



Build Canada Homes and the Outlook for Housing Programs under Budget 2025



The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

This report reviews the funding allocated to Build Canada Homes, the context of overall funding for housing programs, and the expected impact of that funding on housing.

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Highlights

Federal planned spending on housing programs is set to decline 56 per cent, from \$9.8 billion in 2025-26 to \$4.3 billion in 2028-29 due to the expiry of funding for existing programs and cuts set out in Budget 2025.

Within this spending plan, Budget 2025 prioritizes supporting the construction of new housing through a new federal agency called Build Canada Homes. Build Canada Homes plans to spend \$7.3 billion over 2025-26 to 2029-30.

Build Canada Homes should be expected to make a modest contribution toward housing supply and affordability within the broader context of a large decline in support for housing affordability.

Summary

Under Budget 2025, federal planned spending on housing programs is set to decline 56 per cent, from \$9.8 billion in 2025-26 to \$4.3 billion in 2028-29. This decline is driven by the expiry of funding for existing programs and cuts set out in Budget 2025, offset in part by the launch of Build Canada Homes.

Build Canada Homes is a new federal agency intended to create housing through direct construction, support for construction, and support for acquisitions. Over the five-year period of 2025-26 to 2029-30, Build Canada Homes plans to spend \$7.3 billion, of which \$6.7 billion is new spending. Including loans and asset development, total planned cash expenditures are \$13.0 billion, of which \$11.6 billion is new cash expenditures.

Build Canada Homes' \$7.3 billion in accrual planned spending includes:

- \$625 million to help community housing providers acquire rental apartments,
- \$1 billion in contributions towards transitional and supportive housing, and
- \$5.4 billion in grants, contributions and loan concessions for the supply of affordable housing.

Build Canada Homes is presented as part of the Government's efforts to double the pace of housing construction over the next decade. That said, the Government has not yet laid out an overall plan to achieve this goal. We anticipate that the contribution of Build Canada Homes will likely be modest and estimate that the program will add about 26,000 units over five years, representing a 2.1 per cent increase in housing completions relative to our baseline projection.

Build Canada Homes has sufficient funding to create approximately 13,000 new units of housing affordable for low-income households. However, this occurs within a context of declining spending and a shift away from immediate affordability supports such as the Canada Housing Benefit and support for existing social housing.

Introduction

The spending plan set out in Budget 2025 and reflected in Bill C-15 (45-1) incorporates the launch of Build Canada Homes (BCH). BCH is intended to create housing through direct construction, support for construction, and support for acquisitions.

At the same time, Budget 2025 also announces the Government's intention to cut funding from the already declining spending profile of Canada Mortgage and Housing Corporation (CMHC). This would mean not only that existing programs like the Canada Housing Benefit and Affordable Housing Fund would be allowed to expire as scheduled, but also that further cuts would be made impacting CMHC's capacity to sustain existing social housing.

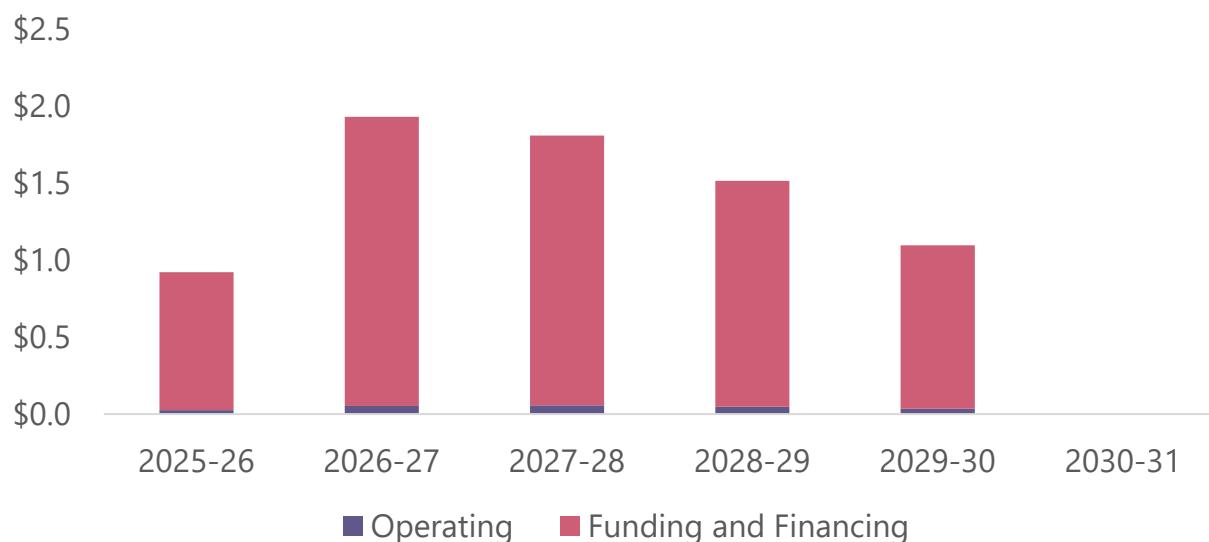
Funding for other housing affordability programs is scheduled to expire with no renewal yet announced.

Funding for Build Canada Homes

Over the period of 2025-26 to 2030-31, Build Canada Homes plans to spend \$7.3 billion of which \$6.7 billion is new spending (that is, incremental to previously published spending plans).¹ The \$7.3 billion in planned spending is split between \$219 million for operating costs and \$7.1 billion for “Funding and Financing”.

Figure 1

Planned spending (accrual) under Build Canada Homes, billions of dollars



Source:

Office of the Parliamentary Budget Officer and Housing, Infrastructure and Communities Canada.

Note:

The profile of spending will be refined yearly based on BCH’s Business Plan.

“Funding and Financing” includes \$625 million for the Canada Rental Protection Fund, \$1 billion in contributions towards transitional and supportive housing, and \$5.4 billion in other grants, contributions and loan concessions for the supply of affordable housing.

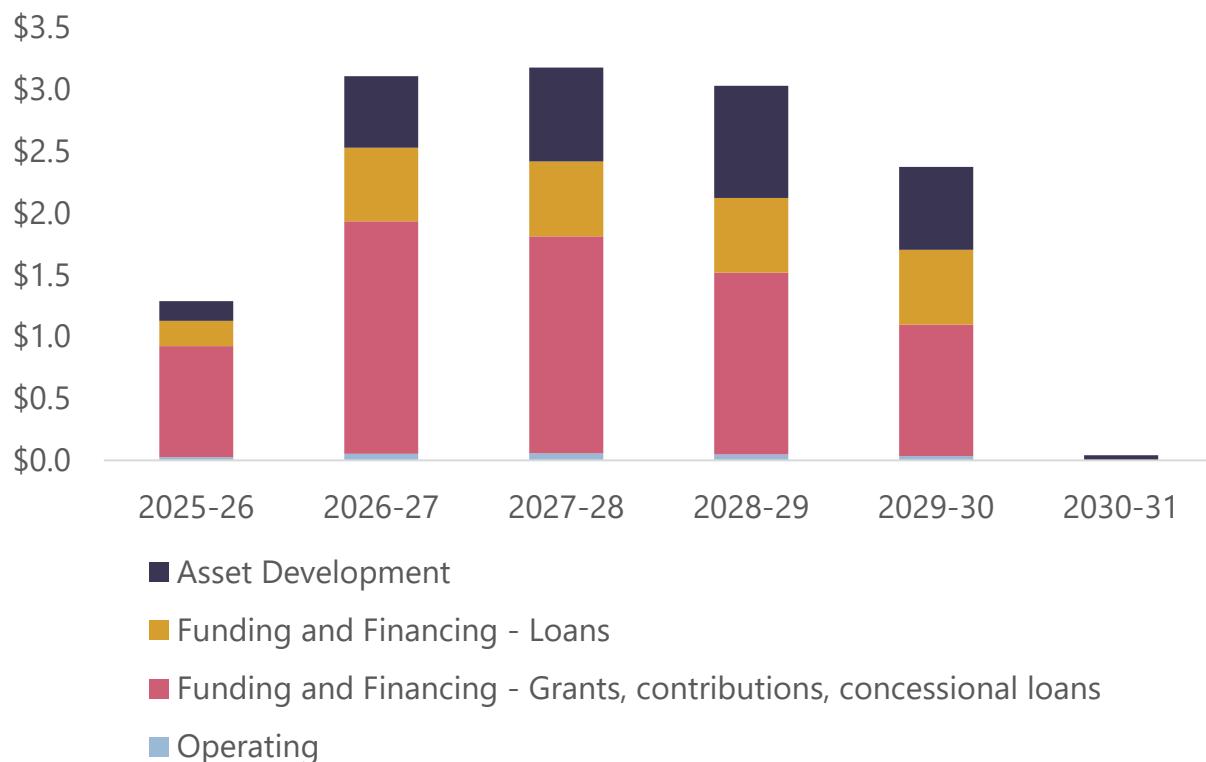
This planned spending profile may not capture forgone revenues from diverting surplus federal properties from sale or interest costs associated with expenditures incurred to acquire and develop federal properties.²

In addition to this spending, BCH plans non-budgetary expenditures of \$2.6 billion in loans and \$3.1 billion for asset development. Including loans and asset development, total planned cash expenditures are \$13.0 billion, of which \$11.6 billion is new cash expenditures.³

Non-budgetary expenditures

Some cash expenditures do not affect the budgetary balance. BCH loans will create a corresponding debt owed to the Government of Canada while BCH asset development expenditures increase the value of federal properties by acquiring new properties or building new residential structures on those properties.

Figure 2
Planned cash expenditures under Build Canada Homes, billions of dollars



Build Canada Homes and the Outlook for Housing Programs under Budget 2025

Source:

Office of the Parliamentary Budget Officer and Housing, Infrastructure and Communities Canada.

Note:

The profile of spending will be refined yearly based on BCH's Business Plan.

Although statements have referred to a \$13 billion capitalization and to the allocation of contributions as an investment policy, only the \$3.1 billion allocated for asset development will create federally-owned capital assets.⁴ BCH may be able to generate some limited investment returns from those assets to fund future investments, depending on the balance between rental revenues and expenses at those properties.

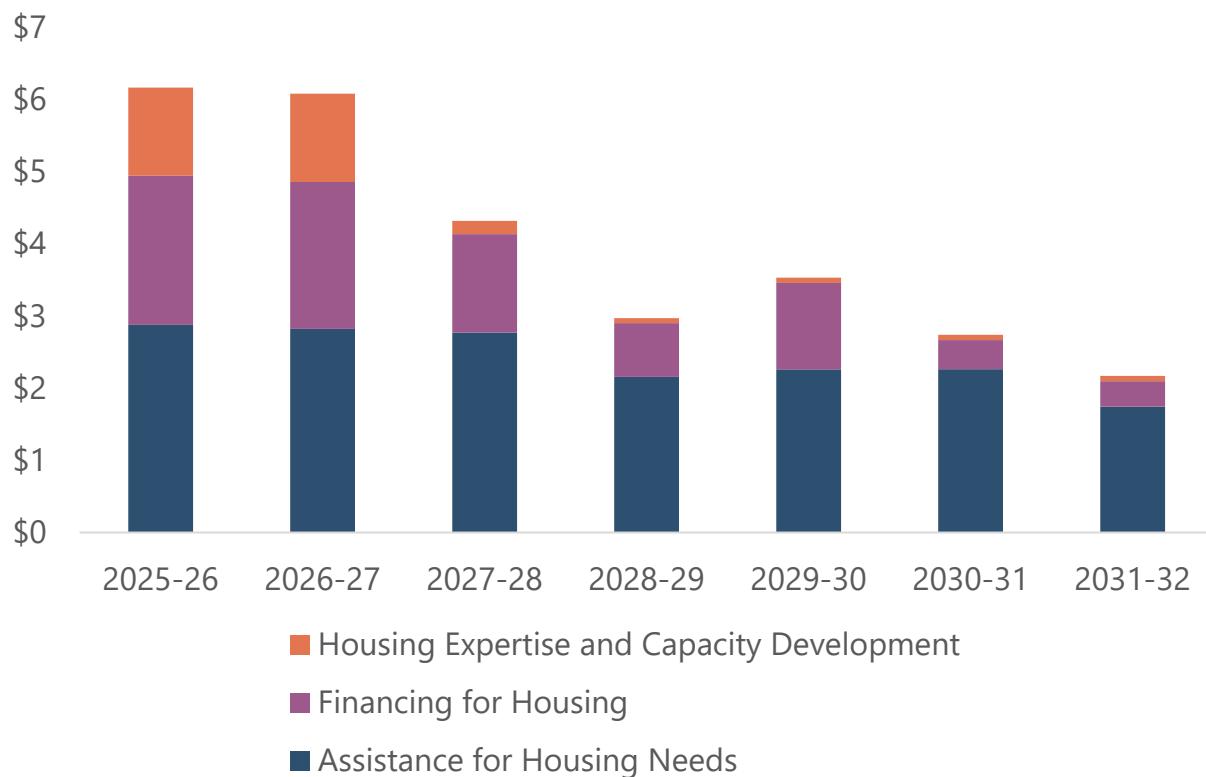
Funding for Canada Mortgage and Housing Corporation

Even before accounting for the cuts set out in the 2025 Budget, the scheduled expiry of funding for various National Housing Strategy programs was set to affect spending under all CMHC's core responsibilities within its Housing Programs activity:

- **Assistance for Housing Needs** is impacted by the scheduled expiry of funding for the Canada Housing Benefit, Federal Lands Initiative, and Innovation Fund;
- **Financing for Housing** is impacted by the scheduled expiry of funding for the Affordable Housing Fund and the Co-operative Housing Development Program; and,
- **Housing Expertise and Capacity Development** is impacted by the scheduled expiry of funding for the Housing Accelerator Fund.

Figure 3

CMHC planned spending by core responsibility before Budget 2025, billions of dollars



Source:

Office of the Parliamentary Budget Officer and Canada Mortgage and Housing Corporation.

Budget 2025 proposes to further reduce funding for CMHC Housing Programs by a total of \$2.4 billion across 2026-27 to 2029-30, and \$860 million per year thereafter. Beyond 2028-29, most continuing CMHC funding is existing reference level funding originally established to support existing housing programs. Given the non-discretionary nature of spending to support existing housing under the social housing agreements, to achieve the targeted spending reductions will likely require more significant cuts to funding for social housing outside of the social housing agreements.

Figure 4

Proposed reductions in CMHC planned spending under Budget 2025, billions of dollars



Source:

Office of the Parliamentary Budget Officer, Canada Mortgage and Housing Corporation, and Finance Canada.

Homelessness and Indigenous Housing

Funding for other housing programs is scheduled to expire with no renewal yet announced.

Table 1
Housing funding commitments, by expiry date

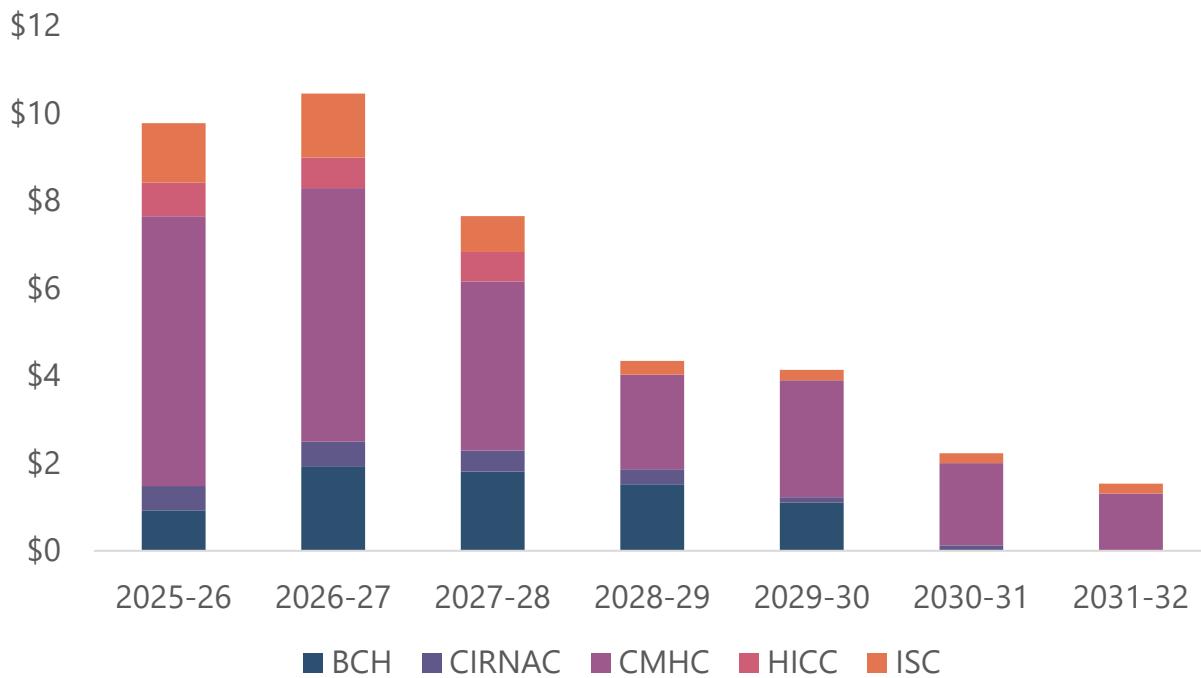
Department/Agency	Funding commitment	Last year of funding
Indigenous Services Canada (ISC)	Budget 2022 Additional Funding for On-Reserve Housing	2026-27
Housing Infrastructure and Communities Canada (HICC)	Funding for Reaching Home	2027-28
Crown Indigenous Relations and Northern Affairs Canada (CIRNAC)	Funding for Métis Housing, Inuit Housing and Modern Treaty Self-Governing First Nations Housing	2027-28 and 2028-29

Source:
Office of the Parliamentary Budget Officer.

Total Planned Spending on Housing Programs

While the new spending under Build Canada Homes is incremental to previously published spending plans, total federal planned spending on housing programs is set to decline 56 per cent from \$9.8 billion in 2025-26 to \$4.3 billion in 2028-29, due to the expiry of funding for existing programs and cuts set out in Budget 2025.⁵

Figure 5
Planned spending (accrual) on housing programs, billions of dollars



Source:

Office of the Parliamentary Budget Officer, Housing, Infrastructure and Communities Canada, Indigenous Services Canada, and Crown-Indigenous Relations and Northern Affairs Canada.

Estimated New Housing Supply

Build Canada Homes is presented as part of the Government's goal to double the pace of housing construction over the next decade.⁶ That said, the Government has not yet set out any plan to achieve this goal.

Our assessment is that, based on the funding allocated for BCH and design of its initiatives, BCH should be expected to make a modest contribution towards housing supply and affordability. Assuming similar unit costs to comparable CMHC programs, relevant planned spending and asset development authorities under Build Canada Homes would be sufficient to create approximately 26,000 new housing units over five years (2025-26 to 2029-30), including about 13,000 units that are affordable for low-income households.⁷

Table 2

Estimated new housing supply by funding stream (5-year total)

Stream	Affordable for very low-income households	Affordable for low-income households	Affordable for moderate income households	Affordable for median income household	Total new units
Canada Rental Protection Fund	-	-	-	-	0
Transitional and Supportive Housing Funding	3,669	-	-	-	3,669
Asset Development	-	-	1,605	1,605	8,026
Other Grants, Contributions and Concessions	2,672	6,741	5	-	14,017
Total	6,341	6,741	1,610	1,605	25,713

Source:

Office of the Parliamentary Budget Officer.

Note:

The column "Total new units" includes new units without affordability commitments. The total of 13,000 units that are affordable for low-income households includes units that are affordable for very low-

income households. Unit affordability definitions reflect Build Canada Homes' definitions for [Housing affordability by income level](#).

These 26,000 units over five years would represent a 2.1 per cent increase in housing completions relative to [the PBO's August 2025 baseline forecast](#) and address 3.7 per cent of the PBO's estimated 2035 housing gap of 690,000 units.

The 13,000 new units that are affordable for low-income households would contribute to housing affordability for residents. However, the addition of these units would only partially offset the decline in overall affordability support. In addition to the 56 per cent decline in nominal spending by 2028-29, funding is being shifted – from programs which provide current affordability support to low-income households like the Canada Housing Benefit and support for existing social housing – towards capital contributions and asset development expenditures with benefits over many decades.

Canada Rental Protection Fund

The \$625 million in planned spending under the Canada Rental Protection Fund (CRPF) will be used to help community housing partners acquire rental apartments at risk of redevelopment.⁸

The CRPF is not intended to increase the supply of housing. However, the CRPF will likely avoid an increase in rents for existing residents and provide more affordable rents for new residents upon unit turnover.

Transitional and Supportive Housing Funding

Build Canada Homes plans to contribute \$1.0 billion towards transitional and supportive housing projects.⁹ Assuming the same federal contributions per affordable unit created as under CMHC's Rapid Housing Initiative Phase 2 (\$272,579 per unit), \$1 billion in contributions toward transitional and supportive housing would be sufficient to create 3,669 units across Canada over the five-year period, all of which would be deeply affordable.¹⁰ Actual contributions per unit could be higher or lower depending mainly on the contributions of other levels of governments.

Other Funding to Build Affordable Housing

Out of the \$7.3 billion in total accrual planned spending, the remaining \$5.4 billion is grants, contributions and loan concessions to support the supply of housing. The broader \$13 billion in planned cash expenditures also includes additional non-budgetary expenditures for this purpose, specifically \$1.7 billion in non-CRPF loan authorities and \$3.1 billion for asset development.

BCH has not entirely determined how it will allocate this funding, but initial announcements indicate that BCH will be:

- engaging in the direct development of factory-built homes on public land, and
- supporting the development of housing by others using land and financial incentives.¹¹

We estimate that the \$3.1 billion in asset development funding will be sufficient to construct 8,026 units.¹² Assuming that the planned spending is used to support affordable housing in a similar manner to CMHC's Affordable Housing Fund, we estimate that \$5.4 billion would be sufficient to induce the supply of 14,017 units.¹³

For its own direct development, BCH plans to offer:

- 60 per cent of units at market rents,
- 20 per cent of units at rents affordable for a household with the median household income, and
- 20 per cent of units at rents with "a little deeper" affordability which has so far been operationalized as affordable for a household with a moderate household income.¹⁴

Units that are affordable for a household with median or moderate income may cost substantially more than the median market rent. BCH's affordability definition is applied at the census sub-division level, and shelter costs by number of bedrooms are not readily available at that geographic level. However, applying the BCH affordability criteria to Canada for a 2-bedroom unit in 2021 for illustrative purposes, a rent of \$2,168/month would be considered affordable for a household with the median household income, while a rent of \$1,626/month would be considered affordable for a household with a moderate income. These rents are, respectively, 97 per cent higher and 48 per cent higher than the 2021 national median market rent for 2-bedroom units of \$1,100.¹⁵

For the grants, contributions and loan concessions, HICC intends to prioritize projects with deeper affordability commitments if other factors are equal (like viability and non-market ownership).¹⁶ As such, we assume that BCH will fund the same types of projects as were funded under CMHC's Affordable Housing Fund, with the same unit costs and the same distribution of affordability. Under this assumption, BCH support would result in the creation of 9,413 units affordable for low-income households.

BCH also sets out to lead the adoption of cost-effective methods of construction, specifically factory-built, modular, and mass timber housing. It aims to do so through bulk procurement and financing and to achieve cost reductions of up to 20 per cent.¹⁷ Direct development by BCH represents 1,605 expected units per year, or a 0.6 per cent increase in housing completions relative to [the PBO's August 2025 baseline forecast](#).

Notes

¹ Planned spending refers to budgetary expenditures on an accrual basis. It does not include non-budgetary expenditures like loans, and spending to acquire and develop federally owned lands. Of the \$7.3 billion in planned spending, \$590 million is existing funding for the Canada Rental Protection Fund transferred from Canada Mortgage and Housing Corporation while the remainder is new spending.

² For cash expenditures incurred to develop federal assets, we assume that BCH would borrow under the consolidated borrowing framework, in which case the associated debt charges would appear under Finance Canada.

³ The planned cash expenditures include \$1.4 billion in existing authorities for the Canada Rental Protection Fund transferred from CMHC.

⁴ Grants, contributions and loan concessions support the creation of housing capital assets owned by the funding recipients and cannot generate investment returns. BCH also cannot reinvest interest and principal from its loans as it lacks the cash expenditure authorities needed to do so.

⁵ Current spending plans do not include any funding for Reaching Home for 2028-29 or beyond. If funding for Reaching Home were renewed for 2028-29 at 2027-28 levels, funding would instead decline by 49 per cent.

⁶ See [Accelerating the supply of affordable housing by investing in Build Canada Homes and the Affordable Housing Fund](#).

⁷ This excludes units that would be acquired for use as affordable housing under the CRPF, since these are not net new housing units.

⁸ The CRPF also receives \$875 billion in loan authorities. We assume loans will not independently contribute to the number of properties acquired. Loans may include concessionary terms, like below-market interest rates, which would be included in planned spending.

⁹ For a discussion of these programs see PBO's report, [Federal Spending to Address Homelessness](#).

¹⁰ In Phase II of the Rapid Housing Initiative CMHC contributed \$1.5 billion to support the creation of 5,600 rent-geared-to-income housing units across Canada. This unit cost of \$272,579 only reflects the federal share of contributions per unit created; total project costs were \$367,356 per unit created. For simplicity, no adjustment is made for cost inflation. Unit costs are based on project microdata provided by CMHC reflecting the status of projects on 30 September 2023.

¹¹ See [Prime Minister Carney launches Build Canada Homes to supercharge homebuilding across the country](#).

¹² At the average construction cost per unit under the Affordable Housing Fund (\$388,091 per unit), \$3.1 billion in asset development funding would generate 8,026 units over the five funded years (2025-26 to 2029-30 inclusive). This represents 1,605 units per year.

¹³ Assuming similar federal contributions per unit to those under the Affordable Housing Fund (AHF), \$5.4 billion would be sufficient to contribute to projects containing 86,868 units. Assuming that federal contributions make a causal contribution proportional to their share of total project costs (as set out in our [Model for Projecting Core Housing Need](#)), that \$5.4 billion would have causally contributed to the creation of 14,017 units. Unit costs are based on AHF project microdata provided by CMHC reflecting the status of projects on 30 September 2023. We implicitly assume that the BCH will offer incentives that compromise cost-efficiency to a similar degree as existing AHF incentives for accessibility, energy efficiency, and social outcomes.

¹⁴ For definitions see [Build Canada Homes – Housing affordability by income level](#). Ana Bailão, Chief Executive Officer, Build Canada Homes speaking before the Senate Standing Committee on National Finance (22 October 2025). See [Backgrounder: Build Canada Homes Accelerates Affordable Housing in Ottawa](#).

¹⁵ National market median rent for 2-bedroom units based on PBO analysis of [Statistics Canada 2021 Census Public Use Microdata File](#).

¹⁶ HICC, Build Canada Homes – [Investment Policy Framework](#).

¹⁷ See [Prime Minister Carney launches Build Canada Homes to supercharge homebuilding across the country](#).

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