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Mark.Simeoni@burlington.ca

December 9, 2022

Electronic submission only

ATT: Afra Kahn
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RE: Seeking input on Rent-to-Own Arrangements

Ontario Regulatory Registry Posting N/A, Proposal Number 22-MMAH018

Background:

The Province of Ontario is exploring the role that the rent-to-own home financing model may have in housing attainability. The province is seeking input to inform the consideration of its role in rent-to-own financing models as a way to support housing attainability in the province.

Comments:

The Rent-to-own financing model could contribute to attainable home ownership in Ontario if it were to be funded and supported appropriately by the Provincial Government. However, on its own, it will not increase the supply of housing or increase housing affordability for renters, some of the most vulnerable members of Burlington's community.

The [City of Burlington's housing Strategy \(2022\)](#) and the [Housing Needs and Opportunities Report](#) found that innovative housing solutions and alternatives to traditional ownership including rent-to-own, life-leases, co-operative housing and community land trusts could be used to help deliver increased housing options that meet the needs of residents at all stages of life and at all income levels. It will be important to consider exploring additional innovative housing solutions that together may improve affordability for low and middle income owners *and* renters.

Next Steps:

Please accept this letter and its attachment as the City of Burlington submission on ORR posting Proposal Number 22-MMAH018. Given the short period for consultation the attached comments have not been approved by City Council. This letter and its attachment will be shared with the City's Committee's and Council at the earliest opportunity. Should Council determine any additional comments or refinements to the attached comments are required the Province will be advised at the earliest opportunity.

Staff look forward to engaging with the Province to work towards to shared goal of more homes, faster.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark H. Simeoni". The signature is fluid and cursive, with a large initial "M" and "S".

Mark H. Simeoni, MCIP, RPP
Director of Community Planning

Feedback on Rent-to-Own Arrangements

Commenting Deadline: December 9, 2022

ORR posting: MMAH018

Comments

1. Do you think that rent-to-own arrangements are a viable way to support housing attainability in Ontario?

It is possible that Rent-to-Own arrangements could contribute to attainable home ownership in Ontario if it were to be funded and supported appropriately by the Provincial Government. However, it likely will not on its own, increase the supply of housing or increase housing affordability for renters, some of the most vulnerable members of Burlington's community. Further, it is difficult to assess the impact of rent-to-own arrangements on housing attainability given that the term "Attainability" has yet to be fully defined by the *Development Charges Act, 1997* and forthcoming Bulletins.

The [City of Burlington's housing Strategy \(2022\)](#) and [Housing Needs and Opportunities Report](#) found that alternatives to traditional ownership including rent-to-own, life-leases, co-operative housing and community land trusts amongst other innovative housing solutions could be used to help deliver increased housing options to meet the needs of residents at all stages of life and at all income levels.

Considering other non-traditional housing models along with rent-to-own arrangements could support the construction of more housing units faster and supply more housing options that meet the needs of middle and low income residents in communities.

2. Are there any barriers with rent-to-own arrangements that you think may be discouraging providers from offering this type of housing?

Without proper funding and incentivization from upper levels of government, there are minimal incentives for housing providers to deliver rent-to-own housing arrangements. There is a lack of competitive advantage(s) in comparison with traditional ownership models and this could discourage providers.

Further, Property owners would be required to act as landlords over the duration of the rent-to-own agreement, requiring them devote resources to the maintenance and repair of the properties.

3. Are there any issues with existing rent-to-own arrangements that make it difficult or unfavorable for clients, such as renters, to engage in them?

Rent-to-Own agreements do not provide any additional affordability to those attempting to enter the ownership market and in fact, require a household income substantial enough to be able to make an extra monthly payment on top of rent to accrue a down payment for the eventual purchase of the property. Additionally, some agreements require an initial down payment, in many cases, this will be cost prohibitive to many renters and could affect housing affordability for households with middle and low incomes. Further, the extra monthly payment may also affect the client's credit rating and create difficulties during mortgage application process.

4. Are there measures the government could consider to facilitate these agreements, such as making them more viable for housing providers, increasing client protections, raising awareness and public education on this alternate form of home ownership, etc?

Below, are a number of measures to be considered:

- Consider exploring a wider variety of non-traditional homeownership models and the role that the Province could take in supporting these models in delivering more affordable and attainable homes across the province;
- Consider providing funding sources to optimize the potential for the delivery of buildings with non-traditional ownership formats to encourage providers and clients;
- Consider make use of underutilized government owned lands by providing them to local and community-based organizations and municipalities to support innovative forms of affordable housing;
- Considering housing awareness and advocacy programs along with expanding partnerships with providers, community-based organizations and non-profit sector to leverage their knowledge and understanding of alternative forms of housing ownership; and
- Consider making non-traditional homeownership models responsive to client needs based on household income.