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Federal Government Makes it Easier for Middle Class Canadians to Buy their First Home in Vancouver

Surrey, British Columbia, June 17, 2019

All Canadians deserve to have a safe and affordable place to call home. That is why the Government of Canada is introducing an innovative new tool to help middle class Canadians buy their first home.

Today, the Honourable Jean-Yves Duclos, Minister of Families, Children and Social Development and Minister Responsible for Canada Mortgage and Housing Corporation (CMHC) announced the details of the **First-Time Home Buyer Incentive**, including the expected launch date.

Starting on September 2, 2019, the **First-Time Home Buyer Incentive** will help middle class families take their first steps towards homeownership by reducing monthly mortgage payments required for first-time homebuyers without increasing the amount they need to save for a downpayment. This program complements other measures taken in Budget 2019 to support first time homebuyers with their downpayment such as increased RRSP withdrawal limit from \$25,000 to \$35,000. The Government of Canada has allocated \$1.25 billion over three years (starting in 2019) for this program. The incentive will be available to first-time homebuyers with qualified annual household incomes up to \$120,000.

Budget 2019 also previewed the **Shared Equity Mortgage Provider Fund**, a five-year, \$100-million lending fund to assist providers of shared equity mortgages to help eligible Canadians achieve affordable homeownership. This will support an alternative

homeownership model targeted at first-time homebuyers, help attract new providers of shared equity mortgages and encourage additional housing supply. The fund will be launched on July 31st, 2019, and will be administered by CMHC.

Quotes:

“Through the National Housing Strategy, more middle-class Canadians - and people working hard to join it - will find safe, accessible and affordable homes. Our proposed measures will reduce the monthly mortgage for your first home by up to \$286. This will mean more money in the pockets of Canadians and will help up to an estimated 100,000 families across Canada.”

– **Jean-Yves Duclos, Minister of Families, Children and Social Development and Minister Responsible for Canada Mortgage and Housing Corporation**

“The First Time Home-Buyer Incentive is designed to benefit those who need more assistance with housing costs, middle class Canadians. Thanks to mortgage payments that are more affordable, many families will have hundreds of dollars more each month in their pockets – money to spend on things like healthy food, sports activities for their kids, or even save for the future.”

– **Bill Morneau, Minister of Finance**

Quick Facts about the First Time Homebuyer Incentive:

- Canada’s First-Time Home Buyer Incentive will help qualified first-time homebuyers purchase their first home as the incentive reduces their monthly mortgage payment, without increasing the amount that they must save for a down payment. The program will launch on September 2, 2019, with the first closing on November 1, 2019.
- The incentive will allow eligible first-time homebuyers who have the minimum down payment for an insured mortgage with CMHC, Genworth or Canada Guaranty, to apply to finance a portion of their home purchase through a form of shared equity mortgage with the Government of Canada.

- For the purchase of an existing home, an incentive amount of 5 percent may be available. For the purchase of a newly constructed home, an incentive amount of 5 percent or 10 percent may be available.
- Doubling the incentive for purchasers of new homes encourages new housing supply.
- No on-going repayments are required, the incentive is not interest bearing, and the borrower can repay the incentive at any time without a pre-payment penalty.
- The government shares in the upside and downside of the change in the property value.
- The buyer must repay the incentive after 25 years, or if the property is sold.
- The incentive will be available to first-time homebuyers with qualified annual household incomes up to \$120,000. At the same time, a participant's insured mortgage and the incentive amount cannot be greater than four times the participant's qualified annual household income.
- Per the table below, for a family buying a \$500,000 home, this program could save them as much as \$286 per month or more than \$3,430 a year (note: for illustration purposes only, results subject to change depending upon amortization, interest rate, term, etc.).

	without FTHBI	with FTHBI	without FTHBI	with FTHBI	without FTHBI	with FTHBI
House Price	\$200,000	\$200,000	\$350,000	\$350,000	\$500,000	\$500,000
Down Payment (5%)	\$10,000	\$10,000	\$17,500	\$17,500	\$25,000	\$25,000
FTHBI (10%)	NA	\$20,000	NA	\$35,000	NA	\$50,000
Insured Mortgage	\$190,000	\$170,000	\$332,500	\$297,500	\$475,000	\$425,000
Insured Mortgage + Mortgage Insurance Premium	\$197,600	\$174,760	\$345,800	\$305,830	\$494,000	\$436,900
Monthly Payment*	\$989	\$875	\$1,731	\$1,531	\$2,473	\$2,187
Savings on Monthly Payment	\$114		\$200		\$286	
Savings on Yearly Payment	\$1,372		\$2401		\$3,430	

- Visit [here](#) for further **First-Time Home Buyer Incentive** program details.

Quick Facts about the Shared Equity Mortgage Provider fund program:

- The Shared Equity Mortgage Provider (SEMP) fund program will assist providers of shared equity mortgages in helping eligible Canadians achieve affordable homeownership.
- The SEMP fund program is a 5-year program scheduled to launch on July 31, 2019.
- This \$100-million lending fund, administered by CMHC, will help attract new providers of shared equity mortgage and encourage additional housing supply.
- The program will offer eligible proponents loans from two possible funding streams: Pre-construction (stream 1) and Direct Shared Equity Mortgages (stream 2)
- Stream 1 is for pre-construction costs to commence new housing projects that provide shared equity mortgages to home purchasers.
- Stream 2 is for funding of shared equity mortgages provided by the proponent directly to home purchasers.
- Non-profit organizations, other level of governments and for-profit organizations may be eligible to apply.
- Visit [here](#) for further **Shared Equity Mortgage Provider Fund** program details
- The Government of Canada's National Housing Strategy (NHS) is an ambitious 10-year, \$55 billion plan that will create 125,000 new housing units, repair and renew more than 300,000 housing units and reduce chronic homelessness by 50 percent, with the target of removing 530,000 families from housing need
- The NHS is built on strong partnerships between federal, provincial and territorial governments, and on continuous engagement with others, including municipalities, Indigenous governments and organizations, and the social and private sectors, to make a meaningful difference in the lives of Canadians.

Associated links:

As Canada's authority on housing, CMHC contributes to the stability of the housing market and financial system, provides support for Canadians in housing need, and offers unbiased housing research and advice to all levels of Canadian government, consumers and the

housing industry. For more information, follow us on [Twitter](#), [Instagram](#), [YouTube](#), [LinkedIn](#), and [Facebook](#).

To find out more about the National Housing Strategy, visit www.placetocallhome.ca.

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