



Notice of Meeting and Meeting Agenda Capital Region Housing Corporation Board

Wednesday, December 9, 2020

12:45 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. ADOPTION OF MINUTES

- 3.1. [20-790](#) Minutes of the October 14, 2020 and November 18, 2020 Capital Region Housing Corporation Board Meetings

Recommendation: That the minutes of the Capital Region Housing Corporation Board meetings of October 14, 2020 and November 18, 2020 be adopted as circulated.

Attachments: [Minutes - October 14, 2020](#)
[Minutes - November 18, 2020](#)

4. REPORT OF THE CHAIR

5. PRESENTATIONS/DELEGATIONS

5.1. Presentations

5.2. Delegations

6. CONSENT AGENDA

7. ADMINISTRATION REPORTS

8. REPORTS OF COMMITTEES

Hospitals and Housing Committee

- 8.1. [20-770](#) 2021 Portfolio Operating Budgets

- Recommendation:** The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
- a) That the 2021 Operating Budget for the Umbrella Operating Agreement be approved;
 - b) That the 2021 Operating Budget for the No Operating Agreement be approved;
 - c) That the 2021 Operating Budget for the Independent Living BC Agreement be approved;
 - d) That the 2021 Operating Budget for the Regional Housing First Program Agreement (Millstream Ridge and Spencer) be approved;
 - e) That the 2021 Operating Budget for the Investment in Housing Innovation be approved; and
 - f) That any 2020 operating surplus/(deficits) to be transferred to/(from) the appropriate Portfolio Stabilization Reserves be authorized.

- Attachments:**
- [Staff Report: 2021 Portfolio Operating Budgets](#)
 - [Appendix A: Expiring Properties](#)
 - [Appendix B: UOA Operating Budget Summary](#)
 - [Appendix C: NOA Operating Budget Summary](#)
 - [Appendix D: ILBC Operating Budget Summary](#)
 - [Appendix E: RHFP Operating Budget Summary](#)
 - [Appendix F: IHI Operating Budget Summary](#)
 - [Presentation: 2021 CRHC Financial Plan](#)

8.2. [20-769](#) 2021 Administration and Development Services Budgets

- Recommendation:** The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
- a) That the Capital Region Housing Corporation 2021 Administration Budget be approved; and
 - b) That the Capital Region Housing Corporation 2021 Development Services Budget be approved.

- Attachments:**
- [Staff Report: 2021 Admin & Development Svcs Budgets](#)
 - [Appendix A: Administration Budget](#)
 - [Appendix B: Development Services Budget](#)

8.3. [20-771](#) Five Year Updated Routine Capital Plans (2020-2024)

- Recommendation:** The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
1. a) That the Capital Region Housing Corporation Umbrella Operating Agreement (UOA) Five Year Updated Routine Capital Plan 2020-2024 be approved; and
 - b) That staff be authorized to implement the UOA 2021 routine capital plan.
 2. a) That the No Operating Agreement Portfolio Five Year Updated Routine Capital Plan 2020-2024 be approved; and
 - b) That staff be authorized to implement the No Operating Agreement Portfolio 2021 routine capital plan year.
 3. a) That the Independent Living BC (ILBC) Operating Agreement (Parry Place) Five Year Updated Routine Capital Plan 2020-2024 be approved; and
 - b) That staff be authorized to implement the ILBC Operating Agreement (Parry Place) 2021 routine capital plan year.
 4. a) That the Investing in Housing Initiatives (IHI) Operating Agreement Five Year Routine Capital Plan 2020-2024 be approved; and
 - b) That staff be authorized to implement the IHI Operating Agreement 2021 routine capital plan year.
 5. a) That the Regional Housing First Program (RHFP) Operating Agreement Five Year Updated Routine Capital Plan 2020-2024 be approved; and
 - b) That staff be authorized to implement the RHFP Operating Agreement 2021 routine capital plan year.

Attachments: [Staff Report: Five Year Updated Routine Capital Plans \(2020-2024\)](#)
[Appendix A: Five Year Updated Routine Capital Plans](#)

8.4. [20-772](#) Major Capital Plan (2021-2025)

- Recommendation:** The Hospital and Housing Committee recommends to the Capital Region Housing Corporation (CRHC) Board:
- a) That the 2021-2025 Major Capital Plan be approved; and
 - b) That staff be authorized to submit grant funding applications for two CRHC Redevelopment projects, two CRHC Renewal Projects and two New Projects through Canada Mortgage and Housing Corporation, BC Housing Management Commission, Federation of Canadian Municipalities and other funding programs as necessary and as they become available.

Attachments: [Staff Report: Major Capital Plan \(2021-2025\)](#)
[Appendix A: Major Capital Plan \(2021-2025\)](#)

8.5. [20-774](#) Correspondence: Greater Victoria Women's Shelter Society, 23 November 2020, re: Capital Region Housing Corporation (CRHC) Policy Change

Recommendation: [At the December 2, 2020 Hospitals and Housing Committee meeting, the following motion arising was carried:]

That the Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
That the amended applicant eligibility policy 2.10 be implemented effective June 1, 2021.

Attachments: [Correspondence: GVVSS re. CRHC Policy Change](#)

9. BYLAWS

10. NOTICE(S) OF MOTION

11. NEW BUSINESS

12. ADJOURNMENT

Meeting Minutes

Capital Region Housing Corporation Board

Wednesday, October 14, 2020

12:45 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

PRESENT

Directors: L. Helps (Chair), D. Screech (Vice-Chair), D. Blackwell, S. Brice, B. Desjardins, F. Haynes (12:50 pm), M. Hicks, G. Holman, D. Howe, B. Isitt (12:50 pm), J. Loveday, C. McNeil-Smith, D. Kobayashi (for R. Martin)(EP), R. Mersereau (12:52 pm), K. Murdoch, G. Orr, C. Plant, J. Ranns (12:50 pm), L. Seaton, M. Tait, N. Taylor, K. Williams, R. Windsor, G. Young

Staff: R. Lapham, Chief Administrative Officer; N. Chan, Chief Financial Officer; L. Hutcheson, General Manager, Parks and Environmental Services (EP); K. Lorette, General Manager, Planning and Protective Services; K. Morley, General Manager, Corporate Services; T. Robbins, General Manager, Integrated Water Services; M. Lagoa, Acting Deputy Corporate Officer; S. Closson, Committee Clerk (Recorder)

Regrets: Director Martin

EP - Electronic Participation

The meeting was called to order at 12:46 pm.

1. TERRITORIAL ACKNOWLEDGEMENT

Director Tait provided a Territorial Acknowledgement.

2. APPROVAL OF THE AGENDA

MOVED by Director Screech, **SECONDED** by Director Taylor,
That the agenda for the October 14, 2020 Session of the Capital Region Housing Corporation Board be approved.
CARRIED

3. ADOPTION OF MINUTES

- 3.1. [20-616](#) Minutes of the September 9, 2020 Capital Region Housing Corporation Board Meeting

MOVED by Director Windsor, **SECONDED** by Director Howe,
That the minutes of the Capital Region Housing Corporation Board meeting of September 9, 2020 be adopted as circulated.
CARRIED

4. REPORT OF THE CHAIR

There were no Chair's remarks.

5. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

6. CONSENT AGENDA

There were no Consent Agenda items.

7. ADMINISTRATION REPORTS

7.1. [20-637](#) 2020 Operating Budget Amendment

K. Lorette introduced the 2020 Operating Budget Amendment for Millstream Ridge.

**MOVED by Director Howe, SECONDED by Director Screech,
That the Millstream Ridge Building Operating Budget Amendment be approved.
CARRIED**

8. REPORTS OF COMMITTEES

Hospitals and Housing Committee

8.1. [20-588](#) Applicant Eligibility Policy Update

K. Lorette introduced the Applicant Eligibility Policy Update.

Discussion ensued on the following:

- housing eligibility
- supportive housing policy

**MOVED by Director Loveday, SECONDED by Director Orr,
That the amended Applicant Eligibility Policy 2.10, attached as Appendix A, be
approved.
CARRIED**

9. BYLAWS

There were no bylaws for consideration.

10. NOTICE(S) OF MOTION

There were no Notice(s) of Motion.

11. NEW BUSINESS

There was no new business.

12. MOTION TO CLOSE THE MEETING

There was no motion to close the meeting.

14. ADJOURNMENT

MOVED by Director Brice, **SECONDED** by Director Desjardins,
That the October 14, 2020 Capital Region Housing Corporation Board meeting be
adjourned at 12:54 pm.
CARRIED

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

Meeting Minutes

Capital Region Housing Corporation Board

Wednesday, November 18, 2020

12:45 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

SPECIAL INAUGURAL MEETING

PRESENT

Directors: L. Helps (Chair), D. Screech (Vice-Chair), D. Blackwell, S. Brice, B. Desjardins, F. Haynes, M. Hicks (EP), G. Holman, B. Isitt, J. Loveday, R. Martin, R. Mersereau, K. Murdoch, G. Orr, C. Plant, J. Ranns, L. Seaton, M. Tait (12:49 pm), N. Taylor, K. Williams, R. Windsor, G. Young

Staff: R. Lapham, Chief Administrative Officer; N. Chan, Chief Financial Officer; L. Hutcheson, General Manager, Parks and Environmental Services; K. Lorette, General Manager, Planning and Protective Services; K. Morley, General Manager, Corporate Services; T. Robbins, General Manager, Integrated Water Services; M. Lagoa, Acting Deputy Corporate Officer; S. Closson, Committee Clerk (Recorder)

EP - Electronic Participation

Guest: Ryan Bortolin; Stewart McDannold Stuart, Barristers & Solicitors

Regrets: Directors Howe, McNeil-Smith

1. CALL TO ORDER

The Chief Administrative Officer called the meeting to order at 12:46 pm.

2. TERRITORIAL ACKNOWLEDGEMENT

The Chief Administrative Officer provided a Territorial Acknowledgement.

3. ELECTION OF THE CHAIR OF THE HOUSING CORPORATION BOARD

The Chief Administrative Officer called for nominations for the position of Chair of the Capital Region Housing Corporation Board for 2021.

Director Screech nominated Director Helps. Director Helps accepted the nomination.

The Chief Administrative Officer called for nominations a second time.

The Chief Administrative Officer called for nominations a third and final time.

Hearing no further nominations, the Chief Administrative Officer declared Director Helps Chair of the Capital Region Housing Corporation Board for 2021 by acclamation.

4. ELECTION OF THE VICE CHAIR OF THE HOUSING CORPORATION BOARD

Chair Helps called for nominations of Vice Chair of the Capital Region Housing Corporation Board for 2021.

Director Isitt nominated Director Screech. Director Screech accepted the nomination.

Chair Helps called for nominations a second time.

Chair Helps called for nominations a third and final time.

Hearing no further nominations, Chair Helps declared Director Screech Vice Chair of the Capital Region Housing Corporation Board for 2021 by acclamation.

5. APPROVAL OF THE AGENDA

**MOVED by Director Blackwell, SECONDED by Director Plant,
That the agenda for the November 18, 2020 Session of the Capital Region
Housing Corporation Board be approved.
CARRIED**

6. INAUGURAL ADDRESS OF THE CHAIR

Chair Helps indicated this is her last year serving as Chair of this Board. As she will not be running for mayor of Victoria in 2022 and believes in succession planning, she will be looking next year to someone else in filling this role. The Chair thanked the directors for allowing her to hold this position for 3 years and will continue to work alongside directors and staff to get as many housing units into the housing portfolio over the 12 months. She is looking forward to serving over that time and to deliver affordability to residents across the region.

7. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

8. CONSENT AGENDA

**MOVED by Director Blackwell, SECONDED by Director Seaton,
That consent agenda items 8.1. and 8.2. be approved.
CARRIED**

8.1. [20-688](#) Capital Region Housing Corporation Operational Update - Third Quarter

**That the Capital Region Housing Corporation Operational Update - Third Quarter
report be received for information.
CARRIED**

8.2. [20-689](#) Spencer Close Redevelopment Mortgage Registration: 2763 Spencer Road

- a) That the resolutions required by BC Housing Management Commission to authorize the execution of the Section 219 Covenant and the Loan and Mortgage documents for 2763 Spencer Road be approved; and
 - b) That Staff be authorized to execute any agreements with Capital Regional District and BC Housing Management Commission and to take steps necessary to conclude the purchase of 2763 Spencer Road, Langford, BC.
- CARRIED

9. ADMINISTRATION REPORTS

9.1. [20-723](#) Mortgage Renewal - The Hamlet

K. Lorette introduced the Mortgage Renewal for The Hamlet.

MOVED by Director Brice, SECONDED by Director Orr,
a) That the resolution required by BC Housing Management Commission to renew the mortgage for The Hamlet through the Canada Mortgage and Housing Corporation Direct Lending Program for a term not to exceed the expiry of the existing operating agreement be approved; and
b) That the Chief Administrative Officer and Chief Financial Officer be authorized to sign any documents related to the mortgage renewal.

CARRIED

10. REPORTS OF COMMITTEES

There were no Reports of Committees.

11. MOTION TO CLOSE THE MEETING

There was no motion to close the meeting.

12. ADJOURNMENT

MOVED by Director Blackwell, SECONDED by Director Screech,
That the November 18, 2020 Capital Region Housing Corporation Board meeting be adjourned at 12:52 pm.

CARRIED

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

REPORT TO HOSPITALS AND HOUSING COMMITTEE MEETING OF WEDNESDAY, DECEMBER 02, 2020

SUBJECT 2021 Portfolio Operating Budgets

ISSUE SUMMARY

To provide the Capital Region Housing Corporation (CRHC) Board a review of estimated operating revenues and expenditures for 2020, and to present the proposed operating budgets for 2021.

BACKGROUND

In 2015, the Umbrella Operating Agreement (UOA) was signed with the BC Housing Management Commission (BC Housing) and was renewed to December 31, 2024. The 2020 UOA portfolio includes 39 of CRHC's 49 properties.

Under the UOA, all operating surplus funds are retained by CRHC. With the surplus, CRHC must first remedy any operating deficit from a previous year. Then CRHC may make other payments out of the surplus in order of priority as follows: contributions to the capital replacement reserve fund as required under the capital plan, costs relating directly to a project; or in any other way the CRHC chooses to advance the management and development of affordable housing.

In 2019, staff negotiated the renewal of the UOA, with some modifications, for a subsequent five-year term (2020-2024). The operating subsidy provided by BC Housing through the UOA is stable for the five-year operating term with the exception of when a mortgage is renewed or a mortgage matures.

- Mortgage renewal - the subsidy is increased or decreased to accommodate the new mortgage payment.
- Mortgage matures - the subsidy and mortgage payments cease; this results in future net favourable financial impacts because the subsidy payment was less than the mortgage payments.
- Eleven properties have operating agreements expiring and mortgages maturing between 2021-2024 (Appendix A).

One of the modifications is that three properties (Portage Place, Campus View, Royal Oak Square), whose original Canada Mortgage and Housing Corporation (CMHC) operating agreements expired in 2018 and 2019, were removed from the UOA portfolio and transferred to the No Operating Agreement (NOA) portfolio. This realignment provides CRHC the flexibility to debt finance its \$4,500,000 share of the \$40,000,000 Capital Regional District (CRD) equity contribution to the Regional Housing First Program (RHFP).

Separate operating budgets have been prepared for the five portfolios: (UOA, NOA, Independent Living BC (ILBC), the RHFP and the Investment in Housing Innovation (IHI)). The budgets which receive operating subsidies (UOA and ILBC) are balanced and the other portfolio budgets show small surpluses. Realized surpluses are transferred to portfolio operating reserves at year end to fund future variances in operating results. Detailed budgets can be found in Appendices B-F.

ALTERNATIVES

Alternative 1

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

- a) That the 2021 Operating Budget for the Umbrella Operating Agreement be approved;
- b) That the 2021 Operating Budget for the No Operating Agreement be approved;
- c) That the 2021 Operating Budget for the Independent Living BC Agreement be approved;
- d) That the 2021 Operating Budget for the Regional Housing First Program Agreement be approved;
- e) That the 2021 Operating Budget for the Investment in Housing Innovation be approved; and
- f) That any 2020 operating surplus/(deficits) to be transferred to/(from) the appropriate Portfolio Stabilization Reserves be authorized.

Alternative 2

That the 2021 Portfolio Operating Budgets report be referred back to staff for additional information based on Hospitals and Housing Committee direction.

IMPLICATIONS

UOA Portfolio

2020 Outcomes

The approved 2020 UOA Budget estimated a balanced operating result. Staff are forecasting a 2020 surplus of \$86,313. The favourable variance represents some cost pressures in various budget lines: increases in insurance premiums, utilities, and maintenance costs is offset by an increase in rental income and no insurance deductibles paid. The 2020 actual surplus will be transferred to the UOA operating reserve. See Appendix B for detailed variance explanations.

Table 1: UOA summary of 2020 estimated revenue/expenditures and 2021 proposed budget

Umbrella Operating Agreement (Appendix B)			
	2020 Budget	2020 Estimates	2021 Proposed
Total Revenue	12,640,370	13,166,601	12,642,252
Total Expenditures	(12,640,370)	(13,080,287)	(12,642,252)
Operating Surplus/(Deficit)	-	86,313	-
% of Revenue	-	1%	-

2021 Budget Drivers

The 2021 UOA Budget will see a small decline in subsidy revenue which corresponds to a larger decline in mortgage payments as mortgages continue to mature. Insurance premiums continue to rise, and the contribution to the replacement reserve is rising as planned to match the budgeted expenditures of the 5-year Routine Capital plan. Staff are proposing a 2021 balanced budget with no operating surplus.

Insurance premiums

Insurance premiums have a budgeted increase of 26.9% over the 2020 budget year. Approximately 6% of the increase is attributed to an escalation in the total insured value and the remaining increase is due to the rise of the premium rate applied to the multi-residential housing sector.

In 2020, a budget line was added for insurance deductibles, due to the significant increase in insurance deductible, from \$10,000 to \$50,000 per incident. Staff continue to work with the BC Non Profit Housing Association, who led the insurance procurement on behalf of the sector membership, to explore other options to address the rising insurance costs.

Replacement Reserve Contribution

Staff are recommending a Routine Capital funding strategy to ensure there is sufficient revenue available for the proposed 2020-2024 UOA Capital Plan of \$11,000,000 total or \$2,200,000 per year.

- In 2020, a replacement reserve contribution was \$149/month per unit (or \$1,900,000 annual contribution) from the UOA operating budget and a onetime transfer of \$300,000 from the UOA Portfolio Stabilization Reserve (PSR) to the Portfolio Replacement Reserve (PRR) to equal the required \$2,200,000 UOA capital plan annual contribution.
- For 2021-2024, a replacement reserve contribution of \$173/month per unit (or \$2,200,000 annual contribution) from the UOA operating budgets to the PRR. This will be attainable as a result of the net savings generated by the four CMHC properties whose original operating agreements expire and the related mortgages mature in 2021.

NOA Portfolio

2020 Outcomes

The approved 2020 NOA Budget estimated an operating surplus of \$343,869. Staff are forecasting a 2020 surplus of \$332,029. The net (\$11,840) unfavourable variance represents a change in the estimated property taxes offset by savings on insurance deductibles and caretaker salaries. The 2020 actual surplus will be transferred to the NOA operating reserve.

Table 2: NOA summary of 2020 estimated revenue/expenditures and 2021 proposed budget

No Operating Agreement (Appendix C)			
	2020 Budget	2020 Estimates	2021 Proposed
Total Revenue	1,620,880	1,602,374	1,603,626
Total Expenditures	(1,277,010)	(1,270,345)	(1,322,345)
Operating Surplus/(Deficit)	343,869	332,029	281,281
% of Revenue	21%	21%	18%

2021 Budget Drivers

The main increases to the NOA Operating budget are insurance premiums, property taxes, and management fees. Property tax treatment changed in 2018-2019 due to the CRHC placing affordable housing covenants on title, leading to an approximate 70% reduction in property tax, offset by increases in property values. There are no more anticipated changes to the property tax treatment, so amounts should stabilize. Management fees have increased to \$110/unit per month (see staff report on Administration Budget). The proposed 2021 NOA operating surplus is \$281,281 or 18% of total revenue.

Replacement Reserve Contribution

Staff are recommending a funding strategy change to ensure there is sufficient revenue available for the proposed 2020-2024 NOA Routine Updated Capital Plan of \$1,900,000 total. For 2020-2024, a replacement reserve contribution of \$173/month per unit (or \$255,000 annual contribution) will be transferred from the NOA operating budgets to the PRR.

ILBC Portfolio

Parry Place is under the ILBC operating program with BC Housing. It has a five year fixed budget that was renewed for 2019-2023, with an allowance for an increase in annual budget expense based on the Consumer Price Index (CPI), excluding the mortgage.

2020 Outcomes

The approved 2020 ILBC Budget estimated a balanced budget. Staff are forecasting a 2020 deficit of (\$24,396) or 3.8% of revenue. The deficit is due to a high vacancy rate. The ILBC agreement requires Island Health to be responsible for the placement of tenants. Through active consultation with BC Housing, Island Health and Beacon Community Services, CRHC continues to work to decrease the vacancy rate at Parry Place.

Table 3: ILBC summary of 2020 estimated revenue/expenditures and 2021 proposed budget

Independent Living BC Agreement (Appendix D)			
	2020 Mandated	2020 Estimates	2021 Proposed
Total Revenue	679,433	649,234	679,433
Total Expenditures	(679,433)	(673,630)	(679,433)
Operating Surplus/(Deficit)	-	(24,396)	-
% of Revenue	-	3.8%	-

2021 Budget Drivers

Due to changes in Island Health's supportive care delivery model, initiated in November 2019, CRHC staff will be reporting back to the Board in 2021 on operating and ownership options for Parry Place.

RHFP Portfolio

Under the RHFP, the CRD purchased West Park and Spencer Close in 2020, and anticipates buying Hockley House in 2021. CRHC will lease and operate these properties. Under the agreement, CRHC-RHFP properties will pool their accumulated surplus/(deficits) and capital replacement reserves; similar to the Umbrella Operating Agreement portfolio and No Operating Agreement portfolio.

2020 Outcomes

Millstream Ridge

In 2020, Millstream Ridge has been the property most impacted by COVID-19 due to the high ratio of affordable units and turnover, mostly due to economic reasons. During Phase 1 and 2 of the Public Health Restrictions, landlords were not able to show occupied suites without tenant permission. This impacted the ability to have back-to-back tenancies and in some cases maintain 30-day turnover. The vacancy rate was budgeted at 2%, but the actual rate has averaged to 6.3%. Staff continue to market and show units as required. Millstream Ridge has a forecasted operating deficit of approximately \$135,000 or 5.3% of revenue for the fiscal year ending December 31, 2020, and the CRHC Board has approved an amended Millstream Ridge Operating Budget which includes a \$135,000 transfer from the Corporation Stabilization Reserve to fund the deficit.

West Park and Spencer Close opened in November 2020 and will lead to an anticipated RHFP portfolio surplus of \$12,888. The realized RHFP portfolio surplus will be transferred into the RHFP portfolio stabilization reserve at year end.

Table 4: RHFP summary of 2020 estimated revenue/expenditures and 2021 proposed budget

Regional Housing First Program Agreement (Appendix E)					
	2020 Original Budget	2020 Budget Amendments	2020 Amended Budget	2020 Estimates	2021 Proposed
Total Revenue	2,480,340	51,572	2,531,912	2,406,328	7,424,979
Total Expenditures	(2,475,620)	(56,292)	(2,531,912)	(2,393,440)	(7,409,153)
Operating Surplus/(Deficit)	4,720	(4,720)	-	12,888	15,826
% of Revenue	0.2%		-	0.5%	0.2%

2021 Budget Drivers

Millstream Ridge

In 2021, staff focus will be on marketing of units and turnover time to minimize rent loss. Millstream continues to have a deficit budget in 2021 due to market competition and higher turnover.

West Park, Spencer Close, and Hockley House

West Park and Spencer will be in their first full year of operation, with Hockley House joining in spring 2021. These new buildings have a budgeted surplus for 2021 which offsets Millstream's deficit, leading to an overall RHFP budgeted surplus of \$15,826.

The budgets for new buildings assume a four-month rent-up period, 2% and 3% vacancy rates and interest rates of 2.25% to 2.75%. Assumptions align with the long term operating plan for each building and address the need to incorporate forecast variance allowances. Actual results may vary from these assumptions. A sample of possible variances by assumptions are as follows:

- If the rent-up process takes five months; the revenues could be lower by approximately \$325,000.
- If vacancy rates were to vary to 4%; revenues could be lower by approximately \$130,000.
- If mortgage rates are 1.75%, debt expenses could be lower by approximately \$300,000.

Staff will continue to monitor these assumptions and variances and would incorporate adjustments into long term building financial plans after the first year of operations and based on actual results for each building.

IHI Portfolio

2020 Outcomes

Westview, a 73-unit development at 3816 Carey Road, was commissioned in May 2020 with the mortgage placed September 1, 2020. Tenant rents were lower than budgeted, due to renting up during the COVID pandemic, however savings in expenses by opening the building slightly later than budgeted, and the mortgage being placed later than opening, resulted in a forecasted 2020 surplus of \$102,870 or 26% of revenue.

Table 5: IHI summary of 2020 estimated revenue/expenditures and 2021 proposed budget

Investment In Housing Innovation Agreement (Appendix F)			
	2020 Budget	2020 Estimates	2021 Proposed
Total Revenue	507,060	392,050	812,668
Total Expenditures	(501,060)	(289,180)	(670,871)
Operating Surplus/(Deficit)	6,000	102,870	141,797
% of Revenue	1%	26%	17%

2021 Budget Drivers

Westview will be in its first full year of operations. The proposed 2021 operating budget is \$670,871. Staff are anticipating a \$141,797 surplus in 2021, consistent with levels anticipated in the long term financial plan for the building.

Portfolio Stabilization Reserves

Based on the 2020 estimated surpluses being contributed to the applicable portfolio stabilization reserves and capital development and renewal projects; Table 6 summarizes the estimated 2020 year end reserve balances.

Table 6: Summary of Portfolio Stabilization Reserves

Portfolio Stabilization Reserve Balances	2020 Beginning Balance	2020 Surplus/(Deficit)	2020 Approved Transfers from/(to)	2020 Ending Balance
Umbrella Operating Agreement	2,472,613	86,313	(300,000)	2,258,926
ILBC Agreement	(63,219)	(16,351)	-	(79,570)
No Operating Agreement	137,744	332,029	388,280	858,053
Regional Housing First Agreement	38	12,888	-	12,926

Portfolio stabilization reserves are used to fund cyclical maintenance as well as one-time unexpected pressures.

Overall Implications

Staffing

Caretaker salaries and administrative overhead are allocated to properties based on hourly staffing requirements. The 2021 caretaker budget line has an increased due to contract increases in salaries and increases in salaries due to two new additional caretaker FTEs for property management services related to the new properties (Spencer Close, and Hockley House). These positions were identified in the 2021 Housing Affordability Initiative Business Case (1a-2 – Housing Investment through RHFP).

Rental Rates

Based on the November 2020 BC Government announcement that rents will remain frozen until July 10, 2021, building budgets have been prepared assuming no rent increases for 2021. There is a possibility that up to 30% of CRHC units may be eligible for a 1.4% rent increase on August 1 if the BC Government does not extend the COVID-19 rent freeze past July 10, 2021. If the rent freeze is removed, the estimated increase in rental revenue (August-December 2021) could be \$25,000 across all buildings. Units which have turned over or began tenancies within 12 months would not be eligible.

CONCLUSION

The main drivers for the 2020 and 2021 estimated surpluses/(deficits), and balanced budgets, are increased contributions to the replacement reserves; increased insurance premiums; and ongoing inflationary pressures from contracted services. Staff are recommending that any operating surpluses/(deficits) be transferred to the appropriate portfolio stabilization reserves.

RECOMMENDATIONS

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

- a) That the 2021 Operating Budget for the Umbrella Operating Agreement be approved;
- b) That the 2021 Operating Budget for the No Operating Agreement be approved;
- c) That the 2021 Operating Budget for the Independent Living BC Agreement be approved;
- d) That the 2021 Operating Budget for the Regional Housing First Program Agreement (Millstream Ridge and Spencer) be approved;
- e) That the 2021 Operating Budget for the Investment in Housing Innovation be approved; and
- f) That any 2020 operating surplus/(deficits) to be transferred to/(from) the appropriate Portfolio Stabilization Reserves be authorized.

Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager Planning & Protective Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENTS

Appendix A – Expiring Properties
Appendix B – UOA Operating Budget Summary
Appendix C – NOA Operating Budget Summary
Appendix D – ILBC Operating Budget Summary
Appendix E – RHFP Operating Budget Summary
Appendix F – IHI Operating Budget Summary

CAPITAL REGION HOUSING CORPORATION**APPENDIX A****SUMMARY OF PROPERTIES WITH EXPIRING OPERATING AGREEMENTS AND MORTGAGES (2021-2024)**

Property	Operating Agreement Expiration	Units
Firgrove	01-Feb-21	32
Beechwood Park	01-Feb-21	48
Grey Oak Square	01-Mar-21	24
Olympicview	01-Apr-21	60
Willowdene	01-Sep-22	15
Rosewood	01-Nov-23	44
Gladstone	01-Jan-24	14
Camosun	01-Mar-24	8
Parkview	01-May-24	26
Carey Lane	01-Aug-24	22
Colquitz	01-Nov-24	20

CAPITAL REGION HOUSING CORPORATION

APPENDIX B

2021 UMBRELLA AGREEMENT OPERATING BUDGET SUMMARY

- 39 Properties: 1,142 Mixed Income Family/Seniors Housing

	2020 Board Approved	2020 Estimated	2020 Budget \$ Variance	2020 Budget % Variance	2021 CRHC Proposed	2021 Budget \$ Change	2021 Budget % Change
Revenue							
BCHMC Subsidy	2,819,350	2,860,281	40,931	1.5%	2,745,149	(74,201)	-2.6%
CMHC Mortgage Subsidy	228,150	263,322	35,171	15.4%	45,557 (4)	(182,593)	-80.0%
Tenant Rent Contribution	9,547,802	9,997,153	449,351	4.7%	9,909,458	361,656	3.8%
Misc Revenue - parking and laundry	45,068	45,845	777	1.7%	42,301	(2,767)	-6.1%
Total Revenue	12,640,370	13,166,601	526,230	4.2%	12,742,465	102,095	0.8%
Expenditures							
Audit	21,664	22,775	(1,111)	-5.1%	18,523 (5)	(3,142)	-14.5%
Caretaker	1,133,694	1,147,723	(14,030)	-1.2%	1,271,915	138,222	12.2%
Garbage	195,732	229,550 (10)	(33,819)	-17.3%	216,267 (10)	20,535	10.5%
Gas	98,700	88,360 (11)	10,340	10.5%	93,700	(5,000)	-5.1%
Hydro	236,913	249,850	(12,937)	-5.5%	250,000	13,087	5.5%
Insurance Premium	556,874	618,022 (1)	(61,148)	-11.0%	706,759 (1)	149,885	26.9%
Insurance Deductible	200,000	0 (2)	200,000	100.0%	158,213 (2)	(41,787)	-20.9%
Landscape Maintenance	311,763	320,069	(8,306)	-2.7%	326,293	14,530	4.7%
Land Lease	63,000	63,000	-	0.0%	63,000	-	0.0%
Leblond Strata	16,795	16,614 (3)	182	1.1%	17,618	822	4.9%
Maintenance	678,927	761,241	(82,314)	-12.1%	694,328	15,401	2.3%
Management Fee	1,294,404	1,356,692	(62,287)	-4.8%	1,501,164 (6)	206,760	16.0%
Mortgage Payments	4,926,781	5,188,551	(261,770)	-5.3%	4,102,830 (7)	(823,951)	-16.7%
Property Taxes	187,608	231,120 (8)	(43,513)	-23.2%	236,801 (8)	49,193	26.2%
Transfer to Replacement Reserve	1,900,000	1,900,000	0	0.0%	2,204,709 (9)	304,709	16.0%
Water	817,516	886,720	(69,204)	-8.5%	880,347	62,831	7.7%
Total Expenditures	12,640,371	13,080,287	(439,917)	-3.5%	12,742,466	102,095	0.8%
Total Umbrella Agreement Surplus/(Deficit)	-	86,313	86,313	-	-	-	-
Beginning Balance UOA Stabilization Reserve		2,472,613			2,258,926		
Operating Surplus/(Deficit)		86,313			-		
Transfer to UOA Capital Replacement Reserve		(300,000)			-		
Transfer to Carey Lane BER Project		-			(600,000)		
End Balance UOA Stabilization Reserve		2,258,926			1,658,926		

Notes: (for variances +/- 10% and \$10,000)

Michigan & Caledonia re-development projects postponed to 2021 thus are added back to UOA consolidated budget; the total revenue added back is 387,566 or 3.1% and the total expenses added back is \$452,568 or 3.6% in comparison to 2020 budget.

- (1) Insurance Premium: 2020 & 2021 increases due to multi-residential housing sector rate increase.
- (2) Insurance Deductible: no insurance deductible forecasted for the remaining of 2020; 2021 decrease due to the addition of non-UOA buildings participating in the cost sharing.
- (3) Leblond Strata: represents CRHC's share Leblond Strata Administration and Capital Reserve contribution costs.
- (4) CMHC Mortgage Subsidy: 2021 decrease due to mortgages maturing in 2020 for 6 CMHC properties.
- (5) Audit: 2021 decrease due to the addition of non-UOA buildings participating in the cost sharing.
- (6) Management Fee: 2021 increase due to new new \$110/month per unit standard from \$100/unit.
- (7) Mortgage Payments: 2021 decrease due to mortgages maturing in 2020 for 6 CMHC properties.
- (8) Property Taxes: 2020 Property tax increase is due mainly to property value increase; 2021 forecasted 7% increase from 2020.
- (9) Transfer to Replacement Reserve: 2021 increase due to new \$173/month per unit standard from \$165/unit.
- (10) Garbage: 2020 increase due to higher than budgeted hauling costs (\$14,397) & Michigan & Caledonia add back (\$14,688). 2021 increase due to Michigan & Caledonia add back (\$12,826) & contract increase (\$7,709)
- (11) Gas: 2020 decrease due to consumption lower than budget
- (12) Maintenance: 2020 increase due to Michigan & Caledonia add back (\$35,793).

To be approved at December 9, 2020 Board meeting

CAPITAL REGION HOUSING CORPORATION

APPENDIX C

2021 NO OPERATING AGREEMENT BUDGET SUMMARY

- 5 Properties: (38) Village on the Green, (17) Portage Place, (12) Campus View Court (38) Royal Oak Square and (18) Vergo - 123 Affordable Rental Housing
- Constructed 1983, 1984 and 2012

	2020 Board Approved	2020 Estimated	2020 Budget \$ Variance	2020 Budget % Variance	2021 CRHC Proposed	2021 Budget \$ Change	2021 Budget % Change	
Revenue								
Tenant Rent Contribution	1,615,612	1,595,199	(20,412)	-1.3%	1,596,449	(19,163)	-1.2%	
Misc Revenue - parking and laundry	5,268	7,174	1,906	36.2%	7,177	1,909	36.2%	
Total Revenue	1,620,880	1,602,374	(18,506)	-1.1%	1,603,626	(17,254)	-1.1%	
Expenditures								
Audit/Legal	2,189	2,440	(251)	-11.5%	1,948	(241)	-11.0%	
Caretaker	130,283	119,879	10,404	8.0%	132,106	1,823	1.4%	
Garbage	22,545	23,727	(1,182)	-5.2%	22,392	(153)	-0.7%	
Landscape Maintenance	41,349	40,395	954	2.3%	41,700	351	0.8%	
Hydro	4,790	5,000	(210)	-4.4%	5,200	410	8.6%	
Insurance Premium	67,381	69,224	(1,843)	-2.7%	76,654	9,273	13.8%	
Insurance Deductible	16,616	-	16,616	100%	13,251	(3,365)	-20.3%	
Maintenance	64,660	64,607	53	0.1%	63,055	(1,605)	-2.5%	
Management Fee	147,600	147,600	-	0.0%	162,360	(2)	14,760	10.0%
Management Fee - Tenant Engageme	1,761	1,108	653	37.1%	1,336	(425)	-24.2%	
Mortgage Payments	374,251	374,760	(509.00)	-0.1%	374,760	509	0.1%	
Property Taxes	38,189	58,207 (1)	(20,017)	-52.4%	62,281 (1)	24,092	63.1%	
Transfer to Replacement Reserve	254,802	254,802	-	-	254,802	-	-	
Water	110,594	108,400	2,194	2.0%	110,500	(94)	-0.1%	
Total Expenditures	1,277,010	1,270,345	6,666	0.5%	1,322,345	45,335	3.6%	
Total No Agreement Surplus/(Deficit)	343,869	332,029	(11,840)	-3.4%	281,281 (3)	(62,589)	-18.2%	
Beginning Balance NOA Stabilization Reserve		137,744			858,053			
Transfer 3 buildings from UOA to NOA		388,280			-			
Operating Surplus/(Deficit)		332,029			281,281			
End Balance NOA Stabilization Reserve		858,053			1,139,334			

Notes: (for variances +/- 10% and \$10,000)

- (1) Property Taxes: 2020 Property tax increase is due mainly to property value increase from estimate made in 2019; 2021 forecasted 7% increase
- (2) Management Fee: 2021 increase due to new new \$110/month per unit standard from \$100/unit.
- (3) 2021 Surplus: decrease to \$281,281 from \$343,870 due to decrease in budget surplus for 4 UOA buildings and increase in budget deficit for 1 UOA building (Vergo).

To be approved at December 9, 2020 Board meeting

CAPITAL REGION HOUSING CORPORATION

APPENDIX D

2021 ILBC(2) AGREEMENT OPERATING BUDGET SUMMARY

- 1 Property: 21 Senior's Independent Living Housing
- Constructed 2008
- Fixed 5 year Budget (2019-2023) with annual CPI increases

	2020 BCHMC Mandated	2020 Estimated	2020 Budget \$ Variance	2020 Budget % Variance	2021 CRHC Proposed	2021 Budget \$ Change	2021 Budget % Change		
Revenue									
BCHMC Subsidy	372,777	357,348	(1)	(15,429)	-4.1%	354,580	(18,198)	-4.9%	
Tenant Rent Contribution	295,466	281,886	(1)	(13,580)	-4.6%	313,663	18,197	6.2%	
Misc Revenue - parking & cable	11,190	10,000		(1,190)	-10.6%	11,190	-	-	
Total Revenue	679,433	649,234		(30,199)	-4.4%	679,433	-	0.0%	
Expenditures									
General Costs									
Audit	500	437		63	12.6%	500	-	-	
Cable Offset	9,215	9,692		(477)	-5.2%	9,000	(215)	-2.3%	
CPI Increase	-	-		-	0.0%	11,602	(2)	11,602	#DIV/0!
Garbage	3,500	4,062		(562)	-16.0%	3,500	-	-	
Hydro	36,542	35,000		1,542	4.2%	35,700	(842)	-2.3%	
Insurance Premium	10,020	10,397		(376)	-3.8%	7,280	(2,740)	-27.3%	
Memberships	500	0		500	100.0%	500	-	-	
Mortgage Payments	221,596	221,596		(0)	0.0%	221,596	1	0.0%	
Property Taxes	5,890	6,343		(452)	-7.7%	5,890	0	0.0%	
Transfer to Replacement Reserve	16,600	16,600		0	0.0%	16,600	-	-	
Water	7,426	9,000		(1,574)	-21.2%	7,000	(426)	-5.7%	
	311,789	313,126		(1,337)	-0.4%	319,168	7,380	2.4%	
Manageable Costs									
Caretaker	14,100	12,905		1,195	8.5%	12,850	(1,250)	-8.9%	
Contract for Services - Hospitality	296,084	290,455		5,629	1.9%	290,455	(5,629)	-1.9%	
Landscape Maintenance	6,240	6,240		-	0.0%	6,240	-	-	
Maintenance	25,500	25,184		316	1.2%	25,000	(500)	-2.0%	
Management Fee	25,720	25,720		0	0.0%	25,720	(0)	(0.00)	
	367,644	360,504		7,140	1.9%	360,265	(7,379)	-2.0%	
Total Expenditures	679,433	673,630		5,803	0.9%	679,433	-	-	
Total ILBC(2) Surplus/(Deficit)	-	(24,396)		(24,396)		-	-	-	
Beginning Balance ILBC(2) Stabilization Reserve						(87,615)			
BCHMC prior year adjustments		-				-			
Operating Surplus/(Deficit)		(24,396)				-			
End Balance ILBC(2) Stabilization Reserve		(87,615)				(87,615)			

Notes:

- (1) 2020 Subsidy and Rent Revenue shortfall due to vacancies.
 (2) 2021 CPI increase of \$11,602 is mandated by the ILBC Operating Agreement (2.6% net of mortgage)

To be approved at December 9, 2020 Board meeting

**CAPITAL REGION HOUSING CORPORATION
2021 RHFP AGREEMENT BUDGET SUMMARY**

APPENDIX E

- Millstream Ridge: 132 Mixed Income Housing; Constructed 2018
- Spencer: 130 Mixed Income Housing; Constructed 2020
- West Park: 152 Mixed Income Housing; Constructed 2020
- Hockley: 120 Mixed Income Housing; Constructed 2021

	2020 Board Amended	2020 Estimated	2020 \$ Variance	2020 % Variance	2021 CRHC Proposed	(1) 2021 Budget \$ Change	2021 Budget % Change
Revenue							
Tenant Rent Contribution	2,357,980	2,231,201	(126,779)	-5%	7,264,095	4,906,115	208%
Misc Revenue - parking	38,850	40,045	1,195	3%	160,884	122,034	314%
Transfer from Corporate Stabilization Reserve	135,082	135,082	-	-		(135,082)	-100%
Total Revenue	2,531,912	2,406,328	(125,584)	-5%	7,424,979	4,893,067	193%
Expenditures							
Audit/Legal	5,785	3,185	(2,600)	-45%	7,981	2,196	38%
Caretaker	154,574	135,811	(2) (18,763)	-12%	545,729	391,155	253%
Garbage	23,438	22,004	(1,434)	-6%	59,564	36,126	154%
Gas	10,850	13,670	2,820	26%	76,260	65,410	603%
Landscape Maintenance	8,864	9,324	460	5%	28,662	19,798	223%
Hydro	38,494	34,594	(3,900)	-10%	144,800	106,306	276%
Insurance Premium	129,331	124,064	(5,267)	-4%	437,903	308,572	239%
Insurance Deductible	-	-	-	-	68,852	68,852	0%
Maintenance	72,082	67,943	(4,139)	-6%	198,555	126,473	175%
Management Fee	199,600	186,600	(13,000)	-7%	635,580	435,980	218%
Mortgage Payments	1,669,276	1,601,196	(68,080)	-4%	4,532,139	2,862,863	172%
Property Taxes	-	-	-	-	-	-	-
Management Fee - tenant engagement	-	-	-	-	5,472	5,472	0%
Transfer to Replacement Reserve	143,718	114,048	(3) (29,670)	-21%	435,456	291,738	203%
Water	75,900	81,000	5,100	7%	232,200	156,300	206%
Total Expenditures	2,531,912	2,393,440	(138,472)	-5%	7,409,153	4,877,241	193%
Total RHFP Agreement Surplus/(Deficit)	-	12,888	12,888	-	15,826	15,826	-
Beginning Balance RHFP Stabilization Reserve		38			12,926		
Operating Surplus/(Deficit)		12,888			15,826		
End Balance RHFP Stabilization Reserve		12,926			28,752		

Notes: (for variances +/- 10% and \$10,000)

- (1) 2021 includes 2 new buildings (West Park and Spencer) and 1 new building for 9 months (Hockley.)
- (2) 2020 Caretaker under budget due to caretakers at West Park and Spencer starting later than anticipated.
- (3) 2020 Transfer to Replacement Reserve not done for Spencer and West Park as rent-up commenced Dec 1. Reserve transfers to commence in 2021.

To be approved at December 9, 2020 Board meeting

CAPITAL REGION HOUSING CORPORATION

APPENDIX F

2020 IHI AGREEMENT BUDGET SUMMARY - Westview

- 1 Property: 73 Mixed Income Housing
- Constructed 2020

	2020 Board Approved	2020 Estimated	2020 Budget \$ Variance	2020 Budget % Variance	2021 CRHC Proposed	(1) 2021 Budget \$ Change	2021 Budget % Change
Revenue							
Tenant Rent Contribution	496,770	387,600	(109,170)	-22.0%	797,068	300,298	60%
Misc Revenue - parking	10,290	4,451	(5,839)	-56.7%	15,600	5,310	52%
Total Revenue	507,060	392,050	(115,010)		812,668	305,608	
Expenditures							
Audit/Legal	1,440	1,520	(80)	5.5%	1,156	(284)	-20%
Caretaker	52,560	32,959	19,601	-37.3%	97,513	44,953	86%
Garbage	5,256	6,101	(845)	16.1%	8,595	3,339	64%
Gas	1,752	4,000	(2,248)	128.3%	7,300	5,548	317%
Landscape Maintenance	2,336	3,450	(1,114)	47.7%	7,008	4,672	200%
Hydro	14,600	8,000	6,600	-45.2%	19,917	5,317	36%
Insurance Premium	26,824	20,302	6,522	-24.3%	33,823	6,999	26%
Insurance Deductible	-	-	-		9,973	9,973	
Maintenance	20,440	11,932	8,508	-41.6%	30,660	10,220	50%
Management Fee	58,400	58,400	-	0.0%	96,360	37,960	65%
Mortgage Payments	253,480	93,467 (2)	160,013	-63.1%	280,401	26,921	11%
Property Taxes	-	-	-		-	0	
Management Fee - tenant engagement	-	-	-		793	793	
Transfer to Replacement Reserve	42,048	42,048	-	0.0%	63,072	21,024	50%
Water	21,924	7,000	14,924	-68.1%	14,300	(7,624)	-35%
Total Expenditures	501,060	289,180	211,880	-42.3%	670,871	169,811	34%
Total Surplus/(Deficit)	6,000	102,870	96,870	1615%	141,797	135,797	2263%
Beginning Balance IHI Stabilization Reserve		-			102,870		
Operating Surplus/(Deficit)		<u>102,870</u>			<u>141,797</u>		
End Balance IHI Stabilization Reserve		<u><u>102,870</u></u>			<u><u>244,668</u></u>		

Notes:

- (1) 2020 budget was based on 8 months of operations
- (2) 2020 mortgage payments overbudgeted. Capital funds covered interim financing. Mortgage was placed Sept 1, 2020.

To be approved at December 9, 2020 Board meeting



Capital Region Housing Corporation > 2021 Budget

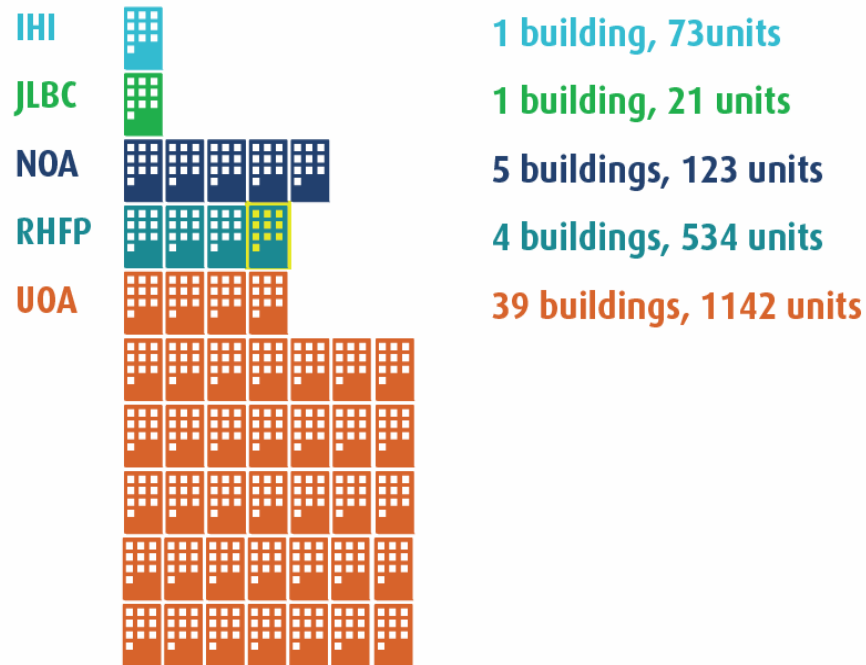
**Presentation to Hospitals & Housing Committee
Wednesday December 2, 2020**

Staff Reports

1. Portfolio Operating Budgets
2. Administration and Development Budgets
3. Routine Capital Plan
4. Major Capital Plan



CRHC 2021 – Portfolio Changes

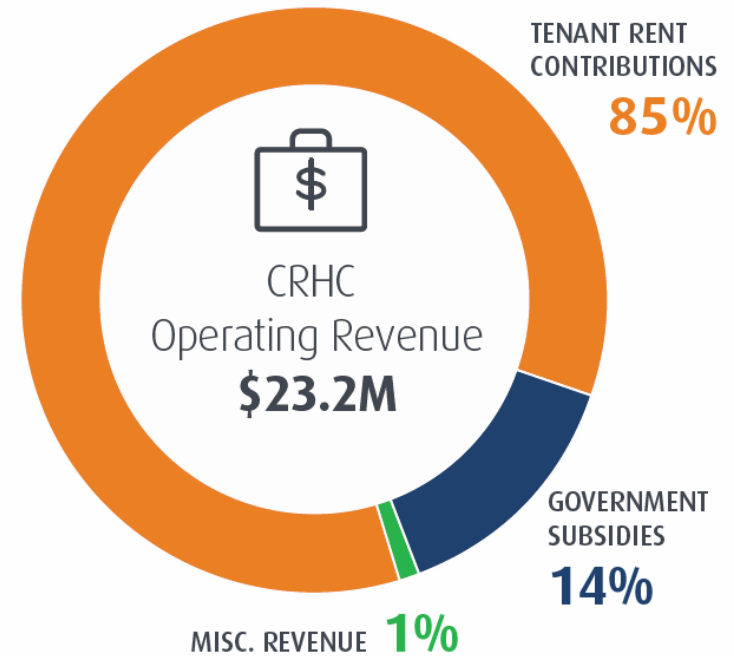
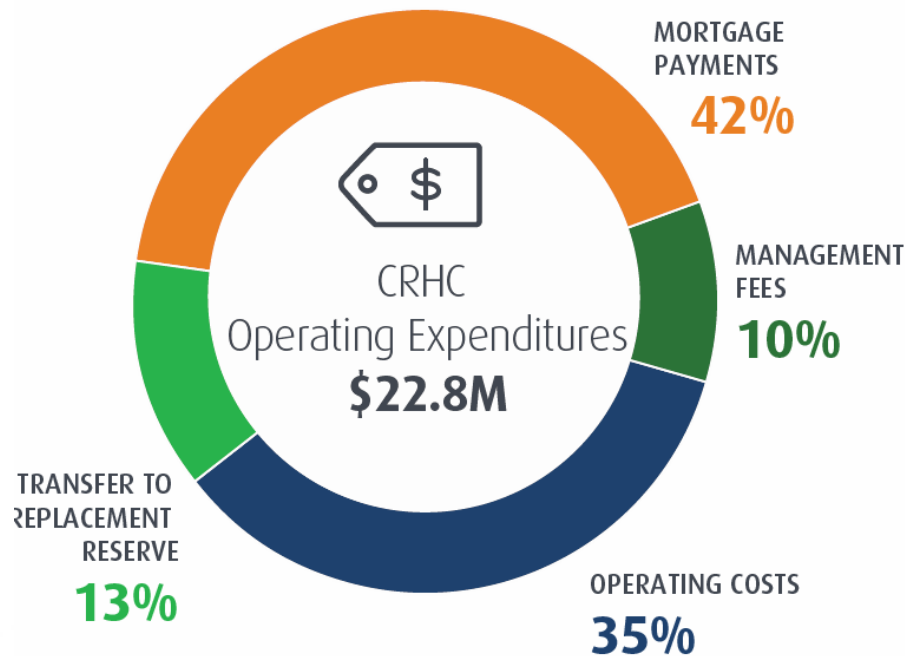


2019: 46 buildings, 1418 units
 2020: 49 buildings, 1773 units
 2021: 50 buildings, 1893 units

2021 CRHC PORTFOLIO
 50 buildings, 1893 units

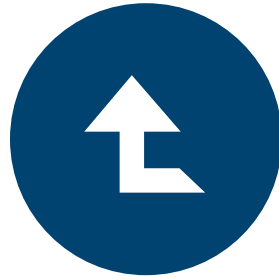


CRHC 2021 – Operating Budget

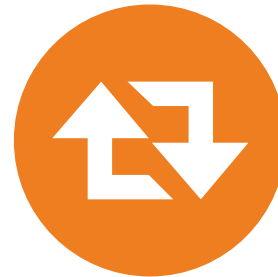




Staffing



Increase in
Insurance
premiums and
deductibles



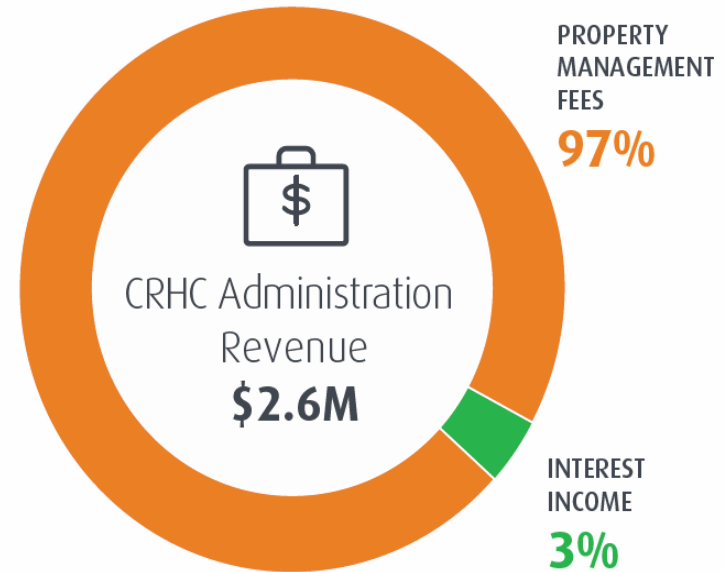
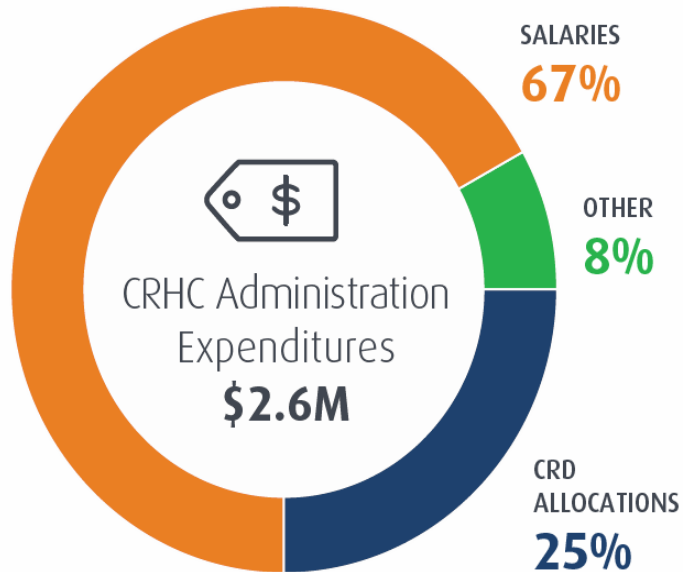
Replacement
Reserve
Contribution



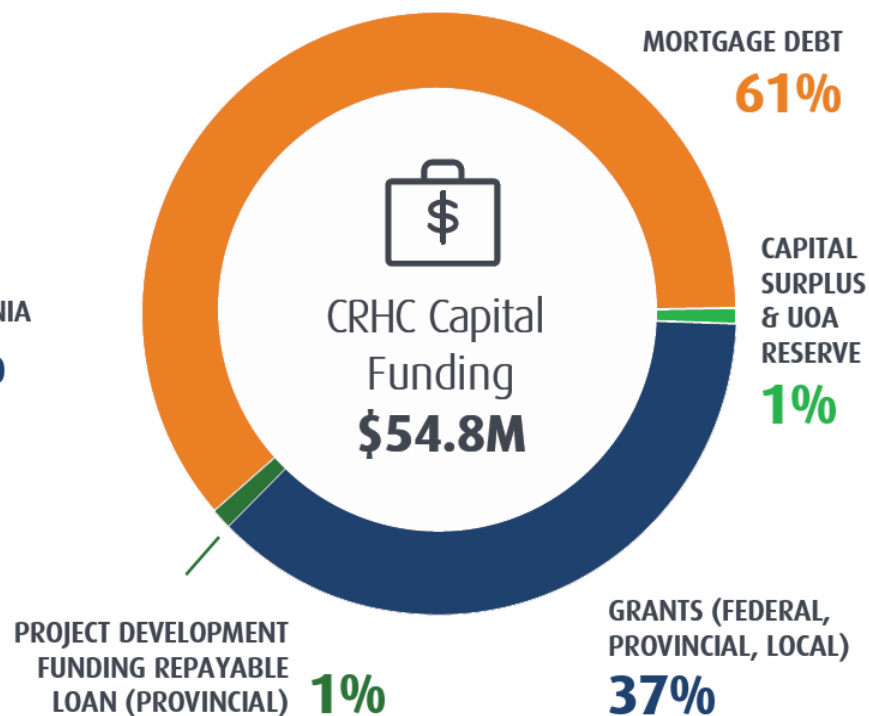
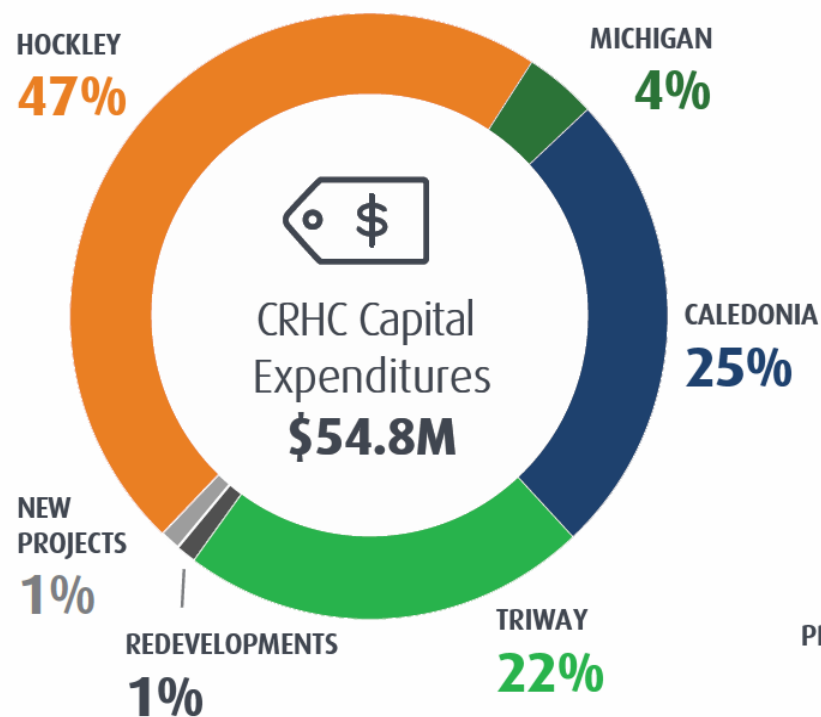
Contracted
Services



CRHC 2021 – Administration Budget



CRHC 2021 – Major Capital Budget



**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, DECEMBER 02, 2020**

SUBJECT 2021 Administration and Development Services Budgets

ISSUE SUMMARY

To provide the Capital Region Housing Corporation (CRHC) Board a review of estimated revenues and expenditures for the 2020 operating year and to present the 2021 Administration and Development Services Budgets.

BACKGROUND

The CRHC's fiscal year is January 1 to December 31. Final budget approval by the Board must be completed by December 31, 2020.

Administration Budget

The administration budget includes costs to the CRHC associated with overall corporate management such as salaries and benefits, Capital Regional District (CRD) corporate allocations, Regional Housing service delivery allocations, consultants, legal fees and office operating costs. The administration budget is primarily funded by property management fees charged to the 49 CRHC buildings. In the administration budget, the management fees are represented as revenue; and, in the building operating budgets, the management fees are represented as expenditures. Other sources of revenue include property management fees from other Housing Societies, operating interest income and transfers from the Corporation Stabilization Reserve (CSR).

The CSR was originally created through surplus development fees received throughout its 1983-2008 affordable housing development projects. The use of the CSR is at the discretion of the CRHC Board; its intention is to provide the Development Services Division with repayable working capital during the project feasibility phase; or the Administrative Division, operating funding, as required. Annually, the administrative budget transfers any operating surplus/(deficits) to the CSR.

Development Services Budget

The CRHC Board approved the *CRHC Portfolio Renewal, Redevelopment and Development Strategy*. The Development Budget is required to implement the strategy and includes costs to CRHC associated with the development, redevelopment and renewal of existing housing stock.

During the pre-development phase of a potential capital project, the cost for feasibility studies, preparation of grant applications and the salaries and overhead for Development Services is recovered through the CSR, if required. Once a project is approved, required staff salaries will be recovered through the capital projects. Development costs from the projects are captured in the Major Capital Plan.

ALTERNATIVES

Alternative 1

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

- a) That the Capital Region Housing Corporation 2021 Administration Budget be approved; and
- b) That the Capital Region Housing Corporation 2021 Development Services Budget be approved.

Alternative 2

That the 2021 Administration and Development Services Budget report be referred back to staff for revisions based on Hospitals and Housing Committee direction.

IMPLICATIONS

Administration Budget (Appendix A)

Table 1 Summary of 2020 estimated revenue/expenditures and 2021 proposed budget

Administration Budget (Appendix A)					
	2020 Budget	2020 Estimates	2020 Variance \$	2021 Proposed Budget	2020-2021 Budget Variance \$
Total Revenue	1,991,830	1,926,988	(64,842)	2,604,290	612,460
Total Expenditures	(1,991,830)	(1,913,988)	77,842	(2,604,290)	(612,460)
Operating Surplus/(Deficit)	-	13,000	13,000	-	-
% of Revenue	-	1%	1%	-	-

In 2020, there was a net favourable operating surplus of \$13,000 or 1% variance in the administrative operating budget. The variance was a result of lower investment income due to lower market rates offset by a positive variance in salaries due to small hiring lags on new positions and those with turnover.

Staff are proposing a 2021 Administration budget of \$2,604,290. This represents a proposed expenditure increase of \$612,460 or 30.7%. This is due to contract increases in salaries and increases in salaries for the addition of 4.0 full time employees (FTEs) in support of property management services related to the expansion of the Regional Housing First Program portfolio which includes West Park, Spencer Close (completed at the end of 2020) and Hockley House (to be completed in 2021).

The CSR has an estimated balance of \$524,141 at December 31, 2020, after the \$135,082 transfer to cover Millstream Ridge 2020 operating shortfall. There is a planned transfer of \$65,000 in 2021 to fund capital feasibility studies, leaving a forecasted ending CSR balance in 2021 of \$459,141.

Explanations for budget line variances +/-10% and \$10,000 can be found in the Appendix A notes.

Development Services Budget (Appendix B)

Table 2 Summary of 2020 estimated revenue/expenditures and 2021 proposed budget

Development Services Budget (Appendix B)					
	2020 Budget	2020 Estimates	2020 Variance \$	2021 Proposed Budget	2020-2021 Budget Variance \$
Total Revenue	470,000	336,268	(133,732)	714,500	244,500
Total Expenditures	(470,000)	(336,268)	133,732	(714,500)	(244,500)
Operating Surplus/(Deficit)	-	-	-	-	-
% of Revenue	-	-	-	-	-

In 2020, there was a \$133,732 or 28.5% positive variance in expenditures due to the delay in hiring the 2020-2023 term senior project coordinator position and the delay of some feasibility study work to 2021.

Staff are proposing a 2021 Development Services budget of \$714,500. This represents an expenditure increase of \$244,500 or 52%. This is due to existing staff salary increments; contract increases in salaries; the addition of 2.0 FTEs (three year term) to support projects in the Major Capital Plan; and the remaining \$65,000 of the \$90,000 approved in 2019 to conduct project feasibility studies. Funding required for the project management staff has been included in the capital plan proposed for approval.

Explanations for budget line variances +/-10% and \$10,000 can be found in the Appendix B notes.

CONCLUSION

The Administration budget includes costs to CRHC associated with overall corporate management. In 2021, there is a proposed increase of \$612,460 or 30.7%. Staff are proposing a 2021 budget of \$2,604,290 to fund overall corporate management.

In 2021, there is a proposed increase to the Development Services budget of \$244,500 or 52.0%. Staff are proposing a 2021 budget of \$714,500 to fund the Major Capital Projects' staff and overhead.

RECOMMENDATION

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

- a) That the Capital Region Housing Corporation 2021 Administration Budget be approved; and
- b) That the Capital Region Housing Corporation 2021 Development Services Budget be approved.

Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S):

Appendix A: Administration Budget
Appendix B: Development Services Budget

**CAPITAL REGION HOUSING CORPORATION
2021 ADMINISTRATION BUDGET**

APPENDIX A

	2020 Board Approved	2020 Estimated Actuals	2020 \$ Variance	2020 % Variance	2021 CRHC Proposed	2021 Budget \$ Change	2021 Budget % Change
REVENUE							
Property Management Fees	1,881,830	1,851,988	(29,842)	-1.6%	2,529,290	(5) 647,460	34.4%
Interest Income	110,000	75,000	(1) (35,000)	-31.8%	75,000	(35,000)	-31.8%
TOTAL REVENUE	1,991,830	1,926,988	(64,842)	-3.3%	2,604,290	612,461	30.7%
EXPENDITURES							
Salaries & Benefits - CRHC Administration Staff	1,246,800	1,180,299	66,501	5.3%	1,750,673	(6) 503,873	40.4%
Training (includes related travel costs)	12,000	172	(2) 11,828	98.6%	12,000	-	0.0%
CRD Allocations	582,015	582,281	(266)	0.0%	658,018	(7) 76,003	13.1%
Consultants/Legal/Audit	32,000	18,898	(3) 13,102	40.9%	27,000	(5,000)	-15.6%
Tenant Engagement Program	20,000	20,000	-	0.0%	20,000	-	0.0%
Office Operating Costs	59,015	72,338	(4) (13,323)	-22.6%	86,599	(8) 27,584	46.7%
Transfer to Equipment Replacement Reserve	10,000	10,000	0	0.0%	10,000	-	0.0%
Capital Purchases - New office equipment	30,000	30,000	-	0.0%	40,000	(9) 10,000	33.3%
TOTAL EXPENDITURES	1,991,830	1,913,988	77,842	3.9%	2,604,290	612,460	30.7%
TOTAL ADMINISTRATION Surplus/(Deficit)	0	13,000	13,000	-	-	-	-
Beginning Balance Corporation Stabilization Reserve		658,224			524,141		
2020 Surplus/(Deficit)		13,000			-		
2020 Transfer (to) Development Services: feasibility studies		(25,000)			(65,000)		
2020 Transfer (to) Millstream Ridge Operating (Deficit)		(135,082)			-		
End Balance Corporation Stabilization Reserve		<u>524,141</u>			<u>459,141</u>		

Notes (for variances +/- 10% and \$10,000)

- (1) 2020 Interest rate lower than anticipated.
- (2) 2020 Training lower than budgeted due to Covid. Also received refund for BCNPHA conference paid in 2019.
- (3) 2020 Consultants/Legal/Audit - budget includes contingency for unanticipated legal cases and ad hoc consultants, contingency not required in 2020.
- (4) 2020 Office Operating Costs - additional costs due to non-budgeted bank service charge related to rental revenue via credit card, larger staff compliment and non-budgeted software licenses, and one time appraisal costs.
- (5) 2021 Property Management Fees: \$647,972 or 34.4% increase due mainly to annualization of three buildings (Westview, Spencer & West Park) completed in 2020 and one new building (Hockley) completed in 2021.
- (6) 2021 Salaries and Benefits: \$503,873 or 40.4% increase includes 4 new staff positions and CUPE/Exempt contract increases.
- 1.0 FTE Senior Project Maintenance Services
 - 2.0 FTE Property Manager - Tenant Engagement
 - 1.0 FTE Administrative Coordinator/Receptionist
- (7) 2021 CRD Allocation: \$76,003 or 13.1% increase for 4 new staff positions (\$44,651 or 21.21% increase for Corp Standard Overhead allocation, \$17,016 or 25.7% increase for HR allocation, \$11,231 or 17.7% for Building occupancy allocation, \$1,834 or 1% increase for CRD Housing allocation, \$1,271 or 2% increase for RHFP allocation).
- (8) 2021 Office Operating Costs - \$27,584 or 47.6% increase for credit card service charge (\$7,800), software licenses (\$8,000), phones (\$4,000), travel (\$2,000), and stationery (\$2,500) for new staff plus CPI increase for existing staff.
- (9) 2021 Capital Purchases: \$10,000 or 33.3% increase for new workstations and computer equipment for new staff. Budgeted at \$10,000 each for 4 new staff but effort will be made to mitigate costs by utilizing existing resources if possible.

To be approved at December 9, 2020 Board meeting

**CAPITAL REGION HOUSING CORPORATION
2021 DEVELOPMENT SERVICES BUDGET**

APPENDIX B

	2020 Board Approved (A)	2020 Estimated Actuals (B)	2020 \$ Variance (C)	2020 \$ Variance (D)	2021 CRHC Proposed (E)	2021 Budget \$ Change (F)	2021 Budget % Change (G)
REVENUE							
Project Management Fees	380,000	311,268	(68,732)	-18.1%	649,500	269,500	70.9%
Transfer from Corporation Stabilization Reserve	90,000	25,000	(65,000)	-72.2%	65,000 (1)	(25,000)	-27.8%
TOTAL REVENUE	470,000	336,268	(133,732)	-28.5%	714,500	244,500	52.0%
EXPENDITURES							
Salaries & Benefits	364,800	303,718	61,082		619,200 (2)	254,400	
Travel - local	1,500	700	800	53.3%	1,500	0	0.0%
Telephone	1,500	1,500	0	0.0%	3,600	2,100	140.0%
Miscellaneous	4,200	4,350	(150)	-3.6%	9,200	5,000	119.0%
Capital Equipment - two work stations	8,000	1,000	7,000	87.5%	16,000	8,000	100.0%
Consultants	90,000	25,000	65,000	0.0%	65,000 (1)	(25,000)	0.0%
TOTAL EXPENDITURES	470,000	336,268	133,732	28.5%	714,500	244,500	52.0%
TOTAL DEVELOPMENT SERVICES Surplus/(Deficit)	<u>0</u>	<u>0</u>			<u>0</u>		

Notes:

(1) 2020 Transfer from Corporation Stabilization Reserve to fund project feasibility studies. Unspent funds carried to 2021.

(2) 2021 Salaries & Benefits:

- new 3yr Term Senior Project Engineer subject to project approval
- new 3yr Term Contracts Coordinator subject to project approval

To be approved at December 9, 2020 Board meeting

REPORT TO HOSPITALS AND HOUSING COMMITTEE MEETING OF WEDNESDAY, DECEMBER 02, 2020

SUBJECT Five Year Updated Routine Capital Plans (2020-2024)

ISSUE SUMMARY

To provide the Capital Region Housing Corporation (CRHC) 2020-2024 updated Routine Capital Plans for the four operating agreement portfolios for approval:

- Umbrella Operating Agreement (UOA) 39 buildings;
- No Operating Agreement (NOA) five buildings;
- Independent Living BC (ILBC) Operating Agreement (Parry Place);
- Regional Housing First Program (RHFP) Operating Agreement four buildings; and
- Investment in Housing Innovation (IHI) Operating Agreement (Westview).

BACKGROUND

In December 2019, consistent with the UOA timeline, the Board approved the 2020-2024 Routine Capital Plans which addresses routine replacement for all portfolios.

CRHC also has a five-year term (2020-2024) UOA with BC Housing Management Commission (BC Housing). The UOA consists of 39 operating agreements for Canada Mortgage and Housing Corporation (CMHC), BC Housing and Homes BC properties under one agreement to achieve administrative efficiencies and cost effectiveness.

In January 2020, BC Housing approved the UOA portfolio contained within the 2020-2024 Capital Plan. The UOA portfolio routine replacement plan will see a total value of \$11.0 million (M) invested over the period.

Under the UOA, the *“CRHC will be free to complete work in accordance with the approved Capital Plan throughout the five year period with no further approval by BC Housing, provided that annual capital expenditures are within 10% of the approved Capital Plan.”*¹

ALTERNATIVES

Alternative 1

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

1. a) That the Capital Region Housing Corporation Umbrella Operating Agreement (UOA) Updated Five Year Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the UOA 2021 capital plan.
2. a) That the No Operating Agreement Portfolio Update Five Year Capital Plan 2020-2024 be approved; and
c) That staff be authorized to implement the No Operating Agreement Portfolio 2021 capital plan year.
3. a) That the Independent Living BC (ILBC) Operating Agreement (Parry Place) Updated Five Year Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the ILBC Operating Agreement (Parry Place) 2021 capital plan year.

¹ BC Housing– Capital Region Housing Umbrella Agreement 2015-2019, p. 2

4. a) That the Regional Housing First Program (RHFP) Operating Agreement Updated Five Year Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the RHFP Operating Agreement 2021 capital plan year.
5. a) That the Investment in Housing Innovation (IHI) Operating Agreement Updated Five Year Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the IHI Operating Agreement 2021 capital plan year.

Alternative 2

That the Five Year Updated Routine Capital Plans (2020-2024) report be referred back to staff for revisions based on Hospital and Housing Committee direction.

IMPLICATIONS

Financial Implications

Detailed information for the 2020-2024 Routine Capital Plans and Capital Funding Strategies for the UOA, NOA, ILBC, RHFP, and IHI Portfolios can be found in Appendix A.

1. UOA

Effective January 2020, there are 39 properties in the UOA portfolio and five properties in the NOA portfolio.

CRHC is now eligible to submit major remediation projects to the BC Housing Capital Renewal Funding program, as well as other BC Housing capital funding programs that may be available in the future, that were restricted under the 2015-2019 UOA.

2020 Outcomes

Annually staff review capital priorities and reallocate any unspent funds of the current year Capital Plan into the remaining Plan years. The approved Routine Capital Plan for 2020 was \$2.4M and the estimated actual expenditures are \$1.2M; a variance of \$1.2M or 48.5% does not meet the terms of the UOA – BC Housing has been made aware of the spending shortfall and have asked CRHC to submit a letter outlining how the spending terms of the UOA will be met by the end of 2024 along with the approved updated capital plan.

Routine Capital Funding Strategies

The estimated December 31, 2020 balance of the Portfolio Replacement Reserve (PRR) is \$5.3M. A replacement reserve contribution of \$173/month per unit (or \$2.2M annual contribution) has been included in the UOA operating budget in order to match the obligations of the Routine Capital Plan.

2. NOA

2020 Outcomes

The five NOA buildings are independent of BC Housing operating agreements.

Portage Place, Campus View and Royal Oak Square were added to the NOA in 2020 and \$0.4M was transferred from the UOA Replacement Reserve (RR) to the NOA RR. There is no significant work identified for these three properties over the next five years.

With the addition of the three buildings' RR fund balances, the estimated December 31, 2020 balance of the NOA RR is \$0.9M.

Village on the Green's (VoG) 2018 building envelope condition assessment report identified a high priority roof replacement. Staff are planning to issue a tender to bid and have included VoG roof replacement in the RR Capital Plan for 2021.

Routine Capital Funding Strategies

A replacement reserve contribution of \$173/month per unit has been included in the UOA operating budget in order to match the obligations of the Routine Capital Plan.

3. ILBC (Parry Place)

2020 Outcomes

The 2020 approved plan was \$0.05M; the estimated actual expenditures are \$0.03M. The estimated December 31, 2020 balance is \$0.09M.

Routine Capital Funding Strategies

The ILBC Capital Plan is approved by BC Housing and funded through an annual replacement reserve contribution of \$66/month per unit. Staff have updated the Capital Plan based on routine replacement needs identified through annual inspections of unit and building components; the projected expenditures for 2021 are \$0.009M. The replacement reserve contribution will remain at \$66/month per unit as per the budget approved by BC Housing.

4. IHI (Westview)

2020 Outcomes

Westview opened in May 2020 and had no planned or actual RR expenditures in 2020. Pro-rated funding of \$72/month per unit leaves a December 31, 2020 balance of \$0.04M.

Routine Capital Funding Strategies

Staff are proposing a funding strategy to ensure there are sufficient funds available for the IHI Routine Capital Plan to access in the future, as building components or equipment wear out and need to be replaced. The annual contribution has been set at the \$72/month per unit base rate to meet the obligations of the routine replacement. Staff have completed the 2020-2024 Capital Plan based on routine replacement needs identified through annual inspections of unit and building components; projected expenditures for 2020-2024 are \$0.03M due to the building being newly constructed.

5. RHFP

2020 Outcomes

2020 is the first full year of RHFP operations at Millstream Ridge, and West Park and Spencer were opened in November 2020. The approved routine capital plan for Millstream Ridge was \$0.006M in 2020 and estimated actuals are \$0.013M, a variance of \$0.007M. The unexpected spending was to address failed appliances no longer covered under warranty.

Routine Capital Funding Strategies

Staff are proposing a funding strategy to ensure there are sufficient funds available for the RHFP Routine Capital Plan to access in the future, as building components or equipment wear out and need to be replaced. An annual contribution will be transferred from the operating budgets to the RR through an annual contribution of \$72/month per unit, pro-rated for Hockley House in 2021 as it will open part-way through the year. Staff have completed the 2020-2024 Capital Plan based on routine replacement needs identified through annual inspections of unit and building components; projected expenditures for 2020-2024 are \$0.2M due to the buildings being newly constructed.

CONCLUSION

Staff are recommending the approval of:

UOA, NOA, ILBC, IHI, and RHFP five-year updated routine capital plans:

- The UOA Updated Routine Capital Plan 2020-2024 for \$11.0M includes 39 properties and allows CRHC increased capacity to determine spending priorities of the UOA accumulated operating surpluses (PSR). The routine capital plan projected expenditures for 2021 are \$3.0M.
- The NOA Updated Routine Capital Plan 2020-2024 for \$1.9M includes five properties and is updated annually to address current replacement needs. Staff are recommending that the VoG required roof replacement be funded through the NOA RR in 2021.
- The ILBC, IHI, and RHFP Updated Routine Capital Plans 2020-2024 for \$0.1M, \$0.03M, and \$0.2M respectively, are based on routine replacement needs identified through annual inspections of unit and building components.

RECOMMENDATIONS

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

1. a) That the Capital Region Housing Corporation Umbrella Operating Agreement (UOA) Five Year Updated Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the UOA 2021 routine capital plan.
2. a) That the No Operating Agreement Portfolio Five Year Updated Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the No Operating Agreement Portfolio 2021 routine capital plan year.
3. a) That the Independent Living BC (ILBC) Operating Agreement (Parry Place) Five Year Updated Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the ILBC Operating Agreement (Parry Place) 2021 routine capital plan year.
4. a) That the Investing in Housing Initiatives (IHI) Operating Agreement Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the IHI Operating Agreement 2021 routine capital plan year.
5. a) That the Regional Housing First Program (RHFP) Operating Agreement Five Year Updated Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the RHFP Operating Agreement 2021 routine capital plan year.

Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT:

Appendix A: Five Year Updated Routine Capital Plans

CAPITAL REGION HOUSING CORPORATION

APPENDIX A

FIVE YEAR ROUTINE CAPITAL EXPENDITURE PLAN SUMMARY - 2020 to 2024

		2020-2024 Total Plan	2020 Plan	2020 Unspent Variance	2020 Actuals	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2020-2024 TOTAL
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EXPENDITURE

UOA Routine Capital Replacement	Building	11,000,000	2,386,160	1,159,831	1,226,329	2,958,626	2,605,340	2,409,036	1,800,669	11,000,000
ILBC Routine Capital Replacement	Building	147,278	52,534	18,633	33,901	8,962	26,693	23,372	54,350	147,278
NOA Routine Capital Replacement	Building	1,905,582	902,095	721,635	180,460	950,683	269,102	254,583	250,754	1,905,582
IHI Routine Capital Replacement	Building	26,093	-	-	-	9,097	2,132	2,895	11,969	26,093
RHFP Routine Capital Replacement	Building	250,000	5,594	(7,139)	12,733	62,110	29,703	59,912	85,542	250,000
		13,328,953	3,346,383	1,892,960	1,453,423	3,989,478	2,932,970	2,749,798	2,203,284	13,328,953

SOURCE OF FUNDS

UOA Capital Replacement	Reserve				(1,226,329)	(2,958,626)	(2,605,340)	(2,409,036)	(1,800,669)	(11,000,000)
ILBC Capital Replacement	Reserve				(33,901)	(8,962)	(26,693)	(23,372)	(54,350)	(147,278)
NOA Capital Replacement	Reserve				(180,460)	(950,683)	(269,102)	(254,583)	(250,754)	(1,905,582)
IHI Capital Replacement	Reserve				-	(9,097)	(2,132)	(2,895)	(11,969)	(26,093)
RHFP Capital Replacement	Reserve				(12,733)	(62,110)	(29,703)	(59,912)	(85,542)	(250,000)
					(1,453,423)	(3,989,478)	(2,932,970)	(2,749,798)	(2,203,284)	(13,328,953)

Portfolio Capital Replacement Reserve Details**UOA Replacement Reserve**

Beginning Balance		4,198,677	5,256,322	4,505,579	4,190,351	4,065,122	4,198,677
Annual Operating Transfer		1,900,000	2,102,757	2,200,000	2,200,000	2,200,000	10,602,757
Grants (Local)		-	-	-	-	-	-
Annual Interest Income		83,974	105,126	90,112	83,807	81,302	444,321
Annual Capital Replacement Exp		(1,226,329)	(2,958,626)	(2,605,340)	(2,409,036)	(1,800,669)	(11,000,000)
Discretionary Transfer from Stabilization Reserve		300,000	-	-	-	-	300,000
		5,256,322	4,505,579	4,190,351	4,065,122	4,545,755	4,545,755

ILBC Replacement Reserve

Beginning Balance		101,705	86,438	95,805	87,628	82,609	101,705
Annual Operating Transfer		16,600	16,600	16,600	16,600	16,600	83,000
Annual Interest Income		2,034	1,729	1,916	1,753	1,652	9,084
Annual Capital Replacement Exp		(33,901)	(8,962)	(26,693)	(23,372)	(54,350)	(147,278)
		86,438	95,805	87,628	82,609	46,511	46,511

NOA Replacement Reserve

Beginning Balance		734,406	932,436	255,204	246,008	251,147	734,406
Annual Operating Transfer		254,802	254,802	254,802	254,802	254,802	1,274,010
Annual Interest Income		14,688	18,649	5,104	4,920	5,023	48,384
Annual Capital Replacement Exp		(180,460)	(950,683)	(269,102)	(254,583)	(250,754)	(1,905,582)
Discretionary Transfer from Capital Surplus		109,000	-	-	-	-	109,000
		932,436	255,204	246,008	251,147	260,218	260,218

IHI Replacement Reserve

Beginning Balance		-	42,048	96,864	159,741	223,113	-
Annual Operating Transfer		42,048	63,072	63,072	63,072	63,072	294,336
Annual Interest Income		-	841	1,937	3,195	4,462	10,435
Annual Capital Replacement Exp		-	(9,097)	(2,132)	(2,895)	(11,969)	(26,093)
		42,048	96,864	159,741	223,113	278,678	278,678

RHFP Replacement Reserve

Beginning Balance		81,612	184,559	561,596	1,004,501	1,426,055	81,612
Annual Operating Transfer		114,048	435,456	461,376	461,376	461,376	1,933,632
Annual Interest Income		1,632	3,691	11,232	20,090	28,521	65,166
Annual Capital Replacement Exp		(12,733)	(62,110)	(29,703)	(59,912)	(85,542)	(250,000)
		184,559	561,596	1,004,501	1,426,055	1,830,410	1,830,410

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, DECEMBER 02, 2020**

SUBJECT Major Capital Plan (2021-2025)

ISSUE SUMMARY

To request Capital Region Housing Corporation (CRHC) Board approval of the:

- 2021-2025 Major Capital Plan for development and redevelopment housing projects and one Building Envelope Remediation (BER); and
- Capital Funding Strategies.

BACKGROUND

Development

In August 2016, the Board approved the *CRHC Portfolio Renewal, Redevelopment and Development Strategy* (RRD) that included advancing the Westview, Drake Road, Michigan Square, Caledonia and Carey Lane projects. Funding approval was given to Westview through BC Housing's *Investment in Housing Innovation* (IHI), to Caledonia through the *Building BC: Community Housing Fund* (CHF) and to Michigan Square through the *Regional Housing First Program* (RHFP) and *Regional Housing Trust Fund* (RHTF). The 73 unit Westview project was completed in May 2020, on time and under budget.

Currently, Capital Regional District (CRD) staff is exploring the potential to advance the Drake Road property through one of the BC Housing funding programs. The partnership would see BC Housing lease the land from the CRD and facilitate development through the selected program.

In April 2020, CRHC issued a Request for Proposal (RFP), seeking partners to donate or provide land at a nominal cost for the purpose of building an affordable housing project. Two RFP submissions were received. Triway, a proposed 58 unit affordable seniors building met the terms outlined in the evaluation criteria. In partnership with the successful applicant, the CRHC submitted a funding application through the CHF, in September 2020. The proposed 58 unit affordable seniors building was selected to move forward through the CHF approval process.

In November 2020, the CRHC acquired two Regional Housing First Program (RHFP) properties: West Park Lane (152 units) and Spencer Close (130 units), as planned. In March 2021, the CRHC will acquire Hockley House (120 units), currently under construction and on schedule.

Proposed Development

Two new developments were identified with community partners in November 2019 and March 2020 respectively. Funding applications will be submitted through the CHF in January 2021 for both projects. These partnerships will create the potential to construct up to 370 units of new affordable rental housing. Once successful, these projects will be eligible to receive *Project Development Funding* (PDF) through BC Housing to advance design development and municipal approvals.

Redevelopment and Renewal

In early 2020, staff reviewed and prioritized aging CRHC properties for 2020-2024 Redevelopment or Renewal. Two properties were identified as high priority for redevelopment and three properties were identified as high priority for renewal. In 2021, staff will explore conceptual design and feasibility analysis for the redevelopment of two CRHC owned properties with significant redevelopment potential.

In June 2020, CRHC received confirmation that grant funding would be provided through BC Housing's *Capital Renewal Funding* (CRF) for a Building Envelope Remediation (BER) to the Carey Lane townhouse complex. Funding will include \$1.8 million (M) from CRF and \$0.6M from the CRHC Umbrella Operating Agreement (UOA) Stabilization Reserve. Design work will commence in 2021, with a projected construction start in Q1 2022. In 2021, staff will submit funding applications for two additional high priority CRHC renewal projects.

ALTERNATIVES

Alternative 1

The Hospital and Housing Committee recommends to the Capital Region Housing Corporation (CRHC) Board:

- a) That the 2021-2025 Major Capital Plan be approved; and
- b) That staff be authorized to submit grant funding applications for two CRHC Redevelopment projects, two CRHC Renewal Projects and two New Projects through Canada Mortgage and Housing Corporation, BC Housing Management Commission, Federation of Canadian Municipalities and other funding programs as necessary and as they become available.

Alternative 2

That the Major Capital Plan (2021-2025) report be referred back to staff for revisions based on Hospitals and Housing Committee direction.

IMPLICATIONS

Detailed information for the 2021-2025 Major Capital Plan can be found in Appendix A.

Caledonia (Redevelopment)

Caledonia, a 158-unit development in the Fernwood neighbourhood, received provisional project approval from the CHF. The provisional project budget is \$59.5M. The project submission included a CRHC \$1.0M equity contribution, a request for \$0.5M through the Victoria Housing Reserve Fund, a \$15.8M forgivable mortgage and a \$42.2M repayable mortgage at BC Housing preferred interest rates. BC Housing will be required to provide an annual operating subsidy of \$1.1M to meet its debt servicing requirements. The estimated expenditures at December 31, 2020 are \$1.0M. The anticipated expenditures for 2021 are \$13.9M with construction projected to commence in May 2021.

Michigan Square (Redevelopment)

Michigan Square, a 97-unit new development in James Bay, received approval from Victoria Council to issue a Development Permit with Variance in October 2020. The project will increase the density on the site from 62 units to 106 units. The estimated total project cost is \$38.3M. The CRHC Board approved a \$1.0M equity contribution to fund schematic design and municipal approvals. Grant funding was approved for \$4.5M from the RHFP, \$0.6M from the RHTF and

\$0.6M from Victoria Housing Reserve Fund. \$4.4M is provisionally approved by BC Housing through the CHF. The estimated expenditures at December 31, 2020 are \$0.5M. The anticipated expenditures for 2021 are \$2.3M with construction projected to commence in November 2021.

Drake Road (Development)

CRD staff is exploring the potential to advance the Drake Road property through one of the BC Housing funding programs. The partnership would see BC Housing lease the land from the CRD and facilitate development through the selected program. CRHC staff do not anticipate expenditures in 2021.

Hockley House (RHFP)

In March 2021, CRHC will acquire a property in Langford called Hockley House with 120 units through a lease agreement under the CRD RHFP. CRHC will take on a mortgage debt of \$25.5M for this property.

Triway (CHF)

In September 2020, CRHC submitted a CHF application with a request for \$5.9M in grant funding. The proposed 58 unit affordable seniors building was selected to move forward through the CHF approval process. The affordable housing project will be owned by the CRD and operated by the CRHC. The anticipated expenditures for 2021 are \$12M with construction projected to commence in May 2021.

Carey Lane (CRF)

Carey Lane was identified as a priority for a BER to be completed in 2019. The estimated cost of the BER was \$2.4M. In 2018, the Board approved a contribution from the UOA Stabilization Reserve totaling \$0.6M. In June 2020, CRHC received confirmation from BC Housing that grant funding would be provided through BC Housing's CRF. Funding will include \$1.8M from CRF and \$0.6M from the CRHC UOA Stabilization Reserve. Design work will commence in 2021, with an anticipated construction start in March 2022.

Redevelopment and Renewal Projects

In 2020, staff identified priority 2020-2024 redevelopment and renewal projects from the existing CRHC portfolio based on existing building condition and redevelopment potential. Three properties were identified as high priority for renewal and two properties were identified as high priority for redevelopment. In 2021, funding applications will be submitted to BC Housing and Federation of Canadian Municipalities (FCM) for two properties identified as renewal projects.

In 2021, staff will commence with feasibility analysis and conceptual design for the potential redevelopment of two CRHC owned properties. The anticipated expenditures for 2021 are \$0.5M. Staff are requesting authorization to submit and accept grant funding applications from Canada Mortgage and Housing Corporation, BC Housing and FCM. Staff will return to the Board once project costs are confirmed.

New Projects

In 2021, CRHC staff will submit funding applications to the CHF for two new partnership projects to construct up to 370 new units. The anticipated expenditures for 2021 are \$0.6M to proceed through design development and advance municipal approvals. Projects will only proceed upon successful award of CHF grant funding. Staff will return to the Board once the design and budget have been finalized and BC Housing has provided Final Project Approval (FPA).

Based on the 2021-2025 Major Capital Plan, CRHC housing stock will increase from 1,773 to 2,335 units. In 2021, feasibility analysis and conceptual design work will be completed which could provide an additional 330 units of affordable housing to the CRHC portfolio.

CONCLUSION

In August 2016, the Board approved the *CRHC Portfolio RRD Strategy* that included advancing the Westview, Drake Road, Michigan Square, Caledonia and Carey Lane projects. Westview construction was completed in 2020. Drake Road is awaiting confirmation of funding and partnership opportunities through BC Housing. Michigan Square has been fully funded and will proceed through pre-construction in 2021. Construction is anticipated to start for Triway and Caledonia in May 2021. In 2021, Hockley House will be acquired through the RHFP turn-key delivery model.

In 2020, the CRHC Portfolio was reviewed and prioritized for redevelopment and renewal. Two redevelopments will proceed through feasibility and conceptual design in 2021 and two funding applications will be made for CRHC renewal projects. Staff will submit funding applications to CHF for two new partnership projects in 2021. If successful the projects will proceed through the next stage of design development in order to advance municipal approvals.

Design work for the Carey Lane BER will commence in 2021, with a projected construction start in March 2022.

The 2021-2025 Major Capital Plan, when completed, will increase the CRHC housing stock from 1,773 to 2,335 units while continuing to invest in the renewal and redevelopment of the existing CRHC portfolio.

RECOMMENDATION

The Hospital and Housing Committee recommends to the Capital Region Housing Corporation (CRHC) Board:

- a) That the 2021-2025 Major Capital Plan be approved; and
- b) That staff be authorized to submit grant funding applications for two CRHC Redevelopment projects, two CRHC Renewal Projects and two New Projects through Canada Mortgage and Housing Corporation, BC Housing Management Commission, Federation of Canadian Municipalities and other funding programs as necessary and as they become available.

Submitted by:	Rob Fowles, Manager, Construction & Capital Projects
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT:

Appendix A: Major Capital Plan 2021-2025

CAPITAL REGION HOUSING CORPORATION

APPENDIX A

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FIVE YEAR MAJOR CAPITAL EXPENDITURE PLAN SUMMARY - 2021 to 2025

		Total Project Budget	Spent at Dec/20	Balance Remaining at Dec/20	2021	2022	2023	2024	2025	TOTAL
EXPENDITURE										
Caledonia	B	59,471,636	1,000,000	58,471,636	13,871,636	27,000,000	17,600,000	-	-	58,471,636
Michigan	B	38,357,678	461,475	37,896,203	2,296,000	14,656,000	20,944,203	-	-	37,896,203
Hockley	Lease	25,575,114	-	25,575,114	25,575,114	-	-	-	-	25,575,114
Triway	B	19,476,955	-	19,476,955	11,983,338	7,493,617	-	-	-	19,476,955
CRHC New Projects	Lease	78,696,000	-	78,696,000	612,000	846,000	30,846,000	36,296,000	10,096,000	78,696,000
CRHC Redevelopments	B	457,000	-	457,000	457,000	-	-	-	-	457,000
Carey Lane - Building Envelope	B	2,400,000	-	2,400,000	-	2,400,000	-	-	-	2,400,000
		224,434,383	1,461,475	222,972,908	54,795,088	52,395,617	69,390,203	36,296,000	10,096,000	222,972,908
SOURCE OF FUNDS (combined)										
Mortgage Debt	Debt	151,966,383	-	151,966,383	33,258,452	36,388,728	58,152,203	14,071,000	10,096,000	151,966,383
Repayable Loans (Federal, Provincial)	Loan	2,546,000	-	2,546,000	712,000	846,000	988,000	-	-	2,546,000
Grants (Federal, Provincial, Local)	Grant	67,177,000	50,000	67,127,000	20,091,111	14,560,889	10,250,000	22,225,000	-	67,127,000
Capital Surplus & UOA Reserve	Res	2,745,000	1,411,475	1,333,525	733,525	600,000	-	-	-	1,333,525
		224,434,383	1,461,475	222,972,908	54,795,088	52,395,617	69,390,203	36,296,000	10,096,000	222,972,908

CAPITAL REGION HOUSING CORPORATION

APPENDIX A

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FIVE YEAR MAJOR CAPITAL EXPENDITURE PLAN SUMMARY - 2021 to 2025

		Total Project Budget	Spent at Dec/20	Balance Remaining at Dec/20	2021	2022	2023	2024	2025	TOTAL
SOURCE OF FUNDS (by project)										
Caledonia - CHF										
Mortgage Debt	Debt	42,171,636	-	42,171,636	1,600,000	22,971,636	17,600,000	-	-	42,171,636
Grants (Provincial)	Grant	15,800,000	-	15,800,000	11,771,636	4,028,364	-	-	-	15,800,000
Grants (Local)	Grant	500,000	-	500,000	500,000	-	-	-	-	500,000
UOA Stabilization Reserve	Res	1,000,000	1,000,000	-	-	-	-	-	-	-
		59,471,636	1,000,000	58,471,636	13,871,636	27,000,000	17,600,000	-	-	58,471,636
Michigan - RHFP										
PDF Repayable Loan (Provincial)	Loan	250,000	-	250,000	250,000	-	-	-	-	250,000
Mortgage Debt	Debt	26,867,678	-	26,867,678	-	5,923,475	20,944,203	-	-	26,867,678
Grants (Federal)	Grant	150,000	50,000	100,000	100,000	-	-	-	-	100,000
Grants (Provincial)	Grant	4,400,000	-	4,400,000	-	4,400,000	-	-	-	4,400,000
Grants (Local)	Grant	5,690,000	-	5,690,000	1,357,475	4,332,525	-	-	-	5,690,000
UOA Stabilization Reserve	Res	1,000,000	411,475	588,525	588,525	-	-	-	-	588,525
		38,357,678	461,475	37,896,203	2,296,000	14,656,000	20,944,203	-	-	37,896,203
Hockley - RHFP										
Mortgage Debt	Debt	25,575,114	-	25,575,114	25,575,114	-	-	-	-	25,575,114
		25,575,114	-	25,575,114	25,575,114	-	-	-	-	25,575,114
Triway - CHF										
Mortgage Debt	Debt	13,576,955	-	13,576,955	6,083,338	7,493,617	-	-	-	13,576,955
Grants (Provincial)	Grant	5,900,000	-	5,900,000	5,900,000	-	-	-	-	5,900,000
		19,476,955	-	19,476,955	11,983,338	7,493,617	-	-	-	19,476,955
CRHC New Projects - CHF										
Repayable Loans	Loan	2,296,000	-	2,296,000	462,000	846,000	988,000	-	-	2,296,000
Mortgage Debt	Debt	43,775,000	-	43,775,000	-	-	19,608,000	14,071,000	10,096,000	43,775,000
Grants (Federal)	Grant	10,150,000	-	10,150,000	150,000	-	10,000,000	-	-	10,150,000
Grants (Provincial)	Grant	22,475,000	-	22,475,000	-	-	250,000	22,225,000	-	22,475,000
		78,696,000	-	78,696,000	612,000	846,000	30,846,000	36,296,000	10,096,000	78,696,000
CRHC Redevelopments										
Grants (Federal)	Grant	312,000	-	312,000	312,000	-	-	-	-	312,000
Capital Surplus Fund	Res	145,000	-	145,000	145,000	-	-	-	-	145,000
		457,000	-	457,000	457,000	-	-	-	-	457,000
Carey Lane - BER										
UOA Stabilization Reserve	Res	600,000	-	600,000	-	600,000	-	-	-	600,000
Grants (Federal/Provincial)	Grant	1,800,000	-	1,800,000	-	1,800,000	-	-	-	1,800,000
		2,400,000	-	2,400,000	-	2,400,000	-	-	-	2,400,000



Honourable Selina Robinson, Minister of Municipal Affairs and Housing
Kaye Krishna, Deputy Minister of Municipal Affairs & Housing and ADM Housing
Mitzi Dean, Parliamentary Secretary for Gender Equity
Sharon Grigg, Manager Operations, Capital Region Housing Corporation
Lisa Helps, Chair, Capital Region Housing Corporation Board
Shayne Ramsay, CEO, BC Housing
Kathy MacNeil, President & Chief Executive Officer, Island Health
Robert Lapham, CAO, Capital Regional District
City of Victoria Mayor and Council

Via Email

November 23, 2020

Dear Minister, etc.

Re: Capital Regional Housing Corporation (CRHC) Policy Change

We write, as partners in the effort to end homelessness in the Capital Regional District, in response to the letter dated October 16, 2020 entitled: *re: Policy changes to Applicant Eligibility Policy (2.10)*, indicating a change in policy which directly affects the women and children we serve at Margaret Laurence House (MLH). The policy change implemented by CRHC is of great concern to our organization and we request an immediate amendment to Grandmother our current residents and agree to a more fulsome consultation and engagement process.

The Greater Victoria Women's Shelter Society (GVWSS) is a non-profit which provides shelter and support, through Margaret Laurence House, to women and their children with special housing and crisis needs. The Society's first priority is the provision of second-stage housing for women and their children who are leaving abusive relationships. The program at MLH fills a vital need in our community as it provides holistic support for mothers and children, as individuals and as a family unit, as they navigate the complexities of healing from trauma, establishing independence and a sense of safety, and living free from violence.

The homeless crisis in Victoria has become an elevated public interest, and we appreciate the efforts made by the organization to address these issues. We share in the CRHC and the City of Victoria's mandate to provide affordable housing for low income households and are committed to ending homelessness. Along with providing housing for our visibly homeless population in Victoria, it should be a priority to build more subsidized family housing spaces.

Mothers who are experiencing intimate partner violence may feel like their only options are remaining in the violent situation or becoming homeless with their children. The ability of our MLH families to obtain subsidized housing following their one-year stay in our program is a critical program offering, and one that makes the difficult, often dangerous, decision to leave a situation of violence seem less hopeless. It is pertinent to understand that, within the context of the homelessness crisis discussions in Victoria, single mother led families are falling through the cracks as they are often not visibly homeless. Women fleeing situations of violence may couch surf or move into inadequate or inappropriate housing to ensure a roof over their children's heads. If that is unavailable, they are forced to move into market rent housing that they often can't afford as a single income earner. The results can force them into making difficult choices about how to afford food and other necessities for their families.

The needs of the families that Margaret Laurence House serves are complex. Our program provides pathways to the very specialized types of support that will help mothers and children heal and continue to live free of violence. The Second Stage Model is unique in its ability to establish safety, often for the first time, for families. MLH provides ongoing outreach services to families as they move from the in-house program to living independently. Part of ongoing safety is the provision of affordable, safe housing at the end of a family's time in-house. When this is not possible families can destabilize, leaving them once again vulnerable to homelessness and situations that may contribute to trauma issues. A recent study (September, 2020) on the effectiveness of the Second Stage model in Canada can be found here: <https://endvaw.ca/secondstage/>

Beyond the impact on families currently living at MLH, the policy will affect our ability to help more women and more families in the future. Each time a family remains at MLH beyond when they have established the capacity to succeed in subsidized housing, another family must wait and possibly remain in an unsafe situation. We already experience more inquiries and referrals for shelter than we have can offer: in the 2019 fiscal year we received 23 applications with 37 children, and we were able to house 6 of those families with 9 children. Survivors of intimate partner violence in Victoria need subsidized family housing urgently.

We are deeply disappointed in the policy and the process. The policy was implemented with no regard to an almost twenty-year agreement between the CRHC and GVVSS. Despite CRHC's value statement to "work collaboratively with stakeholders" and to "value honesty, integrity, reliability and openness", the process did not engage with our organization nor was it transparent. There was no notice, and no ability for us to communicate with clients or adjust our policies.

We request CRHC honour their agreement, and Grandmother the women currently residing at Margaret Laurence House into the previous agreement by maintaining the pathway to subsidized family housing that was established between our organizations. These women entered the program with the understanding that they would transition into CRHC housing as they worked towards their goals of providing safe, stable, violence-free environments for themselves and their children. An important part of this work is establishing trust, which we do through being stable, reliable, and transparent in our expectations and our policies. This is not possible with sudden changes that can drastically affect the wellbeing of the families we serve. Having not been given notice on the change to the CRHC policy, we have been unable to effectively manage our residential agreements and support given to families to prepare them for the change.

We would like to stress the importance of providing adequate notice in the future prior to implementing policies that affect our vulnerable populations. Given the current situation, we request an immediate amendment to the new policy to include a Grandmother clause for the current residents. Right now we have 4 in-house families that are expecting a subsidized housing placement through CRHC. We also expect CRHC to fulfill its obligation to consult and engage with its stakeholders about the policy to discuss the future harms and/or potential of the long-term effects of the policy and opportunities for amendments.

We are amenable to working together to create a longer-term strategy that will best serve our community and we look forward to a continued positive relationship of mutual trust, respect and open communication.

Regards,

Greater Victoria Women's Shelter Society
Margaret Laurence House

cc GVVSS Board
cc Margaret Laurence House Program Staff