

The Financialization of Housing in Canada

Policy Innovation Initiative
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What is the financialization of housing?

“A phenomenon that occurs when housing is treated as a commodity— a vehicle for wealth and investment— rather than a social good” (United Nations, 2024)



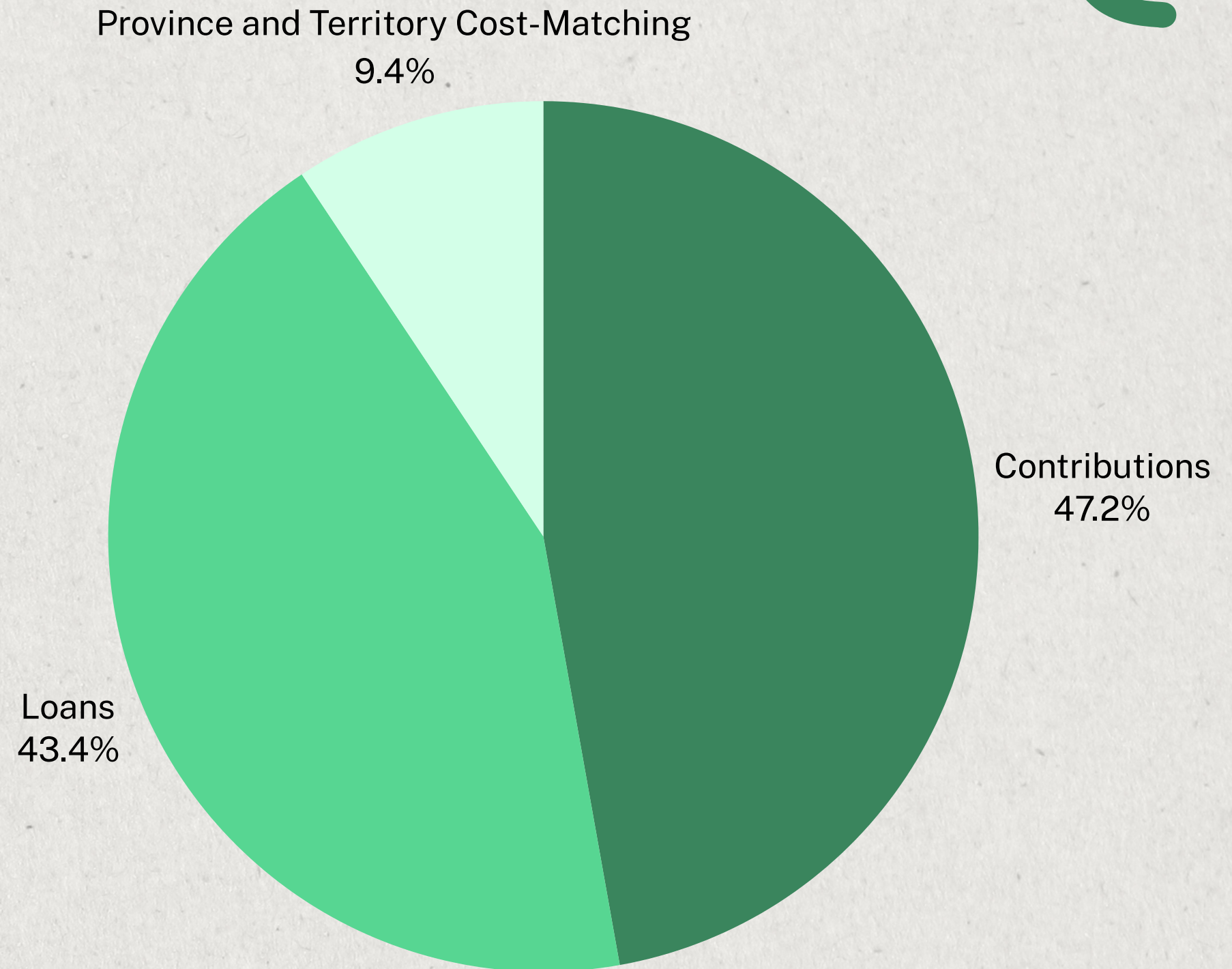
Background

Main Policy Contributors

- The federal government's withdrawal from directly providing social housing

Policy Response

- In 2017, the federal government responded to the housing crisis by developing the National Housing Strategy which commits **\$82 billion** over ten years.
- **\$38.89 billion** has been expended helping to develop/commit **151,803 new units** and **protect 344,489 units**.



The National Housing Strategy, 2023

Key Considerations

Disproportionately Impacts Marginalized Groups

Increasingly Expensive to Build

Long-term Sustainable Solutions Require Both Private & Public

Option #1

Provincial Rent Control & Ownership Tracking

Risks

Rent control disincentivizes private-sector investment in home construction by limiting profits and returns.

Current construction costs are already relatively high, thanks to high interest rates and inflation.

Mitigation

The slashing of municipal development charges, Ottawa's elimination of GST on purpose-built rental construction, and the cutting of red tape can offset the disincentives created by rent control.

History

- Rent control was a prominent feature of housing policy during the 1970s and '80s.
- Provincial rent control legislation was largely repealed as part of the neoliberal restructuring of the 1990s.

Current Status

- 6 provinces and 1 territory have some form of rent control in effect: BC, QC, ON, MB, PEI, NS, Yukon.
- Some provincial rent controls are limited: since late 2018 in ON, newly built homes have been exempt from rent control.

Forms of Rent Control

- Vacancy control
- Further limit or prohibit above-guideline rent hikes

Option #2

Grant Based, Community-Led Approach

Risks

- Requires firm intergovernmental coordination
- May hinder smaller mom-pop landlords



To combat the loss of supply caused by financial actors, the federal government can emulate pre-existing community sector-led approaches, such as Community Land Trusts (CLTs). CLTs across Canada have found great success in acquiring and retaining buildings for affordable housing, such as Parkdale Neighborhood Land Trust in Toronto.

Evaluation

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Recommended Option

Comprehensive Financialization Framework



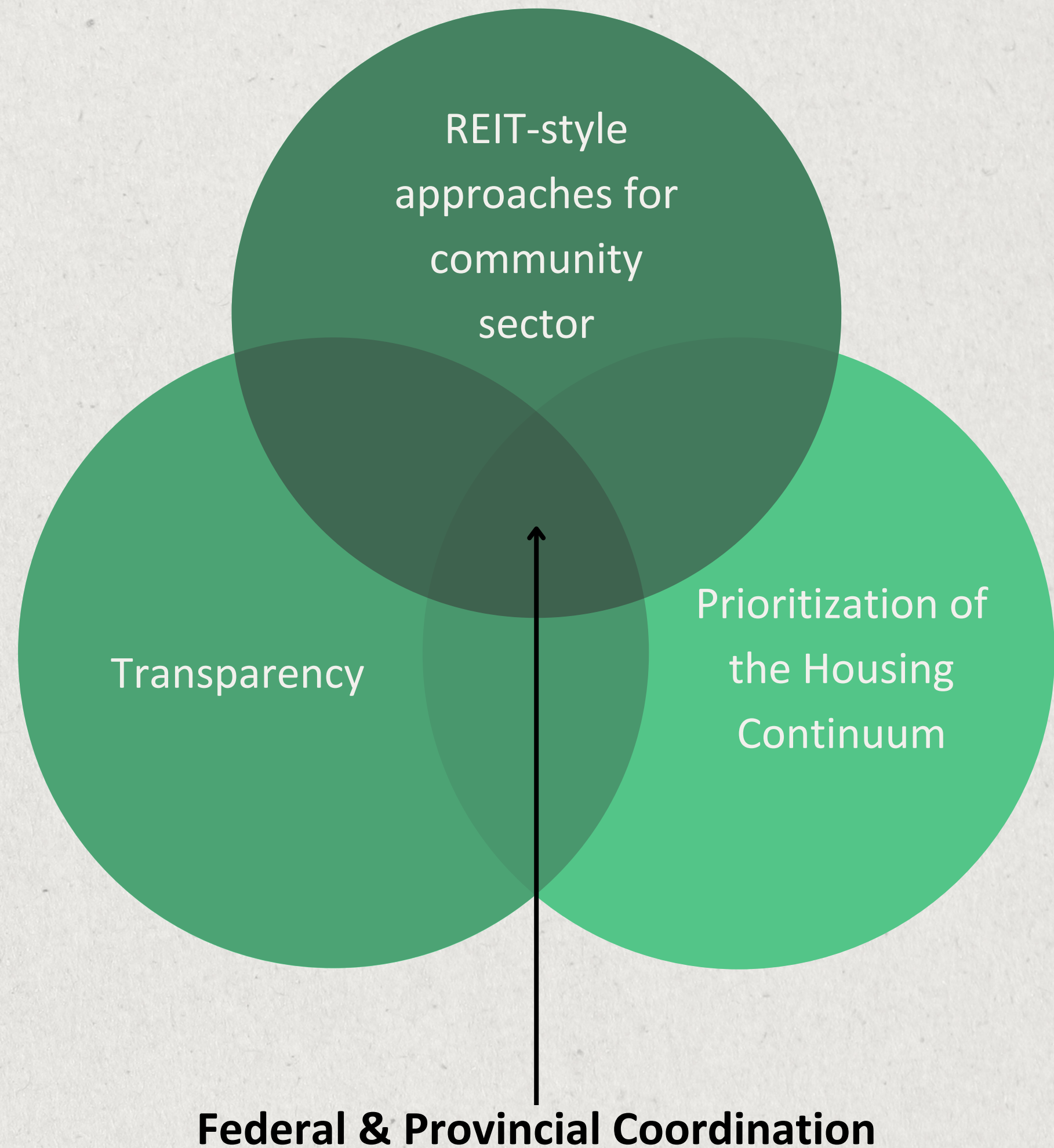
Provincial

Rent control as a policy tool against hiked rents and unaffordability.

Promotion of transparency through REIT registries

Federal

Restructuring of NHS to incorporate a funding streak dedicated to uptake of existing stock for perpetual affordability



Questions?

