



Preparing your co-op to negotiate at EOM

Over the next 10 years, Ontario's HSA (*Housing Services Act*) co-operatives are coming to the end of their mortgages (EOM). This is a time of major change that represents opportunities for communities and directors to make lasting decisions impacting their co-ops.

Every co-op wants to have a successful negotiation with their Service Manager, to secure a 10-year (minimum) agreement that will meet key objectives that enable positive outcomes for the co-op and its members. Objectives such as financial viability, sustainability, and the potential growth of the co-op today and into the future. This is an opportunity to re-think your co-op's relationship with its Service Manager and form a constructive partnership, securing sustainable and affordable co-op communities for years to come.

This resource will help your co-op prepare for and conduct a successful negotiation.

Preparing for a successful negotiation

Start your prep 24 months before the end of your mortgage/the beginning of negotiations, if possible

- 1. Identify the Co-op's Goals for the negotiation. Know wants, needs and desired outcomes**

Should you sign a new service agreement or negotiate an exit agreement? Weigh the pros and cons and know the co-op's key desires and "no-deal" issues — what the co-op will walk away from. Consider your alternatives and have a back-up plan. What will you do if the negotiation does not succeed (can you go to somebody else or walk away)?

Try to set goals that are specific, challenging but achievable, measurable and fair. This is shown to achieve better outcomes than setting lower or vague goals. Also, don't "ask for the world." Aspirations that are too high can trigger backlash.

Does the co-op have growth goals? Preparing for negotiations requires co-ops to start planning. What the co-op negotiates today will hopefully set the co-op on course for a sustainable and successful future.

2. **Gather the information and resources you need to make a decision**

Add EOM as an agenda item to regular Board meetings. Ensure you have all the relevant financial documents and reports to support your negotiating position. Understand operating budgets and housing charges needed to sustain and grow the co-op.

Consider the following:

- Does the co-op have an operating surplus or deficit?
- What is the state of the co-op's reserve funds?
- Establish that all financial aspects are as good as they can be (i.e., if you have arrears or deficits, make sure you have a plan to address them). Also, ensure that your plan includes a budget for community development and education.
- Capital Reserves and Asset Planning:
 - Does the co-op have a recent Building Condition Assessment?
 - Does the co-op know its most pressing and future capital repair needs?
- Does the co-op have an Asset Management Plan (AMP)?
 - Has the co-op considered the option of engaging CHF Canada's Asset Management and Financial Services team to develop an Asset Management Plan (AMP) for the co-op?
 - An AMP provides the necessary financial plan required for negotiations, plus a full picture of the co-op's financial needs and impact on operations. It can be a road map indicating what is in the co-op's best interests and guide negotiations.

3. **Who do you need to talk to?**

Housing co-ops should not negotiate alone. Call on your local housing federation or CHF Canada. They are prepared and available to help you through every step of this process.

Use the knowledge of fellow directors, co-op staff/management, the co-op's legal counsel, and accountant or auditor. Ask for all reference material.

Set up a subcommittee of the board who will negotiate on behalf of the co-op. Your management is not authorized to enter into binding agreements on behalf of the co-op. The board is ultimately responsible for what happens and should be deeply involved in this process.

4. **Involve your community every step of the way**

Transparency is key. It is important to keep members in the loop during the process. Hold town halls and information sessions to inform members about EOM and ensure that the community's priorities are being heard. The membership will have to approve the agreement and financial plans.

Meeting with your Service Manager

1. Set an agenda for every meeting and ensure you are prepared

See CHF Canada's guide "Techniques for EOM Negotiations."

Break the discussions and negotiations down into separate meetings. Approaching each topic of the Service Agreement separately will avoid a sticking point that can disrupt the negotiation and bring it to a standstill. If you can't agree on one of the conditions, obtain an agreement to table it and move through to the next item.

An example of meeting topics could include:

Meeting one:	Criteria for Service and Exit Agreements, discussion on how to proceed
Meeting two:	RGI funding, housing charges and RGI targets, budgets, and provisions
Meeting three:	Understanding reporting requirements
Meeting four:	Understanding dispute resolution process

2. Ensure that you are establishing a professional negotiation

This may not be the best time to air old grievances or personal conflicts. You are representing a multi-million-dollar corporation and your members are counting on you to do the best job you can. This is a business transaction, and all participants should conduct themselves accordingly. Keep the negotiation calm and focused. Take a break when necessary.

3. Take minutes at every meeting and retain all documentation

Minutes will be helpful reference points as the negotiations proceed.

4. Create dialogue

All parties intend to come to a fair agreement and provide affordable housing. Discuss your concerns at the table when appropriate. Take away points that need to be discussed confidentially.

5. Work with your Service Manager to create an equitable arrangement

Your Service Manager is committed to these negotiations and will be looking for the most favorable outcome from their point of view, as you are from yours. Attempt a win-win.

Prepare as best you can and use your resources to safeguard your co-op's continued success!

For more information and resources on negotiations or EOM please contact: Ontario Region Office: 720 Spadina Avenue, Suite 313, Toronto ON, Canada M5S 2T9. Phone: 416-366-1711 | Toll-Free: 1-800-268-2537 | Fax: 416-366-3876 | info@chfcanada.coop