



Monthly President's Report — November 2018

January 7, 2019

Board of Directors

Report: TCHC:2018-54

To: Board of Directors

From: Sheila Penny, Acting President and Chief Executive Officer

Date: January 7, 2019

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 November 2018.

RECOMMENDATION:

It is recommended that this report be received for information.

OVERVIEW:

For this reporting period, 19 of the 21 project statuses are meeting or exceeding their milestone targets.

For Action 1.7, Implement the Integrated Housing Management System (IHMS), the statement of work for implementation has been agreed upon with the vendor and clear responsibility for all deliverables has been established. The work plan and recommendation for award of the vendor contract was submitted to the Building Investment, Finance and Audit Committee (BIFAC) on November 15th and received approval for advancing the recommendations to the Board of Directors for consideration. Due to the deferral of the 2019 budget approval from the December Board meeting to the new year the approval of the IHMS work plan has also been deferred. Once approved by the Board, the target will be reset and management will work to deliver against the established



parameters of scope, budget and schedule for this essential business transformation initiative.

As reported in October, action 7.2 continues to be listed as at-risk, when measured against the stated metric of “review policies as planned for 2018”. Given emerging needs, a number of policies that were originally planned to be reviewed in 2018 have been deferred, and other policies based on priority need were added to the schedule. To date we have developed or revising more policies than any other year since the implementation of the Policy Management Framework.

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:

“Sheila Penny”

Sheila Penny
Acting President and Chief Executive Officer

ATTACHMENT:

1. November Project Status Update
2. November Performance Measures
3. November 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 October, we have delivered \$298.42 million in capital renewal projects to improve building conditions for tenants and, by extension, improve tenant experience. With the Board's approval to advance \$50 million in 2018 from the 2019 budget we are able to begin work on 2019 capital projects while the budget is pending approval, this allows us to be well positioned to spend fully the proposed 2019 budget.

Expanding tree canopy in our communities

We partnered with the City of Toronto's Every Tree Count program, Local Enhancement and Appreciation of Forests (LEAF) and Park People to deliver a project aimed at increasing tree coverage on three Toronto Community Housing properties. About 100 native trees were planted at 111 Kendleton, 1901 Sheppard Avenue West and Scarlettwood in November. The pilot project has community engagement and long-term tree survival at its core. Teams of volunteer tenants will be engaged and trained to care for the trees.

Vibrant Communities

Tenant Safety

The Ontario Police Technology Information Cooperative (OPTIC) Board of Directors has approved the Community Safety Unit (CSU) for membership. OPTIC provides access to state of the art information technology and data management systems, including records management and computer aided dispatch systems. Membership in OPTIC will allow CSU to implement a new records management system (RMS), GPS and dispatch system that will support CSU officers to respond more effectively and allow for more accurate incident tracking. Pending approval of the 2019 budget we will be moving ahead with the procurement process for the new system in 2019.

In 2018 all superintendents, custodial maintenance persons and cleaners completed a 3-phase fire life safety training program. This program

Attachment 1. November Project Status Update

included both classroom and hands-on components designed to ensure site staff understand their roles and responsibilities pertaining to fire life safety and the duties of supervisory staff per each building's fire safety plan.

In November 2018, the Corporate Fire Life Safety (FLS) team initiated the development of comprehensive fire life safety training curriculum that will be a blend of e-learning and on-site training, which will help to support consistency and sustainability. As part of the fire life safety curriculum, all of our employees will receive training that is tailored to their position within the organization from a broad catalogue of modules, which includes: fire prevention and emergency procedures, legislative and code requirements, technical inspection procedures, and tenant fire safety engagement. As well, fire life safety has also been integrated as a component of our general and management orientation sessions for new employees helping to ensure fire safety is an important part of our corporate culture.

In addition, the Corporate FLS team has been enhancing tenant education and outreach activities. In January 2019, fire life safety posters will be distributed to all of our buildings on a monthly bases, with the posters featuring a new safety theme each month and incorporating pictograms which are intended to be universally understood regardless of language or cultural barriers. New channels continue to be explored to deliver fire safety messaging, including pre-recorded messages for tenants calling the Client Care Center, a quarterly fire safety drawing contest in the Tenant Loop, and unique educational materials for tenants. Corporate FLS employees will also be providing a greater presence as they will increase their attendance at community events and in our buildings.

Community and Economic Development

Toronto Community Housing is offering a series of community programs and events this fall aimed at connecting tenants to economic opportunities. From job fairs and pitch contests, to financial literacy and business workshops, we are offering a host of programs that are providing tenants with opportunities for education, employment and leadership.




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On November 29th we held the Mega Job Fair which is designed to connect tenants to job opportunities with some of the top employers in the city. The event was attended by 16 employers and over 385 job-seekers. Tenants had the opportunity to take part in on-the-spot interviews with employers including Tim Hortons, Home Depot, Staples Canada, The Boys and Girls Club, Goodlife Fitness, The Source and more.



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November Project Status




The table below provides a brief status update on each of the 2018 actions and milestones. Implementation of actions shaded in grey have been completed and will be removed from the next update.

2018 Actions	Current Milestone	Current Status
1.2 Deliver the \$300 million 2018 capital renewal program	Q4 2018: \$300million	 YTD spending: \$298.42 million.
1.3 Improve vendor management program, including roster refresh	Q4 2018: Software program to support the vendor management program sourced and implemented	 Testing of software program has taken place. Currently, contract is in Legal/ITS review. Implementation to commence pending the results of the testing Q1 2019.
1.4 Seek out new revitalization and renewal initiatives, including moving ahead on securing private investment in revitalization and renewal projects	Q3 2018: Due diligence studies initiated	 Background studies underway to inform a future request for proposals.

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2018 Actions	Current Milestone	Current Status
1.5 Implement corporate standard operating procedures for work done by Toronto Community Housing in all divisions	Q4 2018: Top 10 SOPs developed by divisional subject matter experts	 Divisions are developing top 10 SOPs for core work. Approximately 75 SOPs are planned for development in 2018, 40% of which have been completed to date. The remaining SOPs are well underway and are on track to be completed by the end of Q4.
1.6 Develop and implement a new service request process and a holistic refresh of complaints management at Toronto Community Housing	Q4 2018: Tenant relations team in place, followed by training and onboarding related to the processes of complaints (feedback) management.	 The tenant relations team started in November and is currently undergoing training.

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2018 Actions	Current Milestone	Current Status
1.7 Implement the Integrated Housing Management System (IHMS)	Q1 2018: Vendor secured for new IT system	 The statement of work for the preferred vendor was finalized and was submitted to the November 15th BIFAC meeting, along with a recommendation for award of contract and a work plan that defines the project scope, budget and schedule. BIFAC approved the recommendation to forward to the Board for approval.
1.8 Implement the decentralization pilot and assess outcomes	Ongoing: Decentralized processes delivered at the local Operating Unit (OU) level	 Decentralized processes continues to be delivered at the Operating Unit level.
2.2 Develop and implement an enhanced Community Safety Program in partnership with Toronto Police Service	Q4 2018: Implementation plan for GPS and computer aided dispatch software developed	 Membership to OPTIC was approved. We have started the procurement process for the new systems. Implementation will continue into 2019.



Not Meeting Target




At risk






Meeting/Exceeding Target





Attachment 1. November Project Status Update

2018 Actions	Current Milestone	Current Status
<p>3.2 Develop a proactive tenant needs identification process</p>	<p>Q4 2018: proactive needs identification process developed. Q4 2018: Pilot the integrated AM/TCS team model</p>	<p> A Business Information Coordinator was hired in November 2018 to complete 341 Building Development profiles by end of Q4 2018. 100 of 341 Building Development profiles have been completed to date which will assist in identifying vulnerable tenants. Development of the integrated vulnerability intake process is underway and will be piloted at Glen Everest beginning December 3rd, 2018.</p>

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2018 Actions	Current Milestone	Current Status
4.1 Develop and implement the youth services and local engagement strategies pilots and assess outcomes	Q4 2018: Develop strategies to address identified local and youth priorities	 Youth pilot: 20 neighborhoods have completed the priority setting process. Three neighborhoods have begun implementing local programming. Local action plan: The format for the Mornelle Action Plan was finalized and the content is being developed based on the results of the community consultations.
5.1 Implement a proactive tenant communications protocol	Q4 2018: Implement digital bulletin board pilot	 The request for proposal for digital bulletin board hardware closed on November 30 th .
5.2 Complete implementation of the tenant engagement system refresh	Q4 2018: structure of the new Tenant Engagement System finalized	 New tenant engagement model was designed based on tenants' input. Six local forums were held in November and December to validate the consultation results.







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2018 Actions	Current Milestone	Current Status
6.1 Implement the employee engagement action plan	Q4 2018: Employee engagement action plan developed	 Action plan development is underway.
6.2 Implement corporate change management program	Q4 2018: Culture model rolled out corporate wide	 The culture model is complete and planning is underway for continued rollout
6.3 Implement improvements to the recruitment process	Q4 2018: Improve efficiency of interview and assessment scheduling through use of software. This software would save significant resources, approximately 1.0 FTE	 ITS will review the software to ensure it meets TCHC standards and prioritize implementation with consideration to resource constraints and other initiatives currently underway. Q1 2019 is targeting pending the ITS review; however, this does not negatively impact the performance objectives which are being met.
7.1 Complete implementation of recommended best practices in procurement	Q4 2018: Implement The Procurement Law Office (PLO) recommendations	 PLO has provided TCHC with the updated Procurement Policy, Procedures, and Protocols. The remaining documents are under internal review with a call to be scheduled with PLO to discuss

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2018 Actions	Current Milestone	Current Status
7.2 Complete the corporate policy framework refresh and implement a review of the policies planned for 2018	Q4 2018: Completed review of all policies planned for 2018	updates.  Review of 2018 policies underway. 31 policies have been developed or revised to date in 2018.

November Performance Measures

Key Indicators	Target	November 2018	October 2018	% Variance From Previous Month	November 2017	% Variance From Previous Year
Quality homes						
YTD Building renewal capital spending (in \$ millions) ¹	Q4: \$300M Annual: \$300M	 \$298.42	\$258.45	 15.46%	\$226.96	 31.49%
Service level for routine maintenance requests completed within established timelines (5 days)	72%	 66.02%	68.26%	 -3.27%	N/A	N/A
Vibrant communities						
Number of tenants participating in decision-making	3,234 (annual)	7,050	6,585	 7.06%	N/A	N/A
Service excellence						
Voluntary staff turnover (%)	N/A	0.70%	0.65%	0.05% ²	N/A	N/A

¹ The November YTD 2018 FM Capital Program Completed includes \$19.2 million work completed in 2017 against the \$300M 2018 capital budget following early 2018 budget approval.

² This number is the difference between the October 2018 and November 2018 results for voluntary staff turnover.



Attachment 2. November Performance Measures

Key Indicators	Target	November 2018	October 2018	% Variance From Previous Month	November 2017	% Variance From Previous Year
Involuntary staff turnover (%)	N/A	0.29%	0.41%	-0.12% ³	N/A	N/A
Average number of weeks from requisition to position being filled (weeks)	10	● 7.59	7.26	↑ 4.55%	N/A	N/A
Business foundations⁴						
Rent-Geared-to-Income vacancy rate (%)	2.00%	⊘ 2.52%	2.15%	↑ 17.21%	2.58%	↓ -2.3%
RGI leasing ratio	1.00	⊘ 0.80 ⁵	3.34	↓ -76.68%	0.91	↓ -12.2%
Market vacancy rate (%)	2.00%	● 1.47%	1.49%	↓ -1.34%	1.76%	↓ -16.5%
Market leasing ratio	1.00	● 1.00	1.79	↓ -44.13%	0.97	↑ 3.1%
Rentable vacant units	-	1,366	783	↑ 74.46%	1,421	↓ -3.9%
Rent and parking arrears (\$ in thousands)	-	\$8,495	\$8,423	↑ 0.85%	\$8,236	↑ 3.1%

³ This number is the difference between the October 2018 and November 2018 results for involuntary staff turnover.

⁴ Currently 528 vacant units, which are considered rentable, are being held for the matching process for households on the existing waiting list for Medical and Safety at Risk transfers. Due to the units being held the RGI KPIs; RGI vacancy rate, RGI leasing ratio and rentable vacant units are impacted resulting in significant variances from the previous month



Attachment 2. November Performance Measures

Key Indicators	Target	November 2018	October 2018	% Variance From Previous Month	November 2017	% Variance From Previous Year
Arrears under repayment (\$ in thousands)	-	\$3,526	\$3,478	↑ 1.38%	\$3,125	↑ 12.8%
Arrears under management (\$ in thousands)	-	\$7,499	\$7,591	↓ -1.21%	\$7,049	↑ 6.4%

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

Attachment 2. November 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 8 of Closing the Loop ran in November 2018. The results are summarized in the following table.

% Tenant Satisfaction	Wave 1	Wave 2	Wave 3	Wave 4	Wave 5	Wave 6	Wave 7	Wave 8	YTD Results
Keeping up cleanliness of the building	77%	80%	75%	70%	73%	66%	67%	72%	73%
Keeping up the condition of the building	66%	70%	74%	66%	68%	61%	55%	70%	66%
Quality of the repair	93%	87%	93%	91%	95%	87%	92%	93%	92%
Keeping tenants informed of changes	76%	74%	80%	74%	76%	71%	68%	76%	74%

Attachment 3. November Financials**November Financial Performance**

(Amounts in '\$000s)

	November 18	YTD 2018		November 17	YoY	YoY	2018
	YTD Actual	Budget	Variance Fav(Unfav)	YTD Actual	Variance Fav(Unfav)		Annual Budget
	\$	\$	\$ %	\$	\$ %		\$
Results of Operations							
Revenue	650,655	589,101	61,555 10%	654,142	(3,486) -1%		67,234
Expenses	609,003	630,359	21,356 3%	610,860	1,856 0%		691,648
Net Income (Loss)	41,652	(41,258)	82,910 201%	43,282	(1,630) -4%		(24,414)

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

YTD actual net income is \$41.7M compared to the budgeted net loss of \$41.3M; favourable variance of \$83M is mainly due to:

- \$48.7M one time gain: \$31.2M on land transfer of 250 Davenport and \$9.5M 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;
- \$20.7M lower utility cost primarily from favourable hydro rates as the result of Fair Hydro Plan;
- \$15.1M favourable residential revenue due to higher monthly rental rate;

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- \$7.1M lower salary and benefit resulting from vacancies, lower staff expenses combined with other admin costs, partially offset by higher overtime and parental top-up costs;
- \$3.4M interest expenses lower than budget due to delay of Infrastructure Ontario loan;
- (\$7.8M) lower subsidies primarily due to the timing of revenue recognition; and
- (\$7.5M) higher maintenance costs primarily due to increase in life safety and fire inspections and other general maintenance costs.

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

YTD actual net income is \$41.7M compared to prior year net income of \$43.7M; the unfavourable variance of (\$1.6M) is mainly due to:

- (\$19.1M) higher salaries and benefit cost due to onboarding of planned resources, higher staff expenses and capitalization;
- (\$13.2M) higher amortization on assets;
- (\$6.7M) gain on sale of land due to Regent Park gain recognized in 2017;
- (\$2.7M) higher interior maintenance primarily due to increase in life safety and fire inspections;
- (\$1.9M) interest expense due to new Infrastructure Ontario loan of \$64.8M that was closed in Nov 2017;
- \$9.0M lower utility cost primarily from favourable hydro rates;
- \$13.0M favourable residential revenue due to higher monthly rate;
- \$7.5M favourable joint venture income from Allenbury Garden;
- \$4.7M higher capitalized labor due to increased capital spending; and
- \$2.2M favourable investment income due to higher interest rate on investment.

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(Amounts in '\$000s)

	November 18	November 17	Variance	2018
	YTD Actual	YTD Actual	YTD 18 Vs. YTD 17	Annual Budget
	\$	\$		\$
Capital Expenditure				
Building Renewal Capital	276,738	192,054	84,684	296,934
RPEI Plant Capital	2,481	8,485	(6,004)	3,066
RPEI Plant Capital CHSOP- Non FM	5,669	841	4,827	-
Improvements to Housing Projects	2,071	4,239	(2,169)	883
Corporate & IT Capital	2,555	3,680	(1,125)	14,373
Net Development Capital (Net of funding source)	27,247	16,393	10,854	56,643
Total Capital Expenditure	316,760	225,693	91,067	371,899

Explanation of Variances Actual vs. Prior Year:

Higher spending of \$91.1 M is due to the increase in planned capital jobs and demand jobs spending in 2018 and higher capitalized labor costs as a result of the increase in capital jobs.

Attachment 3. November Financials

(Amounts in '\$000s)

Other Key Balance Sheet Items

Cash on hand

Unrestricted 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

November 18	November 17	YoY	YoY
YTD Actual	YTD Actual	YTD 18 Vs. YTD 17	
\$	\$	\$	%
38,196	91,362	(53,166)	-58%
1,719	2,313	(594)	-26%
116,764	144,979	(28,215)	-19%
220,899	219,792	1,107	1%
377,578	458,446	(80,868)	-18%
(9,944)	(2,401)	(7,543)	314%
367,634	456,045	(88,411)	-19%

Attachment 3. November Financials**Statement of Operations**

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

	October	November	2018 YTD	YTD Budget	Budget 2018
Revenue					
Subsidies - TCHC	19,231	19,348	211,836	219,645	239,620
Subsidies - AHCI	-	-	-	-	-
Subsidies for task force initiatives	348	348	3,827	3,827	4,175
	19,579	19,696	215,663	223,472	243,795
Residential					
RGI Rent	20,232	20,331	220,060	208,862	227,868
Market Rent	7,150	7,215	76,873	72,970	79,761
Commercial rent	1,199	1,306	14,035	13,742	14,947
Amortization of deferred capital contributions	3,946	4,896	42,866	38,533	42,036
Parking, laundry and cable fees	1,547	1,547	16,832	16,564	18,079
Investment income	928	792	7,487	5,898	6,463
Joint venture income (loss)	-	259	4,894	4,187	11,761
Capital assets write off	(2)	(7)	(118)	-	-
Gain on sale of housing projects	-	261	1,519	-	-
Gain on sale of land	-	4,851	47,189	-	17,162
Gain on sale of capital assets	-	-	24	-	-
Plant	109	110	1,321	3,288	3,632
Other	162	205	2,009	1,585	1,729
	35,272	41,764	434,993	365,629	423,440
	54,851	61,460	650,655	589,101	667,234

Attachment 3. November Financials**Statement of Operations**

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

	October	November	2018 YTD	YTD Budget	Budget 2018
Expenses					
Operating & maintenance	16,565	10,237	161,930	160,683	177,973
Utilities	8,833	9,101	106,926	127,599	140,594
Municipal taxes	1,686	1,272	16,766	16,159	17,628
Depreciation expense	15,617	16,243	161,015	153,993	167,993
Interest	6,379	6,377	71,116	74,570	81,238
Rent supplement program		(0)	(1)		(0)
Community safety services	2,313	2,506	22,127	16,463	18,031
Residential services	583	1,082	12,040	14,588	15,799
Tenancy management	-	-	-	-	-
Corporate services	3,369	2,895	32,311	59,536	38,749
Human resources	910	1,114	10,036	1,742	11,938
Information technology	884	1,021	10,475	910	12,905
Plant	187	170	1,957	3,735	4,116
Loss from guaranteed equity housing projects	16	6	233	366	398
Impairment loss	-	-	(528)	-	-
Task force initiatives	178	525	2,601	16	4,287
	57,520	52,548	609,003	630,359	691,648
Net Income (Loss)	(2,669)	8,912	41,652	(41,258)	(24,413)