**Standing Committe on Finance**

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**March 21, 2022**

**Thank you for inviting me to this conversation on inflation and housing. The Finance Committee is precisely where some of the most important conversations about housing will occur.**

**In my capacity as Global Director of The Shift, much of my work is focused on the financialization of housing – or the nexus between housing, finance and human rights. I’m also the former UN Special Rapporteur on the right to housing, a post I held for 6 years from 2014-2020, during which time I developed this particular expertise.**

**Let me start here. Canada, like most western developed nations is characterized by a central contradiction: We have a relatively robust economy, as a top-10 performing economy (in terms of GDP) and with an impressive growth pace of 6.7% as we come out of the pandemic. With this kind of strong economic  performance we’d expect to see people of all social strata living pretty good lives. One assumes that’s the point of economic growth. So its counterintuitive that instead, we have growing homelessness, and increasing housing unaffordability not just for low income renters but also for higher earners.**

**This contradiction has deepened with pandemic related inflation - captured perfectly when in the middle of the pandemic, Bank of Canada head Tiff Macklem celebrated the country’s strong economic performance derived through real estate transactions and debt, causing housing prices to skyrocket.**

**This fundamental contradiction can be traced directly to the values embraced by successive governments in Canada articulated through laws and policies in the housing and finance sectors which benefit institutional and other investors.**

**As a result, Canada now has a housing system that has become overly financialized, operating without any relation to household incomes and housing need.**

**By the financialization of housing I mean when single and multi-family homes are treated like an extractive industry like mining — where housing is used to extract wealth, mostly by those who already have an abundance of it like pension funds and investment trusts.**

**The financialization of housing is rooted in the neo-liberal assertion that given the right legislative and policy conditions the market will provide what’s necessary for the people of this country. The  “right conditions” are things like: low interest rates, preferential tax treatment for investors, no regulations on monopoly ownership, weak tenant protections, and a seat at political tables for investors to advise governments.**

**Obviously, the facts on the ground prove this to be a failed experiment. Value extraction has been confused with value creation, making  it easier for investors to call themselves value creators and in the process extract value.  Douglas Porter, the head of BMO said it this way — I’m paraphrasing here — the supply narrative as a solution to the housing crisis that the industry continues to pedal is a myth, a myth that happens to benefit those propagating it.**

**So what’s to be done?  I think it’s obvious that when one set of values no longer produces reasonable outcomes, governments need to embrace another set, that will achieve better outcomes. Human rights is the only framework that has as its goal housing equality, inclusion, affordability, adequacy and security – while also offering a framework to govern.**

**Human rights re-defines value creation, it sees value in housing as home. It re-orients finance and housing policies to focus on individuals experiencing housing need, not investor or shareholder interests as is the case in a financialized system. They require that supply-side solutions are led by actual demand not by investors.**

**Across the world, I have seen States grappling with the financialization of housing, trying to curb the trend, recognizing that housing is a different sort of business, it’s a human rights business that requires proactive protection by governments. Denmark enacted legislation that prevents investors from raising rents for 5 years; Singapore has introduced heavy taxation on multiple home purchases by a single investor; New Zealand has asked its Central Bank to consider housing in its setting of monetary policy; Spain has enacted national right to housing legislation which penalizes owners who leave homes empty, and imposes rent caps on landlords across the country; the city state of Berlin is having to contemplate the socialization of private market units.**

**I’ll end by emphasizing: If you embrace the human rights framework – as articulated in the National Housing Strategy Act –  and if breath life into it by committing to ensuring that every fiscal and monetary policy or law has as its end-goal ensuring adequate, affordable and secure housing for those most in need, then you cannot make a wrong step.**

**I’m happy to take any questions you might have. Thanks.**