

Submission

The Financialization of Housing

Tabled before the

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

By

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A few basic statistics¹

As much as 69% of the Rosemont neighbourhood is made up of rental households. A third of these households pay more than 30% of their incomes for their lodging. Roughly 15% pay more than 50% of their incomes. The median income of rental households is \$38,404. Although the vacancy rate is not known for most types (the data has been deleted, according to the CMHC), data is available for vacancy rates in terms of rental range.

Vacancy rate (%) according to rental range – Montreal (CMA)

Rental range	Studio	1 bdm	2 bdm	3 or + bdm	Total
Less than \$600	1.2	0.0	-----	-----	0.4
\$600 to 749	3.5	0.8	0.3	-----	0.5
\$750 to 899	3.9	0.9	0.2	-----	0.4
\$900 to 999	-----	2.4	0.8	-----	0.7
\$1,000 or +	3.9	3.9	4.2	2.0	4.6
All ranges	2.9	2.0	2.4	1.1	1.8

The CMHC publishes annual statistics on rent increases. Although they are very useful to get an idea as to how the market is doing, these figures take into account only units occupied by renters. When we take a closer look at the cost of vacant lodgings (available for rent), we see a substantial difference in rent increases. Every year, the Regroupement des comités logement et association de locataires du Québec (RCLALQ) carries out a study comparing CMHC data with rental listings on Kijiji. Out of tens of thousands of rental units across Quebec, the cost of rental units increases by over 10%.

In addition, although CMHC data is interesting, it should be analyzed with caution. The discrepancy between rental prices compiled by the CMHC and those on Kijiji is astronomical. In 2021–2022 in Quebec, the discrepancy was 48.9%. For the Montreal CMA, it was 52.4%. For our borough, Rosemont–La-Petite-Patrie, it was 62.0%. These data all lead to the same outcome: the impoverishment of rental households.

Financialization of the market

Housing is financialized when rental units are treated as merchandise rather than a right. In this regard, the Government of Canada has signed the International Covenant on Economic, Social and Cultural Rights, recognizing the right to housing. Also, in 2019 the Government recognized housing as a right in its National Housing Strategy.

¹ Data on households is taken from Statistics Canada and a report commissioned by the Front d'action populaire en réaménagement urbain (FRAPRU), based on Census 2016. Data on rental households taken from the CMHC, fall 2022.

According to a recent study,² 12% of rental housing in Montreal belongs to financial conglomerates (real estate investment trusts, pension funds, etc.). This figure rises to 32% in some areas of the city. Imagine the situation in large cities like Toronto, Calgary or Vancouver, where speculation is even more fierce—violent, even—than in Montreal.

This financialization of housing is exploited by dubious, even illegal schemes, with renoviction³ being the most well known. In the Rosemont neighbourhood alone in 2022–2023, 9 buildings housing 90 tenants were victims of these manoeuvres. In 2021–2022, 19 buildings resorted to renoviction, affecting 168 renters. These rental units all had two things in common: they were all affordable (in the real sense of the term) and they were occupied by low- or modest-income renters.

What follows is a real example of a speculator (numbered company) that evicted tenants.

Summary:

- 1- Someone from the company introduced themselves and said that a new owner had bought the building. The owner wanted to renovate the premises and the renters needed to leave (note that when this happened, the new owner still had not signed the sales contract at the notary's office).
- 2- Then, threats and cash offers were made to get the renters to leave.
- 3- The owner still didn't have a permit for the work. It is forbidden to officially approach the renters.
- 4- The renters rallied together to defend their rights.
- 5- Pressure mounted, exerted by the new owner's henchmen.
- 6- In the end, only four or five renters were left.
- 7- Most of the renters who left have regrets, because their rent is more expensive and they live further away from services (school, daycare, etc.).

Consequences

The financialization of housing has a significant impact on the people affected: hefty rent increases, forced moves often remote from people's social fabric, excessive stress—especially for children (anxiety, poorer academic performance, etc.).

² Empirical study by Cloé St-Hilaire, Mikael Brunila and David Wachsmuth, published on February 3, 2023, entitled *High Rises and Housing Stress: A Spatial Big Data Analysis of Rental Housing Financialization*.

³ Contraction of the words renovation and eviction.

Research has shown a link between financialized owners, gentrification and movement, particularly through aggressive rent increase and eviction practices.⁴

Solutions

Although a number of solutions can be implemented at the provincial level, the federal government can nevertheless do its part. Examples:

- Discourage rental owners not to sell quickly after a sale: gains surtax following a quick sale (two years or less).
- Make it difficult for foreign speculators to buy rental housing.
- Invest massively in the development of social housing (cooperatives, housing non-profits and low-cost housing). Not to be confused with what is called affordable housing.⁵
- Ensure that all investment in housing development is dedicated exclusively to social housing.
- Any other similar measures.

Conclusion

We are aware that we have merely skimmed the surface of this topic. Although we are not experts, we know how things play out on the ground. The impact on the living conditions of rental households is disastrous.

As elected officials from across the political spectrum, you have a duty and responsibility to ensure that households caught in the jaws of financialization have the support they need from Parliament.

Organization background

The Comité logement Rosemont, located in Montreal, is a community organization that defends the rights of renters. Established over 45 years ago, it is well rooted in the community. Fighting for the right to housing is the driver behind all of its activities.

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⁴ August & Walks, [Quote2018](#); Croby, [Quote2020](#); Thérèse, [Quote2016](#).

⁵ Many people think the term “affordable housing” refers only to rental housing that is subsidized by the government. In reality, it’s a very broad term that can include housing provided by the private, public and non-profit sectors.