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Canadians buying homes with family, friends to combat housing affordability woes: Royal LePage survey

According to a recent Royal LePage survey conducted by Leger, six per cent of Canadian homeowners co-own their property with another party, not including their spouse or significant other. Of this group, 89 per cent co-own with family members and seven per cent with friends. Another eight per cent co-own with someone who is not a friend or family member.

Concerning their co-owning situation, 44 per cent of co-owners say that they and all fellow co-owners live in the home together. A smaller percentage (28%) say that they co-own a home with another person(s), but they do not cohabitate. Six per cent of respondents say that they co-own a home with another person(s) and neither party uses the home as a primary residence, rather as an investment or recreational property.

The COVID-19 pandemic forced some Canadians to reconsider their living situation, with many choosing to share living space with friends or family in a time of isolation.

"Different generations of families living under one roof is not a new phenomenon, but has been growing in popularity in recent years," said Karen Yolevski, COO, Royal LePage Real Estate Services Ltd. "Census data shows that multigenerational households are now the fastest growing household type in Canada. Households group together for many reasons, including communal care for elderly parents, help raising children, cultural preferences or simply to be together.

However, the decision to live together, including co-owning a home, is a decision increasingly made for financial reasons. In an environment where home prices and interest rates have risen quickly and sharply, and where the threshold to qualify for a mortgage has become much more challenging, Canadians are pooling their resources and buying homes together. In cases where homebuyers cannot afford to purchase on their own, they are combining their buying power with their parents, children, siblings or even friends."

"In a market beset by reduced home supply, escalating prices, tightened mortgage qualification requirements, and the highest borrowing rates in more than two decades, many buyers are having difficulties securing the property that they want. Some Canadians are using co-ownership as a way of boosting their borrowing capacity or lowering their monthly mortgage costs, helping them achieve their goal of home ownership," said Yolevski. "By dividing the cost of a home between more people, Canadians can not only get their foot on the property ladder more easily, but also expand their home search to more desirable locations or larger properties that may not have been accessible with their budget alone."

Of those who co-own a home with another person(s) and live in the home together, nearly half (49%) say that they purchased the home with another party because they would not have been able to afford a home on their own. Thirty-eight per cent say that by co-owning, they were able to afford a larger property and/or a property in a more desirable neighbourhood. Thirty per cent say that they purchased a co-owned home because they required family support with childcare or taking care of elderly relatives.

"Opting to co-own with friends or family is not as simple as signing a piece of paper next to someone else's name – co-owning a home often comes with meaningful lifestyle changes, and requires in-depth conversations over financial, legal and personal obligations," said Yolevski. "Regardless of whether you live in the home with your fellow co-owners or not, the responsibilities of owning a home with other people are shared, but so are the benefits."

Ottawa MLS® Home Sales Hold Steady in Lackluster September

Members of the Ottawa Real Estate Board (OREB) sold 946 residential properties in September 2023. This was unchanged from September 2022.

"Sales activity came in right on par with where it stood at the same time last year but was still running well below typical levels for a September," says OREB's President. "New listings have surged in the past several months, which has caused overall inventories to begin gradually rising again. However, available supply is still low by historical standards, and we have ample room to absorb more listings coming on the market. Our market is also right in the middle of balanced territory, and while MLS® Benchmark prices are down from last year they are still trending at about the same levels from 2021."

The overall MLS® HPI composite benchmark price was $643,600 in September 2023, nearly unchanged, up only 0.5% compared to September 2022.

The benchmark price for single-family homes was $727,500, essentially unchanged, up just 0.6% on a year-over-year basis in September.

By comparison, the benchmark price for townhouse/row units was $510,900, a small gain of 2.5% compared to a year earlier, while the benchmark apartment price was $422,300, falling by 1.1% from year-ago levels.

The average price of homes sold in September 2023 was $675,412, increasing by 2.7% from September 2022. The more comprehensive year-to-date average price was $672,837, a decline of 6.5% from the first nine months of 2022.

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Home Appraisals: Who Owns The Report And Why You Might Not Get A Copy

Although prospective homeowners are typically responsible for the cost of their home appraisal, many are unaware that they usually won't receive a copy of the appraisal report. The reason behind this lies in the fact that the professional appraiser hired to assess a home's value doesn't actually work for the prospective homeowner.

In the world of mortgage lending, the saying "he or she who holds the gold, makes the rules" holds true. In other words, the party responsible for commissioning the substantial loan for mortgage financing has the authority to determine who pays for the appraisal.

This can be confusing for homeowners, especially when compared to other financial processes. For instance, financial institutions are obligated to provide clients with copies of their credit score assessments, even if a third party requests it. This transparency ensures that everyone involved understands a person's creditworthiness.

So, who owns the appraisal report? According to the Appraisal Institute of Canada (AIC), which represents most appraisers, the appraisal report belongs to the entity that commissioned it. In the context of financing, this means it belongs to the lender.

Keith Lancastle, interim CEO at the AIC, explains that even though homeowners foot the bill for the appraisal, they are not the appraiser's client. The appraiser's primary obligation is to their client, which is the entity that contracted them for the appraisal, typically the lender.

The Canadian National Association of Real Estate Appraisers (CNAREA) shares a similar stance on appraisal ownership. They follow the Uniform Standards of Professional Appraisal Practice (USPAP), where the report is considered the property of the client, which may not always be the party that pays for the appraisal. However, the client has the authority to share the report with other parties as long as confidential or licensed data is not compromised.

These strict guidelines on appraisal report ownership are in place to ensure that lenders receive the specific information they require. Different lenders may have distinct lending criteria, so an appraisal tailored for one lender may not be suitable for another.

Christopher Bisson, founder of appraisal tech company Value Connect, notes that appraisers prefer to know who the report is intended for to align it with the criteria that specific lenders typically request. This avoids unexpected discrepancies when switching from one lender to another.

While it's possible for appraisers to release the results of an appraisal with their client's permission, this doesn't happen frequently. However, clients may access appraisal reports in their early stages. Some mortgage representatives receive draft copies and make them available to borrowers.

Bisson recommends this approach when it's unclear which lender will handle a mortgage application. By informing the appraiser about the likely lender type, the report can be prepared according to that lender's criteria, reducing surprises.

Lancastle suggests that lenders may be hesitant to release appraisal reports to maintain a competitive advantage. This practice of homeowners paying for the appraisal has become a standard in the mortgage industry, forming part of the business model established by the lending community.