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February 28, 2019

**President-Elect**

Michael Collins

The Hon. William Morneau  
Minister of Finance  
Department of Finance Canada  
90 Elgin Street  
Ottawa, Ontario  
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Josh Klein  
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Brian Torry

Dear Minister:

On behalf of the 53,000 members of the Toronto Real Estate Board (TREB), I am writing to request your support for a review and reconsideration of the current mortgage underwriting “stress test” imposed by the Office of the Superintendent of Financial Institutions (OSFI) Guideline B-20, as well as 30-year amortizations for federally insured mortgages.

As you may know, TREB is an association of REALTORS from across the Greater Toronto Area. As such, our members are experts in the region’s real estate market, and they see the impact of government intervention first hand from their clients. In this regard, we applaud the federal government for making housing issues a priority and we are encouraged by initiatives like the national housing strategy.

**Chief Executive Officer**

John DiMichele

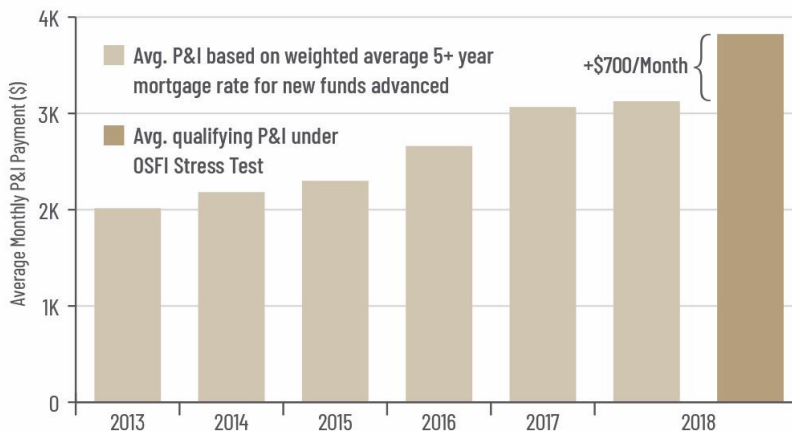
Unfortunately, policy intervention can sometimes have unintended consequences, and we believe this to be the case with OSFI Guideline B-20, which should be reconsidered. Specifically, the government and OFSI should review this policy to determine if home buyers are being stress tested against rates that are realistic. Homebuyers in the GTA, and the rest of the country, deserve a review and more discussion on this issue.



As demonstrated in the following chart, the OSFI stress test is requiring home buyers in the Greater Toronto Area to qualify to pay an average of \$700 more per month than is currently actually required of them.

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Chart 1 | Avg. Impact of Stress Test on Qualifying P&amp;I Payments



Source: Toronto Real Estate Board. Calculations based on Statistics Canada Table 10-10-0006-01 Funds advanced, outstanding balances, and interest rates. Assumes average TREB MLS® Price and 20 per cent down payment.

In addition, we believe that a reconsideration of federal policy regarding the maximum amortization period for federally-insured mortgages is also warranted. We believe that this is what consumers are asking for and that, in many cases, withholding this option is unnecessary and unwarranted.

With a federal election on the horizon, I am sure you are aware that housing issues are top-of-mind for many Canadians. This is no surprise considering the importance of the housing market to Canada's economy. Housing transactions create thousands of jobs, and make significant contributions to government revenues every year. In fact, according to a study conducted by the Altus Group, every average housing transaction in Canada and Ontario results in \$61,600 and \$67,425, respectively, in economic spin-off spending.

With this in mind, we respectfully request your support for a careful re-consideration of the OFSI stress test and policy regarding the maximum amortization period for federally-insured mortgages.

We would be happy to discuss this issue with you in more detail at any time that may be convenient for you or your staff.

Thank-you.

Sincerely,

John DiMichele  
Chief Executive Officer

c.c. Jeremy Rudin, Superintendent of Financial Institutions  
Michael Bourque, CEO, Canadian Real Estate Association