



STAFF REPORT ACTION REQUIRED

Toronto Community Housing Corporation – Annual Shareholder Meeting and 2013 Audited Annual Financial Statements

Date:	June 16, 2014
To:	Executive Committee
From:	City Manager
Wards:	City-wide
Reference Number:	

SUMMARY

This report recommends the actions necessary to comply with the requirements of the Business Corporations Act (Ontario) ("OBCA") for holding an annual shareholder meeting for Toronto Community Housing Corporation ("TCH"), including receipt of the 2013 financial statements and the auditor's report thereon and appointment of the auditor.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council treat the part of the Council meeting when this report is considered as the annual shareholder meeting for Toronto Community Housing Corporation (TCH) and:
 - (a) receive TCH's 2013 Audited Annual Consolidated Financial Statements for the period ending December 31, 2013, and the auditor's report thereon dated April 25, 2014, forming Appendix A to Attachment 1 to this report and forward a copy to the City's Audit Committee for information;
 - (b) reappoint PriceWaterhouseCoopers LLP, Chartered Accountants, as TCH's auditor until the next annual shareholder meeting at the fee provided therefor in the City's agreement with that firm;

2. City Council receive the report of the Deputy City Manager and Chief Financial Officer, dated May 29, 2014 and entitled "Toronto Community Housing Corporation - 2013 Financial Statements", forming Attachment 1 to this report;
3. City Council receive TCH's 2013 Annual Report, forming Attachment 2 to this report, comprising the Letter to the Shareholder and Annual Report from the Corporation's Interim President and Chief Executive Officer dated May 5, 2014 and related attachments.

Financial Impact

TCH's 2013 financial statements indicate net income of \$54.6 million (a decrease of \$5.5 million from 2012), total assets of \$2.970 billion (increase of \$72.3 million from 2012), and total liabilities of \$2.120 billion (increase of \$20.5 million from 2012). Shareholder's equity increased by \$51.8 million in 2013 to \$849.8 million while the value of TCH's housing projects was \$2.470 billion, virtually unchanged from 2012.

The Deputy City Manager and Chief Financial Officer has reviewed TCH's 2013 financial statements and the auditor's report from PriceWaterhouseCoopers LLP thereon and his summary and comments are contained in Attachment 1 to this report.

DECISION HISTORY

An Amended and Restated Shareholder Direction for TCH was adopted by City Council at its meeting held on November 13, 14, 15 and 18, 2013 as Item EX35.5 to remove outdated references, update reporting procedures, increase transparency and improve accountability of TCH. The Shareholder Direction sets out the shareholder's objectives, establishes governance principles for TCH and its subsidiaries and the powers of the Board of Directors, and details the accountability and reporting requirements for TCH to the City.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX35.5>

TCH's previous annual shareholder meeting, at which its 2012 financial statements were considered, was held by City Council at its meeting held on July 16, 17, 18 and 19, 2013 as Item EX33.10.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX33.10>

On April 22, 2014, the Ombudsman issued a report entitled *Unrule(y) Behaviour – An Investigation into Toronto Community Housing Corporation's Human Resources Policies and Practices* based on complaints received on recent practices at TCH. City Council considered the Ombudsman's report, together with a report from the City Manager regarding transition support for TCH, on May 6, 2014 as Item CC51.2.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.CC51.2>

ISSUE BACKGROUND

The OBCA requires that a corporation's annual shareholder meeting be held not later than 15 months after the date of the last preceding annual meeting, which was held by City Council at its meeting held on July 16, 17, 18 and 19, 2013.

The City's Shareholder Direction to TCH requires that it prepare an annual report and audited consolidated financial statements and submit them to Council through the Executive Committee. TCH is required to report annually on the items identified on pages 4-6 of the attached Letter to the Shareholder.

TCH's Board of Directors approved its 2013 annual report and 2013 annual consolidated financial statements at its meeting held on April 25, 2014.

COMMENTS

TCH's annual report highlighting key achievements in 2013 and eviction statistics are contained in the Letter to the Shareholder from TCH's Interim President and Chief Executive Officer and attachments thereto comprising Attachment 2 to this report.

Letter and Annual Report highlights

TCH's Letter to the Shareholder and Annual Report present a number of highlights for 2013, including:

Executive Compensation

TCH has disclosed information in the Letter to the Shareholder concerning executive compensation for senior staff as per request from City Council. TCH has indicated that the compensation information disclosed in the Letter to the Shareholder is required to be disclosed by law under the *Public Sector Salary Disclosure Act, 1996*. TCH has considered the privacy impacts of the disclosure under the *Municipal Freedom of Information and Protection of Privacy Act* and has provided assurances to the City that there is no unauthorized release of personal information protected under the legislation.

Strategic planning

- The Board of Directors approved a three-year strategic plan called *Homeward 2016*.
- Together with the City of Toronto, TCH developed a 10-year capital financing plan to secure \$864 million, or one-third of the \$2.6 billion that Toronto Community Housing will need to invest over the next 10 years to keep its housing in good repair. The plan calls for federal and provincial government investment to each provide one-third of TCH's capital repair bill.

- To advance intergovernmental objectives and seek funding for capital repairs, TCH and the City of Toronto developed the "Close the Housing Gap" advocacy campaign.

TCH capital program

- The development of a mortgage refinancing agreement signed with Infrastructure Ontario in 2013 to generate \$93 million for capital repairs in 2014 and beyond.
- TCH delivered a building capital program of more than \$70 million in 2013. It has budgeted \$128 million in 2014 for an expanded capital program. The company aims to deliver an annual program of \$300 million by 2016, to address the massive spike in repair needs the company will face over the next 10 years.
- Continued work on community revitalization projects in Regent Park, Alexandra Park, Leslie Nymark, Allenbury Gardens, the Railway Lands and Lawrence Heights. TCH also began new development projects at 250 Davenport and Don Summerville. TCH selected partners through competitive bidding processes, securing contributions of more than \$6 million toward jobs, scholarships and training opportunities for residents.
- TCH opened 230 Sackville, a new affordable rental building in Regent Park. Marketing and sales of units began for two market condominium buildings, SQ in Alexandra Park and One Park Place South in Regent Park.

Accountability

- In response to the Ombudsman's recommendations contained in the report *Housing at Risk: An Investigation into the Toronto Community Housing Corporation's Eviction of Seniors on the Basis of Rental Arrears* approved by City Council on June 11, 12 and 13, 2013, TCH established an external advisory committee to make recommendations on the role, job function, qualifications and office structure for an independent Commissioner of Housing Equity, reporting to the Board of Directors. The TCH board hired its first Commissioner of Housing Equity in fall 2013.

Resident outreach and assistance

- In response to the December 2013 ice storm, TCH implemented an *Emergency Response Plan* to address the safety and well-being of residents. The storm left some 50,000 residents without power in buildings across the city. In response, TCH staff provided 24-hour coverage to all buildings without power, knocked on doors to check in with residents, and provided meals, water and other supports.

- TCH launched the *State of Good Repair In Your Unit Program*, which enables residents to request repairs that improve the atmosphere or living condition of the unit.
- TCH developed a Year of the Youth program to help young TCH residents develop skills and confidence. The program led to increased participation in summer recreational and employment programs, financial support for youth-led projects in the community, and the *If I Ruled T.O. Youth Summit* attended by 1,200 young residents from across the city.
- TCH created a *Connected for Success* partnership with Rogers Communications, Compugen and Microsoft Canada which gave rent-geared-to-income households the ability to access to low-cost internet and computers. In the first four months, 500 residents signed up for low-cost internet and another 600 purchased computers.
- TCH staff led meetings at buildings across the city to engage residents on safety issues. Resident-led community safety councils were formed in several communities.
- TCH staff distributed 2,600 backpacks with school supplies to young residents at community events in August and September.

Transition Support for TCH

The TCH Annual Report and Letter to the Shareholder are intended to report on 2013 only, and as such do not address the issues outlined in the April 22, 2014 Ombudsman report entitled *Unrule(y) Behaviour – An Investigation into Toronto Community Housing Corporation's Human Resources Policies and Practices*. The City Manager will report back to Council, through the Executive Committee meeting on August 21, 2014, with an update on staff support provided and other longer term Shareholder issues.

CONTACT

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SIGNATURE

Joseph P. Pennachetti
City Manager

ATTACHMENTS

Attachment 1: Report of the Deputy City Manager and Chief Financial Officer dated May 29, 2014 and entitled “Toronto Community Housing Corporation – 2013 Financial Statements”

Appendix A: 2013 TCH Audited Annual Consolidated Annual
Financial Statements and Auditor’s Report

Attachment 2: Letter dated May 5, 2014 from TCH Interim President and Chief Executive Officer transmitting TCH's 2013 Annual Report, 2013 Audited Financial Statements, 2013 Eviction Statistics, 2013 Tenant Engagement Activities and 2013 Report on Sales of Standalone Properties

Attachment 3: TCH 2013 Annual Report