

Board Members:

AGENDA

Sean Quigley,
Board Chair

LONDON & MIDDLESEX COMMUNITY HOUSING (LMCH)

Marci Allen-Easton,
Vice Chair

Board of Directors Meeting

Anna-Marie Evans,
Director

Larry Ducharme,
Director

**Corporate Boardroom
1299 Oxford Street East, Unit 5C5
London, Ontario**

Deb Peckham,
Director

Arielle Kayabaga,
Director & City of
London Councilor

Wednesday, September 4, 2019

Stephanie
Marentette Di
Battista,
Director

4:00 P.M. – 5:00 P.M.

John Morgan,
Director

**Special Meeting of the Board of Directors at
the Request of the Service Manager**

Adrian Cornelissen,
Director & Councilor
of North Middlesex

Guests:

Sandra Datars-Bere, Managing Director, Housing, Social
Services & Dearness Home
Anna Lisa Barbon, Managing Director, Corporate Services and
City Treasurer, CFO

Item	Lead	Time
1. Board Executive Session (if required)	M. Allen-Easton	4:00
2. Call to Order	M. Allen-Easton	4:00
3. Recognition of Indigenous Peoples and Lands	M. Allen-Easton	4:00
4. Completion and Acceptance of Agenda	M. Allen-Easton	4:05
5. Disclosures of Interest	M. Allen-Easton	4:10
6. Communications	M. Allen-Easton	
a. 2019-08-26 Resolet 2.2-17-SPPC (City of London)		
b. KPMG Housing Service Delivery Review Letter		
7. Reports and Business	M. Allen-Easton	4:15
a. Staff Report 2019-41: Vacancy Update	N. Turner	
b. KPMG Review of Service Delivery for Housing, Strategic Priorities and Policy Committee Resolution, and Discussion with Service Manager	S.Datars-Bere (COL)	
8. New Business / Enquires	M. Allen-Easton	4:30
9. In Camera Matters	M. Allen-Easton	4:30
a. A matter relating to an identifiable individual or group with respect to Board-related matters		
10. Meeting Adjourn	M. Allen-Easton	5:00
11. Date of Next Meeting - The next Board Meeting is scheduled for September 26, 2019		
12. Board Executive Session (if required)		



P.O. Box 5035
300 Dufferin Avenue
London, ON
N6A 4L9

London
CANADA

August 28, 2019

A. L. Barbon
Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

S. Datars Bere
Managing Director, Housing, Social Services and Dearness Home

I hereby certify that the Municipal Council, at its meeting held on August 27, 2019 resolved:

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and the Managing Director, Housing, Social Services and Dearness Home, the following actions be taken:

- a) Appendix "A", as appended to the staff report dated August 26, 2019, City of London Service Review: Review of Service Delivery for Housing, BE RECEIVED for information;
- b) the Civic Administration BE DIRECTED to determine next steps and actions based on the analysis and potential courses of action identified in the KPMG report dated August 12, 2019 with respect to a review of service delivery for housing;
- c) the Civic Administration BE DIRECTED to work with London & Middlesex Community Housing (LMCH) to investigate, address and reduce the vacancy rate within their housing portfolio; and,
- d) the Civic Administration BE DIRECTED to examine the development of affordable housing, consistent with the City's Service Manager legislated responsibility and report back on a recommended course of action;

it being noted that the Strategic Priorities and Policy Committee received a communication dated August 21, 2019 from C. Butler, a communication dated August 22, 2019 from A. Oudshoorn, and received a verbal delegation and submission from London & Middlesex Community Housing. (2.2/17/SPPC) (2019-S11)

C. Saunders
City Clerk
/hw

cc: C. Butler
A. Oudshoorn
B. Card, Managing Director, Corporate Services and City Solicitor
M. Johnson, Business Planning Process Manager
J. Browne, CEO, London Middlesex Community Housing
S. Giustizia, CEO, Housing Development Corporation, London
Strategic Priorities and Policy Committee Deferred



September 3, 2019

To: Martin Hayward, City Manager
Sandra Datars-Bere, Managing Director, Housing, Social Services & Dearness Home
Anna Lisa Barbon, Managing Director, Corporate Services and City Treasurer, CFO

RE: KPMG Housing Service Delivery Review

As expressed at the August 26, 2019 SPPC meeting, the Board of LMCH has significant concerns with regards to the KPMG Housing Services Review Report. Recognizing that we have seen only the public summary of the full service review and implementation recommendations, our issues include but are not limited to the following:

- Communication and Process – from initiation through the full process to public release of a summary report to SPPC;
- Scope and Completeness of the review (target vs. comprehensive) – which appears inconsistent with the objective of the review;
- Absence of identified basis or rationale related to various findings – such as referenced data points, clarity regarding where ‘best and common’ practice was derived from and why; and
- Where assessment was demonstrated within the report, there is some question as to the appropriateness and/or accuracy of the inputs used to draw the conclusions and mischaracterizations presented.

The Board’s concerns were referenced in the report/presentation to SPPC on August 26, 2019 and are further detailed in **Appendix A** as attached.

The Board requests that the respective Administration jointly review the identified questions/points for consideration. LMCH Senior Leadership Team will engage with Civic Administration to provide additional information or conversation to provide clarity and ensure concerns are addressed. It is the Board’s hope that this type of discussion will both alleviate the concerns of the Board, provide support to Civic Administration in determining next steps and actions to be taken respecting the findings and potential courses of action set out in the KMPG report.

LMCH remains committed to working with the City as our Shareholder and Service Manager to collaboratively implement improvements that serve our community.

Respectfully,

A handwritten signature in blue ink that reads 'Sean Quigley'.

Sean Quigley
Board Chair

Appendix A – Comments- Issues – Questions KPMG Report

1. LMCH was given no opportunity to comment on the report and provide feedback before it became public. Both Civic Administration and KPMG staff specifically stated that LMCH would have the opportunity to review and comment on the “current state assessment” as part of the process. The Board and staff had no such opportunity, and further, only became aware of the public report hours prior to the public release of this report via the SPPC agenda.
2. Was Civic Administration given the opportunity to comment on the report in advance of it being released to the public? If yes, did the original draft or recommendations change?
3. How can a single operational issue (vacancies) constitute a deep dive on overall efficiency and effectiveness of how housing service are delivered ... its but one of a number of critical issues e.g. need for tenant support service and programs servicing a dynamic tenant basis, issues/ challenges around the overall state of repair of LMCH infrastructure portfolio?
4. Do recommendations respecting governance oversight and vacancy management etc. give consideration to the positive steps and actions in respect of these issues (note the recommendations appear dated/retrospective in nature).
5. Provided that there is a confidential report including implementation plan, what is the process for sharing those observations/findings? At what point would or to what extent will LMCH become party to opportunities covered through that assessment? What issues specifically have been identified and what solutions proposed?
6. Our understanding was that this report was to indicate system wide efficiencies for improved housing service delivery. What reasonable indicators of improvement can the recommendations offer? The public report was micro level in terms of opportunity (mainly the approx. 160K recovery from vacancy reduction) our housing service needs are significant including investment to address capacity issues, what more did KPMG offer in regards to solutions?
7. Comparative Data was relied upon heavily in the report to indicate LMCH’s mismanagement of vacancy levels. Were any LHC’s contacted directly for this data? Was there clarity on how vacancy levels are measured differently across jurisdictions? The report certainly did not demonstrate this understanding and therefore greatly skewed the comparisons making our organization look significantly worse than is the reality. For example, no public information is reported by Windsor or Ottawa, while the operations report posted on TCHC and Hamilton indicate that their vacancy rate for all units was 6.70% (as at May 31, 2019) and 9.9% (as at March 31, 2019) respectively. Windsor confirmed directly that their highest rate in 2019 for the public housing portfolio was 5.99%

8. Why were other municipalities/LHCs that do not have the same structure of LMCH and/or operate various social and affordable housing programs used as comparators? Unlike LMCH who do not manage these programs, other municipalities/LHCs would offer market rentals that are quicker to rent given their age, state of repair, affordability compared to private market and no requirement to use coordinated access. This would directly impact the relevance of the data used.
9. How was the staffing numbers calculated as the report states two different numbers of full time staff of LMCH? 74 vs 57 staff (LMCH current complement totals 64)
10. Were the housing markets, policy and legal framework, priorities, funding and approach of each municipalities/LHCs considered in terms of their local environment and need?
11. Was the context of how LMCH's repair time standards considered? The standards were drafted as part of our internal collaboration with staff starting in 2018 and into 2019 to determine our CARE quality standards. These were initial goals as something to work towards recognizing that the unit turnover and vacancies were areas of continuous improvement for the organization.
12. Were the shared service opportunities for LMCH costed and identified with specific capacity within the city to support such an effort? Were previous LMCH requests seeking shared services recognized with the corresponding ability to offer such by the city? Were previous city offers for shared services reviewed? Was limited effectiveness of any such shared service provisions with LMCH or other boards/ commissions or service providers reviewed to demonstrate cost saving value?
13. LMCH would not knowingly decline funding to improve service delivery at any time. The report's statement that "*When the Service Manager suggested additional funding in order to address the vacancy rate, LMCH declined the funding, indicating that it was unable to effectively manage the process for the use of the additional funding*" goes against the fact that LMCH has continued to state the need for additional resources directly to the Service Manager and City Council. Furthermore, staff did evaluate the vacancy issue and provided detail regarding such in the Vacancy Management report which was attached to the submission to Council and shared with Civic Administration. Moving on the vacancy issue is expected to cost upwards of \$500,000 in 2019, money which is not in the budget but is understood will be covered by the City of London
14. What information or process used to make the conclusion that "*We also believe that the absence of data is a symptom of an overall absence of management of the work order process*" given that the work order process was not reviewed? Every piece of information requested was provided to KPMG, the auditor only held one meeting with the Board another with the CEO. No other management or staff were interviewed or questioned.
15. What additional work was completed or information used to conclude that "*the current board of LMCH is more representative of an advocacy board, with only limited representation of what we consider to be requisite skills*"? One meeting with the Board was held in confidence with the understanding that it was an open dialogue to express opinions and concerns. No other meeting was held with individual board members or any request for information was received to review their experience and expertise.

16. In respect of the Governance Issue identified, how or what was the basis of assessment supporting their conclusion? Given the significance and severity of the governance and oversight issues raised why were no recommendations provided to remedy this issue? Given the significance importance and severe opinion expressed by KPMG?
17. In general the recommendations as reported to SPPC from the public summary report demonstrate only limited improvements (address backlog of vacancy is a one-time improvement with an expected turnaround of only 33 units once addressed) a \$166K cost savings, and 'looking into' numerous other business efficiencies which have been considered and tried such as back office integrations. The Board of LMCH is concerned that the ultimate effect of the recommendations seen by the public is maintaining the status quo within housing services in our city – which is how the governance and operational challenges emerged and brought us – this seems counter-productive. LMCH is committed to improving housing services and being part of the solution. We expect the implementation of the KPMG report to offer more solutions than what has been articulated at this time.



STAFF REPORT 2019 - 41

TO: Board of Directors

FROM: Norman Turner, Director of Asset Management & Andrea Mackenzie Director of Tenant Services

SUBJECT: Unit Vacancy and Turnaround Strategy Update

DATE: September 4, 2019

RECOMMENDATION:

That, on the recommendation of the Director of Asset Management with the concurrence of the Chief Executive Officer, the Board receive the report for information purposes.

PREVIOUS REPORTS PERTINENT TO THIS MATTER:

Staff Report 2019 – 33 Vacancy Report

STRATEGIC ALIGNMENT:

This report is consistent with LMHC's new Strategic Plan with particular linkage to our strategic goal of "*Improve, Renew and Maintain the Homes we offer*".

BACKGROUND:

On the 21st of August KPMG issued their findings following the review of Housing Services within the City. The report although relying on historic data and failing to mention that an action plan had already been approved to address the issue received significant internal and external scrutiny.

The CEO of LMCH has directed that a further plan be advanced to outline short and long term measures to build on the work already done to address the vacancy issue and achieve the targets of 3% vacancy by the end of September and 2% by year end.

The report compared vacancy rates with a number of other LHC's but failed to recognize that the vacancy rate is calculated somewhat differently in those LHC's and that many of them have the ability to "shutter" units in both the short term and long term, which LMCH typically only does to accommodate strategic initiatives. This disparity of reporting is addressed in the recommendations.

ANALYSIS and OPTIONS:

The vacancy statistics as at the time of drafting the report (31st August 2019 are as follows:

Classification	Units	Percentage (based on 3282)
Vacant (Includes Not Pest Cleared)	144	4.38%
Unavailable For Restoration (Awaiting Pest Clearance)	27	0.82%
Restored (Excluding agreed Leases)	57	N/A
Restored Available & On Offer	41	N/A
Units In Progress	60	1.8%
Total Available & In Process	128	3.9%
True Vacancy (Excludes Pest Held and Future Leased)	101	3.07%

The following table demonstrates the improvements made since the issue and action plan were reported at the end of May 2019

2019	J	F	M	A	M	J	J	A
Move Outs	-59	-19	-27	-23	-36	-30	-31	-29
Restored Units	35	12	25	41	46	45	49	35
Move Ins	28	21	23	26	40	30	31	50

Staff have the following recommendations to address the issues raised and already identified.

Data and information

In conjunction with Finance provide a portion of 1 FTE to concentrate on providing solid data and metrics (Identified as a core business need for all departments). Staff continue to improve in-house reporting (tracking sheet) and as an interim measure provide specific additional data out of this report, pending the implementation of the InSite solution to automate the make ready process.

Harmonize reporting basis with other LHC's particularly differentiating between "rentable" and "non-rentable vacant units". Non rentable units would include total losses or units requiring "back to the studs" levels of renovations or those which have not been pest cleared. Currently this "non-rentable" class of units represents more than half of both Toronto and Hamilton's total vacancy figure.

Non-rentable units would also technically include those units which have been offered and accepted but where the lease is not actually signed. This is usually a function of timing around tenants giving notice and being able to provide last month's rent.

Note that the plan contained in SR 2019 – 33 called for a 60 day turnaround **after** being cleared.

InSite

Housing Services Corporation in conjunction with LMCH are developing a “Make Ready Process” based on the operational process of LMCH and leveraging the InSite software to better track work orders and processes and automate various Maintenance and Repair processes which impact the restoration process. The latest report from HSC is appended to this report.

Process

The unit turnover process has two distinct component parts firstly restoration and secondly tenant placement.

Going forward regular cross team meetings are being put in place specifically to tactically address the needs of TP in terms of sites that are lacking stock, over stocking in locations and also feedback from tenants and deficiencies.

If appropriate human resources are granted as outlined below then a more comprehensive turnover plan will be engaged which will increase front and back end quality control and provide earlier notification of problem units so mitigation strategies can be called up in advance (debris, intense pest control, remediation, sharps removal, etc). A clearer expectation can be set ahead of time with the departing tenants to help them avoid chargebacks as well.

Included in the recent KPMG report were suggested process related elements:

- (i) identify the root cause of LMCH's challenges with respect to unit turn-around and overall vacancy;
- (ii) identify potential opportunities for enhancements to customer experience;
- (iii) identify potential opportunities for synergies and operational efficiencies through the integration of common functions with the City (e.g. income verification, administrative and back office functions); and
- (iv) Quantify the resource requirements necessary to support streamlined processes.

Item (i) is the subject of detailed consideration in 2019 – 33 but resource shortage financial and personnel remains an issue.

Customer experience (ii) is obviously enhanced by having units refurbished to a much higher standard and indeed it could be argued that a comprehensive restoration though more costly in dollars could be effected more quickly as there would be no need to patch up floors or cupboards and to try and coax one last flip out of 40 year old elements.

LMCH will continue to provide Rent Smart education for both future and current tenants and will also continue to engage with new tenants through our System Navigators to provide an initial welcome to their new site and the distribution of welcome packages for each new household.

LMCH is open to support from the City, closer cooperation with the Housing Access Centre for example might provide for speedier turnover or appropriate rentals. As one example there is no simple way to match an applicant and a heavily modified unit resulting in delays in our ability to identify applicants. Currently for example there are 5 fully modified units that are vacant and we have not been able to identify any individuals on the waitlist that are approved for these specific sites.

Resources are discussed more fully hereunder (iv) however most of the issues revolve around resourced based shortages or units turned back in very poor condition. Process improvements are planned but are no substitution for adequate resourcing.

Resources

There are immediate and longer term resource needs.

In the short term, more difficult restorations have been passed to contractors which will have a financial implication. Existing management staff are also devoting time to the process even though restoration is outside of their area of responsibility.

Tenant Services is supporting the Tenant Placement team with a seconded coordinator who facilitates sourcing and booking potential tenants, this role has become very important and has been a major factor in our ability to increase the number of units we have been able to rent in August. This coupled with a need for a better interface between the departments would support this role as an FTE.

Tenant Services has reached out to staff at the Housing Access Center (HAC) with a goal of restarting regular meetings between our two organizations to identify areas where we can find efficiencies, improve communication and identify areas that can provide more fulsome support to the coordinators with the regular maintenance and “cleaning up” of the current waitlists, and additionally through better identification of individuals in need of modified units. The first meeting is scheduled for later this month.

Two temporary M/R staff have been hired to improve capacity however it should be noted that in addition to retaining these two staff an additional resources will be sought as part of the resource plan and MYB.

The rationale is that in the first instance these staff will assist in reducing vacancy levels and maintaining our target level.

In the longer term the asset management strategy sets out a more comprehensive restoration specification and requirements of government funding programs would require 20% of units to be accessible going forward this coupled with an average increase of 2000 work orders a year would make a compelling case for making those roles permanent.

The restoration process is currently managed by the Construction Manager with the assistance of a coordinator. Even if the needs of the asset management plan are ignored the manager currently oversees 60 capital projects, recurring contracts such as fire protection, asbestos management, etc., and numerous small projects such as unit modifications, asphalt repair or replacement, technical contingency work and so on.

There is a clear need for an additional supervisor strictly focused on the restoration turnover function especially if a more stringent quality control regime and cost recovery model is to be incorporated within an already stressed system. Additional resources to support this need will be sought as part of the MYB.

Minor restorations are also handled by the individual site M/R staff as a partial adjunct to their core function of work orders and building operations. These staff are managed by the operational managers.

The operational managers FTE count is two with an acknowledgement that a third is essential to ensure an adequate field coverage is maintained. These resources will form part of the MYB staffing ask which will include filling the existing vacancy (currently serviced by rotating acting assignments)

In terms of outside resources approximately one third of all units are returned in a condition beyond "level one" with a cost implication from \$5000 to over \$100,000 in a fire loss.

In unit numbers this equates to 120 -150 units annually and as such 100 units a year may reasonably be beyond the scope of the in house team resulting in an operational cost of \$500,000 as a minimum.

Notwithstanding the cost of servicing these badly damaged units some of this cost may be absorbed through the asset management and regeneration strategy and this financial burden will potentially be partially shared through those initiatives.

Implementation

Current efforts have focused with some success on implementing the action plan already advanced in June through 2019 – 33. Additionally Asset Management departmental staff have been used to further advance the plan.

Additional M/R resources have been re-focused to further assist. Administrative support for the Tenant Placement team has been re-tasked from other duties with significant success. Throughout the remainder of the year the implementation of the make ready process will be undertaken although significant benefits are not expected until F2020.

Additional staffing resources will be sought as part of the MYB request and it should be noted that reduction of vacancies to the target level is achievable (assuming current trends in vacation) however 2% as a vacancy rate is going to require additional resources to maintain at a level which is below industry norms.

FINANCIAL IMPACT:

Simple restoration (contracted out) will continue to be in excess of \$500k per annum although the funding envelope may shift from restoration to regeneration as comprehensive portfolio wide restorations are carried out (subject to approval of the MYB capital plan)

For the remainder of F2019 Only the Restoration Supervisor and additional PSM would be additional costs the other HR requirements are covered through temporary staffing currently in place.

CONCLUSION:

It is unfortunate that the KPMG report did not give credit for reductions in vacancy and process improvements already actioned between their data extraction and the time of the report. SLT or operational staff were not interviewed and no actual assessment was carried out into the actual process that was so roundly criticized.

It is however opportune that the report now provides the opportunity to measure our vacancy rates against other LHC's on an "apples to apples" basis which will no doubt show LMCH in a significantly better light.

REVIEWED & SUBMITTED BY:	REVIEWED & SUBMITTED BY:
NORMAN TURNER, DIRECTOR OF ASSETS AND PROPERTY	ANDREA MACKENZIE, DIRECTOR OF TENANT SERVICES
REVIEWED AND RECOMMENDED BY:	
JOSH BROWNE, CEO	

Attachments:

- 2019 – 33 Staff Report on Vacancy
- HSC – Report On Make Ready Process
- Restoration Record (To be updated under new process)
- Current restoration process (being reviewed)
- Tenant charge back working sheet



STAFF REPORT 2019-33

TO: Board of Directors, London & Middlesex Community Housing
FROM: Norman Turner – Director, Assets and Property
SUBJECT: Vacancy and Turn-Over Management Plan
DATE: June 14, 2019

RECOMMENDATION:

That, on the recommendation of the Director of Assets and Property and Director of Tenant Services, with concurrence of the Chief Executive Officer, the following report on LMCH's Vacancy Management Plan **BE RECEIVED** for information.

STRATEGIC ALIGNMENT:

This report is consistent with LMCH's new Strategic Plan with particular connection to our strategic goals of *"Improve, Renew and Maintain the Homes we offer."* And *"Grow Organizational Effectiveness"*

BACKGROUND:

LMCH has had a vacancy benchmark of 3% historically. This is equivalent to 98 units. Historically vacancy and turn-over was managed within the maintenance teams assigned to specific buildings.

As the state of units at vacancy became increasingly damaged compounded by the aging of finishes within units, the extent of restoration required to bring units back to safe and adequate standards added pressure to the process. In response, LMCH established a specialized restoration crew to manage vacant units with dedicated resources tied to the effort. This change of approach, however, coincided with significant changes to management and staff, making the make ready process less efficient initially.

Through analysis, the following are noted as relevant factors in understanding the current state of unit restoration:

- HR: changes in Director, Manager and personnel (training, equipping and setting standards)
- HR: Staff member sick leave, Staff position vacant
- PROCESS: unclear, technology gaps for tracking purposes, contractors communication patterns created backlog at critical points

- **UNIT STATUS AT VACANCY:** increasingly units have been returned to LMCH requiring significantly more work to become rentable. Current vacant units are categorized with a nearly 50/50 split between level 1 restoration (100% manageable in house) and level 2/3 restorations meaning they require higher levels of construction and repair, often involving contractors or significant allocation of staff time.
- **DEMAND FOR URGENT WORK ORDERS FOR OCCUPIED UNITS:** 47% of work orders in the first quarter of 2019 were designated URGENT meaning our service expectation is to respond to these within one day. As work order numbers overall increase by approximately 12% annually, the additional resource strain of Urgent status work orders requires staff to be deployed to address these needs in advance of restoration priorities.

Current State

The results are as noted in Graph 1.1 below. The number of vacant units have increased each month since October 2017 by an average of 6 units. Upon further analysis, Table 1.2 one can see that the challenges exist on both the restoration and tenant placement sides. However, once units are ready, the tenant placement team has typically been able to fill the units within thirty (30) days on average. LMCH recognizes that to improve the entire process, evaluation and adjustments can be made to improve the vacancy process from anticipating vacancy to anticipating ready units.

Graph 1.1 Vacancy report Year over Year

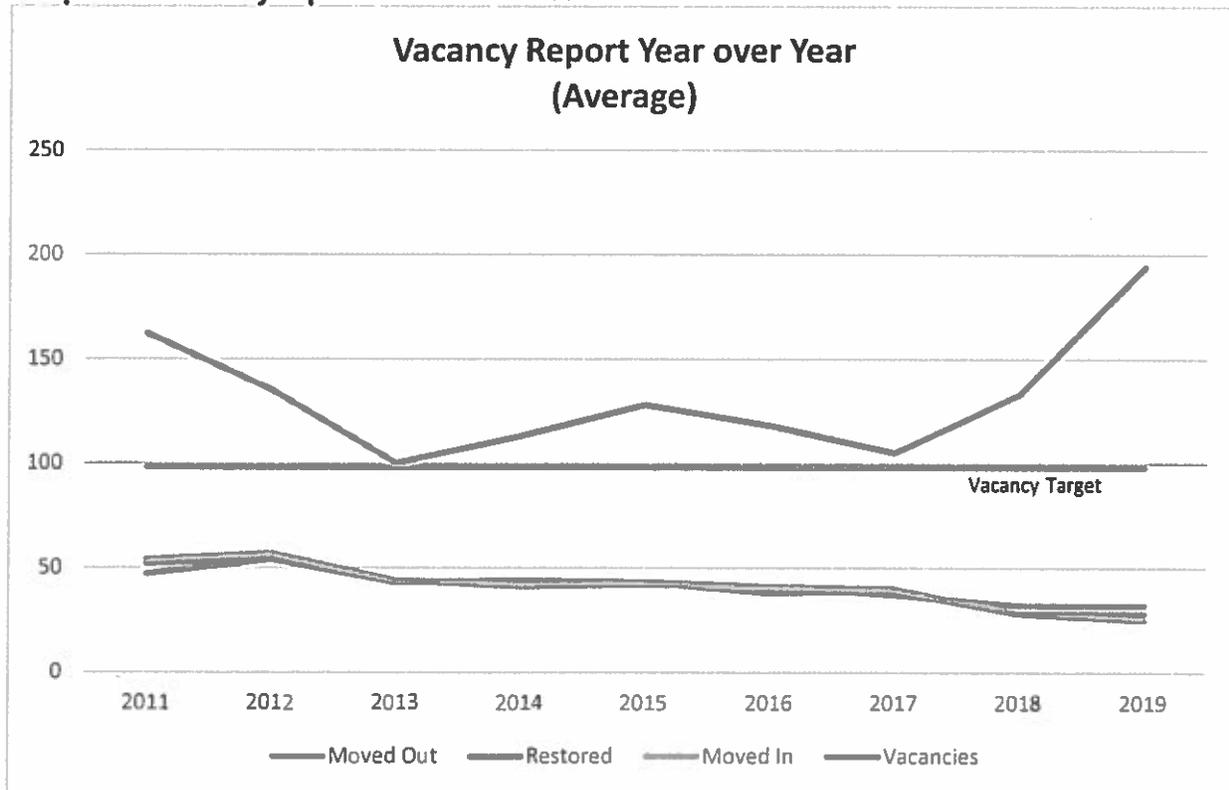




Table 1.2 Analysis of Vacancy Gap Development

	Running total backlogged vacant units + 100 V.T.	Total increase vacant units	Average # Units moved into vacancy increase during quarter
Q4 2017	28	28	9/ month
Q1 2018	14	-14	- 5/ month
Q2 2018	35	21	7/month
Q3 2018	57	22	7/month
Q4 2018	65	8	3/month
Q1 2019	98	33	11/month
Q2 2019*	57	-41	-14/month

*Projected figures for Q2 ending June 30 2019

The total number of vacant units is 172 of which 54 units that are rent ready and un-occupied and 118 are in progress of being restored. By the end of June 2019, it is anticipated that 58 will be restored (28 using contractors and 30 using internal staff) and 40 are anticipated to be rented.

Our goal is to reduce our acceptable vacancy to 2%, which is approximately 66 units. We believe that this is achievable provided the reduction in overall move-outs and the potential for maintaining the current temporary restoration staffing level. Additionally, we would like to reduce our vacancy average from vacated to rented to 60 days as opposed to our current average of approximately 120 days.

ACTION PLAN:

London is experiencing a housing crisis, by addressing the backlog of vacant units and improving our process, we anticipate housing over 300 households from the waitlist by the end of Q4 2019. Our Action Plan, empowered by direction from the service manager to do what it takes to fill units, will ensure we reach these goals and set us on as sustainable path for restoration moving forward.

Tenant Placement will require additional resources to increase the number of leases signed each month and to facilitate more move ins. We have allocated an additional resource to this effort to support efficiency and meet or exceed our targets in filling units as stated in this report. Additionally, we have begun implementing "Rent Smart" training for tenants and will continue offering this throughout 2019. All new tenants will be invited to participate as we believe that this education will add to housing stability. Finally, we will add Community Development resources through short term contracts to support high needs buildings with larger numbers of vacant units to support welcoming and community stabilization as new community members join these buildings. All of this, is important to supporting the filling and stabilizing of units as we turn out more in a short period of time.

1.3 Graphic: Restoration Turn-Over Strategy



Leadership and dedicated staffing: Unit restoration management has been vested with the Manager of Capital Projects and Construction with the assistance of a dedicated Lead Hand and a Vacancy Coordinator to focus exclusively on unit restoration and turnover.

Filling Staff Vacancies and Adding Temporary Staff Resources: Four new maintenance/repair team members (two permanent, two temporary) were hired in May 2019. They will focus on unit restoration as part of their onboarding and until we are caught up on readied units.

Process Improvement and In-Site Implementation: The unit restoration and turnover process was reorganized in the first quarter of 2019. (Appendix A June 12 Restoration Tracking Sheet) and will be reviewed in the fall 2019 using Lean principles, tools and techniques.

A strategy has been defined for identifying the extent of service required in vacant units. Units are categorized on a scale of 1 – 4, 1 being easily turned over by a site based Maintenance/Repair (M/R) Staff member to a level 4 which requires significant remediation, typically beyond the capacity of in house staffing. InSite is the property management software & asset management system used by LMCH. The mobile app portion currently used is being enhanced to provide M/R team members with real-time information about next steps, next assignment to streamline time management and provide data to management on each step of resto work completed. (Appendix B, Insite Implementation Plan)

Improved Communication Tools: There are multiple hand offs and communication points between various departments and contractors throughout the vacancy and leasing process. By clearly articulating the process identifying the early signals and building timelines and expectations for communication and follow up, with the Coordinator as the single point for communication, accountability and predictability are improved.

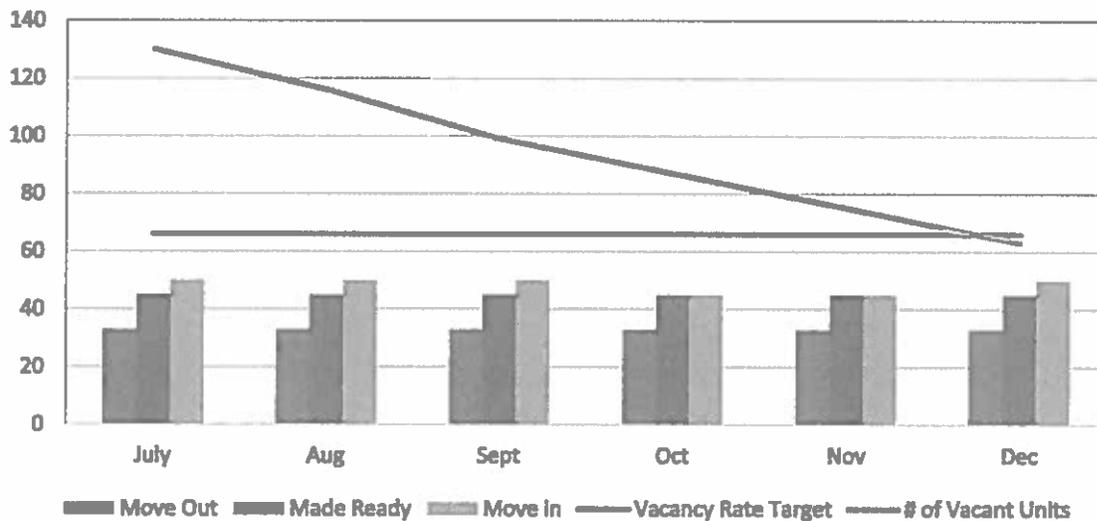
Contractors Engaged to Address Complex Restoration Units: Rotational contractors have been allocated to units requiring higher levels of remediation with timelines associated to the delivery of the completed units. We anticipate that we will utilize contractors for approximately 50 units as part of the vacancy and turn over management plan.

Establishing a “New Normal” KPI and Benchmark: This focus on unit completion will continue to be a priority until all units have a 60 day turnaround after pest clearance.

The vacancy allowance target has been revised, with a new target of 2%. Based on the new unit restoration process and data below, LMHC is anticipating reaching the new vacancy allowance target by the end of the 4th quarter of 2019.

Graph 1.4 Projected Outcomes by end of Q4 2019

Anticipated Impact of Action Plan in Achieving 2% Vacancy by Q4 2019 and Housing 300 New Tenants.



FINANCIAL IMPACT:

Restoration is part of our operational budget each year, however, in order to address the backlog and the cost implications tied to the root causes of this backlog (staffing, levels of needed repairs and asset age) additional costs are anticipated to expedite and address the current vacancy gap. The costs are divided between in house personnel additions for temporary contracts, and Contractors who will expedite the restoration process for higher need units.



Intervention	Cost	Description
2 Temporary Restoration Crew Staff	\$80,000	Salaries, benefits, training and personal protective equipment and uniforms.
Contractor Allocation for Full turn over	\$250,000	\$5,000/unit on average x 50 units to assist in expediting back log of units.
Material and Supplies budget	\$110,000	\$2,200/ unit average to bring units to standard for 50 units above budgeted for 2019 year based on move out trends.
Tenant Placement Support	\$35,000	8 months additional resource to support increased monthly offers and move ins.
Tenancy Support and Stabilization	\$30,000	6 months Additional Community Development staffing in high needs buildings to support new tenancies and ensure stabilization of buildings with large influx of new tenants.
Total	\$505,000	Additional to currently budgeted

With an average rental rate of \$320 we can anticipate rental revenue to increase as well during this period of time. This may result in \$204,000 more rental revenue to offset some of the cost in implementing this strategy.

CONCLUSION:

LMCH is committed to providing safe and healthy homes and to ensuring access to our homes by improving the restoration and vacancy process. The benefits of this vacancy and turn-over management plan address issues of organizational effectiveness, team collaboration and accountability in ensuring results.

The benefits for our community are significant as we will house in the last two quarters of 2019 almost as many new tenants as LMCH housed in all of 2018 (335).

PREPARED BY:	PREPARED BY:
SARAH CAMPBELL, DIRECTOR, COMMUNITY ENGAGEMENT	BILL LESLIE, MANAGER, CONSTRUCTION AND CAPITOL PROJECTS



REVIEWED & SUBMITTED BY:	REVIEWED & SUBMITTED BY:
NORMAN TURNER, DIRECTOR OF ASSETS AND PROPERTY	ANDREA MACKENZIE, DIRECTOR OF TENANT SERVICES
REVIEWED AND RECOMMENDED BY:	
JOSH BROWNE, CEO	

Attachments:

- Appendix A: June 12 Resto Tracking Sheet
- Appendix B: InSite Implementation Plan

Summary of Current LMCH Activities

Process Mapping of Critical Processes

In March of 2019, LMCH retained Housing Services Corporation (HSC) to support staff in addressing identified needs to improved processes with regard to a number of critical property management work flows.

As part of this process, HSC worked with LMCH staff to undertake business process mapping to understand the current processes and the cause of any functional issue and to identify opportunities to improve processes to better align with the InSite/Yardi system in place for property management and to identify ways to improve customer services.

HSC was retained for this work due to their deep understanding of InSite/Yardi products and their knowledge of best practices with regard to maximizing the functionality and operational practices to these systems.

The first set of processes that were reviewed were work order, make ready and inspection processes. Since April, HSC and LMCH staff have undertaken the following activities:

- Review of the business processes in place for work order, make ready and inspections
- Define the new business processes based on best practices and to maximize the use of the InSite system in tracking and reporting
- System demo of the new process for all impacted staff
- Sustainment plan created with recommendations for management
- System demo of sustainment plan (control and reporting methods)

For this initiative, the following initiatives remain to be completed

- Training with maintenance staff on new make ready & Inspection processes
- Training with management to review sustainment and ensure they know how to check controls + reporting

It is anticipated that this initiative will be completed by the end of September.

Once the new work order, make ready and inspection processes are in place, staff will begin work to review and improve business process and functionality with regard to Purchase Order processing.

For this project, HSC and LMCH staff will

- Review and map out the current “as is” process for the collection and processing of purchase orders and recurring work orders.
- Review and analyze this “as is” state against best practices and InSite functionality
- Develop a recommended set of processes, or a “could be” state based on best practices.
- Demonstrate the new processes to staff
- Provide sustainment plan recommendations and documentation for implementing control and reporting into the new processes.
- Meet with management to review the sustainment recommendations.
- Train all impacted staff

It is anticipated that this review will be complete and staff trained on the new processes by the end of November.

Based on the findings of the KPMG *“Review of Service Delivery of Housing”*, further processes that could be subject to a similar business process review by HSC/InSite to improve effectiveness, efficiency and customer experience are:

- Billing and accounts receivable
- Facility turn around process
- Arrears managements
- Identify integration cost of InSite to service manager rent café
 - identify potential opportunities for synergies
 - quantify the resources requirements for streamlined process

RESTORATION RECORD

CONFIRMED

Unit Address: #31-39 Tecumseh Ave		Bedroom Size: 1
Move-Out Date: December 20, 2018	Fax Received Date:	
Unit Restoration Record: <input type="checkbox"/>	Supply Order Sent: <input type="checkbox"/>	Tub Reglaze Required: <input type="checkbox"/>
Construction Lock Installed: <input type="checkbox"/>	Hydro Reconnect Required: <input type="checkbox"/>	Family/Duct Cleaning: <input type="checkbox"/>
Smoke/Heat Detectors Working: <input type="checkbox"/>	Debris Email Sent to Office: <input type="checkbox"/>	
Evidence of Pests in unit: <input type="checkbox"/>	Describe:	
<i>(bed bugs, fleas, animals etc.)</i>		
Bio-Hazards: <input type="checkbox"/>	Describe:	
<i>(needles, blood, feces etc.)</i>		
Inspected by:	Date:	

Debris Removal: Yes <input type="checkbox"/> No <input type="checkbox"/>	Interior: <input type="checkbox"/> Balcony: <input type="checkbox"/> Yard: <input type="checkbox"/>
Small: <input type="checkbox"/> Large: <input type="checkbox"/>	Bag & Dispose: <input type="checkbox"/> Bio-Hazards: <input type="checkbox"/>
Contractor:	Date: WO#

Flooring Required: <input type="checkbox"/> <i>(installed by)</i>	On-Site: <input type="checkbox"/> Restoration: <input type="checkbox"/> Contractor: <input type="checkbox"/>
Entire Unit: <input type="checkbox"/> <i>(or check off by room)</i>	Describe:
LR <input type="checkbox"/> DR <input type="checkbox"/> Kit <input type="checkbox"/> Bdrm(s) <input type="checkbox"/> <i>(#bdrm's)</i>	Hall <input type="checkbox"/> <i>(note upper/lower)</i>
Bath <input type="checkbox"/> <i>(note upper/lower)</i>	Landing <input type="checkbox"/> <i>(note upper/lower)</i> new baseboard <input type="checkbox"/>
Contractor:	Date: WO#

Repairs completed by:	On-Site: <input type="checkbox"/> Restoration: <input type="checkbox"/> Contractor: <input type="checkbox"/>
Signature:	Date: <i>(fax to 519-456-1710 for paint/clean):</i>

Pre-clean Required: <input type="checkbox"/>	
Regular Clean Required: Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Touchup Only: <input type="checkbox"/> Recall: <input type="checkbox"/> <i>(fax sheet)</i>
Extra Cleaning: (estimate #hrs) <input type="checkbox"/>	Describe: <i>(for touchups note if any floors to be waxed)</i>
<i>(Walls, feces, blood, balcony floor, etc.)</i>	
Contractor:	Date: WO#

Painting Required: Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Touchup Only: <input type="checkbox"/> Recall: <input type="checkbox"/> <i>(fax sheet to office)</i>
Wallpaper Removal (Note Room(s)): <input type="checkbox"/>	Describe:
Note Rooms Requiring blocker/bin seal: <input type="checkbox"/>	Entire Unit
LR <input type="checkbox"/> DR <input type="checkbox"/> Kit <input type="checkbox"/> Bdrm(s) <input type="checkbox"/> <i>(#bdrm's)</i>	Hall <input type="checkbox"/> <i>(circle upper/lower)</i>
Bath <input type="checkbox"/> <i>(circle upper/lower)</i>	Landing <input type="checkbox"/> <i>(circle upper/lower)</i> Other <input type="checkbox"/>
Give details on Extras:	Baseboard <input type="checkbox"/>
Room(s), colour, etc) Interior Door(s) <input type="checkbox"/> #	Exterior Door(s) F/B (circle) <input type="checkbox"/> # Colour?
Contractor:	Date: WO#
Grounds Work: Patio Restoration: <input type="checkbox"/>	Grass Cutting/Snow clearing: <input type="checkbox"/>
Other (describe): <input type="checkbox"/>	

Lock Changed: <input type="checkbox"/>	Lock No:
Signature:	Date:

Unit Restoration Process

-Pull Confirmed Vacant Unit report (instructions on how populate can be found on REPORTS: How to Run)

-Add new vacant units to restoration spreadsheet and create Unit Restoration Record (both are excel documents)

-Fax copy of Restoration Record for new vacant to the corresponding site

*Currently my process is to run the report to pull new vacant units weekly, and then walk the new units on the list with Resto Lead on Wed/Thur with the intent of determining/take pictures of each unit starting with the unit number and throughout the walk through to use for charge backs and booking of repairs taking note of the following:

1. State of Repair
2. Need for charge backs
3. Resto Team needs
4. Hydro Reconnects

-Maintenance on site will change the lock to the buildings construction master and email resto@lmhc.ca what the debris removal requirements are (SM/MED/LARGE and whether any pests or hazards are present). Take special attention to hazards such as exposed electrical, needles, blood, dangerous materials etc.

-Create work order for debris removal, and add to tracking sheet, book pest control after completion date and add to tracking sheet (currently I stamp the Resto Track sheet for the unit with a stamp, write in the work order number and once passed with an "All Clear" put a check in the box and write the date unit was cleared on the Restoration Spreadsheet. If follow up treatment is required add second date into the Pest Control date column and put "NO" under the clear of pest's column).

****No Work should begin in the unit until a report is received back from the Pest Control Company indicating that the unit has been inspected and "All Clear"**

-MR should indicate at this stage via email the state of repair required for the unit to be restored (this should match up with what you viewed when doing unit walks). This is when requests for things like floors, countertops, tub glazes etc. should be received. On occasion a PRECLEAN may be required before proceeding. If this is needed, create work order and add date to CLEAN column on Restoration Spreadsheet. (This step will help with planning on unit turns as well as placement/requirements for Resto staff)

Level 1:

1-2 Days to Restore, Minor repairs before sent in for paint/clean (surface level repairs)

Level 2:

5-9 Days to Restore, More than surface level repairs, which may include more extensive drywall, floor patching, plumbing, electrical

Level 3:

10+ Days to Restore, Construction projects such as new floors, countertops, bathrooms etc.

From start to finish in the process each unit should receive on a *minimum of 4 email* messages for the process. Each step should be recorded on the Restoration Spreadsheet as this is the tool used to manage the process and notify site staff of what's being completed in units

Email 1:

- Debris and Pest (Book as needed, create work orders and put details on to Restoration Spreadsheet)

Email 2:

- Any Request outside of regular repairs completed by onsite maintenance (contractor needed for repairs such as furnaces, plumbing, floors etc.) or suggestion of help needed by resto crew

Email 3:

- Request for Paint and Clean (this is the final step, once this request is received it should be assumed all repairs are completed in the unit prior to this email being sent)

****Once paint and clean have been requested it should be assumed that all repairs have been completed in the unit prior to the request being submitted, aside from lock change unit should be completed

Email 4:

- Lock change, Rent Ready

Upon receipt of email, Mark Unit as Rent Ready on Spreadsheet by filling in the ready date in the column as well completing requirements for ready status in Insite

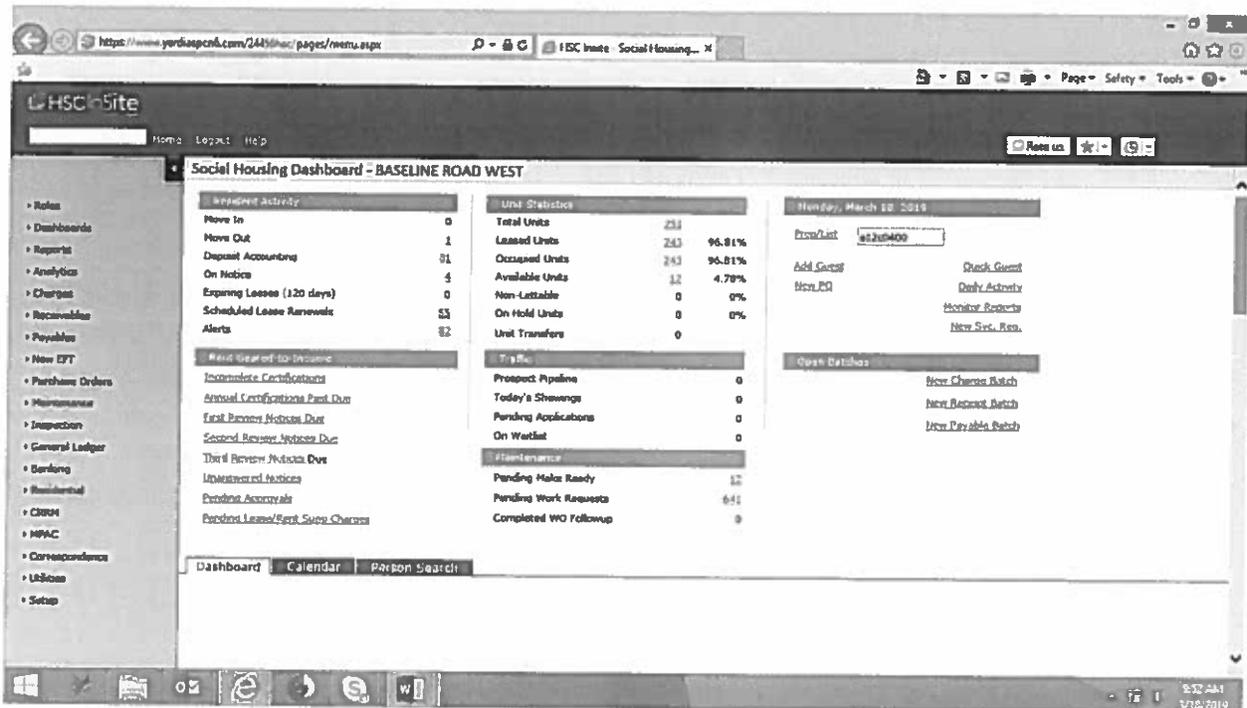
*Remember to include Memo under Unit Details, this is what populates the unit on an Availability Report as well as a Confirmed Ready Report

How to Mark a Unit as Ready in Insite

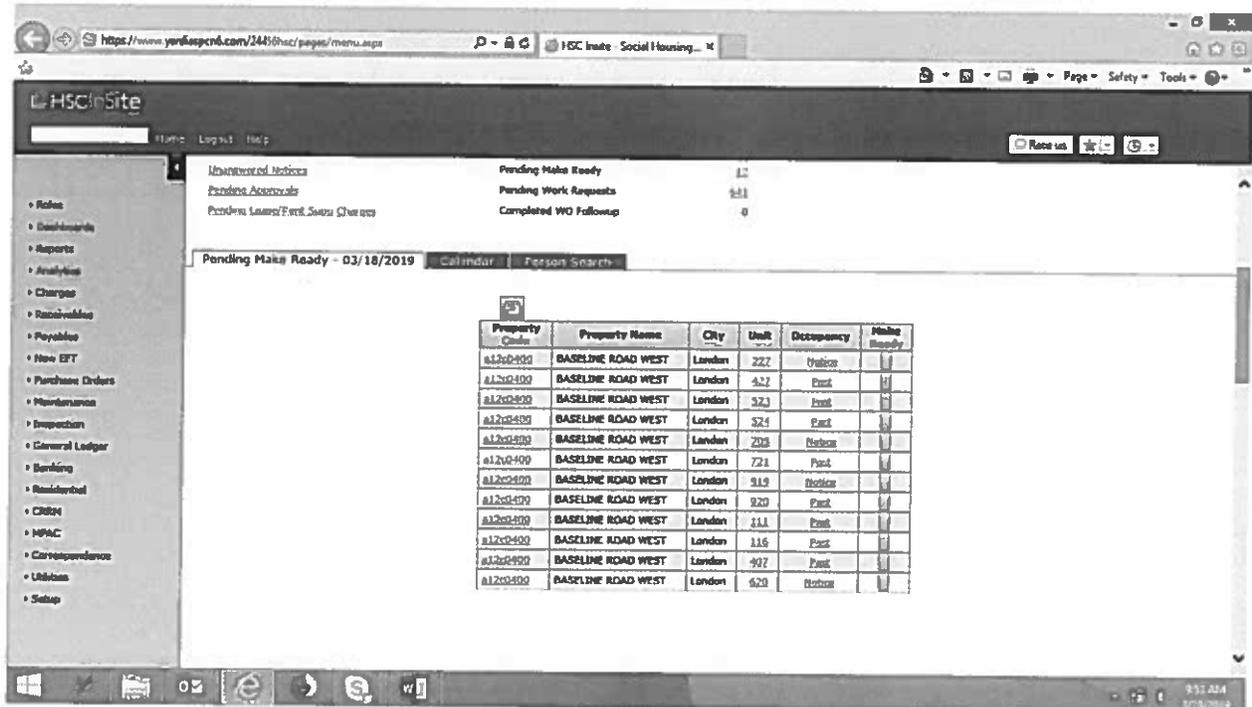
Step 1: Email received from site to indicate that lock has been changed

Step 2: Add Rent Ready date to spreadsheet

Step 3: From the units/property dashboard in Insite click on "Pending Make Ready"



When new screen opens, scroll down and select property that is now rent ready from list by checking the box under the make ready column. Once selected the page will automatically reload and the unit will no longer appear in the list.



Step 4: From the left side bar select SETUP > UNIT> REVIEW UNIT and hit enter

The screenshot shows the HSC Site web application interface. The left sidebar contains a navigation menu with categories like Roles, Dashboards, Reports, Analytics, Changes, Receivables, Payables, etc. The main content area displays a summary of 'Pending Make Ready' units as of 03/10/2019, with a 'Calendar' and 'Person Search' filter. Below this is a table listing individual units.

Property Code	Property Name	City	Unit	Occupancy	Make Ready
0120490	BASELINE ROAD WEST	London	222	Office	
0120490	BASELINE ROAD WEST	London	422	Office	
0120490	BASELINE ROAD WEST	London	323	Office	
0120490	BASELINE ROAD WEST	London	321	Office	
0120490	BASELINE ROAD WEST	London	205	Office	
0120490	BASELINE ROAD WEST	London	771	Office	
0120490	BASELINE ROAD WEST	London	819	Office	
0120490	BASELINE ROAD WEST	London	929	Office	
0120490	BASELINE ROAD WEST	London	111	Office	
0120490	BASELINE ROAD WEST	London	116	Office	
0120490	BASELINE ROAD WEST	London	402	Office	
0120490	BASELINE ROAD WEST	London	629	Office	

Step 5:

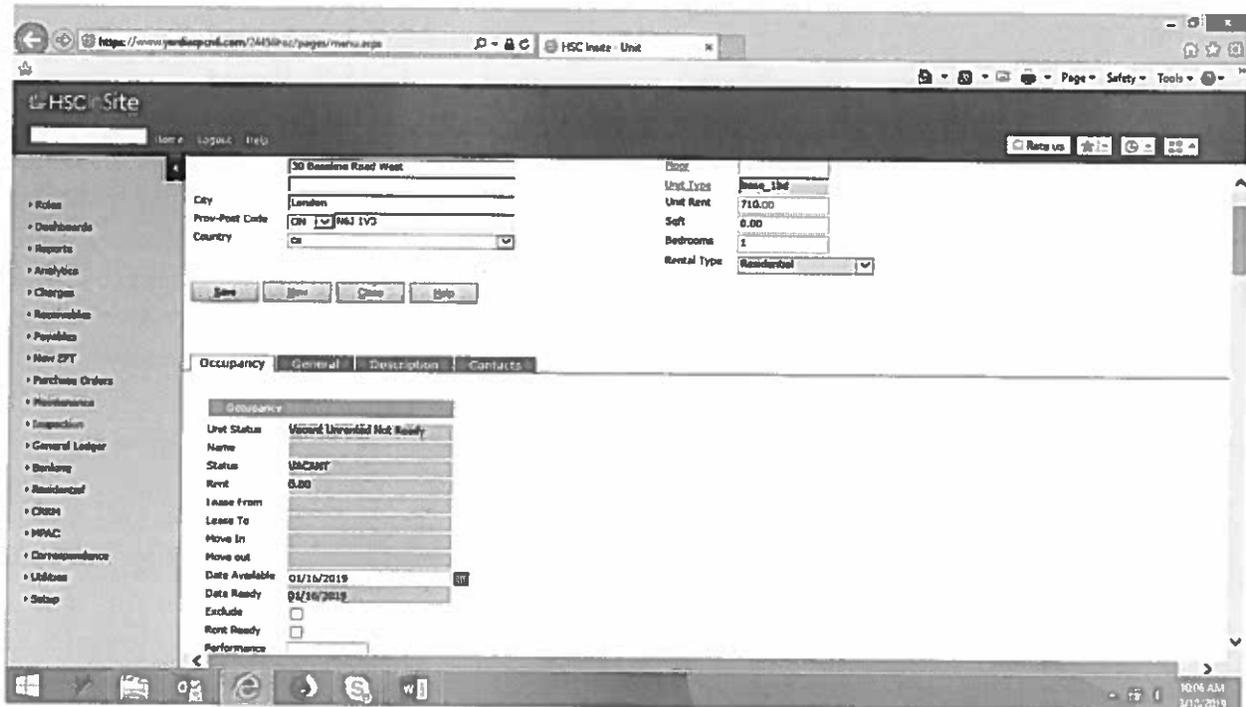
Hit Clear and enter unit details for unit to be Confirmed Ready, once correct details have been entered hit "SUBMIT"

The screenshot shows the 'Unit' form in the HSC Site web application. The form contains several input fields for entering unit details. The 'Display Name' field is pre-filled with '250'. At the bottom of the form are three buttons: 'Submit', 'Clear', and 'Help'.

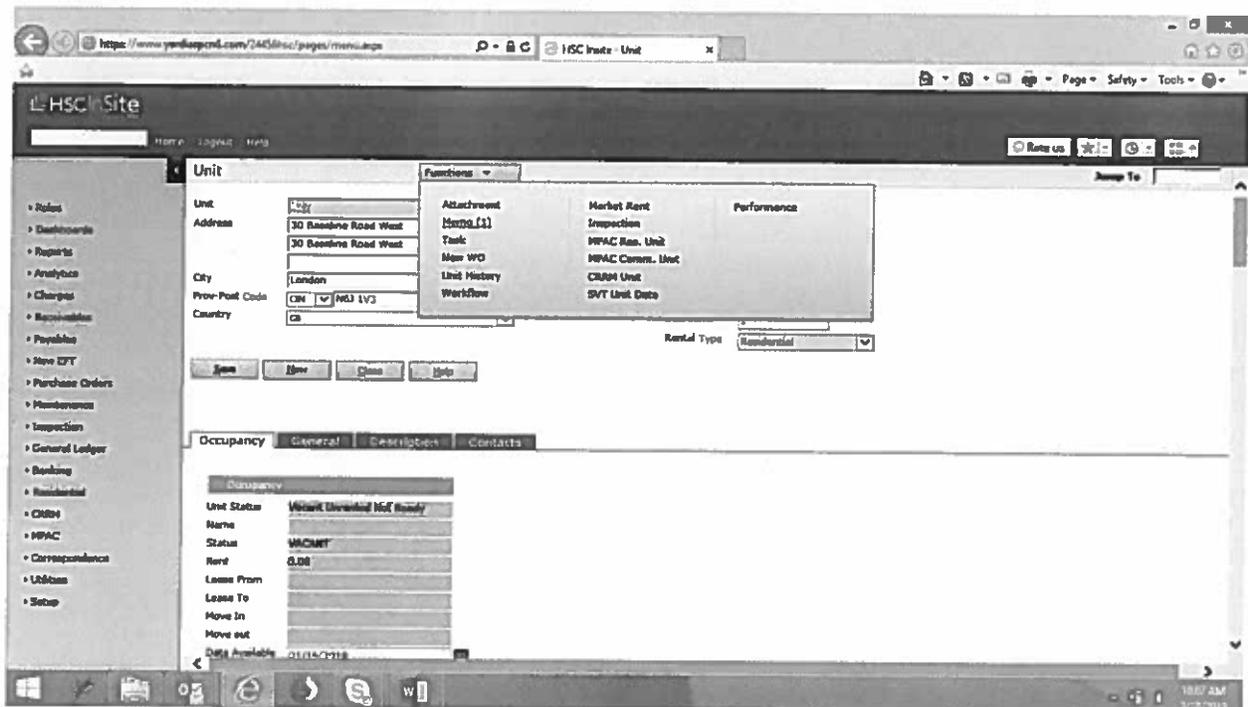
Unit Form Fields:

- Local Entry
- Property
- Building
- Unit
- Unit Type
- Type
- Notes
- Display Name: 250

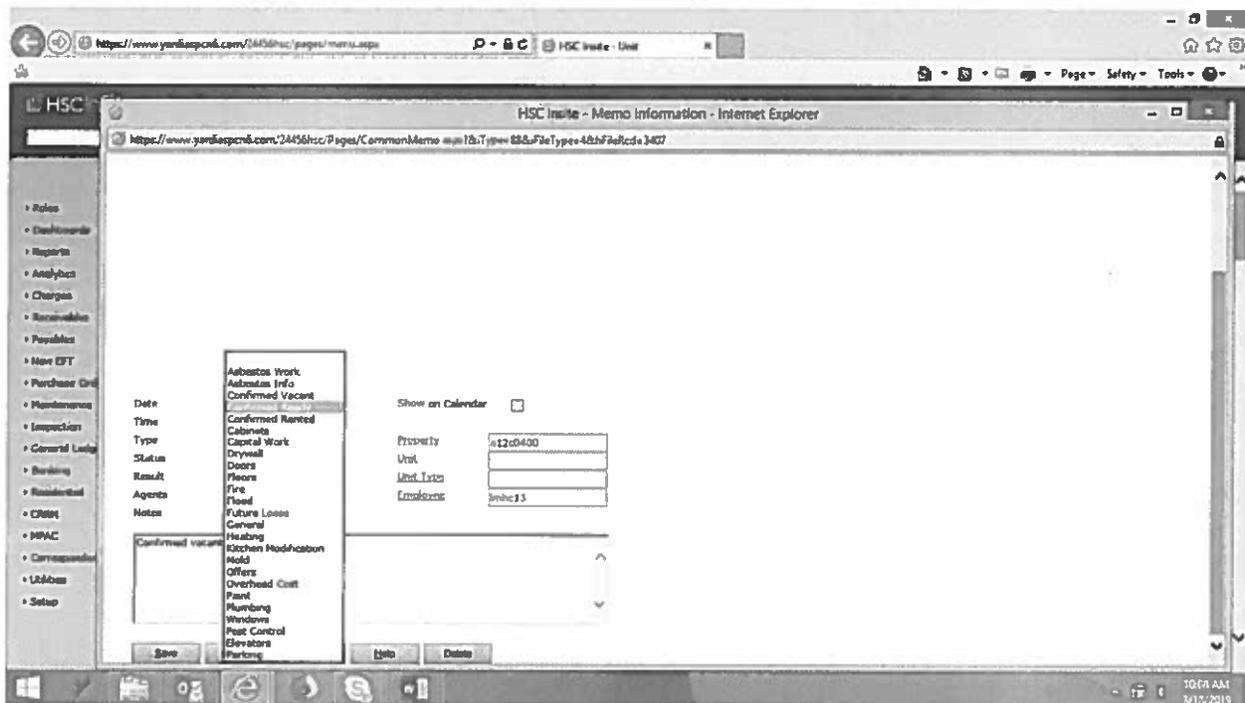
From here the unit details will appear, hit "EDIT" and change the DATE READY to the date the unit became vacant (when it appeared on the Confirmed Vacant Report) and change the DATE AVAILABLE to the date the unit was Confirmed Ready



Then select from the top FUNCTION bar, select MEMO



A new page will automatically open, from here Select New Memo at bottom of page and enter in CONFIRMED READY (date confirmed) in memo message, put the calendar date it's being completed in the date box and your user Name under Agent and select SAVE



Other Important Details:

-When requests come in for additional work outside of what the onsite repair can complete it needs to be accompanied by a photo (Tub Glazes, Floor Replacements, Countertop replacements etc)

-Remember to inspect what is being requested if it doesn't align with what was viewed when unit was walked, doesn't follow the regular process of restoration or seems out of the ordinary.

-Follow up with paints/cleans onsite to ensure they are happening as scheduled

-Unit Restoration Spreadsheet is currently saved at the follow location in the Shared Drive on LMHC's network

T:\Property Services\Resto Tracking Sheet

Right now the Restoration Spreadsheet is faxed to each site Wednesday at noon with the most up to date information available. A copy is then saved in the archive folder of the drive and emailed to Andrea McKenzie, Norm Turner, and Bill Leslie for perusal.

Monthly Reporting is also completed and sent to Norm Turner, Bill Leslie and Norm Turner with the following details (details and instructions on how to pull reports are indicated on a separate document) once month end has passed (for example March's number would be sent the 1st week of April).

-Confirmed Rented

-Confirmed Vacant

-Confirmed Ready

Building		Unit		Electrical		Plumbing		General		Quantity		Quantity		Quantity		Quantity		
Change Item	Depreciation	Change Item	Depreciation	Change Item	Depreciation	Change Item	Depreciation	Change Item	Depreciation	Change Item	Depreciation	Change Item	Depreciation	Change Item	Depreciation	Change Item	Depreciation	
Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	
Recessed near 5th fl		Recessed Exhaust Cover																
Window Bar		Auxiliary		Door Bell														
Crafting Table		Basin Legs		Exterior Light Fixtures														
Chosen Model		Bathroom Sink		Exterior Fluorescents														
Ceiling Rod		Bathroom Sink Tops		Exterior Air Splitter-Cover														
Ceiling Tray Edge		Exhaust Fan		CST Blower														
Condition of window		Flux Supply Line		GFI Receptacles														
Condition of window hardware		Rear Drain Cover		Light Fixture Indicator														
Multi-touch (up/down)		Field meter		Light Globe														
Door Interior		Kitchen Deck Set		Light Protection														
Door closer (interior door)		Kitchen/Bathroom Drain Basket		Range Hood														
Door Handle (interior door)		Kitchen Sink		Receptacle														
Door Jam		Laundry Tub		Receptacle/Space Heater														
Door vent		Laundry Tub Shut off		Smoke Detector														
Door shoe		Laundry Tub Tops		Smoke Detector CBS Combo														
Driveway Light		Miscellaneous Cabinet		Street Fan														
Door Exterior (secondary)		Outside Tap		Thermostat														
Door Exterior (secondary)		Shower Head		Shower Blinds														
Door Exterior (secondary)		Shower Bed																
Door Exterior (secondary)		Toilet Flapper Valve																
Door Exterior (secondary)		Toilet Bowl																
Door Exterior (secondary)		Toilet Compans																
Door Exterior (secondary)		Toilet Feed Line																
Door Exterior (secondary)		Toilet Handle																
Door Exterior (secondary)		Toilet Paper Holder Mount																
Door Exterior (secondary)		Toilet Seat																
Door Exterior (secondary)		Toilet Tank & Lid																
Door Exterior (secondary)		Toilet Bar																
Door Exterior (secondary)		Tub Spout																
Door Exterior (secondary)		Vanity/Reflection on Sides																
Door Exterior (secondary)		Vanity and Top																

Indicate Yes/No in Change/NA

Indicate Component Age or Condition from Score (score 1=1, neglect or work item is scored)

- 1 Damaged/Neglect / As New
- 2 Underscored Score Build
- 3 Original Item