



PRESS RELEASE



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Affordable Homeownership Projects Open in Scarborough and Markham

SCARBOROUGH, Ontario, August 27, 2007 — Canada's New Government, the Government of Ontario, Home Ownership Alternatives Non-Profit Corporation and the non-profit development company Options for Homes celebrated the successful completion of an affordable homeownership pilot project that creates 382 affordable condominium units for sale to low-to-moderate income households in need of affordable housing.

Colin Carrie, Member of Parliament for Oshawa, on behalf of the Honourable Monte Solberg, Minister of Human Resources and Social Development; Brad Duguid MPP for Scarborough Centre and Parliamentary Assistant to the Honourable John Gerretsen, Ontario Minister of Municipal Affairs and Housing; and Mary Anne Chambers, Minister of Children and Youth Services and MPP for Scarborough – East attended the event.

"Canada's New Government is committed to supporting quality and affordable housing for low income families," said MP Carrie. "Through partnerships with the province and the private sector our government is making an important difference in the lives of families here in Scarborough and across Ontario, who are working towards building a safer, stronger and better future for themselves."

"I am happy to be here as we welcome the newest residents of Scarborough and congratulate them on the purchase of their new homes," said MPP Chambers. "The great success of this pilot program demonstrates the commitment of the three levels of government to work together with organizations such as Home Ownership Alternatives and Options for Homes to provide affordable housing opportunities for low-to-moderate income residents of Ontario."

The Government of Canada and the Government of Ontario entered a partnership with Home Ownership Alternatives and Options for Homes in November 2004, providing \$2.3 million in funding under the pilot phase of the Homeownership component of the Canada – Ontario Affordable Housing Program. The program's objective was to ease demand for rental housing by assisting rental households with low-to-moderate incomes to purchase newly-built affordable homes in three projects located in Scarborough, Pickering and Markham.

Under the partnership agreement, Home Ownership Alternatives agreed to help 382 purchasers by providing an average of a \$22,000 contribution to their down payments. In addition, \$2.3 million of government funds were contributed to provide an additional \$25,470 contribution to the down payments of 90 units of the 382 purchasers to allow households with incomes of approximately \$48,000 or less an opportunity to own their own home.

The first project completed under the pilot was Liberty at Discovery Place in Pickering, a 219-unit affordable homeownership project, with occupancy by homeowners in October 2005.

Attendees of today's event celebrated the occupancy of the next 262 units, located at the Village of Guildwood, in Scarborough. The final 140 units of Old Kennedy Village in Markham will be fully occupied by early October of this year, for a total of 621 units. All were offered at a low end market price of \$20,000 to \$50,000 below comparable units within the same municipalities. Because of this, many people of low-to-moderate incomes have been able to afford

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homes in these high-demand communities.

“What excites me the most is that this is not a handout; it is helping people to help themselves. All of the purchasers provided their own down payments, which were combined with government funds and Home Ownership Alternatives assistance to make their new homes more affordable” said Chief Executive Officer, Richard Owen, of Home Ownership Alternatives.

Options for Homes and Home Ownership Alternatives strive to make homeownership available in the Greater Toronto Area and across Ontario by providing affordable, quality housing. As part of the purchasing requirement, eligible families will require a down payment of only zero to five per cent of the purchase price of the condominiums, which will be priced at or lower than the market price of similar condominiums.

“I have been participating in government pilot projects and government programs for 28 years and I have never seen one that was announced, completed and fully occupied within 3 years. Non profit delivered affordable home ownership offers untold opportunities for addressing the housing needs of Ontarians,” said President of Options for Homes Mike Labbé.

The new Canada – Ontario Affordable Housing Program Agreement comprises a commitment of \$301 million from each of the two senior levels of government. In total, the federal, provincial and municipal governments will invest at least \$734 million in the program, which will provide affordable housing for 20,000 households in Ontario.

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[See related speech](#)

Backgrounder

The Canada – Ontario Affordable Housing Program — Home Ownership Component Pilot

In November 2004, the Government of Canada and the Government of Ontario announced an agreement with Home Ownership Alternatives, 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 low-to-moderate income families in need of affordable housing.

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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 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.

Home Ownership Alternatives

Home Ownership Alternatives is a non-profit corporation dedicated to creating ownership housing for low-to-moderate income households that contributes to healthy and economically diverse communities.

Under a formal Declaration of Trust, all of its assets are held in trust to assist in the development of affordable ownership housing.

Home Ownership Alternatives lends funds to co-ops to assist them with feasibility studies and land acquisition, and financial guarantees needed to support construction financing and new home warranties.

Home Ownership Alternatives also provides down payment assistance in the form of second mortgages to the co-op members purchasing the new homes. No payments of principal or interest are required until the home is resold, although the homeowner may choose to pay it out at any time. When the homeowner no longer needs assistance (by sale or by voluntary payout) the homeowner then pays out the mortgage plus a proportionate share of the increase in the value of the home. Home Ownership Alternatives then uses these funds to make new loans to create more affordable housing for new purchasers. In this way, the corporation preserves and increases its revolving fund of equity available to support its goal of creating affordable ownership housing.

During its nine years of operation, Home Ownership Alternatives has assisted the creation of 1,400 completed and sold homes, and is providing financial support for another 800 homes currently under development.

Options for Homes

Options for Homes was launched in 1992 by Mike Labbé, and structured to bring low-to-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. and Home Ownership Alternatives, 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 less expensive 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 are offered additional payment-free financing in the form of an additional "deferred" mortgage that provides further help with the down payment.

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

Home Ownership Alternatives and Options for Homes 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 \$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 an Options for Homes condominium, individuals:

- form a co-operative;
- 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 Completed

Old Kennedy Village, Markham

Located at 90 Old Kennedy Road in Markham, this project of 140 units is within blocks of the Milliken GO Station, the Pacific Mall, grocery stores, schools and banks. Units started at \$169,546, and range from 660 to 1,335 square feet.

The Village at Guildwood, Scarborough

This new community consisting of 262 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 435 to 1,300 square feet and prices started at \$91,400.

Liberty Place, Pickering

Located at 1200 The Esplanade North in Pickering, this 219-unit condominium is occupied. 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 started at \$120,790.