



Notice of Meeting and Meeting Agenda Capital Region Housing Corporation Board

Wednesday, March 8, 2023

1:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

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

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. ADOPTION OF MINUTES

[23-215](#)

Minutes of the February 8, 2023 Capital Region Housing Corporation Board

Recommendation: That the minutes of the Capital Region Housing Corporation Board meeting of February 8, 2023 be adopted as circulated.

Attachments: [Minutes - February 8, 2023](#)

4. REPORT OF THE CHAIR

5. PRESENTATIONS/DELEGATIONS

The public are welcome to attend CRD Board meetings in-person.

Delegations will have the option to participate electronically. Please complete the online application at www.crd.bc.ca/address no later than 4:30 pm two days before the meeting 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. CONSENT AGENDA

6.1. [23-081](#) Capital Region Housing Corporation Investment Portfolio Holdings and Performance Annual Update

Recommendation: There is no recommendation. This report is for information only.

Attachments: [Staff Report: Investment Portfolio Annual Update](#)
[Appendix A: Investment Policy](#)
[Appendix B: Market Analysis](#)
[Appendix C: MFA Monthly Performance Report](#)
[Appendix D: Long-Term Monitoring](#)

6.2. [23-090](#) Capital Region Housing Corporation Financial Plan Amendment

Recommendation: The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
That the Capital Region Housing Corporation Operating and Administration Portfolio financial plan amendments be approved as attached.

Attachments: [Staff Report: CRHC Financial Plan Amendment](#)
[Appendix A: Amended Admin Budget](#)
[Appendix B: Amended Umbrella Operating Agreement Budget](#)
[Appendix C: Amended No Operating Agreement Budget](#)
[Appendix D: Amended RHFP Agreement Budget](#)
[Appendix E: Amended IHI Agreement Budget](#)
[Appendix F: Amended Community Housing Agreement Budget](#)
[Appendix G: Amended Development Services Budget](#)

6.3. [23-161](#) Prosser Place Development Mortgage Registration: 7612 East Saanich Road

Recommendation: The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
1) That the resolutions, attached as Appendix A and Appendix B and required by British Columbia Housing Management Commission to authorize the execution of the Section 219 Covenants and the loan and mortgage documents for 7612 East Saanich Road be approved;
2) That the Chief Administrative Officer be authorized to do all things necessary to affect the project and take such steps as are required to conclude the financing and purchase of the Prosser Place development project located at 7612 East Saanich Road.

Attachments: [Staff Report: Prosser Place Dev'l Mtge Reg'n-7612 East Saanich Rd](#)
[Appendix A: Draft Cert'd Copy-Resolution of Dirs-Repayable Loan](#)
[Appendix B: Draft Cert'd Copy-Resolution of Dirs-Forgivable Loan](#)

7. ADMINISTRATION REPORTS

8. REPORTS OF COMMITTEES

9. NOTICE(S) OF MOTION

10. NEW BUSINESS

11. ADJOURNMENT

Meeting Minutes

Capital Region Housing Corporation Board

Wednesday, February 8, 2023

1:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

PRESENT

DIRECTORS: Z. de Vries (Chair), M. Tait (Vice Chair), M. Alto, P. Brent, S. Brice, J. Caradonna, C. Coleman, B. Desjardins, S. Goodmanson, G. Holman, P. Jones, D. Kobayashi, M. Little, C. McNeil-Smith, K. Murdoch, C. Plant, L. Szpak, D. Thompson, S. Tobias, A. Wickheim, K. Williams, R. Windsor (EP)

STAFF: T. Robbins, Chief Administrative Officer; N. Chan, Chief Financial Officer; G. Harris, Acting General Manager, Parks and Environmental Services; K. Lorette, General Manager, Planning and Protective Services; K. Morley, General Manager, Corporate Services; I. Jesney, Acting General Manager, Integrated Water Services; M. Lagoa, Deputy Corporate Officer; S. Orr, Senior Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: Director(s) J. Brownoff, D. Murdock

The meeting was called to order at 1:00 pm.

1. TERRITORIAL ACKNOWLEDGEMENT

A Territorial Acknowledgement was provided in the preceding meeting.

2. APPROVAL OF THE AGENDA

MOVED by Director Plant, **SECONDED** by Director Tait,
That the agenda for the February 8, 2023 Session of the Capital Region Housing Corporation Board be approved.
CARRIED

3. ADOPTION OF MINUTES

- 3.1. [23-116](#) Minutes of the January 11, 2023 Capital Region Housing Corporation Board

MOVED by Director Plant, **SECONDED** by Director Tait,
That the minutes of the Capital Region Housing Corporation Board meeting of January 11, 2023 be adopted as circulated.
CARRIED

4. REPORT OF THE CHAIR

The Chair noted that Item 7.1. on the agenda has not been to a standing committee.

5. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

6. CONSENT AGENDA

There were no Consent Agenda items.

7. ADMINISTRATION REPORTS

7.1. [23-133](#) 2782 Spencer - Adoption of Final Form of Mortgage Resolution

K. Lorette spoke to Item 7.1.

MOVED by Director Murdoch, **SECONDED** by Director Kobayashi,
That the resolution attached to this report as Appendix "A" be adopted.
CARRIED

8. REPORTS OF COMMITTEES

Hospitals and Housing Committee

8.1. [23-083](#) Tenant Advisory Committee Year-End Reporting

This report was received for information.

9. NOTICE(S) OF MOTION

There were no Notice(s) of Motion.

10. NEW BUSINESS

There was no new business.

11. ADJOURNMENT

MOVED by Director Little, **SECONDED** by Director Thompson,
That the February 8, 2023 Capital Region Housing Corporation Board meeting be
adjourned at 1:04 pm.
CARRIED

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MARCH 01, 2023**

SUBJECT **Capital Region Housing Corporation Investment Portfolio Holdings and Performance Annual Update**

ISSUE SUMMARY

Provide an annual update on the Capital Region Housing Corporation (CRHC) investments held and performance for the period ended December 31, 2022.

BACKGROUND

The Capital Regional District (CRD) invests operating, capital, and reserve funds in accordance with the *Local Government Act*, *Community Charter*, and Board approved Investment Policy. The Investment Policy applies to the investment activities for all funds maintained by the CRD, the CRHC and the Capital Regional Hospital District (CRHD). The types and terms of investments purchased are evaluated on four fundamental objectives: safety of principal, liquidity, responsible investing and return on investment in alignment with the policy.

The policy also provides the minimum ratings of investment vehicles that can be purchased. Currently, investments in chartered banks or savings institutions must have a risk rating of R-1 (low) or higher for short-term and a rating of A- for long-term as published by major credit rating agencies. Both ratings achieve a superior credit rating on all investments.

Investments are continuously monitored to ensure the appropriate strategy through current and forecasted economic conditions. The CRHC invests net working capital and replacement reserves in a mix of products including High-Interest Savings Accounts (HISA), fixed term Guaranteed Investment Certificates (GICs) and Municipal Finance Authority (MFA) pooled funds. The placement or divestiture of investments are timed with forecasted cash requirements.

Investments through 2022 have been made in alignment with the Board approved Investment Policy (Appendix A), last amended in March to incorporate the published MFA Environmental, Social and Governance Framework. Although economic and market conditions drove fluctuations and uncertainty in the portfolio, performance exceeded the benchmark rate, as detailed in the report.

IMPLICATIONS

Financial Implications

Portfolio Holdings

As of December 31, 2022, the CRHC investment portfolio totaled \$15.1 million invested in short-term and long-term investments, as detailed in Table 1. This increased from the \$10.4 million in 2021 due to an increase in cash on hand for approved projects.

Table 1: CRHC Investment Holdings – as of Dec 31, 2022

Investments	Balance (\$millions)	% Share
Investments Short-Term (less than 2 years)		
High Interest Savings Accounts (Cash)	0.0	0.1%
Guaranteed Investment Certificates (<2 year)	6.5	43.1%
Total Short-term:	6.5	43.2%
Investments Long-Term (more than 2 years)		
MFA Short-Term Bond Fund	8.6	56.8%
Total Long-term	8.6	56.8%
Total Investments:	\$15.1	100.0%

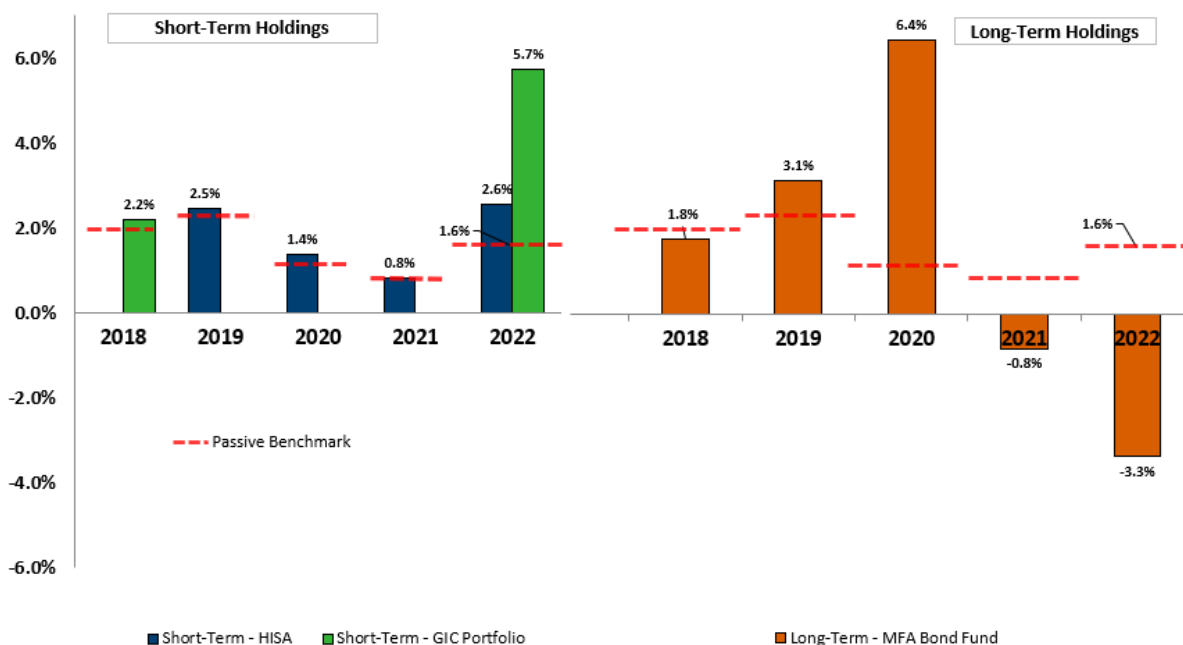
The portfolio is distributed between short-term and long-term investments at 43% and 57% respectively. Investments with maturities or approaching maturities less than two years are classified as short-term. Table 2 below summarizes the three-year trend on investment income.

Table 2: CRHC Investment Income Three-Year Trend (\$ Thousands)

	2020		2021		2022	
Passive Income	1.1%	\$115.4K	0.8%	\$80.0K	1.6%	\$165.6K
Unrealized gain (loss)	3.5%	\$351.6K	-2.5%	-\$253.5K	-4.9%	-\$517.5K
Value-Add	1.0%	\$95.7K	1.1%	\$112.8K	1.1%	\$112.9K
Total	5.6%	\$562.7K	-0.6%	-\$60.7K	-2.2%	-\$239.9K

The total effective return on investments during 2022 was (\$239.9K) or (-2.2%). Excluding unrealized losses in MFA pooled funds, the investment return was 278K or 3.1%. In comparison to 2021, 2022 returns were lower, driven by investment market fluctuations impacting the annual return on long-term pooled fund investments. Graph 1 provides a detailed report on investment returns in 2022.

Graph 1: CRHC Investment Results - 2022:



The passive benchmark represents the expected return from a liquid investment strategy with limited active management. Passive rates over the past five years were 2.0%, 2.3%, 1.1%, 0.8% and 1.6% respectively.

During 2022, short-term GICs earned 5.7% and the HISAs earned 2.4%. Market rates generally rose during 2022 to provide short-term investment opportunities at higher rates.

The MFA Bond Fund posted a loss of (3.3%) in 2022 due to the inverse relationship between interest rates and the long-term bond yield. Reporting requirements quantify market value as unrealized gains or losses for the fiscal cycle. When securities are sold unrealized gains/losses become realized. The nature of long-term investments are to hold them for the long-term and weather inherent storms. MFA benchmarks each fund to evaluate fund manager performance.

CONCLUSION

Overall, the CRHC portfolio of investments reflects the three fundamental objectives of safety of principal, liquidity and return on investment. Investments have been made in keeping with requirements under the Investment Policy Statement and investment performance exceeded expectations for the year ended December 31, 2022.

RECOMMENDATION

There is no recommendation. This report is for information only.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Investment Policy

Appendix B: Market Analysis

Appendix C: MFA Pooled Investment Fund Monthly Performance Report

Appendix D: Long-Term Monitoring



CAPITAL REGIONAL DISTRICT

Making a difference...together

INVESTMENT POLICY

Policy Type	Board [Corporate]		
Title	INVESTMENT POLICY		
Adopted Date	September 22, 2013	Policy Number	BRD07
Amendment #1	May 10, 2017		
Amendment #2	March 10, 2021 (Approved)		
Amendment #3	March 9, 2022 (Approved)		
Policy Owner	Financial Services		

1. PURPOSE

This investment policy provides the framework for investment portfolio management for the Capital Regional District (CRD), Capital Regional Hospital District (CRHD) and Capital Region Housing Corporation (CRHC).

It is the policy of the CRD, CRHD and CRHC to invest funds in a manner that provides the optimal blend of investment security and return while meeting the short and long term cash flow requirements in support of the corporate plan priorities while maintaining compliance with statutory requirements.

2. SCOPE

The investment policy applies to all cash operating funds, capital funds and reserve funds. It does not apply to funds held in trust or which have a specific legal or statutory requirement for cash management, disbursement, or investment.

3. PRINCIPLES

The investment of funds must reflect a management philosophy based on the fundamental objectives of

3.1 Safety of Principal

Investments shall be made to ensure preservation of principal within the portfolio. Preservation of principal is accomplished through placement of funds with creditworthy institutions and through portfolio diversification. Diversification is required to minimize potential losses on financial products.

3.2 Liquidity

The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated cash flow requirements.

3.3 Responsible Investing

The investment program will consider socially responsible investment products that adhere to statutory requirements and meet the objectives laid out in this policy.

Organizations that adopt a socially responsible investment platform in alignment with the published MFA ESG framework are preferred

3.4 Return on Investment

The investment portfolio shall be designed with the objective of maximizing market rate of return subject to the investment risk constraints, liquidity requirements and responsible investing objectives.

4. INVESTMENT PARAMETERS

4.1 Safety of Principal

The program will diversify cash reserve investments by security type and institution, taking into consideration the impact on return on investment. Section 5.4 outlines the authorized and suitable investments permissible to ensure optimal portfolio diversification.

4.2 Liquidity

To the extent possible, portfolio management will align investments with anticipated cash flow requirements. However, a portion of the portfolio shall be continuously invested in fully-liquid investments to meet ongoing obligations.

A long-term financial plan will be established for major capital reserves. The long-term financial plan will inform the term decision when placing timed investments in order to meet liquidity requirements.

4.3 Responsible Investing

Where responsible investment options provide comparable risk, return and liquidity, these facilities will be a priority. Investments are considered in alignment with responsible investing objectives when identified as meeting criteria as defined by MFA within the published MFA ESG Framework.

4.4 Return on Investment

The investment program will seek to maximize the total return on all funds under management after considering protection of principal, liquidity and responsible investing. Return will be monitored through performance benchmarks to ensure program activities are providing benefits in excess of costs and with the goal to preserve capital against inflation over time. Due to the nature of the CRHC business activities, delivering affordable housing within the social service sector, CRHC will be excluded from holding lower return products.

4.5 Authorized and Suitable Investments

Money held may be invested or reinvested according to section 183 of the *Community Charter* subject to the following conditions:

1. Investments in marketable securities of a chartered bank or savings institution or any province must have a DBRS risk rating of R-1 (low) or higher for short-term debt and a rating of A (low) for long-term debt or comparable ratings of another rating organization, indicating equal or superior credit quality (see Appendix A of this policy).

2. Investment placements will conform to the portfolio diversification constraints listed in Appendix B. Exceptions to constraints listed in Appendix A require Chief Financial Officer approval and shall be reported to the Board through Standing Committee at the next available meeting.
3. Internal projects under CRD service authority are considered allowable investment options when capital reserves are not immediately required and can be accessed through inter-service borrowing. Inter-service borrowing will be in compliance with legislation and the CRD Inter-Service Borrowing Guidelines.

5. STANDARD OF CARE

5.1 Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Investments will not be made for speculation. Foremost will be consideration for the safety of capital. Staff must be aware of reasonably foreseeable risks, trends and fluctuations in the market, and be able to recognize unreasonable risks whilst ensuring the liquidity of the investment portfolio.

5.2 Ethics and Conflict of Interest

Staff responsible for investing activities shall comply with the CRD Conflict of Interest Policy and shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions.

5.3 Delegation of Authority

Authority to manage the investment program ("the Program") is granted to the Chief Financial Officer and is derived from section 237 of the *Local Government Act*.

5.4 Credit Risk Monitoring

To meet the objectives of this policy and ensure suitability of offerings, credit risk monitoring must be conducted by CRD Staff independent of vendor representations. The following due-diligence shall be performed:

1. In-house credit analysis shall be conducted on all financial institutions and investment counter-parties.
2. Credit reports and analysis, published by DBRS, S&P, Fitch or Moody's, will be obtained from financial institutions, investment dealers and rating institutions and reviewed.
3. Credit reports and analysis are recognized as opinions and not a guarantee for safety of principal.
4. When placing investments in individual marketable securities and more than one credit rating is available, the average of two or more available credit ratings shall be used.

5.5 Consolidated Basis

All funds covered by this policy will be managed on a consolidated basis to ensure the best possible return by providing economies of scale.

5.6 Program Requirements

The Program shall abide by the following reporting requirements:

1. The Chief Financial Officer must report to the Finance Committee annually. The report must identify investment holdings and any deviations from this policy; and
2. An appropriate portfolio performance benchmark will be set and reported in the annual investment performance report.

6. POLICY REVIEW

Review Date	Description:
March 2026, unless legislative change or new MFA finance product	To ensure ongoing relevance, this policy shall be reviewed the earlier of: 1. If a change in the relevant legislation governing the investment activities of local governments occurs; 2. If the Municipal Finance Authority of British Columbia establishes a new pooled fund investment product; or 3. Every five calendar years.

7. RELATED POLICY, PROCEDURE AND GUIDELINES

- Conflict of Interest Policy

Appendix A
Dominion Bond Rating Service (DBRS) Credit Quality Ratings

Commercial Paper & Short-Term Debt	Bond & Long-term Debt	Bond & Long-term Debt	Description	CRD/CRHD/CRHC Investment Policy
R-1 (high)	AAA	Investment Grade ↑	Superior	Permissible
R-1 (high)	AA (high)			
R-1 (middle)	AA			
R-1 (middle)	AA (low)			
R-1 (low)	A (high)			
R-1 (low)	A			
R-1 (low)	A (low)			
R-2 (high)	BBB (high)	Speculative Grade	Adequate	Not Permissible
R-2 (middle)	BBB			
R-2 (low) / R-3	BBB (low)			
R-4	BB (high)			
R-4	BB			
R-4	BB (low)			
R-4	B (high)			
R-5	B			
R-5	B (low)			
R-5	CCC			
R-5	CCC			
R-5	CCC			
R-5	CC			
R-5	C			
D	D			

Appendix B Portfolio Diversification Constraints

Exposure constraints target protection of principal and return and set a maximum allowable share of the total portfolio that can be invested.

Due to market fluctuations and / or the timing of investment deposit transfers, maximum percentages in Appendix C may be exceeded at a point in time. Securities need not be liquidated to rebalance the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

The portfolio diversification constraints are found in Table 1 below:

Table 1: **Portfolio Diversification Constraints**

Investment Type	MAXIMUM of Total Reserves	MAXIMUM by Institution/product/ pooled fund
<u>Short-Term (< 2 year holding period)</u>		
Canadian Banks (Schedule 1) Deposits and/or GIC's	65%	35%
MFA Pooled Fund Products	50%	50%
Credit Unions (Rated/Insured) Deposits and/or GIC's	35%	20%
<u>Long-Term (> 2 year holding period)</u>		
Canadian Banks (Schedule 1) Deposits and/or GIC's	65%	35%
MFA Pooled Fund Products	60%	30%
Credit Unions (Rated/Insured) Deposits and/or GIC's	35%	20%
Internal Projects (5+ years)	30%	-
Federal Bonds	20%	10%
Municipal Finance Authority of BC Bonds	20%	20%
Provincial Bonds	15%	15%
Municipal, Regional District or Greater Board Bonds	15%	15%

Market Analysis

Applies to the Capital Regional District (CRD), the Capital Regional Hospital District (CRHD), and the Capital Region Housing Corporation (CRHC)

As part of overall portfolio management, staff regularly monitor market trends and key metrics such as the Bank of Canada overnight interest rate, the Government of Canada bond rates and other market commentary issued by banks and investment brokers. Additionally, the Municipal Finance Authority (MFA) provides regular market commentary on new product developments and based on outlook reports provided by Phillips, Hager & North Investment Management (PH&N).

The economic theme for 2022 was one of market turbulence. Geopolitical conflict, rising interest rates and record inflation heightened recessionary risks for many economies as financial conditions came under pressure. Consequently, significant repricing in fixed income and equity markets were the result.

While 2022 market fixed income results were poor, yields across terms now offer attractive potential returns comprised of capital gains and income. Deposit rates (GICs and HISAs) began the 2022 at historically low levels but ended the year much higher, due to the impact of eight Bank of Canada interest rate hikes throughout the year.

Table 1 below presents key indicator rates at December 31 for the period 2020 to 2022:

Table 1: Indicative Market Rates 2020 to 2022

Rate	2020	2021	2022
Bank Of Canada – Overnight Rate	0.25% - 1.75%	0.25%	0.25% - 4.50%
HISA	0.80% - 1.06%	0.80 – 0.95%	0.72% - 4.80%
RBC – Bank Rate	0.80% - 2.30%	0.80%	0.70% - 4.70%
Fixed GIC – 180 day /1 Year (sample)	0.92% / 1.24%	0.40 – 0.70%	2.22% / 3.06%

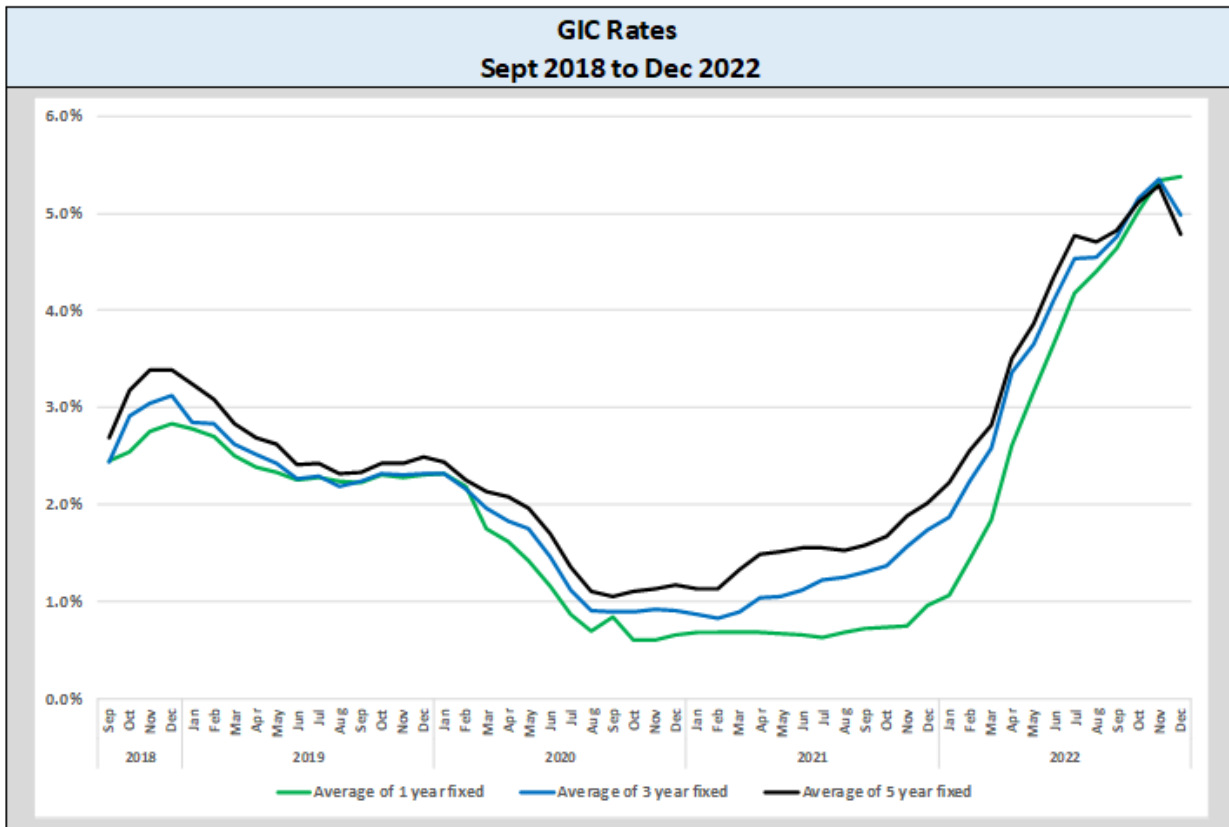
Investment Marketplace

Throughout 2022, HISA rates rose but not as high as GIC rates, making them less competitive compared to fixed term GIC products. HISA allocations were driven by maintaining liquidity for unforeseen circumstances.

GIC rates increased significantly throughout 2022, exceeding the rate of increase on deposits. As shown in Graph 1, GIC rates were at their highest late in 2022, ending the year down slightly off the five-year high of 5.2%¹.

¹ CRD treasury files

Graph 1: GIC Historical Rates (Short-Term)



In January 2022, the MFA introduced a Diversified Multi-Asset Class (DMAC) Fund. This DMAC Fund will invest in a diverse universe of securities such as corporate fixed income, common stocks and alternative asset classes such as infrastructure and real estate. The first \$15 million CRD investment was placed in the DMAC fund upon its opening by the MFA on January 17, 2022

The CRD also made a placement to the MFA Mortgage Fund, which invests in existing PH&N pooled fund products providing investment exposure to commercial investment grade mortgages.

The CRD continues to hold units in the MFA Fossil Fuel-Free Bond Fund (FFF) and the MFA Bond Fund. The FFF Bond Fund invests in securities similar to the existing bond fund except that the FFF option excludes those holdings directly related to non-renewable energy extraction, processing, and transportation. This additional screening is estimated to exclude approximately 4% of the population of investible securities compared to the existing bond fund.

Over the full calendar 2022 year, the Fossil-Fuel-Free Bond Fund (FFF Fund) underperformed the MFA Bond Fund on an annual basis by 0.16% (-3.59% versus -3.43% respectively). This discrepancy was primarily due to the difference in corporate exposure between the two portfolios, specifically energy exposure. The FFF Fund had a significantly lower weight in the energy sector compared to the bond fund, which was one of the top performing corporate sectors over the year. Additionally, the FFF Fund held a higher weight to the Real Estate and Financial sectors, which experienced substantial spread widening over the year. Cumulatively, these positioning changes resulted in the MFA Bond Fund outperforming the FFF Fund by approximately 0.16% over the full year 2022.

Staff will assess investment placements in existing and new MFA pooled funds in the future, for the CRD, the CRHD, and the CRHC, as the need to place long-term funds arises.

MFA Pooled Investment Fund Monthly Performance Report

December 2022



Municipal Finance
Authority of BC



MFA Pooled Investment Fund Monthly Performance Report¹

As of December 31, 2022

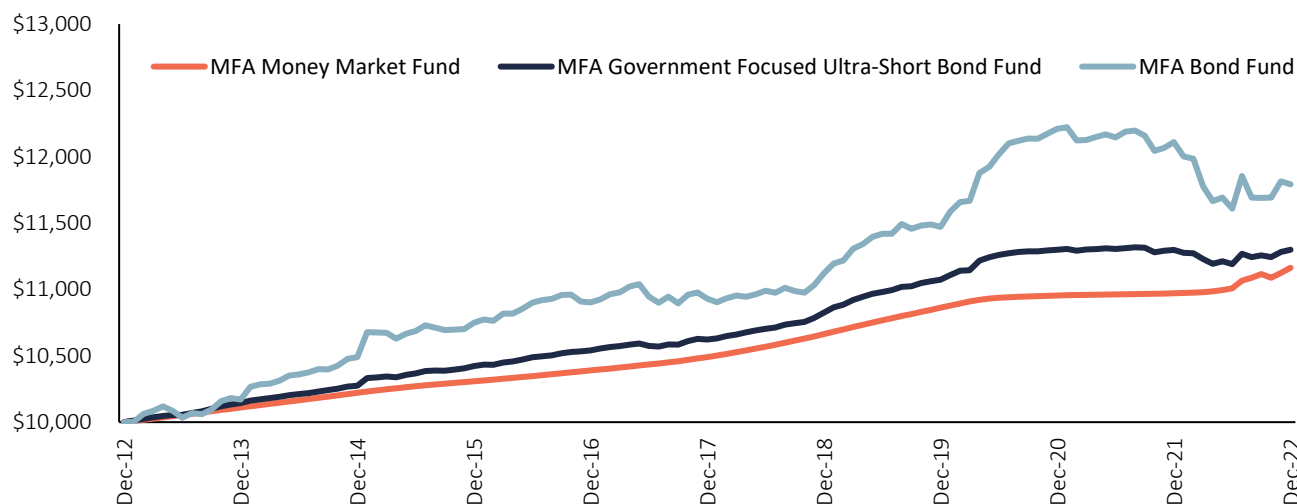
Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
MFA Money Market Fund	0.35	0.98	1.93	1.93	0.97	1.29	3.55
<i>FTSE Canada 30-day T-Bill Index</i>	<i>0.29</i>	<i>0.87</i>	<i>1.57</i>	<i>1.57</i>	<i>0.66</i>	<i>0.93</i>	<i>3.28</i>
<i>Difference</i>	<i>0.06</i>	<i>0.11</i>	<i>0.36</i>	<i>0.36</i>	<i>0.31</i>	<i>0.36</i>	<i>0.27</i>
MFA Government Focused Ultra-Short Bond Fund	0.15	0.66	-0.17	-0.17	0.62	1.21	3.15
<i>FTSE Canada 365-Day Treasury Bill Index</i>	<i>0.25</i>	<i>0.79</i>	<i>0.42</i>	<i>0.42</i>	<i>0.87</i>	<i>1.19</i>	<i>2.83</i>
<i>Difference</i>	<i>-0.10</i>	<i>-0.13</i>	<i>-0.59</i>	<i>-0.59</i>	<i>-0.25</i>	<i>0.02</i>	<i>0.32</i>
MFA Bond Fund	-0.18	0.85	-3.43	-3.43	0.64	1.36	5.30
<i>FTSE Canada Short Term Overall Bond Index</i>	<i>-0.17</i>	<i>0.62</i>	<i>-4.24</i>	<i>-4.24</i>	<i>-0.17</i>	<i>0.81</i>	<i>4.99</i>
<i>Difference</i>	<i>-0.01</i>	<i>0.23</i>	<i>0.81</i>	<i>0.81</i>	<i>0.81</i>	<i>0.55</i>	<i>0.31</i>
MFA Fossil Fuel Free Short-term Bond Fund	-0.20	0.79	-3.59	-3.59	-	-	-0.75
<i>FTSE Canada Short Term Overall Bond Index</i>	<i>-0.17</i>	<i>0.62</i>	<i>-4.24</i>	<i>-4.24</i>	-	-	<i>-1.34</i>
<i>Difference</i>	<i>-0.03</i>	<i>0.17</i>	<i>0.65</i>	<i>0.65</i>	-	-	<i>0.59</i>
MFA Mortgage Fund	-0.49	0.07	-5.36	-5.36	-	-	0.00
<i>FTSE Canada Short Term Overall Bond Index</i>	<i>-0.17</i>	<i>0.61</i>	<i>-4.29</i>	<i>-4.29</i>	-	-	<i>-0.51</i>
<i>Difference</i>	<i>-0.32</i>	<i>-0.54</i>	<i>-1.07</i>	<i>-1.07</i>	-	-	<i>+0.51</i>
MFA DMAC Fund	-1.80	5.67	-	-	-	-	-5.75
<i>MFA DMAC Fund Custom Benchmark³</i>	<i>-2.49</i>	<i>5.26</i>	-	-	-	-	<i>-5.22</i>
<i>Difference</i>	<i>+0.69</i>	<i>+0.41</i>	-	-	-	-	<i>-0.53</i>

¹Total return less than one year is not annualized. Portfolio and benchmark performance is net of total fees and expenses of 12.5 basis points per annum (Money Market Fund and Government Focused Ultra-Short Bond Fund), 20 basis points per annum (Bond Fund and Fossil Fuel Free Short-term Bond Fund), and 25 basis points per annum (Mortgage Fund), and 33 basis points per annum (DMAC Fund).

²Inception dates: Money Market Fund – May 1, 1989; Government Focused Ultra-Short Bond Fund – May 18, 2020 (previously Intermediate Fund - March 30, 1994); Bond Fund – May 1, 1989; Fossil Fuel Free Bond Fund – May 5, 2020; Mortgage Fund – January 29, 2020; DMAC Fund – January 19, 2022.

³MFA DMAC Fund Custom Benchmark: 2% FTSE Canada 30 Day T-Bill Index, 15% FTSE Canada Short Term Overall Bond Index, 16% FTSE Canada 91 Day T-Bill Index, 17% S&P/TSX Capped Composite Total Return Index, 35% MSCI World Total Return Net Index (CAD), 12% MSCI Emerging Markets Total Return Net Index, 3% Canadian CPI (Non-Seasonally Adjusted) 1-month lag.

Growth of \$10K Investment Over 10 Years*



*Portfolio and benchmark performance is net of fees

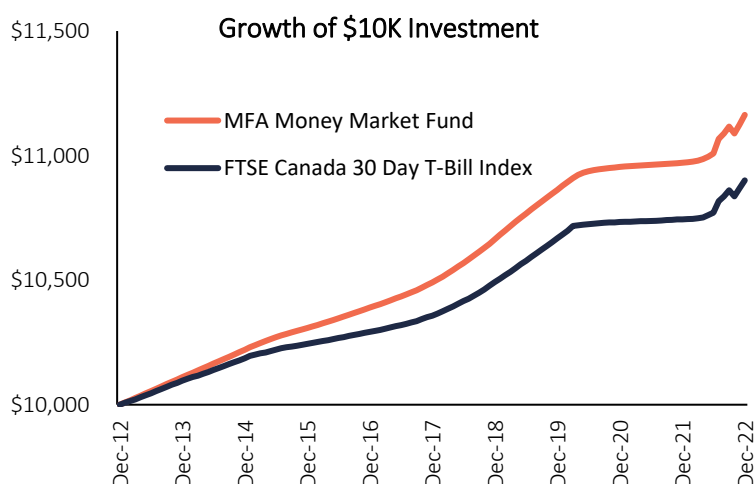
MFA Money Market Fund

The principal objective of the Money Market Fund is to provide participating investors with interest income through investing primarily in high-quality money market instruments. The Fund will hold assets with maturities no longer than 366 days.

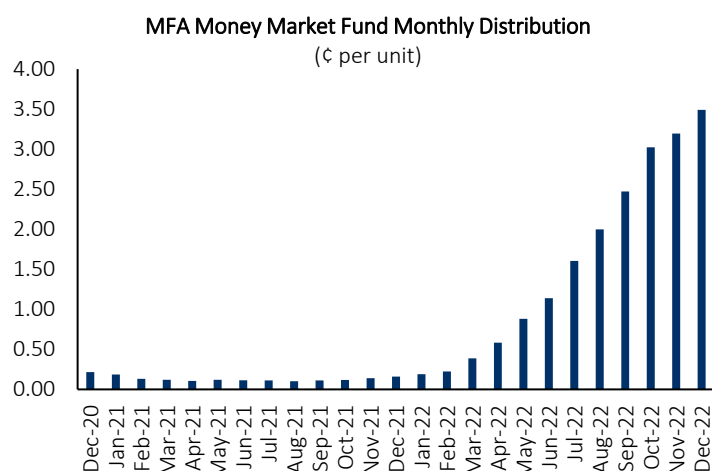
Government of Canada (GoC) bond yields increased across all terms in December. After initially declining on expectations that the monetary hiking cycle may have peaked, yields reversed course mid-month on the back of a higher than expected inflation report and restrictive actions and commentary from global central banks. Against this backdrop, the MFA Money Market Fund returned 0.35% over the month, slightly outperforming its benchmark.

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
MFA Money Market Fund¹	0.35	0.98	1.93	1.93	0.97	1.29	3.55
<i>FTSE Canada 30-day T-Bill Index</i>	<i>0.29</i>	<i>0.87</i>	<i>1.57</i>	<i>1.57</i>	<i>0.66</i>	<i>0.93</i>	<i>3.28</i>
<i>Difference</i>	<i>0.06</i>	<i>0.11</i>	<i>0.36</i>	<i>0.36</i>	<i>0.31</i>	<i>0.36</i>	<i>0.27</i>

¹ Total return less than 1 year is not annualized. Portfolio and benchmark performance is net of annualized fee and expenses of 12.5 basis points per annum. ² Inception date: May 1, 1989.



*Portfolio and benchmark performance is net of fees



*Distributions include all interest income and coupon payments earned on investments, and are paid daily. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

Fund Characteristics	Nov-30	Dec-31
Fund total net assets	\$1,454,050,281	\$1,423,383,684
Average term	44 days	45 days
Current yield	4.14%	4.41%
Number of issues	184	163
Number of issuers	43	37

Top 10 Holdings	% Assets
C.I.B.C. B/A	3.33%
T D BANK B/A	2.56%
NATL BK CDA B/A	2.10%
ENBRIDGE GAS INC D/N	2.07%
RIDGE TRUST D/N	1.90%
NATL BK CDA B/A	1.89%
BANK OF N.S. B/A	1.76%
BANK OF N.S. BDN	1.72%
FUSION TRUST D/N	1.66%
BMO FIRST BANK B/A	1.54%

Issuer Type	Nov-30	Dec-31
Financial	25.11%	32.72%
Non-Financial	74.89%	67.28%
Government*	0.00%	0.00%
Mortgages/MBS	0.00%	0.00%
Pooled fund cash	0.00%	0.00%

*includes federal and provincial government

Rating	Nov-30	Dec-31
R1H	69.36%	73.33%
R1M	4.80%	9.26%
R1L	25.84%	17.41%

MFA Government Focused Ultra-Short Bond Fund

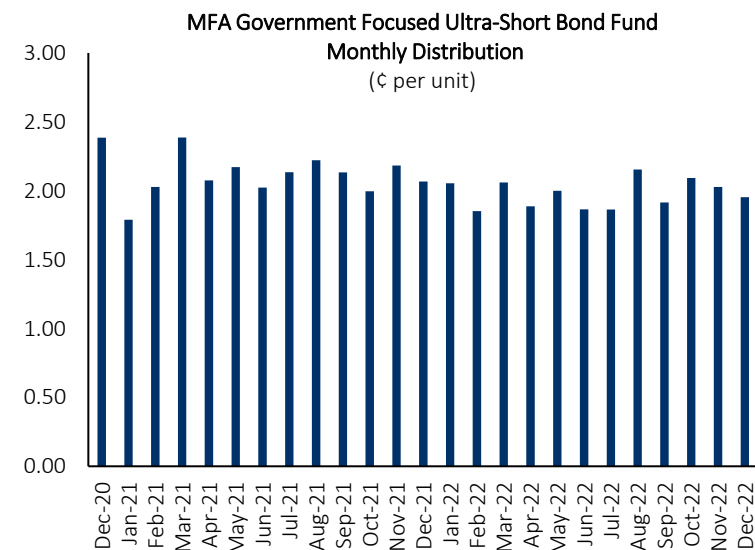
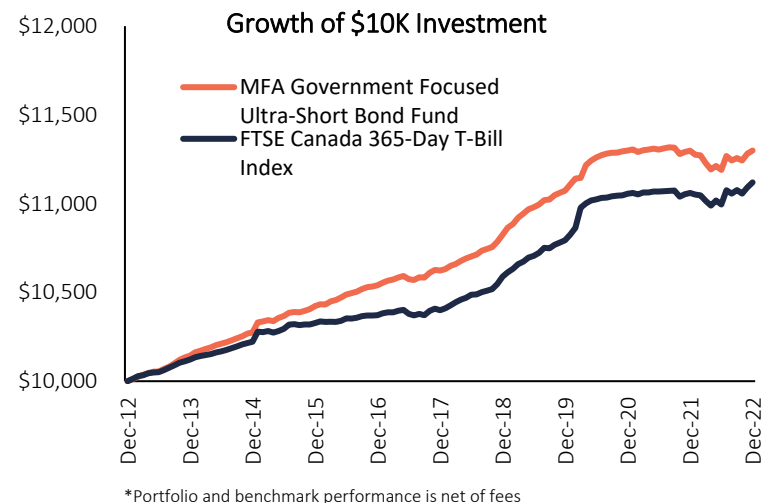
The principal objective of the Government Focused Ultra-short Bond Fund is to provide participating investors with interest income. The Fund aims to achieve moderate capital appreciation by actively managing Fund investments. The Fund will hold assets with maturities no longer than 2 years at the time of purchase.

Over the month, the MFA Government Focused Ultra-Short Bond Fund returned 0.15%, underperforming its benchmark. The fund remains biased towards high-quality provincial and financial corporate bonds given their yield advantage over similar term federal bonds.

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
MFA Government Focused Ultra-Short Bond Fund¹	0.15	0.66	-0.17	-0.17	0.62	1.21	3.15
<i>FTSE Canada 365-Day Treasury Bill Index</i>	<i>0.25</i>	<i>0.79</i>	<i>0.42</i>	<i>0.42</i>	<i>0.87</i>	<i>1.19</i>	<i>2.83</i>
<i>Difference</i>	<i>-0.10</i>	<i>-0.13</i>	<i>-0.59</i>	<i>-0.59</i>	<i>-0.25</i>	<i>0.02</i>	<i>0.32</i>

¹ Total return less than 1 year is not annualized. Portfolio and benchmark performance is net of annualized fee and expenses of 12.5 basis points per annum.

² Government Focused Ultra-Short Bond Fund – May 18, 2020 (previously Intermediate Fund - March 30, 1994)



*Distributions include all interest income and coupon payments earned on investments, and are paid monthly. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

Fund Characteristics	Nov-30	Dec-31
Fund total net assets	\$339,842,893	\$365,356,753
Average term	0.88 years	0.93 years
Current yield	4.52%	4.75%
Modified duration	0.84 years	0.89 years
Number of issues	10	11
Number of issuers	7	7

Top 10 Holdings	% Assets
Ontario 2.6%, Sep 8, 2023	25.07%
British Columbia 3.3%, Dec 18, 2023	13.35%
Canada Housing Trust 2.6%, Dec 15, 2023	12.74%
Ontario 2.9%, Jun 2, 2023	11.15%
Ontario 3.5%, Jun 2, 2024	8.14%
BMO 2.9%, Mar 6, 2024	8.07%
C.I.B.C. 2.4%, Aug 28, 2024	6.95%
RBC 3.3%, Sep 26, 2023	4.63%
Canada Housing Trust 2.4%, Sep 15, 2023	4.61%
TD 2.9%, Mar 8, 2024	3.19%

Issuer Type	Nov-30	Dec-31
Financial	24.92%	24.94%
Non-Financial	0.00%	0.00%
Government*	75.07%	75.07%
Mortgages/MBS	0.00%	0.00%
Pooled fund cash	0.00%	0.00%

*includes federal and provincial government

Rating	Nov-30	Dec-31
AAA/R1H	15.13%	17.36%
AA/R1M	59.95%	57.71%
A/R1L	24.92%	24.94%

MFA Bond Fund

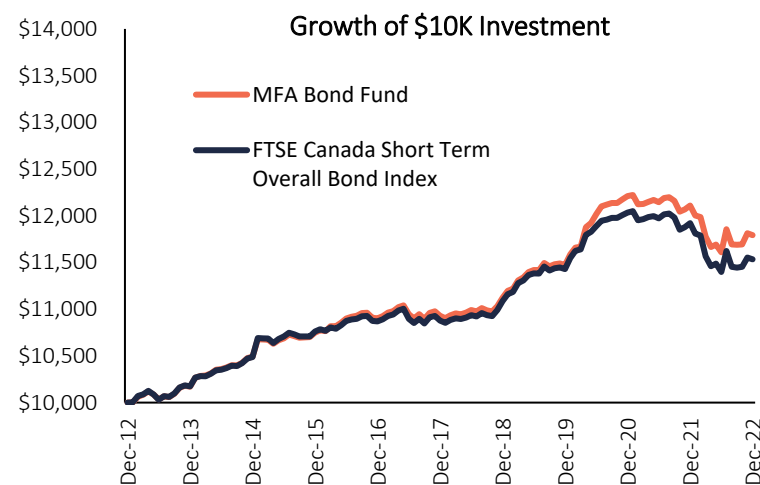
The principal objective of the short-term Bond Fund is to provide participating investors with interest income. The Fund aims to achieve moderate capital appreciation by actively managing Fund investments. The Fund will hold assets with maturities no longer than 7.25 years at the time of purchase. Typically, the fund's duration ranges around 3 years.

The MFA Bond Fund returned -0.18% over the month, performing in-line with its benchmark. The portfolio's short duration relative to the benchmark contributed to relative returns as yields increased, however this was offset by the portfolio's overweight allocation to high-quality credit which detracted from relative returns.

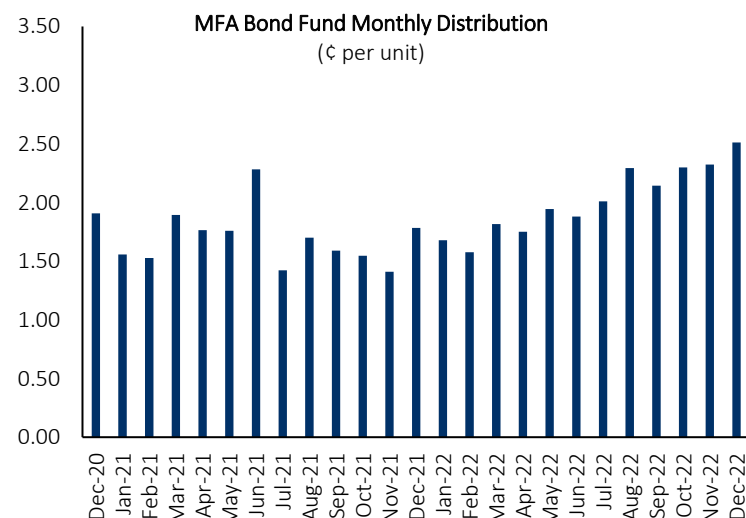
Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
MFA Bond Fund¹	-0.18	0.85	-3.43	-3.43	0.64	1.36	5.30
<i>FTSE Canada Short Term Overall Bond Index</i>	<i>-0.17</i>	<i>0.62</i>	<i>-4.24</i>	<i>-4.24</i>	<i>-0.17</i>	<i>0.81</i>	<i>4.99</i>
<i>Difference</i>	<i>-0.01</i>	<i>0.23</i>	<i>0.81</i>	<i>0.81</i>	<i>0.81</i>	<i>0.55</i>	<i>0.31</i>

¹ Total return less than 1 year is not annualized. Portfolio and benchmark performance is net of annualized fee and expenses of 20 basis points per annum.

² Inception date: May 1, 1989



*Portfolio and benchmark performance is net of fees



*Distributions include all interest income and coupon payments earned on investments, and are paid monthly. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

Fund Characteristics	Nov-30	Dec-31
Fund total net assets	\$764,323,210	\$791,170,796
Average term	2.82 years	2.79 years
Current yield	4.39%	4.58%
Modified duration	2.60 years	2.56 years
Number of issues	147	150
Number of issuers	69	68

Top 10 Holdings	% Assets
Canada 3.0%, Nov 1, 2024	7.03%
Canada 2.8%, Sep 1, 2027	4.69%
Canada Housing Trust 3.6%, Dec 15, 2027	3.87%
Canada Housing Trust 1.0%, Jun 15, 2025	3.34%
Canada 3.8%, Feb 1, 2025	3.17%
Canada Housing Trust 1.6%, Dec 15, 2026	3.04%
Quebec 2.8%, Sep 1, 2027	2.98%
North West Redwater Pnr 3.2%, July 22, 2024	1.95%
Canada Housing Trust 1.3%, Jun 15, 2026	1.91%
A.T. & T. Inc 4.0%, Nov 25, 2025	1.79%

Issuer Type	Nov-30	Dec-31
Financial	13.73%	16.02%
Non-Financial	35.67%	34.68%
Government*	38.40%	36.98%
Mortgages/MBS	1.97%	1.89%
Pooled fund cash	10.23%	10.43%

*Includes federal and provincial government

Rating	Nov-30	Dec-31
Cash & short term	10.23%	10.43%
AAA	32.80%	30.92%
AA	8.63%	9.33%
A	24.52%	26.76%
BBB & below	21.85%	20.67%
Mortgages/MBS	1.97%	1.89%

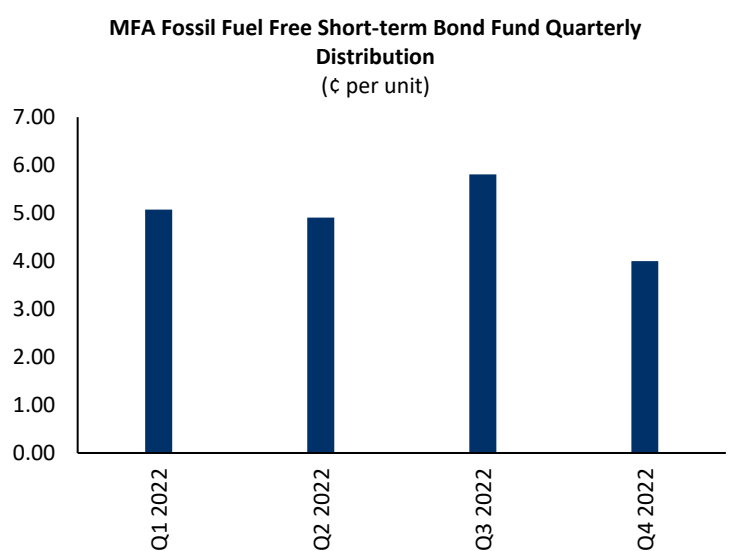
MFA Fossil Fuel Free Short Term Bond Fund

The principal objective of the Fossil Fuel Free Short-Term Bond Fund is to provide participating investors with interest income. The Fund aims to achieve moderate capital appreciation by actively managing Fund investments. The Fund will hold assets with maturities no longer than 7.25 years at the time of purchase. The Fund shall not invest in securities of Issuers directly involved in the extraction, processing and transportation of coal, oil, or natural gas (“fossil fuels”).

The MFA Fossil Fuel Free Short-Term Bond Fund returned -0.20% over the month, performing in-line with its benchmark. The portfolio’s short duration relative to the benchmark contributed to relative returns as yields increased, however this was offset by the portfolio’s overweight allocation to high-quality credit which detracted from relative returns.

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
MFA Fossil Fuel Free Short-term Bond Fund	-0.20	0.79	-3.59	-3.59	-	-	-0.75
<i>FTSE Canada Short Term Overall Bond Index</i>	<i>-0.17</i>	<i>0.62</i>	<i>-4.24</i>	<i>-4.24</i>	-	-	<i>-1.34</i>
<i>Difference</i>	<i>-0.03</i>	<i>0.17</i>	<i>0.65</i>	<i>0.65</i>	-	-	<i>0.59</i>

¹Total return less than 1 year is not annualized. Portfolio and benchmark performance is net of annualized fee and expenses of 20 basis points per annum. ²Inception date: May 5, 2020



*Distributions include all interest income and coupon payments earned on investments, and are paid quarterly. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

Fund Characteristics	Nov-30	Dec-31
Fund total net assets*	\$169,639,130	\$199,164,302
Average term	2.83 years	2.79 years
Current yield	4.32%	4.52%
Modified duration	2.62 years	2.56 years
Number of issues	92	99
Number of issuers	40	41

*MFA owns units of the RBC Vision Fossil Fuel Free Short-term Bond Fund (total size \$311,146,170)

Top 10 Holdings	% Assets
Canada 3.8%, Feb 01, 2025	5.68%
Canada 2.8%, Sep 1, 2027	5.25%
Canada 3.0%, Nov 1, 2024	4.06%
Quebec 2.8%, Sep 1, 2027	3.53%
Canada Housing Trust 1.0%, Jun 15, 2025	3.48%
Canada Housing Trust 3.6%, Dec 15, 2027	2.98%
Canada Housing Trust 1.6%, Dec 15, 2026	2.80%
BMO 2.3% Jun 15, 2026	2.34%
Canada Housing Trust 1.3%, Jun 15, 2026	2.22%
BCI Quadreal Realty 1.7%, March 3, 2025	2.14%

Issuer Type	Nov-30	Dec-31
Financial	18.57%	18.43%
Non-Financial	30.54%	31.73%
Government*	38.70%	35.80%
Mortgages/MBS	1.91%	1.54%
Pooled fund cash	10.28%	12.50%

*includes federal and provincial government

Rating	Nov-30	Dec-31
Cash & short term	10.28%	12.50%
AAA	33.17%	28.53%
AA	11.28%	12.44%
A	27.54%	28.09%
BBB & below	15.83%	16.89%
Mortgages/MBS	1.91%	1.54%

MFA Mortgage Fund

The principal objective of the Mortgage Fund is to provide participating investors with interest income, and diversification benefits by capitalizing on the illiquidity premium offered by the Canadian commercial mortgage markets. The Fund shall indirectly invest primarily in first mortgages on income producing commercial properties in Canada with an average term of 2 to 5 years.

The MFA Mortgage Fund returned -0.49% over the month, underperforming its benchmark. The portfolio's longer duration relative to its benchmark detracted from value added as yields increased. This more than offset the impact of commercial mortgage spreads tightening 4 bps during the month. Commercial mortgage spreads ended the month at a spread of 208 basis points over similar-term Government of Canada bonds.

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
MFA Mortgage Fund¹	-0.49	0.07	-5.36	-5.36	-	-	0.00
<i>FTSE Canada Short Term Overall Bond Index</i>	-0.17	0.61	-4.29	-4.29	-	-	-0.51
<i>Difference</i>	-0.32	-0.54	-1.07	-1.07	-	-	-0.51

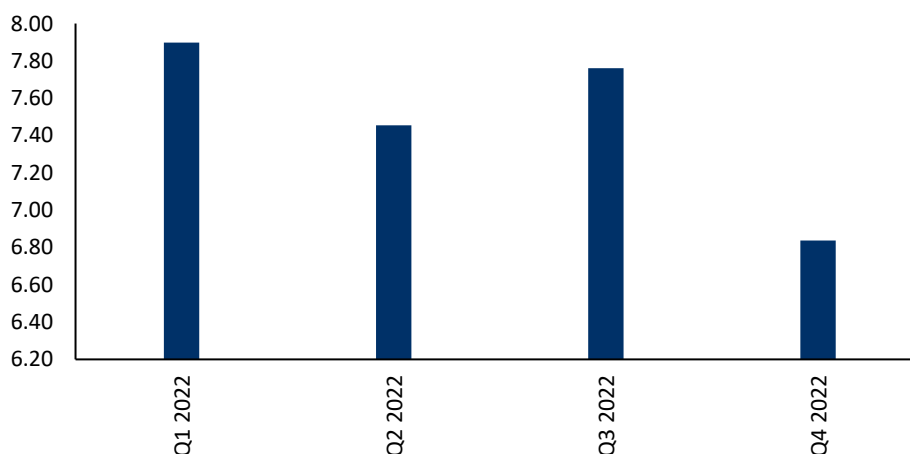
¹ Total return less than 1 year is not annualized. Portfolio and benchmark performance is net of annualized fee and expenses of 25 basis points per annum.

² Inception date: January 29, 2020

Fund Characteristics	Nov-30	Dec-31
Fund total net assets*	\$253,588,598	\$252,408,673
Weight average spread	212 bps over similar term GoC bonds	208 bps over similar term GoC bonds
Weighted average amortization	21.8 years	21.8 years
Average term-to-maturity	4.1 years	4.0 years
Current yield	5.61%	5.86%
Weighted average duration	3.2 years	3.1 years
Weighted loan-to-value	52%	52%
Weighted average cash flow coverage	1.7x	1.6x
Number of mortgages	510	494
Largest mortgage	2.3%	2.3%
Marketable securities & cash	7.7%	9.1%

*MFA owns units of the PH&N Mortgage Pension Trust (total size \$4,948,395,983)

MFA Mortgage Fund Quarterly Distribution
(¢ per unit)



*Distributions include all interest income and coupon payments earned on investments, and are paid quarterly. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

MFA DMAC Fund

The primary purpose of the DMAC Fund is to invest capital over the long-term to grow at a rate that exceeds inflation, while minimizing risk through asset class selection and diversification. The fund shall be broadly diversified among Fixed Income, Equities and Alternatives. The fund aims to provide risk-adjusted real returns of 3.5% over the long-term.

Over the month, the MFA DMAC fund returned -1.80%, outperforming its benchmark. The RBC QUBE Low Volatility Global Equity Fund and RBC QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund were the top contributors to relative performance over the month as market volatility returned in December, with global indices down over the month. The low volatility strategies performed as expected in this environment, protecting capital and outperforming broad markets due to their emphasis on the highest quality and most stable areas of the market. No strategies materially underperformed their benchmarks during the month.

Please note that the fund is currently in transition while we build up the fund's sector allocations to the target asset mix. As such, relative performance at the headline DMAC fund level is not as indicative of manager skill during this interim period.

Fund Characteristics	Nov-30	Dec-31
Fund total net assets	\$408,870,541	\$408,587,173

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
MFA DMAC Fund¹	-1.80	5.67	-	-	-	-	-5.75
<i>MFA DMAC Fund Custom Benchmark³</i>	-2.49	5.26	-	-	-	-	-5.22
<i>Difference</i>	+0.69	+0.41	-	-	-	-	-0.53
MFA DMAC Fund¹	-1.80	5.67	-	-	-	-	-5.75
<i>Canadian CPI (Non-Seasonally Adjusted) 1-month lag + 3.5%⁴</i>	0.37	1.64	-	-	-	-	9.81
<i>Difference</i>	-2.17	+4.03	-	-	-	-	-15.56

¹ Total return less than 1 year is not annualized. Portfolio and benchmark performance is net of annualized fee and expenses of 33 basis points per annum.

² Inception date: January 19, 2022

³ MFA DMAC Fund Custom Benchmark: 2% FTSE Canada 30 Day T-Bill Index, 15% FTSE Canada Short Term Overall Bond Index, 16% FTSE Canada 91 Day T-Bill Index, 17% S&P/TSX Capped Composite Total Return Index, 35% MSCI World Total Return Net Index (CAD), 12% MSCI Emerging Markets Total Return Net Index, 3% Canadian CPI (Non-Seasonally Adjusted) 1-month lag.

⁴ MFA DMAC Fund secondary benchmark

Asset Mix	Midpoint Target Allocation ¹	Nov-30	Dec-31
Alternative Investments	15%	6.6%	6.7%
RBC Canadian Core Real Estate Fund	5%	5.3%	5.3%
High Yield Mortgages	5%	1.3%	1.4%
Infrastructure	5%	0.0%	0.0%
Equity Investments	60%	64.7%	64.1%
Emerging Market Equity	10%	11.1%	10.9%
Global Equities (low volatility)	11%	12.9%	12.8%
Canadian Equities	10%	10.9%	10.4%
Global Equities	24%	23.0%	23.3%
Canadian Equities (low volatility)	5%	6.8%	6.6%
Fixed Income Investments	25%	28.7%	29.3%
Canadian Bonds	15%	14.1%	14.7%
Global Bonds	10%	14.6%	14.6%
Cash	0%	0.0%	0.0%

¹The Fund Manager is authorized to tactically allocate a strategy's total portfolio weight within approved ranges, generally about +/- 5% - these target portfolio weights represent the mid-point of approved ranges

MFA DMAC Fund – Underlying Fund Gross of Fee Returns¹

As of December 31, 2022

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
PH&N Short Core Plus Bond Fund	-0.13	1.14	-	-	-	-	-2.62
<i>FTSE Canada Short Term Overall Bond Index</i>	-0.15	0.67	-	-	-	-	-3.11
<i>Difference</i>	+0.02	+0.47	-	-	-	-	+0.49
BlueBay Total Return Credit Fund	0.59	5.39	-	-	-	-	-8.19
<i>FTSE Canada 91 Day T-Bill Index</i>	0.34	1.00	-	-	-	-	1.86
<i>Difference</i>	+0.25	+4.39	-	-	-	-	-10.05
PH&N Canadian Equity Fund	-4.69	5.96	-	-	-	-	-5.34
<i>S&P/TSX Capped Composite Total Return Index</i>	-4.90	5.96	-	-	-	-	-5.83
<i>Difference</i>	+0.21	0.00	-	-	-	-	+0.49
RBC QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund	-2.77	5.32	-	-	-	-	-1.62
<i>S&P/TSX Capped Composite Total Return Index</i>	-4.90	5.96	-	-	-	-	-5.83
<i>Difference</i>	+2.13	-0.64	-	-	-	-	+4.21
RBC Vision Fossil Fuel Free Global Equity Fund	-3.67	6.50	-	-	-	-	-11.67
<i>MSCI World Total Return Net Index (CAD)</i>	-4.30	8.24	-	-	-	-	-7.60
<i>Difference</i>	+0.63	-1.74	-	-	-	-	-4.07
RBC QUBE Low Volatility Global Equity Fund	-1.03	8.95	-	-	-	-	2.10
<i>MSCI World Total Return Net Index (CAD)</i>	-4.30	8.24	-	-	-	-	-7.60
<i>Difference</i>	+3.27	+0.71	-	-	-	-	+9.70
RBC Vision Fossil Fuel Free Emerging Markets Equity Fund	-1.56	10.79	-	-	-	-	-9.23
<i>MSCI Emerging Markets Total Return Net Index (CAD)</i>	-1.46	8.18	-	-	-	-	-14.05
<i>Difference</i>	-0.10	+2.61	-	-	-	-	+4.82
PH&N High Yield Mortgage Fund	0.35	1.41	-	-	-	-	3.83
<i>FTSE Canada Short Term Overall Bond Index</i>	-0.15	0.67	-	-	-	-	-0.93
<i>Difference</i>	+0.50	+0.74	-	-	-	-	+4.76
RBC Canadian Core Real Estate Fund	0.42	1.39	-	-	-	-	12.47
<i>Canadian CPI (Non-Seasonally Adjusted) 1-month lag + 4%</i>	0.45	1.86	-	-	-	-	10.58
<i>Difference</i>	-0.03	-0.47	-	-	-	-	+1.89

¹ Total return less than one year is not annualized. Portfolio and benchmark performance is gross of total fees.

²Inception date: DMAC Fund – January 19, 2022. ³Inception date: PH&N High Yield Mortgage Fund – April 1, 2022. ⁴Inception date: RBC Canadian Core Real Estate Fund – January 31, 2022.

Long Term Monitoring

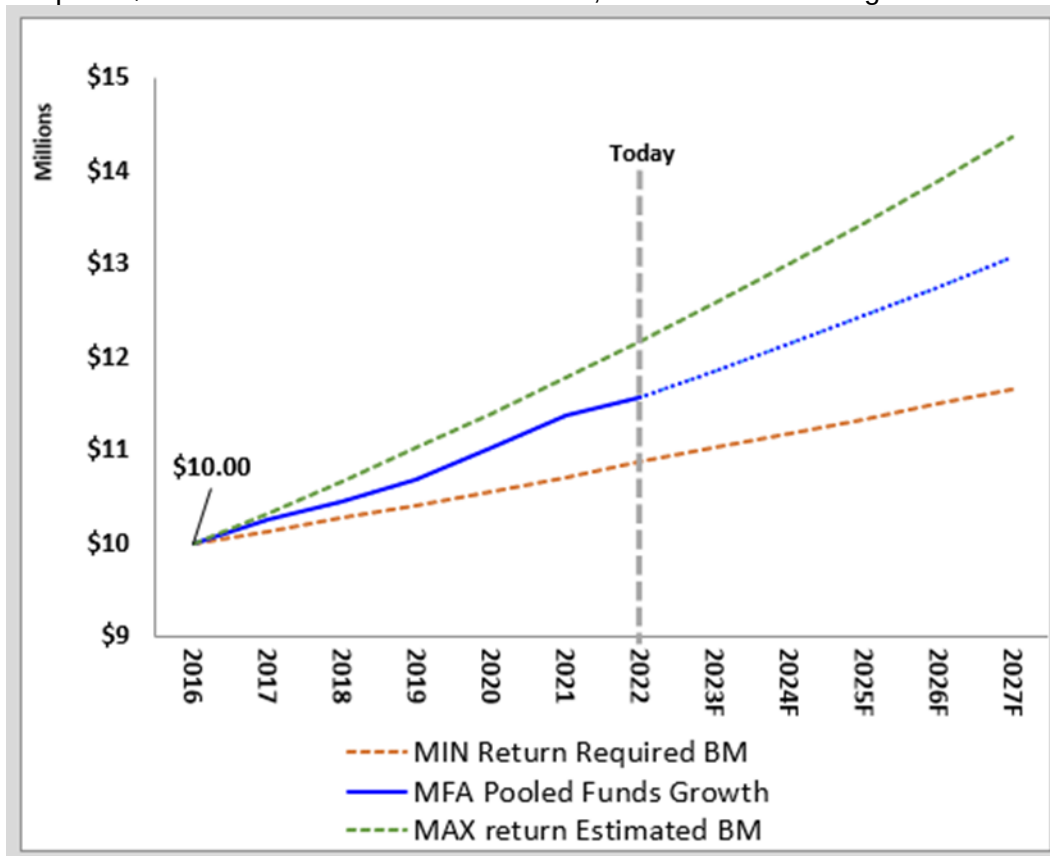
MFA benchmarks each fund to an appropriate benchmark in order to evaluate fund manager performance. The MFA conducts rigorous periodic review of the MFA investment pooled fund performance.

Additionally, CRD treasury staff internally monitor the performance of MFA pooled fund performance over time by comparing historic and forecast performance of MFA pooled funds against a passive long-term benchmark using a rolling average of returns methodology. This methodology reduces the impact of short-term volatility and provides a more realistic picture of long-term investment results.

Actual MFA pooled fund returns are used in the portfolio monitoring and forecasts. Where funds have less than a full 5-year of history, estimated returns are used for performance evaluation at the portfolio level. Rolling GIC data from Statistics Canada are used for the passive long-term minimum benchmark calculations.

Graph 1 shows the actual results when measuring average return on \$10 million initial investment in MFA pooled fund over a long term holding period. The green upper bound is best case return expected and the red is the minimum return required to hold long term investments.

Graph 1: \$10 million Invested in Pooled Fund, actual results in range



**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MARCH 01, 2023**

SUBJECT **Capital Region Housing Corporation Financial Plan Amendment**

ISSUE SUMMARY

To amend the Capital Region Housing Corporation (CRHC) 2023 Financial Plan to fund increases in labour, benefits and furniture costs.

BACKGROUND

The Capital Region Housing Corporation Board approved the 2023 Financial Plan on December 14, 2022. Amendments are required to incorporate changes to the budget when known impacts exceed approval. These amendments occur for material changes in assumptions or estimates; typically for recognition of grants received, capital expenditures and unforeseen or emergency circumstances.

On November 24, 2022, the 2022-2024 Canadian Union of Public Employees (CUPE) Collective Agreement was ratified, which included financial impacts requiring amendments to the plan. In addition to CUPE wage rates, there are exempt wage adjustments that also require revision in alignment with the exempt compensation bylaw. This amendment captures these to the 2023-2027 CRHC Administration and Development Services and Portfolio Operating Budgets.

Additionally, in 2022, an office expansion of CRHC administration occurred to accommodate planned growth, requiring procurement of new furniture and equipment. As these expenditures have now been reconciled and forecasts have been adjusted, 2023 revisions are also included in this amendment, concluding the furniture and equipment costs required to support the current staffing level.

ALTERNATIVES

Alternative 1

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

That the Capital Region Housing Corporation Financial Plan Amendment be approved as attached.

Alternative 2

That this report be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

The CRHC Financial Plan is divided into various operating budgets. Costs in the Administration and Building Portfolio Budgets are funded through tenant rents and operating subsidies from BC Housing. Costs in the Development Services Budget are funded through project management fees from the various capital projects currently underway. Operating deficits are considered to be

one-time in nature and are funded from the corresponding operating reserves. Table 1 shows the impacts of each amendment to each operating budget and the total change from the approved 2023 Operating Budgets.

Table 1: Summary of 2023 CRHC Operating Budget Amendments

Operating Budget	Salary Impact	Furniture Impact	2023 Budget Change \$	Funding Source
Administration	-	-	-	Allocation
Development Services	(23,680)	-	(23,680)	Reserve
UOA	(100,567)	(28,917)	(129,484)	Reserve
NOA	(11,545)	(3,321)	(14,866)	Reserve
ILBC	-	-	Note 1	-
RHFP	(53,470)	(15,566)	(69,036)	Reserve
IHI	(7,615)	(1,971)	(9,586)	Reserve
CHF	-	-	Note 2	Grant
Total	(196,877)	(49,775)	(246,652)	

Note 1: The Independent Living BC (ILBC) Portfolio (Parry Place) is on a fixed five-year budget cycle approved by BC Housing. A consumer price index provision is provided each year which is expected to cover inflationary pressures and cannot be renegotiated in term.

Note 2: The Community Housing Fund (CHF) Portfolio receives an ongoing monthly operating subsidy from BC Housing which is adjusted throughout the year to allow the portfolio to balance to zero.

Acronyms: Umbrella Operating Agreement (UOA), No Operating Agreement (NOA), Regional Housing First Program (RHFP) and Investment in Housing Innovation (IHI).

Each of the operating budgets has its own operating reserve to/from which any planned or unplanned surpluses/deficits flow. The impact of the increased costs is that operating surpluses in 2022 and 2023 will be lower and corresponding contributions to operating reserves will also be lower as summarized in Table 2.

Table 2: Summary of Impacts to Operating Reserves

Operating Reserve	2023 Approved Estimated Ending Balance	2022 Retro Pay Impact	2023 Budget Amendment Impact	2023 Amended Estimated Ending Balance
Corporate	675,851	(66,200)	-	609,651
Development Services	95,843	(6,454)	(23,680)	65,709
UOA	3,529,383	(21,497)	(129,484)	3,378,402
NOA	1,030,280	(2,330)	(14,866)	1,013,084
ILBC	(235,490)	-	-	(235,490)
RHFP	585,646	(9,815)	(69,036)	506,795
IHI	527,052	(1,811)	(9,586)	515,655
CHF	-	-	-	-
Total	6,208,565	(108,107)	(246,652)	5,853,806

CONCLUSION

On November 24, 2022, the 2022-2024 CUPE Collective Agreement was ratified, which included financial impacts requiring amendments to the plan. In addition to CUPE wage rates, there are exempt wage adjustments that also require revision in alignment with the exempt compensation bylaw. Additionally, in 2022, an office expansion of CRHC administration occurred to accommodate planned growth, requiring procurement of new furniture and equipment. As a result, the CRHC Administration and Development Services and Portfolio Operating Budgets require amendment.

RECOMMENDATION

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

That the Capital Region Housing Corporation Operating and Administration Portfolio financial plan amendments be approved as attached.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: 2023 CRHC Amended Administration Budget
Appendix B: 2023 CRHC Amended Umbrella Operating Agreement Budget
Appendix C: 2023 CRHC Amended No Operating Agreement Budget
Appendix D: 2023 CRHC Amended Regional Housing First Program Agreement Budget
Appendix E: 2023 CRHC Amended Investment in Housing Innovation Agreement Budget
Appendix F: 2023 CRHC Amended Community Housing Fund Agreement Budget
Appendix G: 2023 CRHC Amended Development Services Budget

**CAPITAL REGION HOUSING CORPORATION
2023 ADMINISTRATION BUDGET**

APPENDIX A

	2022 Board Amended	2022 Estimated Actuals	2022 Budget \$ Variance	2022 Budget % Variance	2023 CRHC Proposed	2023 Budget \$ Change	2024 Forecast Estimate	2025 Forecast Estimate	2026 Forecast Estimate	2027 Forecast Estimate
REVENUE										
Property Management Fees	2,930,317	2,914,423	(15,894)	-0.5%	3,511,854	(3) 581,537	3,717,081	4,051,191	4,162,590	4,519,546
Interest Income	75,000	75,000	-	0.0%	75,000	-	75,000	75,000	75,000	75,000
TOTAL REVENUE	3,005,317	2,989,423	(15,894)	-0.5%	3,586,854	581,538	3,792,081	4,126,191	4,237,590	4,594,546
EXPENDITURES										
Salaries & Benefits - CRHC Administration Staff	1,984,972	1,703,700	(1) 281,272	14.2%	2,460,590	(4) 475,618	2,645,969	2,887,571	2,974,198	3,234,092
Training (includes related travel costs)	12,000	9,000	3,000	25.0%	12,000	-	12,779	13,810	14,086	15,169
CRD Allocations	834,545	834,545	-	0.0%	856,742	22,196	912,343	985,982	1,005,702	1,082,966
Consultants/Legal/Audit	32,000	41,500	(9,500)	-29.7%	34,600	2,600	36,846	39,819	40,616	43,736
Tenant Engagement Program	20,000	18,500	1,500	7.5%	20,000	-	21,298	23,017	23,477	25,281
Office Operating Costs	91,799	68,660	(2) 23,139	25.2%	92,922	1,123	98,953	106,940	109,078	117,458
Transfer to Equipment Replacement Reserve	10,000	10,000	-	0.0%	10,000	-	10,649	11,509	11,739	12,641
Capital Equipment - new computers/furniture		-	-	N/A		-	-	-	-	-
Capital Purchases - New office equipment	20,000	300,000	(280,000)	-1400.0%	100,000	(5) 80,000	53,245	57,543	58,693	63,203
TOTAL EXPENDITURES	3,005,317	2,985,905	19,411	0.6%	3,586,854	581,537	3,792,081	4,126,191	4,237,590	4,594,546
TOTAL ADMINISTRATION Surplus/(Deficit)	-	3,518	3,518	-	-	-	-	-	-	-
Beginning Balance Corporation Stabilization Reserve		664,933			609,651		609,651	609,651	609,651	609,651
Estimated Surplus/(Deficit)		3,518			-		-	-	-	-
2022 Transfer (to) Development Services		(58,800)								
Ending Balance Corporation Stabilization Reserve		609,651			609,651		609,651	609,651	609,651	609,651
Total number of units in operation across all CRHC portfolios	1,893				1,931		2,016	2,136	2,136	2,255

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

- (1) 2022 Salary variance due to staff vacancies.
- (2) 2022 Office Operating Costs lower than budgeted mainly due to office supplies.
- (3) 2023 Property Management Fees increase due to annualization of 2782 Spencer and one new building in 2023 (Prosser Road.)
- (4) 2023 Salary increase due to 5.0 new FTEs:
 - J15 Property Manager, Maintenance
 - J15 Property Manager, Tenant Engagement
 - J15 Property Manager, Tenant Admin Coordinator
 - J12 Tenant Services Assist
 - J12 Property Assist
- (5) 2023 Equipment purchases include 5 new workstations for the 5 new FTEs.

CAPITAL REGION HOUSING CORPORATION

2023 UMBRELLA AGREEMENT OPERATING BUDGET SUMMARY

- 38 Properties: 1,071 units mixed income family/seniors housing

APPENDIX B

	2022 Board Amended	2022 Estimated Actuals	2022 Budget \$ Variance	2022 Budget % Variance	2023 CRHC Proposed	2023 Budget \$ Change	2024 Forecast Estimate	2025 Forecast Estimate	2026 Forecast Estimate	2027 Forecast Estimate
Revenue										
BCHMC Subsidy	2,705,368	2,712,627	7,259	0.3%	2,668,328	(37,040)	2,423,897	1,938,344	1,776,265	1,536,271
Tenant Rent Contribution	9,965,150	10,232,700	267,550	2.7%	10,306,910	341,760	10,513,048	10,723,309	10,937,775	11,156,531
Misc Revenue - parking and laundry	45,900	56,850 (1)	10,950	23.9%	55,064	9,164	55,615	56,171	56,733	57,300
Total Revenue	12,716,418	13,002,177	285,759	2.2%	13,030,302	313,884	12,992,560	12,717,824	12,770,773	12,750,102
Expenditures										
Audit	17,920	18,826	(906)	-5.1%	19,710	1,790	-	-	-	-
Caretaker	1,246,208	1,149,669	96,539	7.7%	1,337,540	91,333	1,377,667	1,418,997	1,461,567	1,505,414
Garbage	226,136	230,245	(4,109)	-1.8%	304,369 (4)	78,233	310,456	316,666	322,999	329,459
Gas	101,740	131,990 (2)	(30,250)	-29.7%	134,920 (5)	33,180	137,618	140,371	143,178	146,042
Hydro	241,100	238,567	2,533	1.1%	260,530	19,430	265,741	271,055	276,477	282,006
Insurance Premium	781,850	738,297	43,553	5.6%	806,585	24,735	822,717	839,171	855,954	873,073
Insurance Deductible	59,467	41,455 (3)	18,012	30.3%	- (6)	(59,467)	-	-	-	-
Landscape Maintenance	327,356	311,069	16,287	5.0%	333,880	6,524	340,557	347,369	354,316	361,402
Land Lease	63,000	63,000	-	0.0%	63,000	-	63,000	63,000	63,000	63,000
Leblond Strata	19,146	20,942	(1,795)	-9.4%	17,972	(1,174)	18,332	18,698	19,072	19,454
Maintenance	735,979	744,180	(8,201)	-1.1%	839,021 (7)	103,043	855,802	872,918	890,376	908,184
Management Fee	1,663,093	1,663,093	0	0.0%	1,968,239 (8)	305,146	1,974,699	2,031,285	2,087,142	2,146,534
Mortgage Payments	3,907,519	3,899,495	8,024	0.2%	3,858,700	(48,819)	3,579,092	2,883,787	2,660,415	2,387,217
Property Taxes	4,180	4,064	116	2.8%	4,230	50	4,315	4,401	4,489	4,579
Transfer to Replacement Reserve	2,200,000	2,200,000	-	0.0%	2,200,000	0	2,200,000	2,200,000	2,200,000	2,200,000
Water	925,970	968,961	(42,991)	-4.6%	1,033,610 (9)	107,640	1,054,282	1,075,368	1,096,875	1,118,813
Total Expenditures	12,520,664	12,423,854	96,810	0.8%	13,182,306	661,642	13,004,277	12,483,085	12,435,859	12,345,176
Total Umbrella Agreement Surplus/(Deficit)	195,754	578,323	382,570	-	(152,004)	-	(11,717)	234,739	334,913	404,926
Beginning Balance UOA Stabilization Reserve		2,914,641			3,530,406		3,378,402	3,366,685	3,601,424	3,936,338
Operating Surplus/(Deficit)		578,323			(152,004)		(11,717)	234,739	334,913	404,926
Caledonia Operation		37,442			-					
Ending Balance UOA Stabilization Reserve		3,530,406			3,378,402		3,366,685	3,601,424	3,936,338	4,341,264
Number of units in operation in portfolio	1,142				1,071		1,071	1,071	1,071	1,071

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

(1) 2022 Other revenue variance due to increased uptake of paid parking.

(2) 2022 Gas variance due to increased rates and consumption.

(3) 2022 Insurance Deductible variance due to approval to utilize RR for large deductibles.

(4) 2023 Garbage increase due to contract rate increases.

(6) 2023 Insurance deductible removed from operating budget due to approval to uti

(7) 2023 Maintenance budget increase due to contract increases.

(8) 2023 Management Fee set at \$146 per unit per month required to balance Admi

(9) 2023 Water increase due to increased water rates.

CAPITAL REGION HOUSING CORPORATION
2023 NO OPERATING AGREEMENT BUDGET SUMMARY

APPENDIX C

- 5 Properties: 123 units affordable rental housing

	2022 Board Amended	2022 Estimated Actuals	2022 Budget \$ Variance	2022 Budget % Variance	2023 CRHC Proposed	2023 Budget \$ Change	2024 Forecast Estimate	2025 Forecast Estimate	2026 Forecast Estimate	2027 Forecast Estimate
Revenue										
Tenant Rent Contribution	1,677,610	1,662,240	(15,370)	-0.9%	1,678,110	500	1,544,680	1,036,188	1,056,912	1,078,050
Misc Revenue - parking and laundry	5,680	6,140	460	8.1%	6,140	460	5,596	3,717	3,754	3,792
Total Revenue	1,683,290	1,668,380	(14,910)	-0.9%	1,684,250	960	1,550,276	1,039,905	1,060,666	1,081,842
Expenditures										
Audit/Legal	2,060	2,150	(90)	-4.4%	2,260	200	-	-	-	-
Caretaker	136,802	122,828 (1)	13,974	10.2%	153,534 (2)	16,732	142,712	96,671	99,571	102,558
Garbage	24,200	25,338	(1,138)	-4.7%	25,692	1,492	23,649	15,864	16,181	16,505
Landscape Maintenance	42,114	41,045	1,069	2.5%	42,734	620	39,336	26,387	26,915	27,453
Hydro	5,710	5,690	20	0.4%	5,820	110	5,357	3,594	3,666	3,739
Insurance Premium	88,567	87,857	710	0.8%	95,812	7,244	88,193	59,161	60,344	61,551
Insurance Deductible	6,830	-	6,830	100%	0	(6,830)	-	-	-	-
Maintenance	76,185	71,202	4,984	6.5%	80,647	4,462	74,234	49,797	50,793	51,809
Management Fee	190,294	190,294	-	0.0%	226,045 (3)	35,751	204,661	138,454	142,261	146,309
Mortgage Payments	612,996	602,963	10,033	1.6%	641,857	28,861	641,857	520,393	520,393	520,393
Property Taxes	390	375	15	3.8%	390	0	359	241	246	251
Transfer to Replacement Reserve	254,802	254,802	-	-	254,802	-	229,943	151,224	151,224	151,224
Water	117,600	121,110	(3,510)	-3.0%	123,860	6,260	114,012	76,480	78,010	79,570
Total Expenditures	1,558,549	1,525,653	32,896	2.1%	1,653,452	94,903	1,564,313	1,138,266	1,149,603	1,161,362
Total No Agreement Surplus/(Deficit)	124,741	142,727	17,986	14.4%	30,798	(93,943)	(14,037)	(98,360)	(88,937)	(79,520)
Beginning Balance NOA Stabilization Reserve		839,558			982,285		1,013,084	999,048	900,688	811,752
Operating Surplus/(Deficit)		142,727			30,798		(14,037)	(98,360)	(88,937)	(79,520)
End Balance NOA Stabilization Reserve		982,285			1,013,084		999,048	900,688	811,752	732,235
Number of units in operation in portfolio	123				123		111	73	73	73

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

(1) 2022 Caretaker variance due to staff vacancies.

(2) 2023 Caretaker increase due to reallocation across portfolios.

(3) 2023 Management Fee set at \$146 per unit per month required to balance Admin budget.

**CAPITAL REGION HOUSING CORPORATION
2023 RHFP AGREEMENT BUDGET SUMMARY**

- 5 Properties: 585 units mixed income housing

APPENDIX D

	2022 Board Amended	2022 Estimated Actuals	2022 Budget \$ Variance	2022 Budget % Variance	2023 CRHC Proposed	2023 Budget \$ Change	2024 Forecast Estimate	2025 Forecast Estimate	2026 Forecast Estimate	2027 Forecast Estimate
Revenue										
Tenant Rent Contribution	8,314,367	8,079,020	(235,347)	-3%	8,847,795	533,428	9,765,487	10,058,451	10,360,205	12,243,396
Misc Revenue - parking	118,270	162,030	(1) 43,760	37%	166,950	(7) 48,680	183,896	185,735	187,592	224,808
Transfer from capital projects	123,781	-	(123,781)	-	202,312	(8) 78,531				
Total Revenue	8,556,418	8,241,050	(315,368)	-4%	9,217,057	660,639	9,949,383	10,244,186	10,547,797	12,468,204
Expenditures										
Audit/Legal	8,940	9,736	796	9%	9,830	890	11,149	11,595	12,059	14,881
Caretaker	602,683	461,375	(2) (141,308)	-23%	695,515	(7) 92,832	781,283	804,722	828,863	1,012,967
Garbage	52,932	67,628	(3) 14,696	28%	95,752	(7) 42,820	106,515	108,646	110,819	134,118
Gas	106,827	108,680	1,853	2%	120,850	(7) 14,023	134,435	137,123	139,866	169,273
Landscape Maintenance	35,159	33,076	(2,083)	-6%	40,133	4,974	44,644	45,537	46,448	56,213
Hydro	115,050	85,120	(4) (29,930)	-26%	123,486	8,436	137,367	140,114	142,917	172,965
Insurance Premium	400,676	377,719	(22,957)	-6%	447,633	46,957	497,951	507,910	518,069	626,993
Insurance Deductible	29,650	-	(5) (29,650)	-100%	-	(9) (29,650)	-	-	-	-
Maintenance	239,039	249,995	10,956	5%	296,839	(7) 57,801	330,207	336,811	343,547	415,779
Management Fee	842,984	826,154	(16,830)	-2%	1,059,011	(7) 216,026	1,176,338	1,210,047	1,243,321	1,517,204
Mortgage Payments	5,052,889	4,864,010	(188,879)	-4%	5,480,066	427,177	6,178,130	6,178,130	6,178,130	7,478,125
Property Taxes	15,000	-	(15,000)		15,000	-	-	-	-	-
Transfer to Replacement Reserve	472,392	461,376	(11,016)	-2%	506,773	34,381	552,686	552,686	552,686	655,773
Water	233,233	261,163	(6) 27,929	12%	292,544	(7) 59,311	325,429	331,937	338,576	409,762
Total Expenditures	8,207,453	7,806,031	(401,422)	-5%	9,183,431	975,977	10,276,134	10,365,258	10,455,299	12,664,054
Total RHFP Agreement Surplus/(Deficit)	348,964	435,019	86,055	-	33,626	(315,338)	(326,752)	(121,072)	92,498	(195,849)
Beginning Balance RHFP Stabilization Reserve		38,150			473,169		506,795	180,044	58,972	151,470
Operating Surplus/(Deficit)		435,019			33,626		(326,752)	(121,072)	92,498	(195,849)
Transfer from Corporate Stabilization Reserve		-			-		-	-	-	-
Transfer from capital project surpluses (estimate)		-			-		-	-	-	-
End Balance RHFP Stabilization Reserve		473,169			506,795		180,044	58,972	151,470	(44,379)
Number of units in operation in portfolio	534				585		638	638	638	757

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

- (1) 2022 Parking revenue variance due to increased uptake of paid parking.
- (2) 2022 Caretaker variance due to staff vacancies.
- (3) 2022 Garbage variance due to unplanned fees associated with removal.
- (4) 2022 Hydro variance due to full buildings after rent-up. (Tenants pay own hydro.)

- (5) 2022 Insurance Deductible variance due to approval to utilize RR for large dec
- (6) 2022 Water variance due to increased rates and consumption.
- (7) 2023 Various lines increase due to addition of Prosser.
- (8) 2023 Transfer from capital project budget at purchase of Prosser to account for rent-up period.
- (9) 2023 Insurance deductible removed from operating budget due to approval to

CAPITAL REGION HOUSING CORPORATION
2023 IHI AGREEMENT BUDGET SUMMARY - Westview

APPENDIX E

- 1 Property: 73 Mixed Income Housing

	2022 Board Approved	2022 Estimated Actuals	2022 Budget \$ Variance	2022 Budget % Variance	2023 CRHC Proposed	2023 Budget \$ Change	2024 Forecast Estimate	2025 Forecast Estimate	2026 Forecast Estimate	2027 Forecast Estimate
Revenue										
Tenant Rent Contribution	838,720	829,540	(9,180)	-1.1%	836,470	(2,250)	853,199	870,263	887,669	905,422
Misc Revenue - parking	18,790	21,100	2,310	12.3%	21,100	2,310	21,311	21,524	21,739	21,957
Total Revenue	857,510	850,640	(6,870)		857,570	60	874,510	891,787	909,408	927,379
Expenditures										
Audit/Legal	1,220	1,278	(58)	4.8%	1,340	120	1,394	1,449	1,507	1,568
Caretaker	100,942	90,221 (1)	10,722	-10.6%	107,986	7,044	111,226	114,563	117,999	121,539
Garbage	10,268	13,508	(3,241)	31.6%	15,195	4,927	15,499	15,809	16,125	16,448
Gas	10,020	12,810	(2,790)	27.8%	13,070	3,050	13,331	13,598	13,870	14,147
Landscape Maintenance	7,031	7,031	(0)	0.0%	7,547	516	7,698	7,852	8,009	8,169
Hydro	15,000	12,610	2,390	-15.9%	15,300	300	15,606	15,918	16,236	16,561
Insurance Premium	44,658	44,695	(37)	0.1%	49,144	4,486	50,127	51,130	52,152	53,195
Insurance Deductible	4,053	1,080	2,973		0	(4,053)	-	-	-	-
Maintenance	34,220	50,607 (2)	(16,387)	47.9%	41,571	7,351	42,403	43,251	44,116	0
Management Fee	112,939	112,939	(0)	0.0%	134,156 (3)	21,217	134,597	138,454	142,261	146,309
Mortgage Payments	280,401	280,180	221	-0.1%	280,401	0	280,401	280,401	280,401	280,401
Property Taxes	-	-	-		-	0	-	-	-	-
Transfer to Replacement Reserve	63,072	63,072	-	0.0%	63,072	0	63,072	63,072	63,072	63,072
Water	25,630	31,140	(5,510)	21.5%	31,770	6,140	32,405	33,054	33,715	34,389
Total Expenditures	709,454	721,171	(11,717)	1.7%	760,553	51,099	767,759	778,549	789,464	755,799
Total Surplus/(Deficit)	148,056	129,469	(18,587)	-13%	97,017	(51,039)	106,752	113,238	119,944	171,580
Beginning Balance IHI Stabilization Reserve		289,169			418,638		515,655	622,407	735,645	855,589
Operating Surplus/(Deficit)		129,469			97,017		106,752	113,238	119,944	171,580
End Balance IHI Stabilization Reserve		418,638			515,655		622,407	735,645	855,589	1,027,169
Number of units in operation in portfolio	73				73		73	73	73	73

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

- (1) 2022 Caretaker under budget due to staff vacancies.
- (2) 2022 Maintenance variance due to unexpected maintenance costs.
- (3) 2023 Management Fee set at \$146 per unit per month required to balance Admin budget.

CAPITAL REGION HOUSING CORPORATION

2023 CHF AGREEMENT BUDGET SUMMARY

- 1 Property: 58 units - Mixed Income Housing

APPENDIX F

	2022 Board Approved	2022 Estimated Actuals	2022 Budget \$ Variance	2022 Budget % Variance	(1) 2023 CRHC Proposed	2023 Budget % Change	2024 Budget Forecast	2025 Budget Forecast	2026 Budget Forecast	2027 Budget Forecast
Revenue										
Tenant Rent Contribution	18,370	20,440	2,070	11.3%	677,510	0.0%	1,094,384	2,457,946	2,482,526	2,507,351
Misc Revenue - parking	450	1,710	1,260	280.0%	22,470	0.0%	22,695	22,922	23,151	23,382
BC Housing Subsidy	-	-	-	-	647,694	0.0%	1,197,520	1,072,802	1,090,789	1,110,090
Transfer from capital project budget	12,680	4,660	(8,020)	-63.2%	-	0.0%	-	-	-	-
Total Revenue	31,500	26,810	(4,690)	-14.9%	1,347,674	0.0%	2,314,599	3,553,670	3,596,465	3,640,823
Expenditures										
Audit/Legal	-	1,014	(1,014)	-	1,060	0.0%	1,939	5,139	5,345	5,559
Caretaker	9,250	10,670	(1,420)	15.3%	80,865	0.0%	146,478	384,575	396,113	407,996
Garbage	1,250	1,027	223	-17.8%	7,460	0.0%	13,381	34,790	35,486	36,196
Gas	1,667	-	1,667	-100.0%	11,700	0.0%	20,987	54,567	55,659	56,772
Landscape Maintenance	833	1,350	(517)	62.0%	8,989	0.0%	16,124	41,924	42,762	43,617
Hydro	3,333	3,000	333	-10.0%	20,028	0.0%	35,926	93,409	95,277	97,182
Insurance Premium	8,333	8,333	-	0.0%	57,618	0.0%	103,354	268,721	274,096	279,577
Insurance Deductible	-	-	-	-	-	-	-	-	-	-
Maintenance	4,333	2,308	2,025	-46.7%	28,851	0.0%	51,753	134,557	137,248	139,993
Management Fee	-	-	-	-	106,590	0.0%	188,067	493,122	506,682	521,101
Mortgage Payments	-	-	-	-	914,916	0.0%	1,541,990	1,541,990	1,541,990	1,541,990
Property Taxes	-	-	-	-	-	0.0%	-	-	-	-
Transfer to Replacement Reserve	-	-	-	-	56,706	0.0%	99,724	254,199	254,199	254,199
Water	2,500	-	2,500	-100.0%	52,891	0.0%	94,875	246,675	251,608	256,640
Total Expenditures	31,500	27,702	3,798	-12.1%	1,347,674	0.0%	2,314,599	3,553,670	3,596,465	3,640,823
Total Surplus/(Deficit)	-	(892.00)	(892)	0.0%	-	0.0%	-	-	-	-
Number of units in operation in portfolio	n/a				58		102	260	260	260
Beginning Balance CHF Stabilization Reserve		-			(892.00)		(892)	(892)	(892)	(892)
Operating Surplus/(Deficit)		(892.00)			-		-	-	-	-
Ending Balance CHF Stabilization Reserve		(892.00)			(892)		(892)	(892)	(892)	(892)

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

(1) 2022 budget was based on 2 months of operations and 2023 is for a full year.

**CAPITAL REGION HOUSING CORPORATION
2023 DEVELOPMENT SERVICES BUDGET**

APPENDIX G

	2022 Board Approved	2022 Estimated Actuals		2022 Budget \$ Variance	2022 Budget % Variance	2023 CRHC Proposed		2023 Budget \$ Change	2023 Budget % Change
REVENUE									
Project Management Fees	511,000	411,000	(1)	(100,000)	-19.6%	838,851	(4)	327,851	64.2%
Transfer from Corporation Stablization Reserve	58,800	58,800		-	0.0%	-		(58,800)	-100.0%
TOTAL REVENUE	569,800	469,800		(100,000)	-17.6%	838,851		269,051	47.2%
EXPENDITURES									
Salaries & Benefits	484,673	421,644	(2)	63,029	13.0%	664,613	(5)	179,940	37.1%
CRD allocations						55,785	(6)	55,785	100.0%
Travel - local	1,500	500		1,000	66.7%	1,500		-	0.0%
Telephone	3,600	-		3,600	100.0%	3,600		-	0.0%
Miscellaneous	9,700	5,300		4,400	45.4%	12,500		2,800	28.9%
Capital Equipment	8,000	2,000		6,000	75.0%	13,500		5,500	68.8%
Consultants	58,800	12,000	(3)	46,800	79.6%	50,000		(8,800)	-15.0%
TOTAL EXPENDITURES	566,273	441,444		124,829	22.0%	801,498		235,225	41.5%
TOTAL DEVELOPMENT SERVICES Surplus/(Deficit)	3,527	28,356				37,353			
Development Services Stabilization Reserve (7)									
Opening balance		-				28,356			
Estimated surplus/(deficit)		28,356				37,353			
Ending balance		28,356				65,709			

Notes:

- (1) 2022 PM fee variance due to 2 projects deferred/delayed.
- (2) 2022 Salary variance due to vacancies.
- (3) 2022 Consultant expenses delayed to 2023
- (4) 2023 PM fees based on 3 projects underway and 1 that has received preliminary approval.
- (5) 2023 Salary budget includes 1 new FTE which was approved as a 2020 IBC contingent on project approval.
- (6) CRD allocations split from CRHC Administration budget starting in 2023 comprising of:
 - Standard overhead allocation
 - Building occupancy allocation
 - HR allocation

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MARCH 01, 2023**

SUBJECT **Prosser Place Development Mortgage Registration: 7612 East Saanich Road**

ISSUE SUMMARY

British Columbia Housing Management Commission (BCHMC) requires a Resolution of Directors from the Capital Region Housing Corporation (CRHC) Board of Directors to authorize the execution of the mortgage documents for Prosser Place located at 7612 East Saanich Road in Central Saanich.

The *Policy to Determine Delegation of Authority for the CRHC* requires that all documents relating to mortgages valued over \$500,000 be approved by the CRHC Board of Directors.

BACKGROUND

In April 2021, the CRHC Board resolved to authorize the execution and delivery of; *'all documents required by BCHMC or the lender of the monies, including any takeout lender, in such form and containing such terms, covenants, provisions and conditions as are satisfactory to or required by them, including without limitation a lease, Section 219 covenant, mortgage, assignment of rents, security agreement (and any assignments, modifications and assumptions thereto as approved by BCHMC) and affordable housing agreement (if applicable) and operator/operating agreement.'* At that time, the project budget was \$16,981,555 which included \$3,615,000 as grants and \$3,250,000 as a forgivable mortgage.

In October 2022, the Capital Regional District (CRD) Board approved the Regional Housing First Program (RHFP) contribution to increase the grant amount from \$3,000,000 to \$4,000,000. The additional equity was used to address the unanticipated construction cost escalations resulting from supply chain challenges related to various building components and alterations to the design and schedule to accommodate changes in the shoring systems that resulted from a rescinded encroachment agreement with the neighbouring property. Additionally, BCHMC received approval to increase the forgivable mortgage contribution from \$3,250,000 to \$4,186,013.

In December 2022, the Major Capital Plan (2023-2027) outlined the revised project budget of \$18,928,091, including \$9,501,013 in equity contributions. On the closing date, the CRHC will lease the property from CRD at a value of \$13,613,091, which includes \$9,427,078 as a repayable mortgage and \$4,186,013 as a forgivable mortgage.

As is usual, the CRHC Board approved the general form of resolution, expecting BCHMC to make minor amendments to its form, prior to closing. Now that the project is in the final stages, the resolution has been finalized for civic address, legal address and PID on conclusion of the subdivision from the parent parcel, and final borrowing amounts as approved by the CRHC Board in December 2022.

ALTERNATIVES

Alternative 1

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

- 1) That the resolutions, attached as Appendix A and Appendix B and required by British Columbia Housing Management Commission to authorize the execution of the Section 219 Covenants and the loan and mortgage documents for 7612 East Saanich Road be approved;
- 2) That the Chief Administrative Officer be authorized to do all things necessary to affect the project and take such steps as are required to conclude the financing and purchase of the Prosser Place development project located at 7612 East Saanich Road.

Alternative 2

That the Prosser Place Development Mortgage Registration: 7612 East Saanich Road report be referred to staff for additional information based on Hospital and Housing Committee direction.

IMPLICATIONS

Financial Implications

The approved project budget is \$18,928,091, which includes \$9,501,013 in equity. Equity consists of grant funding from the RHFP, Regional Housing Trust Fund (RHTF), interest accrued from the Rapid Housing Initiative (RHI) fund and forgivable mortgages through Investment in Housing Initiative (IHI) and Deepening Affordability (DA). The CRHC will take on mortgage debt of \$9,427,078.

Table 1 – Prosser Place Equity Summary

RHFP	\$ 4,000,000
RHTF	\$ 615,000
IHI	\$ 3,750,000
DA	\$ 436,013
RHI Interest	\$ 700,000
Mortgage	\$ 9,427,078
Total Project Budget	\$ 18,928,091

Short-term financing and take-out financing must be secured to advance the purchase of Prosser Place. At closing, in April 2023, the repayable mortgage will be provided initially as short-term financing through BCHMC Community Partnership Initiative (CPI) Financing Program. Short-term financing will be subject to interest payments at a variable rate. The repayable mortgage will be up to a maximum amount of \$9,427,078, depending on the interest accrued until the interest adjustment date (IAD). The IAD should take place within three months following the final advancement of the principal amount. On the IAD, the loan and interest owed will convert to a fixed rate take-out mortgage, which is estimated to be in place by July 1, 2023. BCHMC will undertake a competitive procurement process to place the debt with a lender. Once a lender has been secured, the mortgage documents will be modified to reflect the take-out lender, fixed interest rate, term, and take-out mortgage amount, as applicable.

In October 2022, BCHMC approved this project with an estimated fixed interest rate of 4.57% however, the actual rate may change depending on the market conditions at the time of take-out financing. The Bank of Canada interest rate decisions between October 2022 and the IAD may affect the actual rate compared to BCHMC's interest rate projection. For reference, 2782 Spencer secured take-out financing at a rate of 3.71% for January 1, 2023.

The CRHC will pay BCHMC a non-refundable commitment fee of 1% of the loan amount and the Canadian Mortgage and Housing Corporation loan insurance fee of \$75 per residential unit, totalling \$3,825. These financing costs are accounted for in the approved project budget.

CONCLUSION

The CRHC must secure short-term and take-out financing to complete the purchase of the Prosser Place development project. BCHMC will provide short-term financing until the IAD at which time the short-term financing will convert to a take-out mortgage through a competitive procurement process. BCHMC requires a Resolution of Directors from the CRHC Board of Directors to authorize the execution of the mortgage documents for Prosser Place.

RECOMMENDATION

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

- 1) That the resolutions, attached as Appendix A and Appendix B and required by British Columbia Housing Management Commission to authorize the execution of the Section 219 Covenants and the loan and mortgage documents for 7612 East Saanich Road be approved;
- 2) That the Chief Administrative Officer be authorized to do all things necessary to affect the project and take such steps as are required to conclude the financing and purchase of the Prosser Place development project located at 7612 East Saanich Road.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS:

Appendix A: Draft Certified Copy of Resolution of Directors – Repayable Loan

Appendix B: Draft Certified Copy of Resolution of Directors – Forgivable Loan

CAPITAL REGION HOUSING CORPORATION
(the "Borrower")

CERTIFIED COPY OF
RESOLUTION OF DIRECTORS

"WHEREAS the Borrower has leased or will be leasing the property at 7612 EAST SAANICH ROAD, SAANICHTON, BC legally described as:

PID: 031-883-486; Lot 1, Section 7, Range 2 East, South Saanich District, Plan EPP108784
(the "Property")

and will be operating a housing project on the Property (the "Project") under the under the British Columbia Housing Management Commission ("BCHMC") Investment in Housing Innovation Program; and

WHEREAS the Borrower needs to borrow money in order to facilitate the leasing of the Property;

BE IT RESOLVED THAT:

1. The Borrower borrow up to a maximum amount of \$9,427,078.00, or such other amount as may be approved by the directors, by way of a repayable loan secured by a mortgage, as required to facilitate the leasing of the Property 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 lease, Section 219 covenant, mortgage, assignment of rents, security agreement (and any assignments, modifications and assumptions thereto as approved by BCHMC) and affordable housing agreement (if applicable) and operator/operating agreement; and
3. Edward Robbins, Chief Administrative Officer, and Nelson Chan, Chief Financial Officer, or their duly authorized delegates, or one or more officers or directors of the Borrower, 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 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 _____, 20___ (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 , 2023.

Witness

(Corporate Officer)

CAPITAL REGION HOUSING CORPORATION
(the "Borrower")

CERTIFIED COPY OF
RESOLUTION OF DIRECTORS

"WHEREAS the Borrower has leased or will be leasing the property at 7612 EAST SAANICH RD, SAANICHTON, BC legally described as:

PID: 031-883-486; Lot 1, Section 7, Range 2 East, South Saanich District, Plan EPP108784 (the "Property")

and will be operating a housing project on the Property (the "Project") under the British Columbia Housing Management Commission ("BCHMC") Investment in Housing Innovation Program and Deepening Affordability Fund Program; and

WHEREAS the Borrower needs to borrow money in order to facilitate the leasing of the Property;

BE IT RESOLVED THAT:

1. The Borrower borrow up to a maximum amount of \$4,186,013.00, or such other amount as may be approved by the directors, by way of a forgivable loan secured by a mortgage as required to facilitate the leasing of the Property 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 lease, Section 219 covenant, mortgage, assignment of project agreements, (and any assignments, modifications and assumptions thereto as approved by BCHMC) and affordable housing agreement (if applicable) and operator/operating agreement; and
3. Edward Robbins, Chief Administrative Officer, and Nelson Chan, Chief Financial Officer, or their duly authorized delegates, or one or more officers or directors of the Borrower, 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 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 _____, 20___ (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 , 2023.

Witness

(Corporate Officer)