

Life leases can offer community living

By: Staff Writer

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It's a buzz phrase that's been around the real estate industry for some time now. Life lease. But what does it really mean?

Local "life lease" expert Bill Thiessen, a realtor with RE/MAX Performance Realty, says a life lease is exactly that -- a lease for life.

"This is a lease for the rest of your life," says Thiessen. "There is no term."

A life lease is a mechanism used by not-for-profit groups to provide housing for a group of people at an affordable rate. But it's not a low-income housing program, Thiessen quickly points out. It is a good way to manage costs for people.

"It's simply the best delivery agent for getting people into seniors' housing at the lowest cost," notes Thiessen.

Here's how it works. A specific group of people, such as a church congregation, decides they want to provide housing for some of their members. Say there are 50 parishioners who need a place to live -- the group commissions a builder to take on the project and then determines costs.

The actual cost to build the project is divided by the number of people moving in. Then each person is required to pay half of that amount up front as an entrance fee. The other 50 per cent is put into a bulk mortgage to pay for the rest of the building costs. Residents pay that off through their monthly lease payment for maintenance costs. They pay monthly fees as long as they live in the building -- thus, a life lease.

"It's the least expensive but most realistic way to get the capital to build a building," Thiessen explains.

Monthly costs go up only when the actual costs to maintain the building go up.

The other beauty about a life lease that differs from a condo is the total liquidity it offers. If you have to move or you need access to your money for something else, you can take out the money that you originally invested in the project any time you need it.

"The money you pay into that entrance fee is always returned to you when you need it," Thiessen says, "It provides complete liquidity."

The option to get your money out when you need it provides people with a safe mechanism for estate planning, Thiessen notes. He says people are always looking for an angle to life leases, but there really

isn't one. They are not-for-profit and while you do get your original investment back, you don't earn interest. You simply get back what you put in.

"It provides stability and a worry-free base for where your money is," he says.

Life leases have become popular in Winnipeg with a variety of different cultural groups. There are already many different life lease projects in and around the city, which are organized around faith and culture, such as Buddhist and Mennonite life-lease buildings.

"It's about providing a community," says Thiessen. "It's providing a group of people that definitely want to live together that opportunity."

While people could just buy a condo, investing in a life lease is much more than simply having a roof over your head, Thiessen explains.

In addition to living with people in your community who share similar interests or a common thread, a life-lease project is quite different and typically includes much more than a traditional condominium would offer.

For one, there are many more amenities. Take the newest life-lease project that Thiessen is marketing. The Cornerstone Life Lease Estates, to be located at Gateway and Knowles, not only provides seniors with brand- new housing in a community setting, it offers a wide range of amenities. Those include greenhouses, garden plots, a car wash, hobby rooms such as woodworking, and even a coffee shop.

"You can leave your suite and go to gathering places," says Thiessen. "It's a place for the community to grow together."

That community also evolves over time. While people might move in when they are 65, their needs are going to change when they reach 85. That's where the second phase of the Cornerstone life-lease project kicks in. Stage one is independent living, where people essentially live in their own condo and are totally self-sufficient. Stage two is assisted living, where people still live on their own but have access to services such as meal preparation and home care.

"We call it life in transition," Thiessen explains. "The two buildings in combination are an attractive thought for people in the future."

Demand for life leases is strong. Although construction on the Cornerstone Life Lease Estates project isn't set to start until November, the building is already 70 per cent pre-sold. Typically, pre-sale in condo projects is usually around 25 to 30 per cent.

"Interest is exceptional given that we don't have a building yet," notes Thiessen. "Northeast Winnipeg doesn't have many housing options and people want to stay in their own community."

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