

Page 001 to/à Page 083

Withheld pursuant to/removed as

NR

Coleman, Rich MEM:EX

From: Coleman, Rich MEM:EX
Sent: Tuesday, September 13, 2016 4:02 PM
To: Nikolejsin, Dave MNGD:EX
Subject: Re: Cost implications of raising DAP \$96K income limit

Thanks. Can you find out about a tariff imposed on dry wall by the feds on drywall?

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Nikolejsin, Dave MNGD:EX
Sent: Tuesday, September 13, 2016 3:31 PM
To: Coleman, Rich MEM:EX
Cc: Myers, Tobie A MNGD:EX
Subject: Fwd: Cost implications of raising DAP \$96K income limit

Fyi

Dave Nikolejsin
Deputy Minister
Natural Gas Development

Begin forwarded message:

From: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>
Date: September 13, 2016 at 3:01:38 PM PDT
To: "Nikolejsin, Dave MNGD:EX" <Dave.Nikolejsin@gov.bc.ca>
Subject: Cost implications of raising DAP \$96K income limit

Dave,

s.13

s.13

s.13

Please let me know if you'd like further clarification on this.

Respectfully,

Greg Steves

ADM

Myers, Tobie A MNGD:EX

From: Myers, Tobie A MNGD:EX
Sent: Tuesday, July 19, 2016 9:32 AM
To: s.17 _
Subject: Materials
Attachments: Provincial Housing Affordability Summary (final).docx

Following up on this one that we sent over to PVO last week - did you have any concerns? We are expecting to see a draft TB sub based on this doc in fairly short order.

Thx

Summary of Provincial Housing Affordability Proposals

Housing Affordability Proposal	Fiscal Impacts	Benefit/Outcomes	Next Steps	Stakeholder Considerations	Timing	Lead
Overall Coordination	17 initiatives have been identified, led by Finance, CSCD and OHCS (responsible for the 6 below). s.13 OHCS has arranged weekly calls with ADMs and staff.		s.12 Consultation on program implementation. Consolidation communications strategy.	Overall communications strategy needed.	s.12	Greg S. Doug F. Tara F.

1. s.12,s.13

Summary of Provincial Housing Affordability Proposals

Housing Affordability Proposal	Fiscal Impacts	Benefit/Outcomes	Next Steps	Stakeholder Considerations	Timing	Lead
2. s.12,s.13						
3. s.12,s.13						

Summary of Provincial Housing Affordability Proposals

Housing Affordability Proposal	Fiscal Impacts	Benefit/Outcomes	Next Steps	Stakeholder Considerations	Timing	Lead	
4. s.12,s.13							
5. s.12,s.13							
6. Enhanced Partnership with Federal Government	Opportunities to leverage federal funds and continue promoting rental taxation measures.	Possible provincial revenue implications of federal tax measures.	<p>More rental supply and investment in existing rental stock.</p> <p>Renewed federal/provincial funding agreements for affordable rental housing</p>	<p>National Housing Strategy Consultations Sept 2016.</p> <p>FPT Ministers' November 2016.</p>	LandlordBC, UDI, TRAC, Canadian Rental Housing Coalition	Fall 2016	Greg S. Roger L

\\Sfp.idir.bcgov\s126\S26005\X_HBPOLICY\7. HOUSING POLICY (12000-12999)\12000 HOUSING POLICY - GENERAL\04 Issue files\Market Housing Strategy\Provincial Housing Affordability Summary 2016-07-07.docx

Page 090 to/à Page 259

Withheld pursuant to/removed as

NR

Myers, Tobie A MNGD:EX

From: Shayne Ramsay <sramsay@bchousing.org>
Sent: Wednesday, November 23, 2016 8:26 AM
To: Coleman, Rich MEM:EX
Cc: Myers, Tobie A MNGD:EX; Hirji, Keivan MNGD:EX; Steves, Gregory OHCS:EX
Subject: Issues Note on Insured Mortgage Regulation Change
Attachments: MFIN-Briefing Note-Refinancing CMHC Insured Mortgages v3.docx

Further to our discussion yesterday, attached is a note outlining upcoming changes by CMHC and impact on down payment assistance program. Two options are described. This note has been developed with Doug Foster.

ISSUES NOTE
PREPARED FOR THE MINISTER OF FINANCE AND
MINISTER OF NATURAL GAS DEVELOPMENT AND
MINISTER RESPONSIBLE FOR HOUSING

SUBJECT: Impact of insured mortgage regulation changes on the Home Purchase Assistance Program (HPAP)

ISSUE:

Effective November 30, 2016, the federal government will be implementing changes that will prevent a homeowner from refinancing their insured first mortgage and increasing the outstanding balance of their loan amount. Normal mortgage renewals (where the value of the mortgage is unchanged) will still be permitted and usually occur every five years.

s.12,s.13

DISCUSSION:

s.12,s.13

- However, the CMHC advised BC Housing on November 21, 2016 that the federal government will be implementing a new regulation on November 30, 2016, which stops insured first mortgages from being refinanced at the end of the normal mortgage renewal term.

s.12,s.13

Page 262 to/à Page 263

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s.12;s.13

Myers, Tobie A MNGD:EX

From: Myers, Tobie A MNGD:EX
Sent: Wednesday, November 23, 2016 12:15 PM
To: Woolley, Paul GCPE:EX
Subject: Note
Attachments: MFIN-Briefing Note-Refinancing CMHC Insured Mortgages v3.docx

ISSUES NOTE
PREPARED FOR THE MINISTER OF FINANCE AND
MINISTER OF NATURAL GAS DEVELOPMENT AND
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s.12,s.13

Page 266 to/à Page 267

Withheld pursuant to/removed as

s.12;s.13

Myers, Tobie A MNGD:EX

From: Myers, Tobie A MNGD:EX
Sent: Wednesday, November 23, 2016 12:44 PM
To: Diacu, Raz MNGD:EX
Subject: Note
Attachments: MFIN-Briefing Note-Refinancing CMHC Insured Mortgages v3.docx

Notice you weren't copied on the original

From: Shayne Ramsay [<mailto:sramsay@bchousing.org>]
Sent: Wednesday, November 23, 2016 8:26 AM
To: Coleman, Rich MEM:EX
Cc: Myers, Tobie A MNGD:EX; Hirji, Keivan MNGD:EX; Steves, Gregory OHCS:EX
Subject: Issues Note on Insured Mortgage Regulation Change

Further to our discussion yesterday, attached is a note outlining upcoming changes by CMHC and impact on down payment assistance program. Two options are described. This note has been developed with Doug Foster.

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s.12,s.13

Page 270 to/à Page 271

Withheld pursuant to/removed as

s.12;s.13

Myers, Tobie A MNGD:EX

From: Myers, Tobie A MNGD:EX
Sent: Thursday, November 24, 2016 2:14 PM
To: Carr, Steve PREM:EX
Subject: Issues Note
Attachments: MFIN-Briefing Note-Refinancing CMHC Insured Mortgages v3.docx

You may have seen/heard about this elsewhere but MRC asked me to ensure you have a copy. Let me know if you need anything further.

Thanks,

Tobie

ISSUES NOTE
PREPARED FOR THE MINISTER OF FINANCE AND
MINISTER OF NATURAL GAS DEVELOPMENT AND
MINISTER RESPONSIBLE FOR HOUSING

SUBJECT: Impact of insured mortgage regulation changes on the Home Purchase Assistance Program (HPAP)

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s.12,s.13

Page 274 to/à Page 275

Withheld pursuant to/removed as

s.12;s.13

Page 276 to/à Page 291

Withheld pursuant to/removed as

NR

Papadopoulos, Nikki OHCS:EX

From: DOUGPAGE <Doug.Page@gov.bc.ca>
Sent: Friday, January 6, 2017 4:53 PM
To: Page, Doug OHCS:EX
Subject: 65191
Attachments: Scan_20170106.pdf

REF. / Réf.	NAME / Nom • PROJECT / Projet	DETAILS / Détails • NOTES
1	Term Item on TB Subs	11/10
2		
3	Roger, Hannah	
4		
5	Prelim date early Dec for all 3.	
6	Pen ult by M or T for	
7		
S.12,s.13		

s.12,s.13

DAP:
To: mention bank + CMHC consultations - preliminary - planned.
Would do approval letters for applicant to give lender, realtor, etc.
CMHC can't stop the program but can change rules, fees, etc.
MIP depends on LTV and source of downpmt. (trad or non-trad) - CMHC has said tentatively No to considering DAP as trad. downpmt.
Will treat it as debit w/ an imputed ~~debt~~ interest rate, which reduces purch power and the program's benefit.
Conversation not over. Shayne + MRC w/ CMHC and Finance.
Doug/MoF wants banks to eventually run/implement. Hiring staff already + only 3yr program. Unrealistic.
PIA for online appl. ?
Does MIP go up on whole 1st mortgage amt. TBD

(over)

Papadopoulos, Nikki OHCS:EX

From: Steves, Gregory OHCS:EX
Sent: Wednesday, September 28, 2016 12:08 PM
To: Page, Doug OHCS:EX
Subject: Fwd: First Time Homebuyers Data

Can you follow up directly. Or arrange a call with Jenn Iten. I don't really understand the difference.

Sent from my iPhone

Begin forwarded message:

From: <canctil@cmhc-schl.gc.ca>
Date: September 28, 2016 at 11:51:36 AM PDT
To: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>
Subject: RE: FW: Fw: First Time Homebuyers Data

Hi Greg,

There has been some confusion regarding a request to us coming from our BC office. I'm very sorry about that.

Your current request is on Fair Market Value of the Loans. The last report I sent you contained volumes of FTHB by \$5K increment of purchase prices. We have info on Property Value that we derived from inputs we received from the lenders but that will be very close to purchase price.

Could you give me more details on what you have in mind with your last request.

Cheers and sorry about the confusion in the request that I received. Feel free to come to me directly if additional info is needed.

Caroline Anctil
Manager, Business Analysis and Lender Reporting
Quality Assurance and Analytics
canctil@cmhc-schl.gc.ca
Telephone: 613 748-2277
Facsimile: 613 748-2814
700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Anctil
Gestionn., Analyste activ. et rapp. sur prêteurs
Assurance de la qualité et Analytique
canctil@cmhc-schl.gc.ca
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Télécopieur : 613 748-2814
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Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

▼ "Steves, Gregory OHCS:EX" ---16/09/2016 06:34:29 PM---Caroline, The data has proven itself to be very helpful and we are getting close to being finished.

From: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>
To: "<canctil@cmhc-schl.gc.ca>" <canctil@cmhc-schl.gc.ca>, "MCF R, 300-3003 ST JOHNS ST, LRG BRD RM (15 SEATS) MCF:EX" <SJSLBRM@gov.bc.ca>, "<csanfaco@cmhc-schl.gc.ca>" <csanfaco@cmhc-schl.gc.ca>, Cc: "<ljakubec@cmhc-schl.gc.ca>" <ljakubec@cmhc-schl.gc.ca>, "<ddamour@cmhc-schl.gc.ca>" <ddamour@cmhc-schl.gc.ca>, "Holden, Virginia OHCS:EX" <Virginia.Holden@gov.bc.ca>
Date: 16/09/2016 06:34 PM
Subject: RE: FW: Fw: First Time Homebuyers Data

Caroline,

The data has proven itself to be very helpful and we are getting close to being finished. We have had a request to dig a little deeper and I wonder if it is possible to get two years of data? It's hard to make any projections based on two quarters of info.

Specifically we are hoping to see at least two years of data for:

1. The number of first-time home buyers by purchase price (with the purchase price in \$5K or \$10K increments)
2. The number of first-time home buyers by income brackets (also with income in \$5K or \$10K increments)

I know it's a lot to ask. The data we've received to date has been fantastic and we are very close to being finished our work.

Regards,

Greg Steves
250-361-7145

From: canctil@cmhc-schl.gc.ca [<mailto:canctil@cmhc-schl.gc.ca>]
Sent: Tuesday, September 6, 2016 2:00 PM
To: Holden, Virginia OHCS:EX
Cc: Steves, Gregory OHCS:EX; 'ljakubec@cmhc-schl.gc.ca'; ddamour@cmhc-schl.gc.ca
Subject: Re: FW: Fw: First Time Homebuyers Data

Hi Virginia,

Please find attached the default rates comparing FTHB in BC and for the country.

The file contains 2 tables as shown below; one for BC and one for Canada.

The default rate (claims rate) has been computed on the basis on loan counts and by origination year. For example, the FTHB loans originated in 2000 had a claims rate of s.16.s. in BC versus a claims rate of s.16.s. for Repeat Buyers. The default rates are presented on a vintage year basis in order to account for loan maturity levels i.e. recent vintages are not mature enough and that's why 2015 and 2016 are not shown.

The claims rates are presented since 2000 as data on residential status was more reliable starting that time.

Filter	▼ Origination Year ▼	FTHB	▼ Repeat Buyer ▼	Total ▼
BC	2000	s.16,s.17		
	2001			
	2002			
	2003			
	2004			
	2005			
	2006			
	2007			
	2008			
	2009			
	2010			
	2011			
	2012			
	2013			
	2014			
Total				

The chart below gives you the FTHB comparison between BC and Canada.

s.16,s.17

(See attached file: BC FTHB Default Rate.xlsx)

Hope this helps. Let me know if you have questions or comments on the results provided.

Caroline

Caroline Anctil
 Manager, Business Analysis and Lender Reporting
 Quality Assurance and Analytics
canctil@cmhc-schl.gc.ca
 Telephone: 613 748-2277

Caroline Anctil
 Gestionn., Analyste activ. et rapp. sur prêteurs
 Assurance de la qualité et Analytique
canctil@cmhc-schl.gc.ca
 Téléphone : 613 748-2277

▼ "Holden, Virginia OHCS:EX" ---06/09/2016 12:54:15 PM---Hi Caroline, I just left a voicemail for you. I received your contact details from my ADM Greg Stev

From: "Holden, Virginia OHCS:EX" <Virginia.Holden@gov.bc.ca>
To: "canctil@cmhc-schl.gc.ca" <canctil@cmhc-schl.gc.ca>,
Cc: "ljakubec@cmhc-schl.gc.ca" <ljakubec@cmhc-schl.gc.ca>, "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>
Date: 06/09/2016 12:54 PM
Subject: FW: Fw: First Time Homebuyers Data

Hi Caroline,

I just left a voicemail for you. I received your contact details from my ADM Greg Steves. I also reached out to Lance Jakubec at CMHC here in BC.

We are looking for some rush information related to mortgage default rates for first time homebuyers and for comparison default rates overall for BC. Unfortunately, I am hoping to get my hands on the info by **noon today PST**.

Would you be able to connect me with the information or with someone who can?

Please feel free to give me a call to discuss.

Thank you.

Ginnie
Manager of Policy
Housing Policy Branch
Province of British Columbia
250-889-3521

From: Steves, Gregory OHCS:EX
Sent: Tuesday, September 6, 2016 9:38 AM
To: Holden, Virginia OHCS:EX
Subject: FW: Fw: First Time Homebuyers Data

Maybe call this person direct.

Greg Steves
250-361-7145

From: canctil@cmhc-schl.gc.ca [<mailto:canctil@cmhc-schl.gc.ca>]
Sent: Thursday, July 28, 2016 4:40 AM
To: Steves, Gregory OHCS:EX
Cc: amiddlet@cmhc-schl.gc.ca; ddamour@cmhc-schl.gc.ca; hparbhu@cmhc-schl.gc.ca; ljakubec@cmhc-schl.gc.ca; csanfaco@cmhc-schl.gc.ca
Subject: Re: Fw: First Time Homebuyers Data

Hi Greg,

Please find attached the requested info on FTHB in BC (1-volumes by income and price ranges and 2) finer income ranges (5k increments))

(See attached file: BC FTHB details (Incomes & house prices).xlsx)

Do not hesitate to contact me if you have further questions on this.
Caroline A.

Caroline Anctil
Manager, Business Analysis and Lender Reporting
Quality Assurance and Analytics
canctil@cmhc-schl.gc.ca
Telephone: 613 748-2277
Facsimile: 613 748-2814
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Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

▼ Caroline Sanfacon---27/07/2016 12:16:07 PM---Caroline,

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Caroline Anctil/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: David D'Amour/NAT/CMHC-SCHL/CA@cmhc-schl, Andrew W Middleton/BCY/CMHC-SCHL/CA@cmhc-schl, Hemesh Parbhu/BCY/CMHC-SCHL/CA@cmhc-schl, Lance Jakubec/BCY/CMHC-SCHL/CA@cmhc-schl
Date: 27/07/2016 12:16 PM
Subject: Fw: First Time Homebuyers Data

Bonjour Caroline,

Is there something we can do regarding this request?

s.22

Andrew and Hemesh s.22
expectations on our end.

so I am copying
to help out managing the

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Steves, Gregory OHCS:EX <Gregory.Steves@gov.bc.ca>
Sent: Wednesday, July 27, 2016 8:53 AM
To: 'csanfaco@cmhc-schl.gc.ca'
Cc: amiddlet@cmhc-schl.gc.ca; ljakubec@cmhc-schl.gc.ca; dgstewar@cmhc-schl.gc.ca; Lam, Roger OHCS:EX;
Page, Doug OHCS:EX
Subject: RE: First Time Homebuyers Data

Caroline,

Do you think it is possible to get the data behind the graphs on slide 11? Specifically we are looking for table that shows the number of First Homebuyers in those price ranges (both for incomes and the cost of homes

purchased)? We are trying to estimate take up and costs of a new program proposal we are taking to government and those numbers would be very useful. If it's possible could we get the incomes at smaller increments, perhaps \$5?

There is some urgency to this request, we are hoping to put the finishing touches on our proposal ASAP. The legislature has been recalled for a summer session their focus is exclusively on housing affordability.

Thanks so much.

Greg Steves
250-361-7145

From: csanfaco@cmhc-schl.gc.ca [mailto:csanfaco@cmhc-schl.gc.ca]
Sent: Thursday, July 21, 2016 5:13 PM
To: Steves, Gregory OHCS:EX
Cc: amiddlet@cmhc-schl.gc.ca; ljakubec@cmhc-schl.gc.ca; dgstewar@cmhc-schl.gc.ca
Subject: Fw: First Time Homebuyers Data

Hi Greg,

please see attached information we have compiled following your request about CMHC data on First Time Homebuyers in BC. The information provided is based on CMHC transactional insurance business only.

Let me know if you have any questions. Happy to discuss.

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



(See attached file: BC FTHB details (Incomes & house prices).xlsx)

Papadopoulos, Nikki OHCS:EX

From: csanfaco@cmhc-schl.gc.ca
Sent: Monday, October 3, 2016 3:32 PM
To: Lam, Roger OHCS:EX
Subject: Re: Low-Ratio Mortgages

Hi Roger,
yes, in addition to providing transactional high ratio mortgage loan insurance, CMHC offers mortgage loan insurance on both transaction and portfolio basis for low ratio mortgages. Portfolio insurance is comprised of low ratio loans approved conventionally by a FI and later submitted to CMHC for portfolio insurance. It is currently beneficial for the FI from a risk and capital management perspective to pay for portfolio Insurance. The 3 MLI providers offer the portfolio product.

FYI, I haven't heard from NO on the data yet and will share as soon as I receive it.

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
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www.cmhc.ca

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[Société canadienne d'hypothèques et de logement \(SCHL\)](http://Société canadienne d'hypothèques et de logement (SCHL))
www.schl.ca



From: "Lam, Roger OHCS:EX"
To: "csanfaco@cmhc-schl.gc.ca",
Date: 03/10/2016 03:15 PM
Subject: Low-Ratio Mortgages

Hi Caroline,
Thank you for your call this morning. I have a quick question about low-ratio mortgages. Does CMHC provide the portfolio insurance to lending institutions for low ration mortgages?
Roger

Roger Lam, MCIP, RPP
Director of Policy and Crown Liaison

Housing Policy Branch, Office of Housing and Construction Standards
Ministry of Natural Gas Development and Minister Responsible for Housing
Cell: 250.208-6695
Email: roger.lam@gov.bc.ca



Where ideas work

2015
TOP
WORK UNIT
AWARD

Papadopoulos, Nikki OHCS:EX

From: ljakubec@cmhc-schl.gc.ca
Sent: Wednesday, October 5, 2016 3:57 PM
To: Lam, Roger OHCS:EX
Subject: Re: High-Ratio Mortgages

Hi Roger,

Thanks for this. I have a skilled underwriter giving the note a review to ensure the accuracy. Will get back to you asap.

Sorry for delay. s.22

Lance

Lance Jakubec
Innovation Fund Consultant
Canada Mortgage and Housing Corporation
604.737.4095

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Lam, Roger OHCS:EX
Sent: Wednesday, October 5, 2016 10:42 AM
To: 'ljakubec@cmhc-schl.gc.ca'
Subject: FW: High-Ratio Mortgages

Hi Lance – wonder if you could comment on the questions I sent to Caroline? I need to get a general sense if we are on the right track today.

From: Lam, Roger OHCS:EX
Sent: Tuesday, October 4, 2016 9:28 PM
To: 'csanfac@cmhc-schl.gc.ca'
Subject: re:High-Ratio Mortgages
Importance: High

Hi Caroline,

We are still working through our analysis of the impacts of the recent federal changes to first time home buyers in BC. I was wondering whether you can clarify a few things for me:

When a first time homebuyer is applying for a mortgage with less than a 20% down payment (high ratio) under the current system is the qualifying rate determined by the lending institution or they are required to use the Bank of Canada's five year fixed rate?

I spoke to a mortgage broker and spent some time reviewing the documentation on various mortgage lending sites and it seems that some lenders will apply a different qualifying rate for high ratio mortgages such as their own posted 5 year fixed rate or even a 3 year discounted fixed rate. From what I could find in the CMHC documentation is that currently high ratio fixed and variable mortgages with 1-4 year terms are required to use the Bank of Canada's 5 year fixed rate as their qualifying rate. The fact that the CMHC literature only talks about less than 5 year terms seems to suggest that for terms longer than 5 years, the lender is not required to use the Bank of Canada's 5 year fixed rate.

If I were to apply this logic then the change to the mortgage a first time home buyer with a \$100,000 income would qualify for in BC is as follows:

Assumptions:

income: \$100,000

Amortization: 25 years

Term: 5 years

Down Payment: \$25,000

Coast Capital Savings 5 year fixed rate is 2.44%

Qualify for \$444,881

Bank of Canada 5 year fixed rate is 4.66%

Qualify for \$372,666

Based on this quick analysis, if a lender (Coast Capital Savings) was able to use their 5 year fixed rate instead of the Bank of Canada 5 year fixed rate as a qualifying rate, there is a \$72,215 difference in what a first time home buyer would qualify for.

Is this analysis correct or were all high ratio mortgages already required to use the Bank of Canada's 5 year fixed rate as a qualifying rate prior to this recent change?

Roger

From: csanfaco@cmhc-schl.gc.ca [mailto:csanfaco@cmhc-schl.gc.ca]

Sent: Monday, October 3, 2016 3:32 PM

To: Lam, Roger OHCS:EX

Subject: Re: Low-Ratio Mortgages

Hi Roger,

yes, in addition to providing transactional high ratio mortgage loan insurance, CMHC offers mortgage loan insurance on both transaction and portfolio basis for low ratio mortgages. Portfolio insurance is comprised of low ratio loans approved conventionally by a FI and later submitted to CMHC for portfolio insurance. It is currently beneficial for the FI from a risk and capital management perspective to pay for portfolio Insurance. The 3 MLI providers offer the portfolio product.

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Caroline

Caroline Sanfacon

Regional Vice-President

Office of the Regional VP (British Columbia)

csanfaco@cmhc-schl.gc.ca

Telephone: 604 737-4150

Facsimile:

1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Caroline Sanfacon

Vice-présidente régionale

Bureau du vice-président régional, C.-B.

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Téléphone : 604 737-4150

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Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca



From: "Lam, Roger OHCS:EX"
To: "'csanfaco@cmhc-schl.gc.ca"' ,
Date: 03/10/2016 03:15 PM
Subject: Low-Ratio Mortgages

Hi Caroline,

Thank you for your call this morning. I have a quick question about low-ratio mortgages. Does CMHC provide the portfolio insurance to lending institutions for low ratio mortgages?

Roger

Roger Lam, MCIP, RPP

Director of Policy and Crown Liaison

Housing Policy Branch, Office of Housing and Construction Standards
Ministry of Natural Gas Development and Minister Responsible for Housing
Cell: 250.208-6695
Email: roger.lam@gov.bc.ca



Where ideas work



Papadopoulos, Nikki OHCS:EX

From: ljakubec@cmhc-schl.gc.ca
Sent: Wednesday, October 5, 2016 4:54 PM
To: Lam, Roger OHCS:EX
Subject: Re: High-Ratio Mortgages

Hi Roger,

A colleague with far more mortgage underwriting experience than I offered some insights below (in red).

Hopefully this proves useful. Please let me know if more details would be beneficial.

Thanks,
Lance

Hi Caroline,

We are still working through our analysis of the impacts of the recent federal changes to first time home buyers in BC. I was wondering whether you can clarify a few things for me:

When a first time homebuyer is applying for a mortgage with less than a 20% down payment (high ratio) under the current system is the qualifying rate determined by the lending institution or they required to use the Bank of Canada's five year fixed rate?

Prior to recent changes announced - If someone buying a home had less than 20% down - they could use the discounted rate to qualify if taking a fixed term of at least 5 years.

If term was less than 5 years or was a variable rate mortgage - then they would have to use the Mortgage Qualifying Rate set by government -

As of October 17th that same person taking a 5 year fixed would have to use the benchmark mortgage qualifying rate

I spoke to a mortgage broker and spent some time reviewing the documentation on various mortgage lending sites and it seems that some lenders will apply a different qualifying rate for high ratio mortgages such as their own posted 5 year fixed rate or even a 3 year discounted fixed rate. From what I could find in the CMHC documentation is that currently high ratio fixed and variable mortgages with 1-4 year terms are required use the Bank of Canada's 5 year fixed rate as their qualifying rate. The fact that the CMHC literature only talks about less than 5 year terms seems to suggest that for terms longer than 5 years, the lender is not required to use the Bank of Canada's 5 year fixed rate.

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Coast Capital Savings 5 year fixed rate is 2.44%
Qualify for \$444,881

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Is this analysis correct or were all high ratio mortgages already required to use the Bank of Canada's 5 year fixed rate as a qualifying rate prior to this recent change?
as stated above, up to October 17th - if you took a fixed rate term of 5 years or greater you were able to qualify based on discounted rate - in this case above 2.44%.

Now they would have to qualify based on 4.66% This new guideline applies to all insured mortgages - transactionally insured, portfolio insured - regardless of loan to value.

Lance Jakubec
Innovation Fund Consultant
Canada Mortgage and Housing Corporation
604.737.4095

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Lam, Roger OHCS:EX
Sent: Wednesday, October 5, 2016 10:42 AM
To: 'ljakubec@cmhc-schl.gc.ca'
Subject: FW: High-Ratio Mortgages

Hi Lance – wonder if you could comment on the questions I sent to Caroline? I need to get a general sense if we are on the right track today.

From: Lam, Roger OHCS:EX
Sent: Tuesday, October 4, 2016 9:28 PM
To: 'csanfac@cmhc-schl.gc.ca'
Subject: re:High-Ratio Mortgages
Importance: High

Hi Caroline,

We are still working through our analysis of the impacts of the recent federal changes to first time home buyers in BC. I was wondering whether you can clarify a few things for me:

When a first time homebuyer is applying for a mortgage with less than a 20% down payment (high ratio) under the current system is the qualifying rate determined by the lending institution or they required to use the Bank of Canada's five year fixed rate?

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Roger

From: csanfaco@cmhc-schl.gc.ca [mailto:csanfaco@cmhc-schl.gc.ca]

Sent: Monday, October 3, 2016 3:32 PM

To: Lam, Roger OHCS:EX

Subject: Re: Low-Ratio Mortgages

Hi Roger,

yes, in addition to providing transactional high ratio mortgage loan insurance, CMHC offers mortgage loan insurance on both transaction and portfolio basis for low ratio mortgages. Portfolio insurance is comprised of low ratio loans approved conventionally by a FI and later submitted to CMHC for portfolio insurance. It is currently beneficial for the FI from a risk and capital management perspective to pay for portfolio Insurance. The 3 MLI providers offer the portfolio product.

FYI, I haven't heard from NO on the data yet and will share as soon as I receive it.

Caroline

Caroline Sanfacon

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Director of Policy and Crown Liaison

Housing Policy Branch, Office of Housing and Construction Standards
Ministry of Natural Gas Development and Minister Responsible for Housing
Cell: 250.208-6695
Email: roger.lam@gov.bc.ca



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Papadopoulos, Nikki OHCS:EX

From: csanfaco@cmhc-schl.gc.ca
Sent: Wednesday, October 5, 2016 5:19 PM
To: Lam, Roger OHCS:EX
Subject: Re: High-Ratio Mortgages

Roger,

Sorry for the delay in responding. Current policy is for the contract rate when it is fixed for 5 yrs or more and the highest between contract rate and posted 5 year when it is a variable rate or a fixed rate with less than 5 year term.

New announcement will be for the highest between the contract rate and the 5 year benchmark rate will be used for qualification.

I would also like to let you and Greg know that tomorrow, cmhc will be releasing a housing market insight on foreign ownership in Vancouver. I will send the draft confidentially to you tonight. It is scheduled to be released tomorrow morning.

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Lam, Roger OHCS:EX
Sent: Wednesday, October 5, 2016 12:27 AM
To: 'csanfaco@cmhc-schl.gc.ca'
Subject: re:High-Ratio Mortgages

Hi Caroline,

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Roger

From: csanfac@cmhc-schl.gc.ca [mailto:csanfac@cmhc-schl.gc.ca]

Sent: Monday, October 3, 2016 3:32 PM

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Papadopoulos, Nikki OHCS:EX

From: ljakubec@cmhc-schl.gc.ca
Sent: Wednesday, October 5, 2016 5:31 PM
To: Lam, Roger OHCS:EX
Subject: Re: High-Ratio Mortgages

Quick answer: yes, there is an impact. You would need a bigger downpayment to afford the same purchase price.

Background: The ratios still can't exceed 39/44 (with 680 plus beacon) 35/ 42 with sub 680 beacon - so if you were at maximum GDS of 39 percent based on discounted rate -based on the benchmark rate of 4.64 you would no longer fit within a GDS of 39 percent - therefore you can no longer afford to purchase that home unless you get a bigger down payment

Lance Jakubec
Innovation Fund Consultant
Canada Mortgage and Housing Corporation
604.737.4095

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Lam, Roger OHCS:EX
Sent: Wednesday, October 5, 2016 5:04 PM
To: 'ljakubec@cmhc-schl.gc.ca'
Subject: RE: High-Ratio Mortgages

Thanks for this Lance – one more question, will the changes to GSDR and TDSR impact the purchase price a household can qualify for?

From: ljakubec@cmhc-schl.gc.ca [mailto:ljakubec@cmhc-schl.gc.ca]
Sent: Wednesday, October 5, 2016 4:54 PM
To: Lam, Roger OHCS:EX
Subject: Re: High-Ratio Mortgages

Hi Roger,

A colleague with far more mortgage underwriting experience than I offered some insights below (in red). Hopefully this proves useful. Please let me know if more details would be beneficial.

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Subject: re:High-Ratio Mortgages
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Papadopoulos, Nikki OHCS:EX

From: Page, Doug OHCS:EX
Sent: Monday, September 26, 2016 11:44 AM
To: XT:Iten, Jenn BCHM:IN
Cc: Dan Maxwell (danmaxwell@bchousing.org); Steves, Gregory OHCS:EX
Subject: FW: First Time Homebuyers Data (A)

I will ask if it's possible, but doubt it with short turnaround (plus they're in Ottawa). Probably proceed with the midpoints.

From: Jennifer Iten [<mailto:jiten@bchousing.org>]
Sent: Monday, September 26, 2016 11:16 AM
To: Steves, Gregory OHCS:EX; Page, Doug OHCS:EX; Dan Maxwell
Subject: RE: First Time Homebuyers Data

Is there any way we could get the total fair market value of the properties in each band? If not I'll use the middle of each band to calculate the DAP.

Jenn

From: Steves, Gregory OHCS:EX [<mailto:Gregory.Steves@gov.bc.ca>]
Sent: September-21-16 2:25 PM
To: Page, Doug OHCS:EX; Dan Maxwell; Jennifer Iten
Subject: Fwd: First Time Homebuyers Data

Sent from my iPhone

Begin forwarded message:

From: <canctil@cmhc-schl.gc.ca>
Date: September 20, 2016 at 9:45:28 AM PDT
To: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>
Cc: "csanfaco@cmhc-schl.gc.ca" <csanfaco@cmhc-schl.gc.ca>, "ddamour@cmhc-schl.gc.ca" <ddamour@cmhc-schl.gc.ca>, "ljakubec@cmhc-schl.gc.ca" <ljakubec@cmhc-schl.gc.ca>, "MCF R, 300-3003 ST JOHNS ST, LRG BRD RM (15 SEATS) MCF:EX" <SJSILBRM@gov.bc.ca>, "Holden, Virginia OHCS:EX" <Virginia.Holden@gov.bc.ca>
Subject: RE: FW: Fw: First Time Homebuyers Data

Hi Greg,

Please find attached the requested information. Distributions on originations from 2010 to YTD June 2016 have been provided. This should provide you enough history to draw conclusions.

(See attached file: FTHB Charts_Income.xlsx)(See attached file: FTHB Charts_Price.xlsx)

Cheers,
Caroline

Caroline Anctil

Manager, Business Analysis and Lender Reporting
Quality Assurance and Analytics
canctil@cmhc-schl.gc.ca
Telephone: 613 748-2277
Facsimile: 613 748-2814
700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7
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Caroline Anctil

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www.schl.ca

Papadopoulos, Nikki OHCS:EX

From: Page, Doug OHCS:EX
Sent: Monday, September 26, 2016 6:26 PM
To: Page, Doug OHCS:EX
Subject: Thoughts

Second mortgage is not useful to those who don't have 5% down payment. Program development in secrecy not ideal. Focus group thing and consultations best.

Sent from my iPhone

Papadopoulos, Nikki OHCS:EX

From: Page, Doug OHCS:EX
Sent: Wednesday, September 28, 2016 3:38 PM
To: 'canctil@cmhc-schl.gc.ca'
Cc: XT:Iten, Jenn BCHM:IN
Subject: FW: First Time Homebuyers Data (1)

Hi Caroline,

Greg Steves asked me to follow up directly with you. Apologies for any confusion. I just spoke to Jenn Iten (who is actually using the numbers for some modeling and is cc'd) to make sure I am capturing it correctly. She was in touch directly with Daina this morning as well.

We're trying to figure out the average purchase price within each \$5K band. Since you had already provided the number of loans, the request may have been for the aggregate value of the purchase prices within each band (and we would just divide!), but if you have the averages that would be great too. The difference between purchase price and fair market value is likely small and won't matter for our purposes, so the price would be fine.

Thanks again for your help!

Doug Page, RI(BC)
Director of Legislation

Housing Policy Branch, Office of Housing and Construction Standards
Ministry of Natural Gas Development and Minister Responsible for Housing
Cell: 250.380.8696
Email: doug.page@gov.bc.ca



From: Steves, Gregory OHCS:EX
Sent: Wednesday, September 28, 2016 12:08 PM
To: Page, Doug OHCS:EX
Subject: Fwd: First Time Homebuyers Data

Can you follow up directly. Or arrange a call with Jenn Iten.

Sent from my iPhone

Begin forwarded message:

From: <canctil@cmhc-schl.gc.ca>
Date: September 28, 2016 at 11:51:36 AM PDT
To: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>
Subject: RE: FW: Fw: First Time Homebuyers Data

Hi Greg,

There has been some confusion regarding a request to us coming from our BC office. I'm very sorry about that.

Your current request is on Fair Market Value of the Loans. The last report I sent you contained volumes of FTHB by \$5K increment of purchase prices. We have info on Property Value that we derived from inputs we received from the lenders but that will be very close to purchase price.

Could you give me more details on what you have in mind with your last request.

Cheers and sorry about the confusion in the request that I received. Feel free to come to me directly if additional info is needed.

Caroline Anctil

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▼ "Steves, Gregory OHCS:EX" ---16/09/2016 06:34:29 PM---Caroline, The data has proven itself to be very helpful and we are getting close to being finished.

From: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>
To: "canctil@cmhc-schl.gc.ca" <canctil@cmhc-schl.gc.ca>, "MCF R, 300-3003 ST JOHNS ST, LRG BRD RM (15 SEATS) MCF:EX" <SJSLBRM@gov.bc.ca>, "csanfac@cmhc-schl.gc.ca" <csanfac@cmhc-schl.gc.ca>,
Cc: "ljakubec@cmhc-schl.gc.ca" <ljakubec@cmhc-schl.gc.ca>, "ddamour@cmhc-schl.gc.ca" <ddamour@cmhc-schl.gc.ca>, "Holden, Virginia OHCS:EX" <Virginia.Holden@gov.bc.ca>
Date: 16/09/2016 06:34 PM
Subject: RE: FW: Fw: First Time Homebuyers Data

Caroline,

The data has proven itself to be very helpful and we are getting close to being finished. We have had a request to dig a little deeper and I wonder if it is possible to get two years of data? It's hard to make any projections based on two quarters of info.

Specifically we are hoping to see at least two years of data for:

1. The number of first-time home buyers by purchase price (with the purchase price in \$5K or \$10K increments)
2. The number of first-time home buyers by income brackets (also with income in \$5K or \$10K increments)

I know it's a lot to ask. The data we've received to date has been fantastic and we are very close to being finished our work.

Regards,

Greg Steves
250-361-7145

From: canctil@cmhc-schl.gc.ca [<mailto:canctil@cmhc-schl.gc.ca>]
Sent: Tuesday, September 6, 2016 2:00 PM
To: Holden, Virginia OHCS:EX

Cc: Steves, Gregory OHCS:EX; 'ljakubec@cmhc-schl.gc.ca'; ddamour@cmhc-schl.gc.ca

Subject: Re: FW: Fw: First Time Homebuyers Data

Hi Virginia,

Please find attached the default rates comparing FTHB in BC and for the country.

The file contains 2 tables as shown below; one for BC and one for Canada.

The default rate (claims rate) has been computed on the basis on loan counts and by origination year. For example, the FTHB loans originated in 2000 had a claims rate of s.16,s. in BC versus a claims rate of s.16,s. for Repeat Buyers. The default rates are presented on a vintage year basis in order to account for loan maturity levels i.e. recent vintages are not mature enough and that's why 2015 and 2016 are not shown.

The claims rates are presented since 2000 as data on residential status was more reliable starting that time.

Filter	Origination Year	FTHB	Repeat Buyer	Total
BC	2000	s.16,s.17		
	2001			
	2002			
	2003			
	2004			
	2005			
	2006			
	2007			
	2008			
	2009			
	2010			
	2011			
	2012			
	2013			
	2014			
Total				

The chart below gives you the FTHB comparison between BC and Canada.

(See attached file: BC FTHB Default Rate.xlsx)

Hope this helps. Let me know if you have questions or comments on the results provided.
Caroline

Caroline Anctil
Manager, Business Analysis and Lender Reporting
Quality Assurance and Analytics
canctil@cmhc-schl.gc.ca
Telephone: 613 748-2277
Facsimile: 613 748-2814
700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Anctil
Gestionn., Analyste activ. et rapp. sur prêteurs
Assurance de la qualité et Analytique
canctil@cmhc-schl.gc.ca
Téléphone : 613 748-2277
Télécopieur : 613 748-2814
700, Chemin Montreal, A3-321, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

▼ "Holden, Virginia OHCS:EX" ---06/09/2016 12:54:15 PM---Hi Caroline, I just left a voicemail for you. I received your contact details from my ADM Greg Stev

From: "Holden, Virginia OHCS:EX" <Virginia.Holden@gov.bc.ca>
To: "canctil@cmhc-schl.gc.ca" <canctil@cmhc-schl.gc.ca>,
Cc: "ljakubec@cmhc-schl.gc.ca" <ljakubec@cmhc-schl.gc.ca>, "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>
Date: 06/09/2016 12:54 PM
Subject: FW: Fw: First Time Homebuyers Data

Hi Caroline,

I just left a voicemail for you. I received your contact details from my ADM Greg Steves. I also reached out to Lance Jakubec at CMHC here in BC.

We are looking for some rush information related to mortgage default rates for first time homebuyers and for comparison default rates overall for BC. Unfortunately, I am hoping to get my hands on the info by **noon today PST**.

Would you be able to connect me with the information or with someone who can?

Please feel free to give me a call to discuss.

Thank you.

Ginnie
Manager of Policy
Housing Policy Branch
Province of British Columbia
250-889-3521

From: Steves, Gregory OHCS:EX
Sent: Tuesday, September 6, 2016 9:38 AM
To: Holden, Virginia OHCS:EX
Subject: FW: Fw: First Time Homebuyers Data

Maybe call this person direct.

Greg Steves
250-361-7145

From: canctil@cmhc-schl.gc.ca [mailto:canctil@cmhc-schl.gc.ca]
Sent: Thursday, July 28, 2016 4:40 AM
To: Steves, Gregory OHCS:EX
Cc: amiddlet@cmhc-schl.gc.ca; ddamour@cmhc-schl.gc.ca; hparbhu@cmhc-schl.gc.ca; ljakubec@cmhc-schl.gc.ca; csanfac@cmhc-schl.gc.ca
Subject: Re: Fw: First Time Homebuyers Data

Hi Greg,

Please find attached the requested info on FTHB in BC (1-volumes by income and price ranges and 2) finer income ranges (5k increments))

(See attached file: BC FTHB details (Incomes & house prices).xlsx)

Do not hesitate to contact me if you have further questions on this.
Caroline A.

Caroline Anctil
Manager, Business Analysis and Lender Reporting
Quality Assurance and Analytics
canctil@cmhc-schl.gc.ca
Telephone: 613 748-2277
Facsimile: 613 748-2814
700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7
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www.cmhc.ca

Caroline Anctil
Gestionn., Analyste activ. et rapp. sur prêteurs
Assurance de la qualité et Analytique
canctil@cmhc-schl.gc.ca
Téléphone : 613 748-2277
Télécopieur : 613 748-2814
700, Chemin Montreal, A3-321, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

▼ Caroline Sanfacon---27/07/2016 12:16:07 PM---Caroline,

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Caroline Anctil/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: David D'Amour/NAT/CMHC-SCHL/CA@cmhc-schl, Andrew W Middleton/BCY/CMHC-SCHL/CA@cmhc-schl, Hemesh Parbhu/BCY/CMHC-SCHL/CA@cmhc-schl, Lance Jakubec/BCY/CMHC-SCHL/CA@cmhc-schl
Date: 27/07/2016 12:16 PM
Subject: Fw: First Time Homebuyers Data

Bonjour Caroline,

Is there something we can do regarding this request?

s.22

Andrew and Hemesh s.22
expectations on our end.

so I am copying
to help out managing the

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Steves, Gregory OHCS:EX <Gregory.Steves@gov.bc.ca>

Sent: Wednesday, July 27, 2016 8:53 AM

To: 'csanfac@cmhc-schl.gc.ca'

Cc: amiddlet@cmhc-schl.gc.ca; ljakubec@cmhc-schl.gc.ca; dgstewar@cmhc-schl.gc.ca; Lam, Roger OHCS:EX;
Page, Doug OHCS:EX

Subject: RE: First Time Homebuyers Data

Caroline,

Do you think it is possible to get the data behind the graphs on slide 11? Specifically we are looking for table that shows the number of First Homebuyers in those price ranges (both for incomes and the cost of homes purchased)? We are trying to estimate take up and costs of a new program proposal we are taking to government and those numbers would be very useful. If it's possible could we get the incomes at smaller increments, perhaps \$5?

There is some urgency to this request, we are hoping to put the finishing touches on our proposal ASAP. The legislature has been recalled for a summer session their focus is exclusively on housing affordability.

Thanks so much.

Greg Steves
250-361-7145

From: csanfac@cmhc-schl.gc.ca [<mailto:csanfac@cmhc-schl.gc.ca>]

Sent: Thursday, July 21, 2016 5:13 PM

To: Steves, Gregory OHCS:EX

Cc: amiddlet@cmhc-schl.gc.ca; ljakubec@cmhc-schl.gc.ca; dgstewar@cmhc-schl.gc.ca

Subject: Fw: First Time Homebuyers Data

Hi Greg,

please see attached information we have compiled following your request about CMHC data on First Time Homebuyers in BC. The information provided is based on CMHC transactional insurance business only.

Let me know if you have any questions. Happy to discuss.

Caroline

Caroline Sanfacon

Regional Vice-President
Office of the Regional VP (British Columbia)

csanfac@cmhc-schl.gc.ca

Telephone: 604 737-4150

Facsimile:

1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3

[Canada Mortgage and Housing Corporation \(CMHC\)](#)

www.cmhc.ca

Caroline Sanfacon

Vice-présidente régionale

Bureau du vice-président régional, C.-B.

csanfac@cmhc-schl.gc.ca

Téléphone : 604 737-4150

Télécopieur :

1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3

[Société canadienne d'hypothèques et de logement \(SCHL\)](#)

www.schl.ca



(See attached file: BC FTHB details (Incomes & house prices).xlsx)

Papadopoulos, Nikki OHCS:EX

From: Page, Doug OHCS:EX
Sent: Monday, October 17, 2016 10:30 AM
To: Rabinovitch, Hannah R MNGD:EX
Subject: Info Fed Hsg Mkt Announcement Oct 2016 (4)
Attachments: Info Fed Hsg Mkt Announcement Oct 2016 (4).docx

Importance: High

Hannah,
See how this flows.

Doug

OFFICE OF HOUSING AND CONSTRUCTION STANDARDS

Impact of Federal Housing Market Announcement

Changes to the interest qualifying rates and key debt service ratios that CMHC uses to qualify purchasers for insured mortgages will increase the protection for purchasers in the event of interest rate changes. This will result in a net reduction in buying power for all purchasers with insured mortgages.

s.13

Applying the CMHC's stricter "stress test" to all insured mortgage applications will reduce the amount a first time home buyer can borrow. Buyers must now qualify for an insured mortgage using the higher Bank of Canada 5-year fixed rate (currently 4.64%). However, simultaneous and increases to key debt-service ratios offset some of the impact. Gross Debt Service Ratio (GDSR) and Total Debt Service Ratio (TDSR) are key debt service ratios that determine the maximum amount of debt (mortgage payment, taxes, heating costs, etc.) the buyer can carry relative to their income. Under the new eligibility rules, the GDSR has increased from 32% to 39%, and TDSR has increased from 40% to 44%.

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s.13

s.13

s.13

Page 039 to/à Page 041

Withheld pursuant to/removed as

NR

Papadopoulos, Nikki OHCS:EX

From: Jennifer Iten <jiten@bchousing.org>
Sent: Friday, September 16, 2016 11:14 AM
To: Steves, Gregory OHCS:EX
Cc: Dan Maxwell; Page, Doug OHCS:EX
Subject: FW: First Time Homebuyers Data
Attachments: ATT00001.htm; ATT00002.htm; ATT00003.htm; BC FTHB details (Incomes & house prices).xlsx; ATT00004.htm

Categories: Provided FOI

Hi Greg,

As discussed earlier, we would like to request two sets of detailed data from CMHC:

1. The number of first-time home buyers by purchase price (with the purchase price in \$5K or \$10K increments)
2. The number of first-time home buyers by income brackets (also with income in \$5K or \$10K increments)

If we could get this information for two full years that would be appreciated.

Thanks,

Jenn

-----Original Message-----

From: Dan Maxwell
Sent: July-28-16 2:34 PM
To: Jennifer Iten
Subject: FW: First Time Homebuyers Data
fyi

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

-----Original Message-----

From: Steves, Gregory OHCS:EX [<mailto:Gregory.Steves@gov.bc.ca>]
Sent: July-28-16 6:45 AM
To: Dan Maxwell

Subject: Fwd: First Time Homebuyers Data

Sent from my iPhone

Begin forwarded message:

From: <canctil@cmhc-schl.gc.ca<<mailto:canctil@cmhc-schl.gc.ca>>>

Date: July 28, 2016 at 4:39:52 AM PDT

To: <Gregory.Steves@gov.bc.ca<<mailto:Gregory.Steves@gov.bc.ca>>>

Cc: <amiddlet@cmhc-schl.gc.ca<<mailto:amiddlet@cmhc-schl.gc.ca>>>, <ddamour@cmhc-schl.gc.ca<<mailto:ddamour@cmhc-schl.gc.ca>>>, <hparbhu@cmhc-schl.gc.ca<<mailto:hparbhu@cmhc-schl.gc.ca>>>, <ljakubec@cmhc-schl.gc.ca<<mailto:ljakubec@cmhc-schl.gc.ca>>>, <csanfaco@cmhc-schl.gc.ca<<mailto:csanfaco@cmhc-schl.gc.ca>>>

Subject: Re: Fw: First Time Homebuyers Data

Hi Greg,

Please find attached the requested info on FTHB in BC (1-volumes by income and price ranges and 2) finer income ranges (5k increments))

(See attached file: BC FTHB details (Incomes & house prices).xlsx)

Do not hesitate to contact me if you have further questions on this.

Caroline A.

Caroline Anctil

Caroline Anctil

Manager, Business Analysis and Lender Reporting
Gestionn., Analyste activ. et rapp. sur pr?teurs
Quality Assurance and Analytics

Assurance de la qualit? et Analytique

canctil@cmhc-schl.gc.ca<mailto:%20canctil@cmhc-schl.gc.ca>

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700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7

700, Chemin Montreal, A3-321, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)<<http://www.cmhc-schl.gc.ca/>>

www.cmhc.ca

Soci?t? canadienne d'hypoth?ques et de logement (SCHL)<<http://www.cmhc-schl.gc.ca/>>

www.schl.ca



BC FTHB Income (YTD Q2 2016)	Insured loans (#)
1- <=25K	19
2- >25K to <=50K	574
3- >50K to <=75K	1,383
4- >75K to <=100K	1,098
5- >100K to <=150K	936
6- >150K	297
TOTAL	4,307

BC FTHB Income (YTD Q2 2016)	Insured loans (%)
<=25K	0.4%
>25K to <=50K	13.3%
>50K to <=75K	32.1%
>75K to <=100K	25.5%
>100K to <=150K	21.7%
>150K	6.9%

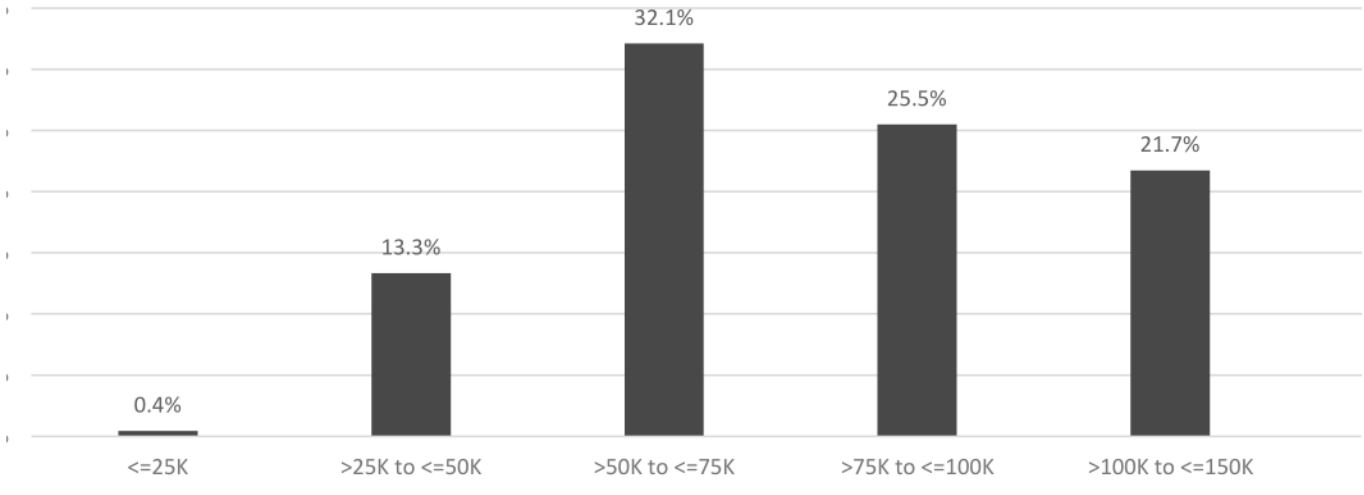
35%
30%
25%
20%
15%
10%
5%
0%

BC FTHB Purchase Price (YTD Q2 2016)	Insured loans (#)
1- <=\$200K	912
2- >\$200K to <=\$300K	1245
3- >\$300K to <=\$400K	1062
4- >\$400K to <=\$500K	571
5- >\$500K to <=\$600K	249
6- >\$600K to <=\$850K	234
7- >\$850K to <=\$1000K	34
TOTAL	4307

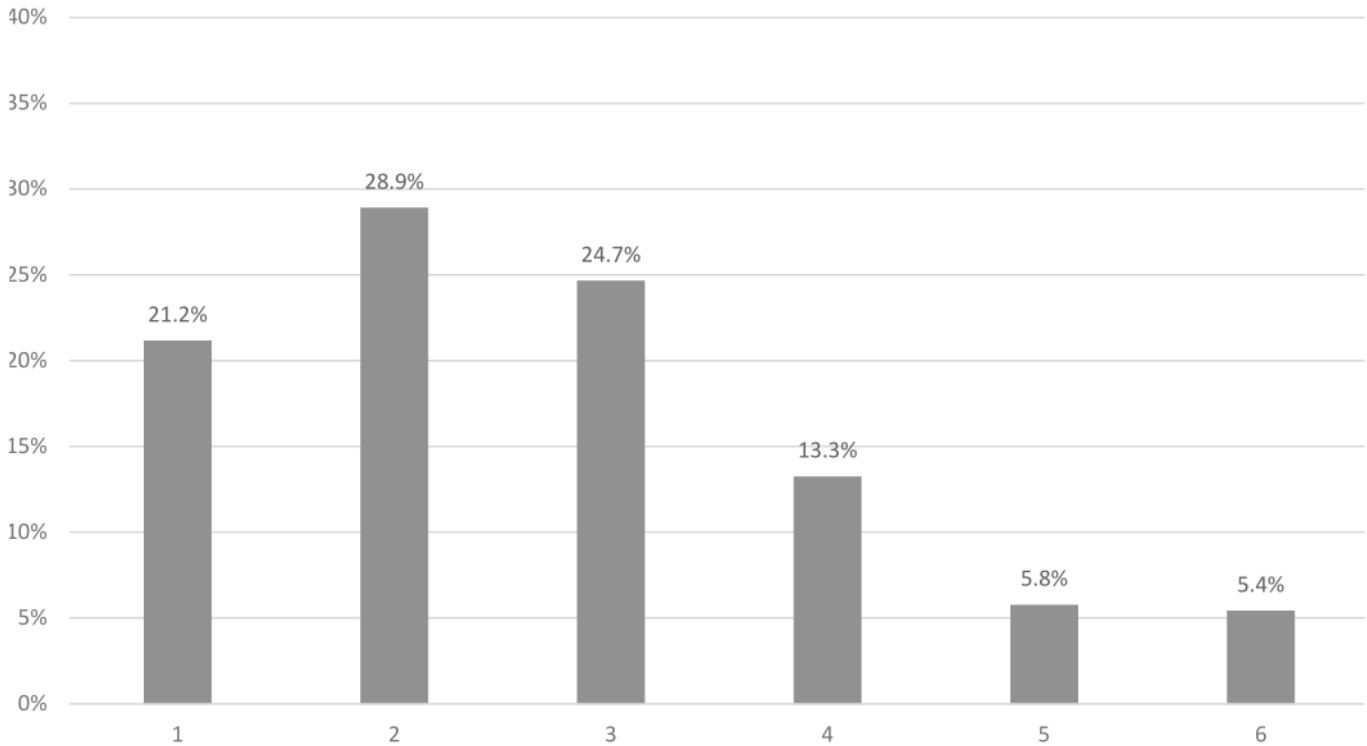
BC FTHB Purchase Price (YTD Q2 2016)	Insured loans (%)
<=\$200K	21.2%
>\$200K to <=\$300K	28.9%
>\$300K to <=\$400K	24.7%
>\$400K to <=\$500K	13.3%
>\$500K to <=\$600K	5.8%
>\$600K to <=\$850K	5.4%
>\$850K to <=\$1000K	0.8%

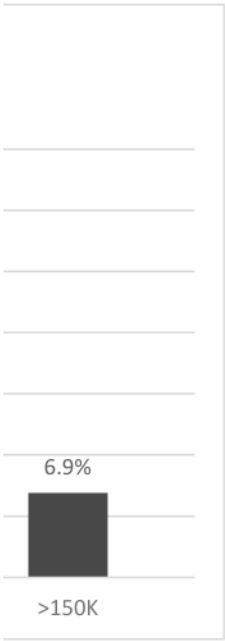
4
3
2
1
1

FTHB Household Income (YTD Q2 2016)
CMHC Insured Loans - British Columbia



FTHB Purchase Price (YTD Q2 2016)
CMHC Insured Loans - British Columbia





Papadopoulos, Nikki OHCS:EX

From: Jennifer Iten <jiten@bchousing.org>
Sent: Monday, September 26, 2016 11:16 AM
To: Steves, Gregory OHCS:EX; Page, Doug OHCS:EX; Dan Maxwell
Subject: RE: First Time Homebuyers Data

Categories: Provided FOI

Is there any way we could get the total fair market value of the properties in each band? If not I'll use the middle of each band to calculate the DAP.

Jenn

From: Steves, Gregory OHCS:EX [<mailto:Gregory.Steves@gov.bc.ca>]
Sent: September-21-16 2:25 PM
To: Page, Doug OHCS:EX; Dan Maxwell; Jennifer Iten
Subject: Fwd: First Time Homebuyers Data

Sent from my iPhone

Begin forwarded message:

From: <canctil@cmhc-schl.gc.ca>
Date: September 20, 2016 at 9:45:28 AM PDT
To: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>
Cc: "csanfaco@cmhc-schl.gc.ca" <csanfaco@cmhc-schl.gc.ca>, "ddamour@cmhc-schl.gc.ca" <ddamour@cmhc-schl.gc.ca>, "ljakubec@cmhc-schl.gc.ca" <ljakubec@cmhc-schl.gc.ca>, "MCF R, 300-3003 ST JOHNS ST, LRG BRD RM (15 SEATS) MCF:EX" <SJSILBRM@gov.bc.ca>, "Holden, Virginia OHCS:EX" <Virginia.Holden@gov.bc.ca>
Subject: RE: FW: Fw: First Time Homebuyers Data

Hi Greg,

Please find attached the requested information. Distributions on originations from 2010 to YTD June 2016 have been provided. This should provide you enough history to draw conclusions.

(See attached file: FTHB Charts_Income.xlsx)(See attached file: FTHB Charts_Price.xlsx)

Cheers,
Caroline

Caroline Anctil
Manager, Business Analysis and Lender
Reporting
Quality Assurance and Analytics
canctil@cmhc-schl.gc.ca

Caroline Anctil
Gestionn., Analyste activ. et rapp. sur prêteurs
Assurance de la qualité et Analytique
canctil@cmhc-schl.gc.ca

Telephone: 613 748-2277
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K1A 0P7
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(CMHC)
www.cmhc.ca

Téléphone : 613 748-2277
Télécopieur : 613 748-2814
700, Chemin Montreal, A3-321, Ottawa, ON, K1A
0P7
Société canadienne d'hypothèques et de logement
(SCHL)
www.schl.ca

Papadopoulos, Nikki OHCS:EX

From: dboyd@cmhc-schl.gc.ca
Sent: Tuesday, September 27, 2016 9:38 AM
To: Page, Doug OHCS:EX
Cc: XT:Iten, Jenn BCHM:IN
Subject: Re: FW: Expanded info on BC Data (2)

Categories: Provided FOI

Hi, I will go ahead and let National Office know and will email you both when I receive the data!
Daina

Daina Boyd
Executive Assistant
Office of the Regional VP (British Columbia)
dboyd@cmhc-schl.gc.ca
Telephone: 604 737-4003
Facsimile: 604 737-4020
1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3
[Canada Mortgage and Housing Corporation \(CMHC\)](#)
www.cmhc.ca

From: "Page, Doug OHCS:EX"
To: "dboyd@cmhc-schl.gc.ca"
Cc: "XT:Iten, Jenn BCHM:IN"
Date: 27/09/2016 09:37 AM
Subject: FW: Expanded info on BC Data

Hi Daina,

I checked with Jenn Iten (cc'd, the person who will actually be using the data for modeling) and she would still like to get it—it is not too late, since we got a bit of a time reprieve this morning. Thanks for checking, and please feel free to contact Jenn directly if there are any questions about the request or how to prepare the data.

Doug Page, RI(BC)
Director of Legislation

Housing Policy Branch, Office of Housing and Construction Standards
Ministry of Natural Gas Development and Minister Responsible for Housing
Cell: 250.380.8696
Email: doug.page@gov.bc.ca



From: dboyd@cmhc-schl.gc.ca [<mailto:dboyd@cmhc-schl.gc.ca>]

Sent: Tuesday, September 27, 2016 9:15 AM

To: Page, Doug OHCS:EX

Subject: Expanded info on BC Data

Hi Doug, my apologies the person I had requested info from was stuck in meetings most of the day yesterday. Did you still need it or is it too late?

Daina

Daina Boyd

Executive Assistant

Office of the Regional VP (British Columbia)

dboyd@cmhc-schl.gc.ca

Telephone: 604 737-4003

Facsimile: 604 737-4020

1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3

[Canada Mortgage and Housing Corporation \(CMHC\)](#)

www.cmhc.ca [attachment "image001.wmz" deleted by Daina Boyd/BCY/CMHC-SCHL/CA]

Papadopoulos, Nikki OHCS:EX

From: dboyd@cmhc-schl.gc.ca
Sent: Wednesday, September 28, 2016 8:26 AM
To: Page, Doug OHCS:EX
Cc: XT:Iten, Jenn BCHM:IN
Subject: Re: FW: Expanded info on BC Data (1)
Attachments: Multiples - Request from BC gvt.xlsx

Categories: Provided FOI

Hello, here is the data, let me know if you need anything else!
Daina

Daina Boyd
Executive Assistant
Office of the Regional VP (British Columbia)
dboyd@cmhc-schl.gc.ca
Telephone: 604 737-4003
Facsimile: 604 737-4020
1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3
[Canada Mortgage and Housing Corporation \(CMHC\)](#)
www.cmhc.ca

From: "Page, Doug OHCS:EX"
To: "'dboyd@cmhc-schl.gc.ca'",
Cc: "XT:Iten, Jenn BCHM:IN"
Date: 27/09/2016 09:37 AM
Subject: FW: Expanded info on BC Data

Hi Daina,

I checked with Jenn Iten (cc'd, the person who will actually be using the data for modeling) and she would still like to get it—it is not too late, since we got a bit of a time reprieve this morning. Thanks for checking, and please feel free to contact Jenn directly if there are any questions about the request or how to prepare the data.

Doug Page, RI(BC)
Director of Legislation

Housing Policy Branch, Office of Housing and Construction Standards
Ministry of Natural Gas Development and Minister Responsible for Housing
Cell: 250.380.8696
Email: doug.page@gov.bc.ca



From: dboyd@cmhc-schl.gc.ca [mailto:dboyd@cmhc-schl.gc.ca]
Sent: Tuesday, September 27, 2016 9:15 AM
To: Page, Doug OHCS:EX
Subject: Expanded info on BC Data

Hi Doug, my apologies the person I had requested info from was stuck in meetings most of the day yesterday. Did you still need it or is it too late?

Daina

Daina Boyd

Executive Assistant

Office of the Regional VP (British Columbia)

dboyd@cmhc-schl.gc.ca

Telephone: 604 737-4003

Facsimile: 604 737-4020

1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3

[Canada Mortgage and Housing Corporation \(CMHC\)](#)

www.cmhc.ca [attachment "image001.wmz" deleted by Daina Boyd/BCY/CMHC-SCHL/CA]

Regions	Average Loan Amount	Average Market Value
ATLANTIC REGION	s.16,s.17	s.16,s.17
BC REGION		
ONTARIO REGION		
PRAIRIE & TERRITORIES REGION		
QUEBEC REGION		
Grand Total		

2015

Sum (Market Value)
s.16,s.17

Regions
ATLANTIC REGION
s.16,s.17

Average Loan Amount
s.16,s.17

BC REGION
s.16,s.17

ONTARIO REGION
s.16,s.17

PRAIRIE & TERRITORIES REGION
s.16,s.17

QUEBEC REGION
s.16,s.17

Grand Total

2016

Average Market Value s.16,s.17	Sum (Market Value) s.16,s.17	Regions	Average Loan Amount s.16,s.17
		ATLANTIC REGION s.16,s.17	
		BC REGION s.16,s.17	
		ONTARIO REGION s.16,s.17	
		PRAIRIE & TERRITORIES REGION s.16,s.17	
		QUEBEC REGION s.16,s.17	
		Grand Total	

Average Market Value s.16,s.17	Sum (Market Value) s.16,s.17
-----------------------------------	---------------------------------

Papadopoulos, Nikki OHCS:EX

From: Jennifer Iten <jiten@bchousing.org>
Sent: Wednesday, September 28, 2016 10:05 AM
To: 'dboyd@cmhc-schl.gc.ca'
Cc: Page, Doug OHCS:EX
Subject: RE: FW: Expanded info on BC Data
Attachments: FTHB Charts_Price.xlsx

Categories: Provided FOI

Hi Diana,

Thanks so much for pulling this together. Unfortunately it's not quite what we need. Caroline Anctil sent us this spreadsheet (see attachment) the other week that shows the number of loans and the percentage of loans in \$5K increments from 2010-2016. I was hoping that it would be possible to also get the Total Fair Market Value of the Loans in each \$5K increment. If it's not possible to get all the years given the time crunch, would it be possible to get 2015 and 2014?

Thanks so much,
Jenn

Jenn Iten
Assistant Director, Finance
BC Housing
Direct: 604-439-4730 | Cell: 604-306-0905
Email: jiten@bchousing.org

From: Page, Doug OHCS:EX [<mailto:Doug.Page@gov.bc.ca>]
Sent: September-28-16 9:48 AM
To: 'dboyd@cmhc-schl.gc.ca'
Cc: Gregory Steves; Jennifer Iten; Roger Lam; Barlee, Veronica OHCS:EX
Subject: FW: FW: Expanded info on BC Data

Thanks so much, Daina.

Doug

From: dboyd@cmhc-schl.gc.ca [<mailto:dboyd@cmhc-schl.gc.ca>]
Sent: Wednesday, September 28, 2016 8:26 AM
To: Page, Doug OHCS:EX
Cc: XT:Iten, Jenn BCHM:IN
Subject: Re: FW: Expanded info on BC Data

Hello, here is the data, let me know if you need anything else!
Daina

Daina Boyd

Executive Assistant

Office of the Regional VP (British Columbia)

dboyd@cmhc-schl.gc.ca

Telephone: 604 737-4003

Facsimile: 604 737-4020

1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

From: "Page, Doug OHCS:EX" <Doug.Page@gov.bc.ca>
To: "'dboyd@cmhc-schl.gc.ca'" <dboyd@cmhc-schl.gc.ca>,
Cc: "XT:Iten, Jenn BCHM:IN" <jiten@bchousing.org>
Date: 27/09/2016 09:37 AM
Subject: FW: Expanded info on BC Data

Hi Daina,

I checked with Jenn Iten (cc'd, the person who will actually be using the data for modeling) and she would still like to get it—it is not too late, since we got a bit of a time reprieve this morning. Thanks for checking, and please feel free to contact Jenn directly if there are any questions about the request or how to prepare the data.

Doug Page, RI(BC)

Director of Legislation

Housing Policy Branch, Office of Housing and Construction Standards
Ministry of Natural Gas Development and Minister Responsible for Housing
Cell: 250.380.8696
Email: doug.page@gov.bc.ca



From: dboyd@cmhc-schl.gc.ca [<mailto:dboyd@cmhc-schl.gc.ca>]
Sent: Tuesday, September 27, 2016 9:15 AM
To: Page, Doug OHCS:EX
Subject: Expanded info on BC Data

Hi Doug, my apologies the person I had requested info from was stuck in meetings most of the day yesterday.

Did you still need it or is it too late?

Daina

Daina Boyd

Executive Assistant

Office of the Regional VP (British Columbia)

dboyd@cmhc-schl.gc.ca

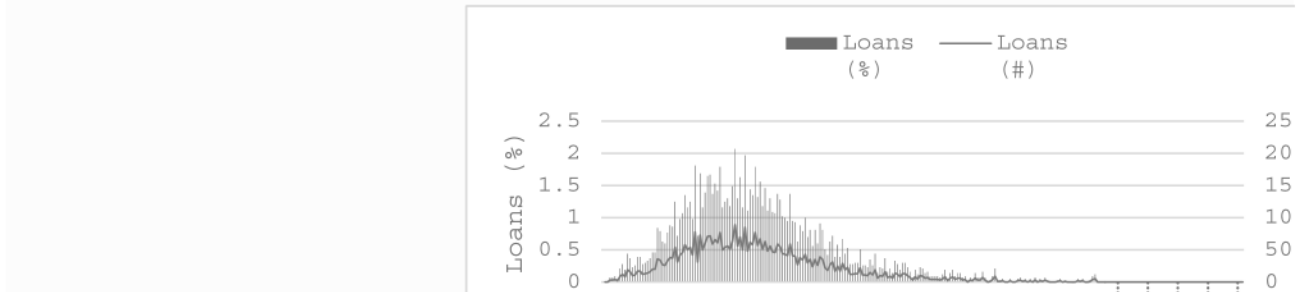
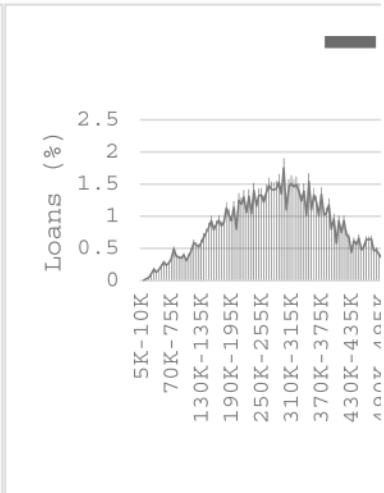
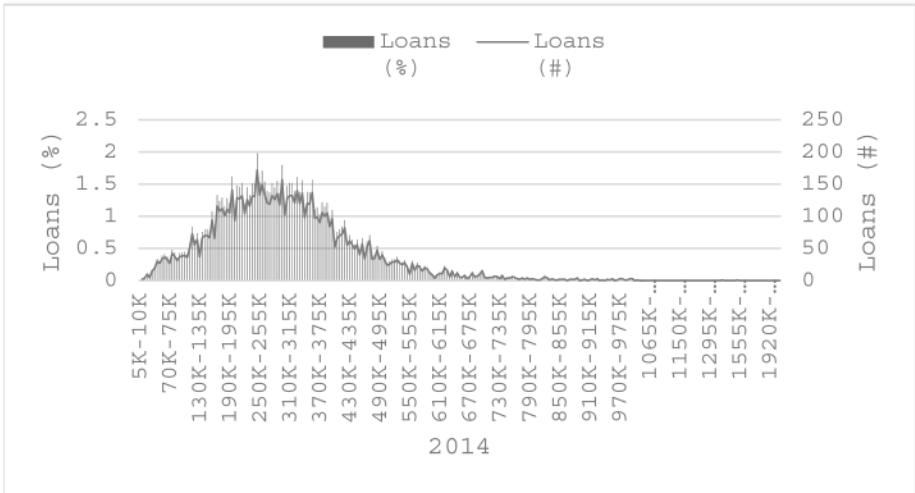
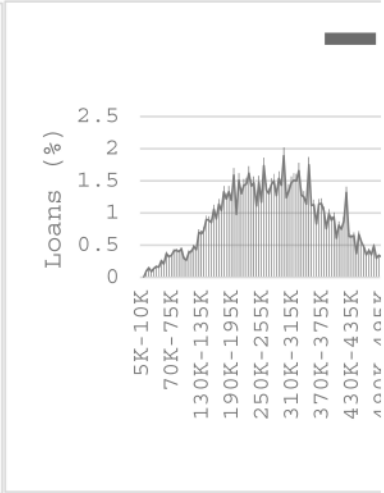
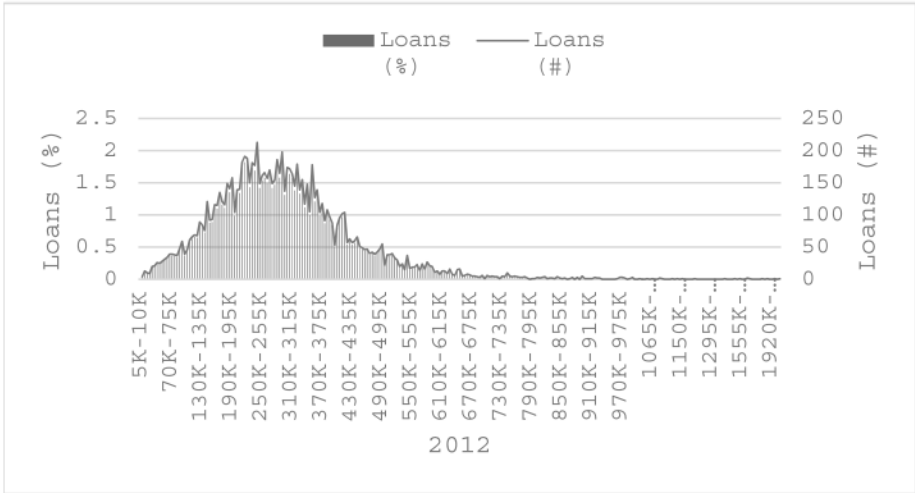
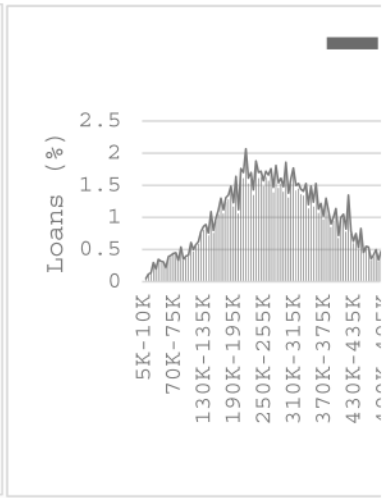
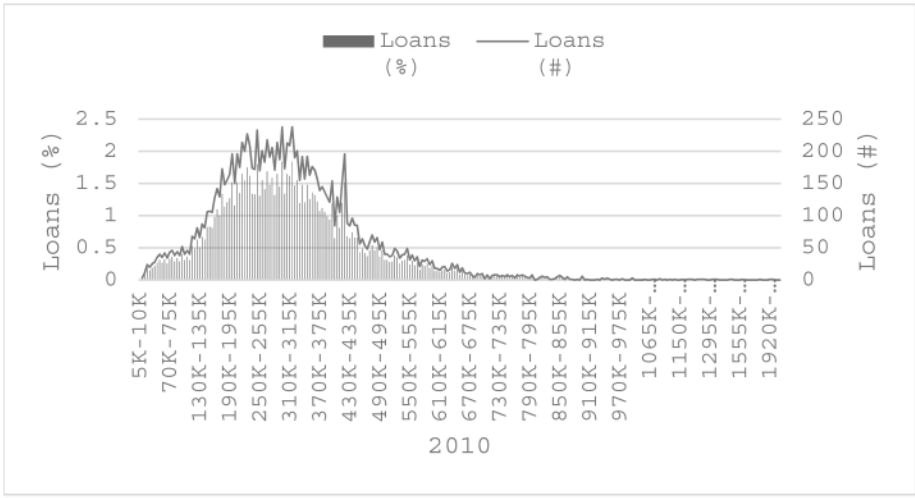
Telephone: 604 737-4003

Facsimile: 604 737-4020

1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3

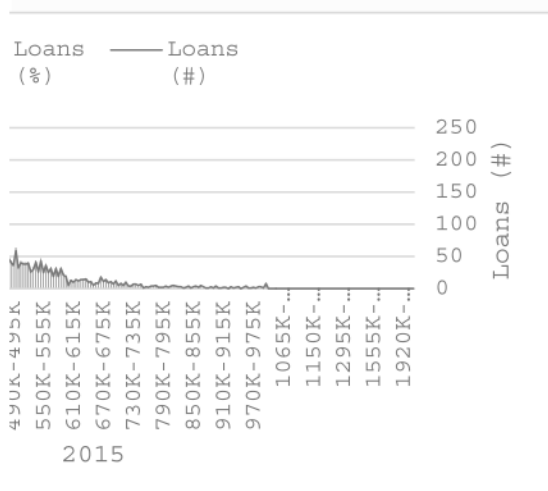
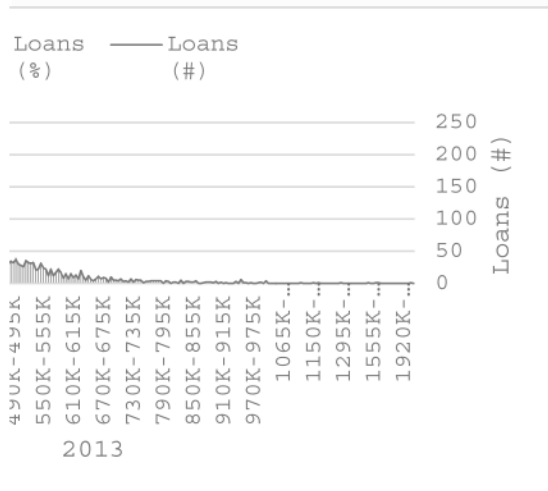
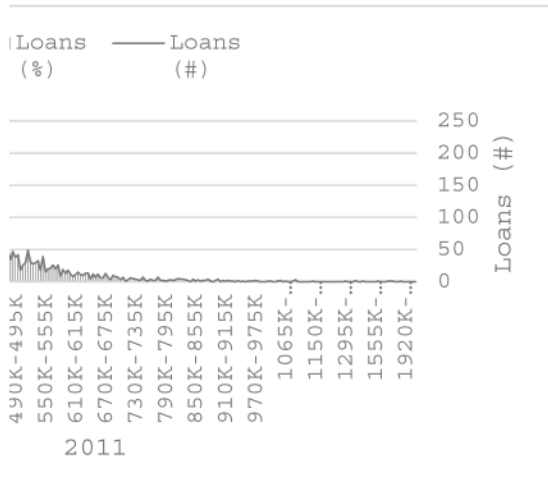
Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca [attachment "image001.wmz" deleted by Daina Boyd/BCY/CMHC-SCHL/CA]



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190K-195K
250K-255K
310K-315K
370K-375K
430K-435K
490K-495K
550K-555K
610K-615K
670K-675K
730K-735K
790K-795K
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910K-915K
970K-975K
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1150K-
1295K-
1555K-
1920K-

2016





Papadopoulos, Nikki OHCS:EX

From: Raey-Scarcella, Vivian L OHCS:EX
Sent: Tuesday, November 1, 2016 10:42 AM
To: Page, Doug OHCS:EX
Subject: BN as requested
Attachments: 22020 BN Info Fed Announcement.docx

Categories: Provided FOI

OFFICE OF HOUSING AND CONSTRUCTION STANDARDS

INFORMATION NOTE

DATE: October 13, 2016

PREPARED FOR: Dave Nikolejsin, Deputy Minister

ISSUE: Impact of Federal Housing Market Announcement

BACKGROUND:

On October 3, 2016, the Government of Canada announced it is taking steps to ensure a “healthy, competitive and stable housing market for all Canadians” in response to growing concerns over middle class family debt size, housing affordability and misuse of capital gains exemptions.

The announcement contains three financing and taxation changes:

1. Bringing consistency to insured mortgage rules
 - a) Effective October 17, 2016, all insured borrowers will undergo a stress test to ensure home owners can afford mortgages even if interest rates begin to rise. Home owners with existing mortgages or those renewing existing mortgages will not be affected.
 - b) Effective November 30, 2016, all insured mortgages must meet the same loan eligibility criteria regardless of whether they are high loan-to-value insured mortgages or low loan-to-value insured mortgages.
2. Improving tax fairness and closing loopholes

There will be improvements to the fairness and integrity of the tax system with respect to the tax benefit available to homeowners upon disposition of their principal residence. This will ensure that the principal residence exemption is only available to Canadian residents. New measures to improve compliance with respect to real estate dispositions will also be implemented.

These measures may help prevent practices like “house flipping”. Permanent non-residents will not be eligible for the capital gains tax exemption on the sale of their property.

3. Managing risk and protecting taxpayers

The Federal Government will launch a consultation process to develop a policy that ensures lenders bear a greater degree of risk associated with government backed insured mortgages. A potential policy option would require mortgage lenders to manage a portion of loan losses on insured mortgages that default.

This change could result in lending institutions charging higher interest rates to offset higher lending costs, impacting the cost of borrowing and housing affordability. Lenders may also choose to avoid providing mortgages to borrowers with poor credit ratings.

DISCUSSION:

Potential Impacts of the Downpayment Assistance Program (DAP)

Applying the “stress test” to all insured mortgages will reduce the amount a first time home buyer can borrow. Buyers will now qualify for an insured mortgage using the higher Bank of Canada 5-year fixed rate (currently 4.64%) and increased key debt-service ratios. Key debt service ratios (Gross Debt Service Ratio – GDSR and Total Debt Service Ratio – TDSR) determine the maximum amount of debt (mortgage payment, taxes, heating costs, etc.) the buyer can carry relative to their income. Under the new eligibility rules, the GDSR has increased from 32% to 39%, and TDSR has increased from 40% to 44%.

s.13

The Housing Policy Branch continues to assess the impacts of the Government of Canada's recent changes and is working with other areas of government, including the Ministry of Finance, to monitor impacts for British Columbians.

CONCLUSION:

Changes to qualifying rates and key debt service ratios for insured mortgages will increase the protection for purchasers in the event of interest rate changes. This will result in a reduction in buying power for all purchasers with insured mortgages. DAP will increase the purchasing power and reduce the cost of a purchasing a home for first time home buyers.

Prepared by:

Vivian Raey-Scarcella
Sr. Policy Advisor
Housing Policy Branch

Reviewed by:

Roger Lam
Director, Policy and Crown
Liaison
Housing Policy Branch

Initial

RL

Date:

Oct 3, 2016

Trudy Rotgans
Executive Director
Housing Policy Branch

TR

Oct 13, 2016

Greg Steves
Assistant Deputy Minister
Office of Housing and
Construction Standards

GDS

Oct 26, 2016

Page 068 to/à Page 092

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NR

Papadopoulos, Nikki OHCS:EX

From: Lam, Roger OHCS:EX
Sent: Wednesday, October 5, 2016 11:18 AM
To: XT:Iten, Jenn BCHM:IN
Cc: Rotgans, Trudy OHCS:EX
Subject: 22020 BN Info
Attachments: 22020 BN Info.docx

Hi Jenn,

I am attaching the draft BN, discussion section needs to be rewritten. I have included tables based on assumptions I am making about the difference between current qualifying rates for high ratio mortgages and what CMHC is moving to. CMHC still has not got back to me yet to confirm. I have copied my email to them below. Trudy is working on slide deck and Greg now wants a slide that incorporates the impact of federal changes to DAP. Unless you can either confirm or disavow my assumption, I will let you know what I hear back from CMHC.

Roger

Hi Caroline,

We are still working through our analysis of the impacts of the recent federal changes to first time home buyers in BC. I was wondering whether you can clarify a few things for me:

When a first time homebuyer is applying for a mortgage with less than a 20% down payment (high ratio) under the current system is the qualifying rate determined by the lending institution or they are required to use the Bank of Canada's five year fixed rate?

I spoke to a mortgage broker and spent some time reviewing the documentation on various mortgage lending sites and it seems that some lenders will apply a different qualifying rate for high ratio mortgages such as their own posted 5 year fixed rate or even a 3 year discounted fixed rate. From what I could find in the CMHC documentation is that currently high ratio fixed and variable mortgages with 1-4 year terms are required to use the Bank of Canada's 5 year fixed rate as their qualifying rate. The fact that the CMHC literature only talks about less than 5 year terms seems to suggest that for terms longer than 5 years, the lender is not required to use the Bank of Canada's 5 year fixed rate.

If I were to apply this logic then the change to the mortgage for a first time home buyer with a \$100,000 income would qualify for in BC is as follows:

Assumptions:

Income: \$100,000

Amortization: 25 years

Term: 5 years

Down Payment: \$25,000

Coast Capital Savings 5 year fixed rate is 2.44%

Qualify for \$444,881

Bank of Canada 5 year fixed rate is 4.66%

Qualify for \$372,666

Based on this quick analysis, if a lender (Coast Capital Savings) was able to use their 5 year fixed rate instead of the Bank of Canada 5 year fixed rate as a qualifying rate, there is a \$72,215 difference in what a first time home buyer would qualify for.

Is this analysis correct or were all high ratio mortgages already required to use the Bank of Canada's 5 year fixed rate as a qualifying rate prior to this recent change?

Roger

OFFICE OF HOUSING AND CONSTRUCTION STANDARDS INFORMATION NOTE

DATE: October 3, 2016

PREPARED FOR: Dave Nikolejsin, Deputy Minister

ISSUE: Federal Announcement on Housing Market – October 2016

BACKGROUND:

On October 3, 2016, the Government of Canada announced it is protecting the long-term security of Canadians by taking preventative measures to ensure a “healthy, competitive and stable housing market for all Canadians”.

This is in response to growing concerns over middle class family debt size, housing affordability and misuse of capital gains exemptions.

The announcement contains three financing and taxation changes:

1. Bringing consistency to insured mortgage rules
 - a) Effective October 17, 2016, all insured borrowers will undergo a “stress test” to ensure **new** home owners can afford mortgages even if interest rates begin to rise. Home owners with existing mortgages or those renewing existing mortgages will not be affected.
 - b) Effective November 30, 2016, any insured mortgages must meet the same loan eligibility criteria regardless of whether they are high loan-to-value insured mortgages or low loan-to-value insured mortgages.
2. Improving tax fairness and closing loopholes

There will be improved administration of the tax system with respect to dispositions of real estate, including the sale of principal residences and capital gains exemptions.

It is expected this change will make auditing these transactions easier and help prevent practices like “house flipping”. This change will also penalize non-resident homebuyers who sell their property within two years of the purchase through a change to the capital gains exemption formula.

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Version# 1
Updated: October 3, 2016

Page 1

3. Managing risk and protecting taxpayers

The Federal Government will launch a consultation process on a balanced housing financial system. A potential policy option would require mortgage lenders to manage a portion of loan losses on insured mortgages that default.

This change could result in lending institutions charging higher interest rates to offset higher lending costs, impacting the cost of borrowing and housing affordability. Lenders may also choose to avoid providing mortgages to borrowers with poor credit ratings.

DISCUSSION:

Potential Impacts on the Downpayment Assistance Program (DAP)

Applying the stress test to all insured mortgages may reduce the amount a first time home buyer can borrow. First time homebuyers may have to reduce their expectations and choose more affordable housing products.

The stress test will make it more challenging for those with lower incomes or riskier credit to qualify for a mortgage and may reduce the number of qualified first time homebuyers.

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CONCLUSION:

The Housing Policy Branch is continuing to assess the impacts of the Government of Canada's recent changes and working with other areas of government, including the Ministry of Finance, to consider implications for British Columbia.

Comment [LR04]: Conclusion will need to speak to impact to DAP

Prepared by:
Vivian Raey-Scarcella
Sr. Policy Advisor
Housing Policy Branch

Reviewed by:
Roger Lam
Manager, Policy and Crown
Liaison
Housing Policy Branch

Initial

RL

Date:

Oct 3, 2016

Trudy Rotgans
A/Executive Director
Housing Policy Branch

TR

Oct 3, 2016

Greg Steves
Assistant Deputy Minister
Office of Housing and
Construction Standards

Dave Nikolejsin
Deputy Minister
Ministry of Natural Gas
Development and Minister
Responsible for Housing

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Updated: October 3, 2016

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Cliff# 22020
Version # 1
Updated: October 3, 2016

Page 4

Papadopoulos, Nikki OHCS:EX

From: Lam, Roger OHCS:EX
Sent: Thursday, October 6, 2016 10:39 AM
To: Steves, Gregory OHCS:EX; Rotgans, Trudy OHCS:EX
Subject: FW: Aff_Hsg_slides_v9_Cab_Oct18_2016.pptx

This addresses my concern.

From: Jennifer Iten [<mailto:jiten@bchousing.org>]
Sent: Thursday, October 6, 2016 10:35 AM
To: Lam, Roger OHCS:EX
Subject: RE: Aff_Hsg_slides_v9_Cab_Oct18_2016.pptx

Exactly

From: Lam, Roger OHCS:EX [<mailto:Roger.Lam@gov.bc.ca>]
Sent: October-06-16 10:34 AM
To: Jennifer Iten
Subject: RE: Aff_Hsg_slides_v9_Cab_Oct18_2016.pptx

I think the jist of what you are saying is that CBC is using an old calculator and that is why they are arriving at the big numbers – when we apply the TDSR then the change is actually much smaller?

From: Jennifer Iten [<mailto:jiten@bchousing.org>]
Sent: Thursday, October 6, 2016 10:19 AM
To: Lam, Roger OHCS:EX; Dan Maxwell; XT:Curry, Brian FIN:IN; Steves, Gregory OHCS:EX; Rotgans, Trudy OHCS:EX; Pooi-Ching Siew
Subject: RE: Aff_Hsg_slides_v9_Cab_Oct18_2016.pptx

Hi Roger,

s.13

From: Lam, Roger OHCS:EX [<mailto:Roger.Lam@gov.bc.ca>]
Sent: October-06-16 8:29 AM
To: Jennifer Iten; Dan Maxwell; Brian Curry; Gregory Steves; Rotgans, Trudy OHCS:EX
Subject: RE: Aff_Hsg_slides_v9_Cab_Oct18_2016.pptx

First-Time Home Buyer



From: Jennifer Iten [<mailto:jiten@bchousing.org>]

Sent: Wednesday, October 5, 2016 5:11 PM

To: Dan Maxwell; XT:Curry, Brian FIN:IN; Steves, Gregory OHCS:EX; Lam, Roger OHCS:EX; Rotgans, Trudy OHCS:EX

Subject: Aff_Hsg_slides_v9_Cab_Oct18_2016.pptx

Here are the revised slides.

I'm going to double check the numbers used to calculate the impact of the new federal changes tomorrow with Pooi-Ching.

Thanks,
Jenn

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OFFICE OF HOUSING AND CONSTRUCTION STANDARDS

Impact of Federal Housing Market Announcement

CMHC's changes to the interest rates and key debt service ratios to qualify for insured mortgages will increase the protection for purchasers in the event of interest rate changes. This will result in a net reduction in buying power for all purchasers with insured mortgages.

Applying CMHC's stricter "stress test" to all insured mortgage applications will reduce the amount a home buyer can borrow if they require an insured mortgage. Buyers must now qualify for an insured mortgage using the higher Bank of Canada 5-year fixed rate (currently 4.64%). However, simultaneous increases to key debt-service ratios offset some of the impact. Gross Debt Service Ratio (GDSR) and Total Debt Service Ratio (TDSR) are key debt service ratios that determine the maximum amount of debt (mortgage payment, taxes, heating costs, etc.) the buyer can carry relative to their income. Under the new eligibility rules, the GDSR has increased from 32% to 39% and TDSR has increased from 40% to 44%.

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