



MORTGAGE
PROFESSIONALS
CANADA

AFFORDABILITY FOR ONTARIO HOMEBUYERS

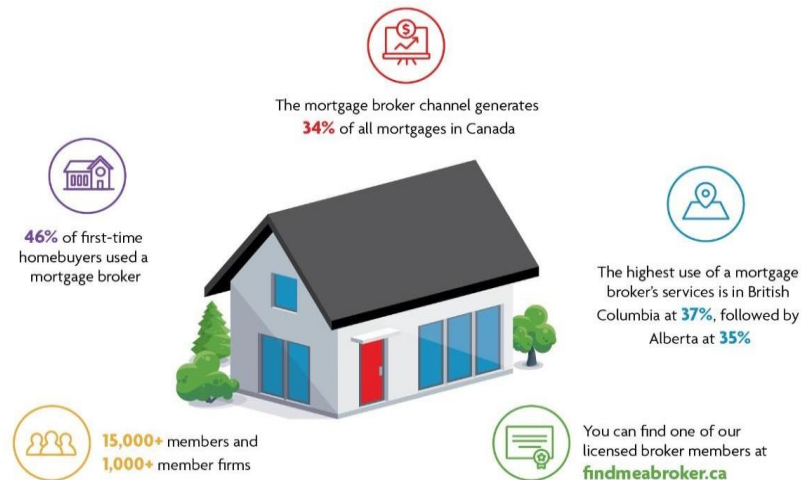
2026 Pre-Budget Submission to the Government of Ontario



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About Mortgage Professionals Canada

Mortgage Professionals Canada is Canada's largest network of non-profit mortgage industry association, representing over 15,000 mortgage brokers and agents, as well as banks, lenders, insurers, and service providers. We are proud to be the industry that provides Canadians with choice when making the most important financial decision of their lives and helps people achieve the dream of homeownership.

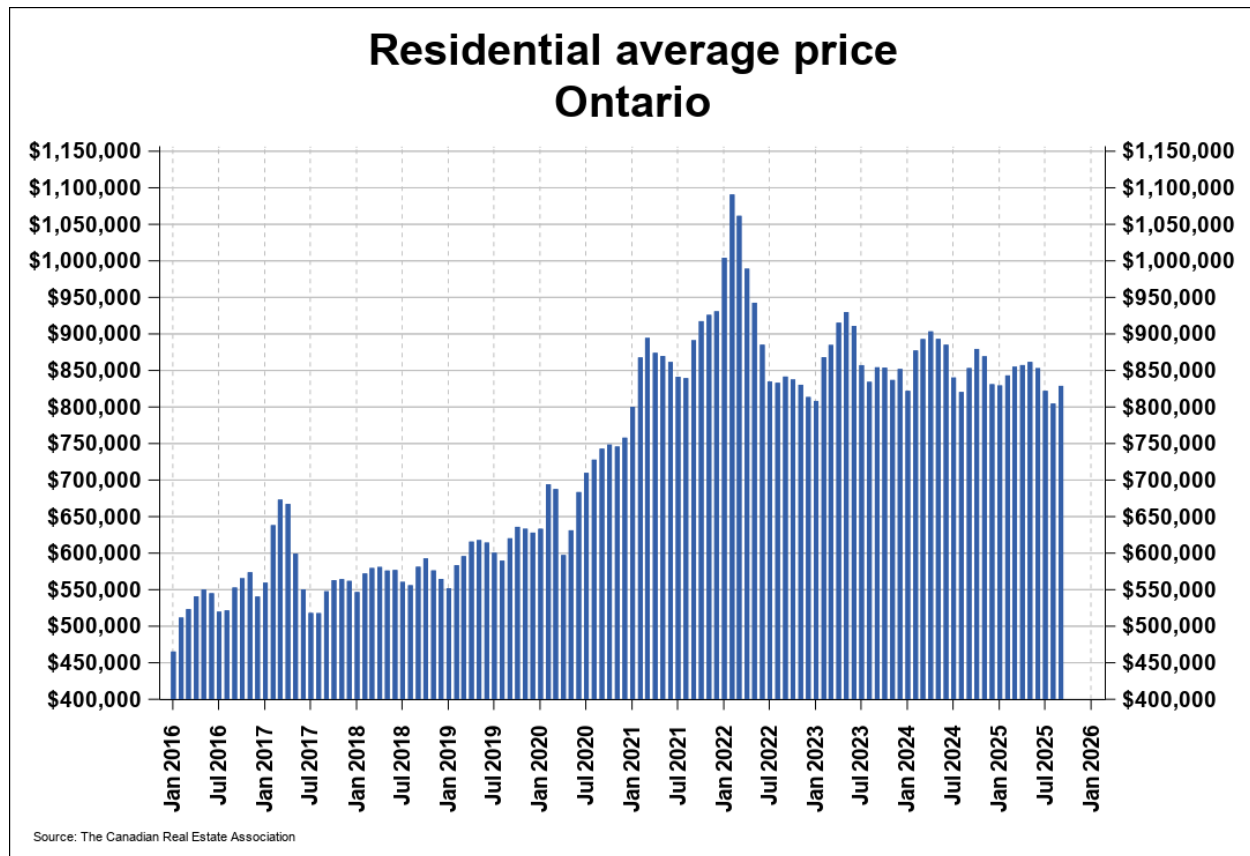


First-time buyers face increasing financial pressure in a challenging housing market. CMHC reports that they take longer to save for a down payment, are more likely to put down less than 20%, and identify rising prices, upfront taxes and fees, and high interest rates as major barriers to homeownership.ⁱ

They are also younger—typically between 25 and 34—and more than 70% of them rented before buying their first home.ⁱⁱ Without the advantage of equity that repeat buyers rely on, first-time buyers are disproportionately impacted. As a result, many young Ontarians and middle-income families remain locked out of homeownership.

While ownership costs have eased due to interest rate cuts, home prices remain well above pre-pandemic levels. Housing industry experts point to high development costs—driven by land, labour, and materials, to government fees—as major constraints to supply growth.

In this context, the Ontario government's commitment to eliminate the provincial portion of the HST for first-time buyers on new homes up to \$1 million is a meaningful step forward. This measure builds on the broader *Protect Ontario by Building Faster and Smarter Act*, which includes reductions to development charges and streamlined planning for transit-oriented communities. These initiatives will strengthen Ontario's competitiveness, support new supply, and enhance affordability. While we are encouraged to see these pro-growth, pro-homeownership solutions, we believe more can be done to support homebuyers in Ontario.



Recommendation 1: Enhance the First-Time Buyer Land Transfer Tax Rebate

The Land Transfer Tax (LTT) is one of the largest upfront costs for first-time buyers—about \$13,000 on an average \$850,000 home, and \$26,000 in Toronto. The current provincial rebate, capped at \$4,000, has not been updated since 2017, despite average home prices increasing nearly 40% over that period.

To better reflect today's market, we recommend enhancing the rebate by maintaining the existing \$4,000 base benefit and introducing an additional rebate of up to \$4,000 for homes within a reasonable price cap, with a gradual phase-out. British Columbia successfully uses a similar model to target support to lower- and mid-priced homes, avoid sharp eligibility cliffs, and minimize market distortion.ⁱⁱⁱ

Estimated Fiscal Impact:

According to the 2025 Ontario Taxation Transparency Report^{iv}, the total value of first-time buyer LTT refunds is approximately \$290 million. At a rebate level of \$4,000 per buyer, this implies at least 72,500 first-time buyers accessed the program. If each of these buyers were eligible for an enhanced \$4,000 rebate, the maximum additional fiscal cost would be another \$290 million.

In reality, the fiscal impact would be significantly lower. Not all first-time buyers purchase below the price cap (if there is one), some may not qualify (e.g., non-citizens or buyers of rental/vacant properties), and the price cap itself can be calibrated (e.g., target condo market) to further mitigate fiscal exposure.



Recommendation 2: Exempt RST on Mortgage Insurance Premium for First-Time Buyers

Homebuyers who put down less than 20% are required to purchase mortgage default insurance and pay an 8% Retail Sales Tax (RST) on the premium. While this insurance protects lenders, the borrower pays the cost, and—similar to the Land Transfer Tax—the RST must be paid upfront before possession. For the average Ontario home, this adds approximately \$1,600 to \$2,500 in additional costs, and even more in the GTA. Exempting first-time buyers from this RST would provide immediate and targeted relief.

Ontario, Saskatchewan, and Quebec are currently the only provinces that apply provincial sales tax to mortgage insurance premiums. Manitoba eliminated its tax on these premiums in 2020, demonstrating a clear precedent for reform.

Ontario already exempts RST on many types of insurance, including auto, property, and individual insurance. Extending this exemption to mortgage insurance premiums would be a reasonable and consistent policy step, helping to ease the largest financial transaction a first-time buyer will face so far in their lifetime.

Estimated Fiscal Impact:

Approximately 59% of first-time buyers require mortgage loan insurance, according to CMHC.^v Using earlier estimate of 72,500 first-time buyers, roughly 42,775 would pay these premiums. Removing the RST would result in revenue impacts of roughly \$68 million to \$106 million.

Recommendation 3: Expand the HST Rebate for New Homes for All Buyers

Ontario's recent commitment to remove the provincial portion of the HST for first-time buyers purchasing new homes up to \$1 million (with a declining rebate up to \$1.5 million) represents an important step toward improving affordability and encouraging new housing supply.

However, available data suggests this measure will have limited impact on the new-home market. The Ontario Home Builders' Association estimates that first-time buyers account for about 5% of new home purchases in Ontario. Teranet's latest market insight report further shows that the vast majority of first-time buyers purchase resale condominiums, with 80% choosing resale units compared to 20% opting for new builds.^{vi} On the federal level, the Parliamentary Budget Officer similarly estimates that the GST exemption for first-time buyers will apply to only 4.8% of newly built homes between 2025 and 2030.^{vii}

For non-first-time buyers, the provincial HST rebate remains capped at \$24,000 on the first \$400,000 of a home's value. These levels have not kept pace with market realities since the HST was introduced in 2010.

MPC recommends the Ontario government expand the HST rebate on new homes priced under \$1 million (with declining rebate up to \$1.5M) to apply to all buyers, not only first-time buyers.



Additional Recommendations

Mortgage Professionals Canada is committed to improving fairness in the housing market by reducing mortgage fraud and advancing collaborative housing solutions. **We respectfully request that the Government of Ontario encourage the federal government to advance the following priorities, and to reflect supportive language in the upcoming provincial budget.**

Recommendation 1: Support a Digital Income Verification Tool

Mortgage fraud is rising—up nearly 30% from pre-pandemic levels—driving up home prices, eroding confidence in the system, and giving dishonest buyers an unfair advantage. More than 90% of fraud cases involve falsified financial documents. A secure, CRA-enabled income verification tool would provide lenders and brokers the ability to validate income directly through tax data, making the process safer, more accurate, and less vulnerable to fraud.

Regulators across Canada—including the Mortgage Broker Regulators' Council of Canada, provincial regulators, and OSFI—support this solution. Canadians do too: Pollara's July 2025 survey shows that 58% see mortgage fraud as a major issue, 64% say it drives up housing prices, and 78% believe it gives dishonest buyers an unfair edge.^{viii}

International models exist. The UK's Mortgage Verification Scheme has shown how securely verifying income through tax data can prevent fraud while protecting privacy. A Canadian version could validate key tax line items (e.g., Line 15000—total income) with client consent and limited access windows.

Although the federal government committed to this tool in the 2024 Fall Economic Statement, progress has stalled, and was not recommitted in the 2025 federal budget.

MPC asks the Government of Ontario to urge the federal government to set a clear timeline and prioritize implementation of this initiative.

Recommendation 2: Establish a Permanent Housing Roundtable

Canada's housing challenges require coordinated action. MPC, alongside partners such as the Canadian Real Estate Association and the Canadian Bankers Association, is calling for a permanent housing roundtable that brings together federal and provincial governments, municipalities, industry, and civil society.

A structured, recurring forum would help align policy on key areas such as land use, skilled labour shortages, immigration, supply constraints, and pathways to homeownership. It would signal a shared commitment to coordinated, results-driven solutions.

MPC encourages the Government of Ontario to advocate for the creation of this roundtable at the federal level.



ⁱ <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-research/surveys/mortgage-consumer-surveys/2024-mortgage-consumer-survey>
^{libid.}

ⁱⁱⁱ <https://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax/exemptions/first-time-home-buyers>

^{iv} <https://budget.ontario.ca/2025/fallstatement/transparency.html#section-5>

^v <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-research/surveys/mortgage-consumer-surveys/2024-mortgage-consumer-survey>

^{vi} https://teraintelligence.teranet.ca/market_insights/market-insights-q2-2025/

^{vii} <https://www.pbo-dpb.ca/en/publications/RP-2526-001-S--introducing-gst-rebates-first-time-home-buyers--remboursement-tps-acheteurs-une-premiere-habitation#heading-34>

^{viii} <https://www.canadianmortgagetrends.com/2025/09/most-canadians-say-mortgage-fraud-stacks-the-deck-against-honest-buyers/>