

May 6, 2021

Mr. Jeremy Rudin
Office of the Superintendent of Financial Institutions
255 Albert Street, 12th Floor Ottawa, Ontario
K1A 0H2

Delivered by email to B.20@osfi-bsif.gc.ca

Dear Mr. Rudin,

On behalf of the Members of the Toronto Regional Real Estate Board (TRREB), I would like to thank-you for the opportunity to provide input to the consultations on the minimum qualifying rate for uninsured mortgages.

As REALTORS®, TRREB Members are also Members of the Canadian Real Estate Association (CREA). As such, TRREB supports and echoes the input that has been provided by CREA on this issue. In particular, while it is important to monitor economic conditions and ensure responsible household debt, it is also important to ensure that measures, such as the B-20 guideline implemented by the Office of the Superintendent of Financial Institutions, do not have unintended consequences.

With this in mind, we support CREA's recommendations to review the mortgage stress test to ensure the realities of local real estate markets are taken into consideration and to remove the stress test from mortgage renewals, for the following reasons:

- adjusting the stress test to make it more regional in nature would reflect the realities of each real estate market across the country;
- a regional test could better reflect market conditions by considering factors such as housing market activity, average cost of a home in that market, employment levels, average income and cost of living in the area;
- there is precedent for national programs to be tailored to address regional socio-economic factors (e.g. Employment Insurance Program, First Time Home Buyer Incentive); and,
- because the stress test applies to existing mortgages, many borrowers end up remaining with the same lender at the time of renewal, rather than seek more competitive rates.

TRREB also believes that transparency is important with regard to the stress test. In this regard, it is important that OSFI clearly communicate its process and rationale for establishing the minimum qualifying rate. This would allow people to anticipate future changes to the guideline and would help to provide more informed feedback to OSFI.

TRREB appreciates federal efforts to ensure the health of the Canadian economy and real estate markets, but it is important to ensure that these efforts do not have unintended consequences, as noted above. We look forward to continuing to work with OSFI and the federal government to help ensure as many Canadians as possible can achieve the dream of home ownership.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Patel". The signature is fluid and cursive, with the first name "Lisa" written in a larger, more prominent script than the last name "Patel".

Lisa Patel
President

c.c. Cliff Stevenson, Chair, Canadian Real Estate Association