



Notice No: 20-10

APPLICABLE TO:**DATE: July 23, 2020**

<input checked="" type="checkbox"/>	Municipal & Private Non Profit
<input checked="" type="checkbox"/>	Co-operative
<input checked="" type="checkbox"/>	Federal Non Profit
<input type="checkbox"/>	OCHAP/CSHP
<input type="checkbox"/>	Rent Supplement

<input checked="" type="checkbox"/>	Mandatory
<input type="checkbox"/>	For Information

SUBJECT: Capital Forecasting System – Update**BACKGROUND**

The purpose of a capital forecasting system is to ensure housing providers manage their reserve funds appropriately, identify providers' future capital requirements, and assess overall risk.

NRH requires the submission of a board-approved 10 year capital plan together with the year-end financial reports in order for providers to retain 50% of their annual operating surplus (depending on the program). Housing providers are required to use NRH's software system to produce their 10 year capital plans.

VFA

The software system RECAPP was purchased and the name has changed to VFA. This does not impact housing providers and the process for capital reporting has **not** changed from the RECAPP system. A few minor changes have been made to the software. The template remains the same, but there is no option to add items as in the old system. There is no longer an itemized list of all eligible capital items by major category and sub-category for reference, it has been categorized and the Building Condition Assessment (BCA) must be reviewed to understand which category items are listed. All capital items should be included and fall within one of the categories. If a new item is required to be added contact Sean Sissons to add or advise which category it falls under.

Reporting to NRH – Process

Niagara Regional Housing requires each housing provider to submit a complete 10 Year Board Approved Capital Forecast together with their year end financial submission:

- this Excel File (Capital Forecasting System) is emailed to each housing provider at their year end;
- housing providers are required to input the actuals for all capital work that occurred in their fiscal year just ended, in the first column;

- housing providers are to review the remaining 9 years considering the available capital funds, and make the required adjustments by removing, adding, deferring items as necessary, to ensure that funding exists to complete the work identified;
- providers may have to defer or phase-in some capital work to ensure the reserve funds are not depleted;
- when the adjustments are complete, the Capital Forecast must be printed out and approved/signed by the Board;
- a copy of the board-approved 10-year capital plan is to be included in the year-end financial reports, due 4 or 5 months after year-end, depending on the program;
- an electronic copy of the file is required to be emailed to sean.sissons@niagararegion.ca to update the database, so that it accurately reflects the capital requirements of the housing provider.

Capital Forecasting Spreadsheet Components

The spreadsheet contains the following tabs:

Instruction Sheet – explains how to complete the capital forecast spreadsheet

Capital Forecast – is the spreadsheet that providers will use as their 10 year capital forecast (*sample attached*)

Capital Definitions – contains definitions of several capital items

Housing Provider's Role

Housing providers are required to continue to utilize the VFA Spreadsheet to report their actual capital expenditures and forecast to NRH, on an annual basis.

If a housing provider requires assistance on using the VFA spreadsheet, please contact the Asset Administrator, Sean Sissons (905) 682-9201 ext. 3914 or sean.sissons@niagararegion.ca.

Service Manager's Role

NRH will use the VFA Spreadsheet to upload the data into the VFA capital forecasting system, as well as to monitor and track the capital requirements of housing providers, assess risk, and be in a better position to advocate for additional funding on housing providers' behalf.

NRH will monitor compliance with this Notice through the Annual Information Return and Operational Reviews.

If you have any questions or concerns regarding this notice, please contact your Housing Administrator at (905) 682-9201.

Donna Woiceshyn, Chief Executive Officer

Appendix A – Capital Forecast