

***CANADIAN FEDERATION OF APARTMENT ASSOCIATIONS***

***SUBMISSION ON THE  
RIGHT TO ADEQUATE HOUSING***

***February 8, 2023***

Canadian Federation of Apartment Associations  
Suite 640 – 1600 Carling Avenue  
Ottawa, Ontario  
K1Z 1G3

John Dickie, President  
[jdickie@dickieandlyman.com](mailto:jdickie@dickieandlyman.com)

## EXECUTIVE SUMMARY

The main text is organized in the order of the consultation questions from the Consultation guide dated November 8, 2022. This Summary starts from a different perspective, and presents the key points CFAA thinks need to be addressed. It begins with a look at the size and nature of the housing and homelessness problem.

- CFAA and the rental housing sector support the right to adequate housing (R2AH) as defined by the National Housing Council.
- Achieving R2AH is the obligation of everyone in society, not just rental housing providers.
- The current housing system provides housing which is adequate (or better), suitable and affordable to 90% of the population of Canada.
- The current housing system provides housing which is adequate (or better) and suitable for another 8.5% (85% of the other 10%, but costs them more than 30% of their income.)
- Only 30,000 people are chronically or episodically homeless, which is less than one out of every 1,000 people in Canada.
  - Virtually all of them of serious financial problems
  - Many of them also have mental health problems or addictions<sup>1</sup>
- The housing system does not need drastic changes; it needs some improvements around the edges.
- Through the current rent control systems in most provinces, rental housing providers already subsidize the rents of many tenants.
- The improvements to the housing system will not be cheap. The cost of the measures to achieve R2AH needs to be paid for by all taxpayers, not just or mainly by rental housing providers or future housing consumers. Likewise, non-financial burdens need to be borne by society at large, not just by housing developers, or future occupiers.
- Due largely to government charges and taxes, and other barriers to housing development, housing supply and rental housing supply has not kept up with increasing rental demand.
- In a rental market with adequate supply, existing tenants can easily change homes as needed, and find alternate accommodation that meets their evolving needs at similar rents to what they are paying before they move.
  - However, when rental demand exceeds rental supply significantly, finding alternate accommodation is not easy, and conflicts arise.
  - Sufficient rental supply is critical for everyone to be adequately housed at affordable costs.

---

<sup>1</sup> This issue is not addressed in the Consultation Guide or this submission, but it is widely accepted as an unfortunate fact, which needs to be addressed, usually through supportive housing or supports attached to the person.

- The cause of the current housing shortage is myriad barriers to adding new supply in Canada's larger metro areas coupled with increased housing demand, fueled by increased immigration
- Critical barriers to adding new housing supply include:
  - The application of the HST/GST to the full value of new housing
  - Dramatically higher municipal and provincial charges including development charges, community benefit charges, cash in lieu of parkland and other charges
  - Approval delays due largely to political processes, including allowing local residents to convince their city councillors to block housing due to NIMBYism.
- The private sector plays the leading role in providing rental housing, but is held back by NIMBYism and excessive demands on developers (which are ultimately borne by new homeowners and new renters).
- Along with governments cutting back their charges and reducing their delays, homeowners need to contribute to achieving R2AH, including by accepting greater density in established neighbourhoods.
- Some tenancy terminations for demolition are necessary to provide more homes through more density. They should follow provincial law and due process, and largely do.
  - Periodically, some renters in existing low-rise rental buildings need to relocate so that more homes can be achieved in denser developments in central and convenient locations, reducing urban sprawl and its negative environmental effects.
- Some tenancy terminations for renovations may be needed to enable buildings to be renewed and upgraded safely, effectively and at the least cost, and to enable repairs to critical building elements which can only be accessed through rental units. They should follow provincial law and due process, and largely do.
- For renters, tighter rent control would provide only short-term gain (for existing renters), while causing renters as a whole (and themselves) serious long-term pain (since tighter rent control tends to reduce the supply of housing, and a shortage of housing is the underlying cause of the current housing crisis).
- The profit motive is not the cause of the current housing crisis. For a long time, and in many places around the world, housing provided through the profit motive has steadily improved the quality of housing and has served most people's housing needs well.
  - As well, the profit motive and the efficiency of markets create the wealth and income which enable adequate support to be directed to people in need.
  - Profit is already taxable, and contributes to the support of low-income people and the achievement of R2AH.
- The solutions needed to realize the right the adequate housing are:
  - adding more housing supply,
  - targeted solutions such as portable housing benefits,
  - building or acquiring more supportive and community housing, and
  - more and better social service and mental health supports for those who need those supports.

## TABLE OF CONTENTS

	<b>Page No.</b>
<b>Executive Summary</b>	2
<b>Part 1 – Introduction</b>	
Introductory note about this submission	5
About CFAA	5
The Definition of the Right to Adequate Housing	6
<b>Part 2 – Answers to the SHS/NHC Consultation Guide</b>	
Q1. How does your sector talk or think about the R2AH?	7
Q2. What are your thoughts about this definition of the R2AH?	7
Q3. What role does your sector play in supporting R2AH?	8
Q4. Do you see any tensions between the goals of your sector and R2AH?	9
Q5. What are some of the orthodoxies that would need to change to realize R2AH	10
Q6. What about “investing a maximum of available resources”	12
Q7. What role could the private sector play in avoiding violations of housing rights?	13
Q8. What is needed to shift cultural attitudes to support a sense of collective duty and responsibility for R2AH in Canada?	16
Q9. Is maximizing returns for both household and institutional investors in housing a tension in achieving R2AH?	18
Q10. Are there any other potential levers for change in realizing R2AH?	20
Q11. Is there anything else you would like to share with us?	20
<b>Part 3 – The normal path of buildings over time</b>	22
<b>Part 4 – The benefits of the exchange system, including the profit motive</b>	23
<b>Part 5 – The need for change and the role of the exchange system</b>	26
<b>Part 6 – Security of tenure: the rights which renters have now, and how rental housing providers engage with them now.</b>	28
<b>Part 7 – Specific comments on the directions for change in the Interim Report</b>	31
<b>Part 8 – Conclusion</b>	34
<b>Boxes with specific Information</b>	
The move-up effect – the connection between new supply and affordability	11
Costs of new rental development – sample for the City of Ottawa	15

## *PART 1 INTRODUCTION*

### **Introductory note about this submission**

SHS Consulting and Shift Collaborative are supporting the National Housing Council in holding a consultation about realizing the right to adequate housing. CFAA was approached by SHS Consulting to connect them with private sector rental housing providers who might be willing to participate in that consultation. CFAA provided contacts and took part in the consultation with a number of those private sector rental housing providers who volunteered.

(SHS had already prepared and provided the National Housing Council with an Interim Report summarizing the views and recommendations of people with lived experience and people providing services to people in core housing need. Those recommendations were made with no input from the private sector.)

This document began as a written response to the Consultation Guide dated November 8, 2022. The document was intended to provide more information than was provided at the two oral consultation sessions with the contacts CFAA provided. Part 2 of the submission consists of answers to the consultation questions in the order of the questions.

This document was then expanded to address the following topics, which should be addressed before action is taken or recommended based on the Interim Report:

- In part 3, the normal path of rental housing buildings over time
- In part 4, the benefits of exchange and the profit motive
- In part 5, the impact of our dynamic society, addressing the conflict between existing tenants in old, low-rise housing and the interests of the many new people who will usually occupy much denser developments
- In part 6, security of tenure
- In part 7, specific CFAA comments on the directions for change in the Interim Report, including many areas of agreement, and some areas of disagreement
- In part 8, conclusion.

With the additional information in parts 3 to 8, the document serves as a detailed CFAA statement on key issues related to the right to adequate housing.

### **About CFAA**

The Canadian Federation of Apartment Associations (“CFAA”) represents the owners and managers of close to 1.5 million residential rental homes and apartments across Canada, through 13 provincial and regional apartment associations, and direct memberships. In total, the private rental housing sector provides over 4 million rental homes for more than ten million people of all ages, incomes and situations. That includes two-thirds of the renters in core housing need each year. (Community housing provides housing for the other one-third of those low-income people and households.)

As direct members, or through our member associations, CFAA represents more than 15,000 rental housing providers of all sizes, ranging from “Mom and Pop” owners with just one or a handful of rental units, through investors with dozens or hundreds of units (often in scattered buildings, or in ownership groups or “syndicates, with a single apartment building), to large corporate owners and the private and publicly traded multi-family Real Estate Investment Trusts (REITs). Members’ properties are located in all provinces from coast to coast, as well as in the territories. Through our close connections with rental

housing providers and developers of all sizes in most areas, CFAA has access to information that is not readily available from other sources.

CFAA and our members believe that a healthy rental market contributes greatly to Canada's national well-being and economic prosperity. We believe that the policies we advocate will benefit not only rental housing providers, but also taxpayers, and renters at all income levels, including low-income renters and vulnerable populations. CFAA advocates government support for those who cannot adequately address their own housing needs.

CFAA and our members believe that rental housing providers and renters share a common interest in

- flexible and responsive rental markets,
- fair taxation of residential rental property,
- appropriate property standards to ensure tenant safety,
- high industry standards for customer service,
- balanced security of tenure, and
- adequate housing assistance that supports tenants' abilities to choose their housing and to move when and if they please.

### **The Definition of the Right to Adequate Housing**

The National Housing Council is using the phrase "right to adequate housing", abbreviated as R2AH, rather than the phrase "right to housing" (R2H). The Consultation Guide says "The **right to housing** ... should be seen as **the right to live somewhere in security, peace and dignity.**"

To be clear from the outset, CFAA supports the right to adequate housing as seen by the National Housing Council. As will appear below, CFAA and our members have some concerns about the details of implementation of the right to adequate housing.

## PART 2 ANSWERS TO THE SHS/NHC CONSULTATION GUIDE

### What does the “right to adequate housing” in Canada mean and look like to you?

1. *How (if at all) does your organization or sector talk or think about the R2AH? Is this language new or has it been socialized within your organization?*

CFAA talked about the right to housing before and when it was enacted under the National Housing Strategy Act between 2015 and 2019. CFAA’s leadership reported to the membership that the housing rights advocates assured us that the right to housing was about requiring governments to use various tools to make housing more available to low-income people and vulnerable populations, and NOT about forcing rental housing providers to make housing available

For the last six months, CFAA has presented material on the right to housing at our education events. In particular, at CFAA Rental Housing Conference 2022, we presented a breakout session in which Leilani Farha described her view of the right to housing, and a housing economist expressed his view. Leilani placed more emphasis on obligations of the private sector than she or anyone else had expressed to CFAA six or seven years ago. CFAA finds a societal obligation to achieve the R2AH acceptable, but not an obligation imposed on rental housing providers as a specific and limited group.

CFAA has also reviewed the current case law on the status of the right to housing under provincial law. The various Human Rights Codes and Acts make it clear that discrimination in rental housing is forbidden. Our members understand that clearly and respect that.

Pursuant to the *National Housing Strategy Act*, there is a right to housing in the fields of federal law and regulation. However, decisions of the Human Rights Tribunals and the Courts make it clear that there is currently no right to housing under provincial law.

“Right to adequate housing” (R2AH) is a term none of us at CFAA remember seeing before the Consultation Guide. That language is new to everyone in CFAA, and to our knowledge to everyone in the private rental sector. However, it appears to mean the same thing as the “Right to housing”, which is familiar to many of our members.

2. *What are your thoughts, feelings, or questions about this definition of the R2AH?*

This definition of the R2AH means “The **right to housing** ... should be seen as **the right to live somewhere in security, peace and dignity.**” (CFAA emphasis)

The use of the word “somewhere” is important. Other groups seem often to say, “the **right to housing is the right to live in security, peace and dignity.**” That could be taken to mean that everyone has the right to keep living where they are living now. That right is often extended to include the right to live in the present accommodation at the present rent, plus only rent increases at or below the rate of inflation. The right is often said to include the right to security of tenure and protection against forced evictions. (We are not sure what an unforced eviction looks like. And we do know that there need to be some evictions: to protect other tenants, to protect the property, and to achieve socially desirable goals such as urban intensification, deep energy upgrades, public infrastructure and numerous other changes in the use of properties.) Absent new government programs to pay the costs, there can need to be some evictions to ensure that tenants’ rents are paid, and rental housing remains viable.

CFAA prefers the definition the NHC has put forward. We can work much better with a right to live **in security, peace and dignity somewhere**, rather than a right to live where a person happens to be, at the rent they happen to be paying currently, if any, for all time. If a tenant cannot afford, or chooses not to pay, a rent increase or even their current rent, we believe that the private sector should not be

burdened with absorbing these costs. Governments and taxpayers are the proper sources of support for people in those situations.

### **How do you perceive your sector or organization's role in the R2AH?**

3. *Let's start with an understanding of your sector or organization's role today. What role, if any, does your organization (or sector, department, ministry, level of government) currently play a role in supporting and ensuring the R2AH? Generally, to what extent would you say your organization sees the R2AH as part of their responsibility?*

CFAA plays a role through education about compliance with laws and promoting best practices.

The private rental housing sector plays a major role because:

1. Responsible rental housing providers of all sizes respect the right of tenants and prospective tenants not to be discriminated against on any grounds protected under the Human Rights Codes.
2. For-profit (private sector) rental housing providers built and continue to provide more than 90 per cent of the housing that people occupy across Canada.
3. Unless impeded by misguided government policy moves, the private sector is likely to build and provide more than 90% of the new housing supply for the foreseeable future.
4. In each year<sup>2</sup>, private sector rental housing providers provide 2/3 of housing occupied by renters in core housing need. Community housing providers house only 1/3 of the renters in core housing need. Low-income people would be much worse off if the private rental supply were not available to them.
5. Like community housing providers, the private rental housing sector provides housing which is both safe (secure from a life-safety perspective) and provides a large measure of security of tenure. (See Part 6 for more details about security of tenure.)
6. Private sector rental housing providers provide property management services, including building maintenance, resolving tenant disputes and conflicts, capital repairs, building lease-up and rental, and cleaning, painting and repair on tenant turn-over, and as needed.
7. Rental housing providers cooperate with governments, and partner with social service agencies to assist renters with special needs. For example, many leading rental providers partner with social service agencies to provide housing to people with various needs, including mental health issues, or to recent immigrants (including refugees).
8. When a person tours most large rental buildings, they can easily see that renters form a mosaic of different races, ethnicities and religions. Larger rental building often have accessibility options for tenants with special needs. The industry provides various affordable and lifestyle options, catering to different needs; and many new immigrants call apartments their first home in Canada.

---

<sup>2</sup> CFAA places emphasis on "each year" because households move in and out of core housing need in large numbers. The data shows that more than 85% of households in core housing need are there only because they have to pay more than 30% of their household income for their housing. (Canadian Alliance to End Homelessness proposal of January 2023 for a Homelessness Prevention & Housing Benefit). CMHC's longitudinal studies have shown that of the households in core housing need in any year, 1/3 of them move out of core housing need the next year, while other households move into core housing need. In the next year, another 1/3 of households move out of core housing need, and other households move into core housing need. Only about 4% of total households remain in core housing need persistently. That matches the 4 or 5% of households who are persistently poor.



9. Most rental housing providers embrace tenants of all walks of life. Over recent years, many large rental housing providers have centralized their tenant screening and acceptance procedure. That actively removes most elements of human bias from the tenant screening and acceptance process. While CFAA's members do not maintain statistics on the various demographics who call our buildings home (due to human rights and privacy rights issues<sup>3</sup>), the diversity of our tenants is evident within the walls of most rental buildings.

It is very likely that people in rental housing do not generally use the term R2H or R2AH as part of their role. Human rights come to the fore in screening tenants, and in development and re-development decisions. Most people in rental housing merely need not to discriminate according to the current human rights rules, and almost all follow those rules.

**4. *Now, let's envision a world where we've realized the right to housing in Canada. What might your organization's role look like in this future where we've moved towards the R2AH in Canada? Do you see any strategic alignment or tensions between the goals of your organization and this future?***

- a. *Are there any big shifts that would take place?*
- b. *What challenges or opportunities might your sector face?*

The rental housing industry is ready to work with governments at all levels to move toward the progressive realization of R2AH. The industry's role would best be to do what we do best, namely providing rental housing in a cost-effective manner. We are not social workers, although we cooperate with social workers and social agencies. It is not our role to redistribute income, although we work with governments to provide rent-gear-to-income housing, to house immigrants, and to house almost everyone in need of housing. We can do more, but we cannot do everything that some advocates would like us to do.

- a. *Are there any big shifts that would take place?*

Governments need to understand that they have erected many unnecessary barriers to the development of rental housing, and thereby inhibit the rental housing market from reaching a healthy equilibrium with a stable vacancy rate between 2 and 3%. For governments to understand how housing policy and costs stemming from the three different orders of government impact the country's housing markets, and all the unintended consequences, would represent a "big shift".

Some tenant advocates have suggested driving the profit motive out of rental housing, leaving all housing to be provided by the non-profit sector. For-profit rental housing providers are not able to become non-profit housing providers. Canada's economy is a market economy powered by the free exchange of labour, goods, services, capital and property. Canada owes its success as a wealthy, developed nation to the success of markets in allocating labour, goods, services, capital and property, and because of the success of markets in enabling scientific and technological change. Our wealth today has been generated in large part by the operation of free markets for labour, goods, services, capital and property.

---

<sup>3</sup> For decades, housing or service providers of all types were not supposed ask questions about prohibited grounds of discrimination, or to maintain records based on that information. Asking or recording membership in protected grounds was seen as raising the risk of discrimination, contrary to the Human Rights Codes. Only recently has the Ontario Human Rights Commission suggested that housing or service providers collect data on whether customers fit into the protected grounds under the Human Rights Code. Even then it must be done with great care and sensitivity.

As a society, we cannot change our fundamental economic relationships AND expect our current income and wealth to grow, or even to continue as it stands today. It is the wealth generated by the success of markets in allocating labour, goods, services, capital and property in producing wealth that allows our society to provide support to low-income people at the rate we do today. (For more details, see Part 4.)

Governments should continue to play their role in enforcing laws and rules. They should also help the non-profit and community housing sectors to build capacity and continue to play their role of helping those in need. Governments can also support the private sector in developing and providing more affordable housing to people who need it. However, most people need to pay market prices for their housing, which is supplied to them by the markets for labour, goods, services, capital and property. Efficiently bringing together property, capital, labour, goods and services to create and provide rental housing is a major part of the value that the private rental housing sector provides, alongside the many other private, for-profit sectors of the economy.

*b. What challenges or opportunities might your sector face?*

It is unrealistic to think that the private market **home-ownership sector**, as large and widespread as it is, can be, or should be, converted into a non-profit or co-operative sector. It is also unrealistic to think that the for-profit (private market) **rental housing sector**, as large and widespread as it is, can be, or should be, converted into a non-profit or co-operative sector.

Governments can certainly seek to support the growth of the community housing sector (including non-profits), but it is unreasonable to think of replacing the private housing sector with a community housing sector which would have to become eight times larger than it is now.

Most of the purpose-built rental housing in Canada was built many decades ago during the 50's, 60's, 70's and some in the early 80's. Some of this housing has been well kept, while much of it needs major capital repairs or improvements. If the economic system that underpins the viability of the rental housing sector is changed to drive out profit, then Canada's rental housing stock will see the minimum of repairs and few improvements, thereby lowering the standard of housing and reducing the number of decent homes available to the burgeoning Canadian renter population.

**5. Let's assume we hope to collectively realize the right to adequate housing in Canada.**

*a. What are some of the orthodoxies (commonly held wisdom or truths) in your sector that may get in the way of change or create a tension between the realization of the R2AH and your organization's activities or goals?*

*b. What might enable your sector to play a key role in helping us realize the R2AH in Canada?*

The following are orthodox views held about the rental housing sector.

Among some people, an orthodoxy that needs to change is the view that profit is a bad, or that the profit motive is against society's interests. Without profit, the rental housing sector will not attract the investment necessary to adequately maintain and improve existing rental supply and to construct additional rental supply. The rental housing sector largely understands how markets works. Our sector understands the value of markets. Other people need to learn about the value of markets too.

Another orthodoxy is that housing development is very profitable. In fact, the development industry is highly competitive. Economic theory and sectoral studies indicate that while highly competitive industries can have upswings in profits from time to time, high levels of profit do not remain in place due to the high level of competition.

In rental housing development in particular, the usual problem now is that projects “cannot pencil.” That means the value after completion is not as high as the costs of development. In turn, that means people would have to lose money to build a new development. Yet the orthodoxy that development is highly profitable leads municipalities to impose ever increasing costs and requirements on rental developers, thus preventing rental development from taking place at the needed rate. (See the box at page 15 for an example of development costs.)

*b. What might enable your sector to play a key role in helping us realize the R2AH in Canada?*

What the private sector does best is producing and providing housing at the least cost, and with private investment capital. For practical reasons, most new housing is either high-end or mid-market. For two hundred years or more, low-cost rental housing in Western countries has most often come about by the aging of formerly higher rent housing.

New housing is inherently expensive. With today’s standards and regulations, no one can build affordable housing other than by building expensive housing, and subsidizing its costs, in one way or another. How does new high-end rental supply make affordable housing available? The answer is the move -up effect.<sup>4</sup>

*The move-up effect - the connection between new supply and affordability*

As some housing advocates note frequently, most new, market rental construction does not (directly) provided rental units at rents affordable to low-income households. What, if anything does new construction do that benefits people who need to pay lower rents? What follows is an example using figures for a city with expensive housing like Toronto or Vancouver. (Lower cost cities would have lower rents at each point, but the principle and progression would be the same.)

When new, expensive housing comes onto the market people who are well-off buy it or rent it, and usually move into it.<sup>1</sup> Let’s call them household A, and say they move into a new single-family home that costs \$4,000 a month to carry. Usually, they move out of housing which was less expensive, say a high-end apartment which rented for \$3,000. That frees up that apartment for another household to move up into. Let’s call them household B, who probably moved out of an apartment renting for \$2,200 per month. In turn, that frees up the apartment renting for \$2,200.

Household C moves into that apartment from a rental unit for which they paid \$1,800 per month. Household D moves into that unit from a rental unit for which they paid \$1,500 per month. Within very few months the new house costing \$4,000 has resulted in an available apartment renting for something close to \$1,500 per month.

The chain of moves can continue so that within a month or two more, there is an available apartment renting for \$1,200. Soon after that, a room may become available renting for \$600 or \$800.

For decades, this process has been documented by academics who study the housing market. However, this move-up or “filtering” process has not been working as well recently as it 50 or 40 or 30 years ago. The reason is that municipal and other charges and taxes have been piled on new housing developments, increasing the costs of new housing development, and reducing the supply of it.

<sup>4</sup> The move-up effect can be very local, which is a positive. One CFAA member found that about three quarters of the tenants who moved into a new building in Metro Vancouver come from the immediate neighbourhood, thus freeing up older more affordable housing in the vicinity of the new development.

Reducing barriers to new developments would help the private sector to realize R2AH through providing additional housing supply. The move-up effect will then function effectively to create more availability in the mid-rent and low-rent ranges.

According to recent data from Statistics Canada, the median individual income for economic immigrants age 25-34 (prime renter age), one year after receiving permanent residency was \$42,500 in 2019, which is approximately \$55,000 in 2022. That means that half of new young-adult economic immigrants earn more than \$55,000 per year. That is a 62% increase in a decade. Those earners can afford market rents for new rental product, especially if they live in couples, or pairs, resulting in a household income of over \$110,000. If the rental industry is prevented from building new rental homes to meet this demand, these new Canadians will rent existing, older rental units that has historically been the attainable rental homes for lower and middle income earners, thus “bidding up” the price of those rental homes.

Reducing barriers to conversions would also help the private sector to realize R2AH through re-purposing existing housing supply. Rooming houses are systemically suppressed in many cities, even though they are usually the lowest cost housing. A mix of private space and shared space is also preferred by many people who make use of rooming houses.

In order to maintain the supply of rooming house units, all requirements for upgrades within rooming housing should be matched with programs to fund those upgrades.

### **The Pathway to Realizing the R2AH in Canada - Testing some potential levers for change**

**Lever 1: Maximum available resources: ensure we are doing everything we can to make this vision a reality (e.g., funding new programs, services, initiatives).**

6. *Human-rights-based approaches to the R2AH require governments to “invest a maximum of available resources” to this issue. What does this statement mean to you and what could this investment of resources mean for the private sector?*

CFAA believes that whatever body adopted that requirement as a rule did not think through the implications. Government resources are used to address many of society’s needs including health care, education, old age security payments, roads and public transit, public safety and national defence. It is illogical to demand maximum resources on meeting R2AH; instead, the desirability of meeting R2AH more fully needs to be balanced against the desirability of meeting more fully each of society’s other needs.

Within rental housing, there are also numerous competing demands, including paying for the operating costs, the financing costs, the employee costs, repairs, major capital repairs, building life safety needs, building upgrades, and making buildings more environmentally friendly. And beyond all of those costs that flow out every year, buildings have to generate return on investment so that property owners will incur all the other costs, and make more investments in new supply to meet the ever-increasing demand for more rental housing.

There are tensions between all of those competing demands, because they all need to be satisfied to a reasonable degree. An optimal result is not achieved by putting “a maximum of available resources” into any one or two of them.

Because of rent control in most provinces, most rental housing providers are providing most of the housing they own at rents which are below the market rent for those units. Because rent control is a

blunt instrument, much of the benefit of rent control is received by reasonably well-off people, who do not need the help. Some of the benefit is received by low-income people, but equally some of the cost of the help is borne by landlords who are also not wealthy, nor in receipt of high incomes.

A more efficient way to use society's resources would be to eliminate the unnecessary transfers (and especially the transfers in the wrong direction!), and to provide the assistance needed to low-income people in a targeted way, such as through portable housing benefits and rent supplements.

*A second possible meaning of "investing a maximum of available resources"*

CFAA has also heard that the notion of "investing a maximum of available resources" to the right to housing really means using the available resources in the most effective way possible to address the deepest needs first. Understood that way, the concept makes much more sense to CFAA. The most egregious breach of the right to adequate housing is experienced by people who are homeless. However, large amounts of money are spent on building new community housing for people who are already housed suitably and adequately, but who are paying more than 30 per cent of their incomes on their rents.

Applying the lens of targeting the worst breaches should mean that chronic homelessness is eliminated before lesser ills are addressed. Homes would be available for all, before affordable homes are built, bought or subsidized for those in need of assistance with the affordability issue. Within affordability, the worst affordability problems would be addressed before the less severe affordability problems.<sup>5</sup>

**Lever 2: Engagement with and accountability to rights claimants, with legal recourse: ensure people with lived experience are involved in shaping the vision, evaluating progress, and that they have clear avenues to seek legal recourse, when necessary (e.g., legislation, policies, metrics, engagement channels).**

7. *What role could the private sector play in helping ensure that people's rights are upheld and in preventing violations of housing rights?*

a. *What are the unique contributions or strengths the private sector can bring to this initiative?*

b. *What is needed to support the private sector in leveraging and contributing their unique strengths?*

Let's look at this from several perspectives.

Private sector rental housing providers routinely engage with tenants as rights holders. Once a person has signed a valid lease, they have the right to occupy the rental unit. That right can only be taken away from them if the rental provider has a legally sanctioned reason, and follows due process of law. In most provinces, tenants have strong security of tenure because the property owner can only end their tenancy for a reason specified in the applicable legislation governing rental housing.

Some of the language of the tenant advocates suggests that landlords can evict tenants at any time the landlord chooses. In fact, the laws of all provinces and territories limit the ability of landlords to evict

---

<sup>5</sup> That is not the case now, because many people who live in community housing receive rent subsidies to reduce their rent to 30% of their income, even though many people outside community housing are paying more than 50% of their income on rent while receiving not receiving help to bring them down to say 40 or 50% of their income.

tenants. To terminate a tenancy during its term, all provinces require landlords to prove a serious reason for the termination.

Either during and at the end of terms of tenancies, Ontario landlords can give notices of termination to tenants alleging one or more of the applicable grounds for termination. If the tenant disputes the facts of the situation, the landlord can only proceed to seek termination by making an application to the provincial landlord-tenant tribunal. That is a formal eviction. Forcible private evictions, with the locks changed and the tenants' belongings put on the street, were ended in Ontario in 1972 (fifty years ago), and at around that time in the other provinces. Any significant action by a residential landlord to pressure the tenant to vacate is a provincial offence.

However, landlords are entitled to negotiate with tenants, and to offer them incentives to vacate, which save the landlord the time and work involved in pursuing a formal eviction. Tenants can obtain money or other concessions to which they are not entitled by law, in exchange for leaving without making the landlord go through the formal process. In almost all areas of legal disputes, it is the policy of the law to encourage dispute resolutions by agreements to settle. Residential tenancies law is no exception.

In the case of violations, which are limited in extent, tenants have processes to claim their rights. Ontario and other provinces have enforcement units, which investigate complaints that landlords have violated the rules. Ontario and other provinces, and several major cities, provide information for tenants about their rights. See Part 6 for more details about grounds for evictions, formal and informal evictions, and existing protections for tenants.

In most provinces, rents are controlled, especially for tenants who renew their tenancies. Rental providers are required to provide rental housing at less than tenants as a whole would be willing to pay. Such rules apply to virtually no other major classes of essential products: food prices are not regulated, clothing prices are not regulated, most drug prices are not regulated.

Because of rent control (which is not tied to tenants' incomes), rental providers are limited in their resources to upgrade rental buildings and meet other social goals such as addressing climate change.

Those limits and the lack of targeting of rent control reduce the contribution the private sector is able to make to maintain and upgrade existing housing, and especially rental housing, and to increase housing supply. However, despite the general impediments imposed by rent control, vacancy decontrol and an exemption for new construction enables the private sector to mobilize and apply investment capital both to increase housing supply, and maintain and upgrade existing housing. That is a huge contribution to making housing available to everyone who needs it.

Another major contribution the private sector makes is to manage building operations to achieve the optimal level of service at the least cost. Through the market process, renters looking for a new home can choose the mix of services (and amenities) and rent level they prefer. Through the market process, renters also factor in the location of potential homes. The market process balances supply and demand for housing of different types (ground-oriented<sup>6</sup> or apartment living), in different locations, and of different qualities (and amenity packages).

Private market housing offers many choices, and demands minimal effort from tenants other than paying their rents on time and not disturbing their neighbours. It also offers the flexibility to move at minimal costs to respond to job moves and other life changes.

---

<sup>6</sup> Ground-oriented housing is housing with a direct entry off the street (or at least direct access to a backyard), rather than the need enter through a lobby and no access to a yard from within the rental unit. Rented single family homes and townhouse rentals are examples of ground-oriented housing.

Absent government incentives or concessions, the private sector now finds it very difficult to justify developing rental housing even at full market rents. Such development was attractive between 2014 and 2020, but the supply chain problems resulting from the pandemic raised construction costs. In addition, in 2022, interest rates and net capitalization rates have increased, thus inhibiting new development. See the box for the cost of rental development and the effect of higher interest rates.

*Costs of new rental development – sample for the City of Ottawa*

Consider a rental building in Ottawa with 215 units. The total cost would be \$87.5M, or \$390,000 for each one-bedroom unit. That cost is made up of \$258,000 for construction (67% of the total); \$42,000 for land (11%), \$41,000 for government charges and fees --- including HST (10.5%), and \$49,000 for initial and interim financing, professional fees, marketing and project management (12.5%).

The one-bedroom unit would rent for \$1,900 per month. The property taxes and other operating costs would be \$665 per month, leaving \$1,235 to pay for the financing of the capital cost. With an interest only payment, \$1,235 would be covered if the interest rate were 3.8%.

However, mortgages also usually require a principal repayment. At 3.8%, the total mortgage payment would be \$2,010, so that the developer would be paying out \$2,675 per month, which is \$775 more than the monthly revenue for the unit.

With an interest rate below 3.8%, the developer makes a small profit, even though they experience a substantial negative cash-flow. With an interest rate above 3.8%, the developer loses money, and experiences a larger negative cash-flow. Fixed interest rates are now above 3.8%.

With an interest rate of 4.5%, the interest only payment would be \$1,462, for total costs of \$2,127 (= \$1,462 + \$665), and a loss of \$227 per unit per month. With a 25 year amortization, the monthly mortgage payment would be \$2,159, for total costs of \$2,824, and a cash-flow shortfall of \$924 per unit per month. For the building as a whole, the cash-flow shortfall would be \$2.4M per year.

*The costs are as estimated by Altus for Federation of Rental-housing Providers of Ontario (FRPO), at February 2022. The interest payment calculations are by CFAA.*

In the economic climate of Q1 – 2023, developing private market rental housing will require government support or concessions to reduce costs to offset the higher construction costs, interest rates and net capitalization rates.

Developing modestly affordable housing will require subsidies in addition to what the private market needs for market rent housing; and developing deeply affordable housing will require much deeper subsidies. All those needs also apply to not-for-profit developers as well.

A variety of government actions can facilitate or encourage housing development, whether subsidized housing, market rental housing, or entry level or even mid-level housing meant for owner-occupation.

Key examples include:

- An expeditious, efficient and reliable process for development approval
- Modest and certain fees and charges
- Modest requirements for parking, or for land for parkland (or cash in lieu)

- Little or no requirement for public art, childcare facilities or other public facilities (which are best provided through general tax dollars)
- The ability to develop with unit sizes and lot sizes that appeal to the buying public, and enable developers to maximize density
- No Inclusionary zoning, unless equivalent value is offered in offsets (such as extra height or density)

Objection is sometimes raised that the private sector builds little or no housing at the low end of the market (i.e., at affordable or deeply affordable rents). Everyone should remember that the not-for-profit sector also has great difficulty developing housing at affordable or deeply affordable rents. That sector can only develop and rent at deeply affordable rents with large government subsidies, or with cross-subsidization from several long-established units for each unit of deeply affordable housing.

Various means are available to support affordable housing within market housing projects. They include:

- Rental RRAP (Residential Rehabilitation Assistance Program) programs to assist with repair costs in exchange for voluntary limitations on the rents of some units for some tenants
- The new CMHC MLI Select mortgage insurance program
- Inclusionary Zoning (when paired with offsets such as greater height or density)
- Other government subsidy programs
- Arrangements to allocate scattered rental units for people with mental health or other disabilities.

Often with greater efficiency, housing can also be made affordable through means such as:

- Rent supplement programs
- Portable housing benefits
- Private charity.

**Lever 3: A cultural and behavioural shift to collectively protecting housing as a right: ensuring everyone in Canada acknowledges the R2AH, shares a common vision and language, and works together to make it a reality through (e.g., policy, awareness, education, incentives, regulations, roles).**

8. *What is needed to shift cultural attitudes to support a sense of collective duty and responsibility by diverse stakeholders for the R2AH in Canada?*
  - a. *What might be needed for the private sector in particular?*
  - b. *What fundamental roles in the system do you see needing to change? [Think about roles as the 'job', 'function,' or 'responsibility' a stakeholder group holds. Consider all levels of government, citizens, non-profit organizations, the private sector, employers, etc.]*

Clearly, R2AH is not just an issue about rental housing providers.

The fundamental issue is that most of the time, most people care mostly about themselves and their own interests. Homeowners want the value of their property to rise, not to fall (or even to stay flat). Employees want to make more income rather than less, and they want prices to stay low rather than to rise. In that respect, investors are no different from most other people; they want the value of their assets to rise, and they want to make more net income rather than less.



The value of the market system is that it systemically benefits most people most of the time. Rental housing providers want to attract tenants and to achieve good rents. To do that, most rental housing providers keep their properties clean, attractive and in a good state of repair. They provide amenities if potential renters value those amenities more than it costs to provide the amenities.

People who are looking to rent compare rental properties and choose the one that gives them the best value; it may not be the least expensive, although among properties which are equal in other respects, potential tenants will normally choose the least expensive. With an adequate number of properties to choose from, the desire of rental providers for higher rents and the desire of tenants for lower rents balances out.

If supply is short or demand is up, then market rents will rise. If supply is up or demand is down, then market rents will fall. (We saw that happen for rental units in the core of cities or near post-secondary schools during the pandemic, when rental demand and rents fell sharply in those exact areas.)

Rising market rents also draw out new rental supply. We saw that happen between 2014 and now. Over time, everything else being equal, the new supply reduces rents. Of course, if rental supply rises by 5 per cent, while rental demand rises by 10 per cent, then rents will rise, not fall. But if rental supply rises by 10 per cent, while rental demand rises by 5 per cent, then rents will fall relative to other prices.

Developers' self-interest results in new rental construction when rents justify the expenditure of the costs of development, including all the development charges and the costs of delays when those municipal planning approvals are slow.

Because of NIMBYism, the perceived interests of home owners in fighting increased density pits them against the interests of new renters. Home owners like exclusionary zoning, insisting on large lots around them, and preventing the division of properties into flats or rooms even if flats or rooms are needed to house people with smaller households and lower incomes. Municipalities are also inclined to regulate to preserve the status quo, preventing many developments or re-developments which are needed.

When the rental market is tight, as it is now in 2023, the interests of existing tenants in stopping the demolition of their current homes pits their self-interest against the interests of new renters who would move into new rental homes. That fight plays out as if it is tenants against developers (and we all know who receives the sympathy of the public), but that fight is also between existing tenants and new tenants, as well as against intensification and housing the population of the future.

Politicians, housing advocates, the media and the public need to realize:

- that, with a growing population, intensification is necessary, and it often necessitates the demolition of existing low-rise housing
- that delays and uncertainty in development projects raise costs and tend to raise the market price (or rent) of new housing
- that building new housing is expensive, and that development charges, parkland dedication and community benefit charges raise the cost of new housing and need to be paid for by the buyers or renters of new housing
- that we do not need to be "save buildings", but rather to treat those living in old buildings well through the relocation process so that they can relocate to housing that is stable and affordable to them
- some of the people affected by relocations need little or no assistance, and have the incomes to look after themselves

- likewise, some of the renters who benefit from rent control do not need the benefit because they have the income to afford to pay market rents.

The fundamental cultural shift needed is the realization that one critical solution to ensuring that everyone has somewhere to live is that there be an ample number of places for people to live. In the context of rising housing demand due to demographics and immigration, a critical solution is to build more housing faster.

It is critical for everyone's well-being that the R2AH is NOT implemented in ways that slow down or decrease new housing supply, or that drive the existing rental stock into a state of receiving only minimal repairs, with no improvements to today's or tomorrow's standards

It would also be helpful to show people that big companies are not automatically bad. Many tenants realize that already when they choose to rent from large corporations or from REITs rather than from smaller rental housing providers. Most rental homes in Canada are owned by individuals. According to CMHC's 2017 research paper, that applies even to the purpose-built "universe" of buildings of three or more rental units. It applies even more among the secondary market of rented single-family homes, duplexes, doubles and condos. It would be counter-productive to apply the R2AH only to large entities, rather than to all rental housing providers. It would be counter-productive to apply the R2AH only to rental providers, rather than to all owners of housing. It would be counter-productive to apply the R2AH only to housing providers, rather than to all of society.

If the desire is to change the housing market, the most useful change would be to make equal the rules that currently apply differently to rental homes as opposed to owner-occupied homes. In many provinces and cities, a higher rate of property tax is applied to rental homes than to owner-occupied homes. Other municipal charges, such as garbage charges and water or sewer rates, often favour owner-occupied homes over multi-unit rental homes, rather than being based on the costs of the service for each type of housing. The capital gains tax applies to rental homes, but not owner-occupied homes. All of that differential treatment should be abolished.

CMHC's lending policies make it less expensive to buy a home for owner-occupation than to provide the same home as a rental home. Those policies should be leveled.

Another useful change would be to eliminate the stigma that currently applies to renting one's housing. In Europe, numerous countries have higher rates of renting than Canada does, and renting is not viewed as a failure in life, or as a temporary solution until one can afford to buy and own a home.

**9. One of the main perceived tensions that has been surfaced in our work to date on this issue is how a primary goal of our current housing system is to generate wealth by maximizing returns for both household and institutional investors in housing. This underlying function is seen by many as being fundamentally at odds with the goals of housing as a human right and was identified as contributing to, or linked to, several other barriers that people experience, including rising house prices, reduced security of tenure, and decreased supply of affordable and below-market rental units.**

*a. How do you in your organization or sector talk about this tension (if at all)? In other words, do you see this as a tension—how or how not?*

*b. What cultural, policy, and industry shifts might be needed to reconcile these tensions and ensure Canada is fulfilling its international obligations to implementing the R2AH?*

We don't see an actual tension between private sector profits and R2AH. The private sector can and does work very effectively to create and provide housing for the vast majority of Canadians. As laid out in the answers to Q8, the market system works very well most of the time for most people. It would be

counter-productive to suppress the market system (replacing it with some form of rationing or State provision of housing).

It is the market system which has produced the income and wealth which has made 90 per cent of the population well housed, and has enabled the extensive amount of income redistribution which we have already. See Part 4. **What is needed to achieve the R2AH is more and better targeted assistance for people with low-incomes and relatively high housing costs, as well as more housing supply to reduce market rents and house prices generally.** More housing supply can most effectively be produced by the private sector, responding to market signals.

As well, more and better targeted assistance for people with low-incomes needs to come from governments or charitable or non-profit institutions. If those institution can access patient capital or donations from people who want to help with housing support for the needy, all well and good. However, the bulk of funding for a major expansion of the non-profit approach would need to come from tax dollars. Tax dollars spent on housing cannot be spent on health care, childcare, subsidies to public transit, education or dental care.

Extractions from developers such as development charges, parkland dedication, community benefit charges and Inclusionary Zoning requirement without offsets, raise the cost of new housing, reduce new housing supply and are paid for by the buyers or renters of new housing. Having less new housing also keeps upward pressure on rents and housing prices, thus negatively affecting anyone who needs or wants new housing or more housing (whether due to increased family size or other reasons). Having less new housing negatively affects anyone who is new to the housing space, such as young people, new families, non-permanent residents, immigrants and people who need to move to allow intensification to take place to provide more housing.

To shift to a proper understanding of the issues, the following would be of assistance:

- broader understanding of the costs of housing development, including costs related to development-type charges and procedural delays imposed by government bodies
- broader understanding of the value of markets in efficiently meeting consumer demand and needs
- broader understanding of the negative effects of policies such as rent control
- broader understanding of the benefits and efficiency of targeted rental assistance, whether in the form of portable housing benefits or rent subsidies attached to rental units
- moving away from labels such "financialization", because there is little or no evidence that housing providers that some have labeled as "financialized" act in a less desirable manner than other housing providers
- broader public understanding of the negative effects of NIMBYism
- broader public acceptance to YIMBYism (Yes, in my backyard).

Non-profit housing providers can play a substantial role in much of that public education. Non-profit housing providers know:

- the negative effects of NIMBYism
- the positive effects of YIMBYism
- that intensification is necessary, and that it necessitates demolition of existing low-rise housing
- that delays and uncertainty in development projects raise costs and tend to raise what they need to charge for new housing

- that building new housing is expensive, and that development charges, parkland dedication and community benefit charges raise the cost of new housing, and need to be paid by someone, and that someone often needs to be the renters of new housing
- that the costs of maintaining older rental buildings is escalating fast. (Whether the buildings are held by a non-profit provider or for-profit provider, materials and labour to repair buildings cost the same.)
- That, in some provinces, rent controls limit the resources available to non-profit providers as much as they limit the resources available to market rental providers
- the benefits and efficiency of targeted rental assistance, whether in the form of portable housing benefits or rent subsidies attached to rental units.

It would be very helpful for non-profit housing providers to communicate those messages to the public, without at the same time criticizing the profit motive, as if it were evil, instead of a morally neutral way of organizing investment in housing construction and operation, and in the production of many other goods and services we all depend on, such as food and clothing.

Most experienced private developers know they are better off to work themselves to find alternate accommodation for people who need to be relocated for new developments. It would be helpful if more such work could be done by government-funded agencies, or in partnership with them. In some cases, newer or smaller developers and renovators could benefit from more education about the value of working to ensure people being displaced find adequate housing somewhere, and preferably somewhere close to where they live now. Those developers in particular would benefit from being able to use and support agencies which source or provide suitable housing for people being relocated.

### **Closing issues in the consultation guide**

#### *10. Are there any other potential levers for change you see in realizing the right to adequate housing?*

Since new developments are so critical for intensification, it would be helpful if new social and affordable housing (and new portable housing benefits) could be harnessed to ensure people who need to be displaced are suitably and affordably housed. Stronger partnerships between developers and non-profit housing agencies could assist in that regard.

Already, many private sector rental housing providers partner with CMHA or other health agencies or agencies supporting people fleeing domestic abuse to provide housing for people in need. More of those partnerships or collaborations across the system present opportunities to further the progressive realization of the R2AH. Rental legislation should be evaluated to ensure that it supports such initiatives rather than discouraging them.

Any and all changes to rental legislation should be evaluated according to its impact on new rental supply, among other impacts.

#### *11. Is there anything else you would like to share with us?*

CFAA and the rental housing industry are in favour of the realization of the right to housing. Our key concerns are:

- a) That the R2AH not gum up the provision of new supply through intensification, since new supply is crucial to meeting everyone's housing needs, including the housing needs of the comparatively small number of people who need to relocate to provide for intensification.
- b) That the R2AH is implemented in ways which leave rental businesses viable, and encourage the provision of new rental supply by the private sector.

- c) That the R2AH is implemented in ways which leave all rental housing providers able to serve the vast bulk of the population which is currently well-served.
- d) That the burden of implementing R2AH is shared equitably across society through taxpayer funding, and through an equitable sharing with homeowners, rather than the costs being placed predominately on rental housing providers, or on large rental housing providers or multi-family REITs.<sup>7</sup>

CFAA suggests a study of all key housing policy already in place, to establish their effects and to suggest best practices so that different levels of government can more easily refrain from creating policies that conflict with one another or with R2AH.

CFAA and the rental housing industry want to work cooperatively to find solutions to better achieve the right to housing for everyone. Currently 90 per cent of the population are well served<sup>8</sup>, and enjoy the fruits of the current housing system, in large part due to the many positive actions of the private housing sector. The best way forward is to preserve the value already being received, while extending better value to the low-income residents who are currently less favoured by the current market system.

A valuable way to extend benefits is to make more use of portable housing benefits. For historical and division-of-powers reasons, portable housing benefits are used much less in Canada than they are used in almost all other developed countries. Portable housing benefits can be very well targeted to the people who need them, and the cost of them is borne in an equitable way by society as a whole, so that the benefits do not interfere with expanding housing supply. In fact, portable housing benefits assist with expanding housing supply, by supporting demand for existing, relatively low-rent housing stock, thereby encouraging its retention and renewal at relatively modest rents.

#### *Further comments*

This document now turns to issues from other perspectives than the consultation questions, as follows:

- In part 3, the normal path of rental housing buildings over time,
- In part 4, the benefits of the exchange system, including the profit motive,
- In part 5 the need for change, and the role of the exchange system in responding to that need,
- In part 6, security of tenure, and the rights which renters have now, and how rental providers engage with them now,
- In part 7, specific comments on the directions for change in the Interim Report, and
- In part 8, conclusion.

---

<sup>7</sup> Placing the costs on rental providers would tend to reduce rental supply and increase rents, which is counter-productive to the goal of making housing more affordable.

<sup>8</sup> According to Statistics Canada, the percentage of Canadians in core housing need in 2021 was 10.1%. Many would agree that that figure is too high, but it still means that 90% of Canadians are NOT in core housing need; and so, the housing market is working for them.

### **PART 3: THE NORMAL PATH OF BUILDINGS OVER TIME**

Unless they are subsidized or built by non-profit housing providers, rental housing buildings are often built toward the high end of the quality and rent range. Even when built by community housing providers, new buildings are expensive compared to older buildings.

As buildings age, they deteriorate. Their finishes wear out and fall out of style. (Think of avocado-coloured appliances and bathroom fixtures, and orange shag carpet.) The building amenities fall out of fashion. As a result, the relative rent the units in the building can obtain in the rental market falls. With lower relative rents, the buildings are sought after by people who want to pay lower rents, usually because they have lower incomes. Thus, lower income people move in to take advantage of the lower rents.

Over time, older buildings rent for lower amounts than newer buildings. Thus, over time, older buildings decrease in relative value compared with newer buildings. Older buildings with lower market rents are called naturally occurring affordable housing (NOAH). There are four possible outcomes for NOAH buildings, or NOAH units:

1. NOAH buildings or units are refurbished by the rental operator, who pays for the refurbishment through higher rents over time. Refurbishment is more cost-effective when done to most or all of the units at the same time. The costs are less since the trades are mobilized, and material can be bought in bulk. The revenue lift is more since the refurbished units achieve a higher rent, and there are more units available earlier when the refurbishment is carried out all at once.<sup>9</sup>

Full building retrofits, done all at once, are especially advantageous when a deep energy retrofit is being done. Costs are high for those retrofits, and pipes or ducts often need to be run from unit to unit. Windows and cladding are often replaced. All those factors make it more economic and safer for the work to be done all at one time throughout the whole building, and with vacant units.

2. NOAH buildings or units are refurbished by the private-sector rental operator, who pays for the refurbishment through a government subsidy program, and maintains lower rents as the quid-pro-quo. As in outcome 1, refurbishment is more cost-effective when done to most or all of the units at the same time, since the costs are less, even if there is only modest revenue lift, but the cost savings are especially important if there is little or no revenue lift.

3. NOAH buildings are bought by a non-profit provider who continues to operate the units in an economical, low-upgrade approach. Over time, the units can be refurbished through a government subsidy program, or with somewhat higher rents. As in outcome 1, refurbishment is more cost-effective when done to most or all of the units at the same time, since the costs are less, although the revenue lift issue is removed for non-profit providers.

4. NOAH buildings reach the end of their useful life, and the only sensible thing to do with them is to demolish them and replace them (usually with much more housing achieved through higher height or greater density.) Replacement can be by a non-profit or by a private sector developer. The rents charged will be different depending on who develops the new building, but for either type of new building to be built, the old building needs to be demolished.

---

<sup>9</sup> Property owners have largely moved away from this approach because of the vocal opposition by tenant activists to the tenancy terminations needed to perform renovations to all units at the same time.

#### **PART 4: The benefits of the exchange system, including the profit motive**

In the Interim Report, the “financialization of housing” is cited as a top barrier to realizing the right to adequate housing by survey respondents and lived experts, who said:

There is a growing understanding that a primary goal of our current [housing] system is to generate wealth by maximizing returns for both household and institutional investors in housing. For example, rising land and housing costs are commonly perceived as positive growth indicators in our current financial system.

This underlying function is seen as being fundamentally at odds with the goals of housing as a human right and was identified as contributing to, or linked to, several other barriers that respondents experience, including rising house prices, reduced security of tenure, and decreased supply of affordable and below-market rental units. (p. 18, column 3)

In effect, the Interim Report blames the profit motive for being one of the causes of the current shortfalls in achieving the right to adequate housing. The Interim Report includes suggestions that would restrict rental housing providers. The Association of Community Organizations for Reform Now (‘ACORN’) and the Federal Housing Advocate also seem to want to remove profit entirely from the rental housing sector.

This part seeks to place the impact of the profit motive in a longer and larger context. Please bear with CFAA for a short journey through human history, adapted in large part from Steven Pinker’s 2018 book *Enlightenment NOW*, with brief appearances by economist Kenneth Boulding and historian Jared Diamond.

In his Pulitzer Prize winning book, *Guns, Germs and Steel*, Diamond explains human history in 425 pages, including setting out the stages of the development of societies from bands through tribes and chiefdoms to states.<sup>10</sup> Kenneth Boulding laid out what he called the three main organizing principles for human societies, namely love, force and exchange.

Love typically drives parents to support their children and vice versa. In the Middle Ages, love (and hope for salvation) drove members of religious orders to support the poor. It largely motivated Mother Theresa, although converting Hindus and Muslims to Christianity played a role for her. Love (or support for others) thrives today in families, charities, charitable giving and co-operative housing.

Force is the second organizing principle. Force was present in early societies in bands and tribes. As soon as chiefdoms emerged, force became more prominent. Chiefs imposed their will on members of the chiefdom by force. In states (including early cities), rulers controlled land and people (often using religion to support their right and obligation to do so). Rulers also collected taxes, both to organize agriculture and the production of goods, and to redistribute income, often to themselves and their kinfolk.<sup>11</sup> Those institutions were based mostly on force.

Force continued as a major organizing force through Greek and Roman times, the Middle Ages and into the modern era. Starting in the 1800s, the use of force gradually decreased. Force remains today in the

---

<sup>10</sup> Diamond’s summary of the transition of human society from bands through tribes and chiefdoms to states is found at pp. 268 to 269.

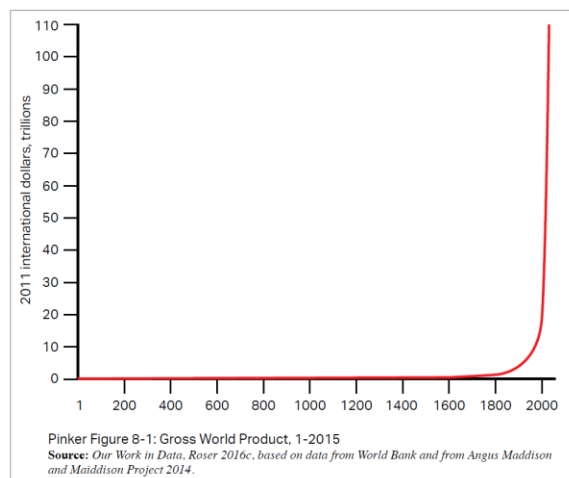
<sup>11</sup>ibid, p.269.

form of taxation, on income, on most capital gains, on the exchange of many goods and services, and on real estate, as well as in law enforcement.

The third organizing principle is exchange. Exchange had an early start, and then a checkered history. In bands and tribes, exchange was typically reciprocal and mostly done by barter: for example, fish were exchanged for cloth made from coconuts. As tribes grew into chiefdoms, money emerged, starting with seashells and extending to gold and silver coins. Societies advanced little overall, as most interactions were zero-sum. The strong used force to take from the weak, and societies moved up and down in wealth, without any major advances, despite the use of some exchange.

However, at about 1700 AD a major change began. As Pinker writes:

“A millennium after 1 CE, the world was a barely richer than it was at the time of Jesus. It took another half-millennium for income to double. ... Starting in the 19<sup>th</sup> century, the increments turned into leaps and bounds. Between 1820 and 1900, the world’s income tripled. It tripled again in a bit more than 50 years. It took only 25 years for it to triple again, and another 33 years to triple yet another time. The Gross World Product has grown almost a hundredfold since ... 1820, and two hundredfold from the start of the Enlightenment in the 18<sup>th</sup> Century.”<sup>12</sup>



As a result of the vast growth in income and wealth, today, starvation is rarely a threat<sup>13</sup>, medical care is vastly better<sup>14</sup> and much more income is directed to support for the poor, elderly and vulnerable<sup>15</sup>. Those beneficial changes have occurred to a greater degree in developed countries, than in less developed countries, but they apply practically everywhere in the World.

According to Pinker (and many other economic historians), the three causes of the tremendous growth of income and human welfare over the last two centuries are:

- The application of science and technology to improving material life<sup>16</sup>
- Institutions that facilitate the exchange of goods, services and ideas<sup>17</sup>
- A change in values in which commerce came to be seen as moral and uplifting.<sup>18</sup>

(The third key point is the recognition of the benefits of exchange and the profit motive --- which is exactly what ACORN, and apparently the Federal Housing Advocate, seem to want to drive out of housing).

<sup>12</sup> Pinker, *Enlightenment NOW*, pp. 80 - 81

<sup>13</sup> *ibid*, pp.68-78

<sup>14</sup> *ibid*, pp.62-67

<sup>15</sup> *ibid*, pp. 97-120, and especially pp. 107-110

<sup>16</sup> *ibid*, pp. 82-83

<sup>17</sup> *ibid*, pp. 83-84

<sup>18</sup> *ibid*, pp, 84-85



Over the last two centuries, science and technology came to be broadly and rapidly applied to human endeavor because of the institution of markets, the ability to raise and apply investment capital, and the freedom to seek and apply better ways of producing goods and services, and in turn of discovering and applying knowledge.

Efficient exchange replaced force and love as the way most production is coordinated. The growth in total income across society achieved through efficient exchange and the profit motive allowed for the application of more resources through the love principle (more support for the poor and more redistribution of income by governments), but exchange is not, and cannot be, based on the love principle. Instead, the exchange principle is primarily based on producers and suppliers making a profit and being rewarded by that profit.

Profit enables people and companies to expand and make more profit, while producing more or better goods and services. With markets, people who fail to make profits cannot stay in business. They leave the market and the resources they formerly used are then used by other people who can make profit by applying those resources in better ways to produce goods and services which people want and can pay for.

In today's society, it would be counter-productive to seek to drive the profit motive out of the housing sector. Profit making businesses can be regulated and channeled. The profit motive can also be limited to a degree<sup>19</sup>, or supported and used to advantage, but to seek to drive the profit motive out of any significant economic sector where it currently operates is to limit the exchange system, and to put at risk a portion of the massive gains which the exchange system and the profit motive have achieved for society and all of us within each sector.

According to Statistics Canada, the percentage of Canadians in core housing need in 2021 was 10.1 per cent. Many would say that that figure is too high, but it still means that 90 out of every 100 households in Canada have access to housing which is in good repair, suitable in size, and affordable to them. The 10 households out of 100 which do not live in such housing (or have access to it) in any given year, lack the income to afford suitable housing in good repair at 30 per cent or less of their incomes. Many occupy suitable housing in good repair, but are paying more than 30 per cent of their incomes for their housing. To address this percentage difference, these households would benefit greatly from a rent subsidy to bring the rent they pay within (or closer to) the standard affordability test, but they do not need new or different housing. (In January 2023, the Canadian Alliance to End Homelessness ("CAEH") released its "Proposal for a Homelessness Prevention & Housing Benefit". CFAA wholeheartedly supports that proposal.)

According to the Homeless Hub of the Canadian Observatory on Homelessness, there are 13,000 to 33,000 people who are chronically or episodically homeless, which is less than one out of every thousand Canadians. They are in much worse condition, of course, but they are few in number, and the intelligent solution is not to dismantle or ban the system which works well for 90 per cent of the population, and is close to working well for the remaining 10 per cent of the population.

The intelligent solution is to add additional supplements to the housing system to the supplements already there, to address the needs of the small percentage of the population whose needs are not served sufficiently well by the private housing system. The CAEH proposal would be a wonderful start on that too.

It would be counter-productive to try to drive profit out of the housing system.

---

<sup>19</sup> As is done in the current rent control systems for example.

## **PART 5: The need for change and the role of the exchange system in responding to that need**

In Canada in the 21<sup>st</sup> Century, we live in a dynamic society, i.e. a society which experiences changes. In particular, the optimal use of particular land changes over decades or sometimes over just a few years.

By way of example, 100 years ago, well-off people wanted to live close to the centre of cities. In fact, most people did, but because that was what most people wanted, well-off people won the bidding to live there. Middle income or low-income people lived further out, or in more crowded conditions, or both. Then the arrival of the automobile ushered in suburbs, and many well-off people decamped to the suburbs, leaving low-income people in the then less-desirable areas relatively near city centres.

Over the next decades, family formation patterns changed. Today, many childless people, or couples with one or two children, want to live close to the centre of cities, even though that often means living in a high-rise apartment or condo building.

Technology also changes, in particular in building construction and elevator design. The invention of the high-speed elevator enabled the creation of the modern skyscraper. While first used in office towers, high-speed elevators also enable high-rise apartments. Laws also change. In particular, the Condominium Act enabled high-rise apartments to be owner-occupied as well as being rented, or to be rented by the owner of individual suites.

With each shift in consumer demand, the challenge for the housing sector has been to respond to that new demand with new supply, using the latest technology and the current law. Currently, in many urban areas, that often means replacing low-rise rental housing with high-rise, high amenity rental housing and condominium apartments.

### **Municipal charges, including rental replacement**

Replacing low-rise rental housing with high-rise, high amenity rental housing takes us directly to rental replacement, which is a key source of conflict involving the right to adequate housing. Tracts of land where 10 or 20 old, low-rise rental units are currently situated, can provide the site for 100 or 200 or even 400 new high-rise rental homes to meet current housing demand.

Developers assemble land in part by buying old, low-rise apartment buildings, or other low-rise housing. When they have assembled a site of sufficient size, they seek to re-develop it. They may need a substantial up-zoning. If so, they are faced with delays in planning approvals to achieve modern height limits and site coverage limits.

Then, developers face high construction costs, development charges (DCs), parkland dedication (or cash-in-lieu of parkland), community benefit charges, and compensation for tenants who need to vacate, IZ units and rental replacement units.

All of those costs inhibit housing re-development. Taken together, those costs can easily act as a barrier to housing re-development. Depending on the project, specific costs within that bucket can mean a project is not economically viable. See the box on page 15 for a sample set of total costs, including the City of Ottawa rates for development charges (DCs), parkland dedication and community benefit charges, but not any compensation for tenants who need to vacate, IZ units, or rental replacement units.

The rental replacement issue is a key element in the intensification of many under-used urban sites. The interests of existing tenants in existing buildings need to be balanced with the interests of the much greater number of people who will be able to live in new homes built on the sites of

old low-rise buildings. Greater density is essential to meet the housing needs of Canada's growing population.

Any new rules which raise the costs of new housing developments or cause delays in new housing developments need to be carefully considered, taking into account the interests of people who want to buy or rent new housing, and the interests of developers who want to make that new housing available, as well as the interests of the people who live in the low density, old housing stock which needs to be demolished to make way for the new higher density housing stock. (Other interested parties may be people who own homes next to a development site, who would rather have a three old, two-storey buildings with nine tenants rather than a new high-rise with 300 tenants or owners.)

For the most part, private developers are the people who take the many varied steps necessary to create a project plan, assemble land, design a new building, obtain planning approval, pay the development costs, compensate out-going tenants, obtain construction financing, organize construction, and then market and rent up the new building.

Because of the money, risks and skill sets involved, it is difficult for government agencies to organize housing developments. For the same reason, hardly any non-profits or co-operative housing providers currently have the necessary capacity. Within the private sector, only a limited number of developers have the necessary capacity, but they can more easily create the capacity by bringing together the skill sets and the necessary investment capital. Those who invest the capital need to be rewarded for the use of that capital, and the risks that are involved in applying it.

Advocates attacking the profit motive, and attacking private development, raise the perceived risks of investment in new housing, and especially in new rental housing, thus inhibiting new supply and making people who need housing worse off.

The same applies to advocacy for greater security of tenure, and for "maintaining the adequate and affordable housing stock we now have." Taken together those goals seem to call for taking away the current ability to achieve intensification. As noted above, such changes serve existing occupiers (or owner-occupiers), while preventing the housing sector from addressing the needs of a much larger number of future occupiers.

As stated by the National Housing Council in its recent work, the right to housing should best be seen as "the right to live somewhere in security, peace and dignity." The right to housing is not to be seen as "a right of a person to live in their present accommodation at the present rent." That latter interpretation of the right can often create serious conflict between those who enjoy that right (existing occupiers), and those who are not able to obtain housing due to restrictions in housing supply (future occupiers).

## **PART 6: Security of tenure: the rights which renters have now, and how rental providers engage with them now.**

*In the Consultation Guide, there is reference to Lever 2: “Engagement with and accountability to rights claimants, with legal recourse: ensure people with lived experience are involved in shaping the vision, evaluating progress, and that they have clear avenues to seek legal recourse, when necessary (e.g., legislation, policies, metrics, engagement channels).”*

Private sector rental housing providers routinely engage with tenants as rights holders. Once a person has signed a valid lease, they have the right to occupy the rental unit. That right can only be taken away from them if the rental provider has a legal sanctioned reason, and follows due process of law. In most provinces, tenants have security of tenure because the property owner can only end their tenancy for a reason specified in the applicable legislation governing rental housing.

Some of the language of the tenant advocates suggests that landlords can evict tenants at any time the landlord chooses. In fact, the laws of all provinces and territories limit the ability of landlords to evict tenants. To terminate a tenancy during its term, all provinces require landlords to prove a serious reason for the termination. In some provinces that can be a serious breach of a material term of the tenancy agreement. Ontario goes further: **regardless of the terms of the tenancy agreement, landlords can only terminate for specific reasons listed in the *Residential Tenancies Act***. Those grounds consist mainly of:

- Illegal acts (N6)<sup>2021</sup>
- Seriously disturbing other tenants or the landlord (N5)
- Undue damage to the property
- Not paying rent (N4)

Even at the end of a tenancy, most provinces restrict terminations. For example, in Ontario, terminations at the end of a lease can only take place in these situations:

- The landlord intends to live in the unit for one year or more (N12)
- The landlord intends a close family member to live in the unit for one year or more (N12)<sup>22</sup>
- The landlord intends to perform a major repair or renovation to the unit, which requires a building permit and vacant possession for the work to be done (N13)<sup>23</sup>
- The tenant has been persistently late in paying the rent (N8)<sup>24</sup>
- Tenancies tied to a special situation such as the rental of a condo prior to the condo registration, or tenancies provided to employees of an employer (N8).

Either during and at the end of terms of tenancies, Ontario landlords can give notices of termination to tenants alleging one or more of the applicable grounds for termination. If the tenant disputes the facts of the situation, the landlord can only proceed to seek termination by making an application to the

---

<sup>20</sup> The tribunal’s case law establishes that the illegal act must be a serious one that affects the tenancy, such as assaulting another tenant or the superintendent, or stealing from another tenant.

<sup>21</sup> The N# indicates the number of the notice in Ontario. That N number is often used as a short form for the ground of termination, as in an N4 or an N12.

<sup>22</sup> If a close family member lives or will live in the building, then a landlord can terminate a tenancy to use the unit for a caregiver to provide care for the close family member.

<sup>23</sup> The tenant has the right to compensation of between one and three month’s rent, and has the right to return to the unit at the old rent.

<sup>24</sup> The late payment has to be very persistent, such as 9 months out of the last 12, and 4 months out of the last 4. Even then, the tribunal will almost always put the tenant “on terms”, so that if they pay on time for the next 12 months, they keep their tenancy.

provincial landlord-tenant tribunal. That is a formal eviction. Forcible private evictions, with the locks changed and the tenants' belongings put on the street, were ended in Ontario in 1972 (fifty years ago), and at around that time in the other provinces. Any significant action by a residential landlord to pressure the tenant to vacate is a provincial offence.

However, landlords are entitled to negotiate with tenants, and to offer them incentives to vacate, which save the landlord the time and work involved in pursuing a formal eviction. Tenants can obtain money or other concessions to which they are not entitled by law, in exchange for leaving without making the landlord go through the formal process. In almost all areas of legal disputes, it is the policy of the law to encourage dispute resolutions by agreements to settle. Residential tenancies law is no exception.

In Ontario, the Ministry of Municipal Affairs and Housing has an Enforcement Unit, which investigates complaints about violations of the law by landlords (or tenants), and can initiate prosecutions.

Other provinces have similar rules and various enforcement provisions.

### Formal and informal evictions

Figure 1 sets out the different categories into which evictions can be classified. “Informal evictions” occur when landlords communicate informally that they are not happy with tenant behaviour, such as paying the rent late, or disturbing other tenants. When other rental units are readily available at a similar rent, tenants sometimes leave to find a landlord “who will not bother them as much”. However, if the tenant does not leave voluntarily, then, to proceed, the landlord needs to use the formal eviction notice, and make an application to the provincial tribunal, unless the tenant vacates pursuant to the formal notice.

Both informal and formal evictions are usually legitimate in that the tenant has often been late with the rent, or has substantially disturbed their neighbours. Or in the case of renovations, the landlord genuinely intends to do the major repairs or renovations, and they require a building permit and vacant possession, meeting all three requirements of provincial law.

It is only if the facts are different from what the landlords claims that one can accurately call the eviction illegitimate. Tenants can dispute requests to leave on the basis that the facts do not justify termination. In almost all cases, all the tenant needs to do is to continue living in the rental unit, and it is up to the landlord to make an application (which the tenant can dispute at the tribunal.)

**Figure 1: Different eviction categories**

	<b>The process used (or the stage reached: (read across))</b>	<b>Informal</b>	<b>Formal</b>
<b>The substantive grounds and their match to the facts: (read down)</b>		Oral communication, written communication, offers to waive rent or to provide compensation	A notice of termination, and if need be, an application to the tribunal
<b>Legitimate</b>	The reason is among those listed in the provincial law, and the facts fit the reason.	Smaller landlords tend to communicate informally. Larger landlords tend to use	To terminate a residential tenancy, all landlords need to use the formal process if they cannot reach a

		the notices earlier, since the notices of termination must be used before an application can be made to terminate the tenancy.	resolution with their tenant which is satisfactory to them. In almost all cases, tenants can choose to take no action, which will require the landlord to apply to the provincial tribunal for a dispute resolution process and the adjudication of the parties' rights.
<b>Illegitimate</b>	Either the reason is not within provincial law, or the facts do not fit the reason advanced.  (For example, an eviction for renovations would be illegitimate if the landlord did not genuinely intend to perform the renovation, or did not in fact perform it.)	Provincially funded resources for tenants educate and advise tenants about their rights to remain as tenants unless their landlord has a legitimate ground to end their tenancy.	Provincial law includes measures to prevent illegitimate evictions, for example, information about tenants' rights on the required notices, AND the required hearing process.
		Provincial law provides remedies if the landlord's action is illegitimate.	

**PART 7: SPECIFIC COMMENTS ON THE DIRECTIONS FOR CHANGE IN THE INTERIM REPORT**

This section lists certain directions for change set out in the Interim Report, with which CFAA is particularly concerned, either in support or in opposition. Each direction is followed by CFAA’s position in capital letters, sometimes in capital letters for emphasis.

<b>Suggestion by service agencies and/or people with lived experience</b>	<b>CFAA position</b>
To address housing need, focus on the income of low-income households (PDF page 40, column 3)	STRONGLY SUPPORT
Implement a nation-wide Inclusionary Zoning policy so that a portion of every multi-family dwelling is rent-geared-to-income. PDF p. 42, col. 3	OPPOSE, unless there are: sufficient offsets to make up for the increased costs so that ample supply is built, AND reasonable exemptions for small and medium size developments
Dedicate resources to creating a more diverse range of built forms and tenures, including tiny homes, cooperative housing, and supportive housing. (PDF p. 42, col. 3)	Accept.
Make housing and income subsidies portable so people in Canada can “take their benefits with them” and live in their communities and housing options of preference. (PDF p. 42, col. 3)	STRONGLY SUPPORT
Consider a wide range of redistribution methods and funding sources, such as increasing taxes on top income earners to direct specific funds to those in greatest need in Canada. (PDF p. 43, col. 2)	OPPOSE
Adjust the taxation rate on capital gains for primary residences in Canada to reduce the wealth gap between homeowners and nonhomeowners. (PDF p. 43, col. 3)	CFAA is in favour of balancing the tax treatment of the rental and ownership tenures by reducing the capital gains tax on rental housing, rather than increasing the tax rate from zero on capital gains on principal residences
Take on a more vital role in addressing and limiting the impacts of market forces on housing affordability. <ul style="list-style-type: none"><li>• Implement strict policies and regulations to protect housing costs from escalating.</li><li>• Employ strict rent controls for rental units, especially for “secondary rental” (where individuals invest in properties they rent out).</li></ul>	OPPOSE ALL  Costs increase, and money needs to be spent to maintain and improve rental buildings  In most provinces, rent control applies to rental units in the secondary market (as well as the purpose-built market). CFAA opposes any steps to tighten rent control, as such steps would be counter-productive to achieving more rental housing supply, and maintaining and improving the current rental supply.

<ul style="list-style-type: none"> <li>• Increase taxes on vacant buildings or units.</li> <li>• Hold landlords accountable to affordability levels.</li> <li>• Ban above guideline rent increases --- AGIs (i.e., do not allow landlords to increase rents above the guideline limits set out by the government, even in the case of capital improvements). PDF p. 44, columns 2 &amp; 3</li> </ul>	<p>Vacant unit taxes are counter-productive. They impede land assembly, which is essential to obtain new housing supply.</p> <p>CFAA is not sure what this means, but it is certainly not a normal requirement for the provision of goods and services in Canada today.</p> <p>Rental buildings are often 30 to 60 years old. All of them periodically need major repairs and retrofits (to meet new standards and address climate change). If governments will pay for those repairs and retrofits, rental providers would not need AGIs. Absent government funding, rental housing providers need AGIs to improve buildings and to continue to provide more rental supply.</p>
<p>Take on a stronger role in addressing and limiting the impacts of market forces on threatening security of tenure, peace, and dignity. PDF p. 44, columns 2 &amp; 3</p>	<p>Oppose. These issues should be left to the provinces.</p>
<p>When security of tenure is threatened, the federal government should take a leadership role in coordinating efforts to ensure evictions do not occur and actors are held accountable. For instance, every province and territory could have a “housing ombudsperson.”</p> <ul style="list-style-type: none"> <li>• Regulate real estate investment trusts (REITs) [to stop them from increasing rents]</li> <li>...</li> <li>• Give people the ability to claim their right to housing in court (e.g., through a federal housing rights tribunal). PDF p. 45, columns 2 &amp; 3</li> </ul>	<p>OPPOSE.</p> <p>In a number of situations, people already have the right to claim specific housing at a provincial tribunal.</p> <p>REITs should not be subject to any special rules which do not apply to all other rental housing providers.</p> <p>Due to the division of powers, establishing a federal court, federal rules on that issue, or a federal housing rights tribunal would be contrary to the Constitution of Canada.</p>
<p>Shift government focus away from homeownership assistance to creating deeply affordable rental housing and a more comprehensive range of non-market housing options and tenure types.</p>	<p>CFAA agrees that there is currently too much focus on supporting people who want to own their homes.</p> <p>CFAA believes market rental housing should be included in the housing which is to be supported.</p>



<p>Remove restrictions that prevent people from living in the housing type and tenure that works for them.</p> <ul style="list-style-type: none"> <li>• Work towards a more broad acceptance of a more diverse range of suitable built forms and housing options such as tiny homes, co-housing, rooming houses, etc.</li> </ul>	<p>Support. Let housing users' preferences (i.e., the market) determine housing form</p> <p>SUPPORT</p>
<ul style="list-style-type: none"> <li>• Increase funding for small-scale housing providers.</li> </ul>	<p>Support</p>
<ul style="list-style-type: none"> <li>• Rewrite zoning bylaws to permit more freedom to build more affordable housing.</li> </ul>	<p>SUPPORT</p>
<ul style="list-style-type: none"> <li>• Introduce more mixed living models (rentals, co-ops, subsidized rooming houses)</li> </ul>	<p>Support</p>
<p>Create an acquisition fund that funds the non-profit sector's acquisition of buildings.</p> <p>PDF p. 47, columns 2 &amp; 3</p>	<p>CFAA supports this idea in principle</p> <p>CFAA has some concerns about details and implementation</p>
<p>Provide education, awareness, and measures to tackle NIMBY-ism</p> <p>DF p. 49, column 3</p>	<p>SUPPORT</p>

## **PART 8: CONCLUSION**

CFAA supports the right to adequate housing (R2AH) as articulated by the National Housing Council. That is as **the right “to live somewhere in security, peace and dignity.”** The location should be appropriate, but it should not be guaranteed to be exactly where each person happens to be living at any given time.

CFAA and our members have some concerns about the details of implementation of the right to adequate housing.

In our view, implementing the R2AH is an obligation resting on the whole of society, and especially on governments.

It would be counter-productive and inappropriate to seek to place the burden of implementing the R2AH on the private rental housing sector, or on the housing development community. Placing the burden on the housing development community would effectively place the burden on those buying or renting newly built homes, which would be unfair and counter-productive.

Likewise, placing the burden on the private rental sector would effectively place the burden on renters, which is unfair and counter-productive, since the average rental household has half the income of the average owner-occupier household.

Much work needs to be done for people to understand the economics of housing development, the need for intensification, and the implications of various possible government policies. Absent that understanding, counter-productive policies may be continued and expanded, with the result that the R2AH is never realized, and people are made worse off, rather than better off.