



PRESS RELEASE



Canadian Mortgage News - National Archive 2005

Affordable Home Ownership Project Begins Construction

MARKHAM, Ontario, September 21, 2005 — The Government of Canada, the Government of Ontario, the Town of Markham and the non-profit development company Options for Homes held a sod-turning ceremony today to mark the start of construction of Old Kennedy Village, a project that will create 135 affordable condominium units in Markham for sale to low- to moderate-income families in need of affordable housing. The project is funded in part under the Canada-Ontario Affordable Housing Program.

The Honourable John McCallum, Minister of National Revenue and MP for Markham-Unionville, on behalf of the Honourable Joe Fontana, Minister of Labour and Housing, Tony Wong, MPP — Markham, on behalf of the Honourable John Gerretsen, Minister of Municipal Affairs and Housing and Markham Mayor Donald Cousens attended the ceremony.

The project will receive \$810,000 from the federal and provincial governments under the Canada-Ontario Affordable Housing Program, to create 135 one- and two-bedroom townhomes and stacked townhomes. The developer, Options for Homes, a private, non-profit corporation that works with Home Ownership Alternatives, will be able to offer the units below the average-market selling price to low- to moderate-income households.

Announced in November 2004, the Home Ownership Alternatives Pilot Project received over \$2.2 million in funding under the home ownership component of the Canada-Ontario Affordable Housing Program for 382 eligible units in 3 projects located in Toronto (Scarborough), Pickering and Markham. The objective of the pilot is to ease the demand for rental housing by assisting rental households to purchase newly built, affordable homes.

"Affordable housing is a priority for the Government of Canada and we are pleased that our provincial and municipal partnerships will assist Canadians in need to access quality affordable housing," said Minister McCallum. "The Options for Homes model is an excellent example of a creative way individuals with low- to moderate-incomes can realize their dream of owning an affordable home and represents a demonstration of our commitment to invest in affordable housing for Canadians in need."

"Our government recognizes the importance of making affordable homeownership a reality for Markham residents with low- to moderate-incomes," said MPP Wong. "The homes that will stand on this property will demonstrate to Markham residents that they belong to a community that values them, and I am so pleased to be here as we mark the beginning of construction."

"Markham Council is pleased to support this project which is helping to make housing available to low- to moderate-income households," said Markham Mayor Don Cousens. "It represents a new approach to affordable home ownership by providing a cost-effective, low capital cost to housing development, something that continues to be a need for all throughout the York Region. It is a way that Markham, as a character community, can provide support to our residents."

Canadian Mortgage News - Affordable Home Ownership Project Begins Construction

Options for Homes and Home Ownership Alternatives strive to make home ownership available to those in the Greater Toronto Area by providing affordable, quality housing. As part of the purchasing requirement, eligible families will require a down payment that will range from 0 to 5 per cent of the purchase price of the condominiums which will be at or lower than the market price of similar condominiums.

"Markham's willingness to participate in this innovative development and the support from their staff was inspirational," said Mike Labbé, President of Options for Homes. "Options for Homes looks forward to working with the Town of Markham, and the provincial and federal governments, to develop more affordable home ownership projects in the future."

The new Canada-Ontario Affordable Housing agreement, signed on April 29, 2005, comprises a commitment of \$301 million from each of the two levels of government. With this commitment, the federal, provincial and municipal governments will have invested at least \$734 million over the life of the Canada-Ontario Affordable Housing Program, to assist some 20,000 Ontario households.

For further information, please contact:

Kathie Howes
CMHC
(416) 218-3488

Patti Munce
Office of Minister Gerretsen
(416) 585-6333

Mike Labbé
Options for Homes
(416) 867-1501

For more information visit:

www.mah.gov.on.ca
www.optionsforhomes.ca

Backgrounder

The Canada-Ontario Affordable Housing Program Home Ownership Component

In November 2004, the Government of Canada and the Government of Ontario announced an agreement with Home Ownership Alternatives (HOA), a trust and non-profit corporation, to provide up to \$2.3 million in funding to build 382 affordable condominium units in three developments located in Scarborough, Pickering, and Markham for sale to modest-income families in need of affordable housing.

The program's objective is to ease demand for rental housing by assisting rental households to purchase newly-built affordable homes. Project requirements include:

- a selling price below the average-market selling price for a given area, and not higher than what is affordable to households with low- to moderate-incomes;
- if the home is sold within a 10-year period, the full government funding must be repaid; and,
- eligible projects will be located in neighbourhood revitalization areas.

Canadian Mortgage News - Affordable Home Ownership Project Begins Construction

Home Ownership Alternatives, a non-profit corporation with a 15-person board, acts as a trust organization by holding the regular second mortgages on units in projects that use the Options for Homes model, and provides start-up funds for marketing.

Options for Homes

Options for Homes was launched in 1992 by Mike Labbé and structured to bring low- and moderate-income people into the condominium market. The corporation has developed and built six Toronto area housing communities providing home ownership opportunities for families and individuals with gross annual incomes as low as \$40,000. Partnering with Deltera Construction Ltd., Options for Homes has a long-standing tradition of quality and cost-effectiveness in the Greater Toronto Area. Options for Homes is a private, non-profit corporation that finds residential land and designs, develops, and pre-sells low-priced condominiums to individuals of all income levels.

The Options for Homes model increases affordability by:

- charging buyers only the cost of building the unit;
- purchasing residential land that is cheaper than land used for private condo developments;
- reducing advertising costs; and,
- eliminating amenities, model suites and sales commissions.

Buyers are offered a payment-free second "regular" mortgage representing the difference between the cost of building the home and the home's market value.

Moderate and low-income people will be offered additional payment-free financing in the form of an additional "deferred" mortgage that provides further help with the down payment.

These mortgages are to be repaid when the home is sold, or at any time the owner can afford to do so.

HOA and Options for Homes will use any proceeds from regular and deferred second mortgage to start other Options for Homes affordable housing developments.

How it Works

Option for Homes coordinates the development of condominiums and town homes. Initial purchasers of condominiums and town homes form a Co-operative Housing Corporation to serve as the developer of the buildings, retaining Options as their development consultant for a fee for its services that are included in the purchase price of the homes.

For example:

- Condo unit costs Options \$100,000 to build while market value is expressed at \$110,000
- Options sells for \$100,000
- The difference of \$10,000 becomes the second mortgage. The down payment is based on the market value. So a minimum 5 per cent down based on the market value of \$110,000 is \$5,500
- The down payment is taken off the cost price (\$100,000) leaving the buyer with a mortgage of \$94,500, \$10,000 less than they would have had to pay at full market price
- As the condos appreciate, so does the second mortgage, an amount buyers must repay only if they rent or resell. This money then goes into an equity pool that is used to develop similar projects.

To buy a Options for Homes condominium, individuals:

- form a co-operative;

Canadian Mortgage News - Affordable Home Ownership Project Begins Construction

- retain Options for Homes to coordinate the development;
- obtain part of the financing as a bank mortgage; and,
- access the remainder of the financing from Home Ownership Alternatives

Projects Under Construction

Old Kennedy Village, Markham — Expected Occupancy Spring 2006

Located at 90 Old Kennedy Road in Markham, this project of 204 units is under development within blocks of the Milliken GO Station, the Pacific Mall, grocery stores, schools and banks. Units start at \$169,546 and range from 660 to 1,335 square feet. 60 per cent are sold.

McLevin, Pickering — Expected Occupancy Fall 2005

Located at 1200 The Esplanade North in Pickering, this 220-unit condominium is the final phase of Discovery Place. Highway 401 and GO Transit are just minutes away. Suites range in size from 540 sq. ft. up to 1,202 sq. ft., and each comes with a dishwasher and individual climate control. Units start at \$90,332. 86 per cent are sold.

Pentland, Scarborough — Expected Occupancy March 2006

This new community consisting of 271 units in an apartment building at the corner of Eglinton Avenue East and Kingston Road, on the edge of the Guildwood area of Scarborough. Units range in size from 1,200 to 1,300 square feet and prices start at \$91,400. 76 per cent are sold.