The Private Rental Sector in Canada’s Large Metropolitan Areas
Trends and Future Prospects

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Factor-Inwentash Faculty of Social Work, University of Toronto

The Future of Affordable Housing Conference, University of Calgary, October 2019
Innovation

Innovation is significant positive change

“the implementation of a new or significantly improved product or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations.”

Definition

Private Rented Sector (PRS)

“rented housing that is not allocated according to socially determined need”

Rather than definitions based on key attributes:

• forms of subsidization
• differences in ownership
• landlord motivation
• rent determination
• property rights

Myths about Housing Tenure

• There is a single best housing tenure.
• Developed countries are societies of owners.
• Every household wants to own.
• Every landlord owns a lot of property.
• Landlord-tenant relations are conflictive.
• Owners are better citizens than tenants.

Homeownership Share, 2014 or latest year
Fourteen OECD Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Share</th>
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<tbody>
<tr>
<td>Germany</td>
<td>45%</td>
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<tr>
<td>Austria</td>
<td>50%</td>
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<td>Denmark</td>
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<td>Netherlands</td>
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<td>Sweden</td>
<td>61%</td>
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<td>Australia</td>
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<td>United Kingdom</td>
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<td>Belgium</td>
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<td>Finland</td>
<td>66%</td>
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<tr>
<td>Canada</td>
<td>69%</td>
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<tr>
<td>Ireland</td>
<td>69%</td>
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<tr>
<td>Norway</td>
<td>76%</td>
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Share of all household tenure types. With or without mortgage.
Use of Housing not as a Residence

‘Not for Housing’ Housing: Widening the Scope of Housing Studies

John Doling, School of Social Policy, University of Birmingham, Birmingham
Richard Ronald, Centre for Urban Studies, University of Amsterdam, Amsterdam

Abstract: Historically, the main focus of the study of housing in advanced economies has been on houses that meet the accommodation needs of households: houses as the main residence of families. In recent decades there has been the growth in the numbers of houses used for purposes other than as a main residence, for example in the forms of the recent global spread of Airbnb and of foreign engagement in housing as an investment tool; alongside a set of ‘for housing’ houses (FHH) another, overlapping, set of ‘not for housing’ houses (NFHH) is emerging. The present paper begins by identifying four types of NFHH, and considers the significance of their growth. It argues that while the NFHH sector is relatively small it has large impacts, and these are such that they challenge housing researchers and policy makers to develop additional ways of looking at housing systems.
“We say we want housing to be cheap and we want home ownership to be a great financial investment.

“Until we realize that these two objectives are mutually exclusive, we’ll continue to be frustrated by failed and counter-productive housing policies.”

Public Policy since the 1980s, 1990s

**DEREGULATION**: housing finance; rent regulations...
Not ending regulation, but rewriting them to make real estate a more liquid commodity

**FINACIALIZATION**: full exercise of the political and economic power of those who profit from financial services and instruments, and real estate finance

**GLOBALIZATION of HOUSING**: residential real estate dominated by financial networks that are global in scope

**AUSTERITY**: cutback is social supports, tax cuts for wealthy

**REDISTRIBUTION of INCOME** and wealth to highest income individuals
Current PRS Policy & Practice Debate

1. PRS is essentially a problem to be managed and, if possible, reduced

2. PRS is best viewed as a necessity because of other problems in the housing system

3. PRS is desirable & has active, often uncritical, supporters / advocates

4. PRS can be improved via smart policies to improve the working of the housing system as a whole

-- Ken Gibbs, 2016
CMHC Definition

Primary (Purpose-built) Rental Housing

Primary Rental Housing is defined by CMHC in its Rental Market Survey as including

• private rental housing in buildings with 3 or more units (purpose-built for rent) and

• assisted housing units subsidized by government

Purpose-built rental housing

• residential construction developed for the rental housing market, including, but not limited to, multi-unit rental apartment buildings
Secondary Rental Housing

1. detached or semi-detached houses

2. freehold row/town houses

3. accessory apartments (separate dwelling units in the structure of another dwelling type)

4. one or two apartments which are part of a commercial or other type of structure

5. investor owned units in a condominium
## Dualist vs. Integrated Rental Systems

<table>
<thead>
<tr>
<th>Differences between integrated and dualist rental systems: four hypotheses</th>
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<tbody>
<tr>
<td><strong>Dualist rental system</strong></td>
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<tr>
<td>1. Share of owner-occupancy sector</td>
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<tr>
<td>2. Level of housing quality</td>
</tr>
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<td></td>
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<tr>
<td>3. Income distribution of tenants</td>
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<tr>
<td>4. Rent levels corrected for housing quality</td>
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<td>Countries</td>
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OVERVIEW

Canada’s Private Rental Sector (PRS)

1. **PRS subsidies**: Post-WWII supply of purpose built rental was mainly all subsidized until 1984 and had favourable tax treatment until early 1970s. Modest supply subsidies reintroduced in 2001 (AHI, IAH), again in 2019

2. **No tenure neutrality**: Canada does not have a tenure neutral housing subsidy system; homeownership $7B/year; social housing, $2.5B/year; PRS, very little

3. **Tenure income inequality**: Income gap between renters and owners was 20% in 1960s, about 100% now

4. **Rental only zoning until 1970s**: Canada had rental only zoning until legislation allowing condominium ownership was introduced in the late 1960s
Market Failure in Canada’s PRS

Myth of ‘market’ supply and demand in Canada’s PRS

Demand is not ‘effective market demand’ and there are serious barriers to a supply response, because of

1. The growing gap in incomes between owners and renters;
2. The use of most higher density zoning by condominiums affecting land and development costs;
3. Negative tax and subsidy changes for rental investors;
4. Positive tax and subsidy incentives for home ownership (skimming away higher income renters from the PRS);
5. Rent regulations aimed at preventing gouging given the failure of a market supply response to persistently low vacancy rates in most major metropolitan areas
Impact of PRS Subsidies since 1940s

1. **Avoiding social housing via PRS supply subsidies**: 1940s to 1984; 2001 to present. Most purpose built rental construction during those years was subsidized, but the subsidies did not benefit the tenants (quality & price).

2. **Wealth creation for the few**: The subsidies enabled wealth creation for investors/owners with the subsidies providing few direct financial benefits for tenants.

3. **Maintains the myth of “market” supply and demand**: Simplistic Economics 101 analysis, rather than recognize there is very limited ‘effective market demand’ for new purpose-built rental.
Homeownership in Canada: $6B subsidies

68% of Canadian households, up from 60% in 1960s

1. **Non-taxation of capital gains on principal residence**, since 1972 = $6B in 2018

2. **First Time Home Buyers Tax Credit**, since 1991 = $110M in 2018

3. **GST Rebate for New Housing**, since 1991 = $550M in 2018

4. **Home Buyers Plan**, use $35,000 of RRSP for down payment = $15M/yr admin cost (PBO estimate)

5. **First-Time Home Buyer Incentive**, Budget 2019 = $40M/yr admin cost (PBO est)

6. **Shared Equity Mortgage Provider Fund**, Budget 2019 = $20M/yr

7. **2019 Election campaign promises**: ??
Household Debt as Percent of Disposable Income, 1995–2018
Australia, Canada, United Kingdom, and United States

Household debt is defined as all liabilities that require payment or payments of interest or principal by household to the creditor at a date or dates in the future. Real household net disposable income corresponds to the sum of wages and salaries, mixed income, net property income, net current transfers and social benefits other than social transfers in kind, less taxes on income and wealth and social security contributions paid by employees, the self-employed and the unemployed. Source: OECD (2019), Household debt doi: 10.1787/f03b6469-en
Impact of Condominium Ownership

Condominiums reduce supply of primary rental:

1. Condos can outbid rentals for development sites

2. It is easier to get condo financing via pre-selling units

3. Investor owned condo units (secondary rental stock) meet much of the market demand for higher end rentals (rather than purpose-built rental)
Summary of Canadian housing policy

Keeping to the Marketplace
Renters comprise the following share of CMA/City households

• **Montréal CMA: 765,000 renters**, 44% of CMA households, 64% of these renters live in the City, **63% of City households are renters**

• **Toronto CMA: 715,000 renters**, 33% of CMA households, 74% live in the City, **47% of City households are renters**

• **Calgary CMA: 140,000 renters**, 27% of CMA households, 95% live in the City, **29% of City households are renters**

• **Vancouver CMA: 151,000 renters**, 36% of CMA households, 43% live in the City, **49% of City households are renters (2016 Census)**.
Renter Households in Montreal, Toronto, Calgary, Vancouver, 2016

14 million, 40% of Canada’s population, 44% of households

Renter households. Source: Statistics Canada, Census Profile Series, 2016
Rental Housing Percentage, 1961–2016
Canada, Montréal, Toronto, Calgary, and Vancouver CMAs

Rental Housing Total and Percent of Canada, 1961–2016
Montréal, Toronto, Calgary, and Vancouver CMAs

Housing Starts by Intended Market, 1989–2018
Canada, Cities over 50,000 population, and total

- All Other Starts
- Homeowner in Cities
- Condominiums in Cities
- Rental in Cities

CMHC Starts & Completions Survey data. Rental refers to dwellings constructed for rental purposes, regardless of who finances the structure (for-profit; non-profit). Some condominium units are investor owned and offered for rent. Ownership here refers to detached and semi-detached houses, and row townhouses. Source: Statistics Canada, Table: 34-10-0148-01 and CMHC Housing Market Portal.
Owner/Renter Household Income Gap, 2017
Canada, Montréal, Toronto, Calgary, and Vancouver CMAs

<table>
<thead>
<tr>
<th>Location</th>
<th>Renters</th>
<th>Owners 92% higher median after tax income than renters</th>
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<tbody>
<tr>
<td>Canada</td>
<td>$41,300</td>
<td>$79,500</td>
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<tr>
<td>Montréal</td>
<td>$37,300</td>
<td>$78,600</td>
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<tr>
<td>Toronto</td>
<td>$49,100</td>
<td>$90,600</td>
</tr>
<tr>
<td>Calgary</td>
<td>$59,700</td>
<td>$98,600</td>
</tr>
<tr>
<td>Vancouver</td>
<td>$52,100</td>
<td>$85,600</td>
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</table>

Source: CMHC, Real Median After Tax Income of Owners and Renter Households, 2006-2017 Data Tables
Rental Apartment Vacancy Rates, 1971–2018
Montréal, Toronto, Calgary, and Vancouver CMAs

Source: Canada Mortgage and Housing Corporation, vacancy rates, apartment structures of six units and over, privately initiated in census metropolitan areas, annual [rate], Table: 34-10-0127-01 (formerly CANSIM 027-0011)
## Renter Household Living Arrangements, 2016
Canada, Montréal, Toronto, Calgary, and Vancouver CMAs

<table>
<thead>
<tr>
<th></th>
<th>Couples Without Children</th>
<th>Couples With Children</th>
<th>Lone Parents</th>
<th>Living Alone</th>
<th>Other Households</th>
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<td>17%</td>
<td>16%</td>
<td>14%</td>
<td>44%</td>
<td>9%</td>
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<td><strong>Montréal</strong></td>
<td>16%</td>
<td>16%</td>
<td>13%</td>
<td>47%</td>
<td>8%</td>
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<tr>
<td><strong>Toronto</strong></td>
<td>17%</td>
<td>20%</td>
<td>15%</td>
<td>38%</td>
<td>9%</td>
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<tr>
<td><strong>Calgary</strong></td>
<td>19%</td>
<td>20%</td>
<td>11%</td>
<td>36%</td>
<td>13%</td>
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<tr>
<td><strong>Vancouver</strong></td>
<td>19%</td>
<td>19%</td>
<td>11%</td>
<td>41%</td>
<td>10%</td>
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</table>

Household living arrangements of primary household maintainers who rent. Source: Statistics Canada, Census 2016 Public Use Microdata.
Housing Tenure & Ethno-Cultural Diversity, 2016
Canada, Montréal, Toronto, Calgary, and Vancouver CMAs

Housing Tenure & Immigrant Diversity, 2016
Canada, Montréal, Toronto, Calgary, and Vancouver CMAs

Housing Tenure & Recent Immigrant Diversity, 2016
Canada, Montréal, Toronto, Calgary, and Vancouver CMAs

<table>
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<th>% recent immigrant households</th>
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<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
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<th>60%</th>
<th>70%</th>
<th>80%</th>
<th>90%</th>
<th>100%</th>
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<tr>
<td>Canada</td>
<td>4%</td>
<td>44%</td>
<td>11%</td>
<td>35%</td>
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<tr>
<td>Montréal</td>
<td>7%</td>
<td>55%</td>
<td>20%</td>
<td>14%</td>
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<tr>
<td>Toronto</td>
<td>10%</td>
<td>44%</td>
<td>9%</td>
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<tr>
<td>Calgary</td>
<td>9%</td>
<td>32%</td>
<td>6%</td>
<td>51%</td>
<td>10%</td>
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<tr>
<td>Vancouver</td>
<td>9%</td>
<td>39%</td>
<td>10%</td>
<td>45%</td>
<td>6%</td>
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</tbody>
</table>

Recent immigrants are those who arrived in previous 10 years, 2006-2016. Visible minority status of recent immigrant primary household maintainers. Source: Statistics Canada, Census 2016 Public Use Microdata.
Age of Rental Housing Stock, 2016
Canada, Montréal, Toronto, Calgary, and Vancouver CMAs

Period of construction for rented dwellings occupied by usual residents. Source: Statistics Canada, Census 2016 Data Table 98-400-X2016221 and Custom Tabulation EO2986
## Rental Housing Repair Status, 2016

**Canada, Montréal, Toronto, Calgary, and Vancouver CMAs**

<table>
<thead>
<tr>
<th></th>
<th>Major Repairs Needed</th>
<th>Minor Repairs Needed</th>
<th>Regular Maintenance Only</th>
</tr>
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<tr>
<td><strong>Canada</strong></td>
<td>8.4%</td>
<td>24.0%</td>
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<td><strong>CMAs</strong></td>
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</tr>
<tr>
<td><strong>Montréal</strong></td>
<td>7.9%</td>
<td>25.2%</td>
<td>66.9%</td>
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<tr>
<td><strong>Toronto</strong></td>
<td>8.3%</td>
<td>22.5%</td>
<td>69.2%</td>
</tr>
<tr>
<td><strong>Calgary</strong></td>
<td>5.9%</td>
<td>23.2%</td>
<td>71.0%</td>
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<tr>
<td><strong>Vancouver</strong></td>
<td>6.8%</td>
<td>21.5%</td>
<td>71.6%</td>
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**Cities**

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<th>Major Repairs Needed</th>
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<th>Regular Maintenance Only</th>
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<tbody>
<tr>
<td><strong>Montréal</strong></td>
<td>8.7%</td>
<td>26.8%</td>
<td>64.5%</td>
</tr>
<tr>
<td><strong>Toronto</strong></td>
<td>9.2%</td>
<td>23.7%</td>
<td>67.2%</td>
</tr>
<tr>
<td><strong>Calgary</strong></td>
<td>6.0%</td>
<td>23.3%</td>
<td>70.7%</td>
</tr>
<tr>
<td><strong>Vancouver</strong></td>
<td>7.1%</td>
<td>22.3%</td>
<td>70.5%</td>
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Major repairs needed is defined as dwellings with, for example, defective plumbing or electrical wiring, and dwellings needing structural repairs to walls, floors or ceilings. Minor repairs refers to dwellings with missing or loose floor tiles, bricks, shingles, or defective steps, railing or siding. Source: Statistics Canada, Census 2016 Public Use Microdata and Census Custom Tabulation EO2986.
## Rental Housing Disadvantage Index Distribution, 2016
### Montréal, Toronto, Calgary, and Vancouver CMAs

<table>
<thead>
<tr>
<th>CMAs</th>
<th>Percentage of census tracts which have 25% or more rental housing</th>
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<tbody>
<tr>
<td>Montréal</td>
<td>18% High RHDI</td>
</tr>
<tr>
<td>Toronto</td>
<td>47%</td>
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<tr>
<td>Calgary</td>
<td>29%</td>
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<tr>
<td>Vancouver</td>
<td>38%</td>
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### CITIES

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<tr>
<th>CITIES</th>
<th>Montréal</th>
<th>Toronto</th>
<th>Calgary</th>
<th>Vancouver</th>
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<tbody>
<tr>
<td>Montréal</td>
<td>24%</td>
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<td>Toronto</td>
<td>50%</td>
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<tr>
<td>Vancouver</td>
<td>25%</td>
<td>34%</td>
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**Rental Housing Disadvantage Index (RHDI)** is the average of four location quotient indicators which measure the concentration of disadvantage at the census tract level in comparison to the census metropolitan area (CMA) average: adequacy, affordability, suitability and low-income intensity. Below average disadvantage refers to RHDI < 1.0; average disadvantage refers to RHDI 1.0 to 1.19, high disadvantage refers to RHDI 1.2 or more. Figures exclude CTs with less than 25% rental housing in 2016. Source: Statistics Canada, Custom Tabulation E02986, Census 2016.
What then is the PRS question, the PRS policy task?

• How do we rethink the nature and role of the PRS within our housing system?

• Can a 'dual rental system' become a 'unified rental system'? Is this worth attempting?

• Should we rely on, provide subsidies to, a sector that does not allocate according to socially determined need?
Current PRS Policy & Practice Debate

Policy makers, politicians, need to understand

1) how their rental markets work

2) the motivations of its players

3) the way the different segments operate

4) how it fits into the wider housing system

-- Ken Gibbs, 2016
Prospects for the PRS

• Growth as ownership becomes more difficult
• Overcrowding much more common
• Landlord/tenant relations more difficult
• Rent regulations a key issue
• Quality / Rehab of an aging rental stock
• Supply purpose-built (primary) vs secondary
• Unregulated / illegal rental situations
Some PRS questions...

• What difficulties does the PRS face today?

• What are the best policies to support increasing the supply in the PRS, how should they work, how do they affect social housing?

• Should government only invest in social rental and not PRS?

• Can the two be complementary?

• What role can the PRS play in housing low income households?
EXAMPLE of Federal Government Engagement

Toronto Social Housing Supply, 1965 to 1995

Toronto metropolitan area, mainly in the City
• 3,900 new units annual average
• 12% of total housing supply
• 129,000 units in total
• 7% of Toronto area housing stock by 1996

-- Greg Suttor, 2018
Housing Program Expenditures, Canada

Social Rented Housing as a Share of All Housing
Twelve OECD Countries, 2015 or latest year

- Germany: 4%
- Australia: 4%
- Canada: 4%
- United States: 4%
- Norway: 5%
- Ireland: 9%
- Finland: 13%
- United Kingdom: 18%
- France: 19%
- Denmark: 22%
- Austria: 26%
- Netherlands: 34%

Share of all household tenure types. Social rental housing defined as "the stock of residential rental accommodation provided at sub-market prices and allocated according to specific rules rather than according to market mechanisms". Source: OECD Affordable Housing Database, PH 4.2.1.
The Future??

Canada’s National Housing Strategy

A place to call home

Confusing Rhetoric, November 2017

Federal Program Spending on Housing Affordability

Facts, Financial Realities, June 2019
NHS is $16.1B over 10-years in new Fed. expenditures
HULCHANSKI: Trudeau’s housing spending is smoke and mirrors

APRIL 5, 2017 | BY DAVID HULCHANSKI

In a year when the high cost of housing dominates the headlines, this year’s federal budget is promoting a bright, shiny object: the allocation of $11 billion for housing.

Well before budget day, we were told to expect that $11 billion. On budget day, there it was, in all its glory.
There is no assessment of Canada's housing system, what works well, what does not.

It notes that 1.7 million people are in housing need and 25,000 are homeless.

Many Canadians feel a growing sense of housing insecurity.

A national housing strategy would explain why this is the case and identify appropriate remedial actions.
SUMMARY

The 2017 National Housing Strategy

• No systemic change in the nature and outcomes of Canada’s housing system

• New or rebranded programs are funded at an historically low % of the federal budget

• New programs enhance corporate real estate profit taking from land and housing

• The 1990s LPC policy of a small federal government role in assisted housing is continued
Politics of Housing

Implications of High Property Ownership

• Owners are the majority of voters
• Governments take extensive measures to prevent land and house prices from falling
• Owners expect & defend unearned housing wealth gains & inequalities that flow from them
• Owners resist the taxation of ‘scarcity rents’, speculation, unearned capital gains, etc.
• Housing and land values are allowed to rise faster than household income

Maclennan and Miao, 2016
Objectives of a Housing System

For an Inclusive Housing System

1. stimulate adequate housing production

2. help produce a mix of housing choice (tenure, location, size, quality)

3. assist those who cannot afford adequate, appropriate housing
What about change, a 'system shift' in the housing system?

1. Change is not impossible, but will meet with strong resistance.

2. The scale, function and relationship between the various tenures is relatively stable.

3. The institutional and instrumental context in which housing markets operate and develop is also relatively stable.

4. There are functional imperatives of economic accumulation and political legitimization.

Harry van der Heijden, 2013, p.187
Actual Objective of our Housing System

A mechanism for increasing wealth and income inequalities

Some “countries have come to organise their housing systems as mechanisms for encouraging rentier returns and increasing wealth and income inequalities.” (Maclennan and Miao, 2016)
What's next for the PRS?

PRS market demand, social need, supply, location, quality, choice, distribution, discrimination, affordability, investors, owners, management, regulations, institutions

within the housing system

Innovation: Significant Positive Change
Adequate Housing is a Human Right

In Canada, it is not a justiciable human right

**Article 25**

Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in

*Universal Declaration of Human Rights, 1948*
Appendix

A. Rental Housing Disadvantage Index: Description and Maps

B. Major Federal Rental Housing Supply Programs since the 1940s

C. Current Federal Housing Related Tax Expenditures
Appendix A

Rental Housing Disadvantage Index of the Neighbourhood Change Research Partnership
The NCRP Rental Housing Disadvantage Index (RHDI): What it is and How it is Calculated, 2016 Census Update

By Richard Maaranen

The RHDI was first created for the NCRP in 2014 by Richard Maaranen, NCRP Data Analyst.

The Rental Housing Disadvantage Index (RHDI) was developed to identify specific locations of inadequate rental housing and housing-related distress among tenants in Canada’s metropolitan areas. The RHDI is designed to help the Neighbourhood Change Research Partnership, as well as other policy analysts and service providers, to identify geographic areas with concentrations of low-income renters living in inadequate housing for purposes of further research and potential policy and program intervention.

The RHDI has both similarities and differences with Canada Mortgage and Housing Corporation’s measurement of Core Housing Need (CHN). CMHC’s CHN is based on three housing indicators from the census: adequacy, affordability, and suitability. The RHDI uses these same three measures but adds low-income renters. In addition, the RHDI has a geographic focus, at the census tract level, so as to identify and map the location of the concentrations of rental housing disadvantage by level of severity.
How the Rental Housing Disadvantage Index is Calculated

The RHDI is calculated as the average of four location quotient indicators that measure the concentration of disadvantage at the census tract (CT) level in comparison to the census metropolitan area (CMA) average.

The first step is to calculate census tract percentages for each indicator.

1. **Inadequate Housing** is defined as the percentage of rented occupied dwellings requiring major repairs. Census respondents are asked to judge their own housing condition by choosing one of three possible responses: (1) regular maintenance only required, (2) minor repairs required, or (3) major repairs required. The Census questionnaire gives examples of repairs by their severity. Major repairs refer to the repair of defective plumbing, electrical wiring, structural repairs to walls, floors, or ceilings and other serious problems. Housing problems that are not considered severe include painting; furnace cleaning (considered regular maintenance); missing or loose floor tiles, bricks, or shingles; and defective steps, railings, or siding. Respondents are told to disregard desired remodelling or additions in their response.

2. **Unaffordable Housing** is defined as the percentage of renter households paying 50% or more of income on rent. This is based on rent paid in the census year and the income reported on the previous year tax return. The percentage is calculated by dividing the occupant’s total housing-related expenses (rent and utilities) by the household’s total monthly income and multiplying the result by 100. The census questionnaire does not ask for this percentage from respondents directly; rather, the figures are derived by Statistics Canada from the occupant’s self-reported shelter costs and tax return reported income.
3. **Unsuitable Housing** is defined as the percentage of renter households with a bedroom shortfall. The census questionnaire asks respondents about the number of bedrooms, number of household members and household composition (gender, age). The census then makes a determination of suitability based on the National Occupancy Standard (NOS). The NOS identifies the number of bedrooms a household requires as follows:

- A maximum of two persons per bedroom.
- Household members, of any age, living as part of a married or common-law couple share a bedroom with their spouse or common-law partner.
- Lone parents, of any age, have a separate bedroom.
- Household members aged 18 or over have a separate bedroom, except those living as part of a married or common-law couple.
- Household members under 18 years of age of the same sex share a bedroom, except lone parents and those living as part of a married or common-law couple.
- Household members under 5 years of age of the opposite sex share a bedroom if doing so would reduce the number of required bedrooms. This situation would arise only in
households with an odd number of males under 18, an odd number of females under 18, and at least one female and one male under the age of 5.

- An exception to the above is a household consisting of one individual living alone. Such a household would not need a bedroom (i.e., the individual may live in a studio apartment and be considered to be living in suitable accommodations).

4. **Low-Income Status** is defined as the percentage of renter households with before-tax total income (in the previous year) that is below half (50%) of the Census Metropolitan Area median household income (all households, owners and renters). This is the Low-Income Measure Before-Tax (LIM-BT) for renter households. Before-tax income is used here for historical comparability. After-tax incomes are not available before 2006 in the Census.

The second step is to convert the four census tract (CT) indicator percentages into four Location Quotients (LQ) using CMA-specific benchmarks. This calculation involves dividing each CT indicator percentage by the same indicator percentage for the CMA as a whole. A LQ of 1.0 represents the average level of disadvantage for renters in the CMA; a LQ of 0.6 (or 40% below the mean) represents below average concentration and a LQ of 1.8 (80% above the mean) represents above average concentration or intensity.

The third step is to calculate the average of the four indicator LQ's resulting in the RHDI score. In St. John’s for example, an RHDI of 1.0 for a CT means approximately 5.6% of rental housing is inadequate, 18.7% is unaffordable, 4.0% is unsuitable and 52.3% of renters experience low-income status. Neighbourhoods in St. John’s with percentages higher than the benchmarks reveal a spatial concentration of disadvantage. Other CMAs have different benchmarks for disadvantage. Note that various combination of the four indicators above or below these benchmarks could also average out at an RHDI of 1.0.
### Rental Housing Disadvantage Index Distribution, 2016
Montréal, Toronto, Calgary, and Vancouver CMAs

<table>
<thead>
<tr>
<th>Percentage of census tracts which have 25% or more rental housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
</tr>
<tr>
<td>CMAs</td>
</tr>
<tr>
<td>Montréal</td>
</tr>
<tr>
<td>Toronto</td>
</tr>
<tr>
<td>Calgary</td>
</tr>
<tr>
<td>Vancouver</td>
</tr>
</tbody>
</table>

### CITIES

<table>
<thead>
<tr>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
<th>70%</th>
<th>80%</th>
<th>90%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montréal</td>
<td>24%</td>
<td>32%</td>
<td>45%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toronto</td>
<td>50%</td>
<td>18%</td>
<td>32%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calgary</td>
<td>30%</td>
<td>37%</td>
<td>34%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vancouver</td>
<td>25%</td>
<td>34%</td>
<td>42%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**Rental Housing Disadvantage Index (RHD) is the average of four location quotient indicators which measure the concentration of disadvantage at the census tract level in comparison to the census metropolitan area (CMA) average: adequacy, affordability, suitability and low-income intensity. Below average disadvantage refers to RHD < 1.0; average disadvantage refers to RHD 1.0 to 1.19, high disadvantage refers to RHD 1.2 or more. Figures exclude CTs with less than 25% rental housing in 2016. Source: Statistics Canada, Custom Tabulation EO2986, Census 2016.**
Rental Housing Disadvantage Index (RHDI), 2016

Concentrations of rental housing disadvantage by Census Tracts

- High RHDI CTs (20% or more above average): 118 CTs, 18% of CMA CTs, 153,400 renters
- Average RHDI CTs (average to 20% above average): 179 CTs, 27% of CTs, 190,800 renters
- Below Average RHDI (50% below average to average): 355 CTs, 54% of CTs, 347,700 renters
- Mainly homeownership CTs (less than 25% rental)

Rental Housing Disadvantage Index (RHDI)
The average of four location quotient indicators which measure the concentration of disadvantage at the census tract level in comparison to the metropolitan average: (1) adequacy (need for major repairs); (2) affordability (50% or more of income spent on rent); (3) suitability (not enough bedrooms); and (4) low-income intensity (below half of metropolitan median income).

May 2019

Source: Statistics Canada,
Custom Tabulation EO2895
Census 2016

www.NeighbourhoodChange.ca
Rental Housing Disadvantage Index (RHDIs), 2016

Concentrations of rental housing disadvantage by Census Tracts

- High RHDIs (20% or more above average): 259 CTs, 47% of CMA CTs, 279,400 renters
- Average RHDIs (average to 20% above average): 101 CTs, 18% of CTs, 108,200 renters
- Below Average RHDIs (60% below average to average): 191 CTs, 35% of CTs, 205,700 renters
- Mainly homeownership CTs (less than 25% rental)

The average of four location quotient indicators which measure the concentration of disadvantage at the census tract level in comparison to the metropolitan average: (1) adequacy (need for major repairs); (2) affordability (50% or more of income spent on rent); (3) suitability (not enough bedrooms); and (4) low-income intensity (below half of metropolitan median income).

Source: Statistics Canada, Custom Tabulation EO2956 Census 2016

May 2019

www.NeighbourhoodChange.ca
Rental Housing Disadvantage Index (RHDl), 2016
Concentrations of rental housing disadvantage by Census Tracts
- High RHDl CTs (20% or more above average), 215 CTs, 50% of City's CTs, 237,100 renters
- Average RHDl CTs (average to 20% above average), 78 CTs, 18% of CTs, 87,700 renters
- Below Average RHDl (60% below average to average), 139 CTs, 32% of CTs, 167,600 renters
- Mainly homeownership CTs (less than 25% rental)

Rental Housing Disadvantage Index (RHDl)
The average of four location quotient indicators which measure the concentration of disadvantage at the census tract level in comparison to the metropolitan average: (1) adequacy (need for major repairs); (2) affordability (50% or more of income spent on rent); (3) suitability (not enough bedrooms); and (4) low-income intensity (below half of metropolitan median income).

May 2019
Source: Statistics Canada, Custom Tabulation EO2956 Census 2016
Rental Housing Disadvantage Index (RHDi), 2016

Concentrations of rental housing disadvantage by Census Tracts

- High RHDi CTs (20% or more above average): 29 CTs, 29% of CMA CTs, 22,600 renters
- Average RHDi CTs (above to 20% above average): 36 CTs, 36% of CTs, 38,000 renters
- Below Average RHDi (30% below average to average): 35 CTs, 35% of CTs, 39,500 renters
- Mainly homeownership CTs (less than 25% rental)

Rental Housing Disadvantage Index (RHDi)

The average of four location quotient indicators which measure the concentration of disadvantage at the census tract level in comparison to the metropolitan average: (1) adequacy (need for major repairs); (2) affordability (50% or more of income spent on rent); (3) suitability (not enough bedrooms); and (4) low-income intensity (below half of metropolitan median income).

May 2019

Source: Statistics Canada, Custom Tabulation EO2896 Census 2016
Rental Housing Disadvantage Index (RHDH), 2016

Concentrations of rental housing disadvantage by Census Tracts

- High RHDH CTs (20% or more above average) 105 CTs, 38% of CMA CTs, 103,300 renters
- Average RHDH CTs (average to 20% above average), 85 CTs, 30% of CTs, 96,800 renters
- Below Average RHDH (50% below average to average), 90 CTs, 32% of CTs, 98,100 renters
- Mainly homeownership CTs (less than 25% rental)

Rental Housing Disadvantage Index (RHDH)

The average of four location quotient indicators which measure the concentration of disadvantage at the census tract level in comparison to the metropolitan average: (1) adequacy (need for major repairs); (2) affordability (50% or more of income spent on rent); (3) suitability (not enough bedrooms); and (4) low-income intensity (below half of metropolitan median income).

Source: Statistics Canada, Custom Tabulation EO2896 Census 2016

May 2019
Appendix B

Description of Major Federal Rental Housing Supply Programs since the 1940s
Private Rental Sector in the Late 1940s

• “Apart from limited-dividend housing, the only federal effort to encourage private rental housing was the Rental Insurance scheme, another product of Mansur's 1948 NHA amendments.

• Private rental housing in the decade after the Second World War proved very difficult to establish, even after the decontrol of rents on all new buildings and the awarding of double depreciation for rental construction.

• Potential investors held back since they believed there would soon be a substantial drop in the cost of residential construction supplies. In the event, this would not be achieved until the end of the Korean War because of the sustained building boom. Mansur believed that even the "most favourable financial terms" could not "suddenly create rental housing entrepreneurs in English Canada."

• Apart from luxury housing, the main sources of private rental housing in English Canada had vanished since the Depression. Much of Canada's rental housing in the post-war period were homes of "unwilling" landlords who had repossessed homes in the Depression and were unable to sell them because of rent-control laws.” (Bacher 1993:189)
Limited Dividend Program, 1944-1975

• To encourage the private sector to supply more low-rent housing loans were made to companies and individuals for the construction of new or purchase existing housing. The loans limited investment return to 5% and controlled rents.

• During 1946-1964, 330 loans were approved, providing 28,000 dwellings.

• In the mid 1960s, loan conditions were enhanced: loans were made up to 95% of value; the investment return limit was increased; mandatory controls on rent were restricted a 15-year period and project eligibility was broadened to include hostels and dormitories as well as self-contained units.

• The LD program was ended in the mid-1970s.

Rental Insurance Plan, 1948-1950

• Rental Insurance Plan, introduced in 1948, provided long-term, low-interest loans to builders of low-rent housing and guaranteed landlords a 2% net return on their investment.

• About 19,000 units were constructed under this program which ended in 1950.

Closing PRS Tax Loopholes, 1970s, 1980s

• “The income tax rules affecting rental housing investment have become progressively more punitive since 1972 when a major reform to the income tax structure in Canada took effect.

• “Changes in the tax treatment of losses due to capital cost allowances (CCA), the amount of CCA deductible, allowable soft costs, and the deferral of taxes payable on recaptured depreciation upon reinvestment, and the application of a tax on capital gains at the time of sale have severely reduced the attractiveness of investing in rental housing.

• “The application of the Goods and Services Tax (GST) to the full cost of new rental housing, as well as on-going operations, aggravated an already serious situation, which is compounded in the provinces which have entered the sales tax harmonization agreement with the Federal government.”

Canada Rental Supply Plan, 1981-84

• “To stimulate private rental construction, CMHC improvised the Canada Rental Supply Plan.

• This provided owners of new rental housing projects with interest-free loans for a period of fifteen years.

• The only guarantee of ensuring modest quality, as opposed to luxury housing, under this scheme was to limit federal loans to $7,500 per unit of housing built.

• With tax incentives included, total federal subsidies amounted to a third of the capital cost of such units, substantially greater assistance than that provided to non-profit and cooperative groups.

• CMHC did not respond to difficulties in the housing capital markets by increasing its direct-lending activities, as it had in the late 1950s.” (Bacher 1993:250)
‘Sporadic Dabbling’ by government, 1944-1984

• “These housing programmes were designed to elicit response in markets for rental housing.

• “The LD and Rental Insurance Plans were designed to reduce risks for investors.

• “ARP and CRSP were intended to reduce effective interest costs and thus spur construction at a time of high interest rates, and MIG was a carrot to make affordable housing more attractive to municipal governments.

• “At the same time, each of these programmes represented a dabbling by governments small in scale and sporadic over time that never answered the question of why and how much government should be subsidising rental accommodation.

Affordable Housing Framework, 2001

• The federal government announced an Affordable Housing Framework in collaboration with provinces and territories, cost shared on a 50/50 basis, to re-engage in providing housing assistance.

• The federal funds, compared to levels prior to the mid-1990s, was very modest.

• Funding could be used for new rental supply, assisted homeownership, rehabilitation, and rent allowances.

• Subsidies for rental housing supply are one-time capital grants. Rather than the pre mid-1990s approximately 20,000 social housing units per year, the F/P/T subsidies resulted in 4,000 to 6,000 market or non-market rental units per year, a total of about 50,000 from 2002 to 2015.

• The main rental supply programs were know as:
  
  **Affordable Housing Initiative (AHI), 2001-2011**

  **Investment in Affordable Housing (IAH), 2011-2018**
2011-2018
Investment in Affordable Housing (IAH)

• The IAH provided $3.7B over ten years 2008-18.
• Funding ended in 2018-19, with only $0.3B in 2019-20.
• The IAH supported construction, renovation, and affordability assistance.

• Between 2011 and 2017:
  • 51% was spent on new supply,
  • 16% on renovation,
  • 24% on housing affordability, and
  • 9% on renovations to support independent living.

March 2018
IAH Program Ends

• The Investment in Affordable Housing (2011-2018) with AHI provided $3.7B over ten years 2008-18

• Under the IAH, the federal government provided $238 million annually, through to March 2019.

• Under bilateral agreements with CMHC, the provinces and territories match federal funds.

• The provinces and territories are responsible for deciding how best to use the funding and to choose how they’re delivered

• March 2018 CMHC claim: "Through the Investment in Affordable Housing (IAH), the federal government is investing more than $1.9 billion over eight years to March 2019.... From April 2011 to December 2018, 413,491 households are no longer in housing need as a result of this funding."

• The number of households is equal to the number of units identified in P/T claims to CMHC.  https://www.cmhc-schl.gc.ca/en/developing-and-renovating/provincial-territorial-agreements/national-investment-affordable-housing-funding-table
1973-1989, 1994-
Residential Rehabilitation Assistance Program (RRAP) Ends; continues in 1994

• RRAP was initiated by the Government of Canada in 1973. It replaced urban renewal which focused on demolishing existing neighbourhoods and building large scale public housing in favour of neighbourhood and housing preservation and renewal.

• “The 1989 federal budget eliminated the Residential Rehabilitation Assistance Program (RRAP), including its rental stream which had funded rehabilitation of some 10,000 units annually since the mid-1970s, peaking at 18,000 in the early-1980s stimulus, and been a major support to Montreal’s program of neighbourhood reinvestment.

• “Although RRAP was reinstated in 1994 by the new Liberal government, its rental program stream did not regain anything like its former scale, and the units funded under it averaged less than 2,000 annually from then until the end of the decade.” (Sutter 2016:205)
Appendix C

Description of Current Federal Housing Related Tax Expenditure Subsidy Programs
<table>
<thead>
<tr>
<th></th>
<th>GST</th>
<th>n.a.</th>
<th>n.a.</th>
<th>n.a.</th>
<th>n.a.</th>
<th>n.a.</th>
<th>n.a.</th>
<th>n.a.</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structural</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exemption from GST for sales of used residential housing and other personal-use real property</td>
<td>GST</td>
<td>1,835</td>
<td>1,800</td>
<td>1,895</td>
<td>1,955</td>
<td>2,045</td>
<td>2,160</td>
<td>2,285</td>
<td>2,315</td>
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<tr>
<td>Non-structural</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Exemption from GST for certain residential rent</td>
<td>GST</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Exemption from GST for short-term accommodation</td>
<td>GST</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
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<tr>
<td>First-Time Home Buyers’ Tax Credit</td>
<td>PIT</td>
<td>105</td>
<td>115</td>
<td>115</td>
<td>115</td>
<td>110</td>
<td>110</td>
<td>110</td>
<td>110</td>
</tr>
<tr>
<td>Non-taxation of capital gains on principal residences</td>
<td>PIT</td>
<td>4,160</td>
<td>5,100</td>
<td>6,130</td>
<td>7,900</td>
<td>7,565</td>
<td>5,335</td>
<td>5,960</td>
<td>5,915</td>
</tr>
<tr>
<td>Rebate for new housing</td>
<td>GST</td>
<td>595</td>
<td>570</td>
<td>570</td>
<td>520</td>
<td>510</td>
<td>550</td>
<td>535</td>
<td>525</td>
</tr>
<tr>
<td>Rebate for new residential rental property</td>
<td>GST</td>
<td>110</td>
<td>125</td>
<td>140</td>
<td>170</td>
<td>130</td>
<td>150</td>
<td>145</td>
<td>145</td>
</tr>
</tbody>
</table>
## Non-taxation of capital gains on principal residences

<table>
<thead>
<tr>
<th>Description</th>
<th>This measure provides an exemption from tax in respect of all or a portion of a capital gain from the sale of a principal residence of an individual or personal trust. In general, certain property of an individual or personal trust may be designated as a principal residence for a taxation year where the property was ordinarily inhabited in the year by the taxpayer or a particular beneficiary of the trust or by the spouse or common-law partner, former spouse or common-law partner, or child of the taxpayer or the particular beneficiary of the trust. Properties that may be designated as a principal residence of an individual or personal trust are a housing unit, a leasehold interest in a housing unit, and in certain circumstances, shares of the capital stock of a cooperative housing corporation owned by the individual or personal trust. The exempt portion of the capital gain from the sale of a principal residence is generally determined in proportion to the fraction where one plus the number of years after 1971 that the property was owned by and designated as the principal residence of the individual or personal trust while resident in Canada is divided by the number of years after 1971 that the property was owned by the individual or personal trust.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax</td>
<td>Personal income tax</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>Individual homeowners</td>
</tr>
<tr>
<td>Type of measure</td>
<td>Exemption</td>
</tr>
<tr>
<td>Legal reference</td>
<td>Income Tax Act, paragraph 40(2)(b), definition of “principal residence”, and section 54 Income Tax Regulations, section 2301</td>
</tr>
</tbody>
</table>
| Implementation and recent history | • Introduced as part of the 1972 Tax Reform.  
• Amended in Budget 1981 so that, for years after 1981, a family may only treat one property as its principal residence for a taxation year.  
• Amended on October 3, 2016 to require the reporting of dispositions (and introduce an indefinite reassessment period for unreported dispositions) and to limit the types of trusts that are eligible to designate a property as a principal residence for a taxation year beginning after 2016. |
| Objective – category | To achieve a social objective  
To achieve an economic objective - other |

### First-Time Home Buyers’ Tax Credit

<table>
<thead>
<tr>
<th>Description</th>
<th>First-time home buyers who acquire a qualifying home after January 27, 2009 can obtain up to $750 in tax relief by claiming the First-Time Home Buyers’ Tax Credit. The value of this non-refundable credit is calculated by multiplying the credit amount of $5,000 by the lowest personal income tax rate (15% in 2018). Any unused portion of the credit may be claimed by an individual’s spouse or common-law partner. An individual is considered to be a first-time home buyer if neither the individual nor the individual’s spouse or common-law partner owned and lived in another home in the calendar year of the home purchase or in any of the four preceding calendar years. A qualifying home is one that is generally considered to be a housing unit that an individual or an individual’s spouse or common-law partner intends to occupy as a principal residence no later than one year after its acquisition. The First-Time Home Buyers’ Tax Credit is also available for certain acquisitions of a home by or for the benefit of an individual who is eligible for the Disability Tax Credit, even if the first-time home buyer condition is not met.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax</strong></td>
<td>Personal income tax</td>
</tr>
<tr>
<td><strong>Beneficiaries</strong></td>
<td>Individual first-time home buyers</td>
</tr>
<tr>
<td><strong>Type of measure</strong></td>
<td>Credit, non-refundable</td>
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<tr>
<td><strong>Legal reference</strong></td>
<td>Income Tax Act, section 118.05</td>
</tr>
<tr>
<td><strong>Implementation and recent history</strong></td>
<td>Introduced in Budget 2009. Effective for the 2009 and subsequent taxation years.</td>
</tr>
<tr>
<td><strong>Objective – category</strong></td>
<td>To achieve a social objective</td>
</tr>
<tr>
<td><strong>Objective</strong></td>
<td>This measure assists first-time home buyers with the cost associated with the purchase of a home (Budget 2009).</td>
</tr>
</tbody>
</table>
### Rebate for new housing

| Description                                                                 | Builders or purchasers of newly constructed and substantially renovated residential housing are eligible for a rebate of the GST paid if the housing is for use as a primary place of residence. For houses valued at or below $350,000, the rebate is 36% of the total GST paid to a maximum of $6,300. The rebate is gradually phased out for houses valued between $350,000 and $450,000, and there is no rebate for houses valued at $450,000 or more. The same rebate is available for the GST paid by individuals to construct or substantially renovate housing that is for use by the owner or a relative as a primary place of residence. The rate of rebate was established so that the GST burden on new housing would be equal to the federal sales tax component of the total price of a new home before the introduction of the GST (which was approximately 4.5% on average). |
| Tax                                                                         | Goods and Services Tax |
| Beneficiaries                                                              | Individuals who have purchased or constructed new homes |
| Type of measure                                                            | Rebate |
| Legal reference                                                            | Excise Tax Act, sections 254 and 256 |
| Implementation and recent history                                           | • This measure has been in effect since the inception of the GST in 1991. • The maximum dollar value of the rebate was lowered in Budget 2006 and in the 2007 Economic Statement concurrently with the reductions in the GST rate from 7% to 6% on July 1, 2006 and to 5% on January 1, 2008. |
| Objective - category                                                       | To achieve a social objective |
| Objective                                                                  | This measure is designed to ensure that the GST does not pose a barrier to the affordability of new homes (Goods and Services Tax Consolidated Explanatory Notes, April 1997). |
### Rebate for new residential rental property

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Builders or purchasers of newly constructed or substantially renovated residential rental housing are eligible for a rebate of the GST payable if it can reasonably be expected that the first use of the individual residential units within the property will be as a primary place of residence for at least one year. The rebate also applies to builders or purchasers of new additions to multiple-unit residential rental housing and to the leasing of land (i.e., housing lots) to a person that affixes a new or substantially renovated house or sites in new residential trailer parks for long-term residential use. For single-unit residential housing (including duplexes) or units in multiple-unit residential housing valued at or below $350,000, the rebate is 36% of the total GST paid to a maximum of $6,300. The rebate is phased out for such residential housing or units valued between $350,000 and $450,000. In the case of leasing housing lots or sites in residential trailer parks, the rebate is 36% of the total GST paid to a maximum $1,575. The rebate is phased out for each housing lot or site valued between $87,500 and $112,500.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and Services Tax</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Builders and purchasers of new residential rental property and landlords that lease housing lots or sites in new residential trailer parks for long-term residential use</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rebate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legal reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excise Tax Act, section 256.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Implementation and recent history</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The maximum dollar value of the rebate was lowered in Budget 2006 and in the 2007 Economic Statement concurrently with the reductions in the GST rate from 7% to 6% on July 1, 2006 and to 5% on January 1, 2008.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Objective – category</th>
</tr>
</thead>
<tbody>
<tr>
<td>To achieve a social objective</td>
</tr>
</tbody>
</table>

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<tr>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>This measure ensures that builders and purchasers of new residential rental property face the same effective GST rate faced by purchasers of new owner-occupied homes (Budget 2000).</td>
</tr>
</tbody>
</table>

---

### Exemption from GST for certain residential rent

<table>
<thead>
<tr>
<th>Description</th>
<th>Rentals of a residential complex (such as a house) or a residential unit (such as an apartment) for a period of at least one month are exempt from GST.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax</td>
<td>Goods and Services Tax</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>Tenants of long-term residential housing</td>
</tr>
<tr>
<td>Type of measure</td>
<td>Exemption</td>
</tr>
<tr>
<td>Legal reference</td>
<td>Section 6 of Part I of Schedule V to the Excise Tax Act</td>
</tr>
<tr>
<td>Implementation and recent history</td>
<td>• This measure has been in effect since the inception of the GST in 1991.</td>
</tr>
<tr>
<td>Objective – category</td>
<td>To achieve a social objective</td>
</tr>
<tr>
<td>Objective</td>
<td>This measure is intended to preserve the affordability of housing (Goods and Services Tax: Technical Paper, August 1989).</td>
</tr>
<tr>
<td>Category</td>
<td>Non-structural tax measure</td>
</tr>
<tr>
<td>Reason why this measure is not part of benchmark tax system</td>
<td>GST exemptions are deviations from a broadly defined value-added tax base.</td>
</tr>
</tbody>
</table>