



CEO's Report — September 2018

November 2, 2018
Board of Directors

Report: TCHC:2018-45
To: Board of Directors
From: Kathy Milsom, President and Chief Executive Officer
Date: October 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 September 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. Considerable progress has been made since Luisa Andrews, our new Vice President of Information Technology, started two months ago. The work plan and recommendation for award of the vendor contract will be submitted to the Board of Directors for consideration at the December 6th board meeting.



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. September Project Status Update
2. September Performance Measures
3. September Financials

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 September, we have delivered \$227.58 million in capital renewal projects to improve building conditions for tenants and, by extension, improve tenant experience.

In keeping with our commitment to revitalize communities, Toronto Community Housing is leading a process to create a master plan to rebuild and renew the Firgrove-Grassways community. The process involves engaging tenants and stakeholders, including the City of Toronto. The master plan will be completed by early 2019. Tenants have had the opportunity to provide their feedback about the concepts through interactive activities conducted at two community workshops.

An approved master plan is needed before Toronto Community Housing can demolish and replace the 234 townhome units in Firgrove, including those on Firgrove Crescent that were vacated in 2017 due to the unsafe condition of the buildings. Once the master plan is approved, we will work with the City to identify funding sources for the rebuild and other community needs in Firgrove under our 10-year building capital renewal plan.

We have also begun background studies, including archaeological assessments and geotechnical studies, for the four potential redevelopment sites identified in the June request for expressions of interest. These studies will help us to better understand both the potential and constraints for the sites, and inform a future request for proposals.

Vibrant Communities

Tenant Safety

In response to the rise in gun violence in the City of Toronto and its commensurate impact on our communities, we are providing enhanced security presence in ten high-needs neighbourhoods. Effective September 5th, we have increased security presence in six of these neighbourhoods

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using contract security staff. The remaining four sites will have the increased coverage by the end of October 2018. Security staff will be replaced by Special Constables as they are hired, trained, sworn in and deployed.

Since establishing the corporate Fire Life Safety (FLS) department in March 2018, we have taken steps to enhance the department capacity and delivery of services to further enable the advancement of the fire safety culture across the organization and in our communities. We have adopted a risk-based operational work plan that ensures a focus on key activities and deliverables. In order to execute the work plan, we have now filled all key management and supporting roles.

With the enhanced capacity of the FLS department, we are now positioned to implement a centralized delivery model for fire life safety services and activities across the portfolio related to:

- quality assurance inspections;
- Fire Code compliance remediation;
- fire safety plan reviews;
- FLS tenant and staff education;
- FLS policies and procedures;
- FLS reports and monitoring;
- fire system monitoring services; and
- enhanced liaison with Toronto Fire Services.

In the coming months, the FLS department will continue to work with both internal and external stakeholders to further operational alignment and increase efficiencies in the delivery of services across our portfolio.

From July to September 2018 there was a 25% decrease in fires across the portfolio compared with the previous three months. The majority of fires that did occur (31%) were the result of cooking incidents. In September our fire prevention inspectors completed 18 fire safety inspections, the most of any month to date. These inspections allow us to proactively identify contraventions of the Ontario Fire Code in our buildings and take immediate steps to resolve them.

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Tenant Engagement Refresh

The community consultation process to identify and prioritize local community needs and preferred engagement methods will be completed in mid-October. To date over, 3,420 tenants have attended 290 community meetings and employees have led 227 community lobby consultations that reached over 7,500 tenants. The top three priorities identified from each community will be a focus of the tenant councils as they work to create local solutions.

In collaboration with the City-Wide Tenant-Staff Engagement Advisory Committee (CWTSEAC), we will be holding twelve local community consultations in October and November to consult with tenants on how we will implement several of the key recommendations in the CWTSEAC report.

As part of the Tenant Engagement Refresh process, we also held tenant consultation sessions on the development of the volunteer policy in September. Over 100 tenants provided input on the policy. This policy will define the roles and responsibilities of tenant volunteers, tenant representatives and tenant leaders in the engagement system.

Youth Programs

Eighteen out of nineteen neighborhoods within Operating Unit C have completed the priority setting process which saw roughly 550 youth engaged throughout the summer and fall. Three neighborhoods have started implementing local programming as a result of the priority setting process. Partnership meetings are being held with the City of Toronto, Trillium Foundation, Arab Community Centre of Toronto, and Toronto Community Housing youth pilot team to develop a partnership table which will provide ongoing support for the implementation of the local action plans. Youth leaders continue to be consulted in the development of the evaluation framework which will be finalized by the youth core-group in October.

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Local Action Plan Pilot

The advisory group consisting of Toronto Community Housing and non-Toronto Community Housing tenants met twice in September. The group participated in leadership and community development workshops which will build their capacity and explored community priorities in preparation of drafting the local action plan in October. In addition, other neighbourhood-building events such as movie nights and a mini carnival were held, which effectively demonstrated the ability of tenants, employees and partners to work collaboratively, and promote services and opportunities in the community.

Service Excellence





Employee Engagement

Divisional and corporate focus groups were completed in September. During these sessions, the drivers of engagement that were identified in the employee engagement survey as having the most impact on the organization were discussed. Employees provided insight into what they see working well within the organization, areas we need to improve and provided suggestions for how we can address these challenges together. The feedback from these sessions will be used to develop divisional plans to action the recommendations. The divisional plans will help to create a work environment that is conducive to high morale and performance, and an organization we can all be proud of.




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September 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.

2018 Actions	Current Milestone	Current Status
1.1 Deliver on clean building standards	Q2 2018: Update software to allow live data capture and analysis	 Completed
1.2 Deliver the \$300 million 2018 capital renewal program	Q3 2018: \$181 million	 YTD spending: \$227.6 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 to take place in October/ November 2018. Implementation to commence 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 requests 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 subjectmatter experts	 Divisions developing top 10 SOPs for core work.
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.	 Process of complaint escalation to be finalized
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 is expected to be finalized in October and will be 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, with a recommendation to forward to the Board for approval on December 6th.





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2018 Actions	Current Milestone	Current Status
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.
2.1 Implement the enhanced fire life safety program	Q4 2018: Implement the fire life safety (FLS) program	 All actions on the FLS program implementation plan completed. Operational work plan developed and all employee positions filled.
2.2 Develop and implement an enhanced Community Safety Program in partnership with Toronto Police Service	October 2018: Increased security coverage in all ten high-needs neighborhoods	 Increased security presence in six of ten high needs neighborhoods in place.
3.1 Implement the Tenant Transfer Policy action plan	July 1, 2018: Crisis Priority Transfer Process implemented	 Implementation completed. Between July 1 st when the new process was implemented and October 30 th , TCHC received 1,464 applications, more than the entire year previous. To address the far greater than anticipated demand, in addition to the six Intake Specialists who were hired, four temporary staff




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2018 Actions	Current Milestone	Current Status
		<p>were put in place to process applications in a timely manner. We are monitoring volumes to seek to determine anticipated steady-state levels.</p>
<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> Vulnerability index under development with the Toronto Central Local Health Integration Network. Interdivisional Accountability Framework Pilot to be approved. Pilot site identified and regular integrated team meetings have started.</p>
<p>4.1 Develop and implement the youth services and local engagement strategies pilots and assess outcomes</p>	<p>Q4 2018: Develop strategies to address identified local and youth priorities</p>	<p> Youth pilot: 18 out of 19 neighborhoods completed priority setting process. Local action plan: The local advisory group met twice in September to discuss local priorities in preparation for drafting the local action plan in October.</p>


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2018 Actions	Current Milestone	Current Status
4.2 Develop the collaboration strategy for TCHC's work with agencies, governments, donors and the private sector	Q3 2018: Collaboration Framework developed	 Collaboration Framework completed. The implementation plan and terms of reference for the committee that will oversee the operationalization of the framework are being developed.
5.1 Implement a proactive tenant communications protocol	Q4 2018: Implement digital bulletin board pilot	 A request for proposal for digital bulletin board hardware is being developed.
5.2 Complete implementation of the tenant engagement system refresh	Q4 2018: structure of the new Tenant Engagement System finalized	 Community consultation to be completed mid-October. Twelve local community consultations underway from October to November.
6.1 Implement the employee engagement action plan	Q4 2018: Employee engagement action plan developed	 Divisional and corporate focus groups were completed. Action plan development is underway.








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2018 Actions	Current Milestone	Current Status
6.2 Implement corporate change management program	Q4 2018: Culture model rolled out corporate wide	 The culture model is complete and will be rolled out corporate wide in Q4. A number of levers for culture change have been identified and will be implemented starting in Q1 2019 including: the Leadership Academy and update of the 2019 employee performance management process.
6.3 Implement improvements to the recruitment process	Q4 2018: Automate job postings and interview guides	 Work to implement automated job postings and interview guides is underway.
7.1 Complete implementation of recommended best practices in procurement	Q4 2018: Implement The Procurement Law Office recommendations	 Final training session for sourcing team is taking place in October. Draft of the revised procedures and protocols is currently under review by Procurement and Legal and will be posted on inHouse by the end of year. RFP evaluation tool currently being tested in October/ November. Implementation to commence Q1 2019.

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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	 Review of 2018 policies underway.

September Performance Measures

Key Indicators	Target	September 2018	August 2018	% Variance From Previous Month	September 2017	% Variance From Previous Year
Quality homes						
YTD Building renewal capital spending (in \$ millions) ¹	Q3: \$181M Annual: \$300M	 \$227.58	\$193.88	 17.38%	\$170.21	 33.7%
Service level for routine maintenance requests completed within established timelines (5 days)	72%	 69.49%	69.74%	 -0.36%	N/A	N/A
Vibrant communities						
Number of tenants participating in decision-making	3,234 (annual)	4,180	3,099	 34.9%	563	 642.5%
Service excellence						
Voluntary staff turnover (%)	N/A	0.59%	0.90%	-0.31% ²	N/A	N/A

¹ The September 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 August 2018 and September 2018 results for voluntary staff turnover.



Attachment 2. September Performance Measures

Key Indicators	Target	September 2018	August 2018	% Variance From Previous Month	September 2017	% Variance From Previous Year
Involuntary staff turnover (%)	N/A	0.06%	0.24%	-0.18% ³	N/A	N/A
Average number of weeks from requisition to position being filled (weeks)	10	● 6.93	7.15	↓ -3.08%	N/A	N/A
Business foundations						
Rent-Geared-to-Income vacancy rate (%)	2.00%	⊘ 2.20%	2.21%	↓ -0.56%	2.48%	↓ -11.41%
RGI leasing ratio	1.00	⊘ 0.99	0.92	↑ 7.61%	1.13	↓ -12.40%
Market vacancy rate (%)	2.00%	● 1.72%	1.51%	↑ 14.26%	1.76%	↓ -2.50%
Market leasing ratio	1.00	⊘ 0.63	0.61	↑ 3.28%	1.50	↓ -58.0%
Rent and parking arrears (\$ in thousands)	-	\$8,751.00	\$8,740	↑ 0.13%	\$8,407.00	↑ 4.09%
Arrears under repayment (\$ in thousands)	-	\$3,647.00	\$3,400	↑ 7.26%	\$3,104.00	↑ 17.49%
Arrears under management (\$ in thousands)	-	\$7,788.00	\$7,643	↑ 1.90%	\$7,085.00	↑ 9.92%

³ This number is the difference between the August 2018 and September 2018 results for involuntary staff turnover.



Attachment 2. September 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 6 of Closing the Loop ran in September. The results are summarized in the following table.

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

September Financial Performance

(Amounts in
'\$000s)

	September 18	YTD 2018		September 17	YoY	YoY	2018
	YTD Actual	Budget	Variance Fav(Unfav)	YTD Actual	Variance Fav(Unfav)		Annual Budget
	\$	\$	\$ %	\$	\$ %		\$
Results of Operations							
Revenue	534,344	482,649	51,695 11%	543,663	(9,319) -2%		67,234
Expenses	498,936	516,235	17,299 3%	495,703	(3,233) -1%		691,648
Net Income (Loss)	35,408	(33,586)	68,994 205%	47,960	(12,552) -26%		(24,414)

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

YTD actual net income is \$35.4M compared to the budgeted net loss of \$33.6M; favourable variance of \$69M 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;
- \$14.5M lower utility cost primarily from favourable hydro rates as the result of Fair Hydro Plan;

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- \$11.7M favourable residential revenue due to higher monthly rate;
- \$6.1M lower salary and benefit resulting from vacancies, lower staff expenses combined with other administrative costs, partially offset by higher overtime and parental top-up costs;
- \$2.8M interest expenses lower than budget due to delay of Infrastructure Ontario loan;
- (\$6.5M) lower subsidies primarily due to the timing of revenue recognition; and
- (\$4.5M) higher maintenance costs primarily due to increase in life safety and fire inspections.

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

YTD actual net income is \$35.4M compared to prior year net income of \$47.9M; the unfavourable variance of (\$12.5M) is mainly due to:

- (\$11.9M) higher salaries and benefit cost due to onboarding of planned resources, higher staff expenses combined with other admin costs;
- (\$10M) higher amortization on assets;
- (\$11.5M) gain on sale of land due to Regent Park gain recognized in 2017;
- (\$3.5M) higher interior maintenance primarily due to increase in life safety and fire inspections;
- (\$2.1M) interest expense due to the new Infrastructure Ontario loan of \$64.8M that was closed in November 2017;
- (\$3.2M) legal, consulting and other expenses mainly due to fire picket and security guard (\$3.6M);
- \$8M lower utility cost primarily from favourable hydro rates;
- \$10.6M favourable residential revenue due to higher monthly rate;
- \$7.1M favourable joint venture income from Allenbury Garden; and
- \$1.4M favourable investment income.

Attachment 3. September Financials

(Amounts in '\$000s)

	September 18	September 17	Variance	2018	September 18
	YTD Actual	YTD Actual	YTD 18 Vs. YTD 17	Annual Budget	Prorated Annual Budget
Capital Expenditure	\$	\$		\$	\$
Building Renewal Capital	207,168	167,148	40,020	296,934	222,701
RPEI Plant Capital	1,213	7,866	(6,653)	3,066	2,299
RPEI Plant Capital CHSOP- Non FM	6,390	-	6,390	-	-
Improvements to Housing Projects	1,084	4,149	(3,065)	883	662
Corporate & IT Capital	2,256	3,431	(1,175)	14,373	10,780
Net Development Capital (Net of funding source)	24,286	8,099	16,187	56,643	42,482
Total Capital Expenditure	242,398	190,694	51,704	371,899	278,924

Explanation of Variances Actual vs. Prior Year:

Higher spending of \$51.7M is due to the increase in planned capital jobs and demand jobs, energy repair capital spending in 2018 and higher capitalized labor costs as a result of the increase in capital jobs.

Attachment 3. September 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

September 18	September 17	YoY	YoY
YTD Actual	YTD Actual	YTD 18 Vs. YTD 17	
\$	\$	\$	%
33,453	118,538	(85,085)	-72%
1,719	2,316	(597)	-26%
115,316	104,324	10,993	11%
221,382	217,494	3,887	2%
371,870	442,673	(70,803)	-16%
(11,944)	(2,401)	(9,543)	397%
359,926	440,271	(80,345)	-18%

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

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

	August	September	2018 YTD	YTD Budget	Budget 2018
Revenue					
Subsidies - TCHC	19,261	18,815	173,256	179,709	239,620
Subsidies - AHCI			-		
Subsidies for task force initiatives	195	1,653	3,131	3,131	4,175
	19,456	20,467	176,388	182,840	243,795
Residential			-		
RGI Rent	20,201	20,125	179,497	170,828	227,868
Market Rent	7,098	7,127	62,508	59,436	79,761
Commercial rent	1,382	1,329	11,530	11,260	14,947
Amortization of deferred capital contributions	3,587	4,706	34,024	31,527	42,036
Parking, laundry and cable fees	1,592	1,526	13,738	13,548	18,079
Investment income	691	776	5,767	4,816	6,463
Joint venture income (loss)	4,618	-	4,635	4,359	11,761
Capital assets write off	(78)	(5)	(108)		
Gain on sale of housing projects	-	-	1,258	-	-
Gain on sale of land	0	-	42,338	-	17,162
Gain on sale of capital assets	-	7	24	-	-
Plant	106	94	1,102	2,739	3,632
Other	154	130	1,642	1,297	1,729
	39,350	35,816	357,956	299,809	423,440
	58,806	56,284	534,344	482,649	667,234

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

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

	August	September	2018 YTD	YTD Budget	Budget 2018
Expenses					
Operating & maintenance	15,315	17,430	135,127	131,641	177,755
Utilities	8,161	7,716	88,991	103,479	140,594
Municipal taxes	1,348	1,843	13,808	13,221	17,628
Depreciation expense	14,833	15,225	129,155	127,006	169,341
Interest	6,395	6,552	58,361	61,164	81,238
Rent supplement program	0		(1)	(0)	0
Community safety services	2,053	1,242	17,308	13,366	18,030
Residential services	2,302	1,014	10,374	12,451	15,715
Tenancy management			-		
Corporate services	3,276	2,836	26,048	48,938	38,675
Human resources	902	795	8,012	1,486	12,356
Information technology	1,143	1,190	8,570	1,057	12,870
Plant	178	132	1,600	2,095	2,767
Loss from guaranteed equity housing projects	27	23	210	298	398
Impairment loss	(527)	-	(527)		-
Task force initiatives	197	392	1,897	33	4,282
	55,602	56,391	498,935	516,235	691,648
			-		
Net Income (Loss)	3,204	(107)	35,408	(33,585)	(24,414)