Introduction to Capital Planning

Brian Jung

BCNPHA
BC Non-Profit Housing Association

September 2021
Outline

• Introduction
• Building Condition Assessment
• Capital Plan
• Capital Planning Resources
• Q&A
Introduction to BCNPHA

• Founded 1993 by non-profit housing organizations
• Member driven organization with over 500 members
• Supports its members and builds capacity for the sector through:

- Leading research such as the Canadian Rental Housing Index
- Educational offerings to help non-profit housing providers succeed
- World-class events, including Housing Central, western Canada’s largest affordable housing conference
- Exclusive deals on customized programs and services
- Advocacy and partnerships with key stakeholders
- Membership engagement to accelerate our goal of safe, affordable housing for all
BCNPHA Asset Management

**Energy Efficiency**
- Energy audits (in person and virtual)
- Retrofit coaching
- Seek funding opportunities
- Education (online)
- Partner programs (discounts)

**Capital Planning**
- Education/coaching
- Capital planning tools
- Building condition assessments

Capital Planning with an Energy Efficiency lens
Purpose of a Capital Plan

- Forecast future capital repair/replacement expenditures
- Develop financial plan for future capital projects
- Minimize emergencies & disruptions to tenants
- Improve project efficiencies:
  - Competitive bidding vs. emergencies
  - Efficiencies by scheduling and sequencing projects
  - Readiness to funding when available
  - Develop strategies to enhance assets
Capital Planning Process

1. Building Condition Assessment (BCA)
2. Validate Building Condition Assessment
3. Develop Capital Projects from BCA
4. Create the Capital Plan
5. Use & Update Capital Plan
What is a Building Condition Assessment?

Document: list of building components with these details:

- Component condition
- Required actions (repairs/replacement)
- Cost of these actions
- Schedule when actions need to happen
- Repeat interval when action need to happen again
- Covers a span of 25 to 30 years
Building Condition Assessment

When to perform a BCA?
- Building >10 years old
- Repeat every 5 years to refresh BCA

Who performs the BCA?
- Individual with trades/construction experience
- BC Housing (free with operating agreement)
- BCNPHA (without BC Housing operating agreement)
- Consultants
Building Condition Assessment Includes

- Non-destructive visual inspection
- All major building components
  - Substructure
  - Shell
  - Interior
  - Services
  - Sitework
BCA Components

• Substructure
  – Foundation
  – Basement construction

Efflorescence  Cracks
BCA Components

• Shell
  – Superstructure (frame)
  – Balcony construction
  – Exterior walls
  – Windows
  – Exterior doors
  – Roofing
BCA Components

• **Interior**
  - Partitions (non-load bearing walls)
  - Fittings (cabinets & counters)
  - Interior doors
  - Interior wall finishes
  - Interior floor finishes
  - Ceiling finishes
BCA Components

• Services
  – Plumbing fixtures
  – Elevators
  – HVAC systems (boilers, pumps, furnaces, heat pumps, electric baseboards and etc.)
  – Domestic hot water system
  – Domestic water supply piping
  – Sewer lines
  – Sprinkler system
  – Fire alarm system
  – Electrical system
  – Security system
  – Lighting system
  – Appliances and laundry equipment
BCA Components

- **Sitework**
  - Roadway pavement
  - Parking lot pavement
  - Pedestrian pavement
  - Landscaping
  - Irrigation system
  - Site development
  - Water supply
  - Sanitary sewer

- Storm sewer
- Exterior lighting

Images:
- Retaining Walls (Site development)
- Driveway
- Fencing (Site development)
Helpful items for the site assessment:

– Architectural drawings
– Maintenance records
– Invoices from previous work
– Quotes for any upcoming work
– Provide access to all areas
What does a BCA look like?

- BCA report can come in different formats
Project Prioritizing

Overall Condition
• Remaining service life
• Component condition

Urgency of Action
• Life safety
• Security
• Failure cause building to shutdown
• Deterioration rate increase over time.
## Overall Condition*

<table>
<thead>
<tr>
<th>Overall Condition</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good</td>
<td>Element is performing adequately, and no work is foreseen in the next 5+ years</td>
</tr>
<tr>
<td>Fair</td>
<td>Element is operational but replacement or major repair action is expected in 3-5 years</td>
</tr>
<tr>
<td>Poor</td>
<td>Element requires replacement or major repair action in next 1-3 years</td>
</tr>
<tr>
<td>Critical</td>
<td>Element is past the point of economic repair or is not functioning and should be replaced or repaired within 1 year</td>
</tr>
</tbody>
</table>

## Urgency of Action (Deferment)

<table>
<thead>
<tr>
<th>Urgency of Action</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urgent</td>
<td>Action <em>cannot be deferred</em> and is necessary to get element functioning again or avoid <em>imminent failure</em></td>
</tr>
<tr>
<td>High</td>
<td>Action cannot be deferred and will be necessary to ensure continued element functionality for the <em>next 1-3 years</em>.</td>
</tr>
<tr>
<td>Medium</td>
<td>Action can be deferred and/or will be necessary to ensure continued element functionality for the <em>next 3-5 years</em>.</td>
</tr>
<tr>
<td>Low</td>
<td>Action can be deferred and/or will be necessary to ensure continued element functionality <em>beyond 5 years</em></td>
</tr>
</tbody>
</table>

*Source: Building Condition Assessment Guide for Asset Planner™ and iAuditor™ Version 2.0, June 2016, Ameresco*
Overall Condition & Urgency of Action

1. **Overall Condition:** Critical
   - **Reason:** damaged
   - **Urgency:** Urgent
   - **Reason:** security risk

2. **Overall Condition:** Critical
   - **Reason:** end of life
   - **Urgency:** Low
   - **Reason:** low risk

3. **Overall Condition:** Good
   - **Reason:** >5 year to end of life
   - **Urgency:** High
   - **Reason:** building closure
What is a Capital Plan?

Document: list of capital repair/replacement projects which includes the following information:

- Project Schedule
- Project Costs
Who creates the Capital Plan?

Capital Planner

- Board or staff member
- Creates, maintains and updates the capital plan
- Aligns capital plan with organization’s goals
Capital Planning Tools

<table>
<thead>
<tr>
<th>List of Projects</th>
<th>Project Schedule spanning 25 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Project Schedule

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Capital Planning Tools

### Annual Cost

<table>
<thead>
<tr>
<th>Building Name</th>
<th>Annual Renewal Requirements</th>
<th>Cumulative Renewal Requirements</th>
<th>Funding (Annual Amount)</th>
<th>Funding (Cumulative)</th>
<th>Unfunded Mobility</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

### $ in Capital Reserves

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Project Description</th>
<th>Project Cost</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$ -</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ -</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ -</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ -</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Annual Project Funding

### Funding Shortfall/Surplus
Housing is essential for healthy and resilient communities. Through our work with Basin groups and communities, we aim to strengthen local and regional efforts to ensure residents have access to housing that meets their needs.
URL: https://ourtrust.org/our-work/housing/
Funding the Capital Plan

• Capital Replacement Reserves
• Utility Rebate Programs
• BC Housing
• Funders (limited)
• Rent increases
BCNPHA Capital Planning Services

• Free capital planning education
  – Capital Planning 100: Fundamentals
    • Introduction to capital planning processes, terms and definitions
  – Capital Planning 101: Development
    • Developing a capital plan using BCNPHA Capital Planning Template

• Free capital planning coaching
  – Coaching and advice
  – Phone/Video Conference
BCNPHA Capital Planning Services

• BCNPHA fee for service
  – Building Condition Assessment Service
  – Capital Plan Development Service

• AssetPlanner™ access
  – Requires BC Housing Operating Agreement
Brian Jung, Program Delivery Manager
Asset Management Department

BC Non-Profit Housing Association
220–1651 Commercial Drive, Vancouver, BC V5L 3Y3
✉️: brianj@bcnpha.ca / ☎️: 778.945.2157 / 🌐: www.bcnpha.ca