



**City of Kingston  
Report to Council  
Report Number 26-037**

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**To:** Mayor and Members of Council  
**From:** Jennifer Campbell, Commissioner, Community Services  
**Resource Staff:** Jayne Hartley, Director, Housing & Social Services  
**Date of Meeting:** April 21, 2026  
**Subject:** Kingston & Frontenac Housing Corporation Operational Review

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**Council Strategic Plan Alignment:**

Theme: 1. Support Housing Affordability

Goal: 1.3 Increase supply of new-build not-for-profit and co-op housing and ensure sustainability and quality of existing stock.

**Executive Summary:**

Under the Housing Services Act, 2011 (HSA), Service Managers can carry out reviews to make sure housing providers are meeting legislative requirements, regulations and local priorities. These operational reviews typically look at four key areas: governance, tenant relations, finances and maintenance.

As the City's largest social housing provider, Kingston & Frontenac Housing Corporation (KFHC) plays a vital role in delivering safe, affordable housing in the community. To support this important work, the City initiated a Request for Proposal (RFP) to complete a comprehensive operational review of KFHC. The review also looked at KFHC's organizational structure, funding model and leading practices from Local Housing Corporations across the province.

KPMG was selected to carry out this work, and City staff collaborated closely with them throughout 2025. This partnership resulted in a detailed report to the City that highlights KFHC's many strengths, along with opportunities to build on that strong foundation and address areas where changes are required to meet legislative standards.

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Staff would like to sincerely thank the KFHC team and Board of Directors for their openness, collaboration and ongoing commitment to serving the community throughout this process.

The report from KPMG is attached as Exhibit A.

**Recommendation:**

**That** Council endorse the Kingston & Frontenac Housing Corporation's Operational Review and its findings, attached as Exhibit A to Report Number 26-037; and

**That** Council direct staff to amend the existing Kingston & Frontenac Housing Corporation Shareholder Agreement, to align with the recommendations contained within Exhibit A and as detailed in Report 26-037, in a form satisfactory to the City Solicitor of Legislative Services; and

**That** Council authorize the Mayor and Clerk to execute the amended Kingston & Frontenac Housing Corporation Shareholder Agreement in a form satisfactory to the City Solicitor of Legislative Services.

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**Authorizing Signatures:**

ORIGINAL SIGNED BY COMMISSIONER

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**Jennifer Campbell,  
Commissioner, Community  
Services**

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER  
\_\_\_\_\_  
**Lanie Hurdle, Chief  
Administrative Officer**

**Consultation with the following Members of the Corporate Management Team:**

Paige Agnew, Commissioner, Growth & Development Services	Not required
Neil Carbone, Commissioner, Corporate & Emergency Services	Not required
David Fell, President & CEO, Utilities Kingston	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	
Jenna Morley, City Solicitor	Not required
Ian Semple, Commissioner, Transportation & Infrastructure Services	Not required

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**Options/Discussion:**

In 2001, Ontario restructured the social housing system through the *Social Housing Reform Act, 2000*, transferring responsibility for the administration of social housing programs to designated municipal Service Managers. As a result, the City assumed the role of Municipal Service Manager for both the City of Kingston and the County of Frontenac. In this role, the City is responsible for establishing service levels, determining income eligibility, and administering rent geared to income (RGI) assistance.

These responsibilities were later consolidated under the HSA. Social housing in the service area is delivered by housing providers, including nonprofit organizations, housing cooperatives, and municipal corporations.

The City is responsible for the funding and administration of 2,003 RGI units across the Kingston and Frontenac service area. During the provincial transfer of housing assets, the Ontario Housing Corporation transferred physical assets and rent supplement agreements to local municipal non-profit housing providers. One such provider is KFHC, which was established as a Local Housing Corporation (LHC) under the previous legislative framework.

KFHC is a nonprofit public housing agency incorporated under the *Business Corporations Act, 1990*, and operates pursuant to a Shareholder Agreement with the City originally dated October 15, 2004 with an updated version signed in April 2016. The City is the sole shareholder of KFHC. While most of Ontario's 47 LHCs are managed within municipal or regional government structures, KFHC is among the nine that operate as an external entity separate from the Service Manager.

Under the HSA, Service Managers are authorized to conduct audits or investigations to ensure that housing providers are operating in compliance with legislative requirements, regulations, and local priorities. Operational reviews typically examine governance, tenant relations, financial management, and property maintenance. While City staff conduct annual operational reviews for smaller housing providers, KFHC's size and scope warranted a more comprehensive review by a neutral third-party.

As a result, the City issued an RFP for a third party operational review of KFHC, including an assessment of its organizational structure and funding model, as well as a review of best practices for LHCs across Ontario. KPMG was selected as the successful proponent. City staff worked with KPMG throughout 2025, resulting in a detailed report to the City that highlights KFHC's many strengths, along with opportunities to build on that strong foundation and address areas where changes are required to meet legislative standards.

**Current State**

Kingston Frontenac Housing Corporation (KFHC) is the largest provider, manager and administrator of affordable and social housing in Kingston, overseeing more than 1,500 housing units across multiple sites. Its portfolio includes a mix of apartments, townhouses and semi-detached homes throughout Kingston and Frontenac County.

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Over the past decade, KFHC has also supported the expansion of affordable housing through several key construction projects, bringing 241 new units online, including 150 affordable units. Moving forward, KFHC's mandate as described in the shareholder agreement and under the HSA remains focused on effectively administering a large portion of the existing social housing portfolio, fostering positive tenant relationships and enhancing the overall tenant experience. It is anticipated that KFHC will continue to play a key role in the operational administration of new social and affordable housing units.

Overall, KFHC is meeting the requirements of the HSA, applicable Service Manager expectations and the Shareholder Agreement, with only a few minor areas identified for follow-up.

The review highlighted opportunities to strengthen the current governance framework. With the City serving as both Service Manager and sole shareholder, there has at times been some uncertainty around roles, responsibilities and decision-making authority. Clarifying these areas will help better align strategic goals with day-to-day operations, while also supporting strong accountability and transparency moving forward.

In addition, following KFHC's acquisition of Kingston Municipal Non-Profit Housing Corporation (Town Homes Kingston) in 2022, Annual Information Return (AIR) reporting to the City has not been completed. As a result, annual funding from the Service Manager has not been reviewed against the Ministry's benchmarked funding model, and some benchmarked cost indices have grown faster than corresponding funding adjustments. Addressing this will help ensure continued alignment between funding and operational needs.

## **Future State**

The review identifies six key recommendations designed to strengthen oversight, enhance accountability and collaboration, and support compliance with legislative and policy requirements. It also includes several operational changes to support a more integrated workflow between the Service Manager and KFHC staff, along with recommendations that reflect work already underway.

## **Key Recommendations**

The six (6) key recommendations arising from the review and supported by the Service Manager are detailed below. These changes would be included, if/where appropriate, in the proposed updates to the shareholder agreement.

### **1. Independence and Strengthened Service Manager Collaboration**

The proposed governance model will reinforce KFHC's independence while ensuring improved coordination with the Service Manager. A clear working relationship, detailed on page 22 of Exhibit A, will be established between the Director of Housing & Social Services and the CEO of KFHC to ensure alignment on directives and foster a consistent, collaborative approach to oversight and operational planning. Formalizing this relationship enhances the operations and

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governance model while supporting KFHC's continued independence while ensuring direct coordination around Service Manager directives. This formalized relationship will ensure a mutual reporting and knowledge exchange between the City as Service manager and the operational lead at Kingston Frontenac Housing Corporation. As detailed in Exhibit A, this is not an employment relationship and the CEO and KFHC employees remain directly employed by KFHC. This change would be included in the update to the shareholder agreement.

## **2. Governance and Board Composition**

City representation on the KFHC Board would be enhanced through the addition of an ex-officio (non-voting) position to be held by the CAO/Commissioner of Community Services. The Board would continue to include two Members of Council. The Board would retain authority to appoint its own Chair and Board appointments will continue to be conducted through the established Nominations Committee of Council. This update is reflected on page 22 of Exhibit A where the new board composition is noted to include the City's CAO or their designate – anticipated to be the Commissioner of Community Services. After discussion with the board and with the consulting team at KPMG, it was deemed most appropriate that this City staff position on the board be defined as an ex-officio position, similar to the role staff play in other board relationships across the City. This change would be included in the update to the shareholder agreement.

## **3. Tenant Representation on the Board**

KFHC would add a tenant representative as a full voting member of the Board. This change reflects provincial best practice and ensures that lived experience helps to inform decision-making. The representative would be selected through the City's standard nominations process, with conflict of interest and governance safeguards applied. This change would be included in the update to the shareholder agreement.

The Service Manager additionally supports the Board's recent direction to reestablish a Tenant Advisory Committee.

## **4. Financial Reporting**

The Annual Information Return (AIR) would be reinstated to enhance transparency and ensure consistency with provincial reporting and benchmarking practices. The AIR would support monitoring of subsidy alignment with MMAH methodologies. The Service Manager and KFHC CEO would work collaboratively to tailor the reporting tool to local needs while maintaining adherence to provincial standards. This direction is already included within the shareholder agreement.

## **5. Debt Management**

A formal debt management policy would be developed to improve oversight of long-term financial obligations and mitigate debt-related risks. This work would be completed with support from the City's Financial Services team and would form an important component of KFHC's

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long-term financial planning. This change would be included in the update to the shareholder agreement.

## **6. Finance Committee and Quorum**

The role of the Finance Committee would be clarified to function strictly in an advisory capacity, reflecting existing practice and addressing ongoing quorum challenges. Necessary by-law amendments would be made to confirm this advisory role, with all financial decisions requiring approval by the full Board. This change would be included in the update to the shareholder agreement.

## **Operational Changes**

In addition to the key recommendations detailed above, an additional three operational recommendations are sought. These changes will be implemented in coordination between the Service Manager, as represented by the Director of Housing & Social Services, and the CEO of KFHC. These changes do not require any updates to the shareholder agreement.

### **1. Annual Reviews and the Centralized Waiting List (CWL)**

To strengthen compliance with Service Manager Directives, KFHC and City staff will increase coordination on matters related to the Centralized Wait List (CWL). This will include formalizing responsibility for completing annual reviews for tenants with dual status (housed and on the CWL awaiting a transfer) and ensuring that all unit offers align with CWL requirements.

### **2. Market Rent Setting**

Rent increases will be implemented more systemically with benchmarked market rent indices, rather than relying solely on vacancy-based increases. This approach will improve financial sustainability and subsidy accuracy, with no impact to RGI tenants due to income-based limits. City staff and KFHC will work collaboratively on a phased implementation plan.

### **3. RGI/Affordability Mandate and Mixed-Income Housing**

KFHC will maintain a clear focus on its core mandate to provide RGI and affordable housing for vulnerable households, while continuing to support a mixed-income model that promotes stability, reduces poverty concentration and improves housing quality. Increased collaboration between the City and KFHC will enhance visibility into supportive services and help ensure appropriate investment in tenant supports, reducing the risk of mandate drift.

## **Work Underway or Completed**

The operational review also brought forward several items for consideration that were/or are now, underway. These are summarized below and require no updates to the shareholder agreement.

### **1. Rent Supplement Administration**

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The City's Rent Supplement Program (the Program) consists of approximately 770 units, of which 75% are currently administered by KFHC under a Rent Supplement Administration Agreement, with the remaining 25% administered in-house by City staff.

Throughout 2025, City staff completed a comprehensive review of the Program, examining its current state, including workflows, operational practices, software tools and data management. This review informed the planned transformation of the Program to a fully City-administered model in 2026.

To support this transition, City staff are implementing a new digital software system (Integrated Housing System) which will be operational for the City administered portion (25%) of the Program by April 1<sup>st</sup>, with the full transition of the Program from KFHC to the City (75%) scheduled for completion by September 1<sup>st</sup>.

## **2. Preventive Maintenance Planning**

KFHC has completed an updated preventive maintenance plan, reinforcing strong oversight of capital assets and day-to-day building operations, and supporting long-term asset management.

## **3. Emergency Planning for Senior's Buildings**

Emergency evacuation planning for senior's buildings is being confirmed and updated in collaboration with Kingston Fire & Rescue to maintain regulatory compliance and ensure ongoing safety procedures.

## **4. Payments and Electronic Funds Transfers (EFT)**

KFHC has begun implementing EFTs for vendor payments, supporting improved efficiency and financial controls.

## **KFHC Board of Directors Engagement**

Throughout the operational review, City staff engaged regularly with KFHC staff to support information gathering, analysis and validation of findings. Following completion of the review, City staff and KPMG representatives engaged with the KFHC Board to present the findings and obtain feedback. The report was introduced at a KFHC Board meeting on November 24, 2025. KFHC's Board had further internal discussions at a special Board meeting on December 15, 2025, followed by a January 26, 2026 Board meeting at which the Board finalized its formal response to the City. On February 23, 2026, members of the City's Corporate Management Team met with the KFHC Board to review any areas of concern and discuss next steps. This post-review engagement ensured that Board feedback was heard and considered, supporting a mutually informed and constructive path forward.

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**Next Steps**

Following Council’s consideration of this report, City staff will continue working closely with KFHC to move the recommended actions forward and update the Shareholder Agreement as needed.

Next steps will include ongoing engagement with KFHC’s Board of Directors and senior leadership to help clarify roles and responsibilities, support the transition to the proposed future governance model, and develop a clear implementation plan with timelines and key deliverables. City staff will also partner with KFHC to resume AIR reporting and further strengthen compliance and reporting practices.

Progress will continue to be tracked through existing Service Manager oversight, with updates to Council shared, as appropriate.

**Existing Policy/By-Law**

Part IV (Local Housing Corporations), section 24 to 37, of the *Housing Services Act*, 2011, S.O. 2011, c.6, Schedule 1.

**Financial Considerations**

The City’s approved 2026 KFHC operating budget is:

Funding Source	Amount
Federal	\$143,130
Municipal (Incl. Frontenac County Recovery)	\$6,951,029
<b>Total</b>	<b>\$7,094,159</b>

**Contacts:**

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**Other City of Kingston Staff Consulted:**

Mitchell Grange, Policy Manager, Housing & Social Services

**Exhibits Attached:**

Exhibit A      Kingston Frontenac Housing Corporation – Operational Review Report