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February 16, 2013

Homeownership is not always about crunching numbers

Sometimes, even the experts get it wrong, or maybe not entirely right. In her new book, *Money Rules*, financial guru Gail Vaz Oxlade says that buying a home is not for everyone.

Her No. 1 rule: Renting is not a waste of money. "Home ownership can be a big ol' pain in the arse," she writes. "There are moments of joy and pride that come with home ownership, but it's not for everyone." So far so good.

Vaz Oxlade then sets out a list of people who should not own a home. In her world view, they are those people who:

- Haven't completed a realistic budget.
- Have a variable income.
- Work in an industry where employment is seasonal or erratic.
- Don't have the time, skills, desire or case to money with home maintenance.
- Will wipe out all their savings with the purchase.
- Move often.
- Can't afford to own in an area in which they would like to live.
- Are not financially responsible.
- Love being able to write a cheque for rent and then not sweat the details.
- Carrying any consumer debt.

Over the years, I have represented many thousands of home purchasers and can honestly say that the vast majority have successfully violated one or more of Vaz Oxlade's rules, and some have even violated most of them.

For most of these purchasers, homeownership has been a rewarding experience.

Let's look at the numbers. Based on Toronto Real Estate Board statistics, average Toronto-area home prices rose every year from 1967 (\$24,078) to 1989 (\$273,698), again in 1994, and from 1996 to 2012.

There was a market slump in the early 1990s, but from 1997 to 2012, prices have gone up every year.

Typical prices:

- 1996: \$198,150
- 2000: \$243,255
- 2006: \$351,941
- 2012: \$497,301

Clearly, then, those people who sat it out and waited until they could meet Vaz Oxlade's criteria have suffered financially. My own No. 1 rule is: Don't wait, and don't follow Vaz Oxlade's rules.

I have many clients who have made more money from real estate in any given year than from their salaries, despite having failed to meet Vaz Oxlade's criteria.

In an interview last month on the CBC radio program *Ontario Today*, Vaz Oxlade told host Kathleen Petty, "We have bought the belief that if you aren't working towards owning your own home you are an underachieving slug." (So much for empathy.)

What she misses, according to Toronto realtor Barry Lebow, is that there are two types of tenants: tenants by choice and tenants by circumstance. Lebow says that most of Vaz Oxlade's concepts work best for tenants by choice.

Some renters easily qualify for homeownership under Vaz Oxlade's criteria, but choose to be tenants for many reasons. They may, for example, not want to deal with condo board politics, and would prefer to deal with a single property manager or landlord. Others could pay cash for their homes, but just don't to be tied down, or have other uses for the funds.

The bottom line is that the decision to buy or rent is a very personal one, and for many it has nothing to do with money.

- For those who have either dipped their toes into the real estate market, or plunged in over their heads, real estate offers attractive features not found elsewhere, including:
- A principal residence is the only Canadian investment that remains totally free of capital gains tax. "Ordinary Canadians" can make huge amounts of money investing in their own homes or rental units.
- Even a homeowner who loses, say, 10 per cent of the value of a home, will still recover the remainder. A tenant gets back nothing.

For most people, home ownership is about more than dollars and budgets and leaky faucets. Lebow hit the nail on the head when he told me, "Homeownership is about the enjoyment of one's life, of raising a family and having something that speaks to the world: This is mine!"