

In the matter of  
The Review Panel constituted pursuant to  
The *National Housing Strategy Act*, SC 2019, c 29, s 313  
To examine in the financialization of  
Purpose-built rental housing

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**SUBMISSIONS OF THE HERONGATE TENANT COALITION**

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**Introduction**

1. In Canadian Metropolitan Areas (“CMA”) generally, the average share of racialized<sup>1</sup> residents is 31%. In metropolitan neighbourhoods with rental properties owned by financialized landlords, 39% of residents are racialized.<sup>2</sup>
  
2. It is no coincidence that financialized rental properties are situated in racialized neighbourhoods. A growing body of research demonstrates that racialized neighbourhoods are specifically targeted for redevelopment by financialized landlords. Pursuing profit maximization, financialized landlords seek out and acquire “distressed” and undervalued, multi-unit rental properties in racialized areas that neighbour white, gentrified areas. They then “reposition” the properties to attract “higher class”<sup>3</sup> tenants. These more desirable tenants are wealthier and white.
  
3. Racialized neighbourhoods are targeted because the real estate is undervalued. It is undervalued precisely because it is racialized. Shifting the demographics of the

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<sup>1</sup> Racialized and visible minority are used interchangeably in these submissions and correspond to the “visible minority” category when referring to Statistics Canada Census data.

<sup>2</sup> These statistics were compiled using lists of addresses publicly available in corporate literature. The addresses were geocoded using tools made available to the public by Statistics Canada to identify their associated Census Dissemination Area, and then cross referenced with demographic statistics by Morgan Nordstrom, PhD Candidate in Geography at Carleton University. All data as well as links to original sources, including addresses, and methodology, is available on the HTC’s website for public scrutiny: <https://herongatetenants.ca/the-repositioning-of-herongate/>

<sup>3</sup> Danielsen, Tina. Mar. 20, 2019. Tech Perspective @ the Edge: Cheryl Gray of QuadReal Leads Global Strategy in Digital Innovation. *Realcomm*. <https://www.realcomm.com/news/917/1/tech-perspective-at-the-edge-cheryl-gray-of-quadreal-leads-global-strategy-in-digital-innovation>

neighbourhood from racialized to white therefore realizes significant profits from increased rents and real estate values.<sup>4</sup>

4. The racially discriminatory effects of financialized gentrification are epitomized by the redevelopment of the Herongate neighbourhood in Ottawa. In public statements about the redevelopment project made in 2016, financialized landlord Timbercreek (now, Hazelview) boasted of its intention to “build an alignment”<sup>5</sup> between Herongate and another community on its northern border, Alta Vista. Rents in the redeveloped Herongate, ultimately renamed “Vista Local”, were to reflect the “premium nature of the community” and would “not meet any criteria for affordability”<sup>6</sup>.

5. Herongate is racialized. In 2016, it was 70% people of colour.<sup>7</sup> It is a low-income, immigrant neighbourhood.

6. Alta Vista is affluent and white. In 2016, 79.3% of residents identified as white.<sup>8</sup>

7. Like residents of Herongate, racialized and immigrant communities throughout Canada, and in many other parts of the world, are being systematically disbursed from geographically desirable areas within urban centres further and further towards the periphery. Financialized gentrification animates this process.

8. Only financialized and large corporate landlords command the resources necessary to induce rapid gentrification. Engineering the racial transformation of a neighbourhood over a compressed timeframe requires significant means. It is their sheer

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<sup>4</sup> According to research prepared by Dr. David Wachsmuth, Associate Professor of the School of Urban Planning at McGill University, and Canada Research Chair in Urban Governance. The research is summarized in greater detail below.

<sup>5</sup> Alta Vista Residents object to ‘three monsters’ Herongate complex. *Ottawa South Weekender (Manotick, Ontario)*. (Sept. 30, 2016): News: p1.

<sup>6</sup> *Ibid.*

<sup>7</sup> According to 2016 Census data. The entirety of the large rental complex owned by Hazelview called “Heron Gate Village” in Ottawa corresponds exactly to Statistics Canada Census Tract ID 5050007.02 (Ontario). While a few other smaller rental buildings exist in the census tract, Heron Gate Village covers approximately 93% of the surface area of the census tract and contains the vast majority of its dwelling units.

<sup>8</sup> According to 2016 Census data.

size and capacity to mobilize astonishing sums of capital that distinguish financialized landlords. It is precisely this quality that demands state intervention and regulation.

9. The Herongate Tenant Coalition (“HTC”) urges this Panel to acknowledge the disastrous effects of financialized gentrification. People of colour in Canada are being systemically discriminated against in housing on a magnificent scale.

10. Only Parliament can oppose the systemic housing discrimination caused by financialization. Although direct regulation of residential tenancies falls within provincial jurisdiction, Parliament possesses means – through both direct intervention and marshalling provincial action – to reshape the housing market by disincentivizing the nefarious market behaviours that have torn so many people of colour from their neighbours and homes.

### **Defining Financialized Landlords**

11. Financialized landlords are distinct. They are firms large enough to transform the demographic makeups of entire neighbourhoods and usually operate on a national or international scale. They can be broadly divided into three categories: i) Real Estate Investment Trusts or “REITs”, both publicly traded and private, ii) private equity asset managers, and iii) large institutional investors like pension funds and sovereign wealth funds.

12. Non-financialized landlords make money by collecting rents. Rent collection is the basis of their profitability. Housing and real estate prices can remain stable, and they remain profitable.

13. By contrast, financialized landlords’ profitability is geared towards future returns. Their ultimate goal is to increase property value. The companies themselves are often extremely debt-leveraged. They use the properties they acquire as collateral for new lines of credit, which is then used to purchase new multi-unit rental buildings. The debt created is serviced from appreciating equity. The entire business model is predicated on increasing real estate values.

## **In Their Own Words: The Business Strategies of Financialized Landlords**

14. Central to understanding the role of financialized landlords in both worsening housing affordability in Canada, as well as the negative impact their business models have on visible minorities, is the practice of “repositioning”, whereby companies buy neglected buildings in poorer neighbourhoods that are adjacent to wealthier ones.

15. Financialized landlords are transparent about these strategies. They boast openly of how repositioning attracts “higher quality” tenants over the medium and long term, increasing property values and rents. They market these strategies to investors in public statements, brochures, memoranda, and reports.

### *Hazelview*

16. Hazelview, for instance, considers itself a “long-term player” that conceives development plans spanning 10 to 15 years or longer.<sup>9</sup> Its business model involves identifying real estate that is undervalued and often previously mismanaged by prior landlords. Hazelview President Ugo Bizzarri has stated that Hazelview tries to find “the local market that is getting gentrified and making an investment to create core. Our goal is to find opportunities to create value, not to buy core.”<sup>10</sup>

17. Bizzarri has stated that the company looks for “buildings in good locations that need a little TLC,”<sup>11</sup> and has expressed how it seeks to make investments in “local markets getting gentrified.”<sup>12</sup>

18. The company's intention is to capitalize on these pressures to expel incumbent tenants and ultimately replace them with higher-income tenants. Hazelview has thus stated it aims to improve “the quality of tenant” using “stronger disciplinary measures for problem tenants, including evictions.” As VP of Debt Investments Patrick Smith (in

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<sup>9</sup> Slate to add to rapidly growing Calgary office portfolio. *Real Estate News Exchange*. (Calgary, Alberta). (Oct. 25, 2018): <https://renx.ca/index.php/slate-add-calgary-office-investment-portfolio>

<sup>10</sup> City Focus, Toronto: Cranes on the skyline. *IPE Real Assets Magazine*. (Toronto, Ontario). (March/April 2014): <https://realassets.ipe.com/real-estate/city-focus-toronto-cranes-on-the-skyline/10001301.article>

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*

referencing a different community) explained: "the business plan there [referencing a development project in Vancouver] is to roll the tenants."<sup>13</sup> [Brackets added]

19. The ultimate objective of repositioning is to drive up rent and real estate prices through increased demand from higher-income tenants. When Hazelview acquired shares in competitor InterRent REIT, it justified the acquisition observing:

"The company has a strong value-add focus acquiring older, under-managed properties in gentrifying neighbourhoods and selectively deploying capital to improve the amenity base and renovate suites on resident turnover, **driving strong valuation and rent growth in the process.**"<sup>14</sup>

### *Centurion*

20. Similar strategies are deployed by all major financialized landlords. Centurion – which possesses \$5.7 billion in assets and owns or operates 20,457 properties – emphasized the importance of attracting a “higher class of tenants” in a confidential offering memorandum from May 2023:

"It is the experience of the Asset Manager that by purchasing or repositioning properties to be the ‘best in class’ in a community that **they will attract a higher class of tenant** that is respectful and will take pride living in these buildings."<sup>15</sup>

21. In this way, it can “close the gap” between potential and current rents:

"Closing its gap between potential market rents and current in place rents; **this includes product repositioning in localized markets where there is an opportunity to deploy capital in the apartment units and realize rental lift.** Management estimates that its potential gap to market rents is approximately \$22.0 million as it has moved to capitalize on its significant capital investments in the portfolio, significant stabilization of the properties therein, and significant market demand. Given the severe shortage of housing in some of the markets in which the Trust operates, Management believes there may be outsized opportunities for growth as Management pushes for rent increases."<sup>16</sup>

### *COGIR*

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<sup>13</sup> August (2020), p. 987.

<sup>14</sup> Hazelview Investments. 2023. *Hazelview Global Real Estate Fund Quarterly Manager Commentary as of December 31, 2022.*

<sup>15</sup> Centurion Apartment REIT. May 1, 2023. *Confidential Offering Memorandum.*

<sup>16</sup> Centurion Apartment REIT. 2023. *Annual Report 2022.*

22. 20,000+ unit landlord COGIR boasts in a 2016 corporate brochure:

“Over the years, COGIR has become an expert in real estate repositioning and created many business plans and market strategies to increase the value of the properties that it manages. ... COGIR’s property repositioning expertise is based on a proven internal process that starts with primary market research before the redesign, project management and commercialization phases.” The company offers the following service: “Repositioning of struggling property assets through redevelopment that involves construction and rental strategies.”<sup>17</sup>

*GWL*

23. GWL Realty Advisors Residential<sup>18</sup> identifies as an expert in repositioning: “GWLRA looks to help investor clients grow or reposition their multi-residential portfolios to meet future demands.”<sup>19</sup>

*Mainstreet*

24. Mainstreet<sup>20</sup> similarly centres repositioning as its core business strategy (emphasis added):

“The Corporation **focuses on the acquisition of underperforming properties, renovating them and repositioning the renovated properties** in the market at current market rents. Underperforming properties have typically been poorly managed, with substantial deferred maintenance and rents that are often well below current market rental rates.”<sup>21</sup>

*Pulis*

25. Lankin<sup>22</sup>, formerly Pulis, is explicit about its designs to engineer a demographic shift. In a 2022 offering memorandum, it boasted:

“As [Pulis] intends to **vacate all apartment units in the property and reposition the property** by performing significant renovations and improvements **in order to lease the property to a new demographic of tenants.**”<sup>23</sup>

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<sup>17</sup> COGIR Real Estate. 2016. Corporate Brochure.

<sup>18</sup> \$2.56 billion in assets and 9,600 units according to its public reports.

<sup>19</sup> GWLRA. Oct 17, 2017. *Empty Nesters Seek Hassle Free Living by Renting.*

[https://www.gwlrealtyadvisors.com/research\\_report/empty-nesters-seek-hassle-free-living-by-renting/](https://www.gwlrealtyadvisors.com/research_report/empty-nesters-seek-hassle-free-living-by-renting/)

<sup>20</sup> \$2.8 billion in assets and 16,000+ properties.

<sup>21</sup> Mainstreet Equity Corp. 2022. *Annual Report 2022.*

<sup>22</sup> \$500 million in assets and 1,250 units.

<sup>23</sup> Pulis Investments. May 13, 2022. *Offering Memorandum.*

## Financialized Landlords Propel Systemic Housing Discrimination

### *Racialized Areas Targeted for Financialized Redevelopment Projects*

26. Due to the well-documented correlation between income, class, and race, scholars have observed that “distressed” and “undervalued” properties targeted for redevelopment are more likely to be in racialized neighbourhoods.<sup>24</sup>

27. But real estate value in racialized neighbourhoods is not merely a function of income disparities. Correcting for other factors, the rents and properties values in racialized neighbourhoods are lower, and increase at a slower pace, precisely because people of colour live there.

28. Drawing on data of real estate prices, rents, and demographic information from six major Canadian Metropolitan Areas, a report prepared for the HTC<sup>25</sup> by Dr. David Wachsmuth, associate professor in the School of Urban Planning at McGill University and Canada Research Chair in Global Governance demonstrates, with empirical evidence, that higher concentrations of African, Middle Eastern, and Caribbean residents in an area

“...negatively predicts both the levels and growth rates of property values and rents in our models. Put another way, this paper finds that a high relative concentration of precarious residents—either racial minorities or people of African, Middle-Eastern, and Caribbean ethnic origin—in a neighbourhood decreases housing value and rents (and their rates of increase) in that neighbourhood as compared to neighbourhoods with lower concentrations of precarious residents.”

29. These findings have two significant implications for housing market incentives. Firstly, landlords looking to acquire “undervalued” properties are more likely to find them in areas with higher concentrations of racialized people. Secondly, following acquisition, these landlords are incentivized by the prospect of increased rents and real estate prices to engineer a demographic shift from racialized to white.

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<sup>24</sup> Joseph Mensah and Daniel Tucker-Simmons (2021) Social (In)justice and Rental Housing Discrimination in Urban Canada: The Case of Ethno-racial Minorities in the Herongate Community in Ottawa. *Studies in Social Justice* Vol. 15, Issue 1, 81-101, p.92.

<sup>25</sup> This expert report, not yet published, was prepared for the purpose of a group application to the Human Rights Tribunal of Ontario by Herongate tenants that were evicted in the 2018 round of evictions. The applications remain ongoing.

30. Indeed, evidence compiled by the HTC demonstrates that financialized landlords are investing primarily in areas that a) have relatively higher concentrations of racialized people, and b) are located near statistically whiter neighbourhoods. According to census data from 2021, Dissemination Areas (DAs)<sup>26</sup> with properties owned by one of 24 of the largest financialized landlords in Canada, representing a combined \$88.37 billion in assets and an estimated 374,611 units, the average share of racialized residents is **39%**. By comparison, the average share of racialized people in Canadian Metropolitan Areas is **31%**. It is **26%** for Canada as a whole.<sup>27</sup>

31. In Ottawa, DAs containing financialized rental properties are 46.07% racialized, whereas Ottawa is only 32.47% racialized as a whole. In the same vein, the average percentage of Black people in Ottawa DAs is 8.47%. In DAs containing financialized properties, however, Black people represent an average of 16.42% of the population.

#### *Targeted Racialized Neighbourhoods are Situated Near White Neighbourhoods*

32. Though located within racialized DAs, these financialized rental properties are typically adjacent to neighbourhoods that are statistically whiter than average. Applying a nearest-neighbour analysis to 2021 census data Canada-wide, the HTC has determined that financialized properties located in racialized DAs are situated just **300m** on average from DAs with higher-than-average concentrations of white people. By contrast, there is an average of **5km** between financialized rental properties located in whiter-than-average DAs, and DAs with higher concentrations of racialized people.<sup>28</sup>

#### *Financialized Landlords Engage in Aggressive Tactics to Evict Black Tenants*

33. After acquiring “distressed” properties, financialized landlords engage in a variety of aggressive tactics to achieve tenant turnover, including eviction applications to

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<sup>26</sup> Census Dissemination Areas or “DA’s” are the smallest subset of disaggregated data publicly available from census statistics.

<sup>27</sup> These statistics were compiled using lists of addresses published by financialized landlords that were geocoded using tools made available to the public by Statistics Canada to identify their associated DA. The raw data was compiled by Morgan Nordstrom, PhD Candidate in Geography at Carleton University. The data used, including links to raw data, as well as methodology, are published for scrutiny on the HTC’s website: <https://herongatetenants.ca/>

<sup>28</sup> *Ibid.*



provincial rental housing tribunals. Eviction data obtained by the HTC suggests that Black neighbourhoods are particularly vulnerable. According to unpublished data<sup>29</sup> for Ottawa compiled by Dr. Nemoy Lewis, assistant professor in the School of Urban and Regional Planning at Toronto Metropolitan University, and shared with the HTC, financialized landlords are responsible for a majority of eviction applications filed at the Landlord and Tenant Board in relation to rental units located in Black neighbourhoods (see **Appendix 1**). According to Dr. Lewis's data, although DAs with a Black population of 40% or higher represent only **0.01%** of all DA's in Ottawa, **12.5%** (6,410) of all eviction applications filed between 2010-2021 relate to properties within those DAs. Of these, over half (54%) were filed by financialized landlords. 5.7% of eviction applications filed over the same time period related to rental units in DA's with a Black population of 50% or higher, though such DA's represent only 0.007% of all DA's in Ottawa. 39% of these applications were filed by financialized landlords.

#### *Herongate: How Demographics are Transformed by Financialized Gentrification*

34. The demographic shift occasioned by financialized gentrification is illustrated by Hazelview's redevelopment project in Herongate. In 2016, Hazelview evicted and demolished 80 rental townhouses in its Heron Gate Village<sup>30</sup> complex in order to build a large, multi-residential building with 348 units. The newbuild was branded "Vista Local", evocative of a neighbouring community, "Alta Vista". As of 2016, Alta Vista was 80% white (and thus whiter than the Ottawa average).<sup>31</sup> Construction of Vista Local was completed in 2020 such that some, but not all, of its units were occupied as of the 2021 Census.

35. In 2016, residents in the census tract in which Heron Gate Village is situated were 70% visible minorities.

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<sup>29</sup> Data on eviction applications filed between 2010 and 2021 was obtained from the Landlord and Tenant Board of Ontario through a freedom of information request and then cross-referenced with Census data from Statistics Canada.

<sup>30</sup> Heron Gate (two-words) Village covers 92% of the community known as Herongate (one-word). Herongate occupies a single census tract: Census ID 5050007.02 (Ontario).

<sup>31</sup> According to Statistics Canada census data.

36. Slightly less racialized, the DA in which the future Vista Local is situated<sup>32</sup> was **62.2%** racialized, of 370 total residents, in 2016. As of 2021, after the completion of Vista Local, the visible minority population dropped to **56.9%**. During the same timeframe, the population of the Vista Local DA increased to 703 residents. In addition to Vista Local, the DA includes 87 undeveloped townhouses occupied predominantly by people of colour. Vista Local itself is therefore less diverse than the DA in which it is situated.

37. The visible minority statistics for the Vista Local DA do not tell the full story. Not all visible minorities are equally susceptible to housing discrimination.<sup>33</sup> East Asians, including Chinese immigrants, are generally less vulnerable to financialized gentrification than Black people, as they are less likely to reside in economically disadvantaged neighbourhoods.<sup>34</sup> The differential impact of financialized gentrification on different ethno-racial minorities is attributable to a variety of factors, including differing levels of access to the labour market and rates of home ownership.<sup>35</sup>

38. In 2016, ethnically Chinese residents made up only .5% of the population in the Herongate Census Tract and 0% of the population in the Vista Local DA. By 2021, their share of the population in the Herongate Census Tract increased to 1.6%, and from 0% to 8.5% in the Vista Local DA. Thus, the share of visible minorities from ethno-racial groups vulnerable to housing discrimination dropped to less than half of the population (46.4%).

39. The decline in the visible minority population within the Vista Local DA countervails the trend in its wider Census Tract, which, between 2016 and 2021, saw the share of its visible minority population increase from 70% to 77.9%, with a slight decline in overall population during the same period (from 4681 in 2016 to 4660 in 2021). So while the Herongate Census Tract grew even more racialized, the first area within it to experience financialized redevelopment became dramatically less so.

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<sup>32</sup> The Statistics Canada Dissemination Area ID for the parcel that includes Vista Local is 35060902 [DA] (Ont.).

<sup>33</sup> Kate H. Choi & Sagi Ramaj (2023): Ethno-racial and nativity differences in the likelihood of living in affordable housing in Canada, *Housing Studies*, DOI: 10.1080/02673037.2023.2170988.

<sup>34</sup> *Ibid*, p.8.

<sup>35</sup> *Ibid*, p.4.

## *Increasing Rents*

40. This dramatic shift is a function of the substantial increase in rents demanded by Hazelview for tenancies in Vista Local. Prior to Vista Local, rents in Herongate were relatively affordable. As of 2018, many residents paid approximately \$1,450.00 per month for a four-bedroom townhouse. As of June 2020, bachelor apartments in the Vista Local newbuild were being advertised for \$1,395.00 per month. Three bedrooms were advertised at \$2,985.00 per month.

## **Size Distinguishes Financialized Landlord from Other Landlords**

41. It takes enormous sums of capital, invested over extended time periods, to take advantage of the disparities in real estate valuations and rents caused by racial discrimination. Only landlords able to leverage capital from capital markets and massive institutional investors have the means to avail themselves of these disparities. As Starlight, Canada's largest landlord, explains "[u]nlike many smaller investors and operators in Canada, Starlight has the scale, operational expertise and capital to acquire and actively reposition its properties."

42. Heron Gate Village, for instance, was reportedly purchased by Hazelview (then, Timbercreek) from Transglobe Inc. (now, Starlight) in two transactions, one in 2012 and the other in 2013, for \$143,500,000.00 and \$51,377,193.00, respectively.<sup>36</sup> Since then, Hazelview has reportedly invested \$175 million.<sup>37</sup> Few landlords in Canada have the capacity to leverage this amount of capital.

## **The Powers of the Review Panel under the National Housing Strategy Act**

43. In the view of the HTC, the evidence is overwhelming: financialization perpetuates and exacerbates housing discrimination in Canada. It is an issue that compels Parliamentary intervention.

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<sup>36</sup> The Money Behind the Herongate Evictions. *The Leveller*. (Ottawa, Ontario). (Sept. 21, 2018):

<https://leveller.ca/2018/09/the-german-money-behind-the-heron-gate-evictions/>

<sup>37</sup> <https://www.hazelview.com/news-updates/news/details/2021/09/08/ottawa-city-council-approves-hazelview-s-official-plan-amendment-application-for-redevelopment-of-heron-gate>

44. Pursuant to s. 16.3 of the NHTA, this Honourable Panel is tasked with preparing:

“a report that sets out the panel’s opinion on the issue and any recommendation to take measures – respecting matters over which Parliament has jurisdiction – to address the issue.”

45. In the submission of the HTC, while Parliament lacks jurisdiction to directly regulate most residential tenancies in Canada, it nevertheless possesses numerous powerful tools to reshape the rental housing market.

### **Parliament’s Powers to Oppose Systemic Housing Discrimination**

#### *Federal Government may Impose Conditions on Financing from Canada Mortgage and Housing Corporation (“CMHC”) for Purpose-Built Rentals*

46. It is important, in this light, to consider how Parliament may address issues within provincial jurisdiction such as rent increases, affordability requirements, renovations and accountability by attaching conditions to financing or funding provided to private actors rather than through direct regulation, which is a matter of provincial jurisdiction.

47. The federal government is already directly involved with financialized landlords and developers of rental housing. CMHC provides financing for most purpose-built rental housing, including housing developed by financialized landlords, and may impose requirements for such financing, including obligations to address affordability and not to raise rents.

48. In some cases, CMHC financed developments may result in the displacement of tenants from affordable housing. To combat this, the Panel is invited to consider recommending new requirements to attach to financing and funding to prevent displacement of lower income households.

#### *Federal Government may Condition to Federal Housing Transfers*

49. The federal government may also impose broader requirements on provinces to act within their own jurisdiction to limit financialization and preserve affordable housing as a condition of federal funding. The UN Committee on Economic, Social and Cultural Rights (the “CESCR”) has continually urged Canada to reinstate standards attached to

cost-sharing agreements with provinces and territories. The federal government is required under the International Covenant on Economic, Social, and Cultural Rights (“ICESCR”) to use “all appropriate means” to realize the right to housing. The CESCR emphasizes that this includes attaching conditions to provincial transfers.

50. To incentivize provinces to pass more robust rent controls, the federal government could, for instance, require their implementation as a condition precedent to receiving federal housing transfers. The incentives would operate in a manner similar to the federal health transfers: provinces that comply with federal prescriptions – for example on rent controls and renovations – would receive funds, while noncompliant provinces receive nothing. This form of federal coercion has successfully withstood constitutional challenge.

51. There are existing bilateral housing partnership agreements with all of the territories and provinces which impose some conditions on federal funding under the National Housing Strategy. All of the agreements, except Quebec’s, commit the province or territory to implement three-year action plans that will:

include support for those in greatest need, will be consistent with the principles of participation and inclusion; equality and non-discrimination; and accountability, and will speak to the federal human rights-based approach to housing. In so doing, the Action Plan will complement the NHS goal of helping advance the progressive realization of Canada’s obligations in relation to housing under the International Covenant on Economic, Social and Cultural Rights (ICESCR).<sup>38</sup>

52. It is submitted that the Panel may recommend amendments to these bilateral agreements as well as more effective enforcement of their existing terms.

#### *Federal Government may use its Power to Regulate Banking*

53. The federal government could also regulate financialized landlords through its power to regulate banks. There may be some utility in banking regulations that restrict or condition lending to financialized landlords, though many financialized landlords leverage capital from capital markets and institutional investors not subject to federal banking regulations.

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<sup>38</sup> See, for example, CMHC – Ontario Bilateral Agreement Under the 2017 National Housing Strategy made as of April 1, 2018, Schedule C.

### *Federal Government may Influence Business Strategies through Taxation*

54. Another significant lever available to the federal government is through its taxation powers. Tax benefits such as those available to REITs may either be eliminated, or they could be redesigned to restrict beneficial tax treatment to REITs that produce or preserve affordable housing.

### *The Federal Government must Build Affordable Housing*

55. For decades until 1993, Canadian governments built quality affordable housing to meet unmet demand for rental housing. They can do so again.

### *Conclusion: Federal Government has Significant Tools Available to Influence Rental Housing Markets*

56. Although the federal government's powers to directly regulate residential tenancies are narrow, it nevertheless possesses the means to significantly influence rental housing markets through its taxing and spending powers, as outlined above. Like the provinces, the federal legislature is virtually unfettered in its ability to tax and to spend. These powers can be used in myriad ways to constrain financialized landlords and shape the rental housing market both directly and indirectly, for example by capitalizing non-profit landlords, guaranteeing loans, taxing REITs, and incentivizing provincial action and legislation.

### **The Role of the Federal Government in Ensuring Compliance with the Right to Housing Under the ICESCR**

57. In addition to federal spending and taxation powers, the federal executive enjoys prerogative powers in the area of foreign affairs. This includes the power to ratify treaties and represent Canada in international fora, such as before UN human rights treaty bodies.

58. As the representative of Canada, the federal government is not permitted to invoke limitations on its own constitutional jurisdiction as a justification for failing to comply with the right to housing or other human rights. When Canada ratified the ICESCR, it agreed

that its provisions “extend to all parts of federal States without any limitations or exceptions.”

59. The same principle applies under the NHSA because the NHSA is based on the right to housing under international human rights law. The federal government must therefore utilize all appropriate means available in order to ensure that provincial and territorial governments exercise their constitutional authority over housing in a manner that complies with the right to housing under international law, including utilizing the tools outlined above.

### **Conclusion**

60. The massive influx of capital into the Canadian rental housing market channeled through financialized landlords has had disastrous consequences for racialized renters. Rather than constructing new rental housing to alleviate market pressures, financialized landlords focus their efforts towards a much easier, more lucrative proposition: the repositioning of existing rental housing stock towards more lucrative markets. In effect, financialized landlords prey on one supply-constrained housing market to feed another. Affordable housing stock is thus being depleted to meet excessive demand for upscale and luxury housing. The obscene profits realized in this process are exacted at the highest cost to communities of colour: their systematic dislocation, disbursement, and alienation from one of their most fundamental human rights.

61. For all these reasons, the HTC urges this Honourable Panel to acknowledge how financialized landlords have devastated our vibrant community. The Panel is further urged to convey our story to the Minister, and to recommend immediate and muscular measures to oppose the systemic housing discrimination caused by financialization in Canada.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED**

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