

Financialization of purpose-built rental housing: Paving the path to homelessness

**Submission to the National Housing Council Review Panel
Edmonton Coalition on Housing and Homelessness
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Since the 1980s there has been a steady evolution in how people have been oriented to think about housing, a change that has moved from seeing adequate housing as something fundamental to human, family, and community life, an adequate physical context in which to create a home, a secure place to live a satisfying life, to being seen as a matter of acquiring assets and/or making a profit.

In the 21st century that unfortunate evolution has speeded up significantly. Much of that can be linked to the financialization of housing, as real estate investment trusts (REITs), hedge funds, pension funds, private equity funds, and similar financial organizations have actively pursued ownership and operation of housing as a source of profit. Governments have chosen to ignore this development or failed to identify it for too long. We are now in a place of having to react to where we now are, rather than being able to chart a proactive course-- so strong and timely action is essential.

The Edmonton Coalition on Housing and Homelessness (ECOHH) is concerned about this issue because financialization in Edmonton has developed much more quickly than in most places in Canada. Information from the Affordable Housing Research Lab at the University of Alberta suggests that in 2022 48 percent of purpose-built rental units were owned by such businesses, compared to a national figure of 20 percent.

For people with modest or low financial resources, renting, both acquiring and maintaining a place, has become much more of a challenge as a result. Edmonton saw a decline of 50 000 units in the \$999/month or less category in the decade from 2006 to 2016. In 2006 81 percent of rental units were in this category but by 2016 only 27 percent were. It is difficult not to suspect a causation link between the rapid financialization over these years and the loss of more affordable units, but there is at least a suspicious correlation. Greatly inadequate public funding for non-market housing over many year further adds to the problem, with funding not even matching the loss of subsidized housing-- funding is not increasing the supply, just slowing the decrease.

ECOHH's concern about the financialization of housing connects with its call for an end to homelessness and to recognize adequate housing as a human right. Homelessness is the terrible end point on a road that begins with struggling to maintain adequate housing. Everything that threatens housing security increases the danger of homelessness. And homelessness threatens health, and even life. ECOHH has been tracking the number of people who die because of homelessness and that number has steadily grown from 32 in 2005 to 156 in 2022.

ECOHH appreciates the detailed analysis and background to the rapid growth of financialization in housing that has been and is being done by other bodies with resources

and expertise in this area. ECOHH's submission complements this as it reflects the street-level observations and experiences of its individual and organizational members that they are seeing how financialization has growing negative impact on the ability of people with small economic resources to secure or maintain decent housing.

Financialization in the housing sector is decreasing the affordability of rental housing, security of tenure (dangers such as eviction, harassment, and threats) and the physical condition and accessibility of housing. Many ECOHH members, organizations and individuals, are active in providing services and resources for people who do not have adequate housing. They are hearing many stories from people losing the modest housing they have had because they were in buildings bought by a financial business with "renovictions" following soon, or experiencing rent increases far beyond their capacity to meet, or seeing the quality of their housing deteriorate as maintenance and repair needs are ignored.

Canada has been clear internationally in identifying itself as supportive of human rights and ready to express such commitments through legislation. This makes it especially troubling that the experience of ECOHH organizations working with people is that being able to maintain adequate housing in the midst of the financialization storm is especially challenging for Indigenous people, newer immigrants (especially refugees), people of colour, older people, people with disabilities requiring housing with various features, people with mental health challenges, and women with children. It is a significant concern that many of the people with the greatest difficulty avoiding poverty and meeting their own housing needs receive little or no priority in housing funding or policy from government. The impact of housing financialization is not evenly distributed and these populations that are feeling it more severely.

Those assisting people who have lost housing or are struggling to maintain it are aware that the public financial costs of people being in such situations are much greater than if they were able to maintain adequate housing. Other significant costs are in terms of health and well-being of body, mind, relationships, and spirit.

From deep involvement with people experiencing the dangers of homelessness, ECOHH is confident in asserting that (a) having adequate housing is crucial to all other aspects of being able to have a good life, and (b) as more rental properties have been acquired by financial corporations, the ability of people with few fiscal resources to maintain housing has deteriorated.

Financialization of housing will continue as long as governments, through legislation and regulation, do not take a firm stand to affirm in practical action that adequate housing is a human right, and not a place for speculation and the deliberate pursuit of profits. The growth of financialization might have escaped notice by government for some time, but has become so extensive now that it is urgent for action to be taken.

There are many tools available to the federal government directly, and, through the agreements made with other orders of government for transfer payments, indirectly by making conditions for transfers to require actions by them as well. The most effective response will include elements that address supply assistance with expanding affordable stock AND demand assistance for people with little money.

Finding effective approaches to stop the current financialization tsunami and to ensure the human right to adequate housing is met for people living in housing owned by financial businesses should begin with much more consultation with those familiar with the consequences of what is happening, especially tenants. It is good to see the National Housing Advocate taking steps in this area, but there needs to be a clear commitment from the federal government that this will be an on-going practice and that it will influence decisions, not simply be left to sit on a shelf.

In the meanwhile, there are available tools that include:

- Ensuring tax laws discourage speculation and the financialization of housing,
- Ensuring that Canada Mortgage and Housing Corporation does not take a role that supports the involvement of financial bodies in expanding participation in the housing market in any way,
- Limiting or denying public funding assistance or financing of housing stock by financial businesses,
- Expanding funding to support cooperatives and social profit/not-for-profit organizations to acquire and maintain much more housing, given the track record of this sector to provide stability in the housing market,
- Rules requiring clear and easily-available information about ownership of all housing,
- Landlord licensing, with more stringent regulations and enforcement of maintenance and repairs,
- Enhanced measures to ensure rents in for-profit housing remain modest, without denying owners fair return on investment or profit,
- More available support for tenants experiencing difficulties from unfair treatment such as a renovation by landlords and property owners, and
- Expansion and Improvements to income support programs, the Canada Housing Benefit, rent supplements, and emergency rent assistance programs to make ability to pay rent more secure for people with low financial capacity and resources.

In summary, ECOHH asserts that:

1. Government has a moral imperative and an urgent need to address the financialization of housing and ensure it does not prevent every person in Canada from having adequate housing,
2. The mandate of the Federal Housing Advocate to make recommendations to improve Canada's housing laws, policies and programs so that they enable people and families in Canada to have access to adequate, affordable and safe housing that meets their needs places a significant responsibility to move such action forward in that office,
3. There are many effective ways to address this issue and they must involve a careful and creative mixture of both regulatory actions and a major increase in the supply of non-market and modest housing that is only possible with a large investment of public funds,
4. There are serious negative consequences of failing to address the issue, and
5. Canada has a proud history of using public policy and funding to ensure the housing needs of lower-income people were met and this pre-1990 situation needs to be revived. And improved in the current dangerous time.

Edmonton Coalition on Housing and Homelessness

The Edmonton Coalition Housing and Homelessness (ECOHH) was created in 1986. Membership consists of both social profit organizations and businesses, as well as individuals. Its mandate includes education and advocacy on homelessness and affordable housing. ECOHH provided leadership in the formation of the Edmonton Housing Trust Fund in 1999. This fund now operates as Homeward Trust and is part of a long-term initiative to provide quality affordable housing in Edmonton by investment in projects. ECOHH presented an annual awareness event, Homefest, for ten years, and led the development of the public art sculpture honouring the importance of housing, located in Homeless Memorial Plaza, north of City Hall on 103A Avenue. ECOHH has presented an annual memorial service for people who have died because of housing challenges in their lives, for the past 14 years.

ECOHH is a broad based voice to promote change in public policy, increase community knowledge, and share information on all aspects of housing security, especially homelessness and affordable housing.

ECOHH's key messages are:

- Decent affordable housing is essential for all people.
- Good homes for all create strong healthy communities.
- Housing is more than four walls and a roof-- it's homes, support, and community.
- Lack of decent affordable housing has negative consequences for everyone.
- In Alberta we have the resources, knowledge, and skills to make sure everyone has a decent place to call home in a strong healthy community.

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