

Cost Estimate of Election Campaign Proposal

Publication Date:	September 2021					
Short Title:	Financial support for deeply affordable non-market, co-op and non-profit housing					
Description:	Providing financial support for the construction or acquisition of deeply affordable non-market, co-op and non-profit housing. Capital contributions for 30,000 units annually will be provided in the form of interest-free 20-year loans. Rent subsidies will be provided equal to the difference between 25% of household income and market median rent for an adequate and suitable housing in the local area. This proposal will be effective January 1, 2022.					
Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
	Total cost	52	405	818	1,319	1,921
Notes:	<ul style="list-style-type: none"> 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:	Average construction costs for National Housing Co-Investment Funding projects were indexed for rising costs. The carrying cost of incremental debt was calculated using the PBO Public Debt Charge Calculator. The average subsidy that would be paid was estimated based on the higher end (75 th percentile) of subsidies that would be required for renter households spending more than 25% of their income on rent.					
Source of Uncertainty:	The main sources of uncertainty relate to the incomes of eligible households and to future interest rates.					
Data Sources:	Variable	Source				
	Average construction cost for proponents of affordable housing	PBO analysis of projects funded under the National Housing Co-Investment Fund.				
	Trend in construction costs	PBO, Federal Spending on Housing Affordability in 2021				
	Public debt charges	PBO, Public Debt Charge Calculator				