



Special Issue:

MORTGAGE & SUBSIDY EXPIRY

In this special issue of *AHMA Update*, we tackle a crucial issue facing many off-reserve Aboriginal housing providers across BC: **social housing subsidies will come to an end soon, as mortgages expire.** We outline the steps you can take to prepare.

Some provincial and federal housing groups are lobbying government to reinvest subsidy savings into social housing. But we cannot wait for new funding that may never arrive. Aboriginal housing providers must plan proactively to ensure a successful transition to self-sufficiency.

"This change requires a paradigm shift," says AHMA CEO Andrew Leach. "When subsidy ends, societies need to provide a mix of social and market housing to cover the costs of property taxes, insurance, staff salaries and building maintenance. Essentially, you have to think *a bit more* like a for-profit property manager."

Plan for success after subsidy

From our research and work with societies already facing mortgage expiry, we've learned there is no cookie-cutter solution. Each of our members needs to tailor a plan that fits local circumstances. And you need to start early, one to five years before your mortgage expires, so you have a plan in place well before subsidy ends.

Basically, you have three options you can combine to stay solvent and continue operating in a post-subsidy setting:

- 1 Increase revenues** > Shift the tenant mix so some people pay more for rent; in effect, they subsidize your lower rent units
- 2 Lower expenses** > Streamline staffing and administration where possible
- 3 Liquidate assets** > Sell one or more units to generate revenue and, potentially, diversify your portfolio

AHMA can help you develop a post-subsidy plan. We will work with our members to develop the best mix of these options, and help facilitate as smooth a transition as possible for tenants, staff and directors.



When subsidy ends, you have to be self-reliant. Being ready is the key to success. You have to prepare in advance."

Tina Hlady, Aqanttanam Housing Society, post-subsidy 2005