



Canadian
Federation
of Apartment
Associations

Fédération
Canadienne Des
Associations
De Propriétaires
Immobiliers

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News Release

May 19, 2015

CFAA supports FCM, but notes rental housing is not just good for low-income people

The Federation of Canadian Municipalities just released a study called “Built to Last: Strengthening the Foundations of Housing in Canada”. CFAA supports the study’s conclusions, but notes rental housing is not just good for low-income people. Rental housing is good for people at all income levels, and for the economy and jobs.

Since the year 2000, house prices have risen at three times the rate of average household incomes. Rents have just kept pace with incomes. Despite that, homeownership rates have risen to a new peak near 70%. Thirty per cent of Canadians rent their homes, while only 11% of new housing construction is purpose-built rental construction.

Many high growth areas are seeing economic growth constrained by housing shortages and house prices. Rental housing works best to attract new workers and sustain growth.

As the FCM study notes, “Rental housing has been widely recognized as an important contributor to the labour market, and to economic productivity.” In fact, economists Blanchflower and Oswald found that higher homeownership rates are directly linked to higher unemployment rates and slower economic growth. (National Bureau of Economic Research, 2013)

Instead of more homeownership, Canadians would be better off with more rental housing. The Rental Advantage:

- Cost savings and affordability
- Mobility and choice
- Convenience
- Environmental and municipal benefits

See the attached Backgrounder for details.

CFAA President John Dickie says, “What Canada needs is more rental housing at all price points. Government should reform the tax system to remove barriers, so that the private sector can provide more and better rental options.”

For more information, contact John Dickie, CFAA President at 613-235-0101

CFAA represents the owners and managers of close to one million residential rental suites, through 11 major apartment associations across Canada. CFAA is the sole national organization representing the interests of Canada's \$480 billion private rental housing industry, which provides homes for more than eight million Canadians.



THE RENTAL ADVANTAGE

May 2015

Rental housing comes in numerous forms, from purpose-built, high-rise apartment buildings or garden home complexes to low rise rentals, such as sixplexes, duplexes, units over ground floor retail or single family homes. Rental housing has many benefits both for renters and for society as a whole. This brochure lists many of the advantages of rental housing, with an emphasis on the advantages of purpose-built rental housing in urban areas.

Cost savings and affordability

Rental housing is more affordable than equivalent owner-occupied housing, because of various cost savings in developing, operating and transferring rental housing from one renter to another.

- Rental housing costs less than owner occupied homes because of economies of scale and the expertise that professional managers bring to building maintenance.
- Rental housing often uses less land to house a given number of people, which means less land cost and more economical land servicing.
- Rental housing avoids real estate fees and other transaction costs.
- Rental housing avoids the risk of carrying two mortgages, which will happen if the sale of a house falls through when another has been bought.
- Occupancy costs are even and predictable since major repair costs (e.g. a new roof) are borne by the landlord, and recovered through the rent over time
- Rental housing is available to people with no down payment, and often to people with weak credit histories.

Mobility and choice

Rental housing allows people more mobility and choice than they have with home ownership.

- Compared to selling or buying a home, moving from or to a rental home is easy and economical.
- Renters can readily move to change jobs, for advancement or to adjust for a changing economy.
- Young people can easily establish new households at less cost than buying a house.

Convenience

Rental housing often comes with features which provide for convenience and hassle-free living.

- Maintenance and repairs are organized by the property manager so that renters do not need to know about building science for repairs to be done right.
- Renters do not need to pay for major repairs when the work is done. Renters pay for repair costs gradually over time through their monthly rents.
- Exterior maintenance and often lawn care are organized by the property manager, allowing renters to focus on other aspects of their lives.
- Rental complexes often have recreation facilities such as swimming pools or party rooms within the building or within the rental community.
- In apartment buildings, renters can engage with neighbours without going outside, which helps seniors or people with disabilities, especially during the winter months.
- Unlike an owner occupied house, in an apartment a long absence does not require house checks by a neighbour to meet insurance requirements.
- Rental buildings are often located in or near downtown so that commuting time is reduced.

Environmental and municipal benefits

Rental housing usually brings environmental benefits, and costs savings to municipalities.

- Rental buildings usually make more intensive use of urban land, reducing urban sprawl.
- More intensive land use makes for lower municipal costs for roads, transit, water, sewer and garbage pick up.
- Rental buildings are more often located near public transit.
- Renters are more often able to bike or walk to work or to social engagements.
- Rental conversions allow old or outmoded housing to be given new life, as when overly large single family homes in desirable areas are divided into apartments.

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