



President & CEO's Report — May 2018

Item 3A

July 31, 2018

Board of Directors

Report: TCHC:2018-25

To: Board of Directors

From: Kathy Milsom, President and Chief Executive Officer

Date: July 11, 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 May 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. The work plan and recommendation for award of the vendor contract is anticipated to 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. May Project Status Update
2. May Performance Measures
3. May Financials
4. Fire Life Safety: Program Implementation Plan

STAFF CONTACT:

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Quality Homes

Capital Renewal and Revitalization

We are continuing delivery of our ambitious 2018 capital renewal program. As of the end of May, we have delivered \$122.2 million in capital renewal projects to improve building conditions for tenants and, by extension, improve tenant satisfaction. Hundreds of significant projects are underway to update building infrastructure. As an example of the projects being undertaken, balcony and railing upgrades at 30 Gordonridge and the replacement of three elevators at 20 West Lodge were both completed in May. We are also continuing to enhance security systems, upgrading units, and modifying common spaces and units to improve accessibility.

A request for expression of interest (RFEOI) was issued on June 1, 2018 to assess developer interest in partnering to revitalize four of our large communities: Edgeley Village, O'Connor Drive, Thistletown and Warden Woods. The results of the RFEOI, which closes in July, will be used to determine which of the sites are viable for redevelopment and will be brought forward in a public request for proposal.

Vibrant Communities

Tenant Safety

During June, in collaboration with Toronto Fire Services, we launched Fire Safety Awareness month. A fire safety education campaign was delivered at 16 seniors' sites across the portfolio and involved the provision of fire safety seminars, information displays, and door-to-door handouts to tenants. The status update on the implementation of the fire life safety program is included as Attachment 4.

The Community Safety Unit (CSU) hosted a Family Games Night for the Firgrove Community. More than 50 community members came out for dinner and a night of board games. Neighbourhood officers from the Toronto Police Service's 31 Division and Resident and Community

Attachment 1. May Project Status Update

Services team members also joined in to help build relationships and bring a great community event to the neighbourhood.

Over the last few months, several major events occurred in Toronto: the ice storm, the tragic van attack on Yonge Street and, most recently, the wind storm. During each of these events, CSU Unit Dispatch saw an unprecedented increase in calls for service from tenants, employees and the general public. The Toronto Police Service also re-routed non-emergency TCHC calls for service directly to CSU Dispatch. During all these events, CSU Dispatch successfully met the challenge head-on and professionally kept operations working seamlessly.

CSU staff also attended the Ontario Police Memorial Foundation's annual ceremony of remembrance. The Ontario Police Memorial is a tribute to the bravery and loyalty of Ontario's policing community, honouring those who paid the ultimate price for their dedication to duty.

Priority Transfer Process

After receiving valuable feedback through consultations with tenants, staff and stakeholders in May, a new Crisis priority category—including a definition, eligibility criteria and procedure—has been developed. In June, we began recruiting the staff who will administer the Crisis priority transfer process. We are on track to have the new Crisis category in place on July 1st, meeting our commitment to the Ombudsman. A report will be submitted to both the Tenant Services Committee and the Board for the July meeting.

A communications campaign will launch at the end of June to inform and educate tenants about the new Crisis priority category, eligibility criteria, how to apply and what supports are available during the application process. The communication will also cover the process that will be undertaken with tenants on the current waitlist.

Tenant Engagement System Refresh

In May we launched the community consultations to identify local priorities and preferred engagement methods. To aid this process, 22 interns were

Attachment 1. May Project Status Update

hired and together will be consulting tenants through building and community meetings and lobby intercepts. An employee working group was established to monitor the implementation of the consultation framework, identify ongoing support mechanisms for frontline engagement teams and coordinate data collection. A tenant newsletter will be mailed out in June, outlining the process and steps that are being undertaken to refresh the tenant engagement system.

Local Action Plan Pilot

At the end of May, Toronto City Council approved three-year funding to Connected Communities for investment in the Mornelle Court community. This initiative will support programming through a community hub consistent with the priorities established by the Tenants First local action plan pilot.

Youth Programs

In May, the Tenants First youth pilot was officially kicked off with a full-day youth leadership workshop designed and facilitated by youth leaders. More than 30 youth leaders from ten communities in Etobicoke gathered to explore practical ways to support their peers and improve their communities. The attendees took part in workshops on youth wellness, recovery and resilience, social media activism and introducing STEM (science, technology, engineering and math) into the community.

Through the youth pilot we have been engaging with employment service providers to establish a network of resources to support youth living in the pilot communities to access jobs, educational pathways, mentorship and career development opportunities. In May, youth attended hiring events where they interviewed for part-time jobs and will receive follow up case management to help them access employment.

YouthWorx interviews also took place in May, where over 200 tenants applied and interviewed for the summer employment program. This annual program, operating since 2013, focuses on employing young people in various small-scale labour jobs, including community clean ups, gardening

Attachment 1. May Project Status Update

and beautification, light cleaning and painting on TCHC properties. Participants benefit from professional development and training workshops over the course of the summer. This program gives youth living in TCHC communities the tools to propel themselves forward in a career path of their choosing.

Service Excellence

Employee Engagement














The employee engagement survey was sent to all staff in May. The overall response rate is 77%, which exceeds TalentMap's benchmark for public sector organizations of 71% and is just 1% short of TalentMap's overall average response rate for all customer organizations. Employee input is crucial to ensuring that we focus on the right things to create a work environment that is conducive to high morale and performance, and an organization we can all be proud of.

TalentMap is currently consolidating and reviewing the data, and will be providing us with the summary reports to help us—in consultation with our labour partners and employees—determine the top issues that we need to address. An update will be provided to the Governance and Human Resources Committee at its next meeting.

Policies







We are continuing to revise the full suite of Human Resources policies. In May the *Code of Conduct – Employee Complaints Procedure* and the *Student and Intern Policy* were finalized and approved. These policies are aimed at fostering a positive work environment. They will improve accountability, and promote learning and development opportunities, and assist with future career advancement.

May Project Status

2018 Actions	Status	% of 2018 Achievement
1.1 Deliver on clean building standards		41.6%
1.2 Deliver the \$300 million 2018 capital renewal program		41.6%
1.3 Improve vendor management program, including roster refresh		N/A
1.4 Seek out new revitalization and renewal initiatives, including moving ahead on securing private investment in revitalization and renewal projects		N/A
1.5 Implement corporate standard operating procedures for work done by Toronto Community Housing in all divisions		N/A
1.6 Develop and implement a new service request process and a holistic refresh of complaints management at Toronto Community Housing		N/A
1.7 Implement the Integrated Housing Management System (IHMS)		N/A
1.8 Implement the decentralization pilot and assess outcomes		N/A
2.1 Implement the enhanced fire life safety program		N/A
2.2 Develop and implement an enhanced Community Safety Program in partnership with Toronto Police Service		N/A
3.1 Implement the Tenant Transfer Policy action plan		N/A
3.2 Develop a proactive tenant needs identification process		N/A
4.1 Develop and implement the youth services and local engagement strategies pilots and assess outcomes		N/A

 Not Meeting Target  At risk  Meeting/Exceeding Target

Item 3A- CEO's Report- May 2018
TCHC July 31, 2018 Board Meeting
Report #: TCHC: 2018 –25
Attachment 1. May Project Status Update

2018 Actions	Status	% of 2018 Achievement
4.2 Develop the collaboration strategy for TCHC's work with agencies, governments, donors and the private sector		N/A
5.1 Implement a proactive tenant communications protocol		N/A
5.2 Complete implementation of the tenant engagement system refresh		N/A
6.1 Implement the employee engagement action plan		N/A
6.2 Implement corporate change management program		N/A
6.3 Implement improvements to the recruitment process		N/A
7.1 Complete implementation of recommended best practices in procurement		N/A
7.2 Complete the corporate policy framework refresh and implement a review of the policies planned for 2018		N/A

 Not Meeting Target  At risk  Meeting/Exceeding Target

May Performance Measures

Key Indicators	Target	May 2018	April 2018	% Variance From Previous Month	May 2017	% Variance From Previous Year
Quality homes						
YTD Building renewal capital spending (in \$ millions) ¹	Q2: 106M Annual: 300M	122.21M	91.65M	↑ 33%	75.49M	↑ 62%
Service level for routine maintenance requests completed within established timelines (5 days)	72%	72.25%	73.14%	↓ -1.2%	N/A	N/A
Vibrant communities						
Number of tenants participating in decision-making	3,234 (annual)	840	701	↑ 19.8%	204	↑ 312%
Service excellence						
Voluntary staff turnover (%)	N/A	0.95%	0.37%	↑ 0.58%	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.



Attachment 2. May Performance Measures

Key Indicators	Target	May 2018	April 2018	% Variance From Previous Month	May 2017	% Variance From Previous Year
Involuntary staff turnover (%)	N/A	0.36%	0.06%	↑ 0.30%	N/A	N/A
Average number of weeks from requisition to position being filled (weeks)	10	7.4	7.7	↓ -4.2%	N/A	N/A
Business foundations						
Rent-Geared-to-Income vacancy rate (%)	2.00%	⊘ 2.27%	2.30%	↓ -1.11%	2.45%	↓ -7.25%
RGI leasing ratio	1.00	● 1.05	1.10	↓ -4.55%	1.11	↓ -5.41%
Market vacancy rate (%)	2.00%	● 1.55%	1.59%	↓ -2.48%	1.99%	↓ -22.02%
Market leasing ratio	1.00	● 1.05	1.55	↓ -32.26%	1.35	↓ -22.22%
Rent and parking arrears (\$ in thousands)	-	\$8,219	\$8,377	↓ -1.89%	\$8,476	↓ -3.03%
Arrears under repayment (\$ in thousands)	-	\$3,365	\$3,186	↑ 5.62%	\$3,192	↑ 5.42%
Arrears under management (\$ in thousands)	-	\$7,277	\$7,382	↓ -1.42%	\$7,199	↑ 1.08%

 Not Meeting Target
 At risk
 Meeting/Exceeding Target
 Favourable Increase/Decrease
 Unfavourable Increase/Decrease
 Remained Constant

Item 3A- CEO's Report- May 2018
TCHC July 31, 2018 Board Meeting
Report #: TCHC: 2018 –25

Attachment 2. May 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 1 of Closing the Loop ran from mid-March to the end of April 2018. Data from Wave 2 of Closing the Loop will be available in Q3 2018.

May Financial Performance

(Amounts in '\$000s)

	May. 18	YTD 2018		May. 17	YoY	YoY	2018
	YTD Actual \$	Budget \$	Variance Fav(Unfav) \$ %	YTD Actual \$	Variance Fav(Unfav) \$ %		Annual Budget \$
Results of Operations							
Revenue	304,362	266,434	37,928 14%	290,725	13,637 5%		667,234
Expenses	278,045	290,451	12,406 4%	275,977	(2,068) (1%)		691,648
Net Income (Loss)	26,318	(24,017)	50,335 210%	14,748	11,569 78%		(24,414)

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

YTD actual net income is \$26.3M compared to the budgeted net loss of 24M; favourable variance of \$50.3M is mainly due to:

- \$37.6M 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; \$1.3M gain on sale of 215 Crawford Street that was not budgeted;
- \$4.9M lower utility costs primarily from favourable hydro rates;
- \$5.7M favourable residential revenue on higher monthly rates;

Attachment 3. May Financials

- \$4.0M lower salary and benefit resulting from vacancies, lower staff expenses combined with other administrative costs, partially offset by higher overtime and contract costs;
- \$1.8M interest expenses lower than budget due to delay of Infrastructure Ontario loan; and
- (\$4.4M) lower subsidies primarily due to the timing of revenue recognition.

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

YTD actual net income is \$26.3M compared to prior year net income of \$14.7M; the favorable variance of \$11.6M is mainly due to:

- \$24.3M one time gain on land transfers;
- \$3.9M lower utility cost primarily from favourable hydro rates;
- \$6.1M favourable residential revenue on higher monthly rate;
- (\$6.7M) lower subsidies due to the timing of revenue recognition;
- (\$5.2M) higher amortization on assets;
- (\$5.7M) higher salaries and benefit cost due to onboarding of planned resources, higher staff expenses combined with other admin costs;
- (\$2.6M) higher due to mag-lock work at TCHC buildings;
- (\$1.8M) higher interest expense due to line of credit usage; and
- (\$1.1M) higher legal and consulting expenses mainly due to higher legal costs (\$0.9M).

(Amounts in '\$000s)

	May. 18	May. 17	Variance		May. 18	
	YTD Actual	YTD Actual	YTD 18 Vs YTD 17	Annual Budget	Prorated Annual Budget	
	\$	\$		\$	\$	
Capital Expenditure						
Building Repair Capital	102,124	74,275	27,849	296,934	98,978	
RPEI Plant Capital	4,617	1,214	3,403	3,066	1,022	
Improvements to Housing Projects	272	3,318	(3,046)	883	294	
Corporate & IT Capital	934	2,649	(1,715)	14,373	4,791	
Net Development Capital	2,995	14,390	(11,395)	56,643	18,881	Net of funding sources
Total Capital Expenditure	110,942	95,846	15,097	371,899	61,983	

Explanation of Variances Actual vs. Prior Year:

YTD Total Capital Expenditures are \$110.9M compared to prior year total capital expenditures of \$95.9M; the variance of \$15.1M is mainly due to:

- higher spending on building repair capital due to the increase in planned capital jobs and demand jobs, energy repair capital spending and higher capitalized labour costs as a result of an increased capital budget in 2018;
- lower net development capital due to higher cash inflow as the result of land sale from Regent Park and 250 Davenport.

Attachment 3. May Financials

(Amounts in '\$000s)

Other Key Balance Sheet Items

Cash on hand

Unrestricted investment

Investments held by IO

Investments related to
development projects

Total cash on hand and
investments

Line of Credit Usage

Net Cash and Investments

	May. 18	May. 17	Variance	
	YTD Actual	YTD Actual	YTD 18 Vs YTD 17	
	\$	\$	\$	%
Cash on hand	62,579	60,985	1,594	3%
Unrestricted investment	2,321	2,306	15	1%
Investments held by IO	118,246	51,998	66,248	127%
Investments related to development projects	220,427	217,799	2,628	1%
Total cash on hand and investments	403,573	333,087	70,485	21%
Line of Credit Usage	(89,944)	(30,401)	(59,543)	196%
Net Cash and Investments	313,629	302,686	10,943	4%

Item 3A- CEO's Report- May 2018
TCHC July 31, 2018 Board Meeting
Report #: TCHC: 2018 –25
Attachment 3. May Financials

Statement of Operations

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



	Jan	Feb	Mar	Apr	May	YTD Actual	YTD Budget	Budget 2018
Revenue								
Subsidies - TCHC	19,214	19,214	19,369	19,287	19,285	96,368	99,838	239,620
Subsidies - AHCI								
Subsidies for task force initiatives	275	212	218	170	(73)	802	1,740	4,175
	19,488	19,425	19,587	19,457	19,212	97,170	101,578	243,795
Residential						-		
RGI Rent	19,919	19,693	19,773	19,888	19,887	99,161	94,827	227,868
Market Rent	6,739	6,760	6,805	6,885	6,995	34,184	32,776	79,761
Commercial rent	1,209	1,227	1,203	1,254	1,345	6,238	6,180	14,947
Amortization of deferred capital	3,665	3,757	3,655	3,653	3,652	18,382	17,515	42,036
Parking, laundry and cable fees	1,540	1,471	1,533	1,505	1,522	7,571	7,516	18,079
Investment income	458	433	850	645	453	2,840	2,656	6,463
Joint venture income (loss)	-	-	-	(21)	39	18	1,205	11,761
Gain on sale of housing projects	1,337	-	-	-	-	1,337	-	-
Gain on sale of land						-	-	17,162
Gain on sale of capital assets	(1)	(1)	2	(0)	(1)	(1)	-	-
Gain on easement	-	-	31,166	-	4,774	35,941		-
Plant	150	156	138	120	91	654	1,460	3,632
Other	201	139	127	140	264	870	721	1,729
	35,217	33,636	65,251	34,068	39,021	207,192	164,856	423,440
	54,705	53,061	84,838	53,525	58,232	304,362	266,434	667,234

Item 3A- CEO's Report- May 2018
TCHC July 31, 2018 Board Meeting
Report #: TCHC: 2018 –25
Attachment 3. May Financials

Statement of Operations
Month-to-month comparison
amounts in \$000s




	Jan	Feb	Mar	Apr	May	YTD Actual	YTD Budget	Budget 2018
Expenses								
Operating & maintenance	15,117	14,824	11,998	15,361	15,071	72,371	73,936	177,755
Utilities	11,557	14,290	9,877	9,112	12,497	57,332	62,311	140,594
Municipal taxes	1,460	1,647	1,451	1,147	1,596	7,301	7,345	17,628
Depreciation expense	14,001	14,001	14,008	14,002	14,003	70,016	70,559	169,341
Interest	6,452	6,437	6,438	6,515	6,525	32,367	34,225	81,238
Rent supplement program	(0)	(0)	(0)	(0)	(0)	(0)	-	-
Community safety services	1,501	2,010	1,981	2,586	2,103	10,181	7,175	18,030
Residential services	445	1,202	858	337	1,373	4,214	5,361	15,715
Corporate services	2,505	2,440	3,056	2,386	3,310	13,696	16,252	38,787
Human resources	679	650	675	1,432	928	4,364	5,353	12,244
Information technology	636	746	1,098	832	1,001	4,313	5,263	12,870
Plant	245	222	187	238	93	985	1,116	2,767
Loss from guaranteed equity housing projects	23	11	37	29	(20)	80	165	398
Task force initiatives	259	231	220	172	(59)	823	1,391	4,282
	54,881	58,712	51,882	54,149	58,421	278,045	290,451	691,648
Net Income (Loss)	(176)	(5,650)	32,956	(624)	(188)	26,318	(24,017)	(24,414)

Attachment 4. Fire Life Safety: Program Implementation Plan

Deliverable	Scheduled Completion Date/Status	Comments (If Status is Yellow or Red, Reason and Remediation)
<p>Tenant fire safety awareness campaign, including ongoing tenant engagement strategy</p>	<p>Ongoing</p> 	<p>Completed a multi-tiered education and communication plan, which includes specific tenant-awareness raising activities such as:</p> <ul style="list-style-type: none"> • In May 2018, TFS and TCHC partnered to prepare for targeted fire safety education across TCHC townhome complexes during the summer and early fall. • In June 2018, TFS and TCHC launched Fire Safety Awareness month, which included delivering tenant fire safety education campaigns across 16 seniors' sites across the TCHC portfolio and involved delivering fire safety seminars, information displays, and door-to-door handouts to tenants. <p>Tenant education and awareness will be a regular, ongoing activity.</p>
<p>Bi-annual risk-based fire safety inspection program initiated according to results of the risk assessment</p>	<p>February 1, 2018</p> 	<p>Risks exposures previously identified with rooming houses have been mitigated. There is some remedial work still outstanding, which is more significant in scope and includes work such as enclosing corridors and/or interior stairs. On track for work to be completed in December 2018.</p>

Note: Rows for completed items are shaded in gray and will be deleted from the next report

Attachment 4. Fire Life Safety: Program Implementation Plan

Deliverable	Scheduled Completion Date/Status	Comments (If Status is Yellow or Red, Reason and Remediation)
All program-related standard operating procedures reviewed/ revised as necessary, in place and training delivered to impacted staff	June 2018 	Completed: Thirteen standard operating procedures have been identified for updating or development. They were completed by the end of June 2018.
2018 (annual) audit program completed	September 31, 2018 	To commence August 1, 2018.
Address any findings of the annual audit, including updating fire safety	November 30, 2018 	To commence once the program audit is completed.

Note: Rows for completed items are shaded in gray and will be deleted from the next report