Affluent buyers are turned away from this downtown condominium

Many persons are turned away from new housing developments because they don't earn enough to qualify for a mortgage on a house in the suburbs.

But at 40 Homewood Ave. in downtown Toronto, applicants for apartments in the 31-storey condominium tower are being turned away because their incomes are too high.

The project, built under Central Mortgage and Housing Corporation's (CMHC) "innovative housing program," is designed for those of modest income.

Result is that many who never thought they would be able to own a home are now proud homeowners. They include laborers, hospital workers, hotel employees and tradesmen.

Others are those who thought they would have to put off home ownership for some time: mainly young professionals at the low end of their earning power.

Secret is the variable interest rate provided in CMHC's scheme, sliding between 7 7/8 and 9 1/2 per cent, depending on the income of the purchaser, and a long, 40-year repayment period.

This means that the monthly mortgage payments of two purchasers of the same type of unit, priced at $19,000, could vary by more than $21.

The suites are priced from $11,200 for a small bachelor apartment to $23,900 for a two-bedroom penthouse suite. Prices vary with height and there are six different models.

Under condominium, each purchaser obtains title to the unit he occupies and owns in common with other purchasers such common elements as elevators, corridors, land and recreation facilities.

At 40 Homewood Ave. - the project has no other name - total monthly payments vary from $113.91 for a small bachelor unit to $245.90 for a large two-bedroom unit. There are many variations in between.

For example: A one-bedroom apartment on the 12th floor, selling for $16,940, would require a down payment of $847. Monthly carrying charges would be $173.06 made up of a $106.89 mortgage payment at 7 7/8 per cent, common expenses of $27.50 and estimated property taxes of $36.69.

Sixty-five per cent of the buyers so far previously lived in the downtown area and less than 1 per cent previously owned their own homes, according to George Kerr, spokesman for the builder, the Meridian Building Group Ltd.

More than 72 per cent of the project has now been sold and finishing touches on the building will be complete in early September, he said. “What we have experienced here is the desire of people to own.”

Many of the residents formerly lived in a single rented room or in a flat. Used to living downtown, few have cars, which Kerr estimated is another savings of more than $1,500 a year, which represents a big chunk of the mortgage payments.

In addition to owning their own well-tailored suites, also available to the residents are: An indoor-outdoor pool with three sundecks, saunas, an exercise room, children’s playground and three meeting rooms.

All are being extensively used, said Kerr, although there are few children in the development. Also available is a separate entrance for bicycles and carriages with heated storage space provided for them.