

Kingston & Frontenac Housing Corporation



2020 ANNUAL REPORT

KFHC 2020 Annual Report

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ABOUT KFHC

MISSION

We will provide quality affordable housing, advocate for strong communities and demonstrate respect for all.

VISION

Kingston & Frontenac Housing Corporation will be an active leader in housing by fostering informed, engaged tenants and communities.



Our Board

KFHC's Board of Directors is comprised of two members of Council, and six community leaders. Our Board of Directors ensures clear mission & purpose, effective strategic planning, evaluation of the CEO, ensures sound financial & legal practices (fiduciary), financial resources, delivers mission and used effectively, engages stakeholders, ensures effective governance.



Our Staff

KFHC staff work within the framework of our Mission Statement and Strategic Plan to provide and maintain our buildings in a safe and supportive environment for our tenants. Seventeen full time office staff, eight full time maintenance staff and eight building monitors make up the current staffing compliment.



Our Tenants

KFHC works with tenants to develop a Tenant Advisory Group (TAG) to provide leadership and recommendations to staff on tenant concerns, ideas and improvements within the KFHC portfolio.



Our Community

KFHC serves the community by providing 1082 homes and offering housing programs for the City of Kingston.

Message From The Board Chair

2020 has been a remarkable year.

Our year began with the normal pace of operations but experienced a dramatic change when the World Health Organization announced the onset of the pandemic in early March.

The staff team, ably led by CEO Mary Lynn Cousins-Brame, pivoted quickly to adjust to our new reality.

Rather than having staff work remotely, the team committed to continue providing the corporation's essential services on site. The office remained open. New protocols for masks, hand sanitizing, contact tracing and social distancing were adopted. Tenants were able to continue paying rent and accessing specific, limited services through our Van Order Drive hub.

Our board meetings shifted immediately to a "virtual" video format and we have continued to hold both board and committee meetings remotely.

Necessary changes were made to our maintenance services protocols, to keep both tenants and staff safe during this challenging time. Our staff did an admirable job of completing urgent and essential repairs in our units, while protecting the health of our maintenance team and the tenants they serve.

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Through 2020, we continued to implement the tactics laid out in our 2019 Strategic Plan.

Our work with city and board representatives of Town Homes Kingston (THK) has carried on through the year. We are planning to transfer the assets of THK to KFHC in the spring of 2021. This will enable the winding down of THK. In the interim, KFHC continues to provide maintenance, administrative and financial services to THK.

Unfortunately, we have been unable to continue with meetings of the Tenant Advisory Council, as many participants do not have access to the technology necessary to participate in a remote meeting. We look forward to reinstating these meetings as soon as we can do so safely.

Construction of the new complex at 27 Wright Crescent has continued, and we are on track for the opening of this building in fall 2021.

Our proposed project at 1316 Princess Street has moved more slowly than we originally anticipated. As of the writing of this report, we are completing the site plan for this location and hope to secure the final funding necessary to move into the construction phase of the project. The size and scope of our new building will be finalized when the site plan is finished, and funding has been confirmed.

This has been a difficult year for many of our tenants. Social isolation and restricted access to services have been challenging for many who reside in our rental units. The pandemic has also created financial hardship for many. We are grateful that the City of Kingston has funded a new pilot project to provide housing support services to our tenants. When fully functional, the new team will include a housing support worker, administrative support, and part-time nursing and mental health services. We anticipate this team will play a key role in linking our tenants to community-based services and will help our tenants thrive.

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Our board remains grateful to our management team for their compassionate and capable leadership through a very unusual year. We are most appreciative of all the staff members who have gone above and beyond to ensure that our tenants continue to receive excellent service.

We join with all of you in looking forward to the time when we will return to some semblance of “normal” life. In the interim, be well, be safe and be kind.

With thanks
Denise Cumming



27 Wright Crescent

BOARD OF DIRECTORS



**Denise Cumming
Board Chair**



**Catharine Gibson
Board Vice Chair**



**Sam Kapoor
Director**



**Don Amos
Director**



**Alexandra Ortiz Carlsson
Director**



**Councillor Gary Oosterhof
Director**



**Bob Godkin
Director**



**Councillor Bridget Doherty
Director**



Message From The CEO

It is a privilege to share with you the Annual Report for 2020. Kingston & Frontenac Housing Corporation (KFHC) was able to navigate the pandemic successfully by working as a team to overcome challenges and obstacles and being flexible and supportive of each other.

During this uncertain time KFHC continued to focus on the Corporation's strategic plan's three key priorities those of providing and maintaining affordable, quality homes that build tenant engagement and pride; creating new housing solutions that meet the emerging community needs; and strengthening organizational resilience and capacity to ensure long-term sustainability.

As an essential service KFHC operated as "business as normal" as the tenants required the support and the assets needed to be maintained with the overarching goal of securing the financial health of the organization. KFHC implemented all health and government guidelines and legislation to provide a workplace that was healthy ensuring the wellbeing of the tenants, staff and family and the community.

Normalcy quickly set in at KFHC with the "new normal" procedures staff were comfortable fulfilling their responsibilities. The goal over the year has been to maintain as much service as possible during the lockdown and being flexible to return to providing full services quickly and with ease. Throughout 2020 the corporation remained open to tenants.

Each Director and Manager of KFHC were asked to provide a quote for the year along with three highlights for their department. The key points will outline the work and provide a high-level overview of the operations for 2020.

In addition, the Corporation expanded the Portable Housing Benefit program, constructed new affordable housing units and increased housing options through the Management Agreement with the Kingston Municipal Non-Profit Housing Corporation (THK) and continued the due diligence work for the purchase and transfer of assets.

I would like to acknowledge and thank the dedication of our tenants, staff, Board of Directors and Shareholders. To everyone's credit and contributions the Corporation has grown, and it remains strong and sustainable. This is unique given the time we are operating in, in terms of politics, government regulations and the health environment.

Mary Lynn Cousins Brame
B.A., M.B.A., CIH CM
Chief Executive Officer

Maintenance Department Highlights

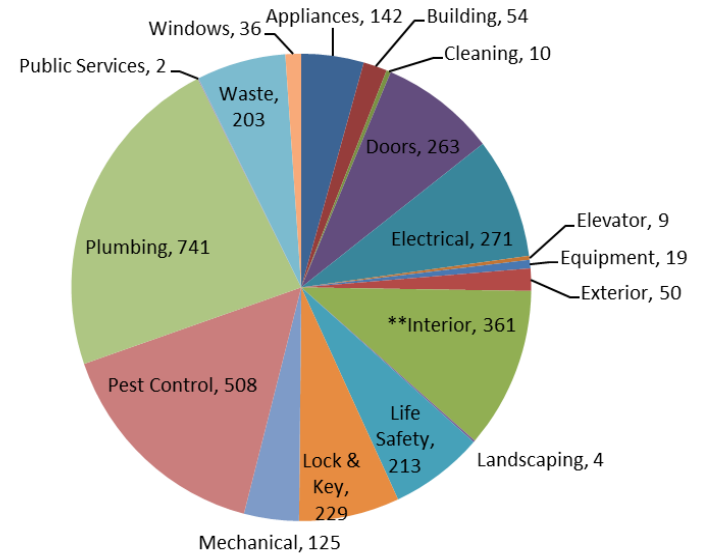
“It has been a year of new procedures and new obstacles, trying to find a balance between keeping our tenants safe and comfortable while maintaining staff safety and wellbeing. As we continue to work through this pandemic, I feel we are stronger and more efficient because of it.”

Scott VanderSchoor, CCCA CIHCM
Director of Assets & Development

Work Orders

In 2020 there were 3,241 work orders completed with 22% of those required for plumbing and 16% required for pest control services. The overall work order completion and the distribution of those work orders, as shown in figure 1.1 is consistent with previous years, despite the COVID restrictions and stay at home orders this year which prevented staff from entering units for non-emergency work. Staff were able to find safe alternatives for getting the work done at the same time ensuring the tenants remained comfortable and safe during these unusual times.

Figure 1.1, KFHC work orders completed by type *



The 2020 KFHC Capital Improvement program included:

- Full kitchen replacements at 381 and 205 Bagot affecting 155 tenants with full accessible kitchens installed in the accessible units for cost of more than \$541,000
- All exterior lighting was replaced with new LED fixtures on all our properties and we were able to secure rebates of more than \$23,000
- All the roofing was replaced at 28 Cliff along with a garbage enclosure
- All interior finishes were replaced at 205 Bagot.
- A new garbage truck was purchased to assist in the property clean-up

During 2020, KFHC completed a new development at Curtis Crescent seeing 15 new stacked apartments being built and infilling an existing town house property close to St Lawrence College. These new apartments consisted of 10 new affordable apartments, and 5 new market rent apartments.

In addition, construction started at 27 Wright Crescent. This is a 40-unit apartment building built on the property that was previously intended to be built by Town Homes Kingston. This new building consists of 10 Rent geared to Income (RGI), 13 affordable units, and 17 market rent units. There will be 8 fully accessible units in this building and a fully accessible roof top patio area for use by the tenants. Completion is expected in the fourth quarter of 2021.

Both projects were able to continue during the various COVID restrictions due to their nature and their timing. All recommended safety protocols were followed during the construction of both.



Property Management Highlights

“Due to the pandemic Property Management Department made several adjustments in terms of operations. Some changes were challenging for the Corporation and some for tenants, but the lack of enforcement through the Landlord Tenant Board has been the most problematic issue to try and navigate.”

Patricia Price, A.I.H.M., Licensed Paralegal Property Manager

The Housing Services Act received new legislative changes as of July 1, 2020. The change simplified the rent geared to income rent calculation. Rent is now calculated yearly based on the Income Tax Notice of Assessment which is less confusing and reduces the amount of information required by the tenant to submit for the annual subsidy reviews. In addition, tenants are no longer required to report increases in income until the next annual review therefore allowing tenants to maintain the extra income.

COVID had a significant impact on an already delayed system at the Landlord Tenant Board. In March hearings were completely shut down and did not resume until late 2020 at which time only applications regarding rent arrears were being processed and heard.

The pandemic generated more challenges for the collection of arrears since payment plans were for minimal amounts and for long periods a drastic change from pre pandemic time. Tenants are giving up to three years to pay arrears when in the past arrears were to be paid in six months. Rent arrears increase drastically over the year due to tenants having the belief that since evictions were not allowed due to legislation, they were granted permission not to pay rent. Over 65% of KFHC tenants is on social assistance of Ontario Works or Ontario Disability Support Program therefore their source of income didn't change and with the rent freeze neither did their rent. The trending high rent arrears will continue into the next fiscal years due to the continued pandemic and lengthy repayment agreements.

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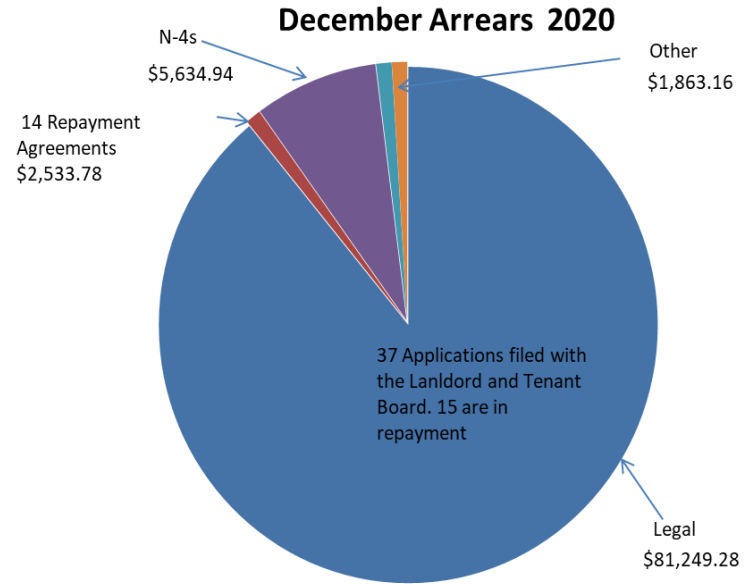
At year end arrears for current tenants totaled \$91,281.16 of which 89% or \$81,249.28 had been filed with the Landlord Tenant Board through 37 applications. KFHC has been working diligently with tenants to assist them in paying their rent and arrears by entering into repayment agreements to support them in maintaining their subsidy and rental unit.

KFHC was faced with many violent, aggressive, and criminal act from tenants which could not be addressed due to the moratorium on evictions due to the Stay at Home Orders as well the Landlord Tenant Board hearings were for rent arrears only. As a landlord KFHC had no opportunity enforce behavioral issues and non-compliance with the lease.

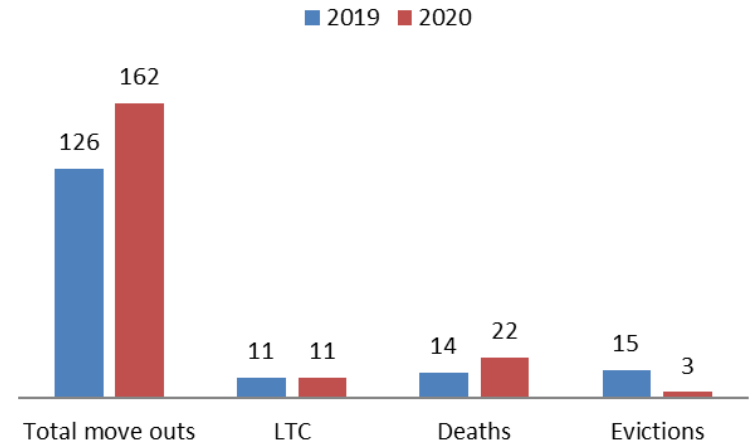
The pandemic generated a very high turnover of units for the year. This was created by some tenants' employment being impacted, tenants scared of the unknown and the high rental vacancy in the City with lack of students returning for in class learning.

In comparison the vacancies increased 77% from 2019 with movement to long-term care retaining consistent and deaths increasing by 64% many which were due to drug overdoses. Evictions were extremely low due to the moratorium on evictions imposed by the provincial government.

The remaining vacancies were due to tenant's moving in with family and friends and locating into the private sector where they found lower rent. To keep KFHC market units competitive within the market and to prevent vacancy loss the rents were lowered.



Vacancy Snapshot



Support Services Highlights

“Knowing our tenants are often not connected with supports or services, it was still a surprise to see that 60% of our seniors reported that their daily life had not changed significantly during lockdown but COVID restrictions negatively impacted mood, especially on measure of loneliness.”

Fiona Drake, B.A., M.Ed.
Manager of Support Services

The impact of the pandemic was the focus for Support Services throughout 2020, both with tenants and with the corporation. While agencies and services closed and/ or worked from home, the tenants had to navigate new complexities which did not meet their needs. Schools and programs turned to technology to deliver services online or by telephone, and tenants struggled with this change and in fact found the vast majority to not be beneficial. Food programs were cancelled or diminished which left an impact on food security. The ability to gather and visit people and places for social connection also was removed. Tenants and buildings were also impacted by diminished services for other populations. Homeless individuals appeared in greater frequency in many of our buildings, causing security and behavioural issues. For KFHC, having to pivot and meet all provincial and public health guidelines (cleaning, signage, closures, and other limitations and restrictions) was also a challenge that was reviewed regularly so that we could meet our mandate and deliver quality services.

Effective November 2020, the City of Kingston awarded funding to KFHC to allow for an enhancement of mental health supports within the portfolio. This funding will continue to the end of 2021. The additional staffing resources increased the capacity of Support Services to respond to tenants who are struggling, to build positive relationships, search for solutions and advocate for their unmet needs.

Despite the various lockdowns and emergency orders throughout 2020, KFHC continued their partnerships with Queen’s University Occupational Therapy, Queen’s University Nursing and St. Lawrence College/ Laurentian University Nursing programs. Twenty-seven students were able to have a placement at KFHC, throughout 2020, completing various projects and resources, focusing on wellness checks, socialization, and connection, running a flu clinic and delivering public health messages related to COVID-19. They assisted tenants in many areas, as always, but in particular for this year, KFHC did well in being able to offer these placements when many other placements were cancelled due to COVID.

“Leading by example during the pandemic, KFHC kept our office open, advancing our housing development and overall management, resulting in positive social and financial outcomes.”

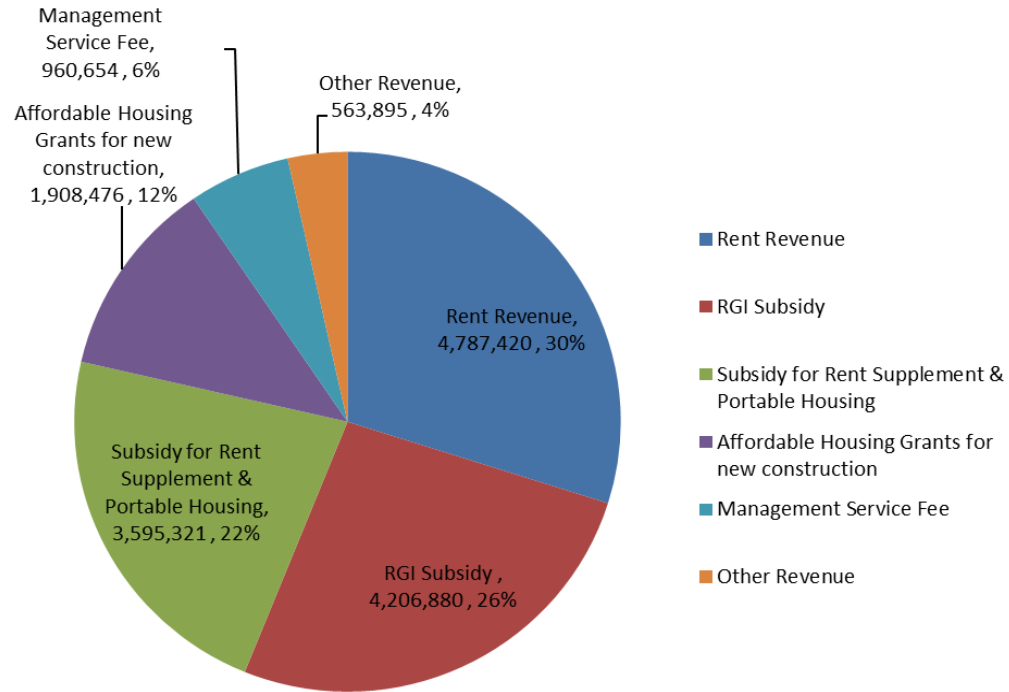
Dan Song, AIHM, CPA, CGA
Director of Finance & Operations

Overall Operating Results 2020

The ongoing COVID-19 pandemic has affected daily operations for many companies. However, in the KFHC, it is “business as usual” as housing is considered an essential service.

Kingston & Frontenac Housing operates five core programs:

- Rent Geared to Income.
- Rent Supplement.
- Portable Housing Benefit.
- Affordable Housing.
- Town Homes Kingston, fee-for-service contracts with the City of Kingston.



2020 Revenues \$16,022,646

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Total operating revenues, excluding the construction grant for December 31st, 2020, were \$14.11 million (2019: \$13.56 million).

Total operating expenses excluding amortization were \$11.67 million (2019: \$11.30 million).

RGI program accumulated retained earnings increased to \$1.3 million (2019: \$1.01 million).

Restricted fund: RGI capital reserve fund increased to \$1,319,559 (2019: \$932,342).

Affordable program accumulated retained earnings increased to \$17.92 million (2019: \$15.79 million).

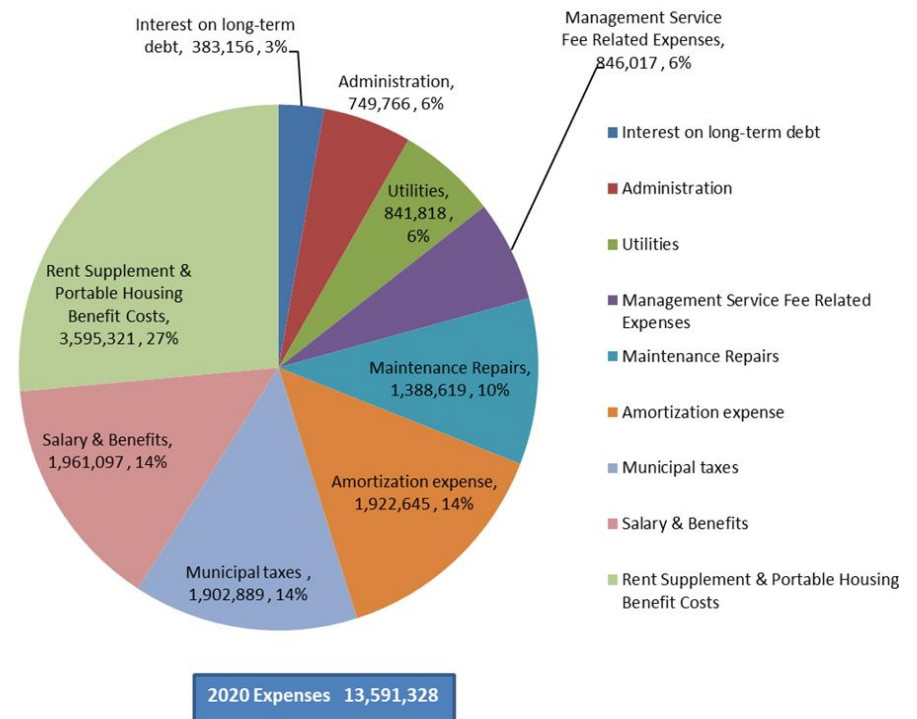
\$3.5 million municipal rent supplement and portable housing subsidy provided to eligible families (2019: \$116,235 lower).

As of December 31st, the portable housing benefit was delivered to 64 families (2019: 50 families).

There was a \$30,579 increase in the Town Homes Kingston contract to reflect a full 12 months of operation; the net contract surplus increased to \$114K (2019: \$84K).

Financial Position

On December 31st, 2020, KFHC was in a strong financial position with net assets of \$56.9 million (2019: \$54.8 million). The increase is due mainly to two new assets: addition at 20 Cliff Crescent, and Curtis Crescent. Working capital for KFHC consists of cash, account receivables including rent arrears, HST rebate receivable and accounts payable, accrued liabilities, payable to the City of Kingston, prepaid rent, current portion of long-term debt. Net working capital increased to \$2.98 million (2019: \$1.87 million). An increase in net working capital is a positive sign that KFHC can fund its current operations and finance future construction activities with ease.



Accountability and Oversight

The audited financial statements of KFHC have been prepared under General Canadian accounting principles.

The Finance & Audit Committee of the Board reviews operating income statements from all programs and meets monthly with management, to monitor financial performance and internal control environment.

The sub-committee members are composed of experts in finance and other senior operating personnel.



Curtis Crescent Infill