



# Financialization of Housing Sector

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The United Nations Human Rights Council 2017 report on the financialization of housing shed light on a pressing issue that affects individuals and communities worldwide. This essay aims to analyze and agree with the report's findings, emphasizing affordability's adverse effects on financialization housing affordability, human rights, and negative and social equality.

**Understanding Financialization:** Financialization refers to the increased dominance of financial markets and factors in shaping economic systems, including the housing sector. It involves the commodification and speculative trading of housing, often prioritizing financial return over social needs. The report highlights the adverse effects of this phenomenon on housing affordability, accessibility, and the enjoyment of basic human rights.

**Impact of Housing Affordability:** The report correctly emphasizes that financialization has led to skyrocketing housing prices, rendering decent housing unaffordable for many. Financial actors see housing as a financial asset to generate profits, driving up prices through speculation and market manipulation. The unregulated pursuit of profit exacerbates housing inequality firms push the vulnerable population into homelessness or substandard living conditions. Violation of Human Rights: The UN Human Rights Council report aptly argues the financialization of housing constitutes a violation of human rights. The right to adequate housing is enriched in various international human rights instruments. It undermines the ability of individuals and families to access safe, affordable, and secure housing, thereby infringing upon their rights to dignity, security, and an adequate standard of living.

**Social Inequality and Displacement:** Another crucial point raised in the report is the exacerbation of social inequality caused by financialization. When housing becomes a

speculative asset, it widens the wealth gap by favoring investors and distribution division speculators over those needing affordable housing. This unequal distribution of resources perpetuates social divisions, deepens poverty, and hampers social mobility. Inadequate Regulation and Financial Risk: The report's assertion that inadequate regulation plays a significant role in enabling the financialization of housing is well founded. Weak regulatory frameworks and lax oversight allow financial actors to engage in speculative practices without sufficient scrutiny. This absence of control not only perpetuates housing market volatility but also poses systemic risks to the broader financial system, as witnessed during the 2008 global financial crisis.

**Importance of Policy Intervention:** Agreeing with the report, it is imperative to recognize the importance of policy interventions to address the financialization of housing. Government must prioritize the development and implementation of robust housing policies that focus on the social well-being of the people rather than financial gains. Measures such as Rent control, public housing initiatives, and inclusive urban planning help mitigate the negative impact of financialization and promote affordable, sustainable housing for all.

In conclusion, the UN Human Rights Council's 2017 report on the financialization of housing provides a comprehensive analysis of the determinantal effects this phenomenon has on housing affordability, human rights, and social equality. By agreeing with the report's findings, we acknowledge the urgent need for action to address the negative consequences of financialization. Only through concerted efforts can we create inclusive and equitable societies where housing is a foundation for human dignity, social cohesion, and sustainable development.