



**2025** REPORT OF THE AUDITOR GENERAL OF CANADA  
TO THE PARLIAMENT OF CANADA

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# Housing Canadian Armed Forces Members



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

**INDEPENDENT  
AUDITOR'S REPORT**

## **Performance audit reports**

This report presents the results of a performance audit conducted by the Office of the Auditor General of Canada (OAG) under the authority of the Auditor General Act.

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- report both positive and negative findings
- conclude against the established audit objectives
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# At a Glance



## Overall message

Overall, National Defence did not manage living accommodations in a manner that would meet its operational needs and be responsive to the needs of Canadian Armed Forces members. Reporting by the Ombud for the Department of National Defence and the Canadian Armed Forces has identified issues related to living accommodations as a major source of concern raised by Canadian Armed Forces members. This issue has also been highlighted in reporting by the Canadian Armed Forces Chaplain General. National Defence's own research has shown that housing is an issue that can negatively affect the well-being of military families, with impacts on retention.

We found that National Defence did not have reliable data about its overall portfolio of quarters, including the number and type of bed spaces and their locations. During the audit, we found quarters were often in poor physical condition and did not meet National Defence's own standards for enough living space for each person. We found quarters that did not have potable water or properly functioning sanitary waste systems.

The Canadian Forces Housing Agency—which manages the residential housing units on bases—did not provide enough units to meet the Canadian Armed Forces' needs. In spring 2025, there were only 205 residential housing units available, while 3,706 applicants were on wait lists.

To meet operational needs, Canadian Armed Forces members can be required to move frequently. It is important for their morale and well-being that they can access affordable housing in good condition with sufficient living space for their needs.

## Key facts and findings



- National Defence needed an additional 5,200 to 7,200 residential housing units for members. Its plan to build new housing spaces still leaves a gap of at least 3,800 units.
- Only 5% (2 of 40) of a sample of high-priority repairs needed for quarters that we examined were completed at the 3 bases that were included in the audit.
- The Canadian Forces Housing Agency did not complete 26% (3,025 of 11,741) of required inspections of its residential housing units.
- As of March 2025, 66% of Canadian Armed Forces members who were waiting for a residential housing unit were single individuals, while only 22% of the Canadian Forces Housing Agency's portfolio of residential housing units were 1- or 2-bedroom units, indicating that there was not enough housing suited to single people.

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

# Table of Contents

|  |           |
|--|-----------|
| <b>Introduction</b>  | <b>1</b>  |
| <b>Background</b> .....  | <b>1</b>  |
| <b>Focus of the audit</b> .....  | <b>2</b>  |
| <b>Findings and Recommendations</b>  | <b>3</b>  |
| <b>National Defence has not met the Canadian Armed Forces’ needs for quarters</b> .....  | <b>3</b>  |
| National Defence has not defined its operational need for quarters.....  | 5         |
| Many National Defence quarters were in need of significant repair .....  | 6         |
| <b>The Canadian Forces Housing Agency did not provide enough residential housing units of the right type to meet operational requirements and member needs</b> .....                   | <b>8</b>  |
| The Canadian Forces Housing Agency did not have enough residential housing units for single members .....  | 8         |
| The Canadian Forces Housing Agency made errors in prioritizing member applications for housing .....   | 10        |
| The agency did not complete required monitoring of the condition of residential housing units, which is needed to plan renovations, plan new construction, and report on results ..... | 12        |
| <b>National Defence did not know how it would meet its housing needs</b> .....   | <b>13</b> |
| National Defence’s plan to increase the housing supply does not fully meet the needs of the Canadian Armed Forces for housing .....  | 14        |
| National Defence has considered affordability in planning for living accommodations.....   | 16        |
| National Defence has considered gender-based analysis plus in planning for living accommodations, but gaps remain .....  | 16        |
| National Defence did not consider the impact of reduced priority for residential housing units on long-serving members .....   | 18        |
| <b>Conclusion</b>  | <b>19</b> |
| <b>About the Audit</b>   | <b>20</b> |
| <b>Recommendations and Responses</b>   | <b>27</b> |
| <b>Appendix—Text Descriptions of Exhibits</b>  | <b>30</b> |

# Introduction

## Background

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### Living accommodations for Canadian Armed Forces members

1. Canadian Armed Forces members can be required to relocate multiple times during their careers because of the operational needs of the Canadian Armed Forces. As a result, they regularly need to find new housing. Finding affordable, good quality housing at the locations where duty demands can be challenging for several reasons, including:

- Some locations are relatively remote and therefore have small local housing markets.
- Other locations are in some of Canada's highest-cost housing markets, such as Victoria, Halifax, or the Greater Toronto Area.
- Canada's nationwide housing shortage is putting pressure on the availability and cost of housing.

2. Living accommodations offered by National Defence fit into 2 broad categories. The Canadian Forces Housing Agency maintains a stock of approximately 11,700 residential housing units on bases and wings across the country. They consist primarily of unfurnished multi-bedroom units. Canadian Armed Forces bases across the country also maintain furnished quarters intended for individual members with approximately 26,000 bed spaces available across 318 buildings. They include dormitory-style units that may be used for short- or long-term residential accommodations and units intended for members on training courses, short-term assignments, or in transit to other locations.

3. As of April 30, 2025, the Canadian Armed Forces had approximately 65,154 regular force members. During the 2024-25 fiscal year, there were approximately 10,100 Canadian Armed Forces members living in residential housing units or 16% of the total. National Defence estimates that a further 6,900 were in furnished quarters for longer-term residential stays, or 11% of the total. The balance of Canadian Armed Forces members either rented or owned

private accommodations. Members who live in either quarters or residential housing units must pay a shelter charge for the use of the living accommodations.

4. The total authorized strength of the Canadian Armed Forces regular force is 71,500 members. National Defence intends for the regular force to reach its authorized strength by the 2028–29 fiscal year, which requires adding approximately 6,300 members.

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## Roles and responsibilities

5. **National Defence.** The organization is made up of the Canadian Armed Forces and the Department of National Defence. It offers furnished quarters for individual members living on base and transient and training quarters for members who need short-term accommodations while on training courses, short-term assignments, or in transit to other locations. The quarters are jointly managed by National Defence’s Real Property Operations Group and by individual bases and air force wings.

6. The Canadian Forces Housing Agency is a special operating agency within the Department of National Defence. A special operating agency within a government department has greater management flexibility and is expected to meet certain levels of performance and results. It manages a housing portfolio that consists primarily of unfurnished multi-bedroom units, called residential housing units.

## Focus of the audit

7. This audit focused on whether National Defence managed living accommodations to meet its operational requirements and respond to the needs of Canadian Armed Forces members.

8. This audit is important because the Canadian Armed Forces needs to have enough living accommodations of the right types and in the right locations to meet its operational needs. The military lifestyle poses unique challenges to members of the Canadian Armed Forces, including the need to frequently relocate to wherever duty demands. National Defence’s policies include providing members with living accommodations that meet generally accepted societal norms. Canada’s National Housing Strategy establishes

acceptable housing norms through the following concepts, which are in general alignment with National Defence's policies on living accommodations:

- **Affordable**—A condition in which housing costs less than 30% of before-tax household income.
- **Suitable**—A condition in which housing has enough bedrooms for the occupants in the household and the overall size (in square metres) of the home is sufficient.
- **Adequate**—A condition in which major repairs to housing (plumbing, wiring, or structural repairs such as walls and floors) are not needed.

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

## Findings and Recommendations

### National Defence has not met the Canadian Armed Forces' needs for quarters

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#### Why this finding matters

10. This finding matters because National Defence should have enough bed spaces in furnished quarters at the right locations to meet its operational needs. Quarters need to meet minimum standards for size, amenities, and physical condition to support the morale, welfare, and retention of Canadian Armed Forces members.

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#### Context

11. National Defence uses 3 types of furnished quarters to house members while they are on training courses, on short-term assignments, or are in transit to another location. Quarters can also be used for residential purposes ([Exhibit 1](#)). The amount of space and amenities offered to members vary by the type of stay.

12. Under the Treasury Board's Directive on the Management of Real Property, National Defence must monitor its portfolio of quarters for

- **Functionality:** how effectively an asset meets defined program and service requirements
- **Utilization:** how intensively an asset is used compared with its capacity

- Physical performance: an asset’s state of repair and efficiency in achieving its intended purposes
- Environmental performance: the environmental condition of the asset, including the presence of pollutants and hazardous materials, and the potential for the asset to emit pollutants, including greenhouse gases
- Financial performance: the cost of operating and maintaining an asset relative to established financial standards or targets

These elements must be monitored to support the economical delivery of living accommodations.

**Exhibit 1**—Types of quarters used by National Defence

| Type of quarters          | Status of members living in them                      | Features  |
|---------------------------|---|---|
| Residential               | Used as a member’s primary residence                  | <ul style="list-style-type: none"> <li>• Single room</li> <li>• Separate sitting area</li> <li>• Private bathroom</li> <li>• Private kitchenette</li> <li>• Shared laundry</li> </ul> |
| Training—<br>Category I   | In basic training                                     | <ul style="list-style-type: none"> <li>• Multi-person room</li> <li>• Shared bathroom</li> <li>• Shared laundry</li> </ul>  |
| Training—<br>Category II  | In skilled or advanced training of less than 6 months | <ul style="list-style-type: none"> <li>• Single room</li> <li>• Shared bathroom</li> <li>• Shared kitchenette</li> <li>• Shared laundry</li> </ul>                                    |
| Training—<br>Category III | In skilled or advanced training of more than 6 months | <ul style="list-style-type: none"> <li>• Single room</li> <li>• Private bathroom</li> <li>• Private kitchenette</li> <li>• Shared laundry</li> </ul>                                  |
| Transient                 | Visiting base during travel or leave                  | <ul style="list-style-type: none"> <li>• Same as Training—<br/>Category II</li> </ul>   |

Source: National Defence

## National Defence has not defined its operational need for quarters

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### Findings

13. In our 2015 audit, we recommended that National Defence clearly define its operational requirement for military housing, meaning residential housing units. We found that National Defence did so, including defining under what circumstances members should be prioritized for a unit. However, subsequently, National Defence recognized that operational requirements were also needed for quarters. At the time of the audit, operational requirements for quarters had not been set. National Defence also recognized that there is a need to define the role that quarters should play in an overall strategy for living accommodations.

14. Quarters are managed jointly by National Defence's real property operations group and by individual bases across Canada. We found that National Defence does not centrally collect data on the utilization of quarters. We, therefore, selected 3 Canadian Armed Forces bases by considering factors including size, regional representation, and representation of all 3 environments (Navy, Army, and Air Force) for further in-depth examination:

- Canadian Forces Base Esquimalt (British Columbia, Royal Canadian Navy)
- 5th Canadian Division Support Base—Gagetown (New Brunswick, Canadian Army)
- Canadian Forces Base Trenton (Ontario, Royal Canadian Air Force)

15. We found that bases used a variety of systems to manage the allocation of quarters to members, including purchasing commercial hotel management software, developing in-house information technology (IT) applications, or using spreadsheets. As a result, National Defence does not have reliable data about its overall quarters portfolio, including the number and type of bed spaces, their location, their utilization, and whether they are being used for their intended purpose.

16. We found that National Defence has defined minimum standards for living space and features for quarters that vary on the basis of how long members will stay in them and for what

purpose (see [Exhibit 1](#)). National Defence did not always provide bed spaces that met its standards. We observed furnished quarters at all 3 bases visited by the audit team that had issues such as

- insufficient living space per person, which could result in overcrowding
- communal showers where standards required individual shower stalls
- a lack of modern amenities, such as Wi-Fi access

17. Also, members on longer-term residential stays could be placed in quarters intended for training or other short-term stays because of a lack of residential quarters, meaning that they lacked amenities such as a private bathroom or kitchenette.

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#### Recommendation

18. National Defence should define how quarters will be used to meet the operational need for living accommodations.

**National Defence’s response.** Agreed.

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

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#### Recommendation

19. National Defence should establish national management and information collection processes to ensure that standards for the allocation of quarters to Canadian Armed Forces members are met.

**National Defence’s response.** Agreed.

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

### Many National Defence quarters were in need of significant repair

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#### Findings

20. National Defence plans and reports spending for its infrastructure portfolio and does not track spending for its living accommodations separately from other types of assets, such as hangers or warehouses. National Defence set a target of spending at least 2% of its infrastructure portfolio’s total value in maintenance and repair. In the 2023–24 fiscal year, it invested only 1.4%. It also set a target of spending 80% of these funds on preventative maintenance, which is intended to prevent problems, as opposed

to reactive maintenance, which fixes problems once they have occurred. In 2023–24, National Defence invested only 27.8% of its maintenance spending on preventative maintenance.

21. According to the National Defence’s policies, each base or wing should have a formal inspection of the physical condition of qualifying quarters buildings completed every 3 to 5 years, which provides information on the overall condition of the asset. Buildings qualify for an inspection on the basis of factors including having a real property replacement cost of over 1 million dollars, having a size greater than 1,000 square metres, and being a conditioned space, meaning that it is temperature controlled through heating or cooling systems. National Defence collects data from inspections to plan for major repairs, disposal, and replacement of quarters. Across National Defence’s portfolio of quarters buildings that qualified for an inspection, 81% had an up-to-date inspection, meaning that 19% lacked a current inspection report. These inspections identified required investments in repairs and maintenance.

22. At the 3 bases we examined in depth, we found that many of National Defence’s quarters buildings were old, and we observed significant issues with some of them. The average age of the 45 quarters buildings at the 3 bases we examined was 60 years, with the oldest building still in use, having been constructed in the 1930s, and the newest in 2014. We found that during the audit period, 32 of the 35 quarters buildings with a current inspection needed at least 1 high-priority repair. Across all of the 32 buildings, a total of 227 high-priority repairs were identified. We examined a representative sample of 40 high-priority repairs to confirm whether they had been completed. We found that only 5% of repairs had been completed (2 of 40). Some of the issues we observed included quarters buildings that lacked potable water, had malfunctioning sanitary waste systems, or had deteriorating exterior walls.

23. We found that, in 2024–25, National Defence undertook a preliminary data collection exercise to build an overall picture of its quarters portfolio, including the suitability of buildings for the needs of the Canadian Armed Forces and members staying in them and the utilization, physical condition, and financial performance of its assets. The information on utilization and suitability was collected directly from individual bases. The goal of the exercise was to inform future investment and divestment decisions for the quarters portfolio and provide a basis to track progress in improving the overall portfolio of quarters.

24. Overall, the exercise found that 25% of quarters needed major repairs or did not meet the operational needs of National Defence or the needs of the Canadian Armed Forces members staying in them. National Defence has identified these assets as being candidates for disposal.

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Recommendation

25. National Defence should ensure that it completes inspections of its quarters and completes the maintenance and repairs needed to maintain their physical condition.

**National Defence's response.** Agreed.

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

## The Canadian Forces Housing Agency did not provide enough residential housing units of the right type to meet operational requirements and member needs

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Why this finding matters

26. This finding matters because the unique needs of military service mean that members and their families must be ready to move to any location where duty demands. The Canadian Forces Housing Agency needs to be able to offer a sufficient stock of residential housing units with the right number of bedrooms for household members at the right locations to meet the operational requirements of the Canadian Armed Forces and housing-eligible members.

## The Canadian Forces Housing Agency did not have enough residential housing units for single members

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Findings

27. We found that National Defence defined its operational requirement for residential housing units in 2017. However, the policy and instructions to implement the operational requirement

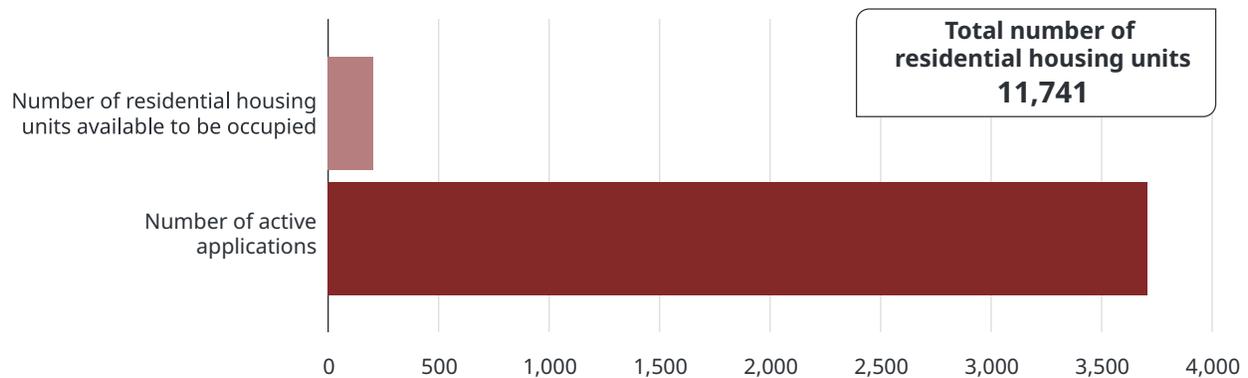
were not put in place until December 1, 2024, 9 years after our 2015 audit of Canadian Armed Forces housing and our original recommendation.

28. The updated living accommodations policy changed the priority for allocating residential housing units. Prior to the policy update, units were prioritized for any member moving at public expense to a new posting. The new policy narrowed the criteria for highest priority to

- new entrants to the Canadian Armed Forces
- training needs
- demands of the unique military service lifestyle, such as the need to relocate frequently or to an isolated location

29. Overall, the Canadian Forces Housing Agency did not have a large enough portfolio of residential housing units to respond to the needs of Canadian Armed Forces members. As shown in [Exhibit 2](#), the agency had a total portfolio of 11,741 units as of March 31, 2025. At that time, there were more than 3,700 Canadian Armed Forces members with outstanding applications for residential housing units and 205 units available to be occupied.

**Exhibit 2**—There were not enough residential housing units to meet the need



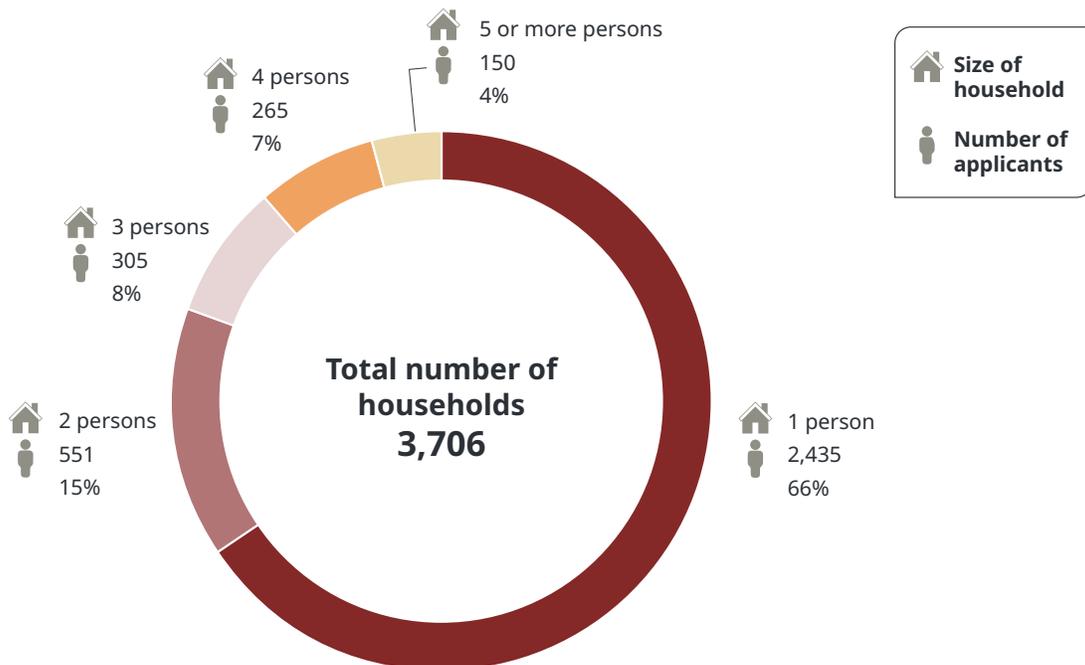
Notes: The chart uses data from March 31, 2025, for the total number of residential housing units and for the number of active applications. It uses data from May 7, 2025, for the number of residential housing units available to be occupied.

Source: Based on data from the Canadian Forces Housing Agency

[Read the Exhibit 2 text description](#)

30. The agency recognized that there was a greater need for single-occupancy accommodations. However, we found that the agency’s current portfolio of residential housing units did not match the need for single-occupancy accommodations. As of March 31, 2025, 22% of the agency’s 11,741 residential housing units were 1- or 2-bedroom units that could be assigned to single individuals. However, we found that 66% of members who had active applications for a residential housing unit as of March 31, 2025, were single individuals (see [Exhibit 3](#)).

**Exhibit 3**—The majority of applicants for housing were households of 1 person



Source: Based on data from the Canadian Forces Housing Agency

[Read the Exhibit 3 text description](#)

31. Our recommendation in this area appears in [paragraph 50](#).

### The Canadian Forces Housing Agency made errors in prioritizing member applications for housing

#### Findings

32. We found that the Canadian Forces Housing Agency made errors in how it processed and prioritized member applications for residential housing units. We used representative sampling to

examine 50 applications received between December 1, 2024, and March 31, 2025, to test whether applications had been correctly processed. For 22 of the 50 applications, we also tested whether the agency accurately prioritized applications. As shown in [Exhibit 4](#), we found a variety of issues that could have impacted whether a unit was allocated, when a unit was allocated, and what size of unit was allocated to an applicant.

**Exhibit 4**—The Canadian Forces Housing Agency made errors in processing applications

| Element tested   | Observation   | Impact  |
|--|---|---|
| Change of strength date: The date at which a member is required to report for work at a new posting.   | For 16% of applications, the wrong date was entered in the agency’s system.                     | An applicant might not have housing available when reporting to a new place of duty.  |
| Household size: The number of members in an applicant household.   | For 16% of applications, the wrong household size was entered in the agency’s system.           | An applicant could be delayed in being allocated the right size of unit or receive the wrong size of unit.  |
| Priority level: The way that applications are prioritized from 1 (highest) to 4 (lowest) on the basis of factors including but not limited to those outlined in <a href="#">paragraph 28</a> . | For 18% of applications reviewed, agency staff assigned the wrong priority level to applicants. | A higher priority applicant could be delayed in being allocated a unit or might not be allocated one at all. A lower priority applicant could be allocated a unit ahead of a higher priority applicant. |

33. The agency had also identified problems with the correct application of the priorities under the December 1, 2024, policy update. In April 2025, the agency responded by providing its staff with updated training and guidance materials.

**Recommendation**

34. The Canadian Forces Housing Agency should ensure that it regularly reviews allocation decisions to ensure that applications have been correctly prioritized and that data used to make allocation decisions has been accurately captured. It should take corrective action as needed.

**National Defence’s response.** Agreed.

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

## **The agency did not complete required monitoring of the condition of residential housing units, which is needed to plan renovations, plan new construction, and report on results**

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### Findings

35. In our 2015 audit of Canadian Armed Forces housing, we found that the Canadian Forces Housing Agency did not systematically capture the results of condition assessments of residential housing units. We recommended that the Canadian Forces Housing Agency regularly capture and update its condition assessment information to ensure it is accurate and available to inform decisions.

36. The Canadian Forces Housing Agency policy on condition assessments requires that condition assessments be completed for all residential housing units every 3 years. We found that the agency met this requirement in 74% of cases, meaning that 26% (3,025 of 11,741) of units lacked an up-to-date assessment. Compliance rates varied by region, from a high of 91% in the Central region to a low of only 52% in the Atlantic region. The condition assessments are important to inform decision making about maintenance and renovations. They are also used to plan recapitalization projects that are intended to modernize existing housing units to meet current and future needs. We found that during the audit period, the Canadian Forces Housing Agency spent \$119.3 million on maintenance and \$144.1 million on recapitalization and renovation projects.

37. The condition assessments are also important to external reporting, because the agency reports performance measures on the condition of its residential housing units under National Defence's Departmental Results Framework. For 2023–24, the agency reported that 1,445 units were in "below average" condition, meaning that it met its target of no more than 1,635 of its units being in "below average" condition. However, because more than a quarter of inspections were not completed within the required time frame, the reported result was not based on complete information.

38. We found that among residential housing units that had an up-to-date inspection, only 2% (162 of 8,716) had a deficiency during the audit period where the building had a significant breakdown, such as a non-functioning heating system. By April 1, 2025, repairs to 112 of these housing units were still required.

39. In addition, we found that the Canadian Forces Housing Agency's strategy included having strategic site plans in place at its 24 main locations across Canada; these plans were to be updated every 5 years. These plans should include an assessment of the current demand and operational need for housing at the site and the condition of the residential housing units and associated infrastructure. However, we found that 18 of 24 plans were more than 5 years old. As a result, the Canadian Forces Housing Agency is making decisions to retrofit existing units or build new units based on outdated information.

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#### Recommendation

40. The Canadian Forces Housing Agency should ensure that condition assessments of residential housing units are completed according to the required timelines and that the results are used to plan timely maintenance activities, renovations, and new construction.

**National Defence's response.** Agreed.

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

## National Defence did not know how it would meet its housing needs

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#### Why this finding matters

41. This finding matters because National Defence must address how it will meet its need for living accommodations. This is particularly important because the Canadian Armed Forces are in the process of adding an additional 6,300 members needed to bring the Canadian Armed Forces up to full strength. Sufficient housing is needed to support the Canadian Armed Forces.

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#### Context

42. In our 2015 audit of Canadian Armed Forces housing, we recommended that National Defence develop adequate plans that identify the work, time, and resources needed to meet its operational requirements for housing. We also recommended that National Defence provide capital funds in a timely and predictable manner so that the Canadian Forces Housing Agency can adequately plan for their use.

## National Defence's plan to increase the housing supply does not fully meet the needs of the Canadian Armed Forces for housing

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### Findings

43. We found that the Canadian Forces Housing Agency's planning for residential housing units is based on a housing requirement that was set in 2019. The requirement states that the agency needs a portfolio of between 17,000 and 19,000 residential housing units. As of May 2019, the agency had a portfolio of 11,798 residential housing units, meaning that there was a shortfall of between approximately 5,200 and 7,200 units. As of May 2025, the agency had a portfolio of 11,741 units.

44. We also found that the housing requirement was based on a needs analysis that considered factors at each base in Canada, such as the number of authorized positions at each base, the existing portfolio of residential housing units, and the ability of local housing markets to provide affordable housing for Canadian Armed Forces members. We note that all these factors may change over time and should be regularly updated. For example, the analysis of local housing markets used data from the 2011 National Household Survey to help inform the result, but this data is now 14 years old. In addition, there have been changes to compensation and benefits paid to members since 2019, which could impact the ability of members to find suitable housing in local markets.

45. We found that National Defence was implementing a plan to provide predictable, long-term capital funding for the Canadian Forces Housing Agency. The agency planned to spend \$2.2 billion over 19 years (the 2024–25 fiscal year through to the 2042–43 fiscal year) to build 1,400 new residential housing units and renovate 2,500 more. National Defence is pursuing a variety of innovative options to obtain additional housing, including

- reserving market rentals, where National Defence pays to reserve market housing for Canadian Armed Forces members
- bulk leasing of housing units from the private sector
- renovating single-family units to house multiple individual members
- partnering with the private sector to develop housing for military members
- using quarters more for individual residential purposes

46. However, we found that these initiatives are at different stages of implementation and are not yet funded. The gap between the elements of the agency's plans that were fully funded and the operational requirement is approximately 3,800 to 5,800 units.

47. We found that during the audit period, the agency was in the process of creating an updated needs assessment to inform an updated housing requirement. However, the work was in the preliminary stages and was based on a population of 61,539 Canadian Armed Force members as of May 2024. The preliminary needs assessment did not incorporate

- plans to expand the armed forces to their full authorized strength of 71,500 by the 2028–29 fiscal year
- changes in the geographic distribution of Canadian Armed Forces members as the armed forces expand

48. We note that the Canadian Forces Housing Agency has begun to engage with the Canadian Armed Forces to incorporate these factors into its future housing requirement.

49. We examined whether National Defence planned and implemented residential construction in a manner that contributes to the Federal Sustainable Development Strategy and the United Nations' Sustainable Development Goal 13 (Climate Action). We found that National Defence worked with partners to develop an approach to incorporate net-zero considerations in new housing designs. This includes updated housing design standards that align with code requirements for energy-efficient housing and prioritizing materials with lower embodied carbon. However, National Defence has not yet completed any living accommodations that incorporate net-zero-ready considerations.



Take urgent action to combat climate change and its impacts

Source: United Nations

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## Recommendation

50. National Defence should complete its reassessment of the needs of the Canadian Armed Forces for residential housing. It should then update its cost estimate and plan to meet any shortfall and implement its plan in a timely manner. It should regularly update its assessment to consider future growth of the Canadian Armed Forces and changes in the geographical distribution of personnel.

**National Defence's response.** Agreed.

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

## **National Defence has considered affordability in planning for living accommodations**

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### Findings

51. We found that National Defence has considered affordability in its planning for living accommodations. Members who stay in a residential housing unit pay a shelter charge to the Canadian Forces Housing Agency. The maximum shelter charge is capped at 25% of a member's gross household income, excluding utilities. This rate satisfies the National Housing Strategy's definition of affordability, which states that housing should not cost more than 30% of before-tax household income. For members who stay in quarters, charges are relatively low, ranging from \$120 per month to \$500 per month at the 3 bases we examined, depending on the type and condition of the quarters.

52. We also found that in July 2023, National Defence implemented a new housing benefit called the Canadian Forces Housing Differential for members who obtain private living accommodations. During the first 12 months following its implementation, the benefit was accessed by 12,186 members for a total cost of approximately \$72.3 million. The benefit was designed to assist members in reducing their housing costs to no more than 25% of their gross salary, with housing costs being based on the rental costs for a 2-bedroom apartment in their place of duty. The calculation of the benefit does not account for multiple factors that could impact the individual member's housing affordability, such as overall household composition or income. For example, a member might need a 3-bedroom apartment because of their household composition. The benefit is designed to provide greater assistance to junior ranks and either less or no assistance to higher-ranking members who were in a higher salary band. The housing differential benefit is designed in such a way that it may not meet the National Housing Strategy definition of affordability for some recipients. National Defence plans to review the impact of the housing differential benefit in 2026.

## **National Defence has considered gender-based analysis plus in planning for living accommodations, but gaps remain**

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### Findings

53. We found that National Defence considered the impact of its 2024 policy update for living accommodations using a gender-based plus analysis lens to understand the impact of changes on the population of Canadian Armed Forces members.

The analysis found that the change in priority for residential housing units would benefit women, members in junior ranks, and younger members.

54. We also found that National Defence required that gender-based analysis plus be included in the planning of living accommodations projects. It considered gender-based analysis plus in its planning of projects for new quarters that were underway during the audit period. Considerations such as accessibility, access to gender-neutral washroom facilities, and availability of interfaith rooms were incorporated into the designs.

55. We found that National Defence has not put in place a policy on providing access to emergency shelter space for victims of domestic violence. Instead, each base commander decides whether to provide emergency shelter space and develops their own direction on who can use the space and under what circumstances. For example, at some bases access to emergency bed spaces could be managed by the base chaplain, while at others it was the base command staff who granted requests for access. National Defence has identified a need to implement a national policy on access to emergency shelter space, but work is at an early stage, and National Defence has not yet identified an implementation date.

56. We found that the Canadian Forces Housing Agency's residential housing unit portfolio includes barrier-free residential housing units and units with other modifications for people with accessibility needs. However, the agency does not know whether it has enough accessible units to meet the needs of members. We also found that there is no policy in place to govern access to these units for Canadian Armed Forces members or their family members with accessibility needs. In addition, the Canadian Forces Housing Agency does not centrally track accessibility needs or resulting modifications to residential housing units, if any. As a result, the agency is unable to ensure that it meets the needs of Canadian Armed Forces members who require accessible housing.

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#### Recommendation

57. National Defence should establish and implement the living accommodations policies and procedures needed to ensure that the emergency shelter and accessibility needs of Canadian Armed Forces members are met in a timely manner.

**National Defence's response.** Agreed.

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

## National Defence did not consider the impact of reduced priority for residential housing units on long-serving members

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### Findings

58. Some of National Defence's own research has found that housing is an issue that can negatively impact the well-being of military members and families, with important implications for the retention of Canadian Armed Forces members. Reporting by the Ombud for the Department of National Defence and the Canadian Armed Forces has identified issues related to living accommodations as a major source of concern raised by Canadian Armed Forces members. This issue has also been highlighted in reporting by the Canadian Armed Forces Chaplain General.

59. We found that under the December 1, 2024, living accommodations policy update, some longer-serving members could be at a lower priority for residential housing units. As discussed in [paragraph 28](#), under the previous policy, members of any rank or length of service were prioritized for residential housing units if they were moving at public expense to a new posting. Under the new policy, narrower criteria were established to determine which members would be prioritized. This included prioritizing members within their first 5 years of service. Given the number of new members that need to be added to bring the Canadian Armed Forces up to full strength and the fact that the stock of residential housing units did not grow substantially during the past 2 fiscal years, there is a risk that longer-serving members will be at a lower priority for residential housing units.

60. We found that National Defence had not evaluated the potential impact of this change in priority, specifically whether reducing the priority of some longer-serving members for allocation of housing could negatively affect the well-being of this group or on whether it could impact retention.

61. In addition, our audit team conducted discussion groups with Canadian Armed Forces members at a selection of 5 bases and wings across Canada to understand members' concerns with living accommodations. Participants expressed a variety of concerns, including

- the impact of the change in priorities for allocating living accommodations on longer-serving members, including on retention
- the possibility that some members might refuse a promotion or a posting to a new location because of a lack of available living accommodations
- stress and uncertainty caused by long wait lists for housing and the need to leave family behind when living accommodations are not immediately available at a new posting

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## Recommendation

62. National Defence should evaluate the impact of the living accommodations policy update on the well-being and retention of longer-serving members of the Canadian Armed Forces and act on the results.

**National Defence's response.** Agreed.

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

## Conclusion

63. We concluded that National Defence did not manage living accommodations to meet its operational requirements and respond to the needs of Canadian Armed Forces members.

## About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on living accommodations for Canadian Armed Forces members. 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 National Defence 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 the audit was to determine whether National Defence managed living accommodations to meet its operational requirements and respond to the needs of Canadian Armed Forces members.

### Scope and approach

The audit focused on how National Defence managed living accommodations to meet its operational needs. Our audit included both residential housing units managed by the Canadian Forces Housing Agency and quarters managed by individual bases and wings. The audit also considered whether National Defence's management of living accommodations

was responsive to the needs of Canadian Armed Forces members for affordable, suitable, and adequate housing, as defined under Canada's National Housing Strategy. The audit also examined Defence Construction Canada's role in planning for how to meet the operational need of the Canadian Armed Forces for housing. We had no findings for Defence Construction Canada.

To understand how National Defence planned to meet current and future needs for living accommodations, we reviewed documents and interviewed officials from within National Defence, including the Canadian Forces Housing Agency, the Assistant Deputy Minister of Infrastructure and Environment, and the Chief of Military Personnel. We also reviewed documents and interviewed officials from Defence Construction Canada. We reviewed statistical projections used by National Defence to identify the requirements for living accommodations to ensure that they were based on reliable data and a sound methodology. We conducted in-person discussion sessions with Canadian Armed Forces members to understand the impact of National Defence's management of living accommodations on members. Discussion groups were held at the following bases:

- Canadian Forces Base Esquimalt (British Columbia, Royal Canadian Navy)
- Canadian Forces Base Comox (British Columbia, Royal Canadian Air Force)
- 2nd Canadian Division Support Base Valcartier (Quebec, Canadian Army)
- 5th Canadian Division Support Base—Gagetown (New Brunswick, Canadian Army)
- Canadian Forces Base Trenton (Ontario, Royal Canadian Air Force)

Our audit included an examination of the administration of quarters by individual bases. Our examination was based on a case study approach. We selected 3 bases out of a total population of 27 bases across Canada. Bases were selected for case studies based on several factors, including (but not limited to) the size and significance of the base, representation of all 3 environments (Navy, Army, Air Force) and regional representation. Bases selected for case studies were:

- Canadian Forces Base Esquimalt (British Columbia, Royal Canadian Navy)
- 5th Canadian Division Support Base—Gagetown (New Brunswick, Canadian Army)
- Canadian Forces Base Trenton (Ontario, Royal Canadian Air Force)

The results of the 3 case studies were not statistically extrapolated to the wider population of bases. The bases selected for the case studies represent 5,286 bed spaces, or approximately 20% of all bed spaces in quarters. Evidence collected on the case study bases was used to contribute to the conclusions for 2 audit criteria:

- National Defence provides quarters that meet its accommodation standards and support the well-being of Canadian Armed Forces members.
- National Defence manages its quarters to maintain their condition and functionality.

For the Canadian Forces Housing Agency's residential housing units, we reviewed data from entity systems to understand availability, physical condition, and suitability of units.

Where representative sampling was used, samples were sufficient in size to conclude on the sampled population with a confidence level of no less than 90% and a margin of error of no greater than plus 10%. Specifically, our audit included reviews of

- inspection reports of the physical condition of quarters, to ensure that repairs were completed as required (40 files)
- applications by Canadian Armed Forces members for allocation of a residential housing unit, to ensure that data entered into the Canadian Forces Housing Agency’s management information system was correctly processed and that applications were correctly prioritized (50 files)

We did not examine living accommodations provided for cadets, reserve members not serving on long-term contract, or members serving in locations outside Canada or military accommodations in support of formal agreements and arrangements with other nations.

### Criteria

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

| Criteria   | Sources   |
|--|---|
| <p>National Defence clearly identifies and defines its present and future requirements for affordable, suitable, and adequate living accommodations to meet its operational and policy requirements.</p> | <ul style="list-style-type: none"> <li>• Policy on the Planning and Management of Investments, Treasury Board, 2021</li> <li>• Directive on the Management of Real Property, Treasury Board, 2021</li> <li>• Defence Administrative Order and Directive 5024-0, Department of National Defence Living Accommodations, National Defence, 2007 and 2024</li> <li>• Defence Administrative Order and Directive 5024-1, Residential Housing Units and Furnished Quarters, National Defence, 2024</li> <li>• Department of National Defence Living Accommodations Instruction, National Defence, 2007 and 2024</li> <li>• Isolated Posts and Government Housing Directive, National Joint Council</li> <li>• Defence Administrative Order and Directive, 5044-1, Families, National Defence, 2002</li> <li>• Defence Administrative Order and Directive, 5044-4, Family Violence, National Defence, 2003</li> <li>• Our North, Strong and Free: A Renewed Vision for Canada’s Defence, National Defence, 2024</li> </ul> |

| Criteria   | Sources   |
|--|---|
|  | <ul style="list-style-type: none"> <li>• Chief of the Defence Staff Operational Requirement Statement—Housing, National Defence, 2017</li> <li>• Canada’s National Housing Strategy, Housing, Infrastructure and Communities Canada</li> </ul>  |
| <p>National Defence plans and coordinates how it will meet its operational and policy requirements for affordable, suitable, and adequate living accommodations in a way that is cost effective.</p> | <ul style="list-style-type: none"> <li>• 2015 Fall Reports of the Auditor General of Canada, Report 5—Canadian Armed Forces Housing, Recommendation 5.53</li> <li>• Policy on the Planning and Management of Investments, Treasury Board, 2021</li> <li>• Directive on the Management of Real Property, Treasury Board, 2021</li> <li>• Defence Administrative Order and Directive 5024-0, Department of National Defence Living Accommodations, National Defence, 2007 and 2024</li> <li>• Defence Administrative Order and Directive 5024-1, Residential Housing Units and Furnished Quarters, National Defence, 2024</li> <li>• Department of National Defence Living Accommodations Instruction, National Defence, 2007 and 2024</li> <li>• Isolated Posts and Government Housing Directive, National Joint Council</li> <li>• Transforming Our World: The 2030 Agenda for Sustainable Development, United Nations</li> <li>• Defence Climate and Sustainability Strategy 2023–2027: Defence and a Sustainable Vision for the Future, National Defence</li> <li>• Defence Team’s Approach to Gender-Based Analysis Plus, National Defence, 2024</li> <li>• Strong, Secure, Engaged: Canada’s Defence Policy, National Defence, 2017</li> <li>• Defence Production Act</li> <li>• Letters Patent, Defence Construction Canada</li> <li>• Compensation and Benefits Instructions, National Defence</li> </ul> |

| Criteria  | Sources  |
|---|--|
| National Defence monitors and reports on its delivery of living accommodations to meet its requirements while providing affordable, suitable, and adequate housing for Canadian Armed Forces personnel. | <ul style="list-style-type: none"> <li>• Policy on Results, Treasury Board, 2016</li> <li>• Our North, Strong and Free: A Renewed Vision for Canada's Defence, National Defence, 2024</li> </ul>   |
| National Defence manages its quarters in a way that meets its operational and policy requirements.  | <ul style="list-style-type: none"> <li>• Defence Administrative Order and Directive 5024-0, Department of National Defence Living Accommodations, National Defence, 2007 and 2024</li> <li>• Defence Administrative Order and Directive 5024-1, Residential Housing Units and Furnished Quarters, National Defence, 2024</li> <li>• Department of National Defence Living Accommodations Instruction, National Defence, 2007 and 2024</li> </ul>   |
| National Defence provides quarters that meet its accommodation standards and support the well-being of Canadian Armed Forces members.   | <ul style="list-style-type: none"> <li>• Defence Administrative Order and Directive 5024-0, Department of National Defence Living Accommodations, National Defence, 2007 and 2024</li> <li>• Defence Administrative Order and Directive 5024-1, Residential Housing Units and Furnished Quarters, National Defence, 2024</li> <li>• Department of National Defence Living Accommodations Instruction, National Defence, 2007 and 2024</li> <li>• Our North, Strong, and Free: A Renewed Vision for Canada's Defence, National Defence, 2024</li> </ul> |
| National Defence manages its quarters to maintain their condition and functionality.  | <ul style="list-style-type: none"> <li>• Directive on the Management of Real Property, Treasury Board, 2021</li> <li>• Defence Administrative Order and Directive 4001-0, Real Property Life Cycle Management, National Defence</li> <li>• Strong, Secure, Engaged: Canada's Defence Policy, National Defence, 2017</li> </ul>   |

| Criteria   | Sources  |
|--|--|
| <p>The Canadian Forces Housing Agency manages residential housing units in a way that meets the operational and policy requirements.</p>                     | <ul style="list-style-type: none"> <li>• Defence Administrative Order and Directive 5024-0, Department of National Defence Living Accommodations, National Defence, 2007 and 2024</li> <li>• Defence Administrative Order and Directive 5024-1, Residential Housing Units and Furnished Quarters, National Defence, 2024</li> <li>• Department of National Defence Living Accommodations Instruction, National Defence, 2007 and 2024</li> <li>• Operational Requirements for Military Housing, National Defence, 2017</li> </ul>  |
| <p>The Canadian Forces Housing Agency provides suitable and adequate living accommodations that support the well-being of Canadian Armed Forces members.</p> | <ul style="list-style-type: none"> <li>• Defence Administrative Order and Directive 5024-0, Department of National Defence Living Accommodations, National Defence, 2007 and 2024</li> <li>• Defence Administrative Order and Directive 5024-1, Residential Housing Units and Furnished Quarters, National Defence, 2024</li> <li>• Department of National Defence Living Accommodations Instruction, National Defence, 2007 and 2024</li> <li>• Our North, Strong, and Free: A Renewed Vision for Canada's Defence, National Defence, 2024</li> <li>• Canada's National Housing Strategy, Housing, Infrastructure and Communities Canada</li> </ul> |
| <p>The Canadian Forces Housing Agency manages residential housing units to maintain their condition and functionality.</p>                                   | <ul style="list-style-type: none"> <li>• 2015 Fall Reports of the Auditor General of Canada, Report 5—Canadian Armed Forces Housing—Recommendations 5.54 and 5.69</li> <li>• Directive on the Management of Real Property, Treasury Board, 2021</li> <li>• Defence Administrative Order and Directive 4001-0, Real Property Life Cycle Management, National Defence</li> <li>• Strong, Secure, Engaged: Canada's Defence Policy, National Defence, 2017</li> </ul>   |

### **Period covered by the audit**

The audit covered the period from April 1, 2023, to March 31, 2025. 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.

### **Date of the report**

We obtained sufficient and appropriate audit evidence on which to base our conclusion on October 3, 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 Nicholas Swales, 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><b>18.</b> National Defence should define how quarters will be used to meet the operational need for living accommodations.</p> <p><b>19.</b> National Defence should establish national management and information collection processes to ensure that standards for the allocation of quarters to Canadian Armed Forces members are met.</p> | <p><b>National Defence’s response.</b> Agreed. DND continues to reinforce its Living Accommodation policy framework, having already initialized a review on how quarters are to be integrated into the Department’s overall living accommodations requirement. This holistic examination echoes the efforts undertaken to review the policy framework supporting its housing program in response to the OAG’s 2015 Report on DND’s Military Housing Program. As part of this ongoing review, DND will develop a comprehensive framework to define the role of quarters in meeting the operational need for living accommodations across the Canadian Armed Forces. This framework will include a national management process to standardize allocation practices, supported by data collection and tracking systems.</p> <p>Timeline for implementation: December 2027</p> |

| Recommendation  | Response   |
|---|--|
| <p><b>25.</b> National Defence should ensure that it completes inspections of its quarters and completes the maintenance and repairs needed to maintain their physical condition.</p>   | <p><b>National Defence’s response.</b> Agreed. DND will ensure that inspections are completed both formally on a 3-5 year cyclical basis, and through local routine inspections. DND is taking additional steps to prioritize maintenance and life cycle planning for its accommodations assets and is in the process of implementing the Living Accommodation Optimization Program, which will use the results of the completed portfolio tiering initiative to identify gaps in the current furnished living quarters portfolio.</p> <p>This program will provide a strategic framework to address both maintenance requirements to support the steady state portfolio, where assets meet current operational needs, and maintenance requirements to support the future state portfolio, where the portfolio will be aligned with evolving CAF requirements. As part of the program, an inspection, maintenance, and repair plan will be developed to help close identified gaps and guide investment decisions. This approach supports compliance with the Treasury Board Directive on the Management of Real Property and enables a sustainable strategy to optimize and modernize the accommodation portfolio.</p> <p>Timeline for implementation: March 2027</p> |
| <p><b>34.</b> The Canadian Forces Housing Agency should ensure that it regularly reviews allocation decisions to ensure that applications have been correctly prioritized and that data used to make allocation decisions has been accurately captured. It should take corrective action as needed.</p> | <p><b>National Defence’s response.</b> Agreed. The Canadian Forces Housing Agency will enhance its oversight and monitoring framework to verify the accuracy of prioritization and of the data collection of applications for residential housing units.</p> <p>Additionally, CFHA will further integrate training on the updated Living Accommodation policy and instructions into regular operations training and manuals.</p> <p>Timeline for implementation: October 2026</p>  |
| <p><b>40.</b> The Canadian Forces Housing Agency should ensure that condition assessments of residential housing units are completed according to the required timelines and that the results are used to plan timely maintenance activities, renovations, and new construction.</p>                    | <p><b>National Defence’s response.</b> Agreed. National Defence and the Canadian Forces Housing Agency (CFHA) will enhance its oversight and monitoring of the implementation of condition assessment policy directives and processes to ensure compliance with the required timelines.</p> <p>Timeline for implementation: March 2026</p>   |

| Recommendation   | Response  |
|--|---|
| <p><b>50.</b> National Defence should complete its reassessment of the needs of the Canadian Armed Forces for residential housing. It should then update its cost estimate and plan to meet any shortfall and implement its plan in a timely manner. It should regularly update its assessment to consider future growth of the Canadian Armed Forces and changes in the geographical distribution of personnel.</p> | <p><b>National Defence’s response.</b> Agreed. National Defence will complete regular reassessment of the need of the Canadian Armed Forces for residential housing. National Defence will continue to update cost estimates and plan to meet any shortfalls and implement them in a timely manner. National Defence will regularly update its assessment to respond to future growth of the Canadian Armed Forces and changes in geographical distribution of personnel.</p> <p>Timeline for implementation:<br/>Ongoing—evergreen</p>   |
| <p><b>57.</b> National Defence should establish and implement the living accommodations policies and procedures needed to ensure that the emergency shelter and accessibility needs of Canadian Armed Forces members are met in a timely manner.</p>   | <p><b>National Defence’s response.</b> Agreed. National Defence continues to reinforce its Living Accommodation policy framework, having already initiated a review on how quarters are to be integrated into the Department’s overall living accommodations requirement. This holistic examination echoes efforts undertaken to review the policy framework supporting its housing program in response to the OAG’s 2015 Report on DND’s Military Housing Program. This review will consider the inclusion of specific measures to ensure emergency shelter and accessibility needs are addressed, providing timely support for members facing urgent housing situations and adequate living accommodations for members with accessibility requirements.</p> |
| <p><b>62.</b> National Defence should evaluate the impact of the living accommodations policy update on the well-being and retention of longer-serving members of the Canadian Armed Forces and act on the results.</p>  | <p><b>National Defence’s response.</b> Agreed. National Defence will evaluate the impact of the updated Living Accommodations policy on all Canadian Armed Forces members, as planned. This evaluation will use existing data sources to provide insight into member satisfaction, housing adequacy, and perceptions of support. DND will integrate specific measures of morale and retention of longer-serving members into its evaluations to identify trends, gaps, and areas for improvement. Findings will be reviewed in collaboration with senior leadership to determine if adjustments to policy or processes are required.</p> <p>Timeline for implementation: December 2027</p>  |

## Appendix—Text Descriptions of Exhibits

Here are the text descriptions of the exhibits.

**Exhibit 2**—There were not enough residential housing units to meet the need—  
Text description

This bar chart compares the number of active applications for housing units with the number of housing units available. Nearly all of the housing units were occupied or otherwise unavailable.

The total number of residential housing units was 11,741 units as of March 31, 2025. Of these, 205 residential housing units were available to be occupied as of May 7, 2025.

There were 3,706 active applications for housing units as of March 31, 2025.

Source: Based on data from the Canadian Forces Housing Agency

[Back to Exhibit 2](#)

**Exhibit 3**—The majority of applicants for housing were households of 1 person—  
Text description

This chart shows the sizes of households of the applicants for housing units. Most applicants were from 1-person households.

In total, 3,706 households had applied for housing as of March 31, 2025. The number of households by size of household was as follows:

- The number of 1-person households that applied for housing was 2,435 (or 66%).
- The number of 2-person households that applied for housing was 551 (or 15%).
- The number of 3-person households that applied for housing was 305 (or 8%).
- The number of 4-person households that applied for housing was 265 (or 7%).
- The number of households of 5 or more people that applied for housing was 150 (or 4%).

Source: Based on data from the Canadian Forces Housing Agency

[Back to Exhibit 3](#)



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