

A Home to Call Your Own

Introduction

In my house, every room, alcove, hall, and window is familiar. My sister's room is painted bright teal after a rebellious phase in middle school. My dad's door has a dent in its wood after he tried to move a couch all by himself. I have a favourite, quiet corner where I love to sit and read.

Owning a house allows you to build memories for life, in a place that's your very own. I think owning a house is the ultimate step in establishing a home for yourself and your family. Unfortunately, many families in the GTA are unable to access homeownership due to skyrocketing housing prices.

Rent or Buy?

It's true that renting can be a good option for some. First, mortgage payments can be much higher than rent payments. For those that can't meet the 40% rule - where no more than 40% of your income should go to housing and other debts - renting will allow them to have more budget for other needs and wants. In the GTA, this might look like low-income families or individuals, or young adults who are still building up their savings.

The stability of your employment also affects your choice. People with permanent, salaried positions are more likely to be approved by a lender, and be able to regularly meet mortgage payments without trouble. Segments of the population in precarious work, such as those in the gig-economy as ride-share drivers or food delivery people, or those employed by temp agencies, may find it extremely difficult to own a home.

Your lifestyle is also a factor. For young people who may be changing jobs and moving frequently, renting provides flexibility, low-commitment, and freedom. This includes students at post-secondary institutions who might move away for co-op or internships in the summer.

Pros of Owning

One major difference between renting and buying is that buying allows you to build equity. As you make mortgage payments, you build equity, which means you are increasing the percentage of your home that you actually own. In comparison, making rent payments does not add to the amount of equity you own. Instead, the money goes to your landlord. This means that renting is not a great long-term option financially. Being able to build equity brings you closer to owning your own place one day, which brings with it ultimate control, freedom, and independence. It also means that the money you pay for your mortgage isn't simply "going down the drain", but going back into the value of your home.

Owning can also be an extremely beneficial financial decision because houses increase in value. For those who owned homes during the pandemic, they saw their house values increase significantly. This can allow you to make money if you decide to sell in the future, and it can

contribute to the funds you can if you want to upgrade homes in the future. For most Canadians, their home is the single most valuable asset that they own.

Owning also provides more stability than renting. A fixed-rate mortgage, where payments are the same amount every month based on an agreement you sign with your lender, can be much more predictable and stable than renting. Unfortunately, landlords have a lot of power over how much rent is. Although there are laws and limitations to the amount they can increase, it is still possible for landlords to increase rent and leave their tenants unable to afford the home they had for months, or even years.

Ultimately, owning gives you control, whereas renting leaves you in the hands of your landlord. Housing is a necessity for everyone, which means that even if your landlord takes advantage of you or breaks laws regarding rent increases, tenants often feel powerless to fight back, and simply accept the rent increases. This causes them to make trade offs between other necessities, such as prescription medication, or food and childcare. It is never an easy decision to make when these basic needs are all necessities. Homeownership is a privilege.

Cons of Owning

Many cons of owning are also dependent on your income. For example, when you own a home, you become responsible for all ongoing maintenance costs. This can include all utilities, repairs, and other upkeep that otherwise your landlord would be responsible for if you rented. This can become a lot more expensive than people expect, which is why careful evaluation of your financial situation, as well as detailed budgeting should be done before you buy a home.

Owning also means less disposable income. Homeowners take on a lot of responsibility and debt, which can prevent them from investing elsewhere, such as in RRSPs, TFSAs, or ETFs and mutual funds. Most of their income goes to homeownership, which leaves little left for other needs and/or wants. For young families or adults that are new home owners, it might mean a lifestyle change. They might have to reduce recreational spending, such as eating out, going on vacation, or purchasing luxuries or expensive gifts. It is extremely important to meet your mortgage payments on time, which is why lenders meticulously check that you are in a stable employment position and are able to responsibly choose to own a home.

Lastly, homeownership is a large commitment. You can't sell your house overnight if your needs changes, or break your mortgage own a whim without facing large financial penalties. The return on investment for a home can also be slow, which is why it's often only profitable if you own a home for 5 years or longer. Considering maintenance or renovation costs, it can even be a negative financial decision if you sell your home too soon.

The problem for many Canadians

For adults with established lives, and especially families, owning a home offers stability that can be extremely fulfilling. Families that rent are living in a position of uncertainty. Rent costs can change within short periods of time, drastically affect their budget for other living costs like food, child care, and health care. This was exemplified during the pandemic, when the housing

market exploded, and left many GTA families who rented struggling to support themselves. Renting also leaves families under the whims of their landlords. Many experience struggles getting utilities repaired in a timely period, or infestations and broken roofs fixed, which can affect children especially. Privacy is encroached on when you have a landlord watching over and in a position of power over your family home.

Affordability in today's market

The 2023 Action Canada report found that for 1 in 3 Canadians, "home" belongs to someone else. Renting is growing in popularity, and 45% of renters were planning to rent indefinitely or were unsure when they buy. This trend shows that renting may be a long-term housing option rather than a temporary step. The report also found that the segments who face the most difficulty in affording to own a home are Black and Indigenous people, newcomers, seniors, and people with disabilities. All of this data points to the fact that many marginalized people in Canada simply cannot access homeownership in the way that my family has had the privilege of experiencing.

My future

For myself, after post-secondary education, I will likely join the 1 in 3 Canadians that rent their homes. However, this decision will be made out of lifestyle considerations rather than entirely affordability factors. Like my older sister, I want to work abroad, try new experiences, and explore what kind of lifestyle suits me best. I also want to try different jobs, such as working as a policy analyst in Ottawa, as well as moving abroad to work in non-profits internationally. Renting suits the level of flexibility that I want as a young adult.

When I do settle down, I want to own a home and have a family just like my parents did. However, I don't know if there will be a place for me in the GTA anymore, where I grew up. I hope that I can accomplish this, but I know that even with stable jobs, many can't due to the growing lack of affordable housing.

Next steps

Conversations about housing affordability saturate the news, as well as encroach the conversations I hear around me. As a debater, I am taught to see every conversation as an educational opportunity, and through debate I have realized how much about the world I don't know. I hope to study Public Affairs and Policy Management at Carleton University, specializing in the Development track, so that I can learn more about the issues affecting Canadians, whether it's housing affordability, healthcare, unemployment, or the environment. More importantly, I hope to learn about what the government can do to address these issues, and how they can most effectively implement these solutions.

I'm inspired by organizations like Action Canada that study and communicate issues addressing Canadians, like their report mentioned earlier, *On the Edge of Affordability*. They bring together teams of Canadians from all backgrounds, joined by their passion for policy and social change in Canada. After post-secondary education, I hope to gain experience in the policy field and

eventually apply to a fellowship at Action Canada, where I can help solve some of the problems that I'm learning about.

References

- Trinh, A.-K., Sanders, B., Matthews, D., Maynard, M., & Bruey, V. (2023). *On the Edge of Affordability: Increasing access to affordable housing for low-to-moderate income renters in Canada*.
<https://actioncanada.ca/publications/on-the-edge-of-affordability-increasing-access-to-affordable-housing-for-low-to-moderate-income-renters-in-canada/>