

# Building Canada

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



Canada's private rental housing industry

- provides **quality homes for over 3,670,000 households**
- generates **\$70 billion in GDP**
- provides **435,000 jobs**
- generates **more than \$25.8 billion in tax revenue annually**

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

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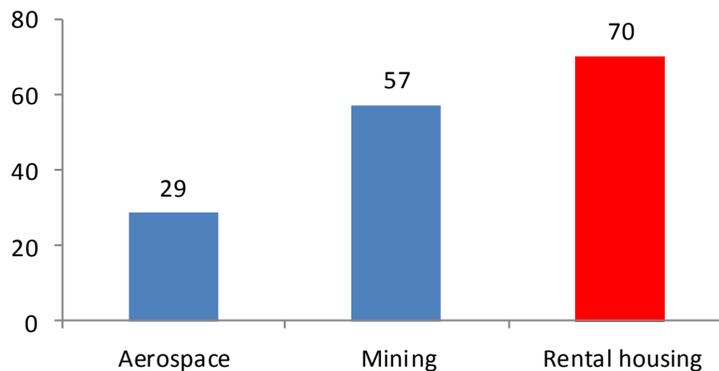
November 2016

## GDP Impact

Gross domestic product (GDP) generated by Canada'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.

Canada's rental housing industry contributes \$69.3 billion to Canada's economy, more than mining and aerospace, but less than tourism.

### GDP Impact (\$ billions)



## Employment and Labour Income

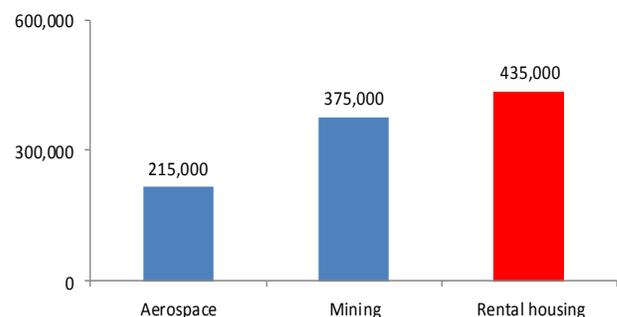
### 435,000 Jobs

Canada's private sector rental housing industry generates 435,000 full-time equivalent jobs across Canada.

### \$30.6 billion Total Labour Income

Labour income, including wages and employer-paid contributions for full-time positions is approximately \$30.6 billion across Canada

### Jobs (full-time equivalent)



### \$70,154 Average Earnings

The average annual earnings and benefits associated with employment in the broad rental housing sector is \$70,154. 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 categories traditionally associated with the rental housing sector.

# Infrastructure Investment

Rental housing provides much-needed infrastructure investment in Canada, with over \$20.6 billion invested in 2015.

## **\$20.6 billion in Total Capital Investment**

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

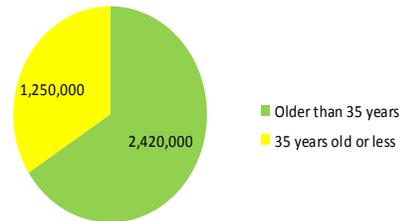
## **\$12.3 billion in Construction**

Impact of new construction expenditures in 2015.

## **\$8.3 billion in Capitalized Renovations**

Capitalized renovation expenditures in 2015. Over 2,420,000 rental homes (66% of Canada's private rental stock), were built prior to 1981, and require 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



# Taxes and Government Revenue

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

## **\$25.8 billion in Total Tax Revenues**

Canada's private rental housing industry generates more than of \$25.8 billion to all orders of government, made up of:

### **\$9.3 billion in Taxes to Canada's municipalities**

\$9.3 billion collected by the municipalities, mostly as property taxes.

### **\$7.6 billion in Taxes to Canada's provincial governments**

\$7.6 billion in taxes to Canada's provincial governments, consisting of \$5.1 billion of sales taxes (GST + PST) and property taxes, and \$2.5 billion in income taxes on labour and rental income.

### **\$8.8 billion in Taxes to Canada's federal government**

\$8.8 billion in taxes to Canada's federal government, consisting of \$1.1 billion of GST, \$4.3 billion in income taxes on labour and rental income, and \$3.4 billion in payroll taxes.

The provincial and federal figures do not include taxes paid on capital gains, so the actual totals are even larger.

# 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 rent controls (or avoid them).** 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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