

CRHC

The Capital Region's Housing Corporation

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

AGENDA

3:00pm, Friday, June 10, 2016
625 Fisgard St., Victoria
Room 488 or by phone "MeetMe line" 250.360.3250

- | | |
|-------------------------------------|---------------|
| 1. Approval of Agenda | <u>Att. #</u> |
| 2. 3816 Carey Rd., PIAH application | 16-23 |
| 3. Adjournment | |



**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD OF DIRECTORS
JUNE 10, 2016**

SUBJECT **Provincial Investment in Affordable Housing Application for Expression of Interest – 3816 Carey Road**

ISSUE

Authorize Capital Region Housing Corporation (CRHC) to apply for BC Housing's Provincial Investment in Affordable Housing Program (PIAH) for a development project at 3816 Carey Road (Mount View Heights).

BACKGROUND

In the 2016-2019 CRHC Board Strategic Plan, it was identified that the CRHC should be increasing its housing stock in order to increase affordable housing opportunities for households in core housing need. This is aligned with the CRD 2015-2018 strategic priority to *Leverage equity in all CRD assets (CRD, CRHC, CRHD) to develop creative solutions to providing new housing.*

In February 2016, the Province of BC announced a commitment of \$355 million toward creating approximately 2,000 affordable rental housing units across the province for low to moderate income households. This funding will be distributed under BC Housing's PIAH over five years through an annual Expression of Interest (EOI) process; \$50 million for each of the first two years, \$75 million in the third year, and \$90 million in each of the last two years.

PIAH Expression of Interest (EOI)

On April 14, 2016, BC Housing issued an EOI No. 1070-1516-117 for accessing the first year of PIAH funding; the application deadline is June 15, 2016.

The EOI is not a formal competitive or legally binding bidding process and has been issued for information-gathering purposes. The EOI may result in subsequent negotiations, direct contract award, invitational tendering process or open tendering process. Financial information submitted by respondents shall be for general information purposes and will not be binding.

There is no legal relationship or obligation regarding the procurement of any good or service between the respondent and BC Housing by the EOI process until the successful negotiation and execution of an Agreement pursuant to a subsequent invitational second-stage procurement process.

3816 Carey Road

The CRD has the authority to land bank for public or private housing and the ability to provide public housing. The Mount View Heights site was originally acquired by the Capital Regional Hospital District (CRHD) in 2007 (see attached map). In October 2009, the CRHD approved transfer of land ownership rights for three distinct land parcels from the CRHD to CRD Land Banking and Housing Service. These sites were used for the development of Vergo (CRHC) and

Carey Place (Baptist Housing). 3816 Carey Road is still vacant and has been held under the Land Banking and Housing Service for future housing development with the appropriate zoning in place for a project to proceed.

On June 8, 2016, the CRD Board approved “That the Capital Region Housing Corporation be authorized to submit an application to the BC Housing Provincial Investment in Affordable Housing Program for developing the 3816 Carey Road affordable housing project.”

The proposed project is 74 units of mixed-use housing for families, seniors and individuals living with disabilities.

ALTERNATIVES

That the Capital Region Housing Corporation:

1. Authorize the executive to sign the Expression of Interest Respondent Submission Form for EOI No. 1070-1516-117 for the 3816 Carey Road affordable housing project.
2. Refer the issue back to staff for more information.

IMPLICATIONS

An affordable housing project proposed for 3816 Carey Road at the Mount View Heights Campus of Care in Saanich best suits the PIAH requirements as it is shovel-ready due to the permitted use under the zoning bylaw.

The development of affordable housing on the site will help to support the CRHC/CRD goal of increasing affordable housing in the region. The proposed development will be for 74 units of mixed use housing. It will include both rent geared to income and affordable housing units.

The estimated capital cost of the project is \$17,749,662 (Table 1). The CRHC would be contributing \$3,500,000 through land and cash equity contribution. The CRHC would also be responsible for the debt financing of \$7,965,000 which maintains the BC Housing standard debt coverage ratio of 1.1. The annual financing costs would be approximately \$490,000 per year at 4.75% for 35 years. There is potential to apply to the District of Saanich Housing fund with an estimated contribution of \$128,000. This would result in a request of \$6,156,662 from BC Housing.

Table 1

Total Estimated Capital Costs		\$17,749,662
Proposed Equity Contributions	Land Costs (CRD)	\$2,500,000
	CRHC equity contribution*	\$1,000,000
	Financing	\$7,965,000
	Saanich estimated contribution	\$128,000
	<i>BC Housing equity contribution (29 units)</i>	\$6,156,662

*CRHC equity contribution could be lowered if there is available funding through the Regional Housing Trust Fund.

BC Equity Contribution

BC Housing will provide equity contributions to develop construct and acquire affordable rental Housing units owned by Provincial Rental Housing Corporation and operated by non-profit partners. The building will be registered as a Building Strata prior to occupancy. It is anticipated that 45 units will be owned by CRHC and the \$6,156,662 equity contribution by BC Housing would

result in ownership of 29 units.

CRHC Equity Contribution

In June 2009, the Capital Region Housing Corporation (CRHC) Board of Directors decided to seek Village on the Green (VOG) mortgage renewal financing outside of the Canadian Mortgage and Housing Corporation (CMHC) Direct Lending Program in order to implement a new mortgage financing model. This involved canceling the BC Housing Management Commission (BCHMC) operating agreement for VOG, with an original expiry date of 2019, and paying out the existing CMHC mortgage. The rationale for this was that a mortgage that did not require BCHMC oversight authority would enable CRHC to capture existing equity in VOG to be utilized for development/re-development of affordable housing units. Cash equity of \$825,000 was obtained from the mortgage renewal for the proposed developments at Dockside Green and Vergo (3808 Carey Road).

In 2010, the Vergo project was approved to proceed. The Dockside project was deferred and ultimately cancelled in 2015. CRHC did not require an equity contribution for the Vergo project because the related project mortgage was added to the CRHC properties at Van City/Citizen's Bank. This resulted in the VOG cash equity proceeds of \$825,000 and additional Vergo cash equity proceeds of \$519,000 being available for future CRHC building developments. The combined unspent capital funding of \$1,344,000 is available to be applied in part, or total, to the proposed 3816 Carey Road development.

Available Financing

BC Housing will facilitate interim construction financing for new construction, renovation and acquisition of existing buildings to preserve affordability, through the Community Partnerships Initiative (CPI). This interim financing may be approved up to 100% of the cost to complete the project based on BC Housing's underwriting criteria. BC Housing may help eligible non-profit housing partners obtain take-out financing for units the non-profit owns.

CONCLUSION

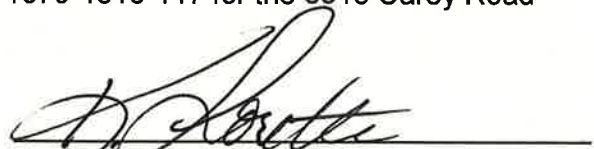
The affordable housing project proposed for 3816 Carey Road at the Mount View Heights Campus of Care in Saanich best suits the PIAH requirements as it is shovel-ready. The project aligns with CRHC and CRD corporate priorities, and participation in the PIAH EOI offers the opportunity to secure resources for it to proceed in the near term.

RECOMMENDATION

That the Capital Region Housing Corporation authorize the executive to sign the Expression of Interest Respondent Submission Form for EOI No. 1070-1516-117 for the 3816 Carey Road affordable housing project.



Christine Culham
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Capital Region Housing Corporation



Kevin Lorette, P.Eng., MBA
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Concurrence