



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Finance

EVIDENCE

NUMBER 013

Friday, January 21, 2022

Chair: Mr. Peter Fonseca



Standing Committee on Finance

Friday, January 21, 2022

• (1105)

[English]

The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)): I call this meeting to order.

Welcome to meeting number 13 of the House of Commons Standing Committee on Finance. Pursuant to the motion adopted in committee on January 12, the committee is meeting on inflation in the current Canadian economy.

Today's meeting is taking place in a hybrid format, pursuant to the House order of November 25, 2021. Members are attending in person in the room and remotely using the Zoom application. The proceedings will be made available via the House of Commons website. Just so that you are aware, the webcast will always show the person speaking rather than the entirety of the committee.

Today's meeting is also taking place in a webinar format. Webinars are for public committee meetings and are available only to members, their staff and witnesses. Members enter immediately as active participants. All functionalities for active participants remain the same. Staff will be non-active participants and can therefore only view the meeting in gallery view. I'd like to take this opportunity to remind all participants to this meeting that screenshots or taking photos of your screen will not be permitted.

Given the ongoing pandemic situation and in light of the recommendations from health authorities, as well as the directive of the Board of Internal Economy of October 19, 2021, to remain healthy and safe, all those attending the meeting in person are to maintain two-metre physical distancing and must wear a non-medical mask when they are circulating in the room. It is highly recommended that the mask be worn at all times, including when people are seated. Participants must maintain proper hand hygiene by using the provided hand sanitizer at the room entrance. As the chair, I'll be enforcing these measures for the duration of the meeting. I thank members in advance for their co-operation.

To ensure an orderly meeting, I'd like to outline a few rules to follow. Members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. You have the choice at the bottom of your screen of floor, English or French. If interpretation is lost, please inform me immediately. We will ensure that interpretation is properly restored before resuming the proceedings. The "raise hand" feature at the bottom of the screen can be used at any time if you wish to speak or to alert the chair.

For members participating in person, proceed as you usually would when the whole committee is meeting in person in the committee room. Keep in mind the Board of Internal Economy's guidelines for mask use and health protocols.

Before speaking, please wait until I recognize you by name. If you are on the video conference, please click on the microphone icon to unmute yourself. For those in the room, your microphone will be controlled as normal by the proceedings and verification officer. When you're speaking, please speak slowly and clearly. When you're not speaking, your mike should be on mute. This goes a long way toward helping our great interpreters do their job effectively and safely. I will remind you that all comments by members and witnesses should be addressed through the chair.

With regard to a speaking list, the committee clerk and I will do the best we can to maintain a consolidated order of speaking for all members, whether they are participating virtually or in person.

The committee agreed that, during these hearings, the chair will enforce the rule that the response by a witness to a question take no longer than the time taken to ask the question. That being said, I request that members and witnesses treat each other with mutual respect and decorum. If you think the witness has gone beyond the time, it is the member's prerogative to interrupt or ask the next question. To be mindful of other members' time allocation during the meeting, I also request that members not go much over their allotted question time. Though we will not interrupt during a member's allotted time, I'd like to keep you informed that our clerk has two clocks, to time our members and witnesses.

This meeting is scheduled for a longer duration. In consideration of the fact that our witnesses may not get an opportunity to leave their virtual set-up, at around the halfway mark, I will be suspending the meeting for a five-minute health break.

I would now like to welcome our witnesses.

From the Canada Mortgage and Housing Corporation, we have Ms. Romy Bowers, president and chief executive officer, and Mr. Bob Dugan, chief economist. From the Office of the Superintendent of Financial Institutions, we have Mr. Peter Routledge, superintendent.

For opening remarks, we will have the CMHC—

• (1110)

Mr. Terry Beech (Burnaby North—Seymour, Lib.): I have a point of order, Mr. Chair.

The Chair: Go ahead.

Mr. Terry Beech: I'm hearing that the phone lines aren't up yet for the staff. Can we check with the clerk to see what their status is?

The Chair: The clerk will be checking on the phone lines.

The Clerk of the Committee (Mr. Alexandre Roger): They're going to get back to me in just one moment.

They're working on it right now. There might need to be a suspension, but I'll let the chair know in time. It won't be more than a five-minute interruption.

The Chair: Okay. It will be five minutes until the lines are up and running.

As I said, we also have, from the Office of the Superintendent of Financial Institutions, Mr. Peter Routledge. He's the superintendent.

As I was saying, each of the CMHC and OSFI presenters will have up to five minutes to make their opening remarks.

We're just going to take a few minutes now. We'll suspend to see if we can get the phone lines up and then we'll get started.

The Clerk: I'm not sure that they're ready to suspend right now. They're working on it, but I can let the chair know whenever the suspension is needed, and we can suspend at that time.

The Chair: I misunderstood. I thought we were suspending so that they could get the phone lines up and going.

The Clerk: Yes, but I'm just not sure if they're ready to do so right now.

They're working on the phone lines, but I don't know if they... It's up to you. We can suspend until we get the phone lines up, or we can start the meeting without the phone lines. When we're ready, I can let you know, and we can suspend at that time.

The Chair: Okay. Let's start with the opening remarks from CMHC first, for up to five minutes.

Ms. Romy Bowers (President and Chief Executive Officer, Canada Mortgage and Housing Corporation): Thank you very much, Mr. Chair.

I'm joining you today from Toronto, on the traditional territory of many nations, including the Mississaugas of the Credit, the Anishnabe, the Chippewa, the Haudenosaunee and the Wendat peoples, and now home to many first nations, Inuit and Métis peoples.

[*Translation*]

I am pleased to be here on behalf of Canada Mortgage and Housing Corporation. As Canada's national housing agency, we have 75 years of proven expertise across the housing system.

Housing affordability is our top concern. We've mobilized all our resources to address it. We're doing this because the current trend of escalating house prices is worse than at any time over the past 30 years. It hasn't slowed despite the economic uncertainty of the

COVID-19 pandemic. In fact, growth in house prices has accelerated over the past 18 months.

[*English*]

At the same time, according to our housing market assessment, the national housing market has now reached a very high degree of vulnerability. Escalating prices relative to incomes have made it more difficult to enter the home ownership market. It also means that home owners are burdened with record levels of mortgage debt.

Canadians now owe \$1.72 for every dollar of disposable income the household has earned. This makes households more vulnerable to events that adversely affect their income. However, it's very important to point out that housing unaffordability isn't just a problem for homeowners. The high cost of residential real estate is also having a ripple effect in the rental markets, and those who are most affected are vulnerable populations.

Some 13% of Canadian households are in core housing need. This means that they're spending more than 30% of their income on housing or that they're living in housing that is inadequate or unsuitable. It's also very important to point out that on any given night, as many as 35,000 people across our country may be experiencing homelessness.

Why is this happening and what can we do about it?

Canada's housing system is complex and there are a number of reasons for the continued steep price escalation. However, it is CMHC's position that the main problem is supply not keeping pace with housing demand. Canada has the fastest population growth of any G7 nation, and our housing supply has not kept pace with this growth.

The answer seems quite simple: build more housing. That's what we're encouraging through the national housing strategy, but it's simply not enough. It's not money or investments alone that will fix the problem.

Other barriers that prevent housing supply from matching demand include inflexible development processes and long timelines at the local level, as well as NIMBYISM in our neighbourhoods. The housing crisis calls for collaboration across all orders of government, as well as the non-profit and private sectors.

Working together to unlock supply barriers is what we'll be focusing on when we talk at an upcoming housing supply summit that CMHC is co-hosting with the Federation of Canadian Municipalities. We will also be releasing an in-depth report in June, which will use the latest economic data to assess how much housing supply will be needed in the coming years.

Thank you, Mr. Chair, for the committee's study of this very important issue. Housing unaffordability poses a significant economic risk to our country, and it threatens our collective vision of Canada as an inclusive country where everyone has a chance to thrive and prosper.

At this time, I will be very happy to take any questions you may have. Thank you.

• (1115)

The Chair: Thank you, Ms. Bowers.

Now we're going to hear from Mr. Peter Routledge from the OSFI for up to five minutes.

Go ahead, Mr. Routledge.

Mr. Peter Routledge (Superintendent, Office of the Superintendent of Financial Institutions): Good morning, Mr. Chair, and committee members. Thank you for the opportunity to answer questions today.

I intend to be brief, as I know you have some questions for me.

I would also like to acknowledge that I am speaking from traditional unceded territory of the Anishinabek Nation. I am grateful to have the opportunity to present in this territory.

Created in 1987 in response to a period of financial system volatility, the purpose of the Office of the Superintendent of Financial Institutions is to ensure that financial institutions and pension plans are regulated by an office of the Government of Canada so as to contribute to public confidence in the Canadian financial system. We call ourselves OSFI and I'm happy to respond as such.

We pursue that purpose by supervising financial institutions to ensure that their boards of directors and senior executives keep their institutions in sound financial condition and adopt smart forward-looking policies to manage risk. We also evaluate system-wide risks that could impair the soundness of financial institutions. The risks within Canadian housing finance require that systemic view and I commend the committee's timely motion to study the interrelated topics of inflation and housing finance.

While affordability and the sustainability of housing in Canada are issues that touch all Canadians, OSFI's role centres on preserving and protecting the availability and quality of credit that sustains the housing market. A stable housing finance system with reliably available credit at prudent risk-based prices is, in our judgment, a prerequisite for a healthy housing market.

[*Translation*]

At OSFI, we have focused intently on the risks in housing finance every day since the global financial crisis. In that time, OSFI and our federal regulatory partners have consistently taken regulatory actions to add more discipline and reduce unproductive exuberance in the housing finance system, over 25 significant federal actions by my count.

And we will never let down our guard. In fact, we constantly challenge ourselves to foresee housing market risks beyond the horizon and adapt early to them.

That is our aim in this regard—a stable housing finance system that helps every Canadian to have a home they need at an affordable price. Our strategy is to ensure the housing finance system and the Canadian financial system have sufficient buffers to absorb the inevitable uncertainty and volatility one finds in capital asset markets such as housing.

With respect to housing finance, we have multiple buffers in the housing finance system and one will find them at the individual level, the institution level and the systemic level.

I look forward to expanding on the strategy when answering your questions.

Our strategy makes sense in good times and bad. And our strategy is particularly constructive during periods of elevated uncertainty.

The very substantial increase in housing prices, since the pandemic recovery began, adds to the uncertainty in our housing finance system and marks a sound rationale for discussing related issues here today.

At OSFI we are ready and willing to take early, risk-based decisions in response to that uncertainty and in pursuit of our overarching aim.

I look forward to contributing to the committee's study and to answering the members' questions.

Thank you.

• (1120)

[*English*]

The Chair: Thank you, Mr. Routledge and Ms. Bowers.

Members, we're going to suspend at this time to get our phone lines fixed—

Hon. Pierre Poilievre (Carleton, CPC): Mr. Chair, I have a point of order.

The Chair: Go ahead on your point of order.

Hon. Pierre Poilievre: I'm sorry; I missed that. Who are the phone lines for?

The Chair: Well, we're going to get our phone lines fixed—

Hon. Pierre Poilievre: For who?

The Chair: Well, we're getting our phone lines fixed—

Hon. Pierre Poilievre: For who?

The Chair: —Mr. Poilievre.

Hon. Pierre Poilievre: For who?

The Chair: Mr. Clerk, if you can work on the phone lines, thank you—

Hon. Pierre Poilievre: For who?

The Chair: —we'll suspend at this time.

An hon. member: For who?

Hon. Pierre Poilievre: For whom? Who are the phone lines for?

Mr. Chair—

The Chair: Yes—

Hon. Pierre Poilievre: —are you having an audio problem? Are you have difficulty hearing the question?

The Chair: Mr. Poilievre, we have phone lines that we all—

Hon. Pierre Poilievre: For who?

The Chair: We have phone lines—

Hon. Pierre Poilievre: For who?

The Chair: —for this committee.

Hon. Pierre Poilievre: For who?

A voice: It's "whom", actually; "for whom".

Hon. Pierre Poilievre: For who's on the line?

The Chair: Mr. Clerk—

Hon. Pierre Poilievre: Mr. Chair, I think we can hand the meeting over to the vice-chair, if you can't run the meeting.

The Chair: Mr. Poilievre, we have suspended the meeting.

We will get the phone lines up.

• (1120) _____ (Pause) _____

• (1125)

The Chair: Excellent.

I'm glad that Mr. Poilievre is done with his insults.

We're going to move to questions by members from the committee. We will start with our first round of six minutes for each member to ask their questions of the witnesses.

First up is the Conservatives.

Mr. Poilievre, you have six minutes.

Hon. Pierre Poilievre: Ms. Romy, your organization, the CMHC, predicted at the beginning of COVID that house prices would drop 9% to 18%, a prediction that made sense given that incomes dropped, GDP dropped, and immigration dropped—all things that you would expect would contribute to a drop in real estate prices—and yet they increased last year by 26%, a record-smashing increase.

Now, you did mention supply in your opening comments. Supply is a long-term problem in Canada, but it certainly cannot explain the sudden burst in prices, because of course we didn't lose 26% of our housing supply last year. Given that there was \$200 billion more in house price purchases last year than in any year on modern record, where did all of that extra money come from?

Ms. Romy Bowers: Thank you, Mr. Chair.

In terms of... Mr. Poilievre is absolutely correct. It is a very unusual financial crisis, the pandemic, in terms of you would expect house prices to decline during an economic decline, and they have not. The increase is due to the very particular nature of the pandemic. You need to put into context that there has been a supply shortage, and supply in housing takes a long time to respond to demand.

During the pandemic, there was very rapid change in the demand by Canadians for houses. You have probably all observed or have read in the newspaper that Canadians who were spending a lot of time at home were looking to change some of their housing choices. We feel that this played a role in increasing demand during a period where supply was constrained and—

• (1130)

Hon. Pierre Poilievre: Thank you for that.

Although that explanation would seem to make sense on the surface, if you look at the data, it doesn't add up, because even inner-city condo prices went up. You would expect that if people were vacating small properties to go to big ones, you would see prices go up for those bigger properties but prices go down for the inner-city smaller properties. That didn't happen. In fact, inner-city condos actually increased in price at an unusually fast rate.

We can debate all day why prices went up. The fact is they did, and those prices were paid with real money. The amount spent on housing went from \$250 billion to \$450 billion. The amount of mortgages going to investors increased by 100%, according to a fall Bank of Canada report.

My question was, regardless of why prices are going up, where did the money come from?

Ms. Romy Bowers: Thank you, Mr. Chair.

In response to the question about where does the money come from, when you're buying a house, money always comes from two sources: from the banking system through loans, or from personal savings. Those are the two sources, so that would be the direct answer to your question.

Hon. Pierre Poilievre: Right, and the banking system, of course, is the major source, because we saw an explosion in the volume and the size of mortgages. It could not have come from wages, because of course wages were down. It must have come from the banking system. Where did the banking system get an extra \$200 billion that it could lend out for five-year terms?

Ms. Romy Bowers: Thank you, Mr. Chair.

In response to wage decreases, I'd like to highlight in the first instance that the pandemic was quite exceptional in that it impacted people who were in the lower part of the income distribution more than the upper. At CMHC, when we're looking at our book of business, the people who were homeowners were actually more insulated from the impact of the crisis than others, so I think that provides some strength to the housing market.

Hon. Pierre Poilievre: But where did the \$200 billion of extra money come from? The banking system must have gotten that money from somewhere. Where did that come from?

Ms. Romy Bowers: In terms of the banking system, all our financial institutions have very sophisticated treasury operations and they source their funds from the capital market.

In terms of mortgage funding, there are many sources of funds. Deposits are number one, but there are a number of other financial instruments that leverage the capital market to source that funding.

Hon. Pierre Poilievre: Yes. Would purchases of financial assets by the central bank from those financial institutions provide more cash to them to lend out?

Ms. Romy Bowers: As you know, Mr. Poilievre, CMHC, during the last financial crisis, had some special facilities set up—

Hon. Pierre Poilievre: I'm sorry. I'm talking about the Bank of Canada, not CMHC.

Ms. Romy Bowers: Mr. Chair, with respect, I think that question should be directed to the bank.

Hon. Pierre Poilievre: Okay. Here's a question for CMHC, then. What is the total dollar value of all the mortgages that CMHC backs up through guarantees, insurance, securitization or any other backing against default, the total dollar value, eliminating duplication?

Ms. Romy Bowers: Mr. Chair, as you're aware, CMHC plays a very important role in securing the stability of the finance market—

Hon. Pierre Poilievre: Just the number, please.

Ms. Romy Bowers: —through our securitization program.

Hon. Pierre Poilievre: I'm just looking for the numbers, please.

Ms. Romy Bowers: About \$400 billion.

Hon. Pierre Poilievre: Wait a second. Does that include everything through securitization and mortgage insurance? Everything...?

Ms. Romy Bowers: If you look at our financial statements, our current guarantee balance is in the \$400-billion range.

Hon. Pierre Poilievre: I didn't ask about guarantees. I asked about guarantees and insurance and any other backing that you give for mortgages, the total—total—value of all of the liabilities backed up by CMHC.

The Chair: That's the time you have, Mr. Poilievre.

We're moving now to the Liberals for six minutes.

Go ahead, Mr. Baker.

Hon. Pierre Poilievre: I have a point of order.

We've already been through this with you. Normally, we allow the witness a few seconds to answer a question if it is asked just before the time runs out. You agreed to do that for the NDP—

The Chair: I did. Of course, I do that for everybody, but—

Hon. Pierre Poilievre: Okay, so we'll let her do that. We'll let her answer the question.

The Chair: —I heard the witness. I thought the witness had answered the question, but go ahead, Ms. Bowers. You have about five seconds.

Hon. Pierre Poilievre: I'd like just the total dollar value, Ms. Bowers. Thank you.

Ms. Romy Bowers: As I pointed out, the total value of our securitization, which is our total exposure, is about \$400 billion.

Hon. Pierre Poilievre: Thank you.

The Chair: Thank you.

Now we'll move to the Liberals and Mr. Baker for six minutes.

Mr. Yvan Baker (Etobicoke Centre, Lib.): Thanks very much, Chair.

I want to say, Chair, I think you're doing a very fine job of leading our meeting—

Hon. Pierre Poilievre: I have a point of order.

• (1135)

The Chair: Go ahead on your point of order, Mr. Poilievre.

Hon. Pierre Poilievre: I asked you about this at the outset. You wasted about 15 minutes trying to get phone lines reconnected. Can you tell the committee who is on those phone lines?

The Chair: Mr. Poilievre, we were suspended. I'll take that away from your time.

Mr. Baker, we stopped your time. You now have six minutes.

Hon. Pierre Poilievre: On a point of order, I just want to clarify who's on the phone lines.

The Chair: Right now you're interrupting another member, Mr. Poilievre—

Hon. Pierre Poilievre: I'm just asking a quick question.

The Chair: You can ask it at another time. We're going to move to—

Hon. Pierre Poilievre: I'm asking it now.

The Chair: We're going to move to Mr. Baker. That is not a point of order.

Mr. Baker, you have the floor.

Mr. Yvan Baker: Thanks, Mr. Chair. I appreciate that.

Now is not the time to be questioning the chair. It's the time to be questioning our witnesses. I would remind all members of that.

I'd like to thank our witnesses for being here today and for meeting with us to talk about this very important topic.

Ms. Bowers, I'd like to come back to you, if I may. What I heard you say in your opening testimony is that the primary cause of the increase in the price of housing is a lack of supply. Did I hear that correctly?

Ms. Romy Bowers: That is correct.

Mr. Yvan Baker: I want to ask you to repeat this only for the purposes of clarity. Could you articulate what the key reasons are for the increase in the price of housing right now in Canada?

Ms. Romy Bowers: The primary reason in our assessment is a mismatch between the demand and the supply of housing, which has been developing over a number of years. The house price escalation was made worse by this mismatch during the recent pandemic.

Mr. Yvan Baker: My understanding is that there are a number of measures being undertaken by the government and CMHC to boost supply. Is that correct?

Ms. Romy Bowers: That is correct.

Mr. Yvan Baker: Could you speak to those initiatives?

Ms. Romy Bowers: First of all, I'd like to point out that when you're talking about supply, there are currently about 16 million housing units in Canada, and 95% of them are owned by the private sector. I just want to give you a bit of the context to the landscape. Many of the levers that affect housing supply are at the local level. They're at the municipal and provincial levels. Having said that, there are things that can be done at the federal level to impact supply.

When you look at something like the national housing strategy, there are a number of programs under it that promote the creation of supply, especially for those who are most vulnerable in our society. It's very important that CMHC continues to deliver on our commitments under the national housing strategy with respect to supply-related issues.

In addition to that, CMHC and the federal government can play very important convening roles in bringing together the stakeholders who impact supply at the local level. We can work better with municipalities, provinces and territories, as well as non-profits, to bring in supply more quickly than it is coming in now.

Mr. Yvan Baker: Ms. Bowers, in response to my question, you spoke about the national housing strategy and how there are a number of initiatives within it that are meant to address the lack of supply. Are you able to speak to some of those for us?

Ms. Romy Bowers: Absolutely. There's quite a number of programs, so it's hard to choose which ones.

Perhaps I can focus on the rental construction financing initiative. It's basically a loan program that is provided to multi-unit housing developers. If you look at the development of housing in Canada over the last 10 or 15 years, there has been a fairly weak response by the development sector in creating purposeful rental. The purpose of that program is to provide low-cost financing to

those developers who are interested in developing rentals versus condos, for example. The take-up on that program has been very good. That's just one example. The housing that's provided is close to market housing, but we feel it's very, very important to increase the rental stock in our country.

Another program is the national housing co-investment program. Again, this is a supply-based program providing low-cost financing and grants to other orders of government and non-profits to create housing at lower price points. Here we're trying to target housing supply, but at rents that are more affordable for those who are in need.

• (1140)

Mr. Yvan Baker: Thank you very much for that. Those are two helpful examples.

I also think it's important to point out that there's a whole series of initiatives that are part of the government's housing plan—Ms. Bowers, I know you don't have time to get into them all—and certain commitments the government has made in what we're doing with regard to the housing plan. They cover a range of categories, whether that's banning foreign money from purchasing non-recreational residential property in Canada; extending Canada's first-ever national tax on non-resident, non-Canadian owners of vacant, underused housing; or creating a national homebuyers bill of rights or convening federal-provincial regulators for a national action plan to increase consumer protection. The bill of rights would also ban blind bidding, establish a legal right to a home inspection, ensure transparency of the history of recent house sale prices, ensure that banks and lenders offer mortgage deferrals in the event of a job loss or a major life event, and stop the rent evictions. We're investing \$4 billion in a new housing accelerator fund, and there's a rent-to-own program.

I just wanted to highlight all of these initiatives, because I think it's important that as we enter this discussion today, everyone, including the folks at home who are watching, are aware of all that.

Ms. Bowers, thank you very much for answering our questions today.

The Chair: Thank you. That's your time, Mr. Baker.

We will now move to the Bloc.

Monsieur Ste-Marie, you have six minutes.

[Translation]

Mr. Gabriel Ste-Marie (Joliette, BQ): Thank you, Mr. Chair.

Ms. Bowers, Mr. Dugan and Mr. Routledge, good morning. Thank you for your presentations and for being here to answer our questions.

Mr. Routledge, your office carries out resilience tests on the financial system. Obviously, with the current inflation issue, when you look at what the U.S. Federal Reserve is doing, we can expect a key policy rate hike or even a succession of hikes from the Bank of Canada in the coming days.

Have you assessed the impact of several possible successive increases in the key policy rate, and therefore interest rates, on the financial system, the housing market and other sectors of the economy?

At the same time, could you tell us what other sectors are more likely to feel the impact of a rate increase of this kind?

[English]

Mr. Peter Routledge: The direct answer to the member's question is, yes, we have been testing for that. We've done it for many years. It long predates my arrival at OSFI.

The formal way we incorporate that resilience into the system is through something we call the "minimum qualifying rate for uninsured mortgages". Ms. Bowers at the CMHC has the same qualifying rate for insured borrowers. The rule is basically that the financial institutions we regulate are required to qualify borrowers at a qualifying rate the higher of their contract rate plus two percentage points or 5.25 percentage points.

When we think about interest rate increases, bear in mind that over the last several years, banks have been qualifying their borrowers at well above prevailing contract rates. That is a margin of safety that will help us through that period.

[Translation]

Mr. Gabriel Ste-Marie: Thank you.

So according to your analysis, the Canadian financial system and housing market are capable of absorbing the expected increase in interest rates.

Is that what you are confirming to me?

[English]

Mr. Peter Routledge: As a financial regulator and as the head of OSFI, I should never be too confident or overly confident in financial stability. You want a regulator who is always looking over the horizon to see what risks are coming. Having said that, the margin of safety we have with the borrowers gives me great confidence.

On top of that—and I won't go into it but can in later questions—we've put additional capital buffers, whereas if the rate rise is very rapid and households start to have problems, the system has the capital buffers to absorb it and continue to provide credit to Canadians if the future is more difficult than we anticipate.

[Translation]

Mr. Gabriel Ste-Marie: Thank you for your response.

Also related to inflation, are any other areas of the economy cause for concern right now due to the impact of rising interest rates on the financial system?

• (1145)

[English]

Mr. Peter Routledge: Mr. Chair, thank you for reminding me that I hadn't answered that part of the question.

In our world, we worry about financial services. To be candid, I don't spend a lot of time on other sectors, just to be clear.

Insofar as inflation might soak up the savings of Canadians who borrowed in order to own their homes, we have the margin of safety from the minimum qualifying rate, which should help with that, and in addition, the savings rates of Canadians have generally risen through the crisis. Although that's not the case for all Canadians and there is some disparity there, with folks who own homes we tend to have a little bit of additional absorptive cushion from the higher savings rates of recent quarters.

[Translation]

Mr. Gabriel Ste-Marie: All right.

Does your office analyze stock price trends? Are current stock prices cause for concern with regard to the stability of the financial system? Is the level of risk for stock prices currently elevated? Is there a great deal of uncertainty? Can we expect a correction for the stock market in the coming months?

[English]

Mr. Peter Routledge: Mr. Chair, I used to be a stock market analyst. I'm not currently.

We at OSFI aren't stock market analysts. What we constantly ask ourselves is, if there is a market correction, do we have the buffers, the capital, the liquidity in the system, to absorb that?

We work hard at an institution-by-institution level. Sometimes they're a little irritated with the amount of safety that we oblige them to put in place. We are confident that the financial institutions we regulate can absorb market volatility and market uncertainty. We do it at the aggregate institutional level. We also spend a lot of time at the business unit level, the capital markets business unit level at major institutions.

[Translation]

Mr. Gabriel Ste-Marie: Thank you very much.

[English]

The Chair: Thank you, Mr. Ste-Marie. That's your time.

We're moving now to the NDP and Mr. Blaikie for six minutes.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Thank you very much to our witnesses for being here today.

Mr. Routledge, here's what I want to ask you about. At the beginning of the pandemic, hundreds of billions of dollars in liquidity was made available to the Canadian banking system, ostensibly to be able to provide mortgage relief to Canadians who had lost employment as a result of the pandemic and were going to have a hard time making their mortgage payments. As MPs, I think many of us heard anecdotally that they felt their banking institutions weren't there for them when they were in crisis and needed relief on those mortgage payments.

I'm just wondering if your organization has a way of quantifying the extent to which that extra fiscal room that was provided to banks was used for mortgage relief for Canadians who were having a hard time paying their mortgage, and to the extent that it wasn't used uniquely for that, how much of that money and fiscal room might have been used to finance real estate investment that's partly responsible for these extraordinary increases in housing prices during the pandemic.

Mr. Peter Routledge: Mr. Chair, there's a two-part answer. With regard to the first part on how we measured accommodative relief provided by the banks through the COVID shock, there were approximately 750,000 mortgagors or borrowers with mortgages who were given mortgage deferrals of six months. That was a very, very high number for accommodation. I recognize that it may not have gotten to every Canadian, but it did address 750,000 of them.

On the question of whether credit has been provided to folks who seek to invest in housing and maybe either buy a second home or buy a home to flip, the honest answer is yes, the banks have provided credit to those homebuyers. Investors, in a recent Bank of Canada study, were estimated to represent about 22% or 23% of home buyers in the last year. A more historic norm would be in the mid to high teens.

• (11:50)

Mr. Daniel Blaikie: Thank you.

Does OSFI have a way of measuring the extent to which people who are putting up a down payment for a property beyond their primary residence are actually providing that capital themselves or the extent to which they're leveraging equity in existing properties in order to make a down payment on a subsequent property?

Mr. Peter Routledge: Mr. Chair, the underwriting decisions—and that is an underwriting decision—are decisions for the banks, but we're not disinterested in those. We have a principles-based regulation system. We do not assign the banks rules but we assign the principles and expectations we expect them to meet.

We do that primarily through something called guideline B-20, which sets out the principles we expect the banks to adhere to when they underwrite residential mortgages. The question you pose is the question we expect them to address when underwriting each and every mortgage, and then usually annually we have a special conversation with lenders and ask them how they are doing on those expectations.

Mr. Daniel Blaikie: We've seen a number of reports over the last number of years, but even as recently as this fall, by the Parliamentary Budget Officer saying that we're at a point now in Canada where 1% of the population owns and controls 25% of the wealth that is generated in the Canadian economy.

The reason I raise that is to ask, notwithstanding the liquidity provided to banks at the outset of the pandemic, what is your assessment of the amount of private capital and large savings on the part of a small, wealthy contingent that could be mobilized to drive a serious level of investment in the housing market? I'm referring to the wealth that existed prior to the pandemic. We know that housing inflation or costs were a problem pre-pandemic. We've seen an acceleration of an already vicious trend line, but to what extent are other forms of private capital out there providing the impetus for some of these massive housing price increases we're seeing?

Mr. Peter Routledge: Mr. Chair, our responsibility as the prudential, financial institutions regulator is to ensure that there is capital and other margins of safety so that credit quality remains high and available to Canadians when they need it.

We're not the office to do an in-depth study on sources of capital. There are other institutions within the federal safety net network that would focus on that.

Mr. Daniel Blaikie: Thank you.

If I have some time remaining, Mr. Chair, I'd like—

The Chair: You have 50 seconds.

Mr. Daniel Blaikie: All right, then very quickly to Ms. Bowers, I wonder if you have this information with you today and, if not, maybe you could follow up with the committee. Prior to the cancellation of the national housing strategy in the mid-1990s by the then-Liberal government, CMHC was very much involved in regularly delivering new social housing units regularly, every year. That predictability of funding made it easier for non-profits, co-operatives and others to acquire land and to do planning so they could develop proposals proactively rather than trying to react when land or buildings became available.

I'm wondering if you could give us a sense of the number of units that CMHC helped to create at that time versus their average number of units per year over the last 25 years or so.

The Chair: Could you do that with a very short answer, Ms. Bowers? Thanks.

Ms. Romy Bowers: The very short answer is that during the time you refer to, about 10% to 15% of the housing starts were social housing starts funded by the federal government, and the percentage right now is much lower. To give you a sense, 10% to 15% of say 200,000 is 20,000 to 30,000 units per year.

The Chair: Thank you.

Members, we're moving into our second round of questions.

We'll start off with the Conservatives for five minutes.

Mr. McLean, you're up.

Mr. Greg McLean (Calgary Centre, CPC): Thank you, Mr. Chair.

Welcome, Ms. Bowers. Thank you for coming here today.

I have some questions that follow on from the line of questioning I had on Monday, when this we met on this for the first time. It's regarding studies that you've been doing through your idea labs in your organization.

I did a little homework on this. You have 47 solutions that are in process right now. You're spending \$30 million on these idea lab solutions. One of the ideas that came forth was from a gentleman named Paul Kershaw, of Generation Squeeze out of Vancouver, recycling more or less his own thesis and putting it forward as a solution for the Government of Canada to increase housing supply. Even though the objective and the goal of these idea labs is to increase housing supply, Mr. Kershaw of Generation Squeeze had no solutions that were going to increase housing supply. They were going to increase taxation of housing in Canada.

Can you tell me how something that's just going to increase taxation was vetted through a program that was supposed to look at increasing supply, please?

• (1155)

Ms. Romy Bowers: With respect to the solutions lab, you're absolutely right. The solutions lab is a program really to encourage stakeholders to look at innovative solutions to the housing problems we face in Canada. I do want to reiterate that there is no requirement by the Government of Canada or CMHC to adopt any of the proposals that come out of the lab's reports.

In terms of the Generation Squeeze report, one of the recommendations they put forward was tax-related, but it's my understanding that there were a number of other recommendations as well. The purpose of the Generation Squeeze report was to examine issues related to housing, wealth and intergenerational inequality. I think there was one tax-related item, but there was a whole host of other recommendations that were considered by that group.

Mr. Greg McLean: Okay. Thank you. He does talk about this intergenerational inequality. He does make an excuse for it, even though his thesis predated the ballooning of government debt: he said ballooning government debt is the reason we have to address this, because we're passing on a whole bunch of debt to a future generation.

This is one of those things.... Does CMHC recognize that by taxing primarily seniors when they sell their houses, they're actually taxing one of the main savings vehicles that senior citizens in this country have to abet their retirement at that point in time? Is that recognized at CMHC?

Ms. Romy Bowers: CMHC has done no work on the topic of the capital gains tax and the impact of taxation on housing. Unfortunately, I'm not in a position to answer this question. My apologies.

Mr. Greg McLean: Okay.

Can you tell me how much Generation Squeeze was paid—not once, but potentially twice—by your organization to advance these ideas through your organization?

Ms. Romy Bowers: The entire solutions lab is a \$24.5-million program over 10 years. It's my understanding that for Generation Squeeze, I think, the amount of funding was in the range of \$250,000.

Mr. Greg McLean: Was that once or twice?

Ms. Romy Bowers: I'm not familiar with the two-time payment. I'd have to look into that part of your question. My apologies on that.

Mr. Greg McLean: Okay. Thank you very much.

Perhaps I can go further on something a little bit different here. We've talked about the supply. I've looked at all of the numbers. Like Mr. Routledge, I did a bunch of analysis in my past career. However, I'm trying to see where the actual supply is falling short.

In my city, the supply of rental housing is actually significantly rising, and yet we're still subsidizing it. There's a 10% vacancy rate in rental housing, and yet we're still building more. We're transitioning office buildings into rental housing. The money is coming from somewhere, but are we building the wrong kind of housing? Are people actually not looking at buying these condominium-type houses downtown anymore? Should we be focusing on single-family homes again?

Mr. Peter Routledge: Mr. Chair, is that question for me?

Mr. Greg McLean: It's for Ms. Bowers. Thank you.

Ms. Romy Bowers: At CMHC we feel that all types of housing supply are good supply. We feel that condominium buildings are great, but so are detached homes for Canadians as well. We think it's very important for CMHC, as Canada's housing authority, to provide the market with better information about the type of housing Canadians need. We need to do a better job of—

Mr. Greg McLean: I have a direct question here, though. Is the supply—

The Chair: That's the time, Mr. McLean. We're already well over five minutes, so we're moving to the Liberals now.

Mr. Greg McLean: Thank you, Mr. Chair.

The Chair: You're welcome.

Ms. Dzerowicz, you have five minutes.

• (1200)

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair.

I want to thank all of our presenters for being with us today. I really appreciate your making the time and spending three hours with us.

My first set of questions is going to be for Ms. Bowers.

Ms. Bowers, for anybody who might be listening to the conversation about Generation Squeeze and the solutions lab, I know that as of December 31, 2020, there were over 47 Solution Labs projects funded by CMHC. Can you confirm that there were multiple projects funded by CMHC to find affordability solutions?

The Chair: Ms. Dzerowicz, excuse the interruption, but your mike is not on. Could you fix that, please?

Ms. Julie Dzerowicz: How would I fix it?

The Chair: I will ask the clerk.

Unplug and plug back in, I guess.

Mr. Greg McLean: Mr. Chair, may I help here?

You go to the mute button down at the left bottom corner, click on the top barrel, and then—

Ms. Julie Dzerowicz: Sorry. How's that? Hello.

The Chair: That's excellent. Great.

Ms. Julie Dzerowicz: Thank you.

I'm sorry. I will have to restart. I'm so sorry, you guys.

The Chair: Go ahead.

Ms. Julie Dzerowicz: Thank you.

So first thank you. My first set of questions are to Ms. Bowers.

Ms. Bowers, I want to confirm that multiple affordability solutions have been submitted by many groups and that Generation Squeeze is just one of many that have come into CMHC.

Ms. Romy Bowers: Yes. Forty-seven projects have been submitted. You can find them on our website.

Ms. Julie Dzerowicz: I want to make sure it's crystal clear that CMHC does not offer advice on tax policy to the federal government.

Ms. Romy Bowers: That is correct.

Ms. Julie Dzerowicz: Perfect. Thank you.

You mentioned that one reason we have had some issues with building more housing is just how long it's taking to get approvals at the municipal level, and also Nimbyism.

My understanding is that part of the reason we set up the \$4 billion housing accelerator fund for the biggest cities was so that we could build an extra 100,000 middle-class homes by 2025. That's in addition to the numbers we already had. But it was to go to cities to help reduce those timelines, to deal with some of the zoning issues.

Can you confirm that is the case for this particular program?

Ms. Romy Bowers: I want to highlight that this program is a program that has not been launched. It was part of, I believe, a party election platform. There was an intention to focus on that as part of the mandate letter for Minister Hussen who is the minister responsible for CMHC.

It is correct that the objective of this proposed program is to provide incentives at the local level to incent housing supply and to really provide municipalities, or provinces and territories for that matter, with incentives to unblock some of the barriers to housing supply and creation.

Ms. Julie Dzerowicz: Thank you for that clarification, Ms. Bowers.

I think we're getting a little bit ahead of ourselves, just because I think we're all anxious to try to get some more supply into the marketplace.

One of the other things I was curious about was the answer to Mr. Poilievre's question about where the money is coming from for people to be able to buy these houses. I know you mentioned bank loans and personal savings.

My understanding is that many believe there's a huge intergenerational transfer of funds happening right now between parents or grandparents and other family members to purchase housing.

Do you also think that is where some of the funding is coming from to buy some of the housing right now?

Ms. Romy Bowers: Again, my answer to this is a little bit anecdotal, because CMHC doesn't have a direct view of where the funding is coming from, but there have been a number of reports issued by Canadian banks that have shown a transfer of funds from parents or grandparents to first-time homebuyers.

We believe some of that wealth transfer is happening.

Ms. Julie Dzerowicz: Thank you.

Then I wouldn't mind getting into a few solutions. In my riding of Davenport we have a number of non-profits that are land rich but not cash rich, and they would love support in order to build some affordable housing on their particular land.

Is there a role that CMHC currently performs in helping non-profits, and if not, is that a role that you think CMHC could actually take on?

• (1205)

The Chair: Give a short answer, please.

Ms. Romy Bowers: This is a role that CMHC currently plays. When you look at the programs in the national housing strategy, many of them are in fact financing programs designed specifically to help non-profits and other affordable housing providers.

The Chair: Thank you, Ms. Dzerowicz.

Now we're moving to the Bloc and Monsieur Ste-Marie for two and a half minutes.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

My next questions are for Ms. Bowers or Mr. Dugan from CMHC.

Given the potential for rising interest rates, do you foresee an increase in mortgage defaults among the clients you insure?

[*English*]

Ms. Romy Bowers: Of course we're concerned about the impact of interest rate increases on families, because we understand that families are stretched and additional expenses can stretch family pocketbooks. Having said that, when we look at the mortgages that CMHC insures, which we stress test on a regular basis, our observation is that mortgage defaults are caused primarily by surges in unemployment. That's what causes mortgage defaults. For most families, we find that interest rate changes can have an impact, but it's a very small factor relative to others.

One thing that's worth pointing out is that we have a system in Canada such that when a first-time homebuyer, for example, qualifies for a mortgage, they're qualified at a stress rate. This buffer between the contract rate and the stress rate provides a bit of a cushion for some of those unanticipated interest rate changes.

[Translation]

Mr. Gabriel Ste-Marie: Okay, thank you. That is consistent with Mr. Routledge's answer.

Does CMHC measure the percentage or proportion of household income spent on housing? If so, have you kept track of it since the beginning of the pandemic? Can you provide any information on it?

[English]

Ms. Romy Bowers: Thank you very much for the question. I've noticed that I've been talking all the time, so I'd like to pass the mike to our chief economist, Bob Dugan, who will be able to provide a very comprehensive response to this question.

Mr. Bob Dugan (Chief Economist, Canada Mortgage and Housing Corporation): Sure. Thank you, Romy.

We've seen an increase in house prices during the pandemic, which has led to an increase in the amount that people have to borrow to buy homes. This has been offset by decreasing interest rates or mortgage rates. When you look at mortgage payments as a share of income, they cycle around a bit, but what we have seen is that the trend overall has been flat over that period. We haven't seen a big increase in the principal and interest payments as a share of income during the pandemic.

Of course, going forward, if interest rates start to increase, there is some risk that that could start to rise slowly. Bear in mind, though, that many Canadians have fixed mortgage rate contracts, so it won't affect everyone right away when interest rates go up. For example, people with a five-year mortgage rate that was recently negotiated don't have to worry about that for another five years. People with variable rates or shorter terms will be affected a little more quickly, but overall we've seen very flat mortgage interest payments to income ratios.

[Translation]

Mr. Gabriel Ste-Marie: Thank you.

[English]

The Chair: Thank you. That's your time, Monsieur Ste-Marie.

We're moving to the NDP and Mr. Blaikie for two and a half minutes.

Mr. Daniel Blaikie: Thank you.

I want to follow up with Ms. Bowers.

Earlier, you said that up to about 1995, CMHC participated in and played an active role in producing about 20,000 to 30,000 units of social housing per year, and that it is significantly less now. What do you think it would take to get CMHC to the point where it would be actively involved in the annual creation of 20,000 to 30,000 units of social housing again?

Ms. Romy Bowers: That's a difficult question to answer. First of all, I can tell you that when we look at our housing programs across

the country, the cost to create one unit of housing varies according to location. With our programs, it ranges anywhere from \$300,000 to \$500,000 per unit. Do the math: If the government were to finance that level of construction, that would be the amount of support the government would have to be able to finance.

I'd like to note that housing is a shared responsibility. There are many orders of government involved in it. Part of what I like about the national housing strategy is that it has given CMHC an opportunity to align the work of the federal government with others to support housing development for those in need of affordable housing.

• (1210)

Mr. Daniel Blaikie: I think it's fair to say that when CMHC was producing a lot of social housing, it was doing that in collaboration with provincial governments, co-operatives and other non-profit groups. It didn't ever really do it alone. It always had to work in partnership with others. Yet we're at a place where CMHC is involved in delivering much less social housing annually than it used to under that program from the seventies until the mid-nineties.

Ms. Romy Bowers: I agree with that. I think I would also highlight that the fiscal environment now is very different from 30 years ago. There's been a dramatic change in the cost of housing and the cost of land in our cities. Those are things that really affect housing costs and really make it difficult for any level of government to participate actively in this space.

The Chair: Thank you, Mr. Blaikie. That is your time.

We're moving now to the Conservatives.

Mr. Stewart, you're up. You have five minutes.

Mr. Jake Stewart (Miramichi—Grand Lake, CPC): Thank you, Mr. Chair.

Ms. Bowers, thanks for being here today.

From some of my research, I read that you said your team shared a single goal: "By 2030, everyone in Canada will have a home that they can afford and that meets their needs." Can you tell me how many dwellings would actually have to be accomplished between now and 2030? I don't mind if you round it up.

Ms. Romy Bowers: The reason I can't give you the number of dwellings is that it's not just a matter of building houses. Housing is complex, and affordability can be met certainly by building houses, which is very important, but there is also a need to think about how much people are paying for their housing and their income level. It's quite complex to land on an exact number. Just to give you a little sense of it, currently... According to the 2016 census, 1.7 million Canadians were in core housing need, meaning that 1.7 million Canadian households were spending more than 30% of their income on house-related expenses.

The magnitude of the challenge is quite significant. CMHC used 2030 because that's aligned with the UN's SD goals. It's a bit of a moon shot aspiration for us, and we like to have that as our moon shot, because it really helps galvanize the organization to help serve Canadians better.

Mr. Jake Stewart: Are you basically saying that the goal is more aspirational than something that's measured with certain targets each year? Would you say that it's more of an aspirational goal?

Ms. Romy Bowers: It's an aspirational goal, but if you look at our annual reports, there are targets established according to different programs we have that we feel are moving us towards that goal.

Mr. Jake Stewart: Have you taken into account that Canada each year...? I don't know the exact number, so this is just an estimation, but I think around at least 300,000 people migrate to Canada every year. When we get new Canadians, obviously they need homes too. Is that factored into this goal?

Ms. Romy Bowers: When you're thinking about the housing needs of Canadians, you absolutely need to take into consideration our immigration targets. I think we all share the belief that immigrants are good for our country and really provide support to our economic development. As we think about the housing challenges we face in this country, we need to think about the needs of immigrant families and the kinds of housing units we need to create to serve their needs.

Mr. Jake Stewart: Okay. I appreciate that.

Ms. Bowers, I've heard from countless provincial stakeholders and private developers about the CMHC. This is the voice of the developer; it's not so much from me. It's not a direct criticism, but I need to explain to you what developers tell me so that you can answer it. They say that the CMHC process is long and complex. It frustrates developers. The time it takes to get projects under way is really dragged out, which impacts the cost.

As we know, right now alone, we have over 85% inflation in just six years. Last year home inflation hit 25%. Bloomberg reports that Canada has the second-most-inflated housing bubble in the world. If private developers believe CMHC is actually jeopardizing projects, at the very least delaying them, so that the developers have to start all over again and sometimes re-establish financing again, can you explain to me where that type of irritation is setting in for the private developers? Could you just speak to that?

• (1215)

Ms. Romy Bowers: I'm very sorry that you're getting this feedback from the development community.

CMHC has been quite busy delivering on the national housing strategy. There has been huge demand for some of our mortgage insurance products, especially from the development community, and we've been working very hard to improve our turnaround times. We can always improve, and I'd be very happy to talk to any of the specific developers Mr. Stewart may have been speaking to and to make sure that we take their feedback into account so that we can become a better organization serving Canadians.

Mr. Jake Stewart: I mean—

The Chair: You have 15 seconds.

Mr. Jake Stewart: Okay.

Could you just explain to me about the red tape that I'm hearing about from private developers? What are you doing to alleviate the red tape?

Ms. Romy Bowers: Throughout the last two or three years we've gone through a number of process improvement initiatives that have actually decreased our turnaround times by over 50%. Is that good enough? No, we need to do more, but when you're thinking about our underwriting process, we're always balancing the need to do the right risk management to protect the balance sheet of the Government of Canada with the need to get the money out the door. There is always a balance between speed and good risk management.

The Chair: Thank you.

Thank you, Mr. Stewart.

Now we're moving to the Liberals.

Mr. MacDonald, go ahead for five minutes.

Mr. Heath MacDonald (Malpeque, Lib.): Thank you, Chair.

I'm going to direct my first question to Mr. Routledge.

I read the speech you presented in Vancouver recently, prior to Christmas. There were a few things that kind of interested me, and I just want you to extend your viewpoint on them.

Our financial system has fared extraordinarily well through several bouts of financial volatility including during the last 18 months. I just want to know what avenues are being taken to lessen that risk going forward.

Mr. Peter Routledge: Mr. Chair, the aim that the honourable member has referred to is stability or resilience in the face of volatility. The strategy is to build buffers in the system. Buffers could include those at the borrower level, which I spoke about earlier with the minimum qualifying rate. Buffers could include system-wide capital expectations, and buffers could include individual capital and liquidity buffers for individual institutions. It is a multifaceted array, if you will, of buffers or cushions intended to blunt the impacts of uncertainty and volatility in the market.

Mr. Heath MacDonald: Are any of those buffers depicted basically for any demographic or is it just a blanket type—

Mr. Peter Routledge: The individual buffers I talked about—for example, the minimal qualifying rate—would just be for homebuyers. That would be the demographic.

On the other buffers, I should have been clearer. They refer to either institutions overall, so federally regulated financial institutions, banks or insurance companies, and there would be systemic and broad expectations about capital or about liquidity. Then at an individual institution level, we'll go in and if we see risk concentrations or stuff we're concerned about, we'll add to those buffers specifically for that institution. That way we tend to minimize the volatility that might come from a financial institution getting into trouble.

Mr. Heath MacDonald: Thank you.

Can you explain what you mean when you say that residential mortgage credit risk has risen modestly?

Mr. Peter Routledge: Yes. When we think about residential mortgage risk, Mr. Chair, we think about a variety of factors. Some of them, like the fast rise in housing prices, give us cause for concern and can foreshadow a deterioration in mortgage credit risk.

Other elements, for example, debt service ratios—the percentage of debt payments mortgagors will have to pay relative to their disposable income—are getting better. To give you another number, there are five million mortgages outstanding according to the Canadian Bankers Association, and in that dataset only 8,720 are in arrears today. That's lower than it's ever been—at least in their dataset—so credit quality is unusually high. That's a sort of countervailing factor that explains how while on a net basis it has risen modestly because of the acceleration in prices, it is offset by other facts that show it is diminishing.

• (1220)

Mr. Heath MacDonald: Thank you very much.

I'll go to Mr. Dugan now.

There has been a lot of discussion about the Bank of Canada raising interest rates. I just want to clarify the following. Some economists are saying that even though raising interest rates may drop housing prices, the CPI measurement used by lenders will grow because the rate of interest is significantly weighted.

Can you explain that, Mr. Dugan?

Mr. Bob Dugan: I guess you're asking about how interest rates and house prices work in the consumer house price index with ownership shelter costs. It gives a very different answer than when you just look at current house prices, because what the CPI is trying to do is measure the impact on the average Canadian homeowner of increases in interest rates and changing house prices, and not everyone is buying a home today at current rates. The mortgage debt reflects an average across Canadian homeowners, and the interest rate reflects an average across Canadian homeowners.

Current conditions don't get fully reflected in the CPI. I think I'm answering your question. It takes into account more of an average. It reflects the burden on an average homeowner's pocketbook of owning a home today. It's not at the margin, but an average across all homeowners.

The Chair: Thank you. That's your time.

We are moving to our third round of questions, members.

We have the Conservatives up with Mr. Chambers for five minutes.

Mr. Adam Chambers (Simcoe North, CPC): Thank you very much, Mr. Chair.

Thank you to our witnesses for being here today.

This is an important study for our committee. There's been 85% inflation in the housing market since 2015. As my colleague mentioned, Bloomberg ranks Canada as having the second most inflated housing bubble in the world. Housing now takes up about two-thirds of a family's gross income.

My first question would be for Mr. Routledge. Have you raised concerns with or warnings to the Department of Finance, in particular to the minister, about vulnerabilities in the financial system from an overheated housing market?

Mr. Peter Routledge: My advice or consultations to the minister are and should be confidential.

With respect to the risk to the housing finance system and the broader economy from very high house prices, we're very alert. That explains our actions over the last couple of years, and, indeed, going back beyond a decade, to add those safety buffers I talked about to help absorb any volatility that might come after that run-up in house prices.

Mr. Adam Chambers: Has the minister, or her office or anyone in the government, asked for additional briefings or analysis of vulnerabilities in the financial system from an overheated housing market?

Mr. Peter Routledge: My consultations with the minister will remain confidential, but I understand she will appear before this committee. That might be a question to ask her.

Mr. Adam Chambers: That's interesting. If you won't discuss what the analysis might be, has an overheated housing market been discussed at senior advisory committee meetings?

Mr. Peter Routledge: Those committee meetings are confidential and chaired by the deputy minister of finance. I'm going to keep my counsel with respect to that as well.

Mr. Adam Chambers: We may look for additional information later at this committee.

Continuing with Mr. Routledge, in an interview with BNN, when referencing speculators, you were quoted as kind of saying "All the power to them. This is a free market." Isn't part of the problem in the housing market that we have this speculation, and the speculation actually increases risks to the overall financial system?

• (1225)

Mr. Peter Routledge: Factually, I did say words to that effect. Also, factually, investors as a percentage of homebuyers are higher than they've been traditionally.

We have a free market. We have a free country. We have a housing system wherein Canadians, if they choose to invest in a second or third home, can do so if their banks will underwrite it. That comment specifically related to that reality in the context where OSFI has to make sure—knowing that happens and knowing that this activity is at a greater percentage now—that our housing finance system can absorb the volatility that might follow that activity.

Mr. Adam Chambers: In that same interview, Mr. Routledge, you mentioned that if we don't build supply, you would be very concerned about increases in financial system vulnerability. We just heard testimony from Ms. Bowers that we are unable to meet our supply goals over the short and the long terms. Are you concerned?

Mr. Peter Routledge: At a speech in Vancouver, I stated and continue to hold the view that a supply-demand mismatch is a potential issue in that it will tend to produce higher housing prices, and housing prices are already quite high relative to income.

The important thing for a superintendent to do is acknowledge that and begin to redouble efforts to ensure that whatever might come of that, the system can manage and continue to provide vital services to Canadians.

Mr. Adam Chambers: Thank you.

I'll switch to CMHC.

Ms. Bowers, you mentioned your primary concerns about supply and how that's really affecting price inflation because of the mismatch between supply and demand. We talked about a bunch of supply issues.

Have you raised concerns about the effectiveness or the counter-productiveness of demand-side proposals from the government? I would include the new tax-free FHSA account for homebuyers, doubling the homebuyers' tax credit. These proposals are going to juice up the market on the demand side.

Are you concerned about these?

The Chair: Give a short answer, please.

Ms. Romy Bowers: In a supply-constrained market, you have to be very careful about measures that impact demand. If CMHC is asked to provide policy advice, we would take that into consideration when providing our advice.

The Chair: Thank you.

Thanks, Mr. Chambers.

We're now moving to the Liberals. I have Madame Chatel up for five minutes.

[*Translation*]

Mrs. Sophie Chatel (Pontiac, Lib.): Thank you very much, Mr. Chair.

Ms. Bowers, Mr. Routledge and Mr. Dugan, thank you for being here.

I'd like to ask you some questions about specific cases.

I understand very well that it's a supply and demand issue. What I'm reading confirms that.

Ms. Bowers, earlier you mentioned the idea of a study to determine what number would be ideal from a supply perspective.

[*English*]

What would the best number be that you could come up with as the ideal supply in the housing market? I'm interested in that study

[*Translation*]

I'd like to know exactly what the steps will be and when this study will be available. It's an essential tool for instituting good policies.

[*English*]

Ms. Romy Bowers: I'd like to give my colleague Bob Dugan a chance to respond, because it's his group that's actually doing the study and it's probably best that you talk directly to Bob.

Bob, could I ask you to speak about the supply view that your group is working on?

[*Translation*]

Mr. Bob Dugan: Thank you very much, Ms. Bowers.

It will be a complex study to carry out. We hope to release the report later this year in June.

The study covers a specific time period. We're trying to determine what the supply will be from now until 2030. You have to forecast if you want to understand the rising demand that comes with population growth, income growth and so on.

We want to look at all these issues together, to try to forecast the number of units that will be needed to meet growing demand by 2030. It's a fairly complex study, although we already have some information on hand. Studies by some organizations have shown that Canada's per capita housing stock is currently below average compared to the other G7 countries. A variety of Canadian provinces, such as Ontario and Alberta, are facing even bigger shortages.

For us, these studies provide a starting point. We want to refine them to obtain a better answer and understanding of how this shortage will evolve over the next few years. As I mentioned, growth in demand is caused by population growth, income growth and other factors.

• (1230)

Mrs. Sophie Chatel: Thank you very much, Mr. Dugan.

You mentioned the G7 countries. I had a look at the curve for all the G7, G20 and OECD nations. All countries have shown strong housing price growth since late 2014.

What global factors contribute to that? Is it because OECD countries have more immigration and their populations are rising faster than the industry's ability to provide housing?

Mr. Bob Dugan: That's a very good question.

Canada Mortgage and Housing Corporation has not done any studies on other OECD nations. So my answer can only cover Canada.

In Canada, a number of factors have caused demand to go up: low interest rates, population growth and income growth. On the one hand, all these factors have resulted in strong growth in demand for housing in Canada. On the other hand, supply has not kept up. In some places, like Toronto and Vancouver, we've seen a long-term trend of supply not keeping pace with demand. In those cities, we have also seen fairly strong growth in house prices over a long period.

In the rest of Canada, it's a more recent phenomenon. During the pandemic, many people left the cities for the suburbs and rural areas. This led to a very sudden increase in supply. The increase in house prices spread from Vancouver and Toronto to other major urban centres.

Mrs. Sophie Chatel: Thank you very much, Mr. Dugan.

I'd like to ask another question, but the Chair is signalling that I don't have enough time left.

[*English*]

The Chair: Thank you, Madam Chatel. Your time is up.

We are moving now to the Bloc and Mr. Ste-Marie for two and a half minutes.

[*Translation*]

Mrs. Sophie Chatel: All right, thank you.

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

Mr. Dugan, we're very much looking forward to the study to be released in June. I'm sure it will be of interest to all committee members.

If I understood your explanation earlier, because housing prices went up and interest rates went down, monthly housing-related payments have not increased as much as housing prices since the beginning of the pandemic.

If interest rates were to go up in an environment where, as you have reiterated, supply is lacking, would that be liable to bring down housing prices? What is your analysis of that and what would you have to say about it?

Mr. Bob Dugan: Of course, it's going to depend on how much interest rates go up. In my opinion, the interest rates we're expecting right now will likely not be high enough to bring on a correction in housing prices.

Some markets in Canada are overvalued right now. House prices are high compared to fundamentals, so rising interest rates will surely hurt demand.

It's important to keep in mind that this is really a marginal phenomenon. First-time homebuyers and those renewing their mort-

gages will be subject to higher interest rates, but the vast majority of Canadians have fixed-rate mortgages and will not experience higher mortgage rates for a certain amount of time.

All of this will nonetheless have a stabilizing effect. Also, keep in mind that most homeowners with mortgages are already qualified for loans with higher interest rates than they are paying right now. So that gives them some leeway to absorb rising mortgage rates.

In my opinion, this is really a marginal phenomenon that mostly applies to first-time buyers, who will be subject to higher mortgage rates.

• (1235)

Mr. Gabriel Ste-Marie: Thank you.

I see that my time is up. Thank you very much.

[*English*]

The Chair: Thank you, Mr. Ste-Marie.

We are moving now to Mr. Blaikie for two and a half minutes.

Mr. Daniel Blaikie: Thank you.

To Ms. Bowers, one of the things I've heard when talking to folks who were involved in producing social housing in what I will call the "heyday" of the CMHC, prior to the mid 90s, is that the availability of regular and predictable annual funding meant that organizations could hope to engage in a planning process, acquire land and then work toward succeeding at one of the annual regular offerings. However, without that, they're in a very reactive position. Their land or buildings become available and they're trying to figure out how to secure the capital to snatch up the land or the building. They're competing with investors, and it's very hard to make a plan for how to move forward on social housing, because they don't know when funding windows are going to open and close. I can understand the reticence to acquire land and other liabilities when they don't know when funding is going to be made available.

To what extent do you think that, even with the new national housing strategy, the CMHC and its partners and the non-profit sector are still operating in that kind of reactive way? What are some of the ways that government might help them be able to engage once again in a more proactive planning process to deliver social housing?

Ms. Romy Bowers: I agree with that assessment. The non-profit sector that is providing housing for the most vulnerable in our society often doesn't have very robust balance sheets. It's dependent on various levels of government for support. I can imagine that it is very difficult to engage in something as complex as housing development in the absence of that funding.

Mr. Daniel Blaikie: Are you aware of or do you think it would be helpful to have an inventory of federal lands that could be put to use for those organizations that are looking to develop new social housing in areas where there's housing demand?

Ms. Romy Bowers: Yes, definitely this would be helpful, I think, and not only federal lands, but also municipal, provincial and territorial lands. I think there are many opportunities in support of affordable housing to use either surplus land or land that is not being used to the greatest intensity. There is a program under the national housing strategy called the "federal lands initiative" that makes surplus federal lands available to non-profits.

Mr. Daniel Blaikie: Thank you very much.

The Chair: Thank you. That's the time.

Thanks, Mr. Blaikie.

We're moving now to the Conservatives and Mr. Poilievre for five minutes.

Hon. Pierre Poilievre: What is the total dollar value of insurance in force at the CMHC? Just the number, please.

Ms. Romy Bowers: Currently, our insurance in force is \$404 billion.

Hon. Pierre Poilievre: Also then, what is the total value of guarantees of mortgage-backed securities and Canada mortgage bonds under the National Housing Act—the total, please, the number?

Ms. Romy Bowers: The total is \$460 billion—

Hon. Pierre Poilievre: If you add up those two numbers—\$404 billion plus \$460 billion—I get \$864 billion. Is that the total value of the amount of money the government is on the hook for when it comes to backing up mortgages?

Ms. Romy Bowers: Thank you, Chair.

In response to Mr. Poilievre's question, the reason I hesitated when he first asked the question is that—

Hon. Pierre Poilievre: Right—we don't have a lot of time.

Ms. Romy Bowers: I know those two numbers, but there's duplication, because some of the mortgages are—

Hon. Pierre Poilievre: Yes, I know that. I know that, Ms. Bowers, but what I'm asking for is what is the total number. What I did ask you the first time is, what is the total number when you remove the duplication?

Ms. Romy Bowers: I don't have that number on hand, but we can certainly get that for you—

• (1240)

Hon. Pierre Poilievre: Okay. That is very disappointing, because we're talking about hundreds of billions of dollars—

Mrs. Sophie Chatel: Point of order—

Hon. Pierre Poilievre: —of contingent liability.

Mrs. Sophie Chatel: Point of order, Mr. Chair.

The Chair: We have a point of order.

Mrs. Sophie Chatel: This way of questioning makes me uncomfortable in front of our witness.

I'd like Mr. Poilievre to be a tiny bit more respectful towards our witness, please.

The Chair: We have talked about respect and decorum, Mr. Poilievre, and avoiding cross-talk for the interpreters' sake, so let's try to stop that. That would be great.

Thank you.

Hon. Pierre Poilievre: Well, it makes me uncomfortable that we have hundreds of billions of dollars of unknown contingent liability.

Ms. Romy, if people do default on their mortgages, your corporation then pays the default loss to the bank and taxpayers could be on the hook for that money, and the fact that you don't know the total amount of guarantees that your organization is offering on behalf of taxpayers to our banks is problematic.

I'll explain why. If our housing prices simply went back to the level they were at in 2020, that would be nearly a 25% reduction in house prices, and if people defaulted on those houses, many would be under water, so taxpayers would then have to pay for the default loss. I would expect that the head of the corporation that is managing these liabilities and this risk for taxpayers would know the numbers and have them at their fingertips.

I want to go to Mr. Routledge now to talk further about the risks. What percentage of new mortgages last year were variable rate...?

Mr. Peter Routledge: Roughly 51% or 52%.

Hon. Pierre Poilievre: That's an unusually high share, isn't it?

Mr. Peter Routledge: It is unusually high, and it's—

Hon. Pierre Poilievre: So when rates rise, those people are immediately going to have higher payments, aren't they?

Mr. Peter Routledge: You're right. That is a correct statement. We have—

Hon. Pierre Poilievre: Yes. What percentage of households that have gotten mortgages in the last year have done so with 5% down?

Mr. Peter Routledge: What per cent of mortgages, Mr. Chair, have 5% down...?

Hon. Pierre Poilievre: Yes—a down payment of 5%.

Mr. Peter Routledge: I would have to look into that and come back to the committee, and I will do so.

Hon. Pierre Poilievre: When you do make a 5% down payment, you have to pay mortgage insurance to CMHC or the other providers, and that is tacked onto the value of the mortgage, isn't it?

Mr. Peter Routledge: Typically, yes. That's—

Hon. Pierre Poilievre: So for 5% down, you have to pay 4% in mortgage insurance fees, which means that once you subtract the mortgage insurance from your down payment, you actually only have 1% net equity in your house, then, don't you?

Mr. Peter Routledge: All else being equal, everyone is different and I wouldn't want to make a broad statement—

Hon. Pierre Poilievre: So if someone has—

Ms. Julie Dzerowicz: Point of order, Mr. Chair.

The Chair: Point of order.

Ms. Julie Dzerowicz: Point of order.

Hon. Pierre Poilievre: This is getting very.... I can understand why these Liberals don't want these questions asked.

The Chair: There's a point of order, Mr. Poilievre.

Ms. Dzerowicz.

Ms. Julie Dzerowicz: I actually think these questions are very important, but I also think the answers are very important and I feel as though Mr. Routledge isn't being allowed to fully answer the questions. I would ask that he be allowed to do so.

Hon. Pierre Poilievre: I wanted—

The Chair: I have been timing this, and Mr. Poilievre had 14 seconds, and for the last one, he had seven seconds and cut off Mr. Routledge who had 1.41 seconds to answer.

So Mr. Poilievre, please give the witnesses equal time to answer those questions.

Hon. Pierre Poilievre: That's a fair point. I do want to thank Mr. Routledge because he has actually been offering direct answers to the questions.

So if ultimately you have one per cent net equity in your house and house prices go back just to 2020 levels—we're just talking about going back to where they were a couple of years ago—and prices drop by 25% then, you're 24 percentage points under water on your mortgage.

Now, if you can't make your mortgage payments because you're on a variable rate mortgage—and you've just acknowledged that half of new mortgages are variable—and you default, then you hand your house over to the bank in a 24% loss position, and the bank hands the bill over to Ms. Bowers over at CMHC, who then passes it on to taxpayers in the form of mortgage insurance payment. That is the risk we're facing now.

I want to know what immediate action you're taking, Mr. Routledge, to address the—

The Chair: Mr. Poilievre, you've gone well over your time. Thank you.

We're now moving to the Liberals with Mr. Baker for five minutes.

Mr. Yvan Baker: Thanks, Chair.

I'd like to take this opportunity to thank our witnesses again—Ms. Bowers, Mr. Routledge and Mr. Dugan—for being here today, and I apologize on behalf of my colleagues for some of the belligerence you've experienced today from some of the members.

• (1245)

Hon. Pierre Poilievre: Point of order, Mr. Chair.

The Chair: Point of order.

Hon. Pierre Poilievre: We had agreed that witnesses should have a chance to answer if a question was asked before the clock ran out.

The Chair: The clock had long run out, Mr. Poilievre. That is debate.

Mr. Baker, you have the floor.

Mr. Yvan Baker: This is the second time, Chair—I think it's important to note—that in the first five seconds of my period of questioning, Mr. Poilievre has deliberately intervened on a point of order that wasn't a point of order. I think he is disrupting the productive work of this committee on this important topic, so I would ask you, Chair, to do what you can in that regard. I know it's not easy.

I'd like to apologize, on behalf of the members of the committee, to our witnesses for the treatment you've received from Mr. Poilievre. I think it's completely unfair and I think it's really important that we hear the answers to the questions because these answers are helping to inform us and inform our report and any advice we give to government on how we should proceed to address the challenges that Canadians are facing in terms of increasing prices of housing and inflation and everything else under the scope of this study.

I also think it's interesting that Mr. Poilievre was speaking about the concern he has about the risk of housing prices coming down and people not being able to afford to pay their mortgages. I find that interesting, because for those folks who've been watching this committee and the previous day of hearings and testimony, and not just the previous day but many days when this committee has met, Mr. Poilievre has argued vociferously against programs like the CERB and the wage subsidy and other programs that have allowed Canadians to put bread on the table and probably, in many cases, I suspect, that allowed them to continue to make payments whether rental or mortgage.

So on the one hand he's expressing concern about what would happen if people weren't going to be able to make those mortgage payments and, on the other hand, he's been arguing against the government supports that in a global pandemic and a crisis have allowed people to make those payments. I just want to point out that contradiction.

I'd like to come back to you, Ms. Bowers, if I may. In my last opportunity to ask you questions, we were talking about supply, and you spoke about how lack of supply is the primary reason for the increase in housing prices. Can you talk about what steps are being taken, if any, by other levels of government to help deal with supply issues? As you pointed out, this is a multi-jurisdictional challenge. You talked about provincial and municipal governments. What steps are those other levels of government taking to boost supply?

Ms. Romy Bowers: Again, that's quite a complex question to answer, because there are so many actions being taken across various levels of government. I think just this week there was actually a housing summit in Ontario that brought together many municipal leaders to address housing challenges. There are many programs available at the municipal and provincial levels across the country to address this issue.

I did highlight in my remarks that problems were at the local level, but I want to highlight that there are many great local leaders who are trying to address the supply challenges. I really would like to commend them for that.

I think where there is an opportunity, it's for everyone to be around the same table and for the federal government's programs to be aligned with provincial and municipal programs and to work with the private development community as well as non-profits to accelerate housing development. CMHC is very happy to play a convening role in this.

Mr. Yvan Baker: I appreciate that.

A lot of the challenges around building more homes, I believe, revolve around municipal zoning bylaws and regulations, etc. What steps are CMHC and the government taking to work with municipalities in this regard?

Ms. Romy Bowers: Thank you very much for that question.

Again, municipal zoning requirements are not within federal jurisdiction. I think what CMHC and the federal government can do is to provide information and insight about how some of these zoning rules impair the fast supply response that we need to that demand.

One statistic I always like to provide people is that compared with other international cities, Canadian cities are not very dense. In Toronto, for example, there are about 480 people per square kilometre. That's the density of that city. For New York, the density figure is 1,700, and in London it's 1,800. In Tokyo it's 4,200. That gives you a sense of how zoning decisions around density can impact the number of homes we have in our cities.

I find that creating that kind of discussion is really important.

• (1250)

The Chair: Thank you, Ms. Bowers.

Thank you, Mr. Baker.

That does conclude our third round, members.

We are now going to suspend to take a health break for five minutes and to allow the witnesses to stretch or whatever they like.

Thank you.

• (1250)

(Pause)

• (1255)

The Chair: Welcome back, everyone.

We are now moving into our fourth round of questions. We will start with the Conservatives and Mr. McLean for five minutes.

Mr. Greg McLean: Thank you, Mr. Chair.

I'll go back to Ms. Bowers here.

Some questions came up from the answers you gave me in the last round about how Generation Squeeze actually got a contract with CMHC through the ideas lab. You said it didn't have to do with their study on the shifting of generational taxes between house owners to new homeowners, a problem that came up during the

pandemic and with this government's mismanagement of the housing market. Can you tell us how they were qualified to give other advice when this is the only thing they're really known to have any expertise in?

Ms. Romy Bowers: To repeat my previous answer, Generation Squeeze's proposal was to study generational wealth inequality. It was not to study the capital gains tax issue specifically. Perhaps I was not clear on that, but I'd just like to state that their study was quite broad, and they chose, as part of the solution, to focus on tax for an aspect of their response.

Mr. Greg McLean: Okay. Thank you very much, but they have no expertise in anything outside of generational taxation, so can you tell me the process and how they were vetted to get this contract? I ask because really, if I can talk to some professors at the University of Calgary and Mount Royal University and say "There's \$250,000 sitting here for you to recycle one of your thesis through the Canadian Mortgage and Housing Corporation".... Is that really the process?

Ms. Romy Bowers: With respect to our solutions labs, there is a competitive process. We provide a lot of transparency about the application process and the ways in which proponents can submit their ideas. We have an internal committee that reviews all the applications, ranks them and grants the money to successful applicants.

Mr. Greg McLean: Okay. Thank you.

I'm going to turn to Mr. Routledge.

Mr. Routledge, over the last couple of years since this government was elected, the average price of a typical Canadian house has gone up from \$434,000 to about \$811,000. That's approximately 85% inflation over the six years this government has been in power. Last year, home inflation hit 25%. The Canadian Real Estate Association said this is the "biggest gain of all time".

Can we talk about that? As you know from financial markets, what goes up must come down. Can you please tell us what you think has caused this rapid increase in housing prices and if it has anything to do with the gross amounts of federal money pumped into the financial system?

Mr. Peter Routledge: Mr. Chair, on the first thing, just for a financial stability perspective on the question, we have seen ups and downs in local housing markets and we have not seen the disruptive situations that we saw in other countries, so the buffers that we've put in place worked then and are stronger now.

With respect to the drive-up in prices, there is a multivariate explanation. Certainly, one of the explanations is lower interest rates. If you lower the price of something—in this case, residential mortgage credit—demand tends to go up. Other factors are this persistent supply/demand mismatch, which does put a bit of an underlying floor under price and gives investors or “speculators” some confidence to come in. That is perhaps why we’re seeing more speculators come in.

There is a multivariate explanation to your very fair question.

Mr. Greg McLean: Thank you, Mr. Routledge, but I take a look at there being a whole bunch more money in the system, and yet a significantly greater portion of it is landing in residential real estate. Typically, it’s between 5% and 8% of Canadian GDP, and now it’s over 10% of Canadian GDP that’s being invested in Canadian real estate, whereas if you take a look at Canadian business investment, in contrast, it is at an all-time low. We’re really pushing money into the housing sector through this government’s activities. Can you please comment on that?

• (1300)

Mr. Peter Routledge: Mr. Chair, Canada has been shifting more of its economy towards housing for a great many years. It harkens back to really beyond the start of this century.

Mr. Greg McLean: Let me intervene, Mr. Routledge, as I have the data right in front of me. You can kind of see it. Before the pandemic, it was already at a high of around 7% of our economy—you’re right—and now over 10% of our economy is being put into residential real estate. That’s a drastic increase over the span of the last two years.

The other part of that, of course, is that the rest of the economy is not receiving investment. As a matter of fact, we’re net negative if you subtract the depreciation of the capital stock in the country.

Why is this choice being made by Canadians?

The Chair: We’re well past time, so we’ll have a short answer of 10 seconds, please.

Mr. Peter Routledge: Mr. Chair, the banks have chosen to allocate their capital towards residential mortgage credit because the demand is there and it remains a very profitable, well-capitalized business.

The Chair: Thank you, Mr. McLean.

We’re moving now to the Liberals and Ms. Dzerowicz for five minutes.

Ms. Julie Dzerowicz: Thank you so much, Mr. Chair.

Mr. Routledge, I’m going to start with you.

I know that Mr. Poilievre gave you a number of rapid-fire questions. Is there anything you might want to add or elaborate on in response to the series of questions he provided you with?

Mr. Peter Routledge: Mr. Chair, perhaps I’ll go back to the question by the honourable member Mr. McLean.

In 2015 we had a fairly sizable correction in Vancouver housing—a double digit one. In 2017, following the 2016 boom, we had a similar one in Toronto, and certainly predating those, there were plenty of mortgages underwritten, and some of them were under-

written with low down payments. Through those events, mortgage insurers did not suffer disproportionate losses. Banks did not suffer disproportionate losses, and credit delinquencies remained remarkably low. The buffers that have been put in place, whether by the Office of the Superintendent of Financial Institutions or by other departments of the federal government, including CMHC, absorb the volatility in those cities, and I believe they will absorb and are adequate to absorbing volatility that may come.

I’m not complacent and I’m always asking where we can add more safety, but I am very confident that we have very strong buffers in place.

Ms. Julie Dzerowicz: Thank you so much, Mr. Routledge.

My next question is for Ms. Bowers.

During the pandemic—and we’re now going into the second year—what has been the rate of mortgage defaults? Do you have a sense about that for us?

Ms. Romy Bowers: I can talk to you about CMHC’s delinquencies. Our delinquencies have been below 0.3%. So they have been very, very low, and despite the fact that there has been an economic recession, we feel that in terms of delinquencies the mortgage market has been very robust.

That being said, at CMHC we take risk management very seriously and we do invest in significant stress-testing capabilities to make sure we have sufficient capital in place for any losses that we would incur.

Ms. Julie Dzerowicz: To follow up on that, Ms. Bowers, in February 2020, just about a month before the pandemic started, our federal Minister of Finance at the time did change the minimum qualifying rate for insured mortgages.

To what extent did that change have an impact on the low level of mortgage defaults?

Ms. Romy Bowers: It was a change in what is called the “stress test”. It provides a little bit of an extra buffer for first-time homebuyers qualifying for mortgages, or a little bit of cushion in the system in the event of sudden changes in interest rates.

From a prudential perspective, we feel that that kind of change is good for the system.

Ms. Julie Dzerowicz: I’m sorry, but my question was whether it had an impact on the low mortgage default rate.

Ms. Romy Bowers: My apologies—I was just coming to that question. In terms of losses, based on our stress testing and our experience, we find that losses in our mortgage book are caused by unemployment, not changes in interest rate. Therefore, I think the stress test may have indirectly contributed to the robustness of our mortgage book by having more stringent criteria, but I don’t think there’s a direct relationship between those two changes.

• (1305)

Ms. Julie Dzerowicz: Thank you. It's interesting that employment is more of a direct factor in mortgage defaults. Thank you for that.

My last question is for Mr. Routledge.

I believe you made some comments, in your Vancouver speech, about looking at the minimum qualifying rate for uninsured mortgages. Can you comment on that? It must be very difficult in a time of instability. How are you looking at it from the perspective of making sure we're keeping in mind that we want first-time buyers to actually continue to buy houses?

Mr. Peter Routledge: Mr. Chair, the honourable member very aptly describes the trade-off we face. Over the last four years, we put the stress test in place and increased it so that the test borrowers face is higher than it was a few years ago. The implication is that it's harder for Canadians or that Canadians need higher income levels to meet the stress. We do that for a good reason. We do that so that if we have volatility and uncertainty in the housing market, there are those buffers at the individual level that come into effect and then allow Canadians who may be facing a bit of hardship to stay in their homes.

The price we pay is that as we raise the stress test, affordability—or not so much affordability, but access to credit—requires higher levels of income. We think about that a lot. We thought about that in December when we reconfirmed our stress test, which is the greater of 5.25% or the contract rate plus two per cent. Access to credit is not the only consideration but it's an important consideration.

The Chair: Thank you.

Thank you, Ms. Dzerowicz.

We're moving to the Bloc and Monsieur Ste-Marie for two and a half minutes.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

Mr. Dugan, we are currently seeing an increase in the cost of rent. People who are renting seem to be paying higher rent. Rent has not gone up as much as real estate prices, but it certainly has gone up.

In your reports, do you see a cause and effect relationship between higher real estate prices and higher rents? Is it a major determining factor or is it more marginal? Is it supply and demand once again in this case?

Mr. Bob Dugan: Thank you for your question.

Of course, supply and demand has a lot to do with it.

All markets are connected in one way or another. When housing prices go up, some people can't afford to buy a property so they stay in the rental market. That results in greater demand for apartments, which puts downward pressure on vacancy rates and can put upward pressure on rents. Everything is connected and supply and demand certainly has an impact.

Mr. Gabriel Ste-Marie: All right, thank you.

I'd like to ask Ms. Bowers a question about something else.

In the last budget, the government announced an interest-free loan program for energy-efficient retrofits, to be administered by CMHC. Initially, the program was expected to launch last summer, then it was delayed to the fall, and now they are saying 2022.

Are you able to give us any information about it? When will the program be up and running?

[*English*]

Ms. Romy Bowers: I thank you very much for the question, but unfortunately I can't comment on the exact day of the rollout. However, I can provide a bit of explanation as to the nature of the program.

The question is in reference to the Canada greener homes program. It comprises three parts. The first part is delivered through NRCan, and it consists of a \$5,000 grant, as well as costs for the energy inspection required to do changes and renovations to a home. CMHC is not involved in that.

What we are involved in is that in addition to that \$5,000 grant, eligible homeowners can apply for a loan of up to \$40,000 through CMHC. We are in the process of preparing the launch of the program, and we will be very happy to serve Canadians when we get the green light.

• (1310)

The Chair: Thank you.

[*Translation*]

Mr. Gabriel Ste-Marie: We're looking forward to it.

I have a point of order, Mr. Chair.

[*English*]

The Chair: Go ahead, Monsieur Ste-Marie.

[*Translation*]

Mr. Gabriel Ste-Marie: I'd like to inform you that I am giving my next turn to Elizabeth May, who has some questions for Ms. Bowers.

[*English*]

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Thank you.

The Chair: Thank you for letting me know. We will have Ms. May up when your turn is up.

Now, of course, we have the NDP and Mr. Blaikie for two and a half minutes.

Mr. Daniel Blaikie: Thank you very much.

Earlier, Mr. Routledge, you said that about 25% of the market is investors at the moment. You've also said that about 50% of the mortgages in the last year were variable rate interest mortgages. Do you have a sense of how much of those variable interest rate mortgages are in the investor class versus for Canadians who are buying homes to live in?

Mr. Peter Routledge: Mr. Chair, that is a great question.

I don't have that information at my fingertips. I will look into it. It will be hard to find; I know that at the institution level it is confidential and strategic. I simply don't have the answer at my fingertips. I will look into it.

Mr. Daniel Blaikie: Okay.

Does that also mean that we wouldn't know the extent to which investors versus homeowners are exposed to the threat of default in the case of an interest rate hike?

Mr. Peter Routledge: Mr. Chair, whether an investor chooses a variable rate mortgage or a homeowner with one home chooses a variable rate mortgage, they're all subject to the same minimum qualifying stress test, which is the higher of 5.25% or the contract rate plus 200 basis points. The interest rate buffer, if you will, applies to everyone.

Mr. Daniel Blaikie: The government in New Zealand has taken some action to say that to the extent that somebody already owns a property, for each subsequent property they buy there's an increasing amount of down payment that they have to provide. They've done that as a way to try to cool off a really hot housing market there.

I guess there are two sides to that. One obviously is that it reduces risk in terms of the possibility of default if the investor has more equity in the property they're purchasing, but it may also have a salutary effect on housing prices.

Do either you, Mr. Routledge, or you, Ms. Bowers, have some comment on that as an approach both to reduce risk and especially to try to cool off housing prices?

Maybe we will start with you, Mr. Routledge.

Mr. Peter Routledge: Mr. Chair, that's a rule specifically. At OSFI we are principles-based. That's an underwriting practice, and we would encourage the institutions we supervise to think about that. We don't currently have that specific and discreet rule, although we do have disciplines that say that if you as a bank are taking more risk, you should have more capital allocated against the loan.

In answer to your question, I would be hesitant to tie capital regulations to housing market price. Our job is to keep the system safe.

The Chair: Thank you.

Thank you, Mr. Blaikie.

We are moving to the Conservatives.

Mr. Stewart, go ahead for five minutes.

Mr. Jake Stewart: Thank you, Mr. Chair.

My first question this time is for Ms. Bowers.

The last time, I was talking about some of the New Brunswick developers and maybe the odd Atlantic developer I have spoken to, and I think you said you had decreased red tape by 50%. Could you explain a little bit about how you decrease that and what it's actually doing?

Ms. Romy Bowers: Fair enough. I'll use that one example. When we were first tasked with the responsibility of rolling out the national housing strategy, we had a number of loan programs, and as we were setting up our processes, the actual processing time was almost nine months from receipt of the application to the release of funds. During the last couple of years, we have been able to shrink that length of time by about half. That's one example.

Mr. Jake Stewart: Okay. Are there any other examples that come to mind?

Ms. Romy Bowers: With respect to our mortgage insurance business, which can also be applied to developers, we have done a better job of triaging applications by risk. We have different processes for underwriting smaller credits versus larger ones, so we have tried to create some triaging in our underwriting processes to make the process go faster.

• (1315)

Mr. Jake Stewart: Reading into this triaging aspect, maybe this is a generalization, but I'm just curious about the following. Would you say the program is geared toward the wealthiest people being successful, or at least assisting the wealthiest people, the wealthiest developers, to be successful?

Ms. Romy Bowers: In response to that question, I would say that we have quite a diverse client list of developers. We serve developers across the spectrum, be they large or small. We have very good clients who we do a lot of business with in the Atlantic region but we also have developers in Toronto as well. We have a fairly diverse book in terms of the developers we serve.

Mr. Jake Stewart: One of the complaints I've heard from developers is about the need for a quantity surveyor. Under CMHC programs it's difficult for Atlantic developers because there is only one such outfit in Halifax.

I've heard some complaints about this quantity surveyor. Could you explain how the quantity surveyor is benefiting this process?

Ms. Romy Bowers: With respect to that question, I would like to take that back. I'm not aware of this specific issue with respect to quantity surveyors. I will check with my team in the Atlantic provinces and provide a response to Mr. Stewart.

Mr. Jake Stewart: What I've been told about the quantity surveyor is that some of the developments in Atlantic Canada outside HRM would be large enough in scope to warrant a quantity surveyor. What's your department doing to resolve this issue and when is it completed?

From what I understand, this need to have a quantity surveyor is putting projects at risk and dragging out the process substantially.

Are you saying you don't have any insight into how this is taking place?

Ms. Romy Bowers: I'm not aware of the specific issue, but I will consult with my operations team and get back to Mr. Stewart.

Mr. Jake Stewart: Okay.

How much time do I have, Mr. Chair?

The Chair: You have about 45 seconds, Mr. Stewart.

Mr. Jake Stewart: Okay.

Mr. Routledge, with regard to variable mortgages, what type of oversight does your entity have of the banks in terms of prospective buyers? Hypothetically, I guess, if the banks were more inclined to prefer variable mortgages, what type of oversight would you provide in that situation? With variable mortgages and the climate we have now, people are going to be paying through the roof; they already are. What type of oversight would you provide for that part?

The Chair: Give a short answer, please.

Mr. Peter Routledge: We have rather rigorous oversight for all mortgages, including variable mortgages, through our residential mortgage underwriting guideline. This would include measures in place to guard against the very scenario the honourable member outlined—rising variable rates. We want to ensure that borrowers can service their mortgage in that environment.

The Chair: Thank you, Mr. Routledge and Mr. Stewart.

We're moving to the Liberals.

Mr. MacDonald, you have five minutes....

You're on mute, Mr. MacDonald.

Mr. Heath MacDonald: Is that better?

The Chair: That's great.

Mr. Heath MacDonald: Mr. Chair, if you don't mind stopping me at around two and a half minutes, I'll cede some of my time to Ms. May.

The Chair: Will do.

Mr. Heath MacDonald: I want to go back to the CMHC. With regard to the proposed housing accelerator fund, can you advise us on what it will look like and how stakeholders can weigh in on this process going forward?

Ms. Romy Bowers: I can't comment on what the program will look like, because it's under development, but I would like to highlight that we are conducting a public consultation on possible design choices that we could make. We've sort of launched it through our social media. We're asking Canadians and other stakeholders to provide feedback on decisions that we could make on its design.

In addition to that, we are conducting a housing supply summit. We're consulting very broadly with the housing community to design a program that we think would result in the best outcomes for Canadians.

• (1320)

Mr. Heath MacDonald: Thank you.

The housing supply challenge is that obviously supply is outweighing demand. However, what can we do as members to help in the area of housing to expedite co-operation and collaboration with provincial governments in our districts and municipalities? Is there

an outline or a vision for CMHC to provide more direction and more decisiveness to expedite some of these programs and processes?

Ms. Romy Bowers: At the federal government level, we have an FPT housing forum. It's a very good opportunity for the CMHC and the federal government to connect with housing authorities at the provincial and territorial levels. We also work very closely with the Federation of Canadian Municipalities to have round tables on the issue of housing supply.

From the perspective of members of Parliament, you understand your communities best. We have regional staff in all areas of Canada. We appreciate members' feedback and any insights about the very specific housing supply challenges that your constituents face across the country. Housing is one of those things where there's no solution...because housing is very local. We like to make sure that we connect with the local communities to understand the issues in the particular regions.

The Chair: Thank you, Ms. Bowers and Mr. MacDonald.

Now we'll pass it over to Ms. May.

Ms. May, you have about two and a half minutes.

Ms. Elizabeth May: I'd like to start by thanking Heath MacDonald for his generosity on time. Mr. Ste-Marie also offered me some time. I will try to be very succinct. I thank my colleagues for their generosity.

Ms. Bowers, I'm going to ask you a question, but first I have a brief preamble to make that I hope will reassure my friend Mr. McLean.

I looked up the CMHC climate labs program with Generation Squeeze, because over time I've found Professor Kershaw and his research group to be extremely useful and rigorous. I know it was unintentional if there was any sort of slight toward Professor Kershaw, but I found that the project with climate labs with CMHC involved more than 60 experts from community, industry and academic backgrounds, including several from the University of Calgary. I was pleased to see that. I'm sure it was a well-used grant from CMHC.

My question for you, Ms. Bowers, prompted by the context of this whole discussion with the finance committee, is about the problem of the extremely unacceptable level of barriers to people owning their own homes or even finding places to rent. It's a real crisis across Canada, but it's all about supply, and I want to ask you a bit more about that.

Certainly as British Columbians, we're well aware that our housing prices began to take off in ways that were insane, with money laundering and criminal activity and offshore investors. We still have the problem of people buying homes to put them into Airbnbs, not as homes but as investments. How many of those factors are now still active in creating this disconnect between supply and demand?

Ms. Romy Bowers: I will say, in response to that question, that at CMHC we like to focus on supply, but we understand that there are demand factors that create house price escalation in the short term. We are concerned about things like money laundering. One of the concerns is that we don't have a lot of good data that really helps us assess the extent of money laundering in Canada. There was a recent commission in B.C. to study this problem in more detail. According to that study, I believe it was estimated that perhaps about 5% of the price increases could be attributed to money laundering. Again, it was based on very imperfect data.

I think what's really important on the topic of money laundering is that many jurisdictions are putting into place a better way to keep track of who actually owns the homes, with beneficial ownership registers. I think that's something that can go a long way toward really understanding who is buying the properties. CMHC would be very supportive of the expansion of those kinds of efforts.

• (1325)

The Chair: Thank you, Ms. Bowers and Ms. May.

We are moving into our fifth round, starting with the Conservatives.

Mr. Chambers, you have five minutes.

Mr. Adam Chambers: Thank you, Mr. Chair.

Ms. Bowers, if you look at market share data, CMHC market share seems to have been declining for a number of years. Recently, it looks like CMHC has regained some market share. Is this a strategic and deliberate shift by CMHC to grow its market share?

Ms. Romy Bowers: The mortgage insurance business is a very important part of our business. During the last financial crisis, CMHC's market share grew very substantially. At one point, because there was the withdrawal of private insurers, CMHC had about 90% market share of the insured space. Since the last financial crisis, we have been deliberately decreasing our market share, because we feel it's good to have competition from our private sector competitors in the mortgage insurance space.

Having said that, we're very aware of the importance that mortgage insurance plays in financial stability. We have a target that's approved by our board to strive for about 40% to 50% of the market. We're a little bit below that right now, and we're working hard to achieve more market share, but again, we have to compete with the private sector players and we have to up our game in terms of providing better service to our clients.

However, even though we have a lower market share than we'd like, I am not concerned about that, because we have the expertise and capabilities in-house to scale up our business if needed. From the perspective of acting on our financial stability mandate, we feel that CMHC has the capability to support government and the needs of the day.

Mr. Adam Chambers: Thank you, Ms. Bowers. Increasing market share will inevitably increase our risk to taxpayers if we crowd out the private sector.

Switching gears here, in 2017-18 there were some new proposals by Natural Resources Canada to look at improvements, or what they called "improvements", to the building code. Many industry

players voiced some concerns about building code changes that would actually increase the cost to build new homes—the construction costs. Of course, we're talking about inflation and housing, and the cost to build a home is important.

Was CMHC consulted, or have you done any work with Natural Resources on those proposals?

Ms. Romy Bowers: I am not familiar with those specific roles. Those predate my role as CEO. I can certainly get back to you to determine CMHC's involvement. Generally building codes are not within our area of responsibility, but we may have been consulted. I'll have to check.

Mr. Adam Chambers: Thank you very much.

Mr. Routledge, do you have any data you could share about how the stress test is applied regionally? Statistics Canada typically only reports on national debt service ratios and not regional ones. I'm wondering if that is something OSFI looks at. Could you provide that to the committee?

Mr. Peter Routledge: Mr. Chair, we apply the stress test uniformly across institutions, and that would lead to a uniform application across Canadians in all regions.

With respect to debt service ratios by region or province—and I'm making the assumption that's what they are asking for—I will look into that. I don't have that off the top of my head.

You may assume that in high-price cities, debt service ratios tend to be higher than in low-price cities.

Mr. Adam Chambers: Thank you very much, Mr. Routledge.

In 2015-16 OSFI had a strategic imperative for the organization to get a handle on or to learn more about the shadow banking sector. The C.D. Howe Institute recently indicated that the sector is now at about \$1.5 trillion annually. That has about doubled since 2005, I believe.

Do you feel as though in the last five years we have made good progress on understanding that sector, or do you think there are still some vulnerabilities there that we need to uncover?

Mr. Peter Routledge: Mr. Chair, might the honourable member clarify what he means by shadow banking sector?

Mr. Adam Chambers: I mean not the traditional bank lenders.

Mr. Peter Routledge: Thank you.

Mr. Chair, the size of residential mortgage credit outstanding is \$1.9 trillion currently. About \$1.5 trillion is provided by OSFI-supervised institutions. The remaining \$400 billion comes from non-banks or credit unions.

If by "shadow bank" you mean what the Bank of Canada classifies as a shadow bank, most of that involves mortgages originated by non-bank players and then sold on into our FRFI space. So the banks ultimately hold the risk, but these are originated by non-banks. That fits the Bank of Canada definition.

Within that there is a small segment that folks might more commonly associate with shadow banking, which includes riskier mortgage investment corporations and the like, and that remains growing but small.

• (1330)

Mr. Adam Chambers: Thank you.

I have just one quick question now.

The Chair: That's five and a half minutes. Thank you, Mr. Chambers.

Mr. Adam Chambers: Thank you.

The Chair: We are moving to the Liberals.

Madame Chatel, go ahead for five minutes.

[*Translation*]

Mrs. Sophie Chatel: Thank you, Mr. Chair.

The Minister of Housing met with provincial ministers yesterday. Some of the things they concluded are of particular interest to me.

Mr. Dugan and Ms. Bowers, you spoke earlier of supply and demand issues. We need to focus on increasing the supply of housing. That's the root of the problem. We have less housing available per 1,000 people than many other countries. So we need to increase the supply.

I've spoken to building contractors in my constituency, and they have confirmed that one of the biggest barriers to development in urban and rural areas—we mustn't forget rural communities—are municipal issues. In small communities, very often it's hard to get permission to build housing. The process is often highly politicized in small communities. There's a “not in my backyard” syndrome. These folks do not want to see new construction in their neighbourhood. So it's a huge challenge.

They met to discuss how to use the housing acceleration fund to break down municipal barriers and get more housing built. It's a key issue.

What barriers exist and how can we work with our provincial partners to address these issues?

You spoke earlier of densification in our cities. Can you tell me more about how you perceive the barriers and how we can discuss this with our provincial colleagues?

[*English*]

Ms. Romy Bowers: Mr. Chair, I believe Ms. Chatel has done a good job of summarizing issues that can often exist at the local level. I think that CMHC is not in a position to resolve them, but I think we can provide support by working with municipalities and provinces to make the development process more efficient.

I want to say also that not all municipalities are the same. Some municipalities have taken big steps to improve the development process, but I think that by all levels of government working together, we can work together on it. Some of the barriers could be very simple. In some small municipalities, they may not have enough staff in their planning offices to approve applications. In other communities, there may be a lot of opposition to certain types of development, so there may have to be more educational outreach to community groups.

There are many different issues that can slow down the development process, and I think the solution has to be customized to the situation that exists in each municipality.

[*Translation*]

Mrs. Sophie Chatel: For the more rural areas in particular, what are the biggest housing challenges?

[*English*]

Ms. Romy Bowers: In terms of rural areas, I think that currently there is a shortage. We have a bit of a supply chain disruption because of the pandemic and, in addition to that, in many rural areas—and actually in cities as well—there's a shortage of the skilled labour required in the construction process. It has been our experience that sometimes that can hold up the development process.

• (1335)

[*Translation*]

Mrs. Sophie Chatel: Exactly, I was in a rural community and I heard that even if people get a building permit and the financing, the labour shortage is still more widespread in rural areas.

In addition, it's kind of a vicious circle, because they also don't have housing for people who would come in and work on a project for a year, for example. So it's a big problem.

We've seen the problems worsen during the pandemic, but they are nothing new. Housing pressure had been on the rise since late 2014. Without the national housing strategy and the federal government's support, where would we be today?

[*English*]

The Chair: Madame Chatel, we are way over time, so we are going to have to move on.

It's the Bloc next, although the time has been ceded by Monsieur Ste-Marie to Ms. May.

Ms. May, you have two and a half minutes.

Ms. Elizabeth May: Thank you.

My question is going to Ms. Bowers again.

Yesterday—I think the press release is actually dated with today's date—there was an announcement of a rapid housing initiative through CMHC. One of the many projects that's going to get fast-tracked is housing on Salt Spring Island in my riding. A lot of people may assume that Salt Spring Island, most people.... Let's just say for everyone in this room that you can nod if you agree that you think Salt Spring Island is all older hippies and they're all rich, but we have a huge problem of a lack of adequate housing, and we have a huge problem of people who are living rough, so I'm really grateful that this is happening.

Do you have any idea, Ms. Bowers, if this rapid housing initiative will be expanded? I can tell you that on Galiano Island we have a housing group that is putting in front of every home that supports it signs saying, “Yes, in my backyard”, because we have really acute housing shortages throughout Saanich—Gulf Islands.

The Chair: I'm sorry, Ms. Bowers. You're on mute.

Ms. Romy Bowers: My apologies, Mr. Chair.

I can't comment on whether the program would be extended or expanded, but I can comment on the level of demand. We have had two rounds of the rapid housing initiative through the pandemic. It is targeted to homes for the homeless or people at risk of homelessness, as Ms. May mentioned, and the demand for the funding way outstripped the funding that was available.

As many of you are aware, there definitely is a real need for housing that caters to those populations at risk.

Ms. Elizabeth May: You don't know how many rounds may still be coming, but again, we have mentioned in this discussion that a lot of the delays and difficulties come from local decision-making and local approvals. Does CMHC have any ongoing consultative mechanisms to assist local municipalities?

I'm thinking, for instance, of the Federation of Canadian Municipalities. By the way, I defer to the FCM on almost everything as one of the great brain trusts in Ottawa, where you can go to get good data information and, for instance, through their rural caucus of mayors, to get really good information on the struggles that local municipalities, particularly small ones, face in being able to handle challenges like the housing crisis.

The Chair: Give a short answer, please. You have 20 seconds.

Ms. Romy Bowers: The answer is no. We don't have a specific mechanism built into CMHC, but we have done a lot of research and we have staff who are very knowledgeable about local issues.

The Chair: Thank you.

Thank you, Ms. May.

We're moving to the NDP and Mr. Blaikie for two and a half minutes.

Mr. Daniel Blaikie: Thank you very much.

I'm curious to know if one of our witnesses wishes to comment on the role of real estate investment trusts in the current Canadian real estate market. To what extent are they contributing to upward pressure on housing prices? What are some of the things the government might consider doing to curb whatever upward pressure REITs might be causing in the Canadian housing market?

• (1340)

Ms. Romy Bowers: If I may, I would ask my colleague, Mr. Dugan, to respond to the subject of investors in the real estate market, and real estate investment trusts in particular.

Mr. Bob Dugan: We've tried to take a look at this question using our rental market survey data and looking at the average rents by ownership type. We haven't been able to identify any significant difference between REITs, corporate ownership versus individual investors, or other investors in the rental market. It's not clear to us that the average rents are trending very differently for REITs versus other kinds of owners. In fact, when you think about the rental market, it's very difficult for that to happen, because if one person tries to charge more than someone else, there's competition in the market.

There's not a lot of evidence there. We continue to look at the question to see if we can unearth anything, looking at different data sources. We don't have results yet, but we've taken an initial stab at trying to look at that with our rental market survey results.

Mr. Daniel Blaikie: Do you have any numbers that would let us know the extent to which REITs might be predominantly causing new housing construction, or if they tend to bid on existing housing?

Mr. Bob Dugan: That's a good question. We don't collect that in the rental market survey, because it's not a starts and completion survey. What we have is the rental market universe and we survey from that.

I could see if there's a way for us to answer that, but I don't have it at the tip of my fingers. We just look at the distribution.

What I do know—I don't have the exact number off the top of my head—is that the REITs account for a fairly small percentage of overall landlords in Canada. They aren't big enough to have much pricing power, because they're small players relative to other owners or landlords.

The Chair: We've just reached the end of your time, Mr. Blaikie. Thank you.

Now we have Mr. Poilievre up for five minutes.

Hon. Pierre Poilievre: Ms. Bowers, let's go back to the issue of the liability to Canadian taxpayers if there are mass defaults and a housing crash. I'm looking forward to getting from your organization the total dollar value of insurance in force and guarantees. Will you commit to presenting that to this committee in writing soon, at a future date?

Ms. Romy Bowers: Absolutely.

Hon. Pierre Poilievre: Thank you very much. I appreciate that.

When a home buyer defaults and CMHC pays for the default loss to the bank, does the bank currently pay a deductible for claiming that insurance?

Ms. Romy Bowers: No.

Hon. Pierre Poilievre: Does the bank pay the original premium in order to get the insurance?

Ms. Romy Bowers: The premium is paid by the homeowner and, typically, it's added on to the principal of the mortgage.

Hon. Pierre Poilievre: Right. The home buyer pays the premium, the taxpayer pays for the loss and the bank doesn't pay either a premium or a deductible. Can you think of any other person or company anywhere in the economy that gets full insurance against loss without paying either a premium or a deductible?

Ms. Romy Bowers: I appreciate your concern about the risks associated with the mortgage insurance business. I want to reiterate the belief that CMHC has in our risk management practices and that we take our exposure to Canadian taxpayers very seriously—

Hon. Pierre Poilievre: I believe you, but I'm asking if there is any other company or person anywhere in the economy that gets full insurance without paying a premium or a deductible. For instance, if I get into a car accident and I have a claim, I have to pay a deductible. In order to get that insurance, I have to pay a premium. The bank is getting insured without a premium or a deductible.

Are you aware of any other person or company in the economy that would have that kind of a deal?

Ms. Romy Bowers: Unfortunately, I'm not able to answer that question.

Hon. Pierre Poilievre: Frankly, I don't think you're to blame for that. This is the way it's been for a long time. I just think we have a very strange system in this country that dates back a long time, through many parties, where we give these banks the ability to profit off of mortgages while they can pass on the risk to taxpayers.

I'll shift to you, Mr. Routledge. You have something called the "liquidity coverage ratio", which is that banks must have enough cash or cash equivalents to cover 30 days of expenses. If they have a mortgage that is owed to them, that's not considered cash or a cash equivalent asset. However, if they get CMHC to insure it and securitize it, it becomes cash or cash equivalent asset. Isn't that true?

• (1345)

Mr. Peter Routledge: Within the liquidity coverage ratio, high-quality, and by that specifically I mean sovereign, assets do have a very high—

Hon. Pierre Poilievre: Like securitized—

Mr. Peter Routledge: —liquidity rating, because you can take a very high-quality AAA asset and liquify it fairly quickly in markets. That is reflected in our rules, as it should be.

Hon. Pierre Poilievre: What that means is that if I'm a bank and I am owed a mortgage, I can pay a fee and get CMHC to stamp it and securitize it. I can sell it off and then use the proceeds to lend out another mortgage, can't I?

Mr. Peter Routledge: The governor for credit creation in the system is "capital requirements", not necessarily the ability to liquify.

Hon. Pierre Poilievre: Right. But if you—

Mr. Peter Routledge: The advantage of the system is—

Hon. Pierre Poilievre: —sell off a mortgage product as a bank, then you can take the proceeds of that sale and relend it out, right?

Mr. Peter Routledge: Again, the governor is the capital requirements. You have assets and you have capital. The assets can be allocated as the executives of the bank see fit. The capital governs how large that asset group can grow.

Hon. Pierre Poilievre: Yes. I know that. But the point is that you can convert a non-liquid asset—that is, the mortgage receivable that a bank has—into a liquid asset by simply getting government securitization of it. The government stamps it through CMHC and guar-

antees it against mortgage default. You can use that to sell off to another financial institution, get the cash from that sale, and relend out the money.

This is the last time I'll ask the question: Is that true or is it not true?

Mr. Peter Routledge: The activity of buying mortgage insurance, be it from CMHC or private mortgage insurers, adds to the liquidity of mortgage assets on a bank balance sheet. Net-net, and in a crisis, that is another stabilizer and will benefit the system—and did in the last financial crisis in 2008-09.

Hon. Pierre Poilievre: Right.

How much time is left, Mr. Chair?

The Chair: You have five seconds.

Hon. Pierre Poilievre: Well, I guess I'd just point out that this is a real sweetheart deal for the banks, because they get all the profits and the taxpayers get all the risk. These mortgage insurance products increase the amount of cash the banks can lend out, and I think are contributing to ballooning our housing market.

I thank you both very much for your answers.

The Chair: Thank you, Mr. Poilievre.

We're now moving to the Liberals.

Mr. Baker, you're up for five minutes.

Mr. Yvan Baker: Thanks very much, Mr. Chair.

I'd like to start by sharing some new with the committee and with the witnesses that just came across my desk. Minister Ahmed Hussen, the Minister of Housing and Diversity and Inclusion, hosted a federal-provincial-territorial virtual meeting with provincial housing ministers from across Canada. All the ministers agreed that a strong partnership between the federal and provincial and territorial governments is crucial to ensure that all Canadians have a safe and affordable place to call home. I think this is very important, because it underlines something that I think some of our witnesses have spoken to, namely, the importance of the fact that this is a multi-jurisdictional challenge in all jurisdictions. Whether it be federal, provincial or municipal, they need to be working to address the challenge of housing affordability.

There is another piece of news that I think is really relevant. The minister spoke to the fact that he's looking forward to continuing these conversations at the national housing supply summit that the Government of Canada will be hosting next month in collaboration with the Federation of Canadian Municipalities. I know this has been spoken about before, but this is the first time I've heard that it's in fact happening next month. That's very exciting, because I think this is a very important part of making sure that all levels of government are working together to resolve the challenge of housing affordability.

I just wanted to underline that and to share that news with folks at home and members of the committee.

If I may, Ms. Bowers, I want to return to something that you were speaking about with my colleague Ms. Dzerowicz a little earlier. I think you shared this with Ms. Dzerowicz, but could you share again how the default rate on mortgages over the course of the pandemic has compared with prior years?

Ms. Romy Bowers: It's very unusual in a recession, but the default rates have not increased during this recession. That's very unusual, given the very specific circumstances of this pandemic.

Mr. Yvan Baker: Why is that, do you think?

Ms. Romy Bowers: I think this recession has been a bit different in that the people who have experienced unemployment have not been in predominantly the lower quintiles of our income distribution. We've seen the impact that the pandemic has had on people who work in the services sector or other jobs, where there may be more renters versus homeowners, so that is probably one factor.

In addition to that, there was extraordinary income support provided to Canadians during the pandemic, and that may have helped some families provide support for their mortgage payments.

• (1350)

Mr. Yvan Baker: Yes. Just for the folks at home who may not be following or know what you mean, when you talk about those supports, what do you mean by that?

Ms. Romy Bowers: Again, I'm not familiar with all of the different programs, but I think the one that is most well known is CERB, the CERB income assistance program for those who experienced economic dislocation during the pandemic.

Mr. Yvan Baker: Yes, and I'm not putting words in your mouth, Ms. Bowers, but the other one I think of especially is the wage subsidy program, because it helped Canadians to remain employed in many cases, and that presumably would have allowed them to continue to pay their mortgages.

What I hear you saying is that the primary cause of mortgage defaults in the past—you said this earlier in your testimony—was unemployment, that the mortgage default level was very low during the pandemic, despite its being a global crisis, and that a lot of this is attributable to the fact that there were tremendous income supports provided to Canadians. Am I summarizing this correctly? I don't want to put words in your mouth. I want to make sure that I'm actually depicting what you said.

Ms. Romy Bowers: That's certainly one factor. It is a very unusual recession and the impact it has had on homeowners has not been like in other recessions.

Mr. Yvan Baker: Okay. I appreciate that very much.

Chair, how much time do I have?

The Chair: You have about a minute.

Mr. Yvan Baker: Okay. That's not a lot of time.

I just want to flag, then, in light of the conversation we just had with Ms. Bowers, that Mr. Poilievre continues to be concerned about housing defaults, yet he has continued to advocate against the income support programs that we have just talked about being so important in helping people to be able to pay their mortgages. One could only imagine what would have happened had Mr. Poilievre's party been in power and had not put in place those programs, and how many Canadians would have defaulted on their mortgages and what type of crisis would have resulted because of that.

Chair, thank you very much.

I thank our witnesses.

The Chair: Thank you, Mr. Baker. That is your time.

That concludes our fifth round. We are going into our sixth round.

I'm looking at the time. We will need to have a truncated sixth round. Looking at the time, we'll allocate about two minutes for the Conservatives, two minutes for the Liberals, a minute or so for the Bloc and a minute or so for the NDP before we conclude. On that, we're going to—

Hon. Pierre Poilievre: On a point of order, Mr. Chair—

The Chair: We have a point of order.

Hon. Pierre Poilievre: —I wish to table a motion, please.

The Chair: We're in the middle of our meeting, Mr. Poilievre.

Hon. Pierre Poilievre: Yes. That's when we table motions—in meetings.

The Chair: Mr. Poilievre is tabling a motion.

Hon. Pierre Poilievre: Yes, the motion reads: Whereas—

Mr. Daniel Blaikie: I have just a quick point of order, Mr. Chair.

While it's true that we table motions during meetings, we don't typically do it off a point of order. It's something for which members must have the floor in order to do.

Hon. Pierre Poilievre: You're on mute, Mr. Chair.

The Chair: Thank you for that clarification, Mr. Blaikie.

We will move to the sixth round.

Mr. McLean, you have two minutes.

Mr. Greg McLean: I'm sorry. Is that two minutes, Mr. Chair?

The Chair: That is correct.

Mr. Greg McLean: Let me cede my time to Mr. Poilievre, then, please.

Hon. Pierre Poilievre: Thank you.

I would just point out, Mr. Chair, that when Mr. Trudeau took office, the typical home in Canada cost \$435,000. Now it's \$811,000. That's over 85% inflation in six years. Last year, home price inflation hit 26%, which the Canadian Real Estate Association chief economist said was "the biggest gain of all time". That followed \$400 billion of newly created cash that the government pumped into financial markets, much of it lent out in risky, variable rate mortgages well below the rate of inflation. These negative real rates literally pay people to borrow and bid up prices.

Housing inflation is homegrown. Bloomberg reports that Canada has the second most inflated housing bubble in the world. The average family must spend two-thirds of gross income on monthly payments in Toronto and Vancouver, which Demographia calculates are the fifth and second most unaffordable housing markets in the world.

Banking rules, mortgage insurance, monetary policy and money laundering are all federal; so is housing inflation, here and now under this government. That's "Justinflation".

I would like to move that the committee ask OSFI to indicate to the finance committee what share of new mortgages issued in the last year has been with downpayments of 5% or less and that it provide that information as quickly as possible; and that the CMHC indicate not only the total exposure it has to mortgage default loss insurance in force and other guarantees, but also indicate how much it has set aside to meet any losses that may occur.

That is my motion, Mr. Chair.

• (1355)

The Chair: Thank you. We are well over your time.

Now we will be moving to Ms. Dzerowicz for the Liberals for two minutes.

Ms. Julie Dzerowicz: Thank you, Mr. Chair. I hope you can hear me.

I want to thank everybody for being so patient, particularly our witnesses.

My question, Ms. Bowers, has to do with one of the things happening in my riding. There are these small apartment buildings being bought up by developers. The rent is affordable and there are people who have lived in them for long periods of time, and these buildings are being replaced with big condo buildings or bigger sorts of buildings.

To what extent is there a role you could see for CMHC where it could help to protect some existing affordable spaces within our cities, particularly smaller apartment buildings? I'm not sure if

that's something that CMHC does today, or if you see that as a potential role that CMHC could take on moving forward.

Ms. Romy Bowers: With respect to our existing programs, we don't have any funding in our national housing strategy programs that could be used by organizations to purchase these kinds of buildings, if that's the question. We do have some mortgage insurance products to support acquisitions by developers and others, but I think the issue that's being raised is that there's a lot of competition for these types of assets in large cities and that the cost can be quite prohibitive, depending on who the buyers are.

Ms. Julie Dzerowicz: As a quick follow-up on that, has CMHC ever had a fund—in the past, or ever in its history—to make these types of purchases, or to be able to create things like land trusts to help different types of organizations, like arts and cultural groups, to defend spaces in large cities? Has that ever existed in CMHC's history?

The Chair: Give a very short answer, please.

Ms. Romy Bowers: I can't talk about the long, 75-year history of CMHC, but I can tell you that we currently have a program called the "innovation fund", which has a little more flexibility about the use of funds for housing development and creation. That's a possibility for some of the uses you mentioned, but I can't comment on the longer term view.

The Chair: Thank you, Ms. Dzerowicz.

We're now moving to Monsieur Ste-Marie for a minute-plus for questions.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

I will use my time to make a comment rather than ask a question.

In my opinion, the housing shortage we have been experiencing in Canada for several years, if not decades, has nothing to do with jurisdictional or zoning issues, or even nimbyism. I believe that Ottawa is much to blame. I remember when Jean Chrétien's Liberals slashed investments in social housing. I'm not talking about the catchall concept of affordable housing, but social housing. That's where the problems originated.

In my view, it's important to reinvest in this area. The current government is doing it, but timidly. The fact is, we've seen appalling delays in getting agreements signed, and even longer delays in transferring funds.

The solution needs to be implemented by this government in Ottawa, and the solution is to build a lot more social housing, and do it much faster than what we're seeing now.

• (1400)

[*English*]

The Chair: Thank you, Monsieur Ste-Marie.

To conclude this round and today's hearings, we have Mr. Blaikie.

Mr. Daniel Blaikie: Thank you, Mr. Chair.

Ms. Bowers, in your previous conversation with Mr. Baker, you said that the \$500-a-week CERB benefit played an important role in avoiding defaults in the mortgage industry.

Since the CERB, the government has reduced the amount of pandemic benefits by 40% to \$300 a week. In the fall, it substantially restricted access to those pandemic benefits to workers within certain industries and it restricted access to the wage subsidy.

In the context of the omicron wave, when a lot of people are having a hard time making hours or reporting to work, do you think that the reduction in benefits and the access to those benefits poses a higher threat of default in the mortgage industry?

Ms. Romy Bowers: I can't comment on those specific changes that you spoke about. What I would do is reiterate the first part of my response and note that the pandemic recession has been very unusual in impacting renters more than homeowners. That's something that needs to be considered.

When I'm looking at the risks that are in CMHC's book, our observation is that there has been less income interruption than you would have expected during any other recession, because of the very particular circumstances of this pandemic.

The Chair: Thank you.

Thank you, Mr. Blaikie.

On behalf of all committee members, the staff, the interpreters and the analysts, we want to thank Ms. Bowers, Mr. Dugan and Mr. Routledge for appearing before us and for all of your answers. I know that some of the answers require you to bring back some information to the committee. We'll look for that and we thank you for that.

As we do this study on inflation in the Canadian economy, we thank you for all the information that you've provided to inform our report.

That will conclude our meeting.

Mr. Adam Chambers: Mr. Chair, my hand was up.

The Chair: I'm sorry. I did not see it.

Go ahead, Mr. Chambers.

Mr. Adam Chambers: Thank you, Mr. Chair.

I circulated to both you and the clerk—who was waiting for a bit of input from my colleagues—a list of some of that supplementary information from these institutions that would be helpful. I'm happy to read it into the record if it is helpful, or we could circulate it with the help of the clerk. We're looking for some additional documentation, if it exists. This is off the shelf. I'm not asking for additional research, but I'm looking for existing analysis that would help the committee.

I can read it into the record now, or if you want to circulate it, we can. I'm looking for a motion.

The Chair: I think what you were looking for was captured by the witnesses, but if you'd like to let us know—

Mr. Adam Chambers: I have a motion to request additional information, if I may.

The Chair: Okay. Go ahead.

Mr. Adam Chambers: It asks that CMHC and OSFI provide the following information, if it exists, within two weeks to support the committee in our very important study.

It would be any CMHC modelling on meeting supply targets, both for affordable housing and for market rate housing, and for rental supply; research on expected population growth in Canada over the next decade and its impact on housing supply and prices, in particular with special focus on the GTA, Vancouver and Montreal; CMHC research on average building approval times, taxes and fees for costs of construction over the past decade or for any period; research on the average cost of a new build related to government taxes or regulations; reports or modelling that both CMHC or OSFI has done about the vulnerability of households and financial institutions in the event of a housing correction; subnational debt figures from OSFI, if that is a measure they track; minutes of the senior advisory council meetings for the last three years, including any reports and studies discussed specifically related to an overheating housing market; analysis or recommendations on the government's vacancy tax proposal, in particular, how many homes would be subject to the tax and in what regions are these homes; CMHC research on the residency of new Canadians, mainly, how many are moving to areas outside the GTA, greater Vancouver and Montreal, and what efforts, if any, has CMHC undertaken to encourage residency outside of these housing markets; CMHC reports on government proposals that we discussed and I asked about with respect to the first-time homebuyer incentives, doubling the first-time homebuyer tax credit and rent-to-own proposals; and, finally, information on the first-time homebuyer incentive that is an existing government program, looking for some confirmation on take-up and how that program is performing.

• (1405)

The Chair: Thank you, Mr. Chambers.

That is beyond what I heard during the questions and answers. If you want to table that—and maybe we could discuss at a further meeting—that would be great, just so that the members would be able to get hold of it and be able to see it, etc., especially for the witnesses. They may or may not have that information. If you would like to table it, we can discuss at a future meeting.

I do see some hands up. I have Mr. Baker and then Madame Châtel.

Mr. Yvan Baker: Thanks very much, Chair.

I was going to make a couple of comments. You've made some of the same ones.

First of all, I think there was a fair amount there that wasn't discussed in the questions and answers. To me, this is more than just a follow-up in writing on the items that were discussed. There's a lot of additional information being requested here. That would be my first thought.

Secondly, I've just checked my email and haven't received this in writing yet, and of course I would ask for it in both official languages. I think it's important that we have a chance, as committee members, to go through this list and consider this before we are asked to opine on it. I would suggest that we table this and discuss it at the next meeting.

The Chair: Thank you, Mr. Baker.

I now have Madame Chatel and then Mr Poilievre.

Mrs. Sophie Chatel: Thank you.

I will echo what my colleague said, which is that I would like to read it.

To me, what's important is that Mrs. Bowers is working for Canadians, not to produce documents she doesn't have, or certainly doesn't have at the moment. It would be great if the Conservatives were asking for off-the-shelf documents that are easy to produce and confidential, but in the reading of Mr. Chambers' motion, I didn't hear that, so it's important for me to read it.

We want the officials, especially during a housing crisis, to work for Canadians and to resolve that. That's very important.

Thank you.

The Chair: Thank you.

Mr. Adam Chambers: Mr. Chair, if I may, on that comment about the motion, just to confirm—

The Chair: Yes.

Mr. Adam Chambers: —the motion is for documentation “if it exists...for the following areas be provided to the committee within 2 weeks to support the committee”[’s] work.

I absolutely agree that we would not like to distract anybody. This is a lift-and-shift of information that, if it is available, I would like to be available to all members of the committee. I agree that both institutions are doing very hard work, but if this information exists, I think it would be very helpful for us to see this information. We are doing important work on behalf of Canadians as well at this committee.

The Chair: Thank you, Mr. Chambers.

I have Mr. Poilievre next, and then Mr. Blaikie and Mr. Baker.

Hon. Pierre Poilievre: This is a very reasonable request. I would simply point out that what Mr. Chambers is asking for is information that we should all be getting. The Liberal members say that CMHC works for Canadians—of course it does—and Canadians entrust us to oversee that work. CMHC is responsible to Parliament; we are Parliament. Therefore, CMHC is responsible to us.

This is especially important, because when Mr. Trudeau took office, house prices were at \$435,000, according to the Canadian Real Estate Association, and now they're at \$811,000. That's 85% housing inflation, with 25% in the last year alone. This is an increase that the chief economist for CREA said is the “biggest gain of all time”. That's after \$400 billion of newly created cash was pumped into the financial and mortgage system and inflated these prices.

The risk is that this is a homegrown problem. Bloomberg says we have the second most inflated housing market in the world. Vancouver and Toronto are the second and fifth most unaffordable housing markets on planet earth, according to Demographia.

The committee should remember that banking rules, mortgage insurance, monetary policy and money laundering are all federal issues, so this is a federal matter. What Mr. Chambers is asking for, and what I'm asking for in my similar motion, is the appropriate information so that we can make judgments on those federal matters. That's all.

● (1410)

The Chair: Thank you, Mr. Poilievre.

I have Mr. Blaikie and then Mr. Baker.

Mr. Daniel Blaikie: Thank you very much, Mr. Chair.

Just on the matter of the motion, one of the great things about its being raised right now is that we have the witnesses here. I would submit that if the witnesses don't object to providing these documents, which, as Mr. Chambers' motion highlights, would already have to exist in order to be covered by his motion... I don't think he's asking for confidential documents; they're documents that the committee wouldn't be allowed to see. If it's not controversial with the witnesses, I don't see why we can't move on with a commitment from them that they're going to provide that information. If we need to pass the motion because we can't get that commitment, that's something we could deal with on another day.

I wonder, Mr. Chair, if you might just canvass the witnesses to see if this is information they're willing to commit to provide to the committee. If so, we might be able to dispense with this matter relatively quickly.

The Chair: Thank you for that, Mr. Blaikie.

I want to check with the clerk whether he has received what was asked for, and if he received it in both official languages.

The Clerk: I received the motion from Mr. Chambers, but it's only in English. I don't have it in French, so I can't circulate it. I have not received any information from CMHC or OSFI today.

The Chair: To the witnesses, I don't know if you've captured everything that was asked for by way of documentation.

Mr. Peter Routledge: I'd like to look at what's requested. I don't remember it verbatim. To the extent that it's within our authorities under our act to provide the information, of course we'll do so with great haste.

The Chair: Does that answer your question, Mr. Blaikie?

Yes. Okay. Thank you.

I have Mr. Baker up next.

Mr. Yvan Baker: I'm not weighing in on the validity or the merit of Mr. Chambers' motion yet. I'm saying two things. One is that I did note that some of the things were beyond the scope of the discussion we had today.

[*Translation*]

I'd like the motion to be put forward in both official languages. The committee works based on that rule and we should always follow it.

Because I haven't seen the list of documents and information that Mr. Chambers is requesting, I can't form an opinion on the matter.

As I mentioned, if the witnesses are prepared to produce the information we discussed today, that's fine with me. However, I'm not prepared to rule on a motion that has not been introduced in both official languages.

[*English*]

The Chair: Thank you, Mr. Baker.

I am looking at the witnesses for their commitment to provide information, as Mr. Blaikie also mentioned, which you may be able to bring to this committee.

I am seeing all heads nodding, and in the right direction, so if we can conclude with that, I'm looking to the members—

Hon. Pierre Poilievre: Mr. Chair, I did move a motion as well. I noticed Mr. Routledge nod when I asked for some of the statistical

information, and I think Ms. Bowers has given her verbal commitment as well. If they could just confirm that now then I won't need to actually put a motion forward.

• (1415)

The Chair: Thank you, Mr. Poilievre.

Mr. Peter Routledge: Mr. Chair, that's confirmed. We're looking into it right now as I speak.

Hon. Pierre Poilievre: Thank you.

The Chair: Okay.

Ms. Romy Bowers: Mr. Chair, Mr. Poilievre asked for three things: reconfirmation of the guarantees in force number; reconfirmation of the insurance in force number for CMHC; and, information regarding the capital we have set aside for potential losses resulting from our mortgage activity.

Those were the three elements.

Hon. Pierre Poilievre: No, I'm sorry. Just to reconfirm my request, it is the combined total of the insurance in force and the guarantees. I already have the separate numbers. What I need is the combined total because, as you point out, they cannot simply be added up due to the fact that there is overlap between them, so the combined total insurance in force and the guarantees in force is what I'm looking for.

Ms. Romy Bowers: Understood. Thank you.

Hon. Pierre Poilievre: Thank you.

The Chair: It is understood by the witnesses that we have a commitment. We are good.

I want to thank the witnesses again.

We have gone well over the time. It has been a marathon session. Thank you very much, everybody. Have a great day.

The meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>