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Housing Canada: Doing More, Better, Together.

A New Governance of Housing, Infrastructure and Place Policies for Canada.

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Housing Canada: Doing More, Better, Together.¹

A Governance of Housing and Infrastructure for a Cohesive, Productive Canada.

I. PROTECT AIMS AND APPROACHES.

This paper draws out the conclusions of a cross-national project, funded in the 2024 RKI Programme of the Department of Housing Infrastructure and Communities Canada. It built upon earlier work (Maclennan and Long, 2023) for CMHC that explored a systems perspective on Canadian housing policies and governance. That research identified policy governance, along with supply side chain flexibility, dysfunctional markets and non-profit housing provision as key Canadian housing 'sub-systems' that required disruptive innovation to abate and, eventually reverse the national housing polycrisis. They concluded that housing governance and policy coordination failures occur in Canada at each order of government and across all of them.

This research focussed on multi-level/cross-order difficulties. It explores feasible shifts in the multi-order governance of housing across Canada that could facilitate, at pace, collaborative working across Federal, Provincial and Municipal governments to shape a more cohesive Canada. With two out of three Canadians impacted by some housing 'problem', rising costs demonstrably damaging poorer Canadian in left behind places, and younger, aspiring Canadians left with stalled household formation and asset building careers in rental housing, fragmented housing policy actions are corroding cohesive Canada.

The project (Project Paper 1, 2025) commenced with an explanation of why contemporary housing policymakers should see the national housing system as primarily a statistical, aggregative artefact that reflects the outcomes of multiple local (or spatial) real housing and infrastructure systems across the cities, towns and vast rural hinterlands of Canada. Equally, Federal, and Provincial government influences are not confined, respectively, to Ottawa and provincial capitals but they exist and are everywhere, in every home, in all of Canada's places.

The dominant policy mantra for much Canadian housing policy in the last quarter century has been that housing is inherently local, that its policy consequences are primarily social, and, in consequence Provinces should have they key role in housing policy framing and delivery. This essay does not seek to diminish the housing and infrastructure roles that Provinces can and do play in the Canadian housing system. But the prevailing mantra, no longer reflects how the nation of local housing systems works and what housing does for Canada's places and people. Housing, infrastructure, and place policies have become increasingly polycentric in nature.

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Housing outcomes in local markets reflect more than local influences and policies. Global, national, and regional events and trends, such as rising and falling interest rates, new OFSI stress tests, and changing levels of immigration are key shapers of local housing outcomes. Housing system drivers, whether market or policy effects, are always local, and always more than local. Similarly, housing outcomes that start in every home and street have impacts that are much more than social and have key effects on wider and national missions to reach net zero or raise growth and productivity. The economy as well as the society begins at home. Outcomes arising from housing provision and prices do not stop at local boundaries but spillover into wider metropolitan areas, regions, and the national economy. Yes, housing is always social in impact, and always more than that. Viewed in these broader terms housing needs to be governed not as a minor component of social policy spending by a single, sub-national order of government but as a major integrative system that drives individual, place, provincial and national wellbeing and prosperity. Policymakers need to reflect on why, over the last decade, all of Canada's major housing outcomes continued to decline, and increasingly damage the core social, economic, and net zero missions for the nation, despite the National Housing Strategy spending an additional \$90 billion through conventional governance structures. Housing, and the infrastructures that support it, are impacted by multiple policy drivers, for which autonomies are dispersed over all orders of government, and influences multiple outcome effects on a range of policy siloes, housing. A cross-order, collaborative approach to housing policy, strategy and delivery is imperative for better housing outcomes. Better homes, and better places, for all of us and by all of us, may be a more apt mantra for Canadian governments for the next quarter century. Collaborative governance of this undoubtedly complex system with critical social, environmental, and economic outcomes is needed now. Wrangling over redundant constitutional niceties that, at best, belong in a past century are not. Constitutional change, redistributing housing autonomies and resources to make them real would be one solution. Others include changing fiscal equalisation and tax point allocations to rebalance the growing vertical fiscal imbalances that mean economic growth leaves housing and infrastructure shortages literally grounded in municipalities as the consequential tax revenues of growth are flow to Provincial and Federal coffers. These changes would take one or two, already fully focussed, Parliaments to 'resolve' the difficulties. That is likely to be too slow for Canada's left behind places and generations and risks fostering fragmentation rather than creating cohesion across the country. This project, instead, explored relatively recent international experiences, across selected OECD countries, of measures to improve collaborative governance of strategic, multi-order approaches to housing and related infrastructure expenditures in cities and communities. City Deals were the main focus of the project. It involved detailed case studies for the UK and Australia (Project Papers 2 and 3), a literature based review of European experiences, France, the Netherlands and Finland (Project Paper 5), and an interview based study of municipal experiences of the Federal Municipal Housing

Accelerator Fund (Project Paper 4). These papers are all available online at CHEC-CHRL from November 27th.

The new government has brought an adept pragmatism to Canadian policy making and a renewed vigour to housing policy debate and action. That is reflected in new resources and policy devices, most notably Build Canada Homes, being deployed to boost housing output in both non-profit and market sectors. Housing, and infrastructure, policy makers have been busy. However, there has been little, at least public, discussion of how to better govern Canada's housing and infrastructure across the nationwide system of local systems. There are strong conceptual and empirical cases that multiple, fragmented silo actions do not solve wicked system issues nor create the networks to innovate and improve housing and other outcomes. Arguably, recent innovations have left the federal housing policy delivery system more and not less fragmented.

There is now a (prolonged) 'moment' when Canada has come to recognise the potentially existential importance of 'cohesion'. At the same time every government across Canada sees the housing polycrisis spread and deepen. Each has a dawning recognition that it cannot reverse housing difficulties with its own fiscal and human resources. This is the time to look to different, collaborative approaches. They need to be rapidly designed and deployed to best engage the new Federal interest with the resources, competences, insights, and presence of sub-national governments. Siloed systems do not resolve wicked issues. Concerted collaborative actions can. Does experience and evidence elsewhere support these claims and suggest policy questions that Federal, Provincial and Municipal Canada can collaboratively discuss to design a governance that works?

II. **WHAT DEALS, WHAT WORKS, WHERE?**

This Part of the Paper presents key findings from the Project. Section 1 describes what City Deals are, how and why they emerged, and factors that facilitated their development. The funding, management and governance of deals, the critical delivery vehicles they developed, and monitoring and evaluation are discussed in Section 2. The Broad flexibility and resilience of Deals is highlighted in Section 3. A range of views on success and failures along with the results of major evaluations undertaken to date (and there are few) is presented in Section 4.

1. ***Forming and Framing Deals.***

Origins.

Most OECD countries have had a longstanding interest in ameliorating the differences in prosperity and productivity that exist between regions (including metropolitan regions) as well as within them. Many, particularly in Western Europe had, by the 1990's, evolved traditional regional policies to include city-region focussed measures. These national policies to support cities often involved central-local government coordination structures and partnerships. Their emphasis, until the early years of this millennium, as reflected in

UK and French policies discussed in Papers 2 and 6) was predominantly in targeting social and economic support to the poorest places within regions.

By 2010, partly frustrated by the apparently intractable nature of 'worst neighbourhood' difficulties and continued low productivity growth, and increasingly drawn to the roles of agglomeration economies and institutional capacities, national and local policy thinking for cities and regions began to take a different turn. A new emphasis on raising productivity, not least via improved innovation performance, and focussing on broader functional economic 'cities', defined by the geographies of labour markets, housing and transport emerged. There was a new attention to infrastructures and skills that could complement the benefits of 'agglomeration' economies. Recognition of the importance of 'subsidiarity and localism' highlighted the need for stronger local leadership but with national governments insisting on the deployment of best national research and policy practices in planning, shaping, and delivering local economic change more widely used across national settlement systems. By 2015 Dutch and Finnish governments had already recognised that innovation for policy, and this was reflected in UK Deals too, was often a produce of bottom up collaborations formed within Deals.

All these changes were being advocated in more difficult fiscal times (after the Global Financial Crisis) and solutions that required both multi-order collaboration and resource inputs gained precedence in policy debates. City Deals emerged from these shifting understandings of both city policy and of the changing nature central-local government/governance relations. Put bluntly, major cities and a number of Provinces in Canada embraced some of these internationally emerging ideas whereas after 2005 the Federal Government of Canada did not.

City Deals became the preferred vehicles for delivering national policies for cities, and rural regions too, through city/regional led strategies and delivery, in the UK, Australia, Finland and the Netherlands with some countries recently adopting the approach (New Zealand and Portugal). And they had some significant overlaps in approach with existing approaches, such as the Contrat de Ville in France.

It is important to stress that City Deals vary greatly within countries (and that is part of the point of such programmes- the one-size-fits-all approach is abandoned!) but also across countries. For instance, the UK City Deal approach required substantial new national government funds to incentivise programme take-up whereas the Dutch approach explicitly ruled out major spending increases (see further below); and whilst municipalities play lead roles in strategically shaping most City Deal programmes, they did not in Australia. Moreover, 'City' deal is often a misnomer as the approach has spread to rural regions and smaller towns: the UK government labelled, after 2016, such collaborations as 'Growth Deals'.

In consequence countries considering the approach have a variety of choices over roles, structures and scales that need to fit with their own aims and past policy path dependencies. In this report, given the narrower initial focus on Housing and Infrastructure programmes and the need to reassure Provinces of their major future roles the new vehicle envisaged is labelled CHIC's (Canadian Housing and Infrastructure Collaborations).

Whilst recognising that variety of approach and nomenclature, 'City Deals' have a strong, common core of aims and delivery approaches. They are national frameworks for City or Locality led change and explicitly aim to decentralise skills and leadership to local scales. They are, in effects, the national programme to support 'The Policy of a City and Region' rather than 'The National Policy for Cities' and in consequence they are diverse and devolved in nature. They emphasise local obligations to use best practise in policy design, strategy development and evaluation, and they co-design collaborative vehicles to deliver change in line with the contractually made resource commitments of all the partners involved. Given the local, but more than local, features of housing/infrastructure drivers and outcomes, City Deals are a useful area of policy governance change within which to seek better collaborative governance ideas for Canada.

Whilst retaining some National/Federal interest in the alignment of local and national project and programme priorities, within the broad scope of the City Deal programmes, there are predominantly locally determined choices of strategic investment priorities and timelines for their delivery. They are, in that regard, truly bespoke 'deals' significantly shaped by local priorities and resources.

Countries differ in how they wish to use these new collaborative arrangements. The UK was clear that it would make substantial new national government resources available (to be spatially redistributed) to support locally chosen, productivity raising projects. The Netherlands government took a quite different view and provided no additional resources for spatial redistribution. Instead, it funded a much leaner programme of measures to develop collaborative structures and networks at City Deal scales that would raise public and private innovation and performance. Australia, leaning towards the UK model, biased funding to support 'smart city' projects. Finland combined both programme supports for new technological developments and the promotion of local innovation collaborations. There is no restrictive definition of what a City/Growth Deal must be nor the sectors it will seek to support, but there are, as described above, emphasis of multi-order, but locally led, contractual and innovative collaboration for local economic systems.

Introducing Deal Programmes.

City Deal approaches emerged first in the UK (2010-12) and by 2015 in the Netherlands, Finland and then Australia (2016). It required a strong commitment to the idea within the central agencies of National/Federal government, as it required multiple national/Federal policy silos and government agencies to commit to the idea. After early programme development National/Federal government lead action was usually passed to Departments with planning, cities, and local government roles. At the same time, introduction of Deal policies also involved national peak bodies for cities and local governments to have a clear and strong argument for a new bottom-up leadership of multi-order collaborative governance. These 'framing' conditions existed in the European countries that embraced the City Deal approach.

National governments then acted speedily. In the UK, the national government, developed a Pilot programme restricted initial interest to England, made clear that it would not fund single municipality bids but required contractually collaborating groups

of municipalities to submit, within 6 months an outline strategy with listed, evaluated options and governance proposals. Within a year, after much interaction between bidding localities and national government departments, the UK government announced it would support bids for the city-regions focussed on the 8 largest cities bidding (London was excluded ex ante).

This embedded a number of features that are found internationally across all City Deal programmes. Participation is voluntary. All Deals, with Australian exceptions, are based on new local, contractually bound coalitions of municipalities that have to articulate strategic priorities and resource contributions and highlight governance and delivery intentions.

Once established a wider spread of participation spreads across each country. In Australia it has not as the Albanese government, whilst recognising some of the merits of the approach, wished to distance themselves from what they regard as a blatantly political choice of localities that benefited from City Deal status. City and Growth Deals may end in England for very different reasons. After the 2012 Pilot programme City Deals spread widely across the UK including, after 2014, to the Devolved Administrations and to Scotland in particular (that provides an important illustration, along with Northern Ireland, of how a 3 level system similar to Canada has collaborated beneficially with other orders of government). However, incomplete coverage of the country led to criticisms of a 'piecemeal' approach. Since 2024, major reviews of current housing, infrastructure, planning, regional economic development, and local government roles have taken insights from City Deal successes and are leading to new proposals for a coherent regional government structure for England.

City Deals have helped shape a major restructuring of UK place governance. In other countries preliminary evaluations suggest better and restructured connections and collaborations between national and local governments.

The multi-order Deal approach, especially in the Devolved Administrations of Wales, Northern Ireland and, particularly Scotland (with a Parliament having powers akin to a Canadian Province), was sustained through periods of major political differences between the UK and devolved governments. The Scottish Government has been led by the pro-independence party (SNP) since 2008, and the Northern Ireland Assembly is presently led by Sinn Fein that aims to reunite the Province with Ireland. A strong conclusion can be drawn. When different orders of government with different political orientations, including constitutionally sensitive intermediate orders of government, focus on real problems, such as resolving infrastructure and housing shortages, then strategic, contractual, locally led Deals can provide 'safe spaces' for collaborative actions across all orders of government. Broader policy debate and difference can be maintained outside of the commonly identified and mutually damaging crisis prevailing.

2. Funding, Governing and Delivering the Deals.

Funding

There are major contrasts across countries. As noted above National/Federal governments committed, as in older city regeneration programmes (like the Contrat d'Ville) additional 'deal funds' in the UK and Australia to successful bidders. In the

Netherlands support was limited to vehicle/network formation and innovation dissemination. In all instances funding costs were shared across different orders of government, with local scales typically contributing a minor share but with the obligation to meet cost overruns of projects. These tranches of government money were generally sourced from and deployed through conventional national and local government funding channels. Finnish deals, with a role encompassing aspects of both UK and Dutch approaches used a wider range of financing techniques, including using municipal bonds, securing additional subsidised loans from the Ministry of local government as well as advocating use of public-private-partnerships in infrastructure projects. There are reports that major UK city deals attracted almost as much additional private finance as public money committed but there are no hard national statistics confirming that. This is an area where City Deal programmes could learn much from transport and infrastructure, and green financed innovations emerging across a much wider set of countries (including Canada).

Generating a New Local Governance.

The Case Studies and International Review report details of how Deals were locally delivered and governed and the paragraphs here are a summative review. Typically, Deals meant a purposive, prolonged interaction across, and within, all the levels of government with, often, civic institutions and community peak organisations also involved (sometimes) that occurred locally and was locally led. Deals have developed a system of governance of the Deals, that in contrast to older national cities policies (such as the French Contrat de Ville or the English Single Regeneration Budget) has been predominantly local, effective, and improved over time.

In all the European Deal programmes coalitions of municipalities created an intermunicipal entity to be accountable for the Deal programme, negotiated with other orders of government, and organise funding, delivery arrangements locally. Some, in England, elected Mayors as leaders, most, in most countries, did not and leaders of the local authorities involved selected their leader. Some Deal Management Boards (DMB's) comprised only local political leaders, arguing that municipalities were contractually responsible for meeting any spending shortfalls in project delivery. Others in the UK, and particularly elsewhere, also selected a wider involved group of stakeholders including business, research, and community interests, to serve on DMBs.

Once established, and usually in discussion with other orders of government (and particularly the local/regional presences of National government agencies), DMB's, consulting with other orders of government and local stakeholders then established their own Programme Strategy, Delivery and Monitoring entities (PSDM). The PSDMs, reflecting the different focus of Deal approaches in different countries, included staff seconded from local authorities and national agencies as well as other stakeholder groups. In most Deal programmes, matching the typically 7-14 year intended duration of Deals, these were not regarded as ephemeral entities but as significant local organisations that crossed municipal boundaries, had local to other order of government reach and engaged with multiple policy silos of national governments when they needed to. That is, they were, from the outset, a critical boundary spanning device with a remit

of making silo, and jurisdictional boundaries, more permeable to flows of ideas and resources. In the Dutch case the intensity of focus on cross-order and cross-silo collaboration appears to have compensated for their shorter and more ephemeral nature. The longer term significance of creating these entities is, in the UK, only now being understood but they, as in other countries, were engaged from the outset in developing the initial Deal 'visions' into doable projects using modelling and business case processes much improved from prior municipal practice. They developed strategic local priority projects that were broadly consistent with not only the policy interests of the Federal/National/State but also the practices for selecting and presenting such cases. Collaborative working requires mutual understanding of both prospects and proposals made. Experience and evaluations in the Deal contexts of the different countries reviewed make clear that the contractual nature of the Deals and the local PSDM vehicles created a potential collaboration-innovation effect that was rarely observed in pre-Deal forms of top-down National/Federal city policies.

Monitoring, Evaluation, and Innovation.

Boundary-Spanning in strategic thinking and blurring the cross-silo exchanges of staff in Deals has undoubtedly served cities/regions well in the UK, The Netherlands and Finland. It has created spaces and collaborative actions that make it difficult to attribute project outcomes to any particular policy level/agent and, similarly, attribute efforts and costs to a particular agency or partner within the Deal. It is clear that new ways of using public resources collaboratively to secure strategic, longer term goals really require new ways of monitoring and evaluating project inputs, outputs, and outcomes.

Team production, and Team Playing always raises such issues, especially where multiple silo/order budgets are involved over longer periods of time. Monitoring project inputs requires not just overall spending from particular budgets but has to have regard to how they were combined in packages with other key investments. For instance, augmented housing spending may generate few shifts in social and economic outputs/outcomes unless it is aligned with transport spending (the TOD argument) and indeed complementary infrastructure investment in public services and amenities (the '15/30' minute neighbourhood argument).

Where multiple outcomes occur in spatial locations well beyond the boundaries of 'Deals' programme benefits, and costs, may be missed.

When projects have long durations, as most Deals do, two other difficulties plague precise monitoring and evaluation in line with conventional Federal/ Finance Ministry approaches. The first, as noted above, external (sometimes 'global') can markedly impact local progress and outcomes and clever econometric, synthetic modelling, has yet to produce convincing disaggregation of City Deal versus national/global shock effects. The second, is that framing of monitoring and evaluations for Deals has paid insufficient attention to the output and outcome effects, over the longer term, of creating the PSDM vehicles designed to deliver the Deals. The detailed activities of these 'firms' is seldom monitored, the range, frequency, and intensity of collaborative actions largely

unrecorded and unexplored. Within Deals, the PSDM, working in collaboration with wider and National levels of government, often plays a key role in recalibrating project priorities and funding milestones and it is central to the creation of thinking and innovation for new policy practices and projects that, again, impact beyond Deal localities.

Federal/National Governments have recognised but not resolved these issues. Input and output monitoring is much improved from the past. National government accounting entities, such as the Public Accounts Committee of the UK Parliament have recurrently reviewed Deals but still miss many of the points made above. The Project reporting processes, with Deals providing quarterly financial progress reports to funding governments, and that had to reach Milestone performance indicators over longer time periods before successive funding tranches would be released, ensured successful delivery and compliance.

The UK Treasury have been redrafting their 'Green Book', for framing evaluations, to take account of some of these complexities. But funding and accounting for more than silo, multiple-order actions remain challenging for traditional Finance Ministries. The government of the Netherlands, in recognising that they only fund the 'innovation mechanism' in their City Deals, do not require Deals to make detailed financial statements and evaluations back to the national level. National Trust appears to follow established records of local competence.

It is important to reiterate, largely because they are a mostly missing 'vehicle' across Canadian cities and communities, the critical collaborative change roles of integrated 'Deal' deal delivery vehicles. This projects research on Federal-municipal (contractual) collaboration on Municipal Housing Accelerator projects illustrated a number of important aspects of how weak collaborative governance of local housing and infrastructure projects is in Canada. In contrast to other countries assessed for this research there is, outside of major cities, little collaborative work between CMHC and municipalities, and sometimes minimal contact (and most believed that Federal-municipal contact on housing issues had deteriorated as CMHC had shifted away from an emphasis on local/regional presence to functionally specialised advice nodes at specific locations across the country. The major cities had contacts and collaboration simply not found in most other locations. Even more alarmingly, it is not unusual for smaller municipalities to have had, until the MHAF no local housing staff capacities. A nationwide problem is not met by a nationwide spread of housing system management competence.

A major lesson from the European city deals is that Canada will miss collaborative innovative capacities to resolve housing difficulties within cities and communities if it does not sort the local governance of the system. Every local housing system needs a 'local' strategic brain for housing change. Wider work on local economic change, primarily from economic/geographic assessments of European Union Cohesion (and informed by the work of scholars such as Andreas Rodrigues-Pose) goes beyond traditional discussion of raising skills and investment. It also highlights how institutions

matter in shaping change and how devolution per se makes little difference to growth and wellbeing unless it puts the correct collaborative mechanisms and institutions in place. The renewed concern for Canadian cohesion needs to rethink how to reshape housing collaboration in a plethora of local places.

3. *Flexible Adaptations and Resilience*

As noted above a long duration in both changing market and policy contexts requires Deals to have adaptive capabilities. This is not just about absorbing the exogenous shocks noted above, but dealing with shifts in political control, at all orders of government and changes in the range and emphasis of priorities that governments may make over relatively short periods.

As national governments shifted priorities in France, over three decades, the Contrat de Ville had to reshape new top-down priorities. In Canada, even in a two year period since their introduction, some municipal authorities have lost interest in the Federal-Municipal contracts for change as local political change ditched the priorities of their predecessors (even if contractual penalties are to be imposed). In the UK lobby groups have pressed for the scope and priorities of signed Deals to change as new goals emerge nationally. The shorter term nature of Dutch Deals largely avoids this issue.

Some Deals have absorbed new priorities, others have stuck to their initial objectives, and it is important in disputatious central-local government relations for Deals stick to initial agreements and use them as a 'safe-space' in which to collaborate on wicked issues they all see as a priority. Local collaboration on agreed core system difficulties does not mean agreement across the broad spectrum of central-local relations.

The efficacy of Deal mechanisms is reflected in that, with the Australian exception outlined above, national government changes have not led to cancellation of Deal approaches.

4. *Evaluations and Insights.*

Diverse, Supporting Voices.

The majority of comment on UK and Australian Deals in project interviews and literature reviewed was supportive of the approach. Literature reviews suggested broadly similar conclusions for Dutch and Finnish approaches, though with more attention to their positive innovative impacts on practices and policies, not least for better integrating the integration of housing investment, planning and infrastructure strategies.

A sample of such comments included:

- The (English) Association of Local Authorities, in a wider (2024) review of place policies, noted that they worked effectively where: the geographies for policy action, that seldom matched municipal boundaries, were realigned to city-region functional economic boundaries; they were guided by a long term vision; involved central and local governments that mutually respected their 'special powers' with the knowledge and innovation capabilities of local governments recognised; raised local financial and governance capabilities; were locally led, and engaged with local businesses and communities. They also emphasised that, with some variations from place to place, that City Deals had widely met these

criteria and had fostered more confident and capable governance of city-regions. Dutch evaluations made similar observations.

- All the Devolved Administrations in the UK (Scotland, Wales, and Northern Ireland) have also made broadly supportive comments, whilst noting possibilities for improvement. Scottish policy institutions and the Scottish Parliament have reviewed City Deal progress with sustained interest over the last decade and with greater frequency than any other sub-national political entity in Europe. Audit Scotland (2023) concluded that city and growth deals had enabled economic development projects that otherwise may not have gone ahead, had enhanced collaboration between local authorities and their stakeholder collaborations to leverage in private finance for projects.

At the Scottish Government level, the Cabinet Secretary for the Economy highlighted the benefits of collaborative working, including with the UK government, that growth deals create including conjoined financial power that allows commitments to catalyse and deliver at pace projects that can do something really significant and substantial.

- Think Tanks, such as the Centre for Cities, and **all** of the academic commentators and consulting experts who had worked across multiple Deals providing advice to Deal Boards and Delivery Vehicles, took the view that the City Deals had made major progress on all of their key aims whilst noting improvement possibilities and performance variation from Deal to Deal. For instance, the UK Centre for Cities noted that Deals had, with skills a major concern in all Deals, strengthened collaboration between local authorities and employers in skills development in the City Region Deals for Manchester and Sheffield. They concluded that good governance at the functional scale of the economy is vital to effectiveness of local demand-led employment and skills systems and that ***good (Deal) governance in these localities built on existing partnerships (respecting the local) rather than reinventing the wheel with top-down standards and involved good system monitoring information and market analysis.*** Similar conclusions about skills, infrastructure and housing can be found in multiple Deal reports and, with their different objectives, in the other countries using Deal approaches.

In all of the Deal countries, where Deals had been delivered, there was evidence that housing, infrastructure investment, and planning were better integrated and more innovative than in non-Deal locations. This outcome was also apparent in Australia where municipalities had been key to Deal delivery, as in the Western Sydney City Deal, without having had major ex ante strategic choice roles. Where pursued, Deals appear to have had a more impactful approach than the mainly successful bilateral Federal-Municipal contracts pursued in the Canadian MHAF.

Dissenting Voices and Deal Difficulties.

There are, in general terms, three different kinds of 'Dissenting, Doubting Voices' regarding Deals and they are substantially different in nature. First, there are critics, who can be found in all countries using Deals, that dismiss competitive, deal making resources allocation processes as being inherently flawed approaches to securing economic environmental and

inclusion goals. They are mainly ex ante, ideological rather than evidence influenced approaches, and they are not explored in the report. Second, there are policy areas, providers and places who conclude the piecemeal, bespoke nature of the Deals missed them out from the beginning or failed to include them as circumstances changed over the course of Deals. Third, there are rigorous economic evaluations with inconclusive results on productivity effects of Deals.

Inclusive growth and the imperative for net zero carbon became core policy objectives after many UK Deals had been signed with contractual commitments in place and the weight of these objectives differed across Devolved Administrations and City-Regions. This critique was also applicable to Australian City Deals but not to Dutch and Finnish Deals, emerging later and when net zero and inclusive growth had become core priorities of EU and national Dutch and Finish policies, nor to later UK Deals.

In the UK, where earlier Deals were not quickly remodelled to embrace these new priorities, they were often widely criticised. Smith (2021) and Pike (2017) discussed in the UK Case Study report illustrate these critiques. However, rapid, and frequent renegotiation to add new policy goals and tasks for Deals and renegotiate their budgets/contracts may well have disrupted the 'safe place' that Deal-making had created. To a significant extent the major, new government proposals to create city-regional government structures in England have evolved from both the positive experience of City Deals and the need to extend the approach across all of England and all functions. City Deals have been a major means to a devolved England.

Business, and especially community sectors, have been effectively engaged in Deals in some places and not others. This is a common critique, and of older style urban programmes, in all of the countries reviewed here. There needs to be much clearer, explicit commitments to these sectors within Deals, albeit that they may differ from place to place. In general business engagement has been more effective in England than Scotland, with the converse reported for community involvement.

Deal evaluations, whilst claiming economic successes, have been less than specific on particular productivity effects (reflecting the evaluation difficulties noted above). The UK National Audit Office, and the relevant Dutch Ministries, recognise that it is still 'early' to draw long term conclusions about economic effects of Deals with long term investment plans. Recent academic studies recognise that difficulty too but have drawn, at best, cautious conclusions about productivity effects. Alonso and Andrews (2025) in an econometric analysis of First Wave UK Deals estimate a 2.5 to 3.0pc increases in productivity between 2012-19. The Second Wave Deals (2014) showed no significant productivity gains (but noted it was 'too soon', and this past decade has been a period of notably low productivity growth in national economies overall). They stress the importance of local institutional structures where gains have been made, though, more widely there is limited evidence on the causality chains between Deal investments and economic outcomes. Raja and Larsson (2024) found that English City Deals were effective in already higher growth areas but not in other areas, though the effects were mixed, small and statistically insignificant. These econometric studies recognise that the effect of the City Deals

programme either may not yet have been fully borne out or are impossible to identify given the heterogeneity of the Deals. The reframing of strategic governance geographies to functional City region and Growth (and later rural region) Deals was widely welcomed and laid the foundations for better strategic decision taking and now the evolution of government structures.

Rapidly rolling out the programme was possible because the UK government created a high-level group to consult with newly created Deal Management Boards and their PMO's and also included a limited number of Deals in Wave1. The intention was to walk before running but also demonstrating across the country that Deals could be made and offered positive prospects to initially doubtful places. In early deal formation stages consultants were widely deployed to fill local skills gaps but DMB's responded quickly and effectively to financial and strategic management skills gaps that government Audit bodies worried about. The hiring of staff to local Deal Vehicles from existing (or previously existing) National quangos greatly facilitated that process. These observations also held true in other City Deal programmes. In the Canadian MHAF, the programme was much more rapidly designed and delivered than typical policies implemented via CMHC and multiple smaller municipalities filled new MHAF staff positions with applicants from larger authorities with well developed, regular interactions with CMHC. As housing and infrastructure issues heat up, much of smaller municipality Canada still needs to come in from the cold!

City Deals Have Achieved Policy Aims.

The City Deal programmes assessed in this project have had varied, ambitious aims seeking to raise sub-national growth rates (variously defined), encourage local leadership and policy choices, redefine the geographies of local governance to more strategic functional economic scales, and shape better strategy and delivery for infrastructure, and related programmes, that engaged business and communities as well as multiple municipalities. Although uncertainties remain about their specific productivity effects, as noted below, the outcomes noted above make a strong case that overall success, and for most Deals, has been the hallmark of the programme. The major criticism of the Deals approach has not been, in the main, the policy mechanism but from the places, providers and policy silos that had been omitted from Deal formation processes or felt their sector of interest had not received due priority.

It appears that multi-order, multi-sector, contractual Deals, if well governed, are able to deliver substantial outcome improvements. Moreover, and intended in Dutch Deals and largely unanticipated in UK approaches, collaborative working through local delivery vehicles puts in place a critical, catalytic, creative capacity at local scales. There is a strong a priori case that as the Carney administration drives forward an augmented, but still fragmented, effort to make housing systems a cohesive positive force in strengthening Canadian social cohesion and reinforcing productivity and economy to look to collaborative, locally led, city-region wide, strategic 'deals' to energise innovative housing and infrastructure delivery.

III. SO WHAT (for CANADA'S HOMES, INFRASTRUCTURES and COMMUNITIES)?

1. Building More and Better Homes and Places for Canada: A Case for Change

The introductory paragraphs of this paper set out the broadening scope and depths of difficulties in the Canadian housing system that impact not only Canada's poorest households but have downsides for the majority of Canada's people and places. All governments need to act to secure positive change, and none will achieve it effectively without better collaborative action across multiple silos and orders of government.

This observation undoubtedly applies across other areas of policy, and a wider conception of locally led collaborative could be developed. The remarks that follow below are aimed only at the development of more strategic, longer term actions to deliver better integrated and continually innovative approaches to designing and delivering better homes and places (cities and communities) for Canadians. This is the Collaborative Homes, Infrastructure and Communities (CHIC) approach and it could become a significant framework for housing policy actions in Canada and beyond.

The MHAF interview in this study highlighted both the sparsity of housing governance capacities outside (some) larger municipalities and that speaks of both Provincial and Federal actions to, usually singly, catalysed needed action within municipalities. At the same time, it revealed that the policy actions that effectively produce homes and places are demonstrably more conjoined in major cities than Federal and Provincial governments. A cross-order locally led (intermunicipal) approach would redress these gaps and imbalances in Canadian housing and (local) infrastructure governance. Clearly not all the missing organisational competences are at municipal scales. Research suggests, reflecting on the collaborative successes of City Deals, there is a clear case for developing CHICs.

There even more compelling cases from the observations of businesses and officials who shape cities and communities. Although referring to a wider range of activities, but including observations on housing and infrastructure, the Toronto Board of Trade (2025)

Observed that cities tend to be hamstrung by their limited by their constitutional powers, were consequently often reliant on financial support from the federal government and that such support usually comes an improvised and piecemeal fashion (mismatched with the boundaries of the functional city). Emphatically, 'federal resources earmarked for urban challenges are invested through top-down programs which must be applied for and approved on a project-by-project basis', and 'this approach creates a system which prioritizes busywork, such as announcements and processes, over deliverables and capacity management', and 'In contrast, governments in East Asia and Europe take a bottom-up approach to federal funding that is more responsive to cities' actual needs' (Toronto Board of Trade, 2025).

This conclusion, from the bottom-up, matches in spirit and detail the findings of this project in relation to Federal and Provincial support to create homes and neighbourhoods, not just for cities but the Canada of smaller communities too. The better housing system needed could be created if city-regions, and rural-regions, developed long-term plans for their housing and

local infrastructures, which could then guide federal and provincial investment in conjunction local, provincial, and national objectives. This shift would create a more locally sensitive use of resources, more specific goals and outcomes and collaborative innovation across silos and orders of government.

Directing Federal resources through CHICs seems more important than ever. Not just because of the massive task ahead but because not only does the Federal government have to credibly tie together the Housing, Infrastructure and Communities responsibilities of IHC Canada, but the Federal housing change delivery task is, since summer 2026, more complex. Housing policy functions moved in 2025 from CMHC into the Federal Ministry (offering a potentially better integration of housing across of housing policy thinking across Federal Silos), leaving CMHC as primarily a 'delivery agency'. Since mid-2026, a reinterpretation of the definition of net government borrowing (with the value of assets created from borrowing netted off from increased debt liabilities to estimate net borrowing additions) has released resources to, in effect, invest in housing equity through Build Canada Homes (BCH). At the same time as future lending roles are envisaged for CMHC changes in prudential borrowing criteria introduced by OFSI have currently limited expansion of CMHC's loan portfolios for some purposes. This raises two important collaboration and coordination tasks for the future. First, clearly CMHC and BCH actions have to be coordinated with each other, at national and local scales and with municipal and Provincial actions. Second, as BCH diversifies its investments beyond projects on Federal owned lands, it could fruitfully engage with municipalities and provinces in co-investing on lands that these other orders of government own. Governments can retain equity ownership not just in homes that they own outright but could co-own with not for profits) interested in building their own stocks of equity rather than simply managing publicly owned housing. (Australian and British evidence suggests the most effective and innovative not-for-profits have often declined to simply manage rather than own homes) and individual homeowners helped to buy with a repayable equity stake from government (again, as in the UK and Australia).

Doing so in a coordinated, strategic (CHIC) collaboration and not the piecemeal, one-off, projects of the past would be of major importance. In 2025 the City of Toronto owned sixteen significant parcels of land that they were considering for underpinning 'affordable' housing projects. Each parcel would have required a separate, time-consuming bid for CMHC support with no guarantee of the best strategic overall outcomes. The whole needs a strategic approach to what homes are produced, where and to what purpose. BCH and CMHC actions need to be aligned with each other but with the aims, and resources, of municipal and Provincial policy aims and resources.

Collaborative, strategic investment strategies need to start now, they will be bespoke, differ from place to place, and they need to have a minimum 3-5 year time horizon. What might CHIC look like?

2. How to Get Started, When?

There are some clear lessons from City Deal experiences. The CHIC approach needs to be introduced through a Pilot programme. Once Federal government had embraced the approach and informed Provinces and municipalities of the intended strategic, collaborative approach it would invite municipalities to submit bids for a CHIC contract. The pilot programme might, for example propose to fund 12 CHIC projects. Indicative guidance on the

projects/programmes for collaboration would be issued with the call for applications. Participation in the programme would be, emphatically, voluntary. Municipalities would not be forced to participate, nor would Provinces.

These steps, so far, emulate city-deal formation processes. Also learning from City-Deal experiences, bids would not be invited from single municipalities but from groups of authorities that formed a cohesive geography for housing and infrastructure investment actions. These potential CHIC partners would be asked to submit outline bids for CHIC status within a 3-6 month period. They would be asked not for a detailed strategic investment, but a coherent articulation of investment aims, the broad magnitudes of resources required, how existing resources and programmes would be integrated into the new vision for change, which municipalities are involved in the proposal and whether Provincial, and what, indications of provincial support have been provisionally offered. Governance, participation, and delivery intentions should also be indicated. Sub-national governments will, at first blush, respond by saying this is all, or mostly impossible in these time scales. Unless Canadian governments are particularly sluggish then it is not. It has been managed in other countries.

The Dutch and UK City Deals offer very different routes to collaboration, the former funding a collaborative integrative mechanism and the latter large scale investment funding (and Finland somewhere in between). Over the longer term, of at least a decade in major cities, additional Federal funds will have to be provided well beyond the increased spending promised by the Federal Budget for 2026. Such increases are unlikely over the next 3 fiscal years (possibly longer). In the first instance, the GOC could adopt a Dutch-like CHIC, where the GOC funds the creation of the delivery/thinking vehicle that creates new collaborative networks, working together and innovative outcomes for 3-4 years. Arguably that would build upon, and gradually replace, the more limited but successful MHAF programmes (now coming to their conclusion). Looking to the longer term, and after a wider roll-out of first stage CHICs models incorporating enhanced capital expenditures could be developed. Once 'sketch-plan' bids for CHICs were submitted they could be quickly assessed not just by HICC officials, supported by CMHC, but by an independent panel of experts drawn from different orders of government and silos, as finance and construction sectors. Project selection should last no longer than 6 months. Once potential CHICs were identified they would be asked to work with BCH, CMHC, and relevant other bodies and other orders of government in the collaboration to develop assessment and modelling of options, indicate firm programme actions and funding to function as the basis for signing the CHIC agreements.

The actions would include clearly articulated and costed proposals for BCH and CMHC support and the investment intentions/commitments of other collaborating partners and alignments of actions and resources across the partners involved. There should also be areas of better practice development, as was done in MHAF, that maintains progress in better coordination of housing and planning actions but also addresses other areas of concern. There should be agreement on the balance of funding sources for infrastructure as well as housing investments with agreements on coherent approaches to infrastructure charges. In many contexts raising the capacities of non-profits housing working locally also needs to be addressed as capacity shortages are widely noticed but there have been few actions of

governments, of any kind, to raise such capacities. In the early years of a CHIC programme building collaborations, trust, and capacities around resources already set to flow in programmes may have to be the emphasis (doing more with what we have) rather than expanded public resources. This would make capacities to raise innovative sources of private finance and emerging 'green finance' an important focus of 'CHICs' in the short-term. Housing has much to learn from infrastructure funding partnerships and PPPs. Canadian private equity investment in Canadian community housing has been surprisingly limited, and that has to change as the GOC steps up its public equity investment in housing. If the Government of Canada were to act at pace to promote real, local-led collaborative housing strategies it could be announcing a programme of Pilots by the next Federal budget. City Deal programmes elsewhere went from idea to announcement in all the jurisdictions scanned for this study.

Last, of many, Words.

Canada, like so many other countries, has a critical need to develop a better governance of its housing system. This report makes a case that because of the past neglect of cross-order (and cross-silo) cooperation and coordination it has an obvious route to develop a significant improvement in housing outcomes (even within existing fiscal constraints). There is enough evidence from 'City-Deal' approaches that a locally led, collaborative approach, which matches well with how housing systems actually operate, is likely to be productive in Canada. Who wants to stick to the redundant 1990's policy mantras? Which government does not need some aspect of collaborative housing policy support?