

# HOUSING QUALITY MATTERS

for FIRST NATIONS



## Property Management Planning

### TRAINER MANUAL



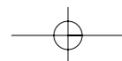
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First Nations

PROPERTY MANAGEMENT PLANNING – Trainer Manual

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# HOUSING QUALITY MATTERS

for FIRST NATIONS



## Property Management Planning

### TRAINER MANUAL

25-10-07

## CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for over 60 years.

Together with other housing stakeholders, we help ensure that Canada maintains one of the best housing systems in the world. We are committed to helping Canadians access a wide choice of quality, affordable homes, while making vibrant, healthy communities and cities a reality across the country.

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# PROPERTY MANAGEMENT PLANNING

TRAINER MANUAL



notes

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Cette publication est aussi disponible en français sous le titre: *Planification de la gestion immobilière – Manuel du formateur*, OPIMS # 65165.

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Printed in Canada  
Produced by CMHC  
OPIMS # 65164

## CONTENTS

<b>Acknowledgment</b> .....	<b>vi</b>
<b>A Guide to Using the Training Kit</b>	
Introduction.....	ix
Agenda.....	xii
<b>Day One Lesson Plan</b>	
Preparation Guide .....	3
Lesson Plan .....	5
The Case Study .....	24
<b>Day Two Lesson Plan</b>	
Preparation Guide .....	43
Lesson Plan .....	44
The Case Study .....	57
Workshop Summary.....	76
<b>Appendix A – Overheads</b>	
Overheads 1-8 .....	79
<b>Appendix B – Handouts</b>	
Participant Kit Handouts 1-37.....	H-1
<b>Appendix C – Answer Sheets</b>	
Answer Sheets .....	91
<b>Appendix D – Forms</b>	
Workshop Sign-up List .....	107
CMHC in Your Future .....	108
Workshop Evaluation Form .....	109
Certificate of Participation .....	111

notes

## ACKNOWLEDGMENT

CMHC acknowledges the valuable contributions of:

Roxanne Harper, Turtle Island and Associates  
Kim Kremzar, Turtle Island and Associates

CMHC would also like to thank the Aboriginal Housing staff for their role in the development of this workshop.

## HOW TO USE THIS MODULE

notes

The Manual is designed to guide you through the workshop agenda.

### **Intended Audience**

This two-day workshop is intended for housing authorities, housing staff and leadership who have an interest in housing. Property management planning helps First Nations communities to plan and manage their housing needs while maintaining existing housing in good condition.

Participants will learn how to develop a property management plan and how it relates to yearly and long-term financial planning.

As you work through this module, you will see the following prompts:

### **Teaching Point**

The main focus of the workshop is hands-on learning. This will be achieved by means of workstations where participants are expected to complete specified activities, demonstrating competence. However, there are some important teaching points that you must ensure are covered, if not during the hands-on components, then by means of a brief lecture. These teaching points are highlighted throughout the facilitator notes.

### **Time Frame**

There are time frames suggested for each day. Timing is flexible by design, to ensure the participants get the most from the workstations. Depending on the number of participants, their prior skills, the set-up of the workstations and the weather, you may require more or less time at the individual workstations. Adjustments to the timing of classroom activities may be needed: keep the objectives in clear sight and plot these against the time allotted.

### **Key Messages**

Each section includes the key messages that must be covered as part of the teaching points. The key messages are not intended to be read to the participants; rather they are a guide to assist you in ensuring the required information is covered. You may wish to offer additional related information, based on your knowledge, reflecting the needs of the local community and the needs of the audience.

notes

## Trainer's Notes

These notes provide direction on how the teaching point is intended to be facilitated.

## Audio-visual Aids

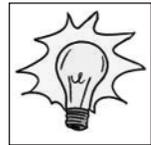
When a slide is to be used, you'll see this symbol:



## Friendly Reminders

These are helpful hints for you to consider as you facilitate the workshop.

The symbol you'll see is:



## Handouts

A full-sized copy of the exercises for the module is included in Appendix "B".



## Record on Flip Chart

This icon reminds you to record or have participants record their responses on a flip chart.



## Forms (section)

- Workshop sign-up list
- CMHC in Your Future
- Workshop evaluation form
- Certificate of completion



## PREPARATION GUIDE

notes

In this section of the Trainer Manual, you will find:

- Agenda
  - The Agenda has been prepared for approximately 6 1/2 hours of training time each day.
- Workshop Objective
- Workshop Evaluation
- A Guide to Using the Manual
- Overheads
- Answer Sheets

This information is provided as a guide. Based on your knowledge of the participants you are training, you can amend/tailor these resources to best suit your audience.

## EQUIPMENT AND SUPPLIES

You will require the following equipment and supplies to facilitate this workshop:

- An overhead projector
- Flip charts (2 to 4)
- Participants' workshop kits (handouts)
- Answer sheets to case studies. The answer sheets (printed on coloured paper) should be provided to participants at the end of each step in the case studies).
- Calculators
- Pencils (with erasers)
- 25 Envelopes (to be used for handout 37)

notes

Each module within the Manual contains the following information:

- **Time Frame**
  - Approximate amount of time required to facilitate the lesson plan.
- **Handouts**
  - All of the handouts that will be used to facilitate the transfer of skills and knowledge are provided to participants in a 3-ring binder, at the start of the workshop. The handouts are numbered and identified within the lesson plan at the point they should be referred to by participants.
  - The answer sheets should be printed on coloured paper and provided to participants by the trainer at the end of each step in the case studies.
- **Prepared Flip Charts**
  - The text of flip charts required to facilitate the lesson plan
  - The flip charts must be prepared in advance of the workshop
  - All flip charts have been numbered sequentially, in the order of presentation within the module/Manual.
- **Certificate**
  - In Appendix “D – Forms” there is a certificate of participation for those who attend the Workshop.
  - The certificate is available in .pdf format. The trainer can fill out the certificate in the .pdf file and print it out.

## THE LESSON PLAN

notes

The Lesson Plan for each module contains:

- Trainer's notes and instructions for facilitating the lesson plan; and
- Trainer's instructions and debriefing notes for exercises and case studies.

Throughout the lesson plan, audience participation is generated through the use of questions posed, usually to the entire group. These questions are preceded by “Q.” The responses/information that you want to ensure are raised and discussed are included and preceded by “A.”

## WORKSHOP OBJECTIVE

To review the steps involved in developing a property management plan. Participants will apply the planning model in the development of a one-year financial plan (budget) and a three-year maintenance plan.

notes

## AGENDA

### Day One

9:00 Welcome and introduction of participants  
Review of workshop objectives and agenda  
Property management planning  
Goal setting as part of the planning process  
Four-step planning model—Financial planning

12:00 Lunch

1:00 Case study—Developing a financial plan  
Replacement reserve exercise  
Summary exercise

4:30 Wrap-up

### Day Two

8:30 What is maintenance planning?  
Large group exercise: Budget availability  
Four-step planning model—Maintenance planning

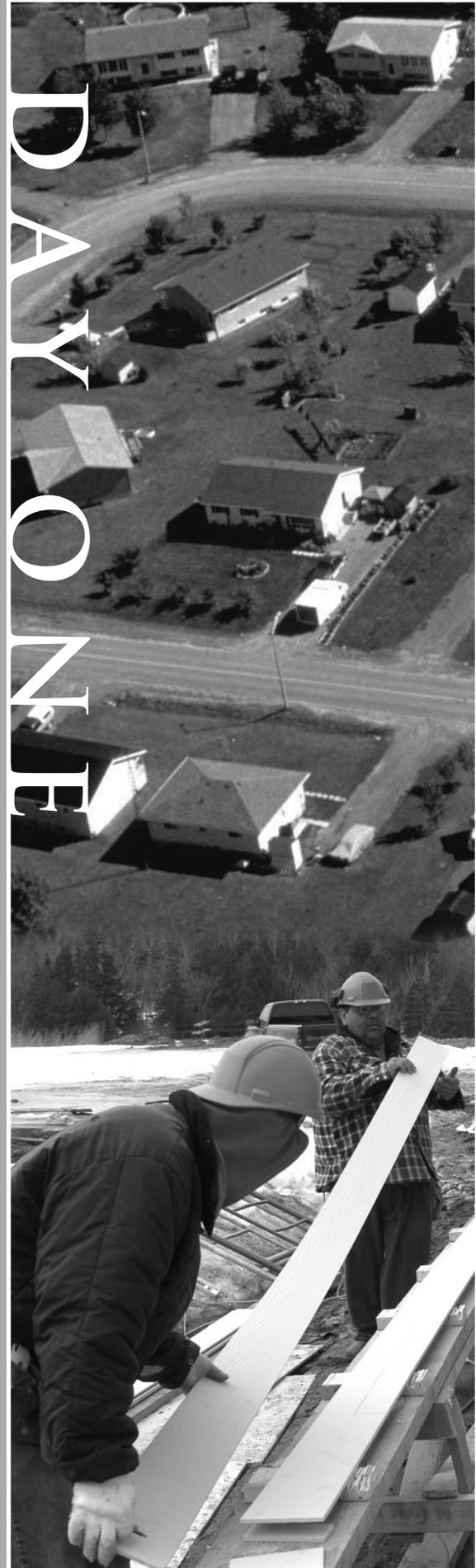
12:00 Lunch

1:00 Case study—Developing a three year maintenance  
plan  
Summary exercise

4:30 Wrap-up/Workshop evaluation

Note: Though not shown, coffee breaks will be scheduled throughout the workshop.

# LESSON PLAN



DAY ONE



## PREPARATION GUIDE—DAY ONE

notes

### Time Frame

- 3 1/2 hours to present theory
- 3 hours to facilitate case study and summary exercise

### Overheads

- # 1 — Workshop Objective
- # 2 — Property Management Planning
- # 3 — Three Aspects of Property Management Planning
- # 4 — What is a Goal
- # 5 — Developing Goals
- # 6 — Case Study; Step 2 Answer Sheet

### Handouts

Handouts # 1 to # 15

### Prepared Flip Charts

- Property Management Planning Definition
- Four-Step Planning Model

notes

Prepare the following flip charts in advance:



### **Flip Chart Text**

#### **The Four-Step Planning Model Development of a Property Management Plan**

1. Gathering Information
2. Developing the Plan
3. Approving the Plan
4. Reviewing and Making Adjustments

## THE LESSON PLAN—DAY ONE

notes

### Trainer

Trainer to welcome the participants to this two-day workshop. Review the agenda and the workshop objective.



### OVERHEAD #1

PROPERTY MANAGEMENT PLANNING

**Workshop Objective:**

To review the steps involved in developing a property management plan. Participants will apply the planning model and develop a one-year financial plan (budget) and a three-year maintenance plan.

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### Introduction

Trainer to lead an introductory exercise for workshop participants.  
 Suggested exercise: Ask each participant to identify themselves and their community and to share one expectation or goal they may have about the workshop.

Once all participants have completed the introduction, acknowledge common goals such as "I hope to learn new ideas" by confirming that everyone will have the opportunity to work together and should feel free to share and exchange ideas on the topics being discussed.

notes



## Prepared Flip Chart

**Property Management Planning:** The detail of how housing goals will be achieved. The plan, often referred to as a work plan, details what needs to happen to accomplish the goals, what resources are required and when the related tasks will be completed.

### Trainer

Before we begin it is important that we all have the same understanding of what is meant by the term **Property Management Planning**. Post the flip chart and review the definition with the large group.



### OVERHEAD #2

PROPERTY MANAGEMENT PLANNING

**Property Management Planning:**

The detail of how housing goals will be achieved. The Plan, often referred to as a work plan, details what needs to happen to accomplish the goals, what resources are required and when the related tasks will be completed.

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As a property managers, we must always be able to anticipate those activities that will occur when managing the portfolio. To accomplish this, we can certainly react to issues as they occur, however this is usually a time-consuming and costly way to operate.

During the next two days, we will review the property management planning process that, when followed, will result in a portfolio that is managed efficiently and effectively.

**Trainer**

Property management involves three aspects: financial, physical, and human resources.

notes

**OVERHEAD #3****PROPERTY MANAGEMENT PLANNING****Financial Planning**

Details information on all of the revenues and expenses associated with the project.

**Physical Planning**

Details all information pertaining to the maintenance and upkeep.

**Human Resource Planning**

Details the resources required to operate and manage the project.

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Share with participants, some of the following activities or items that are included under each of the three aspects of property management planning.

**Financial:**

- project revenues (rent and subsidies)
- salaries and benefits
- budgeting and reporting
- operating expenses
- insurance
- replacement reserves
- purchasing of supplies
- bank and loan payments
- maintenance budgets
- annual audits

notes

**Physical:**

- day-to-day maintenance and upkeep
- health and safety issues, fire safety
- regular inspections
- emergency repairs
- move-in and move-out inspections
- tendering and contracting of work
- tenant damage policy
- maintain building codes and First Nation bylaws
- occupancy agreements client counselling, arrears management

**Human Resources:**

- job descriptions
- program policies and procedures
- staffing requirements
- personnel policies and procedures
- human resource policies (hiring, vacations, salaries, dismissal, etc.)
- training

Remind the participants that this workshop will only focus on developing property management plans for two of the three aspects, financial and physical. The process, however, is one that they can easily apply to developing a complete property management plan for their community.

In order to generate discussion, ask how many of the participants are now using a property management plan. Ask for a volunteer to describe what type of planning they do.

From their descriptions, identify whether their plans are **formal** (a written plan or **informal** (nothing confirmed in writing).

If informal plans are mentioned, indicate that this type of a plan is okay but it is beneficial to record the plan. That way, others can see what is planned; it's easier to review what needs to be done, identify successes, etc. If the plans are not written down, you can run into problems if the person responsible leaves, or is not there when someone else needs to know what is planned, or if you just forget what you had planned to do.

Having a written plan is the first step in having the plan succeed.

### **Trainer**

You might often hear people say, “Planning seems like a very time consuming task, so why bother?”

To generate a discussion on this point, ask the following questions (be sure to include any points not raised by the participants).

**Q. What are the benefits that a Band receives from developing and following a plan? (Record the answers on a flip chart).**

- A. The Band can save money and time, reduce stress, increase productivity, identify what needs to be done and by whom, improve working relationships in the office, improve the use of resources, less confusion, meet program requirements, achieve housing goals.

**Q. Who achieves the most benefit from developing a plan?**

- A. The Band, the community because they own the property.  
The occupants, because their houses are better maintained.

A successful property management plan is one that is based on the needs, concerns and goals of a specific community. Planning is time-consuming but there are many benefits to the entire community. What we want to do today is demonstrate and practice a planning model that can be used by First Nations housing providers when developing their plan.

notes

notes

## Trainer

For those communities with a Property Management Plan, how many have housing goals?

Note: Wherever possible, ask those who respond to share their goal with the large group.

In order to undertake property management planning, we need to consider the housing goals of the community. These goals will provide guidance and direction to your plan.



### OVERHEAD #4

#### PROPERTY MANAGEMENT PLANNING

#### **What is a goal?**

A goal is a statement that describes what you want to achieve. To be effective the goal must be measurable, achievable, realistic and it must reflect the housing concerns of the community.

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Most communities will have different goals that may include a variety of short-and long-term goals.

**Short-Term Goals:** can be accomplished within the next 12 months.

**Long-Term Goals:** will be accomplished over the next three to five years.

Be sure to identify which goals are long-term. Break down long-term goals into a number of shorter-term goals that proceed gradually to accomplish the overall long-term goal.

Once you have determined the housing goals, you will need to follow a process that will help you to accomplish them. The following three steps can assist you in the development of your property management goals (review the flip chart).

notes



### OVERHEAD #5

**PROPERTY MANAGEMENT PLANNING**

**Developing Goals**

1. Determine Goals  
(Identify what you want to have happen)
2. Develop Strategies  
(The work plan)
3. Monitor and Evaluate  
(How you will check progress)

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### REFER TO HANDOUT #1

### Setting Goals

## Trainer's Speaking Notes

### 1. Determine Goals

- a) Organize a team to determine goals
- b) Always put goals in writing
- c) Ensure that goals are measurable

notes

- a) Involve the right group of people from the start. The team should be knowledgeable about housing issues and committed to improving the process. Include people such as Band staff, clients, Housing Committee Members and Band Councillors. Make sure that the team has the authority and support from others to be developing goals. Be sure that everybody who is involved supports the goals, understands their roles and is prepared to accept responsibility.
- b) Your first step toward achieving goals is to write them down. This will help to ensure that everybody understands the goals and the benefits.
- c) Every goal must be measurable so that progress, and achievement, can be easily recognized by all. When progress is recognized it becomes easier to introduce additional goals.

## **2. Develop Strategies**

- a) Develop and follow a written work plan
  - b) Consider potential problems
  - c) Have long- and short-term goals
- 
- a) Effective goals follow a plan that is designed to ensure that the goals are accomplished. A plan must address all required resources, time frames and financial considerations.
  - b) Consider potential problems that may delay or prevent you from achieving goals. Take the time to think about what could go wrong and take actions to prevent or minimize these problems. When you plan and anticipate things that may go wrong you increase your confidence and ability to deal with the problem.

- c) Effective goals are ones that are manageable. Some goals seem overwhelming and may need to be broken down into smaller tasks, each with a specific strategy. Example: a goal to perform a physical inspection and analysis of all the housing units in the community over the next three years. You have three years to complete the goal. The first thing you should do is to identify all the tasks associated with completing the goal, schedule when they will be done and identify who is responsible for doing them.

notes

### 3. Measure and Evaluate Goals

- a) Complete a regular review of goals
  - b) Provide progress reports
  - c) Celebrate each achievement
- 
- a) Measuring and evaluating goals identifies progress and accomplishments and can also help to motivate people. Complete a regular review of your goals to be sure that they are accomplished, that work plans are being followed and that the goals continue to be relevant. A review process can often fan the fire of motivation as accomplishments are recognized. If a problem is identified, confirm who is responsible and work together to resolve the issue.
  - b) Remember to provide progress reports and to identify all achievements, no matter how small.
  - c) When a goal is achieved, take the time to celebrate and to congratulate the team.

### Summary

Whenever you are developing goals it is recommended that you complete an in-depth review of all issues. Invest the time and study the issue from different perspectives: yours, the client, other Band members, future clients, etc. Sometimes it may be useful to organize a committee to identify property management goals. Be sure to provide them with adequate information on the issues, including your professional opinion and any concerns or suggestions you may have.

notes



**REFER TO HANDOUT #2**

### **Writing the Goal**

#### **Trainer**

Review the handout and walk through the process of writing the goal, as a large group. Advise participants to use the checklist to ensure that their goal includes all of the important information needed for the goal to be measurable and achievable.

#### **Large Group Exercise—Goal Setting**

The following exercise will provide an additional review of the goal writing process. For this exercise, ask the large group to identify some common housing goals that a First Nation community might have. Record on a flip chart.

Possible answers:

- complete detailed inspection of all properties
- create employment
- address the backlog of housing
- complete all emergency repairs (short-term)
- improve the living conditions
- improve the quality of the housing stock
- reduce energy consumption (short-term)
- extend the useful life of the homes
- generate revenue
- reduce maintenance costs
- reduce arrears rates (short-term)
- increase the number of units that can be constructed
- educate band members about housing responsibilities

Referring to the list of goals identified by the group, choose one that appears suitable to write into a goal statement.

With the group's assistance, on a flip chart, write a goal statement following the outline of Handout #2. Write each of the four points of the goal statement separately. Then, rewrite the goal into a complete goal statement.

Post the flip charts.



**REFER TO HANDOUT #3**

**Helpful Hints for Goal Setting**

### **Trainer's Summary**

Distribute Handout #3. Review with participants as a summary to the module.

Allow time for questions from participants.

### **Trainer**

We will now review the planning model that is recommended for development of a property management plan.



**REFER TO HANDOUT #4**

**The Four-Step Planning Model**

notes

notes

Prepared Flip Chart

### **The Four-Step Planning Model Development of a Property Management Plan**

Briefly review the Four-Step Planning Model. Explain that these four steps should be followed in the development of any aspect of the Property Management Planning process (financial, physical, human resources). The flip chart should be posted in the room for referral throughout the workshop.

#### **Trainer**

Most property managers find that they need to have two plans. The first one is a long-term plan that focuses on what they want to have happen over the next three to five years. This plan describes, at a high level, the major work that will be accomplished and the work priorities. Long-term plans are considered rolling plans because they change yearly to reflect the work completed in the current year and identify priorities for the new third or fifth year.

The second plan, and our focus for today, is the annual property management plan. This plan describes in detail what you propose to do within the next 12 months. It should clearly identify priorities, confirm work items, outline time frames and confirm required resources.

## Developing a Financial Management Plan

notes

For the next few hours we will focus on the development of a one year financial management plan. A financial plan (budget) is simply a planning tool that estimates how much revenue a project can generate and how much money will be needed to meet expenses over a set period of time.

As housing providers you may be involved in administering a variety of programs, all of which should be included as part of the financial management plan. To demonstrate the planning model, we will be using the CMHC Section 95 program as an example.

It doesn't matter which Section 95 program (old or new) you are managing; you will apply the same basic principles when developing your plan. While there are variations between the old and new programs that could alter some aspects of the financial plan, the planning process is the same. The example that we are using today will be based on the old Section 95 program.

### Step 1: Gathering Information

The first step in developing a financial management plan is to identify all revenues and expenses associated with the project.

Be sure to also confirm what related goals exist that should be addressed in the plan.

#### **Q. What types of revenues and expenses should you include?**

##### A. Revenues:

Program subsidy, rent, interest, laundry facilities, user fees, Band subsidies.

##### Expenses:

Loan payment, insurance, replacement reserves, administration (staff, office rental, supplies), maintenance (repairs, snow and garbage removal), audit costs.

notes

**Trainer**

Be sure that the revenue and expense details are current and accurate. Where actual revenue and expenses are not available, some amounts may have to be estimated. Use your knowledge of the portfolio and historical data.

Remember that any change to revenue or expenses will impact the financial management plan (either negatively or positively).

**Q. What are some of the documents that you will need when developing your plan?**

A. Possible answers:

- previous years' financial statements
- audit quotes
- tenant incomes
- amount of program subsidies
- bank statements
- previous year's budget
- insurance quotes
- inspection reports and financial analysis
- hydro bills
- staff requirements ( salaries, benefits)
- administration (office rent, travel expenses etc.)
- loan payment
- training plans for staff, Housing Committee Members and tenants

It's critical that you have accurate information when developing a property management plan. You may need to talk to different people to get this information. Some possible sources are; Housing Committee Members, staff such as managers, maintenance, administrative support, Band Council, and other service providers (e.g. social services).

## Step 2: Developing the Plan

Once you have gathered the information, you need to analyze it. The findings from your analysis will assist you in developing the property management plan.

Some things to consider in your analysis:

- Are financial requirements being achieved, exceeded or ignored?
- Are there sufficient resources and are they adequately used?
- Are there program restrictions that need to be considered?

A financial plan only works if the correct information is used. Confirm that revenues are accurate and realistic; if there are no tenant contributions (rent) then don't include them as anticipated revenue. Confirm all expense items. If you don't have the exact figures for the planning year use last year's costs as an estimate. Some costs can be expected to increase (hydro), while others may decrease (insurance). Carefully consider the type of changes that may impact on your financial plan.

Increasing spending is always easier than decreasing spending. Review the plan to identify areas that can benefit from additional items, such as hiring more staff, completing more maintenance and repair items, providing training for staff and Housing Committee Members, holding community workshops, purchasing new equipment or resources. Most of us have very little problem finding ways to spend money! Decreasing expenses is not nearly as much fun.

Prioritize the items in your plan. Review each expense item to determine those that can be reduced, deferred or eliminated. You can also give consideration to increasing revenues. Keep in mind the goals and project operating scenarios. These may affect anticipated revenue and expenses.

Be sure that you are using realistic time frames. Remember that clients and other community members may not agree with your time frames.

Once you know your anticipated revenue and expenses for the next 12 months, put this information in writing.

notes

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Writing your plan is the first step to achieving it. The best way to write your plan is to answer the 5 Ws.

### The 5 Ws

**Why** is this task necessary and does it respond to the goals?

**Who** will be responsible for completing each task?

**What** exactly will be completed over the next 12 months?

**Where** will the resources come from?

**When** will each function be completed?

It's important to remember that when developing the plan you will probably have several drafts before it is finalized. You may find it helpful to date, number or colour code each of the draft plans. This will assist your team in seeing how the plan is evolving and will ensure that you don't lose sight of ideas or issues.

### Step 3: Approving the Plan

Once your budget is complete, submit it to the appropriate parties for their approval and to obtain their support. You will need this support in order to successfully implement the plan. When seeking approval of the plan consider taking the following action:

- Provide a presentation on the plan to those in authority.
- Formally submit the plan for approval and keep a record of Band decisions.
- Identify and describe the benefits of following the plan.
- Be prepared to answer questions and respond to concerns.

Remember to communicate the plan to those who need to know. Steps that can be taken when preparing to implement the plan include:

- Communicate the plan to Chief and Council, the Housing Committee, Band members and tenants;
- Identify capacity development needs that are required in order to accomplish the plan;

- If you anticipate resistance to the plan, discuss with the Chief and Council and prepare them so that they can deal with the resistance;
- Develop a Question and Answer information sheet for the Chief and Council, Housing Committee Members and staff to use when handling inquiries.

notes

#### **Step 4: Reviewing and Making Adjustments**

The best plans are those that are reviewed on a regular basis (once a month or at least quarterly). Every property manager must deal with constant change and recognize that there are some things they can control and others that they cannot. Most plans require changes or adjustments as a result of a shift in priorities, increases or decreases in revenues or expenses, emergency situations, etc.

There will be times when you have overspent or underspent on certain items. A successful planner looks for and identifies these discrepancies before they become a problem.

When reviewing the plan, consider the following:

- When a work item is completed, update the plan and congratulate the staff;
- For items that are not completed, discuss the progress with team members and confirm that it is proceeding well;
- For those areas that are behind schedule or experiencing difficulties you will need to review the work items and determine if enough resources are available; and
- Prepare monthly, quarterly and annual progress reports.

It's critical that you and your team plan for and complete regular reviews. Schedule review meetings with members of the housing committee and staff when necessary.

notes

### **Trainers' Summary**

The real benefit of developing and following a financial plan is to your Band, not CMHC or INAC. Some of the benefits are improved operations, maximizing the use of program dollars, long-term project viability, and controlled spending, just to name a few.

You will now have the opportunity to practise developing a one-year Financial Management Plan, using the four-step planning process.

### **Group Exercise – The Myths of Planning**

Note: The following exercise can be facilitated, if time permits and if appropriate, at the end of Day One or at the start of Day Two.

The exercise is best completed as a small group exercise. Divide participants into two groups. Provide each group with two myth statements. Have them debunk the myth (provide a "truth"). Each myth and corresponding truth should be written on a flip chart and shared with the large group.

Alternatively, to save time, the exercise can be completed as a large group with the trainer drawing answers from participants and recording on a flip chart.

### **Introduction**

Remind participants that many myths exist around the issue of planning due to the fact that many people underestimate or misunderstand the benefits. The following exercise will help us understand the myths and be able to share the truths.

Myth #1 - I don't have time to plan, I'm too busy working.

Truth - Planning is a time-consuming task, however we believe that it pays for itself in the long run. A good property management plan allows you to be a proactive housing provider rather than a reactive one. When housing providers become proactive, they are able to reduce or avoid many problems. Planning helps you to spend less time reacting to demands and more time achieving goals.

Myth #2 - There are too many emergency or unknown situations for me to be able to follow a plan.

Truth - While you can never predict everything that will happen, you can make an educated guess based on previous activities and experiences. You can also plan how to deal with these emergencies should they happen.

Myth #3 - People will never agree to the plan and the staff won't follow it.

Truth - Most people want to find the best possible way to get the job done. Staff usually recognize and appreciate the focus that a plan brings to the workplace and enjoy participating in the development, implementation and accomplishment of a plan.

Myth #4 - We don't have the resources to follow a plan.

Truth - Planning will maximize the use of limited resources. If, during the developmental stages, you recognize that you are lacking resources you can try to obtain extra resources or adjust the plan to match existing resources.

LUNCH BREAK

notes

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## TRAINER'S INSTRUCTIONS

### CASE STUDY—FINANCIAL PLANNING



REFER TO HANDOUT #5

#### Case Study— Financial Planning

#### **Objective:**

By following the four-step planning model, participants will develop an annual Financial Management Plan based on a Section 95 project in a fictional First Nation community.

#### **Preparation:**

In advance of the workshop, be sure that participants have been advised to bring a calculator. You may want to have several extra calculators on hand as they are required throughout the two-day workshop.

#### **Answer Sheets**

Answer sheets have been developed that provide the correct responses for the exercise in each step. The answer sheets should be given to participants at the end of each step. You may find it helpful to print these sheets on coloured paper (and have them three-hole punched) so that the participants can insert them in their kits, and the different colour will make them readily identifiable.

#### **Instructions:**

Refer the participants to the four-step planning model and advise them that they will be working through this process in the case study. As the groups are working through the case study, circulate among the groups and assist when required.

It is important that you debrief each step as it is completed. You will need to ensure that all of the groups have successfully completed the exercise before you move them on to the next step in the case study.

Steps 1, 2, 3 and 4 should be done in small groups of 3 to 4 people.

**Time:**

The total exercise will take 120 minutes. This includes completing the activities required to complete the four steps, a large group debriefing and summary of the case study. Time spent on each step is estimated as follows:

notes

**REFER TO HANDOUT #6****Step 1 - Gathering Information**

10 minutes for participants to complete

10 minutes for trainer to debrief and confirm answers

**COMPLETE HANDOUT #7****REFER TO HANDOUTS #8, 9,10,11****Step 2 - Developing the Plan**

40 minutes to complete the budget sheet

10 minutes for trainer to debrief and confirm answers

**COMPLETE HANDOUT #12****Step 3 - Approving the Plan**

15 minutes to complete the questions

10 minutes for trainer to debrief and confirm answers

*Possible time saver: Assign one question to each table to answer.*

**COMPLETE HANDOUTS #13 & 14****Step 4 - Reviewing and Making Adjustments**

15 minutes to complete the exercise

10 minutes for trainer to debrief and confirm answers

**Materials Required:**

Extra copies of the case study, markers, calculators, answer sheets.

## TRAINERS DEBRIEFING NOTES

### Step 1 - Gathering Information

1. Section 95 subsidy	<i>A C</i>	A. Letter from CMHC indicating the market rent is \$375 per month
2. Rent-Geared-to-Income Charges	<i>B I</i>	B. Income verifications for each tenant
3. Insurance	<i>F H</i>	C. CMHC Operating Agreement
4. Maintenance and Repairs	<i>D G</i>	D. Inspection reports from Sept. 1 2004
5. Administration (Office rent)	<i>H I</i>	E. Letter from the bank confirming monthly loan payment of \$8,821
6. Salaries	<i>H L</i>	F. Quotes from three insurance companies
7. Replacement Reserve	<i>C H</i>	G. Unit inspection reports for all 120 units
8. Loan Payment	<i>E N</i>	H. The Section 95, 2003/2004 Audit Report
9. Annual Audit Cost	<i>H M</i>	I. Band Housing Financial Statement
10. Other (Staff Training)	<i>H I</i>	J. The Section 95, 2003/2004 Project Budget
11. Other (Travel)	<i>H I</i>	K. Letter from CMHC advising that subsidy has been reduced to \$6,032
		L. Payroll records
		M. Estimate of audit costs
		N. Bank statements

**Note:** Remind participants that when the Band has a Property Management Plan in place, which will be a source of information for most, if not all of the items.

## Step 2—Developing the Plan

notes

### Description of the 20-unit, Section 95-funded Project

There are 120 Band-administered homes in the community. The Section 95-funded project, built in 1990/91, consists of 20 units: all are three-bedroom bungalows. All tenants, except for those receiving Social Assistance (SA), pay for their own Hydro. For those on SA, the Social Services Department pays the Hydro bill directly.

The 20-unit project had a final capital cost of \$1,600,000 and a loan of \$1,120,000. The loan was renewed on April 1, 2004 for a five-year term, beginning May 1, 2004. The revised monthly loan payments are  $\$8,821 \times 12 = \$105,852$  and the *subsidy payments are*  $\$6,032 \times 12 = \$72,384$ .

The Little Creek First Nation provides office space, phone, fax and supplies to the Section 95 project for a monthly fee. Historically, the First Nation has increased the Section 95 *administration costs by \$100 per year (includes travel and training costs)*.

Initially, the Little Creek First Nation hired a full-time bookkeeper to look after the Section 95 project at an annual salary of \$25,000 (including benefits). During the 1995–96 fiscal year, the First Nation reviewed operations and noted that the bookkeeper spent less than half of her time working on the Section 95 program, the rest on other areas of band operations. The cost of her salary is now divided between different departments and reflects actual time spent on each function. *You only charged \$10,400 (including benefits) of her salary to the housing program.* During 2004, the First Nation purchased new computer equipment and software and expects that the time required to maintain the Section 95 program housing records *will be further reduced by half to \$5,200 per year.*

notes

In the past, the Little Creek First Nation has done maintenance work only when complaints have been made by the tenants. In an effort to be more proactive and efficient in its maintenance spending, the First Nation has done inspections on each of the 120 Band-administered houses to determine the actual condition and maintenance priorities. This report was just completed and passed to the Housing Counsellor (see Handout #10).

The Little Creek First Nation must deposit ***\$10,000 each year into a Replacement Reserve account.*** There have been no withdrawals from the account.

The auditor has informed you that he will not be increasing his fee this year. (\$1,000)

This year, the Band wants to plan ***a contingency of \$1,230.***

The Little Creek First Nation has been investigating the benefits of insuring all of the Band-administered houses and has received quotes from three equally acceptable insurance companies. Two companies provided a quote based on all 120 units. ***The first quote was for \$40,800 (\$340 per unit).*** The second company provided a per-unit quote of \$350. The third quote was based on insurance for only the 20-unit, Section 95 project and this quote was \$6,700 but did not cover claims resulting from "an Act of God" (e.g. wind storm, ice storm, flooding, etc.).

## Step 2—Developing the Plan

notes

<b>Little Creek First Nation 20-unit, Section 95-funded project Annual Budget</b>	
<b>REVENUE</b>	
Rent-Geared-to-Income (incl. SA)	\$77,688
Section 95 Subsidy	\$72,384
<b>Total Revenues</b>	<b>\$150,072</b>
<b>EXPENSES</b>	
Insurance	\$6,800
Maintenance & Repairs	\$14,500
Administration / office rent	\$3,500
Bookkeeper / 1 position	\$5,200
Replacement Reserve fund	\$10,000
Loan payment	\$105,852
Audit	\$1,000
Contingency	\$1,230
<b>Total Expenses</b>	<b>\$148,082</b>
<b>Surplus</b>	<b>\$1,990</b>

notes

## Step 2—Developing the Plan

- Use the overhead of the answer sheet for Step 2.
- Review the answer for each budget item to ensure a correct response and a common understanding of how the answer was determined, the information source, etc.

### Revenue

- a) Rent-Geared-to-Income is established by reviewing the income verification report (Handout #11)
- b) Subsidy is found in the community description (Handout #8)

### Expenses

- a) Insurance—Details contained in Handout #8  
Option 1—Bulk purchasing of insurance. While not the lowest estimate, it appears to provide the best coverage. The lower quote (by \$5 per unit) is not considered the best option as it does not provide coverage for Acts of God.
- b) Maintenance and Repairs—Details contained in Handout #10
- c) Administration—Details contained in Handout #8 & Handout #9  
Cost historically increased from the amount shown in Handout #9 by \$100 per year.
- d) Bookkeeper—Details contained in Handout #8  
Salary is based on time spent on housing related activities only.
- e) Loan Payment—Details contained in Handout #8
- f) Audit—Details contained in Handout #8
- g) Contingency—Details contained in Handout #8

Ask the group whether there should be a concern about the surplus. Suggested response is that they leave as is and monitor expenses to see if the surplus will be needed at a later date.

### Step 3—Approving the Plan

You are presenting the budget to Chief and Council for approval. They ask you the following questions: Please provide answers to these questions and be prepared to discuss.

**1. Why has the bookkeeper's time been so drastically reduced?**

**Possible answer:**

The housing department only requires a part-time bookkeeper. The department has recently purchased a software package that is considered very cost-effective and, when properly used, will result in savings (staff time) for the Band.

**2. What benefit, if any, is there to purchasing insurance coverage for every Band-administered home?**

**Possible answer:**

Though insurance is not required for all units it is wise to protect the stock. Bulk buying enables the band to receive a lower premium for the units (CMHC) that must be insured.

**3. Why should we be completing those repairs that are considered "desirable"?**

**Possible answer:**

If the funds are available the housing department makes every effort to maintain all properties to enhance the value and appearance of the units. We believe that by completing the optional repairs, there will be cost-savings (for both the tenant and the Band) as a result of repairs to effect energy efficiency and tenants will enjoy their homes more, thus increasing their satisfaction.

notes

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- 4. The existing budget includes a very limited contingency. What will this cover?**

**Possible answer:**

Typically, a contingency covers unforeseen expenses (e.g., huge increases in maintenance costs or the unexpected repair of items not covered by the replacement reserve, unexpected opportunity to participate in a training event).

- 5. How will major emergencies be handled with such a limited budget?**

**Possible answer:**

Proper planning means that there should be very few emergencies that will impact the budget. If there is an “emergency,” we would examine the issue and be sure that the correct action is taken to address the issue (e.g., is the emergency covered by the insurance policy, is it eligible for funding under the Replacement Reserve, is the tenant required to pay, etc.)

## Step 4—Reviewing and Making Adjustments

It is now October 1, 1998. You have been operating for six months and received the attached report from your bookkeeper.

### 1. What budget items differ from the original amount planned?

- Less revenue brought in than expected;
- Maintenance and repair costs are \$3,500 higher;
- Replacement Reserve not funded;
- Travel or training cost not budgeted for. These would normally be considered an administration cost. As they were not planned for and were an unexpected expense, they would be deducted from the contingency. The auditor will adjust the budget to reflect this. The actual expenditures need to be planned for next year.

### 2. What adjustments can you make to ensure that you maintain your projected bottom line and achieve your housing goal?

- Counsel tenant and negotiate repayment arrangements;
- Reduce the maintenance and repair cost for the next six months by deferring items;
- Deposit any available monies into the replacement reserve fund. It is presently underfunded which could lead to problems in the future.
- Defer maintenance and repair “desirable” items to cover the overage, be sure to include these items in next year’s plan.

notes

notes

**Step 4—Reviewing and Making Adjustments**

<b>Little Creek First Nation 20-unit, Section 95-funded project Budget Variance Report to September 30</b>				
<b>Revenue</b>	<b>Approved Annual Budget</b>	<b>Budgeted Apr 1 - Sep 30</b>	<b>Actuals Apr 1 - Sep 30</b>	<b>Difference</b>
Rent-Geared-to-Income	\$77,688	\$38,844	\$30,000	(\$8,844)
Section 95 Subsidy	\$72,384	\$36,192	\$36,192	\$0
<b>Total Revenues</b>	<b>\$150,072</b>	<b>\$75,036</b>	<b>\$66,192</b>	<b>(\$8,844)</b>
<b>Expenses</b>				
Insurance	\$6,800	\$6,800	\$6,800	\$0
Maintenance & Repairs	\$14,500	\$7,250	\$10,500	(\$3,250)
Administration	\$3,500	\$1,750	\$1,750	\$0
Bookkeeper	\$5,200	\$2,600	\$2,600	\$0
Replacement Reserve	\$10,000	\$5,000	\$0	\$5,000
Loan payments	\$105,852	\$52,926	\$52,926	\$0
Audit	\$1,000	\$0	\$0	\$0
Contingency	\$1,230	\$615	\$950	\$(335)
<b>Total Expenses</b>	<b>\$148,082</b>	<b>\$76,941</b>	<b>\$75,526</b>	<b>\$1,415</b>
<b>Surplus / Deficit</b>	<b>\$1,990</b>	<b>(\$1,905)</b>	<b>(\$9,334)</b>	<b>(\$7,429)</b>

## Replacement Reserve—Group Exercise

notes

### Objective:

By completing a True and False Questionnaire, participants will have a basic understanding of the replacement reserve fund, its' uses and eligibility criteria.

### Time:

20 minutes

### Instructions:

Distribute the Replacement Reserve True and False Questionnaire. Allow participants five minutes to complete the questionnaire. Invite answers to each of the questions from the large group.

This is not intended to be a detailed review of the replacement reserve policy. Rather, it is a brief review to ensure that participants have a basic understanding of the fund, its uses and the eligibility criteria.



**REFER TO HANDOUT #15**

**Replacement Reserve**

notes

### Replacement Reserve Exercise

1. **True** False Replacement reserve funds are monies set aside to meet the probable future cost of replacing capital items of the property or building that wear out or reach the end of their useful life.

*This is the definition of the replacement reserve fund.*

2. **True** False Funding a replacement reserve is a mandatory requirement of the Section 95 Housing program.

*Both the old and the new Section 95 programs require a replacement reserve fund.*

3. True **False** Repairs required as a result of vandalism can be charged to the replacement reserve.

*Costs associated with repairs required due to vandalism should be recoverable through restitution and/or insurance. Repairs required as a result of wilful damage should be paid by the resident or individual who caused the damage.*

4. **True** False Replacement of appliances is an eligible charge.

*All eligible capital items can be charged to the replacement reserve fund.*

5. True **False** Your community has decided that linoleum, rather than carpeting, will be installed in future housing projects. Ten units (built three years ago) have carpeting. This should be removed and replaced with linoleum and the cost charged to the replacement reserve fund.

*The carpets should be replaced only when necessary (e.g. as a result of wear and tear).*

6. **True** False The following formula is to be used when determining how much money you should put into the replacement reserve fund.  
(# of items x cost to replace) = annual requirement  
remaining useful life

7. True **False** You cannot take advantage of bulk purchasing discounts for eligible replacement reserve expenditures.

*If an agreement is entered into, certain conditions apply such as*

- CMHC must be satisfied that it is cost-effective
- a user fee cannot be included
- agreement cannot exceed three years

8. True **False** Your appliance repair expenses for the year averaged \$200 per unit (10 units). This can be charged to the replacement reserve.

*This is a maintenance item. If your expenses remain this high, you should be questioning the necessity to replace rather than repair.*

9. **True** False You can replace a capital item with an item of higher quality.

*A cost-benefit analysis should be undertaken to ensure a reasonable cost recovery period. In some cases, the initial product may not have been appropriate and an item of higher quality should be substituted.*

10. True **False** The annual allocation for the replacement reserve fund is established at the time of project commitment and can never be changed.

*The replacement reserve allocation should be reviewed approximately every three years to determine whether enough funds will be available when required. Changes, if justified, may be approved by CMHC.*

11. **True** False Interior painting is not an eligible replacement reserve expenditure.

*Interior painting should be done on a cyclical basis based on your regular maintenance plan and within your maintenance budget.*

notes

notes

## **Trainer's Summary of the Financial Planning Module**

### **Objective**

To have the participants think about how they can apply the planning model to their own housing portfolio.

**Time:** 30 to 40 minutes

### **Instructions:**

#### **Part A**

Working in small groups of four or five, ask participants to identify what they feel will be their greatest challenge to developing and implementing a management plan. The group should write their challenge in the form of a question and note it on a flip chart. Advise the groups that they can respond to their question if they would like.

#### **Part B**

Once every group has identified a challenge they should post their flip chart on the wall. Have all of the groups circulate around the room, reviewing each of the challenges noted on the flip charts. The groups are invited to discuss the question and write down any suggestions they may have for dealing with the challenge.

#### **Part C**

After every flip chart has been visited, the trainer will review and clarify comments on each challenge.

Note: If you are short of time, the exercise can be shortened by eliminating the groups circulating to review the flip charts. The trainer should debrief each flip chart to the large group, asking for any suggestions and adding them to the flip chart.

**Trainer:**

Remind the participants that while we all agreed that planning is time-consuming and often a difficult process, we also must believe that it is beneficial to each and every housing provider.

Remind people of the myths of planning and caution them not to fall into or create one of their own myths. Remember the age-old saying “IF YOU FAIL TO PLAN YOU PLAN TO FAIL.”

Review the agenda and confirm start-up time for Day Two of the workshop.

notes



# LESSON PLAN



DAY TWO



## PREPARATION GUIDE—DAY TWO

notes

### **Time Frame**

- 3 1/2 hours to present theory
- 3 hours to facilitate case study and summary exercise

### **Overheads**

- # 1—Workshop Objective
- # 7—Maintenance Planning
- # 8—Maintenance Planning—Available Budget Source

### **Handouts**

Handouts #16 to #37

notes

## THE LESSON PLAN - DAY TWO

### Trainer

Briefly review the teaching points from Day One. Review the agenda and refer to Workshop Objective.



### OVERHEAD #1

#### PROPERTY MANAGEMENT PLANNING

#### **Workshop Objective:**

To review the steps involved in developing a property management plan. Participants will apply the planning model and develop a one-year financial plan (budget) and a three-year maintenance plan.

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Review Workshop Objective with participants. Refer back to the definition of Property Management Planning introduced on Day One (on posted flip chart). Yesterday, we focused on the financial aspect of property management planning, and today we will spend time working with a part of the physical part of property management—specifically, maintenance planning.

**OVERHEAD #7**

## PROPERTY MANAGEMENT PLANNING

**Maintenance Planning**

The plan you will follow to maximize the physical life of your community's housing portfolio.

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notes

**Trainer**

Confirm that the maintenance planning process provides a road map of how to achieve housing goals related to maintaining the community's housing stock. The maintenance plan must show, in detail, what needs to be accomplished within the next year. Also, the plan should show what you want to accomplish with your housing portfolio over the next three to five years. The Maintenance Plan describes, at a high level, the major work that you would like to accomplish, the priority of that work and an approximation of what it typically costs to carry out this type of work.

In order to generate discussion, ask how many of the participants are now using a maintenance plan. Ask for a volunteer to describe what type of maintenance planning they do. Is it a formal plan, or an informal plan? As discussed on Day One, it is beneficial to record the plan. That way, others can see what is planned; it's easier to review what needs to be done, see where there have been successes, etc.

The ideal is for your maintenance planning to be proactive rather than reactive. Reactive maintenance will mean that you are so busy "putting out fires" that you have no time to work from a plan. Proactive maintenance means following through with a maintenance planning process. Remember, it is less costly to carry out planned maintenance work than is to do major repairs and it is usually less costly to repair a house than to build a new one.

notes

Housing is an investment that is owned by the community. Implementing and following a Maintenance Planning Process will ensure that the community's investment will retain its value and that the housing will be available for many years so that future generations can continue to benefit from the housing stock.

**Trainer**

In order to generate discussion, ask the following questions and record answers on a flip chart.

**Q. What are some benefits the Band will get from developing and following a maintenance plan?**

- A.
- fewer emergencies
  - time to plan maintenance and repair work
  - can tender work, arrange for bulk purchasing
  - more efficient use of staff time and resources
  - more accurate budgeting
  - community and tenants know their responsibilities and the responsibilities of the housing department
  - reduced complaints from tenants, Council, INAC, CMHC
  - housing stock will last longer
  - frees up time and money for new housing
  - helps to achieve housing goals
  - increases satisfaction with housing conditions

You've identified that there are many benefits to maintenance planning. You can save time, money, it increases productivity, identifies when work is planned to be done, achieves housing goals, etc.

While there are many benefits, you may also be faced with challenges when implementing the Maintenance Planning process.

## Group Exercise

The following exercise will generate discussion and provide an opportunity for participants to share ideas on how to deal with the challenges of implementing a Maintenance Planning Process.

### **Q. What are some Challenges to Implementing Maintenance Planning? (record answers on flip chart).**

- A.
- lack of clear policy on who is responsible for what (client/Band)
  - not everyone that should be involved, is involved in the planning process
  - the plan is unachievable
  - no maintenance standard to use as a benchmark for determining "well-maintained" units
  - lack of local support due to lack of understanding the benefits
  - difficult to keep ongoing support of the plan
  - not enough staff time to plan ahead, too busy trying to catch up
  - planning takes time upfront and does not usually show an immediate benefit
  - maintenance staff have no input into budget process, just given the budget at the start of year
  - poor record-keeping; e.g. how long since furnaces were serviced
  - poor record-keeping of past expenditures hinders ability to plan future costs
  - local politics often interfere with planned priorities
  - hard to do follow-up and check progress against what was planned

notes

## notes

**Instructions**

You may have four to eight challenges identified. Divide participants into three or four small groups and divide the Challenges among the groups. Ask them to identify how they could respond to each of the challenges they have been given. Have them record their answers on a flip chart and be prepared to share them with the large group. On completion of the exercise, acknowledge the collective experience and knowledge of the workshop participants. Reaffirm the value in establishing and maintaining a network to share ideas on dealing with challenges and situations that arise when undertaking maintenance planning.

Note: If short on time, this exercise can be facilitated as a large group. Ask participants to share ideas and record on a flip chart. Flip charts should be posted in the room.



**REFER TO HANDOUT #16**

**Maintenance Planning - Types of Maintenance**

**Trainer's Speaking Notes**

When we talk about maintenance planning, what types of maintenance can we plan for?

**1. Routine Maintenance (day-to-day repairs, emergency repairs).**

This generally includes work resulting from unexpected emergencies and tenant complaints such as: repairing a broken window; adjusting a window or door that won't close; replacing tap washers; etc. Routine maintenance includes repairs to major appliances within their expected useful life, such as furnaces and hot water tanks, repair/replacement of storm/screen doors and to major building components, such as roof repairs or interior painting.

If a community does not have a policy where the tenant is responsible for costs associated with tenant damage or neglect, and the Band has to pay for these type of repairs, you can expect to be paying these costs as part of your routine maintenance.

## 2. Preventive Maintenance

(planned replacement of items to avoid future repairs/breakdowns).

This would include such things as: servicing furnaces and replacing furnace fan belts before they break; servicing sump pumps before the wet season; chimney cleaning; securing vacant units; etc.

A good preventive maintenance schedule will include work that should be done on a cyclical basis (weekly, monthly, seasonally, annually and longer). For example, you may have a long-term plan to carry out external repainting of the units over a five-year period, requiring that one-fifth of the units get repainted every year. Work scheduled to be done within the upcoming year should now be rolled into your annual Maintenance Plan.

## 3. Replacement of major components;

This covers the replacement of capital items such as heating systems, hot water tanks, septic fields, kitchen and bathroom fixtures, appliances, cabinets, exterior wall finishes, roofing and doors and windows—where such items have out-lived their life expectancy. For Section 95-units, replacement of these components may depend on eligibility of Replacement Reserve expenditures.

Every so often, major components of a house outlive their economic life and are no longer worth repairing. This type of work should also be identified and included in the Maintenance Plan.

Each of the above components must be taken into consideration when developing a maintenance plan which addresses the physical needs of the project. Although you will not know the details of the day-to-day work items that come up due to emergencies and tenant complaints, past years' experience should allow you to estimate some time and cost for these occurrences under routine maintenance.

It's important to be clear on who is involved in the work that needs to be done to accomplish the goals. Everyone who is involved needs to be aware of the goals and their roles in relation to achieving these.

notes

As we discussed earlier with Financial Planning, maintenance planning requires the involvement of everyone who is responsible for housing. This includes the administrators, the people who work with the clients, inspectors, Housing Committee members, finance people, etc. All housing staff, Housing Committee Members and Chief and Council, should be aware of where they fit into the planning process, and how their actions affect the whole plan.

**Trainer**

(Refer back to the four-step planning model.)

We will now review the steps involved in the development of a Maintenance Plan. Remember that the four-step model can be applied to any planning process and we will follow it today in the development of a Maintenance Plan. You will have the opportunity to once again practice using the four steps by developing and implementing a maintenance plan for a fictional community.



**REFER TO HANDOUT #17**

**The Maintenance Planning Process**

**Step 1—Gathering Information (what information do you need?)**

(Briefly review the information provided for this Step on Day One.)

In order to prepare a Maintenance Plan, you must have accurate information about your housing portfolio and what needs to be done with respect to maintenance and repairs. In many cases, First Nations, CMHC and INAC all have their own eligibility requirements or definitions for major and minor repairs, replacement of "capital" items, etc. Whatever definitions or eligibility requirements are being used in your community, these should be recorded and accepted for use in the community.

The following information should be gathered:

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**a) Inspection/Unit Condition Reports**

Every Housing Manager should be well-informed about the condition of the housing portfolio. You may decide to carry out annual physical condition inspections to keep track of the overall condition of the community's housing stock. Information from such inspections is invaluable to determining maintenance priorities and to coordinate work on a number of units requiring similar repairs.

Occupants with disabilities and seniors may need modifications/ accessibility work in their homes. Be aware of what special considerations are required and whether they are a priority item.

**b) Maintenance files/records on each housing unit**

These files should contain information, such as what work has been done to the unit; when was it last completed, how much material and what kind of material was used, how much labour time was involved, and how much was the total cost. In addition you should have information on the inventory and equipment records, last year's work order summaries and emergency or unplanned repair records. All of this information will be useful both for determining your short- and long-term maintenance plan and in estimating the cost of future maintenance work.

**c) Tenant Complaints/Requests for work:**

The current outstanding workload should also be considered. Your maintenance plan will have to allow staff time and budget for unplanned maintenance that results from tenant complaints or unexpected occurrences. In addition, you need to consider planned improvements such as repairs to appliances and major building components.

**d) Available Budgets and Sources**

Funds for housing maintenance and repairs are available from various sources that often have some limitations on their use. As you develop your Maintenance Plan, you may have to identify what work will be funded out of each budget.

notes

We'll take a few minutes from our discussion of the four steps and review the budgets that are available for us to work with in the Maintenance Planning Process.



**REFER TO HANDOUT #18**

**Maintenance Planning  
- Eligible Budget Sources**

### **Large Group Exercise:**

Refer participants to Handout #18. Allow five minutes for them to review and complete. Facilitate debriefing of the exercise as a large group.

### **Maintenance Planning—Eligible Budget Sources**

- 1) Replacement Reserves can be used to fund the replacement of capital items on:
  - a) ***CMHC Section 95-units***
  - b) Band-funded units
  - c) Privately owned units
  - d) All of the above
  
- 2) Disabled RRAP funds can be used on:
  - a) CMHC Section 95-units (***3 years after the IAD***)
  - b) Band-funded units
  - c) Privately owned units
  - d) ***All of the above***
  
- 3) Surplus maintenance funds from the CMHC Section 95 allocations for maintenance can be used on:
  - a) ***CMHC Section 95-units***
  - b) Band-funded units
  - c) Privately owned units
  - d) All of the above

- 4) Regular RRAP can not be used on:
  - a) **CMHC Section 95-units**
  - b) Band-funded units
  - c) Privately owned units
  - d) All of the above
  
- 5) INAC capital allocations can be used for:
  - a) New construction
  - b) Renovations
  - c) Maintenance and Repairs
  - d) **All of the above**

notes

On completion of the exercise, refer participants to Overhead #8—Available Budget Sources. Use the overhead to guide you in your debriefing:

 **OVERHEAD #8**

PROPERTY MANAGEMENT PLANNING			
Maintenance Planning - Available Budget Source			
Available Budget Source	Eligible for Use With:		
	CMHC Funded	Band-Funded Units	Privately Owned
Band-Funded Capital Housing Allocations			,
Section 95 Operating (Maintenance) Budgets	,		
Disabled RRAP	,	,	,
Regular RRAP		,	,
Section 95 Replacement Reserves	,		
Section 95 Operating Reserves (post '96)	,		
Rental Revenues		,	
Other			

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As a large group, review the available budget sources and confirm which portfolios they can be applied to.

notes

## Step 2—Developing the Plan

Once all the above information has been gathered, it must be analyzed so that you can develop the plan. You now have to give serious consideration to such things as:

### The 5 Ws

**Why** is this task necessary and does it respond to the goals?

**Who** will be responsible for completing each task?

**What** exactly needs to be done and on how many units;

- priority (urgency) by which it needs to be done (this year, next year, in three or five years);
- resources do we have available (budgets, staff, time);
- restrictions in regards to policy and budget sources

**Where** will the resources come from?

**When** will each function be completed by?

### Priorities

When developing the plan, one of your main challenges will be to get as much work done as you can with the budgets you are given. Priorities for maintenance and repairs will have to be determined. Consider what related housing goals will affect your maintenance plan.

### Deferrals

It is unlikely that you will ever have money left over—you will usually be faced with more repairs to do than you have the money for. While the technical staff have suggested when the work should be completed (first year, second year of the plan) you must be prepared to make the decision to postpone some required repair work to following years because there simply isn't enough budget available to do the work. This is called deferrals. Make a record of your decisions to defer work, and be sure that the work is included later on in the maintenance plan. It's important the all deferrals are noted so that you can keep track of the work and know that it is actually completed.

This kind of analysis of all the information available will help you to set reasonable and attainable goals for your Maintenance Plan.

### Step 3—Approval of the Plan

Approving the plan includes presenting and submitting the plan to Chief and Council for approval, communicating message to the housing committee, tenants and other affected community members, and identifying staffing and/or capacity development requirements.

Once your budget is complete, submit it to the appropriate parties for their approval and to obtain their support. You will need this support in order to successfully implement the plan. When seeking approval of the plan consider taking the following action:

Follow the same steps as identified on Day One.

- Provide a presentation on the plan to those in authority.
- Formally submit the plan for approval and keep a record of Band decisions.
- Identify and describe the benefits of following the plan.
- Be prepared to answer questions and respond to concerns.

notes

notes

### **Step 4—Reviewing and Making Adjustments**

The end of each year provides an opportunity to evaluate your past year's Maintenance Plan. Quite simply, you measure what you have accomplished by what you had set out to accomplish—your GOALS. Ask yourself these questions:

- did we accomplish each of our maintenance goals?
- if so, could we have done more? was there money left not spent?
- if not, why not? were we too optimistic? were materials or contractors not available? do the maintenance staff need further training? were our cost estimates too low? were there too many unforeseen demands on time and cost?
- are the tenants happy with the repairs? how could the process of informing them be improved?

By doing such an evaluation, you will improve your planning ability and this, in turn will help you be more accurate with next year's Maintenance Plan. So, take the time to measure and analyze the results of the past year's activity. Celebrate your accomplishments and benefit from any shortcomings by applying the lessons learned in the Maintenance Plan for the next 12-month period.

## TRAINER'S INSTRUCTIONS

notes

### Preparing for the Case Study—Developing a Three-Year Maintenance Plan

#### Objective:

By following the four-step planning model, participants will develop a three-year Maintenance Plan for Little Creek First Nation.

#### Preparation:

Due to the nature of the exercise, it's recommended that, wherever possible, you have a second trainer available to facilitate the case study.

In advance of the workshop, be sure that participants have been advised to bring a calculator and pencils. You may want to have several extra calculators on hand, as they are required to complete the case study.

#### Instructions:

For **Steps 1 and 2**, participants will be working in pairs. In keeping with the need for a distinction between the CMHC and the Band-funded portfolios, half of the paired-off groups will work on developing a three-year maintenance plan for the CMHC-funded units and the other half will work on the Band-funded units. Participants will be provided with all of the information that is needed to develop the plan.

During **Step 3**, have the Band-funded pairs form two large groups and the CMHC pairs form two large groups. Get one of the large groups to go to the other meeting room and send back a group who was working on the other scenario. The objective is to get one CMHC group and one Band-funded group working together to combine their findings from Step 2 of the exercise, and proceed with Step 3. For **Step 4**, form four small groups to complete the exercise.

It is important that you debrief each step as it is completed. You will need to ensure that all of the groups have successfully completed each exercise before you move them on to the next step in the case study.

notes

## **Time**

The exercise will take 2 hours and 40 minutes. This includes completing the activities required to complete the four steps, a large group debriefing and summary of the case study. Time spent on each step is estimated as follows:

### **Step 1**—15 minutes (in pairs)

15 minutes for participants to review the information.

### **Step 2**—45 minutes to 60 minutes (in pairs)

45 minutes for participants to complete the Three Year Maintenance Plan

### **Step 3** —40 minutes (in small groups)

10 minutes to review the prepared Maintenance Plans

10 minutes to prepare the presentation

10 minutes for the presentation

10 minutes for trainer to debrief

Note: Increase the time for Step 3 by 20 minutes if there is only one trainer available. The presentations will have to be made concurrently to the large group.

### **Step 4**—30 minutes (in small groups)

15 minutes to complete the exercise

15 minutes for trainer to debrief and confirm answers

Summary of the Case Study—15 minutes

Refer the participants to the four-step planning model and advise them that they will be working through this process in the case study. As the groups are working through the case study, circulate among the groups and assist when required.

## **Materials Required**

Extra copies of worksheets, calculators, pencils (with erasers), answer sheets.

## TRAINER'S INSTRUCTIONS

notes

### Introduction of the Case Study to Participants

#### Trainer

You will now have the opportunity to develop a three-year maintenance plan for a fictional community. For the first part of the exercise, you will be working in pairs. In keeping with the need for a distinction between the CMHC and the Band-funded portfolios, half of the paired-off groups will work on developing a three-year maintenance plan for the CMHC units and the other half will work on the Band-funded units. You will be given all of the information that you need to develop the plan. You will have the opportunity to get back together near the end of the exercise to share information on the maintenance plans that have been developed.

#### Directions

Decide which half of the paired-off groups will work with the CMHC and INAC units. If you have a break-off room available (and a second trainer), put either the CMHC or Band-funded pairs in that room.

Be sure that participants have adequate working surface and a sufficient supply of:

- pencils,
- erasers,
- calculators,
- highlighter pens,
- scrap paper, and
- worksheets.

notes

## TRAINER'S INSTRUCTIONS

### Step 1—Gathering the Information

Refer groups to the appropriate Handouts in their kits for Step 1 (**Band-funded groups use Handouts 19 to 24; CMHC groups use Handouts 19, 20 21 and 25, 26 & 27**). Advise participants that they have approximately 15 minutes to read through the information that has been gathered in support of development of the plan.



#### **BAND-FUNDED REFER TO HANDOUT #19-24**

- #19 - Developing a Three-Year Maintenance Plan**
- #20 - Little Creek First Nation Community Profile**
- #21 - Little Creek First Nation Excerpts From Community Housing Plan**
- #22 - Little Creek First Nation Required Repairs - Band-funded Funded Portfolio (Year One)**
- #23 - Little Creek First Nation Required Repairs - Band-funded Funded Portfolio (Year Two)**
- #24 - Little Creek First Nation Required Repairs - Band-funded Funded Portfolio (Year Three)**



#### **CMHC REFER TO HANDOUT #19-21 & 25-27**

- #19 - Developing a Three-Year Maintenance Plan**
- #20 - Little Creek First Nation Community Profile**
- #21 - Little Creek First Nation Excerpts From Community Housing Plan**
- #25 - Little Creek First Nation Required Repairs - CMHC-Funded Portfolio (Year One)**
- #26 - Little Creek First Nation Required Repairs - CMHC-Funded Portfolio (Year Two)**
- #27 - Little Creek First Nation Required Repairs - CMHC-Funded Portfolio (Year Three)**

After participants have read the Handouts and before proceeding with Step 2, ask whether there are any questions or if clarification is needed on the information that has been provided.

## Step 2—Developing the Plan

Refer all groups to Handout #28 which explains Step 2. Then, refer each group to the appropriate Worksheets—Schedule of Costs for Maintenance and Repairs. **Band-funded groups use Handouts 29, 30 & 31; CMHC groups use Handouts 32, 33 & 34.**



**ALL REFER TO HANDOUT #28**

**Step 2 - Developing the Plan**



**BAND-FUNDED REFER TO HANDOUT #29-31**

**#29 - Worksheet - Schedule of Maintenance and Repairs Band-funded Units (Year One)**

**#30 - Worksheet - Schedule of Maintenance and Repairs Band-funded Units (Year Two)**

**#31 - Worksheet - Schedule of Maintenance and Repairs Band-funded Units (Year Three)**



**CMHC REFER TO HANDOUT #32-34**

**#32 - Worksheet - Schedule of Maintenance and Repairs CMHC-Funded Units (Year One)**

**#33 - Worksheet - Schedule of Maintenance and Repairs CMHC-Funded Units (Year Two)**

**#34 - Worksheet - Schedule of Maintenance and Repairs CMHC-Funded Units (Year Three)**

Remind participants that one worksheet is to be completed for each of the three years in the planning cycle. The first line item has been completed on the first worksheet as an example of how the form can be used.

notes

Note: the Band-funded worksheets have additional line items completed due to the extra repairs required to the portfolio.

The exercise has been developed so that the total costs for each year's plan will equal exactly the budget amount for that year. Watch carefully the progress of the pairs during completion of the first worksheet. Be prepared to guide them toward the balanced budget, but allow for some variation (surpluses, only) if the results of the planning appear reasonable, the budget is not exceeded and the **maintenance planning goals are met**. If a variation from a balanced budget occurs, there will have to be some concession made during Step 3 (see debriefing notes for Step 3).

## TRAINER'S DEBRIEFING NOTES

<b>Worksheet—Schedule of Maintenance and Repairs Band-funded Units</b>						
<b>Year One</b>						
<b>Year One Budget = \$253,500</b>						
	<b>Year of Unit Construction</b>	<b>Cost per unit</b>	<b>Total # of Units</b>	<b>=</b>	<b>Total Cost</b>	<b>Deferrals</b>
Regular Maintenance	1985, 86, 87	@ \$1,200	15	=	\$18,000	
	1982, 83, 84 & 1988 to 1997	@ \$800	65	=	\$52,000	
Interior Repairs	1985	\$7,000	5		\$35,000	Deferred repairs for 1986 & 1987 units to Year 2 (\$70,000).
Heating System	1985	\$5,000	5		\$25,000	Deferred repairs for 1986 units to Year 2 (\$25,000).
Exterior Repairs	1985	\$15,000	5		\$75,000	Deferred repairs for 1986 & 1987 to Year 2 (\$150,000).
Emergency Repairs	All	\$500	80		\$40,000	
Other: Conversion (accessibility)	1994	\$8,500	1		\$8,500	
<b>Total Cost</b>					<b>\$253,500</b>	

See Appendix "C — Answer Sheets"

## TRAINER'S DEBRIEFING NOTES

<b>Worksheet—Schedule of Maintenance and Repairs Band-funded Units</b>						
<b>Year Two</b>						
<b>Year Two Budget = \$274,000</b>						
	<b>Year of Unit Construction</b>	<b>Cost per unit</b>	<b>Total # of Units</b>	<b>=</b>	<b>Total Cost</b>	<b>Deferrals</b>
Regular Maintenance	1986, 87 1982 to 1985 & 1988 to 1997	@ \$1,250 @ \$850	10 70	=	\$12,500 \$59,500	
Interior Repairs	1986 1988	\$7,000 \$4,500	5 5		\$35,000 \$22,500	Carried forward from Year 1. Again deferred 1987 units, to Year 3 (\$35,000).
Heating System	1986 1988	\$5,000 \$900	5 5		\$25,000 \$4,500	
Exterior Repairs	1986	\$15,000	5		\$75,000	1987 deferred to Year 3 (\$75,000). 1991 deferred to Year 3 (\$12,500).
Emergency Repairs	All	\$500	80		\$40,000	
Other _____					0	
<b>Total Cost</b>					<b>\$274,000</b>	

See Appendix "C — Answer Sheets"

## TRAINER’S DEBRIEFING NOTES

<b>Worksheet—Schedule of Maintenance and Repairs Band-funded Units</b>						
<b>Year Three</b>						
<b>Year Three Budget = \$274,000</b>						
	<b>Year of Unit Construction</b>	<b>Cost per unit</b>	<b>Total # of Units</b>	<b>=</b>	<b>Total Cost</b>	<b>Deferrals</b>
Regular Maintenance	82, 83, 84, 85, 86, 88 to 97 1987	\$900 \$1,300	75 5	= =	\$67,500 \$6,500	
Interior Repairs	1987 1989	\$7,000 \$4,500	5 5		\$35,000 \$22,500	Carried forward from Year 2.
Heating System	—	—	—		—	
Exterior Repairs	1987	\$15,000	5		\$75,000	Carried forward from Year 2.
	1991	\$2,500	5		\$12,500	Carried forward from Year 2.
	1988	\$3,000	5		\$15,000	
Emergency Repairs	All	\$500	80		\$40,000	
Other	—	—	—		—	
<b>Total Cost</b>					<b>\$274,000</b>	

See Appendix “C — Answer Sheets”

## TRAINER'S DEBRIEFING NOTES

<b>Worksheet—Schedule of Maintenance and Repairs CMHC-funded Units</b>						
<b>Year One</b>						
<b>Year One Budget = \$166,000</b>						
	<b>Year of Unit Construction</b>	<b>Cost per unit</b>	<b>Total # of Units</b>	<b>=</b>	<b>Total Cost</b>	<b>Comments (e.g. deferred or carried forward from)</b>
Regular Maintenance	1978	\$1,000	10	=	\$10,000	
	1982, 88 & 93	\$800	30	=	\$24,000	
Interior Repairs	1982	\$2,500	10		\$25,000	
Heating System	1978	\$5,000	10		\$50,000	
Exterior Repairs	1978	\$15,000	3		\$45,000	Deferred repairs for 1986 & 1987 units to Year 2 @ \$15,000 each
Emergency Repairs	All	\$300	40		\$12,000	
Other _____					0	
<b>Total Cost</b>					<b>\$166,000</b>	

See Appendix "C — Answer Sheets"

## TRAINER’S DEBRIEFING NOTES

Worksheet—Schedule of Maintenance and Repairs CMHC-funded Units						
Year Two						
<b>Year Two Budget = \$161,400</b>						
	Year of Unit Construction	Cost per unit	Total # of Units	Total Cost	Comments (e.g. deferred or carried forward from)	
Regular Maintenance	1978 3@1978, 1982, 1988 & 1993	\$1,050 \$850	7 33	\$7,350 \$28,050		
Interior Repairs	—	—	—	—		
Heating System	1988	\$900	10	\$9,000		
Exterior Repairs	1978	\$15,000	7	\$105,000	Carried forward from Year One. Deferred to Year Three.	
Emergency Repairs	All	\$300	40	\$12,000		
Other _____	n/a	—	—	—		
<b>Total Cost</b>				<b>\$161,400</b>		

See Appendix “C — Answer Sheets”

## TRAINER'S DEBRIEFING NOTES

Worksheet—Schedule of Maintenance and Repairs CMHC-funded Units						
Year Three						
<b>Year Three Budget = \$118,000</b>						
	Year of Unit Construction	Cost per unit	Total # of Units	Total Cost	Comments (e.g. deferred or carried forward from)	
Regular Maintenance	All	\$850	40	\$34,000		
Interior Repairs	1993	\$1,500	10	\$15,000		
Heating System	—	—	—	—		
Exterior Repairs	1993	\$2,700	10	\$27,000	Carried forward from Year Two.	
Emergency Repairs	1988	\$3,000	10	\$30,000		
Other	n/a	\$300	40	\$12,000		
<b>Total Cost</b>				<b>\$118,000</b>		

See Appendix "C — Answer Sheets"

### Step 3—Approving the Plan

Have one CMHC group and one Band-funded group work together to share and combine their findings from Steps 1 and 2 of the exercise, and proceed with Step 3.

#### Part A

##### Time: 30 minutes

The participants will now share the results of their maintenance plans. Have each group prepare one Summary Report—Three-Year Maintenance Plan (Handout #36) which summarizes the expenses and budgets for both the CMHC and the Band-funded units. The group should then prepare a brief (5 to 10 minute) presentation for the Chief, in order to obtain approval of the plan.

#### Part B

##### Time: 15 minutes for each presentation

The workshop trainer(s), a CMHC representative or workshop observer should be chosen to act as Chief. Where there are two trainers, conduct the meeting with the Chief in a separate rooms. If there is only one trainer, the presentations will be made in front of the large group.

The presentation should include:

- A presentation of The Summary Worksheet—Three-Year Maintenance Plan;
- Answers to the 5 Ws:

**Why** is this plan necessary, how does it help the Band achieve it's goals?

**What** will be completed over the next three years?

**Where** will the resources come from?

**Who** will be responsible for completing the task? and

**When** will each function be completed by?

notes

notes

- Confirmation of the benefits of following the plan;
- An indication of how often the plan will be reviewed and how successes and necessary adjustments will be reported;
- How the department will communicate the approved plan to the Housing Committee, Band staff and Band members.

**Note:** In the event that someone other than the workshop trainer acts as Chief, advise them to watch for the 5 Ws, and ask questions to ensure all points are covered.

Congratulate the groups on a "job well done" and proceed with Step 4.

**Note:** Where you have groups that had maintenance plans that did not have a "balanced budget", have them briefly identify to the large group what they did differently, whether the goals were met and what they intend to do with the surplus. The large group should then decide which scenario they wish to use in the summary report, and proceed with Step 4 (encourage them to use the "balanced budget" scenario!).

## TRAINERS' INSTRUCTIONS &amp; DEBRIEFING NOTES

notes

<b>Little Creek First Nation Summary Report Three-Year Maintenance Plan</b>				
	<b>Year One</b>	<b>Year Two</b>	<b>Year Three</b>	<b>TOTAL</b>
<b>Budget Allocation</b>	<b>\$419,500</b>	<b>\$435,400</b>	<b>\$392,000</b>	<b>\$1,246,900</b>
	<b>Year One</b>	<b>Year Two</b>	<b>Year Three</b>	<b>TOTAL</b>
<b>Maintenance Item</b>	Expenses	Expenses	Expenses	
Regular Maintenance	\$104,000	\$107,400	\$108,000	\$319,400
Interior Repairs	\$60,000	\$57,500	\$72,500	\$190,000
Heating Systems	\$75,000	\$38,500	\$0	\$113,500
Exterior Repairs	\$120,000	\$180,000	\$159,500	\$459,500
Emergency Repairs	\$52,000	\$52,000	\$52,000	\$156,000
Other (Conversion)	\$8,500	\$0	\$0	\$8,500
<b>TOTAL COSTS</b>	<b>\$419,500</b>	<b>\$435,400</b>	<b>\$392,000</b>	<b>\$1,246,900</b>

## notes

## TRAINER'S INSTRUCTIONS AND DEBRIEFING NOTES

**Step 4—Reviewing and Adjusting the Plan****Trainer's Introduction of Step 4 to the Participants:**

We have discussed the need for regular reviews of the maintenance plan in order for the plan to be successful. It's important to acknowledge that, in addition to the regular reviews of the plan, you will often be required to react to unexpected occurrences that may impact the maintenance plan. We'd like you to now practice reacting to some realistic occurrences and share ideas on how you would respond to the situations.

**Part A****Time: 20 minutes**

Prepare, in advance, four pieces of note paper on which are written an “unexpected occurrence.” These occurrences can include, but are not limited to:

1. Due to a high demand, the price of construction materials, particularly lumber, has increased by 30 per cent from the amount used to estimate expenses in your maintenance plan. How will your team respond to this unexpected occurrence?
2. The community has suffered damage to 25 per cent of its units as a result of a wind storm. The damage (mostly as a result of trees falling onto roofs, damaging shingles and eavestroughs) is estimated at about \$100,000. How will your team respond to this unexpected occurrence?
3. There has been a rash of vandalism in the community. About 10 per cent of the units have suffered external damage (spray-painting to siding, damaged windows), with an estimated cost to repair of \$40,000. The insurance policy will cover only part of the cost of repairs. You will need to come up with \$15,000 to cover the balance of repair costs. You made a claim against your insurance policy 10 months earlier (also for damages caused by vandalism) and if you proceed with this claim, your premiums will increase. How will your team respond to this unexpected occurrence?

4. You are completing your six-month review of the maintenance plan (planned vs. actual activity). The financial summary shows that you have already spent 75 per cent of the money set aside for emergency and unplanned repairs—you still have six months left to go in that budget year. How will your team respond to this unexpected occurrence?

notes

## Part B

Write up these points on a flip chart:

When reviewing the situation, consider the following:

- What is the urgency of the unexpected occurrence?
- What are the benefits of responding to the occurrence?
- What are the consequences of not responding to the occurrence?
- Recommend action.

## Part C

Keep the two CMHC/Band-funded groups. With the four unexpected occurrences placed in “a hat,” allow one member of each group to choose one of the sheets of paper from the hat. Instruct participants to discuss, in their groups, what action they would take in order to respond to the unexpected occurrence. Remind them to follow the points noted on the flip chart.

Confirm that it's not necessary to actually recalculate the costing of the maintenance plan if that is part of their solution. Simply describe the process that they would follow in these cases.

Advise the groups to nominate a member of their group to report back to the Chief on how they will react to the unexpected occurrence.

Note: If time permits, you can have each group take two sheets of paper and develop a recommended action for both.



notes

Possible answers to the unexpected occurrences.

**1. Increase in materials cost.**

- Prices are sensitive to demand, these will decrease again, in time.
- Make adjustments to the maintenance plan for the current year only, in anticipation of prices returning to previous levels.
- Defer, where possible, any construction work where there is a large amount of lumber used and replace with other work items.
- Advise Chief and Council where changes will be made, how it will affect your ability to accomplish the goals and obtain approval of change to the plan.

**2. Wind storm damage.**

- Are the units covered by insurance?
- Have technical staff inspect units, confirm required repairs/costs and prioritize the timing of repairs.
- If insurance only partially covers these costs, determine balance of cost to be covered by the Band and revise plan to reflect the change.
- Advise Chief and Council where changes will be made, how they will affect your ability to accomplish the goals and obtain approval of change to the plan.

**3. Vandalism.**

- Confirm the amount covered by the insurance policy.
- Identify areas where spending can be cut (based on priority and community goals).
- Identify innovative solutions to complete repairs (e.g. community clean-up of spray-painted areas).
- Advise Chief and Council where changes will be made, how it will affect your ability to accomplish the goals and obtain approval of changes to the plan.

**4. Overspending on emergency and unplanned repairs.**

- Review the review process. How are expenditures being monitored and reported?
- Have expenses (material or labour) increased?
- Were policies followed (tendering, etc.)?
- Review what the budget was spent on. Are there any trends? If trends, identify how best to respond to them (work should be done as part of planned maintenance).
- Make adjustments to the plan.
- Advise Chief and Council where changes will be made, how it will affect your ability to accomplish the goals and obtain approval of change to the maintenance plan.
- Learn from this.

notes

notes

## TRAINER'S SUMMARY OF THE CASE STUDY

### Trainers' Summary

Congratulate the participants on having worked so hard to complete the exercise.

Ask the participants:

Now that you have all had the chance to practise developing a Three-Year maintenance plan:

- What did you like about the exercise?
- What did you find most challenging?
- What stood out the most for you?
- Would anyone like to share one way you plan to use what you have learned and apply it back home in your job?

Encourage discussion and sharing of ideas, issues and plans to implement the process in their communities.

Confirm the benefits, **to the Band**, of the maintenance planning process. Remind participants that it will probably take a few tries to get the planning process in place and running smoothly, but the time and hard work will pay big dividends to the community in the long run. Refer to Overhead #7 in that the primary benefit of the maintenance planning process is to maximize the physical life of the community's' housing stock.

## WORKSHOP SUMMARY

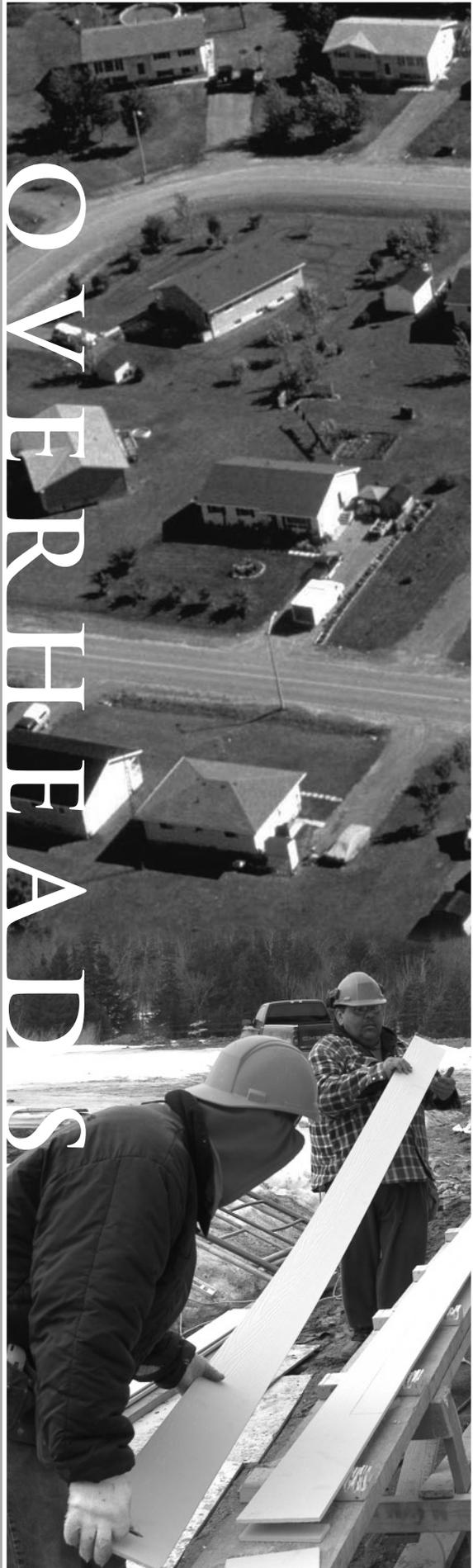
Review the objectives of the workshop. Confirm that these have been met.

Refer participants to Handout #37—the “Letter to Myself” and blank envelopes. Ask participants to complete the letter by identifying what they will do to assist in the planning process back home in their communities. Have them self-address and seal the letter in the envelope. Trainers will mail the letters back to the participants in six weeks and they can evaluate how they have been able to meet their goal.

Thank participants for their participation. Distribute evaluations.

# APPENDIX A

# OVERHEADS





# PROPERTY MANAGEMENT PLAN

## **Developing a Property Management Plan**

### **Workshop Objective:**

To review the steps involved in developing a property management plan. Participants will apply the planning model and develop a one-year financial plan (budget) and a three-year maintenance plan.

Canada Mortgage and Housing Corporation

# PROPERTY MANAGEMENT PLAN

## **Property Management Planning:**

The detail of how housing goals will be achieved. The Plan, often referred to as a work plan, details what needs to happen to accomplish the goals, what resources are required and when the related tasks will be completed.

# PROPERTY MANAGEMENT PLAN

## **Three Aspects of Property Management Planning**

### Financial Planning

Details information on all of the revenues and expenses associated with the project.

### Physical Planning

Details all information pertaining to the maintenance and upkeep of the project.

### Human Resource Planning

Details the resources required to operate and manage the project.

# PROPERTY MANAGEMENT PLAN

## What is a Goal?

A goal is a statement that describes what you want to achieve.

To be effective, the goal must be measurable, achievable, realistic and it must reflect the housing concerns of the community.

# PROPERTY MANAGEMENT PLAN

## Developing Goals

1. Determine Goals  
Identify what you want to have happen.
2. Develop Strategies  
The work plan
3. Monitor and Evaluate  
How you will check progress?

Canada Mortgage and Housing Corporation

# PROPERTY MANAGEMENT PLAN

## Step 2 - Developing the Plan

Little Creek First Nation 20-Unit, Section 95 funded project Annual Budget April 1, 1998	
<b>REVENUE</b>	
Rent-Geared-to-Income (incl. SA)	\$77,688
Section 95 Subsidy	\$72,384
<b>Total Revenues</b>	<b>\$150,072</b>
<b>EXPENSES</b>	
Insurance	\$6,800
Maintenance & Repairs	\$14,500
Administration / office rent	\$3,500
Bookkeeper / I position	\$5,200
Replacement Reserve fund	\$10,000
Loan payment	\$105,852
Audit	\$1,000
Contingency	\$1,230
<b>Total Expenses</b>	<b>\$148,082</b>
<b>Surplus</b>	<b>\$1,990</b>

Canada Mortgage and Housing Corporation

# PROPERTY MANAGEMENT PLAN

## **Maintenance Planning**

The plan you will follow to maximize the physical life of your community's housing portfolio.

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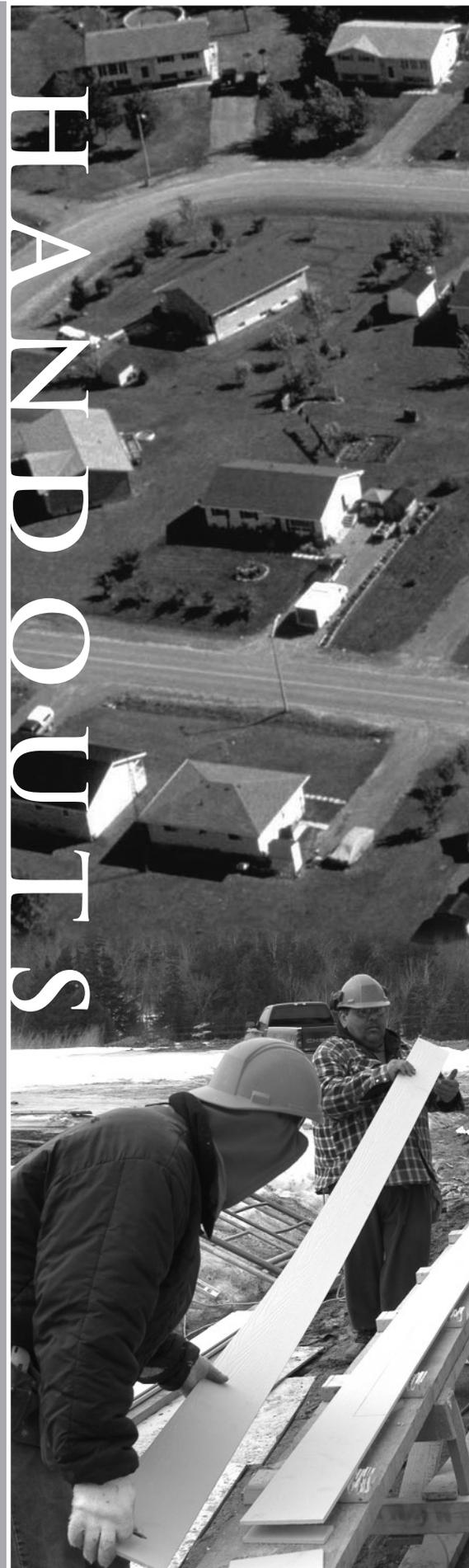
# PROPERTY MANAGEMENT PLAN

## Maintenance Planning — Available Budget Source

Available Budget Source	Eligible for Use With:		
	CMHC Funded	Band-Funded Units	Privately Owned
Band-Funded Capital Housing Allocations			
Section 95 Operating (Maintenance) Budgets			
Disabled RRAP			
Regular RRAP			
Section 95 Replacement Reserves			
Section 95 Operating Reserves (post '96)			
Rental Revenues			
Other			

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# APPENDIX B







## HANDOUT #1

### SETTING GOALS

Goals are like directional signs or road maps: when well-planned and followed, they can guide you successfully through unfamiliar territory. When developing your property management goals consider the following key points:

#### **Determine Goals:**

- Organize a team to develop goals. Team members must be knowledgeable about housing issues and have the authority to be developing the goals.
- Write down your goals. This is the first step toward achieving them.
- Goals must be measurable so that progress can be easily seen. Be clear about what results are expected.

#### **Develop Strategies:**

- Effective goals must follow a plan that includes all of the required resources, time frames and financial considerations.
- Consider what problems may arise that could delay or prevent you from achieving goals and plan how you will deal with them.
- Effective goals are ones that are manageable. Some goals seem overwhelming and may need to be broken down into smaller tasks.

#### **Measure and Evaluate Goals**

- Complete a regular review of your goals to be sure that items are accomplished, work plans are followed and goals continue to be relevant. If problems exist, identify the area and/or individuals responsible and resolve the issue.
- Provide progress reports and highlight achievements.
- When a goal is achieved, take the time to celebrate and to congratulate the team.



## HANDOUT #2

### WRITING THE GOAL

The Goal Statement must include the following points:

- what *action* will be taken;
- what is the *result*, or final product that is required;
- who is *responsible* to complete the action; and
- the *time frame* for completion of the action.

#### Sample Goal

Inspect all band-administered homes.

#### Sample Goal Statement

A full unit inspection (*the action*) of all band administered homes will be completed by the Technical Services Officer (*who is responsible*). Inspections will be completed over the next four years, (time frame) with 25 per cent of the units being inspected each year, beginning with the oldest units first. A written Unit Condition Report (*the result*) will be completed for each home, identifying emergency repairs, repairs required within two years and repairs required within three years.



### HANDOUT #3

## HELPFUL HINTS FOR GOAL SETTING

- Remember that when you fail to plan, you plan to fail.
- Goals must challenge your skills, but not discourage your efforts.
- Remind people about the benefits that will result from achieving the goal.
- Get everybody tuned into WII-FM (What's in it for me).
- Be persistent and be prepared to make short term sacrifices to accomplish the goal.
- Know all the resources that are required to accomplish the goal.
- Don't keep secrets. Communicate and share your goals with others.



## HANDOUT #4

# THE FOUR—STEP PLANNING MODEL

### Step 1—Gathering Information

Be sure to have all of the information required to complete the plan. Be sure that the information is accurate. If historical data is not available and projections are being used, be sure that they are realistic. Examples of some of the information you should gather are: community goals, copies of related reports, annual plans, and operating budgets.

Plan to involve everyone in your team (e.g. Housing Committee Member, staff, technical services, Band Council, etc.) throughout the four-step planning process.

### Step 2—Developing the Plan

There are two types of plans that need to be developed. A long term plan focuses on what you want to have happen over the next three to five years. It describes, at a high level, the work that will be accomplished. An annual plan describes in detail what you propose to do in the next 12 months. The annual plan should clearly identify the priorities, work items, time frames and the human and financial resources required.

When analyzing the information you have gathered, consider the following points:

- What are the priorities that have been identified by your community?
- Are there enough human and financial resources to deliver the service?
- When can work be completed?
- Are there program restrictions that need to be considered?

When writing your plan, answer the 5 Ws:

**Why** is this task necessary, does it respond to the goals?

**What** tasks will be completed over the next 12 months (action plan)?

**Who** will be responsible for completing each task?

**When** will each task be completed by?

**Where** will the human and financial resources come from?

### Step 3—Approving the Plan

You will need to seek and obtain support for the plan, and ensure that it is approved by the proper authorities.

When seeking approval of the plan, consider doing the following:

- formally submitting the written plan for approval,
- following up with a presentation that describes the benefits of following the plan,
- being prepared to answer questions and respond to concerns, and
- keeping a record of the decisions made regarding the plan.

Once the plan is approved, prepare to implement the plan by:

- communicating the high-level details of the plan to the Housing Committee, Band members and tenants; and,
- developing a Question and Answer information sheet for Chief and Council, Housing Committee Members and staff to use when handling inquiries.

### Step 4—Reviewing and Making Adjustments

The best plans are those that are reviewed on a regular basis (at least once every three months).

As part of your regular review process, you should be:

- reviewing progress with team members (is everything on track),
- updating the plan as tasks are completed,
- identifying the problem and reassigning resources, if necessary, for tasks that are behind schedule,
- preparing regular progress reports and making them available to the community, and
- celebrating and sharing successes.



## HANDOUT #5

### CASE STUDY—FINANCIAL PLANNING

#### **Directions for Participants**

#### **Objective:**

By following the four-step planning model, participants will develop a one year Financial Management Plan for a Section 95 project in a fictional First Nation community.

#### **Instructions:**

Working in groups, you will receive information related to the Section 95 project in Little Creek First Nation. You will be provided with all of the information you require to proceed through the four steps of the Planning Model.

Keep in mind that the community has developed a number of housing related goals, but only one relates to Financial Planning. The goal is as follows:

#### **Goal:**

The Manager, Housing Administration will ensure that the Housing Department operates within the budget established for that department for the period April 1, 2005 to March 31, 2006. A written budget report will be submitted by the Manager, to Chief and Council on September 30, 2005 and March 31, 2006 confirming cumulative revenues and expenses up to that date.

#### **Tasks**

- Step 1—Complete Handout #6
- Step 2—Complete Handout #7
- Step 3—Complete Handout #12
- Step 4—Complete Handouts #13 & #14



## HANDOUT #6

### STEP 1 - GATHERING INFORMATION

Instructions: Match each budget category with the document description that you would use to complete the annual budget. Some documents may be useful in more than one category.

- |                                  |           |   |
|----------------------------------|-----------|---|
| 1. Section 95 subsidy            | <b>CK</b> | A. Letter from CMHC indicating the market rent is \$375 per month     |
| 2. Rent-Geared-to-Income Charges |           | B. Income verifications for each tenant                               |
| 3. Insurance                     |           | C. CMHC Operating Agreement   |
| 4. Maintenance and Repairs       |           | D. Inspection reports from Sept. 1, 2004                              |
| 5. Administration (Office rent)  |           | E. Letter from the bank confirming monthly loan payment of \$8,821    |
| 6. Salaries                      |           | F. Quotes from three insurance companies                              |
| 7. Replacement Reserve           |           | G. Unit inspection reports for all 120 units                          |
| 8. Loan Payment                  |           | H. The Section 95, 2003/2004 Audit Report                             |
| 9. Annual Audit Cost             |           | I. Band Housing Financial Statement                                   |
| 10. Other (Staff Training)       |           | J. The Section 95, 2003/2004 Project Budget                           |
| 11. Other (Travel)               |           | K. Letter from CMHC advising that subsidy has been reduced to \$6,032 |
|                                  |           | L. Payroll records  |
|                                  |           | M. Estimate of audit costs  |
|                                  |           | N. Bank statements  |



**HANDOUT #7**

**STEP 2—DEVELOPING THE PLAN**

**Little Creek First Nation  
20-unit, Section 95-funded project  
Annual Budget commencing April 1, 2005**

**Instructions:** You have gathered the following documents:

- a description of the Section 95 project (Handout #8)
- statement of revenue and expenses for the years 2003/2004 (Handout #9)
- inspection report summary (Handout #10)
- income verification report (Handout #11)

**Task:** Use the information in these documents to complete the budget sheet below.

<b>REVENUE</b>	
Rent-Geared-to-Income (incl. SA)	\$
Section 95 Subsidy	
<b>Total Revenues</b>	\$
<b>EXPENSES</b>	
Insurance	\$
Maintenance & Repairs	
Administration / office rent	
Bookkeeper / 1 position	
Replacement Reserve fund	
Loan payment	
Audit	
Contingency	
<b>Total Expenses</b>	\$
<b>Surplus</b>	\$



## HANDOUT #8

## STEP 2—DEVELOPING THE PLAN

**Description of the 20-unit, Section 95-funded Project**

There are 120 Band-administered homes in the community. The Section 95-funded project, built in 1990/91, consists of 20 units: all are three-bedroom bungalows. All tenants, except for those receiving Social Assistance (SA), pay for their own Hydro. For those on SA, the Social Services Department pays the Hydro bill directly.

The 20-unit project had a Final Capital Cost of \$1,600,000 and a loan of \$1,120,000. The loan was renewed on April 1, 2004 for a five-year term, beginning May 1, 2004. The revised monthly loan payments are  $\$8,821 \times 12 = \$105,852$  and the *subsidy payments are*  $\$6,032 \times 12 = \$72,384$ .

The Little Creek First Nation provides office space, phone, fax and supplies to the Section 95 project for a monthly fee. Historically, the First Nation has increased the Section 95 *administration costs by \$100 per year (includes travel and training costs)*.

Initially, the Little Creek First Nation hired a full-time bookkeeper to look after the Section 95 project at an annual salary of \$25,000 (including benefits). During the 2003-2004 fiscal year, the First Nation reviewed operations and noted that the bookkeeper spent less than half of her time working on the Section 95 program, the rest on other areas of band operations. The cost of her salary is now divided between different departments and reflects actual time spent on each function. *You only charged \$10,400 (including benefits) of her salary to the housing program.* During 2004, the First Nation purchased new computer equipment and software and expects that the time required to maintain the Section 95 program housing records *will be further reduced by half to \$5,200 per year.*

In the past, the Little Creek First Nation has done maintenance work only when complaints have been made by the tenants. In an effort to be more proactive and efficient in its maintenance spending, the First Nation has done inspections on each of the 120 Band-administered houses to determine the actual condition and maintenance priorities. This report was just completed and passed to the Housing Counsellor (see Handout #10).

The Little Creek First Nation must deposit *\$10,000 each year into a Replacement Reserve account.* There have been no withdrawals from the account.

The auditor has informed you that he will not be increasing his fee this year. (\$1,000)

This year, the Band wants to plan *a contingency of \$1,230.*

The Little Creek First Nation has been investigating the benefits of insuring all of the Band-administered houses and has received quotes from three equally acceptable insurance companies. Two companies provided a quote based on all 120 units. *The first quote was for \$40,800 (\$340 per unit).* The second company provided a per-unit quote of \$350. The third quote was based on insurance for only the 20-unit, Section 95 project and this quote was \$6,700 but did not cover claims resulting from "an Act of God" (e.g. wind storm, ice storm, flooding, etc.).



## HANDOUT #9

## STEP 2—DEVELOPING THE PLAN

**Little Creek First Nation**  
**20-unit, Section 95-funded project**  
**Statement of Revenue and Expenses**  
**For the year ending March 31, 2004**

<b>REVENUE</b>	<b>2004</b>	<b>2003</b>
Rent-Geared-to-Income (incl. SA)	\$74,580	\$73,970
Section 95 Subsidy	\$69,696	\$105,625
<b>Total Revenues</b>	\$144,276	\$179,595
<b>EXPENSES</b>		
Insurance	\$7,500	\$7,000
Maintenance & Repairs	\$20,000	\$4,500
Administration / office rent	\$3,400	\$3,300
Bookkeeper / 1 position	\$10,400	\$25,000
Replacement Reserve fund	\$10,000	\$10,000
Loan payment	\$104,329	\$124,768
Audit	\$1,000	\$800
<b>Total Expenses</b>	\$156,629	\$175,368
Income/ Deficit for year	(\$12,353)	\$4,227
Annual Surplus/ Deficit beginning of the year	\$6,427	\$2,200
Accumulated Surplus/deficit	(\$5,926)	\$6,427

**HANDOUT #10****STEP 2—DEVELOPING THE PLAN****20-unit, Section 95-funded project  
Inspection Report Summary**

<b>Unit #</b>	<b>Mandatory Repairs</b>	<b>Optional Repairs</b>	<b>2005 projected maintenance</b>
1	\$975	\$0	\$975
2	\$600	\$0	\$600
3	\$400	\$350	\$750
4	\$1,500	\$200	\$1,700
5	\$400	\$0	\$400
6	\$1,200	\$0	\$1,200
7	\$0	\$285	\$285
8	\$1,000	\$400	\$1,400
9	\$200	\$0	\$200
10	\$750	\$25	\$775
11	\$100	\$0	\$100
12	\$0	\$310	\$310
13	\$675	\$0	\$675
14	\$260	\$0	\$260
15	\$500	\$175	\$675
16	\$1,000	\$200	\$1,200
17	\$400	\$50	\$450
18	\$500	\$320	\$820
19	\$275	\$0	\$275
20	\$200	\$1,250	\$1,450
<b>TOTAL</b>	<b>\$10,935</b>	<b>\$3,565</b>	<b>\$14,500</b>
<b>Average per units</b>	<b>\$547</b>	<b>\$178</b>	<b>\$725</b>

Note: The above figures include all labour and materials costs.



## HANDOUT #11

## STEP 2—DEVELOPING THE PLAN

**20-unit, Section 95-funded project  
Income Verification Report**

Unit #	# of Adults	# of Children	Total Persons	Income	# of bedrooms	Market Rent	Rent to Income	Actual payment
1	2	2	4	\$20,000	3	\$375	\$417	\$313
2	1	2	3	\$18,000	3	\$375	\$375	\$271
3	2	1	3	\$15,000	3	\$375	\$313	\$211
4	2	0	2	\$8,500	3	\$375	\$177	\$77
5	2	0	2	\$30,000	3	\$375	\$625	\$525
6	1	4	5	SA	3	\$375	\$371	\$371
7	2	2	4	SA	3	\$375	\$351	\$351
8	1	2	3	\$17,500	3	\$375	\$365	\$261
9	2	1	3	SA	3	\$375	\$310	\$310
10	1	3	4	SA	3	\$375	\$351	\$351
11	2	4	6	SA	3	\$375	\$387	\$387
12	1	1	2	SA	3	\$375	\$285	\$285
13	1	3	4	SA	3	\$375	\$351	\$351
14	2	4	6	SA	3	\$375	\$387	\$387
15	2	3	5	SA	3	\$375	\$371	\$371
16	1	2	3	SA	3	\$375	\$310	\$310
17	2	1	3	SA	3	\$375	\$310	\$310
18	2	3	5	SA	3	\$375	\$371	\$371
19	2	2	4	SA	3	\$375	\$351	\$351
20	2	1	3	SA	3	\$375	\$310	\$310
<b>Total Monthly Revenue</b>						\$7,500	\$7,088	\$6,474
<b>Total Annual Revenue</b>						\$90,000	\$85,056	\$77,688

Note: The income-earning tenants receive a heating allowance of \$100 per month, which is included as a deduction in the Adjusted Rent-Geared-to-Income amount.



## HANDOUT #12

### STEP 3—APPROVING THE PLAN

You are presenting the budget to Chief and Council for approval. They will be asking you the following questions. Write down your answers to these questions in the space provided and be prepared to discuss them when you make your presentation.

1. Why has the bookkeeper's time been so drastically reduced?

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2. What benefit, if any, is there to purchasing insurance coverage for every Band-administered home?

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3. Why should we be completing those repairs that are considered optional?

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4. The existing budget includes a very limited contingency. What will this cover?

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5. How will major emergencies be handled within the budget?

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## HANDOUT #13

### STEP 4—REVIEWING AND MAKING ADJUSTMENTS

It is now October 1, 2005. You have been operating for six months and received the attached report (Handout #14) from your bookkeeper.

**Part I** - Please complete Handout #14 by calculating the difference between the budget and the actual amount and noting the answers in the "Difference" column.

**Part II** - Please answer the following questions:

1. What budget items differ from the amount planned?

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2. What adjustments can you make to ensure that you stay within the budgeted plan and achieve your housing goal?

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## HANDOUT #14

## STEP 4—REVIEWING AND MAKING ADJUSTMENTS

**Little Creek First Nation**  
**20-unit, Section 95-funded project**  
**Budget Variance Report to September 30, 2005**

<b>Revenue</b>	<b>Approved Annual Budget</b>	<b>Budgeted Apr 1 - Sep 30</b>	<b>Actuals Apr 1 - Sep 30</b>	<b>Difference</b>
Rent-Geared-to-Income	\$77,688	\$38,844	\$30,000	
Section 95 Subsidy	\$72,384	\$36,192	\$36,192	
<b>Total Revenues</b>	<b>\$150,072</b>	<b>\$75,036</b>	<b>\$66,192</b>	
<b>Expenses</b>				
Insurance	\$6,800	\$6,800	\$6,800	
Maintenance & Repairs	\$14,500	\$7,250	\$10,500	
Administration	\$3,500	\$1,750	\$1,750	
Bookkeeper	\$5,200	\$2,600	\$2,600	
Replacement Reserve	\$10,000	\$5,000	\$0	
Loan payments	\$105,852	\$52,926	\$52,926	
Audit	\$1,000	\$0	\$0	
Contingency	\$1,230	\$615	\$950	
<b>Total Expenses</b>	<b>\$148,082</b>	<b>\$76,941</b>	<b>\$75,526</b>	
<b>Surplus / Deficit</b>	<b>\$1,990</b>	<b>(\$1,905)</b>	<b>(\$9,334)</b>	



**HANDOUT #15**

**REPLACEMENT RESERVE**

Please answer the following questions by checking either True or False.

- |   | True                     | False                    |
|---|--------------------------|--------------------------|
| 1. Replacement Reserve funds are monies set aside to meet the probable future cost of replacing capital items of the property or building that wear out or reach the end of their useful life.  | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Funding a replacement reserve is a requirement of the Section 95 Housing Program.  | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Repairs required as a result of vandalism can be charged to the replacement reserve.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Replacement of appliances is an eligible charge.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Your community has decided that linoleum, rather than carpeting, will be installed in future housing projects. Ten units (built three years ago) have carpeting. This should be removed and replaced with linoleum and the cost charged to the replacement reserve fund. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. The following formula is to be used when determining how much money you should put into the replacement reserve fund.<br><u>(# of items x cost to replace)</u> = annual requirement<br>remaining useful life   | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. You cannot take advantage of bulk purchasing discounts for eligible replacement reserve expenditures.  | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Your appliance repair expenses for the year averaged \$200 per unit (10 units). This can be charged to the Replacement Reserve.  | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. You can replace a capital item with an item of higher quality.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. The annual allocation for the Replacement Reserve Fund is set at the time of project commitment and can never be changed.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Interior painting is not an eligible replacement reserve expenditure.   | <input type="checkbox"/> | <input type="checkbox"/> |



## HANDOUT #16

# MAINTENANCE PLANNING

## Types of Maintenance

Following are the types of maintenance that should be identified and included in the maintenance plan:

### Routine Maintenance

This generally includes work resulting from unexpected emergencies and tenant complaints.

Some examples of routine maintenance include repairs to capital items (furnaces, roofs, hot water tanks) within their expected useful life. Where there is no tenant damage policy in place, repairs required as a result of tenant damage or neglect need to be planned for under routine maintenance.

### Preventive Maintenance

Preventive maintenance is the planned replacement of items to avoid future repairs or breakdowns.

Some examples include work such as servicing furnaces and replacing furnace fan belts before they break, recaulking around the bathtub to avoid water damage, etc. A good preventive maintenance plan includes work that is done on a cyclical basis (monthly, seasonally, annually) such as pumping septic tanks, chimney cleaning, etc. In addition, if you have a long-term plan to carry out external repainting of window trim on all units over a five-year period, you would plan for these costs as part of preventive maintenance.

### Replacement of Capital Items (major components)

This covers the replacement of capital items or major components of the home where these items have out-lived their life expectancy and it is no longer cost-effective to continue repairing these items. Some examples of capital items include heating systems, hot water tanks, roofing, doors and window.

For Section 95 units, replacement of these components may depend on eligibility of Replacement Reserve expenditures.



## HANDOUT #17

# THE MAINTENANCE PLANNING PROCESS STEP 1—GATHERING INFORMATION

### **Inspection Reports and Unit Condition Reports**

A complete physical inspection should be completed on each unit in order to track the overall condition of the community's housing portfolio. The inspections should be done regularly (once every three to five years) to determine what repairs are required and the priority of those repairs (e.g. within one year, within two years, etc.). Information from the inspections is needed to determine maintenance priorities and will help to co-ordinate work on a number of units requiring similar repairs.

Disabled occupants or elders may need modifications or accessibility work. Be aware of what special considerations are required and whether they are a priority item.

### **Maintenance Files and Records for Each Unit**

The information in these files will confirm details of all the repair work that has been completed on the unit. In addition, you should have information and inventory of the equipment and appliances in each unit. All of this information will be useful for determining your short- and long-term maintenance plan and in estimating the cost of future maintenance work.

### **Tenant Complaints and Requests for Repairs**

Your maintenance plan will need to provide for both staff time and budget to cover unplanned maintenance that results from tenant complaints or unexpected occurrences. Consider keeping a register of tenant complaints that identifies repair requests; it can help to identify common repairs or trends that could be resolved.

### **Available Budgets**

Confirm what budgets are available to work within over the three-year period. Funds for housing maintenance and repairs are available from various sources that often have limits on their use. As you develop your Maintenance Plan, you must identify what budget can be used to fund the required work.



## HANDOUT #18

### MAINTENANCE PLANNING

#### Eligible Budget Sources

Please review each question and circle your response:

- 1) Replacement Reserves can be used to fund the replacement of capital items on:
  - a) CMHC Section 95 units
  - b) Band-funded units
  - c) Privately owned units
  - d) All of the above
  
- 2) Disabled RRAP funds can be used on:
  - a) CMHC Section 95 units
  - b) Band-funded units
  - c) Privately owned units
  - d) All of the above
  
- 3) Surplus maintenance funds from the CMHC Section 95 allocations for maintenance can be used on:
  - a) CMHC Section 95 units
  - b) Band-funded units
  - c) Privately owned units
  - d) All of the above
  
- 4) Regular RRAP can not be used on:
  - a) CMHC Section 95 units
  - b) Band-funded units
  - c) Privately owned units
  - d) All of the above
  
- 5) INAC capital allocations can be used for:
  - a) New construction
  - b) Renovations
  - c) Maintenance and Repairs
  - d) All of the above



## HANDOUT #19

### DEVELOPING A THREE-YEAR MAINTENANCE PLAN

#### Objective:

Following the Planning Model, participants will develop a three year maintenance plan.

#### Directions to Participants:

The Housing Department for Little Creek First Nation is responsible for developing a three year maintenance plan for the housing in the community. Half of the housing department team will work on developing the plan for the Band-funded units and the remainder of the team will develop the plan for the CMHC funded units. Your kit contains all of the documentation you need to develop your portion of the plan.

#### Step 1—Gathering the Information

In Step 1, your team must review the information you have gathered. This includes:

##### **Little Creek First Nation Community Profile** (Handout #20)

This provides a brief description of the community and the condition of its housing portfolio.

##### **Community Housing Plan—Maintenance Goals** (Handout #21)

Chief and Council has approved three maintenance goals and these are included in the excerpts from the Community Housing Plan. The goals must be reflected in the three-year plan.

#### Unit Condition Reports

(Band-funded portfolio Handouts 22, 23 & 24; CMHC funded portfolio Handouts 25, 26 & 27). The technical staff have completed its of the technical information for the portfolio and developed a summary unit condition report. Repairs are prioritized and identified as to when they should be completed (Year One, Year Two and Year Three).

#### Budgets

The Finance Department has identified the budget available for maintenance and repairs for each of the three years. This amount is noted at the top of Worksheet—Schedule of Costs for Maintenance and Repairs. The budget amount shown includes ALL of the budget available for maintenance and repairs (e.g. RRAP, Replacement Reserve, the 25% INAC capital allocation, etc.).



## HANDOUT #20

### LITTLE CREEK FIRST NATION

#### **Community Profile**

Little Creek First Nation is a northern community, located approximately 100 miles north of the Trans-Canada highway. The current population is 890 people. The community has just recently been fully serviced with hydro, water and sewer services. The Band is responsible for the administration of 120 homes.

#### **Band-administered Housing Portfolio**

There are 40 houses funded through CMHC's Section 95 On-Reserve Program. There were 10 units built in 1978, 10 built in 1982, 10 in 1988, and 10 built in 1993. The units built in 1978 are in need of some major repairs but the remaining units are generally in good condition.

There are 80 homes built through INAC capital allocations. The Band has used its INAC capital allocation for housing to build five houses per year since 1987. Due to the limited capital budget and the lack of sufficient maintenance funds, most units built before 1995 are in need of major repairs.

#### **Unit Condition Summary:**

##### **Section 95-funded Units:**

Of the 40 CMHC Section 95-funded units, all have received annual maintenance through the operating budget. The 1982, 1988 and 1993 Section 95 units are generally in a state of good repair but the older 1978 units are showing their age.

##### **Band-funded Units:**

Of the 80 Band-funded units, 40 are relatively new, 15 have been completely rehabilitated and the remaining 25 are in need of major repairs.



## HANDOUT #21

## LITTLE CREEK FIRST NATION

**Excerpts From Community Housing Plan**

**Maintenance Standard**      The Little Creek First Nation has approved the use of the Existing Housing: RRAP—Standards for Rehabilitation as a guide for the minimum condition of existing Band-administered housing.

**Maintenance Goals:**      The maintenance goals of the community are:

**Goal #1**

The Housing Department will ensure that all existing band-administered housing is brought up to the minimum property standards within the next three years.

**Goal #2**

Over the next three years, the Band will spend 25 per cent of the INAC capital allocation on repairs and maintenance. The remaining 75 per cent of the allocation will be spent on new construction.

**Goal #3**

The Housing Department will arrange for repairs to be completed first to the Band-funded units constructed in 1990, 1991 and 1992 and the CMHC-funded units constructed in 1978. Whenever possible, repairs should be done to the oldest units first.

If possible, all repairs should be completed at the same time within each project, in order to minimize disruption to the tenants.



## HANDOUT #22

## LITTLE CREEK FIRST NATION Required Repairs—Band-funded Portfolio

YEAR ONE

### Band-funded Units

Portfolio—80 units; 5 units built each year, from 1987 to 2002 inclusive.

### Regular Maintenance

An annual regular maintenance cost of \$1,200 **must** be planned for the 15 units that have not yet been brought up to minimum property standards (units built in 1990, 1991 and 1992) for each year until the repairs are done. For the remaining 65 units, an \$800 cost **must** be planned.

**Cost: \$1,200 per unit x 15 units**  
**\$800 per unit x 65 units**

### Interior Repairs

Interior repairs are required on the 1990 units (5), 1991 units (5) and 1992 units (5). The interior walls are to be repainted, with repair to drywall where necessary. The flooring is worn and requires constant repair. Replace worn-out flooring (mix of carpet/linoleum) with resilient flooring.

**Cost: \$7,000 per unit**

### Heating Systems

Install new furnaces and chimneys in the 1990 units (5) and the 1991 units (5). The heating systems require constant repair (manufacturer out of business) and the tenants complain of being cold. It's not cost-effective to continue repairing. Install new heating system and chimney.

**Cost: \$5,000 per unit**

### Exterior Repairs

In order to reduce operating costs and bring units to minimum standards, the 1990 units (5), 1991 units (5) and the 1992 units (5) will be rehabilitated from the exterior. This includes new strapping; install GlasClad® insulation and Tyvek® air barrier; new exterior doors and windows and new siding.

**Cost: \$15,000 per unit**

### Emergency Repairs

Based on an average cost of emergency and unplanned repairs during the past two years, a cost of \$500 per unit (for all 80 units) **must** be planned for emergency repairs.

**Cost: \$500 per unit**

### Other

A member of the community requires their unit (1999) to be converted to be wheelchair accessible. The unit requires some modifications to the entryway, kitchen and bathroom (already has some accessibility items built in). This is a priority and **must** be done in Year One.

**Cost: \$8,500 for the one unit**



## HANDOUT #23

## LITTLE CREEK FIRST NATION Required Repairs—Band-funded Portfolio

YEAR TWO

### Band-funded Units

Portfolio—80 units; 5 units built each year, from 1987 to 2002 inclusive

### Regular Maintenance

An annual regular maintenance cost of \$1,250 must be planned for the units that have not yet been brought up to minimum property standards until these repairs are done. For the remaining units, an \$850 annual maintenance cost must be planned.

**Cost: \$1,250 per unit**  
**\$850 per unit**

### Interior Repairs

Interior repairs are required on the 1993 units (5). The interior walls are to be repainted, with repair to drywall where necessary.

**Cost: \$4,500 per unit**

### Heating Systems

There is a slight leak in the hot water heating systems in the 1993 (5) units. Replace with new hot water heating systems (manufacturer's guarantee has expired).

**Cost: \$900 per unit**

### Exterior Repairs

Due to the location of units constructed in 1996 (5), there have been increasing problems with the freezing/swelling of the exterior steel screen doors and the entrance door has suffered from moisture damage. Replace rear door units with new screen door and solid core door.

**Cost: \$2,500 per unit**

### Emergency Repairs

Based on an average cost of emergency and unplanned repairs during the past two years, a cost of \$500 per unit (for all 80 units) must be planned for emergency repairs.

**Cost: \$500 per unit**



## HANDOUT #24

### LITTLE CREEK FIRST NATION Required Repairs—Band-funded Portfolio

YEAR THREE

#### **Band-funded Units**

Portfolio—80 units; 5 units built each year, from 1987 to 2002 inclusive

#### **Regular Maintenance:**

An annual regular maintenance cost of \$1,300 must be planned for the units that have not yet been brought up to minimum property standards, until the repairs have been complete. For the remaining units, a \$900 annual maintenance cost must be planned.

**Cost: \$1,300 per unit**  
**\$900 per unit**

#### **Interior Repairs:**

Interior repairs are required on the 1994 units (5). The interior walls are to be repainted, with repair to drywall where necessary.

**Cost: \$4,500 per unit**

#### **Exterior Repairs:**

Roof shingles to be replaced on the 1993 units (5).

**Cost: \$3,000 per unit**

#### **Emergency Repairs:**

Based on an average cost of emergency and unplanned repairs during the past two years, a cost of \$500 per unit (for all 80 units) must be planned for emergency repairs.

**Cost: \$500 per unit**



## HANDOUT #25

## LITTLE CREEK FIRST NATION Required Repairs—CMHC-funded Portfolio

YEAR ONE

### CMHC-funded Units

Portfolio—40 units; 10 units built in each of 1978, 1982, 1988 and 1993

### Regular Maintenance

An annual regular maintenance cost of \$1,000 **must** be planned for the 1978 units (10) that require major rehabilitation, until the major repairs are done. For all other units, an \$800 annual maintenance cost must be planned.

**Cost: \$1,000 per unit**  
**\$800 per unit**

### Interior Repairs

Interior repairs are required on the 1982 units (10). The current condition of the flooring is beyond repair and is a safety hazard for the occupants. Replace worn-out flooring (mix of carpet and linoleum) with resilient flooring.

**Cost: \$2,500 per unit**

### Heating Systems

Install new furnaces and chimneys in the 1978 units (10). The heating systems require constant repair (manufacturer went out of business) and the tenants complain of being cold during the winter. It is not cost-effective to continue repairing. Install new heating system and chimney.

**Cost: \$5,000 per unit**

### Exterior Repairs

In order to reduce operating costs, the 1978 units (10) will be rehabilitated from the exterior to include strapping; GlasClad® insulation and Tyvek® air barrier; new exterior doors and windows and new siding.

**Cost: \$15,000 per unit**

### Emergency Repairs

Based on an average cost of emergency and unplanned repairs during the past two years, a cost of \$300 per unit (for all 40 units) **must** be planned for emergency repairs.

**Cost: \$300 per unit**



## HANDOUT #26

### LITTLE CREEK FIRST NATION Required Repairs—CMHC-funded Portfolio

YEAR TWO

#### CMHC-funded Units

Portfolio—40 units; 10 units built in each of 1978, 1982, 1988 and 1993

#### Regular Maintenance

An annual regular maintenance cost of \$1,050 must be planned for any remaining 1978 units where the major repairs are not yet completed. For all other units, \$850 annual maintenance costs must be planned.

**Cost: \$1,050 per unit**  
**\$850 per unit**

#### Interior Repairs

Nil

#### Heating Systems

Replace the hot water heating system in the 1988 (10) units.

**Cost: \$900 per unit**

#### Exterior Repairs

Due to the location of units constructed in 1993 (10), there have been increasing problems with the freezing/swelling of the exterior steel screen doors and the entrance door has suffered from moisture damage. Replace both screen and entry doors.

**Cost: \$2,700 per unit**

#### Emergency Repairs

Based on an average cost of emergency and unplanned repairs during the past two years, a cost of \$300 per unit (for all 40 units) must be planned for emergency repairs.

**Cost: \$300 per unit**

**HANDOUT #27****LITTLE CREEK FIRST NATION  
Required Repairs—CMHC-funded Portfolio****YEAR THREE****CMHC-funded Units**

Portfolio—40 units; 10 units built in each of 1978, 1982, 1988 and 1993

**Regular Maintenance**

An annual regular maintenance cost of \$850 must be planned.

**Cost: \$850 per unit**

**Interior Repairs**

Replace bathroom tub tile, caulk and seal for the 1993 units (10).

**Cost: \$1,500 per unit**

**Heating Systems**

Nil

**Exterior Repairs**

Roof shingles to be replaced on the 1988 units (10).

**Cost: \$3,000 per unit**

**Emergency Repairs**

Based on an average cost of emergency and unplanned repairs during the past two years, a cost of \$300 per unit (for all 40 units) must be planned for emergency repairs

**Cost: \$300 per unit**



## HANDOUT #28

### STEP 2—DEVELOPING THE PLAN

Using the information that you have gathered in Step 1, your team must now analyze this information and develop a three year maintenance plan. Please complete the following:

#### **Worksheets - Schedule of Costs for Maintenance and Repairs**

Band-funded portfolio; Handouts 29, 30 and 31

CMHC-funded portfolio; Handouts 32, 33 and 34

These will assist your team in identifying what work can be completed in each year, which work needs to be deferred to the following year, the costs associated with each item and the total cost of the planned work for each year.

#### **Important Notes:**

- Start by reviewing “Required repairs,” Handout #22 for Band-funded units and Handout #25 for CMHC-funded units”. Using a pencil, enter all of the required repairs on the worksheet. If all of the required repairs exceed the available budget (noted on the top left corner of the worksheet), then you must decide which items need to be deferred and carried forward and revise the worksheet. Be sure to note those items carried forward on the next year’s worksheet.
- You must follow the maintenance goals that have been provided.
- The budget amount shown includes **ALL** of the budget available for maintenance and repairs (e.g., includes RRAP, Replacement reserve funds, the 25 per cent of the INAC capital allocation, etc.). There are no additional funds available.
- You cannot exceed the budget amount for the year.
- You cannot defer or reduce regular maintenance or emergency repairs.
- The first line item has been completed on the first worksheet as an example of how the form can be completed.



**HANDOUT #29**

**Worksheet—Schedule of Maintenance and Repairs  
Band-funded Units**

<b>Year One</b>						
<b>Year One Budget = \$253,500</b>						
	<b>Year of Unit Construction</b>	<b>Cost per unit</b>	<b>Total # of Units</b>	<b>=</b>	<b>Total Cost</b>	<b>Deferrals</b>
Regular Maintenance	1990, 91, 92 1987, 88, 89, 93 & 1993 to 2002	@ \$1,200 @ \$800	15 65	= =	\$18,000 \$52,000	
Interior Repairs	1990	\$7,000	5		\$35,000	Deferred repairs for 1991 & 1992 units to Year 2 (\$70,000).
Heating System						
Exterior Repairs						
Emergency Repairs						
Other:						
<b>Total Cost</b>						

- (1) The Budget you must work within for this year, is noted at the top of this worksheet. **You cannot exceed the budget amount.**  
*Hint:* It is possible to complete the year's planning so that the total cost equals the budget amount.
- (2) Before making a decision to defer any repairs to the following year, review the Maintenance Goals to be sure your decision is in keeping with what you are expected to achieve with the Goals. Remember to make a note of items that are deferred.



**HANDOUT #30**

Worksheet—Schedule of Maintenance and Repairs Band-funded Units						
Year Two						
Year Two Budget = \$274,000						
	Year of Unit Construction	Cost per unit	Total # of Units	=	Total Cost	Deferrals
Regular Maintenance				=		
Interior Repairs	1991 & 1993	\$7,000 \$4,500	5 5		\$35,000 \$22,500	Carried forward from Year 1. Again deferred 1992 units, to Year 3 (\$35,000).
Heating System						
Exterior Repairs						
Emergency Repairs						
Other _____						
<b>Total Cost</b>						

- (1) The Budget you must work within for this year, is noted at the top of this worksheet. **You cannot exceed the budget amount.**  
*Hint:* It is possible to complete the year's planning so that the total cost equals the budget amount.
- (2) Before making a decision to defer any repairs to the following year, review the Maintenance Goals to be sure your decision is in keeping with what you are expected to achieve with the Goals. Remember to make a note of items that are deferred.



HANDOUT #31

**Worksheet—Schedule of Maintenance and Repairs  
Band-funded Units**

**Year Three**

**Year Three Budget = \$274,000**

	Year of Unit Construction	Cost per unit	Total # of Units	=	Total Cost	Deferrals
Regular Maintenance				=		
Interior Repairs	1992	\$7,000	5		\$35,000	Carried forward from Year 2.
	1994	\$4,500	5		\$22,500	
Heating System						
Exterior Repairs						
Emergency Repairs						
Other _____						
<b>Total Cost</b>						

- (1) The Budget you must work within for this year, is noted at the top of this worksheet. **You cannot exceed the budget amount.**  
*Hint:* It is possible to complete the year's planning so that the total cost equals the budget amount.
- (2) Before making a decision to defer any repairs to the following year, review the Maintenance Goals to be sure your decision is in keeping with what you are expected to achieve with the Goals. Remember to make a note of items that are deferred.



**HANDOUT #32**

**Worksheet—Schedule of Maintenance and Repairs  
CMHC-funded Units**

<b>Year One</b>						
<b>Year One Budget = \$166,000</b>						
	<b>Year of Unit Construction</b>	<b>Cost per unit</b>	<b>Total # of Units</b>	<b>=</b>	<b>Total Cost</b>	<b>Deferrals</b>
Regular Maintenance	1978	\$1,000	10	=	\$10,000	
	1982, 88 & 93	\$800	30	=	\$24,000	
Interior Repairs						
Heating System						
Exterior Repairs						
Emergency Repairs						
Other _____						
<b>Total Cost</b>						

- (1) The Budget you must work within for this year, is noted at the top of this worksheet. **You cannot exceed the budget amount.**  
*Hint:* It is possible to complete the year's planning so that the total cost equals the budget amount.
- (2) Before making a decision to defer any repairs to the following year, review the Maintenance Goals to be sure your decision is in keeping with what you are expected to achieve with the Goals. Remember to make a note of items that are deferred.



**HANDOUT #33**

**Worksheet—Schedule of Maintenance and Repairs  
CMHC-funded Units**

**Year Two**

**Year Two Budget = \$161,400**

	Year of Unit Construction	Cost per unit	Total # of Units	=	Total Cost	Deferrals
Regular Maintenance				=		
Interior Repairs				=		
Heating System				=		
Exterior Repairs						
Emergency Repairs						
Other _____						
<b>Total Cost</b>						

- (1) The Budget you must work within for this year, is noted at the top of this worksheet. **You cannot exceed the budget amount.**  
*Hint:* It is possible to complete the year's planning so that the total cost equals the budget amount.
- (2) Before making a decision to defer any repairs to the following year, review the Maintenance Goals to be sure your decision is in keeping with what you are expected to achieve with the Goals. Remember to make a note of items that are deferred.



**HANDOUT #34**

**Worksheet—Schedule of Maintenance and Repairs  
CMHC-funded Units**

**Year Three**

**Year Three Budget = \$118,000**

	Year of Unit Construction	Cost per unit	Total # of Units	=	Total Cost	Deferrals
Regular Maintenance				=		
Interior Repairs						
Heating System						
Exterior Repairs						
Emergency Repairs						
Other _____						
<b>Total Cost</b>						

- (1) The Budget you must work within for this year, is noted at the top of this worksheet. **You cannot exceed the budget amount.**  
*Hint:* It is possible to complete the year's planning so that the total cost equals the budget amount.
- (2) Before making a decision to defer any repairs to the following year, review the Maintenance Goals to be sure your decision is in keeping with what you are expected to achieve with the Goals. Remember to make a note of items that are deferred.



## HANDOUT #35

### STEP 3—APPROVAL OF THE PLAN

You are now joining the other half of the housing department team that has completed its portion of the maintenance plan. Working together, you will:

#### Part A

Prepare a Summary Report—Three-Year Maintenance Plan for both the CMHC- and Band-funded units.

#### Part B

Prepare a brief, five to 10 minute presentation for Chief and Council, to obtain approval of the Plan.

The presentation should include:

- The Summary Worksheet—Three-Year Maintenance Plan;
- Answers to the 5 Ws:
  - Why** is this plan necessary, how does it help the Band achieve it's goals?
  - What** will be completed over the next three years?
  - Where** will the staff resources come from?
  - Who** will be responsible for completing the task? and
  - When** will each function be completed by?
- Confirmation of the benefits of following the plan;
- An indication of how often the plan will be reviewed and how successes and necessary adjustments will be reported;
- A description of how you will communicate the approved plan to the Housing Committee, Band staff and Band members.

#### Part C

Nominate a member (or members) of the team to present the Plan to Chief and Council.



**HANDOUT #36**

**LITTLE CREEK FIRST NATION**

**Three-Year Maintenance Plan  
Summary Report—CMHC- and Band-funded Units**

	<b>Year One</b>	<b>Year Two</b>	<b>Year Three</b>	<b>TOTAL</b>
<b>Budget Allocation</b>	\$	\$	\$	\$
	<b>Year One</b>	<b>Year Two</b>	<b>Year Three</b>	<b>TOTAL</b>
<b>Maintenance Item</b>	Expenses	Expenses	Expenses	
Regular Maintenance				
Interior Repairs				
Heating Systems				
Exterior Repairs				
Emergency Repairs				
Other				
<b>TOTAL COSTS</b>	\$	\$	\$	\$



## HANDOUT #37

Date:

Letter to myself:

I, \_\_\_\_\_, agree to support the development and implementation of the financial or maintenance planning process.

Some of the things I will do to help are:

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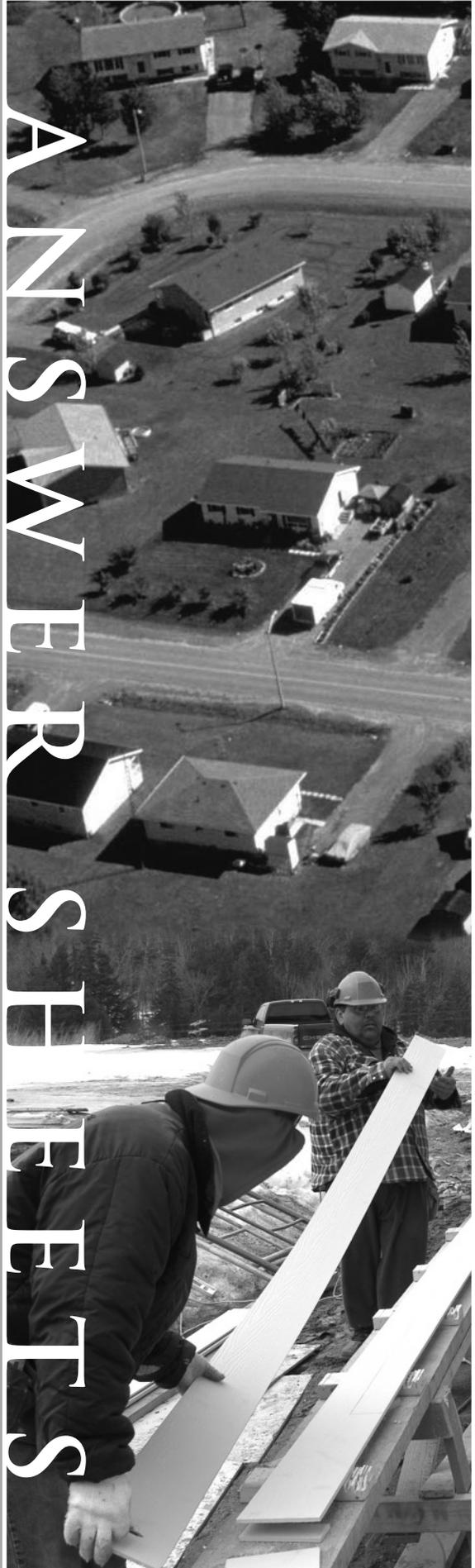
Suggestions:

- offer support and guidance to those staff and housing committee members who are developing and implementing the planning process;
- support the use of a written planning process
- review and update financial/maintenance plans on a regular basis



# APPENDIX C

# ANSWERS SHEETS







## ANSWER SHEET

## STEP 1 - GATHERING INFORMATION

Instructions: Match each budget category with the document description that you would use to complete the annual budget. Some documents may be useful in more than one category.

- |                                  |           |   |
|----------------------------------|-----------|---|
| 1. Section 95 subsidy            | <i>CK</i> | A. Letter from CMHC indicating the market rent is \$375 per month     |
| 2. Rent-Geared-to-Income Charges | <i>BI</i> | B. Income verifications for each tenant                               |
| 3. Insurance                     | <i>FH</i> | C. CMHC Operating Agreement   |
| 4. Maintenance and Repairs       | <i>DG</i> | D. Inspection reports from Sept.1, 2004                               |
| 5. Administration (Office rent)  | <i>HI</i> | E. Letter from the bank confirming monthly loan payment of \$8,821    |
| 6. Salaries                      | <i>HL</i> | F. Quotes from three insurance companies                              |
| 7. Replacement Reserve           | <i>CH</i> | G. Unit inspection reports for all 120 units                          |
| 8. Loan Payment                  | <i>EN</i> | H. The Section 95, 2003/2004 Audit Report                             |
| 9. Annual Audit Cost             | <i>HM</i> | I. Band Housing Financial Statement                                   |
| 10. Other (Staff Training)       | <i>HI</i> | J. The Section 95, 2003/2004 Project Budget                           |
| 11. Other (Travel)               | <i>HI</i> | K. Letter from CMHC advising that subsidy has been reduced to \$6,032 |
|                                  |           | L. Payroll records  |
|                                  |           | M. Estimate of audit costs  |
|                                  |           | N. Bank statements  |



## ANSWER SHEET

## STEP 2—DEVELOPING THE PLAN

**Little Creek First Nation  
20-unit, Section 95-funded project  
Annual Budget April 1, 2005**

<b>REVENUE</b>	
Rent-Geared-to-Income (incl. SA)	\$77,688
Section 95 Subsidy	\$72,384
<b>Total Revenues</b>	<b>\$150,072</b>
<b>EXPENSES</b>	
Insurance	\$6,800
Maintenance & Repairs	\$14,500
Administration / office rent	\$3,500
Bookkeeper / 1 position	\$5,200
Replacement Reserve fund	\$10,000
Loan payment	\$105,852
Audit	\$1,000
Contingency	\$1,230
<b>Total Expenses</b>	<b>\$148,082</b>
<b>Surplus</b>	<b>\$1,990</b>



## ANSWER SHEET

### STEP 3—APPROVING THE PLAN

You are presenting the budget to Chief and Council for approval. They ask you the following questions: Please provide answers to these questions and be prepared to discuss.

1. Why has the bookkeeper's time been so drastically reduced?

**Possible answer:**

The housing department only requires a part-time bookkeeper. The department has recently purchased a software package that is considered very cost-effective and, when properly used, will result in savings (staff time) for the Band.

2. What benefit, if any, is there to purchasing insurance coverage for every Band-administered home?

**Possible answer:**

Although insurance is not required for all units it is wise to protect the stock. Bulk buying enables the band to receive a lower premium for the units (CMHC) that must be insured.

3. Why should we be completing those repairs that are considered "optional"?

**Possible answer:**

If the funds are available the housing department makes every effort to maintain all properties to enhance the value and appearance of the units. We believe that by completing the optional repairs, there will be cost-savings (for both the tenant and the Band) as a result of repairs to effect energy efficiency and tenants will enjoy their homes more, thus increasing their satisfaction.

4. The existing budget includes a very limited contingency. What will this cover?

**Possible answer:**

Typically, a contingency covers unforeseen expenses (e.g., huge increases in maintenance costs, or the unexpected repair of items not covered by the replacement reserve, or the unexpected opportunity to participate in a training event).

5. How will major emergencies be handled with such a limited budget?

**Possible answer:**

Proper planning means that there should be very few emergencies that will impact the budget. If there is an "emergency," we would examine the issue and be sure that the correct action is taken to address it (e.g., is the emergency covered by the insurance policy, is it eligible for funding under the Replacement Reserve, is the tenant required to pay, etc.)



## ANSWER SHEET

### STEP 4—REVIEWING AND MAKING ADJUSTMENTS

It is now October 1, 2005. You have been operating for six months and received the attached report from your bookkeeper.

1. What budget items differ from the original amount planned?
  - Less revenue brought in than expected;
  - Maintenance and repair costs are \$3,500 higher;
  - Replacement Reserve not funded;
  - Travel or training cost not budgeted for. These would normally be considered an administration cost. As they were not planned for and were an unexpected expense, they would be deducted from the contingency. The auditor will adjust the budget to reflect this. The actual expenditures need to be planned for next year.
  
2. What adjustments can you make to ensure that you maintain your projected bottom line and achieve your housing goal?
  - Counsel tenant and negotiate repayment arrangements;
  - Reduce the maintenance and repair cost for the next six months by deferring items;
  - Deposit any available monies into the replacement reserve fund. It is presently underfunded which could lead to problems in the future.
  - Defer maintenance and repair “optional” items to cover the overage, be sure to include these items in next year’s plan.



## ANSWER SHEET

## STEP 4—REVIEWING AND MAKING ADJUSTMENTS

## Little Creek First Nation

## Budget Variance Report to September 30, 2005

Revenue	Approved Annual Budget	Budgeted Apr 1 - Sep 30	Actuals Apr 1 - Sep 30	Difference
Rent-Geared-to-Income	\$77,688	\$38,844	\$30,000	<b>(\$8,844)</b>
Section 95 Subsidy	\$72,384	\$36,192	\$36,192	<b>\$0</b>
<b>Total Revenues</b>	<b>\$150,072\$</b>	<b>75,036</b>	<b>\$66,192</b>	<b>(\$8,844)</b>
<b>Expenses</b>				
Insurance	\$6,800	\$6,800	\$6,800	<b>\$0</b>
Maintenance & Repairs	\$14,500	\$7,250	\$10,500	<b>(\$3,250)</b>
Administration	\$3,500	\$1,750	\$1,750	<b>\$0</b>
Bookkeeper	\$5,200	\$2,600	\$2,600	<b>\$0</b>
Replacement Reserve	\$10,000	\$5,000	\$0	<b>\$5,000</b>
Loan payments	\$105,852	\$52,926	\$52,926	<b>\$0</b>
Audit	\$1,000	\$0	\$0	<b>\$0</b>
Contingency	\$1,230	\$615	\$950	<b>(\$335)</b>
<b>Total Expenses</b>	<b>\$148,082\$</b>	<b>76,941</b>	<b>\$75,526</b>	<b>\$1,415</b>
<b>Surplus / Deficit</b>	<b>\$1,990</b>	<b>(\$1,905)</b>	<b>(\$9,334)</b>	<b>(\$7,429)</b>



ANSWER SHEET (page 1 of 2)

## REPLACEMENT RESERVE EXERCISE

1. True False Replacement reserve funds are monies set aside to meet the probable future cost of replacing capital items of the property or building that wear out or reach the end of their useful life.

*This is the definition of the replacement reserve fund.*

2. True False Funding a replacement reserve is a mandatory requirement of the Section 95 Housing program.

*Both the old and the new Section 95 programs require a replacement reserve fund.*

3. True False Repairs required as a result of vandalism can be charged to the replacement reserve.

*Costs associated with repairs required due to vandalism should be recoverable through restitution and/or insurance. Repairs required as a result of wilful damage should be paid by the resident or individual who caused the damage.*

4. True False Replacement of appliances is an eligible charge.

*All eligible capital items can be charged to the replacement reserve fund.*

5. True False Your community has decided that linoleum, rather than carpeting, will be installed in future housing projects. Ten units (built three years ago) have carpeting. This should be removed and replaced with linoleum and the cost charged to the replacement reserve fund.

*The carpets should be replaced only when necessary (e.g. as a result of wear and tear).*

6. True False The following formula is to be used when determining how much money you should put into the replacement reserve fund.

$(\# \text{ of items} \times \text{cost to replace}) = \text{annual requirement}$   
remaining useful life



## ANSWER SHEET (page 2 of 2)

## REPLACEMENT RESERVE EXERCISE

7. True **False** You cannot take advantage of bulk purchasing discounts for eligible replacement reserve expenditures.
- If an agreement is entered into, certain conditions apply such as*
- CMHC must be satisfied that it is cost-effective
  - a user fee cannot be included
  - agreement cannot exceed three years
8. True **False** Your appliance repair expenses for the year averaged \$200 per unit (10 units). This can be charged to the replacement reserve.
- This is a maintenance item. If your expenses remain this high, you should be questioning the necessity to replace rather than repair.*
9. **True** False You can replace a capital item with an item of higher quality.
- A cost-benefit analysis should be undertaken to ensure a reasonable cost recovery period. In some cases, the initial product may not have been appropriate and an item of higher quality should be substituted.*
10. True **False** The annual allocation for the replacement reserve fund is established at the time of project commitment and can never be changed.
- The replacement reserve allocation should be reviewed approximately every three years to determine whether enough funds will be available when required. Changes, if justified, may be approved by CMHC.*
11. **True** False Interior painting is not an eligible replacement reserve expenditure.
- Interior painting should be done on a cyclical basis based on your regular maintenance plan and within your maintenance budget.*



## ANSWER SHEET

## LITTLE CREEK FIRST NATION

**Three-year Maintenance Plan  
Summary Report—CMHC- and Band-funded Units**

	Year One	Year Two	Year Three	TOTAL
<b>Budget Allocation</b>	<b>\$419,500</b>	<b>\$435,400</b>	<b>\$392,000</b>	<b>\$1,246,900</b>
	Year One	Year Two	Year Three	TOTAL
Maintenance Item	Expenses	Expenses	Expenses	
Regular Maintenance	\$104,000	\$107,400	\$108,000	\$319,400
Interior Repairs	60,000	57,500	72,500	\$190,000
Heating Systems	75,000	38,500	0	\$113,500
Exterior Repairs	120,000	180,000	159,500	\$459,500
Emergency Repairs	52,000	52,000	52,000	\$156,000
Other (Conversion)	8,500	0	0	\$8,500
<b>TOTAL COSTS</b>	<b>\$419,500</b>	<b>\$435,400</b>	<b>\$392,000</b>	<b>\$1,246,900</b>



**ANSWER SHEET**

Worksheet—Schedule of Maintenance and Repairs Band-funded Units						
Year One						
Year One Budget = \$253,500						
	Year of Unit Construction	Cost per unit	Total # of Units	=	Total Cost	Deferrals
Regular Maintenance	1990, 91, 92	@ \$1,200	15	=	\$18,000	
	1987, 88, 89, 1993 to 2002	@ \$800	65	=	\$52,000	
Interior Repairs	1990	\$7,000	5		\$35,000	Deferred repairs for 1991 & 1992 units to Year 2 (\$70,000).
Heating System	1990	\$5,000	5		\$25,000	Deferred repairs for 1991 units to Year 2 (\$25,000).
Exterior Repairs	1990	\$15,000	5		\$75,000	Deferred repairs for 1991 & 1992 to Year 2 (\$150,000).
Emergency Repairs	All	\$500	80		\$40,000	
Other: Conversion (accessibility)	1999	\$8,500	1		\$8,500	
<b>Total Cost</b>					<b>\$253,500</b>	



**ANSWER SHEET**

Worksheet—Schedule of Maintenance and Repairs Band-funded Units						
Year Two						
Year Two Budget = \$274,000						
	Year of Unit Construction	Cost per unit	Total # of Units	=	Total Cost	Deferrals
Regular Maintenance	1991, 92	@ \$1,250	10	=	\$12,500	
	1987 to 1990 1993 to 2002	@ \$850	70	=	\$59,500	
Interior Repairs	1991 & 1993	\$7,000 \$4,500	5 5		\$35,000 \$22,500	Carried forward from Year 1. Again deferred 1992 units, to Year 3 (\$35,000).
Heating System	1991 1993	\$5,000 \$900	5 5		\$25,000 \$4,500	
Exterior Repairs	1991	\$15,000	5		\$75,000	1992 deferred to Year 3 (\$75,000). 1996 deferred to Year 3 (\$12,500).
Emergency Repairs	All	\$500	80		\$40,000	
Other					0	
<b>Total Cost</b>					<b>\$274,000</b>	



**ANSWER SHEET**

Worksheet—Schedule of Maintenance and Repairs Band-funded Units						
Year Three						
<b>Year Three Budget = \$274,000</b>						
	Year of Unit Construction	Cost per unit	Total # of Units	=	Total Cost	Deferrals
Regular Maintenance	87, 88, 89, 90 91, 93 to 2002 1992	\$900 \$1,300	75 5	=	\$67,500 \$6,500	
Interior Repairs	1992 1994	\$7,000 \$4,500	5 5		\$35,000 \$22,500	Carried forward from Year 2.
Heating System	—	—	—		—	
Exterior Repairs	1992	\$15,000	5		\$75,000	Carried forward from Year 2.
	1996	\$2,500	5		\$12,500	Carried forward from Year 2.
	1993	\$3,000	5		\$15,000	
Emergency Repairs	All	\$500	80		\$40,000	
Other	—	—	—		—	
<b>Total Cost</b>					<b>\$274,000</b>	



**ANSWER SHEET**

Worksheet—Schedule of Maintenance and Repairs CMHC-funded Units						
Year One						
Year One Budget = \$166,000						
	Year of Unit Construction	Cost per unit	Total # of Units	=	Total Cost	Comments (e.g. deferred or carried forward from)
Regular Maintenance	1978	\$1,000	10	=	\$10,000	
	1982, 88 & 93	\$800	30	=	\$24,000	
Interior Repairs	1982	\$2,500	10		\$25,000	
Heating System	1978	\$5,000	10		\$50,000	
Exterior Repairs	1978	\$15,000	3		\$45,000	Deferred repairs for 7 of the 1987 units to Year 2 @ \$15,000 each
Emergency Repairs	All	\$300	40		\$12,000	
Other _____					0	
<b>Total Cost</b>					<b>\$166,000</b>	



**ANSWER SHEET**

Worksheet—Schedule of Maintenance and Repairs CMHC-funded Units						
Year Two						
Year Two Budget = \$161,400						
	Year of Unit Construction	Cost per unit	Total # of Units	=	Total Cost	Comments (e.g. deferred or carried forward from)
Regular Maintenance	1978 3@1978, 1982, 1988 & 1993	\$1,050 \$850	7 33	= =	\$7,350 \$28,050	
Interior Repairs	—	—	—		—	
Heating System	1988	\$900	10		\$9,000	
Exterior Repairs	1978	\$15,000	7		\$105,000	Carried forward from Year One. Deferred to Year Three.
Emergency Repairs	All	\$300	40		\$12,000	
Other _____	n/a	—	—		—	
<b>Total Cost</b>					<b>\$161,400</b>	



**ANSWER SHEET**

Worksheet—Schedule of Maintenance and Repairs CMHC-funded Units						
Year Three						
Year Two Budget = \$118,000						
	Year of Unit Construction	Cost per unit	Total # of Units	=	Total Cost	Comments (e.g. deferred or carried forward from)
Regular Maintenance	All	\$850	40	=	\$34,000	
Interior Repairs	1993	\$1,500	10	=	\$15,000	
Heating System	—	—	—	=	—	
Exterior Repairs	1993	\$2,700	10	=	\$27,000	Carried forward from Year Two.
	1988	\$3,000	10	=	\$30,000	
Emergency Repairs	All	\$300	40	=	\$12,000	
Other _____	n/a	—	—	=	—	
<b>Total Cost</b>					<b>\$118,000</b>	

# APPENDIX D

# FORMS









## SAMPLE – CMHC IN THE FUTURE

CMHC would like to get in touch with you in the future to talk about the long-term impact of the workshop and how we can continue to improve this workshop. We would appreciate you completing the information below.

<b>Name:</b>	
<b>Title:</b>	
<b>Community:</b>	
<b>Address:</b>	
<b>Telephone:</b>	
<b>Fax:</b>	
<b>E-mail:</b>	
<b>Workshop:</b>	
<b>Date:</b>	
<b>Location:</b>	
<b>Trainer's name:</b>	

# HOUSING QUALITY MATTERS

## Property Management Planning

### EVALUATION FORM

#### How did we do?

This is your chance to tell us what you think of the Housing Quality Matters Workshops. These Workshops are for you. We want to make them as useful to you as we can, so we need to know what you think of this Workshop — Did it help you? Can we do better? How? Answering the questions on this form will help CMHC design and present Workshops that will help you.

Workshop Location		Date
City	Province	Trainer's Name

#### 1. I am a ...

- Housing Manager
  Housing Staff
  First Nation Leadership  
 Other, please specify: \_\_\_\_\_

#### 2. Overall, I found this Workshop ...

- Not at all useful
  Not very useful
  More or less useful  
 Useful
  Very useful
  Does not apply

#### 3. How much did you know about the subject of the Workshop before attending the Workshop?

- Nothing
  A little
  Some  
 A lot
  Expert knowledge

#### 4. Now that you have finished the Workshop, how much do you feel you know about the subject?

- About the same
  A little more
  A lot more

#### 5. Please rate the following Workshop topics

*Determine goals, develop strategies, measure and evaluate goals*

- Not at all useful
  Not very useful
  More or less useful  
 Useful
  Very useful
  Does not apply

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<b>5. Please rate the following Workshop topics (Continued)</b>		
<b>The four steps of the planning model</b>		
<input type="checkbox"/> Not at all useful	<input type="checkbox"/> Not very useful	<input type="checkbox"/> More or less useful
<input type="checkbox"/> Useful	<input type="checkbox"/> Very useful	<input type="checkbox"/> Does not apply
<b>Types of maintenance</b>		
<input type="checkbox"/> Not at all useful	<input type="checkbox"/> Not very useful	<input type="checkbox"/> More or less useful
<input type="checkbox"/> Useful	<input type="checkbox"/> Very useful	<input type="checkbox"/> Does not apply
<b>Maintenance planning process</b>		
<input type="checkbox"/> Not at all useful	<input type="checkbox"/> Not very useful	<input type="checkbox"/> More or less useful
<input type="checkbox"/> Useful	<input type="checkbox"/> Very useful	<input type="checkbox"/> Does not apply
<b>6. The presentation and communication were ...</b>		
<input type="checkbox"/> Not at all effective	<input type="checkbox"/> Not very effective	<input type="checkbox"/> More or less effective
<input type="checkbox"/> Effective	<input type="checkbox"/> Very effective	<input type="checkbox"/> Does not apply
<b>7. My questions and needs were dealt ...</b>		
<input type="checkbox"/> Not at all effectively	<input type="checkbox"/> Not very effectively	<input type="checkbox"/> More or less effectively
<input type="checkbox"/> Effectively	<input type="checkbox"/> Very effectively	<input type="checkbox"/> Does not apply
<b>8. The Workshop material was clear and easy to follow ...</b>		
<input type="checkbox"/> Not at all clear	<input type="checkbox"/> Not very clear	<input type="checkbox"/> More or less clear
<input type="checkbox"/> Clear	<input type="checkbox"/> Very clear	<input type="checkbox"/> Does not apply
<b>9. How likely are you to use what you learned in the Workshop?</b>		
<input type="checkbox"/> Not at all likely	<input type="checkbox"/> Not very likely	<input type="checkbox"/> More or less likely
<input type="checkbox"/> Likely	<input type="checkbox"/> Very likely	<input type="checkbox"/> Does not apply
<b>10. What are the three most important things you learned in this Workshop?</b>		
1.		
2.		
3.		
<b>11. Based on what you have learned in this Workshop, tell us one thing you will change in your housing operations.</b>		
<b>12. If you have any comments about this Workshop, please write them here.</b>		

### Sample – Certificate of Participation

**HOUSING QUALITY MATTERS**  
**FOR FIRST NATIONS**

This certifies that

\_\_\_\_\_

Participated in

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ Date

\_\_\_\_\_ Canada Mortgage and Housing Corporation

**Canada**

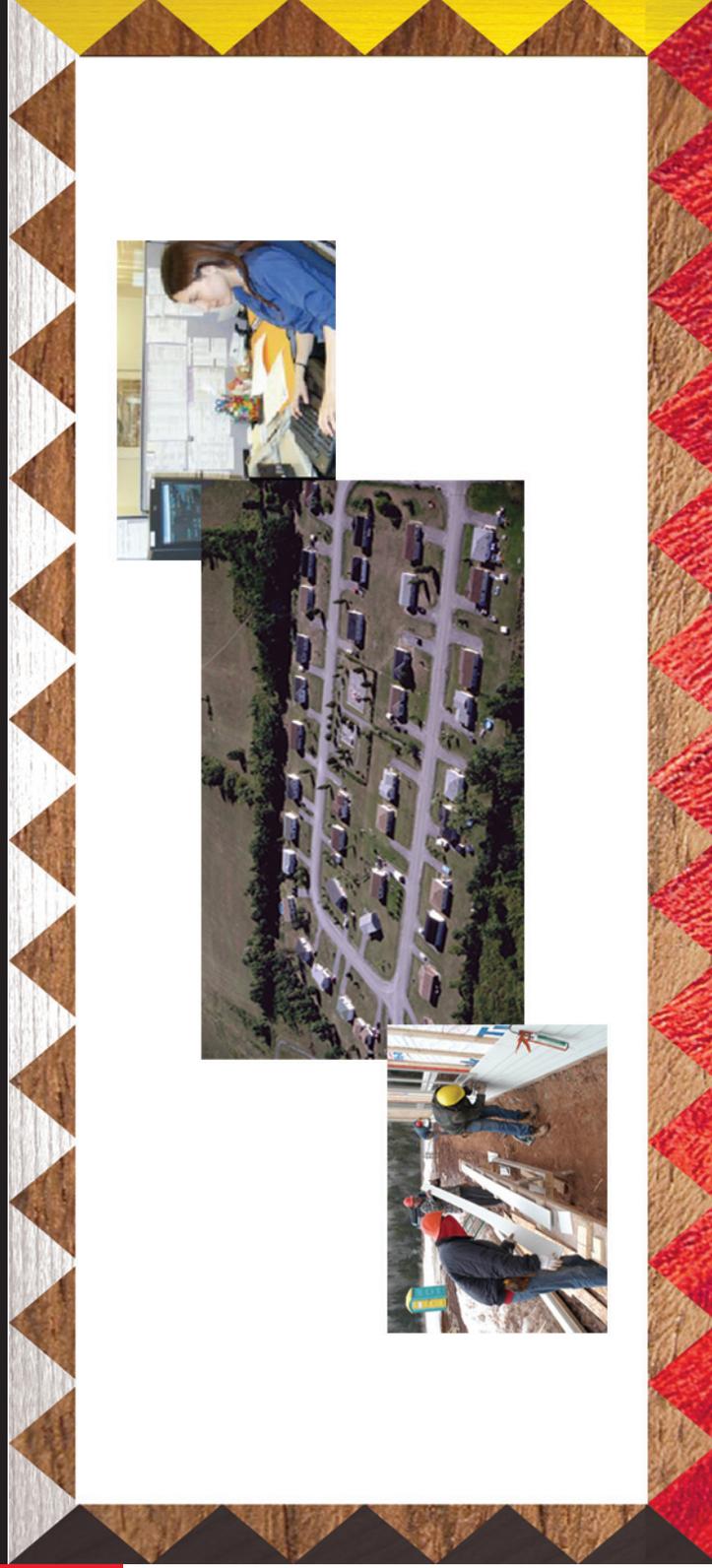






# HOUSING QUALITY MATTERS

## Property Management Planning



# PROPERTY MANAGEMENT PLAN

## Developing a Property Management Plan

### Workshop Objective:

To review the steps involved in developing a property management plan. Participants will apply the planning model and develop a one-year financial plan (budget) and a three-year maintenance plan.

# PROPERTY MANAGEMENT PLAN

## **Property Management Planning:**

The detail of how housing goals will be achieved. The Plan, often referred to as a work plan, details what needs to happen to accomplish the goals, what resources are required and when the related tasks will be completed.

# PROPERTY MANAGEMENT PLAN

## **Three Aspects of Property Management Planning**

### Financial Planning

Details information on all of the revenues and expenses associated with the project.

### Physical Planning

Details all information pertaining to the maintenance and upkeep of the project.

### Human Resource Planning

Details the resources required to operate and manage the project.

## PROPERTY MANAGEMENT PLAN

### **What is a Goal?**

A goal is a statement that describes what you want to achieve.

To be effective, the goal must be measurable, achievable, realistic and it must reflect the housing concerns of the community.

# PROPERTY MANAGEMENT PLAN

## Developing Goals

1. Determine Goals  
Identify what you want to have happen.
2. Develop Strategies  
The work plan
3. Monitor and Evaluate  
How you will check progress?

# PROPERTY MANAGEMENT PLAN

## Step 2 - Developing the Plan

Little Creek First Nation 20-Unit, Section 95 funded project Annual Budget April 1, 1998	
<b>REVENUE</b>	
Rent-Geared-to-Income (incl. SA)	\$77,688
Section 95 Subsidy	\$72,384
<b>Total Revenues</b>	<b>\$150,072</b>
<b>EXPENSES</b>	
Insurance	\$6,800
Maintenance & Repairs	\$14,500
Administration / office rent	\$3,500
Bookkeeper / I position	\$5,200
Replacement Reserve fund	\$10,000
Loan payment	\$105,852
Audit	\$1,000
Contingency	\$1,230
<b>Total Expenses</b>	<b>\$148,082</b>
<b>Surplus</b>	<b>\$1,990</b>

# PROPERTY MANAGEMENT PLAN

## **Maintenance Planning**

The plan you will follow to maximize the physical life of your community's housing portfolio.

# PROPERTY MANAGEMENT PLAN

## Maintenance Planning — Available Budget Source

Available Budget Source	Eligible for Use With:		
	CMHC Funded	Band- Funded Units	Privately Owned
Band-Funded Capital Housing Allocations			
Section 95 Operating (Maintenance) Budgets			
Disabled RRAP			
Regular RRAP			
Section 95 Replacement Reserves			
Section 95 Operating Reserves (post '96)			
Rental Revenues			
Other			