

Written Brief to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities regarding the Financialization of Housing

May 26, 2023

Joanne Hussey, Community Legal Worker
Kiran Sharma, Senior Law Student
Jasmine Solomon, Senior Law Student

Dalhousie Legal Aid Service
5746 Russell Street
Halifax, NS B3K 0H8
902 423 8105
legalaid@dal.ca



**DALHOUSIE
UNIVERSITY**

SCHULICH SCHOOL OF LAW
Dalhousie Legal Aid Service

EDUCATION
JUSTICE
COMMUNITY
since 1970

Halifax, the capital of Nova Scotia, is a city which was once considered affordable. This has changed drastically over the last few years. Studies now show that Halifax is the least affordable city for young people aged 15 to 29 to live compared to 26 other major Canadian cities.¹ According to the Canadian Mortgage and Housing Corporation (CMHC) Halifax had the highest year-over-year spike in the country for residential rental costs between 2021 and 2022.² Across the province, almost half of all households who rent (43%) are spending more than 30% of their total household income on rent and utilities.³ The vacancy rate of affordable units for low-income households in Halifax is between 0.6 per cent and 0.8 per cent.⁴

This steep decline in affordable rental units is due to market pressures inflating the cost of housing, leading to a loss of naturally occurring affordable housing. In a system which values the financialization of housing, large investment funds and smaller property owners alike seek to capitalize on the value of their properties by dramatically increasing rents.⁵ Real estate investors often buy older apartment buildings and remove the tenants claiming a need to renovate. They will then often make only minimal improvements to the building and charge astronomical rent prices. The term “renoviction” is used to describe this type of scenario.

Dalhousie Legal Aid Service (DLAS) provides support to tenants engaged in Residential Tenancies processes including renovictions. Increasingly, entire buildings are facing renovictions. A recent example of this is an apartment building on Primrose Street in Dartmouth, Nova Scotia. The new landlord was planning to raise rents from around \$600 to over \$1,500 monthly.⁶ This has become a common business model. This landlord's application to evict more than a dozen elderly and low-income tenants from their homes was dismissed following the Residential Tenancies hearings. However, the decision is being appealed by the landlord.

¹<https://atlantic.ctvnews.ca/young-halifax-residents-say-they-are-being-priced-out-of-the-city-they-love-1.5917501>

² Canada Mortgage and Housing Corporation, [Rental Market Report](https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/market-reports/rental-market-reports-major-centres), (Jan 2023), online: <https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/market-reports/rental-market-reports-major-centres>

³ https://www.rentalhousingindex.ca/en/#comp_prov

⁴ Nicola Seguin, “What Nova Scotia’s Residential Tenancy Changes Mean for You” (7 February 2023), online: [CBC News <www.cbc.ca/news/canada/nova-scotia/residential-tenancy-act-changes-1.6738301>](https://www.cbc.ca/news/canada/nova-scotia/residential-tenancy-act-changes-1.6738301) [perma.cc/66B7-JRMZ].

⁵ Steve Pomeroy, “Why Canada Needs a Non-Market Rental Acquisition Strategy” (May 2020), online: [Focus Consulting Inc. <www.focus-consult.com/why-canada-needs-a-non-market-rental-acquisition-strategy/>](https://www.focus-consult.com/why-canada-needs-a-non-market-rental-acquisition-strategy/) [perma.cc/62U8-FQRZ].

⁶ <https://www.cbc.ca/news/canada/nova-scotia/dartmouth-tenants-win-renoviction-hearing-1.6808293>

The current housing crisis in Nova Scotia is a symptom of the global problem of the financialization of housing. We see the catastrophic impacts of this in the number of people included on the By-Name List, which listed 942 people as actively homeless in Halifax as of May 23, 2023.⁷ We see the impacts at Dalhousie Legal Aid, where, in the past seven months, we have supported 102 households facing eviction or renoviction.⁸ In the same 7-month period last year, the clinic only recorded 30 households facing eviction or renoviction.

In Nova Scotia many properties are owned by investors. Statistics Canada defines an investor as an owner of at least one residential property which is not used as their primary residence.⁹ In 2020 in Nova Scotia, 21.6% of owners owned 40.9% of all properties in the province. So, if Nova Scotia had 10 people, 2 people would own almost half of all houses. Property ownership in Nova Scotia is more concentrated than it is in British Columbia and Ontario. This is at least part of what is limiting the supply of affordable housing. Experts on the topic have coined the term “financialization of housing” to refer to this problem. This is when housing is seen primarily as a commodity or an investment vehicle, rather than as a home or a place to live.

The need to subsidize rent for low-income families has a long history in Halifax.¹⁰ Dating back to 1936, the Nova Scotia Housing Commission proposed a scheme where subsidies were to be given to private investors who would be exempt from paying municipal taxes. They offered developers low-interest loans to build affordable housing.¹¹ Unfortunately, none of these projects met the goal of creating homes for low-income populations.

This approach, which focuses on providing incentives for private sector developers to build affordable housing, continues to be used today.¹² Enticing the private sector with tax breaks to build affordable housing is suggested in the 2022 Nova Scotia Affordable Housing Commission

⁷ <https://www.ahans.ca/hrm-homelessness-statistics>

⁸ Internal administrative data

⁹ <https://www150.statcan.gc.ca/n1/pub/46-28-0001/2023001/article/00002-eng.pdf>

¹⁰ John Bacher, “From Study to Reality: The Establishment of Public Housing in Halifax, 1930-1953” (1988) 18:1 *Acadiensis* (Fredericton).

¹¹ Tim Bousquet, “The Market’ Won’t Solve the Housing Crisis; Governments Need to Build Housing Directly”, (12 May 2023), online: *Halifax Examiner* <www.halifaxexaminer.ca/morning-file/the-market-wont-solve-the-housing-crisis-governments-need-to-build-housing-directly/#N3> [perma.cc/VL8W-GH7E].

¹²

<https://beta.novascotia.ca/sites/default/files/documents/1-3155/nova-scotia-affordable-housing-commission-final-progress-report-august-2022-en.pdf>

Progress Report.¹³ Much hope seems to be placed in the ability of private sector developers to fix the housing crisis. It is important to work with multiple stakeholders to build affordable housing, however, this approach has not proven effective in the past.

In the years between 1936 and 2022, Halifax has seen a number of strategies to address the issues caused by the increasing financialization of housing. In 2012, the Nova Scotia New Democratic Party (NDP) government released the province's first housing strategy.¹⁴ This report highlighted the pervasive issues relating to the lack of affordable housing. The strategy proposed an increase in the amount of publicly owned affordable housing using a mixed market development approach.¹⁵ The goal was to build diverse, vibrant communities where people from a broad range of incomes could live together.¹⁶ For example, the Bloomfield site, which was the location of a former school in the North End of Halifax, was proposed as a location for a mixed-market community. At the time, they estimated this site could include 400 new homes, with at least 40% of these designated as affordable housing with rents geared to income.

After the 2013 provincial election, the Liberal government decided to rely on rent supplements as the primary tool for addressing housing needs. The Bloomfield site and other proposals in the NDP government's housing strategy were never implemented, and the sale of the Bloomfield property to the provincial government was never finalized.¹⁷ In fact, the former Bloomfield school continues to sit vacant.¹⁸ It was purchased by an investment company in January of 2021, and they continue to anticipate developing the property. However, there has been no clear timeline or plan for development put forward.¹⁹

Instead of allocating government funds towards more permanent solutions, short term strategies to combat the lack of available housing continue to be used. For example, the province

¹³ *Ibid* at 15.

¹⁴ Nova Scotia, Minister of Community Services, *A Housing Strategy for Nova Scotia: Building Community and Affordability for Nova Scotia Families*, online (pdf): <novascotia.ca/coms/hs/housing_strategy.pdf> [perma.cc/D72V-M329].

¹⁵ *Ibid* at 7.

¹⁶ *Ibid* at 14.

¹⁷ Tim Bousquet, "The Market' Won't Solve the Housing Crisis; Governments Need to Build Housing Directly", (12 May 2023), online: *Halifax Examiner* <www.halifaxexaminer.ca/morning-file/the-market-wont-solve-the-housing-crisis-governments-need-to-build-housing-directly/#N3> [perma.cc/VL8W-GH7E].

¹⁸ *Ibid*.

¹⁹ *Ibid*.

continues to rely on hotels to provide emergency shelter.²⁰ In 2020, the number of emergency hotel stays rapidly increased, with the Liberal government having spent \$1.7 million to accommodate 307 cases.²¹ In total, over \$3 million was spent to house a few hundred people in 2021.²²

In addition to extended hotel stays, the government has provided rent supplements to low-income Nova Scotians as part of the Canada-Nova Scotia Targeted Housing Benefit (CNSTHB).²³ This program aims to provide a monthly housing allowance to eligible low income households to help them pay a portion of their housing costs.²⁴ However, the CNSTHB, which is funded by both the provincial and the federal governments, does not address the need for more affordable housing options and has failed to keep up with the demand.

The Conservative government elected in 2021 has continued with the same approach. In 2023-24, the Houston government will pay \$21 million more to landlords through 1000 new rent subsidies. In total, 8000 tenants will receive rent subsidies.²⁵ These do nothing to improve the long-term housing security for tenants. The current provincial government has also fast-tracked about 23,000 new housing units being built by developers, none of which are designated as affordable housing.²⁶

While it is correct to say that there is a housing supply problem, a more precise statement would be that there is a problem with a low supply of affordable rental housing. According to the most recent CMHC rental market report for Halifax, only 3% of rentals are affordable to renter

²⁰ Taryn Grant, "Hotels Continue to Act as Housing Stop-Gap for Hundreds of Nova Scotians" (2 February 2022), online: *CBC News* <www.cbc.ca/news/canada/nova-scotia/hotels-act-as-housing-stop-gap-for-nova-scotians-1.6335685> [perma.cc/S5ZD-6RMX].

²¹ *Ibid.*

²² *Ibid.*

²³ Nicole Seguin, "'They're in Crisis': Number of Nova Scotians Waiting for Rent Supplement Skyrockets" (3 May 2023), online: *CBC News* <www.cbc.ca/news/canada/nova-scotia/pending-rent-supplement-applications-1.6829526> [perma.cc/D2L3-VKSC] [Seguin, "Rent Supplements"].

²⁴ "Canada-Nova Scotia Targeted Housing Benefit (Rent Supplement Program)" (2023), online: *Government of Nova Scotia* <housing.novascotia.ca/programs/canada-nova-scotia-targeted-housing-benefit> [perma.cc/N7QN-SQMG].

²⁵ <https://springmag.ca/benevolent-landlords-and-trickle-down-apartments-tim-houstons-housing-plan>

²⁶

<https://www.halifaxexaminer.ca/uncategorized/province-moves-to-speed-up-development-approvals-for-2600-housing-units-in-halifax-but-none-of-them-are-guaranteed-affordable/>

households in the lowest 20% of incomes. Vacancy rates for these units are between 0.6% and 0.8%.²⁷ On the other hand, renter households in the top two income quintiles have access to 96% of rental units, with a vacancy rate of 1.5 to 2.3%.²⁸

Increasing the supply of rental housing in general will not address the issues caused by financialization. It is increasing the supply of deeply affordable units that requires governments' focus. Additional units must be affordable based on the CMHC definition of costing less than 30% of a household's before-tax income.

In order to address the need for affordable housing for those in the lowest income quintile (earning less than \$28,000 a year), a frank conversation is needed about the role of profit in governments' current approach to housing supply. Providing funding or tax breaks to developers willing to offer a small portion of new units to renters at less than market rate will not get us where we need to go.

The solutions we need are not ones that protect the profit margins of real estate investors. The solutions we need are the ones that increase the number of rental units available that cost less than 30% of a household's income. For those in the lowest income quintile in Nova Scotia, that is less than \$700 a month. This requires government investment to be directed specifically towards the creation and preservation of non-market housing. Non-market or social housing can include non-profit, co-operative or public housing.

At a fundamental level, the ideology behind the housing market needs to change. There must be a shift in the system, towards prioritizing housing as a human right and not as a commodity to be used by landowners to profit from tenants.²⁹ When housing is a commodity, it does not matter whether people in the community have an adequate place to live and whether they have security of tenure. Housing as a human right embodies an understanding of the value of housing outside its value in the market.

²⁷ Canada Mortgage and Housing Corporation, Rental Market Report, (Jan 2023), online: <https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/market-reports/rental-market-reports-major-centres>

²⁸ *ibid.*

²⁹ Dan Darrah, "The Housing Crisis is Caused by Capitalism, not 'Foreign Investors'" (14 September 2021), online: *Spring* <springmag.ca/capitalism-not-foreign-investors-is-causing-the-housing-crisis> [perma.cc/9A55-ZLVM].

The availability of existing affordable housing units is decreasing at a faster pace than new affordable units are being added.³⁰ The way forward is to develop an approach that enables community-based non-profit providers to be able to operate on the same level as the large real estate investment trust companies. This non-market development would remove a significant portion of rental units out of the market economy and into a non-market environment where they can be preserved as affordable.

Trying to parcel out land and sell it to developers or using tax breaks as incentives creates more market-based housing that will not be affordable. Non-market housing creates secure and sustainable housing that is not subject to the negative impacts of financialization.

RECOMMENDATION:

We call on the Prime Minister and the Minister of Housing to act on their legal obligation to address the financialization of housing and fulfill the human right to housing by:

- Investing in adding a minimum of 30,000 net new non-market housing units annually over 10 years where rents are no more than 30% of household income in perpetuity
- Investing in the acquisition, construction, operation, and maintenance of new and existing public, non-profit, and cooperative-owned housing that meets the unique and varied requirements of people experiencing core housing need.

³⁰ <https://housing.novascotia.ca/sites/default/files/CHAP-Program-Guide-September-2022.pdf>

About Dalhousie Legal Aid Service

Dalhousie Legal Aid Service (DLAS), in operation since 1970, is the oldest community clinical law program in Canada. We are a community based office in Halifax with a three-part mandate:

1. to provide legal aid services for persons who would not otherwise be able to obtain legal support;
2. to conduct research, provide information, make recommendations, and advocate for legal aid and law reform in the Province of Nova Scotia; and
3. to provide an educational experience for students enrolled in the Faculty of Law of Dalhousie University who participate in the work of the service.

Operational Funding for DLAS comes from the Schulich School of Law, a grant from The Law Foundation of Nova Scotia, and funding from Nova Scotia Legal Aid. We also rely on donations and fundraising.