



Capital Planning for CLTs

Lessons from Parkdale Neighbourhood Land Trust



November 2025

Written by Celia Wandio



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Neighbourhood
Land Trust



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Introduction

Community land trusts (CLTs) aim to acquire and steward land for community benefit in perpetuity. While CLTs may hold land for many uses, the CLT model is well suited to the stewardship of permanently affordable housing. However, **maintaining affordable housing to ensure it is both affordable and in good condition requires significant and deliberate planning.** In addition, CLTs that acquire existing rental housing assets may face further challenges in ensuring the newly acquired assets are brought to a state of good repair.

In this resource, we explore how the (Parkdale) Neighbourhood Land Trust (referred here as NLT) approaches capital planning for affordable housing properties. To date, NLT's rental buildings have all been acquired by NLT rather than developed new. This resource will therefore **focus on the perspective of planning for capital works for a recently-acquired residential building;** however, much of the information contained within will also apply to CLTs planning capital works in other circumstances.

This resource begins with some background on capital planning, and then goes into the four key steps involved in creating and mobilizing a capital plan.

What is capital planning?

Capital planning refers to the process of planning capital works (that is, **works beyond day-to-day maintenance**) to be done to an asset, like a building. This planning requires an in-depth understanding of the building itself and the costs involved in replacing or fixing different components. When older components are to be replaced, particularly to improve energy efficiency and to modernize the building, this can be called *retrofit planning*. In this guide, we use “capital planning” as the umbrella term.

CLTs often acquire existing rental buildings (private, public, or non-profit) in order to ensure the units remain accessible to low-to-moderate income people in perpetuity. In many cases, these are older buildings that may not be in a state of good repair. It is therefore important to begin the capital planning process immediately upon, or even before, acquisition of the property.

Why do capital planning as a CLT?

Capital planning is done for multiple reasons, including:

- to extend the lifespan of buildings,
- to ensure that funds will be available for future essential works, and
- to lower operating costs (often by improving energy efficiency)

Good capital planning can help build positive relationships with residents, and it is essential to maintain units as good quality and affordable. Capital planning is also an avenue for furthering community economic development by strategically awarding contracts.

What is the CLT's role in capital planning?

Different CLTs use different models for holding and managing their assets. In many cases, for rental and co-operative housing properties, the CLT will act as *asset manager* (i.e. responsible for capital planning) while an *operating partner* will manage day-to-day maintenance. Within this type of arrangement, it is important to clearly spell out the responsibilities of both parties, and to maintain regular communication regarding building condition and necessary works.

CLTs may choose to project manage capital works internally, or hire a consultant to take on this role. The former option may be more cost-effective, but is only viable if there are staff with the knowledge and capacity to take on this time-intensive work. Funding sources can also play a role in this decision: some funders may prefer you hire a consultant instead of paying for internal staff.

Four Stages of Capital Planning

1. Scoping & Design

During the Scoping & Design stage, you will be compiling information about your building and making decisions about what works will be completed when. It is worthwhile to put time and funds into this stage to ensure you are scoping your project properly and setting yourself up for success.

Gather Site Information

The first step of scoping your capital works is to understand the condition of your building. As a baseline, you should have an up-to-date (generally, within the past 10 years) **Building Condition Assessment (BCA)**. If you have recently acquired the building, a BCA will have been conducted during the due diligence process. The BCA will include a 10-30 year capital expenditure document for the building, which lists the building components and associated costs to address any issues.

If you haven't already, you should also get a **Designated Substances Study (DSS)** for your building, which is a health and safety assessment that identifies hazardous materials on a property. Having a DSS will help ensure worker and occupant safety during construction or demolition works.

If you do not already have a survey for your building, you will need to get one in order to obtain a permit for your works.

Further optional studies at this stage include:

- **Electrical Inspection:** An electrical inspection is particularly important if your building is older as this inspection will identify any (potentially expensive) works to the building's electrical systems that might be needed.
- **Plumbing Inspection:** Review and testing as well as anecdotal observations of plumbing systems is important if your capital repairs will interact with these systems (i.e., if you will be removing drywall). This will include domestic hot and cold water and drains, and may also include heating if you have radiators. As part of the inspection, lines, valves, and equipment will be assessed. Proactively identifying potential issues can lead to cost-savings.
- **Energy Audit:** This additional study that looks at the energy efficiency of your building may be a requirement for certain funding programs - be sure to contract for the right type of energy audit, based on your funder's requirements. Understanding your building's energy efficiency can also help you plan retrofit works that will decrease operating costs.

Create a Full Building Capital Plan

As noted above, your BCA will have a high-level plan of building works that will be required over a period of time. The BCA's plan will not necessarily take into account internal capacity, funding availability, or other priorities; however, you may be able to meet with the consultant who conducted the BCA to help you prioritize works.

Your CLT should have a capital projects policy that will set out priorities and principles for these works, which will help with the decision-making. It is standard that works with life safety implications be prioritized first, followed by works to ensure compliance with regulations; other priorities may subsequently be addressed.

Once you have determined how to prioritize the necessary capital works, you will develop a capital plan (typically ten-year) for the building that will include a list of works, in which year each will be done, and associated costs. This plan will enable you to understand the expected capital spend for each year so you can budget, and apply for funding, accordingly.

Develop a Project Budget & Access Funding

Scoping a project, and budgeting and applying for funding for that project, often happen in tandem because decisions about project scope may be influenced by funding availability or program eligibility. For example, you may have access to a limited amount of funding for capital works and you will therefore scope the works to fall within the budgeted amount.

In addition, you may need to apply for funding to support the scoping process itself. The planning process can be quite lengthy, especially with energy retrofit projects. If you are applying for funding to cover planning costs, you will generally need to have as a core goal the improvement of energy efficiency as this is a key goal of funders.

If you have recently acquired the building in question, you may already have secured funding from the same program(s) that supported acquisition costs. NLT recommends that CLTs **ensure there is funding available for high-priority capital works before proceeding with the acquisition of a given building.**

If you are planning capital works for a building you have owned for a period of time, and you do not have the funds for capital works immediately available, you might go through the scoping process, pause to apply for funding, and then proceed based on the funding acquired. It is also likely that your project will need to be tailored to meet funding requirements.

Common funding sources for affordable housing capital works include CMHC's [Canada Green Affordable Housing Retrofit Financing](#) and the Federation of Canadian

Municipalities' [Green Municipal Fund](#). These programs come with requirements for increasing energy efficiency as part of the capital works and will therefore usually necessitate an **Energy Audit**.

Capital Project Scope & Design

Putting together a capital project scope requires specific technical knowledge and expertise. In NLT's case, they assign a project manager or consultant to create the scope. If your CLT does not have the internal capacity or expertise, you can hire an external professional. Who you hire will depend on the project; you will need to hire an engineer or an architect if your project will require drawings for a permit application, or if the construction work will require construction drawings. If the work is less complex, a consultant with capital planning expertise can typically create the scope.

For trade-specific projects, it is advisable to get a contractor in that trade to help define the scope - for example, working with a mason to define the scope for a masonry project. Often, the contractor will offer to do this scoping for free, with the hope of winning the contract, but NLT recommends paying the contractor to ensure the scope is detailed, clear, and in a format that can be shared with other contractors for bidding purposes.

For more complex projects, including structural, mechanical systems, and building envelope works, you should hire an engineer or architect to put together a larger retrofit scope. The engineer or architect will be able to size and design the project components, including developing the drawings needed for permit applications. They can also coordinate the relationship between different disciplines and contractors (*construction administration*). NLT often hires an architect to project manage larger projects, even when drawings are not necessary, given their experience with coordinating capital works.

At the end of this step, you should have a detailed document that defines the project scope through written descriptions, photos, and sometimes drawings (necessary if applying for a permit, and often useful if not). It is important that the project requirements be detailed and clear to ensure bids are consistent. NLT has developed a [Design Guide & Construction Standards](#) document that they use to inform this process.

Engage with Tenants on Project Scope

As a community land trust, NLT prioritizes getting tenant input on works that impact tenants' homes. The initial project scope is developed with professional advice to give tenants a starting point for feedback; once this is developed, NLT's Community Development Coordinator brings the scope to the impacted tenant(s) and solicits

input. In particular, they ask for input on the particular works being prioritized, and suggestions of anything important that may have been missed. NLT has also developed a [design guide](#) that they use to give tenants a choice when it comes to finishings (for example, the colour of cabinets or walls, or tiles).

NLT sees this engagement process as adding value because it gives staff access to tenants' knowledge of their homes; it also helps build trust between NLT and tenants, who are also members of the community land trust.

The Community Development Coordinator will document tenant feedback and bring it to the asset management team. Tenant feedback will not always be actionable - for example, sometimes NLT needs to prioritize certain works over others to carry out its responsibilities as a landlord - but feedback often does get included in the final project scope.

2. Procurement

Choose Your Procurement Approach

Procurement is the process through which you award contracts for a given piece of work. There are several different approaches you can take, depending on your CLT's priorities and the size of the project; each is explored below.

Request for Proposals

A Request for Proposals (RFP) is a competitive tendering process. This approach is typically used for larger projects - NLT uses it for projects greater than \$250,000. In some cases your funder may require that you issue an RFP.

A fully open RFP process invites unlimited vendors to submit proposals; NLT will typically issue a restricted RFP, meaning a shortlist of known firms are invited to submit proposals in response to an RFP.

An RFP process requires creating a tender review committee, which for NLT will typically consist of a board member, a committee member, and one or more staff members. If a consultant was retained to design the project, they may also be involved in the tendering process and may make a recommendation to the tender review committee.

The RFP itself is a detailed document that specifies all the details of the project, what needs to be included in a bid, and how vendors will be scored. In Canada, the RFP process is regulated by law. Once a bid is accepted, it becomes legally binding.

Request for Quotations (RFQ)

A request for quotations (RFQ) process is a simpler version of an RFP process; it is still a competitive tendering process. A detailed project scope is still required for an RFQ, but the vendor's response does not need to be as detailed as it would be for an RFP. In addition, RFQs are typically (and in the case of NLT) reviewed by staff only, rather than by a tender review committee.

The RFQ process will be quicker and may be used for smaller projects that do not necessitate an RFP. Whether you are doing an RFP or an RFQ, it is best practice to receive at least three bids from reputable vendors to ensure you are making a good selection.

Direct Award

A Direct Award is a non-competitive process that involves directly selecting a vendor to carry out a piece of work. This would typically only be done for very small projects (generally under \$20,000) and in situations where you have knowledge of the vendor's work and you need to proceed quickly.

Award & Finalize Contract(s)

If the contract is valued at \$20,000 or less, you may not use a formal contract and may instead use a fee proposal acceptance document. However, this should only be used for very small projects as it will not contain all of the terms that may protect your CLT if things go wrong.

The [CCDC2 Stipulated Price Contract](#) is a standard form contract used as the basis for owner-contractor contracts across Canada. It is most cost-effective, in terms of legal advice required, to use a standard contract like the CCDC2, and it will likely be preferred by most vendors. Note that if you are working with an external project manager, you will have a different form of contract that will form the basis of your relationship with that consultant.

Beyond the standard terms of the contract, you may include supplementary conditions; this is the part of the contract that you (the purchaser) will include to modify the contract in order to protect your interests. If you are working with a consultant on the project, they may suggest further inclusions. It is recommended that you have a lawyer review your supplementary conditions, especially for larger contracts.

If you are receiving public funding for your project, you should ensure the insurance requirements in the contract are in line with your funder's requirements as this may vary. In addition, it is recommended that you reach out to your insurer to verify if there are any requirements or clauses that you need to include for your contractor to meet.

3. Contract & Project Management

While the contractor you selected will be carrying out the works, your CLT is still responsible for administering the contract. Contract administration requires significant staff capacity and experience. If you have hired a consultant to act as project manager, they will take on much of this work for you; however, either way a member of staff will need to be available to represent the CLT's interests.

The project manager should be keeping an eye on the project budget to ensure the work does not go over budget. While work progresses, the project manager will receive "change orders" from the contractor; change orders are a formal way for the contractor to seek the purchaser's permission for a change (in time or cost) from the original project scope. The project manager will be responsible for reviewing these change orders and approving them, where appropriate.

The project manager will also receive invoices, and they will be responsible for conducting general reviews to check that the work being invoiced has indeed been completed. If so, they will approve the invoices and ensure they are paid on time.

Tenant Input & Impact Mitigation

Capital works on residential properties will typically involve some level of disruption for tenants. NLT has a Capital Project Tenant Impact Policy that guides their work in this area. NLT's approach is to work closely with tenants and solicit their input to minimize negative impacts.

Some works can be carried out while the tenant remains in place in their unit. This is generally the preference of tenants as it involves less disruption, but it requires significant staff capacity to coordinate between NLT, the tenant, and the contractor(s). When this is the case, NLT staff work closely with tenants to ensure they understand the works and to ensure the tenant will participate in preparing the unit (i.e., moving personal items out of the affected section of the unit). The downside of this approach is that delays or other problems with the works may cause significant additional stress for tenants and contractors.

More comprehensive or disruptive capital works will require that the tenant relocate temporarily. This is typically necessary for things like flooring replacement, drywall works, and kitchen or bathroom renovations. NLT's approach is to provide a furnished alternate unit within their portfolio that matches the tenant's household size; if this is not possible, NLT will temporarily rent a suitable unit. The tenant will sign a Relocation Agreement that assures them that they will maintain their tenancy and their right to their unit during the temporary relocation. NLT also provides packing support and moving support.

Whichever approach is chosen, significant staff time needs to be allocated towards supporting tenants and minimizing negative impacts of capital works. The **associated costs should be factored into project budgets** to ensure your organization has the capacity to coordinate works and provide comprehensive support to tenants.

4. Project Close-out

When the project is completed, the contractor will provide a record of the completed work - this is called an “as-built” and will include drawings and details of hidden conditions, further detail of what was installed, changes from the initial contract, materials, paint colours, and more. This is intended to inform you of any changes on site that vary from the original scope; this information will also enable you to source compatible materials for building maintenance in the future. Relatedly, you may choose to collect extras of materials used (for example, floor tiles) to store for future repairs. The contractor should provide operations manuals for all equipment and may also provide training for staff; it is possible to include training requirements in your initial contract.

The contractor will also provide warranty information. The end of the contractor’s work on site is the beginning of the warranty period. During this time, you should ensure you inspect the work and notify the contractor of any deficiencies so they can be addressed. The final payment process and construction close out is regulated by the *Construction Act*.

Conclusion

Capital planning is a complex yet crucial part of stewarding assets as a community land trust. This short guide outlined key steps and considerations associated with capital planning, as well as best practices learned by NLT through their own capital planning projects. The Canadian Network of Community Land Trusts remains available to support CLTs navigating any of the information in this guide.

Further Resources

BC Housing - [Managing Housing Assets Guide: Building Maintenance, Capital Planning, Capital Renewal and New Construction](#)

Canada Mortgage and Housing Corporation - [Capital Replacement Planning Manual](#)

Canadian Network of Community Land Trusts - [Starting a CLT](#)

The Neighbourhood Land Trust - [Social Procurement and Sustainability Action Framework](#)