

**Mandates of the Working Group on the issue of human rights and transnational corporations and other business enterprises and the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context**

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Excellency,

We have the honour to address you in our capacities as Working Group on the issue of human rights and transnational corporations and other business enterprises and Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context, pursuant to Human Rights Council resolutions 35/7 and 34/9.

We are writing to express our concern with respect to your Government's practice of adopting laws and policies which treat housing as a commodity and undermine the enjoyment of housing as a human right. We invite you to reflect on the following concerns with a view to developing a human rights based response.

Our chief concern lies with those laws and policies which have allowed unprecedented amounts of global capital to be invested in housing as security for financial instruments that are traded on global markets, and as a means of accumulating wealth. This expanding role and unprecedented dominance of unregulated financial markets and corporations in the housing sector is now generally referred to as the "financialization of housing" and it is having devastating consequences for tenants.

Contrary to international human rights obligations, investment in housing in the Kingdom of Sweden has disconnected housing from its core social purpose of providing people with a place to live in with security and dignity.

We have been informed that the financialization of housing in Sweden has taken hold, affecting access to affordable housing for many.

Since the global financial crisis, an emphasis on the building and provision of high-end or luxury housing has resulted in an insufficient supply of affordable housing stock to meet demand, particularly in the Stockholm metropolitan area where 23% of the Swedish population lives. The fastest growing populations in Sweden are young people and immigrants. Both of these groups tend to be low income and require affordable rental accommodation.

Only a handful of 290 municipalities in Sweden have a surplus of housing or a balanced supply for its residents, while the rest report a deficit.<sup>1</sup> The latest estimates from

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<sup>1</sup> Swedish National Board of Housing, Building and Planning and their municipality survey 2018.

the Swedish National Board of housing indicate a yearly production of housing of approximately 50,000 units while need is 73,000 units.

Studies show that rents have increased drastically in recent years. This is particularly so in the second hand rental market, where the average price of a rental apartment (*hyresrätt*) rose by 59% between 2009 and 2017, while the cost of renting a co-op housing (*bostadsrätt*) apartment was up by an average of 84% over the same period.<sup>2</sup>

We are particularly concerned to learn that the private equity firm Blackstone has been permitted to take a 66% stake in Swedish residential landlord D. Carnegie & Co (now “Hembla”), currently controlling over 21,000 apartment in Greater Stockholm. Blackstone’s model is well known: whole estates are purchased, apartments are refurbished, rents are increased and tenants who cannot afford the increased rents are referred to find a home elsewhere. Rents have increased by 50% after renovations in Blackstone’s apartments whilst the share price has multiplied by 279% since 2014. Swedish affordable housing is thus undermined at the same time as the share owners increase their profits. I visited an apartment complex in Uppsala, for example, where this has occurred.

When tenants cannot afford the renovated apartments, they often have nowhere to go, especially in light of the lack of the available affordable housing stock across the country. Low income tenants are referred to Swedish Public Housing companies, a sector diminishing its part of the Housing market.

We are troubled that the Government has accepted the financialization of affordable housing and has not attempted to regulate it, especially as the Government has an obligation to ensure access to affordable housing for everyone under international human rights law. The Swedish constitution first chapter 2nd paragraph also states that ‘the public sphere shall especially secure the right to employment, housing and education’.

We note that Sweden is now seeing increasing numbers of families with children amongst its homeless population. Homelessness is no longer experienced primarily by those with psycho-social disabilities or addictions and is increasingly affecting families for lack of access to affordable housing.

The financialization of residential real estate undermines the enjoyment of the right to non-discrimination and to housing. Because the business model associated with financialization demands short-term profits, there is heightened pressure placed on purchasing affordable housing - often where the most vulnerable communities are located - and then securing the highest possible return on investment through the persistent extraction of profits through monthly rents. The result of this is the constant escalation of housing costs for tenants. Turning housing into an investment leads to decision-making

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<sup>2</sup> Swedish National Board of Housing, Building and Planning  
<https://www.boverket.se/globalassets/publikationer/dokument/2018/utvecklingen-pa-andrahandsmarknaden.pdf>

that is investor centric, rather than tenant centered. When the focus is on maximising profits, housing becomes less affordable, less available, less secure, and less habitable.

We would like to remind your Excellency's Government of its obligations under various international human rights instruments, in particular the International Covenant on Economic, Social and Cultural Rights to which the Kingdom of Sweden has been a Party since 6 December 1971, and more specifically article 11.1 which states that "[t]he States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions." In addition, we would like to bring to your Government attention the UN Guiding Principles on Business and Human Rights (UNGPs) which remind States that they must protect against human rights abuse by business enterprises within their territory and/or jurisdiction. As part of their duty to protect against business-related human rights abuse, States are required to take appropriate steps to "prevent, investigate, punish and redress such abuse through effective policies, legislation, regulations and adjudication" (Guiding Principle 1). In addition, States should "enforce laws that are aimed at, or have the effect of, requiring business enterprises to respect human rights..." (Guiding Principle 3). In addition, business entities also have an independent responsibility to respect human rights, including the right to adequate housing, according to the UNGPs.

As you may know, according to international human rights law, your Government is required to take progressive measures, to the maximum of available resources, to ensure access to adequate housing for all without discrimination. To address the issue of financialization and its impact on the enjoyment of the right to housing, your Government must develop policies and laws that include a full range of taxation, regulatory and planning measures in order to re-establish housing as a human right, promote an inclusive housing system, prevent speculation and limit the extraction of profits at the expense of tenants. This will require a transformation of the relationship between your Government and the financial sector, whereby human rights implementation becomes the overriding goal. In this regard, we would also like to draw your attention to the report of the Special Rapporteur on the financialization of housing (A/HRC/34/51).

Please note that a letter with a similar content has been sent to several countries concerned, and to the company Blackstone Group highlighting its human rights obligation as private actor to avoid any harm and to take positive steps to realize the right to housing.

We use this opportunity to encourage the Kingdom of Sweden to recognize the impact of the financialization of housing on the enjoyment of the right to adequate housing particularly for minority and vulnerable groups, and to take concerted steps towards returning housing to its core function as a social good. Failure to do so can only be regarded as a retrogressive step, and accordingly puts the State at odds with its obligations under international human rights law.

We intend to publicly express our concerns in the near future, as we believe that the wider public should be alerted to the potential implications of the above-mentioned

policies. The press release will indicate that we have been in contact with your Excellency's Government's to clarify the issue/s in question.

This letter and any response received from your Excellency's Government will be made public via the communications reporting website within 48 hours. They will also subsequently be made available in the usual report to be presented to the Human Rights Council.

Please accept, Excellency, the assurances of our highest consideration.

Surya Deva

Chair-Rapporteur of the Working Group on the issue of human rights and transnational corporations and other business enterprises

Leilani Farha

Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context