

Dear clients,

Below is directly from the Government of Canada website. The government is FINALLY taking real steps to help Canadians get into houses.

Canadians work hard to be able to afford a home. However, the high cost of mortgage payments is a barrier to homeownership, especially for Millennials and Gen Z. To help more Canadians, particularly younger generations, buy a first home, new mortgage rules came into effect on August 1, 2024, allowing 30 year insured mortgage amortizations for first-time homebuyers purchasing new builds.

The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, today announced a suite of reforms to mortgage rules to make mortgages more affordable for Canadians and put homeownership within reach:

- **Increasing the \$1 million price cap for insured mortgages to \$1.5 million**, effective December 15, 2024, to reflect current housing market realities and help more Canadians qualify for a mortgage with a downpayment below 20 per cent. Increasing the insured-mortgage cap—which has not been adjusted since 2012—to \$1.5 million will help more Canadians buy a home.
- **Expanding eligibility for 30 year mortgage amortizations to all first-time homebuyers and to all buyers of new builds**, effective December 15, 2024, to reduce the cost of monthly mortgage payments and help more Canadians buy a home. By helping Canadians buy new builds, including condos, the government is announcing yet another measure to incentivize more new housing construction and tackle the housing shortage. This builds on the Budget 2024 commitment, which came into effect on August 1, 2024, permitting 30 year mortgage amortizations for first-time homebuyers purchasing new builds, including condos.

These new measures build on the strengthened Canadian Mortgage Charter, announced in Budget 2024, which **allows all insured mortgage holders to switch lenders at renewal without being subject to another mortgage stress test**. Not having to requalify when renewing with a different lender increases mortgage competition and enables more Canadians, with insured mortgages, to switch to the best, cheapest deal.

These measures are the most significant mortgage reforms in decades and part of the federal government's plan to build nearly 4 million new homes—the most ambitious housing plan in Canadian history—to help more Canadians become homeowners. The government will bring forward regulatory amendments to implement these proposals, with further details to be announced in the coming weeks.



As the federal government works to make mortgages more affordable so more Canadians can become homeowners, it is also taking bold action to protect the rights of home buyers and renters. Today, as announced in Budget 2024, the government released the blueprints for a Renters' Bill of Rights and a Home Buyers' Bill of Rights. These new blueprints will protect renters from unfair practices, make leases simpler, and increase price transparency;

and help make the process of buying a home, fairer, more open, and more transparent. The government is working with provinces and territories to implement these blueprints by leveraging the \$5 billion in funding available to provinces and territories through the new Canada Housing Infrastructure Fund. As part of these negotiations, the federal government is calling on provinces and territories to implement measures such as protecting Canadians from renovictions and blind bidding, standardizing lease agreements, making sales price history available on title searches, and much more—to make the housing market fairer across the country.

Quotes

“We have taken bold action to help more Canadians afford a downpayment, including with the Tax-Free First Home Savings Account, through which more than 750,000 Canadians have already started saving. Building on our action to help you afford a downpayment, we are now making the boldest mortgages reforms in decades to unlock homeownership for younger Canadians. We are increasing the insured mortgage cap to reflect home prices in more expensive cities, allowing homebuyers more time to pay off their mortgage, and helping homeowners switch lenders to find the lowest interest rate at renewal.”

- *The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance*

“Everyone deserves a safe and affordable place to call home, and these mortgage measures will go a long way in helping Canadians looking to buy their first home.”

- *The Honourable Sean Fraser, Minister of Housing, Infrastructure and Communities*

Quick facts

- The strengthened Canadian Mortgage Charter, announced in Budget 2024, sets out the expectations of financial institutions to ensure Canadians in mortgage hardship have access to tailored relief and to make it easier to buy a first home.
- Mortgage loan insurance allows Canadians to get a mortgage for up to 95 per cent of the purchase price of a home, and helps ensure they get a reasonable interest rate, even with a smaller down payment.
- The federal government's housing plan—the most ambitious in Canadian history—will unlock nearly 4 million more homes to make housing more affordable for



- Canadians. To help more Canadians afford a downpayment, in recognition of the fact the size of a downpayment and the amount of time needed to save up for a downpayment are too large today, the federal government has:
 - **Launched the Tax-Free First Home Savings Account**, which allows Canadians to contribute up to \$8,000 per year, and up to a lifetime limit of \$40,000, towards their first downpayment. Tax-free in; tax-free out; and,
 - **Enhanced the Home Buyers' Plan limit from \$35,000 to \$60,000**, in Budget 2024, to enable first-time homebuyers to use the tax benefits of Registered Retirement Savings Plan (RRSP) contributions to save up to \$25,000 more for their downpayment. The Home Buyers' Plan enables Canadians to withdraw from their RRSP to buy or build a home and can be combined with savings through the Tax-Free First Home Savings Account.

