

PLANNING for POST-SUBSIDY SUCCESS

Information For Aboriginal Housing Society Board Members

As a director of an Aboriginal off-reserve housing society, you may have heard about the **mortgage expiry issue**. This fact sheet outlines the information you need to decide how your society will respond.

What is the ISSUE ABOUT?

Your society signed an agreement with government 20 or more years ago that said:

- › You would receive subsidies for the duration of the mortgage
- › Subsidies will cover the mortgage payments and your operating costs

What are the IMPLICATIONS?

When the mortgage expires:

- › Your subsidy payments end
- › You will no longer receive money from government to pay the bills, like property taxes, insurance, staff salaries and building maintenance

“ We shouldn't be
scared of this change.

Self-sufficiency is liberating.

Aboriginal ownership

of affordable housing gives us

the equity and freedom to

create more housing

for our communities. ”

What are the ADVANTAGES?

Others have successfully navigated this change, and you can too:

- › The upside is that your society will own the project and is free to set the direction for the organization
- › For example, you can borrow against the equity to build your portfolio

Tina Hlady, Executive Director,
Aqanttanam Housing Society



ABORIGINAL HOUSING MANAGEMENT ASSOCIATION

Suite 605 – 100 Park Royal South West Vancouver, BC V7T 1A2
Phone: 604-921-2462 Toll-Free: 1-888-921-2462 Fax: 604-921-2463
Email: reception@ahma-bc.org

www.ahma-bc.org



What are our OPTIONS?

Your Board needs to provide proactive leadership. The crucial question is, how will you pay for operating costs when subsidy ends? Your job is to work with society staff to design a plan for a successful transition to self-sufficiency, well before your mortgage expires. Recognize that staff may feel vulnerable about their jobs during this process.

You'll have to shift from managing subsidized units to providing a mix of affordable and market housing. You have three options you can combine to operate in a post-subsidy environment:

- 1 Increase revenues**
 - > Shift the tenant mix so some people pay more for rent
- 2 Lower expenses**
 - > Streamline staffing and administration where possible
- 3 Liquidate assets**
 - > As a last resort, sell one or more units to generate revenue and diversify your portfolio

“ Every society needs
a plan tailored to
local circumstances.
Our goal is to help
members achieve an
ideal state to
make this transition. ”

AHMA CEO **Andrew Leach**

AHMA can help with your post-subsidy plan. Our recent issue of *AHMA Update* outlines steps you and your staff can take to prepare. We are also developing a toolkit to help societies make the change. Call us anytime.



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