



ACORN Canada

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May 18, 2023

Attention: Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

Respected Members of the HUMA Committee,

ACORN Canada would like to make a written submission to the House of Commons Standing Committee Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities in regard to the study on financialization of housing.

ACORN Canada, the Association of Community Organizations for Reform Now, is a community union of low- and moderate-income people. ACORN has 160,000+ members in 24 neighbourhood chapters across 10 cities. Our central purpose is to effectively represent and champion the interests of Canada's low-and-moderate income citizens on the critical issues of social and economic justice. For more details, please visit <https://acorncanada.org/>

ACORN members are low- and moderate-income tenants who are bearing the brunt of the housing crisis, which is getting worse by the day. ACORN strongly believes that the federal government has an important role to play in fixing the situation. Not only do many provinces such as Alberta, New Brunswick and others lack any form of rent control, there is a growing phenomenon of financialized landlords that is accelerating the crisis. Financialized landlords such as Real Estate Investment Trusts, Private Equity Funds, Hedge Funds, Pension Funds etc. have acquired a massive number of Canada's affordable apartment buildings that the federal government incentivized housing developers to build in 1960s-80s. Financialized landlords systematically use the buildings to maximize profits, making housing that was built for low-and-moderate income people no longer affordable to them. Infact, financialized landlords earn huge profits through increased turnover rates. Once they acquire apartment buildings, they allow them to fall into disrepair so that they can force the long-term tenants out by using tactics like renovictions, demovictions, illegal rent increases and others.

Estimates show that we are losing affordable housing too fast. Steve Pomeroy's estimate shows that between 2011 and 2016, the number of private rental units affordable to households earning less than \$30,000 per year (rents below \$750) declined by 322,600 units — a trend that appears to be continuing. Over the same period, the Federal/Provincial Investments in Affordable Housing program together with unilateral provincial initiatives, mainly in BC and Quebec, added fewer than 20,000 new affordable units – so for every (1) one new affordable unit created, at considerable public cost, fifteen (15) existing private affordable units (rents below \$750) were lost!

The National Housing Strategy (NHS)—the key vehicle designed to create affordable housing after the recognition of housing as a human right—has a target to produce up to 160,000 new housing units.

Not only are these numbers dramatically insufficient to meet demand, but the over 118,000 new housing units built to date through the NHS are mostly unaffordable. The NHS has failed to support tenants in core housing need; 27% of renters are in core housing need, 91% of whom are facing affordability issues as per Canada Mortgage and Housing Corporation (CMHC) data.



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Issues in buildings owned by financialized landlords.

- ACORN conducted a national study which shows that tenants in financialized housing are more likely to live with pests and face unfair rent increases. Tenants with longer tenure and lower rents do not get maintenance done, decide to move, and then the landlord is rewarded with higher rents from the new tenants.
- In addition to the quantitative evidence that draws from a survey that ACORN conducted nationally, the report covers ACORN members' experiences of living in units owned by financialized landlords.
 - Tenants are living with bedbugs, cockroaches, mould and more.
 - It is nearly impossible to get issues fixed given the huge staff turnover.
 - Tenants feel helpless against wealthy corporate landlords who can afford legal representatives at formal hearings. As a tenant says, "It's an unfair fight."
 - Rent increases every year come consistently. Especially in Ontario, tenants shared getting AGIs back-to-back.
 - Tenants expressed stress and anxiety, adverse effects on themselves and their children, fear of displacement, and the inability to find adequate housing.
- Moreover, hundreds of thousands of tenants don't know who their landlord is. ACORN did a survey in which for 36% of tenants, the information about the landlord could not be identified.

ACORN's research is available here: <https://acorncanada.org/wp-content/uploads/2022/09/acorn-financialization-impacts-tenants-ofha-en-1.pdf>

Every tenant deserves an affordable and healthy home. Every tenant has the right to know who their landlord is! If urgent action is not taken, we will lose any affordable housing that's left.

Policy solutions

ACORN Canada is asking the federal government to take the following actions immediately:

- Mandate disclosure of property ownership across all provinces.
- Stop financialized/big corporate landlords from buying more affordable housing. Set limits to how much housing they can acquire like Berlin did.
- CMHC should supplement the National Housing Strategy's Co-Investment Fund with an Acquisitions Fund that would enable non-profit, co-op and land trust organizations to purchase at-risk rental buildings when they come on the market.
- Immediately plug the tax loophole in the Income Tax Act that gives massive tax exemptions to Real Estate Investment Trusts (REITs).
- Any CMHC backed financing/ federal funding to corporate landlords should be tied to a no displacement guarantee; housing targeted to people in core housing need, affordable term perpetuity; and minimum maintenance and energy efficiency standards.
- Mandate rent control across all provinces which will take away the financial incentive financialized landlords have in evicting tenants.
- Build a minimum of 1.2 million units of affordable housing in the next decade.

Yours sincerely,

Marva Burnett
President
ACORN Canada

For more details, please contact the ACORN office.
Judy Duncan - 416 996 6401, canadaacorn@acorncanada.org