



NATIONAL OUTLOOK

DIGITAL EDITION

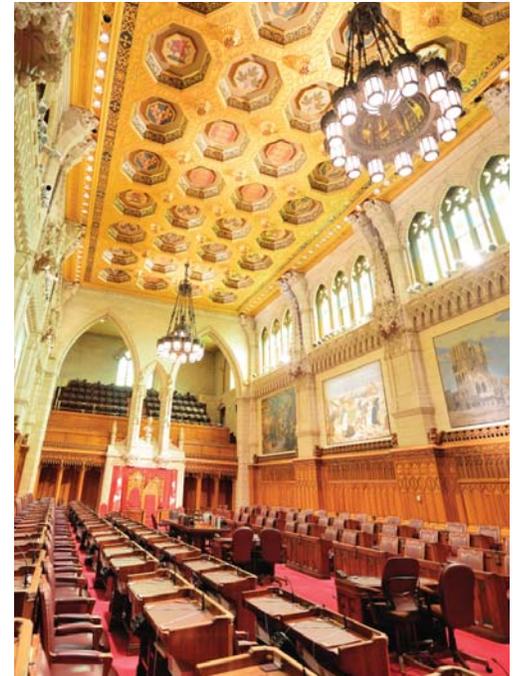
FEDERAL CONSERVATIVES FOCUS ON HOUSING

BY JOHN DICKIE, CFAA PRESIDENT

On October 23, 2013, the federal Conservative caucus launched a Housing and Construction Caucus to address housing issues, relating to home-ownership, renting, social housing and new construction. At last count, 28 MPs have joined the new Caucus. The executive committee consists of Phil McColeman (MP for Brant) as Chair, Brad Butt (MP for Mississauga-Streetsville), Ron Cannan (MP - Kelowna-Lake Country), Peter Goldring (MP - Edmonton East), Chris Warkentin (MP - Peace River) and Joe Preston (MP - Elgin Middlesex-London).

Prior to entering politics, Phil McColeman owned and operated property development and construction companies, as well as rental housing. Brad Butt was formerly a residential property manager and then the President and CEO of the Greater Toronto Apartment Association, CFAA's affiliate in Toronto.

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SAVE THE DATE!

CFAA 2014 CONFERENCE TO TAKE PLACE JUNE 9 TO 11

Save the dates June 9 to 11, 2014, for the CFAA Rental Housing Conference 2014! The Conference is returning to Vancouver, and will be held at the Sheraton Vancouver Hotel - Wall Centre, a new venue for CFAA.

The conference will open on Monday, June 9, with an afternoon tour of innovative rental buildings in Vancouver. On June 10, the sessions will address Investment in rental housing. The keynote speaker is to be the always-engaging and ever-insightful

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LES CONSERVATEURS METTENT SUR PIED UN NOUVEAU COMITÉ DE L'HABITATION

DE JOHN DICKIE, PRÉSIDENT, FCAP

En octobre, le caucus fédéral des Conservateurs a mis sur pied le comité de l'habitation et de la construction qui portera son attention sur la construction d'habitations résidentielles et locatives, et de logements sociaux. Le président du comité est Phil McColeman (député de Brant) et les vice-présidents Brad Butt (député de Mississauga-Streetsville) et Ron Cannan (député de Kelowna-Lake Country).

Lors de discussions avec la Fédération, Phil McColeman a déclaré : « L'industrie de l'habitation

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FEDERAL CONSERVATIVES FOCUS ON HOUSING *continued from page 1*

CFAA looks forward to establishing a productive relationship with the Housing and Construction Caucus

While the Caucus will address social housing issues, most members want to devote more of their efforts to the health of the private housing market, both rental and owner-occupied. Private market housing accommodates 95% of Canadian households, 69% in owner occupied dwellings and 26% in rental dwellings.

CFAA believes the committee should examine these key issues:

- the tax treatment of rental housing (compared to what it was when substantial amount of rental housing was built)
- the impact of a return to normal interest rates on mortgages, including the impact
 - on homeowners' ability to pay on renewal
 - on housing prices
- the likely impact of a correction in house prices on the economy
- the availability of rental housing where it is needed
- the affordability of rental housing for low-income Canadians, including the impact
 - of municipal development charges
 - of other government requirements and taxes on new development
- the affordability of new homes for young people, including those impacts
- the optimal response to the expiry of the social housing operating agreements
- expanding the use of federal funding for portable housing allowances or rent supplements.

So far, the Caucus has heard from CFAA, CHBA (Canadian Home Builders' Association), CAAMP (Canadian Association of Accredited Mortgage Professionals) and CREA (Canadian Real Estate Association.)

CFAA's key concerns

CFAA's key advocacy points are the tax treatment of rental housing, compared to what it was when substantial amount of rental housing was built, and also the design of federal housing funding. CFAA seeks better tax treatment for rental housing, both to make the continued operation of rental housing more attractive and to encourage new construction to meet an enhanced demand for rental housing as an asset.

WHAT CONSERVATIVE MPS SAY

Phil McColeman, Caucus Chair
MP Brant

"The housing industry is a key driver of the Canadian economy. When our housing sector is healthy and succeeding, it means good paying jobs and spin-off benefits for communities across Canada; not to mention quality and affordable homes for our families.

Rental housing is also a very important part of the mix since it serves new workers in growing communities, and low and moderate-income Canadians."

Brad Butt, Caucus Vice-Chair
MP Mississauga-Streetsville

"I am delighted that many MPs from the Conservative Party have come together to form a Housing Caucus in Ottawa. Every Canadian needs housing. Our role is to study and advise the Government on things we can do to make sure Canada has a strong housing market - in all sectors and regions - and that Canadians have choice and affordability.

Our work with important stakeholders like the CFAA will guide these discussions and help us make solid recommendations to Ministers and agencies responsible for housing issues."

Ron Cannan, Caucus Vice-Chair
MP Kelowna-Lake Country

"The housing market in Kelowna attracts many affluent people who look to the high quality life style the Okanagan provides. Yet, the lack of affordable housing continues to be a major and growing concern for constituents of all ages. This is particularly an issue for employers trying to bring skilled labour to the region."

Peter Goldring, Caucus Executive Committee member
MP Edmonton East

"Multi-unit construction had flat-lined for 20 years, which has serious implications for many people across Canada at all rent levels. In particular, we have a great need for more housing which is affordable. I think the government should look seriously at a capital gains rollover."



FEDERAL CONSERVATIVES FOCUS ON HOUSING *continued from page 2*

WHAT THE OPPOSITION PARTIES SAY ABOUT HOUSING

The NDP:

- That the Conservative government maintain the total amount of \$1.7 billion per year (85% of the entire federal budget for housing) currently dedicated to the social housing operating agreements;
- That the amounts saved by the end of long term agreements on social housing projects that will remain viable without subsidies be reinvested in new [social housing construction] projects;
- That the government provide sufficient funding to ensure the renovation, improvement and modernization of all social housing to ensure its sustainability

The Liberal Party:

Develop a comprehensive national housing strategy that:

- includes social housing, low-income rental housing, co-op housing, and middle-income housing in partnership with other levels of government service providers and business
- employs federal tax policy to encourage the building and maintaining of long-term affordable rental and co-op housing
- includes specific measures to prevent and address homelessness

Adopt a neutral tax policy to encourage new investment and level the playing field for rental housing investors. This would:

- Treat rental investment the same in principle as other comparable investments by allowing small business rental investors to qualify for small business tax treatment
- Reduce GST payments on rental housing
- Defer the taxation of capital gains and capital cost allowance recapture for rental investors who sell a rental building and buy another within a year, as is currently the case for hotels, motels and family farms

CFAA wants to ensure that funding for new construction does not result in the crowding out of existing rental housing. We are making recommendations about the design of any incentives for new construction. We also advocate the need for improvements in the tax treatment of existing rental housing to avoid crowding out.

CFAA advocates for reduced development charges and municipal requirements for all housing development, including rental development. Finally we advocate for improvement in the operation of social housing, along with greater use of direct financial assistance to low-income households so that they can rent in the private market if they choose. More details are set out below.

Development changes and housing affordability

For CHBA a key concern is the development charges and other provincial and municipal requirements (such as “public benefits” extracted under section 37 of Ontario’s Planning Act, and similar legislation in some other provinces). To CHBA the evidence is clear that such charges and extractions are paid for by new home buyers and renters, and have a dramatic effect on affordability for them, and especially for young people entering home ownership for the first time.

CFAA agrees. CFAA takes the issue one step further. Research from the U.S. makes it clear that lack of affordability in the new home sector impacts on affordability and availability throughout the housing market, including the rental housing market.

Governments and politicians say they want housing to be affordable, but they often implement policies that have the exact opposite effect.

If the Caucus and the government agree with CFAA and CHBA, then the tricky issue will be how the federal government can reduce taxes on new housing construction (both rental and homeowner), while preventing the provinces and municipalities from occupying the tax room the federal government vacates. One potential policy tool would be tying federal housing money to restraint in development charges and requirements. Of course, the Federation of Canadian Municipalities (FCM) and the provinces would not find such restrictions positive.

Social Housing

The Caucus will also look at social housing, including the expiry of the social housing operating

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SAVE THE DATE! CFAA 2014 CONFERENCE DATES CONFIRMED

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Benjamin Tal of CIBC World Markets. Tuesday evening delegates can network at a fun social event. The conference will wrap up on Wednesday with a day discussing Rental Operations.

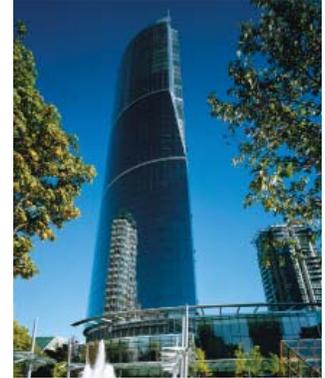


Hotel room group rates for the conference start at \$195 per night. The Sheraton - Wall Centre is conveniently located downtown, with easy access to shopping, dining and entertainment on Robson Street and Yaletown. While visiting Vancouver, the possibilities are endless. Enhance your conference stay with an afternoon spent whale watching, a horse-drawn tour of Stanley Park, or a visit to the public market at Granville Island, all while enjoying the breathtaking views of the mountains

and ocean.

Shelley Wittal, Director of Property Management (Eastern Region) at Gateway, said this about the CFAA Rental Housing Conference 2013, "The education topics were fresh and aimed at current challenges which had not been recently addressed. I especially enjoyed the topics geared towards employment and Human Resource challenges. I found the conference very helpful, and am looking forward to the next CFAA Conference."

CFAA is working hard to achieve that high degree of topic relevance again in 2014. The next issue of National Outlook will include details of the educational topics to be addressed. ■



if you are interested in participating in the CFAA Rental Housing Conference as a speaker, or a sponsor, please contact CFAA today at admin@cfaa-fcapi.org. To attend, please check the CFAA website at www.cfaa-fcapi.org. Registration will open in February.

LES CONSERVATEURS METTENT SUR PIED UN NOUVEAU COMITÉ DE L'HABITATION *suite de la page 1*

est un moteur clé de l'économie canadienne. Lorsque notre industrie est saine et prospère, cela génère des emplois payants et des retombées bénéfiques pour les collectivités partout au Canada, ainsi que des logements adéquats et abordables pour nos familles. Les logements locatifs constituent une part importante de l'offre résidentielle puisqu'ils accueillent de nouveaux travailleurs dans les collectivités en croissance, en plus de familles à revenus faible et moyen. »

Brad Butt est l'ancien président et chef de la direction de la Greater Toronto Apartment Association et vice-président du comité. Selon Brad Butt, « Notre rôle (en tant que comité) est d'aviser le gouvernement des gestes que nous pouvons poser afin de nous assurer que le Canada puisse compter sur un marché de l'habitation fort

— dans tous les secteurs et toutes les régions — et que les Canadiens puissent avoir la liberté de choix et l'abordabilité. Notre travail avec des acteurs importants comme la Fédération (...) nous aidera à formuler des recommandations pertinentes à l'intention des ministres et des organismes publics responsables des dossiers de l'habitation. »

Peter Goldring, un autre membre du comité et député d'Edmonton-Est, a mentionné à la Fédération que « la construction d'immeubles à logements multiples stagnait depuis 20 ans, ce qui a entraîné de graves conséquences pour de nombreuses personnes partout au pays, tous niveaux de revenus confondus. Nous avons besoin en particulier de plus de logements abordables. Je pense que le gouvernement devrait sérieusement envisager le report fiscal de gains en capital. »

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LES CONSERVATEURS METTENT SUR PIED UN NOUVEAU COMITÉ DE L'HABITATION *suite de la page 4*

Objectifs clés de la Fédération

L'objectif premier de la Fédération est d'améliorer les modalités d'imposition des propriétaires de logements locatifs existants. Avant les changements apportés au système fiscal encadrant les propriétés locatives il y a quelques décennies, un grand nombre de logements locatifs ont été construits partout au pays.

De nombreux défenseurs du droit à l'habitation souhaitent l'octroi de subventions pour la construction de logements sociaux ou encore des mesures incitatives ou des réductions d'impôt pour la construction de logements locatifs privés. La Fédération n'est pas défavorable à cette dernière, mais revendique également des modalités fiscales améliorées pour les propriétaires de logements locatifs existants. Si celles-ci ne sont pas améliorées, les nouvelles constructions pourraient très bien supplanter les propriétés locatives existantes.

En d'autres mots, en raison d'une nouvelle demande faible et de vieux logements qui concurrencent les nouveaux, les loyers des vieux logements chuteront ou encore nombre d'entre eux seront vacants. Les appartements les moins intéressants ne seront plus économiquement viables, leur valeur baissera et on aura tendance à les retirer du marché, soit en les convertissant ou en les démolissant.

La Fédération veut s'assurer que les nouvelles constructions ne supplanteront pas les logements

locatifs existants, puisque cela nuirait aux propriétaires d'immeubles à logements. Afin d'éviter une telle situation, la Fédération recommande ce qui suit :

- améliorer les modalités fiscales des propriétaires de logements locatifs existants;
- orienter la construction de logements sociaux vers la création de logements axés sur les besoins spéciaux;
- favoriser davantage l'aide financière directe aux ménages à faible revenu afin qu'ils puissent louer un appartement dans le marché privé s'ils le souhaitent, plutôt que d'aménager dans un logement social.

En plus d'aider les locataires, l'aide financière directe aux ménages à faible revenu soutiendrait la demande de logements privés même si on en construit davantage.

Le comité conservateur de l'habitation étudiera également le logement social, y compris l'expiration des accords d'exploitation de logements sociaux. Élaborer des politiques de l'habitation applicables importe aux propriétaires privés et non seulement aux locataires et aux fournisseurs de logements sociaux. Améliorer les modalités fiscales importe davantage et la Fédération se réjouit à la perspective de collaborer avec le nouveau comité de l'habitation pour faire avancer des deux dossiers. ■

IS EXCESS HOME-OWNERSHIP ABOUT TO RUIN CANADA'S ECONOMY?

House prices are near a 23 year high in Canada. Excluding Toronto and Vancouver, house prices now average 4.0 times the average income, up from 2.7 times that income in 2001, according to BMO Economic Research, February 22, 2013.

Economists disagree on whether house prices will flatten out, fall 10% or fall 25%, but no one believes they will keep rising. As well, no economist believes that interest rates will stay at their current levels. As a result, many people are concerned about the effect the inevitable correction will have on the economy.

However, there is also another concern. Over the last four decades, the homeownership rate

in Canada has risen from 60% to 69%, in large part driven by government policy, including the preferential treatment of home ownership under the Income Tax Act and in the OAS/GIS system.

Recently the U.S. National Bureau of Economic Research (NBER), a highly respected, non-political economic research institute, published a working paper on the relationship between homeownership and the labour market. The paper found that a doubling of the homeownership rate is associated with an increase of more than double in the unemployment rate.

The paper's authors were Andrew J. Oswald and David G. Blanchfield. Through detailed statistical

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SOCIAL MARKETING WEBSITES - A TOOL FOR LANDLORDS

Facebook, Twitter, LinkedIn, Pinterest, YouTube, Instagram. With so many social marketing sites out there it is hard to know how and where to focus your social marketing efforts. Social marketing is changing the way consumers research and buy products. In fact, it is anticipated that by 2015 internet advertising will account for 25% of the entire ad market and that social media marketing budgets will double over the next 5 years. But why? In today's generation, consumers want information immediately. They want to see pictures, hear testimonials from other consumers, and watch videos. Social marketing websites allow for the instant exchange of information that today's consumers crave. Social media sites and blogs account for 23% of all time spent online. And it's not just the under-35 crowd hanging out online. It's everyone. The fastest growing segment of social media users is now adults aged 45-54. Fifty-five percent of this age group have a profile on at least one social network.

Why do people follow companies on social media and how do you get followed?

- Half of all social media users under age 35 follow their online friends' product and service recommendations.
- Interesting content is a top 3 reason people follow brands on social media.
- 69% of follows on Twitter are based on recommendations from friends.

Make your content interesting and informative. Tell potential tenants all the great things about your building, about the community, and about the residents. Let your residents speak for you. Happy tenants are an asset. A tenant who posts on your Facebook wall that they love their apartment and the neighbourhood they live in, is invaluable. Don't underestimate the value of visual content. It is processed by the brain 60,000 times faster than text. Putting a video on your landing page will increase conversion by 86%. You can also post photos and videos of your buildings and suites on your Facebook page, create a YouTube account that shows video walkthroughs of your units, or use Instagram to share images of your buildings.

Understanding the sites

Facebook

- 56% of Facebook users check in at least daily.

23% of Facebook users check their accounts five or more times every day.

- 80% of Facebook users prefer to connect with brands on Facebook.
- More than half of all Facebook members have used the social network via a smartphone, and 33% use a phone as their primary means of Facebook access.
- The best time and day for Facebook postings? Saturdays at noon. To maximize sharing, post to Facebook 3-4 times per week.
- 52% of marketers have found a customer via Facebook in this year.
- Companies that generate more than 1,000 Facebook likes also receive nearly 1,400 website visits a day.

Facebook is the largest, most recognized of all the social media sites. If you do nothing else, have a Facebook account. Facebook allows you to update your status, post photos, videos, text, run contests and sweepstakes. Users can like you, share your content, and post comments to your wall.



751 Million Users access Facebook from mobile with 7,000 different devices

There are over 10 Million Facebook apps so far

23% of Facebook users check their account more than 5 times a day

74% of marketers believe Facebook is important for lead generation strategy

350 Million photos are uploaded every day

75% of engagement which a post gets occurs during the post's first 5 hours

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IS EXCESS HOME-OWNERSHIP ABOUT TO RUIN CANADA'S ECONOMY? *continued from page 5*

analysis they studied homeownership and unemployment rates in all 48 continental states, since the 1950's. The U.S. housing and labour markets are very similar to Canada's; and so, the results are almost certainly transferable to Canada.

The authors found:

- High levels of home-ownership are tightly linked to high levels of unemployment (3 to 5 years later)
- Both within and across states, high home-ownership areas have lower labour mobility
- States with higher rates of home-ownership have longer commute times
- States with higher rates of home-ownership have lower rates of business formation.

The study also noted that not all rental housing is equal. In public housing, labour mobility tends to be low and associated joblessness high. As a result, private rental housing is key for low unemployment.

The same relationship between high rates of home ownership and high rates of unemployment holds true across European countries. Here are the extremes: Switzerland has a home-ownership rate



of 30% and a 3% unemployment rate, while Spain has a home-ownership rate of 80% and a 25% unemployment rate.

As individuals, home owners are not unemployed more than renters. As a result, the exact connection between higher homeownership rates and higher unemployment is not clear, but the authors of the NBER study note the connection is incredibly robust and very worrisome. That should make governments re-think the tax advantages they now extend to homeownership, and the tax increases they have imposed on rental housing over the last four decades. ■

The NBER research paper can be downloaded at www.nber.org/papers/w19079.

SOCIAL MARKETING WEBSITES - A TOOL FOR LANDLORDS

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Twitter

- On Twitter, frequency (and quality) matter: 71% of all tweets are ignored. Just 23% generate a reply.
- 56% of customer tweets to companies are ignored.
- 50% of Twitter users are more likely to purchase from brands they follow.
- Unless you are participating in a Twitter chat, there's no point in tweeting more than four times per hour.

Twitter is the number two for social media sites and is quickly growing. #Hashtags are used to categorize tweets and the @ symbol followed by the Twitter name is used to direct tweets at a Twitter user. A tweet is a text message limited to 140 characters.

A word, phrase or topic that is tagged at a greater rate than other tags is said to be a trending topic. Trending topics become popular either through a concerted effort by users, or because of an event that prompts people to talk about one specific topic. You can use Twitter to talk about community events, rental promotions, or what is going on in your buildings.

LinkedIn

LinkedIn is a social networking website for people in professional occupations.

Pinterest

- Women constitute 80% of Pinterest users.
- 50% of users are parents.
- 80% of pins are repins.

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HOUSING POLICY GOING CRITICAL *continued from page 3*

agreements. CFAA is addressing the expiry of the agreements as an opportunity to improve how social housing operates. CFAA would like to see changes to:

- Promote choice for low-income recipients of housing support, so that each low-income household being assisted has the choice of direct financial assistance to rent in the private market, not only the choice of social housing.
- Promote rationalization among social housing providers so that they can serve low-income households better by making use of economies of scale and additional cross-subsidization.
- Promote access to social housing units by the hard-to-house, while other agencies make available the appropriate social service and mental health supports to ensure successful

tenancies.

- Ensure low income people have easy access to the range of social housing options open to them, without needing to make multiple applications.
- Ensure social housing continues to be available to those in need of deep subsidies, not just people who need shallow subsidies, or can pay market rent.

Other groups would also like to see governments and social housing providers make those changes. Since these changes are about making social housing and housing subsidies work better for people, CFAA is seeking support for those changes from FCM and the Canadian Housing & Renewal Association (CHRA). It remains to be seen whether that support will be forthcoming. ■

SOCIAL MARKETING WEBSITES - A TOOL FOR LANDLORDS

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- Pinterest and Tumblr are among the “stickiest” social media sites, each accounting for, on average, 89 minutes of time spent per month per user. That compares to 21 minutes monthly on average spent on Twitter, and 17 minutes on LinkedIn.

Pinterest is a pinboard-style photo-sharing website that allows users to create and manage theme-based image collections such as events, interests, and hobbies. Users can browse other pinboards for images, “re-pin” images to their own pinboards, or “like” photos. Create boards about your different communities, home décor ideas, local events, local places of interest, gardening or any number of topics that might appeal to your tenants.

Instagram and YouTube

Instagram is a photo sharing app and YouTube is designed to share video content. Both sites are great for getting visuals of your buildings out to the public. There are over 800 million active users who spend on average 15 minutes a day on YouTube.

CFAA and social media

CFAA will be creating a Facebook account and has active Twitter and LinkedIn accounts. Over the coming months more time will be dedicated to building the profiles of all of CFAA’s social networking sites. ■

CFAA ALLIED MEMBERS:

Gold

EnerCare Connections	RHB Magazine
Gottarent.com	Yardi Systems
My Ideal Home Network	Wyse Meter Solutions

Silver

Cohen Highley LLP	Landlord Web Solutions
Excel Collection Services	Noble Building Supplies
IRC Building Sciences Group	Places4Students.com
	RentMoola

Bronze

Assured Thermal Solutions	Pattison OneStop
bazinga! Technologies	Rent Check Credit Bureau
BCAP	Rogers Communications
Bentall Kennedy (Canada) LP	Sparkle Solutions
Carma Industries	Suite Collections
Enbridge Gas Distribution	Water Matrix
Coinamatic	WinMar Property
H&S Building Supplies	Restoration
InSinkErator	Zipsure.ca
Orkin Canada	

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