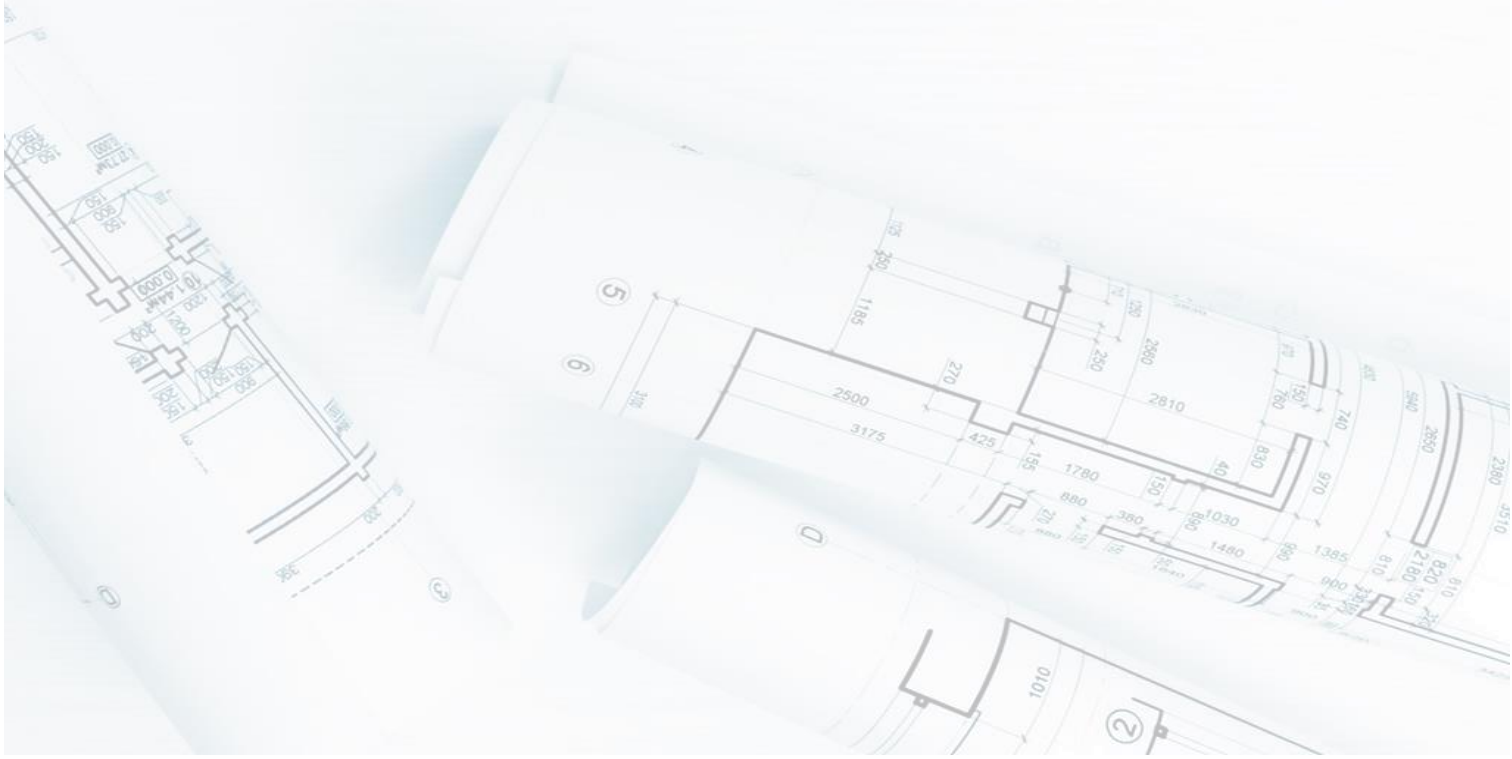
Prince Edward County Affordable Housing Corporation

Business Plan 2025 to 2029



1. Executive Summary

This Business Plan articulates the historical conditions in The County resulting in the formation of the Prince Edward County Affordable Housing Corporation, summarizing its evolution and planning through five years of development. With its designation as a Municipal Services Corporation, it is best poised to substantially meet its mandate through sharper focus and realistic strategies.

This iteration of the business activities for the Corporation articulates its development, the governance, housing needs, guiding principles and values pillars, while updating its strategic directions and financial approach to further the aims to 'increase the stock of affordable housing stock' in Prince Edward County over the next five years.

Having embarked on an evaluation of its governance, core activities and functions in November 2024, this Business Plan represents its tactics and tools, as well as a Work Plan toward achieving its aims, through to 2026.

2. Overview of the Prince Edward County Housing Corporation

Origin and History

In Ontario, 40 municipal service managers facilitate the disbursement of provincial funding for social services (including Ontario Works, Ontario Disability, and childcare programs) and housing (including rent supplements, community (social) and supportive housing and homelessness). Prince Edward County is part of Prince Edward Lennox and Addington Social Services (PELASS) which provides this service manager function. The PELASS Board is made up of six members, three of which are nominated by Prince Edward County Council. Allocations are based on average income and population. The federal government also invests in housing, primarily through provincial/federal programs delivered by the province, or through application-based programs managed by the Canadian Housing and Mortgage Corporation (CMHC). More recently direct funding to municipalities has also occurred from the federal government, but it has primarily gone to Canada's large and medium sized urban centres, with very little funding has been provided to small, rural municipalities like Prince Edward County.

The establishment of the Prince Edward County Affordable Housing Corporation (PECAHC) was a direct result of mounting affordable housing issues in the County and the continued pressure on housing supply to meet local needs. Housing for residents grew as a municipality priority as far back as 2011 and was a key pillar of the municipality's Strategic Plan in 2016. After a task force and housing inventory was conducted, in October 2018 the Prince Edward County municipal Council authorized the establishment of an independent, not-for-profit housing corporation, with the municipality as the sole shareholder. A Board was appointed by Council and started meeting in early 2019.

The Board's early successes included the hiring of the first Executive Director and securing land from the municipality in both Picton and Wellington suitable for affordable housing projects. In 2021 modest funding was secured from the Canada Mortgage and Housing Corporation to support both sites have moved through the various processes of site readiness including demolition, environmental remediation and architectural design as necessary. As neither the Corporation nor the municipality has in-house expertise in building housing, this has necessitated the reliance on external contractors at various stages of housing development (e.g. environmental consulting, cost estimators, architectural design, etc.), which also put pressure on the overall costs in a project proforma.

Unsuccessful funding applications to upper-level governments has hindered the progress of both projects. In part due to these funding challenges, the Board has shifted the strategic direction of the Corporation from a "build" model to a "facilitate" model, recognizing the need for capital funding obtained through partnerships. In 2024 the Board determined that while the initial mandate of the Corporation was on building and operating affordable housing, this vision assumed a revenue stream from upper-level government grants. Given the lack of available grants for housing construction, particularly for small or rural communities over the last several years, this assumption in revenue is no longer practical. *(More on this direction is found later in this Business Plan under Section 3 - Objectives of the Corporation.)*

Early in its creation, the Corporation quickly became the most reliable source of reliable data on housing need in the community, collecting actual market rental costs through regular contact with all landlords in the municipality. The creation of a Tenant Application System was also a project spearheaded by the Corporation in anticipation of the construction of affordable housing. In 2024 the Board transitioned these two functions to the municipality to maintain, in order to maximize the use of this information beyond the Corporation's own projects. It was felt that with the municipality maintaining data collection on rental rates and vacancies, as well as the primary point of interaction for builders creating purpose-built rentals as part of approved planning applications, the collection and sharing of the tenant list to facilitate access to housing in the County for those in most need and who have expressed an interest in affordable housing (regardless of who builds or operates it) could be the most effective approach.

Outside the work of PELASS and the PECAHC, the municipality is also engaged in several municipally led initiatives in housing, particularly in those areas that the Corporation is not involved (e.g. market housing through the development approval process, addressing homelessness with transitional housing and rental housing supports for landlords and tenants). The municipality also creates a Housing Plan (now in its second year) and evidence-based analysis aimed at quantifying the need in the community across the housing continuum and identifying possible solutions that could be undertaken by a variety of interested parties, including the Corporation.

Governance Structure

The Prince Edward County Affordable Housing Corporation was initially incorporated as a single member, non-share capital corporation under the Ontario Corporations Act, established as an independent arm's length corporation under the direction of its own Board of Directors. The Letters Patent which established the Corporation in 2018 and remain today are broad and define the purpose of the Corporation as:

1. To increase the amount of funding available locally for affordable housing development;
2. To provide a vehicle for the transfer of municipal assets, physical or financial, and affordable housing development;
3. To initiate and/or support new affordable housing projects in cooperation with community stakeholders and developers;
4. To ensure high operational standards and protection of affordable housing assets, up to and including and/or operating such assets;
5. To create economies of scale for management, construction and operations of affordable housing assets;
6. To provide effective and transparent governance of affordable housing investments;
7. To develop knowledge and expertise in funding, design, and operation of affordable housing; and
8. To advocate for and educate the community about affordable housing.

In 2023, Council made the Housing Corporation a Municipal Services Corporation (MSC) under Section 203(1) of the Municipal Act via Regulation 599/06, a change from the previous Business Corporation model. This change was done in large part to address the debt pressure the Corporation would place on the municipality's ability to borrow should it undertake future debt (a concern that does not exist with an MSC model).

Board of Directors

As a primary part of its governance structure, the strategic direction and oversight of the workplan (see section 6) and any and all work undertaken by staff and contractors on behalf of the Corporation are to be provided by its Board of Directors. The Board of Directors authority is outlined in the Municipal By-law 21-2023, which identifies composition of between 5 and 11 members and grants the Board authority to appoint its own Directors.

The municipality is the single shareholder of the Municipal Services Corporation and is represented by the Mayor. The Board must provide an annual update to the municipality as the single member, and this can be done through a presentation to Council and/or an Annual General Meeting. The municipality may provide recommendations to the Board of Directors through Council motion but cannot direct the work of the Corporation. Should the municipality wish to exercise greater control over the Corporation or the Board of Directors, this would require a By-Law approved by Council. The Board of Directors may request resources or land from the municipality, but these must be granted with a Council motion.

While the Municipal Service Corporation model does not preclude the Board from having staff paid for and managed by the Corporation itself, the current model for the Housing Corporation includes a Service Level Agreement to have staff provide support to the Board in various functional areas, including but not limited to finance, land use planning, engineering, real estate, communications, and governance. The municipality has put in place the Service Level Agreement in 2023 given the Corporation's current inability to generate revenue to date (from grants or otherwise) to sustain paid staff. The service level agreement commits the use of staff resources across departments to achieve the objectives of the Corporation, under the direction of the CAO.

A Governance Manual for the Board is meant to provide clear and transparent direction to current and future Directors about their role on the Board, and how the Corporation works with municipal staff and Council. The Governance Manual should be reviewed annually by the Board of Directors to ensure the policies, procedures and administrative practices align with the Corporation's mission and direction.

3. Objectives of the Corporation

Addressing the Need for Affordable Housing

The Prince Edward County Affordable Housing Corporation has consistently had one unwavering mission - to increase the supply of affordable housing in Prince Edward County. In particular, past Board members have felt the Corporation was best positioned to address the "affordable rental" portion of the housing continuum of need for housing.

Figure 1. The County Housing Landscape: Range of Prince Edward County's Housing



Based on the County's Housing Plan there is a confirmed need for affordable rental housing in Prince Edward County.

Housing Demand

- Modest overall growth is projected but diversifying households which tend to be smaller mean there is a sustained housing demand
- Aging of the population - whether through existing residents or in-migration - will continue,
- with seniors becoming an ever-increasing share of the population
- The number of smaller and single-person households is increasing as compared to more traditional family structures
- Turnover in-migration is more evident as retirees from outside PEC move into the County but there is also some outflow for those who feel they can't afford to stay in PEC
- This influx and the demand created by pricing 'push' from other market areas is having an impact locally on tightening housing supply and in turn, dramatically increasing housing costs

Housing Supply

- Despite changing household needs, there continues to be an emphasis on historical housing production (i.e. mainly single detached homes)
- There is a minimal amount of purpose-built rental housing being brought on-line while existing rental stock continues to age and gentrification removes units from the housing pool
- There is also a sizable inventory of housing units being rented out that are not traditionally rental in form (e.g., single detached homes) and because they are not purpose-built, they are more susceptible to conversion
- This is compounded by the fact that more units are being used for seasonal and short-term rental accommodations, further shrinking the pool of available rentals and pushing rental prices ever higher
- This means that there is a shortage of housing options, especially for those seeking affordable rental accommodations. The shortage of rental housing was confirmed by the County's rental vacancy study conducted during the summer of 2018 which showed a 0.8% vacancy rate.
- There is also a lack of options in the middle market, those medium density housing alternatives that cater to downsizing seniors and those seeking access to the home ownership market

Housing Affordability

- Affordability is typically defined as where a household spends less than 30% of its gross income on accommodation. In the case of PEC, more than 2,300 households had an

affordability problem in 2016 and about half of these were single person households.
- Overall, 22.8% of all households had an affordability problem in 2016 but on a proportional basis, renter households had more acute issues, as 48.6% had an affordability problem
- As a result of sustained demand and limited supply, house prices have been escalating substantially, pushing some long-time residents out of the market
- Rental costs have also been pushed upward by the rents that seasonal rental and short-term accommodation rental markets can command
- In these conditions, renters are at greater risk, as evidenced by a higher incidence of core need and greater share of households paying 30% or more of income towards housing

Housing Gaps
- Purpose-built rental housing is a clear gap, especially for one-bedroom units, and particularly since it provides greater certainly for tenants as compared with less traditional rental forms (e.g. single-family homes which are rented out)
- Many potential employees are unable to find affordable accommodation in the County, and the lack of such housing is a major constraint on local business growth.
- Downsizing options for seniors are very limited, especially for those requiring affordable options
- Supportive/transitional options for those with special needs are in short supply

Guiding Principles from the 2022 Business Plan

In pursuing its mission, PECAHC has also set out guiding principles to help inform decision-making and the actions the organization plans to take. These include:

- *Move promptly to generate results* - Changes in the local housing system are having real impacts with implications for residents and businesses alike. Housing, by its nature, takes a long time to develop, which adds to the urgency to take prompt and decisive action.

- *Use available housing resources for maximum impact*- There are finite resources in the housing system, especially for promoting affordability, and being judicious with these resources is essential. Making impactful investments helps ensure maximum benefit for allocated dollars.

- *Leverage partnerships to extend impacts*- Likewise, using partnership arrangements to achieve outcomes is also a beneficial way to address issues when resources are limited. Cultivating value-added relationships also helps to build further capacity within the housing system.

- *Avoid duplication of efforts* - There are a number of active stakeholders in the
- local housing system, each pursuing their vision and outcomes. Having an awareness of these efforts and working in a coordinated or collaborative way can help ensure that energy and resources are being applied to issues effectively.

- *Mobilize private sector capital* - In the public and not-for-profit realm, partnering and collaborating with private sector interests has only recently become more common. Harnessing this added pool of capital to support housing outcomes enables opportunities to have a more sustained impact on local housing issues.

These principles were then supplemented by the following Values Pillars in March 2023 when the Board conducted their Strategic Plan:

Community Building:

Internally: Working to ensure community engagement and transparency in relationship building with residents, businesses and partners

Externally: Improve County community well-being through the provision of affordable housing

Equity:

Internally: The Corporation integrates Equity principles in its policy design, administration and business operations.

Externally: The Corporation applies the highest standards to measure its

Quality:

Internally: The Corporation will create an environment of continuous improvement of its staff, administration and operations, promoting capacity building an innovation

Externally: The Corporation reflects its continuous improvement in its operations, communications and engagement outcomes

4. Strategic Direction and Tactics

Strategic Direction

As of 2025, the Corporation has adopted a facilitator model in the creation of affordable rental housing (as opposed to builder), positioning the Board as creative, active player to bring interests together. With the benefit of access to preferred financing as Municipal Service Corporation (MSC), the ownership of serviced land (in both Wellington and Picton) and the ability to leverage in-house resources across various municipal departments, the Corporation will lead public-private partnerships (P3s).

The Board is open to working with developers that are already moving forward with subdivision developments and will incorporate an affordable component into the design, or by structuring deals to create new affordable housing projects with a successful proforma offering things like land, pre-zoning to reduce process uncertainty and time, and securing tax incentive agreements through the Municipal Capital Facilities By-law.

Looking to facilitate partnerships and remove roadblocks to successful affordable rental housing projects, the Corporation will also play a systems advocate role. Board members will look for ways to support the overall climate for affordable housing construction in Prince Edward County by promoting projects for funding from senior levels of government, fundraising for specific projects, building community partnerships, and recommending internal municipal policy or program changes to support affordable housing development.

While the focus is facilitating partnerships to get affordable rental housing built, the Corporation does not reject the possibility of operating housing units in the future. The Corporation could play a potential role of operator, in either acquiring or maintaining an inventory of units. This could include contracting out of property management, as well as be part of a strategy to protect existing affordable housing supply. Any operating role for the Corporation will be determined on a project-by-project basis and must be supported by a strong and detailed business case for the Corporation to ensure the revenue would be adequate to take on this responsibility.

The original mission statement of the Corporation was "to increase the supply of affordable housing in Prince Edward County", updated in 2023 "to build innovative and affordable housing for County residents". In light of the new strategic direction, this statement will be reviewed as a short-term objective for 2025 and communicated to the community and Council.

Financial Approach

The Corporation has access to a repayable construction loan of $5M that acts as a line of credit with the municipality, from a decision of Council in March of 2024 The Board is able to access these funds as draws or in a lump sum and is repayable at a rate of 2.5% per annum, in an interest-only arrangement until construction is completed.

The lack of a revenue stream means that the Corporation needs to consider a financial payback for funds expended in every project it undertakes. This could be through a successful grant application or potential fundraising campaign. It could also be structured into a partnership agreement, whereby the Board's administrative or land preparation costs are recovered through the pro-forma of a project. Land purchased and assembled into a suitable site, or land prepared for development (e.g. environmental assessment or demolition) could also be transferred to a prospective affordable housing developer/operator, in exchange for additional revenue for the Corporation based on the increased value created.

Before moving forward on a partnership, the Board will consider a detailed pro-forma (or business case) for the project, outlining what the Corporation is contributing to the project, what costs are estimated to be incurred and what revenue is intended to offset those costs.

To ensure adequate financial oversight, an annual budget will be presented for Board approval, which will outline the expected revenue and expenditures, prepared by the municipality's Treasurer. An annual audit will also be undertaken by a third party auditor and presented to the Board.

Tactics and Tools

The Corporation will offer partners a variety of tactics and tools to support sustainable pro-formas (business cases) for individual projects. The Board will focus on approaches that have little or no financial impact to the Corporation. While some of the means are entirely at the disposal of the Board to use as they see fit, others will require municipal support from Council. These tools include, but are not limited to the following:

- *Leverage municipal land* - The Corporation has the ability to take ownership of surplus municipal lands, including the two sites the municipality has given the Corporation two sites to date, one in Wellington (the former Duke Dome) on Niles Street, and one in Picton on Disraeli Street. The Board will continue to look to strategically acquire other lands suitable for affordable housing, either owned by the municipality, the result of tax sales, other levels of government or held privately and acquired below market rates or through donations. The Board will work to deliver public value with these land assets through partnerships for redevelopment.

- *Land preparation* - Where the corporation does own land, the priority will be to prepare the land suitable for (re)development. With the benefit of the expertise of staff under the Service Level Agreement with the municipality, boundary adjustments (severances/ lot additions), environmental site assessments (ESA 1) and other similar actions will be taken to provide the most information possible to facilitate a project plan that can move forward swiftly.

- *Land use planning approvals* - Delays in the planning process are a very specific cost in a pro-forma for a project, and a place where the Corporation, in collaboration with the municipality can make a tangible difference. Municipally-initiated zoning changes (pre-

zoning) can reduce uncertainty for a prospective partner or funder and can maximize the value of a site.

- *Capital Facility By-law Agreements* - The Board will promote the use of these agreements with prospective partners and seek minimum 20-year property tax exemptions from the municipality, to reduce long-term costs for a project. Capital facility designating by-laws and agreements have been put in place for both properties owned by the Corporation.

- *Partnership agreements* - The Board will rely on municipal staff through the Service Level Agreement to negotiate joint ventures and public-private partnerships and develop appropriate partnership agreements to consider risk and long-term operations of the units. This may also require real estate purchase and sale agreements as necessary.

- *Future operator of affordable units* - The Board will work with other housing advocates in the region to support the continuation of existing housing stock. Should there be opportunities or the potential need to acquire or manage housing stock as a means of retaining affordable housing units in the local market, the Board will consider these on a project-by-project basis. In such instances, a business case will be required to consider the life-cycle costs of operations, capital maintenance, addressing turn-over of residents to ensure the Corporation will not be in a deficit position.

5. Timelines

This Five-Year Business Plan intentionally overlaps multiple terms of municipal council, emphasizing the independence of the Board to lead the direction of the Corporation.

A strategic plan for the Corporation that explores a ten-year horizon may be something the Board wishes to undertake in the future. This would be a significant undertaking and would require public and stakeholder consultation to be most effective.

Work Planning

The work plan found in Attachment 1 offers greater clarity on the short and medium-term actions to be taken by the Corporation over the next two years so the Board can effectively lead staff and achieve its purpose. The work plan provides a road map for the Corporation that can be communicated to Council, the public and prospective partners, while also ensuring Board and staff alignment on work in the short term to achieve affordable housing outcomes. A two-year time frame aligns with the end of the current term of Council and is designed to keep a focus on concrete actions toward housing outcomes.

The work plan has some annual elements to ensure adequate transparency and good governance. These include:

- Operating budget approval by the Board, with project business cases approved by the Board prior to any partnership agreements being finalized.
- Third-party audit, to meet the requirements of a Municipal Service Corporation, to be coordinated by the municipality.
- Annual General Meeting for greater transparency to the community on the actions of the Corporation
- Annual reporting to Council on key achievements and future objectives

Part of the early steps of the work plan is a focus on improved governance as well as communications and engagement. In the first quarter of the work plan three key deliverables are proposed.

1. A governance manual based on Municipal Service Corporation best practices will provide the necessary clarity in roles and responsibilities between the Board, Council and staff. It will also provide for increased efficiency in Board practices and decision-making.
2. In order to clearly demonstrate progress, key performance indicators for the Corporation will need to be developed by the Board, which can be reported regularly.
3. A communications strategy would then follow to both support potential fundraising and partnership development. This will have both passive (website update/refresh) and active (public and stakeholder engagement) elements, with approach, messaging and tactics aligning with the Five-Year Business Plan.

Attachment 1: Two-Year Workplan

This workplan is intended to provide structure for the Board in guiding staff to achieve the intended outcomes of the Corporation. It is expected this will be reviewed and refreshed on a quarterly basis by the Board.

Year	Quarter	Project/ Priority	Activity
2025	Q1	Wellington (Niles)	Confirm the remediation option by completing the new sampling, monitoring and reporting program at the site.
	Q1	Communication	Develop and implement a communications strategy (including website refresh clarifying roles)
	Q1	Finance	Board to approve 2025 Budget (including revenue strategy)
	Q1	Governance	Establish Governance Manual aimed to support transparent and efficient decision-making
	Q1	Strategy	Engage with PELASS to better understand their role
2025	Q2	Communication	Present to Council Refreshed Direction
	Q2	Partnerships	Engage with interested Developers building subdivisions interested in adding affordable housing
	Q2	Governance	Create Partnership Framework legal template
	Q2	Wellington (Niles)	Complete the process environmental work on site Seek partner for building the site (EOI)
	Q2	Picton (Disraeli)	Complete the design to be tender ready
	Q2	Governance	Review of County policies and programs as intersect AHC and establish policy development plan (Working Group)
2025	Q3	Governance	Begin board recruitment for public members
	Q3	Picton (Disraeli)	Foster Mohawks Bay of Quinte partnership
	Q3	Governance	Create a procedure for land donations
	Q3	Finance	Complete Audit for 2024 and present findings to the Board
	Q3	Partnerships	Engage with landowners/ previous developers interested in working with the Corporation
2025	Q4	Partnerships	Create a Developer toolkit (promotion) with AHC priorities to encourage additional partnerships
	Q4	Finance	Implement a Fundraising Strategy
	Q4	Communications	Hold public Annual General Meeting
2026	Q1	Finance	Board to approve 2026 Budget (including revenue strategy)

Year	Quarter	Project/ Priority	Activity
2026	Q2	Governance	Develop a multi-year strategic plan with community/stakeholder consultation with KPIs
	Q2	Communications	Present to Council 2024 Progress and 2025 Direction
2026	Q3	Finance	Complete Audit for 2025 and present findings to the Board
	Q3	Strategy	Review need for a strategy to protect existing rental housing buildings
2026	Q4	Communications	Hold public Annual General Meeting