

A Place to Call Home

Home (*noun*). The place where one lives permanently. Relating to the place where one lives. The place where you feel that you belong, where the heart feels comfortable with all its surroundings. In a perfect world, everyone should have a place to call home, regardless of their gender, race, or income level. Why is it then that those with low income are struggling with the current housing market in finding accommodation? In these cases, governments, community organizations, non-profits and the private sector work together to provide affordable housing. Outside of co-op or subsidized units, lower income families may find affordable housing in non-profit social housing, purpose-built rental housing, or rent-to-own opportunities.

Much of Canada's non-profit social housing was built between 1946-1993. The federal government makes substantial investments in these existing non-profit social houses. Non-profit and community-based housing has proven to be Ontario's best investment and the most effective way to create and keep homes affordable. Non-profit rental housing is geared for low to moderate income levels by individuals and families. The rent for living in a non-profit social property is based on the tenant's income or rent that is at the low end of the private rental market. These tenants spend approximately 30% of their monthly household income on this rent. A subsidy is then paid directly to the non-profit housing provider from government programs to bridge the gap between the reduced rent and the actual market rent for the home.

Non-profit housing can help shape a community's future by providing affordable living for low-income individuals.

Private market purpose-built rental housing is housing that has been built for the purpose of renting to low-income tenants. The most common type of this rental are apartment buildings. These buildings can be individual owned or owned by a private company and managed by the owner themselves or a hired property manager. The owner of the property sets the base rent amount to be paid by its tenants based on the local housing market. The units and pricing can vary widely based on its location, age and condition of the building. Purpose-built rental housing is considered to be the most secure form of rental housing available, as it is designed and built specifically as a long-term rental accommodation. However, there is a significant risk/reward imbalance for purpose-built rental housing market. Purpose-built housing rent is legislated by the government to an allowable rent increase year over year, and landlords are required to make ends meet with this minimal increase in money. The longer a tenant stays in the home, the more money the landlord ultimately loses, as landlords are not able to increase the rent more than the allowable yearly increase, yet the building maintenance, property taxes, and other associated costs may exceed this increase. Unfortunately, rental property owners are not willing to lose money, and because of the constantly changing by-laws and building standards that must be adhered to, they are forced to cut back on maintenance and other building expenses which results in these types of properties facing ongoing degradation of the quality of the building itself and the rental units.

Rent-to-own homes offer a unique alternative to those aspiring to home ownership on a limited income. They involve an agreement between the tenant and the landlord. Essentially, the home would be rented out, similar to how a landlord would rent an apartment. The difference is, in the way the rent payments are used. The rent payments will not only pay your rent, but a portion of it would be saved to go towards purchasing the home you are renting as a down payment. Some renters feel that renting is a waste of money as every payment you make doesn't help towards paying down a mortgage or owning the place you rent. This option then creates an opportunity for home ownership in the future. These types of programs typically last between 1-5 years, with the end result of having enough down payment and good enough credit to purchase the home and obtain a mortgage. The downfall of this type of program is generally the interest rate is substantially higher than what a typical mortgage rate would be. Also, some landlords prey on these types of people who are desperate to find a home, yet don't have the income to qualify and therefore feel they can take advantage of people in those situations. It is important to note that there are different types of rent-to-own contracts. Lease-option contracts give the tenant the right, but not the obligation, to purchase the home at the end of the lease. If the tenant decides not to purchase the home at the end of the term, this option expires, and they can walk away without any obligation to continue paying rent or buying the property. Lease-purchase contracts tie the tenant into being legally obligated to purchase the home at the end of the lease, whether they can afford it or not. This can result in expensive legal fees and court costs so tenants should know exactly what they are getting into before agreeing to this type of program. Another consideration is the current market rents in today's housing market. With rents being extremely high in and around busy urban areas, those

looking for affordable housing may have to venture further from the city and look into suburban areas.

Many opportunities exist for those looking for affordable housing, if they know the right places to seek shelter. While co-op and subsidized housing may seem the most obvious, people can also look into non-profit social housing, purpose-built rental housing, or even rent-to-own opportunities. Unfortunately, with any of the government housing opportunities, the waitlist is sometimes several years long, and low-income families will have to look at other creative types of affordable housing. While the governments, community organizations, non-profits and the private sector work together to provide affordable housing in today's current market, low-income families may have to think outside of the box, and outside of their current region, in order to find housing that is affordable to their family. Afterall, in a perfect world, everyone should have a place to call home.

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