

Sujet traité : Trudeau annonce des changements possibles aux règles hypothécaires avant le budget d'avril / Trudeau teases potential mortgage rule changes before April budget

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Trudeau teases potential mortgage rule changes before April budget

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Candyd Mendoza

Could the government extend amortization limits as part of housing plan?

 Trudeau teases potential mortgage rule changes before April budget

Prime Minister Justin Trudeau has hinted at changes to Canada's mortgage sector in the upcoming April 16 federal budget.

Regulations currently prohibit homebuyers from obtaining insured mortgages with amortization periods exceeding 25 years. During a news conference on Friday, Trudeau fielded questions regarding the possibility of extending this limit to 30 years or more, which could ease monthly payments and offer relief to prospective buyers struggling to enter the market.

While Trudeau refrained from providing a direct response to the question, he indicated that further details regarding mortgage policies would be disclosed closer to the budget date, stating, "On mortgages, we will have more to say between now and the budget date on April 16, and perhaps we will save it for April 16."

Trudeau's comments amidst mounting political pressure to address Canada's housing shortage and the escalating affordability crisis. In recent weeks, he has made a series of pre-budget announcements to improve the cost and availability of rental housing, including a pledge to link renters' credit scores to timely rent payments.

Last week, Trudeau pledged to implement measures to ensure that tenants who consistently pay rent on time will see improvements in their credit scores when applying for mortgages.

Calls for looser mortgage regulations, particularly targeting younger homebuyers, have been gaining traction.

Mike Moffatt, a former Trudeau economic adviser and policy director at the Smart Prosperity Institute, questioned the rationale behind current mortgage regulations in an interview with Bloomberg last month.

"Why do we tell a 35-year-old that they have to have their home paid off by the time they're 60?" Moffatt said.

why not?

Canada previously allowed insured mortgages with terms of up to 40 years but tightened rules following the 2008 financial crisis. Since 2012, the 25-year limit on amortization periods has been in effect for loans requiring government-backed mortgage default insurance.

This insurance becomes mandatory when the buyer's down payment is less than 20% of the home's price. In cities like Toronto and Vancouver, where benchmark home prices exceed C\$1 million, prospective buyers must accumulate down payments upwards of C\$200,000 to qualify for uninsured mortgages with longer amortization periods.