reduces demand responses that can mitigate rental shortages brought on by increases in rental demand.

**Reduce or defer capital gains tax.** Tax reductions or deferrals would reduce the cost of rental housing and improve affordability. Deferrals of capital gains would promote more compact, environmentally-friendly urban redevelopment; facilitate relocation by owner managers, reducing the number of absentee landlords; and help small investors and middle-income families.



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