

Dear clients,

For the last mail out of 2019, some POSSIBLE good news was published. This article was in the globe and mail regarding loosening the stress test rules. This would make it easier for people to purchase first time homes or rental properties, and for those of you who own already, it could mean an increase in property values due to an influx of buyers.

Minister of Finance Bill Morneau was urged to reconsider the borrower stress test in a Ministerial Mandate letter from Prime Minister Justin Trudeau.

The prime minister reiterated Morneau's commitment to four key principles for the implementation of the government's fiscal plan: reducing the government's debt; preserving Canada's AAA credit rating; investing in people and things that give people a better quality of life; and preserving "fiscal firepower" in the event of an economic downturn.

Among the list of top priorities were to "review and consider recommendations from financial agencies related to making the borrower stress test more dynamic."

Whether or not anything comes of the recommendation remains to be seen, but some buyers are encouraged by the fact that the conversation is continuing.

The stress test has somewhat begrudgingly been hailed as a success in terms of cooling overheated housing markets and making it more necessary for consumers to turn to mortgage brokers for guidance. There has been no shortage of criticism, however, due to the fact that it negates the purchasing power of first-time buyers as well as making it harder for those renewing mortgages to switch lenders and take advantage of better deals.

The prime minister also indicated for Morneau to work with the Minister of Families, Children and Social Development who is the Minister responsible for the Canada Mortgage and Housing Corporation (CMHC) to further limit housing speculation by "developing a framework and introducing a 1% annual vacancy and speculation tax on applicable residential properties owned by non-resident non-Canadians. This would involve working with provinces, territories, municipalities and law enforcement to track housing ownership and speculation."



Other priorities include a complete implementation of the new financial consumer protection framework and the introduction of legislation to “cut taxes for the middle class and those working hard to join it.” This tax cut would increase the basic personal income tax exemption by around \$2,000 to \$15,000.

Mandate letters are meant to outline the strategic priorities of each department and to enhance the transparency and accountability of government. Commitments are described in the mandate letters sent from the Prime Minister to each cabinet minister and represent action on top priorities identified by the government. Progress of the government commitments are then tracked by the Government of Canada.

I will keep everyone up to date as I get further information on this development.

I want to wish you all a happy holiday and I look forward to keeping you all informed in the upcoming year.

Sincerely,

