YAHOO! CANADA FINANCE

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Denis Hancock's family is your typical Canadian clan. The program manager and his wife Sophie live in a spacious three-bedroom house in Toronto's trendy High Park neighbourhood with their 15-month-old daughter. He works, she stays at home, preferring afternoons playing with her child in their backyard than slaving away at an office. There's only one difference between Hancock's brood and his neighbours: they rent their 1600 sq/ft house.

Hancock's decision to rent, rather than own, their house wasn't taken lightly. He and his wife talked about buying, but with Toronto's high home prices — the average price tag is $322,059 for a standard house — and a desire to live in the city rather than the suburbs, they turned to renting.

"Renting is great, especially the flexibility," says the 32-year-old Hancock. "Like a lot of relatively young people, we haven't fully made all the decisions of exactly where we want to live, so until you really hammer out decisions, this option works."

The debate over renting versus owning has been raging for decades, with home ownership mostly winning out. But as the economy suffers, and with residential home sales largely declining since Q1 2008 (sales did reach pre-recession levels in May, according to the Canadian Real Estate Association [CREA]), renting is still a viable alternative to the expensive housing market.

"There is an undisputable fact that renting, in the short term, is cheaper than owning," says Doug Macdonald, a registered financial planner with Vancouver-based Macdonald, Shymko and Co. "In my city, especially with the high cost of real estate, people are asking themselves whether they should own or rent."

Bob Dugan, chief economist with the Canada Mortgage and Housing Corporation, says that owning is becoming increasingly more pricy compared to renting. In 2008, he explains, the average mortgage was about $1,600, while the average rent was $800, making the difference $800. That's an increase of $640 from 2001.

Dugan points out that he's not comparing apples to apples — the mortgage payment is for a house; the rent is for a two-bedroom apartment — but, "nevertheless, renting costs less than owning."

While there are many financial advantages to renting besides the cheaper monthly payments — no renovation costs, to name one — the biggest drawback is that it's not a forced savings vehicle like owning can be. For renting to work as an investment, figuring out what it would cost to buy a home, and then socking the difference away in an RRSP or TFSA, is a must.

However, most people aren't disciplined enough to do that. "While renting does allow people to do other things with their money, most people don't have the self-control to take those extra costs and invest," says Frank Wiginton, a certified financial planner with TriDelta Financial Partners.

Fortunately for Hancock, he learned to save at a young age, so he is putting away the extra money into an account. He pays $1,800 a month in rent, but he estimates that if he owned a house he'd spend roughly $800 a month in taxes and repairs. Therefore, he calculates, he's really only coughing up $1000 in rent.

A mortgage, he estimates, would cost him about $2,500, so he puts the difference — $1,500 — into an RRSP. He then deposits those tax savings into a TFSA.

"Saving is the hardest part," he admits. "But for whatever reason I've always been good at it."

Still, owning a home can pay off big time in the long term. While the housing market has stumbled the last few months, according to CREA, residential home prices broke their monthly record in May, with the average Canadian property costing $319,757.

With housing prices increasing, Dugan says that owning your abode is an ideal way to build equity. Homeowners also tend to have a higher net worth than renters. "A big piece of that is that they have this asset for which they have a lot of equity," he says.

"That asset is of tremendous value later," adds Wiginton. "Because if you don't have enough money saved for retirement or if your RRSP went down 30%, this is an asset you can leverage. You can borrow against it and still keep the property." A home's financial growth is also tax-free, unlike that of a portfolio.

If someone buys a house for $100,000 and sells it for $120,000, they've clearly made a nice chunk of cash with relative ease, says Macdonald. To get a $20,000 return on a non-real estate investment you'd have to earn $30,000 before tax , assuming the person is in a 33% tax bracket.

"There's a very significant financial planning aspect of this," says Macdonald. "The most wealth you do accumulate is after-tax dollars. When, ultimately at the end, you