IN THIS CHAPTER

» Looking at the differences between buying and renting

» Walking through the steps of renting a place

» Living in an apartment or rental house

» Considering renting a room in a private home

» Renting your way to home ownership

Chapter 1
Understanding the Basics of Renting

The day you sign a lease on a new apartment or house can sometimes feel like the beginning of a relationship. You and the property owner have committed to trust, transparency, respect, and keeping your word to honour the lease.

Maintaining your commitment to paying your rent on time, being a great neighbour, and keeping your home in tiptop shape are a few essential steps to being an excellent tenant.

Likewise, a landlord is committed to responding to your inquiries promptly and efficiently and always maintaining a professional and respectful rapport with you.

This chapter helps you get started with having a happy renting experience.

REMEMBER

When you're searching for a place to call home, note that such a home can come in many different shapes and sizes. Some people rent an entire house, some rent an apartment, and some rent a room or floor in a private house.

Comparing Renting a Place to Buying a Home

Why should you consider renting rather than buying a home? The upfront cost is the most significant difference between the two options:

- Home purchases require a down payment, often in the range of 20 percent of the purchase price. Closing costs add a further 3 to 5 percent on top of the purchase price. Buyers also have to pass a stress test to ensure they can handle future increases in mortgage rates at present income levels. These things all make ownership tough to achieve.
- As a renter, on the other hand, your upfront cost is the first month's rent and security deposit. Often, rent can be cheaper than a mortgage, but the money you shell out on rent doesn't build equity (unless you're in a rent-to-own arrangement, an option we discuss at the end of this chapter).

Here's how that breaks down for purchasing a $400,000 home:

- A down payment of 20 percent equals $80,000.
- At 3 percent, closing costs are an additional $12,000; at 5 percent, that jumps to $20,000.
- Added together, your upfront costs are between $92,000 and $100,000.

Upfront rental costs vary by market, but they'll almost certainly run much less than $100,000 for a similar property. A monthly rent of $1,500, for example, works out to $18,000 per year; add a deposit equivalent to the last month's rent, and you're at $19,500.

TIP

Consult with a mortgage professional to run the numbers if you're considering buying a home versus renting.

Getting an Overview of the Rental Process

Ready to rent? Great! The following sections cover the general steps of the rental process, from deciding which amenities you want in a home to signing the lease, paying the upfront costs, and moving in.

Also, we discuss some of the best apps to search for your home and how to ensure your application is approved.

Figuring out what you want in your new home

REMEMBER

When starting on your journey to find your rental, you may not know what kind of space you're looking for. And guess what? It's okay; finding a place to call home is a process of discovery. Don't get discouraged; get out and look at places. The more you explore and see, the more you understand what you don't want and what makes one space better for you than another. This process helps you discover what you love.

To figure out what you want in your new home, start with the amenities you must (or really, really want to) have.

- Does washing dishes bore you? You should include a dishwasher on your must-have list.
- Do you prefer to do your laundry in the privacy of your home? You may need an in-suite washer and dryer.
- Does the idea of having private outdoor space excite you? You may need to include outdoor space on your list.

Also think about the charm and aesthetic. Do you love wood floors? Do you like high ceilings? Do you prefer mid-century modern or contemporary finishes? You get the point.

Now, get your pen and pad, phone or tablet and make notes about what you want and what appeals to you. Your home should reflect you; it should exhibit your personality. When you truly live well, those boxes are checked off.

See Chapter 2 for more about figuring out which amenities you want in a rental home. Chapter 3 has details on considering different types of buildings and neighbourhoods.

Searching high and low for the perfect place

Looking for the ideal place usually begins on the right app or website. Many good websites and rental apps can help you find your new home. Here are a couple of the options you have:

- **Rentals.ca** is a national site that covers both purpose-built units and private units in homes and condo towers. Easy to use, with data on average asking rents for specific markets, it helps you know what to expect and lets you drill down by postal code, price, property type, and number of bedrooms. You can contact the landlord directly from the search page, and set up alerts for properties with similar characteristics.
- `PadMapper.com` is a simpler site than Rentals.ca. This platform offers similar search options but requires a sign-in to achieve full functionality.

Most of the major sites for searching properties are focused on the key urban markets. To search for listings in more remote and rural areas, consider Kijiji.ca and `Craigslist.org`.

TIP

When embarking on your search for a new home, making time to see all the listings as soon as possible increases your odds of finding your ideal home.

Applying to rent a space

You're employed and raking in an annual income that is 40 times the current asking rents, have a strong credit rating with excellent on-time payments, have 6 to 12 months of rent saved, and have gathered all the important documents you need. In other words, you're ready to apply for your future rental home! (If this seems daunting, see Chapter 2 for more info on what landlords want to see from a potential tenant.)

REMEMBER

When you apply for a rental, the most crucial factor to keep in mind is to make sure you can paint a picture of your ability to pay the rent. Your application will ask for various details to help a potential landlord verify your income, such as proof of income, including pay stubs; Notice of Assessment from your most recent tax filing and bank statements; proof of employment; and personal information required to perform a credit check.

TIP

A lack of regular income is not grounds for rejecting you as a tenant; Canada's human rights code protects tenants against income-based discrimination. However, you want to present yourself as the best possible candidate from a financial perspective. While you have a right to question why a landlord or property manager requires certain financial information, such as bank statements, know that the more credit-worthy you are, the better chance you'll have.

Getting approved for a rental says your application has demonstrated to the property manager or landlord that you're qualified to pay the rent. Nothing can stop you!

Chapter 5 has the full scoop on applying for your dream rental home.

Signing the lease and paying upfront costs

You've made it to the lease signing. The upfront cost at this stage is generally the first month's rent and your security deposit, which typically cannot exceed one month's rent (for this reason, it's sometimes known as the last month's rent because the landlord may retain it at the end of your lease — but the handling of security deposits is governed by specific rules.

REMEMBER

The amount of the security deposit will vary by province and sometimes by landlord. Some provinces count the deposit against the final month's rent and limit the deposit to one month's rent. Other provinces limit the deposit to a half month's rent. In some cases, the deposit is held separately and must be returned to the tenant with interest following a satisfactory inspection of the unit. (For more details on security deposits, see Chapter 6.)

Depending on the type of building you move into, you may need to pay additional upfront moving fees, such as the following:

- A pet fee or deposit
- A move-in fee or other administrative fee charged by the building

- A parking fee
- An elevator fee

REMEMBER

The preceding fees are generally associated with larger apartment buildings, especially condos. Rental buildings with ten or fewer units and private rental homes don't usually charge move-in fees. The first month's rent and security deposit are the most these properties typically expect you to pay.

Speak with your property manager, rental agent, or landlord about the fees in advance. Some may be refundable. You can usually pay all fees due at lease signing by certified cheque, credit card, or electronic payment.

See Chapter 6 for details on signing your lease and paying the necessary fees. Chapter 11 has the scoop on renewing your lease.

Moving and settling in

Moving can bring new renters excitement, joy, and even anxiety. The prospect of working around a cluttered sprawl of empty boxes, renting a moving truck, or hiring movers can be daunting. Don't fret; with preparation and organization, you'll be all packed in no time.

REMEMBER

Settling into your new home can take a few days or months. The most organized and detail-oriented renters unpack and settle in right away without missing a beat. Others settle in piece by piece, and they unpack when they can. One way isn't better than the other. It all comes down to your personality, preference, or timeline.

Settling in can sometimes mean getting to know the concierge, figuring out where the building's gym is, or getting to know your landlord (especially if they live upstairs from your basement suite). Initially, these nuances are part of settling into your new home. Understanding them quickly can help your transition and provide an initial sense of comfort.

Whatever feelings moving inspires for you, stay calm, get organized, and break the move down step by step. Chapter 7 can help. You've got this!

Taking on Life in Your Own Apartment or Rental House

Living on your own is freedom. Your home should be your sanctuary. It's where you go to recharge, reflect, and relax. If you've never experienced living on your own, renting your first apartment or house may be a pivotal moment in your life — a new beginning or even a coming of age.

The following sections go over some major aspects of living in an apartment or rental house.

Enjoying a range of amenities

Attractive amenities can sway your choice of rental. Essentially, *amenities* encompass those extra features and services a property offers beyond living space. Their purpose is to enrich tenants' lives and set a property apart from the crowd.

What qualifies as an amenity can shift with evolving trends and tenant preferences, but the following list highlights several amenities that may exist in your rental.

- **Fitness facilities:** On-site gyms, fitness centres, or yoga studios are popular apartment building amenities that provide an outlet for health-conscious tenants.
- **Co-working spaces:** As remote work continues to become more common, apartment buildings offering co-working spaces or business centres can attract tenants who need a place to work outside their apartments.
- **Common areas:** Spaces such as lounges, rooftop terraces, and green spaces provide tenants with places to connect and relax with neighbours.
- **In-suite laundry:** Having a washer and dryer within your unit saves you the hassle of going to a communal laundry facility, either within the building (often via an exterior entrance) or in the neighbourhood. It also avoids the need to fuss with tokens or change.
- **Bike storage:** Providing storage for bikes and even bike repair stations caters to environmentally conscious tenants and cycling enthusiasts.

- **Pet services:** Some rentals offer amenities like dog parks, pet washing stations, and pet day-care services for tenants with pets.
- **Package lockers:** Dedicated facilities for the safe delivery of packages have become a valuable amenity.
- **Innovative home features:** Some properties are equipped with smart home technology, such as keyless entry, smart thermostats, and home automation systems.
- **Swimming pools:** Whether indoor or outdoor, pools can be a desirable feature, especially in warmer climates.

Ideally, amenities transform your living space far beyond what you imagined. A full-service apartment building can provide an environment that isn't just about living but about lifestyle.

As you navigate your rental choices, take a moment to assess the perks various amenities bring, ensuring that they harmonize with your individual preferences and budget and enhance your living experience. Consider also the costs, as amenities will boost the monthly rent you'll be asked to pay.

REMEMBER

Amenities often come hand-in-hand with slightly higher rental costs, but the convenience they bring and their potential to elevate your overall living experience are worth considering. Depending on your budget, the premium attached to living in an amenity-rich building may be a wise investment. See Chapter 2 for more information on considering the amenities you want in a rental.

TIP

Don't forget about the neighbourhood amenities! Choosing a neighbourhood with a healthy number of public amenities, such as community centres, childcare, and rec centres, is a plus. Your neighbourhood is your community, and connecting with the things that help define it is good. Some of the most desirable neighbourhoods offer great parks, restaurants, cultural venues, and more, so if your budget allows it, make sure your new neighbourhood offers things you're drawn to. Flip to Chapter 3 for more details.

Living in peace with your neighbours

Whatever kind of rental you live in, getting to know your neighbours can be a good thing. Knowing you have someone who can alert you to an emergency or even changes in the building or new procedures or concerns, can be an asset. Some neighbours also exchange keys with each other as a backup in case they get locked out.

A PERK OF APARTMENT LIVING: (POSSIBLY) HAVING A CONCIERGE

One benefit of living in an apartment building — as opposed to a detached house or secondary suite — is having a door attendant. Of course, not all apartment buildings employ one; many condos do, while others have a friendly caretaker on site most days who provides an equally welcoming presence.

Your door attendant

- Helps keep your apartment building safe and secure
- Ensures that authorized guests and delivery people gain access to the building
- Keeps the lobby clear of hazards
- Alerts you to anything happening in the building
- Is sometimes the designated person to receive an essential item

In short, they're there to help make your life easier.

The relationship with your door attendant should be one of respect, care, and professionalism. Your door attendant is your friend.

In a time when people are building more and more relationships virtually versus in person, your neighbours can connect you with other neighbours or people in the wider community that may enhance your life. While it pays to be cautious around strangers, being a friend to others is the best way to develop your own network.

Chapter 9 has full details on how to live peacefully with neighbours, whether you're in an apartment building or a rental house. Chapter 12 covers following the rules and staying safe when you live in close quarters with others.

Working with a property manager

Property managers often take on managing a property that the owner doesn't live near or doesn't want to handle personally. A *property manager* is an individual or entity the property owner hires to oversee and manage the daily workings of their real estate property.

Property manager responsibilities can include the following:

- Setting and collecting rent
- Handling maintenance requests
- Filling vacant units
- Creating a budget for the property

REMEMBER

Depending on the owner, a property manager can be a single person or a management company. Either way, the property manager's role is to ensure that the place runs smoothly on behalf of the owner. That includes receiving tenant notifications about issues in their units and in or around the building.

In the case of a condo, there may be two property managers — the one employed by the landlord, who will handle in-suite issues, and the one employed by the building, who will handle issues related to the building as a whole. Many landlords will tell their tenants to contact the building's property manager directly, or copy them on any communications related to issues outside their suite.

The property manager is your first contact when you have a problem. For example, you should reach out to your property manager if your appliances stop working, if you have an electrical or plumbing problem, if your roof leaks, or if you see a hazard around your building.

Making them aware as soon as the problem arises is important. Most property managers want to address issues as quickly as possible to minimize the cost of repairs.

TIP

Most property managers work standard business hours (9 a.m. to 5 p.m.). If you call after those hours, you may get an operator who will record and report your issue to the property manager, who will then call you back.

See Chapter 10 for details on working well with a property manager.

Considering maintenance, repairs, and decor

Renting a property offers the advantage of alleviating concerns over maintenance and repairs because those are the owner's responsibility. However, you have to do your part in maintaining the property. That involves not only keeping the living space tidy, but also using it in a way that prevents any avoidable damage or harm beyond normal *wear and tear* (the expected deterioration of items through regular use). The owner is typically obligated to replace items that have exceeded their manufacturer-recommended lifespan.

Generally speaking, when repairs are necessary — for instance, if the dishwasher malfunctions — quickly notify your property manager or landlord. They coordinate with a service provider to evaluate the damage and proceed with the needed repairs.

For apartment buildings specifically, you may encounter a couple of different scenarios depending on the size of the building:

- In smaller buildings, tenants may be able (with prior approval from the landlord) to hire a repair person and pay the repair cost themselves. In these instances, they can then submit the receipts or invoices and have the charge deducted from their rent.
- In larger buildings, the landlord or property manager will typically coordinate repairs. Contact them, and let them take charge of the repair process, arranging necessary appointments with service providers. Often, they have preferred tradespeople they deal with and can sometimes obtain a better rate from professionals who know the building.

Tenants are generally not obligated to cover repair costs unless this is explicitly stated in the lease agreement.

REMEMBER

Familiarize yourself with the policies outlined in your lease agreement (discussed in Chapter 6), and promptly communicate any maintenance or repair concerns. See Chapter 10 for details on what to do when something goes wrong in your rental.

TIP

Also make sure that your lease spells out the cosmetic changes and upgrades you're allowed to make in your rental. Being intentional about designing a home that reflects your lifestyle can be inspiring and welcoming to you and your guests. You get to decide what style works for you as well as the furnishings that fit in the space to provide comfort, texture, and warmth. See Chapter 13 for details.

Renting Space in a Private House

Renting space in a private house occurs less frequently than renting an entire apartment or house (see the earlier section, "Taking on Life in Your Own Apartment or Rental House"). However, the right fit provides you with some benefits.

REMEMBER

Do your due diligence to find out whether the city or town allows you to rent this kind of place. Zoning laws may prohibit anyone from renting space within a private residence. While you may not be fined personally, you could be forced to move or face other consequences from living in a non-conforming unit (the unit may not be up to safety codes, for example, creating a risk to life and limb).

Before committing to this kind of rental, carefully consider the entire scenario. The following sections can help.

REMEMBER

Be aware that you're renting space within a private house and sharing everything in the home. Living in close quarters with the owner can be harmonious and peaceful, or sometimes awkward and cumbersome. These arrangements can be affordable and provide flexible lease terms, but you give up some of your privacy.

REMEMBER

Like with any other kind of rental, your lease agreement should spell out the monthly rent, security deposit, utility payment, and other essential details such as late fees, house rules, and the lease expiration date. How you and the landlord split the utilities in this situation can vary (50/50, included in the rent, and so on). Request a copy of the utility bills to confirm what you're paying. (See Chapter 8 for details on paying utilities and other expenses beyond rent.)

Living with your landlord: Pros and cons

Yes, living with your landlord is a thing. Happily, in most cases it doesn't mean occupying the same space. While many secondary suites are required to have a separate entrance, some landlords have shared entrances. This means that you're likely to cross paths with your landlord in the regular course of your day.

Some renters look for homes with an owner as the occupant. This setup gives the renter an added level of security and comfort. They get to live in a quiet, well-maintained building. They find comfort in knowing the owner can quickly address any concerns or issues with the building and rented space. (Most owner-occupants are responsive to problems right away because they understand that taking care of an issue immediately may save money.)

TIP

Another benefit is having someone who's lived in the area and can recommend the best local restaurants and shops.

WARNING

If you prefer to come and go as you like, host as many guests as possible, and have a more active and entertaining lifestyle, living with your landlord in part of their house may not be the ideal situation for you. Your coming in late when the landlord is sleeping may be seen as disruptive or create compatibility issues. (This warning goes the other way, too; living with a landlord who wants to party long after you've gone to bed probably isn't going to make for an idyllic home life.)

Just knowing that you're living with your landlord can make you feel like you have to walk on eggshells. You're likely going to see your landlord daily, even during awkward or contentious periods. Or perhaps you have a landlord who complains or nitpicks about every minor situation, such as leaving the mail in the mailbox or an item at the front door for too long. Whether their reminders are just annoying or actively passive-aggressive, this kind of potential interaction is something you need to consider.

Being mindful of others

REMEMBER

Especially when you're sharing a private home with multiple floors, monitoring your sounds, steps, and conversation tone is an important part of neighbourly courtesy. These small gestures go a long way towards a peaceful home environment. Chapter 9 has more details on being a thoughtful neighbour.

Being a mindful neighbour in this kind of rental scenario goes beyond just not acting like a jerk. If your landlord is elderly, consider offering to help carry their groceries. Perform random acts of kindness, such as baking cookies or giving flowers. When the homeowner is considering your lease renewal, they're going to think about whether you're a tenant who's respectful, professional, and caring.

TIP

When hosting guests in this kind of rental, be considerate and give your landlord a heads-up, particularly if you anticipate the gathering lasting into the night. If you have a great rapport with the landlord, you may even want to consider inviting them, too.

Contacting your landlord when necessary

REMEMBER

The million-dollar question is always "When do you contact your landlord?" The simple answer is when there's an emergency, or when something breaks down, as in the following situations:

- An emergency can include a fire, a leak, an electrical issue, or something else you think the landlord should be aware of as soon as possible.
- Most responsive landlords want to know immediately when something breaks or needs repair, especially a major appliance such as the stove, fridge, or dishwasher, or a key piece of infrastructure such as a toilet or bathtub (leaks are a big issue, especially in older buildings). The sooner they're aware of problems, the better. Issues or repairs that linger can cost more to deal with, so timely reporting saves money.

The lease signing is a great time to discuss what's considered an emergency and when you should contact the landlord. Most communications should occur during regular business hours, such as 8 a.m. to 6 p.m. or 9 a.m. to 5 p.m. In some instances and emergencies, you must contact your landlord after business hours, however. The lease will also contain language that covers these situations. For more information on getting help when things go wrong in your rental, head to Chapter 10.

Renting Your Way to Home Ownership

Many of us are familiar with lease-to-own arrangements for cars and other devices, but they also exist for housing. Rent-to-own arrangements occur in several types of real estate, and may be worth considering if you find a property you like enough to be your forever home — and the current owner is looking to sell.

Rent-to-own arrangements can be with individuals or through companies such as Clover Propeties in Ontario, Quebec and Alberta, and GVC Property Solutions in British Columbia. With an individual, rent-to-own arrangements can be long-term; with the corporate players, the timeframe is much shorter, usually until the tenant has paid sufficient rent to accumulate a down payment towards the home and has demonstrated an ability to manage monthly mortgage payments.

WARNING

Rent-to-own arrangements fall outside of standard rental arrangements, and need to be carefully structured to make sure your interests as the tenant are protected, and that the landlord meets the obligations to you as tenants. Of course, you also want to make sure you're living up to your responsibilities as a tenant — in particular, paying the rent on time.

Renting a property with a view to eventually acquiring means you're not throwing rent away, but building equity. The contract governing your arrangement with the current owner will outline your obligations, particularly around paying rent, and what happens to monies paid in anticipation of ownership should the rent-to-own arrangement suddenly come to an end. (Similar to a standard lease, the rent-to-own agreement will outline how much notice is required to terminate the agreement.)

Knowing the pros and cons of rent-to-own

A rent-to-own arrangement has several advantages, including,

- A tenant with a troubled credit history can improve the poor credit score and make themselves a better candidate for homeownership;

- The tenant has the opportunity to build equity rather than pay somebody else;
- The road to home ownership may be cheaper, because instead of paying interest on a mortgage, they'll be paying the owner directly in the form of rent;
- The property allows the tenant to prepare for home ownership before making the final leap;
- The tenant can manage the property with a view to eventual ownership, encouraging investment in its upkeep rather than making minimal improvements knowing it must be returned in the same condition as it was received.

The landlord, meanwhile, receives ongoing cash flow and may avoid the uncertainties that come from listing the property for sale at some future date.

However, there are potential disadvantages:

- The tenant may not acquire ownership, and some equity may be sacrificed, depending on the terms of the agreement with the current owner;
- The current owner may continue to want a say in how the property is managed, or in the case of an acreage, ask for continued use of a portion of the property;
- The tenant will likely have all the responsibilities of home ownership without actually holding title, placing them at increased risk.

Qualifying to rent to own

Similar to leases and mortgages, you'll have to prove your ability to make monthly payments to your landlord. You will have to meet the same criteria as if you were entering a standard lease, but knowing the landlord will also want to make sure you're able to eventually assume ownership. While you may not face the same stringent tests as a lender imposes on borrowers (because you're giving rather than receiving money), the landlord will want to make sure you're able to deliver the steady income required to guarantee monthly cash flow over the long-term.

Often, the monthly payments rent-to-own require great than standard market rents, meaning you may need to meet a higher standard to qualify for occupancy.

We discuss more about qualifying as a tenant in Chapter 5. Many of the same principles will apply to rent-to-own arrangements.

Drafting the rent-to-own agreement

Similar to a lease agreement, the rent-to-own agreement should state the term of the agreement, set forth a payment schedule (including any increases in rent over the term of the agreement), and when the transfer of ownership takes place. Similar to standard lease agreements, it should state the obligations and responsibilities of each side and what happens in the event of premature termination (for example, before the tenant acquires ownership).

WARNING

Any rent-to-own agreement should be carefully reviewed by a real estate lawyer to make sure your rights are protected and that you're not placing your financial interests at risk.

A successful rent-to-own agreement can be a mutually beneficial arrangement that gives you a roof over your head, greater certainty over your future, and allows the current owner to receive long-term cash flow from a property that supports financial independence.