This report recommends the actions necessary to comply with the requirements of the Ontario Business Corporations Act (OBCA) for holding an Annual General Meeting of the Shareholder of Toronto Community Housing Corporation (TCHC), including receipt of TCHC’s 2014 audited annual consolidated financial statements and appointment of the auditor for TCHC for 2015.

This report also contains a recommendation for consideration at the TCHC Annual General Meeting of the Shareholder related to TCHC Strategic Plan and next steps.

The City Manager recommends that:

1. City Council treat the portion of the Council meeting at which this Report is considered as the Annual General Meeting of the Shareholder for Toronto Community Housing Corporation and:

   a. receive the Letter to the Shareholder and Annual Report from the Toronto Community Housing Corporation's Interim President and Chief Executive Officer dated June 15, 2015 and related attachments, forming Attachment 1 to this report;
b. receive TCHC's 2014 Audited Annual Consolidated Financial Statements for the period ending December 31, 2014, and the auditor's report dated June 1, 2015, forming Attachment 2 to this report; and

c. reappoint PricewaterhouseCoopers LLP, Chartered Accountants, as the auditor for TCHC for fiscal year 2015 at the fee provided in the City's agreement with that firm.

2. City Council approve TCHC’s proposed approach to developing its next Strategic Plan as outlined in the letter from the Interim President and Chief Executive Officer dated May 12, 2015, forming Attachment 1, Appendix D to this report.

3. City Council direct the City Clerk to forward a copy of the "Toronto Community Housing Corporation Consolidated Financial Statements December 31, 2014", forming Attachment 2 to this report, to the Audit Committee for information.

Financial Impact

TCHC’s 2014 financial statements indicate net income of $73.3 million (an increase of $18.7 million over 2013), total assets of $3.069 billion (an increase of $98.7 million over 2013), and total liabilities of $2.141 billion (an increase of $20.8 million over 2013). Shareholder’s equity increased by $77.9 million in 2014 to $927.7 million, and the value of TCHC’s housing projects increased by $56.3 million to $2.527 billion.

The Deputy City Manager & Chief Financial Officer has reviewed TCHC’s 2014 financial statements and agrees with the financial impact information.

DECISION HISTORY

An Amended and Restated Shareholder Direction for TCHC 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 TCHC. The Shareholder Direction sets out the shareholder’s objectives, establishes governance principles for TCHC and its subsidiaries and the powers of the Board of Directors, and details the accountability and reporting requirements for TCHC to the City.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX35.5

TCHC’s previous annual shareholder meeting, at which its 2013 financial statements were considered, was held by City Council at its meeting held on July 8, 2014 as Item EX43.9.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX43.9
On March 31, 2015, City Council approved PricewaterhouseCoopers LLP, Chartered Accountants, as the Auditor for 2015-2019 for the City and certain City Agencies and Corporations, including Toronto Community Housing Corporation.  
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AU1.20

**ISSUE BACKGROUND**

Subsection 154 (1) of the OBCA requires that the Shareholder receive TCHC’s audited annual financial statements and the report of the auditor at the annual meeting of the Shareholder. Subsection 94 (1) requires that the directors of TCHC call an annual meeting of its Shareholder by no later than fifteen months after holding the last preceding annual meeting, which was held by City Council at its meeting of July 8, 2014.

Section 149 (2) of the OBCA requires that TCHC's Shareholder at each annual meeting appoint one or more auditors to hold office until the close of the next annual meeting, and allows the Shareholder to authorize the directors to fix the auditor's remuneration.

The City’s Shareholder Direction to TCHC requires that it prepare an annual report and audited consolidated financial statements and submit them to Council through the Executive Committee. TCHC is required to report annually on the items identified on pages 14 to 18 of the attached Letter to the Shareholder (Attachment 1).

TCHC’s Board of Directors approved its 2014 annual report and 2014 annual consolidated financial statements at its meeting held on June 8, 2015.

**COMMENTS**

1.  **APPOINTMENT OF AUDITOR**

The City’s Auditor General every 5-years conducts a competitive process to select an external auditor. At its meeting on March 31, 2015, City Council approved PricewaterhouseCoopers LLP, Chartered Accountants, as the Auditor for 2015-2019 for the City, certain City Agencies and Corporations, and other programs and funds as set out in AU1.20, including for the TCHC.

As a result, this report recommends that PricewaterhouseCoopers LLP be appointed as the Auditor for the TCHC for the fiscal year 2015 at the fee provided for in the City's agreement with that firm.
2. KEY TORONTO COMMUNITY HOUSING CORPORATION
ACHIEVEMENTS IN 2014

The Letter to the Shareholder from TCHC's Interim President and Chief Executive
Office, including the enclosed 2014 Annual Report, Strong Foundations Build Great
Futures (Attachment 1), highlight key TCHC achievements in 2014, including:

a. TCHC Capital Program

- TCHC delivered a $128 million capital repair program in 2014 including over 500
large-scale capital repair projects in 261 developments across the city – representing
70 per cent of TCHC's portfolio.

- TCHC completed more than 300,000 work orders in response to resident service
requests.

- Through the State of Good Repair: In Your Unit Program, TCHC invested $10.2
million to complete more than 76,000 repairs in over 4,000 units in 27 communities
across the city.

- Finalized a mortgage transaction with Infrastructure Ontario to generate $31 million
for capital repairs in 2014.

- Continued work on community revitalization projects including: broke ground on
Phase 1 of the Alexandra Park project, launched sales for the first market
condominium in Allenbury Gardens, finalized the designs for the first new rental
housing building and market condominiums with input from residents in Lawrence
Heights and broke ground on Phase 3 of the Regent Park project. In the West Don
Lands, in 2014, residents began moving into three new affordable housing buildings.

b. Accountability

- Between 2011 and 2012, the City’s Auditor General issued five reports to the Board
of Directors of TCHC, with a total of 80 recommendations related to procurement
processes. TCHC has implemented 62 of the 80 recommendations, and as of March
25, 2015 is undergoing an assessment by the Auditor General’s Office on the
implementation of the remaining 18 recommendations.

- 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 Rent Arrears, in 2014, TCHC developed and
implemented new policies and processes to meet the 30 Ombudsman
recommendations. In addition, in June and July 2014, over 200 staff and managers
were trained on new policies and processes.
• The Board of Directors of TCHC approved the creation of the Office of the Commissioner of Housing Equity (OCHE), a first in North America, with a mandate to ensure that all TCHC staff and contracted companies fairly and consistently apply all policies and procedures relating to eviction and loss of subsidy for seniors and vulnerable residents. The OCHE became operational on April 1, 2014.

• In 2014, TCHC won the Leadership in Public Procurement Awards from Summit Magazine and the Canadian Public Procurement Council.

c. Resident Outreach and Assistance

• In 2014, TCHC connected approximately 1100 residents with exceptional needs with health, social services and community supports.

• Implemented a Participatory Budgeting Program to engage residents in deciding how capital repairs monies are spent. In 2014, residents worked together to decide how to spend $5 million for capital repair work, including 135 common area upgrade projects. This program will be expanded to $8 million in 2015.

• Continue to support tenant councils made up of elected Tenant Representatives and consulting residents about designing revitalization projects.

• Community safety patrol officers responded 33,000 times with onsite help and conducted 19 community safety audits. TCHC also worked closely with the Toronto Police Service to conduct 740 joint patrols and hold 57 integrated community safety meetings.

• TCHC signed more than 3,000 leases with new tenants.

• In November 2014, hundreds of youth leaders from TCHC neighbourhoods came together for the third annual If I Ruled T.O. Summit sponsored in partnership with the City of Toronto. The summit gave youth the opportunity to engage with city leaders on important issues such as education, jobs and the economy, and police relations.

• An increase in the 2014 capital budget allowed for more accessibility improvements in 25 buildings including common spaces such as lobbies, mail rooms, community rooms, and parking garages.

• A new Tenant Guide was completed by a joint Tenant-Staff Workgroup. The Guide includes information about the rights and responsibilities of tenants, information about common areas, phone numbers, and tips for safety. The Guide was available to residents starting in early 2015.
3. **TCHC'S STRATEGIC PLAN, *Homeward 2016***

TCHC's current Strategic Plan, *Homeward 2016*, ends in 2015. A letter from the TCHC's Interim President and Chief Executive Office outlines a proposed approach for the development of the next strategic plan for TCHC. The letter can be found in Attachment 1 as Appendix D. Specifically, TCHC is proposing to develop 2016 Corporate Goals that build on *Homeward 2016* and will deliver a full four-year strategic plan for 2017 – 2020 to the Board and the City, as the Shareholder, by the end of 2016. TCHC notes that this approach will ensure alignment between the outcome of the many significant reviews and assessments being conducted in 2015 and TCHC's strategic directions.

The development of a Strategic Plan is a requirement of TCHC's Shareholder Direction and approval by the City Council as the Shareholder is required for the proposed approach. As advised by TCHC, the development of a Strategic Plan will meet section 10.1 of the Shareholder Direction related to the development of a Business Plan. Given the reviews underway in 2015 including by the Mayor's Task Force and the City's Service Manager Assessment, the proposed approach is reasonable and appropriate. This report recommends that City Council support TCHC's proposed approach to developing its next Strategic Plan.

4. **SUMMARY – TORONTO COMMUNITY HOUSING CORPORATION 2014 AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**2014 Audited Consolidated Financial Results**

TCHC's consolidated financial statements include the assets, liabilities and results of operations of TCHC, its wholly-owned subsidiaries and proportionate interests of its joint ventures. TCHC subsidiaries and joint ventures include:

**Subsidiaries**
- Don Mount Court Development Corporation
- 2001064 Ontario Inc.
- Access Housing Connections Inc.
- Regent Park Development Corporation (RPDC)
- Toronto Community Housing Enterprises Inc. (TCHE)
- Railway Lands Development Corporation (RLDC)
- Allenbury Gardens Development Corporation (AGDC)
- Regent Park Energy Inc. (RPEI)
- Alexandra Park Development Corporation (APDC)
- Housing Services Inc. (HSI)
- Leslie Nymark Development Corporation

**Joint Ventures**
- Dundas and Parliament Development Corporation (DPDC)
• Parliament and Gerrard Development Corporation (PGDC)
• Library District Inc.
• Allenbury Gardens Revitalization General Partnership (AGRGP)
• Alexandra Park Phase I Partnership (APIP)

Highlights of 2014 financial results

• $73.3 million as net income compared with $54.6 million for 2013
• $927.7 million in shareholder's equity, an increase of $77.9 million over 2013
• $39.3 million contributed to the State of Good Repair Fund, established in 2011 to finance the capital repair needs of existing residential buildings

Balance Sheet

The table below summarizes TCHC's consolidated balance sheet as at December 31, 2014 with comparative figures for 2013.

<table>
<thead>
<tr>
<th>Summary Consolidated Balance Sheet as at December 31</th>
<th>2014</th>
<th>2013</th>
<th>Increase/(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($ million)</td>
<td></td>
<td>%</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>234.4</td>
<td>219.1</td>
<td>15.3</td>
</tr>
<tr>
<td>Receivables and investments</td>
<td>308.0</td>
<td>280.8</td>
<td>27.1</td>
</tr>
<tr>
<td>Housing projects and capital assets</td>
<td>2,526.8</td>
<td>2,470.5</td>
<td>56.3</td>
</tr>
<tr>
<td></td>
<td>3,069.1</td>
<td>2,970.4</td>
<td>98.7</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>237.6</td>
<td>198.0</td>
<td>39.6</td>
</tr>
<tr>
<td>Project financing</td>
<td>1,244.1</td>
<td>1,236.0</td>
<td>8.1</td>
</tr>
<tr>
<td>Debenture loans</td>
<td>15.6</td>
<td>21.7</td>
<td>-6.1</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>644.1</td>
<td>664.8</td>
<td>-20.7</td>
</tr>
<tr>
<td></td>
<td>2,141.4</td>
<td>2,120.6</td>
<td>20.8</td>
</tr>
<tr>
<td>Surplus &amp; share capital</td>
<td>927.7</td>
<td>849.8</td>
<td>77.9</td>
</tr>
<tr>
<td>Total liabilities, surplus and share capital</td>
<td>3,069.1</td>
<td>2,970.4</td>
<td>98.7</td>
</tr>
</tbody>
</table>

Total assets were $3,069.1 million, an increase of $98.7 million (or 3%) compared with the previous year, resulting from:

• $15.3 million increase in current assets
• $27.1 million increase in long-term receivables and investments
• $56.3 million increase in housing projects and capital assets

Total liabilities were $2,141.4 million, an increase of $20.8 million (or 1%) compared with the previous year, resulting from:

• $39.6 million increase in current liabilities
• $8.1 million increase in project financing
• $6.1 million decrease in debenture loans
• $20.7 million decrease in other liabilities

Statement of Operations

The following table summarizes TCHC’s 2014 consolidated statement of operations with comparative figures for 2013.

<table>
<thead>
<tr>
<th>Summary Consolidated Statement of Operations</th>
<th>2014</th>
<th>2013</th>
<th>Increase/(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended December 31</td>
<td>2014</td>
<td>2013</td>
<td>Increase/(Decrease)</td>
</tr>
<tr>
<td></td>
<td>($ million)</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidies</td>
<td>228.8</td>
<td>231.0</td>
<td>-2.2</td>
</tr>
<tr>
<td>Rent</td>
<td>302.7</td>
<td>301.0</td>
<td>1.8</td>
</tr>
<tr>
<td>Amortization of deferred capital contributions</td>
<td>47.2</td>
<td>45.9</td>
<td>1.3</td>
</tr>
<tr>
<td>Parking, laundry and cable fees</td>
<td>16.7</td>
<td>16.8</td>
<td>-0.1</td>
</tr>
<tr>
<td>Investment income</td>
<td>10.4</td>
<td>10.1</td>
<td>0.3</td>
</tr>
<tr>
<td>Joint venture income</td>
<td>35.1</td>
<td>0.6</td>
<td>34.5</td>
</tr>
<tr>
<td>Other revenues</td>
<td>37.4</td>
<td>19.8</td>
<td>17.6</td>
</tr>
<tr>
<td>Total revenues</td>
<td>678.2</td>
<td>625.1</td>
<td>53.1</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating and maintenance</td>
<td>279.0</td>
<td>262.5</td>
<td>16.5</td>
</tr>
<tr>
<td>Municipal taxes</td>
<td>17.4</td>
<td>15.1</td>
<td>2.3</td>
</tr>
<tr>
<td>Depreciation and write downs</td>
<td>138.0</td>
<td>128.9</td>
<td>9.0</td>
</tr>
<tr>
<td>Interest</td>
<td>69.9</td>
<td>66.8</td>
<td>3.1</td>
</tr>
<tr>
<td>Rent supplement program</td>
<td>24.9</td>
<td>25.3</td>
<td>-0.4</td>
</tr>
<tr>
<td>Administration &amp; other</td>
<td>75.9</td>
<td>72.0</td>
<td>3.9</td>
</tr>
<tr>
<td>Total expenses before unrealized losses</td>
<td>604.9</td>
<td>570.5</td>
<td>34.4</td>
</tr>
<tr>
<td>Excess of revenue over expenses before unrealized losses</td>
<td>73.3</td>
<td>54.6</td>
<td>18.7</td>
</tr>
<tr>
<td>Unrealized gain/(losses)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Excess of revenue over expenses for the year</td>
<td>73.3</td>
<td>54.6</td>
<td>18.7</td>
</tr>
</tbody>
</table>

Total revenues in 2014 were $678.2 million, an increase of $53.1 million (or 8%) over the previous year. The major changes were an increase of $34.5 million in income from joint venture operations in Regent Park and the Railway Lands. Other revenues included revenue from the sale of stand-alone units which contributed an additional $17.6 million.

The share of revenues classified by broad categories is presented in Figure 1.
Total expenses in 2014 were $604.9 million, an increase of $34.4 million (or 6%) over the previous year. Higher total expenses resulted largely from an increase of $16.4 million in operating and maintenance expenses and a $9.0 million increase in depreciation and write downs.

The share of expenses classified by broad categories is presented in Figure 2.

![Figure 2: 2014 Expense Shares](image)
The year ended with an excess of revenue over expenses of $73.3 million, an increase of $18.7 million (or 34%) over the prior year.

5. 2014 EXECUTIVE COMPENSATION

TCHC has disclosed information in the Letter to the Shareholder concerning executive compensation for senior staff as per request from City Council. TCHC 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. TCHC 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.

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SIGNATURE

John Livey     Roberto Rossini
Acting City Manager    Deputy City Manager & Chief Financial Officer

ATTACHMENTS
