



The **UPTOWN**
LIFE LEASE COLLECTION
Living Well.

What is a Life Lease

You may have heard about a form of home ownership described as a life lease. The documents creating the life lease arrangement may not be labeled as a "Life Lease", but may be called a "Right to Occupy" or "Equity Agreement". The important issues are not the labels that attach to this form of property ownership so much as the rights and responsibilities that go with the arrangement. You may also be interested to know, while life leases are relatively new in North America, the purchase of a long term right to occupy has been used as a form of ownership in Europe for hundreds of years.

Life Lease is a generally accepted term to describe a form of property ownership. The Uptown has developed a form of life lease which entails the right to occupy a residential unit for as long as you live and the right to the equity in the unit at the end of your occupation, whatever the reason for termination.

There are two very important ingredients to this arrangement, firstly the exclusive right to occupy the unit and secondly the right to equity when the right to occupy is terminated for any reason.

It is helpful in understanding life leases to examine the rights and obligations and to see that it is just one of many forms or variations on property ownership that may be right for you or someone you know in particular circumstances.

Some of the factors you should consider are lifestyle, physical design, sense of community, whether you can or want to do maintenance, the opportunity to participate in ownership, the ability to influence the lifestyle and your present or anticipated need for additional services.

There are many variations of life lease, just as there are different forms of other types of ownership. The most common form is the purchase by the resident of the exclusive right to occupy a residential unit for as long as the resident wants or is able, in exchange for the payment of the purchase of that right and a monthly fee. That monthly fee covers the resident's share of all of those common costs which are part of any type of ownership, taxes, insurance, maintenance and repairs. The initial costs and the monthly fees are usually quite similar to those of other comparable accommodation. As well as having the right to occupy a unit, the life lease owner or their estate, has the right to the equity in that right when either they decide to terminate the arrangement or some other event causes the termination. In that event it is the "market" that will determine what that right is worth.

How is a life lease project established? Someone has to own the fee simple in the property and in the case of The Uptown it is a private individual who owns and in turn will manage the project. The owner grants the life lease to individual residents pursuant to a written agreement which details the cost, rights and obligations of the parties, and the regulations governing the use, termination and rights to equity.

Well run and designed projects will be desirable to the market and will command a reasonable value both initially and when it is time to resell the right.

What makes life leases attractive is the sense of community, the ability to become directly involved in the residence and the availability of additional services, in a setting allowing the mixture of independence and support that responds to changing needs.

In a single family home you may control your own domain, but you have little influence on the surrounding

community and no influence on who are going to be your neighbours. In a life lease community, the residents help plan and maintain a lifestyle shared by like-minded neighbours. They can feel secure knowing that the objective will always be to create and maintain a quality lifestyle while someone lives there and ensure the best possible value when the right to occupy is resold.

Life leases have been around for many years in Ontario, and are spreading rapidly because they respond to the needs of an aging population that may be quite independent today but may have more needs for support tomorrow. These people want to age in place, and not have to move every time their needs for some assistance, such as housekeeping, meals or medical support, change. They also want value for their money and the ability to obtain market value for their investment when it is time to dispose of that investment.

We know that for some people a single family house is no longer viable or desirable. It's either too much maintenance to handle or the design itself, size, stairs, or other barrier to accessibility, make it no longer a viable option to keep.

There's always a condominium, but that only provides a temporary solution for some. There is no community in most condominiums, little flexibility and very seldom a project designed for aging in place, with additional services available organized by the project. For the most part, once a condominium is registered it is almost impossible, on a practical level, to change either the physical building or the way it is operated. The life lease form of ownership takes advantage of an exception to the Planning Act of Ontario, the legislation that governs the subdivision of land, which allows for long term leases of parts of buildings without having to get Planning consent. Combining this exception with the building designed and managed for the benefit of a specific target group makes a life lease project the choice of an increasing number of seniors.

The specific design of the project, the economics, and the contractual arrangements have as many variations as single family homes or condominiums. Just like other forms of ownership, its value to you and to others ultimately depends on the physical characteristics of the unit, the bundle of rights and obligations that attach to that unit and what the market is. No matter what its worth to the market, the accommodation may no longer meet your needs.

Life leases are a form of ownership or a bundle of rights and obligations in property that have been created to respond to the needs of a sector of the market in a way that other forms of ownership do not. A life lease arrangement is not a strange or unusual arrangement to be feared or avoided because it is different. Any form of property right should be examined with caution to determine its risks, value, and appropriateness for you. Look at your own circumstances, the physical characteristics of the project, the price, the owners, the maintenance costs, the contract and all of the other relevant circumstances. Seek your own advice from someone familiar with life leases. You may well conclude that a life lease provides you with the right mix of rights, obligations, and price to suit your current and expected needs for now and the future.

A recent study by C.M.H.C. recognized the widespread existence of life lease projects and reviewed the experience of projects across Canada. The study recognized that any form of housing has advantages and disadvantages but life lease projects are becoming an increasingly popular form of housing model. It is up to the individual to decide what's best for them, but a life lease community may be the right choice for you