



Notice of Meeting and Meeting Agenda Hospitals and Housing Committee

Wednesday, December 1, 2021

1:30 PM

6th Floor Boardroom
625 Fisgard St.
Victoria, BC V8W 1R7

L. Helps (Chair), G. Orr (Vice Chair), D. Blackwell, S. Brice, F. Haynes, G. Holman, J. Loveday,
K. Murdoch, D. Screech, C. Plant (Board Chair, ex officio)

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 Agenda

3. Adoption of Minutes

3.1. [21-856](#) Minutes of the November 3, 2021 Hospitals and Housing Committee Meeting

Recommendation: That the minutes of the Hospitals and Housing Committee meeting of November 3, 2021 be adopted as circulated.

Attachments: [Minutes - November 3, 2021](#)

4. Chair's Remarks

5. Presentations/Delegations

In keeping with directives from the Province of BC, there is limited space for the public to attend CRD Board meetings in-person at this time. However, the public may continue to view meeting materials and Live Webcasts online. If you wish to attend a meeting in-person, please email legserv@crd.bc.ca.

CRD encourages delegations to participate electronically. Please complete the online application for "Addressing the Board" on our website and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the CRD Board at crdboard@crd.bc.ca.

6. Committee Business

6.1. [21-870](#) 2022 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) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
 - b) That staff be authorized to implement the UOA 2022 Routine Capital Plan.
 2. a) That the Independent Living BC (ILBC) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
 - b) That staff be authorized to implement the ILBC 2022 Routine Capital Plan.
 3. a) That the No Operating Agreement (NOA) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
 - b) That staff be authorized to implement the NOA 2022 Routine Capital Plan.
 4. a) That the Investment in Housing Innovation (IHI) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
 - b) That staff be authorized to implement the IHI 2022 Routine Capital Plan.
 5. a) That the Regional Housing First Program (RHFP) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
 - b) That staff be authorized to implement the RHFP 2022 Routine Capital Plan.
 6. a) That the Community Housing Fund (CHF) Five Year Routine Capital Plan 2020-2024 be approved; and
 - b) That staff be authorized to implement the CHF Routine 2022 Capital Plan.

Attachments: [Staff Report: 2022 5 Yr Updated Routine Cap'l Plans \(2020-2024\)](#)
 [Presentation: 2022 CRHC Financial Plan](#)
 [Appendix A: Five Year Updated Routine Capital Plans](#)

6.2. [21-871](#) Major Capital Plan (2022-2026)

- Recommendation:** The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
1. That the 2022-2026 Major Capital Plan be approved; and
 2. That staff be authorized to submit grant funding applications and receive grant funding for up to four CRHC Redevelopment 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 \(2022-2026\)](#)
 [Appendix A: Major Capital Plan 2022-2026](#)

6.3. [21-872](#) 2022 Administration and Development Services Budgets

- Recommendation:** The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
1. That the Capital Region Housing Corporation 2022 Administration Budget be approved; and
 2. That the Capital Region Housing Corporation 2022 Development Services Budget be approved.

Attachments: [Staff Report: 2022 Admin & Development Services Budgets](#)
 [Appendix A: Administration Budget](#)
 [Appendix B: Development Services Budget](#)

6.4. [21-873](#) 2022 Portfolio Operating Budgets

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

1. That the 2022 Operating Budget for the Umbrella Operating Agreement be approved;
2. That the 2022 Operating Budget for the No Operating Agreement be approved;
3. That the 2022 Operating Budget for the Independent Living BC Agreement be approved;
4. That the 2022 Operating Budget for the Regional Housing First Program Agreement be approved;
5. That the 2022 Operating Budget for the Investment in Housing Innovation be approved;
6. That the 2022 Operating Budget for the Community Housing Fund (CHF) be approved; and
7. That any 2021 operating surplus/(deficits) to be transferred to/(from) the individual Portfolio Stabilization Reserves be authorized.

Attachments: [Staff Report: 2022 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](#)
[Appendix G: CHF Operating Budget Summary](#)

6.5. [21-874](#) Michigan Square Redevelopment Mortgage Registration and Final Budget Approval

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

1. That the resolutions, attached as Appendix A, Appendix B and Appendix C and required by BC Housing Management Commission to authorize the execution of the Section 219 Covenants and the Loan and Mortgage documents for Michigan Square (PID 001-225-197) be approved;
2. That the Cost Overrun Agreement, attached as Appendix D, be approved; and
3. That the Chief Administrative Officer be authorized to do all things necessary to effect the project and take such steps as are required to conclude the financing, construction and operation of the Michigan Square Redevelopment project.

Attachments: [Staff Report: Michigan Sq Redev Mtge Reg'n-Final Budget Approval](#)
[Appendix A: Draft Cert'd Resolution of Dirs–RHFP Repayable Loan](#)
[Appendix B: Draft Cert'd Resolution of Dirs–CHF Repayable Loan](#)
[Appendix C: Draft Cert'd Resolution of Dirs–CHF Forgivable Loan](#)
[Appendix D: Cost Overrun and Completion Agreement](#)

6.6. [21-857](#) Previous Minutes of Other CRD Committees and Commissions for Information

Recommendation: That the following minutes be received for information:
a) Tenant Advisory Committee minutes - June 28, 2021

Attachments: [Minutes: Tenant Advisory Committee - June 28, 2021](#)

7. Notice(s) of Motion

8. New Business

9. Adjournment

The next meeting is January 5, 2022.

To ensure quorum, please advise Tamara Pillipow (tpillipow@crd.bc.ca) if you or your alternate cannot attend.

Meeting Minutes

Hospitals and Housing Committee

Wednesday, November 3, 2021

1:30 PM

6th Floor Boardroom
625 Fisgard St.
Victoria, BC V8W 1R7

PRESENT

Directors: G. Orr (Vice Chair), D. Blackwell (EP), J. Brownoff (for S. Brice) (EP), K. Harper (for F. Haynes) (EP), M. Richardson (for G. Holman) (1:37PM) (EP), J. Loveday, K. Murdoch, D. Screech

Staff: R. Lapham, Chief Administrative Officer; N. Chan, Chief Financial Officer; K. Lorette, General Manager, Planning and Protective Services; D. Elliott, Senior Manager, Regional Housing; M. Lagoa, Deputy Corporate Officer; T. Pillipow, Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: L. Helps (Chair), S. Brice, F. Haynes, G. Holman, C. Plant (Board Chair, ex officio)

The meeting was called to order at 1:31 pm.

1. Territorial Acknowledgement

Director Screech provided a Territorial Acknowledgement.

2. Approval of Agenda

MOVED by Director Murdoch, **SECONDED** by Director Screech,
That the agenda for the November 3, 2021 Hospitals and Housing Committee
meeting be approved.
CARRIED

3. Adoption of Minutes

3.1. [21-823](#) Minutes of the October 6, 2021 Hospitals and Housing Committee Meeting

MOVED by Director Murdoch, **SECONDED** by Director Screech,
That the minutes of the Hospitals and Housing Committee meeting of October 6,
2021 be adopted as circulated.
CARRIED

4. Chair's Remarks

There were no Chair's remarks.

5. Presentations/Delegations

There were no presentations or delegations.

6. Committee Business

6.1. [21-815](#) 4734, 4744, 4754 Elk Lake Drive Housing Agreement and Bylaw

K. Lorette spoke to Item 6.1.

Discussion ensued on fees collected to offset management costs of units that have changed hands.

MOVED by Alternate Director Harper, SECONDED by Director Murdoch, The Hospitals and Housing Committee recommends to the Capital Regional District Board:

1. That Bylaw No.4459, "Resale Control and Housing Agreement Bylaw (4734, 4744, 4754 Elk Lake Drive), 2021" be introduced and read for a first, second and third time; and
2. That Bylaw No. 4459 be adopted.

CARRIED

6.2. [21-810](#) Revenue Anticipation Borrowing Resolution for Current Capital Regional Hospital District Operating Expenditures

N. Chan spoke to Item 6.2.

Alternate Director Richardson joined the meeting at 1:37 pm.

MOVED by Director Blackwell, SECONDED by Director Murdoch, The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That the Revenue Anticipation Resolution be adopted to allow the temporary borrowing of up to \$10 million for current Capital Regional Hospital District operating expenditures.

CARRIED

7. Notice(s) of Motion

There were no notice(s) of motion.

8. New Business

There was no new business.

9. Adjournment

MOVED by Director Screech, SECONDED by Director Murdoch, That the November 3, 2021 Hospitals and Housing Committee meeting be adjourned at 1:41 pm.

CARRIED

CHAIR

RECORDER

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, DECEMBER 01, 2021**

SUBJECT 2022 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 six housing portfolios for approval:

- 1) Umbrella Operating Agreement (UOA);
- 2) Independent Living BC Operating Agreement (ILBC);
- 3) No Operating Agreement (NOA);
- 4) Investment in Housing Innovation Operating Agreement (IHI);
- 5) Regional Housing First Program Operating Agreement (RHFP); and
- 6) Community Housing Fund Operating Agreement (CHF).

BACKGROUND

In December 2019, the Board first approved the 2020-2024 Routine Capital Plans which addresses routine replacement for all portfolios. The update to the 2020-2024 Routine Capital Plans was approved in December 2020.

CRHC 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 Routine Capital Plan as contained within the 2020-2024 Capital Plan. The UOA portfolio Routine Capital Plan will see a total value of \$11 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 Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the UOA 2022 Routine Capital Plan.
2. a) That the Independent Living BC (ILBC) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the ILBC 2022 Routine Capital Plan.

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

3. a) That the No Operating Agreement (NOA) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the NOA 2022 Routine Capital Plan.
4. a) That the Investment in Housing Innovation (IHI) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the IHI 2022 Routine Capital Plan.
5. a) That the Regional Housing First Program (RHFP) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the RHFP 2022 Routine Capital Plan.
6. a) That the Community Housing Fund (CHF) Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the CHF 2022 Routine Capital Plan.

Alternative 2

That the Updated Five Year 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, ILBC, NOA, IHI, RHFP, and CHF Portfolios can be found in Appendix A.

1. UOA (39 Properties)

2021 Outcomes

Annually staff review capital priorities and reallocate any unspent funds of the current year Routine Capital Plan into the remaining years. The approved Routine Capital Plan for 2021 was \$3M and the estimated actual expenditures are \$1.4M; a variance of \$1.5M or 48%. Under the terms of the UOA, any variance over 10% must be reported to BC Housing. BC Housing has been made aware of the spending shortfall and staff are in the process of submitting a letter to BC Housing outlining how the spending terms of the UOA will be met by the end of 2024 along with the approved updated Routine Capital Plan. This is consistent with the approach in previous years.

Expenditures on the UOA fell behind targets due to the ongoing impacts of the COVID-19 pandemic and the limited availability of trades for undertaking the works and the additional health and safety requirements resulting in longer timeframes. Moving into 2022, it is anticipated that contractor availability and scheduling will support an increase in the capacity of staff to move the routine capital works forward. Additionally, staff are looking to prioritize larger value items and will begin preparing for the works earlier in the year in an effort to advance the \$3.3M worth of works budgeted in 2022.

Routine Capital Funding Strategies

The estimated December 31, 2021 balance of the UOA Replacement Reserve (RR) is \$5.6M. A RR 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. The planned expenditure in the UOA Routine Capital Plan in 2022 is \$3.3M.

2. ILBC (Parry Place)

2021 Outcomes

The 2021 approved plan was \$9 thousand (K); the estimated actual expenditures are \$30K. The estimated December 31, 2021 balance in the RR is \$133K.

Routine Capital Funding Strategies

The ILBC Routine Capital Plan is approved by BC Housing and funded through an annual replacement reserve contribution of \$66/month per unit. Staff have updated the Routine Capital Plan based on replacement needs identified through annual inspections of unit and building components. Based on the identified needs, the anticipated projected expenditures under the ILBC Routine Capital Plan for 2022 are \$124K.

3. NOA (5 Properties)

2021 Outcomes

Portage Place, Campus View and Royal Oak Square were added to the NOA in 2020 and \$376K was transferred from the UOA RR to the NOA RR. There was no significant work identified for these three properties over the course of the 2020-2024 Routine Capital Plan. Village on the Green's 2018 building envelope condition assessment report identified a high priority roof replacement. Staff undertook this work and will have it completed by the end of 2021.

The estimated December 31, 2021 balance of the NOA RR is \$268K.

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. The planned expenditure in the NOA in 2022 is \$376K.

4. IHI (Westview)

2021 Outcomes

Westview opened in May 2020 and had no planned Routine Capital Plan works in that year. Minor works were planned in 2021 totalling \$9K with actuals projected at \$1K. The anticipated balance of the RR at December 31, 2021 balance is \$101K.

Routine Capital Funding Strategies

Staff have proposed 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 anticipated replacement obligations. Staff have completed the 2020-2024 Routine Capital Plan based on identified need determined through annual inspections of unit and building components. Projected expenditures in 2022 are \$5K.

5. RHFP (4 Properties)

2021 Outcomes

Millstream Ridge opened in November 2018, West Park and Spencer Close in November 2020 and Hockley House in March 2021. The approved Routine Capital Plan for the RHFP was \$62K in 2021 and estimated actuals are \$48K, which creates a variance of \$14K. As these are newly opened

properties much of the work is carried out through warranty, with some minor items that are not considered warranty items being funded under the Routine Capital Plan. Expenditures were slightly lower than anticipated in 2021 due to the budget being based off of Millstream and some of the costs associated with acquiring that property that have not occurred in the newly opened RHFP properties.

Routine Capital Funding Strategies

Staff are continuing to implement a funding strategy, initially proposed in 2020 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 approved Operating Budgets to the RR through an annual contribution of \$72/month per unit, pro-rated for those buildings are anticipated to open partway through a year. Staff have completed the 2020-2024 Routine Capital Plan based on routine replacement needs identified through annual inspections of unit and building components, with projected expenditures for 2020-2024 determined to be \$310K.

6. CHF (2782 Spencer)

2021 Outcomes

The first CHF-funded project is anticipated to open in the fall of 2022.

Routine Capital Funding Strategies

As the property is only anticipated to be in operation for two to three months in 2022, staff are recommending a 2022 Routine Capital Plan of \$0 as there are anticipated to be no Routine Capital Plan expenses associated with this property.

CONCLUSION

Staff are recommending the approval of the UOA, ILBC, NOA, IHI, RHFP and CHF five-year updated Routine Capital Plans:

- The UOA updated Routine Capital Plan 2020-2024 for \$11M includes 39 properties and allows CRHC increased capacity to determine spending priorities of the UOA accumulated operating surpluses. The routine capital plan projected expenditures for 2022 are \$3.3M.
- The ILBC updated Routine Capital Plan 2020-2024 proposes 2022 expenditures of \$124K.
- The NOA updated Routine Capital Plan 2020-2024 proposes 2022 expenditures of \$376K.
- The IHI updated Routine Capital Plan 2020-2024 proposes 2022 expenditures of \$5K.
- The RHFP updated Routine Capital Plan 2020-2024 proposes 2022 expenditures of \$65K.
- The CHF Routine Capital Plan 2020-2024 proposes 2022 expenditures of \$0.

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) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the UOA 2022 Routine Capital Plan.
2. a) That the Independent Living BC (ILBC) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the ILBC 2022 Routine Capital Plan.

3. a) That the No Operating Agreement (NOA) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the NOA 2022 Routine Capital Plan.
4. a) That the Investment in Housing Innovation (IHI) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the IHI 2022 Routine Capital Plan.
5. a) That the Regional Housing First Program (RHFP) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the RHFP 2022 Routine Capital Plan.
6. a) That the Community Housing Fund (CHF) Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the CHF Routine 2022 Capital Plan.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Rianna Lachance, BCom, CPA, CA, Acting Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT:

Appendix A: Five Year Updated Routine Capital Plans



Capital Region Housing Corporation > 2022 Budget

**Presentation to Hospitals & Housing Committee
Wednesday December 1, 2020**

Staff Reports

1. 2022 Updated Five-Year Routine Capital Plan
2. Major Capital Plan 2022-2026
3. 2022 Administration and Development Services Budgets
4. 2022 Portfolio Operating Budgets



CRHC 2022 – Portfolio Changes

2019: 46 Buildings
1,418 Units

2020: 49 Buildings
1,773 Units

2021: 50 Buildings
1,893 Units

2022: 52 Buildings
2,002 Units

IHI



1 building, 73 units

ILBC



1 building, 21 units

NOA



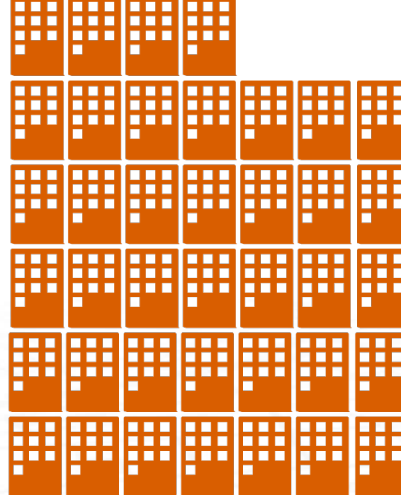
5 buildings, 123 units

RHFP



5 buildings, 585 units

UOA



39 buildings, 1142 units

CHF

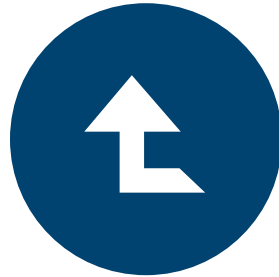


1 building, 58 units

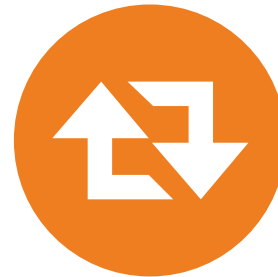




Staffing &
Contracted
Services



Insurance
Premiums &
Deductibles



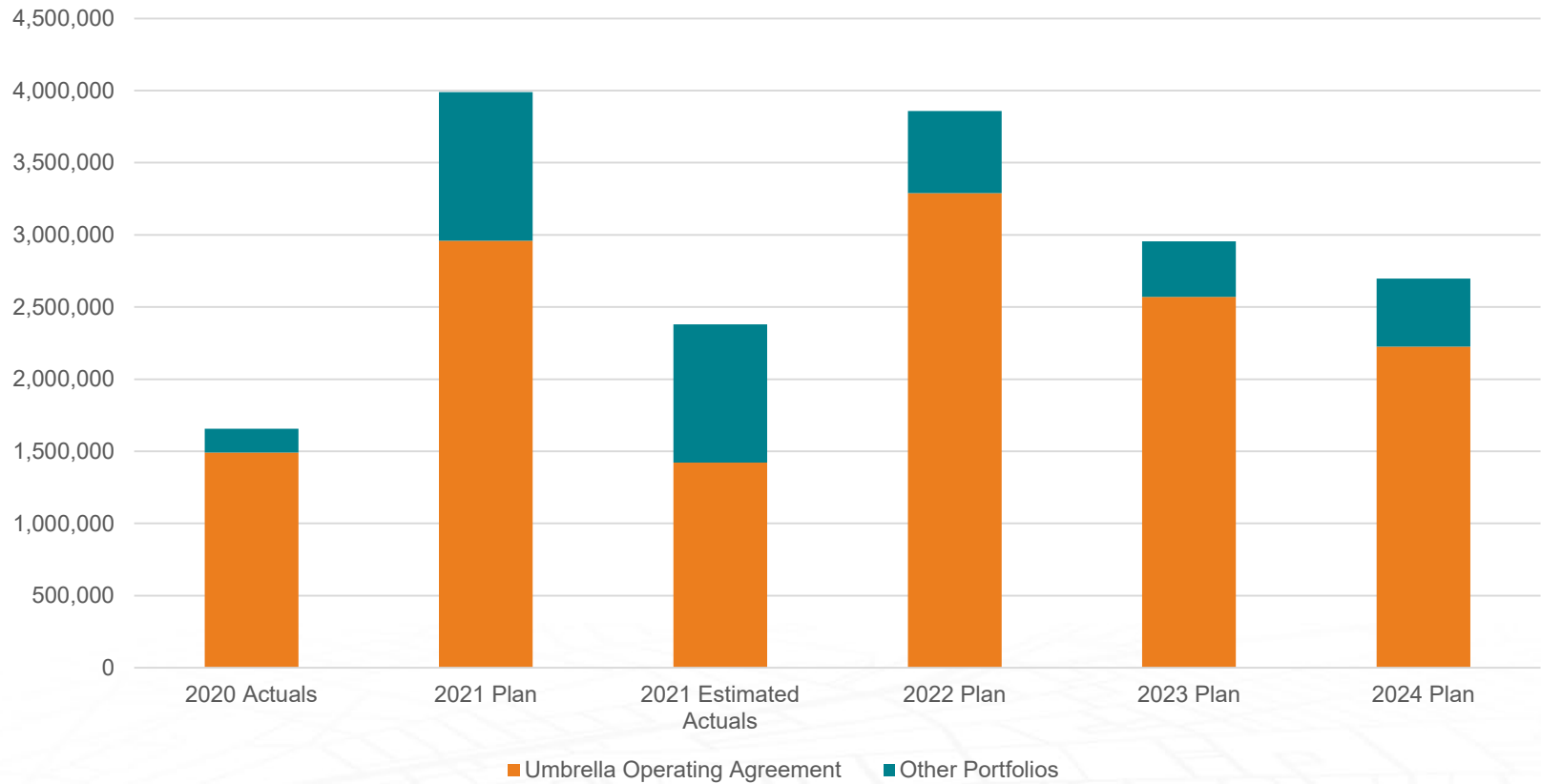
Replacement
Reserve
Contribution

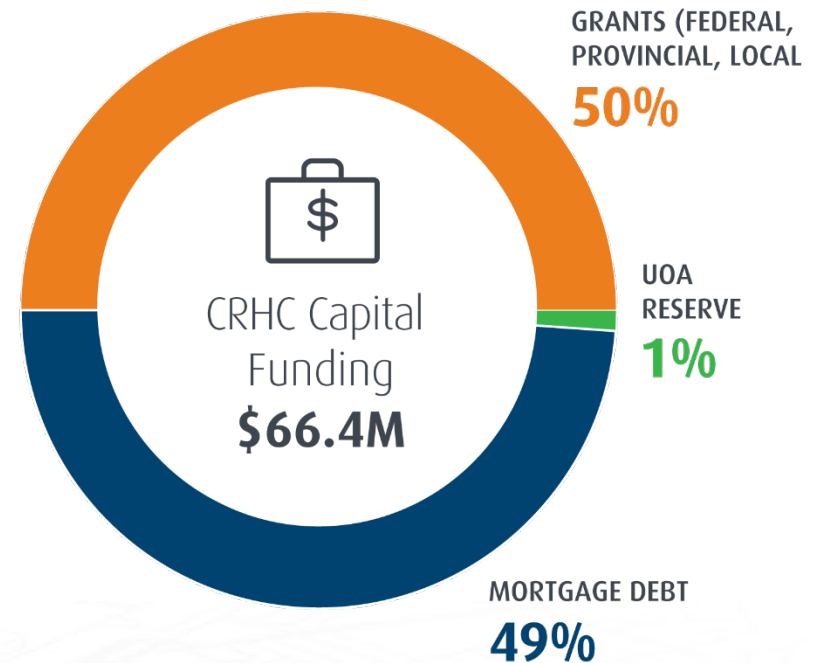
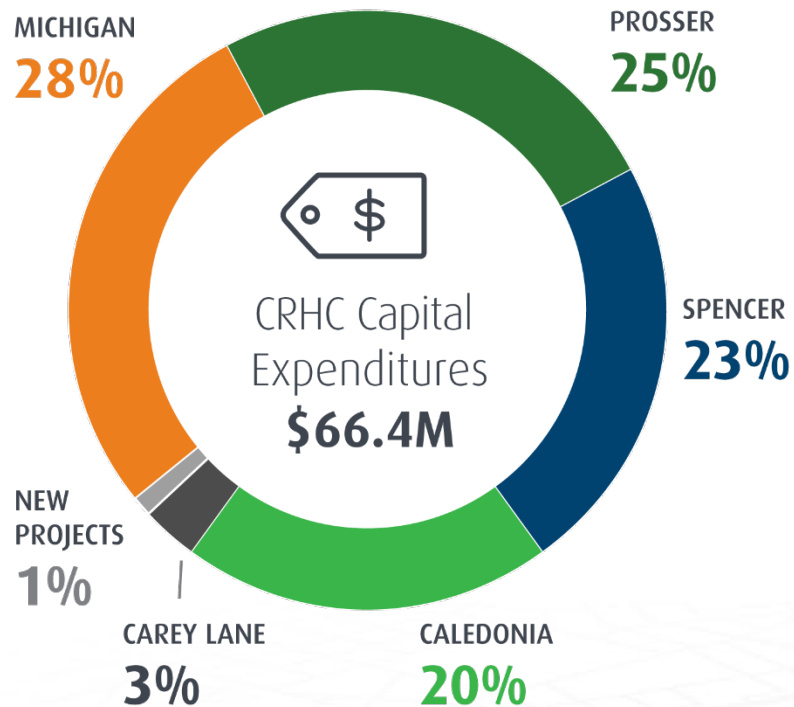


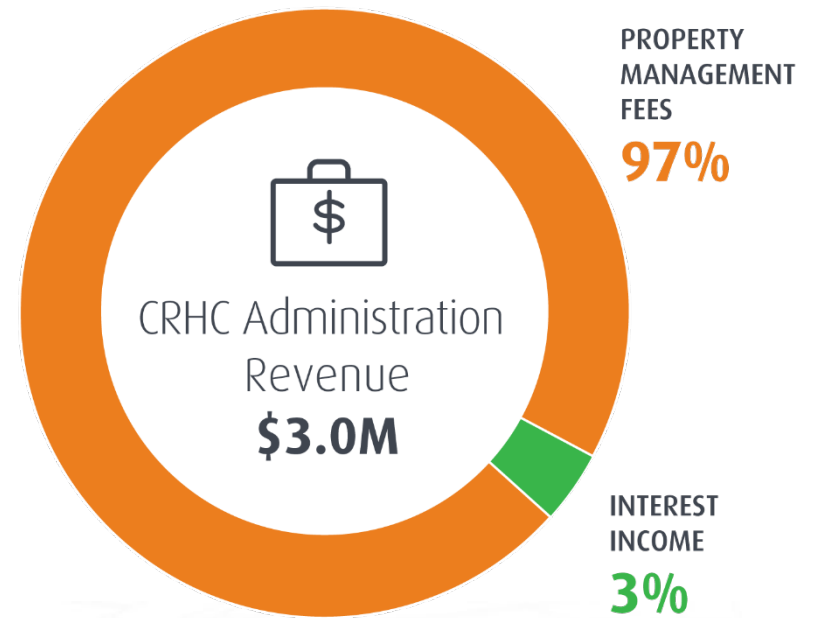
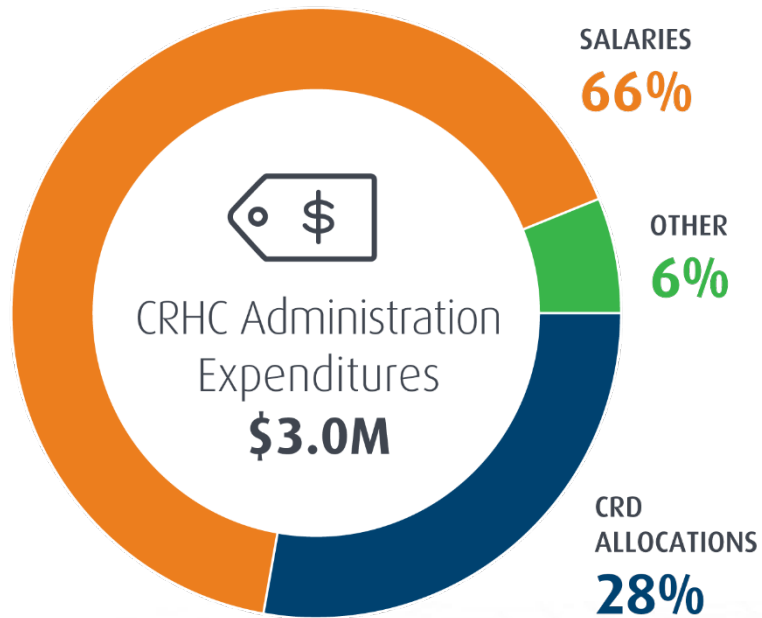
New Buildings &
First Year of
Operations

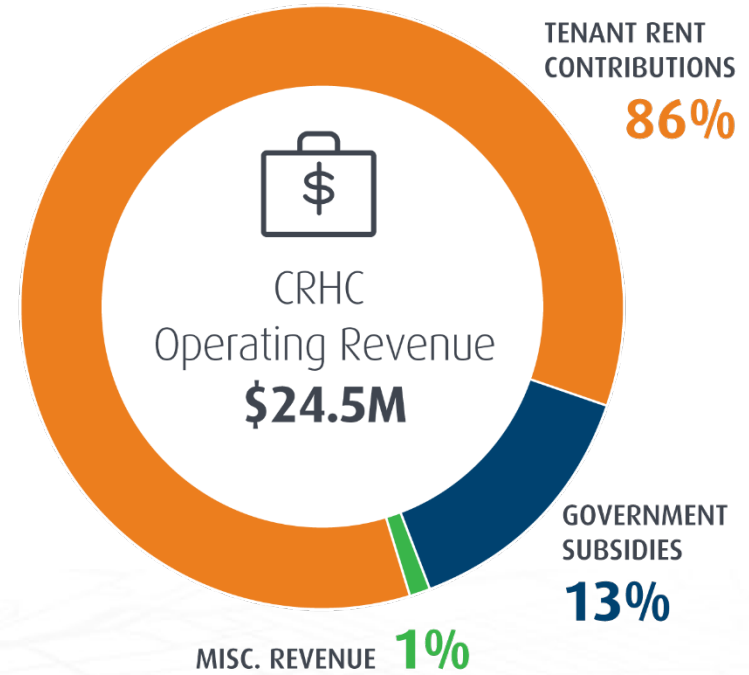
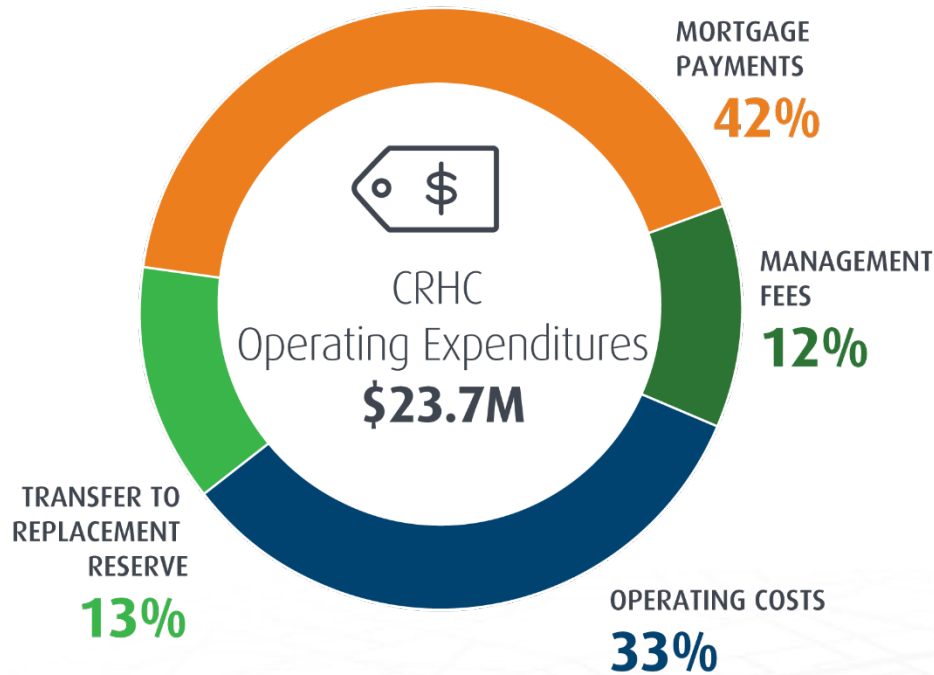


2022 Updated Five-Year Routine Capital Plan









Questions



CAPITAL REGION HOUSING CORPORATION

APPENDIX A

FIVE YEAR ROUTINE CAPITAL EXPENDITURE PLAN SUMMARY - 2020 to 2024

		2020-2024 Total Plan	2020 Actuals	2021 Plan	2021 Estimated Actuals	2021 Unspent Variance	2022 Plan	2023 Plan	2024 Plan	2020-2024 TOTAL
EXPENDITURE										
UOA Routine Capital Replacement	Building	11,000,000	1,491,876	2,958,626	1,421,608	(1,537,018)	3,289,438	2,570,556	2,226,522	11,000,000
ILBC Routine Capital Replacement	Building	240,001	3,287	8,962	30,299	21,337	123,693	28,372	54,350	240,001
NOA Routine Capital Replacement	Building	1,962,989	135,096	950,683	879,204	(71,479)	376,141	260,940	311,608	1,962,989
IHI Routine Capital Replacement	Building	32,680	3,889	9,097	1,348	(7,749)	4,669	8,900	13,874	32,680
RHFP Routine Capital Replacement	Building	309,658	23,385	62,110	48,336	(13,774)	64,683	86,912	86,342	309,658
CHF Routine Capital Replacement	Building	5,550	-	-	-	-	-	550	5,000	5,550
		13,550,878	1,657,533	3,989,478	2,380,795	(1,608,683)	3,858,624	2,956,230	2,697,696	13,550,878
SOURCE OF FUNDS										
UOA Capital Replacement	Reserve		(1,491,876)	(2,958,626)	(1,421,608)		(3,289,438)	(2,570,556)	(2,226,522)	(11,000,000)
ILBC Capital Replacement	Reserve		(3,287)	(8,962)	(30,299)		(123,693)	(28,372)	(54,350)	(240,001)
NOA Capital Replacement	Reserve		(135,096)	(950,683)	(879,204)		(376,141)	(260,940)	(311,608)	(1,962,989)
IHI Capital Replacement	Reserve		(3,889)	(9,097)	(1,348)		(4,669)	(8,900)	(13,874)	(32,680)
RHFP Capital Replacement	Reserve		(23,385)	(62,110)	(48,336)		(64,683)	(86,912)	(86,342)	(309,658)
CHF Routine Capital Replacement	Reserve		-	-	-		-	(550)	(5,000)	(5,550)
			(1,657,533)	(3,989,478)	(2,380,795)		(3,858,624)	(2,956,230)	(2,697,696)	(13,550,878)
Portfolio Capital Replacement Reserve Details										
UOA Replacement Reserve										
Beginning Balance		4,198,677			4,727,450		5,600,391	4,622,961	4,344,864	4,198,677
Annual Operating Transfer		1,900,000			2,200,000		2,200,000	2,200,000	2,200,000	10,700,000
Annual Interest Income		120,649			94,549		112,008	92,459	86,897	506,562
Annual Capital Replacement Exp		(1,491,876)			(1,421,608)		(3,289,438)	(2,570,556)	(2,226,522)	(11,000,000)
		4,727,450			5,600,391		4,622,961	4,344,864	4,405,239	4,405,239
ILBC Replacement Reserve										
Beginning Balance		101,705			117,525		133,702	29,283	18,096	101,705
Annual Operating Transfer		16,600			16,600		16,600	16,600	16,600	83,000
Grants		-			27,525		-	-	-	27,525
Annual Interest Income		2,507			2,351		2,674	586	362	8,479
Annual Capital Replacement Exp		(3,287)			(30,299)		(123,693)	(28,372)	(54,350)	(240,001)
		117,525			133,702		29,283	18,096	(19,292)	(19,292)
NOA Replacement Reserve										
Beginning Balance		734,406			875,160		268,261	152,287	149,195	734,406
Annual Operating Transfer		254,802			254,802		254,802	254,802	254,802	1,274,010
Annual Interest Income		21,048			17,503		5,365	3,046	2,984	49,946
Annual Capital Replacement Exp		(135,096)			(879,204)		(376,141)	(260,940)	(311,608)	(1,962,989)
		875,160			268,261		152,287	149,195	95,373	95,373
IHI Replacement Reserve										
Beginning Balance		-			38,665		101,162	161,589	218,992	-
Annual Operating Transfer		42,048			63,072		63,072	63,072	63,072	294,336
Annual Interest Income		506			773		2,023	3,232	4,380	10,914
Annual Capital Replacement Exp		(3,889)			(1,348)		(4,669)	(8,900)	(13,874)	(32,680)
		38,665			101,162		161,589	218,992	272,570	272,570
RHFP Replacement Reserve										
Beginning Balance		81,612			199,034		638,471	1,123,632	1,617,947	81,612
Annual Operating Transfer		114,048			435,456		472,392	472,392	472,392	1,966,680
Annual Interest Income		3,374			3,981		12,769	22,473	32,359	74,956
Annual Capital Replacement Exp		-			-		-	(550)	(5,000)	(5,550)
		199,034			638,471		1,123,632	1,617,947	2,117,698	2,117,698
CHF Replacement Reserve										
Beginning Balance		-			-		-	-	43,514	-
Annual Operating Transfer		-			-		-	44,064	44,064	88,128
Annual Interest Income		-			-		-	-	870	870
Annual Capital Replacement Exp		-			-		-	(550)	(5,000)	(5,550)
		-			-		-	43,514	83,448	83,448

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, DECEMBER 01, 2021**

SUBJECT Major Capital Plan (2022-2026)

ISSUE SUMMARY

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

- 2022-2026 Major Capital Plan for development and redevelopment housing projects and one Building Envelope Remediation (BER); and
- Capital Funding Strategies.

BACKGROUND

The CRHC is a wholly owned subsidiary of the Capital Regional District (CRD) with the mandate to develop and manage affordable housing to meet the needs of individuals and families residing within the capital region. In working to fulfill its mandate, the CRHC owns and operates 1,893 units of affordable housing, providing homes to more than 3,500 residents of the capital region with low to moderate incomes. CRHC currently has 109 new units under construction and 661 units in pre-construction and development.

Development and Redevelopment

In August 2016, the Board approved the *CRHC Portfolio Renewal, Redevelopment and Development Strategy* (RRD) that included advancing the Michigan Square, Caledonia, Drake Road, Campus View and Carey Lane projects. Funding was secured for Caledonia through the *Building BC: Community Housing Fund* (CHF) and for Michigan Square through the *Regional Housing First Program* (RHFP), *Regional Housing Trust Fund* (RHTF) and the CHF. Funding for the Drake Road project has not been secured and is contingent on finding an adequate alternate water source. Staff are pursuing funding for the Campus View project through the RHFP, RHTF, Canada Mortgage and Housing Corporation (CMHC) *National Housing Co-Investment Fund* (NHCF) and Federation of Canadian Municipalities (FCM) *Green Municipal Fund* (GMF). Carey Lane will receive funding through BC Housing's *Capital Renewal Fund* (CRF).

In addition to the properties identified in the RRD and in keeping with the 2019-2022 CRD Corporate Plan, staff have been successful in securing CHF grant funding for 2782 Spencer and the affordable housing component of the project at 926 Pandora that will be operated by the CRHC.

Staff are also working to explore opportunities for redevelopment at four additional CRHC-owned properties with significant redevelopment potential. In 2022, staff will explore conceptual design and feasibility analysis for these potential redevelopments, pending the successful award of grant funding.

In March 2021, CRHC acquired Hockley House, a 120 unit affordable housing project, delivered through the RHFP. In July 2021, CRD entered into an Agreement of Purchase and Sale to acquire the turnkey affordable housing development on Prosser Road that is anticipated to be completed in Q3 2022.

Renewal

In 2020, CRHC received confirmation of grant funding through BC Housing's *CRF* program for the building envelope remediation of a 22-unit townhouse complex known as Carey Lane. The contract for the Building Envelope Consultant has been awarded and design work is underway. Construction is scheduled to start in Q2 2022. Staff continue to work with BC Housing and CMHC to secure funding for two additional building envelope remediation projects that were identified as high priority for renewal in 2020. Staff will return to the Board with a capital plan amendment if funding is secured for future projects.

ALTERNATIVES

Alternative 1

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

1. That the 2022-2026 Major Capital Plan be approved; and
2. That staff be authorized to submit grant funding applications and receive grant funding for up to four CRHC Redevelopment 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 (2022-2026) report be referred back to staff for revisions based on Hospitals and Housing Committee direction.

IMPLICATIONS

Detailed information for the 2022-2026 Major Capital Plan can be found in Appendix A.

2782 Spencer

2782 Spencer, a 58-unit development in Langford, received funding approval through the CHF. The project has an approved final budget of \$19.9 million (M). The approved budget includes a repayable \$14.0M first mortgage and a \$5.9M forgivable second mortgage in favour of BC Housing. Foundation work is complete and wood framing is underway. Construction is anticipated to be complete in October 2022. The estimated expenditures at December 31, 2021 are \$4.9M and the estimated expenditures for 2022 are \$15.0M.

Prosser

Prosser, a 51-unit affordable housing development located in the District of Central Saanich received funding through RHFP, RHTF and BC Housing's *Investment in Housing Innovation* fund. Crews are currently constructing the underground parkade and the building is expected to be complete in Q3 2022. CRHC will acquire the turnkey building through a lease agreement under the CRD RHFP. The approved project budget is \$17.0M and CRHC will take on a mortgage debt of \$10.1M with a total of \$6.9M being received in the form of grants toward the project.

Michigan Square

Michigan Square, a 97-unit affordable housing redevelopment in James Bay, received funding through RHFP, CHF, RHTF and the *Victoria Housing Reserve Fund* (VHRF). The project will increase the density on the site from 62 units to 106 units. The final project budget is \$34.2M and includes a \$1.0M equity contribution from the CRHC, \$1.0M from the RHTF, \$620 thousand (K) from VHRF, \$4.5M from the RHFP, and \$4.7M from the CHF. CRHC will take on a mortgage debt of \$22.3M at BC Housing preferred interest rates. BC Housing will be required to provide an

annual operating subsidy in order to meet the debt servicing requirements. The estimated expenditures at December 31, 2021 are \$1.3M and the estimated expenditures for 2022 are \$18.8M. Construction will commence in December 2021 with an anticipated completion in Q4 2023.

Caledonia

In October 2021, the Caledonia Redevelopment received a project specific Official Community Plan amendment, rezoning approval and development permit for the 158-unit affordable housing project in the Fernwood neighbourhood. Once development approvals were granted, BC Housing was able to release pre-development funds that supported the remaining design and pre-construction work, including the demolition of the existing Caledonia townhouses.

As reported in the CRHC Major Capital Plan Status Report Q3 2021, the total project budget has increased from \$59.5M to \$64.4M. The current budget is based on a Class B estimate that was carried out in August 2021. The total project budget is funded by a CRHC \$1.0M equity contribution, a request for \$500K through the VHRF, an \$18.5M forgivable mortgage and a \$44.4M repayable mortgage at BC Housing preferred interest rates. BC Housing will be required to provide an annual operating subsidy in order to meet the debt servicing requirements. The estimated expenditures at December 31, 2021 are \$2.5M and the estimated expenditures for 2022 are \$13.0M with construction projected to commence in June 2022.

Carey Lane

Carey Lane was identified as a priority building envelope remediation (BER) and grant funding was confirmed in 2020. At the time of initial funding approval, the estimated project cost was \$2.4M, based on the Building Envelope Condition Assessment report from June 2019. The project budget includes a \$600K contribution from CRHC's Umbrella Operating Agreement Stabilization Reserve. The remaining costs will be funded through BC Housing by way of a forgivable mortgage. In September 2021, design consultant procurements were carried out and the conceptual estimate was updated to a value of \$3.8M. The budget increase has been attributed to increased scope and escalated construction costs. The budget increase will be backed by an increased BC Housing equity contribution. Once the project has received final approval from BC Housing in Q2 2022, staff will return to the Board with a confirmed final budget. The anticipated expenditures at December 31, 2021 are \$13.5K and the estimated expenditures for 2022 are \$1.9M with construction projected to commence at the end of Q2 2022.

Pandora

Pandora is a partnership project between City of Victoria, BC Housing and CRHC to build 220 new non-market rental homes and create a new community centre in the North Park neighbourhood. The CRHC would lease an air-space parcel to accommodate approximately 170 affordable rental units that would be operated by CRHC. Design work is in the early conceptual stages with a targeted rezoning submission in Q1 2022. CRHC does not anticipate any expenditures for 2022.

Drake Road

CRD staff continue to explore the potential to advance the Drake Road property through one of BC Housing's funding programs. The partnership would see BC Housing lease the land from the CRD and facilitate development through the selected program. The ongoing water moratorium on Salt Spring Island continues to complicate development efforts. In 2022, staff will advance additional groundwater feasibility testing in an effort to secure an adequate alternate water source. The estimated expenditures at December 31, 2021 are \$135K and the estimated expenditures for 2022 are \$80K.

Campus View

Campus View, an existing 12-unit CRHC townhouse complex, located in the Gordon Head neighbourhood has received provisional approval from the RHFP Selection Committee to receive \$8.4M in grant funding. The proposed redevelopment would see the number of units on site increase from 12 to approximately 104 units of affordable housing. In 2022, staff will submit grant funding applications to the GMF, NHCF, RHTF and District of Saanich Housing Fund, that could provide up to \$10.1M in additional grant funding. The conceptual budget for the Campus View project is \$39.0M, with anticipated expenditures of \$321K in 2022.

New Redevelopment Projects

Through ongoing analysis of existing CRHC stock, staff have identified four additional properties with significant redevelopment potential. In 2022, staff will advance feasibility analysis and conceptual design for the potential redevelopment of four additional CRHC owned properties. The anticipated expenditures for 2022 are \$359K. Staff are requesting authorization to submit grant funding applications and receive funding from CMHC, BC Housing and FCM. Staff will return to the Board once project costs are confirmed.

CONCLUSION

In August 2016, the Board approved the *CRHC Portfolio RRD Strategy* that included advancing the Michigan Square, Caledonia, Drake Road, Campus View and Carey Lane projects. Michigan Square will proceed to construction in late December 2021 and Caledonia will break ground in June 2022. Drake Road is awaiting confirmation of funding and partnership opportunities through BC Housing and staff will continue to pursue an adequate groundwater source in 2022. Staff will advance Campus View through schematic design while pursuing additional funding opportunities. Design work for the Carey Lane BER will continue through Q1 2022, with construction scheduled to start in Q2 2022.

In 2022, Prosser will be acquired through the RHFP turnkey delivery model. In October 2022, CRHC will complete construction on 2782 Spencer. Also in 2022, staff will advance Pandora through feasibility, schematic design and rezoning applications, while pursuing additional funding sources. Four CRHC properties will move through feasibility analysis while seeking funding for potential redevelopment.

The 2022-2026 Major Capital Plan, when completed, will increase the CRHC housing stock from 1,893 to 2,663 units while continuing to invest in the renewal and redevelopment of the existing CRHC portfolio.

RECOMMENDATION

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

1. That the 2022-2026 Major Capital Plan be approved; and
2. That staff be authorized to submit grant funding applications and receive grant funding for up to four CRHC Redevelopment 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:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Rianna Lachance, BCom, CPA, CA, Acting Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT:

Appendix A: Major Capital Plan 2022-2026

CAPITAL REGION HOUSING CORPORATION

APPENDIX A

page 1

FIVE YEAR MAJOR CAPITAL EXPENDITURE PLAN SUMMARY - 2022 to 2026

	Type	Estimate Class	Total Project Budget	Spent at Dec/21	Balance Remaining at Dec/21	2022	2023	2024	2025	2026	TOTAL
EXPENDITURE											
2782 Spencer - CHF	B	Class A	19,883,209	4,886,049	14,997,160	14,997,160	-	-	-	-	14,997,160
Prosser - RHFP	Lease	Class A	16,981,555	-	16,981,555	16,981,555	-	-	-	-	16,981,555
Michigan - RHFP / CHF	B	Class A	34,232,920	1,250,000	32,982,920	18,821,799	14,161,121	-	-	-	32,982,920
Caledonia - CHF	B	Class B	64,415,036	2,500,000	61,915,036	13,000,000	26,475,000	22,440,036	-	-	61,915,036
Carey Lane - BER	B	Class D	3,750,000	13,500	3,736,500	1,875,000	1,861,500	-	-	-	3,736,500
Pandora - CHF	Lease	Conceptual	58,514,071	-	58,514,071	-	-	-	58,514,071	-	58,514,071
Drake Road	B	-	80,000	-	80,000	80,000	-	-	-	-	80,000
Campus View Redevelopment - RHFP	B	Conceptual	39,263,000	-	39,263,000	321,000	7,606,333	19,361,000	11,974,667	-	39,263,000
New Redevelopment Projects	B	-	359,000	-	359,000	359,000	-	-	-	-	359,000
			237,478,791	8,649,549	228,829,242	66,435,514	50,103,954	41,801,036	70,488,738	-	228,829,242
SOURCE OF FUNDS (combined)											
Mortgage Debt	Debt		148,476,361	-	148,476,361	32,288,603	36,161,121	31,233,369	48,793,268	-	148,476,361
Grants (Federal, Provincial, Local)	Grant		86,402,430	6,649,549	79,752,881	33,546,911	13,942,833	10,567,667	21,695,470	-	79,752,881
UOA Reserve	Res		2,600,000	2,000,000	600,000	600,000	-	-	-	-	600,000
			237,478,791	8,649,549	228,829,242	66,435,514	50,103,954	41,801,036	70,488,738	-	228,829,242

FIVE YEAR MAJOR CAPITAL EXPENDITURE PLAN SUMMARY - 2022 to 2026

		Total Project Budget	Spent at Dec/21	Balance Remaining at Dec/21	2022	2023	2024	2025	2026	TOTAL
SOURCE OF FUNDS (by project)										
2782 Spencer - CHF										
Mortgage Debt	Debt	13,983,209	-	13,983,209	13,983,209	-	-	-	-	13,983,209
Grants	Grant	5,900,000	4,886,049	1,013,951	1,013,951	-	-	-	-	1,013,951
		19,883,209	4,886,049	14,997,160	14,997,160	-	-	-	-	14,997,160
Prosser - RHFP										
Mortgage Debt	Debt	10,116,555	-	10,116,555	10,116,555	-	-	-	-	10,116,555
Grants	Grant	6,865,000	-	6,865,000	6,865,000	-	-	-	-	6,865,000
		16,981,555	-	16,981,555	16,981,555	-	-	-	-	16,981,555
Michigan - RHFP / CHF										
Mortgage Debt	Debt	22,349,960	-	22,349,960	8,188,839	14,161,121	-	-	-	22,349,960
Grants	Grant	10,882,960	250,000	10,632,960	10,632,960	-	-	-	-	10,632,960
UOA Stabilization Reserve	Res	1,000,000	1,000,000	-	-	-	-	-	-	-
		34,232,920	1,250,000	32,982,920	18,821,799	14,161,121	-	-	-	32,982,920
Caledonia - CHF										
Mortgage Debt	Debt	44,440,036	-	44,440,036	-	22,000,000	22,440,036	-	-	44,440,036
Grants	Grant	18,975,000	1,500,000	17,475,000	13,000,000	4,475,000	-	-	-	17,475,000
UOA Stabilization Reserve	Res	1,000,000	1,000,000	-	-	-	-	-	-	-
		64,415,036	2,500,000	61,915,036	13,000,000	26,475,000	22,440,036	-	-	61,915,036
Carey Lane - BER										
UOA Stabilization Reserve	Res	600,000	-	600,000	600,000	-	-	-	-	600,000
Grants	Grant	3,150,000	13,500	3,136,500	1,275,000	1,861,500	-	-	-	3,136,500
		3,750,000	13,500	3,736,500	1,875,000	1,861,500	-	-	-	3,736,500
Pandora - CHF										
Mortgage Debt	Debt	36,818,601	-	36,818,601	-	-	-	36,818,601	-	36,818,601
Grants	Grant	21,695,470	-	21,695,470	-	-	-	21,695,470	-	21,695,470
		58,514,071	-	58,514,071	-	-	-	58,514,071	-	58,514,071
Drake Road										
Grants	Grant	80,000	-	80,000	80,000	-	-	-	-	80,000
		80,000	-	80,000	80,000	-	-	-	-	80,000
Campus View Redevelopment - RHFP										
Mortgage Debt	Debt	20,768,000	-	20,768,000	-	-	8,793,333	11,974,667	-	20,768,000
Grants	Grant	18,495,000	-	18,495,000	321,000	7,606,333	10,567,667	-	-	18,495,000
		39,263,000	-	39,263,000	321,000	7,606,333	19,361,000	11,974,667	-	39,263,000
New Redevelopment Projects										
Grants	Grant	359,000	-	359,000	359,000	-	-	-	-	359,000
		359,000	-	359,000	359,000	-	-	-	-	359,000

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, DECEMBER 01, 2021**

SUBJECT 2022 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 2021 operating year and to present the 2022 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, 2021.

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 50 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 additional costs as may be 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* in August 2016. The Development Services 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 approved 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:

1. That the Capital Region Housing Corporation 2022 Administration Budget be approved; and
2. That the Capital Region Housing Corporation 2022 Development Services Budget be approved.

Alternative 2

That the 2022 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 2021 estimated revenue/expenditures and 2022 proposed budget

Administration Budget (Appendix A)					
	2021 Amended Budget	2021 Estimates	2021 Variance \$	2022 Proposed Budget	2021-2022 Budget Change \$
Total Revenue	2,604,290	2,604,647	357	3,005,317	401,028
Total Expenditures	(2,404,290)	(2,352,319)	51,971	(3,005,317)	601,027
Operating Surplus/(Deficit)	200,000	252,328	52,328	-	(199,999)

In 2021, there is estimated to be a net favourable operating surplus of \$252 thousand (K) in the Administrative Operating budget. The Board amended budget anticipated an operating surplus of \$200K with this figure being pushed higher due to less than anticipated office and furniture costs.

Staff are proposing a 2022 Administration budget expenditures of \$3 million (M). This represents a proposed total expenditure increase of \$601K or 25% over 2021. Of the increase, \$401K is due to required cost escalation in CUPE/Exempt salaries and the addition of two full time employees (FTEs) in support of property management services related to the increase of housing stock including 2782 Spencer in Langford and Prosser in Central Saanich. The other \$200K of this increase aligns with staffing approved in the 2021 budget to support new units as new RHFP buildings rent up.

The CSR will have an estimated balance of \$539K at December 31, 2021. This is due to a transfer of \$500K to the RHFP Portfolio Stabilization Reserve to address unforeseen revenue shortfalls due to slower than anticipated rent-up at newly opened RHFP buildings. CRHC was awarded \$295K through the COVID Restart Fund to help offset costs incurred as a result of the pandemic. The forecast ending balance of the CSR at the end of 2022 is \$480K as staff propose to allocate \$59K from the CSR to support feasibility work through development services.

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

Development Services Budget (Appendix B)

Table 2: Summary of 2021 estimated revenue/expenditures and 2022 proposed budget

Development Services Budget (Appendix B)					
	2021 Budget	2021 Estimates	2021 Variance \$	2022 Proposed Budget	2020-2021 Budget Change \$
Total Revenue	714,500	367,932	(346,568)	569,800	(144,700)
Total Expenditures	(714,500)	(351,668)	362,832	(566,273)	(148,227)
Operating Surplus/(Deficit)	-	16,264	16,264	3,527	3,527

In 2021, there was a \$16K positive variance due to the delay in hiring the senior project coordinator position and a short-term vacancy due to staffing turnover. Revenues were less than expected due to a deferral of activity to 2022 for Caledonia and 2782 Spencer as was identified in the July 2021 Financial Plan Amendments staff report.

Staff are proposing 2022 Development Services budget expenditures of \$566K. This represents an expenditure decrease of \$283K and is tied to the anticipated funds available through approved capital projects. Funding required for the project management staff has been included in the Major Capital Plan proposed for approval.

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

CONCLUSION

The Administration budget includes costs to CRHC associated with overall corporate management. In 2022, there is a proposed increase of \$601K. Staff are proposing a 2022 budget of \$3M in expenditures to fund overall corporate management.

In 2021, there is a proposed decrease to the Development Services budget of \$283K and are proposing \$566K in expenditures in 2022 to fund costs associated with advancing the Major Capital Plan.

RECOMMENDATION

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

- 1) That the Capital Region Housing Corporation 2022 Administration Budget be approved; and
- 2) That the Capital Region Housing Corporation 2022 Development Services Budget be approved.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Rianna Lachance, BCom, CPA, CA, Acting Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENTS:

Appendix A: Administration Budget
Appendix B: Development Services Budget

CAPITAL REGION HOUSING CORPORATION
2022 ADMINISTRATION BUDGET

APPENDIX A

	2021 Board Amended	2021 Estimated Actuals	2021 Budget \$ Variance	2021 Budget % Variance	2022 CRHC Proposed	2022 Budget \$ Change	2022 Budget % Change	2023 Forecast Estimate	2024 Forecast Estimate	2025 Forecast Estimate	2026 Forecast Estimate	
REVENUE												
Property Management Fees	2,529,290	2,529,647	357	0.0%	2,930,317	(3)	401,027	15.9%	3,105,279	3,437,917	3,987,061	4,299,495
Interest Income	75,000	75,000	0	0.0%	75,000	0	0.0%	75,000	75,000	75,000	75,000	
TOTAL REVENUE	2,604,290	2,604,647	357	0.0%	3,005,317	401,028	15.4%	3,180,279	3,512,917	4,062,061	4,374,495	
EXPENDITURES												
Salaries & Benefits - CRHC Administration Staff	1,550,673	1,540,650	10,023	0.6%	1,984,972	(4)	434,299	28.0%	2,066,772	2,244,744	2,550,459	2,696,916
Training (includes related travel costs)	12,000	5,409	6,591	54.9%	12,000	-	0.0%	12,495	13,570	15,419	16,304	
CRD Allocations	658,018	658,018	(0)	0.0%	834,545	(5)	176,527	26.8%	920,051	1,058,058	1,272,872	1,425,139
Consultants/Legal/Audit	27,000	26,142	858	3.2%	32,000	5,000	18.5%	33,319	36,188	41,116	43,477	
Tenant Engagement Program	20,000	20,000	-	0.0%	20,000	-	0.0%	20,824	22,617	25,698	27,173	
Office Operating Costs	86,599	73,169	(1)	13,430	91,799	5,200	6.0%	95,582	103,813	117,952	124,725	
Transfer to Equipment Replacement Reserve	10,000	10,000	0	0.0%	10,000	-	0.0%	10,412	11,309	12,849	13,587	
Capital Purchases - New office equipment	40,000	18,930	(2)	21,070	20,000	(20,000)	-50.0%	20,824	22,617	25,698	27,173	
TOTAL EXPENDITURES	2,404,290	2,352,319	51,971	2.2%	3,005,317	601,027	25.0%	3,180,279	3,512,917	4,062,061	4,374,495	
TOTAL ADMINISTRATION Surplus/(Deficit)	200,000	252,329	52,329	-	-	-	-	-	-	-	-	
Beginning Balance Corporation Stabilization Reserve					498,122							
2021 Estimated Surplus/(Deficit)					252,329							
2021 Transfer (to) Development Services: feasibility studies					(6,200)							
2021 Transfer (to) RHFP Portfolio Stabilization Reserve					(500,000)							
2021 Grant from Covid restart fund					295,000							
Ending Balance Corporation Stabilization Reserve					539,251							
					480,451							

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

- (1) 2021 Office Operating Costs lower than budgeted mainly due to office supplies.
(2) 2021 capital equipment purchases below budget due to repurposed equipment.
(3) 2022 Property Management Fees increase due to annualization of Hockley House and two new buildings in 2022 (2782 Spencer and Prosser Road.)
(4) 2022 Salaries and Benefits: increase of \$234,299 from original 2021 budget (\$200,000 amendment in July 2021 for hiring delays and vacancies.) includes 2 new staff positions and CUPE/Exempt contract increases.
- 1.0 FTE Administrative Officer 1
- 1.0 FTE Clerk Typist 4

- (5) 2022 CRD Allocation increase includes:
- \$74,974 or 29.3% increase for Standard Overhead allocation
- \$52,167 or 62.7% increase for HR allocation
- \$83,567 or 111.7% for Building occupancy allocation
- \$3,071 or 1.7% increase for CRD Housing allocation
- (\$37,252) or 57.5% decrease for RHFP administration allocation

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

APPENDIX B

	2021 Board Approved	2021 Estimated Actuals	2021 Budget \$ Variance	2021 Budget % Variance	2022 CRHC Proposed	2022 Budget \$ Change	2022 Budget % Change
REVENUE							
Project Management Fees	649,500	361,732	(1)	(287,768)	-44.3%	511,000	(5) (138,500) -21.3%
Transfer from Corporation Stabilization Reserve	65,000	6,200	(2)	(58,800)	-90.5%	58,800	(6,200) -9.5%
TOTAL REVENUE	714,500	367,932		(346,568)	-48.5%	569,800	(144,700) -20.3%
EXPENDITURES							
Salaries & Benefits	619,200	332,168	(3)	287,032	46.4%	484,673	(6) (134,527) -21.7%
Travel - local	1,500	700		800	53.3%	1,500	- 0.0%
Telephone	3,600	1,500		2,100	58.3%	3,600	- 0.0%
Miscellaneous	9,200	3,600		5,600	60.9%	9,700	500 5.4%
Capital Equipment - two work stations	16,000	7,500		8,500	53.1%	8,000	(8,000) -50.0%
Consultants	65,000	6,200	(4)	58,800	90.5%	58,800	(6,200) -9.5%
TOTAL EXPENDITURES	714,500	351,668		362,832	50.8%	566,273	(148,227) -20.7%
TOTAL DEVELOPMENT SERVICES Surplus/(Deficit)	<u>0</u>	<u>16,264</u>			<u>3,527</u>		

Notes:

- (1) 2021 PM fee variance due to 1 potential project not receiving funding as planned, 2 projects deferred/delayed.
- (2) 2021 Transfer from CSR to fund feasibility studies carried forward to 2022.
- (3) 2021 Salary variance due to vacancies and deferred hiring contingent on project approval.
- (4) 2021 Transfer from CSR to fund feasibility studies carried forward to 2022.
- (5) 2022 PM fees based on 4 projects underway and 1 that has received preliminary approval.
- (6) 2022 Salary budget lower than 2021 based on 1 deferred FTE contingent on project approval.

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, DECEMBER 01, 2021**

SUBJECT 2022 Portfolio Operating Budgets

ISSUE SUMMARY

To provide the Capital Region Housing Corporation (CRHC) Board a review of estimated operating revenues and expenditures for 2021, and to present the proposed operating budgets for 2022.

BACKGROUND

In 2015, the Umbrella Operating Agreement (UOA) was signed with the BC Housing Management Commission (BC Housing) and was renewed in 2019 to December 31, 2024. The 2021 UOA portfolio includes 39 of CRHC's 50 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.
- Seven properties have operating agreements expiring and mortgages maturing between 2022-2024 (Appendix A).

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 provided CRHC the flexibility to debt finance its \$4.5 million (M) share of the \$40M Capital Regional District (CRD) equity contribution to the Regional Housing First Program (RHFP).

Separate operating budgets have been prepared for the six portfolios: UOA, NOA, Independent Living BC (ILBC), the RHFP, the Investment in Housing Innovation (IHI) and the Community Housing Fund (CHF). Each portfolio budget is included in Appendix B through G and includes the 2021 estimated surplus/deficit and budget projections for years 2 through 5.

At the July 2021 CRHC Board meeting, the Board amended the CRHC annual financial plan including transfers to fund lower than planned revenues in the RHFP portfolio. Transfers were funded from \$523,871 remaining capital project funds, a transfer of \$500,000 from Corporate Stabilization Reserve, and carry forward deficit of (\$89,740).

ALTERNATIVES

Alternative 1

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

1. That the 2022 Operating Budget for the Umbrella Operating Agreement be approved;
2. That the 2022 Operating Budget for the No Operating Agreement be approved;
3. That the 2022 Operating Budget for the Independent Living BC Agreement be approved;
4. That the 2022 Operating Budget for the Regional Housing First Program Agreement be approved;
5. That the 2022 Operating Budget for the Investment in Housing Innovation be approved;
6. That the 2022 Operating Budget for the Community Housing Fund (CHF) be approved; and
7. That any 2021 operating surplus/(deficits) to be transferred to/(from) the individual Portfolio Stabilization Reserves be authorized.

Alternative 2

That the 2022 Portfolio Operating Budgets report be referred back to staff for additional information based on Hospitals and Housing Committee direction.

IMPLICATIONS

UOA Portfolio

2021 Outcomes

The approved 2021 UOA budget estimated a balanced operating result. Staff are forecasting a 2021 surplus of \$609 thousand (K). The favourable variance represents an increase in rental income and fewer than anticipated insurance deductible payments offset by some cost pressures in insurance premiums, utilities, and maintenance costs. The 2021 actual surplus will be transferred to the UOA operating reserve. See Appendix B for detailed variance explanations.

Table 1: UOA Summary 2021 Estimated Revenue/Expenditures & 2022 Proposed Budget

Umbrella Operating Agreement (Appendix B)			
	2021 Budget	2021 Estimates	2022 Proposed
Total Revenue	12,742,465	12,829,066	12,716,418
Total Expenditures	(12,509,757)	(12,220,539)	(12,520,664)
Operating Surplus/(Deficit)	232,708	608,527	195,754

2022 Budget Drivers

The 2022 UOA budget will see a small decline in subsidy revenue which corresponds to a decline in mortgage payments as mortgages continue to mature. Insurance premiums continue to rise, and the contribution to the replacement reserve is aligned to budgeted expenditures of the 5-year Routine Capital Plan. Staff are proposing a 2022 budget showing a small surplus of \$196K.

Insurance premiums

Insurance premiums have a budgeted increase of 10.6% over the 2021 budget year. CRHC procures its insurance from Marsh Canada through a partnership with British Columbia Non-Profit Housing Association (BCNPHA). This approach enables CRHC to access a special insurance pool of non-profit housing societies which offers preferred insurance rates. In 2019/20 staff undertook a market scan exploring the opportunity for CRHC to access more competitive rates with another insurer and the determination was made that remaining with Marsh was considerably more affordable than market alternatives.

Insurance Deductibles

A budget line for insurance deductibles is being carried to address the significant increase in these costs, from \$10K to \$50K per incident. Staff continue to work with the BCNPHA, 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 funding strategy to ensure there is sufficient revenue available for the proposed 2020-2024 UOA Routine Capital Plan of \$11M total or \$2.2M per year. Staff are recommending a contribution to the Replacement Reserve of \$173 per unit per month in the UOA in order to effectively fund the Routine Capital Plan work planned within the portfolio.

NOA Portfolio

2021 Outcomes

The approved amended 2021 NOA budget estimated an operating surplus of \$344K. Staff are forecasting a 2021 surplus of \$397K, which results in an anticipated positive variance of \$54K. The anticipated surplus will be transferred into the NOA Stabilization Reserve.

Table 2: NOA Summary 2021 Estimated Revenue/Expenditures & 2022 Proposed Budget

No Operating Agreement (Appendix C)			
	2021 Budget	2021 Estimates	2022 Proposed
Total Revenue	1,603,626	1,628,580	1,683,290
Total Expenditures	(1,260,439)	(1,231,303)	(1,558,549)
Operating Surplus/(Deficit)	343,187	397,277	124,741

2022 Budget Drivers

The main cost pressures impacting the NOA Operating budget are insurance premiums, maintenance, management fees, and mortgage payments. In 2022, the increase in insurance premium is based on known rate changes in July 2021 and estimated increases anticipated to take effect in July 2022. Increased maintenance is anticipated in the portfolio and cost estimates are based on detailed diligence and scheduling. Management fee increases are detailed in the 2022 Administration and Development Services Budget staff report and is the result of the addition of two full time equivalents (FTE) and increased staffing costs as well as increases in corporate allocations that include Standard Overhead (29%), Human Resources (63%), and Building Occupancy (112%) from 2021 to 2022. Finally, the proposed increase to mortgage payments is tied to the new mortgage at Royal Oak Square to support the \$4.5M commitment from CRHC into the RHFP.

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 \$2M total. For 2020-2024, a replacement reserve contribution of \$173/month per unit (or \$255K annual contribution) will be transferred from the NOA operating budgets to the Replacement Reserve to fund proposed works in the Routine Capital Plan.

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.

2021 Outcomes

The approved 2021 ILBC budget estimated a very small operational surplus of 6K. Staff are forecasting a 2021 deficit of \$6K for an anticipated variance of \$12K. 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 2021 Estimated Revenue/Expenditures & 2022 Proposed Budget

Independent Living BC Agreement (Appendix D)			
	2021 Mandated	2021 Estimates	2022 Proposed
Total Revenue	679,433	658,834	691,795
Total Expenditures	(673,604)	(665,083)	(685,970)
Operating Surplus/(Deficit)	5,829	(6,249)	5,825

2022 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 2022 on longer-term operational options for Parry Place.

RHFP Portfolio

Under the RHFP, the CRD added Hockley House to the portfolio in April 2021. In total, the portfolio now consists of four properties and 534 units of mixed income, non-subsidized rental housing. These properties are owned by the CRD and operated by CRHC under long-term leases. Under the Operating Agreements, RHFP properties pool their accumulated surplus/(deficits) and Capital Replacement Reserves. This is similar to how the Umbrella Operating Agreement portfolio and No Operating Agreement portfolios manager surpluses and deficits.

2021 Outcomes

Millstream Ridge experienced significant impacts associated with the COVID-19 pandemic in 2020 and into though 2021. Specifically, not being able to show occupied suites due to tenants being concerned about traffic into the suites, having to stagger trades at turnover and limited access to elevators resulted in longer than anticipated unit turnovers and a higher than planned vacancy rate. The 2021 forecasted vacancy rate at the property was 3% with the observed being 4% at the end of Q3 2021. This shows a positive movement from the 6.3% observed through 2021, but does continue to be slightly behind budget assumptions. West Park and Spencer

opened in November 2020 and Hockley House in April 2021. All three properties have experienced slower than anticipated rent-ups. At the July 2021 CRHC Board meeting, the Board received a CRHC operational update detailing the rent-up trends in the RHFP portfolio and approved an amendment to the budget. The 2021 amended budget anticipated a deficit of \$1.1M and staff are forecasting a deficit of \$1.0M at year end. This deficit is to be addressed through the use of capital project remaining funds and a transfer from the Corporate Stabilization Reserve with the portfolio. The July 2021 budget amendment approved a deficit at year end of (\$89K) and the anticipated deficit position for the portfolio will be (\$36K).

Table 4: RHFP Summary 2021 Estimated Revenue/Expenditures & 2022 Proposed Budget

Regional Housing First Program (Appendix E)			
	2021 Amended Budget	2021 Estimates	2022 Proposed
Total Revenue	6,168,012	5,800,700	8,556,418
Total Expenditures	(7,265,796)	(6,846,969)	(8,207,453)
Operating Surplus/(Deficit)	(1,097,784)	(1,046,269)	348,965

2022 Budget Drivers

Key budget drivers going into 2022 include projected increases in gas, landscaping, maintenance, management fees, mortgage payments and water charges due primarily to the addition of 51 units. Prosser, located in Central Saanich, is anticipated to come online in Q2/Q3 2022 and is driving increases in cost in key areas across the portfolio. However, these additional costs are offset by anticipated increases in revenue as the building rents up.

IHI Portfolio

2021 Outcomes

Westview, a 73-unit development at 3816 Carey Road, opened in spring 2020 with rents slightly lower than budgeted due to rent-up taking place during the COVID-19 pandemic. Despite this, the building was expected to generate a surplus of \$142K in 2021. Staff are anticipating a surplus of \$187K for an increase of \$46K. This is due to slightly lower than anticipated costs for caretaking, garbage, hydro and the insurance deductible.

Table 5: IHI Summary 2021 Estimated Revenue/Expenditures & 2022 Proposed Budget

Investment In Housing Innovation Agreement (Appendix F)			
	2021 Budget	2021 Estimates	2022 Proposed
Total Revenue	812,668	839,360	857,510
Total Expenditures	(670,871)	(652,025)	(709,454)
Operating Surplus/(Deficit)	141,797	187,335	148,056

2022 Budget Drivers

The proposed 2022 Operating budget expenditures of \$709K increases \$37K from the 2021 due to anticipated increases in utilities, insurance premium and management fee. As the property is now in its second full year of operation, staff are beginning to have a record of actual costs over time that is helping to inform the budget going forward and the proposed 2022 budget better reflects the real costs through 2021.

CHF Portfolio

2021 Outcomes

2782 Spencer, a 58-unit building located in Langford is expected to open in October 2022 and is anticipated to be operating through Q4.

**Table 6: CHF Summary 2021 Estimated Revenue/Expenditures & 2022 Proposed Budget
Community Housing Fund Agreement (Appendix G)**

	2021 Budget	2021 Estimates	2022 Proposed
Total Revenue	-	-	31,500
Total Expenditures	-	-	(31,500)
Operating Surplus/(Deficit)	-	-	-

2022 Budget Drivers

As the building becomes operational late in 2022, staff are anticipating revenues of \$32K and expenditures of \$32K with no anticipated surplus/deficit. Once the subsidy attached to this building begins to flow, a small surplus will be anticipated and planned for in future years. This is in line with language in the BC Housing CHF operating agreements.

Portfolio Stabilization Reserves

Based on the 2021 estimated surpluses being contributed to the applicable portfolio stabilization reserves and capital development and renewal projects; Table 7 summarizes the estimated 2021 year end reserve balances.

Table 7: Summary of Portfolio Stabilization Reserves

Portfolio Stabilization Reserve Balances	2021 Beginning Balance	2021 Surplus/(Deficit)	2021 Approved Transfers from/(to)	2021 Ending Balance
UOA	2,588,625	608,527	530,800	3,119,425
NOA	137,744	397,277	397,277	535,021
ILBC Agreement	(38,827)	(6,249)	(6,249)	(45,076)
RHFP	(13,589)	(1,046,269)	1,023,871	(35,987)
IHI	120,592	187,335	187,335	307,927
CHF	-	-	-	-

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 2022 caretaker budget line has an increase due to contract increases in salaries and increases in salaries due to one new additional caretaker FTE for property management services related to two new properties (Prosser and 2782 Spencer). This position was identified in the 2022 Housing Affordability Initiative Business Case (1a-2 – Housing Investment through RHFP).

Rental Rates

Based on the BC Government announcement that rent increases are permitted effective January 1, 2022, budgets have been prepared assuming a 1.5% rent increase as units become eligible, starting February 2022. The estimated increase in rental revenue (February-December 2022) could be \$100,000 across all buildings. Units which have turned over or began tenancies within 12 months prior to the increase effective date would not be eligible.

CONCLUSION

The main drivers for the 2021 and 2022 estimated surpluses/(deficits), and balanced budgets, are increased insurance premiums; ongoing inflationary pressures from contracted services, additional costs associated operations and the impacts of the provincially mandated rent freeze. Staff are recommending that any operating surpluses/(deficits) be transferred to the appropriate portfolio stabilization reserves.

RECOMMENDATION

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

1. That the 2022 Operating Budget for the Umbrella Operating Agreement be approved;
2. That the 2022 Operating Budget for the No Operating Agreement be approved;
3. That the 2022 Operating Budget for the Independent Living BC Agreement be approved;
4. That the 2022 Operating Budget for the Regional Housing First Program Agreement be approved;
5. That the 2022 Operating Budget for the Investment in Housing Innovation be approved;
6. That the 2022 Operating Budget for the Community Housing Fund (CHF) be approved; and
7. That any 2021 operating surplus/(deficits) to be transferred to/(from) the individual Portfolio Stabilization Reserves be authorized.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Rianna Lachance, BCom, CPA, CA, Acting 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
Appendix G – CHF Operating Budget Summary

CAPITAL REGION HOUSING CORPORATION
SUMMARY OF PROPERTIES WITH EXPIRING OPERATING AGREEMENTS &
MORTGAGES (2022-2024)

PROPERTY	OPERATING AGREEMENT EXPIRATION	UNITS
Willowdene	01-Sept-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

2022 UMBRELLA AGREEMENT OPERATING BUDGET SUMMARY

- 39 Properties: 1,142 units mixed income family/seniors housing

	2021 Board Amended	2021 Estimated Actuals	2021 Budget \$ Variance	2021 Budget % Variance	2022 CRHC Proposed	2022 Budget \$ Change	2022 Budget % Change	2023 Forecast Estimate	2024 Forecast Estimate	2025 Forecast Estimate	2026 Forecast Estimate
Revenue											
BCHMC Subsidy	2,745,149	2,749,928	4,778	0.2%	2,705,368	(39,782)	-1.4%	2,799,214	2,503,878	2,018,325	1,911,757
CMHC Mortgage Subsidy	45,557	29,829 (1)	(15,729)	-34.5%	- (4)	(45,557)	-100.0%	-	-	-	-
Tenant Rent Contribution	9,909,458	10,001,960	92,502	0.9%	9,965,150	55,691	0.6%	9,597,696	9,533,447	9,520,896	9,271,051
Misc Revenue - parking ar	42,301	47,350	5,049	11.9%	45,900	3,599	8.5%	44,207	43,912	43,854	42,703
Total Revenue	12,742,465	12,829,066	86,601	0.7%	12,716,418	-26,048	-0.2%	12,441,117	12,081,236	11,583,074	11,225,511
Expenditures											
Audit	18,523	16,562	1,961	10.6%	17,920	(603)	-3.3%	17,430	17,485	17,635	17,342
Caretaker	1,271,915	1,144,935 (2)	126,980	10.0%	1,246,208	(25,707)	-2.0%	1,212,139	1,215,946	1,226,368	1,206,010
Garbage	216,267	216,298	(31)	0.0%	226,136	9,869	4.6%	219,954	220,644	222,536	218,841
Gas	93,700	93,250	450	0.5%	101,740	8,040	8.6%	98,959	99,269	100,120	98,458
Hydro	250,000	244,060	5,940	2.4%	241,100	(8,900)	-3.6%	234,509	235,245	237,262	233,323
Insurance Premium	706,759	679,802	26,957	3.8%	781,850 (5)	75,091	10.6%	805,210	855,252	913,323	950,995
Insurance Deductible	158,213	45,580 (3)	112,633	71.2%	59,467 (6)	(98,746)	-62.4%	56,707	55,770	55,145	53,166
Landscape Maintenance	326,293	316,513	9,780	3.0%	327,356	1,063	0.3%	318,407	319,407	322,144	316,797
Land Lease	63,000	63,000	-	0.0%	63,000	-	0.0%	63,000	63,000	63,000	63,000
Leblond Strata	17,618	18,823	(1,206)	-6.8%	19,146	1,529	8.7%	19,529	19,920	20,318	20,724
Maintenance	694,328	672,910	21,418	3.1%	735,979	41,651	6.0%	715,859	718,107	724,262	712,239
Management Fee	1,501,164	1,501,164	0	0.0%	1,663,093 (7)	161,929	10.8%	1,698,840	1,683,612	1,648,048	1,652,780
Mortgage Payments	4,102,830	4,096,858	5,972	0.1%	3,907,519 (8)	(195,310)	-4.8%	4,013,992	3,676,531	2,981,226	2,811,849
Property Taxes	4,092	4,014	78	1.9%	4,180	88	2.1%	4,066	4,078	4,113	4,045
Transfer to Replacement F	2,204,709	2,200,000	4,709	0.2%	2,200,000	(4,709)	-0.2%	2,097,898	2,063,222	2,040,105	1,966,900
Water	880,347	906,770	(26,423)	-3.0%	925,970	45,623	5.2%	900,656	903,484	911,228	896,102
Total Expenditures	12,509,757	12,220,539	289,218	2.3%	12,520,664	10,907	0.1%	12,477,153	12,150,973	11,486,834	11,222,572
Total Umbrella Agreement S	232,708	608,527	375,819	-	195,754	-	-	-36,036	-69,737	96,240	2,940
Beginning Balance UOA Stabilization Reserve		2,588,625			3,119,425			3,273,952	3,237,916	3,168,180	3,264,420
Operating Surplus/(Deficit)		608,527			195,754			-36,036	-69,737	96,240	2,940
Caledonia Operation		(77,727)			(41,226)						
Ending Balance UOA Stabilization Reserve		3,119,425			3,273,952			3,237,916	3,168,180	3,264,420	3,267,359

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

- (1) 2021 CMHC Mortgage Subsidy variance due to accrual timing and discharge costs as mortgages mature.
 (2) 2021 Caretaker variance due to staff vacancies.
 (3) 2021 Insurance Deductible variance due to lower water/fire event costs than budgeted.
 (4) 2022 CMHC Mortgage Subsidy zero due to all CMHC mortgages matured and discharged.

- (5) 2022 Insurance Premium based on known rates charged in July 2021 and estimated increase in July 2022
 (6) 2022 Insurance Deductible based on \$100,000 total estimated across all portfolios.
 (7) 2022 Management Fee set at \$128 per unit per month required to balance Admin budget.
 (8) 2022 Mortgage Payments lower as mortgages mature.

CAPITAL REGION HOUSING CORPORATION
2022 NO OPERATING AGREEMENT BUDGET SUMMARY

APPENDIX C

- 5 Properties: 123 units affordable rental housing

	2021 Board Amended	2021 Estimated Actuals	2021 Budget \$ Variance	2021 Budget % Variance	2022 CRHC Proposed	2022 Budget \$ Change	2022 Budget % Change	2023 Forecast Estimate	2024 Forecast Estimate	2025 Forecast Estimate	2026 Forecast Estimate
Revenue											
Tenant Rent Contribution	1,596,449	1,622,900	26,451	1.7%	1,677,610	81,161	5.1%	1,727,938	1,779,776	1,833,170	1,888,165
Misc Revenue - parking and laundry	7,177	5,680	(1,497)	-20.9%	5,680	(1,497)	-20.9%	5,737	5,794	5,852	5,911
Total Revenue	1,603,626	1,628,580	24,954	1.6%	1,683,290	79,664	5.0%	1,733,675	1,785,571	1,839,022	1,894,075
Expenditures											
Audit/Legal	1,948	1,813	135	6.9%	2,060	112	5.8%	2,101	2,143	2,186	2,230
Caretaker	132,106	122,087	10,019	7.6%	136,802	4,696	3.6%	139,538	142,328	145,175	148,079
Garbage	22,392	23,230	(837)	-3.7%	24,200	1,808	8.1%	24,684	25,178	25,682	26,195
Landscape Maintenance	41,700	40,981	720	1.7%	42,114	413	1.0%	42,956	43,815	44,691	45,585
Hydro	5,200	5,460	(260)	-5.0%	5,710	510	9.8%	5,824	5,941	6,059	6,181
Insurance Premium	76,654	78,363	(1,709)	-2.2%	88,567 (2)	11,913	15.5%	95,653	103,305	111,569	120,495
Insurance Deductible	13,251	- (1)	13,251	100%	6,830	(6,422)	-48.5%	6,830	6,830	6,830	6,830
Maintenance	63,055	57,496	5,559	8.8%	76,185 (3)	13,130	20.8%	77,709	79,263	80,848	82,465
Management Fee	163,696	163,696	-	0.0%	190,294 (4)	26,598	16.2%	191,880	193,356	191,416	199,111
Mortgage Payments	374,760	372,181	2,579	0.7%	612,996 (5)	238,236	63.6%	612,996	612,996	612,996	612,996
Property Taxes	375	375	-	0.0%	390	15	4.0%	398	406	414	422
Transfer to Replacement Reserve	254,802	254,802	-	-	254,802	-	(0.00)	254,802	254,802	254,802	254,802
Water	110,500	110,820	(320)	-0.3%	117,600	7,100	6.4%	119,952	122,351	124,798	127,294
Total Expenditures	1,260,439	1,231,303	29,137	2.3%	1,558,549	298,110	23.7%	1,575,322	1,592,713	1,607,466	1,632,683
Total No Agreement Surplus/(Deficit)	343,187	397,277	54,091	15.8%	124,741	(218,446)	-63.7%	158,353	192,857	231,556	261,392
Beginning Balance NOA Stabilization Reserve		137,744			535,021			659,763	818,117	1,010,975	1,242,532
Operating Surplus/(Deficit)		397,277			124,741			158,353	192,857	231,556	261,392
End Balance NOA Stabilization Reserve		535,021			659,763			818,117	1,010,975	1,242,532	1,503,926

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

- (1) 2021 No deductibles or events below deductible paid during year.
(2) 2022 Insurance Premium based on known rates charged in July 2021 and estimated increase in July 2022.
(3) 2022 Maintenance budget based on detailed schedule and estimated costing.
(4) 2022 Management Fee set at \$128 per unit per month required to balance Admin budget.
(5) 2022 includes new mortgage at Royal Oak Square to support CRHC \$4.5M commitment to RHFP program.

CAPITAL REGION HOUSING CORPORATION
APPENDIX D
2022 ILBC(2) AGREEMENT OPERATING BUDGET SUMMARY

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

	2021 BCHMC Mandated	2021 Estimated Actuals	2021 Budget \$ Variance	2021 Budget % Variance	2022 CRHC Proposed	2022 Budget \$ Change	2022 Budget % Change	2023 Forecast Estimate	2024 Forecast Estimate	2025 Forecast Estimate	2026 Forecast Estimate
Revenue											
BCHMC Subsidy	354,580	334,694	(19,886)	-5.6%	366,942	12,362	3.5%	374,281	381,766	389,402	397,190
Tenant Rent Contribution	313,663	313,960	297	0.1%	313,663	-	0.0%	316,800	319,968	323,167	326,399
Misc Revenue - parking & c	11,190	10,180	(1,010)	-9.0%	11,190	-	-	11,302	11,415	11,529	11,644
Total Revenue	679,433	658,834	(20,599)	-3.0%	691,795	-	1.8%	702,382	713,149	724,098	735,233
Expenditures											
General Costs											
Audit	500	500	0	0.0%	500	-	-	510	520	531	541
Cable Offset	9,000	9,692	(692)	-7.7%	9,000	-	0.0%	9,180	9,364	9,551	9,742
CPI Increase	11,602	-	11,602	100.0%	23,964 (1)	12,362	106.6%	24,443	24,932	25,431	25,939
Garbage	3,500	3,504	(4)	-0.1%	3,500	-	-	3,570	3,641	3,714	3,789
Hydro	35,700	29,610	6,090	17.1%	35,700	-	0.0%	36,414	37,142	37,885	38,643
Insurance Premium	7,280	11,698	(4,418)	-60.7%	7,280	-	0.0%	7,862	8,491	9,171	9,904
Memberships	500	0	500	100.0%	500	-	-	510	520	531	541
Mortgage Payments	221,596	221,596	-	0.0%	221,596	-	0.0%	221,596	221,596	221,596	221,596
Property Taxes	61	61	-	0.0%	65	5	7.3%	66	68	69	70
Transfer to Replacement R	16,600	16,600	-	0.0%	16,600	-	-	16,600	16,600	16,600	16,600
Water	7,000	9,830	(2,830)	-40.4%	7,000	-	0.0%	7,140	7,283	7,428	7,577
	313,339	303,090	10,249	3.3%	325,705	12,366	3.9%	327,892	330,158	332,507	334,943
Manageable Costs											
Caretaker	12,850	11,937	913	7.1%	12,850	0	0.0%	13,107	13,369	13,637	13,909
Contract for Services - Hos	290,455	290,455	0	0.0%	290,455	0	0.0%	296,264	302,189	308,233	314,398
Landscape Maintenance	6,240	6,349	(109)	-1.7%	6,240	-	0.0%	6,365	6,492	6,622	6,754
Maintenance	25,000	27,532	(2,532)	-10.1%	25,000	0	0.0%	25,500	26,010	26,530	27,061
Management Fee	25,720	25,720	(0)	0.0%	25,720	0	0.0%	26,234	26,759	27,294	27,840
	360,265	361,993	(1,728)	-0.5%	360,265	0	0.0%	367,470	374,820	382,316	389,962
Total Expenditures	673,604	665,083	8,521	1.3%	685,970	-	-	695,362	704,978	714,823	724,905
Total ILBC(2) Surplus/(Defici	5,829	(6,249)	(12,079)		5,825	-	-	7,020	8,171	9,275	10,328
Beginning Balance ILBC(2) Stabilization Reserve		(38,827)			(45,076)			(39,251)	(32,231)	(24,060)	(14,784)
BCHMC prior year adjustments		-			-			-	-	-	-
Operating Surplus/(Deficit)		(6,249)			5,825			7,020	8,171	9,275	10,328
End Balance ILBC(2) Stabilization Reserve		(45,076)			(39,251)			(32,231)	(24,060)	(14,784)	(4,456)

Notes:

(1) 2022 CPI increase of \$12,362 is mandated by the ILBC Operating Agreement (2.7% net of mortgage)

CAPITAL REGION HOUSING CORPORATION
2022 RHFP AGREEMENT BUDGET SUMMARY
- 4 Properties: 534 units mixed income housing

APPENDIX E

	2021 Board Amended	2021 Estimated Actuals	2021 Budget \$ Variance	2021 Budget % Variance	2022 CRHC Proposed	2022 Budget \$ Change	2022 Budget % Change	2023 Forecast Estimate	2024 Forecast Estimate	2025 Forecast Estimate	2026 Forecast Estimate
Revenue											
Tenant Rent Contribution	6,048,525	5,689,430	(359,095)	-6%	8,314,367	(7) 2,265,842	37%	9,118,908	9,392,475	10,929,915	12,850,709
Misc Revenue - parking	119,487	111,270	(8,217)	-7%	118,270	(1,217)	-1%	129,254	130,546	153,515	182,820
Transfer from capital projects	-	-	-	-	123,781	(8) 123,781	100%				
Total Revenue	6,168,012	5,800,700	(367,312)	-6%	8,556,418	2,388,405	39%	9,248,162	9,523,022	11,083,430	13,033,529
Expenditures											
Audit/Legal	7,981	7,627	(354)	-4%	8,940	959	12%	9,867	10,064	11,952	14,375
Caretaker	545,729	472,779	(1) (72,950)	-13%	602,683	(7) 56,954	10%	665,176	678,480	805,751	969,066
Garbage	59,564	38,896	(2) (20,668)	-35%	52,932	(6,632)	-11%	58,421	59,589	70,767	85,111
Gas	76,260	67,370	(8,890)	-12%	106,827	(7) 30,567	40%	117,904	120,262	142,821	171,769
Landscape Maintenance	28,662	31,117	2,454	9%	35,159	6,497	23%	38,805	39,581	47,005	56,533
Hydro	144,800	107,090	(3) (37,710)	-26%	115,050	(8) (29,750)	-21%	126,980	129,519	153,815	184,991
Insurance Premium	437,903	330,290	(4) (107,612)	-25%	400,676	(37,226)	-9%	468,236	505,695	635,882	809,753
Insurance Deductible	68,852	-	(5) (68,852)	-100%	29,650	(9) (39,202)	-57%	32,083	32,083	37,354	44,044
Maintenance	198,555	136,676	(6) (61,879)	-31%	239,039	(7) 40,484	20%	263,825	269,102	319,581	384,355
Management Fee	641,052	641,052	-	0%	842,984	(7) 201,932	32%	987,480	995,076	1,146,942	1,406,725
Mortgage Payments	4,401,981	4,353,305	(48,675)	-1%	5,052,889	(7) 650,908	15%	5,052,889	5,632,748	6,709,631	8,262,827
Property Taxes	24,301	24,301	-		15,000	(9,301)	-38%	16,555	16,886	20,054	24,119
Transfer to Replacement Reserve	435,456	435,456	-	0%	472,392	36,936	8%	511,152	511,152	595,133	701,724
Water	194,700	201,010	6,310	3%	233,233	(7) 38,533	20%	257,418	262,566	311,819	375,021
Total Expenditures	7,265,796	6,846,969	(418,827)	-6%	8,207,453	941,658	13%	8,606,791	9,262,805	11,008,507	13,490,412
Total RHFP Agreement Surplus/(Deficit)	(1,097,783)	(1,046,269)	51,514	-	348,964	1,446,748	-	641,371	260,217	74,923	(456,883)
Beginning Balance RHFP Stabilization Reserve		(13,589)			(35,987)			312,977	954,348	1,214,565	1,289,488
Operating Surplus/(Deficit)		(1,046,269)			348,964			641,371	260,217	74,923	(456,883)
Transfer from Corporate Stabilization Reserve		500,000						-	-	-	-
Transfer from capital project surpluses (estimate)		523,871						-	-	-	-
End Balance RHFP Stabilization Reserve		(35,987)			312,977			954,348	1,214,565	1,289,488	832,605

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

- | | |
|---|--|
| <p>(1) 2021 Caretaker under budget due to staff vacancies</p> <p>(2) 2021 Garbage under budget due to new building contract less than estimated and ad-hoc hauling charges less than estimated.</p> <p>(3) 2021 Hydro under budget due to tenant vacancies.</p> <p>(4) 2021 Insurance premium under budget due to new buildings being placed at lower rates than estimated.</p> | <p>(5) 2021 Insurance Deductible variance due to lower water/fire event costs than budgeted.</p> <p>(6) 2021 Maintenance under budget due to lower maintenance costs than planned.</p> <p>(7) 2022 Various lines increase due to annualization of Hockley and addition of Prosser.</p> <p>(8) 2022 Transfer from capital project budget at purchase of Prosser to account for rent-up period.</p> <p>(9) 2022 Insurance Deductible based on \$100,000 total estimated across all portfolios.</p> |
|---|--|

CAPITAL REGION HOUSING CORPORATION

2022 IHI AGREEMENT BUDGET SUMMARY - Westview

- 1 Property: 73 Mixed Income Housing

APPENDIX F

	2021 Board Approved	2021 Estimated Actuals	2021 Budget \$ Variance	2021 Budget % Variance	2022 CRHC Proposed	2021 Budget \$ Change	2022 Budget % Change	2023 Forecast Estimate	2024 Forecast Estimate	2025 Forecast Estimate	2026 Forecast Estimate
Revenue											
Tenant Rent Contribution	797,068	820,570	23,502	2.9%	838,720	41,652	5%	863,882	889,798	916,492	943,987
Misc Revenue - parking	15,600	18,790	3,190	20.4%	18,790	3,190	20%	18,978	19,168	19,359	19,553
Total Revenue	812,668	839,360	26,692		857,510	44,842		882,860	908,966	935,851	963,540
Expenditures											
Audit/Legal	1,156	1,078	78	-6.7%	1,220	64	6%	1,244	1,269	1,295	1,321
Caretaker	97,513	87,392 (1)	10,122	-10.4%	100,942	3,429	4%	102,961	105,020	107,121	109,263
Garbage	8,595	1,281	7,314	-85.1%	10,268	1,672	19%	10,473	10,683	10,896	11,114
Gas	7,300	9,190	(1,890)	25.9%	10,020	2,720	37%	10,220	10,425	10,633	10,846
Landscape Maintenance	7,008	7,020	(13)	0.2%	7,031	24	0%	7,172	7,315	7,461	7,611
Hydro	19,917	13,810	6,107	-30.7%	15,000	(4,917)	-25%	15,300	15,606	15,918	16,236
Insurance Premium	33,823	37,223	(3,400)	10.1%	44,658 (3)	10,835	32%	48,231	52,089	56,256	60,757
Insurance Deductible	9,973	-	9,973		4,053	(5,919)		4,053	4,053	4,053	4,053
Maintenance	30,660	29,275	1,385	-4.5%	34,220	3,560	12%	34,904	35,602	36,315	0
Management Fee	97,153	97,153	-	0.0%	112,939 (4)	15,786	16%	113,880	114,756	113,605	118,171
Mortgage Payments	280,401	280,401	-	0.0%	280,401	0	0%	280,401	280,401	280,401	280,401
Property Taxes	-	-	-		-	0		-	-	-	-
Transfer to Replacement I	63,072	63,072	-	0.0%	63,072	0	0%	63,072	63,072	63,072	63,072
Water	14,300	25,130 (2)	(10,830)	75.7%	25,630 (5)	11,330	79%	26,143	26,665	27,199	27,743
Total Expenditures	670,871	652,025	18,846	-2.8%	709,454	38,584	6%	718,055	726,958	734,225	710,588
Total Surplus/(Deficit)	141,797	187,335	45,538	32%	148,056	6,259	4%	164,805	182,008	201,626	252,951
Beginning Balance IHI Stabilization Reserv		120,592			307,927			455,983	620,788	802,796	1,004,422
Operating Surplus/(Deficit)		187,335			148,056			164,805	182,008	201,626	252,951
End Balance IHI Stabilization Reserve		307,927			455,983			620,788	802,796	1,004,422	1,257,373

Notes:

- (1) 2021 Caretaker under budget due to staff vacancies.
- (2) 2021 Water budget based on annualized pro-forma as 2021 was first full year of operations.
- (3) 2022 Insurance Premium based on known rates charged in July 2021 and estimated increase in July 2022.
- (4) 2022 Management Fee set at \$128 per unit per month required to balance Admin budget.
- (5) 2022 Water budget based on 2021 estimated actual plus inflation.

CAPITAL REGION HOUSING CORPORATION

APPENDIX G

2022 CHF AGREEMENT BUDGET SUMMARY - 2782 Spencer

- 1 Property: 58 units - Mixed Income Housing

	2021 Board Approved	2021 Estimated Actuals	2021 Budget \$ Variance	2021 Budget % Variance	(1) 2022 CRHC Proposed
Revenue					
Tenant Rent Contribution	-	-	-	0.0%	18,370
Misc Revenue - parking	-	-	-	0.0%	450
BC Housing Subsidy					
Transfer from capital project budget					12,680
Total Revenue	-	-	-	0.0%	31,500
Expenditures					
Audit/Legal	-	-	-	0.0%	0
Caretaker	-	-	-	0.0%	9,250
Garbage	-	-	-	0.0%	1,250
Gas	-	-	-	0.0%	1,667
Landscape Maintenance	-	-	-	0.0%	833
Hydro	-	-	-	0.0%	3,333
Insurance Premium	-	-	-	0.0%	8,333
Insurance Deductible		-		0.0%	0
Maintenance	-	-	-	0.0%	4,333
Management Fee	-	-	-	0.0%	0
Mortgage Payments	-	-	-	0.0%	0
Property Taxes	-	-	-	0.0%	-
Transfer to Replacement Reserv	-	-	-	0.0%	0
Water	-	-	-	0.0%	2,500
Total Expenditures	-	-	-	0.0%	31,500
Total Surplus/(Deficit)	-	-	-	0.0%	-

Notes:

(1) 2022 budget is based on 2 months of operations with a 6 month rent-up period.

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, DECEMBER 01, 2021**

SUBJECT **Michigan Square Redevelopment Mortgage Registration and Final Budget Approval**

ISSUE SUMMARY

BC Housing Management Commission (BCHMC) requires a resolution from the Capital Region Housing Corporation (CRHC) Board of Directors to authorize the execution of the mortgage documents relating to the Michigan Square Redevelopment project.

The Policy to Determine Delegation of Authority for the CRHC requires that all documents relating to mortgages valued over \$500,000, and legal documents pertaining to restrictive covenants and the cost overrun agreement be approved by the CRHC Board.

BACKGROUND

Michigan Square is a 62-unit affordable housing complex located on a 5,071 square metre land parcel in the James Bay neighbourhood. The land is currently owned and operated by CRHC. The proposed redevelopment will provide 97 new affordable housing units within two 4-storey apartment buildings (53 units and 44 units), reuse the existing parkade structure and retain the 9-unit existing townhouse building located on the property's rear panhandle that fronts Superior Street. CRHC will operate all 106 units on site once construction is completed in Q4 2023.

The project will receive funding through the Regional Housing First Program (RHFP), Regional Housing Trust Fund (RHTF), Building BC: Community Housing Fund (CHF) and Victoria Housing Reserve Fund (VHRF). The value of grant funding, including the \$1 million (M) CRHC equity contribution, totals \$11.9M. The primary funding source for the new 53-unit Building A is through the RHFP and the primary funding source for the new 44-unit Building B is through the CHF.

In December 2020, the CRHC Board approved the Major Capital Plan (2021-2025) which included a project budget of \$38.4M. The budget was based on a Class D estimate. In September 2021, procurement of 34 subcontractors was carried out to facilitate project delivery under the construction management model. Through this procurement the final control budget was established at a value of \$37.0M, including the land value of \$2.8M. The final control budget has decreased by \$1.3M or 3.48% from the estimated budget in the Major Capital Plan (2021-2025).

Mortgage registration requires that a Section 219 Covenant granted in favour of BCHMC be registered on title. A Section 219 Covenant is a means of preserving a property's special attribute; in this case, the use of the building for affordable housing. The conditions of the Section 219 Covenant are set out in the CHF and RHFP Operating Agreements. Another condition of the BCHMC financing is that a cost overrun agreement must be in place prior to the first progress claim. The purpose of the cost overrun agreement is to indemnify BCHMC in the event that hard construction costs exceed the approved budget.

ALTERNATIVES

Alternative 1

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

- 1) That the resolutions, attached as Appendix A, Appendix B and Appendix C and required by BC Housing Management Commission to authorize the execution of the Section 219 Covenants and the Loan and Mortgage documents for Michigan Square (PID 001-225-197) be approved;
- 2) That the Cost Overrun Agreement, attached as Appendix D, be approved; and
- 3) That the Chief Administrative Officer be authorized to do all things necessary to effect the project and take such steps as are required to conclude the financing, construction and operation of the Michigan Square Redevelopment project.

Alternative 2

That the Michigan Square Mortgage Registration be referred back to staff for additional information based on Hospitals and Housing Committee direction.

IMPLICATIONS

Financial Implications

Mortgage

On December 1, 2021, BCHMC will consider approval the Michigan Square final project budget of \$37.0M, including a \$2.8M land valuation. The proposed project budget includes a \$1M equity contribution from the CRHC, \$1.1M from the RHTF, \$620 thousand (K) from VRHF, \$4.5M from the RHFP, and \$4.7M from the CHF. CRHC will take on a mortgage debt of \$22.3M. If BCHMC does not approve funding for this project, CRHC staff will withdraw this report from the agenda of the CRHC Board meeting, scheduled for December 8, 2021.

Table 1: Capital Budget

Budget Description	Amount
Hard Costs	\$ 27,157,105
Soft Costs	\$ 5,277,357
Borrowing Costs	\$ 418,458
Contingencies	\$ 1,380,000
Land Value	\$ 2,790,000
Total Project Costs	\$ 37,022,920
CRHC Equity	-\$ 1,000,000
RHFP Equity	-\$ 4,500,000
RHTF Equity	-\$ 1,095,000
CHF Grant	-\$ 4,667,960
City of Victoria Contribution	-\$ 620,000
Land Value	-\$ 2,790,000
Total Equity/Deductions	-\$ 14,672,960
Mortgage Principal	\$ 22,349,960

Initially, the project will take on short-term construction financing at BCHMC preferred rates and will accrue interest based on the cumulative value of monthly construction claims. At project completion, the short-term construction financing and interest costs accrued through construction will convert to take-out financing in the form of a repayable mortgage. Interest rate projections through BCHMC financing include 1% for interim financing in 2022, increasing to 1.65% in 2023. Current projections for take-out financing are 3.55% for 2023. At the time of take-out financing, the mortgage documents will be modified to reflect the final amount, terms and interest rate. Both mortgages will have 35-year amortization periods and are accompanied by terms set out in the Loan Commitment Letters and Operating Agreements.

Operating Proforma

Building A: The goal of the RHFP is to increase the supply of affordable and appropriate housing for Middle Income households. The total equity contribution of \$8.6M represents 42.2% of the total budget for Building A. The CRHC will operate 100% of the units and will be responsible for financing the remaining 57.8% of the project costs. The terms of the RHFP Definitive Agreement state that the building must maintain a Debt-Service Coverage Ratio (DSCR) of 1:1.1 (Table 2). Operations and debt servicing will be paid for through the tenant rent revenue. Building A will not receive an annual operating subsidy. CRHC will take on a mortgage debt of \$11.8M for Building A. Under the RHFP the unit composition must be a minimum of 20% shelter rate (deep subsidy) and 80% affordable units. Information on unit composition can be found in Table 3.

Building B: The goal of the CHF program is to increase the supply and range of affordable and appropriate rental housing for Low and Moderate Income households. Operations and debt servicing will be paid for through tenant rent revenue and an operating subsidy. BCHMC, through the CHF program, is committed to providing an ongoing operating subsidy for Building B to ensure the property maintains a DCR of 1:1 for the duration of the mortgage term. In the first year of operation, the subsidy is estimated to total \$199K or \$376 per unit per month. The value of the ongoing operating subsidy is based on an annual operating budget approved by BCHMC and will be provided directly to the CRHC as set out in the terms of the CHF Operating Agreement. The total equity contribution of \$6.0M represents 36.5% of the total budget for Building B and CRHC will take on a mortgage debt of \$10.6M for this building. Under the CHF program the unit composition will be 20% shelter rate (deep subsidy) units, 50% rent geared to income (RGI) units and 30% affordable units.

Table 2: Capital Budget by Building

	Building A (RHFP)	Building B (CHF)	Total
No. Units	53	44	97
Total Budget	\$ 20,392,850	\$ 16,630,070	\$ 37,022,920
CRHC Equity	-\$ 1,000,000	\$ -	-\$ 1,000,000
RHFP Equity	-\$ 4,500,000	\$ -	-\$ 4,500,000
RHTF Equity	-\$ 950,000	-\$ 145,000	-\$ 1,095,000
CHF Grant	\$ -	-\$ 4,667,960	-\$ 4,667,960
City of Victoria Contribution	-\$ 620,000	\$ -	-\$ 620,000
Land Value	-\$ 1,536,818	-\$ 1,253,182	-\$ 2,790,000
Mortgage Debt	\$ 11,786,032	\$ 10,563,928	\$ 22,349,960
Total Subsidy/Yr.	\$ -	\$ 198,641	\$ 198,641
DCR	1:1.1	1:1	

Table 3 outlines the residential unit composition and proposed rents.

Table 3: Unit Composition and Proposed Rents

Building A - RHFP		
Unit Type	# of Units	Estimated Rent
28.3% of Units : Shelter Deep Subsidy Units		
Studios	3	\$375
1 Bedroom	9	\$375
1 Bedrooms Accessible	3	\$375
71.7% of Units : Affordable Units		
1 Bedroom	8	\$1,450
2 Bedrooms	24	\$2,000
3 Bedrooms	6	\$2,300
TOTAL	53	

Building B - CHF		
Unit Type	# of Units	Estimated Rent
20.5% of Units : Shelter Deep Subsidy Units		
Studios Accessible	4	\$375
1 Bedroom	4	\$375
2 Bedrooms	1	\$570
50% of Units : RGI Units		
1 Bedroom	9	\$825
2 Bedrooms	11	\$1,100
3 Bedrooms	2	\$1,470
29.5% of Units : Affordable Units		
2 Bedrooms	11	\$1,700
3 Bedrooms	2	\$2,080
TOTAL	44	

Cost Overrun Agreement

A condition of BCHMC financing is that a cost overrun agreement must be in place prior to the first progress claim to advance funds. The purpose of the cost overrun agreement is to indemnify BCHMC in the event that construction costs exceed the approved budget, including the contingency allowance. Hard construction costs are associated with the building's structure, the construction site and the landscape. The cost overrun agreement is only applicable to hard construction costs.

To reduce the risk of a cost overrun, the project will be delivered under the CCDC5A – Construction Management as Agent Contract. Under the CCDC5A delivery model, the Construction Manager will act as a limited agent of the CRHC providing advisory services as well as administering and overseeing the contracts between the CRHC and Trade Contractors.

The CRHC will enter into CCDC17 – Stipulated Price Contracts for Trade Contractors on Construction Management Projects. The CCDC17 is a standard contract form between Owner and Trade Contractor to perform the work for a single, pre-determined stipulated price, regardless of the Trade Contractor's actual costs. The CCDC17 is specifically used on projects that are executed under the CCDC5A Construction Management method of contracting. Additionally, contract security, in the form of bonding or an irrevocable letter of credit, will be in place for 73% of the value of all trade contracts. Supply contracts, such as windows, doors and appliances are not bonded as payment is made after materials have been delivered to site.

To further reduce the risk against a cost overrun, the Construction Manager has recommended that the CRHC carries a construction contingency of \$1.4M or 5.0% of the total hard construction costs.

If a cost overrun were to occur, the CRHC would assess various options that could include the disposal of assets or pursuing additional borrowing and would return to the Board with a recommendation.

In line with current practices, the Board will receive quarterly project and budget updates through the Major Capital Plan Status Reports. If a budget increase is required, staff will return to the Board for approval.

CONCLUSION

CRHC must secure construction and take-out financing to complete the redevelopment of Michigan Square. The final control budget of \$37.0M is scheduled for approval by BCHMC on December 1, 2021. If BCHMC does not approve funding for this project, CRHC staff will withdraw this report from the CRHC Board meeting agenda scheduled for December 8, 2021. The final control budget has decreased by \$1.3M or 3.48% from the estimated budget in the Major Capital Plan (2021-2025).

Equity contributions for the project total \$14.7M, including land value of \$2.8M. BCHMC will provide a repayable \$11.8M first mortgage for Building A and a repayable \$10.6M first mortgage for Building B. Building B will also have a forgivable \$4.7M second mortgage, secured against title. Total mortgage debt for this project is estimated to be \$22.4.

The Policy to Determine Delegation of Authority for the CRHC requires that all documents relating to mortgages valued over \$500K, and legal documents pertaining to restrictive covenants and the cost overrun agreement be approved by the CRHC Board.

RECOMMENDATION

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

- 1) That the resolutions, attached as Appendix A, Appendix B and Appendix C and required by BC Housing Management Commission to authorize the execution of the Section 219 Covenants and the Loan and Mortgage documents for Michigan Square (PID 001-225-197) be approved;
- 2) That the Cost Overrun Agreement, attached as Appendix D, be approved; and
- 3) That the Chief Administrative Officer be authorized to do all things necessary to effect the project and take such steps as are required to conclude the financing, construction and operation of the Michigan Square Redevelopment project.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Rianna Lachance, BCom, CPA, CA, Acting Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENTS:

Appendix A: Draft Certified Resolution of Directors – RHFP Repayable Loan
Appendix B: Draft Certified Resolution of Directors – CHF Repayable Loan
Appendix C: Draft Certified Resolution of Directors – CHF Forgivable Loan
Appendix D: Cost Overrun and Completion Agreement

CAPITAL REGION HOUSING CORPORATION
(the "Borrower")
CERTIFIED COPY OF
RESOLUTION OF DIRECTORS

"WHEREAS the Borrower owns the property at 330, 332, 334 and 336 Michigan Street, Victoria, BC legally described as:

PID: 001-225-197; LOT A, OF LOTS 1864, 1871, 1872, 1873, 1874, 1875 AND 1876, VICTORIA CITY, PLAN 42136

(the "Property") and will be constructing and operating a housing project on the Property (the "Project") under the British Columbia Housing Management Commission ("BCHMC") Regional Housing First Program; and

WHEREAS the Borrower needs to borrow money in order to facilitate the construction of the Project;

BE IT RESOLVED THAT:

1. The Borrower borrow up to a maximum amount of \$11,786,032 by way of a repayable loan secured by a mortgage, including authorization for the long term financing from a takeout Lender, to facilitate the construction of the Project and grant to BCHMC a covenant restricting the use of the Property in accordance with the Loan Commitment Letter;
2. The Borrower execute and deliver all documents required by BCHMC or the lender of the monies, including any takeout lender, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by them, including without limitation a Section 219 covenant, an HPA Covenant, a mortgage, assignment of project agreements (and any assignments, modifications and assumptions thereto as approved by BCHMC), affordable housing agreement (if applicable) and operator/operating agreement; and
3. Robert Kenneth Lapham, Chief Administrative Officer and Nelson Chan, Chief Financial Officer, or their duly authorized delegates, for and on behalf of the Borrower, be and are hereby authorized to execute and deliver under the seal of the Borrower or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Property and the Project as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of PRHC, BCHMC or the lender of the monies."

I, _____, THE UNDERSIGNED, _____ of **CAPITAL REGION HOUSING CORPORATION** hereby certify the above to be a true copy of a resolution duly passed by the Directors of the Borrower at a meeting held on the ____ day of _____, 2021 (and sanctioned by a special resolution of the Borrower if such sanction is required), and that such resolution has not been rescinded, amended or modified and is now in full force and effect.

WITNESS my hand this ____ day of _____, 2021.

Witness

(Secretary or President)

CAPITAL REGION HOUSING CORPORATION

(the "Borrower")

CERTIFIED COPY OF

RESOLUTION OF DIRECTORS

"WHEREAS the Borrower owns the property at 330, 332, 334 and 336 Michigan Street, Victoria BC legally described as:

PID: 001-225-197; LOT A, OF LOTS 1864, 1871, 1872, 1873, 1874, 1875 AND 1876, VICTORIA CITY, PLAN 42136

(the "Property") and will be constructing and operating a housing project on the Property (the "Project") under the British Columbia Housing Management Commission ("BCHMC") Building BC: Community Housing Fund; and

WHEREAS the Borrower needs to borrow money in order to facilitate the construction of the Project;

BE IT RESOLVED THAT:

1. The Borrower borrow up to a maximum amount of \$10,563,928 by way of a repayable loan secured by a mortgage, including authorization for the long term financing from a takeout Lender, to facilitate the construction of the Project and grant to BCHMC a covenant restricting the use of the Property in accordance with the Loan Commitment Letter;
2. The Borrower execute and deliver all documents required by BCHMC or the lender of the monies, including any takeout lender, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by them, including without limitation a Section 219 covenant, an HPA Covenant, a mortgage, assignment of project agreements (and any assignments, modifications and assumptions thereto as approved by BCHMC), affordable housing agreement (if applicable) and operator/operating agreement; and
3. Robert Kenneth Lapham, Chief Administrative Officer and Nelson Chan, Chief Financial Officer, or their duly authorized delegates, for and on behalf of the Borrower, be and are hereby authorized to execute and deliver under the seal of the Borrower or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Property and the Project as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of PRHC, BCHMC or the lender of the monies."

I, _____, THE UNDERSIGNED, _____ of **CAPITAL REGION HOUSING CORPORATION** hereby certify the above to be a true copy of a resolution duly passed by the Directors of the Borrower at a meeting held on the ____ day of _____, 2021 (and sanctioned by a special resolution of the Borrower if such sanction is required), and that such resolution has not been rescinded, amended or modified and is now in full force and effect.

WITNESS my hand this ____ day of _____, 2021.

Witness

(Secretary or President)

CAPITAL REGION HOUSING CORPORATION

(the "Borrower")

CERTIFIED COPY OF

RESOLUTION OF DIRECTORS

"WHEREAS the Borrower owns the property at 330, 332, 334 and 336 Michigan Street, Victoria BC legally described as:

PID: 001-225-197; LOT A, OF LOTS 1864, 1871, 1872, 1873, 1874, 1875 AND 1876, VICTORIA CITY, PLAN 42136

(the "Property") and will be constructing and operating a housing project on the Property (the "Project") under the British Columbia Housing Management Commission ("BCHMC") Building BC: Community Housing Fund; and

WHEREAS the Borrower needs to borrow money in order to facilitate the construction of the Project;

BE IT RESOLVED THAT:

1. The Borrower borrow up to a maximum amount of \$4,667,960 by way of a forgivable loan secured by a mortgage to facilitate the construction of the Project and grant to BCHMC a covenant restricting the use of the Property in accordance with the Loan Commitment Letter;
2. The Borrower execute and deliver all documents required by PRHC, BCHMC or the lender of the monies, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by them, including without limitation a Section 219 covenant, an HPA Covenant, a mortgage, assignment of project agreements (and any assignments, modifications and assumptions thereto as approved by BCHMC), affordable housing agreement (if applicable) and operator/operating agreement; and
3. Robert Kenneth Lapham, Chief Administrative Officer and Nelson Chan, Chief Financial Officer, or their duly authorized delegates, for and on behalf of the Borrower, be and are hereby authorized to execute and deliver under the seal of the Borrower or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Property and the Project as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of PRHC, BCHMC or the lender of the monies."

I, _____, THE UNDERSIGNED, _____ of **CAPITAL REGION HOUSING CORPORATION** hereby certify the above to be a true copy of a resolution duly passed by the Directors of the Borrower at a meeting held on the ____ day of _____, 2021 (and sanctioned by a special resolution of the Borrower if such sanction is required), and that such resolution has not been rescinded, amended or modified and is now in full force and effect.

WITNESS my hand this day of _____, 2021.

Witness

(Secretary or President)

COST OVERRUN AND COMPLETION AGREEMENT

THIS AGREEMENT is dated the _____ day of _____ 20_____.

BETWEEN:

CAPITAL REGION HOUSING CORPORATION

631 Fisgard Street, Victoria, British Columbia
V8W 1R7

(the “**Borrower**”)

OF THE FIRST PART

AND:

(the “**Indemnifier**”)

OF THE SECOND PART

AND:

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

of Suite 1701 - 4555 Kingsway, Burnaby, British Columbia
V5H 4V8

(the “**Lender**”)

OF THE THIRD PART

WHEREAS:

- A. The Lender has agreed to make a Construction Loan available to the Borrower on the terms and conditions set out in the Commitment Letter, as hereinafter defined.
- B. It is a condition of the Lender making the Construction Loan available to the Borrower that this Agreement be executed by the Borrower and the Indemnifier.

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration and of the sum of \$10.00 now paid to the Borrower and the Indemnifier by the Lender, the receipt and sufficiency of which is hereby acknowledged by the Borrower and the Indemnifier, the Borrower and the Indemnifier hereby irrevocably covenant and agree with the Lender as follows:

1. DEFINITIONS

1.1 Where used in this Agreement the following words shall have the meanings set out below:

- a) “**Agreement**” means this Cost Overrun and Completion Agreement;

- b) **"Budget"** means the capital cost budget attached hereto as Schedule "A" (and any amendments thereto) for the Project prepared by the Borrower and approved by the Lender;
- c) **"Budget Shortfall"** means the amount by which the aggregate cost as determined by the Lender acting on the advice of its quantity cost surveyor, to complete the construction of the Project after applying any cost savings to Cost Overruns, including hard and soft costs and the interest estimated to accrue due on the Construction Loan up to the date of completion of the Project, exceeds the unadvanced portion of the Construction Loan at such time;
- d) **"Commitment Letter"** means that letter which sets out the terms of the Construction Loan issued by the Lender dated _____, accepted by the Borrower and all amendments thereto, setting out the terms and conditions of the credit facility offered to the Borrower;
- e) **"Construction Loan"** means the Construction Loan made or to be made by the Lender to the Borrower pursuant to the Commitment Letter;
- f) **"Cost Overrun"** means an amount determined at the sole discretion of the Lender, acting on the advice of its quantity cost surveyor, by which the actual cost of construction of a portion of the Project (determined on a line-by-line basis) exceeds the amount established for construction of that portion of the Project (determined on a line-by-line basis) in the Budget;
- g) **"Lands"** means the property owned by the Borrower located in the City of _____, British Columbia, and legally described in the attached Schedule "B";
- h) **"Project"** means the _____ unit _____ project to be constructed on the Lands; and
- i) **"Project Time Lines"** means the time lines (and any amendments thereto) for the completion of the Project prepared by the Borrower and approved at the sole discretion of the Lender.

2. **Guaranteed Payment of Budget Shortfall Amounts and Completion of Project**

- 2.1 If during the term of the Construction Loan the Lender determines that a Cost Overrun has occurred or is about to occur it will provide notice of the Cost Overrun to the Borrower and the Indemnifier which notice shall require that the Borrower and the Indemnifier prepare a revised Budget for review by the Lender within five (5) business days of receipt of the notice by the Borrower and the Indemnifier. If the Borrower and the Indemnifier fail to submit the revised Budget to the Lender, the Lender will, at the expense of the Borrower and the Indemnifier, have its quantity cost surveyor prepare a revised Budget. Upon review of the revised Budget, the Lender acting on the advice of its quantity surveyor, will determine if a Budget Shortfall has occurred or is about to occur.
- 2.2 If a Budget Shortfall is deemed by the Lender to have occurred or is about to occur, the Borrower and the Indemnifier shall on demand by the Lender, forthwith pay to the Lender such monies as are required to satisfy the Budget Shortfall amount, so that the unadvanced portion of the Construction Loan will be sufficient to complete the Project in accordance with the revised Budget.

- 2.3 The monies paid to the Lender pursuant to Section 2.2 shall be held by the Lender as cash collateral to secure the obligations of the Borrower and the Indemnifier to the Lender until released by the Lender in its discretion for injection by the Borrower into the Project to satisfy the Budget Shortfall.
- 2.4 The Borrower and the Indemnifier shall complete the Project in accordance with the terms and conditions of the Budget (or revised Budget, if applicable) and the plans, drawings and specifications approved in writing by the Lender.
- 2.5 The Borrower and the Indemnifier shall complete the Project promptly and in any event within the Project Time Lines.
- 2.6 The Borrower will provide the Lender with written confirmation of the Borrower's equity contributions, if applicable, to the Project on a regular basis and in any event not less than quarterly.
- 2.7 The Lender may make more than one demand under Section 2.1 or Section 2.2.
- 2.8 The records of the Lender shall be prima facie evidence of the amount payable under Section 2.2 from time to time, and of the failure of the Borrower and the Indemnifier to pay any such amount on time.

3. Postponement

- 3.1 The Borrower and the Indemnifier each acknowledge, agree and confirm to and with the Lender that the liability of the Borrower to the Indemnifier with respect to any and all monies advanced by the Indemnifier to the Borrower or to the Lender for the benefit of the Borrower, including, without limitation those monies advanced or paid to the Lender pursuant to the terms of section 2.2 of this Agreement, are deferred and postponed to the debts and liabilities of the Borrower to the Lender and that until all of the debts and liabilities of the Borrower to the Lender are paid in full no payment shall be made to or received by the Indemnifier on account of any of the debts and liabilities of the Borrower to the Indemnifier. Any payment made to or received by the Indemnifier on account of any of the debts and liabilities of the Borrower to the Indemnifier contrary to the above, shall be made or received in trust for and on behalf of the Lender.

4. Indemnity

- 4.1 The Borrower and the Indemnifier hereby promise and agree to indemnify and hold harmless the Lender from any and all loss, costs, damages, liabilities, debts, demands and expenses (including without limitation solicitor's fees and disbursements on an indemnity basis) due to, arising from or in any manner whatsoever relating to any default hereunder by the Borrower or the Indemnifier or any failure of the Borrower or the Indemnifier to satisfy any payment obligation under section 2.2 hereof.

5. Default

- 5.1 Any breach or default by any of the Borrower or the Indemnifier hereunder shall constitute an event of default under the Construction Loan and the Security Documents.

6. Miscellaneous

- 6.1 This Agreement shall be in addition to and not in substitution for the security documents and additional security (as contemplated in the Commitment Letter") or other security now

held or hereinafter provided by the Borrower and the Indemnifier to the Lender (collectively the "Security Documents") and the Lender may do all or any of the following:

- a) grant time, renewals, extensions, indulgences, releases and discharges to;
- b) take securities from;
- c) abstain from taking additional security from;
- d) abstain from perfecting securities of;
- e) accept compositions from; and
- f) otherwise deal with;

the Borrower and the Indemnifier and all other persons and securities, including the Security Documents as the Lender may see fit and without prejudice to the rights of the Lender under this Agreement or any other securities, including the Security Documents held by the Lender from time to time.

- 6.2 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.
- 6.3 The taking of judgment on any covenant contained herein shall not operate to create any merger or discharge of any liability or obligation of the Borrower and the Indemnifier to the Lender.
- 6.4 If any one or more of the provisions contained in this Agreement should be determined to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions herein shall not in any way be affected or impaired thereby.
- 6.5 This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Borrower and the Indemnifier and their respective successors and assigns.
- 6.6 Save and except as otherwise set forth in this Agreement, all covenants and agreements herein of each of the Borrower and the Indemnifier are made jointly and severally.
- 6.7 Whenever the singular number or the masculine gender is used in this Agreement, it shall be deemed to include the plural or the feminine or the body corporate where the context or the parties so require.
- 6.8 The headings of this Agreement have been inserted for convenience of reference only and do not form part of this Agreement.
- 6.9 This Agreement may be executed in counterparts and all counterparts so executed (including those executed and delivered by fax) will constitute one Agreement binding on the parties effective upon execution.
- 6.10 All reasonable legal costs (if any) incurred by the Lender in the enforcement of this Agreement shall be for the account of the Borrower and the Indemnifier.
- 6.11 All rights, powers and remedies of the Lender hereunder and under any other agreement now or at any time hereafter in force between the Lender and the Borrower and the Indemnifier shall be cumulative and shall be in addition to and not in substitution for all rights, powers and remedies of the Lender at law or in equity.
- 6.12 This Agreement shall not be amended or varied or deemed to be amended or varied unless amended or varied by written instrument signed by a duly authorized signatory of the Lender.

7. NOTICE

Any notice, demand or document referred to herein may be delivered, transmitted by facsimile machine ("fax") or may be mailed by prepaid ordinary mail to the Lender, the Borrower or the Indemnifier at the number or address set out below, and the Lender, the Borrower or the Indemnifier shall be deemed to have received such notice, demand or document on the date of delivery, if delivered, on the day following transmission, if transmitted by fax, or three (3) days after mailing, if mailed.

Lender: Mail to: Address noted on page 1 of this Agreement
Fax to: (604)

Borrower: Mail to: Address noted on page 1 of this Agreement
Fax to: (604)

Indemnifier: Mail to: Address noted on page 1 of this Agreement
Fax to: (604)

IN WITNESS WHEREOF this Agreement has been executed by the Borrower and the Indemnifier as of the day and year first above written.

_____)
by its authorized signatory(ies): _____)

_____)
Authorized Signatory _____)

_____)
Authorized Signatory _____)

_____)
by its authorized signatory(ies): _____)

_____)
Authorized Signatory _____)

_____)
Authorized Signatory _____)

SCHEDULE "A"
CONSTRUCTION BUDGET

APPRAISALS/STUDIES	\$20,000
ACQUISITION AND SERVICING	\$4,536,600
MUNICIPAL FEES	\$483,235
UTILITY FEES	\$90,001
DESIGN CONSULTANTS	\$950,570
CONSULTANTS	\$812,300
MISCELLANEOUS SOFT COST	\$912,800
BORROWING COSTS	\$418,458
CONSTRUCTION	\$27,157,105
BUILDING START-UP/COMMISSIONING	\$261,851
CONTINGENCIES	\$1,380,000
GROSS BUDGET	\$37,022,920
Land Equity	\$2,790,000
RHFP Grant	\$4,500,000
RHTF Grant	\$1,095,000
City of Victoria	\$620,000
Society Equity	\$1,000,000
Community Housing Fund Grant	\$4,667,960
Total Deductions	\$14,672,960
NET CAPITAL BUDGET	\$22,349,960

SCHEDULE "B"
LEGAL DESCRIPTION



Making a difference...together



Tenant Advisory Committee

Minutes of a Meeting of June 28, 2021

Room 652, CRD Boardroom, 625 Fisgard Street, Victoria, BC, and remotely via Webex

Present: Mayor L. Helps, L. Reid, C. Simpson

Webex: K. Naraghi, E. Ngongo, N. Thompson

Regrets: E. Syring, D. Wallace

Staff: D. Elliott, S. Grigg, K. Lambert, C. Work (recorder)

The meeting was called to order at 3:30 p.m.

1. Territorial Acknowledgment

Co-chair Mayor Helps provided a Territorial Acknowledgment.

2. Approval of Agenda

It was moved by C. Simpson, seconded by E. Ngongo, that the Agenda for the June 28, 2021 meeting be approved.

CARRIED

3. Adoption of Minutes of April 29, 2021 Meeting

It was moved by C. Simpson, seconded by E. Ngongo, that the April 29, 2021 meeting minutes be adopted as circulated.

CARRIED

4. Business Arising from the Minutes

- Online Banking Update:

Staff provided an update from Finance. In 2019, there was a TAC request for online payments, in February 2020, they met with Finance to discuss. In December 2020, Finance secured an agreement with RBC to facilitate which required support from other financial institutions. In Q1 2021, Finance worked with RBC and sent out 12 letters of request to various institutions to request their participation, to day 6 institutions responded. Finance is waiting for RBC to confirm if there are additional participants. In May and June 2021, IT and Finance created a Project Charter for this work that is anticipated to take 8 weeks to complete. CRD Finance is waiting for IT to state when in the calendar year the work will fit due to other priority projects. No definitive timeline right now. Staff will provide updates when received. Committee asked that once a 'go live' date is determined, staff are to notify tenants (newsletter and through the website).

- Pet Policy Update:

West Park pilot project will be revisited in fall 2021.

5. What is Working Well

General discussion on tidiness of properties, moving recycling bins closer to garbage bins, lots of plants and gardens, caretakers doing a great job, new tenants keeping carports clean and tidy, good CRHC orientation of new tenants, CRHC staff very responsive when a problem arises in a building i.e. mail security.

6. 2021 TAC Work Plan Check In

The one page (January to June) Work Plan was reviewed to provide oversight for the meeting and to ensure the committee is on track to meet the goals set for this year.

7. Tenant Orientation Pilot Project Presentation

There was a video presentation with an external Vimeo link; “tenant orientation” video. The video focus was to act as an online orientation for new tenants which included staff introductions, review of policies, connected tenants to ‘Who Do You Call’ sheets when questions arise during office hours, and the after-hours schedule for 24/7 support when outside of office hours. Additionally, staff reviewed the tenant orientation package handout, (the tenancy agreement, Who Do You Call Sheet, rental payments, tenant handbook, etc). Committee members suggested a post move-in survey to gauge success of process, perhaps send out a 3 question survey to new tenants. (How did we do? Do you need anything? What could we improve?) There was a discussion about translating the document and staff indicated that Google Translate has been suggested to tenants in the past as well as CRD staff who are fluent in more than one language.

8. Non-Smoking Policy

Staff reviewed the current policy information and current mitigation efforts review, including Vaportronic, smoke buddies and smokeless ashtrays. CRHC has to honour the terms of smoking tenants’ original tenancy agreements, and is constrained by information and privacy laws that it can’t ask if a prospective tenant is a smoker or not. There are 16 buildings that allow smoking. In 2018, with the implementation of the Cannabis Act, meant that tenancies which allowed smoking in units were required to allow cannabis as well. The Residential Tenancy Act allows for the “quiet use and enjoyment” of a tenant’s unit, so it is a challenge to balance the nuisances between tenants.

Any smoking complaints are to be reported to CRHC staff, by each tenant, as and when the incidents occur, helping CRHC to create a record of complaints which can be used for potential enforcement actions.

9. Roundtable

General discussion about solving the issue of missing Amazon packages, with one building implementing a lock box solution. If theft occurs in buildings, staff suggest reporting to Police as the Police need to have serial numbers in order to track missing property. They also use the information to allocate resources.

Discussion about communicating to tenants in notices in plain language for ease of understanding. Committee inquired about how to raise profile of the TAC among Tenants. Staff confirmed that the TAC information is contained on page 28 of the Tenant Handbook but we will look at bolding the text and changing the location to increase tenant awareness. As well, TAC member names are noted on the CRD public website on the Boards, Committees and Commissions page. Discussion about updating the wording of the TAC in the Tenant Handbook, to be discussed in more detail at the October TAC meeting.

10. Action Summary

Online Banking – being mindful of communicating to tenants;
Post move-in survey;
Explain opportunity to document details on the rules for smokers, and how this fits into the 2021 Work Plan, potentially moving to the 2022 Work Plan;
Bring proposed wording for the role of the TAC members to the October meeting.

11. Concluding Remarks

The next TAC meeting is scheduled for Monday, October 4, 2021 from 3:30 to 5:00 pm, in the Covid-safe Room 652 and remotely via Webex. **MOVED to October 25, 2021 from 4:30pm to 6:00 pm**

12. Adjournment

It was moved by C. Simpson, seconded by E. Ngongo, that the meeting be adjourned.

CARRIED

The meeting was adjourned at 5:01 p.m.