

# What is the *Homeownership* Component of the AHP?

In 2005, the federal and provincial governments signed a new Canada-Ontario Affordable Housing Program Agreement (AHP). With this commitment, the federal, provincial and municipal governments will have invested at least \$734 million through the Canada-Ontario Affordable Housing Program. The AHP comprises four components: Rental and Supportive, Housing Allowance/Rent Supplement, Northern Housing and Homeownership.

Under the Homeownership component of AHP, lower-income renters can apply for interest-free down-payment assistance loans to purchase a home.

## Contact the housing department of your municipality for more details:

Local governments and selected delivery agents are responsible for administering the program. Please contact your municipality's housing department or the Ministry of Municipal Affairs and Housing for application details.



Ministry of Municipal Affairs and Housing

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Canada

Ontario

The Canada-Ontario  
Affordable Housing  
Program (AHP)

Homeownership  
Component

Realize Your  
*Dream*  
of Becoming a  
Homeowner



## An Interest-Free Loan

Under the AHP, every region in Ontario has been allocated a specific amount of funding to assist low to moderate-income rental households to purchase affordable homes through interest free down-payment assistance loans. It will be up to each municipality to determine the value of the loan for each purchaser, in accordance with mandatory program requirements.

## Am I Eligible?

Applicants must be at least 18 years old and have a combined household income at or below the maximum eligible income limit for their area.

Applicants who own or partly own a property do not qualify for down-payment assistance under the Homeownership component of the AHP.



## The Application

Application forms are available from the housing department of your municipality or through an organization delivering the program in your area.

Applicants must submit their application with all necessary documentation (see What You Will Need).

In order to participate and be eligible for the program, applicants must be able to secure mortgage financing through a lending institution.

If your primary lending institution is requesting mortgage insurance, you may be eligible for additional flexibilities through the Canada Mortgage and Housing Corporation (CMHC).



## Purchasing a Home

Once the offer on the home is accepted, approved applicants must provide an Agreement of Purchase and Sale for the home and a mortgage agreement from the primary lender.

## AHP Loan Agreement

The AHP loan agreement outlines the terms of the down-payment assistance. The amount of the AHP Homeownership loan will be secured on title through an AHP mortgage. No interest is charged on the loan.

On the date of closing, the AHP loan is advanced and put towards the down-payment on the home.



*Am I Eligible?*

*Your Dream of*

*Becoming a Homeowner*

## What Type of Home Can I Buy?

The home can be new or resale. It may have a selling price at or below the maximum selling price set for your municipality. The home must be modest in size, relative to community standards.

A home in which the applicant – or any member of the applicant's family – have an ownership interest is not eligible for purchase under the Homeownership component of the AHP.

Some municipalities offer down-payment assistance in partnership with local builders. Check with your municipality for affordable homeownership developments in your area.

## Terms of the AHP Loan

The AHP loan is for a period of 20 years. No interest is charged on the loan.

The unit must remain the sole and principal residence of the applicant for the entire 20-year period. It may not be leased to another party.

On the 20th anniversary date of the agreement, the loan is automatically forgiven, provided there has been no default under the terms of the loan.

If the home is sold before 20 years or the loan is in default, the amount of the down-payment assistance plus a percentage of the capital gain (appreciation) realized through the sale may be payable to the municipality.

In most circumstances, if the house is sold for less than the original purchase price, down-payment assistance would be waived provided the unit is sold at fair market value and the purchase and sale of the unit is an arm's-length transaction.

The loan may be paid at anytime throughout the 20-year period. The owner would be responsible for repaying the amount of the AHP loan in full, and a percentage of the appreciation of the home based on the current market value of the home at the time of repayment.

## WHAT YOU WILL NEED

- AHP Homeownership component application form
- Photo identification
- Proof of household income
- Agreement of Purchase and Sale
- Proof of mortgage approval by primary lending institution

