

The background of the cover features several interlocking puzzle pieces. Most are light grey, but there are four prominent colored pieces: a green one on the left, a yellow one in the center, a red one on the right, and a large blue one at the bottom. The blue piece contains the text '20 VISION 20'.

The  
CO-OPERATIVE  
HOUSING  
FEDERATION  
of Canada



La  
FÉDÉRATION de  
L'HABITATION  
CO-OPÉRATIVE  
du Canada

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

# *Getting***Management***Right*

*A Guide to the Core Management Standards for Housing Co-ops*



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# Introduction

Housing co-ops serve important social purposes. They offer affordable housing and they build communities where the members work in support of each other, sharing common values.

To meet these purposes, and to keep on meeting them, co-ops must be strong and stay that way. They must take care of the business of running a co-op, and that means sound management.

The environment facing co-ops is challenging, and constantly changing too. Co-ops must compete in shifting markets to keep their units filled. In some cases they have to get by with a fraction of the government assistance they used to receive, yet they still have low income members that need assistance. In other cases they are finding it hard to operate under harsh government program rules. Co-op buildings are aging and need looking after. Without good management co-ops can get into difficulty – sometimes very deep difficulty.

To help co-ops run well, in good times and in bad, in 2004 CHF Canada developed the Core Management Standards for housing co-ops, and launched a campaign – the Campaign for Good Management – to promote them to all our members. In 2006 we incorporated the Campaign for Good Management into CHF Canada's **2020 Vision™**, a new program designed to help co-ops plan for a strong future.

## *A note on the new edition*

This fifth edition of *Getting Management Right* is a key part of 2020 Vision, along with the companion guides *Getting Governance Right* and *Getting Our Co-op Principles Right*. Together, these guides help housing co-ops, and those that work with and support them, to raise the bar on the management, governance and leadership of our co-op communities.

In this new edition we refer readers to the 2020 Vision toolkit, available to members from CHF Canada's 2020 Vision website. The toolkit will continue to grow, as we keep working to help co-ops get management right and prepare for a strong future. We also refer more and more to online resources in this edition. With the amount of information that's now available from internet sources to help your co-op manage well, access to the web is no longer just a plus for the co-op manager. It's an essential tool for getting the job done.

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In this new edition we refer readers to the 2020 Vision toolkit and online resources.

The toolkit will continue to grow, as we keep working to help co-ops get management right and prepare for a strong future.

And the information that's now available online to help your co-op manage well is an essential tool for getting the job done.

This guide does not replace the many other resources the co-op housing sector offers to help co-ops with their management. Education events, Co-op Housing Bookstore Publications, newsletter articles, CHF Canada's online resource centre, and resources from local federations – there is a wealth of material out there that will help you run your co-op well. But here's what we can promise for this guide: if you are getting the management results we describe in it, yours will be a well managed co-op that your members will be proud to call home.

## **Acknowledgements**

Nicholas Gazzard and Kim Weiman wrote this guide. Diana Devlin, Nicholas Gazzard and Dale Reagan edited this fifth edition. Patricia Muller proofread this edition. Original design and layout are by Stephanie Ballantyne of EGO Creative Solutions. Cover design is by Aerographics.

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# 1 About the Core Management Standards

CHF Canada developed the Core Management Standards in 2004 and presented them to the 2004 AGM, where the members adopted them enthusiastically as a simple set of blueprints for good co-op management.

The Core Management Standards help you measure and improve the quality of management in your co-op. They set out the results that good management brings. They are divided into five key areas:

1. **Managing the finances**
2. **Keeping the co-op in good repair**
3. **Keeping the co-op full**
4. **Meeting your co-op's legal requirements, and**
5. **Supporting good co-op governance**

For each of these groups we have set management standards, which tell you about

- the results we want
- the people, tools and training needed to get the job done.

The Core Management Standards do not say what kind of management co-ops should use. Trained staff, bookkeepers, management groups that specialize in co-ops, and commercial property management firms that understand housing co-ops are all options. What counts is getting the job done and getting it done right. That takes skill and reliability. When choosing management for your co-op, measure each option against these two tests:

1. Will it bring us the necessary skills to do the job well every time?
2. Will the work get done when it needs doing?

**The Core Management Standards help you measure and improve the quality of management in your co-op. They do not say what kind of management co-ops should use. Trained staff, bookkeepers, management groups that specialize in co-ops, and commercial property management firms that understand housing co-ops are all options. What counts is getting the job done and getting it done right. That takes skill and reliability.**

**A real housing co-op is one where the members own the housing together for their mutual benefit. They make decisions democratically for the good of the co-op and its community. They elect the board of directors to govern the co-op's affairs. And they follow the seven international co-op principles. Having the members do the management isn't one of them.**

## Shouldn't the members do the managing?

Some housing co-ops think their members should do all the day-to-day work of managing the co-op. Otherwise, they think, theirs is not a real co-op. But no one ever said that being a co-op depends on who does the administration. A real housing co-op is one where the members own the housing together for their mutual benefit. They make decisions democratically for the good of the co-op and its community. They elect the board of directors to govern the co-op's affairs. And they follow the seven international co-op principles. Having the members do the management isn't one of them.

## Choosing (and keeping) good management

There are different ways to get professional management for your co-op:

- directly hired staff
- management companies

In either case you will need to make sure that your manager has a full understanding of what it takes to run your housing co-op, and that includes knowing the rules of your co-op's government program.

Whichever option you choose, you need to do your job as an employer of staff or a contract partner. That means

- consistent direction to staff or the management company from your board and your chosen co-op representatives
- professional working conditions for anyone working on site at your co-op
- fair remuneration for the quality of work you expect.

You want to find good people to manage your business. Keeping them will depend a lot on how well you manage your relations with them.

## What about Committees?

As co-op housing really started to grow in Canada we expected that co-op committees would play a big role in the running of our co-ops. So it's not surprising that many, perhaps most, housing co-ops have used committees to carry out management activities. Co-ops have put committees to work in two ways:

- to plan and oversee management tasks
- to do management tasks themselves

As we said earlier, the core management standards do not say *how* co-ops should meet their management needs, only what the results should look like. So the question is, have committees produced good management results for co-ops?

After 35 years of experience we can say that the results have been mixed at best. Some co-ops have had good results from their use of committees, but there have been many problems too, particularly when it comes to the key business areas of finance, maintenance and keeping the co-op full. It really comes down to the same two test questions we asked before, just put a bit differently:

1. Do committees get the job done well every time?
2. Do committees get the work done when it needs doing?

If the answer to both isn't yes 100% of the time, you might want to think carefully about how much you rely on committees to run the co-op's business.

## A word about governance and management

**Governance** is concerned with the overall direction of the co-op – setting policies, adopting budgets and other plans, supervising management and generally seeing to the well being of the co-op. Governance is the job of the directors and the members who elect them.

**Managing** is the day-to-day work of running the co-op – taking care of the business according to the overall direction set by the board. Although the roles are different, good management and good governance go hand in hand, and if one is weak the other will be weakened. That's why we include "Supporting good co-op governance" as one of the core management standards.

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## Board/Management Teams

More and more co-ops are thinking in terms of a board-management team, where management and governance form a close partnership that

- recognizes each as a key stakeholder
- clearly identifies “who does what”
- provides managers with identified “go-to” representatives on the board for guidance between meetings where it’s needed
- makes both parties feel comfortable in sharing ideas.

A board-management partnership lets the board and the manager find the right balance of roles as they work together on the co-op’s needs and priorities.



# 2

## Managing the finances

At the end of the day, it comes down to the money. Without enough of it your co-op won't survive, no matter how strong your community is. As a board, you must make sure that your finances are well managed. That means you need qualified people to take care of your money.

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### Managing the finances: the results we want

#### the co-op adopts a workable budget each year

Managing your co-op's finances starts with planning. Your co-op should begin working on the budget several months in advance of the year to which it will apply.

**Managing your co-op's finances starts with planning; your co-op should begin working on the budget several months in advance of the year to which it will apply. Always aim for a balanced budget.**

Make sure your co-op gathers all the information necessary to put a good budget together. Where are costs going for things like energy and taxes? Is your mortgage changing? What about government assistance? How much should you put into your replacement, or capital reserve?

You need to plan for spending from your capital reserve too. In the sections about keeping the co-op in good repair and long-term financial planning we talk about long-term reserve fund forecasts. You should also have a short-term capital spending budget. That's the budget that tells you how much you'll have to lay out for the replacement and major repairs you're planning over the next two to three years.

And don't forget the local housing market when you set your housing charges. You may have some competition to think about. What are their rents like? What is the local vacancy rate? It's no good budgeting for full occupancy then waking up in the middle of the year to a big vacancy loss. Or losing money if your housing charges could have been higher.

Budgeting isn't rocket science. It is about attention to detail. Make sure your manager realizes that.

You should also be sure to have your budget approved by the members in time to give enough notice of a housing charge increase. The minimum should be 60 days. Some co-ops may have rules or by laws that call for longer notice than that.

Make sure your co-op's budget keeps you "in the black". The money you plan to collect in housing charges and from government and other sources should at least equal your expenses and what you need to set aside in your capital reserve.

Occasionally, some co-ops will experience years where they operate at a deficit. That can work if it is planned and there is an accumulated surplus from previous years to draw on. But if your co-op operates for several years in a deficit, or you have a deficit you didn't expect, you are heading for trouble. Always aim for a balanced budget.

**Make sure that bills are approved for payment and cheques are signed and delivered in time to meet that payment deadline. Late charges are a waste of your money.**

**Make sure your bookkeeper is using accrual accounting, not cash accounting. If necessary your auditor can explain the difference.**

**Your board should be able to ask for up-to-date information and get it right away. The same applies to members asking about their housing charge account.**

## **the co-op pays its bills in full, on time**

Can your co-op afford to be paying late charges on unpaid invoices? Or to pass on a prompt payment discount? Make sure that bills are approved for payment and cheques are signed and delivered in time to meet that payment deadline. Late charges are a waste of **your** money.

## **the co-op has up to date books and financial records**

Your bookkeeper should be keeping your financial records up to date. Here are some signs that your books are being kept properly.

- All housing charge revenue is recorded when it is due – at the beginning of each month. This is called accrual accounting.

- Expenses like tax and insurance are recorded in the books every month, even though they may only be paid once (or twice) a year. This is also a principle of accrual accounting. Make sure your bookkeeper is using accrual accounting, not cash accounting. If necessary your auditor can explain the difference.
- Payments and deposits are entered into your books as they happen. Your board should be able to ask for up-to-date information and get it right away. The same applies to members asking about their housing charge account.
- Your manager keeps an eye on your cashflow, and if necessary advises you to move funds between accounts to avoid being overdrawn – or to make sure you are earning as much investment income as possible.
- Your bookkeeping system produces regular financial statements, which leads us to the next result we want.

## the board gets and reviews the financial statements each month

You need financial statements from your accounting system. Here's a list of the essential reports, and how often you should get them:

- balance sheet – every month
- income statement – every month
- housing charge arrears report – at least twice every month unless you have no arrears

The directors should be able to understand the statements so they can review them properly. Statements should have enough detail to give a clear sense of the co-op's position, but not so detailed that it is too much to take in. The directors should ask questions about anything they are unsure of. There are no stupid financial questions.

Make sure your board is given the opportunity to attend a workshop on understanding financial statements. Because when you're going over the statements you really need to know what you're looking at.

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It's important that your co-op's manager or bookkeeper understands the rules that apply for calculating RGI housing charges and subsidies – they can vary from program to program.

Because if you get it wrong, you could end up owing the government money you don't have and with members that owe you money they can't pay.

Risk management means preventing loss by reducing risk to the lowest possible level.

## your co-op correctly calculates housing charges and subsidy requirements for rent-geared-to-income households

In most co-op housing programs there is a subsidy stream that lets the co-op offer rent-geared-to-income (RGI) housing charges to low-income households. It's important that your co-op's manager or bookkeeper understands the rules that apply for calculating RGI housing charges and subsidies – they can vary from program to program. Because if you get it wrong, you could end up owing the government money you don't have and with members that owe you money they can't pay. When in doubt on the RGI rules, ask for help from CHF Canada or your local federation, or talk to the people that administer your co-op's program.

## the co-op manages its financial risks

Risk management is a term that's used a lot these days. What does it mean? For your co-op, risk management means preventing loss by reducing risk to the lowest possible level. Loss can be physical, as in the case of fire and flood, and we talk more about this in the section on keeping your co-op in good repair. It can also be financial. Two factors can play a big part in reducing the risk of financial loss:

- financial controls
- a good insurance policy

Financial controls are systems that safeguard your money. They include making sure that

- your bookkeeping and banking systems are sound
- the members' money is safe and properly accounted for
- your assets are adequately protected by insurance
- you haven't left your finances all in the hands of one person
- there is no risk of fraud.

Have you taken all the steps you can to protect your co-op against fraud? It's easy to think that fraud could never happen at your co-op: every co-op where there has been fraud thought the same thing. You can ask your auditor for advice on financial controls. And make sure your auditor gives you a management letter each year. The management letter offers advice on improving your financial systems and controls.

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#### *A note on credit card use in co-ops*

Credit cards can be very useful in housing co-ops, but at some co-ops they have caused problems because their use has not been well controlled. You need to be very careful how you manage the use of credit cards at your co-op. For that you need

**Proper management of credit card use is also a financial control, so ask your auditor to look at your credit card controls, if your co-op uses one.**

- a strict limitation on who can use the card and for what purpose
- a sensible spending limit on the card
- a good purchase order system
- a monthly comparison of the card statement against the receipts
- independent oversight of card use by a third party, like your bookkeeper.

Another way to control credit cards is to use vendor-specific cards rather than general bank-issued ones.

The proper management of credit card use is also a financial control, so ask your auditor to look at your credit card controls, if your co-op uses one.

The second factor in managing financial risk – all risk in fact – is your co-op's insurance policy. Have you checked your insurance policy lately to ensure that you are adequately insured? Your policy needs to cover you against these kinds of risks:

**Your insurance policy needs to cover you against a variety of risks. Ask questions about your coverage. Make sure you are adequately insured.**

- volunteer accident
- property loss
- loss of revenue (due to property loss)
- general liability against 3rd party claims for damages
- directors and officers liability
- fraud
- robbery and theft

It's important that you understand your policy, so ask questions about your coverage if you need to.

And while we're on the subject of insurance, let's note that it's a good idea to recommend to members that they have their own household insurance. It's for their own protection – and it can safeguard the co-op too.

**You can put your co-op and your staff at risk by accepting cash. Because cash payments can disappear without trace. Or they were never made in the first place. Insist that members who can't pay by cheque get a money order.**

## **the co-op avoids dealing in cash**

We all know that \$500 cash on Friday can dwindle to \$300 on Monday – or to nothing at all. So it's tempting to take cash payments from members when they have it in their hands. But don't.

You can put your co-op and your staff at risk by accepting cash. Because cash payments can disappear without trace. Or they were never made in the first place. Insist that members who can't pay by cheque get a money order. And consider allowing direct payment – you can get a debit card machine right in your co-op office.

**Don't accept member arrears as a normal state of affairs. Your co-op should be collecting all housing charges on the first of each month.**

## **the co-op collects housing charges right away**

Don't accept member arrears as a normal state of affairs. Your co-op should be collecting all housing charges on the first of each month. If you allow the habit of paying late to take hold you'll have arrears. If you don't, you won't.

If you have not received payment from a member then you should either work to get an acceptable payment plan, or you should be taking steps to evict. It's that simple.

Harsh? Not really. The end of the month is just around the corner. Any arrears from this month should be taken care of before the next one starts. Or you'll start to have serious problems with mounting unpaid housing charges.

## The co-op develops a long-term financial plan

More and more, co-ops are thinking beyond just the year ahead as they plan their finances. Many co-ops are facing the end of their operating agreements in a few years – if not sooner. These co-ops will be looking at a different financial picture at that time. Their original first mortgages will be gone, but so will their subsidy. Perhaps they won't have the reserves they're going to need and will have to refinance, to invest in renovating and even redeveloping their properties. These will be big changes and the time to begin planning for them financially is now, not when they happen.

And it's not just the end of government agreements we have to think about. Co-ops whose government partnerships will continue for some time to come also need to plan their finances over multi-year periods.

Pulling together a long-term financial plan is no overnight undertaking. But what goes into it is fairly straightforward. You'll need to estimate these things:

1. Your co-op's annual expenses
2. Your mortgage payment and any other loans you're paying back
3. Any new borrowing you might need to make in the future
4. Contributions to and spending from your capital reserve
5. The housing charges you'll need to set to cover all your costs
6. Any operating subsidies you get from government

To estimate what you'll need to add to and spend from your capital reserve – item 4 on this list – you'll need a long-term capital plan. We'll talk more about that in the section on keeping your co-op in good repair, on page 19.

Many co-ops are facing the end of their operating agreements in a few years – if not sooner. Their original first mortgages will be gone, but so will their subsidy.

These will be big changes and the time to begin planning for them financially is now, not when they happen.

How many years should your long-term financial plan cover? At least 5 years, and 10 years is better. And you'll need to update it each year as newer information about your co-op's operations becomes available. Long-term plans aren't crystal balls. But they do give you a good idea of your financial future and allow you to start getting ready for it now by setting your housing charges at a true break-even level, not just at a level that allows you to break even today.

**Your co-op needs a strategy for making your reserves grow by investing them. This is particularly important for your capital reserves.**

**To create an investment plan that's tailored to your needs, you should talk to an investment advisor.**

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## the co-op has an investment plan

Your co-op needs a strategy for making your reserves grow by investing them. This is particularly important for your capital reserves. A good investment plan will give you the cash you need for capital replacements and repairs when you need it, while putting your longer-term funds to work to earn you more money.

To create an investment plan that's tailored to your needs, you should talk to an investment advisor. Your co-op's credit union or bank may be able to point you in the right direction. In Ontario an investment program has been set up for co-ops that fall under the *Social Housing Reform Act*. The program is delivered through the Social Housing Services Corporation.

## Managing the finances: people, tools and training

**Bookkeeping is a specialized skill. You need a bookkeeper or a bookkeeping service that comes with training and experience.**

### people

Budgeting, bill paying, collecting the housing charges, watching the cashflow, keeping an eye on the financial controls – these jobs all require solid financial administration from your staff or managers. So make sure you choose management that comes with the right skills.

Your manager also needs to know the government program or programs that apply to your co-op. Without a proper understanding of program subsidy, mistakes can be made in budgeting and in setting housing charges for low income households.



Bookkeeping is a specialized skill. You need a bookkeeper or a bookkeeping service that comes with **training** and **experience**. You can get bookkeeping from

- an independent bookkeeper
- staff you hire
- an accounting firm
- a management company

– as long as the skills come with the package.

Whoever does your books needs to be impartial, with no reason to hide information from the board – in other words, **not a member and not a member's relative**.

When hiring a bookkeeper or financial manager, ask about qualifications and check references. Look for someone with professional credentials or who is endorsed by an accounting professional. As with so many financial matters, you can always ask your auditor for advice on finding a good bookkeeper.

## tools

Your bookkeeper needs an accounting software package to keep your financial records and produce the statements you need. There's no excuse for keeping books manually in the 21st century. The results from using accounting software are just so much better.

Generally, to look after the co-op's finances you need a well equipped office – a computer, the right office equipment and good systems. The office should be up to professional standards, not stuck with out of date machines and broken down furniture. And no co-op office should be without email and access to the internet – there's just too much important financial and program advice online for housing co-ops and their managers.

**Your bookkeeper needs an accounting software package to keep your financial records and produce the statements you need.**

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**For long-term financial planning, CHF Canada is developing a suite of custom spreadsheet applications as part of the 2020 Vision™ toolkit.**

For long-term financial planning, CHF Canada is developing a suite of custom spreadsheet applications as part of the 2020 Vision™ toolkit. As the software becomes available on the 2020 Vision website you will be able to download and use the version that's designed for your co-op's housing program. It lets you enter all the data for long-term planning that we listed earlier. You can play with variables such as interest rates, inflation and future borrowing needs to give you different outcomes for your co-op's future finances. CHF Canada members can get this spreadsheet from the 2020 Vision website.

Is a finance committee a good tool to have? It can be, if it has a distinct role and doesn't trip over the board's feet. Probably the best job to give to the finance committee is monitoring the financial controls we looked at earlier.

In some co-ops the finance committee also acts as the audit committee, reviewing the annual audited statements with the auditor and discussing the management letter. That's the letter from the auditor that offers advice on improving your financial management and controls.

These can be useful roles for a finance committee to play. But a word of caution: there is no point in having a finance committee unless you can fill it with members who really understand your co-op's finances. Otherwise your finance committee will not be of much value. It will have no clear sense of its role and how it differs from that of the board.

**Bookkeeping is a specialized skill that requires proper training.**

**Your bookkeeper will need to know how to account for government subsidies and other accounting requirements of the co-op programs.**

**General financial training for co-op managers is available through the professional development programs offered by CHF Canada, the Institute for Housing Management and other programs across the country.**

## training

Bookkeeping is a specialized skill that requires proper training. There are professional accounting designations such as CA and CGA, but it's not necessary to be a certified accountant to keep co-op books. Most technical institutes offer suitable accounting courses.

As well as understanding general accounting principles, your bookkeeper will need to know how to account for government subsidies and other accounting requirements of the co-op programs. You'll find this kind of information through the co-op housing sector.

General financial training for co-op managers is available through the professional development programs offered by CHF Canada. The Institute for Housing Management offers financial training for property managers in Ontario and there are other property management programs available across the country.

The board and other volunteers such as finance committee members will need financial training in

- how the co-op budgeting cycle works
- the housing program your co-op operates under
- how to read financial statements.

The co-op housing sector, through local federations and CHF Canada, offers a range of board training opportunities through workshops, manuals and website materials.

# 3

## Keeping the co-op in good repair

Here are two important questions for your co-op

1. Is your co-op physically sound? Are you doing the things you need to maintain your property and make sure that you won't have serious repair problems in the future?
2. Does your co-op look good from the road? If you were looking for a place to live, would you want to move into your housing co-op?

If your answer to these questions is yes, then you are making sound business decisions about the shape of your co-op's buildings and grounds, and practicing what is called sound asset management.

If the answer to these questions is no, then you're not alone. And yet your property is the most important asset you have. If it's in poor shape you won't be able to offer decent affordable housing to your members. Or replace members who leave.

Here are some signs that you are taking good care of your co-op.

### Keeping the co-op in good repair: the results we want

#### the co-op has good "curb appeal"

It's important that your property looks its best. That means getting the bigger jobs done, like keeping up with exterior painting. And it also means staying on top of the little things that make a big difference – getting the grass cut, keeping the weeds under control and picking up garbage from your property.

How your co-op looks matters a lot. Your members, present and future, want to make sure they can come home to a community that is well cared for, something they can be proud to call home.

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**How your co-op looks matters a lot. Your members, present and future, want to make sure they can come home to a community that is well cared for, something they can be proud to call home.**

Always make sure the job is done professionally, by people who have the skills. Asking volunteers to do repairs isn't fair to them or to the members that need the work done.

Regular maintenance is important. All kinds of building components, from the roof to the driveways, to machinery and equipment, can be made to last longer if you take care of them – in other words, if you have a preventive maintenance program in place.

## the co-op responds promptly to requests for repairs

First, you need to be clear about which repairs are the members' responsibility and which ones the co-op looks after. That way you'll sidestep a lot of very avoidable disputes with your members.

When members are reporting problems or asking for repairs, have them fill out a work order request form. Then make sure that the co-op follows up without delay.

The standard you aim for should be that of a good landlord in the private market. And that standard can be high. You should be able to promise your members that urgent problems, such as leaks or electrical hazards, will be taken care of right away. Less urgent repairs should be dealt with within a week.

Always make sure the job is done professionally, by people who have the skills. Asking volunteers to do repairs isn't fair to them or to the members that need the work done.

## the co-op does regular preventive maintenance

Regular maintenance is important. All kinds of building components, from the roof to the driveways, to machinery and equipment, can be made to last longer if you take care of them – in other words, if you have a preventive maintenance program in place.

What's more, scheduling maintenance means you can budget for it. So you won't be leaving the condition of your co-op to chance.

A good building inspector or general contractor can help you develop a plan to look after your buildings through routine maintenance. So can some of the management services that are available for housing co-ops. And don't forget to renew – and review – maintenance contracts for things like elevator maintenance, and other technical services.

## the co-op is free of safety hazards

Make very sure that your co-op is free of hazards, such as

- paving that has lifted or cracked
- slippery walkways
- debris or tools left lying around
- broken stairs or stair rails
- poor lighting in common areas.

The safety of your members and visitors to your co-op is at stake, so get your property inspected regularly for these kinds of hazards, and be sure to take care of any problems right away. Making sure your co-op is safe is part of what is called a **risk management strategy**. We talk more about risk management in the section on managing the finances.

Risk management for housing co-ops also means making your members aware of risks in their own homes. Many co-ops have suffered heavy property damage due to fires and floods that have started in a member's unit. Educating the members about these kinds of risks can really reduce the chances of a fire or flood at your co-op.

## the co-op has an emergency response procedure

Do the members of your co-op know what to do in the case of an emergency? Make sure all the occupants know what needs to be done in case of

- fire (always call 911)
- flood
- loss of power
- loss of heat in winter
- no water
- breach of security.

Co-ops need to be able to respond to emergencies around the clock – not just when your manager is on duty. Make sure there is a 24-hour emergency response that all the members know about, and understand when to use it.

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Make sure there is a 24-hour emergency response that all the members know about, and understand when to use it.

You can't look after your co-op's property if you don't know its condition. For that you need a capital plan.

A capital plan is a long-term study of your property, covering at least the next 10 years.

Your capital (or replacement) reserve fund forecast will tell you what you can expect to spend from your reserve over the longer term. That allows you to budget properly for the money you need to put into your reserve.

## the co-op has a capital plan and keeps it up to date

You can't look after your co-op's property if you don't know its condition. For that you need a capital plan.

A capital plan is a long-term study of your property, covering at least the next 10 years. A capital plan tells you

- what parts of your property will need to be replaced (or have major repairs done to them)
- when you can expect replacement repairs will be needed
- how much you can expect them to cost.

The first two items on this list make up what is called the building condition assessment, or BCA. This is a study of your property that is carried out by a building professional such as an engineer. The third item is the capital (or replacement) reserve fund forecast. It tells you what you can expect to spend from your reserve over the longer term. That allows you to budget properly for the money you need to put into your reserve.

It's important to update your plan as replacements are made or new information becomes available.

As you think about capital replacements at your co-op you should also turn your mind to the question of energy efficiency and sustainability. Because it's a win-win proposition. If the replacements you make are more energy- and resource-efficient, you'll save money on your energy and utility bills, and you'll reduce your co-op's carbon footprint through the use of green technologies.

Annual unit inspections allow you to plan for future repairs and check whether units are being damaged.

Inspect common areas and equipment each year, or more often as needed.

Regular inspections let you spot small problems and take care of them, before they become big – and expensive – headaches.

## the co-op inspects its property

You won't know what shape your co-op is in unless you look. Your co-operative needs a full physical inspection program. That means

- inspecting all units each year, and when you get notice of a move-out

Annual unit inspections allow you to plan for future repairs and check whether units are being damaged. When a member gives you notice to move out you should inspect then, too. That way you can make sure that the unit will be ready for the new member right away – and that the member who is leaving pays for any repairs that are member responsibilities.

Once inspections have been completed, make sure you take care of any repairs that are needed without delay. If the repair is the member's responsibility, follow up to make sure it is done, and properly. Otherwise you'll need to do it yourself and charge the member for it.

- inspecting common areas and equipment each year, or more often as needed

Inspecting all of your co-op's property and equipment goes hand in hand with a preventive maintenance program. Regular inspections let you spot small problems and take care of them, before they become big – and expensive – headaches.

One more word of advice: keep careful records of inspections and unit repairs. They can be a big help later if there is any dispute about the unit's past condition.

## Keeping the co-op in good repair: people, tools and training

### people

To get the maintenance results you want you'll need to make sure you are using the right people – skilled professionals. Don't rely on your members to maintain the co-op on a volunteer basis. It's not reasonable to expect members to be carpenters, plumbers or building condition experts. Make particularly sure that all electrical work is done professionally – that means by a fully qualified electrician. And if you hire your own maintenance staff, give them the proper equipment to get the job done.

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And it's not reasonable either to expect your members to get up in the middle of the night to deal with an emergency. So use a professional emergency response. CRS, a service of the Co-operative Housing Federation of BC, can provide on-call emergency co-ordination to any part of the country, and there are local services available in all regions.

That doesn't mean members can't help out, particularly when it comes to keeping the co-op looking good. But property maintenance needs more than good intentions – especially as the buildings age.

**Maintenance requires efficient administration. You need a work order system for managing repairs and good record keeping for inspection results and work you've carried out.**

## tools

Maintenance requires efficient administration. You need a work order system for managing repairs and good record keeping for inspection results and work you've carried out. You should have a schedule for annual inspections of the units, and a move out inspection and repair routine that kicks in as soon as a member gives notice. And you need an emergency response in place for things like water leaks, loss of heat and security breaches.

Make sure that all the work your co-op does is tracked. For that you need a good filing system that keeps the physical history of each unit. The information will prove very useful to you in the future.

Earlier we mentioned the importance of planning. Your maintenance and replacement reserve plans are important parts of your good repair toolkit. Make sure you have these plans in place and you keep them up to date.

Many co-ops have maintenance committees. Is a maintenance committee a useful tool? It can be useful for maintenance planning, and perhaps to help out with inspections (see training, below). But most co-ops have found out that it is not realistic to expect the committee to look after the property on a volunteer basis.

To help with capital planning, CHF Canada has written a very accessible guide. You can find it on the 2020 Vision website.

**To help with capital planning, CHF Canada has written a very accessible guide that you can find on the 2020 website.**

Both CMHC and the Social Housing Services Corporation in Ontario (SHSC) have produced replacement reserve planning tools. Contact your local CMHC office or contact the SHSC at 416.594.9325 (toll free in Ontario 1.866.268.4451) or [feedback@shscorp.ca](mailto:feedback@shscorp.ca). Both sets of tools include software that lets you update the financial numbers associated with your replacement reserve plan as work is completed.

## training

We don't recommend asking members to do unit inspections. If you are going to use members, make sure they know what to look for – and what to ignore, such as untidiness. A good way to train volunteers on unit inspections is to pay a skilled inspector to go round with them and show them how it's done.

But for the most part you should be using maintenance workers that are already trained. If you are lucky enough to have skilled trades and structural professionals among your members, then you'll probably want to make use of them. But before you come to depend too much on skilled members, ask yourself this question: Is it fair to rely on these members to do the job whenever it needs doing? For example, let's say you're a professional painter. Does that mean you're available to paint vacant units in your spare time? Thought not.

**A good way to train volunteers on unit inspections is to pay a skilled inspector to go round with them and show them how it's done. But for the most part you should be using maintenance workers that are already trained.**

# 4

## Keeping the co-op full

Why are vacancies so serious for your co-op? Here's why. Once you've lost housing charge revenue because of empty units, you can never get that revenue back. To earn the income you need to run your co-op properly – and to have a healthy, positive co-op community – you need to keep vacancies down to an absolute minimum. No vacancies at all are the goal you are aiming for.

### Keeping the co-op full: the results we want

#### the co-op keeps turnover down by giving good service to its members

You won't have vacancies if households aren't moving out. Nothing keeps unit turnover down like satisfied members. You want your members to be active in the co-op? In return make sure they are treated well as paying customers. Keep the co-op looking good. Follow up on repairs promptly. Make sure your manager knows how important professional, courteous service is. Have good policies that treat everyone fairly. Make sure your meetings are well organized, stimulating affairs that keep members coming. And don't forget to give your members a chance to get together socially now and then – it helps build community.

How do you know if you have happy members? Ask them! We'll tell you how when we get to the tools part of this section.

**To earn the income you need to run your co-op properly – and to have a healthy, positive co-op community – you need to keep vacancies down to an absolute minimum.**

**No vacancies at all are the goal you are aiming for.**

**You won't have vacancies if households aren't moving out. Nothing keeps unit turnover down like satisfied members.**

**If you want to fill units quickly, get them ready right away.**

**Applicants are more likely to say yes when they see an attractive unit and will care more about their unit if it's in good shape to begin with.**

## **the co-op restores units to market-ready condition on move out**

If you want to fill units quickly, get them ready right away. A market ready unit has a good coat of paint, clean carpets, and fixtures that are in good condition. You won't save money by skimping on unit preparation – or by relying on members to do the work after they move in. Applicants are more likely to say yes when they see an attractive unit and will care more about their unit if it's in good shape to begin with.

## **the co-op advertises vacancies**

If you have a vacancy coming up and no applicant to fill it with, you'll need to advertise. Vacancies won't fill themselves. The co-op that gets its message out is a lot less likely to have empty units. There's more about advertising under tools, below.

**You should be able to approve new members as quickly as the private landlord down the street can approve new tenants.**

**The process can be quick and simple.**

**There's no need to delay things while you set up a formal interview session.**

**If you can't turn around the application right away, you're going to lose your applicant. Then you'll have to start all over again.**

## **the co-op has a quick and simple application process**

You should be able to approve new members as quickly as the private landlord down the street can approve new tenants. And you don't need to sacrifice your co-op spirit in the process.

Applying for membership in a housing co-op shouldn't be an ordeal. The process can be quick and simple. First, make sure there's someone on the other end of the phone number you put in your advertising. Offer to show the unit right way. And there's no need to delay things while you set up a formal interview session.

People who do well in membership interviews are good at interviews. You don't need big interviews. Instead, when you meet the applicant to show the unit, talk about your co-op and explain the responsibilities – and benefits – of membership. If your applicant is still interested, then you've got a new member – as long as the credit and landlord checks don't turn up any problems. Formal board approval of a new member can come later.

Remember, some people will always be better applicants than members, no matter what your selection process is like. Fortunately they are in a very small minority.

Background checks should be completed right away. Because if you can't turn around the application right away, you're going to lose your applicant. Then you'll have to start all over again.

## units are filled right away

If you've gone about finding new members effectively you'll get the result you really want – units that are filled right away. Sometimes, when markets are soft, you might need to offer incentives to get new members, just as landlords do to fill their units when tenants have lots to choose from. You might offer free power or phone hookup, or even a housing charge holiday in the 12th month. Far better to forgo a little of the revenue on the unit than all of it.

## the co-op orients new members promptly

Give new members information about living in the co-op right after they've moved in. If you want productive members who take an active role in the co-op, then show the new members how to do that. Give them some options to choose from, but remember – the most important thing to ask of new members is to come to members' meetings to learn about and vote on the issues. That's the best way to get them involved in the co-op.

**Give new members information about living in the co-op right after they've moved in. The most important thing to ask of new members is to come to members' meetings to learn about and vote on the issues.**

## the co-op can refer members to community services

While we're on the subject of sharing information, it's good to be able to tell your members a bit about what's where in the community. Your new members may also be new to your neighbourhood, or even to Canada. So it's going to be a great help to them if the manager can offer information on local services, such as community centres, health clinics, legal assistance resources and government offices. Your manager is not a social worker but it's not too difficult to put together a list of these kinds of resources and make it available to the members. It's all part of the service!

## Keeping the co-op full: people, tools and training

Your most important resource in filling units is the person prospective members deal with over the phone and in person when they come to see the unit.

You need a presentable, friendly representative who is available at convenient times. That person can be a member, but more and more co-ops are realizing that their manager might be the best person.

The best tool for filling vacancies is an advertising strategy. Map out your opportunities for getting the message out and find out what works best for your co-op.

### people

Your most important resource in filling units is the person prospective members deal with over the phone and in person when they come to see the unit.

You need a presentable, friendly representative who is available at convenient times. Someone who can show the unit well and explain clearly what living in a co-op offers. That person can be a member, but more and more co-ops are realizing that their manager might be the best person – or, in a busy co-op, someone whose job focuses on the members and marketing.

Notice we've said nothing about the membership committee? That's because, in a competitive market, using a well-meaning but slow to act membership committee to fill units may not be the best way to get the job done. You don't need a whole committee to fill one vacancy – your applicants are applying for housing, not a job. Remember, they'll be paying you, not the other way round.

### tools

By all means keep a waiting list if you can. That may mean advertising even when you don't have a vacancy. There are often families who want to move into a co-op and are prepared to wait for an opening. If you do keep a waiting list make sure you keep it up to date. Many co-ops have turned to their lists to fill units – only to find that most of those on it have found other housing – or they have vanished.

Some co-ops hold successful open houses for those who might be interested in co-op housing. It's a chance to share information and get new names for your waiting list.

If you don't have a generous waiting list to turn to, the best tool in the toolkit is an advertising strategy. Map out your opportunities for getting the message out and find out what works best for your co-op. Here are some ideas:

- your local federation's newsletter or website
- local newspapers
- internet classified sites (there's a reason the internet is killing the newspaper, and this is it!)
- local schools
- community centres and notice boards
- colleges and universities (students pay housing charges too)

And put a notice of vacancy outside your co-op – it can be very effective and it costs nothing once you've bought the sign.

*A note on member service in co-ops*

What about happy members? How do you find out if that describes your members? CHF Canada has a tool for members called the Membership Satisfaction Survey. You can use it to survey your members on a range of service issues and compile the results online. Just go to CHF Canada's website, click on 2020 Vision, and follow the links.

**How do you find out if your members are happy? CHF Canada has a tool called the Membership Satisfaction Survey. You can use it to survey your members on a range of service issues.**

## training

There are no university degrees on keeping your housing co-op full. But if you are paying someone to market your co-op, make sure they have a strategy, that they know how to deal effectively with people, and how to follow up references and interpret credit reports. If you are going to use members to show units, they need to understand that applications must be turned around quickly.

Whoever is marketing your co-op should have a sense of the local market, what the vacancy rate is and where the competition is coming from. Look in the paper or browse internet classifieds – the rental market is right there. Because if you don't know your competition, you're likely to lose out to it.

**Whoever is marketing your co-op should have a sense of the local market, what the vacancy rate is and where the competition is coming from.**

# 5

## Meeting legal requirements

Your co-op is a corporation, a legal entity. That means there are legal requirements to meet. And there are duties under the rules and agreements that apply to you as a housing provider. Knowing the rules of the road for your co-op is the best way to make sure you stay on the right side of them.

**Knowing the rules of the road for your co-op is the best way to make sure you stay on the right side of them.**

### Meeting legal requirements: the results we want

#### the co-op follows program agreements and rules

Your co-op needs to meet the conditions of the housing program agreements and rules that apply to your co-op. This is called program compliance and it is a legally binding requirement. You may delegate the job of making sure you're in compliance to your manager, but the board needs to be sure that it's done. Because you can't complain about the government not playing by the rules if your co-op isn't either.

**Your co-op needs to meet the conditions of the housing program agreements and rules that apply to your co-op.**

Sometimes, knowing the program rules is a matter of looking up an operating agreement. In other cases – for co-ops falling under the Social Housing Reform Act in Ontario for example – there's much more to it than that. Compliance for those co-ops is a moving target that creates challenges for co-op managers. That's where CHF Canada's Ontario Region can help. We'll have more to say about that under people, tools and training, below.

Some co-ops – more and more co-ops in fact – are no longer subject to a government housing program. That's one less set of legal requirements to think about. But there are still a lot of other legal requirements for your co-op, as we'll see further on in this section.



If you are setting housing charges for low income members who are paying according to their incomes, make sure you get it right.

Your operating agreement or program rules will tell you when your annual audited financial statements are to be sent in and who to. Know the local rules that apply to you.

You need to know the requirements of your provincial co-op act and your own by-laws and rules.

Be sure you know the eviction laws in your province in case you ever have to apply them.

## the co-op administers rent subsidies according to the program rules

If you are setting housing charges for low income members who are paying according to their incomes, make sure you get it right. Because it's very difficult to go back and ask for more money from a member you've undercharged according to the program rules.

If there is any doubt about how to set housing charges for low income members, consult the program documentation or contact the government office that deals with these rules. You can also get help from your local federation or from CHF Canada.

## the co-op submits its audited financial statements and other reports to the government on time

Your operating agreement or program rules will tell you when your annual audited financial statements (and any other annual information) are to be sent in and who to. It can be a department of government or a government housing agency. Some provinces also want a copy of your audit, as well as other corporate reporting. Know the local rules that apply to you.

Don't forget to get the audited statements approved by the members (it's happened!). And get your audit and any other reports in on time. If you are late with your filing year after year, look into why. It's an indication of a weakness somewhere in your management.

## the co-op complies with the co-op act and other provincial and municipal laws and by-laws

Co-ops operate within a wide-ranging legal framework. Here we'll touch on some of the more important aspects of it.

Your operating agreement (or the SHRA for provincial co-ops in Ontario) may set the rules for you as a housing provider under a government program. There are also laws and rules that apply to you purely as a co-op, and as a property owner and a housing business.

You need to know the requirements of your provincial co-op act and your own rules or by-laws that are authorized by your co-op act.

You also want to pay attention to provincial filing requirements. Keeping up to date with your corporate filing is very important. Co-ops have come close to being dissolved because they overlooked their provincial filing for a number of years. If you're a manager or a director, losing the co-op is not something you want happening on your watch!

The rules on expulsions and evictions are also provincial, and they vary across the country. In most provinces the co-op act governs these procedures. But in some cases the residential tenancy laws apply to co-ops just as they do to renters. Be sure you know the eviction laws in your province in case you ever have to apply them.

If you employ your own staff, be sure that you are meeting the requirements of the provincial employment standards act. If you have a collective agreement with your staff, be sure that you are aware of your responsibilities under it, and under the labour relations legislation that applies to it.

Currently, issues arising from human rights and privacy law are having more and more of an impact on housing co-ops. There have been recent decisions of provincial human rights commissions or tribunals that have to do with housing co-ops, and you need to be aware of them, because they could directly affect the duties of your co-op to your members.

Legislation protecting the privacy of personal information has been in place in Canada for a few years now. It controls what information you can collect from members, how long you keep it and what you can use it for. Make sure your co-op is protecting the members' personal information and not sharing it in ways that could put you in breach of the law.

The national standard for the privacy of personal information is set by the federal *Personal Information Protection and Electronic Documents Act (PIPEDA)*.

You need to know what you must do to protect the privacy of your members.

The national standard for the privacy of personal information is set by the federal *Personal Information Protection and Electronic Documents Act* (PIPEDA). Provinces are gradually introducing their own acts which match or go further than the federal standard and take the place of PIPEDA. In British Columbia, for example, the *Personal Information Protection Act* (PIPA) applies. Either way, you need to know what you must do to protect the privacy of your members. For help with privacy questions, CHF Canada has written a guide to federal privacy legislation, *Protecting Personal Information: A Housing Co-op's Guide to the Personal Information Protection and Electronic Documents Act*. You can download it from the resource section of our website.

There will also be a range of local municipal by-laws that affect your co-op. All together there are many different kinds of laws and regulations that apply to co-ops. You can't be expected to be familiar with all of them – even lawyers don't meet that test. But you should be aware of the principal legal responsibilities of your co-op.

**Co-ops pass by-laws and put policies in place that need to be followed consistently – by the members and by the co-op itself.**

**Members have a right to expect that rules they have adopted will be followed, and your co-op has a duty to meet that expectation.**

## **the co-op follows its own by-laws and policies**

So far in this section we've been looking at agreements, laws and regulations that are external requirements, put in place by different levels of government or government agencies. But there's another set of rules that apply to your co-op – the ones you've put in place.

Besides the incorporation documents we've already talked about, co-ops have occupancy agreements, they pass by-laws and they put policies in place that need to be followed consistently – by the members and by the co-op itself. One of the surest ways to upset co-op members is to apply your own "laws" unevenly, because it can so easily look like favouritism. And it can also get you into legal hot water. Because members have a right to expect that rules they have adopted will be followed, and your co-op has a duty to meet that expectation.

So be fair and even-handed with the rules of your co-op, and keep track of them. It's a building block of good governance.

## Meeting legal requirements: people, tools and training

### people

Your co-op's legal counsel will be able to help you understand how to meet all your legal requirements. But you don't want to be running to your lawyer every time you have a question, because that can get expensive in a hurry. Your manager should have a good working knowledge of the main areas of law that apply to your co-op and be able to report to you that you are keeping to them. And your local federation should be able to tell you what the key areas of law are for co-ops.

Your directors should have some understanding of the legal environment too, particularly when it comes to their own legal duties. We'll have more to say about the board's duties when we talk about governance.

**Your manager should have a good working knowledge of the main areas of law that apply to your co-op and be able to report to you that you are keeping to them.**

**Your directors should have some understanding of the legal environment too, particularly when it comes to their own legal duties. The co-op housing sector has many resources on meeting legal requirements for housing co-ops.**

### tools

The co-op housing sector has many resources on meeting legal requirements for housing co-ops. Local federations and CHF Canada offer a range of training opportunities through workshops, manuals and website materials. CHF Canada's Ontario Region can offer a lot of help to co-ops trying to find their way around the Social Housing Reform Act, as well as other Ontario laws. And you might want to check with your local federation to see if it carries a list of all the laws and regulations that affect your co-op.

**Having access to all the documents that govern your co-op is a big help. Make sure you have them available, either in the office or online.**

Having access to all the documents that govern your co-op is a big help. Make sure you have these documents available, either in the office or online:

- your government operating agreement, or the *Social Housing Reform Act* (SHRA) and regulations for Ontario-program co-ops
- the *Personal Information Protection and Electronic Documents Act* or the provincial act that takes its place
- at a minimum, these provincial laws:
  - the co-op act
  - the residential tenancy act if it applies to your co-op
  - the employment standards act
  - the human rights act

For the Ontario co-ops that are subject to the SHRA the Social Housing Services Corporation has an online resource centre to help you that identifies all Ontario laws that apply to housing co-ops and gives you links to them.

The internet is a great source for all legal documents. Instead of running out to the nearest government publications office or agent, you can download copies of all the legislation you'd ever want right in your own co-op – or simply read them online and save a tree or two!

**Knowledge of the law isn't something we're born with. The best way to understand the legal requirements for your co-op is to take advantage of workshops and other training events that the co-op housing sector puts on.**

## training

Knowledge of the law isn't something we're born with. The best way to understand the legal requirements for your co-op is to take advantage of workshops and other training events that the co-op housing sector puts on. It's especially important that your manager has solid training in this area. All of CHF Canada's offices can offer your manager advice on meeting legal requirements or point you in the right direction. And your board needs training too, so that it can understand its role and make sure the co-op is meeting its legal responsibilities. Which brings us to the vital question of good governance in your co-op.

# 6

## Supporting good co-op governance

In the CHF Canada guide *Getting Governance Right* we talk about what goes into good governance and principled leadership. We hope that co-op directors will read that guide and find it helpful.

Good governance is the board's responsibility. But it takes more than reading a guide to get governance right, and that's where co-op managers come in. There are ways managers can and should support good governance, and here we'll look at how to do that.

Why is it a management job to help with governance? Well, for two reasons. First, good governance depends a lot on good information. And the number-one source for all the different information the board needs to do its job well is, you guessed it, the co-op's manager. Second, it's a win win proposition! Management support for the board means good governance, which means in turn better understanding and support for the manager. Supporting good governance is an investment that pays off for everyone. Now we'll look at the results we want to see from management support for good governance.

### Supporting good co-op governance: the results we want

**the board gets the information and advice it needs  
to make sound decisions**

This is probably the biggest way that managers can make a difference to governance. Your board can take all the training in the world, yet it can't make good decisions if it doesn't have good information. Here's what the board needs from its manager to be effective:

- clear, up to date financial information, including arrears reporting, a management report covering non financial business such as vacancies, maintenance activities and other matters the board needs to know about

**Good governance depends a lot on good information. And the number-one source for all the different information the board needs to do its job well is the co-op's manager.**

**Your board can take all the training in the world, yet it can't make good decisions if it doesn't have good information.**

- information about changes to rules and regulations that affect your co-op and the decisions the board can make
- advance copies of all reports that will be on the meeting agenda
- recommendations from the manager on action to be taken on agenda items
- whatever backup documents are needed to help the directors make decisions

**Reports from managers need to be clear and stick to the point. Be sure to get board documents out in time for the directors to look at them, not when they're walking through the meeting room door.**

Reports from managers need to be clear and stick to the point. They can be in point form as long as the right information is on the page. Be sure to get board documents out in time for the directors to look at them – not when they're walking through the meeting room door. Putting together a package of meeting documents, including an agenda and minutes (more on these in a moment) takes time. But the payoff is a more productive meeting where the board gets things done and managers get the decisions they need to do their jobs.

**In a well-run co-op, the manager acts as corporate secretary, helping put board meeting agendas together and making sure that good minutes are taken for each meeting.**

## **board meetings are well planned and prepared for and minutes are kept**

In a well-run co-op, the manager acts as corporate secretary, helping put board meeting agendas together and making sure that good minutes are taken for each meeting. The manager makes sure that

- the agenda includes all the items of business the board needs to cover
- the agenda is realistic for the time available
- the most important items come first
- whoever takes the minutes knows how to do it and gets them done on time.

There's no use forcing volunteers to do minutes unless they have some training (which you can often get from your local federation) and they can make the commitment to produce them quickly. Otherwise, time-consuming though it is, it's often better for the manager (or someone who works for the co-op) to do the minutes. And make sure the minute books and other records of board meetings are kept in good order – it makes life a lot easier at audit time.

### the board receives an orientation each year and information about other training opportunities

It's not reasonable to expect the directors to understand their job right away just because they've agreed to serve on the board. Directors need training, and they need some background on the co-op's current business.

The manager can help make that difference by

- offering new directors an orientation to get them up to speed on the co-op's business
- telling the board about training sessions that are available through the co-op sector's regional and annual education events and at the co-op itself
- giving the board information about print and internet sources for board training materials.

The manager can also help by encouraging the board to propose a policy that makes director orientation and training a standard feature of the co-op's corporate calendar. That way, a decision doesn't have to be taken every year. Instead, board education becomes routine. Once again there is a payoff for managers: a board that understands its role is so much easier to work with.

### the board's annual planning session is productive

The board should hold an annual planning session to set some basic operating objectives for the year. Although it's better to use an outside facilitator for the session there's an important role for the manager to play too.

**Directors need training, and they need some background on the co-op's current business. The manager can help by encouraging the board to propose a policy that makes director orientation and training a standard feature of the co-op's corporate calendar.**

**The board should hold an annual planning session to set some basic operating objectives for the year. There's an important role for the manager to play by being an active player in getting the board ready for the planning session.**



That's because the manager is going to be aware of what the calendar has in store for the co-op, and what needs to get onto the to do list for the year. Is it time to update the capital plan? Does the co-op even have a capital plan? Is there a mortgage renewal this year? Will the SHRA regulations change yet again? Are there challenges for the budget? For maintenance? For keeping the co-op full? Is there a policy that needs to be created, or looked at again?

The list will be different for each co-op, but each should have one. And the manager is the one in the best position to know what it is. So be an active player in getting the board ready for its planning session. The directors will have planning ideas of their own, as they should. With the manager's guidance (and tact!), the board will have a productive session and come up with some goals that will make a difference – for the better – in the coming year.

**Boards need to be transparent in their dealings and responsive to the members. The board should have a service focus, which means listening to the members. All this requires communication and the manager can be a great help.**

## **there is effective two way communication between the board and members**

Boards can become unpopular in a hurry if there is a sense among the members that things are being decided “behind closed doors”. Boards need to be transparent in their dealings and responsive to the members. We talk about this in the CHF Canada guide *Getting Governance Right*, where we say how important it is to keep the members in the picture about what the board is up to. We also say that the board should have a service focus, which means listening to the members.

All this requires communication. The manager can be a great help by

- advising the board on the importance of board member communications
- making sure that board minutes are available to the members
- making the co-op's financial statements available
- getting information to the members about board decisions that will affect them
- helping to get newsletters out
- helping the members contact the board.

Let's be clear about the last point. It's not reasonable for the members to have their say by banging on the directors' doors at night; it is reasonable for them to contact the board though, and the co-op's manager can help with that.

## members' meetings are well organized and minutes are kept

If good chairing has a lot to do with a successful members' meeting, so does good preparation. Unless the members' time is simply being wasted, there will be decisions to be made at the meeting. Just like the directors at their meetings, the members are going to need some information to help them make up their minds.

Managers can help with well organized meetings by

- distributing meeting notices
- making sure agendas are prepared and go out to the members
- getting the members the background information they need on the agenda items – including the minutes of the last meeting – in clear, easy to read language.

It will help, too, to make sure that whoever is chairing the meeting – and it doesn't have to be the co-op's president – has some skill at the job. If chairing is a problem the manager can help by suggesting alternative options, possibly through the local federation. And what we said about minute taking for board meetings applies here too. The job needs to be done properly and on time and using a volunteer isn't always the best policy.

**Chairing has a lot to do with successful members' meetings; so does good preparation. Just like the directors at their meetings, the members are going to need some information to help them make up their minds. If chairing is a problem the manager can help by suggesting alternative options, possibly through the local federation.**

The board is charged with responsibility for the co-op's safekeeping. It is legally responsible, and therefore the board has a lot more decision making authority than the members do. There are matters that only the members can decide, such as appointing the auditor, changing the co-op's by laws or rules of association and electing the directors. The manager can help sort out any confusion over these separate roles.

## directors and members get advice about their role in the co-op's governance structure

Confusion over the relative roles of the board and the membership causes more trouble than it needs to. We talk about these different roles in *Getting Governance Right*. Here we'll make the point that the board is charged with responsibility for the co-op's safekeeping, for which it is legally responsible, and therefore the board has a lot more decision making authority than the members do. It's important that the members understand this and that they don't get to overturn the board's judgment at general meetings.

At the same time there are matters that only the members can decide, such as appointing the auditor or changing the co-op's by laws or rules of association – and electing the directors of course.

The manager can help sort out any confusion over these separate roles by

- being a source of expertise on co-op governance
- making sure directors and members alike have access to educational materials about governance
- advising the board on the extent – and limits – of its authority.

By helping the members and the board understand their roles, and by advising the board on the need for transparency in its dealings (there's a lot more on this in the *Getting Governance Right* guide), the manager can do a lot to create and maintain a healthy, democratic culture at the co-op.

## Supporting good co-op governance: People, tools and training

### people

To help managers understand the key distinctions between management and governance, and between the roles and responsibilities of the board and the general membership, your co-op's legal counsel may be of help. For help with board planning and training sessions, look to qualified facilitators through your local federation or CHF Canada. But the most important people in the support of good governance are managers themselves. That's why it's important for managers to stay on top of good governance and what goes into it, and we'll have more to say on that under tools and training.

Adding more to a busy workload may be the last thing a co-op manager wants to think about. But the chances are, the manager is probably providing governance advice anyway – often after mistakes have been made. Better to get it right the first time, and managers can do their co-ops and themselves a favour by making sure that happens.

### tools

There are a number of resources available to support good governance, and co-op managers can help by pointing them out to the directors. Here are some that are available from CHF Canada's website:

- the governance guide *Getting Governance Right* and a companion DVD video
- the self-diagnostic tool *How Well Does Your Co-op Run?*
- the online Board Basics course (available in 2010)
- information on changes to regulations that affect housing co-ops

The most important people in support of good governance are managers. It's important for managers to stay on top of good governance and what goes into it.

There are a number of resources available to support good governance, and co-op managers can help by pointing them out to the directors.

A handy tool for promoting good governance is the ethical conduct agreement. Managers can suggest that directors sign ethical conduct agreements; if they breach the terms of the agreement they are expected to step down from the board.

**Training and education make the difference between directors that can meet the challenge of good governance and those that struggle.**

As well, there are many other online and print resources on good governance. In the wake of the corporate governance scandals of the early 2000s, a lot has been written on good governance, both in the for profit and non profit sectors. The internet is a rich source of good-quality materials on governance from respected sources, so surf!

A very handy tool for promoting good governance is the ethical conduct agreement. Managers can suggest that directors sign ethical conduct agreements; if they breach the terms of the agreement they are expected to step down from the board. CHF Canada's directors sign one of these agreements, and boards everywhere are starting to require them. You can download a sample ethical conduct agreement for directors from CHF Canada's website.

## training

When we talked earlier about the results we want to see from supporting good governance, training came up a lot. There's no question about it, training and education make the difference between directors that can meet the challenge of good governance and those that struggle. We recommend training for directors in

- governance practice
- legal matters for boards
- understanding financial statements
- chairing meetings
- minute taking, if directors take on this role
- directing and evaluating co-op staff and management companies.

And the board's planning session is also a training opportunity, giving directors the longer view they need to steer the co-op in the right direction.

All this, of course, takes trainers and facilitators, and the best source for both is the training program of your local federation. If that's not an option, CHF Canada holds regional and national educational events and we can help you find the right people to lead training sessions tailored for your own co-op.

# 7

## A last word on supporting governance

Good governance is getting more and more attention. Whether it's in the boardrooms of multinational corporations or in community organizations like your housing co-op, people are asking for higher standards of ethics and leadership from their directors. The standards for co-op governance we have set out here will go a long way towards helping you meet those expectations.

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