



REXDALE COMMUNITY LEGAL CLINIC

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Financialization of Housing and Eviction in North Etobicoke (Rexdale)

Introduction

The Rexdale Community Legal Clinic provides free legal services to North Etobicoke community members living on low incomes and has done so for over 40 years. Our clinic's areas of legal practice have evolved in different ways to best respond to local needs, and we currently practice in the areas of housing, social assistance/income maintenance, employment and immigration. We help residents fight against unlawful evictions; access life-sustaining income support; uphold employee rights at work; and obtain immigration status and reunify families. We are committed to supporting individual clients, as well as to broadening access to justice through community development, public legal education and law reform. Since 2012, we have been located in the Rexdale Community Hub on Panorama Court, sharing space and collaborating with other community agencies.

Because of a confluence of factors, including the financialization of housing and a lack of adequate rent control in the province of Ontario, community members living on low incomes being served by the Rexdale Community Legal Clinic are in the midst of an eviction crisis that is also being faced by tenants across the province. The pandemic has laid bare many inequities in our society and it must be emphasized that the issues outlined in this brief continue to have a disproportionate impact on residents who are racialized, Black, Indigenous or who are marginalized for other reasons such as language barriers, physical or mental health struggles.

Financialization of Housing

In referring to "financialization" in this brief, it is important to recognize a specific mechanism of corporate ownership but also the broader trend towards the commodification of housing. First, "financialization" refers to a financial vehicle (such as a real estate investment trust, private equity fund, asset management company or pension fund) that acquires apartments and multi-family residential buildings and manages them on behalf of investors. As of 2020, "financialized landlords" had acquired nearly one fifth of Canada's private multi-family rental stock. The purpose of these vehicles is to make money for their investors – and of course that must depend, in large part, on the tenants who are living in these units paying as much rent as possible.

Second, “financialization” can also mean the wider approach to rental housing where it is treated more as an asset as opposed to representing a fundamental human right. In this way, smaller private landlords that have invested in a rental property as a source of income and/or profit also represent the financialization of housing insofar as it means a place to build wealth.

Both of these modes of financialization or commodification exist in Rexdale and have had an increasingly devastating impact on individuals, families and communities.

Financialization in Context

Before highlighting specific concerns related to financialization of housing in Rexdale, it is important to recognize this concept in context.

There are specific, definable provincial policies that have not only exacerbated the current issues but in fact incentivize financialized landlords to operate with little oversight. While there is rent control for sitting tenants, there are two ways in which rent control policies create incentives for eviction in Ontario. First, there is vacancy decontrol, which means that there is no limit on the amount that can be charged for a new tenancy. Second, there is an exemption to rent control that was re-introduced by the current Ontario government that means for units being used for residential purposes after November 2018, there are no rules about how much a landlord can increase the rent each year.

It is important to identify the levels of income our clients are often surviving on and that their low incomes are also directly tied to definable provincial policies and laws. The majority of the clients we serve live on extremely limited incomes – a single person receiving Ontario Works receives \$733/month and a single person receiving Ontario Disability Support Program benefits receives \$1,169/month. Our clients who work often survive on precarious employment through temp agencies, at factories, or as personal support workers and, like many across the province, are limited by a \$15.50 hourly minimum wage and a lack of paid sick days. Even the coming increase to \$16.55/hour is far below what experts estimate is needed as a “living wage” in the GTA. In May 2023, the average rent for a 1 bedroom in Toronto sits at over \$2500/month. For many of our clients, increasingly, the math simply does not add up – housing affordability is becoming unachievable.

So, the bulk of our housing law work is now focused on helping clients access their legal rights to try and hold on to relatively affordable housing. We serve single parents who have held on to affordable rents (such as about \$1000/month) for years by fighting eviction; tenants who live as roommates and split small apartments just to be able to have a roof over their heads; and we recently advised a tenant who has lived in the same unit for over 30 years who faced eviction because the landlord wanted to either sell or take over the unit. The rent amounts many of our long-term tenant clients pay for their homes simply no longer exist in Ontario, let alone the GTA. Even if these

apartments are not well-maintained, the pressure to try and help such clients stay housed is immense – the stakes are so high. And even if a tenant has done something wrong or they owe rent, we still have to remember that their children and loved ones are being displaced through the process of eviction.

Compounding all of this is the Landlord and Tenant Board’s “digital first” strategy that has meant tenants living on low incomes find it hard or impossible to access their own eviction proceedings, let alone to have their maintenance or harassment concerns adjudicated in a timely manner.

As policies like vacancy decontrol continue to incentivize eviction, we are losing affordable housing stock in Rexdale and Ontario daily – at a rate that cannot be addressed by new builds (which, as previously stated, are generally not subject to rent control guidelines anyway).

Financialization of Housing and Displacement in North Etobicoke

Large, financialized landlords (real estate investment trusts, private equity funds, asset management companies or pension fund landlords) increasingly do operate in North Etobicoke and are known to either increase rents as much as possible for sitting tenants, through things like above-guideline increases, or by turning over units so that higher rents can be charged to new tenants.

What this means on the ground for the tenants seeking our services is that their buildings are being bought by large financial vehicles. Those buildings are being renovated and one need only walk through our catchment area to see the superficial improvements to balconies, lobbies and entrances meant to attract new tenants from higher income brackets. Meanwhile, maintenance requests from long-term tenants who pay relatively low rents go unaddressed – including mould, electrical issues, pest infestations, and serious structural concerns. Tenants may then face above-guideline rent increases that are difficult and complex to fight at the Landlord and Tenant Board. Tenants may either be harassed, coerced or incentivized to leave their homes and the units are often renovated and re-rented at a much higher price point. Tenants are also being served with eviction notices for any and all reasons – often for minor infractions of the law that traditionally may have meant a brief warning letter or simple negotiation.

For many tenants, these processes often mean being displaced from long-term communities where they may be paying affordable rent – which the Canadian Mortgage and Housing Corporation defines as 30% of one’s income. Long-term tenants are clearly being more targeted in an effort to increase rents suite by suite. What this means is that long-term tenants will tolerate awful maintenance conditions, fearing any kind of retribution from their landlords because of the real threat of the loss of their affordable homes.

In terms of small, private landlords, after a few years of a tenant’s tenure, they may realize that the rental market would allow them to double or even triple their rental

income due to vacancy decontrol. They may also then begin to engage in any and all processes to evict especially long-term tenants. At the clinic, we are seeing an unprecedented number of “no fault” evictions where private landlords claim they, family members or purchasers intend to move into tenants’ units for their own residential use. Often, these claims are spurious but unfortunately frequently successful at the Landlord and Tenant Board. It is true that tenants have remedies if such an eviction happens in bad faith but, by that time, the tenant’s affordable home has been lost; they have likely had to leave their community; and focusing on survival in an unaffordability crisis does not leave much capacity to wage a legal battle.

Even if that energy exists, the Landlord and Tenant Board is limited in the legal remedies it can provide tenants and, given vacancy decontrol, landlords – even if they are ordered to pay a tenant damages, etc. – will have re-rented the unit at a much higher price point and soon be making a profit while the evicted tenant is now paying unaffordable rent in an unregulated market. While the current government did bring in some helpful measures through Bill 184 in relation to such evictions, this did not go far enough and far more is needed so that tenants are not evicted in bad faith. In short, we see at the clinic that it is financially worth it for small landlords to break the law.

Conclusion: Committing to Housing as a Human Right

While housing law is mainly governed by provincial legislation, it is important to highlight Canada’s commitment to housing as a human right and the fact that that right is enshrined in federal law. There can be so much done at the federal and provincial levels in terms of this commitment: for example, immediate and meaningful rent control or better regulation of real estate investment trusts and other financialized landlords, including the idea that such financial vehicles should simply not be allowed to invest in multi-family residential complexes.

Increasingly, our clients are asking us when they are facing eviction: “where will I go?” – not as a theoretical question or in terms of what their favourite neighbourhood in Toronto is but, actually, where will they go?

The context of vacancy decontrol and the strong incentives that encourage home-owning as a business and vehicle for accumulating wealth mean this question has become more urgent than ever and, at the legal clinic, we no longer have adequate answers. Our referrals to the social housing waitlist or the local housing help centre seem empty and we are frequently told by individuals or families with young children that, if evicted, they simply do not have options save for leaving Toronto and their communities; entering the shelter system; or becoming homeless.