

Motion following Notice of Motion**Mortgage Stress Test Reform Advocacy**

THAT the mayor, on behalf of council, write a letter to the Federal Government, urging the government to continue to monitor, review and ultimately amend the mortgage stress test policy to better reflect regional realities and to increase access to housing for citizens, as articulated by local stakeholder groups including the Sherwood Park & District Chamber of Commerce, as further outlined in "Schedule A."

Schedule A:

1. Remove the mortgage stress-test for those who are merely trying to switch lenders to lower their interest burden, with no increase in risk, refinancing to reduce their total debt burden.
2. Remove the mortgage stress-test for those who are acquiring a mortgage in the same price range as their original mortgage.
3. Review the "one-size-fits-all" nature of this policy and create more flexible benchmarks: The qualifying rate needs to be established utilizing criteria designed to account for real time market conditions, regional/community risk assessments and to allow for regional adjustments as unique community risks arise.
4. Lower the 200-basis points to a 75-basis point stress test, which achieves an appropriate protection to consumers in the event that rates rise, while not unduly pricing too many consumers out of the market place.
5. Unify requirements for uninsured mortgages with those of insured mortgages, and to work with the Bank of Canada and the Department of Finance by implementing an independent mechanism that would see the benchmark set at approximately 75-basis points higher than commonly available market rates.
6. Provide a 30-year amortization option for first-time home buyers.

Background

Mayor Frank served Notice of Motion at the February 25, 2020 Council meeting, to be presented at the March 3, 2020 Council meeting.