

Submission to the National Housing Council
Review Panel on the Financialization of
Purpose-Built Rental Housing

Citizens for Public Justice

August, 2023

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Introduction

Citizens for Public Justice (CPJ) is an organization, “inspired by faith to act for justice.” Together with members and partners from churches, community groups, advocacy organizations, and academia across Turtle Island, we conduct rights-based, intersectional policy research, education, and non-partisan advocacy related to poverty in Canada, refugee and migrant rights, and climate justice. Our focus is on federal, domestic policy, though we recognize the many interactions among multiple levels of government, and call for strong federal leadership to bring coherence, consistency, and alignment with Canada's stated human rights commitments across jurisdictions.

For this submission, CPJ reached out to several faith communities to share stories of how the financialization of purpose-built rental housing is compromising the right to housing in our communities. Some of the churches and organizations contributing to and/or endorsing this submission provide direct services or support to people experiencing precarious housing and/or people who are unhoused (or “unhomed” as one contributor noted), or are engaged in providing non-profit housing themselves. Others are not engaged in providing direct services or housing, but engage at the policy level, advocating for rights-based policy decision making processes, investments, and regulatory controls.

We submit this brief to express our solidarity with other housing and human rights advocates and people with lived experience of core housing need and homelessness, and to share stories from our own communities about the lived impacts of financialization on the right to housing. We recognize, and call for targeted action to address, the intersecting systems of oppression that disproportionately violate the rights of people who are First Nations, Inuit, Métis, Black, racialized, disabled, 2SLGBTQ+, women, gender-diverse, single, and those with low income and/or precarious immigration status, and note that the financialization of purpose-built rental housing disproportionately impacts these communities.

We also make this submission to signal to elected officials at all levels of government that we, their constituents, are deeply concerned about their policy making processes and decisions, and demand that they be brought into alignment with our moral and legal obligations to uphold the inherent dignity and human rights of all people.

Economic, Social, and Cultural Rights Obligations

Canada prides itself on being a world leader in human rights, sustainable practices, multiculturalism, and gender equality. In 2019, CPJ applauded the federal government's recognition of the right to housing, specifically, in the [National Housing Strategy Act](#).¹ Unfortunately, these aspirations do not reflect the lived experiences of millions of people in this country. To live up to this narrative, Canada must prioritize investments and regulatory controls consistent with our human rights obligations, treaty agreements, and international climate and development commitments.

Article 2 of the [International Covenant on Economic, Social and Cultural Rights](#)² (ICESCR) sets out what governments are obligated to do to help realize these rights:

- Each State Party to the present Covenant undertakes to take steps, individually and through international assistance and cooperation, especially economic and technical, to the **maximum of its available resources**, with a view to achieving progressively the full realization of the rights recognized in the present Covenant by all appropriate means, including particularly the adoption of legislative measures.³
- Each State Party to the present Covenant undertakes to guarantee that the rights enunciated in the present Covenant will be exercised **without discrimination of any kind** as to race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.⁴

In relation to Article 2 of the ICESCR, [International Budget Partnership](#) explains that,

“the obligation to use the maximum of available resources (MAR) means that a government must do all that it can to mobilize resources within the country in order to have funds available to progressively realize ESC [Economic, Social, and Cultural] rights...the government must make every effort to collect all taxes and other

¹ <https://laws-lois.justice.gc.ca/eng/acts/n-11.2/FullText.html>

² <https://www.ohchr.org/en/instruments-mechanisms/instruments/international-covenant-economic-social-and-cultural-rights>

³ Ibid.

⁴ Ibid.

revenue due it, all the while complying with the obligations of progressive realization and nondiscrimination, and ensuring that people have access to the relevant information.”⁵

It is critical to note that spending alone does not guarantee compliance with the requirements of Article 2. The UN Committee on Economic, Social and Cultural Rights (CESCR) explains that governments must:

- Give “**due priority**” to ESC rights in the use of their resources (i.e., allocations and expenditures should be directed to ESC rights-related areas as a matter of priority);
- Spend money **efficiently** (i.e., not wasting money by paying more than they should for goods or services, or spending money on programs, goods, or services that don’t actually meet priority needs and/or that are not supported by evidence);
- Spend money **effectively** (i.e., spending must have an actual, measurable effect on enhancing people’s enjoyment of their rights)
- Ensure funds set aside for ESC rights are **fully spent**; and
- Ensure funds allocated for ESC rights-related programs are **not diverted** to other areas (including not moving funds allocated for core obligations to non-priority expenses).

For Canada, this means targeted investments and regulatory controls that **address longstanding inequities** and **cultivate corporate and public accountability**, to ensure a **coordinated, coherent path to shared rights, well-being, and resilience**.

Direct Impacts of Financialization on ESC Rights

The financialization of purpose-built rental housing is directly and indirectly at odds with Canada’s human rights obligations (and specifically the right to housing) in a number of ways.

The first inconsistency between the right to housing and the financialization of purpose-built rental housing is that financialized landlords are removing affordable housing units from the market faster than they can be replaced.⁶ At the same time, multiple governments have recognized the need for affordable housing as a priority issue (including declaring “housing crises” in some cities, for example).

⁵ <https://internationalbudget.org/wp-content/uploads/Article-2-and-Governments-Budgets.pdf>

⁶ See, for example, Pomeroy, 2020: <https://www.focus-consult.com/why-canada-needs-a-non-market-rental-acquisition-strategy/>

“[Federal and Provincial] investments in Affordable Housing program together with unilateral provincial initiatives, mainly in BC and Quebec, added fewer than 20,000 new affordable units – so for every (1) one new affordable unit created, at considerable public cost, fifteen (15) existing private affordable units (rents below \$750) were lost!”

- Steve Pomeroy, 2020⁷

Tenant rights groups [such as ACORN](#) and other human rights and housing advocates have further documented a pattern of disproportionately high rates among financialized landlords of:

- evictions (including renovictions and demo-victions);
- applications for Above-Guideline Increases to rents (where such rent controls exist at all);
- intimidation and bullying of tenants to leave their units, increase rents, and/or live with gross negligence in units and buildings;
- failure to maintain and provide critical repairs to units to maintain even the most basic standards of habitability (including issues with mould, leaks, lack of heating and cooling, roaches, bedbugs, etc.);
- making cosmetic renovations to entryways and building facades with no maintenance, repairs, or improvements inside units;
- a lack of transparency regarding property ownership; and
- unavailability or unresponsiveness of staff, property management, superintendents, with high turnover rates or even just 1-800 numbers to call with issues⁸

Each of these constitute either direct violations of, or at the very least, inconsistency with, the right to housing, as well as compromising other intrinsically connected human rights.

Furthermore, these practices have been found to [disproportionately impact Black and racialized tenants and communities and people with low-income](#)⁹, in contradiction with Article 2’s requirement that rights be exercised without discrimination of any kind. Looking on a broader scale, financialized landlords have been found to buy up large numbers of units in areas with low property value, again disproportionately impacting people with low-incomes and racialized communities, raising rents beyond the means of existing

⁷ Ibid.

⁸ See, for example, ACORN Canada’s report, “The Impact of Financialization on Tenants: Findings from a national survey of ACORN members. A report for the Office of the Federal Housing Advocate.” June 2022, retrieved at <https://acorncanada.org/news/the-impact-of-financialization-on-tenants-finds-from-a-national-survey-of-acorn-members/>

⁹ Lewis, Nemoy. 2022. The uneven racialized impacts of financialization: A report for the Office of the Federal Housing Advocate. The Office of the Federal Housing Advocate. Retrieved at: <https://www.homelesshub.ca/sites/default/files/attachments/Lewis-Financialization-Racialized-Impacts-ofha-en.pdf>

tenants and forcing people out through evictions, renovictions, and demo-victions. This can change whole community demographics by forcing Black and racialized people in a phenomenon described by Dr. Nemoy Lewis and other scholars as “racial banishment”¹⁰:

“The term displacement, in the context of market-driven displacement by financialized landlords, suggests that racialized renters could find affordable accommodation either elsewhere in the community or in other parts of the city. The concept of banishment accurately captures the repercussions of the violent practices and processes of financialized landlords, in that their investment and management practices lead to an expulsion of racialized and indigent people who fall outside the calculus of their business model. Together, racial banishment and anti-Black financial violence help us to identify the broader processes and actors which facilitate the economic conditions that ensure financialized landlords’ profit motive takes precedence over the human right to housing.”

- Dr. Nemoy Lewis, 2022¹¹

Financialization and Article 2 Obligations

Not only does the financialization of purpose-built rental housing directly violate people’s ability to exercise the right to housing, the fact that current government policies actually favour financialized landlords furthermore violates governments’ obligations outlined in Article 2 of the ICESCR to devote maximum available resources to the progressive realization of ESC rights.

Notably, the conditions of efficiency, effectiveness, and not diverting funding from core priorities to non-priority areas are violated by government policies that enable and exacerbate the financialization of purpose-built rental housing.

Real Estate Investment Trusts (REITs), for example, receive preferential tax treatment, which not only deprives governments of revenue that could be used to support ESC rights, but also rewards financialized landlords that are actively violating ESC rights.

Government investments in acquiring and constructing affordable rental housing are also made less efficient and effective because of the sky-rocketing price of housing exacerbated by financialization. Likewise, government investments in social assistance and other income security programs, as well as rent subsidies and housing subsidies have reduced efficiency and effectiveness because of the ways financialization has inflated rental rates

¹⁰ Ibid.

¹¹ Ibid.

and reduced the availability of supply. Thus, the financialization of housing fundamentally undermines governments poverty reduction efforts and actions to progressively realize their human rights obligations.

Even government policies targeted at first-home-buyers like the federal Tax Free First Home Savings Account can contribute to the financialization of the housing market, and constitute a practice of diverting funding from core priorities (e.g., funding programs and services to assist those who are disproportionately inadequately housed or unhoused) to non-priority areas. Similar to the preferential tax treatment of REITs and other corporate landlords, these initiatives also deprive governments of revenue that could be targeted towards ESC rights.

Church and Faith Community Experiences

The following stories and statements have been shared directly by church and faith community representatives.

The Dale Ministries, Parkdale, Toronto, ON

“The Dale Ministries is a church and community organization in Parkdale, Toronto, and is home to many people who are typically marginalized because of poverty and mental health struggles. Parkdale is rapidly gentrifying, and members of the community are suffering the effects of the financialization of housing. Our friends on fixed incomes are routinely targeted for both reno-viction and demo-viction.

In one case, a community member was evicted, and the only place they could afford to move was Scarborough. They chose to walk over three hours to Parkdale to volunteer, be with their community, and access familiar services. Community ties are what make life rich and worthwhile, and our community is threatened by policies and structures that allow the financialization of housing to continue.”

Dr. Barry Rieder, Jane Finch Community Ministry, The United Church of Canada, Toronto, ON

“Several of the United Church Community Ministries across Canada deal with communities experiencing homelessness or are located in or near social housing communities. Many of the low-income participants are racialized or indigenous so a comprehensive housing strategy needs to deal with systemic racism. These ministries themselves struggle with financial resources to adequately support individuals and families who face economic challenges that contribute to homelessness.

As existing social housing stock deteriorates, it is not being replaced. Although the demand for affordable housing or social housing has increased the supply has not. Some waiting lists to get into social housing are up to a ten-year wait or more.

Many municipalities' definition of "affordable housing" in itself is not affordable since it is based on what market rents are instead of based on people's actual income. As low-income communities are gentrified (including due to the impacts of financialization) individuals and families are pushed out of their communities. With the redevelopment, the percentage of any 'affordable units' is inadequate and the costs are not affordable.

Some United Churches have engaged in providing temporary shelter through 'Out of the Cold Programs' but recognize that this is only a Band-Aid solution to a larger systemic problem, including financialization. Some United Churches are willing to develop some of their property into affordable housing but need financial partners and resources to do so."

Major Juan Burry, The Salvation Army Booth Centre, St. Catharines, ON

"The costs of rental housing are growing here in the Niagara Region just as it is in most places in Canada. While we often hear in the media that we need more housing units (which I don't disagree with), the issue for our clients is not the number of units available in our region, but the price of them. Income assistance rates are not keeping pace with increased housing costs. Without some form of subsidy or supplement, most of our clients have little chance of acquiring a rental unit. Rising rents and inflation have had a direct impact on the client's ability to live independently. With rental costs taking up so much of their income, the rising costs of other items puts additional pressure on households.

Many of our clients could also directly benefit from better legal advice and support regarding tenant rights. We find that often our clients will be threatened with removal from their units over things that do not merit eviction. But because they do not know their rights, they can find themselves out of their homes and thinking they have no recourse."

Stella Lord, Member of the Congregation, Cathedral Church of All Saints Halifax, Halifax, NS

"I coordinate an organization made up of community-based agencies that serve, support and advocate for people in poverty. Initially we were focused on income assistance, but since COVID have branched out to include food insecurity, housing/homelessness and energy poverty as they are all connected.

Having completed an informal survey of members about food insecurity here in Halifax, it is quite clear the extent to which this is linked to increased cost of essentials - housing (especially increased rents and evictions), energy costs, and the costs of food in grocery stores.

Evictions have been running rife here as larger landlords (including corporate landlords and REITs) are coming in and buying up smaller resident landlords, whereupon they demolish, “renovate”, and evict existing tenants in order to do this. Although there is a regulation in Nova Scotia that limits “renoviction” by an existing landlord, if the building is sold, it's open season.

One large developer has just bought a whole estate made up of older, low-rent housing and has given notice of eviction to some where he wants to start redevelopment. He says he will include “affordable housing” in his development and existing tenants will have right of first refusal (probably with tax breaks from the provincial or municipal government). However, these units are unlikely to be truly affordable for these folks. It's going to be a disaster.

The push here is generally for more community-based housing—co-ops; housing owned by not-for-profit organizations etc. - these are the people who should be getting the tax breaks and other financial help, not the corporations!”

Recommended Remedies

CPJ and others endorsing this submission call on the federal government to take a strong leadership role in ensuring a coordinated, coherent approach to the progressive realization of the right to housing and other interrelated human rights, treaty rights, and climate commitments. Federal budgets and all other policy decisions must prioritize the realization of ESC rights including the right to housing, particularly for those disproportionately experiencing housing insecurity, inadequate housing, and/or homelessness, as opposed to centering the needs of those in the middle and upper classes. This requires a whole-of-government approach at the federal level, as well as across government jurisdictions.

1. Make federal funding conditional on rights-based targets and practices.
 - a. Develop distinctions-based targets for groups facing discrimination and develop monitoring and reporting procedures on the impacts of funding on human rights obligations for all federally funded programs and transfers to provincial, territorial, and municipal governments. Ensure that these targets and processes are co-developed with people who have related lived

experience and those with human rights expertise.

- b. Include an Indigenous-led inquiry as recommended in the [Human Rights Claims](#) of the National Indigenous Housing Network and Women's National Housing and Homelessness Network.¹²
 - c. Work with Indigenous governments, provinces, territories, and municipalities to establish minimum requirements for funding projects and programs including, but not exclusive to: rent controls, number of affordable units (to be held in perpetuity), disclosure of ownership, and adherence with tenants' rights. This should include tax policies and financing, as well as direct funding.
2. End preferential tax treatment for REITs and other financialized landlords and establish limitations on their acquisition of affordable housing stock.
 3. Invest in acquisition, repair, and creation of deeply affordable, accessible, publicly owned rental units, including those with wrap-around supports, with a goal of removing 30% of the rental housing market from the for-profit sector.
 - a. Increase the capacity of non-profit housing providers, especially for-Indigenous-by-Indigenous housing providers and other lived experience-led groups to increase their share of the rental housing market and provide continued housing supports.
 - b. Invest in sustained, core funding for general operations and administration as well as program- and project-specific funding.
 - c. Invest in funding to support non-profit housing providers in applying for grants and financing for property acquisition, repairs, and construction, as well as ongoing wrap-around supports and maintenance. Ensure that these application processes are accessible and easy to navigate, and develop funding targets and monitoring and reporting procedures to ensure funds are being directed equitably to core-priority areas and populations.

¹² <https://womenshomelessness.ca/wp-content/uploads/Indigenous-Housing-Claim-June-15-2022.pdf>

4. Mandate or incentivize disclosure of property ownership across all provinces and territories.¹³
5. Work with provinces, territories, Indigenous governments, and municipal governments to develop standards for landlord licensing and standards of maintenance as outlined by [ACORN Canada](#).¹⁴

Churches, faith communities, and faith-based organizations contributing to and endorsing this submission are composed of people experiencing systemic human rights violations, including those resulting from and/or exacerbated by the financialization of purpose-built rental housing, as well as allies. Many of our organizations and communities are engaged in direct support for people experiencing housing insecurity and/or homelessness, with some of our organizations acting as non-profit housing providers ourselves. We submit these recommendations in solidarity with others with lived experience and advocacy partners across the country, with special thanks to ACORN Canada, Dr. Nemoy Lewis, Steve Pomoroy, and the Women's National Housing and Homelessness Network, and the National Right to Housing Network for their research and contributions to the progressive realization of the right to housing in Canada.

Respectfully,

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Citizens for Public Justice

Endorsed by:

Canadian Poverty Institute

Evangelical Lutheran Church in Canada

Le Centre Oblat: A Voice for Justice

The Salvation Army Canada and Bermuda Territory

The Dale Ministries, Parkdale, Toronto, ON

Davenport Perth Community Ministry, Toronto, ON

Citygate Vancouver, Vancouver, BC

FACE of Poverty, Halifax, NS

Dr. Barry Rieder, Jane Finch Community Ministry, Toronto, ON, United Church of Canada

Major Juan Burry, The Salvation Army Booth Centre, St. Catharines, ON

Stella Lord, Member of the Congregation, Cathedral Church of All Saints Halifax, NS

¹³ See section 6.2 of ACORN Canada's report for international examples of how this has been enacted at <https://acorncanada.org/wp-content/uploads/2022/09/acorn-financialization-impacts-tenants-ofha-en-1.pdf>

¹⁴ See section 6.4, Ibid.