



Forum of Federations

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**Occasional Paper Series**

**Number 71**

**Federalism Under Construction  
Proposed Tools for  
Intergovernmental Relations  
in Canadian Housing Policy**

**Scott Takenaka**

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# **Federalism Under Construction: Proposed Tools for Intergovernmental Relations in Canadian Housing Policy**

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ISSN: 1922-558X (online ISSN 1922-5598)

Occasional Paper Series Number 71  
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Suggested Citation for Forum of Federations Publications:

**Scott Takenaka, Federalism Under Construction: Proposed Tools for Intergovernmental Relations in Canadian Housing Policy (Forum of Federations Occasional Paper Series, Number 71, 2026)**

## Acknowledgement

This paper is a condensed version of *Under the Same Roof: Intergovernmental Relations in Canadian Housing Policy Since 2017*, which was completed in June 2025 to fulfill the requirements of my Master of Urban Planning degree at McGill University. The full project was supervised by Professor David Wachsmuth and is available through McGill's online depository eScholarship@McGill.

I approached the Forum of Federations (the Forum) during the development of *Under the Same Roof* with the initial idea for the project. Developed in consultation with the Forum, this policy-centric paper summarises the key insights from the longer study and introduces two tools which can assist practitioners in Canada navigate and develop intergovernmental relations around housing policy. The goal of this paper is to provide researchers and policy makers working on housing with a useful perspective on how the Canadian federal system shapes housing strategies and how intergovernmental relations on housing policy could be improved for better outcomes. To this end, I want to thank Liam Whittington, who has led the project on the Forum side, as well as Diana Chebenova and Jamie Thomas for their comments throughout the process of drafting the paper.

## List of Acronyms

Acronym	Full
B.C.	British Columbia
CHP	Canada Housing Plan
CHT	Canada Health Transfer
CMHC	Canada Mortgage and Housing Corporation
FPT	Federal-Provincial-Territorial
MMI	Missing Middle Initiative
NHS	National Housing Strategy
NSPHA	Nova Scotia Public Housing Authority
OPHI	Ontario Priorities Housing Initiative

# Introduction

## The Federal-Provincial Housing Policy Relationship

The National Housing Strategy (NHS), released in 2017, was a significant return to the policy area for the federal government. As a result, the jurisdictional responsibility for housing has been in a state of change. While provinces and municipalities continue to play a significant role in the development and delivery of housing policies and programs, the re-engagement of the federal government has led to a new layer of governance in the area, at a moment when Canadians feel increasingly pessimistic about housing.

With eight years having passed since the introduction of the NHS, this study aims to examine the status of federal-provincial relationships on housing. Specifically, it will explore where governance challenges have emerged due to the division of responsibilities between different jurisdictions in Canada, and whether these challenges differ between types of policy approaches. While focused on potential areas of improvement, the study also aims to identify areas and jurisdictions where there has been alignment to provide insights on how to make this relationship more fluid and efficient.

## The State of Housing in Canada

In May 2025, the Missing Middle Initiative (MMI) published its *More and Better Report Card on Housing*. This report, built on the recommendations in MMI's 2023 Blueprint for More and Better Housing, is intended to provide "practical and actionable advice" on housing policy for both the federal and provincial governments.<sup>1</sup> MMI gave each jurisdiction an overall grade, outlined in *Figure 1*.

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<sup>1</sup>Moffat, Mike, *Report Card on More and Better Housing* (Missing Middle Initiative, 2025), 1. <https://moreandbetterhousing.ca/wp-content/uploads/2025/05/ReportCard.pdf>.

Government	TOTAL	Legalizing Density	Better Building Codes	Factory-Built Housing	Avoiding High-Risk Areas	Fill-in Market Gaps
Federal	<b>B</b>	B	B	A-	C+	B+
Québec	<b>C+</b>	D+	D	B	B+	B
Prince Edward Island	<b>C+</b>	C	D+	C+	C	A
British Columbia	<b>C+</b>	D+	A	B+	D	D+
New Brunswick	<b>C</b>	C-	B	C	C	C+
Ontario	<b>C</b>	D-	C+	C	A	D-
Saskatchewan	<b>C-</b>	D+	D	F	A	C+
Nova Scotia	<b>C-</b>	C+	B	F	C	D
Newfoundland and Labrador	<b>C-</b>	D+	D	F	B-	B
Manitoba	<b>C-</b>	D	D	D	C	B-
Alberta	<b>D+</b>	C-	D	D-	D	C

Figure 1: Aggregate Grades per Province (Source: Missing Middle Initiative)<sup>2</sup>

The federal government led all jurisdictions in overall grading with a B, with tools like the Housing Accelerator Fund and the Canadian Infrastructure Fund credited with "creating change at the municipal level."<sup>3</sup> The highest mark, for factory-based housing, acknowledged that the federal government was making "large bets on housing innovation," although it remained constrained by jurisdictional limits in this area.<sup>4</sup> The lowest grade was for avoiding high-risk areas, with the need for a complete Hazard Mapping Initiative to provide this kind of information at a nationwide scale.<sup>5</sup> In other criteria, the federal government received a B+ in filling market gaps, a primary goal of the *NHS*, and a B on building codes, given that consultations are ongoing.<sup>6</sup>

There is a stark difference in the report card's assessment, which suggests the federal government is the strongest actor on housing, and the public perception on this issue. This difference speaks to questions about the federal role in Canadian housing policy and how this role meshes and clashes with provincial responsibilities and understandings. It also highlights an important consideration that is the basis of this project: how priority-setting should work in an area that has not traditionally been a focus for Canadian intergovernmental relations.

<sup>2</sup> Moffat, *Report Card on More and Better Housing*, 2.

<sup>3</sup> Moffat, *Report Card on More and Better Housing*, 9.

<sup>4</sup> *Ibid*, 22

<sup>5</sup> *Ibid*, 27

<sup>6</sup> *Ibid*, 16

## Scope and Constraints

The *Under the Same Roof* project (see Acknowledgement above) was intended to serve as a ‘proof-of-concept’ for a broader methodology for understanding Canadian intergovernmental relations, particularly around “re-engagement,” where the federal government has sought to play a larger role in what has been considered for several decades to be a primarily provincial area of jurisdiction.

The NHS saw a “re-engagement” from the federal government on housing, previously a provincial responsibility, and presents an interesting case study to examine how such a process works in practical terms. It also allows for the development of tools to ease some of the process issues of dealing with jurisdictions that may have very different and long-institutionalized policy approaches, as Canadian provinces do with housing.

This paper, and the original research project, focused specifically on the provincial-federal relationship, and therefore, the municipal role in housing is only discussed as it relates to provincial and federal jurisdictions. Municipalities are not described in the Canadian constitution, and their responsibilities are largely at the discretion of provincial governments who enable them through legislation. This relationship has often led to municipalities, much to their frustration, being referred to as “creatures of the provinces.” This description undersells their importance, and municipalities play key roles in various aspects of housing policy development, from zoning changes, to building incentives, to the management of social housing programs. However, time and scope constraints prevented their inclusion in *Under the Same Roof* due to the wide variations within provinces, to say nothing of Canada overall. This complexity could be explored in a second phase of this research, once a clear picture of federal-provincial relations is determined and used to contextualize the experiences of specific municipalities.

## Methodology and Research Approach

*Under the Same Roof* included a content analysis of housing policy documents from three provinces: British Columbia (B.C.), Ontario and Nova Scotia. The content analysis, had were three main objectives:

1. Provide an outline of what policies are currently in place and what they say about policy priorities at the federal and provincial levels.
2. Determine “touch points” where provinces and the Federal government can work together or otherwise engage on a policy level.

3. Develop a profile for each studied province (British Columbia, Ontario, and Nova Scotia) and summarize their current relationship with the federal government in terms of housing policy.

The analysis was based on a mixture of grey literature, specifically policy and budget documents from the three relevant provinces and the federal government. Additionally, interviews were conducted with public servants to collect additional qualitative data about which processes do and don't work within the current intergovernmental framework.

## Situating Housing Policy in Canadian Federalism

Before describing the detailed analysis, some context on housing policy in Canada is required. This section takes the form of a brief literature review that situates housing in the context of Canadian federalism and provides an overview of how Canadians, and their governments at all levels, understand housing both historically and today. Broadly, it is Canada's commitment to a federalism that prioritizes strong provinces, as well as a housing system that has traditionally favoured homeownership, which makes the federal re-engagement with housing through the *NHS* so significant. These norms are also critical to understanding how interactions between governments take place, as well as expected roles.

### Canada's "Self-Rule" Federalism

Canada has a strong federal system of government, comprising a federal government, ten provinces, and three territories. Within the provinces and territories exist thousands of municipal governments, whose existence (at least as government entities) is based upon provincial legislation. Provinces tend to be charged with the design, implementation, and monitoring of social and economic policy, with the federal government largely playing the role of ensuring harmonization between provinces and ensuring "horizontal equity" through a system of equalization to ensure provinces can provide "comparable public services... without requiring them to undertake the same levels of public expenditures."<sup>7</sup> Leone and Carroll note that this cost sharing has meant that a major feature of Canadian federalism is "fiscal argument", wherein the cooperation between the province and federal government at any given time is dependent on "which level of government has the most money at its disposal."<sup>8</sup> Despite the constitution setting out responsibilities, it is rare that only one level of government plays a role in service creation or delivery. Fiscal relations, particularly granting money from level of government to another, is a key lever in his regard. This relationship - between the centre and the constituent units - can lead to federal-provincial friction, especially in a large country like Canada with provinces of various sizes and capacities.

Beyond the division of powers, Canadian federalism is unique in terms of practical governance. Jorg Broschek has described Canada as placing an "exceptional emphasis" on what he describes as 'self-rule' federalism.<sup>9</sup> This is compared to a 'shared rule' system, such as Germany, where there is far greater integration between regions, and policy actions tend to be led by the federal

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<sup>7</sup> Jean-Francois Tremblay "Canada" in the *Forum of Federations Handbook on Fiscal Federalism*. *Forum of Federations Handbook*, ed. Jean-Francois Tremblay (Ottawa: Palgrave, Macmillan, 2023), 107. [https://doi.org/10.1007/978-3-030-97258-5\\_3](https://doi.org/10.1007/978-3-030-97258-5_3).

<sup>8</sup> Roberto Leone and Barbara W Carroll, "Decentralisation and Devolution in Canadian Social Housing Policy" *Environment and Planning C: Politics and Space* 28, no. 3 (January 2010): 390, <https://doi.org/10.1068/c0915.10>

<sup>9</sup> Jorg Broschek, "Self Rule vs. Shared Rule: Canada as a Case of Comparative Federalism" in *Canadian Federalism: Performance, Effectiveness and Legitimacy (Fourth Edition)*, eds. Herman Bakvis and Grace Skogstad (Toronto: ACUP, 2020) 32. <https://doi.org/10.3138/9781487570460>.

government.<sup>10</sup> Canadian provinces have considerable autonomy for unilateral action, and much cooperation with the federal government is voluntary, leading to what Broschek describes as “institutional ambiguity,” wherein jurisdictions may be shared, but the process for doing so is unclear and done on a case-by-case basis to “facilitate agreement” while “leaving many questions unresolved.”<sup>11</sup> Indeed, the Government of Canada itself notes that its “intergovernmental mechanisms emerge in response to changing political dynamics.”<sup>12</sup> How this is done, at least broadly, is through meetings of Ministers from both the provincial and federal levels of government, and the signing of Federal/Provincial/Territorial (FPT) agreements, which govern major intergovernmental policy areas like the Canada Health Transfer (CHT).<sup>13</sup>

## Canadian Federalism and Housing

Responsibilities for housing are not explicitly outlined in Canadian constitutional law. Most factors of housing policy, from rent regulations to subsidies to the building and maintenance of critical infrastructure, are understood as falling under provincial jurisdiction. The province further assigns some responsibilities, such as zoning and broader land use planning, to municipalities. For the past 30 years, the role of the federal government has been significant, although narrow. The *National Housing Act* created the Canada Mortgage and Housing Corporation (CMHC), a public enterprise (referred to as a ‘crown corporation’ in Canada) with the primary role of ensuring mortgages and allowing widespread homeownership.<sup>14</sup> In addition, the CMHC also administers some federal housing programs, and collects housing data across Canada.

Property rights are also broadly a field of federal jurisdiction, although this is complex in practice.<sup>15</sup> While this division of powers is broadly similar across Canada, institutional ambiguity has meant that jurisdictions have not only changed over time, but also that different aspects of housing policy fall under different orders of government depending on the province. Ontario, for example, has delegated a large amount of its responsibility for public housing to municipalities since the late 1990s, including operating and owning most social housing stock in the province.<sup>16</sup> This is not the case in other provinces, such as British Columbia, where social

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<sup>10</sup> Jorg Broschek, “Self Rule vs. Shared Rule: Canada as a Case of Comparative Federalism”, 35

<sup>11</sup> Ibid, 44

<sup>12</sup> Government of Canada, “Intergovernmental Relations in the Canadian Context,” Government of Canada. Accessed January 28, 2026, <https://www.canada.ca/en/intergovernmental-affairs/services/reasons-canadian-context.html>.

<sup>13</sup> Department of Finance Canada, “Canada Health Transfer,” Government of Canada, Last Modified February 15, 2022, <https://www.canada.ca/en/department-finance/programs/federal-transfers/canada-health-transfer.html>.

<sup>14</sup> Canada Mortgage and Housing Corporation, “CMHC’s goals, values and commitment to housing,” Government of Canada. Last Modified January 28, 2026. <https://www.cmhc-schl.gc.ca/about-us/cmhcs-story>.

<sup>15</sup> Tremblay, “Canada”, 97.

<sup>16</sup> Edward Starr and Christine Pacini, *The Municipal Role in Meeting Ontario’s Affordable Housing Needs* (Ontario Professional Planners Institute, 2001), 6. [https://ontarioplanners.ca/OPPIAssets/Documents/Policy-Papers/EnvironmentalScan\\_022801.pdf](https://ontarioplanners.ca/OPPIAssets/Documents/Policy-Papers/EnvironmentalScan_022801.pdf).

housing is centralized at the provincial level through the British Columbia Housing Corporation (colloquially known as B.C. Housing).

Insofar as housing policy had an intergovernmental dimension in Canada prior to the NHS, it was largely through cost-sharing. The federal government stepped away from housing policy beyond the significant, though narrowly defined, responsibilities of the CMHC (insuring mortgages) in the 1980s and 1990s. This left provinces as the primary providers of all other housing policy, including tenancy law, social housing, and interaction with municipalities on areas like planning. The approach is notably decentralized, even compared to similar countries like Australia, with Schnabel and Souris noting that the federal government has “limited influence” through conditional grants and temporary programs like the Canada Emergency Response Benefit that existed during the COVID-19 pandemic.<sup>17</sup> This statement is notable, as this “diminished influence” is not due to constitutional changes but rather due to the prerogative of the federal government to divest from housing in the 1990s. The result was what Leone and Carroll call “province-building,” wherein provinces develop and fund their initiatives on housing based on their own local needs.<sup>18</sup>

The re-entry of the federal government into housing policy has, at least in part, been an exercise in defining this institutional agreement. This process is outlined in strategies such as the National Housing Strategy and Canada’s Housing Plan, both of which will be described in more detail later in this paper. The main tool within the process is the Housing Partnership Framework, which brought together the Federal, Provincial, and Territorial governments to set common goals, design common frameworks, and determine responsibilities. The agreement, while broad, determined shared principles and targets, and allowed for the development of separate bilateral agreements.<sup>19</sup> These bilateral agreements, the tentpole of the new federal involvement in Canadian housing policy, are examples of both the self-rule principle of Canadian federalism (multiple individual contracts rather than a single large one) and the institutional ambiguity described by Broschek (developing a specific process for a particular issue, that fills a deliberate gap within Canada’s federal structure).

## The National Housing Strategy

The National Housing Strategy (NHS), released in 2017, represented a roadmap for federal re-engagement in the housing space and included funding of more than \$115 billion through to

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<sup>17</sup> Johanna Schanbel and Antonios Souris, “Exploring Affordable Housing Policy in Federal States: Social Housing and Housing Allowances in Australia, Austria, Canada and Germany,” *Regional and Federal Studies* (August 2024): 10, <https://doi.org/10.1080/13597566.2024.2398426>.

<sup>18</sup> Leone and Carroll, “Decentralisation and Devolution in Canadian Social Housing Policy”, 394.

<sup>19</sup> Canadian Intergovernmental Conference Secretariat. “Federal, Provincial and Territorial Ministers Endorse New Housing Partnership Framework”, news release, April 9, 2018. <https://scics.ca/en/product-produit/news-release-federal-provincial-and-territorial-ministers-endorse-new-housing-partnership-framework/>.

2028.<sup>20</sup> Initiatives included legal and regulatory tools (such as legislation and the creation of a Federal Housing Advocate), cost sharing initiatives (such as the National Housing Co-Investment Fund), the creation of a housing subsidy in the form of the Canada Housing Benefit, supports for homeless populations, and specific commitments for groups with unique needs like Indigenous peoples and northern communities. In addition, the NHS renewed federal commitments to homeownership (through the traditional methods of mortgage loan insurance and tax incentives) and obligated the maintenance of housing data through the CMHC.

The NHS is a document with a heavily collaborative tone, with two chapters (two and five) explicitly outlining the commitment to working with other levels of government, while others mention the importance of multi-level partnerships. Provinces are described as “primary partners in the strategy” and are mentioned explicitly over fifty times in the context of service delivery and joint policy development.<sup>21</sup> Since the release of the NHS in 2017, these projects have been actualized through bilateral agreements, which exist with every province.

## The Federal-Provincial-Territorial Housing Partnership Framework

Following the NHS, Canada’s provincial, territorial and federal governments met on April 9, 2018, to endorse the Housing Partnership Framework, which laid out a shared vision for housing in Canada, namely that: “*Canadians have housing that meets their needs, and they can afford. Affordable housing is a cornerstone of sustainable and inclusive communities and a Canadian economy where we can prosper and thrive.*”<sup>22</sup>

This framework envisions a relationship based on the following partnership principles:

Communicate, consult, and work with each other and with municipalities, regional Indigenous governments and organizations, national Indigenous organizations, along with other organizations and stakeholders in a timely, open, and transparent manner through the FPT Forum on Housing and other discussion tables;

1. Communicate, consult, and work with each other and with municipalities, regional Indigenous governments and organizations, national Indigenous organizations, along with other organizations and stakeholders in a timely, open, and transparent manner through the FPT Forum on Housing and other discussion tables;
2. Coordinate efforts to minimize duplication and ensure that housing and homelessness programs are delivered in the most efficient, effective way, and build on each order of government's successes, experience, and investments;

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<sup>20</sup> Government of Canada, *Progress on the National Housing Strategy December 2024*, (Government of Canada, 2024),1, <https://housing-infrastructure.canada.ca/alt-format/pdf/housing-logement/ptch-csd/prog-nhs-dec-2024-dec-snl-en.pdf>.

<sup>21</sup> Housing Infrastructure and Communities Canada, *Canada's National Housing Strategy*,3.

<sup>22</sup> Canadian Intergovernmental Conference Secretariat. “Federal, Provincial and Territorial Ministers Endorse New Housing Partnership Framework”, news release, April 9, 2018.

3. Provide the best possible service delivery that promotes ease of access to programs and initiatives and achieves positive outcomes for households in need and other clients;
4. Share data, information, and research related to their activities and issues in support of outcomes;
5. Assume mutual accountability for the achievement of outcomes, as set out in the NHS, and report these outcomes to the public in an open, transparent, effective, and timely manner;
6. Develop a coordinated approach to joint public communications at the project level, and more broadly on the NHS; and
7. Ensure government funding is well managed and supports achievement of outcomes (e.g., through regular audits and evaluations).

Interviews with public servants, both federal and provincial, indicated that the framework played a key role in developing a shared sense of priorities and goals that could then be actualized through individual NHS agreements. These agreements are perhaps the most important intergovernmental tool in Canadian housing policy and are premised on a widespread acceptance and adherence to the seven principles noted above.

## The Canada Housing Plan

The NHS served as the primary vision document for federal housing policy until late 2024, when the Canada Housing Plan (CHP) was released. The NHS continues, due to the agreements negotiated under it, to be the primary document guiding intergovernmental relations on housing. While the CHP also includes several intergovernmental initiatives, these are not backed by detailed financial commitments like the NHS. Overall, the Plan is focused on federal policy actions, ranging from making changes to mortgage rules to incentivize density, adding housing conditions to infrastructure funding, and providing additional funding to develop affordable housing.

Provinces and territories are mentioned throughout the CHP, although the tone is markedly less collaborative. While acknowledging that the federal government “pulled back when it should have stepped up,” the document also points to provinces as “[falling] behind on supportive housing investments” in its preamble.<sup>23</sup> It also makes clear that provinces and territories will have to meet explicit criteria in order to be eligible for funds, including setting a deadline for applications of the Canada Housing Infrastructure Fund (CHIF) and noting that if agreements are not secured by this federal deadline, their funding will instead be granted directly

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<sup>23</sup> Housing, Infrastructure and Community Canada, *Solving the Housing Crisis: Canada's Housing Plan*, (Government of Canada, 2024) ,1, <https://housing-infrastructure.canada.ca/alt-format/pdf/housing-logement/housing-plan-logement-en.pdf>.

to municipalities.<sup>24</sup> Perhaps most overtly, the CHP ends with a list of “commitments” that the federal government calls on provincial governments to undertake. Some of these are directly tied to federal initiatives, such as matching the federal GST waiver with a rebate on provincial sales tax (PST) for new rental housing builds. Others, controversially, are requests to use provincial jurisdiction to make changes that the federal government cannot, such as limiting development charge increases, implementing frameworks to prevent “bad faith renovations and excessive rent increases,” and expediting municipal approvals.<sup>25</sup>

Such commitments are not simple changes, and it is unusual in Canadian federalism for the federal government to make such explicit demands of provinces. These explicit directives appear to symbolize a shift from the more collaborative approach of the NHS to a desire by the federal government to take a more active role in setting housing priorities, a complex process that has traditionally been held at the provincial level due to regional differences across Canada. On the federal side, informants described the CHP as “an opportunity to rethink [the NHS]... and bring a little bit more intention on how to solve the housing crisis.”<sup>26</sup> Provinces have taken a more critical view, with one provincial informant noting that “it was developed by the feds in isolation” compared to the NHS, which was “really co-developed between the feds, the provinces, and the territories.”<sup>27</sup>

## Summary of Content Analysis

Documentation analyzed in the content analysis included Federal-Provincial-Territorial (FPT) agreements between CMHC and the three provinces, which are enabled and funded by the NHS. Additionally, the study examined existing policy suites, publicly available strategies, and budget items available through provincial and federal estimates, services plans, and other documentation.

The results for each province are summarized thus:

- **B.C.** appears actively aligned with the federal government on several priorities. While the NHS programs are not radically different from other provinces, B.C. is clear where federal money supports the programming that the province had initiated unilaterally. Interviews with federal government public servants corroborated these findings, noting that B.C. is strongly aligned and cooperative. When discussing the CHP, an informant joked that if you keyword searched the changes, you would find instances where the authors forgot to replace B.C. with Canada.<sup>28</sup> This tongue-in-cheek comment aside,

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<sup>24</sup> Housing, Infrastructure and Community Canada, *Solving the Housing Crisis: Canada's Housing Plan*, 11.

<sup>25</sup> Housing, Infrastructure and Community Canada, *Solving the Housing Crisis: Canada's Housing Plan*, 26.

<sup>26</sup> Interview with Public Servant, March, 13, 2025.

<sup>27</sup> Interview with Public Servant, March, 12, 2025.

<sup>28</sup> Interview with Public Servant, March 12, 2025.

there is a significant alignment of priorities and a willingness by the federal government to adopt provincial approaches. When asked about challenges, informants highlighted requests for more support in mutually identified priority areas, such as Indigenous housing and single-room occupancy hotels (SROs), which speaks to a desire for an even stronger and more integrated relationship with the federal government.<sup>29</sup>

- **Nova Scotia** also appears to have a strong relationship with the federal government, and its strategy indicates a reliance on the centre to address acute housing challenges. Based on the existing documentation, the federal government plays a major role in Nova Scotia's housing priorities, with federal funds appearing to be critical to fulfilling key infrastructure priorities. Like B.C. and Ontario, Nova Scotia requires a significant supply increase in a short amount of time and relies on the federal government to enable the quick accumulation of capital. When asked about working with Nova Scotia, federal public servants noted a particular interest in working together on infrastructure programs.<sup>30</sup> It was also noted that the existence of the Nova Scotia Provincial Housing Agency (NSPHA) made it much easier to navigate because it had one body with which to work and negotiate.<sup>31</sup>
- **Ontario** has a more challenging relationship with the federal government, but there are opportunities identified for the governments to work together on housing issues. Differences in ideology and approach are most apparent in the Ontario case, and there has been public conflict between the two levels of government at the political level. Ontario's focus on market measures, and particularly regulatory reforms, means that there is less clear overlap between the federal and Ontario visions for housing. However, there are specific mutually desired outcomes, such as seeing the housing supply increase. Federal informants noted that political differences inherently made conversation with Ontario more difficult than with other provinces like B.C., particularly when it came to aligning priorities. One noted that "[Ontario] doesn't want the feds to play in [their] backyard," although they noted that there was alignment on regulatory changes (such as building code guidelines).<sup>32</sup> They also pointed out that the devolution of community housing responsibility to municipalities made it a challenging environment to navigate for federal programs.

Across all three provinces, federal support was viewed as key to two goals: increasing supply and supporting vulnerable households. These two goals provide an essential baseline for understanding not only where the provincial-federal government relationship is valuable in

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<sup>29</sup> Interview with Public Servant, March 12, 2025.

<sup>30</sup> Interview with Public Servant, March 18, 2025.

<sup>31</sup> Interview with Public Servant, March 13, 2025.

<sup>32</sup> Interview with Public Servant, March 13, 2025.

Canadian housing policy but also where programming can be easily aligned with mutually beneficial goals. Regulatory barriers, housing for marginalized groups, and other housing programs around retrofits were also touchpoints, but provinces broadly moved forward on these unilaterally. Some of these measures could be addressed in expanded agreements, but jurisdictional differences may make this difficult.

It should also be noted that procedural issues, especially for the public servants, did not appear to be a significant issue. Informants said that they had regular meetings with counterparts at other levels of government; not just federal but also municipal, Indigenous, and even international. Monthly calls take place through the FPT Forum on Housing, and this serves as an opportunity for different levels of government to outline their current projects or for the federal government to discuss new initiatives. Similarly, shared communications were noted as an area of “really good alignment.”<sup>33</sup>

Challenges tended to be focused on scope, specifically the suitability of federal program requirements for local concerns. In B.C., it was noted that there was a desire for more federal assistance on Indigenous housing. There was also a call for more flexibility in approach, particularly regarding SROs being used to provide housing for people in Vancouver’s Downtown East Side, which existing CMHC programs did not cover due to building code changes. This had the effect of making these options, which play an important role in B.C., difficult to utilize. Other challenges include a clash of federal priorities with the provinces, with the CHP’s call to freeze development charges being one area noted as controversial, due to the reliance of many municipalities on these charges. Overall, there was a general feeling that, despite bilateral agreements, the existing programs did not always reflect the on-the-ground realities of provinces, with one informant noting that local challenges tend to become clear after the changes have been made, meaning there is “not a lot of room for anyone to maneuver which is frustrating for all parties.”<sup>34</sup>

Additionally, the nature of Canadian federalism can exacerbate political differences, especially given the relatively limited ability of the federal government to set priorities and the unwillingness of provinces to allow it to do so. One federal informant noted that many members of the FPT Forum feel that “philosophically and in practice, people want to work together on this issue” but political differences and long-standing norms about governance in Canada make federal-provincial cooperation difficult. They noted that this has required thinking outside the box on how to provide certainty to programs, citing discussions about policy options like a housing fund bank or a similar initiative.<sup>35</sup> This would move away from

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<sup>33</sup> Interview with Public Servant, March 12, 2025.

<sup>34</sup> Interview with Public Servant, March 13, 2025.

<sup>35</sup> Interview with Public Servant, March 13, 2025.

the current bilateral agreement model and instead create something that could be applied more generally, which could perhaps ensure greater certainty.

## A Simplified Approach to Provincial-Federal Relations on Housing

This section outlines a simple assessment framework that would help classify housing policy approaches across Canada, thereby creating a tool to help different jurisdictions in the country better understand approaches and priorities. These tools were derived from a content analysis which made use of the “enabling housing framework” detailed by Shlomo Angel in his 2000 book *Housing Policy Matters: A Global Analysis*. In this work, he describes the “open and inclusive” concept of a “housing policy environment” or “government interventions that have a critical and measurable effect on the performance of the housing sector.”<sup>36</sup> This is an incredibly broad definition, necessarily so given the complexity of housing. To provide clarity, Angel describes housing policy environments that he assesses as “enabling,” such that the market and the state can work in tandem to meet housing needs.<sup>37</sup>

The model of “enabling” housing policy is helpful for conducting research on the Canadian Housing Environment, despite Angel’s originally developing the framework in the context of development economics in the Global South. Canadian jurisdictions, both federal and provincial, broadly see the role of Government housing policy as enabling and filling the gaps of the market. This is not to say that this approach has always been successful, but this does not change the fact that Canada aspires to an enabling housing policy that is closely in line with the one described by Angel. The Federation of Canadian Municipalities (FCM), an advocacy organization that represents municipal governments’ interests to the federal government, describes housing affordability as “inextricably linked to all aspects of the housing system”, including homeownership, policy, and legislation around tenancy, and social housing provision.<sup>38</sup> This diverse and integrated approach is broadly understood at all government levels within Canada.

The assessment framework elaborated below is comprised of two parts. The first maps the policy approaches of different governments based on available grey literature and divides provincial policy approaches into Angel’s five housing types. The second is a standardized classification system that maps the policy approaches of different governments based on political and capacity differences. Together, these two approaches could help simplify

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<sup>36</sup> Shlomo Angel, *Housing Policy Matters* (Oxford: Oxford University Press, 2000), 11.

<sup>37</sup> *Ibid*, 12.

<sup>38</sup> Steve Pomeroy, *Built to Last: Strengthening the Foundation of Housing in Canada*, (Federation of Canadian Municipalities, 2015), 6, [https://data.fcm.ca/documents/reports/FCM/Built\\_to\\_Last\\_Strengthening\\_the\\_foundations\\_of\\_housing\\_in\\_Canada\\_EN.pdf](https://data.fcm.ca/documents/reports/FCM/Built_to_Last_Strengthening_the_foundations_of_housing_in_Canada_EN.pdf).

negotiations between provinces and the federal government, and support parties to identify joint priorities toward mutually beneficial results.

## **A Standardized Policy Classification System**

There is considerable breadth regarding action on housing across Canadian provinces. Differences in approaches, whether determined by politics or circumstances, mean that it can be difficult to classify different policies into the simple and digestible categories that are needed to develop a tool to standardize and simplify intergovernmental relationships in the Canadian housing system. This section addresses this challenge by detailing the components of Shlomo Angel's enabling index as described in his 2000 book *Housing Policy Matters* and adapting them for use as a classification metric for the Canadian context. Doing so creates a standardized system with which to categorize policy approaches, as well as determine shared priorities within key areas. Such standardization could be helpful for negotiations between both provinces and the federal government, and provide a common understanding of what housing policy is composed of and how different approaches are conceived.

The following section outlines the five policy types outlined by Angel. Using this approach, it was notable that considerable similarities could be found across all four jurisdictions examined (British Columbia, Ontario, Nova Scotia and the federal government). Supply challenges are felt across Canada, and both the federal government and the three provinces examined focus heavily on expanding housing supply. Indeed, many of the federal and provincial agreements are based on provincial targets for supply improvements, be they new builds or refurbishing existing buildings. Additionally, the breadth of approaches across all provinces is quite significant. Just because one province chooses to focus more heavily on one policy area does not mean that others are neglected. That said, certain policy types, based on those described in Angel's enabling framework, were more prevalent in some strategies than others. This has implications for the provincial-federal relationship, and particularly both the need and the willingness to work collaboratively on housing. The five components of the framework, detailed in table 5, could be used to classify different housing policy approaches and develop funding, as well as to inform guidelines for which level of government leads on specific types of housing policy. The value of this for the federal government is that it clarifies the basis of the relationship and can be applied quickly and regularly to ensure certainty. For provinces, it provides the flexibility for them to use funding where it is needed, thereby removing a layer of ambiguity and ensuring that conflicting priorities are worked through early in the negotiation phase.

Policy Type	Description
Property Rights	<p>Formal and informal rules governing property acquisition, sale, development, and use, as well as ensuring adherence to these rules.</p> <p>Could include policies like privatization, common ownership approaches (i.e., cooperatives), and tenant-landlord relations.</p>
Housing Finance	<p>Wide category that includes policies that create and develop housing finance institutions. This can consist of reducing risks associated with long-term mortgages and removing barriers to entry (such as down-payment assistance).</p> <p>Policies associated with taxation are also included in this area, such as tax incentives.</p>
Housing Subsidies	<p>Broad policy category with three general types:  Supply-side subsidies targeted at producers, lenders and owners (who rent units out)  Demand-side subsidies that target dwellers  Price controls on rent, home prices, interest rates or other financial aspects of housing</p> <p>In addition to these three types, subsidies for retrofits or maintenance would also belong in this category for the Canadian context.</p>
Residential Infrastructure	<p>Broad category that looks at physical infrastructure, but also questions of supply, urban development, and less physical infrastructure (i.e., supportive or transitional housing). Angel notes the following key areas:  Availability and quality of basic physical networks (roads, sanitation, public facilities, etc.)  Public health measures (i.e. attempts to reduce crowding or promote urban sanitation)  Land development and supply, particularly policies that call for intensification  Other service provisions, especially for the poor.</p>
Regulatory Regime	<p>Regulatory or legislative controls that impact housing policy, including:  Growth controls, or efforts to limit, or support growth, through zoning changes.  Development of regulations that limit or increase options available to builders  Building codes and standards.</p>

*Table 1: Overview of Policy Types Based on Angel's Framework (Source: Housing Policy Matters)*

Table 2 outlines which aspect of Angel’s enabling index can be seen as the “priority” for the four ‘test’ jurisdictions, as well as what these policies mean in practice.

Jurisdiction	Policy Type Focus	Focus Areas
Federal	Property Rights, Housing Subsidies	Increase supply, home ownership, non-market housing
British Columbia	Regulatory Regime, Housing Subsidies	Increase supply, rental housing, process improvements, non-market housing
Ontario	Regulatory Regime	Increase Supply, Process Improvements, Home Ownership, Market Housing
Nova Scotia	Residential Infrastructure	Increase Supply, Auxiliary Infrastructure <sup>39</sup> , Process Improvements, Non-Market- Housing

Table 2: Policy Types and Focus areas by jurisdiction

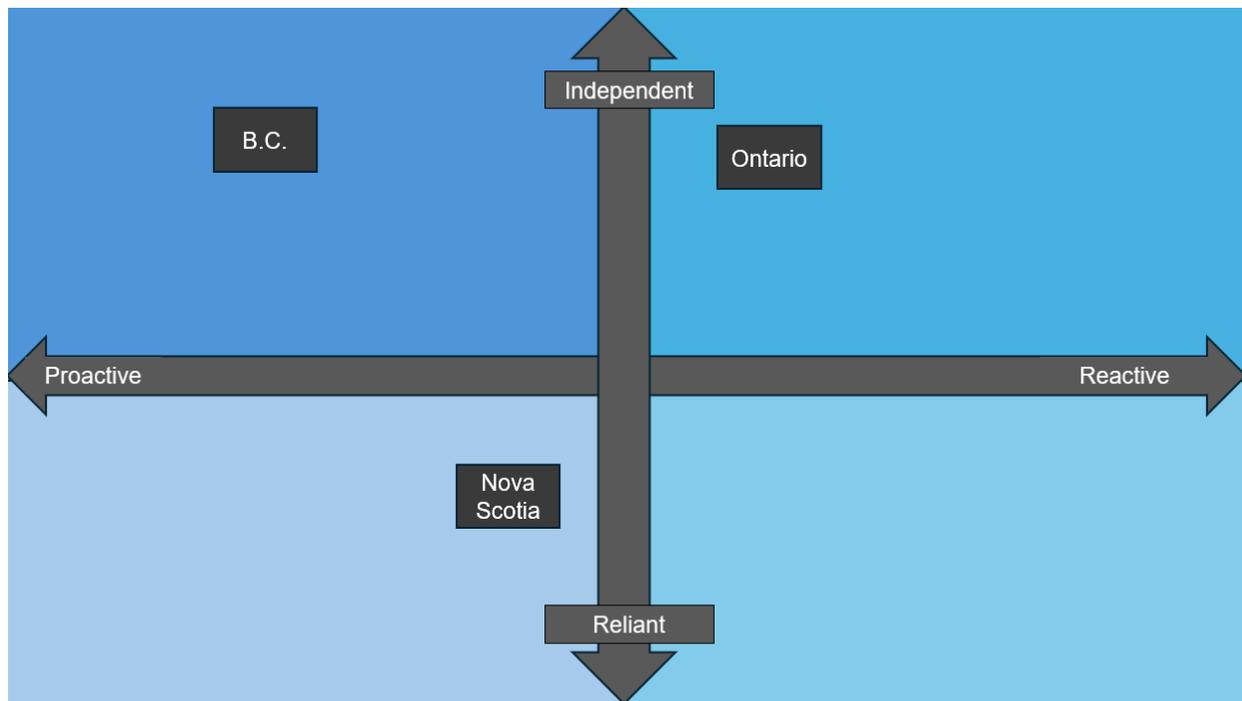
Supply-focused programs are broadly supported by all jurisdictions, as there is considerable alignment on their importance. B.C., Nova Scotia, and the federal government also have considerable interest in non-market housing, which is the primary focus of *NHS* programming. While Ontario does accept the support provided by the *NHS* for non-market housing, much of this responsibility is downloaded to municipalities. However, there are possible opportunities that Ontario could explore with the federal government based on their priority for market housing, as well as home ownership. While not necessarily a part of existing programs (although the Ontario Priorities Housing Initiative<sup>40</sup> is partly applied to this), it does provide a potential area where the provincial and federal governments could find a shared priority, as determined by the province, to further mutual housing goals.

<sup>39</sup> Auxiliary Infrastructure is a term used in *Under the Same Roof* that captures infrastructure that is not specifically housing related but is seen as critical to additional development. This can include roads, water and electrical infrastructure, and sewage to name a few examples.

<sup>40</sup> For more info on the OPHI, see: <https://www.ontario.ca/document/community-housing-renewal-ontarios-action-plan-under-national-housing-strategy/taking-action#section-0>

## The Direction-Ability Matrix

Differences between provinces can broadly be mapped into four quadrants, based on the sliding scales of *direction* and *ability*. *Direction*, split between the extremes of proactive and reactive and serving as the horizontal axis in *Figure 2*, refers to whether provinces develop their housing policies and the federal government supports them, or whether provincial housing policy instead is a reaction to federal initiatives. Meanwhile, *ability*, the vertical axis in *Figure 2*, with independent and reliant on either end, refers to the need of a province for federal assistance in addressing housing policy goals. The matrix does not intend to make a value judgment; no approach is necessarily good or bad. Instead, it intends to map the type of federal-provincial relationship and calibrate relationship building.



*Figure 2: Direction-Ability Matrix with B.C., Ontario, and Nova Scotia mapped.*

This tool is especially helpful for the federal government, especially when used alongside the standardized classification system described above, for determining the *depth* of bilateral policy development that provinces may be willing to tolerate. More proactive provinces could be approached with one suite of approaches, while more reactive provinces could be approached with others. Similarly, federal negotiators could take a more proactive role with reliant provinces, while playing more of a supporting role with independent ones.

British Columbia would serve as an example of a province with a proactive and independent approach, with a strong emphasis on housing as a government priority, and where the role of the federal government is to fill gaps and expand existing programs. Nova Scotia would be classified as having a proactive and reliant approach, where the government has a strong understanding of its housing needs and strategies to achieve them, but relies on the federal government to actualize them. Finally, Ontario has a reactive and independent approach, having significant capacity to fund housing policy approaches and primarily responding to the federal government by instituting NHS-focused programs with required funding, while the bulk of their efforts remain focused on unilateral actions like regulatory reform. This study did not cover any provinces with a reactive and reliant approach, which would involve the federal government providing funding for the province to use for specific projects that it would not otherwise undertake, but this would fill out the fourth quadrant and may apply to additional jurisdictions in Canada or internationally.

An important caveat is that housing policies at all levels are heavily influenced by the political orientations of the governments in power. This is true of the federal government, the three provinces discussed in this project, as well as the remaining provinces, territories, and municipalities across Canada. Since the release of the NHS, both B.C. and the federal government have had similar orientations on housing, as both are governments that are willing to have the public sector lead on housing issues and strategies. Ontario, meanwhile, sees a far greater role for the private sector, and considers the role of government policy to reduce barriers for them to lead. Nova Scotia has a mixed political approach, with a strong need for a public role in infrastructure to enable the private sector to engage further in the housing market. These are not comprehensive descriptions of the political nuances, and political changes and differences will be a recurring area of tension that policy frameworks cannot easily mend. That said, the Direction-Ability Matrix and a standardized Canada-wide classification system could allow jurisdictions to quickly pinpoint priorities, allowing for negotiations to continue, while also finding areas of alignment between types of government that are otherwise quite different.

## Recommendations

Federal-provincial disagreements are a recurring phenomenon in Canadian history, and adding additional dimensions in housing will serve to make intergovernmental relations more complex. But these challenges are less with the programming and funding itself, although provinces and territories would surely be happy for more. Instead, tensions arise around the alignment of priorities between jurisdictions. Addressing them means finding ways to navigate the institutional ambiguity that colours all cross-government relationships in Canada.

Doing so involves determining the key sources of tension. While the NHS has been largely successful, its continuation is reliant on regular renewals every three years, which are not guaranteed and are subject to modification. Housing policy often requires a long-term scope to be instituted appropriately, so three-year cycles will not be sufficient to ensure that NHS programs continue and that the federal-provincial relationship on housing deepens. In the short term, governments across the country should renew and expand the scope of agreements, with the goal of longer-term institutionalization.

Additionally, agreements and institutionalization could help address sources of tension in a more standardized way. Federal-municipal relations, especially on specific programs like the Housing Accelerator Fund, could be clarified in provincial agreements to ensure that funding is easily able to reach municipalities without provinces feeling blindsided. Having a standard process for federal-municipal engagement, agreed upon by different levels of government, would create certainty for all involved, while also allowing for the development of standard dispute recognition tools.

Finally, and perhaps more importantly, using tools like the Direction-Ability Matrix and a standardized policy classification system would provide a substantial knowledge base for federal and provincial negotiators, allowing for a clear assessment of shared priorities and a better understanding of how provinces seek to address housing challenges.

In summary, the following four recommendations are proposed:

1. The *NHS* has been a successful tool in building both provincial-federal relations and providing much-needed housing. While its impacts are minor compared to the scale of the challenge, NHS funding agreements are a critical first step in an integrated housing policy environment and should therefore **be extended when they expire in 2028 with a clause for automatic renewal, subject to joint adherence to agreed actions.**
2. In the longer term, these **bilateral agreements should be institutionalized as a transfer payment**, particularly for provinces with less capacity. NHS agreements currently operate on three-year cycles, and there is no guarantee of renewal. They are also similar across provinces, and funding will not always cover unique provincial needs, such as the

use of SROs in Vancouver's Downtown Eastside for temporary accommodation. A Canada Housing Infrastructure Transfer would provide greater certainty and signify a long-term commitment from the federal government. If done correctly, it could also allow for more flexibility to meet local provincial needs, which are not always captured in bilateral agreements.

3. Municipalities were not a primary focus of this study. However, significant powers related to housing policy (particularly in Ontario) are held at the municipal level. To navigate this, FPT agreements should outline how engagements with municipalities will take place on programs like the Housing Accelerator Fund and **develop a process so that the federal government is not hindered in its funding, and provinces are kept informed.**
4. Federal and provincial relations in housing will continue to grow, and there appears to be a federal desire to play a larger role in Canadian housing policy. Doing so will be sensitive, and institutional ambiguity will likely always play a role in interprovincial relations. To minimize these ambiguities, the FPT Forum on Housing should seek to **develop a general procedure to both determine federal and provincial priorities, find areas of alignment, and then allow for a flexible distribution of funds to meet these priorities.**

Canada's housing crisis will continue to be a significant challenge for governments of all levels going forward, and there are no easy solutions. There are also no unilateral solutions and ensuring a predictable and smooth negotiation and funding process will be key for all levels of government in facing this issue. This analysis has identified the key intergovernmental touchpoints in Canadian housing policy and assessed their effectiveness nine years after re-engagement began with the NHS. It has outlined the mechanics of these agreements, determined priorities, and evaluated the current state of the relationship.

Clear goals and joint priorities will be key to navigating the institutional ambiguity of the housing space moving forward, and will hopefully lead to a strong, reliable, and institutionalized interjurisdictional relationship on housing policy. Joint action is required to solve Canada's housing crisis, and there is a long road ahead. The first course of action needs to ensure all parties are moving in the right direction, and at similar speeds. Re-engagement on housing, while challenging, has the potential to serve to engineer new ways of thinking about Canada's problems and how different levels of government can work together on major issues once thought to be only in the purview of a specific jurisdiction. It will be a challenge, but a successful case of re-engagement has the potential to profoundly change Canadian policy making and work together in new ways.

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Cover design by Liam Whittington

ISSN: 1922-558X (online ISSN 1922-5598)

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The Occasional Paper Series is financed in part by the following countries: Brazil, Canada, Ethiopia, Germany, and Switzerland