THE UNEVEN RACIALIZED IMPACTS OF FINANCIALIZATION

A report for the Office of the Federal Housing Advocate

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The opinions, findings, and conclusions or recommendations expressed in this document are those of the author and do not necessarily reflect the views of the Canadian Human Rights Commission or the Federal Housing Advocate.

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Abbreviations

G.T.H.A	Greater Toronto and Hamilton Area
C.E.S.C.R	Committee on Economic, Social and Cultural Rights
U.N.	United Nations
N.H.S.	National Housing Strategy
R.E.I.Ts	Real Estate Investment Trusts
Cal.S.T.R.S	California State Teachers' Retirement System
S.F.R.	Single-Family Rental
P.S.P. Investments	Public Sector Pension Investment Board
C.P.P.I.B.	Canada Pension Plan Investment Board
G.F.C.	Great Financial Crisis
B.C.I.M.C	British Columbia Investment Management Corporation
T.C.H.C.	Toronto Community Housing Corporation
A.G.I.	Above Guideline Increase
Eglinton L.R.T.	Eglinton Crosstown Light-Rail Transit
C.I.B.C.	Canadian Imperial Bank of Commerce
C.M.H.C.	Canada Mortgage Housing Corporation
AIMco	Alberta Investment Management Corporation
C.E.R.D.	Committee on the Elimination of Racial Discrimination
U.N.D.R.I.P.	United Nations Declaration on the Rights of Indigenous Peoples

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1. Introduction

Over the last decade, housing has emerged as a hot-button issue across the country as a result of the rising affordability problems plaguing many Canadian households. With home ownership widely out of reach, many residents in the Greater Toronto and Hamilton Area (G.T.H.A.) have turned to the rental market for their housing needs. In the months leading up to the global pandemic crisis, Toronto's rental markets reached a boiling point; in the fourth quarter of 2019, vacancy rates hit their lowest levels in nearly two decades at 1.1% (Urbanation Inc., 2021). Average rents in the Toronto market also continued their upward climb in 2019, with the average rental rate jumping nearly 10%, its sharpest increase in over a decade (Kalinowski, 2020). These conditions, in turn, helped crown Toronto as the most expensive city in which to rent in the entire country. This is in large part because the home began to take shape as not only a place that provides shelter, security, and comfort but also an "object of speculation" (Martin, 2002) that could be used to procure profits through financial channels on international capital markets (Krippner, 2005). The financialization of rental housing represents a paradigm shift in urban rental markets, with the entry of financial firms and institutional investors seeking to convert multifamily real estate into a financial vehicle to generate wealth. Briefly, financialization refers to "the increasing dominance of financial actors, markets, practices, measurements, and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states, and households." (Aalbers, 2016, p. 3).

The term *financialization* is sometimes criticized for being a fuzzy concept used indiscriminately to describe the ongoing housing crisis and its impact on urban housing landscapes across the globe. However, the term has significant utility in describing the finance-led housing accumulation that has transformed housing ecosystems in urban rental markets in Canada and beyond (Gabarre, 2021). In fact, the advancement of neoliberal policies is what gives rise to extractive financial practices that further support the commodification of housing and make the financialization of housing even possible. Missing from the discourse, however, is a deeper understanding of the anti-Black nature of financialized landlords' everyday business and management practices. Over the years, there has been little research that explores anti-Blackness and financialization, apart from work by Elora Raymond and Desiree Fields who investigated these issues in the American context (Fields and Raymond, 2021). Since the 2008 housing crisis, much has been written about the financialization of housing via the securitization of subprime mortgages and its impact on Black communities. Scholars often denote the violence stemming from the housing debacle as the latest iteration of blatant racism experienced by Black Americans at the hands of the private sector (Aalbers, 2012; Wyly et al., 2006).

To better understand the impact of the financialization of housing on Black renters in Canada, and more broadly within the African diaspora, it is imperative that we distinguish anti-Blackness from racism. João H. Costa Vargas and Moon-Kie Jung (2021) argue that "unlike racism, which tends to focus on analogous experiences of oppression, anti-Blackness stresses the singularity [uniqueness] of Black people's dehumanization and anti-humanization" (p. 9). Examining these issues through an anti-Blackness framework helps us to understand that the human right to

housing for Black Canadians will not be resolved by simply eradicating racism from social and institutional practices. Rather, the study of anti-Blackness compels us to see that the very notion of what it means to be human is central to the problems underpinning the racist practices that contribute to the rejection of Black humanity (Jung & Vargas, 2021). The violence of evictions and forced displacements stemming from the ongoing housing crisis in Black, Indigenous, and other racialized communities exemplifies the severe consequences of the financialization of housing when segments of the population are not afforded the basic protection of the state.

The human right to housing is another area that has been largely under explored in financialization literature. In 2017, former UN Special Rapporteur Leilani Farha produced an in-depth report that sheds light on the financialization of housing and its impact on human rights. In the report, Farha detailed the way in which powerful global financial actors helped transform housing from a place of shelter to a financial vehicle or commodity that is now bought and sold on global capital markets to amass wealth (Farha, 2017). Under Article 25 of the Universal Declaration of Human Rights of 1948, "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing, and to the continuous improvement of living conditions"' (Office of the High Commissioner for Human Rights [OHCHR], 1991). General Comment Four of the Committee on Economic, Social and Cultural Rights (C.E.S.C.R.) makes specific refence to the right to housing. It states that the right to housing "should be seen as the right to live somewhere in security, peace, and dignity" OHCHR, 1991). The committee also recommends that the "'term 'housing' be interpreted so as to take account of a variety of other considerations, most importantly that the right to housing should be ensured to all persons irrespective of income or access to economic resources'" (OHCHR, 1991; Hale, 2018). The committee also stresses the statement in article 11 that these rights (1) should not just be confined to housing, but should encompass the right to adequate housing, meaning the right to "adequate privacy, adequate space, adequate security, adequate lighting and ventilation, adequate basic infrastructure and adequate location with regard to work and basic facilities—all at a reasonable cost" (OHCHR 1991). Studies have shown that housing financialization is fundamentally intertwined with anti-Black logics and techniques which historically have been fundamental to the business of finance and real estate (Fields & Raymond, 2021). Under both the Convention on the Elimination of Racism (C.E.R.D.) and the UN Declaration on the Rights of Indigenous Peoples (U.N.D.R.I.P.),[1] states are required to "'prohibit and eliminate racial discrimination in all its forms and to guarantee the right to everyone, without distinction as to race, colour, or national or ethnic origin, to equality before the law, notably in the enjoyment' of various rights, including the right to housing."[2]

In 2019, the Canadian government took the unprecedented step of introducing a key piece of legislation to recognize Canadians' human right to adequate housing, as affirmed under

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[1] See *UN Declaration on the Rights of Indigenous Peoples (UNDRIP),* Article 21(1), https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP_E_web.pdf

[2] See *Convention on the Elimination of Racism (CERD)* Article 5 (e) Economic, social and cultural rights, in particular, https://www.ohchr.org/en/professionalinterest/pages/cerd.aspx

international law (Government of Canada, 2019). Under the *National Housing Strategy Act* (NHSA), the Government of Canada will also appoint a Federal Housing Advocate to monitor the implementation of housing policies and assess their impact on persons who are members of vulnerable groups, persons with lived experience of housing need, and persons with lived experience of homelessness.[3] Part of the Advocate's mandate will be to analyze and conduct research on systemic housing issues, including barriers faced by persons referred to in paragraph 13(a) of NHS.

The objective of this report is to provide research and evidence to better understand how financialization operates, its impacts on persons who are members of disadvantaged groups,[4] and potential policy and regulatory solutions, particularly at the federal level. This report is organized as follows: In the next section, I discuss the evolution of financialization and the financialization of housing in a global context. Next, I discuss the financialization of housing and its broader impact on racialized people and economically disenfranchised communities. In the third section, I provide a general overview of the rise of financialized landlords and their anti-Black investment and management practices. Also, in this section, I discuss public pension funds and how their investments have helped to exacerbate the problems of affordability and evictions, and perhaps increase the precarity of housing for members of the National Housing Strategy priority groups. The priority population includes survivors (especially women and children) fleeing domestic violence, seniors, Indigenous people, people with disabilities, those dealing with mental health and addiction issues, veterans, LGBTQ2+, racialized groups, newcomers (including refugees), individuals and families experiencing homelessness, and young adults (NHS, 2018). I then provide a case study of the former city of York to illuminate financialized landlords' potential sociospatial impact on Black renters. I conclude by highlighting some recommendations on how to re-establish housing as a social good and a human right.

2. What is Financialization?

During the 1990s, as economies across the globe experienced tremendous growth, scholars began to use the concept of financialization to capture the shift towards financialized capitalism. Some of the most influential work in this area of inquiry was published in the early 1990s, beginning with the text entitled *The Long Twentieth Century: Money, Power, and the Origins of Our Times*, by Giovanni Arrighi, who first introduced financialization into the lexicon of the broader scholarly community. For Arrighi, financialization represented a decline in the hegemonic control of states over the global capitalist system and the ascendancy of finance. During this process, the economies of these dominant hegemonic states were financialized and they became lenders to developing economies in order to cement their status in this new mastery configuration (Lapavitsas, 2011). Since Arrighi's provocative thesis, the concept has inspired other scholars to join the conversation and produce empirical accounts of financialization, such as Froud et al. (2000), Martin (2002), Krippner (2005), Langley (2007),

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[3] As per Sec. 13(a) of the *National Housing Strategy Act* (Canada 2019).,
[4] As defined in the NHSA under paragraph 13(a) (Canada 2019).

Christophers (2015), Epstein (2005), and Aalbers (2016). Epstein (2005) defines financialization as, “the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies” (p. 1). Greta Krippner (2005) offers her own definition as “a pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production” (p. 174). Economic geographer Manuel Aalbers (2016) defines financialization “as the increasing dominance of financial actors, markets, practices, measurements, and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states, and households” (p. 3).

Scholarship on the topic of financialization has grown exponentially over the last five years. Literature on geographical financialization is divided into three distinct strands of work: capital accumulation, corporate governance, and the broad role of finance in daily life. The first category focuses on the process that is shaping the patterns of capital accumulation and the generation of profits (Arrighi, 1994; Krippner, 2005). The second category is interested in the role of corporate governance and the importance of shareholder value (Froud et al., 2000; Froud, 2006; Pike & Pollard, 2010). Scholars who focus their research within this second category argue that the primary function of corporations today is to accumulate wealth for their shareholders and to advance their monetary interests. Some scholars advance the position that the actions of corporations became the catalyst in the transformation of capitalism (van der Zwan 2014). The last of the three categories is concentrated on the broad role of finance and its overwhelming influence on our daily lives. In this area of study, scholars have focused on the use of various financial instruments, such as mortgages and pensions, that link people from all walks of life to global capital markets (Martin, 2002; Langley, 2008; Fields, 2017). Some scholars shed light on the variety of ways that finance has become woven into the fabric of everyday life (Langley, 2006; Erturk et al., 2007; Pellandini-Simányi et al., 2015; Montgomerie, 2009). While focusing on the U.S., Randy Martin has argued that financial markets are placing great demands on individuals and households with the repeal of the welfare state. Martin (2002) described financialization as a process that has called upon individuals to “accept a great deal of risk into their homes that were hitherto the province of professionals” (p. 12). In other words, people of little financial means are being asked to behave like capitalists (Aalbers, 2008), and in turn, financialization has transformed citizens into investors who manage their own risk by leveraging their human capital to build wealth and accumulate assets.

3. The Uneven Racialized Impact of the Financialization of Housing: The 2008 U.S. Housing Crisis

The bursting of the housing bubble in 2007 sent the United States into one of its worst financial crises since The Great Depression, leading to record levels of unemployment. Since the collapse of the U.S. housing market, millions of American homeowners have been forced to walk away from their homes, because they were unable to continue making their monthly mortgage payments. The threat of foreclosures created a high-stress environment for some households in jeopardy of losing their homes. The ongoing housing crisis presented new opportunities for financial actors like private equity firms, asset management firms, pension funds, and insurers to benefit from the acute challenges in Black and other racialized communities. Following the collapse of the housing market in 2008, many Wall Street firms were waiting to capitalize on the housing crisis they helped to manufacture. Financialized landlords, like private equity firms and hedge funds, began to purchase devalued single-family homes and multifamily properties at a scale large enough to be profitable for formidable institutional investors like pension and sovereign wealth funds. For instance, between 2012 and 2014, more than 61% of government-insured mortgages sold to institutional investors in New York City were in predominantly African-American communities (Silver-Greenberg & Corkery, 2016). The investment and management strategy of Wall Street firms provided a blueprint for Canadian firms to construct their own rental empire to deliver high rates of return to institutional investors with deep pockets.

Following the 2008 housing crash, Canadian financial firms and pension funds began to take notice of an emerging trend in which non-traditional landlords like Wall Street entities were acquiring distressed real estate assets and multifamily properties and converting them into profit-generating assets. During the onset of the housing crisis, the Quebec-based pension fund Caisse de dépôt et placement du Québec (CDPQ) owned several properties in some of the hardest hit areas in the U.S. Yet, despite the economic turmoil, the Quebec-based pension fund experienced little financial impact from the economic fallout or a decline in rental demand. By way of the Great Financial Crisis (G.F.C.), many financial actors in both Canada and the U.S. began to take notice of the resiliency of housing during this turbulent economic period. This, among other factors, persuaded financial actors on both sides of the border to set their sights on this rising new asset class by capitalizing on “low-risk returns” in tight rental markets with an inadequate supply of housing. By the spring of 2017, Ivanhoe Cambridge, the real estate arm of CDPQ, owned more than 40,000 rental units in both Canada and the U.S., accounting for 20% of its total holdings (McFarland, 2017). The growth in this sector compelled the pension funds and other financial actors to shift their investment strategy away from commercial real estate assets like shopping malls and office towers, to this new frontier—apartment buildings. Private equity firms, asset management firms, hedge funds, and insurers sought to profit from the reduction in the supply of affordable and adequate housing. Financial firms began to take notice of how

rapidly the demand for rentals was outpacing supply in major urban rental markets across North America, leading to exponential growth in rental rates, and creating what some describe as a "recession-proof asset" for risk-averse investors like pension funds.

3.1 The Economic Racism of Housing

At the height of the housing boom, lenders used illicit tactics such as pressure sales strategies, half-truth advice, and outright fraud to persuade borrowers to acquire subprime loans with excessive fees and exorbitant interest rates (Howell, 2006). Many subprime lenders employed a risk-based pricing system based on the borrower's credit score and other factors to determine the interest rate he or she would be charged accordingly. This, along with relaxed underwriting guidelines, allowed many banks to expand access to credit to communities who would otherwise be excluded (Wyly, 2013). The theory behind this practice was that some borrowers might not have adequate income or other credit profile characteristics to qualify for traditional (prime) 30-year fixed-rate loans. But rather than simply deny them credit, subprime lenders made loans available at much higher rates. Subprime lenders argue that they must charge higher fees to help protect them from the higher risk of borrowers defaulting on their loans. The effects of this logic were quite contradictory considering it was precisely the onerous terms that led individual borrowers to default on their loans.

As the financialization of everyday life proceeded, the economic racism that targeted African American borrowers with these punitive financial products that eventually disrupted the global economy was never considered. Researchers found that subprime refinance loans constituted 48% of the lending in predominantly Black neighbourhoods in comparison to the 8% issued in white communities (Lipsitz, 2011). Additionally, researchers revealed that high-income Black homebuyers were three times more likely to hold a subprime mortgage or be subjected to subprime terms than lower-income whites (Rogers, 2008). Strong empirical evidence suggests that the high rates charged by subprime lenders could not be fully explained as a function of the additional risk they bore. Many borrowers did not understand how risk-based pricing worked as most lenders were not transparent about the fees they charged (Engel & McCoy 2010). As a result, lenders took advantage of borrowers' lack of knowledge of the market. Because of their inexperience, some borrowers jumped at the chance and accepted their fate with these high-interest loan products, fearing that lenders would otherwise withdraw their offers, since most believed it was their only chance at owning a home. Despite this issue, many scholars argue that lower interest rates would have made little difference as the rates were too confusing for borrowers to understand and therefore be able to shop around and compare rates (Engel & McCoy, 2010; Howell, 2006). The subprime mortgage crisis squeezed between $71 and $93 billion in wealth from African-American households between 1998 and 2006 (McNally, 2011), prompting scholars and activists to characterize this epidemic as the greatest loss of wealth for racialized people in modern U.S. history (Rivera et al., 2008).

3.3 The Rise of Single-Family Rentals (S.F.R.)

Nearly a decade after the start of America's worst housing crisis, some of the same corporate entities which were responsible for the crash are now purchasing distressed properties in bulk (Raymond et al., 2016, Dezember & Kusisto, 2017). Such purchases have included delinquent mortgages and vacant homes in racialized and disenfranchised communities near urban centres where prices are relatively low (Pfeiffer & Lucio, 2015; Silver-Greenberg & Corkery, 2016). As millions of African-American families were being evicted from their homes, many Wall Street entities were waiting in line to capitalize on their losses by acquiring distressed properties to bolster their single-family rental portfolio (Glantz, 2019; Charles, 2020). The growth of the rental market presented a unique opportunity for Wall Street to extract exorbitant profits, as millions of new renters entered this market. To make matters even worse, census data in 2015 revealed vacancy rates had fallen to their lowest levels since the mid 1980s, raising more concerns over the percentage of household income spent on shelter (Jung & Rogers, 2015).

Since 2010, the Federal Housing Finance Agency (which oversees Fannie Mae and Freddie Mac) has been wholesaling tens of thousands of underperforming loans and distressed properties at steep discounts of roughly 30 to 50% to Wall Street speculators to remove delinquent assets from their books (Dreier & Sen, 2014; Goldstein & Stevenson, 2016). In 2017, an audit report published by the Office of the Inspector General revealed that between 2010 and 2016, government-sponsored enterprises sold more than 108,000 distressed mortgage notes with approximately $18.4 billion in unpaid principal balances (Hosking, 2017). Institutional investors like Blackstone Group, American Homes 4 Rent, Colony Starwood Homes, Pretium Partners, and MTGLQ Investors (a significant subsidiary of Goldman Sachs) have raised close to $70 billion to acquire distressed properties at steep discounts, charging as much as 180% of fair market rent (Dreier & Sen, 2014; Mari, 2020). In 2015, some of the largest single-family landlords in the country all decided to raise rents as much as 5.7% in an effort to boost profits and shore up investors' interest, while further exacerbating the affordability problems in African-American communities (Gittelsohn & Perlberg, 2015; Semuels, 2019). Meanwhile, studies in Atlanta revealed corporate landlords have been evicting tenants at an unprecedented rate, further threatening the stability of neighbourhoods (Raymond et al., 2018; Raymond et al., 2016).

In the years following America's housing crash, financialized landlords amassed more than half a million single-family homes in large urban centres such as Atlanta, Dallas, Chicago, Detroit, Seattle, Los Angeles, Phoenix, Las Vegas, Miami, and Orlando (Dreier & Sen 2014; Louis 2014; Pfeiffer & Lucio, 2015; Immergluck & Law 2014). To facilitate these purchases, Wall Street private equity goliath Blackstone Group developed a sophisticated product known as Rent-Backed Securities, allowing Wall Street entities to profit from the mess created in 2008. Rent-Backed Securities work very similarly to mortgage-backed securities, except monthly rental payments are used to pay bondholders rather than mortgage payments. Blackstone alone, the nation's largest investor and owner of single-family homes in America, spent $10 billion acquiring 50,000 homes between 2015 and 2017 (Perlberg & Gittelsohn, 2015; Olick, 2015; Goldstein, 2017).

Since the inception of single-family landlords, Wall Street entities have grown immensely. Much of this growth has been achieved through the continued acquisition of single-family homes, which has recently slowed tremendously because of the lack of rock-bottom foreclosure deals and mergers. For example, over a two-year period between 2015 and 2017, a series of mergers transformed America's urban housing ecosystem. In 2015, Starwood Waypoint Residential Trust merged with Colony American Homes in a deal worth $1.5 billion. The two companies joined forces and consolidated their resources to manage more than 30,000 single-family homes (Lahart, 2015). Two years later, Blackstone merged with Starwood Waypoint homes in a deal that crowned the private equity giant—America's largest single-family landlord with 82,000 homes in 17 markets, including Atlanta and parts of Southern California (2017). The merger meant that Invitation Homes and American Homes 4 Rent controlled nearly 60% of the single-family rental market in the U.S. (Semuels, 2019).

3.4 Canadian Pension Funds: Invested in Displacement

In 2021, the Private Equity Stakeholder Project convened a study examining the racial disparity in evictions by corporate landlords in the United States and found that institutional landlords, such as private equity firm Pretium, have been evicting thousands of Black renters during the global pandemic (Arnold, 2021; Warnica, 2021b). The study revealed that Front Yard Residential, which was acquired by Pretium at the start of 2021, was not only evicting Black tenants but was doing so at rates four times as high in Black counties (Sorensen, 2021). Front Yard Residential, like its parent company Pretium, sought to profit off the backs of poor Black people following the tsunami of foreclosure evictions that decimated Black communities in the U.S. It did this by acquiring deeply discounted homes and converting them into profit-generating assets. Pretium even informed potential investors of its deleterious investment strategy in pitches in which it advised that the funds would "capitalize on the severe distress in the residential real estate market in the United States" by renting to families "who have been displaced by foreclosure," according to an investigative report by the *Toronto Star* (Oved et al., 2021). An in-depth analysis also revealed that a vast majority of the properties owned by Front Yard Residential are in neighbourhoods with the highest number of families living in poverty (Charles, 2020). Pretium does not explicitly state that it primarily targets single-family homes in Black and economically disenfranchised communities to bolster its rental empire; the Wall Street entity articulates that its acquisitions strategy is to seek out single-family homes with financially attractive yields, indicating the firm's continued appetite intention to scale its operation by acquiring deeply undervalued properties for the foreseeable future.

The Private Equity Stakeholder Project compared four counties with similar economic profiles in both Georgia and Florida and found that Pretium was filing to evict 10% to 12% of its tenants in majority Black counties compared to between 1% and 2.4% in predominantly white counties where they also own thousands of single-family rentals (Sorensen, 2021; Oved et al., 2021). Canadian pension funds have also become complicit in these anti-Black investment and management strategies by Pretium in predominantly Black communities. At the start of 2021, one of Canada's largest pension investment managers, Public Sector Pension Investment Board

(P.S.P. Investments) received scathing criticism for its $700 million joint venture investment with the Wall Street landlord, Pretium, which is the second-largest single-family operator in the U.S. The pension fund was criticized for its investment in the Wall Street firm which recently came under fire for disproportionately evicting renters in predominantly Black communities during the COVID-19 global pandemic (Warnica, 2021a). When asked about the alleged anti-Black management practices of Pretium, P.S.P. stated: "As with all of our investment partners, P.S.P. undertook a comprehensive diligence process on Pretium to ensure their alignment with our long-term values" (Oved et al., 2021). Yet, P.S.P's due diligence and values fail to account for their responsibility to respect the human rights of Black and indigent people. Investments like these lead to higher rental costs and excessive and punitive late fees which create grave financial hardships for many working-class people and households residing in predominantly racialized communities.

Racial disparity in evictions across predominantly Black counties in Georgia is not a new phenomenon. Another study by the Federal Reserve Bank of Atlanta also found that eviction rates in predominantly Black and Latinx counties in the Atlanta area, where corporate landlords own thousands of properties, were extremely high (Raymond et al., 2016). An examination of 2015 eviction records found that financialized landlords were 8% more likely to file for eviction. In fact, the study found that private equity firms operating in the southwest Atlanta area were quick to evict their tenants, with one firm filing notices against 30% of their tenants in one year (Raymond et al., 2016). However, Princeton University eviction researcher Peter Hepburn argues that the problem of evictions is not isolated to a few landlords. In a recently published report, Hepburn and colleagues (2021) examined millions of evictions across 39 states during the pandemic, which revealed a systemic problem disparately disproportionately impacting racialized people, especially Black and Latinx renters. Past studies have shown that not much has changed as Black and Latinx renters, particularly female renters, are disproportionately at risk of receiving eviction notices and of being evicted (Desmond 2012, 2016). For example, prior to the start of the pandemic, Black renters accounted for a disproportionate share of all eviction applications across the U.S. Black renters accounted 22.8% of all renters that were recorded in the Eviction Tracking System used to analyze the data, but accounted for nearly 40% of the eviction filings (Hepburn et al., 2021). This trend has continued during the pandemic, as Black renters received 35% of the eviction filings between March 2020 and December 2020 (Hepburn et al., 2021).

3.5 How Retirement Savings Financed the Housing Grab

A plethora of retirement savings systems for teachers, professors, firefighters, and other public sector workers have played a large role in creating the single-family rental industry in the U.S. Some of the largest retirement savings systems in both Canada and the U.S. have helped fuel the ongoing housing crisis by providing financialized landlords with the capital to acquire distressed real estate assets to build out their rental portfolios. Pension fund managers have been under immense pressure to make up for the losses incurred during the Great Recession. In turn, these losses have made it extremely difficult for some pension funds to cover future

payouts to retirees. As such, pension fund managers have relied heavily on riskier but unusually high reward investments from private equity firms that they would otherwise not obtain, if they simply invested in government and corporate bonds. Collectively in the U.S., state and local pension funds manage more than $4.3 trillion in employee retirement systems investments (Banta et al., 2019). As seen in Table 1, some of America's largest public pension funds collectively have invested more than $180 billion in private equity firms, with California Public Employees' Retirement System leading the way with more than $26 billion invested. But driving the demand for this tantalizing new asset class is the potential profit to be made from property appreciation and rent increases. As millennials continue to be priced out of homeownership, many are forced to rent and Wall Street is betting this trend will continue for the foreseeable future.

Table 1. Top Ten U.S. Public Pension Funds Dollars Invested in Private Equity

Rank	Fund	Private Equity Investment ($Bil.)
1	California Public Employees' Retirement System	$26.50
2	Teacher Retirement System of Texas	$23.93
3	California State Teachers' Retirement System	$23.54
4	Washington State Investment Board	$23.45
5	New York State Common Retirement Fund	$20.31
6	Oregon Public Employees Retirement System	$18.48
7	State of Michigan Retirement System	$13.78
8	New York City Public Pension Funds	$12.85
9	The Florida Retirement System	$11.62
10	Ohio Public Employees Retirement System	$9.94

Data Source: American Investment Council 2021 Public Pension Study
https://www.investmentcouncil.org/wp-content/uploads/2021_pension_report.pdf

More recently, with the fallout from the ongoing foreclosure crisis, institutional investors such as public pension funds, sovereign wealth funds, insurance companies, and university endowments have increased their appetite for alternative asset classes, such as private equity, real estate, and distressed securities. Public pension funds have more than doubled their capital allocations towards riskier alternative investments. Whereas in 2017, these assets accounted for just over a quarter of pension portfolios, just a decade earlier, they made up only 11% (Lewis, 2020). Alternative assets are private market assets that are not available to be bought or sold on publicly recognized stock exchanges. These assets differ from stocks and bonds in a variety of ways. For example, with stocks and bonds, the price is readily available and investors can sell the asset at any time. In contrast, with an alternative asset, cashing out of the investment is much more restrictive, because their investment is illiquid, and private equity firms often require a minimum commitment period, typically between three and five years (Rock, 2021).

3.6 Pension Funds Working Against Members' Interests

Private equity firms' investments are often not aligned with the pension fund's values, such as human rights and environmental and social values. Most private equity firms undertake investment activities that exploit the vulnerabilities in some of the most economically deprived communities or endanger the environment for the sake of securing high returns for investors and shareholders. Private equity firm investors—pension funds, university endowments, and other investors—are limited partners, and they have essentially signed a blank cheque enabling the firm to invest in nearly anything, unless specific provisions are outlined in the agreement detailing how they can invest the funds. Put differently, investors are afforded narrowly defined legal rights and have little insight into how the funds will be invested. As a result, investors are not able to observe whether their investments are reducing the quality of life of their members. For example, in 2018, California public pensioners criticized Blackstone Group after government records showed the private equity firm used money invested by California public employees and the State University system to defeat Proposition 10 (Sirota & Perez, 2018). The bill was designed to repeal a nearly 30-year-old state law prohibiting cities and smaller jurisdictions from imposing rent control ordinances on residential properties. Campaign finance records indicate Blackstone and its affiliated funds donated nearly $6 million to two organizations campaigning to defeat the bill. Essentially, the retirement savings of public employees in the state of California were used to deprive workers and other residents of affordable rents in the state and the ability to live in the city where they work. However, Blackstone warned such investment was warranted to safeguard investors from incurring any losses with passing of this bill, which would lead to "fluctuations in occupancy, rental rates, operating income and expenses."

4. Financialization of Multifamily Housing

In the mid-1990s in Canada, both provincial and federal levels of government began their divestment from social housing and downloaded these responsibilities to municipalities without offering any additional revenue tools to maintain existing levels of service or to construct new affordable housing (Suttor, 2016). This withdrawal of federal and provincial investments in social housing provision, coupled with the introduction of vacancy decontrol regulations, helped to facilitate what scholars like Gertjan Wijburg and his colleagues describe as the financialization of rental housing 1.0 (Aalbers et al., 2020). This practice, as Wijburg and his colleagues explain, occurred mainly between the years 2000 and 2006, in the lead up to the 2008 housing crash, where financial actors pursued a largely speculative investment strategy of "buying low and selling high" in real estate markets across the globe (Wijburg et al., 2018). Private equity firms and hedge funds dominated the residential real estate market during this time, as most of these financial actors had a three-to-five-year focus. These acquisitions were often highly leveraged, meaning the firms had minimal equity in the properties purchased and often made only small capital investments to maintain them (Fields & Uffer, 2016; August & Walks, 2018; Soederberg, 2021). In the U.S., most of these firms began to experience significant challenges in meeting their financial expectations or executing their business plans by the start of the G.F.C. As a result, private equity firms and hedge funds were forced to offload their portfolios to a growing number of Real Estate Investment Trusts (R.E.I.Ts) in both the U.S. and the European Union (Fields, 2015; Wijburg et al., 2018).

4.1 Toronto Multifamily Housing

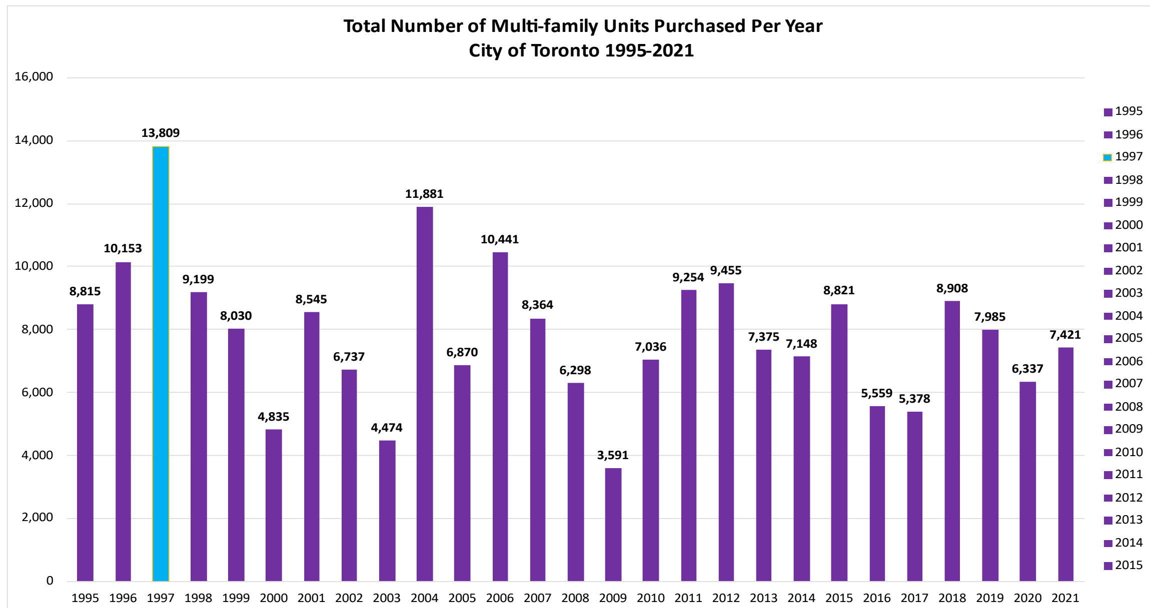

Figure 1: Graph of total number of Multi-Family Units Purchased per Year in the City of Toronto from 1995 to 2021

Data source: Altus Group

In Toronto, the process of financialization of rental housing occured in reverse order. In 1997, the Ontario government introduced a new Tenant Protection Act, which produced both an affordability crisis for tenants and the opportunity for institutional investors to augment profits from their investment in the private rental sector. That year, nearly 14,000 multifamily units were purchased in the Toronto market, which is still the record for the most units purchased in a given year. As shown in Table 2, financialized landlords accounted for 46.6% of all the units that were acquired in 1997, with Toronto-based Metro Capital Group and CAPREIT leading the way with 1,722 and 1,699 units respectively.

Table 2. Landlord Profile of Multifamily Purchasers in the City of Toronto for 1997

Landlord Profile	Sum of Number of Units
Private Investor—Canadian	7,088
Financialized Landlord—Canadian	6,465
User	164
Developer	86
Private Investor—Foreign	71
Grand Total	**13,874**

Data Source: Altus Group

Table 3. Top Financialized Landlords in Toronto in 1997

Top Financialized Landlords in Toronto 1997	Sum Number of Units
1. Metro Capital Group	1,722
2. CAPREIT	1,699
3. The Wynn Group of Companies	720
4. GWL Realty Advisors	712
5. Double Z Investments	558
6. Allied Properties R.E.I.T.	393
7. British Columbia Investment Management Corporation (B.C.I.M.C.)	304
8. Canadian Apartments Corporation	234
9. Firm Capital	83
10. FI Properties Inc.	40
Grand Total	**6,465**

Data Source: Altus Group

The desirability of multifamily residential properties is largely due to the advantages this asset class provides investors such as a stable and predictable income stream from rent collection and the ability to scale, standardize, and automate management processes and practices to boost the profitability of the property (Fields, 2019). The devolution of housing provision to the municipalities left a large void in rental markets across Canada, as both the federal government and provinces got out of the business of constructing social housing. This opened the door for

the creation of investment vehicles such as residential R.E.I.Ts that seek to maximize their profits by reducing the supply of affordable housing.

4.2 “Gaming the System”

Financialized landlords like CAPREIT have benefited from landlord and tenant policy reforms instituted in 1997 which that repealed the 1992 *Rent Control Act*. The 1997 *Tenant Protection Act* was introduced by the Ontario Progressive Conservative Party under the leadership of former Premier Mike Harris. Two key features of this new act were the introduction of vacancy decontrol and a new judicial body, the Landlord and Tenant Tribunal Board to hear landlord and tenant disputes (see also August’s report in this series for a more detailed history of this key policy shift). As part of this new act, vacancy decontrol grants landlords the right to raise rents to as high as the market will bear upon tenant turnover. The effect of this change was significant because it encouraged harmful practices such as evictions and renovictions, which led to the reduction of affordable rental units. These were all in direct contravention of Canada’s international obligations to uphold the human right to housing. The act incentivized financialized landlords to prioritize profits over the human right to adequate housing. Such practices have resulted in the permanent loss of affordable rentals in markets like Toronto, and into a growing eviction and homelessness crisis in Canada (Raza, 2020; Leon & Iveniuk, 2020). A recent report found that Canada lost more than 320,000 affordable housing units in the private rental market over the five-year spans between 2011 and 2016, according to housing scholar Steve Pomeroy (Pomeroy, 2020). During that same period, Pomeroy discovered, investment from both the provincial and federal levels of government was inadequate, considering they were only able to produce 20,000 units (Pomeroy, 2020). For every new affordable rental unit created, 15 were lost in the private rental sector, and the crisis was now further amplified by the ongoing global pandemic (McKenzie-Sutter, 2020; Mah 2021).

Financialized landlords have justified these investment and management practices by offering the defence of market objectivity and compliance with residential protection laws. Furthermore, some CEOs argue that their investments are injecting new life into these dilapidated buildings and improving the quality of living (Birchall, 2019). However, modernization efforts are at the core of some of these financial actors’ business models with the aim of securing higher yields. This is largely achieved by either charging higher rents or selling the renovated property to other investors. For some investors, typically private equity and asset management firms, the goal is often to depart from these investments with returns that far exceed their initial purchase price. However, the pursuit of higher returns often adversely impacts renters in a variety of ways. To maximize returns, asset management firms and R.E.I.Ts often prioritize “profits over people” by engaging in harmful cost-cutting measures that lead to a decline in the quality of living. These management measures often include cutting back on maintenance and desperately needed repairs, as well as service levels, all while simultaneously increasing rents and introducing additional fees for the use of certain amenities that were once either free or offered for a nominal fee.

After coming under fire for their own practices, Swedish-based asset management firm Akelius, which owns more than 3,500 units in Toronto, defended its business practices by stating, “Our

business idea is to provide a better living … that comes with renovations, and also improved services" (Smee, 2020). While it may be true that financialized landlords seek to provide better living conditions for tenants, they also exacerbate the affordability problems and threaten to destabilize neighbourhoods (Fields & Uffer, 2016). In fact, countless studies show that financialized landlords regularly game the rental system by undertaking unnecessary renovations to the common areas and exterior of a property with the aim of modernizing the real estate in order to increase rents, attract more affluent tenants, and augment profits (Zigman & August 2021; Fields & Uffer, 2016). Community housing activists in Toronto have already begun to denounce the financial violence of such practices, because these efforts have worsened the displacement problem in certain neighbourhoods, especially in racialized and economically disenfranchised communities (Smee, 2020).

4.3 Financialized Landlord Investment and Management Practices

Squeezing

As mentioned above, the main priority of financialized landlords is to extract as much value from these assets as possible in order to secure lucrative returns for investors and shareholders. To do this, some financialized landlords introduce creative cost-reductive measures to eliminate all inefficiencies that reduce their bottom line. This often includes the removal of on-site superintendents; the reduction of maintenance, repairs, and services; and the transfer of certain responsibilities, such as payment of utilities, to the tenant. Financialized landlords often apply to increase the rents on existing tenants once per year, according to the provincial guideline increase set by the province of Ontario each year.[5] Financial actors often do this to extract higher profits from the increase in rental cost. In 2022, all landlords will be eligible to increase rents by 1.2%, according to the provincial increase guidelines in Ontario.[6] Financialized landlords also plan to impose new fees to help bolster their bottom line, such as charging large fees for the use of on-site recreational facilities that were previously either free or accessible for a nominal fee. However, not all fees are legal. In Ontario, Section 134 of *the Residential Tenancies Act* prohibits a landlord from charging a tenant "fee, premium, commission, bonus, penalty, key deposit or any other amount of money" in addition to their monthly rental cost.[7] This could also include fees for any amendments made to the lease or any additional cost for having pets in the rental units. The difficulty, however, is that many renters are unaware that these additional fees added to their monthly rental costs are illegal, and they, as result, pay the fees, because their options are fairly limited in a tight and expensive rental market.

[5] In Ontario the guideline is the maximum a landlord can increase most tenants' rent during a year without the approval of the Landlord and Tenant Board. Residential Rent Increase, https://www.ontario.ca/page/residential-rent-increases

[6] Ibid

[7] Ontario *Residential Tenancies Act, 2006, S.O, c.17 (See Paragraph 134* Additional charges prohibited), https://www.ontario.ca/laws/statute/06r17#BK206

Value-Added Strategies

Value-added strategies are another source of revenue for financialized landlords. Financial operators like asset management firms and R.E.I.Ts often renovate post-war suburban apartment buildings in Toronto to modernize the property and give it a luxury appeal. This strategy is often used to generate additional revenue from the ability to charge higher rents due to the modernization of individual units or common areas of the property. As part of this investment-friendly policy reform in 1997, the introduction of Above Guideline Increases (A.G.I.) made rental housing investments even more enticing for institutional investors. The reform meant that landlords could now make improvements to a property (justifying rent increases) and pass along the cost of capital expenditure to tenants. In Ontario, property owners are permitted to apply for an A.G.I. of up to 3% per year, for a period no longer than three years (for a total increase of 9%), in addition to the yearly provincial guidelines for increase (Zigman & August, 2021). As shown in Figure 2, some of the in-suite improvements include the instalment of three stainless steel appliances and in-suite laundry to give the unit a more contemporary look to compete with newly developed condominiums for affluent renters. Some of these improvements also include improvements made to the exterior of the property, such as replacing the original metal facings on balconies with glass panels and painting exteriors to give the property a contemporary appeal, as seen in Figure 3. In a 2020 annual report to investors, Minto R.E.I.T. gloated about the success of its value-added strategy, where they noted it "represents the best risk-adjusted strategy for return on capital of the R.E.I.T's investment opportunities" (Minto R.E.I.T. 2020). In fact, by the end of 2020, Minto had a total of nine properties in its repositioning program with more than 2,300 suites remaining to be repositioned. It should be noted that these improvements are not solely based on improving the standard of living in these properties; rather, the main priority with the modernization of multifamily properties is to obtain higher returns from the asset by charging higher rents or by selling the upgraded property.

Figure 2: Photo of Starlight Investment Value-Added Strategy

Photo Source: https://www.starlightinvest.com/news-insights/?option=com_dropfiles&task=frontfile.download&catid=29&id=384&preview=1

Figure 3: Photo of Exterior (balcony panel replacement) Value-Added Strategy by Starlight Investments in Toronto

Photo source: captured by author on Nov 25, 2021

Infill Development

Prior to the start of the COVID-19 pandemic, Canada's multifamily sector was poised for another record-breaking year with respect to volume of investments. A variety of factors have been driving this growth, including historically low interest rates, exponential growth in home prices, rising immigration levels, low vacancy rates, and severe shortages in purpose-built rentals. Collectively, these conditions make the Toronto multifamily sector an attractive investment for the foreseeable future and have led to a significant growth in the demand for rentals, which has led to a rapid increase in rental rates in Toronto. This in turn incentivizes some financialized landlords to engage in "infill" development on the lots they own to further establish "highest and best use" of the land and to maximize their returns. For example, Starlight Investments, Hazelview Investments, and CAPREIT have all submitted infill development applications to construct purpose-built rentals. Since 2019, Starlight Developments, a subsidiary of Starlight Investments, created its own development pipeline, with nearly 4,000 purpose-built rentals in the Toronto market alone (Lewis, Forthcoming -a). The City of Toronto has already approved three Starlight Developments projects for a total of 70 purpose-built rental units (Lewis, Forthcoming -a). As shown in Figure 5, Hazelview Investments, Fiztrovia, and AIMco have already commenced construction of three purpose-built rental towers containing a total of 728 rental units (Lewis, Forthcoming -a).

Figure 4: Approved Infill Purpose-Built Rental Development in Toronto by Starlight Development

Photo Source: photo taken by author on Nov 30, 2020

Figure 5: Image of Purpose-Built Rental Construction Site Owned by Hazelview Investments, AIMco, & Fitzrovia Capital (Dufferin and Highway 401)

Photo source: photo taken by author on December 30, 2021

5. Transformation of Urban Rental Markets

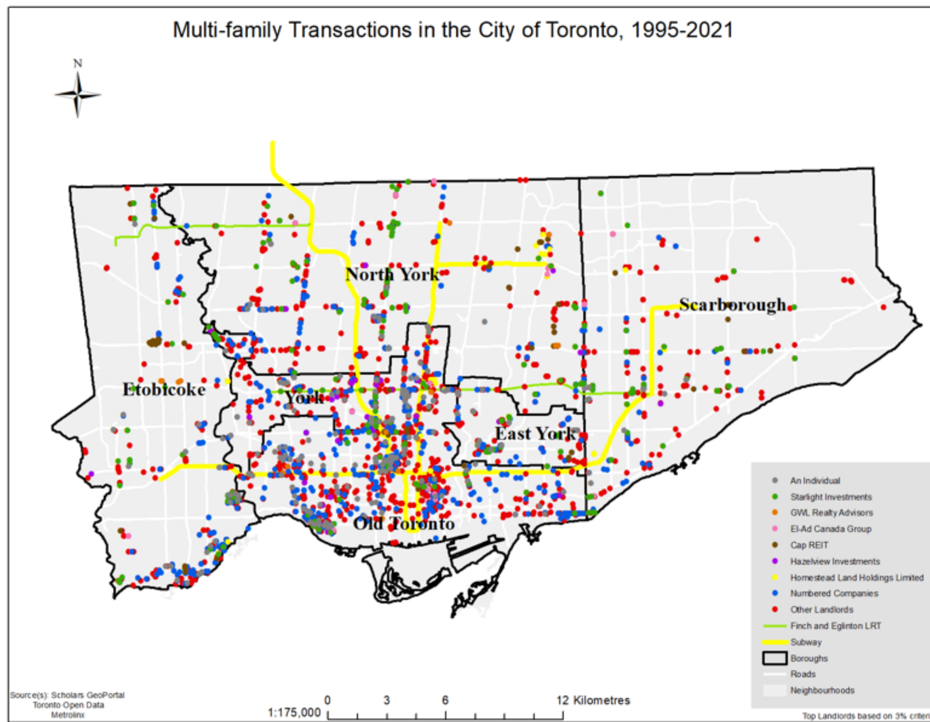

Figure 6: Map of Top Multi-family Landlords in Toronto, as of October 28, 2021

Data Source: Altus Group
Map author: Abena Takyi

Since the founding of CAPREIT, many other financial actors have created their own R.E.I.Ts or acquired portfolios to construct their own rental empires. By the start of the millennium, Toronto's multifamily markets began attracting the interest of foreign investors. For example, in 2002, the now-defunct Wall Street investment bank Lehman Brothers purchased two residential towers in north Etobicoke totalling 728 units for $42 million. The investment bank continued its buying spree the following year with an additional purchase of two towers totalling 542 units, for $25.75 million and $12 million respectively. Since then, Canada's multifamily rental space has gradually been taken over by a new set of financialized landlords, including private equity firms, hedge funds, asset management firms, insurance companies, and institutional investors (pension and sovereign wealth funds). The high cost of homeownership, together with an insufficient supply of rental housing in regions like Toronto, have helped to make Canada's multifamily sector one of the most sought-after asset classes in the world. As a result, financialized landlords have been increasingly active, acquiring multifamily properties in bulk to convert them into profit-generating assets. Since 1995, financialized landlords have acquired nearly 120,000 rental units, which is approximately 55% of the total number of rental units that have been acquired by all landlords.

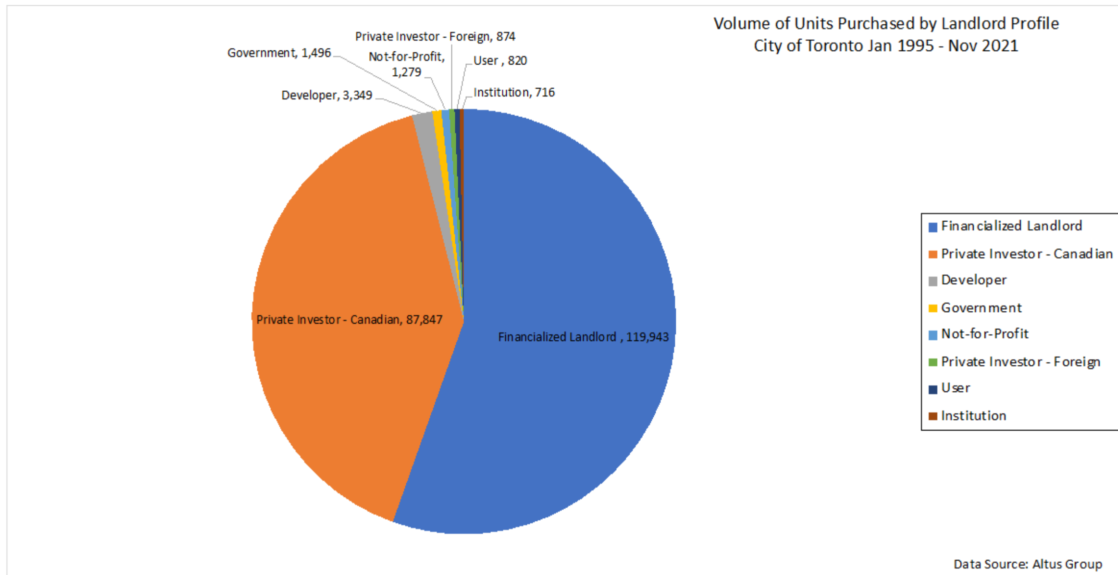

Figure 7: Chart of the Volume of Units Purchased by Landlord Profile in Toronto

Data Source: Altus Group

These landlords acquire “underutilized” multifamily properties and reposition them in order to maximize earning potentials.

5.1 The Rise in Institutional Investment in Toronto

Since 2021, investment volume in Toronto’s multifamily sector has been on a steady upward trajectory. From 2017 to 2019, investment volume grew rapidly for three consecutive years. In 2018, for the first time in the Toronto market, investment volume eclipsed the $2 billion mark, with $2.286 billion in sales. A 2020 market outlook report suggested that the multifamily sector was poised for another record-breaking year prior to the COVID-19 pandemic shutdown (Colliers International 2020). However, in 2021, the multifamily market rebounded significantly, shattering the old record to reach a new all-time high of $2,577 billion in investment as of November 1, 2021 (Lewis, Forthcoming—b). Despite the ongoing challenges of the COVID-19 pandemic, some financialized landlords remain very optimistic about the long-term future of the industry. In fact, both the Chairperson of Minto Apartment REIT, Roger Greenberg, and Chief Executive Officer Michael Waters reiterated their confidence in the market to unitholders:

> Management views this as a short-term disruption as the Federal Government has reiterated its commitment to immigration and has increased its targets for New Canadians in 2021 and onward to catch up on immigration targets that were missed in 2020. The favourable supply and demand dynamic for rental housing observed prior to COVID-19 will continue as Canadians are vaccinated and people go back to their workplaces, business travel and in person post-secondary instruction resumes and as immigration levels return. The R.E.I.T. is well positioned to capitalize on these dynamics. (Minto Apartment REIT 2020)

Several reports even indicate that the pool of buyers has become increasingly institutionalized, with financialized landlords such as Starlight Investment, Blackstone Group, Hazelview Investments, Crestpoint Real Estate Investments Ltd., and Q Residential accounting for the overwhelming majority of the acquisitions over the last three years (Lewis, Forthcoming -a).

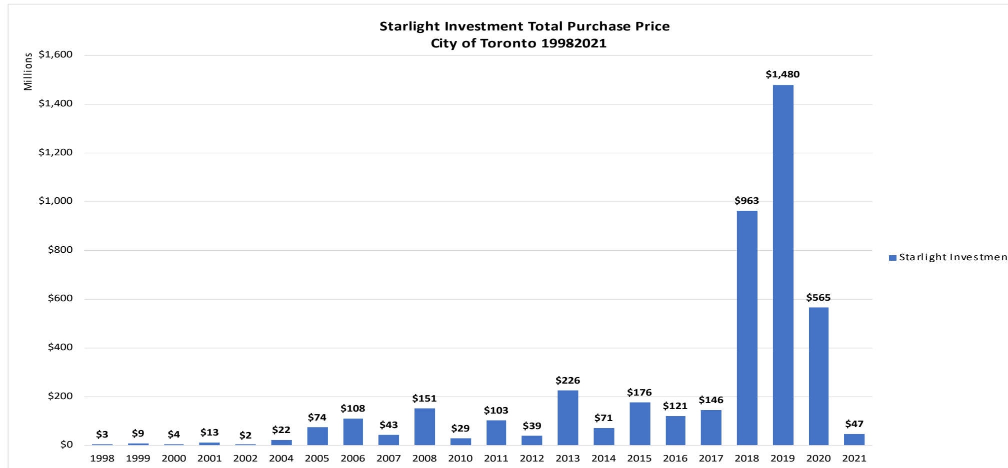

Figure 8: Graph of Starlight Investment by Volume of Dollars Spent on Multi-family Properties in Toronto

Data Source: Altus Group

Over the past couple of years, Toronto-based asset management firm Starlight Investments has spent more than $4 billion aggressively amassing its rental empire in the Greater Toronto and Hamilton Area (G.T.H.A.) with its acquisition of various rental portfolios from R.E.I.Ts and other asset management firms (Colliers International, 2019). In 2019, Starlight spent $1,732 billion to acquire Continuum Residential Real Estate Investment Trust's portfolio, which comprised 44 high-rises (6,271 rental suites) in the G.T.H.A., including high-rises in racialized and economically disenfranchised communities like Parkdale (Whyte, 2020). Starlight continued its buying spree into 2020 by acquiring Northview REIT, one of Canada's largest multifamily R.E.I.Ts, for $2.5 billion through a joint venture with KingSett Capital (Zivitz, 2020). By the end of 2020, Starlight Investments had become Canada's largest commercial residential landlord with more than 60,000 rental units. The firm is also the largest multifamily landlord in the City of Toronto, with more than 22,000 rental units (see Table 4) under management (Lewis, Forthcoming—b).

Table 4. Top Landlords in Toronto by Number of Units Under Management

Top Landlords in Toronto	Sum of Number of units
1. Starlight Investments	22,102
2. CAPREIT	7,460
3. Homestead Land Holdings Limited	6,894
4. Elad Canada Group Inc.	6,776
5. Hazelview Investments	6,409
6. GWL Realty Advisors	5,681
7. Metro Capital Group	5,465
8. Akelius Fastigheter AB	4,401
9. Individual(s) acting in their own capacity	3,992

10. Double Z Investments	3,791

Data Source: Altus Group

Acquisitions like these allow a small number of financialized landlords to dominate the local market in a given area, accelerate gentrification, and destabilize neighbourhoods. One of Starlight's core investment policies is its valued-added strategy, in which it acquires undervalued properties, renovates them, and rapidly raises rents, thereby pricing longstanding tenants out of their homes and neighbourhoods. In highlighting the success of this strategy, the company recently bragged to investors about how it was able to increase rents by more than $400 per unit over four years at an apartment building in Toronto (Kiladze, 2020).

5.2 Oligopolistic Rental Market

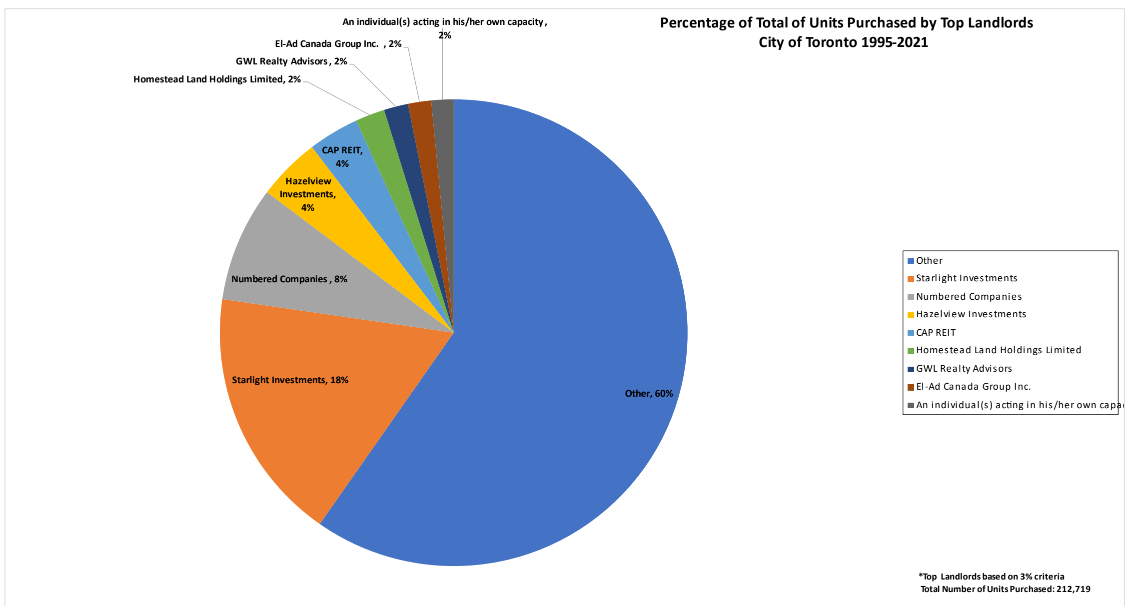

Figure 9: Graph of Percentage of Total Units Purchased by Top Landlords in Toronto

Data Source: Altus Group

An oligopoly exists when a few companies, offering similar goods and services, rule over many in a particular market or industry. These firms often work in concert with one another to increase profits rather than competing to provide elements of a free market to the consumer. In the context of Canada's rental market, the concern is that a small number of larger landlords could potentially engage in anticompetitive behaviour, which in turn can lead to higher rental prices for renters. Based on Figure 9, we can see that 60% of Toronto's rental market is still dominated by smaller landlords (as of October 28, 2021). In terms of large investors, this means the market is still ripe for more consolidation and mergers to grow their rental portfolios. For renters, higher rental prices could mean a limited supply of decent and affordable rental units. For Black communities, the worry is that financialized landlords could exploit tenants by increasing rents and reducing maintenance and repairs because they know these tenants' housing options are limited in tight rental markets like Toronto and Vancouver.

6. Racialized Geographies of the Financialization of Housing in Toronto

6.1 Eviction Crisis in Black Communities

In the past decade, much has been written about sociospatial impacts of financialized landlords, but very little is known about the lived experiences of tenants, especially Black renters. A study on evictions by the Wellesley Institute in Toronto found that Black tenants face a higher risk of eviction (Leon & Iveniuk, 2020). Moreover, the study revealed that census tracts with 36% Black renters experience double the eviction filings experienced by census tracts with 2% Black households (Leon & Iveniuk, 2020). Yet, because landlord and tenant tribunals across the country do not track race-based data, very little is known about who is evicting Black renters in these geographies or the impact of this violence on their physical and mental health. A study of foreclosure evictions revealed that housing instability coupled with income insecurity can have an adverse and lasting impact on families, including on children's scholastic performance and the ability to secure future employment (Lewis, 2021). Like other studies, preliminary analysis of 2020 evictions in Toronto reveals that the incidence of evictions is higher in Black (see Figure 12) and other racialized communities (see Figure 10).

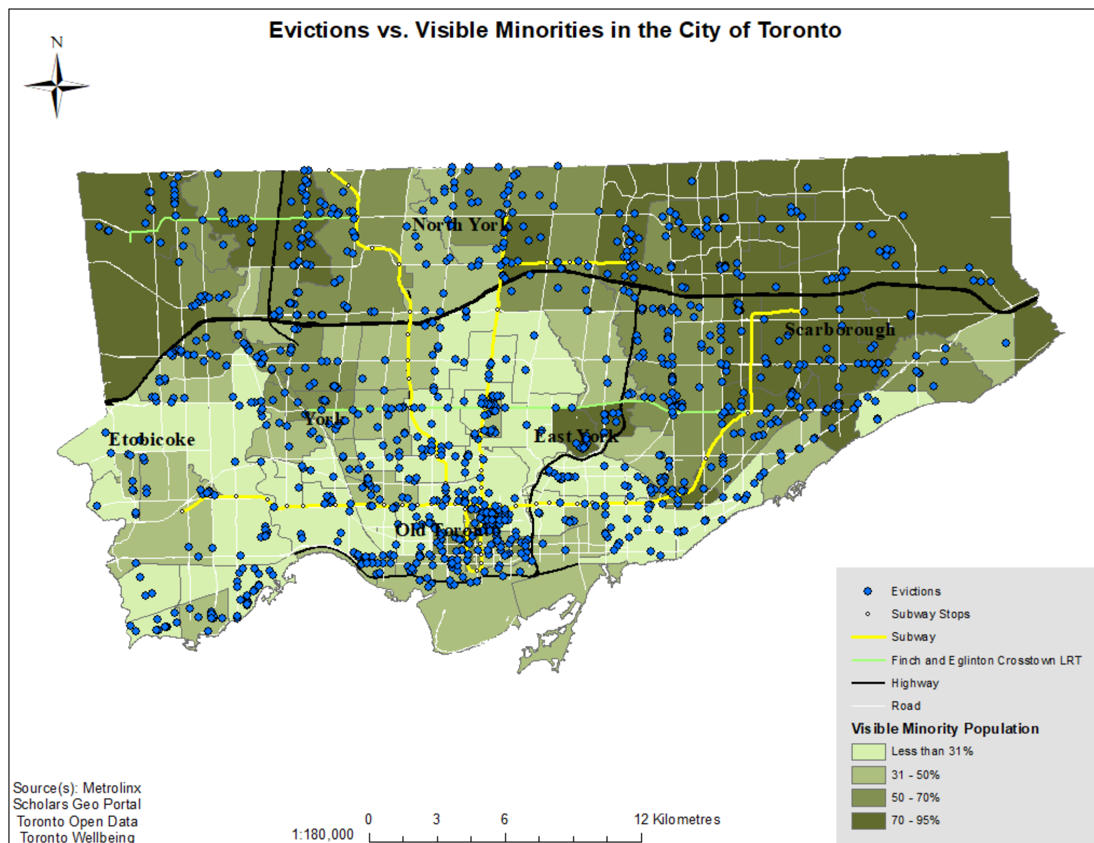

Figure 10: Map of 2020 L1 (Uncontested and Contested) Evictions in Visible Minority Areas in Toronto

Data Source L1 Evictions: Landlord and Tenant Board of Ontario
Map author: Abena Takyi

An examination of 2020 eviction data (between January 1, 2020, and December 2020), alongside demographic statistics from the 2016 census, reveals that Starlight Investments was the top pandemic evictor (L1/L2 Eviction applications) in census tracts with a large Black population, making up between 19% and 35% of evictions (Lewis, Forthcoming—b). In Ontario, the *Residential Tenancies Act* grants landlords the right to file a notice of eviction to terminate a lease agreement and remove a tenant from the rental unit for a variety of reasons including nonpayment of rent. L1 applications are used to evict a tenant for nonpayment of rent. It is important to note that a filing for an eviction does not always equate to the occurrence of a formal eviction. Some tenants might be pressured to vacate a rental unit before any formal proceeding is completed, leading to a significant undercounting of the true number of evictions. Coupled with ownership data, eviction filings can be useful to capture the magnitude of financialized landlords' relentless eviction practices, which seek to evict non-paying tenants expeditiously to meet their profit forecasts. The map in Figure 12 shows the top L1 landlord evictors at the height of the COVID-19 global pandemic. Recent research by Julie Mah (2021) shows that these are the same geographies disproportionately affected by the COVID-19 virus. Eviction data from the Landlord and Tenant Board in Ontario also revealed that Canada's largest social housing provider, Toronto Community Housing Corporation (T.C.H.C.), was filing eviction notices to remove tenants for nonpayment of rent. Even more aggravating, the T.C.H.C. eviction strategy not only puts extremely vulnerable tenants at risk of contracting and further spreading the virus but also threatens the success of the city's virus prevention strategies. This was happening after many renters either lost their jobs or were temporarily laid off following the province-wide lockdown orders, which created a significant financial hardship for many families. Considering that 17.6% (based on the number of rental units under management) of Starlight Investments' portfolio is in census tracts with a Black population of 19% to 35%, its overzealous pursuit of eviction could seriously undermine Canada's efforts to mitigate the harm caused by

financialized landlords and to uphold individuals' right to adequate and affordable housing

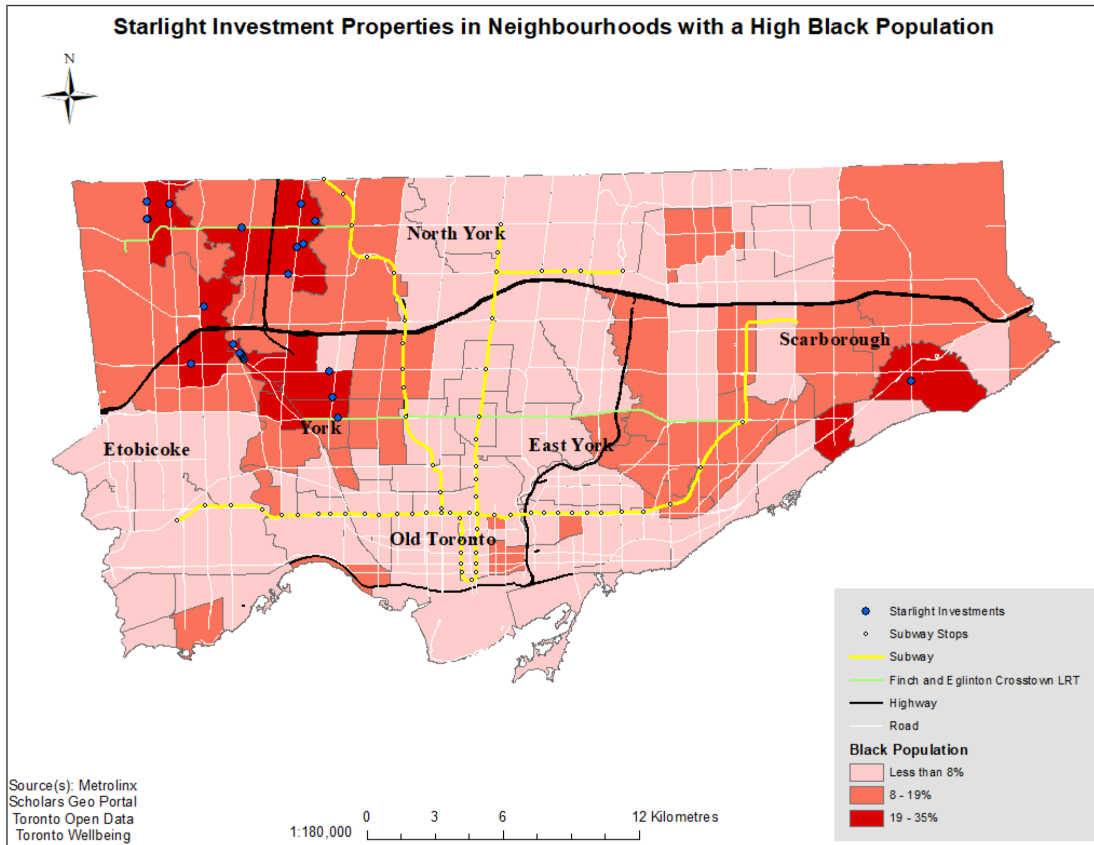

Figure 11:Map of Starlight Investments Properties in Census Tracts with a High Black Population (19 to 35%) in Toronto)

Multi-Family Ownership Data Source: Altus Group
Map author: Abena Takyi

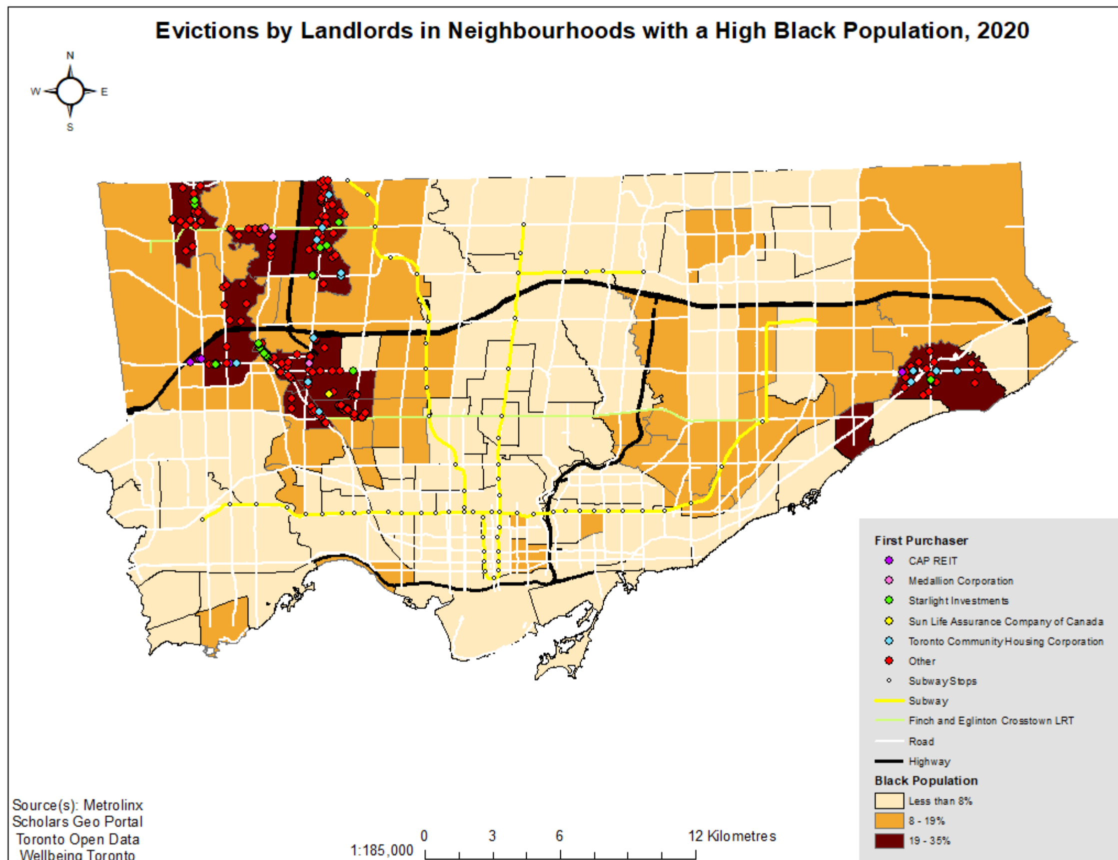

Figure 12: Map of L1 Evictions by Landlords in Census Tracts with a High Black Population in Toronto

Data Source of L1 Evictions: Landlord and Tenant Board of Ontario
Multifamily Ownership Data Source: Altus Group
Map author: Abena Takyi

Preliminary analysis of the data indicates that among the 600 contested and uncontested L1 applications, Starlight accounts for 13.3% of the evictions in census tracts with a Black population of between 19% and 35%. Figure 12 provides a geographical breakdown of the top L1 (uncontested and contested) evictors in high Black census tracts in Toronto. The map suggests that a large share of the evictions in communities with high Black populations are in the northwest quadrant of the city—for example, the former cities of York, North York, and Etobicoke.

6.2 Rent Burden Among Black Renters

Although this study does not extensively explore the connections between evictions and Black renters paying a higher share of their household income for shelter, it might be hypothesized that the seemingly exorbitant rents charged by financialized landlords in census tracts with a Black population between 19% and 35% may be a significant factor in their higher likelihood of

experiencing an eviction filing in Toronto. Toronto is a rent-burdened city. Statistics Canada 2016 census data show that people living in 46.7% of all rented households in the city pay 30% or more of their income on rent. The 30% rent-to-income ratio is a commonly used benchmark by the Canada Mortgage and Housing Corporation (CMHC) to measure household shelter affordability in Canada. Rent burden is especially high for Black Canadians.

According to 2016 census data, Black renters in the City of Toronto are the second most rent-burdened racial group. In the City of Toronto, 34.4% of Black renters are paying more than 30% of their income on rent. Table 5 shows that although this percentage is higher for Chinese renters, the sheer number of Black Canadians who pay 30% or more of their income in rent makes them a major concern in terms of rent burden. Black renters make up 25% (128,525) of all visible minority renters in the City of Toronto and Chinese renters make up 11% (57,575).

Table 5. Percentage of Renters in Private Dwellings by Visible Minority Status and Shelter-Cost-to-Income Ratio 2016 (City of Toronto)

	Total Visible Minority Population	Black	Chinese	South Asian
Total Number of Renters	514,070	128,525	57,575	112,780
30% to less than 50% of income	21.3%	20.1%	20.1%	22.8%
More than 50% of income	19.5%	14.2%	34.0%	17.2%

Source: Census Custom Tabulation 2016

Further, the rent burden faced by Black Canadians in the City of Toronto is not confined to individuals living in a particular type of living arrangement but is spread throughout the Black renter population. Table 6 looks at the percentage of Black Canadians in core housing need in Toronto in 2016. The CMHC defines households with core housing need as those which pay more than 30% of their before-tax income in shelter or are below one or both of the adequacy and suitability standards.

Table 6 shows in almost every type of living arrangement, more than 25% of the renters suffered housing affordability challenges. The proportion rose to more than a third and was much higher for Black renters who were single parents, people living alone, and people who might be living together but are not part of a census family. More than one in five Black children in single-parent families live in rent-burdened families.

Equally telling is the fact that 55% of Black Canadians (as indicated in Table 6) who live alone—that is, more than half of Black Canadians who live alone in the City of Toronto—are rent burdened. This is particularly troubling since while we have no immediate way of knowing exactly who these people are, we can strongly suggest that they include young people starting out and seniors living on their own.

Table 6. Black Canadians Paying More than 30% of their Income on Shelter (Rent) in 2016 (City of Toronto)

Black Household Living Arrangements	Total Black Renters	Count of Black Renters Paying More Than 30% of their Income on Shelter	Percentage of Black Renters Paying More Than 30% of their Income on Shelter
Total Black renters	128,525	44,155	34.4%
Member of a couple	30,850	8,360	27.1%
Female parent in a one-parent family	22,315	7,880	35.3%
Male parent in a one-parent family	2,415	845	34.9%
Person living alone	25,700	14,295	55.4%
Other persons not in a census family	16,100	6,015	37.4%

Source: Census Custom Tabulation 2016

It is well documented that Toronto is one of the most expensive cities in Canada to live in. It is also well documented that Black Canadians are more likely to live in poverty than other groups. A Statistics Canada study on the financial resilience and financial well-being of Canadians during the COVID-19 pandemic found that in June 2021, three out of ten Black Canadians, one of the largest visible minority groups, were more likely to live in a household experiencing financial hardship than Canadians who are not visible minority or Indigenous (Statistics Canada, 2021). Black seniors living on fixed incomes with health and other challenges including systemic barriers may find it particularly hard economically.

In addition, our analyses from the 2016 census data in Table 7 show that overall, more than four out of ten Black Canadian renters in the City of Toronto (44%) live on an after-tax income of less than $20,000 a year (this number does not include Black renters with zero after-tax income).

Table 7 also shows that 27% of female single parents and 36% of male single parents have an after-tax income of less than $20,000. We do know from the earlier data that both groups are rent burdened. Just under half of persons living alone have an after-tax income of $20,000. This combination of poverty and rent burden can hamper the life chances of Black renters.

Table 7. Percentage of Black Renters with After-Tax Income of Less than $20,000 in 2016 (City of Toronto)

Black Household Living Arrangements	Total Black Renters	Count of Black Renters with After-tax Income Greater than $0 and Less Than $20,000	Percentage of Black Renters with After-tax Income Greater than $0 and Less Than $20,000
Total visible minority population	514,065	241,225	46.9%
Total Black Renters	128,525	56,150	43.7%
Member of a couple	30,850	10,770	34.9%
Female parent in a one-parent family	22,315	6,010	26.9%
Male parent in a one-parent family	2,420	880	36.4%
Person living alone	25,700	11,400	44.4%
Other persons not in a census family	16,100	8,265	51.3%

Source: Census Custom Tabulation 2016

Child poverty is an issue that Toronto has been grappling with for many years. City of Toronto Council notes stated that one in four children in the city lives in poverty (Chu, 2018). Although our analyses from the 2016 Statistics Canada data do not specifically show the poverty rates for Black children under age 15, the data for Black male and female single parents do imply high poverty rates among Black children. The 2021 Report Card on Child and Family Poverty in Canada by Campaign 2000 reports a poverty rate of 30.2% among Black children in Canada based on 2016 census data (Campaign 2000, 2021). In fact, the 2021 Report Card maps York South—Weston and Humber River—Black Creek in the City of Toronto among the federal ridings with the worst child poverty with rates, 28% and 31% respectively (DMac, 2021). In the opinion of the report's authors, poverty is a result of systemic racial barriers. These systemic, racist barriers, including housing affordability, can impact the well-being and life chances of Black children. Further studies are needed in this area if governments are to institute measures that will improve the life chances of these children and their parents.

Further study is also needed to examine the circumstances of Black renters living alone and to explore and identify obstacles that contribute to their dire housing situation and factors that can improve it. Future studies might also examine the impact of the perpetuation of rent burden on the social, physical, and mental health of Black Canadians, as well as the long-term financial and social costs to the city of doing nothing. This violence of rent burden is made even more insidious by the fact that financialized landlords "are able to extract additional value from people who are deemed to be lesser or who are made vulnerable by exclusionary structures of un/belonging" (Bhattacharyya, 2018, p. 220).

7. Racial Banishment

As the violence of evictions continues to take shape across Toronto, much of the attention has been centred on the issue of market-driven displacement. The study of displacement is important to our understanding of the impact of financialized landlords in Black and economically disenfranchised communities. Like other scholars and activists, I argue that we need to shift our attention beyond the ways that renters, specifically Black tenants, are displaced and ask broader questions about the processes, laws, and actors that limit Black Canadians' ability to shape cities.

7.1 Financial Violence

A major challenge for tenants and activists has been the inability to name harms, such as the everyday anti-Black violence of displacement and dispossession, that result from the financialization of housing. Sage Ponder and Mikael Omstedt (2019) contend that this is, in large part, because the harms resulting from the financialization of housing "are rarely recognized as violent because they lack immediately identifiable perpetrators and/or relations of cause and effect" (p. 2). Institutional investors often use financial intermediaries—such as private equity firms, asset management firms, and hedge funds—to obscure their investment activity and conceal the names of rightful property owners (Lewis, 2020; Fields & Raymond, 2021). The use of finance to invoke racial hierarchies in the real estate market in order to derive value is not a new phenomenon: lending institutions in the U.S. and parts of Canada have historically used practices such as redlining to evaluate loans and investment risks based on racial hierarchies (Lewis, Under Review). Bledsoe and Wright (2019) remind us of the anti-Black logic that is constitutive for spatial accumulation of capital to be possible. This logic, they argue, helps to cast "Black geographies as empty and threatening, open to occupation, and subject to surveillance and assault" (p. 11). Today's contemporary financialized system combines finance with the digitization of investment strategies through the use of algorithms to automate acquisitions, everyday investment allocations, and management activities (Fields, 2019; Benjamin, 2019). The use of technology has enabled financialized landlords to invisibilize the violence of their everyday investment and management practices in Black and other racialized communities.

7.2 Market-Driven Displacement as Racial Banishment

Scholars have widely used the term *"displacement*" to denote and foreground the violence of large-scale urban transformation underway in Black and economically underserved communities. Like Ananya Roy (2019), I believe this term is inadequate to capture the role of the state and the significance of race underpinning the violent management and investment practices of financialized landlords. *Displacement* is often used to accentuate the violent outcome of financialized landlords' practices. Literature on the human right to housing attempts to address the role of the state by examining the lack of regulation to constrain or prohibit a finance-led accumulation of housing (Birchall, 2019). Missing in this analysis, however, is the centrality of race.

In this context, Ananya Roy (2019) offers a new concept, *racial banishment*, which emphasizes the central role of the state as an active facilitator in this violence against racialized and low-income people. Over the last four decades, the state has been central in ensuring the profitability of housing for private actors like financialized landlords, developers, and financial institutions. *Banishment*, she stresses, shifts our attention away from displacement to the violent act of dispossession, more specifically dispossession of one's personhood and dignity (Roy, 2019). The term *displacement*, in the context of market-driven displacement by financialized landlords, suggests that racialized renters could find affordable accommodation either elsewhere in the community or in other parts of the city. The concept of banishment accurately captures the repercussions of the violent practices and processes of financialized landlords, in that their investment and management practices lead to an expulsion of racialized and indigent people who fall outside the calculus of their business model. Together, *racial banishment* and *anti-Black financial violence* help us to identify the broader processes and actors which facilitate the economic conditions that ensure financialized landlords' profit motive takes precedence over the human right to housing.

8. Eglinton West—City of York: A Case Study of Financialization

Eglinton West neighbourhood is located in the former City of York and has historically been the home for diasporas from all over the Caribbean and beyond. The former City of York has the largest Black population, at 17%, of the six former cities and boroughs that made up pre-amalgamation Metropolitan Toronto. This community is also the site of the new 19 km Eglinton Crosstown Light Rail line that stretches across the city from Black Creek Drive in the west to Kennedy Road in the east. According to Metrolinx, this $5.3 billion investment in transportation infrastructure will help to vastly improve transit equity in communities along Eglinton Avenue by providing previously neglected areas with a midtown east-west transit connection. However, the Eglinton L.R.T. helped to unearth the acute vulnerabilities of neighbourhoods like "Little Jamaica" and exposed residents to the anti-Black violence often contained in urban renewal policies. Investment in transit infrastructure helped to "unlock" previously untapped land values in the community, making the area prime for new rounds of investments to stimulate additional economic growth and development. But the vibrancy and stability of Little Jamaica which have suffered from decades of disinvestment and abandonment, are threatened by more than just investment in transit.

Figure 13: Geographical Boundaries of Little Jamaica

Image source: Black Business and Professional Association (BBPA)[8]

Rather, a state-sanctioned urban transformation strategy is working in concert with the private sector to reconfigure the racial and class geographies of the neighbourhood and other parts of the city. This state-sponsored process has triggered and facilitated the banishment of Black people and ethnically owned businesses from the area. Studies have emerged linking transit infrastructure investment to nascent displacement problems and the closure of small ethnically owned businesses (González et al., 2019). Research shows rising land values and increased commercial rental rates tied to transit investments may potentially drive out small, local, ethnic businesses (Cheshire, 2012).

Neighbourhoods along Eglinton Avenue West have experienced exponential growth in development applications in the last couple of years. Since the start of 2020, there have been 23 development applications along the Eglinton West corridor from Weston Road in the west to Bathurst Street in the east (Lewis, Forthcoming -a). As shown in Figure 14, more than half of these applications along the new transit corridor are for condominiums. While these developments certainly provide the city with a much-needed supply of new housing units, they offer very little relief to NHS priority groups in the area who are struggling to fulfill their right to safe, affordable, and secure housing. In a recent report, residents of the Little Jamaica neighbourhood identified the expansion of affordable housing options as a top priority for future development in the area (CP Planning, 2021).

The Eglinton West community has also experienced an increased level of interest and activity from financialized landlords since Metrolinx announced the Eglinton L.R.T. (line 5) in 2007. Financialized landlords, like Starlight and Hazelview Investments, have been driving much of the activity in the former City of York. Construction of the L.R.T. also helped to attract the likes of the foreign buyer Akelius and the private equity goliath Blackstone Group. Like other

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[8]About Little Jamaica Eglinton Avenue West, Black Business and Professional Association (BBPA), https://thelittlejamaica.com/about/

financialized landlords, Blackstone saw the opportunity to capitalize on the rent gap in the former City of

York. The *rent gap* is defined as the disparity between the actual and potential ground rent (Smith 1996). According to Smith's rent gap theory, this divergence between the *capitalized ground rent* (the actual quantity of ground rent a landowner can command, given the present land use) and *potential ground rent* (the maximum rent a landlord could potentially demand based on "'highest and best use of the land'") is caused by a wide-scale disinvestment in the built environment. During this period of downward pressure on ground rent, landlords attempt to squeeze profits out of the property by extracting the maximum amount of rent possible while making little investment to maintain the asset.

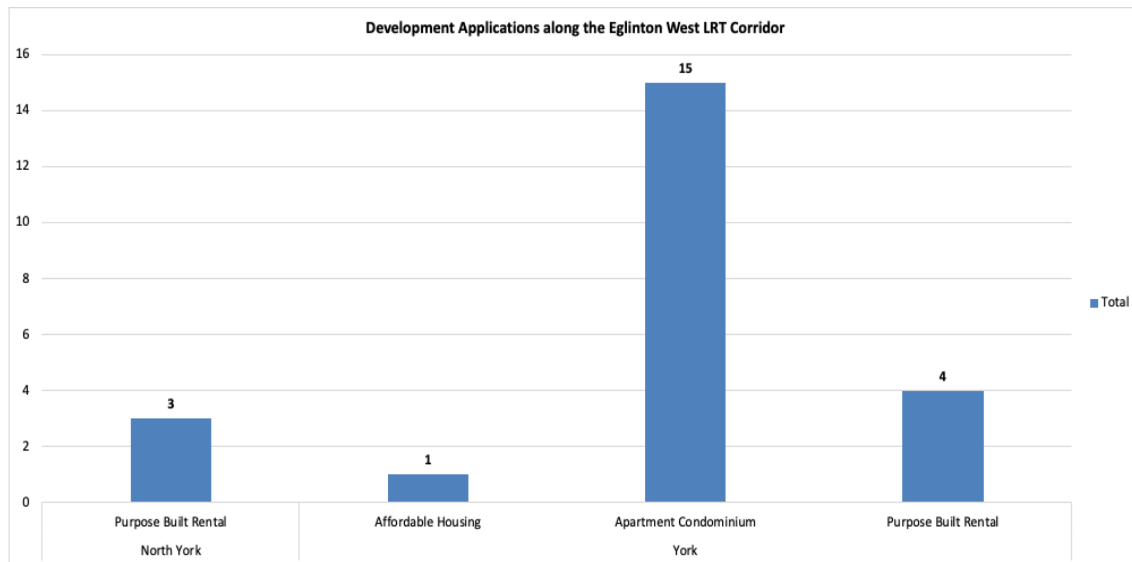

Figure 14: Chart of the Number of Development Applications Along the Eglinton West

Data Source: Altus Group

In the context of Little Jamaica, financialized landlords saw an opportunity to capitalize on the disparity between the actual rental income achievable with the current land use and potential revenue they could generate given the government's major infrastructure investment in transit. In 2018, Blackstone entered the Canadian market through a joint venture with Starlight Investments to purchase its first Canadian portfolio, including several properties located along the Eglinton L.R.T. corridor. As part of their ongoing strategy to maximize returns, the two firms will further seek to generate a higher yield by upgrading the properties to charge higher rents and capture the additional appreciation in land values from their value-added strategy. This large public infrastructure project has helped to raise the potential ground rent and, in turn, incited a buying frenzy of properties in the area by financialized landlords and developers. Prior to the announcement, financialized landlords accounted for only 20% of all units sold (Lewis, Forthcoming—b). By the start of construction in 2011, that number had nearly doubled, and today they account for more than 60% of the units, as shown in Figure 16.

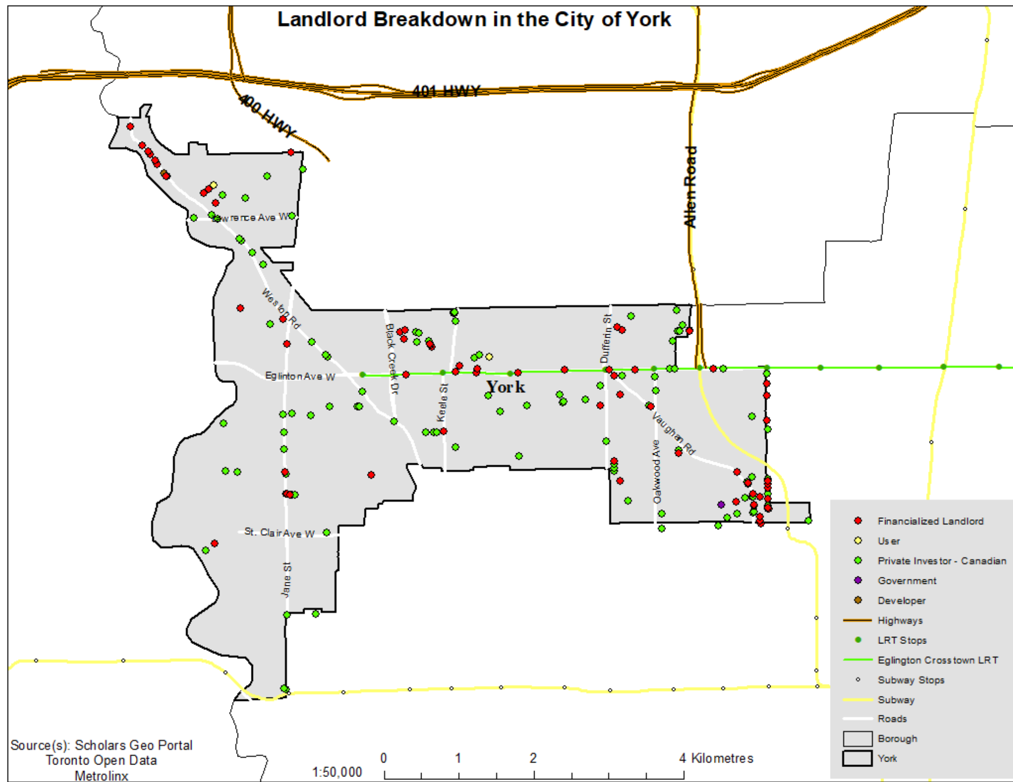

Figure 15: Landlord Profile Breakdown in the Former City of York

Data Source: Altus Group
Map author: Abena Takyi

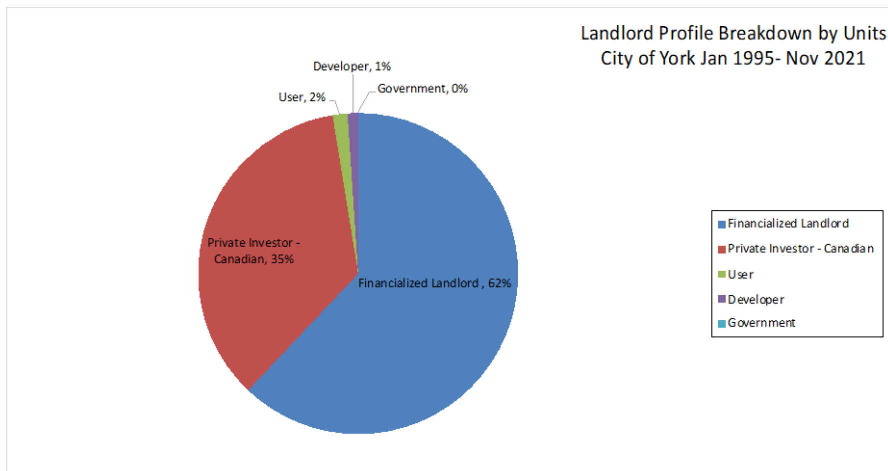

Figure 16: Landlord Profile Breakdown in the Former City of York (January 1995 to November 2021)

Data Source: Altus Group

As mentioned earlier, financialized landlords have dominated the rental market in the former municipality with Starlight leading the way with the largest number of rental units under

management, as shown in Table 8. Over the last three years, Canada's largest landlord has spent more than $300 million to become the top landlord in the former City of York, accounting for roughly 10% of the units sold between January 1, 1995, and November 1, 2021 (Lewis, Forthcoming -a).

Table 7. Top Landlords in City of York

Top Landlords in City of York	Number of Units
Other	9,298
Starlight Investments	1,729
Numbered Companies	1,588
GWL Realty Advisors	990
Dream Unlimited	841
Canada Pension Plan Investment Board	750
Minto Group	750
Individual(s) acting in their own capacity	715
Hazelview Investments	655
Grand Total	**17,316**

Data Source: Altus Group

The adverse impact of these investments on Black renters and communities in Toronto is immeasurable. Starlight's investment and management practices often entail acquiring devalued properties in gentrified or gentrifying areas, renovating the properties, and significantly increasing rents to maximize returns for investors and shareholders. Such business practices often reduce the amount of affordable housing available to renters in Black communities and exacerbate housing precarity and displacement problems for tenants. But what makes the effect of this act even more profound is that many properties acquired by financialized landlords are occupied by low-income households. A recent study by United Way Greater Toronto and the Neighbourhood Change Research Partnership found that Black Canadians account for the highest concentration of renters residing in high-rise apartment buildings in low-income neighbourhoods (42.7%) (Scantlebury et al., 2021). Part of the attraction of these older purpose-built rentals is that they offer below average market rents, providing low-income Black and other racialized renters with affordable housing options in high-priced rental markets like Toronto. On average, tenants residing in these properties pay 14% less in monthly rental cost than other renters in the primary rental market (Scantlebury et al., 2021).

Anti-Black housing discrimination in the private rental market (colloquially known as Renting While Black) may potentially be another explanation for Black renters' large concentration in high-rise apartment buildings in impoverished neighbourhoods. In 2009, the Centre for Equality Rights in Accommodation found that Black single parents have a one-in-four chance of experiencing moderate to severe discrimination when searching for an apartment in Toronto. Yet, very little data exists to track anti-Black racism in Canada's housing sector to defend the human right to housing of Black Canadians. While these older purpose-built rentals offer low-income and racialized renters relatively affordable rents, it is important to note that tenants continue to struggle to meet their monthly rental obligations (ACORN, 2018). On other hand,

that these old, purpose-built rentals are not maximized to their “highest and best use” is what makes them such an attractive asset class for financialized landlords. Their deeply affordable monthly rental cost and management inefficiencies make them a highly coveted asset for local and global investors.

A recent study examining the adverse impact of the Eglinton Crosstown L.R.T. revealed that the Little Jamaica neighbourhood along Eglinton Avenue West is losing its Black population at an alarming rate (CP Planning, 2021). The Black Futures on Eglinton Planning Report authored by CP Planning in collaboration with Black Urbanism TO revealed that the area lost 13% of its Black population over the 10-year period between 2006 and 2016. In fact, multiple studies uncovered that local Black businesses in the area were also struggling to cope with the ongoing construction from the Eglinton L.R.T. and increasing pressures of gentrification, causing commercial rents to become unaffordable (Mohamed, 2021; Baker et al., 2020; CP Planning 2021).

Figure 17: Image of Closed Businesses on Eglinton West, Just East of Keele Street

Photo source: photo taken by author on August 18, 2020

While these reports offer some important insights and analysis on the adverse effects of the Eglinton L.R.T. on Black people and businesses, unfortunately they provide little evidence regarding the root cause directly responsible for the recent decline in the area’s Black population. There has been mounting speculation that this may be due to the increasing gentrification pressures from developers flocking to the area to construct luxury condominiums and financialized landlords refurbishing older rental stocks to assemble high-end rentals. However, it is important to note that not all displacement problems are a result of gentrification. In fact, several scholars contend that gentrification-induced displacement is an insufficient characterization of the sheer violence of displacement unfolding in predominantly racialized communities.

Instead, we are witnessing a banishment and erasure of Black, Indigenous, and other racialized groups and low-income families from urban communities. In the context of Little Jamaica, the concept of racial banishment helps to foreground the fundamental role of states and private financial actors in this ongoing violent dispossession and displacement of Black people afoot across the region and beyond. For example, *racial banishment* helps to elucidate the animating role of the state in attracting domestic and global flows of capital to formerly disinvested areas and in ensuring the profitability of redevelopment and rehabilitation by financialized landlords and developers. State-sponsored financial expropriation projects like the Eglinton L.R.T. help to connect underserved communities to the broader city, but they also facilitate the annexation of areas like Little Jamaica by affluent renters, triggering a wide-scale expulsion of longstanding Black renters from the community to generate returns for investors. State-induced gentrification practices do very little to enhance Canada's domestic and international obligations to fulfill the right to housing for all Canadians. Rather, it ensures that financialized landlords' and developers' pursuit of profit takes precedence over Canadians needs of adequate and affordable shelter.

Studies have shown that development and investments in underserved communities lead to increasing levels of displacement and homelessness, especially in geographies with low vacancy rates and an insufficient supply of affordable rentals (Scantlebury et al., 2021; Summers, 2021; Meltzer & Schuetz, 2012; Roy & Carlsson, 2021). For instance, between January 1, 2020, and October 2021, Starlight investments alone had 216 L1 eviction filings in the former City of York. Among those filings, two high-rise apartment buildings—2450 and 2460 Weston Road—accounted for over half all of Starlight's evictions. In fact, many of Starlight's evictions were in COVID-19 hot spots, which are deeply racialized and economically underserved. As previously mentioned, these data do not provide a clear picture of the racial identity of the folks faced with the imminent threat of eviction. However, they do offer insight into the brutal financial violence of financialized landlords' everyday investment and management practices in racialized communities. Housing insecurity derived from the economic fallout of the COVID-19 pandemic has helped to expose the lengths to which callous financialized landlords are willing go to preserve their returns, and the detrimental consequences of evictions for health. These eviction filings accentuate how financialized landlords' everyday anti-Black management practices undermine pivotal infection prevention strategies in place to safeguard all Canadians and curb the spread of this deadly virus. The violence of evictions articulated in this report demonstrates the need for more tangible measures by all levels of government to profoundly recognize the human right to housing for all Canadians and return housing to its root function of providing Canadians with a place to live in security and dignity.

9. Recommendations

To resolve the ongoing housing crisis, all levels of government will need to abandon policies that facilitate an investment-friendly environment for financialized landlords and instead adopt measures that stabilize neighbourhoods and increase affordability in urban rental markets across the country. Definancialization of the rental market will not only help to dismantle this unaffordable housing system but also aid different levels of government in re-establishing housing as both a social good and a human right. The recommendations outlined in this report seek to critique and shed light on the very conditions that enable financialized landlords to undermine Canada's duty to protect the human right of housing for Black Canadians and Canadians from other communities. I draw on many of the recommendations put forward by the team of researchers that convened the United Way GTA Vertical Legacy report. Additionally, I draw on the recommendations offered by the former UN Special Rapporteur Leilani Farha in her forthcoming directive to states on how to address the acute challenges of housing financialization.

9.1 Addressing financialization and promoting definancialization

The federal government has recently introduced several initiatives, including a 10-year $72 billion National Housing Strategy, to reduce chronic homelessness in Canada by pursuing a human rights-based approach to housing. Included in this strategy is a National Housing Co-Investment Fund of $15.9 billion, consisting of $4.7 billion in financial contributions and $11.2 billion in loans to refurbish dilapidated social housing units and to construct new affordable housing over the next decade. According to the federal government, this investment will help to produce up to 60,000 new affordable housing units and repair approximately 240,000 social housing units left in disrepair because of funding shortfalls. However, the National Housing Strategy fails to establish policies that actively ensure Canada is upholding its international and domestic legal obligation under the National Housing Strategy Act, which outlines an individual's human right to adequate and affordable housing. Canada should apply a two-pronged approach focused on safeguarding the existing supply of affordable housing alongside the development of deeply affordable purpose-built rentals to address our ongoing national housing crisis. As mentioned earlier in the report, research shows that for every new affordable rental unit created, 15 were lost in the private rental sector (Pomeroy 2020).

9.2 Enforcement of the *Competition Act*

The federal government should seek to enforce current laws under the *Competition Act* to prevent an oligopolistic rental market, in which a small cadre of institutional investors dominates rental rates in certain geographies and reduces the supply of affordable housing. Large financialized landlords like Starlight Investments are now acquiring the portfolios of their competitors as real estate deals evaporate in strong rental markets like Toronto. Canada should also look to introduce a policy framework that would place a cap on the number of rental units financialized landlords can own.

9.3 Acquisition of rental housing

Canada should also work to allocate funds to acquire rental units from financialized landlords to ensure all Canadians have access adequate and affordable accommodation. Earlier this year, the citizens of Berlin voted in a referendum and provided the government with a mandate to buy back all the housing in the hands of financialized landlords whose business model threatens housing security.

9.4 Legislation for pension fund investment

As mentioned throughout this report, pension funds have been a huge source of capital for the extractive financial practices that exacerbate the affordability and displacement problems in urban rental markets across Canada and beyond. The federal government should introduce legislation prohibiting pension funds from investing in the displacement of Canadians and thereby further impeding the government from fulfilling its duty to uphold the human right to housing.

9.5 Legislation prohibiting all financial institution, pension funds, and sovereign wealth funds from lending to financialized landlords

The government should introduce legislation that prohibits all financial institutions from lending to financialized landlords that diminish the affordability of housing and profit from the reduction of affordable housing units. A study examining the mortgages of financialized landlords by Nemoy Lewis (Lewis, Forthcoming -a) found that some of Canada's major financial institutions have been providing billions in bridge financing that indirectly helps to increase housing precarity for National Housing Strategy priority groups. Bridge loans or bridge financing refers to short-term loans made to a person or company until they can secure more permanent financing. The loans provide financialized landlords with immediate access to cash to secure a transaction. Some of the top lenders to financialized landlords in Toronto since 1995 (see Table 9) include the Canadian Imperial Bank of Commerce (C.I.B.C.), Toronto-Dominion Bank, and GE Canada Real Estate Financing Holding Company (Lewis, Forthcoming -a).

Table 8. Top Mortgage Lenders to Financialized Landlords in Toronto

Mortgage Institutions	Sum of first mortgage amount
Canadian Imperial Bank of Commerce	$10,727,109,360
Toronto-Dominion Bank	$4,842,915,668
GE Canada Real Estate Financing Holding Company	$3,378,000,000
Brookfield Bridge Lending Fund Inc.	$2,276,000,000
Computershare Trust Company of Canada	$2,263,449,080
First National Financial Corporation	$961,882,506
Royal Bank of Canada	$810,393,078
Woodbourne Canada lV GP ULC	$600,000,000
Vendor Financed	$539,647,835
Brascan Bridge Lending Fund Inc.	$528,600,000
Grand Total	**$26,927,997,526**

Data Source: Altus Group

9.6 Introduction of supply-side subsidies to support not-for-profit housing operators and the construction of social housing

The federal government should increase its allotment of supply-side subsidies to support the construction of non-market housing. Currently, taxpayers' dollars in the form of low-interest financing from the C.M.H.C. are being used to support developers to construct housing that is not benefiting a vast majority of those in core housing need. In some instances, low-interest financing by the C.M.H.C. is being used to support the construction of "affordable housing" with an expiry date of 25 years—meaning that the home is only required to remain affordable housing for a prescribed 25-year period. The federal government should mandate lengthier commitments for affordable housing to truly improve access to affordable and adequate housing.

9.7 Mandating that the C.M.H.C's financing for acquisition of rental housing be conditional on maintaining affordability

The federal government should direct the C.M.H.C. to make financing for the acquisition of private rental housing contingent on maintaining existing levels of affordability for the life of the loan.

Over the years, the C.M.H.C. has provided inexpensive financing to financialized landlords without any enforcement or requirement to maintain the affordability of the rental units. Introducing this directive will assist the Government of Canada immensely in their pursuit to reduce the number of Canadians in core housing need.

9.8 Expanding the acquisition eligibility under the N.H.S.

Enabling non-profits, co-operatives, and community land banks to access N.H.S. funds to compete for acquisition of purpose-built rental will assist the Federal Government upholding their duty to protect Canadians' right to adequate housing. Expanding the access to these organizations will also enable the Government of Canada to prevent affordable purpose-built rental units from becoming unaffordable.

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