



The Committee for Justice in Canada
B'NAI BRITH CANADA
Le comité pour la justice au Canada

**Submission to the Standing Committee on Human Resources, Skills and
Social Development and the Status of Persons with Disabilities for
its Study on the Financialization of Housing
May 25, 2023**

B'nai Brith Canada (“B'nai Brith”) is Canada’s oldest grassroots Jewish community organization dedicated to eradicating racism, antisemitism and hatred in all its forms, championing the rights of the marginalized, while providing basic human needs for members of the Jewish community and other communities.

INTRODUCTION

Since 1979, B'nai Brith, an independent charitable organization, has been a premier provider of sustainable and affordable housing for Holocaust survivors, disabled people, and residents with low to moderate income in a setting that is both friendly and culturally familiar.

B'nai Brith’s unique approach to affordable housing combines market rent units with rent-geared-to-income (RGI) units so that the residents of our buildings do not know who is in which kind of unit. All of our units are maintained to the same high standards. The RGI units in our apartment buildings and their waiting lists are controlled by Toronto Housing (which they maintain).

B'nai Brith’s three apartment buildings, which provide **over 300 subsidized homes for individuals and families in Toronto**,¹ help ensure that members of the community have **access to affordable and well-maintained housing**. However, like all affordable housing initiatives, the demand far exceeds the supply of units, and there is a lengthy waiting list.

With the goal of fulfilling part of our mission to provide basic human needs, which includes the provision of affordable housing to vulnerable members of our community, B'nai Brith came to the assistance of individuals and families that were struggling during the COVID-19 pandemic. During the first few months of the pandemic, our organization created an Emergency Food Donation Initiative – an initiative that delivered food to the needy and elderly during a time when food banks were forced to close because of the crisis.² It continues to operate as an ongoing program.

¹ B'nai Brith’s three buildings: The Upper Canada Lodge Building (a seniors building), located at 4266 Bathurst Street; B'nai Brith Canada Building (a seniors building), located at 4300 Bathurst Street; and The Dan Family Residence (a multi-family building), located at 15 Torresdale Avenue.

² “COVID-19: As Charities Step Up, Canadian Government Support Is Urged”. B'nai Brith Canada. March 23rd, 2020. https://www.bnaibrith.ca/covid_19_as_charities_step_up_canadian_government_support_is_urged/

To relieve Canada’s current housing crisis, B’nai Brith would like to see the development of new federal policies that favour non-profits/charities (such as B’nai Brith) over for-profits. The intended result: a stable supply of affordable homes for vulnerable people across Canada.

THE FINACIALIZATION OF HOUSING

Due to the financialization of housing, which treats housing as a financial investment, Canada is losing affordable housing units. This phenomenon is often attributed to real estate investment trusts (REITs). Other factors that are involved are pension funds, asset managers and private equity funds. Canadian housing researcher Steve Pomeroy documented that between 2011 and 2016, for “every 1 new affordable unit created, at considerable public cost, 15 existing private affordable units (rents below \$750) were lost.”³ Pomeroy noted that these losses are mainly driven by the financialization of rental housing.

Currently, approximately 40 per cent of Canadian households are spending more than 30 per cent of their before-tax-income on rent and utilities.⁴ The problem is even more acute in Toronto, where B’nai Brith’s buildings are located. A recent National Rent Report reported that the average cost for a monthly rental in the city is \$2,526.⁵ In contrast, the fair market price for a one-bedroom apartment and two-bedroom apartment in one of our Toronto buildings is \$1,232 and \$1,563, respectively.

As a trusted affordable housing provider, B’nai Brith knows first-hand how REITs often make it extremely difficult for potential tenants to find a home in one of our RGI units. The stark reality is that REITs, which are linked to reduced housing affordability, are not helping low-income Canadians find affordable housing.

RECOMMENDATIONS

B’nai Brith Canada proposes that the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities adopt the following recommendations in its forthcoming report for its study on the financialization of housing:

1. That the Government of Canada partner with non-profit and charitable organizations (such as B’nai Brith) to create a federally supported rental property acquisition fund.
2. That the Government of Canada adopt two key recommendations proposed by the Canadian Housing and Renewal Association (CHRA):
 - **Direct** Canada Mortgage and Housing Corporation (CMHC) to revise existing National Housing Strategy programs to make acquisition and preservation of rental housing an eligible activity.
 - **Work** with the community housing sector to devise an Affordable Housing Investment Tax Credit to incentivize private sector investment in affordable housing projects, while maintaining non-profit and municipal management.

³ “Why Canada needs a non-market rental acquisition strategy”. Steve Pomeroy, Focus Consulting Inc. May 2020. <https://www.focus-consult.com/why-canada-needs-a-non-market-rental-acquisition-strate/>

⁴ Canadian Rental Housing Index. Snapshot. May 2023. https://rentalhousingindex.ca/en/#comp_prov

⁵ “Rents surge higher in April: ‘Virtually every area in Canada is experiencing an increase’.” Mariya Postelnyak. *The Globe and Mail*. May 16th, 2023. <https://www.theglobeandmail.com/investing/article-rents-surged-higher-in-april-virtually-every-area-in-canada-is/>

A FEDERALLY SUPPORTED RENTAL PROPERTY ACQUISITION FUND

B'nai Brith, a trusted non-profit housing provider and charitable organization, could serve as a reliable partner in a federally supported rental property acquisition fund. Access to a new federally supported rental property acquisition fund would provide B'nai Brith, and other responsible charities with similar mandates, a unique opportunity to purchase affordable rental buildings and housing co-ops for sale in cities across the country. It would also protect the RGI units that B'nai Brith currently provides.

The concept has been supported by the Office of the Federal Housing Advocate. Following the tabling of the 2023 federal budget, the Federal Housing Advocate stated that a revised National Housing Strategy should include a “New acquisition fund to enable municipalities, non-profits, and co-ops to purchase housing stock and make renovations to aging buildings, which will protect affordable housing, increase non-market housing options and counter the financialization of housing.”⁶

We therefore recommend that the Government of Canada emulate British Columbia’s Rental Protection Fund, as it would ensure that homes acquired by non-profit organizations are kept affordable in perpetuity and not fall into the hands of for-profit providers. Most non-profit and charitable organizations do not have the means to grow their affordable rental housing portfolio on their own. That is why we encourage the Government of Canada to work with the non-profit housing actors to create a permanent national acquisition and preservation fund.

With the goal of supporting community housing providers, we encourage the Government of Canada to adopt the recommendations put forward by CHRA in its written submission to the Committee. CHRA has also called for the creation of a similar fund. It has called on the Government of Canada to “work in partnership with the community housing sector to co-develop a national rental preservation program to support community housing providers to acquire existing rental properties and preserve affordability, removing these properties from the cycle of financialization.”

As an organization, we believe CHRA’s recommendations will help curb Canada’s housing crisis.

CONCLUSION

The Government of Canada is the *only* suitable partner that can join with the non-profit sector to combat the financialization of housing. That is why B'nai Brith believes that the National Housing Strategy *must* include a federally supported rental property acquisition fund.

As an organization, we do not want to see the further deterioration of Canada’s supply of non-market rental housing. Let us therefore work together to ensure that it remains affordable in perpetuity.

⁶ “Budget 2023 fails to address Canada’s housing emergency”. Office of the Federal Housing Advocate. March 31st, 2023. <http://www.housingchrc.ca/en/budget-2023-fails-to-address-canadas-housing-emergency>