

Housing crunch brings diversity to market

A positive side effect is emerging from southern Ontario's housing affordability crunch, say members of the Toronto Home Builders' Association.

"While you may curse the high prices in this region, they have brought one welcome change — increased product selection," says Gord Mason, president of Mason Homes.

"There is a greater diversity of product out there now," he says. "Builders have been forced to be innovative to reach the first-time buyer."

Geranium Homes responded by building subdivisions in small centres outside of Toronto, including Cobourg, Lindsay and Cambridge.

"It's been tougher and more challenging this past year," says Earl Rumm, president. "But it's been very rewarding."

"The price of land is the key to building homes that people can afford to buy. And land prices are much more reasonable in these smaller centres."

Garden homes

Stolp Homes responded to the affordability crisis by introducing garden homes at its Mapleview subdivision in Barrie. These are condominium homes built in clusters of eight. There are four homes on the main floor and four homes above.

The homes on the lower level have walk-outs to a yard and the upper level homes have balconies. All homes share a park.

"The big word is affordability," said Michael Wilson, senior vice president for Stolp Homes. "This is the first step in the housing ladder. Instead of making the first buy a semi-detached home or townhouse, we offer the garden home. It has less privacy but is more affordable."

The three builders stressed that innovative moves by the home building industry are putting homes within the financial reach of first-time buyers.

Innovative designs

Mason Homes also sought lower land prices by building outside of Metro Toronto, but went one step further to bring prices down.

Mason mixed his selection of traditional house styles with some more innovative designs.

Buyers can now choose from all brick homes, brick and siding homes or brick and Tudor homes.

"The siding is just as attractive as brick, just as functional but costs a little less," says Mason, building Southgate Village in Barrie and Bridlewood in Peterboro. "The variety of styles also enhances the streetscape of a community."

Mason also took one of his backsplitted homes and arranged a cheaper price tag to it for any buyers willing to finish the lower level in their own time.

But the first-time buyer is not the only one facing the affordability crunch, says Sue Webb-Smith, marketing director with Geranium Homes.

She says many people who already own homes want to move up to larger ones, but can't afford the prices.

"Moving to Lindsay, Cambridge, Cobourg or Barrie where you can get a spacious house on a large lot at a very reasonable price is something that a lot of people in Toronto are seriously considering."

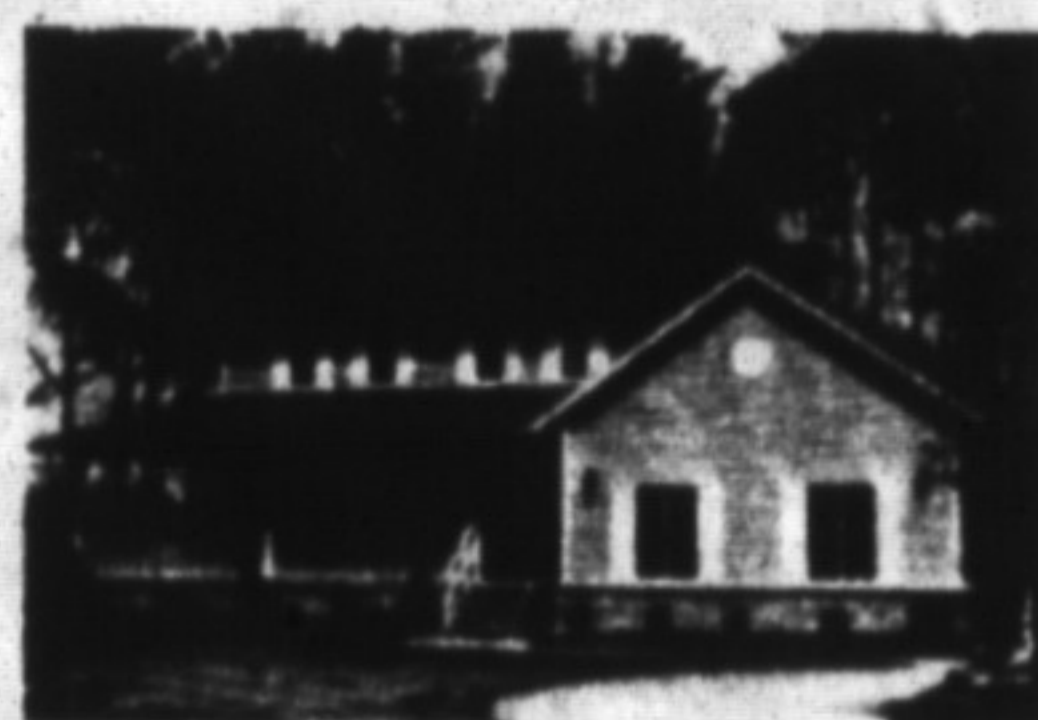
For more information, call the Toronto Home Builders' Association Housing Information Hotline at 391-HOME.



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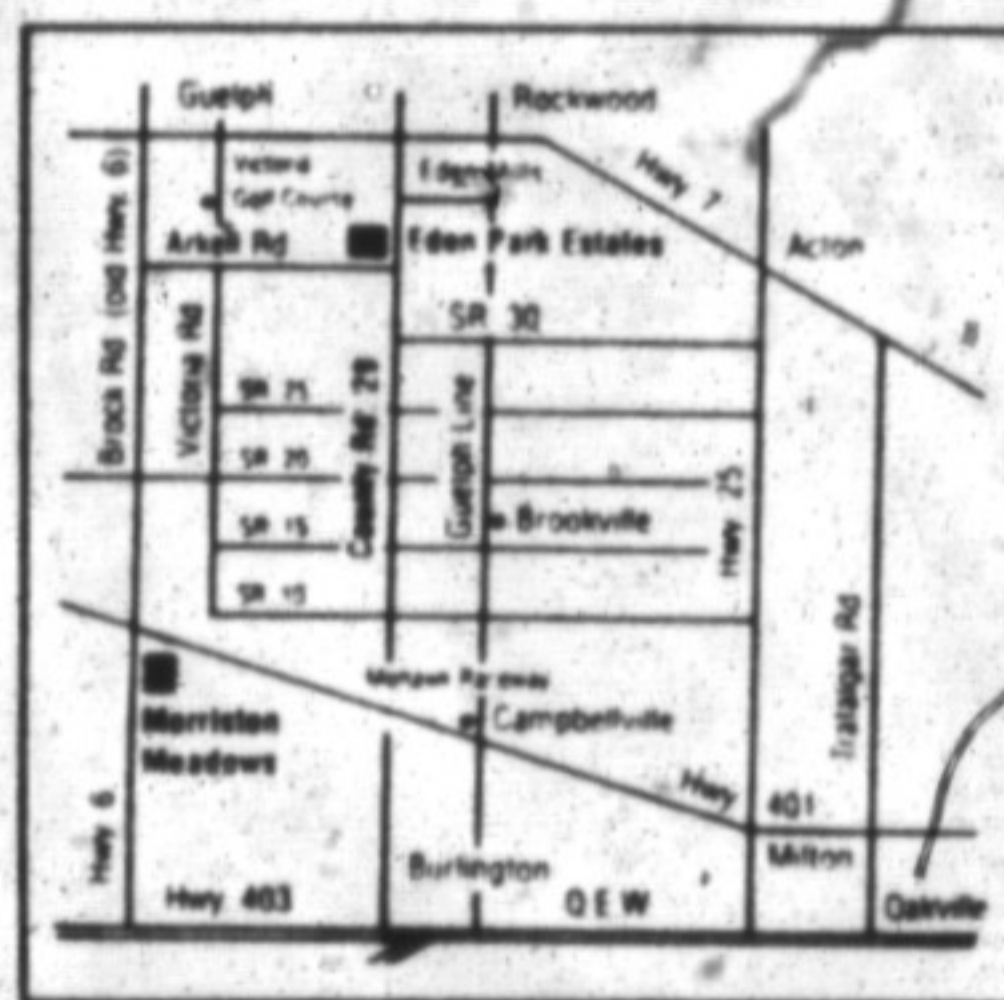
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Four key principles of investing

By BRIAN THRIPPLETON

Among the principles of investing are the following:

- 1. Best results will come from ownership rather than loanership over the long haul. That is, in equity rather than in fixed income investment.
- 2. That borrowing to invest when the interest is tax deductible makes sense when the investment is one of quality.
- 3. The investing systematically benefits by what is known as "dollar cost averaging" and can be done monthly with fixed amounts of money.
- 4. That there is dependable expertise and reporting behind the investment.

A plan which unites all these is a "Own and Loan Plan" offered by a major trust company which owns a family mutual funds with some excellent track records over the past 10 or more years.

If you invest \$250 a month for example, the trust company will lend you the same amount, so that you will have \$500 worth of units purchased for you according to the price per unit — these are published daily in the press. \$500 is the amount needed to open the plan; \$100 the least monthly amount for the loan.

The interest rate is Royal Bank Prime plus 1.5 per cent. This is high at the moment — 16 per cent — but likely to fall. Interest only is all that is required, and is tax deductible either on a monthly basis or at the end of the tax year. The deduction is done by automatic monthly cheques.

If you were to invest a total of \$500 a month, you would have over five years — the length of the plan — a total investment of \$60,000, half of which would be loan. The value of the fund then could be around \$90,000 by using a 15 per cent average annual growth rate. This is based on past records and is used for illustration only.

After five years, the loan is paid off, or renewed for another term. In our illustrations, the average annual reduction of tax is around \$3,000 a year at a 40 per cent bracket.

The same trust company offers a "Match your RRSP loan plan".

This allows you a dollar-for-dollar loan depending on the amount invested in the mutual funds. The loan costs are the same as above, but amortised over 10 years. If you wish to make your RRSP work for you now, this is one method where you have 10 or more years ahead to build it up substantially. There is a minimum amount of \$2,500, but no maximum.

□ Brian Thrippleton is an investment planner with A.I.C. Investment Planning Ltd., Oakville Corporate Centre, 849-4700.

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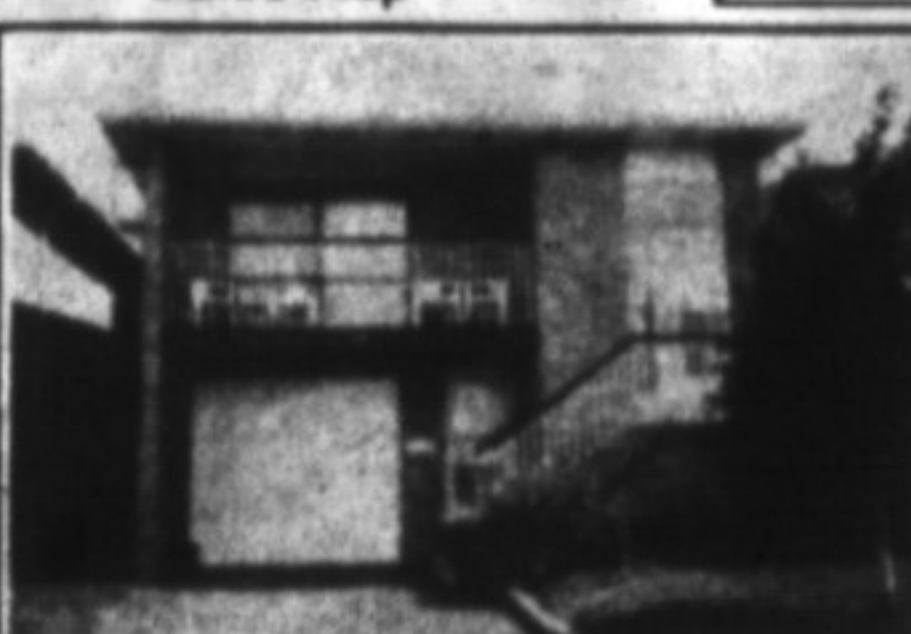
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LOVELY LOT LOVELY LOCATION

This large 4 bedroom backsplitted offers ground level entrance, great for nanny's quarters or in-law suite, huge family room with fireplace and eat-in kitchen. \$219,900.



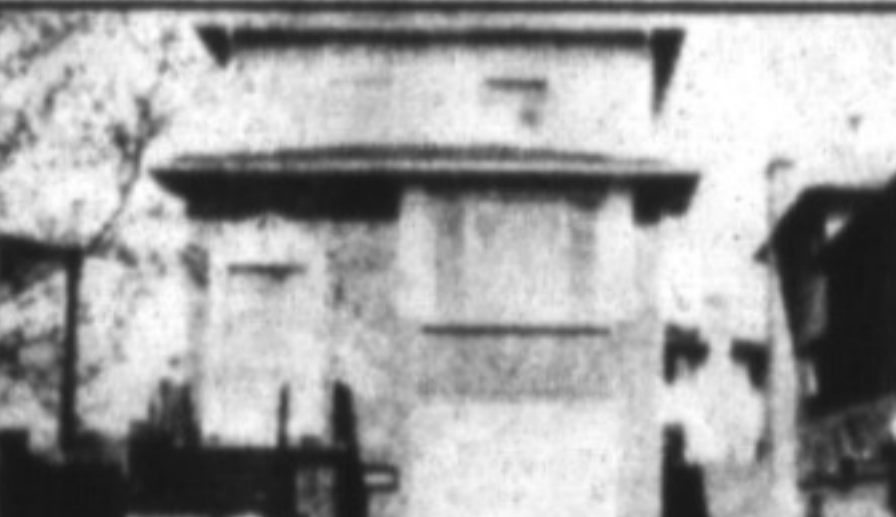
NEAR KILBRIDE MUSKOKA SETTING— 25.3 ACRES

This architecturally unique home invites the most discerning. Vaulted ceilings, solarium and skylights are but a few features this home has to offer. \$549,900.



NORTH BURLINGTON COUNTRY WHAT A VIEW!

This lovely bi-level brick bungalow is nestled in 1.8 wooded acres with access to the Bruce Trail. Call Lina or Wayne for more information. \$389,500.



TIMBERLEA GEM ON QUIET COURT

This immaculate 3 bedroom home features lots of living area including: main level laundry and family room with fireplace (+ gas insert) and walkout to patio. Spacious living and dining room, airy and bright eat-in kitchen. \$199,000.

LOVELY RURAL SETTINGS
One acre (treed) in village of Moffat \$179,900.

One acre near Derry Road in Milton \$194,900. Surveys and financing available. Vendor says make an offer.



MAURICE MILJOUR
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CUTE & CHARMING - MILTON

This little home is nestled among huge old trees on the bank of 16 Mile Creek in Milton. The owners have reshaped and remodelled to create a bright and open concept. The kitchen has new cupboards, floors & ceilings finished in pine and four skylights plus a Florida room with an airtight stove. ~~\$176,999~~. Contact Listing Broker Maurice Miljour 878-4577 res. Reduced to \$164,900.



C-1 FUTURE COMMERCIAL - MILTON

Magnificent three-storey home on Main Street with unlimited potential. Approximately 3000 sq. ft. of elegant living space with many unique features. Contact listing broker Maurice Miljour. 878-4577 res. \$599,000.



SKOOPERS - MILTON MALL

This Ice Cream and Yogurt Parlor is an excellent opportunity to own a successful and fully operational year round franchise business. \$145,000. Contact listing broker Maurice Miljour. 878-2365.