

More help for first time home buyers and more affordable homes for Canadian families

It is too hard for people to buy a home today – particularly for young Canadians. This is true in many parts of Canada, but particularly for young families starting their careers in the greater Toronto, Vancouver and Victoria regions, where housing prices are up to sixty percent higher than the national average. Canada needs a consistent national approach to dealing with housing speculation by foreign owners, which drives up housing costs and keeps homeownership out of reach for many Canadians.

Help for First Time Home buyers

Buying a home is often the most important investment decision a family will make. That is why we created the First-Time Home Buyer Incentive, which saves Canadians up to ten per cent off the purchase price of a qualifying home. A recent survey by the Bank of Montreal finds that 86 per cent of prospective first-time home buyers see this Incentive as useful in achieving their homeownership goals.

A re-elected Liberal government will help even more people buy their first home and get the safe, affordable housing they need by doing the following:

- We will move forward with the new First-Time Home Buyer Incentive, which takes up to ten per cent off the price of a home – and increase it to provide more help to Canadians living in higher-cost housing markets, increasing the value of a qualifying home from approximately \$500,000 to nearly \$800,000 in those qualifying markets.
- This new program would apply as of November 2019 to communities in the greater Toronto, Vancouver and Victoria regions. As market dynamics change in different regions, the program will be adjusted to reflect those realities.
- With this increase, more than 120,000 Canadians are expected to benefit from the First-Time Home Buyer Incentive.

	Leverage Factor (1)	Max Earnings Covered (2)	Maximum Value of Incentive + CMHC Mortgage (1 x 2)	Applicable House Price (assuming 5% down)
National program stream	4	\$120,000	\$480,000	\$505,263
NEW High-cost community stream	5	\$150,000	\$750,000	\$789,473

Sending a Message to Foreign Speculators

Addressing housing affordability requires many actions. That is why over the past four years we have re-invested in a major way in the construction of new affordable housing, and we introduced measures to cool out of control prices, and worked with provinces, territories and local communities on new approaches to get more housing built where it is needed.

In recent years, housing speculation by foreign owners has become a major challenge in Canada's housing market, driving up prices for Canadians and Canadian residents who are trying to buy their first home in their community. We need to send a strong signal that Canada is no place for those who wish to purely speculate in the housing market. While some jurisdictions like British Columbia have already moved to introduce new measures to address this problem, Canada needs a national approach.

We will tackle this problem head on by:

- introducing a consistent national approach to foreign speculation by applying a one per cent annual vacancy and speculation tax on applicable residential properties owned by non-resident, non-Canadians. This would be modelled at a national level on B.C.'s successful speculation and vacancy tax. Canadians who live abroad, as well as non-Canadians who live in Canada, will not be affected in any way. This tax will be administered by the Canada Revenue Agency (CRA) and will apply in addition to any local taxes that non-resident, non-Canadian owners may already be subject to.

- ensuring Statistics Canada, the Canada Mortgage and Housing Corporation, and the CRA have the tools to accurately track foreign ownership and speculation in Canada. We will work collaboratively with provinces, territories, municipalities, and law enforcement to ensure that this data is effectively shared to address other opportunities related to tax evasion that may exist.
- working together with interested provinces to move forward on efforts to establish a consistent national approach to beneficial ownership transparency, which will help fight financial crime in real-estate and other sectors, while respecting Canadian privacy rights.

Costing

The costs associated with enhancing the First-Time Home Buyer Incentive would be paid for within the existing profit of the Canada Mortgage and Housing Corporation (CMHC). Further details regarding costing will be announced over the course of the campaign.

¹ Latest data as of July 2019, MLS Housing Price Index, <https://www.crea.ca/housing-market-stats/mls-home-price-index/hpi-tool/>

² <https://newsroom.bmo.com/2019-09-03-BMO-Housing-Survey-Over-40-Per-Cent-of-First-time-Home-Buyers-Believe-Now-Is-a-Good-Time-to-Buy>