

Promoting Housing Affordability Through Tax-Incentives

**SYNERGISTIC POLICIES FOR THOSE WHO NEED THEM -
WITH PROVEN METHODS FOR THE EXISTING HOUSING STOCK**

Nereida Lopez Larios, Lara Zlateva, Jessica Winton, Tamara Munoz Macias

Background

Housing as we know, is an essential need for all people, and yet it suffers the most from being a financial asset and commodification. We don't treat water this way, why should we with housing? Everyone needs a place to live.

Housing all over Canada has become increasingly expensive with prices for tenants and prospective owners alike skyrocketing within the past several years with **an average of a 24% for new tenants last year.**

The “*Housing Crisis*” as it is often called is only a housing crisis because of who it currently affects. Middle income people are feeling the burden of inflated housing cost and those with lower income are facing higher rates of housing insecurity **or outright homelessness.**

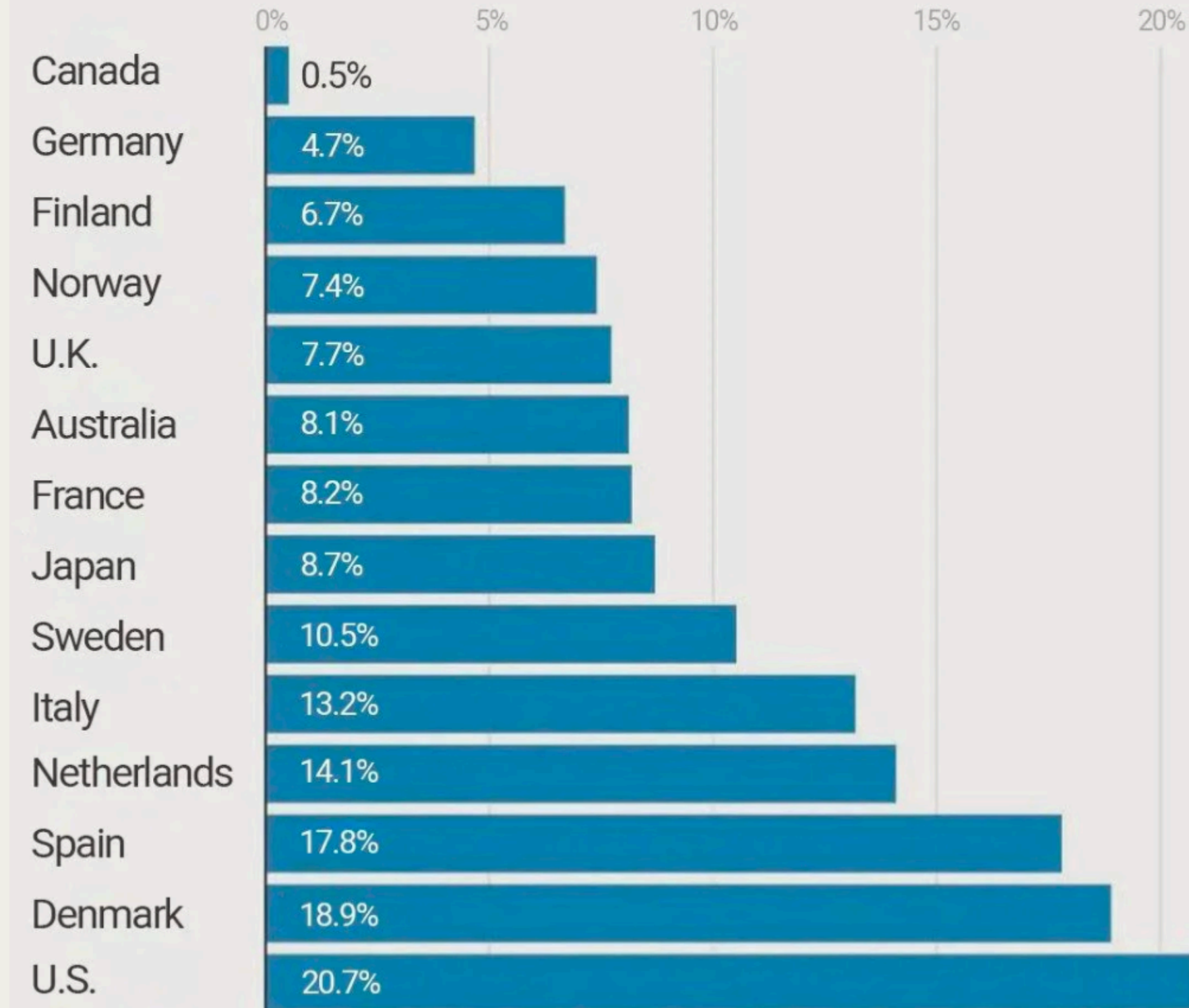
- **Nearly 1 in 5 Households cannot afford their housing**
- **This number is expected to increase 20% within the next few years**

Economic Impact

- Much of Canada's economy is propped up by real estate and our real GDP growth over the last decade has stagnated at 0.5%
- Real estate being a commodity has exacerbated this issue as there is no real value being produced from making the raw numbers go up.
- **There needs to be a healthy mix between owner-occupiers and the market for renters.**
- As of now, there is a political imbalance where people who own and occupy their property are the majority and hold the bulk of political influence.

While owning a home sounds like an amazing goal everyone needs to strive towards, it can cause the financialization problem, where once you own your home, you want to see its value increase.

Canada, per capita economic growth laggard for 10 years



Growth in gross domestic product (GDP) per capita, in real terms (after inflation) at purchasing power parity, between 2014 and 2024

Source: IMF, World Economic Outlook, October 2024

List of Recommended Policies

- Mandatory Rental Registry
- Personal Income Tax for Landlords Providing Affordable Units (capped)
- Vacancy Tax
- Land Value Tax
- Tax on Ownership of Multiple Properties

These Policies are holistic, and not designed to work without each other as they reinforce the strength of the same system

Mandatory Rental Registry

A Rental Registry is an online database aimed at increasing transparency for tenants in regards to landlords and properties. It provides information such as the rental price history, unit condition, and profile of the owner.

- Equals the playing field for tenants and landlords
- Reduces the burden on the TAL and allows for proactive inspections
- Can go beyond simple rental price history
- Makes searching for a home much easier through a centralized system

Recommended rent hikes for 2025 are at 6% however new renters in 2024 experienced an average of an unsustainable **24% rent increase** compared to the previous year.

Vivre En Ville Rental Registry

RENT(S) NEAR YOU

1-4435 Rue Sherbrooke Ouest, Westmount

2 bedrooms | 2023

1410.00 \$ / Month

Details

14-4435 Rue Sherbrooke Ouest, Westmount

2 bedrooms | 2020

1000.00 \$ / Month

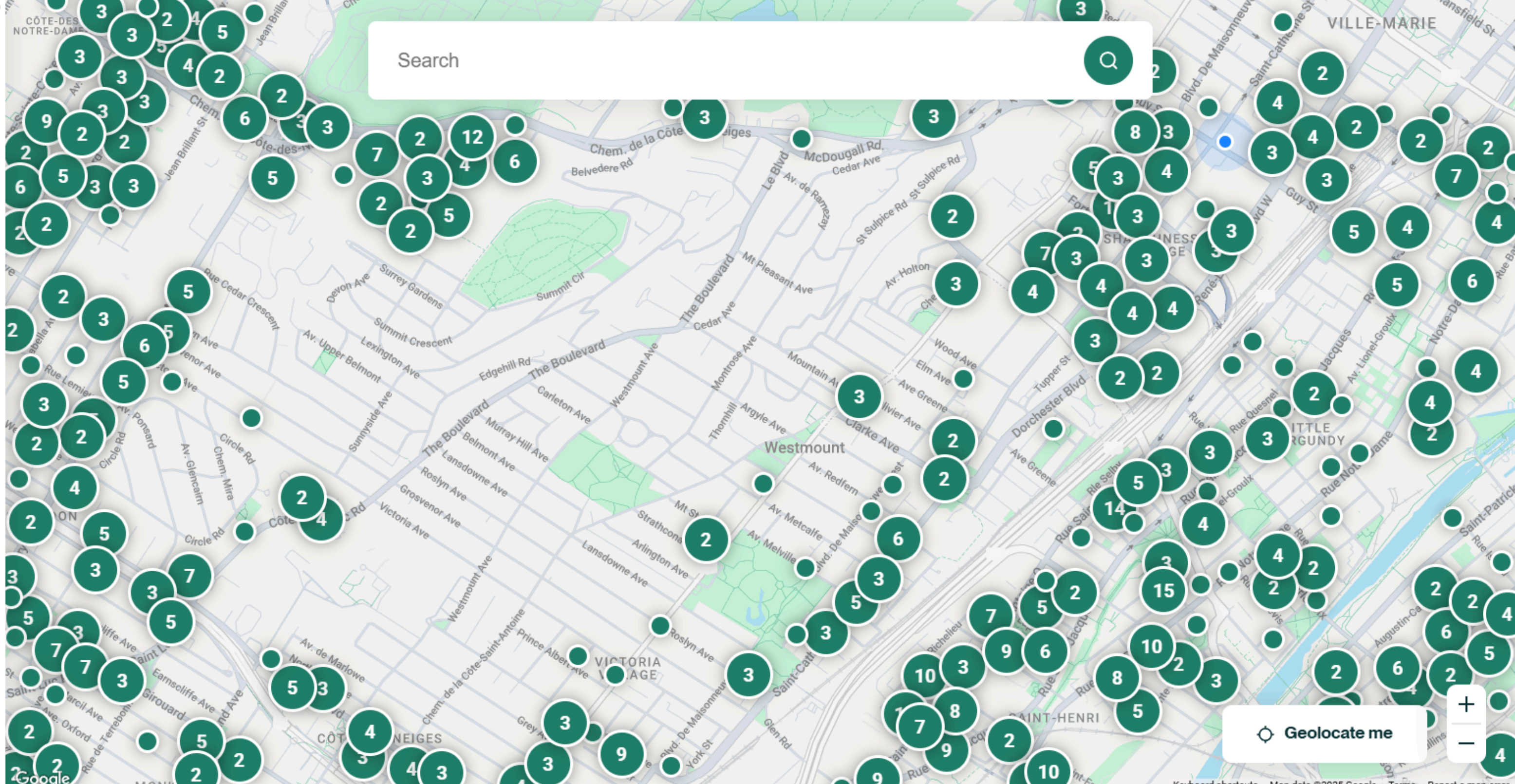
Details

4278 Rue Sherbrooke Ouest, Westmount

3 bedrooms | 2023

2196.00 \$ / Month

Details



Income Tax Rebate for Landlords

Providing Affordable Rent

A Tax rebate for Landlords would better utilize the existing housing stock in an affordability scheme.

- A mandatory rental registry would ease the administrative burden and allow for fact checking
- Could provide a deflating effect on the rental market
- Works with the **EXISTING rental stock** while we continue to develop further

After all, if the landlords retains the same amount of profit while easing the burden on the tenant, wouldn't anyone nice be in favor of this policy?

Can work within the existing structure of Revenu Quebec as it already tracks rental income

Foundational Systems In Place



Navigation pointers

Notice

TP-128-V (2024-10)

1 of 2

E

Income and Expenses Respecting the Rental of Immovable Property

Erase

You must file this form if you earn rental income from immovable property you own or co-own. You must complete **a separate form for each immovable, but Part 3, which covers all of your immovables, should be completed only once**. If work was carried out on an immovable, complete form TP-1086.R.23.12-V, *Costs Incurred for Work on an Immovable*. You must keep the invoices or other original documents attesting to the expenditures made to earn rental income. This requirement applies to both current expenditures (maintenance costs, for example) and capital expenditures (the acquisition or improvement of a property, for example). We reserve the right to examine any such documents to validate a deduction claimed. If you fail to provide us with such documents upon request, we may disallow the deduction.

For more information, see IN-100-V, *Individuals and Rental Income*.

Last name and first name of the owner or co-owner

Social insurance number

Year

11

Y Y Y Y

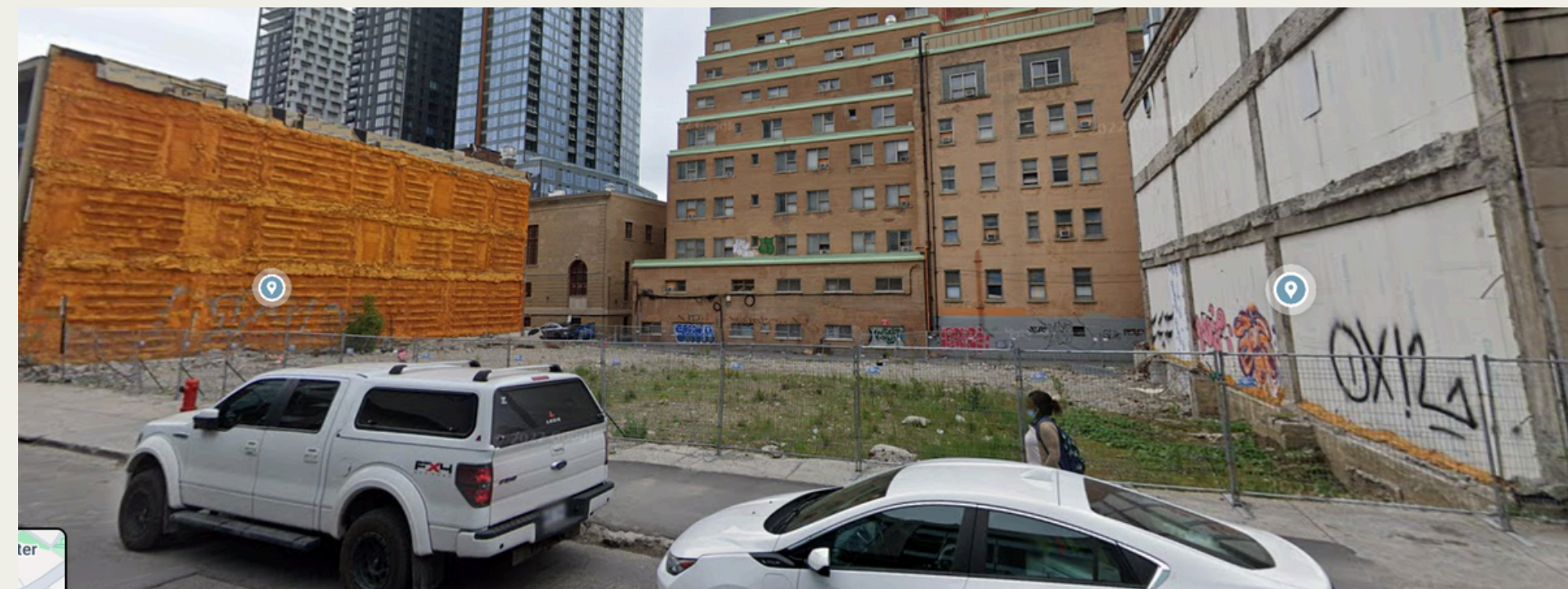
1 Information about the immovable

Additionally there is also slip RL-31

Vacancy Tax

A vacancy tax would be an imposed tax after 12 months of vacancy. Would increase overtime the longer the vacancy remains. Could sit at an extra 2% as it is in BC.

- Overall Vacancy rate in 2023 was 1.5%
- The vacancy rate was less than 1% for units under \$1,150 (CMHC Rental Market Report)
- Low vacancy rates mean people are forced into predatory leases with no alternatives
- A vacancy tax encourages landlords to develop land or lower rents should they be too high
- Would be much easier to track administratively with a mandatory rental registry.



Land Value Tax

A Land Value Tax would be a tax imposed on all properties based on the potential value of the land.

- Land values are not equal everywhere otherwise farmland in rural Quebec would be equal to downtown Montreal.
- **A Land value tax is the fundamental idea that most economic value for land is derived from what activities take place around it and what it can be used for.**
- A land value tax reduces speculation and general piggybacking off of other people's hard work and dedication to make their neighbourhood better

The tax rate for land that have large buildings is the same as the homes up in the hill with the same amount of land.



Tax on Ownership of Multiple Properties

This would be a progressive tax on ownership of multiple properties. For example an additional 1% property tax on any additional property owned and not occupied by the owner. Works in tandem with rental registry.

- Dis-incentivizes speculation by removing the financial incentives to financialize housing
- Reserves housing for those who intend to live in it, rather than a commodity
- Progressive tax, heavily punishing corporate landlords from taking over entire neighbourhoods

A landlord that is not within the top 600 landlords in Montreal owns, on average, 3 units.

However a “*small time landlord*” is classified as anyone with less than 40 units.

0.45% of landlords own 31% of units in Montreal. (St-Hilaire, C. et Al. , 2023).

Advocate!