



THE AGENCY
FOR CO-OPERATIVE
HOUSING

L'AGENCE
DES COOPÉRATIVES
D'HABITATION

CAPITAL PLANNING

Why Capital Planning Is Important for Your Co-op

What is a capital replacement plan?

A capital replacement plan is a tool that will help your co-op decide which major building components need repair or replacement—components such as roofing, windows, doors, siding, exterior wall systems or heating/electrical systems.

Just as important, your capital replacement plan includes an estimate of how much you'll need to set aside annually for the anticipated capital work. It also outlines the remaining service life of the building components and when the repairs and replacements will be required.

A capital replacement plan is not a maintenance plan. A maintenance plan is also a useful tool, but it concerns yearly maintenance items, such as painting, cleaning, minor building repairs and upkeep, rather than major building components.

Capital planning is essential if you are to understand what repairs or replacements are required for your buildings and when to complete them. It further provides your co-op with an estimate of how much you should expect to spend on these capital improvements and how much to set aside each year for future repair and replacement needs.

Benefits of capital planning

Capital planning helps your co-op

- keep buildings in good repair
- retain members by providing good-quality housing
- replace building components before they break down and cause health and safety issues
- give a more accurate forecast of how much you should set aside in your capital replacement reserve fund



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Good Planning

Here's how to create your **capital replacement plan**.

- Prepare a capital replacement plan for the next five years, based on a recent Building Condition Assessment (BCA) and update it annually. If your co-op does not have a BCA or your BCA is more than five years old, it's time to get one or replace the one you have.
- Sometimes your co-op will undertake complex replacements of major building components, such as roofs, fire alarm systems, mechanical roof top units, structural repairs to balconies and parking garages. For important work like this, you'll need to find a project manager through a competitive bidding process and retain them to oversee the work.
- If your replacement reserve fund is inadequate to cover the full cost, consider obtaining private financing or seek assistance from [CHF Canada's Asset and Financial Planning Services](#).

Suggested resources

- [CMHC Capital Replacement Manual](#)
- [Agency Q & A About Capital Replacement Reserve Plans](#)
- [CHF Canada Capital Reserve Planning Guide](#)
- [CMHC Capital Replacement Planning Workbook](#)
- [Agency BCA Guide](#)
- [Agency Project Management Guide](#)