

Canadian Government New Mortgage Affordability Enhancements

The Canadian government recently introduced bold mortgage reforms aimed at increasing housing affordability. These changes could significantly impact first-time homebuyers, investors, and those purchasing new builds. Here's a quick breakdown of the key updates:



1. Higher Insured Mortgage Price Cap: \$1.5 Million

The price cap for insured mortgages has been increased from \$1 million to **\$1.5 million**, opening up financing options in high-demand markets like Toronto and Vancouver:

- **More Flexibility for Buyers:** This allows buyers in expensive markets to access insured mortgages for homes above \$1 million.
- **Opportunities for Investors:** Investors can now explore financing for higher-priced properties, creating new opportunities in high-end rental and development sectors. 🏠

2. Expanded 30-Year Amortizations for First-Time Buyers and New Builds

First-time buyers and purchasers of new builds can now access **30-year amortization terms**, lowering monthly mortgage payments:

- **Lower Monthly Payments:** This change makes it easier for buyers to manage their budgets.
- **Investor Benefits:** More accessible financing for new builds will attract first-time buyers and boost development projects, opening doors for investors.



3. Switching Lenders Without a Stress Test

Insured mortgage holders can now switch lenders at renewal without facing a new stress test:

- **Greater Flexibility:** This allows homeowners to shop for better rates, improving affordability. 🏠
- **Investor Relief:** Investors with insured mortgages benefit by having more options to keep financing costs low.

Conclusion: More Debt, but Are We Solving the Real Problem?

While these reforms make it easier for buyers to access more financing, it raises the question—**is the government simply throwing more debt at the housing problem?**

These changes do little to address the core issue of housing supply shortages, rising costs, and zoning restrictions. By enabling buyers to take on more debt, the risk of long-term financial strain increases without solving the systemic challenges that have created the affordability crisis in the first place.

As realtors, it's essential to help clients navigate these reforms while being mindful of the bigger picture. 🏠