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

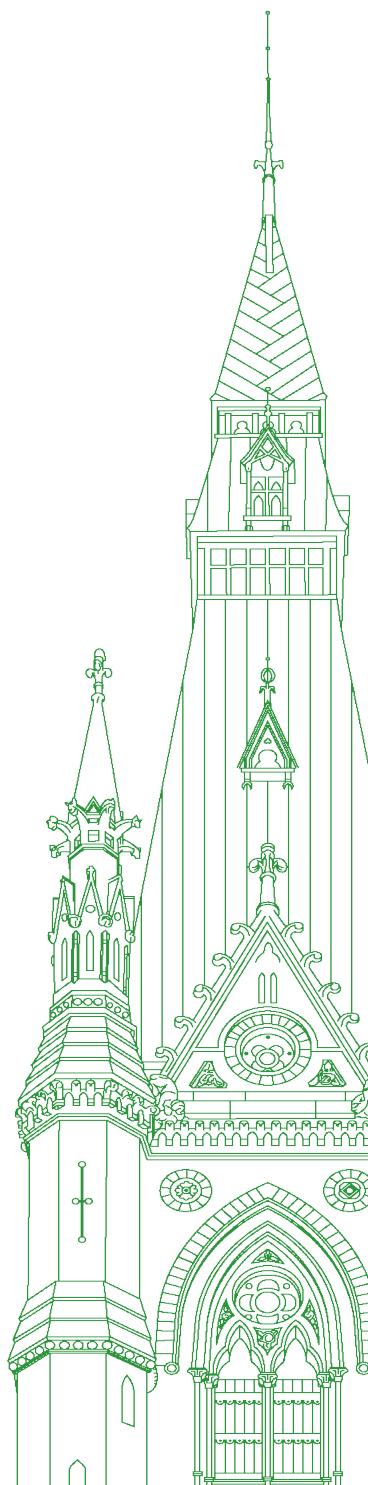
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Chair: Mr. Robert Morrissey





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

**Tuesday, May 16, 2023**

● (1555)

*[English]*

**The Chair (Mr. Robert Morrissey (Egmont, Lib.)):** We do have a quorum, and we have respected the 10-minute time from the announcement of the vote in the chamber, so with that, I will call the meeting to order.

Welcome to meeting number 69 of the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

Today's meeting is taking place in a hybrid format pursuant to the House of Commons order of reference of June 23, 2022.

I will remind committee members that no screenshots are permitted of the meeting or photos of the in-room session.

To ensure an orderly meeting, I would ask you to get my attention by raising your hand and waiting until I recognize you.

You can choose the official language of your choice. Interpretation services are available. To ensure adequate interpretation, I would remind members to speak slowly for the benefit of the interpreters. Those appearing virtually can use the interpretation language icon at the bottom of their surface.

Should any technical issues arise, please get my attention, and we will suspend while they're being corrected.

Today's meeting is a continuation of a meeting when we had witnesses before the committee and because of voting procedures in the House of Commons we did not get to conclude that. As was the agreement of the committee, we will begin today's meeting with one round with Ms. Houle.

There will be no statements given at the start of this meeting. We'll go directly to continuing on with the questioning where we left off at the last meeting.

It was agreed that it's one round with Madam Houle of five minutes, five minutes, two and a half minutes and two and a half minutes.

We'll begin.

Is the official opposition ready, Madam Gray?

**Mrs. Tracy Gray (Kelowna—Lake Country, CPC):** Yes, we're all good.

**The Chair:** It's Mr. Aitchison, I take it.

**Mrs. Tracy Gray:** Yes.

**The Chair:** Thank you.

We'll begin with Mr. Aitchison for five minutes, please.

**Mr. Scott Aitchison (Parry Sound—Muskoka, CPC):** Thank you.

Welcome.

I'll start by begging your forgiveness. I was not here when you actually spoke. I did read your testimony, though, and appreciate the presentation you made and the work that you do.

I think I have a very easy question to start. Would you agree that Canada is in a housing crisis right now?

**Mrs. Marie-Josée Houle (Federal Housing Advocate, Office of the Federal Housing Advocate, Canadian Human Rights Commission):** Mr. Chair, I answered that question at the last meeting. Yes, I agree that Canada is in a housing crisis right now.

**Mr. Scott Aitchison:** My next question is about process.

Have you ever met with the Minister of Housing, our current minister?

**Mrs. Marie-Josée Houle:** I've had a couple of meetings with the minister, yes.

**Mr. Scott Aitchison:** I'm assuming those discussions were productive.

Is it your sense that the government takes the situation seriously, that they see it as a crisis, or is it your sense that they don't?

I've asked the minister this question directly. I'm curious to know if your sense is that this government is as seized of the matter as you think they should be.

**Mrs. Marie-Josée Houle:** Thank you so much for the question, Mr. Chair.

My main mechanism for communicating with the minister is through the reports I submit to him and which must be put in front of Parliament. It's not just the issue of the minister responding, but all of government responding to the recommendations that are put in my reports.

I did see the Prime Minister use the words “housing crisis” not too long ago. I did see the footage of you, Mr. Aitchison, calling on the Minister of Housing on this question, so I’m aware.

**Mr. Scott Aitchison:** Okay.

During the committee’s recent study on the national housing strategy, the chief economist at Canada Mortgage and Housing Corporation made this following statement. He said:

The reality in Canada is that about 95% of the rental market is provided by the private sector, so financialization is something that exists by design in our rental market. In an environment of a growing population and more demand for more rental units, we need more financialization in order to get more supply to meet the needs of a growing population.

I’m wondering what you think of that statement. Do you agree with that?

**Mrs. Marie-Josée Houle:** I certainly don’t agree with that.

In fact, the presentation that I gave, as well as the work of the research, shows exactly the opposite, that financialization of housing is what is causing the housing crisis, and if we don’t get behind it right now, as soon as possible and take measures to curb it, we are not going to be able to recover from this housing crisis.

This is an opportunity to address that. Housing is a human right, so, yes, financialization of housing is nothing new in Canada, but it is growing. You’ll have an opportunity to ask the researchers more detailed questions around this.

That being said, when we’re talking about supply, we need to talk about the right kind of supply, and financialized housing is not the right kind of supply. We need to have supply that is there to support the human right to housing—that’s the progressive realization of it—by creating not just affordability but all the other six tenets of the definitions of the human right to housing, including habitability and security of tenure.

Financialization of housing is threatening all of those things.

**Mr. Scott Aitchison:** What would you say is the biggest gap in our housing spectrum right now? We are seeing it as a continuum, and people move through that spectrum. What would you see as the biggest stumbling block, or blockage, for people moving through that housing spectrum right now?

**Mrs. Marie-Josée Houle:** As I mentioned at the last meeting, I’m seeing encampments across this country. People are in encampments for a variety of reasons, but affordability is certainly one of them. Housing is not being targeted to those who need it the most in this country.

**Mr. Scott Aitchison:** Would you agree with the statement that when people are unable to move through that spectrum...? For example, people have their first apartment and then try to move into the next, but they get stuck in that spot where they are.

Would you agree with the statement that people who get hurt the most are the most vulnerable in our society?

• (1600)

**Mrs. Marie-Josée Houle:** I’m really glad the member has asked this question, because it is stuck in an archaic system of thinking that housing is a ladder in this country. It is archaic, because housing does not help people move. This is not what people want, and it

is not sustainable. This way of thinking is a violation of human rights, as well, or leads to the violation of the human right to housing.

This ladder way of thinking doesn’t take into account that not everyone is going to aim to spend 30% of their income on housing. Some people have other needs. Maybe they’re trying to pay off their education. Housing needs to be a choice. Whether it’s home ownership or rental, that needs to happen.

I also want to throw this at all the members present today. When there is something you want that’s for sale, you’re going to grab it. You’re not thinking, “Well, I’m going to leave it behind even though this is what I really want, because someone else, who can’t afford to pay more, will need it.” We don’t consume that way, so that is not how the market of housing should be treated either, but we’re making those assumptions, and that is the big flaw in the modelling.

**Mr. Scott Aitchison:** Unfortunately, you and I are both out of time, but I’d love to talk to you more about that.

**The Chair:** Thank you, Mr. Aitchison and Madam Houle.

Mr. Van Bynen, you have five minutes.

**Mr. Tony Van Bynen (Newmarket—Aurora, Lib.):** Thank you, Mr. Chair.

Unfortunately, I keep getting reminded of an indigenous phrase which says that it takes you as long to walk out of the forest as it does to walk into the forest. I’m hoping we can find some ways to reverse that trend and find a way to run out of the forest to resolve this issue.

You have many suggestions, and many of them are under provincial jurisdiction. How exactly are you advocating to the provincial level for changes you want to see? Are you meeting with provincial and municipal leaders?

**Mrs. Marie-Josée Houle:** I am meeting with provincial leaders. In fact, I met with the provincial housing minister of B.C. last week when I was in Vancouver. I’m seeing many examples of some really great initiatives happening.

However, we’re here to speak about financialization of housing and the progressive realization. We have all of these amazing researchers who have commissioned some work, and I would really like to keep us focused on what the federal government can do, because there are solutions out there for us today.

**Mr. Tony Van Bynen:** The series of research reports on the financialization of housing—what we’re undertaking now—was designed in part to support you in developing legislative or policy recommendations for the government.

Have you started developing these recommendations? Can you give us a sense of what these recommendations will look like? When do you expect to have them available?

**Mrs. Marie-Josée Houle:** Thank you so much for the question.

I do not have a policy shop. I'm an advocate, but we submit recommendations to the minister, which are put in front of the House of Commons. My latest report was submitted to the minister a few weeks ago and is expected to be put in front of the House of Commons within the next few weeks, so it will be available for all, including his response.

It is up to the government to direct their bureaucracies to get going on those recommendations.

**Mr. Tony Van Bynen:** What recommended actions do you see being as the highest priority or the most urgent in terms of the recommendations you have developed thus far?

**Mrs. Marie-Josée Houle:** The key recommendation is to first of all recognize that financialization is systemic and pervasive, and it will require a coordinated approach to curb the harm that it's causing. It will require immediate actions, followed by longer-term, on-going strategies.

There is the tracking of ownership of financialized housing stock and measuring the impacts of financialization. There is better monitoring of tenants' rights before, during and after the acquisition of property to prevent evictions, human rights violations and harassment. There is expanding the supply of non-market housing and developing mechanisms to definancialize ownership. Suspend state subsidies and support to financialized landlords. Bring in tax reforms that make financialization less profitable, especially for REITs, and regulate the involvement of pension funds that invest in financialization.

All of that is in the purview of the federal government.

**Mr. Tony Van Bynen:** Are there any recommendations that the federal government could implement quickly?

**Mrs. Marie-Josée Houle:** Yes. Through the national housing strategy, create more non-profits and housing co-ops and more non-market housing, as well as an acquisition fund. An acquisition fund for non-market actors will take housing that is existing and affordable and keep it affordable in perpetuity, as opposed to having it fall into the hands of financialized actors, which have been shown to compromise the affordability.

Once that affordability is lost, we can't ever get it back, so now is the moment to act.

• (1605)

**Mr. Tony Van Bynen:** Which of those would have the greatest impact? There is speed for implementation. The other one is the effect and impact.

What recommendation do you have, or which one are you suggesting would have the greatest impact for the government to consider?

**Mrs. Marie-Josée Houle:** That's a good question. I think it's a multipronged approach. Stop the loss, curb the financialization, make it less profitable and give opportunities for non-market actors to acquire.

**Mr. Tony Van Bynen:** There was a project some time ago called MURBs, multi-unit residential buildings, which provided incentives for people who had the ability to invest. It provided incentives

for them to invest in what was a priority, which was housing at that time.

Have you explored programs like that as part of the recommendations you would consider putting forward?

**Mrs. Marie-Josée Houle:** I'm going to admit that I don't know this program very well, but many of the buildings built by MURBs are now being financialized. Once the mortgage is done, there are no more restrictions.

That's why, for non-profits and housing co-ops, because it's in their mandate to keep things affordable, it is an investment that will keep the affordability in perpetuity, which is what we want.

**The Chair:** Thank you.

[Translation]

Mr. Trudel, you have the floor for two and a half minutes.

**Mr. Denis Trudel (Longueuil—Saint-Hubert, BQ):** Thank you, Mr. Chair.

Thank you, Ms. Houle, for being here today. We are studying a really important issue.

Interestingly enough, before the federal government stopped investing in housing in 1993, the financialization of housing did not exist. This phenomenon was not observed in Quebec or in Canada. I read a study about what ensued, but I do not remember the date of the study because there are many studies on housing. According to the study, in 1996, 0% of housing stock in Canada belonged to large national and international groups, whereas in 2021, 22% did.

So there's an issue. There appears to be a correlation between the federal government's disengagement from housing and the sudden involvement of large corporations in this matter. We also know that the draw for these people is not the right to housing, but rather greed.

There is the national housing strategy. Are there many programs that you think are not as effective as they should be? The National Housing Council produced a study indicating that we had built only 115,000 housing units since the strategy was launched, but had lost 550,000 units of affordable housing over that same period. That means the strategy is not working.

Let's just talk about financialization. What programs do you think are ultimately not helping us get out of this financialization? Programs include the co-investment fund, the housing accelerator fund and other federal programs. In the five years since the strategy was launched, it has clearly not stopped this phenomenon.

So, to help us, what programs should be cut?

**Mrs. Marie-Josée Houle:** Thank you for the question.

Rather than talking about which programs should be cut, we should talk about the ones the government is no longer investing in. For example, this year there was no investment in the rapid housing initiative, yet that program was part of the national housing strategy, and has been very successful. In addition, we are eagerly awaiting the implementation of a program to build new co-operative housing units.

I would like to elaborate on the programs that are indeed working. There have been investments in building affordable housing, but there has been a failure to adequately define what affordability is.

We hope that the programs where there are problems will be revised to include better definitions and achieve better long-term results.

**Mr. Denis Trudel:** Thank you.

[English]

**The Chair:** Thank you, Mr. Trudel.

Ms. Kwan, you have two and a half minutes to conclude this round.

• (1610)

**Ms. Jenny Kwan (Vancouver East, NDP):** Thank you, Mr. Chair.

Yesterday, in the committee of the whole, in the questioning of the minister about this, he seemed to think that the 1% tax on the value of vacant residential real estate not owned by Canadians or Canadian residents, as well as the two-year ban on foreign investment in Canadian residential properties, is sufficient to address the housing crisis, especially as it relates to the financialization of housing.

The press asked him whether he would support and call for a moratorium on the acquisition of affordable housing from the private corporate sector or for a non-profit fund to be put in place, but he didn't answer any of those questions.

Can you advise the committee whether those two measures the government has acted on are sufficient?

**Mrs. Marie-Josée Houle:** First off, the foreign investment in housing in Canada represents a very small percentage. It's not hard for a foreign investor to set up a shell corporation in Canada. To point fingers at international investment in Canada as the cause of financialization is one that is dangerous and short-sighted.

The vast majority of financialization happens here in Canada by companies in Canada. That is the first issue that I have with this. It's only addressing a small percentage and it's not going to stop the loss. The loss has continued since those changes have come into effect after they were announced in the budget last year.

**Ms. Jenny Kwan:** The minister also cited supply. As you've indicated, and I wholeheartedly agree, it's not just about supply; it's about the affordability of supply and accessibility of supply to those most in need. The national housing strategy has a target of removing 530,000 households from core housing need. They have not achieved that.

From that perspective, when we're talking about supply, can you say specifically what the government needs to do to address the supply question?

**Mrs. Marie-Josée Houle:** First of all, specifically, let's not look at it like a housing model and not assume that people are out to purposely spend 30% of their total household income on their home and will move on if they suddenly make more money. That's a fallacy and that's dangerous.

This is where we really need to focus and this is an important time to do it. We have an \$80-billion strategy on the table right now—we're halfway into it—that can make a huge difference. It needs to be targeted correctly at the right kind of supply. The supply margins are directed at those who need it the most, because there's no building any housing supply that will trickle down to address those in poor housing need.

**Ms. Jenny Kwan:** Would that be for people in core need?

**Mrs. Marie-Josée Houle:** That's right.

**The Chair:** Thank you, Madam Houle.

We will now suspend for a few minutes while we transition the witnesses.

You're welcome to stay, Madam Houle.

• (1610)

(Pause)

• (1615)

**The Chair:** Committee members, we'll now resume.

We have the second panel of witnesses.

Appearing in the room is Dr. Lewis. Virtually we have Dr. August, Jackie Brown and Manuel Gabarre. Speaking for ACORN Canada is Tanya Burkart.

We're going directly to questions from committee members.

We'll begin with Mr. Aitchison for six minutes.

This is a full six-minute round.

• (1620)

**Mr. Scott Aitchison:** Thank you, Mr. Chair.

I'd like to start with Ms. August.

On page 4 of your report, you stated, "Nationwide, there is a pattern in which REITs invest more in provinces with weak or no rent controls than in provinces with stronger rent controls."

I'm wondering if that's anecdotal or if there are some statistical numbers you have to demonstrate that.

**Dr. Martine August (Associate Professor, School of Planning, University of Waterloo, As an Individual):** I calculated the number of units owned by real estate investment trusts per province and then compared that to the national share of apartment units in that province to see if they owned more than what you would expect, given the share of apartments in that province. I found that provinces that had stronger rent control had lower proportion of REIT ownership compared to what you would expect, and provinces with weaker rent control were the opposite.

The indication there was that rent control can play a role in reducing the financialization of housing or, indeed, can play a role in preventing firms from wanting to acquire properties in those jurisdictions.

With reference to your question about anecdotal evidence, it's also the case that these firms make it very clear that they are not in favour of rent control. You can read their documents, and you can listen to comments that REIT executives make. They're all very opposed to rent control of any form.

**Mr. Scott Aitchison:** Just to clarify and make sure I understand, did this analysis include only purpose-built rentals?

**Dr. Martine August:** Yes, it's purpose-built rental housing. I was looking at rental housing over six units, larger rental housing construction, not secondary units.

**Mr. Scott Aitchison:** Besides the 2.5 million purpose-built rentals, there are close to two million rentals that are single-family homes, kind of like the mom-and-pop doubles, duplexes and even condos, I guess, held by investors. When you take them into account as well, it means that the smaller, non-financialized firms hold between 80% to 90% of the purpose-built rental supply. That doesn't seem quite so concentrated when you include that.

Would you agree that the mom and pops who buy a second place and rent it out are helping? They're providing rental units.

**Dr. Martine August:** No, I wouldn't agree with that.

I would say that this is a common strategy to try to downplay the concentration of ownership by financial firms.

If we're looking at purpose-built rentals, they have acquired an enormous number. We don't even know the full extent, because it's very difficult to get the full details. A lot of the ownership is concealed by the fact that we don't have high-quality data on beneficial ownership in this country, but what we do know is that approximately 20% to 30% of multi-family rental housing, purpose built, is owned by financial firms, and that's just what we do know about. Like I said, the data is questionable.

It's also the case if you look at condos. For example, there is definitely a lot of investor ownership of condos. Positioning that as mom-and-pop ownership and something that is positive, I don't agree with that. I think there are problems with a lot of the rental housing in condos in that it's not as well protected, and tenant protections don't extend to condos so much.

**Mr. Scott Aitchison:** Would you agree then that—

**Dr. Martine August:** Just to answer your question, we have increasing investor-based ownership—

**Mr. Scott Aitchison:** I'm sorry. I'm going to stop you, if you don't mind.

Thank you.

**Dr. Martine August:** I was just going to finish answering your question.

We do have increasing investor ownership of single-family rental housing as well, so that would be.... There's core development REIT, for example, real estate investment trust of single family homes—

**Mr. Scott Aitchison:** Ms. August, thank you.

I ask the questions, you answer, and when I'm done with what you've talked about, I'm going to move onto the next thing.

I'd like to make it clear that I'm not trying to downplay anything that you're talking about. I just want to make sure that I understand exactly where you're coming from, and I want to be sure that I was clear about the second home that people buy to provide a rental and what your thoughts on that are, so thank you for that.

I'm going to move on.

My next question is for the folks at ACORN.

I'm wondering if you can comment on the age of Canada's rental housing stock.

• (1625)

**Ms. Tanya Burkart (Leader, ACORN Canada):** Canada's rental stock is aging. It needs to be maintained.

For financialized landlords, their profit strategy basically thrives on lack of maintenance, buying old buildings and using tools like lack of rent control, illegal buyouts, renovictions and demovictions. They have a lot of tools in their arsenal. They have above-guideline rent increases. There's no vacancy control.

Landlords of financialized housing thrive on using old buildings. The conditions of buildings often work against tenants—

**Mr. Scott Aitchison:** Do you think—quickly because I don't have a lot of time—that some of the incentives that used to be used before the seventies to incentivize the construction of new rental units would actually help get more rental units constructed today, if they were reinstated?

**Ms. Tanya Burkart:** Some of them, yes.

**Mr. Scott Aitchison:** Okay.

**The Chair:** Thank you, Mr. Aitchison.

We'll now go to Mr. Coteau for six minutes, please.

**Mr. Michael Coteau (Don Valley East, Lib.):** Thank you so much, Mr. Chair.

I'm going to share half of my time with my friend from Hamilton.

My question is for Dr. Lewis.

Thank you for being here today. What you've done to look at the financialization and how it impacts racialized communities here in Canada, I think, is very valuable work.

I'd like it if you could take a few minutes to talk about how financialization impacts communities, and communities within communities, differently.

From some of the research I've seen around home ownership and systemic barriers that are placed in rentals, I know that this impacts communities differently. Can you talk about how it impacts different communities within communities from racialized communities?

Sorry for using the word "communities" so many times.

**Dr. Nemoy Lewis (Assistant Professor, School of Urban and Regional Planning, Toronto Metropolitan University, As an Individual):** No worries.

Financialization impacts communities, especially racialized communities, because a part of the financialization business strategy is to find underperforming properties. Oftentimes, these underperforming properties are in historically disinvested communities, which are, oftentimes, racialized and economically disenfranchised communities.

As such—even speaking to the question that was asked by the other member—these particular entities acquire these aging properties because of the fact that they can deliver the most returns on their investments.

Yes, a lot of these properties are desperately in need of investment, but I think one of the things we have to be clear on is that these companies aren't making these investments for free. These come at a cost. In fact, they come at a very high cost for a lot of folks who are either on social assistance or on a fixed income, especially some of our seniors who are receiving fixed income in terms of their pensions. These particular investment strategies have the potential to exacerbate some of the affordability problems in communities.

**Mr. Michael Coteau:** If you had some recommendations to provide to this committee on things.... If you were in charge, what are, quickly, two or three things you would do to change the practices that are taking place that prevent some communities from having home ownership or just rental access in general? What would be the three big recommendations you'd make to this committee?

**Dr. Nemoy Lewis:** In terms of recommendations, one of the things I think I talked about last week was where a lot of these financial intermediaries, such as asset management firms and private equity firms, are getting a lot of their capital. The source of their capital is institutional investors, including some of our public pension funds. I think one of the things that would be prudent of us to do is to prohibit public pension funds, including federal public pen-

sion funds, that undermine the government's efforts in realizing the human right to housing for all Canadians.

**Mr. Michael Coteau:** Thank you so much.

I'm going to turn it over to Mr. Collins.

**Mr. Chad Collins (Hamilton East—Stoney Creek, Lib.):** Thank you.

Mr. Chair, I'll start with Dr. August.

Dr. August, all levels of government use a kind of carrot-and-stick approach when it comes to legislation and policies when we try to incentivize areas that we're looking at to perform. In the housing sector, I would use our housing accelerator fund as an example of a carrot approach, as it relates to trying to incentivize municipalities to create new housing supply.

When I look at real estate investment trusts, one of the things I'm looking at is how the national housing strategy should or shouldn't apply to REITs. I've read a lot of your information as it relates to the impact that REITs have had on rising rents across the country. I would agree with a lot of the assessments you've provided. I guess my question would be how we incentivize REITs to help us with our supply issue. I think the private sector is a big part of helping us with the issue of supply.

How do we discourage them from participating in the national housing strategy and contributing to or getting at that issue you've raised as it relates to their impact on market rents? Can you help us with that in terms of recommendations and in terms of how we should treat REITs with financial assistance through the national housing strategy with those two issues at play?

• (1630)

**Dr. Martine August:** Thank you. That's a great question.

I think it's important to remember that the federal government has an obligation to uphold the right to housing. These firms are violating that right to housing. I think the government should decide to no longer use national housing strategy funds to support firms that are violating the right to adequate housing.

That would mean no longer providing national housing strategy funds to financial firms such as real estate investment trusts, asset managers, private equity funds, institutional investors and so on, whose business strategy in rental housing is to raise rents and extract more value from tenants, make housing less affordable and decrease the security of tenure. There's no social purpose associated with this approach, and so no justification for using federal funds to support these types of companies.

That will go for national housing strategy funds and also for preferred financing from the Canada Mortgage and Housing Corporation, and again, also for tax subsidies. REITs have preferential taxation in this country, and there's no social justification for that. In terms of the stick approach, we should definitely not be using federal taxation policy and subsidies and support for these firms that are actually violating the right to adequate housing in Canada.

In terms of supporting the private sector in developing housing—

**The Chair:** Dr. August, your time has gone by. Maybe you can get to that in a follow-up question from another committee member.

[Translation]

**The Chair:** Mr. Trudel, you have the floor for six minutes.

**Mr. Denis Trudel:** Thank you, Mr. Chair.

Thank you to all the witnesses for being here today.

As I mentioned earlier, housing is a critical issue. It is one of the major crises we are facing right now.

[English]

**The Chair:** I'm sorry, Monsieur Trudel.

Do you have a point of order, Mr. Van Bynen?

**Mr. Tony Van Bynen:** I'm not getting translation.

[Translation]

**The Chair:** Mr. Trudel, you may begin again.

**Mr. Denis Trudel:** Can you hear me all right?

Long live Quebec independence!

Did everyone get that?

**Voices:** Oh, oh!

**Mr. Denis Trudel:** I feel like that should trigger an alarm somewhere.

**Voices:** Oh, oh!

**Mr. Denis Trudel:** I think everyone understands that.

**The Chair:** Mr. Trudel, you have the floor.

**Mr. Denis Trudel:** No need for interpretation to understand that.

Let's get back on track.

I want to sincerely thank all the witnesses for coming.

As I was saying, the financialization of housing is a major issue. Let's talk about it.

Ms. August, in your study on the financialization of rental housing, you recommend that we stop providing direct or indirect public assistance services to companies that are involved in the financialization of housing.

Earlier, I was telling another witness about a study that I once read. According to the study, the federal government stopped investing in housing in 1993. From about 1996 onward, financialization was observed to increase in Canada from 0% to 22%, which is the current level. Since then, the federal government decided to reinvest in housing over six or seven years, which overlaps with the

period during which the national housing strategy has been in effect. However, it is clear that the strategy has not solved all the problems.

What main programs under the national housing strategy could you name now that are contributing to this financialization of housing?

• (1635)

[English]

**Dr. Martine August:** Thank you for the question.

The rental construction financing initiative, RCFI, is one of the programs where there has been support given to financial firms, so there's an example there.

In terms of what the federal government could do to better prevent this, I think that the National Housing Strategy Act programs could better support the construction of non-market housing, as the advocate mentioned, such as subsidized housing, including co-ops, non-profits and social housing. This would build the kind of supply that provides deeply affordable housing, which we really need in Canada to meaningfully address the housing crisis.

In terms of providing support for private sector developers to build housing, this is an interesting question. I think it's possible to use federal support or subsidy for this, if you can be guaranteed that this housing will be affordable in perpetuity and that we won't have violations of the right to housing that affect people's security of tenure.

I think it's great to support the creation of new housing, if we can be sure that it's going to be affordable. It's going to be Canadian taxpayers who are putting that money in and it should be achieving the social goals that we have for housing in this country.

[Translation]

**Mr. Denis Trudel:** Thank you so much.

According to a National Housing Council report, between 2011 and 2021, we lost 550,000 affordable housing units in Canada. Did you know that?

What do you think is the main reason we lost those units?

[English]

**Dr. Martine August:** I don't have the figure itself in front of me.

However, it is the case that researchers Steve Pomeroy and Duncan MacLennan have done research looking into the loss of affordable units. They associate this with financialization of housing. What we're seeing is that financial firms are buying existing multi-family housing and driving up the prices of that housing in the way that I and the other panellists have discussed.

Because that housing is becoming more expensive, we're losing affordable units and our existing stock is being consolidated. Ownership is being consolidated by financial firms whose business strategy is to make that housing more profitable for their investors, which has the effect of making that housing less affordable for Canadians and of losing affordable housing stock.

We've heard reference to this request for an acquisition program that would allow the government to support non-profits in acquiring existing multi-family housing to stop that loss of affordable housing as it's being bought up by financial firms and being made less affordable as their business strategy.

[Translation]

**Mr. Denis Trudel:** When the federal government was creating social housing prior to 1993, it signed agreements. In fact, presumably, one of the reasons why we lost those affordable housing units is that the agreements about the rental housing stock that was built at that time are now expiring. They were signed for 20, 25, 30 or 35 years. Would you recommend that the federal government keep this stock, which already exists?

One of the problems right now is that it's hard to build housing quickly because of construction costs and labour shortages. You touched on it briefly, but this is housing into which the federal government has already invested public money. If the federal government decided to continue to invest in this stock, to safeguard its affordability, do you think that would be a good tool?

[English]

**Dr. Martine August:** Absolutely. I think that's a crucial tool.

We have such an important, valuable stock of social housing, albeit a small proportion of Canada's housing stock, that is underfunded and been under-maintained ever since the federal government withdrew support for social housing in this country. Preserving and maintaining that super important, very affordable, crucial element of the stock is key. Preventing more housing from being lost, as I just spoke about, is also key, and then building new affordable supply that is deeply affordable in perpetuity. It's all of those things.

To use the language of the advocate, this is a bit of a multi-pronged approach, which would meaningfully work towards addressing the housing crisis in Canada.

**The Chair:** Thank you, Mr. Trudel.

Madam Kwan, you have six minutes, please.

• (1640)

**Ms. Jenny Kwan:** Thank you very much.

We saw the financialized landlords come into the market after the national affordable housing program was cancelled in 1993. Subsequent Liberal and Conservative governments have allowed for financialized landlords to continue to flourish.

Dr. August, you mentioned that one key issue is also preventing the loss of stock.

Would you support the call for a moratorium to be put in place on the acquisition of housing stock by financialized landlords?

**Dr. Martine August:** Yes, I would support that.

Unless financialized landlords can indicate that they plan to pursue affordable housing, to not raise rents, to not pursue evictions at higher rates than other types of landlords, to ensure security of tenure for people and to basically not work toward a violation of the right to adequate housing, there shouldn't be support for these firms to acquire and to consolidate ownership of our very important rental housing stock in Canada.

**Ms. Jenny Kwan:** Thank you.

On the issue around financialized landlords, we see that quite often, actually, in apartments and multi-unit complexes. Can you share with the committee how pervasive this is in single-family homes and in condos?

**Dr. Martine August:** That's actually a very difficult question to answer.

We've tried to look into it just a little bit in the report. We've seen that early indication of some institutional firms that are investing in single-family rentals. For example, Core Development Group is a real estate investment trust, or REIT, that was launched in order to acquire single-family homes in Canada. There are some other small companies I'm aware of that are doing the same thing. However, it's hard to know the full scope of this. It's less advanced in Canada than in other countries where we're seeing a massive consolidation of single-family rentals. That's something that Dr. Lewis knows about from having done substantial research on it in the United States.

**Ms. Jenny Kwan:** Thank you very much.

Perhaps, Mr. Chair, I could ask the witnesses to present any data they may have in that regard to the committee for the committee's information.

I'd like to turn to the question around evictions. We heard from ACORN, which has lived experience of how impactful and how significant it has been in terms of these financialized landlords going in and renovicting people, demovicting people and, in fact, letting the apartments fall apart to force people out. There's data that's been provided about the issue around evictions.

How much of that is related to the financialized landlords jacking up the rent and creating unaffordability for the tenants? As a result, they're faced with evictions.

I'm not sure who's best to answer that question.

**The Chair:** Do you want to direct it to Dr. Lewis?

**Ms. Jenny Kwan:** Maybe I'll direct it to Dr. Lewis. I saw him nodding.

**Dr. Nemoy Lewis:** I definitely think there's a correlation. I provided an example of one particular property that is located in North Etobicoke, which was acquired by Starlight Investments in 2018. In 2019, Starlight filed approximately 480 evictions on this property, which has just over 740 units. Then, the year after, we saw that rents increased by just over a 25% year-on-year average. We've calculated the cumulative aggregate growth rate for rents at this particular property since 2012, and rents have increased at an annual basis of about 10%.

**Ms. Jenny Kwan:** How can we stop this practice from happening? Do you have any suggestions or recommendations for the committee?

**Dr. Nemoy Lewis:** I think the member previous to you had suggested a moratorium in terms of putting a cap on the number of properties these particular entities can acquire. One big issue as well—I know there was a question posed—is that the private sector can play a role, but I think we have to keep in mind that these private sector corporations have a legal and fiduciary responsibility to maximize their returns. As such, that undermines the federal government's efforts with respect to realizing a right-to-housing approach for all Canadians.

**Ms. Jenny Kwan:** How about putting forward a no-displacement policy?

**Dr. Nemoy Lewis:** I think putting in a no-displacement policy would certainly help, but the question that remains is whether these particular landlords would neglect the maintenance of the particular property and, in turn, pressure some of those folks to actually move out and to find new accommodations. Then they would come in and reinvest in and renovate these particular properties to attract more affluent and more high-income households.

• (1645)

**Ms. Jenny Kwan:** I wonder if ACORN has anything to add.

**Ms. Tanya Burkart:** I can add to what Nemoy has spoken about.

Absolutely, put a hard limit on the number of units REITs can purchase or own, and block any public funding or benefit that REITs receive. Those should be tied to a no-displacement guarantee. If a REIT wants CMHC funding, then it has to guarantee CMHC that it's not going to displace tenants.

Part of it should be making sure that REITs maintain their units. The tenant conditions we live in are just abysmal. Their profit model relies solely on, basically, putting us in conditions that are not livable.

Taxing REITs.... I think the best way to hit a financial corporation is the bottom line, so a tax of 38% is a great number.

**The Chair:** Thank you, Ms. Kwan.

We don't have enough time to start another round, but we do have a few moments. Mr. Morrice has asked if he could get a question in. Do we have consent? If we have consent, we have enough time to give a few minutes to Mr. Morrice.

**Some hon. members:** Agreed.

**The Chair:** Mr. Morrice, you have the floor for three minutes.

**Mr. Mike Morrice (Kitchener Centre, GP):** Thank you, Mr. Chair. That's very kind.

Thank you to the committee members for their consent.

I'd like to thank Dr. August for joining us again.

I want to ask about the only published brief that's been provided to this committee for this study. It's by a group who call themselves the Canadian rental housing providers for affordable housing. We might think this is a group of non-profits working for the public good, but it's actually a lobby group made up of the five largest real estate investment trusts who profit from the financialization of housing. Unsurprisingly, one of their recommendations is to keep a tax exemption that they currently benefit from.

A report from the Parliamentary Budget Officer with respect to ending this exemption makes it clear that we could raise a minimum of \$285 million over the next five years for affordable housing if we did this. It's a recommendation that for some time both ACORN and Dr. August have called for.

Dr. August, perhaps we can start with you. Can you elaborate on how important this change is?

**Dr. Martine August:** Sure. Thanks for all that background.

I think there's no social justification for providing tax breaks to real estate investment trusts in housing. These firms are making their money by making housing less affordable and affecting security of tenure, things that are running counter to the right to adequate housing. It makes a lot of sense to tax them like other corporations. It makes a lot of sense to use the money that is earned—a substantial figure, as you just mentioned—and put that towards housing-related goals.

**Mr. Mike Morrice:** Thank you so much for that, Dr. August.

Ms. Burkart from ACORN, would you like to add to that?

**Ms. Tanya Burkart:** The best way to stop a corporation is definitely by taxing them, because money is their goal. When you block money, basically that's an inhibitory process for REITs, ensuring that any funding, whether it's through the housing accelerator fund or the national housing strategy, is tied to no displacement for tenants.

We have to ensure that our existing housing stock is protected. I think Steve Pomeroy's statistic was that for every affordable housing unit built, 15 are lost. We can't continue to build housing if we're losing more. The idea that housing has to be maintained should be economically part of building housing. You can't build housing and then not maintain it, especially if you're losing it at a rate faster than you can build it. That's how the housing crisis started.

**Mr. Mike Morrice:** Thank you, Ms. Burkart, for sharing from your lived experience.

Dr. Lewis, would you like to share also?

**Dr. Nemoy Lewis:** I definitely echo the same sentiments as some of my colleagues joining us in this meeting. Where I think I'm more concerned is with the asset management firms. As much as we talk about real estate investment trusts, as I mentioned last week, real estate investment trusts over the last 27 years in the city of Toronto have accumulated only 7% of all the total units. Asset management firms account for over 40%. I think that should be our priority.

• (1650)

**The Chair:** Thank you, Mr. Morrice.

Go ahead, Ms. Kwan.

**Ms. Jenny Kwan:** Mr. Chair, before we let the witnesses go, I wonder if they could provide the data that they may have available to indicate how pervasive the financialized landlord issue is, whether it be in corporations, in REITs or in asset management companies. Could it be broken down by provinces and cities, if they have that? I think it would be very telling to indicate how pervasive and problematic this situation is.

**The Chair:** Thank you, Ms. Kwan.

I would ask all the witnesses that if they have information that addresses the issue Ms. Kwan put to the committee, provide it to the committee clerk so it will frame part of this particular study.

With that, we have concluded the first hour.

Thank you, witnesses, for coming back again and giving testimony on this important topic.

We will suspend for five minutes while we go in camera to resume consideration of version one of the CMHC report.

Again, thank you, committee members.

*[Proceedings continue in camera]*

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