



President & CEO's Report — July 2018

August 31, 2018

Board of Directors

Report: TCHC:2018-39
To: Board of Directors
From: Kathy Milsom, President and Chief Executive Officer
Date: August 31, 2018

PURPOSE:

This report provides an update on the implementation of corporate goals and objectives against the 2018 plan, and other relevant matters that occurred during July 2018.

RECOMMENDATION:

It is recommended that this report be received for information.

OVERVIEW:

For this reporting period, 20 of the 21 project statuses are meeting or exceeding their milestone targets.

Action 1.7, Implement the Integrated Housing Management System (IHMS), was previously identified as 'at risk' and remains as such. We have developed a project work plan which establishes, on a preliminary basis, parameters of scope, budget and schedule, and will allow for regular monitoring of tasks against these parameters. With Luisa Andrews, our new Vice President of Information Technology, having started her employment, the work plan and recommendation for award of the vendor contract will be submitted to the Board of Directors for consideration before the end of the year.



IMPLICATIONS AND RISKS:

Not executing effectively against planned initiatives or established performance metrics could compromise efforts to become more tenant-centric and responsive, and provide tenants with clean, safe, well-maintained homes.

SIGNATURE:

“Kathy Milsom”

Kathy Milsom
President and Chief Executive Officer

ATTACHMENT:

1. July Project Status Update
2. July Performance Measures
3. July Financials

STAFF CONTACT:

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Quality Homes

Capital Renewal

We are continuing delivery of our ambitious 2018 capital renewal program. As of the end of July, we have delivered \$171.68 million in capital renewal projects to improve building conditions for tenants and, by extension, improve tenant satisfaction.

Standard Operating Procedures

The first divisional meetings took place in July to roll out the new framework for the development of standard operating procedures (SOPs) across the company. The framework will create a single access point for all SOPs, provide a structured review, update and improvement schedule, and ensure that all SOPs are documented in a standardized format. Formalizing SOPs will help to empower employees by providing them with a better understanding of their own work and accountabilities, and the work of other divisions. We are currently targeting to have the top 10 SOPs in each division identified and documented by the end of 2018. The business process SOPs that will be incorporated into the Integrated Housing Management System (IHMS) will continue to be prioritized through this process.

Vibrant Communities

Tenant Safety

In response to the rise in gun violence across the city, Toronto City Council approved an additional \$7.14 million in funding between 2018 and 2019 to expand the broader Dan Harrison community pilot to an additional ten high risk neighbourhoods. This funding will allow us to create additional deterrents in these communities by providing 24/7 coverage by Community Safety Unit (CSU) officers in five communities and presence at peak times for the other five, plus supervision and intelligence analysis. Although funding is subject to confirmation, we have begun to put our plan into motion.

Attachment 1. July Project Status Update

The motion adopted by City Council on immediate steps to address gun violence recognizes that improving community safety is a shared responsibility that will require action from all three levels of government, as well as the Toronto Police Service (TPS) and community organizations. We have also been asked by City Council to determine what additional resources are needed to work to reduce violence within our communities. Starting in 2018 and continuing into 2019 we will be significantly increasing our complement of special constables which will allow us to have an increased presence within our communities and more effectively work with TPS. We will also participate in the Community Safety Advisory Body, once it is established. We are fully committed to working with the City and TPS to keep our communities safe.

In order to further enhance community safety operations, CSU is working in partnership with TPS and has joined the neighbourhood officer advisory committee known as NOPAC. NOPAC is currently developing a pilot project in TPS Divisions 11, 22, 41 and 42 which CSU will be supporting. Part of our commitment is to align CSU with TPS *Way Forward* initiatives. We are also working with TPS's Partnership and Engagement Unit and aligning our resources to support each other.

As of June, all of the actions on the Fire Life Safety Program Implementation Plan have been completed. As a result, this report will no longer be included as an attachment to my monthly report. Moving forward all future updates on fire life safety will be included in the body of the report, as appropriate. We are continuing to carry out ongoing activities such as the regular audit of buildings by fire prevention inspectors, and fire safety education and awareness campaigns that will continue to promote a fire safety culture among tenants and staff.

Youth Programs

In July, more than 1,200 children and youth from across Toronto Community Housing communities gathered at East Point Park to launch the 30th season of Rookie League. The kids played games, took part in a fitness challenge and got to meet Toronto Blue Jays outfielder Curtis Granderson, who sponsored the day through his GrandKids Foundation. Rookie League is a summer-long baseball day-camp program for kids ages

Attachment 1. July Project Status Update

six to 12 years old. This program is run in partnership with Jays Care Foundation to help build strong communities by teaching life lessons about teamwork, leadership and fair play, on and off the field.

Toronto City Council approved additional funding for YouthWorx for 2018 and beyond which allows us to expand the program and increase the number of youth hired from 105 to 155 each year. YouthWorx was identified by the Mayor's Task Force as a best practice and by Mayor John Tory as a priority for his summer safety strategy.

Through the youth services pilot taking place in Operating Unit C, work is underway to implement a five-part workshop series to engage youth entrepreneurs and provide an introduction to coding/technological skills, social entrepreneurship, business development and other topics.

Proactive Tenant Communications







We are exploring the use of technologies such as digital bulletin boards to improve our proactive communication with tenants. Beginning in Q4, a pilot project to test common-area digital bulletin boards will take place in ten buildings. An evaluation of the pilot results will be completed to determine if tenants and staff found this communication method effective and if digital signage is operationally feasible to roll-out more broadly. In July we met with tenants from the Tenant-Staff Communications Working Group to identify the ten pilot locations. The communities were chosen to reflect the Toronto Community Housing portfolio and key demographics including average age of tenants and language needs.

Service Excellence

Employee Engagement








The results from the employee engagement survey have been shared with the executive leadership team and we have begun the process of presenting the summary of results to all employees. Once the results have been shared across the company, we will work with employee focus groups to develop a corporate action plan based on organization-wide results, and each division will create their own specific action plan based on divisional results.

July Project Status

2018 Actions	Targets	Status
1.1 Deliver on clean building standards	Tenant satisfaction with building cleanliness: 3% increase to 70%	
1.2 Deliver the \$300 million 2018 capital renewal program	Tenant satisfaction with building condition: 3% increase to 65% 100% of \$300M budget effectively delivered on time and on budget FCI target of 16.7% achieved	
1.3 Improve vendor management program, including roster refresh	Program implemented according to plan Increased number and quality of vendors on roster	
1.4 Seek out new revitalization and renewal initiatives, including moving ahead on securing private investment in revitalization and renewal projects	Target sites with greatest potential identified	
1.5 Implement corporate standard operating procedures for work done by Toronto Community Housing in all divisions	100% of planned SOPs are completed	
1.6 Develop and implement a new service request process and a holistic refresh of complaints management at Toronto Community Housing	Tenant satisfaction with repairs being done properly: 2% increase to 69% Service level for routine maintenance requests completed within established timelines: 2% increase to 68%	







 Not Meeting Target  At risk  Meeting/Exceeding Target

Attachment 1. July Project Status Update

2018 Actions	Targets	Status
1.7 Implement the Integrated Housing Management System (IHMS)	Project completed according to plan	
1.8 Implement the decentralization pilot and assess outcomes	Pilot project completed according to plan	
2.1 Implement the enhanced fire life safety program	Program implemented according to plan	
2.2 Develop and implement an enhanced Community Safety Program in partnership with Toronto Police Service	Tenant satisfaction with building safety and security: 2% increase to 60% Implemented according to plan	
3.1 Implement the Tenant Transfer Policy action plan	Implemented according to plan	
3.2 Develop a proactive tenant needs identification process	100% of tenants participating in the process are offered connection to supports to address their needs	
4.1 Develop and implement the youth services and local engagement strategies pilots and assess outcomes	Implemented according to plan	
4.2 Develop the collaboration strategy for TCHC's work with agencies, governments, donors and the private sector	Provide Board with strategy at September 27, 2018 Board meeting	
5.1 Implement a proactive tenant communications protocol	Tenant satisfaction with how TCHC informs tenants of changes that affect them: 2% increase to 75%	

 Not Meeting Target  At risk  Meeting/Exceeding Target

Attachment 1. July Project Status Update

2018 Actions	Targets	Status
5.2 Complete implementation of the tenant engagement system refresh	2% increase over 2017 results of 3,171 tenants engaged Implemented according to plan	
6.1 Implement the employee engagement action plan	Implemented according to plan and benchmarks identified	
6.2 Implement corporate change management program		
6.3 Implement improvements to the recruitment process	Average number of weeks from requisition to position filled: 10 weeks	
7.1 Complete implementation of recommended best practices in procurement	Implemented according to plan	
7.2 Complete the corporate policy framework refresh and implement a review of the policies planned for 2018	Completion of all planned policy reviews: 100% completion	



Not Meeting Target










At risk



Meeting/Exceeding Target

July Performance Measures

Key Indicators	Target	July 2018	June 2018	% Variance From Previous Month	July 2017	% Variance From Previous Year
Quality homes						
YTD Building renewal capital spending (in \$ millions) ¹	Q3: \$181M Annual: \$300M	 \$171.68	\$151.38	 13.4%	\$122.95	 23.1%
Service level for routine maintenance requests completed within established timelines (5 days)	72%	 71.20%	71.79%	 -0.82%	N/A	N/A
Vibrant communities						
Number of tenants participating in decision-making	3,234 (annual)	2,601	1,827	 42.4%	174	 1,394.8%
Service excellence						
Voluntary staff turnover (%)	N/A	0.60%	0.48%	0.12% ²	N/A	N/A

¹ YTD 2018 Building Renewal Capital Spending includes \$19.2 million in work completed in 2017 against the \$300 million 2018 capital budget, following early 2018 budget approval.

² This number is the difference rather than the variance between the June 2018 and July 2018 results for voluntary staff turnover as it more accurately reflects the scale of change between months.



Attachment 2. July Performance Measures

Key Indicators	Target	July 2018	June 2018	% Variance From Previous Month	July 2017	% Variance From Previous Year
Involuntary staff turnover (%)	N/A	0.42%	0.30%	0.12% ³	N/A	N/A
Average number of weeks from requisition to position being filled (weeks)	10	● 6.96	7.29	↓ -4.53%	N/A	N/A
Business foundations						
Rent-Geared-to-Income vacancy rate (%)	2.00%	⊘ 2.15%	2.22%	↓ -3.14%	2.44%	↓ -11.68%
RGI leasing ratio	1.00	● 1.13	1.09	↑ 3.67%	1.04	↑ 8.7%
Market vacancy rate (%)	2.00%	● 1.23%	1.45%	↓ -14.73%	1.89%	↓ -34.62%
Market leasing ratio	1.00	● 1.76	1.21	↑ 45.45%	1.13	↑ 55.8%
Rent and parking arrears (\$ in thousands)	-	\$8,483	\$8,425	↑ 0.69%	\$8,370	↑ 1.35%
Arrears under repayment (\$ in thousands)	-	\$3,330	\$3,299	↑ 0.94%	\$3,078	↑ 8.19%
Arrears under management (\$ in thousands)	-	\$7,489	\$7,379	↑ 1.49%	\$7,049	↑ 6.24%

³ This number is the difference rather than the variance between the June 2018 and July 2018 results for involuntary staff turnover as it more accurately reflects the scale of change between months.



Attachment 2. July Performance Measures

Closing the Loop

Closing the Loop surveys tenants who have recently requested a repair to assess the consistency and quality of repair services with respect to tenant satisfaction. Wave 4 of Closing the Loop ran in July. The results are summarized in the following table.

% Tenant Satisfaction	Wave 1	Wave 2	Wave 3	Wave 4	YTD Results
Keeping up cleanliness of the building	77%	80%	75%	70%	76%
Keeping up the condition of the building	66%	70%	74%	66%	69%
Quality of the repair	93%	87%	93%	91%	91%
Keeping buildings safe and secure	69%	68%	74%	64%	69%
Keeping tenants informed of changes	76%	74%	80%	74%	76%

July Financial Performance

(Amounts in '\$000s)

	July 18	YTD 2018		July 17	YoY	YoY	2018
	YTD Actual	Budget	Variance Fav(Unfav)	YTD Actual	Variance Fav(Unfav)		Annual Budget
	\$	\$	\$ %	\$	\$ %		\$
Results of Operations							
Revenue	419,254	374,393	44,861 12%	428,730	(9,476) -2%		667,234
Expenses	386,943	405,014	18,069 4%	387,808	865 0%		691,648
Net Income (Loss)	32,311	(30,621)	62,930 206%	40,922	(8,611) -21%		(24,414)

Explanation of Variances Actual vs. Budget (Favourable / (Unfavourable))

YTD actual net income is \$32.3M compared to the budgeted net loss of 30.6M; favourable variance of \$62.9M is mainly due to:

- \$43.6M one time gain: \$31.2M on land transfer of 250 Davenport and \$4.7M on land transfer of Allenbury Gardens, both budgeted in 2017 and realized in 2018; \$6.4M on Lawrence Heights land transfer; \$1.3M gain on sale of 215 Crawford street that was not budgeted;
- \$10.7M lower utility cost primarily from favourable hydro rates as the result of fair hydro plan;
- \$8.6M favourable residential revenue on higher monthly rate;

Attachment 3. July Financials

- \$6.2M lower salary and benefit resulting from vacancies, lower staff expenses combined with other administrative costs, partially offset by higher overtime and contract costs;
- \$2.3M interest expenses lower than budget due to delay of Infrastructure Ontario loan; and
- (\$5.7M) lower subsidies primarily due to the timing of revenue recognition.

Explanation of Variances Actual vs. Prior Year (Favourable / (Unfavourable))

YTD actual net income is \$32.3M compared to prior year net income of \$40.9M; the unfavourable variance of (\$8.6M) is mainly due to:

- (\$7.3M) higher salaries and benefit cost due to onboarding of planned resources, higher staff expenses combined with other administrative costs;
- (\$7.6M) higher amortization on assets;
- (\$5.3M) lower subsidies due to the timing of revenue recognition;
- (\$2.5M) higher interior maintenance primarily due to increase in life safety and fire inspections;
- (\$1.9M) interest expense due to line of credit usage;
- (\$1.3M) legal and consulting mainly due to change management consulting fee (\$0.4M) and higher legal costs (\$0.4M);
- \$6.5M lower utility cost primarily from favourable hydro rates; and
- \$8.0M favourable residential revenue on higher monthly rate.

(Amounts in '\$000s)

	July 18	July 17	Variance	2018	July 18
	YTD Actual	YTD Actual	YTD 18 Vs. YTD 17	Annual Budget	Prorated Annual Budget
	\$	\$		\$	\$
Capital Expenditure					
Building Renewal Capital	151,533	117,954	33,580	296,934	173,212
RPEI Plant Capital	946	4,992	(4,046)	3,066	1,788
RPEI Plant Capital CHSOP- Non FM	5,295	-	5,295	-	-
Improvements to Housing Projects	601	3,359	(2,758)	883	515
Corporate & IT Capital	1,057	2,951	(1,894)	14,373	8,384
Net Development Capital (Net of funding source)	14,236	17,969	(3,733)	56,643	33,042
Total Capital Expenditure	173,669	147,225	26,444	371,899	216,941

Explanation of Variances Actual vs. Prior Year:

- Higher spending of \$33.5 M is due to the increase in planned capital jobs and demand jobs, energy repair capital spending in 2018 and higher capitalized labour costs as a result of the increase in capital jobs; and
- lower net development capital due to higher cash inflow as the result of land sale from Regent Park and 250 Davenport.

(Amounts in '\$000s)

Other Key Balance Sheet Items

Cash on hand
 MAM investment
 Investments held by Infrastructure Ontario
 Investments related to development projects
 Total cash on hand and investments
 Line of credit usage
Net Cash and Investments

July 18	July 17	YoY	YoY
YTD Actual	YTD Actual	YTD 18 Vs. YTD 17	
\$	\$	\$	%
52,936	166,961	(114,025)	-68%
2,322	2,172	149	7%
114,393	107,951	6,442	6%
221,355	216,926	4,428	2%
391,005	494,011	(103,006)	-21%
(23,444)	(2,401)	(21,043)	876%
367,561	491,609	(124,048)	-25%

Statement of Operations

Month-to-month, comparison amounts in \$000s

	June	July	2018 YTD	YTD Budget	Budget 2018
Revenue					
Subsidies - TCHC	19,530	19,282	135,180	139,774	239,620
Subsidies - AHCI			-		
Subsidies for task force initiatives	222	260	1,284	2,435	4,175
	19,752	19,543	136,464	142,209	243,795
Residential			-		
RGI Rent	19,908	20,103	139,171	132,835	227,868
Market Rent	7,021	7,079	48,284	46,050	79,761
Commercial rent	1,288	1,293	8,818	8,742	14,947
Amortization of deferred capital contributions	3,660	3,690	25,731	24,521	42,036
Parking, laundry and cable fees	1,525	1,524	10,620	10,532	18,079
Investment income	861	599	4,300	3,735	6,463
Joint venture income (loss)	-	-	18	2,672	11,761
Gain on sale of housing projects	-	(78)	1,258	-	-
Gain on sale of land			-	-	17,162
Gain on sale of capital assets	9	(16)	(8)	-	-
Gain on easement	-	6,397	42,338		-
Plant	96	151	902	2,089	3,632
Other	165	323	1,357	1,009	1,729
	34,532	41,065	282,790	232,184	423,440
	54,284	60,608	419,254	374,393	667,234

Statement of Operations

Month-to-month, comparison amounts in \$000s

	June	July	2018 YTD	YTD Budget	Budget 2018
Expenses					
Operating & maintenance	14,602	15,410	102,383	103,590	177,755
Utilities	6,052	9,730	73,114	83,868	140,594
Municipal taxes	1,796	1,521	10,618	10,283	17,628
Depreciation expense	14,444	14,638	99,097	98,783	169,341
Interest	6,635	6,411	45,414	47,723	81,238
Rent supplement program	(0)	-	(1)	-	-
Community safety services	1,739	2,093	14,013	10,270	18,030
Residential services	1,098	1,746	7,058	9,052	15,715
Tenancy management			-	-	
Corporate services	3,247	2,993	19,936	22,827	38,787
Human resources	1,062	888	6,315	7,358	12,244
Information technology	1,023	902	6,238	7,364	12,870
Plant	142	163	1,290	1,595	2,767
Loss from guaranteed equity housing projects	63	16	160	232	398
Task force initiatives	224	262	1,309	2,069	4,282
	52,126	56,772	386,943	405,014	691,648
			-		
Net Income (Loss)	2,158	3,835	32,311	(30,621)	(24,414)