

# Government of Canada Takes Action to Maintain a Healthy, Competitive and Stable Housing Market

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**December 11, 2015 – Ottawa, Ontario – Department of Finance**

Finance Minister Bill Morneau today announced changes to the rules for government-backed mortgage insurance to contain risks in the housing market, reduce taxpayer exposure and support long-term stability. Effective February 15, 2016, the minimum down payment for new insured mortgages will increase from 5 per cent to 10 per cent for the portion of the house price above \$500,000. The 5 per cent minimum down payment for properties up to \$500,000 remains unchanged.

Today's announcement represents a graduated approach to increasing the down payment requirement proportionally to the cost of a home. Canadians who already hold mortgages will not be affected by this announcement.

The Government continuously monitors the housing market and is committed to implementing policy measures that maintain a healthy, competitive and stable housing market. Higher homeowner equity plays a key role in maintaining a stable and secure housing market.

In making this announcement, Minister Morneau also highlighted the increases in guarantee fees for Canada Mortgage and Housing Corporation (CMHC)-sponsored securitization programs, announced today by CMHC. The Office of the Superintendent of Financial Institutions has also announced today its plans to update regulatory capital requirements for residential mortgages to ensure that capital requirements keep pace with market developments and risks. Taken together, today's actions will strengthen the resiliency of Canada's housing finance system to promote long-term stability and balanced economic growth.

## Quote

"The Government's role in housing is to set and maintain a framework that is equitable, stable and sustainable. The actions taken today prudently address emerging vulnerabilities in certain housing markets, while not overburdening other regions. They also rebalance government support for the housing sector to promote long-term stability and balanced economic growth."

"This measure will increase homeowner equity, which plays a key role in maintaining a stable and secure housing market and economy over the long term. It also protects all homeowners, including many middle class Canadians whose greatest investment is in their homes."

*- Bill Morneau, Minister of Finance*

## Quick Facts

- Federally regulated lenders are required to obtain mortgage insurance when the down payment is less than 20 per cent of the purchase price of a property.
- Properties valued at \$1 million and above require a minimum down payment of 20 per cent.
- The average price of homes sold in October 2015 through the Canadian Real Estate Association's Multiple Listing Service® (MLS) system was about \$453,000.
- Insured homebuyers typically purchase lower-priced properties than the overall average. In 2014, the average property price for new insured purchases with down payments of less than 20 per cent was about \$293,000, compared to an average price of about \$416,000 for properties sold through the MLS system.

## Related Products

- [Backgrounder: A More Secure Canadian Housing Market](#)
- [Frequently Asked Questions: Higher Down Payments for More Expensive Homes](#)
- [Speech on Government-Backed Mortgage Insurance Changes](#)

## Additional Links

- [Canada Mortgage and Housing Corporation](#)
- [Office of the Superintendent of Financial Institutions](#)

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