
THE UNITED NATIONS HUMAN RIGHTS COUNCIL'S 2017 REPORT ON FINANCIALIZATION OF HOUSING

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Abstraction : Financialization of housing has attracted plenitude of divergent reviews and discussions on the subject matter. The term financialization of housing has been associated with reduced housing affordability in recent debates. Irrespective of financialization of housing cementing a springboard to augment growth of the financial and housing markets, enhanced employments and deepened international trade and relations, it has also created its own setbacks. The financialization of housing has been reviewed to trigger excessive demerits of capital gains exceptions, rent seeking and disregard to upholding and defense of human rights tenets, provisions and conventions. In support of these demerits, the United Nations Human Rights Council's 2017 report on the financialization of housing underscore financialization of housing creating an overall negative impact. The UN reports posits that the financialization of housing is now a means to secure and accumulate wealth. Housing is now dehumanized and sold as a commodity on global markets and hence has lost its currency as a universal human right. The copious reviews and contention on the financialization of housing warrants further inquiry into the compendious scholarship. This paper therefore examined and argued in favour of the UN standpoints though making counter perspectives on the discourse of financialization of housing.

Keywords: *Financial Markets, Housing, Real Estate, United Nations, States, Financial Institutions, International aid*

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INTRODUCTION

The United Nations Human Rights Council's 2017 report on the financialization of housing outlines financialization of housing and its implication for the right to adequate housing. The term "financialization of housing" is

believed to be changes that occur in the housing and financial markets that has triggered the treatment of housing as a commodity. This in effect has led some schools of thought to suggest that financialization is linked to reduced housing affordability. In spite of financialization of housing expanding the choices of people, creating competitive housing markets and catalyzing the flow of funds to countries and industries, it has triggered its own demerits. Financialization of housing has precipitated restrictive mortgage financing, negative gearing, abnormal capital gains exceptions, exclusion of primary home from pension calculations, tenancy policies that favour property owners among others. The canvas on financialization of housing has warranted copious divergent perspectives driving a further deconstruction and lucid expounding on the scholarship. In this essay, I agree by making counter perspectives to the United Nations Human Rights Council's 2017 report on the financialization of housing by arguing that financialization of housing undermines democratic governance and community accountability, exacerbates inequality and social exclusion and finally detaches housing from its connection to communities and to human dignity and security that are at the core of all human rights.

LITERATURE REVIEW

Financialization of Housing only Demerits?

Firstly, financialization of housing has undermined democratic governance and community accountability. Most States across the world operate a market system that is based on the free market. Consequently, the States avoid market interferences and fail to regulate and engage with private market and financial actors. The financial market is therefore left in the hands of private entities and individuals who engage in market activities with a central focus of maximizing their profitability. The activities of private entities and individuals triggers market failures and creates a situation where actors actions tend to be inconsistent to market expectations. By creating a liberal market system, such market system fails to provide effective standards, principles and accountability measures. Hence, market actors take turns to provide housing that are mostly catered for the wealthy to make abnormal profit since there are no formal rules to regulate their market operations. Actors within the markets also tend to hold formal decision roles within the government and contribute to policies that create housing deficits often ignoring affordable housing to all sectors of society.

Also, governments contracts with foreign creditors and institutions mandates them to account to their foreign benefactors and creditors which interferes with the democratic tenets and rule of law. Through government activities with foreign entities, they shift their attention to global finance and tend

to provide schemes and policies that tend to be in tandem with the prerequisites of creditors and donors. Therefore, governments are entangled to mostly to ignore human rights obligations to provide affordable and secure housing to their citizens. Through governments focusing on global finance, the flow of funds to recipient countries sometimes engenders over dependence by these governments and in times where shocks arise within the scope global finance, the budgets and plans of recipient governments are detrimentally relapsed. In most cases, the human rights of the poor are infringed upon from insecure housing, poor security and education including right to public information. Also, exchanges between governments and financial institutions and donors mostly tend to create predatory ambience within developing countries. Sometimes financial institutions and donors numerous activities incite subtle state capture and issue direct instructions to recipients of funds. This method permeates adherence to donors and financial institutions systems and mechanisms than acceding to their own governments systems. In such dimension, a plenitude of paternalism and neopatrimonialism has become endemic creating low human right incentives.

The UN 2017 report on housing pontificate that housing has undermined democratic and community accountability. Nevertheless, financialization of housing also leads to the situation where there are direct inflows of financial resources into both developed and developing countries. Governments engagements with financial institutions and donors also drives capital to recipient nations. These inflows to domestic economy augments investments within nations and helps curbs fiscal deficits and balance of payments misfortunes. Also, through governments or policy makers roles in creating opportunities in the housing markets, this had lured private investors and donors (both inward and outward of countries) creating an amount of mammoth private equity with tend to boost the housing markets. This triggers the case where the imbalances within the housing markets are absorbed by this private equities and donor funds. Also, in some areas where the economic purchasing power of the populace are low, investors are moved to provide housing to the needs and tastes of geographic locations of the people. Such investors have been able to provide affordable housing to poor people with certain regions.

Moreover, in line with governments exchanges with financial institutions and donors, recipients countries are sometimes entrapped with strings of financial packages. Some of these strings of capital, grants and loans also compels recipients of financial resources to provide affordable housing to people within certain geographic locations within their countries. Also, some

financial institutions, donor and investors directly invest to provide affordable housing to ameliorate the lives of the poor in both developing and developed countries. Moreover, through relations of governments with financial institution, donors and investors, not all the engagements are done in disregard to human rights provisions. Some of the exchanges between governments, donors and investors are delivered upon stringent human rights reviews and there are monitoring and third party agencies who could be tasked to ensure that various governments relations with other investors, donors and financial institutions does not compromise human rights standards and accountability structures.

In addition , financialization of housing exacerbates inequality and social exclusion. Since most governments operate a free housing market , the wealthy ones tend to create plethora of wealth while the destitute languish with the vicious cycle of deprivation and hence the poor tend to being unable to secure and afford housing. Within the housing market, lenders and investors tend to provide financial instruments , financing and credit to institutions and individuals who have huge liquidity or lower risk of default. This create the situation where only wealthy institutions and individuals exchange financial resources to the detriment of the poor who cannot access funding or capital to provide quality and secure housing. The economic exchanges among actors precipitates rent seeking and predatory subprime borrowers who engage in short-term speculation to make profit, turning housing into a commodity market. The housing market attracts short-term money and increased liquidity due to arbitrage opportunity creating supply and demand imbalances in major cities and communities. This leads to many developing countries financial market outgrowing the real economy's output driving skyrocketing inflation. Increasing prices draw many people to leverage their financial position by investing savings into real estate. This also leads to asset reconstructions and foreclosures on small income holders and marginalized groups creating inequalities and unaffordable housing for many poor people.

Also, knowledge and education of numerous group of people within countries are low due to governments and policy makers inability to provide comprehensive education and training on the financial markets and housing market systems. Such groups of people do not comprehend the systems of financial markets and the housing markets and as such many individual invest in areas where inflation erodes their capital and funds. This drives many poor people to lose their housing or become unable to afford housing rents. With low level of knowledge on housing and financial markets of the poor, property owners are able to inscribe codes and contracts that are unfavourable to the poor and at

instances tending to create loss of housing and homelessness for the indigent. In addition to this, the low level of knowledge and training for many in countries also create unfettered gigantic capital gains with the housing markets since some actors within the markets exploit the ignorance of other counterparts. This undue advantage with the housing market tends to drive housing bubbles and economic depressions. Also, some government and financial institutions policies provide poor mortgage financing for the impoverished. Since the poor lacks adequate knowledge and training, they tend to be deprived of mortgage financing. In most cases, the poor cannot access the documentations and collateral to access mortgages. Most financial institutions are thereby driven to underwrite primary home from pension calculations since they are motivated by the bottom line and in line with this naïve recessive knowledge of the poor, housing affordability becomes a choice than a necessity.

In spite of the UN report ascribing financialization of housing to exacerbate inequality and social exclusion, the inequities and social exclusions do not necessarily exist in low income areas but tends to be ubiquitous in high income zones. In high income areas, investors and real estate developers focus is on investing to reap skyrocketing bottom lines. Such high income areas provide huge short-term speculations to make abnormal profits and hence investors, developers and financial institutions are driven to provide luxurious housing that will enable them reap huge arbitrage. Poor people living in rich cities and neighbourhoods will not attract affordable housing from investors or donors since the perception is that people residing in rich neighbourhoods or cities can match up and afford the kinds of housing provided. In such communities the inequalities and exclusions tend to be escalating. However, in low income areas and communities, financialization of housing does not foment inequalities and social exclusion. In the housing markets where investors and developers tend to make huge short term arbitrage, the supply and demand disequilibrium in the markets also drives investors and developers to provide low cost secure housing to people in low income neighbourhoods or communities. Also, some factitious donors, NGOs and some institutions as part of their social responsibilities tend to invest in both low and high income communities and neighbourhoods to provide affordable housing to the needs of the impoverished. There are also some institutions who are tasked into providing primary homes, insurance and pensions mortgages to poor people. All these packages are created to help attenuate housing bubbles and alleviate the disparities between the haves and the have-nots.

Furthermore, financialization detaches housing from its connection to communities and to the human dignity and security that are at the core of all

human rights. States who operate market systems that is laissez-faire, enable housing markets to be hijacked and exploited by market actors with huge economic means and purchasing power. Since, there are no effective legislative measures and regulatory frameworks, it is difficult to enforce the law to market operators who act against market requirements. Hence, in the housing market, real estate gurus and entities tend to act to grow their wealth without being held accountable to human rights activities. Furthermore, there are no human rights surveillance and checks and balances over markets activities. These promotes the condition where those actors in the markets who are cognizant of human right laws and tenets are driven to undermine the rules due to the focal vision of making constant or new colossal profits. This has further aggravated rapacious and acquisitive attitude of market actors engaging in market activities. Human rights position in such a market is only viewed as a tool rather for exploitation and amassing of wealth rather than establishing the dignity of humanity and market creeds.

Also, States tend to foreign creditors, donors and investors to finance home projects and social interventions. States tend to be obligated to defend the interests of financial institutions irrespective of human rights. Consequently, this leads States to discard provision of social goods like affordable housing for the poor. The foreign financial creditors and donors often fail to conduct proper asset quality checks and default risk of States. This leads to augmented States debts demanding bailouts from donors which triggers austerity measures like taxes and unemployment which are often borne by the poor. This also leads to housing market distortions, loss, declining life-long savings and undermining the human dignity of the poor. In addition to this, the conduct of governments engagements and businesses with foreign entities and donors also lacks a proper human rights accountability. The standards and frameworks for assessment of human rights activities during international engagements are lacking and in areas where it exists, the enforcement methodologies and structures tend to be ineffective especially in developing countries. The weak standards and poor human rights enforcement mechanisms has created a platform for both governments and foreign entities to exploit international business engagements and networks to either augment wealth or establish a particular social infrastructure or interventions. In most cases, coordinating and cooperating with human rights structures tend to be low and the dignity of the destitute in most developing countries are hampered.

According to the UN report, it posits the financialization of housing detaches housing from its connection to communities and the human dignity and security that are at the core of all human rights. Despite this angle of proposition

from the UN, some neo-liberal states have effective infrastructures and systems that provide effective monitoring to actors within the markets. Hence, in the event that actors falter and violate human rights codes and provisions, the culprits are held liable and prosecuted accordingly. There are also human rights tenets and standards scribbled in the contracts of market actors. Those non-conformists who may advertently or inadvertently infringe on human rights establishments are revoked of their titles, licenses, patents, positions in an attempt to protect the dignity of market creeds and human rights. When housing is traded and marketed as a speculative instruments or commodity, housing does not necessarily become dehumanized. Within MOUs, contracts and concords signed by global financial investors, financial institutions and donors with other governments or entities in different countries, there are some binding codes and standards enshrined to protect human rights. In view of this, there are also structures within the housing markets which can help trace nameless corporate entities or multi-billion dollar funds who sign some contracts to purchase some type of housing. Should there be setbacks to the provisions of human rights in such nameless contracts, the culprits could be driven to pay compensations to address human rights violations. Also there are third-part agencies and special auditors who conduct thorough examinations to ensure that established contracts endorsed between parties not become deleterious to human rights. The needs of existing residents or the kinds of housing they need are sometimes the concern of global financial investors and financial institutions. There are also some group of financial investors and financial entities who invest or donate funds to institutions or funds that are involved with the provision of certain class of housing to the needs people irrespective of the capital gains or profits that will be made. These group of investors invests to provide the needs of the particular housings that people in some areas, communities or countries will be of concern to. Sometimes these investments are to canvass for political votes or to garner support to help establish a particular intervention.

Furthermore, through governments or local institutions engagements with financial institutions and donors, it may not always be the condition that governments or local institutions are moved to accede to the strings of financial institutions and donors. Within recipient countries of governments or local institutions, there are radical and robust groups who are adequately resourced and tend to mostly pressure governments and local institutions to provide and defend the needs of their countries. Consequently, irrespective of the strings that governments or local institutions tend to be bounded by, pressure groups ensure that some form of the needs of the local

people are provided and their human rights conventions are protected . Therefore, though States may tend to defend the interests of financial institutions or donors due to strings they are tied with, the pressures from civil societies tend to compel them to provide some form of social goods to the local people (which encompasses secure affordable housing) or the pressures from social groups will coerce governments or institutions to abrogate certain contracts with financial institutions or donors. Sometimes these pressures from civil societies has triggered series of fierce expostulations and civil disobedience across nations and in some cases precipitating take-overs of governments who may not enforce or violate human rights tenets..

Recommendations to Governments and Policy Makers

The short term opportunity within the housing market enable and allures speculators to engage in the market who invest huge amount of liquidity to reap off gigantic profits. In view of this, the housing market tend to be financialized and valued as a commodity as a means to accumulate wealth. Housing has now become a choice than a necessity where the housing needs of some people tend to be neglected especially those in developing countries or low income groups. Across global markets, housing tend to be traded more as a security to make arbitrage. Also, across the global markets of housing the trading of housing has triggered the undermining of human rights and sparking critical questions on why housing in recent times has palliated human dignity. It is indispensable for governments and policy makers to undertake measures to curb the housing markets exigent challenges to ameliorate the human rights provisions and expectations.

Governments and policy makers needs to provide an effective monitoring and accountability structures within the housing markets. This is to ensure that actors within the markers adhere to human rights conventions during trading of housing. Human rights codes and conventions needs to be written within the contracts, projects and undertaking of the housing markets. There should also be enforces who quarterly visits institutions with the housing markets to ensure that human rights provisions are adhered to.

Also, States and policy makers need to take effective measures to address the imbalances within the housing sectors. The States and policy makers should ensure that there are regulations to some of the financial instruments within the markets. There should be regulations to ensure that some financial products offered on the markets should be delivered to those who have the capacity to afford them. Financial institutions and lenders should also hold a fixed percentage of their financial assets on their portfolios to help rectify predatory

lending practices that could hold them into financial distress. The States and policy makers should provide a technological tool that can help calculate the credit rating for citizens. This is intended to ensure that financial institutions, lenders and donors are able to readily access credit worthiness of clients before dispensing financial packages. There should also be provisions to ensure that financial institutions, donors and lenders provide a percentage of their finance to provide affordable housing for the poor as part of their social responsibilities. Financial institutions and lenders should also write off on their statement of financial position part of their financial assets to provide primary affordable housing and insurance for the poor. States and policy makers should also restructure and redesign laws and policies of foreclosures and that foreclosures should only be utilized as a last resort.

Furthermore, the fiscal policies of governments can also assist to fix the housing market setbacks. Governments can increase taxes to institutions which fail to provide for affordable housing within the housing sectors. However, taxes should be reduced for investors, lenders and financial institutions which provide secure affordable housing to the needs of people. Fiscal policies should be structured in a way that foreign investors and lenders provide affordable housing for some communities within States. Taxation structures should be aligned in a way that capital flights of foreign investors, lenders and financial institutions are declined. Capital gains taxes should also be structured in accordance to the holding periods of assets. There should be proper taxations structures for offshore institutions and investors to help protect infant domestic housing markets and local investors. Governments and policy makers should set up autonomous institutions and committees within their respective countries. These committees and institutions should be established to ensure that governments and policy makers activities with international financial institutions, lenders and donors does not compromise human rights conventions and procedures. These structures should also uphold the accountability of governments and policy makers on human rights.

Recommendations to the United Nations

The UN contends that housing has lost its currency as a universal human right and that financial instruments have been designed in a way that it has created a culture where people view housing as a desire than as a right in accordance with ones capabilities. The UN setting the SDGs on housing for all goals is not sufficient enough to accomplish those goals as there should be methodologies and effective measure to attain those goals.

There should be formations of UN special ambassadors on housing across all nations who will work under UN Ambassadors to countries to ensure that housing for all goals and other goals of the SDGs are systematically and strategically accomplished. The UN special ambassadors on housing should work in communities and areas with high inequalities to find ways to work with governments to provide affordable housing for people. They should also work with refugees, displaced people and marginalized groups to renovate buildings and provide shelters to the people.

The engagements of States with financial institutions, donors and lenders triggers the platform where states are obliged to defend the interests of financial institutions and donors where human rights provisions and conventions are neglected or compromised. Special ambassadors on housing formed across States are to also act as enforcers of human rights to ensure contracts and conventions endorsed by States do not repress human rights of the people. Special ambassadors should work to monitor international activities with States to ensure that housing needs of the people are not expunged. Red flags should be marked on international institutions who underwrite efforts of human rights.

Moreover, the UN should work with States across the world to establish housing and real estate ministries across States. The UN should consult and deliberate with States annually to deliberate on the housing needs of States and align the housing needs of States with the goals of the SDGs on housing as a way of ensuring SDGs goals stays relevant. The housing ministries should be established with the focus of curtailing the housing deficits within States and streamline predatory lending cultures that could trigger bubbles within States thereby demanding international bailouts which also could aggravate the economic woes of States. Housing and real estate ministries should be tasked to provide a percentage of affordable housing annually to areas and communities with hopeless inequities.

In addition to this, though the UN has set up SDGs on housing for all goals, there should be infrastructures, systems and committees to gauge out the systematic efforts made by States to achieve SDG goals on housing and other goals. The UN should design its own technology to measure how States will or are achieving the SDGs. There should be technologies to measure human rights on all activities of States and institutions across the world. Also, the UN should setup its own independent systems and infrastructures that provide ratings, grades and standard points to States and institutions across the world. These ratings can be used by financial institutions, lenders and donors across

the world before considerations for aid, contracts and credits

CONCLUSION

In conclusion, financialization of housing is accentuated as changes that do occur in the financial and housing markets that has led to the treatment of housing as a commodity. In spite of financialization of housing engendering large inflows and capitals to countries, growth of the housing and financial markets, employments and international relations, the financialization of housing has created a system of bourgeoisies who profit from copious amount of wealth from liberal market systems. The trading of housing as a commodity has precipitated undermining human rights due to the difficulty of human rights accountability. Also, the financialization of housing has led to housing to be sold and traded on the global market as a security for financial instruments. The global housing markets today is bedevilled with plethora of speculative instruments and financial products leading to excess liquidity due to short term arbitrage and short selling opportunities. The skyrocketing growth of the financial markets has compared to low real output of economies has precipitated inflationary management canker, where States are sometimes compelled to implore bailouts from international financial institutions and donors and further degenerating into stringent austerity policies. States relations with other financial institutions, lenders and donors has driven States to defend the interests of benefactors to the neglects of the local populace needs. The unethical trading practices of housing has triggered strains in the market and inflation leading to erosion of savings of the poor. The trading of housing as a commodity has also led to foreclosures on small income holders and exacerbating inequalities in society. Therefore, housing has lost its currency as a fundamental and universal human right. In this essay, though i argued to agree, counter standpoints has been made to the United Nations Human Rights Council's 2017 report on the financialization of housing by outlining that financialization of housing undermines democratic governance and community accountability, exacerbates inequality and social exclusion and finally detaches housing from its connection to communities and to human dignity and security that are at the core of all human rights.

In view of this, States and policy makers needs to provide an effective regulatory frameworks, monitoring and accountability structures within the housing markets. The accountability structures and infrastructures should also be adequately resourced and tasked to measure and account for human rights. States and policy makers should also use fiscal policies to create balances in the financial and housing market. Also States and policy makers should provide incentives for the financial markets and housing markets to provide mortgage

credits and insurance policies to the poor. Moreover, the role of the UN will be germane to help tame constraints to upholding human rights provisions and conventions across global markets where housing tends to be traded more as a commodity. The UN should create special ambassadors who should work under UN Ambassadors in all States across the world to ensure that the UN SDGs housing for all goals are achieved by directly and indirectly working with refugees, displaced people and marginalized groups to renovate buildings and provide shelters to the people. Also, the UN should work and consult with States to establish housing ministries to curb housing deficits within States. The UN architecture should moreover set up its own autonomous systems, infrastructure and technologies (including ratings, grades and standard points) to measure and account for human rights within all world States.

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