House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(•) **an organization** **Organization name:** Canadian Association of Accredited Mortgage Professionals

or

( ) **an individual** **Name:** _____

Topic: Financial services and other financial issues

*Recommendation 1: Please provide a short summary of your recommendation.

First time home buyers should be allowed to qualify for a mortgage based on a 25 year amortization, but once qualified be allowed to take out a 30 year amortization mortgage.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

Please select from the drop down menu

Immediately

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

There is no cost to this change. It is a regulatory change to assist first time home buyers.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

First time home buyers and those sector(s) of the economy involved in real estate and related financing activities would benefit from this change. Given the significant portion of the Canadian economy that is related to the housing sector there would be broader beneficiaries of the improved economic conditions. It could be stimulative and lead to increased economic growth across the country.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

The Canadian Association of Accredited Mortgage Professionals (CAAMP) representing the interests of Canada's mortgage broker channel (lenders, brokers, insurers), has supported many of the government's measures to address household debt levels and the potential of rising interest rates. However, we are concerned about the abilities of first time home buyers who have been adversely impacted by these measures and recommend assistance be given to first time home buyers.

Topic: Please select from the pull-down menu

Recommendation 2: Please provide a short summary of your recommendation.

Annual indexation of the RRSP Home buyers plan. As well, consider increasing the pay back period. (The government increased the limit to $25,000 in Canada's Economic Action Plan 2009. The amount has to be paid back over 15 years).

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

unknown

Please select from the drop down menu

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Impact on federal treasury would be minimal. RRSP program supports retirement savings but has allowed withdrawals for first time home buyers.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

This would benefit first time home buyers as well as other participants in the housing market. As first time home buyers enter the market, the demand for the real estate in which they are interested drives the current owners of those homes to look for other real estate in a higher valued market which in turn leads to increased activity in the real estate markets. By increasing the Home Buyers Plan several years ago, the government has already shown its support for home ownership.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

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Topic: Please select from the pull-down menu

Recommendation 3: Please provide a short summary of your recommendation.

Increase the current $750 first time home buyers tax credit, introduced in Canada's Economic Action Plan 2009. (A doubling of the credit, based on CAAMP research, would cost $131 million. Increasing by a third, or $250 million, would cost $43.6 million.)

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$100 million -$499.9 million

Please select from the drop down menu

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

CAAMP believes by supporting first time home buyers there would be an economic spin off effect that would cover any additional costs (e.g. renovation, appliances, etc.)

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

First time buyers.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

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Please use this page if you wish to provide more explanation about your recommendation(s).

The Canadian Association of Accredited Mortgage Professionals (CAAMP) has supported many of the government's measures to ensure a responsible housing market in light of low interest and mortgage rates. We supported earlier changes to eliminate 40 and 35 year amortizations and to require a 5 percent down payment. However, the government must find a balance between concern over consumer debt levels and the economic contribution that housing makes to the overall Canadian economy. The most recent set of changes to rules governing mortgage default insurance coupled with new lending underwriting guidelines have affected the first time home buyers the most. Overall real estate activity for both new and resales has declined. Responsible home ownership is a good public policy and should be supported. CAAMP's three recommendations provide opportunities and options for the government to support this important segment of the housing market.

*Please note that at least one recommendation must be provided