



# Life lease housing

Practical information  
about owning a life lease

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**Disclaimer:** The terms of each life lease agreement may vary from one project to another. This guide covers the common practices with a focus on the market value model (see section for models of life lease housing).

Please read a life lease agreement closely before signing it. If you are considering a life lease purchase, you should seek the advice of qualified professionals, including legal counsel.

This guide is for information only and offers a summary of legislation that is subject to change. It is not a legal interpretation of the legislation. The guide, as well as any links or information from other sources, is not a substitute for specialized legal or professional advice. The user is solely responsible for any use or application of this guide.

# Introduction

In life lease housing, the buyer purchases an interest in that property—which gives the buyer the right to occupy a unit for a long period of time, often for their lifetime.

Like condo owners, the buyer pays a lump-sum purchase price, and then continues to pay:

- property taxes
- monthly fees for maintenance

Life leases are usually priced lower than similarly sized condominiums in the area. This could be due to the lack of availability of conventional mortgages and the exemption from land transfer taxes.

Life lease housing is usually developed and operated by non-profit or charitable organizations called “sponsors.”

Life lease buyers are often seniors looking to move into smaller homes.

## Benefits

People choose life lease housing for:

- affordability
- fewer home maintenance responsibilities
- access to social and recreational programs

- a sense of community (for example, seniors, religious or cultural groups)
- care and meal services offered by the sponsor on site, if available

## Life lease interest

In life lease housing, the buyer does not own the property. The life lease holder holds an interest in that property.

The life lease interest gives the holder the right to occupy (live in) a unit, rather than own the unit itself. The life lease sponsor owns the property.

## If a life lease holder passes away

If the holder passes away, their inheritor gets the life lease interest, but not the right to occupy the unit. The inheritor can benefit from the sale of the life lease, but they cannot automatically move into the home.

The inheritor may be able to apply to move into the life lease unit—the decision is up to the sponsor.

**Example:** Veronika, a 72-year-old, has passed away and her son Shawn, aged 53, inherits her life lease interest. As the sole inheritor of Veronika's estate, Shawn applies to live in the life lease unit, but does not satisfy the age eligibility (65 years).

Shawn decides to sell the life lease interest. He plans to purchase his own life lease unit when he's old enough to satisfy the age eligibility requirement.



# Types of life lease housing

Life lease housing can take on a variety of forms. Each model is based on how the initial price is set and how the life lease interest is then resold. The five basic models are:

- market value
- price index
- fixed value
- declining balance
- zero balance

## Market value

Market value life lease projects are popular in Ontario. If the holder sells the life lease interest for more than they originally paid for it, the holder (or their estate) makes a profit. If the holder sells the interest for less, then the holder (or their estate) incurs a loss.

Most market value life lease agreements allow the holder to transfer the life lease interest to their estate. This means that, technically, the lease lasts longer than “life.” While the holder’s inheritors may profit on the sale of the lease, they may not move into the unit without first

applying to the sponsor and meeting the sponsor’s eligibility criteria.

The holder (or their estate) is responsible for selling the life lease at a rate the market will bear. The sponsor may assist by assessing unit value, contacting prospective buyers from the waiting list and brokering the sale. The sponsor retains a percentage of the sale price as an administrative fee. If the holder also retains a real estate agent, their fee is additional.

## Benefits

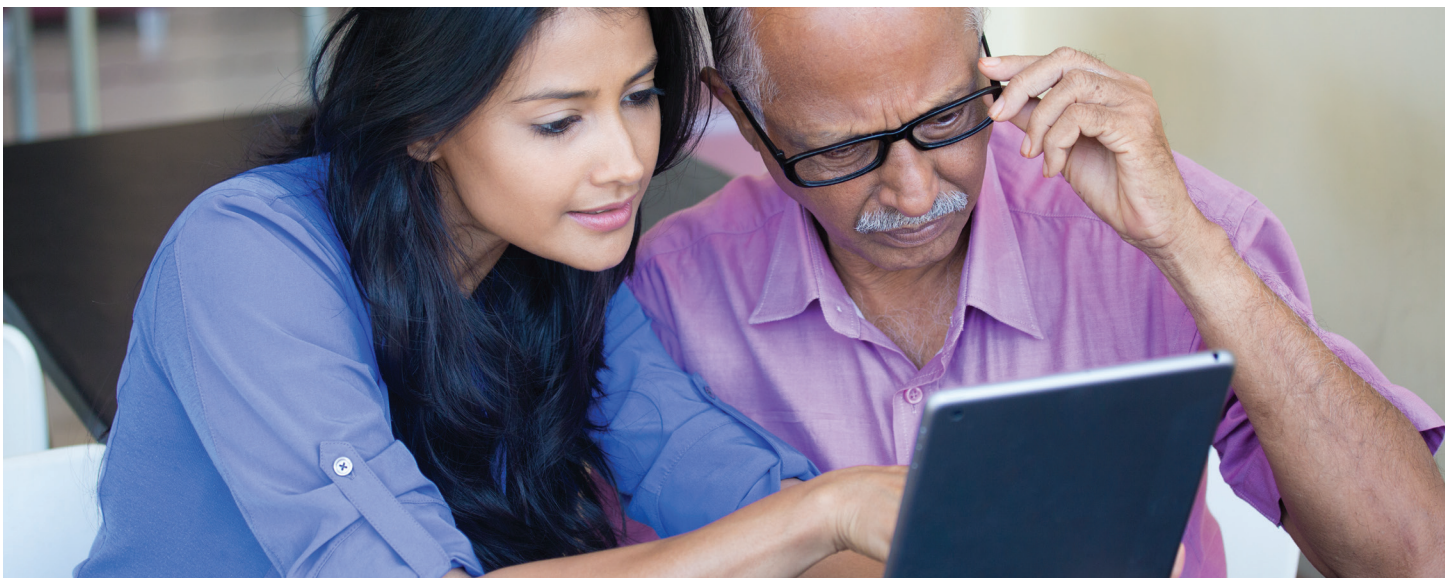
If real estate values go up, the holder can make a profit on the sale.

The value of the life lease is not tied to the age or length of occupancy of the resident.

## Considerations

If real estate values go down, the holder can lose money.

If the holder passes away, their inheritors will have to sell the unit and pay monthly fees until the unit is sold. This may be an important consideration if they live far away.





## Price index

The sponsor purchases the life lease back from the holder (or their estate) over the length of their occupancy. The sponsor increases the original amount paid by an annual price index factor, usually the Consumer Price Index. The sponsor retains a percentage of the sale price as an administrative fee.

## Benefits

Even if real estate values go down, the holder is guaranteed not to lose money.

If the holder passes away, their inheritors do not have to worry about selling the home or paying monthly fees.

## Considerations

The holder's estate will no longer hold the life lease interest once it is fully repaid by the sponsor.

If real estate values go up, the holder (and their estate) will not profit.

## Fixed value

This is also called the "no gain" model. The sponsor purchases the life lease back from the holder (or their estate) for the same amount originally paid when the holder purchased the life lease. The sponsor retains a percentage of the amount as an administrative and refurbishing fee.

## Benefits

Even if real estate values go down, the holder is guaranteed not to lose money.

If the holder passes away, their inheritors do not have to worry about selling the home or paying monthly fees.

## Considerations

The holder's estate will no longer hold the life lease interest once it is fully repaid by the sponsor.

If real estate values go up, the holder (and their estate) will not profit.

Since this model does not take inflation or market value into account, the money the holder invested loses its value over time.

## Declining balance

The amount the holder pays up front is based on the value of the unit and their life expectancy. The amount the holder or their estate will receive declines by a specific amount each year until it reaches zero. As with the zero balance model, this model may be thought of as prepaid rent.

### Benefits

The initial payment is typically lower than it is for market value, price index, or fixed value models.

The holder's right to occupy the unit lasts for their lifetime, even after the redemption value declines to zero.

If the holder passes away, their inheritors do not have to worry about selling their home or paying their monthly fees.

### Considerations

The holder's estate will no longer hold the life lease interest once it is fully repaid by the sponsor.

If real estate values go up, the holder will not profit.

If a health issue forces the holder to leave earlier than they expected, this may or may not impact the amount of money that the holder or their inheritors receive back from their initial payment.

## Zero balance

The holder pays an amount upfront designed to prepay rent for the rest of their expected remaining life. The amount paid is based on the value of the unit and the holder's life expectancy.

### Benefits

This is the least expensive form of life lease housing.

If the holder passes away, their inheritors do not have to worry about selling the home or paying monthly fees.

### Considerations

The holder's estate does not inherit the life lease interest, which returns to the sponsor at the end of their occupancy.

No residual value is paid to the holder or their estate if the holder passes away or decides to move elsewhere.

If a health issue forces the holder to leave earlier than expected, this may or may not impact the amount of money that the holder or their inheritors receive back from their initial payment.



# Features and differences

## Services offered

Most sponsors provide a basic level of maintenance that includes mowing lawns and shovelling snow. Some sponsors also change furnace filters, fix plumbing or electrical wiring, or monitor both the interior and exterior of the home while lease holders are away.

Other sponsors offer a wider range of services including laundry, housekeeping and meals, and help with bathing, transportation and reminders to take medication. These additional services may be included in the monthly fees or may be offered on an optional basis for an extra fee.

## Religious or cultural community

Some projects offer a specific religious or cultural environment. Buyers of these life lease interests are often attracted by the option of living somewhere that offers:

- services in a language other than English or French
- programs that are specific to a culture

## Length of lease

A life lease typically lasts until:

- the end of the lease holder's life
- the lease holder decides to move

## Fixed term lease

A small minority of projects set a fixed term (for example, 49 years). The life lease does not expire at the end of the term—it is meant to be renewed if the occupancy goes past the term.

Carefully review the life lease agreement to see how the duration of occupancy is defined. If a fixed term is specified, ask about the renewal process.

## Spouse takeover

If a lease holder who passes away has a spouse, then the life lease is usually extended for the term of the life of the spouse.

The surviving spouse must meet the sponsor's eligibility criteria. They may also have to pay a transfer fee.

**Example:** Kai, a 68-year-old life lease holder, dies and is survived by his spouse Lin, aged 63. The eligibility for residing in the life lease community is having a minimum age of 65.

Lin applies to the life lease sponsor to be allowed to live in the unit. The life lease sponsor decides to be flexible and allow Lin to continue residing in the unit.

Lin is required to pay a transfer fee and sign a new life lease agreement with the sponsor.



# Difference between rental, ownership and life leases

All models of life lease housing share some characteristics of both rental and ownership.

See table 1 for some of the similarities and differences between rental, condominium ownership and market value life lease housing models.

**Table 1: Life lease compared to other housing forms**

Features	Rental	Condominium ownership	Market value life lease
Own property	No	Yes	No
Have equity	No	Yes	Yes
Registered on title to land	No	Yes	Sometimes but rarely.
Pay monthly fee	Yes	Yes	Yes
Participate in management	No	Yes	Sometimes. Usually a residents' council makes recommendations to the board.





# Difference between life leases and land leases

There is another form of housing with a similar name, land lease housing, which may be

confused with life lease housing. To help you understand the similarities and differences between life leases and land leases, please see table 2.

Table 2: Difference between life leases and land leases

Topic	Land lease	Life lease
Ownership	In a land lease, the dwelling is owned by the resident and the land on which the dwelling sits is leased.	Life lease ownership means holding an “interest in property” providing the right to live in the unit, usually for the duration of the lease holder's life or until the lease holder decides to move.
Payment	Rent is paid to the land owner (landlord) of the land lease community, and landlords may provide services and facilities to the community that are intended for the common use and enjoyment of the tenants and that are included in their rent.	Life lease holders purchase their units by paying a lump sum upfront and then pay monthly fees for maintenance and property taxes.
Transfer	Owned homes can be bought and sold by successive residents who, in turn, rent the lot from the landlord.	Life leases can be sold by the life lease holder and inherited by heirs. However, while inheritors may profit from a sale of the lease, they cannot move into the unit without first applying to the sponsor and meeting their eligibility criteria.
<i>The Residential Tenancies Act (RTA)</i>	The RTA applies to mobile home parks and land lease communities.	The RTA does not apply to life lease housing, when there is a direct relationship between a lease holder and the project sponsor.

# Housing providers and residents

## Housing providers

Most life lease housing projects in Ontario are owned and operated by established non-profit and charitable organizations, including:

- faith-based groups
- cultural associations
- service clubs
- seniors' organizations
- housing providers

Many of these organizations provide other forms of accommodation as well. For example, a sponsor may also offer long-term care, retirement homes and/or social housing. Many life lease projects are located on the same land as these other forms of accommodation.

Most non-profit developers of life lease housing continue to own and manage the project after construction is completed.

## Housing residents

Life lease housing is generally marketed to seniors and older adults. Different sponsors have different ways of defining this age group.

### Ability to live independently

Residents in life lease housing must be able to live independently.

Once a resident begins to need a higher level of care than is available (from the sponsor, family members, live-in caregivers, and/or visiting support workers), the resident is often no longer able to stay in the life lease unit.

Sponsors may work with the resident to help them identify options for a new home in long-term care or another type of accommodation that provides support to seniors. Discuss these options and any other eligibility criteria with the sponsor before purchasing a life lease interest.

### Assessment

When assessing a resident's ability to live independently, sponsors consider the person's individual needs and circumstances.

Sponsors look at whether residents:

- can do basic tasks on their own (for example, cooking, eating, dressing, bathing)
- have access to supports that enable them to live independently (for example, regular visits by family members or support workers who help with basic tasks, ability to hire a live-in caregiver, etc.)
- pose a potential danger to themselves or to others in the building (for example, forgetting that the oven is on, leaving a tap running)

The sponsor will discuss concerns directly with the resident. The sponsor may also request a meeting with the resident's family and/or a formal assessment by a doctor, occupational therapist or social worker.

## Ending the lease

Life lease agreements usually give the sponsor the ability to end the resident's lease with only 30 days notice if the sponsor determines that the resident is no longer able to live independently. In practice, this is rarely used.

Under the Ontario Human Rights Code, life lease sponsors have a duty to accommodate

any physical and mental disabilities up to the point of undue hardship. Some sponsors may:

- help the resident connect with external support workers or community support service agencies
- provide services such as meal delivery, phone reminders to take medications, and assistance with bathing (additional fees may apply)

**Example:** Farval is a 73-year-old woman who has lived in Henlin Gardens Housing, a life lease project, for the past 15 years. Two years ago, her health started to fail.

Henlin Gardens Housing staff provided her with a phone call each morning to remind her to take her medication. Henlin Gardens Housing did not have a meal program, so Farval's family began to bring her meals. A home care worker came three times a week to assist Farval with bathing and personal care.

One month ago, Farval accidentally left the stove on and a roll of paper towels caught fire. A community support service agency worked with Farval and her family to find her a room in a nearby long-term care (LTC) home. The LTC home estimated that the wait would be two months. The family has hired a live-in caregiver and the sponsor has agreed to let her stay until a room becomes available at the LTC home.

When residents come to the point where they need more care than they can access in their current home, sponsors may work with them (and their families, where appropriate) to help them identify more suitable accommodations.

## Living arrangements

### Age

Your spouse's age should not affect your ability to buy the life lease if you are both planning to live there. In most life lease projects, either you or your spouse must meet the age criteria.

### Children

Sponsors generally do not permit life lease holders to invite their children or grandchildren

to live with them. Sponsors may make exceptions to this rule.

### Care-givers

Most life lease projects allow caregivers to move into a resident's home. The caregiver may be a:

- family member over the age of 18
- professional support worker

The sponsor's approval is needed for this.





## Other factors to consider

As an informed consumer, consider the following factors before deciding to buy a life lease:

### Income and assets

Buying a life lease requires a large upfront payment. When considering whether this payment is affordable, the potential buyer should also consider whether the additional ongoing costs are also affordable. These costs include the monthly fees charged by the sponsor.

Property taxes and utility bills may also need to be paid separately, as well as any costs for care and meal services.

### Lifestyle

All life lease projects have their own community environment. Before buying a life lease, a person should consider whether the existing community at a life lease project is a good match with their interests and lifestyle.

A person may buy a life lease in a project even if they are not a member of the ethnic, cultural, linguistic or religious community it serves.

## Rules

All sponsors have rules that govern residents' behaviour. For example, sponsors may place restrictions on smoking or limits to the number, type or size of pets that residents may have.

### Subletting

Most life lease sponsors do not allow residents to sublet their units. This is another aspect to consider when deciding whether to purchase a life lease interest.

In instances where sponsors do allow subletting, they usually require that the person subletting the unit:

- meets the eligibility criteria established by the sponsor
- can live independently
- is aware of and agrees to follow the terms and conditions of the life lease agreement

To make sure that everyone is bound by the same terms, the sponsor may ask the life lease holder and the person subletting to sign a new agreement or an amending agreement.

# General rules and procedures

Each life lease housing project is different. For example, living in a life lease townhouse is different from living in a life lease apartment.

The marketing materials received from the sponsor usually give a good sense of what life would be like in a specific life lease community.

All life lease projects provide residents with a “rules and regulations” document that addresses the way residents are to treat the property.

## Smoking

Many life lease projects place limitations on smoking. This is more common in apartment-style buildings than in townhouse-style developments.

## Pets

Most life lease projects permit residents to keep pets, but they often impose certain restrictions.



The resident may need permission from staff before moving a pet into their home. The life lease project may also have rules about the size, type and number of pets.

Service animals are exempt from these types of restrictions under the Ontario Human Rights Code and the *Accessibility for Ontarians with Disabilities Act, 2005*. This means that if a resident has a visual impairment, the sponsor must accept their seeing-eye dog even if it is larger than what the rules normally allow.

## Renovations

If you are planning to renovate, it is a good idea to start by checking the rules.

Most sponsors will require you to submit a request outlining your renovation plans. They will check that proposed renovations will not negatively impact the property's structure, electrical wiring or plumbing. You must wait until you receive written permission to start renovations.

Some sponsors may have a list of pre-approved contractors to choose from.

## Finances

Some sponsors provide regular updates about the finances of the project, others do not. Most will share this information with lease holders who request it.

Sponsors may share financial information with residents by:

- presenting the information at a meeting to which all residents are invited
- providing documents to the residents' committee
- delivering documents to each life lease holder's mailbox

## Operations

### Board of directors

Often, a life lease board is responsible for the life lease project and other services the

non-profit organization offers. In some cases, residents may serve on the board of directors.

### Residents' committee

Life lease projects have some form of residents' committee or advisory council. This group may organize activities or raise issues with staff or the board on behalf of residents.

Residents' committees play an advisory role, while the final decision rests with the board of directors.

## Monthly fees

Life lease residents pay a fee each month for the provision of certain services. Sponsors may refer to these fees by names such as:

- maintenance fee
- common fee
- occupancy fee
- occupant charge
- monthly operating expense

- cleaning and maintenance of common areas and common elements (for example, hallways, parking lots, offices, street lights, pool or worship space, etc.)
- insurance on the life lease project's common elements
- services such as recreational activities, chaplain services and health and wellness programs

These will vary from project to project. It is a good idea to ask a sponsor for a written statement of what the monthly fees cover and do not cover.

### What is usually covered

- reserve fund contributions (to repair or replace common elements)
- regular reserve fund studies
- property management (for example, garbage disposal, lawn mowing and snow shoveling)

### What is usually not covered

- property taxes
- personal contents insurance
- cable television and internet
- utilities used in your suite or townhouse (for example, heat, electricity, water and air conditioning)
- services such as housekeeping, personal support and bus trips to local shopping centres
- repairs, renovations, or replacements of specific elements of your home



(for example, fixing appliances, paint, installing a grab bar, or replacing the refrigerator)

## Calculating monthly fees

The monthly fee is typically based on an annual operating budget that establishes the break-even cost of operating the project.

The amount of the monthly fee is determined by three main factors:

- size of the home: a life lease sponsor will often calculate the cost of each resident's monthly fee by charging a certain amount per square foot
- expenses related to the common areas: the costs associated with the common areas are normally distributed among all units
- number of support services and operating expenses included: the monthly fee will be higher or lower depending on whether:
  - services are included or optional (for example, daily meals and housekeeping services)
  - expenses are included or billed separately (for example, utilities and property taxes)

**Example:** Inga is interested in purchasing a life lease and is advised that in addition to the purchase price, there is a monthly fee calculated at 50 cents per square foot.

Inga's monthly fee for an 800 square-foot unit would therefore be \$400 per month.

## Fee increases

Unlike rental housing, there is no law in Ontario that limits how much a life lease project can charge for monthly fees.

Most life lease sponsors are non-profit organizations whose goal is to maintain a stable, happy, and healthy community, and raising fees dramatically would work against this goal.

Like rental housing or condominium housing, monthly fees in life lease projects are usually raised by a small amount each year to pass along the increased costs of operation.

The sponsor usually gives residents advance notice of an increase in the monthly fee.

On rare occasions, the monthly fee is raised by a more substantial amount to cover significant increases in costs of operation or to cover new or unexpected costs, such as major repair work.

## Cost of support services and activities

Some life lease projects provide many support services and recreational activities, others provide only a few and some provide no support services. Some of these services and activities are included in the monthly fee and others the resident pays for if they choose to use them.

Some programs are a blend of these two types. For example, a life lease project may include a

certain number of meals in the monthly fee but give the resident the option of buying additional meals if they wish.

The sponsor will usually provide a brochure that lists the kinds of programs and services a resident can expect if they move in.

**Example: Michel's monthly fee of \$675 includes daily breakfast and he usually cooks the rest of his meals. When necessary, Michel has the option of buying lunch and dinner from the life lease dining room at \$15 per meal, paid monthly.**

## Reserve fund

Like the reserve fund of a condominium corporation, the reserve fund of a life lease corporation is an account set aside by the life lease sponsor for future capital repairs and replacements to the building.

Most common elements of a building can be expected to wear out and require replacement over time. To ensure they have the money to pay for these capital projects, most organizations put money into a reserve fund each month.

The sponsor works to keep the reserve fund at a level that can cover expected replacements,

with some additional money to cover unexpected repairs.

## Reserve fund study

To determine how much money needs to be put aside each year, many organizations hire a professional to carry out a reserve fund study.

Reserve fund studies are usually prepared after three to five years of occupancy and then updated every three to five years.

While condominiums are required by law to conduct regular reserve fund studies, life lease sponsors are not required to conduct reserve fund studies—though many sponsors do conduct such studies.



# Buy a unit

## Unit that is already built

If you are considering buying a life lease unit that has already been built, you may want to consult your lawyer or real estate agent to help you obtain and understand the following information.

## Sale and resale process

Make sure you understand what model the project adopts. For example, market value price index or declining balance models.

If you are purchasing a life lease interest in the project, make sure you understand any applicable land transfer tax payment requirements.

You should also be clear on the resale process. For example, find out:

- the percentage of the resale price retained by the sponsor as a transfer fee (also called an administrative fee)
- if the sponsor retains any other fees from the resale price, such as refurbishing charges

## Monthly expenses

Make sure to confirm:

- cost of monthly maintenance fees
- how changes to monthly fees are determined
- if there is a limit to annual increases

Request a breakdown of what the monthly fees cover, how the fees are calculated and if there

are other bills to be paid in addition to your monthly fees.

## Reserve fund

Confirm how much money is currently held in the reserve fund and find out:

- whether a professional outside of your organization was hired to conduct a regular reserve fund study
- when the last study was conducted, what it found and request a copy
- whether the last reserve fund study identified needed repairs
- if the current reserve fund is adequate to cover needed repairs
- any restrictions on the use of the reserve fund

## Financial information

Request a copy of the life lease project budget for the current year and, if available, the next year. Confirm that residents can obtain a copy of the budget each year.

Request the last annual audited financial statements and the auditor's report on the statements and information about any borrowings of the life lease corporation or sponsor.

Find out the policy on the use of surplus funds and if there are opportunities for residents to provide input prior to decisions on major expenditures, such as:

- capital repairs



- replacements
- remodeling
- expansions

## Liabilities

Find out whether the corporation (life lease project or sponsor) is involved in any legal actions.

Request information on any anticipated substantial changes in the corporation's assets or liabilities.

## Insurance

Request a document confirming the insurance on the property and confirm details about the insurance coverage for the life lease project, such as:

- what is covered and what is not covered by the sponsor
- whether residents need to carry insurance for the contents of their unit (for example, furniture, personal possessions)
- whether residents need to cover any accidental damages that residents may cause
- any other types of insurance that residents need to carry
- if residents will be notified of any changes in the insurance coverage for the building

## Repairs

Confirm which building features the life lease sponsor is responsible for:

- maintaining

- repairing
- replacing

Confirm which building features residents are responsible for, if any.

## Rules and regulations

Request a copy of any by-laws or rules, find out how the rules and regulations are developed and learn what input residents have into setting them.

Determine whether a residents' committee or advisory council is in place, and if residents sit on the board of directors.

Find out what level of input residents have in the operations of the life lease project.

Ask for information on the process in place for resolving disputes between residents or between residents and the life lease project's managers.

## Services and programs

Request information on the kinds of services provided at the life lease project. Find out what is mandatory and what is optional.

Ask about the kinds of recreational activities provided.

## Getting a mortgage

Loans may be available, but they may be different from a mortgage because the life lease holder does not own the property.

In some cases, lenders may require that the life lease interest be registered on the title of the life lease property.

To find out about lenders in your community that are willing to make loans to life lease purchasers, get in touch with:

- your current banking institution
- the life lease sponsor
- other life lease owners

## Home inspections

Many home buyers will hire a home inspector to examine the property and identify any physical problems that may require repairs. A realtor may be able to recommend a home inspector.

## Unit that is not yet built

If you are considering buying a life lease unit that is still in development, you may want to consult your lawyer or real estate agent to help you obtain and understand the following information.

### Unit description

Request floor plans and a description of the unit. Ask about:

- square footage
- parking spots
- storage lockers
- security system
- any other features

### Construction schedule

Find out the number of other life lease interests in the building that have been sold and the percentages of life lease interests that remain to be sold before construction can begin.

Ask about the date the sponsor intends to begin construction and whether a full refund of the reservation deposit is available if construction does not start by that date.

Make sure to confirm:

- the expected completion date for the project
- the maximum period that a sponsor can postpone the completion date
- if a full refund of the reservation deposit is available if the project is delayed past the latest-allowed postponed completion date

Ask about the sponsor's cancellation policy, the penalty for withdrawing and the conditions for accessing the refund.

## Insurance

Confirm:

- the type of insurance the sponsor carries
- if the sponsor carries a minimum in-general liability insurance
- if the builder has all-risk insurance

## Deposits

Confirm the amount and timing of initial deposits. Life lease project sponsors usually request two deposits from purchasers while the project is in development:

- an initial deposit prior to construction
- a deposit when the project is ready to begin

Using deposits to fund construction exposes purchasers to the risk of losing their money



if the project does not get completed or the developer goes bankrupt.

Before making a large deposit on a life lease:

- request information on the conditions for the sponsor to use the deposit
- ask the sponsor to detail how the deposit will be protected

### End a contract before construction is complete

Some sponsors may have a voluntary cancellation policy that allows the holder to end the contract before moving in.

Some sponsors do not have this kind of policy in place. In these cases, the holder must wait until the project is built and then sell the life lease.

### Cooling-off period

Some life lease sponsors offer purchasers a "cooling-off period" after the buyer signs the purchase agreement.

During this time-limited period, the buyer may change their mind and get back the full deposit.

If there is no cooling-off period, it is a good idea to avoid signing a life lease agreement on the spot.

As with any major purchase, read the agreement closely and consult with family members as appropriate. Consider getting advice from a lawyer who understands life lease housing before making a financial commitment.

# Life leases and the law

Unlike rental housing (governed by the [Residential Tenancies Act, 2006](#)) and condominiums (governed by the [Condominium Act, 1998](#)), there is no legislation in Ontario that specifically regulates life lease housing.

The terms and conditions of occupancy are governed by contract law, and any provisions set out in individual life-lease agreements would apply in the event of a dispute before the courts.

## Applicable regulations

Many existing pieces of legislation apply to life lease housing in the same way they apply to other forms of housing, including:

- [Fire Code](#)
- [Building Code](#)
- [Planning Act, 1990](#)
- [Ontario Human Rights Code](#)

Two Ontario laws specifically mention life lease housing:

- [the Assessment Act, 1990](#) clarifies that life lease housing is considered residential for tax purposes (as opposed to a business, for example), as are houses and condominiums
- [the Land Transfer Tax Act, 1990](#) says that life lease buyers do not have to pay land transfer tax if the:
  - buyer plans to live in the residence
  - project is built and operated by a non-profit organization
- [the Retirement Homes Act, 2010](#) may apply to some life lease sponsors who

provide services such as preparing meals and assisting residents with feeding, bathing and personal hygiene

## Life lease agreement

The main legal document for this type of housing is the life lease agreement that the buyer and project sponsor sign. The agreement does not give the buyer property. Instead, it gives the buyer the right to occupy the unit until they sell the life lease or pass away.

The life lease agreement is referred to by many names, such as:

- right to occupy agreement
- life lease occupancy agreement
- life equity agreement
- life lease contract

## Binding contract

This agreement is a binding contract that can be enforced in a court of law, if necessary. Be sure to read it carefully before buying a life lease interest. It is a good idea to seek legal advice — you will want a lawyer that has experience with life lease agreements.

## Termination of a life lease agreement

The agreement spells out the terms under which a life lease may be ended early.

For example, the lease may be ended early if the lease holder:

- does not pay monthly maintenance fees



- does not follow the project's rules and regulations (for example continually makes excessive noise late in the evening)
- is unable to live independently without presenting a health or safety risk to self or neighbours

Life lease agreements usually give the sponsor the ability to end the resident's lease with only 30 days notice, if the sponsor determines that the resident is no longer able to live independently.

### Dispute a termination

There is no formal process to dispute the termination of a lease, unless one is outlined in the agreement. A life lease holder may negotiate with the sponsor or lodge a complaint with the board of directors.

Depending on the circumstances, the holder may also decide to take their case to a lawyer or file a complaint with the [Human Rights Tribunal of Ontario](#).

### Dispute resolution

In life lease housing, disputes may arise between the sponsor and a resident regarding rules or services. Some sponsors have a resident's committee or dispute resolution policy in place, while others do not.

The board of directors is not involved in the day-to-day operations of a life lease project. However, residents may raise an issue with the board if they are not happy with the way their concerns are being addressed by the management staff. The board's decision is final.

If the resident is still not satisfied with the process or the resolution, they may be able to seek outside assistance. Depending on the nature of their complaint, they may choose to contact a lawyer, a senior's advocacy group or the Human Rights Tribunal of Ontario.

### Consult with a lawyer

Some life lease sponsors require buyers to show that they have consulted a lawyer of their own choosing before they sign a life lease agreement.

Others will recommend that purchasers get legal advice but will not require it. In these cases, you may make a personal decision based on your research into the sponsor's track record and your level of familiarity with the specific life lease project.

When seeking independent legal advice, ask the lawyer:

- if they have experience with life lease agreements (choose one who is familiar with life lease housing)
- to review the life lease agreement
- to review any additional information provided by the life lease sponsor

### Lawyer referral service

The Law Society Referral Service can provide the name of a lawyer who practises in the relevant legal area. That lawyer will provide a free consultation of up to 30 minutes.

You can [request a referral online](#) or reach them by telephone at 1-855-947-5255 toll-free (416-947-5255 within the GTA).

# Quick tips and glossary

## Tips

- make sure the life lease sponsor or organization is reputable
- read the terms of the life lease agreement closely and get professional advice
- review the life lease organization's rules and regulations
- if you are buying a pre-construction life lease interest, make sure your deposit is protected
- consider monthly fees and other expenses in your decision to buy a life lease
- make sure you fully understand the processes for resolving disputes at your life lease project
- review the resale process in the event you decide to move from your life lease unit

## Glossary of terms

### Life lease agreement

The contract that gives the life lease holder (the buyer) the right to occupy the life lease unit.

### Life lease holder

The person who buys and owns the right to occupy a life lease unit.

### Life lease interest

The right to occupy a life lease unit, which is what a life lease holder owns rather than the unit property. When you buy real estate, you

own the title to the property. When you buy a life lease, you own an interest in that property. Some lease holders register their interest on the land title, but most do not.

### Life lease unit

The home. It may be a detached house, a row house or a suite in an apartment-style building.

### Project

The collection of all life lease units managed by a sponsor on a parcel of land (houses) or inside an apartment-style building or buildings (suites).

### Resident

An individual living in a life lease unit (whether the individual is the lease holder or not).

### Right to occupy

What the life lease holder owns. When a person buys a life lease interest, they do not buy property. Ownership of the unit remains with the sponsor. The life lease agreement gives the buyer the right to occupy (live in) the unit for a long period of time, usually for their lifetime.

### Sponsor

The organization that develops and/or operates a life lease project and usually has title to (owns) the land on which the project is built. Usually, the sponsor is a non-profit or charitable housing provider, seniors' organization, church or faith group, service club or ethnic association.

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