THE FINANCIALIZATION OF HOUSING IN CANADA

A Summary Report for the Office of the Federal Housing Advocate

Martine August

June 2022

Office of the Federal Housing Advocate, Canadian Human Rights Commission
344 Slater Street, 8th Floor, Ottawa, Ontario K1A 1E1

Toll Free: 1-888-214-1090 | **TTY:** 1-888-643-3304 | **Fax:** 613-996-9661 | www.housingchrc.ca

This report is part of a series of reports on the financialization of housing commissioned by the Office of the Federal Housing Advocate (OFHA). The other reports in the series can be found on the OFHA website and on the Homeless Hub at homelesshub.ca/OFHA.

The opinions, findings, and conclusions or recommendations expressed in this document are those of the author and do not necessarily reflect the views of the Canadian Human Rights Commission or the Federal Housing Advocate.

Le présent document existe également en version française sous le titre, La financiarisation du logement au Canada : Un rapport de synthèse pour le Bureau de la défenseuse fédéral du logement. *Elle est disponible sur le site du Bureau de la défenseure fédérale du logement et sur le Rond-point de l'itinérance.*

How to cite this report:
August, Martine. 2022. *The financialization of housing in Canada: A summary report for the Office of the Federal Housing Advocate.* The Office of the Federal Housing Advocate.

© Her Majesty the Queen in Right of Canada,
represented by the Canadian Human Rights Commission, 2022.

Cat. No.: HR4-80/2022E-PDF
ISBN: 978-0-660-44892-3

Executive Summary

Introduction

Canada has lived with a perpetual affordable housing crisis, with cost-burdened tenants, debt-burdened new homebuyers, and rising inequality based on asset-ownership. These issues are related to the financialization of housing, in which mortgages, houses, apartments, and shelter are treated as assets for financial investment. According to a report by the United Nations, the financialization of housing poses a challenge to ensuring the right to adequate housing on a global scale. The Canadian government is obligated to address this problem. In 2019, Canada recognized the right to adequate housing in domestic law, building on its affirmation of this right in international law.

This report serves to introduce and summarize the findings from a series of reports commissioned by the Office of the Federal Housing Advocate on the financialization of housing. The full set of reports includes:

- *The Financialization of Housing in Canada (Summary Report)* by Martine August
- *The Financialization of Rental Housing in Canada* by Martine August
- *The Financialization of Seniors' Housing* by Jackie Brown
- *The Uneven Racialized Impacts of Financialization* by Nemoy Lewis
- *Impact of financialized housing on tenants: ACORN Housing survey report* by Bhumika Jhamb and Judy Duncan of ACORN Canada
- *Housing Financialization International Landscape* by Manuel Gabarre de Sus

1. The Value of Housing

Housing is a critically important social good and a key social determinant of health. Advocates for the right to housing argue that states should prioritize the social function of housing, meaning that its value as a home should be elevated over its value as a commodity.

The right to housing is a social right recognized in international law, including in the *Universal Declaration of Human Rights* and the *International Covenant on Economic, Social, and Cultural Rights*. The right to adequate housing has minimum criteria, including security of tenure; affordability; habitability; accessibility; a location proximate to opportunities and services and free from danger; cultural adequacy; and availability of services and infrastructure. According to international law, states are meant to progressively realize the right to housing—taking steps using maximum resources to realize this right—while also refraining from measures that prevent its realization.

Canada has ratified multiple international human rights treaties on the right to housing, which obligate all levels of government (federal, provincial/territorial, municipal) to progressively realize the right to adequate housing. Canada has also recognized the right to adequate housing in law, via the June 2019 *National Housing Strategy Act*, committing governments to the progressive realization of this right.

2. Financialization

Financialization is a process in which finance capital has come to dominate the economy and everyday life, and in which money is increasingly made through financial channels, rather than by making things (Krippner, 2004). Financialization is associated with growing social inequality worldwide (Piketty, 2014), and is connected to the rising influence of “neoliberal” ideologies and governance strategies. Neoliberal restructuring aims to prioritize the market and reduce the role of government in social redistribution. Financialization transforms practices of states, institutions, and society, in part through the mechanism of prioritizing “shareholder value” and other financial metrics. The structural prioritization of investor profits means that other objectives—including social, environmental, cultural, or other goals—are deprioritized by financial firms.

The state has played a fundamental role in catalyzing financialization, through policies to deregulate finance, increase the power of central banks, and expand the role of credit and of the financial sector.

3. The Financialization of Housing

The financialization of housing refers to the growing dominance of financial actors in the housing sector, which is transforming the primary function of housing from a place to live into a financial asset and tool for investor profits. The financialization of housing is recognized as a trend that is undermining the realization of the right to adequate housing. The financialization of housing includes the securitization of mortgages and the direct acquisition of housing by financial entities that turn it into a product for investors. These entities include private equity firms, real estate operating companies, real estate investment trusts (REITs), asset managers, and institutional investors.

Financial firms that invest in housing manage it for investors to produce maximum profits. In the industry, firms refer to “core,” “value-add,” and “opportunistic” investment strategies for real estate. For firms investing in rental apartments, a common strategy is to “reposition” buildings and “add value” for investors by driving up rental rates and other fees, cutting costs on staff and maintenance, and renovating common areas and vacant units. Profit-making strategies for financial firms investing in housing involve extracting more from residents, and often involve displacement.

Housing policy has opened the door to financialization in Canada. Federal withdrawal from social housing provision in the 1990s has left a void in affordable housing supply for decades. Similarly, policy support for the securitization of mortgages catalyzed financialization in the ownership sector, an approach that has completely unlinked housing price increases from income growth. Deregulation of rent control and the introduction of “vacancy decontrol” created a lucrative incentive for landlords to acquire buildings, remove tenants paying low rates, and increase rents to “market” levels. Legislation allowing for rent increases above the cost of living has also been used as a revenue-generating tool by financial firms. The 2019 *National Housing Strategy Act*, which explicitly recognizes the right to housing, has the potential to create systemic change.

4. Types of Financialization of Housing

Financialization of mortgages: Homeownership has been reshaped in recent decades by the securitization of mortgages, where home loans are packaged and traded as securities for global investment. This has catalyzed rising debt loads for borrowers, created more liquidity in markets, and driven high increases in home prices that are pushing homeownership beyond affordability for more and more people. The securitization of mortgages catalyzed the 2008–2009 Global Financial Crisis (GFC) and foreclosure crisis, which disproportionately harmed low-income and racialized homeowners in the US. Canada's state-driven mortgage securitization program, launched in the 1980s, has transformed Canada's housing system into an engine of accumulation for the financial sector, while deeply indebting Canadians (Kalman-Lamb, 2017).

Financialization of single-family homes: The financialization of single-family homes involves the direct purchase of homes by investors and financial institutions. In the US and other countries, crisis or mass sell-offs of housing portfolios have created ***Single Family Rentals (SFRs)*** as an asset class for investors. Tenants in these rentals face problems with affordability and security, and financial firms have been found to evict at higher rates than other landlords. ***Buy-to-Let (BTL)*** financialization refers to the acquisition of homes by investors (including retail investors and individuals) who intend to rent them out as investment properties. In Canada, this phenomenon has increased during the pandemic. In addition, the first institutional SFR vehicle was launched in Canada in 2021.

Financialization of multi-family rental housing: This refers to a process in which rental housing properties are purchased by financial firms, turned into products for financial investment, and managed to maximize profits for investors, shareholders, and executives. In Canada, REITs grew from owning zero rental suites in 1996, to nearly 200,000 last year, and financial firms hold 20–30% of the country's purpose-built rental housing stock. During the pandemic, financial firms have accelerated their consolidation of existing rental housing. This trend is associated with rising rent levels, displacement pressure, impacts on tenant quality of life, higher rates of eviction, and gentrification. Historically, financial firms have grown their holdings by buying existing stock, but there has been a small uptick in ***build-to-rent*** (BTR) financialization in Canada, where financial firms develop new properties. These properties have very high rents and do not contribute the stock of affordable housing. Much more affordable housing is lost in Canada to financialization than is built from new supply.

Financialization of seniors' housing: Since the 1990s, financial firms have grown to dominate in the seniors' housing sector, acquiring 22% of long-term care homes (LTCs) and 42% of retirement living properties in Canada. This trend is associated with neoliberal healthcare restructuring and the privatization of LTCs. The profit-making strategies of financial firms in seniors' housing rely on driving very high rents and raising fees for domestic services and privatized healthcare (in retirement homes), capitalizing on government redevelopment programs (in LTCs), and cutting costs, which affects the health and well-being of residents and the labour conditions of LTC workers, many of whom are racialized women.

Financialization of social housing: In many parts of the world, social housing has been privatized and sold to financial firms, leading to price increases, neglect, and property deterioration. This trend violates the right to adequate housing by removing deeply affordable, de-commodified housing and turning it over to firms that extract value by raising rental housing prices and cutting costs.

Financialization of student housing: The rise of the purpose-built student housing (PBSA) sub-market in Canada has been catalyzed by interest from financial firms seeking a new product for investors (Revington & August, 2020). Researchers link this trend to rising student housing costs and gentrification.

Financialization of short-term rentals: Financial investment in short-term rental platforms and the direct acquisition of properties to use as short-term rentals are reshaping rental housing markets. In the absence of regulation, this trend is generating gentrification, higher rental housing prices, and, in some places, the cultural reshaping of communities by tourism.

Financialization of mobile home communities: Mobile home parks, sometimes called Manufactured Home Communities (MHCs) have been targeted by Canadian REITs and institutions as a "recession proof" investment. Researchers have found this trend leads to increased utility and service costs for residents in traditionally low-cost communities.

5. Impacts of the Financialization of Housing

Financialization has been flagged as a driver of social inequality and is associated with the violation of the right to adequate housing. Financial firms drive value for investors using strategies that reduce affordability and that can compromise habitability, security of tenure, and other pillars of adequate housing. The impacts of financialization include the following:

Affordability: Financialization is associated with increasing costs of housing for homeowners and renters. Financialization of home and mortgage markets has contributed to house-price growth that is de-linked from wage growth in recent years, which intensifies inequality. Financial firms operate rental housing with a goal to increase rent levels, making it their business model to reduce affordability.

Harassment and reduced quality of life: The profit-making strategies of financial firms can negatively impact tenant quality of life. Tenants may be affected by disruptive construction in their building. In some properties owned by financial entities, firms neglect repairs and upkeep. In others, tenants may feel pressured to leave by firms that use legal and extralegal strategies to push out long-standing residents paying lower rents.

Displacement and eviction: Financial firms profit from driving up rental housing costs, which leads to direct and indirect displacement. Financial firms strategically pursue unit "turnovers" to capitalize on allowable rent increases between tenancies. Researchers in the US have found that financial operators use eviction as a revenue-generating tool, and that they evict tenants at higher rates than other types of owners.

Health impacts: Financialization has impacts on resident mental and physical health, resulting from coping with price increases, financial insecurity, threats of displacement, landlord harassment, and eviction. In seniors' housing, for-profit long-term care facilities ownership is associated with worse care outcomes in Canada. A US study showed that private equity ownership has been correlated with a 10% increase in patient death.

Uneven impacts disproportionately affect marginalized groups: Housing inequality is disproportionately experienced by people who are Indigenous, racialized, disabled, and newcomers to Canada, as well as those with low or fixed incomes.

6. Summaries of Reports in the Series

In addition to this summary report, this series on financialization for the Office of the Federal Housing Advocate includes reports that look in detail at:

- The financialization of rental housing (by Martine August)
- The financialization of seniors' housing (by Jackie Brown)
- The uneven racialized impacts of financialization (by Nemoy Lewis)
- Impacts of financialization on tenants (by Bhumika Jhamb and Judy Duncan of ACORN Canada)
- The international landscape of housing financialization: (by Manuel Gabarre)

7. Recommendations

Recommendations for all levels of government

- Track beneficial ownership of housing
    1. Require ultimate beneficial owner disclosure of all property owners
- Limit and prevent the financial ownership of housing
    2. Limit/cap ownership by firms that treat rental housing as an investment product
    3. Expropriate financialized housing in excess of reasonable minimums
    4. Disallow ownership and purchase of social housing by financial firms
    5. Disallow ownership and purchase of mobile homes to financial firms
- Measure the impacts of financialization
    6. Governments at all levels should measure the impacts of financialization and use the findings to inform policy aimed at the progressive realization of the right to housing
    7. Governments should hold public hearings on financialization to measure impacts
- Prevent displacement
    8. Government spending on infrastructure and other community upgrades should be combined with anti-displacement measures

Recommendations for the Federal Government (related to the CMHC and the NHS)

- Expand support for social and affordable housing to counter neoliberal policies that violate the right to housing
    9. Expand NHS support to increase construction of non-market housing
    10. Ensure federally funded housing remains affordable in perpetuity

11. Expand NHS funding to support the acquisition of existing rental housing properties
12. Provide funds to support the expropriation of certain kinds of financialized housing
13. Impose or incentivize the adoption of meaningful rent controls
14. Provide rent relief for tenants as an eviction prevention strategy

- Prevent the use of federal funding and support for actions that violate the right to housing

15. Do not extend state financing, mortgage subsidies, or tax incentives to financial firms unless their investment demonstrably addresses housing need
16. Eliminate provision of CMHC preferred financing to financial investors in multi-family housing, seniors' housing, student housing, and mobile homes
17. Limit CMHC preferred financing to borrowers who can guarantee affordable rents, zero displacement, and eviction prevention measures
18. Suspend provision of CMHC mortgage insurance to financialized investors in housing

- Suspend programs that promote indebtedness from home ownership and privilege home ownership over renting

19. Governments should not favour the access to a home property through mortgage insurance, the purchase of mortgage bonds, subsidies, or public incentives; and should not prioritize homeowner support over renter support

Recommendations for the Federal Government (related to taxation)

20. Eliminate federal tax incentives for REITs
21. Institute capital gains tax on properties transferred to REITs
22. Set higher targets for delivery of affordable units

Recommendations for the Federal Government (related to health)

23. Explore the legislation of criteria for provinces to receive LTC transfers
24. Push for and enforce national long-term care standards
25. Provide funding to build and operate public and non-profit seniors' housing
26. Invest in alternatives to long-term care

Recommendations for the Federal Government (related to competition)

27. Prevent monopolies in the ownership of rental housing by setting reasonable maximum limits on ownership by any given firm
28. Prevent oligopolistic and monopolistic rental market ownership via *The Competition Act*

Recommendations for the Federal Government (related to banking and financial regulation)

- Regulate banks to prevent lending to firms that profit from rent increases, displacement, and the violation of the right to adequate housing.

29. Regulate financial institutions to prevent lending for the purchase of residential real estate with plans to raise rents and violate the right to adequate housing

- Regulate public pension funds
    - 30. Prohibit public pension funds from providing private loans to facilitate housing acquisitions by financial operators
    - 31. Require public pension funds to make public their real estate investments
    - 32. Require public pension funds to promote the social good, consistent with human rights

Recommendations for the Provinces (related to housing)

- Strengthen tenant protections and rent control
    - 33. Provinces should put in place vacancy control to control the increase of rent between tenancies.
    - 34. Provinces should eliminate above guideline increases (AGIs) to rents
    - 35. Provinces should limit annual rent increases to the cost of living
    - 36. Provinces should prevent evictions and prohibit eviction into homelessness
    - 37. Provinces should create and enforce strong protections against renoviction
- Provide data and funding to support affordable housing
    - 38. Provinces should maintain an apartment unit registry with details on ownership and rent changes
    - 39. Provinces should fund social, co-op, and non-profit housing production and operation, and renew their historic role in meaningful support for deeply affordable housing

Recommendations for Provinces (related to long-term care)

40. Award long-term care licenses to public and non-profit operators and explore how to reallocate beds from financialized and for-profit operators
41. Support public and non-profit providers to take over for-profit and financialized homes when contracts expire
42. Establish an agency to support non-profit and public homes in development
43. Work with federal governments to build and operate public and non-profit retirement residences

Recommendations for Municipalities

44. Meaningfully enforce standards of maintenance by-laws
45. Develop landlord licensing to track renovictions and demovictions, identify bad landlords, and enable enforcement of building standards; revoke the licences of non-compliant actors
47. Acquire and/or expropriate existing affordable housing stock at risk of acquisition by financial firms to operate as social, co-op, or non-profit housing.
48. Expand social housing stocks using existing municipally owned properties for development
49. Support acquisition programs for affordable housing with capital grants and forgivable loans to non-profits and land trusts
50. Impose vacancy tax
51. Protect rental housing loss with anti-demolition, anti-conversion, and one-for-one unit-replacement requirements (at same size and rent levels

Table of Contents

Executive Summary **3**
- Introduction 3
- 1. The Value of Housing 3
- 2. Financialization 4
- 3. The Financialization of Housing 4
- 4. Types of Financialization of Housing 5
- 5. Impacts of the Financialization of Housing 6
- 6. Summaries of Reports in the Series 7
- 7. Recommendations 7

Introduction **11**

1. The Value of Housing **12**
- The Social Value of Housing 12
- The Right to Housing in International Law 13
- The Right to Housing in Canada 14

2. Financialization **15**
- The Role of the State in Catalyzing Financialization 17

3. The Financialization of Housing **18**
- Investment Strategies 20
- Housing Policy and Financialization 21

4. Types of Financialization of Housing **23**
- The Financialization of Mortgages 23
- The Financialization of Single-Family Homes 25
- The Financialization of Multi-Family Rental Housing 27
- The Financialization of Seniors’ Housing 28
- The Financialization of Social Housing 29
- The Financialization of Student Housing 29
- Financialization and Short-Term Rentals 30
- Financialization of Mobile Home Communities 30

5. Impacts of the Financialization of Housing **31**

6. Summaries of Reports in the Series **34**

7. Recommendations **37**
- Recommendations for All Levels of Government 38
- Recommendations for the Federal Government (related to the CMHC and the NHS) 39
- Recommendations for the Federal Government (related to taxation) 40
- Recommendations for the Federal Government (related to health) 40
- Recommendations for the Federal Government (related to competition) 41
- Recommendations for the Federal Government (related to banking and financial regulation) 41
- Recommendations for Provinces (Housing) 42
- Recommendations for Provinces (related to long-term care) 43
- Recommendations for Municipalities 43

References **44**

Introduction

Canada has lived with a perpetual affordable housing crisis that has been intensified by the COVID-19 pandemic that began in 2020. Over 40% of tenants in the country pay more than they can afford for housing, and nearly half of working renters do not have backup savings for even a month (Tranjan, 2020). House prices—already considered to have been in "bubble" territory for years, have grown by over 30% since the start of the pandemic—expanding the debt burden of Canadians, and putting homeownership permanently out of reach for many. As homeowners benefit from housing policy and capital gains, renters are on the losing end of growing inequality. These issues in Canada are related to the financialization of housing, in which mortgages, houses, apartments, and shelter are treated as assets for financial investment and managed to generate maximum profit for investors—as opposed to housing as a social good and as a home with connections to land, kin, and community.

In 2019, the Government of Canada recognized the right to adequate housing in domestic law, aligning with its international endorsement of the right decades ago, and committed to progressively realizing this right, meaning all levels of government have an obligation to actively promote affordable, secure, habitable, and accessible housing for all (UN-OHCHR, 1996). The *National Housing Strategy Act* (NHSA) provides the authority for implementing the human right to adequate housing in Canada and sets up important accountability mechanisms, including a Federal Housing Advocate to engage rights holders and duty bearers on systemic housing issues. The financialization of housing is one such systemic issue that is contributing to the erosion of affordable housing and to growing inequity for low-income and disadvantaged groups.

In Canada, the issue of financialization has been popularized by the work of former United Nations Special Rapporteur on Adequate Housing Leilani Farha, who noted in 2017 that financialization posed a challenge to ensuring the right to housing on a global scale (UN-HCR, 2017). Financialization has recently been explored by the Canada Mortgage and Housing Corporation (CMHC) and received attention in the Prime Minister's 2021 mandate letter to the Minister of Housing and Diversity and Inclusion (CMHC, 2021; Office of the Prime Minister of Canada, 2021). As part of its research and reporting duties under the NHSA, the Office of the Federal Housing Advocate partnered with leading experts to explore the issue of financialization using a human rights-based approach and to propose legislative and policy recommendations for the consideration of the federal Minister Responsible for Housing. The current report introduces and summarizes the series, which includes five thematic reports:

- *The Financialization of Rental Housing in Canada*, by Martine August
- *The Financialization of Seniors' Housing*, by Jackie Brown
- *The Uneven Racialized Impacts of Financialization*, by Nemoy Lewis
- *Impact of financialized housing on tenants: ACORN Housing survey report*, by Bhumika Jhamb and Judy Duncan of ACORN Canada
- *Housing Financialization International Landscape*, by Manuel Gabarre de Sus

This report serves to introduce and summarize the reports in the series, offering an overview of the financialization of housing. It begins with a discussion of the social value of housing and the

Right to Adequate Housing as defined in the NHSA. Following the overview, Section 2 discusses financialization in the global economy, defining this phenomenon, and tracing its rise and its impacts. The third section defines the financialization of housing and outlines the policy trends that have given rise to this growing issue. Section 4 offers a primer on the varied forms of financialization of housing that have emerged in recent years. These include:

- The financialization of mortgages and home ownership
- The financialization of single-family housing and single-family rentals (SFRs)
- The financialization of multi-family rental housing
- The financialization of seniors' housing
- The financialization of social housing
- The financialization of student housing
- The financialization of short-term rental (STR) housing
- The financialization of mobile home communities

Section 5 includes a discussion of the impacts of the financialization of housing, which is driving house price increases and contributing to problems of affordability. This affects the occupants of housing (who experience rent increases, harassment, foreclosure, displacement pressure, stress and anxiety, economic hardship, and eviction), affecting workers (for example workers in seniors' living complexes), and patterns of social and spatial inequality. Finally, Section 6 presents human rights-based recommendations, compiled from all of the research reports in this series, for the consideration of the federal Minister Responsible for Housing.

1. The Value of Housing

The Social Value of Housing

Housing is a critically important social good that provides value to occupants as a site for shelter, refuge, safety, and to build one's life, relationships, and connections with the community and land. Housing is more than physical shelter, it is a key social determinant of health, meaning that the varied aspects of our housing can strengthen or weaken our physical health and our mental health. One of the clearest ways we can see the link between housing and health is through the impacts of homelessness on health. Those who are homeless have a greater risk of disease and death, are under greater threat of violence, and are subject to tremendous sources of stress and anxiety. Housing is also of deep value because it links us to place and provides connection to work, school, volunteering opportunities, amenities, consumption spaces, transportation networks, public services, opportunity, and community-based relationships. The ***value of housing***, according to many, is its ***value in use,*** as a home.

As this report will discuss, the financialization of housing is intensifying the commodification of housing, which prioritizes its ***value in exchange*** over its value as home. Even though financialization has generated massive capital investment in housing as a real estate asset in recent years, according to former UN Special Rapporteur on Adequate Housing Leilani Farha,

“The bulk of these transactions do not create needed housing” or address the “insufferable housing conditions in which millions live.” This money flows not to communities “but simply creates greater global concentrations of wealth” (UN-HRC, 2017, p. 9). The authors of the book *In Defense of Housing*, David Madden and Peter Marcuse (2016), argue that it is ***the social value of home*** that should by prioritized, and that the importance of home in offering shelter and an affordable, adequate, safe base for social life and community building should triumph over the value that can be expropriated from housing as a private commodity and financial asset. As discussed below, there is a similar expectation in international law. Indeed, Leilani Farha recommends that states “ensure that all investment in housing recognizes ***its social function*** and states’ human rights obligations in that regard” (UN-HRC, 2017, p. 21).

The Right to Housing in International Law

Housing is considered an important social right in international human rights law (Leijten & de Bel, 2020). According to the United Nations (UN) *Universal Declaration on Human Rights*, “Everyone has the right to a standard of living adequate for the health and well-being of himself [sic] and 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 circumstances beyond his [sic] control.” Similarly, in Article 1(1) of the *International Covenant on Economic, Social, and Cultural Rights* (ICESCR), everyone is recognized to have the right to an “adequate standard of living,” including adequate housing. The right to housing has since been reaffirmed in numerous human rights instruments, including treaties, UN resolutions, and international declarations on housing rights (Leijten & de Bel, 2020). According to the United Nations Committee on Economic, Social and Cultural Rights, “the right to adequate housing should not be interpreted narrowly. Rather, it should be seen as the right to live somewhere in security, peace, and dignity” (UN-OHCHR, 1996, p. 3). In addition, the committee has clarified that housing is “more than four walls and a roof,” and that what constitutes “adequate housing” must meet the following minimum criteria (UN-OHCHR, 1996, pp. 3-4):

Minimum criteria for adequate housing

- Security of tenure*:* Housing is not adequate if its occupants do not have a degree of tenure security which guarantees legal protection against forced evictions, harassment, or other threats.
- Availability of services, materials, facilities, and infrastructure: Housing is not adequate if its occupants do not have safe drinking water, adequate sanitation, energy for cooking, heating, lighting, food storage, and refuse disposal
- Affordability: Housing is not adequate if its cost threatens or compromises the occupants’ enjoyment of other human rights.
- Habitability: Housing is not adequate if it does not guarantee physical safety or provide adequate space, as well as protection against the cold, damp, heat, rain, wind, other threats to health, and structural hazards.
- Accessibility: Housing is not adequate if the specific needs of disadvantaged and marginalized groups are not taken into account.
- Location: Housing is not adequate if it is cut off from employment opportunities, healthcare services, schools, childcare centres, and other social facilities, or if located in polluted or dangerous areas.
- Cultural Adequacy: Housing is not adequate if it does not respect and take into account the expression of cultural identity.

As with all human rights, the right to adequate housing applies equally to all, in line with principles of equality and non-discrimination. In other words, everyone is entitled to "equal access to both adequate housing and to protection against violations of that right, regardless of race, sex, economic status or other discriminatory grounds" (Leijten & de Bel, 2020).

Scholars of housing rights specify that this right is meant to be ***realized progressively*** (Leijten & de Bel, 2020). This means that while states are not expected provide housing to everyone instantly, they must take steps, using the maximum of available resources, towards the progressive realization of this right and all others enshrined in the *International Covenant on Economic and Social Rights*. States have a duty to protect, respect, and fulfil human rights, and a failure to do so is considered a violation of these rights (Leijten & de Bel, 2020). This means that states must refrain from measures that prevent the enjoyment of the right to housing. States also have an obligation to protect people against third parties that interfere with their rights—including landlords, corporations, financial firms, and other institutions. States also have a "positive obligation to fulfill the right to housing by taking appropriate legislative, administrative, budgetary, judicial or other measures towards the full realization of the right" (Leijten & de Bel, 2020, p. 99), and must act as quickly as possible to progressively realize the right to housing, taking steps that are "deliberate, targeted, and concrete" (Leijten & de Bel, 2020).

Many of the violations of the right to adequate housing that will be discussed in the report are perpetrated by businesses, and not states. The UN's *Guiding Principles on Business and Human Rights* make it clear that states are obligated to protect against human rights abuses committed by companies, that businesses are responsible for respecting human rights, and that states must provide victims with effective remedies when rights are breached (UN-HRC, 2017).

The Right to Housing in Canada

Canadian governments have the responsibility and authority to ensure the right to adequate housing. Canada has ratified multiple international human rights treaties on the right to housing, including the 1976 *International Covenant on Economic, Social and Cultural Rights*, and several other treaties that have codified the right to adequate housing.[1] According to Farha and Schwan (2020), the human rights ratified by Canada "extend to all parts of federal states without any limitations or exceptions," meaning that federal, provincial/territorial, and municipal governments are equally bound to human rights obligations, including the right to adequate housing. In addition, Canada has formally recognized the *UN Declaration on the Rights of Indigenous Peoples* (UNDRIP), which "codifies the right to adequate housing and affirms that Indigenous Peoples have the right to be actively involved in developing and determining housing programmes and policies that affect them" (UN General Assembly, 2007, p. 11). Specifically, in Articles 21 and 23 of UNDRIP, states are expected to take "effective measures to ensure

[1] These include the *Convention on the Rights of Persons with Disabilities,* the *Convention on the Rights of the Child,* the *Convention on the Elimination of Racial Discrimination*, and the *Convention on the Elimination of Discrimination Against Women* (Farha & Schwan, 2020, p. 11).

continuous improvement of the economic and social conditions" of Indigenous peoples in the area of housing, and to respect the right of Indigenous peoples to "determine and develop priorities and strategies" related to housing. In addition, Indigenous self-determination over land is a right outlined in UNDRIP, which is related to the right to housing. Canada has also recognized the right to housing in legislation. In June 2019, the *National Housing Strategy Act* (NHSA) affirmed Canada's recognition of the right to housing as a fundamental human right and commits to further its progressive realization.

2. Financialization

Before discussing the financialization of *housing,* this section defines what we mean by financialization and traces its impact in the global economy. ***Financialization*** refers to a shift in the operations of capitalism, in which finance capital has come, in recent decades, to dominate the economy and everyday life. Sociologist Greta Krippner defines financialization as a process, underway since the 1970s, in which profits in the economy are increasingly made through financial channels, rather than productive channels (2011). In a detailed study of the United States, she measured this change from 1950 to 2001, finding that ***financial activities*** (those in which capital is transferred with the "expectation of future interest, dividends or capital gains") had risen in recent decades to overtake profits from manufacturing and other productive activities. This means that money is increasingly made not by making things, but by investing money to gain interest or dividends.

Financialization has also been measured by researchers who have tracked the growing increase in financial transactions, the profitability of financial firms, and the growing shares of national incomes taken by holders of financial assets (Epstein, 2005). In a broad-sweeping definition, economist Gerald Epstein describes financialization as "the increasing role of financial motives, financial markets, financial actors, and financial institutions in the operations of domestic and international economies" (2005, p. 3). This reflects not only that the financial sector expanded massively in recent decades, but that non-financial firms have also shifted focus to depend on financial earnings as well. A good example is the Ford Motor Company, which shifted its operations to prioritize earnings from selling car *loans* (a financial product) over earnings from selling actual cars (Krippner, 2011). Even non-business entities, like public sector entities and not-for-profits, have become tied to finance, relying for example on new investment products like social impact bonds. In addition, researchers describe how finance has colonized everyday life, linking regular people with financial markets and compelling them to take on debt and regulate their conduct as financial subjects.

Financialization has important social consequences. Gerald Epstein argues that we should care about financialization because it's a real trend in the world economy and because its impacts "have been highly detrimental to significant numbers of people around the globe" (2005, p. 5). Indeed, the growing power of finance in the 1980s, 1990s, and 2000s has been mirrored by rising levels of inequality worldwide (Piketty, 2014). Over this time, we've seen a steady decline in the shares of income and wealth held by those at lower ends of the income spectrum and a consolidation of wealth and income in the hands of the world's wealthiest elites. The dominance of the "one percent"–a term popularized during the Occupy movement—is a real and

measurable phenomenon. Growing inequality since the 1970s (in Canada, the US, Europe, and elsewhere) has been attributed to trends associated with the rise of financialization, including globalization and neoliberalism (Epstein, 2005).

Neoliberalism refers to an ideology and set of governance practices popularized in the 1980s and 1990s by the administrations of Margaret Thatcher in the United Kingdom, of Ronald Reagan in the United States, and of Brian Mulroney in Canada. Neoliberal agendas involve cuts to social spending and the prioritization of the market to distribute resources and social goods (Hackworth, 2004). Neoliberal restructuring since the 1970s has rolled out differently in different places, but it typically includes the withdrawal and destruction of redistributive post-war social programs, the deregulation of finance, the removal of protections for labour and the environment, and the promotion of market-based governance, including public-private partnerships, outsourcing of contracts, and privatization and public goods and services (Harvey, 2005). These shifts, which have weakened the power of labour vis-à-vis capital in recent decades, have been critical to the rising power of finance.

Associated with financialization has been a growth in the power of the financial class, who have commanded a bigger share of global wealth. Some researchers have described this trend in financialization as the rise of the ***rentier class***. Rentiers, in classical economics, are defined as those who earn their income from the ownership of assets, that is, from the payment of rents or from interest and dividends (Christophers, 2020). In today's financialized economy, the amount one can earn from asset ownership outstrips earnings one can get from working at a job. Indeed, Australian researcher Lisa Adkins and colleagues (2020) have argued that *asset ownership* is a new marker of class identity, and that a growing division in our society is between those who earn massively from owning assets (including houses and real estate), and those (such as renters) who do not.

Offering yet another definition of financialization, geographer Manuel Aalbers described it as: "the increasing dominance of financial actors, markets, practices, measurements and narratives, at various scales, resulting in a structural transformation of economies, firms, states, and households" (2017, p. 2). This definition underlines how financialization unleashes a *transformation*—it changes the way things are done in our institutions and society. But what causes this transformation? One explanation involves the concept of ***shareholder value***, a priority of financial firms that has taken over in business and non-business settings since the 1980s (Froud, Johal, Leaver, & Williams, 2006; Lazonick & O'Sullivan, 2000). These researchers describe how the priorities of financial firms, such as maximizing shareholder value, increasing net asset values, and the like, change the way decisions are made. When firms prioritize financial objectives, other objectives—such as social, environmental, labour-oriented ones—are de-prioritized. The metrics used by finance (promoting quarterly results, for example) reshape the activities and practices of firms (Linovski, 2019).[2] Importantly, the practices of financial firms

[2] In the field of urban planning, for example, researcher Orly Linovski (2019) has found that the financialization of planning services has driven firms to prioritize quarterly earnings, which is at odds with the longer-term time horizons of urban planning development and decision-making, and which ignores the social goals that are typically presumed to guide urban planning decision-making.

structurally prioritize profit-making above other goals, requiring and incentivizing executives to put share value growth above other agendas. This changes firm behaviour in all sectors and has pernicious effects when it comes to the financialization of housing, as this report will discuss.

The Role of the State in Catalyzing Financialization

According to leading scholar of financialization Greta Krippner (2011), this transformation of the global economy has been driven by policy changes nationally and internationally. Summarizing these changes, Walter and Wansleben (2020) have noted that "deregulatory and pro-market policy decisions unleashed and supported an accelerated growth of finance" (p. 1). In short, neoliberal policy-making practices are tightly interwoven with the rising power of finance.

One precipitating event for this shift was the collapse of the 1944 Bretton Woods Agreement, an international monetary management system that enforced the gold standard and fixed exchange rates. After 1971, the gold standard was replaced by the US dollar operating as the "world money," which generated instability in exchange and interest rates and triggered the growth of international financial markets (Lapavitsas, 2013). In the years to follow, ***financial deregulation*** in many countries further fuelled the expansion of credit and the role of the financial sector. Central banks, whose power has grown over his period (Lapavitsas, 2013), responded to deregulation with higher interest rates in the 1980s, in a bid to cool economies overheated with so much credit. In the US, high interest rates fuelled an influx of foreign capital into the economy, drawn by the high returns for lenders in a high-rate context (Krippner, 2004). In many mature, capitalist economies, financial deregulation and monetary policy responses fuelled a wave of credit expansion that enhanced the power of financial intermediaries and generated financial profits. In addition, interest rate and exchange rate volatility diverted capital from productive investments to financial investments. As Krippner (2004) explained it, corporations facing potentially high interest rates were more likely to put money into financial speculation, rather than risk investing in business expansion. After the stock market crash in 2000, central banks reduced interest rates, adding more liquidity to economies, which pushed up asset values and improved profitability for the financial sector (Fields & Uffer, 2014). After the 2008–2009 GFC, central banks responded to crisis by dropping rates to record lows and adopting unconventional "quantitative easing" policies—buying assets (mostly government bonds) to stimulate lending in other parts of the economy. These low rates became a permanent feature of the following decades, forcing investors to seek yield in so-called alternative asset classes like real estate. Farha (2022) described how these monetary policies have driven financialization: "For more than a decade, central banks have helped ensure that interest rates are low, this encourages borrowing by banks and other lenders who set low rates and attract borrowing by financial institutions, who then can leverage properties they buy to buy ever more" (p. 16).

In Canada, federal policies to deregulate and liberalize finance have supported the rising power of finance capital. Housing policy (discussed more below) has been central to this. From the 1980s to the2000s, just as neoliberal withdrawal from social housing was underway, the Canada Mortgage and Housing Corporation (CMHC) enabled the financialization of homeownership via initiatives to securitize mortgages and guarantee mortgage loans, creating risk-free returns for

finance capital (Kalman-Lamb, 2017; Walks, 2014; Walks & Clifford, 2015). These policies brought more liquidity to mortgage markets, driving higher home price increases and enriching the financial sector. Housing and mortgage markets were also used in 2020 and 2021 to stabilize the financial sector during the onset of the COVID-19 pandemic crisis, again catalyzing stratospheric house-price increases and intensifying inequality. Another example of state-led financialization is the introduction of REITs, which were enabled in Canadian legislation in 1993 to provide investors with access to real estate income with preferential low rates of taxation. The first rental housing REITs were launched in 1997 in Ontario, transforming properties owned by REITs into financial assets.

Deregulation and legislative reform regarding pensions also opened the door to increased real estate investment in the 1990s. These reforms removed restrictions on the type and location of assets that pension plans could hold and on the amount of risk they could take on, and they added statutory requirements to maximize shareholder returns (Parrish, 2019; Skerrett, Weststar, Archer, & Roberts, 2017). Illustrative of these changes, for example, is legislation enabling the Canadian Pension Plan Investment Board (CPPIB) in 1997, which removed the limitation restricting their investments to state infrastructure projects and allowed pension funds to invest in financial markets and instruments. In 2005, further reforms removed restrictions on foreign investment. The result of these and other reforms has been a massive expansion of pension fund capital into "alternative investments," including private equity, infrastructure, and real estate (Parrish, 2019; Skerrett, Weststar, Archer, & Roberts, 2017). According to the Shareholder Association for Research and Education (SHARE), Canada's largest pension funds have exposure to $313.6 billion in real estate (Herman & Ruiz, 2021).

3. The Financialization of Housing

Housing is not just one "part of the economy" implicated with finance, but is in fact a central pillar of financialization

The financialization of housing refers to the growing dominance of financial actors in the housing sector, which is transforming the primary function of housing from a place to live into a financial asset and tool for investor profits (Leijten & de Bel, 2020). Housing is not just one "part of the economy" implicated with finance but is in fact a central pillar of financialization (Aalbers, 2017). The scale of investment in housing underlines this—in 2016, real estate comprised 60% of global assets (i.e., US$217 trillion), and fully 75% of this was residential real estate. The popularity of housing as an investment has been driven by the "wall of capital" created in part by decades of policy supporting the financial sector. In the low-rate environment of the past two decades, investors have turned to housing in their search for yield and have reimagined housing as a new asset class for profitable investment. Financial investment in housing—via mortgage-backed securities, direct ownership, and indirect investment—is dominating the global economy, enriching elites engaged in the financial sector and driving crises of affordability and inequality for low-income, middle-income, and working people. Former UN Special Rapporteur

on Affordable Housing, Leilani Farha, has described the process and impacts of the financialization of housing as follows:

> The "financialization of housing" refers to structural changes in housing and financial markets and global investment whereby housing is treated as a commodity, a means of accumulating wealth and often as security for financial instruments that are traded and sold on global markets. It refers to the way capital investment in housing increasingly disconnects housing from its social function of providing a place to live in security and dignity and hence undermines the realization of housing as a human right. It refers to the way housing and financial markets are oblivious to people and communities, and the role housing plays in their well-being. (UN-HRC, 2017, p. 3)

In this series of reports, we focus largely on financialization of housing through direct acquisition—in which housing (rental properties and seniors' housing) is considered to be "financialized" if it has been acquired by financial firms and institutions, turned into a product for investors, and managed to maximize profits and shareholder value. The types of firms, companies, and entities that we categorize as "financial" include vehicles like publicly listed real estate companies, real estate investment trusts (REITs), private equity funds, asset managers, and institutional investors—including pension funds, insurance companies, or endowment funds (see Table 1 for descriptions). What unites these entities is their common objective to manage assets (including directly held real estate) in line with an overarching objective to maximize profits for investors and executives.

Table 1: **Types of Financial Investment Vehicles**

Type	Description
Private Equity	Private equity firms raise capital from investors (such as institutions, or high net-worth individuals) for a fund. The private equity fund is used to invest in a business or venture (such as the purchase of a housing portfolio), and is managed by the private equity firm's leadership, or "general partner." Investors (or "limited partners") put their money into a fund for a given amount of time (3–8 years) and are promised a particular yield (return on their investment). Private equity funds invested in real estate hold properties for many years and aim to enhance value for investors with hands-on operational management. Private equity real estate funds typically hold properties for 1–7 years and promise yields in the range of 7–16 percent. Private equity funds tend to use leverage (borrowed money) to finance deals and improve returns.
REOC	A real estate operating company (REOC) is a publicly listed firm that invests in and manages real estate on behalf of shareholders. Investors can access income from real estate by buying REOC shares on a stock exchange. Unlike REITs, REOCs are subject to corporate taxes.

REIT	A Real Estate Investment Trust (REIT) pools capital from investors and uses this to acquire and manage real estate assets. REITs may be publicly listed (in which case shareholders can buy “units” in the REIT on a stock exchange), or privately held. REITs pay 90% of income out as dividends to investors. In Canada, certain types of REITs are not taxable at the corporate level, and so are considered “tax-efficient” vehicles for investing in real estate.
Asset Manager	Asset managers are financial firms that can be hired by asset owners to manage their real estate portfolios to increase returns. Their services may include the management of real estate investment funds and the management and operation of real estate portfolios as well.
Institutional Investors	Institutions include pension funds, insurance companies, and university endowment funds. These investors have massive pools of capital to invest in order to meet the requirements of contributors (i.e. pensioners, insurance contributors, or organizations). Canadian pension funds and insurance companies often have their own real estate investment arms.
Hedge Funds	A hedge fund is an investment vehicle that pools capital from multiple investors and invests in it securities and other investments. Hedge funds focused on real estate may invest in existing funds and REITs, or they may directly acquire properties (typically “underperforming” properties).
Sovereign Wealth Fund	Sovereign wealth funds are state-owned investment funds that invest money originating from government reserves (such as trade surpluses, bank reserves, foreign currency operations).

Investment Strategies

Financial firms that invest in housing use management strategies to maximize profits for shareholders and company managers. Depending on the type of firm (REIT, private equity, institution, etc.), and the type and location of the housing, firms may apply different profit-making approaches, aligned with their investment strategy. The following three main investment strategies are used by financial firms (August, 2020; Herman & Ruiz, 2021):

- *Core investments:* Are low risk and low return, delivering consistent returns. In the multi-family sector, these are high-quality “stabilized” buildings, meaning that they are tenanted (often with high rent levels) and have often been recently renovated. In terms of location, these are likely to be found in primary markets (cities/regions with strong economic and population growth) and in pricier, well-located parts of those communities. Core investments are seen as “defensive” in a portfolio, and these are often held by risk-averse institutions.
- *Value-Add Investments:* Have higher risk and higher return. These investments will require “active” management to increase revenues and reduce expenses, often including renovation, to increase income and net asset value, called value-add repositioning. Properties targeted for value-add strategies may be in secondary—and

tertiary markets, or in parts of major market towns and cities with a lower-income renter profile. These include properties that have been poorly maintained or neglected, or subject to bad management. Value-add investors can also profit from repositioning a property, and then selling it as a core investment to an institution.

- *Opportunistic investments:* Have high risk and potentially high returns. These investments require substantial effort to reposition and may target vacant, abandoned, or badly neglected properties, or properties in "untested" and peripheral markets. A classic target for opportunistic investors has been foreclosed properties in the United States. In Canada, one opportunistic strategy is to invest in resource-based and northern communities (August, 2020). Opportunistic strategies usually use leverage (debt), according to Herman and Ruiz (2021).

In the multi-family space, a key strategy is to ***reposition*** lower-cost affordable buildings (called "underperforming assets" in the industry) using a "value-add" strategy. With this approach, financial firms *reposition* properties to be more profitable for investors, and "add value" *for investors* by raising rents and tenant charges, cutting costs, and sometimes renovating suites and common areas to allow for higher rent increases. According to Leilani Farha, "Regardless of the corporate structure, financialized landlords purchase properties, undertake renovations, and raise rents and fees" (2022), while pursuing tenant turnover that is tantamount to displacement. In seniors' housing, firms similarly reposition retirement living and long-term care homes following a series of steps that allow them to save money on operations and raise more revenues through tenant fees (for rent, healthcare, and domestic services). Similarly in student housing, repositioning aging student housing increases housing costs (which negatively affects renters), and drives higher returns for investors. While the precise strategies that are used in each sub-category of housing (or "asset class" in the language of investors) varies according to the specificities of the sector, the general thrust is the same—financial firms drive value for investors by extracting more from residents (and sometimes from workers as well). Often these strategies are contingent on removing existing residents and replacing them with new residents who are forced to absorb higher costs. For this reason, August (2020) notes that their business model is based on "dispossession and displacement."

Housing Policy and Financialization

The financialization of housing is rooted in changes to housing policy over the past several decades. Scholars have pointed to the twin rise of neoliberal housing policies and financialization. In countries across the globe, similar housing policy trends in recent decades have catalyzed the financialization of housing. This includes the promotion of homeownership (through state-backed mortgage insurance and preferential tax policies for homeowners), the withdrawal for social housing, the deregulation of the private rental sector, and the growing insecurity of residents facing weakened job security and welfare state support.

In Canada, like other nations, policies to withdraw from redistributive social housing programs, to cut social housing production, and to deregulate restrictions in order to treat real estate as a commodity were enacted in step with programs to deregulate home finance and liberalize finance. While Canada had a successful social housing program in the late 1970s, by the 1980s it was being targeted for cuts and program reductions by the Progressive Conservative

administration of Brian Mulroney. In 1993, the federal government (led by Liberal Prime Minister Jean Chrétien) withdrew from social housing entirely—cutting the program, suspending future developments, and initiating a program to download responsibility for funding and maintaining legacy social housing to provincial/territorial governments. This withdrawal led to the effective end of social housing production in Canada (Suttor, 2016), and each year there has been more and more need building up for affordable housing caused by this void in public provision (see Figure 1). The deregulation of tenant protections and rent controls has also shaped the current context, by making it more and more lucrative for private landlords to benefit from housing ownership, as tenants have fewer protections against price increases and eviction. Paired with the loosening of restrictions on the financial sector, and the state-led creation of new financial tools for real estate investment, neoliberal policies in the housing sector have made it highly lucrative to extract value from housing. In addition, a housing policy shift towards promoting homeownership through the securitization of mortgages (Walks & Clifford, 2015) has also catalyzed the financialization of housing in Canada.

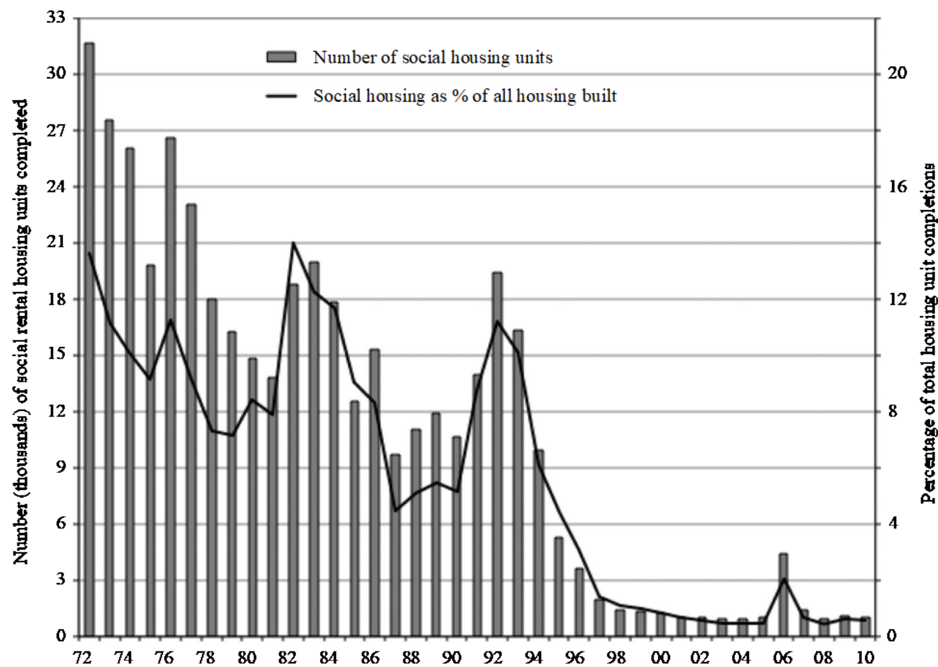

Figure 1: Canadian social housing units built by year, 1972–2010, created by Alan Walks and reproduced from Walks and Clifford (2015).

Former UN Special Rapporteur on Housing Raquel Rolnik described how state abandonment of social housing programs and preference for private market solutions—hallmarks of neoliberal restructuring—have generated inequality and fail to address the housing needs of equity-seeking and vulnerable populations. Importantly, these actions by Canadian governments contravene its obligation under international human rights law to “fulfil the right to adequate housing by all appropriate means, including legislative measures” (UN-HRC, 2017). Neoliberal

policymaking does the opposite of using legislation to fulfill the right to adequate housing—it actually sets back progress towards the progressive realization of this right and in fact violates it.

After years of neglect for housing, federal reengagement in housing policy began in 2001–2017 with small-scale programs that committed minimal funding and delivered very little housing.[3] These programs defined “affordable” according to market rents, not tenant need. In 2017, the Federal National Housing Strategy (NHS) was launched, followed by the National Housing Strategy Act (NHSA) in 2019. This program’s goals stray little from previous programs (Hulchanski, 2017), in that it will not put a dent in core housing need, and funding is limited and largely directed to supporting the private sector. In fact, through the Rental Construction Financing Initiative (RCFI)–a major pillar of the NHS—much funding is directed to financial firms and private sector gain, while creating very little affordable housing (Pomeroy, 2021) for the very groups that NHS espouses to target. According to a report by the parliamentary budget officer, the 2017 NHS represented an actual decline in funding over previous years and commitments and included less funding for lower-income households and “substantially lower” total spending on Indigenous housing (Campion-Smith & Mathieu, 2019). To date the stated human rights goals and the intent of the NHS to focus on the most disadvantaged groups has not materialized. However, the 2019 NHSA’s explicit recognition of the right to housing and its various accountability mechanisms present strong potential levers to create systematic change.

4. Types of Financialization of Housing

The reports in this series focus largely on the financialization of housing, a process in which financial firms directly acquire types of housing (referred to as “asset classes”) and manage them as products for investors. The financialization of housing also includes the securitization of mortgages, in which the loans for housing are bundled and traded as financial products. This section gives a primer on the financialization of various subtypes of housing, which industry players refer to as new asset classes.

The Financialization of Mortgages

One of the major ways in which finance has transformed housing, is by turning housing into a tradeable debt on the global financial market, via the securitization of mortgages (Leijten & de Bel, 2020, p. 100)—a phenomenon that has altered mortgage markets in both mature capitalist economies and beyond (Rolnik, 2019).

The conventional home mortgage today (in which households can apply a low downpayment to a large loan that is payable over a long period) was developed by governments in the post-war period and subsidized by the state with the introduction of mortgage insurance. According to Aalbers (2008), for many years mortgages worked primarily to facilitate home ownership—financial institutions would loan money to a household to buy a house. More recently, mortgage loans have transformed into a product for financial investment. Financialization altered the role

---

[3] These programs were the Affordable Housing Initiative (AHI) and subsequent Investments in Affordable Housing (IAH) programs.

of the mortgage market, with the advent of securitization. This refers to a practice in which issuers of mortgages (banks and other institutions) began to package mortgages together into securities (mortgage-backed securities, or MBSs), and sell them to investors—which allows global capital to invest in housing. Through MBSs, investors gained new access to earnings from housing, receiving regular income from the combined monthly payments of all the home buyers whose mortgages were bundled into the security. For lenders, packaging debts into securities and selling them on was a source of capital, creating liquidity that could be used for even more profitable lending. In the US, the secondary mortgage market was expanded by looser mortgage underwriting rules, and fuelled by predatory lending practices, in which lenders targeted "riskier" households for loans they could not repay, simply to create more lucrative securities. The unravelling of this market catalyzed the US foreclosure crisis and GFC in 2008–2009, events which led to the foreclosure of 13 million homes and 9 million evictions in just five years (UN-HRC, 2017, p. 3). The impacts of this crisis reveal how financialization deepens economic inequalities with socially uneven effects. The foreclosure crisis disproportionately harmed Black and other racialized households, who had long been excluded from homeownership only to be targeted for risky loans, via what Keeanga-Yamahtta Taylor called "predatory inclusion" (2020). According to Nemoy Lewis in his report for this series, the subprime mortgage crisis extracted up to $93 billion in wealth from African American households, making it the "greatest loss of wealth for racialized people in modern US history" (p. 10). Foreclosures were also a crisis elsewhere in the world, such as Spain, where half a million foreclosures resulted in 300,000 evictions between 2008 and 2013, and Hungary, where there were nearly 1 million foreclosures between 2009 and 2013 (UN-HRC, 2017, p. 4). The financialization of mortgages has both entrapped middle- and lower-income consumers more tightly into financial circuits and allowed for the takeover of the housing sector by global finance (Rolnik, 2019, p. 16).

The financialization of mortgages has reshaped Canada's housing system as well. In 1987 the Canadian federal government launched an MBS program to stimulate a secondary mortgage market, inspired by the model in the US (Walks, 2014). Changes to the functioning of CMHC in 1992 encouraged lenders to issue and securitize mortgages as a strategy to create demand among homebuyers (Walks & Clifford, 2015). This focus on stimulating both home ownership and private lending led to an increased debt burden among Canadians and an increasingly financialized housing system. Further restructuring within CMHC in the 1990s, to make it more "commercial," ensured housing development would depend on the private market and financial sector (Walks & Clifford, 2015). These changes enabled the federal government to introduce Canada Mortgage Bonds (CMBs) in 2001, which were used to raise money for government purchase of mortgage-backed securities—taking mortgages off the books of lenders and putting the risk of default on taxpayers. This program generated more credit, leading to greater household indebtedness, and to even higher housing prices (Walks, 2014). In the lead-up to the GFC, the financial sector profited massively from issuing mortgages, bundling them into MBS, and selling them as securities to the government via the CMB program. After the 2006 election of a Conservative federal administration, the loosening of mortgage restrictions expanded the volume of mortgage lending in Canada and the number of riskier loans, while driving housing price increases further (Walks, 2014) In response to the GFC, the Canadian government used

mortgage programs to bail out the banks (Walks, 2014),[4] acquiring billions in mortgage debt and saving the financial sector by fuelling house price increases and socializing risk. As Walks and Clifford (2015) have explained, the use of housing to save the financial sector has led to a constrained political context, in which households are encouraged to take on more debt and have become ever-more reliant on rising home values to fund their own social welfare needs (especially as this policy has been paired with cuts to social housing and welfare supports). Since this time, Canadian monetary policy has kept rates at rock-bottom lows, which ensures demand for credit and further drives home values. In response to the COVID-19 economic disruption, the federal government turned again to the housing market to stabilize the financial sector, with CMHC and the Bank of Canada purchasing MBS from banks. In addition, unconventional monetary policy (quantitative easing) and record-low rates have further stimulated lending and pushed house price increases even beyond the record-high levels of previous years.

The Canadian government's state-driven financialization of housing via mortgage securitization has required buyers to take on increasingly burdensome debt loads to get into homeownership since the 1990s. Debt-fuelled purchases have driven up prices (even as wages stagnate), forcing newer market entrants to take on evermore debt. According to Kalman-Lamb (2017), the Canadian state's drive to financialize housing markets has "transformed the Canadian housing system into an engine of accumulation by channelling household savings into the consumption of increasingly expensive housing" (p. 305).

The Financialization of Single-Family Homes

In addition to financialization operating through mortgage markets, the direct acquisition of single-family homes (including standalone houses, row houses, condominiums) by financial firms as an investment product is another recent trend. Researchers have explored how finance extracts value from homes that are bought and used as single-family rentals (SFR) and the advent of special mortgage products facilitating "buy-to-let" (BTL) financialization.

Financialization of Single-Family Rentals (SFRs)

The financialization of single-family homes by acquisition (rather than through mortgage securitization) is more common in countries where large portfolios of single-family homes have come up for sale in a block. In the United States, in the wake of the foreclosure crisis, foreclosed homes owned by state-owned enterprises were bought by institutional investors, such as private equity firm Blackstone, in large blocks. This turned these houses into a new asset class called single-family rentals (SFRs), which allowed global capital to return value to shareholders derived from the purchase of discounted homes and the rent payments of tenants (Fields, 2018). Writing in 2018, Desiree Fields described how Blackstone's SFR division, Invitation Homes, along with other private equity companies, had securitized the rental income from over 100,000 properties in the US. The tenant population for these rentals was often comprised of the same families displaced by foreclosure (Fields, 2018). Since the foreclosure crisis, SFR REITS

[4] Specifically, the Insured Mortgage Purchase Program (IMPP) was created so that CMHC could purchase MBS directly from banks on behalf of the federal government, in a bid to encourage banks to keep lending (Walks & Clifford, 2015, p. 1636).

and other investment vehicles have grown in size and influence. According to Susan Charles, these firms have a "fiduciary obligation to maximize shareholder wealth." Combined with near oligopolistic ownership in certain areas, this has led to increased unaffordability and instability for households (Charles, 2020). In a study of SFR in Las Vegas, Josh Akers and Eric Seymour (2021) found large, nationally active financial operators had higher rates of eviction, and that evictions were more common among female-headed households, households with children, and Black households. In Ireland, Lima (2020) described how institutional firms buying rental homes made news for mass evictions practices and hostile methods.

Buy-to-Let (BTL) Financialization

Buy-to-let financialization refers to the acquisition of additional homes or "investment properties" by individuals, who buy properties in order to rent them out. In the UK, this form of ownership was created in the mid-1990s, enabling private individuals to enrich themselves through property investment. The popularity of this phenomenon has been associated with a weakening social safety net, which compels people to seek financial security through investments, rather than through pensions and social programs. This is part of a wider tendency in housing policy to promote "asset-backed welfare," in which individuals are expected to fund their own welfare needs through asset ownership (and especially *home* ownership), as states initiate neoliberal welfare state retrenchment. In the UK, "buy to let" mortgage products increased ease-of-entry into this sector for investor-buyers and grew to comprise 12% of all mortgage advances by 2007 (Leyshon & French, 2009).

Researcher Mick Byrne (2020) has found that the rise in BTL mortgages has driven asset price inflation and home price increases in the UK. According to Lima (2020), the buy-to-let sector in Ireland began with individual investors, but between 2010 and 2020 these have been replaced by institutional investors such as investment funds, specialist private firms, and REITs. This suggests that early-stage or proto-financialization via BTL may be likely to evolve into institutional financialization of single-family housing (SFRs) as discussed above.

The Financialization of Single-Family Housing in Canada

In Canada, the ownership of single-family rental properties is still very fragmented—akin to the US before post-GFC consolidation by financial capital. If one looks collectively at the range of consolidation by varied financial actors, however, Canada has a substantial amount of what could be called proto-financialization (or "buy-to-let" financialization) in the home ownership sector, including in single-detached homes and condominium units. Many homeowners have taken on second, third, fourth, or more homes as income properties. The number of investor-owned homes in Canadian cities can run as high as 25%, and during the pandemic this has grown. In 2020, the number of Canadians with four or more mortgages grew by 7.7% (Altstedter, 2021), and multiple-home buyers became the most common type of investor in Toronto, making 29% of purchases (Gibson, 2021). This shift is likely associated with the financialization of mortgages and the rising availability of cheap mortgage credit, which enables and incentivizes property owners to acquire additional homes as investments. Demand from investors may indeed be driving the condominium boom (indeed, according to 2014 research by Rosen and Walks, up to 80% of Toronto's downtown condos were bought by investors) (2014).

In terms of institutional ownership, the first fund securitizing rents from single-family houses was launched in Canada in 2021. The Core Development REIT was launched with inspiration from the US-based SFR market, with a medium-term goal to build a $1 billion portfolio of rental units in about 2000 housing units across Canada by 2026 (Younglai, 2021). In addition, homes in condos have been consolidated by financial institutions and packaged as securities, via the Central Condominium REIT, launched in Toronto in 2016. While these two firms are early institutional actors investing in buying single home properties to use as rentals, Canada has a substantial "buy-to-let" sector. While there are no scholarly studies on this to date, data from the Canadian Housing Statistics Program obtained for this report show that in Ontario, financial and real estate companies owned 76,380 single-family properties in 2020.[5] While this is only a fraction (1.7%) of the total stock, it did represent 7.7% increase in financial/real estate ownership in just two years—growing three times faster than the housing stock itself. In British Columbia, financial/real estate ownership of homes and condos is growing at an even faster rate. Between 2018 and 2020, it jumped by 14%, with the consolidation of homes by finance and real estate growing at 7.7 times the rate of new development.[6]

The formalization of these portfolios into investable products may grow. In Toronto, for example The Six Properties owns 15 houses that are advertised as a product for investors. If one were to consider all the single-family properties that are being managed as financial assets—on the spectrum from investor-owned to institutionally owned in Canada, it is possible that a great deal of the single-family housing stock is already being used *en masse* as a product for investors.

The Financialization of Multi-Family Rental Housing

The financialization of rental housing (discussed in the report for this series by Martine August) refers to a process in which rental housing properties are transformed into a product for financial investment. In practice, this refers to the acquisition of multi-family rental buildings by "financial" firms that make it possible for investors to access an income stream derived from tenants' monthly rent payments. Investors can do this by investing privately or by purchasing shares on a stock exchange. In Canada, financial firms began to consolidate ownership of multi-family housing beginning in the late 1990s. From 1996 to 2020, REITs went from owning zero suites, to nearly 200,000. An estimated 340,000 suites are owned by the largest financial firms in Canada, and institutions are estimated to hold 20–30 percent of purpose-built multi-family rental housing nationwide—with consolidation increasing each year. During the pandemic, this ratcheted up quickly, as firms consolidated apartments at higher rates than ever before.

---

[5] This figure refers to the total number of single-detached, semi-detached, row houses, and condominium apartments held by corporate firms with NAIC classifications in the "Finance and Insurance" category and the "Real Estate and Rental Leasing" category. In 2020 this was 76,380, and in 2018 it was 70,935 units, a change of 7.7% in two years. Meanwhile the total increase in units in these categories in Ontario grew by 2.5% (i.e., from 4,329,430 units to 4,438,180).

[6] In BC, units owned by finance/real estate grew from 22,525 to 25,765 (a rate of 14.4%) from 2018 to 2020, while the number of new units overall grew from 1,347,750 to 1,373,075 (a rate of 1.88%). These figures were calculated using custom data tables from the Canadian Housing Statistics Program.

The financialization of rental housing changes the way properties are managed, to prioritize maximizing the value extracted from buildings and the people who live in them. Increased profits for shareholders and executives come from cost savings associated with consolidation, and from revenues generated through rent increases and new fees. The biggest increases in rental revenues can be achieved by removing tenants paying low rents and charging much more to the next person—sometimes renovating the suite in the meantime. This business strategy generates profits through dispossession, targets low-income people for displacement, drives rental housing price increases, and catalyzes gentrification. In the United States, researchers (Raymond, Miller, McKinney, & Brain, 2021; Gomory, 2022) have found that financial institutions evict tenants at a higher rate than other types of owners.

Build-to-Rent (BTR) Financialization

In Canada the financialization of rental housing has largely involved the acquisition and consolidation of existing multi-family properties, although some firms have recently diversified into the development of purpose-built rental. In the financialization literature, scholars have referred to this as "build-to-rent" (BTR) financialization (Brill & Ozogul, 2021; Nethercote, 2020), a process in which institutional firms build and retain ownership over apartment units as revenue-generating assets. With relevance to the Canadian context, researchers Brill and Ozugal (2021) have described how "attracting institutional finance" to the construction of purpose-built rental housing "combines the political goals of tackling issues in the housing market, without needing to increase government expenditure" (p. 236). In Canada, financial (and other firms) that build rental housing apply a narrative that they are providing much-needed supply, doing their part to address affordability. In practice, however, financial firms largely buy existing properties, and they highlight to investors that they can profit from the *lack* of supply in the country.

Recently, some financial firms have branched into investing in purpose-built rental housing, but have been clear that they do not intend to offer low-rent housing or affordable housing. Indeed, a study by Steve Pomeroy and Duncan McLennan (2019) found that new purpose-built rentals tend offer units at 170% of average market rents. These rising prices cannot simply be blamed on the lack of housing supply either—according to the 2021 census data, the supply of housing in Canada has outstripped population growth over the past five years (Younglai, 2022), and the five years before that as well (Doucet, 2022).

The Financialization of Seniors' Housing

This theme is discussed in the report for this series by Jackie Brown. Financialization is perhaps most advanced in Canada's seniors' housing sector, which includes retirement living complexes and long-term care homes (LTCs). Also called nursing homes, LTCs are government-subsidized facilities that provide 24-hour care to frail seniors. Across Canada, the largest part (46%) of LTCs are publicly owned, while the remainder are owned by non-profits (23%) and private (29%) operators (CIHI, 2021). Retirement living properties are largely privately owned and include private-pay fees for domestic services and healthcare—ranging from independent living units to assisted living and "memory care" units that offer similar care to that available in LTCs. The financialization of seniors' housing has followed after neoliberal restructuring in healthcare and

housing markets. Of particular note are cuts to hospitals, which have pushed more seniors with substantial healthcare needs into the LTC sector, leading to long waiting lists and a slim chance of access to those with "lighter" healthcare needs. In response to this void in socialized care, private-pay healthcare in retirement living has ramped up as an offering by financial firms, including many US-based firms who recognized the potential to profit from privatized healthcare (August, 2021a). Financial firms drive investor profits from retirement living by charging top-of-market rents and escalating costs (for rents, services, and healthcare) over time. Financial firms have also been drawn to LTCs, as these provide guaranteed occupancy and the opportunity to capitalize on government redevelopment funds. In Canada, ownership of seniors' housing by financial firms has grown from less than 10,000 suites in the mid-1990s, to more than 127,000 in 2020. Overall, financial firms own at least 33 percent of all seniors' housing, including 22 percent of LTCs and 42 percent of retirement homes (August, 2021a). The biggest firms invested in Canadian seniors' housing are US-based REITs Ventas and Welltower, which penetrated Canadian markets in 2007. Financial firms in seniors' housing profit from raising revenues (rents, domestic service fees, healthcare fees) and cutting costs—the largest of which is labour. This means that profits for financial firms come directly from elderly residents (and their families), who pay in terms of higher costs and potentially reduced quality of care. Workers (largely racialized immigrant women employed as personal support workers) are also harmed by strategies to cut costs and stretch labour thin (Horton, 2019). In Canada, private equity firms had the highest rates of COVID-19 deaths in their properties (August, 2021b)

The Financialization of Social Housing

While there are not yet reports of the sale of social housing to financial firms in Canada, the financialization of social housing is a problem in many other parts of the world. This involves the privatization and sale of social housing to financial firms. In Berlin, for example, "en bloc privatization" of social housing triggered a wave of private equity investment, which was followed by flipping, rental price increases, and, in many areas, neglect and the deterioration of social housing properties (Fields & Uffer, 2014). Across Europe, researcher Gertan Wijburg and colleagues described the privatization of "formerly decommodified housing" as "financialization of rental housing 1.0"—the first stage in rental housing privatization in that part of the world. The sale of social housing—a publicly owned asset providing deeply affordable rents—dramatically affected affordability and neighbourhood quality in Germany (Wijburg, Aalbers, & Heeg, 2018). Underlining the rapid shift, the authors described how one US private equity firm (Cerberus) amassed 95,000 properties and became the largest landlord in the city overnight. Their strategy was to raise rents, sell off units in gentrified neighbourhoods, and reduce maintenance costs elsewhere in the portfolio.

The Financialization of Student Housing

Financialization is also reshaping the student housing sector, promoted as the creation of a new asset class (Revington & August, 2020) called purpose-built student accommodation (PBSA). The PBSA market has attracted substantial financial investment in the US and the UK (US$10 and

US$4 billion respectively), where firms benefit from the rapid turnover of students, the provision of "luxury"-branded upgrades, and the ability to charge by the bed, rather than by the unit. In Canada, only 3% of students live in PBSA, but financial firms have turned to this "niche" asset class to build new properties. In fact, Revington and August (2020) argued that investor demand for an investment product drove the creation of PBSA in Canada, more so than did demand for high-cost student housing. The financialization of student housing began in 2011, with participation by firms like Centurion REIT, Knightstone Capital Management, CHC Student Housing (backed by AIMCo pension fund), and Woodbourne, a US-based private equity firm. The financialization of student housing in Canada is more of a phenomenon in smaller "secondary market" cities and university towns. Waterloo, for example, has 42% of Canada's student housing, and financial firms own 24% of the city's PBSA. According to Revington and August (2020), high-rise PBSA development in Waterloo (facilitated by liberalized development permissions by the city), has catalyzed gentrification pressures and growing levels of unaffordability when compared to other parts of the city. Given that postsecondary students often have lower incomes and accrue high levels of student debt, strategies to extract value from this population for financial investors should be analyzed for their alignment with Canada's commitment to the right to adequate housing.

Financialization and Short-Term Rentals

Short-term rentals (STRs) refer housing for visitors and tourists, in which short-term bookings and payment are mediated by apps like AirBnB, VRBO, Sonder, and others. Because short-term rentals charge high nightly fees, the profits are higher than can be achieved with a long-term tenant. This has driven the loss of rental housing stock, as owners convert units to STRs and as investors buy and consolidate properties to create lucrative STR portfolios (Malapit, 2020). The reduction in available rental housing and higher prices drives up average rental housing costs (Wachsmuth & Weisler, 2018; FairBnB, 2017), reducing affordable housing options and driving gentrification. These processes are driven both by financial investment in short-term rental platforms, which are hugely profitable for institutional investors and by the direct acquisition and consolidation of properties by investors, who transform homes into investment assets. Municipal and provincial policies to regulate and disincentivize STRs can prevent the financialization of housing via this avenue.

Financialization of Mobile Home Communities

Another frontier for financial investment has been mobile home parks, or manufactured home communities (MHCs). According to August (2020), Realstar was the first to financialize MHCs in 2005, with the launch of its Manufactured Home Partnership Funds I, II, and III. Realstar operates 5,000 mobile home pads under the Keystone and Realstar brands. CAPREIT, Canada's largest multi-family residential REIT, first began to acquire MHCs in 2007, and it had amassed a portfolio of 63,790, according to their 2020 Annual Report (p. 9). Acquisitions have also been made by Boardwalk REIT, Killam REIT, and pension fund the British Columbia Investment Management Corporation (BCIMC). Media reports at some MHC sites acquired by financial firms suggested that these companies were raising rents steadily without investing in any upgrades. In a Lake Echo, a Halifax community bought by Killam REIT, for example, the company's lawyers

fought a tenant who sought a rent abatement after living a year without drinking water in his home. According to *Globe and Mail* reporter Shane Dingman, institutional owners have acquired about 10% of mobile homes in BC and are seeking to consolidate further (2022).

In the US, trailer parks make up one of the largest sources of non-subsidized affordable housing in the country. Many of the world's largest financial investment firms, including Blackstone Group, Apollo Global Management, Stockbridge Capital Group, the Carlyle Group, and Toronto's Brookfield Asset Management have begun to consolidate ownership of American mobile home parks. Brookfield alone had acquired 135 communities in 13 states as of 2016 (Kolhatkar, 2021). The strategies of firms have been to charge new fees for utilities and services and raise rents substantially—with the knowledge that residents of mobile home parks basically cannot move and will be forced to absorb the cost increases.

5. Impacts of the Financialization of Housing

As discussed above, financialization has been flagged as a driver of social inequality and is associated with the violation of the right to adequate housing. The process has been described as "highly detrimental to significant numbers of people around the globe" (Epstein, 2005, p. 5). According to Farha (2022), "financialization undermines housing affordability, habitability, and security of tenure, all of which are requirements of the right to housing" (p. 2). In addition, Farha has emphasized that these negative impacts are not evenly distributed, noting that the financialization of housing is particularly affecting "marginalized groups (those who are low-income, Indigenous, racialized, and disabled)" (p. 4). The impacts of financialization have been discussed in the context of various sub-markets above and are discussed in further detail in the other reports in this series. This section summarizes the main adverse impacts in brief.

Affordability

Financialization is associated with increasing costs for housing for both homeowners and renters. The financialization of home and mortgage markets has driven house-price increases that are completely de-linked from income growth in recent years. Unaffordable housing drives prospective buyers to take on greater debt loads, increasing their financial precarity, and shuts many potential owners out of the market altogether. In addition, growing housing prices drive housing inequality, benefiting asset owners with capital gains, while renters and non-asset owners are shut out (Adkins, Cooper, & Konings, 2020).

Financialization also reduces the affordability of rental housing. The modus operandi for financial firms is to raise rents and fees, whether in rental housing, seniors' housing, student housing, or other rental sub-markets. Firms in these fields tout their rent and fee increases to investors and manage housing to maximally extract payments from residents. According to Farha (2022), "Housing affordability stresses have increased wherever REITs are active" (p. 11). In Canada, REITs and other financial firms are driving high prices, which reduces affordability and increases economic hardship for residents. Affordability is a key criterion for adequate housing, and financial firms take it as their objective to make housing less affordable, meaning that they are working directly counter to the realization of the right to adequate housing.

Harassment and Reduced Quality of Life

The profit-making strategies of financial firms (repositioning, raising rents, driving displacement) have negative impacts on tenant quality-of-life. Harassment is a commonly listed impact of financial ownership (Fields & Uffer, 2014), as firms use both legal and extralegal strategies to push out long-standing tenants paying lower rents. In Toronto, tenants have reported illegal unit entries, bogus eviction notices, constant heat, water, and electricity shutoffs, noisy and disruptive construction (even beyond legally allowable hours), and other forms of harassment (August & Walks, 2018). In one Toronto building, financial landlord Akelius wrapped a green tarp around the building (including the windows) for ten months. Another very common frustration for longer-standing tenants is having their unit neglected for maintenance and upkeep, even as the building around them is being renovated to maximize future rental income. In some cases, reduced habitability is a result of cost-cutting strategies to drive profits—a common strategy of private equity (Fields & Uffer, 2014). Coping with a crumbling building is indeed a common experience among tenants in financially owned properties and violates the "habitability" criterion of the right to adequate housing. In ACORN's report for this series, authors Bhumika Jhamb and Judy Duncan share numerous stories from tenants. One tenant living with three children described how her child's ceiling caved in, followed by a torrent of black mouldy water. When owner Mainstreet Equity Corporation (whose CEO sits on the CMHC Board of Directors) temporarily moved them due to the inhabitable unit, they charged her $400 more. Countless similar stories underline the perils of allowing housing to be treated as a financial asset, where firms are free to chase profits regardless of the impact on human rights.

Displacement and Eviction

In rental housing, financial firms earn profits for shareholders by driving up rents and charges. Increased costs from rent increases intensify economic hardship and housing insecurity, putting tenants at risk of economic displacement. More directly, financial firms explicitly try to remove tenants paying low rents in order to achieve vacant units, which allows them to raise the rent by any amount (due to vacancy decontrol policies). According to the CEO of Starlight, the largest landlord in Canada: "The money and returns are made in the suites when the suites turn over" (August, 2020). Pursuing "turnover"—otherwise known as tenant displacement—is a key strategy for financial profit-making in rental housing. Publicly listed firms tout their rates of "turned" units in annual reports and tabulate for shareholders how much additional profit is earned each year by raising "decontrolled" rents on vacant units. Financial firm Akelius, operating in both Toronto and Montréal, once kept a running total of the units it had "upgraded to first class," which require removing existing tenants and raising rents—a *de facto* displacement tally.

There are also concerns that financialization is related to increased eviction. Like displacement, eviction has substantial negative impacts on tenants and leads to material hardship, health impacts (mental and physical), housing instability, homelessness, job loss, negative outcomes for children, and community destabilization (Desmond, Gershenson, & Kiviat, 2015). Researchers in the US have found that financial operators of rental housing use eviction as a revenue-generating tool, and evict at higher rates than other types of landlords (Gomory, 2022; Raymond, Dockworth, Miller, Lucas, & Pokharel, 2016). In Atlanta, for example, Raymond et al.

(2021) found that purchase of rental housing by investors predicted a spike in eviction judgments in the same year and presaged racial transition—the displacement of Black renters.

Health Impacts

The financialization of housing has substantial impacts on human health—both physical and mental. When coping with price increases, financial insecurity, threats of displacement, disruptive building-wide renovations, landlord harassment, and eviction, tenants and residents experience stress, anxiety, depression, and associated negative health impacts. A tenant interviewed by ACORN for this series, for example, described how landlord Starlight Investments (Canada's biggest landlord) illegally raised her rent during the pandemic and applied for her eviction when she fell behind on rent. She described how her mental and physical health declined after this episode.

In seniors' housing, the health impacts of financialization may be quite profound. This has been studied in long-term care (LTC) homes, where researchers can examine the differences in health outcomes and other metrics before and after acquisition of a nursing home by a financial firm. For-profit ownership of LTCs has been repeatedly associated with lower-quality care outcomes, while chains (including financial firms) have even worse metrics, with lower staffing, poorer resident outcomes, and more deficiencies (see August, 2021a, for a summary of the literature). Financial firms drive higher profits, and homes with the highest profit margins have been found to have the lowest quality (O'Neill, Harrington, Kitchener, & Saliba, 2003). Private equity firms specifically have been found to have lower staffing, fewer registered nurses, and a 10% increase in patient deaths, post-acquisition by private equity (Gupta, Howell, & Yannellis, 2021). In Canada, for-profit and financial firms had the highest rates of COVID-19 deaths/100 beds in the first two waves of the pandemic. Private equity-owned properties and certain financial firms had even higher rates of death (August, 2021b).

Uneven Impacts Disproportionately Affect Marginalized Groups

The negative impacts associated with the financialization of housing discussed here are likely to disproportionately affect marginalized groups, including those prioritized by Canada's National Housing Strategy. Housing inequality is disproportionately experienced by people who are Indigenous, racialized, disabled, newcomers to Canada, and people with low and fixed incomes. Financial strategies to extract more value from households (through debt, fees, rent payments) are more likely to harm those who are more precarious and insecure. In the US, researchers have proven that that financialization of home mortgages and predatory lending intentionally targeted Black and Hispanic households, and the negative impacts of the foreclosure crisis have had uneven racialized impacts as well (Wyly, Atia, Foxcroft, & Hammel, 2006). The financialization of single-family rentals is also associated with uneven extraction of income and wealth from racialized households. When it comes to rental housing, the population targeted by financial firms—renters—is already disproportionately comprised of racialized and Indigenous households, single-parent families, newcomers to Canada, and seniors, meaning that these groups will bear the brunt of the negative impacts of this trend.

In his report for this series, Nemoy Lewis outlines how Black renters are the second most "rent burdened" of all renters in Toronto and discusses how financial firms in Toronto are active in

neighbourhoods with high proportions of Black renters. In ACORN's report, tenant interviewees offered qualitative comments on the unequal impacts of financialization on vulnerable groups. One tenant described how CAPREIT (Canada's largest multi-family REIT) did not adequately maintain her building, and treated immigrants unfairly, by charging illegal rent deposits to immigrants. Another tenant interviewed had been displaced by Timbercreek Asset Management as part of the firm's demolition of housing in the predominantly Black immigrant community of Herongate. The tenant described the treatment she received:

> My landlord—Timbercreek—was bullying me because they refused to repair anything in my house. I had mice, there were big holes in the wall, bedbugs, the toilet was broken, and they wouldn't fix anything. One day I was just crying because every time they would tell me they'd come fix the problems, I'd take time off work for it and they'd just never show up. I was crying and thought why are they bullying me? Is it because I'm Black?

In 2019, a group of tenants from Herongate filed a case with the Ontario Human Rights Tribunal, charging that Timbercreek's demolition of their homes violates international human rights law for displacing racialized and immigrant groups in the community. With the outcome of this case still pending, the applicants have charged that Timbercreek's vision for their community is discriminatory and has infringed on their rights to be free from discrimination with respect to housing, under the Ontario Human Rights Code.[7] In Herongate and elsewhere, the impacts of financialization, and the strategies financial firms use to extract value from housing and its occupants, have disproportionate impacts on marginalized groups, who are more likely to rent, experience housing insecurity, and be targeted for discriminatory treatment.

6. Summaries of Reports in the Series

The Financialization of Rental Housing by Martine August

This report examines the financialization of multi-family apartments in Canada. This relatively recent trend (emerging in the late 1990s) is defined as the acquisition of rental properties by financial firms, which subjects these properties to the logics of finance capital. The report tracks the growing prevalence of this trend in Canada and sheds light on the top 25 largest landlords—among whom financial firms dominate. The policy drivers of this trend are related to (i) the retreat of the welfare state in Canada (the cancellation of social housing), (ii) the removal of rent control and tenant protections, and (iii) financial liberalization and deregulation. The report traces this trend in Canada, where domestic firms have grown through the consolidation of existing properties and evolved into sophisticated financial platforms, active across the country, and down the "urban hierarchy"—from big cities to small towns, remote and northern communities, and even mobile home parks. During the pandemic, financial firms have increased their consolidation of properties, and some have begun developing new purpose-built rentals. Rent controls are discussed as one policy tool for reducing financial takeover of local markets, and protecting tenants from price increases. The business strategies of financial firms are also discussed—whether these are core, value-add, or opportunistic, the report notes that firms

[7] A copy of the Human Rights Tribunal application is available online at: https://herongatetenants.ca/human-rights/

increase operating profits by cutting costs and increasing revenues. Ultimately, it is existing tenants who generate investor profits, as firms systematically apply for rent increases, above guideline increases, and market-rate increases upon unit turnover. The report discusses a series of Canadian firms and their use of "squeezing" and "gentrification-by-upgrading" strategies. The profound impacts of financialization include increased economic hardship for tenants, mental and physical health impacts that arise from harassment, cost increases, fear of displacement, and experiences of eviction and displacement, with all the harms that accompany those traumatic events. This practice affects neighbourhoods by driving gentrification and catalyzing socio-spatial inequality. In addition, financial firms are contributing to affordability problems, by driving high rents and fees.

The Financialization of Seniors' Housing by Jackie Brown

The report by Jackie Brown examines the financialization of seniors' housing and long-term care.[8] The report describes how the rise of financialized seniors' housing in Canada occurred through a process of consolidation, facilitated by the expansion of real estate capital markets and aided by a broader trend toward privatization in long-term care. This was premised on the notion that market-driven solutions offer the capital, efficiency, and innovation required to keep up with rising demand. Financialized companies make up 15 of the top 20 biggest owners of seniors' housing in Canada, and between 2003 and 2020, financialized companies, who are among the top ten owners of seniors' housing, collectively more than doubled their suite count. There is a well-documented pattern of inferior care at for-profit long-term care homes (LTCs) compared to public and non-profit homes. For-profit chains, including financialized companies, are associated with lower levels of care compared to other for-profit homes. There is also evidence that homes owned by private equity firms suffer from an especially poor quality of care. Allegations of negligence and inadequate care have been made against financialized companies since well before the pandemic, however, the devastation wrought by COVID-19 has led to renewed criticism of for-profit ownership in the long-term care sector. Financialized companies rely on several corporate strategies to extract profits from the seniors' housing sector, including maximizing government funding, debt-financed growth and expansion, sale-leaseback arrangements, economies of scale, and fee-for-service models. The business model of financialized long-term care companies in Canada relies on boosting government subsidies to minimize costs and maximize returns. It is a dynamic premised on the socialization of risk and the privatization of rewards, in which public money finances care and construction, while private investors extract and accumulate profits. This is in stark contrast to public and non-profit operators, which reinvest all profits in their homes. The report concludes with recommendations and points to financialized ownership as particularly egregious in the case of publicly funded LTCs that house and care for some of Canada's most frail seniors. The progressive realization of the right to adequate housing requires support for alternatives to retirement residences and LTCs, in order to ensure seniors are not institutionalized against their wishes.

---

[8] The language in this summary is written by Jackie Brown, and adapted from the Executive Summary of her report.

The Uneven Racialized Impacts of Financialization by Nemoy Lewis

The report by Nemoy Lewis examines the uneven racialized impacts of financialization, focusing on the impacts of financialization on Black renters in Toronto.[9] This report discusses the financialization of housing and its broader impact on racialized people and economically disenfranchised communities, focusing on the impacts of the US foreclosure crisis and the financialization of single-family rental (SFR) housing. Financialization in these sectors has extracted tremendous wealth from African American households and disproportionately evicted Black renters. The report provides a general overview of the rise of financialized landlords and their investment and management practices, looking closely at public pension funds and how their investments have exacerbated the problems of affordability and evictions and have possibly increased precarity of housing for people in Canada's National Housing Strategy priority groups. The priority populations include: survivors (especially women and children) fleeing domestic violence; seniors; Indigenous people; people with disabilities; those dealing with mental health and addiction issues; veterans; LGBTQ2+; racialized groups; newcomers (including refugees); individuals and families experiencing homelessness; and young adults. The report provides a case study of the former borough of the City of York to illuminate financialized landlords' potential socio-spatial impact on Black renters. Lastly, the report concludes by highlighting some recommendations on how to re-establish housing as a social good and a human right.

Impact of Financialized Housing on Tenants: ACORN Housing Survey Report by Bhumika Jhamb and Judy Duncan, ACORN Canada

This report compiles data from existing research focused on tenants' rights, and reports on the original findings of a national survey of more than 600 tenant households conducted by ACORN Canada for the Office of the Housing Advocate. In addition, the report authors conducted in-depth conversations with select ACORN members and community contacts to develop a qualitative picture of the experiences of tenants in rental housing. ACORN's survey found that financialized landlords have a worse record when compared to other types of owners across a range of categories. Tenants in properties owned by financial firms reported worsened living conditions, higher maintenance and repair needs, lower satisfaction with cleaning during the pandemic, and longer waiting periods for maintenance requests. Among tenants surveyed, those in units owned by financial firms reported higher rates of above-guideline increases (AGIs) to rent. The report also includes rich testimonials from tenants across the country, which bear out in detail how the financialization of housing is compromising tenants' rights to adequate housing. Many tenants expressed the feeling of being helpless against the powerful and wealthy landlords as well as due to the failure of the governments to hold them accountable. As one tenant aptly put, "It's an unfair fight." The last section of the report lays out the policy changes that the tenants would like to see.

Housing financialization International Landscape by Manuel Gabarre

This report places the financialization of housing in its international context and describes the historical context leading up to financialization in the global economy. The report discusses the

[9] This description is adapted from the introduction to the report written by Nemoy Lewis.

US dollar and the role of central banks, shadow banks, commercial banks, sovereign wealth funds, and pension funds. Factors catalyzing and entrenching financialization are discussed, including the proliferation of tax havens, the deterioration of progressive fiscal regimes, and the deregulation of financial markets. The report discusses the mortgage regulatory framework in Canada compared with other nations, and compares national housing regulations on the human right to adequate housing. The differential experiences with rent control and social housing are discussed with reference to Canada, the UK, France, Germany, Denmark, Austria, and the Netherlands.

7. Recommendations

This section consolidates the recommendations made in the reports in this series. These are presented in line with the spirit of former UN Special Rapporteur on Adequate Housing Leilani Farha's (2022) draft *Directives on the Financialization of Housing*, which notes that, "Upending financialization will require a significant shift in the way in which States engage housing and housing-related finance. Governments must re-enter the housing arena and use human rights as the framework that will create greater social cohesion, equality, and that demands transparency, accountability, and the participation of those whose rights are most often denied" (p. 6). The guidelines and the recommendations in this report are pushing for change that is outside of the traditional approaches to housing and governance in force today. Many of these—including austerity-oriented programs and market-oriented programs rooted in neoliberal ideology—are working against the progressive realization of the right to housing. This report calls for a turnaround in policymaking for all orders of government and to reverse current trends that are reducing funding for housing, making housing less affordable, and are tailored to supporting private finance, which is responsible for the circumstances described in this report. Farha's *Directives* demand that states "regulate private actors and insert themselves into financial markets, recognizing the paramountcy of human rights over investor interests" (pp. 6–25). Notably, this will require a "significant transformation of current systems of law and accountability" at local, national, and international levels (Farha, 2022, pp. 6-25).

According to Raquel Rolnik, former UN Special Rapporteur on Adequate Housing, "the increased use of housing as an asset integrated into a globalized financial market" has "deeply undermined the right to adequate housing around the world" (2019, p. 21). Many of the recommendations in this report seek to curb or limit the activities financial firms, and to suspend and cut state support for these firms in various ways. The common reasoning across recommendations is that the state should not support, and in fact should limit and suspend the harmful activities of firms whose business strategies work against the realization of the right to adequate housing, whether by increasing economic hardship, reducing housing affordability, or catalyzing displacement pressure and housing precarity for tenants, including groups prioritized by the NHS.

Recommendations for All Levels of Government

Track Beneficial Ownership of Housing: According to former UN Special Rapporteur Leilani Farha's 2022 *Directives*, "States should ensure laws are in place to enable tenants to ascertain the beneficial ownership of the property in which they live." This should be analyzed to explore monopolistic/oligopolistic ownership in local markets.

- 1. As in states with money laundering directives, Canada should require Ultimate Benefit Ownership (UBO) disclosure of all property owners. Governments and regular people should know who owns properties and homes.

Limit and prevent financial ownership of housing: Governments should limit the ownership of housing (including rental housing, seniors' housing, student housing, and other forms of housing) by firms that treat it as a product for investors.

- 2. Explore options to put a cap on the number of rental apartment units that can be owned by any given private company or entity, as has been voted on in Berlin, where corporations cannot own more than 3,000 apartment suites.
- 3. Governments can expropriate housing owned by financial firms in excess of reasonable minimums. A precedent for this is in Berlin, where residents voted to expropriate the holdings of firms with over 3,000 housing units.
- 4. Governments should disallow ownership and purchase of social housing by financial firms. According to Farha (2022): "States must never sell social housing to institutional investors or private sector actors."
- 5. Governments should disallow ownership of mobile homes to financial firms. According to Farha (2022): "States must prevent institutional investors from purchasing mobile/manufactured homes where such homes provide housing to residents, unless legislation is in place that strictly limits increases to land rental fees."

Measure the Impacts of Financialization

- 6. Governments at all levels should take steps to understand the impacts of the financialization of housing. According to Farha (2022), "States must undertake a good faith ongoing assessment of the impact of institutional investors and financial actors on the housing sector in light of their obligations with respect to the right to housing." This assessment must then inform legislation and policy aimed at the progressive realization of the right to housing.
- 7. Governments should hold public hearings on financialization (Farha, 2022) to understand its impacts on the right to housing, in terms of affordability, security of tenure, habitability, and tenant participation in decision-making.

Prevent Displacement

- 8. Government infrastructure spending (on transit and other infrastructure) can generate housing-price increases, catalyze gentrification, and lead to the displacement of long-standing residents. Governments should ensure that community improvements do not lead to exclusion. Rent controls, right to return policies, anti-eviction policies, and non-market housing should be deployed in areas being upgraded with new infrastructure to prevent the displacement.

Recommendations for the Federal Government (related to the CMHC and the NHS)

Expand support for social and affordable housing to counter neoliberal policies that violate the right to adequate housing: Federal subsidies (direct and indirect) should support genuinely affordable housing and build a more extensive supply of non-market housing that guarantees affordability in perpetuity. Prioritizing non-market providers for expanded levels of state support will address the negative impacts of financialization by providing more affordable rental housing with security of tenure. This is in line with Farha's (2022) *Directives*, which recommend that "states must ensure an adequate supply of social housing with social supports, as necessary, that is genuinely affordable for those at the lowest end of the economic spectrum, including those living in homelessness and those with no income."

- 9. Expand National Housing Strategy support to increase the construction of non-market housing, through supply-side subsidies.
- 10. Ensure that housing funded through NHS and other federal programs remains affordable in perpetuity, rather than expiring in 25 years or some other short-term timeframe.
- 11. Expand National Housing Strategy funding and programs to prevent the loss of existing multi-family housing properties to financial landlords. Support and fund acquisition programs to bring these properties into non-profit, co-op, or state ownership. This could take the form of a non-profit acquisition fund, supplementing the NHS co-investment fund.
- 12. Provide funds to support the expropriation of buildings owned by corporate and financial firms whose holdings are in excess of maximum ownership caps and/or for corporations that do not meet their obligations to uphold the right to adequate housing.
- 13. Although not traditionally under federal jurisdiction, the federal government has the power to mandate or to incentivize provinces to impose strong and meaningful rent controls (with vacancy control) in the provinces.
- 14. Provide rent relief for tenants as an eviction-prevention strategy.

Prevent the use of federal funding and support for actions that violate the right to housing: Canada's National Housing Strategy ostensibly aims to protect and expand affordable housing. Financial firms are invested in multi-family housing in Canada with the express goal of making it less affordable. This is a simple reality, as they are motivated (and obligated) to pursue rent increases to maximize investor gains and executive compensation. Pursuing rent increases (via ancillary costs, guideline increases, AGIs, and through vacancy decontrol) makes housing less affordable, and violates the right to adequate housing. The National Housing Strategy should ensure that firms using these approaches are ineligible for government housing programs, as their efforts are working in direct opposition to the social goals of these programs.

- 15. According to Farha (2022), "State financing, mortgage insurance, subsidies, or tax advantages for housing development must not be extended to institutional investors unless their investment demonstrably addresses housing need, commencing with priority groups, and where the rent in these units is geared to household income in perpetuity."

- 16. CMHC preferred financing should not be available to any firm that acquires multi-family, seniors' housing, or any housing as a product for investors, as there is no social purpose for subsidizing these firms and their activities, particularly as these activities are in violation of human rights.
- 17. CMHC preferred financing should be provided only in cases where borrowers can meet clear conditions guaranteeing affordable rents, no-displacement policies, and eviction prevention measures.
- 18. CMHC mortgage insurance should not be provided to financial firms that acquire housing to treat it as a product for investors

Suspend programs that promote indebtedness from home ownership and which privilege home ownership over renting: CMHC and the Government of Canada are fostering indebtedness through several public schemes (discussed in the report by Manuel Gabarre de Sus), including the Canada Mortgage Bond program, through CMHC mortgage loan insurance, through CMHC's first-time home buyer's assistant, and through the Government of Canada's Home Buyer's Amount and Home Buyer's plan. These programs provide subsidies to home owners that renters to not benefit from, and they stimulate house price increases while driving indebtedness.

- 19. Federal programs and policies should not favour access to a home property through mortgage insurance, the purchase of mortgage bonds, subsidies, or public incentives; they should not prioritize homeowner support over renter support.

Recommendations for the Federal Government (related to taxation)

- 20. Eliminate favourable tax incentives for REITs. Multi-family REITs currently benefit from tax advantages. There is no social justification for allowing these firms and their investors to have a tax benefit. Former UN Special Rapporteur Leilani Farha's *Directives* note that "governments must repeal tax exemptions or preferential tax status for existing profit-driven REITs and commence taxing them in a manner that is consistent with corporations. Taxes raised should be targeted toward housing that is affordable for those in need."
- 21. Former UN Special Rapporteur Leilani Farha's *Directives* recommend that states should "institute a capital gains tax on properties distributed or transferred to REITs" (2022). This should be considered not only for REITs, but also for other financial firms invested in housing.
- 22. Working with municipalities, federal governments should set higher targets for the delivery of affordable housing, and should adopt definitions of affordability that meaningfully acknowledge burden of housing costs relative to income.

Recommendations for the Federal Government (related to health)

- 23. Legislate criteria to which provinces must adhere in order to qualify for federal cash transfers for long-term care.
- 24. The federal government, provinces, and other stakeholders should be involved in the push for national long-term care standards. These must be accompanied by strong enforcement mechanisms oriented toward ensuring quality care.

- 25. Initiate a federal funding program to encourage provinces to build and maintain public and non-profit retirement residences.
- 26. Invest in alternatives to long-term care, including supports for family caregivers, home care services, social infrastructure, and supportive housing.

Recommendations for the Federal Government (related to competition)

- 27. According to Former UN Special Rapporteur Leilani Farha's (2022) *Directives*, states have a responsibility to ensure that financial firms do not monopolize ownership of rental housing in any jurisdiction: "States should prevent monopolies of ownership, placing reasonable limits on the number of units a single investor or their subsidiary may own in a manner that ensures consistency with international human rights obligations."
- 28. The federal government should prevent oligopolistic and monopolistic rental market ownership by institutional investors via the *Competition Act*.

Recommendations for the Federal Government (related to banking and financial regulation)

Regulate banks to prevent lending to firms that profit from rent increases, displacement, and the violation of the right to adequate housing: Leilani Farha's (2022) *Directives* recommend that states should require banks to act in the public interest and to uphold human rights, including the right to housing. This means "preventing banks from lending to institutional investors and corporate landlords to purchase residential real estate, particularly where rent increases or renovictions are anticipated." In addition Farha's (2022) *Directives* recommend that "Banks and other financial institutions should suspend further lending to REITs for residential real estate, unless the REIT is clearly established for social purposes and can demonstrate its objective and outcome is to implement the right to housing."

- 29. Prevent banks from lending to entities to purchase residential real estate when the firm's business strategy is to raise revenues from rent increases (especially those above the cost of living), the reduction of affordable housing supply, and practices that violate the right to adequate housing.

Regulate public pension funds: Private credit investments by some of Canada's largest public pension funds are potentially being used to facilitate large portfolio acquisitions of multifamily properties across Canada. These acquisitions lead to exorbitant rental increases and displacement problems while also reducing the supply of affordable housing. The threat of rising interest rates have led institutional investors like pension funds to become more interested in housing as an asset class because of the higher premiums it offers over government and corporate bonds. The lucrative prospects of this asset class encouraged Caisse de dépôt et placement du Québec, Canada's second-largest pension fund, to increase its private debt allocation.

- 30. Governments should prohibit public pension funds from providing private loans to facilitate the acquisition of housing (multi-family, seniors' housing, mobile homes, single-family rentals, etc.) or of portfolios by financialized landlords.

- 31. Governments should require public pension funds to provide greater transparency regarding their investments in alternative asset classes. This is in large part because most public pension funds do not report private debt as a separate asset class, making it difficult to track or identify borrowers.
- 32. The federal government should require public pension funds to promote the social good. Farha's (2022) *Directives* note that states should "adopt legislation requiring that public pension fund investments be consistent with all human rights including socio-economic rights," and that "states should regulate investment by pension funds into social housing to ensure it does not contribute to financialized housing development or schemes."

Recommendations for Provinces (Housing)

Strengthen tenant protections and rent control: Weak rent control and vacancy decontrol provide incentives for landlords to pursue displacement and eviction. According to former UN Special Rapporteur Leilani Farha's (2022) *Directives*, "States must enact and strengthen legislation that provides adequate tenant protections, particularly in those areas required for the realization of the right to housing, such as: security of tenure, affordability, and habitability." According to the guidelines, legislation must include, among other provisions: "measures to control the increase in rent during and between a tenancy." There are precedents for vacancy control: Ontario used to have vacancy control, until 1997, Manitoba has vacancy control in force today, and British Columbia just voted to control rents between vacancies in rooming houses.

- 33. Provinces should put in place vacancy control to control the increase of rent between tenancies.
- 34. Provinces should eliminate above guideline increases (AGIs) to rent. AGIs are used as a loophole in rental tenancies legislation which allow landlords to strategically raise rents must faster than the cost of living. This is exploited by financial firms to deliver higher profits. Eliminating AGIs would eliminate a key tool used to generate profits for landlords at the expense of tenants.
- 35. In some jurisdictions, landlords can raise rent by any amount, without restriction. In these places, annual rent increases should be limited to the cost of living each year.
- 36. Provinces should strengthen tenant protections and prevent evictions. Current rent regulation regimes prioritize a landlord's ability to make profits from a unit above the value of that unit in providing a safe and secure home for tenants. Tenure security should be prioritized by prioritizing eviction prevention. According to Farha's (2022) *Directives*, states should ensure legislation includes "a prohibition on legal eviction into homelessness," and a "right to legal representation paid for by the state to defend against evictions and other housing-related matters."
- 37. Provinces should implement and enforce strong protections against renoviction. Farha's (2022) *Directives* recommend that legislation be enacted to "prohibit or deter against spurious renovations, and in this context that protects tenants against increased rent levels and eviction." In regard to properties undergoing renovation, legislation should be enacted to ensure that tenants are relocated, compensated, and given the right to return at the same level of rent. Moving costs should be paid by the landlord.

Provide data and funding to support affordable housing

- 38. Provinces should maintain a public apartment unit registry, making details available on changes in ownership, and historical rent charges.
- 39. Provinces should increase funding for social housing, co-op, and non-profit housing construction, renewing their crucial role in funding and producing affordable social housing.

Recommendations for Provinces (related to long-term care)

- 40. Provinces should adopt policies that explicitly prioritize the awarding of long-term care licenses to public and non-profit operators. This must be accompanied by remedies to address how current systems of bed allocation privilege financialized companies and other large chains with easy access to debt financing.
- 41. Provinces should undertake long-term planning to enable public and non-profit operators to take over financialized long-term care homes when their licenses expire.
- 42. Provinces should explore the possibility of establishing an agency designed to alleviate the burden on public and non-profit homes by assisting in the development process and administering cost-saving programs that leverage their collective purchasing power.
- 43. The provinces should work with the federal government to pursue funding to build and maintain public and non-profit retirement residences.

Recommendations for Municipalities

- 44. Municipalities should improve the enforcement of standards of maintenance by-laws to ensure every tenant has habitable housing. Where applicable, by-laws should be updated to included protection from heat and cold, given the rising frequency of extreme weather events.
- 45. Municipalities should develop systems for landlord licensing to enable enforcement of building standards, track and protect against renovictions and demovictions, and identify landlords who are not living up to their obligations related to the right to adequate housing. Municipalities should apply fines and revoke the business licenses of those who do not comply.
- 46. Municipalities should protect existing affordable housing stock by expropriating multi-family properties that are at-risk of being acquired by financial firms. These should be operated as non-profit, co-op, or socially-owned affordable housing.
- 47. Municipalities should expand affordable social housing stocks by using existing municipally owned public properties for the development of non-profit, co-op, and social housing.
- 48. Municipalities should support acquisition programs providing capital grants and forgivable loans to non-profits and land trusts to facilitate the purchase of at-risk private market affordable rental housing. An example is the City of Toronto Small Sites Acquisition program.
- 49. Impose vacancy taxes for properties that are held vacant.
- 50. Protect rental housing loss with anti-demolition, anti-conversion, and one-for-one unit-replacement requirements (at same size and rent levels)

References

Aalbers, M. (2008). The financialization of home and the mortgage market crisis. *Competition & Change, 12(2)*.

Aalbers, M. (2017). *The financialization of housing: A political economy approach.* Routledge.

Adkins, L., Cooper, M., & Konings, M. (2020). *The asset economy.* Polity.

Alstedter, A. (2021, September 29). Investors are gobbling up multiple family homes in Canada's hot housing market. *Financial Post*.

August, M. (2020). The financialization of Canadian multi-family rental housing: From trailer to tower. *Journal of Urban Affairs, 42(7)*, pp. 975-997.

August, M. (2021a). Securitizing seniors' housing: The financialization of real estate and social reproduction in retirement and long-term care homes. *Antipode*.

August, M. (2021b). Financialization of housing from cradle to grave: COVID-19, seniors' housing, and multifamily rental housing in Canada. *Studies in Political Economy*.

August, M., & Walks, A. (2018). Gentrification, suburban decline, and the financialization of multi-family rental housing: The case of Toronto. *GeoForum, 89*, pp. 124-136.

Brill, F., & Ozogul, S. (2021). Follow the firm: Analyzing the international ascendance of build to rent. *Economic Geography, 97(3)*, pp. 235-256.

Campion-Smith, B., & Mathieu, E. (2019, June 18). Budget watchdog casts doubt on multibillion dollar federal housing strategy. *Toronto Star*.

Charles, S. (2020). The financialization of single-family rental housing: An examination of real estate investment trusts' ownership of single-family houses in the Atlanta metropolitan area. *Journal of Urban Affairs, 42(8)*, pp. 1321-1341.

Chen, J., Wu, F., & Lu, T. (2021). The financialization of rental housing in China: A case study of the asset-light financing model of long-term apartment rental. *Land Use Policy*.

Christophers, B. (2020). *Rentier capitalism: Who owns the economy, and who pays for itY.* Verso.

CIHI. (2021, June 10). *Long-term care homes in Canada: How many and who owns them?* Retrieved from Canadian Institute for Health Information: https://www.cihi.ca/en/long-term-care-homes-in-canada-how-many-and-who-owns-them

CMHC. (2021). *The financialization of housing: Exploring how housing financialization affects housing affordability in Canada.* Canadian Mortgage and Housing Corporation.

Desmond, M., Gershenson, C., & Kiviat, B. (2015, June). Forced Relocation and Residential Instability among Urban Renters. *Social Service Review*, pp. 227-262.

Dingman, S. (2022, February 10). Rising home prices bring new attention, ideas to trailer parks. *Globe & Mail*.

Doucet, B. (2022, February 12). *Analysis: Ontario's 'affordable housing' task force report does not address the real problems*. Retrieved from YGK News: https://ygknews.ca/2022/02/12/analysis-ontarios-affordable-housing-task-force-report-does-not-address-the-real-problems/

Epstein, G. (2005). *Financialization and the world economy.* Edward Elgar Publishing.

FairBnB. (2017). *Squeezed out: AirBnB's commercializatioin of home sharing in Ontario*. Retrieved from FairBnB: https://www.mironline.ca/the-airbnb-effect-on-affordable-housing/

Farha, L. (2022). *Directives on the financialization of housing: Accountability under human rights law.* The Shift.

Farha, L., & Schwan, K. (2020). *A national protocol for homeless encampments in Canada.* UN Special Rapporteur on the Right to Housing.

Fields, D. (2018). Constructing a new asset class: Property-led financial accumulation after the crisis. *Economic Geography, 94(2)*.

Fields, D., & Uffer, S. (2014). The financialisation of rental housing: A comparative analysis of New York City and Berlin. *Urban Studies*.

Froud, J., Johal, S., Leaver, A., & Williams, K. (2006). *Financialization and strategy: Narratives and numbers.* Routledge.

Gibson, V. (2021, October 23). This investor owns 17 homes. He and other multiple property owners are now the largest slice of Toronto home buyers. *Toronto Star*.

Gomory, H. (2022). The social and institutional contexts underlying landlords' eviction practices. *Social Forces*, pp. 1-32.

Gupta, A., Howell, S., & Yannellis, C. (2021). *Does private equity investment in healthcare benefit patients? Evidence from nursing homes.* Becker Friedman Institute for Economics, University of Chicago.

Hackworth, J. (2004). *The neoliberal city: Governance, ideology, and development.* Cornell University Press.

Harvey, D. (2005). *The neoliberal city: Governance, ideology, and development.* Oxford University Press.

Herman, T., & Ruiz, G. (2021). *Investors for affordable cities: Responsible investment and affordable rental housing in Canada.* SHARE (Shareholder Association for Research and Education).

Horton, A. (2019). Financialization and non-disposable women: Real estate, debt, and labour in UK care homes. *Environment and Planning A*.

Hulchanski, D. (2017). No, Ottawa has not put forth a national housing strategy. *Globe and Mail*.

Kalman-Lamb, G. (2017). The financialization of housing in Canada: intensifying contradictions of neoliberal accumulation. *Studies in Political Economy, 98(3)*.

Kolhatkar, S. (2021, March 8). What happens with investment firms acquire trailer parks. *The New Yorker*.

Krippner, G. (2004). What is financialization? (mimeo).

Krippner, G. (2011). *Capitalizing on crisis: The political origins of the rise of finance.* University of Harvard Press.

Lapavitsas, C. (2013). The financialization of capitalism: Profiting without producing. *City, 17(6)*.

Lazonick, W., & O'Sullivan, M. (2000). *Maximizing shareholder value: A new ideology in corporate governance.*

Leitjen, I., & de Bel, K. (2020). Facing financializaion in the housing sector: A human right to adequate housing for all. *Netherlands Quarterly of Human Rights, 38(2)*, pp. 94-114.

Leyshon, A., & French, S. (2009). "We all live in a Robbie Fowler house": The geographies of the buy-to-let market in the UK. *The British Journal of Politics and International Relations, 11*, pp. 438-460.

Lima, V. (2020). The financialization of rental housing: Eviction and rent regulation. *Cities, 105, 102787*.

Linovski, O. (2019). Shareholder as Client: Firms, Markets, and the New Business of Planning. *Journal of Urban Affairs*.

Madden, D., & Marcuse, P. (2016). *In defense of housing: The politics of crisis.* Verso.

Malapit, D. (2020). The "AirBnB effect" on affordable housing. *McGill International Review*.

Nethercote, M. (2020). Build-to-Rent and the financialization of rental housing: future research directions. *Housing Studies, 35(5)*.

Office of the Prime Minister of Canada. (2021, December 16). *Minister of Housing and Diversity and Inclusion Mandate Letter*. Retrieved from https://pm.gc.ca/en/mandate-letters/2021/12/16/minister-housing-and-diversity-and-inclusion-mandate-letter

O'Neill, C., Harrington, C., Kitchener, N., & Saliba, D. (2003). Quality of care in nursing homes: An analysis of the relationship among profit, quality, and ownership. *Medical Care, 41(12)*, pp. 1318-1330.

Parrish, J. (2019). Overview Panel 3---Beyond the bottom line: Socially responsible investing and real estate. *Lancaster House Pensions Conference.*

Piketty, T. (2014). *Capital in the 21st century.* (A. Goldhammer, Trans.) Harvard University Press.

Pomeroy, S. (2021). *Toward evidence-based policy: Assessing the CMHC Rental Housing Financing Initiative (RCFI).* Centre for Urban Research and Education.

Pomeroy, S., & McLennan, D. (2019). *Rental housing in Canada's cities: Challenges and responses.* The federation of Canadian Municipalities and Maytree.

Raymond, E., Dockworth, R., Miller, B., Lucas, M., & Pokharel, S. (2016). *Corporate landlords, institutional investors, and displacement: Eviction rates in single-family rentals.* Federal Reserve Bank of Atlanta.

Raymond, E., Miller, B., McKinney, M., & Brain, J. (2021). Gentrifying Atlanta: Investor purchases of rental housing, evictions, and the displacement of Black residents. *Housing Policy Debate, 31(3-5)*, pp. 818-834.

Revington, N., & August, M. (2020). Making a market for itself: The emergent financialization of student housing in Canada. *Environment and Planning A: Economy and Space, 52(5)*, pp. 856-877.

Rolnik, R. (2019). *Urban warfare: Housing under the empire of finance.* Verso.

Rosen, G., & Walks, A. (2014). Castles in Toronto's sky: Condo-ism as urban transformation. *Journal of Urban Affairs, 37(3)*, pp. 289-310.

Seymour, E., & Akers, J. (2021). "Our customer is America": Housing insecurity and eviction in Las Vegas, Nevada's postcrisis rental markets. *Housing Policy Debate, 31(3-5)*, pp. 516-539.

Skerrett, K., Weststar, J., Archer, S., & Roberts, C. (2017). *Contradicitions of pension fund capitalism.* Cornell University Press.

Suttor, G. (2016). *Still renovating: A history of Canadian social housing policy.* McGill-Queen's University Press.

Taylor, K. (2020). *Race for profit: How banks and the real estate industry undermine Black homeownership.* UNC Press.

Tranjan, R. (2020). *The rent is due soon: Financial insecurity and COVID-19.* Canadian Centre for Policy Alternatives.

UN General Assembly. (2007). *United Nations Declaration on the Rights of Indigenous Peoples.* UN Department of Economic and Social Affairs.

UN-HRC. (2017). *Report of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context.* United Nations Human Rights Council.

UN-HRC. (2017). *Report of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context.*

UN-OHCHR. (1996). *Fact Sheet No. 16 (Rev. 1): The Committee on Economic, Social and Cultural Rights.* UN Office of the High Commissioner for Human Rights.

Wachsmuth, D., & Weisler, A. (2018). AirBnB and the rent gap: Gentrification and the sharing economy. *Environment and Planning A: Economy and Space, 50*.

Walks. (2014). Canada's housing bubble story: Mortgage securitization, the state, and the global financial crisis. *International journal of urban and regional research*.

Walks, A., & Clifford, B. (2015). The political economy of mortgage securitization and the neoliberalization of housing policy in Canada. *Environment and Planning A, 47*, pp. 1624-1642.

Walter, T., & Wansleben, L. (2019, March). How Central Bankers Learned to Love Financialization: The Fed, the Bank, and the Enlisting of Unfettered Markets in the Conduct of Monetary Policy. *Socio-Economic Review*.

Wijburg, G., Aalbers, M., & Heeg, S. (2018). The financialization of rental housing 2.0: Releasing housing into the privatised mainstream of capital accumulation. *Antipode, 50*, pp. 1098-1119.

Wyly, E., Atia, M., Foxcroft, H., & Hammel, D. (2006). American home: Predatory mortgage capital and neighbourhood spaces of race and class exploitation in the United States. *Geografiska Annaler, 88*, pp. 105-132.

Younglai, R. (2021, June 13). Condo developer plans to buy $1-billion worth of single-family homes. *Globe & Mail*.

Younglai, R. (2022, February 9). Census data shows Toronto's housing units growing faster than population. *Globe and Mail*.