



Summary of Information

Financialization of Purpose-Built Rental Housing
as a Systemic Housing Issue within the
Jurisdiction of Parliament

Submitted by the Federal Housing Advocate to
the review panel established by the National
Housing Council, 18 January 2023

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1. Background

The Federal Housing Advocate (the Advocate) has identified the financialization of purpose-built rental housing as a systemic housing issue within the jurisdiction of Parliament. Pursuant to subsection 13.2(1) of the *National Housing Strategy Act* (“NHS”), the Advocate requested that the National Housing Council establish a review panel to hold a hearing to examine this issue. The Advocate’s request to establish a review panel is attached as ANNEX “B” to this document.

The Advocate’s request identifies the following areas that may be explored in the review panel hearing:

- a. The impacts of the financialization of purpose-built rental housing on the enjoyment of the human right to adequate housing in Canada and its progressive realization, including impacts on the housing system, as well as impacts on Indigenous people, persons experiencing inadequate housing or homelessness, and disadvantaged groups - such as people with disabilities, Black and racialized people, recent immigrants and refugees, lone parent families, low-income tenants, survivors of violence, seniors, young people, members of 2SLGBTQI+ communities, veterans - and in particular, on women and gender-diverse people within these groups;
- b. Laws, policies, programs (including but not limited to programs of the National Housing Strategy), regulations, business practices, actions, and inactions that are exacerbating the financialization of purpose-built rental housing and the negative impacts associated with it;
- c. The extent to which the Government of Canada is fulfilling its obligations under the NHS to protect, promote, and fulfill the right to adequate housing and to advance its progressive realization in response to the financialization of purpose-built rental housing, including:
 - i. Taking concrete and deliberate measures;
 - ii. using all appropriate means, including laws, regulations, and policies;
 - iii. using all available resources;
 - iv. prioritizing those in greatest need;
 - v. ensuring non-discrimination; and
 - vi. ensuring non-retrogression.
- d. The experiences and perspectives of rights-holders - including Indigenous rights-holders, tenants, disadvantaged groups, and people experiencing inadequate housing and homelessness - with regards to financialization of purpose-built rental housing, their understanding of the content of the human right to adequate housing in relation to this issue, and the solutions they wish to see governments and other actors implement in order to address the negative impacts associated with the issue;
- e. The role of governments, private sector entities, and other actors in relation to the financialization of purpose-built rental housing and its negative impacts;

- f. Gaps in current measures in place to protect the right to adequate housing of tenants, and the advancement of the progressive realization of this right, from the negative impacts of the financialization of purpose-built rental housing;
- g. Examples of best practices from jurisdictions within and outside Canada in regulating the financialization of purpose-built rental housing in order to protect the right to adequate housing and advance its progressive realization.

In cases where the issue submitted to a review panel was not the subject of a submission pursuant to subsection 13(f) of the *NHSA*, subsection 13.2(2) requires the Advocate to provide the Panel with a summary of the information that formed the Advocate's basis for identifying the systemic housing issue.

As required by subsection 13.2(2) of the *NHSA*, we submit the following summary of information that forms the Advocate's basis for identifying the financialization of purpose-built rental housing as a systemic housing issue.

This summary of information does not include the Advocate's full representations and recommendations to the review panel; rather, it provides an overview of the Advocate's forthcoming representations and a preliminary overview of the sources of information that will inform the Advocate's proposals for recommendations to the review panel at the conclusion of the hearing.

2. Basis for identifying the financialization of purpose-built rental housing as a systemic housing issue

The Advocate defines a "**systemic housing issue**" to mean "an issue which inhibits the full and equal enjoyment of the right to adequate housing in Canada and is rooted in the housing system or other public and private market systems."

The **financialization of housing** refers to the "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." ¹

More specifically, the financialization of **purpose-built rental housing**, refers to the acquisition of rental housing by financial firms such as private equity funds, real estate operating companies, real estate investment trusts (REITs), asset management companies, and institutional investors such as pension funds, hedge funds, and sovereign wealth funds.

The Advocate relied on the evidence and expertise summarized in ANNEX A to identify the financialization of purpose-built rental housing as a systemic housing issue.

¹ August, The Financialization of Housing in Canada: Project Summary Report, p.4

These sources consistently conclude that the financialization of purpose built rental housing negatively affects the whole of the housing system, with a disproportionate, negative impact on disadvantaged groups and people experiencing inadequate housing and homelessness. The evidence included in ANNEX A supports the conclusion that the financialization of purpose-built rental housing is a systemic housing issue.

The evidence and expertise summarized in ANNEX A is mostly drawn from the Canadian context. Because they focus specifically on the Canadian housing system, the Advocate relied on these sources to conclude that, while all systemic housing issues are inherently multi-jurisdictional, the most important dimensions of financialization of purpose-built rental are **within the jurisdiction of Parliament**, including federal taxation, regulation of the finance and banking sector, and the National Housing Strategy. The evidence shows that federal bodies such as the Department of Finance, the Bank of Canada, and Canada Mortgage and Housing Corporation (CMHC) play a significant role in both catalyzing and preventing the financialization of purpose built rental housing. Policies and programs of federal departments including Infrastructure and Economic and Social Development are also addressed in the evidence summarized in ANNEX A.

Following the gathering and review of the evidence and expertise summarized in ANNEX A -- as well as engagement with rights holders, advocates, experts, and federal officials -- the Advocate believes that a review panel hearing offers the opportunity to clarify the government's human rights obligations in relation to the financialization of housing, and deliver recommendations to the Minister on measures that will advance the progressive realization of the right to adequate housing in accordance with the requirements of the *NHSA*.

3. Overview of the Federal Housing Advocate's representations

Section 16.4 of the *NHSA* entitles the Advocate to make representations and present proposals for recommendations to a review panel. For the purpose of doing so, the Advocate may work with communities that are affected by the issue that is before the review panel and with experts.

Over the course of the review panel hearing, the Advocate will substantiate her position regarding the following:

- The scale of the systemic housing issue of financialization of purpose-built rental housing;
- How financialization of purpose-built rental housing negatively impacts the human right to adequate housing, particularly for disadvantaged groups;
- Systemic impacts of the financialization of purpose-built rental housing on the progressive realization of the right to housing;
- Jurisdictional considerations among different levels of government, including federal, provincial, territorial, and municipal;
- An analysis of the relevant international and domestic human rights laws, norms, standards, and jurisprudence;

- An analysis of relevant government legislation, policies, programs and operations;
- An analysis of the role of the housing system and other public systems in relation to this problem.

During the review panel hearing, the Advocate will show how the financialization of purpose-built rental is negatively impacting the right to adequate housing, and particularly regarding affordability, habitability, safety, accessibility, security of tenure, and other components of the right. The Advocate will establish how these impacts disproportionately affect NHS priority groups, including Indigenous people, members of racialized groups, people with disabilities, lone parent households, recent immigrants and refugees, seniors, young adults, and survivors of violence, and particularly women and gender-diverse people within these groups.

The Advocate will also demonstrate how financialization of purpose-built rental is affecting the housing system as a whole, resulting in a loss of affordable housing and contributing to increased socio-spatial inequality, gentrification, segregation, and polarization.

The Advocate will provide a timeline to the review panel that demonstrates the extent to which financialization of purpose-built rental has expanded dramatically in Canada since the late 1990s; including a dramatic acceleration of this trend in the wake of the COVID-19 pandemic. We will then show how federal, provincial-territorial, and municipal policies have failed to curb this acceleration, and in some cases have contributed to it. The Advocate will pay close attention to specific Federal policies that have catalyzed the financialization of purpose built rental housing including: the cancellation of the federal social housing program in the 1990s; the enabling of the financialization of homeownership via CMHC support for the securitization of mortgages; the deregulation of finance and real estate; the favourable tax treatment of REITs; and legislative reform permitting expansion of pension investment.

At the review panel hearing, the Advocate will present proposals for recommendations on key measures for addressing financialization of purpose-built rental that are within the jurisdiction of Parliament. These include, but are not limited to, increasing regulations in the banking and finance sectors, altering the tax treatment of financial firms, imposing conditions for infrastructure programs and CMHC mortgage insurance, as well as introducing targeted measures under the National Housing Strategy.

The expertise and evidence listed in ANNEX “A” will be the key sources for the Advocate’s representations. In addition to these sources, the Advocate will rely on additional expertise and evidence, commissioned research, submissions received from organizations and individuals, and the perspectives of affected communities and rights-holders to support her representations and recommendations.

The Advocate will continue to work with affected communities and experts throughout the course of the hearing and in support of her representations. Prior to the conclusion of the review panel hearing, the Advocate will present her proposed recommendations to the review panel.

ANNEX A – Summary of Resources and Expertise that Formed the Advocate’s Basis for Identifying the Systemic Housing Issue

AUTHOR	TITLE	BIO	ABSTRACT/SUMMARY
Martine August	The Financialization of Housing in Canada: Project Summary Report	Dr. Martine August is an Assistant Professor in the School of Planning at the University of Waterloo. Her research focuses on the political economy of housing and the pursuit of urban social justice, exploring themes related to gentrification, displacement, community organizing, public housing redevelopment, and the politics of social mix. She is an alumnus of the University of Winnipeg and the University of Toronto, holding degrees in Physics (BSc), Urban Studies (BA), and Urban Planning (M.Sc.Pl., PhD). Her current research examines the financialization of rental housing and seniors housing, and the ways that inclusionary zoning paradoxically promotes displacement. At Waterloo she teaches “Planning for Social Justice in the Capitalist City.” Martine is a	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. It begins by considering the social value of housing and the emergence of the right to housing in international and Canadian law. It then defines financialization and maps the role of states in favouring financialization in the housing industry, as well as the investment strategies used by the financial industry. Financialization has played out differently with different types of housing, and so to understand the phenomenon as a whole, the report examines financialization of single-family homes, multi-family rentals, seniors’ housing, social housing, student housing, short-term rentals, and mobile home communities, as well as the financialization of mortgages. This analysis gives a basis to trace the impacts of financialization and develop a series of

		former Trudeau Foundation Scholar, and past recipient of the Urban Affairs Association Alma H. Young Emerging Scholar Award. She has worked as a housing policy advisor at the Ontario Ministry of Municipal Affairs and Housing, in the Housing Policy Branch and Homelessness Secretariat.	recommendations to address it. Finally, this summary report looks in turn at each of the other reports in the series, offering a brief summary of how they fit into the body of literature on the financialization of housing.
Nemoy Lewis	The Uneven Racialized Impacts of Financialization	Nemoy Lewis is an assistant professor in the School of Urban and Regional Planning at Toronto Metropolitan University. He received his PhD in human geography from Queen's University in Kingston, Ontario. Lewis earned both his undergraduate and master's degrees in geography at the University of Toronto. For his doctoral research, Lewis analyzed the ongoing foreclosure crisis in the United States and its effects on Black people and low-income communities in Chicago, Illinois and in Jacksonville, Florida. Lewis' research explores how space is racialized by examining the co-production of racialization and financialization in North American urban housing markets, and the growing affordability problems impacting	The term "financialization" has significant utility in describing the finance-led housing accumulation that has transformed housing ecosystems in urban rental markets in Canada and beyond. Missing from the discourse, however, is a deeper understanding of the anti-Black nature of financialized landlords' everyday business and management practices in Canada. The objective of this report is to provide research and evidence to better understand how financialization operates, its impacts on persons who are members of disadvantaged groups, and potential policy and regulatory solutions, particularly at the federal level. In the first section, the report discusses the evolution of financialization in a global context and its impact on racialized people and households who are economically disenfranchised. It then provides a general overview

		Black renters. His current research investigates a relatively new type of financialized landlord – primarily private equity, asset management firms and REITs – and their impacts on the physical infrastructures and urban social geography of disenfranchised communities.	of the rise of financialized landlords, their investment and management practices, and anti-Black impacts, with a particular focus on the role of pension funds. Finally, it presents a case study of the former city of York in Toronto to illuminate the sociospatial impact of financialized landlords on Black renters, before concluding with some recommendations to re-establish housing as a social good.
Manuel Gabarre	Housing Financialization: The International Landscape	Manuel Gabarre is a lawyer and independent researcher specialized in housing Financialization and committed to the fight against corruption. His research focuses on the financialization of basic needs, especially housing, through different perspectives: macroeconomic, business, social, political and historical. Manuel specialized in the fight against corruption, as well as in copyright law.	The international housing landscape is increasingly financialized, and this presents an urgent challenge to the realization of the human right to adequate housing. To better understand this phenomenon, this report traces its political and historical development from the Bretton Woods Accord through the Nixon Shock and into the current central bank-dominated environment. It looks at changes to the international mortgage regulatory framework since the Great Financial Crisis of 2008 and the impact on household debt levels. It details the main agents of financialization—such as shadow banking entities, sovereign wealth funds, and pension funds—and the various investment strategies they deploy: core, value-add and opportunistic. Finally, it analyzes how these international factors shape

			Canadian housing policy and how they impact the right to adequate housing, with a particular focus on the growing role of real estate investment trusts, or REITs.
Jackie Brown	The Financialization of Seniors' Housing in Canada	Jackie Brown is a researcher, journalist, and advocate focused on economic justice and forms of community organization. She studies political economy and financialization, with a focus on seniors housing and the dangers of commodifying care.	The financialization of seniors' housing refers to the ownership and/or operation of long-term care homes and retirement residences by companies with a mandate to maximize returns for external shareholders. As of 2020, financialized companies owned approximately 33% of seniors' housing in the country, including 42% of retirement units and 22% of long-term care beds. There is a well-documented pattern of inferior care at for-profit long-term care homes compared to public and non-profit homes, including fewer hours of direct care, lower staffing levels, and higher mortality and hospitalization rates. This report details the corporate strategies used by financialized companies 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. This report makes several recommendations to reduce the scope of financialization in seniors' housing, focusing on federal transfers and standards, licensing, support for public

			and non-profit seniors' housing, and investment in alternatives. Finally, the progressive realization of the right to adequate housing requires support for alternatives to retirement residences and long-term care homes to ensure seniors are not institutionalized against their wishes.
Martine August	The Financialization of Multi-Family Rental Housing in Canada		This report presents an overview of the financialization of rental housing in Canada. After describing the phenomenon of financialization in general terms, it considers the current state of financialization in Canada's stock of rental housing by analyzing the policies that have catalyzed it. It interrogates the evolving role of financial firms in the Canadian housing market, with a particular focus on the period during and following the COVID-19 pandemic, how these firms respond to the presence or absence of rent controls, and what their relationship is to the construction of new housing. This is followed by a discussion of the business strategies used by financial firms in the rental housing market as they seek to reduce costs and increase revenues, in particular the practice of "value-add" renovations, and of the impacts of this process on tenants and communities. It concludes with a series of recommendations to track

			the impacts of financialization, definancialize the rental market, end subsidies to financialized landlords, regulate financial firms, and enact meaningful rent controls and tenant protections.
ACORN Canada	The Impact of Financialization on Tenants	ACORN (Association of Community Organizations for Reform Now) Canada is a multi-issue, membership-based community union of low- and moderate-income people. We believe that social and economic justice can best be achieved by building community power for change. Each member has a vote, and only members speak for the organization and have the authority to set the policy and determine the tactics of each group.	ACORN Canada worked with the Office of the Federal Housing Advocate and researchers to better understand how financialization affects tenants, especially those tenants who are facing disproportionate barriers to housing. This report includes a compilation of ACORN's existing research focused on tenants' rights, findings from a national survey conducted by ACORN of more than 600 tenant households, and in-depth conversations with select members and community contacts to help understand tenants' lived experiences. The findings of the survey (N=606) clearly illustrate a larger trend, which is that financialized landlords perform worst on almost all counts when it comes to affordable and habitable homes compared to other landlords—including large (private/family-owned/corporate); small (private/family-owned); and non-profit, co-op and social housing. In addition to the quantitative survey, it was critical to understand the lived experiences of tenants in financialized housing.

			Central to a human rights-based approach to housing is to learn from the voices of tenants whose rights are being violated. The report closes with a list of recommendations for federal, provincial/territorial, and municipal governments, developed in consultation with ACORN members, that aim to address the problems associated with financialized rental housing and move towards meeting the human right to housing for all tenants.
National Right to Housing Network	Implementing the National Housing Strategy Act (NHSA): Private Market Actors and Financialization Fact Sheet	The National Right to Housing Network (NRHN) is a group of over 350 key leaders, organizations, subject matter experts, and people with lived experience of housing precarity and homelessness with a shared mission to fully realize the right to housing for all, and ultimately eliminate homelessness in Canada. The National Right to Housing Network is dedicated to the meaningful implementation of the human right to housing in Canada. We do this by: Bringing together a network of civil society voices in a collective voice that speaks to the	The financialization of housing, through which housing is treated as a profit-making commodity and financial investment rather than human right, is a major driver of Canada's housing crisis. In particular, the financialization of purpose-built rental housing is contributing to the loss of existing affordable housing stock to private actors and investors in the market at a faster rate than adequate and affordable housing is produced or preserved. Moreover, many elements of housing adequacy, such as security of tenure (i.e., protection from eviction) and habitability are compromised due to private market interests. A rights-based approach to housing requires that Canada regulate private market actors to ensure access to adequate housing (i.e., secure, affordable,

		implementation of the right to housing; Working with Governments to develop Canada's right to housing architecture; Identifying and testing solutions to systemic barriers in order to set rights-based precedents, address key gaps in the National Housing Strategy, and drive changes in housing policy and funding; Exploring research on the right to housing; Supporting community initiatives in order to build a housing rights culture in Canada; Expanding the right to housing to provincial, territorial, and municipal jurisdictions.	accessible, habitable, culturally adequate, and well-located housing with necessary infrastructure) for all.
WNHHN Human Rights Task Force Including: Kaitlin Schwan, Alex Nelson, Hilary Marks, Anne Landry, Jewelles Smith, Hilary Chapple, Arlene Hache, Khulud Baig, Sahar Raza, Elizabeth Zimmerman, Valerie Sadler, Faith Eiboff, Janice Campbell, Nicole Chaland,	The Crisis Ends with Us: Request for a Review into the Systemic Denial of the Equal Right to Housing of Women and Gender-Diverse People in Canada	Activities of the Network include, but are not limited to: • Conducting research on the causes of, and solutions to, homelessness and housing insecurity for women, girls, and gender diverse peoples; • Advocating for policy change in support of preventing and ending homelessness for women, girls, and gender diverse peoples; • Valuing, listening to, and actualizing the voices and ideas of	Marginalized and low-income women across Canada are facing widespread, systematic violations of their right to housing and their right to substantive equality. These violations all derive from a common systemic issue: the invisibilization of our unique circumstances, needs, dignity, and rights as women, girls, and gender-diverse people. In this claim we articulate three pillars of human rights violations: (1) failure to provide adequate, accessible, and affordable housing; (2) failure to prevent and eliminate homelessness amongst women and gender-diverse people; and (3) failure to

Hannah Brais, Tanyss Knowles, Mary Elizabeth Vaccaro, Jesse Jenkinson, Jayne Malenfant, Lise Laforge, Fiona Traynor, Kaayla Ashlie, Hajar Masoud, and Haydan Fox. Additional authors and advisors include: Bruce Porter, Carolyn Whitzman, & Erin Dej.		women-identifying people with lived experience of homelessness and housing insecurity in policy discussions and public debate; • Developing toolkits and training to support transformation of programs and systems to support ending homelessness for women and girls (for example, developing toolkits and training on Housing First for Women) • Hosting webinars featuring best and promising practices on preventing and ending women's homelessness	regulate the financialization of housing in alignment with the right to housing. Under each pillar, key issues and their human rights dimensions are explored, including issues raised by the National Indigenous Feminist Housing Working Group. Our Claim finds that Across Canada, many women, girls, and gender-diverse people live in insecure or unsafe housing – or are made homeless – due to deliberate policy choices. We disproportionately live in core housing need, head single-parent households, and bear the burden of childcare, putting us at risk of eviction when faced with the impossible choice of paying the rent or feeding our kids. There is a severe lack of affordable and appropriate housing that meets our diverse needs. This affordable housing crisis is exacerbated by systemic issues that keep us trapped in poverty and struggling to access housing in overheated rental markets. With few housing options and overwhelmed emergency shelters, many of us rely on informal networks or dangerous survival strategies to meet our basic needs. The need to remain in situations of hidden homelessness not only places us at risk of exploitation and abuse, it
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			also renders our needs invisible within mainstream systems and policy development. Our Claim articulates the need for an urgent rights-based review of gender-based systemic inequities in the Canadian housing system.
The Shift Leilani Farha, Sam Freeman, Manuel Gabarre de Sus, Julieta Perucca, Alyssa McMurty	The Shift Directives: From Financialized to Human Rights- Based Housing	The Shift is a global convening. The Shift connects and mobilizes anyone working to secure the right to housing. From Berlin to Seoul, Montevideo to Montreal, The Shift includes cities big and small from every continent. It brings together governments, legislators, human rights institutes, urban planners, architects, scholars, grassroots groups, artists, philanthropists, lawyers, students, and NGOs. The Shift is led by Leilani Farha, the UN Special Rapporteur on the right to housing, in partnership with United Cities Local Government and the Office of the High Commissioner for Human Rights. The Shift team includes lawyers, campaigners, filmmakers, community advocates, journalists, and researchers.	The housing crisis is one of the most pressing challenges of our time. The cost of renting or buying a home has far outpaced wage growth in countries around the world, a pattern that has only intensified with the pandemic. It's driving inequality and making cities unaffordable for the people who make them thrive. The causes of this global crisis are many, but the financialization of the residential real estate market plays a huge role. Within the current model, investors use homes to make as much money as possible while governments are often passive or even skew the market rules to favor the interests of big investors. But housing should not be treated as just another tool for speculation; it's a basic human right and an essential element of everyone's life. The Shift Directives are the first-ever comprehensive framework providing governments and investors with guidance to effectively address the financialization

			of housing in accordance with human rights law.
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ANNEX B – Request to the National Housing Council to Establish a Review Panel

Financialization of purpose-built rental housing

**Request by the Federal Housing Advocate to the National Housing Council
to establish a review panel to hold a hearing to review a systemic housing
issue in the jurisdiction of Parliament**

Submitted by the Federal Housing Advocate

22 September 2022

Whereas the *National Housing Strategy Act* 13.2(1) (“the NHSA”) states: “If the Federal Housing Advocate, at any time, identifies a systemic housing issue that is within the jurisdiction of Parliament and that is not the subject of a submission, he or she may request that the National Housing Council establish a review panel to hold a hearing to review the issue”; and

Whereas the Federal Housing Advocate, through research and engagement, has identified the financialization of purpose-built rental housing as a systemic housing issue that is within the jurisdiction of Parliament;

Therefore, the Federal Housing Advocate (“the Advocate”) hereby requests that the National Housing Council (“the Council”) establish a review panel (“the review panel”) on the issue of financialization of purpose-built rental housing. Specifically, the Advocate requests that the Council establish a review panel in accordance with these requirements, to hold a hearing into the following:

- a. The impacts of the financialization of purpose-built rental housing on the enjoyment of the human right to adequate housing in Canada and its progressive realization, including impacts on the housing system, as well as impacts on Indigenous people, persons experiencing inadequate housing or homelessness, and disadvantaged groups - such as people with disabilities, Black and racialized people, recent immigrants and refugees, lone parent families, low-income tenants, survivors of violence, seniors, young people, members of 2SLGBTQI+ communities, veterans - and in particular, on women and gender-diverse people within these groups;
- b. Laws, policies, programs (including but not limited to programs of the National Housing Strategy), regulations, business practices, actions, and inactions that are exacerbating the financialization of purpose-built rental housing and the negative impacts associated with it;
- c. The extent to which the Government of Canada is fulfilling its obligations under the NHSA to protect, promote, and fulfill the right to adequate housing and to advance its progressive realization in response to the financialization of purpose-built rental housing, including:
 - i. Taking concrete and deliberate measures;
 - ii. using all appropriate means, including laws, regulations, and policies;
 - iii. using all available resources;
 - iv. prioritizing those in greatest need;
 - v. ensuring non-discrimination; and
 - vi. ensuring non-retrogression.
- d. The experiences and perspectives of rights-holders - including Indigenous rights-holders, tenants, disadvantaged groups, and people experiencing inadequate housing and homelessness - with regards to financialization of purpose-built rental housing, their understanding of the content of the human right to adequate housing in relation to this issue, and the solutions they wish to see governments and other actors implement in order to address the negative impacts associated with the issue;

- e. The role of governments, private sector entities, and other actors in relation to the financialization of purpose-built rental housing and its negative impacts;
- f. Gaps in current measures in place to protect the right to adequate housing of tenants, and the advancement of the progressive realization of this right, from the negative impacts of the financialization of purpose-built rental housing;
- g. Examples of best practices from jurisdictions within and outside Canada in regulating the financialization of purpose-built rental housing in order to protect the right to adequate housing and advance its progressive realization.

The Advocate further requests that the review panel prepare a report that sets out:

- h. The review panel's opinions on any negative impacts of financialization of purpose-built rental housing on the enjoyment of the human right to adequate housing and its progressive realization; and
- i. The review panel's recommendations to the Minister of Housing and Diversity and Inclusion to take measures within the jurisdiction of Parliament - including legislative and regulatory measures, policies, and programs, including but not limited to programs of the National Housing Strategy – in order to
 - vii. address the negative impacts of financialization of purpose-built rental housing on the enjoyment of the human right to adequate housing,
 - viii. protect the right to adequate housing and other human rights for tenants affected by financialization of purpose-built rental housing, and particularly tenants who are Indigenous and those who are members of disadvantaged groups,
 - ix. address the negative impacts of financialization of purpose-built rental housing on Canada's housing system,
 - x. advance the progressive realization of the right to adequate housing in accordance with the requirements of the NHSA and consistent with UNDRIPA, and
 - xi. encourage provincial, territorial, and municipal governments as well as other actors to take measures to achieve these ends.

Financialization of purpose-built rental housing as a systemic housing issue within the jurisdiction of Parliament

Definitions

For the purpose of this review panel request, the Advocate has adopted the following definitions:

1. **“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.” This trend has come to dominate the global economy since the 1980s, and is associated with rising levels of income inequality and polarization.
2. **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. Financialization of housing manifests in a range of forms, including acquisition of housing as an investment by financial firms; the growing role of financial owners and operators in the long-term care sector; and financialization of mortgages.
3. **Financialization of purpose-built rental housing** is one manifestation of the broader trend of financialization of housing. This refers to the acquisition of purpose-built multi-unit rental housing (that is, developments built with the intention of renting out units rather than selling them) by financial firms such as private equity funds, real estate operating companies, real estate investment trusts (REITs), asset management companies, and institutional investors such as pension funds, hedge funds, and sovereign wealth funds. Units may be pooled into financial assets and funds for which shares are traded on global markets.

Financialization of purpose-built rental housing as a systemic housing issue

4. Financialization of purpose-built rental housing is a systemic housing issue because it is an issue which inhibits the full and equal enjoyment of the right to adequate housing in Canada and is rooted in the housing system or other public and private market systems. As directed by the *NHSA*, the Advocate prioritizes systemic housing issues affecting Indigenous people, disadvantaged groups and people experiencing inadequate housing or homelessness.
5. Financial firms manage purpose-built rental units and buildings as assets, aiming to maximize returns for shareholders, investors, and executives. In transforming buildings into tradeable assets, financialization disconnects the exchange value of housing as a financial good from its use value as a place to live, and prioritizes investor returns over inhabitants’ human right to adequate housing.
6. The financialization of purpose-built rental housing is inhibiting the full and equal enjoyment of the right to adequate housing in Canada, in particular security of tenure, affordability, and habitability.
7. The financialization of purpose-built rental housing is rooted in the housing system and more broadly in the domestic and global economic systems. It is also affecting the housing

system; for example, it results in the loss of affordable rental stock, drives socio-demographic changes in neighbourhoods, and may contribute to an increase in average rents.

8. Finally, the financialization of purpose-built rental housing has a discriminatory effect because of its disproportionate adverse impact on Indigenous people, disadvantaged groups, and people experiencing inadequate housing and homelessness.

Financialization of purpose-built rental housing as an issue within the jurisdiction of Parliament

9. While all systemic housing issues are inherently multi-jurisdictional, the most important dimensions of financialization of purpose-built rental housing are within the jurisdiction of Parliament, including regulation of the finance and banking sector, federal taxation of financial firms, the responsibilities of Parliament with regards to Canada's international human rights obligations, and the National Housing Strategy. Federal bodies such as the Department of Finance, the Bank of Canada, and Canada Mortgage and Housing Corporation (CMHC) play a significant role. Policies and programs of federal departments including Infrastructure Canada and Employment and Social Development Canada are also implicated.
10. The fact that the financialization of housing is within the jurisdiction of Parliament is underscored by the mandate letters, which direct the Ministers of Housing and Finance to work together in support of a Fairness in Real Estate Action Plan to deter renovations and address housing affordability in Canada, including measures such as reviewing the tax treatment of REITs and developing policies to curb excessive profits while protecting small landlords.
11. The Advocate's request concerns matters that were included in Federal Budget 2022, in which the Government of Canada announced measures intended to address financialization of housing. Of particular note: "Budget 2022 announces a federal review of housing as an asset class, in order to better understand the role of large corporate players in the market and the impact on Canadian renters and homeowners. This will include the examination of a number of options and tools, including potential changes to the tax treatment of large corporate players that invest in residential real estate. Further details on the review will be released later this year, with potential early actions to be announced before the end of the year." The potential options and tools cited in Budget 2022 to address the financialization of housing are within the jurisdiction of Parliament.
12. Many key measures for addressing financialization of purpose-built rental are also within the jurisdiction of Parliament, such as increasing regulation of the banking and finance sector, altering the tax treatment of financial firms, imposing conditions for infrastructure programs and CMHC mortgage insurance, and introducing targeted measures under the National Housing Strategy.