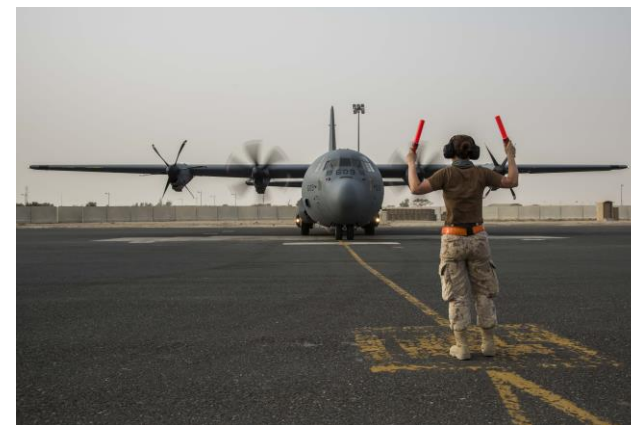




Reviewed by ADM(RS) in accordance with the *Access to Information Act*. Information UNCLASSIFIED.

# Evaluation of Military Housing



August 2021 1258-3-046 ADM(RS)

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# ACRONYMS

<b>ADM(IE)</b>	Assistant Deputy Minister (Infrastructure and Environment)	<b>IR</b>	Imposed Restriction
<b>ADM(RS)</b>	Assistant Deputy Minister (Review Services)	<b>KPI</b>	Key Performance Indicator
<b>BSV</b>	Base Shelter Value	<b>L1/L2</b>	Level 1/Level 2
<b>CA</b>	Canadian Army	<b>LAB</b>	Living Accommodation Board
<b>CAF</b>	Canadian Armed Forces	<b>LAWG</b>	Living Accommodation Working Group
<b>CANSOFCOM</b>	Canadian Special Operations Forces Command	<b>MILPERSCOM</b>	Military Personnel Command
<b>CEO</b>	Chief Executive Officer	<b>OAG</b>	Office of the Auditor General
<b>CETO</b>	Construction Engineering and Technical Order	<b>OCI</b>	Office of Collateral Interest
<b>CFB</b>	Canadian Forces Base	<b>OPI</b>	Office of Primary Interest
<b>CFHA</b>	Canadian Forces Housing Agency	<b>PLD</b>	Post-Living Differential
<b>CFMWS</b>	Canadian Forces Morale and Welfare Services	<b>PSP</b>	Personnel Support Program
<b>CJOC</b>	Canadian Joint Operations Command	<b>QR&amp;O</b>	Queen's Regulations and Orders
<b>CMHC</b>	Canada Mortgage and Housing Corporation	<b>RCAF</b>	Royal Canadian Air Force
<b>CMP</b>	Chief of Military Personnel	<b>RCN</b>	Royal Canadian Navy
<b>CSA</b>	Canadian Standards Association	<b>RHS</b>	Residential Housing Site
<b>DAOD</b>	Defence Administrative Orders and Directives	<b>RHU</b>	Residential Housing Unit
<b>DHA</b>	Defence Housing Australia	<b>ROD</b>	Record of Decision
<b>DM</b>	Deputy Minister	<b>RP Ops Gp</b>	Real Property Operations Group
<b>DND</b>	Department of National Defence	<b>SOA</b>	Special Operating Agency
<b>DOD</b>	Department of Defence	<b>SSE</b>	<i>Strong, Secure, Engaged</i>
<b>FIIP</b>	Federal Infrastructure Investment Program	<b>TB</b>	Treasury Board
<b>FY</b>	Fiscal Year	<b>TBS</b>	Treasury Board of Canada Secretariat
<b>HAMIS</b>	Housing Agency Management Information System	<b>VCDS</b>	Vice Chief of the Defence Staff
<b>HR</b>	Human Resources		

# EXECUTIVE SUMMARY

This report presents the results of the evaluation of Military Housing, conducted during Fiscal Year (FY) 2020/21 by Assistant Deputy Minister (Review Services) (ADM(RS)) in compliance with the Treasury Board [Policy on Results](#). The evaluation examines the relevance, effectiveness and efficiency of the Military Housing Program over a 5-year period, FY 2015/16 to FY 2019/20.

## Military Housing Program Description

The Military Housing Program enables operational readiness by ensuring suitable residential rental housing is available to Canadian Armed Forces (CAF) members when and where duty demands. Residential housing units (RHU) are available on or near bases, wings and detachments in 27 locations across Canada. As the delivery agent of the program, the Canadian Forces Housing Agency (CFHA) manages RHUs and provides accommodation services.

## Evaluation Scope

The scope was determined in consultation with the program and focuses on the extent to which the program is achieving its intermediate outcome; that the residential housing portfolio meets National Defence and CAF requirements, addresses gaps in private sector markets, and responds to the evolving needs of occupants (CAF members and their families).

## Summary of Findings



### Relevance

There is a clear and ongoing need for the program to provide housing to CAF members and their families as part of relocations required by the CAF. The program continues to be relevant as it has demonstrated its support and contribution to government and departmental roles and responsibilities as well as plans, priorities and expected results.

### Effectiveness

Overall, the program is delivering on its mandate to manage housing for CAF members and their families, with up to 20% of members living in military housing. However, newly defined operational requirements, in response to a 2015 Office of the Auditor General (OAG) recommendation, have led to increased housing requirements beyond the capacity of the current portfolio. While most occupants are satisfied with military housing, sizes and types of accommodations are not fully keeping pace with changing demographics, and the current housing portfolio is limited in its ability to provide suitable housing options to meet the needs of some CAF members and their families. Program effectiveness is challenged by the delay in the completion of a policy review, and shelter charges are not keeping pace with market rates, which has created perceived inequities relating to housing costs for members. While work is underway to address policy compliance, the full policy review is not expected to be completed until 2024.

### Efficiency

The Military Housing Program has been experiencing a misalignment between its program scope and funding profile as well as the inability to rely on stable and committed annual capital funding. These issues have impacted the program's efficiency in the planning of new construction and recapitalization, leading to executed projects being, at times, more opportunistic than strategic. Moreover, a lack of clarity around CFHA's Special Operating Agency (SOA) status has contributed to the program not being able to take full advantage of its flexibilities and authorities. Other roles and responsibilities relating to the program also remain unclear, including potential areas of overlap in the provision of military housing through Personnel Support Programs (PSP) in Ottawa and by bases and wings, where there may be opportunities for increased coordination.

### Performance Measurement

There is an opportunity to improve data collection and performance measurement to ensure the program is fully realizing its objectives.

See [Annex A](#) for a complete list of findings and recommendations.

## Overall Conclusions

The completion of the policy review will be essential to provide clarity in the authorities, roles and responsibilities of program stakeholders as well as support planning to ensure CFHA's portfolio and operations meet housing requirements. The lack of clarity and understanding around CFHA's authorities provided by its SOA status affects CFHA's ability to efficiently deliver on its mandate. Furthermore, the program will be challenged to meet its program objectives should its scope and funding profile continue to be misaligned. However, progress has been made in the anticipated approval of baseline funding over a 10-year period starting in FY 2021/22, which will enable CFHA to optimize resources to achieve maximum impact.

# PROGRAM PROFILE – DESCRIPTION

## Military Housing Program

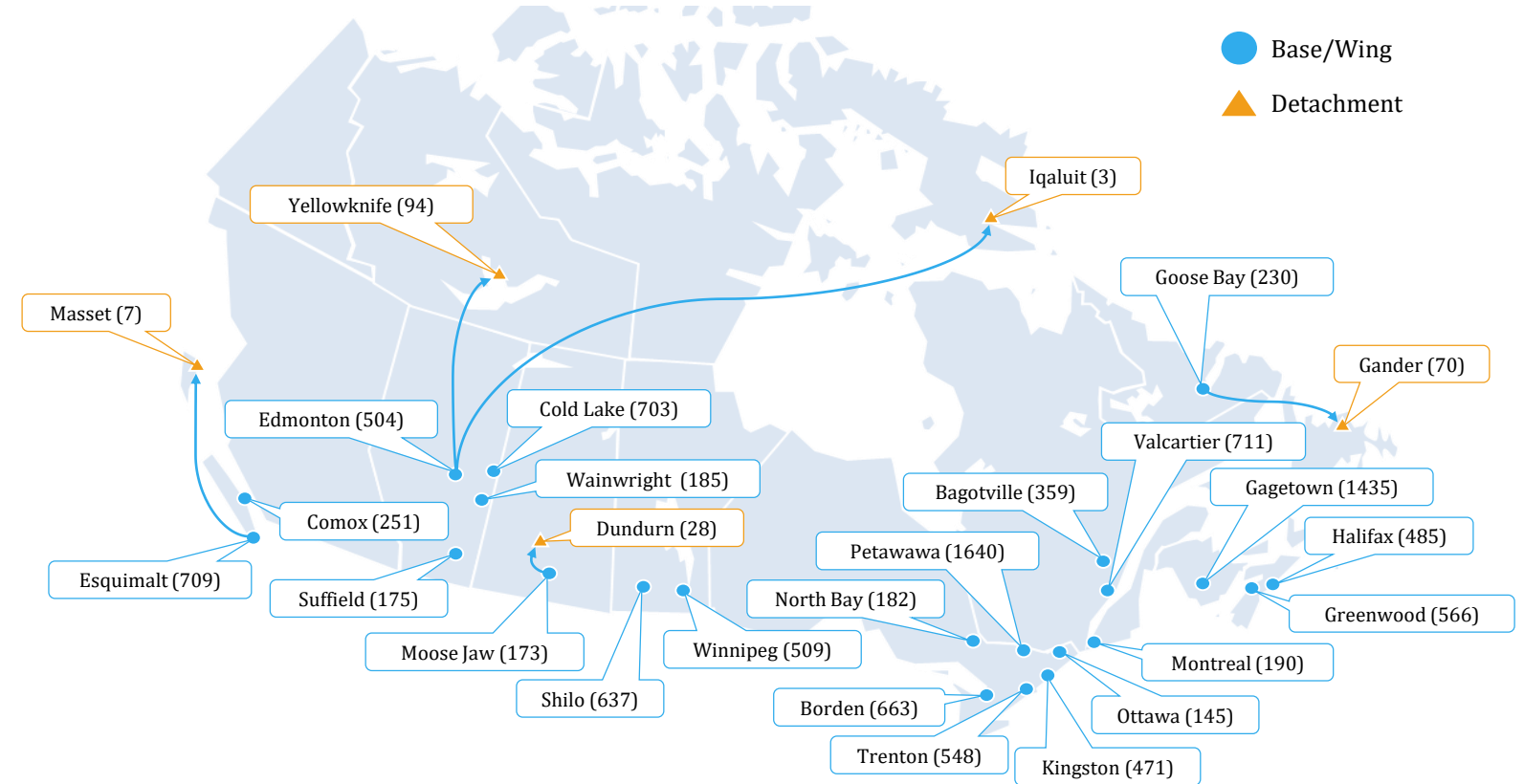
The Military Housing Program aims to enable CAF operational readiness by providing housing solutions and services for CAF members and their families. It contributes to two initiatives under [Canada's defence policy: Strong, Secure, Engaged \(SSE\)](#):

- Initiative 104B: Improve Housing for CAF Personnel
- Initiative 24: Develop a Comprehensive Military Family Plan to stabilize family life for CAF members and their families who frequently have to relocate.

The Military Housing Program manages housing assets and provides accommodation services in support of CAF requirements and CAF members' needs (Program Inventory 6.4). While the program is listed as the Military Family Housing Program under the Program Inventory, program stakeholders have moved away from the use of the term "family" to be inclusive of singles and couples without dependents. Therefore, the evaluation will refer to the program as the Military Housing Program in this report.

The ultimate outcome of the Military Housing Program is that "suitable residential rental housing is available to CAF members when and where duty demands" (see [Annex E – Logic Model](#) for more information on activities, outcomes and indicators).

The Military Housing Program delivers residential housing across 27 locations nationally, consisting of approximately 11,673 RHUs and serving up to 20% of CAF members in FY 2019/20.

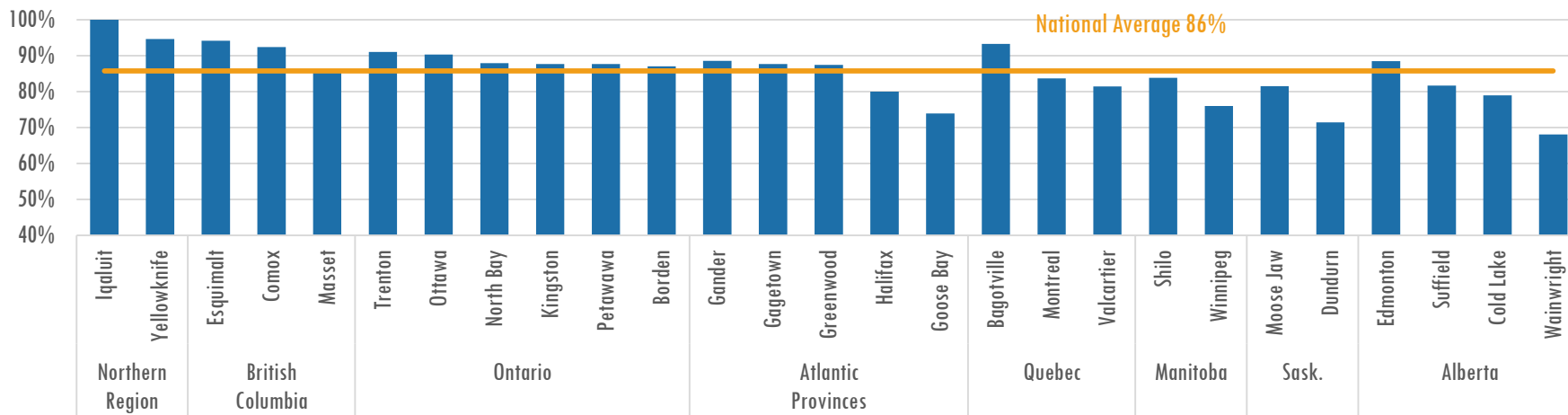


Construction of the military housing portfolio began in the 1940s and was initially managed by bases and wings. Management of the portfolio was centralized in 1996 with the establishment of the CFHA.



# PROGRAM PROFILE – DESCRIPTION

National average occupancy rate near capacity in 2020; however, regional differences remain



## Occupancy rates of military housing

At the national level, occupancy rates have been fairly stable, hovering around 86% since 2017. Occupancy rates are highest in the northern locations, British Columbia and Ontario, with the prairie provinces experiencing relatively lower rates of occupancy. CFHA also noted that approximately 10-15% of the military housing portfolio is unavailable at any given time due to the implementation of life cycle and capital projects.

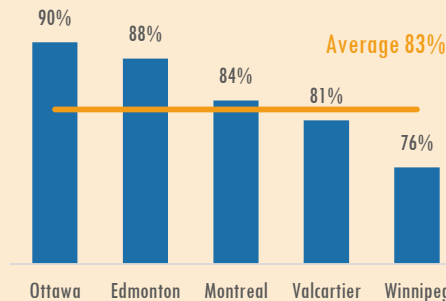


### Military housing in Canada's largest cities

Five of the 27 military housing locations are within or near some of Canada's largest cities including **Ottawa, Montreal, Valcartier near Quebec City, Edmonton and Winnipeg**. Overall, the total number of RHUs in these locations represented 18% of the housing portfolio. In October 2020, the average occupancy rate for military housing in or near these cities was 83%, which was below the average occupancy rate of other urban or rural locations (88%) and above that of isolated posts (80%). Occupancy rates within these five locations varied and reflected its regional trend.

A 2020 third-party market analysis report indicated that the Ottawa-Gatineau area is moving towards a constrained housing market given its low vacancy rates and tighter homeownership market. However, rental prices in this area remained affordable. Other market analysis conducted by CFHA in 2017 indicated the other four locations in Canada's largest cities were considered unconstrained housing markets.

Military housing occupancy rates in Canada's largest cities ranged from 90% in Ottawa to 76% in Winnipeg



### Military housing no longer available in Toronto and Vancouver

In 2012, as part of a Memorandum of Understanding, Department of National Defence (DND) committed to exiting and transferring military housing and lands in Toronto to Parc Downsview Park. The exit strategy noted that "[t]his will test the private market's ability to suitably supply housing for all CF members posted to Toronto."

Military housing in Vancouver was identified as surplus to requirements in the budget deficit reduction program leading to a strategic disposal and complete exit by 2017. Documentation indicated the expectation of future CAF members to rely on the private residential market for suitable housing.

# PROGRAM PROFILE – STAKEHOLDERS

## Assistant Deputy Minister (Infrastructure and Environment) (ADM(IE))

As the custodian and functional authority for all DND real property, ADM(IE) is responsible for overseeing and reporting on CFHA's performance to the Deputy Minister (DM) on custodial elements and for ensuring that real property activities adhere to departmental infrastructure policies .

## Canadian Forces Housing Agency (CFHA)

As an SOA and a Level 2 (L2) within ADM(IE), CFHA is the managing authority for the residential military housing portfolio, including asset management and delivery of housing services, and is the delivery agent of the Military Housing Program. CFHA ensures RHUs are maintained to a suitable standard, and develops and implements plans to meet the future housing needs of the CAF. CFHA residential housing sites (RHS) are located in three regions (Pacific-Western, Central and Quebec-Eastern) with each region providing oversight, RHU management and customer service. The Chief Executive Officer (CEO) of CFHA is responsible to ADM(IE) for the maintenance of the military housing portfolio and is responsible to the DM for the service delivery aspects of military housing.

## Real Property Operations Group (RP Ops Gp)

RP Ops Gp is responsible to ADM(IE) for the stewardship and life-cycle operation and maintenance of the Real Property portfolio, excluding residential housing, as well as the delivery of Real Property services and support at all installations. RP Ops Detachment/Section is responsible for providing municipal infrastructure services in areas external to the residential housing parcels but within the RHSs.

## Military Personnel Command (MILPERSCOM)

As the Departmental Living Accommodation Authority, MILPERSCOM develops, approves, implements and reviews National Defence's military housing policy and standards. MILPERSCOM is also responsible for defining operational requirements and providing advice on military housing needs.

## Additional program stakeholders

Canadian Army (CA), Royal Canadian Navy (RCN), Royal Canadian Air Force (RCAF), Canadian Joint Operations Command (CJOC), Canadian Special Operations Forces Command (CANSOFCOM), and Vice Chief of the Defence Staff (VCDS) contribute to defining operational requirements and provide advice on military housing needs.

# PROGRAM PROFILE – FINANCIAL RESOURCES

## Program funding

The Military Housing Program is mainly funded through the following streams:

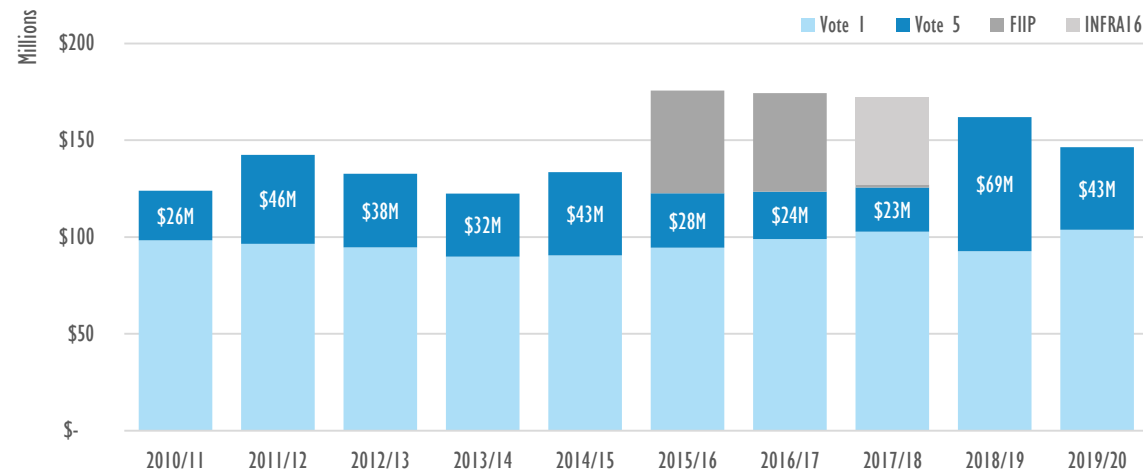
- Vote 1 funding (revenue from shelter charges) is used for operating costs, lifecycle maintenance and repair.
- Vote 5 funding (capital) is used for construction and recapitalization.

While definition changes to the Capital Expenditures Vote took effect in April 2020, these changes have not impacted how CFHA allocates and uses funds in the delivery of the housing program.

## Federal infrastructure funding

Vote 5 allocations in FY 2015/16 to FY 2017/18 were supplemented by the Federal Infrastructure Investment Program (FIIP) and INFRA2016 stimulus program. The FIIP and the INFRA2016 provided \$150.7 million in vote 5 funds to the Military Housing Program over the 3-year period and contributed to improvements in overall condition of the housing portfolio. With the sunset of the FIIP and INFRA2016, vote 5 funding in FY 2019/20 returned to previous levels.

The FIIP and INFRA2016 boosted capital funding to the Military Housing Program in FY 2015/16 to FY 2017/18



The program efficiently spent against allocated budget with less than 2% of total funds lapsing over the previous 5 years.

	2015/16			2016/17			2017/18			2018/19			2019/20		
	Budget Allocation	Final Expenditures	Percentage Unspent	Budget Allocation	Final Expenditures	Percentage Unspent	Budget Allocation	Final Expenditures	Percentage Unspent	Budget Allocation	Final Expenditures	Percentage Unspent	Budget Allocation	Final Expenditures	Percentage Unspent
<b>Vote 1</b>	\$94.4M	\$93.7M	0.8%	\$99.0M	\$97.7M	1.3%	\$102.7M	\$101.4M	1.3%	\$92.7M	\$90.4M	2.5%	\$103.7M	\$103.6M	0.1%
<b>Vote 5</b>	\$28.1M	\$26.8M	4.7%	\$24.5M	\$24.2M	1.2%	\$22.9M	\$17.7M	22.4%	\$69.2M	\$69.2M	0.0%	\$42.7M	\$42.6M	0.3%
<b>FIIP</b>	\$53.2M	\$53.3M	-0.3%	\$50.9M	\$50.0M	1.7%	\$1.5M	\$1.4M	4.4%	-	-	-	-	-	-
<b>INFRA16</b>	-	-	-	-	-	-	\$45.1M	\$49.8M	-10.3%	-	-	-	-	-	-
<b>Total</b>	<b>\$175.7M</b>	<b>\$173.8M</b>	<b>1.1%</b>	<b>\$174.4M</b>	<b>\$171.9M</b>	<b>1.4%</b>	<b>\$172.2M</b>	<b>\$170.3M</b>	<b>1.1%</b>	<b>\$161.9M</b>	<b>\$159.7M</b>	<b>1.4%</b>	<b>\$146.4M</b>	<b>\$146.2M</b>	<b>0.2%</b>

Source: HAMIS Financials Database, February 2021



## FINDING 1: The Military Housing Program aligns with government and departmental roles and responsibilities, plans, priorities, expected results, and demonstrates an ongoing need.

**¼ of Reg Force are required to relocate each year due to a posting**  
(State of Military Families in Canada, CFMWS, August 2018)

### Ongoing need for military housing

The unique circumstances of military life and continued expectation on CAF members and their families to readily change their place of residence to meet the demands of the CAF drive the need for military housing. The extent to which CAF members can find suitable housing impacts their postings and CAF operational readiness. According to a [2018 Canadian Forces Morale and Welfare Services \(CFMWS\) study](#), finding a new home is ranked as the most important task of relocation and requires significant time and effort by CAF families. However, interviewees indicated that CAF members are likely facing challenges in finding suitable housing in private residential housing markets, such as competition with other renters in larger cities and rental supply issues in other urban and rural areas. Some cities are experiencing high home ownership prices, leading to increased demand for rentals. Market challenges combined with the short duration for house hunting trips as noted by interviewees, make it difficult for posted members to find suitable housing. In addition, many interviewees mentioned that members and their families may lack support networks when moving to a new location. For these families, military housing provides a sense of community and belonging which contributes to morale and cohesion within the CAF.

### Alignment with government and departmental roles and responsibilities

The delivery of the Military Housing Program is aligned with [Defence Administrative Orders and Directives \(DAOD\) 5024-0, DND Living Accommodation](#), 2007, which provides policy conditions for the provision of living accommodation when the work location is isolated, the private sector does not provide sufficient suitable living accommodation, or when there is an operational requirement.

The program's role to provide housing is established in the [National Defence Act](#) which attributes responsibility for defence infrastructure to the Minister of National Defence. The program is also consistent with the intent of the [Isolated Posts and Government Housing Directive](#), 2017, which, while it does not apply to CAF members, reinforces the role of Departments to provide suitable living accommodations to employees posted to isolated locations.

### Alignment with government and departmental plans, priorities and expected results

The Military Housing Program contributes to two initiatives in [SSE](#): supporting CAF members and their families who frequently have to relocate, and improving housing for CAF personnel. The program is also aligned with the [National Housing Strategy](#) which aims to improve housing outcomes for the people of Canada, and with recent Budget and Speech from the Throne announcements to invest in infrastructure, with a strong emphasis on increasing access to the housing market for Canadian families.

The Military Housing Program contributes to departmental results related to Core Responsibility 6: Sustainable Bases, IT Systems and Infrastructure.



Source: Adapted from CFHA Business Plan 2018-19



## FINDING 2: Certain aspects of program policy instruments are not harmonized with Treasury Board and departmental policies.

### Regulations and policies are dated

The [Queen's Regulations and Orders \(QR&O\): Vol. 1:28 "Allotment and Occupation of Quarters"](#) and [Vol. 4: Appendix 4.1](#), which regulate the shelter charges for military housing, have been in effect, unchanged, since 2001. And while [DAOD 5024-0](#) is to be reviewed every three years and not more than five years from its date of issue to "ensure the continued relevance of DND living accommodation policy," it has not been updated since 2007.

### Some policy aspects are not harmonized

Multiple areas of inconsistency in policy have been noted and are being considered by the Living Accommodation Policy Review. For instance, certain aspects of the Living Accommodation Instruction and QR&O are not consistent with the *Living Accommodation Policy* statement that DND and the CAF are committed to "ensuring affordability through compensation." Both the QR&O on Charges for Family Housing and the Living Accommodation Instruction allow for the reduction of shelter charges under certain circumstances, including to a maximum of 25% of a family's gross annual income. Shelter charge reductions are also not consistent with the Treasury Board (TB) [Policy on Management of Real Property](#) direction to "respect the market value principle."



### Living Accommodation Policy Review

- Led by MILPERSCOM
- Includes revisions to DAOD 5024-0 DND Living Accommodation Policy and Instruction, QR&O and other relevant policy instruments
- Responds to a recommendation of *2015 OAG Report 5 – CAF Housing* to produce a revised accommodation policy after defining operational requirements for military housing
- Completion delayed, in part, due to complexity of reviewing and updating QR&O, yet underway and expected to be completed by Spring 2024
- DND to ensure alignment and coordinated implementation of policy suite and incorporate Gender-based Analysis Plus
- Revised policy suite will inform long-term accommodation plan, to be provided in year after implementation

**"Housing should not provide an entitlement or benefit to members, and all members should have equitable access to suitable housing."**

2015 OAG Report on CAF Housing

### Allocation policies are not consistent with modern day practice

Some aspects of policy are not consistent with the intent to provide equitable allocation of housing. In the past, single members were discouraged from applying to military housing and expected to reside in base and wing accommodations. While this is no longer the case with the implementation of First Come, First Serve, this change has not been adequately reinforced in policy. For example, *QR&O: Vol. 1:28.06* includes clauses that reserve accommodations for married or common-law couples and/or those with dependents. While CFHA does not allocate in accordance with this aspect of the policy, it could create a misperception of inequitable practices that violate TB policy to provide "barrier-free access and use of federal real property and services that ensures inclusiveness and non-discrimination" and commitments to further Gender-based Analysis Plus in policy.



This finding is consistent with the 2015 [OAG Report 5 – Canadian Armed Forces Housing](#) finding related to the military housing policy, which is currently being addressed through an ongoing review by MILPERSCOM.

## FINDING 3: A majority of CAF occupants are satisfied with military housing, although satisfaction is mainly dependent on the home's condition. However, some data gaps and areas for improvement remain.

### CAF occupant satisfaction

The condition of the home is one of the most important criteria for satisfaction among a majority of CAF occupants and their families. According to a 2013 National Defence Ombudsman report, housing quality issues such as age, condition and design have been major stressors among occupants. A 2020 satisfaction survey found that 85% of CAF occupants are satisfied with their homes. Level of satisfaction is found to be highly linked to the condition and size of the property, with poor condition and homes in need of repairs or renovations leading to lower levels of occupant satisfaction.



Typical Single Detached Unit  
Source: CFHA

In FY 2019/20, according to data on the program's key performance indicator, there were 1,869 RHUs that were below average condition, representing 16% of all RHUs, which closely corresponds with the proportion of CAF occupants with lower satisfaction levels. Focus group participants observed the relationship between satisfaction and condition of homes, with one participant commenting, *"I find if they get the new renovated house, they are happy. If they get the older houses, they aren't happy."*

### Other areas of dissatisfaction

Many focus group participants indicated that occupants want more space and bigger homes. Given that most RHUs were built in the 1940s to 1960s, the sizes of the rooms are considered inadequate by some CAF members, and has been cited as a key reason for CAF members opting out of military housing. Small homes, combined with lack of storage in many RHUs, including garages and sheds, is often problematic for military members who are required to store large size kits. Other sources of dissatisfaction for members include lack of attached parking spots and fences at some RHUs.

Some interviewees indicated that priorities for occupants and CFHA are not always aligned, with CFHA prioritizing projects that improve the safety of the home and its condition assessment rating over projects that improve quality of life.

### Occupant satisfaction with military housing increased to its highest level in 2020



Source: The Canadian Armed Forces Occupant Survey 2020 Final Report, Environics Research Group, March 2020  
\* Satisfaction rates are based on phone interview responses, which can be compared across all years.

### CAF non-occupants' perceptions unknown

The occupant satisfaction survey exclusively collects information on CAF members and their families who resided in military housing at the time of the survey. The exclusion of previous CAF occupants would likely impact the reliability of the survey results as occupants who are satisfied would be more likely to remain in military housing than occupants who are not satisfied.

Additionally, there is a lack of research and data available on CAF members who had never lived in military housing, including their reasons why and whether they experienced, or have perceptions of, issues or barriers in obtaining military housing.



## FINDING 4: Mismatch between certain housing types and changing demographics, as well as perceived restrictions of some policies, have prevented CAF members from securing military housing.

### Housing types and CAF demographic changes

The housing portfolio consists mostly of three and four bedroom single and semi-detached homes with minimal supply of one and two bedroom units. Since RHUs are allocated by household size (e.g., a family of two only qualifying for a 1 or 2 bedroom unit), this has created some issues for families of one and two members to obtain military housing.

This issue has been further exacerbated by recent demographic shifts within the CAF, with data from the [2017 Regular Force Demographics Report](#) indicating many members are young, single and without children. In addition, internal documents indicated that 92% of new entrants require 1 or 2 bedroom RHUs. With the current housing type distribution in the portfolio, CFHA is challenged to meet the accommodation needs of new entrants and, therefore, CAF operational requirements. Yet despite this mismatch, overall housing occupancy has hovered around 86% since 2017, suggesting demand remains from larger CAF families ([see occupancy data](#)).

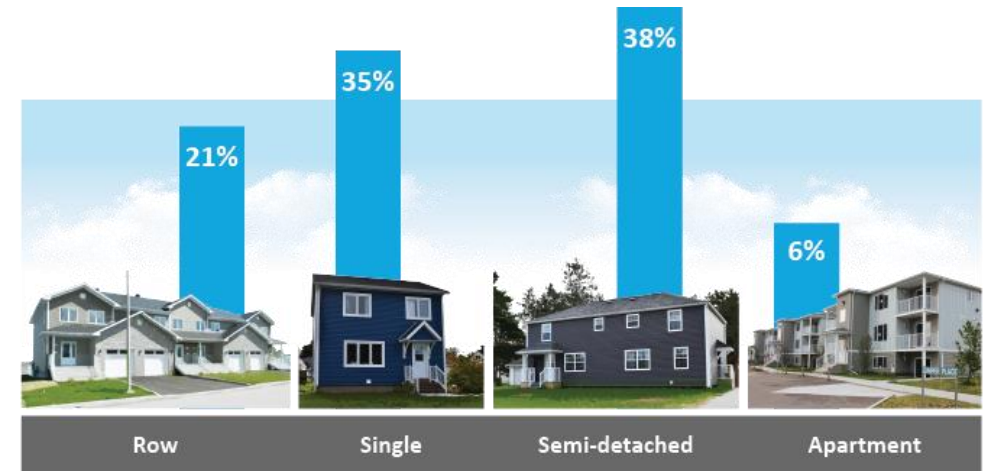
CFHA has acknowledged this demographic challenge and has started constructing smaller RHUs such as the new apartments in Borden.

New Borden Apartments  
Source: CFHA



### Minimal barrier-free housing

The housing portfolio has limited barrier-free housing that, while compliant with DND construction Engineering and Technical Order (CETO) and the Canadian Standards Association (CSA), is not available in all locations, resulting in some families having to find accessible housing in the private residential market. However, focus group participants noted that CFHA makes efforts to accommodate special needs and accessibility requirements (e.g., installing a wheelchair ramp) where possible. However, these adapted RHUs are not to CETO and CSA standards as solutions are implemented based on individual needs and circumstances.



Source: CFHA 2019-20 Annual Report

### Unintended impacts of allocation policies

Allocation policies have led to potentially higher numbers of CAF members on Imposed Restriction (IR) due to CAF members on priority 1 waitlists (i.e., being posted in) being allocated an RHU before CAF members on priority 2 waitlists (i.e., applying within local area). In locations where demand exceeds supply, CAF members on priority 2 waitlists have little chance of securing military housing. However, the extent of unmet demand is not fully known due to the lack of reliability in waitlist data sources. Focus groups indicated that waitlists are inconsistently updated across locations and may not reflect true demand. Still, some CAF members have chosen to go on IR in order to maintain their priority 1 status, resulting in higher relocation costs for the CAF.

Allocations are made based on the documented family size in the posting message, but these do not necessarily reflect CAF members' current living situations (e.g., multi-generational or blended families). Focus group participants indicated that this may lead some families to opt out of military housing in order to find more suitable housing in the private residential market.

First Come, First Serve allocation provides equal but not necessarily equitable access for CAF members who may have a greater need for military housing such as new entrants and junior officers. This approach also does not ensure CAF operational requirements are met.



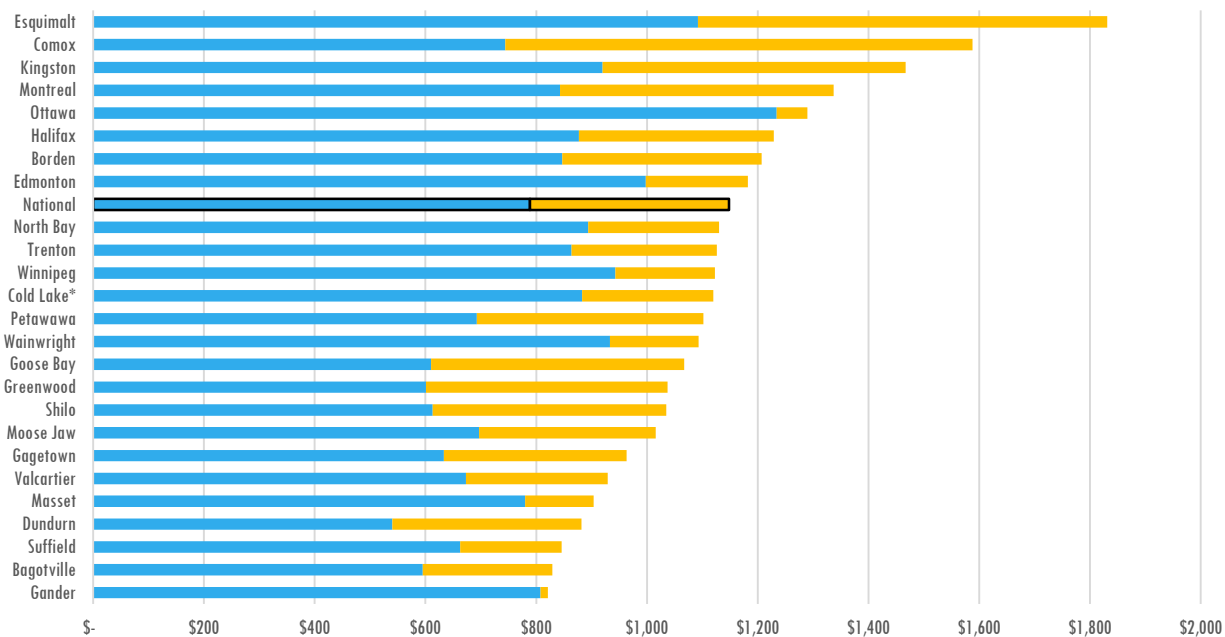
## FINDING 5: Shelter charges have generally not kept pace with market rates over time, which has contributed to an increased demand for military housing and created inequities between CAF occupants and non-occupants.

### Military housing base shelter values

Program data indicate that the national average military housing base shelter value (BSV) was more than \$350 below the average market rental rate. Average differences ranged from \$13 to \$844, with Esquimalt, Comox and Kingston having the highest average market rental rate as well as the largest difference between the average military housing BSV and the market rate. The military housing locations in Canada’s largest cities (e.g., Ottawa, Montreal, Valcartier, Edmonton and Winnipeg) had, on average, higher BSVs and market rental rates than the average of other urban and rural locations.

In 2019, average military housing BSVs were below average market rental rates across all military housing locations, even after taking condition, size and type of housing into account

■ Average Military Housing BSV ■ Average Market Rental Rate



Data source: Canadian Forces Housing Agency, September 2019

\* Shelter charges at Cold Lake reflect an additional 10% reduction in its BSV

### Unintended impacts from lower base shelter values

Lower shelter charges have unintendedly contributed to higher demand for military housing. Two thirds of respondents in the 2020 occupant satisfaction survey indicated that they chose military housing due to lower rents. Furthermore, after accounting for RHUs taken offline for lifecycle projects, focus group participants observed that many locations are operating at near capacity and attributed this to higher demand from lower shelter charges. Sixty percent of RHSs in 2020 were operating at capacity above the national average of 86% (see occupancy data). This is particularly true in some of the more expensive markets such as Esquimalt and Comox, where priority 1 waitlists are never exhausted.

While some interviewees noted that the program does have a mandate to provide affordable housing to CAF members, it is important to distinguish affordable housing from subsidized housing. Affordable housing options would still be aligned with market rental rates of similar condition, size and type of housing. For example, 1 bedroom RHUs at market rates would be considered more affordable for single CAF members than larger 3 bedroom RHUs.

Lower shelter charges have created inequities between CAF occupants and non-occupants. Many interviewees and focus group participants have the perception that military housing occupants receive a financial benefit compared with non-occupants who pay a higher market rate. This is not in compliance with the DAOD 5024-0 Living Accommodation policy requirement that military housing does not provide an entitlement or benefit to CAF members.



## FINDING 5 (CONTINUED)

### BSV issue acknowledged but progress is slow

While CFHA is committed to aligning BSVs with market rates, progress has been slow due to diverging views from key stakeholders. While there is general agreement that shelter charges need to be aligned with market rates as per Treasury Board of Canada Secretariat (TBS) requirements, there is disagreement among key stakeholders as to the appropriate timing and method to align the BSV with market rates.

In general, key stakeholders' resistance stems from their commitment to supporting military families and concern that alignment of BSV with market rates would negatively impact the financial well-being of CAF members and their families. Some interviewees and focus group participants have the view that shelter charges should compensate for the inadequacies of the post-living differential (PLD). While these concerns are valid, they are beyond the mandate of the Military Housing Program to address.



Source: CFHA 2015-16 Annual Report

**“There continues to be limited general understanding and acceptance in DND/CF of TB Policy and Departmental orders and regulations (QR&Os and DAODs) related to rent setting and the rent appraisal process. Additionally, there is a lack of understanding of the inter-relationship between PLD, pay raises and rent adjustments.”**

CFHA's 2015-16 to 2018-19 Business Plan



#### Absence of market appraisals

Historically, the Canada Mortgage and Housing Corporation (CMHC) provided annual market appraisals to CFHA to appropriately adjust military housing BSVs to align with market rates. In 2013, CMHC announced it would no longer provide appraisal services to residential Crown housing which impacted DND and other government departments. As an interim solution, CFHA proposed to use the Consumer Price Index to base adjustments. However, CFHA acknowledged that this is not an optimal mechanism over the long term as it does not accurately reflect the changes in regional housing markets.



#### PLD issues impacting the Military Housing Program

The PLD was designed for the purpose of equalizing cost of living across posting locations in Canada; however, rates have been frozen since 2009. Despite being an important tool to compensate members posted to higher cost of living areas, there is a consensus amongst interviewees that the inability of the PLD to keep pace with market fluctuations is limiting its support to housing affordability. This has put pressure on the Military Housing Program to address affordability issues by keeping shelter charges below market rates.



**R<sup>1</sup> Develop and communicate a plan for annually adjusting shelter charges to market levels to align with program and government policies.**



## FINDING 6: CFHA has effectively rationalized its housing portfolio; however, there is currently a housing shortfall due to newly defined Departmental Housing Requirements needing an increased number of RHUs.

### CFHA undertook substantial rationalization of portfolio

According to a [1998 report to the House of Commons](#), when CFHA assumed responsibility for the operations and maintenance of the military housing portfolio in 1996, it inherited an aging portfolio with many of its 20,000 RHUs in poor condition due to “years of neglect.” Since then, CFHA has considerably reduced its portfolio through strategic disposal, transfer, sale and demolition to adhere to the TBS [Policy on Management of Real Property](#) which requires departments to dispose of real property surplus to program requirements. Between 1996 and 2013, CFHA disposed of 8,458 RHUs bringing the housing portfolio to 12,248 RHUs. Some disposals were due to changes in occupancy demand and demographics, while many were beyond economic repair.

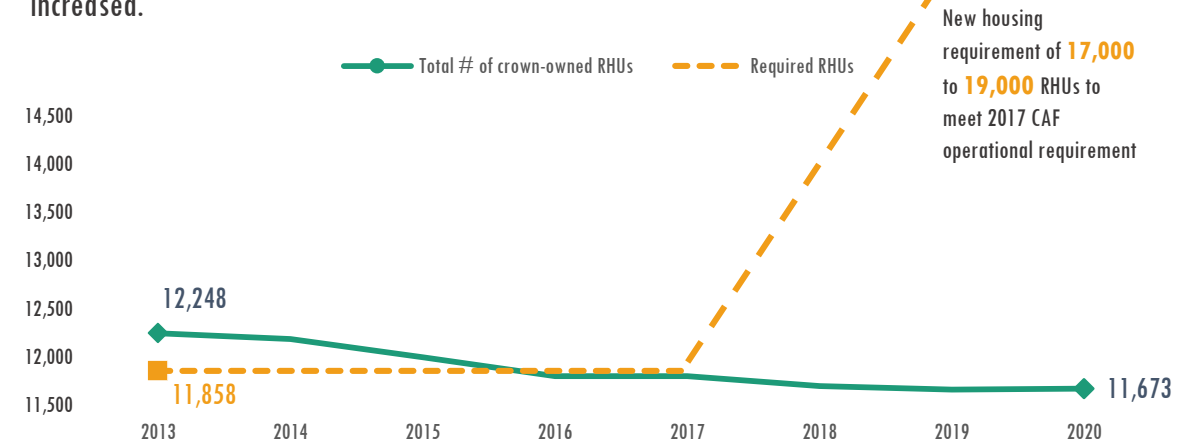
### CFHA no longer on track to meet housing requirement

Between 2013 and 2017, the rate of disposals slowed as the housing portfolio approached the housing requirement of 11,858, defined by the Defence Strategic Executives in 2012. However, even while the total number of RHUs neared the established housing requirements, the number and types of RHUs did not match needs at all residential housing sites.

Housing requirements increased due to the establishment of CAF operational requirements by MILPERSCOM and approval by CDS in 2017, driven by the OAG’s recommendation for DND to clearly define its CAF operational requirements to inform the number of RHUs needed and thereby comply with its [Living Accommodation Policy](#).

Conditions for provision of military housing	
CAF operational requirements approved by CDS in 2017	Existing policy framework conditions
<ul style="list-style-type: none"> <li>▪ New entrants</li> <li>▪ Training (&gt;12 months)</li> <li>▪ Unique military lifestyle</li> </ul>	<ul style="list-style-type: none"> <li>▪ Market capacity</li> <li>▪ Isolated posts</li> <li>▪ Designated residences</li> <li>▪ Foreign military agreements</li> </ul>

The number of RHUs in the portfolio has gradually decreased since 2013, while the number of RHUs required to meet Departmental Housing Requirements has increased.



To meet operational and housing requirements, CFHA subsequently identified a need for between 5,200 and 7,200 additional units, resulting in a total expanded portfolio of 17,000 to 19,000 RHUs. The gap between current housing supply and newly established need has resulted in a significant shortfall, with CFHA no longer on track to fulfill the CAF’s housing requirements. CFHA’s proposed Investment Plan consists of constructing 1,300, or about one quarter, of the additional required units over a ten-year period. The remainder will be addressed through alternative delivery options with the private sector in the long-term accommodation plan to be completed in 2025, following the completion of the policy review.

## FINDING 7: The Military Housing Program is challenged to meet its objectives due to an ongoing misalignment between its scope and funding profile.

### Misalignment between program scope and capital funding

To meet the program scope as defined by the housing and CAF operational requirements, CFHA developed an Investment Plan that identified \$45 million per year in capital funds required to maintain the condition of the current housing portfolio and an additional \$55 million per year for the construction of 1,300 RHUs towards meeting CAF operational requirements.

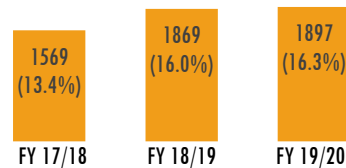
Capital funding for the program comes from ADM(IE), which must take its overall infrastructure portfolio into consideration. Given limited resources, ADM(IE) had committed \$35 million per year over the next three years starting in FY 2020/21, leaving the program with a \$65 million per year funding gap. Recent discussions at the Program Management Board acknowledged that the portfolio cannot be maintained at its current level of funding and will result in degradation over time. Since then, DND has committed \$40 million per year in capital funding for 10 years, starting in FY 2021/22, as approved by the DM as chair of the Investment and Resource Management Committee. However, it is unknown the extent to which this replaces funding from ADM(IE).

### Impact of funding on housing condition

Given the age of the housing portfolio, its condition has historically declined during periods without substantial capital investments. Recent capital funding injections from federal infrastructure programs contributed \$150.7 million between FY 2015/16 and FY 2017/18 to improve the condition of the housing portfolio (see section on [Financial Resources](#)).

By FY 2019/20, capital funding had returned to its previous levels, and the condition of the portfolio had declined, with the number and percentage of RHUs rated below average increasing in recent years. In addition, the average conditional assessment rating of the housing portfolio has fallen from 3.3 in FY 2016/17 to 3.1 in FY 2019/20. However, it remains within the average range of 3.00 to 3.49 which is considered acceptable. RHUs are assigned ratings ranging from 1.00 (below average) to 5.00 (new).

RHUs rated below average have been **increasing** in recent years, reaching 1,897 units and 16.3% of the portfolio in FY 2019/20.



**“The scope is too big, we either have to shrink our focus or fund it properly, otherwise we are facing an inevitable decline, and we are experiencing it now – it’s just a matter of time.”**

Key informant interviewee



#### Funding calculation

The \$45 million requirement in capital funding is calculated based on 2% of Real Property Replacement Cost. While 2% is the minimum recommended investment, according to TBS, 4% is suggested to maintain real property in good condition.



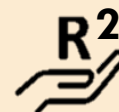
#### Shelter charge revenue restrictions

While CFHA receives revenue from shelter charges, totalling \$103.7 million in FY 2019/20 (see [funding table](#)), this revenue is considered vote 1 funding and is restricted to basic maintenance and repairs on existing housing and does not allow for large-scale renovations and recapitalization that could be needed for older homes. Given the age of the housing stock in the portfolio, CFHA indicated that more recapitalization from vote 5 funds would be needed to bring the portfolio up to contemporary standards.

### Timing of funds impacting efficiency and results

Efficiency and delivery of expected results is highly dependent on having multi-year committed baseline funding available at the beginning of the fiscal year to ensure appropriate project planning, procurement and delivery. Financial data indicates that from FY 2010/11 to FY 2019/20, CFHA frequently received large amounts of capital funding after Q1, sometimes as a result of in-year opportunity to alleviate identified pressures. Interviewees indicated that in-year funds are used as efficiently as possible. However, the funds were not necessarily used for projects with highest priority nor greatest impact due to the restriction to utilize the unexpected funds within the fiscal year and with little time for planning and preparation.

Should approved 10-year baseline funding be confirmed for the program as planned, CFHA would be better positioned to more efficiently allocate resources to achieve maximum impact.



**Review the program scope and the funding profile to ensure alignment.**

## FINDING 8: Alternative delivery options for better efficiency and sustainability have been explored, although the Military Housing Program does not have adequate plans to leverage these options.

### Detailed long-term accommodation plan not yet developed

In [SSE](#), DND committed to explore ways to partner with the private sector to improve housing for CAF personnel. CFHA has since identified their intent to work with the private sector to provide the additional 3,900 to 5,900 required housing units that are outside the building scope of their proposed Investment Plan with detailed plans to come in 2025.

### Some alternative housing delivery options explored

#### Leasing with the private sector



CFHA has had long-term success leasing housing directly from the private sector in Masset, BC to meet its housing requirement at the isolated post. While this is an effective model in small areas, some interviewees cautioned that it is not ideally suited to larger areas where bulk leases are more efficient. However, at present, bulk leases may be subject to additional layers of approval, which interviewees have indicated impacts the timeliness and feasibility of implementing this option.



Interviewees identified several challenges with engaging the private sector to provide housing for CAF members. Some of these challenges include the department's reluctance to commit to long-term lease agreements; private investors' unwillingness to accept lower than market rates; and certain landlords' concerns that CAF members are a less stable demographic to rent to, in terms of frequent turnover.

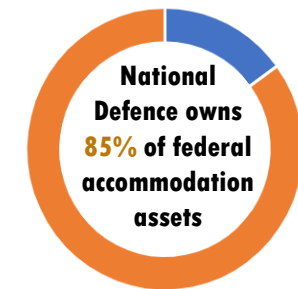


Military housing in Canada has remained primarily government owned and funded in contrast to international models that range from fully privatized to largely leased portfolios that retain Crown property management functions ([see Annex F](#))

#### Cross-department sharing of housing



The 2020 TBS *Minor Asset Classes Report* highlighted the work that CFHA is already doing to offer short-term surplus units to other government departments as opportunity occupants (i.e., third priority) to maximize occupancy and rental revenue, but noted a need for all departments to increasingly “explore opportunities for using housing units of other custodians prior to acquiring new units to respond to increased needs” where demand and supply align. However, these opportunities are limited due to DND's majority share of federal accommodation assets. Notwithstanding, CFHA does have agreements with Public Services and Procurement Canada to secure housing in certain isolated posts (e.g., Iqaluit and Yellowknife) and there may be opportunities to secure additional housing under these agreements.





## FINDING 9: CFHA has demonstrated sound business planning and risk management, while developing its workforce to optimize program delivery.

### Organizational performance

CFHA has been recognized for its dedication to its workforce and its investments in continuous improvement of operations including business practices, procedures and targeted programs to improve customer service and staff well-being. As evidence of its commitment to advancing its organizational performance, CFHA achieved certification through Excellence Canada in the areas of excellence, innovation and wellness, progressing from the gold level in 2016 to the platinum level in 2019. Interviewees commonly expressed that CFHA is a well-managed organization and several focus group participants commended CFHA on its service-driven approach.

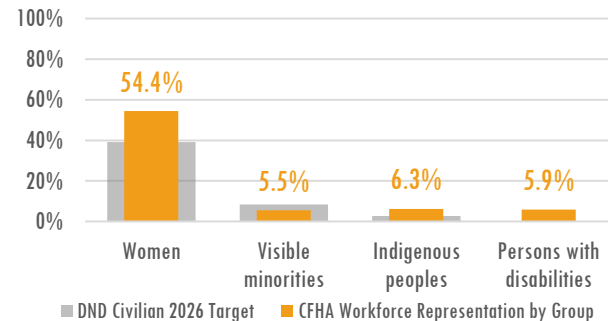
### Business planning

CFHA exercises transparency in its corporate planning and stewardship of resources. Its [annual reports](#) are publically available and include unaudited financial statements that show that the agency consistently directs over 80% of program funds to maintain and improve the portfolio, with 81.3% of program funds allocated to direct costs in FY 2019/20. CFHA maintains strategic risk trackers and publishes risk assessments and mitigation strategies in its annual business plans.

### Workforce development

CFHA has demonstrated its commitment to developing a strong workforce and integrates values of inclusiveness and diversity in its hiring practices. CFHA had 272 full-time employees in FY 2019/20, including indeterminate employees and term employees of more than three months, with varying levels of representation from employment equity groups.

CFHA has exceeded National Defence's employment equity targets in its hiring of women and indigenous peoples with improvements needed in hiring visible minorities.



Source: HR-Civ CFHA EE Dashboard, January 2021; DND Departmental Plan 2020-21, Core responsibilities: planned results and resources, and key risks. Note: Employment equity targets for persons with disabilities had not been identified.



Source: CFHA 2017-18 Annual Report

CFHA also supports departmental Human Resources (HR) priorities, in its hiring of transitioning service members and military spouses. CFHA enables its workforce with “tools, training, and a positive environment to help employees excel in their roles” (2018-19 Annual Report). It has also fostered a healthy and respectful workplace, as evidenced by its results in the [2019 Public Service Employee Survey](#), with employees consistently reporting more positive responses than the departmental average to indicators pertaining to leadership, job satisfaction, organizational performance and workplace wellness.

**“I have support at work to provide a high level of service” (Q15, 2019 Public Service Employee Survey)**

81% of respondents from CFHA agree, compared to 69% of DND employees and 72% of the public service.



**FINDING 10: The governance structure is well designed and effective in providing oversight and guidance to the Military Housing Program, although there are areas for improvement in practice.**

**Effective governance structure in place**

The Living Accommodation Board (LAB) is the advisory body for the Military Housing Program and oversees all DND living accommodation types including residential, training and transient accommodations (with the exception of PSP military housing which falls under Non-Public Property and is governed by a separate Board of Directors). The LAB is co-chaired by ADM(IE) and MILPERSCOM, and is supported by the Living Accommodation Working Group (LAWG). Interviews and document review confirm that the appropriate processes are in place, with relevant issues raised for discussion and decision as intended. The CEO of CFHA is a senior advisor to the Level 1 (L1) co-chairs at the LAB. In addition, the General Manager of Infrastructure and Technical Services on behalf of ADM(IE) co-chairs the LAWG with the Director of Military Family Services on behalf of MILPERSCOM.

**Opportunities to improve implementation**

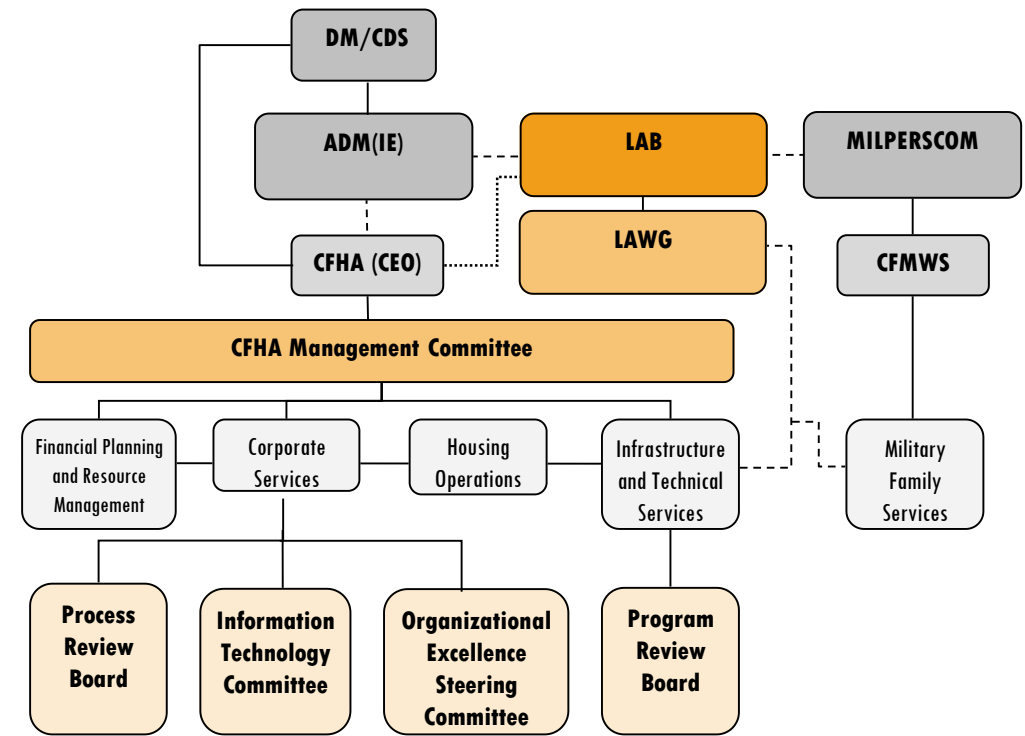
While the governance structure is sound, issues remain with regard to its implementation. Some interviewees noted that the LAB has been slow in making decisions to provide the necessary policy guidance to the Military Housing Program. Many interviewees noted that the frequency of meetings is not sufficient despite increase in frequency between 2017 and 2019 to convene semi-annually.

Given that the LAB is comprised of members from across the department, including ADM(IE), MILPERSCOM, VCDS, CJOC, CANSOFCOM and environmental L1s, interviewees noted some difficulty in members coming to a common understanding and agreement of issues and objectives given their varying respective mandates. This is further complicated by observations that members frequently send delegates who lack the appropriate rank or authority, or are inadequately informed on issues to support decision making. Some interviewees also felt that the current level of regional level input to inform discussions is inadequate and inconsistent. Also, while the scope for the LAB includes other non-residential types of accommodations, military housing is typically the focus of discussions, so common issues and linkages with other types of accommodations may not be adequately discussed and explored.

**CFHA has strong internal governance**

At the program delivery level, CFHA has sound internal governance with numerous committees that oversee its management and operations. This structure, supported by up-to-date terms of references, provides the necessary oversight to enable effective planning and efficient use of resources.

**Military Housing Program Governance**



**R3** Review the implementation of the LAB and the LAWG to ensure these bodies are providing timely policy guidance to the Military Housing Program.



## FINDING 11: Authorities, roles and responsibilities are not fully defined between program and key stakeholders, although efforts are underway to clarify and minimize gaps and overlaps.

### Roles and responsibilities have not been defined in policy

Overall, interviewees indicated that roles and responsibilities of key stakeholders for the Military Housing Program are generally clear despite not all being defined. L1 and program documents, such as ADM(IE)'s Functional Planning Guidance and CFHA Business Plans, provide some guidance on respective duties; however, only some program stakeholders' roles and responsibilities in relation to the program have been precisely defined (e.g., through the Standardized Service Level Agreement between CFHA and the RP Ops Gp). And while authorities for the Military Housing Program are outlined in [DAOD 5024-0, DND Living Accommodation](#), roles and responsibilities were not included, leading to some ambiguity. Furthermore, many interviewees indicated that some authorities are outdated and not consistent with current practice. The policy review underway by MILPERSCOM will seek to clarify authorities, roles and responsibilities.

### Areas of overlap in provision of military housing

While CFHA is the delivery agent for the Military Housing Program, other living accommodations are being provided outside of the program, notably by PSP military housing (under CFMWS/Canadian Forces Support Unit (Ottawa)) and by bases and wings. While CFHA and PSP military housing offer similar housing types and services within the same location in Ottawa, interviewees suggest that there is currently no coordination between them. In contrast, base and wing accommodations are furnished units, often with shared spaces and fewer amenities, intended for occupancy by members without dependents. And while focus group participants noted minimal coordination between CFHA and bases and wings, some locations have collaborated where necessary to support members (e.g., by sharing emergency housing).

While it falls outside the scope of this evaluation to determine whether these areas of overlap are appropriate, there is an ongoing study to determine the feasibility of standardizing and potentially centralizing base and wing accommodations to gain efficiencies. Whereas ADM(IE) has custodianship for base and wing accommodations, management of these accommodations currently remain under the authority of the respective L1s (CA, RCN, RCAF).

### Some inconsistencies in the understanding of roles and responsibilities

Without clear guidance, interviewees indicated that inconsistency in the understanding of some responsibilities has developed between key stakeholders. For example, one interviewee commented that there does not seem to be agreement on who is responsible for ensuring operational requirements are met.

Multiple interviewees noted that progress toward achieving common understanding has been complicated by the frequent turnover in military personnel at senior levels, requiring constant awareness building of respective responsibilities. Moreover, it was noted in interviews that there may be an opportunity for the creation of a housing champion to advocate for housing on behalf of members and create alignment of objectives for housing.



Source: caconnection.ca, PSP Military Housing Townhomes

PSP Military Housing operates under a non-public property model and delivers residential accommodations in Ottawa.



Source: caconnection.ca, BWing Canadian Forces Base (CFB) Trenton Accommodations

Base and wing accommodations provide residential, training and transient quarters.



## FINDING 12: The independence and authorities that come with CFHA's special operating agency status have not been fully embraced at a corporate level and by some L1s.

### SOA status not well understood

CFHA has been in service as an SOA of DND since 1996. However, most interviewees noted that CFHA's SOA status and resulting authorities are not consistently well understood by L1s. Some of the factors contributing to this lack of understanding include stakeholders' unfamiliarity with the authorities conferred to CFHA as an SOA, including the granting of certain L1 authorities while remaining a functional L2 under ADM(IE). Interviewees indicated that this has led to some confusion around reporting relationships. For example, interviewees noted that it is not always clear when CFHA should be seeking approval, including for funding, directly from the DM rather than ADM(IE). And perhaps due to the unfamiliarity of CFHA's L1 authorities, CFHA is often excluded from meetings and discussions at the L1 level as it is primarily seen as an L2.

### Limited in exercising independence and authorities

Due to this lack of clear understanding at the corporate level and by some L1s, CFHA has not been empowered to fully exercise its independence and authorities under its SOA status. It also seems that since CFHA obtained permanent SOA status in 2004, with the renewal of the *CFHA Charter*, the understanding of the intent and rationale for it has degraded, along with common acceptance of authorities, given that they have not been reviewed and revised on an annual basis as the *Charter* prescribes. For example, the *Charter* provides CFHA with the authority to engage with the CMHC to establish the appraised rent value on an annual basis. Perhaps due to the ambiguity created by CMHC no longer providing market appraisals, interviewees indicated CFHA's authority in this area is being encroached upon by other key stakeholders, limiting CFHA's ability to exercise its authority and independence as an SOA. It is not clear what efforts are underway to clarify and build common understanding around its SOA authorities and whether the original justification for SOA status is still relevant or how it may need to be adjusted to align with current day practice.

The ability for CFHA to leverage its independence and authorities as part of its SOA status would enable the program to be delivered as intended and better meet its objectives.



Single detached home located at CFB Ottawa; source: CFHA



**R<sup>4</sup>** Communicate the terms of the SOA to ensure its relevancy and reinforce pertinent authorities.



## FINDING 13: There is an opportunity for improvement with regard to program performance measurement, to better support informed decision making.

### Data collection and reporting

The Military Housing Program adequately collects data on its program activities and outputs, uses departmental data and information systems, as well as produces public annual reports and financial statements to contribute to informed decision making.

CFHA utilizes the Housing Agency Management Information System (HAMIS) to collect data and provide information on all current projects and investments, enabling the program to prioritize projects and inform where capital funds should be allocated to achieve the best return on investment. This information is also shared with the Living Accommodation Board to support informed decision making by senior leadership. Data from HAMIS also contributes to public annual reports and financial statements and enables the program to comply with relevant legislations, regulations, authorities and policies, such as the *Financial Administration Act*. Some interviewees indicated that data from the Human Resource Management System is being used to analyze demographic changes of CAF members and assess the extent to which housing types in the current housing portfolio are meeting their needs.



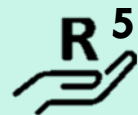
#### Data sharing with Director General Compensation and Benefits

Some interviewees indicated that recent increased collaboration between Director General Compensation and Benefits and CFHA has created an opportunity for better sharing of information and data analytics to support future planning and implementation of the program.

### Performance measurement areas for improvement

Current program performance measures and targets are not sufficiently measuring the success of the program nor mature enough to support departmental operations. The Military Housing Program currently reports on two key performance indicators (KPI) related to the condition of the housing portfolio while a third KPI on suitability is not being reported on and has been identified for review.

There is evidence that the housing condition KPIs support informed decision making, although the lack of a suitability indicator impacts the program's ability to demonstrate the extent to which it is providing suitable living accommodations to meet the needs of CAF members and their families. In addition, to respond to future CAF growth as directed by [SSE](#), timely data will be key for the program to better adapt its Investment Plan to ensure the right number and types of housing at each location to meet anticipated need. Data in these identified areas would support the program in meeting its current and future objectives as well as enable the program to optimize its resources and achieve maximum impact.



Address data gaps to better track and report on the extent to which the program is meeting CAF members' needs and positioned to meet future CAF growth.

# CONCLUSIONS

The Military Housing Program contributes to the operational effectiveness of the CAF and supports members and their families in their postings and relocations by supplying affordable and well-managed housing options across Canada. While the introduction of new CAF operational requirements in 2017 created additional demands on the portfolio, the program is committed to aligning itself with these requirements. CFHA has developed a proposed Investment Plan to address housing requirements, and the program's strategic direction is being guided by a policy review that will culminate in 2025 with the development of a long-term accommodation plan. To support the program in achieving its expected results, this evaluation has made recommendations in the following areas to ensure the program can align its delivery to maximize resources and adapt to meet the ongoing needs of the CAF and its members.

**A plan is needed to adjust shelter charges to market rates.** The Military Housing Program is generally charging members less rent for its housing units than similar rentals in the private sector across all locations. Adjusting shelter charges to market rates would help ensure compliance with TB policy and address perceived inequities related to housing costs for members.

**New requirements have expanded the scope of the program beyond what it can currently fulfill.** Recently defined CAF operational requirements have created a need for between 5,200 and 7,200 additional units. Meanwhile, the condition of the housing portfolio has been declining in recent years. The scope of the program, determined by its need to maintain current housing units combined with expectations to grow to meet increased housing requirements, has exceeded the current funding profile, and there is a need for the scope and funding to be realigned.



**Strengthened implementation of the program's existing governance framework would enable more timely and effective decision making.** In order to ensure that issues affecting military housing are raised, discussed and addressed in a comprehensive and timely manner, the Living Accommodation Board should take steps to address issues that impact its ability to successfully provide oversight, guidance and support to the program.

**Optimizing delivery of the Military Housing Program requires that CFHA be able to fully leverage the independence and authorities that come with its SOA status.** While the ongoing Living Accommodation policy review will help to clarify roles and responsibilities relating to military housing, there is a need to also review CFHA's SOA status to ensure its ongoing relevance and confirm the ability to use authorities as intended.



**The program is limited in its ability to fully demonstrate how it is achieving outcomes due to insufficient indicators and data gaps.** A suitability indicator, currently under review, would be important to determine the extent to which the program is providing suitable living accommodations to meet the needs of CAF members and their families. Timely data would also be needed to support the program in adapting its Investment Plan to align with anticipated CAF growth.



# ANNEX A – FINDINGS AND RECOMMENDATIONS

 <b>KEY FINDING</b>	<b>RECOMMENDATION</b> 
<b>RELEVANCE</b>	
<p>1. The Military Housing Program aligns with government and departmental roles and responsibilities, plans, priorities, expected results, and demonstrates an ongoing need.</p>	
<p>2. Certain aspects of program policy instruments are not harmonized with Treasury Board and departmental policies.</p>	
<b>EFFECTIVENESS</b>	
<p>3. A majority of CAF occupants are satisfied with military housing, although satisfaction is mainly dependent on the home's condition. However, some data gaps and areas for improvement remain.</p>	
<p>4. Mismatch between certain housing types and changing demographics, as well as perceived restrictions of some policies, has prevented CAF members from securing military housing.</p>	
<p>5. Shelter charges have generally not kept pace with market rates over time, which has contributed to an increased demand for military housing and created inequities between CAF occupants and non-occupants.</p>	<p>1. Develop and communicate a plan for annually adjusting shelter charges to market levels to align with program and government policies.</p>
<p>6. CFHA has effectively rationalized its housing portfolio; however, there is currently a housing shortfall due to newly defined Departmental Housing Requirements needing an increased number of RHUs.</p>	

# ANNEX A – FINDINGS AND RECOMMENDATIONS

 <b>KEY FINDING</b>	<b>RECOMMENDATION</b> 
<b>EFFICIENCY</b>	
<p>7. The Military Housing Program is challenged to meet its objectives due to an ongoing misalignment between its scope and funding profile.</p>	<p>2. Review the program scope and the funding profile to ensure alignment.</p>
<p>8. Alternative delivery options for better efficiency and sustainability have been explored, although the Military Housing Program does not have adequate plans to leverage these options.</p>	
<p>9. CFHA has demonstrated sound business planning and risk management, while developing its workforce to optimize program delivery.</p>	
<p>10. The governance structure is well designed and effective in providing oversight and guidance to the Military Housing Program, although there are areas for improvement in practice.</p>	<p>3. Review the implementation of the LAB and the LAWG to ensure these bodies are providing timely policy guidance to the Military Housing Program.</p>
<p>11. Authorities, roles and responsibilities are not fully defined between program and key stakeholders, although efforts are underway to clarify and minimize gaps and overlaps.</p>	
<p>12. The independence and authorities that come with CFHA’s special operating agency status have not been fully embraced at a corporate level and by some L1s.</p>	<p>4. Communicate the terms of the SOA to ensure its relevancy and reinforce pertinent authorities.</p>
<b>PERFORMANCE MEASUREMENT</b>	
<p>13. There is an opportunity for improvement with regard to program performance measurement, to better support informed decision making.</p>	<p>5. Address data gaps to better track and report on the extent to which the program is meeting CAF members’ needs and positioned to meet future CAF growth.</p>

# ANNEX B – MANAGEMENT ACTION PLAN

## ADM(RS) Recommendation



1. Develop and communicate a plan for annually adjusting shelter charges to market levels to align with program and government policies.

## Management Action

**Action 1.1:** CFHA's development of a plan for annually adjusting shelter charges to market levels to align with program and government policies is contingent upon DND Senior Leadership support. CFHA will develop a plan for annually adjusting shelter charges to market levels to align with program and government policies. The plan will be presented to DND Senior Leadership for endorsement. The plan will analyze and explain the requirement to modernize the shelter charge program in light of changes to Government of Canada policy (third party appraiser vs. CMHC) and propose how to close any assessed gaps while considering the impact of recent rental housing market shifts.

**Deliverables:** Plan for annually adjusting shelter charges and Record of Decision to indicate support from DND Senior Leadership

**OPI:** CFHA; **Target date:** July 1, 2022

**Action 1.2:** Upon securing DND Senior Leadership support, CFHA will develop an implementation plan for adjusting shelter charges to market levels.

**Deliverable:** Finalized implementation plan

**OPI:** CFHA **Target date:** Plan to be completed July 1, 2023 (12 months after DND Senior leadership support secured)

## ADM(RS) Recommendation



2. Review the program scope and the funding profile to ensure alignment.

## Management Action

**Action 2.1:** CFHA will develop a master investment plan for the recently approved funding profile of \$40 million in Vote 5 over 10 years for review and approval by the LAB. This will enable the delivery of a partial program scope.

**Deliverable:** Master Investment Plan and Record of Discussion from LAB


**OPI:** CFHA **Target date:** Fall 2021 LAB (Dec 31, 2021 - exact date to be confirmed).


**Action 2.2:** CFHA will seek \$60 million Vote 5 per year for 10 years to address its funding pressure to deliver on the balance of the program scope. CFHA will identify associated risks to the housing program via the departmental business planning process.

**Deliverable:** 2022-23 Business Plan

**OPI:** CFHA **Target date:** Summer 2022

# ANNEX B – MANAGEMENT ACTION PLAN

ADM(RS) Recommendation 	Management Action
<p>3. Review the implementation of the LAB and the LAWG to ensure these bodies are providing timely policy guidance to the Military Housing Program.</p>	<p><b>Action 3.1:</b> To ensure all meetings address timely action decisions and reflect a reasonable representation of all living accommodation types, the LAWG and LAB Secretariat will develop Records of Discussion/Decision (ROD) with clear Action Items and Action OPIs and conduct regular follow-up until the item is resolved. Meeting agendas will consider including all living accommodation types based on the requirements and priority of the discussion topics that the Co-Chairs require at each meeting.  <b>Deliverables:</b> RODs from 2x LAB and 2x LAWG meetings (4 total) should demonstrate sustained change by the target date.                      a) RODs from LAB and LAWG meetings indicating Action Items and OPIs                      b) Agenda or RODs from LAB and LAWG meetings indicating representation of living accommodation types.  <b>OPI:</b> Chief of Military Personnel (CMP) <b>OCI:</b> ADM(IE) <b>Target date:</b> July 2023 (a 1-page status update will be provided by July 2022)</p> <p><b>Action 3.2:</b> To address the issue of frequency of meetings and appropriate delegates in attendance at meetings, the LAWG and LAB Secretariat will coordinate a review of the Terms of Reference that outline how often meetings will be held, to determine the required frequency of meetings and to ensure the appropriate members are listed for each membership organization. Any delegates attending meetings will need to have sufficient knowledge of issues and decision-making abilities to be effective at the meeting they attend on behalf of the member.  <b>Deliverable:</b> ROD of the meeting discussing the review of the Terms of Reference regarding the topics of frequency of meetings and delegates in attendance will be provided.  <b>OPI:</b> CMP <b>OCI:</b> ADM(IE) <b>Target date:</b> July 2022</p>

ADM(RS) Recommendation 	Management Action
<p>4. Communicate the terms of the SOA to ensure its relevancy and reinforce pertinent authorities.</p>	<p><b>Action 4.1:</b> Complete an administrative update internally to the department of the CFHA SOA Charter and maintain its relevance on a 5-year cycle.  <b>Deliverable:</b> Revised CFHA Special Operating Agency Charter with updated authorities table  <b>OPI:</b> CFHA <b>OCI:</b> ADM(IE) <b>Target date:</b> Spring 2023</p>



# ANNEX B – MANAGEMENT ACTION PLAN

## ADM(RS) Recommendation



5. Address data gaps to better track and report on the extent to which the program is meeting CAF members' needs and positioned to meet future CAF growth.

## Management Action

**Action 5.1:** To ensure that the DND residential housing program is positioned to meet future CAF growth requirements, data gathering through performance measurement will be implemented. This will be accomplished in a phased approach by first updating the DAOD 5024-0 *DND Living Accommodation* policy to establish a new authority and clarify the roles of various stakeholders responsible for identifying the requirements for DND residential housing. In addition, improving processes to identify and approve these requirements and a follow-on reporting process will address gaps and determine how well the program is meeting CAF residential housing requirements. It is expected that this entire process will take several years to complete.

**Deliverables:** To show progress towards the overall accomplishment of this goal, interim steps will be completed as follows:

- a) CMP will provide a copy of the draft policy showing intent to create a new authority for CMP as well as defining the roles of various stakeholders responsible for identifying and approving DND residential housing requirements (with regard to personnel and establishment changes); and
- b) Until a process is developed, the LAB Secretariat will provide an ROD of the meetings when DND residential housing requirements are presented.

**OPI:** CMP **OCI:** ADM(IE) **Target date:** July 2023 (a 1-page status update will be provided by July 2022).

**Action 5.2:** As one of its management principles, CFHA delivers suitable residential accommodation and accommodation services. A framework will be developed to determine the extent to which residential housing units are suitable and will be one of many factors used to support long-term planning and decision making.

**Deliverables:**

- a) Development of a suitability framework for DND's residential housing. Internal stakeholders will be engaged to identify objectives, set targets and develop the plans required to achieve them (including data gathering and reporting activities as required).
- b) CFHA will provide RODs of the meetings when the suitability framework is presented.

**OPI:** CFHA **OCI:** ADM(IE) **Target date:** Suitability framework to be endorsed by CFHA Management Committee on or before March 31, 2022.



# ANNEX C – EVALUATION SCOPE

## Context

This report presents the results of the evaluation of the Military Housing Program, conducted during FY 2020/21 by ADM(RS) in compliance with the 2016 TBS [Policy on Results](#) and as a component of the five year Departmental Evaluation Plan. The evaluation examines the relevance, effectiveness (performance) and efficiency (including design and delivery) of the Military Housing Program over a five year period, from FY 2015/16 to FY 2019/20.

The Military Housing Program has not yet been evaluated under the TBS *Policy on Results*; however, an [Audit of Canadian Armed Forces Housing](#) was published by the OAG in Fall 2015. The audit found that:

- DND did not clearly define its operational requirements for housing or consider how the private housing market could meet the needs of CAF members
- DND did not have adequate and approved plans that identify the work, time and resources to meet these requirements.

Findings from this audit, as well as from other relevant audits and reviews, have been considered in conducting this evaluation.

## Scope

The scope for the evaluation focuses on intermediate outcome 1 from the Program Logic Model ([see Annex D](#))\*\*\*\* and assesses the extent to which “the residential housing portfolio meets DND and CAF requirements, addresses gaps in private sector markets, and responds to the evolving needs of occupants (i.e., CAF members and their families).”

The focus of the evaluation is on the extent to which the residential military housing portfolio and its long-term plans are:

- Strategically placed with the right mix of housing options for the CAF and its members while taking the private residential markets into consideration
- Sustainable and achieving maximum impact for CAF members and their families

The evaluation scope was developed in consultation with the Evaluation Advisory Committee, and incorporates guidance from the CEO of CFHA.

Areas that were out of scope for this evaluation included maintenance, repairs and housing services for occupants.



Single detached home newly built in CFB Trenton in 2019  
Source: CFHA

# ANNEX D – EVALUATION APPROACH, METHODOLOGY AND LIMITATIONS

## Evaluation approach

The evaluation used a mixed-method research design, encompassing multiple lines of qualitative and quantitative research methods to ensure the reliability, accuracy, and validity of information and data, and enabling data triangulation and contextualization to support key findings and recommendations.

## Data collection methods

Document and literature review	The evaluation team reviewed over 130 documents and literature related to the program, including military housing international delivery models.
Administrative and financial data review	Financial, HR, and program data and records related to housing from information management systems, databases and locally produced spreadsheets were analyzed.
Analysis of existing survey data	To reduce response burden, the evaluation leveraged relevant data from an existing survey that was commissioned by CFHA and conducted by an external third party (EnviroNics). This survey provided the perspectives and experiences of CAF occupants and their families regarding military housing. Results from a survey conducted by Director General Military Personnel Research and Analysis and commissioned by CFMWS on the relocation experience of CAF members and their families were also consulted.
Key informant interviews	The evaluation team conducted 17 key informant interviews with program stakeholders including those who play a key leadership role. Interviewees represented diverse organizations, levels, perspectives and opinions to ensure a balanced collection of evidence.
Focus groups	Eight focus groups were conducted with a sample of CFHA customer service representatives and managers as well as other CFHA employees. Some focus group participants also had military housing occupant experience and provided their perspectives in this area. In total, there were 19 participants from 12 residential housing sites across all three regions.

## Evaluation limitations

The following limitations were identified during the conduct phase of the evaluation:

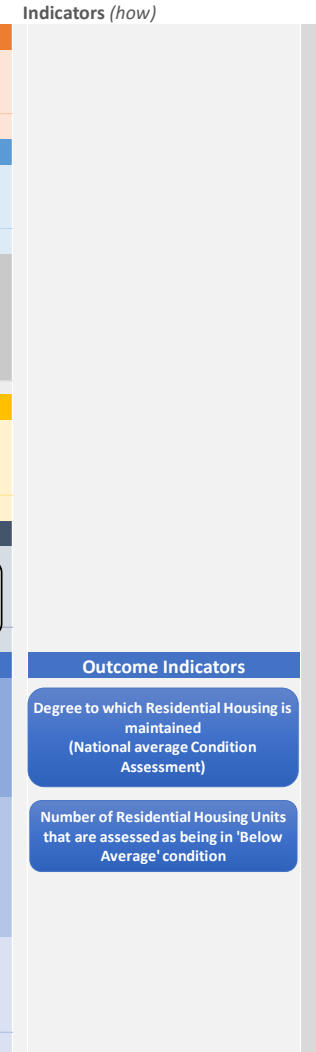
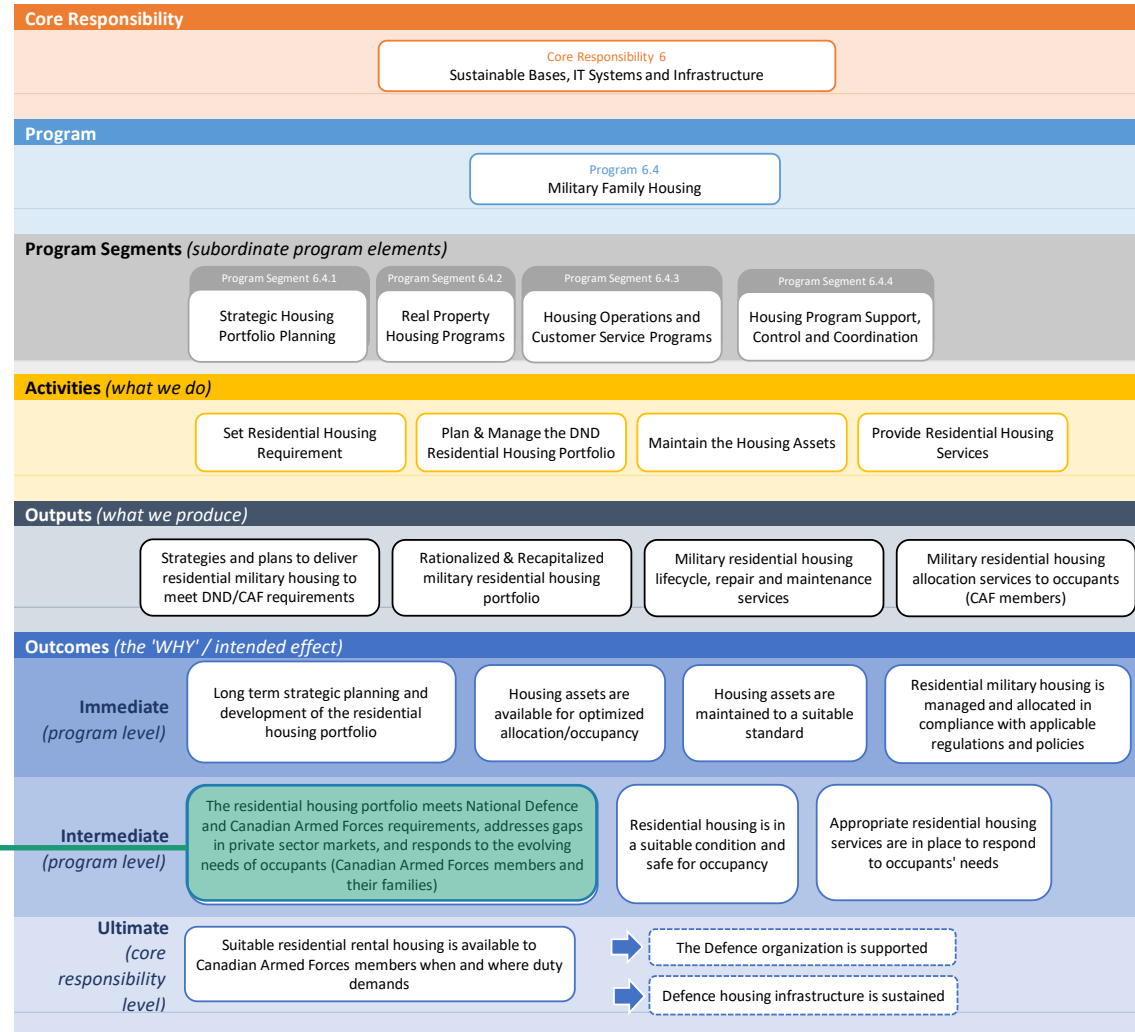
Limitation	Mitigation
Site visits not conducted due to COVID-19 restrictions	The inability to conduct site visits means the evaluation team was not able to conduct in-person assessments of the RHUs. Therefore, the evaluation relied on other lines of evidence in this area, including virtual focus groups, strategic site plans and maps of residential housing sites.
Recent market analysis reports not available for some residential housing sites	Data was analyzed to the extent possible given limitations of available data and evaluation capacity constraints. Some locations have not had a market analysis report conducted since 2006. In the absence of current market analysis reports, it is unclear what recent market information was used in the development of CFHA's Investment Plan to address CAF operational and housing requirements. In addition, it is unclear the extent to which market gaps exist and are being addressed by the program. Where possible, CFHA-provided data was supplemented with housing market information from other reliable data sources including CMHC rental market reports.

# ANNEX E – LOGIC MODEL

**Intermediate Outcome assessed by evaluation**

“The residential housing portfolio meets DND and CAF requirements, addresses gaps in private sector markets, and responds to the evolving needs of occupants (i.e., CAF members and their families)”

Program 6.4 - Military Family Housing  
 Program Logic Model - Departmental Results Framework (DRF)  
 2019-08-28



# ANNEX F – REVIEW OF INTERNATIONAL DELIVERY MODELS

## Overall performance of international approaches to privatization

To deal with deteriorating conditions of military housing, the United States, United Kingdom and Australia have moved towards utilizing private sector investments to various degrees, while Canada has remained largely government funded. To date, Canada has explored but not advanced moving toward a more privatized model.

### United Kingdom's Ministry of Defence

Despite moving towards a more privatized model, the state of the United Kingdom housing portfolio did not significantly improve due to the retention of the property and asset management function by the Ministry of Defence and funds received from the sale of housing units in 1996 not being reinvested back into the housing portfolio. In 2016, a report found that the Ministry of Defence and its contractor were “badly letting down service families by providing them with poor accommodations.” The report found that client satisfaction fell significantly as some families were left without basic necessities such as heating, hot water and cooking facilities. In a 2017 update to the National Audit Office, the department committed to improving housing condition by holding its contractor accountable and only allocating houses that met its Decent Homes Standard. By FY 2019/20, 97% of properties had achieved this minimum rating.



Service family accommodation in Buckinghamshire (MOD/Crown Copyright)  
Source: [UK Government Website](#)

### United States' Department of Defence (DOD)

With the introduction of the Military Housing Privatization Initiative in 1996, the United States transferred responsibility for the ownership, maintenance and operations of military housing to the private sector. The United States provides its military members a basic allowance for housing for private accommodations. The aim of the initiative, according to a DOD 2019 Financial Report, was to gain efficiencies “to build and renovate military housing faster and cheaper.” While the program achieved its efficiency objective, with the government contributing only 10% of the total amount invested into the portfolio, a 2019 survey by the Military Family Advisory Network found that more than half (56%) of respondents had a negative experience with privatized military housing. Families reported living in unsafe housing conditions and being exposed to a variety of health hazards including lead, mold and pests. In reaction to these concerns, the Government Accountability Office released a report in March 2020 recommending that DOD improve housing condition oversight, to which DOD committed to address issues in this area.



Homes at Bennett Shores East, an on-base military housing community at Naval Station Mayport, Fla., March 18, 2019.  
Photo By: Navy Petty Officer 2nd Class Anderson W. Branch  
Source: [DOD Government Website](#)

### Defence Housing Australia

In 1987, the Australian military housing delivery model transitioned to a Government Business Enterprise under Defence Housing Australia (DHA) enabling it to operate as a commercial organization and deliver financial returns to the Commonwealth. The DHA is self-funded through a sale lease-back structure where the DHA designs, plans and builds new homes/communities and sells them to private investors with a lease back agreement. The DHA also provides all property management services including repairs and maintenance. The Australian delivery model is considered to be successful with high tenant satisfaction and the housing portfolio in decent condition. Over the last two decades, DHA has paid nearly \$2 billion in dividends back to the Commonwealth, with \$24.5 million in dividends paid in FY 2018/19.



AE2 development featuring a mix of townhouses and houses located in the Sydney suburb of Ermington  
Source: [Defence Housing Australia Website](#)