

OLLRA News

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It's Official! We're Now Incorporated

On February 24th, OLLRA was registered as an Ontario not-for-profit corporation. Many thanks to Co-Chair Kathy Walker for steering this project. We are now polishing our bylaws to ensure that, as we grow across Ontario, we continue to represent the interests of all life lease residents.

What's Next for Life Lease Legislation?

Bill 141, A Life Lease Act, 'died on the floor' due to the election. What's next? Rob Flack, the new Minister of Municipal Affairs and Housing, was Associate Minister there until June 2024. It's unknown yet if he has any more enthusiasm for a life lease act than his predecessor. But we do have a Plan "B"—see Dave Wellock's article on page 2.

Life Lease Housing Market Changes

Life lease housing in Ontario has historically been built by benevolent societies and faith communities to benefit seniors. Fast forward to 2025 and a lot is now being built by for-profit developers. This additional housing is welcome, but I can't help wondering if some are doing this to get around the Condominium Act. Remember, life lease housing is completely unregulated.

These are difficult times for developers given skilled-labour shortages and high material costs. It's possible we'll see more cases of lost deposits when builders fail, similar to Trinity Towers in Toronto. Most

recently, we learned of a project in Simcoe County where purchasers put down large deposits but, after 3 years of waiting for any of the homes to be built, are having trouble getting their money back.

Another trend is the sale by not-for-profit sponsors of life lease communities to for-profit corporations. Lynde Creek Village in Whitby was recently sold by the Baptist Church to Extendicare for \$34.5 million.

In Unionville some years ago, a similar village sold its bungalow homes and the land they were on to private developers for around \$17 million. This trend is of great concern, given that the residents had no say in the decision.

Village or Standalone Community?

When considering the purchase of a life lease unit, it's important to know the difference between a 'village' and a standalone community to ensure you're happy with the management model that applies to each.

A standalone group of townhomes or bungalows may be controlled entirely by residents. But one that includes both independent living and long-term or assisted care, often called a 'village,' may not include residents in decision-making. For more about village life, see my article on page 4.

— Lois Marsh-Duggan, Editor

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OLLRA's 'Plan B' for Life Lease Legislation

By Dave Wellock, OLLRA Co-Chair

In January, I presented a position paper to key government officials including the Minister of Municipal Affairs and Housing titled "*An Examination of Life Lease Housing: Life Lease or Condominium?*"

While OLLRA continues to actively support a separate Life Lease Act, if that can't be achieved soon, we need an alternative path to life lease consumer protection — a 'Plan B' if you will.

The path I proposed was to include life lease under the current Condominium Act. There is already a logical category listed in the Act: 'leasehold condominiums.'

I argued the following points:

1. Financially, there is little difference between condos and life lease units. The sale price is paid by the resident as are ongoing monthly fees for maintaining the building(s) and paying property taxes.
2. The Condominium Act already contains the consumer rights and protections we need.
3. Those purchasing life lease units could be argued to have more right to their property's ownership than the corporations sponsoring them.

Below are some of the points I made in the position paper. To read the full version, please see the Resources page of the OLLRA website.

Analysis of Life Lease Property Ownership

Life lease housing is the only form of housing in Ontario without legislative protection, the result of decades of failure to come to grips with this housing format.

In its more than 40-year history in Ontario, the concept of 'life lease' has never been clearly defined. Ontario's Guide to Life Lease Housing

(Ontario.ca/housinginnovation) states that a life lease resident purchases an "interest" in the property. That "interest" gives the buyer the "right to occupy" a unit. The buyer is also identified as a "holder" of the interest.

These vague descriptions warrant examination. Surely a life lease buyer's investment of hundreds of thousands of dollars deserves better.

Not-for-profit corporations themselves do not hold a financial position (interest) in the life lease properties they govern. In the case of my community, the lease states that the property is "...owned and operated by [sponsor name], a not-for-profit corporation without share capital duly incorporated under the laws of the Province of Ontario."

How did this corporation become the owner? It sourced and purchased the land—a former school property—with borrowed funds. The builder they contracted with obtained the necessary permits, negotiated details with the town and the sponsor, acquired the financing necessary and completed the construction.

As units were sold, a portion of the money was paid by incoming residents to the sponsor who used it to pay down their land loan and the builder. When all units were sold, the sponsor became the registered owner of an asset worth approximately \$16 million. Even after selling their "interest" in the property (land and building) to 79 buyers, the sponsor *retained ownership*.

Similar versions of this scenario have played out over the years. The difference between the development of my community and a traditional condominium is that a sponsor was involved. How different is that in reality? Most condominiums are the result of arrangement between property developers (sponsors) and builders with one party sometimes playing

'Plan B' continued...

both roles. When completed, new condo buyers receive title to their homes (unlike life lease residents).

Condo owners enjoy other benefits:

- They elect their own board of directors and hire their own managers
- They have rights protected by the province's Condominium Act

Complicating Factors in Development

OLLRA has identified these pitfalls with development of life lease housing:

Sponsors and Developers: Potential sponsors and builders of life lease facilities may be hesitant to develop much needed, affordable homes without any legal framework. We were contacted by one experienced builder who stated he was monitoring the progress of Bill 141 with interest before entering the market.

Financers: Mortgages for life lease homes is rarely available. Concerns include a lack of clarity as to ownership.

Insurers: When life lease residents seek appropriate insurance, they are often faced with ambiguity. Some insurers assume life lease is the same as condominiums while others see residents as mere tenants. Some will not provide insurance at all.

Conclusion

Applying the Condominium Act to life lease could resolve the above issues because:

- The condominium concept is widely understood and accepted by all stakeholders
- Placing life leases under the umbrella of the Condominium Act (as Retirement Condominiums) would provide badly-needed consumer protection for life lease buyers and residents
- It will also remove uncertainties for developers, insurers, financiers, buyers/sellers, realtors and others

I believe our 'Plan B' has merit. Let's see if our government agrees.

— Dave Wellock, OLLRA Co-Chair

"...Condo owners enjoy other benefits:

- ***They elect their own board of directors and hire their own managers***
- ***They have rights protected by the province's Condominium Act..."***

Volunteers — Got Skills to Share?

Are you a retired **bookkeeper** or **accountant**? OLLRA is looking for a volunteer bookkeeper with Quickbooks experience.

Do you have experience in **media** or **publicity** and/or **public relations**? We need help to craft our message and get it out to the media.

How about **copy writing**? We're looking for an experienced **editor for this newsletter**.

If interested, contact us at info@ollra.ca

Welcome to Our Newest Communities:

A warm welcome to our newest communities:

- ♦ Sandhills, Kitchener
- ♦ The Gallery, Georgetown
- ♦ Villa Serena, St Catharines
- ♦ Parc Anderson Park, Carlsbad Springs
- ♦ Southwinds, Windsor

Need an application form for a friend?

Contact us at info@ollra.ca

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Residents
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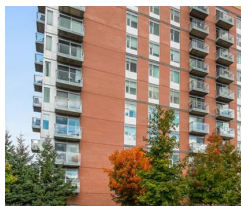
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Governance Practices: The Gallery, Georgetown



I recently made a presentation to residents and management of The Gallery, a life lease community that forms part of Bennett Village in Georgetown. Both residents and management attended, including their new CEO, Jeff Renaud and Property Manager, Jean Cherwaiko.

Some days later, I spoke with Jeff about what practices are in place to ensure financial transparency and effective communication with residents of The Gallery. I learned the following.

Financial statements were historically shared with residents but that was paused recently, causing some concern for Gallery residents. Jeff will now make them available quarterly.

Sales of units at The Gallery are supported by a real estate agent who charges a 1.5% fee. The agent then donates 1% of that to Bennett Village.

Asked if there are any concerns around the reserve fund, Jeff replied that the Bennett Village corporation has an ethical and fiduciary obligation to ensure that there is an adequate reserve fund.

When asked about life lease residents serving on the Bennett Village Board of Directors, Jeff stated that he had proposed the idea to the Gallery Governance Committee.

However, the members expressed concern that having a Gallery resident on the Board, particularly one involved in financial decision-making, could present a conflict of interest.

The Resident Advisory Committee (RAC) plays a vital role in the effective management of the Gallery, serving as the primary channel for residents to voice their concerns. These concerns are then reviewed and discussed with management and Jeff to identify appropriate solutions.

One ongoing concern among residents is the 7% fee paid to Bennett Village on the sale of a life lease unit. Residents believe it should be reinvested into the Gallery for upgrades. But per the terms of their lease agreement, Bennett Village has full discretion over its use. Currently these funds are going toward development of a new long-term care facility to be built across the street from the Gallery.

Per Jeff, “the money our non-profit corporation earns on the sale of a unit goes back into seniors’ healthcare, helping seniors live longer in their own community.”

This balancing act is not uncommon where life lease units are part of a village or “campus of care.” While there are many benefits to village living, this is one aspect to consider when choosing life lease housing.

— Lois Marsh-Duggan

Disclaimer

The content in this newsletter is general in nature and is for information purposes only. The information is provided by non-experts on a best effort basis. It should not be considered expert advice, and as such, it is recommended that you seek legal advice

