



CRHC
The Capital Region's Housing Corporation

**CAPITAL REGION HOUSING CORPORATION
SPECIAL BOARD OF DIRECTORS MEETING**

AGENDA

7:30 a.m., Friday, August 29, 2014
Conference Call
250-360-3250

1. Approval of Agenda
2. Forgivable Mortgage and Operating Agreement, The Heathers
3. Motion to Close the Meeting in accordance with the *Community Charter*, Part 4, Division 3, Section 90 (1) (e) *the acquisition, disposition or expropriation of land or improvements*
4. Adjournment



REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD OF DIRECTORS MEETING OF AUGUST 29, 2014

SUBJECT

**FORGIVABLE MORTGAGE AND OPERATING AGREEMENT
THE HEATHERS, 3169 TILLICUM ROAD, SAANICH, BC**

ISSUE

The Capital Region Housing Corporation (CRHC) requires two members of its Executive Committee to sign mortgage documents and new operating agreements or amendments to operating agreements under the CRHC Delegation of Authority and Signing Authority Policy.

BACKGROUND

The CRHC has identified "The Heathers" as requiring a building envelope remediation (BER). The estimated cost for the BER is approximately \$1.8 million.

In May 2014, British Columbia Housing Management Commission's (BCHMC) Executive Management Team identified The Heathers BER as a provincial priority, upon recommendation from the Development and Asset Strategies Branch of BCHMC. BCHMC has confirmed that they will provide a forgivable mortgage to the CRHC in the amount of \$2,000,000 through the Community Investment Program (CIP). The operating agreement for the forgivable mortgage is for 35 years.

The original BC Housing operating agreement for The Heathers expires in 2028 and the terms require that 100% of the units are subsidized. Under the Umbrella Operating Agreement (UOA), The Heathers must maintain at least 15% of its units subsidized and the remaining 85% must be low-end market. The Umbrella Operating Agreement expiry date for The Heathers coincides with the original operating agreement expiry date in 2028.

Under the terms of the Forgivable Mortgage Operating Agreement, once the original operating agreement and the UOA expire in 2028, the expectation is that 51% of the units must remain low-end market for the remainder of the 35 year term to 2049. The only operating subsidy attached to the Heathers would be to pay for the remainder of the mortgage under the CIP.

ALTERNATIVES

1. That the Capital Region Housing Corporation Board of Directors authorizes any two members of the Executive Committee to execute the Forgivable Mortgage and the Forgivable Mortgage Operating Agreement with British Columbia Housing Management Commission for The Heathers at 3169 Tillicum Road, Saanich, BC for a thirty-five year term.

2. That the Capital Region Housing Corporation Board of Directors directs staff to negotiate new terms of the Forgivable Mortgage Operating Agreement for The Heathers at 3169 Tillicum Road, Saanich with the British Columbia Housing Management Commission.

IMPLICATIONS

In the 2012-2014 CRD Strategic Plans, in response to the need for “accessible, attainable housing” one of the goals in Regional Housing is to “increase the leverage of the CRHC”¹ through increased investment by the Provincial and Federal levels of government.

The CRHC has approximately \$7 million in its replacement reserves however this revenue is generally allocated for routine replacement items. Historically, the CRHC would apply to the BCHMC for funding for major capital improvements either through the Modernization and Improvement Fund or through a provincial needs assessment with the Development and Asset Strategies Branch of BCHMC.

CONCLUSION

Continued investment of the provincial government in CRHC will allow us to maximize our current financial resources to maintain our properties. Although extending the operating agreement does place restrictions on The Heathers, the expectation of 51% low end market is reasonable and within the current mandate of the CRHC of providing affordable housing in the capital region.

RECOMMENDATIONS

That the Capital Region Housing Corporation Board of Directors

1. Authorizes any two members of the Executive Committee to execute the Forgivable Mortgage and the Forgivable Mortgage Operating Agreement with British Columbia Housing Management Commission for The Heathers at 3169 Tillicum Road, Saanich, BC for a thirty-five year term.

*** ORIGINAL SIGNED ***

Christine Culham
Senior Manager
Capital Region Housing Corporation

*** ORIGINAL SIGNED ***

Signe Bagh
A/General Manager
Planning and Protective Services
Concurrence

¹ Capital Regional District, Strategic Plan, 2012-2014, p.30