



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

Cost Estimate of Election Campaign Proposal

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Short Title: Introduction of Registered Home Savings Plans

Description: Allowing Canadians under 40 years old to start a Registered Home Savings Plan (RHSP) of up to \$40,000. Contributions to the RHSP count towards an individual's RRSP contribution limit and will be deducted from their income. Funds can also be transferred from an individual's RRSP. All funds in the RHSP can be withdrawn tax-free to purchase a first home and do not have to be repaid. At least 50% of the funds withdrawn from the RHSP will have to be invested for at least 4 years and no funds will be allowed for withdrawal within a year of being contributed. The RHSP will be effective July 2022.

| Cost of Proposed Measure: | \$ millions | 2021-2022 | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 | Total |
|---------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-------|
| Total cost | | - | 656 | 820 | 984 | 1,148 | 3,609 |

Notes:

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).
- "-" = PBO does not expect a financial cost.

Estimation and projection method: PBO assumed that every first-time home buyer under age 40 would make an additional \$40,000 in deductible contributions. PBO assumed that half the balance would be contributed five years prior to the home purchase, and the remainder contributed (or earned as investment income) in equal amounts over the four years leading up to the purchase.

Source of Uncertainty: The main source of uncertainty is uptake of the program among eligible individuals.

Data Sources: Variable First-time home buyer households, by age, income and size. Source 2018 Canada Housing Survey