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CANADA

FINANCIALIZATION OF HOUSING

**Report of the Standing Committee on Human Resources,
Skills and Social Development and the Status of Persons
with Disabilities**

Robert Morrissey, Chair

**OCTOBER 2023
44th PARLIAMENT, 1st SESSION**

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Chair**

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NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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**THE STANDING COMMITTEE ON
HUMAN RESOURCES, SKILLS AND SOCIAL
DEVELOPMENT AND THE STATUS OF PERSONS
WITH DISABILITIES**

has the honour to present its

TWELFTH REPORT

Pursuant to its mandate under Standing Order 108(2), the committee has studied financialization of housing and has agreed to report the following:

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SUMMARY

Renter households across Canada are facing increasing costs and many are living in unaffordable housing; in 2023, 33.2% of tenant households spent more than 30% of their income on shelter costs. Financialization of housing, or the treatment of housing as a financial commodity and an asset for profit, is playing a part in reducing the number of affordable housing units across the country.

Over the course of four meetings, the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (the committee) heard from the Federal Housing Advocate, researchers, advocacy groups, industry representatives and academics about the issue of financialization of housing and its impacts.

The committee heard about challenges faced by renters, including eviction rates, and was told that financialization of housing is resulting in reduced access to affordable rental housing. The committee also heard that financialized landlords can be a part of the solution. Based on the testimony received, the committee makes recommendations to the Government of Canada related to increasing the supply of affordable housing, addressing evictions, adjusting tax measures and better supporting tenants. These recommendations aim to address some of the impacts of financialization of housing and the loss of affordable rental housing.

LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.

Recommendation 1

That the Government of Canada, as soon as possible and in partnership and cooperation with the provinces and territories, develop an acquisition fund to be made available to non-profit and cooperative housing organizations and governments to preserve and expand affordable housing stock. 15

Recommendation 2

That the Canada Mortgage and Housing Corporation work with provincial and territorial partners to increase the amount of capital funding available to non-profit and public housing providers, with the goal of boosting the affordable housing supply as quickly as possible. 20

Recommendation 3

That the Canada Mortgage and Housing Corporation increase requirements relating to the level and duration of affordability for funding delivered through National Housing Strategy programs. 20

Recommendation 4

That the Government of Canada examine the social and economic costs and benefits of the current tax treatment of Real Estate Investment Trusts (REITs) and assess the option of taxing REITs like other corporations, including the potential impact on the supply of affordable rental housing, as well as rental housing as a whole. That it design tax treatment options to ensure it encourages creating new affordable housing units. 27

Recommendation 5

That the Government of Canada implement tax measures to incentivize private sector and non-profit investment in the construction of affordable rental housing, including through tools such as, but not limited to, tax credits, tax exemptions or deferrals. 27

Recommendation 6

That the Government of Canada immediately investigate providing tenant support resources to municipalities, provinces and non-profit tenant support stakeholders to address eviction and affordability matters for those residing in private market rental housing. 29

Recommendation 7

That the Government of Canada assess the current suite of federal benefits supporting low-income renters to ensure they have the income supports they need, including through the Canada Housing Benefit. 32

Recommendation 8

That the Government of Canada strengthen reporting requirements for the beneficial ownership of property, including by proceeding with the implementation of a publicly available beneficial ownership registry as soon is feasible, in partnership with the provinces and territories. 35



FINANCIALIZATION OF HOUSING

INTRODUCTION

Renter households across Canada are facing increasing costs: the average rent increase in 2022 for a two-bedroom apartment was 5.6%, double the average annual increase from 1990 to 2022.¹ Renters entering into a new lease experienced the largest increase in rent, with the average rent growth for two-bedroom apartments that turned over to a new tenant in 2022 at 18.3%, significantly higher than the growth for units without tenant turnover (2.9%).²

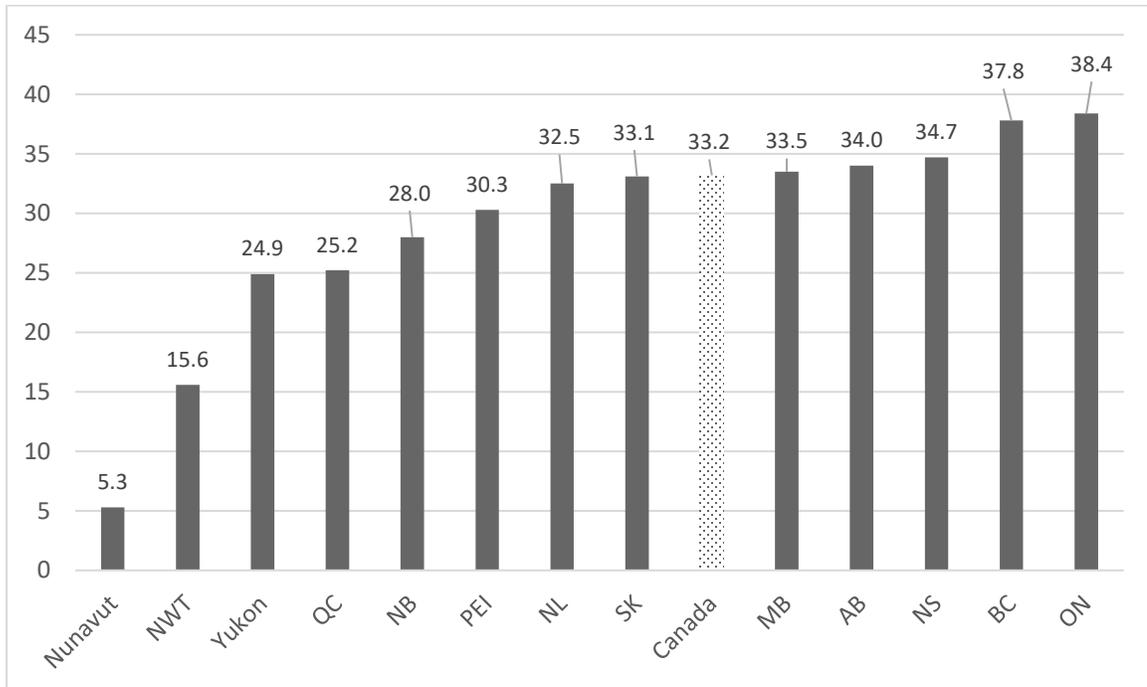
Increasing rental costs for tenants are resulting in more households in Canada living in unaffordable housing—that is, spending 30% or more of their gross income on shelter costs—with 33.2% of tenant households living in unaffordable housing in 2021.³ This ranged across the country, with renters in Ontario (38.4%) and British Columbia (37.8%) having proportionately the most tenant households living in unaffordable housing (see Figure 1 for the rate of rental housing unaffordability across the country). Rents relative to income also vary depending on where one lives in a province; renters living in a downtown core are more likely to be spending more than 30% of their income on housing costs when compared to all renters.⁴ For example, about half of renters in the downtowns of Kingston, Barrie and Peterborough (all Ontario) and Halifax, Nova Scotia, lived in unaffordable housing in 2021.⁵ Finally, Indigenous households also face unaffordable housing; in 2016, almost 40% of Non-Status and Status First Nations renter

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- 1 The average rent increase measures the increase across a 12-month period, ending October 2022. See Canada Mortgage and Housing Corporation (CMHC), [Rental Market Report](#), January 2023, Figure 3.
 - 2 CMHC, [Rental Market Report](#), January 2023, p. 9.
 - 3 This includes households in the provinces, non-farm, not on reserve, private dwellings. Statistics Canada, [“Census Profile, 2021 Census of Population,”](#) Database, accessed 4 July 2023.
 - 4 Statistics Canada, [To buy or to rent: The housing market continues to be reshaped by several factors as Canadians search for an affordable place to call home](#), 21 September 2022.
 - 5 Ibid.



households living off reserve lived in unaffordable housing,⁶ as did about 35% of Métis renters and 20% of Inuit renters.⁷

Figure 1 — Percentage of tenant households spending 30% or more of their income on shelter costs, 2021



Source: Prepared with data from: Statistics Canada, "[Census Profile, 2021 Census of Population](#)," Database, accessed 4 July 2023.

Note: While the percentage of households living in unaffordable housing in the territories is lower than the rest of the country, due in part to subsidies, other housing challenges persist. These include core housing needs, such as households living in unsuitable (does not have enough bedrooms for the number of people), or inadequate (in need of major repairs) housing. For additional information on housing challenges in the North, see House of Commons, Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, [Indigenous Housing: The Direction Home](#), Fifth report, May 2021.

6 Jeff Randle and Zachary Thurston, [Housing Experiences in Canada: Status First Nations people in 2016](#), Housing Statistics in Canada, Statistics Canada, 15 August 2022; Jeff Randle and Zachary Thurston, [Housing Experiences in Canada: Non-Status First Nations people in 2016](#), Housing Statistics in Canada, Statistics Canada, 15 August 2022.

7 Jeff Randle and Zachary Thurston, [Housing Experiences in Canada: Métis in 2016](#), Housing Statistics in Canada, Statistics Canada, 15 August 2022; Zachary Thurston and Jeff Randle, [Housing Experiences in Canada: Inuit in 2016](#), Housing Statistics in Canada, Statistics Canada, 15 August 2022.

On 17 October 2022, the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA or the committee) adopted the following motion:

That pursuant to Standing Order 108(2), the committee undertake a study to examine the research reports on the financialization of housing released by the Office of the Federal Housing Advocate on September 8, 2022; that the committee examine the issue of financialization in the housing market, including corporate ownership of single family homes, rent gouging, and renovations, and the impact of ‘real estate investment trusts’ on the rental housing market, including but not limited to increased rental rates and the loss of affordable housing units, as well as the tax treatment of real estate investment trusts; that the committee hold no less than three meetings with witnesses for this study; that witnesses include, but not be limited to, researchers from the reports released through the Office of the Federal Housing Advocate and a dedicated panel to hear testimony from the Federal Housing Advocate; that the committee report its findings to the House; and that, pursuant to Standing Order 109, the government table a comprehensive response thereto.⁸

As a part of this study, the committee held four meetings between 9 May and 9 June 2023, hearing from 29 witnesses, including the Federal Housing Advocate, researchers from the reports released through the Office of the Federal Housing Advocate on the financialization of housing, advocacy groups, industry representatives and academics. It also received 41 briefs. The committee would like to thank all those who participated for their contributions to this study.

⁸ House of Commons, Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA), [Minutes of Proceedings](#), 17 October 2022.



The committee heard that financialization of housing, or the treatment of housing as a financial commodity and an asset for profit,⁹ is resulting in reduced affordability of rental housing. It heard about the increase in eviction rates, and other challenges faced by renters. It also heard that financialized landlords,¹⁰ including real estate investment trusts (REITs),¹¹ can be a part of the solution. This perspective was primarily emphasised by financialized landlords.

In this report, the committee considers financialization as one component in a multi-faceted housing system. It provides an overview of the testimony it received in relation to financialization of housing and makes recommendations directed to the Government of Canada. After presenting background information on the issue of financialization of housing and its impacts, the report summarizes key testimony relating to: increasing the amount of affordable rental housing stock in Canada; considerations for changes to the tax system; other opportunities to address affordability of rental housing; and how to better support tenants. Finally, it shares some ideas on increasing the availability of data and ways to better monitor the impacts of the changing rental housing market.

“Financialization of housing’ [is] ‘the growing dominance of financial actors in the housing sector, which is transforming the primary function of housing from a place to live into a financial asset and tool for investor profits.’”

BACKGROUND INFORMATION

This section of the report provides background on Canada’s first federal housing advocate and her reports on the financialization of housing. It also discusses the issue of financialization of housing, and its impacts on the rental housing market in Canada.

9 HUMA, *Evidence*, 9 May 2023, 1610–1615 (Marie-Josée Houle, Federal Housing Advocate, Office of the Federal Housing Advocate, Canadian Human Rights Commission).

10 Nemoy Lewis described financialized landlords to the committee as purchasing companies that are privately held, such as an asset manager, or publicly traded companies, such as a real estate investment trust (REIT), that acquire rental properties with the purpose of generating returns for shareholders or investors. This can also include asset managers, private equity firms, public pension funds and insurance companies. See HUMA, *Evidence*, 9 May 2023, 1745 (Nemoy Lewis, Assistant Professor, Toronto Metropolitan University).

11 A REIT is defined in section 122.1 of the *Income Tax Act*. Generally, it is a company that owns, operates or finances income-producing properties assets. A REIT will pool the funds of investors to undertake this activity; the investor in turn receives dividends from the REIT’s profits.

The Federal Housing Advocate

Marie-Josée Houle is Canada’s [Federal Housing Advocate](#), appointed in February 2022. Her role is to make recommendations to improve “laws, policies and programs so that they enable people and families in Canada to have access to adequate, affordable and safe housing that meets their needs.” To complete this work, she receives submissions on systemic housing issues, undertakes reviews, monitors the right to housing and reports annually to the Minister responsible for housing.¹²

On 8 September 2022, the Office of the Federal Housing Advocate released a [series of reports](#) on the financialization of housing in Canada.¹³ Each of these reports focused on an issue or group of people impacted by the financialization of housing, including: seniors, racialized people, those living in multi-family rental housing and tenants more broadly, as well as an examination of the international landscape. They also included a variety of recommendations for Canadian governments at all levels.

What is Financialization of Housing?

Martine August, author of one of the Office of the Federal Housing Advocate’s reports on financialization of housing and Associate Professor, University of Waterloo, described “financialization of housing” as “the growing dominance of financial actors in the housing sector, which is transforming the primary function of housing from a place to live into a financial asset and tool for investor profits.”¹⁴ The Federal Housing Advocate clarified that

[i]t’s not new that these buildings are privately owned. What is new is that they are now increasingly owned by large institutional investors and financial firms whose focus is making maximum returns for shareholders.¹⁵

In his brief, Steve Pomeroy, Professor at McMaster University and Executive Advisor at Canadian Housing Evidence Collaborative, explained that financialization occurs when financial markets, institutions and “financial elites” gain influence, and that Canada saw the first REITs formed in the 1990s as a result of changing tax policy; he cautioned, though, that the challenges relating to the loss of affordable housing, to be discussed

12 Canadian Human Rights Commission (CHRC), [“About Us,” Housing](#).

13 CHRC, [“Research on Financialization,” Financialization of housing](#).

14 Martine August, Office of the Federal Housing Advocate, [The Financialization of Housing in Canada: a summary report for the Office of the Federal Housing Advocate](#), June 2022, p. 3.

15 HUMA, [Evidence](#), 9 May 2023, 1615 (Houle).



throughout this report, are “associated with a much broader array of investors, most of whom would not be defined as ‘financialized landlords’ ... [and] that eliminating REITs alone would not stall or slow the erosion of lower rent properties.”¹⁶

The committee heard from the Federal Housing Advocate about her perspective on how financialization of housing has expanded and shaped the country’s housing system in the last decades. She noted that

regulatory changes enabled the creation of real estate investment trusts and allowed pension funds to invest in financial markets and instruments. These changes took place just as Canada’s federal social housing program was terminated, resulting in a steep decline in the development of new non-profit, affordable co-op and social housing. As a result of these factors, low-income and vulnerable households are finding it increasingly difficult to secure affordable, accessible and adequate rental housing in Canada.¹⁷

Impacts of Financialization of Housing

Houle told the committee that 20% to 30% of Canada’s purpose-built rental housing¹⁸ is owned by institutional investors. She discussed the harm she sees being caused by financialized housing, that it is “contributing to housing unaffordability and it’s worsening housing conditions. It is leading to evictions and displacement.”¹⁹ She explained that the trend toward financialization “is violating people’s right to adequate housing in Canada,” as defined under the [International Covenant on Economic, Social and Cultural Rights](#), signed by Canada in 1976, and enshrined in the [National Housing Strategy Act](#).²⁰

“[T]he issue of financialization alone isn’t the problem. The bigger issue ... is the erosion of affordability in the rental housing market.”

16 [Submission](#) (Steve Pomeroy), May 2023, pp. 3-4. For more information on the tax implications for REITs, see the section of this report entitled Tax Measures.

17 HUMA, [Evidence](#), 9 May 2023, 1615 (Houle).

18 Purpose-built rental housing refers to buildings that are designed and built expressly as long-term rental housing. This differs from other types of rental housing that include, but are not limited to, condominiums, converted houses, or other types of rented units.

19 HUMA, [Evidence](#), 9 May 2023, 1615 (Houle).

20 HUMA, [Evidence](#), 9 May 2023, 1615–1620 (Houle).

The researchers who worked on the [Financialization of Housing in Canada reports](#) described their perspective on the impacts of financialization, including its effects on the affordability of rental housing, eviction rates and tenant well being.

On affordability of rental housing, Martine August told the committee that financialized firms prioritize profits above other goals, such as affordability or tenant quality of life. In her view, they often use aggressive property management strategies, such as removing or displacing tenants, charging more for amenities, adding fees and raising rents, all of which reduce affordability.²¹

On eviction rates, Martine August told the committee that she found that financial firms file evictions at higher rates than other types of landlords. She noted that financialized firms “find that they can raise rents more if they have vacant units. This drives them to systematically prefer to remove and displace existing tenants in order to try to get higher rent when the unit is vacant.”²²

Relating to tenant well being and quality of life, ACORN Canada noted in its report for the Office of the Federal Housing Advocate that of the respondents to their survey, 43% of “tenants in financialized housing reported roaches or other bugs,” far more than all other tenants (22%).²³ Respondents to the survey with financialized landlords were also more likely to identify other problems in their units when compared to other tenants, including outdated appliances, unfinished repairs and temperature too hot in the summer or too cold in the winter.²⁴

Finally, researcher Jackie Brown indicated to the committee that in the case of long-term care homes, financialized companies divert “as much as they can into profits to pay their shareholders and investors” rather than re-investing profits into the home as is the case for municipal or non-profit providers. She indicated that financialized homes were more likely to have higher mortality rates in the first months of the COVID-19 pandemic, and that even with worse outcomes, due to large demand for care, “financialized companies are not forced to compete on quality of care.”²⁵ Jackie Brown summarized that the interests of investors are “uniquely at odds with the provision of quality care and decent

21 HUMA, [Evidence](#), 9 May 2023, 1730 (Martine August, Associate Professor, University of Waterloo).

22 HUMA, [Evidence](#), 9 May 2023, 1730 (August).

23 ACORN Canada, Office of the Federal Housing Advocate, [The Impact of Financialization on Tenants](#), June 2022, p. 23.

24 *Ibid.*, p. 25.

25 HUMA, [Evidence](#), 9 May 2023, 1735 (Jackie Brown, Researcher).



work.”²⁶ The committee has studied the issue of long-term care, most recently in its report on [Labour Shortages, Working Conditions and the Care Economy](#) and [The Impacts of COVID-19 on the Well-Being of Seniors](#).

The committee also heard about the benefits that financialization can bring. Krish Vadivale, Vice-President, Skyline Apartment Real Estate Investment Trust, described REITs as a “platform from which everyday Canadian investors, not necessarily the ultrawealthy, can invest in Canadian real estate to earn a return, and in so doing help support the building of housing across Canada.”²⁷ Witnesses such as Tony Irwin, President and Chief Executive Officer of the Federation of Rental-housing Providers of Ontario, and Dan Dixon, Senior Vice-President, Minto Group, argued that private investment can increase much needed housing supply.²⁸

Tim Richter, President and Chief Executive Officer, Canadian Alliance to End Homelessness, argued that the financialization of housing must be examined with a wider lens; in his view, “the issue of financialization alone isn't the problem. The bigger issue ... is the erosion of affordability in the rental housing market.”²⁹

“[I]ncreasing the supply of rental housing in general will not address the issues caused by financialization. It is increasing the supply of deeply affordable units that requires governments’ focus.”

The following report examines the issue of financialization of housing as discussed by witnesses and in briefs submitted to the committee. In doing so, it considers financialization as one component in a complex and multi-faceted housing system.

26 Ibid.

27 HUMA, [Evidence](#), 9 June 2023, 1015 (Krish Vadivale, Vice-President, Skyline Apartment Real Estate Investment Trust). See also [Submission](#) (Social Innovation Canada), 26 May 2023, p. 2 and [Submission](#) (Tsur Somerville), 30 June 2023, p. 4.

28 HUMA, [Evidence](#), 9 June 2023, 0855 (Tony Irwin, President and Chief Executive Officer, Federation of Rental-housing Providers of Ontario) and HUMA, [Evidence](#), 9 June 2023, 0900 (Dan Dixon, Senior Vice-President, Project Finance, Minto Group).

29 HUMA, [Evidence](#), 6 June 2023, 1720 (Tim Richter, President and Chief Executive Officer, Canadian Alliance to End Homelessness). See also [Submission](#) (Thomas Davideoff), 29 June 2023, p. 1.

INCREASING AFFORDABLE HOUSING SUPPLY

Throughout the study, the committee heard about the need to increase the availability of affordable rental housing. Witnesses appearing before the committee and those who submitted briefs agreed that low supply relative to demand for housing is increasing the cost of housing. Many argued that there is a link between this reduced availability of affordable housing and increased financialization of housing. In 2022, Canada Mortgage and Housing Corporation (CMHC) estimated that housing stock in Canada will increase by 2.3 million units by 2030. To restore affordability, an additional 3.5 million more units need to be created in the same time period.³⁰

In its brief, Dalhousie Legal Aid Service noted though that while there is, no doubt, a housing supply problem,

increasing the supply of rental housing in general will not address the issues caused by financialization. It is increasing the supply of deeply affordable³¹ units that requires governments' focus.³²

Below, the report discusses ideas brought forward by witnesses to increase the number of affordable housing units, including through a targeted acquisitions fund; increasing funding to create more affordable housing; and a focus on key groups that face additional challenges accessing affordable housing.

An Acquisitions Fund

A significant number of witnesses and briefs discussed the need for an acquisitions fund. Dan Dixon noted that “the most affordable housing is existing housing.”³³ The Federal Housing Advocate argued that “[o]nce affordability is lost, we can’t ever get it back,” and indicated to the committee that between 2011 and 2016, for every unit of affordable rental housing that was constructed, 15 were lost.³⁴ Discussion on this topic centred around the concern that investment firms and private companies have been purchasing existing affordable housing stock and subsequently increasing rents and reducing affordability. Witnesses argued that an acquisition fund would “enable non-profit, co-op

30 CMHC, [Housing Shortages in Canada: Solving the Affordability Crisis](#).

31 Deeply affordable housing typically refers to housing that costs 30% or less of a household’s income.

32 [Submission](#) (Dalhousie Legal Aid Service), 26 May 2023, p. 5.

33 HUMA, [Evidence](#), 9 June 2023, 0900 (Dixon).

34 HUMA, [Evidence](#), 16 May 2023, 1600, 1615 (Houle).



and land trust organizations to purchase at-risk rental buildings when they come on the market.”³⁵ This could help minimize the potential harmful impacts of financialization.

An acquisition fund was discussed by witnesses in large part as a program that would provide funding to support provincial or local governments, community and non-

“[T]he most affordable housing is existing housing.”

profit organizations and social housing providers to acquire rental housing properties with the objective of protecting the long-term affordability of these units. There were a variety of proposals regarding the way in which such a fund should be delivered. Some briefs recommended leveraging existing National Housing Strategy (NHS) programs, such as the National Housing Co-Investment Fund or the Rapid Housing Initiative, adapting them to be more flexible and include acquisition projects.³⁶ Others recommended a distinct program be developed as part of the NHS, noting that any delivery mechanism must be accompanied by guidelines that would protect the public interest; moreover, they argued that private companies should not be eligible to participate, in order to preserve the affordability of units in perpetuity.³⁷ Social Innovation Canada suggested that a large fund be provided to intermediaries who would be responsible for leveraging additional private capital and distributing the funds.³⁸ Finally, a joint brief submitted by the Aboriginal Housing Management Association, the Co-operative Housing Federation of BC and BC Non-Profit Housing Association, recommended that in creating an acquisition fund, the Government of Canada should also include measures that would encourage provincial and territorial governments to implement programs that extend additional support to non-profit and cooperative housing providers.³⁹

Taking this testimony into consideration, the committee recommends:

35 HUMA, [Evidence](#), 9 May 2023, 1750 (Tanya Burkart, Leader, ACORN Canada).

36 [Submission](#) (Alliance des corporation d’habitations abordables du territoire du Grand Montréal) 24 May 2023, p. 6; [Submission](#) (ACORN Canada), 18 May 2023, p. 2; [Submission](#) (B’nai Brith Canada), 25 May 2023, p. 3.

37 See for example [Submission](#) (Canadian Centre for Housing Rights), 26 May 2023, p. 4; [Submission](#) (Canadian Union of Public Employees [CUPE]) 26 May 2023, p. 4.

38 [Submission](#) (Social Innovation Canada), 26 May 2023, p. 5.

39 [Submission](#) (Aboriginal Housing Management Association, The Co-operative Housing Federation of BC and BC Non-Profit Housing Association), 26 May 2023, p. 3.

Recommendation 1

That the Government of Canada, as soon as possible and in partnership and cooperation with the provinces and territories, develop an acquisition fund to be made available to non-profit and cooperative housing organizations and governments to preserve and expand affordable housing stock.

Increasing Funding to Create More Affordable Housing

From most witnesses and in most briefs, the committee heard that more funds are required to support the construction of non-market and affordable housing, recognizing the need to create more than a million affordable houses in the next decade.⁴⁰ The Federal Housing Advocate indicated to the committee that “[n]ew constructions, unless they come with subsidies, will not create the affordability needed.”⁴¹ This was supported by researcher Manuel Gabarre, who described the use of housing as a financial product internationally. Based on his research, “vast social housing programs...[provide] the best indicator [for access] to housing, affordability and prosperity for all.”⁴²

There were two distinct groups of recommendations as to how more support should be delivered. The vast majority suggested that the Government of Canada provide funding to the cooperative and non-profit sector. Others suggested providing support to the private sector. The sections below describe these two groups of recommendations in more detail and examine the need for dedicated federal funding that targets specific groups of people, while recognizing the provincial and territorial jurisdiction relating to housing.

Funding for the Non-profit Sector

The 2023 Scotiabank report [Canadian Housing Affordability Hurts](#) indicated that the proportion of Canada’s housing stock that comprises subsidized rental housing or social housing—at 3.5% of the market—is among the lowest across the OECD.⁴³ Several witnesses and briefs supported the report’s recommendation to double the current number of social housing units. Doing so would bring Canada to the G7 average; this

40 [Submission](#) (ACORN Canada), 18 May 2023, p. 2.

41 HUMA, [Evidence](#), 9 May 2023, 1625 (Houle).

42 HUMA, [Evidence](#), 9 May 2023, 1740 (Manuel Gabarre, Researcher).

43 Rebekah Young, Scotiabank, [Canadian Housing Affordability Hurts](#), 18 January 2023.



increase, however, would still not address the current shortage of social housing.⁴⁴ In its brief, Interloge recommended that non-profit, affordable housing should make up 20% of the housing market, “to ensure a definitive solution to the housing crisis.”⁴⁵

The committee was told that the Government of Canada should work to increase the number of affordable units in different ways, including by:

- launching the Co-operative Housing Development Program announced in Budget 2022, which would provide loans and grants to support the creation of new co-operative housing;⁴⁶
- repositioning funds in the NHS to better support co-operative, non-profit and social housing,⁴⁷ and implementing an NHS action plan with a focus on the right to adequate housing;⁴⁸
- adjusting NHS funding so that it comes primarily in the form of grants or contributions, rather than loans, to increase the levels of affordability for units created;⁴⁹ and
- increasing collaboration with provinces to share the costs of achieving greater affordability.⁵⁰

Supporting the Private Sector

Some witnesses argued for leveraging the work of private housing developers, including REITs, to increase the quantity of housing supply. Many noted that the sheer volume of housing required cannot be fulfilled by the public and non-profit sectors alone and investors of every kind, including small investors, REITs and corporations of all sizes,

44 [Submission](#) (Co-operative Housing Federation of Canada), 26 May 2023, p. 5; HUMA, [Evidence](#), 6 June 2023, 1605 (Ray Sullivan, Executive Director, Canadian Housing and Renewal Association).

45 [Submission](#) (Interloge), 13 June 2023, p. 7.

46 [Submission](#) (Co-operative Housing Federation of Canada), 26 May 2023, p. 5.

47 HUMA, [Evidence](#), 16 May 2023, 1635 (August).

48 [Submission](#) (National Pensioners Federation), 26 May 2023, p. 4.

49 HUMA, [Evidence](#), 9 June 2023, 0920 (Steve Pomeroy, Professor, McMaster University and Executive Advisor, Canadian Housing Evidence Collaborative).

50 Ibid.

need to play a role.⁵¹ Dan Dixon provided an example to the committee of a private developer who is building affordable housing in Toronto, Ontario. He explained that by leveraging CMHC’s [Rental Construction Financial Initiative](#) (RCFI) and the City of Toronto’s [Open Door Affordable Housing Program](#), they are constructing 100 affordable units, at 25% of local median household income, and 125 units at 30% of median household income.⁵²

Steve Pomeroy indicated that the government should encourage the private sector, and REITs in particular, to invest further in creating new rental supply.⁵³ On this point, Ray Sullivan, Executive Director of the Canadian Housing and Renewal Association, reminded the committee that the RCFI of the National Housing Strategy, is one such program that provides lower-cost loans to encourage the construction of sustainable rental apartments. He recommended that programs in the NHS be strengthened to continue to support “modest levels of affordability.”⁵⁴ Martine August also supported the possibility of federal funding flowing to the private sector to build affordable housing, with the caveat that any such housing be “affordable in perpetuity.”⁵⁵ In her view:

[I]t's great to support the creation of new housing, if we can be sure that it's going to be affordable. It's going to be Canadian taxpayers who are putting that money in and it should be achieving the social goals that we have for housing in this country.⁵⁶

Regardless of who receives funding, some witnesses discussed the need for better coordination with provinces and territories, which could facilitate or accelerate the creation of affordable rental units. Steve Pomeroy told the committee that in his perspective, one of the weaknesses of the NHS has been its federal focus, that the strategy does not engage the provinces as well as it could to “lever additional provincial resources to assist in attacking this [affordable housing] problem.”⁵⁷

51 HUMA, [Evidence](#), 6 June 2023, 1540 (Christian Szpilfogel, Chief Investment Officer, Aliferous); [Submission](#) (Canada Rental Housing Providers for Affordable Housing), 28 May 2023, p. 3.

52 HUMA, [Evidence](#), 9 June 2023, 0910–0915 (Dixon). See also [Submission](#) (Minto), 30 June 2023, pp. 4–5.

53 HUMA, [Evidence](#), 9 June 2023, 0910 (Pomeroy). See also [Submission](#) (Russil Wvong), 22 May 2023, p. 3.

54 HUMA, [Evidence](#), 6 June 2023, 1605 (Sullivan).

55 HUMA, [Evidence](#), 16 May 2023, 1635 (August).

56 Ibid.

57 HUMA, [Evidence](#), 9 June 2023, 0930 (Pomeroy).



Housing as a Right

Some witnesses and briefs said explicitly that government funding to the private sector should be limited or eliminated. These arguments centred around the fact that Canada has recognized housing as a right. In particular, the committee heard from some witnesses that financialization is associated with violations of the right to housing. As noted by Jean-Claude Laporte, Community Organizer, Comité logement Rosemont,

the aim of the financialization of housing is to make investments to make money. This runs counter to the right to housing. The government has a duty to discourage such dubious practices and, above all, to put obstacles in the way of the people who engage in them.⁵⁸

A variety of suggestions were received, such as:

- eliminating all NHS funding to for-profit providers;⁵⁹
- putting “a hard limit on the number of units” a corporate landlord or REIT can purchase or own;⁶⁰
- limiting “CMHC preferred financing to borrowers who can guarantee affordable rents, zero displacement, and eviction prevention measures;”⁶¹
- eliminating CMHC mortgage insurance to financialized investors;⁶²
- putting conditions on funding that “the Government of Canada should either retain a property interest in the real estate or organizations should be prohibited from selling it to be used for other purposes;”⁶³ and

58 HUMA, [Evidence](#), 9 June 2023, 1000 (Jean-Claude Laporte, Community Organizer, Comité logement Rosemont).

59 [Submission](#) (Anne Landry), 26 May 2023, p. 3.

60 HUMA, [Evidence](#), 16 May 2023, 1645 (Burkart). See also [Submission](#) (Ian Robertson), p. 1; [Submission](#) (West Broadway Community Organization), p. 2.

61 Martine August, Office of the Federal Housing Advocate, [The Financialization of Housing in Canada: a summary report for the Office of the Federal Housing Advocate](#), June 2022, p. 8.

62 Ibid.

63 [Submission](#) (Ontario Nonprofit Network), June 2023, p. 4.

- working “with private lenders on a risk assessment framework that allows lenders to more realistically assess the stability that comes with treating housing as a human right.”⁶⁴

Dedicated Funding for Certain Groups

The Federal Housing Advocate shared with the committee her view that financialization is causing most harm to people in vulnerable situations, including Indigenous peoples, seniors, persons with disabilities, members of Black communities, recent immigrants and refugees and lone-parent families.⁶⁵ The committee heard that people who are living with low income are not likely to be able to afford to live in market housing.⁶⁶ Briefs submitted to the committee indicated additional support is needed for particular groups who face the greatest need for access to affordable housing:

- Dedicated funding for construction and maintenance of shelters serving women and their children fleeing gender-based violence. Since these kinds of shelters need to consider safety and confidentiality, the per-unit costs may be higher than other types of housing.⁶⁷
- Dedicated funding for buildings that meet accessibility criteria for persons with disabilities. Briefs to the committee stressed that building accessible housing is of particular importance because persons with disabilities are more likely to live in inadequate housing. In addition, persons with disabilities are more likely to need housing located near essential services, such as public transport and community organizations.⁶⁸
- Additional funding for the Urban, Rural and Northern Indigenous Housing Strategy. The committee is aware of the \$300 million investment from

64 Ibid.

65 HUMA, [Evidence](#), 9 May 2023, 1620 (Houle).

66 HUMA, [Evidence](#), 6 June 2023, 1745 (Richter); [Submission](#) (The Open Door Montreal), 13 June 2023, p. 5.

67 HUMA, [Evidence](#), 6 June 2023, 1715 (Gaëlle Fedida, Coordinator, Alliance des maisons d’hébergement de 2^e étape pour femmes et enfants victimes de violence conjugale); [Submission](#) (Canadian Center for Women’s Empowerment), 19 May 2023, p. 5.

68 [Submission](#) (DisAbleD Women’s Network Canada), 26 May 2023, p. 10; [Submission](#) (Wavefront Centre for Communication Accessibility), 26 May 2023, p. 4; [Submission](#) (National Pensioners Federation), 26 May 2023, p. 5.



Budget 2022,⁶⁹ and the additional commitment of \$4 billion from Budget 2023 to implement this strategy.⁷⁰

- Dedicated funding for housing industry organizations owned and led by racialized people.⁷¹

With these considerations in mind, the committee recommends:

Recommendation 2

That the Canada Mortgage and Housing Corporation work with provincial and territorial partners to increase the amount of capital funding available to non-profit and public housing providers, with the goal of boosting the affordable housing supply as quickly as possible.

Recommendation 3

That the Canada Mortgage and Housing Corporation increase requirements relating to the level and duration of affordability for funding delivered through National Housing Strategy programs.

Other Solutions to Increase Affordable Housing Supply

Other options beyond increasing federal funding were suggested to support housing providers in creating more affordable housing. These are outlined in the following paragraphs.

Supports for Housing Providers

The committee heard from multiple industry representatives about some specific changes that could be implemented to support the development of new affordable rental housing. Additional supports are discussed in the section of this report entitled Tax Measures.

69 Government of Canada, [A Plan to Grow Our Economy and Make Life More Affordable](#), Budget 2022.

70 Government of Canada, [A Made-in-Canada Plan](#), Budget 2023.

71 [Submission](#) (Creative Planning Financial Group), p. 1.

One recommendation was to continue to provide federal land at no cost to develop new rental units.⁷² Currently, the [Federal Lands Initiative](#) supports the transfer of surplus federal lands and buildings at a reduced or no cost to be developed or renovated for use as affordable housing.⁷³ CMHC indicates that as of June 2023, it has committed \$120 million to support the creation of 3,940 units through this program, of which 1,720 will be affordable.⁷⁴

Another recommendation was to further reduce CMHC interest rates for organizations building new housing. Krish Vadivale indicated to the committee that current interest rate increases will likely “stall the development of new housing,” because higher rates make housing projects more expensive.⁷⁵ Michael Brooks, Chief Executive Officer of Real Property Association of Canada, told the committee that savings through lower interest rates could make more projects financially viable.⁷⁶

Previous incentive programs from the 1970s and 1980s were also recommended to the committee. Such programs encouraged the construction of rental housing units and “temporarily propped up the viability of rental investment.”⁷⁷ These included the Multiple Unit Residential Buildings program, a tax measure that allowed capital cost allowance⁷⁸ to be deducted against income, to encourage investment in rental housing; the Assisted Rental Program, a subsidy program providing grants per unit upon condition of affordability; and the Canada Rental Supply Plan, to provide interest-free mortgage loans to builders for new construction.⁷⁹

The committee also heard about improving builders’ access to funding through CMHC’s multi-unit mortgage loan insurance (MLI) program, which provides reduced insurance premiums and longer amortization periods for builders meeting affordability, energy efficiency or accessibility criteria.⁸⁰ One witness criticized the rate increase that was

72 HUMA, [Evidence](#), 6 June 2023, 1600 (Michael Brooks, Chief Executive Officer, Real Property Association of Canada).

73 CMHC, [Federal Lands Initiative](#).

74 CMHC, [Progress on the National Housing Strategy](#), June 2023. The Federal Lands Initiative program describes affordable as at least 30% of units to be less than 80% of market rent for a minimum of 25 years.

75 HUMA, [Evidence](#), 9 June 2023, 1040 (Vadivale).

76 HUMA, [Evidence](#), 6 June 2023, 1655 (Brooks).

77 [Submission](#) (Steve Pomeroy), May 2023, p. 5.

78 Capital cost allowance is a federal tax deduction that can be claimed on depreciable assets. Government of Canada, [Claiming capital cost allowance \(CCA\)](#).

79 CMHC, [Assessment Report Evaluation of Federal Rental Housing Programs](#), July 1988, pp. 18, 24 and 27.

80 CMHC, [MLI Select](#).



implemented in June 2023 for multi-unit properties.⁸¹ Others argued that the criteria for meeting the affordability component of the program are set too high.⁸² The multi-unit MLI Select program requires a minimum of 40% of units to have rent levels at 30% of the local median renter income for 10 years for existing properties; for new construction projects, a minimum of 10% of units must have rent levels at 30% of the local median renter income for 10 years.⁸³

Finally, a recommendation was provided to the committee to create an industry advisory council, which would work with the government to provide feedback and advice on the challenges of the rental housing sector. This council could address some of the concerns relating to the impacts of REITs and other private companies on the housing system by providing a better understanding of issues through sharing reports and studies, and broaden the “government’s network and direct reach to Canadians” who could benefit the most from various initiatives.⁸⁴

TAX MEASURES

Throughout the study, witnesses shared with the committee their different perspectives on possible federal tax measures to address the problem of financialization and to increase the supply of affordable housing. Some argued that additional tax measures should be implemented to curb the financialization of housing, while others cautioned that the impacts of such measures might decrease the availability of new housing. The committee is aware that the federal government has committed to review the tax treatment of REITs,⁸⁵ and that it committed, in Budget 2022, to conduct “a federal review of housing as an asset class, in order to better understand the role of large corporate players in the market and the impact on Canadian renters and homeowners,” including an examination of “potential changes to the tax treatment of large corporate players that invest in residential real estate.”⁸⁶

81 HUMA, [Evidence](#), 9 June 2023, 0935 (Irwin). CMHC indicated on its website that it is increasing these rates as a result of an annual pricing review, see CMHC, [Notice: CMHC to increase Multi-Unit Mortgage Loan Insurance Premiums](#).

82 HUMA, [Evidence](#), 9 June 2023, 0940 (Dixon); HUMA, [Evidence](#), 9 June 2023, 1015 (Vadivale).

83 CMHC, [MLI Select](#).

84 [Submission](#) (REALPAC), May 2023, p. 7; HUMA, [Evidence](#), 6 June 2023, 1545 (Brooks).

85 Prime Minister of Canada, Justin Trudeau, [Deputy Prime Minister and Minister of Finance Mandate Letter](#), 16 December 2021.

86 Government of Canada, [A Plan to Grow Our Economy and Make Life More Affordable](#), Budget 2022, p. 47.

Measures to Disincentivize Financialization

To mitigate the impacts of financialization in the rental housing market, some witnesses recommended ending what they referred to as “preferential tax treatment” of REITs.⁸⁷ In Canada, though REITs are structured in a similar manner to other income trusts, they are exempted from the taxation rules that apply to most income trusts.⁸⁸ Instead, REITs are taxed like mutual funds, and are allowed to flow their income to shareholders, and pay taxes only on the undistributed portion of their income.⁸⁹ The House of Commons Standing Committee on Finance noted in its report [*Taxing Income Trusts: Reconcilable or Irreconcilable Differences?*](#) that in Canada, REIT taxation was established in such a manner in order to be consistent with the taxation of REITs in other jurisdictions that are comparable to Canada.

In support of removing the distinct treatment of REITs in the tax system, Martine August stated:

I think there's no social justification for providing tax breaks to real estate investment trusts in housing. These firms are making their money by making housing less affordable and affecting security of tenure, things that are running counter to the right to adequate housing. It makes a lot of sense to tax them like other corporations.⁹⁰

Leilani Farha, the former UN Special Rapporteur on the Right to Adequate Housing, drew attention to the Office of the Parliamentary Budget Officer’s estimate that subjecting REITs to the standard corporate tax rate could generate an additional \$285.8 million in tax revenue over four years.⁹¹ Martine August suggested that the money earned from ending the preferential tax treatment of REITs could be put towards housing-related goals.⁹² The non-governmental organization Social Innovation Canada noted that a REIT should only be allowed to continue receiving preferential tax treatment if at least 10% of

87 See, for example, [Submission](#) (Social Innovation Canada), 26 May 2023, p. 4; [Submission](#) (CUPE), 26 May 2023, p. 3; HUMA, [Evidence](#), 16 May 2023, 1645 (August).

88 In particular, the specified investment flow through trust rules in sections 122 and 122.1 of the *Income Tax Act*.

89 Office of the Parliamentary Budget Officer, [Cost of removing the tax exemptions for Real Estate Investment Trusts](#), 3 April 2023.

90 HUMA, [Evidence](#), 16 May 2023, 1645 (August).

91 [Submission](#) (The Shift), 23 May 2023, p. 2.

92 HUMA, [Evidence](#), 16 May 2023, 1645 (August).



their units are created as affordable units, or if its beneficiaries are non-profits, co-ops or land trusts.⁹³

Other tax measures suggested to the committee to disincentivize financialized housing included:

- “limiting the number of units that a corporation can own through heavy taxation for ownership of over a certain number of units”;⁹⁴
- making purchasing existing rental housing less economically attractive by “[taxing] the purchases of rental housing by private investors above a certain number of units to target large-scale purchases or to [tax] the profits from those purchases”;⁹⁵
- implementing an anti-flipping tax on residential properties;⁹⁶ and
- implementing a gains surtax for rental owners following a quick sale (sale within two years or less).⁹⁷

At the same time, several witnesses spoke to the risks of taking such measures. Christian Szpilfogel, Chief Investment Officer at Aliferous, predicted a “flight of capital” if tax rules are changed in a way that is detrimental to developers.⁹⁸ Similarly, Tony Irwin warned that tightening tax measures “would only disincentivize and drive investment to other jurisdictions or other countries.”⁹⁹ Finally, in a jointly submitted brief, the Canadian Federation of Apartment Associations and the Federation of Rental-housing Providers of Ontario argued that

93 [Submission](#) (Social Innovation Canada), 26 May 2023, p. 4.

94 [Submission](#) (Advocacy Centre for Tenants Ontario), p. 4.

95 HUMA, [Evidence](#), 6 June 2023, 1720 (Richter).

96 [Submission](#) (Advocacy Centre for Tenants Ontario), p. 4. The committee is aware of the Residential Property Flipping Rule that took effect 1 January 2023 to deem disposition of residential property owned less than 12 months as business income and to tax it as such. See Government of Canada, [Residential Property Flipping Rule](#).

97 [Submission](#) (Comité Logement Rosemont), 18 May 2023, p. 4.

98 HUMA, [Evidence](#), 6 June 2023, 1540 (Szpilfogel).

99 HUMA, [Evidence](#), 9 June 2023, 0905 (Irwin).

[a]dding new taxes, or changing the tax system to discourage certain investment in rental housing, risks reducing the total investment in rental housing, thereby making the rental housing supply problem worse.

That suggests that individual investors, REITs and corporations should all be encouraged to provide more rental housing, rather than facing more or higher taxes and restrictions, which tend to discourage entry into any market, and thus tend to decrease the amount of rental housing supply from what it would be with the current rules.¹⁰⁰

Measures to Incentivize Investment in Affordable Housing

The committee also heard about tax measures that could further incentivize the creation of affordable housing. For example, in briefs submitted to the committee, both B’Nai Brith Canada and the Canadian Housing and Renewal Association recommended that the government devise “an Affordable Housing Investment Tax Credit to incentivize private sector investment in affordable housing projects, while maintaining non-profit and municipal management.”¹⁰¹

Witnesses made recommendations pertaining to capital cost allowance. For example, Tim Richter identified an accelerated capital cost allowance as a measure that would create an economic incentive to build.¹⁰² In its brief, the Canadian Home Builders Association recommended the deferral of recaptured capital cost allowance, which can occur in cases where the proceeds from the sale of a depreciable rental property exceeds a certain threshold.¹⁰³

Witnesses also identified a low-income housing tax credit as a measure that could promote housing construction.¹⁰⁴ Michael Brooks highlighted the Low-Income Housing

100 [Submission](#) (Canadian Federation of Apartment Associations and Federation of Rental-housing Providers of Ontario), 24 May 2023, p. 8.

101 [Submission](#) (B’nai Brith Canada), 25 May 2023, p. 2; [Submission](#) (Canadian Housing and Renewal Association), p. 6.

102 HUMA, [Evidence](#), 6 June 2023, 1720 (Richter).

103 [Submission](#) (Canadian Home Builders Association), p. 4. See Government of Canada, [Line 9947—Recaptured capital cost allowance](#).

104 HUMA, [Evidence](#), 6 June 2023, 1720 (Richter); HUMA, [Evidence](#), 6 June 2023, 1545 (Brooks).



Tax Credit program in the United States, noting that such a measure could help secure new construction of housing “through a sustainable and competitive funding model.”¹⁰⁵

A brief jointly submitted by the Aboriginal Housing Management Association, the Co-operative Housing Federation of BC and BC Non-Profit Housing Association raised challenges facing non-profit and co-operative housing providers in particular, noting provincial and municipal fees and taxes, and highlighted a potential federal role:

Given that many of these financial obligations represent a significant portion of municipalities’ revenue structure, the federal government could play a very important role in bridging the gap between both sides through tax exemptions, rebates, and grants.¹⁰⁶

The brief recommended that “that the federal government [co-develop] with the provinces and territories a refreshed approach to taxation and governmental revenue generation that prioritizes non-profit and coop housing providers,” noting that this would “not only encourage the construction of more social and affordable housing, but also discourage profit-maximizing behaviours that lead financialized landlords to put tenants at risk.”¹⁰⁷

Other recommendations for tax measures that could result in more housing supply included:

- amending the *Income Tax Act* to “incentivize the donation of real estate assets for affordable housing;”¹⁰⁸
- charging no capital gains tax or Good and Services Tax/Harmonized Sales Tax (GST/HST) on development costs, and potentially also operating costs, for purpose-built rental housing; or alternatively, deferring collection of capital gains tax or GST/HST until the sale of the building;¹⁰⁹

105 HUMA, *Evidence*, 6 June 2023, 1545 (Brooks). The Low-Income Housing Tax Credit program awards developers that reserve a certain portion of units for low-income households federal tax credits in order to offset development costs. See Congressional Research Service, *An Introduction to the Low-Income Housing Tax Credit*, 26 April 2023, p. 2.

106 *Submission* (Aboriginal Housing Management Association, The Co-operative Housing Federation of BC and BC Non-Profit Housing Association), 26 May 2023, p. 4.

107 Ibid.

108 *Submission* (Social Innovation Canada), 26 May 2023, p. 4.

109 *Submission* (Canadian Home Builders Association), p. 4.

- exempting new capital investments in affordable non-profit housing from GST;¹¹⁰ and
- “[introducing] a ‘Rental Retention Vendor Tax Credit’ for private owners selling to not-for-profit groups and reinvesting in new purpose-built rental.”¹¹¹

The committee recognizes the varying perspectives on this issue, and taking all this testimony into account, it recommends:

Recommendation 4

That the Government of Canada examine the social and economic costs and benefits of the current tax treatment of Real Estate Investment Trusts (REITs) and assess the option of taxing REITs like other corporations, including the potential impact on the supply of affordable rental housing, as well as rental housing as a whole. That it design tax treatment options to ensure it encourages creating new affordable housing units.

Recommendation 5

That the Government of Canada implement tax measures to incentivize private sector and non-profit investment in the construction of affordable rental housing, including through tools such as, but not limited to, tax credits, tax exemptions or deferrals.

SUPPORTING TENANTS

A topic of discussion throughout the study was the need to better support renters. Many briefs submitted to the committee highlighted the treatment of tenants and, in particular, those living in housing owned by financialized landlords. Tanya Burkart, Leader, ACORN Canada stated in her testimony,

[t]enants are living with bedbugs, cockroaches, mould and more. It is nearly impossible to get issues fixed. There is a huge staff turnover. Tenants feel helpless against wealthy corporate landlords who can afford legal representatives at formal hearings. As one tenant says, “It’s an unfair fight.”¹¹²

110 [Submission](#) (Alliance des corporation d’habitations abordables du territoire du Grand Montréal), 24 May 2023, p. 6; [Submission](#) (Interloge), 13 June 2023, p. 8.

111 [Submission](#) (Canadian Home Builders Association), p. 4.

112 HUMA, [Evidence](#), 9 May 2023, 1750 (Burkart).



This section highlights some opportunities brought forward to the committee in relation to supporting tenants; however, the committee recognizes that many of these suggestions fall outside the federal jurisdiction. A large number of briefs and much testimony argued in favour of stronger protections for tenants, given Canada’s commitment to recognizing housing as a human right, including under the NHS.¹¹³ Options presented to the committee to address tenant protections included preventing evictions, implementing rent control and delivering a housing benefit for renters. These issues are discussed in more detail below.

Evictions

In 2021, 7% of Canadians who responded to a Statistics Canada Canadian Housing Survey reported being evicted in the past; the top reasons reported for being evicted included: sale of the property by the landlord (37%); the landlord wanting the unit for their own use (26%); a conflict with the landlord (13%), demolition, conversion or major repairs by the landlord (10%); and being behind on rent payments (8%).¹¹⁴

The reports from the Federal Housing Advocate argued that one of the main outcomes of increased financialization is increased eviction,¹¹⁵ and in particular “renoviction.” Renoviction is a term that is used to describe an eviction that is carried out to renovate or repair a rental unit.¹¹⁶ Leilani Farha indicated in a brief to the committee that tenants in financialized housing face insecure tenure due to frequent evictions, and that these landlords engage in renovictions.¹¹⁷ Nemoy Lewis, Assistant Professor, Toronto Metropolitan University, described to the committee his work to examine evictions in Toronto between 2018 and 2021, which found that evictions occurred more frequently in communities of predominantly low-income and Black Canadian households.¹¹⁸

However, industry representatives told the committee that the majority of evictions take place in the secondary market,¹¹⁹ rather than in purpose-built rental buildings.

113 [Submission](#) (CUPE), 26 May 2023, p. 4; [Submission](#) (Rexdale Community Legal Clinic), p. 4.

114 Statistics Canada, [Evictions in Canada, 2021](#), 21 July 2022.

115 In Canada, regulation of evictions falls under the responsibility of provinces.

116 Government of British Columbia, [“Renovictions,” Housing and tenancy](#).

117 [Submission](#) (The Shift), 23 May 2023, p. 5.

118 HUMA, [Evidence](#), 9 May 2023, 1745–1750 (Lewis).

119 As explained by John Dickie, President, Canadian Federation of Apartment Associations, the secondary rental market includes units such as single-family homes, duplexes, accessory apartments, and condominiums. See HUMA, [Evidence](#), 6 June 2023, 1725 (John Dickie, President, Canadian Federation of Apartment Associations); [Submission](#) (Canadian Federation of Apartment Associations), 28 June 2023, p. 2.

John Dickie, President, Canadian Federation of Apartment Associations, indicated to the committee that from his perspective, “the vast bulk of evictions are not for major repairs.”¹²⁰ One example of a program to prevent evictions was provided by Krish Vadivale, who told the committee about a Skyline Apartment REIT program created to provide rent relief to tenants who cannot pay their rent, describing how this program “saved over 200 tenancies” in 2022.¹²¹

A number of briefs submitted to the committee suggested that federal funding through the NHS, to housing providers and governments alike, should be tied to a no-displacement guarantee.¹²² The committee also heard that the government should encourage provinces and territories to develop stronger tenant protections to prevent renoevictions as part of its housing investments.¹²³ As part of the NHS, the federal government has agreements with each province and territory to deliver cost-matched funds, following the multilateral Housing Partnership Framework.¹²⁴

As a result of this testimony, the committee makes the following recommendation:

Recommendation 6

That the Government of Canada immediately investigate providing tenant support resources to municipalities, provinces and non-profit tenant support stakeholders to address eviction and affordability matters for those residing in private market rental housing.

120 HUMA, [Evidence](#), 6 June 2023, 1735 (Dickie).

121 HUMA, [Evidence](#), 9 June 2023, 1005 (Vadivale).

122 [Submission](#) (ACORN Canada), 18 May 2023, p. 2; [Submission](#) (DisAbled Women’s Network Canada), 26 May 2023, p. 10.

123 HUMA, [Evidence](#), 6 June 2023, 1720 (Richter).

124 CMHC, [Federal/Provincial/Territorial housing agreements](#).



Rent Control

On the subject of rent control, the committee heard divided testimony. From the perspective of tenants, many briefs argued the importance of rent control to protect tenant rights and ensure housing affordability. Many contended that greater rent control would curb the financialization of housing, by minimizing or eliminating the financial incentives for landlords. Martine August told the committee that research indicated that provinces with stronger rent controls in place had proportionately lower levels of REIT ownership. She indicated to the committee that “rent control can play a role in reducing the financialization of housing or, indeed, can play a role in preventing firms from wanting to acquire properties in those jurisdictions.”¹²⁵

“Policies that further restrict capital investment in a sector grappling with a significant supply shortage will only make matters worse.”

While rent control does not fall within federal jurisdiction, some had recommendations as to how the federal government could play a role. For example:

- CMHC could establish conditions on its mortgage insurance that would limit investors’ ability to impose rent increases for lower-rent properties;¹²⁶
- as was done in Canada in the 1970s, the provinces and territories could be asked to implement rent control and limit above-guideline rent increases for a defined period of time;¹²⁷ and
- the federal government could work with provinces and territories to abolish vacancy decontrol (having no limit on rent increases charged to the next tenant when a tenant vacates a unit), which some argue incentivizes eviction and leads to rent increases.¹²⁸

125 HUMA, *Evidence*, 16 May 2023, 1620 (August).

126 *Submission* (Steve Pomeroy), May 2023, p. 11.

127 *Ibid.*; *Submission* (ACORN Canada), 18 May 2023, p. 2.

128 *Submission* (Rexdale Community Legal Clinic), p. 2; *Submission* (Parkdale Neighbourhood Land Trust and Neighbourhood Land Trust), September 2022, p. 13.

However, some witnesses cautioned against implementing rent control practices. Industry representatives noted that the costs to maintain properties and make improvements, things that would preserve the quality of rental housing stock, continues to rise.¹²⁹ Without the ability for investors to make returns on their investments, industry representatives argued, rent control would result in exacerbating the problem, that is, would limit the supply of new rental housing and, in addition, result in rental stock that decreases in quality over time.¹³⁰ As Tony Irwin told the committee, “[p]olicies that further restrict capital investment in a sector grappling with a significant supply shortage will only make matters worse.”¹³¹

Other Benefits

While the primary focus of this study was on financialization of housing, several witnesses and briefs spoke to the need to provide immediate support to renters who are being disproportionately impacted by a lack of affordable rental housing supply. As Steve Pomeroy noted, “[w]hile not all renters are lower income, most low-income households are renters.”¹³²

Many briefs argued in favour of a tenant relief program. For example, some recommended expanding the Canada Housing Benefit. The Canada Housing Benefit was launched in 2020 and provides, jointly with provinces and territories, housing allowances to households in need.¹³³ In 2022, the benefit also provided a one-time payment of \$500 to certain households.¹³⁴ Briefs recommended expanding the benefit to provide better stability and temporary support for renters experiencing changes in affordability.¹³⁵

129 [Submission](#) (Canadian Federation of Apartment Associations and Federation of Rental-housing Providers of Ontario), 24 May 2023, p. 5.

130 [Submission](#) (Canadian Federation of Apartment Associations), 28 June 2023, p. 3.

131 HUMA, [Evidence](#), 9 June 2023, 0855 (Irwin).

132 [Submission](#) (Steve Pomeroy), May 2023, p. 2.

133 Government of Canada, [“Direct Support for those in Housing Need,” Making Housing More Affordable.](#)

134 This benefit was only available to people who were 15 year or older, were Canadian residents, who filed a 2021 tax return or statement of income and who paid rent in 2022 that was at least 30% of their adjusted family net income and whose adjusted family net income was \$35,000 or less, or \$20,000 or less for individuals. See Government of Canada, [One-time top-up to the Canada Housing Benefit.](#)

135 [Submission](#) (Canadian Centre for Housing Rights), 26 May 2023, p. 4; [Submission](#) (REALPAC), May 2023, p. 6; [Submission](#) (Canadian Federation of Apartment Associations), 28 June 2023, p. 5.



Additionally, the National Pensioners Federation recommended increasing federal income supports, such as Old Age Security (OAS) or Guaranteed Income Supplement (GIS), to ensure seniors have a livable income.¹³⁶ In July 2022, OAS was permanently increased by 10% for those aged 75 and over.¹³⁷ Older seniors who were eligible for OAS also received a one-time payment of \$500 in August 2021.¹³⁸ Finally, in April 2022, seniors who saw a reduction in their GIS or Allowance benefits since July 2021 due to the receipt of pandemic benefits in 2020 received a one-time grant, calculated based on their benefit loss or reduction.¹³⁹

“While not all renters are lower income, most low-income households are renters.”

Taking the above testimony into consideration, the committee recommends:

Recommendation 7

That the Government of Canada assess the current suite of federal benefits supporting low-income renters to ensure they have the income supports they need, including through the Canada Housing Benefit.

DATA AND MONITORING

Over the course of the study, the committee heard about the importance of having sufficient data to understand the extent of financialization, as well as its impacts on tenants. Witnesses highlighted a need for more data about property ownership, including beneficial ownership,¹⁴⁰ as well as a range of other metrics. The section below summarizes testimony received in this regard.

136 [Submission](#) (National Pensioners Federation), 26 May 2023, p. 6.

137 Government of Canada, [“How much you could receive,” Old Age Security](#).

138 Government of Canada, [One-time payment for older seniors](#).

139 Employment and Social Development Canada, [One-time grant for Guaranteed Income Supplement recipients who received pandemic benefits](#).

140 According to the Financial Transactions and Reports Analysis Centre of Canada, individuals who directly or indirectly own or control 25% or more of a corporation or an entity other than a corporation are considered to be “beneficial owners” who are subject to requirements under the [Proceeds of Crime \(Money Laundering\) and Terrorist Financing Act](#). Beneficial owners must be individuals; they cannot be corporations, trusts or other entities. See [Beneficial Ownership requirements](#) for more information.

Data on Property Ownership

A number of witnesses who appeared before the committee or submitted briefs pointed to a lack of transparency related to the ownership of residential properties by financialized firms and called for better mechanisms to track this information.¹⁴¹ When appearing before the committee, Martine August explained:

We don't even know the full extent [of ownership by financial firms], because it's very difficult to get the full details. A lot of the ownership is concealed by the fact that we don't have high-quality data on beneficial ownership in this country, but what we do know is that approximately 20% to 30% of multi-family rental housing, purpose built, is owned by financial firms, and that's just what we do know about. Like I said, the data is questionable.¹⁴²

The Federal Housing Advocate expanded on this issue, pointing to a direct impact on tenants: “When you’re a tenant in these buildings, you don’t know who your landlord is. They’re changing all the time, so there’s no one to hold to account and no one to complain about.” This in turn, she argued, impacts the quality of housing as well as evictions, as discussed in the sections above.¹⁴³

A solution raised by some witnesses was the creation of a dedicated registry to track property ownership.¹⁴⁴ The Federal Housing Advocate supported the idea of a national rental registry that, in addition to tracking ownership, would track evictions and the habitability and accessibility of units.¹⁴⁵ A research paper by ACORN Canada, released through the Advocate’s office in June 2022, supported the creation of apartment unit registries at the provincial level, but pointed to a federal role in “[mandating] or [incentivizing] disclosure of property ownership across all provinces.”¹⁴⁶

141 For example, see HUMA, [Evidence](#), 9 May 2023, 1615 (Houle); Martine August, [The Financialization of Multi-family rental housing in Canada](#), June 2022, p. 4; [Submission](#) (Anne Landry), 26 May 2023, p. 3; [Submission](#) (Canadian Centre for Housing Rights), 26 May 2023, p. 5; [Submission](#) (Appraisal Institute of Canada), 25 May 2023, p. 1.

142 HUMA, [Evidence](#), 16 May 2023, 1620 (August).

143 HUMA, [Evidence](#), 9 May 2023, 1645 (Houle).

144 [Submission](#) (Social Innovation Canada), 26 May 2023, p. 6; HUMA, [Evidence](#), 9 May 2023, 1650 (Houle); ACORN Canada, Office of the Federal Housing Advocate, [The Impact of Financialization on Tenants](#), June 2022, p. 47.

145 HUMA, [Evidence](#), 16 May 2023, 1650 (Houle).

146 ACORN Canada, Office of the Federal Housing Advocate, [The Impact of Financialization on Tenants](#), June 2022, p. 47.



The committee is aware that in March 2023, the federal government introduced legislation to create a publicly accessible beneficial ownership registry for federally incorporated businesses, with an aim to combat money laundering and terrorist financing.¹⁴⁷ In its written submission to the committee, the Appraisal Institute of Canada recommended that the federal government “work expediently with provinces and territories” to implement this registry, and that the registry and other real estate-related data (e.g., property and land title registries, accessible flood mapping information) be made available to professional appraisers and other real estate professionals.¹⁴⁸

“When you’re a tenant in these buildings, you don’t know who your landlord is. They’re changing all the time, so there’s no one to hold to account and no one to complain about.”

Other Data Needs

The committee heard that, beyond data on property ownership, there is a need for more data on a range of other metrics, such as the number and quality of housing units that are accessible and affordable;¹⁴⁹ as well as better data on house prices, tenure details (i.e., whether someone owns or rents their primary residence)¹⁵⁰ and evictions (including the extent to which REITs file for evictions compared to smaller landlords).¹⁵¹ In its brief, the Canadian Centre for Housing Rights argued that making more data available to the public could enhance transparency and accountability, as well as respect for and protection of tenants’ human rights.¹⁵² Witnesses made recommendations on ways to improve the collection and availability of data, including by taking a census of

147 [Bill C-42, An Act to amend the Canada Business Corporations Act and to make consequential and related amendments to other Acts](#), 44th Parliament, 1st Session. See also Brett Capwell, [Legislative Summary of Bill C-42: An Act to amend the Canada Business Corporations Act and to make consequential and related amendments to other Acts](#), Preliminary (unedited) version, Library of Parliament, 1 June 2023; and Innovation, Science and Economic Development Canada, [Government of Canada tables new legislation to create a beneficial ownership registry](#), News release, 22 March 2023.

148 [Submission](#) (Appraisal Institute of Canada), 25 May 2023, p. 1.

149 [Submission](#) (DisAbled Women’s Network Canada), 26 May 2023, p. 11.

150 Statistics Canada, [“Tenure,” Dictionary, Census of Population, 2021](#), 17 November 2021.

151 [Submission](#) (Canadian Centre for Housing Rights), 26 May 2023, p. 5.

152 Ibid.

empty, unrented housing stock,¹⁵³ and gathering data on the interaction of different actors in the housing system, to determine universally beneficial ways to reduce financialization.¹⁵⁴

The committee recognizes that more data is needed to fully understand the extent and impacts of financialization in Canada, and therefore recommends:

Recommendation 8

That the Government of Canada strengthen reporting requirements for the beneficial ownership of property, including by proceeding with the implementation of a publicly available beneficial ownership registry as soon is feasible, in partnership with the provinces and territories.

CONCLUSION

Over the course of the study, the committee received testimony relating to the challenges faced by renters resulting from the financialization of housing, including increasing shelter costs and eviction rates. It also heard from industry representatives who cautioned the committee about trying to address these perceived problems by implementing measures that may have unintended consequences.

While the proposed solutions presented to the committee were diverse, overwhelmingly HUMA members heard about the need to increase access to affordable housing for people living in low-income. The committee sees opportunities to increase the supply of affordable housing, provide better support to people in Canada who rent their homes and improve data collection and reporting.

153 [Submission](#) (Sarah Baker), p. 6.

154 [Submission](#) (Anhart community housing), May 2023, p. 6.

APPENDIX A LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [webpage for this study](#).

Organizations and Individuals	Date	Meeting
ACORN Canada Tanya Burkart, Leader Dr. Bhumika Jhamb, Research and Communications Coordinator	2023/05/09	67
As an individual Dr. Martine August, Associate Professor, School of Planning, University of Waterloo Jackie Brown, Researcher Manuel Gabarre, Researcher Dr. Nemoy Lewis, Assistant Professor, School of Urban and Regional Planning, Toronto Metropolitan University	2023/05/09	67
Canadian Human Rights Commission Marie-Josée Houle, Federal Housing Advocate, Office of the Federal Housing Advocate Dr. Emily Paradis, Senior Policy Advisor, Office of the Federal Housing Advocate	2023/05/09	67
ACORN Canada Tanya Burkart, Leader Dr. Bhumika Jhamb, Research and Communications Coordinator	2023/05/16	69

Organizations and Individuals	Date	Meeting
As an individual	2023/05/16	69
Dr. Martine August, Associate Professor, School of Planning, University of Waterloo		
Jackie Brown, Researcher		
Manuel Gabarre, Researcher		
Dr. Nemo Lewis, Assistant Professor, School of Urban and Regional Planning, Toronto Metropolitan University		
Canadian Human Rights Commission	2023/05/16	69
Marie-Josée Houle, Federal Housing Advocate, Office of the Federal Housing Advocate		
Dr. Emily Paradis, Senior Policy Advisor, Office of the Federal Housing Advocate		
Aliferous	2023/06/06	72
Christian Szpilfogel, Chief Investment Officer		
Alliance des maisons d’hébergement de 2e étape pour femmes et enfants victimes de violence conjugale	2023/06/06	72
Dr. Gaëlle Fedida, Coordinator, Political Affairs		
Mélanie Miranda, Coordinator, Housing		
Canadian Alliance to End Homelessness	2023/06/06	72
Tim Richter, President and Chief Executive Officer		
Canadian Federation of Apartment Associations	2023/06/06	72
John Dickie, President		
Canadian Housing and Renewal Association	2023/06/06	72
Ray Sullivan, Executive Director		
Real Property Association of Canada	2023/06/06	72
Michael Brooks, Chief Executive Officer		
As an individual	2023/06/09	73
Steve Pomeroy, Industry Professor, Canadian Housing Evidence Collaborative, MacMaster University		
Comité logement Rosemont	2023/06/09	73
Jean-Claude Laporte, Community Organizer		

Organizations and Individuals	Date	Meeting
Federation of Rental-Housing Providers of Ontario Tony Irwin, President and Chief Executive Officer	2023/06/09	73
Minto Group Dan Dixon, Senior Vice-President, Project Finance	2023/06/09	73
Parkdale Neighbourhood Land Trust Joshua Barndt, Executive Director	2023/06/09	73
Skyline Apartment Real Estate Investment Trust Krish Vadivale, Vice-President, Finance	2023/06/09	73

APPENDIX B LIST OF BRIEFS

The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [webpage for this study](#).

Aboriginal Housing Management Association

ACORN Canada

Advocacy Centre for Tenants Ontario

Alliance des corporations d'habitations abordables du territoire du Grand Montréal

Alliance des maisons d'hébergement de 2e étape pour femmes et enfants victimes de violence conjugale

Anhart Community Housing Society

Appraisal Institute of Canada

Baker, Sarah

B'nai Brith Canada

Canadian Center for Women's Empowerment (CCFWE)

Canadian Centre for Housing Rights

Canadian Federation of Apartment Associations

Canadian Home Builders' Association

Canadian Housing and Renewal Association

Canadian Rental Housing Providers for Affordable Housing

Canadian Union of Public Employees

Comité logement Rosemont

Comité logement Ville-Marie

Co-operative Housing Federation of British Columbia

Co-operative Housing Federation of Canada

Creative Planning Financial Group

Dalhousie Legal Aid Service

Davidoff, Thomas

DisAbled Women's Network of Canada
Federation of Rental-Housing Providers of Ontario
Interloge
Landry, Anne
Minto Group
National Pensioners Federation
Neighbourhood Land Trust
New Brunswick Non-Profit Housing Association
Ontario Nonprofit Network
Parkdale Neighbourhood Land Trust
Pomeroy, Steve
Real Property Association of Canada
Rexdale Community Legal Clinic
Robertson, Ian
Social Innovation Canada
Somerville, Tsur
The Open Door Montreal
The Shift
WaveFront Centre for Communication Accessibility
West Broadway Community Organization
Wvong, Russil

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 67, 69, 72, 73, 74, 76, 77, 78 and 80](#)) is tabled.

Respectfully submitted,

Robert Morrissey
Chair

**Dissenting Report to the
Human Resources, Skills and Social Development and the Status of Persons with Disabilities
Committee Report On The Financialization Of Housing
Conservative Party of Canada
October 17, 2023**

Introduction

Canada is in a housing crisis, not a financialization of housing crisis. We will not get out of the housing crisis, without building more homes. To build more homes we need everyone pulling in the same direction, the federal government, provincial governments, municipalities, workers, and yes, the private sector. Demonizing, taxing, and blocking private sector involvement in Canada's housing market, not only keeps us from solving Canada's housing crisis, but could actually make it worse. Smart federal housing policy incentivizes the private sector to build the housing that people need, across the housing spectrum, instead of demonizing them.

Canada's Housing Need

After 8 years of Prime Minister Justin Trudeau, Canadians are trapped in a housing crisis that the Prime Minister is responsible for creating. Here are the facts:

- House prices have doubled in Canada since 2015.¹
- Monthly mortgage costs have more than doubled to over \$3,500 per month.²
- The average rent for a two-bedroom apartment in Canada's 10 biggest cities is \$2,314, compared to \$1,171.³
- Nine out of ten young people in this country who do not own a home believe they never will.⁴
- It now takes over 60% of Canadians' income to cover the cost of owning a home.⁵

¹ Hanrahan, Laura. "Urbanized." Canadian House Prices Have Doubled since 2015: Report, 18 Feb. 2022, www.dailyhive.com/vancouver/canadian-house-prices-doubled-2015.

² CREA, Mortgagelogic News, August 2023.

³ Rentseeker.ca, August 2023.

⁴ Nazir, Shazia. "Nine out of 10 Canadians Believe They Will Never Own a Home, Survey Shows." *Thestar.Com*, 26 Apr. 2022, www.thestar.com/news/canada/2022/04/25/nine-out-of-10-canadians-believe-they-will-never-own-a-home-survey-shows.html?rf#:~:text=Canada-Nine%20out%20of%2010%20Canadians%20believe%20they,own%20a%20home%2C%20survey%20shows&text=A%20new%20survey%20shows%20as,will%20never%20own%20a%20home.

⁵ Wells, Victoria. "Housing Affordability Crisis in Canada Is Worse than Ever | Financial Post." *Canada's Housing Affordability Crisis Is Worse than Ever*, 21 Dec. 2022, www.financialpost.com/executive/executive-summary/housing-affordability-crisis-canada-worse.

- According to the OECD (2023), Canada has the largest gap between home prices and incomes among G7 nations.⁶
- Canada has the fewest number of homes per capita in the G7.⁷
- The CMHC is predicting that housing starts will decline by up to 32% this year.⁸

The Liberal record on housing has resulted in rents that have doubled, mortgage payments that have doubled, an ongoing and worsening housing supply gap, and they have no idea whether the billions spent on reducing homelessness has made any difference. That is the legacy of the Liberal's NHS.

Conservative members recognize that the National Housing Strategy NHS has been a failure, and cannot support more funding to the NHS or the CMHC when it has failed so miserably.

Investment In Canada's Housing Market

The Canada Mortgage and Housing Corporation (CMHC) says that Canada needs a total housing stock of over 22 million units by 2030.⁹ To reach 22 million units by 2030, the CMHC says we must build 3.5 million more units beyond what will be built anyhow.¹⁰ The CMHC says those 3.5 million units that are required by 2030, will require "an investment of at least \$1 trillion" to build.¹¹ The CMHC says we need "increased participation from the private sector" to meet these goals.¹²

⁶ McDonough, David. "Getting Our Houses in Order: How a Lack of Intergovernmental Policy Coordination Undermines Housing Affordability in Canada: MacDonald-Laurier Institute." *Macdonald*, 18 May 2023, www.macdonaldlaurier.ca/getting-our-houses-in-order-how-a-lack-of-intergovernmental-policy-coordination-undermines-housing-affordability-in-canada/.

⁷ Sharma, Neil. "Canada Has Lowest Housing Units per Capita in G7." *Canadianrealestatemagazine*, 14 May 2021, www.canadianrealestatemagazine.ca/news/canada-has-lowest-housing-units-per-capita-in-g7-334653.aspx.

⁸ Younglai, Rachele. "CMHC Forecasts 32-per-Cent Drop in New Home Construction Due to Inflation, Labour Shortages." *The Globe and Mail*, 27 Apr. 2023, www.theglobeandmail.com/business/article-cmhc-home-construction-inflation-labour-shortage/.

⁹ Iorwerth, Aled ab. "Achieving Housing Affordability by the next Decade." CMHC, 3 Oct. 2023, www.cmhc-schl.gc.ca/blog/2023/achieving-housing-affordability-next-decade.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

In meeting 48 of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities and their study on the National Housing Strategy, Bob Duggan, Chief Economist at the CMHC, said the following:

*The “financialization” of housing is a word we hear a lot. The reality in Canada is that about 95% of the rental market is provided by the private sector, so financialization is something that exists by design in our rental market. In an environment of a growing population and more demand for more rental units, we need more financialization in order to get more supply to meet the needs of a growing population.*¹³

Conservative members believe that the private sector is not only critical to solving the housing crisis, but essential. No government can spend their way out of the housing crisis, what they can do is incentivize the private sector to get building, and get building quickly.

Calls For Increased Partnership With The Private Sector

Tim Richter, President and Chief Executive Officer of the Canadian Alliance to End Homelessness, said this in his opening remarks during meeting number 72 of HUMA:

*If we only attack one element of the problem—actions by some of those market actors who purchase low-cost, older rental units and raise rents to generate more profit—we won't solve the affordability problem. Further, we might make it worse by pushing out desperately needed private investment. To restore affordability of rental housing, we need to create about 1.74 million units of purpose-built rental housing. Building this much rental housing would cost at least \$610 billion. Unless governments are prepared to invest that much, we need private investment.*¹⁴

Conservative members agree with Mr. Richter when he says that to build the rental housing Canadians need, we must work with the private sector, and that no government can spend their way out of the housing crisis, they need to incentivize the building of more homes.

Michael Brooks, Chief Executive Officer of the Real Property Association of Canada, said the following meeting number 72 of HUMA:

¹³ HUMA Meeting #48. <https://www.ourcommons.ca/DocumentViewer/en/44-1/HUMA/meeting-48/evidence>

¹⁴ HUMA Meeting #72. <https://www.ourcommons.ca/DocumentViewer/en/44-1/HUMA/meeting-72/evidence>

The economics of our sector continue to change every day. Nearly a third of households in Canada live in purpose-built rental accommodation. Higher housing prices alongside a growing young demographic and increased immigration—it was apparently 1.1 million people in 2022 and 2.7% of our population, the highest since 1957—have led to strong demand for rental accommodation in recent years...

With rising costs to build and rapidly rising interest rates that are nearly doubling—or even tripling—the financing costs of new projects, the new purpose-built supply is rapidly diminishing and will likely continue to do so. In places like Toronto, the cost to build apartments is approaching \$800 a square foot and, to build condos, north of \$1,200 a square foot. In both of those cases, given higher interest rates, most new developments don't pencil out...

Our sector requires capital to build and repair housing. These funds require a return on investment. Whether it's new capital for renovation or to build another building, a return on investment is required. Heavily taxing those dollars is counterproductive...¹⁵

I would say the private sector has the speed, scale and scope to solve these supply problems. We're 96% of the market. We need to be at the table with you all.

Conservative members agree that government should be working with the private sector to rapidly increase housing construction, instead of taxing them and driving capital out of Canada's housing market.

Building Affordable Housing

The housing crisis is most punishing on the most vulnerable among us. Community groups, not for profits, and other Non-Governmental Organizations, are a critical part of solving the housing crisis. Building more affordable, transitional, and social housing is critical as governments and NGOs work together to serve those who need a hand up.

To build more affordable, social, and transitional housing, we need major reforms at the CMHC. It is simply too difficult to build housing for the most vulnerable. Complicated paperwork, high interest rates, and bureaucratic delay is making it incredibly challenging to speed up the construction of desperately needed affordable and social housing stock.

Instead of demonizing housing providers who operate as a private business for the lack of affordable supply, government must be focused on lowering the cost and time to build through

¹⁵ Ibid.

reforms at the Canada Mortgage and Housing Corporation, ending inflationary deficits that drive up interest rates, and bringing in more skilled labour to Canada that will help build the homes that people need.

Conservative members support 60 day average approvals at the CMHC, linking bonuses for CMHC executives to performance metrics, and balancing the budget to lower interest rates so that we can unleash NGOs on a war-time effort to build desperately needed affordable and social housing.

Conclusion

After 8 years of Prime Minister Justin Trudeau, Canadians are trapped in a housing crisis. Young people are paying skyrocketing rents, unable to save for their first house. Mortgage payments have doubled. Canada faces a massive housing shortage, with demand at all time highs. The housing market has never been this unaffordable in Canadian history.

Conservative members believe that government efforts should be spent incentivizing the private sector to build the housing people need, and working with private builders to build the social and affordable housing that is required for the most vulnerable.

NDP Dissenting Report: HUMA Study on the Financialization of Housing

Preamble:

From coast to coast, Canadians are grappling with the impacts of the housing crisis. There has been little to no federal spending on social housing in the last three decades. The Conservative government cancelled the National Co-operative Housing program in 1992. Then in 1993, the Liberal government eliminated the National Affordable Housing Program and allowed the creation of Real Estate Investment Trusts (REITs) in 1994.¹ Thirty years of underinvestment caused the loss of over 500,000 units of social and co-op housing that would have otherwise been built. In addition, 1,030,000 rental units below \$750/month were lost between 2006 and 2021.² As a result, Canada is operating from a deficit of more than 1.5 million affordable homes.

The dream of home ownership has evaporated, and countless people are struggling to pay rent while hundreds of thousands of Canadians per year experience homelessness. There are encampments in our communities big or small. Vacancy rates are at an all-time low and rent has skyrocketed. In major cities like Toronto and Vancouver, rent for a one-bedroom has reached \$2,620 and \$2,988/month, respectively.³ With the Federal government abdicating its responsibility for social and co-op housing, the supply of housing has been largely shaped by market forces in the interests of private landlords, large institutional investors, and developers. Instead of being treated as a basic human right, homes are now primarily treated as commodities, and investment vehicles for wealthy landlords. This is what financialization entails. Bold action is needed more than ever to address Canada's housing crisis and the desperate housing needs of our friends and neighbours.

¹ Real Property Association of Canada and Goodmans LLP, [The Canadian REIT Handbook](#), November 2011, p. 5-6.

² Steve Pomeroy and Duncan MacLennan, *Rental Housing in Canada's Cities: Challenges & Responses*, April 2019, p.18. Presents figures for losses between 2006 and 2016; *Submission* (Steve Pomeroy), May 2023, p. 10. Presents figures for losses between 2016 and 2021.

³ Rentals.ca, [National Rent Report](#), September 2023.

Introduction

Following a series of reports tabled by the Federal Housing Advocate's office on the financialization of housing, the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA) studied the issue, hearing from 29 individuals and receiving 41 written briefs. The overwhelming majority indicated that financialization was hurting renters and vulnerable Canadians. A minority defended treating housing as a commodity, and they were primarily those representing financial landlords. Based on the witnesses' presentations and briefs received, the message was clear: Canadians need the Federal government to: a) ensure housing is treated as a basic human right and not a commodity; b) stop the loss of existing affordable housing; c) invest in the development of new social housing; and d) protect renters from reno/demolitions and out of control rent hikes.

Despite this, the HUMA committee has recommended little to no definitive action, choosing instead to further assess, examine and consider possible steps, while everyday people grow desperate and housing costs continue to spiral out of control. The last 30 years have demonstrated that successive Liberal and Conservative governments' market driven approach has failed Canadians. The NDP is submitting this dissenting report to emphasize the need for urgent action, and respect for housing as a basic human right. As indicated by Leilani Farha, the former UN Special Rapporteur on the Right to Adequate Housing, upholding a rights-based approach to housing as laid out in the National Housing Strategy Act requires that governments: "a) secure and **use all available resources** to ensure adequate housing for everyone in need; b) **hold private sector actors accountable** to human rights standards and outcomes; and c) ensure that any **public resources** in the area of housing (preferential tax treatment, tax waivers) **must produce human rights outcomes.**"⁴ [emphasis added]

⁴ *Submission* (The Shift), May 2023, p. 4.

Impacts of Financialization of Housing

As explained by Marie-Josée Houle, the Federal Housing Advocate (FHA) and associated experts, corporate and financial landlords aim to maximize profits by increasing rent, and cutting staff or services for tenants.⁵ These landlords will often look to buy “under-performing assets” like older low-cost rental apartments, then renovate or demolish and re-build them to justify charging higher rents.⁶ In the process, tenants are often displaced, either through formal eviction (reno-eviction or demo-eviction), or because they cannot afford to pay the rent increase. In most jurisdictions, displacing tenants allows the landlord to increase rent by limitless amounts – requiring new tenants to pay four or even five times the rate for the same unit.⁷ Dr. Martine August outlined a pattern where REIT ownership corresponds to rent controls – with higher concentrations found in areas with weak controls, and lower concentrations in regions they were stronger.⁸

Across the country, we are seeing financialized landlords aggressively pursue rent increases and displacement as a business tactic. Nationally, the FHA estimated that 20 – 30% of purpose-built rental stock is owned by financial landlords.⁹ Ms. Farha further outlines the growing power of financial landlords over key markets like Toronto and Vancouver. She estimates as of 2020 in Toronto that investors owned 1 in 5 homes, while accounting for roughly 40% of newly built home purchases and almost 100% of multi-family sales in the same year.¹⁰ In Vancouver, she estimates investors owned 23.5% of the housing supply, and 44% of all units built after 2016.¹¹ On evictions and rent

⁵ HUMA, *Evidence*, 9 May 2023, 1615 (Houle).

⁶ *Ibid.*

⁷ Manitoba and PEI are the only provinces/territories which control rent increases between tenants.

⁸ HUMA, *Evidence*, 16 May 2023, 1620 (August).

⁹ HUMA, *Evidence*, 9 May 2023, 1615 (Houle).

¹⁰ *Submission (The Shift)*, May 2023, p. 5.

¹¹ *Ibid.*

increases, she describes that “Ontario saw a 232% surge in eviction applications for renovations from 2015 to 2018, with evidence suggesting higher eviction rates among financial landlords”, and that:

Data from Toronto shows that applications for AGIs [Above Guideline Rent Increases] increased by 250% between the 2012-13 and 2019-20 fiscal years, with corporate and financialized landlords responsible for 64% of all applications during this period and 84% of all units impacted. Whilst corporate landlords typically argue they need to undertake AGIs to fund necessary renovations, many landlords requesting AGIs report significant profits, raising the question of why such costs need to be borne by already struggling tenants.¹²

Financial landlord groups like the Canadian Federation of Apartment Associations suggest ‘renoviction’ numbers remain small in both relative and absolute terms, but the above indicates this is a growing problem and the impact for affected tenants no less detrimental. Left unchecked, the situation will only worsen the current housing crisis.¹³

In addition, tenant advocacy groups like ACORN and the Advocacy Centre for Tenants Ontario (ACTO) have found the profit seeking behaviour and lack of transparency associated with institutional financial landlords have negative impacts on many established, long-term tenants. In a sample survey of 606 renters, ACORN found that respondents living under financial landlords were more likely to experience a range of problems compared to those who did not, including: maintenance issues (80% versus 67%), infestations (43% versus 22%), above guideline rent increases (19% versus ~ 5% in Ontario).¹⁴ Furthermore, over 1/3rd of respondents living under financial landlords said they felt threatened when filing a complaint.¹⁵ Similarly, ACTO highlighted that “large financialized landlords

¹² Ibid., p. 3 and 5.

¹³ *Submission* (Canadian Federation of Apartment Associations and Federation of Rental-Housing Providers of Ontario), May 2023, p. 7 – 8.

¹⁴ ACORN Canada, *The Impact of Financialization on Tenants*, June 2022, p. 6, 21, 24, 29.

¹⁵ Ibid., p. 22, 23.

have more financial and legal resources to pursue AGIs [...] than small landlords [...] The disparity in resources makes it even harder for tenants to fight back.”¹⁶

Disproportionate Impacts of Financialization on Vulnerable Groups

Several contributors outlined how financialization is directly and indirectly harming other vulnerable populations, by displacing tenants and compounding affordability challenges for those already facing systemic problems related to race, gender, or ability. On the displacement of Black tenants in the city of Toronto, Dr. Nemo Lewis found that 10% of all evictions between 2018 and 2021 occurred in majority Black dissemination areas, and that financialized landlords were responsible for 73% of them.¹⁷ The regional concentration of financialized units is also concerning in places like the Territories, where approximately 80% of all private, multi-family housing is reportedly owned by a single investor, Northview REIT – and particularly in Nunavut, where DAWN Canada estimates 37% of households are living in core housing need.¹⁸ On the financialization of seniors housing, researcher Jackie Brown estimated that 33% of seniors housing in 2020 was owned by financialized landlords, including 42% of retirement units and 22% of long-term care beds.¹⁹ Further, she found these homes consistently provided inferior care, even compared to other for-profit providers, with fewer care hours, less staffing, and higher mortality rates.²⁰

Profit maximizing behaviour and the rapidly increasing cost of rent is also a notable challenge for disabled individuals, and survivors of domestic abuse. As noted by the Canadian Centre for Women’s Empowerment, StatsCan reported that pre-pandemic, nearly 1,000 women and children were turned away from shelters in Canada *per day*, primarily due to overcapacity.²¹ Many of these

¹⁶ *Submission* (Advocacy Centre for Tenants Ontario), June 2023, p. 3.

¹⁷ HUMA, *Evidence*, 9 May 2023, 1750 (Nemo Lewis).

¹⁸ *Submission* (The Shift), May 2023, p. 5; *Submission* (Disabled Women’s Network Canada), May 2023, p. 3.

¹⁹ Jackie Brown, *The Financialization of Seniors’ Housing in Canada*, June 2022, p. 3.

²⁰ *Ibid.*, p. 4.

²¹ *Submission*, (Canadian Centre for Women’s Empowerment), May 2023, p. 3.

individuals are survivors of domestic violence who cannot access market housing due to the lingering effects of economic abuse, which left them with a low credit score, highly in debt, and without a regular income.²² Emergency housing providers in the violence against women sector, meanwhile, described a dire lack of organizational support from the current government. In their written brief, Alliance MH2 highlighted that many emergency shelter costs were not eligible under any NHS program, and called funding applications “extremely complex and cumbersome procedures, without any flexibility”.²³ Individuals living with a disability, meanwhile, may be on the hook for any additional costs needed to adapt their unit, as there are little to no requirements for landlords to implement universal design elements in their builds.²⁴ This can be especially prohibitive for individuals transitioning out of homelessness. DAWN Canada indicates, for example, that 46% of women who have experienced homelessness also report having a disability.²⁵ To quote the Association of Municipalities Ontario (AMO), the body representing 443 Ontario municipalities: “achieving an inclusive, equitable, and affordable housing sector will only be reached through the endorsement of a progressive human rights-based approach, with specific appreciation of the unique challenges faced by Black, Indigenous, racialized, and other marginalized people in accessing affordable housing.”²⁶

Actions to Curb the Financialization of Housing

If Canada is going to meaningfully address the housing crisis, it is essential that the government curb the loss of existing low-cost rental stock. Steve Pomeroy, a leading researcher, has estimated in the lead-up to the National Housing Strategy, from 2011 – 2016, that Canada lost 15

²² Ibid., p. 4.

²³ *Submission*, (Alliance MH2), June 2023, p. 2 – 3.

²⁴ *Submission*, (DisAbled Women’s Network), May 2023, p. 9.

²⁵ Ibid., p. 7.

²⁶ *Correspondence* (Association of Municipalities Ontario), June 2023, p. 2.

affordable units for every one created.²⁷ Following its introduction, from 2016 – 2021, our country has continued to lose affordable homes at more than double the rate they are being added.²⁸ To address this rapid loss and the wider problem of financialization, tenant advocacy groups, alongside major non-profits like the National Pensioners Federation have called for a moratorium on the acquisition of existing low-cost units by corporate and investor landlords.²⁹

The Committee also heard from several contributors who recommended the creation of a non-profit acquisition fund, as an immediate measure to stem the loss. This call for action received widespread support from researchers, and representatives across the non-profit and private sectors. Among others, an acquisitions fund was recommended by Mr. Pomeroy, the Canadian Housing and Renewal Association, and the Canadian Rental Housing Providers for Affordable Housing (a coalition of five publicly traded REITs).³⁰

With respect to other measures, it was pointed out by witnesses that REITs enjoy “preferential tax treatment” even though they are structured like other income trusts. They are not required to pay the standard corporate tax rate if they flow their profits through to shareholders. Dr. August stated: “[T]here's no social justification for providing tax breaks to [REITs] in housing. These firms are making their money by making housing less affordable and affecting security of tenure [...] It makes a lot of sense to tax them like other corporations.”³¹ The Parliamentary Budget Officer estimates that ending their preferential treatment would generate \$285.8 million over 2023-27, which could be re-invested in housing supports.³²

²⁷ Steve Pomeroy, [Why Canada needs a non-market rental acquisition strategy](#), May 2020. Pomeroy identifies “affordable” as units rented at \$750/month or less.

²⁸ Steve Pomeroy, [Updating analysis on erosion of lower rent stock from 2021 census](#), October 2022, p. 3.

²⁹ *Submission*, (ACORN Canada), May 2023, p. 2; *Submission*, (National Pensioners Federation), May 2023, pg. 4.

³⁰ *Submission* (Steve Pomeroy), May 2023, p. 11; *Submission* (Canadian Housing and Renewal Association), June 2023, p. 3 – 4; *Submission* (Canadian Rental Providers for Affordable Housing), May 2023, p. 6.

³¹ HUMA, *Evidence*, 16 May 2023, 1645 (August).

³² Eskandar Elmarzougui, [Cost of removing the tax exemptions for Real Estate Investment Trusts](#), April 2023, p. 3.

Vacancy control

Aside from tenants and housing advocates, in his written brief, Steve Pomeroy specifically recommends re-establishing vacancy control, noting the way realtors frequently market properties as having ‘below market rents’, ripe for greater profit extraction.³³ This was further supported by Rexdale Community Legal Clinic, and Dr. August, who supported the measure as a disincentive for financialized firms to acquire additional units in regions without rent control.³⁴ Unsurprisingly, the prospect of (re-)establishing rent controls was opposed by most industry representatives.

Investing in Deeply Affordable Housing

Social housing was also supported by contributors across the private and non-profit sectors, as a critical alternative to market housing. A 2023 Scotiabank report noted that Canada’s social housing stock is amongst the lowest across the OECD, at 3.5% of all housing nationwide.³⁵ They are calling for Canada to at least double the social housing stock of 655,000 to 1.3 million units as a “modest start” to help address the housing crisis. Major non-profit coalitions like ACHAT have argued for a bolder target – expanding social and non-profit housing stock to 20% of the overall housing market.³⁶

Housing Benefit

Tim Richter, CEO of the Canadian Alliance to End Homelessness, estimates that 531,000 – 770,000 renters were evicted from their homes between 2016 and 2021.³⁷ This does not account for the countless families who decided to move on their own, because they could not pay the bills, nor the people who were forced out through extra-legal means. Getting new, market rate homes built in 3 to 5 years will not solve their urgent need for a home they can afford. Expanded renter benefits

³³ *Submission* (Steve Pomeroy), May 2023, p. 7, 10, 11.

³⁴ HUMA, *Evidence*, 16 May 2023, 1620 (August); *Submission* (Rexdale Community Legal Clinic), p. 2.

³⁵ Rebekah Young, [Canadian Housing Affordability Hurts](#), January 2023.

³⁶ *Submission*, (Alliances Des Corporations D’Habitations Abordables Du Territoire Du Grand Montreal), May 2023, p. 5.

³⁷ HUMA, [Evidence](#), 6 June 2023, 1740 (Richter).

were championed by Mr. Richter, the Canadian Centre for Housing Rights, and REALPAC (which represents over 130 real-estate investment groups).³⁸

Transparency and Access to Justice

In addition to challenges around affordability and tenure, many contributors to the HUMA study discussed the problems with transparency under financialized landlords. Among their more stunning findings, ACORN found up to 36% of respondents could not identify who their landlord was – a problem echoed by Mrs. Houle, who testified that frequent property sales and a lack of disclosure requirements allow financial landlords to obscure their ownership.³⁹ Renters seeking accountability from these landlords are already at a disadvantage. Basic information must be transparent and accessible to all tenants.

Recommendations:

On the evidence and testimony of experts outlined above, the New Democratic Party recommends that the Government of Canada take immediate action on the following:

Recommendation 1: Develop and invest in an acquisition fund, made available to public, co-op and non-profit housing providers to preserve and expand affordable housing stock.

Recommendation 2: Put a moratorium on the purchase of low-cost rentals by financialized landlords.

Recommendation 3: Eliminate the special tax treatment for REITs by amending the federal tax code to make their taxation consistent with other income trusts.

³⁸ HUMA, [Evidence](#), 6 June 2023, 1720 and 1725 (Richter); *Submission* (Canadian Centre for Housing Rights), May 2023, p. 4 – 5; *Submission* (Real Property Association of Canada), May 2023, p. 6.

³⁹ ACORN Canada, *The Impact of Financialization on Tenants*, June 2022, p. 12; HUMA, [Evidence](#), 9 May 2023, 1645 (Houle).

Recommendation 4: Tie government funding, financing and CMHC backed insurance for private landlords to specific criteria to benefit renters such as below market rent, no-displacement guarantees, and affordability levels that remain in perpetuity.

Recommendation 5: Protect renters by working with provinces and territories to establish vacancy control measures.

Recommendation 6: Disincentivize purchasing multiple investment properties by introducing requirements for progressively larger down payments on the purchase of additional properties.

Recommendation 7: Commit to an increase in deeply affordable housing, starting with a minimum target of 2 million social housing units, and working towards a 20% share for non-market housing. Also re-establish operating subsidies to non-profit, co-op and public housing providers to enhance affordability (as done prior to the cancellation of the Co-op Program and National Affordable Housing Program in 1992 and 1993, respectively.)

Recommendation 8: Boost the affordable, non-market housing supply by providing increased grants, and below market mortgage rates to non-profit, co-op and public housing providers.

Recommendation 9: Remove barriers to funding for non-profit, co-op and public housing providers; and, where necessary, provide additional support to help NGOs navigate complex applications.

Recommendation 10: Work with other levels of government to provide funding and infrastructure necessary to increase density and housing supply.

Recommendation 11: Expand the current suite of federal benefits supporting low-income renters to ensure that they have the income supports and rent relief they need.

Recommendation 12: Work with all orders of government to provide supportive housing and wrap around services for vulnerable populations struggling to find or maintain housing, including but not limited to people with disabilities, and survivors of domestic violence.

Recommendation 13: Provide tenant support resources to the provinces/territories, municipalities and non-profits assisting tenants faced with reno/demo-evictions, rent hikes and other issues.

Recommendation 14: Create a national rent registry, in cooperation with the provinces, territories and municipalities, in order to ensure accountability and transparency.

