

# OPTIONS BACKGROUNDER

## **OPTIONS FOR HOMES IN 100 WORDS OR LESS:**

Most people these days can't save up the necessary down payment to buy a home - real estate prices outstrip their ability to save. Options for Homes helps close the gap. Options develops exceptionally built condo communities across the GTA, and offers a down payment boost of up to 15% to purchasers.

## **A BRIEF HISTORY:**

Options for Homes is Canada's largest non-profit organization providing affordable home ownership opportunities and down payment support, without government subsidy. Since pioneering the model that led to the creation of the first three condos in Toronto's Distillery District over 23 years ago, Options has helped over 3100 families and individuals achieve the dream of home ownership.

## **THE OPTIONS MODEL IS BUILT ON 4 KEY PRINCIPLES:**

1. Removing all profit margin that traditional for-profit developers add to a home sale.
2. Reducing developer costs, such as marketing costs that normally go as high as \$20,000 per unit.
3. Building quality developments without frills such as pools and gyms, thus lowering condo maintenance fees.
4. Allowing purchasers to initially pay 10%-15% less than market value for their suites thanks to the Options Down Payment Loan.

## **HOW DOES THE OPTIONS DOWN PAYMENT LOAN WORK?**

The Options Down Payment Loan is a loan which allows purchasers to initially pay up to 15 per cent less than the market value of their new home. It is intended to assist residents, not speculators. Options for Homes gives purchasers 15% of the sale price, and purchasers repay Options 15% of the resale value of the home. Homeowners can choose to repay the loan when they sell or rent their home, or anytime before that – with no interest. The repaid loan is used by Options as down payment assistance for the next family in need.

## **OUR FUNDING MODEL:**

We are a non-profit. The repaid Options Down Payment Loan is what would typically be a builder's profit. But because we're a non-profit, we only take a small fee (2.5%) to run our office and staff of 15. The rest of the money becomes a "hand up" to purchasers. Our funding partner, Home Ownership Alternatives (HOA - also a non-profit organization), offers our purchasers the second mortgage and manages all aspects of that transaction.

## **OUR CLIENTS:**

- We have helped over 3,500 people get into home ownership, and we enjoy a 43% referral rate which contributes to our cost savings that we pass along to purchasers.
- Our purchasers have nominated us for many of the industry awards we have won over the years.
- At our Danforth Village Estates development (which is currently in construction):
  - 63% of purchasers were first time homebuyers
  - 76% of purchasers are within the 50th income percentile
  - 12% of purchasers have incomes under \$31,000
  - Average HHI 53,000

### **OUR BUILDINGS:**

- We build condos using Deltera, Tridel’s construction arm.
- We can offer the lowest prices because we don't use expensive marketing campaigns to sell our Condos, and we cut out expensive amenities like pools and gyms (which also keeps maintenance fees lower).
- Options built the first three condos in the Distillery District and 10 more since then, all of which have appreciated as much or more than market rates.
- We are scaling up to meet the growing demand created by the current “housing crisis”. Options has completed 10 communities across the GTA, currently has 2 developments in construction, 2 in pre-construction sales and 6 in the pipeline.

### **WHAT HAS OPTIONS DEVELOPED SO FAR?**

To date Options has ten condominiums completed, two under construction, and three in the development stage. Options has provided home ownership opportunities to over 3,100 households. All Options buildings are developed by co-operatives. This allows the purchasers to have a say in the decisions affecting their homes. Once the purchasers move in, the buildings are registered as condominiums and purchasers close on their homes as standard condominiums.

<b>Project Name</b>	<b>Occupied</b>	<b># of Suites/ Townhouses</b>	<b>Location</b>	<b>Development Value</b>
Weston Village Co-operative	1997	42 townhouses	Lawrence Ave. & Weston Rd (TO)	6 million
St. Lawrence Co-operative	1999	95 suites	Parliament and Front Streets (TO)	17 million
Parliament Square Co-operative	2000	181 suites	39 Parliament Street (TO)	32 million
Mill Street Co-operative	2001	144 suites	Beside St. Lawrence Co-op (TO)	27 million
Shermount Co-operative	2003	51 townhouses/ 380 suites	650 Lawrence Ave West (TO)	70 million

Mclevin Co-operative	2005	220 suites	Pickering Town Center (Pickering)	40 million
Pentland Co-operative	2006	37 townhouses 225 suites	Eglinton Ave E. & Kingston Rd (TO)	50 million
Old Kennedy Co-operative	2007	140 stacked townhouses	Old Kennedy Rd and Steeles Ave E (Markham)	35 million
Kintyre Co-operative	2010	643 suites	Keele & Dundas St. W. (TO)	162 million
Dell Park Co-operative	2014	341 suites	Bathurst St. and Lawrence Ave. (TO)	90 million
Heintzman Co-operative	under construction	250 suites	Danforth Rd. and Eglinton Ave. (TO)	72 million
Birchmount Co-operative	under construction	275 suites	Main St. and Danforth Ave. (TO)	80 million
Milton Centre Co-operative	under development	116 suites	Main St. E. and Thompson Rd. (Milton)	32 million
Carleton Street Co-operative	under development	150 suites	Carleton St. and Sherbourne St.	68 million
Home Buyers Co-operative	under development	234 suites	Weston Rd. and Lawrence Ave.	50 million
<b>TOTAL</b>		<b>3,524 suites</b>		<b>831 million</b>

## CEO



### **Heather Tremain B.A. March, LEED AP, Loeb Fellow**

Heather Tremain is the CEO of Options for Homes, an organization that uses an innovative financial model to help low and moderate income families become home owners. Under Heather's leadership, Options, Canada's largest developer of affordable ownership housing, has grown to have over \$650 million in its development pipeline. As an advocate for affordable ownership housing, she has been central in the formation of a national network of providers, who have come together for the first time to make a shared submission to the federal government for the much-anticipated National Housing Strategy.

Heather's career has focused on social purpose real estate and sustainable development. She founded and led Urban Fabric Group, a consultancy that acted as a strategic real estate and development advisor to non-profits. Prior to Urban Fabric, Heather was the co-founder and CEO of reSource Rethinking Building, a Vancouver-based green building consulting and development company which was recognized as a leader in mainstream green building. reSource impacted over 40,000 housing units in the province of British Columbia. On the development side, she was responsible for reSource's delivery of multifamily housing projects including the award-winning Verdant project - an innovative green affordable home ownership building that delivered homes significantly below market, protected over the long term.

She forayed into entertainment, co-creating a 39-part television series, Healthy Home, which aired on four continents. Heather sits on the Advisory Committee of the Ryerson University Centre for Urban Research and Land Development. She has a master's degree in Architecture from the University of British Columbia and an undergraduate degree in Political Science from McMaster University. From 2008-09, Heather was a Loeb Fellow at Harvard University's Graduate School of Design, and a Visiting Fellow at Lincoln Institute of Land Policy.

**“Toronto is home to all levels of income earners, so it goes without saying that everyone who works to make this city great should be able to live here as well. With most units bought by families whose average income is \$53,000, we are able to help Torontonians realize the dream of homeownership in a vibrant community.”**  
– Options for Homes CEO, Heather Tremain

### **Our Mission**

Options for Homes provides cost-effective home ownership for households of all income levels without government subsidy. By striving to create strong and lasting relationships with our partners – from homeowners to suppliers and builders such as Deltera (a member of the Tridel group of companies) – we strive to build strong homes and communities.

### **Our Vision**

A world where wealth is managed to the benefit of both society and the planet.

### **Our Values**

Our core values are community, selflessness and working together to achieve a common goal for the common good. We believe in strong communities, strong societies and supporting each other.

# FREQUENTLY ASKED QUESTIONS

## **DOES THE OPTIONS MODEL REQUIRE GOVERNMENT SUBSIDIES?**

Options does not depend on government subsidies. While we have accessed public lands at market rate, and have received government loans for some developments to further lower costs for owners, the Options concept is designed to give households the means to buy homes without any form of government subsidy. It has also been designed to refocus real estate market mechanisms directly at the issue of affordable housing in such a way that hundreds of families who did not have the means to buy homes, now can. We're able to do this because we operate on a revolving fund that has been successful for nearly 25 years. When purchasers pay back the Alternative Mortgage, that money is used by Options as a down payment loan for the next family in need.

## **HOW DOES TORONTO'S OPEN DOOR POLICY HELP CREATE MORE AFFORDABLE HOUSING?**

- 1. By making land available** - We are very interested in responding to the upcoming RFPs.
- 2. By Fast-tracking approvals** - This supports us in creating homes, faster. It also makes creating units less costly. Shorter development cycles mean less interest paid over the length of the project.
- 3. Through financial benefits** - The City is hoping to defer development charges for 400 affordable ownership units per year. With these deferrals, we can deepen affordability.

## **ARE MUNICIPAL DEFERRALS A SUBSIDY?**

No. A subsidy implies that the monies are a grant. The development charges are merely deferred for up to 10 years. The City has already been deferring development charges for some time. The Open Door policy is an expansion of the process. We welcome this change. It's our hope that the program will deliver as expected.

## **FOR WHOM CAN OPTIONS PROVIDE HOMES?**

Anyone who can secure a mortgage and pay at least 5% of the purchase price of the home at the time of closing is eligible. Options enables individuals or households with limited resources to own homes by increasing the amount of their down payment. In addition, the Options model allows such households, many for the first time, to turn their monthly payments for housing into real equity.

## **WHY CAN OPTIONS DO WHAT NO ONE ELSE HAS BEEN ABLE TO DO?**

By focusing exclusively on cost-effective development procedures Options brings a unique perspective to the housing market. Options eliminates costly amenities, vastly reduces marketing costs, and eliminates overall development profits. An average reduction of \$50,000 per suite has been achieved to date in the City of Toronto and \$20,000 in smaller municipalities. Also, by focusing loans to increase an individual's down payment – something no

one else does – Options allows most households the opportunity to own a home. Options prides itself on being self-supported.

### **WHY IS OPTIONS FOR HOMES SUCH AN IMPORTANT PROGRAM TO HAVE IN PLACE IN THE CITY OF TORONTO?**

Options for Homes is part of the many solutions needed to tackle the city's housing issues. Our down payment assistance program helps to support working families which otherwise would not be able to afford a home in Toronto - which in turn keeps the city diverse and preserves the middle class.

### **WHAT CHALLENGES DOES OPTIONS FACE?**

The biggest barrier we face is skepticism, that this must be "too good to be true". It's hard for people to believe that there are organizations like Options for Homes who care so much about preserving the middle class in our city. We care because we don't want to lose our key workers, artists and the young people that contribute to making Toronto the vibrant city that it is. Home ownership strengthens cities by preserving the middle-class, contributing to multi-generational wealth and stability for individuals.

### **IS THERE SOME SORT OF DEFAULT INSURANCE REQUIRED?**

No.

### **WHEN THE HOME IS SOLD, THE PROFIT GOES BACK TO OPTIONS?**

No. Homes in Options' developments are resold by the homeowner on the open market, at market rates, just like any other home. When the home is sold, the original purchaser enjoys the equity and pays back the appreciated Options Down Payment Loan only.