



PEI Housing Corporation

2023-24

ANNUAL REPORT



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Message from the Minister

The Honourable Dr. Wassim Salamoun, O.P.E.I.,
Lieutenant Governor of Prince Edward Island

May It Please Your Honour:



As Minister responsible, it is my privilege to present the Annual Report of the Prince Edward Island Housing Corporation for the fiscal year ended March 31, 2024.

This year saw a realigned Department of Housing, Land & Communities created to improve services to Islanders on housing and permitting.

We also released the new five-year Housing Strategic Plan: “Building Together – Prince Edward Island Housing Strategy” to guide the planning and development of housing across the whole of the housing continuum.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Steven Myers".

Hon. Steven Myers
Minister
Housing, Land and Communities

During the reporting period, the Honourable Rob Lantz was minister responsible.

Message from the Chief Executive Officer

Minister Responsible for the
Prince Edward Island Housing Corporation
Hon. Steven Myers
Housing, Land and Communities



Minister Myers:

I am pleased to submit the Annual Report of the Prince Edward Island Housing Corporation for the fiscal year ending March 31, 2024.

For this reporting period, Jamie MacDonald was CEO of the Prince Edward Island Housing Corporation until August 8, 2023. She remains the Deputy Minister of Housing, Land and Communities.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Cheryl Paynter".

Cheryl Paynter, CPA CA, ICD.D
Chief Executive Officer

Corporate Overview

Prince Edward Island Housing Corporation (PEIHC) is a Crown corporation under the Ministry of Housing, Land and Communities. Since the 1960's, through the PEIHC, the Government of Prince Edward Island has worked with community and other government partners to create and maintain adequate, affordable, and suitable housing for people with low and moderate incomes.

PEIHC is committed to increasing the supply of government owned social housing over the next 5 years through the actions in “Building Together”, Prince Edward Island Housing Strategy 2024-2029. Priorities focus on **acceleration**, to facilitate the growth of housing supply, **affordability**, to provide more options for low-and medium-income Islanders, and, **vulnerability**, to support those who are most in need.

Mandate

The Prince Edward Island Housing Corporation (PEIHC) derives its authority from the *Housing Corporation Act*. The PEIHC mandate is to provide Islanders with low and moderate incomes with access to safe, affordable, and adequate housing across Prince Edward Island. This support may be in the form of a social housing unit for seniors and families, rent support to remain in current rental unit, and supports that assist Islanders to renovate their homes so they can remain in them longer.

The mandate of PEIHC has grown in response to the housing, economic and growth environment we are currently experiencing. That mandate is to support and fund numerous services that create greater access to housing across the whole of the continuum, including emergency shelters, transitional and supportive housing in collaboration with community partners, subsidized housing to support low to moderate income Islanders and incentives for new market and near market development (rental and homeownership) to grow housing supply.

Highlights and Accomplishments

Provincial Housing Strategy:

- In February 2024, the Province of Prince Edward Island, with leadership from the Department of Housing, Lands and Communities and the Prince Edward Island Housing Corporation, launched a new five-year Housing Strategic Plan, “[Building Together](#)” to guide the planning and development of housing across the continuum. The development of the Strategy included collaboration with many internal and external stakeholders and was closely connected with the Province’s Population Framework. This strategy outlines the importance of housing and places the Provincial Government in a leadership role in an all-of-government approach across many departments and agencies.
- The strategy outlines 20 key priority items across the pillars of **acceleration**, to facilitate the growth of housing supply, **affordability**, to provide more options for low-and medium-income Islanders, and, **vulnerability**, to support those who are most in need. Future annual reports will report on the progress towards these key priority items in detail.

Projects to Support Vulnerable Islanders:

- The Community Outreach Centre was relocated to Park Street in Charlottetown with modifications made to the facility to increase efficiency and support changes to their service delivery model to provide enhanced focus on connecting individuals to the appropriate pathways.
- As Senior Advisor to the Premier and Executive Council, Carlene Donnelly, was hired to evaluate the current programs and services being offered on the Island to serve Islanders with complex needs and will propose a renewed model and permanent location for services that will focus on ensuring individuals experiencing homelessness have adequate housing first, and then have access to appropriate support services.

- The Canadian Mental Health Association of PEI has opened a ten-unit modular building in Alberton for transitional housing. The new build is receiving a forgivable loan of \$2 million dollars and annual operating grants totaling \$1.4 million over ten years from PEIHC.
- In partnership with PEIHC, the Native Council of PEI operate a ten-bed emergency shelter for Indigenous and non-Indigenous male-identifying adults in Summerside.
- Work is underway to open a ten-bed emergency shelter in Summerside.
- Funding was provided to the Boys and Girls Club Summerside Inc. (BCG Prince County) to support LifeHouse through a \$2 million forgivable loan in coordination with the federal and municipal government to support the construction of a 24-unit housing complex. In addition, the PEIHC is providing an annual operating grant.
- PEIHC entered into an agreement with the John Howard Society to provide case management support for an eight-unit supportive housing building located in Charlottetown.
- Habitat for Humanity, who partner with working families to help them afford a home, was provided \$250,000 to support the construction of seven new units.
- A tender was released for a new 13-unit supportive housing building in Charlottetown.

Programs

- In support of homebuyers, PEIHC launched the Closing Cost Program to provide a reimbursement to eligible Islanders of up to \$2,500, towards the closing costs associated with the purchase of their first home. There were nine approved applications in 2023-2024 (program launched in December 2023). The program can be used in partnership with Finance PEI's Down Payment Assistance Program (DPAP) which offers a conditionally interest free loan of up to five per cent of the purchase price of a home, to a maximum loan of \$17,500. The DPAP has 45 approved applications in 2023-2024.

- In conjunction with Finance PEI, the Rent-to-Own Pilot Program gives Island residents with modest incomes, who do not currently own a home, the opportunity to “rent-to-own” an eligible home without the immediate need for a down payment or pre-approved mortgage. Since its’ launch in November 2023, there have been 28 approved applications.
- PEIHC collaborated with Finance PEI on the second round of the Housing Challenge Fund with a total budget of \$75 million to support private developers, non-profits, and community-based service organizations in accelerating new rental housing by financing the construction of new housing facilities and/or infrastructure development of subdivisions in rural areas. Since its’ launch in November 2022, the Housing Challenge Fund approved 574 market units located in both urban and rural areas and supported 45 lots in new subdivisions. This is slightly lower than the previous projection due to one HCF project not meeting its deliverables and an approved client withdrawing in the second round.
- \$3,215,000 was spent in the PEI Home Renovation Program resulting in 1,240 projects in 695 households.
- **Residential Unit Development Incentive (RUDI)** for Multi-Unit Residential Buildings provides financial support to encourage the development of newly constructed rental units by providing a diminishing property tax rebate for a period of up to five years. It was launched in partnership with the Department of Finance. In 2023-24, nine projects were approved to support the construction of 559 units.
- Non-profits, community-based service organizations, municipalities and developers can apply for support to help create more affordable housing options for islanders in need, including those in assisted living or individuals that require increased support through the Community Housing Fund, administered through the Canadian Mental Health Association and funded by the PEIHC. In 2023-2024, 18 projects were approved totaling approximately \$2.5 million to support construction and planning for 49 units.
- The Canada Housing Benefit Program was expanded to introduce a new funding stream for individuals fleeing gender-based violence. The Canada Housing Benefit offers financial support to low-income renters in partnership with provinces and territories. This new funding stream resulted in an additional \$1.35 million in assistance for Prince Edward Island.

Other Initiatives

- The rezoning process was started for the Hillsborough Park Development. PEIHC is proposing over 1,200 units on the 85-acre property, designed with active transportation, public transit, and green space along with retail and commercial space.
- Social Housing units were increased by 163 units throughout the province through the completion of construction projects and purchases.
- Under the Canada Mortgage and Housing Corporation's (CMHC's) Rapid Housing Initiative, PEIHC partnered with the City of Charlottetown to award a contract for an 82-unit modular apartment building on Malpeque Road.
- Further planning for the Malpeque Road development was undertaken to include a second building targeted towards families for 63 additional units.
- Construction has started on the following social housing units:
 - 31 units in Summerside
 - 10 units in Kensington
 - 10 units in Alberton
 - 6 units in Mount Stewart
 - 30 units in Charlottetown
- Planning is underway for an additional 39-unit seniors building on the same property in Summerside as the social housing units.
- An Agreement has been entered into with Holland College for students to build three single family dwellings.
- An Agreement was entered into with Construction Association of Prince Edward Island who continues work on their project to build tiny homes to support Islanders on the social housing registry, as well as, a partnership with Island high schools to construct tiny homes through their carpentry classes.
- The Kings County Housing Needs Assessment was completed and work on the Action Items by PEIHC is progressing.

- PEIHC entered into a partnership with CMHC which committed three million dollars to support capital repair projects on government owned units over the next three fiscal years.
- PEIHC supported two project managers with Community Legal Information to provide assistance to Island landlords and tenants to understand their rights and responsibilities.
- PEIHC is a contributing member of working groups with various stakeholders: municipalities, Stratford, Charlottetown, Summerside, Cornwall, Three Rivers, industry, residents, NGO's.
- PEIHC provided support to municipalities to assist with the application process to the CMHC's Housing Accelerator Fund.



Since 2019, 252 applications have been approved under the Down-Payment Assistance Program to help Islanders become homeowners!

Two more programs to help Islanders purchase their first homes have been implemented in 2023-2024:

- Closing Cost Program, and
- Rent-to-Own Pilot Program.

Key Indicators

The PEIHC recognizes the importance of reporting on performance measures linked to government initiatives to demonstrate accountability. PEIHC will continue to enhance its reporting on performance indicators to provide outcome-based measures and support informed budgetary and service level decisions.

Table 1: Seniors Housing Program – Statistical Indicators

Performance Indicator	2020-2021	2021-2022	2022-2023	2023-2024
Number of Owned Units		1,182	1,176	1,196
Number of Owned Garden Suites	4	4	4	4
Number of Rent Supplements	274	285	259	239
Number of Mobile Rental Vouchers/Canada – PEI Housing Benefit	628	809	943	1036
Placements in PEIHC owned Units	201	219	185	190
New Applications	635	645	725	703
Registry	141	134	140	166
Unit Turnover Rates – Owned Units	17.40%	18.50%	12.30%	16.60%

Table 2: Family Housing Program – Statistical Indicators

Performance Indicator	2020-2021	2021-2022	2022-2023	2023-2024
Number of Owned Units	487	499	554	697
Number of Rent Supplements	146	176	176	209
Number of Mobile Rental Vouchers/Canada – PEI Housing Benefit	424	461	692	599
Placements in Family Housing	42	55	111	151
New Applications	819	1,066	1053	928
Registry	319	329	286	385
Unit Turnover Rates – Owned Units	8.60%	10.60%	20.50%	19%

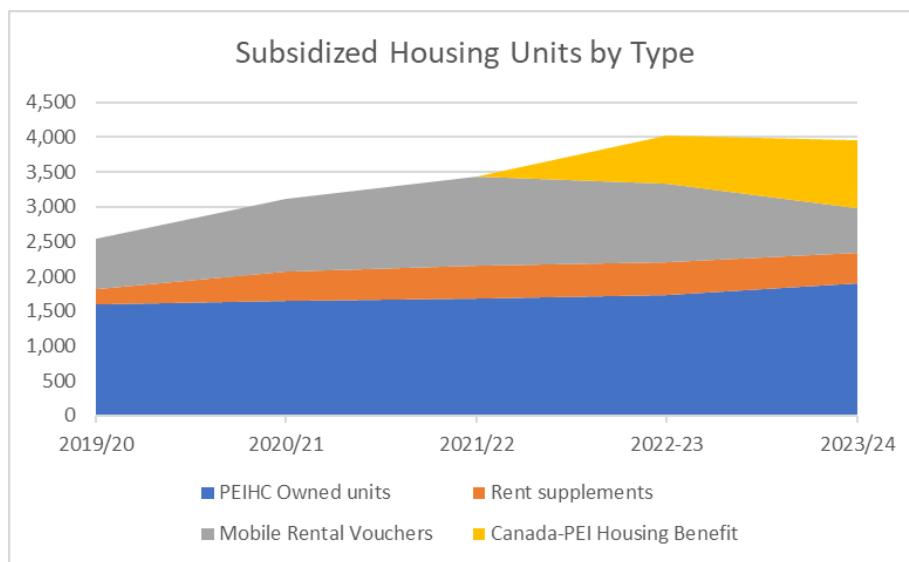


Table 3: PEI Home Renovations Programs – Statistical Indicators

Performance Indicator	2020-2021	2021-2022	2022-2023	2023-2024
Total Budget	\$2,040,000	\$2,715,300	\$3,215,300	\$3,215,000
Applications Received	1,500	3,082	3,327	3,695
Applications Approved	1,208	1,559	1,548	1,240
Households Supported	750	1,491	806	695
Program Income Cut-off	\$50,000	\$50,000	\$50,000	\$50,000
Average Household Income	\$32,496	\$32,767	\$33,961	\$35,271
Average Grant – Home Renovation	\$4,087	\$5,352	\$5,495	\$5,423
Average Grant – Renovation: Persons with Disabilities	\$6,499	\$6,616	\$10,016	\$8,266
Average Grant – Seniors Safe at Home	\$3,514	\$5,492	\$5,948	\$5,493
Average Grant – Seniors Home Repair Program	\$1,506	\$2,711	\$2,779	\$2,827
Average Number in Household	1.6	1.6	1.6	1.5
Average Age of Applicant	66	66	67	67
Emergency Shelter – Survivors of Family Violence: Funding	\$20,000	\$20,000	\$20,000	\$20,000
Emergency Shelter – Survivors of Family Violence: Beds Supported	18	18	18	18
Second Stage Housing – Survivors of Family Violence:	2	2	2	2

Table 4: Emergency Shelter Utilization Numbers

Shelter Name	Beds	2023-2024 Utilization Rates
Bedford MacDonald House	10	80%
Blooming House	8	89%
LifeHouse	4	75%
Park Street	50	93%

Programs

PEIHC delivers on its mandate through the following programs.

Seniors Housing Program

This program is available to households that have a primary applicant aged 60 or older or aged 55 and older with a permanent disability. Senior Island residents without adequate housing or having increasing difficulty maintaining their home due to low income, poor housing conditions, or other special circumstances that restricts their independence may be eligible for rental assistance through the Seniors Housing Program. Most rental rates are equal to 25 percent of gross household income before taxes. Housing assistance is delivered in the following ways:

PEIHC Owned Buildings and Garden Suites

Located in communities across the province, the PEIHC owns 1,200 rental units and garden suites. Garden suites are one-bedroom units, owned by PEIHC, and placed on the property of a host family. When no longer required by the senior, the suite is moved to another site.

Rent Supplements

Rent supplement units are built and owned by the private sector but leased by the PEIHC to serve its clients. Two hundred and thirty-nine rent supplements are available to seniors at specific locations across PEI.

Mobile Rental Vouchers/Canada Housing Benefit

Mobile Rental Vouchers/Canada Housing Benefit provide housing affordability to households currently renting from landlords of their choice in the private housing

Approximately 55 Supportive Housing Units will be added in all three counties.

market. Through a joint investment with CMHC, PEI is continuing the process to co-develop the [PEI-Canada Housing Benefit](#), which provided additional help to low-income Seniors who require assistance with rental costs. Combined, the two funding streams assist with affordability and choice for 1,036 senior households.

Family Housing Program

This program is available to Island families and individuals unable to obtain or maintain adequate housing due to a low household income, poor housing conditions, or other special circumstances. Most families pay rental rates that are equal to 25 percent of gross household income before taxes. Housing assistance is delivered in the following ways:

PEIHC Owned Buildings

Located in communities across the province, the PEIHC owns 697 rental units that support low- and moderate-income families and individuals; nine family housing boards manage the day-to-day operations for 460 of these units on behalf of PEIHC.

Rent Supplement for Families and Individuals

Rent supplement units are built and owned by the private sector but leased by the PEIHC to serve clients of the Family Housing Program. Two hundred and nine rent supplements are available to families and non-senior individuals at specific housing locations in Charlottetown.

Mobile Rental Vouchers/Canada Housing Benefit

[Mobile rental vouchers/Canada Housing Benefit](#) provide housing affordability to families and individuals currently renting from landlords of their choice in the private housing market. Through a joint investment with CMHC through the National Housing Strategy, PEI is continuing to provide the [PEI-Canada Housing Benefit](#) to Islanders. Combined, the two funding streams assist with affordability and choice for 599 families and individuals across the Island.

Senior and Family Housing Units:

Seniors Housing Program Unit Locations		
Queens County	Prince County	
Charlottetown	460	Alberton
Cornwall	14	O'Leary
Crapaud	9	St. Louis
Hunter River	14	Tignish
Mt. Stewart	6	Abrams Village
North Rustico	6	Bedeque
South Rustico	4	Borden
Total	513	Kensington
		Kinkora
Kings County		Miscouche
Cardigan	3	Mont Carmel
Eldon	6	Summerside
Georgetown	16	Tyne Valley
Montague	91	Wellington
Murray Harbour	6	Wilmot
Murray River	6	Total
Morell	12	
Rollo Bay	14	
Souris	86	
St. Peters	9	
Total	249	
Total # of Units		1,196
Garden Suites		4
Total		1,200

Housing Authorities

The PEIHC is comprised of nine housing authorities that oversee rental and management of family housing units across the province. They are comprised of six to eight members that include a chairperson, vice chairperson, secretary, and treasurer equaling approximately 57 members.

The family housing authorities are located in Charlottetown, Summerside, Souris, Georgetown, Montague, Mount Stewart, O'Leary, Tignish, and Alberton

Family Housing Program Unit Locations	
Administered by Family Housing Boards:	
Location	Units
Alberton	22
Greater Charlottetown area	169
Georgetown	27
Montague	62
Mt. Stewart	6
O'Leary	23
Souris	36
Summerside	99
Tignish	16
	460
Administered by PEIHC:	
Alberton	2
Borden	8
Charlottetown	70
Cornwall	3
Crapaud	4
Georgetown	20
Hunter River	4
Kensington	6
Montague	30
Morell	10
Murray River	1
O'Leary	2
Souris	10
Summerside	48
Wellington	1
Vernon River	3
Rural Native Housing and Rural Community Housing	15
	237
Total	697

Affordable Housing Development Program (AHDP)

Affordable Housing Development Program (AHDP) provides forgivable loans of up to \$55,000 per unit to developers to increase affordable housing options. AHDP is open to non-profit organizations, private entrepreneurs, development corporations, housing cooperatives, or municipalities. New builds, buildings currently under construction, or renovations to existing buildings are eligible as long as such renovations add new affordable units to the market. Projects must be a minimum of four units, contribute to increasing accessible units to 20 per cent of government-supported units, and be Net Zero Ready. The loan forgiveness period will be negotiated upon project approval but will be a minimum of ten years.

- Forgivable loans for projects led by private entrepreneurs will be limited to a maximum of 50% of the units in their project.
- Municipalities, development corporations and non-profits and housing cooperatives may be eligible for forgivable loans for 100% of the units in their project.
- Rents for units not receiving program funding can be set at market rates.
- Rental rates for all units may be increased during the term of the forgivable loan based on IRAC's Allowable Rent Increases.
- Projects must be a minimum of four units, include 20% accessible and be Net Zero Ready.
- Minimum unit size requirements are: Bachelor/Studio: 250 square feet; one bedroom: 400 square feet; two bedroom: 550 square feet; three bedroom: 800 square feet and four bedroom:1,000 square feet.

Table 1: Affordable Housing Development Program Units Created

Total number of market units created	459
Total number of affordable units created	508
Total number of affordable and market units	967

Table 2: Breakdown by Community

Community	# of market units	# of affordable units	Total
Alberton	16	28	44
Borden	9	9	18
Charlottetown	151	168	319
Cornwall	18	42	60
Georgetown	9	9	18
Hunter River	9	9	18
Kensington	18	18	36
Miscouche	9	9	18
Montague	27	42	69
O'Leary	-	12	12
Rustico	3	3	6
Souris	17	15	32
Stratford	31	30	61
Summerside	130	102	232
Tignish	3	3	6
York	9	9	18
Total	459	508	967

Table 3: Breakdown by Length of Agreement for the Affordable Units Created

Length of Agreement for the Affordable Units Created	# of units
25 Years	192
20 Years	270
15 Years	37
Less than 15 Years	9
Total	508

These charts for 2023-2024 include projects approved through the initial Expression of Interest phase and the formal AHDp program and include projects complete, under construction and committed but not started.

Community Housing Fund

The Community Housing Fund (CHF) is a collaboration between the Canadian Mental Health Association, PEI Division (CMHA-PEI) and the Province of Prince Edward Island to develop sustainable affordable housing.

The aim of this program is to support housing developments whether they are targeting affordability, vulnerable populations, assisted living, or those that require increased support. Funding under this program can be used to provide additional resources and support to develop solutions to PEI's housing shortage. The CHF provides funding through three streams, including:

- Capacity Building and Research – The funding is available to strengthen the skills and competencies of people and communities.
- Professional Services – The funding is available to hire an external resource to assist with the planning and process of a housing project.
- Construction – The funding is available to support the construction costs of an eligible housing project. Eligible projects can be completely affordable or a mix of affordable and market units.

Housing Development Challenge Program

In partnership with Finance PEI, the Housing Development Challenge Program was launched to support private developers, non-profits, and community-based service organizations in creating new rental housing by financing the construction of new housing facilities and/or infrastructure development of subdivisions in rural areas.

PEI Home Renovation Programs (PEIHRP)

The PEI Home Renovation Programs provide funding for major renovations to low-income homeowners so they can bring their property up to minimum health and safety standards and to support senior Islanders to age in place helping them stay close to family and community.

Eligible property owners receive a forgivable grant provided they meet program criteria including remaining in the home for three years after the renovations have been made.

Programs include:

Home Renovation Program - provides assistance to low-income homeowners to bring their property up to minimum health and safety standards.

Home Renovation Program for Persons with Disabilities - provides assistance to households occupied by persons with permanent disabilities who require special modifications to improve accessibility to their residence.

Seniors Home Repair Program - provides assistance to households with a property owner aged 60 or older to help with the cost of repairs to their home, such as repairs to a roof, windows, doors, or a furnace.

Seniors Safe at Home Program - provides assistance to households with a property owner aged 60 or older to make changes to their home in order to improve its accessibility to continue living there. The modifications must be necessary to maintain accessibility, health, and safety and must relate to the senior applicant's loss of ability and must provide improved access or increased physical safety to the home.

The below table outlines the forgivable grant and the income thresholds:

Combined Annual Income	PEI Home Renovation	Seniors Home Repair	Seniors Safe @ Home Program	Renovation Program for Persons with Disabilities
\$35,000 or less	\$12,000	\$4,000	\$10,000	\$16,000
\$35,001 - \$38,000	\$10,000	\$3,600	\$8,400	\$13,200
\$38,001 - \$41,000	\$8,000	\$3,200	\$6,800	\$10,400
\$41,001 - \$44,000	\$6,000	\$2,800	\$5,200	\$7,600
\$44,001 - \$47,000	\$4,000	\$2,400	\$3,600	\$4,800
\$47,001 - \$50,000	\$2,000	\$2,000	\$2,000	\$2,000

Emergency, Supportive Housing and Outreach Services

PEIHC continues to make investments in emergency shelters, supportive housing and outreach services. The following were supported during 2023-2024:

Emergency Shelters

- Opened in December 2022, the Park Street Emergency Shelter is a safe place for adults experiencing homelessness to spend the night. Located at Park Street in Charlottetown, the overnight shelter is open 7 days a week, 12 hours a day from 8:00pm to 8:00am. The 50-bed shelter has accessible units for persons with physical mobility challenges, is gender inclusive, allows pets and is available for any person aged 18 and older.
- Blooming House Women's Shelter Inc. (Blooming House) is a registered charity, non- profit organization whose primary goal is to provide safe overnight shelter for female identifying individuals in the Charlottetown area. It operates as an 8-bed low-barrier, harm reduction, overnight shelter (4pm- 8am).
- Bedford MacDonald House, located in Charlottetown, is a 10-bed emergency shelter for male identifying individuals 18 years of age and older. The emergency shelter is operated by the Salvation Army to support individuals experiencing homelessness.
- The LifeHouse Emergency Shelter provides 24/7 emergency shelter and Transitional Housing for women and children in Summerside and surrounding areas. The emergency shelter includes four rooms with multiple beds per room for up to eight women and children. It is operated by the BGC Prince County.
- Native Council of PEI operates the 10 bed Winter Street Shelter in Summerside. This low- barrier shelter provides safe accommodations and supports to Indigenous and non- Indigenous male-identifying adults aged 18 and older who are experiencing homelessness and/or in vulnerable living arrangements 24 /7.
- The Chief Mary Bernard Women's Shelter on Lennox Island is a five-bed shelter for women in distress, women without housing, or for young mothers who need extra support. Aboriginal and non-aboriginal women and their children who are experiencing family violence may also find safe and supportive housing through this Shelter.

Transitional and Supportive Housing

- New Roots Transitional Housing, located in Charlottetown, is an 18 bed Transitional Housing Building. This housing provides a safe, secure and supportive environment for those seeking affordable housing in the community. It bridges the gap between homelessness and permanent housing by offering accommodation with individualized supports to help people remain housed.
- Beach Grove Supportive Housing is a Charlottetown based facility which opened 20 units in November 2020, including 10 units for women fleeing domestic violence and 10 units for youth who have aged out of the child protection system.
- PEIHC provides support to individuals in need of transitional housing and with regular case management services, by supplying private units secured throughout the community.

Community Outreach Centre

The Community Outreach Centre, located in Charlottetown, provides daytime support to individuals who are experiencing homelessness or housing insecurity. Individuals accessing service are provided access to a variety of supports and services including assistance with housing, basic food, social assistance, employment and mental health supports. This service operates 7 days per week, 12 hours per day (8am-8pm).

Shelter Support Line

The Shelter Support Line (SSL) provides a dedicated line for anyone in need of shelter 24 hours per day, 7 days per week. Staff will work with callers to find a solution that best suits the caller's needs and can connect them with resources for longer-term solutions.

Canada Mortgage and Housing Corporation

PEIHC works closely with the Canada Mortgage and Housing Corporation (CMHC), representing the Government of Canada. CMHC cost-shares provincial programs and directly administers other federally funded social housing units.

PEIHC manages and delivers the Canada-PEI Affordable Housing Agreement, and its various amendments, to assist in the development of affordable housing units across the province through a cost matching program with the Government of Prince Edward Island.

The introduction of the National Housing Strategy in November 2017 and the signing of the Bilateral Agreement under the Strategy provide opportunities to continue our relationship with the CMHC and build on past successes to support and improve housing properties. The Bilateral Agreement under the National Housing Strategy is a 10-year commitment that requires PEIHC to submit regular Progress Reporting on how housing targets are being met as well as Action Plans (2018, 2022, and 2025) on the implementation details of housing targets. The Bilateral Agreement was amended in 2023-2024 to add an additional stream under the Canada-PEI Housing Benefit to support survivors of gender-based violence.

As part of the implementation of the National Housing Strategy, PEIHC and CMHC commenced a process to co-develop the Canada-PEI Housing Benefit to ensure that the unique housing needs of Islanders are addressed. This benefit was implemented in 2020-2021.

Community Partners

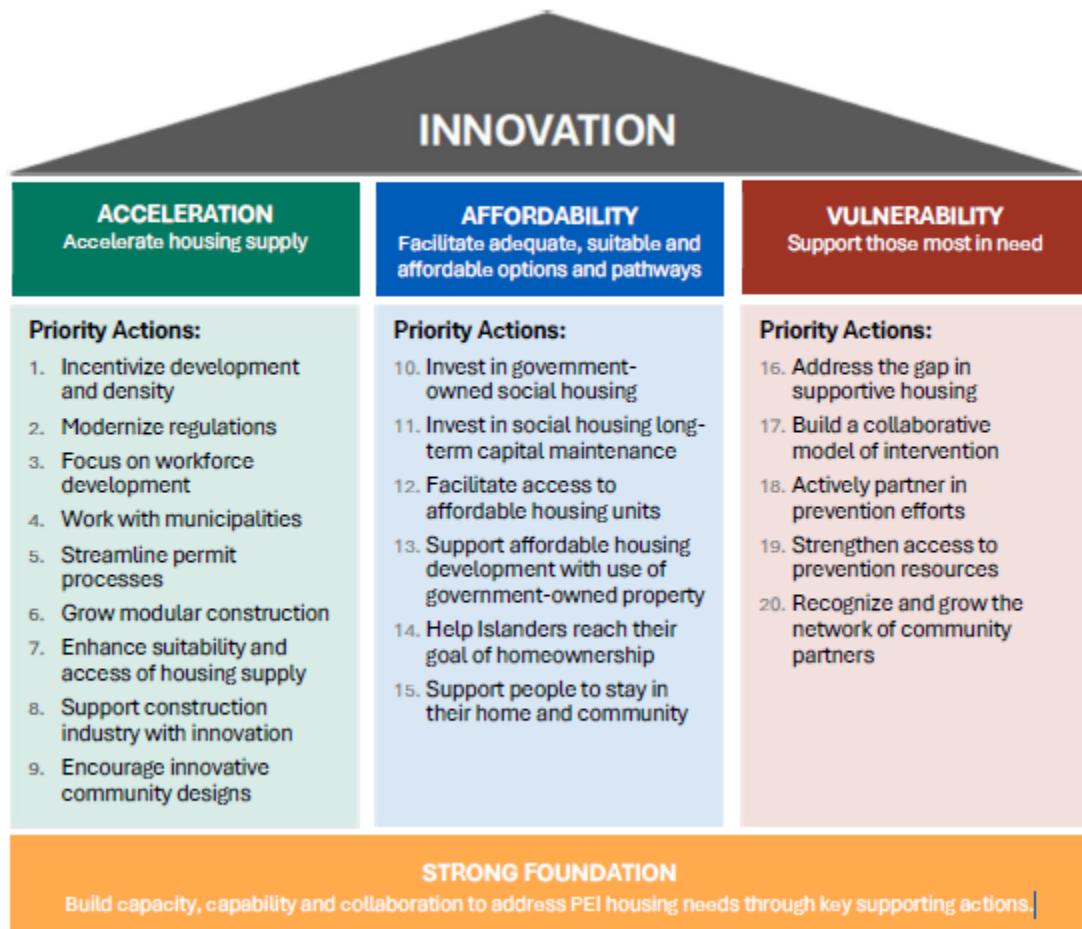
PEIHC maintains strong relationships with many community partners, including but not limited to tenants, municipalities, non-profit organizations, private sector developers, the construction industry, education programs, and other government departments. These relationships form important partnership roles to help bring affordable housing to Islanders.

Prince Edward Island Housing Strategy 2024-2029

“Building Together”

In February 2024, the Province of Prince Edward Island, with leadership from the Department of Housing, Lands and Communities and the Prince Edward Island Housing Corporation, launched a new five-year Housing Strategic Plan, “[Building Together](#)”. By prioritizing housing, we prioritize the health of all Islanders and the social and economic well-being of our communities.

The focus for the next five years is organized in three main pillars – acceleration, affordability and vulnerability – surrounded by innovation and supported by a strong foundation to build together towards PEI’s vision:



Housing Continuum

A housing continuum is the broad range of housing options available in a community to support individuals and families.



The housing continuum recognizes that people's housing needs can change over time, and it seeks to provide a comprehensive framework that ensures everyone has access to adequate, affordable, and suitable housing options based on their unique circumstances and requirements. Within the continuum, there is a range of housing options based on unique population needs including economic and mental well-being as well as demographics and other factors.

This housing strategy identifies the need for an average of 2,000 more homes per year between now and 2030 to support a healthy housing situation. These homes include a mix of housing types and units to best meet the needs of Islanders. Our goal is to build capacity, capability, and collaboration to address PEI's housing needs.

One main goal of the PEI Housing Corporation is to support those who are most in need of access to appropriate housing and supports. Housing First is an evidence-based housing and social service approach that prioritizes placing individuals experiencing homelessness directly into stable, permanent housing. Once housed, individuals are supported to access the necessary support services, including mental health and addiction treatment, employment assistance and life skills training. The goal is to empower individuals to regain control over their lives and achieve lasting stability.

All stakeholders need to build together to be able to achieve priorities of adequate, affordable, and suitable housing. It is not an easy or short road ahead to address the housing crisis in Prince Edward Island. Building together, we can navigate the road ahead and work towards a vision of all Islanders having access to adequate, affordable, and suitable housing.

Legislative Responsibility

Housing Corporation Act 1993 c. 10

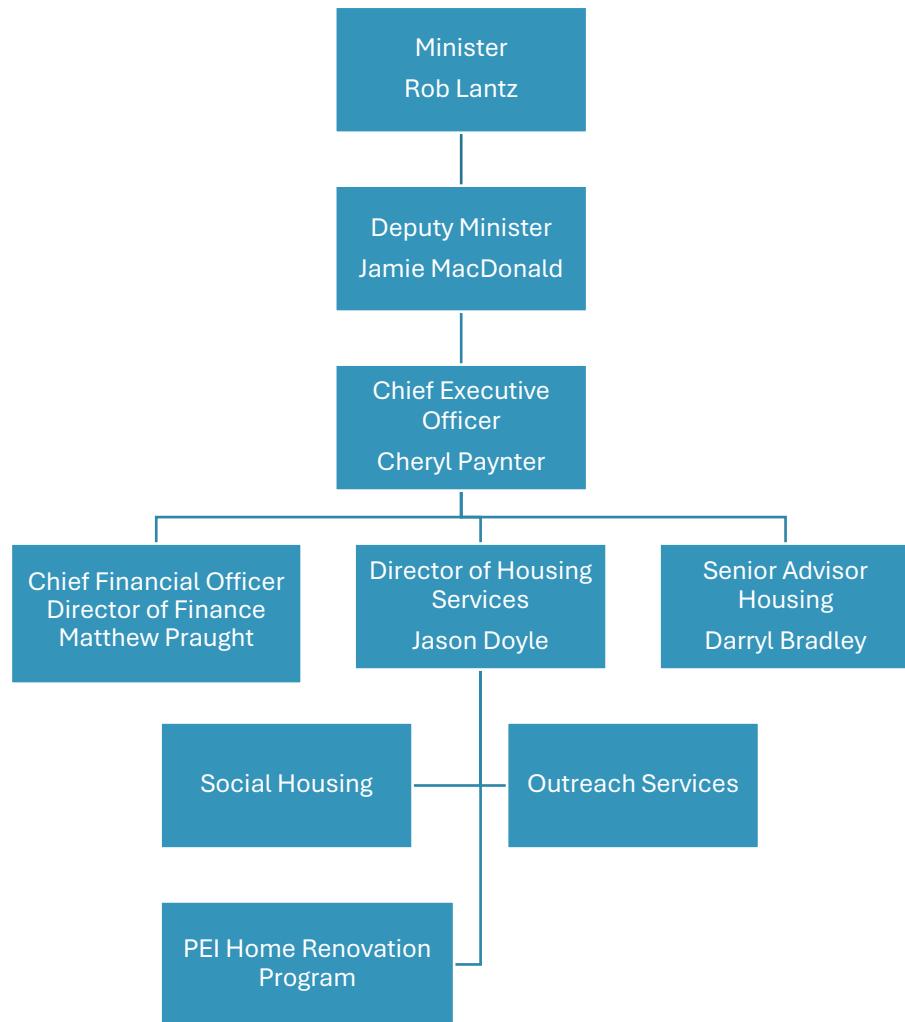
Organizational Structure

Housing Services, Maintenance, Outreach Services and the Home Renovation Program (a division within the Department of Housing, Land and Communities) has 85 FTE employees working on housing concerns for Islanders.

The organizational structure for the reporting period covering the Annual Report is as follows:

Organizational Structure

Prince Edward Island Housing Corporation



**PRINCE EDWARD ISLAND HOUSING
CORPORATION**

Financial Statements

March 31, 2024



Grant Thornton LLP
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Independent auditor's report

To the PEI Housing Corporation

Opinion

We have audited the financial statements of PEI Housing Corporation, which comprise the statement of financial position as at March 31, 2024, and the statements of operations, change in net debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PEI Housing Corporation as at March 31, 2024, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

August 7, 2024

Charlottetown, Prince Edward Island, Canada

Grant Thornton LLP

Chartered Professional Accountants

PRINCE EDWARD ISLAND HOUSING CORPORATION

Statement of Financial Position

March 31, 2024

	2024	2023
	\$	\$
Financial Assets		
Cash	15,726,598	6,203,928
Accounts receivable (Note 3)	<u>14,783,601</u>	<u>10,331,090</u>
	30,510,199	16,535,018
Liabilities		
Accounts payable and accrued liabilities (Note 4)	29,716,026	30,052,800
Asset retirement obligations (Note 5)	16,441,691	16,346,637
Deferred revenue (Note 6)	5,070,840	61,159
Long-term debt (Note 7)	<u>3,408,698</u>	<u>4,175,348</u>
	<u>54,637,255</u>	<u>50,635,944</u>
Net Debt	<u>24,127,056</u>	<u>34,100,926</u>
Non Financial Assets		
Tangible capital assets (Note 8)	122,608,960	63,176,012
Property holdings	<u>243,685</u>	<u>243,685</u>
	<u>122,852,645</u>	<u>63,419,697</u>
Accumulated Surplus	<u>98,725,589</u>	<u>29,318,771</u>
Contingent liabilities (Note 16)		

Approved on behalf of the Prince Edward Island Housing Corporation



CEO, PEI Housing Corporation



Director of Finance, PEI Housing Corporation

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND HOUSING CORPORATION

Statement of Operations

March 31, 2024

	2024 Budget	2024	2023
	\$	\$	\$
Revenues			
Rental income	10,105,600	10,585,611	9,783,574
Grants			
Prince Edward Island (Note 9)			
- Operations	36,780,300	47,552,274	29,832,331
- Capital	60,907,100	62,568,267	25,259,634
Canada Mortgage and Housing Corporation			
- Operations (Note 10)	6,988,500	4,941,149	5,043,254
- National Housing Strategy/Bilateral (Note 13)	3,904,900	5,252,943	2,562,743
Other income	20,000	129,336	19,457
	<u>118,706,400</u>	<u>131,029,580</u>	<u>72,500,993</u>
Expenses			
Administration	424,300	437,820	363,891
Equipment	8,100	39,562	69,056
Grants (Note 11)	41,401,700	40,341,587	33,331,772
Operating costs (Note 12)	13,270,300	15,702,264	10,652,326
Property taxes	1,191,900	1,530,503	1,476,200
Travel and training	129,900	230,771	196,025
	<u>56,426,200</u>	<u>58,282,507</u>	<u>46,089,270</u>
Amortization of tangible capital assets	4,297,000	3,412,841	3,075,610
Accretion expense	-	738,051	610,362
ARO revaluation adjustment	-	(920,521)	-
Interest charges on debt	213,500	109,883	120,380
	<u>60,936,700</u>	<u>61,622,761</u>	<u>49,895,622</u>
Annual surplus	57,769,700	69,406,819	22,605,371
Accumulated surplus, beginning of the year	<u>29,318,771</u>	<u>29,318,771</u>	<u>6,713,400</u>
Accumulated surplus, end of year	<u>87,088,471</u>	<u>98,725,589</u>	<u>29,318,771</u>

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND HOUSING CORPORATION

Statement of Changes in Net Debt

For the year ended March 31, 2024

	2024 Budget	2024	2023
	\$	\$	\$
Net Debt, beginning of year	34,100,926	34,100,926	35,979,300
Changes in year:			
Annual surplus	(57,769,700)	(69,406,819)	(22,605,371)
Acquisition of tangible capital assets & property holdings	60,907,100	62,568,267	25,259,633
Amortization of tangible capital assets	(4,297,000)	(3,412,841)	(3,075,610)
Accretion expense	-	(738,051)	(610,361)
ARO revaluation adjustment	-	920,521	-
Adoption of asset retirement obligation and other adjustments	-	95,052	(846,665)
Change in Net Debt	<u>(1,159,600)</u>	<u>(9,973,870)</u>	<u>(1,878,374)</u>
Net Debt, end of year	<u>32,941,326</u>	<u>24,127,056</u>	<u>34,100,926</u>

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND HOUSING CORPORATION

Statement of Cash Flow

For the year ended March 31, 2024

	2024	2023
	\$	\$
Operating Activities		
Annual surplus	69,406,819	22,605,371
Amortization of tangible capital assets	3,412,841	3,075,610
Accretion expense on asset retirement obligation	738,051	610,363
ARO revaluation adjustment	(920,521)	-
Changes in:		
Accounts receivable	(4,452,512)	4,539,210
Deferred revenue	5,009,684	1,156
Accounts payable and accrued liabilities	(336,776)	(825,997)
Cash provided by operating activities	<u>72,857,586</u>	<u>30,005,713</u>
Investing Activities		
Acquisition of tangible capital assets & property holdings	(62,568,267)	(25,259,633)
Cash used by investing activities	<u>(62,568,267)</u>	<u>(25,259,633)</u>
Financing Activities		
Long-term debt repayment	(766,650)	(953,552)
Cash used by financing activities	<u>(766,650)</u>	<u>(953,552)</u>
Change in cash	9,522,670	3,792,528
Cash, beginning of year	6,203,928	2,411,400
Cash, end of year	<u>15,726,598</u>	<u>6,203,928</u>

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

1. Nature of Operations

The Prince Edward Island Housing Corporation (the Corporation) operates under the authority of the *Housing Corporation Act* of Prince Edward Island. The Corporation's general objectives are to establish housing projects, construct, acquire, or renovate housing accommodations for sale or rent, and promote measures which will contribute to the availability of adequate and improved housing for low income families and individuals, seniors, or other groups that require assistance. The Corporation also works towards improving the quality of housing and amenities related to housing.

The Minister, having overall responsibility for the administration of the Act, has designated a senior public official to supervise the administration and management of the Corporation and perform such duties as the Minister may assign. The Corporation's operations are staffed by the Department of Housing, Land, and Communities and the Department of Finance.

The Corporation is a non-taxable entity under the provisions of the federal *Income Tax Act*.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

These financial statements are prepared in accordance with Canadian public sector accounting standards. The Corporation complies with the recommendations of the Public Sector Accounting Board (PSAB) wherever applicable. PSAB standards are supplemented, where appropriate, by other accounting pronouncements.

Since the Corporation has no unrealized remeasurement gains or losses attributed to foreign exchange, derivatives, portfolio investments, or other financial instruments, a statement of remeasurement gains and losses is not prepared.

b) Financial Assets

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations.

Cash represents cash position including bank balances.

Accounts receivable are recorded at cost less any specific provision when collection is in doubt.

c) Liabilities

Payables and accruals are recorded for all amounts due for work performed, goods or services received, and other charges incurred in the fiscal year.

Long-term debt is recorded at amortized cost, which approximates market value.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

2. Summary of Significant Accounting Policies (continued...)

d) Non Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities or finance future operations. They are normally employed to deliver government services and may be consumed in the normal course of operations.

Tangible capital assets are recorded at historical cost, or estimated cost where historical cost information is not available, subject to established thresholds. Interest, if any, on capital projects is expensed as incurred.

The cost of the tangible capital assets, excluding land, is amortized monthly on a straight-line basis over their estimated useful lives as follows:

Buildings	40 yrs
Renovations	10 yrs
Equipment	5 -15 yrs

Amortization is pro-rated on a monthly basis starting with the date the asset is placed in service. Amortization ends when the total amortization of the asset equals the cost or on the date of disposal, whichever comes first. No amortization is recorded if an asset is taken out of service and/or disposed during the year.

Property holdings consist of land held for development properties and is recorded at the lower of cost or net realizable value.

Inventories of supplies are expensed when purchased.

e) Revenues

Revenues are recorded on an accrual basis in the period in which the transaction or event that gave rise to the revenue occurred. When accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable, revenues are recorded as received.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met. To the extent that transfer stipulations give rise to an obligation that meets the definition of a liability, transfers are recognized as deferred revenue.

Federal contributions provided by the Canada Mortgage and Housing Corporation (CMHC) are restricted in accordance with the provisions of the specific agreements through which they are received. Accordingly, federal contributions are recognized as revenue when the related expenses are incurred.

The Province of Prince Edward Island operational grant is calculated based on the actual shortfall in operations for the fiscal year.

The Province of Prince Edward Island capital grant is calculated based on the actual acquisitions of tangible capital assets.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

2. Summary of Significant Accounting Policies (continued...)

f) Expenses

Expenses are recorded on an accrual basis in the period in which the transaction or event that gave rise to the expense occurred.

Grants are recognized as an expense when an application for assistance has been approved and performance requirements have been met. Conditional grants are provided to homeowners, developers, landlords, co-operatives and non-profit housing sponsors.

g) Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include the carrying amount and amortization of investments in properties and underlying assessments of service potential, useful life of tangible capital assets, the valuation of land held for future development, the carrying amount of accounts receivable and loans receivable, inputs and assumptions used relating to the asset retirement obligation, and the underlying estimates of the provision for loan impairment and doubtful accounts.

Management has made several significant assumptions to support the ARO accounting policy. In addition, the Corporation holds a wide array of tangible assets, including many buildings and other permanent structures, that may contain asbestos and other hazardous materials which has added to the complexity of the ARO estimation process. All estimates, including those relating to the ARO, are based on the best available information at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates and the differences could be material.

h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and balances with financial institutions. Bank borrowings are considered to be financing activities.

i) Other Revenues

Other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year, are deferred and reported as liabilities.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

2. Summary of Significant Accounting Policies (continued...)

j) Liability for asset retirement obligation

Asset retirement obligations (AROs) are provisions for legal obligations for the cost of remediating the Corporation's tangible capital assets that are in productive use or not in productive use. The legal obligation giving rise to an ARO can be a product of any of the following: regulations set by governments or regulatory bodies, contracts, legislation or promissory estoppel.

An ARO is recognized when the following criteria have been met:

- There is a legal obligation to incur retirement costs;
- There was a past transaction/event has occurred;
- Expected to give up future economic benefits;
- A reasonable estimate of the ARO liability can be made

The estimated liability is the estimated cash flows required to settle the retirement obligation. The liability is recorded in the period in which an obligation arises and is included under liabilities on the Statement of Financial Position.

For assets that are still in productive use, there is a corresponding increase to the carrying value of the related asset. If the asset is still in productive use and is not recorded, the ARO cost is expensed in the period. For assets that are no longer in productive use, the ARO cost is expensed in the period. For assets fully amortized, but still in productive use, the ARO cost is amortized over the period until which time it is estimated to be retired.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

3. Accounts Receivable

	<u>2024</u>	<u>2023</u>
	\$	\$
CMHC	13,048,384	7,149,429
Family housing authorities	1,015,441	1,262,017
General	874,473	2,016,695
Loan receivable	<u>1,800</u>	<u>1,800</u>
	14,940,098	10,429,941
Less: provision for doubtful accounts	<u>156,497</u>	<u>98,851</u>
	<u>14,783,601</u>	<u>10,331,090</u>

4. Accounts Payable and Accrued Liabilities

	<u>2024</u>	<u>2023</u>
	\$	\$
Accrued interest	8,861	9,155
Family Housing Authorities	791	731,718
General	77,755	295,570
Province of Prince Edward Island	<u>29,628,619</u>	<u>29,016,357</u>
	<u>29,716,026</u>	<u>30,052,800</u>

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

5. Asset Retirement Obligations

The estimated liability is the fair value of the estimated discounted future cash flows required to settle the asset retirement obligation. The estimated liability is recorded in the period that the obligation to remediate occurs.

The discount rate utilized for asset retirement obligation calculation is 4.88% (2023- 4.31%). The estimated total undiscounted expenditures would be \$29,294,035 at the date of expected outlay with the estimated retirement year ranging from 2024 to 2063. The asset retirement obligations are primarily associated with the remediation of asbestos and other building materials.

Below is a reconciliation of the beginning and ending aggregate carrying amount of the liability:

	<u>2024</u> \$	<u>2023</u> \$
ARO Liability, beginning of year	16,346,637	17,193,300
Estimated liabilities incurred	777,519	-
Estimated liabilities settled	(75,384)	-
Accretion expense	738,051	610,362
Revisions in estimated costs	(1,345,132)	(1,457,025)
ARO Liability, end of year	<u>16,441,691</u>	<u>16,346,637</u>

6. Deferred Revenue

The continuity of deferred revenue is as follows:

	<u>2024</u> \$	<u>2023</u> \$
Balance, beginning of the year	61,159	60,000
Add:		
Prepaid rents collected	70,840	61,159
City of Charlottetown – intermediary revenue	5,000,000	-
Less:		
Prepaid rents recognized	61,159	60,000
Balance, end of year	<u>5,070,840</u>	<u>61,159</u>

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

7. Long-Term Debt

Long-term debt is comprised of the following:

	<u>2024</u> \$	<u>2023</u> \$
Mortgages and debentures payable to CMHC with maturity dates ranging from 2023 to 2052, with interest rates ranging from 1.74 percent to 5.89 percent and secured by properties.		
Mortgages payable	2,992,749	3,504,703
Debentures payable	<u>415,949</u>	<u>670,645</u>
	<u>3,408,698</u>	<u>4,175,348</u>

Principal Repayments

Anticipated annual principal repayments over each of the next five years and thereafter are as follows:

<u>Fiscal Year</u>	<u>Amount</u> \$
2025	593,880
2026	541,360
2027	279,094
2028	211,724
2029	143,883
Thereafter	<u>1,638,757</u> <u>3,408,698</u>

Interest expense for the year on outstanding mortgages was \$73,980 (2023 - \$77,438) and outstanding debentures was \$35,904 (2023 - \$42,937).

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

8. Tangible Capital Assets

	<u>Land</u>	<u>Buildings</u>	<u>Renovations</u>	<u>Equipment</u>	2024 <u>Total</u>	2023 <u>Total</u>
	\$	\$	\$	\$	\$	\$
Cost, beginning of the year	10,026,719	100,894,130	15,310,543	78,675	126,310,067	102,545,044
Additions	4,583,054	54,594,278	2,752,789	638,146	62,568,266	25,222,047
ARO – change in assumptions and estimate	-	277,522	-	-	277,522	(1,457,025)
Disposals / write-downs	-	(17,535)	-	-	(17,535)	-
Cost, end of year	<u>14,609,773</u>	<u>155,748,395</u>	<u>18,063,332</u>	<u>716,821</u>	<u>189,138,320</u>	<u>126,310,066</u>
Accumulated amortization, beginning of year	-	52,016,147	11,085,316	32,591	63,134,054	60,058,444
Amortization	-	2,481,776	895,256	35,810	3,412,842	3,075,610
Disposals / write-downs	-	(17,535)	-	-	(17,535)	-
Net book value	<u>14,609,773</u>	<u>101,268,007</u>	<u>6,082,760</u>	<u>648,420</u>	<u>122,608,960</u>	<u>63,176,012</u>

Tangible capital assets represent the Corporation's ownership in housing projects constructed or acquired, including ownership interest in projects pursuant to partnership agreements. The Corporation's cost is net of amounts provided by CMHC in consideration for an ownership interest in the partnership housing projects. Buildings funded through partnership agreements with CMHC are subject to restrictions to operate for the benefit of individuals, seniors, and families with limited income. CMHC approval is required for changes in asset use or disposal for properties which it shares an ownership interest. Disposals related to renovations are only recognized when the related building is removed from service.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

9. Province of Prince Edward Island

The Province of Prince Edward Island provides annual operating and capital grants to the Corporation. The operating grant is provided to fund the operations of the Corporation. The capital grant is used to fund the purchase of tangible capital assets and is recognized as revenue in the year the capital transfer is authorized and eligibility criteria, if any, are met.

During the year, the Province of Prince Edward Island provided an additional grant in the amount of \$9,191,840 that was included in operations and funded by a reduction to the amount payable to the Province of Prince Edward Island.

10. Canada Mortgage and Housing Corporation

The Corporation is eligible for subsidy assistance from CMHC. Subsidy assistance is paid by project, based on agreement terms and conditions, and is equal to the difference between eligible annual operating costs and project revenues for designated units. The various agreements expire between 2024 and 2037.

11. Grants

	<u>2024</u> \$	<u>2023</u> \$
Rent Supplement	11,702,603	15,355,404
Municipal Infrastructure Fund	-	5,000,000
Affordable Housing Developer Grants	5,484,473	1,061,700
Home Renovations Program	5,304,836	5,993,181
Shelter Supports	6,920,031	1,623,826
Family Housing Authorities	2,320,243	1,297,661
Salvation Army Home Heating	8,600,000	3,000,000
Other	9,401	-
	<u>40,341,587</u>	<u>33,331,772</u>

12. Operating Costs

	<u>2024</u> \$	<u>2023</u> \$
Materials, supplies and, services	3,470,345	1,226,285
Salaries	6,242,609	4,466,287
Renovations	100,796	153,540
Repairs and maintenance	3,137,645	2,032,809
Utilities	2,750,869	2,773,405
	<u>15,702,264</u>	<u>10,652,326</u>

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

13. Contractual Benefits and Obligations

a) Bilateral Agreement

In January 2019 the Corporation entered into a Bilateral Agreement with the CMHC, effective April 1, 2018, to support the implementation of funding available through the 2017 National Housing Strategy. Funding is available as follows and must be cost matched by Prince Edward Island:

<u>Fiscal Year</u>	<u>Amount</u>
	\$
2025	4,029,643
2026	4,406,814
2027	4,340,696
2028	4,231,034

b) Unilateral Program

Under the Renovation and Retrofit of Social Housing initiative pursuant to Section 51 of the *National Housing Act*, CMHC made contributions to the Prince Edward Island Housing Corporation in the 2010 and 2011 fiscal years for the purpose of renovating, general improvement, energy efficiency upgrades or conversions, modifications to support persons with disabilities, and/or the regeneration of existing social housing projects. Conditions of the agreements were:

- i. Maintain not-for-profit status, own and operate, use and maintain the land and premise to provide housing benefits to low and moderate low-income households for 10 years;
- ii. Mortgage agreement with CMHC, with collateral security for payment of the principal amount and performance by the Corporation on projects greater than \$25,000.

c) Property Lease Agreements

The Corporation has entered into 10 to 25-year lease agreements with 23 property owners to provide 351 affordable housing units through rent supplement arrangements. These leases are not classified as capital leases as the Corporation has not assumed the majority of the risk associated with the properties. The estimated lease obligations are calculated by using the known rent and assuming a two percent annual rental increase. Under the terms of the agreements, the agreed affordable rent rates can only be adjusted upward to reflect any increase that is permitted by the Island Regulatory and Appeals Commission (IRAC) in accordance with the *Rental of Residential Property Act* and are not guaranteed.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

13. Contractual Benefits and Obligations (continued...)

The estimated obligations for the next five years and beyond are:

<u>Fiscal Year</u>	<u>Amount</u> \$
2025	4,057,600
2026	4,133,177
2027	4,210,241
2028	4,288,845
2029	4,369,022
Thereafter	<u>46,483,369</u> <u>67,542,254</u>

d) Affordable Housing Agreements

The Corporation has signed a number of commitment letters dedicating funds for housing projects to increase affordability in existing units and create new units. Agreements are structured as forgivable loans, with annual operating grants for certain agreements, with terms from 10 to 25 years. Funds are disbursed and expensed over the term of the agreement.

<u>Fiscal Year</u>	<u>Amount</u> \$
2025	2,141,210
2026	2,185,532
2027	2,230,775
2028	2,276,957
2029	2,324,098
Thereafter	<u>22,925,872</u> <u>34,084,444</u>

e) Capital Additions

During the fiscal year, the Corporation, received approval to proceed with capital additions totaling \$69,671,600 million for Fiscal 2025. These additions will provide housing units for families, seniors, and vulnerable populations.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

14. Financial Management

The Corporation is exposed to credit, market, and liquidity risk from its financial instruments. An analysis of these risks is provided below.

Credit Risk

The Corporation is exposed to credit risk with respect to accounts and loans receivable. The maximum exposure to credit risk is \$14,783,601, as indicated by the balances on the statement of Financial Position. Of this amount, \$11,936,782 is past due but not impaired. The Corporation mitigates this risk through a regular monitoring process. Credit risk is also mitigated due to the fact that the majority of the receivables are due from the Canada Mortgage and Housing Corporation, which includes those which are past due but unimpaired.

Market Risk

Market risk is comprised of three types: currency, interest, and price risk. The Corporation does not hold nor operate in foreign currency and thus market risk is derived from interest rate and price risk. Changes in interest rates, prices for goods, services, and rents significantly impact the Corporation and thus could increase the cost of operations and require increased funds from government. The risk is managed by participating in government purchasing, determining if maintenance is done internally or tendered, cost sharing operations with CMHC, establishing long-term lease agreements and rent increases limited by IRAC.

Liquidity Risk

The Corporation has contractual obligations and financial liabilities and, therefore, is exposed to liquidity risk. The Corporation manages its liquidity risk by maintaining adequate cash and credit facilities, by updating and reviewing multi-year cash flow projections on a regular and on an as needed basis, and by matching its long-term financing arrangements with its cash flow needs.

15. Related Party Transactions

These financial statements include the results of transactions with various provincial government-controlled departments, agencies, Crown corporations and family housing authorities with which the Corporation is considered related. Transactions with related parties are settled at prevailing market prices under normal trade terms.

The Province of Prince Edward Island has assumed responsibility for certain operating costs that are shared with other departments such as property insurance, provincial portion of property tax, office facilities, disposal and remediation of property, management salaries and benefits. These expenses are material and are not reflected in the Corporation's financial statements.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

15. Related Party Transactions (continued...)

The Province of Prince Edward Island also employs all staff working on behalf of the Corporation and on an annual basis department allocations are made from the Department of Housing, Land, and Communities to the Corporation for its share of the salary and benefits. The Corporation's share of salaries and benefits is included within Operating Costs (Note 12), and amounts to \$6,242,609 (2023 - \$4,466,287).

16. Contingent Liabilities

a) Claims Outstanding

The Corporation is subject to legal actions arising in the normal course of business. Costs related to any outstanding claims are funded by the Prince Edward Island Self-Insurance and Risk Management Fund. The Fund provides general liability, errors and omissions, primary property, and crime insurance. The Fund is administered by the Province and responsibility for liabilities of the Fund is that of the Province.

b) Building Remediation

Some buildings and permanent structures owned by the Corporation contain materials with asbestos and other hazardous materials. The Corporation monitors the condition of these assets to ensure they do not pose a risk to the occupants, staff, contractors, or the public at large. The incremental cost of addressing asbestos through repair, maintenance, or renovations has been estimated by management, refer to Note 5, and is the legal responsibility for the Corporation to remediate. Any incremental cost associated with the decommissioning or demolition of a building is the responsibility of the Province.

c) Construction Contract Claim

During the prior year, the Corporation was named in a wrongful termination claim after the Corporation decided to terminate a construction contract. It is management's position that the claim has no merit and the Corporation will not be held liable. As a result, no provision has been made in the financial statements for the claim.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2024

17. Budgeted Figures

Budget figures have been provided for comparison purposes and have been derived from the estimates approved by the Legislative Assembly of the Province.

18. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

Contact Information



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