

GOVERNMENT CONSULTATIONS

January 2023

Meeting with Tolga Yalkin, Assistant Superintendent – Policy, Innovation and Stakeholder Affairs at OSFI on interest rates

CHBA met with the Office of the Superintendent of Financial Institutions (OSFI) officials to provide an overview of the impact of current macroprudential policies on the home building sector. CHBA CEO Kevin Lee provided an overview of the challenges the sector has faced since the start of the rise of interest rates earlier in the year. Citing CHBA's Housing Market Index (HMI) results, Lee spoke to how multiple rate hikes to curb inflation have resulted in fewer people buying new homes, a resultant sharp drop in builder confidence, and a substantial slowing in future housing development activity. CHBA also discussed the new OSFI consultation on Guideline B-20 on Residential Mortgage Underwriting Practices and Procedures, noting concerns over any further tightening and the need to balance risk with the need to support the market, economy and homeownership.

CHBA continues to express concerns over the stress test and to advocate against any further tightening of underwriting that will further suppress the market. CHBA recommends that the stress test, for both insured and uninsured mortgages, be ratcheted down to favour longer term mortgages to better stabilize the market while supporting first-time buyers. CHBA recommends both the insured and uninsured mortgage stress tests be reduced on a declining basis for 7- and 10-year mortgage terms. This would support affordability and improve market stability. CHBA also continues to recommend that increased supply is the solution to high housing prices and will continue to advocate against policies that push well-qualified buyers out of the market due to demand side measures that do not address the real problem. CHBA has also provided formal input into the OSFI consultation process on B-20.

