

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

Study of Financialization of Housing

Brief
by Sarah Baker
Tenant in Ontario, Canada

To the Respected Members of the HUMA Committee

My name is Sarah Baker, and I'm a person with a disability and am writing today to make a submission to the HUMA Committee on the Financialization of Housing in Canada (Ontario).

While I can't speak for other Provinces, my lived experience since 2016 as a person with disabilities on social assistance and the financialization of housing in Canada will paint a picture as to why we MUST do to get housing affordability in Canada under control.

I have been a tenant all my life, having rented my first small 1 bedroom apartment for \$325/month + Utilities, in 1997 in Picton, Ontario. In 2001 I rented my second larger 1 bedroom apartment in Belleville, Ontario for \$420/month inclusive. As you can see. In those years, the rate of 1 bedroom rental units in the area were reasonable, affordable for the time where even someone on ODSP or Ontario Works would be able to afford and still have enough funds for a healthy diet and extras.

In the 18 years I've lived in my now former Belleville unit, the rental market for my area remained rather stable with rents only increasing within the allowed guidelines. There was no difference between Market Rent, and Affordable Rent. Only social housing was defined differently. Then, around 2009 things began to change.

It happened slowly at first over a couple of years. Rental units were being taken off the Market for AirBnBs. Then about 2015/2016, the first wave of mass rental units were taken off the Market in Prince Edward County especially and then in Belleville. Private Landlords were instead changing their units to short term rentals. The second wave happened in 2019¹.

In this area, the majority of rental housing are old manors split into smaller apartments with a few low rise apartment buildings and townhouses. There are very few high rises. So, this change had a significant impact.

The issue of rental units being converted to AirBnBs and other short term rentals is the main issue driving the financialization of the housing market. In Prince Edward County alone, 10 per cent of the rental Market has dropped due to AirBnBs² since 2011.

Then came the next spike, the 2018 housing crisis hit the Belleville area. With so many rental units having been removed from the long term rental market, and few new affordable rental buildings built to replace them, my area was beginning to see a growing homelessness issue. This was in the news often^{3,4}.

In 2019, after a news article in the Globe and Mail detailing "Evicted: The loophole landlords use to evict long term tenants"⁵, I received my first N12 after 18 years of tenancy and a landlord who was severely negligent in his maintenance duties and refusing to deal with a black mould issue, suddenly wanted his daughter to move into my home? Yes, I fought it, but really there isn't much a tenant can do before losing their home, it's really only afterwards that 90% of Bad Faith Eviction can be proven.

I was forced out of my home on January 2020. I was one of the very lucky ones. I didn't become homeless. But I knew how to fight and how to ask for more time to try to prevent becoming homeless. In my search though, I had landlords detailing how they would have over 120 applications for a place to live in 24 hours of posting their advertisement. I had others ignore my application simply because I was a recipient of ODSP. In other areas, I was completely blacked out of applying because the amount of rent they wanted was very close to, or exceeded the amount I received from OSDP.

In my area, the average rental rate rose from \$750/month for a 1 bedroom in 2015 to \$1100/month in 2021. It is now \$1300/month and rising, and these are supposed to be the "affordable" rental units. A single bedroom in someone else's home went from \$300 and is now \$800-\$900 on average.

The Canadian Mortgage and Housing Corporation defines Affordable Housing as being 30% of a person's before tax income⁶. However, Ontario Bill 23 defines the affordable housing unit as "80 per cent or less of the average market rent, or the price is 80 per cent or less of the average purchase price."⁷

Now, we have to take a moment and consider the people most affected by financialization of housing. Those would be seniors and people with disabilities. Those are people who are being forced into homelessness at an ever increasing rate.

A single person on the Ontario Disability Support Program doesn't even receive a shelter allowance equal to 80% of the Market Rental Rate in Ontario. They only receive \$522/month for their shelter allowance. This means ODSP recipients have no other choice but to try to seek out a limited number of rent supplements or use their basic income to fill the gap in their rental rate⁸.

It's even worse for people on Ontario Works who only receive \$733/month to live on total.

Based on the current \$1300 Average Market Rate for a 1 bedroom apartment, the 80% affordable rental rate would be \$1040/month. That's a \$518 difference. We can't have a rule stating that affordable housing is a certain rate and then have social service programs that fail to meet that shelter allowance without forcing a tenant to use their basic necessities. This is the number one cause of homelessness right now.

As I've learned to fight for my rights to housing in the rental Market, and have been slowly educating others in my community on their rights and responsibilities, it's not uncommon, in Facebook groups where a tenant is looking for advice on how to prevent eviction to get area private landlords in there giving the wrong advice to tenants that goes against the Residential Tenancies Act. Several times, these same private landlords have outright stated, that "if we don't get what we want, we can just take the unit off the long term rental market and make it into an AirBnB. We make a lot more money that way and don't have to deal with the hassle of Tenants."

The trend in the area shows, this is exactly what a lot of the smaller Private landlords have been doing.

Add into this the Pandemic and a large swath of renters and home owners moving from the Greater Toronto Area down to smaller cities like Belleville and Prince Edward County and the competition from the higher demand on homes significantly jacking up prices in the area, has not only added to the displacement of Tenants⁹, but has also had a negative impact on the homeless population in the area because our rental units haven't been replaced and they can't afford the higher rental rates.

Municipalities in the area have been concentrating on building single use housing units and expanding urban sprawl. There have been many single family houses built in the Belleville and Picton area, some townhouses, a couple condos and the odd "luxury" apartment building. None of these are affordable for the average person, let alone someone on social assistance or seniors who are the primary people in NEED of housing right now.

Picton Municipal Council has been purposely railroading an affordable housing project being proposed by Steven Van Dusen and Tri-Canadian Energy¹⁰ for their Rosseau Road Property where they want to sever the land and sell lots and help people build modular housing units which can be connected to their solar farm grid. But, because this property is set in a more rural area without Municipal sewage and water, the County is not allowing the project to go forward, despite people needing actual affordable homes.

The cost of housing itself has significantly risen in this area. A \$402,000 home purchased in 2015 is now worth closer to \$900,000 and rising. A city lot that is less than 1/4 acre that used to sell for \$23,000 is now selling for nearly \$200,000. This trend can be clearly seen on the Quinte & District Association of REALTORS® (QDAR) page for the Quinte Region¹¹.

We are seeing more and more Renovictions and Bad Faith N12 Personal Use. This is evidenced not only with myself, when I was evicted under an N12 Personal use in 2019, and my former landlord's daughter never moved into the unit, but

decided to go back to University for 1.5 years (and yes, I'm still waiting for my T5 hearing date after over 2 years), but we have REITS like Bedford Properties coming in, buying low income affordable housing and then giving their Tenants mass N13 renoviction^{12,13,14} notices when the units are in a good state of repair.

Without Rent Control between tenants, landlords are incentivized to find a way to get long term tenants out of their units so they can do minor repairs or renovations and then jack up the rents, sometimes by hundreds of dollars. Example. Where I used to live, the 1 bedroom unit next to me was renting for \$895/month. The gentleman who lived there moved out within a couple months after I was evicted from my unit. My former landlord renovated the unit between 2020-2022 and listed it for rent again in March 2023 for \$1300/month. That's a \$400/month increase. My old unit was larger and would, when finished renovations, rent for a little more, which would be nearly \$800 increase from what my rent was.

Seeing these changes in Ontario, I had a friend point out to me that in contrast, Edmonton, Alberta was much more affordable. So I took some time to check out the listings on Realtor.ca. She was right. There were many, many, many condos available for sale. 1 bedroom condos that were essentially, old affordable apartments for as low as \$50,000. The same thing in Belleville, Ontario would be selling for \$250,000 closer to \$500k in the GTA or Ottawa. Better quality units with elevators and better amenities were selling for about \$180,000 in Edmonton, while in Belleville at least, by comparison, the same quality and size unit would be selling for \$365,000 and of course much higher in bigger city centres.

The financialization of the housing and especially the rental housing market has been the leading cause of the Housing and Homelessness Crisis in Ontario and other Provinces and we need extreme measure taken now to fix it!

How do we fix this?

1. All levels of Government must come together to build Social Housing rental units. We need mid-high rise 1 and 2 bedroom apartment buildings in all cities across Canada and some 3 bed units mixed in.
2. Condo units and single family homes being used for AirBnBs need to be banned and these units put back on the long term rental housing market. AirBnBs should only be allowed as a secondary suite on a property the Landlord actually lives in. We have hotels sitting empty, people being homeless.
3. Rent controls for all rental housing in Canada to disincentivize Landlords and prevent Renovictions and Bad Faith Personal Use Evictions against long term

tenants. Landlords should also have to pay the tenant 3 months of Market rate rent as compensation ensuring the affected tenant has immediate access to first and last rent and moving expenses as they search for a new place to live.

4. A census of housing stock sitting empty/unrented needs to be done and investors given a choice to rent the unit out or it should be expropriated by the Government for affordable housing.

5. Encourage Municipalities to prioritize social and affordable, accessible housing. Luxury apartments and single family homes are being given the priority while low income renters, especially those on social assistance and disability programs are the vast majority being displaced into homelessness. Modular Home communities need to be encouraged. They are made much better today than in the 1970's.

6. Government owned low-income condominium units. A couple months ago Quinte West Mayor Jim Harrison stated that affordable apartment buildings could be built costing approximately \$48,000 per unit to build. This gave me an idea. A low income condo building allowing someone, an ODSP recipient the ability to buy a home of their own. They could be sold for around \$100,000-\$120,000 for a 550sqft 1 bedroom unit. Rules in place could be such that, when a unit is sold it must be done through the low income listing to other low income purchasers. Buyers would need to meet a low income threshold to be able to purchase a unit. REITS and investors would be bared from purchase.

I believe Finland had a similar program to this and it has been a raging success.

7. Municipalities need to ignore the NIMBY's. Make it clear, the needs of the many out weight the needs of the few. We already know, property values will not fall because an apartment building or condo is being to be built in the same area as a bunch of single family homes.

8. Provincial Governments must raise the Shelter Allowance on Social Service programs like Ontario Disability Support Program and Ontario Works to meet the 80% affordable rental rate for a 1 bedroom unit in their Province.
\$1300 Average rental rate = \$1040 Affordable Market Rent rate. Therefore ODSP shelter allowance should increase from \$522 to \$1040.
The Canada Disability Benefit should not be something used to increase this rate.

Thank you for taking the time to read my brief.

Sarah Baker
Belleville, Ontario.

Appendices

1. **Prince Edward County grapples with housing shortage amid Airbnb boom**
<https://www.thestar.com/news/canada/2019/05/17/prince-edward-county-grapples-with-housing-shortage-amid-boom-in-short-term-rentals.html>

2. **Home truths, Part 2: Prince Edward County's Airbnb problem**
<https://www.tvo.org/article/home-truths-part-2-prince-edward-countys-airbnb-problem>

3. **POVERTY MATTERS: Finding affordable housing during a housing crisis**
<https://inquinte.ca/story/poverty-matters-finding-affordable-housing-during-a-housing-crisis>

4. **Lively discussion on poverty, housing crisis in the Quinte region**
<https://inquinte.ca/story/lively-discussion-on-poverty-housing-crisis-in-the-quinte-region>

5. **Evicted: The loophole Ontario landlords use to force tenants out**
<https://www.theglobeandmail.com/canada/article-evicted-how-landlords-are-forcing-tenants-out/>

6. **About Affordable Housing in Canada**
<https://www.cmhc-schl.gc.ca/en/professionals/industry-innovation-and-leadership/industry-expertise/affordable-housing/about-affordable-housing/affordable-housing-in-canada>

7. **More affordable housing for whom? Putting people first in Ontario's housing policy decisions**
<https://maytree.com/publications/more-affordable-housing-for-whom-putting-people-first-in-ontarios-housing-policy-decisions/>

8. **OW & ODSP Rates and the Ontario Child Benefit Current to September 2022**
https://incomesecurity.org/wp-content/uploads/2022/09/Sept-2022-OW-and-ODSP-rates-and-OCB-EN_.pdf

9. **Low-income renters shut out of Belleville housing in 2022: CMHC**
<https://www.intelligencer.ca/news/low-income-renters-shut-out-of-belleville-housing-in-2022-chmc>

10. **Businessman determined to provide affordable housing despite pushback**
<https://inquinte.ca/story/businessman-determined-to-provide-affordable-housing-despite-pushback>

11. **Quinte & District Association of REALTORS® Housing Trends 2002-2023**
<https://www.quinte-mls.com/market/>

12. **Tenants facing mass 'renovictions' call for meeting with Housing Minister**
<https://inquinte.ca/story/tenants-facing-mass-renovictions-call-for-meeting-with-housing-minister>

13. **Evictions in Canada, 2021**
<https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2022046-eng.htm>

14. **Renovictions: Displacement and Resistance in Toronto**
<https://renovictionsto.com/reports/RenovictionsTO-RenovictionsReport-Final.pdf>