

Life Lease Housing: A Great Idea, But Watch the Fine Print

By Lois Marsh-Duggan, Ontario Life Lease Residents' Association



*“Why did the life lease “condo” buyer bring a detective to the contract signing?
Because they wanted to investigate the fine print!”*

Life lease housing is an ideal solution for Ontario seniors, creating vibrant communities that offer many benefits. This unique approach to housing is often at a lower cost than comparable options. It also offers freedom from heavy home maintenance chores and access to recreational activities. Just as importantly, it helps avoid isolation – known to be a serious risk to seniors' health. You are part of a welcoming community of people with a similar lived experience and you're always welcome to join in as much or as little as you like in shared activities.

So, What Is a Life Lease?

Unlike a condo, a life lease is purchased for a lump sum but rather than owning the property, you own the right to occupy your home 'for life', usually a term of 50 years. Life lease units are usually priced lower than traditional condos in the same area. Land transfer tax does not apply to the sale of a life lease, so there are some savings there. The cost of maintenance of your unit and the common areas Operating costs are typically paid for by a combination of investment earnings from your initial capital contribution (entrance fee) and your monthly maintenance fees.

It's Not Always Perfect

On the downside, few people understand this unique housing option and there are some risks you should be aware of. Most importantly, you need to know that life lease is the only form of housing in Ontario with no consumer protection legislation.

Most life lease Board members, management and staff work very hard and in the best interests of residents – but they are human, and mistakes can happen. Here are a few risks to be aware of:

- There has been a case of seniors not being repaid their deposits for a life lease construction project that never got built.
- Unless your contract allows you to become a voting member of the corporation, you have no right to corporation information or to vote on key financial decisions.
- If you need to move out urgently, getting back your capital (entrance fee) could take a year or more, so you could end up paying both maintenance fees on your life lease unit and the cost of your other accommodation.
- If your property owner mismanages its finances, you could see an unexpectedly high rise in monthly maintenance fees.
- With a fixed value life lease, your capital (entrance fee) may or may not be protected in a trust account and could potentially be borrowed from to cover operating expenses or big-ticket maintenance items if the reserve fund is inadequate.
- There may be restrictions on when you can sell your market-value unit to get back your capital. This is currently a problem in Alberta, as reported recently by the Globe & Mail.

Management and Resident Involvement

Life lease properties in Ontario are all, to date, owned by non-profit corporations. They are governed by the Ontario Nonprofit Corporations Act. But unless residents in your community are legal “members” of the corporation, they have no say in the running of your community or any right to information about Board or management activities and decisions. The Board of Directors may allow residents to sit on the Board or they may not. It may have open communications with residents or offer very little information.

There may be an adequate reserve fund to cover future major maintenance items, or there may be no reserve at all. If older life lease communities fall into disrepair, it may be hard to re-sell units – meaning you might wait a long time to get your money back. Unlike condos, life lease Boards are not required to share their financial statements or meeting minutes with residents, although the best ones do.

Before You Sign a Life Lease Contract or Purchase Agreement

Get the facts about the corporation’s financial health and how open the Board and management are about communicating with residents. Ask for a copy of the audited financial statements. Popular life lease communities have long waiting lists, and often there is pressure for potential residents to decide quickly if they want in. I only had 72 hours!

If at all possible, have a lawyer or someone you trust go through the terms and conditions of the sales contract or lease BEFORE you sign it or hand over a deposit. Remember, there’s no law requiring that a life lease corporation allow a “cooling off period” after the deal is signed. Read the “fine print” carefully!

Here’s poem from an OLLRA member that you might enjoy:

*Here is a poem to remember:
Ink on paper, a binding deal,
but hidden clauses, a trap to conceal.
Fine print whispers, “Read me with care”
That tiny text holds a world of facts.
So slow down, and read with great might
For in the details, your rights reside
And a careful read will be your guide.*

Help Protect Seniors’ Rights in Life Lease Housing: Join OLLRA Today!

The Ontario Life Lease Residents’ Association (OLLRA) was founded in Niagara in 2023. With members in 8 cities so far, our mission is to engage the estimated 12,000 life lease residents in Ontario and represent their interests with both our government and the life lease development industry. We are currently lobbying the Ford government to enact Bill 141 – potentially Ontario’s first Life Lease act. You can support our efforts by becoming an association member. See details at the end of this article

To support our efforts, **become a member of OLLRA**. It costs only \$15 a year. To learn more, visit our website at ollra.ca or contact me by email at lmarshduggan@ollra.ca.

You can also write to us at: OLLRA c/o Lois Marsh-Duggan, PO Box 20015, St Catharines RPO Grantham, Ontario, L2M 7W7.