

MOTION

7. Protecting Tenants from Real Estate Investment Trusts (Member's Motion B.3)

At the Council meeting on February 9, 2021, Council referred the following motion to the Standing Committee on Policy and Strategic Priorities meeting on February 10, 2021, in order to hear from speakers.

Submitted by: Councillor Swanson

WHEREAS

1. Across Canada and the globe, government policies and financial pressures have shifted housing away from a necessity and human right into an asset, commodity and financial investment;
2. In Canada, this shift has included a transformation of smaller landlords to larger, investment-oriented companies, including Real Estate Investment Trusts (REITs);
3. REITs pool the capital of multiple investors to own, operate or finance income-generating real estate. Investors can receive returns on their investments without needing the expertise to buy or manage any properties themselves;
4. As of 2017, REITs owned 20% of units in Canada; in BC they own 4%;
5. REITs' portion of the housing market locally and nationally continues to grow, exposing more tenants to landlords who are motivated to displace existing tenants in favour of wealthier ones who can generate the income expected for their portfolio. This process feeds gentrification, poverty, and homelessness;
6. In 2019, the Government of Canada adopted the National Housing Strategy Act (NHSA), which recognizes that housing is a fundamental human right;
7. Canada Mortgage and Housing Corporation (CMHC) recently committed to ensuring secure and affordable housing for all by 2030;
8. Cities like Vancouver continue to bear substantial responsibility for addressing the housing crisis without sufficient resources from higher levels of government;
9. Cities like Vancouver must create innovative solutions to ensure that our residents' human rights are protected and to keep higher levels of government accountable to their commitments;
10. Two REITs just bought 15 Vancouver apartment buildings with 614 units for \$292.5 million. Seven rental buildings in Vancouver's West End are owned by a single REIT company as of Summer 2020; and
11. REITs' offer investors the benefit of not having to pay federal business taxes as long as the taxable income is distributed to unit holders;
12. The REIT business model often relies on substantially raising rents when tenants leave or are evicted;

13. The BC Non-Profit Housing Association and the Co-op Housing Federation are working with the BC government on an apartment acquisition strategy worth \$500 million and this is a significant step forward but won't protect the majority of older purpose-built rental buildings from falling prey to this business model;
14. The Canadian Alliance to End Homelessness warns "When investors buy up rental housing, they deepen Canada's housing crisis by taking existing rental housing off the market or by increasing rent, making it unaffordable. This leaves lower income Canadians facing eviction, unable to afford rent or to live in the communities they choose. Following the pandemic there is an added risk that such predatory purchases will accelerate as small asset owners are impacted by rental loss and forced to sell their properties.";
15. The Canadian Alliance to End Homelessness is calling for governments to implement "measures to curtail the impacts of financialization of rental housing markets by limiting the ability of large capital funds (including Real Estate Income Trusts – REITS) to purchase 'distressed' rental housing assets.";
16. The City of Montreal has implemented a "Right of First Refusal" program, such that when an offer to purchase a purpose-built rental building has been accepted by a buyer, the municipality has priority over any other buyer in order to carry out projects for the benefit of the community.

THEREFORE BE IT RESOLVED

- A. THAT the Mayor write to the federal government on behalf of Council to:
 - a. Express concern about the growing share of units that Real Estate Investment Trusts (REITs) and other big investors own across the country and their impacts on the human right to housing, the commodification of housing, housing security and affordability for Vancouver residents;
 - b. Urge the federal government to base the tax rate for REITs and other big investors on the amount of affordable housing they provide or destroy;
 - c. Urge the federal government to ensure that any CMHC-backed financing or insurance for Real Estate Income Trusts (REITS), private equity firms, pension funds, and other investors has clear conditions to prevent rent increases on tenant turnover;
 - d. Ask that the federal and provincial governments take more measures to protect and reinvest in existing rental stock and to facilitate their acquisition by non-profits and co-operatives.
- B. THAT staff investigate ways the City could mitigate harm to affordability of older housing stock by Real Estate Income Trusts (REITS) and other investors using action such as, but not limited to, vacancy control, right of first refusal, and supporting a non-profit acquisition strategy and to report back as part of ongoing work.

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