



# OWN Housing Literacy Series

## “What Really Works in Creating Affordable Housing?”

January 20, 2011

### Options for Homes: A Nonprofit Marketer and Developer of Condominiums

The **OWN Housing Committee** launched its new “**Housing Literacy Series**” on January 20, 2011 with Michael Labbé, President and CEO of Options for Homes, a nonprofit corporation, as the first speaker. This series is looking for who is really building affordable housing in Toronto. Options has developed nine projects since 1993, providing 2,158 cost-effective (affordable) condos/townhouses for individuals and families with average incomes of less than \$50,000. Options develops high-quality buildings built by Deltera, the construction arm of Tridel. They offer studios to five bedrooms, which help create blended income and diverse communities. Options was named an “**Affordable Housing Champion**” by the City of Toronto in 2010.

Michael Labbé formed Options for Homes because he strongly believes that home ownership builds personal capital, reducing poverty. His affordable housing financial model is a template for other organizations to use across Canada. The model delivers condos/townhouses for approximately \$40,000 less than retail, by forming a cooperative corporation. Once the owners take possession of their units the building is registered as a condominium corporation. Money is saved by not adding fancy amenities, like pools, as this drives up costs and increases future maintenance fees.

The value-added **Options Alternative (Second) Mortgage**, an integral part of the Options model, amounts to approximately 13% of the market value of a unit. This amount is based on the difference between the cost and full market value. For mortgaging purposes, this amount is added to the down payment, reducing income required for the first mortgage. While owners live in their units, they make no payments on the second mortgage. But when they sell or rent their units, the second mortgage is due and payable, plus any real estate gains on that portion (13%), which deters speculation. When a second mortgage is paid, the money goes to a special fund for the building of future affordable homes. Currently that fund has \$18 million and Options has another 512 units in development.

We were delighted that Michael Labbé could join us to address his question, “**How do we solve poverty?**” He believes that this can be achieved by building home equity, increasing financial literacy and creating greater access to the housing market.

**Contact Info: Options for Homes – 416 867-1501, [www.optionsforhomes.ca](http://www.optionsforhomes.ca)**

*As of January 2011 - Marketing Cranbrooke Village – Bathurst & Lawrence*

*Units: 1 Bed: from \$163,279\* (515 ft), 2 Bed: from \$251,329 (785 ft), 3 Bed: from \$318,013\* (1025 ft)*

*\*Prices represent Cost Price. A 13% contribution to your down payment is added to establish the purchase price.*

**The Older Women’s Network, OWN Housing Committee – Housing Literacy Series: “What Really Works in Creating Affordable Housing?” – Lecture # 1, Jan. 20, 2011**

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