

A stylized, abstract illustration of a city skyline. It features various geometric shapes, including rectangles and squares, in shades of blue, orange, and yellow. Some shapes have a dotted pattern. A construction crane is visible on the left side, and a bright light source is depicted in the lower right area of the skyline.

Rental Housing: Bringing It Home

The Economic Impact of Ontario's Rental Housing Industry

Ontario's private sector rental housing industry provides quality homes to over 1.2 million households across the province. But the impact our industry makes goes far beyond the lives of the residents who reside in our buildings. Every year the rental housing industry generates 147,000 full-time jobs, a provincial GDP of \$18.3 billion and total tax revenue to government of \$7 billion. With better public policies in place, the rental housing industry can continue to grow as one of the key drivers of Ontario's economy.



Federation of Rental-housing
Providers of Ontario



Highlights from the KPMG Economic Impact Assessment Study -
Ontario's Rental Housing Sector (December 2013)

GDP Impact

Gross domestic product from Ontario's private rental housing industry measures 'value-added' output from the production of rental homes and related services.

\$18.3 billion

Ontario's rental housing industry contributes \$18.3 billion to Ontario's economy, along with a remaining \$1.92 billion in other provinces for a total GDP impact of \$20.226 billion.

38%

Within rental housing, property management services (lessors of real estate) accrues 38% or \$7.6 billion of the total industry's GDP. Residential building construction also has a large impact, with \$2.5 billion or 12% of rental housing's total GDP impact.

Rental Housing by Comparison: GDP Impact (Select Industries, Ontario 2012)

Manufacturing	\$76.1 billion ¹
Finance and Insurance	\$51.8 billion ¹
Construction (Total)	\$32.8 billion ¹
Food and Beverage Industry	\$26.2 billion ²
Tourism Industry (Total)	\$19.5 billion ³
Rental Housing Industry	\$18.3 billion²
Defence Industry	\$13.9 billion ²
Aeropace Industry	\$11.2 billion ²
Mining and oil and gas extraction	\$6.5 billion ¹
Agriculture, forestry, fishing & hunting	\$4.7 billion ¹
Arts and Culture Industries	\$3.7 billion ⁴

1. Statistics Canada GDP CANSIM table 379-0030, 2013. 2. KPMG 2013, Economic Impact Assessment Study – Federation of Rental Housing Providers of Ontario. 3. Ontario Ministry of Tourism, Culture and Sport, 2013. 4. Ontario Arts Council, 2012.

Infrastructure

Rental Housing provides much-needed infrastructure investment to Ontario, with over \$4 billion annually and over 40,000 jobs dedicated to revitalizing our province's aging apartment stock.

\$4.533 billion

Total rental housing capital expenditures on construction on new apartment homes and renovations to existing housing.

\$1.77 billion

New construction capital expenditures in 2012. Between 2007 and 2012, there have been investments in over 56,000 new private sector rental homes in Ontario.

\$2.76 billion

Capitalized renovation expenditures in 2012. Over 750,000 units or 55% of Ontario's rental housing stock was built prior to 1970, requiring significant investments by the private sector.

42,400 full time jobs in construction and repair

New rental housing construction generates 33,000 full time jobs, plus another 9,400 full time jobs in rental housing repair construction.

Rental Housing by Comparison: Capital Expenditures (Select Industries, Ontario 2012)

Home Building & Renovation (Total)	\$42 billion ¹
Utilities & Energy Sector	\$9.1 billion ²
Manufacturing	\$6.9 billion ²
Transportation	\$6.4 billion ²
Rental Housing Industry	\$4.5 billion³
Provincial Hospitals Capital Budget	\$2.9 billion ⁴
Provincial Highways Capital Budget	\$2.2 billion ⁴
Agriculture & Forestry	\$1.2 billion ²
GO Transit Annual Capital	\$1.96 billion ⁵
Arts & Culture Industries	\$0.58 billion ²
Social Housing Capital Investment	\$0.16 billion ⁶

1. Ontario Home Builders Association, 2012; 2. Statistics Canada, 2013 CANSIM Table 0029-0005; 3. KPMG 2013, Economic Impact Assessment Study – Federation of Rental Housing Providers of Ontario; 4. Ontario Ministry of Finance 2013; 5. Metrolinx 2013; 6. Ontario Ministry of Municipal Affairs and Housing, 2013.

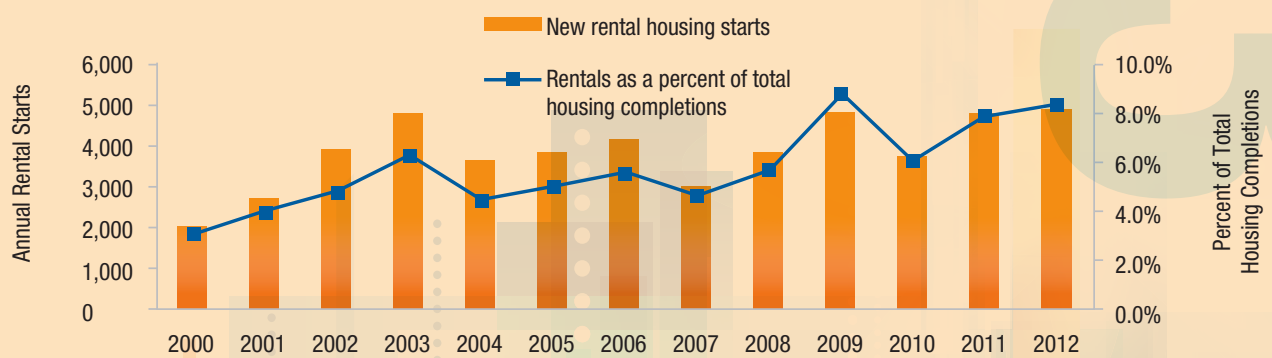
New Rental Housing's Economic Impact

Driving the economy on a variety of fronts

In 2012, the construction of new rental housing in Ontario generated:

- \$2.81 billion in GDP impact for the province.
- \$1.82 billion in labour income for Ontario.
- 33,083 full time jobs created, and 7,423 jobs created in other provinces.
- \$1.17 billion in government tax revenues, of which \$1.08 billion was in Ontario.

Rental Housing Construction in Ontario is at its Highest Level Since 1993



Source: CMHC Housing Now, Ontario Region 2012; CMHC Housing Observer 2012

\$7 billion

Taxes and Government Revenue

Private rental housing generates substantial revenue to governments in the form of property taxes, business taxes, sales taxes, income taxes and numerous licensing and permitting fees.

\$7 billion Total Tax Revenues

Ontario's private rental housing industry generates a total of \$7 billion to all levels of government. Of this amount, \$6.45 billion was collected in Ontario.

\$3.73 billion in Taxes on Products and Production

Rental housing generates \$3.73 billion in property taxes, business taxes, sales taxes, gas taxes and excise taxes. Of this amount, \$3.586 billion, or 96%, is collected in Ontario, with the remaining 4% in other provinces.

\$3.272 billion in Income Taxes

Rental housing generates about \$2.18 billion in personal income taxes, of which \$640 million accrue to the government of Ontario and \$1.54 billion to the government of Canada. Rental housing also generates CPP contributions of \$753 million, and over \$330 million in EI and other income tax contributions for a total of \$3.272 billion annually.

Rental Housing by Comparison: Annual Government Taxes (Ontario 2012)

Home Building Industry (Total)	\$11.3 billion ⁶
Tourism Industry (Total)	\$9.5 billion ³
Rental Housing Industry	\$6.5 billion²
Food and Beverage Industry	\$5.2 billion ²
Insurance Industry	\$3.7 billion ⁵
Agriculture and Food Industry	\$3.4 billion ¹
Arts and Culture Industries	\$1.7 billion ⁴
Mining Industry	\$1.0 billion ⁷
Aeropace Industry	\$320 million ²

1. Ontario Federation of Agriculture, 2012; 2. KPMG 2013, Economic Impact Assessment Study – Federation of Rental Housing Providers of Ontario; 3. Ontario Ministry of Tourism, Culture and Sport, 2013; 4. Ontario Arts Council, 2012; 5. Insurance Bureau of Canada, 2011; 6. Ontario Home Builders Association, 2007; 7. Ontario Mining Industry, 2013.

Employment and Labour Income

146,534 Jobs

Ontario's private sector rental housing industry generates 163,343 full time jobs across Canada, of which 146,534 (or 90%) are located right here in Ontario.

\$8.29 billion Total Labour Income

Labour income, including wages and employer-paid contributions for full time positions is approximately \$8.29 billion in Ontario, plus another \$0.96 billion in other provinces.

\$56,600 Average Wage

The average annual wage associated with employment in rental housing is \$56,600. Many rewarding careers found in rental housing include employment in property management, administration, finance, repair, construction and technical services.

Rental Housing by Comparison: Full-time Employment Impact (Select Industries, Ontario 2012)

Manufacturing (Total)	807,000 ⁶
Auto Industry	400,000 ¹
New Housing and Renovation	325,800 ²
Tourism Industry	305,400 ⁷
Agriculture and Food	164,000 ³
Rental Housing	146,534⁴
Defense Industry	70,462 ⁴
Aerospace Industry	67,700 ⁴
Arts & Culture Industries	67,000 ⁵
Utilities Sector	51,500 ⁶
Forestry, Fishing and Mining	35,000 ⁶

1. CAW Canada; 2. Ontario Home Builders Association; 3. Ontario Federation of Agriculture; 4. KPMG 2013, Economic Impact Assessment Study; 5. Ontario Arts Council, 2012. 6. Statistics Canada CANSIM Table 282-0088, 2013. 7. Ontario Ministry of Tourism, 2013

146,534 jobs



Public Policy That Favours Rental Housing: It's Time

**A positive regulatory environment is the key to unlocking value
in future rental housing investment:**

Removing Rent Controls – Over half of all rental buildings in Ontario were built prior to 1970. Major investments in repairs and maintenance are needed. Existing rent controls in Ontario simply mean that rents will not keep pace with the increased costs of management, utilities, taxes, maintenance and repairs and capital investment.

Preserving vacancy de-control and the post-1991 rent control exemption – A must for securing future investments in Ontario's rental housing, improving both housing supply and quality.

Fix the Rent Dispute Process – Ontario's broken rent dispute process is a disincentive to enter or remain in the rental housing business. Delaying the justice process costs landlords over 90-days and over \$4,400 per case, and is harmful to tenants who accumulate larger debts in the process. Other provinces exhibit shorter delays and lower costs, showing that reform is possible.

Safeguard rental housing from municipal licensing – Recent changes to Ontario's *Municipal Act* enabled municipalities to impose licensing taxes on rental homes, resulting in costly fees for tenants and red-tape barriers on landlords. The restoration by the Ontario government of the pre-2007 prohibition on licensing would be an encouraging regulatory change and send a positive signal to investors.



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