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Briefing Note: For Information

To: Board of Directors (the “Board”)

From: Nadia Gouveia, Acting Chief Operating Officer

Date: November 6, 2023

Re: Board of Directors Meeting of July 26, 2023 – Vendor Award: Move-Out Unit Turnover Program [Report TCHC:2023-47] (Public Action Item #3 re: Vacant Unit Turnaround)

ACTION ITEMS SUMMARY

At the July 26, 2023, Board of Directors meeting, inquiries were made regarding:

1. Engagement with the Service Manager on the way the unit turnaround standard operates in relation to TCHC units.
2. The dashboard utilized to identify the status of units that are the subject of unit turnover; and
3. The relationship between units reported as vacant to the Tenant Services Committee and the status of units identified as the subject of the unit turnover report.

This report aims to provide the Board of Directors (the “Board”) with a comprehensive understanding of the Vacant Unit Turnaround Process, addressing action items one through three.

BACKGROUND

The purpose of this report is to provide the Board with information regarding Toronto Community Housing’s (“TCHC”) Vacant Unit Turnaround Process and associated standards. Reducing the time, it takes to make vacant units available for rent is an essential part of TCHC’s operational efficiency efforts.

While TCHC’s overall vacancy rate was 1.43% at the end of June (29% favourable against the Service Manager target of 2%), the organization remains committed to finding opportunities to swiftly allocate vacant units to waiting families.

The Vacant Unit Turnaround Process includes five phases:

- 1) Notification of Vacancy
- 2) Pre-Move-Out Inspection
- 3) Vacancy Inspection
- 4) Repairs and Renovations
- 5) Choice-Based Offer Process



VACANT UNIT TURNOVER PROCESS

Move Out Program

The Move Out Program (the “Program”), a sub-program within the Vacant Unit Turnaround Process, was developed in 2009. This Program, encompassing phases 1) through 4) of the Vacant Unit Turnaround Process, defines how renovations and repairs are completed on vacant units within defined turnaround times and at pre-determined prices. The Program prepares vacated units for new tenancies, addressing an average of 3,000 to 4,000 vacant units annually.

Table 1 shows the number of move-ins and move-outs for Q1 and Q2 of 2023. These are key data points for tracking progress within the Move Out Program and the overall Vacant Unit Turnaround Process:

Table 1: Number of move ins and move outs for Q1 and Q2 2023

	Jan	Feb	Mar	Apr	May	Jun
# of move ins	141	156	214	172	216	197
# of move outs	133	139	143	121	152	149
# of units in the Move Out Unit Program	125	126	131	101	117	119

The difference between the number of move outs and the number of units that are entered into the Move Out Unit Program represent units that moved

into capital repairs required, demolished or other non-rentable vacant categories.

Phases 1 and 2: Notification of Vacancy and Pre-move out Inspections

In normal circumstances (barring evictions, abandoned units, or death of the leaseholder), tenants are required to provide TCHC with 60 days' notice of vacancy. A work order is created within one week of the tenant providing notice to initiate the Move Out Process. Subsequently, a pre-move out inspection is performed by the site superintendent within five business days to determine the scope of work and identify any tenant charges. This process includes taking pictures, measurements and submitting the work for review by the Move Out team. Once approval is received, a notification is sent to the vendor giving 48 hours to accept.

Table 2: Notification of vacancy

	Jan	Feb	Mar	Apr	May	Jun
% of tenants who provided >60 days' notice	98%	95%	76%	69%	55%	64%
Total Move-Outs	133	139	143	121	152	149

Table 3: Pre-move out inspection

	Jan	Feb	Mar	Apr	May	Jun
# of pre-move out inspections completed within 5 days	85	73	90	58	82	75
% of pre-move out inspections completed within 5 days	68%	58%	68%	57%	70%	63%
Total units in the Move-Out Unit Program	125	126	131	101	117	119

Opportunities for improvement:

Additional training for site staff on the pre-move out inspection and the correct use of the system is scheduled for Q1 2024. This training will be aimed at reducing the number of change orders that occur to vendor work after the pre-move out inspection.

Phase 3: Vacancy Inspections

Once the tenant physically vacates the unit, the HoMES system automatically changes the unit’s status from “Occupied” to “Maintenance Required”. Within one day, a move out inspection is conducted to finalize the scope of work, change the door lock, and confirm the unit is ready for work to commence. A second joint inspection is performed by the vendor and the site superintendent within a week to confirm the scope of work and provide the vendor with the move out keys.

Table 4: Move Out Inspections

	Jan	Feb	Mar	Apr	May	Jun
# of move out inspections completed within 1 day	69	57	63	50	50	38
% of move out inspections completed within 1 day	55%	45%	48%	50%	43%	32%
Total units in the Move-Out Unit Program	125	126	131	101	117	119

Table 5: Joint Vacancy Inspection

	Jan	Feb	Mar	Apr	May	Jun
# of joint vacancy inspections completed within 1 week	50	49	49	46	43	35
% of joint vacancy inspections completed within 1 week	40%	39%	37%	46%	37%	29%
Total units in the Move-Out Unit Program	125	126	131	101	117	119

Opportunities for improvement:

- Bi-weekly reports are being provided to regional staff outlining overdue inspections and tasks.
- Training for site superintendents, building maintenance coordinators, supervisors, and managers in 2024 on how to effectively complete the initial inspections and joint inspections with vendors.

Phase 4: Repairs and Renovations

The required repair and renovations vary by unit and may include painting, flooring, and general unit repairs, as well as partial or total kitchen and bathroom renovations. Kitchen and bathroom repairs or renovations follow a service level time frame of 30 days from the vacancy inspection sign off, while general repairs have a 13-day time frame.

Table 6: Kitchen and Bathroom Repairs

	Jan	Feb	Mar	Apr	May	Jun
# of kitchen/bathroom completed within 30 days	58	63	71	46	57	46
% of kitchen/bathroom completed within 30 days	67%	75%	84%	81%	83%	71%
Total Kitchen/Bathroom Repairs	87	84	85	57	69	65

Table 7: General Repairs

	Jan	Feb	Mar	Apr	May	Jun
# of general repairs completed within 13 days	27	26	36	31	32	33
% of general repairs completed within 13 days	71%	63%	78%	76%	74%	75%
Total	38	41	46	41	43	44

Opportunities for improvement:

- Training for site staff and additional oversight from regional managers to ensure timely flagging of deficiencies.
- Focus from the Contract Compliance team on how to improve support to Regional teams on vendor management.

Phase 5: Choice Based Offer Process

After a unit completes the Move Out Unit Program and is confirmed ready by the Supervisor of Building Services, the status of the unit is updated from “Maintenance Required” to “Sent to Centralized Waitlist”.

1. Rental Clerks use the City’s Rent Café system to input move out date, available date, and upload images of the vacant unit.



2. The Choice Based Team at the City of Toronto evaluates unit amenities, images, and property details before allowing units to enter the Choice Based Cycle.



3. When a prospective tenant expresses interest in the unit, the Rent Café system automatically designates the winning applicant. The Rental Clerk at TCHC initiates the offer, transitioning the unit status to “On Offer”.



4. Upon the applicant’s confirmation of acceptance, a Tenant Services Coordinator is assigned to verify the necessary documents, have the lease signed, and change the unit status to “Offer Accepted”.



5. Once a tenant is moved in, the status of the unit is changed to “Occupied”.

SERVICE LEVELS FOR VACANT RENTABLE UNITS

Within HoMES, the count of ‘days vacant’ currently initiates when a unit enters the “maintenance required” category.

There are some nuances to this number that are driven by system constraints:

- If a unit is temporarily designated as non-rentable vacant (e.g. put on hold for Relocation or major capital repairs), the system does not pause the count of vacant days.
- As a result, when that unit comes back into the vacant rentable category (e.g. when it is released after not being used for Relocation,

or when it has been repaired by Facilities Management and is ready for a tenant), the count of days vacant will include all the time that the unit was non-rentable and vacant.

- Reporting on the number of days a unit was truly ‘vacant and rentable’ is challenging – there is no straightforward way to pull this data from the system. It requires a manual data analysis process where staff review HoMES vacancy reports month over month for each unit and match each point in time status to calculate the number of days when a unit was unrentable.

Despite these limitations, staff are currently working on a sample of recently occupied units, to quantify the impact this might have on vacancy numbers. Based on the sample data, staff will make a recommendation on how this can be applied on an ongoing basis to give more accurate information on ‘days vacant’ numbers.

TCHC reports on the status of rentable vacant units both to the City and to the Tenant Services Committee, and includes all units falling under the respective categories, irrespective of their move out date. Please refer to Attachment 1 for the categorization of rentable vacant units.

Table 8: Service Levels – “Maintenance Required”

	Jan	Feb	Mar	Apr	May	Jun
of units in the “Maintenance Required” sub-category turned over within 60 days	124	177	208	148	136	147
% of units in the “Maintenance Required” sub-category turned over within 60 days	45%	62%	69%	50%	48%	51%
Total units Maintenance Required	275	288	302	296	281	286

Table 9: Average Vacant Days – Choice Based & Offer Accepted

	Jan	Feb	Mar	Apr	May	Jun
Choice-Based Offer process	191	464	208	190	211	195
Offer Accepted	215	194	200	202	200	218

It is important to note the anomaly in February, with 464 average vacant days for units in the choice-based offer process. This number reflects the impact of system constraints outlined above. During this month, 12 units were reintroduced into 'rentable status', transitioning from the non-rentable 'hold for relocation' category. As previously mentioned, the system did not halt the count of vacant days, leading to a skewed overall average. These 12 units recorded an average of 2,818 vacant days, including all the days the units were off circulation. Removing the 12 units from the count would reduce the average vacant days in February to 176.

In addition to the above metrics, TCHC reports on the monthly number and percentage of days a rentable vacant unit is vacant. Please refer to Table 2 in Attachment 1 for the Q1 and Q2 aged vacancies.

REDUCING TURNAROUND TIMES

TCHC is dedicated to reducing the amount of time spent on preparing vacant units for new tenants. In Q4 2022, the vacancy process underwent a LEAN review, to identify areas for improvement in the vacancy process. The review revealed four kaizens, which are focused on making rapid improvements to expedite unit turnovers. A LEAN review involves a comprehensive assessment of organizational processes to uncover opportunities for streamlining and efficiency. As of Q3 2023, two of the four kaizens are complete, specifically addressing the reduction of unit availability delays and the reduction of start delays in vacancy management. The last two kaizens are scheduled to be completed in Q4 2023.

The four kaizens are as follows:

- reducing unit availability delays;
- reduce start delays in vacancy management;
- reducing contractor unit maintenance prep time; and
- reducing defects in the choice-based application process.

Reducing unit availability delays

The LEAN review of unit availability turnaround identified delays in preparing the unit caused by tenants not vacating their units as scheduled or failing to remove all their belongings. This challenge also applies when tenants pass away, requiring the removal of their belongings and contacting next of kin. The issues were addressed by providing training to Tenant Services Coordinators on the requirements of the Ontario Public Guardian Trustee for

deceased tenants with no next of kin listed. Furthermore, the move out reminder letter was modified to emphasize that tenants must remove their belongings within 72 hours of moving out, reducing the time units remain unavailable due to tenant belongings.

Reduce start delays in vacancy management

Reduce start delays in vacancy management addressed the method of notifying staff of an upcoming vacancy. Previously, automated emails were used for notifications, but the method was occasionally unreliable and sometimes contained defects. To streamline the process, a new report and smart cards within HoMES were introduced for staff use, providing a more efficient way to manage notifications of vacancies.

Reducing contractor unit maintenance prep time

The LEAN review identified multiple change orders occurring after the initial scope of work was defined. The initial inspection sometimes failed to accurately identify necessary repairs and missing items. Often, requests for replacements were made instead of opting for repairs or cleaning. To address the issue, additional training of site superintendents on how to perform the pre-move out inspections and correctly utilize the system is scheduled for Q1 2024.

Reducing defects in the choice-based application process

To improve the choice-based application process, focus was put on reducing defects related to the winning applicant. Issues such as missing documentation, financial eligibility, and unit compatibility with the winning bidder's needs were addressed. The Bidding Winner letter was updated to provide clear instructions on the information and requirements applicants must fulfil to proceed with the move in process.

STANDARDS – SERVICE MANAGER

TCHC engages with the Service Manager on an ongoing basis about overall vacancy rates related to rentable vacant units. The City, as Service Manager, is tasked with ensuring that TCHC is managing vacancies appropriately to ensure that the maximum number of rent-geared-to-income (“RGI”) units are rented out to households who are eligible for RGI subsidy in a timely manner. The TCHC Vacant Unit Turnaround Process interfaces with the City through the choice-based offer process, and this part of the overall process takes

approximately one month after units are turned over to the Centralized waitlist.

NEXT STEPS

In addition to the LEAN review and the identified kaizens, TCHC recognizes the need for improvements in maintenance and repairs as part of the move out process.

- Training scheduled for 2024 to equip front-line staff, supervisors, and managers with the skills and knowledge required to effectively use the system and hold vendors accountable.
- Implementation of postmortems on a sample size of completed and uncompleted units to ensure quality controls are maintained and service levels are met.
- Regular meetings with regional staff to identify challenges and improvements will commence in Q1 2024.
- Conducting quarterly meetings with vendors to review performance, assess the quality of work, and ensure compliance with standard service levels and contract obligations.

SIGNATURE

“Nadia Gouveia”

Nadia Gouveia
Acting Chief Operating Officer

ATTACHMENTS:

1. Table 1: Categories of Rentable Vacant Units (Q1 & Q2 2023)
2. Table 2: Aged Vacancies (Q1 & Q2 2023)

STAFF CONTACT:

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Attachment 1: Categories of Rentable Vacant Units (Q1 & Q2 2023)

	Unit Vacancy Reason Sub-Category	Jan	Feb	Mar	Apr	May	Jun
Maintenance Required	Maintenance Required	275	288	302	296	281	286
	Agency - Maintenance Required	1	1	3	3	3	1
Choice Based Offer Process	Vacant and Ready	15	43	16	17	10	11
	Sent to Centralized Wait List	133	67	75	82	77	62
	On Offer	33	15	12	10	2	8
Offer Accepted	Offer Accepted	119	145	125	138	138	123
Internal Transfer	Crisis Transfer	17	32	41	40	45	36
	Transfer	49	44	48	31	27	24
Rapid Rehousing	Rapid Rehousing - Sent to City	16	38	28	17	35	31
	Rapid Rehousing - Hold for City	42	74	72	66	28	19
Referral Agreement	Agency	17	13	9	8	10	12
Total Month-end Rentable Vacant Units		717	760	731	708	645	613

Attachment 2: Aged Vacancies (Q1 & Q2 2023)

(Excluded: Rapid Rehousing – Sent to City, Crisis Transfer, Transfer and Agency)

	Jan	Feb	Mar	Apr	May	Jun
Total Vacant Units (Excluded: RR – Sent to City, Crisis Transfer, Transfer and Agency)	617	632	602	609	525	509
Count of Rentable vacancies within 60 days	154	259	283	176	156	164
% of Rentable vacancies vacant within 60 days	25%	41%	47%	29%	30%	32%
Count of Rentable vacancies for 60 days – 90 days	108	82	77	208	110	93
% of Rentable vacancies vacant for 60 days – 90 days	18%	13%	13%	34%	21%	18%
Count of Rentable vacancies for 3 - 6 months	213	140	117	94	162	166
% of Rentable vacancies vacant for 3 – 6 months	35%	22%	19%	15%	31%	33%
Count of Rentable vacancies for 6 months - 1 year	98	94	85	91	63	52
% of Rentable vacancies vacant for 6 months -1 year	16%	15%	14%	15%	12%	10%
Count of Rentable vacancies vacant for 1 year+	44	57	40	40	34	34
% of Rentable vacancies vacant for 1 year+	7%	9%	7%	7%	7%	7%
Average # of days a “Rentable Vacant” unit was vacant	142	235	179	182	187	133