



Charging and Collecting for Housing Programs and Services On-Reserve

Charging and Collecting for Housing Programs and Services On-Reserve
PARTICIPANT'S WORKBOOK

First Nations

68063



PARTICIPANT'S WORKBOOK

23-01-14
68063



Working together for housing solutions





Charging and Collecting for Housing Programs and Services On-Reserve



PARTICIPANT'S WORKBOOK



CMHC — YOUR PARTNER IN HOUSING

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 65 years.

Together with other housing stakeholders, we help ensure that the Canadian housing system remains one of the best in the world. We are committed to helping Canadians access a wide choice of quality, environmentally sustainable and affordable housing solutions that will continue to create vibrant and healthy communities and cities across the country.

For more information, visit our website at www.cmhc.ca or follow us on **Twitter**, **YouTube** and **Flickr**.

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.

Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

Contents

Tab 1 Workshop Overview and Workshop Agenda

Tab 2 Handouts and Exercises

Tab 3 Resource Materials

Overview of the Charging and Collection for Housing Programs and Services Workshop

Making workshops work for you

The curriculum and exercises for the workshops are designed specifically for a workshop presentation. Making the best use of those materials requires your full participation.

The general guidelines for the workshop include:

- Confirming attendance requirements for the workshop;
- Requirements for completing exercises and projects;
- Start time, break times, lunch time and finish time;
- Procedures for group discussions, exercises and individual work;
- Respect for other participants;
- Appropriate use of facilities;
- Sharing ideas and comments constructively;
- Any emergency procedures, and;
- Other guidelines set by the sponsor or the group.

The workshop facilitator will review these guidelines and discuss any additional rules your groups feels will help your workshop work better. You should make certain that you know and meet your First Nation community's requirements.

You will get out of the workshop what you put in. Workshops are designed to encourage you to be actively involved-and to encourage the others in your Workshop to take an active part. Each of you has your own experience and expertise to share. Your active involvement makes the best use of those experiences and knowledge.

Putting it into perspective

The Charging and Collecting for Housing Programs and Services workshop is more than just learning new things for the sake of learning itself. The workshop helps Housing Managers do their work better and more effectively. It does not end there. The workshop also helps you, as a Housing Manager, to help all the people in your community enjoy access to affordable, healthy, high-quality, well-maintained housing.

For more information on other courses and information on housing please contact your regional Canada Mortgage and Housing Corporation office.

Charging and Collecting for Housing Programs and Services On-Reserve Workshop Agenda

Day One

9:00 – 9:30 am	Welcome, Introduction and Workshop Objectives
9:30 – 9:40 am	Housing Experience
9:40 – 10:10 am	Identifying the True Cost of Housing Programs & Services
10:10 – 10:25 am	Charging for Housing Services – Yes or No?
10:25 – 10:40 am	Health Break
10:40 – 11:10 am	Benefits and Risks of Charging and Collecting for Housing Programs and Services
11:10 – 11:40 am	Charging for Housing Programs and Services - Points to consider
11:40 – 12:00 pm	Four Step Model – Charging and Collecting for Housing Programs and Services <ul style="list-style-type: none"> ▪ Step 1: Define and communicate the issue ▪ Step 2: Confirm roles and responsibilities
12:00 – 1:00 pm	Lunch
1:00 – 1:25 pm	(Continued) Four Step Model – Charging and Collecting for Housing Programs and Services <ul style="list-style-type: none"> ▪ Step 3: Develop a community solution ▪ Step 4: Develop a work plan
1:25 – 4:10 pm	Four Steps Case Study
4:10 – 4:30 pm	Review and wrap up of Day 1
4:30 pm	Adjourn

Day Two

9:00 – 9:10 am	Review of Day 1. Day 2 objectives
9:10 – 9:20 am	Introduction to Payment Policy
9:20 – 9:50 am	Exercise – Developing a Payment Policy
9:50 – 10:05 am	Key elements of a Payment Policy
10:05 – 10:20 am	Health Break
10:20 – 10:50 am	Implementing a Payment Policy
10:50 – 11:20 am	Affordability Analysis
11:20 – 12:00 pm	Arrears Management <ul style="list-style-type: none">▪ Collection procedures▪ Arrears recovery agreement
12:00 – 1:00 pm	Lunch
1:00 – 2:20 pm	Arrears Management Continued <ul style="list-style-type: none">▪ Collection procedures▪ Arrears recovery agreement
2:20 – 2:35 pm	Health Break
2:35 – 3:20 pm	Arrears Management - Case Study
3:20 – 4:00 pm	Managing Arrears - Group Exercise Case Study
4:05 – 4:30 pm	Wrap-up and Evaluation

Note: Although, breaks are scheduled throughout the day, the trainer can schedule the breaks according to the audience needs.

THE TRUE COST OF HOUSING PROGRAMS AND SERVICES

Identifying the true cost of a First Nation's housing programs and services and confirming related revenue is critically important in order to determine the need to charge the occupant. When doing so, include the ongoing operating costs and revenue for all housing programs including:

- Rental housing (single family homes, apartments, Elders projects);
- Homeownership programs (Section 10, First Nations Market Housing Fund, First Nation-funded) including repair and renovation programs for homeowners;
- Non-repayable grants such as emergency repairs, or repairs/maintenance programs; and
- Regular services including water, sewer, garbage pick-up, snow removal and lawn care.

Operating Costs and Revenue

Confirm the operating costs and revenue for **each** housing program (or Section 95 phase/project):

<u>(A) Housing Costs (Expenses)</u>		<u>(B) Housing Revenue</u>	
Loan repayment	\$ _____	CMHC subsidies	\$ _____
Replacement reserve	\$ _____	First Nation subsidies	\$ _____
Insurance	\$ _____	Housing payments from occupants	\$ _____
Maintenance & repairs	\$ _____	Other	\$ _____
Renovations	\$ _____	Other	\$ _____
Utilities	\$ _____		
Administration	\$ _____		
Services	\$ _____		
(A) TOTAL	\$ _____	(B) TOTAL	\$ _____

Confirm the Shortfall Between Operating Costs and Revenue

(C) The shortfall between costs and revenue is:

(A) \$ _____ minus (B) \$ _____ = (C) \$ _____

Options to Deal with a Shortfall

Once the First Nation is aware of housing costs and any shortfall, there are three options:

- 1) Cover the difference using First Nation revenues.
- 2) Charge the occupant for use of the home or for provision of the housing service.
- 3) Continue to manage housing programs and properties in the same manner. This may result in a growing housing deficit, insufficient funds to cover repairs, etc.

Whichever option is chosen, it should be supported by leadership and the majority of the membership.

HOUSING PAYMENTS - YES OR NO?

Before a decision is made to charge and collect housing payments (e.g. rent, occupancy charge or maintenance fee) the First Nation should review the financial and physical status of their housing portfolio to confirm the need for this revenue. A project team, including staff from housing, finance, technical services and any other department involved with housing, should be brought together to answer the following questions:

1. What is the current housing need in the community (i.e. is there a waiting list for new units, repairs or renovations)?
2. Will this need increase or decrease in next 3-5 years (i.e. is the population growing, is the housing stock deteriorating)?
3. Are there sufficient funds available to address this need (consider the cost of maintenance and repairs and building new homes)?
4. What is the annual cost to the First Nation to operate the current housing portfolio (consider loan payments, insurance, maintenance and repairs, utilities and administrative costs)?
5. Does the community have a housing shortfall or deficit? If yes, confirm what's causing the deficit (i.e. insufficient housing revenue, maintenance and repair costs, vacant units/vandalism or other unexpected operating costs).
6. Where do funds come from to cover the cost of operating the housing portfolio (i.e. social assistance, housing budgets or other First Nation revenue)?
7. What will happen if the deficit continues to grow?
8. What are the options available to reduce expenses or to generate additional funds to address the housing deficit?

The information gathered by answering these questions will help to determine whether implementing and enforcing a payment policy will help the First Nation respond to the demand for housing services.

BENEFITS AND RISKS FOR CHARGING FOR HOUSING PROGRAMS AND SERVICES

Helping leadership and community members to understand housing activities and the benefits of charging for housing services is an important step to gain support for implementing and enforcing payment policies. Begin by sharing details on housing activities and the impact of housing expenses with leadership, administrative staff and community members; the information gathered in your answers to the questions on pages 2-1 and 2-3 will be a good starting point. The next step will be to identify the benefits, for the community, of charging for housing services and the risks associated with implementing payment policies.

Benefits: What are the benefits of charging for housing services?

- Increases the First Nation's ability to cover operating costs (i.e. loan payments, maintenance and repairs, provide insurance, funding a replacement reserve).
- Increases the First Nation's ability to obtain other funding.

- _____
- _____
- _____
- _____
- _____

Risks: What are the risks associated with charging for housing services?

- May increase the responsibilities/workload of some departments (i.e. finance, housing).
- May encounter community resistance.

- _____
- _____
- _____
- _____
- _____

Be prepared to address these risks when meeting with Council and/or administration!

Notes

POINTS TO CONSIDER BEFORE CHARGING AND COLLECTING FOR HOUSING PROGRAMS AND SERVICES

Before implementing the requirement for occupants to pay for housing programs and services, answer the following questions. Your responses will provide key information that can be used to design a plan for developing and implementing a payment and collection policy.

1. What has been done or should be done to help leadership, the administration and community members more aware of the cost of housing and how it impacts on the community as a whole?
2. How will the First Nation introduce the concept of housing payments (i.e. rent, loan payment, occupancy charge or maintenance fee)?
3. What resources will the First Nation need to develop a payment and collection policy?
4. When the policy is implemented, to which occupants/units will it apply?
5. How will existing housing agreements be amended to reflect the policy and how will the First Nation get the occupant to sign a new agreement?
6. How will the First Nation get an occupant to sign an agreement where (a) there has never been a housing agreement or (b) there is an agreement but the occupant has refused to sign?
7. How will the payment amount be determined?
8. How does the payment amount compare to what is being charged for similar housing programs off-reserve (where a similar market is in close proximity)?
9. What are some realistic and enforceable consequences for non-payment?
10. Should the First Nation consider offering incentives to those who pay on time/as agreed? If so, what incentives could be offered?
11. What resources will the First Nation need to enforce the policy and support the occupants to become aware of and accept their responsibilities?

Step One: Define and Communicate the Issue

Before the First Nation implements a payment policy they should believe it's necessary to do so. This is why it's important to know the true cost of housing programs and services. Establish a project team with representatives from all departments that interact with housing (e.g. social development, finance, lands management). Confirm the financial and physical status of the portfolio and have an open and honest dialogue with Chief and Council, housing committee members, the administration and community members to share this information. Housing should be treated as a community asset; understanding the impact of housing on the community is an important first step!

Step Two: Identify and Clarify Responsibilities

Addressing housing issues requires a comprehensive and collective community approach. The First Nation should confirm and support the responsibilities of all parties including the membership, Chief and Council, the housing committee, administrative staff, housing staff and the occupants. The First Nation should have a housing policy that confirms the roles and responsibilities of all parties.

Step Three: Develop Community Solutions

The community should be made aware of the financial and physical status of the housing portfolio and how housing programs and services impact the community. Inform them of the benefits of change and the consequences if changes are not made. Encourage community involvement when developing solutions. Members can help by discussing the policy and procedures and offering suggestions for consequences and incentives. Involving the community will help to confirm their support for change and their level of tolerance for enforcing consequences.

Step Four: Develop a Work Plan

Once a community decides on solutions the First Nation should develop a work plan. The work plan will detail what will happen, when it will happen, who will be responsible and what resources are required. The work plan should also confirm how changes will be communicated and implemented.

Notes

Salmon Rapids First Nation

Salmon Rapids First Nation – Housing Portfolio

Salmon Rapids First Nation has a population of 500. Salmon Rapids owns 50 units and pays the cost of on-going maintenance and repairs. All 50 units are 3 bedroom bungalows. 30 units, most built between 1980 and 1992, were funded using Salmon Rapids own source revenues. 20 units are funded through CMHC's Section 95 program (built between 1995 and 2004).

Physical Status of the Housing Portfolio

On average, Salmon Rapids pays \$1,000 per year, per unit for maintenance and repairs.

- Salmon Rapids funded portfolio (30 units) - The units are showing signs of age and require frequent repairs. Inspections confirm that well and septic systems are failing as a result of use beyond their designed capacity (due to overcrowding). The average repair costs are expected to increase \$100 per unit, per year.
- CMHC Section 95 portfolio (20 units) - These units have been regularly maintained.

Financial Status

Housing Payments

- Salmon Rapids-funded portfolio (30 units): Occupants do not make a housing payment.
- CMHC Section 95 portfolio (20 units): Rent is charged on these units. 14 tenants receive social assistance benefits (the shelter allowance is paid to housing). The remaining 6 tenants are not on social assistance; only one pays the full rent, another usually pays about half the rent and the other 4 tenants refuse to make their rent payment.

Housing Deficit

This year the housing portfolio has a \$90,000 deficit. Salmon Rapids has been using their own source revenues to cover their bank loan payments on the CMHC Section 95 units and the repairs for these units. Salmon Rapids is two months behind with the bank loan payments on the CMHC Section 95 portfolio and the replacement reserve for these units is under-funded.

Housing Need

The population of Salmon Rapids has increased 20% in the past 2 years. There are 40 families on the housing waiting list for new units plus there is a long list of repair requests. Of the 30 Salmon Rapid-owned properties, more than half of the households are living in an over-crowded situation.

Housing Policy

Salmon Rapids has a housing policy which includes a payment policy. While tenants in the Salmon Rapids-owned homes have not signed any type of housing agreement, all tenants in the CMHC Section 95 homes were required to do so beginning at occupancy. There have been no consistent collection activities in the community. Salmon Rapids does have a housing committee but their involvement in housing is limited.

**Salmon Rapids First Nation
Statement of Revenue and Expenses
Year ending March 31, 20XX**

	Salmon Rapids Funded Units (30)	CMHC Section 95 Units (20)	Total
Revenue			
Social assistance payments	---	53,760	53,760
Occupancy charges	---	4,200	4,200
Section 95 subsidy	---	70,000	70,000
Total Revenue	---	127,960	127,960
Expenses			
Maintenance & repairs	30,000	20,000	50,000
Insurance	---	7,500	7,500
Salaries/office rent	21,000	14,000	35,000
Replacement reserve	---	---	---
Loan payment	---	125,000	125,000
Audit	---	1,000	1,000
Total Expenses	51,000	167,500	218,500
Income/Deficit	(51,000)	(\$39,540)	(\$90,540)

Step One: Define and Communicate the Issue

Discuss the situation of the housing portfolio in Salmon Rapids and answer the following questions:

Q.1 What issues affect the day-to-day operations of the housing department?

Q.2 Why do you think these issues exist?

Q.3 What is the likely impact on the community if no changes are made?

Step Two: Identify and Clarify Roles & Responsibilities

Exercise - Consider how each group noted below can support implementing and enforcing the requirement for occupants to make housing payments.

Membership

Publicly support and champion the housing programs, support all decisions, never demand an exception to the housing policy, attend and participate in community meetings, always be a role model for others.

Chief and Council

Housing Committee

Housing Staff

The Occupant

Step Three: Develop Community Solutions

Four possible solutions for Salmon Rapids are presented below. Choose one solution and answer the three questions that follow:

- Solution #1** Use First Nation own source revenues (e.g. education, social assistance, economic development) to pay off the housing deficit.
- Solution #2** Do nothing – hope the problem will go away.
- Solution #3** Develop a fund-raising project that will generate enough money to offset the annual deficit (e.g. bingo, casino revenues).
- Solution #4** Charge and collect a housing payment for occupants of all the Salmon Rapids owned residential properties and/or to occupants who receive housing services provided by Salmon Rapids.

The solution we are working on is # _____

Q.1 What are the benefits to the community?

Q.2 What are the consequences to the community?

Q.3 Is this the best solution for the community – why or why not?

Step Four: Develop a Work Plan

Community Solution: Charge and collect payments (rent, occupancy charge, maintenance fee) from occupants of Salmon Rapid-owned units.

Action Plan:	Responsibility of:	Completed By:
1. Consult members on the situation and confirm the need for change.	Housing staff, Chief & Council, housing committee	1 ½ months
2. Develop/revise the policy to confirm payment for housing services.	Housing staff	2 months
3. Determine how payments will be calculated.	Housing/finance staff	2 months
4. Identify consequences for non-payment.	Community, housing staff	3 months
5. Develop supporting documentation and tools (housing agreement, repayment agreement, by-laws).	Housing staff, legal counsel	4 months
6. Provide training and support to staff/housing committee members.	Consulting firm	5 months
7. Inform all occupants affected by the change in policy.	Housing staff, housing committee	6 months
8. Implement and monitor the policy.	Housing staff, housing committee	12 months
9. Review the policy on a regular basis.	Housing staff, housing committee	On-going

Resources Required:

- Qualified staff.
- External resources can be retained if necessary (develop policy, facilitate community meetings).
- Funding for external resources and community meetings.
- Legal advice on policy, housing agreements, by-laws, notices, etc.

Communication & Implementation Strategy:

- Determine how information will be shared.
- Choose a realistic implementation date.
- Clarify roles and responsibilities of all parties.
- Hold a series of community meetings.

TOP 10 SUGGESTIONS – CHARGING AND COLLECTING FOR HOUSING PROGRAMS AND SERVICES

- 1) Have on-going support of the payment policy from Chief and Council and the community.
- 2) Confirm the cost of each housing program and service provided by the First Nation.
- 3) Consider how payments will be determined (i.e. based on actual operating costs or household income, household size, unit condition or the value of the service provided).
- 4) Recognize that payments should be affordable for the occupant *and* the First Nation.
- 5) Have a payment policy that reflects the needs and the values of the community and is approved by Council.
- 6) Have a time sensitive collection policy that is consistently applied, without exception.
- 7) Have a system to track and report on payments received/in arrears.
- 8) Make sure that there are housing agreements and related resources (e.g. late payment notices, repayment agreements) to support and enforce the payment policy.
- 9) Have sufficient qualified staff.
- 10) Reinvest housing revenue into housing programs and services.

EXERCISE – DEVELOPING A PAYMENT POLICY

Directions:

Step 1: Review each of the policy statements below. Place a check mark beside those statements that you believe are clear, specific and detailed policy statements.

Step 2: For the remaining statements, re-write the policy statement so that it is clear, specific and detailed enough for both the occupant and the First Nation.

Payment Policy

- 1) The housing department will determine the monthly payment for each occupant.

- 2) A payment review will be carried out annually by the housing department. Occupants will be advised, in writing, of any change to their monthly payment a minimum of 60 days before the effective date of the change.

- 3) An Elder is not required to make a housing payment.

- 4) A housing agreement shall be signed by the occupant(s) and the housing department prior to occupancy. The agreement shall confirm the payment responsibilities of the occupant(s).

- 5) Payments are due to be paid by the occupant to the housing department on the first calendar day of each month.

- 6) Failure to meet the terms of the payment policy will result in legal action being taken against the occupant.

Notes

Some of the key elements to include in a payment policy are:

Who shall pay?

Example for a rental policy: All members occupying a unit owned by Salmon Rapids First Nation shall make a monthly housing payment.

Payments

- Confirm how the payment amount is established (i.e. based on operating costs, household income or size/age of the unit).
- Make reference to the housing agreement signed by the occupant. The agreement must reflect what's in the policy related to the requirement to make the housing payment.
- Confirm when the payment is due (i.e. on the first calendar day of the month).
- Indicate how the payment can be made (e.g. cash, money order, payroll deduction, and debit) and where.
- Confirm the notice that will be provided by the First Nation if/when the payment is increased (e.g. a minimum of 60 days written notice).

Other Housing Costs - What else is included in the payment (e.g. water, hydro)?

If housing costs such as water or hydro are not included in the housing payment, the policy should clearly state all other housing charges for which the occupant is responsible.

Collection Policy – What happens when an account is in arrears?

- Confirm the steps that will be taken by the First Nation when an account falls into arrears (i.e. notice of late payment and other follow-up). Include timeframes within which the First Nation will issue notices and the deadlines for the occupant to respond.
- Confirm the options that are available to the occupant to repay the arrears (e.g. repayment agreement).
- Confirm the consequences for continued non-payment or where a repayment agreement is entered into and not honoured.

Examples: Occupant is denied access to non-essential services.

First Nation will file a claim through the court.

First Nation will pursue collection through a collection agency.

Exemptions - If there are any exemptions to the policy, these must be clearly defined.

1. Establish Ownership:

Housing is a community asset so it affects everyone. Listen to the concerns of community members; invite their suggestions on how to deal with housing issues. Remind them that the policy was developed as a response to an issue that affects the entire community.

2. Demonstrate Benefits:

Review the benefits of implementing and enforcing a payment policy (i.e. continuing to provide adequate housing for community members).

3. Identify Consequences:

Discuss the consequences of continuing without a policy or not enforcing the policy (i.e. lack of funding to repair existing homes or to build new homes).

4. Address Areas of Resistance:

Anticipate resistance and reaction to the policy; what concerns have community members raised about the policy? Learn as much as possible about these concerns so that you can be prepared to deal with them effectively.

5. No Exceptions:

Treat everyone equally -- no exceptions to policy should be made. Remember, if you allow one individual to avoid making payments then others will expect the same consideration.

6. Be a Role Model:

Always support and champion the housing policy. If you occupy a First Nation-owned home it's crucial that you always make your payments on time and you always comply with the policy and the terms of your housing agreement.

Notes

Instructions

As part of the Salmon Rapids First Nation Section 95 housing program, tenants are required to make monthly rental payments. They will also be responsible for housing costs that they may not be required to make in their current accommodation (e.g. heating, hydro). An affordability analysis is an important part of the application package as it will help both the housing department and the applicant confirm whether the applicant can afford to make the rental payment and pay other housing costs. The housing staff should assist the applicant to complete the form.

Step 1 – Confirm Monthly Household Income

Ensure the applicant includes the net household income (after deductions) from all sources of all adult members who will be living in the unit. The exception is income earned by dependants who are attending school full-time.

Step 2 – Confirm Monthly Housing Expenses

Important – Complete this section of the affordability analysis before the interview!

This information should be based on the past year's average operating costs for the unit that the applicant is applying for, or similar costs (e.g. average heating costs).

Step 3 – Confirm Non-Housing Expenses

Have the applicant review and fill in each item on the list to ensure they are considering all non-housing expenses.

Step 4 – Affordability (Amount Remaining)

Take the net monthly income from Step 1, then deduct the monthly amount of housing expenses noted in Step 2, then deduct the applicant's non-housing monthly expenses from Step 3. This will demonstrate to the applicant whether they can afford the monthly housing payment and other related housing costs and their current non-housing expenses.

Step 5 – Total Expenses as a Percentage of Income

This final step will confirm whether the applicant meets the Salmon Rapids First Nation eligibility requirement regarding affordability; applicants should have an expense-to-income ratio of .90 or less. If the remaining amount is low or a negative figure, schedule a visit with the tenant counsellor to discuss options to increase the applicant's level of affordability.

What Housing Costs Can I Afford?

Applicant Name: _____

Date of Interview: _____

Step 1: Determine Monthly Household Income

List the regular NET monthly income (after deductions) for all permanent adult members of the household who will be living in the unit.

Net Monthly Income	Average monthly income amount
Net employment income (income after taxes and deductions)	\$
Social Assistance benefits	\$
Pension benefits	\$
Employment insurance benefits	\$
Alimony, child support	\$
Other income	\$
Total net monthly income	\$

Step 2: Expected Monthly Housing Expenses

This section will be completed with a representative of the housing department who will give you the average housing expenses you can expect to pay based on the average costs for the type of housing you have applied for.

Expected Housing Related Expenses	Average Monthly Amount
Rent/mortgage/occupancy charge, maintenance fee, loan payment	\$
Utilities (if paid separately including hydro, water/sewer, garbage pick-up, etc.)	\$
Insurance	\$
Repairs and maintenance	\$
Other costs (specify)	\$
Total housing-related expenses	\$

Step 3: Determine Non-Housing Expenses

Now calculate all of your current monthly non-housing expenses.

Current Non-Housing Expenses	Average monthly amount
Groceries	\$
Clothing	\$
Child care, school/sporting fees and related expenses	\$
Phone, cable, internet	\$
Insurance (house, car, medical)	\$
Car/truck loan payment	\$
Gas and other transportation costs including car repairs	\$
Personal loan payments	\$
Credit card payments	\$
Entertainment	\$
Other debts	\$
Savings	\$
Total monthly non-housing expenses	\$

Step 4: Affordability (Amount remaining)

Total net monthly income from Step 1		\$
Total monthly housing expenses from Step 2	<i>Minus</i>	\$
Amount available for monthly non-housing expenses	<i>Equals</i>	\$
Total non-housing related expenses from Step 3	<i>Minus</i>	\$
Difference	<i>Equals</i>	\$

FOR HOUSING DEPARTMENT USE ONLY	
Total net monthly income from Step 1	(A)
Total expenses from Step 2 <i>plus</i> Step 3	(B)
Total expenses as a percentage of total income (B ÷ A)	

ARREARS

Arrears means being behind (a late payment, partial payment, or non-payment) in a required housing-related charge which can include:

- Rent
- Occupancy charge
- Maintenance fee
- Mortgage payment
- Renovation loan or other loan payment
- Service fee related to housing costs (e.g. sewer, water, garbage removal)
- Other

SAMPLE – COLLECTION POLICY

Timing	Action	Reminders
3 rd working day of the month	Written notice to occupant	<ul style="list-style-type: none"> ▪ Remind the occupant that the payment is due on the first of the month and how much is owed; ▪ Keep a copy of the reminder on file.
15 th calendar day of the month	Second written notice and personal contact with the occupant (by phone call or home visit). Confirm deadline for occupant to respond.	<ul style="list-style-type: none"> ▪ Remind the occupant of the payment policy and the payment clause in their housing agreement; ▪ Ask the occupant to explain why their payment is late; ▪ Negotiate an agreement with the occupant to make the payment. Have the occupant sign a repayment agreement and give them a copy; ▪ Keep a written summary of telephone calls and written repayment agreements on the file.
Last working day of the month	Third written notice to occupant and follow-up by phone or home visit. Confirm deadline for occupant to respond and consequences for continued non-payment.	<ul style="list-style-type: none"> ▪ Confirm the amount of money owing and the original due date of the payment(s). If a repayment agreement was entered into and not honoured, remind them of this agreement; ▪ Ask the occupant if there is a problem that prevented them from making the payment; ▪ Confirm the arrears policy and the consequences of continued non-payment; ▪ Give a time limit for receipt of the payment (ideally 10 days). ▪ Keep a copy of the written notice on file.
Second month account is in arrears, no payment made and no repayment agreement in place or an agreement is in place but has not been honoured:		
If by the 11 th calendar day of the 2 nd month the occupant has not paid the arrears/ no repayment agreement, issue a 10-day notice to implement consequences.	Fourth and final written notice (letter) to occupant - final demand for full payment of the arrears. Send by registered mail, deliver by hand to an adult at the home, or post on the front door of the unit (with a witness to confirm same).	Final Demand Letter should confirm: <ul style="list-style-type: none"> ▪ Dollar amount of arrears owing; ▪ How payment is to be made (cash, money order, certified cheque); ▪ Deadline for receipt of payment – final notice period (normally 10 days); ▪ What action (consequence) will take place if payment not received by due date. Refer to payment policy; ▪ Whether partial payment of arrears will be accepted.
At end of final notice period.	Letter to confirm legal action/implementation of consequences.	<ul style="list-style-type: none"> ▪ Confirm the First Nation's policy and procedures for legal action/implementation of consequences.

Notes

SAMPLE - ARREARS RECOVERY AGREEMENT

Occupant Name:	
Account Number:	
Monthly Payment Charge \$	Amount of Payment Arrears \$

Agreement to repay arrears between

The Occupant(s): _____

-And - Salmon Rapids First Nation

I/we the occupants, acknowledge the amount of arrears owing on our account of \$_____. In order to repay full amount of arrears I/we agree to pay the regular monthly payment due on the 1st of each month **plus** an arrears recovery amount for the period noted below, as follows:

Due Date (1 st of the month)	Regular monthly payment amount		Arrears recovery amount	Total
	\$	+	\$	\$
	\$	+	\$	\$
	\$	+	\$	\$

I/we hereby submit a payment of \$ (15% of the arrears) as an initial repayment of the arrears.

I/we understand that failure to meet the repayment arrangements as noted above constitutes grounds for Salmon Rapids First Nation to take corrective action as outlined in our housing agreement.

Occupant Signature:	Date:
Occupant Signature:	Date:
Housing Department Signature:	Date:

ARREARS MANAGEMENT - CASE STUDY #1

The housing department has received a telephone call from Sadie John, an Elder. She has just received the arrears notice that you sent on the 3rd day of the month and she is a little annoyed that you keep sending her these notices. She says that her payments are late because her pension cheque comes on the 12th of the month and that's when she sends in the rent payment. She reminds you that she always makes her payment before the end of the month and you should stop bothering her with these reminder notices and phone calls. She says that it's a waste of time and money to keep calling her and she demands that this stop or she will phone the Chief and complain about your behaviour.

A review of the file shows that though she is usually late making her payment, she always pays the full amount by the end of the month. You have explained to Sadie that payments are due on the first of the month and if the payment is not received by the first, the account is in arrears. While you recognize that she always pays you cannot make exceptions to the payment policy. Even though she is very annoyed and has threatened to call the Chief you inform her that you will continue to send the notices if the payment is late.

1. Was the collection policy followed? **Yes** **No**

2. What advice would you offer to Sadie John or the housing staff regarding this issue?

ARREARS MANAGEMENT - CASE STUDY #2

It's November 15th and you're reviewing the account for Martin Albert; the account is 1½ months in arrears (the monthly rent is \$300). On reviewing the history of his account you note that he has often been more than one month in arrears but he always pays the arrears in full after he receives a final demand letter.

The file notes show that the first arrears notice was sent on October 10th. Martin called on the 14th and advised that his car had broken down and with the cost of the unexpected repairs he couldn't make the \$300 housing payment. A record of the phone conversation on file shows that Martin said that he would make two \$150 payments - one on October 16th and another on October 24th. He made the first \$150 payment on time but still hasn't sent the second payment. Martin was contacted by phone on October 28th about the outstanding \$150; the note on file indicates he had "forgotten about it and would send the money in as soon as he could." Another arrears notice was sent to Martin on November 10th. No other contact has been made.

1. Was the collection policy followed? **Yes** **No**

2. If you answered "no" to question 1, please describe what steps were missed.

ARREARS MANAGEMENT - CASE STUDY #3

Robert and Jeannie have occupied a three bedroom First Nation owned home for eight years. Though they are not required to make a housing payment they are required to help cover the cost of servicing and maintaining the home. The First Nation charges them a monthly maintenance fee of \$100 even though the actual operating costs are closer to \$300 per month. They regularly paid their monthly maintenance fee until two years ago when Robert was injured and could no longer work; since then their account has often been in arrears. Their household income includes Robert's disability pension and Jeannie's salary from the First Nation's health centre.

Last month, they sent in a payment of \$80 on the 2nd day of the month. As there was only a \$20 outstanding balance housing staff decided not to send another arrears notice. This month Robert and Jeannie sent in a payment of \$80 on the 3rd day of the month – now the account is \$40 in arrears. The housing staff did not send any further arrears notices.

1. Was the collection policy followed? **Yes** **No**

2. If you answered “no” to question 1, please describe what steps were missed.

ARREARS MANAGEMENT - CASE STUDY #4

Frank occupies a two bedroom unit in the apartment complex; he has been there for three years. His monthly payment is \$250 which covers rent, water, heat and hydro. Frank hasn't made a payment in two months. A note on file confirms that Frank said he had been off work for a few months but recently got a job and is now trying to catch up on some bills. Last week the housing staff called Frank and asked when he might be paying the rent. He said he knows that he owes on his rent but says he can't pay it yet as he has to make the payments on his truck loan and needs gas money to get to and from work.

A review of Frank's file confirms that over the past few years he has often been between jobs. During these periods he has received social assistance benefits and his rent payments were always paid by the social assistance department. It's when Frank is working that the rent payments aren't made as required. The file also confirms unpaid arrears of \$1,000 from last year accumulated during the period that Frank was employed.

1. Was the collection policy followed? **Yes** **No**

2. If you answered "no" to question 1, please describe what steps were missed.

Notes

ARREARS MANAGEMENT - CASE STUDY #5

Cheryl and Patrick own a home that is secured with a Ministerial Loan Guarantee (MLG). They have been homeowners for 3 years and their home is one of twelve homes in the First Nation that have an MLG. Their monthly bank loan payment is \$850. In addition to the loan payment they are responsible for all utilities, insurance, maintenance and repairs. They are both employed full time with a total income of \$64,000. They have one child who is 6 months old.

In the last year their bank loan has been in arrears twice and the bank contacted the First Nation to confirm the arrears situation. On both occasions the housing staff contacted Cheryl and Patrick and they managed to make the loan payment. Today the bank has contacted you to confirm that they are 2½ months behind in their payments and the MLG will soon be called. The bank follows their own collection policies but does keep the First Nation informed of any arrears on accounts the First Nation has guaranteed. If the MLG is called it will be the third one this year. You have contacted Cheryl and Patrick to discuss the arrears situation. They inform you that with the new baby they can't afford the mortgage payments. They would like the First Nation to help them and feel that they deserve a subsidy like other members who live in homes in the community.

1. Should the First Nation have its own payment policy and procedures for homes secured with an MLG? **Yes** **No**

Please explain your answer.

2. Is the First Nation responsible to assist them? **Yes** **No**

Please explain your answer. Consider the impact on the First Nation for all other MLG loans, as well as the impact on the community as a whole. Also if you answered 'yes' explain what type of assistance could be provided.

3. In your opinion what could the First Nation do to deal with these situations in the future?

Salmon Rapids First Nation recently implemented a payment policy which confirms that all occupants in Salmon Rapids owned units will pay a \$100 monthly maintenance fee and occupants in Section 95 units will make a \$350 monthly rental payment. All occupants have signed a housing agreement which confirms their obligation to pay the monthly housing charge.

The position of the housing department's client relations officer has been vacant for over six months. In an effort to keep up with payment collections housing staff have been pitching in and working on collections a few hours a week. This has been just enough to keep the financial records on the accounts up to date and to send out an arrears notice sometime during the month. The total arrears are \$18,455.

You have been hired temporarily by the Chief and Council to assist staff with collections and to develop a strategy to implement regular arrears counselling and collection practices.

Your Goal: Chief and Council have advised that your goal is to develop a work plan that will eliminate arrears within 6 months.

Your team has 30 minutes to:

- 1) Review the details of the Salmon Rapids housing portfolio.
- 2) Identify what action is necessary (short and long term) to achieve the goal.
- 3) Identify what support you need from Chief and Council, the Housing Committee, finance, social assistance, etc.
- 4) Answer the questions on page 2-51 and be prepared to share your answers with the group.

Points to consider:

- Keep your work plan realistic and achievable.
- Plan to review progress and revise the action plan, if necessary.
- Remember - be consistent.

Notes

SALMON RAPIDS ARREARS SUMMARY

Salmon Rapids First Nation reports on payment accounts that are in arrears in three groupings: (1) accounts less than one month/one month + in arrears, (2) two months in arrears, and (3) three months or more in arrears. The summary of accounts in arrears is noted below.

Your team has reviewed all of the accounts and identified common issues and payment patterns. You note that:

- All of the accounts have received some kind of written arrears notice although there is no consistent approach as to when the notices are sent.
- A few accounts are continuously in arrears for small amounts (\$25 to \$45) and no arrears notices are sent on these accounts.
- Two occupants have refused to make their payment 'until repairs are done to the house'.
- Four accounts have occupants that are seasonally employed.
- One occupant has refused to make their payment because 'nothing has happened to the neighbours who haven't paid in four months, why should we make our payments?'
- Two of the accounts have occupants with a history of NSF cheques.
- Most of the accounts have a record of verbal repayment arrangements which have not been honoured by the occupant.
- File records indicate that some of the occupants have said that they are using the money that should be set aside for housing payments to pay other debts.

Summary of Accounts in Arrears

Account Type	Number of Accounts in Arrears	Dollar Amount of Arrears
Less than one month, one month + in arrears, partial payment received	20	\$5,415
Two months + in arrears	8	\$5,265
Three months + in arrears	6	\$7,775
TOTAL	34	\$18,455

MANAGING ARREARS – SALMON RAPIDS FIRST NATION CASE STUDY QUESTIONS

1) What do you believe caused the arrears problem?

2) Is the goal achievable (please explain your answer)?

3) What are your short term plans?

4) What are your long term plans?

5) How will you prevent a recurrence of the arrears problem?

Notes

NEXT STEPS TO CHARGING AND COLLECTING
FOR HOUSING PROGRAMS AND SERVICES

As a result of participating in this workshop:

I believe a realistic time frame for my community to start charging and collecting housing payments is:

I am prepared to review/revise the following administrative activities:

People who should be on the project team include:

I believe we need the following resources to successfully implement a policy to charge and collect for housing programs and services:

I believe that the three most important items to be included in the policy are:

Housing Costs

These are the costs that the First Nation is responsible for and can include bank loan repayment for costs related to construction/renovation/purchase, funding of a replacement reserve, house insurance (building and liability), maintenance/repairs, utilities (in some cases), garbage disposal, water and sewer (where the occupant is not responsible) and administrative (staff) costs.

Housing Deficit

A housing deficit occurs when housing expenses exceed housing revenue.

Housing Expenses

Housing expenses are the costs the occupant will be expected to pay and can include the housing charge (rent, loan payment, maintenance fee), utilities (hydro/heat, water, sewer), insurance (contents for tenants and contents plus building/liability for homeowners) and, repairs and maintenance.

Housing Revenues

Housing revenues can come from subsidies provided by CMHC, from First Nation own source revenues and from housing payments made by the occupant/recipient.

Occupant

An occupant can be a tenant (rental unit) or a homeowner, depending on the tenure of the unit.

Other terms that I have learned in this workshop:

WORKSHOP EVALUATION FORM

Workshop Evaluation Form

Course Title

HOW DID WE DO?

This is your chance to tell us what you think of this workshop. Answering the questions on this form will help CMHC design and present workshops that will better meet your needs.

Workshop Category Charging and Collecting For Housing Programs and Services		Date	Date
		to	
Workshop Location	Your First Nation	Province	
Facilitator's Name(s)			
1. I am a ... (Select the one that best describes you - choose one only)			
<input type="checkbox"/> 1. Housing Department Staff	<input type="checkbox"/> 2. Financial Officer	<input type="checkbox"/> 3. First Nation Administration Staff/Band Manager	
<input type="checkbox"/> 4. Housing Occupant/Community Member	<input type="checkbox"/> 5. First Nation Chief or Council Member	<input type="checkbox"/> 6. Housing Committee Member	
<input type="checkbox"/> 7. Builder/Renovator/Carpenter/Labourer	<input type="checkbox"/> 8. Inspector	<input type="checkbox"/> 9. Health Care Professional/Nurse	
<input type="checkbox"/> 10. Other, please specify: _____			
2. Overall, how useful was the workshop?			
<input type="checkbox"/> 1. Not at all useful	<input type="checkbox"/> 2. Not very useful	<input type="checkbox"/> 3. Neutral	<input type="checkbox"/> 4. Useful
<input type="checkbox"/> 5. Very useful			
3. How effective was the presentation and communication?			
<input type="checkbox"/> 1. Not at all effective	<input type="checkbox"/> 2. Not very effective	<input type="checkbox"/> 3. Neutral	<input type="checkbox"/> 4. Effective
<input type="checkbox"/> 5. Very effective			
4. How effectively were your questions and needs addressed?			
<input type="checkbox"/> 1. Not at all effectively	<input type="checkbox"/> 2. Not very effectively	<input type="checkbox"/> 3. Neutral	<input type="checkbox"/> 4. Effectively
<input type="checkbox"/> 5. Very effectively			
5. Was the workshop material clear and easy to follow?			
<input type="checkbox"/> 1. Not at all clear	<input type="checkbox"/> 2. Not very clear	<input type="checkbox"/> 3. Neutral	<input type="checkbox"/> 4. Clear
<input type="checkbox"/> 5. Very clear			
6. How likely are you to use what you learned in the workshop?			
<input type="checkbox"/> 1. Not at all likely	<input type="checkbox"/> 2. Not very likely	<input type="checkbox"/> 3. Neutral	<input type="checkbox"/> 4. Likely
<input type="checkbox"/> 5. Very likely			
7. To what extent has your level of knowledge on this topic increased?			
<input type="checkbox"/> 1. Remained the same	<input type="checkbox"/> 2. Increased somewhat	<input type="checkbox"/> 3. Increased significantly	

67166 21/11/2013

Disponible en français - 67166

Canada

Page 1 of 2



WORKSHOP EVALUATION FORM (CONT'D)

8. As a result of attending this workshop what will your next steps be in using the information in your community?

If you have any comments about this workshop, please write them here.

Can CMHC get in touch with you in the future to talk to you about the long-term impact of the workshop?
If we can, please write your contact information in the space below.

Name

Telephone

Email

Address