

THE

SHIFT

DIRECTIVES

FROM FINANCIALIZED TO HUMAN RIGHTS-BASED HOUSING

***Advanced Unedited Version**

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THE SH/FT
#RIGHT2HOUSING

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HOUSING IN CRISIS

THE RISE OF FINANCIALIZED HOUSING & THE NEED FOR A NEW DIRECTION

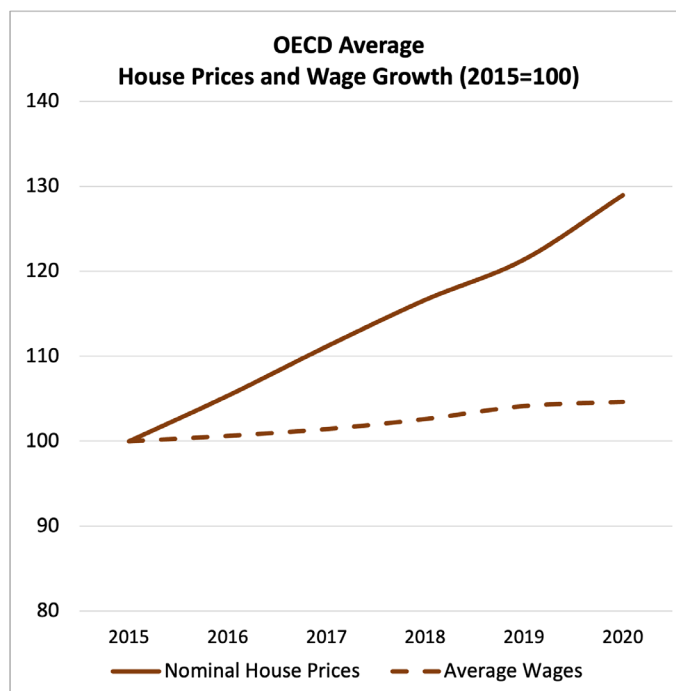
The global housing crisis is intensifying. The unaffordability of housing is an increasingly acute problem in cities around the world, where the cost of housing is rising at many times the rate of income.¹ Worse yet, approximately 1.8 billion people are homeless or live in grossly inadequate housing, often without access to basic services like water, sanitation, and electricity.² Meanwhile, by the end of 2020, the value of residential real estate surged to an estimated US\$258.5 trillion³— up \$90 trillion from 2016.⁴ Housing has become by far the most valuable asset on Earth, worth three times more than global GDP and more than 20 times all the gold ever mined.⁵

Soaring property prices have triggered a cascade of negative social effects, including rising inequality in cities with far-reaching consequences. Some investors purchase properties to leverage record profits, while tenant households increasingly struggle to keep up with the escalating costs of their housing. The dominant impact of wealth and private investment has also created and perpetuated spatial segregation in many cities.⁶

This pattern, playing out in cities around the world, defines the global housing crisis.⁷—Housing, or residential real estate, has become the investment of choice for many, including institutional investors⁸ [see Defining the Terms], who most often acquire housing for the profits or income that can be generated from it and convert homes into financial instruments that are traded on global markets.⁹ Residential real estate is attractive for its

potential to offer secure income yielding investments, a hedge against inflation, portfolio diversification, and low volatility compared to other asset classes.¹⁰ Simply put, the housing sector has been taken over by finance.¹¹ It has become a place to park, grow, leverage, and/or hide unprecedented amounts of capital. Housing has become financialized.¹²

The ground was laid for the financialization of housing¹³ in the late 1970s with the introduction of neoliberal economics and the deregulation of many sectors including housing. Its current form was born in the wake of the 2008 global financial crisis, when institutional investors—particularly, though not exclusively, private equity



investment funds— used the opportunity presented by predatory lending and the mortgage foreclosure crisis to use and create financial instruments to purchase thousands of distressed homes at deep discounts.¹⁴

In financialized housing markets, those who make decisions about housing, such as its use, cost, location, or likelihood of being demolished, often do so from boardrooms with little engagement with, or accountability to, the communities in which their “assets” are located. Many residential rental properties are now owned indirectly by investors who have no connection to those properties.

In the last decade, the reach of investors in housing has grown, including during crises. For instance, natural

disasters have resulted in more housing on the market at a reduced cost, and monetary policy during the Covid-19 pandemic meant investors had access to exceptionally low-interest rate loans. These conditions make housing vulnerable to exploitation as a profitable investment for those who already have wealth and strong credit profiles.

Housing that is affordable – often lived in by marginalized groups – is becoming a target of financialization.¹⁵ Some large investors are increasingly purchasing housing intended for those most in need, such as social housing and mobile homes, as well as “undervalued” apartment buildings, which are often bought and repositioned at the high-end of market value. In some instances, investors buy units only to leave them standing empty. Investors have also capitalized on the increased “touristification” of cities by converting long-term residences into short-term holiday units using short-term rental platforms. At the same time, new asset classes such as long-term residential care homes and student accommodation are being created.

In most countries, government-enacted laws and policies support and even drive the financialization of housing. These incentives include low-interest rates, quantitative easing policies,¹⁶ easy access to credit particularly for those who already have wealth, preferential tax treatment in particular for real estate investment trusts, neighbourhood development schemes, and weak tenant protections. In some jurisdictions, the financialization of housing is encouraged through “golden visa” schemes, in which individual investors are enticed to purchase housing in exchange for citizenship or residency.

Financialization has resulted in governments abandoning the original idea that housing is the necessary foundation for well-being and that it can be used to stimulate economic growth *for the benefit of society at large*. Housing has lost its currency as “home”¹⁷ and is increasingly disconnected from its social function and status as a fundamental human right.

Tenants living in housing owned by corporate landlords and institutional investors often complain of sharp rent increases that can lead to displacement; evictions to facilitate sometimes substandard yet profitable renovations; costly fees for services and/or penalties for minor infractions; inadequate maintenance; and

that they do not know who their landlord is or how to hold them to account.¹⁸

Those who search for housing in cities, including key workers, often find overvalued rental and ownership markets that they cannot afford even with full-time employment, and social housing is scant often with long waitlists. It is now quite common for households to be paying 50% or more of household income on rent. Looking for more affordable accommodation, many are compelled to live at great distances from employment, community services, transportation, family, and other social supports. Eviction of tenants and homeowners by financialized landlords in some jurisdictions has become quite commonplace,¹⁹ regardless of the huge toll it takes on individuals and families, who often have nowhere to go once evicted. These and other realities of the financialization of housing are disproportionately experienced by marginalized groups who already suffer socioeconomic disadvantage, including women, Indigenous people, migrants and refugees, and those who are racialized, disabled, or living with low incomes.²⁰

In these ways, financialization undermines housing affordability, habitability, security of tenure, and the meaningful participation of residents in decisions that affect their lives, all of which are requirements of, and critical to, the enjoyment of the right to housing under international human rights law.²¹ It also contributes to social instability and inequality, which are systemic risks to the economy and, counter-intuitively, systematic risks to diversified investors and their portfolios.

The financialization of housing is now embedded in the structures that inform the functioning of States: fiscal and monetary policies and taxation law. By prioritizing the interests of investors, States (many of whom have stepped away from their role as housing providers) promote the questionable idea²² that under current conditions corporate landlords are offering solutions to the housing crisis. The resulting dependency on and close relationship of States with those engaged in the financialization of housing has meant that investment in residential real estate has emerged without adequate oversight, transparency, and accountability; few States have made any meaningful attempts to ensure compliance with human rights standards and obligations. Left largely unregulated and unchecked, private interests have failed to address the housing needs of low-income and marginalized groups, and so the human rights violations of homelessness and

HOUSING IN CRISIS

grossly inadequate and unaffordable housing have become increasingly common.

Under international human rights law, States are obliged to regulate the real estate market and the financial actors that operate in it to ensure access to affordable and adequate housing for all.²³ Institutional investors in housing also have responsibilities under international human rights law and other accountability frameworks to do no harm, which too few have embraced.²⁴

If the financialization of housing is left unchallenged, cities could become predominantly the domain of the affluent at the expense of lower-income households who will suffer further socio-economic deprivations and inequality. The financialization of housing may also lead to the destabilization of the economy and markets, having a negative impact on investors – including those invested in housing – as well as the broader population.

It is time to re-orient housing systems across the world away from financialization and toward housing as a social good and a fundamental human right. Capital investment in housing may in fact be necessary for States to meet their obligations under the Sustainable Development Goals, particularly Target 11.1 which requires access to adequate, secure and affordable housing for all by 2030. Many countries face a chronic undersupply of truly affordable housing and will require tens of billions of dollars for new developments. There is a rapidly rising tide of interest in environmental, social and governance (ESG) criteria within the investment community. Some institutional investors are also showing interest in social impact investment including in affordable housing. This suggests an opportunity and an imperative for States and institutional investors to work together to ensure that any engagement in housing is in keeping with international human rights law and furthers the implementation of the right to adequate, affordable and secure housing for all.

For these reasons, we have developed the Shift Directives: From Financialized to Human Rights-Based Housing.

The Shift Directives are intended to assist States and investors. If embraced, they will be equipped to take the necessary steps to address the housing crisis while ensuring housing systems are based on principles of equality, security and dignity – the foundation of human rights.

DEFINING THE TERMS

The Shift Directives are principally concerned with the role of “institutional investors” contributing to the “financialization of housing”.

Institutional investors active in residential real estate refers to any or all of the following:

[Private Equity Firms](#)

[Private and Public Pension Funds](#)

[Asset Management Companies](#)

[Real Estate Investment Trusts](#)

[Hedge Funds](#)

[Insurance Firms](#)

[Sovereign Wealth Funds](#)

[Commercial Banks](#)

[Publicly Traded Companies](#)

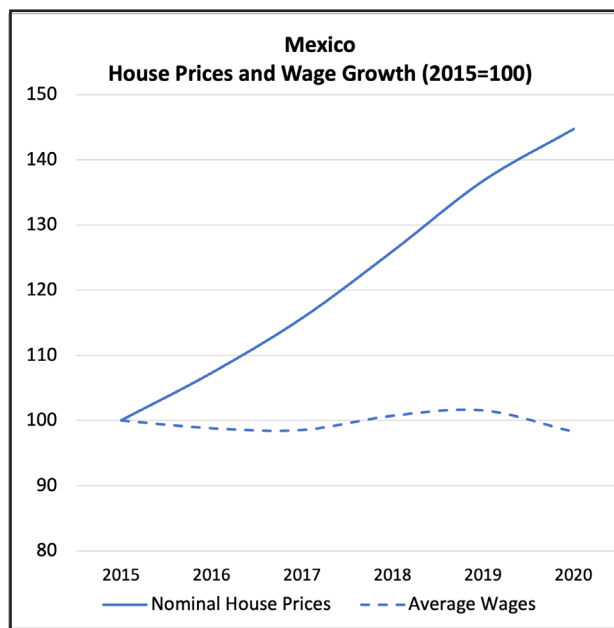
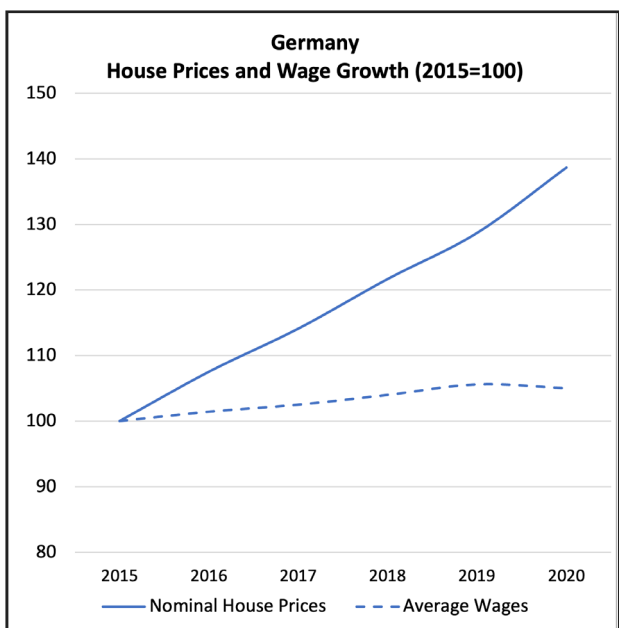
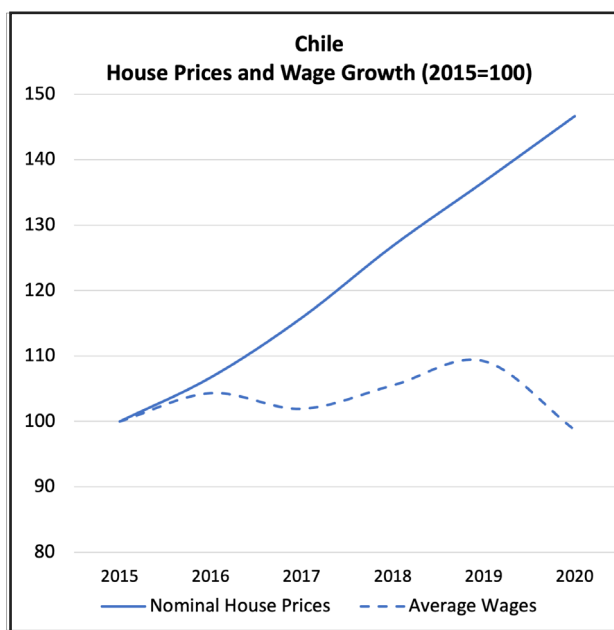
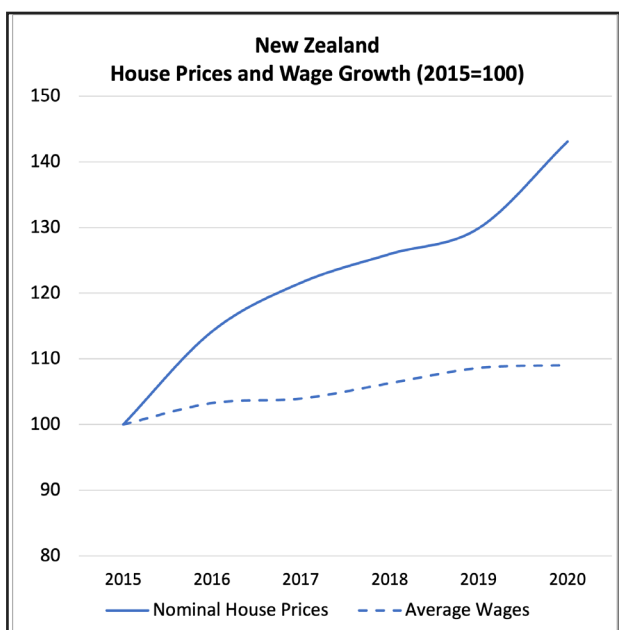
[Endowments and Foundations](#)

Financialization

In The Shift Directives, the “financialization of housing” refers to structural changes in housing and financial markets and global investment whereby housing is treated as a commodity or asset, a means of accumulating wealth and often as security for financial instruments that are traded and sold on global markets. It refers to those institutional investors in housing who cater predominantly to their shareholder or investor clients and in

the process – inadvertently or not – cause harm to tenants. It refers to the way capital investment in housing increasingly disconnects housing from its social function of providing a place to live in security and dignity and hence undermines the realization of housing as a human right. It does not refer to individuals who own a second home that they use seasonally.²⁵ Nor does it refer to all capital investment in residential real estate, in particular where investment is part of a business model that promotes the human right to adequate housing and its fundamental principles as defined in international human rights law and that is consistent with Target 11.1 of the Sustainable Development Goals.

It would be erroneous to consider the financialization of housing as solely a Northern/Western phenomenon. In many developing economies, international and regional financial institutions, as well as development finance institutions, continue to actively promote policies that push financialization as the dominant strategy for addressing the critical need for housing, despite evidence that such strategies lead to greater socioeconomic inequality. Evidence shows that housing markets in developing economies have been targeted, structured, and primed by international financial institutions and investors to facilitate the inflow of foreign capital into these markets, ostensibly to promote economic growth.



HUMAN RIGHTS LAW

& ENVIRONMENTAL, SOCIAL, AND GOVERNANCE STANDARDS

Governments and investors in residential real estate rarely recognize or implement in practice, housing as a fundamental human right found in international and domestic law.

Housing is considered a fundamental human right because of the role it plays in human well-being and the foundation it provides for all other rights. The right to housing is found in the Universal Declaration of Human Rights, in Article 11.1 of the International Covenant on Economic, Social and Cultural Rights, and in many other international human rights treaties that have been ratified by most governments around the world.

According to the UN, the right to housing should not be interpreted in a narrow or restrictive sense, such as four walls and a roof, or exclusively as a commodity.²⁶ In its broadest sense, the right to housing is understood as the right to live in peace, security, and dignity. It extends to all persons, irrespective of income or access to economic resources, and is interdependent with several other human rights, such as the rights to life, non-discrimination and equality, health, and water and sanitation. Certain conditions or practices are violations of the right to housing and are strictly prohibited such as forced evictions, evictions into homelessness, and homelessness.²⁷

Deprivations of the right to housing are most commonly experienced by marginalized and disadvantaged groups, including Indigenous Peoples, persons with disabilities, racialized, ethnic, and religious minority communities, migrants and refugees, women, single mothers, and LGBTQ+ persons.

The responsibility for implementing the right to housing rests with 'States' which means all orders and levels of government: national, regional, and subnational, including municipalities and local governments.²⁸

States must take deliberate, concrete, and targeted steps towards the fulfilment of the right to housing within a reasonable time frame and must use "maximum available resources" to these ends. This requires harnessing existing and available resources,

but also identifying and taking steps to secure potential resources, for instance through the introduction of more progressive taxes, or by recouping lost revenues through tax avoidance and corruption. States are also obliged to regulate the real estate market and the financial actors operating in that market.²⁹

International and regional frameworks have also been developed to apply human rights law to business enterprises. Most are voluntary and do not have enforceable provisions or formal accountability mechanisms.

The leading framework at the international level is the Guiding Principles on Business and Human Rights (UNGPs), which the UN Human Rights Council endorsed unanimously in 2011. This is a voluntary framework that governments from across the world have endorsed. In 2015, a voluntary reporting framework was established for companies to report on human rights issues in line with their responsibility to respect human rights.³⁰ As of 2020, no real estate-related businesses had participated. Under the UNGPs it is recommended that States formulate National Action Plans. As of 2022, only 29 States had done so, with scant references to the right to housing.³¹

At the regional level, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises³² are considered the leading instrument on responsible business conduct worldwide³³ and comprise the only comprehensive and multilaterally agreed-upon code that governments have committed to promoting. The guidelines formally integrate the UN Guiding Principles framework, requiring business enterprises to, inter alia, respect human rights, avoid causing or contributing to adverse human rights impacts, address such impacts when they occur, and seek ways to prevent or mitigate adverse human rights impacts that are directly linked to their business operations, products, or services.³⁴ The governments that adhere to the Guidelines are legally obliged to promote them and to establish a non-judicial national complaints mechanism (National Contact Points, or NCPs) with the authority to hear complaints regarding compliance with the Guidelines.³⁵

Since 2000 less than a handful of cases have been heard regarding residential real estate and none raise issues related to human rights and the financialization of housing.³⁶

In recent years, corporations and institutional investors have started to embrace environmental, social, and governance (ESG) criteria, in part due to regulatory requirements.³⁷ While many who operate or invest in residential real estate have integrated ESG factors in their investment decision-making processes—including some of the biggest actors—in most cases these commitments have focused on environmental issues and have yet to have a real impact on business practices in residential real estate and their social implications in the area of housing and human rights. The voluntary nature of these initiatives, the lack of independent monitoring, traditional interpretations of financial materiality, and the absence of specific targets and alignment with human rights standards render ESG initiatives of limited value to date.

Increasingly, ESG investors are recognizing that systemic and systematic risks, including climate change, biodiversity loss, and inequality can pose threats to diversified portfolios. Given affordable housing's role as a cornerstone in addressing inequality, there may be potential to harness evolving ESG frameworks to address human rights risks in the financialization of housing, such as through the emerging Taskforce on Inequality-related Financial Disclosure. In this regard, ESG criteria must be more clearly articulated in line with all human rights standards, including the constituent elements of adequate housing under international human rights law.

In recent years, there has also been a rise in impact investments in affordable housing by some institutional investors. These are investments that are made with the intention to generate positive, measurable social and environmental impact, as well as financial returns. Social impact investing is intended to contribute to achieving the SDGs. Over the last ten years, the impact investing community has developed international principles, impact management practices and reporting frameworks that aim to hold financial capital to account for delivering positive outcomes for all stakeholders, not just shareholders.³⁸

Most social impact investors have not explicitly embraced human rights, for example, by engaging in human rights due diligence or assessing investments based on human rights indicators. As such, it is difficult to determine whether social impact investments in the area of affordable housing are human rights compliant or contributing to human rights harms.³⁹

THE RIGHT TO ADEQUATE HOUSING: LEGAL STANDARDS

The United Nations has determined that the right to housing is the right to live in peace, security and dignity, requires more than four walls and a roof, and can only be enjoyed if housing is “adequate.” Adequacy is regarded as having seven key characteristics, namely:

Affordability – Housing is affordable if it is commensurate with household income, and not measured against what the market can command.

Security of tenure: For tenure to be secure States must adopt legal protections against, for example, forced eviction, harassment, or other threats; increases in rent causing unaffordability; construction or renovations causing displacement; or a change of ownership resulting in eviction or displacement.

Habitability: Housing must be kept in good repair providing inhabitants with adequate space and protecting them from the elements, structural hazards, and threats to health.

Availability of services, materials, facilities, and infrastructure: Housing must contain the facilities that are needed to ensure comfort and well-being. This includes access to safe water, sanitation, heating, cooking and washing.

Accessibility: Adequate housing must be sustainable and fully accessible for those who need it, in particular people who are vulnerable and marginalized.

Location: Housing must be located within reach of vital amenities and sources of livelihoods, including employment opportunities, healthcare facilities and educational establishments. Housing should also only be built in areas that are safe to live, in particular away from sources of pollution.

Cultural adequacy: Housing, through its construction methods and materials, should enable residents to express their cultural identity.

All of these characteristics are equally important. The most relevant in the financialized housing context are typically: affordability, security of tenure, habitability, and the availability of services, materials, facilities, and infrastructure.

States must respect (refrain from causing harm); protect (prevent third party actors from causing harm); and promote (take positive steps) the right to housing. Implementing the right to housing requires States to use the maximum available resources, and to take immediate, concrete steps toward the progressive realization of the right. Where an individual believes their right to housing has been violated, they must be able to seek remedies.

Key Resources: UN General Comments [No. 4](#) and [7](#); [UN Guidelines on the Implementation of the Right to Housing](#); [UN Development-Based Displacement Guidelines](#)

THE SHIFT DIRECTIVES

DIRECTIVE 1: SHIFT TO A HUMAN RIGHTS-BASED HOUSING FRAMEWORK

Most governments understand that housing is a fundamental human right but support its treatment by investors as a financial instrument – an asset that generates individual and institutional wealth – regardless of the consequences.

The global housing crisis is a strong indication that current housing systems and their frameworks are not working, especially for members of marginalized groups including those who are low-income. But the housing crisis is not the result of a temporary departure from an otherwise functional housing system. Rather, it is the result of “the system working as it is intended.”⁴⁰ When housing is understood as an instrument of finance, governments adopt a framework of laws, policies, and resource expenditure based in and to support that understanding. When governments take legislative or policy measures to remedy inadequate housing conditions, they rarely intend for those measures to undo the framework that has caused the deleterious conditions; instead, the purpose of those measures is, more often simply to ameliorate the effects of the framework.

A fundamental shift in the framework is therefore required – one that embraces equality and non-discrimination, focuses on the well-being of those most likely to suffer socio-economic disadvantage, offers a universal set of standards, is legally binding and can provide clarity and guidance on best practices, as well as hold actors in the housing sector accountable. There is already a global consensus that an effective framework with these characteristics is one informed by human rights.⁴¹

DIRECTIVE 1: RECOMMENDATIONS

1. States must enact legislation recognizing and giving effect to the human right to adequate housing as established under international human rights law.⁴² This legislation should include provisions requiring States to hold private actors and investors accountable to the right to housing, and that stipulates that the obligation to realize the right to housing transcends the fiduciary duties owed to investor or shareholder clients.⁴³
2. States must develop and implement human rights-based housing strategies – as outlined by the UN Special Rapporteur on the right to housing – in consultation with, and participation by all those affected including people who are homeless and inadequately housed and their representatives.⁴⁴ These strategies should be developed in consultation with all relevant stakeholders and include the following key principles: the prioritization of those most in need based on, inter alia, income level, housing status and housing conditions; a guarantee of rights-based participation; measurable goals and timelines for the establishment of appropriate policies and programmes as well as for outcomes; access to justice mechanisms to secure remedies for violations; a whole of government approach; a clarification of the obligations of private actors; and relevant measures articulated in The Shift Directives to reorient housing systems.
3. Rights-based housing strategies must ensure that any investment in housing contributes to affordable, secure housing – as defined in international human rights law – and is meeting the actual housing needs of rights-protected groups in each community. States must ensure social and non-market housing is available for those in need, including through international cooperation where required. States must also make available and possible a variety of tenure forms including cooperative housing and community land trusts. They must also provide support to non-profit and community-based housing providers.
4. States should hold public participatory discussions or hearings⁴⁵ to explore the financialization of housing and its impact on the various elements of the right to housing under international human rights law, such as affordability, security of tenure, habitability, and tenant participation in decision-making. These discussions/

DIRECTIVE 1

hearings should be used to inform domestic legislation, policies, and human rights-based housing strategies to ensure the financialization of housing does not contribute to limitations on the enjoyment of the right to housing.

5. Elected officials in all orders of government must be required to disclose publicly any investment properties they may hold, as well as details regarding any role institutional investors may play in the implementation of their housing strategy.
6. National human rights institutions should play an active role in educating decision-makers, housing providers, financial actors, tenants associations, and the public about their rights and responsibilities with respect to housing under international human rights law and the corporate responsibility to respect human rights in line with the UN Guiding Principles. They should also assist in developing human rights due diligence and assessment tools and mechanisms for States and investors. NHRIs must also monitor existing and emerging forms of financialization and report on potential and foreseeable violations of human rights and suggest legislative and regulatory measures to ensure compliance with the right to housing under international law.

DIRECTIVE 2: REGULATE INSTITUTIONAL INVESTMENT IN HOUSING TO COMPLY WITH HUMAN RIGHTS

Since the aftermath of the 2008 global financial crisis, there has been a significant increase in institutional investment in residential real estate. While there are many actors using housing as a financial instrument, those with the most significant resources and greatest impact include: private equity,⁴⁶ private real estate funds and private capital, other asset management firms,⁴⁷ Real Estate Investment Trusts,⁴⁸ large publicly listed real estate corporate entities,⁴⁹ and public and private pension funds.⁵⁰

The disproportionate resources often held by institutional investors grant them a significant competitive advantage over individual private purchasers. For example, many institutional investors do not need to obtain financial approval from banks for their purchases – they can easily leverage resources, can pay in cash, have privileged access to data to find properties, and can make higher offers to secure properties.⁵¹

Institutional investors are also often the beneficiaries of numerous tax policies including exemptions from or favourable rates for municipal property taxes, capital gains and corporate income tax.⁵² Broadly, these benefits have not yet resulted in better access to housing or lower costs of housing.

Regardless of the property type or the investor, the financialized housing business model deployed by institutional investors is often similar, with a focus on raising rents and fees rendering much of the stock unaffordable for residents, contrary to human rights law. Renovations and re-development are often used to these ends (See Directives 3 and 7). Institutional investors may also contravene human rights when they use their political power to undermine government policy that would protect the human rights of tenants or expand the financialization of housing.⁵³

This does not mean that institutional investors have no role to play in the housing sector, especially in light of their access to large pools of long-term capital. Their participation, however, must be strictly compatible and compliant with international human rights law and subject to human rights oversight and accountability.

DIRECTIVE 2: RECOMMENDATIONS

1. States must ensure investors in residential real estate comply with human rights by:
 - i. requiring institutional investors to recognize and implement their human rights responsibilities, through for example, the adoption of a mandatory human rights due diligence regulation, or the creation of guidance documents on respect for human rights within the real estate sector.⁵⁴
 - ii. requiring a human rights impact assessment be carried out by parties prior to a purchase of property or its sale⁵⁵ or by the owner before upgrades and renovations are undertaken. These assessments must be made available to all residents and where negative human rights outcomes are indicated, tenants must have access to recourse mechanisms;
 - iii. legislating reasonable and affordable percentage limits to rent increases and increases in property maintenance fees consistent with the right to adequate housing and tying rent increases to the unit, not the tenancy;
 - iv. ensuring a portion of rental units are allocated as affordable rental housing consistent with the definition of affordability in international human rights law pertaining to adequate housing;
 - v. developing new funding models in partnership with housing agencies and institutional investors that are based in human rights principles and intended for the development of affordable rental housing consistent with international human rights law pertaining to adequate housing;⁵⁶
 - vi. invoking antitrust laws to limit the agglomeration of housing units in a single community or neighbourhood by a single institutional investor;
 - vii. requiring transparent beneficial ownership of all residential real estate;

DIRECTIVE 2

- viii. collecting and putting in the public domain data on all properties for sale, the terms of the sale and purchase particularly those that might impact tenants, and the name and contact details of the owner and their representatives.
2. States must review and reform tax laws and policies to ensure that institutional investors engaged in the financialization of housing are not accorded preferential tax treatment.⁵⁷ Capital gains tax should be levied against all investment properties. States should consider extending tax credits or advantages for institutional investor-owned buildings that substantially contribute to the affordable housing stock in compliance with human rights affordability standards.
3. Institutional investors must engage in responsible investment that recognizes relevant international human rights instruments and standards such as the UN Guiding Principles on Business and Human Rights. Human rights, including the right to housing, must be incorporated into investment policies, ESG criteria, social impact investing, and real estate asset allocations, and used to undertake human rights due diligence to mitigate any negative effects of investment. Institutional investors in residential real estate must establish meaningful accountability mechanisms for tenants and provide remedies for infringements of the right to housing.⁵⁸ Institutional investors must not use their political power to undermine legislation or policy that would protect the human rights of tenants.
4. Securities regulators (such as the U.S. Securities and Exchange Commission and the European Securities and Markets Authority) should establish disclosure rules requiring publicly traded companies and trusts to disclose information about their human rights impacts, including data on evictions and percentage increases in housing costs.

DIRECTIVE 3: ENSURE RENOVATIONS AND REDEVELOPMENT ARE CONSISTENT WITH HUMAN RIGHTS

Investor landlords commonly use renovations and redevelopment to achieve greater returns on their investments. To this end, investors often look for older, “undervalued” properties in jurisdictions with legislative frameworks that permit evictions and/or the raising of rents if they undertake “substantial renovations.” They often meet this type of requirement by doing unnecessary or cosmetic upgrades.⁵⁹

Tenants report that in some instances renovations are undertaken in a manner that is so disruptive they can barely tolerate the conditions and are driven out of their homes. Some suggest that this is in fact a tactic so the landlord can more easily renovate their unit and/or raise the rent.⁶⁰ Tenants also report that some investor landlords allow housing conditions to deteriorate significantly, sometimes to the extent that their housing becomes virtually unliveable. Their landlord then uses the fact that the condition of the housing has worsened to justify wholesale redevelopment into more expensive units to which tenants can rarely return at comparable rents.⁶¹

Renovations and redevelopment and concomitant increases in rent often disproportionately impact tenants who are migrants or refugees, persons with disabilities, women, single mothers, Indigenous and members of other marginalized groups and are thus often discriminatory. They may result in violations of domestic and international human rights laws, such as the right to life, the right to housing, and housing adequacy standards such as affordability and habitability, and protections against discrimination, forced evictions, and homelessness.

DIRECTIVE 3: RECOMMENDATIONS

1. With respect to renovations to rental units, including those undertaken to mitigate climate change, States must prohibit or deter spurious upgrades, and tenant relocation as a result. With respect to general renovations, legislation must set percentage limits in accordance with human rights affordability standards regarding costs that landlords can pass to tenants through rent increases. Where climate-change mitigation is a priority and capacity permits, States should provide financial support for energy efficiency and other retrofit measures to prevent costs being passed to tenants.
2. States must ensure that from commencement to completion, redevelopment is consistent with domestic and international human rights law. In this regard, States and all investors in housing must adhere to the UN Special Rapporteur’s Basic Principles and Guidelines on Development-Based Evictions and Displacement.⁶²
3. Human rights compliant redevelopment requires that States ensure, through legislation, inter alia, that:
 - i. No tenant is displaced and all tenants have the option to reacquire a similarly sized rental unit at the original site, at a rent that is consistent with their original rental agreement.
 - ii. The redevelopment include at least the same proportion of affordable units as the original site.
 - iii. Investor landlords create binding, human rights-compliant social benefits agreements with tenants and local authorities which include an independent adjudicative mechanism for the settling of disputes.
4. Domestic courts must use non-discrimination and equality rights law to protect marginalized groups subject to housing renovations and redevelopment. Courts must have the authority to issue injunctive relief to halt or remediate renovation work that fails to comply with international human rights law standards.

DIRECTIVE 4: RESTRICT INVESTMENT IN RESIDENTIAL REAL ESTATE AND VACANT HOMES BY INDIVIDUALS

In some States, a substantial percentage of housing stock is purchased by individual investors speculating in residential real estate. These homes are offered on short-term rental platforms, rented as long-term accommodation at market or above market rates, or left empty.

The phenomenon of multi-property individual housing investment has been facilitated by several factors, in particular: the availability of loans at extremely low-interest rates, the stability of and good returns on residential real estate as an investment, the concomitant lack of other avenues for rapid wealth-building and economic security, and cultural norms that affirm using housing as an investment vehicle. In certain countries, it is also facilitated by government policies such as golden visa schemes which allow wealthy foreign nationals to obtain citizenship or residency in third States in exchange for investment in residential real estate.⁶³

Small-scale individual investment in one or two properties beyond those required for personal use may positively contribute to a functioning private rental market. Individual investment in multiple properties, however, can contribute to pressures on the housing market. This type of speculation can make it very difficult for first-time home buyers, the less affluent, women and racialized groups to access homeownership and generate intergenerational wealth. It may also contribute to housing unaffordability by driving up the cost of purchasing, as well as rent levels.

DIRECTIVE 4: RECOMMENDATIONS

1. States should impose progressively higher tax rates on purchases of second, third, and subsequent properties, whether purchased by nationals or non-nationals.⁶⁴ States should also impose taxes on vacant homes or consider mechanisms to render these homes part of their affordable housing stock. Taxes must be set at a rate that will prohibit speculation. Revenues generated from these taxes should be used to ensure a greater supply of social, genuinely affordable, climate-resilient and efficient housing, in keeping with the human rights obligation of States to use maximum available resources to progressively realize the right to housing.
2. Golden visa schemes in their current form should be revoked.⁶⁵ Where golden visa schemes remain, they must be designed to ensure they are transparent and do not contribute to the laundering of funds made through illicit means or to housing unaffordability and scarcity. Visa schemes could be re-oriented to promote social impact by investing in affordable housing or climate-resilient and efficient building and renovations, as long as this is done in accordance with international human rights law.

DIRECTIVE 5: REGULATE SHORT-TERM RENTALS AND ASSOCIATED PLATFORMS

Global travel and the drive for new revenue streams by local governments have resulted in the proliferation of short-term rental accommodation. What began as a means for individual households to derive a small income periodically from their own property has become an industry in its own right. As such, institutional investment in short-term rental platforms themselves has become hugely profitable in the last decade.⁶⁶

Short-term rental platforms like Airbnb have a direct impact on the availability of affordable housing stock.⁶⁷ The substantial profitability of short-term rentals⁶⁸ has led many landlords to convert what would otherwise be long-term leased apartments for local residents into short-term lets for tourists, with tenants reporting that landlords have pressured them to leave or used legislative loopholes to evict them in order to make these conversions.⁶⁹ It has also influenced the nature of new housing developments, with a tendency toward building units that will be attractive to investors in short-term rentals rather than of interest to long-term residents. This has a direct bearing on the cultural adequacy of the housing that is being built.

DIRECTIVE 5: RECOMMENDATIONS

1. Municipalities must be given the competence to adopt and enforce legislation pertaining to short-term rentals. States should prohibit the use of housing for short-term rentals, except with respect to principal residences and owner-occupied secondary residences (such as family vacation homes). ‘Short-term stays’ in principal or owner-occupied secondary residences should be defined as less than a rental period of 28 consecutive days in exchange for payment – this excludes hotels. Public authorities must maintain a formal registry or licensing system of short-term rental companies, and stiff fines must be imposed on those who fail to register without due reason.
2. In areas deemed over-touristed by local or national governments, and where local populations are vulnerable to being displaced, States must take measures to strictly limit short-term rentals.⁷⁰
3. Local governments must ensure new residential real estate developments are intended to house local and long-term residents rather than to be purchased by investors and used as short-term rentals.
4. When investment properties (not principle or owner-occupied secondary residences) are used for short-term rentals and are left vacant for longer than three months, States should use incentives or expropriate to convert the units into long-term rentals.⁷¹

DIRECTIVE 6: REGULATE EMERGING FORMS OF FINANCIALIZATION – STUDENT HOUSING AND LONG-TERM CARE HOMES

Investors regularly seek to diversify their holdings and increase their profitability by investing in new and emerging areas of residential real estate. Recent targets for investors have been purpose-built student accommodation (PBSA) and long-term care (LTC) homes, both of which are regarded as providing reasonably secure and stable income streams, and often supported, at least in part, by government funding.

In countries where investment in PBSA is common,⁷² private equity firms have built significant portfolios using Real Estate Investment Trusts as the financial vehicle. In the U.S., the number of PBSA beds has nearly tripled in a decade, from one million in 2010 to an estimated 2.8 million in 2020.⁷³ Similarly, significant levels of investment are being made in long-term care homes. In Germany and Sweden, investment in care homes in 2020 jumped by 21 per cent and 80 per cent respectively, compared with 2019.⁷⁴ In Canada, financial firms own 33 per cent of all Canadian seniors' housing, including 22 per cent of long-term care homes and 42 per cent of retirement living communities.⁷⁵

Investor capital into these new asset classes has led to a significant shift in approach,⁷⁶ sometimes causing deleterious effects for residents and undermining their human rights. Residents in these settings have expressed concerns regarding affordability, with many of these facilities charging exorbitant rents or fees, failing to provide essential services including water,⁷⁷ cutting costs, and locking residents into long-term contracts.⁷⁸

PBSA not only undermines rights to affordable, adequate housing for students, it can reinforce inequality. Lower-income students – often from marginalized communities – who cannot afford PBSA often have no choice but to live off-campus which can result in longer commutes and less time for participation in university-related activities and study.⁷⁹

The risk of death and serious illness is increased in financialized LTC homes, as compared to public and other private homes, typically on account of cost-cutting/profit increasing staff reductions in financialized settings.⁸⁰ A number of recent studies have shown that the health outcomes of people living in financialized LTC homes for older persons during the pandemic have been far worse than for the broader population.⁸¹ In this way, the financialization of LTC homes can breach the right to life.

DIRECTIVE 6: RECOMMENDATIONS

1. States must recognize alternative forms of accommodation including, but not limited to, PBSA, LTC homes, children's care homes,⁸² homeless shelters, prisons, and accommodation for refugees and migrants as subject to the standards of international human rights law and specifically, the adequacy standards related to affordability, habitability, and security of tenure.
2. States must regulate investment into institutional living facilities to protect the sector from financialization that prioritizes profits over the health, well-being, equality and dignity of the residents. In this regard, States should channel any subsidies for LTC homes, PBSA or other such housing to not-for-profit, non-financialized providers and where relevant revoke licenses where the facilities fail to meet international human rights standards.
3. Tenant protection legislation and legislation that regulates financialization must extend to emerging forms of financialization and be consistent with international human rights standards.

DIRECTIVE 7: ENACT EFFECTIVE LEGISLATIVE PROTECTIONS FOR TENANTS AND ENSURE THEIR PARTICIPATION

In financialized housing systems, decisions are often made unilaterally by executives who often have little connection to the properties they own or the communities in which those properties are situated. Residents are rarely afforded the opportunity to play an active and meaningful role in decision-making and commonly report not having been properly consulted about improvements to their units, for which they eventually are burdened with the costs,⁸³ receiving last-minute information about disruptive renovations⁸⁴ and rent increases,⁸⁵ or they find that their homes have been slated for demolition or sold to another investor without their input.⁸⁶ The meaningful participation of tenants in decisions that affect their living conditions is a requirement under international human rights law.

Exclusion from decision-making is often compounded by weak tenant protections which play an important role in the financialization of housing. Governments often compromise tenant protections to facilitate profit-making for owners of residential real estate, including by enacting legislation that allows rents to be raised without limits or with tenant turnover,⁸⁷ and permitting the exploitation of legal provisions like no-cause or expedited eviction proceedings as a means of increasing rents.⁸⁸

DIRECTIVE 7: RECOMMENDATIONS

1. States must legislate strong tenant protections which must comply with, and extend to all aspects of, the right to adequate housing under international human rights law, including security of tenure, availability of services, affordability, habitability, and accessibility. No-fault eviction must be strictly prohibited as inconsistent with security of tenure. Evictions that will render the tenant homeless must also be strictly prohibited. Tenant protections must extend to all tenants – regardless of who owns the unit in which they reside and the type of tenure they hold.
2. States must protect the right to meaningful and effective participation in domestic legislation, including the right of all tenants and homeowners to form unions, movements, grassroots organizations, associations, and advocacy groups without reprisal. In law and practice, meaningful participation must ensure that tenants and their representatives can influence decisions that affect their tenancies. Governments must also ensure that the obligation to engage with interested and affected parties when making decisions extends to both public and private actors.
3. Investors in multi-family apartment buildings must be required to establish participatory processes to ensure tenants can – should they choose to do so – meaningfully engage and influence decisions that affect their tenancies and community including with respect to the sale or purchase of the property and modifications to the property (including to meet climate-related targets). Where tenants have a reasonable belief that the sale of the property in which they live will negatively affect their human rights, they must have recourse to administrative or judicial mechanisms to seek relief. States must also consider extending the right of first refusal to tenants whose properties are being sold.
4. States must establish accountability mechanisms to ensure access to justice for breaches of tenant protections, the failure of government to enact or implement sufficient protections for tenants/dwellers, and for tenants to challenge the financialization of housing itself. Access to justice mechanisms may include courts, tribunals, ombuds, or any other mechanisms that can provide a remedy that can be implemented and enforced and that can address both individual and systemic violations.⁸⁹ States must ensure the provision of legal aid to facilitate access to these mechanisms.

DIRECTIVE 8: ENSURE COMPLIANCE WITH HUMAN RIGHTS BY CENTRAL AND COMMERCIAL BANKS

Central and commercial banks and State mortgage entities engaged in lending⁹⁰ contribute significantly to the financialization of housing.⁹¹

In the aftermath of the global financial crisis, central banks have helped ensure that interest rates remain low. Low-interest rates encourage borrowing by investors in residential real estate and those who already have wealth and assets against which to leverage more capital. This can lead to “displacement financing”⁹² where institutional investors secure loans demonstrating that they can repay them by generating income from increased rental charges and fees, and through upgrades to the properties which can lead to higher home equity values. These practices can lead to the displacement of tenants.

Banks are often quick to foreclose on a home when mortgage payments are in arrears. This is contrary to human rights law, which requires that banks pursue all viable alternatives to eviction prior to taking action that would result in eviction.⁹³

Banks also facilitate the selling-off of bad debt to institutional investors. In response to the 2008 financial crisis, the Basel Committee on Banking Supervision⁹⁴ adopted an internationally agreed-upon set of measures. As a result, many banks had to increase their solvency by selling off non-performing loans, including their real estate assets. This policy opened the door to “shadow banks,”⁹⁵ such as private equity firms and opportunistic funds, which purchase foreclosed homes at discount prices. Unlike banks, shadow banks lack external or independent regulation, which enables them to remain largely unaccountable.⁹⁶

DIRECTIVE 8: RECOMMENDATIONS

1. All monetary and fiscal measures adopted by States must contribute to the realization of human rights and thus central banks must consider access to housing, including for marginalized groups, when they set monetary policies.⁹⁷
2. States must establish processes to ensure complete transparency in all transactions related to residential real estate, including any terms related to the transaction, beneficial ownership, leveraging of debt to facilitate the transaction, and any aspect of the proposed business plan likely to affect human rights.
3. States should require banks and other lenders to act in the public interest and uphold human rights, including the right to housing.⁹⁸ For example, States should:
 - i. prevent banks and other lenders from lending that may reasonably lead to displacement financing;⁹⁹
 - ii. encourage investment that will produce deeply affordable¹⁰⁰ housing in perpetuity;¹⁰¹
 - iii. require banks to demonstrate that they have explored all options to prevent the foreclosure of a home and the eviction of the household;
 - iv. ensure no eviction occurs without the availability of an adequate permanent housing alternative;
 - v. impose taxes on banks when they foreclose on a home; and
 - vi. enable the right of first refusal to purchase homes sold by banks for governments, public institutions, and tenants.
4. Banks and other lenders should make financial products, such as interest-free or low-interest loans, available to community organizations to develop housing that is affordable to low-income communities.

DIRECTIVE 9: STRENGTHEN INTERNATIONAL, REGIONAL AND INDUSTRY ACCOUNTABILITY MECHANISMS

The primary responsibility for the implementation of human rights rests with States. Considering the dominance and political power of the real estate investment sector, whose activities fall squarely within an area that is a human right, States must ensure these actors do not violate the right to housing. In fact, they should contribute to the implementation of this right. States must be held accountable in this regard.

The voluntary nature of most international and regional business and investment oversight bodies has proven insufficient to ensure human rights outcomes. These bodies have yet to recognize violations of the right to housing as experienced by tenants as an area of concern. Self-monitoring within the real estate and housing sectors insulates the industry from independent review and prevents meaningful correction in line with human rights obligations.

DIRECTIVE 9: RECOMMENDATIONS

1. Relevant State accountability mechanisms at the international level should commit to working with other stakeholders including those who have contributed to The Shift Directives to develop a set of joint recommendations to address the financialization of housing. This includes: the UN Committee on Economic, Social and Cultural Rights, the UN Working Group on Business and Human Rights and the UN Special Rapporteurs on the right to adequate housing and on extreme poverty.
2. The provisions in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises¹⁰² must be interpreted in a manner that both prohibits institutional financial actors in the housing sector from contributing to adverse human rights impacts and requires these actors to contribute to the progressive realization of the right to housing as understood under international human rights law.¹⁰³
3. The European Commission's proposed social taxonomy must include provisions for institutional landlords, with housing as a special industry/asset class, and apply universal human rights standards in the region to ensure greater transparency and regulation of institutional landlords.¹⁰⁴
4. State, regional and international regulations should be established which require transparency with respect to whether investments in and financial products associated with residential real estate are compliant with the right to housing. Bodies responsible for guiding investment practices, such as the UN Principles for Responsible Investment,¹⁰⁵ and the European Sustainable Finance Disclosure Regulation,¹⁰⁶ must ensure due consideration is accorded to the impact of investment on human rights, including the right to housing¹⁰⁷ as well as the Sustainable Development Goals, particularly Target 11.1 of Goal 11.
5. Business and finance self-governing bodies must establish independent monitoring and complaint mechanisms with expertise in the human right to housing to ensure any business conducted within the area of residential real estate, including social impact investing or ESG related investment, complies with international and regional human rights standards and obligations.¹⁰⁸ The Task Force on Inequality-related Financial Disclosures¹⁰⁹ should consider using human rights to inform its framework and establish a working group on housing.

DIRECTIVE 10: ENSURE INTERNATIONAL FINANCIAL INSTITUTIONS AND FRAMEWORKS ADHERE TO HUMAN RIGHTS STANDARDS

In many developing and emerging economies, international and regional financial institutions actively promote the financialization of housing as a principal strategy for addressing the critical need for housing, despite evidence that such strategies can lead to greater socio-economic inequality and may not provide housing options to households that are most in need.¹¹⁰

For instance, to address the Global Financial Crisis and its impact on developed countries, the International Monetary Fund and regional banks imposed austerity measures in several European countries, encouraging golden visa schemes and liberalization of housing systems. The result was that governments relied on financialized housing assets to service their own debt.¹¹¹ The human rights impact of these measures was never considered. In many countries, these are the conditions in which financialization took hold.

In developing countries, World Bank housing-related programmes concentrate on what they consider to be the building blocks of housing finance, such as housing title registration, foreclosure procedures, lending regulations, long-term funding instruments, and improving the liquidity of mortgage assets to reduce the costs of credit-risk underwriting for investors. Those policies have meant that development programmes frequently support the emergence of a financialized housing system that may be at odds with States' obligations to prioritize the needs of those in the most desperate housing circumstances.¹¹²

DIRECTIVE 10: RECOMMENDATIONS

1. International, regional, and development banks and financial institutions must adopt human rights policies¹¹³ and undertake human rights due diligence in all activities, including in their requirements of governments. They should review all existing policies and practices to ensure these comply with the human right to housing, including with respect to their effects, and do not directly or indirectly promote or facilitate the financialization of housing. Policies or policy recommendations that require a State to violate its international human rights obligations must be immediately rescinded.

MAKING THE SHIFT

EXAMPLES

While no State has deployed a holistic human rights-based housing strategy to address the financialization of housing, jurisdictions around the world are enacting laws and policies to address financialization. Leaders are realizing that trusting markets, which are skewed to favour investor interests, to manage housing with little oversight was a miscalculation. Political pressure is growing, speculative bubbles are threatening economies and residents who are being priced out of their communities are fighting back. At the same time, the housing crisis created in part through the financialization of housing poses a systemic risk to economic stability, social stability, and therefore is also a systematic risk to long-term investors and their returns.

Signs of progress are appearing in jurisdictions around the world. Encouraging steps are being taken to challenge the financialization of housing and to affirm it must be protected as a human right essential to human well-being. The examples provided are not offered as best practices of the implementation of the right to housing. In fact some may include elements that frustrate the enjoyment of the right. Equally, by including a particular State or region in this section, is not to suggest they are abiding by their international human rights obligations. Indeed, it should be noted that these highlighted policies generally do not address larger systemic issues causing the housing crisis. All that being said, the current wave of de-financialization measures could signal the beginning of a shift toward more functional and just approaches to housing in the 21st-century.

Berlin. Foreign investors swooped into the German capital after the fall of the Berlin Wall. In 2004, Goldman Sach's-backed firm Cerberus Capital Management bought the city's public housing association and its approximately 66,700 housing units for \$6,700 per home.¹¹⁴ Between 2007 and 2020 more large-scale real estate investments were made in Berlin than in London and Paris combined. Rents and housing prices soared.¹¹⁵ Residents were outraged and in response, the city passed a five-year rent freeze in 2020. A top court struck it down over a year later, ruling that the city infringed on the federal government's powers. A grassroots campaign to re-socialize housing gained steam. In 2021, Berlin voters passed a referendum approving a plan to expropriate (socialize) homes belonging to private real-estate companies with 3,000 or more units through public purchases by the Berlin government "well below market value," which would mean acquiring around 11% of the city's housing stock. Although not legally binding, it is a clear call for action. Activists are now preparing legislation they hope will be passed to bring the results of the referendum to life.¹¹⁶

Catalonia. This region of Spain was greatly affected by the global financial crisis and became prey for many institutional investors. Between 2008 and 2020, at least 135,739 evictions were carried out in this region. In 2022, the Catalan Parliament passed a new housing bill that aims to protect residents, particularly from the most aggressive investors. Under the law, large property holders must register with the government and are obliged to offer social rent proposals to individuals at risk of housing exclusion before serving eviction notices or after a contract expires. The duration of the social rent contracts, which are below market value, can last up to seven years if the property owner is an enterprise, and housing costs should be set at between 12-18% of household income. Residents entitled to social housing are protected from evictions for up to two cycles or rental contracts at regulated prices if they are at risk of losing their primary residence and the owner is a bank, a large investment fund or owns more than 15 apartments. The new law also includes protection from evictions for vulnerable people who, in the absence of alternatives, are living without legal title in vacant homes owned by banks and investment funds. These owners are also subject to fines if they don't offer "anti-eviction social rentals". Property owners also face penalties if a house has been left vacant without justified cause for more than two years or in other scenarios of noncompliance with the social function of housing. If violated, landlords will be asked to remedy the situation. If they do not, authorities can impose monthly coercive fines totalling as much as 50% of the value of the property and can transfer the empty homes to the social housing fund for up to seven years. Homes not being used as habitual, permanent residences can also be expropriated at 50% of the

market value if they are located in areas under severe housing stress.¹¹⁷

Chile. For decades, private real-estate builders, developers and financial institutions have dominated Chile's housing market. The push towards homeownership both commodified housing and increased speculation. Despite major government investments into securing homes from the 1990s, by 2021 more than 81,000 families were living in informal settlements— the highest number since 1996.¹¹⁸ Housing prices continue to rise and an increasing number of low to middle-income households are overburdened by their rents and mortgages.¹¹⁹ After an explosion of social unrest over inequality in 2019, the government was pressured to hold a plebiscite on re-writing the Pinochet-era constitution. The referendum passed in 2020 with 78% approval. The new constitution is being drafted with provisions regarding the right to housing that have been successfully proposed to be voted on. The text of the provision reads: "Every person has the right to a dignified and adequate home, which allows for the free development of a personal, family and community life."¹²⁰

China. China is home to the single largest housing market, and real estate activity accounts for approximately 25% of the country's GDP.¹²¹ In Beijing, an average home costs nearly 25 times the average wage.¹²² Under the motto "houses are for living in, not speculation," the government rolled out a policy in 2020 to clamp down on reckless borrowing by big developers. Under the policy, developers looking to refinance are evaluated by three thresholds: that liabilities don't exceed more than 70% of assets, that debt doesn't exceed equity and that cash must be at least equal to short-term borrowings.¹²³ The move had a considerable effect on some of the country's largest developers, many of which were heavily indebted and reliant on refinancing. A prime example is Evergrande, a massive developer whose CEO and founder's wealth peaked at \$36.2 billion in 2019,¹²⁴ which entered into "restricted default" in late 2021 and is set to undergo one of Asia's largest debt restructurings.¹²⁵ Credit rating agency Fitch anticipates moderate declines of 3% to 5% in China's overall home prices in both 2022 and 2023.¹²⁶

Denmark. For years institutional investors had been buying property in Denmark, with activity increasing sharply after 2009. Investors were driving up rent prices dramatically by taking advantage of a legal provision that allowed owners of older properties to increase rents after renovation.¹²⁷ In response, the government created a Parliamentary Committee that compiled a report on the issue, and based on that, Parliament enacted the so-called "Blackstone Law" in 2020, which prevents investors who purchase properties from increasing rents within five years following the purchase of a property.¹²⁸ Tenants' rights were also strengthened by tripling fines for noncompliance with housing laws and enhancing transparency so every tenant in an apartment can know what others pay in rent. Nine months after the law entered into force, Denmark's housing minister noted that it had led to a decrease in property prices of around 8 to 12% and caused many of the most aggressive investors to withdraw from Copenhagen.¹²⁹

New Zealand. Facing pressure to calm the housing market as the median house price increased by 23% in the year leading up to February 2021, the New Zealand administration announced the largest public housing build program since the 1970s. Heeding housing advocates' warnings that the plan would still fall short,¹³⁰ in a global first, the New Zealand government announced it would begin requiring its central bank to "take into account the Government's objective to support more sustainable house prices, including by dampening investor demand for existing housing stock to help improve affordability for first-home buyers."¹³¹ New Zealand also recently passed a sweeping zoning reform legislation to permit medium-density housing in all of the country's major cities.¹³²

Singapore. In Singapore, government institutions including the Housing and Development Board (HBD), launched an aggressive building campaign to improve deteriorating housing stock and deal with a population explosion in the mid-20th century. This approach has continued until today and the model has seen relative success. More than 80% of Singaporeans currently live in housing built and managed by the HBD.¹³³ Selling or renting HBD homes is highly restricted to reduce profiteering, and sellers are required to physically live in their homes for at least five years.¹³⁴ Even so, when the government noticed housing prices pick up in 2021, they passed measures to cool the market such as imposing a 17% tax on the purchase of second properties and a 25% tax on third or subsequent properties for citizens. Foreign non-resident buyers of housing also face 30% taxes on any purchase,

while entities have to pay 35% on the purchase of any home.¹³⁵

Taiwan. Between 2005 and 2015, housing prices more than doubled in the Taiwanese capital Taipei while salaries remained stagnant. Two-thirds of the average household income was going toward mortgage payments.¹³⁶ In 2016, the government established capital gains taxes to curb residential real estate speculation and tightened the tax laws again in 2021. Under the latest legislation, individuals and companies have to pay 45% capital gains taxes on properties sold within less than two years after purchase. The rate decreases to 35% for sales between two and five years and to 20% for sales more than five years after purchase. Foreign investors are subject to taxes of between 35% to 45%, depending on the holding period.¹³⁷

US Banks. A growing number of US banks are committing to preventing displacement financing. For instance, the Bank of California pledged to support affordable housing¹³⁸ and look into whether its policies and practices regarding lending to landlords with poor track records align with the California Reinvestment Coalition's Anti-Displacement Code of Conduct.¹³⁹ In New York, Signature Bank and New York Community Bank also signed onto a set of best practices, with Signature saying it discourages lending that would likely lead to tenant displacement and to landlords with "inadequate building and tenant management practices."¹⁴⁰

More examples of financialization and steps being taken to push back can be found on [The Shift Directives' interactive map](#).

ENDNOTES

I. HOUSING IN CRISIS

- 1 See, for example, Alicia Mazzara, A. (2019, September 27). Census: Income-gap grew in 2018. (Centre on Budget and Policy Priorities.), "Census: Income-gap grew in 2018", 27 September 2019. Available at <https://www.cbpp.org/blog/census-income-rent-gap-grew-in-2018><https://www.cbpp.org/blog/census-income-rent-gap-grew-in-2018>
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- 3 Tostevin, P. (2021, September). The total value of global real estate. Savills. Available at <https://www.savills.com/impacts/market-trends/the-total-value-of-global-real-estate.html>
- 4 Tostevin, P. (2017, April 10). How much is the world worth? Savills. Available at <https://www.savills.com/blog/article/216300/residential-property/how-much-is-the-world-worth.aspx>
- 5 Tostevin, P. (2021, September). The total value of global real estate. Savills. Available at <https://www.savills.com/impacts/market-trends/the-total-value-of-global-real-estate.html>
- 6 Financialized housing markets create and thrive on gentrification and the appropriation of public value for private wealth. Improved services, schools, or parks in an impoverished neighbourhood attract investment, which then drives residents out. See: L. Farha, *Report of the Special Rapporteur on adequate housing as a component of the right to adequate standard of living, and the right to non-discrimination in this context* (18 January 2017), UN General Assembly, [A/HRC/34/51](https://www.unhcr.org/refugees/4/HRC/34/51), page 11.
- 7 These Directives do not seek to suggest that the financialization of housing is the only cause of the housing crisis. Other contributing factors may include, for example, population growth, wage stagnation, and a lack of public investment. The Directives seek to demonstrate that even though financialization is currently a central creator of housing need, distress, and crisis around the world (and often a contributor to other factors, such as the failure of governments to properly invest in affordable and social housing), it has not been recognized as such in most policy and State practice.
- 8 Institutional investors for the purposes of The Shift Directives includes the following: Private equity firms, Private and Public pension funds, Asset Management Companies, Real Estate Investment Trusts, Hedge funds, Insurance Firms, Sovereign Wealth Funds, Commercial Banks, Publicly Traded Companies, and Endowments and Foundations.
- 9 Saskia Sassen argues that high finance is an economy of extraction - finance creates financial instruments that allows value to be extracted from housing, and other modest assets. See: Saskia Sassen, S. (2014). *Expulsions: Brutality and Complexity in the Global Economy*. (Cambridge, Massachusetts, Harvard University Press, 2014).
- 10 For a thorough account of private capital, the actors involved, and its impact globally, see Empower LLC, *Runaway Train: The Perilous and Pernicious Path of Private Capital Worldwide* (Empower LLC, 2021). e-book.
- 11 See Raquel Rolnik, R. (2015). *Urban Warfare: Housing Under the Empire of Finance*. See also: (London, Verso, 2015); Manuel Aalbers, M. (2016). *The Financialization of Housing: A Political Economy Approach*; (Oxfordshire, Routledge, 2016).; and David Harvey, D. (2014), *Seventeen Contradictions and the End of Capitalism*. iii (New York, NY, Oxford University Press, 2014).
- 12 For more information, see Ryan Dezember, R. (2021, April 4). "If you sell a house these days, the buyer might be a pension fund," The Wall Street Journal. 4 April 2021. Available at <https://www.wsj.com/articles/if-you-sell-a-house-these-days-the-buyer-might-be-a-pension-fund-11617544801><https://www.wsj.com/articles/if-you-sell-a-house-these-days-the-buyer-might-be-a-pension-fund-11617544801>
- 13 In The Shift Directives, the "financialization of housing" refers to structural changes in housing and financial markets and global investment whereby housing is treated as a commodity or asset, a means of accumulating wealth and often as security for financial instruments that are traded and sold on global markets. It refers to those institutional investors in housing who cater predominantly to their shareholder or investor clients and in the process – inadvertently or not – cause harm to tenants. It refers to the way capital investment in housing increasingly disconnects housing from its social function of providing a place to live in security and dignity and hence undermines the realization of housing as a human right. It does not refer to individuals who own a second home that they use seasonally. Nor does it refer to all capital investment in residential real estate, in particular where investment is part of a business model that promotes the human right to adequate housing and its fundamental principles as defined in international human rights law and that is consistent with Target 11.1 of the Sustainable Development Goals.
- 14 In 2016, Jonathan Grey, then global head of real estate at Blackstone, stated that it was the global financial crisis that enabled Blackstone to purchase distressed real estate assets en masse. In 2012, Blackstone entered the single-family home market by purchasing 50,000 distressed homes and turning them into rental accommodation. To watch an interview with Jonathan Grey at the 2016 Real Estate Impact Conference, see https://www.youtube.com/watch?v=Aynf_wRrq-o. See Miami Herbert Business School, "Real Estate Impact Conference, seereal estate impact conference – Keynote session: Jon Gray", video, 16 February 2016. Available at https://www.youtube.com/watch?v=Aynf_wRrq-ohttps://www.youtube.com/watch?v=Aynf_wRrq-o
- 15 Bokhari, Sheharyar and Katz, Lily (2021, July 22). Investor Home Purchases Hit Record, Surpassing Pre-Pandemic Levels. Redfin. Available at <https://www.redfin.com/news/investor-home-purchases-q2-2021/>.
- 16 As Anna Minton pointed out in a 2021 article in *The Guardian*, the flood of global capital into properties since the global financial crisis, including during the COVID-19 crisis, "has been driven by low or negative interest rates, the growing dominance of global private equity in real estate and quantitative easing, the policy of creating trillions of pounds of electronic money" pursued by Central Banks across the world. "In the UK £445bn was created between 2009 and 2016, which went disproportionately into the [hands of the richest](#), who ploughed it disproportionately into property. Between March and November 2020, a further £450bn was funnelled into the economy, which is predicted to have a [similarly distorting effect](#) on the housing market." See Anna Minton, A. (2021, July 6). "Liberalise planning rules to fix a housing crisis – sounds logical, but it won't work." *The Guardian*. Available at <https://www.theguardian.com/commentisfree/2021/jul/06/government-reforms-planning-laws-help-housing-crisis>
- 17 Saskia Sassen, S. (2014). *Expulsions –: Brutality and Complexity in the Global Economy*. The Belknap Press of (Cambridge, Massachusetts, Harvard University Press.;, 2014); and OECD SMEs, Regions and Cities. (2019, May 2). "Saskia Sassen - The process of financialization of real estate assets [Video]. YouTube. Available at https://www.youtube.com/watch?v=7Vz2LZYU5c8&t=230s&ab_channel=OECD%20SMEs%20RegionsandCities at 3:37. Video. 2 May 2019.
- 18 Some institutional investors are committed to maintaining and producing affordable housing, and to bettering the private rental sector. There is also increasing interest in responsible investment including in the area of housing. See, for example work being done by The Good Economy in the United Kingdom: <https://thegoodeconomy.co.uk/sectors/affordable-housing>.
- 19 There have been over 1 million evictions in Spain since 2011. See: Nicholas Casey, New York Times, As Pandemic Evictions Rise, Spaniards Declare 'War' on Wall Street Landlords. (Nov. 2021). Available at <https://www.nytimes.com/2021/11/21/world/europe/spain-evictions-cerberus-covid.html>.

- 20 See, for example California Reinvestment Coalition, “REO to Rental in California: Wall Street Investments, Big Bank *financing*, and Neighbourhood Displacement. Available at <https://calreinvest.org/wp-content/uploads/2018/08/REO-to-Rental-in-California-CRC-June-2015.pdf>
- 21 International Covenant on Economic, Social and Cultural Rights, Article 11.1; CESCR, *General Comment No. 4: The Right to Adequate Housing (Art. 11 (1) of the Covenant)*, 6th Sess, adopted 13 December 1991, UN. Doc. E/1992/23. Available at <https://www.refworld.org/pdfid/47a7079a1.pdf> para 8.
- 22 Peter S. Goodman, P.S. (2022). *Davos Man: How the billionaires devoured the world*.
- 23 CESCR, *General Comment No. 24 (2017) on state obligations under the International Covenant on Economic, Social and Cultural Rights in the context of business activities*, E/C.12/GC/24 (10 August 2017). Available from <https://www.refworld.org/docid/5beaecba4.html> para. 18
- 24 See, United Nations Guiding Principles of Business and Human Rights, 2011. Available at: https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf; See also, <https://www.unglobalcompact.org/what-is-gc/mission/principles/principle-1>; See also, Caplan, K. & McCarthy, K. (2019, March 25). *Blackstone's response to communication sent by Special Rapporteur on the right to housing*, UN Human Rights Office of the High Commissioner. Available at https://www.ohchr.org/Documents/Issues/Housing/Financialization/Reply_OL_OTH_17_2019.pdf

II. THE LAW

- 25 It is recognised that in some States problems are caused by individuals purchasing vacation homes in lower-income communities. This can deny locals the opportunity to live in their communities and can increase local rents and housing costs. Whilst recognizing this as a concern, such purchases fall outside of the scope of The Shift Directives.
- 26 CESCR, *General Comment No. 4: The Right to Adequate Housing (Art. 11 (1) of the Covenant)*, 6th Sess, adopted 13 December 1991, UN. Doc. E/1992/23. Available at <https://www.refworld.org/pdfid/47a7079a1.pdf> para. 7
- 27 CESCR, *General Comment No. 4: The Right to Adequate Housing (Art. 11 (1) of the Covenant)*, 6th Sess, adopted 13 December 1991, UN. Doc. E/1992/23. Available at <https://www.refworld.org/pdfid/47a7079a1.pdf>; CESCR, *General Comment No. 7 (1996)*, para. 1; and UN Special Rapporteur on the right to housing, *Guidelines on the implementation on the right to adequate housing*, UN Doc. A/HRC/43/43 (26 December 2019), Available at <https://undocs.org/A/HRC/43/43>, para. 30.
- 28 United Nations, General Assembly, *Report of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context*, Leilani Farha, A/HRC/28/62 (22 December 2014). Available at <https://documents-dds-ny.un.org/doc/UNDOC/GEN/G14/248/16/PDF/G1424816.pdf?OpenElement>
- 29 CESCR, *General Comment No. 24 (2017) on state obligations under the International Covenant on Economic, Social and Cultural Rights in the context of business activities*, UN Doc. E/C.12/GC/24 (10 August 2017). Available at <https://www.refworld.org/docid/5beaecba4.html> para. 18
- 30 Shift & Mazars. (2017). *UN guiding principles reporting framework*. Available at https://www.ungpreporting.org/wp-content/uploads/UNGPReportingFramework_2017.pdf
- 31 See National Action Plans on Business and Human Rights, Available at <https://globalnaps.org/>
- 32 OECD. (2011). *OECD guidelines for multinational enterprises*. OECD Publishing. Available at <http://dx.doi.org/10.1787/9789264115415-en> <http://dx.doi.org/10.1787/9789264115415-en>
- 33 OECD. (2018). *OECD guidelines for multinational enterprises: A glass half full*. Available at <https://www.oecd.org/investment/mne/OECD-Guidelines-for-MNEs-A-Glass-Half-Full.pdf>
- 34 OECD. (2011). *OECD guidelines for multinational enterprises*. Available at <http://dx.doi.org/10.1787/9789264115415-en>
- 35 John Gerard Ruggie, J. G. (2007). “Business and human rights: The evolving international agenda.”, *American Journal of International Law*, vol. 101 No. 4, 819-840. (October 2007). Available at <http://dx.doi.org/10.1017/S0002930000037738>
- 36 See: OECD Guidelines for Multinational enterprises, database of alleged misconduct, <https://mneguidelines.oecd.org/database/>
- 37 For example, see: Task-Force on Climate-related Financial Disclosures (TCFD), Available at <https://www.fsb-tcfd.org/> and the Sustainable Finance Disclosure Regulation (SFDR). Available at <https://www.eurosif.org/policies/sfdr/>
- 38 See: Operating Principles for Impact Management <https://www.impactprinciples.org/> and the Impact Management Platform. Available at <https://impactmanagementplatform.org/>
- 39 European Parliament, Policy Department for External Relations (2020), *Impact investing in the framework of business and human rights*, Available at [https://www.europarl.europa.eu/RegData/etudes/IDAN/2020/603490/EXPO_IDA\(2020\)603490_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2020/603490/EXPO_IDA(2020)603490_EN.pdf)
- 40 Peter Marcuse and David Madden, *In Defense of Housing*, (London, Verso, 2016) page 8.

DIRECTIVE 1

- 41 171 States have ratified the International Covenant on Economic, Social and Cultural Rights, committing to the progressive realization of the right to housing. Available at https://tbinternet.ohchr.org/_layouts/15/TreatyBodyExternal/Treaty.aspx?Treaty=CESCR&Lang=en
- 42 [A/HRC/43/43](https://www.refworld.org/docid/5beaecba4.html), Guideline 1
- 43 Vienna Declaration on Human Rights and Program of Action, Article 1. Available at <https://www.ohchr.org/en/instruments-mechanisms/instruments/vienna-declaration-and-programme-action>.
- 44 See [UN Doc. E/1992/23](https://www.refworld.org/docid/5beaecba4.html) and [UN Doc. A/HRC/37/53](https://www.refworld.org/docid/5beaecba4.html) (15 January 2018).
- 45 The Parliament of Denmark struck a committee to investigate the financialization of housing and its impact. The result of that closed-door convening was new legislation aimed at curbing it.

DIRECTIVE 2

- 46 Private equity applies to both “hedge funds and institutional investors that make investments on behalf of other individuals who invest with them, and to wealthy individuals who are making equity investments through their own or pooled vehicles.” Through private equity firms, investors provide capital to directly fund or buy out companies. Private equity real estate firms put most or all of their accrued investor capital into housing or commercial real estate, sometimes establishing REITs or subsidiary companies to operate these properties, generating income through rents and other fees, which are securitized. See: Alexander Ferrer, A. (2021). “The just recovery series: Beyond wall street landlords. Strategic Action for a Just Economy.” Available at https://www.saje.net/wp-content/uploads/2021/03/Final_A-Just-Recovery-Series_Beyond_Wall_Street.pdf page 10
- 47 Asset Management refers to the consolidation of wealth from institutional and individual investors used to make alternative investments, primarily through

leveraged buyouts of non-publicly listed, often (though not always) distressed assets, generally over a 10-year time-horizon. See: Cokelet, B. (2020). Empower LLC, Runaway Train: The perilous and pernicious path of private capital worldwide. Empower, LLC. Available at <https://empowerllc.net/eng/private-capital/Private-Capital-Worldwide> (2021), e-book, page 78

48 A real estate investment trust, or REIT, is a company that pools capital from small and large investors to own, operate, or finance income-producing real estate. REITs embrace a wide range of real estate. However, at the current time, their primary focus is on residential real estate in the form of apartments (multi-family homes), single-family homes, and mobile homes. Most REITs publicly trade on stock markets. REIT shareholders earn a portion of the income produced through real estate investment. Residential REITs are most commonly found in North America and Europe, although they are beginning to emerge in peripheral economies. For example, residential REITs represent US\$3.5 trillion in assets across the U.S. and €450 billion in Europe. See: Nareit. (2022). REITs by the numbers. Available at <https://www.reit.com/data-research/data/reits-numbers> and Stevenson, S. (2013). The global real estate investment trust market: Development and growth. In R. Sotelo & S. McGreal (Eds.), *Real estate investment trusts in Europe: Evolution, regulation, and opportunities for growth* (pages 17-25). Springer. pages 18-19

49 These are private real estate companies that may be listed publicly but which do not use a trust or equity structure. For example, Vonovia <https://investoren.vonovia.de/> based in Germany represents one of the largest real estate companies in Europe with more than 560,000 rental apartments. It is a public company with offerings on several stock exchanges.

50 Public and private pension funds are among the biggest institutional investors in all asset classes. They hold trillions of dollars in assets and have a huge impact on global markets. Some invest directly in real estate, some create real estate subsidiaries to do so, and others use private equity and asset management firms to invest on their behalf. (See: SHARE, *Investors for Affordable Cities, Responsible investment and affordable rental housing in Canada*, Discussion Paper (2021). Available at: <https://share.ca/wp-content/uploads/2021/10/SHARE-InvestorsForAffordableCities-2021.pdf>. Some examples of pension fund investment in residential real estate include: ABP, a large Dutch pension fund whose capital amounted to more than €460 billion in 2019, allocates 10 per cent of its fund to real estate investments. CalPERS, California's public pension fund, had a total fund market value of \$354 billion in 2018. It has various funds under management that are heavily invested in REITs. Norway's Government Pension Fund Global is one of the world's largest investment funds and one of Europe's most active real estate investors. The fund is also the largest shareholder in Caixabank, a Spanish bank that is known for the eviction of tenants from their homes and is the ninth largest shareholder of Blackstone Mortgage Trust. The latter owns and operates thousands of apartments around the world, consistently raising rents and evicting tenants.

51 Brumer-Smith, L. (8th June 2021). Americans are competing with private equity firms for homes. Million Acres. Available at <https://www.msn.com/en-us/money/realstate/americans-are-competing-with-private-equity-firms-for-homes/ar-AAKPS7v>

52 Daniela Gabor and Sebastian Kohl (2022), *The Financialization of Housing in Europe: "My Home is an Asset Class"*, pages 44, 52-53. <http://extranet.greens-efa-service.eu/public/media/file/1/7461>. See also: ACORN, (2021). Rein in the REITs. Available at https://acorncanada.org/sites/default/files/Rein%20in%20the%20REITs_English_0.pdf; Price Waterhouse Cooper, (2019). *Worldwide Real Estate Investment Trust (REITs) Regimes*. Available at <https://www.pwc.com/gx/en/asset-management/assets/pdf/worldwide-reit-regimes-nov-2019.pdf>

53 Proposition 10, California; and Peter S. Goodman. *Davos Man: How the Billionaires Devoured the World*. (New York, NY, Custom House, 2022).

54 This is consistent with the UN Guiding Principles on Business and Human Rights which state at Principle 2 that: "States should set out clearly the expectation that all business enterprises domiciled in their territory and/or jurisdiction respect human rights throughout their operations." See, https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

55 This is consistent with UN Guiding Principles on Business and Human Rights, Principle 18, "In order to gauge human rights risks, business enterprises should identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships" and Principle 19, "In order to prevent and mitigate adverse human rights impacts, business enterprises should integrate the findings from their impact assessments across relevant internal functions and processes, and take appropriate action". See, https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

Human rights impact assessments of purchase and sale of properties could include, an audit of tenants requiring particular human rights protections against increases in rent, eviction or displacement, for example due to low-income, race or ethnic origin, or marital/family status; and transparency regarding building upgrades, the necessity of such upgrades to comply with human rights adequacy standards, the actual cost of the upgrades and the plan to ensure no one is displaced as a result.

56 Such schemes are notoriously abused, so it is imperative that States ensure these units are allocated in a fair manner consistent with human rights principles of non-discrimination, equality, and adequate housing. Cash payments in lieu of the provision of affordable units must only be allowed in exceptional circumstances and where cash payments are accepted they must be used to create affordable housing.

57 See, *The Principles for Human Rights in Fiscal Policy* (2021). Available at https://derechospolitica.org/images/ASSETS/Principles_for_Human_Rights_in_Fiscal_Policy-ENG-VF-1.pdf; A/HRC/43/43, para 69(a)(vi)

58 For recommendations of this nature see: Sara Blackwell and others, *Investor toolkit on human rights*, Investor Alliance for Human Rights, *Investor Toolkit on Human Rights* (2021). Available at <https://investorsforhumanrights.org/sites/default/files/attachments/2020-05/Full%20Report-%20Investor%20Toolkit%20on%20Human%20Rights%20May%202020c.pdf>; and SHARE, *Investors for Affordable Cities, Responsible investment and affordable rental housing in Canada*, Discussion Paper (2021).

DIRECTIVE 3

59 See, for example, Communication to Akelius Residential Property AB, 27th April 2020. Available at <https://spcommreports.ohchr.org/TMResultsBase/DownloadPublicCommunicationFile?gld=25199>; See also, Martine August

The financialization of Canadian multi-family rental housing: From trailer to tower (2020) *Journal of Urban Affairs* 1; Teviah Moro, 'Residents of east Hamilton buildings declare rent strike (2nd March 2020) *The Hamilton Spectator*. Available at <https://www.thespec.com/news/hamilton-region/2018/04/26/residents-of-east-hamilton-buildings-declare-rent-strike.html>

60 See, Communication to Akelius Residential Property AB, 27th April 2020, Available at <https://spcommreports.ohchr.org/TMResultsBase/DownloadPublicCommunicationFile?gld=25199>

61 See, Letter of Concern from The Shift to Pemberstone Ltd, 25th June 2021. Available at <https://make-the-shift.org/wp-content/uploads/2021/07/Letter-to-Pemberstone-from-The-Shift-250621.pdf>; See also, Save Our Homes LS26 Campaign, <https://saveourhomesls26.org/page/2/>, post of 7th August 2021

62 United Nations, General Assembly, *Implementation of General Assembly Resolution 60/251 of 15 March 2006, Entitled "Human Rights Council"*, A/HRC/4/18 (5 February 2007). Available at <https://documents-dds-ny.un.org/doc/UNDOC/GEN/G07/106/28/PDF/G0710628.pdf?OpenElement>; Miloon Kothari, UN Special Rapporteur on the Right to Housing, [A/HRC/4/18](https://www.ohchr.org/documents/dd-ny.un.org/doc/UNDOC/GEN/G07/106/28/PDF/G0710628.pdf?OpenElement)

DIRECTIVE 4

63 A number of countries have adopted golden visa schemes to revitalize their tourism and real estate sectors, which are mutually reliant. Approximately 100,000 individuals have bought European Union residency. The greatest number of golden visas have been granted in Spain (24,755), Hungary (19,838), Portugal (17,521), Latvia (17,342), the U.K. (10,445), and Greece (7,565). Overall, these programmes have generated approximately €25 billion in the European Union over the last decade. See Daniel Boffey, "'Golden visa' schemes pose risk to EU security, Brussels to say", *The Guardian*, 22 January 2019. Available at <https://www.theguardian.com/world/2019/jan/22/golden-visa-schemes-pose-risk-to-eu-security-brussels-to-say>; Transparency International and Global Witness, "European getaway: Inside the murky

world of golden visas", (2018). Available at https://images.transparencycdn.org/images/2018_report_GoldenVisas_English.pdf page 14.

64 A number of countries impose a "foreign buyers' tax" to dissuade foreign investment in residential real estate. For example, Hong Kong (1.5 to 8.5 per cent); Ontario, Canada (15%) unless the buyer is a student, works in, or is a permanent resident of Ontario; China.

65 The UK has recently revoked its Golden Visa scheme citing its role is assisting foreign nationals to move 'dirty money', often earned through corruption, off-shore. See Aubrey Allegretti, "UK axes 'golden visa' scheme after fraud and Russia concerns", The Guardian, 17 February 2022. Available at <https://www.theguardian.com/uk-news/2022/feb/17/uk-ministers-plan-to-scrap-golden-visa-scheme-amid-russia-concerns>

DIRECTIVE 5

66 For a list of Airbnb shareholders, see MarketBeat, "Airbnb institutional ownership". Available at <https://www.marketbeat.com/stocks/NASDAQ/ABNB/institutional-ownership/>. Shadow bank Morgan Stanley owns the greatest number of shares, at 1,471,065.

67 See A/HRC/34/51 at para 28; See also Corporate Europe Observatory, "UnFairbnb: How online rental platforms use the EU to defeat cities' affordable housing measures" (2018). Available at <https://corporateeurope.org/sites/default/files/unfairbnb.pdf>

68 A recent study conducted in Mississauga, Ontario, a city west of Toronto, found that it takes only seven to 14 days for an Airbnb listing to generate as much rent as a traditional long-term monthly lease. See Fairbnb, "Squeezed Out: Airbnb's commercialization of home sharing in Toronto" (2017). Available at www.fairbnb.ca/Fairbnb_Report_Feb_29.pdf, page 31

69 See, Steven Hill, 'Evictions and Conversions: The Dark Side of Airbnb' (19th October 2015) The American Prospect. Available at <https://prospect.org/economy/evictions-conversions-dark-side-airbnb/>

70 The city of Amsterdam adopted this approach and was taken to court by local businesses. The matter remains before the courts; see Hannah Rivera, "Amsterdam to appeal against ruling on Airbnb listings", Short Term Rentalz, 18 April 2021. Available at <https://shorttermrentalz.com/news/amsterdam-appeal-airbnb/>. Rental of apartments in Palma de Mallorca for holidays has been prohibited for three years unless a tourism license is obtained; see Patricia Lozano, "Bookings for illegal holiday apartment rentals at 25% for the summer", Majorca Daily Bulletin, 26 May 2021. Available at <https://www.majorcadailybulletin.com/news/local/2021/05/26/84551/palma-mallorca-bookings-for-illegal-holiday-apartment-rentals.html#:~:text=Holiday%20rental%20of%20apartments%20has,for%20June%20they%20are%2040%25>.

71 In 2020 the Mayor of Lisbon incentivized owners of short-term rentals to rent their units to the City of Lisbon who would then rent the units at subsidized rates. See: Ashifa Kassam, 'Covid created an opportunity': Lisbon to turn tourist flats into homes, (1st December 2020) The Guardian. Available at <https://www.theguardian.com/world/2020/dec/01/covid-created-an-opportunity-lisbon-turns-20000-tourist-flats-into-homes>.

DIRECTIVE 6

72 PBSA is common in countries such as Canada, USA, UK, Australia, Germany, France and The Netherlands. See, Knight Frank, "Global student property 2019: A global perspective on student property and investment". Available at <https://content.knightfrank.com/research/1775/documents/en/global-student-property-report-2019-may-2019-6426.pdf>

73 Knight Frank, "Global student property 2019: A global perspective on student property and investment". Available at <https://content.knightfrank.com/research/1775/documents/en/global-student-property-report-2019-may-2019-6426.pdf> page 21.

74 Europe Real Estate. (2020, November 25). *Germany and Sweden see significant increases in home care investment*. Available at <https://europe-re.com/germany-and-sweden-see-significant-increases-in-care-home-investment/68536>

75 Martine August, "Financialization of housing from cradle to grave: COVID-19, seniors' housing and multifamily rental housing in Canada", *Studies in Political Economy*, vol. 102, No. 3 (January 2022). Available at <https://doi.org/10.1080/07078552.2021.2000207>

76 Knight Frank, "Global student property 2019: A global perspective on student property and investment". Available at <https://content.knightfrank.com/research/1775/documents/en/global-student-property-report-2019-may-2019-6426.pdf> page 21.

Europe Real Estate. "Germany and Sweden see significant increases in home care investment", 25 November 2020. Available at <https://europe-re.com/germany-and-sweden-see-significant-increases-in-care-home-investment/68536>

Martine August, "Financialization of housing from cradle to grave: COVID-19, seniors' housing and multifamily rental housing in Canada", *Studies in Political Economy*, vol. 102, No. 3 (January 2022). Available at <https://doi.org/10.1080/07078552.2021.2000207>; Nick Revington and Martine August, "Making a market for itself: The emergent financialization of student housing in Canada", *Environment and Planning A: Economy and Space*, vol. 52, No. 5 (2020). Available at <http://dx.doi.org/10.1177/0308518X19884577>

77 For example, several London School of Economics postgraduate students living in accommodation owned by the university but managed by one of the UK's largest student housing REITs, Unite Students, were forced to litigate the substandard conditions in which they were living including rodent infestation, mould, and a lack of hot water for extended periods; Sarah Marsh, "Students to sue LSE over 'mouldy and mice-infested flats'", The Guardian, 16 July 2017. Available at <https://www.theguardian.com/education/2017/jul/16/students-sue-london-school-economics-mould-rat-infested-accommodation>

78 Jeff Collins, "Zoom university' students stuck with unwanted leases", The Orange County Register, 19 June 2020. Available at <https://www.ocregister.com/2020/06/19/zoom-university-students-stuck-with-unwanted-leases/>; Noah Biesiada, "Student protests spur Irvine City Council to discuss rent and housing options", Voice of OC, 4 June 2020. Available at <https://voiceofoc.org/2020/06/student-protests-spur-irvine-city-council-to-discuss-rent-and-housing-options/>

In the US the Irvine Group, which owns student housing in California, students who needed to break their leases due to Covid-19 were charged termination fees that, in some cases, amounted to \$15,000, see: Sara Myklebust and others, "Cashing in on our homes: Billionaire landlords profit as millions face eviction", March 2021. Available at <https://ourfinancialsecurity.org/wp-content/uploads/2021/03/Cashing-in-on-Our-Homes-FINAL.pdf>, page 18.

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- 107 The Good Economy (see <https://thegoodconomy.co.uk/>), an impact advisory firm working with investors, has developed a framework that applies ESG principles to assess investors’ social impact with respect to housing.
- 108 See, for example, B Corporation (<https://www.bcorporation.net/en-us>), which has developed a set of standards (including human rights) that businesses must meet to receive certification. It has also developed an independent Standards Advisory Council and a public complaints procedure.

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IV. MAKING THE SHIFT – EXAMPLES

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