

REPORT FOR ACTION

Toronto Community Housing



Toronto Community Housing Corporation – Annual General Meeting and 2024 Audited Consolidated Financial Statements

Date: July 2, 2025
To: Executive Committee
From: President and Chief Executive Officer and General Counsel and Corporate Secretary
Wards: All

SUMMARY

This report transmits materials from the Board of Directors of Toronto Community Housing Corporation (TCHC) to the City. Management of TCHC confirms that all financial information was made available to the auditors for the performance of the audit.

This report recommends the actions necessary to comply with the requirements of the Business Corporations Act, for holding the Annual General Meeting of the Shareholder of TCHC, including receipt of its Annual Report and Audited Consolidated Financial Statements (Statements) for 2024.

TCHC's 2024 Statements were audited by KPMG LLP and received an unqualified opinion stating that the financial statements present fairly, in all material respects, the financial position of the TCHC as of December 31, 2024, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

The report also provides information on subsidiaries and joint ventures, individual compensation of executive officers, and additional items as directed by the Shareholder.

RECOMMENDATIONS

The Board of Directors of Toronto Community Housing Corporation recommends that:

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

- a. receiving the Letter to the Shareholder from the Toronto Community Housing Corporation's Chair of the Board of Directors and President and Chief Executive Officer dated April 30, 2025 transmitting the "Toronto Community Housing Corporation 2024 Annual Report: Celebrating Community – Stories Across the City" and "Additional Information" (including Executive Compensation Disclosure), forming Attachment 1 to this Report;
- b. receiving the "Toronto Community Housing Corporation 2024 Audited Consolidated Financial Statements", forming Attachment 2 to this Report; and
- c. acting as shareholder of the corporation dispense with the requirement to appoint an auditor for the current financial year during this annual general meeting pursuant to section 149(2) of the Business Corporations Act.

FINANCIAL IMPACT

Summary of operations for the 2024 fiscal year

In 2024, TCHC developed its five-year strategic plan for 2025-2029. Over the next five years, TCHC aims to provide better services, more housing, and a positive impact on neighborhood. Our tenants are at the center of everything we do.

Between 2022-2024, TCHC transferred 885 units single family homes to other social housing providers. The remaining 246 units will be transferred as scheduled. TCHC owns and operates over 1,300 buildings, including high-rises, mid-rises, low-rises, townhouses, walk-up apartments, single-family homes, and rooming houses. These buildings include more than 43,500 units. TCHC also owns approximately 14,000 units operated by Toronto Seniors Housing Corporation.

The Facilities Management division successfully completed 100% of TCHC's planned capital work in 2024, delivering on the full \$350M capital plan. Some of the highlights are:

- 1,000 projects
- 25,000 work orders

TCHC's Conservation team is making significant progress in fulfilling the commitment to reduce energy consumption by 25% by the end of 2028. The team implemented

numerous programs aimed at improving tenant’s living experience and working conditions for staff.

TCHC’s Development division delivers a multi-year, multi-site revitalization program. Currently, TCHC has four ongoing revitalizations including Regent Park Phases 1, 3 and 4/5, Lawrence Heights Phase 1, Alexandra Park Phase 2, Don Summerville, and three revitalizations in predevelopment including Lawrence Heights Phase 2, Firgrove, and Swansea Mews. In addition to these projects, work also continued on the TCHC new sites portfolio with a report coming to BIFAC and the Board on next steps in Q4 2025. A few highlights of the projects are:

- Regent Park Phase 4 - Staff completed design development and submitted the Site Plan Application for the first Regent Park Phase 4 building, a 272-unit RGI and Affordable rental project. Construction is scheduled to begin in 2025.
- Regent Park Phase 3 - Construction was completed at 175 Oak Street, the last Regent Park Phase 3 building. Occupancy will begin in April 2025.
- Alexandra Park Phase 2 - Construction continued on Alexandra Park Phase 2A (Sites 1 and 2), consisting of two contiguous buildings featuring a 14-storey condominium tower and a 15-storey rental replacement tower with a mixed-use podium and two levels of underground parking; and two blocks of townhouses, with occupancy in Q1 2026.
- Lawrence Heights Phase 1 - Construction was completed on 71 rental replacement units in Phase 1E and 1FA in Lawrence Heights, and tenants began move-ins in August.
- Don Summerville - Construction continued on schedule on the TCHC and Market buildings, both buildings are expected to be completed in 2025.
- Swansea Mews - The Initial Development Proposal was approved by TCHC’s Board for the Swansea Mews community. The IDP outlines key objectives for future development including a preliminary site plan, estimated unit counts, and initial key priorities for redevelopment.
- Tenant Engagement - Across all sites, the Development division had over 4,000 points of direct engagement with tenants who participated in revitalization processes including planning, community development, and economic opportunities.
- Community Economic Development - Over 460 employment, training, scholarship, and business development opportunities were provided to tenants.

2024 Financial Highlights

The 2024 Financial Highlights include a summary of significant assets, liabilities, revenues and expenses and changes in material balances due to/from the City of Toronto or other related parties:

The Statement of Financial Position provides an overview of all resources owned by TCHC, as well as the obligations to stakeholders at the end of the reporting period. Significant assets and liabilities and year-over-year changes are highlighted in Table 1:

ASSETS

Cash	90,885	85,067	5,818	6.8%
Accounts receivable	100,585	118,763	(18,178)	-15.3%
Loans receivable	88,289	74,609	13,680	18.3%
Grants receivable	19,996	22,477	(2,481)	-11.0%
Investments	309,886	264,872	45,014	17.0%
Housing projects acquired or developed	1,807,797	1,756,713	51,084	2.9%
Improvements to housing projects	2,588,356	2,493,164	95,192	3.8%
Other Assets	45,650	47,003	(1,353)	-2.9%
TOTAL ASSETS	5,051,444	4,862,668	188,776	3.9%
LIABILITIES				
Bank loan and bank indebtedness	18,500	110,500	(92,000)	-83.3%
Accounts payable and accrued liabilities	265,998	196,478	69,520	35.4%
Asset Retirement Obligation	476,616	479,525	(2,909)	-0.6%
Deferred revenue	61,076	57,966	3,110	5.4%
Employee benefits	65,851	69,188	(3,337)	-4.8%
Deferred capital contributions	1,671,084	1,508,501	162,583	10.8%
Project financing	1,939,797	1,904,203	35,594	1.9%
Other Liabilities	22,569	19,236	3,333	17.3%
TOTAL LIABILITIES	4,521,491	4,345,597	175,894	4.0%
NET ASSETS	529,953	517,071	12,882	2.5%

Total assets increased by \$188.7M compared to 2023 primarily due to:

- \$5.8M increase in cash: \$85M opening cash balance, \$213M operating activities, \$218M financing activities, offset by \$400M capital outlay and \$25M from investment cash outflow, resulting in a yearend cash balance of \$91M
- \$18.1M decrease in accounts receivable: \$24M reduction in the HST receivable due to timing of collection, offset by \$3.9M increase in rent receivables and \$2.0M in other increases
- \$13.6M increase in loans receivable: \$12.0M increase in land sale recorded for Region Park Block 1 and \$1.6 increase in Don Summerville
- \$2.4M decrease in grants receivable: due to timing of collection
- \$45.0M increase in investments: includes \$9.0M contribution to the sinking fund, \$19.0M of unrealized gains from higher fair market value of investments and \$17.0M in investment income
- \$51.0M increase in housing projects acquired or developed: \$105.8M of construction project additions offset by \$54.8M in depreciation and disposals
- \$95.1M increase in improvements to housing projects: \$324.3M of building capital repair additions offset by a \$229.2M increase of depreciation
- \$1.3M decrease in other assets: \$2.3M net reduction in income from joint ventures, \$1.7M increase in prepaid expenses resulting from the higher prepaid insurance balance, \$0.7M decrease in asset held for sale

Total Liabilities increased by \$175.8M primarily driven by:

- \$92M decrease in bank loan and bank indebtedness: the City advanced 50% of the State of Good Repair ("SOGR") capital funding each quarter to TCHC which reduced TCHC's reliance on the Line of Credit, reducing the interest savings and the repayment of the Line of Credit
- \$69.5M increase in accounts payable and accrued liabilities: \$29.7M advance of Q1 2025 funding received from the City, \$37.3M increase in development, capital, and utilities accruals, and \$2.5M in other increases
- \$2.9M decrease in asset retirement obligation: derecognition of liabilities recognized for three demolished TCHC buildings in 2024
- \$3.1M increase in deferred revenue: includes \$6M of principal and interest subsidy for Regent Park Blocks 16 and 17, offset by \$2.4M recognized as revenues and \$0.5M in other decreases
- \$3.3M decrease in employee benefits: \$3M decrease in Workplace Safety and Insurance Board ("WSIB") liability due to fewer active members and \$0.3M in other decreases
- \$162.5M increase in deferred capital contribution: \$256M increase in funding from capital projects including a \$136M City SOGR grant, a \$88M Canada Mortgage and Housing Corporation ("CMHC") forgivable loan, partially offset by \$93.4M increase in amortizations
- \$35.6M increase in project financing: \$58.3M net new CMHC loans and \$41M new loans from Infrastructure Ontario ("IO"), offset by \$63.7M in repayments
- \$3.3M increase in other liabilities: higher tenant and security deposit received in advance

Net Assets increased due to \$19.4M gain from the investment portfolio, partially offset by the \$6.5M operating accounting deficit in 2024.

Statement of Operations

Statement of Operations summarizes revenues earned and expenditures incurred in providing social housing services. Table 2 illustrates total revenue and expenses as well as year-over-year changes:

Statement of Operations	2024	2023	Change	% Change
Subsidies	342,830	292,277	50,553	17.3%
Rent Revenue	394,850	378,627	16,223	4.3%
Amortization of deferred capital contributions	93,101	86,957	6,144	7.1%
Parking, laundry and cable fees	17,959	17,157	802	4.7%
Investment income	26,108	19,198	6,910	36.0%
Gain on sale of housing projects and other capital assets	22,253	56,500	(34,247)	-60.6%
Safe Restart Program	-	25,022	(25,022)	N/A
Plant and Other	21,166	21,023	143	0.7%
Total Revenue	918,267	896,761	21,506	2.4%
Operating and maintenance	279,466	267,760	11,706	4.4%
Utilities	134,737	141,006	(6,269)	-4.4%
Depreciation	280,692	267,653	13,039	4.9%
Corporate services	83,547	73,620	9,927	13.5%
Other	146,326	150,036	(3,710)	-2.5%
Total Expense	924,768	900,075	24,693	2.7%
Excess of revenue over expenses for the period	(6,501)	(3,314)	(3,187)	96.2%

Total revenue increased by \$21.5M compared to the prior year mainly driven by:

- \$50.5M increase in City operating subsidies: \$40M base subsidy increase and \$10.5M one-time funding increase
- \$16.2M increase in rent revenue:
 - \$15.4M increase in residential revenue resulting from the Rent-Geared-to-Income review and rent-controlled market rent increase following the Ontario Ministry of Housing guidelines' increase in 2024; and
 - \$0.8M increase in recoveries related to commercial hydro
- \$6.1M increase in amortization: recognized as a result of deferred capital contribution
- \$0.8M increase in parking, laundry and cable fees: mainly from higher tenant parking revenues
- \$6.9M increase in investment income: higher return on Canadian equity and US equity
- \$34.2M decrease in gain on sale of housing projects and other capital assets: lower land sale gain of \$22.4M due to higher prior year sales and lower joint venture income of \$11.8M
- \$25.0M decrease in safe restart program: Covid funding was discontinued in 2024

Total expenses increased by \$24.6M:

- \$11.7M increase in operating and maintenance: \$9.3M restoration and containment spend was reclassified to operating expenses resulting from the accounting policy change, \$3.7M labor cost increase primarily resulting from annual increase, offset by \$1.3M in other decreases.
- \$6.3M decrease in utilities: favorable natural gas cost from fewer consumption as result of warmer winter and lower rate
- \$13.0M increase in depreciation expense: higher value of assets in use required to be amortized
- \$9.9M increase in corporate services: \$4.5M increase in labor cost primarily from salary increases to support service delivery, \$2.5M increase in Core and Property Insurance, \$2.9M increase in Software License Fees, Data Communication, Legal, Consulting & other
- \$3.7M decrease in other expenses: \$5.7M lower maintenance costs for Swansea Mews, partially offset by \$2.0M higher cost from increased false fire alarm volumes

Any known or anticipated impacts to the City's Budget or financial position

The known or anticipated impacts to the City's budget of financial position include updates pertaining to funding support, dividend payments, reserve fund contributions or withdrawals, initiatives or capital project delivery (current and future years).

City's Budget - SOGR Capital Repairs

Though affected by the increasing cost escalations, TCHC continued to deliver the annual SOGR program to address the building repairs backlog and strives to meet the Facility Condition Index ("FCI") target.

Financial Position

TCHC used a line of credit to bridge the cash shortfall resulting from the capital repairs programs and operating needs, which reflected the year-end line of credit balance of \$18.5M compared to \$110.5M in 2023. In 2024, the City provided TCHC with a quarterly advance payment which improved TCHC's cash flow.

Any concerns with assets

The implications or concerns to TCHC assets include cash balances and flows, uncollectible receivables, impairment of tangible capital assets, and significant Tangible Capital Asset ("TCA") additions or disposals (current and future years).

Capital Assets Funding (SOG and Development Funding)

- *SOG Capital Funding:* Quarterly reimbursements from CMHC and the City requires TCHC to use the line of credit to fund the capital repairs resulting in higher interest costs. The interest on the line of credit has been reduced as the City has started funding TCHC 50% quarterly in advance and reconcile spend at the end of the year.
- *Development Capital Funding Shortfall:* The City has funded TCHC about \$8M for the 2024 in-flight capital project net shortfalls through interim billings. Actual shortfall was \$9.4M and will be adjusted in 2025.

Investments

To meet the repayment of the bonds due in 2037 of \$250M and 2040 of \$200M, TCHC contributes \$9M to the sinking fund annually and hired an Outsourced Chief Investment Officer in 2025 to manage TCHC's investment in order to meet repayment targets.

Any liability concerns

The implications or concerns to TCHC liabilities include areas where significant estimates have been applied and any loan payment concerns or financial consequences (current and future years).

Results of 2024 Audit

The 2024 Audit Results include the auditor's opinion, significant findings and/or recommendations and plans to address significant findings and/or recommendations. A summary of the key audit findings is outlined below:

- KPMG proposes to issue a clean audit opinion or an unqualified Independent Auditor's Report on the TCHC's consolidated financial statements for the year ended December 31, 2024.
- There were no control deficiencies nor uncorrected misstatements identified.

The future outlook

The future outlook includes any risks, forecasted challenges, impacts of previous/current year commitments on ongoing operations, and how the Corporation's overall outlook may affect the City's budget in 2025 and subsequent years.

Swansea site maintenance costs are expected to continue until demolition permit is approved. The demolition expense as well as the rebuild costs will require the insurer to assess the claim.

The 2023 Ernest & Young (“E&Y”) strategic financial sustainability plan includes the roadmap with financial implications and resources estimation. E&Y’s findings and recommendations included key areas of focus as follows:

- To maintain the current service levels, TCHC requires approx. \$1.9B in additional funding for operating needs and Development Capital projects over the next 10 years.
- At expected funding levels, FCI is projected to worsen post CMHC funding in 2027. Despite the continued investment of \$1.8B in City funding to SOGR projects, the accumulated backlog is anticipated to increase from \$1.7B (or 13.4% of total asset value) in 2024 to \$2.5B by 2034, representing 14.4% of the total replacement value estimated to be \$17.6B by 2034
- Implementation of the efficiency opportunities to address long-term financial precarity resulting for structural challenges, misaligned funding, inflationary pressures, cost increases and an evolving operating environment.
- Recognition that despite the ongoing investment from the City, the limited ability to increase revenues requires ongoing city subsidy support and organization-wide cost optimization measures.
- Continued pressure to address increasing complexity in housing and support needs of the tenants by advancing opportunities which ensure services are delivered effectively, efficiently, compassionately and enable tenants to maintain successful tenancies in health and vibrant communities.

The ongoing dialogue with alternate funders and the City will be required to address the forward outlook along with the need to further efficiencies from within.

DECISION HISTORY

At its meeting of July 24 and 25, 2024, that portion of the City Council meeting where EX16.24 Toronto Community Housing Corporation - Annual General Meeting and 2023 Audited Financial Statements was approved by Council, was considered the previous Annual General Meeting of the Shareholder for Toronto Community Housing Corporation.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX16.24>

On July 11, 2012, City Council approved a requirement that Shareholder Directions for all wholly-owned City corporations be amended to require public disclosure to the extent permitted by law of individual executive compensation as part of the annual reporting to the Shareholder and where required obtain consent from executives.

<https://secure.toronto.ca/council/agenda-item.do?item=2012.EX21.19>

ISSUE BACKGROUND

Subsection 154(1) of the Business Corporations Act, (Ontario) (OBCA) requires that the Shareholder receive the Toronto Community Housing Corporation's (TCHC) audited consolidated financial statements and the Auditor's Report at the annual meeting of the Shareholder. Subsection 94(1) requires that the directors of the TCHC call an annual meeting of its Shareholder by no later than fifteen months after holding the last preceding annual meeting. The last annual meeting was held by City Council on July 19, 2022.

Section 149(2) of the OBCA requires that the TCHC 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 Auditor's fee for the service.

This year, the City's RFP for an external audit agreement for fiscal years 2025-2029 (inclusive) is going to the City's Audit Committee for approval on July 11th and then City Council on July 23-25th. In this report, the City, through an RFP process, chooses an Auditor for itself and all of the consolidated entities (including TCHC). There is a timing issue as this is the same Council cycle as TCHC's AGM.

To get around this issue, the auditor for TCHC will be appointed through the report on the City's RFP for an external audit agreement. This is permitted through Section 148 of the OBCA which states that: In respect of a financial year of a corporation, the corporation is exempt from the requirements of this Part (which encompasses s.149 above) regarding the appointment and duties of an auditor if,

- (a) the corporation is not an offering corporation; and
- (b) all of the shareholders consent in writing to the exemption in respect of that year.

Toronto Community Housing Corporation is not an offering corporation, and the City (as shareholder) will consent via a recommendation in the AGM report to an exemption under s. 149(2) to the requirement to appoint the auditor at the 2025 AGM meeting. The auditor to serve during 2025 will be appointed by the shareholder in the Audit Committee's report on the City's RFP for an external audit agreement.

The City's current Shareholder Direction to TCHC, issued in 2021, requires that it prepare an annual report and audited consolidated financial statements and submit them to City Council. In addition, the Shareholder Direction requires, or Council has directed, that TCHC report annually on a number of other items to Council.

COMMENTS

1. Toronto Community Housing Corporation Achievements in 2024

The Letter to the Shareholder from TCHC's Chair of the Board of Directors and the President and Chief Executive Officer transmits the 2024 Annual Report and Additional Information (Attachment 1), which highlights key Toronto Community Housing Corporation achievements in 2024.

2. Toronto Community Housing Corporation 2024 Audited Consolidated Financial Statements

TCHC's 2024 Audited Consolidated Financial Statements form Attachment 2 of this report.

3. Subsidiaries and Joint Ventures

An overview of TCHC subsidiaries and joint ventures/partnerships is provided in Attachment 1, Additional Information, Appendix C (page 117 of the attachment). Further detail on assets, liabilities, and results of operations of TCHC and its wholly owned subsidiaries, and TCHC's interest in joint ventures and partnerships, is provided in TCHC's 2024 Audited Consolidated Financial Statements in Attachment 2.

4. 2024 Executive Compensation

Toronto Community Housing Corporation has disclosed executive compensation information for senior management as requested by City Council in Attachment 1, Additional Information, Section 3.1.1 (page 108 of the attachment). The compensation paid to the corporation's executive officers is required to be disclosed pursuant to the Province of Ontario's public disclosure of the salary and benefits paid in respect of employment in the public sector under the Public Sector Salary Disclosure Act, 1996.

5. Additional TCHC Reporting Requirements

TCHC is required by its Shareholder Direction and Council decisions to report annually on a number of items. As part of meeting these requirements, Attachment 1 contains information on:

- Tenants First Asset Transfers
- Update on Current Capital and Development Projects
- Update on the Ten-Year Capital Financing Plan
- Communicating with Tenants
- Eviction Prevention Policy and 2024 Eviction Results
- Challenges faced in 2024
- Information on TCHC's subsidiaries.

A summary of additional Shareholder reporting requirements and where they are met can be found in Attachment 1, Additional Information, Appendix A (page 113 of the attachment).

CONTACT

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SIGNATURE

Sean Baird President and Chief Executive Officer, Toronto Community Housing Corporation

Darragh Meagher, General Counsel and Corporate Secretary, Toronto Community Housing Corporation

ATTACHMENTS

Attachment 1: Letter to the Shareholder from the Toronto Community Housing Corporation's Chair of the Board of Directors and President and Chief Executive Officer dated April 30, 2025 transmitting the Toronto Community Housing Corporation 2024 Annual Report, and Additional Information (including Executive Compensations Disclosure).

Attachment 2: Toronto Community Housing Corporation 2024 Consolidated Audited Financial Statements