



# Policies for end of operating agreement and beyond

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Island Education Day  
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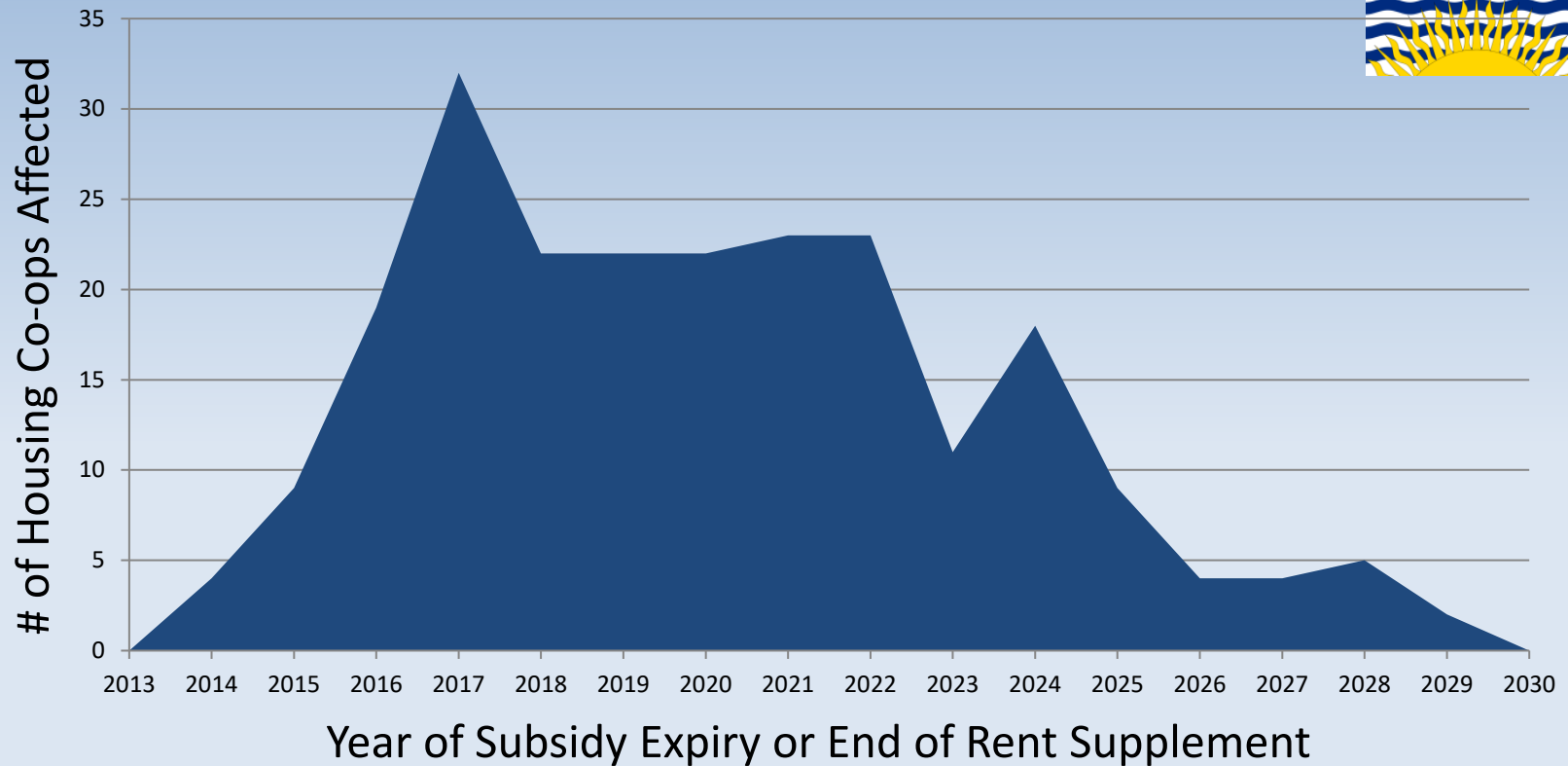


# Workshop objectives

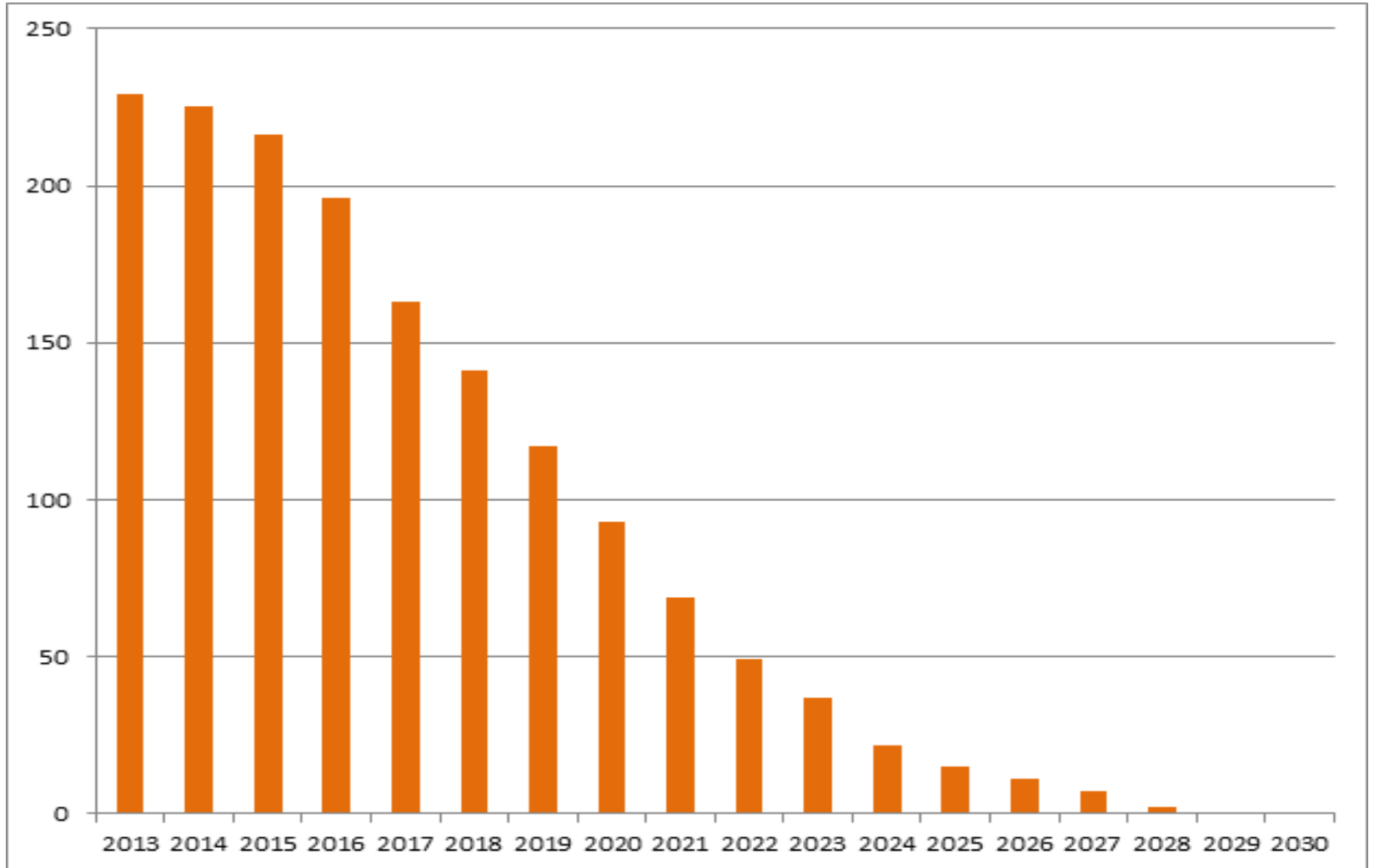
- Understand what the post-operating agreement environment looks like
- Identify major policy areas you will need to consider for the 21<sup>st</sup> century

# End of Operating Agreements

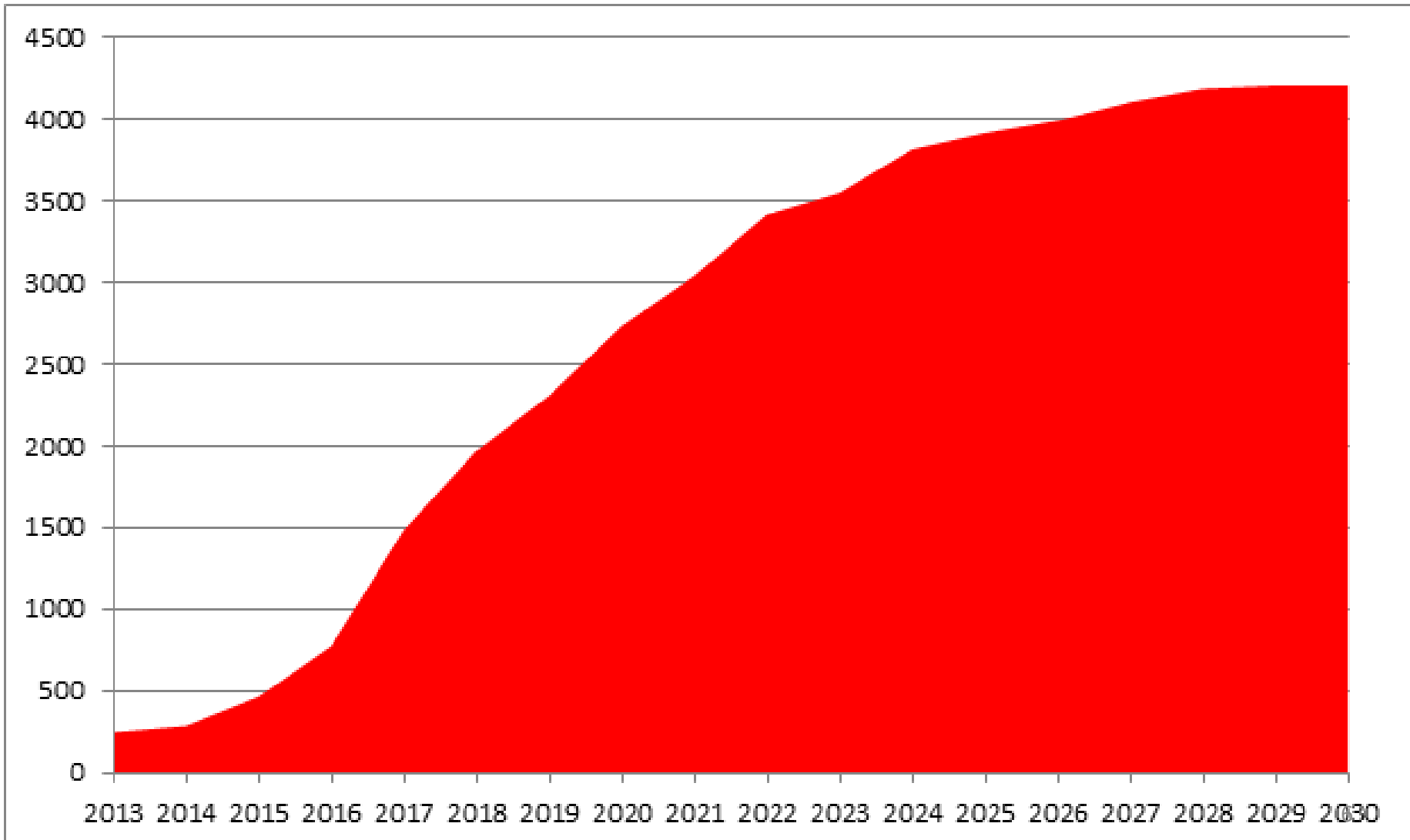
Loss of Rent Support & Subsidy for Co-ops in BC



# Declining federal support



# A growing affordability crisis



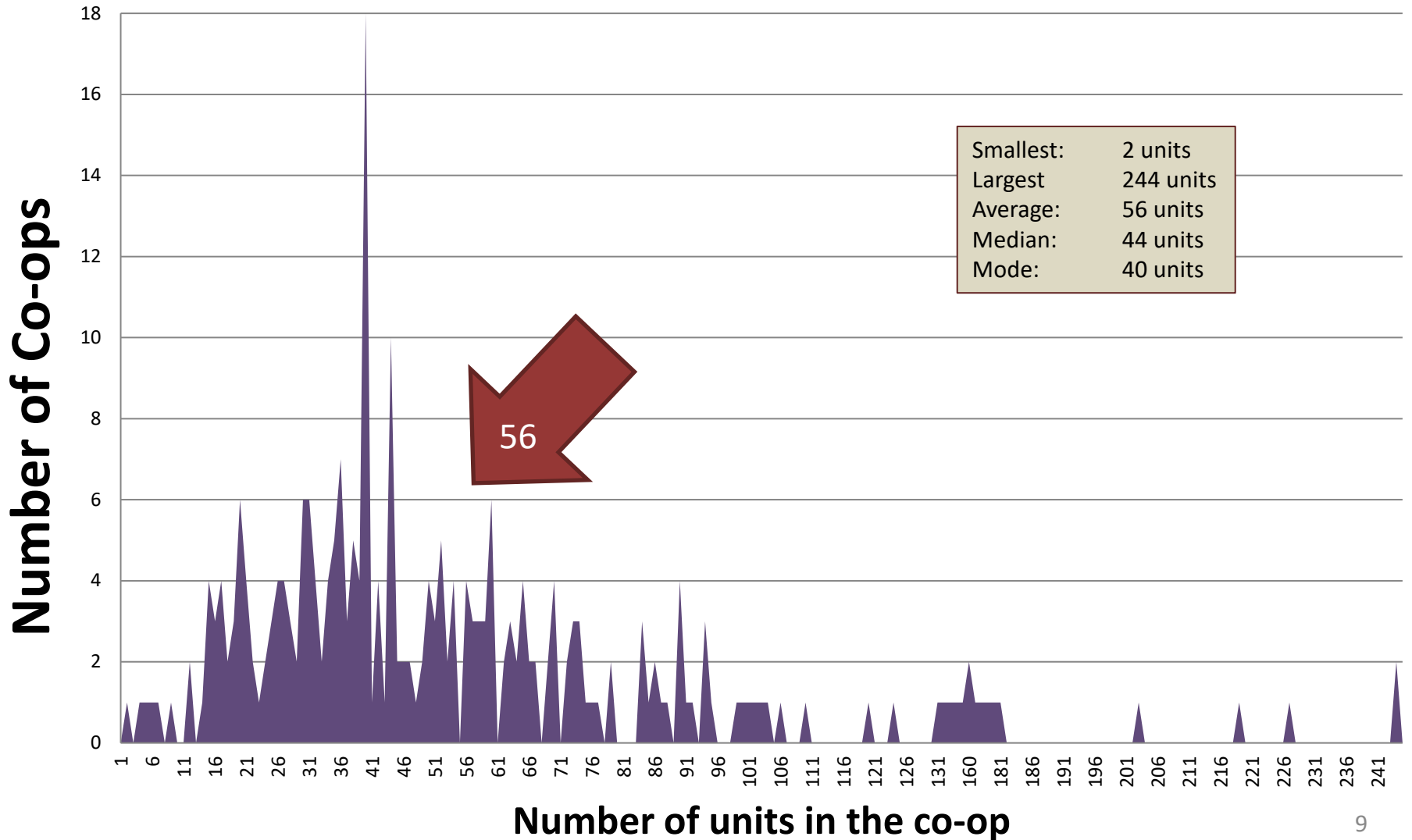
# Profile of a post-OA co-op

- No more subsidy for low-income members
- Low-income members still in place
- First mortgage fully paid out
- Operating costs increasing
- Reserve contributions needed
- New debt service?
- No government safety net

# Our challenges

- Aging and often inefficient infrastructure
- Deferred maintenance
- Non-existent (or reduced) government support with the end of co-op operating agreements
- An aging population with changing accessibility needs and smaller household size
- Sub-optimal unit mix
- Limited financial means
- Small scale, single-site operations

# Small scale operations



# Looking ahead

If nothing changes other than the end of your operating agreement, after 5 years what kind of shape will your co-op be in:

- physically
- financially
- as a community

# Life in the post-OA environment

We want our co-ops to be:

- Well governed membership associations
- Soundly managed, viable businesses
- Well maintained real estate assets
- Healthy co-operative communities

# Governance & management

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V I S I O N

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**2011**  
*The Year of Getting  
Governance Right*

**2012**  
THE YEAR OF GETTING  
MANAGEMENT  
**RIGHT**

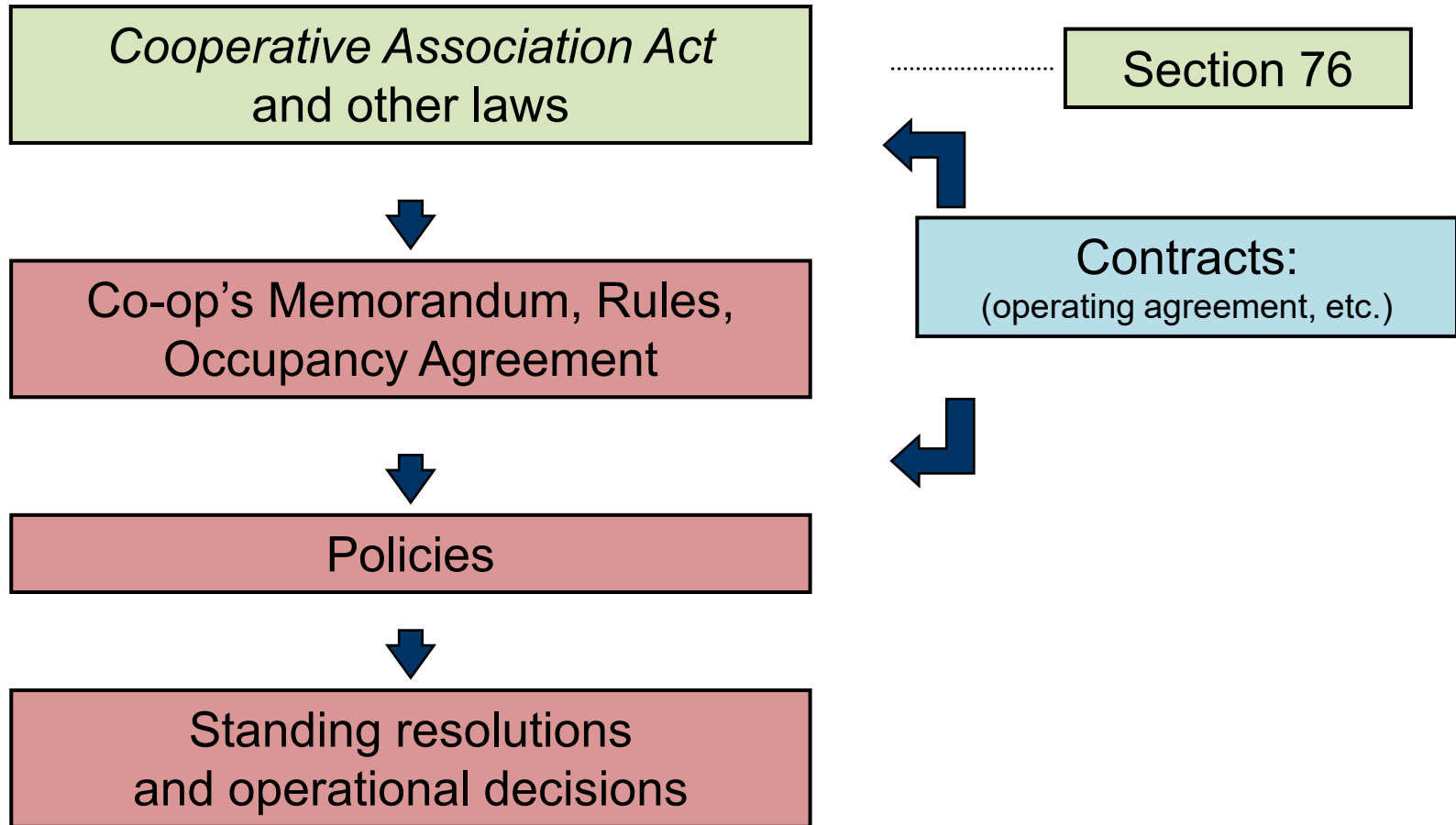
# Co-op mission statements

- In a safe, inclusive, and accessible community, we will provide affordable, well maintained, sustainable co-operative housing.
- Working together to provide well-maintained, affordable homes in a safe, respectful and diverse community.
- We provide affordable, sustainable housing within a safe, self-governing community open to diverse membership.

# Co-op mission statements

- Safe
- Affordable
- Sustainable
- Diverse

# Getting the Legal Governance Framework Right



Nothing in the co-op's Rules or policies can override the Act or other laws, even if the members approve it unanimously.

# Raising the bar on governance...

- The Province has twice changed the *Co-op Act* in the past few years
- Model Rules 2.0 modernizes governance and management and raises the bar to ensure success now and in the post-operating environment
- Now it's time to harmonize policies to reflect some of the enhancements in Model 2.0

# Model Rules 2.0

- Compliant with changes to the *Co-op Act*
- Built for today and for life after operating agreement
- Written with the best legal advice
- Simple to use and apply to co-op governance
- Filled with fresh ideas and best practice options

# What's new in Rules – highlights

- Membership termination -----Arr. Policy
- Number of Directors
- Directors qualifications -----Arr. Policy
- Election procedure
- Removal of director
- Use of email for notices

# Occupancy Agreement – highlights

- Operating principles
- Approval of housing charges
- Rent supplement/reduced housing charges
- Housemates/boarders
- Use of Unit (Home business, smoking)
- Right to enter/No refusal to enter unit
- Visitor

# Changing times

Success in the 21<sup>st</sup> century means changing the way we do business.

How will we compete in a new world and a new market?

What will our members expect of the co-op?

What will we ask of our members?

# Exercise

So what's new in the world and market?

How will it impact on our governance and management?

# Policy audit

Will existing policies be relevant in the 21<sup>st</sup> century?

Example:

Co-ops are adopting new operating principles.

Participation policies are a thing of the past.

# Operating principles

- Re-engineering your co-op



- Meaningful involvement model

# Avoid overlap

Avoid overlap between rules and policies.

Example:

If your co-op rules prohibit smoking a smoking policy is redundant.

# The policy shift

From:

administration of a government-funded subsidized housing program

To:

governance and management of an *independent*, member-owned housing development

# What's our job?

- Our job is to provide the best housing services possible for our members
- Our service is housing – we provide goods or services to our members

The benefit of the way we deliver service to members is varied.

What will we do to excel at our job?

# Ask the right questions

- Does the policy
  - reflect the necessary policy shift?
  - make us competitive and viable in 21<sup>st</sup> century?
  - support our rules and standard of excellence in governance and management?
- What is the legal ramification of the new policy?

# Member support

Members confirm support of good governance and management when they adopt new rules.

Who will set policy that supports the new rules?

- Board?
- Members?

# Major policy areas

1. Asset management
2. Reduced housing charge
3. How will we fill units?
4. Who will we house?
5. Use of unit

# Asset management

## 5. Asset management

- long-term plan
- maintenance policies:  
tendering/quotes/contracts, co-ordination,  
inspections, member/co-op responsibility
- purchasing/spending
- monitoring and reporting
- Investment/lender

# Reduced housing charge

## 4. Reduced Housing Charge

- capacity
- eligibility
- income verification
- administration
- monitoring and reporting

# How will we fill units?

## 1. How will we fill units?

- occupancy standards
- over- and under-housing
- surcharges
- internal moves

# Who will we house?

## 2. Who will we house?

- member criteria
- housemates
- borders
- sublets

# Use of unit

## 3. Use of unit

- Smoking
  - grandfathering
  
- Home business
  - capacity
  - insurance
  - administration

# Going forward

- Having the discussion
- Any advice for the CHF BC and CHF Canada boards?

# Wrapping up

**Thank you!**