



Kingston Frontenac Housing Corporation

Operational Review

Summary Report

-
October 7, 2025



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01

Executive Summary

Executive summary



Operational Compliance Review

Objective: Assess compliance requirements of legislation and the Service Manager.

Outcome: Recommendations to ensure compliance in the areas of governance, resident/tenant relations, finance, and maintenance.



Governance Model Analysis

Objective: Assess KFHC's current governance structure.

Outcome: Proposed governance structure to improve transparency and oversight.



Funding Model Analysis

Objective: Review KFHC's current state funding model.

Outcome: Recommendations to resume AIR reporting to inform subsidy determination and drive transparency.

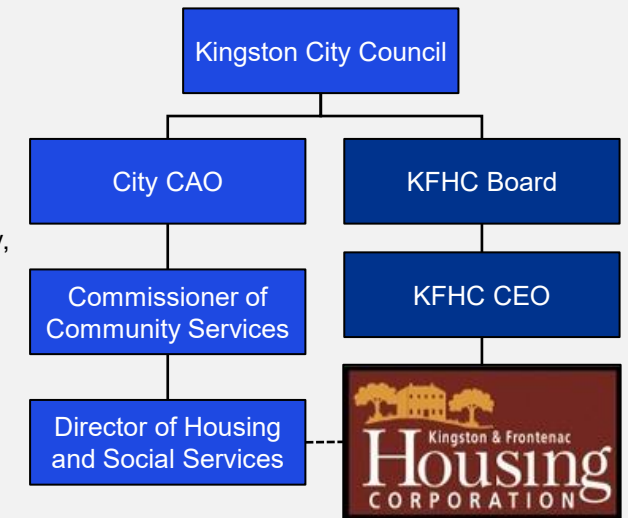
The City of Kingston engaged KPMG to conduct an operational review to assist KFHC (Kingston & Frontenac Housing Corporation) meet its various requirements as well as review the governance and funding model.

Current state findings:

- Overall KFHC is largely in compliance with the *Housing Services Act, 2001* (HSA), Service Manager requirements, and Shareholder Agreement with some minor gaps.
- The current governance model between the City as Service Manager and sole shareholder of KFHC has created confusion in roles, responsibilities, and authority, misalignment of strategic objectives, and transparency challenges.
- Since acquiring Town Homes Kingston in 2022, KFHC has ceased Annual Information Return (AIR) reporting to the City. As a result, annual funding provided by the Service Manager has not been compared to the Ministry benchmarked funding model, and some benchmarked cost indices have outpaced actual funding increases for KFHC.

Key Future state recommendations:

1. Various recommendations to address areas of non-compliance with the *Housing Services Act, 2011*, requirements of the Service Manager, and associated regulations.
2. Primary recommendation to adopt proposed future state governance model to increase transparency, align strategy, and support effective governance of KFHC (see proposed structure to the right).
3. The Service Manager should resume the requirement of KFHC to submit the AIR to the City to improve transparency and support consistent year-over-year funding calculations.



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Project Overview

The City of Kingston, as CMSM for both the City and the County of Frontenac, was seeking an operational review to assist KFHC in meeting the requirements of the Service Manager, the *Housing Services Act, 2011 (HSA)*, and associated regulations. This review had two core objectives:

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Comprehensive Operational Review

The objective of this phase was to identify areas in which KFHC is meeting the requirements of legislation and the Service Manager, and areas which present opportunities for improvement. The review focused on the four major areas of:

- 1. Governance
- 2. Resident/tenant relations
- 3. Finance
- 4. Maintenance

02

Organizational Structure and Funding Model Review

The objective of this phase was a review of KFHC’s current operating structure and funding model to evaluate if it was achieving the expected outcomes under the HSA, meeting local policies and the City of Kingston Social Housing Directives.

KPMG also researched other best practices for operating and funding Local Housing Corporations (LHC) throughout the Province to make recommendations back to the Service Manager.






Outcome of the review:

The review produced a report back to the City with areas in which KFHC is performing well, recommendations for improvements, and requirements for corrective action when practices were found to be non-compliant with legislation.

KPMG created a clear link between potential improvements and evidence gathered through documents, data, stakeholder perspectives, and leading practices to deliver recommendations that are clear and practical for implementation.



The project was broken down into five phases, as illustrated below, each focused on specific, tangible objectives and activities:

Description	 Phase 1: Project Initiation Project planning and management	 Phase 2: Compliance Assessment Assess process controls to ensure compliance with legislation and the Service Manager expectations	 Phase 3: Current State Assessment Assess current organizational structure and funding model	 Phase 4: Opportunities Development Consolidate findings and recommendations. Develop a roadmap to implement	 Phase 5: Final Report & Presentation Present findings and recommendations, and solicit feedback
Key Deliverables	<ul style="list-style-type: none"> Working Session #1: Project kickoff Confirmed Project Charter Stakeholder engagement Audit plan Data and documentation request 	<ul style="list-style-type: none"> 2.1 Governance Assessment 2.2 Resident and Tenant Relations Review 2.3 Financial Review 2.4 Maintenance Assessment On-site inspections 	<ul style="list-style-type: none"> Governance and operating model analysis Review of current state funding model Leading practice review Working Session #2: Interim Report Presentation Interim Report 	<ul style="list-style-type: none"> Governance and operating model analysis and recommendations Funding model analysis and recommendations Working Session #3: Organizational design workshops Working Session #4: Opportunities workshop 	<ul style="list-style-type: none"> Draft final report Working Session #5: Presentation of Draft Final Report Final Report

03

Operational Review Summary and Outcomes

Operational Review Key Findings

KFHC Demonstrated Strengths

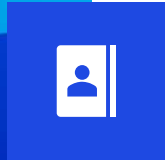
KFHC is a non-profit, public housing (LHC) agency incorporated under the Business Corporations Act, 1990. KFHC entered into a Shareholder Agreement with the City dated October 15, 2004, to manage the assets and rent supplement agreements transferred by the OHC. The City owns all shares of KFHC. KFHC is one of 9 external LHCs throughout the province that operate independently from the Service Manager while the majority are managed in-house.

Kingston Frontenac Housing Corporation operates 1,525 market and RGI units throughout their portfolio consisting of 68 properties.



Effective structures in place to support building/property maintenance

KFHC has recurring building preventative maintenance procedures that are strong and calendarized ensuring all maintenance requirements are met for large volume of properties. Strong documentation maintained to support maintenance records. Active building monitors who complete weekly inspections of all buildings evidenced in site visits.



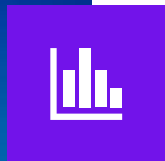
Development capabilities

KFHC has achieved notable milestones in adding affordable housing development, demonstrating success bringing new development to the market within 14-18 months. The completion of the 92-unit mixed-income building at 1316 Princess Street, which includes Rent-Geared-to-Income (RGI), affordable, and market-rate units, highlights this success. The building incorporates advanced features such as keyless entry, EV charging, and building automation systems. The conversion of six common spaces into affordable units, and planning for new projects, including the 186 Hillendale Avenue (52 units), 120 Compton Street (44 units), demonstrates KFHC's commitment to addressing housing supply issues through forward-thinking initiatives.



Robust performance data and benchmarking against comparator LHCs

Nine LHCs have a round-table that track key performance indicators such as arrears, occupancy rates, and turnovers. KFHC provided KPMG with summary performance documentation to show it is performing above the average in areas such as housing occupancy rate, unit turnover days, households in good financial standing, and percentage of total households with tenant debt.



Comprehensive board governance procedures and policy

KFHC has comprehensive and well-structured board governance procedures and supporting policy documents that are firmly in place. KFHC has made considerable investment in adopting board governance best practices in recent years. The operational support structures surrounding board functions are strong and effective.

The following pages outline KFHC's areas of opportunity identified through the operations and compliance review. The objective of the review was to identify areas in which KFHC is meeting the requirements of legislation and the Service Manager, and areas which present opportunities for improvement. The review was divided into four major focus areas: Governance, Tenant Relations, Finance, and Maintenance.

Rent supplements administration findings

Findings



The City pays KFHC \$201k for the administration of 480 rent supplements*.

- Through the Rent Supplement Administration Agreement, dated January 6th, 2011, the City pays KFHC an annual administration fee, which increases annually by the “Ontario CPI all-items index” released by Ministry of Municipal Affairs and Housing (MMAH), for the day-to-day administration of the Rent Supplements program. For the 2025 budget year, the administration fee was **\$200,996 for the administration of 448 Rent Supplements**.
- Calculations at the time of the agreement in 2011 were based on fees of **\$20/month/unit for sole delivery and \$7/month/unit for shared delivery***. KPMG noted that in 2011, the volume of rent subsidies included 594 units (93 shared delivery and 501 sole delivery). Rent supplements have decreased by more than 100 units since the time the agreement was signed.



There are two service delivery model options for the administration of rent supplements

- **Sole delivery** – requires KFHC to carry out all duties, including tenant selection, rent calculations, maintaining tenant file, payment of rent subsidy.
- **Shared delivery** – requires most of the day to day administration to be performed by the owner, such as tenant selection, rent calculations, maintaining tenant files, while KFHC pays the rent subsidy.

*As of February 2025

Conclusion and recommendation



Rent supplement administration is costing the City more than originally intended for fewer units administered.

- To calculate value for money in 2025, KPMG estimated approximately 10% of Rent Supplement units in 2025 as shared delivery, and the rest of the 2025 inventory as sole delivery. The fee for administration, adjusted for inflation since 2011, would be \$140,308. Therefore, **the City is paying approximately 30% more for administration of Rent Supplements** than originally intended.
- With the addition of the Portable Housing Benefit (PHB) day to day administration agreement added in 2018 under the existing compensation fee for the Rent Supplement program, an additional 135 PHB units (considered as shared delivery due to lower administrative burden) would bring total fee in 2025 to **\$155,843** (adjusted for inflation) resulting in the City paying **22% higher administration rates than intended**.
- The City should consider if this is good value for money and re-evaluate the delivery method for the program. Renegotiating the terms of the administration agreement or bringing the program in-house could be alternative options worth consideration.

Findings



KFHC Current Board Governance

- Board appoints a meeting observer for each meeting to monitor board engagement and conduct and feedback is provided at the end of each meeting in an effort to continuously improve governance.
- Guidelines have been established for City Councilors appointed to the Board that include principles to keep in mind when constituents and/or tenants approach a Councilor regarding issues related to KFHC. Procedure states that all operational matters have been delegated by the Board to the CEO, and Councilor Board members are able to provide “navigational support” only to the individual.
- Quorum: “The quorum for a meeting of the Board shall be a majority of the total number of all Directors presently sitting on the Board not including any vacancies yet to be filled” as stated in the Board By-Laws.
 - Committee Quorum: “Directors may appoint from their number a Committee of the Board and delegate to such Committee any of the powers of the Board, subject to any limitations on the authority of such Committee imposed by the Act or the Shareholder’s Agreement. Unless provided for otherwise by the Board, each Committee shall have to the power to fix its quorum at not less than a majority of its members, to elect a chair and to regulate its procedure.”
 - KPMG identified a risk that the Finance committee in particulate, but all committees, could be **making decisions with only 2 Board members present**.

Recommendation



Revisit quorum for Finance Committee

- Recommendation to revisit quorum for Finance committee to determine if quorum should be reevaluated to address governance risk associated with decision-making authority with only two Board members present.

Requirement to address compliance gap

- “Notice of Change” forms of Board of Directors must be filed with Ministry of Public and Business Service Delivery within 15 days of change

Tenant relations findings

Findings



Conflicting policies' approach to internal transfers.

- KFHC has a policy to not move existing tenants internally, even if they are next in line on the waitlist. KFHC internal transfer policy does not include a “transfer by choice” option. KFHC chooses to prioritize applicants not already housed.
- Additionally, when new builds come available for rent, KFHC prioritizes their internal SPP, over-housed (O/H) list, medical/accessible waitlist to accommodate those tenants first, and then opens up the vacated properties to applicants on the centralized waitlist (CWL).
- **As of February 19, 2025, the KFHC internal transfer list included 12 medical, 50 O/H, and 6 SPP.**



Applicant refusal of offers for unselected buildings

- KPMG understands that applicant/tenant refusals of buildings that were not specifically identified in their list of requested buildings on their Housing application do not count as refusals, and those applicants remain on the CWL.



No formalized process for annual reviews for tenants housed with KFHC on the CWL.

- At the time of the compliance review, there was not a formalized process over responsibility for completing annual reviews for tenants currently housed with KFHC that are also on the CWL (212 current KFHC tenants on CWL).



Yardi market rent is significantly below CMHC market rent.

- Current market rate rent identified within Yardi as the baseline to determine RGI subsidy is approximately 75% below what CMHC Average Market Rent (AMR) would indicate is standard market rate for each unit. KFHC’s market rent is also not connected to the Ministry of Municipal Affairs and Housing (MMAH) market rent index.

Recommendation



Service Manager directives on internal transfers and SPP determination.

- KPMG recommends KFHC follow the Service Manager directives for internal transfers and SPP determinations.



Formalize responsibility of annual reviews of current tenants

- KPMG recommends formalizing responsibility of annual reviews for current tenants to the housing provider to ensure no duplication of effort between the housing provider and the service manager.



Update market rent annually using a rent index

- There is leading practice across the province for service managers to update their market rent figures using various indices (MMAH index, CMHC AMR) to ensure accurate RGI subsidy calculations.

Findings



AIRs (Annual Information Reports) have ceased since 2021

- Since bringing in Town Homes Kingston properties in 2022, KFHC no longer provides an Annual Information Return (AIR) to the Service Manager to obtain their annual subsidy. AIR was chosen to be eliminated by the City and KFHC, and KFHC now submits an annual budget, which is not tied to the ministry index amount directed through the AIR. KFHC is maintaining inflationary projections at 2-2.5% based on the City's direction.



Electronic transfer of funds payments

- KFHC does not do any electronic transfer of funds (ETFs) and makes payment by cheque for all Accounts Payable (AP) transactions.

Recommendation



See Funding Model Analysis provided by KPMG for business case and recommendations pertaining to the AIR

- KPMG recommends that the Service Manager return to requiring the AIR from KFHC to increase accountability and transparency and minimize risk of long-term underfunding, ensuring accurate subsidy calculations.



Explore ETF payment options

- There is an opportunity for KFHC to improve efficiency and reduce costs by eliminating payment by cheque and move to ETFs.

Maintenance findings

Findings

KPMG visited five properties to assess required maintenance standards including 205 Rideau Street, 1316 Princess Street, 111 Van Order Drive, 2075 Battersea Road, and 300 Conacher Drive. Below are the findings from these visits:



Emergency plans should be reexamined for seniors buildings

- KPMG noted the long list of tenants (~50+ tenants) requiring assistance at County Pines and 205 Rideau (seniors buildings) and would recommend KFHC and Kingston Fire meet to discuss the contingency plan in an emergency to assist all of these residents out of the building in a timely way.



Building condition assessments are completed on time and projected capital budgets are used but the preventative maintenance plan has not been updated since Town Homes Kingston acquisition (2022).

- KFHC uses Asset Planner for asset management and long-term capital planning. Updates to Asset Planner are completed following Building Condition Assessments (BCAs), new projects, and end-of-life assets, updated annually by Director of Assets and Development. KFHC builds out a 3-year projected capital budget for the Board every year, and gain board approval on list of projects to be completed. However, **the preventative maintenance plan has not been updated since Town Homes Kingston was acquired** by KFHC in 2022.



Operational maintenance is not tracked in Asset Planner

- Work orders and operational maintenance items are **tracked in Yardi but not connected to Asset Planner**. The Yardi Fixed Assets module enables tracking of asset depreciation and maintains a comprehensive history of age, utilization, and retirement. This module integrates seamlessly with property management workflows, allowing for efficient tracking of equipment and other assets.

Recommendation



KFHC should meet with Kingston Fire to develop contingency plan

- Buildings with a greater concentration of seniors tenants should have emergency plans reexamined.



Consider investment in Yardi's Fixed Asset module to enable work order tracking and asset management integration

- Efficiencies could be found by connecting Yardi's work order system directly to particular assets so the long term capital plan and asset management provides a more accurate line of sight into current asset conditions.

Requirement to address compliance gap

- KFHC must complete AODA training with staff
- Preventative maintenance plan must be updated to include Town Homes Kingston properties' maintenance needs

04

Funding Model Analysis

Benchmarking in the Annual Information Return (AIR)

Introduction to the AIR

All social housing providers in Ontario are required to file an AIR each fiscal year based on the mandate under the *Housing Services Act, 2011 (HSA)* and its general regulation O. Reg 367/11. This is not optional or waivable by the Service Manager.

The AIR is the principal data source used by the Service Manger to reconcile and set the housing provider annual subsidy. O. Reg 367/11 prescribes that each housing provider “shall give the service manager an annual report package” that includes audited financial statements and “information required to enable the service manager to calculate the amount of subsidy payable”.

How the AIR feeds the subsidy formula

$$\text{Subsidy} = \text{IBOpCosts} + \text{SMCosts} - \text{IBRev} + \text{RGISub} + \text{PTx} - \text{Sur}$$

- IBOpCosts is the provider’s indexed benchmark operating costs for the fiscal year in respect of its housing projects
- SMCosts is the provider’s shelter mortgage costs for the fiscal year in respect of its housing projects
- IBRev is the provider’s indexed benchmark revenue for the fiscal year in respect of its housing projects
- RGISub is the provider’s RGI (rent-geared-to-income) subsidy for the fiscal year in respect of its housing projects.
- PTx is the property taxes payable to the provider for the fiscal year in respect of its housing projects
- Sur is the amount equal to 50% of the provider’s surplus for the fiscal year in respect of its housing projects, or such lesser amount as the service manager may determine.

Benchmarking in the AIR

On an annual basis, the Ministry of Municipal Affairs and Housing (MMAH) provides Benchmarking Cost Factors (BCFs) to calculate Part II and Part III Housing Providers’ Operating Subsidy under the Benchmark Funding Model of the HSA.

Benchmarking operating costs are inflated annually by the Service Manager at the beginning of the housing provider’s fiscal year to properly calculate annual subsidy requirements. In this sense, benchmarking is utilized to assess the operating costs and financial performance of the housing programs annually, providing a standardized measure for comparison.

The inflation factor for the budgeted operating costs associated with municipal non-profit projects is derived from the previous year’s approved estimate. This inflation factor is essential for keeping the benchmarking reflective of current economic conditions.

See Appendix B for a detailed annual breakdown of cost and rent factors.

Benchmarking Cost Factors

Cost factors to increase the benchmarked operating costs are used in the calculation of Part II and Part III Housing Providers’ Operating Subsidy under the **Benchmark Funding Model** of the HSA, 2011 as set out in O. Reg. 369/11. Commencing with fiscal years beginning in 2008, published cost indices reflect a standard single year index.

Cost factor	Index description
Administration and maintenance	Ontario CPI – all items
Insurance	Ontario CPI – homeowner’s home and mortgage insurance sub-index
Bad debt	Ontario CPI – all items
Electricity	Ontario CPI – Electricity sub-index
Water	Ontario CPI – Water sub-index
Natural gas	Ontario CPI – Natural gas sub-index
Oil and other fuel	Ontario CPI – Oil and other fuel sub-index
Capital reserves	Ontario CPI – all items

Source – HSA, 2001. O. Reg 367/11 Part II Determination of Subsidy

Business case for the AIR

Peer practices

Kingston is the only identified Ontario Service Manager included in our leading practice review that has discontinued the legislated AIR for its local housing corporation. Additional Peer evidence (Toronto, Durham, Nipissing, Ottawa, and Peel) show that AIRs remain compulsory even when portfolios are off-mortgage.

While no municipality, as of public reporting in 2025, provides a specific, verified count of community/social housing units that are off-mortgage or post-operating agreement (EOM/EOA), KPMG estimates the comparators range from 35% to 50% EOM while continuing to file AIRs either internally or publicly.

Source: Various financial reports and public AIR files.

Service Manager	Local Housing Corporation	AIR Status	Notes
City of Toronto	Toronto Community Housing	Filed and published (2022)	70-page AIR accompanies audited financial statements
Region of Durham	Durham Region Non-Profit Housing	Filed (internal)	MMAH guide circulated annually
District of Nipissing	NDHC	Filed (internal)	Revised AIR template 2012-2015
City of Ottawa	Ottawa Community Housing	Filed (internal)	New service agreements still list AIR
Region of Peel	Peel Living	Filed (internal)	Public annual report only; staff confirm AIR uploaded via HCMS

Cost-benefit estimate

Preparing the AIR would cost approximately \$3,000 in administrative resources per year and enhance financial stewardship for approximately \$7 million in municipal funding for operations.

This difference represents a benefit-cost ratio of ~2,200%.

Source: KPMG estimate

Element	Hours estimated	Unit cost	Sub-total
Staff data extraction and upload	35-45	\$55/hr	\$2,000 - \$2,500
Audit review and sign-off	4	\$125/hr	\$500
Total estimate	~50	-	~ \$3,000



Recommendations

Re-establish the AIR for KFHC on the basis of:



Compliance. Compliance with the *Housing Services Act, 2011* and *Shareholder Agreement item 4.2 (c)* the “Annual Information Return is completely accurately and delivered within the required time”.








Transparency. Consistent reporting and transparency will be improved on the basis of ongoing standardized reports based on provincial guidance. **Pages in the AIR such as A7 and A8 provide a detailed snapshot into the unit activity data and RGI/benchmarked/market rent by project; such information is not readily available and shared with the Service Manager in the current state.**

Considerations:

1. Some duplication of financial information exists within the AIR, audited financial statements and quarterly Board reports. The process to collect information for these reports should be performed concurrently as the AIR is expected to be shared alongside annual audited financial statements.

Gap analysis – KFHC current reporting vs AIR requirements

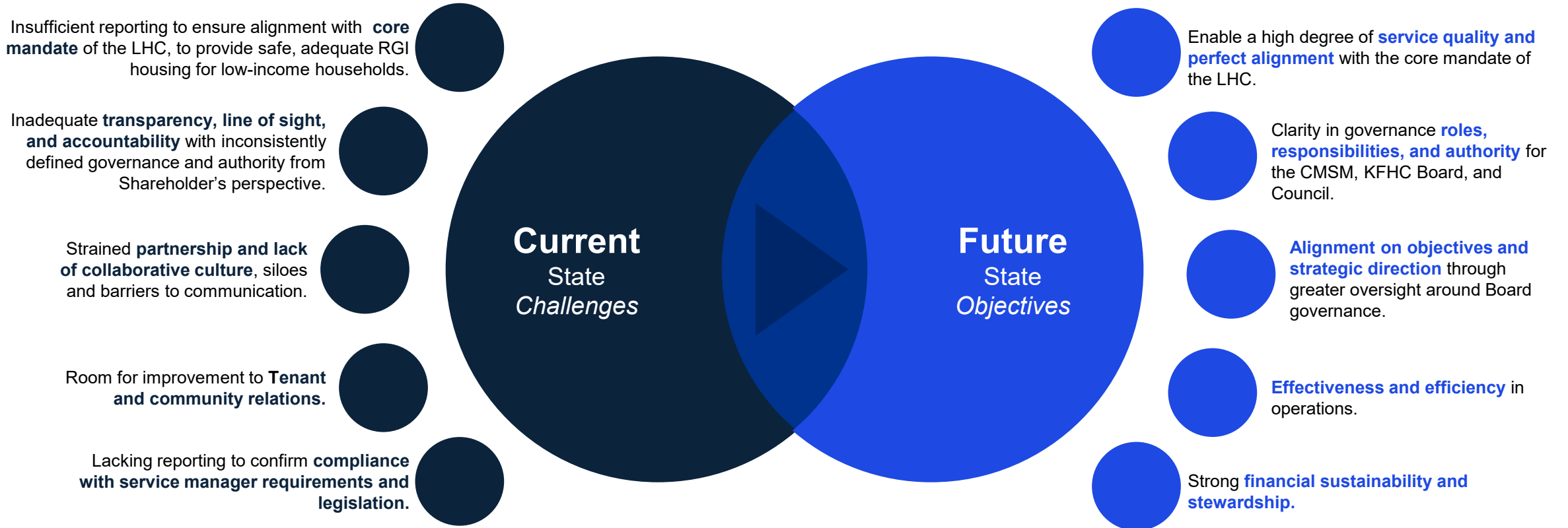
Information (HSA Reg. 367/11 Sched-4)	AIR Page/Schedule	Present in KFHC monthly/quarterly report?	Risk
 Unit counts by program and bedroom	A7 – Unit Activity Data Report A8 – General Subsidy – Part VII HSA – RGI Rental Schedule	Aggregate only	Inaccurate assessment of alignment to housing affordability priorities
 RGI subsidy reconciliation	A9 – General Subsidy – Part VII HSA	None	Overfunding or underfunding
 Capital reserve contributions & adequacy	A6 – Capital Reserve Fund (Housing)	Balance only	Under-funding of asset renewal
 Household turnover and waitlist draws	C1 – Statistical Information	None	Lacking clarity on placement equity
 Auditor attestation of statistics	A1 - Identification	None	Governance weakness

05

Proposed governance model

Current state challenges and future state objectives

KPMG and the Project Team facilitated a workshop to review the current state governance structure and leading practices in Local Housing Corporation (LHC) governance. Based on the discussion, the following current state challenges (i.e., characteristics or symptoms of the current state that should be improved or addressed) and future state objectives (i.e., priorities and attributes to target in the future state) were summarized as follows:



Proposed governance structure description

In this model, KFHC maintains independence from the City's organizational structure, but the KFHC Board is restructured to incorporate greater City influence. KFHC leadership continues to drive operational decisions, but the City will have more influence over KFHC's Board and strategic direction.

Key Changes

The proposed governance structure involves two key adjustments to resolve current state challenges regarding accountability and transparency. These are:

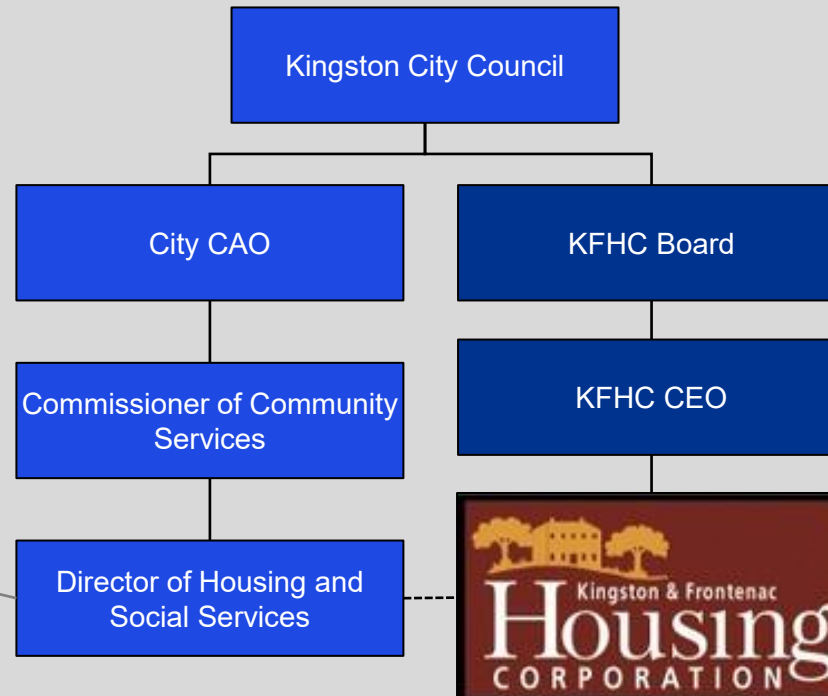
- Formalizing the reporting relationship between KFHC and the Director of Housing and Social Services (representing the Shareholder).
- Adjusting Board composition and Board Member nomination process to ensure alignment between the KFHC Board and the City's strategic direction.

Relationship between City and KFHC

A formalized reporting relationship between KFHC leadership and the Director of Housing and Social Services will be established to facilitate accountability and transparency to the shareholder.

KPMG recommends regular recurring monthly meetings are established to review key priorities between the service manager and the housing corp.

Future State Governance structure of KFHC



KFHC Board composition

The proposed structure involves a reorganization of the KFHC Board to provide the City with more direct influence. The new Board composition will include*:

- 1 - The City's CAO or designate
- 2 - Members of Kingston City Council
- 1 - Tenant representative
- 4 - Community skills-based board members

KFHC community skills-based Board members and Chairperson will be subject to the City's standard nominations process for boards and committees. Selection of community skills-based board members and Board Chairperson will be made by the City's Nominations Committee (which consists entirely of City Council members).

CEO and KFHC employees

Both the CEO and KFHC employees will remain directly employed by KFHC.

Note: A typical non-standing Kingston committee has 10 members. Average council representation on such committees is 1 in 6 seats i.e., ~1 councilor to ~5 community members*

Impacts to existing by-laws (By-Law No. 1)

In 2017, KFHC with the support of the Shareholder, adjusted By-Law No. 1: a By-Law relating to the conduct of the business affairs of KFHC, to remove the City's CAO or designate from the Board. The proposed future state By-Law will require minor amendments to accommodate for the new structure of the Board, as well as the selection of the KFHC Board Chairperson. While the ratification of Board members by the Nominations Committee of the City of Kingston has always been a requirement of the By-Law, this has not been in practice in recent years. By-Law Item 3.10 includes powers of the shareholder to remove any Director from office before the expiration of the applicable term and the ability to appoint any person in such Directors place for the remainder of applicable term.

By-Law Item	2017	2020 (Current State)	2025 (future State)
3.02 Board Composition	9 Directors: 2 – Members of Council 6 – Skills-based community members 1 – CAO or designate	8 Directors: 2 – Members of Council 6 – Skills-based community members	8 Directors: 2 – Members of Council 4 – Skills-based community members 1 – CAO or designate 1 – Tenant representative
3.03 Ratifications of Board Members	Appointment of directors shall be ratified by Shareholder based on the recommendation of the Nominations Committee of City of Kingston		No change
3.04 Term	Council members: 1-year term with option for reappointment not to exceed 6 years Community members: 1, 2, or 3-year term, not to exceed 6 years CAO or designate: Exempt from limitation of term of appointment	Council members: 1-year term with option for reappointment not to exceed 6 years Community members: 1, 2, or 3-year term, not to exceed 6 years	Council members and Community Members: No change Tenant Representative: 1, 2, or 3-year term, not to exceed 6 years CAO or designate: Exempt from limitation of term of appointment
3.09 Chairperson	Elected annually by the Board	Elected annually by the Board	Selected by the City's Nominations Committee.
4.14 Board Committees	Directors may appoint from their number, a committee of the board and delegate to such committee any of the powers of the board. The committee shall have the power to fix its own quorum at not less than the majority of its members and to regulate procedure.		KPMG recommends By-Law is amended to include a minimum number of board members identified for each committee of the board; in particular, the Finance Committee. KPMG identified risk in compliance review that Finance Committee could be passing items with quorum of only 2 board members.

Alignment to Shareholder Agreement principles and objectives

01

Tenant participation in decision-making

Item 2.3 (d): principles that govern the operations of the Corporation, indicate that tenants and other stakeholders shall have an opportunity to participate in decision-making within the Corporation. Additionally, Item 2.2 (f): objectives of the Shareholder in connection to the Corporation, indicate the Corporation will operate based on long-range strategic planning which respects the opinions and experiences of the tenants.

The future state change to include tenant representation on the Board aligns to these principles and objectives as originally set out in the Shareholder Agreement.

02

Improved accountability, transparency, and reporting

Item 2.3 (e): principles that govern the operations of the Corporation, indicate the Corporation will ensure openness, accountability, and transparency. In item 5: operations policy, regular reporting to the shareholder and service manager on operational issues is required, outlining the expectation that the corporation shall provide any reports, documents, and information requested by the service manager at the time and in the form and manner requested by the service manager.

The future state change to include monthly reporting from the Corporation to the Service Manager (Shareholder) through the Director of Housing and Social Services will support greater accountability and transparency and meet these reporting requirements.

03

Shareholder authority over governance

The powers of the shareholder in addressing the governance of the housing corporation encompass a range of responsibilities aimed at aligning the corporation's operations with the shareholder's expectations. Primarily, the shareholder has the authority to set strategic objectives and principles that dictate the corporation's governance framework. This includes overseeing the board of directors and ensuring the corporation operates at arm's length while remaining accountable for its management practices and financial performance.

The future state changes to the KFHC Board member composition and nomination process will exercise greater influence over the Corporation's strategic direction and ensure alignment between the City as Shareholder, fostering a governance environment that meets broader social housing objectives and enhances the overall effectiveness of the corporation.

06

Recommendations & Implementation Plan

Summary of recommendations

Opportunities

Based on the all phases of work, KPMG identified a total of 17 opportunities to ensure compliance, efficiency, and effectiveness.



11 Opportunities

based on Operational Review



4 Opportunities

based on Governance Model Review



2 Opportunities

based on Funding Model Analysis

01

Operational Review

1. Revisit quorum for Finance committee
2. Confirm KFHC staff complete AODA training
3. Update the preventative maintenance plan to include Town Homes Kinston properties.
4. Ensure “Notice of Change” forms are filed with the Ministry within 15 days of change.
5. Consider eliminating identification of specific buildings on the housing application
6. Formalize responsibility of annual reviews for current tenants.
7. Update market rent figures using various indices when opportunity arises due to vacancy.
8. Eliminate payments by cheque and move to EFTs.
9. Collaborate with Kingston Fire on a contingency plan for emergencies.
10. Connect Yardi’s work order system to the long-term capital plan and asset management system.
11. Review the existing Rent Supplement administration agreement and adjust the compensation from fee based to unit based.

**Update: the administration of the Rent Supplement program is transferring to the City as of April 1, 2024.*

02

Governance model review

1. Adopt the proposed governance model
2. Adjust by-laws accordingly based on the updated governance model
3. Formalizing the reporting relationship between KFHC and the Director of Housing and Social Services.
4. Adjust CWL (centralized waitlist) processes

03

Funding model review

1. Reinstate the requirement of KFHC to produce an AIR.
2. Propose a debt management policy/by-law to support sustainable debt management

Implementation steps and timeline

Recommendation	Basis	Estimated Timeline			
		0 - 6 months	6 – 12 months	12 – 18 months	18 – 24 months
1.01 Revisit quorum for Finance committee	Operational and Governance review	→			
1.02 Confirm KFHC staff complete AODA training	Operational review	→			
1.03 Update the preventative maintenance plan to include Town Homes Kingston	Operational review		→		
1.04 Ensure “Notice of Change” forms are filed with the Ministry within 15 days of change	Operational review	→			
1.05 Consider eliminating identification of specific buildings on the housing application	Operational review		→		
1.06 Formalize responsibility of annual reviews for current tenants	Operational review		→	→	
1.07 Update market rent figures using various indices	Operational review		→	→	
1.08 Eliminate payments by cheque and move to EFTs	Operational review		→	→	
1.09 Collaborate with Kingston Fire on a contingency plan for emergencies	Operational review		→	→	
1.10 Connect Yardi’s work order system to the long-term capital plan and asset management system	Operational review		→	→	→
1.11 Review the existing Rent Supplement administration agreement and adjust the compensation from fee based to unit based	Operational review		→		
2.1 Adopt the proposed governance model	Governance model	→	→	→	→
2.2 Adjust by-laws accordingly based on the updated governance model	Governance model	→	→	→	→
2.3 Formalize the reporting relationship between KFHC and the Director of Housing and Social Services	Governance model	→	→	→	→
2.4 Adjust CWL processes	Governance model	→			
3.1 Reinstate the requirement of KFHC to produce an AIR	Funding model	→			
3.2 Propose a debt management policy/by-law to support sustainable debt management	Funding model	→	→		

Appendix A

Scope of review

Phase 1: Project Initiation	Phase 2: Compliance Assessment	Phase 3: Current State Assessment	Phase 4: Opportunities Development	Phase 5: Final Report & Presentation
<ul style="list-style-type: none"> Project kickoff Confirmed Project Charter Stakeholder engagement Audit plan Data and documentation request 	<ul style="list-style-type: none"> 2.1 Governance Assessment 2.2 Resident and Tenant Relations Review 2.3 Financial Review 2.4 Maintenance Assessment On-site inspections 	<ul style="list-style-type: none"> Governance and operating model analysis Review of current state funding model Leading practice review Interim Report Presentation Interim Report 	<ul style="list-style-type: none"> Governance and operating model analysis and recommendations Funding model analysis and recommendations Organizational design workshops Opportunities workshop 	<ul style="list-style-type: none"> Draft final report Presentation of Draft Final Report Final Report

Documents Reviewed

Document title	Document title	Document title	Document title
Rent Supp Administration Agreement (2011)	Tenant Support Agreement (2021)	2024 Full Operational Review	2025 KFHC Consolidated Budget Revised
By-Law No. 1 – June 2017 revisions	KFHC Articles of Incorporation	KFHC Shareholder Agreement (2016)	KFHC Tenant Complaint Process
Tenant file review checklist	Weller Arms 2024	PHB (Portable Housing Benefit) Admin Agreement	Schedule A (Program to be Delivered by Service Agency)
Schedule B (Reporting Requirements)	Schedule C (Schedule D (Schedule E
Schedule F (KFHC Tenant Support)	Schedule G (By-law No. 2003-13)	Signed Audited Financial Statements 2022-2024	Weller Arms Operational Review, 2004 requested documentation
2024 reports to the Board of Directors	Financial Reports with Sub-ledger reconciliation (March 2025)	2021 Signed AIR	Budget process since 2022 (prepared by KFHC)
KFHC AGM (Annual General Meeting) Full Agenda Package (June 2025)	Capital Planning and BCAs	Contingency plans	Emergency maintenance plan
Fire safety planning	Inspection templates	Preventative maintenance	Purchasing

Stakeholders Engaged

Stakeholder title	Stakeholder title	Stakeholder title	Stakeholder title
Director of Housing and Social Services, City of Kingston	Policy Manager, Housing and Social Services, City of Kingston	Housing Programs Administrator, City of Kingston	Chief Financial Officer and City Treasurer, City of Kingston
Financial Analyst, City of Kingston	Chief Executive Officer, KFHC		

Comparators Engaged

Comparator	Comparator	Comparator	Comparator
City of Cornwall	Region of Halton	City of Hamilton	District of Nipissing Social Services Administration Board
City of Peterborough	Region of York		





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