



Annual Report 2022-2023



PRINCE EDWARD ISLAND HOUSING CORPORATION

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Message from the Minister

The Honourable Antoinette Perry
Lieutenant Governor of Prince Edward Island



May It Please Your Honour:

It is my privilege to present the Annual Report of the Prince Edward Island Housing Corporation for the fiscal year ended March 31, 2023.

For this reporting period, the Honourable Brad Trivers was Minister responsible for Social Development and Housing until July 15, 2022 when the Honourable Matthew MacKay became Minister responsible for Social Development and Housing.

Respectfully Submitted,

A handwritten signature in black ink, which appears to read "Rob Lantz". The signature is written in a cursive style.

Rob Lantz
Minister

Message from the Chief Executive Officer

Minister Responsible for the
Prince Edward Island Housing Corporation

Minister:



I am pleased to submit the Annual Report of the Prince Edward Island Housing Corporation for the fiscal year ending March 31, 2023.

Respectfully submitted,

A handwritten signature in blue ink that reads "Jamie MacDonald". The signature is fluid and cursive.

Jamie MacDonald
Chief Executive Officer

Corporate Overview

Prince Edward Island Housing Corporation (PEIHC) is a Crown corporation under the Ministry of Housing, Land and Communities (formerly the Ministry of Social Development and Housing). 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 income.

PEIHC is committed to increasing the supply of government owned social housing over the next 5 years, the modernization of existing units, and providing affordable housing supports to renters and wrap-around supports to people who have challenges maintaining their housing.

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 to assist Islanders to renovate their homes so they can remain in them longer.

Highlights and Accomplishments

Housing Initiatives Implementation:

In 2022-2023, PEIHC continued to work towards the initiatives of the *Housing Action Plan for Prince Edward Island 2018-2023* (the Plan). In addition to commitments made as part of the Plan, government committed to creating an additional 1,200 affordable units over the next five years starting in 2019-2020 which was completed during this reporting period.

PEIHC began the process on a comprehensive strategic plan for Housing on PEI to be launched in 2024.

Highlights of Housing Accomplishments:

- A new low barrier 50 bed shelter opened at Park Street in Charlottetown. All services at Park Street Emergency Shelter are gender inclusive, with options for couples and individuals in need of shelter who have pets.
- Expanded the Transitional Housing on Weymouth Street operated by the Salvation Army to 18 beds.

Partnerships were formed with:

- Finance PEI to launch the Housing Development Challenge Pilot Program 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:
 - 13 projects were approved in 2022-2023, amounting to 221 units and 45 lots throughout the province.
- Holland College Carpentry Program to construct two single family dwellings to be added to the social housing inventory.
- The Construction Association of Prince Edward Island to construct 30 tiny homes to support Islanders on the social housing registry over a three - year period.
- Collaboration with CMHC and the City of Charlottetown under the City's Stream of the Rapid Housing Initiative to support the construction of an 82 unit building in Charlottetown targeting seniors and women and children.

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- Native Council of PEI to provide a six- bed emergency shelter for Indigenous and non-Indigenous male-identifying adults in Summerside and Prince County.
- Funding was provided to The Boys and Girls Club Summerside Inc. (BCG Prince County) to support Life House Emergency Shelter and Transitional Housing.
- Habitat for Humanity was provided \$250,000 to support the construction of seven new units.

Other Initiatives

- A commitment to construct a new 13-unit supportive housing building in Charlottetown.
- The Affordable Housing Development Program has supported the creation of 158 social housing units while also supporting another 153 market rental units for a combined total of 311 units during 2022-2023.
- 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. In 2022-2023, six projects were approved totaling approximately \$1.04 million to support construction and planning for 22 units.
- An additional 59 units were purchased to increase the social and supportive housing inventory, as well as 14 acres to be used for future development in Kensington.
- There were 1,477 approvals in 2022-2023 for the PEI Home Renovation Program.
- To support Islanders with challenges in affording heat for their homes, the Home Heating Program which is administered by the Salvation Army was amended:
 - Increase in the amount of funding from \$3M to up to \$12.6M,
 - Income thresholds were increased so more households would be eligible, and
 - Amount available to qualified clients was increased from \$1,000 to \$1,200.
- PEIHC collected feedback from Island seniors in social housing units on maintenance priorities for government owned buildings.

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- Major repairs were completed to several social housing buildings including a roof replacement on Champion Court, in Souris and in Summerside.
- During Hurricane Fiona, a temporary emergency shelter was opened at the Jack Blanchard Hall providing cot style beds, food and water.
- In the week following the Hurricane, Islanders in social housing, including mobile rental voucher and rental supplement recipients, automatically received financial support from the Province. Funding was also provided to support community organizations that provide assistance to the most vulnerable Islanders.
- PEIHC, in partnership with the Federation of the Municipalities of PEI, developed the Municipal Infrastructure Fund to provide financial support to municipalities for the cost of infrastructure for projects with construction ready lots. This Program will be launched in 2024.
- A Rental Unit Property Tax Subsidy was launched in partnership with the Department of Finance to provide relief of provincial property taxes payable in 2023 which would decrease landlord property tax costs.
- The Kings County Housing Needs Assessment was commissioned to better understand the current housing needs along the continuum.
- PEIHC committed to the construction of 26 social housing units for people in the rural communities of Kensington, Alberton and Mount Stewart along with 39 units in Summerside.
- Planning was started for Hillsborough Park. The PEIHC is developing approximately 1,200 units over an 85-acre property utilizing a complete community design including active transportation, public transit, retail and commercial space, and green space in Charlottetown.

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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 – Performance Indicators

Performance Indicator	2019-2020	2020-2021	2021-2022	2022-2023
Number of Owned Units	1,113	1,150	1,182	1,176
Number of Owned Garden Suites	4	4	4	4
Number of Rent Supplements	187	274	285	259
Number of Mobile Rental Vouchers	442	628	686	556
Number of Canada-PEI Housing Benefit	-	-	123	387
Placements in PEIHC owned Units	111	201	219	185
New Applications	768	635	645	725
Registry	438	141	134	140
Unit Turnover Rates – Owned Units	9.90%	17.40%	18.50%	12.30%

*Note 1 – Lost 6 units due to fire in 2022-2023

Table 2: Family Housing Program – Performance Indicators

Performance Indicator	2019-2020	2020-2021	2021-2022	2022-2023
Number of Owned Units	482	487	499	554
Number of Rent Supplements	35	146	176	176
Number of Mobile Rental Vouchers	285	424	461	330
Number of Canada-PEI Housing Benefit	-	-	-	362
Placements in Family Housing	37	42	55	111
New Applications	861	819	1,066	1053
Registry	623	319	329	286
Unit Turnover Rates – Owned Units	7.70%	8.60%	10.60%	20.50%
**Note 1 In previous years, MRVs and CHB were combined into one number. Separated due to them being different funding streams.				

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Table 3: PEI Home Renovations Programs – Performance Indicators

Performance Indicator	2019-2020	2020-2021	2021-2022	2022-2023
Total Budget	\$1,480,000	\$2,040,000	\$2,715,300	\$3,215,300
Applications Received	1,914	1,500	3,082	3,327
Applications Approved	1,171	1,208	1,559	1,548
Households Supported	796	750	1,491	806
Program Income Cut-off	\$49,600	\$50,000	\$50,000	\$50,000
Average Household Income	\$29,700	\$32,496	\$32,767	\$33,961
Average Grant – Home Renovation	\$4,068	\$4,087	\$5,352	\$5,495
Average Grant – Renovation: Persons with Disabilities	\$5,490	\$6,499	\$6,616	\$10,016
Average Grant – Seniors Safe at Home	\$3,520	\$3,514	\$5,492	\$5,948
Average Grant – Seniors Home Repair Program	\$1,443	\$1,506	\$2,711	\$2,779
Average Number in Household	1.7	1.6	1.6	1.6
Average Age of Applicant	65	66	66	67
Emergency Shelter – Survivors of Family Violence: Funding	54,000	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: Park Street Shelter – Performance Indicators

Month/Year	Unique Individuals	New Intakes	Nightly Average	Male Identifying	Female Identifying	Non-Binary Identifying
Dec 2022	69	69	28	52	15	2
Jan 2023	90	38	44	67	21	2
Feb 2023	90	17	44	67	21	2
Mar 2023	94	22	49	70	22	2

Programs

PEIHC delivers 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 1,180 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. 259 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 market. PEIHC has 556 mobile rental vouchers with tenants across the province. Through a joint investment with CMHC, PEI is continuing the process to co-develop the PEI-Canada Housing Benefit, which provided additional help to approximately 387 low-income Seniors who require assistance with rental costs. Combined, the two funding streams assist with affordability and choice for 943 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 nine communities across the province, the PEIHC owns 554 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. 176 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. There are 330 mobile rental vouchers with tenants across the province. Through a joint investment with CMHC through the National Housing Strategy, PEI is continuing to provide the PEI-Canada Housing Benefit to Islanders. There are 332 PEI-Canada Housing Benefit vouchers with tenants across the province. Combined, the two funding streams assist with affordability and choice for 662 families and individuals across the Island.

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Senior and Family Housing Units:

Seniors Housing Program Unit Locations			
Queens County		Prince County	
Charlottetown	460	Alberton	16
Cornwall	14	O'Leary	24
Crapaud	9	St. Louis	4
Hunter River	14	Tignish	14
Mt. Stewart	6	Abrams Village	5
North Rustico	6	Bedeque	6
South Rustico	4	Borden	22
Total	513	Kensington	50
		Kinkora	5
Kings County		Miscouche	17
Cardigan	3	Mont Carmel	6
Eldon	6	Summerside	218
Georgetown	16	Tyne Valley	5
Montague	91	Wellington	16
Murray Harbour	6	Wilmot	6
Murray River	6	Total	414
Morell	12		
Rollo Bay	14		
Souris	86		
St. Peters	9		
Total	249		
Total # of Units			1,176
Garden Suites			4
			1,180

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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:	
Charlottetown	38
Cornwall	3
Crapaud	4
Hunter River	4
Georgetown	6
Souris	10
Summerside	10
Wellington	1
Alberton	2
Murray River	1
Rural Native Housing and Rural Community Housing	15
	94
Total	554

Housing Authorities

The PEIHC is comprised of nine housing authorities that oversee rental and management of the 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 housing authorities are located in Charlottetown, Summerside, Souris, Georgetown, Montague, Mount Stewart, O'Leary, Tignish, and Alberton.

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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 10 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: AHDP Units Created Since Program Inception

Type	Units
Market units created	459
Affordable units created	508
Total number of units created	967

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Table 2: AHDP Units by Community Since Program Inception

Community	No. of market units	No. of affordable units	Total Units
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	0	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
	459	508	967

Table 3: Breakdown by Length of Agreement for Affordable Units Created Since Program Inception

Years	No. of units
25 years	192
20 years	270
15 years	37
Less than 15 years	9
	508

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:

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- 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 Pilot Program

In partnership with Finance PEI, the Housing Development Challenge Pilot 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 provides 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.

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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 in place during 2022-2023:

Park Street Emergency Shelter

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, and is available for any person aged 18 and older.

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, harm reduction supplies, laundry, employment and mental health supports. This service operates 7 days per week, 12 hours per day (8am-8pm).

Blooming House Women's Shelter

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

Bedford MacDonald House, located in Charlottetown, is a 12-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.

Life House Emergency Shelter

The Life House Emergency Shelter provides 24/7 emergency shelter and Transitional Housing for women and children in Summerside and surrounding areas. The emergency shelter includes 3 rooms with multiple beds per room for up to eight women and children. It is operated by the BGC Prince County.

Weymouth Street Transitional Housing

Weymouth Street Transitional Housing located in Charlottetown increased from 10 beds to 18 beds in December 2022 upon the opening of the Park Street Emergency Shelter. 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 accommodations with individualized supports to help people remain housed.

Beach Grove Transitional Housing

This Charlottetown based facility 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.

Scattered Sites – Transitional Housing

PEIHC provides support to individuals with regular case management services by supplying private units secured throughout the community.

Shelter Support Line (SSL)

The 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.

Partnerships

PEIHC continues to share the responsibility in the provision of housing programs with the Department of Housing, Land and Communities (formerly the Department of Social Development and Housing) and local family housing authorities. PEIHC is responsible for the control of assets, liabilities and revenues.

The Department of Housing, Land and Communities (formerly the Department of Social Development and Housing) is responsible for the management of family housing primarily through the local family housing authorities; direct management of seniors housing; and liaising with the Government of Canada about housing issues, overseeing the administration of federal-provincial agreements, and the delivery of most housing programs, including the Canada-PEI Affordable Housing Agreement.

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 involving approximately 1,700 units 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 the initial agreement in 2003, and subsequent amendments, a total of \$19.54 million has been invested by CMHC, and cost matched by PEI to create affordable housing.

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. PEIHC has submitted the Action Plan for 2022.

As part of the implementation of the National Housing Strategy, in 2019, 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.

Summary of the strategic plan and future direction

PEIHC, in conjunction with the Department of Housing, Land and Communities (formerly the Department of Social Development and Housing), began the process to develop PEI's next 5-year Strategic Plan for Housing.

PEIHC is constantly responding to the changing housing environment on PEI and is developing a strategic plan with a focus on supporting each component of the housing continuum.

THE HOUSING CONTINUUM



PEI has faced low vacancy rates across the island for several years and it is apparent that there is a need to expand on each type of housing across the continuum, from emergency shelters to market housing.

PEIHC's focus will be to create new government owned units to be added to the social housing stock through new construction builds and purchases to provide an adequate and safe home for households that are currently on the social housing registry as well as to create more emergency shelter and supportive housing options for individuals that are most in need. In addition, PEIHC will focus on working with Community Partner organizations to provide wrap around services for the individuals and families who are in need of additional supports that help them remain housed.

In addition, partnerships with key stakeholders are paramount in achieving this direction. PEIHC will continue to develop strong relationships with non-profit organizations, private developers, municipalities, co-operative associations and the federal government that will be critical to being able to build out the housing continuum and provide an affordable, safe, and adequate housing for households most in need on PEI.

In addition to increasing the supply of housing along the continuum, PEIHC is also committed to the modernization of the current social housing inventory across PEI to ensure that the buildings are adequate and safe for all.

Response to Auditor General's Report

In 2016 the Auditor General completed a value-for-money audit of the Seniors Housing Program. The Auditor General's Annual Report, released in March 2017, included ten (10) recommendations related to the need for a long-term plan for seniors housing, development and public reporting of performance measurements, and resolution of specific policy and process issues related to the assessment, application, tracking and placement of applicants to the program. In the *2020 Report of the Auditor General of Prince Edward Island*, it was recognized that five of the ten recommendations were considered complete. During 2022-23, the PEIHC continued implementation all of changes in response to these recommendations.

Organizational Structure

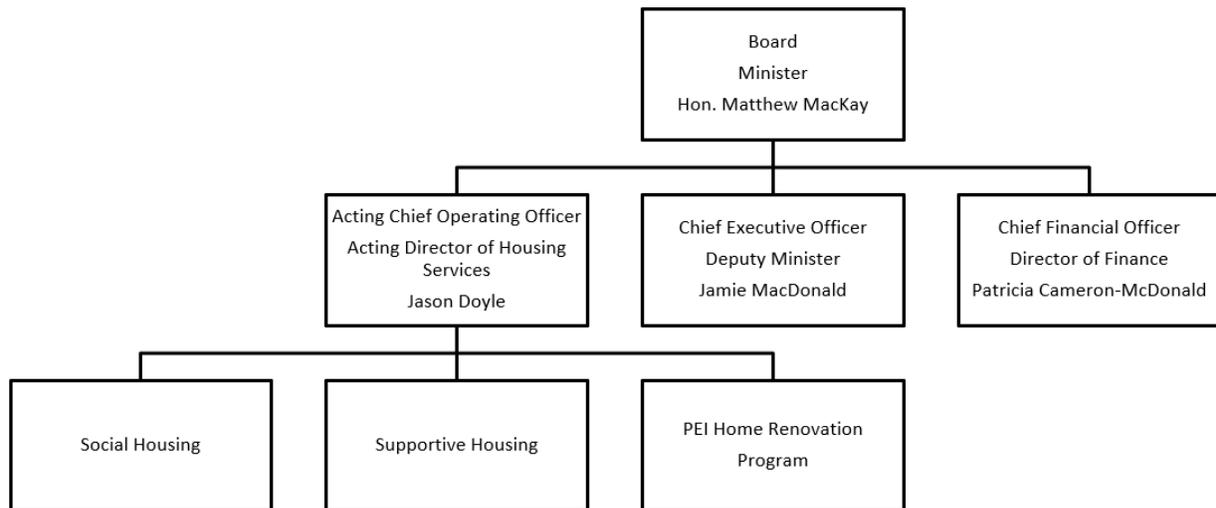
Housing Services (a division within the Department of Housing, Land and Communities) oversees the rental and management of the senior housing units across the province. Housing Services employs 14 FTE housing officers to support seniors in accessing and maintaining social housing.

In addition to the housing officers, there are also 53.3 FTE employees working on housing concerns for Islanders. In total, 67.3 FTE employees work for Housing Services.

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

As amended and
restated

March 31, 2023

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, 2023, 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, 2023, 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.

Emphasis of matter – amended financial statements

We draw attention to Note 20 to the financial statements which describe the matters that gave rise to the amendment of the financial statements on October 16, 2023, the date of our report. Our procedures with respect to events subsequent to October 16, 2023 are restricted solely to that amendment to the financial statements. Our opinion is not modified in respect of this matter.

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.

October 16, 2023 (except Note 20, which is dated January 9, 2024)

Charlottetown, Prince Edward Island, Canada

Grant Thornton LLP

Chartered Professional Accountants

PRINCE EDWARD ISLAND HOUSING CORPORATION

Statement of Financial Position

As amended and restated – Note 20

March 31, 2023

	2023 Restated	2022 Restated
	\$	\$
Financial Assets		
Cash	6,203,928	2,411,400
Accounts receivable (Note 4)	<u>10,331,090</u>	<u>14,870,300</u>
	<u>16,535,018</u>	<u>17,281,700</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	30,052,802	30,878,800
Asset retirement obligation (Note 6)	16,346,637	17,193,300
Deferred revenue (Note 7)	61,157	60,000
Long-term debt (Note 8)	<u>4,175,348</u>	<u>5,128,900</u>
	<u>50,635,944</u>	<u>53,261,000</u>
Net Debt	<u>34,100,926</u>	<u>35,979,300</u>
Non Financial Assets		
Tangible capital assets (Note 9)	63,176,012	42,486,600
Property holdings	<u>243,685</u>	<u>206,100</u>
	<u>63,419,697</u>	<u>42,692,700</u>
Accumulated Surplus	<u>29,318,771</u>	<u>6,713,400</u>

Contingent liabilities (Note 17)

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

Approved on behalf of the Prince Edward Island Housing Corporation



CEO, PEI Housing Corporation

PRINCE EDWARD ISLAND HOUSING CORPORATION

Statement of Operations and Accumulated Surplus

As amended and restated – Note 20

For the year ended March 31, 2023

	(Note 19) 2023 Budget	2023 Restated	2022 Restated
	\$	\$	\$
Revenues			
Rental income	9,456,000	9,783,574	9,404,100
Property Tax Recovery		1,441,213	1,301,265
Grants			
Province of Prince Edward Island (Note 10)			
- Operations	21,937,600	28,391,118	26,478,235
- Capital	23,866,800	25,259,634	11,787,600
Canada Mortgage and Housing Corporation			
- Operations (Note 11)	2,841,400	5,043,254	3,679,300
- National Housing Strategy/Bilateral (Note 14)	2,827,900	2,562,743	1,648,200
Gain on Disposal	-	-	7,800
Other income	20,400	19,458	17,400
	<u>60,950,100</u>	<u>72,500,993</u>	<u>54,323,900</u>
Expenses			
Administration	467,000	363,891	383,900
Equipment	8,100	69,056	15,900
Grants (Note 12)	25,264,100	33,331,772	31,454,800
Operating costs (Note 13)	8,251,000	10,652,326	7,953,000
Property taxes	1,191,900	1,476,200	1,326,700
Travel and training	129,900	196,025	214,900
	<u>35,312,000</u>	<u>46,089,270</u>	<u>41,349,200</u>
Amortization of tangible capital assets	3,000,000	3,075,610	2,609,444
Accretion expense	-	610,362	589,437
Interest charges on debt	213,500	120,380	147,699
	<u>38,525,500</u>	<u>49,895,622</u>	<u>44,695,780</u>
Annual Surplus	22,424,600	22,605,371	9,628,120
Accumulated Surplus (Deficit)			
As previously reported, beginning of the year	(1,161,604)	(1,161,604)	(10,428,633)
Restatement adjustment (Note 20)	<u>7,875,004</u>	<u>7,875,004</u>	<u>7,513,913</u>
Accumulated Surplus (Deficit), beginning of year, as restated	<u>6,713,400</u>	<u>6,713,400</u>	<u>(2,914,720)</u>
Accumulated Surplus (Deficit), end of year	<u>29,138,000</u>	<u>29,318,771</u>	<u>6,713,400</u>

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

PRINCE EDWARD ISLAND HOUSING CORPORATION

Statement of Changes in Net Debt
As amended and restated – Note 20
For the year ended March 31, 2023

	2023 Budget	2023 Restated	2022 Restated
	\$	\$	\$
Net Debt, beginning of year, as previously reported	30,325,700	44,647,147	19,825,700
Restatement adjustment (Note 20)	<u>-</u>	<u>(8,667,847)</u>	<u>-</u>
Net Debt, beginning of year, as restated	30,325,700	35,979,300	19,825,700
Changes in year:			
Annual (Surplus) deficit	(22,424,600)	(22,605,371)	(9,628,120)
Acquisition of tangible capital assets & property holdings	23,866,800	25,259,633	11,787,300
Amortization of tangible capital assets	(3,000,000)	(3,075,610)	(2,609,444)
Accretion expense	-	(610,362)	(589,437)
Adjustment on adoption of asset retirement obligation standard (Note 2)		<u>(846,663)</u>	<u>17,193,300</u>
Change in Net Debt	<u>(1,557,800)</u>	<u>(1,878,373)</u>	<u>16,153,600</u>
Net Debt, end of year	<u>28,767,900</u>	<u>34,100,926</u>	<u>35,979,300</u>

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

PRINCE EDWARD ISLAND HOUSING CORPORATION

Statement of Cash Flow

As amended and restated – Note 20

For the year ended March 31, 2023

	2023 Restated	2022 Restated
	\$	\$
Operating Activities		
Annual deficit	22,605,371	9,628,120
Amortization of tangible capital assets	3,075,610	2,609,444
Accretion expense on asset retirement obligation	610,362	589,437
Changes in:		
Accounts receivable	4,539,210	(1,699,900)
Deferred revenue	1,157	7,100
Accounts payable and accrued liabilities	(825,998)	1,272,000
Cash provided by operating activities	<u>30,005,713</u>	<u>12,406,200</u>
Investing Activities		
Acquisition of tangible capital assets & property holdings	(25,259,633)	(11,787,300)
Cash used by investing activities	(25,259,633)	(11,787,300)
Financing Activities		
Long-term debt advancements	-	1,931,800
Long-term debt repayment	(953,552)	(1,194,600)
Cash used by financing activities	(953,552)	737,200
Change in cash	3,792,528	1,356,100
Cash, beginning of year	<u>2,411,400</u>	<u>1,055,300</u>
Cash, end of year	<u><u>6,203,928</u></u>	<u><u>2,411,400</u></u>

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

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2023

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 Social Development and Housing and the Department of Finance.

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

2. Change in accounting policies

Asset retirement obligations:

Effective April 1, 2022, the Corporation adopted the new Public Sector Accounting Standard PS 3280 Asset Retirement Obligations. This standard requires public sector entities to recognize legally obligated costs associated with the retirement of tangible capital assets on acquisition, construction or development and expense those costs systematically over the life of the asset.

The Corporation applied the modified retrospective application transitional approach. On initial application of the standard, the Corporation recognized:

- A liability for existing asset retirement obligations,
- An asset retirement obligation cost capitalized as an increase to the carrying amount of the related tangible capital assets,
- Accumulated amortization on the capitalized asset retirement cost from the date the liability was deemed to occur; and
- An adjustment to the opening balance of accumulated surplus (deficit)

Asset retirement obligations associated with assets no longer in productive use recognized a liability and a corresponding adjustment to the opening accumulated surplus (deficit).

These amounts were measured using information, assumptions and discount rates that are current at the beginning of the fiscal year. The amount recognized as an asset retirement cost is measured as of the date the asset retirement obligation was incurred. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date as of which this standard is first applied.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position
March 31, 2023

2. Change in accounting policies (continued...)

A reconciliation of the restatement for the significant consolidated financial statement line items impacted are as follows:

Statement of Financial Position Impact

	2022 as previously reported \$	ARO adjustment \$	2022 Restated \$
Liabilities			
Accounts payable and accrued liabilities	30,878,800	-	30,878,800
Asset retirement obligation	-	17,193,300	17,193,300
Deferred revenue	60,000	-	60,000
Long-term debt	5,128,900	-	5,128,900
	<u>36,067,700</u>	<u>17,193,300</u>	<u>53,261,000</u>
Net Debt	18,786,000	17,193,300	35,979,300
Non Financial Assets			
Tangible capital	40,947,000	1,539,600	42,486,600
Property holdings	206,100	-	206,100
	<u>41,153,100</u>	<u>1,539,600</u>	<u>42,692,700</u>
Accumulated Surplus (Deficit)	22,367,100	(15,653,700)	6,713,400

Statement of Operations and Accumulated Surplus

	2022 as previously reported \$	ARO adjustment \$	2022 Restated \$
Amortization	2,481,600	127,844	2,609,444
Accretion expense	-	589,437	589,437
Total Expenses	<u>43,978,500</u>	<u>717,280</u>	<u>44,695,780</u>
Annual Surplus (Deficit)	10,345,400	(717,280)	9,628,120
Accumulated Deficit, Beginning of year	12,021,700	(14,936,420)	(2,914,720)
Accumulated Deficit, End of year	<u>22,367,100</u>	<u>(15,653,700)</u>	<u>6,713,400</u>

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2023

2. Change in accounting policies (continued...)

Statement of Changes in Net Debt Impact

	2022 as previously reported \$	ARO adjustment \$	2022 Restated \$
Net Debt, Beginning of Year	19,825,700	-	19,825,700
Changes in Year			
Annual (Surplus) Deficit	(10,345,400)	717,280	(9,628,120)
Amortization of tangible capital assets	(2,481,600)	(127,844)	(2,609,444)
Accretion expense on asset retirement obligation	-	(589,437)	(589,437)
<u>Asset retirement obligation</u>	<u>-</u>	<u>17,193,300</u>	<u>17,193,300</u>
Changes in Net Debt	(1,039,700)	17,193,300	16,153,600
Net Debt, end of year	18,786,000	17,193,300	35,979,300

Statement of Cash Flows Impact

	2022 as previously reported \$	ARO adjustment \$	2022 Restated \$
Operating Activities			
Annual Surplus (Deficit)	10,345,400	(717,280)	9,628,120
Amortization of tangible capital assets	2,481,600	127,844	2,609,444
Accretion expense on asset retirement obligation liability	-	589,437	589,437
Cash provided by operations activities	12,406,200	-	12,406,200

For the year ended March 31, 2022, the impact of the new ARO standard has been to recognize an ending balance increase of \$17,193,300 in net debt, an increase to the opening cost of tangible capital assets of \$5,630,617, and an opening balance increase in accumulated amortization of the capital assets of \$4,091,017 with this difference recognized through accumulated surplus (deficit). The impact to amortization expense will be \$127,844 and to accretion expense will be \$589,437.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2023

2. Change in accounting policies (continued...)

Financial Instruments:

As well, effective April 1, 2022, the Corporation adopted new Public Sector Accounting Standards Section PS 3450 Financial Instruments and Section 1201 Financial Statement Presentation. New Section PS 3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective method), or by policy choice, at fair value when the Corporation defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis.

The adoption of these new standards did not have a significant impact on the financial results of the Corporation.

3. 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.

Loans receivable are recorded at cost less adjustments for impairment in value. Loans usually bear interest at approximate market rates and normally have fixed repayment terms. A provision for loss is established for doubtful accounts. Interest revenue is recognized on an accrual basis until such time that the collectability of either principal or interest is not reasonably assured.

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, 2023

3. 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.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2023

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

e) Revenues (continued...)

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.

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.

In preparation for the first-time adoption of PS 3280 (Asset Retirement Obligations), management has made several significant assumptions to support the ARO change in accounting policy adopted as of April 1, 2022. 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.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position
March 31, 2023

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

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 related to revenues that will be earned in a subsequent year, are deferred and reports as liabilities.

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 as accounts payable and accrued 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, 2023

4. Accounts Receivable

	<u>2023</u>	<u>2022</u>
	\$	\$
CMHC	7,149,429	13,915,900
Family housing authorities	1,262,017	537,600
Loan receivable	1,800	1,800
General	<u>2,016,695</u>	<u>462,100</u>
	10,429,941	14,917,400
Less: provision for doubtful accounts	<u>98,851</u>	<u>47,100</u>
	<u>10,331,090</u>	<u>14,870,300</u>

5. Accounts Payable and Accrued Liabilities

	<u>2023</u>	<u>2022</u>
	\$	\$
Accrued interest	9,155	20,800
Family Housing Authorities	731,718	25,700
General	295,572	247,400
Province of Prince Edward Island	<u>29,016,357</u>	<u>30,584,900</u>
	<u>30,052,802</u>	<u>30,878,800</u>

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position
March 31, 2023

6. 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 3.55% for the 2022 restated amounts and 4.31% for the 2023 fiscal year. The estimated total undiscounted expenditures would be \$41,193,180 at the date of expected outlay with the estimated retirement year ranging from 2024 to 2038. 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>2023</u>	<u>2022 Restated</u>
ARO Liability beginning of year	\$17,193,300	\$16,603,863
Estimated liabilities incurred	-	-
Estimated liabilities settled	-	-
Estimated liabilities disposed	-	-
Accretion expense	\$610,362	\$589,437
Revisions in estimated costs	(\$1,457,025)	
ARO liability end of year	<u>\$16,346,637</u>	<u>\$17,193,300</u>

7. Deferred Revenue

The continuity of deferred revenue is as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Balance, beginning of the year	60,000	52,900
Add:		
Prepaid rents collected	61,157	60,000
Less:		
Repayments	-	-
Prepaid rents recognized	60,000	52,900
Social Infrastructure Funding	-	-
Balance, end of year	<u><u>61,157</u></u>	<u><u>60,000</u></u>

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position
March 31, 2023

8. Long-Term Debt

Long-term debt is comprised of the following:

	<u>2023</u>	<u>2022</u>
	\$	\$
Mortgages and debentures payable to CMHC with maturity dates ranging from 2023 to 2029, with interest rates ranging from 1.31 percent to 5.89 percent and secured by properties.		
Mortgages payable	3,504,703	4,192,300
Debentures payable	<u>670,645</u>	<u>936,600</u>
	<u>4,175,348</u>	<u>5,128,900</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>
	\$
2024	693,468
2025	546,641
2026	496,032
2027	241,510
2028	178,577
Thereafter	<u>2,019,119</u>
	<u>4,175,348</u>

Interest expense for the year on outstanding mortgages was \$77,438 (2022 - \$68,700) and outstanding debentures was \$42,937 (2022 - \$71,300).

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2023

9. Tangible Capital Assets

	<u>Land</u>	<u>Buildings</u>	<u>Renovations</u>	<u>Equipment</u>	2023 (Restated) <u>Total</u>	2022 (Restated) <u>Total</u>
	\$	\$	\$	\$	\$	\$
Cost, beginning of the year	5,655,700	82,865,816	13,989,300	34,000	102,554,816	90,757,744
Additions	4,371,010	19,485,173	1,321,205	44,660	25,222,048	11,787,400
ARO – change in assumptions and estimate	-	(1,457,025)	-	-	(1,457,025)	-
Disposals / write-downs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-100</u>
Cost, end of year	<u>10,026,710</u>	<u>100,893,964</u>	<u>15,310,505</u>	<u>78,660</u>	<u>126,309,839</u>	<u>102,545,044</u>
Accumulated amortization, beginning of year	-	49,814,717	10,220,200	23,300	60,058,217	57,449,000
Amortization	-	2,201,464	864,967	9,179	3,075,610	2,609,444
Disposals / write-downs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value	<u>10,026,710</u>	<u>48,877,783</u>	<u>4,225,338</u>	<u>46,181</u>	<u>63,133,827</u>	<u>60,058,444</u>

Tangible capital assets represent the Corporation's ownership interest in housing projects constructed or acquired pursuant to partnership agreements. The Corporation's cost is net of amounts provided by CMHC in consideration for an ownership interest in the 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, 2023

10. 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.

11. 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 2023 and 2037.

12. Grants

	<u>2023</u> \$	<u>2022</u> \$
Rent Supplement	15,355,404	9,356,800
Municipal Infrastructure Fund	5,000,000	5,000,000
Affordable Housing Developer Grants	1,061,700	3,977,600
PEI Home Renovations Program	3,843,335	4,474,500
Seniors Home Repair	1,438,608	-
Seniors Safe at Home	711,238	-
Attainable Housing Fund	-	3,000,000
Community Housing Fund	-	3,000,000
Family Housing Authorities	1,279,661	1,365,300
Community Grants	1,623,826	724,400
Salvation Army Home Heating	<u>3,000,000</u>	<u>556,200</u>
	<u>33,331,772</u>	<u>31,454,800</u>

13. Operating Costs

	<u>2023</u> \$	<u>2022</u> \$
Materials, supplies, and services	5,692,572	3,938,100
Renovations	153,540	150,400
Repairs and maintenance	2,032,809	1,588,300
Utilities	<u>2,733,406</u>	<u>2,276,200</u>
	<u>10,652,326</u>	<u>7,953,000</u>

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

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14. 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>
	\$
2024	2,793,117
2025	2,884,507
2026	3,180,369
2027-2028	6,073,714

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:

- 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;
- 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 ten 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. The estimated obligations for the next five years and beyond are:

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position
March 31, 2023

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

<u>Fiscal Year</u>	<u>Amount</u> \$
2024	4,068,100
2025	4,142,500
2026	4,218,300
2027	4,295,600
2028	4,374,500
Thereafter	<u>48,953,100</u>
	<u>70,052,100</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> \$
2024	1,656,800
2025	2,187,300
2026	2,232,600
2027	2,278,800
2028	2,325,900
Thereafter	<u>24,450,100</u>
	<u>36,131,500</u>

e) Capital Additions

During last fiscal year, the Corporation, through the Department of Social Development and Housing, received approval to proceed with capital additions totaling \$67 million over Fiscal Years 2022-2023 to 2026-2027. These additions will provide housing units for families, seniors, and vulnerable populations.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2023

15. 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 \$10,323,937, as indicated by the balances on the statement of Financial Position. Of this amount, \$8,719,755 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.

16. 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.

All purchases are completed by the Province on behalf of the Corporation and expenses are allocated to the Corporation on a consistent basis.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position
March 31, 2023

16. 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 Social Development and Housing to the Corporation for its share of the salary and benefits. The Corporation's share of salaries and benefits is included with materials, supplies and services expense (Note 13), and amounts to \$4,466,287 (2022 - \$3,359,700).

17. 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 6, 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 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.

d) Injury Claim

A resident slipped at a property and was subsequently injured, and the Corporation was identified in the lawsuit. The pending claim will be covered under the Risk Management Fund and therefore there is no exposure for the Corporation.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position

March 31, 2023

18. Future Accounting Standards

Revenue, PS 3400, Purchased Intangibles, PSG-8, and Public private partnerships, PS 3160 are effective for fiscal years beginning on or after April 1, 2023. While early adoption is permitted, all three of the standards must be adopted in the same year. PS 3400 provides guidance on the recognition principles that apply to revenues of governments and government organizations other than government transfers and tax revenue require development. PSG-8 explains the scope of the intangibles that now can be recognized in financial statements. PS 3160, establishing an accounting standard for the recognition, measurement, presentation, and disclosure of public private partnerships. The Corporation has not yet adopted these standards or determined the effect on the financial statements.

19. 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.

20. Amended and statement of the Asset Retirement Obligation

Subsequent to the release of the financial statements on October 16, 2023, management was made aware that there were errors identified in the square footage used to drive the estimated remediation cost relating to the Asset Retirement Obligation (ARO) calculation. Upon further review and revisions to the ARO calculation, this resulted in a reduction of the ARO from \$24,974,551 to \$16,603,863, as of April 1, 2022. Note 2, change in accounting policy related to the ARO and all supporting note disclosures, have been updated accordingly to reflect these revisions.

As a result of the identified errors, the following significant financial statement items as of March 31, 2023, and March 31, 2022, have been increased (decreased) as follows:

Statement of Financial Position Impact – March 31, 2022:

	2022 as reported October 16, 2023	Impact of error	2022 restated January 9, 2024
Liabilities			
Asset retirement obligation	25,861,147	(8,667,847)	17,193,300
Net Debt	44,647,147	(8,667,847)	35,979,300
Non Financial Assets			
Tangible capital assets	43,279,443	(792,843)	42,486,600
Accumulated Surplus (Deficit)	(1,161,604)	7,875,004	6,713,400

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position
March 31, 2023

20. Restatement of Asset Retirement Obligation (continued...)

Statement of Operations and Accumulated Surplus – March 31, 2022:

	2022 as reported October 16, 2023	Impact of error	2022 restated January 9, 2024
Amortization	2,673,375	(63,931)	2,609,444
Accretion expense	886,596	(297,159)	589,437
Total Expenses	<u>45,056,871</u>	<u>(361,091)</u>	<u>44,695,780</u>
Annual Surplus (Deficit)	9,267,029	361,091	9,628,120
Accumulated Deficit, Beginning of year	(10,428,633)	7,513,913	(2,914,720)
Accumulated Deficit, End of year	<u>(1,161,604)</u>	<u>7,875,004</u>	<u>6,713,400</u>

Statement of Financial Position Impact – March 31, 2023:

	2023 as reported October 16, 2023	Impact of error	2023 restated January 9, 2024
Liabilities			
Asset retirement obligation	<u>24,568,246</u>	(8,221,609)	16,346,637
Net Debt	<u>42,322,535</u>	<u>(8,221,609)</u>	<u>34,100,926</u>
Non Financial Assets			
Tangible capital assets	<u>63,191,742</u>	(15,730)	63,176,012
Accumulated Surplus (Deficit)	<u>21,112,892</u>	<u>8,205,879</u>	<u>29,318,771</u>

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Position
March 31, 2023

20. Restatement of Asset Retirement Obligation (continued...)

Statement of Operations and Accumulated Surplus – March 31, 2023:

	2023 as reported October 16, 2023	Impact of error	2023 restated January 9, 2024
Amortization	3,098,777	(23,167)	3,075,610
Accretion expense	918,071	(307,709)	610,362
Total Expenses	<u>50,226,497</u>	<u>(330,875)</u>	<u>49,895,622</u>
Annual Surplus (Deficit)	22,274,496	330,875	22,605,371
Accumulated Deficit, Beginning of year	(1,161,604)	7,875,004	6,713,400
Accumulated Deficit, End of year	<u>21,112,892</u>	<u>8,205,879</u>	<u>29,318,771</u>

Contact Information

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