New Building
Operating Guide for
Owners and Managers of
Non-profit Housing Projects

KASTES

Planning ● Development
www.wgkastes.com

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INTRODUCTION

This guide has been designed to assist Directors and Managers of new non-profit housing projects by providing an introduction to non-profit property management. The purpose is to establish an initial framework to assist Directors and Managers in developing project specific operational policies and procedures.

The guide is divided into the following five sections:

Contents subject to change without notice.

1.0 BOARD OF DIRECTORS
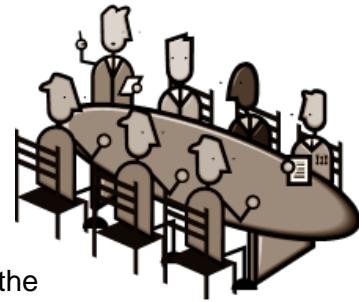
1.1 Introduction

The Board of Directors <u>is</u> the non-profit corporation. No matter
how many employees, tenants, or committees the non-profit has, the
Board has final responsibility for all aspects of the corporation's business. The
Board sets direction, makes all final decisions and is responsible should the non-profit fail
to live up to its commitments, agreements, or the law.

1.2 Responsibilities of the Board

Every Board will develop its own style and its own priorities, but all Boards have some
responsibilities in common. Unless they are specifically delegated to others, the Board is
responsible for:

- **Planning**
  Set goals in keeping with the founding vision and check whether they are being
  met at least once a year. Use the annual budget process to re-examine goals and
  plan for the coming year as well as the long term future of the non-profit
  corporation.

- **Setting Policies**
  Achieve goals by setting policies so that you are not merely responding to
  crisis situations.

- **Organizing Itself**
  Appoint officers and give these people and other directors specific tasks
  or roles. These tasks should be written and provided to all Board
  members.

- **Making Decisions**
  Decisions will be required on topics not covered by policies. Hear
  appeals to change or waive policies.

- **Recording Decisions**
  Board minutes must be taken and maintained for future reference.

- **Entering into Contracts**
  The Corporation will be required to enter into numerous contracts with
  governments, mortgage lenders, trades-people, and service contractors.

- **Employees**
  The Board hires and fires employees, negotiates job descriptions and
  service contracts, evaluates performance, and provides advice.

- **Receiving Information**

    The Board monitors operations of the corporation by receiving and reviewing regular statements regarding the corporation's finances, authorizes expenditures according to the spending policy, and receives reports from directors/committees/staff.

- **Representing the Corporation**

    The Board represents the non-profit in the community, and promotes the non-profit at every opportunity.

- **Recruiting New Board Members**

    The Board recruits and orients new Board members.

1.3   Board Meetings

Managing non-profit housing is not easy. Property managers need the Board's ideas, support, balance and perspective. Tenants need to know that the property manager is not the landlord, but that the landlord is a group of people representing the community which is committed to their housing. This is an important aspect that distinguishes non-profit housing from for-profit housing.

The Board should initially plan to meet on a monthly basis. Board members should plan on volunteering 5-10 hours a month.

1.4   Responsibilities of Each Director

While the Board has responsibilities as a group, individual Board members have obligations as well. These obligations include:

- **Attend Meetings**

    Arrive on time, read all materials distributed prior to the meeting, be prepared with comments, ideas and opinions. Ask questions and don't be afraid to disagree with other Board members.

- **Confidentiality**

    Maintain absolute confidentiality on tenant matters, personnel issues, and contracts.

- **Solidarity**

    Once a Board decision has been made, individual members should not undermine that decision.

- **Other Interests**

    Each director must act in the best interests of the Corporation no matter what other personal or professional interests may be involved.

1.5   Conflict of Interest

It is normal for some Board members to have interests which, on occasion, may conflict with the best interests of the Corporation. Conflicts may arise due to business and or family situations. It is the responsibility of each Board member to identify any conflicts that they may have and to ensure it is discussed and properly recorded in Board minutes. Once identified and recorded, the Board may choose to ask the Director involved in the potential conflict to be excused from discussions and decision making regarding a particular issue.   The Board should consider drafting and adopting a formal policy for handling potential conflict of interests prior to a situation arising. A formal conflict of interest policy may also be a requirement if government funding is involved.

1.6   The Directors and the Manager

While Directors and the Manager share a common interest in the well being of the non-profit organization, they do have separate functions. The Board is the employer or contractor of the manager's service and has ultimate responsibility for the corporation. It creates the corporate vision and the framework within which the manager works.

As an employee/agent, the manager has delegated responsibility for the non-profit. The manager does the day-to-day work of implementing policy, and gives the Board ideas, feedback, and advice.

The manager is given personal authority, but the Board acts as a group. The manager can act on his/her own as long as he/she is acting within the job/contract description and the non-profit's policies. The Directors, on the other hand, can make decisions only at properly called meetings. Between meetings, a Director has no more power than any other citizen, unless the Board has delegated specific responsibilities. If individual Board members want to influence the project's daily management, they should bring their suggestions to the next Board meeting.

1.7   The Board Structure

Naturally, the structure of the Board will vary depending on the size of the project(s) controlled by the Board and the amount/complexity of work required. The following is a sample/initial Board structure. As activities and priorities change, this structure may require some modification.

Board of Directors

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                    ┌─────────────────────────────┐
                    │    Chairperson/President     │
                    └─────────────────────────────┘

┌───────────────────────────────┐      ┌───────────────────────────────┐
│ Vice Chairperson/Vice President│      │           Secretary           │
└───────────────────────────────┘      └───────────────────────────────┘

┌───────────────────────────────┐      ┌───────────────────────────────┐
│           Treasurer           │      │            Director           │
│                               │      │ Overseeing Building Maintenance│
└───────────────────────────────┘      └───────────────────────────────┘

┌───────────────────────────────┐      ┌───────────────────────────────┐
│            Director           │      │            Director           │
│  Overseeing Leasing/Tenanting │      │                               │
└───────────────────────────────┘      └───────────────────────────────┘

┌───────────────────────────────┐      ┌───────────────────────────────┐
│Resident's Representative (optional)│  │            Manager            │
│                               │      │      (Non-voting member)      │
└───────────────────────────────┘      └───────────────────────────────┘
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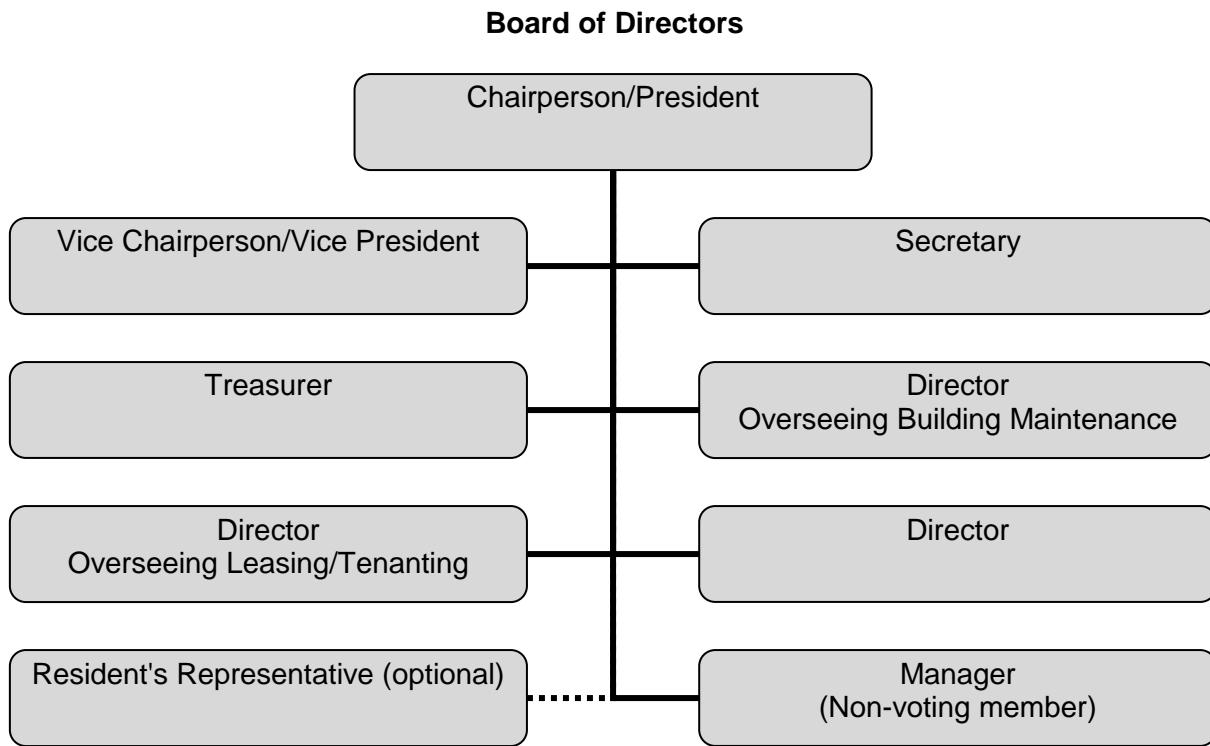
1.8   Duties of the Directors and Manager

- **Chairperson/President**
    1. chair all meetings of the Board
    2. prepare agenda with Secretary and Manager
    3. one of the signing authorities
    4. represent the non-profit
    5. call meetings of the Board
    6. ensure policies and procedures are adhered to
    7. provide overall coordination of non-profit business

- **Vice Chairperson/Vice President**
    1. assume duties of Chairperson in his/her absence

- **Secretary**
    1. take minutes of meetings (or ensure proper minutes are taken)
    2. distribute the minutes and file them once they are adopted
    3. send out notices of meetings
    4. consult with Chairperson and Manager on preparation of agenda

- **Treasurer**
    1. ensure that accurate financial records are being maintained
    2. ensure that all funds received are deposited correctly
    3. one of the signing authorities

4. responsible for corporate seal
5. advise Board on all financial matters pertaining to the non-profit
6. coordinate the preparation of annual operating audit
7. prepare and present annual operating budget to the Board

- **Director overseeing Leasing and Tenant Selection**
    1. oversee waiting list and tenant selection process
    2. monitor vacancies
    3. monitor status of rental arrears
    4. monitor evictions as approved by the Board

- **Director overseeing Building Maintenance**
    1. oversee the up-keep and repair of the building(s)
    2. oversee preparation of Capital Replacement Plan

- **Director**
    1. participate in meetings

- **Resident's Representative**
    It is common practice for non-profit housing organizations to encourage and facilitate the formation of a tenants' committee. It is also common practice to have a representative of this committee attend at least a portion of Board of Directors meetings. The Resident's Representative should be excused from Board meetings when issues of staffing (personnel) and individual residents are discussed. Depending on the nature of the non-profit operation, it may also be prudent for the Resident's Representative to be excused when budgets and finances are discussed.

- **Manager (duties for Board of Directors meetings)**
    1. participate in Board of Director meetings as a non-voting member
    2. prepare agenda and minutes as directed by the Secretary
    3. prepare board package and distribute prior to meetings as directed by the Secretary
    4. prepare regular financial reports for the Board as directed by the Treasurer
    5. prepare annual operating budget for the Board as directed by the Treasurer
    6. work with Treasurer and accounting firm to prepare annual audit
    7. report on status of vacancies and leasing as directed
    8. report on status of building maintenance/repairs and capital replacements as directed

1.9   Incorporation Documents and By-laws

Each Director should be familiar with the non-profit's incorporation documents and by-laws as they contain important information on how the corporation is to function, and the appointments and terms of Directors.

1.10 Recruiting New Board Members

Sustaining the energy of a non-profit organization is an important task all members of the Board share. New Board members can energize a Board with new ideas and possible new directions.

Turn-over of board members is inevitable. The Board should develop a strategy for identifying and recruiting new board members. Assign one of the directors to take on this task.

2.0 MAINTENANCE

2.1 Introduction

Most volunteers and staff work in non-profit housing because they are interested in people not buildings. But ask tenants who are unhappy about their living environment what the problem is, and chances are they will say their apartment is too drafty, or it takes too long to get repairs done, or the elevators are always breaking down.

As soon as the building is finished, it begins to deteriorate. If you wait for things to go wrong, inexpensive repairs will become expensive replacements. A careful preventative maintenance program, started as soon as the building is occupied, can in the long run save considerable sums of money and grief.

2.2 Deficiencies

Every new construction project has deficiencies. Ensure that these deficiencies are addressed before the builder receives his final payment. The construction contract describes when and how the non-profit can withhold money until deficiencies are completed. If the builder does not fix the deficiencies, the contract will also describe when the non-profit can use monies from the contract to pay someone else to do the work.

It is important to work with the builder to prepare a detailed list of deficiencies. Preparation of this list is started when the builder asks you to participate in a walk-through inspection of finished areas. The list should describe the deficiency and indicate the date it was noted. The deficiency list should also have a "sign-off" column indicating when the deficiencies were corrected.

A detailed deficiency list is your best protection to ensure things get finished. It is also important to have in the event of a dispute with the builder. Depending on the situation, it may be necessary to keep the deficiency list going for a year or more after initial occupancy has occurred.

2.3 Documents

The builder has important documents which will be required later in the life of the project. Make sure you get the following from the builder:

- **As-built Drawings**
  All drawings including, architectural, structural, mechanical, and electrical.

- **Occupancy Permit**
  Occupancy permission from appropriate authority and fire department clearance if required.

- **Operating Manuals**

  Manuals for plumbing, electrical, mechanical and elevator systems. These manuals will describe the routine maintenance needed for each system.

- **Warranties**

  Information for all systems, equipment, and appliances. Instructions for completing and mailing warranty cards.

- **List of Sub-trades**

  Company names, addresses, phone numbers, and contact names for all trades involved in construction of the project.

- **Others**

  Elevator certificate, building location certificate, air balancing report, etc.

2.4 Building Takeover

The builder should arrange for meter readings of all public utilities, tour owners and staff through the building to point out safety features, and show how each item must be maintained. Builders must also identify and label all switches and valves. Builders should leave extra carpet, floor and wall tiles on the site (the norm is between 2% and 5% of the total installed in the building).

Ensure all keys are provided by the builder. **The master key should never be given to trades or anyone else without the express authority of the Board.**

2.5 Warranties

Where standard Canadian Construction Association contracts have been used, all building components are normally under warranty for at least one year after Substantial Performance/Completion ("Substantial Performance" or "Completion" is a term frequently defined in provincial liens legislation). Many systems are guaranteed for longer.

Begin building inspections early. Even if you plan to inspect a particular building component only once a year, be sure this inspection takes place well before the warranty ends.

Document all findings of inspections in writing. Most warranty disputes are not clear-cut. You will need to build evidence if a building component is indeed defective. Record visits from repairmen, comments from inspectors, phone conversations with the builder, and complaints from tenants. Keep a separate log for each major building component. Communicate in writing, not just by phone.

2.6 Preventative Maintenance Program

Preventative maintenance will slow your building's deterioration and save money. There are five basic components to a sound preventative maintenance program.

2.6.1 Inspections

Scheduled inspections of every part of the building are required. These inspections include:

- **Move-in/Move-out**
  Each time a tenant moves in or out the unit should be inspected and a general unit inspection report completed and signed by both the landlord and the tenant. Sample unit inspection reports are readily available through provincial government departments overseeing landlord/tenant affairs.

- **Annual Unit**
  Annual inspections of every unit may be required (not just at move in/move out times or as required for repair work). Unit inspections can inconvenience or even embarrass tenants. Give tenants lots of notice, and be prepared to alter inspection times if necessary.

- **Common Areas**
  All interior common space such as hallways, laundry rooms, lounges, mail-drop areas, multi-purpose rooms, etc. should be checked on a regular basis. In addition, the building exterior and grounds should be thoroughly inspected at least twice a year. The Director overseeing Building Maintenance should establish procedures for this process and submit to the Board for approval.

- **Mechanical**
  There will be two types of inspections for systems and equipment. Some systems, such as elevators and fire alarm/protection systems must be inspected, tested, and serviced by qualified contractors. Other systems such as electrical panels, hot water systems, ventilators, heating systems, sump pumps, and laundry equipment may be inspected by the non-profit's own staff/agent. A separate inspection check list should be developed for each major piece of equipment. These should be devised by the Manager in consultation with the Director overseeing Building Maintenance and should correspond with the requirements specified by the manufacturer. Board approval is also required.

2.6.2 Servicing and Cleaning Schedule

A servicing schedule should show how often each piece of equipment needs to be serviced. A cleaning schedule lists how often each part of the building (e.g. carpeted floors, stairwells, lobby windows) need to be cleaned. These schedules should be developed by the Manager in consultation with the Director overseeing Building Maintenance and submitted to the Board for approval.

2.6.3 Maintenance Records

The non-profit should have the following maintenance records on file:
- Building-wide records, including: a survey, as-built drawings, specifications, the builder's contract, building-wide warranties, a list of sub-contractors.

- Maintenance policies and procedures.
- Records for each major mechanical system or equipment, including warranties, service manuals, service contracts, inspection logs, and repairs done.
- Unit files, including inspection forms, repairs done, changes or replacements.
- An inventory of all equipment and tools, including serial numbers, warranties, servicing records, and repairs done.
- Work orders, including a record of who did the repairs and how much it cost.
- An emergency call log.
- A control list for keys, including a sign-out system.

2.6.4   Budgeting for Regular Maintenance

Your budget should include the following:
- Estimated costs of work discovered through inspections.
- Cost of service contracts and routine maintenance.
- Cost of cyclical maintenance items such as painting or weather-stripping.

The preparation of maintenance budgets will be required at least on an annual basis in conjunction with the project's overall budgeting process. This is the responsibility of the Manager in consultation with the Director overseeing Building Maintenance.

2.6.5   Capital Replacement Planning and Reserves

Non-profit housing corporations need reserves to pay for major replacements and repairs as their buildings age. Capital Replacement Planning means taking a long term view of the physical and financial needs of your property. A Capital Replacement Plan looks at major repairs and replacements over a number of years and allows you to plan, budget, and pay for large replacements without large rent increases or emergency funding/financing. Canada Mortgage and Housing Corporation (CMHC) provides a manual containing a step-by-step process and tools for long-term replacement planning. The CMHC manual is useful for all housing providers who are undertaking capital replacement planning. It can be used as a standalone document, or in conjunction with CMHC's Capital Replacement Planning Software. The manual shows how to create and use a capital replacement plan so that:
- sufficient funds are available when they are needed
- replacements are made at the right time and are affordable and
- rents remain stable

A separate bank account should be created for the Capital Reserve Fund. A separate bank account may even be required as part of financing arrangements and/or on-going government assistance.

2.7   Completing Repairs

Your preventative maintenance program should eliminate most surprises, but you still need a system to deal with unexpected problems or tenants' requests.

2.7.1 Maintenance Standards

If staff simply does the work each tenant asks for, then your building will be unevenly maintained, some tenants will feel slighted, and the non-profit will spend more money than it should. The non-profit should therefore set maintenance standards, setting out the level of maintenance tenants can expect. These standards should be developed by the Manager in consultation with the Director overseeing Building Maintenance and submitted to the Board for approval.

A policy doesn't need to be rigid to be useful. Some policies might allow room for tenant initiative. For example the non-profit might allow tenants to re-paint their units any time at their own expense provided they meet the non-profit's painting standards.

2.7.2 Maintenance Request System

Tenants need to know how they can get maintenance done. A simple Maintenance Request Form should be sufficient for most projects. Fill in the form when a tenant phones in a request. Use the form to describe the action taken, the date the work was completed, who did the work, any supplies used, and the cost. Put the finished Maintenance Request Form in the unit file.

2.8 Emergencies

Take time to establish an emergency plan before a crisis occurs. Take the following steps:

- **Define Emergency**
  Some items like a burst pipe need immediate attention while other items like a broken laundry machine do not. Tenants need to know when to call for after hours help, and the manager/staff need to know when to call in a repair person at premium rates. Agree on a policy and publicize it.

- **Plan**
  Decide what procedures you will follow in case of:
  1. fire
  2. loss of heat, electricity, or water
  3. major plumbing failure
  4. drain blocks or breaks
  5. gas leaks
  6. elevator breakdown
  7. accidents, illness or death.

- **On-Call System**
  You will need someone on-call 24 hours a day. Some options are:
  1. a staff person always on call backed by a security tenant when he/she is away
  2. a beeper that can be picked up when the office closes and passed to an assigned person
  3. a contracted emergency service company.

- **Access to Building for Emergency Responders**

  Most apartment buildings will have a "lock-box" located in the front entry vestibule. The lock-box is normally a requirement of the fire department. The lock-box normally contains a master key for the building which allows the fire department access to all areas in the event of an emergency.

  A fire safety plan, approved by the local fire department, is required. The manager should consult with the local fire department to ensure a proper fire safety plan is in place and is maintained/updated as required. The local fire department should have a sample fire safety plan format which can be used for developing, documenting, and implementing a fire safety plan. Fire safety plans typically include the following topics:
  - description of the building and its use
  - detailed list of fire protection equipment and systems
  - building owner and contact information
  - emergency procedures
  - diagrams for fire emergency systems
  - fire drills
  - control of fire hazards and hazardous materials
  - inspection and maintenance of fire safety equipment and systems
  - up-to-date tenant list with reference to any tenant with a disability who may require special assistance in the event of an emergency.

- **Educate Tenants**

  Tenants should always know the on-call person's phone number. They must also know when to call outside help (such as the police or fire department) before they call the non-profit's on-call number. And they must know their own part to play in a crisis - what they should do in case of a fire, or if they are stuck in an elevator.

- **Records**

  Keep detailed records of each emergency call. The on-call person should have an emergency log book with them at all times. For each emergency, record the date, time, location, action taken, any outside agencies involved, and the follow-up required. You will need this information to do follow-up work, to assess expenses, and possibly for insurance claims.

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3.0 FINANCES
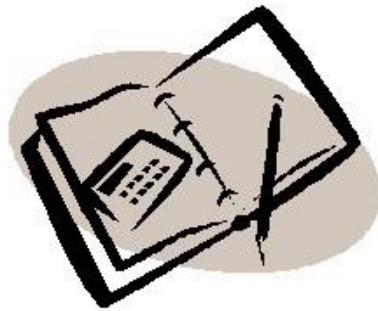
3.1 Introduction

The Board will likely delegate day-to-day financial
operations to the manager. The Board must however,
monitor the operations, make major financial decisions,
and ensure that the non-profit's financial policies are being followed and implemented.

3.2 Budgeting

When the Board approves an annual budget, it does not merely set a rent increase. It
decides what work will be done over the next year, commits itself to special projects, and
plans for work in future years. It also establishes a foundation for the non-profit's
spending policy and creates the standard to measure the non-profit's performance.

3.3 Spending Policy

In some respects the budget is the spending policy. When the Board approves the
budget, it decides how much money will be spent in each budget category that year. A
spending policy is needed to ensure the budget is being followed without asking the Board
to review every expense. It is also needed to protect the non-profit against mistakes and
fraud.

Write your own spending policy using the following steps:

- **Purchaser**
  Appoint a purchaser, usually the manager.

- **Approvals**
  Decide when that purchaser needs Board approval to spend money. In most cases
  the Board will allow the purchaser to spend money approved in the annual budget.
  Exceptions might be; new staff positions, contracts that bind the non-profit for
  more than six months, expenses that exceed the budgeted amounts, items not
  specified in the budget that cost more than $250.

- **Emergency**
  Decide how money can be spent in an emergency and reported to the next Board
  meeting. Be sure to define emergency.

- **Replacement Reserves**
  Describe how Replacement Reserves, and any other reserves, may be spent.
  Unless your annual budget approved expenditures from reserves, the Board
  should approve all spending in this area. In some situations, approval of the
  mortgage lender and/or government is also required before spending these capital
  funds.

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- **Surpluses**

    Describe how surpluses should be invested. The Board member assigned the task of Treasurer is often the best person to shift surpluses from current accounts to investment accounts with higher interest rates. The Board should set investment guidelines regarding permitted types of investments.

- **Acceptable risk (e.g. all deposits insured by deposit insurance).**

    Replacement Reserves must be placed in their own interest bearing account. If government funding is involved in the project, Replacement Reserve monies need to be invested in government insured investments.

- **Documentation**

    Decide how expenses should be documented. Each cheque needs a paper trail showing who authorized the expense and which account should be billed.

- **Signing**

    Choose signing officers. Signing officers do not approve expenses. By the time you are ready to sign a cheque, the decision has already been made. Instead signing officers should make sure the cheque is accurate, has the proper documentation, and was properly authorized. Cheques should have two signatures. One signing officer might be the purchaser. The other should be a Board Member, usually the Treasurer. Make sure you have more than two signing officers in case one of the regular signers is unavailable. The Chairman/President and Secretary are frequently third and fourth signing officers. **Signing officers should never sign blank cheques.**

3.4   Monitoring the Budget

Both the Board and the manager need to monitor the non-profit's spending. Every month the non-profit should produce:
- a bank reconciliation;
- an income and expense statement;
- an arrears statement;
- a statement of reserves and any funds removed; and
- a capital budget statement (if there is a separate capital budget for major replacement/repair projects).

Your Board must decide how often it wishes to receive these reports, but the Treasurer should receive monthly reports, and the entire Board should receive reports at least quarterly.

3.5   The Audit

The annual audit is not merely a requirement, it is an opportunity to get professional accounting advice. Your auditor can review your bookkeeping practices, and advise you how to allocate expenses.

The audited financial statement must be approved by the Board and presented to members at the annual general meeting.

3.6   Rent Collection

Collecting rent is a touchy issue, so you need careful planning. Take the following steps to ensure you have a smooth system:

- **Inform Tenants**
  Tell tenants what their rent is. In most provinces, tenants need 90 days notice of an annual rent increase.

- **Collection:**
  Collect the cheques. Pre-authorized debit is the most convenient method for collecting rent.   Post-dated cheques, safely stored, may also be used. Despite being convenient the non-profit cannot require the tenants to use pre-authorized debit or post-dated cheques. Keep a locked mailbox for after-hours cheque drops for tenants who choose to submit a cheque each month. Discourage cash payments.

- **Record**
  Record the rents. They must be recorded in:
  - the bank deposit book;
  - the income journal, which shows the income received each month; and,
  - the unit accounts.

- **Arrears**
  Develop an arrears policy, including the following:
  - When will you send a reminder notice?
  - Who will send it?
  - How will it be delivered?
  - Will you charge for NSF cheques? How much?
  - Who can work out payment arrangements? Are there guidelines for an acceptable arrangement?
  - What if the arrangement falls through?
  - Whatever policy you decide upon, make sure it conforms to your lease, and government regulations (if applicable).
  - Be sure the policy;
    o allows for prompt action;
    o leaves a paper record of the arrears proceedings; and
    o leaves little room for discretion.

Some provinces have government departments/agencies overseeing landlord and tenant affairs and/or the general rental housing market. Contact should be made to register the project and obtain all relevant information pertaining to landlord/tenant legislation. Even though new projects may be exempt from rent controls or other types of legislation for a period of time, government legislation can still effect the project and your relationship with tenants.

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3.7 Accounting Practices

It is virtually impossible to manage a housing development if you can't control your income, expenses, and cash flow. To do that you need a good accounting system. An accounting system is an organized collection of records that enables you to keep track of all revenue and expenses. Every transaction involving the non-profit's finances must be entered into these records.

Many computer software accounting programs have pre-defined systems specially designed for property management accounting. Consult with your auditor before purchasing any software. Plan to have your accounting system in effect prior to the first tenant taking occupancy.

3.7.1 Accounts Receivable

Since non-profits basically operate on a cash flow basis, it is extremely important to maximize cash flow. It is essential to set up a system that will make it possible to receive prompt payments of amounts owed and to deposit them immediately into the appropriate bank account. It is unwise to keep any money in the office.

In addition to making notes on certain files (e.g. notes on each unit file), you will find it useful to keep a main record book in which you will enter all money received: cheques, money orders, amounts paid in cash, and purchases on credit. Be careful to indicate the amount, the date of receipt, the payer and the reason for the payment, or credit.

3.7.2 Accounts Payable

Your filing system for accounts payable should take into account two primary objectives:

- **Promptness**
  Pay all outstanding accounts so as to avoid paying additional charges while at the same time securing available discounts.

- **Records**
  It is important to maintain a good filing system to ensure that all accounts are paid but that none is paid without cross checking with the original order for being correct. Never draw cheques without supporting vouchers.

4.0 LEASING AND TENANT SELECTION

4.1 Introduction

Most non-profit housing projects were started with a certain group of tenants in mind. However, when selecting tenants, non-profit organizations can expect to encounter a number of constraints. These constraints may be imposed by funding agreements, landlord-tenant legislation, human rights legislation, and other agreements and laws which may affect the landlord's ability to freely choose tenants. The non-profit must establish a tenant selection policy it can defend and stick with.

4.2 Selection Criteria

Your selection criteria should be in writing. The criteria should be written clearly, approved by the Board, and consistently applied. Components of the selection criteria should include:

- **Eligibility**
  Define your "target group" (or who is eligible to live in your project) in a way that conforms with any applicable landlord/tenant legislation, human rights legislation and any discrimination clauses that may be contained in government operating agreements.

- **Independence**
  Ensure the tenant can live independently without special support services, or with the support of services provided by the non-profit, or with the support services provided by an outside agency.

- **Screening**
  Many non-profits will not accept an applicant they believe will make a "bad tenant". So it is important to clarify what "good tenants" are, and how you will identify them. Some definitions of a good tenant is someone who:
    - will pay the rent;
    - will not disturb the neighbors;
    - views the non-profit as permanent housing; and
    - will keep the unit in good condition, and not damage the property.

  How will you know if a tenant will be a good one? There are no foolproof systems. Some ways landlords screen tenants include:
    - reference checks, especially from previous landlords;
    - a credit check (be sure to check a bad credit rating with the applicant because credit bureaus can sometimes have old or misleading information and remember that no credit rating is not the same as a bad credit rating);

- a personal interview, using a standard list of questions.

4.3   Waiting Lists

Your tenant selection criteria will tell you who is eligible to move in. Your waiting list tells you in what order you will take them. Where housing is scarce, it is not enough to get on the waiting list. Who gets to the top of the list is the crucial question.

Using application forms, keep track of the date and time received. A sequential order of applications received is usually the first level for ordering the waiting list. The next level comes once the applications are reviewed pursuant to established selection criteria.

4.4   Filling Vacancies

When a vacancy occurs, you need to have a clear procedure to fill the unit. The procedure should:
- make tenants feel welcome;
- ensure tenants are informed of their rights and obligations;
- keep vacancy losses to a minimum;
- make sure tenants are treated equally and fairly.

Here are some ideas:
- Update the waiting list at least annually.
- Contact the person at the top of the list, so they will be standing by when a vacancy occurs.
- Set a limit on how many times you will attempt to contact the person before giving up and moving to the next person on the list.
- Tour each prospective tenant through the unit. Give them a limit of say 3 days to decide whether they will take it.
- Meet with the new tenant to review the lease, and to make sure they understand what they are signing. Use the same meeting to give each tenant a move-in package, including:
    - move-in information (e.g. how to reserve the elevator for move-in day and what are the largest dimensions that can be passed through the hall-ways);
    - information about the community (e.g. shopping, transportation, community resources);
    - the building's policies (e.g. how to put out the garage, where to drop off rents, who may use the common spaces);
    - resources in the building (e.g. office hours, emergency systems, clubs or associations, support services);
    - confirm rental rates and any extra charges they must pay.

Before move-in, do a thorough unit inspection together with the tenant. Note any defects in the unit, and have the new tenant sign the unit condition form. The unit condition form will be used during the move-out process so it is important to be as thorough as possible in order to help avoid disagreements regarding damages the tenant may have caused.

4.5   Move-out Procedures

The last phase of the occupancy cycle is the move-out. The causes of move-outs are many, however in seniors' housing one of the major causes will be death. Don't be caught off guard when death occurs. Find out early what should be done and who should be called. You may need to know local laws about the disposition of personal property.

The following steps should be considered by the Board when establishing move-out procedures:
- schedule move-out date
- conduct move-out inspection with resident
- complete and sign (landlord and tenant) unit condition report
- have resident return keys
- inspect vacant apartment
- have locks changed on unit
- arrange for repairs if necessary

KASTES

5.0 BUILDING POLICIES

5.1 Introduction

Some issues will arise again and again. Rather than trying to
address these issues on a case-by-case basis set policies
that will answer most questions and guide you when you
need to make a judgment call. Here are some of the more controversial issues you are
sure to face:

5.2 Pets

This is one of the most contentious issues for tenants. The Board should establish a pets
policy as early as possible, put it in writing and make sure all tenants are aware. If you
decide to allow pets in the building, which pets will be allowed and what are the tenant's
responsibilities. (i.e. What happens when a pet causes damage? Will pets be
allowed in all common areas?).

5.3 Parking

You need to establish a parking policy. How will parking spaces be distributed? Will other
vehicles, such as boats and trailers, be allowed? Does the car need to have a valid
license? What will be done with unauthorized cars?

5.4 Internal Transfers

When can a household move to another unit within the project? What reasons for a move
will you accept? Will you charge a fee for a transfer? Will transfers be taken on a first
come first serve basis? Do tenants need to take the first available unit or do they have a
choice? Can tenants ever arrange a trade with another tenant? Who approves transfers?
Is there an appeal process?

5.5 Decorating

What changes or improvements can tenants make to their units? Can they paint? What
kind of wallpaper? Do they have to remove it when they leave? Can they hang things
from the walls? The ceiling? Are there certain methods they must use? What changes to
the unit require the landlord's prior written approval?

5.6 Use of Common Space

How can spaces, such as the multi-purpose room, recreation areas, or garden spaces be
used? Will the multi-purpose room be rented out to outside people? How will tenants
book the room for special occasions?