

## Options For Homes – Frequently Asked Questions

What is Options For Homes Affordable Home Ownership Model?

Options For Homes (Options) is a private, not for profit, corporation dedicated to providing affordable home ownership for low- to middle-income households. This is made possible because initial purchasers form a co-operative housing corporation retaining Options as a development consultant to build townhouse and apartment condominiums for them to own. The not for profit model eliminates most developer costs including marketing that can go as high as \$20,000 per unit. In addition, projects are designed simply, without frills like pools normally associated with multi-unit condominiums, meaning that they cost at least \$40,000 below similar sized suites in commercial developments. The Options ownership model also means that owners have opportunities at monthly meetings to get to know each other during the building period, which results in stronger communities.

How does the Options Alternative (Second) Mortgage Work?

The value-added Alternative Mortgage is provided by Home Ownership Alternatives Non-Profit Corporation (HOA) and allows purchasers to pay 15% less than the market value of the building or development. These mortgages represent the difference between the market value of the suite and the cost to create the suite. Purchasers make absolutely no payments on this mortgage while they both own and live in their suite. That's because it is designed to assist homeowners, not speculators. When owners sell, the mortgage is repaid in the original amount plus its equivalent percentage of any profit accrued through the increase in the price of the suite. In other words, if the suite has increased in value by 20% then the alternative mortgage has increased in value by the same percentage. That increased mortgage money is then used by Options for Homes to fund new projects. Since this mortgage has no debt service costs, it can be considered as equity and the CMHC counts it as a contribution towards the owner's down payment for the purpose of avoiding mortgage insurance premiums.

For whom can Options provide homes?

Options enable individuals or households with limited resources to own homes by increasing the amount of their Alternatives Mortgage, thereby adding to a purchaser's down payment. With loans from government and other sources, Options now hopes to offer 15% of the homes to households with moderate incomes and 10% to households with low-incomes. In addition, the Options model allows such households, many for the first time, to turn their monthly payments for housing into real equity.

Is Options willing to share its knowledge?

Options is not interested in becoming a national company with offices in each major urban area. Instead they prefer to train and monitor several non-profit organizations in the delivery of the Options concept in their respective regions. If the opportunities were sufficient in any given region, Options would train several organizations. To date, Options is working with organizations in Ottawa, the Kitchener-Waterloo area, Collingwood, Hamilton, Sudbury and Dorset areas of Ontario; the Vancouver area of British Columbia; and in the City of Montreal in Quebec.

What is HOA's relationship to Options For Homes?

Both Options For Homes and HOA were founded by Options' president Michel Labbé but are two distinct corporate entities. Options is a development consultant that advises co-operatives helping them to obtain access to residential land and pre-sell ownership homes to low- and moderate-income households. These co-operatives apply to HOA for pre-construction financing.

How do we make it work?

Simple put:

- 1) Buy land
- 2) Find a community-minded contractor to set a firm price
- 3) Establish a non-profit delivery agency

Where possible, defer municipal costs and use federal and provincial programs to support the initial capital investment further reducing the unit costs to the individual home purchaser.