



CRHC

The Capital Region's Housing Corporation

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

AGENDA

9:30 a.m., Tuesday, December 2, 2014
625 Fisgard St., Victoria
Room 488

1. Approval of Agenda
2. Approval of Minutes of October 28, 2014
3. Umbrella Operating Agreement 2015 – 2019
4. 2015 Budgets
 - a) Operating Budget
 - b) Administrative Budget
5. Mortgage Renewal – LeBlond Place
6. Property Management Report
7. Motion to close the meeting in accordance with the *Community Charter*, Section 90 (1) (a) personal information about an identifiable individual who holds or is being considered for a position as an officer, employee or agent of the municipality or another position appointed by the municipality
8. Adjournment



**Minutes of a Meeting of the Capital Region Housing Corporation Board of Directors
Held October 28, 2014 in Room 488, 625 Fisgard St, Victoria, BC**

PRESENT: Directors: M. Miller (Chair); R. Cooper; D. Howe, B. Isitt, S. Law; M. Loveless
(Alternate for L. Cross)
Staff: K. Lorette, General Manager, Planning and Protective Services;
C. Culham, Senior Manager; D. Metcalf, Manager of Operations;
R. Loukes, Accountant; C. English, Recorder
ABSENT: Directors: L. Wergeland

The meeting was called to order at 9:37 a.m.

1. APPROVAL OF AGENDA

It was **MOVED** by Director Loveless, **SECONDED** by Director Law
That the agenda be approved.

CARRIED

2. APPROVAL OF THE MINUTES OF SEPTEMBER 30, 2014

It was **MOVED** by Director Loveless, **SECONDED** by Director Isitt
That the minutes of September 30, 2014 be approved.

CARRIED

3. QUARTERLY FINANCIAL UPDATE

The Board reviewed quarterly financial reports for administration and maintenance.
Surpluses in some budgets are reflective of scheduled fall maintenance which has not been
completed.

Director Howe entered the meeting at 9:49.

It was **MOVED** by Director Law, **SECONDED** by Director Loveless
That the Capital Region Housing Corporation Board of Directors receives the Quarterly
Financial Update for information.

CARRIED

4. TURNOVER AND VACANCY QUARTERLY REPORT – THIRD QUARTER

The Board discussed the stats about vacancies and turnovers and expressed that the
information is very helpful.

It was requested that the next quarterly vacancy report be broken down between rent-
geared-to-income and market statistics.

It was **MOVED** by Director Loveless, **SECONDED** by Director Howe

That the Capital Region Housing Corporation Board of Directors receives the Turnover and Vacancy Quarterly Report for information.

CARRIED

5. SMOKE-FREE TRANSITION STRATEGY

The Board reviewed the report and questioned staff on the cost of remediation of a unit which has had a smoking tenant; medical marijuana smoking in CRHC buildings, and the region's clean air bylaw. The Board further discussed the incongruity between providing smoke-free living for social housing residents versus limiting housing options for low-income tenants who smoke. It was noted that smoking tenants would still be able to rent CRHC units but would have to abide by the non-smoking policy.

It was **MOVED** by Director Isitt, **SECONDED** by Director Law
That the Capital Region Housing Corporation Board of Directors approve the smoke-free strategy that will transition a combined total of up to 75% of the Capital Region Housing Corporation portfolio to smoke-free by September 1, 2015.

The Board discussed that once a tenant survey has been completed it may support moving to more than 75% of the Corporation's portfolio being smoke-free and requested an amendment to the motion.

It was **MOVED** by Director Loveless, **SECONDED** by Director Isitt

That the Capital Region Housing Corporation Board of Directors approve the smoke-free transition strategy and that staff be directed to bring a Smoke-Free Transition Policy to the Board in 2015.

The Board discussed the motion further and requested an amendment to the motion.

It was **MOVED** by Director Isitt, **SECONDED** by Director Loveless

That the Capital Region Housing Corporation Board of Directors approve the smoke-free transition strategy and that staff be directed to report back in 2015.

CARRIED

6. MORTGAGE RENEWAL – JAMES YATES GARDENS

It was **MOVED** by Director Howe, **SECONDED** by Director Loveless

That the Capital Region Housing Corporation (CRHC) Board of Directors

1. a) Approves the resolution required by BC Housing Management Commission to renew the mortgage for James Yates Gardens through the CMHC Direct Lending Program for a term not to exceed the expiry of the existing operating agreements, and
- b) Authorizes any two members of the CRHC Executive Committee to sign any documents related to the mortgage renewal.

CARRIED

7. PROPERTY MANAGEMENT REPORT

The Board reviewed the Property Management Report.

It was **MOVED** by Director Law, **SECONDED** by Director Cooper
That the Capital Region Housing Corporation Board of Directors receives the Property
Management report for information

CARRIED

8. MOTION TO CLOSE THE MEETING

It was **MOVED** by Director Loveless, **SECONDED** by Director Isitt 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.

CARRIED

The meeting was closed at 10:46 a.m. and resumed in open session at 11:56 a.m. without report.

9. ADJOURNMENT

The meeting was adjourned at 11:56 a.m.

Mike Miller, Chair

Colleen English, Recorder



**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD OF DIRECTORS
TUESDAY, DECEMBER 2, 2014**

SUBJECT UMBRELLA OPERATING AGREEMENT – 2015-2019

ISSUE

The renewal of the Umbrella Operating Agreement (UOA) requires the Capital Region Housing Corporation (CRHC) Board of Directors to authorize any two members of the Executive Committee to sign on behalf of CRHC.

BACKGROUND

On April 1, 2012, CRHC entered into a UOA with BC Housing Management Commission (BCHMC). The UOA consolidates 42 of the existing operating agreements for our CMHC, BC Housing and Homes BC properties into one agreement. The primary reasons for this agreement were:

- a) To reduce administrative burden or costs for the parties; and
- b) To allow the CRHC greater latitude in managing the tenants, rents, subsidies and reserve funds across the portfolio.

The interim UOA between CRHC and BCHMC will expire on December 31, 2014. The purpose of the extension to the agreements was to allow both parties an opportunity to work with the Agreement and negotiate any changes or clarifications that may be required. It was also intended to provide a formal process for the larger on-going negotiations between the parties relating to implementation of the asset management system and the transfer of leased land from the Provincial Rental Housing Corporation (PRHC) to CRHC.

There are two main outcomes that need to be achieved by CRHC:

- a) To ensure that capital expenditures are maintained within 10% of the approved five year capital plan; and
- b) To maintain 68% of all units rent-geared-to-income across the portfolio.

The Umbrella Operating Agreement overrides the CMHC, BCHMC and Homes BC operating agreements in the following key areas:

- a) CRHC to pool replacement reserve funding across all portfolios under the Agreement;
- b) Develop a comprehensive long term capital planning program using a Facility Condition Index based methodology;
- c) Greater flexibility to move our rent-geared-to-income (RGI) units from one project to another; and
- d) CRHC is responsible for any deficits but may retain annual operating surpluses to utilize for capital improvements, other costs directly relating to a project and any other way CRHC chooses to advance the management and development of affordable housing.

Through negotiations with BCHMC in November 2014, CRHC received a 3.5%¹ increase to our fixed subsidy for the UOA portfolio.

¹ Based on Fixed subsidy at May 1, 2014. Fixed subsidy is adjusted when mortgages renew.

ALTERNATIVES

1. That the Board of Directors of the Capital Region Housing Corporation (CRHC) authorizes any two members of the Executive Committee to sign the Umbrella Operating Agreement with a term of January 1, 2015 – December 31, 2019.
2. That the Board of Directors of the Capital Region Housing Corporation (CRHC) serves notice to BC Housing Management Commission that they do not intend to sign the Umbrella Operating Agreement and will return to the original individual operating agreements.

IMPLICATIONS

1. The UOA has reduced the administrative procedures previously in place and has provided CRHC with the ability to plan and execute capital improvements that meet operational priorities. It will allow the CRHC to engage in necessary long-term strategic, capital and financial planning. CRHC has achieved an increase to the fixed subsidy in the amount of 3.5% which will allow for financial stability for the next five years.
2. It is difficult to fully know the impact of not continuing under the Umbrella Operating Agreement and returning to individual portfolio (project) operating agreements with respect to the financial status of CRHC. Due to the BCHMC changing practices, funding levels would not necessarily be restored to historic levels. It would also create operational barriers as the oversight and administrative practices under our previous arrangement required considerable resources and did not allow CRHC to engage in long term planning or to develop efficient operating practices.

CONCLUSION

The UOA between CRHC and BCHMC has reduced the administration that was previously in place and has provided CRHC with more autonomy in the ability to plan and execute capital improvements that meet operational priorities. The CRHC has begun to implement and realize some of the financial opportunities of increasing rent revenues and creating operational efficiencies that the Agreement permits.

Not renewing the UOA and returning to individual portfolio (project) operating agreements could alter the financial status of CRHC, and would complicate the operations as the oversight and administrative practices under our previous arrangement required excessive administration causing inefficiencies for CRHC staff.

RECOMMENDATIONS

That the Board of Directors of the Capital Region Housing Corporation (CRHC) authorizes any two members of the Executive Committee to sign the Umbrella Operating Agreement with a term of January 1, 2015 – December 31, 2019.



Christine Culham
Senior Manager
Capital Region Housing Corporation



Kevin Lorette P.Eng., MBA
General Manager
Planning and Protective Services
Concurrence



**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD OF DIRECTORS
MEETING OF DECEMBER 2, 2014**

SUBJECT **CAPITAL REGION HOUSING CORPORATION
OPERATING BUDGETS - 2015**

ISSUE

Annually, the current year estimated revenue and expenses for Capital Region Housing Corporation's (CRHC) portfolio are presented to the Board of Directors for review and the proposed budgets for the next fiscal year are presented to the Board for review and approval.

BACKGROUND

Since 2012, when the Umbrella Operating Agreement (UOA) was introduced, Corporation staff has prepared an operating budget for the UOA portfolio, covering 42 of CRHC's 45 projects. Separate budgets are prepared and presented for Parry Place (ILBC assisted living), Village on the Green and Vergo (No Operating Agreement).

Below are the estimated revenue and expenses for the CRHC's portfolios.

Umbrella Operating Agreement (Appendix A)			
	2014 Budget	2014 Estimates	2015 Proposed
Total Revenue	12,570,703	12,700,200	12,915,000
Total Expenditures	12,462,717	12,348,375	12,594,900
Operating Surplus/(Deficit)	107,986	351,825	320,100
ILBC - Parry Place (Appendix B)			
	2014 Budget	2014 Estimates	2015 Mandated
Total Revenue	636,270	668,968	658,674
Total Expenditures	636,270	644,338	658,674
Operating Surplus/(Deficit)	0	*24,630	0
*To be reviewed by BCHMC in June 2015. Subsidy level may be adjusted due to increased tenant rent			
No Operating Agreement - Village on the Green & Vergo (Appendix C)			
	2014 Budget	2014 Estimates	2015 Proposed
Total Revenue	615,570	625,510	634,750
Total Expenditures	655,520	640,690	642,900
Operating Surplus/(Deficit)	(39,650)	(15,180)	(8,150)

Appendix D: Operating Budgets and Operating Budget Variances detailed

Below are the combined totals of entire CRHC portfolio:

CRHC Portfolio			
	2014 Budget	2014 Estimates	2015 Proposed
Total Revenue	13,825,543	13,994,678	14,208,424
Total Expenditures	13,754,507	13,633,403	13,896,474
Operating Surplus/(Deficit)	71,036	361,275	311,950

ALTERNATIVES

1. That the Capital Region Housing Corporation (CRHC) Board of Directors
 - a) approves the Capital Region Housing Corporation 2015 Operating Budgets for the projects covered by the Umbrella Operating Agreement, Parry Place, Vergo and Village on the Green; and
 - b) authorizes any 2014 operating surplus/(deficits) to be transferred to/(from) the appropriate Portfolio Stabilization Reserves.
2. That the Capital Region Housing Corporation Board of Directors directs staff to amend the budget submission and report back to the Board.

FINANCIAL IMPLICATIONS

Through implementing the following processes, CRHC has achieved a reduction in maintenance and capital spending over the last 12 months:

- a) Employees have been trained regarding our funding limitations and the impact of decisions in maintaining our buildings vis a vis available revenue and long term sustainability. Through this process, Property Management and Caretaker staff have been given new oversight of their portfolio budgets in an effort to increase accountability and maximize efficiencies.
- b) There has been a strategic shift to modernization and improvements being completed at unit turnover.
- c) Caretakers have been trained and are being encouraged to complete minor electrical, plumbing and general maintenance work in lieu of utilizing a contractor.

To improve revenue:

- a) CRHC increased market rents by the allowable 2.2%. Market units represent approximately one-third of our overall units. The allowable increase for 2015 market rents is 2.5%.
- b) Staff has begun to adjust to the current RGI/market units target applicable under the UOA portfolio to meet the 68% RGI target. In July 2013, 72% of our units were RGI. Currently, 70% of our units are RGI. This represents a shift of 21 units from RGI to market.
- c) Staff continued to develop and implement a more comprehensive marketing strategy for our market rent units. This has resulted in CRHC marketing units online and in the development of a comprehensive CRHC website which will be completed in March 2015..
- d) Through active consultation with BCHMC, Island Health and Beacon Community Services, CRHC improved vacancy turnaround and achieved a surplus for 2014 at Parry Place.

CONCLUSION

At the beginning of 2014, the UOA estimated operating surplus was \$107,986. CRHC is estimating achieving a \$351,825 surplus. The difference is due to an increase in tenant rent revenue and reduced spending. Under the UOA, all operating surplus funds are retained by CRHC, and staff is recommending that the surpluses be placed in a Portfolio Stabilization Reserve to meet future Corporation requirements in either project operating or capital replacement.

Based on the 2014 estimated surplus/(deficits) the Portfolio Stabilization Reserves would have the following balances:

Portfolio Stabilization Reserve Balances	2014
Umbrella Operating Agreement	\$1,495,032
ILBC – Parry Place	(\$4,142)
No Operating Agreement	\$82,033

RECOMMENDATIONS

That the Capital Region Housing Corporation (CRHC) Board of Directors

- a) approves the Capital Region Housing Corporation 2015 Operating Budgets for the projects covered by the Umbrella Operating Agreement, Parry Place, Vergo and Village on the Green; and
- b) Authorizes any 2014 operating surplus/(deficits) to be transferred to/(from) the appropriate Portfolio Stabilization Reserves.



Christine Culham
Senior Manager
Capital Region Housing Corporation



Kevin Lorette P.Eng., MBA
General Manager
Planning & Protective Services
Concurrence

Attachments: 4

CAPITAL REGION HOUSING CORPORATION
2015 UMBRELLA AGREEMENT OPERATING BUDGET SUMMARY
- 42 Buildings: 1,209 Mixed Income Family/Seniors Housing

APPENDIX A

	2014 Board Approved (A)	2014 Estimated (B)	2014 Variance (C)	2015 CRHC Proposed (D)	2014-2015 Budget Variance (E)
Revenue					
BCHMC Subsidy	3,029,123	2,999,556	(29,567)	3,094,988	2.2%
CMHC Mortgage Subsidy	461,103	459,970	(1,133)	459,970	-0.2%
Tenant Rent Contribution	9,038,225	9,195,856	157,631	9,317,790	3.1%
Misc Revenue	42,252	44,818	2,566	42,252	0.0%
Total Revenue	12,570,703	12,700,200	129,497	12,915,000	2.7%
Expenditures					
Audit	29,373	29,470	(98)	29,983	2.1%
Caretaker	957,794	975,969	(18,175)	1,005,038	4.9%
Contingency & Vacancy	56,983	13,279	43,704	57,809	1.5%
Garbage	170,138	173,299	(3,161)	188,427	10.7%
Gas	138,554	130,030	8,524	139,028	0.3%
Hydro	211,053	213,334	(2,281)	232,534	10.2%
Insurance	257,562	259,107	(1,545)	277,161	7.6%
Landscape Maintenance	278,782	276,083	2,699	300,700	7.9%
Land Lease	63,000	63,000	0	0	-100.0%
Maintenance	583,032	541,293	41,738	582,873	0.0%
Management Fee	844,248	844,248	0	862,443	2.2%
Mortgage	6,246,694	6,215,914	30,780	6,186,370	-1.0%
Property Taxes	1,172,707	1,174,170	(1,463)	1,221,137	4.1%
Transfer to Replacement Reserve	820,691	820,691	0	820,691	0.0%
Vehicle Operating	1,958	1,958	0	1,958	0.0%
Water	630,149	616,530	13,620	688,746	9.3%
Total Expenditures	12,462,717	12,348,375	114,341	12,594,900	1.1%
Total Umbrella Agreement Surplus/(Deficit)	107,986	351,825	243,838	320,100	
Beginning Balance UOA Stabilization Reserve		1,143,207		1,495,032	
End Balance UOA Stabilization Reserve		1,495,032		1,815,132	

To be approved at December 2, 2014 Board meeting

CAPITAL REGION HOUSING CORPORATION
2015 UMBRELLA AGREEMENT OPERATING BUDGET SUMMARY
- 42 Buildings: 1,209 Mixed Income Family/Seniors Housing

APPENDIX A

	2014 Board Approved (A)	2014 Estimated (B)	2014 Variance (C)	2015 CRHC Proposed (D)	2014-2015 Budget Variance (E)
Revenue					
BCHMC Subsidy	3,029,123	2,999,556	(29,567)	3,094,988	2.2%
CMHC Mortgage Subsidy	461,103	459,970	(1,133)	459,970	-0.2%
Tenant Rent Contribution	9,038,225	9,195,856	157,631	9,317,790	3.1%
Misc Revenue	42,252	44,818	2,566	42,252	0.0%
Total Revenue	12,570,703	12,700,200	129,497	12,915,000	2.7%
Expenditures					
Audit	29,373	29,470	(98)	29,983	2.1%
Caretaker	957,794	975,969	(18,175)	1,005,038	4.9%
Contingency & Vacancy	56,983	13,279	43,704	57,809	1.5%
Garbage	170,138	173,299	(3,161)	188,427	10.7%
Gas	138,554	130,030	8,524	139,028	0.3%
Hydro	211,053	213,334	(2,281)	232,534	10.2%
Insurance	257,562	259,107	(1,545)	277,161	7.6%
Landscape Maintenance	278,782	276,083	2,699	300,700	7.9%
Land Lease	63,000	63,000	0	0	-100.0%
Maintenance	583,032	541,293	41,738	582,873	0.0%
Management Fee	844,248	844,248	0	862,443	2.2%
Mortgage	6,246,694	6,215,914	30,780	6,186,370	-1.0%
Property Taxes	1,172,707	1,174,170	(1,463)	1,221,137	4.1%
Transfer to Replacement Reserve	820,691	820,691	0	820,691	0.0%
Vehicle Operating	1,958	1,958	0	1,958	0.0%
Water	630,149	616,530	13,620	688,746	9.3%
Total Expenditures	12,462,717	12,348,375	114,341	12,594,900	1.1%
Total Umbrella Agreement Surplus/(Deficit)	107,986	351,825	243,838	320,100	
Beginning Balance UOA Stabilization Reserve		1,143,207		1,495,032	
End Balance UOA Stabilization Reserve		1,495,032		1,815,132	

To be approved at December 2, 2014 Board meeting

**CAPITAL REGION HOUSING CORPORATION
2015 ILBC(2) OPERATING BUDGET SUMMARY**

APPENDIX B

- 1 Building: 21 Senior's Independent Living Housing
- Constructed 2008

	2014 BCHMC Mandated (A)	2014 Estimated (B)	2014 Variance (C)	2015 BCHMC Mandated (D)	2014-2015 Budget Variance (E)
Revenue					
BCHMC Subsidy	294,798	298,560	3,762	316,182	7.3%
Tenant Rent Contribution	341,472	358,941	17,469	342,492	0.3%
Misc Revenue - parking & cable	0	11,467	11,467	0	0.0%
Total Revenue	636,270	668,968	32,698	658,674	3.5%
Expenditures					
General Costs					
Audit	535	535	0	545	1.9%
Cable Offset	0	7,327	(7,327)	0	0.0%
Contingency & Vacancy Allowance	5,000	0	5,000	5,000	0.0%
Garbage - renegotiated contract	3,000	3,000	0	3,000	0.0%
Hydro	29,665	27,000	2,665	29,665	0.0%
Insurance	6,070	6,287	(217)	6,693	10.3%
Memberships	500	263	237	500	0.0%
Mortgage	207,342	216,853	(9,511)	221,596	6.9%
Property Taxes	23,374	21,715	1,659	23,374	0.0%
Transfer to Replacement Reserve	16,600	16,600	(0)	16,600	0.0%
Water	4,978	4,900	78	5,069	1.8%
	297,064	304,481	(7,415)	312,042	5.0%
Manageable Costs					
Caretaker	8,156	9,000	(844)	9,180	12.6%
Contract for Services - Hospitality	285,300	285,108	192	290,826	1.9%
Landscape Maintenance	3,020	3,020	0	3,020	0.0%
Maintenance	19,370	19,370	0	19,370	0.0%
Management Fee	23,360	23,360	0	24,236	3.8%
	339,206	339,858	(652)	346,632	2.2%
Total Expenditures	636,270	644,338	(8,067)	658,674	3.5%
- includes 2015 COLA increase of 8,150					
Total ILBC(2) Surplus/(Deficit)	0	24,630	24,630	0	
Beginning Balance ILBC(2) Stabilization Reserve		(49,532)			
BCHMC prior year adjustments (2013)		20,760			
End Balance ILBC(2) Stabilization Reserve		<u>(4,142)</u>			

To be approved at December 2, 2014 Board meeting

CAPITAL REGION HOUSING CORPORATION
2015 ILBC(2) OPERATING BUDGET SUMMARY
- 1 Building: 21 Senior's Independent Living Housing
- Constructed 2008

APPENDIX B

	2014 BCHMC Mandated (A)	2014 Estimated (B)	2014 Variance (C)	2015 BCHMC Mandated (D)	2014-2015 Budget Variance (E)
Revenue					
BCHMC Subsidy	294,798	298,560	3,762	316,182	7.3%
Tenant Rent Contribution	341,472	358,941	17,469	342,492	0.3%
Misc Revenue - parking & cable	0	11,467	11,467	0	0.0%
Total Revenue	636,270	668,968	32,698	658,674	3.5%
Expenditures					
General Costs					
Audit	535	535	0	545	1.9%
Cable Offset	0	7,327	(7,327)	0	0.0%
Contingency & Vacancy Allowance	5,000	0	5,000	5,000	0.0%
Garbage - renegotiated contract	3,000	3,000	0	3,000	0.0%
Hydro	29,665	27,000	2,665	29,665	0.0%
Insurance	6,070	6,287	(217)	6,693	10.3%
Memberships	500	263	237	500	0.0%
Mortgage	207,342	216,853	(9,511)	221,596	6.9%
Property Taxes	23,374	21,715	1,659	23,374	0.0%
Transfer to Replacement Reserve	16,600	16,600	(0)	16,600	0.0%
Water	4,978	4,900	78	5,069	1.8%
	297,064	304,481	(7,415)	312,042	5.0%
Manageable Costs					
Caretaker	8,156	9,000	(844)	9,180	12.6%
Contract for Services - Hospitality	285,300	285,108	192	290,826	1.9%
Landscape Maintenance	3,020	3,020	0	3,020	0.0%
Maintenance	19,370	19,370	0	19,370	0.0%
Management Fee	23,360	23,360	0	24,236	3.8%
	339,206	339,858	(652)	346,632	2.2%
Total Expenditures	636,270	644,338	(8,067)	658,674	3.5%
- includes 2015 COLA increase of 8,150					
Total ILBC(2) Surplus/(Deficit)	0	24,630	24,630	0	
Beginning Balance ILBC(2) Stabilization Reserve		(49,532)			
BCHMC prior year adjustments (2013)		20,760			
End Balance ILBC(2) Stabilization Reserve		<u>(4,142)</u>			

To be approved at December 2, 2014 Board meeting

**CAPITAL REGION HOUSING CORPORATION
2015 NO OPERATING AGREEMENT BUDGET SUMMARY**

APPENDIX C

- 2 Buildings: (38) Village on the Green and (18) Vergo - 56 Affordable Rental Housing
- Constructed 1984 and 2012

	2014 Board Approved (A)	2014 Estimated (B)	2014 Variance (C)	2015 CRHC Proposed (D)	2014-2015 Budget Variance (E)
Revenue					
Tenant Rent Contribution	614,813	624,735	9,922	633,990	3.1%
Misc Revenue	757	775	18	760	0.4%
Total Revenue	615,570	625,510	9,940	634,750	3.1%
Expenditures					
Audit/Legal	1,327	1,327	0	1,355	2.1%
Caretaker	37,754	37,223	531	38,337	1.5%
Garbage	6,576	6,926	(350)	6,781	3.1%
Landscape Maintenance	11,052	10,131	921	11,259	1.9%
Hydro	2,676	2,304	372	2,511	-6.2%
Insurance	14,323	14,867	(544)	16,008	11.8%
Maintenance	22,985	9,967	13,018	19,988	-13.0%
Management Fee	38,976	38,976	0	39,816	2.2%
Mortgage	394,967	391,539	3,428	374,385	-5.2%
Property Taxes	61,214	67,399	(6,185)	70,095	14.5%
Transfer to Replacement Reserve	41,900	41,900	0	41,900	0.0%
Vehicle Operating	176	176	0	176	0.0%
Water	21,294	17,955	3,339	20,289	-4.7%
Other	0	0	0	0	0.0%
Total Expenditures	655,220	640,690	14,530	642,900	-1.9%
Total No Agreement Surplus/(Deficit)	(39,650)	(15,180)	24,470	(8,150)	
Beginning Balance NOA Stabilization Reserve	99,091	97,213		82,033	
Transfer to Stabilization Reserve VOG	21,070	50,886		54,636	
Transfer (from) Stabilization Reserve Vergo	(60,720)	(66,065)		(62,787)	
Transfer (from) Surplus Umbrella Agreement	0	0		0	
End Balance NOA Stabilization Reserve	59,441	82,033		73,883	

To be approved at December 2, 2014 Board meeting

**CAPITAL REGION HOUSING CORPORATION
2015 NO OPERATING AGREEMENT BUDGET SUMMARY**

APPENDIX C

**- 2 Buildings: (38) Village on the Green and (18) Vergo - 56 Affordable Rental Housing
- Constructed 1984 and 2012**

	2014 Board Approved (A)	2014 Estimated (B)	2014 Variance (C)	2015 CRHC Proposed (D)	2014-2015 Budget Variance (E)
Revenue					
Tenant Rent Contribution	614,813	624,735	9,922	633,990	3.1%
Misc Revenue	757	775	18	760	0.4%
Total Revenue	615,570	625,510	9,940	634,750	3.1%
Expenditures					
Audit/Legal	1,327	1,327	0	1,355	2.1%
Caretaker	37,754	37,223	531	38,337	1.5%
Garbage	6,576	6,926	(350)	6,781	3.1%
Landscape Maintenance	11,052	10,131	921	11,259	1.9%
Hydro	2,676	2,304	372	2,511	-6.2%
Insurance	14,323	14,867	(544)	16,008	11.8%
Maintenance	22,985	9,967	13,018	19,988	-13.0%
Management Fee	38,976	38,976	0	39,816	2.2%
Mortgage	394,967	391,539	3,428	374,385	-5.2%
Property Taxes	61,214	67,399	(6,185)	70,095	14.5%
Transfer to Replacement Reserve	41,900	41,900	0	41,900	0.0%
Vehicle Operating	176	176	0	176	0.0%
Water	21,294	17,955	3,339	20,289	-4.7%
Other	0	0	0	0	0.0%
Total Expenditures	655,220	640,690	14,530	642,900	-1.9%
Total No Agreement Surplus/(Deficit)	(39,650)	(15,180)	24,470	(8,150)	
Beginning Balance NOA Stabilization Reserve	99,091	97,213		82,033	
Transfer to Stabilization Reserve VOG	21,070	50,886		54,636	
Transfer (from) Stabilization Reserve Vergo	(60,720)	(66,065)		(62,787)	
Transfer (from) Surplus Umbrella Agreement	0	0		0	
End Balance NOA Stabilization Reserve	59,441	82,033		73,883	

To be approved at December 2, 2014 Board meeting

Operating Budget Variances, December 2, 2014

1. Umbrella Operating Agreement

Expenditures

Budget line	Variance %	Rationale	Action
Caretaker	4.9%	2015 CUPE contract increase and pay grade step increases	Increased supervision and human resource support for caretakers to maximize performance outcomes
Garbage	10.7%	Kitchen Scrap program 1.5% base waste removal contract increase	Kitchen Scrap Program was phased in in 2014 and therefore was prorated. The 2015 increase is due to a full 12 months of kitchen scrap removal. Currently staff are evaluating whether waste is being decreased due to diversion to kitchen scraps. BFI will reduce costs associated with any changes.
Hydro	10.2%	Increase in BC Hydro rate by 9%	
Insurance	7.6%	Increases due to overall industry costs. Built in contingency due to new rate being determined July 2015.	No action required
Land lease	(100%)	Willowdene land acquisition resulting in cancellation of month to month lease	
Landscape	7.9%	Increase due to regularization of pruning into landscape contract to ensure appropriate levels of consistent maintenance of our landscaping	
Property Taxes	4.1%	Municipal tax increases and BC Assessment valuations	
Water	9.3%	CRD bulk water rate increase; municipality infrastructure costs increase ; municipal water/sewer charges	

Revenues

Budget line	Variance %	Rationale	Action
BCHMC subsidy	2.2%	Increase due to UOA negotiations	
Tenant Rent Revenue	3.1%	Increase market units to meet target of 68% RGI	

2. Parry Place (ILBC)

Expenditures

Budget line	Variance %	Rationale	Action
Mortgage	7%	Mortgage Renewal	
Contracted Services	2%	Inflationary increase	

3. Village on the Green & Vergo (No Operating Agreement)

Expenditures

Budget line	Variance %	Rationale	Action
Insurance	11.8%	Increases due to overall industry costs. Built in contingency due to new rate being determined July 2015.	
Maintenance	(13%)	Vergo is a new building, not requiring as much work. Maintenance costs reduced.	
Mortgage	(5.2%)	Village on the Green mortgage renewed at a lower rate.	
Property Taxes	14.5%	Vergo's 2014 budget was incorrectly calculated and should have been \$6,000 higher resulting in high variance.	

Revenues

Budget line	Variance %	Rationale	Action
Tenant Rent Revenue	3.1%	Market rent allowable increase is 2.5%.	

Operating Budget Variances, December 2, 2014

1. Umbrella Operating Agreement

Expenditures

Budget line	Variance %	Rationale	Action
Caretaker	4.9%	2015 CUPE contract increase and pay grade step increases	Increased supervision and human resource support for caretakers to maximize performance outcomes
Garbage	10.7%	Kitchen Scrap program 1.5% base waste removal contract increase	Kitchen Scrap Program was phased in in 2014 and therefore was prorated. The 2015 increase is due to a full 12 months of kitchen scrap removal. Currently staff are evaluating whether waste is being decreased due to diversion to kitchen scraps. BFI will reduce costs associated with any changes.
Hydro	10.2%	Increase in BC Hydro rate by 9%	
Insurance	7.6%	Increases due to overall industry costs. Built in contingency due to new rate being determined July 2015.	No action required
Land lease	(100%)	Willowdene land acquisition resulting in cancellation of month to month lease	
Landscape	7.9%	Increase due to regularization of pruning into landscape contract to ensure appropriate levels of consistent maintenance of our landscaping	
Property Taxes	4.1%	Municipal tax increases and BC Assessment valuations	
Water	9.3%	CRD bulk water rate increase; municipality infrastructure costs increase ; municipal water/sewer charges	

Revenues

Budget line	Variance %	Rationale	Action
BCHMC subsidy	2.2%	Increase due to UOA negotiations	
Tenant Rent Revenue	3.1%	Increase market units to meet target of 68% RGI	



**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD OF DIRECTORS
MEETING OF DECEMBER 2, 2014**

SUBJECT 2014 AND 2015 ADMINISTRATIVE BUDGET AND STRATEGIC PRIORITIES

ISSUE

To provide the CRHC Board of Directors a review of estimated revenues and expenditures for 2014, outcomes of the 2014 strategic priorities and the proposed budget for 2015.

BACKGROUND

Each year staff submits to the Board of Directors the Administrative Budget which includes an estimated revenue and expenditure for the current year and a proposed budget for the next fiscal year, a review of our current year strategic priorities and their status, and proposed priorities for the next fiscal year.

ALTERNATIVES:

1. That the Capital Region Housing Corporation Board of Directors approves the Capital Region Housing Corporation 2015 Administrative Budget.
2. That the Capital Region Housing Corporation Board of Directors requests that staff amend the Administrative Budget as directed.

IMPLICATIONS

2014 Strategic Priorities:

1. **Finalize the Umbrella Operating Agreement (UOA) with BC Housing that will devolve operating and capital replacement and re-investment decisions to CRHC.**
 - Finalized five year Umbrella Operating Agreement that devolves responsibility of operations from BC Housing to the CRHC whereby the two outcomes reported by the CRHC to BC Housing is meeting Capital Plan and Rent geared to income (RGI) targets.
2. **Develop a framework, with the support of BC Housing, for the transfer of Provincial Rental Housing Corporation land assets currently leased to CRHC.**
 - PRHC leased land in the process of being transferred to the Capital Regional District (CRD). Will be completed by mid-January.

3. Continue implementation of plan to increase project income.

- Portfolio rental revenue increased by 3.1%. In 2014, CRHC increased market rents by the allowable 2.2%. Market units represent approximately one-third of our overall units. The allowable increase for 2015 market rents is 2.5%. Staff has begun to adjust to the current RGI/market units target applicable under the UOA portfolio to meet the 68% RGI target. In July 2013, 72% of our units were RGI. Currently, 70% of our units are RGI. This represents a shift of 21 units from RGI to market.

4. Undertake strategic operational plan to identify operational efficiencies. For example: a) implement IT solutions to improve caretaker communications and service delivery; and b) refine organizational structure to increase oversight and efficiency. c) policy review

- Introduced Smartphones with caretakers to improve service delivery and create efficiencies.
- Implemented organizational review which was undertaken to increase oversight and efficiency in operations. Evaluated process which identified that staff achieved intended outcomes.
- Reviewed several policies for modernization.
- Completed Strategic Planning process with CRHC Board of Directors for 2015 in June, 2014.

5. Identify communities to become smoke free in 2016.

- In 2014, it was identified that staff will develop a draft policy to be brought to the Board in 2015 following extensive consultation with CRHC current tenants.

6. Continued development of new affordable housing units as opportunities and financing permit.

- Continued to receive and review development opportunities.

2015 Strategic Priorities:

The 2015 Strategic Priorities were approved by the board on September 30, 2014 and are attached as Appendix A.

2014 and 2015 Administrative Budget – Key Indicators (Appendix B)

2014 Budget Overview:

There was a variance in expenditures of \$8,000 from budget to estimated actuals in 2014.

2015 Budget Overview:

- Increased Management fees for Umbrella Operating Agreement and No Operating Agreements from \$58 to \$59.25 for a revenue increase of \$19,810.
- Staff salaries are budgeted to increase by 1.8% reflecting the collective agreement settlement with CUPE Local 1978 and staff wage increments.
- CRD Administration fee (accounting, payroll, human resources) increased by 4%; and the office rental increased by 4.3%.
- Training has increased from \$6,500 to \$10,000. This recognizes that employee knowledge, skill and competency are an important element in the delivery of this service and the CRHC is committed to continuous learning.

Overall, there is a 1.9% increase in expenditures.

CONCLUSION

Overall the recommended increase is 1.9% to accommodate for CRHC CUPE local 1978 increases to employee salaries.

RECOMMENDATIONS

That the Capital Region Housing Corporation Board of Directors approves the 2015 Capital Region Housing Corporation Administrative Budget.



Christine Culham
Senior Manager
Capital Region Housing Corporation



Kevin Lorette, P.Eng., MBA
General Manager
Planning and Protective Services
Concurrence

2015 Strategic Priorities

The five strategic priorities identified for the CRHC in 2015 are all of equal importance and include:

1. Governance and Leadership

In response to the escalating need for accessible, attainable housing and support for our vulnerable populations, the CRHC will strive to increase facilitation and delivery of mutually beneficial regional housing solutions.

- Develop a long term financial strategy including an evaluation of debt and equity that maximizes municipal, provincial and federal funding opportunities;
- Develop a four year strategic plan to align with the CRD plan; and
- Develop a Board of Directors and employee succession planning strategy.

2. Organizational Effectiveness

In response to the need to find solutions to diminishing resources, the CRHC will strive to use resources to highest and best capacity and to ensure that all systems, policies and procedures are efficient and effective.

- Maximize administrative and operating efficiencies through the operationalization of the Umbrella Operating Agreement;
- Enhance performance management system to increase productivity; and
- Review and revise tenant policies and procedures to enhance oversight and optimize rental subsidies.

3. Research and Development

In response to the devolution of federal and provincial responsibility for housing, the CRHC will pursue best practices and seek to develop innovative strategies to ensure current and future operational growth and development.

- Research the effects of the expiration of the operating agreements to develop a strategy for how to meet economic rent and maintain core need housing;
- Research different property management and asset software systems to ensure that the current software system meets the needs of the CRHC; and
- Increase knowledge of housing needs for each of the 13 municipalities in the CRD.

4. Asset Planning, Renewal and Development

In response to an aging housing stock and fewer federal and provincial financial commitments to social housing, the CRHC will continue to provide well-maintained housing while pursuing opportunities for portfolio renewal and growth.

- Explore land acquisition and development opportunities;
- Increase the number of CRHC housing units ensuring close proximity to existing multi-modal transportation and other infrastructure;
- Establish a comprehensive understanding of the current housing stock in terms of lands, assets, and equity; and
- Enhance portfolio management strategies.

5. Partnership Engagement

In response to the need for local government involvement in affordable housing solutions and as a wholly owned subsidiary of the Capital Regional District, the CRHC will strengthen existing partnerships and work to increase the level of effective regional cooperation in the housing sector.

- Increase municipal awareness of the CRHC in an effort to develop partnerships;
- Develop a tenant engagement strategy to increase communication and public education through the completion of the CRHC website, development of a newsletter and continued tenant meetings when applicable; and
- Continue to engage in sector-wide activities to enhance affordable housing in the capital region.

**CAPITAL REGION HOUSING CORPORATION
2015 ADMINISTRATION BUDGET**

APPENDIX B

	2014 Board Approved (A)	2014 Estimated Actuals (B)	2014 Variance (C)	2015 CRHC Proposed (D)	2014-2015 Budget Variance (E)
REVENUE					
Management Fees - CMHC	294,408	294,408	0	300,753	2.2%
Management Fees - BCHMC	447,689	447,689	0	457,661	2.2%
Management Fees - Homes BC	107,184	107,184	0	109,494	2.2%
Management Fees - ILBC	23,360	23,360	0	24,236	3.8%
Management Fees - No Operating Agreement	38,976	38,976	0	39,816	2.2%
Management Fees - Others	85,718	85,718	0	87,133	1.7%
Service Fees - Dockside Covenant	2,000	1,000	(1,000)	2,000	0.0%
Corporation Stabilization Reserve Interest Income	40,000	40,000	0	40,000	0.0%
Operating Interest Income	60,000	60,000	0	60,000	0.0%
Miscellaneous Revenue - NSF s/c	2,005	3,005	1,000	1,217	-39.3%
TOTAL REVENUE	1,101,340	1,101,340	0	1,122,310	1.9%
EXPENDITURES					
Salaries & Benefits	800,000	790,000	10,000	814,100	1.8%
Training	6,500	6,500	0	10,000	53.8%
Travel (includes conferences)	4,300	4,300	0	4,300	0.0%
Consultants	10,000	11,430	(1,430)	10,000	0.0%
Legal Fees	5,000	5,000	0	5,000	0.0%
CRD Administration	130,340	130,340	0	135,560	4.0%
Audit Fees	2,000	2,000	0	2,000	0.0%
Office Rental/Operating	50,140	50,140	0	52,280	4.3%
Insurance	1,500	1,428	72	1,500	0.0%
Telephone	15,490	13,500	1,990	13,500	-12.8%
Advertising	500	0	500	500	0.0%
Stationery	7,000	7,000	0	7,000	0.0%
Courier Services	600	400	200	600	0.0%
Credit Bureau	3,000	600	2,400	1,000	-66.7%
Subscriptions & Memberships	2,250	2,250	0	2,250	0.0%
Postage	3,200	3,200	0	3,200	0.0%
Printing/Drafting	5,000	3,880	1,120	5,000	0.0%
Photocopier Supplies & Rental	1,970	1,970	0	1,970	0.0%
Miscellaneous	2,030	1,700	330	2,030	0.0%
Bank Service Charges	1,500	1,182	318	1,500	0.0%
Transfer to Equipment Replacement Reserve	2,500	10,000	(7,500)	2,500	0.0%
Capital Equipment - computers/furniture	0	0	0	0	0.0%
Computer Support	46,520	46,520	0	46,520	0.0%
TOTAL EXPENDITURES	1,101,340	1,093,340	8,000	1,122,310	1.9%
TOTAL ADMINISTRATION Surplus/(Deficit)	0	8,000	8,000	0	0.0%
Beginning Balance Corporation Stabilization Reserve		1,127,525		1,120,525	
2014 Special Project: CMHC Portfolio Analysis		(15,000)		0	
2015 Special Project: Computer System Needs Review		0		(15,000)	
End Balance Corporation Stabilization Reserve		1,120,525		1,105,525	

To be approved at December 2, 2014 Board meeting



CRHC

The Capital Region's Housing Corporation

**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD OF DIRECTORS
MEETING OF DECEMBER 2, 2014**

SUBJECT MORTGAGE RENEWAL – LEBLOND PLACE

ISSUE

BC Housing Management Commission (BCHMC) requires a resolution from the Capital Region Housing Corporation (CRHC) Board of Directors to renew the mortgage for LeBlond Place and the CRHC Board must authorize any two members of the Executive Committee to sign any documents related to the mortgage renewal.

BACKGROUND

LeBlond Place is a 43-unit community at 2980 Jutland Road, Victoria, BC. The building underwent a building envelope remediation in 2009/2010 and a second mortgage in the amount of \$3,235,361 was placed on the property to cover the costs of the remediation. The mortgage was tendered by British Columbia Housing Management Commission (BCHMC) and placed with Scotia Mortgage Corporation for a five-year term at a rate of 2.99%.

The mortgage is up for renewal on March 1, 2015 with an estimated principle at renewal of \$2,952,398. Thirty (30) years will remain on the mortgage when it renews in March 2015.

BCHMC will tender the mortgage renewal to lenders to secure the best interest rate and terms available in the market. BCHMC requires the CRHC Board of Directors to approve and sign the resolution attached as Appendix A.

RECOMMENDATIONS

That the Capital Region Housing Corporation (CRHC) Board of Directors

1. a) Approves the resolution required by British Columbia Housing Management Commission to renew the mortgage for LeBlond Place; and
- b) Authorizes any two members of the CRHC Executive Committee to sign any documents related to the mortgage renewal.

Christine Culham
Senior Manager
Capital Region Housing Corporation

Kevin Lorette, P.Eng., MBA
General Manager
Planning & Protective Services
Concurrence

Capital Region Housing Corporation
(the "Borrower")

CERTIFIED COPY OF RESOLUTION OF DIRECTORS

BE IT RESOLVED:

That the Borrower hereby irrevocably authorize and direct British Columbia Housing Management Commission ("BCHMC") to act on its behalf to renew the existing mortgage presently held by Scotia Mortgage Corporation (the "Mortgage") for the project located at 2980 Jutland Rd, Victoria, BC (BCHMC file no. 13325 / 703), including but not limited to selecting, at BCHMC's sole discretion, the mortgage renewal terms and arranging mortgage renewal with the take-out lender (the "Take-out Lender") on terms and conditions that are acceptable to BCHMC.

BE IT FURTHER RESOLVED:

That any two 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 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, _____, THE UNDERSIGNED,
Secretary or President (please circle one) of the Borrower, 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 _____, 20____.

Witness

(Secretary or President)

Property Management Report – December 2, 2014
Capital Region Housing Corporation Board of Directors

This Property Management Report provides an update since the last report of October 28, 2014

REGISTRY WAITLIST STATISTICS

Category	November 2014	October 2014	November 2013
Total Registry Units	3,245	3,245	3,194
Family	437	433	405
Seniors	525	506	469
Persons with disabilities	383	375	341
Wheelchair Modified	61	62	69
Singles	33	27	23
Total	1,439	1,403	1,307

BUILDING ENVELOPE REMEDIATION & RELATED CAPITAL IMPROVEMENTS

The Heathers Building Envelope Remediation

CRHC staff has met with BC Housing Management Commission regarding progress on the consultant tender, the target is to have the consultant in place prior to December 25/14.

Royal Oak Square Building Envelope Condition Assessment

Reid Jones Christoffersen Engineering has begun the assessment; the report findings should be available for the January 2015 Board meeting.

Common Area Carpet

Rotary House common area re-carpeting was awarded to Island Floor Covering. The work is 90% complete.

INITIATIVES – ENERGY SAVINGS, GREEN AND CONSERVATION PRACTICES

Energy Conservation Assistance Program (ECAP)

This BC Hydro-supported program is continuing to be delivered by Carillon Canada. The program was only available to subsidized tenants and is now being expanded to include non-subsidized tenants as well.

As of November 10, 15 of the 60 tenants at Olympic View had applied for an energy assessment by Carillon. This 25% participation is considered a success.

CRHC staff is working with Carillon to develop a more engaging presentation for the tenants at Firgrove which is the next targeted site. CRHC has a particular interest in supporting a high tenant participation rate at Firgrove as it may lead to attics having the insulation upgraded without cost to CRHC.

STAFF TRAINING

BC Non-Profit Housing Association Conference: CRHC's senior manager and three staff members attended November 17-19.

"Housing Burst: From Crisis to Opportunity"

The 2014 BC Non-profit conference focused on how non-profit housing providers can adapt and succeed in the face of expiring operating agreements and sector challenges.

This year's conference created great learning and networking opportunities for the four staff that attended. There were over 800 attendees from all over BC. There were four key announcements from BC Non Profit Housing Association and the Sector as follows:

- BCNPHA in partnership with Vancity launched their rental housing index which provides detailed analysis of the affordability of rental housing for various income groups in communities around BC (bcnpha.ca)
- BCNPHA announced that they are now a partner with Encasa Financial Inc. who provides the social housing sector with investment options for its members
- BC Housing CAO, Shayne Ramsay announced their commitments as a result of the transfer of their land to BC Non profits
- BCNPHA introduced a new internationally-recognized professional designation for the non-profit sector in partnership with the Chartered Institute of Housing.

The CRHC staff that attended took part in many informative and educational seminars ranging from plumbing and electrical "skills plus" training to energy saving building design (Passive House-passivehouse.ca). In addition to the educational opportunities the staff was inspired by quality key note speakers including four time Olympian Simon Whitfield, Avi Friedman, Behrokh Khosnevis, Paul Tennant and Doris Koo.

The staff came away from the conference energized and excited to meet the goals of our strategic plan in times of challenge and change within the sector.

ARBITRATIONS

The week of November 17th staff participated in three arbitrations, all were initiated by non-payment of September rent. In all three arbitrations the arbitrator indicated that CRHC would be awarded orders to pay September, October and November rents. Two of the arbitrations involved orders of possession which were awarded as well.



Don Metcalf
Manager of Operations