



Unit Turnover Consolidation/Tenant Opportunities Initiative – Update

Item 2
February 26, 2010
Finance Committee

To: Finance Committee
From: Chief Executive Officer
Date: February 1, 2010

Report: FC: 2010-09

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PURPOSE:

To provide Finance Committee with an update on the Unit Turnover Consolidation /Tenant Opportunities Initiative.

RECOMMENDATION:

It is recommended that Finance Committee receive the report for information.

REASONS FOR RECOMMENDATION:

The Unit Turnover/Tenant Opportunities Initiative (C2009-02) is an integral piece of Toronto Community Housing's community economic development strategy. The initiative supports tenants to secure meaningful employment through the consolidation of move-out refurbishment to a sole source contractor, who would, as per contractual terms, be required to significantly leverage tenant training and employment opportunities.

The initiative was first introduced as part of an update report on the Values-Based Procurement System in December, 2008. The full Initiative was received and approved for implementation for a term of up to 3 years by the Board at its January 2009 meeting (C2009-02).

Program Benefits

Further to providing employment opportunities for tenants, a secondary outcome of the Tenant Opportunities Initiative is enhancement of Toronto Community Housing's unit turnaround effectiveness and efficiency. A quality turnaround process not only enhances staff capacity to prepare units for occupancy, but reduces:

- the length of time tenants must wait before they are housed; and
- revenue loss from unprepared, unrented accommodations.

As such, Toronto Community Housing's 2009 implementation of the Unit Turnover Consolidation/Tenant Opportunities Initiative also focuses on improving turnaround timelines for vacant units through implementation of an integrated process to address:

- **Inconsistent Turnover Practices** that cause: lack of standardized specifications; variations in unit costs and turnaround times; and inconsistencies in awarding contracts to vendors;
- **Poor Coordination Between Staff**, that has led to: lack of clear responsibility and integrated timelines; vacancy control issues; and slow turnaround times;
- **Historic Disinvestments for In-Suite Refurbishment** resulting in the need for sustained investments that would allow for replacement of energy inefficient fixtures and refurbishment of ageing kitchens, bathrooms and flooring;
- **Inability to Leverage Tenant Community Economic Development** due to use of multiple small vendors involved in various pieces of the turnover process; and
- **Absence of a Signal Automated Application** to integrate roles of various staff, and contractors, as well as date stamp the vacant unit preparation lifecycle.

To address these gaps, an improved Vacant Unit Preparation Business Protocol (Appendix 1) was implemented in all Operating Units in Q2, 2009. Automation of Vacant Unit Preparation through use of the contractor and a computerized scheduling system was piloted in the East area (Operating Units G, H and I) from August, 2009. The Pilot included:

- **Introduction of one sole contractor (the Byng Group), and the development and use of clear protocols** to ensure consistency, as well as uniform specifications and standards for turnover materials (i.e. flooring, paint and hardware);
- **Clarification of staff, vendor and management roles and responsibilities**, defining which teams are accountable for which parts of the process, while incorporating automated tracking tools and systems to monitor vacant unit preparation timelines with a built-in escalations process;
- **Expansion of the use of computerized scheduling, improved training and communications;**
- **Introduction of customized software** for complimentary use of both vacant unit preparation process tracking and measures approval and accountability processes; and

- **Introduction of proprietary Toronto Community Housing materials**, such as plumbing products, tiles and hardware. The products maximize cost savings, as they allow for bulk purchasing and reduced vendor costs; introduce product standardization; and allow an incremental upgrade of portfolio regeneration at a rate of 10%, as well as through annual turnover.

Pilot Learnings

An evaluation of the 2009 Tenant Opportunities Initiative Pilot highlighted the following successes and learnings:

Successes

- **Successful accomplishment of Community Economic Development objectives.** The Byng group exceeded the overall CED requirement.
- **Significant improvements in average turnaround times** for all Operating Units since implementation of the business protocol portfolio wide for move-outs from August, 2009.
- **Considerable decreases in turnaround times** in Operating Units (G, H and I) where processes were automated with the Byng Group, especially during construction and preparation of vacant units.
- **The Pilot achieved its objectives of creating integrated front-line staff teams and systems**, while **introducing procurement standards and automated systems** of monitoring, mapping out of accountability trails and assisting staff in designing appropriate support and training.

Learnings

Tenant Opportunity Initiative

- To maximize community economic development outcomes, **need to support tenant hiring initiatives as early as possible**
- Need to **reinforce and support contractor ownership** of the tenant training program
- It is crucial to **support increased tenant exposure to meaningful employment**

Other Learnings

- The Pilot confirmed that the **integration of various teams, systems and the alignment of accountability structures is the right track** to managing 10% turnover for a portfolio of this size.
- **Need to continue investing in further customization of automation and support for staff** in embracing automation and efficiency.
- **Need to look at turnover expenditures as an asset regeneration capital expenditure** which will have long term gains.
- **The current custom tailored application is not sufficiently addressing the demand for integration**; therefore, further refinements are needed and should be a condition of the contract after the next three months.
- **Staff face challenges in accepting a fast paced automated operational management system.** The Initiative requires the automation and logging of each event within the process. Staff lack of comfort with electronic scheduling tools has led to some delays in meeting timelines. There is a need to address these issues through further staff training.
- **Need to address years of improper specifications and the challenges they present to budget and standards.**
- **Transitioning superintendents from their current role as general contractor to a project management approach** is a major cultural shift that will require fostering of new styles of leadership and skill.
- **Automation is a useful management tool for planning and staff training.**
The Initiative's automated systems assist staff to measure gaps in the program at the macro and micro level.

Next steps:

As a result of Pilot successes, the Unit Turnover Consolidation/Tenant Opportunities Initiative will be implemented in a phased manner with the West Area (16,017 additional units) and Seniors Housing Unit (1,300 additional units) as of March, 2010. As such, in 2010, there will be a 60% increase in units participating in the sole source contractor unit refurbishment program. In 2011, the Byng Group will support move out refurbishment at all Toronto Community Housing communities.

IMPLICATIONS AND RISKS:

The Board of Directors approved a sole source agreement with the Byng Group in

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January 2009. To date the objectives of the program are being met and the program will continue until 2012.

In the 2010 Standard and Poor's credit rating of Toronto Community Housing, it was noted that the risk of operational metrics declining. The average annual vacancy rate for 2008 was 3.0%, up from 2.3% for 2007 and 1.9% in 2006. The 2008 rate was in line with the rest of the GTA. As of April of 2009, the overall vacancy rate for the Toronto census metropolitan area (CMA) was 2.4% (2.8% a year earlier). Toronto Community Housing's vacancy rate did improve in 2009 to 2.5% as a result of this consolidated program. Continued attention to implement the program throughout the portfolio will achieve improved results.

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Attachment: 1: Unit Turnaround Pilot Process

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