

KPMG Report - Review

To review the information presented in the KPMG report

August 22, 2019



LONDON & MIDDLESEX
COMMUNITY HOUSING

Current State:

1. The current assignment of responsibilities divides same or similar services, with the potential for service impairment and duplication



Initial Response	Risk	Opportunity	Next Step	Recommendation for Report
<p>True, and the further we go in CMHC renew and repair funding and regeneration opportunities, the greater the complexity and confusion around the respective roles.</p>	<p>LMCH requires structural adjustments and appropriate resources to be able to fully advance the regeneration strategy and new development of social and affordable units.</p>	<p>LMCH has every capacity regarding expertise, execution ability and vision to build and expand our portfolio and clarity on role and scope will advance this process more efficiently.</p>	<p>LMCH will take full leadership on regeneration business case and minimize all HDC interactions to Sr. Leadership and request allocation of staff to LMCH at soonest opportunity.</p>	

Current State:

2. LMCH's performance appears to be adversely impacted by capacity constraints (operations)



Current State:

Units	May Board Report	Today as of Aug 22	change	Percentage Change	Vacancy Rate
Total Vacant	189	134	-55	-29%	4.08%
Rent Ready	59	76	17	29%	2.32%
In restoration	130	88	-42	-32%	2.68%



Initial Response	Risk	Opportunity	Next Step	Recommendation for Report
<p>This recommendation echo's messages that we have been articulating since 2016 regarding our under-resourcing and capacity issues.</p> <p>Supported by the PWC report and the MYB request regarding operations moving forward</p>	<p>We cannot do more with the same resources. Capacity challenges are both numerical and skills based and are influenced by compensation staff development and budget constraints.</p>	<p>LMCH has identified and put forward a robust operations request largely focused on capacity through expanded staffing and services to address tenant concerns related to our obligations under the RTA and HSA. This report confirms our stated challenges and adds validity to our MYB request.</p>	<p>Vacancy Update we have moved from 6% vacancy in May to 4.29% today.</p>	

Current State:

2. LMCH's performance appears to be adversely impacted by capacity constraints (effective governance and oversight)



Initial Response	Risk	Opportunity	Next Step	Recommendation for Report
<p>The board is appointed by the shareholder, we identify a specific skill set and sometimes provide recommendations for candidates to be interviewed or considered. We have been working with other boards and commissions on addressing this in terms of best common practices and what we can recommend to the governance committee/how to report that back to the Shareholder.</p>	<p>There is no direct recommendation on how to address the governance concerns in this report. Additionally, any governance changes would require a change to the shareholder agreement.</p>	<p>Work with other boards and commissions to address governance issues and make recommendations to improve the appointment process to ensure a skills based board.</p>	<p>IF approve the report/ don't articulate gov. issue Collective board resignation and recommendation to fix the governance concerns rather than blaming community volunteers for identifying the risks and needs of the organization. (force Civic administration action to address this issue)</p>	

Current State:

3. The incremental benefits of HDC as a separate corporate entity may be questionable



Initial Response	Risk	Opportunity	Next Step	Recommendation for Report
<p>This is a relationship outside of the scope of our mandate and influence, the relationship has certainly influenced our view of HDC's benefit for our purposes.</p>	<p>Key risks are related to the city and their obligations to deliver affordable housing.</p>	<p>The opportunity may exist in our organization's ability to advocate for some of HDC resources to be re- allocated to LMCH for development/ regen opportunities.</p>	<p>We will work with civic administration to advocate re-deployment of key resources to LMCH directly so that the regen process is not delayed and that our MYB and Regen plans slow down.</p>	

Current State:

4. HDC's processes and focus may expose the City to increased risk



Initial Response	Risk	Opportunity	Next Step	Recommendation for Report
<p>This recommendation is not directly related to LMCH but has informing and instructional value in how we need to structure ourselves to mitigate risk for the city as we move forward with renew/repair and regeneration holding debt at arm's length from the city.</p>	<p>NO direct risk for LMCH but instructional regarding future discussion for setting up our structures to support debt management.</p>	<p>Push our ERM project and share outcome to reflect risk mitigation activities as we move forward. Respond to the debt concerns through other legal structures to build our capacity to borrow.</p>	<p>This recommendation is not directly related to LMCH but has informing and instructional value in how we need to structure ourselves to mitigate risk for the city as we move forward with renew/repair and regeneration holding debt at arm's length from the city.</p>	

Current State:

5. There is limited integration of back office and other support services



Initial Response	Risk	Opportunity	Next Step	Recommendation for Report
<p>We recognize the opportunities that back end integration can offer. In our experience, we have reached out in relation to garbage services, realty services, procurement, lean projects, IT support, sharing of systems, Ticketing/CRM. Governance structures do not have any bearing on this and this type of shared service approach is outlined in our strategic plan. It has been our experience that the city neither has the capacity or interest in these options given our requests for shared services over the past three years.</p>	<p>Capacity doesn't exist on the city side, or appetite for such shared services is not there. We do not have any strong examples of shared services meeting both organizations expectations. It is questionable the financial benefits of shared services per the KPMG report regarding HDC's shared services.</p>	<p>We are open to revisiting opportunities for shared services.</p>	<p>Evaluate options to work with the Shareholder on re-engaging with city departments to evaluate what possibilities could exist for cost saving or efficient delivery of services.</p>	

Current State:

6. LMCH's ability to undertake an expanded mandate is likely problematic



Initial Response	Risk	Opportunity	Next Step	Recommendation for Report
<p>LMCH is interested in fulfilling our current mandate and delivering on strategic objectives that are reflected in the cities strategic plan in new ways to meet the needs of our tenants and community. We are not pursuing an expanded mandate but recognize that the scope of work required to deliver on our services, in innovative and effective ways that build in elements of sustainability as we move to regenerate and develop.</p>	<p>We need the agility to move to meet the environmental needs and meet stakeholder expectations and be an attractive partner, and supporting our own ability to address our operational and capacity challenging.</p>	<p>We propose an accountability structure to be built into the shareholder agreement that still allows us to move towards innovative and expanded ways to address the capacity needs identified and establish structures to mitigate risk to the city.</p>	<p>Steve Pomeroy, Richard Leblanc, to address the issues and reasons why we needed to adjust the shareholder agreement to provide for innovation and required responses to the current environment. Core business has to be reviewed.</p>	<p>There appears to be a lack of understanding regarding our accountability structure to the shareholder and service manager regarding financial reporting which would not change. Steve Pomeroy, Richard Leblanc, to address the issues and reasons why we needed to adjust the shareholder agreement to provide for innovation and required responses to the current environment.</p>

Recommendations

1. KPMG suggests that LMCH resolve its current performance issues, including addressing its housing unit vacancy rates.



Recommendations

- LMCH agrees and offers the following examples of ways the organization and the City of London HSD has or is currently engaging in projects related to the recommendations:
 - Vacancy report to LMCH Board and forthcoming vacancy report for council
 - Tenant survey evaluating their experience from waitlist to being housed at LMCH
 - Synergies are being explored to address communication and data barriers between housing & homelessness and LMCH

LMCH will continue working to pursue the recommendations outlined above.



Recommendations

2. KPMG recommends that no changes to LMCH's governing documents, including its articles of incorporation, shareholder declaration and operating framework be undertaken.



Recommendations

- LMCH acknowledges performance issues identified in KPMG report and could add others based on the capacity need within the organization
- LMCH continues to believe that article amendments are of critical importance in addressing performance issues and delivering what our tenants need from LMCH
- LMCH urges Council to direct civic administration to work with LMCH to address any risk, but to certainly amend the articles
- LMCH is comfortable with limited changes, but status quo has proven to deliver poor results



Recommendations

3. KPMG suggests that there is not incremental benefit from establishment of HDC in comparison to previous development of affordable housing by the City.



Recommendations

- LMCH supports this recommendation with a request that key capacities from HDC be allocated to LMCH to pursue and maintain momentum towards the regeneration strategy.



Communications Strategy

- Press Release to go out August 23
- Josh and Sean remain media contacts on behalf of LMCH
- If delegation status is granted, Marci will present. Presentation for SPPC will be put together on Friday
- Tweet key messaging Friday through Sunday
- Tuesday TBD – press conference at Innovation Works in response to what happens at SPPC

