The Financialization of Social Services:
Implications for Planning Cities that Value Care Over Profit

by

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Abstract

Financialization, often defined as the growing influence of the financial sector in everyday life, is exacerbating the affordability issues that plague many cities today. Drawing on theoretical concepts from ecological and feminist economics, this paper examines the ways in which social services are becoming financialized, with a particular focus on the provision of long-term care for seniors. Financialization has been studied by geography and urban planning scholars, who have focused primarily on its effects on housing; for example, through the expansion of private equity firms and real estate investment trusts into the rental market. The privatization of long-term care and its consequences have also been researched extensively, but primarily in fields related to health and nursing. Through a stakeholder analysis of Ontario’s long-term care sector, this paper bridges the two approaches and illuminates the ways in which real estate assets are integral to the dominance and expansion of financialized care providers. Three main findings are highlighted: 1) Many actors in the system are beholden to financial interests, motivating them to make decisions that are not in the best interests of elderly residents; 2) Investors in financialized providers value fungibility and scalability, which minimizes the local social and cultural context that contribute to personalized care; and 3) Government funding for long-term care is structured in a way that socializes risk while privatizing rewards in the hands of shareholders. This qualitative study is supplemented with a quantitative evaluation of COVID-19 death rates, finding that financialized long-term care homes fared worse than municipal, non-profit, and other for-profit homes. The paper concludes by outlining several strategies to limit the influence of financialized care providers and empower alternative ownership models.
Foreword

I entered the MES Program with a desire to better understand how economic factors shape cities in sometimes invisible ways. I explored this topic in many of my courses, writing papers on power disparities in the gig economy, the human labour behind artificial intelligence, and the potential of a universal basic income. I also studied loneliness and social isolation as facets of urban life, which furthered my interest in the care economy. With a growing focus on problems in long-term care homes amid the COVID-19 pandemic, I recognized that there was an opportunity to explore an issue at the intersection of economics and care: the centrality of real estate assets in the financialization of care homes.

This paper brings together all three of the learning components identified in my Plan of Study: urban planning, ecological economics, and systems thinking. While the financialization of housing is already a concern among urban planning scholars, in examining how the phenomenon applies to the provision of long-term care, I draw attention to the ways in which real estate intended for a social purpose is falling prey to market logics. David Harvey’s work on the commodification of land, and particularly his consideration of use value versus exchange value, is key to my understanding of the topic. I integrate concepts from ecological economics, specifically value pluralism, to better understand the consequences of efforts to balance financial returns to investors with the provision of quality care. In conducting my analysis, I employ an approach guided by systems thinking in order to understand the structural issues at play and identify leverage points for intervention.
Acknowledgements

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Thank you to the friends I met through the Santa Fe Institute’s Complex Systems Summer School; you reminded me that the best intellectual collaborations electrify the mind and feed the soul.

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To my partner, Ethan. Your unwavering support carried me through my worst days. Thank you for helping me find the beauty in uncertainty and meaning in absurdity. Our conversations provide the fertile soil for my jumbled thoughts to grow into full-fledged ideas. I appreciate your attentiveness, enthusiasm, and patience more than I can express in words.

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<tr>
<td>AGI</td>
<td>Above Guideline Increase</td>
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<tr>
<td>CMHC</td>
<td>Canada Mortgage and Housing Corporation</td>
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<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>OLTCA</td>
<td>Ontario Long Term Care Association</td>
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<tr>
<td>PSPIB</td>
<td>Public Sector Pension Investment Board</td>
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<td>Personal Support Worker</td>
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<td>Real Estate Investment Trust</td>
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<td>Toronto Stock Exchange</td>
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1. Introduction

In a widely cited article in the *Harvard Business Review*, Harvard Business School professors Michael E. Porter and Mark R. Kramer (2011) elaborate on what they refer to as a new framework for doing business, which they term “creating shared value.” They call on corporations to reject the current system, which incentivizes short-term financial gains at the expense of environmental and social wellbeing. Porter and Kramer argue that businesses should instead adopt an approach based on the principle of “doing well by doing good”; in other words, turning a profit in a manner consistent with the pursuit of societal benefits. Proponents of this view support market-based solutions to structural problems and advocate for models that simultaneously produce financial success and social change (broadly described as social finance), such as B Corps, impact investing, microfinance, social enterprises, and social impact bonds. Journalist and author Anand Giridharadas (2018) attacks this “win-win” mentality at length in his recent book *Winners Take All: The Elite Charade of Changing the World*. Drawing on interviews with prominent philanthropists, social entrepreneurs, and venture capitalists, Giridharadas explores a controversial line of inquiry: Do such initiatives, while often well-intentioned, fail to create meaningful reform? He takes it one step further: Are they in fact complicit in perpetuating the status quo, including an economic system that has contributed to increasing inequality and the growing concentration of resources in the hands of a few? To Giridharadas, the excessive influence of the private sector in addressing social causes is a threat to democracy, enabling powerful individuals and companies to unilaterally determine the best solutions to issues of public welfare. Rather than generating financial and social returns in equal measure, social finance creates a dynamic in which the public interest becomes subservient to profit-making activities.
The intermingling of private interests and public goods has long been a cause for concern in urban planning, emerging in debates around the privatization of public space, public-private partnerships, and the sale of public land. For decades, scholars have observed that privatization results in the growing commodification of city life (Harvey, 2008; Lefebvre, 1996). The rise of social finance and the privatization of urban space are not unrelated. As Silver et al. (2020) note, “real estate and infrastructure development projects always rely on access to financial capital because credit is needed to spread out the high costs of these projects over time” (p. 3). Property is often regarded as an investment asset and serves as collateral to secure funding for new projects. In this paper, I explore the intersection between the financial sector and social services from a spatial perspective. More specifically, this research examines the dynamics that characterize the financialization of care, the expansion of which is dependent on the devaluation of labour, government subsidies, and mortgage debt financing. The financialization of long-term care homes in Ontario is employed as a case study to critique the “win-win” ideal espoused by private equity firms and real estate investment trusts (REITs) invested in this area.

The term financialization is generally taken to represent the influence of the financial sector in the economy. As global financial vehicles increasingly turn to property as an investment asset, it is important to understand their impact on the urban landscape and the lives of people in it. The literature on the financialization of real estate has thus far focused primarily on housing (Aalbers, 2016; Rolnik, 2019; Wijburg, 2020). The financialization of homeownership occurs through instruments like mortgage-backed securities that allow investors to purchase and trade housing debt on the market, while in the rental sector, the process involves the accumulation of multi-family housing by investment vehicles. There is a small but growing literature, however, on the implications of financialization for other property types, including
office, retail, and industrial buildings. Fairbairn (2020) documents the recent diversification of investment vehicles into farmland, prompting concern that financial returns will be prioritized over responsible long-term stewardship. Research on the financialization of care examines the state of long-term care homes and retirement communities owned and operated by private equity firms and REITs (Horton, 2019). Investors are also beginning to view childcare centres as an attractive property asset class (Gallagher, 2020).

Leilani Farha (2017), former UN Special Rapporteur on the Right to Adequate Housing, states that the financialization of housing “refers to the way capital investment in housing increasingly disconnects housing from its social function of providing a place to live in security and dignity” (p. 3). Similarly, it can be argued that the financialization of care creates a distinction between long-term care homes as revenue-generating investment assets and their original purpose as supportive housing for seniors. As financial vehicles expand into real estate intended for a social purpose, including long-term care homes, social housing, and more, they are further blurring the boundaries between public goods and private enterprise. In balancing competing objectives — the return of profits to investors and the provision of quality care — such corporations are regularly forced to make trade-offs, casting doubt on their affirmation that private sector involvement in social services is a “win-win” proposition. While this tension is arguably present in all businesses, as well as in the public and non-profit sectors, I contend that it is exacerbated by financialized enterprises.

This paper is divided into eight chapters. Chapter 2 describes the theoretical frameworks and methods employed in this project. Chapters 3 and 4 consist of literature reviews of real estate financialization and social finance respectively. Chapter 5 provides a quantitative analysis of early COVID-19 outcomes at long-term care homes in Ontario, in order to assess differences in
mortality rates according to facility ownership type. Chapter 6 presents a case study of the financialization of the long-term care sector in Ontario. In this chapter, I conduct a stakeholder analysis, investigating the incentives and power dynamics that shape the decisions of various actors in the system, including all three levels of government, financialized and non-financialized long-term care homes, care workers, and residents and their families. Chapter 7 proposes tentative solutions to some of the problems identified through the stakeholder analysis. Finally, my conclusions are presented in Chapter 8.

2. Theoretical Frameworks and Methods

This paper takes an interdisciplinary approach, engaging with concepts and frameworks from heterodox economics, economic geography and sociology, health policy, and urban planning. Mainstream economics today favours deductive reasoning, formal modeling, and quantitative methodologies, the product of a century of efforts to cultivate the discipline’s identity as an objective and politically neutral science (Fourcade, 2010). As a result, it often fails to account for cultural, historical, and political context, a limitation that is particularly clear amid rising wealth inequality and growing unrest. Criticisms of mainstream economics led to the development of heterodox schools of thought, including ecological and feminist economics, whose focus on care work, gendered labour, and social provisioning provides an important lens for this project. Both of these approaches are firmly grounded in the understanding that all economic activity is embedded in, and dependent on, environmental and social resources and systems.

Ecological Economics
My interest in ecological economics was catalyzed by E. F. Schumacher’s (1973) *Small is Beautiful: Economics as if People Mattered*. A scathing critique of the dominant ideology’s prioritization of economic growth at all costs, Schumacher advocated for an economic system founded on human relationships, meaningful work, and sustainable livelihoods. Schumacher writes of the dissonance between what he terms “man-as-producer” and “man-as-consumer,” noting that large-scale farmers may apply pesticides to the crops they sell to the market without hesitation, yet purchase only organic produce for their own consumption. This observation hints at a central problem in today’s globalized economic system: that corporate executives and investors reap the financial rewards of exploitative business practices, while the consequences are borne by the most marginalized members of society.

Today, several different — and sometimes conflicting — perspectives are hosted under the umbrella of ecological economics. Clive Spash (2011) notes that while the discipline’s intellectual roots can be traced back to 18th and 19th century sources, it was heavily influenced by thinkers in the 1940s-1970s, including Schumacher, Kenneth Boulding (*The Economics of the Coming Spaceship Earth*), Nicholas Georgescu-Roegen (*The Entropy Law and the Economic Process*), Donella Meadows (*The Limits to Growth*), and Karl Polanyi (*The Great Transformation*). *Silent Spring*, Rachel Carson’s (1962) landmark book about the harmful environmental effects of pesticides, also served as inspiration. These authors shared an awareness that the prevailing definition of economic success was incompatible with human and environmental flourishing, leading many to reject the growth paradigm altogether.

The discipline was formalized with the establishment of the International Society for Ecological Economics in 1988 and the journal *Ecological Economics*, whose first issue was published in 1989 (Røpke, 2004). Today, Spash (2020) argues, ecological economics is
fractured. He explains that many ecological economists have simply applied mainstream methods to environmental issues. The valuation of ecosystem goods and services in purely monetary terms is a leading example — in one of the field’s most widely cited papers, Costanza et al. (1997) estimate the economic value of global ecosystem services and natural capital to be $33 trillion USD per year. This is often framed as a pragmatic approach, in order to facilitate comparative assessments in the policymaking sphere and boost the profile of ecological economics (Brauman et al., 2007). Sagoff (2011) criticizes this shift toward cost-benefit analyses, however, stating that “a discipline that just a decade or two earlier had insisted the market was embedded in nature had learned how to embed nature into the market” (para. 45). In contrast, what Spash (2011) terms “social ecological economics” is based on the premise that the transition to a sustainable economy requires a fundamental shift. Ideologically, he argues that individuals in this camp (to which he belongs) believe that poverty and inequality are economic concerns, that environmental issues cannot be addressed without systemic change, and that perpetual economic growth is untenable. Methodologically, social ecological economists employ both qualitative and quantitative techniques, and reject mathematical formalism. They critique mainstream economics’ reliance on abstract models, particularly those built on “homo economicus” — a reductive representation of human behavior that assumes people are inherently rational, self-interested, and utility-maximizing (Faber et al., 2002).

In line with social ecological economics, I maintain that the financialization of care is best understood through the lens of value pluralism. While financial considerations, in the form of maximized profits for owners or shareholders, are a primary driver of decisions in the long-term care sector, dignity and quality of life for residents, as well as autonomy and fair working conditions for workers, are other key values that demand consideration.
Feminist Economics

Feminist economics exposes the value systems embedded in mainstream economics by addressing the devaluation of care work, gender discrimination, and power imbalances. Marilyn Waring’s (1988) book *If Women Counted*, considered to be a foundational work of feminist economics, demonstrated the extent to which domestic tasks traditionally done by women were ignored in national accounts of economic activity. Today, a lot of this work takes place in the market in the form of paid house cleaning services, daycares, and nursing homes. It continues to be poorly compensated, however, characterized by low wages, job insecurity, and limited opportunities for advancement (Zagrodney & Saks, 2017). As women in industrialized countries entered the labour force in growing numbers, there was a corresponding uptick in demand for paid childcare. Arlie Hochschild (2016) observes that this need was largely filled by migrant workers from the Global South, who in turn hired women in their home countries to take care of their own children (Hochschild refers to this network as a “global care chain”). Sabine O’Hara (2014), among many other feminist economists, argues that a new conceptual framework is needed, in which care work is recognized for what it is: essential to the continued functioning of the rest of the formal economy.

Mainstream economic theory is based in part on the idea that the scarcer a resource, the higher its compensation in the market. Requiring limited formal training or specialized skills, care workers are in abundant supply according to this perspective, a fact that is used to justify their relatively low wages in comparison to financial analysts, for example. In contrast, feminist economics understands care work as underpinning other forms of employment. Childcare enables parents to maintain jobs outside of the home. Eldercare permits relatives of ailing seniors
to offload responsibility for their day-to-day care. Likewise, individuals with expertise that is more highly valued in the market are able to pursue work in their field with the assistance of food service, laundry, and sanitation workers.

Nancy Folbre (2006) observes that “the person-specific characteristics of direct care services probably means that they are less likely to enjoy economies of scale” (p. 189). Therefore, even as long-term care chains grow their portfolio of homes, the cost of labour per resident is likely to be similar. Strategies employed by long-term care operators in the sector to maximize profits, including efforts to reduce labour costs, will be discussed later in the paper.

_Urban Theory_

Urban theorists, chief among them Henri Lefebvre and David Harvey, have grappled with the tension between use value and exchange value in the context of space. They extend ideas developed by Marx, who contrasted the subjective, symbolic value products hold for users with their commensurability as commodities (Marx, 2013). Applying this lens to the city, Harvey explores how the growth of the financial sector has increased the importance of exchange value, whereby real estate is valued according to its potential as a speculative asset to be traded or sold on the market, rather than its capacity to provide shelter or functional space to inhabitants. As a result, land becomes a financial commodity that is “bought and sold according to the rent it yields” (Harvey, 1982, p. 347). As Madden and Marcuse (2016) note, the commodification of housing is particularly problematic, because while the need for a home is universal, the ability to pay the price determined by its exchange value is not. Lefebvre too observed the dominance of exchange value over use value in modern cities, leading him to propose his now-famous concept of “the right to the city” (Lefebvre, 1996). While vague on the details of implementation,
Lefebvre argues that the reclaiming of urban space by local residents “reorients the city away from its role as an engine of capital accumulation and toward its role as a constitutive element in the web of cooperative social relations among urban inhabitants” (Purcell, 2014, p. 150). These ideas are expanded on further in the following chapter, while the contradiction between long-term care homes’ use value to seniors and their exchange value to investors is explored throughout the paper.

Methods

The case study of the financialization of care in Ontario is conducted using stakeholder analysis, a qualitative research method that seeks to interpret a system based on the interests, influence, and role of relevant parties. This can contribute to a deeper understanding of the motivating factors behind key decisions and aid in the identification of potential leverage points for intervention. It can also help ensure that the perspectives of groups with comparatively less power are represented (Prell et al., 2009). The approach is not without flaws. It presents a snapshot of a system for a particular period of time, but as stakeholder interests and positions change, the relevance of the analysis may decrease (Brugha & Varvasovsky, 2000). Data on each stakeholder was collected from a variety of sources, including scholarly publications, media articles, grey literature (such as government documents, reports, and REIT financial statements), and corporate websites. A more detailed description of the stakeholder analysis can be found in Chapter 6.

Three of the five long-term care chains identified as financialized in the case study are listed on the Toronto Stock Exchange (TSX): Chartwell, Extendicare, and Sienna Senior Living. The quarterly conference calls held by these companies added a unique perspective to my
analysis. Intended for investors, these calls comprise an earnings presentation and update, followed by a question and answer period. The recordings are made publicly available on each company’s website. For each of the three aforementioned chains, I listened to the question and answer component of the past four quarterly calls. This provided me with a better understanding of the concerns motivating investors, as well as decision-making processes undertaken by the companies themselves. In addition, this particular cross-section of calls offered a glimpse “behind-the-scenes” before and after the onset of the COVID-19 pandemic, which allowed me to take note of investors’ considerations as the crisis unfolded. In her book *Liquidated: An Ethnography of Wall Street*, anthropologist Karen Ho (2009) reports on fieldwork she conducted on Wall Street, including dozens of employee interviews. Ho ultimately demonstrates that everyday workplace realities, including a culture of elitism and a compensation structure designed to reward short-term results, help sustain the power of the U.S. investment banking system. While my process was not nearly as extensive as Ho’s, examining financial statements and listening to the quarterly calls helped me develop an “insider view” of the demands and incentives guiding the actions of financialized long-term care chains.

Although this research skews qualitative, it is a mixed-methods study. The quantitative component uses publicly accessible data on resident deaths from COVID-19 in long-term care homes across Ontario in order to assess whether financialized facilities had poorer outcomes than municipal, non-profit, and other for-profit homes. Detailed information and limitations regarding the collection and analysis of this data can be found in Chapter 5.

3. **Real Estate Financialization**
In this section, I summarize the literature on the financialization of real estate in order to provide theoretical and empirical context on the phenomenon. The term financialization refers to the dominance of financial actors and institutions in the activities of everyday life (Epstein, 2005). Krippner’s (2012) definition goes a step further, describing financialization as “the tendency for profit making in the economy to occur increasingly through financial channels rather than through productive activities” (p. 4). While the term has been critiqued for its lack of coherence and explanatory power (Christophers, 2015), it has emerged as a helpful framework for understanding the growing treatment of real estate as an investment asset. Contemporary scholars continue to draw heavily on David Harvey, a renowned economic geographer whose early work on the commodification of real estate starting in the 1980s situates the city as a key locus of privatization. Harvey argues that urbanization facilitates the absorption of wealth. In particular, as corporations generate surplus revenue, they invest heavily in the built environment, with factories, office buildings, and other real estate assets serving as a “spatial fix” for excess financial capital (Christophers, 2011). In her book on the financialization of farmland, Madeleine Fairbairn (2020) observes that “real assets” became even more appealing to investors in the wake of the 2008 financial crisis, which saw the devaluation of “paper assets” such as stocks, bonds, and futures contracts. This furthers the privatization of property, while the growing involvement of the financial sector puts an even greater emphasis on exchange value over use value.

Real Estate Investment Trusts (REITs)

REITs are significant drivers of real estate financialization. Their structure allows multiple investors, individual and institutional alike, to pool their funds, thereby increasing their collective capital. As vehicles for real estate investment, REITs’ primary role is to purchase
income-producing properties and distribute earnings to shareholders in the form of dividends. As they are not taxed at the trust level, REITs are an efficient investment vehicle that maximize profits for investors. While much of the planning literature on REITs tends to focus on their investment in rental housing, they have a stake in a wide range of real estate, including office and retail properties, industrial facilities, data centres, and long-term care homes.

Sociologist Kevin Fox Gotham (2006) identifies three ways in which REITs have altered real estate markets. First, they allow investors to distribute risk by building diversified real estate portfolios across different property types and geographic areas. Second, they permit individuals and institutions to invest in real estate without any responsibilities of direct ownership, such as accounting, maintenance and repairs, and tenant communication. Instead, it is the REIT managers who are responsible for balancing the competing interests of two parties: investors seeking high financial returns, and tenants seeking quality space. Third, REITs eliminate the need for local knowledge, making it possible for investors to assess a REIT’s financial returns without an understanding of contextual factors associated with individual properties in its portfolio. This is typical of financialization, which flattens the unique, place-specific elements of property “by transforming them into marketing investments that have common features and characteristics” (Gotham, 2009, p. 357).

REITs also endow real estate, itself a fixed and immobile asset, with liquidity by making it easily divisible and tradeable on the stock market (Gotham, 2009). Rather than buying property, with all of the capital and due diligence required of such a purchase, individuals can simply invest money in REITs. The liquidity aspect is significant. As Weber (2002) notes, “the fact that capital invested in the built environment is immobilized for long periods of time detracts from real estate’s attractiveness as an investment instrument” (p. 521). Investors can sell their
shares in a REIT without any changes to the ownership and management of the underlying property assets, which greatly accelerates the timescale for profit.

Financialization of Housing

The financialization of rental housing in Canada has greatly exacerbated affordability concerns. According to a database compiled by August (2020), 18 of the 25 largest residential landlords in the country are financialized. August classifies as “financialized” any company whose goal is to generate returns for investors, including REITs, private equity firms, and pension funds. In Toronto in particular, the rental housing sector has come to be dominated by a small handful of REITs (August & Walks, 2018). These financialized landlords have come under criticism for maximizing returns to investors at the expense of tenants. While smaller “mom-and-pop” landlords occasionally use similar tactics, the scale at which REITs operate allow them to have an outsized impact on the housing market. August and Walks (2018) separate the strategies employed by REITs into two categories: above guideline increases and gentrification-by-upgrading.

In Ontario, residential landlords can only increase rent by the percentage indicated in the province’s annual guidelines. While the maximum allowable increase varies on a year-to-year basis, it averaged 1.8% between 2011-2020 (Ministry of Municipal Affairs and Housing, 2020). In accordance with the Residential Tenancies Act, 2006, the Government of Ontario permits landlords to apply for an “above guideline increase” (AGI) of rent for three reasons: to compensate for a significant rise in municipal taxes, the cost of security services, or capital expenses beyond standard maintenance and repairs (Community Legal Education Ontario, 2018). If approved by the Landlord and Tenant Board, a landlord can then raise rent beyond the
specified maximum allowable increase. In theory, AGIs are designed to help landlords recoup additional costs, but they have generated controversy in their implementation. Tenant groups have organized rent strikes to protest AGIs, arguing that they make housing unaffordable for residents on a fixed income (Chiasson, 2017; The Canadian Press, 2018; Whyte, 2020). Furthermore, financialized landlords have been criticized by activists and scholars for purchasing deteriorating properties at bargain prices and then taking advantage of AGIs to pass the cost of necessary upgrades onto tenants (August, 2020).

August and Walks (2018) refer to the second, more aggressive strategy as gentrification-by-upgrading. Also referred to as “renovictions,” financialized landlords first employ predatory tactics to pressure tenants to move out. Landlords can then renovate the vacated apartments and repurpose them as luxury rentals. When a unit is turned over to new tenants, the annual provincial increase guideline no longer applies, which thereby enables the landlord to raise the rent as they see fit. Landlords in Ontario can terminate tenancies under Form N12, which permits eviction on the grounds that the landlord requires the unit for personal use, and Form N13, which allows for eviction if the landlord intends to demolish, repair, or convert the unit to another use. Combined, N12 and N13 applications in Toronto have nearly doubled since 2015 (Advocacy Centre for Tenants Ontario, 2019). While collecting data on this phenomenon is difficult, there have been multiple reports that landlords have evicted tenants on the pretext of personal use, only to relist the unit at a higher rate shortly thereafter (Gray & Cardoso, 2017). A volunteer-run project that crowdsources data from Toronto residents facing eviction from landlords “claiming they need to renovate your apartment or do major repairs (i.e. a renoviction)” lists 763 entries as of July 6, 2020 (RenovictionsTO, n.d.). The renoviction tactics practiced by Akelius, a Sweden-based REIT that owns and manages 3506 apartments in Toronto (Akelius Residential Property...
AB, 2019), are so aggressive that the UN released a statement accusing the company of abusing tenants’ human rights (Smee, 2020).

Efforts to squeeze money from tenants are particularly concerning in Toronto, where the recent lack of affordable housing is often described as a “crisis” (Mauracher & Zettler, 2020). According to the 2016 Census, 37% of households in the city spend more than the recommended 30% of pre-tax income on shelter (Gadon & Bedard, 2018). Furthermore, rents have consistently increased over the last several years, with the average rent for a one-bedroom apartment in central Toronto rising from $1255 in 2013 to $1561 in 2018 (Canada Mortgage and Housing Corporation, 2014, 2018). In contrast, according to the maximum allowable increase over that time period (Ministry of Municipal Affairs and Housing, 2020), average rent in 2018 should have been approximately $1354.60. As of 2019, there were 102,049 households on the city’s social housing waitlist (City of Toronto, 2019).

An understanding of the strategies employed by financialized landlords to extract more profit from rental housing is helpful in providing context for the next section, which focuses on the financialization of long-term care.

Financialization of Care

My early research on the financialization of care yielded an article “Coronavirus: Are Healthcare REITs the Safest Option?” (Raisinghani, 2020). The phrasing of this headline ran contrary to my initial hypothesis, that long-term care homes owned and managed by REITs would likely have poorer health outcomes than others amid the global pandemic. As I began to read the article, I soon realized my mistake. The author, writing for a website that publishes investment news and analyses, was not concerned with whether healthcare REITs are the “safest
option” for patients and workers. Rather, his argument turned on the perception that they are a safe investment opportunity due to strong cash flows and increased demand for healthcare prompted by the COVID-19 virus. The article highlights the clear tension between REITs, which are explicitly intended to generate money for investors, and healthcare facilities, which are mandated to provide quality care for vulnerable members of society. While this paper focuses on the financialization of care, the broader expansion of private equity firms and REITs into real estate intended for a social purpose is indicative of a larger conflict at the intersection of finance, social services, and land use.

The financialization of long-term care differs from the financialization of residential and commercial real estate in that the sector is labour-intensive. Furthermore, in the Ontario context in particular, the fees that care homes are permitted to charge are provincially mandated. As a result, rather than increasing revenue through rent hikes and renovictions, financialized long-term care chains must squeeze profits from elsewhere. Lowering labour costs by cutting back on care workers and prioritizing efficiency is a common approach. An Ontario-based study conducted by Hsu et al. (2016) demonstrates that for-profit homes owned by chain organizations such as REITs provided fewer hours of direct care in comparison to other facilities. Gupta et al. (2020) find evidence of declines in resident health and care standards compliance in long-term care facilities following private equity buyouts, in contrast to acquisitions by other companies. The authors attribute deteriorating quality of care to profit-maximizing incentive structures, which private equity firms enact by increasing occupancy and reducing nursing staff. The literature also offers qualitative illustrations of this phenomenon. Horton (2019) notes that following the buyout of one care home in the United Kingdom, “activities such as talking and singing with the residents gave way to a ‘dreary’, static regime in which carers served only as
‘waiters’ while residents slept in front of the television” (p. 10). Furthermore, staff were forced to ration supplies due to new budgetary constraints.

Another revenue-generating strategy employed by financialized companies in the long-term care sector is the “sale-leaseback.” In this scenario, a private equity firm purchases care homes — including the properties on which they are situated — and lease them back to the original owners. While this initially appears to benefit cash-strapped long-term care operators, they are then locked into paying rent in order continue using the facilities. An article in *The Washington Post* describes how this arrangement can negatively impact resident care (Whoriskey & Keating, 2018). It focuses on HCR ManorCare, a nursing home chain in the U.S. that entered into a sale-leaseback agreement. With the introduction of rent expenses, the chain was forced to implement other measures to improve its finances, and ultimately filed for bankruptcy several years later. The number of reported health code violations, including bedsores, falls, and infections, grew over the course of that period, which the article attributes in part to insufficient staffing. Horton (2019) further describes how sale-leaseback arrangements allow private equity firms to recoup their investment in a relatively short timeframe through rent collection.

Like the financialization of other forms of real estate, the financialization of long-term care is built on the premise of growth. Subject to quarterly reporting, which many argue incentivizes corporations to prioritize short-term performance over long-term investments (Bailey et al., 2014; Martin, 2015), TSX-listed long-term care chains are expected to demonstrate consistent financial growth. When profits or revenues are down over a previous quarter, investors will commonly ask what can be done to return to a positive growth trajectory.
In a study of rental housing financialization, Fields (2017) observes that “tenants are not merely uncertain subjects of financialization, but unwilling ones, almost incidental to a process taking place without their knowledge or consent” (p. 592). Likewise, care home residents are also “uncertain subjects of financialization,” bearing the brunt of cost-cutting measures aimed at returning more money to investors.

4. Social Finance

Social finance refers to investments aimed at producing financial returns alongside positive social or environmental impact. It tends to fall in the middle of the spectrum between pure investment (intended primarily to achieve financial gains) and pure philanthropy (intended primarily to achieve social or environmental goals) (Rosenman, 2019). Over the last decade, the industry has grown significantly and now encapsulates a number of different mechanisms, including impact investing, microfinance, social impact bonds, and venture philanthropy. The proactive approach employed by social finance differentiates it from other forms of socially responsible investing, which screen out harmful products and industries such as fossil fuels, tobacco, and weapons (Nicholls, 2010). Social finance is based in part on the assumption that governments lack the capacity, resources, or will to deliver certain types of social services (Rosenman, 2019), and the private sector must therefore step in to fill the gap.

Emily Rosenman (2019) observes that social finance puts investors in a position of power over the design and management of social services, while potential recipients must prove their profitability in order to compete. A recent survey of 294 impact investors found that 67% sought market-rate returns on their investments (Hand et al., 2020), indicating that they are more likely to allocate money toward the most profitable causes (this also helps to explain why green energy,
which generates consistently high revenues, was the most popular investment sector among respondents. Furthermore, because investors are often economically, geographically, and socially removed from intended beneficiaries, they may be missing context about the communities selected for funding. They are also absolved of long-term responsibility toward them. Instead, instruments such as social impact bonds (in which private investors provide upfront capital for social programs and receive remuneration from the government according to an outcomes-based contract) create a liquid market, in which places and causes are perceived as interchangeable.

The establishment of evaluation metrics was one of the early challenges associated with the social finance sector (Barman, 2015), due in large part to the need for commensurability among organizations with varying goals, programs, and demographics. Similar to the effect of REITs on real estate investment, the introduction of these metrics makes it easier to abstract away place-specific knowledge in order for investors to easily make comparisons across jurisdictions.

The term financialization is already being used to describe the expansion of social finance, social impact bonds in particular, into the provision of social services (Sinclair et al., 2019; Tse & Warner, 2020; Warner, 2013). As community-based organizations remake themselves in order to attract investment, they risk falling prey to the same shortcomings as natural capital valuation in ecological economics. By changing the narrative from the valuation of social benefits as a moral imperative to viewing them as simply one component of an investment decision, there is a danger that the highest need causes will not be “competitive.” When the private market takes over the provision of public goods, of which it could be argued that long-term care is one, profitability becomes a central concern.
5. COVID-19 Outcomes by Ownership Type

The COVID-19 pandemic exposed the dangerous shortcomings of Ontario’s long-term care system, where a lack of preparedness and inadequate infection control measures contributed to widespread outbreaks and hundreds of deaths (over 1800 as of July 14, 2020 as shown in the data below). A report by the Canadian Institute for Health Information (2020) found that as of May 25, 2020, the proportion of nationwide COVID-19 deaths occurring in care homes was higher in Canada than in any of the other 16 OECD countries studied. These failures prompted the province to establish a commission to investigate the factors that contributed to the deadly spread of the virus in long-term care (Ministry of Long-Term Care, 2020). In this section, I conduct a quantitative analysis of COVID-19 mortality rates in Ontario’s long-term care homes in order to assess differences according to facility ownership type.

Data Collection

Long-term care homes self-reported data on COVID-19 outbreaks, cases, and mortalities to the Ministry of Long-Term Care. This data was updated on a daily basis and made publicly available by the Government of Ontario at the following link: https://data.ontario.ca/dataset/long-term-care-home-covid-19-data. I extracted the name, city, number of resident deaths, and number of beds for each long-term care home for the time period of January 15-July 14, 2020 (the first six months of the pandemic). I looked up each facility in the following database to determine whether its ownership status was listed as for-profit, municipal, or non-profit: http://publicreporting.ltchomes.net/en-ca/Search_Selection.aspx. In an effort to control for age, I recorded the percentage of residents over the age of 85 at each home using the Canadian Institute
for Health Information’s lookup tool (data current as of 2018-2019): 
https://yourhealthsystem.cihi.ca/hsp/indepth?lang=en#/

**Data Analysis and Discussion**

I used Python to conduct all quantitative analyses, the code for which can be found here:
https://github.com/jibrown/COVID-19_LTC_Analyses. I began by determining which for-profit homes to designate as financialized, which I defined as long-term care chains owned by financial vehicles. First, I included all three companies listed on the TSX, meaning that their shares are purchased and traded by investors: Chartwell, Extendicare, and Sienna Senior Living. I also included Revera, which was listed on the TSX until its purchase by the Public Sector Pension Investment Board (PSPIB) as an investment asset in 2006. Lastly, I classified Southbridge Care Homes as financialized because it is owned by a private equity firm. It is possible that other long-term care facilities categorized as for-profit homes in my dataset are in fact held by private equity firms. I was unable to identify them, however, owing to the difficulty of tracing the ownership of some private homes, several of which are incorporated as numbered companies. My dataset includes 88 financialized, 98 for-profit, 48 municipal, and 85 non-profit homes, for a total of 319 homes. The 88 financialized homes are owned by the five above-mentioned companies.

For each ownership type (financialized, for-profit, municipal, and non-profit), I summed up the total number of resident deaths and divided this by the total number of beds in order to calculate the proportion of deaths per bed. The raw data is displayed in Table 1. The results are presented in the bar chart in Figure 1, which provides evidence of higher death rates at financialized facilities, followed by for-profit, non-profit, and municipal homes respectively.
Financialized homes had a death rate 1.55 higher than other for-profit homes, indicating that financialization adds a new layer of concern to the debate around privatization. Furthermore, with 31 fewer beds, financialized long-term care facilities had approximately 867 deaths in contrast to 431 at non-profit homes. As of 2018-2019, approximately 48.6% of residents in financialized homes were over the age of 85, as compared to 59.4% of residents in non-profit homes. This is a particularly interesting finding given that advanced age is typically associated with greater susceptibility to infection (Division of Health Promotion and Disease Prevention & Institute of Medicine, 1992; High, 2016).

Stall et al. (2020) conducted a similar analysis of COVID-19 deaths in Ontario long-term care homes, although their data is limited to March 29-May 20, 2020. They found that for-profit long-term care facilities were associated with a greater extent of outbreaks (1.96-fold), as well as a higher number of deaths (1.78-fold) in comparison to non-profit homes. Municipal homes fared better than either for-profit or non-profit homes. The authors argue that poor outcomes at for-profit facilities are likely due to several factors, including outdated design standards such as ward-style accommodations, shared washrooms, and centralized rather than self-contained common areas. They do not explore the role of financialization, however, beyond acknowledging that chain ownership is a potential contributing factor.

**Table 1: COVID-19 Data by Ownership Type**

<table>
<thead>
<tr>
<th>Home Type</th>
<th>Resident Deaths</th>
<th>Beds</th>
<th>Death Rate</th>
<th>% Residents &gt; 85</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financialized</td>
<td>852-867</td>
<td>13,867</td>
<td>6.2%</td>
<td>48.6</td>
</tr>
<tr>
<td>For-profit</td>
<td>456-465</td>
<td>11,585</td>
<td>4.0%</td>
<td>47.9</td>
</tr>
<tr>
<td>Municipal</td>
<td>96-114</td>
<td>9708</td>
<td>1.1%</td>
<td>50.6</td>
</tr>
<tr>
<td>Non-profit</td>
<td>401-431</td>
<td>13,898</td>
<td>3.1%</td>
<td>59.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1805-1877</strong></td>
<td><strong>49,058</strong></td>
<td><strong>N/A</strong></td>
<td><strong>N/A</strong></td>
</tr>
</tbody>
</table>
Figure 1: Proportion of Ontario COVID-19 Deaths/Bed by Ownership Type

Limitations

Long-term care facilities with fewer than five deaths are denoted by “<5” in the publicly available data in order to protect resident privacy. Because the precise number of deaths for each ownership type is unknown, Table 1 uses a range. Figure 1 is based on the upper end of the range, but the lower end produces the same trend. The quantitative analysis presented here does not account for a variety of factors unrelated to ownership status that may have impacted death rates, including facility location and residents’ prior health. Finally, the data only considers long-term care homes that experienced an outbreak of COVID-19.

6. Financialization of Long-Term Care in Ontario

This chapter uses the long-term care sector in Ontario as a case study to illustrate the causes and effects of private equity and REIT expansion into real estate intended for a social purpose. It is divided into two parts. The first undertakes a stakeholder analysis of the many
actors involved in the system, while the second highlights key themes that emerge from the previous section. There are approximately 78,000 long-term care residents across the province (Long-Term Care Staffing Study Advisory Group, 2020). Nearly two thirds are diagnosed with dementia and many suffer from other health conditions including arthritis, osteoporosis, and heart disease (Ontario Long Term Care Association, 2019b). As of 2019, ownership of the province’s 626 homes was broken down as follows: 58% private, 24% non-profit, 16% municipal, and 2% other (for example, hospitals) (Ontario Long Term Care Association, 2019b). Financialized homes, or homes owned by financial vehicles, are often categorized simply as “private.” As the analysis below makes clear, however, they differ from independent private homes in several important ways. Ontario’s long-term care system is highly complex, and it is beyond the scope of this paper to provide a comprehensive accounting of the historical, political, and social factors that shape the sector. Accordingly, the stakeholder analysis pays particular attention to the actors and institutions that relate to financialization and real estate.

**Stakeholder Analysis**

In the first stage of the stakeholder analysis, I identified 13 key actors in Ontario’s long-term care sector. While undoubtedly not an exhaustive list, the actors outlined here embody many of the central interests in the system. They also represent four important institutional categories at the intersection of long-term care, real estate, and social finance: government, financialized care homes, non-financialized care homes, and investors. In the second stage, I analyzed each stakeholder in turn, guided by questions outlined in Melim-McLeod (2017), including the following: “Based on what is known about them, what are the main interests of the stakeholders (both groups and individuals) identified? What incentives (e.g. material,
reputational, values-based) are they sensitive to?” and “Who stands to gain from the status quo?

Who loses with a change in the state of affairs? What do they stand to lose?” (p. 26). A brief overview of these results is presented in Table 2.

*Table 2: Stakeholder Analysis*

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Role</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Government</td>
<td>• Regulates REITs</td>
<td>• Ensure that REIT legislation is followed</td>
</tr>
<tr>
<td></td>
<td>• Oversees CMHC</td>
<td></td>
</tr>
<tr>
<td>Provincial Government</td>
<td>• Regulates long-term care sector</td>
<td>• Ensure that seniors are provided quality care</td>
</tr>
<tr>
<td></td>
<td>• Subsidizes construction and care</td>
<td>• Minimize spending on unnecessary costs</td>
</tr>
<tr>
<td>Municipal Governments</td>
<td>• Operate long-term care homes</td>
<td>• Deliver quality care</td>
</tr>
<tr>
<td>CMHC</td>
<td>• Guarantees mortgage loans</td>
<td>• Support expansion of the sector</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Mitigate risk that borrowers will default</td>
</tr>
<tr>
<td>Banks</td>
<td>• Provides mortgage loans</td>
<td>• Earn interest on loans</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Mitigate risk that borrowers will default</td>
</tr>
<tr>
<td>Pension Funds</td>
<td>• Invest in and operate long-term care homes</td>
<td>• Earn high, stable returns on behalf of fundholders</td>
</tr>
<tr>
<td>Investors</td>
<td>• Invest money in financialized chains</td>
<td>• Earn high returns</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Some also motivated by social impact</td>
</tr>
<tr>
<td>Financialized Chains</td>
<td>• Operate long-term care homes</td>
<td>• Deliver quality care</td>
</tr>
<tr>
<td></td>
<td>• Generate returns for investors</td>
<td>• Demonstrate growth on a quarterly basis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Generate profits</td>
</tr>
<tr>
<td>Non-Financialized Homes</td>
<td>• Operate long-term care homes</td>
<td>• Deliver quality care</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Stay within budget</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Independent private homes also motivated to generate profits</td>
</tr>
<tr>
<td>Advocacy Organizations</td>
<td>• Advocate on behalf of long-term care homes</td>
<td>• Lobby for legislation that benefits the sector</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Raise provincial subsidies</td>
</tr>
<tr>
<td>Care Home Workers</td>
<td>• Provide direct care</td>
<td>• Earn living wage</td>
</tr>
</tbody>
</table>
| Residents and Families | • Receive care  
• Pay for room and board | • Improve working conditions  
• Deliver quality care  
• Achieve improvements in quality of care |
|-----------------------|-----------------------------|---------------------------------------------------------------------|
| Media                 | • Raise public awareness    | • Increase readership and subscribers  
• Draw attention to issues |

\[i.\]  \textit{Federal Government}

Real estate investment trusts (REITs) in Canada are not taxed at the trust level; rather, their earned income is dispersed directly to investors, where it is taxed in their hands (Goodmans LLP, 2014). This “flow through” status previously applied to all publicly traded businesses structured as trusts. Due to concerns around corporate tax avoidance, however, the \textit{Income Tax Act} was amended in 2007 to levy taxes on all such trusts, with the notable exception of qualifying REITs. The preferential tax treatment accorded to REITs provides a financial incentive for real estate corporations to structure themselves as such.

Under current federal legislation, REITs are only permitted to own and operate specific property types, including commercial real estate, multi-residential housing, retirement communities, and long-term care homes. A report by accounting and advisory firm Grant Thornton LLP (2018) quotes partner Gregory Gallant as saying “REITs are a much needed source of long-term capital in the healthcare sector to drive future investment to help build the infrastructure we need to meet demand from an aging population” (p. 16). The report, entitled “REITs as a force for good,” recommends that the federal government expand the list of properties in which REITs can invest and increase their capacity to participate in development activity, in addition to loosening other restrictions. This argument — that the Canadian government should facilitate REIT growth — rests on the assumption of a “win-win” scenario in
which REITs generate high returns for investors while providing public goods with much-needed capital.

Through its oversight of CMHC, the federal government also plays a role in the financing of mortgage insurance for financialized long-term care chains, which is discussed in more detail later in the stakeholder analysis.

ii. *Provincial Government*

In Canada, regulation and oversight of the long-term care sector falls primarily to provincial governments. In Ontario, care homes are governed by the *Long-Term Care Homes Act, 2007*, legislation that outlines care, design, and safety standards. The Ministry of Long-Term Care administers the long-term care system, which includes home care services as well as long-term care facilities, which must be awarded a provincial license in order to operate. The province funds personal and nursing care at all care homes, regardless of ownership type (Government of Ontario, 2019). Residents are expected to pay for room and board at a government-set rate of approximately $1890 per month (with public subsidies made available to low-income individuals), however, operators are permitted to charge a premium for private and semi-private accommodation (Extendicare, 2020a; Government of Ontario, 2019). As described in Chapter 3, financialized landlords extract profit through rent increases. This is not a viable strategy for financialized long-term care chains, however, because fee structures are dictated by the provincial government.

Ontario’s long-term care ecosystem features a mix of municipal, non-profit, and for-profit (or private) homes. Historically, most for-profit homes were independently owned and operated. Chain ownership grew significantly between 1971 and 1996, however, going from 32
long-term care homes (7% of the provincial total) to 144 (43% of the provincial total) (Baum, 1999). The expansion of large for-profit chains was further exacerbated by a competitive bidding process introduced by the Conservative government in the 1990s (Armstrong et al., 2020). This system implicitly privileged applicants with greater access to the capital required to build or retrofit homes. While the government repaid some of these costs, it did so over a 20-year time horizon, which put municipal, non-profit, and independent for-profit operators with limited finances or loan collateral at a disadvantage. As a result, two thirds of the 20,000 new long-term care beds were allocated to for-profit chains (Armstrong et al., 2020), three of which later evolved into financialized chains that dominate the market today. Leisureworld (now Sienna Senior Living) was awarded 1,895 new beds, Central Care Corporation (now Revera) was awarded 1,493, and Extendicare was awarded 1,164 (McKay, 2003). In contrast, the top five municipal and non-profit homes were together allocated only 2,049 new beds. This provided financialized long-term care chains with an early advantage as they transitioned from private businesses to publicly traded companies, and they continue to benefit from the province’s bed allocation system.

In addition to financial assistance for day-to-day care, Ontario also provides construction funding subsidies to cover the cost of development for new facilities. This subsidy is paid out to the owner of the long-term care home on a per bed per day basis upon completion of the project. The province recently made changes to the program, including the introduction of development grants offset some upfront expenses such as development charges (Office of the Premier, 2020).

iii. Municipal Governments
Local governments in Ontario have been involved in long-term care provision since at least 1890 (Long-Term Care Homes & Services, 2015), but it was the *Homes for the Aged and Rest Homes Act, 1949* that formally obligated each municipality to establish a home (AdvantAge Ontario, 2018). Today, the province requires every southern municipality characterized as an upper or single-tier municipality to build and operate a long-term care home (AdvantAge Ontario, 2018). The continued existence of this requirement is perhaps indicative of a propensity to classify long-term care as a public good that the government should play a role not only in financing, but also in delivering. One argument in favour of municipal homes is that they are accountable to the public; for example, they are governed by boards of directors composed of elected officials (Association of Municipalities of Ontario, 2011) and periodically host consultations (Long-Term Care Homes & Services, 2015).

It can also be argued that in contrast to large, nationwide chains, municipal long-term care homes are attuned to specific needs in their communities. The City of Toronto’s ten care homes deliver language and cultural services tailored to the particular resident population of each facility — Castleview Wychwood Towers provides Japanese, Korean, and Portuguese supports, for example, while Seven Oaks offers Armenian and Tamil (Long-Term Care Homes & Services, 2015). Some municipal homes have programs for LGBTQ residents, while culturally relevant resources are available in those located in indigenous communities.

There is a concern, however, that the operations and upkeep of long-term care homes is becoming increasingly unaffordable for many municipalities. A report by the Association of Municipalities of Ontario (2016), asserts that provincial subsidies are insufficient to cover basic expenses, let alone additional services that add to quality of care, including higher staffing levels.
Accordingly, municipalities typically contribute extra funding from property tax revenues. These costs, as well as capital expenditures, put a strain on municipal budgets.

iv. *Canada Mortgage and Housing Corporation (CMHC)*

Established in 1946, CMHC is Canada’s national housing agency. Among other services, CMHC provides mortgage insurance to homebuyers as well as to individuals and companies engaged in the construction and purchase of rental properties, including multi-tenant buildings, seniors’ housing, and student residences. Mortgage insurance protects lenders by ensuring that they are repaid in case the borrower defaults on the loan. In contrast to loans guaranteed by private insurance providers, those guaranteed by CMHC are government-backed, meaning that risk of default is assumed by the public.

Securing CMHC mortgage insurance is an important part of the strategy employed by financialized chains (Chartwell, 2020), because it enhances the ease with which they can obtain bank loans. For example, as of December 31, 2019, CMHC respectively insured approximately 71%, 43.9%, and 49.3% of the mortgage debt held by Chartwell (2019), Extendicare (2020a), and Sienna Senior Living (2019). These chains gain access to mortgage insurance by entering into “Large Borrower Agreements” with CMHC, requiring them to meet a set of criteria including maximum indebtedness and minimum investments in capital and maintenance in the properties secured through this program (Chartwell, 2019a). This indicates that CMHC can potentially use its leverage to impose higher standards on long-term care chains seeking to take advantage of its mortgage insurance.

v. *Banks*
Banks provide loans to financialized long-term care chains to purchase and redevelop properties. In combination with CMHC-backed mortgage insurance, bank financing permits these chains to carry debt in the hundreds of millions of dollars, producing high annual interest charges. While long-term care homes of other ownership types may also obtain bank financing, it is likely more difficult for organizations without significant assets to secure loans. As will be discussed later on, banks play another role in the system, in their capacity as money managers invested in all three TSX-listed chains on behalf of a wide range of clients.

vi. **Pension Funds and Fundholders**

Pension funds are some of the world’s largest institutional investors. According to a report by the Boston Consulting Group (2015), the top ten Canadian pension funds collectively had more than one trillion dollars of assets under management as of 2014. Entrusted with safeguarding and growing financial capital on behalf of their fundholders, they are expected to deliver steady returns. As a result, many pension funds invest in stable assets, including utilities such as electricity and water, transportation, and other essential infrastructure (Skerrett, 2017). These investments take different forms, with two of the most notable being public-private partnerships and acquisitions.

The expansion of pension funds into the financing, management, and ownership of public goods is not without controversy. This is made clear by the case of Revera, one of the largest for-profit long-term care chains in Canada. Formerly structured as a REIT and traded on the TSX, Revera became a wholly-owned subsidiary of a pension fund after its purchase by the Public Sector Pension Investment Board (PSPIB) in 2006 (Public Sector Pension Investment Board, 2007). Representing the pension plans of federal public servants and members of the Canadian
Armed Forces, the Royal Canadian Mounted Police, and the Reserve Force, the PSPIB had $169.8 billion of assets under management as of March 31, 2020 (Public Sector Pension Investment Board, 2020). The pension plan belonging to federal public servants is by far the largest, constituting 72.7% of the total amount. The PSPIB is invested in a mix of assets classes, including real estate ($23.8 billion assets under management), infrastructure ($18.3 billion assets under management), and natural resources ($7.6 billion assets under management).

As of 2019, prior to the onset of COVID-19, Revera was facing approximately 85 lawsuits across the country, with family members alleging that poor care contributed to the premature deaths of their loved ones (Hoye, 2019). In light of the company’s poor handling of COVID-19 outbreaks at its long-term care homes, the union representing federal public servants (the Public Service Alliance of Canada) has gone so far as to request that the PSPIB divest from Revera and transfer ownership to the public sector (Kennedy, 2020). As the chorus of voices alleging negligence and inadequate care at Revera grows louder, it becomes increasingly clear that there is a significant tension between pension funds’ efforts to provide long-term financial security for their fundholders and the means they employ to do so. Consider the case of a fictional public servant, Kate. Kate has worked in the civil service for 20 years, paying into her pension plan throughout her tenure. The pension fund that manages her plan is invested in the long-term care sector, a stake that includes ownership of a chain of nursing home facilities, one of which counts Kate’s elderly mother as a resident. In trying to grow Kate’s retirement savings, the pension fund may push the managers of the long-term care chain to meet increasingly higher revenue targets. In order to do so, the long-term care managers implement cost-cutting measures, including reducing care and sanitation worker hours. In this scenario, one could argue that Kate’s
future financial security may come at the expense of her mother’s present-day health and wellbeing.

Skerrett et al. (2017) critique the notion of what they refer to as “pension fund capitalism” at a broader level, asking “how can workers’ retirement income security rest on a financial system that is itself structured to generate its investment returns, directly and indirectly, from businesses whose operations and profitability depend on competitively minimizing the wages and benefits earned by workers?” (p. 5). In other words, pension funds are driven by incentives that are often at odds with the needs and values of their contributors and future recipients.

vii. Retail and Institutional Investors

There is a growing demand for investment opportunities that produce social and environmental benefits, in addition to financial upside for investors. As shown in the chapter on social finance above, however, many are not willing to forgo market-rate returns in exchange for positive impact. In the quarterly conference calls of three financialized long-term care chains, all of the investors who posed questions represented wealth management institutions such as banks. While several inquiries addressed quality of care, particularly as the COVID-19 pandemic progressed, the majority concerned financial matters. One investor asked how much growth can be expected of Extendicare by yearend (Extendicare, 2020b), for example, while several questioned whether more government funding could be secured to cover COVID-19 expenses (Chartwell, 2020; Sienna Senior Living, 2020). While investors maintain a cordial attitude on the calls, their questions probe the company’s efforts to maximize profits and manage risk, through increasing occupancy levels, securing favourable interest rates, advocating for additional
subsidies, reducing costs, and mitigating the threat of legal action. Far removed from the realities of daily life in long-term care homes, and lacking expertise in the provision of care, institutional investors are simply tasked with growing their clients’ wealth. As shareholders in Chartwell, Extendicare, and Sienna Senior Living, however, they have the power to influence decisions that ultimately impact long-term care residents and workers. This highlights the way in which financial markets, which are structured to prioritize investor returns, can limit the amount of resources funneled toward the delivery of social services, and ultimately call into question the viability of financializing public goods.

viii. Financialized Long-Term Care Chains

I apply a similar definition of “financialized” as August (2020), selecting for inclusion any long-term care chain that is structured as a financial vehicle with a mandate to generate returns for investors. I identified as financialized the three chains in Ontario that are listed on the TSX: Chartwell, Extendicare, and Sienna Senior Living (publicly available details about these corporations can be found in Table 3). A fourth, Revera, was listed on the TSX until 2007, when it was purchased by the Public Sector Pension Investment Board (PSPIB) for $2.8 billion and taken private (Reichmann International Realty Advisors, n.d.). A fifth, Southbridge Care Homes, is wholly owned by a private equity firm. Criticism directed at financialized chains alleges that they “put profit ahead of care” (O’Keefe, 2018). All five are currently facing lawsuits for inadequate care and negligence (CBC News, 2020; Katawazi, 2020; O’Keefe, 2018).

Financialized long-term care chains employ several strategies to maximize profits. First, they maintain lower staffing levels (Hsu et al., 2016). While facilities of all ownership types receive the same per diem subsidy from the provincial government, municipal and non-profit
long-term care homes provide more hours of direct care than those considered to be financialized. Financialized homes were also found to provide fewer hours of registered nurse care than those that are independently-owned (Hsu et al., 2016). Second, they are highly dependent on government funding. An Extendicare representative made clear, in response to a question posed on the Q3 2019 call, that the company will not move forward on new long-term care projects unless the construction funding subsidy from the province is increased so as to make the project “economically viable” (Extendicare, 2019). This approach of delaying development appears to apply even in the case of facilities that have already progressed through the approval process. They are also able to take advantage of the provincial subsidies described above, which are allocated to cover the costs of care per resident per day, and are provided to financialized homes in the same amount as to municipal or non-profit homes (Armstrong et al., 2020).

In addition to care homes, financialized long-term care chains typically operate related businesses such as retirement residences. Extendicare, for example, owns eleven retirement communities under the brand Esprit and a home health care services provider known as ParaMed, in addition to running a management and consulting arm, Extendicare Assist. Extendicare Assist manages the day-to-day operations for many long-term care facilities, including Southbridge and a number of for-profit and non-profit homes, thereby expanding its influence in the sector.

Many financialized long-term care chains also employ lobbyists to advocate on their behalf to the provincial government. They also make political donations. Research conducted by Robert MacDermid, a political scientist at York University, found that CPL REIT (now Revera), Extendicare, and Leisureworld (now Sienna Senior Living) made the largest contributions to the
Conservative government within the long-term care sector between 1997-1999 (Ontario Health Coalition, 2002). As described above, these three companies were also awarded the greatest number of beds through the province’s bidding process during this same period.

A significant proportion of financialized chains’ assets lies in real estate, provoking concerns that they may attempt to capitalize in the future by “selling the land on which the home is based while still profiting by relocating the beds to areas where real estate is less expensive” (Armstrong & Armstrong, 2020, p. 21). While more research is required in order to assess the risk of this occurring, it is one way in which financialized chains may expect to profit from long-term care homes located in cities with rising property values.

Table 3: TSX-Listed Long-Term Care Companies

<table>
<thead>
<tr>
<th></th>
<th>Chartwell</th>
<th>Extendicare</th>
<th>Sienna Senior Living</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Term Care Homes</td>
<td>19</td>
<td>58</td>
<td>43</td>
</tr>
<tr>
<td>Capacity</td>
<td>2676</td>
<td>8137</td>
<td>6868</td>
</tr>
<tr>
<td>Retirement Homes</td>
<td>146</td>
<td>11</td>
<td>27</td>
</tr>
<tr>
<td>Retirement Capacity</td>
<td>20,748</td>
<td>1049</td>
<td>3283</td>
</tr>
<tr>
<td>Quoted Market Value</td>
<td>$1,763,403,296</td>
<td>$618,502,280</td>
<td>$640,223,625</td>
</tr>
</tbody>
</table>

¹ Long-term care and retirement home numbers and capacity are Canada-wide totals. Data obtained from 2019 annual reports for each corporation.
² Dollar amounts denoted in Canadian currency unless stated otherwise.

ix.  Non-Financialized Long-Term Care Homes

It is important to note the distinction between various forms of non-financialized long-term care ownership. Municipal and non-profit homes are not driven by a profit motive, meaning that any revenue they generate is reinvested into the organization. For-profit homes exist along a spectrum. At one end are independent homes, which are single facilities often owned and
operated by a single individual or family. At the other end are financialized chains, owned by a financial vehicle and structured to distribute profits to shareholders. There are also non-financialized chains comprising multiple homes, but whose profits accrue to the owners of the company rather than to investors. Research on quality of care in the sector often finds for-profit long-term care facilities to be lacking in comparison to municipal and non-profit homes. For example, an Ontario-based study of long-term care homes by ownership status found higher mortality rates and hospitalizations among for-profit homes (Tanuseputro et al., 2015). A cross-Canada study determined that for-profit facilities provided fewer hours of direct care than either municipal or non-profit homes (Berta et al., 2006), and a similar finding was made regarding staffing levels in Ontario (Berta et al., 2005). Such studies typically lump together all three for-profit ownership types, however, making it difficult to understand the extent to which financialized chains are contributing to the phenomenon. Akin to “mom-and-pop” landlords in the rental housing sector, independently-owned long-term care homes have a profit incentive, which may lead them to employ strategies that are not in the best interest of residents. Due to the involvement of powerful investors and their much larger scale, however, financialized long-term care chains have a greater impact on the sector.

According to AdvantAge Ontario (2019), 67% of Ontario seniors on the long-term care waitlist have indicated a municipal or non-profit home as their first choice. With resident fees the same across all ownership types, this is indicative of an underlying preference for homes that are not driven by a profit motive. Municipal and non-profit operators have been the driving force behind various innovative approaches to care, including seniors’ campuses and other initiatives that enable people to age in place (AdvantAge Ontario, n.d.). Many non-profit homes were founded to meet the needs of specific ethnic, cultural, and religious groups, and provide residents
with the opportunity to communicate in their first language, eat traditional foods, and participate in tailored programming. A report by the Wellesley Institute found wait times for a bed at ethno-cultural homes in the Greater Toronto Area to be significantly longer than average, demonstrating high demand for the services they provide (Um, 2016). Limited budgets and resource constraints are a major issue experienced by non-profit operators. They are eligible for affordable financing from Infrastructure Ontario for capital expenditures, which is particularly helpful if they have difficulty securing traditional bank loans at low interest rates (Infrastructure Ontario, n.d.). This financing program only applies to building improvements, such as facility renovations, accessibility improvements, or energy efficiency projects, however, rather than initial property acquisition.

x. **Advocacy Organizations**

This research identified two advocacy organizations for Ontario’s long-term care homes: the Ontario Long Term Care Association (OLTCA) and AdvantAge Ontario. According to its website, the OLTCA’s members comprise nearly 70% of care homes in the province. While it states that for-profit, non-profit, and municipal facilities are all included, it does not provide a breakdown by ownership type. According to some sources, it primarily represents for-profit homes (Noorsumar, 2020; Ontario Health Coalition, 2002). AdvantAge Ontario, meanwhile, specifically represents municipal and non-profit long-term care homes and seniors’ housing and community services providers. The organizations submit budget requests to the provincial government on an annual basis, outlining their recommendations in publicly available reports. An examination of these requests indicates that while the two organizations are aligned on many issues, there are key differences in the changes for which they are lobbying. For example, every
long-term care facility is mandated by the *Long-Term Care Homes Act* to have a registered nurse onsite 24/7, but the OLTCA requested that this requirement be lifted in its 2019 budget submission (Ontario Long Term Care Association, 2019a). The OLTCA argues that it is difficult to find enough registered nurses, particularly in rural areas, and suggest that round-the-clock registered staff coverage is sufficient. However, it is also important to note that nurses are among the highest trained and compensated long-term care staff. Changing this regulation would allow long-term care homes to save money on labour, but it may also compromise the health and safety of residents.

### xi. Care Home Workers

Care home workers, and particularly personal support workers (PSWs), are responsible for assisting long-term care residents with activities of daily living. They provide mobility support and aid with dressing and undressing, bathing, grooming, feeding, and toileting. These workers are integral to the care of residents, many of whom are no longer capable of completing these tasks independently, but they are also some of the most poorly compensated members of the long-term care ecosystem. While there are some discrepancies in the data, a report on staffing in Ontario’s long-term care sector finds that the average wage for PSWs ranges from $21.41-$22.69 per hour (Long-Term Care Staffing Study Advisory Group, 2020). PSWs in Ontario are predominantly female, representing 90% of the workforce, and 41% are visible minorities (Long-Term Care Staffing Study Advisory Group, 2020).

One of the most pressing workplace challenges facing PSWs is lack of time. According to a 2009 report, 39.2% of direct care workers in Canada experienced feelings of inadequacy all or most of the time, attributed in part to the fact that they were too overburdened to provide the
care and attention they felt residents deserved (Armstrong et al., 2009). In contrast, only 25.7% of Scandinavian workers reported feeling the same way. Rushed care leads to increased health and safety risks (Ontario Health Coalition, 2019). While residents’ physical needs sometimes go unattended due to staff shortages and time constraints, their social and emotional needs are also casualties of a strained system. PSWs lament the fact that “assembly line” care, which makes efficiency and speed a top priority, is dehumanizing to residents (Armstrong et al., 2009). They do not have time to engage in extended conversations with residents or accompany them on walks, among other activities that many would consider to be vital to quality care.

The emotional labour required of care workers often goes unacknowledged, although it can take a significant toll on their wellbeing. In her book *The Managed Heart: Commercialization of Human Feeling*, Arlie Hochschild (2012) explores emotional regulation as an intrinsic component of work in the service sector. While her case study focuses on flight attendants, her insights apply to PSWs and other care workers, who are expected to present as warm and empathetic even in the face of uncooperative residents, aggressive visitors, and demands from management. The combination of emotional labour, overwork, and poor compensation regularly lead to care worker burnout (Ontario Health Coalition, 2019).

**xii. Care Home Residents and Families**

While care home residents and their close relatives occupy different roles in the long-term care ecosystem, they are grouped together in this analysis because their interests are generally tightly aligned. Concerned about understaffing, some families compensate by hiring a personal caregiver to tend to their loved one, in addition to the support provided by the nursing
home. This is an expense that many people cannot afford, however, resulting in a system with substantive inequities in the provision of care.

Many long-term care residents have dementia or other health issues that interfere with their capacity to advocate for themselves, and as a result, their voices often go unheard. Accordingly, it often falls to family members to call attention to abuse, neglect, and other issues occurring at nursing homes. Failure to resolve the issue directly with the home frequently leads to sharing stories with the media or bringing lawsuits against the home in question.

\textit{xiii. Media}

The media helps to bring attention to pervasive issues in the system by reporting on inadequate care and poor management at nursing homes. Articles on the long-term care sector’s handling of the COVID-19 pandemic in Ontario feature headlines like “Military alleges horrific conditions, abuse in pandemic-hit Ontario nursing homes” (Brewster & Kapelos, 2020), “Unions launch campaign asking Ontario to phase out for-profit long-term care homes” (Perkel, 2020), and “‘They were supposed to keep her safe,’ says family of long-term care resident who died of COVID-19” (Goldfinger, 2020). Such stories have boosted public awareness and increased pressure on the facilities involved, as well as on the government to ensure better oversight and regulation of the sector.

\textit{A System of Interdependencies}

The stakeholder analysis illuminates the connections between various actors and institutions within the long-term care sector. Managers of nursing homes owned by a financialized chain are accountable to the corporate leadership team, who are in turn accountable
to the company’s investors. Many of the biggest investors are wealth management institutions, who manage money on behalf of their clients. As a result, many actors are constrained by their role in the system to make decisions that extract money from long-term care home budgets. In addition, long-term care chains are dependent on government funding to offset the cost of day-to-day operations as well as the development of new homes, for which they rely on construction funding subsidies and CMHC mortgage insurance. For example, approximately 67% of the revenue generated by Sienna Senior Living’s Ontario long-term care homes comes from the provincial government, while the rest comes from resident co-payments for room and board (Sienna Senior Living, 2019). The result is a system that facilitates the expansion of financialized chains, to the detriment of other ownership types. Construction funding subsidies are doled out as reimbursements once a facility has already been constructed, meaning that the applicant must be able to finance the development upfront. This creates a significant competitive advantage for financialized operators in that they have a large real estate portfolio and can collateralize properties to secure bank loans and mortgage insurance. They can also leverage other financing methods such as debentures, which are unsecured by collateral and instead depend on a company’s creditworthiness (Chen, 2020). These chains are equipped to offer what banks and insurance providers are seeking: assets, a demonstrated ability to build long-term care homes, and a proven track record for servicing their debt.

Many of the major players in Ontario’s long-term care sector are beholden to financial interests, and their actions are guided by a mandate to maximize profits for investors. Similar to what Karen Ho (2009) concluded in her book Liquidated: An Ethnography of Wall Street, I find that the system is characterized by structural issues. In part, these stem from the fact that long-
term care has evolved into an investment class, supported by the government and backed by real estate assets.

Fungibility as an Urban Planning Concern

In economic terms, an asset is fungible if it is easily interchangeable with another asset of the same kind. As discussed above, REITs — like social finance instruments — tend to abstract away place-based knowledge, thereby increasing fungibility. This allows investors in companies like Chartwell, Extendicare, and Sienna Senior Living to make comparisons across geographies, primarily based on the metric of profits as denominated in dollars. This has a “flattening” effect, smoothing out variations not only between the financialized long-term care chains themselves, but also between them and other public companies. A company that manages long-term care homes for vulnerable seniors is measured according to the same standard of shareholder returns as a chain of hotels or a developer of office buildings. This contrasts with the principle of pluralism upheld in social ecological economics, which resists the privileging of monetary exchange value “at the expense of all other social, spiritual, moral, aesthetic, environmental, and use values” (Bliss & Egler, 2020, p. 5).

Financialized long-term care chains rely on an “economies of scale” approach, which allows them to increase efficiency by centralizing their operations and standardizing services across a growing number of facilities. The bespoke cultural and language services offered to residents at many municipal and non-profit homes is at odds with the financialized model, which values the delivery of the same set of services at all facilities. Investors’ detachment from everyday life in long-term care homes comes across in the quarterly calls held by Chartwell, Extendicare, and Sienna Senior Living. “How is the product being received by the market?”
(Chartwell, 2019b). While this investor was asking about one of the company’s new retirement residences, his choice of the word “product” to refer to housing and “market” to describe the Toronto seniors to whom it might appeal, is indicative of the way in which even the language employed by shareholders reflects monetary concerns. Their investment in these communities is financial, not emotional, historical, or social.

**Socialization of Risk, Privatization of Rewards**

In her book *The Entrepreneurial State: Debunking Public vs. Private Sector Myths*, economist Mariana Mazzucato (2014) challenges the commonly held perception that government is slow and bureaucratic in comparison to the agile and innovative private sector. Drawing on extensive case studies, she demonstrates that the ground-breaking technologies underpinning many successful companies are the product of government-supported research and development. In a chapter on Apple, for example, she traces the origins of the internet, GPS, touch-screen displays — all of which are core to the company’s products, including the iPhone and the iPad — to state-led investments in innovation. Mazzucato goes on to argue that while the risks of such investments are borne by the public, the benefits accrue to the private sector. This notion, that risk is socialized while rewards are privatized, has been applied to the financial industry, particularly with respect to the public bailouts that occurred after the crisis of 2008.

It also helps to explain the financialization of long-term care. The Ontario government finances long-term care home construction and the cost of ongoing care. Through CMHC, the federal government guarantees mortgage loans for retirement residences, which puts public money at risk in case of default. As was made clear on several quarterly conference calls, Chartwell, Extendicare, and Sienna Senior Living will not move forward on new facility construction unless
provincial construction subsidies are increased. Long-term care operators of all ownership types receive the same per diem subsidy. At municipal and non-profit homes, the entire amount goes toward administration and care provision. In contrast, for-profit facilities leverage government support in order to increase profits and, particularly in the case of financialized chains, shareholder returns. The consequences of a profit-maximization focus in the sector, however, are borne by the public sector. Residents and their families suffer if budget cuts compromise quality of care; workers are disadvantaged by low wages and heavy workloads. If inadequate care results in hospitalization, it is taxpayer money that covers the cost. It is arguments such as these that underlie calls to diminish the power of, and even eliminate, for-profit operators in the long-term care system.

7. Toward a De-Financialization of Care

Efforts to mitigate the negative effects of financialization on the long-term care system can generally fall into two categories. The first option is to constrain the size of financialized long-term care chains and encourage changes to their incentive structures, while the second is to empower alternative models and ownership types.

Limiting Financialization

The trajectory of financialized long-term care chains in Ontario has been characterized by disproportionate growth within the sector so that today they are a dominant force in the marketplace. As described above, the union representing federal civil servants has called for PSPIB to divest from Revera and instead transfer the chain to public ownership (Kennedy, 2020). Sustained pressure from fundholders may facilitate changes to pension funds’ investment
strategies. Beyond this, both the federal and provincial governments can play a role in limiting financialization. Using its leverage as a mortgage guarantor, CMHC could restrict the amount of insurance provided to financialized chains, as well as introduce more stringent criteria. More drastic measures could involve curbing the tax benefits available to REITs, or removing long-term care homes from the list of eligible property types altogether. The provincial government could distribute licenses for new beds more widely across ownership types. It could furthermore potentially diminish some of financialization’s harmful consequences through legislation imposing minimum staffing levels and direct care hours.

Empowering Alternative Models

Alternative models of care can be supported through a range of government initiatives. For example, the Ontario government can increase the proportion of licenses and construction funding subsidies awarded to non-profit and municipal homes, as opposed to financialized chains. In addition, changing the structure of construction subsidies so that more of the funding is awarded upfront may benefit organizations for which securing loans is more challenging. This may be perceived as risky, however, due to a comparative lack of assets within these organizations. As a result, it may be necessary to introduce capacity-building programs that allow them to establish partnerships and pool financial and other resources, in addition to the supports already provided by AdvantAge Ontario. While the Association of Municipalities of Ontario (2016) makes clear that many cities lack the resources to operate additional long-term care homes, there may be opportunities to utilize surplus municipal land for facilities managed by non-profit groups. Lessons can also be drawn from housing and worker cooperatives, which are collectively owned and often democratically governed by key stakeholders, such as residents,
workers, and service users. A report on behalf of the British Columbia Co-op Association explores existing cooperatively-owned seniors’ care organizations, finding several examples in the domains of seniors’ housing, assisted living, and home care (Restakis, 2008). In aligning the interests of the owners with those of the service providers and users, cooperative long-term care homes address several of the problems identified in the stakeholder analysis and help to ensure that financial profit is not the leading metric of success. Furthermore, they may enable more seniors to remain in their community as they age. While financialized and other for-profit homes are perhaps less likely to serve neighbourhoods that do not have sufficient “demand,” cooperative housing can be implemented on a smaller scale by residents and organizations motivated to meet local needs. There are significant challenges, however, including lack of capital and managerial expertise, which could be mitigated in part through government funding and training programs.

It is also important to take a step back in order to question the role of long-term care more broadly. Although individuals with complex needs may require the intensive support these facilities provide, many seniors would benefit from models of care that permit greater autonomy, including day programs, home care, co-housing, and supportive housing. Expanded government assistance for such interventions would likely decrease pressure on the long-term care system.

8. Conclusion

The financialization of social services is a multifaceted issue requiring an interdisciplinary approach. Economic geography and sociology offer nuanced critiques of social finance, shedding light on the drawbacks of providing public goods in a manner that is also expected to generate financial returns. Perspectives from urban theory and planning highlight the
role of real estate in such investments, whereby its exchange value as an asset class and collateral is often prioritized over its use value as the site of service provision. The use value is particularly significant in the case of long-term care facilities, which provide care, shelter, and social life for ailing seniors. By situating my analysis of financialization in the ideals of ecological and feminist economics, I aimed to draw attention to the importance of care work. While it contributes immensely to our society as a whole, it is typically devalued by the market.

A stakeholder analysis of Ontario’s long-term care sector reveals that many actors are principally tasked with ensuring financial growth, including financialized operators, pension fund managers, and institutional investors. This is often achieved by taking advantage of economies of scale and reducing labour costs and other expenses, all of which may compromise quality of care. Financialized long-term care chains also leverage government subsidies to maximize their profits, which are distributed to private shareholders. Finally, their significant real estate assets enhance their appeal as an investment class and serve as collateral to enable further expansion.

Private equity firms, REITs, and social finance instruments are heavily motivated by profit. Driven as they are by financial rewards, if left to their own devices, they are likely to limit investment in the provision of actual care. As a result, it is important to restrict their influence in the delivery of social services, while simultaneously empowering other organizations to take on more responsibilities. By centering the needs of care providers and recipients in decision-making, perhaps we can move close to E. F. Schumacher’s ideal of “economics as if people mattered.”
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