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Toronto
Community
Housing

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Subject: **Toronto Community Housing Corporation
2006 Annual Report to the Shareholder**

Purpose

This document and its attachments respond to the requirement set out in the Shareholder Direction between Toronto Community Housing and the City of Toronto as shareholder, to provide an annual report and a copy of its audited financial statements for the previous year.

Toronto Community Housing Corporation

Toronto Community Housing owns and is responsible for managing a portfolio of 58,500 units of housing in over 2000 buildings in 350 developments spread across the City of Toronto. The company has a mandate to provide affordable rental housing for low and moderate-income households providing homes to more than 164, 000 tenants – 6% of the population of the city of Toronto. The 2006 operating budget was \$551 million of which 52 per cent was from tenant and commercial rent and associated revenue, 25 per cent from federal and GTA pooling subsidies and 23 per cent from City of Toronto operating subsidies. Over 56% of revenues are tied up in tax, mortgage and utilities payments, with the remainder invested in managing the communities and buildings that make up Toronto Community Housing.

This is the organization's fifth annual report to the Shareholder. In combination with the attached '2006 Annual Review' and '2006 Audited Financial Statements' it provides the shareholder with highlights of significant achievements of 2006 as the organization moves continues to make progress against its strategic goals.

The Community Management Plan, (2007-2009 update provided to the shareholder earlier in the year) is the organization's three year strategic plan updated annually and provides full details on the strategic initiatives to be undertaken by Toronto Community Housing over the upcoming three year period. This report provides the shareholder with an overview of Toronto Community Housing's progress against achievement of the goals set out in its Community Management Plan for 2006.

Toronto Community Housing and the Shareholder

The corporate relationship between Toronto Community Housing and the City is set out in a Shareholder Direction. The Direction sets out the Shareholder's objectives for the operation of the corporation, principles of operation and reporting requirements. The Shareholder Direction clearly identifies the operating accountabilities of the new corporation, including that the organization will:

- be responsible for the management of its housing portfolio,
- make all policy and operational decisions
- employ its own staff, and
- be held accountable for these decisions through the submission to City Council of an annual update on the organizations 3-year business plan (the Community Management Plan) and through submission of an Annual Report.

The Shareholder Direction sets out specific requirements to be filled through the annual report, including identification of:

- any material variances between the set budget and actuals;
- any variances that may have a financial impact on the shareholder;
- anything that is likely to materially affect tenants views of Toronto Community Housing ;
- any major findings of audits;
- performance of Toronto Community Housing such that the Shareholder can determine that the Shareholder Direction has been respected;
- number of evictions each year, the cost and the rationale.

This report meets the requirements for an annual report as set out in the Shareholder Direction.

Toronto Community Housing 2006 Highlights

Toronto Community Housing's 2006 plan recognized that the organization had been undergoing tremendous amounts of change and that in order to be a sustainable, viable organization it needed to ensure that there was a balance between the strategic initiatives needed to move the organization closer to its vision and the delivery of day-to-day operations. The Community Management Plan brought focus to an increased investment in building the knowledge, skills and competencies to enable both staff and tenants to become involved, engage, communicate and manage independently within a framework that clearly sets out accountabilities and roles. The 2006 Community Management Plan maintained the four strategic focus areas established in 2004 of:

Initiatives identified under each of the strategic focus areas built on the accomplishments to date and carried the organization into 2006, 2007 and 2008. The strength of the plan lay in living up to the organizations' quality commitments, creating and sustaining healthy buildings, healthy communities and a healthy organization.

Highlights of key 2006 achievements under each of the strategic focus areas noted above are outlined below with additional information captured in the attached "2006 Annual Review – Our First 5 Years" (Attachment 1)

Focus on Communities...

Toronto Community Housing moved toward its goal of *engaging communities and tenants, maintaining buildings in a good state of repair, improving service delivery and building the health of communities* through the following key achievements in 2006:

- Engaged tenants and communities in those communities involved in the \$100 million Building Renewal Plan bringing buildings back up to a good state of repair.
- Invested \$1.5 million in accessibility initiatives across the portfolio
- Replaced thousands of old appliances with more efficient ones that reduce energy use.
- Installed thousands of low-flush toilets reducing the amount of water used.
- Engaged tenants in a pilot program reducing the consumption of energy in their homes resulting in the receipt of the City of Toronto's Environmental Award of Excellence.
- Completed energy audits in the scattered houses portfolio.
- Implemented the use of EasyTrac in all direct managed buildings providing tenants with a service number when filing a service request or complaint enabling them to track their request through to completion
- Conducted the second Tenant Survey engaging over 3000 tenants who provided their thoughts on the quality of housing, community safety, community engagement and more.
- Developed the framework for establishing a Seniors Strategy that responds to issues related to building mandates and community services in and around seniors' buildings.

- Engaged tenants and community stakeholders in the development and application of a Community Health Framework to help define a community's health and identify the linkages, supports, resources and opportunities needed to build the health of the community, as well as establishing indicators and baselines with which to measure progress.
- Ran a two-day workshop – 'Get Your Hustle On' attended by over 1000 youth from Toronto Community Housing communities. The workshop helped link youth to job, apprenticeships, education and self-employment opportunities.
- Initiated an evaluation of the Community Safety Plan that will assist in learning from experience and in providing a security planning framework that will provide and communicate standards.
- Developed a framework for its Community Economic Development Strategy examining the organizations' potential to leverage its procurement and employment practices to improve the economic situation of its tenants and communities.
- Undertook anti-racism study circle pilots in a number of communities to assist in bringing staff face-to-face with the issue of racism and in understanding how racism

interplays with economic opportunity, youth issues and other factors of marginalization that many Toronto Community Housing communities face on a daily basis.

- Conducted an evaluation of its Social Investment Fund which sees communities applying for grants for programs that improve the health of communities, results to be implemented 2007.
- Engaged a third party consultant to engage tenants in an evaluation of the organizations' Tenant Participation System.
- Integrated community business planning into the complete planning cycle of the organization ensuring that Community Management Plan consultations and community business planning consultations supported each other. Nearly 8000 stakeholders were engaged in the development of the Community Management Plan 2007-2009 and the supporting community business plans.
- Processed thousands of tenant votes in Toronto Community Housing's second Tenant Elections. There are now 391 Tenant Representatives, of which 23 are youth, representing tenants in each community.
- Administered the tenant decision making process where tenants were once again engaged through the tenant allocation process wherein the determination of \$9 million of Toronto Community Housing's annual capital budget is decided through a participatory budgeting process that puts tenants in the decision making seat.
- Generated significant success on the Reclaiming of Outdoor Public Space' pilots which brought communities out in common spaces together, celebrating their community and 'taking back' the space.

Focus on Organization ...

Toronto Community Housing moved toward its goal of *creating a safe, supportive and dynamic workplace* through the following key achievements in 2006:

- Negotiated and ratified collective agreements with all three unions, the organization's very first Local 416 and Local 79 collective agreements.
- Raised over \$274,000 for the United Way, an increase of 17% over the organizations' 2005 collection.
- Engaged in a discussion with staff on creating a Healthy Workplace through focus groups and a staff survey.
- Established a Supplement Employees Retirement Program providing pension benefits similar to what employees would have received if they had not been required to shift pension plans during the amalgamation process in 2002.
- Partnered with the Carpenter's Union and other community organizations to start a pre-apprenticeship program that gives training and employment to at risk youth.
- Over 120 youth were hired, in partnership with local agencies and contractors, to assist with work being done to improve Toronto Community Housing neighbourhoods.

Focus on City Building....

Toronto Community Housing moved toward its goal of *building and revitalizing its communities* through the following key achievements in 2006:

- Held a ground-breaking ceremony in Rivertowne (formerly Don Mount Court) to start redevelopment that will bring new life to the well-known community.
- Demolition of 418 Units in Phase One of Regent Park.
- Worked with city staff on development opportunities such as the Waterfront and Railway Lands revitalizations.
- Engaged community partners in discussions related to options on underutilized assets such as Collegeview Apartments and Church/Granby.
- Tenants and staff worked together to open and renew community spaces including playgrounds, basketball courts and soccer fields.

Focus on Governance....

Toronto Community Housing moved toward its goal of *a governance structure that provides focused oversight and engaged decision-making, while maintaining the corporations' 'brand'* through the following key achievements in 2006:

- Initiated an evaluation of the governance of Atkinson Co-op, the first Toronto Community Housing social housing building to move to an independent governance model.
- Undertook a review of external social housing governance models and review of community issues to assist in the development of a community governance pilot framework for 2007.
- Supported Board advocacy campaign seeking higher level of government financing of Toronto Community Housing's inherited \$300 millions capital deficit.
- Reviewed current Contract Management agreements to identify issues and options for 2007 contract decisions.
- Conducted a pilot on vendor performance management that engaged front line staff in the assessment of vendor service delivery for input into 2007 recommendations on a global system.

Annual Reporting Requirements – Eviction Statistics and Costs

In addition to reporting on the highlights of 2006 performance, the annual report to the shareholder also provides an overview of eviction statistics and costs for the year.

As the largest social housing provider in Canada, Toronto Community Housing is extremely conscious of its role in providing housing to low and moderate income singles and families. Toronto Community Housing has an Eviction Prevention Policy that it adheres to in order to do its best to work with tenants to ensure that they do not lose their housing for financial reasons. Where evictions do take place due to non-payment of rent it is usually related to progressive rent arrears where rent is not being paid on an ongoing basis and attempts at making payment arrangements with the tenant are not successful. At the same time, as rental revenue is the major portion of the organizations' revenue base, Toronto Community Housing has an obligation to all of its tenants to ensure that all tenants pay their rent on time. Revenue lost through rental arrears has a direct impact on the organizations' ability to spend dollars on its buildings and communities. Its Eviction Prevention Policy tries to balance those two objectives - collection of rent and recognition of a tenant's financial

issues; however, there are still circumstances where eviction as the last step in the process does take place.

The table below outlines the number of Toronto Community Housing households served with legal notice of payment due through to the number of households actually evicted for non-payment of rent. The table includes the estimated cost in effecting those evictions.

Process Step	Stat
Average Number of Households receiving N4 (legal) notices each month	3250
Number of Households that vacate units under notice / from tribunal	142
Number of households that vacated unit under eviction order	26
Number of Households Evicted for arrears	292
Number of Households Evicted for Breach (non-arrears evictions)	17
Total arrears owed by Households evicted	\$556,000
Average arrears per household evicted	\$1,905
Households re-housed by Toronto Community Housing after eviction	54

In 2006, there were 292 evictions related to arrears and 17 evictions related to other grounds for breach of lease under the Tenant Protection Act, 1997 (TPA Breach - in effect in 2006). Of those evicted 54 were re-housed by Toronto Community Housing upon resolution of the arrears/issue. Over the course of the year, in each month on average, 1 in 10 households were in rental arrears (over 6800 households). The total arrears amount for evictions related to rent arrears was \$556,000 or an average of \$1,905 per evicted household. The cost of evictions is estimated at \$172,864 with \$138,700 (\$475/household) related to the direct costs of tribunal and sheriff fees and another \$34,164 (\$117/household) in direct staff costs. For the breach cases (non-arrears), there were additional representation costs of approximately \$18,300.

Evictions for any reason are sought only where other interventions to resolve the situation are unsuccessful.

Annual Reporting Requirements – Identification of Variances

As noted in the attached 2006 Audited Financial Statements, Toronto Community Housing has no financial or material variances for 2006. There are no significant remarks made by the auditors in their review of the Toronto Community housing financial information, or remarks made in the annual letter to management.

Annual Reporting Requirements – Annual General Meeting – Shareholder Proxy

As per the Ontario Business Corporations Act (OBCA), Toronto Community Housing will hold an Annual General Meeting at which the shareholder can formally receive the 2006 Audited Financial Statements and approve any revisions to By-laws that the Board of Directors have passed through the year (Attachment - Revised Financial Control By-law #3). For previous Annual General Meetings, City Council has designated a 'shareholder proxy' to represent their interests at the meeting. Toronto Community Housing is planning an Annual General Meeting for December 14, 2007 but needs confirmation from the

shareholder that a proxy will be designated so that sufficient notice of the meeting can be sent to tenants.

Toronto Community Housing – Five Years in operation

Toronto Community Housing has been guided for the past five years by an ambitious business plan – the Community Management Plan. . Staff, labour, tenants, the board and community partners have worked collaboratively throughout the first five years to achieving common goals and implementing common values. All stakeholders continue to have a very large impact on the strategic directions of the organization and the approaches to implementation of the Community management Plan. Systems of tenant participation are continuously reviewed and improved..

In the coming year the organization will face a number of opportunities and challenges. The biggest challenge is the state of its buildings and Toronto Community Housing has been investing in a good state of repair. Toronto Community Housing has, since 2002 invested more than \$550 million in capital repairs and housing replacement. Over \$250 million of this was borrowed based on available cash flow derived from achieving operating savings. These savings are from reduced energy consumption, more efficient building operations and reduced administrative overhead costs. Programs such as the renewal of 19 communities (Building Renewal Program), replacement of all older energy inefficient appliances and revitalization of Don Mount Court and Regent Park have been enabled by the careful financial stewardship of Toronto Community housing.

Toronto Community Housing and its tenants will continue to appeal to higher levels of government to ensure that the homes and communities of so many are maintained, for those who make this their home now and for those who will in the future. There are much needed repairs to older units and the federal and provincial government financial contributions are necessary to making these repairs.

Looking ahead

Toronto Community Housing will continue to build on its achievements of 2006 working to improve service to tenants and to create and maintain healthy communities through a healthy organization. The focus in 2007 and beyond is on preventative maintenance, more tenant-focused services and the identification and removal of barriers for tenants to participate in community activities and events. There will also be additional education and communication programs on recycling, energy and water use as Toronto Community Housing sets out to become a leader in greening its communities.

Accomplishments over its first five years have improved the organization, its communities and the presence, engagement and trust of its stakeholders. Toronto Community Housing is well aware that the significant number of accomplishments and progress that it has made was made possible as a direct result of the openness, engagement, enthusiasm and willingness to take risks exhibited by all of its key stakeholders. Toronto Community Housing is committed to carrying through and making further progress against its goals and

strategic objectives in the years ahead, continuing to work with its staff, tenants and community stakeholders as it breaks new ground while respecting and learning from what has transpired in the past.

A key for Toronto Community Housing is the growing maintenance and repair deficit. In 2005 the amount required to bridge the needs for reinvestment in the portfolio were determined to be \$232 million. This number is expected to exceed \$300 million by the end of 2007. The repairs and much needed building renewal has a very significant impact on the quality of life for tenants. This is reflected in the poor housing conditions, but likely also is evident in the general well being and sense of attachment individuals have to their communities. Youth living in poor conditions will likely have a greater difficulty in building confidence in the community and civic systems, and will bear an additional challenge to doing well in school because of the conditions in which they live. Repairing buildings is a very urgent matter that has a city-wide impact. Toronto Community Housing, with the assistance of the City has reinvested as much as possible in repair of the housing stock. Without urgent provincial and federal government action, Toronto Community Housing will not be able to address this critical area.

Yours truly,

Derek Ballantyne
Chief Executive Officer
Toronto Community Housing Corporation

Attachments: Resolutions of the Board of Directors
Toronto Community Housing – 2006 Annual Review
Toronto Community Housing - 2006 Audited Financial Statements
Revised Financial Control By-law #3

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