



Improving Housing Affordability, Fighting Real Estate Crime

MTIAC's 2019 Election Platform

MTIAC represents a group of private-sector mortgage default insurers and title insurers. Collectively, MTIAC members are proud to have helped millions of Canadian families and individuals realize the dream of homeownership. We are committed to building on that success by continuing to work with governments across Canada to reduce barriers to responsible homeownership, including by improving housing affordability, and ensuring a fair, safe and stable real estate marketplace.

That's why, in this election, MTIAC is advocating for changes in two key policy areas:

1. Improve housing affordability, especially for first time homebuyers

Since the onset of the global financial crisis, successive governments have taken important steps to strengthen Canada's mortgage and housing finance markets, control indebtedness, and help to maintain the overall stability and soundness of our housing and financial systems.

In recent years, however, multiple factors have contributed to a growing challenge of affordability, especially for aspiring first time buyers and, in particular, those who are unable to save for or acquire sufficient down payments. This has left many aspiring homeowners with an increasingly uphill battle to be able to achieve the dream and security of homeownership.

To address this, MTIAC is advocating for federal leadership in four areas:

- I. Increase the supply of new housing
In B.C. and Ontario, supply has not kept pace with demand, which has contributed to rapid price escalation. Federal leadership can play a significant role in incentivizing new supply and supporting municipalities that are struggling to keep pace with demand.



II. Allow 30 year amortizations for insured mortgages

Federal mortgage rules are currently limiting insured mortgages to 25 years, while uninsured mortgages are typically offered for up to 30 years. In Canada today, over half of uninsured mortgages are amortized over a period greater than 25 years.

Most insured homebuyers are millennials and/or first time homebuyers. They are responsible buyers who buy within their means, will be in the workforce longer, and have upwardly mobile incomes and proven credit records.

Allowing 30 year amortizations for insured buyers would level the playing field and immediately help young and growing families to purchase a suitable home faster by allowing them to lower their monthly mortgage payment and/or increase their maximum purchase price.

III. Reconfigure the stress tests to be responsive to changing economic conditions and incent responsible borrowing choices

The stress tests are achieving their stated objectives of insulating Canadians against the various impacts of rising rates, while also serving to temper home prices and encourage responsible borrowing. Since their introduction, however, markets have changed and affordability has declined in Canada's major markets. As such, the next Federal Government should employ *flexible* stress tests that reflect the level of risk posed by the terms and conditions of the particular mortgage, including amortization period, fixed vs. variable rate and how interest rates are forecasted to change over the term of the loan. Such a change would incent buyers to consider safer and more stable mortgage product decisions, while minimizing the impact that the stress tests have on housing affordability.

IV. Adjust the \$1M cap on insured mortgages to reflect today's housing market and regional market realities

Currently, the maximum sale price of a property that can have an insured mortgage secured against it is \$1M. Since this cap was implemented in 2012, house prices have risen dramatically.



In B.C. and Ontario in particular, the cap has become a significant barrier for young families seeking to purchase a suitable home, as it artificially prevents buyers from acquiring a mortgage and home they could otherwise afford.

To address this obstacle, the next Federal Government should develop a predictable, market-informed mechanism to introduce a system of regional caps that recognises the diverse nature of local markets across Canada.

2. Combat fraud and money laundering in Canada's real estate markets

Money laundering and other criminal activities are a threat to Canada's real estate markets and have an adverse effect on affordability. In fact, B.C.'s Expert Panel on Money Laundering estimates the impact of money laundering in that province alone has increased housing prices by about 5 percent.

As such, the next Government should:

- I. Create specific laws that address real estate fraud and money laundering and create greater clarity for enforcement agencies and the courts;
- II. Increase penalties for money launderers and fraudsters;
- III. Invest more funds to educate, train, and resource law enforcement agencies and the courts to ensure that fraud and money laundering is understood and prosecuted;
and
- IV. Ensure adequate and sustainable funding for enforcement activities.

Every election is an opportunity to identify challenges and face them head on. In this election, housing affordability and real estate crime are issues that have captured national attention and can benefit from federal leadership.

We look forward to the election campaign and to continuing to work with the Federal Government to make progress on these important issues.