



#AFFORDABLE
#HEALTHYHOMES

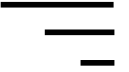
ACORN CANADA NATIONAL HOUSING PLATFORM

SUBMISSION FOR THE REVIEW PANEL ON
FINANCIALIZATION OF PURPOSE-BUILT RENTALS



2023

Arizona Technology Company



About this document



1.5 million Canadian households are in core housing need i.e. they are living in unsuitable, inadequate, or unaffordable housing. A combination of issues has intensified Canada's housing crisis including a massive lack of repairs, lack of adequate tenant protections and policy response at all levels of government and housing increasingly being treated as a commodity resulting in a massive wave of evictions, renovations, demovictions and unfair rent increases.

The good news is tenants are fighting back, demanding direct action from property owners and protections from the government. New supply is only half of the solution to tackle the housing crisis.

This document outlines the immediate changes ACORN wants to see from the federal government. In addition to this document, ACORN has enclosed testimonies of hundreds of ACORN members who are struggling with housing owned by financialized landlords.



Stop financialized landlords from buying more affordable housing and create an acquisition fund to enable non-profit, co-op, land trust organisations and tenants to purchase at-risk buildings when they come on the market.

THE ISSUE

- Canada is losing affordable housing too fast. Data from the federal housing agency (CMHC), shows the share of affordable units for low-income households is less than 5% in major centres, 1% in Vancouver and almost 0% in Ontario cities.
- Canada's public, non-market, and affordable housing stock is now among the lowest of OECD countries, at 3.5%.
- Each year in Canada, 64,000 affordable units are lost, that means for every one built, four are lost. The National Housing Strategy plans to build only 16,000 affordable units per year.
- Financialization of rental housing has expanded dramatically in Canada since the late 1990s, with an estimated 340,000 rental units now owned by large financial firms, and an estimated 20-30% of Canada's private rental housing is now owned by these large corporate landlords and institutional investors.
- ACORN's survey in 2021 indicates the devastating impact of financialization of housing on tenants. The survey found lack of repair and maintenance, pest issues and unfair rent increases common place in buildings owned by financialized landlords.

It is critical that the existing affordable housing stock is protected.

ACORN'S DEMANDS

- The federal government must stop apartment sales to corporate landlords. In Berlin, corporations cannot own more than 3000 apartment suites.
- Set up an acquisition fund which will ensure that land-trusts, co-ops, tenants, and non-profits can afford to buy affordable market rental buildings.
- Ensure right of first refusal for land-trusts, co-ops, tenants, and non-profits so that they have the first opportunity to acquire apartment buildings on sale. The city of Montreal exercises the right of first refusal which grants the city priority to purchase certain buildings or land ahead of other buyers. This should be nationalized.



2

Any CMHC backed financing/ federal funding to corporate landlords should be provided to build housing for tenants in core housing need.

THE ISSUE

- In 2021, almost 1.5 million Canadian households were in core housing need – that is, they live in an unsuitable, inadequate, or unaffordable home and cannot afford alternative housing in their community.
- 77.1% of people who are in core housing need face affordability as a challenge.
- Renters are more likely to be in core housing need than owners.
- A study by the National Housing Council finds that most of the housing created by the \$70+ billion National Housing strategy has created unaffordable housing.

ACORN'S DEMANDS

- Any federal funding going through federal agencies such as the CMHC needs to create housing for tenants in core housing need.
- The definition of “affordable housing” should be consistent with the CMHC definition: housing is considered affordable if it costs less than 30% of a household’s before-tax income.
- All housing created with public money or tax incentives must be kept affordable for perpetuity (not 21 years as is currently done under several federal housing programs).

3

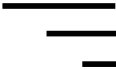

All green infrastructure retrofit partnerships from government agencies such as the Canadian Infrastructure Bank (CIB) or CMHC must include affordability and anti-eviction covenants to ensure that retrofit money does not lead to unfair rent increases and evictions.

THE ISSUE

- The climate crisis is causing catastrophic effects in our communities, low- and moderate-income tenants are bearing a disproportionate impact of the housing and the climate crisis.
- Tenant justice is climate justice. Cold and drafty homes, high utility bills, respiratory illnesses and more - are disproportionately impacting low-to-moderate income tenants who are living in energy inefficient, non maintained apartment buildings.
- Canada's 2030 Emissions Reduction Plan sets an emissions reduction target of 40 to 45% below 2005 levels by 2030 and achieving net-zero emissions by 2050. In order to meet these targets, it is critical to focus on green buildings as 13% of Canada's GHG emissions are from the buildings sector; 18% if electricity-related emissions are included.
- The Emission Reduction Plan states that this will require carrying out retrofits of 600,000 homes annually!
- Decarbonisation needs to go hand-in-hand with affordability and tenant rights.

ACORN'S DEMANDS

- All green infrastructure retrofit partnerships and agreements from the CIB or CMHC must include:
 - Affordability and anti-eviction covenants.
 - Signed agreements from the landlord made transparent to the tenants in the building.
 - Rent controls
 - Formal tenant participation where independent tenant unions existing in the community and building receive resources to support tenants participating.
 - Background checks on landlords to ensure that those who are in violation of municipal or provincial property standards or tenant laws are not given public dollars.
 - Perform a Benefit Scan so that the unique potential local benefits (environmental, labour, community, tenant) are identified and included in the funding agreement.



4

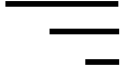
Immediately plug the tax loophole in the Income Tax Act that gives massive tax exemptions to REITs or require them to convert 20% of each building to social housing to ensure public dollars and tax incentives go to tenants who need it the most.

THE ISSUE

- Real Estate Investment Trusts (REITs) own thousands of multi-residential apartment units all across Canada and enjoy preferential tax treatment from the federal government in that these entities don't pay tax at the corporate level. While the government is losing millions of dollars in taxes through giving massive tax exemptions to REITs, there are no conditions tied to this exemption to ensure that tenants living in buildings owned by REITs have access to affordable or healthy homes. On the contrary, tenants in buildings owned by REITs are struggling with a range of issues.
- Due to ACORN's persistent efforts, the federal government committed to revisiting the Income Tax Act but the progress is not known.

ACORN'S DEMANDS

- Immediately plug the tax loophole in the Income Tax Act that gives massive tax exemptions to REITs OR
- To receive public benefits, the government should require institutional investors to commit to converting 20% of each residential building across their entire portfolio to social housing, within three years, as called for by the former UN Special Rapporteur on the right to housing (2014-2020).



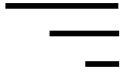
5 Mandate rent control across all provinces.

THE ISSUE

- Lack of rent control in provinces such as Alberta and New Brunswick or lack of full rent control in provinces such as Ontario provides a massive incentive to landlords to evict long term tenants and raise the rent by any amount between tenancies. In light of an extremely tight rental market and skyrocketing rents, lack of rent control is a major factor that is incentivising landlords to force tenants out. This needs to stop as it violates the right to adequate housing by threatening the tenant's security of tenure.

ACORN'S DEMANDS

- The federal government needs to mandate that all provinces enact and implement rent control, including vacancy control so that rent is tied to the units.



6

Fund social housing to ensure that low income people have access to affordable homes.

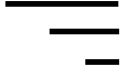
THE ISSUE

- Social housing has remained chronically underfunded by the federal government.
- Federal government withdrew from social housing provision in the 1980s, leaving a void in affordable housing supply for decades.
- This has resulted in a huge shortage of social housing in Canada. The extent of the problem is so acute that waitlists for social housing are as long as 14 years in places like Toronto.
- As per National Housing Council, if Canada continued to produce social housing at the pace it did between 1966-1996, the proportion of social housing could have represented 6.2% of all housing in 2021 instead of the current 3.8%.

ACORN'S DEMANDS

- The federal government needs to step in urgently with funding to build social housing.
- The federal government needs to double the stock of social housing to bring it in line with its peers. Currently, among OECD countries, Canada has one of the lowest proportion of social housing*.

*The estimate is based on analysis by the Scotiabank.



7

Mandate disclosure of property ownership across all provinces.

THE ISSUE

- ACORN did a national survey in 2021 which was responded to by 606 tenants. Out of 606 tenants, ACORN could not locate landlord's information for 36% of tenants.
- Many landlords hide behind property management companies or numbered companies, leaving tenants with no information about who their landlords are.
- BC has started a land ownership transparency registry, but not all provinces have this in place.
- The federal government passed a legislation in 2023 that proposes a free, publicly accessible and scalable beneficial ownership registry of corporations. While it is a step forward to prevent fraud and money laundering, it is not clear whether this database will help tenants easily understand who their landlords are.

ACORN'S DEMANDS

- Implement a nationally free, publicly accessible and scalable property ownership database and registry of corporations in a timely and effective manner across Canada.