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\$400K FOR A FIXER-UPPER?

With \$250,000 in their pockets, first-time homebuyers out of luck in York Region, salesperson says

BY DAVID FLEISCHER
 Staff Writer

It used to be the suburban dream: An affordable house on the fringes of

the city with a spacious yard, the perfect place to start a family.

But the downside of our booming housing market is becoming apparent as

starter homes, once a defining feature of York Region, are disappearing.

"It was just shocking," said Leanne Shapiro of the house-hunting expedition

she and husband, Ari, recently endured.

The couple rent in the Dufferin Street and Rutherford Road area of Vaughan with their two-year-old daughter, Natasha.

They were hoping to find something nearby, if not even closer, to the Jewish community centred to the east and south. A conveniently located daycare centre for Natasha was also a consideration.

"A couple of houses came up in the area and the price was astronomical. Or the house was tiny or in terrible condition," Ms Shapiro said.

On multiple occasions, they went to a listing that proclaimed it was a premium lot, only to find railroad tracks in the backyard or nearby, she said.

But the Shapiros' situation is hardly unique.

According to a first-time homebuyers survey by Genworth Financial, the average price of first homes in 2006 was \$222,000 in Canada.

You don't have to do much looking around York Region to see that such average homes are few and far between. The average cost of a home in York Region is now in excess of \$400,000.

Since that number takes the entire region into account, it is easy to see how those who work in Toronto are finding it harder to find a nice, new home close to the Steeles Avenue border.

Ninety-five per cent of Coldwell Banker agent Tara Rosen's clients are first-time homebuyers and, with an average of \$250,000 to spend, there is virtually nothing to show in the southern half of York Region, she said.

Some houses can be found in Newmarket and Georgina, and there are some condominiums in that range in Richmond Hill, "but close to the city? Forget it," she said.

The good news for those in the market, however, is banks want your business and are creating programs to help new homebuyers get their foot in the door.

Down payments are often the biggest barrier for new homeowners, so Scotiabank has started offering a 100 per cent mortgage program.

A second Scotiabank program pays the 5 per cent minimum down payment for those who opt for an insured five or seven-year fixed rate mortgage.

"We saw quite a few Canadians saying that owning a home was an important financial goal, but a significant group said they weren't achieving it because they couldn't afford a down payment," Scotiabank's managing director of mortgages Charles Lambert said.

The payback program and the 100 per cent mortgage are part of an overall evolution in the market, he said.

"Our goal is to be able to get first-time homebuyers into a new home," Mr. Lambert said.

He said business has been pretty steady since the program was launched last October.

In June, First National Financial LP launched its own program, called the Self-Insured Mortgage.

Everyone who buys a house while making a down payment of less than 20 per cent must make a one-time mortgage insurance payment, but First National's program helps them shave 40 per cent off that payment.

On a \$250,000 home, that amounts to an approximate \$1,000 savings.

The Canada Mortgage and Housing Corporation (CMHC) also has incentive programs.

Those purchasing an environmentally friendly home, for example, can receive a 10-per-cent refund on their mortgage loan insurance. They are also eligible for extended amortization periods.

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