



Press Release

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Rising house prices make more rental supply critical

CFAA applauds CMHC for its study “Examining Escalating House Prices in Large Canadian Metropolitan Centres”. That study includes an extensive review of literature within Canada and around the World, bringing together a great deal of existing and new data and exposing some data gaps, as well as extensive econometric work.

CFAA largely agrees with CMHC’s conclusions as to the causes of the sharp rise in home prices, recently experienced (and continuing) in Toronto, Vancouver and to a lesser extent in Montreal. Those key conclusions are that prices have risen sharply mostly because of

- rising demand, including some undue expectations of future price increases,
- the lack of new supply, due to geographic and governmental restrictions on development and re-development, and
- slowness and uncertainty in planning approvals, especially in Toronto and Vancouver.

CFAA supports the proposed policy options which CMHC lists, especially:

- A review of planning processes to make them more optimal and responsive,
- Working with provinces to further identify and address bottlenecks in the development approval processes,
- Countering NIMBYism, and
- Improving data collection and monitoring.

Missing issues

Two key issues are missing: first, a call for a review of current tax policy and how it favours home ownership over renting, and second, addressing the need for more purpose-built rental housing for the people who cannot afford the rising price of home ownership. CFAA notes that targeted home ownership supply for families with children would have the potential to complement purpose-built rental supply objectives by freeing up substantial amounts of rental accommodation vacated by first-time buyers.

The National Housing Strategy addresses “affordable housing”, but more work is needed to encourage or clear the way for development of more purpose-built rental housing for middle income residents, especially in Vancouver and Toronto. We understand that CMHC and the government are working on that issue, and urge them to take strong action in the near future, whether via financing alternatives, tax reforms or other incentives.

CFAA Chair David Hutniak says, “The federal government needs to look seriously at its policy for encouraging new rental construction, while the provinces and cities need to look hard at their property taxes, development charges and delays in planning approvals. Those are the factors holding back much-needed purpose-built rental supply.”

For more information, contact: John Dickie, President, CFAA at 613-235-0101, or e-mail president@cfaa-fcapi.org, and I will telephone you.

The Canadian Federation of Apartment Associations represents the owners and managers of close to one million residential rental suites in Canada, through direct membership and 11 associations across Canada. CFAA is the sole national organization representing the interests of Canada’s \$480 billion private rental housing industry, which houses more than eight million Canadians.