

# Evaluation of the First-Time Home Buyer Incentive (FTHBI) Program

FINAL EVALUATION REPORT – April 20, 2023



# EXECUTIVE SUMMARY

## Program Description

The First-Time Home Buyer Incentive (FTHBI) is a \$1.25-billion program through Budget 2019 aimed at making homeownership more affordable by allowing qualified home buyers, who meet the minimum down payment for an insured mortgage, to finance 5% to 10% of their home purchase through a shared equity mortgage (SEM) provided by CMHC.

## Objective, Scope, and Methodology of the Evaluation

The evaluation was undertaken to determine whether intended outcomes of the FTHBI are on track to being achieved. It covered the period from September 2019 to November 2022. This evaluation included questions pertaining to the relevance, effectiveness, and efficiency of the FTHBI.

## Summary of Key Findings and Recommendations

- There is a need for a program to help first-time buyers purchase a home in the current housing market.
  - The program has low uptake. The stated goal of the program is to provide SEMs for up to 100,000 first-time buyers before the program sunsets in March 2025. Currently, the program has served 18,291 first-time buyers.
  - The current parameters may be limiting for prospective users in high-priced or high-income markets, especially within a climate of increasing inflation and interest rates.
  - There is awareness of the program among both prospective and recent first-time buyers, however, awareness is not necessarily translating to program use.
- The current marketing materials are challenging for lenders to promote the program. While the program is reaching some diverse groups, some gaps persist.
  - The program users find the program easy to understand and use, with only some issues noted with the incentive payback process. There are noted benefits for both program users and the government.
  - The program is achieving its objective of providing a reduced mortgage payment. Resulting in savings of approximately \$70/month per user. Program recipients view the program positively with the many stating they were able to purchase a home that meets their needs.
  - There is a lack of robust data collection in a few areas (for example, recipient contact information, employment, and mortgage data) which impedes CMHC's ability to track the extent of program achievements.

### To address these challenges, the evaluation proposes the following two recommendations:

#### *Recommendation 1*

Implement changes to increase program uptake by:

- a. reviewing and adjusting house price and income limits to support more first-time buyers; and
- b. developing more targeted communications and marketing.

#### *Recommendation 2*

Review and consider alternative approaches for using shared equity mortgages as a tool to support homeownership and propose options for improvements to the FTHBI and/or new incentive programs.

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## Evaluation Purpose:

The evaluation was undertaken to determine the extent to which the intended outcomes of the FTHBI were achieved. Evaluations provide insights that support CMHC’s ability to provide evidence-based policy advice to the government on future directions of programs.

## Evaluation Scope:

The evaluation reviewed successful applications between the onset of the program in September 2019 to November 2022.

# EVALUATION QUESTIONS

## A. Relevance:

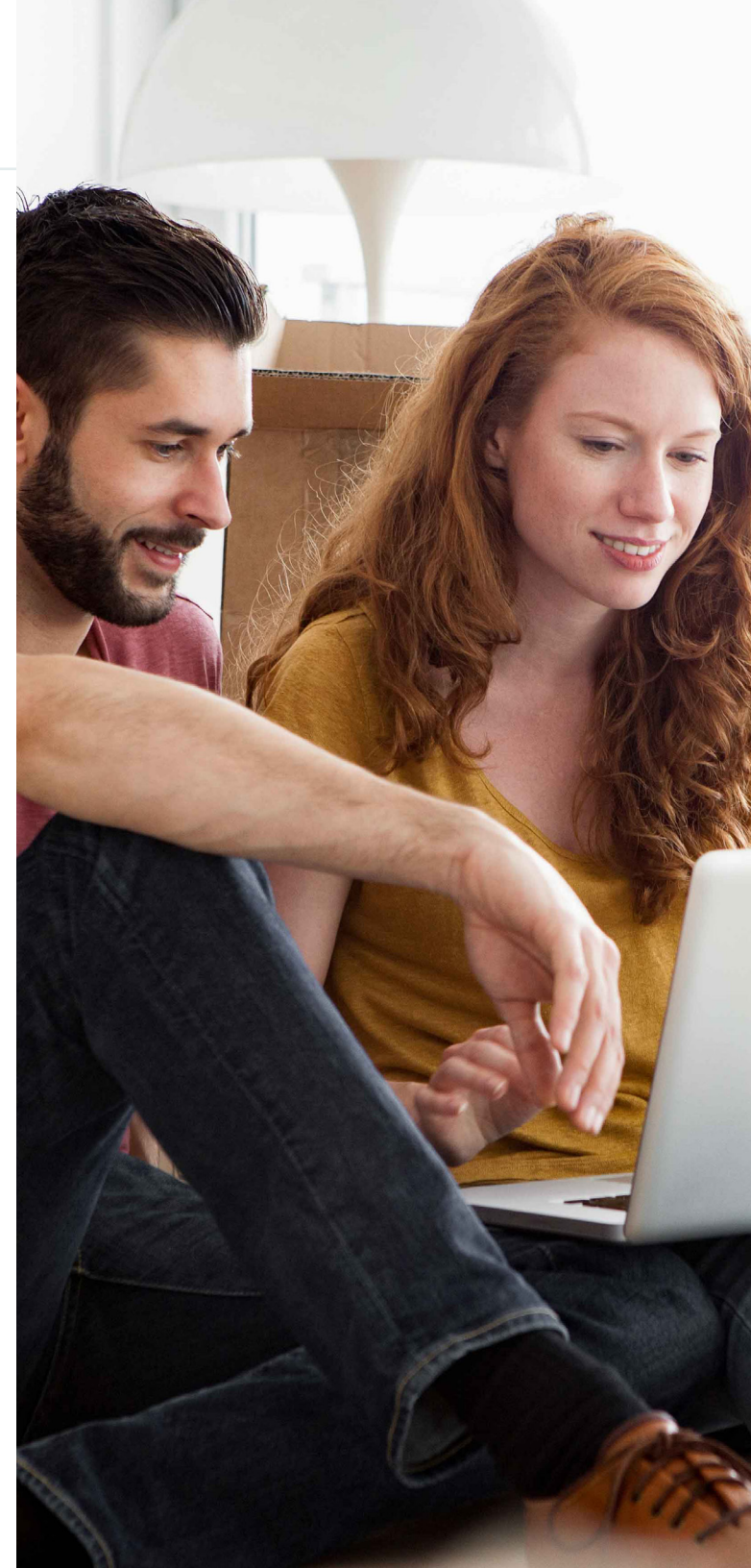
1. Is there a continued need for the FTHBI program?
2. Is the FTHBI program aligned with CMHC and federal priorities?
3. Is the program design for FTHBI addressing the need in the current housing market?

## B. Efficiency:

1. Is there a more efficient way to deliver the FTHBI program?

## C. Effectiveness:

1. To what extent does the FTHBI program’s benefits outweigh its costs?
2. Did the FTHBI program achieve its intended outcomes? What impact did it have?



# METHODOLOGIES



## Literature & Program Data Review

- Academic & industry literature
- Program data & documentation (application and administration data)
- Data from Emili (CMHC mortgage loan insurance underwriting and administration database)



## Survey of three different populations

- Survey of FTHBI program users, n=826
- Survey of prospective first-time buyers, n=560
- Survey of recent first-time buyers who did not use the program, n=424



## Interviews of three different groups

- 7 group interviews with CMHC employees
- 12 lender interviews
- 3 mortgage loan insurance (MLI) provider interviews



## Cost-benefit analysis

Cost-benefit analysis

The net benefits [benefits – costs] for:

1. Recipients of the FTHBI shared equity mortgages (SEMs)
2. The government

**\*Note:** The survey of program users was included in a mail out invitation letter as email addresses are not collected as part of the application.



# PROGRAM PROFILE

## Program Description

The FTHBI is a \$1.25-billion program announced in the 2019 Budget aimed at making homeownership more affordable for first-time buyers in Canada. It allows qualified home buyers who meet the minimum down payment for an insured mortgage to finance 5% to 10% of their home purchase through a shared equity mortgage (SEM) provided by CMHC. In other words, CMHC provides these home buyers with 5% to 10% of their home purchase price in exchange for owning equity in their home.

The homebuyer repays the face value amount of the SEM plus the applicable percentage of equity gained on the home after 25 years, when the property is sold, or at any time the borrower voluntarily chooses to repay the incentive, whichever comes first. If the home's value decreases, the applicable percentage of the decreased value is subtracted from the repayment amount of the SEM.

## Program Objectives

The FTHBI aims to reduce monthly mortgage costs for qualified homeowners in Canada. The program targets to provide 15,000 SEMs within the first six months and to reach 100,000 SEMs within the first two and a half years of the program.

## Eligibility

Home buyers must be a Canadian citizen or resident, and meet one of the following criteria:

- Never purchased a home before.
- Have gone through the breakdown of a marriage or common-law partnership (even if the other first-time buyer requirements are not met).
- Have not lived in a home that either they or their spouse/common-law partner owned for the previous four years.

**Note:** The incentive is to help first-time home buyers purchase their first home with the intent to occupy it. Investment properties are not eligible under the program.






The financial conditions related to borrower income, home purchase price, and required down payment include the following:

- An annual income of less than \$120,000.
- First mortgage + incentive being less than four times the annual income.
- A minimum down payment exceeding 5% of the property value.
- Down payment + incentive being less than 20% of the property value.
- The maximum purchase price is calculated as  $(4 \times \text{income}) + \text{down payment}$ .

In the spring of 2021, the FTHBI eligibility requirements were expanded for high-priced markets, namely Toronto, Vancouver, and Victoria:

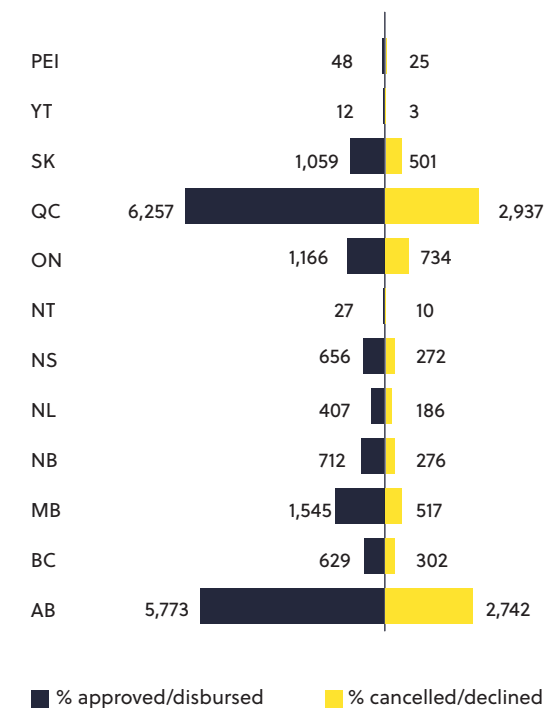
- Applicants in these markets can purchase a home that is 4.5 times their annual income (compared to 4 times for other markets); and
- Allows a maximum household income of \$150,000 (compared to \$120,000).

The stated objective of the program is to provide shared equity mortgages for up to 100,000 first-time buyers

				
<p><b>\$326M</b> (Committed)  <b>\$253.3M</b> (Disbursed)  <b>\$28.5M</b> (Repaid)</p>	<p><b>\$1.25B</b> Total Budget</p>	<p><b>26,796</b> Applicants</p>	<p><b>18,291</b> Approved  <b>17,620</b> Disbursed  <b>1,544</b> Repaid</p>	<p>2019: 2,645  <b>2020: 7,658</b>                  2021: 4,555                  2022: 3,433</p>

Province/Territory*	Average First Mortgage	Average Incentive Amount	Average Qualifying Income	Committed Funds
British Columbia	\$312K	\$19K	\$95K	\$12.4M
Ontario	\$291K	\$18K	\$90K	\$21.5M
Territories	\$280K	\$17K	\$96K	\$0.5M
Alberta	\$270K	\$22K	\$86K	\$120.6M
Manitoba	\$237K	\$16K	\$79K	\$24.5M
Quebec	\$234K	\$17K	\$81K	\$105.5M
Saskatchewan	\$234K	\$16K	\$80K	\$17.1M
Atlantic Provinces	\$206K	\$13K	\$74K	\$23.9M

### Distribution of Applications



- The average first mortgage amount and average qualifying income vary from province to province. The provinces of Quebec and Alberta have the highest proportion of applications and subsequently the highest amount of committed funds. Ontario has the largest proportion of denied applications in relation to total applications.

### Current Applications Status

- 66% disbursed
- 3% approved pending disbursements
- 15% declined
- 16% cancelled

\*Note: Program data included as part of the scope for the evaluation is between program inception (September 2019 and November 2022).



## PROGRAM COMPARISON

There are a few key differences between first-time home buyers who used the program compared to those who did not use the program\*.

1. **The average house price purchased by FTHBI users is lower** (except for those in the Prairies and Quebec, where the average price is approximately the same).
2. The average income for FTHBI users is \$82,794 which is approximately **\$16,000 less than for non-program users**.
3. **Fewer self-employed individuals** used the program.
4. Inclusive of the incentive down payment support, the **average overall down payment is 4.5% higher for FTHBI users**.
5. Over the time period of the program, there has been a higher uptake of variable rates due to a discount on variable rates (CMHC, 2022). Given this, **it is likely that a larger proportion of FTHBI users had variable rate mortgages** compared to non-users.
6. The gross debt service (GDS), total debt service (TDS), credit score, age, % single and % dependents are **all relatively similar**.

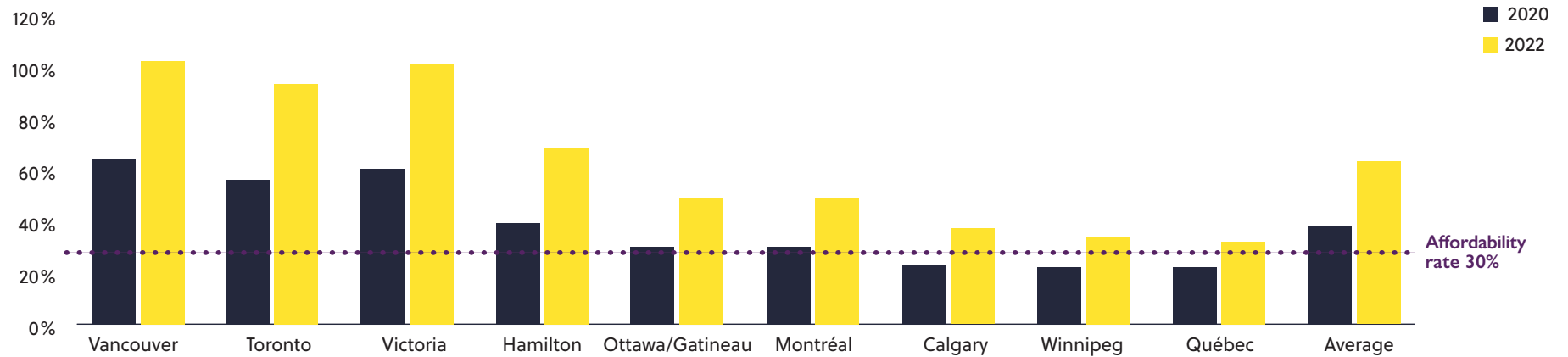
## NEED FOR A PROGRAM TO SUPPORT HOMEOWNERSHIP

**Finding 1: The current landscape of unaffordable housing demonstrates the need for a program to support homeownership and first-time buyers entering the market.**

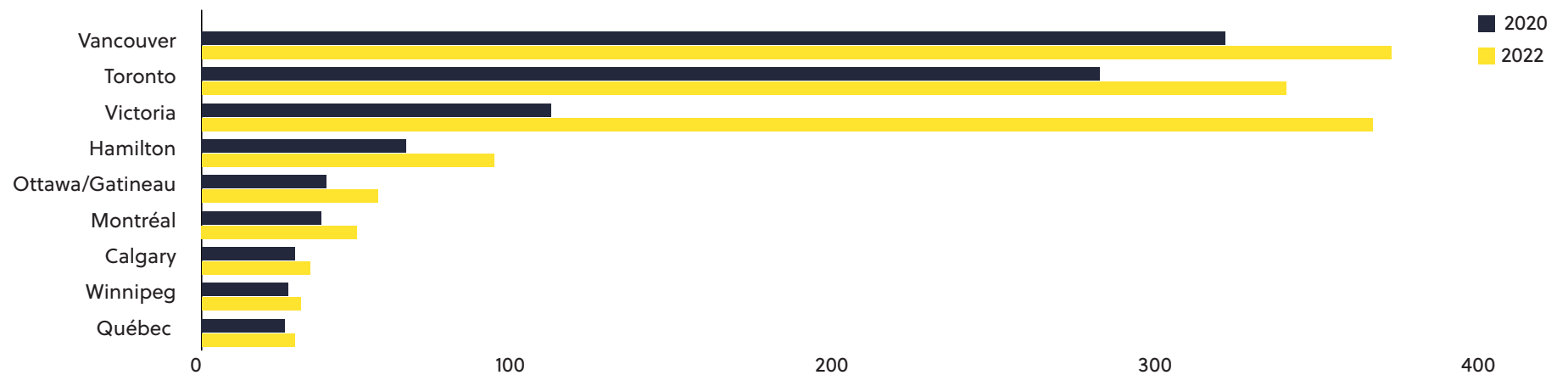
- Buying is increasingly unaffordable in Canada with record rising inflation (in 2022, the consumer price index grew by 6.9% outpacing wage growth, which was 5.6%), interest rates and increased property values during the pandemic contributing to this trend. As a result, it has become more difficult to qualify for a mortgage (Statistics Canada, 2022).
- Similar trends are occurring in the rental market. In 2022, the average increase in a two-bedroom rental was 5.6%. Low vacancy rates contribute to the increase in rents, and combined with inflation, it is becoming more challenging for renters to save for a down payment (CMHC, 2022).

\*Note: The comparable group are first-time buyers who didn't use the program, but have CMHC mortgage loan insurance and purchased a home within the same time frame, except for item 5, which relies on the CMHC Residential Mortgage Industry Report as a proxy data source.

Between 2020 and 2022, housing affordability decreased, with all major centres now over the 30% threshold. (NBC, 2022)\*



The average number of months to save for a down payment for the average home increased in all major centres between 2020 and 2022.



\*Note: There is sensitivity in this calculation as it uses the median income and median house purchase price in each CMA, then averaged across CMAs. The 30% threshold refers to CMHC's definition of housing affordability (% of income spent on mortgage/rent).

The national average vacancy rate is 1.9%, the lowest it has been since 2001 and dropping from 3.1% last year.

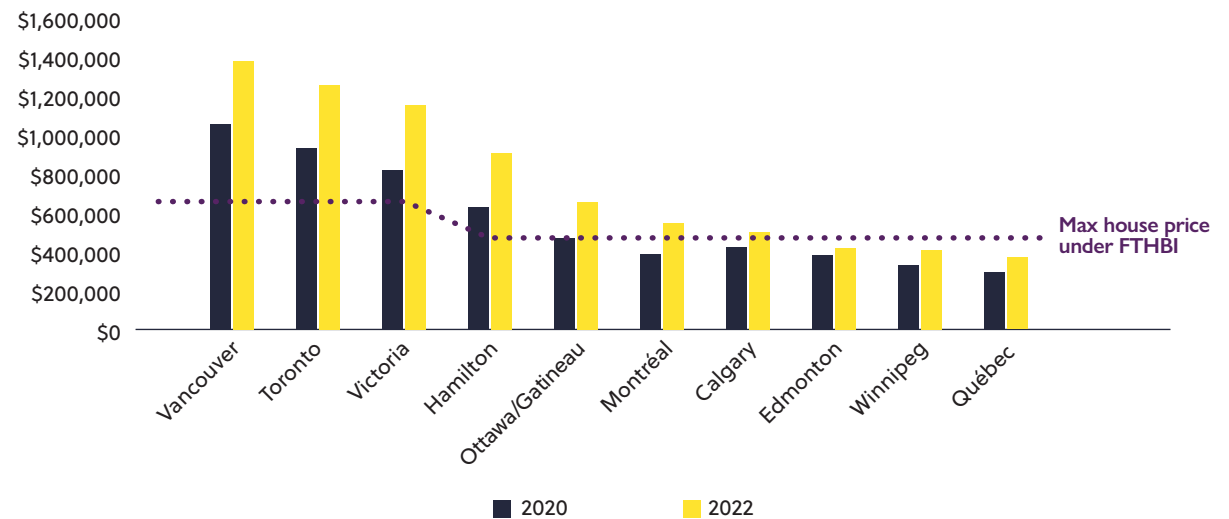
Many CMAs have vacancy rates below the recommended 3%.

Vacancy Rate	CMA
<1%	Vancouver
	Gatineau
1 – 1.9%	Victoria
	Toronto
	Hamilton
	Halifax
	Québec
2 – 2.9%	Calgary
	Winnipeg
	Ottawa
	Edmonton
	Montréal

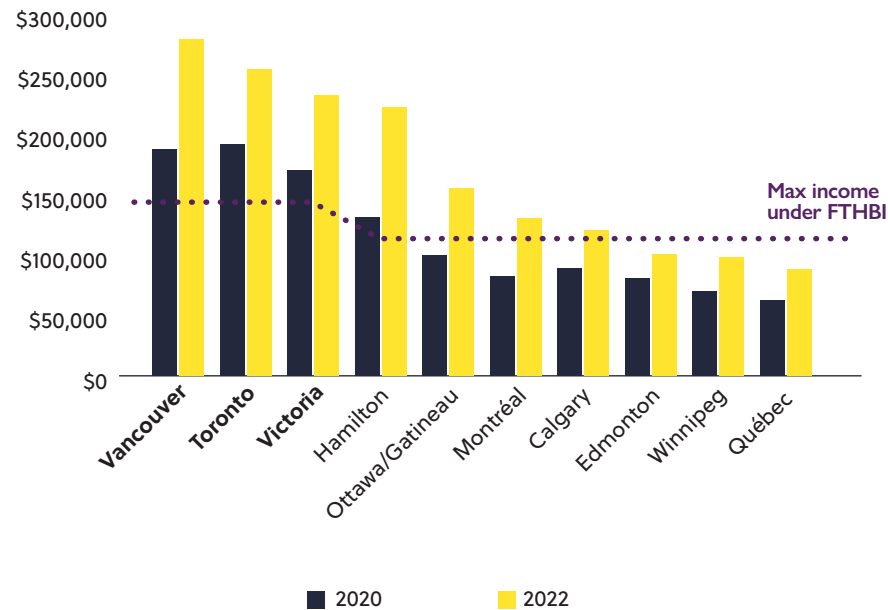
**Finding 2: As house prices continue to climb it is becoming more challenging for first-time buyers to qualify under the program, especially in higher-priced markets like Vancouver, Victoria, and Toronto.**

- While the average affordability rate in Canada in 2022 was 63% (NBC, 2022), current program users are paying, on average, **33% of their income on their mortgage** (NBC, 2022). In addition, to qualify for the program, applicants must have a gross debt service score of 39% or less. Current FTHBI program users have an average gross debt service score of 27%. These factors demonstrate that the program is supporting affordable homeownership, and not encouraging first-time buyers to stretch beyond their means. However, recent trends are making it more challenging for first-time buyers to qualify for the program.
- Most mortgage lenders interviewed suggested that the qualification guidelines of the program should be altered. This included increasing the maximum home purchase price to serve high-priced markets.
- Internal interviewees noted that the FTHBI program is helping address housing affordability issues, but only to a limited extent due to current program parameters limiting both income and purchase price.

The average home price continues to extend beyond the maximum home price allowed under the program in 2022 (NBC, 2022).



The income needed to afford the average home continues to climb past the maximum income allowed under the program (NBC, 2022).



Affordability worsened everywhere in Canada with Ontario and BC buyers being the most challenged.

**Finding 3:** Despite current challenges regarding income limits and the purchase price cap, the majority of prospective buyers are expecting to purchase a home within the price range of the program.

**67% of prospective first-time buyers stated they are anticipating purchasing a home for \$599K or less.**

- This range falls within the current limit of the program.
- However, for those living in BC, 24% are anticipating spending more than \$1M (most popular response for this province) on their first home, and 11% of those living in Ontario are anticipating the same.
- Those earning \$50K to \$100K were the most likely to consider using the program (51%), followed by those earning \$100K to \$150K (49%), those earning more than \$150K (42%), and those earning <\$50K (35%), suggesting the program could support higher-income buyers.

**80% of recent first-time home buyers purchased a home for \$599K or less.**

- However, in BC and Ontario, 51% and 35%, respectively, purchased their home for over \$600K signaling potential issues with the price cap of the program in high-price markets.
- Of recent buyers who purchased a home 6 to 12 months ago, most reported their income was over \$150K, illustrating the need for a higher income to afford a home in the current market, though, most recent buyers purchased their home over 12 months ago with varying levels of income.

## ALIGNMENT WITH FEDERAL AND CMHC PRIORITIES

Finding 4: The program aligns with federal and CMHC priorities to help make housing more affordable.



The FTHBI program **supports the federal government’s strategic direction for making affordable housing more accessible for the middle class**. The program was announced as part of Budget 2019 to improve affordability for first-time home buyers and extended to March 2025 as part of Budget 2022.



The program **aligns with CMHC’s aspiration that by 2030 everyone in Canada has a home that they can afford and meets their needs** as the program anticipates supporting upward of 100,000 first-time home buyers secure their housing.



Most internal interviewees felt that the intent of the program is aligned with federal priorities and **almost all interviewees felt there is a need for the government to help support the upfront costs of homeownership**.

Others noted that while there is a need for a program to assist homeowners there may be alternative program designs that could better address affordable homeownership including: **increasing the income limit, purchase price cap, debt-to-income ratio, and reducing the minimum down payment requirement**. Additionally, the program does not address the issue of supply challenges, which is a key federal housing priority.

## INTERNATIONAL COMPARISON – SHARED EQUITY PROGRAMS

**Finding 5: Evidence from similar programs suggests shared equity can be an effective tool to support homeownership, however, similar to the FTHBI, uptake is a challenge.**

**Other countries have attempted to support housing affordability through shared equity programs.** Shared equity mortgage programs are used as a mechanism in many other countries to support homeownership. The UK utilizes an equity loan scheme, the United States a community equity loan, and Australia uses a SEM. These mechanisms have been used in varying degrees of success. The consensus across programs is there are difficulties in promotion and uptake of the program. The uptake is mainly hindered by individuals not having a willingness to share equity with their respective governments.

Country	Program	Description	Insights
United Kingdom	Equity Loan Scheme (Government of the United Kingdom, 2022)	<ul style="list-style-type: none"> <li>Similar to the FTHBI, with larger home equity mortgages (20%).</li> <li>Allows for lower mortgage payments through a 5-year, interest-free loan.</li> </ul>	<ul style="list-style-type: none"> <li>The program originally was not limited to first-time buyers and did not have stringent price caps. This along with a strong partnership with developers resulted in high uptake.</li> <li>The scheme shifted from 2021-2023 to only first-time buyers with price caps by region. These shifts reduced overall uptake.</li> <li>Mainly young/first-time buyers who would not have been able to afford the same property in the absence of the program.</li> </ul>
United States	Community Equity Loans (Journal of Planning, 2019)	<ul style="list-style-type: none"> <li>Homeownership loans offered by cities or regional governments.</li> <li>Resale prices are restricted to preserve the pool of affordable homes.</li> </ul>	<ul style="list-style-type: none"> <li>Clients have smaller mortgage payments and lower monthly payments on all credit accounts than non-clients.</li> <li>Successful in maintaining affordability and building wealth for homeowners.</li> </ul>
Australia	Shared Equity Mortgage (Government of Australia, 2022)	<ul style="list-style-type: none"> <li>Help to Buy Scheme at the federal level (2023)</li> <li>Five state and territory housing agencies have implemented shared equity mortgage programs.</li> </ul>	<ul style="list-style-type: none"> <li>To support potential uptake issues the program does not require mortgage loan insurance.</li> <li>Effective in helping low-income earners access homeownership.</li> <li>Schemes that are based on community equity loans may help to promote increased affordable housing supply.</li> </ul>



# AWARENESS AND WILLINGNESS TO USE THE FTHBI

**Finding 6: Generally, first-time buyers are aware of the program, and find out about the program through word of mouth.**

**Most prospective users have heard about the program (71%), of which 45% stated they would consider using the FTHBI program, and 26% said maybe.**

- 64% of respondents are not planning on receiving support from friends/family for their down payment, suggesting that most prospective buyers may need a source of support.
- The most popular response (34%) for how prospective buyers heard of the program was through word of mouth.

For program users, the two most common ways they first heard about the program were: from their mortgage provider (29%) and word of mouth (23%).

**44% of FTHBI users received application support from their mortgage provider/financial institution and 21% reported receiving support from the CMHC website.**

- 70% rated the mortgage provider/financial institution as being very helpful in the application process.
- 60% who reported receiving support from the CMHC website found it very helpful.

**Although they didn't use the program, 68% of recent buyers (non-users) had heard of the FTHBI program.**

- Of the 32% who had not heard of the program, 40% said they were "likely" to have used the program had they heard of it, suggesting that more marketing to potential buyers could increase program use.
  - 55% of those earning less than \$50K reported they would have used the program. Interestingly, 26% of those earning more than \$150K reported they would have likely used the program.
- The most popular response for how recent buyers heard of the program was through word of mouth (28%).

**In total 54% of recent buyers (non-users) reported they did consider using the FTHBI program and stated the following main reasons for why not:**

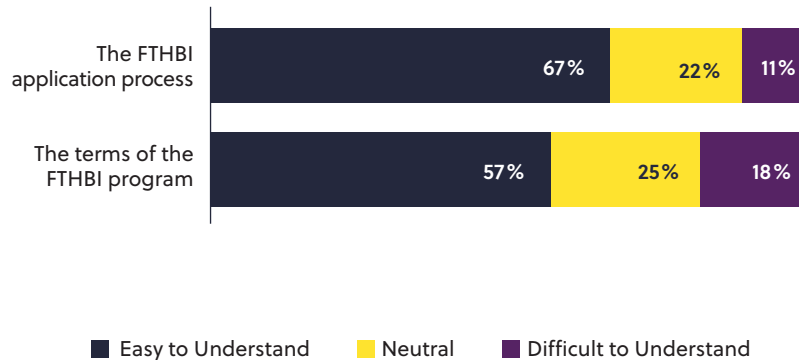


## EASE OF USING THE PROGRAM

**Finding 7:** While most program users find the program requirements easy to understand, lenders find that the current marketing and communication materials are not easy to understand making it difficult to promote the program.

**In contrast to interviewees, most program users surveyed found the application and terms of the FTHBI program easy to understand.**

### Program users' perceptions of the application process



Many FTHBI users would recommend the program to a friend or colleague (overall net promoter score from the FTHBI user survey was 23).

**Some interviewed lenders, perceived the structure, and delivery process positively. Specifically, they stated:**

- the program relies on the established home purchasing structure which facilitates the process;
- the program application process is simple and the delivery process quick and efficient; and
- requiring mortgage loan insurance reduces additional risks for lenders.

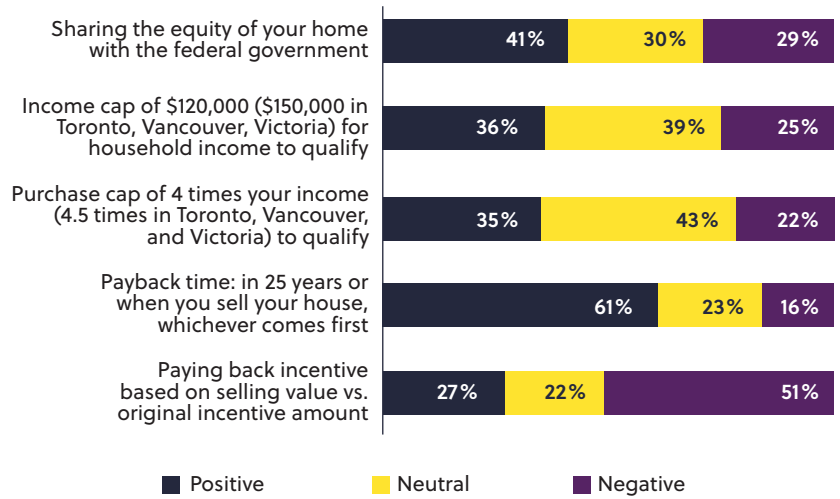
**Most lenders are not promoting the program and have difficulties understanding the program terms. They also noted that:**

- the terms of the program are complicated and not well understood by target audience and partners;
- implementation of the program took place with insufficient consultation; and
- better communication materials about the program could have been provided to lenders prior to program launch.

# PERCEPTION OF PROGRAM CRITERIA

**Finding 8: Program users generally view the current program criteria either positively or neutral.**

Overall, FTHBI users do not view program requirements as a significant hurdle.



- Of the 84 respondents who had repaid their incentive, 55% found the repayment process easy or very easy.
- There was a strong positive response to the payback time of 25 years or when you sell your home (61%).
- FTHBI users generally perceived the income cap and purchase cap neutrally.
- The only program requirement that FTHBI users viewed negatively was paying back the incentive (51%)
  - This was echoed by mortgage lenders who indicated that most clients do not fully understand the repayment provisions at the onset.
- FTHBI users with incomes of \$80K+ viewed the sharing of equity more negatively than most users.

There is a perception among mortgage lenders that the shared equity provision of the program is viewed negatively by prospective home buyers. While a third of recent buyers (non-program users) stated this as the reason for not using the program, it should be noted that only 29% of surveyed program users stated this feature as negative. Users noted that the perceived positive aspect of sharing the equity is that they are also sharing the risk.

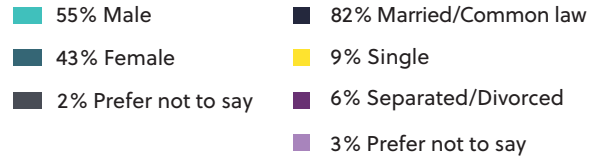
# SUPPORTING DIVERSE POPULATIONS

## Gender & Marital Status (n=826)

**Finding 9: There is some evidence to show the program supports some diverse groups. However gaps remain in a few areas.**

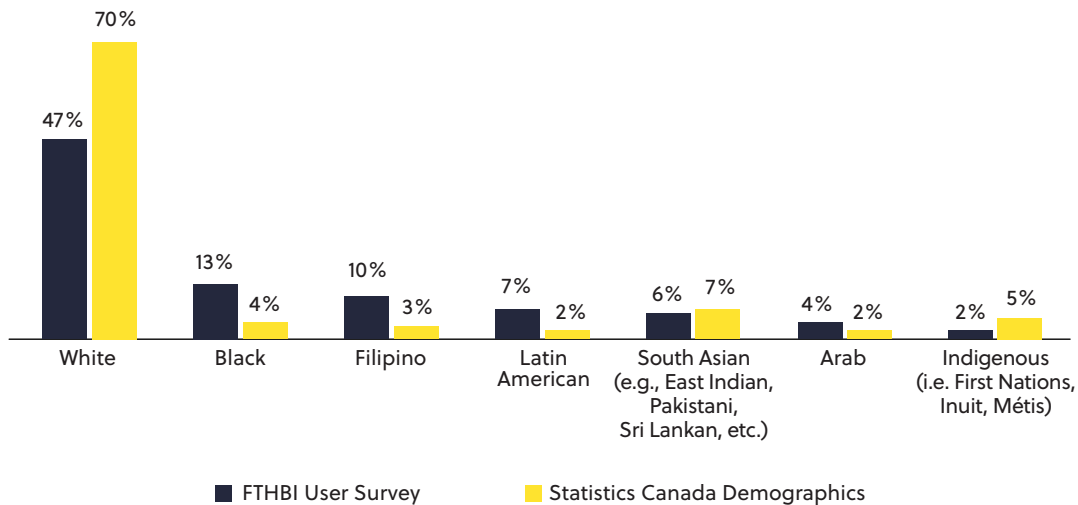
The following summary from the FTHBI User Survey shows a breakdown of program uptake across GBA+ categories.

There are four groups that have a larger representation in the program than they do in the national population: Black, Arab, Latin American, and Filipino. According to CMHC publications, including the Understanding Inequalities in Housing Finance: Research Insight Series, these groups have lower homeownership rates as well as lower property values on the homes they own (CMHC, 2022b). Although our sample is limited, this information suggests that the program has been used by populations that are disadvantaged in the housing market. However, some gaps persist, including a lack of representation for certain ethnicities and genders.



The majority of demographic data was gathered via a mail out survey for FTHBI users. During this process, the evaluation team noted gaps in data regarding emails, employment, and mortgage rates.

## Ethnicity (n=814)



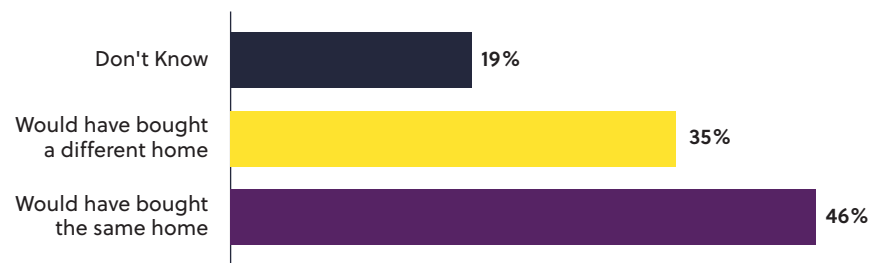
# PROGRAM IMPACT – MEETING HOUSING NEEDS / ENTERING THE HOUSING MARKET

**Finding 10:** Proportionally more program users reported they were able to purchase a home that met their needs compared to their non-user counterparts.

**Finding 11:** Without the program, most FTHBI users would have waited longer to get into the market or continued renting.

**91% of surveyed program users stated that the program helped them purchase a home that met their needs.**

However, almost half of FTHBI users would have bought the same home in a scenario where they did not qualify, indicating the program was not essential for many.



29% of recent FTHB's who did not use the program indicated they did not make any concessions when buying their home (i.e., they would have bought the same home)

**53% of non-users indicated they did not purchase the exact home they had planned:**

- 33% indicated they purchased a less expensive home;
- 10% said they purchased a home in a different city/area; and
- 10% indicated they waited longer than initially planned to save more.

**When FTHBI users were asked what would have been different about their home without the program:**

- 37% stated they would have waited to save more for a larger down payment with 59% of those indicating they would have waited an additional 12+ months.
- 31% would have purchased a less expensive home (on average \$56,841 less).
- 29% would have continued renting/shared living.

# PROGRAM IMPACT – INCREASED DISCRETIONARY INCOME

**Finding 12: The most valued perceived benefit of the program is the extra income as a result of the reduced mortgage payment.**

65% of FTHBI users indicated that they had extra income as a result of using the program.

Almost a third of FTHBI users save or invest the extra income



The monthly mortgage payment reduction averaged out at about \$70/month per user.

In addition, interviewees and FTHBI users noted:



Some applicants now have access to capital they would not have had access to without the program. This was supported by survey results indicating that 73% of FTHBI users did not receive support from friends/family for their down payment, leaving the incentive as the main down payment support.



A shared equity mortgage does not allow the purchaser to fully capitalize on rising house prices.



The government is making money from home purchaser's shared equity mortgage.



The financial realities of high inflation and the high-priced housing market limits the applicant pool.



## PROGRAM IMPACT – ECONOMIC BENEFITS

**Finding 13: There are tangible benefits for program users, including a reduction in monthly mortgage payment and lifetime benefits from accessing homeownership.**

- From the ~\$70/month saved in monthly mortgage payments per user there is an overall net benefit of approximately **\$64M to \$197M** from an increase in a user’s discretionary income, which can be saved, invested, or spent.

Net Benefit: Increased Discretionary Income*	Lower Range	Higher Range
Item	Value	Value
Investment Gain on Discretionary Income	\$265,000,000	\$365,000,000
Cost of Increased Discretionary Income	(\$168,000,000)	(\$201,000,000)
Net Benefit Discounted (7% p.a.)	\$45,000,000	\$138,000,000
<b>Net Benefit</b>	<b>\$64,000,000</b>	<b>\$197,000,000</b>

Item	Value	Value
Net Benefit per Recipient Discounted (7% p.a.)	\$3,000	\$8,000
Net Benefit per Recipient	\$4,000	\$11,000

\*Note: The values presented are rounded. CMHC standard 7% discount rate was used.

- Overall, there is a net benefit for **163** users being able to access homeownership who would not have been able to without the program, mainly driven by the equity of the home they have access to through the program. Based on our best- and-worst-case estimates, this benefit ranges from **\$25M to \$33M**.
- To identify individuals who benefitted from access to homeownership we utilized the **30% of a household's pre-tax income threshold**.

<b>Net Benefit: Access to Homeownership*</b>	<b>Lower Range</b>	<b>Higher Range</b>
Item	Value	Value
Investment Gain	\$38,000,000	\$46,000,000
Rent Differential	(\$12,000,000)	(\$13,000,000)
Net Benefit Discounted (7% p.a.)	\$1,000,000	\$5,000,000
<b>Net Benefit</b>	<b>\$25,000,000</b>	<b>\$33,000,000</b>

Item	Value	Value
Net Benefit per Recipient Discounted (7% p.a.)	\$8,000	\$30,000
Net Benefit per recipient	\$155,000	\$200,000

\*Note: The values presented are rounded. CMHC standard 7% discount rate was used.

# PROGRAM IMPACT – BENEFIT TO GOVERNMENT

**Finding 14: The government is deriving an economic benefit from delivering this program due to the shared equity it receives.**

The government receives two benefits by implementing the program:

- through the share of SEM profit that they receive; and
- through taxes paid on any investment purchased using discretionary income.

Overall, there is a net benefit to the government from the program ranging from **\$315M** to **\$348M**.

Benefit: Government *	Lower Range	Higher Range
Item	Value	Value
Share of Capital Gain Due to CMHC	\$171,000,000	\$203,000,000
MLI Earnings	\$207,000,000	\$207,000,000
Taxes Earned on Discretionary Income Gains	\$0	\$31,000,000
Program Administrative Costs	\$90,000,000	\$90,000,000
Opportunity Cost of FTHBI	\$0	\$5,000,000
Net Benefit Discounted (7% p.a.)	\$187,000,000	\$203,000,000
<b>Net Benefit</b>	<b>\$315,000,000</b>	<b>\$348,000,000</b>

The **net benefit to government** has increased **nearly twofold** since our original **November 2021 analysis** despite the total amount of incentive equity invested by CMHC having only increased by 37%.

One large contributor is the **increase in the housing price growth rate assumption**— if house prices grow at an accelerated rate, the capital gains earned by CMHC upon the sale of the property will increase for a given purchase price.

The **growth rate** used was between **5.2% and 6.2%**, which is less than the appreciation cap of 8% recently implemented by the program.

High interest rates and significant house price shocks will affect the assumptions underlying this calculation.

The program cost 67% more to administer than originally budgeted, while the total amount of incentive provided was 73% lower than initially projected. As a result, the program’s administrative ratio (operating cost / total incentive provided) was 9% (compared to the 2% originally projected). This may be a result of lower than anticipated program uptake. Additional details are provided in Annex E.

\*Note: There is sensitivity in this calculation to the house price appreciation assumption, and all values are rounded.

## CONCLUSIONS

1. There is a need for a program to help first-time buyers purchase a home in the current housing market.
2. The program has low uptake. The stated goal of the program is to provide SEMs for up to 100,000 first-time buyers before the program sunsets in March 2025. Currently, the program has served 18,291 first-time buyers.
3. The current program parameters may be limiting for prospective users in high-priced or high-income markets, especially within a climate of increasing inflation and interest rates.
4. There is a general awareness of the program among both prospective and recent first-time buyers, however, awareness is not necessarily translating to program use.
5. The current marketing materials do not encourage lenders to promote the program. While the program is reaching some diverse groups, some gaps persist.
6. The program users find the program easy to understand and use, with only some issues noted with the incentive payback process. There are noted benefits for both program users and the government.
7. The program is achieving its objective of providing a reduced mortgage payment. Resulting in savings of approximately \$70/month per user. Program recipients view the program positively with many stating they were able to purchase a home that meets their needs.
8. There is a lack of robust data collection in a few areas (for example, recipient contact information, employment, and mortgage data) which impedes CMHC's ability to track the extent of the program's achievements.

# RECOMMENDATIONS

## 1. Implement changes to increase program uptake by doing the following:

### A. Reviewing and adjusting house price and income limits to support more first-time buyers.

- Following the increase in house price limits for high-priced markets (Toronto, Vancouver, and Victoria) in 2021, house prices have continued to climb. To better support first-time buyers in high-priced markets, further increases could help those enter the market. The recommendation should only be considered in higher-priced markets as many recent first-time buyers and prospective buyers expect to purchase a home within the current limits of the program.
- In addition, considering increasing the maximum income limits for the program to better support first-time buyers in all markets across Canada could make the program more accessible to those looking to purchase their first home.
- More flexible program parameters could support first-time home buyers within the economic climate of high interest rates, inflation, and increased rents, which are all making it too challenging to save for a down payment.

### B. Developing more targeted communications and marketing.

- The program commenced in 2019 and is set to sunset in 2025. The objective of the program is to help up to 100,000 first-time buyers purchase a home. Considering this program to date has reached just over 18% of this objective, there is an opportunity to find targeted approaches so that the program can help more first-time buyers.

- Lenders expressed frustration with how the program was communicated and found the program's terms confusing, resulting in a lack of promotion to potential first-time buyers. This is echoed by the fact that most users, non-users, and prospective users have heard about the program through word of mouth. There is an opportunity to develop more clear and concise marketing materials to clearly explain the program to both lenders and potential first-time buyers.
- There is also an opportunity for the program to develop targeted communications to continue to encourage more diverse groups to use the program.

## 2. Review and consider alternative approaches for using shared equity mortgages as a tool to support homeownership and propose options for improvements to the FTHBI and/or new incentive programs.

- Evidence from other countries suggests that there are alternative methods of loan financing that could be explored in the Canadian context to increase program usage and support more first-time home buyers. For example, the UK offers interest-free loan options with a higher total contribution and an Australian program launching in 2023 does not require mortgage loan insurance. Exploring alternatives could support greater uptake and increase lower income groups' access to homeownership.
- Furthermore, there are opportunities to leverage the program's net benefits to government when seeking new authorities or funding to further support homeownership.

# ANNEXES

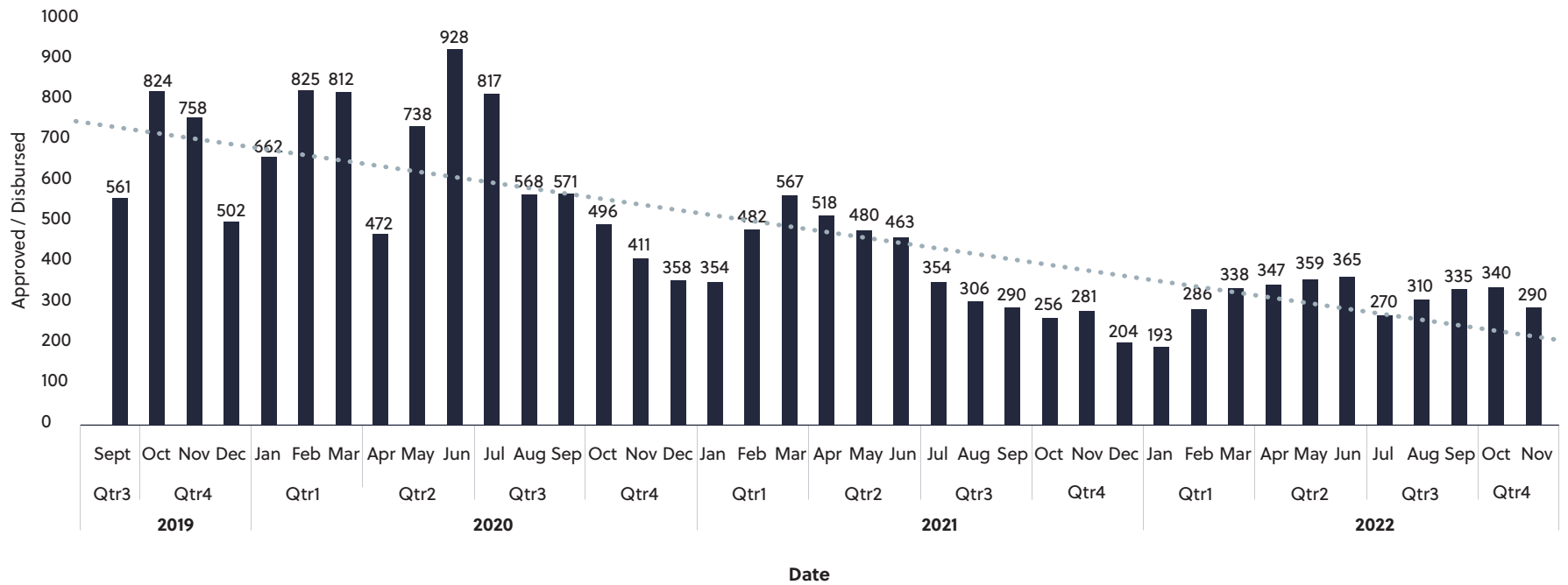


## A – LIMITATIONS AND MITIGATION STRATEGY

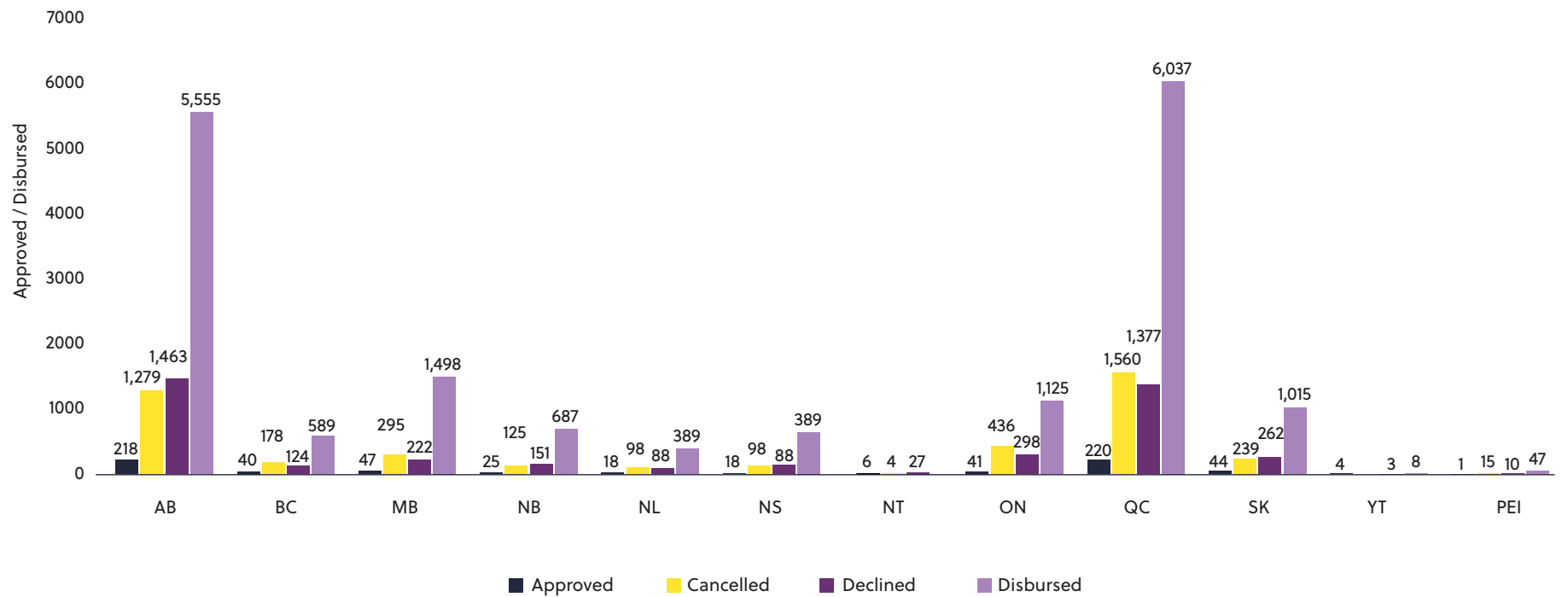
Limitation	Magnitude/Impact	Mitigation Strategy
<p>Limited number of program users’ email addresses to contact and solicit their participation in a survey to support evaluation findings.</p>	<p>Not having input from the program beneficiaries would have resulted in inconclusive findings on the extent of the program’s impact.</p>	<p>The evaluation team devised a strategy with support from the Business Services and Marketing teams to mail out the survey invitation letters. While this process delayed the timing of the evaluation it was essential to have this line of evidence to support evaluation findings.</p>
<p>The timing of when the program user survey was administered coincided with the announcement of new parameters around the appreciation and depreciation limits for the program and reimbursement of funds (where applicable) to those that have repaid the incentive.</p>	<p>As some program users who completed the survey had paid back the incentive and received additional reimbursement it should be noted that their survey responses may be more favourable. However, of the total number of those who completed the survey this only represents a small fraction.</p>	<p>CMHC’s Evaluation Services team acknowledges that there were some who completed the survey who may have an inflated positive view (positive bias) of the program. Disclosing this information as a limitation provides transparency to the public of any possible bias that may have skewed survey results.</p>
<p>Lack of data available on program user demographics and mortgage characteristics limited the analysis that could be completed on GBA+ and impact of mortgage rates and types on affordability for current program users.</p>	<p>Given the importance to complete a full GBA+ analysis on all CMHC programs, not having this information would result in a lack of insight to report on who is and who isn’t being served by the program.</p>	<p>CMHC’s Evaluation Services included a demographics section as part of the program users survey to obtain insights on what groups the program is serving and where there are deficiencies. It should be noted this was only a sample of program users, however, the survey was representative of the program user population.</p>

# B – PROGRAM PROFILE

## Monthly Breakdown FTHBI Application Data



### Provincial Breakdown FTHBI Application Data



## C – PROGRAM PROFILE & COMPARISONS

FTHBI (program user)													
	Property Elements					Borrower Elements							
	# of Applications	Average House Price	Applicant Down Payment %	Total Down Payment % (includes CMHC contribution)	% Rural	Average GDS	Average TDS	Average Credit Score	Average Applicant Income	Average Borrower Age	% Self-Employed	% Single	% Dependents
ATLANTIC	675	217,086	5.54%	10.97%	10.52%	24.6	35.4	759.8	74,536	33.9	2.81%	48.59%	16.89%
BRITISH COLUMBIA	286	347,340	6.33%	11.64%	12.24%	28.6	36.9	760.5	95,174	34.3	2.10%	35.31%	16.43%
ONTARIO	499	347,945	6.07%	11.46%	9.62%	29.4	37.9	757.1	92,226	33.9	4.61%	37.88%	18.24%
PRAIRIES	3,136	295,335	5.77%	12.31%	4.85%	27.5	36.7	753.7	84,717	35.4	3.67%	38.49%	30.39%
QUEBEC	3,785	260,692	5.73%	11.72%	12.81%	26.5	36.0	759.2	80,494	34.5	3.91%	37.15%	10.04%
<b>CANADA</b>	<b>8,381</b>	<b>278,295</b>	<b>5.77%</b>	<b>11.86%</b>	<b>9.44%</b>	<b>27.0</b>	<b>36.4</b>	<b>757.1</b>	<b>82,794</b>	<b>34.8</b>	<b>3.71%</b>	<b>38.55%</b>	<b>18.91%</b>

Note: All applications approved in 2019 and after

FTHBI (non-program user)												
	Property Elements				Borrower Elements							
	# of Applications	Average House Price	Applicant Down Payment %	% Rural	Average GDS	Average TDS	Average Credit Score	Average Applicant Income	Average Borrower Age	% Self-Employed	% Single	% Dependents
ATLANTIC	16,133	187,552	6.89%	22.98%	22.0	34.2	750.4	80,144.20	35.6	3.9%	51.12%	16.09%
BRITISH COLUMBIA	14,115	410,310	8.93%	13.09	28.6	36.2	764.8	115,906.60	36.8	9.5%	34.65%	19.50%
ONTARIO	35,042	448,991	7.98%	8.35%	29.4	37.0	766.8	120,675.10	34.8	9.1%	29.95%	18.32%
PRAIRIES	39,397	298,051	7.14%	11.58%	26.4	35.6	755.0	98,008.60	35.0	6.0%	40.97%	25.12%
QUEBEC	66,495	262,231	6.98%	18.50%	25.4	34.7	764.3	89,340.60	35.1	5.2%	38.99%	8.07%
<b>CANADA</b>	<b>171,182</b>	<b>313,878</b>	<b>7.38%</b>	<b>14.81%</b>	<b>26.4</b>	<b>35.5</b>	<b>761.4</b>	<b>99,073.70</b>	<b>35.2</b>	<b>6.4%</b>	<b>38.38%</b>	<b>15.79%</b>

Note: All applications approved in 2019 and after

## D – PROGRAM USER DETAILED PROFILE FROM SURVEY RESULTS

By Provinces				
	Frequency	Percent	Valid Percent	Cumulative Percent
province unknow	167	17.8	17.8	17.8
AB	203	21.7	21.7	39.5
BC	25	2.7	2.7	42.2
MB	57	6.1	6.1	48.2
NB	26	2.8	2.8	51.0
NL	12	1.3	1.3	52.3
NS	37	3.9	3.9	56.2
ON	85	9.1	9.1	65.3
PE	2	0.2	0.2	65.5
QC	293	31.3	31.3	96.8
SK	30	3.2	3.2	100.0
Total	937	100.0	100.0	

Qualifying Income				
	Frequency	Percent	Valid Percent	Cumulative Percent
20,000.01 – 40,000.00	13	1.4	1.7	1.7
40,000.01 – 60,000.00	78	8.3	10.1	11.8
60,000.01 – 80,000.00	204	21.8	26.5	38.3
80,000.01 – 100,000.00	259	27.6	33.6	71.9
100,000.01 – 120,000.00	216	23.1	28.1	100.0

Program Incentive				
	Frequency	Percent	Valid Percent	Cumulative Percent
<= 10,000.00	124	13.2	16.1	16.1
10,000.01 – 20,000.00	397	42.4	51.6	67.7
20,000.01 – 30,000.00	96	10.2	12.5	80.1
30,000.01 – 40,000.00	109	11.6	14.2	94.3
40,000.01 – 50,000.00	41	4.4	5.3	99.6
50,000.01 – 60,000.00	3	0.3	0.4	100.0

Lending Value				
	Frequency	Percent	Valid Percent	Cumulative Percent
<= 100,000.00	1	0.1	0.1	0.1
100,000.01 – 200,000.00	123	13.1	16.0	16.1
200,000.01 – 300,000.00	246	26.3	31.9	48.1
300,000.01 – 400,000.00	297	31.7	38.6	86.6
400,000.01 – 500,000.00	97	10.4	12.6	99.2
500,000.01 – 600,000.00	6	0.6	0.8	100.0

First Mortgage Amount				
	Frequency	Percent	Valid Percent	Cumulative Percent
<= 100,000.00	7	0.7	0.9	0.9
100,000.01 – 200,000.00	166	17.7	21.6	22.5
200,000.01 – 300,000.00	345	36.8	44.8	67.3
300,000.01 – 400,000.00	232	24.8	30.1	97.4
400,000.01 – 500,000.00	20	2.1	2.6	100.0

Applicant's Down Payment				
	Frequency	Percent	Valid Percent	Cumulative Percent
<= 20,000.00	526	56.1	68.3	68.3
20,000.01 – 40,000.00	208	22.2	27.0	95.3
40,000.01 – 60,000.00	34	3.6	4.4	99.7
60,000.01 – 80,000.00	2	0.2	0.3	100.0

Down Payment Amount				
	Frequency	Percent	Valid Percent	Cumulative Percent
<= 20,000.00	106	11.3	13.8	13.8
20,000.01 – 40,000.00	348	37.1	45.2	59.0
40,000.01 – 60,000.00	218	23.3	28.3	87.3
60,000.01 – 80,000.00	82	8.8	10.6	97.9
80,000.01 – 100,000.00	15	1.6	1.9	99.9
100,000.01 – 120,000.00	1	0.1	0.1	100.0

# E – COST-BENEFIT ANALYSIS – METHODOLOGY AND DEFINITIONS

## Methodology:

*The Cost-Benefit Analysis (CBA) used program data between program inception and November 2022:*

- At the time of this analysis, the FTHBI had provided a total of \$326 million in incentive equity to recipients to help support the purchase of \$5.3 billion in housing assets across Canada.
- The weighted average incentive amount was 6.2%.

*The CBA includes a calculation of the program net benefits attained by two groups:*

- Net benefits to the recipients of the FTHBI SEMs and net benefits to the government.

In both calculations, the estimates are Net Benefits – that is, the calculations are the benefits reduced by the costs incurred by each party including the following:

- Administrative costs
  - The administrative costs of the program were efficiently utilized per our analysis.
- Opportunity costs
- Cost of increased discretionary income
- Cost of access to homeownership

## Definitions:

- **Access to Homeownership:** A recipient may not have been able to afford the house without access to the program, therefore any ownership benefit associated with the house (that is, asset appreciation) would be considered a benefit completely resulting from the program.
- **Increased Discretionary Income:** In other cases, the recipient would have been able to afford the house without the FTHBI, however, the program decreases their mortgage payment, increasing their discretionary income.



## Access to Homeownership:

The benefit of supporting a recipient to access homeownership is the asset value and associated appreciation that they are able to receive through owning the house. In order to estimate this, the appreciation attributable to the house over the ten-year period was estimated, and the relevant amounts owed to CMHC and the bank were removed from the final sales price. For each SEM recipient,  $i$ , the benefit was calculated according to the following formula:

$$\begin{aligned} & \textit{Benefit of Access Homeownership (i)} \\ & = \textit{Sales Price (i) - Mortgage Balance (i, y = 10) - SEM Incentive (i) - Capital Gain to CMHC (i, y = 10) - Principal Paid (i, y = 10)} \end{aligned}$$

## Increased Discretionary Income:

The majority of FTHBI recipients would have been able to afford the house that was purchased within the program, even if they did not receive the incentive. This means that these recipients benefitted from a decreased mortgage, which leads to additional discretionary income. The household can choose to spend this income as it wishes; in the circumstances, we have assumed that the household chose to save this discretionary income and invest it in the stock market. Note that this likely acts as an upper bound on the benefit, since recipients may have chosen to spend the money. We quantify this difference later in this section. Estimating the benefit attributable to these recipients is summarized in the following formula:

$$\textit{investment gain on discretionary income} = (\textit{annual mortgage payment, no program (i)} - \textit{annual mortgage payment (i)}) \times \frac{(1 + sr)^{10} - 1}{sr}$$

## Net Benefits of the FTHBI to the government:

Although the recipients benefit directly from the FTHBI SEMs, it is important to consider the net benefits received by the government in implementing the program.

- Through the share of SEM profit that they receive; and
- Through taxes paid on any investment purchased using discretionary income.

Similar to the calculation for the recipients of the FTHBI, the government will face costs associated with implementing the program. This includes the opportunity cost of choosing to invest in this program in lieu of another program, or financial instrument, in addition to any administrative costs associated with operating the program. The formula for net benefits to the government is below.

$$\begin{aligned} & \textit{Net Benefits of FTHBI to the Government} \\ & = \sum \textit{SEM share of Capital Gain(i)} = \textit{Mortgage Loan Insurance (i) + taxes on Discretionary Income (i)} \\ & \quad - \textit{Program Administration Costs - Opportunity Cost} \end{aligned}$$

## Program Administrative Costs:

Program administrative costs were examined between October 2019 and September 2022. The total costs incurred during this period amounted to \$31.4 million; on a per-month basis this averages to \$749,000.

The program cost more to administer than budgeted and the total incentive offered was lower than initially projected.

Operating Costs	2019	2020	2021	2022-Sept-30	Total	Total Incentive	2019	2020	2021	2022-Sept-30	Total
Actual	\$8,730,795	\$11,412,295	\$7,806,855	\$2,912,315	\$30,862,261	Committed	\$49,247,007	\$136,636,988	\$80,871,129	\$59,278,870	\$326,033,995
Budget	\$30,862,261	\$6,000,000	\$3,400,000	\$1,500,000	\$18,500,000	Budgeted	\$125,000,000	\$500,000,000	\$500,000,000	\$104,166,667	\$1,229,166,667
Ratio	115%	190%	230%	194%	167%	Ratio	39%	27%	16%	57%	27%

The program's administrative ratio (operating costs / total incentive) from 2019 to 2022 was 9%, which is higher than the budgeted 2%.

Budgeted	2019	2020	2021	2022-Sept-30	Total	Total Incentive	2019	2020	2021	2022-Sept-30	Total
Incentive	\$125,000,000	\$500,000,000	\$500,000,000	\$104,166,667	\$1,229,166,667	Incentive	\$49,247,007	\$136,636,988	\$80,871,129	\$59,278,870	\$326,033,995
Operating Costs	\$7,600,000	\$6,000,000	\$3,400,000	\$1,500,000	\$18,500,000	Operating Cost	\$8,730,795	\$11,412,295	\$7,806,855	\$2,912,315	\$30,862,261
Administrative Ratio	6%	1%	1%	1%	2%	Administrative Ratio	18%	8%	10%	5%	9%

## Opportunity Costs:

The opportunity cost of the program refers to what programs the government could have instated with the funding. Given the breadth of government programs that exist, it is difficult to know where exactly the money could have been invested and what the return would have been. Therefore, the approach for estimating the government's opportunity cost was to assume a range:

No alternative investment is made / the investment is a social transfer without any quantifiable benefit to the government (no return); or the government would invest in 10-year government bonds.

The 10-year government bond average between October 2019 and December 2021 was 1.46%. The total amount of SEM investment by the government during this period was \$326 million. Therefore, the opportunity cost to the government is between \$0 million and \$4.7 million.

## F – ADDITIONAL SURVEY FINDINGS – PROGRAM USERS

### About the FTHBI User Survey:

- n=826
- Participants include users of the FTHBI program who were contacted via email or mail.

### General Information:

- Of the FTHBI users, 91% currently still own the home they purchased with the FTHBI.
- Of those who sold their FTHBI home, 63% moved within 12 to 24 months.
- Only 12% of those who repaid found the repayment process difficult or very difficult.
- 90% of FTHBI users were paying rent for their living arrangement before using the FTHBI program.
- 45% of the rents paid were above \$800/month, with a mean response of \$1,075, a minimum of \$300 and a maximum of \$2,500.

### FTHBI Application and Awareness:

- The two most frequent responses for how they first heard about the program were: 29% from their mortgage provider and 23% via word of mouth.
- 44% of FTHBI users received application support from their mortgage provider / financial institution and 21% reported receiving support from the CMHC website.
- 67% rated the mortgage provider / financial institution as being very helpful in the application process.
- 60% who reported receiving support from the CMHC website found it very helpful.

### Meeting Needs and Counterfactual:

- 91% of FTHBI users responded that the FTHBI program helped them purchase a home that met their needs.
- When asked what would have happened if they had not qualified for the FTHBI program, 46% reported they would have bought the same home while 35% would have bought a different home.
- When asked what would have been different about the home without the program.
  - 37% stated they would have waited to save more for a larger down payment, with 59% of those indicating they would have waited an additional 12+ months.
  - 31% would have purchased a less expensive home (on average \$56,841 less).

### FTHBI Home Financial Information:

- 73% of respondents did not receive support from friends/family for their down payment.
- 32% of respondents utilized the Home Buyers' Plan (withdraw from RRSP) offered by the Canada Revenue Agency (CRA).
- 34% of respondents indicated that they did not have extra income as a result of the program, whereas 65% indicated they did.
- Of the 65% who saved extra income:
  - 23% increased their savings;
  - 15% used the income to pay down other debt;
  - 14% used the income to purchase goods or services; and
  - 9% used the income to invest.
- 40% of respondents indicated that they are spending the same on home maintenance with the program.

## Net Promoter Score:

The net promoter score is a scale from 0 to 10, respondents who choose 0 to 6 are considered to be detractors who are unhappy with the program and who can impede growth through negative word of mouth; respondents who choose between 7 and 8 are considered to be neutrals who are satisfied but unenthusiastic; and respondents who choose between 9 and 10 are considered to be promoters who are satisfied with the program and will refer others to the program. The net promoter score value = (Number of Promoters - Number of Detractors) / (Number of Respondents) x 100.

- Overall net promoter score = 23
- Promoters = 50%
- Detractors = 27%
- Neutrals = 23%

## FTHBI User Survey Demographics:

- 74% are married / common law.
- 31% had 2 individuals living in the home and 20% had 4 individuals living in the home.
- 47% identified as White, 13% identified as Black, 10% identified as Filipino, 7% as Latin American, 7% prefer not to say/other, 6% as South Asian, 4% Arab, and 3% identified as Indigenous.

## Prospective User Survey

- Of the prospective first-time home buyers (FTHBs) surveyed, 87% are currently renting their home and 13% are living with someone else who owns the home.
  - Of the renters: 94% of people earning <50K are renting, 91% earning \$50K to 100K are renting, 84% earning \$100K to 150K are renting, and 76% earning more than 150K are renting.
- Of the prospective FTHBs surveyed, the majority are planning to buy a home in over 12 months from now (58%), followed by 6 to 12 months from now (18%), within the next 6 months (14%), and don't know (10%).

- 30% of those from Alberta are planning to buy in the next 6 months, followed by the Prairies (19%), BC (15%), Ontario (11%) and Quebec (11%).
- Interestingly, those earning <\$50K had the highest response that they would purchase in the next 6 months (24%), followed by those earning more than \$150K (15%), those earning between \$50K and 100K, and those earning between \$100K and 150K.
- When asked how far in the process they are to purchasing a home, 46% didn't select any option, 41% were actively looking at homes, 29% were looking into mortgages, and 2% didn't know.

**Note:** survey respondents could select multiple options for this question.

- 26% of respondents are planning on receiving support from friends/family for their down payment compared to 64% who don't and 10% who don't know.
  - 35% of those earning <\$50K are anticipating support, followed by those earning more than \$150K (29%), those earning between \$50K and 100K (24%), and those earning between \$100K and 150K (19%).
- 71% of prospective buyers have heard about the FTHBI program.
- 34% of the prospective buyers heard about the program through word of mouth, followed by advertisement on social media (21%), mortgage provider (11%), and traditional media / news websites (7%).
- When asked if they would consider using the FTHBI in the future, 45% said they would likely consider it, 26% said maybe, and 23% said unlikely and 6% said don't know.
  - 52% of those surveyed living in Quebec said they would likely consider using the program, followed by 49% in Ontario, 38% in BC and Alberta, and 35% in the Prairies.
  - In contrast, 37% of those living in BC said they were unlikely to consider the program, followed by 28% in the Prairies, 24% in Ontario, 21% in Alberta, and 11% in Quebec.
  - Those earning \$50K to 100K were the most likely to consider using the program (51%), followed by those earning \$100K to 150K (49%), those earning more than \$150K (42%), and those earning <\$50K (35%).

## Recent First-Time Buyers' Survey

- The program was most familiar in BC where 84% had heard of the program, followed by Ontario (77%), the Prairies (66%), Quebec (61%), and Alberta (55%).
- Survey respondents were more likely to have heard about the FTHBI through word of mouth (28%) followed by their mortgage provider (18%), advertisements on social media (14%), traditional news media sources/newspaper (8%), CMHC's website (8%), and their realtor (6%).
- The most popular responses for the main reason these FTHBs did not use the program are they didn't need help with their down payment (43%), they didn't want to have to pay back the government (35%), they wouldn't have been able to qualify (31%) and they didn't understand the program well enough (12%).
  - By PT - the most popular response in Quebec (55%) and Ontario (42%) was that they didn't need help with the down payment, in BC it was that they wouldn't have been able to qualify (63%), in the Prairies (52%) and Alberta (53%) they didn't want to have to pay back the government.
  - By household income - the most popular response for those earning <\$50K was that they did not need help with the down payment (59%) this was also the most popular response for those earning between \$50K and 100K (48%). For those earning between \$100K and 150K the most popular response was that they did not want to have to pay back the government (43%). And for those making more than \$150K they would not have been able to qualify (44%).
- The majority (59%) of recent FTHBs purchased a home for \$399K or less. Specifically, 19% purchased for less than \$200K, 21% between \$200K and 299K, and 19% between \$300k and 399K.
  - In Quebec, 78% of recent FTHBs purchased their home for less than \$399K.
  - In Alberta, the majority (54%) of FTHBs purchased their home for between \$200K and 299K. None of the survey respondents from Alberta reported purchasing a home for more than \$599K.
- In Ontario, the house price range was broad. The largest group, 20%, purchased their home for between \$500K and \$599K, while 35% purchased a home over \$600K.
- In BC, the house price was also broad. 51% purchased their home for over \$600K.
- For purchases of \$1M or more – Ontario had the largest portion (10%), then BC (7%). No other individuals from the other provinces reported a purchase of \$1M or more.
- The majority of individuals surveyed (93%) who purchased a home for less than \$399K earned less than \$50K.
- 45% of the individuals who make more than \$150K purchased a home over \$600K.
- More women (51%) reported receiving support for a down payment compared to men (39%).
- Those in BC were the most likely to receive support for a down payment (62%), then Ontario (56%), Quebec (40%), Alberta (34%), and the Prairies (33%).
- 71% of individuals who earn less than \$50K received support for a down payment and 36% who earn more than \$150K received support. For individuals earning between \$50K and \$50K, it was close to a split between those who did not (54%) and those who did (46%).
- 68% of survey respondents had heard of the FTHBI program. Of those who had not heard of the program, 40% said they were “likely” to have used the program had they heard of it.
  - Of the 40%: women were more likely to say they would have used the program (51%) compared to men (25%), also those earning less than \$50K were most likely to say they would have used the program (55%). Interestingly 26% of those earning more than \$150K said they would have likely used the program.

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## Alternative text and data for figures

### Distribution of Applications

	% approved/disbursed	% cancelled/declined
PEI	48	25
YT	12	3
SK	1,059	501
QC	6,257	2,937
ON	1,166	734
NT	27	10
NS	656	272
NL	407	186
NB	712	276
MB	1,545	517
BC	629	302
AB	5,773	2,742

### Housing Affordability in major CMA's between 2020 and 2022. (NBC, 2022)

	2020	2022
Vancouver	64%	102.1%
Toronto	56%	93.1%
Victoria	60%	100.5%
Hamilton	39%	68.1%
Ottawa/Gatineau	30%	48.9%
Montréal	30%	49.2%
Calgary	23%	37.2%
Winnipeg	22%	33.9%
Québec	21.5%	32%
Average	38.4%	62.7%



The average number of months to save for a down payment for the average home increased in all major centres between 2020 and 2022.

	2020	2022
Vancouver	367.8	367.8
Toronto	277.7	335.3
Victoria	108	362
Hamilton	63.2	90.4
Ottawa/Gatineau	38.6	54.5
Montréal	36.9	48
Calgary	28.7	33.5
Winnipeg	26.7	30.6
Québec	25.8	28.8

The average home price continues to extend beyond the maximum home price allowed under the program in 2022. (NBC, 2022)

	2020	2022
Vancouver	\$1,053,226	\$1,377,514
Toronto	\$928,171	\$1,254,833
Victoria	\$818,993	\$1,149,272
Hamilton	\$627,109	\$949,754
Ottawa/Gatineau	\$469,570	\$655,843
Montréal	\$387,496	\$545,788
Calgary	\$420,699	\$501,009
Edmonton	\$381,803	\$419,541
Winnipeg	\$331,258	\$409,505
Québec	\$293,436	\$368,984

The income needed to afford the average home continues to climb past the maximum income allowed under the program (NBC, 2022).

	2020	2022
Vancouver	\$188,226	\$278,760
Toronto	\$170,246	\$232,572
Victoria	\$192,196	\$253,934
Hamilton	\$131,667	\$222,545
Ottawa/Gatineau	\$99,653	\$155,633
Montréal	\$82,235	\$130,578
Calgary	\$89,282	\$120,383
Edmonton	\$81,027	\$100,819
Winnipeg	\$70,300	\$98,407
Québec	\$62,274	\$88,670

### Program users' perceptions of the application process

	Easy to Understand	Neutral	Difficult to Understand
The FTHBI application process	67%	22%	11%
The terms of the FTHBI program	57%	25%	18%

Overall, FTHBI users do not view program requirements as a significant hurdle.

	Positive	Neutral	Negative
Sharing the equity of your home with the federal government	41%	30%	29%
Income cap of \$120,000 (\$150,000 in Toronto, Vancouver, Victoria) for household income to qualify	36%	39%	25%
Purchase cap of 4 times your income (4.5 times in Toronto, Vancouver, and Victoria) to qualify	35%	43%	22%
Payback time: in 25 years or when you sell your house, whichever comes first	61%	23%	16%
Paying back incentive based on selling value vs. original incentive amount	27%	22%	51%

## Ethnicity (n=814)

	FTHBI User Survey	Statistics Canada Demographics
White	47%	70%
Black	13%	4%
Filipino	10%	3%
Latin American	7%	2%
South Asian (e.g., East Indian, Pakistani, Sri Lankan, etc.)	6%	7%
Arab	4%	2%
Indigenous	2%	5%

## Monthly Breakdown FTHBI Application Data

Date	Approved / Disbursed		
2019	Q3	Sept	561
2019	Q4	Oct	824
2019	Q4	Nov	758
2019	Q4	Dec	502
2020	Q1	Jan	662
2020	Q1	Feb	825
2020	Q1	Mar	812
2020	Q2	Apr	472
2020	Q2	May	738
2020	Q2	Jun	928
2020	Q3	Jul	817
2020	Q3	Aug	568

Date	Approved / Disbursed		
2020	Q3	Sep	571
2020	Q4	Oct	496
2020	Q4	Nov	411
2020	Q4	Dec	358
2021	Q1	Jan	354
2021	Q1	Feb	482
2021	Q1	Mar	567
2021	Q2	Apr	518
2021	Q2	May	480
2021	Q2	Jun	463
2021	Q3	Jul	354
2021	Q3	Aug	306
2021	Q3	Sep	290
2021	Q4	Oct	265
2021	Q4	Nov	281
2021	Q4	Dec	204
2022	Q1	Jan	193
2022	Q1	Feb	286
2022	Q1	Mar	338
2022	Q2	Apr	347
2022	Q2	May	359
2022	Q2	Jun	365
2022	Q3	Jul	270
2022	Q3	Aug	310
2022	Q3	Sep	335
2022	Q4	Oct	340
2022	Q4	Nov	290

## Provincial Breakdown FTHBI Application Data

	Approved	Cancelled	Declined	Disbursed
<b>AB</b>	218	1,279	1,463	5,555
<b>BC</b>	40	178	124	589
<b>MB</b>	47	295	222	1,498
<b>NB</b>	25	125	151	687
<b>NL</b>	18	98	88	389
<b>NS</b>	13	134	138	643
<b>NT</b>	0	6	4	27
<b>ON</b>	41	436	298	1,125
<b>QC</b>	220	1,560	1,377	6,037
<b>SK</b>	44	239	262	1,015
<b>YT</b>	4	0	3	8
<b>PEI</b>	1	15	10	47