



## More Than Money: The New Deal for Cities and a Federal Urban Lens

By Paul Shaker

### Executive Summary

AS THE PRIME MINISTER HAS INDICATED, the New Deal for cities is more than simply a transfer of money. It is also a change within federal government when it comes to municipalities, whereby an ‘urban lens’ is applied to how federal policies and programs are conceived and implemented. Even before the new Liberal administration was elected, there had been, and continues to be, a growing understanding by the federal government that it has to more fully engage cities in order to achieve its own policy goals of economic competitiveness, sustainability, or fulfilling commitments for greenhouse gas reductions under the Kyoto Protocol.

While this appears to be an overall shift in the position of the Government of Canada of late, there is historical precedence for this approach that continues to have elements in the modern-day public service. Throughout Canada’s history, the federal government has been involved in urban development as a nation-building exercise, beginning with the railways and continuing with the creation of the Central Mortgage and Housing Corporation (CMHC, now the Canada Mortgage and Housing Corporation) in the 1940s. The 1970s, which saw the establishment of the Ministry of State for Urban Affairs, is perhaps regarded as a high point of federal involvement in urban issues.

Today’s Government of Canada still has a significant level of involvement in community development and sustainability. Areas of participation include the funding of urban infrastructure, environmental sustainability and climate change initiatives, housing programs and community development research, transportation and energy use in cities, as well as the real estate activities of the federal government itself.

With such a significant, yet diffused level of existing investment and policy directed at urban Canada, the federal government has the basic foundation already in place to advance its involvement on urban matters in a way consistent with its jurisdiction and objectives. Additionally, there are initiatives already underway that if reoriented and expanded, would lead to a more coherent approach by the federal government in dealing with urban issues. Further, while budget constraints will dictate the timeline and nature of a new financial deal for cities, the federal government has existing capacity to reorient itself to address the ‘urban lens’ facet of the New Deal. To this end, the following recommendations outline opportunities the federal government should consider as it determines a course of action on this matter.

It is clear that there is the need for a **National Urban Strategy** that would provide federal officials with a policy compass upon which to base their own activities, as well as a communication tool to inform



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the broader citizenry of the federal government's role and position with regard to the communities in which they live. Such a policy would be the appropriate place to state federal positions on critical urban issues, such as urban sprawl, downtown revitalization, and urban transportation and by doing so, the government would engage in a dialogue on urban issues in a more substantial fashion.

In terms of the machinery of government, a measure of reorganization is necessary to allow for the federal bureaucracy to have the institutional capacity to effectively lead and coordinate action on cities. A **Canadian Urban Development Agency**, combining the activities of the CMHC and the new Ministry of Infrastructure and Communities, would go a long way to achieving this.

As a springboard for enhanced federal activity regarding cities, the Government of Canada should **reposition action on climate change as an urban issue**. The interconnection of these related issues would provide a substantial policy impetus for an increased effort on urban sustainability.

At an existing program level, **leveraging more public benefits from federal investments** would ensure that national objectives are both reflected and achieved in urban development projects. Further, leveraging could be used to encourage and reward sustainable development across the country.

With energy efficiency, security, and reliability becoming more and more of a national concern, a federal **EnerGuide for Communities** program could play a lead role in promoting tools, research and best practices concerning energy use and urban development.

Finally, **Good Neighbour Legislation** would ensure that the massive real property presence of the federal government on the Canadian urban landscape is developed and managed in such a way as to maximize the benefits for local communities.

Such measures, as proposed, constitute a strategy for the federal government to demonstrate its commitment to looking at federal activities

through an urban lens. Indeed, reorienting existing federal policy and program capacity is both an opportunity and necessity if the Government of Canada is to be a successful partner in helping to solve the major urban issues of the day. The diverse needs, objectives, and politics of all governments, at all levels, demand national leadership on some basic issues of urban development, particularly when there are such clear national implications.

## 1.0 Overview

*The great need for housing in the post-war period has resulted in the development of unplanned urban fringe areas and I do not need to enlarge on the problems that arise from the over-extension of public services for such areas. The war has made necessary a deferment of local improvements to the point where a substantial backlog of work has to be done. The reconstruction period, in which we are bound to undertake these improvements on a large scale, provides an opportunity to enhance the efficiency of this part of the national plan, an opportunity which may not be offered again. A community which is properly planned offers better living conditions for the inhabitants and it provides a reasonable assurance of protection for the investment of private and public funds.*

*-C.D. Howe, Minister of Reconstruction and Supply, 1946*

More than 50 years after C.D. Howe made these remarks in the Royal Architectural Institute of Canada Journal, the Government of Canada is once again actively interested in cities and their issues of growth and sustainability. While we are not in a post-war period, the current sustainability crisis of Canadian communities is a function of many factors, some similar to that of Howe's era, including aging infrastructure, the effects of urban sprawl development patterns and downloading from senior levels of government during a time of the balanced budget mantra. Despite lively debate on who is to blame for the current situation, there is widespread

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consensus that cities are in an unsustainable position without the financial resources and, in some cases, the institutional capacity to tackle their increased responsibilities and problems.

As these events have been taking shape at the municipal level, there has been a growing understanding by the federal government that it has to more fully engage cities in order to achieve its own policy goals of economic competitiveness, sustainability, or fulfilling commitments for greenhouse gas reductions under the Kyoto Protocol. Throughout the federal government there is increasing recognition that cities are where the vast majority of Canadians live and thus this reality must be reflected in the development and application of federal policies. In addition, there is awareness that no one level of government can solve municipal problems on its own and therefore intra-governmental partnering on urban projects will be an essential model in the future. From the municipal perspective, Canadian cities, more than ever, need to be familiar with federal objectives and realities in order to achieve their own goals.

Currently, there has been much talk about the Prime Minister's New Deal for cities which has primarily been promoted as a new financial deal for municipalities. A central plank of this New Deal, one which has thus far received the loudest applause and media attention, is the proposal for the dedication of a portion of the federal gas tax to municipalities to help fund urban services such as roads and public transit. A new ministry of Infrastructure and Communities has been established to implement this gas-tax plan. Additionally, the government has offered another financial incentive to municipalities in the form of a GST rebate. There is little doubt that all cash-strapped cities would benefit tremendously from the dedication of more funds to boost municipal coffers. However, as the Prime Minister himself recognizes, there is more to the New Deal than simply a transfer of money. There is an equally important shift needed in the approach of the federal government when it comes to municipalities,

whereby an 'urban lens' is applied to how federal policies and programs are conceived and implemented.

To that end, this discussion paper will seek to further the New Deal debate. Beginning with a look at the historic role the federal government has played in urban Canada, and continuing with a survey of some of the current major programs and policies, recommendations will be offered that will help create a substantive New Deal. It is not the intent of this discussion to evaluate the success of the current federal urban initiatives. Rather, through an identification of both the historic and current avenues employed by the Government of Canada, the recommendations aim to reorient current federal policy and program elements in order to enhance the overall government effectiveness in tackling some of the major urban issues of the day.

## 2.0 The Historic Federal Role in Urban Development

HISTORICALLY, THE GOVERNMENT OF CANADA has been heavily involved in infrastructure development as a nation-building exercise, investing in railways (since pre-Confederation with the Canadian Pacific Railroad, and later Canadian National Railway and VIA), canals, ports, highways, the St. Lawrence Seaway, and airports.

Direct federal government involvement with Canadian cities and their infrastructure began in the 1930s when it assumed almost exclusive responsibility for housing programs. The creation of the Central Mortgage and Housing Corporation (CMHC, now the Canada Mortgage and Housing Corporation) in the 1940s, and the passage of the *National Housing Act* in 1954, gave the Government of Canada an important role in promoting community planning and providing funding for public housing. From the early 1950s, when CMHC was given authority to provide insurance for privately arranged mortgages, the federal government made proposals to build

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houses conditional on their inclusion in a city plan. Eventually, the CMHC was funding urban renewal projects and providing financial assistance to municipalities for urban infrastructure.

During the 1970s, CMHC expanded the range of its activities, becoming increasingly involved with social and assisted housing. The early 1970s also saw the creation of the federal Ministry of State for Urban Affairs to focus federal attention on urban issues. In addition to programs directed to housing, infrastructure and urban issues, federal policies and programs at the broad national level were established in relation to agriculture, airports, transportation, health care, post-secondary education, children, social services, Aboriginal peoples, the military, the location of government facilities, employment and training, research and innovation, and regional development. This period represented a high point for federal involvement in urban issues.

The period that followed, from the late 1970s to the early 90s, saw a significant reduction in these activities. Cutbacks were made to federal contributions for affordable housing and infrastructure, while other federal programs were cancelled. The Ministry of State for Urban Affairs was disbanded (1979) in the wake of a declining economy and a refocusing of government attention on other matters. In the broader context, the changing dynamics that characterized federal-provincial relations during this period also helped bring about the decline in federal involvement.

In the mid-1990s, the *Canada Infrastructure Works Program (CIWP, 1994-1999)* was established representing the federal government's first formal foray into infrastructure investment in recent times. CIWP broadly addressed public infrastructure requirements, including water/sewer, roads and bridges, as well as investment in educational, community, municipal and other buildings. The Physical Infrastructure Initiative that followed was comprised of the *Infrastructure Canada Program* that placed increased focus on "green" municipal infrastructure (e.g. water/wastewater, transit) and the *Strategic*

*Highways Infrastructure Program* that was designed to address highway needs across Canada.

As with other areas of focus for government, there is clearly a cyclical nature to the federal role in urban Canada. Perhaps what makes the recent upswing in urban involvement more significant is the growing population and political clout of cities, which is demanding sustained federal attention.

## 3.0 Today's Federal Government and Cities

WHILE AN INVENTORY of every federal initiative in urban Canada is beyond the scope of this discussion, a survey of the major urban initiatives and departments will help to gain a sense of the Government of Canada's level of involvement in community development and sustainability. In the current government environment, certain departments and initiatives stand out as significant parts of the federal role in urban Canada:

- Funding of Urban Infrastructure (Infrastructure Canada, now Infrastructure and Communities)
- Environmental Sustainability and Climate Change Initiatives (Environment Canada and Natural Resources Canada)
- Housing Programs and Community Development Research (Canada Mortgage and Housing Corporation)
- Transportation in Cities (Transport Canada)
- Energy Use in Cities (Natural Resources Canada)
- Federal Real Property (Public Works and Government Services Canada)

### 3.1 Funding of Urban Infrastructure

Following infrastructure initiatives in the 1990s, the federal government created the department of Infrastructure Canada in August 2002 to provide a focal point for leadership on infrastructure issues and programs. After the 2004 federal election, a new Ministry of Infrastructure and Communities was

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formed which integrated the activities of Infrastructure Canada. This new ministry oversees four funding programs and includes a research component:

#### *Infrastructure Canada Program (ICP)*

Created in 2000, ICP focuses on green municipal infrastructure - projects targeting water and wastewater systems, water management, solid waste management and recycling. Other program priorities include local transportation, roads and bridges, affordable housing, telecommunications and tourist, cultural and recreational facilities. The program is delivered jointly with the regional agencies of the federal government in partnership with the provinces. Projects funded through ICP number in the thousands, targeting both large and small towns from upgrade investments for water infrastructure in Northern Ontario to more visible projects such as renovations to the Calgary Zoo.

#### *Canada Strategic Infrastructure Fund (CSIF)*

Announced in Budget 2001 as a \$2 billion commitment and subsequently topped-up with another \$2 billion in Budget 2003, CSIF investments are directed to large-scale strategic infrastructure projects. The program emphasizes partnerships with any combination of municipal, provincial, territorial governments, as well as the private sector. The Government of Canada works with provinces and territories and other partners to identify priority projects under this program. Projects funded under CSIF include the expansion of Vancouver's Convention Centre and the construction of a by-pass highway in Montreal.

#### *Border Infrastructure Fund (BIF)*

Also announced in Budget 2001, BIF is a \$600 million program to support improved efficiency at Canada's borders by reducing border congestion and expanding infrastructure capacity. The program is implemented in cooperation with provincial, territorial, and municipal governments, academic and research institutes, and with members of the

public and private sectors on both sides of the Canada-U.S. border. Through BIF projects at border crossings in B.C., Ontario, and Saskatchewan have been funded.

#### *Municipal-Rural Infrastructure Fund (MRIF)*

Along with money for the CSIF in Budget 2003, infrastructure funding was provided for a \$1 billion MRIF. Similar in approach to the ICP, MRIF is aimed at smaller projects and focuses on the needs of smaller communities with 80% of funding going to communities of less than 250,000 people. It also includes a component addressing the infrastructure needs of First Nations communities. Types of projects to be funded under MRIF include green infrastructure - projects targeting water, wastewater, solid waste, municipal energy improvements, and public transit. Other program priorities include local roads, cultural, recreational, tourism infrastructure, and broadband connectivity. It is anticipated that money from this fund will flow once agreements are negotiated with each province to deliver the program.

In addition to these programs, the Government of Canada established two complementary funds in 2000, administered by the Federation of Canadian Municipalities (FCM), to stimulate investment in innovative environmental infrastructure projects for Canadian municipal governments and their public or private-sector partners. The Green Municipal Enabling Fund (GMEF) provides grants for cost-shared feasibility studies. The Fund supports studies to assess the technical, environmental and/or economic feasibility of innovative environmental infrastructure projects. The Green Municipal Investment Fund (GMIF), a permanent revolving fund, supports the implementation of innovative environmental projects. The Government of Canada's endowment to the FCM for the Funds was doubled to \$250 million from \$125 million in Budget 2001 to encourage projects and studies in more communities. According to the FCM, projects funded through this

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program range from public transit feasibility studies to the expansion of district heating systems.

### ***3.2 Environmental Sustainability and Climate Change Initiatives***

Few federal objectives are so clearly tied to the issues of urban sustainability than that of our national goals and international commitments surrounding climate change and greenhouse gas reductions under the Kyoto Protocol. In cooperation with Natural Resources Canada, Environment Canada manages climate change initiatives for the federal government, which included an allocation in Budget 2003 of \$2 billion. As the country's largest single enterprise, the Government of Canada has initiated a Federal House in Order (FHIO) initiative to ensure that its own massive operations are made more efficient. Under FHIO, several environmental targets have been established such as a plan to eventually purchase 20% of electricity requirements from emerging renewable sources. Beyond the physical presence of the federal government, initiatives that attempt to mitigate the effect of federal employees as they commute to work each day have been developed such as the Transit Pass Pilot project in the National Capital Region.

Aside from the federal government itself, the interdepartmental TEAM initiative (Technology Early Action Measures) aims to bring together partners from all levels of government, industry and communities to encourage investment in innovative technology to reduce greenhouse gas (GHG) emissions. Eligible projects in this program include supporting community-based implementation of GHG emission reduction technologies. According to the TEAM Progress Report, projects funded include a demonstration of production of ethanol from agricultural waste and crops as well as a wind power initiative in Toronto.

Along with regulations in a variety of areas such as drinking water and fuel emissions to promote a healthier environment, Environment Canada offers

funding programs that touch on questions of environmental sustainability that have obvious links to climate change. The EcoAction Community Funding Program is one such program that provides financial support to community groups for projects that have measurable, positive impacts on the environment. EcoAction encourages projects that protect, rehabilitate or enhance the natural environment, and builds the capacity of communities to sustain these activities into the future. While urban sustainability is implicitly tied to environmental health, priority for funding under EcoAction is given to projects that will achieve results in the various environmental areas including clean air, climate change, and clean water. Examples of projects under this program include the greening of laneways in Montreal and the restoration of a local waterway in Fort Erie.

### ***3.3 Housing Programs and Community Development Research***

With a significant history of involvement with cities and their development, the Canada Mortgage and Housing Corporation (CMHC) has several current programs affecting urban housing along with a robust research capacity. Some of the more notable funding related programs include the Affordable Housing Agreements, signed with provinces and territories, which aim to increase the stock of affordable housing. The Residential Rehabilitation Assistance Program was setup to help renovate the existing affordable housing stock and, in many cases, uses municipalities as the delivery agents. Additionally, the federal government offers an annual subsidy to fund social housing as well as mortgage loan insurance to help first time homeowners. Federal investment in affordable housing initiatives was boosted to \$1 billion after announcements in Budget 2003.

CMHC research initiatives look at a variety of housing and community related issues including urban planning and energy use in cities. Extending this research to the urban environment, outreach

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activities include the promotion of best practices and partnerships with municipalities concerning sustainable planning and community energy systems. Outreach initiatives of note include publications aimed at homebuyers to assist in the identification of sustainable neighbourhoods as well as the Sustainable Community Indicators Program, developed in partnership with Environment Canada, which helps measure and monitor sustainable characteristics of communities.

### **3.4 Transportation in Cities**

While Transport Canada's mandate encompasses the national transportation system, some of its specific programs, research and policies pertain to cities. The department identifies this link clearly in a major policy document, *Straight Ahead - A Vision for Transportation in Canada*, where it makes reference to the importance of transportation in cities as part of the country's future environmental sustainability and economic competitiveness. More specifically, Transport Canada is involved in a number of research, development, regulatory, and outreach activities including research into Intelligent Transportation Systems (ITS) and the Urban Transportation Showcase program.

ITS is a new and rapidly developing field, where information processing, communication systems and sensing devices are combined and integrated in ways to make the transportation system work more effectively. Centralized traffic management, transit smart cards and electronic tolling are all examples of ITS. Transport Canada, through the Innovation Through Partnership Innovation program, has funded projects dealing with ITS and urban transportation including traffic management systems and the development of a national traveler information system accessible through the telephone network.

With specific relevance to cities, the Urban Transportation Showcase program (UTS) was created to demonstrate, evaluate and promote effective strategies to reduce GHG emissions from urban

transportation. Through this program, Transport Canada partners with provinces and municipalities, to establish a number of transportation "showcases" in various cities for demonstrating and evaluating a range of urban transportation strategies within a broad planning framework. The impacts of these strategies on other urban challenges (such as smog reduction, congestion, infrastructure costs) are also evaluated. It is hoped that the information ultimately gathered will lay a foundation for the adoption of effective, integrated GHG emission reduction strategies in urban centres across Canada by 2010. In November 2003, the projects selected to become "showcases" were announced and involve the municipalities of Gatineau, the Greater Vancouver Regional District, Halifax, Montreal, Greater Toronto/Hamilton, Waterloo, Whitehorse and Winnipeg.

At a more grass roots level, Transport Canada has established a Moving On Sustainable Transportation (MOST) program offering support for projects that produce education, awareness and analytical tools to promote sustainable transportation. The MOST program provides funding for projects that target citizens with practical information and tools to better understand and promote sustainable transportation issues as well as projects that achieve quantifiable environmental and sustainable-development benefits. Successful applicants under this program include a sustainable transportation education program in Peterborough and the promotion of motor vehicle trip-reduction programs in British Columbia communities.

### **3.5 Energy Use in Cities**

Urban energy use and efficiency is a significant facet of the current urban sustainability debate, although it is typically seen as more of a Provincial concern. Increasingly however, the federal government is aware of both the local and national implications of this issue, linking its energy initiatives to environmental, economic, and security objectives.

Natural Resources Canada (NRCan), through the

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Office of Energy Efficiency and the CANMET Energy Technology Centre, has developed programs and undertaken research on energy use in housing and communities. Examples include the EnerGuide for Houses that advises homeowners on techniques for increasing energy efficiency of homes, which in turn help, lower energy consumption for the overall community. Also, the R-2000 standard has been developed to encourage new homes to be built to a higher energy-efficiency standard. Beyond housing, other NRCan programs, such as the EnerGuide for Vehicles, targeting vehicle energy efficiency. At the community level, NRCan funds research and promotes best practices in the areas of sustainable community planning and community energy systems (e.g. district energy, co-generation – where energy created by manufacturing processes is captured for distribution on the power grid).

### ***3.6 Federal Real Property***

Unknown to most Canadians is the scale of the Government of Canada as a landowner and employer in the country. Public Works and Government Services Canada (PWGSC), the department responsible for most of the general use office space, acts as custodian for approximately \$7.4 billion worth of Government of Canada real property holdings, administering some 1,500 lease contracts with annual rents totaling over \$550 million. The federal government also makes payments-in-lieu-of-taxes (similar to property taxes paid by other property owners) totaling over \$400 million to nearly 2,200 Canadian municipalities and other taxing authorities. With such a massive presence, the federal government, through PWGSC, has the ability to impact the development of communities, both positively and negatively. With this in mind, PWGSC has a number of initiatives that help guide federal investments in real property including a National Investment Strategy (NIS), which outlines the objectives, guiding principles and overall strategic direction for the investment activities of the PWGSC

real property program. The primary objective of the NIS is to ensure planned and businesslike investments in real property that respond to the needs, market conditions and government priorities of its colleague departments and agencies. At the community level, PWGSC has a Good Neighbour Policy, which provides a framework to encourage consultation with municipal governments regarding federal investments in real property. The intent of such a policy is to support, where deemed feasible, local planning objectives such as sustainable development and downtown revitalization.

## **4.0 Recommendations**

WITH SUCH A SIGNIFICANT, yet diffused level of existing investment and policy directed at urban Canada, the federal government has the basic foundation already in place to advance its involvement on urban matters in a way consistent with its jurisdiction and objectives. Additionally, there are initiatives already underway that if reoriented and expanded, would lead to a more coherent approach by the federal government in dealing with urban issues. Further, while budget constraints will dictate the timeline and nature of a new financial deal for cities, the federal government has existing capacity to reorient itself to address the ‘urban lens’ facet of the New Deal. To this end, the following recommendations outline opportunities the federal government should consider as it decides a course of action on this matter.

### ***4.1 A National Urban Strategy***

While several departments, some in conjunction with each other, are deriving policy direction for their urban oriented initiatives from broad government objectives such as sustainable growth and economic competitiveness, there is no national urban strategy or policy upon which government action on cities can be based, or for that matter judged. Thus, a strategy that clearly outlines the



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intention of the federal government concerning cities is required. Such a strategy would provide government departments with a policy compass to base their own priorities and plans and should be broad enough so that the existing efforts of departments can be aligned with the policy and thus recognized as part of a broader national urban effort. Outside of government, a national urban strategy would provide the broader citizenry with a more coherent sense of the federal government's role and position with regard to the communities in which they live.

In the creation of such a strategy, a broad cross-section of stakeholders, including the municipalities themselves, should be consulted to ensure that the eventual policy would be effective at achieving the objectives of the government. Specific issues to be identified in such a policy should range from local concerns with national implications to a national view of the Canadian urban system as a whole.

Federal positions on critical urban matters, such as urban sprawl, downtown revitalization, and urban transportation, should be clearly articulated so as to avoid a misinterpretation in federal intentions when developing policy and programs or funding urban development and infrastructure projects. A holistic view of the Canadian urban landscape, made up of communities of all sizes, should be developed to indicate a national vision for the make-up of the country's urban system for the medium and long term. Such a pan-Canadian look at cities is required to address the current centralization of wealth and development in few urban centers and is not dissimilar to the existing federal approach to national economic development with the use of regional development agencies.

#### ***4.2 A Canadian Urban Development Agency***

Effective inter-departmental coordination is always a challenge in the federal government especially with an issue as complex as urban development and sustainability. Add to this fact that existing federal urban initiatives are diffused among departments

and have come about in the vacuum of no national urban strategy. While inter-departmental committees can achieve some coordination success, a more substantial structural change to the machinery of government is required.

A Canadian Urban Development Agency (CUDA), combining the significant strength and knowledge of the CMHC in the area of housing and planning with the large funding capacity and growing knowledge of infrastructure issues of the new Ministry of Infrastructure and Communities, would provide a powerful tool for the federal government in the area of community issues and development. Additionally, the involvement of the federal government in the administration of the Municipal Green Funds, currently delivered through the Federation of Canadian Municipalities, should be enhanced and positioned within this new agency. Internally to the federal government, CUDA would create the critical mass in urban intelligence/knowledge necessary for the Government of Canada to effectively design and implement policy and programs across all relevant departments. Additionally, such an organization could take the lead on the coordination of inter-departmental action on cities, ensuring all necessary departments are involved in policy and program development and that any overlap in the research and programs areas across departments is minimized or eliminated. Externally, and perhaps more importantly, CUDA would provide Canadian communities with a singular significant point of access to the federal government. The present approach of the Government of Canada, with a variety of urban initiatives but little overall coordination, has led to a lack of external recognition of the current role of the federal government where it concerns cities along with the available programs and services.

#### ***4.3 Reposition Action on Climate Change as an Urban Issue***

The issue of climate change and, more specifically, the Kyoto Protocol is an opportunity for the federal government in the area of cities. With Kyoto, we

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have a policy of significance with measurable targets and whose successful implementation demands attention to issues of urban development and sustainability. While there is mention of the role communities can play in achieving the government's *Climate Change Plan for Canada*, there exists both the need and opportunity to more strongly and substantially link, through policy and program focus, federal urban initiatives and national climate change goals. On a practical level, this means expanding research and program efforts to more directly confront urban sprawl, elevating the issue beyond a matter of local concern, to one of national priority. As a starting point, research initiatives that help to understand the full costs of unsustainable development should be enhanced and any federal urban investments should be evaluated, in part, on how they will impact urban development in both the medium and long term.

#### ***4.4 Leveraging More Public Benefits from Urban Investments***

Through the existing urban funding programs, such as the Canada Strategic Infrastructure Fund, greater effort should be made to develop a clear set of criteria by which prospective investments can be judged. The government made a policy commitment to this effect when it announced the parameters for the Budget 2003 infrastructure funds, and should follow up with a comprehensive framework that ensures that money invested by the federal government is consistent with and promotes its national objectives concerning cities. The need to define such objectives demonstrates the potential usefulness of a National Urban Strategy. Additionally, in the development of criteria for funding, a broad cross-section of stakeholders should be consulted in order to ensure that the eventual beneficiaries of federal investment understand and support the reasons behind them.

This style of funding would not be unlike the CMHC of half a century ago which supplied financ-

ing and mortgage incentives in communities which adopted community planning and adequate zoning regulations. Modern precedents for this criteria-style of funding can be found elsewhere. For example, in New Zealand, funding for transit is tied to the per net new transit user that would be generated by an investment. This helps to ensure that investments would be based on how well they would contribute to a transit system and would minimize the influence of political considerations, which may produce less effective results.

In the current Canadian context, the federal government could follow a similar path in leveraging more public benefits from urban investments. Infrastructure investment programs could require that the prospective recipients of funding provide a sustainable investment plan, which articulates a community's approach to infrastructure investment over the long term, outlining how sustainable development will be achieved and how the request for funding contributes to this plan. Along with financial expenditures, these plans could describe any consumer demand management strategies, such as water metering or life-cycle costing, that the municipality is implementing in order to manage infrastructure use and expenditures. From an environmental perspective, strategies for achieving environmental sustainability, including plans for reducing greenhouse gas emissions, should be a necessary part of any pitch for federal transit investment. In addition, communities could demonstrate how their strategic goals and objectives are supportive of transit and how any prospective funding fits in with an overall sustainable transportation plan which would articulate any local transportation demand management initiatives or transit supportive land use planning practices. Such an approach would be consistent with any government strategy to more strongly link action on climate change with urban issues.

Further, in an effort to create more incentives for sustainable community development, the Government of Canada should make it clear that when

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considering funding projects, it looks more favorably upon communities that are leaders in implementing prudent management and development practices.

#### ***4.5 An EnerGuide for Communities***

While direct involvement in land use planning remains outside the jurisdiction of the federal government, the direct consequence of urban development on energy use and its national implications demand these matters have enhanced involvement by the federal government. Additionally, playing a significant role in helping communities and decision-makers understand the full costs and energy inefficiencies of urban sprawl is a necessary role for the federal government if it is every to realize its own objectives of sustainable development.

As a major point of contact for citizens and business in the area of energy use, NRCan's Office of Energy Efficiency is well situated to communicate information on community energy issues. Combining the research of the CMHC and NRCan, and building on the recognizable EnerGuide program, an EnerGuide for Communities would disseminate best practices, tools and research concerning energy use and community development. While the current EnerGuide programs typically target consumers, businesses and homeowners, the EnerGuide for Communities would look at municipalities as their target audience, including local public servants and city councillors. At the federal level, pooling together federal knowledge on energy use and community development will help ensure less duplication of research and outreach activities in this area.

As an example of what the federal government could promote through an EnerGuide for Communities, a look at a planning method promoted by the State of California is useful. The PLACE<sup>3</sup>S method, an acronym for **PL**anning for **C**ommunity **E**nergy, **E**conomic and **E**nvironmental **S**ustainability, integrates public participation, community development and design, and computer-assisted quantification tools (Geographic Information Systems) to help

communities produce plans that demonstrate the energy implications of proposed urban development patterns. PLACE<sup>3</sup>S creates an information base that functions as a common yardstick, empowering a community to compare components of various development plans. Such information is essential for municipalities to make more informed decisions be they at a smaller scale when issuing building permits, or at a broader scale in the creation of a viable sustainable development, or Smart Growth plan.

#### ***4.6 Good Neighbour Legislation***

With such a massive presence on the national real estate landscape, PWGSC is well positioned to use its investments to help strengthen communities. Such is the basis for the existing Good Neighbour Policy, which should be expanded beyond a simple guideline to more significantly direct, through federal legislation, government real property spending across departments.

As a point of reference for what this policy could become, the federal government should observe the successes of the U.S. equivalent to PWGSC, the General Services Administration (GSA). The GSA established an Urban Development/Good Neighbor Program to help direct government real estate activities. The aim of the program is to spur local development efforts through engaging the local community and making strategic location and design decisions. Guided by specific federal legislation, there is an impressive list of success stories from the GSA demonstrating the potential of the federal government in helping cities with a range of issues including downtown revitalization and waterfront redevelopment. The basis for such an initiative stems from a belief that it is not only a federal responsibility to help strengthen community redevelopment efforts, but through doing so, federal employees will benefit from having better work environments. Thus, immediate economic cost to the federal government is only one factor in the real property decision-making process balanced with medium and

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longer-term community benefits.

Within Good Neighbour legislation, the Government of Canada could also encourage the integration of initiatives from other government departments with real property investments. For example, a new federal office building from PWGSC could help efforts by NRCan to implement a community energy system or help with the promotion of sustainable transit initiatives funded by Transport Canada. Although some coordination currently exists, federal legislation would ensure that inter-departmental cooperation would become a necessary part of the government's real property spending framework.

## 5.0 Conclusion

WHILE FISCAL PRUDENCE appears to be the current watchword for federal spending strategies, this need not be a roadblock to further government efforts in helping municipalities deal with major urban issues. Additionally, many of the Government of Canada's objectives, including sustainability, economic competitiveness and achieving our Kyoto commitments, are intrinsically tied to the success of the Canadian urban system. It is within these realities that the current federal trend to look at many national programs and policies through an 'urban lens' needs to be more effectively enhanced and coordinated. This begins with the understanding that the Government of Canada has historically been involved in the development of the nation's cities and thus issues of constitutional jurisdiction should not be any base rationale for avoiding significant steps forward on this issue.

The recommendations offered build on the basic foundation already in place and advance federal involvement on urban matters in a way consistent with existing jurisdiction and objectives.

It is clear that there is the need for a **National Urban Strategy** that would provide federal officials with a policy compass upon which to base their own activities, as well as a communication tool to inform

the broader citizenry of the federal government's role and position with regard to the communities in which they live. Such a policy would be the appropriate place to state federal positions on critical urban issues, such as urban sprawl, downtown revitalization, and urban transportation and by doing so, the government would engage in a dialogue on urban issues in a more substantial fashion.

In terms of the machinery of government, a measure of reorganization is necessary to allow for the federal bureaucracy to have the institutional capacity to effectively lead and coordinate action on cities. A **Canadian Urban Development Agency**, combining the activities of the CMHC and the new Ministry of Infrastructure and Communities would go a long way to achieving this.

As a springboard for enhanced federal activity regarding cities, the Government of Canada should **reposition action on climate change as an urban issue**. The interconnection of these related issues would provide a substantial policy impetus for an increased effort on urban sustainability.

At an existing program level, **leveraging more public benefits from federal investments** would ensure that national objectives are both reflected and achieved in the urban development projects. Further, leveraging could be used to encourage and reward sustainable development across the country.

With energy efficiency, security, and reliability becoming more and more of a national concern, a federal **EnerGuide for Communities** program could play a lead role in promoting tools, research and best practices concerning energy use and urban development.

Finally, **Good Neighbour Legislation** would ensure that the massive real property presence of the federal government on the Canadian urban landscape is developed and managed in such a way as to maximize the benefits for local communities.

As recognized by the Prime Minister, the New Deal for cities is more than a transfer of money. Indeed, spending without sufficient national direc-

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tion will only serve Canadian municipalities up to a point. The diverse needs, objectives, and politics of all governments, at all levels, demand national leadership on some basic issues of urban development, particularly when there are such clear national implications. For its part, the Government of Canada must continue its historic role of contributing to the development of Canadian communities, which includes reorienting existing policy and program capacity to help solve some of the major urban issues of the day.

## About the Author

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