FINANCIALIZATION REVIEW PANEL

SUBMISSION BY THE SHIFT

LEILANI FARHA, GLOBAL DIRECTOR
JULIETA PERUCCA, DEPUTY DIRECTOR
SAM FREEMAN, DIRECTOR OF LEGAL RESEARCH & ADVOCACY
WHO IS THE SHIFT?

The Shift is a human rights organisation working at the intersection of housing, climate change and finance. Using a human rights framework, we undertake research, standard-setting, and strategic communications, providing counsel to national and municipal governments, private investors, pension funds, academics, advocates and tenant movements, shaping the discourse and driving action on financialization, housing affordability and homelessness.

TABLE OF CONTENTS

Introduction........................................................................................................................................... 3
1. Understanding the Financialization of Purpose-Built Rentals ......................................................... 4
2. Government Laws, Policies and Programs Supporting the financialization of PBR .............. 6
3. Overview and Assessment of Human Rights Obligations and Responsibilities ...................... 8
4. Financial Actors Are Not the Solution to Canada’s Housing System......................................... 12
5. Recommendations to Address the Financialization of PBR ...................................................... 13
Introduction

Purpose-built rental housing (PBR) in Canada has become financialized. Investors now own approximately 30% of all PBR units and are seeking to increase their market share further. The financialization of PBR has been catalyzed by government policy which incentivizes investment and allows investors to generate enormous profits from Canadian housing markets. Despite the significant and growing role of investors in PBR, there has been an under-examination of the real impacts of the financialization of PBR, and in particular how it may undermine the human rights of tenants.

The National Housing Council’s (NHC) review on the financialization of PBR is, therefore, welcome and timely. It has the potential to help change the direction of public policy and promote the human rights of PBR tenants in Canada.

The Shift is pleased to submit this brief to the NHC’s Review Panel, which covers the following:

1. The mechanics of PBR in Canada
2. The legal and policy frameworks facilitating PBR financialization
3. An evaluation of human rights responsibilities of governments and institutional investors within the PBR context
4. Dispelling the myth that current institutional housing investment is essential to address Canada’s housing crisis
5. Specific actions the Federal government should undertake to regulate PBR financialization and protect tenants' human right to housing

1. Understanding the Financialization of Purpose-Built Rentals

In this section, we describe the role of financialized PBR in the Canadian economy, its business model, and practices.

1.1. PBR In the Canadian Economy

Real estate – construction, leasing/rentals, renovations, and transactions – plays an essential role in Canada’s economy. In 2022, for example, real estate and rental leasing (RERL) represented the largest percentage of Canada’s GDP (larger than mining, and oil and gas extraction). The overall growth of Canada’s economy is often driven by real estate. In the first quarter of 2022, nearly half of this growth was due to residential investment, or homebuilding.
PBR’s appeal to institutional investors doesn’t typically stem from its role as essential housing but as a tangible asset that amplifies wealth generation. It is closely integrated into Canada's economy, attracting investments from various financial actors. Many PBRs are owned by public companies or trusts and traded on stock markets. However, the value of PBR hinges on investment returns rather than its contribution to human well-being. This necessarily impacts why particular buildings are purchased and how buildings are managed.

1.2. Business Model & Practices

Institutional investors in PBR engage housing in three ways: i/ acquisitions of existing PBR; ii/ re-development of their property; and iii/ development of new rentals. Some institutional investors engage in only acquisitions, while others may have a mix within their portfolio.

There are two overarching principles that govern the way in which an institutional investor manages real estate (acquisition, re-development or new builds) with particular implications for human rights.

Fiduciary Duty. Public residential real estate corporations – like Real Estate Investment Trusts – posit that they owe a fiduciary duty to their shareholders and that this means prioritizing the maximization of shareholder wealth over and above tenants and their human rights. It is increasingly understood that fiduciary duty to shareholders requires due diligence with respect to the human rights risks related to business operations. Moreover, the UN Guiding Principles on Business and Human Rights suggest that preventing human rights violations of tenants is required, and thus would trump fiduciary duty owed to shareholders, where there is a conflict between the two.

Valuation. This is the “raison d’être” of the financialization of housing. Increasing the valuation of a property - primarily through ‘upgrades’ - is the means by which institutional investors in PBR make greater profits and access larger loans to continue to acquire, re-develop and build PBR.

i. Acquisitions: When buying PBR, the goal is to purchase properties with an intrinsic value greater than the purchase price at the time of sale. As a result, many institutional investors are attracted to “value add” or “under-performing” buildings: older, well-located, under-valued buildings requiring upgrades. Often, these buildings house longstanding tenants, as well as disadvantaged and low-income groups, paying below market rents.

The decision to acquire a building is based entirely on calculation to determine profit margins: cap rates, the internal rate of return, the gross rent multiplier, loan-to-value ratio, cash-on-cash return. The experiences or concerns of tenants are rarely part of the determination.

Institutional investors use these properties for profit in several ways:

a. Basic Upgrades. Upon purchase of an older building institutional investors will undertake basic upgrades, even when deemed unnecessary by tenants, to increase the valuation of the
property – new laundry machines, a keyless entry system, refurbishing the lobby. This increased valuation of the property is then used by many institutional landlords to justify rent increases.

b. **Capital Upgrades.** An older building may justify capital improvements for which landlords seek above guideline rent increases in jurisdictions where rent caps exist. This allows them to profit in a number of ways:

- incrementally increasing rents and reducing operating expenses results in an exponential increase to the property’s market value.
- depending on the nature and extent of the capital upgrades, they may try to evict the tenants for the duration of the upgrade. This can result in tenants establishing themselves elsewhere and not returning to the unit. Once a unit is empty, the institutional landlord can increase the rent to market rates creating more cash flow and increasing the valuation of the property.
- institutional landlords also use the renovations to create unpleasant living environments to drive out tenants, especially if they are older, have a disability, or work from home. Once a tenant leaves, the landlord can raise the rent to market rates.

c. **Evictions.** In an attempt to increase rents, some institutional landlords are quick to evict tenants, for example, for minor arrears, or small tenancy infractions. This facilitates rent increases in jurisdictions with rent caps such as Ontario, British Columbia, Manitoba and PEI.

d. **Reduce operating costs.** Institutional landlords often reduce operating costs by, for example, firing custodians, and reducing the amount of maintenance undertaken in common areas, deteriorating the quality of life for tenants.

ii. **Redevelopment**
Institutional landlords often decide to re-develop older PBR. This involves evicting all of the tenants, tearing down the buildings and homes and reconstructing new housing. In some instances tenants allege that institutional investors stop upgrading buildings, allow them to fall into disrepair, and then use the state of disrepair to justify demolition and re-development. In most cases the re-development allows the institutional landlord to re-position the property from affordable to higher-end or luxury. This not only increases the revenues that can be generated from the re-building of the PBR, it increases the value of the property.

iii. **New Development**
The profit margins in new developments of PBR on underused or vacant land are higher than in acquisitions of value-add buildings. Because the buildings are new, revenues are high, and costs are lower due to energy efficiency and fewer maintenance issues.
2. Government Laws, Policies and Programs Supporting the Financialization of PBR

There are a host of laws, policies and programs that institutional investors in PBR use to foster their businesses. This is what makes it so difficult to challenge their actions: they act within the law, avail themselves of deals struck with governments for fee/tax waivers, or benefit from the way in which a program is structured. What follows is a non-exhaustive list:

2.1 Federal

i. Preferential Tax Treatment of REITs
REITs are the sole trusts or publicly listed company that are not required to pay corporate income tax. They argue that this is not preferential tax treatment because although they do not pay any corporate income tax, their shareholders do. This is like arguing that corporations shouldn’t pay income tax because their employees do. Moreover, many of the largest partners/unit holders in a REIT, such as pension funds or RRSPs are themselves tax exempt and smaller investors can hold their REIT shares in tax efficient accounts (e.g.: RRSP, TSFA). It has been calculated removing the REIT corporate income tax exemption would generate an additional $285 billion in tax revenue between 2023 and 2027.

ii. CMHC Programs – Rental Construction Financing Initiative
Launched in 2017, the Rental Construction Financing Initiative (RCFI) has become a central plank in the National Housing Strategy, aimed at increasing housing stock.

Under RCFI, housing developers can receive low-cost loans from CMHC with a 10-year fixed low interest rate, a 50-year amortization period, waiver of mortgage insurance fees, and very high loan to cost ratios (80%), if they rent just 20% of a project’s units at “affordable” rates for a period of 10-years. Affordable is defined as 30% of median family income in the area. It has been calculated that in almost no city in Canada would this affordability criteria result in rents at less than $2,000/month. The calculation is inconsistent with human rights law. It is also questionable as to whether a 10-year affordability period is sufficient. The program has proved favourable with developers. Its budget bloated from $2 million to $25.5 million in 2021. In the 2022 budget, the government said they would adjust the affordability measure, but have failed to do so.

iii. CMHC – Mortgage Insurance
CMHC offers an “MLI Select mortgage insurance” product to those investing in PBR and other multi-residential properties. This product provides enhanced borrowing terms (higher loan-to-value, longer amortization, lower insurance premiums) based on the affordability, Green House Gas reductions, and accessibility aspects of the project. The insurance is available both for financing existing buildings and for new developments. As an incentive scheme, it does not require affordability be built into the project. Where preferential terms are sought using the affordability metric, the definition used is 30% of median renter income - likely a better measure.
than median family income. The lock-in is a minimum of 10 years, with enhanced terms if maintained for 20 years. Human rights-based monitoring and assessment must be undertaken to determine who is using the program, the amount of affordability being achieved, and the needs met.

2.2 Provincial/Territorial

Institutional investors in PBR exploit weak provincial and territorial landlord tenant laws making rental accommodation more unaffordable and insecure.

Rent increases: Several provinces, such as Alberta, New Brunswick, Newfoundland and Nova Scotia have no rent control policy. In these jurisdictions, institutional landlords can increase rents without limits in occupied units with notice after a one-year tenancy.

Above guideline increases: In jurisdictions with rent control policies such as British Columbia and Ontario, landlords can get around the cap on rent increases by applying for above guideline increases (AGIs). AGIs can be granted based on capital expenditure or increased unforeseen expenses related to taxes or security. In keeping with their business model of increasing the valuation of the property, this mechanism is used extensively by owners of PBR. Tenants argue tribunals are pre-disposed to grant AGI requests. A study in Toronto found that from 2012 to 2019, financialized and corporate landlords were responsible for 64 per cent of all AGI applications filed in Toronto and for 84 per cent of all units impacted by these rent increases.

Vacancy De-Control: Except for Manitoba and PEI, no jurisdiction in Canada has vacancy control. This means when a tenant vacates a unit, the rent can be increased, including above guidelines in those jurisdictions with rent control.

Evictions: Evictions are common in the context of the re-development of a property and allowable if notice periods are heeded. Institutional investors will often brag that they go above and beyond what’s required by legislation by giving tenants lengthy notice periods, months of free rent, and occasionally assistance in finding another place to rent.

2.3 Municipal

Municipalities use public money in a variety of ways to encourage the development of “affordable housing”. For example, Property tax waivers for up to 20 years, waivers of development fees, and planning and application fees, rebates on permits, and even cash payments, including on a per/unit basis for new developments. (One developer told us they had received $40,000/unit from a municipal government for a new build).

These incentives may produce some units that are slightly below market rents, but these incentives are not used to produce social housing or deeply affordable units. They are also not measured against community need.
3. Overview and Assessment of Human Rights Obligations and Responsibilities

In this section we rely on the human rights framework established through the UN human rights system. Please see supporting document. We also rely on three reports written by Leilani Farha, the Director of The Shift, in her capacity as UN Special Rapporteur: Effectively Implementing Rights Based Housing Strategies; the Financialization of Housing and the UN Guidelines on the Implementation of the Right to Housing.

Evidence indicates that the financialization of PBR housing infringes the human rights of tenants. These breaches are not mere unfortunate or unintended outcomes. In the vast majority of cases, they are a direct result of the financialized housing business model. Breaches of human rights due to financialization should not be regarded as the outcome of a system that is failing, but rather of a system that is working precisely how it is intended to work.

International law outlines the obligations of governments and private actors with respect to the right to housing. Below is an overview of some of the most pressing obligations related to the financialization of PBR.

3.1 Progressive Realization, Concrete Steps, and Maximum Available Resources

The obligation on governments to progressively realize the right to housing is found in article 2(1) of the ICESCR, which provides the basis for s.4(d) of the NHSA. The UN has stated that for a State to meet these obligations, it must demonstrate that the measures being taken are sufficient to realize the right for every individual in the shortest possible time. In rights-based housing strategies, governments must ensure that measures taken to implement the right to housing are deliberate, concrete and targeted towards the fulfillment of the right; that policy options are consistent with the right; and that the maximum available resources have been allocated to those ends.

It is relatively clear that these standards have not been met by governments in Canada with respect to the financialization of PBR.

i. Deliberate, concrete and targeted towards the fulfillment of the right to housing

To ensure consistency with human rights, the passing of the NHSA by Parliament in 2019 should have triggered a review of all relevant federal and provincial/territorial laws and policies related to housing, including the NHS. This was not done. As a result, no deliberate measures have been adopted to address the negative impact that the financialization of PBR has had on fundamental aspects of the right to housing despite these having been elucidated by many tenants, advocates and the Office of the Federal Housing Advocate. At the time of writing there are two rent strikes against institutional landlords of PBR in Toronto and acquisitions and development of PBR continue without obstruction.
Provincial/territorial governments have also not taken any steps to ensure landlord tenant laws are compliant with human rights and sufficient to protect tenants from the financialization of PBR.

**ii. Maximum available resources**
The Government of Canada and other orders of government must ensure they are spending their resources in a manner that progressively realizes the right to housing, and that they are availing themselves of all possible resources towards this same end. The Government of Canada provides institutional investors in PBR with public subsidies and foregoes revenues (e.g.: preferential tax treatment, fee waivers) to support the activities of financialized landlords of PBR. This occurs with no requirements that they uphold or fulfil the obligations of the right to housing.

### 3.2. Elements of Adequate Housing

The UN has outlined the characteristics that must be met for housing to be adequate and for the right to be enjoyed. The financialization of housing undermines several of these.

**Affordability.** Housing costs must be commensurate with household income, not set using market rates, or at a rate that threatens the attainment of other basic human rights. The financialization of PBR has been shown to set rents regardless of tenants’ ability to pay, creating a lack of housing affordability. Those engaged in the financialization of PBR often seek to exploit weak tenant protections and position their units at the top end of the market, to achieve the greatest profits. The use of AGIs, as described above, is one such method by which financialization decreases the affordability of PBR. Data shows that a tenant paying a starting rent of $2,000pcm who is subjected to a 9% AGI at 3% per year for three years will, after 10 years, pay approximately $22,000 more in rent than if there had been no AGI. Equally, using vacancy decontrol, investors have driven housing costs up in many jurisdictions. A 2019 study showed that new PBR units in Canada were typically offered at up to 170% of market rents. Other experts in Southwestern Ontario who have studied the operations of REITS in the PBR sector have noted that rents in some of their newly acquired buildings have doubled in just two years and the CBC reported that rent for new PBR tenants increased by over 18% in 2022 alone.

**Security of tenure.** This is a cornerstone of the right to housing, and requires that tenants have a certain degree of protection from evictions and harassment. The Shift has heard countless accounts of tenants experiencing significant housing precarity or being forced from their homes by investor landlords seeking to capitalize on the unrestricted potential of a vacant unit which can be repositioned through renovations, or, simply removing tenants they regard as a risk for non-payment of rent. Studies highlight how readily financialized landlords are willing to evict their tenants, as compared to other property owners. One 2019 investigation of 500,000 evictions in Ontario showed “staggeringly high eviction numbers” in buildings owned by financialized landlords and concluded that the “increasingly corporatized rental housing market ... thrives on maximum unit turnover by any means necessary.”
Habitability. A unit is considered habitable when tenants’ health and well-being are protected against structural hazards, as well as cold, damp, and heat. In financialized PBR, tenants have noted that their landlords often ignore maintenance requests, purportedly to avoid additional expenditure that would impact profits. In its 2022 survey submitted to the Office of the Federal Housing Advocate, ACORN found that 80% of tenants living in financialized housing said their homes needed urgent repairs, compared with 67% of tenants living in private landlord-owned homes. The same survey found that 1 in 10 financialized tenants were forced to move at least once in the past five years due to poor living conditions. Tenants have also complained of a lack of habitability being created by the highly disruptive renovations undertaken by financialized landlords as part of their business model and, in some instances, have suggested that both renovations and a failure to undertake basic maintenance have been weaponized by their landlords to force them to self-evict, thereby creating a profitable vacant unit.

Accessibility. Adequate housing must be accessible to those entitled to it. Financialization is reducing the availability of affordable housing, thereby undermining its access for low-income and other marginalized groups. Across Canada, investors own as much as 30% of all PBR, but in some communities they have developed monopolies, sometimes owning entire cities or neighbourhoods.

3.3. Whole of Government Approach

Within the context of a National Housing Strategy, all orders of government and ministries must work together to ensure that their policies and programmes are consistent with the right to housing. Inter- and intra-government collaboration is required. This includes, for example, ensuring that migration policies are in line with housing targets so that newcomers will have access to adequate housing upon arrival, or that climate policy is embedded in housing policy so efforts to reduce emissions in PBR do not negatively impact tenants, but also so that the construction of PBR does not further contribute to climate change. This has not occurred and there are no mechanisms designed to facilitate such an approach.

3.4. Meaningful Engagement

Governments and the private sector must consult rights holders in the fashioning of laws and policies that affect the right to housing. This means governments should engage tenants living in financialized PBR in setting housing policy related to PBR. It means that owners of PBR should consult with their tenants before any decisions are taken with respect to the property. This rarely occurs.
3.5. Prohibition on Forced Eviction, Evictions into Homelessness and the Proportionality framework

Under international human rights law there is a strict prohibition against forced evictions (the involuntary removal of a person from their homes outside the law) and evictions that may lead to homelessness.

The UN Committee on ESCR – in its jurisprudence – has adopted the framework of proportionality with respect to legal evictions. Proportionality requires: a legitimate objective for the eviction and that it is necessary to achieve that objective, that there was no reasonable alternative, and that the consequences of eviction are proportionate to the objective.

Many evictions undertaken in the context of PBR are perpetrated to maximize the valuation of a property and shareholder/client returns on investments. These are invalid objectives especially in light of the NHSA commitment to the progressive realization of the right to housing. There are reasonable alternatives to evictions such as adjusting the business model of institutional actors in PBR. And, the consequences of eviction are disproportionate to the profit-making benefits – with eviction being linked to, for example, loss of community and services, mental distress, and homelessness.

While evicting tenants to upgrade a building may be a legitimate objective (assuming the upgrade is actually required), international human rights law strictly governs development-based displacement and requires that tenants be assisted in finding alternate accommodation at the same price for the duration of the upgrades, and have the option of returning to their original housing in a unit of the same cost and size.

3.6. Duty to Protect

A leading framework for the human rights responsibilities of business enterprises is the Guiding Principles on Business and Human Rights. It is grounded in three pillars: (a) the obligation of States to protect against human rights abuses committed by companies; (b) the responsibility of business enterprises to respect human rights, and thus avoid causing or contributing to adverse human rights impacts; and (c) the obligation of States to provide victims with access to effective remedies when rights are breached. The Principles specifically call on all corporate actors to undertake human rights due diligence, including through meaningful consultation with affected groups, and conduct human rights impact assessments.

Governments in Canada must regulate businesses in a manner that is consistent with the obligation to progressively realize the right to housing. In keeping with the Guiding Principles, governments must ensure businesses refrain from activities that have a negative impact on the right to housing, and go even further to ensure that businesses help realize the right, by producing needed affordable housing in keeping with the international human rights law definition of affordability. Furthermore, some of the profits made by private enterprises through
housing must be redirected to ensure adequate housing is available for low-income households. (See UN Rapporteur report).

The need for this review panel, along with many of the submissions from tenants, indicates that governments in Canada have not sufficiently met their human rights obligations to regulate institutional investors in housing to ensure they do no harm, nor have they managed to ensure they contribute to addressing real housing need in the country.

4. Financial Actors Are Not the Solution to Canada’s Housing System

CMHC has estimated that using supply to bring housing prices to affordable levels will require building 5.8 million homes by 2030, of which 2.2 million should be rental units. Many of the actors responsible for the financialization of PBR are positioning themselves as the ones who can deliver, and as indispensable to solving the housing crisis, not because they embrace their human rights responsibilities but rather on the basis that they hold vast amounts of capital and, expertise.

In light of this, the Review Panel may feel reluctant to make recommendations that might undermine the role of institutional investors in the provision of housing — an important aspect of the NHS. In this section, we confront the idea that the housing crisis will be fixed through supply side deregulation and incentives made available to institutional investors in PBR.

4.1. Supply and Demand

The Shift recognizes that new housing supply is an important part of solving the housing crisis. The creation and preservation of deeply affordable housing will be crucial to ensuring access to adequate housing for all. But, creating supply to address the housing crisis, on the basis that it will correct a market failure (i.e. too much demand, insufficient supply) without regulating the financialization of PBRs, will prove unsuccessful. This approach assumes that the housing market is broadly competitive and that a market failure is simply due to inefficient, expensive or overly restrictive regulations. Thus, it stands to reason that supply can be created through deregulation and liberalization of the market to incentivize developers and investors to build more rental housing. If enough units are built, the market will be flooded, demand will be satiated, and rental prices will fall.

The underlying assumptions of this approach are flawed. Housing has particular characteristics that distinguish it from other commodities — it is immobile, heterogeneous, and has a long lifespan and high transaction and construction costs. Moreover, the land on which housing is built is inherently limited in supply and cannot be created in response to increased demand. This means that when there is a market with high overwhelming demand, it typically leads to
increased prices rather than increased supply, as would normally happen in competitive commodity markets. Because of its inherently limited nature, capital seeks out housing as a place of investment, which in turn generates even more demand for housing as a financial asset, creating a ‘housing-finance feedback cycle’ that is nearly impossible to break without regulation. If left to the private market, as has largely been the case in the last few decades, the result is an investor driven, financialized housing system which often favours the stripping away of tenant protections. This has clearly played out in Canada where new supply has, in fact, kept pace or even exceeded population growth in many parts of the country, and yet has failed to have an impact on growing housing prices.

Instead of regulating this phenomenon, governments often fuel financialization by implementing common policies like tax incentives for development of market rate (or slightly lower) rental housing or preferential tax treatments for REITs, all in the hope that with their involvement and capital, they will solve the housing crisis. There is no evidence that incentivizing institutional investors in rental housing results in the affordable housing that is actually needed. This can be evidenced by the results of the City of Montreal’s inclusionary zoning bylaw, where out of the 7,100 units built not a single one was social housing.

This suggests incentives to provide social or affordable housing are only valuable to institutional investors in PBR if they can maintain the profit margins upon which their business model is based.

5. Recommendations to Address the Financialization of PBR

This brief highlights the ways in which the financialization of PBR in Canada is deeply harmful to tenants and their human rights. The Government must lead, working swiftly and effectively, to prioritize human rights and deliver a rental housing system that works for all.

Recommendation No. 1: The Council should recommend that the National Housing Strategy be immediately updated to reflect, integrate and advance the Federal government’s commitment to progressively realize the right to housing under that National Housing Strategy Act. For this to be effective, in light of the multi-jurisdictional nature of housing, a whole of government approach will be required. This includes ensuring coherence across different orders of government and federal ministries, so that policies and programmes related to, for example, immigration and climate change also serve to advance the progressive realization of the right to housing.

With respect to PBR, the National Housing Strategy should be updated as follows:
Enhanced Tenant Protections
The NHS must outline the Federal Government’s expectations with respect to tenant protections at provincial and territorial levels. These expectations should be met in order to receive housing related transfer payments, and would include, inter alia:

a. Legislated rent control.
b. A prohibition on no-fault evictions.
c. An overhaul of the AGI system to ensure it is used rarely, and only under the strictest conditions and without creating unaffordability for tenants.
d. The implementation of vacancy control.
e. Funding for municipal eviction prevention programmes.
f. Supplementary social transfer funds for provinces and territories who agree to raise social assistance rates to a level that meets cost of living requirements, including average rental prices.
g. Legislation to require redevelopment projects to ensure meaningful engagement with residents, monetary and logistical assistance with re-location during the redevelopment project, one-to-one replacement of affordable units, the right of return for residents to a unit of a similar size and cost, whilst also creating additional affordable units, as set out under Recommendation 2(d) below.

Housing Supply Fiscal Programmes
All grant, loan and subsidy programmes included in the NHS for existing and new PBR - directed at institutional investor landlords as well as others, including non-profits - must require human rights outcomes, prioritizing those in greatest housing need.

This would mean:

a. All housing supply created through the NHS is tied to actual housing need. According to the Housing Assessment Research Tools, this would mean creating almost 200,000 units for very low-income households ($420/month), almost one million for low-income households ($1050/month) and almost 300,000 for moderate-income households ($1680/month).
b. A national definition of “affordability” must be articulated in the NHS. It should be consistent with human rights law and based on household income, not what the market can command.
c. Tax exemptions in the Income Tax Act that apply to REITs should be repealed immediately and the basic corporate tax rate of 38% imposed. The estimated $285.5m in revenue that would accrue over five years should be reinvested in the creation of sustainable, non-market housing, to meet the greatest housing need.
Accountability

The NHS should mandate the Parliamentary Budget Office to conduct an assessment of public expenditure (subsidies and foregone taxes/fees, etc.), to assess if the Government of Canada is using the maximum of its available resources to progressively realize the right to housing in keeping with the requirements of the NHSA.

Recommendation No. 2: The Council should recommend that the Minister regulate all institutional investors involved in the financialization of PBR, to ensure they are contributing to the progressive realization of the right to housing, and hold them accountable to international human rights obligations and standards.

This would include:

a. The adoption of transparency standards for the public disclosure of beneficial ownership of PBR.

b. Measures for the independent monitoring of private actors engaged in the provision of PBR under these regulations.

c. Developing an authoritative guidance for public companies engaging in housing provision on their human rights responsibilities, including the interaction between their fiduciary duty and human rights.

d. Exploring the option of converting a percentage of existing units within institutionally owned PBR to rent-geared-to-income units or social housing. This would be carried out over a three-to-five-year period, where newly vacant units or tenanted units which fall below national affordability standards, would be converted into social housing, or re-positioned as rent-geared-to-income units.

Recommendation No. 3: The Office of the Federal Housing Advocate should request the National Housing Council to continue its investigations into the financialization of housing by requesting review panels on new and emerging forms of financialization including short-term rentals, student housing, and long-term care homes.