



2009 Performance Review

Item 2
March 25, 2010

BOARD OF DIRECTORS

To: Board of Directors

Report: TCHC:2010-32

From: Chief Executive Officer

Date: March 15, 2010

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PURPOSE:

To provide the Board of Directors with the 2009 year-end review with respect to the 2009 Community Management Plan objectives.

RECOMMENDATION:

That the Board of Directors receive this report for information.

REASONS FOR RECOMMENDATION:

The mandate for the Board, as established under the Social Housing Reform Act (SHRA), includes the review of quarterly and annual performance information on goals and targets set out in the strategic plan - - Community Management Plan. The 2009 Performance Review is an annual review that brings together the key performance area results within the Community Management Plan priorities. Staff have been working on a new performance reporting system which will take effect for the 2010 reporting year and CMP 2010-2012.

An Executive Summary of 2009 results by strategic priority area is presented below.

MAINTAINING AND SUSTAINING ASSETS

1. Strategically invest to improve state of repair.

- Total spending on capital repairs was \$174.4 million, a 42% increase in capital repairs and improvements from 2008 expenditures of \$122.6 million.
- Introduced a \$1M curb appeal program to enhance the esthetic appearance of buildings. Nine communities benefitted from landscaping, lighting, lobby upgrades, plantings and various other external improvements.
- 2009 spending on the Unit Refurbishment Program (URP) was about \$60 million. Program expenditure since inception in 2007 totaled \$109.2 million covering more than 11,000 units. Spending to date has now exceeded the \$100 million URP budget commitment.

- As a result of the investments, the state of portfolio repair indicated by the Facilities Condition Index (FCI) is an average 8.4% portfolio-wide and 12.1% for current and potential revitalization sites. Our 10-year target for state of repair is an FCI rating of 12.1% portfolio-wide and 20% in revitalization sites.
- Housing Works approved by the Board in 2008 moved into its first full year of implementation setting the stage for long-term systematic priority based capital repair programs.

2. *Make investments to reduce operating costs and increase long term sustainability.*

- There was a 3.34% combined reduction in energy consumption compared to 2008, with CO2 emissions cut by 2.55% for the fourth straight year of improvement.
- Savings from the Green and Smart Building Investments were 3.93%, exceeding the target of 1.5%.
- The Building Energy Retrofit Program (BERP) delivered \$4.1 million in energy savings that would put us on track for a 20-year payback. However, as BERP work has received stimulus funding, we have effectively achieved payback through government advocacy and education about the economic and environmental benefits of social housing going green.
- All new construction is designed to achieve a 40% energy savings measured against the average building based on the Model National Energy Code for Buildings.

3. *Increase supply of affordable housing.*

- Regent Park, Phase 1 and off-site replacements units were in full production:
 - The first tenants moved back into new buildings in Regent Park in Spring 2009. Over 150 tenants moved into the new buildings located at 501 Adelaide Street East, 246 Sackville & Cole Streets and 252 Sackville, including 134 tenants who moved back in and 22 market unit tenants.
 - A total of 404 of the 599 replacement units were completed as planned with 85 units at 60 Richmond and 110 units at 92 Carlton expected to be completed in the first quarter of 2010.
 - Since the launch of One Cole in May 2009, 287 of 292 market condominium units had been sold by the end of 2009. As of the date of writing this report, 100% of condominium units at One Cole have been sold.
 - Regent Park's second condominium, One Park West, broke ground together with all Phase 1 townhouses.
- Revitalization initiatives moved forward at the following properties, in addition to Phase 1 of Regent Park:
 - Lawrence Heights with staff engaging City of Toronto Planning staff regarding project plans and approvals, and acquiring 247 Ranee, a strategic acquisition allowing for a potential quick start to construction with minimal disruption to tenants;
 - Regent Park Phase 2 is now underway with an estimated cost of \$100 million to replace rental housing units;

- Alexandra Park with staff engaging with the community, planning staff and other stakeholders to develop a master plan for development;
- The Don Mount Court (now Rivertowne) Phase 2 construction of 60 units is underway with expected completion of all housing units in 2010.
- Other Revitalization sites identified in the Housing Works Plan were subject to a Request for Proposal process commenced in 2009 and concluding in the first quarter of 2010.
- New building initiatives moved forward at the following properties:
 - the Railway Lands with the commencement of a 422 unit affordable housing rental building;
 - West Don Lands with planning and design for 243 affordable housing units in one mid rise building designed for seniors and two low rise buildings;
 - 717 Broadview where construction of a 69 unit seniors' building is in progress; and
 - 42 Hubbard a full retrofit of existing building with 27 units

INVESTING IN COMMUNITIES AND TENANTS

1. *Increase opportunities for tenants to engage and influence decisions that affect them.*
 - In October 2009, over 1,000 tenants, staff and community members participated in ten group sessions to generate ideas for the 2010-2012 Community Management Plan. The results will be made available in April 2010.
 - Implemented a new Tenant Engagement System.
 - 14,500 tenants, representing 31% of eligible voters, cast their votes in 189 polls across the Toronto Community Housing portfolio.
 - 416 Tenant Representatives received a new three-year mandate – 244 tenant representatives were elected and 131 positions were filled by acclamation.
 - Development of a Community Animation Model for green plan initiatives.
2. *Increase social inclusion of marginalized groups.*
 - Successful Tenant Representative Elections highlighted by an unprecedented level of participation, including contested elections for just under 60% of the positions, a new record, with 14,500 tenants involved in voting for new Tenant Representatives.
 - Nine Operating Units have 16 youth Tenant Representatives.
 - Youth with the support of staff formed a Youth Engagement Reference Committee to outline the parameters for the 2010 Youth Tenant Representative elections.
 - Formation of new senior tenant councils, to give seniors an increased say in decisions that affect them.
 - Social Investment Funds allocated towards a number of activities that engaged tenants and agencies.
 - Started mental health pilots in two buildings.

- Issue based groups identified: food action, poverty reduction, social justice, and civic engagement.
3. *Establish service approaches dedicated to youth and seniors.*
- Economic opportunities for youth were advanced through the engagement of 30 youth in the west end in a pilot program for sustainable livelihoods, the creation of 13 internship opportunities, and the creation of a 20 person Youth Ambassadors network.
 - Connected youth to initiatives such as Curb Appeal, Building Energy Retrofits, Reclaiming Outdoor Space and Summer Safety.
 - Tenant Service Co-ordinators began visiting seniors buildings to connect with tenants and improve access to administrative services and support.
 - Standardized communication protocols for seniors, including 14-point font and recognizable header for all seniors communications.
 - Completed research partnership with Ryerson to study the aging at home model for Toronto Community Housing senior buildings.
4. *Improve community safety.*
- Violent crimes totalled 301 for 2009 versus 309 in 2008, representing a 2.6% decrease.
 - Closed Circuit Television Surveillance Policy adopted by the Board.
 - Community Standards adopted by the Board.
 - 32 Reclaiming Outdoor Space initiatives completed.
 - Initiated four community safety prototypes that targeted youth, seniors, anti-social behaviour and enhanced support to communities experiencing higher levels of illegal acts or disruptive behaviours.
 - Trained and certified more than 20 youth to conduct CPTED audits of Toronto Community Housing communities.
 - Developed a community risk assessment tool that was used for summer readiness and reclaiming outdoor space initiatives.
 - Introduced Friday night cafes to encourage safety through neighbourliness and sharing food and conversation.
 - Expanded meet and greet sessions to build trust and building relations between tenants, staff and community agencies to one another.
5. *Support job creation and improve economic outcomes for tenants.*
- Tenant Employment programs resulted in 211 tenants being hired through contractors.
 - The 2009 CHOICE pre-apprenticeship carpentry program concluded with 18 participants graduating, 12 of which were Toronto Community Housing residents.
 - The Youth Internship program resulted in 30 Toronto Community Housing student interns placed in positions of law clerks, make-up artists, and library assistants.
 - The contractor employment, apprenticeship preparation and internship programs have reached the stage where significant impact may be seen in reducing the

proportion of households that rely on social assistance only as sources of income.

- Creation of a Social Enterprise Unit.

QUALITY HOUSING SERVICES

1. Clean and well maintained buildings.

- Faster resolution of Municipal Licensing and Standards (MLS) work orders, with percentage of order resolved within 60 days at 92% in 2009 Q4, up from 51% in Q1.
- The number of MLS work orders is down from close to 200 at the end of 2008 to fewer than 100 at the end of 2009.
- Significant headway was made in 25% of the portfolio with a pilot program that pulled together an integrated approach to vacancy management involving scheduled unit inspections, preparations for rentals, materials inventory management, costing and unit refurbishment. The program reduced vacant unit turnaround time in pilot area to 47 days from previous 87 days, getting tenants into housing faster, creating four tenant jobs and increasing rental revenues by almost \$900,000.
- Universal use of EasyTrac and Response Centre adapted for all sites including contracted properties, ensuring equal access to recording and tracking maintenance and other issues.
- Introduction of new environmental cleaning products.
- Replaced common space carpeting with seamless hard surface floors for enhanced appearances and improved cleanliness in 12 buildings.

2. Create a culture of customer service.

- Call Center performance has improved in terms of response time, abandonment rates and live answers throughout 2009.
 - First call resolutions, improved from 66% at the beginning of the year to 75% at the end. The industry standard is 70%.
 - Live answered calls less than 2 minutes improved over the year from 29% to 59%.
 - Abandoned calls improved over the year from 32% to 14%.
 - Live answered calls improved over the year from 68% to 86%.
- 59% of all work orders were completed within the five-day turnaround standard. 54% and 61% were closed within five days on a quarterly basis through 2009. Our target is 80% completion within 5 days for routine maintenance. This requires improved results for 2010.
- Initiated an external review of the implementation of eviction prevention processes.
- Trained all operations staff in the first phase roll out into areas of customer service, successful tenancies and mental health.

- Evaluated Customer Service Facilitator position and made changes to standardized processes.
- Trained 55 contract management staff on standardized processes and expectations.
- Contact Centre staff trained to enable agents to successfully resolve enquiries on their first call.
- Easytrac enhanced to provide better management reports for improved oversight.
- Completed a tenant survey with results indicating improvements from previous surveyed period ranging from 2 – 12% increases in satisfaction.
- Organizational changes made to improve front-line delivered services and management oversight capacity.
- Reorganization of 27 community housing units into 13 operating units. Creation of new Seniors Housing Unit.
- Fully accessible Operating Unit offices constructed and retrofitted.

STRONG BUSINESS AND OPERATIONAL PERFORMANCE

1. Sound financial management.

- Standard & Poor's credit rating maintained at AA-.
- Implemented process to invest and manage various capital grants from governments.
- Developed corporate financing model for capital investment (repairs, redevelopment and new affordable housing).
- Restructured investment portfolio to achieve \$200m target by 2015.
- Completed Internal Financial Controls review with 2010 workplan to address weaknesses.
- 2009 Operations Statement with variance analysis is shown in Appendix "A".
- Overall Net Operating Income was 14% (\$12.4 million) below budget primarily due to the implementation in 2009 of new City of Toronto charges of \$7.3 million (unbudgeted) for waste pick-up and \$4.8m lower interest income than budgeted.
- Despite lower cash flow from operations for investment, overall capital investment at \$174.4 million was at an all time high as a result of capital grants from the City and federal/provincial SHRRP funding.

2. Revenue improvement.

- Although rent revenues did not meet budgeted targets, vacancy rates improved resulting in \$900,000 in additional rental revenues.
- Market unit vacancy rates were reduced from an average of 5.42% in 2008 to 4.91% in 2009.
- RGI vacancy rates were reduced from an average of 2.77% in 2008 to 2.31% in 2009.

- Non-rental revenue was 9.1% lower than budget mainly due to lower interest revenue against budget. Interest rates in 2009 and the amount available for investment were lower than budget.
 - Non-rental revenue excluding interest income were higher by 6.6% (\$1.6m) with increases from all areas of commercial operations.
3. *Effective risk management.*
- Initiated Enterprise Risk Management System solution review with 2010 implementation.
 - New Compliance and Ethics Unit created to audit internal controls and organizational risks.
 - We are invested in Safe T Element technology for replacement stoves and in new developments to reduce the frequency of and losses due to cooking fires.
 - Created an issues management framework to assist with staff coordination and early identification.

EFFECTIVE ORGANIZATION

1. *Ensure effective governance.*
- The Board formed the Corporate Governance Committee to review the Board's corporate governance structure to conform to best practices.
 - Two board corporate workshops were convened in Oct 09 and Jan 10 that resulted in comprehensive corporate governance reforms for implementation in 2010.
 - A Nominations Committee was struck to renew HSI and Housing Connection boards. Candidate interviews were held with new subsidiary boards appointed effective April 1, 2010.
2. *Diversify the workforce.*
- Toronto Community Housing workforce representation exceeds the CMA demographic representation for racialized persons by 4%, persons with disabilities by 8% and aboriginal peoples by 5.5%.
3. *Management, staff, and labour representatives jointly promote conditions to support good workplace; and reaffirm and promote the importance of a respectful, harassment-free, fair and open workplace.*
- Workforce Health and Productivity was evaluated at 59 versus the target of 60 to 100. This is in the mid-range of all organizations who participated in the Towers Watson Bi-annual Staying at Work Survey. Criteria measured included an organization's communications practices, incentives, and support for health and productivity initiatives. Towers Watson rated Toronto Community Housing's performance as strong relative to other participants in the study.
 - Staff turnover at 1% is within the targeted 1% to 2% range.

- Toronto Community Housing was again recognized as one of the Top 100 Canadian employers for 2010.
 - Toronto Community Housing ranked high in four of six categories used to assess the top Canadian Employers: Prevention Health Care, Return to Work, Empowerment to Lead, and Communication.
 - Development of a protocol on how to respond to acts of promotion of hate in communities.
 - Tenant Human Rights Ambassador Program in place.
 - Relationships with our unions remain strong and positive and resulting in the successful negotiation of new collective agreements with CUPE Local 416 and OPSEU Local 529, In addition a new building cleaner apprenticeship program was successfully negotiated with CUPE Local 416.
 - Recommendations from our employment systems review in 2009 to improve our effectiveness for outreach and recruitment was implemented.
 - The amount raised for the United Way was a record amount at \$375,000, up from \$306,316 for 2008.
4. *Develop our internal capacity to effectively implement the CMP and to grow and sustain ourselves as an organization over the long-term.*
- Five new leadership competencies which will serve as the foundation for recruitment, leadership assessment, leadership development and succession management. We have defined the associated behaviours and performance indicators for these competencies for all non-union staff with unionized staff to follow pending union consultation.
 - The recruitment of a new Chief Administrative Officer responsible for renewing the organization's strategic planning work and, over time, taking charge of human resources to better integrate organizational development into the organization's overall strategic efforts to place.
 - Developed a new Partnership Framework.
5. *Create comprehensive succession strategies and programs that will build in-house capacity and assist in the recruitment and retention of qualified staff.*
- Completed comprehensive succession strategy for the organization and started work on specialized training programs for potential future leaders.
 - The succession plan has been approved by the Organization Committee of the Board and goes to the full Board of Directors on March 25.
6. *Strengthen evidenced-based decision making.*
- The creation of a new, more focused, more strategic performance reporting mechanism featuring clear targets and measurable results.
 - Staff training to improve staff capacity to better integrate measurable goal setting and evaluation as a part of all initiatives and projects.
7. *Build communications capacity within the organization and improve communications with tenants.*

- Developing and implementing an integrated strategic communications program to tell the Toronto Community Housing story to our key audiences.
- Restructured Public Affairs to put a greater focus on communicating with tenants, including the creation of a new tenant communications team to lead the work. Priorities.
- Created a plan for a new internal communications team within Public Affairs to improve communications with employees by building capacity and developing new tools and approaches like making better use of digital communications and social media.
- Developed a new tenant newsletter to share information with tenants, showcase the achievements of tenants and create opportunities for two-way communication between Toronto Community Housing and tenants. The newsletter is available in multiple languages.

IMPLICATIONS AND RISKS:

Steady progress has been made in all areas of the Community Management Plan in 2009. Underachieving key targets in Business and Operational Performance requires more attention in order to improve the result. The negative budget implications put further achievements in other areas at risk. These are key focus areas for improvement in 2010 that are being addressed now by senior management through:

- Greater diligence and financial controls in operations and manageable costs;
- Comprehensive and integrated vacancy management inspections, unit preparations and leasing process to reduce turnaround time and vacancy losses;
- Better budgeting process and controls with monthly reviews of actual versus budgeted revenue and expenses;
- Quarterly internal financial statement reporting; and
- Implementing an integrated strategic communications program to tell the Toronto community Housing story to our key audiences.

Keiko Nakamura
Chief Executive Officer

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Appendix: A. Financial Statement for 12 months ended December 31, 2009

Appendix A

TCHC Operations Statement for the twelve months ended December 31, 2009

| | Annual Budget | YTD Budget | YTD Actual | YTD Variance (Un-Favourable) | |
|--|--------------------|--------------------|--------------------|------------------------------|---------------|
| REVENUES - Housing Operations | | | | \$ | % |
| RGI Rent Revenue | 214,834,000 | 214,834,000 | 214,114,105 | (719,895) | (0.3) |
| Market Rental Revenue | 53,283,000 | 53,283,000 | 51,757,717 | (1,525,283) | (2.9) |
| Non-Rental Revenue | 35,190,000 | 35,190,000 | 32,004,233 | (3,185,767) | (9.1) |
| Bad Debt Allowance | (2,402,000) | (2,402,000) | (2,987,881) | (585,881) | (24.4) |
| Total Housing Operations | 300,905,000 | 300,905,000 | 294,888,174 | (6,016,826) | (2.0) |
| Housing Program Subsidies | 277,814,400 | 277,814,400 | 270,611,511 | (7,202,889) | (2.6) |
| Total Housing Operations Revenue | 578,719,400 | 578,719,400 | 565,499,685 | (13,219,715) | (2.3) |
| Access Housing Connections Subsidies | 33,458,000 | 33,458,000 | 33,802,764 | 344,764 | 1.0 |
| TOTAL REVENUES | 612,177,400 | 612,177,400 | 599,302,449 | (12,874,951) | (2.1) |
| EXPENDITURES - Housing Operations | | | | | |
| Manageable Cost | | | | | |
| Building Operations & Maintenance | 87,335,000 | 87,335,000 | 90,967,175 | (3,632,175) | (4.2) |
| Tenancy Management | 24,832,000 | 24,832,000 | 25,667,230 | (835,230) | (3.4) |
| Community Support Services | 9,890,000 | 9,890,000 | 10,023,966 | (133,966) | (1.4) |
| Community Safety Services | 11,587,000 | 11,587,000 | 11,631,295 | (44,295) | (0.4) |
| Corporate Services | 19,001,000 | 19,001,000 | 18,754,240 | 246,760 | 1.3 |
| Total Manageable Cost | 152,645,000 | 152,645,000 | 157,043,906 | (4,398,906) | (2.9) |
| Other Cost | | | | | |
| Utilities | 116,328,000 | 116,328,000 | 112,447,442 | 3,880,558 | 3.3 |
| Waste Pickup | | | 7,257,248 | (7,257,248) | |
| Property Taxes | 114,568,000 | 114,568,000 | 107,826,085 | 6,741,915 | 5.9 |
| Mortgage & Head Lease payments | 92,758,000 | 92,758,000 | 92,269,203 | 488,797 | 0.5 |
| Corporate Debt Service | 8,340,000 | 8,340,000 | 5,984,555 | 2,355,445 | 28.2 |
| Commercial Operations | 3,708,000 | 3,708,000 | 3,382,147 | 325,853 | 8.8 |
| Insurance | 3,310,000 | 3,310,000 | 4,425,119 | (1,115,119) | (33.7) |
| Total Other Housing Operations Cost | 339,012,000 | 339,012,000 | 333,591,799 | 5,420,201 | 1.6 |
| Total Housing Operations Cost | 491,657,000 | 491,657,000 | 490,635,705 | 1,021,295 | 0.2 |
| Access Housing Connections (AHC) | | | | | |
| Wait List Management & Administration | 5,264,000 | 5,264,000 | 5,077,803 | 186,197 | 3.5 |
| Landlord Payments & Housing Allowance | 28,194,000 | 28,194,000 | 28,905,174 | (711,174) | (2.5) |
| Total Access Housing Connections | 33,458,000 | 33,458,000 | 33,982,977 | (524,977) | (1.6) |
| TOTAL OPERATING EXPENDITURES | 525,115,000 | 525,115,000 | 524,618,682 | 496,318 | 0.1 |
| NET OPERATING CASHFLOW | 87,062,400 | 87,062,400 | 74,683,767 | (12,378,633) | (14.2) |

TCHC Operations Sources & Application of funds for the twelve months ended December 31, 2009

| | Annual Budget | YTD Budget | YTD Actual | YTD Variance (Un-Favourable) | |
|---|--------------------|--------------------|--------------------|------------------------------|---------------|
| | | | | \$ | % |
| INVESTMENT | | | | | |
| <u>Housing Operations Capital Program</u> | | | | | |
| Building Repair Capital Program (& contingency) | 55,356,000 | 55,356,000 | 47,064,723 | 8,291,277 | 15.0 |
| Components Replacement | 5,850,000 | 5,850,000 | 6,464,703 | (614,703) | (10.5) |
| Unit Refurbishment Program | 59,069,000 | 59,069,000 | 59,861,764 | (792,764) | (1.3) |
| Community Based Capital Program | 16,500,000 | 16,500,000 | 14,261,990 | 2,238,010 | 13.6 |
| Building Renewal Program | 29,515,000 | 29,515,000 | 17,943,720 | 11,571,280 | 39.2 |
| Building Energy Retrofit Program | 18,864,000 | 18,864,000 | 13,482,201 | 5,381,799 | 28.5 |
| Tower Renewal | 3,500,000 | 3,500,000 | 880,028 | 2,619,972 | 74.9 |
| Other Energy Programs | 8,583,000 | 8,583,000 | 6,199,805 | 2,383,195 | 27.8 |
| Appliance Program | 500,000 | 500,000 | 98,636 | 401,364 | 80.3 |
| Corporate (Commercial, Green, Accessibility) | 9,276,000 | 9,276,000 | 8,130,976 | 1,145,024 | 12.3 |
| Total Building Capital Plan | 207,013,000 | 207,013,000 | 174,388,546 | 32,624,454 | 15.8 |
| Corporate Other (Insurance, IT, Severances...) | 10,739,600 | 10,739,600 | 13,860,518 | (3,120,918) | (29.1) |
| Quality Housing Services | 2,744,000 | 2,744,000 | 1,560,686 | 1,183,314 | 43.1 |
| Investment in Communities and Tenants | 2,292,000 | 2,292,000 | 2,147,823 | 144,177 | 6.3 |
| Effective Organization | 900,000 | 900,000 | 1,239,040 | (339,040) | (37.7) |
| Development Strategy-Redevelopment Projects | 2,000,000 | 2,000,000 | 1,924,812 | 75,188 | 3.8 |
| Reserve Contributions (Capital & Other) | 8,327,900 | 8,327,900 | 8,278,092 | 49,808 | 0.6 |
| Reserve Contributions (Regeneration & CES) | 12,000,000 | 12,000,000 | 12,000,000 | 0 | 0.0 |
| Corporate Contingency | 3,000,000 | 3,000,000 | 2,975,160 | 24,840 | 0.8 |
| TOTAL INVESTMENT | 249,016,500 | 249,016,500 | 218,374,677 | 30,641,823 | 12.3 |
| FUNDING OF INVESTMENT | | | | | |
| Cashflow from Operations | 87,062,400 | 87,062,400 | 74,683,767 | (12,378,633) | (14.2) |
| Provincial & City Grants & Stimulus Funding | 91,709,600 | 91,709,600 | 115,837,439 | 24,127,839 | 26.3 |
| Capital Reserves Withdrawn for Capital, BRP & CMP Initiatives | 7,744,000 | 7,744,000 | 9,673,272 | 1,929,272 | 24.9 |
| <u>3rd Party Financing:</u> | | | 0 | | |
| Capital and Energy Programs | 64,251,700 | 64,251,700 | 18,180,199 | (46,071,501) | (71.7) |
| TOTAL SOURCES OF FUNDS | 250,767,700 | 250,767,700 | 218,374,677 | (32,393,023) | (12.9) |
| NET CASHFLOW | 1,751,200 | 1,751,200 | 0 | (1,751,200) | (100) |

2009 Operations Statement

Tenant Rent Revenue was lower than budget by 0.8% (\$2.5m). Although rent revenues did not meet budgeted targets, vacancy rates improved resulting in \$900,000 in additional rental revenues. Market unit vacancy rates were reduced from an average of 5.42% in 2008 to 4.91% in 2009. RGI vacancy rates were reduced from an average of 2.77% in 2008 to 2.31% in 2009.

Non-Rental Revenue was 9.1% lower than budget mainly due to lower interest revenue against budget. Both interest rates and the amount available for investment were lower than budget. Non-rental revenue excluding interest income was higher by 6.6% (\$1.6m) with increases from all areas of commercial operations.

Bad Debt Allowance for tenant rent and commercial revenues was 24% (\$585k) due to higher rent arrears and hence requiring a high allowance.

Manageable Cost was over budget by 2.9% (\$4.4m). At about \$2,700 per unit, Toronto Community Housing's manageable cost is still around the median of the social housing manageable cost benchmark.

- **Building Operations and Maintenance** was over budget by 4.2% (\$3.6m). General repairs and janitorial costs were higher as a result of higher MLS activities. Spending in pest control also increased due to the implementation of new pest control program. Tenant chargeback was also under budget. Increased costs to maintain minimal requirements in revitalization sites was required.
- **Tenancy Management** was over budget by 3.4% (\$835k), due to one time new Operating Unit office costs during the transition period and Easytrac system charges.
- **Community Support Services** was over budget by 1.4% (\$114k) due to higher than budgeted spending in child and youth programs. The Children and Youth Strategy called for children's programs to be offered by others by the end of 2009. However, four sites remain delivered in house due to lack of interest from other providers.
- **Community Safety Services** was over budget by 0.4% (\$44k) due to higher use of external guards for unplanned activities, e.g., fire picket duties.
- **Corporate Services** was under budget by 1.3% (\$247k) due to staff vacancies and associated training costs.

Utilities were under budget by 3.3% (\$3.9m) due to lower water usage, lower gas prices and overall consumption reductions.

Waste Charges - The added new charges for waste pickup (\$7.3m) were not budgeted for as funding was expected but not confirmed - and not received for 2009. City of Toronto has agreed to provide \$4.5 million of subsidy funding in 2010.

Property Taxes were under budget by 5.9% (\$6.7m) mainly due to the new assessments, and lower multi-residential tax rate increases. These savings are mainly offset by reduced subsidies.

Mortgage & Head Lease Payments were marginally below budget by 0.5% (\$0.5m) due to lower interest rates on renewals. These savings are mainly offset by reduced subsidies.

Corporate Debt Service was 28% (\$2.4m) under budget due to the capitalization of the debenture interest in redevelopment projects. Debt service (2007 debentures) will increase to \$12.2m in 2011/12 with the completion of Regent Park phase 1, Don Mount Court and the Unit Refurbishment Program.

Commercial Operations were under budget 8.8% (\$326k) due to lower commercial space maintenance and lower parking enforcement costs.

Insurance costs were 33.7% (\$1.1m) higher than budget due to higher liability claims, and higher new premiums.

Overall **Net Operating Cash Flow** was 14% (\$12.4 million) below budget primarily due to the implementation in 2009 of new City of Toronto waste charges of \$7.3 million (unbudgeted) for waste pick-up and \$4.8m lower interest income than budgeted. The remaining variances noted above netted out each other.

Building Capital Programs

December 31, 2009

| Program | Component | Budget with Stimulus | YTD Actual | Budget Left |
|--|---|----------------------|--------------------|-------------------|
| Building Repair Capital Program | | | | |
| | Building Condition Assessments | 800,000 | 355,259 | 444,741 |
| | Electrical | 1,520,000 | 795,807 | 724,193 |
| | Elevators | 2,850,000 | 2,681,172 | 168,828 |
| | Envelope | 7,360,000 | 6,250,068 | 1,109,932 |
| | Grounds/Site | 1,387,000 | 1,869,872 | (482,872) |
| | Interiors | 910,000 | 902,183 | 7,817 |
| | Life Safety | 7,676,000 | 6,887,545 | 788,455 |
| | Mechanical | 5,648,000 | 5,341,692 | 306,308 |
| | Redevelopment Sites | 1,000,000 | 305,103 | 694,897 |
| | Roofing | 8,055,000 | 8,514,838 | (459,838) |
| | Community Safety | 2,000,000 | 959,939 | 1,040,061 |
| | Scattered Houses | 1,750,000 | 2,708,359 | (958,359) |
| | Structural | 9,400,000 | 9,492,886 | (92,886) |
| | Building Repair Contingency | 5,000,000 | 0 | 5,000,000 |
| Regular Building Repair Capital Total | | 55,356,000 | 47,064,723 | 8,291,277 |
| Components Replacement | | 5,850,000 | 6,464,703 | (614,703) |
| Unit Refurbishment | | 59,069,000 | 59,861,764 | (792,764) |
| Community Based Capital Program | | | | |
| | Tenant Priority Envelope | 9,000,000 | 2,567,062 | 6,432,938 |
| | OU Capital Plans | 7,500,000 | 11,694,928 | (4,194,928) |
| Community Based Capital Program Total | | 16,500,000 | 14,261,990 | 2,238,010 |
| Building Renewal Program | | 29,515,000 | 17,943,720 | 11,571,280 |
| Energy Programs | | | | |
| Building Energy Program | | 18,864,000 | 13,482,201 | 5,381,799 |
| Tower Restoration | | 3,500,000 | 880,028 | 2,619,972 |
| | Energy Retrofit and Re-commissioning | 1,766,000 | 2,599,501 | (833,501) |
| | Water Conservation and Re-commissioning | 3,200,000 | 1,059,487 | 2,140,513 |
| | Co-Generation Plant | 200,000 | 153,917 | 46,083 |
| | Other Energy Retrofit | 217,000 | 302,720 | (85,720) |
| | Renewable Energy Pilot | 200,000 | 627,147 | (427,147) |
| | Energy Information System - Phase 2/BAS | 3,000,000 | 1,457,033 | 1,542,967 |
| Other Energy Programs Total | | 8,583,000 | 6,199,805 | 2,383,195 |
| Appliance Replacements | | 500,000 | 98,636 | 401,364 |
| Corporate Programs | | | | |
| | Accessibility Initiatives | 3,453,000 | 3,194,075 | 258,925 |
| | Commercial Envelope | 2,115,000 | 1,915,618 | 199,382 |
| | Green Plan Implementation | 3,708,000 | 3,021,283 | 686,717 |
| Common/CMP Programs Total | | 9,276,000 | 8,130,976 | 1,145,024 |
| Grand Total | | 207,013,000 | 174,388,546 | 32,624,454 |

2009 Building Capital Programs

As approved by the Board in September 2009, the 2009 Building Capital Program budget had been adjusted up to a total of \$207M from the prior \$169M total shown in Q2. This change reflects the impact of the additional anticipated funding from the Federal Provincial Stimulus Plan. The under expenditure showing on the Building Capital Program budgets are a result of the program guidelines for additional stimulus funding that allows spending to March 31, 2010. Toronto Community Housing has budgeted for the full amount (\$207M) in its fiscal 2009 year. However, it was recognized that a substantial amount of this budget associated with the Federal Stimulus Program would be expended in Q4 2009 and into Q1 2010. A portion relating to the Federal Stimulus funding was anticipated to be carried forward into the 2010 budget year for completion in the first quarter.

In the Q3 financial performance report Toronto Community Housing had forecast 2009 expenditures at \$175M (after taking into consideration spending a portion of the stimulus money in Q1 2010.) Actual expenditures of \$174.4M were 100% on track based upon the Q3 forecast and represent 103% of the 2009 original plan budget of \$169M.

Toronto Community Housing's capital delivery as measured by expenditures has increased substantially over the past 5 years from \$75M in 2005 to \$174.4M in 2009. This represents a 131% increase in capital repairs and improvements to buildings.

Building Repair Capital Program:

At the end of the 4th quarter approximately 94.3% (\$113.4 M) worth of 2009 work has been completed against the \$120M envelope (including component replacement and unit refurbishment programs).

Community Based Capital Programs:

Financial expenditures indicate that approximately 86.4% (\$14.26 M) of billings have been expended against the \$16.5 M budget for this program. The reorganization into new operating units and Tenant Councils delayed the exercise to identify community priorities. All priorities are on schedule for completion in 2010.

Building Renewal Program (BRP):

The program is now in its final stages of the multi-year (four year) project life and expected to be completed by 2Q of 2010. On a multi-year basis the Building Renewal Program is over 92% complete (excl. support costs) at the end of Q4 2009.

Energy and Water Demand Management Programs:

At the end of the 4th quarter approximately 72.2% (\$6.20 M) worth of 2009 work has been completed against the \$8.58M envelope.

Building Energy Retrofit Program (BERP):

Both BERP vendors (Ameresco and JCL) are well into the implementation of the first stage of their program. At the end of the 4th quarter approximately 71.5% (\$13.48 M) worth of 2009 work has been completed against the \$18.86M envelope.

Corporate Programs (including Common/CMP):

At the end of the 4th quarter approximately 87.7% (\$8.13 M) of work has been completed against the \$9.28 M budget for this program.