

July 3, 2007

Mr. Derek Ballantyne
Chief Executive Officer
Toronto Community Housing Corporation
931 Yonge Street,
Toronto, ON.
M4W 2H2

Dear Mr. Ballantyne;

Council of the City of Toronto has provided 2007 budget approval that incorporates your request for additional funding in your letter to Kathleen Blinkhorn dated September 6th, 2006.

The one-time increase to TCHC's 2007 subsidy in the amount of \$ 700,000.00 to address administrative cost deficits incurred in 2006 and expected for 2007 related to the administration of the Rent Supplement Programs will be paid in the next subsidy instalment following our receipt of an executed counterpart to this letter.

The \$ 7,000,000.00 increase to the 2007 subsidy base to address in part the historical decline in rent geared to income revenues will increase each of the 2007 equal monthly subsidy instalments to be paid following our receipt of an executed counterpart to this letter.

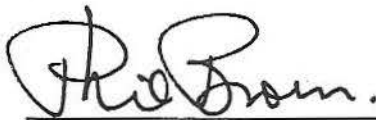
The parties agree that the 2007 Residual Operating Cost Subsidy determined in accordance with paragraph 3.3(d)(ii) of the amendment made effective June 30, 2003 to the Operating Agreement dated May 1, 2002 (as so amended, the "Operating Agreement") shall be increased by \$ 7,000,000.00 and shall be the 2007 Residual Operating Cost Subsidy for the purposes of determining the Residual Operating Cost Subsidy for 2008 and years thereafter.

The parties agree that this letter shall serve as a written amendment to the Operating Agreement.

Please evidence your agreement to the foregoing by executing the enclosed duplicate of this letter in the space provided below and returning the same to the attention of Ms. C. Lawrence at the following address:

15th Floor,
365 Bloor Street East,
Toronto, ON.
M4W 3L4

Sincerely,



Phil Brown
General Manager,
Shelter, Support & Housing Administration
City of Toronto

Accepted the 16th day of July, 2007:



Derek Ballantyne
Chief Executive Officer
Toronto Community Housing Corporation

cc. Kathleen Blinkhorn, Director, Social Housing