

Reports of the Auditor General of Canada
to the Parliament of Canada

Current and Future Use of Federal Office Space

Report 3



Independent Auditor's Report | 2025



Office of the
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of Canada

Bureau du
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At a Glance



Overall message

In response to its 2017 estimate that half of government office space was not being used to full capacity, in 2019–20, Public Services and Procurement Canada started planning for the disposal of properties it considered could be better used for other purposes. Some of the surplus properties identified as suitable for housing could be used by the Federal Lands Initiative, a program run by the Canada Mortgage and Housing Corporation (CMHC) that aims to use surplus federal properties for the development of affordable, accessible, energy-efficient, and socially inclusive housing.

Public Services and Procurement Canada's efforts to rightsize federal office space and decrease the associated costs depend on the department having a flexible plan that mitigates evolving risks. We found that, mainly because of a lack of funding since 2019 to implement the original reduction plans, Public Services and Procurement Canada was able to achieve only a slight reduction in office space. The department developed an updated plan maintaining the commitment to reduce office space by 50%, and Budget 2024 provided the department with \$1.1 billion over 10 years to do so. However, Public Services and Procurement Canada currently projects that office space reductions will only be 33%. Budget 2024 also instructed Public Services and Procurement Canada to prioritize disposal of properties that can be leveraged for housing. We found that this prioritization could delay the disposal of properties less suitable for housing and risks resulting in an increase in maintenance and operating costs.

We found that between 2021 and 2024, the Treasury Board of Canada Secretariat made good progress in implementing improvements in how real property is managed within the government. However, its ability to lead and support departments and agencies decreased significantly with the dissolution in 2024 of the Centre of Expertise for Real Property, which had been set up in 2021 to support the government in the management of its real property portfolio.

We also found that the CMHC, supported by Housing, Infrastructure and Communities Canada, was on track to meet the Federal Lands Initiative's initial target to secure commitments by 2027–28 to build 4,000 new housing units. However, the CMHC's reporting of the number of housing units built lacked clarity. In addition, the initiative did not maximize access to affordable housing for those with the greatest need.

Key facts and findings



- Public Services and Procurement Canada manages an office space portfolio of about 5.9 million square metres.
- Maintenance and operating costs and payments in lieu of taxes for its office space portfolio were about \$2.14 billion in the 2023–24 fiscal year.
- Public Services and Procurement Canada estimated that before the pandemic, 50% of the office space was underused.
- The department estimates the reduction in federal office space will generate savings of approximately \$3.9 billion over the next 10 years and ongoing savings of \$0.9 billion per year.
- Since 2019, the department achieved only a slight reduction in office space from 6.0 million rentable square metres in 2019–20 to 5.9 million rentable square metres in 2023–24.
- The Federal Lands Initiative, designed to use surplus federal properties for the development of affordable, accessible, energy-efficient, and socially inclusive housing, is on track to meet its target in terms of energy efficiency, accessibility, and number of affordable housing units committed to be built.
- The criterion for affordability used by the initiative is not based on household income; therefore, renters in the lowest-income ranges, whose needs are the greatest for affordable housing, benefit less from the initiative.

See [Recommendations and Responses](#) at the end of this report.

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Introduction

Background

Managing the government's office space

3.1 The Government of Canada manages about 20,000 owned and leased properties, 41 million hectares of land area, 39,000 buildings, and 27.5 million square metres of floor space. All together, these holdings are the government's portfolio of "real property." Public Services and Procurement Canada is the second-largest federal government administrator of floor space (after National Defence), managing an office space portfolio that includes **rentable space**¹ of about 5.9 million square metres. Maintenance and operating costs and payments in lieu of taxes for this office space portfolio were about \$2.14 billion in the 2023–24 fiscal year.

3.2 The post-pandemic environment presented unique challenges to

- meet varying demand for office space to accommodate the number of federal public servants working on site—for example, according to Statistics Canada, the number of public servants grew by 34% (94,201) from the 2018 to the 2024 calendar years
- reduce the size and cost of the government's office space by disposing of federal properties that are vacant or **underused**² since the government's adoption of a **hybrid work model**³

3.3 Since 2019–20, Public Services and Procurement Canada planned to reduce its real property footprint by disposing of surplus properties (see [Exhibit 3.1](#)). Some of these surplus properties are assessed to be appropriate to repurpose for affordable housing and are of interest to the Federal Lands Initiative, a Canada Mortgage and Housing Corporation program launched in 2019. This initiative aims to transform surplus real properties from the federal government into affordable, accessible, sustainable, and socially inclusive housing in support of Canada's National Housing Strategy.

1 **Rentable space**—The space that a federal tenant occupies, plus a share of common areas, such as lobbies and corridors, excluding elevators and stairs.

2 **Underused office space**—Office space that is not being used or occupied to its full capacity.

3 **Hybrid work model**—Work arrangement where employees divide their time between working remotely, such as from home, and working in a physical office building or other designated space.

Exhibit 3.1—The disposal process and how federal properties are made available for the Federal Lands Initiative

 Property identification	Federal government departments and Crown corporations identify property that is no longer needed.
 Due diligence	Federal property owners perform necessary due diligence on the property (for example, Indigenous consultations, environmental and physical condition assessments).
 Property assessment	Federal property owners determine whether land and building(s) are suitable for use as affordable housing.
 Property review	The Federal Lands Initiative team reviews evaluated properties and expresses interest in those suitable for conversion to housing. Re-zoning or pre-development work may be done at this stage.
 Property for sale or lease	Suitable property is made available for sale or lease through the Federal Lands Initiative and posted to the Canada Mortgage and Housing Corporation’s National Housing Strategy website.
 Applications accepted	Housing providers apply to purchase or lease property for an affordable housing project. Proposals are evaluated based on accessibility, affordability, environmental efficiency, and community need.
 Project selection	A winning application is selected, and property is sold or leased at discounted to no cost. Cost is based on the project’s social outcomes, applicant experience, and the project proposed. Agreements are signed to ensure the property is developed and maintained as affordable housing for no less than 25 years or as otherwise specified.
 Housing is built or renovated	Affordable housing is created or renovated to the benefit of the community.

Source: Adapted from information provided by the Canada Mortgage and Housing Corporation

Read the Exhibit 3.1 text description

3.4 In 2021, the Treasury Board of Canada Secretariat completed a 3-year horizontal review of federal assets, which included office space. The purpose of the review was to identify ways to enhance or generate greater value from government assets. In Budget 2021, the secretariat received \$5 million over 3 years to implement recommendations from the review. To this end, the secretariat created the Centre of Expertise for Real Property, which was subsequently dissolved in spring 2024.

3.5 During the course of this audit, on 20 June 2024, an [act came into force](#) that established Housing, Infrastructure and Communities Canada, formerly Infrastructure Canada. The Minister of Housing,

Infrastructure and Communities was appointed, and the minister's responsibilities include advancing national housing priorities and enhancing public infrastructure.

Roles and responsibilities

3.6 **Public Services and Procurement Canada.** The department is responsible for managing the office space needs of federal government organizations. The department must also optimize the space in office buildings, lower operating costs, and reduce greenhouse gas emissions in alignment with the Greening Government Strategy. The department is the mandatory common service provider for office space, a responsibility that includes setting workplace and space allocation standards. The department works with its federal tenants to address the demand for office space on the basis of operational requirements, accounting for the Treasury Board of Canada Secretariat's Direction on Prescribed Presence in the Workplace.

3.7 **Treasury Board of Canada Secretariat.** The secretariat is responsible for providing advice and making recommendations to the Treasury Board committee of ministers on how the government spends money on programs and services. The secretariat is responsible for appraising the state of compliance with legal and Treasury Board policy requirements across government and taking appropriate action as necessary to align behaviour with these requirements. It provides the direction on presence in the workplace and advice and recommendations to departments and agencies on the general management of real property assets.

3.8 **Canada Mortgage and Housing Corporation.** The Crown corporation is responsible for delivering the Federal Lands Initiative under the National Housing Strategy, an initiative that transfers surplus lands and buildings to eligible developers at discounted to no cost to develop and renovate these properties into affordable, sustainable, accessible, and socially inclusive housing.

3.9 **Housing, Infrastructure and Communities Canada.** The department is responsible for supporting the Minister of Housing, Infrastructure and Communities. This includes ongoing policy development and advice to inform the future direction of housing programs, integrate horizontal policies, develop funding and programming proposals, lead policy-related engagement and strategic bilateral and multilateral engagement with other levels of government, and report results on National Housing Strategy outcomes.

Focus of the audit

3.10 This audit focused on whether

- Public Services and Procurement Canada managed the government’s office portfolio to provide adequate space for the public service while minimizing costs to Canadians, with the support and guidance of the Treasury Board of Canada Secretariat
- the Canada Mortgage and Housing Corporation managed the Federal Lands Initiative in a manner that enables the corporation to achieve the initiative’s aims under Canada’s National Housing Strategy with the support of Housing, Infrastructure and Communities Canada

3.11 A well-managed portfolio of office space is not only cost-effective for Canadian taxpayers but also helps maximize the benefits of the hybrid work environment. Furthermore, if well managed, the disposal of surplus federal properties and land identified as not required anymore and that can be disposed of can provide cost savings while also helping to increase housing supply, especially sustainable, accessible, and affordable housing for low-income families.

3.12 More details about the audit objective, scope, approach, and criteria are in [About the Audit](#) at the end of this report.

Findings and Recommendations

Public Services and Procurement Canada had plans to reduce the office space footprint since 2019, but full-scale implementation only began in 2024

Why this finding matters

3.13 Vacant or underused office space means unnecessary costs for the government. According to Public Services and Procurement Canada, the government estimates savings of \$3.9 billion over the next 10 years and ongoing savings of \$0.9 billion per year generated from the disposal of vacant or underused office space.

The department only slightly reduced office space so far

Findings

3.14 In 2017, Public Services and Procurement Canada estimated that 50% of office space was underused, and in 2019–20, the department started to make plans to reduce office space. We found that while office reduction plans had been regularly developed since 2019–20, only a small portion of these plans were implemented, mainly because of a lack of funding.

3.15 Budget 2024 announced that the government would provide \$1.1 billion over 10 years, starting in 2024–25, for Public Services and Procurement Canada to reduce its office portfolio by 50% to 2.95 million rentable square metres. The funding is intended to help accelerate the termination of leases and disposal of vacant or underused federal properties and reduce maintenance and operating costs. In response, the department worked on a new office portfolio reduction plan. The draft plan to reduce office space by 50% included

- identifying which buildings should be disposed of and which ones should remain within the government’s portfolio
- identifying which federal tenants will occupy which buildings
- working with federal tenants to reduce their space allocation
- planning and completing the necessary renovations
- moving federal tenants to a temporary, new, or renovated location as needed
- disposing of the surplus buildings as they become vacant

Subsequent to our audit period, in February 2025, Public Services and Procurement Canada finalized the office portfolio reduction plan. The finalized plan includes the 6 elements listed above.

3.16 We found that since 2019 when the first office reduction plans were developed, the department achieved a slight reduction in office space from 6.0 million rentable square metres in 2019–20 to 5.9 million rentable square metres in 2023–24.

3.17 We also found that office space had not been modernized as initially planned in Public Services and Procurement Canada’s 2018–19 Departmental Plan. Modernizing office space converts assigned offices to an activity-based, open setting with no assigned seating, thereby resulting in a more efficient use of office space. The department’s target was to modernize at least 4% of office space per year, but so far, the department has modernized an average of 2.4% of office space annually between 2021–22 and 2023–24. The shortfall between the target and the actual results is due to resistance to change

from some federal tenants, aging infrastructure, condition of buildings, portfolio size, reallocation of funding, and an increase in costs driven by inflation.

The department lacked up-to-date, standardized, and reliable information from federal tenants on the daily use of office space

Findings

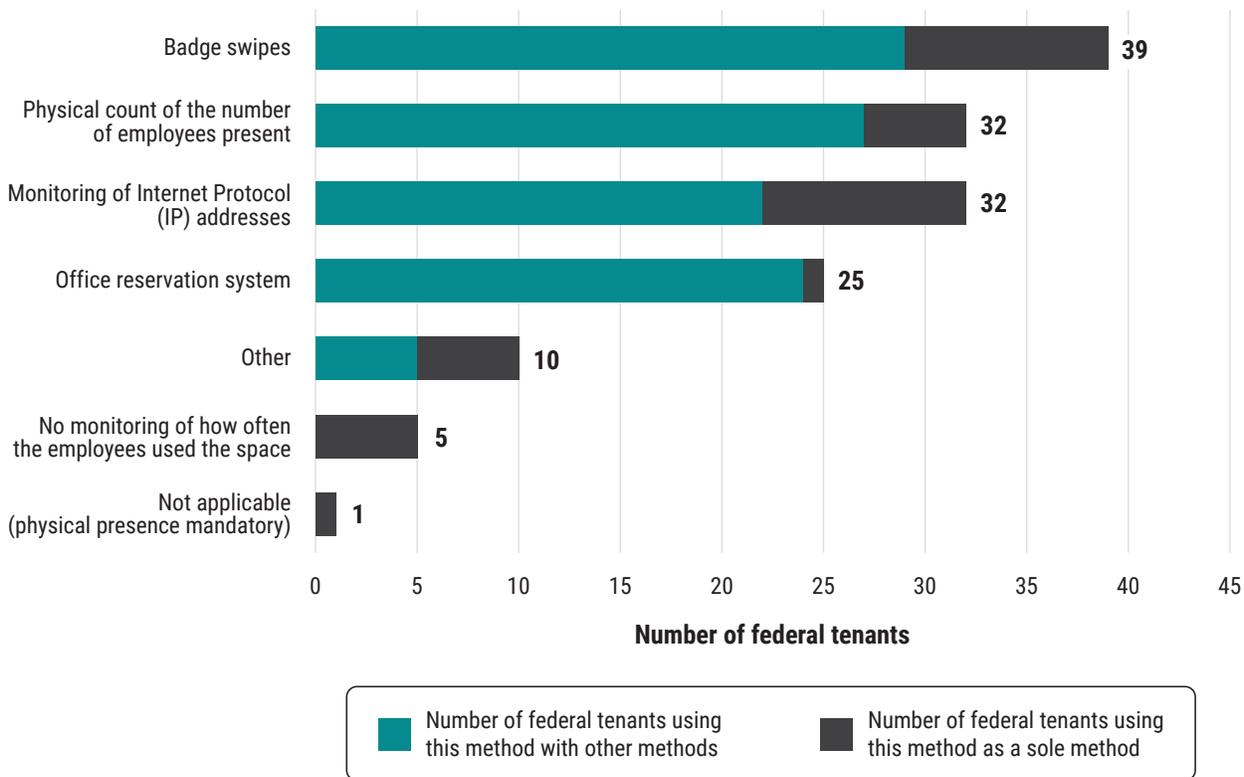
3.18 Proper management of an office space portfolio requires a good understanding of both the space available and the demand for this space. We found that Public Services and Procurement Canada had information on the number of public servants it needed to accommodate, but it lacked up-to-date, standardized, and reliable information from federal tenants on the number of public servants using office spaces on a daily basis.

3.19 The department's own policies require it to work with federal tenants to monitor actual on-site use of space through various means. In September 2024, we sent a survey to 101 federal tenants and received 84 responses, representing an 83% response rate. We asked about how they monitored their office space usage and found that federal tenants used different methods to monitor the number of employees in the workplace, with some using more than 1 method (see [Exhibit 3.2](#)). It is our view that some of these monitoring methods are more accurate than others, and the results from different methods might not be comparable.

3.20 We found that Public Services and Procurement Canada is proceeding in stages to obtain the monitoring data from its federal tenants. At the time of the audit, the department received data on the use of office space from 37 out of 105 of its federal tenants. On average, these 37 tenants reported data for only 31% of the buildings they occupied and 64% of their employees. Once the department obtains the monitoring information it needs from the first 37 federal tenants, it will proceed to request the information from the remaining 68 tenants. Using up-to-date, standardized, and reliable information from all its tenants on daily usage of the office space would better enable the department to maximize opportunities for further reductions on the basis of this data and would better equip the department to adjust its plans according to the actual usage of the space by federal tenants.

Exhibit 3.2—Federal tenants that responded to the survey indicated they used 1 or more methods to collect information on the use of office space

Methods of collecting data



[Read the Exhibit 3.2 text description](#)

Recommendation

3.21 Public Services and Procurement Canada should work with federal tenants to implement a standardized and reliable method of collecting data on the use of office space.

The department’s response. Agreed.

See [Recommendations and Responses](#) at the end of this report for detailed responses.

Public Services and Procurement Canada has been piloting an accelerated process for the disposal of surplus real properties

Findings

3.22 We found that in 2022, Public Services and Procurement Canada changed its process to reduce the disposal time of real property in half. Information provided by the department on pre-2022 disposals showed that once a property had been declared surplus, disposing of it took 6 to 8 years. Moving forward, the department anticipates it will be able to dispose of real properties in 3 years.

3.23 The department created the Real Property Disposal Sector in April 2024. It identified 10 properties in the National Capital Region to pilot the new process. The new disposal process included conducting various steps of the disposal process concurrently instead of sequentially and engaging with involved parties earlier. It is too soon to know if this new initiative will enable the department to dispose of its real property more quickly, because none of these 10 properties had been disposed of by the date of this audit.

3.24 We note that the longer the disposal process, the more it costs the government to maintain the buildings slated for disposal. In addition to operating and maintenance costs, the federal government makes payments to municipal governments in lieu of taxes to recognize the services it receives in the locations of its properties. All of those costs continue to be incurred until the disposal process is completed.

The department did not report publicly on some important information about its management of office space

Findings

3.25 Public Services and Procurement Canada presents information to the public about the management of office space. Its 2023–24 Departmental Results Report contains information such as

- the percentage of office space that was modernized each year and the percentage of time that real property facilities were fully operational
- its compliance score against the most recent accessibility standards
- its reductions in greenhouse gas emissions in the Crown-owned building portfolio, excluding housing

3.26 However, we found that important information about office buildings was not publicly available, such as

- percentage of use of office space
- specific buildings that were sold and their condition
- total proceeds of sale on office buildings
- total market value of office buildings sold and those remaining in the portfolio
- information regarding the contributions toward new housing efforts of the surplus properties disposed of
- greenhouse gas emissions of office buildings in the portfolio

3.27 Other countries report extensively on the management and use of government office space. For example, Australia's Department of Finance produces an annual special purpose report that contains indicators such as

- percentage of tenancies meeting the occupational density (square metres allotted per employee) target
- number of workstations
- vacant workstations
- number of employees using the department's office space

3.28 In our view, given Public Services and Procurement Canada's ambitious plan to reduce office space by 50% by 2034, Parliament and the public need additional relevant information to be better informed on the progress being made and on how office space is being used. Furthermore, if made publicly available, information such as cost per square metre, cost per employee, and square metre per employee by federal tenant may incentivize federal tenants to optimize their use of office space.

Recommendation

3.29 Each year, Public Services and Procurement Canada should gather and publicly report more information on its management of office space, including its progress toward the target of 50% reduction, the use of office space, and the occupational density, to enhance transparency and efficiency.

The department's response. Agreed.

See [Recommendations and Responses](#) at the end of this report for detailed responses.

Public Services and Procurement Canada's office reduction plan risks not being able to meet the changing needs of the public service

Why this finding matters

3.30 The success of the department's 10-year plan to reduce office space by 50% and associated costs depends on the plan being comprehensive and having appropriate mitigations for identified risks.

The department encountered delays in implementing its reduction plan

Findings

3.31 We found that Public Services and Procurement Canada encountered delays with some federal tenants in implementing the modifications necessary for the planned reduction in office space. The department and federal tenants share responsibility regarding the management of office space. Although the department has the necessary authorities to compel federal tenants to reduce the footprint of their office space, in practice, this shared responsibility means that the department has to engage in negotiations with federal tenants to reduce their space.

3.32 The department approached its 105 federal tenants in stages, starting in June 2024 with the 37 largest tenants being asked to reduce their space first. Among these large tenants, representing 90% of the office space that the department manages, 15 (41%) tenants (representing 45% of the total office space) have not signed office space reduction agreements, and negotiations were still ongoing at the time of the audit. This is a risk to the timely and full implementation of the reduction plan and can delay or reduce the associated savings. According to Public Services and Procurement Canada officials, tenants have expressed a variety of reasons to explain why office space reduction agreements have not been signed, including funding and growth concerns, the need for specific accommodations to deliver on their mandate, and an unwillingness or disagreement to move into the new locations that Public Services and Procurement Canada proposed.

3.33 Some federal tenants reimburse (or pay rent to) Public Services and Procurement Canada for the office space they occupy, while others follow a different model where the amount of space they occupy has no impact on their budget. Of the 15 tenants cited above who did not agree to the reduction of the space they occupy, 13 (or 87%) had no financial incentives to reduce the space. In total, 93 federal tenants (89%) do not reimburse the department for the space they occupy. We also found that

of the 12 federal tenants with financial incentive to reduce the space they occupy, 9 (or 75%) had agreed to the requested reduction of space or were finalizing their reduction plans.

More work is needed to reach Public Services and Procurement Canada’s 50% planned reduction in office space

Findings

3.34 The Treasury Board of Canada Secretariat consulted multiple times with Public Services and Procurement Canada before first signalling its intentions to federal organizations with regard to a hybrid work environment in 2022. In December of that year, the secretariat introduced the Direction on Prescribed Presence in the Workplace, which was intended to provide a hybrid work model across the core public administration. At that time, it was determined that public servants would be required to spend a minimum of 2 to 3 days a week in the workplace.

3.35 We found that before announcing changes to the Direction on Prescribed Presence in the Workplace in May 2024, the Treasury Board of Canada Secretariat consulted with Public Services and Procurement Canada about the proposed requirements of the updated direction. The May 2024 update increased presence in the workplace to 3 days per week for employees and 4 days per week for executives. Public Services and Procurement Canada confirmed that implementing the new direction was feasible given the available office space.

3.36 We found that with the increase in required presence at the office, flexibility that had been built in previous draft plans was lost. Public Services and Procurement Canada updated its draft office portfolio reduction plan in fall 2024 maintaining its commitment to achieve a 50% reduction target. However, the department’s projections for office space reduction were at 33%. After our audit period, in February 2025, the department finalized the office portfolio reduction plan confirming this target and projection. More work is needed with federal tenants for the department to reach the 10-year reduction target of 50%.

Recommendation

3.37 Public Services and Procurement Canada should work with central agencies and other relevant departments to explore with federal tenants how to reduce the office space they occupy.

The department’s response. Agreed.

See [Recommendations and Responses](#) at the end of this report for detailed responses.

The department's plan was missing complete information on the maintenance and operating costs of all office buildings slated for disposal

Findings

3.38 Budget 2024 allocated funds to Public Services and Procurement Canada to reduce its office portfolio and instructed the department to prioritize for disposal federal properties that can be leveraged for housing. Office buildings previously slated for priority disposal may not be suitable for housing, and because of the focus on housing, it is likely that their priority status for disposal will be lowered. By delaying the disposal of properties not suitable for housing, there is a risk that maintenance and operating costs could increase.

3.39 We found that Public Services and Procurement Canada's decision to dispose of office buildings considered a cost-benefit analysis of the physical, functional, and operational state of the property, financial indicators, and different options that can be realistically envisioned for the property's future use. We found that the department did not include in its draft office portfolio reduction plan the increased maintenance and operating costs associated with the office buildings that were slated for disposal but whose priority status for disposal had been lowered because they were not suitable for housing. The office portfolio reduction plan finalized in February 2025, after our audit period, did not include these costs. In our view, better decision making and budgeting requires all costs to be considered and, therefore, increased maintenance and operating costs need to be calculated and integrated into the office portfolio reduction plan.

Recommendation

3.40 Public Services and Procurement Canada should ensure that its office portfolio reduction plan includes the increased maintenance and operating costs of surplus office buildings that are not prioritized for disposal because they are less suitable for housing.

The department's response. Agreed.

See [Recommendations and Responses](#) at the end of this report for detailed responses.

The Treasury Board of Canada Secretariat’s ability to provide leadership and coordination for the federal real property portfolio was reduced after the dissolution of the Centre of Expertise for Real Property

Why this finding matters

3.41 The Treasury Board of Canada Secretariat plays a key role in providing government-wide coordination and leadership in the management of federal real property.

The dissolution of the Centre of Expertise for Real Property reduced the government-wide oversight of the management of federal real property

Findings

3.42 In Budget 2021, the Treasury Board of Canada Secretariat received \$5 million over 3 years to implement 119 recommendations from its Horizontal Fixed Asset Review and to help departments respond to changes in use of office space that resulted from the COVID-19 pandemic. The objective of the Budget 2021 mandate was to help ensure that the federal real property portfolio would be modern, agile, and rightsized. To coordinate the implementation of the recommendations from the review and to facilitate horizontal collaboration across the federal government, the Treasury Board of Canada Secretariat created the Centre of Expertise for Real Property in 2021. The centre was dissolved in March 2024.

3.43 We found that the Centre of Expertise for Real Property played an important role in providing leadership and oversight to implement the review’s recommendations. The centre assigned the recommendations to **custodian departments**⁴ and to the Department of Finance Canada and the secretariat on the basis of each organization’s mandate and asset portfolio. The centre also held bilateral meetings to discuss the assigned recommendations and requested that each custodian department provide an implementation work plan. The centre tracked custodian departments’ respective progress in implementing the recommendations. The centre then presented the implementation progress to the Deputy Minister Real Property Committee, which had a mandate to provide strategic advice and a government-wide perspective on the management of federal real property. As of 5 February 2024, the centre reported that 21 of the 119 recommendations (18%) of the Horizontal Fixed Asset Review were implemented.

⁴ **Custodian department**—A federal department whose minister is responsible for administering real property. There are 28 custodian departments across the federal government. Public Services and Procurement Canada is the custodian for office space across the federal government.

3.44 We found that the government-wide oversight for implementing the remaining 98 of 119 recommendations of the review disappeared when the centre was dissolved in spring 2024, and along with this, a diminished commitment from custodian departments to complete the implementation of the recommendations in the Horizontal Fixed Asset Review. In particular, the progress on implementation was left to the responsible custodian departments, without any government-wide follow-up, coordination, or support. For example, Public Services and Procurement Canada had 15 remaining recommendations (at least 7 of which were related to office space management) when the centre last received a progress report from the department in March 2023. One example of a remaining recommendation is for Public Services and Procurement Canada to explore options to incentivize tenants to optimize their use of office space.

The dissolution of the Centre of Expertise for Real Property slowed down the secretariat's momentum to improve the overall management of federal real property

Findings

3.45 We found that, before the dissolution of the Centre of Expertise for Real Property, the Treasury Board of Canada Secretariat had completed 16 of the 48 self-assigned recommendations from the Horizontal Fixed Asset Review. In particular, the centre contributed to improving key areas in the management of real property across the federal government. For example, the centre supported the portfolio management of custodian departments, including Public Services and Procurement Canada, by providing training, guidance, and advice in the development of their real property portfolio strategy. The centre also contributed to improving governance of federal real property by creating the Deputy Minister Real Property Committee, which raised the profile of federal real property management.

3.46 However, because of the dissolution of the centre, the secretariat paused many initiatives related to its self-assigned recommendations from the Horizontal Fixed Asset Review. As of August 2024, the Deputy Minister Real Property Committee was paused until January 2025, which impacted the progress in the governance of federal real property. In addition, the secretariat did not continue to implement its own remaining recommendations. For example, the centre had started to identify information gaps in the central database of federal real properties. However, the secretariat did not take further actions to address the gaps that it had identified following the dissolution of the centre because of a lack of resources.

Recommendation

3.47 The Treasury Board of Canada Secretariat should assess its capacity and resources and, as appropriate, resume the work of the former Centre of Expertise for Real Property to enhance the management of federal real property.

The secretariat's response. Agreed.

See [Recommendations and Responses](#) at the end of this report for detailed responses.

The Canada Mortgage and Housing Corporation's administration of the Federal Lands Initiative is on track to meet its commitments for housing units, but the requirements of the initiative did not maximize affordability for those in greatest need

Why this finding matters



Make cities inclusive, safe, resilient and sustainable

Source: United Nations

3.48 Canada needs more sustainable, accessible, and affordable housing to address the housing needs for the most vulnerable Canadians. Sustainable, accessible, and affordable housing promotes social and economic inclusion for individuals and families, reduces the number of households in **core housing need**,⁵ and contributes to preventing and reducing chronic homelessness. If well managed, repurposing surplus federal land and buildings can help increase the supply of sustainable, accessible, and affordable housing. The matters examined in this section of the report relate to the United Nations' Sustainable Development Goal 11 (Sustainable Cities and Communities).

The Federal Lands Initiative is on track to meet its target for housing units committed, but reporting on progress lacked clarity

Findings

3.49 In 2018, the Canada Mortgage and Housing Corporation (CMHC) was allocated funding of \$200 million over a period of 10 years for the Federal Lands Initiative. This funding was to be dispersed annually at \$20 million per year. Beginning June 2024, Housing, Infrastructure and Communities Canada took over the responsibility from the CMHC of ongoing policy development and advice to inform future direction of housing programs.

⁵ **Core housing need**—According to the Canada Mortgage and Housing Corporation, a household is considered to be in core housing need if it does not have access to adequate, suitable, or affordable housing or if the household would have to spend 30% or more of its before-tax household income to access local housing that meets all 3 standards.

3.50 The Federal Lands Initiative’s initial target was to secure commitments by 2027–28 to build 4,000 housing units. The September 2024 quarterly Progress on the National Housing Strategy report stated that the CMHC had secured commitments for a total of 3,946 housing units. We examined all 23 signed letters of agreement between the CMHC and applicants to build housing units. We found that the agreements provided for only 1,951 housing units (or 49%) to be built by 2027–28. This is important because the target for the initiative is based on units committed rather than actually built and ready for occupancy. In our view, reporting clearly on both housing units built and on those committed to being built would provide more clarity about the CMHC’s progress (see [Exhibit 3.3](#)).

Exhibit 3.3—Progress on the number of housing units in the Federal Lands Initiative as of December 2024

	Target for 2027–28	Units committed	Units built	Units to be built by 2027–28	Units to be built after 2027–28
Number of housing units	4,000	3,946	309	1,642	1,995

3.51 We also found that the CMHC should have been clearer on how it measured and reported on the building of housing units under the Federal Lands Initiative. For example, in 1 instance, an applicant had already made a commitment with another National Housing Strategy program to build 856 housing units on a property before engaging with the Federal Lands Initiative for additional land under a joint agreement. The 856 housing units that the applicant had previously planned to build were then included in the Federal Lands Initiative’s figures. In our view, as these units were going to be built anyway, including these units in the reporting without context is an inaccurate measurement of the impact of the Federal Lands Initiative. In another instance, the CMHC did not clarify in its reporting that the number of housing units committed included the 48 units for a project experiencing delays because the applicant was not meeting its obligations under the agreement. At the time of our audit, the impact of these delays was not known.

Recommendation

3.52 Housing, Infrastructure and Communities Canada and the Canada Mortgage and Housing Corporation should improve their quarterly reporting by accurately presenting

- the number of units committed to being built
- the number of units built and ready to be occupied
- the number of units delayed (for example, because of default)

- the number of units resulting from joint agreements and already reported under other housing initiatives

The department’s and the corporation’s response. Agreed.

See [Recommendations and Responses](#) at the end of this report for detailed responses.

The Canada Mortgage and Housing Corporation is on track to meet the program requirements for energy efficiency and accessibility

Findings

3.53 [Exhibit 3.4](#) shows the Federal Lands Initiative’s minimum requirements for accessibility and energy efficiency for each project.

Exhibit 3.4—Requirements for accessibility and energy efficiency in the Federal Lands Initiative

Requirement type	Requirement criteria
Accessibility	At least 20% of units must meet accessibility standards, and projects must be barrier-free or demonstrate compliance with the universal design.
Energy efficiency	<p>New projects are required to achieve either a 25% decrease in energy consumption and greenhouse gas emissions relative to the 2015 National Energy Code of Canada for Buildings or the 2015 National Building Code of Canada or a 15% decrease relative to the 2017 National Energy Code of Canada for Buildings.</p> <p>For repair or renewal projects, a 25% decrease in energy use and greenhouse gas emissions relative to past performance of the property is required.</p>

3.54 We found that the Canada Mortgage and Housing Corporation set the minimum accessibility requirements according to the Canadian Standards Association B651: Accessible Design for the Built Environment, in coordination with Accessibility Standards Canada. We found that the CMHC was on track to meet the provisions for accessibility in its commitments on a program-wide basis. However, the CMHC stated that 4 (17%) out of the 23 projects were given exemptions from the minimum accessibility requirements because of the projects' locations in northern communities or the small size of the projects.

3.55 We found that the CMHC included commitments to build energy-efficient units in projects under the Federal Lands Initiative. At the launch of the initiative in 2019, the CMHC set the minimum energy efficiency requirements relative to the codes in effect at the time ([Exhibit 3.4](#)). Those requirements are now outdated since new energy efficiency requirements were set out in the 2020 National Energy Code of Canada for Buildings and the 2020 National Building Code of Canada. In November 2024, after our audit period, the CMHC developed new energy efficiency criteria for new constructions that are aligned with the 2020 codes and should support Canada's commitment to reducing greenhouse gas emissions by 40% to 45% by 2030 and to net-zero emissions by 2050.

3.56 We also found that the Federal Lands Initiative introduced measures that enhanced the outreach to Indigenous governments and communities. This was done through direct engagement with Indigenous groups in geographical proximity to the surplus real property or land considered as part of the initiative.

3.57 We found that there were 7 Indigenous applicants for projects under the Federal Lands Initiative. We reached out to all of them and interviewed the 5 that responded to our request. They were generally pleased with the CMHC's enhanced efforts to increase awareness of the initiative in Indigenous communities. One Indigenous applicant was motivated by the project it had with the Federal Lands Initiative and was interested in taking on more projects as a result. One group expressed interest in reapplying to the Federal Lands Initiative when more surplus property and land become available.

3.58 Of the Indigenous groups we talked to, 3 groups told us that they faced difficulty with the stringent requirements on project timelines, raising capital, and the requirement to produce a budget for the projects prior to accessing the funds. They also identified the CMHC's legal framework for the acquisition of property as complex to navigate. These groups indicated the need for more support during the application, contracting, and project management processes.

The Canada Mortgage and Housing Corporation's program did not maximize access to affordable housing for those in greatest need

Findings

3.59 [Exhibit 3.5](#) shows the Federal Lands Initiative's minimum requirements for affordability for each project.

Exhibit 3.5—Requirements for affordability in the Federal Lands Initiative

Requirement type	Requirement criteria
Affordability	At least 30% of units must be less than 80% of median market rent, for a minimum of 25 years.

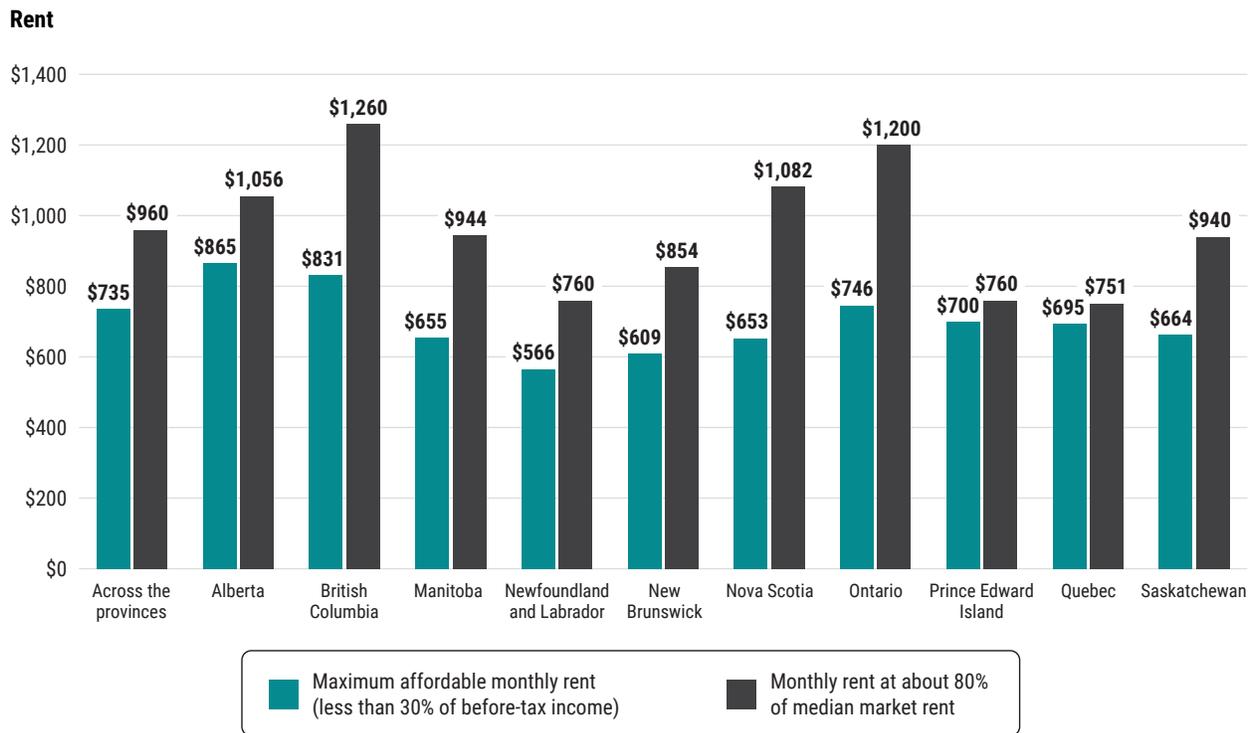
3.60 We found 3 areas of concern that show that the Federal Lands Initiative did not maximize access for those in greatest need for affordable housing.

3.61 First, we found that 39% of the projects supported by the initiative will not serve Canadians in locations where the core housing needs are greatest. These projects represent 655 units committed to be built, or 17% of the total 3,946 units committed to be built by the end of the audit period. This is especially concerning since the CMHC's 2022 Rental Market Survey showed that the lowest-income households had access to a very small share of the rental stock, about less than 5% in major centres, 1% in Vancouver, and almost none in major Ontario cities. CMHC officials told us that they are limited by the location of available government properties that are brought forward to be leveraged for housing, and these may not always be in areas with the greatest core housing need.

3.62 Second, although the CMHC met the requirement for affordability for the Federal Lands Initiative, we found that the affordability requirement was not designed to provide housing that would be affordable for the lowest-income households. The requirement was that "at least 30% of units must be less than 80% of **median market rent**,⁶ for a minimum of 25 years." [Exhibit 3.6](#) shows that in every province, the Federal Lands Initiative criteria for affordability will produce housing units rented at higher monthly costs than units rented in a price range that Statistics Canada considers affordable for lower-income earners. Statistics Canada defines housing as affordable if a household spends less than 30% of its before-tax income on shelter cost. Other housing programs under the National Housing Strategy base affordability requirements on a 30% shelter-cost-to-gross-income ratio.

⁶ **Median market rent**—This is the median, or midpoint value, for rent in a particular geographic area, as defined by the Canada Mortgage and Housing Corporation in the annual Rental Market Survey.

Exhibit 3.6—Comparison by province of monthly rent linked to 80% of median market rent versus 30% of before-tax income, 2022 and 2023



Note: Information on the territories is not available.

This graph shows that in every province, the Federal Lands Initiative criteria for affordability will produce housing units rented at higher monthly costs than units rented in a price range that Statistics Canada considers affordable for lower-income earners.

The Federal Lands Initiative’s criteria for affordability was “at least 30% of units must be less than 80% of median market rent, for a minimum of 25 years.”

Median market rent refers to the estimated middle price from a range of low to high market rental prices. Therefore, if a geographic area has not been identified as being in core housing need, then the median market rent for that area is likely serving higher-income earners more than lower-income earners.

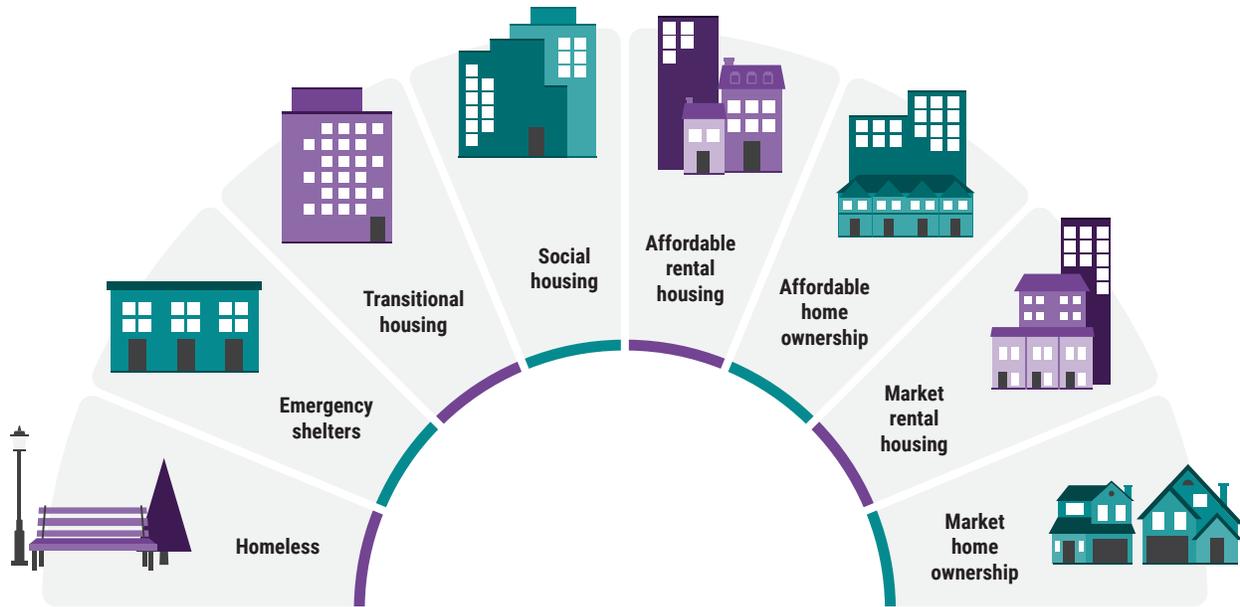
Source: Based on data published by Statistics Canada and the Canada Mortgage and Housing Corporation

[Read the Exhibit 3.6 text description](#)

3.63 Third, we found that so far, the Federal Lands Initiative only supported rental housing, even though it can support a larger variety of housing types along the housing continuum ([Exhibit 3.7](#)), such as emergency shelters, and transitional and social housing. This meant that vulnerable populations typically serviced by these types of housing were not benefiting from the Federal Lands Initiative. CMHC officials told us that because the Federal Lands Initiative provides land at a discounted price but does not provide continuing financial support, the CMHC had difficulty accommodating different projects along the housing continuum. CMHC officials also noted that projects to build homeless shelters need additional and ongoing support for day-to-day operations, which is over and above the support offered by the Federal Lands Initiative.

3.64 Employment and Social Development Canada led the Surplus Federal Real Property for Homelessness Initiative until 31 March 2019; this initiative was the predecessor of the Federal Lands Initiative. We noted that the previous initiative attracted applicants willing to support a variety of housing types, including transitional, permanently supportive, and longer-term housing facilities, and to provide some related support and emergency services (for example, emergency shelters and soup kitchens).

Exhibit 3.7—The housing continuum



Source: Adapted from the Canada Mortgage and Housing Corporation

[Read the Exhibit 3.7 text description](#)

Recommendation

3.65 Housing, Infrastructure and Communities Canada should collaborate with the Canada Mortgage and Housing Corporation as needed to

- review current tools and operational measures to assess and ensure their alignment with the Federal Lands Initiative's intended goal to support greater housing affordability in communities with demonstrated housing needs
- determine how to better meet the needs of low-income Canadians for affordable housing, including by determining whether the Federal Lands Initiative's affordability requirement should become an income-based measure

- explore avenues in collaboration with other federal, provincial, territorial, and government entities, departments, and interested parties to attract applicants that are willing to provide the various types of housing along the housing continuum

The department's and the corporation's response. Agreed.

See [Recommendations and Responses](#) at the end of this report for detailed responses.

Conclusion

3.66 We concluded that Public Services and Procurement Canada managed the government's office space portfolio to provide adequate space for the public service, with the support and guidance of the Treasury Board of Canada Secretariat. However, Public Services and Procurement Canada was not able to minimize costs as its office reduction plan was not yet implemented.

3.67 The Canada Mortgage and Housing Corporation and Housing, Infrastructure and Communities Canada managed the Federal Lands Initiative in a manner that enabled them to achieve the aims of the initiative. They are on track to meet accessibility requirements and have introduced an Indigenous outreach program. However, the requirements of the initiative are based on commitments to building housing units and are not based on housing units that are built and ready for Canadians. The initiative did not maximize access to affordable housing for those with the greatest need.

About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on federal real property. Our responsibility was to provide objective information, advice, and assurance to assist Parliament in its scrutiny of the government's management of resources and programs and to conclude on whether the management of federal real property complied in all significant respects with the applicable criteria.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001—Direct Engagements, set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook—Assurance.

The Office of the Auditor General of Canada applies the Canadian Standard on Quality Management 1—Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we complied with the independence and other ethical requirements of the relevant rules of professional conduct applicable to the practice of public accounting in Canada, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from entity management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the audit report is factually accurate

Audit objective

The objective of this audit was to determine whether

- Public Services and Procurement Canada managed the government's office portfolio to provide adequate space for the public service while minimizing costs to Canadians, with the support and guidance of the Treasury Board of Canada Secretariat
- the Canada Mortgage and Housing Corporation managed the Federal Lands Initiative in a manner that enables it to achieve the aims of this initiative under Canada's National Housing Strategy with the support of Housing, Infrastructure and Communities Canada

Scope and approach

The audit included an examination of Public Services and Procurement Canada's and the Treasury Board of Canada Secretariat's efforts to manage the government's office portfolio. It also included an examination of the Canada Mortgage and Housing Corporation's and Housing, Infrastructure and Communities Canada's roles in managing the Federal Lands Initiative.

The audit involved examining and analyzing key documents and data from the departments and the corporation. The Horizontal Fixed Asset Review report was assessed for reliability and used in this audit as a relevant and reasonable source of information.

We interviewed officials from each of the entities and from other federal departments with responsibilities related to federal real property. We also interviewed officials from organizations external to the federal government involved in the management of real property and Indigenous applicants who applied to the Federal Lands Initiative.

We performed an analysis on the inventory of office buildings and of data on usage of office space, for Public Services and Procurement Canada's federal tenants. We conducted a survey of federal tenants to understand the management of office space and their interactions with Public Services and Procurement Canada. While there are 105 federal tenants in total, we sent the survey to 101 federal tenants because some report to the department through other federal tenants; of the 101 federal tenants, 84 responded.

Criteria

We used the following criteria to conclude against our audit objective:

Criteria	Sources
<p>Public Services and Procurement Canada understands the state and the changing demands for the office portfolio, allowing it to manage the portfolio efficiently and to deliver services to Canadians.</p>	<ul style="list-style-type: none"> • Guide to Portfolio Management and the Real Property Portfolio Strategy, Treasury Board of Canada Secretariat • Direction on Prescribed Presence in the Workplace, Treasury Board of Canada Secretariat, 2022 • Direction on Prescribed Presence in the Workplace, Treasury Board of Canada Secretariat, 2024 • Policy on the Planning and Management of Investments, Treasury Board, 2021 • Directive on the Management of Real Property, Treasury Board, 2024

Criteria	Sources
<p>Public Services and Procurement Canada develops comprehensive plans to downsize its office portfolio and disposes of real property assets in order to be converted to housing by another entity.</p>	<ul style="list-style-type: none"> • Directive on the Management of Real Property, Treasury Board, 2024 • Office Long Term Plan, Public Services and Procurement Canada, 2022 • Minister of Public Services and Procurement Mandate Letter, 2015 • Minister of Public Services and Procurement Supplementary Mandate Letter, 2021 • Horizontal Fixed Asset Review, Treasury Board of Canada Secretariat, 2021 • Budget 2024, Department of Finance Canada
<p>The Treasury Board of Canada Secretariat, through the Centre of Expertise on Real Property, supports the enhancement of federal real property portfolio management.</p>	<ul style="list-style-type: none"> • 2023–24 Departmental Plan, Treasury Board of Canada Secretariat • Budget 2021, Department of Finance Canada • Treasury Board Submission: Access to Funding to Establish the Centre of Expertise for Real Property to Improve Federal Asset Management • Horizontal Fixed Asset Review, Treasury Board of Canada Secretariat, 2021 • Framework for the Management of Compliance, Treasury Board of Canada Secretariat
<p>The Treasury Board of Canada Secretariat consults with Public Services and Procurement Canada to confirm that the Direction on Prescribed Presence in the Workplace could be implemented in the core public administration without preventing Public Services and Procurement Canada's goal of reducing its real property footprint.</p>	<ul style="list-style-type: none"> • Direction on Prescribed Presence in the Workplace, Treasury Board of Canada Secretariat, 2022 • Direction on Prescribed Presence in the Workplace, Treasury Board of Canada Secretariat, 2024 • 2024–25 Departmental Plan, Public Services and Procurement Canada • Horizontal Fixed Asset Review, Treasury Board of Canada Secretariat, 2021 • Public Employment and Management 2023: Towards a More Flexible Public Service, Organisation for Economic Co-operation and Development

Criteria	Sources
<p>The Canada Mortgage and Housing Corporation manages the Federal Lands Initiative, which aims to provide affordable, sustainable, accessible, and socially inclusive housing for vulnerable Canadians, by meeting the targets with the support of Housing, Infrastructure and Communities Canada.</p>	<ul style="list-style-type: none"> • National Housing Strategy • 2023 Annual Report, Canada Mortgage and Housing Corporation • Budget 2017, Department of Finance Canada • Towards Canada’s 2030 Agenda National Strategy, Employment and Social Development Canada • Building for a Better Tomorrow: Policies to Make Housing More Affordable, Organisation for Economic Co-operation and Development, 2021 • Department of Housing, Infrastructure and Communities Act • Fall Economic Statement Implementation Act, 2022

Period covered by the audit

The audit covered the period from 1 April 2018 to 31 October 2024. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters that preceded the start date of this period. We noted that in February 2025, subsequent to our audit period, Public Services and Procurement Canada finalized its Office Portfolio Reduction Plan—Implementation Plan 2024.

Date of the report

We obtained sufficient and appropriate audit evidence on which to base our conclusion on 2 June 2025, in Ottawa, Canada.

Audit team

This audit was completed by a multidisciplinary team from across the Office of the Auditor General of Canada led by Markirit Armutlu, Principal. The principal has overall responsibility for audit quality, including conducting the audit in accordance with professional standards, applicable legal and regulatory requirements, and the office’s policies and system of quality management.

Recommendations and Responses

Responses appear as they were received by the Office of the Auditor General of Canada.

In the following table, the paragraph number preceding the recommendation indicates the location of the recommendation in the report.

Recommendation	Response
<p>3.21 Public Services and Procurement Canada should work with federal tenants to implement a standardized and reliable method of collecting data on the use of office space.</p>	<p>Public Services and Procurement Canada’s response. Agreed. Public Services and Procurement Canada will implement a standardized and reliable method for collecting data on office space utilization as technology becomes increasingly available in Government of Canada buildings. Public Services and Procurement Canada intends to issue a formal recommendation on the preferred approach in Spring 2026.</p>
<p>3.29 Each year, Public Services and Procurement Canada should gather and publicly report more information on its management of office space, including its progress toward the target of 50% reduction, the use of office space, and the occupational density, to enhance transparency and efficiency.</p>	<p>Public Services and Procurement Canada’s response. Agreed. Public Services and Procurement Canada will report annually on its progress toward achieving a 50% reduction in its office portfolio over the next 10 years, by publicly sharing information related to the management and use of office space, as part of the Departmental Plan starting in 2026-2027.</p>
<p>3.37 Public Services and Procurement Canada should work with central agencies and other relevant departments to explore with federal tenants how to reduce the office space they occupy.</p>	<p>Public Services and Procurement Canada’s response. Agreed. Public Services and Procurement Canada is currently exploring various models, including incentives to encourage federal tenants to reduce their office space. As part of this review, the department will work with central agencies, as amended authorities and support from these agencies may be required. Public Services and Procurement Canada will complete this review by Fall 2025.</p>
<p>3.40 Public Services and Procurement Canada should ensure that its office portfolio reduction plan includes the increased maintenance and operating costs of surplus office buildings that are not prioritized for disposal because they are less suitable for housing.</p>	<p>Public Services and Procurement Canada’s response. Agreed. Public Services and Procurement Canada will include the increased maintenance and operating costs of surplus properties not prioritized for disposal because they are less suitable for housing into the next iteration of the annual reduction plan update in Winter 2026.</p>

Recommendation	Response
<p>3.47 The Treasury Board of Canada Secretariat should assess its capacity and resources and, as appropriate, resume the work of the former Centre of Expertise for Real Property to enhance the management of federal real property.</p>	<p>The Treasury Board of Canada Secretariat's response. Agreed. Treasury Board of Canada Secretariat (TBS), through the Office of the Comptroller General, supports the overall improvement of the management of federal real property as part of its core mandate. These core activities, which include delivering guidance and training, and supporting interdepartmental governance, provide leadership to the real property community and support the management of real property across the Government.</p> <p>TBS' ability to provide hands-on support to custodians and leadership in implementing the 119 recommendations from the Horizontal Fixed Asset Review (FAR) diminished considerably upon the dissolution of the Centre of Expertise for Real Property, as that had been its mandate.</p> <p>In 2025-2026, TBS will review and prioritize the outstanding FAR recommendations, taking into consideration feedback from the real property community. Following this review, TBS will consider options to address the identified priorities, including exploring funding strategies and identifying what can be delivered with existing resources.</p>
<p>3.52 Housing, Infrastructure and Communities Canada and the Canada Mortgage and Housing Corporation should improve their quarterly reporting by accurately presenting</p> <ul style="list-style-type: none"> • the number of units committed to being built • the number of units built and ready to be occupied • the number of units delayed (for example, because of default) • the number of units resulting from joint agreements and already reported under other housing initiatives 	<p>Housing, Infrastructure and Communities Canada's and the Canada Mortgage and Housing Corporation's response. Agreed. HICC and CMHC agree that transparency is of the utmost importance and publicly reports on results through the National Housing Strategy (NHS) on a quarterly basis.</p> <p>That being said, HICC will add more clarity to FLI results reporting by including progress achieved to date in terms of units committed, units under development, units built and units repaired.</p> <p>In addition, while current reporting meets existing requirements of the program, HICC, with support from CMHC, will examine ways to add clarity and precision, in NHS quarterly reporting, where possible, with a focus on expanding reporting to include projects that have defaulted and pertinent information regarding risk of default.</p>

Recommendation	Response
<p>3.65 Housing, Infrastructure and Communities Canada should collaborate with the Canada Mortgage and Housing Corporation as needed to</p> <ul style="list-style-type: none"> • review current tools and operational measures to assess and ensure their alignment with the Federal Lands Initiative’s intended goal to support greater housing affordability in communities with demonstrated housing needs • determine how to better meet the needs of low-income Canadians for affordable housing, including by determining whether the Federal Lands Initiative’s affordability requirement should become an income-based measure • explore avenues in collaboration with other federal, provincial, territorial, and government entities, departments, and interested parties to attract applicants that are willing to provide the various types of housing along the housing continuum 	<p>Housing, Infrastructure and Communities Canada’s and the Canada Mortgage and Housing Corporation’s response. Agreed. HICC and CMHC agree that more can and should be done to ensure that all NHS programming, including the FLI, are designed to target those in most need, and that there are coordinated approaches across the orders of government and the housing sector to produce strong results.</p> <p>HICC and CMHC will explore complementary policy and operational measures to best meet FLI’s goal to support greater housing affordability in communities with demonstrated housing needs.</p> <p>Going forward, HICC and CMHC will continue to work closely with federal, provincial, territorial and municipal partners to ensure that the remaining uncommitted funding available in FLI is targeting highest need to the extent possible, and will ensure that these recommendations inform future policy directions related to making federal lands available for housing. This includes exploring avenues for collaboration that can help attract applicants able to provide housing along the housing continuum.</p>

Appendix—Text Descriptions of Exhibits

Exhibit 3.1—The disposal process and how federal properties are made available for the Federal Lands Initiative—Text description

This flowchart shows the 8 steps for disposing of federal real property and making it available for use as housing through the Federal Lands Initiative.

Step 1: Property identification

Federal government departments and Crown corporations identify property that is no longer needed.

Step 2: Due diligence

Federal property owners perform necessary due diligence on the property (for example, Indigenous consultations, environmental and physical condition assessments).

Step 3: Property assessment

Federal property owners determine whether land and building(s) are suitable for use as affordable housing.

Step 4: Property review

The Federal Lands Initiative team reviews evaluated properties and expresses interest in those suitable for conversion to housing. Re-zoning or pre-development work may be done at this stage.

Step 5: Property for sale or lease

Suitable property is made available for sale or lease through the Federal Lands Initiative and posted to the Canada Mortgage and Housing Corporation's National Housing Strategy website.

Step 6: Applications accepted

Housing providers apply to purchase or lease property for an affordable housing project. Proposals are evaluated based on accessibility, affordability, environmental efficiency, and community need.

Step 7: Project selection

A winning application is selected and property is sold or leased at discounted to no cost. Cost is based on the project's social outcomes, applicant experience, and the project proposed. Agreements are signed to ensure the property is developed and maintained as affordable housing for no less than 25 years or as otherwise specified.

Step 8: Housing is built or renovated

Affordable housing is created or rejuvenated to the benefit of the community.

Source: Adapted from information provided by the Canada Mortgage and Housing Corporation

[Back to Exhibit 3.1](#)

Exhibit 3.2—Federal tenants that responded to the survey indicated they used 1 or more methods to collect information on the use of office space—Text description

This bar chart shows various methods for collecting data on office space use and the number of federal tenants that used 1 or more methods. Overall, most federal tenants used multiple data collection methods, some tenants used only 1 method, some tenants did no monitoring of office space use, and 1 tenant had mandatory physical presence.

Badge swipes

- Total number of federal tenants that counted badge swipes: 39
- Number of federal tenants using this method with other methods: 29
- Number of federal tenants using this method as the sole method: 10

Physical count of the number of employees present

- Total number of federal tenants that physically counted the number of employees present: 32
- Number of federal tenants using this method with other methods: 27
- Number of federal tenants using this method as the sole method: 5

Monitoring of Internet Protocol (IP) addresses

- Total number of federal tenants that monitored IP addresses: 32
- Number of federal tenants using this method with other methods: 22
- Number of federal tenants using this method as the sole method: 10

Office reservation system

- Total number of federal tenants that used the office reservation system: 25
- Number of federal tenants using this method with other methods: 24
- Number of federal tenants using this method as the sole method: 1

Other data collection methods

- Total number of federal tenants that used other methods: 10
- Number of federal tenants using this method with other methods: 5
- Number of federal tenants using this method as the sole method: 5

No monitoring of how often the employees used the space

- Total number of federal tenants that did no monitoring: 5
- Number of federal tenants using this method with other methods: not applicable
- Number of federal tenants using this method as the sole method: not applicable

Not applicable (physical presence mandatory)

- Total number of federal tenants that had mandatory physical presence: 1
- Number of federal tenants using this method with other methods: not applicable
- Number of federal tenants using this method as the sole method: not applicable

[Back to Exhibit 3.2](#)

Exhibit 3.6—Comparison by province of monthly rent linked to 80% of median market rent versus 30% of before-tax income, 2022 and 2023—Text description

This chart compares 2 ways of determining affordability: either based on income or based on median market rent. (Median market rent refers to the estimated middle price from a range of low to high market rental prices.) When affordability is based on income, less than 30% of before-tax income is considered to be affordable monthly rent. When affordability is based on median market rent, about 80% of median market rent is considered to be affordable monthly rent. Across all of the

provinces, the amount of rent that is considered affordable is lower when the calculation is based on income: \$735 is considered to be affordable monthly rent when the calculation is based on income compared with \$960 when the calculation is based on median market rent.

This chart shows that in every province, the Federal Lands Initiative criteria for affordability (based on median market rent) will produce housing units rented at higher monthly costs than units rented in a price range that Statistics Canada considers affordable for lower-income earners.

The Federal Lands Initiative's criteria for affordability was "at least 30% of units must be less than 80% of median market rent, for a minimum of 25 years." Therefore, if a geographic area has not been identified as being in core housing need, then the median market rent for that area is likely serving higher-income earners more than lower-income earners.

Information on the territories is not available. Here are the calculations of affordable monthly rent for each province:

In Alberta, the maximum affordable monthly rent based on rent being less than 30% of before-tax income is \$865 compared with \$1,056 when monthly rent is about 80% of median market rent.

In British Columbia, the maximum affordable monthly rent based on rent being less than 30% of before-tax income is \$831 compared with \$1,260 when monthly rent is about 80% of median market rent.

In Manitoba, the maximum affordable monthly rent based on rent being less than 30% of before-tax income is \$655 compared with \$944 when monthly rent is about 80% of median market rent.

In Newfoundland and Labrador, the maximum affordable monthly rent based on rent being less than 30% of before-tax income is \$566 compared with \$760 when monthly rent is about 80% of median market rent.

In New Brunswick, the maximum affordable monthly rent based on rent being less than 30% of before-tax income is \$609 compared with \$854 when monthly rent is about 80% of median market rent.

In Nova Scotia, the maximum affordable monthly rent based on rent being less than 30% of before-tax income is \$653 compared with \$1,082 when monthly rent is about 80% of median market rent.

In Ontario, the maximum affordable monthly rent based on rent being less than 30% of before-tax income is \$746 compared with \$1,200 when monthly rent is about 80% of median market rent.

In Prince Edward Island, the maximum affordable monthly rent based on rent being less than 30% of before-tax income is \$700 compared with \$760 when monthly rent is about 80% of median market rent.

In Quebec, the maximum affordable monthly rent based on rent being less than 30% of before-tax income is \$695 compared with \$751 when monthly rent is about 80% of median market rent.

In Saskatchewan, the maximum affordable monthly rent based on rent being less than 30% of before-tax income is \$664 compared with \$940 when monthly rent is about 80% of median market rent.

Source: Based on data published by Statistics Canada and the Canada Mortgage and Housing Corporation

[Back to Exhibit 3.6](#)

Exhibit 3.7—The housing continuum—Text description

This illustration shows the range of housing from homelessness to home ownership.

The housing continuum has the following types of housing:

- No housing, meaning homelessness
- Emergency shelters
- Transitional housing
- Social housing
- Affordable rental housing
- Affordable home ownership
- Market rental housing
- Market home ownership

Source: Adapted from Canada Mortgage and Housing Corporation

[Back to Exhibit 3.7](#)

