

HOUSING

1



Housing decisions

For anyone, choosing appropriate housing can be difficult. For many seniors, it involves issues such as health care, caregiving, money, transportation, community, family relationships, etc.

You value independence, and you prize the freedom and self-sufficiency of life in a house or an apartment. Still, there may come a time when you and your family have to consider other housing options. Maintaining a house and yard may get to be too much work; you or your spouse's health needs and care requirements may change; or you may stop driving and find that it's no longer practical to live where you are now.

There are many different alternatives available to you, and they may differ in each province/territory or municipality.

But with a bit of thought, research, information and preparation, you can weigh the options and make the choice that's best for you.

Contents:

- 1 Housing pg 1
- 2 Reverse Mortgages pg 5

INFORM YOURSELF

The key to making the right decision is always good information. If you are well informed, it's easier to think about and discuss issues, consider options and make the best decision.

Housing information has to be **specific** — that is, it must be relevant to the province/territory and municipality in which you live. It also has to be **complete**, so that you can learn about all the programs for which you are eligible and take advantage of them.

THINK AND DISCUSS

Perhaps the best place to begin is by asking yourself a few basic questions:

- What are your housing needs and desires?
- How will these needs change over time?
- What role might health or economic resources play?
- What options, resources and programs are available to meet your present and future housing needs?

At first it may seem overwhelming to face these questions, but it is necessary and it's not as difficult as you might think. Family members, friends, people in church and community groups can all serve as sounding boards and sources of advice, and most will be more than willing to help. The important thing is to **start thinking about your future housing needs and defining them**. Don't leave it until you face a crisis and are forced into a decision based on few options and little information. Often, the best way to start is by simply talking things over. Have a plan.

FIND OUT WHAT'S AVAILABLE

In Canada, housing matters are primarily within the jurisdiction of provincial and territorial governments. All provinces and territories, as well as many municipalities, provide housing information to seniors, often via seniors' information lines or counselling specialists.

In addition, several federal government departments and agencies have programs and information on housing that can be of great value. Among them are the Canada Mortgage and Housing Corporation (CMHC), Veterans Affairs Canada and Health Canada.

So where's the best place to go for information? A good place to start is the Internet.

Visit the Housing section at Seniors Canada On-line (www.seniors.gc.ca). It's particularly useful because it is set up geographically. Simply search under your home province or territory to display local housing information, programs or services. You can also search for federal government listings.

If you are more comfortable with the telephone, look in the government blue pages of the phone book under “Seniors”; you’ll find a list of provincial/territorial, municipal and federal sources of information. The public library is also an excellent source of information, and staff can be very friendly and helpful. Church and community organizations can often help you find answers to your housing questions.

For more specific information, you may want to consult a social worker at a family counselling agency, hospital or geriatric centre, or a community health nurse. These professionals know what is available for seniors locally.

WHAT ARE SOME OF THE OPTIONS?

There is a vast array of housing options available. Here are some you may want to consider, but remember they may vary from the ones available in your home province or territory.

Staying in your own home allows you to continue living independently. The Canada Mortgage and Housing Corporation has a variety of programs aimed at helping eligible seniors make repairs, modifications and adaptations to keep their homes safe. CMHC also provides information about home safety issues; go to their website (www.cmhc.ca), click on the “Individual consumer” shortcut, then on “Senior.” Many health-care and housekeeping services may be available locally for seniors staying in their own homes. Your doctor or family members can help you find out about these.

Co-operative housing: A co-op is a legal association formed for the purpose of providing homes to its members on a continuing basis. It differs from other housing associations in its ownership structure and its commitment to co-operative principles. The CMHC administers a number of co-operative housing projects for seniors across Canada.

Retirement communities: Also known as adult lifestyle communities, these provide independent living for retirees or semi-retirees, often in a vibrant community of seniors. You can enjoy the benefits of home ownership plus access to on-site recreational and community activities. The residences may be bungalows, townhouses, small homes, apartments or condominiums. The communities do not usually provide care choices, but they may include housekeeping and gardening services. Local real estate agents are often the best sources of information about retirement or adult lifestyle communities.

Life lease housing is a form of housing tenure developed specifically for seniors, and is similar in structure to a condominium. Typically, non-profit or charitable institutions operate life lease housing. A tenant is granted the right to occupy a dwelling unit in return for an up-front payment and monthly maintenance fees.

Supportive housing programs provide on-site personal support services for people living as tenants in their own apartments in designated residential buildings, such as a seniors' building. Programs feature personal support and/or attendant services, essential homemaking services, and staff on call to handle regular scheduled care and emergency needs. Supportive housing programs vary in each province and territory. Many such programs are operated by not-for-profit organizations, and their services are funded in whole or in part by the provincial/territorial government. There may be no charge for personal support and essential homemaking services, but tenants are generally responsible for paying for their own rent, food and clothing. Rent is often based on income as well as the cost of living in the community.

Retirement homes are private businesses that sell to consumers various combinations of accommodation, support services and personal care. Retirement homes are nearly all for-profit facilities, and as a general rule care and support services in these settings are neither funded nor regulated by provincial/territorial governments. Retirement homes can vary widely in terms of the care and services provided. Prices also vary, according to the type of accommodation and range of services selected. Residents are responsible for the entire cost of both accommodation and care services.

Social housing is affordable housing that is available for seniors (as well as families and singles) with low to moderate incomes. Owners of this type of housing include private landlords with rent supplement units, municipalities, and non-profit or co-operative corporations. Social housing units may be subsidized by a province/territory or municipality, or may receive a cost-sharing subsidy from the federal government to provide rent-geared-to-income units.



Reverse mortgages

You've paid off your mortgage and are debt-free, but you might find yourself in a bind: you could be asset-rich and cash-poor. Even with a valuable home that's completely paid for, you might not have adequate income to live the lifestyle you want, or to pay for the upkeep of your home.

If you're in this sort of situation, you may be considering a "reverse mortgage."

A LOAN THAT CAN CONVERT HOME EQUITY INTO CASH

For senior homeowners who have paid off their mortgage and own their home outright, a reverse mortgage is a way to turn equity into cash, without having to make mortgage payments or sell their home. It's also a way to provide housing security for the borrower.

In a conventional mortgage, a financial institution provides a sum of money to a borrower, and this loan is secured by the property or home that the borrower wishes to buy. The loan is paid off in instalments with interest, and the homeowner's equity increases as mortgage payments are made.

In a reverse mortgage, the lender advances a lump sum to the borrower or provides a set amount of money each month. The payment may be in the form of a line of credit, which can be drawn upon to a maximum amount monthly. Payments may also be received from an annuity, purchased with all or part of the lump sum.

Some reverse mortgages require repayment after a fixed term of years, but most do not have to be repaid until the borrower dies or moves out of the house. At this time the entire loan must be paid back, plus interest. This is usually accomplished through the sale of the property. The proceeds from a reverse mortgage are not taxed because they are classified as a loan rather than income.

If it's carefully planned, a reverse mortgage can be useful. However, there are several pitfalls you should be aware of.

THE PITFALLS

Reverse mortgages are complex and binding financial instruments, and can be difficult to understand. This complexity also makes it difficult to compare reverse mortgages or shop for the one that best suits your needs.

There can be other serious pitfalls with reverse mortgages. You might find yourself in default of your loan if you do not adequately maintain or insure your home, or if you do not pay your property taxes. In such cases, lenders might have the right to foreclose and sell your home.

If you take out a fixed-term reverse mortgage, your debt is constantly increasing against the value of your home, and the full amount of the loan will be due when the term is up. This type of reverse mortgage may be appropriate for people who need money only for a short time, but paying off the resulting debt all at once could be a significant burden. An unsuitable reverse mortgage could even use up all the equity in your home; in these circumstances, at the end of the term you might have to sell your home to pay off the loan.

HOW TO MAKE THE RIGHT CHOICE

When deciding if a reverse mortgage is right for you, what matters most is to be fully informed.

Reverse mortgages may make sense for some people, but are totally inappropriate for others. And the different types of reverse mortgages can have significantly different financial implications. You need to be careful in deciding between a straightforward reverse mortgage, an annuity, a fixed-term loan or a line of credit — and your choice must be appropriate for your needs and circumstances.

Before taking out a reverse mortgage, consider the following:

- Are other housing or financial options available?
- Have you taken into account possible costs and fees (for application and set-up, house appraisal or securing a loan, or for service charges, annual fees, etc.)?
- Will you need legal advice?
- What will the impact be on your surviving spouse or dependent adult children?

- Is there a penalty for getting out of the plan early?
- Is the contract understandable and does it provide you with a “cooling-off” period during which you can cancel the arrangement if you change your mind?

To ensure that there is always equity left over, it may be a good idea to borrow conservatively, based on only a portion of the value of your home.

Reverse mortgages can provide a self-financing solution to some seniors whose economic and social difficulties might otherwise force them to leave their homes. To make the right choice, be sure that you have complete information and proceed with extreme caution.

To find out about legislation dealing with reverse mortgages in your area, contact your provincial or territorial office of consumer affairs.

VISIT THESE GOVERNMENT OF CANADA WEBSITES:

Canadian Consumer Information Gateway
www.ConsumerInformation.ca

Reliable, single-window access to information on consumer topics, including fraud, health, children, food, housing, the Internet, the environment and communications. The site also carries the latest consumer news and special features.

Seniors Canada On-line
www.seniors.gc.ca

For Canadians aged 55 and over. A one-stop information resource to access relevant information found on federal, provincial/territorial and municipal government websites.

CONSUMER ISSUES FOR SENIORS

Consumer protection remains an important part of the federal, provincial and territorial governments' agenda. In a spirit of co-operation and to improve efficiency on the consumer front, the Consumer Measures Committee (CMC) was created under Chapter Eight of the Agreement on Internal Trade. The Consumer Measures Committee has a representative from the federal government as well as every province and territory. The CMC provides a federal–provincial–territorial forum for national co-operation to improve the marketplace for Canadian consumers, through harmonization of laws, regulations and practices and through actions to raise public awareness.

