



## Notice of Meeting and Meeting Agenda Capital Region Housing Corporation Board

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Wednesday, March 12, 2025

12:00 PM

6th Floor Boardroom  
625 Fisgard Street  
Victoria, BC

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

### 1. TERRITORIAL ACKNOWLEDGEMENT

### 2. APPROVAL OF THE AGENDA

### 3. ADOPTION OF MINUTES

#### 3.1. [25-0239](#) Minutes of the January 8, 2025 Capital Region Housing Corporation Board Meeting

**Recommendation:** That the minutes of the Capital Region Housing Corporation Board meeting of January 8, 2025 be adopted as circulated.

**Attachments:** [Minutes - January 8, 2025](#)

### 4. REPORT OF THE CHAIR

### 5. PRESENTATIONS/DELEGATIONS

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

*Delegations will have the option to participate electronically. Please complete the online application at [www.crd.bc.ca/address](http://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](mailto:crdboard@crd.bc.ca).*

### 6. CONSENT AGENDA

#### 6.1. [25-0061](#) 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 Holdings Update](#)

[Appendix A: Investment Policy](#)

[Appendix B: Market Analysis](#)

[Appendix C: Investment Holdings & Performance](#)

**6.2.**      [25-0201](#)      Castanea Place Mortgage Renewal

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

1. That the Resolution, Pre-Renewal Checklist and Commitment to Lend required by BC Housing Management Commission to renew the mortgage for Castanea Place through the Canada Mortgage and Housing Corporation Direct Lending Program for a term of 4 years and 8 months be approved; and
2. That Edward Robbins, Chief Administrative Officer, or Nelson Chan, Chief Financial Officer, or their duly authorized delegates, together or with any one officer or director of the Borrower for and on behalf of the Borrower be authorized to sign any documents related to the mortgage renewal.

**Attachments:**      [Staff Report: Castanea Place Mortgage Renewal](#)  
                                 [Appendix A: Resolution of Directors](#)  
                                 [Appendix B: Pre-Renewal Checklist for Sponsor Groups](#)  
                                 [Appendix C: Commitment to Lend](#)

**7. ADMINISTRATION REPORTS**

**8. REPORTS OF COMMITTEES**

**9. NOTICE(S) OF MOTION**

**10. NEW BUSINESS**

**11. MOTION TO CLOSE THE MEETING**

**11.1.**      [25-0238](#)      Motion to Close the Meeting

**Recommendation:** 1. That the meeting be closed for Land Acquisition in accordance with Section 90(1)(e) of the Community Charter. [1 item]  
2. That such disclosures could reasonably be expected to harm the interests of the Regional District. [1 item]

**12. RISE AND REPORT**

**13. ADJOURNMENT**

## Meeting Minutes

### Capital Region Housing Corporation Board

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Wednesday, January 8, 2025

12:00 PM

6th Floor Boardroom  
625 Fisgard Street  
Victoria, BC

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#### PRESENT

DIRECTORS: Z. de Vries (Chair), J. Caradonna (Vice Chair), P. Brent, S. Brice, J. Brownoff, C. Coleman, B. Desjardins, S. Goodmanson, C. Harder, G. Holman, P. Jones, S. Kim (for M. Alto) (EP), D. Kobayashi, M. Little, C. McNeil-Smith, K. Murdoch, D. Murdock (12:21 pm), C. Plant (EP), M. Tait (EP), D. Thompson, S. Tobias, A. Wickheim, K. Williams, R. Windsor (EP)

STAFF: T. Robbins, Chief Administrative Officer; N. Chan, Chief Financial Officer; A. Fraser, General Manager, Integrated Water Services; G. Harris, Acting General Manager, Parks, Recreation & Environmental Services; K. Lorette, General Manager, Planning and Protective Services; K. Morley, General Manager, Corporate Services; S. Henderson, Senior Manager Real Estate and SGI Administration; M. Lagoa, Deputy Corporate Officer; S. Orr, Senior Committee Clerk (Recorder)

EP - Electronic Participation

Guest: L. Lee, Lead Audit Engagement Partner, KPMG

Regrets: Director M. Alto

The meeting was called to order at 12:06 pm.

#### 1. TERRITORIAL ACKNOWLEDGEMENT

Director Little provided a Territorial Acknowledgement.

#### 2. APPROVAL OF THE AGENDA

**MOVED** by Director Thompson, **SECONDED** by Director Murdoch,  
That the agenda for the January 8, 2025 Session of the Capital Region Housing Corporation Board be approved.  
**CARRIED**

#### 3. ADOPTION OF MINUTES

- 3.1. [24-1366](#) Minutes of the December 11, 2024 Capital Region Housing Corporation Board Meeting

**MOVED** by Director McNeil-Smith, **SECONDED** by Director Coleman,  
That the minutes of the Capital Region Housing Corporation Board meeting of December 11, 2024 be adopted as circulated  
**CARRIED**

#### 4. REPORT OF THE CHAIR

Before wishing you all a happy New Year, I want to acknowledge that a fire occurred on December 29, 2024 at a CRHC apartment complex, the Heathers, at 3169 Tillicum Road. The fire tragically resulted in the loss of life of one tenant. At this time, I want to express our deepest condolences to the family and friends of this individual. Our thoughts are also with everyone who's been affected by this tragedy, including the tenants who have been displaced and staff who were impacted by this event. We are incredibly grateful for the first responders from the Saanich Fire Department who acted swiftly to contain the fire and ensure the safety of others. I look forward to being able to recall the more positive elements of 2024, of which there are many. I look forward to working with you all as we undertake work in 2025 to advance the Board's priority of increasing the supply of affordable, inclusive, and adequate housing within the region. Happy New Year to directors and staff and let's get on with our proceedings today.

#### 5. PRESENTATIONS/DELEGATIONS

##### 5.1. Presentations

- 5.1.1. [24-1365](#) Presentation: CRHC 2024 Audit Planning, Lenora Lee, Lead Audit Engagement Partner, KPMG (Verbal)

L. Lee presented the 2024 Audit Planning Presentation.

Discussion ensued regarding the valuation and impact of amortizations on assets.

Director Murdoch joined the meeting in person at 12:21 pm.

##### 5.2. Delegations

There were no delegations.

#### 6. CONSENT AGENDA

**MOVED** by Director Murdoch, **SECONDED** by Director Harder,  
That consent agenda item 6.1.be approved.  
**CARRIED**

- 6.1. [24-1293](#) Capital Region Housing Corporation 2024 Audit Planning Discussion

That the Capital Region Housing Corporation 2024 Audit Plan developed by KPMG be approved.  
**CARRIED**

#### 7. ADMINISTRATION REPORTS

There were no Administration Reports.

## 8. REPORTS OF COMMITTEES

There were no Reports of Committees.

## 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 Kobayashi, **SECONDED** by Director Tobias,  
That the January 8, 2025 Capital Region Housing Corporation Board meeting be  
adjourned at 12:22 pm.  
**CARRIED**

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CHAIR

CERTIFIED CORRECT:

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CORPORATE OFFICER

**REPORT TO HOSPITALS AND HOUSING COMMITTEE  
MEETING OF WEDNESDAY, MARCH 05, 2025**

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

**ISSUE SUMMARY**

To provide an annual update on the Capital Region Housing Corporation (CRHC) investments held and performance for the period ended December 31, 2024.

**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 (Appendix A). 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 2024 have been made in alignment with the Board approved Investment Policy. 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, 2024, the CRHC investment portfolio totaled \$17.6 million, as outlined in Table 1. This decrease in long-term holdings was a result of the decision to prioritize liquidity, driven by the requirements of the capital plan.

**Table 1: CRHC Investment Holdings – as of December 31, 2024**

Investments	Balance (\$millions)	% Share
Investments Short-Term (less than 2 years)	8.1	46.1%
Investments Long-Term (more than 2 years)	9.5	53.9%
<b>Total Investments:</b>	<b>\$17.6</b>	<b>100.0%</b>

As shown in Table 1, the CRHC investment portfolio as of December 31, 2024, was allocated 46.1% to short-term investments and 53.9% to long-term investments. Investments with maturities greater than two years are classified as long-term.

## Performance

The total effective return on investments during 2024 was \$0.7 Million or 5.2%, driven by higher interest rates in 2024 impacting returns on the MFA Bond Fund and GICs.

Table 2 below shows the three-year trend on investment income.

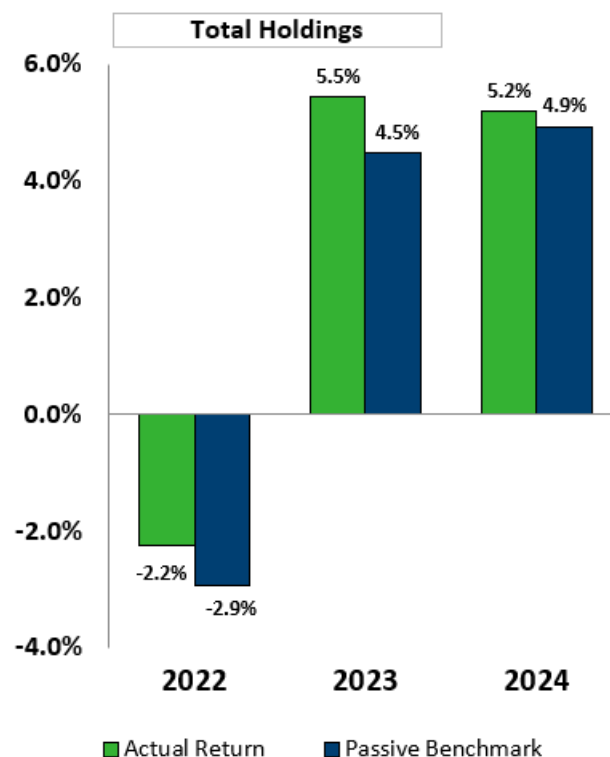
**Table 2: CRHC Investment Income Three-Year Trend (\$ Millions)**

	2022		2023		2024	
Passive Benchmark	-2.9%	-\$0.3	4.5%	\$0.6	4.9%	\$0.6
Active Management	0.7%	\$0.1	1.0%	\$0.1	0.3%	\$0.1
<b>Total</b>	<b>-2.2%</b>	<b>-\$0.2</b>	<b>5.5%</b>	<b>\$0.7</b>	<b>5.2%</b>	<b>\$0.7</b>

The passive benchmark approach, which reflects investment returns without active management, underwent a methodology update effective 2024. Previously, the passive income benchmark was calculated using an average of bank deposit rates through the year, weighted by cash flow timing. The new approach calculates the benchmark using weighted average holdings across investment categories (GICs, HISAs and MFA pooled funds). This adjustment ensures a more accurate representation of portfolio holdings, accounting for differences in passive investment returns based on their respective category. Table 2 above reflects this updated approach.

Graph 1 provides a summary report on investment returns in 2024.

**Graph 1: CRHC Investment Results - 2024:**



In 2024, the Bank of Canada lowered the overnight interest rate five times from elevated historic levels. Additional information can be found in Appendix B.

In 2024, monthly expenditures for operating, capital and financing activities averaged \$6 million. Notable capital projects during this period included the Michigan, Caledonia and Carey Lane construction projects.

Strong cash flow forecasting and an active investment management strategy led to the rebalancing of the portfolio throughout the year to manage performance. Further details regarding investment holdings and performance can be found in Appendix C.

### **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, 2024.

### **RECOMMENDATION**

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

Submitted by:	Andrew Hoge, CFA, CPA, CGA, Mgr., Corporate Finance & Treasury
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

### **ATTACHMENTS**

Appendix A: Investment Policy  
Appendix B: Market Analysis  
Appendix C: Investment Holdings and Performance





## 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**

<b>Review Date</b>	<b>Description:</b>
March 2026, unless legislative change or new MFA finance product	To ensure ongoing relevance, this policy shall be reviewed the earlier of: <ol style="list-style-type: none"><li>1. If a change in the relevant legislation governing the investment activities of local governments occurs;</li><li>2. If the Municipal Finance Authority of British Columbia establishes a new pooled fund investment product; or</li><li>3. Every five calendar years.</li></ol>

**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
<b><u>Short-Term (&lt; 2 year holding period)</u></b>		
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%
<b><u>Long-Term (&gt; 2 year holding period)</u></b>		
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 2024 economic landscape in Canada saw a shift towards lower interest rates after an extended period of monetary tightening. Interest rates, which began the year at elevated levels, started to decline after April 2024 as inflationary pressures eased.

The Bank of Canada cut its overnight policy rate five times throughout the year, bringing it down from 5.0% in January to 3.25% by December. These rate cuts were in response to significant declines in inflation, which approached the Bank's 2% target by year-end. With inflation nearing the Bank of Canada's target, future rate cuts will be considered on a case-by-case basis.

Table 1 below presents key economic indicator rates as of December 31, 2022-2024.

**Table 1: Indicative Market Rates 2022 to 2024**

Rate	2022	2023	2024
Bank of Canada - Overnight Rate	0.25% - 4.25%	4.25% - 5.00%	3.25% - 5.00%
HISA	0.72% - 4.80%	4.80% - 5.75%	3.75% - 5.50%
RBC - Bank Rate	0.70% - 4.70%	4.70% - 5.55%	3.80% - 5.55%
Fixed GIC - 180 Day / 1 Year (sample)	2.22% - 3.06%	5.30% - 5.60%	5.40% - 5.50%

## Investment Marketplace

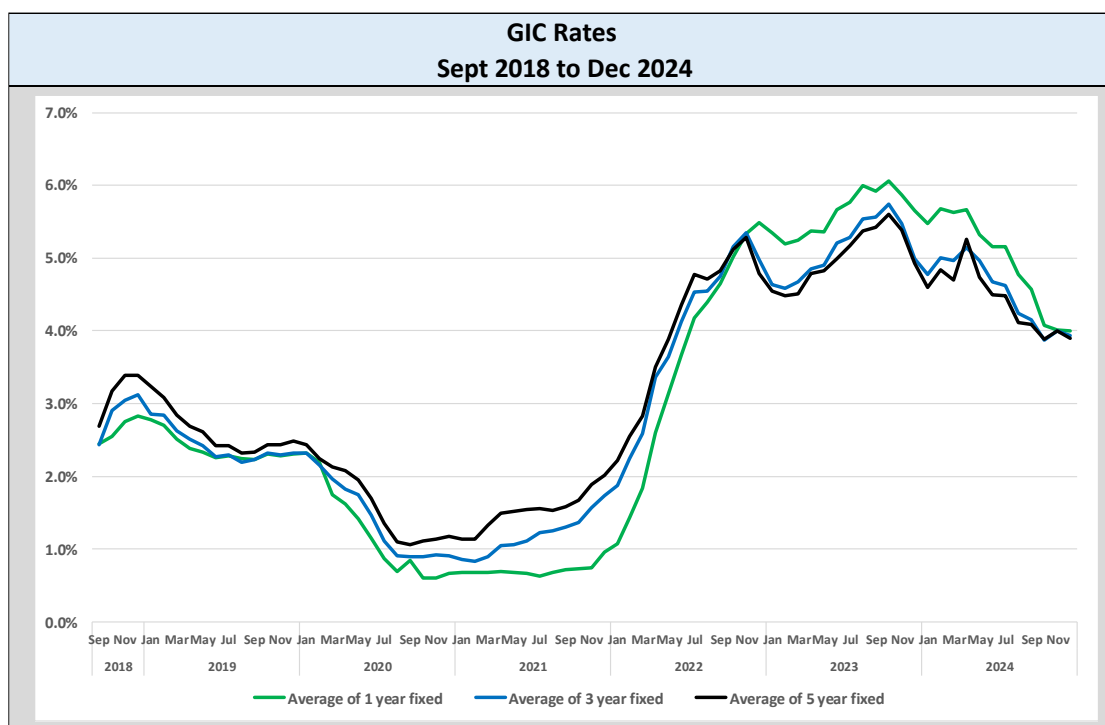
Fixed GIC rates followed a similar trajectory to the Bank of Canada overnight rate, reflecting the broader decline in interest rates across one to five-year GIC terms. These changes led to lower borrowing costs and reduced returns on deposit products.

Despite falling yields, fixed MFA pooled fund income returns remained positive in 2024, bolstered by capital gains from declining interest rates in the latter half of the year. Equity markets in Canada, the US, and globally delivered exceptional returns, rebounding strongly from weaker performance in prior years. These trends contributed to overall positive returns for MFA pooled funds, including the Diversified Multi-Asset Class (DMAC) fund, which benefited from both bond income and equity growth.

In 2024, High Interest Savings Account (HISA) rates decreased but remained competitive compared to Guaranteed Investment Certificate (GIC) rates across most terms. Consequently, by year-end allocations to HISAs were enhanced to optimize interest earnings.

As shown in Graph 1, GIC rates were at their highest late in 2023, and have been moving lower ever since.

**Graph 1: GIC Historical Rates**



The CRD continues to hold units in the MFA Bond Fund, MFA Fossil Fuel-Free (FFF) Bond Fund, the MFA DMAC Fund and the MFA Mortgage 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.

For the calendar 2024 year, the FFF Bond Fund underperformed the MFA Bond Fund on an annual basis by 0.14% (5.53% versus 5.39% respectively). The FFF Fund's underweight position in the positively performing energy sector and overweight positions in Real Estate and Financial sectors, which experienced comparative spread widening, negatively impacted its returns over the year. The MFA Mortgage Fund returned 6.13% while the MFA DMAC returned 17.4% for 2024.

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.



## Investment Holdings and Performance

### Portfolio Holdings

On December 31, 2024, the Capital Region Housing Corporation (CRHC) held \$17.6 million in long-term investments, as detailed in Table 1 below.

**Table 1: CRHC Investment Holdings – December 31, 2024**

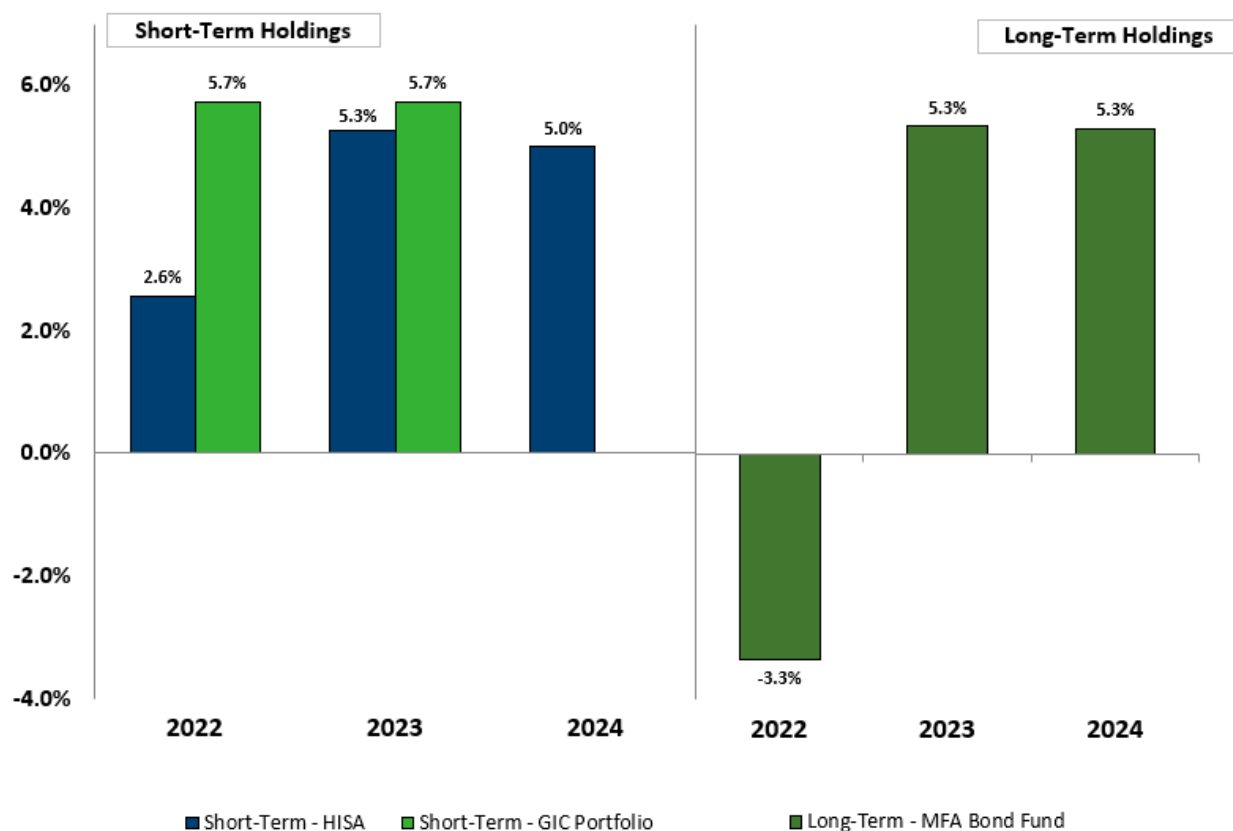
Investments	Balance (\$millions)	% Share
<b>Investments Short-Term (less than 2 years)</b>		
High Interest Savings Account	8.1	46.1%
<b>Total Short-term:</b>	<b>8.1</b>	<b>46.1%</b>
<b>Investments Long-Term (more than 2 years)</b>		
MFA Bond Fund	9.5	53.9%
<b>Total Long-term:</b>	<b>9.5</b>	<b>53.9%</b>
<b>Total Investments:</b>	<b>\$17.6</b>	<b>100.0%</b>

The portfolio was distributed between short-term and long-term investments in a 46%/54% split. As per Investment Policy, investments with maturities or approaching maturities less than two years are classified as short-term and investments with maturity and divestiture dates beyond two years are classified as long term.

### Performance

Graph 1 (page 2) provides a detailed report on investment returns in 2024.

Graph 1: CRHC Investment Results



### Short-Term Investments

For short-term holdings (terms less than two years), the High Interest Saving Accounts (HISA) exceeded their benchmark of 4.2% with a 5.0% return.

### Long-Term Investments

In 2024, the MFA Bond Fund return of 5.3% matched the benchmark return, benefiting from the inverse relationship between interest rates and long-term bond yields. As interest rates decreased rapidly from their peak in the last quarter of the year, the bond fund holdings generated capital gains. Furthermore, despite the decline from peak, interest rates remained relatively high contributing to increased annual bond coupon income compared to previous years.

**REPORT TO HOSPITALS AND HOUSING COMMITTEE  
MEETING OF WEDNESDAY, MARCH 05, 2025**

**SUBJECT      Castanea Place Mortgage Renewal**

**ISSUE SUMMARY**

British Columbia Housing Management Commission (BCHMC) requires a Certified Resolution of Directors, Pre-Renewal Checklist for Sponsor Groups and an authorized Commitment to Lend from the Capital Region Housing Corporation (CRHC) Board of Directors to renew the mortgage for Castanea Place.

**BACKGROUND**

The mortgage for Castanea Place, a 59-unit family townhome complex at 2860 Quadra Street in Victoria is due for renewal on June 1, 2025. The building is owned and operated by the CRHC.

BCHMC intends to renew the mortgage through the Canada Mortgage and Housing Corporation (CMHC) Direct Lending Program, which offers lower interest rates than other lenders. The rate for a five-year term effective for March 1 – 31, 2025 for CMHC Direct Lending is currently posted at 3.18%. At time of renewal the interest rate could differ from the posted rate as interest rates for renewals are set at the equivalent term Government of Canada benchmark bond yield plus no more than approximately 0.50% per annum compounded semi-annually.

Renewal details are shown in Table 1.

**Table 1 – Mortgage Details**

Building	Existing Mortgage Interest Rate	Principal at Renewal	Annual Subsidy	Remaining Term	Mortgage Maturity Date	Operating Agreement Maturity Date
<b>Castanea Place</b>	0.69%	\$1,386,505	\$183,142	4 yr.8 mo.	Feb. 1, 2030	Jan. 31, 2030

**ALTERNATIVES**

*Alternative 1*

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

1. That the Resolution, Pre-Renewal Checklist and Commitment to Lend required by BC Housing Management Commission to renew the mortgage for Castanea Place through the Canada Mortgage and Housing Corporation Direct Lending Program for a term of 4 years and 8 months be approved; and
2. That Edward Robbins, Chief Administrative Officer, or Nelson Chan, Chief Financial Officer, or their duly authorized delegates, together or with any one officer or director of the Borrower for and on behalf of the Borrower be authorized to sign any documents related to the mortgage renewal.

*Alternative 2*

That staff be directed to review other financing options based on Capital Region Housing Corporation Board direction. Please note this option would require BC Housing Management Commission's approval.

## **IMPLICATIONS**

### *Financial Implications*

If the Board approves the CMHC Direct Lending mortgage renewal, CRHC will continue to benefit from the preferential interest rates available through CMHC Direct Lending while also supporting the continuation of the annual rent subsidy assistance for Castanea Place until the expiry of the operating agreement.

A Board decision to not renew the mortgage under the CMHC Direct Lending Program would necessitate acquiring BCHMC's permission and securing a commitment for alternate financing through private lenders. For comparison, the current posted rates for a 5-year fixed term mortgage from Vancity is 4.09% and Scotiabank is 6.49%.

The CRHC will not have an impact on the debt servicing cost, as BCHMC will be adjusting the subsidy to absorb the interest rate increase.

An evaluation of borrowing rates shows the CMHC Direct Lending interest rate is the most cost-effective option and will ensure maximum annual rent subsidy assistance.

Prepayment of the outstanding loan balance is not a permitted option. Financing secured outside of CMHC's Direct Lending Program will result in the federal housing subsidy to be based on the lesser of the Direct Lending interest rate and the outside lender's interest rate.

The Umbrella Operating Agreement states that the economic operating costs will be recalculated on the renewal of the mortgage to consider new payments for the loan. This language ensures that the monthly subsidy amount received from BCHMC will be adjusted to absorb the anticipated increase in debt servicing costs.

## **CONCLUSION**

The mortgage for Castanea Place is due for renewal on June 1, 2025. The most cost-effective option is to renew through CMHC Direct Lending.

## **RECOMMENDATION**

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

1. That the Resolution, Pre-Renewal Checklist and Commitment to Lend required by BC Housing Management Commission to renew the mortgage for Castanea Place through the Canada Mortgage and Housing Corporation Direct Lending Program for a term of 4 years and 8 months be approved; and
2. That Edward Robbins, Chief Administrative Officer, or Nelson Chan, Chief Financial Officer, or their duly authorized delegates, together or with any one officer or director of the Borrower for and on behalf of the Borrower be authorized to sign any documents related to the mortgage renewal.

Submitted by:	Don Elliott, BA, MUP, Senior Manager, Regional Housing
Concurrence:	Patrick Klassen, MCIP, RPP, Acting General Manager, Housing, Planning and Protective Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

## **ATTACHMENTS:**

Appendix A: Resolution of Directors  
Appendix B: Pre-Renewal Checklist for Sponsor Groups  
Appendix C: Commitment to Lend

**CAPITAL REGION HOUSING CORPORATION**  
(the "Borrower")

**CERTIFIED COPY OF RESOLUTION OF DIRECTORS**

BE IT RESOLVED:

That the Borrower hereby irrevocably authorizes British Columbia Housing Management Commission ("BCHMC") to act on its behalf to renew the mortgage presently held by Canada Mortgage Housing Corporation (the "Mortgage") for the project located at 2860 Quadra Street, Victoria, BC (BCHMC File no. 13326/704/ CMHC# 18435115).

BE IT FURTHER RESOLVED:

That Edward Robbins, Chief Administrative Officer, or Nelson Chan, Chief Financial Officer, or their respective duly authorized delegates, together or either of them along with any one officer or director 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 Mortgage assignment, renewal and amendment 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 the lender of the monies.

I, Edward Robbins, Chief Administrative Officer of the 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 \_\_\_\_\_, 2025 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 \_\_\_\_\_, 2025.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name:  
Title:

### PRE RENEWAL CHECKLIST FOR SPONSOR GROUPS

To ensure that your mortgage renewal proceeds without problems due to insufficient information, may we require your co-operation in completing and returning this checklist. Please return a copy of this checklist to BCHMC as soon as possible. If we can be of assistance, please do not hesitate to email us at [WRMortAdmin@bchousing.org](mailto:WRMortAdmin@bchousing.org).

*If you have more than one subsidy account with CMHC, please complete this checklist for only the account identified on this checklist.*

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CMHC Reference:	<b>18435115</b>
BCHMC Reference:	<b>13326/704</b>
Name/Address of Sponsor	<b>Capital Region Housing Corporation 631 Fisgard St Victoria, BC V8W 1R7 (CHANGE IF INCORRECT)</b>
Contact Person/Telephone	<b>Don Elliott, Senior Manager PH # 250-388-6422 FAX # 250-361-4970 (CHANGE IF INCORRECT)</b>
Project Property Address	<b>2860 QUADRA ST, Victoria, BC (CHANGE IF INCORRECT)</b>
Mortgage Renewal Date	<b>June 01, 2025</b>

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**IMPORTANT:** The sponsor shall indicate hereunder, by signature of its authorized representatives its agreement to the renewal/amendment of the mortgage through **CMHC Direct Lending**.

_____ Authorized Representative	_____ Position	_____ Date
------------------------------------	-------------------	---------------

_____ Authorized Representative	_____ Position	_____ Date
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**Please attach a completed and signed Mortgage Loan Renewal Authorization (form attached).**

**PRE RENEWAL CHECKLIST FOR SPONSOR GROUPS****Encumbrances**

- |   | <b><u>Yes</u></b>        | <b><u>No</u></b>                    |
|---|--------------------------|-------------------------------------|
| 1. Since your last renewal with CMHC, are you aware of any mortgage or encumbrance registered against the project's property legal description? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. Is there any special arrangement relating to the financing that could affect the mortgage renewal in question?                               | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

***If you answered YES to 1 or 2 above, please attach a list of the property addresses and indicate for each address the approximate amount of mortgage(s) and the current lender name(s) or the nature of any encumbrances or special arrangements.***

**Survey**

- |  | <b><u>Yes</u></b>        | <b><u>No</u></b>                    |
|--|--------------------------|-------------------------------------|
| 3. Since your last renewal with CMHC, have any changes or additions been made to the property that would affect the validity of the current survey held by CMHC? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

***If YES please provide a copy of an updated Survey Certificate reflecting the changes and explain them. Costs associated with obtaining an updated survey are the responsibility of the sponsor group.***

**Escrow Funds**

- |   | <b><u>Yes</u></b>        | <b><u>No</u></b>                    |
|---|--------------------------|-------------------------------------|
| 4. Do you have funds held in a special account which are to be used only to reduce the outstanding principal balance of this mortgage at renewal? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

***If YES, please indicate below the amount and source of these funds plus the accrued interest.      \$ \_\_\_\_\_      Source: \_\_\_\_\_***

**Taxes**

- |  | <b><u>Yes</u></b>                   | <b><u>No</u></b>         |
|--|-------------------------------------|--------------------------|
| 5. How are your municipal taxes currently handled:   |                                     |                          |
| a) is your project tax-exempt?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b) paid through monthly instalments to CMHC?   | <input type="checkbox"/>            | <input type="checkbox"/> |
| c) paid directly to the municipality as due?   | <input type="checkbox"/>            | <input type="checkbox"/> |
| d) are the municipal taxes paid up to date?  | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b><i>If NO please indicate: Amount in Arrears \$ _____</i></b>                            |                                     |                          |
| <b><i>e) Please attach a copy of the most recent tax billing and proof of payment.</i></b> | <input type="checkbox"/>            | <input type="checkbox"/> |

**Insurance**

- |   | <b><u>Yes</u></b>                   | <b><u>No</u></b>         |
|---|-------------------------------------|--------------------------|
| 6. Confirm insurance policies in effect   |                                     |                          |
| a) Fire Insurance?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b) For theft of chattels?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c) All perils?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <b><i>d) Please attach copy of insurance policy showing total coverage, expiry date, CMHC as first loss payee and list of all insured property locations.</i></b> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

**Future Development**

- |   | <b><u>Yes</u></b>        | <b><u>No</u></b>                    |
|---|--------------------------|-------------------------------------|
| 7. Are there any plans to develop additional units on this land in the near future? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b><i>If Yes, please indicate timing of future development: Year _____.</i></b>     |                          |                                     |

**Renewal Term**

8. What is the mortgage term you would prefer?
- 5 year term ☐ \_\_\_\_\_ Other, please specify: 4 years and 8 months, to expiry of Operating Agreement

**PRE RENEWAL CHECKLIST FOR SPONSOR GROUPS**

**Charter**

9. Is your charter in good standing?

**Yes**  
☒

**No**  
☐

***If No, provide details and indicate whether difficulty can be resolved prior to renewal.***

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**Title**

10. Title to lands is registered in the name of:

**Yes**

**No**

The Corporation of the City of Victoria`

11. Has your organization had a change of name?

☐

☒

***If Yes, the new name is:***

***Please attach a copy of Certificate of Name Change.***

**Utilities**

12. Are all of your utility accounts paid up to date?

**Yes**  
☒

**No**  
☐

**PAD**

13. Are you registered for the Pre-Authorized Debiting System (PAD) for the direct withdrawal of your mortgage payment from your bank account?

**Yes**  
☒

**No**  
☐

***If NOT, do you wish to register for the Pre-Authorized Debit system? If yes, please email us at WRMortAdmin@bchousing.org..***

14. Are you aware of any circumstance that could affect the renewal of your mortgage that are not covered in this checklist? If YES, please specify

**Yes**  
☐

**No**  
☒

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January 28, 2025

Capital Region Housing Corporation  
631 Fisgard St  
Victoria, BC  
V8W 1R7  
Attention: Don Elliott

**Re: Direct Lending – Commitment to Lend  
Mortgage Renewal of June 1, 2025**

CMHC Direct Loan Reference Number	18435115
BCHMC Ref. Num.	13326 / 704
Property Location	2860 QUADRA ST, Victoria, BC
Borrower Applicant	Capital Region Housing Corporation
Amount of Renewal	\$1,386,504.63 (estimated)
Remaining Amortization Period	4 years 8 months

**MORTGAGE SECURITY**

CMHC will be renewing the existing NHA insured mortgage and related security. Repayment over the new term will be based on the following:

The loan is to be secured by a first mortgage payable by equal monthly payments of principal and interest.

You will be responsible for paying your own taxes directly to the Taxing Authority and will provide us with a copy of the receipted tax bill no later than December 1 of each year, unless you are set up to pay taxes through monthly instalments to CMHC.

**INTEREST RATE**

The interest rates for renewal will be set at the equivalent term Government of Canada benchmark bond yield plus no more than approximately 0.50% per annum compounded semi-annually.

**RENEWAL TERMS**

Conditional on the remaining amortization period of the mortgage, renewal terms offered by CMHC generally range from 5 to 10 years, plus possibly a few extra months to enable CMHC to establish a pool of mortgages.

**PREPAYMENT**

Prepayment of the loan will not be permitted.

**FURTHER CONDITION OF COMMITMENT**

CMHC reserves the right to cancel or to revise the amount of mortgage loan it will approve, if there is a material change in the terms and conditions of the mortgage loan assigned to CMHC or in the project from the particulars provided in this request or the supporting documents.

Please sign and return the Direct Lending – Commitment to Lend letter to Mortgage Administration at BC Housing.

Yours truly,



Tina Tsui  
Senior Mortgage Administrator

**DIRECT LENDING – COMMITMENT TO LEND**

**ACKNOWLEDGMENT:** We have read and acknowledge the terms and conditions of the CMHC Direct Lending – Commitment to Lend

**Capital Region Housing Corporation**

**Per:**

\_\_\_\_\_  
**Name:**  
**Title**

\_\_\_\_\_  
**Date**

**(Affix Corporate Seal  
of Non Profit Sponsor)**

\_\_\_\_\_  
**Name**  
**Title**

\_\_\_\_\_  
**Date**

**I/We have the authority to bind the Corporation.**