Canadian Forces Housing Agency

Annual Report 2023-2024

National Defence | Défense nationale

Canada

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THE YEAR IN REVIEW FROM THE
Chief Executive Officer

The Canadian Forces Housing Agency (CFHA) is a Special Operating Agency responsible for providing residential accommodation solutions for Canadian Armed Forces (CAF) members and their families. During fiscal year (FY) 2023-24, CFHA delivered housing services to roughly 26,000 occupants, in over 11,650 residential housing units (RHU) across 27 bases and wings in Canada.

CFHA acknowledges the gap between the existing portfolio and what is needed to support the CAF. The current housing portfolio is insufficient to meet the CAF's needs, lacking the right mix of unit sizes and noting shortfalls in the number of units in many locations due to availability and affordability challenges in the private sector.

This year presented many challenges, including the public service strike and a significant climate related event in Yellowknife. The national housing crisis has exacerbated affordability and availability issues, which also affects military members. The frequent relocations associated with military service have amplified these concerns, leading to an increased demand for Department of National Defence (DND) military housing. In FY 2023-24, the national average number of personnel on the waiting list for DND military housing was 1,799, significantly higher than previous years.

Despite these conditions, CFHA continued to make progress on the Defence Residential Housing Program:

Net occupancy
The Agency achieved a net occupancy rate of 90% this year, which is a new annual key performance indicator introduced under the Departmental Results Framework this year. The net occupancy rate reflects the overall usage of residential housing nationwide. This indicator will be monitored closely in the future to ensure that a substantial portion of available housing units are occupied.

Increasing the housing supply
In FY 2023-24, the Agency built 18 new RHUs in Shilo and Comox, and advanced on the designs and pre-construction planning as it launched the first phase of the Residential Portfolio Capital Investment Plan Construction Program, which will result in the construction of 668 RHUs at nine priority locations over the next five years. In addition, CFHA created and staffed a new team responsible for strategic initiatives, to explore and develop alternate housing solutions. This includes optimizing the utilization of residential housing, exploring innovative partnerships with the private sector, and collaborating with other government departments on housing-specific initiatives. These efforts will complement traditional Crown-construction in increasing housing supply.

Improving military housing

CFHA continued to conduct extensive, routine life cycle replacement work to maintain the existing housing portfolio. Given housing pressures, it was essential to balance between allocating as many units as possible while ensuring that vacancies were limited to instances where repairs and renovations were absolutely necessary. In FY 2023-24, the Agency invested over $143 million in the residential housing portfolio, completing renovations and lifecycle repairs in over 3,500 RHUs, while also building new units. As a result, the national condition assessment rating increased from 3.18 in 2023 to 3.25 in 2024.

Green initiatives

CFHA finalized designs for six-unit net-zero emissions ready apartment buildings in Edmonton, supporting the Government of Canada's sustainability objectives and commitments for reducing carbon emissions, adapting to climate change, and making infrastructure more resilient. These designs are important for CFHA's construction plans as they will be adapted for future six-unit buildings in other sites. In addition, the Agency continues to focus on portfolio decarbonization, replacing carbon-intensive systems and developing electrification strategies. CFHA continued to expand its partnership with Natural Resources Canada on strategies and programs to improve the energy efficiency of the housing portfolio, and to reduce associated carbon emissions and utility bills for our occupants.

Indigenous procurement success

In collaboration with Defence Construction Canada, CFHA exceeded its Indigenous procurement targets, awarding 9.3% of contracts to Indigenous businesses and surpassing its 5% goal. This achievement demonstrates the Agency's commitment to supporting Indigenous economic development and strengthening its relationship with Indigenous communities.

CFHA maintained a high net occupancy rate and continued to invest in the maintenance and improvement of its housing portfolio. By prioritizing sustainability, Indigenous procurement, and the well-being of military members, CFHA is contributing to broader government objectives while supporting the housing needs of CAF members and their communities. Through a challenging year, navigating the ongoing housing and affordability crisis and impacts to office operations in Esquimalt and Yellowknife, CFHA continued demonstrating its dedication and is committing to explore innovative housing solutions to meet the unique needs of the military community.

Paola Zurro, ing., P.Eng.
Chief Executive Officer
Canadian Forces Housing Agency

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ABOUT THE

Agency

Military housing overview

Canadian Forces Housing Agency

The Canadian Forces Housing Agency (CFHA) is a Special Operating Agency established in 1995 to deliver the Defence Residential Housing Program. The Agency operates entirely within the Department of National Defence (DND), with authorities similar to a Level 1 granted under its Treasury Board approved Charter. The Agency's strategic objectives and goals form the foundation for its operations, while a set of core values guide CFHA personnel in their commitment to customer service excellence, and to the achievement of its vision.

The program's operational expenses, including routine maintenance and repairs, are financed by net rental revenue collected from occupants. Capital expenditures for new construction and renovations of the existing housing portfolio are funded by the department.

Roles and responsibilities

CFHA is responsible for the delivery of the Defence Residential Housing Program in collaboration with its clients and stakeholders.

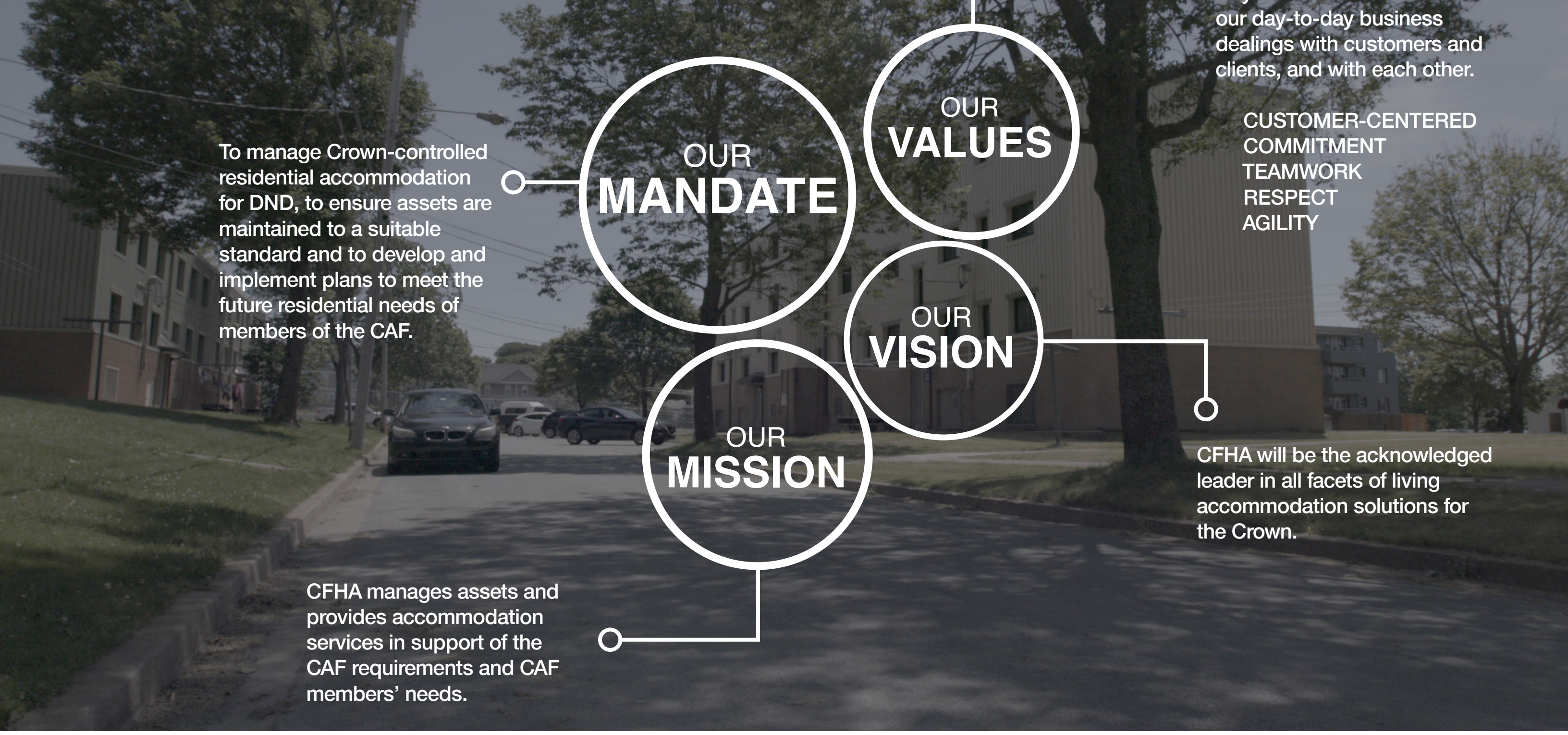
In accordance with its mandate, the Agency's purpose is two-fold:

Support to the quality of life of Canadian Armed Forces (CAF) members and their families through the provision of housing services;

and

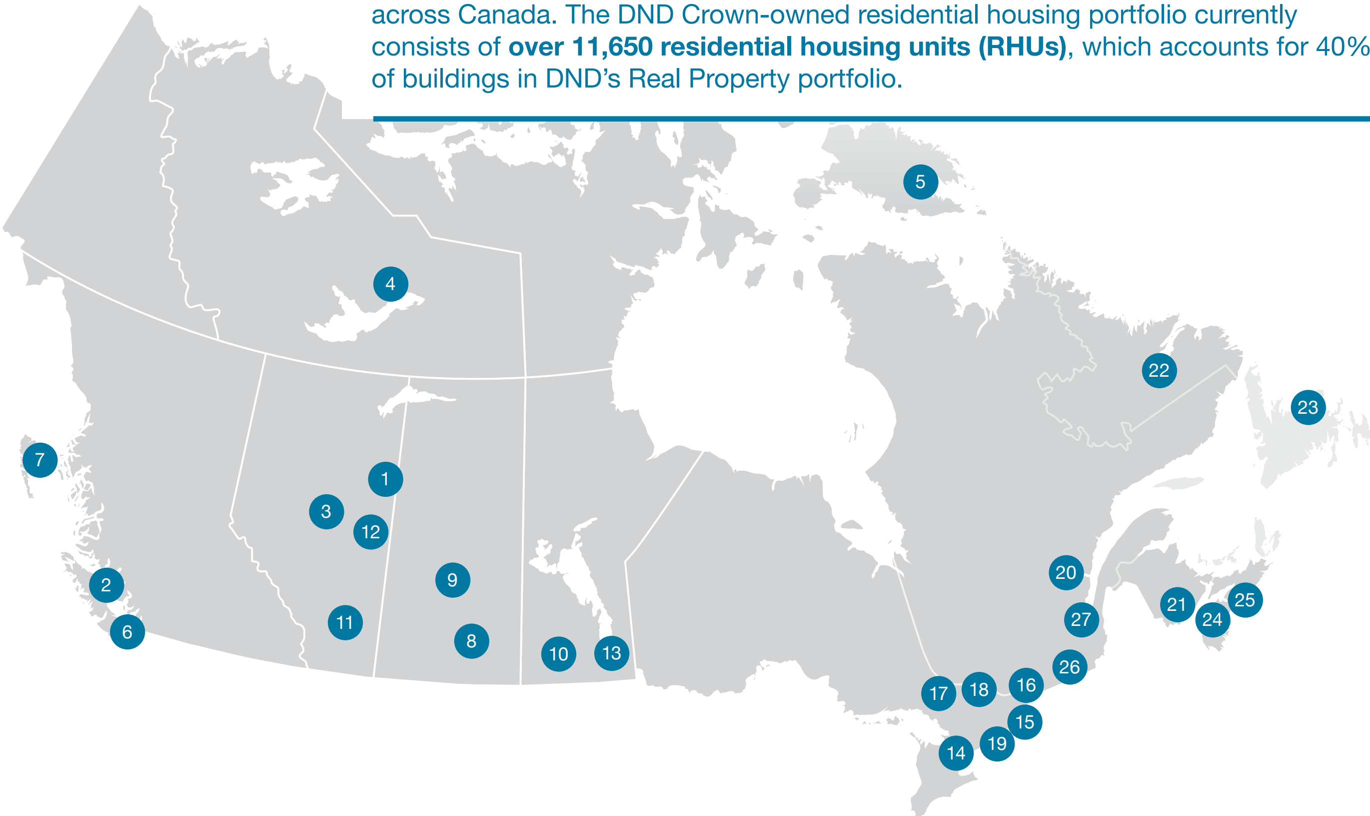
Responsible and sustainable management of the department's housing infrastructure.

Mandate, mission, vision, and values



Department of National Defence housing locations

CFHA maintains and operates military housing at 27 housing locations at CAF bases across Canada. The DND Crown-owned residential housing portfolio currently consists of **over 11,650 residential housing units (RHUs)**, which accounts for 40% of buildings in DND's Real Property portfolio.



Regional reporting structure – location and number of units

Pacific and Western

1. Cold Lake | 703
2. Comox | 275
3. Edmonton | 504
4. Yellowknife | 109
   5. Iqaluit | 2
6. Esquimalt | 709
   7. Masset | 6
8. Moose Jaw | 171
   9. Dundurn | 28
10. Shilo | 651
11. Suffield | 175
12. Wainwright | 185
13. Winnipeg | 474

Central

14. Borden | 675
15. Kingston | 473
16. Ottawa | 145
17. North Bay | 182
18. Petawawa | 1,621
19. Trenton | 548

Quebec and Eastern

20. Bagotville | 359
21. Gagetown | 1,435
22. Goose Bay | 231
23. Gander | 70
24. Greenwood | 562
25. Halifax | 468
26. Montréal | 190
27. Valcartier | 710

Defence Residential Housing Program

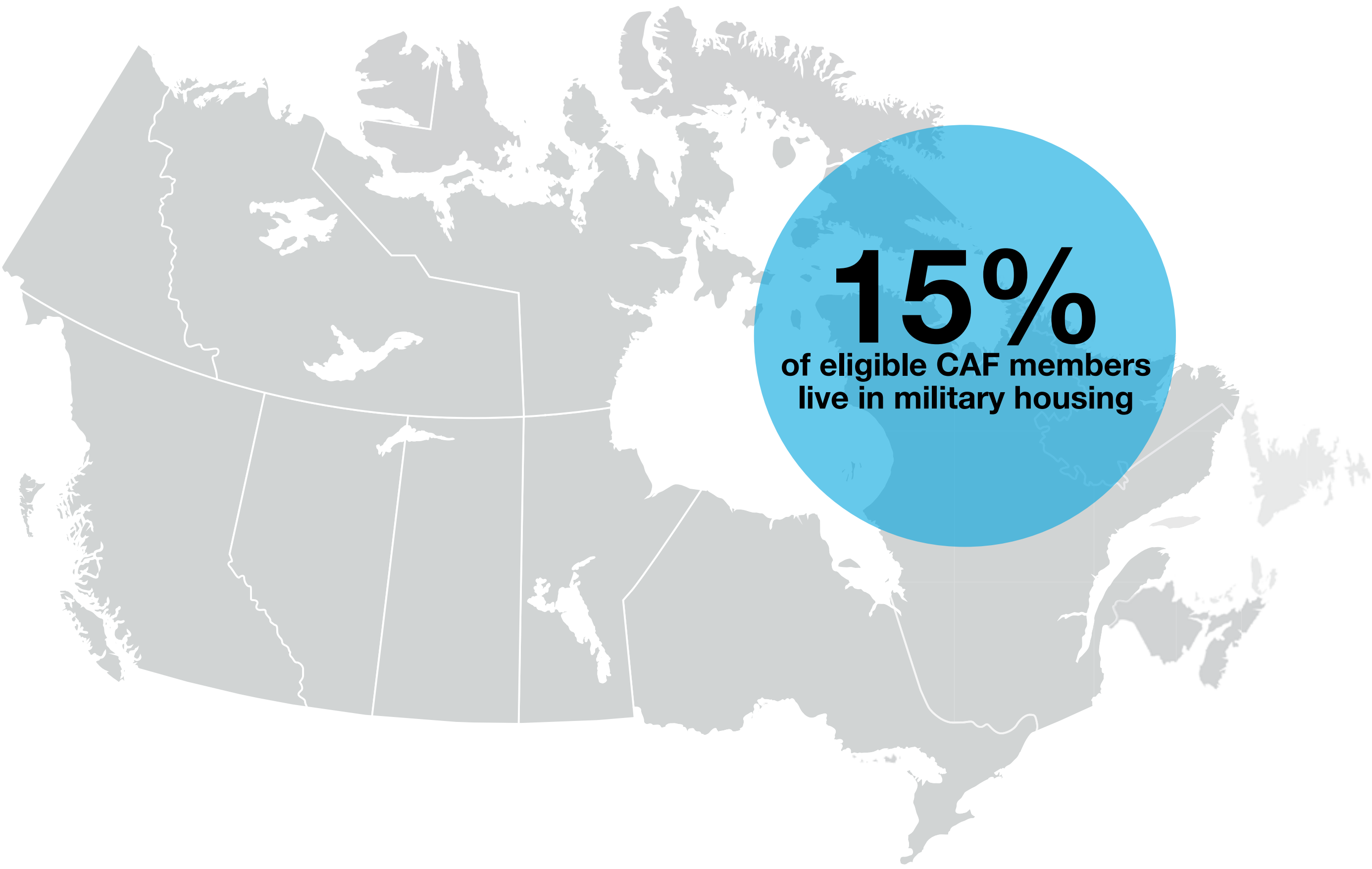
The Defence Residential Housing Program provides rental housing to CAF members at major military installations across Canada. This program is essential for CAF operations, offering members and their households with housing options that support military requirements in areas where private sector housing is unavailable.

In 2017, the Chief of the Defence Staff confirmed a need for military housing to support the unique lifestyle of CAF members, especially new entrants and those on extended training. Providing Crown-owned housing helps these groups transition to military life, supports professional and operational training, and lessens the stress on military families. Beyond operational needs, CFHA also supports isolated posts, designated residences, foreign military agreements, and areas with limited housing options.

The current housing portfolio is insufficient to meet the CAF's needs, lacking the right number and mix of unit sizes in some locations. A 2018 analysis identified housing challenges for thousands of CAF members and recommended a layered response, including new construction, policy changes, compensation, and other supports.

Currently, over 15% of eligible CAF members live in DND residential housing, which offers proximity to work, amenities, and a supportive community. Most of the housing portfolio consists of three- and four-bedroom houses built in the 1950s and 1960s. Building more diverse housing options and maintaining the overall condition of the portfolio are key priorities.

CFHA integrates real property management with housing services delivery. Its operations include housing allocation, rent collection, asset maintenance, strategic planning, and real property project delivery. Operational expenses are funded through rental revenue, while capital expenditures for new construction and renovations are funded by the department.



The shelter charges collected from occupants funds all CFHA operations, while capital funding is needed for new construction and recapitalizations.

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Results

3.1 *Strong, Secure, Engaged*: Canada’s Defence Policy

3.1.1 Improve housing for CAF personnel

Investments in the housing portfolio continued to support *Strong, Secure, Engaged*: Canada’s Defence Policy, by improving housing for Canadian Armed Forces (CAF) personnel.

The program focused on lifecycle replacement and capital improvements to sustain the existing portfolio and ensure that it can meet CAF housing needs. These efforts included increasing energy efficiency, improving housing conditions, and revitalizing communities. In total, 18 new residential housing units (RHU) were constructed in Comox and Shilo, and major repair and renovation projects were implemented nationwide.

In fiscal year 2023-24, the Canadian Forces Housing Agency (CFHA) invested over $143M on projects such as:

- **18** RHUs built in Shilo and Comox
- **167** new kitchens
- **278** new flooring
- **101** recaptilized RHUs
- **207** new bathrooms
- **162** electrical panel upgrades
- **357** roofs replaced
- **364** new sheds or fences
- **124** interior renovations completed

3.1.2 CFHA’s energy efficiency and carbon emission reduction initiatives

CFHA has been focusing on reducing the portfolio’s carbon emissions in line with the Government of Canada’s Greening Government Strategy. The Agency continues to work towards a net-zero-emission, climate-resilient portfolio to meet the government’s 2050 target.

In partnership with Natural Resources Canada CanmetENERGY-Ottawa research team, CFHA is taking action to improve the housing portfolio’s energy efficiency and reduce carbon emissions by integrating net-zero-emissions-ready principles into its maintenance, renovation, and construction programs as outlined in the newest version of CFHA’s Design Standards and specifications for renovation.

Changes to improve building performance, in line with the National Building Code of Canada 2020:
The Tiered Energy Efficiency Code in the National Building Code of Canada 2020 introduces progressively stringent energy performance levels. CFHA has adopted targets that provide a clear, incremental pathway for improving building energy efficiency, and support the reduction of energy consumption and emissions in new construction and renovations.

New net-zero-emissions-ready apartments design finalized:

Through a collaborative effort between CFHA, the Department of National Defence (DND) and other industry stakeholders, the first net-zero-emissions-ready apartments built by a federal organization will be site adapted and used as needed across the portfolio. The net-zero project will reduce energy consumption and monthly utility costs. The net-zero apartment design was finalized fiscal year (FY) 2023-24, with the first construction project in Edmonton planned to start in 2024-25. In total, six net-zero-emissions-ready buildings, each with six two-bedroom units, will be built. The construction program moving forward will be focusing on building apartment buildings across the country, contributing to a denser and more sustainable housing portfolio.

Efficient renovations for carbon reduction:

CFHA has advanced on implementing projects that meet the Tier 3[1] Energy Efficiency Code in several locations, including Valcartier, Montreal, Ottawa, Trenton, Kingston and Esquimalt. These Tier 3 projects contribute to energy efficiency and carbon reduction through:

Improvements to building envelope:

- Insulation
- Windows and doors
- Airtightness, reducing air leakage

Installation of efficient, electrified systems:

- Domestic water heaters
- Heating and cooling
- Ventilation

These improvements will improve occupant comfort, indoor air quality, energy efficiency, and the durability and resiliency of the portfolio, while reducing carbon emissions.

Apartment and and rowhouse complexes will be renovated through long term investment, aimed upgrading to meet current codes and standards, including Tier 3 energy efficiency. These 75-year-old apartment buildings require significant investment and impact hundreds of units in Windsor Park, Halifax (158 units), Valcartier (102 units) and Winnipeg (94 units).

As part of the overall plan for upgrades in Windsor Park, Halifax, plans to remove two 25,000 litre heating oil tanks were developed this year, with removal set to begin in April 2024. The removal of these tanks and the replacement of the heating systems will reduce carbon emissions and monthly utility bills for occupants.

1. Tier 3 of the National Energy Code of Canada for Buildings (NECB) 2020 requires enhanced thermal performance, whole-building airtightness testing, updated lighting power densities, and improved HVAC and service water heating efficiency to achieve higher energy efficiency standards.
Source: nrc.canada.ca

ENERGY EFFICIENCY UPGRADES

839
hot water tanks replaced

471
exterior renovations completed

526
heating systems replaced

DID YOU KNOW?

A **net-zero emissions, climate-resilient building** is one that is located, designed, built, and operated to minimize the impacts of a changing climate; highly energy-efficient; and fully powered from on-site and/or off-site clean energy sources. Starting in 2025, these buildings will have at least 30% less embodied carbon in major construction materials.

A **net-zero-emissions-ready building** is one that could operate as a net-zero-emissions building in the future.

3.1.3 Reduce gas emissions from fleet vehicles

In response to the updated zero-emission vehicle classifications mandated by the Treasury Board and DND, CFHA is committed to transitioning its fleet to plug-in hybrid or fully electric vehicles. Implementing these new standards is not without challenges and constraints, including extreme climate conditions and limited dealer networks in some locations.

80 vehicles distributed across 24 locations:

- **28 flex-fuel**
- **16 mono-fuel**
- **32 hybrid**
- **4 plug-in hybrid vehicles**

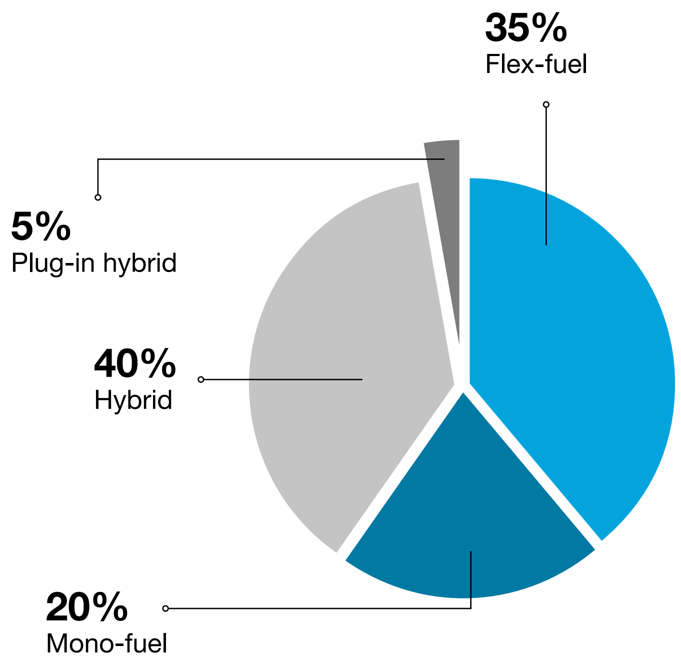
Manufacturing years range from 2016 to 2024.

To modernize its fleet, CFHA fulfilled outstanding orders, delivering three hybrid vehicles to Gagetown, Borden, and Petawawa, and initiated new vehicle procurements, placing orders for seven additional vehicles. Delivery is expected early FY 2024-25, due to challenges posed by supply chain disruptions.

CFHA remains committed to modernizing its fleet and to ensuring that employees have access to efficient transportation. The organization will continue to monitor supply chain conditions and adjust its procurement strategies accordingly.

45% of hybridization

5% of zero-emission vehicle



3.2 Customer service and personnel

Customer service

24 H CUSTOMER SUPPORT

CFHA has made significant strides in enhancing services and accessibility. Following its last Customer Satisfaction Survey in 2023, where 29% of occupants reported a slow response or difficulty reaching the Emergency After Hours Service, CFHA implemented a new integrated 24/7 phone system to provide better customer support during peak times. Additionally, the successful rollout of mobile workplace technology at all locations has empowered the Agency to improve overall service delivery.

CFHA's online services have continued to gain popularity, with a steady increase in usage. The Agency has introduced two new key forms, the Notice of Intent to Vacate and a comprehensive Complaint/Enquiry form.

Based on the results of the 2023 Customer Satisfaction Survey, which provides insight into the occupant experience, an action plan is being developed for the Agency to focus on areas for improvement. CFHA's ongoing goal is to continue making meaningful improvements that benefit CAF members and their families.

Personnel

Promoting diversity and inclusion

Effective July 1, 2023, significant amendments to the *Public Service Employment Act* were enacted to foster a more diverse and inclusive public service. These changes align with our ongoing commitment to address systemic biases and barriers that disproportionately affect equity-seeking groups. To ensure fairness and equity in our hiring processes, all staffing assessments are now rigorously evaluated to identify and mitigate potential limitations within merit criteria and assessment methods.

Transforming service delivery

CFHA embarked on a comprehensive organizational review of our Housing Services Centre technical positions. This initiative, impacting approximately 25% of our workforce, redefined how maintenance, repairs, and project services are delivered across the country. By streamlining processes and optimizing resource allocation, we aim to enhance service delivery, improve operational efficiency, and create a more adaptable and responsive workforce.

Investing in leadership development

To cultivate a culture of excellence and empower our employees to navigate change effectively, CFHA actively participated in the Certificate of Leadership Excellence program and Leading Change Management training, offered by Excellence Canada. These initiatives equipped our leaders with the necessary skills and knowledge to inspire and motivate their teams, foster innovation, and drive organizational success.

DID YOU KNOW?

If you live in DND housing and have a serious maintenance problem that is not fixed within 30 days of reporting it in writing, and it is outside of your control, you can ask to have a temporary rent reduction.

- You can start this process by letting your CFHA site office know about the problem in writing.
- The rent reduction will end once the problem is fixed.

3.3 Departmental Results Framework

The Policy on Results sets out the fundamental requirements for federal accountability for performance information and evaluation, while highlighting the importance of results in management and expenditure decision making, as well as public reporting. The Departmental Results Framework details the strategic view of DND's mandate, displaying its core responsibilities and performance targets. It helps Canadians and parliamentarians understand what we do, what we seek to achieve, and how we will determine if we have achieved it.

The Agency reports on the following performance indicators:

Number of residential housing units that were assessed as being in the below average condition assessment category

This indicator measures the success of component life cycle replacements, disposal and demolition, or renovation of older homes in improving the overall condition of the DND military housing portfolio.

The number of units in below average condition decreased between 2023 and 2024, from 1,695 to 1,445 RHUs.

Degree to which residential housing was maintained

An average condition assessment rating demonstrates that the overall condition of the housing portfolio is satisfactory and that routine maintenance and life cycle replacement work is being implemented as needed. The national rating for the DND residential housing portfolio has improved from 3.18 in 2023 to 3.25 in 2024 (see table on page 15). This positive trend indicates that CFHA's ongoing efforts to maintain and upgrade housing units are yielding results. It is important to note that condition is only one indicator of progress and does not always account for activities related to improved functionality, compliance, and energy efficiency.

Ultimately, the Agency strives for average condition (between 3.00 and 4.00), where the overall condition of the portfolio, both new and existing units, can be sustained by routine and regular maintenance activities. This achievement is a testament to CFHA's commitment to providing safe, comfortable, and well-maintained housing to CAF members and their families.

Net occupancy rate

The net occupancy rate is a key performance indicator that reflects the overall utilization of housing units. This year marked the inaugural measurement of net occupancy as part of the Defence Results Framework. With a net occupancy rate of 90% for 2023-24, CFHA set a new benchmark and will continue annual monitoring, to ensure that a high proportion of units are available for occupancy. Formal reporting to the department will begin FY 2024-25.

Adapting to challenges

While the Agency continued its work to improve housing for CAF members, the year was not without challenges that tested the ability of its personnel to quickly change course and adapt.

In August 2023, the City of Yellowknife was forced to evacuate due to devastating wildfires. CFHA's Yellowknife team was temporarily relocated to various locations, where they maintained business operations through virtual means for three weeks. The swift implementation of CFHA's Business Continuity Plan ensured uninterrupted services and minimized disruptions to clients during this challenging time.

Following a significant flood that damaged CFHA's Esquimalt office in May 2023, extensive repairs were necessary. While the sprinkler system failure initially disrupted operations, staff successfully transitioned to a remote work arrangement. The team continued to execute projects, maintain operations, conduct move-in and move-outs, and onboard new employees throughout this period. By October, staff were able to gradually return to the renovated office space.

CFHA Housing Condition Assessment Summary - April 2024

Site	Number of Units				Assessed*	2023 Average Condition	2024 Average Condiion	Change 2023-2024
	Below Average	Average	Above Average	New or Like New				
Bagotville	1	254	71	33	359	3.29	3.38	↑
Borden	112	483	46	34	675	3.21	3.21	–
Cold Lake	81	537	65	20	703	3.16	3.24	↑
Comox	1	181	64	6	252	3.27	3.34	↑
Dundurn	3	19	0	6	28	3.31	3.42	↑
Edmonton	18	411	59	17	505	3.25	3.29	↑
Esquimalt	0	656	42	9	707	3.21	3.27	↑
Gagetown	186	1,012	193	44	1,435	3.20	3.26	↑
Gander	2	53	8	8	71	3.45	3.45	–
Goose Bay	89	122	10	12	233	3.10	3.16	↑
Greenwood	2	517	17	27	563	3.21	3.24	↑
Halifax	78	362	25	0	465	3.13	3.13	–
Kingston	11	450	11	0	472	3.08	3.10	↑
Montreal	5	178	8	0	191	3.15	3.24	↑
Moose Jaw	10	127	28	7	172	3.30	3.31	↑
North Bay	17	149	10	6	182	3.25	3.27	↑
Ottawa	15	124	3	3	145	3.10	3.12	↑
Petawawa	97	1,247	178	99	1,621	3.23	3.31	↑
Shilo	89	433	87	44	653	3.23	3.30	↑
Suffield	2	164	3	6	175	3.16	3.23	↑
Trenton	47	420	62	19	548	3.21	3.25	↑
Valcartier	374	323	5	0	702	2.95	2.95	–
Wainwright	6	134	28	18	186	3.37	3.41	↑
Winnipeg	199	241	19	16	475	2.98	3.07	↑
National Total	**1,445 12.5%**	**8,597 74.6%**	**1,042 9%**	**434 3.8%**	**11,518**	**3.18**	**3.25**	↑

** Note: The assessed units includes emergency houses, but excludes heritage units, leased units, trailer pads, HSC offices and storage spaces,units with a CA rating of 0, and non-residential properties.*

3.4 Feature project

Edmonton net-zero-emissions-ready apartments

CFHA, along with partners and stakeholders, worked throughout the year to finalize designs for net-zero-emissions-ready apartment buildings in Edmonton. Supporting both its long-term construction plans to increase housing availability, as well as a need to develop designs that can be adapted for use at multiple locations, the project marked an important milestone along CFHA's path to portfolio sustainability.

The designs were developed in conjunction with Defence Construction Canada, DND, Natural Resources Canada and private sector design consultants, and their implementation will be noted as the first residential, net-zero-emissions-ready buildings in the federal government. Each building will be highly energy efficient, with reduced energy consumption and monthly utility costs for occupants. The design includes electric vehicle plug-ins for each apartment, along with capacity for the future installation of solar panels, among other energy reducing measures.

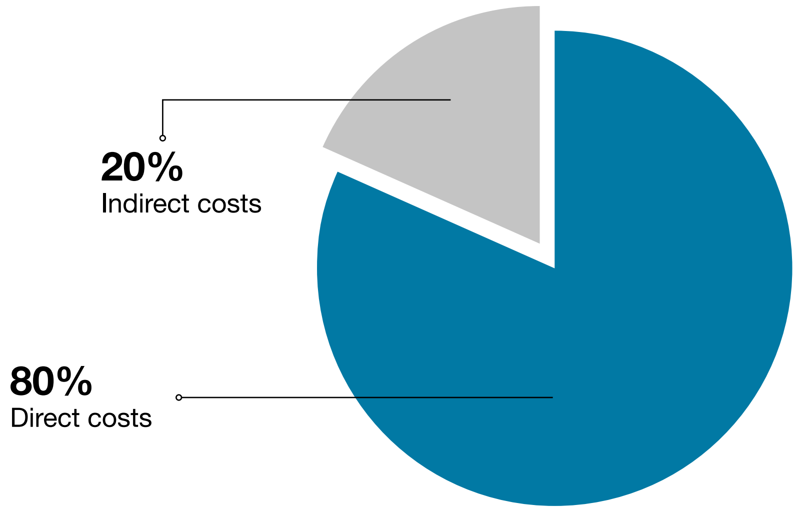
A construction contract was awarded to Bird Construction in March 2024, with site work to begin in May 2024. In total, six buildings will be constructed, resulting in a meaningful impact to CAF members in Edmonton.

FIRST NET-ZERO-EMISSIONS-READY BUILDINGS IN THE FEDERAL GOVERNMENT.

In total, six buildings will be constructed, resulting in a meaningful impact to CAF members in Edmonton.

04

DISTRIBUTION of Funds



Direct costs		Indirect costs	
35.9%	**Capital and betterment** New construction and recapitalization, or work completed to improve asset.	10.4%	**Operational salaries** Salaries for Housing Services Centre personnel.
21%	**Lifecycle and maintenance** Activities that maintain the useful life of the asset or its components (e.g., roof replacement, siding replacement, furnace replacement).	6.9%	**Corporate salaries** Salaries for head office personnel.
8.9%	**Repairs** Activities that address breakages of the asset, response to failures, or unforseen events (e.g., concrete repairs, electrical repairs, plumbing repairs, heating, ventilation and air conditioning repairs).	2.1%	**Corporate overhead** Lease and utilities, supplies, training, professional services, travel for head office employees, market studies, and strategic site plans.
13.9%	**Housing operations** Activities directly attributable to regular/periodic upkeep of the housing units (e.g., snow removal, grass cutting, and general maintenance between occupancy) and management of vacant units.	0.6%	**Housing Services Centre overhead** Recurring activities required in running site offices (e.g., office lease and utilities, supplies, training, and travel for Housing Services Centre employees).
0.3%	**Demolition** Activities related to the disposal of housing asset that are non-capital.		

05

FINANCIAL Statements

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2024, and all information contained in these statements rests with the management of the Canadian Forces Housing Agency (CFHA). These financial statements have been prepared by management in accordance with the accounting policies set out in Note 2 of the statements, on a basis consistent with that of the preceding year.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the Department of National Defence Departmental Results Report, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded, and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislations, regulations, authorities, and policies.

Management also seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; and through communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Agency.

The CFHA financial statements have not been audited.

Approved by:

Paola Zurro, ing., P.Eng.
Chief Executive Officer
Canadian Forces Housing Agency

Anthony Soares, CPA, CA
General Manager
Finance, Procurement, and Resource Management

Date: December 3, 2024

Statement of Financial Position (unaudited)
As of March 31, 2024

(in thousands of dollars)	2024	2023
Liabilities		
Accounts payable and accrued liabilities (Note 4)	72,285	76,426
Vacation pay and compensatory leave	1,554	1,352
Environmental liabilities and asset retirement obligations (Note 5)	221,731	234,767
Employee future benefits (Note 6)	704	636
Total liabilities	**296,274**	**313,181**
Financial assets		
Accounts receivable (Note 7)	255	152
Total financial assets	**255**	**152**
Net debt	**296,019**	**313,029**
Non-financial assets		
Tangible capital assets (Note 8)	636,349	587,397
Total non-financial assets	**636,349**	**587,397**
Net financial position	**340,330**	**274,368**

The accompanying notes form an integral part of these financial statements.

Paola Zurro, ing., P.Eng.
Chief Executive Officer
Canadian Forces Housing Agency

Anthony Soares, CPA, CA
General Manager
Finance, Procurement, and Resource Management

Date: December 3, 2024

Statement of Operations and Net Financial Position (unaudited)
For the year ended March 31, 2024

(in thousands of dollars)	2024	2023
Expenses		
Strategic housing portfolio planning	812	914
Real property housing programs	22,785	30,755
Housing operations and customer services programs	105,376	95,299
Military housing program support, control and coordination	11,406	9,707
Total expenses	**140,379**	**136,675**
Revenues		
Shelter charges	107,595	102,377
Miscellaneous revenues	6,976	6,904
Total revenues	**114,571**	**109,281**
Net cost of operations	**25,808**	**27,394**
Government funding and transfers		
Net cash provided by government	88,928	94,370
Services provided without charge by other government departments (Note 10)	2,842	2,093
Net cost of operations after government funding and transfers	**(65,962)**	**(69,069)**
Net financial position — beginning of year	**274,368**	**205,299**
Net financial position — end of year	**340,330**	**274,368**

Segmented information (Note 11).
The accompanying notes form an integral part of these financial statements.

Statement of Change in Net Debt (unaudited)
For the year ended March 31, 2024

(in thousands of dollars)	2024	2023
Net cost of operations after government funding and transfers	**(65,962)**	**(69,069)**
Change due to tangible capital assets		
Acquisition of tangible capital assets (Note 8)	63,489	65,694
Amortization of tangible capital assets (Note 8)	(14,537)	(20,260)
Total change due to tangible capital assets	**48,952**	**45,434**
Net increase (decrease) in net debt	**(17,010)**	**(23,635)**
Net debt — beginning of year	313,029	336,664
Net debt — end of year	**296,019**	**313,029**

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flow (unaudited)
For the year ended March 31, 2024

(in thousands of dollars)	2024	2023
Operating activities		
Net cost of operations	**25,808**	**27,394**
Non-cash items		
Amortization of tangible capital assets (Note 8)	(14,537)	(20,260)
Services provided without charge by other government departments (Note 10)	(2,842)	(2,093)
Variations in Statement of Financial Position		
Increase (decrease) in accounts receivable	103	48
Decrease (increase) in accounts payable and accrued liabilities	4,141	(2,377)
Decrease (increase) in vacation pay and compensatory leave	(202)	396
Decrease (increase) in environmental liabilities and asset retirement obligations	13,036	25,450
Decrease (increase) in employee future benefits	(68)	118
Cash used by operating activities	**25,439**	**28,676**
Capital investment activities		
Acquisitions of tangible capital assets (Note 8)	63,489	65,694
Cash used by capital investment activities	**63,489**	**65,694**
Net cash provided by the Government of Canada	**88,928**	**94,370**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statement (unaudited)

1. Authority and objectives

The Canadian Forces Housing Agency (CFHA) was established as a provisional Special Operating Agency of the Department of National Defence (DND) in October 1995. In March 2004, it received permanent Special Operating Agency status. DND is granted revenue spending authority from Parliament through the approval of an Appropriation Act. DND funds CFHA's operating activities from vote-netted revenues generated by shelter charges collected from the housing portfolio and credited to the Defence appropriation. The capital investment program of the Agency is funded through departmental appropriations.

CFHA manages Crown-controlled residential accommodation assets for DND, to ensure that those assets, occupied or available to be occupied, are maintained to a suitable standard. CFHA also develops and implements plans to meet the future residential needs of members of the Canadian Armed Forces (CAF).

The Departmental Results Framework is structured by the following five core responsibilities and internal services:

(a) Strategic housing portfolio planning—DRF 6.4.1
Conduct strategic portfolio planning and program development activities, analyze and determine housing requirements and issue program direction.

(b) Real property housing programs—DRF 6.4.2
Manage housing real property programs including residential housing unit construction, recapitalization, betterment and housing portfolio rationalization and disposal projects.

(c) Housing operations and customer service programs—DRF 6.4.3
Manage housing operations, asset lifecycle, maintenance and repairs programs. Housing operations includes snow removal, grass cutting and janitorial, landscaping, pest control, and utility payments. Lifecycle includes the replacement of major components or assemblies that are at or near the end of their useful life. Repairs are to restore damaged or worn-out property to normal operating conditions.

Provide housing services to CAF members including housing allocation, shelter charge setting and collection, move-in/move-out coordination, customer relations, terms of occupancy and licence agreements and maintenance requests.

(d) Military housing program support, control and coordination—DRF 6.4.4
Manage, control and monitor the military family housing program to achieve expected program outcomes. Includes program support activities such as corporate services, financial management, planning, procurement, human resource services, IT services and infrastructure, governance, performance measurement, reporting relationship and partnership management and advice relating to DND and CAF housing.

(e) Revenues—DRF 6.4.5
Rental revenues generated from shelter charges for residential housing units and miscellaneous recoveries including recoveries for damages.

2. Summary of significant accounting policies

These financial statements have been prepared using the government's accounting policies stated below, which are based on Canadian Public Sector Accounting Standards.

Significant accounting policies are as follows:

(a) Net voting authority

CFHA receives authority to operate net voting from Parliament with the approval of an Appropriation Act. Net voting is the authority to expend generated revenues to offset related expenditures.

The Agency also receives additional funding from Departmental appropriations to provide DND-directed activities.

(b) Net cash provided by the Government of Canada

The Agency operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF. The net cash provided by government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the federal government.

(c) Change in net position in the Consolidated Revenue Fund

The change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by government and vote-netted revenues plus additional funding used in a year, excluding the amount of non-respendable revenue recorded by the Agency. It results from timing differences between when a transaction affects vote-netted revenues and when it is processed through the CRF.

(d) Revenues

Revenues from shelter charges are recognized in the accounts based on the services provided in the year.

Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) Expenses

Expenses are recorded on the accrual basis:

- Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- Services provided without charge by other government departments for the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

i. Pension benefits

Eligible civilian employees participate in the Public Service Pension Plan (the Plan), a multi-employer plan administered by the Government of Canada. The Department's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan.
The department's responsibility with regard to the Plan is limited to its contributions.

ii. Severance benefits

Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the government as a whole.

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits of termination from the public service.

(g) Accounts receivable

Receivables are stated at amounts expected to be ultimately realized; an allowance for doubtful accounts is made for receivables where recovery is considered uncertain. The allowance for doubtful accounts represents management's best estimate of probable losses in receivables. The allowance is determined based on an analysis of historic loss experience and an assessment of current condition.

(h) Tangible capital assets

All tangible capital assets, having an initial cost of $10,000 or more are recorded at their acquisition cost.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Buildings (new construction)	**40** years
Buildings (betterment)	**20** years
Work in progress	Once in service, in accordance with asset class
Vehicles	**6** years

(i) Environmental liabilities and asset retirement obligations

An environmental liability for the remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects the government's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination. If the likelihood of the government's responsibility is not determinable, a contingent liability is disclosed in the notes to the consolidated statements.

An asset retirement obligation is recognized when all of the following criteria are satisfied: there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past event or transaction giving rise to the retirement liability has occurred, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The costs to retire an asset are normally capitalized and amortized over the asset's estimated remaining useful life. An asset retirement obligation may arise in connection with a tangible capital asset that is not recognized or no longer in productive use. In this case, the asset retirement cost would be expensed. The measurement of the liability is the government's best estimate of the amount required to retire a tangible capital asset. When the future cash flows required to settle or otherwise extinguish a liability are estimable, predictable, and expected to occur over extended future periods, a present value technique is used. The discount rate used reflects the government's cost of borrowing, associated with the estimated number of years to complete remediation. The recorded liabilities are adjusted each year, for present value adjustments, inflation, new obligations, changes in management estimates and actual costs incurred.

(j) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the remediation liabilities, the liability for employee future benefits, the allowance for doubtful accounts, and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

Asset retirement obligations are recognized and measured in accordance with applicable accounting standards. As this was implemented in fiscal year 2022-23, there are inherent uncertainties related to identifying and quantifying obligations, assessing the timing and magnitude of future cash flows, and determining appropriate discount rates. The recorded asset retirement obligations disclosed in Note 5 of these financial statements may be subject to revisions in subsequent periods as additional information becomes available and as the estimation process is refined. Management will continue to evaluate and update measurements as necessary based on new developments and changing circumstances.

(k) Related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount. Inter-entity transactions are transactions between commonly controlled entities.

Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following:

i. services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.

ii. certain services received on a without charge basis are recorded for departmental financial statement purposes at the carrying amount.

3. Parliamentary authorities

The Agency receives a portion of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years.

Accordingly, the Agency has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

a) Reconciliation of net cost of operations to current year authorities used:

(in thousands of dollars)	2024	2023
Net cost of operations before government funding and transfers	**25,808**	**27,394**
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets (Note 8)	(14,537)	(20,260)
Services provided without charge by other government departments (Note 10)	(2,842)	(2,093)
(Increase) decrease in employee future benefits	(68)	118
Decrease (increase) in environmental liabilities and asset retirement obligations	13,036	25,450
(Increase) decrease in vacation pay and compensatory leave	(202)	396
Adjustments to previous year's accounts payable	(27)	(2)
Other adjustments	760	6,344
Total items affecting net cost of operations but not affecting authorities	**(3,880)**	**9,953**
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets (Note 8)	63,489	65,694
Total items not affecting net cost of operations but affecting authorities	**63,489**	**65,694**
Current year authorities used	**85,417**	**103,041**

b) Authorities provided and used:

(in thousands of dollars)	2024	2023
Net cash provided by government	**88,928**	**94,370**
Revenue not available for spending		
Change in net position in the Consolidated Revenue Fund		
(Increase) decrease in accounts receivable	(103)	(48)
(Decrease) increase in accounts payable, accrued liabilities	(4,141)	2,377
Adjustments to previous year's accounts payable	(27)	(2)
Other adjustments	760	6,344
Current year authorities used	**85,417**	**103,041**

4. Accounts payable and accrued liabilities

The following table presents details of the Agency's accounts payable and accrued liabilities:

(in thousands of dollars)	2024	2023
Accounts payable - other government departments and agencies	5,658	6,765
Accounts payable - external parties	64,281	67,669
Total accounts payable	**69,939**	**74,434**
Other liabilities	2,346	1,992
Total accounts payable and accrued liabilities	**72,285**	**76,426**

5. Environmental liabilities and asset retirement obligations

Environmental liabilities and asset obligation include:

(in thousands of dollars)	2024	2023
Remediation liability for contaminated sites	969	1,039
Asset retirement obligations	**220,762**	**233,728**
Total environmental liabilities and asset retirement obligations	**221,731**	**234,767**

(a) Remediation of contaminated sites

The government's *A Federal Approach to Contaminated Sites,* sets out a framework for management of contaminated sites using a risk-based approach. Under this approach the government has inventoried the contaminated sites identified on federal lands, allowing them to be classified, managed and recorded in a consistent manner. This systematic approach aids in identification of the high risk sites in order to prioritize allocation of limited resources to those sites which pose the highest risk to the environment and human health.

The Agency has identified approximately 10 units (11 units in 2022–23) where contamination may exist and assessment, remediation and monitoring may be required. The Agency has recorded a gross liability of $969 thousand ($1,039 thousand in 2022–23) for these units. This liability estimate has been determined based on site assessments performed by environmental experts reviewing the results of site assessments, and proposing possible remediation solutions.

No further units have been identified at this time and no liability has been recognized. Liabilities will be reported as soon as a reasonable estimate can be determined.

b) Asset retirement obligation

The Agency has recorded asset retirement obligations for the removal of asbestos and other hazardous materials in buildings.

The changes in asset retirement obligations during the year are as follows:

(in thousands of dollars)	2024	2023
Opening balance	233,728	259,575
Revisions in estimates	(20,011)	(32,086)
Accretion expense*	7,045	6,239
Closing balance	**220,762**	**233,728**

* Accretion expense is the increase in the carrying amount of an asset retirement obligation due to the passage of time.

The undiscounted future expenditures, adjusted for inflation, for the planned projects comprising the liability are $433,083 thousand ($441,957 thousand as at March 31, 2023).

Key assumptions used in determining the provision are as follows:

(in thousands of dollars)	2024	2023
Discount rate	3.29-4.53%	2.8-3.8%
Discount period and timing of settlement	1 to 47 years	2 to 48 years
Long-term rate of inflation	2.00%	2.00%

The Agency's ongoing efforts to assess contaminated sites may result in additional environmental liabilities and asset retirement obligations.

6. Employee future benefits

a) Pension benefits

The Agency's employees participate in the Public Service Pension Plan (the Plan), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2% per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Both the employees and the Department contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups - Group 1 related to existing plan members as of December 31, 2012, and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2023-24 expense amounts to $2,998 thousand ($2,124 thousand in 2022-23). For Group 1 members, the expense represents approximately 1.02 times (1.02 times in 2022-23) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2022-23) the employee contributions.

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Consolidated Financial Statements of the Government of Canada, as the Plan's sponsor.

(in thousands of dollars)	2024	2023
Pension expenses	2,998	2,124

b) Severance benefits

Severance benefits provided to the Agency's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011, the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees (completed by 2012). Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service.

The changes in the obligations during the year were as follows:

(in thousands of dollars)	2024	2023
Accrued benefit obligation - beginning of year	**636**	**754**
Expenses for the year	90	(3)
Benefits paid during the year	(22)	(115)
Accrued benefit obligation - end of year	**704**	**636**

7. Accounts receivable

The following table presents details of the Agency's accounts receivable balances:

(in thousands of dollars)	2024	2023
Receivables - external parties	652	435
Subtotal	**652**	**435**
Less: allowance for doubtful accounts on receivables from external parties	(397)	(283)
Net receivables	**255**	**152**

8. Tangible capital assets

The following table presents details of the cost of tangible capital assets:

(in thousands of dollars)	Balance beginning of year	Adjustments	Acquisitions	Disposals and write-offs	Balance end of year
Buildings and works					
Residential houses	581,448	84,073	-	-	665,521
Work in progress	212,737	(84,073)	63,387	-	192,051
Vehicles	**850**	**-**	**102**	**-**	**952**
Gross tangible capital assets	**795,035**	**-**	**63,489**	**-**	**858,524**

The following table presents details of the amortization of tangible capital assets and its net book value:

(in thousands of dollars)	Balance beginning of year	Adjustments	Amortization	Disposals and write-offs	Balance end of year	Net book value 2024	Net book value 2023
Buildings and works							
Residential houses	207,409	-	14,389	-	221,798	443,723	374,039
Work in progress	-	-	-	-	-	192,051	212,737
Vehicles	**229**	**-**	**148**	**-**	**377**	**575**	**621**
Total	**207,638**	**-**	**14,537**	**-**	**222,175**	**636,349**	**587,397**

Amortization expenses for the year ended March 31, 2024, is $14.537M ($20.260M in 2022-23).

CFHA-managed residential housing assets were transferred from DND at the time of CFHA formation with "0" cost value, instead of the historical cost of the assets and fully amortized value. This is because the residential housing portfolio was more than 50 years old and there was a lack of accurate cost information dating back to that time.

9. Contractual obligations

The nature of the Agency's activities may result in some large multi-year contracts and obligations whereby the Agency will be obligated to make future payments in order to carry out its transfer payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	2024-25	2025-26	2026-27	2027-28	2028-29 and thereafter	Total
Projects	90,356	17,555	17,555	8,719	17,469	151,654
Operating lease	5,849	773	797	273	-	7,692
Total	**96,205**	**18,328**	**18,352**	**8,992**	**17,469**	**159,346**

10. Related party transactions

The Agency is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

The Agency enters into transactions with these entities in the normal course of business and on normal trade terms. The Agency did not identify any material transactions that occurred at a value different from which would have been arrived at if the parties were unrelated.

(a) Common services provided without charge by other government departments

During the year, the Agency received services without charge from certain common service organizations, related to accommodation, legal services, the employer's contribution to the health and dental insurance plans and workers' compensation coverage. These services provided without charge have been recorded in the Agency's Statement of Operations and Net Financial Position as follows:

(in thousands of dollars)	2024	2023
Employer's contributions to the health and dental insurance plans paid by Treasury Board Secretariat	2,842	2,093

The government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada and audit services provided by the Office of the Auditor General are not included in the Agency's Statement of Operations and Net Financial Position.

(b) Other transactions with related parties

(in thousands of dollars)	2024	2023
Accounts payable to other government department and agencies	5,658	6,765

Expenses and revenues disclosed in (b) exclude common services provided without charge, which are already disclosed in (a).

11. Segmented information

The presentation by segment is based on the Departmental Results Framework as stated in Note 1 and is based on the accounting policies as described in the Summary of significant accounting policies in Note 2. The following table presents the expenses incurred and revenues generated for the main result framework, by major object of expense and by major type of revenue. The segment results for the period are as follows:

(in thousands of dollars)	Strategic housing portfolio planning	Real property housing programs	Housing operations and customer services programs	Military housing program support, control and coordination	Revenues	2024	2023
Operating expenses							
Salaries and employee benefits	527	917	23,412	7,536	-	32,392	23,185
Professional and special services	268	584	6,213	811	-	7,876	8,008
Repair and maintenance	-	(1,457)	60,368	27	-	58,938	61,664
Amortization	-	23,122	-	-	-	23,122	20,260
Utilities, materials and supplies	-	-	7,343	534	-	7,877	7,932
Accommodation	-	-	4,866	554	-	5,420	5,315
Travel and relocation	17	14	438	167	-	636	520
Communication	-	-	18	178	-	196	85
Advertising, printing and related services	-	-	7	-	-	7	10
Equipment and other rentals	-	-	44	7	-	51	66
Other services	-	-	1,813	298	-	2,111	2,000
Expenses related to tangible assets	-	(407)	108	1,292	-	993	1,286
Bad debts	-	-	680	-	-	680	77
Other expenses	-	12	66	2	-	80	6,267
Total operating expenses	**812**	**22,785**	**105,376**	**11,406**	**-**	**140,379**	**136,675**
Revenues							
Shelter charges	-	-	-	-	107,595	107,595	102,377
Miscellaneous revenues	-	-	-	-	6,976	6,976	6,904
Total revenues	**-**	**-**	**-**	**-**	**114,571**	**114,571**	**109,281**
Net cost of operations	**812**	**22,785**	**105,376**	**11,406**	**(114,571)**	**25,808**	**27,394**