

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

AGENDA

9:30 a.m. Tuesday, July 24, 2018
625 Fisgard St., Victoria
Room 488

| | Report / Item Number |
|--|----------------------|
| 1. Approval of Agenda | |
| 2. Approval of Minutes of June 26, 2018 | 18-13 |
| 3. Westview – Project Budget Approval | PPS/CRHC 2018-28 |
| 4. Grant Applications for the Caledonia, Michigan Square and Drake Road Developments | PPS/CRHC 2018-29 |
| 5. Tenant Relocation Policy | PPS/CRHC 2018-30 |
| 6. Mortgage Renewals – Heron Cove, Gladstone, Rosewood and Willowdene | PPS/CRHC 2018-31 |
| 7. Quarterly Financial Update | PPS/CRHC 2018-32 |
| 8. Management Update Report | PPS/CRHC 2018-33 |
| 9. Adjournment | |

**Minutes of a Meeting of the Capital Region Housing Corporation Board of Directors
Held June 26, 2018 in Room 488, 625 Fisgard St, Victoria,**

PRESENT: Directors: D. Screech (Chair); B. Braude, J. Carline, W. McIntyre, S. Price,
G. Young,
Staff: R. Lapham, K. Lorette, C. Culham, S. Grigg, R. Loukes
Recorder: C. English

The meeting was called to order at 9:34 a.m.

1. APPROVAL OF AGENDA

It was **MOVED** by Director Price, **SECONDED** by Director McIntyre
That the agenda be approved as circulated.

CARRIED

2. APPROVAL OF MINUTES OF MAY 29, 2018

It was **MOVED** by Director Price, **SECONDED** by Director Young
That the minutes of May 29, 2018 be approved as circulated.

CARRIED

Director Carline entered the meeting at 9:36 a.m.

3. Memo – Questions Arising from May 29, 2018 CRHC Board Meeting

It was **MOVED** by Director Price, **SECONDED** by Director McIntyre
To receive the memo.

CARRIED

Director Braude entered the meeting at 9:39 a.m.

4. Redevelopment and Renewal Evaluation Matrix

It was **MOVED** by Director Price, **SECONDED** by Director McIntyre

CARRIED

5. Tenant Advisory Committee Terms of Reference

The Board engaged in an extensive discussion about the report, the terms of reference and the communication between the Tenant Advisory Committee and the Hospitals and Housing Committee.

It was **MOVED** by Director Carline, **SECONDED** by Director McIntyre

That the Terms of Reference be amended to reflect that the Chair of the Tenant Advisory Committee be elected by the Advisory Committee members.

CARRIED

It was **MOVED** by Director Price, **SECONDED** by Director McIntyre

To receive the report for information.

CARRIED

6. Management Report

It was **MOVED** by Director Carline, **SECONDED** by Director Price

Receive the Management Update Report for information.

CARRIED

7. ADJOURNMENT

It was **MOVED** by Director Price, **SECONDED** by Director McIntyre

That the meeting be adjourned.

CARRIED

The meeting was adjourned at 10:51 a.m.

David Screech, Chair

Colleen English, Recorder

REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD OF DIRECTORS MEETING OF JULY 24, 2018

SUBJECT **Westview – Project Budget Approval**

ISSUE

The Capital Region Housing Corporation's (CRHC) Procurement Policy requires that all procurement transactions be within the scope of the Board's approved financial plan. Staff therefore seeks to amend the Westview project control budget approved by the CRHC Board in March 2017 and that the Board delegate the authority to the General Manager to sign a Letter of Credit.

BACKGROUND

The CRHC Board and British Columbia Housing Management Commission (BC Housing) approved the Westview schematic design stage (Class D) provisional project budget of \$18,250,235 in March 2017 and May 2017 respectively.

In anticipation of a 14% increase in construction costs due to the strong construction market, high year-over-year labour cost increases, and shortage of trade contractors, CRHC adopted the construction management project delivery methodology.

The current pre-tender Class A estimate is \$19,126,171. This is an increase of \$875,935 (5%) from the Class D provisional project budget. The primary reason for this increase is a \$735,703 (6%) increase in the hard construction cost budget line item.

The following estimates found in Table 1 were completed throughout the various phases of the project for the hard construction costs:

Table 1: Hard construction cost estimates

| | Schematic Design Stage | Design Development Stage | 50% Working Drawings Stage | IFT Stage | Final Control Budget |
|------------------------------|-------------------------------|---------------------------------|-----------------------------------|------------------|-----------------------------|
| Class Estimate | Class D | Class C | Class B | Class A | Class A |
| CRHC Staff | \$12.3M | | | | |
| Advicas (external QS) | | \$13.6M | \$13.97M | | |
| BC Housing | | \$12.9M | | \$13.03M | |
| Unitech* | | | \$14.67M | \$14.76M | \$13.03M |

*Construction Management firm

The recommended approved construction budget of \$13.03 million has been vetted by a number of parties, and is aligned BC Housing's independent estimate. A detailed capital budget can be found in Appendix A.

Operating Proforma

Westview's affordable units rent levels were increased from March 2017 to match the updated 2018 BC Housing "Housing Income Limits" rent levels. These increased rents will offset the increased debt payments

without losing the number of rent-geared-to-income (RGI) units anticipated in the project proposal or increasing the RGI rent levels.

Additionally, BC Housing's take-out financing interest rate has increased from 3.5% to 4.25%. BC Housing has committed to providing the equity shortfall required to maintain the debt service coverage ratio of 1.1. The *debt coverage ratio* is the ratio of net operating income compared to annual debt service, which includes principal and interest payments. This additional equity has already been accounted for in the capital and operating proforma. A table of rent levels can be found in Appendix A.

Letter of Credit

BC Housing has requested that CRHC provide a letter of credit in lieu of a performance bond, with BC Housing being the beneficiary. There is an annual fee for the Letter of Credit (charged quarterly), which is 1.00% annually on the estimated construction financing of \$8,594,509. The annual fees for the letter of credit will be covered by CRHC's project reserve. The bank will only be able to provide the Letter of Credit once CRHC receives the final project approval with the actual construction financing amount.

Once the terms of the contract have been satisfied, BC Housing would ask the credit facility to cancel the Letter of Credit. In the event that CRHC cannot complete the project, the letter of credit allows BC Housing to draw on that credit to complete the project.

ALTERNATIVES

Alternative 1:

- a) Approve the Westview project control budget of \$19,126,171.
- b) Delegate the General Manager to sign the Letter of Credit.

Alternative 2:

Refer back to staff.

IMPLICATIONS

CRHC staff has reviewed and approved the recommended tenders provided by Unitech Construction Management Ltd. Of the \$19.13 million project budget, only \$1.55 million worth of contracts are left to be tendered. With the exception of framing, all the outstanding contracts left to be tendered either require more time to coordinate or are considered low-risk items. Therefore, staff is comfortable with the budget being proposed, and has accounted for potential risks in the proposed contingency. The \$1.6 million project contingency covers any unforeseen conditions. CRHC provided BC Housing with all the requirements for final project approval on July 6, 2018. Staff expects final project approval from the BC Housing Executive Committee on July 25, 2018.

Letter of Credit

Based on the estimated loan of \$8,594,509 (and no drawdowns) at 1% the cost of the Letter of Credit would be \$128,918.

CONCLUSION

The proposed control budget of \$19,126,171 has been increased by 5% from the March 2017 approved provisional project budget. The \$1.6 million project contingency is expected to be sufficient to cover potential changes in the construction climate such as labour and material. The Letter of Credit is in lieu of a performance bond with BC Housing being the beneficiary. The estimated cost of the Letter of credit is \$128,918 and will be paid for through CRHC's project reserve.

RECOMMENDATION

- a) Approve the Westview project control budget of \$19,126,171.
- b) Delegate the General Manager to sign the Letter of Credit.



Paul Kitson
Manager, Capital Projects
Capital Region Housing Corporation



Christine Culham
Senior Manager
Capital Region Housing Corporation
Concurrence



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

PK:ce

Attachments: Appendix A – Westview Capital Budget and Proposed Rent Roll

Capital Budget

| | Proposed Control Budget | March 2017 Approved Provisional Budget | Difference |
|--|------------------------------------|---|---------------------|
| APPRAISALS/ STUDIES | \$ 12,670 | \$ 12,670 | \$ 0 |
| ACQUISITION/ SERVICING including Land Value | \$ 2,590,000 | \$ 2,590,000 | \$ 0 |
| MUNICIPAL FEES | \$ 239,657 | \$ 222,000 | \$ 17,657 |
| UTILITY FEES | \$ 170,000 | \$ 95,000 | \$ 75,000 |
| DESIGN CONSULTANTS | \$ 634,724 | \$ 752,236 | \$ - 117,512 |
| CONSULTANTS | \$ 450,080 | \$ 403,280 | \$ 46,800 |
| MISCELLANEOUS SOFT COSTS | \$ 167,689 | \$ 105,500 | \$ 62,189 |
| BORROWING COSTS | \$ 188,333 | \$ 132,235 | \$ 56,098 |
| HARD CONSTRUCTION | \$ 13,034,704 | \$ 12,299,000 | \$ 735,704 |
| BUILDING START-UP/ COMMISSIONING | \$ 35,500 | \$ 35,500 | \$ 0 |
| CONTINGENCIES | \$ 1,602,814 | \$ 1,602,814 | \$ 0 |
| Total Capital Cost of Project (Incl. GST): | \$ 19,126,171 | \$ 18,250,235 | \$ 875,936 |

Rent roll for Westview

| Unit Type | Sq ft | Rent | # of units |
|--|--------------|--------------|-------------------|
| Studio Unit (RGI) | 364 | \$375 | 7 |
| Studio Unit (Affordable) | 373 | \$860 | 4 |
| One Bedroom (RGI) | 440 | \$550 | 3 |
| One Bedroom (RGI) | 475 | \$550 | 4 |
| One Bedroom (Affordable) | 515 | \$990 | 23 |
| One Bedroom (RGI) - Accessible | 529 | \$375 | 5 |
| One Bedroom + Den (Near market) | 583 | \$1,350 | 3 |
| Two Bedroom (RGI) | 820 | \$825 | 4 |
| Two Bedroom (RGI) | 825 | \$825 | 2 |
| Two Bedroom (Affordable) | 825 | \$1,290 | 10 |
| Two Bedroom (Near Market) | 833 | \$1,650 | 4 |
| Three Bedroom (Affordable) | 1118 | \$1,850 | 2 |
| Three Bedroom (Near market) | 1118 | \$2,100 | 2 |
| | | Total | 73 |

**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD OF DIRECTORS
MEETING OF JULY 24, 2018**

SUBJECT **Grant Applications for the Caledonia, Michigan Square and Drake Road Developments**

ISSUE

Authorize Capital Region Housing Corporation (CRHC) to apply for the provincial *Building BC: Community Housing Fund*, the City of Victoria Housing Reserve Fund (Reserve Fund), the Capital Regional District's (CRD) Regional Housing Trust Fund (RHTF) and the National Housing Co-Investment Fund (NHCF) programs as necessary and applicable for the Michigan Square Redevelopment, Caledonia Redevelopment and Drake Road Development projects.

BACKGROUND

The 2016-2019 CRHC Board Strategic Plan identified that the CRHC should increase its housing stock in order to increase affordable housing opportunities for households in core housing need.

In April 2018, the Province of BC announced the desire to build 14,350 new rental units across BC over a 10-year span to address gaps in the market for growing families and independent seniors.

A Request for Proposals (RFP) for new rental housing units under the *Building BC: Community Housing Fund*¹ was issued April 18, 2018 and will close on September 17, 2018. Project proposals for the initial RFP will be evaluated and approval decisions made by November 2018. The Board was provided detailed information about this funding opportunity in the Management Update Report on May 29, 2018. BC Housing will provide \$100,000 per unit.

The NHCF provides low-cost loans and financial contributions to attract partnerships and investments. The focus of the fund is to build new housing and repair or renew the existing community and affordable housing supply. It covers a broad range of housing needs from shelters to affordable homeownership. Applications are accepted on an ongoing basis and reviewed every 60 days.²

The *Reserve Fund* was established for the purpose of providing grants for funding to assist in the development and retention of affordable housing for households with no, low or moderate incomes to support community diversity and infrastructure; and to facilitate the development of affordable rental housing and affordable home ownership projects.³ The Reserve Fund provides up to \$10,000 for a one-bedroom, \$20,000 for two-bedroom and \$30,000 for three-bedroom units.

The RHTF provides capital grants for the acquisition, development and retention of housing that is affordable to households with low or moderate incomes in the region. The RHTF provides up

¹ <https://www.bchousing.org/partner-services/funding-opportunities-for-housing-providers/community-housing-fund>

² <https://cmhc-schl.gc.ca/en/nhs/national-housing-co-investment-fund-new-construction-stream>

³ <https://www.victoria.ca/EN/main/residents/housing-strategy/housing/victoria-housing-fund.html>

to \$15,000 per door for affordable housing units.

Caledonia Redevelopment

The Caledonia property has been identified as one of CRHC's redevelopment projects. Staff has been in active negotiations with School District 61 and the City of Victoria on the potential acquisition of additional plots of land to increase the density of the site from 18 units to 120 units, for a total project cost of \$41.7 million.

Michigan Redevelopment

The Michigan Square property has also been identified as one of CRHC's redevelopment projects. Staff has proposed redeveloping the property to increase the density from 62 units to 108 units, for a total project cost of \$35.2 million.

Drake Road Development Phase 1

Despite the water issues at Drake Road, staff is still hopeful that it can find a way to advance this project. The initial development proposes 80 units. Following recent discussions with the Islands Trust and the only possible sources of water being either rain water or groundwater, staff have proposed reducing the number of units from 80 to 30 units for Phase 1 of the project, for a total project cost of \$7.4 million.

ALTERNATIVES

Alternative 1:

- a) Authorize the Senior Manager to submit applications for the Caledonia redevelopment to the *Building BC: Community Housing Fund*, *National Housing Co-Investment Fund*, Capital Regional District's Regional Housing Trust Fund and the City of Victoria Housing Reserve Fund;
- b) Authorize the Senior Manager to submit applications for the Michigan Square redevelopment to the *Building BC: Community Housing Fund*, Capital Regional District's Regional Housing Trust Fund and the City of Victoria Housing Reserve Fund; and
- c) Authorize the Senior Manager to submit applications for the Drake Road development to the *Building BC: Community Housing Fund* and Capital Regional District's Regional Housing Trust Fund.

Alternative 2:

Refer the issue back to staff for more information.

FINANCIAL IMPLICATIONS

BC Housing determines a project viable when a project meets the 1:1 debt service ratio. The debt coverage ratio is the ratio of net operating income compared to annual debt service, which includes principal and interest payments. The *Building BC: Community Housing Fund*, requires that proposals must reflect the following mix of rents and incomes within a single building:

- 30% of Units Moderate Income – Affordable Market Rents
- 50% of Units Housing Income Limits – Rent-Geared-to-Income 'RGI'
- 20% of Units Low Income – Deep Subsidy Units

Due to the fact that CRHC must meet these rent levels and that the *Building BC: Community Housing Fund* provides a limit of \$100,000 per unit, CRHC will also be required to apply for funding through the Reserve Fund, the CRD's RHTF and the NHCF programs as necessary and applicable. Please see Table 1 for the breakdown in required equity and sources.

Table 1

| | | Caledonia | Michigan | Drake Road |
|--------------------------------------|--|---------------------------|---------------------|--------------------|
| Proposed Equity Contributions | Land Costs | \$4,566,114 | \$6,448,000* | \$960,000** |
| | CRHC equity contribution* | \$1,000,000 | \$1,000,000 | - |
| | Additional grants (City of Victoria, RHTF, NHCF) | \$4,200,000 | \$2,500,000 | \$450,000 |
| | Building BC: Community Housing Fund | \$12,000,000 | \$9,900,000 | \$3,000,000 |
| | Financing | \$19,981,294 ⁴ | \$15,361,616 | \$3,405,428 |
| Total Estimated Capital Costs | | \$41,747,408 | \$35,209,616 | \$7,815,428 |

*CRHC equity contribution as landowner

**CRD equity contribution as landowner

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*. 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.

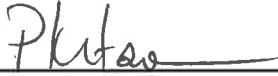
CONCLUSION

The 2016-2019 CRHC Board Strategic Plan identified that the CRHC should increase its housing stock in order to increase affordable housing opportunities for households in core housing need. The Caledonia, Michigan, and Drake Road affordable housing projects best suit the *Building BC: Community Housing Fund* because of CRHC's equity contributions, land equity, and other available sources of equity. Due to the requirement to also identify other sources of funding, CRHC will also apply to the Reserve Fund, the CRD's RHTF and the NHCF programs as necessary and applicable.

RECOMMENDATION

- Authorize the Senior Manager to submit applications for the Caledonia redevelopment to the *Building BC: Community Housing Fund*, *National Housing Co-Investment Fund*, Capital Regional District's Regional Housing Trust Fund and the City of Victoria Housing Reserve Fund;
- Authorize the Senior Manager to submit applications for the Michigan Square redevelopment to the *Building BC: Community Housing Fund*, Capital Regional District's Regional Housing Trust Fund and the City of Victoria Housing Reserve Fund; and
- Authorize the Senior Manager to submit applications for the Drake Road development to the *Building BC: Community Housing Fund* and Capital Regional District's Regional Housing Trust Fund.

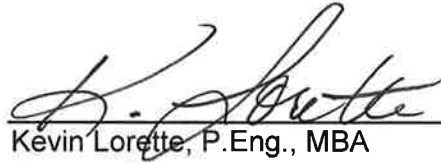
⁴ Includes an annual mortgage subsidy



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PK:ce

Attachments: Appendix A – Unit Mix and Rent Proforma

Proposed Rent Roll for Caledonia, Michigan Square, and Drake Road

Proposals must reflect the following mix of rents and incomes within a single building:

30% of Units Moderate Income – Affordable Market Rents

50% of Units Housing Income Limits – Rent-Geared-to-Income 'RGI'

20% of Units Low Income – Deep Subsidy Units

| Unit Type | Rent | Caledonia | Michigan | Drake Rd |
|------------------------------|-----------------|------------|------------|------------|
| | | # of units | # of units | # of units |
| Studio Unit (Deep Subsidy) | \$375 | - | - | 5 |
| Studio Unit (RGI) | \$560 | - | 4 | 2 |
| One Bedroom (Deep Subsidy) | \$525 | 1 | 8 | 1 |
| One Bedroom (RGI) | \$648 | 11 | 11 | 11 |
| One Bedroom (Affordable) | \$1,350 | 0 | 9 | 8 |
| Two Bedroom (Deep Subsidy) | \$600 | 18 | 7 | 0 |
| Two Bedroom (RGI) | \$840 | 46 | 33 | 2 |
| Two Bedroom (Affordable) | \$1,600-\$1,900 | 28 | 15 | 1 |
| Three Bedroom (Deep Subsidy) | \$600 | 1 | 1 | - |
| Three Bedroom (RGI) | \$1,208 | 3 | 4 | - |
| Three Bedroom (Affordable) | \$2,100-\$2,300 | 8 | 7 | - |
| Four Bedroom (Deep Subsidy) | \$700 | 4 | - | - |
| | Total | 120 | 99 | 30 |

* All rents are subject to change based on feedback from the grant approvers and final budgets

**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD OF DIRECTORS
MEETING OF JULY 24, 2018**

SUBJECT Tenant Relocation Policy

ISSUE

A Tenant Relocation Policy requires approval by the Capital Region Housing Corporation (CRHC) Board.

BACKGROUND

The 2016-2019 CRHC Board Strategic Plan identified that the CRHC should increase its housing stock in order to increase affordable housing opportunities for households in core housing need.

The existing portfolio age, residual debt and original programs generates a range of very affordable rents in today's rental market. However, a challenge and opportunity at this time is that projects in the portfolio are aging and coming to the end of their operating agreements. This challenge is shared across the sector as other non-profits evaluate and implement options for major renovations or site redevelopment. Michigan Square and Caledonia have been prioritized for redevelopment and currently the CRHC is evaluating which high-priority renewal sites are most appropriate for redevelopment versus renovation.

Guiding Objective for redevelopment:

Redevelopment must result in a project that maintains or enhances the existing number of household types and income profiles, or as varied by CRHC's assessment of housing need, through the provision of appropriate and affordable housing that is financially viable for CRHC.

Staff are making application to the provincial *Building BC: Community Housing Fund*, the City of Victoria Housing Reserve Fund, the Capital Regional District's (CRD) Regional Housing Trust Fund (RHTF) and the *National Housing Co-Investment Fund* programs as necessary and applicable for the Michigan Square Redevelopment and the Caledonia Redevelopment. BC Housing requires a tenant relocation strategy as part of their funding applications and the City of Victoria requires a policy for relocation as part of the development and building permit applications.

Staff have developed a draft Tenant Relocation Policy (Appendix A) that takes into consideration the *Residential Tenancy Act* and the BC Housing requirements. It has received preliminary review by City of Victoria Housing Planning and BC Housing Development Services staff.

ALTERNATIVES

Alternative 1:

Approve the Tenant Relocation Policy, July 2018, as presented.

Alternative 2:

Refer the issue back to staff for more information.

IMPLICATIONS

Social Implications

Housing affordability is linked to both a household's ability to pay for their housing as well as the ability of a household to find housing that is suitable in condition and adequate in size at a price that they can afford. 20,870 households were in core housing need in 2011.

In 2018, the region has an overall vacancy rate of 0.7 per cent, including a vacancy rate of zero for three-bedroom units which creates upward pressure on rents, fewer housing choices for low to moderate income households and a worsening of the overall affordability profile.

Vulnerable tenants, those occupying rent-geared-to-income (RGI) units such as seniors, persons with disabilities, or those living on very low incomes are among those most affected by redevelopment or renovation. They often require more assistance in the relocation process as there are fewer choices available to them. These individuals also tend to be longer-term residents, and the process of moving may be more challenging for them.

The following is the strategy to reduce the impacts of displacement of existing tenants.

For tenants requesting assistance finding new accommodations:

- Two options should be offered that are comparable in unit type, unless otherwise agreed to;
- All options should be in the capital region, with one in the same municipality, where practical;
- Where possible, all options should rent at no more than Canadian Mortgage and Housing Corporation's average rents for the area or 30% of their household income; and
- Where possible, options should be tailored to the tenant (e.g. pet friendly, mobility considerations, smoke-free, etc.).

Low End Market Tenants:

- Low end market tenants that meet the eligibility requirements will be offered a CRHC unit as possible. Two offers will be made based on available vacancies. If there are no available vacancies, CRHC will work with other social housing providers to support the tenant in accessing housing and will be provided with information on rental options in the community that are rented for no more than 30% of household income. Tenants will also have first option to choose to move back into a low-end market unit in the new building.
- Low end market tenants who no longer meet the eligibility requirements (occupancy, financial) for CRHC housing will be provided with information on rental options in the community that are rented for no more than 30% of household income. Tenants will also have first option to choose to move back into an affordable housing unit in the new building if eligible.

Rent Geared to Income Tenants:

All efforts will be made to accommodate tenants in rent geared to income housing within the CRHC or with another social housing provider unless the tenant indicates that they would prefer to live with a private housing provider. Efforts will be made to support the tenant in their application for the RAP or SAFER rent supplement program. Additional support for special circumstances. Tenants will also have first option to move back into an RGI unit in the new building.

Inter-Governmental Implications

BC Housing requires a tenant relocation strategy as part of their funding applications, and the City of Victoria requires a policy as part of the development and building permit applications. CRHC staff sought guidance from City of Victoria Housing Planning and BC Housing Development Services staff in the development of the policy.

Financial Implications

Financial compensation will be provided based on length of tenancy:

- 2 months' rent for tenancies up to 4 years;
- 3 months' rent for tenancies between 5 to 9 years;
- 4 months' rent for tenancies over 10 years; and
- 6 months' rent for tenancies over 20 years.

Arrangement for an insured moving company, or a flat-rate payout for moving expenses will be reimbursed as follows:

- A maximum of \$750 for bachelor and 1-bedroom households; and
- A maximum of \$1,000 for two or more bedroom households.

These costs have been considered in the project budgets for Michigan Square and Caledonia.

CONCLUSION

Michigan Square and Caledonia have been prioritized for redevelopment. Staff have developed a draft Tenant Relocation Policy that meets the *Residential Tenancy Act* and the BC Housing requirements. It has been reviewed by City of Victoria Housing Planning staff and BC Housing.

RECOMMENDATION

Approve the Tenant Relocation Policy, July 2018, as presented.



Christine Culham
Senior Manager
Capital Region Housing Corporation



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

CC:ce

Attachments: Appendix A – Tenant Relocation Policy, July 2018

| POLICY AND PROCEDURES MANUAL | Tenant Relocation Policy | | |
|---|--------------------------|--------------------------------|---------------|
| | POLICY NO. 2.48 | EFFECTIVE July 24, 2018 | AMENDMENT NO. |

1.1 Policy Goals

CRHC will seek to engage tenants in understanding the redevelopment process with the goal of:

- a. Creating supported environments to discuss changes;
- b. Offering different levels of engagement (i.e., in writing, one-on-one, community meetings, town halls, etc.);
- c. Maintaining flexibility and creativity in responding to tenant concerns;
- d. Offering opportunities for tenant consultation;
- e. Providing clarity of roles and expectations during redevelopment process.

CRHC commits to:

- a. Supporting tenants in finding alternate housing (as per Section 2.1);
- b. Offering tenants choice, as much as is reasonable;
- c. Offering frequent, accurate and timely information as the redevelopment process progresses.

2.1 Tenant Relocation Plan

At a minimum, the CRHC Tenant Relocation Plan must include:

- (a) Financial compensation provided based on length of tenancy:
 - 2 months' rent for tenancies up to 4 years;
 - 3 months' rent for tenancies between 5 to 9 years;
 - 4 months' rent for tenancies over 10 years; and
 - 6 months' rent for tenancies over 20 years.

This can take the form of free rent or a lump sum payment.

- (b) A minimum of 4 months' notice to end tenancies after all permits are issued.
- (c) For tenants requesting assistance finding new accommodations:
 - Two options should be offered that are comparable in unit type, unless otherwise agreed to;
 - All options should be in the capital region, with one in the same municipality, where practical;
 - Where possible, all options should rent at no more than Canadian Mortgage and Housing Corporation's average rents for the area or 30% of their household income;
 - Where possible, options should be tailored to the tenant (e.g. pet friendly, mobility considerations, smoke-free, etc.); and
 - In cases involving vulnerable tenants, applicants are encouraged to

provide additional assistance and supports as per section (f) below.

- (d) Arrangement for an insured moving company, or, a flat rate payout for moving expenses as follows:
 - A maximum of \$750 for bachelor and 1-bedroom households; and
 - A maximum of \$1,000 for two or more bedroom households.
- (e) Right of first refusal for existing tenants to move back into the new building.
- (f) To mitigate displacement, staff will also support tenants in moving to an existing CRHC unit or with another social housing provider:

Low End Market Tenants:

- Low end market tenants that meet the eligibility requirements will be offered a CRHC unit as possible. Two offers will be made based on available vacancies.
- Low end market tenants who no longer meet the eligibility requirements for CRHC housing will be provided with information on rental options in the community that are rented for no more than 30% of household income.

Rent Geared to Income Tenants:

- All efforts will be made to accommodate tenants in rent geared to income housing within the CRHC or with another social housing provider unless the tenant indicates that they would prefer to live with a private housing provider. Efforts will be made to support the tenant in their application for the RAP or SAFER rent supplement program.

Vulnerable Tenants

- Vulnerable tenants, those occupying rent geared to income units such as seniors, persons with disabilities, or those living on very low incomes, are among those most affected by redevelopment or renovation. They often require more assistance in the relocation process as there are fewer choices available to them. These individuals also tend to be longer-term residents, and the process of moving may be more challenging for them.
- Additional financial compensation or support, such as partnering with health organizations and other non-profit services, may be requested for vulnerable tenants (e.g., seniors, persons with disabilities, tenants with low income, mental health issues, etc.)

2.2 Final Tenant Relocation Report

CRHC must keep records and documentation for reporting purposes. At minimum that is to include:

- Names of the tenants;
- Outcome of their search for alternate accommodation; and
- A summary of the monetary value given to each tenant (e.g., moving costs, rent, etc.).

3.1 Role of the *British Columbia Residential Tenancy Act*

British Columbia's *Residential Tenancy Act (RTA)* regulates all tenancy agreements in residential rental units across the province. It is essential for both landlords and tenants

to understand their rights and responsibilities under the *RTA*. As described above, there is significant pressure on the region's existing rental stock, resulting in significant challenges for both landlords and renters.

3.2 BC Housing Guiding Principles

Guiding Principles for Housing Redevelopment

The redevelopment of aging affordable housing properties will ensure that people in greatest housing need in B.C. will have improved access to housing that best meets those needs. The following are general business principles for the redevelopment process. Each project may develop specific principles relevant to the project.

- Affordable housing residents currently living at sites slated for redevelopment will be considered first at all key stages of the redevelopment process.
- There will be no reduction in the number of affordable housing units.
- Any value realized from the redevelopment of a site will be reinvested to provide more affordable housing in B.C.
- Redevelopment will provide safer and better quality affordable housing, reduced maintenance costs and better use of public funds.
- Where possible, redevelopment will create mixed-income communities with affordable housing integrated into larger communities with other housing options.
- All parties involved in a site redevelopment will strive to ensure it proceeds within a reasonable time frame and is more environmentally sustainable than it was prior to redevelopment.

Guiding Principles for Housing Transitions for Residents

If residents are required to move as a result of redevelopment, all efforts will be made to help find them appropriate housing. While circumstances will vary according to the specific project, the following provides general principles for assisting residents, including whether a return to the redeveloped housing is an option. Residents will be consulted regarding any moving requirements well in advance. Every effort will be made to help individuals find available housing that meets their needs.

- Reasonable moving costs, as well as utilities reconnection, will be covered (as per section 2.1).
- Residents will be provided with open communication and clear information to ensure they are well informed about how the redevelopment will affect them.

To ensure two-way communication, residents will be able to contact us by phone, email or in-person to get information and guidance, or to provide feedback.¹

¹ <https://www.bchousing.org/partner-services/asset-management-redevelopment/redevelopment-process-principles>

**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD OF DIRECTORS
MEETING OF JULY 24, 2018**

SUBJECT **Mortgage Renewals – Heron Cove, Gladstone, Rosewood and Willowdene**

ISSUE

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

BACKGROUND

The mortgages for the four properties are due for renewal on December 1, 2018. All the mortgages are currently through Canada Mortgage and Housing Corporation (CMHC) Direct Lending.

BCHMC would like to renew the mortgage through CMHC Direct Lending, which offers lower interest rates than other lenders. The July 2018 five-year term rate for CMHC direct lending is 2.35%. The 10-year term rate at June 2018 was 2.60%. BCHMC would attempt to renew the mortgages at a custom term rate for the balance of the amortization period; failing this, CRHC would receive the five year term rate. Mortgage renewal details for each property are shown in Table 1.

Table 1:

| Property | Estimated Renewal Amount | Remaining Amort. Period | Annual Subsidy |
|-------------------------------------|-------------------------------------|------------------------------------|---------------------------|
| Heron Cove, 10542 McDonald Park Rd. | \$1,137,815 | 9 years 10 months | \$70,259 |
| Gladstone, 1320 Gladstone Ave | \$ 304,302 | 5 years 1 month | \$65,091 |
| Rosewood, 1827 McKenzie Ave | \$ 562,222 | 4 years 11 months | \$86,904 |
| Willowdene, 1821 McKenzie Ave | \$ 188,190 | 3 years 9 months | \$57,504 |

BCHMC requires the CRHC Board of Directors to approve and sign the resolutions attached as Appendix A.

ALTERNATIVES

Alternative 1:

- a) That the resolutions required by BC Housing Management Commission to renew the mortgages for Heron Cove, Gladstone, Rosewood and Willowdene through the Canada Mortgage and Housing Corporation Direct Lending Program for a term not to exceed the expiry of the existing operating agreements be approved; and
- b) That any two members of the Capital Region Housing Corporation Executive Committee be authorized to sign any documents related to the mortgage renewal.

Alternative 2:

That staff be directed to review other financing options based on Board direction.

FINANCIAL IMPLICATIONS

If the Corporation approves CMHC Direct Lending mortgage renewals, it will ensure that CRHC continues to benefit from the preferential interest rates available through CMHC/BCMHC and continues to receive the annual rent subsidy assistance amounts show in Table 1 until the expiry of the operating agreements.

A Board decision to not renew the mortgage under CMHC Direct Lending would necessitate securing a commitment for alternate financing through private sector lenders. Municipal Finance Authority is not a lending option as the amortization period is now less than 10 years. Private lenders cannot match the low rates that are achieved under CMHC Direct Lending.

Should the Board direct staff to borrow outside the Direct Lending program, the federal housing subsidies will be revised based on the lesser of the Direct Lending interest rate or the private sector lender interest rate for the remaining Direct Lending term established for the scheduled renewal date.

CONCLUSION

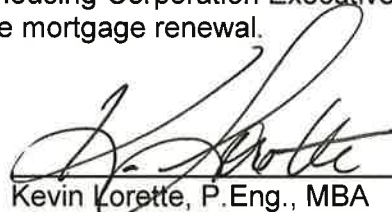
The current CMHC Direct Lending rate for July 2018 is 2.35% for a five-year term. It is unlikely that alternative funding sources would be able to provide an interest rate comparable to what is available through Direct Lending.

RECOMMENDATIONS

- a) That the resolutions required by BC Housing Management Commission to renew the mortgages for Heron Cove, Gladstone, Rosewood and Willowdene through the Canada Mortgage and Housing Corporation Direct Lending Program for a term not to exceed the expiry of the existing operating agreements be approved; and
- b) That any two members of the Capital Region Housing Corporation Executive Committee be authorized 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 and Protective Services
Concurrence

CC:ce

Attachment: Appendix A Resolution – Heron Cove Mortgage Renewal
Resolution – Gladstone Mortgage Renewal
Resolution – Rosewood Mortgage Renewal
Resolution – Willowdene Mortgage Renewal

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 10542 McDonald Park Rd, BC (BCHMC File no. 13323 / 599/ CMHC# 18434522).

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
Signature and Print Name

Signature of Secretary or President

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 1320 Gladstone Ave, BC (BCHMC File no. 13307 / 1488/ CMHC# 15343791).

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
Signature and Print Name

Signature of Secretary or President

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 1827 McKenzie Ave, BC (BCHMC File no. 13303 / 1484/ CMHC# 15333875).

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
Signature and Print Name

Signature of Secretary or President

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 1821 Mckenzie Ave, BC (BCHMC File no. 13302 / 1483/ CMHC# 15330202).

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
Signature and Print Name

Signature of Secretary or President

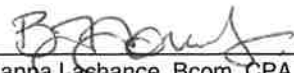
CAPITAL REGION HOUSING CORPORATION
ADMINISTRATION DIVISION
YEAR-TO-DATE (YTD) REVENUE AND EXPENDITURES
JANUARY to JUNE, 2018

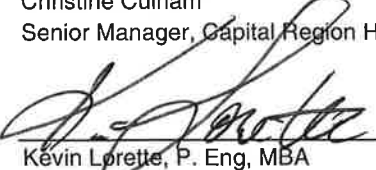
| <u>Administration</u> | <u>Budget 2018</u> | <u>Budget Jan-Jun</u> | <u>Actual Jan-Jun</u> | <u>Variance \$ Jan-Jun</u> |
|--|------------------------|---------------------------|---------------------------|--------------------------------|
| Revenues | | | | |
| Management Fees - UOA, ILBC2, NOA and Others | 1,284,097 | 642,049 | 642,049 | 0 |
| Management Fees - Tenant Engagement Pilot Project | 23,000 | 23,000 | 23,000 | 0 |
| Interest Income | 100,000 | 50,000 | 50,000 | 0 |
| Service Fees - Royal Oak Housing Agreement | 150 | 75 | 0 | (75) |
| Miscellaneous - Tenant Service Charges | 2,383 | 1,192 | 2,280 | 1,088 |
| Transfer from Corporate Stabilization Reserve - IT Project | 20,000 | 10,000 | 0 | (10,000) (A) |
| Transfer from Corporate Stabilization Reserve - Renewal Evaluation Matrix Project | 40,000 | 0 | 0 | 0 |
| Total Revenues | 1,469,630 | 726,315 | 717,329 | (8,987) |
| Expenditures | | | | |
| Salaries and Benefits - CRHC Administration Staff | 865,000 | 432,500 | 368,942 | 63,558 (B) |
| Salary and Program Exp - Tenant Engagement Pilot Project | 23,000 | 23,000 | 13,075 | 9,925 (C) |
| Training | 11,300 | 5,650 | 2,310 | 3,340 |
| Consultants and Legal Fees | 20,000 | 10,000 | 9,360 | 640 |
| CRD Regional Housing Allocation | 155,590 | 77,795 | 77,795 | 0 |
| CRD Administration and Audit Fees | 166,328 | 83,164 | 83,164 | 0 |
| CRD Office Rental and Insurance | 63,732 | 31,866 | 31,373 | 493 |
| CRD Computer Support | 59,970 | 29,985 | 32,838 | (2,853) |
| Telephone | 13,460 | 6,730 | 6,762 | (32) |
| Advertising | 500 | 250 | 330 | (80) |
| Stationery and Services | 25,750 | 12,875 | 20,310 | (7,435) (D) |
| Equipment Replacement Reserve | 5,000 | 2,500 | 2,500 | 0 |
| Special Project - SAP Real Estate Training | 20,000 | 10,000 | 0 | 10,000 (A) |
| Special Project - Renewal Evaluation Matrix | 40,000 | 0 | 0 | 0 |
| Total Expenditures | 1,469,630 | 726,315 | 648,759 | 77,557 |
| Total Administration Surplus/(Deficit) | 0 | 0 | 68,570 | 68,570 |

Variance Notes:

- (A) Transfer from Corporate Stabilization Reserve - IT Project: additional training anticipated in 3rd quarter.
 (B) Salaries - CRHC Admin Staff: 63,558 under budget due to CUPE 2017 contract still under negotiations & staff leave/vacancies.
 (C) Tenant Engagement Pilot Project: 9,925 under budget due to project May/18 end date extended to Dec/18.
 (D) Stationery and Services: (7,435) over budget due annual report and bulk tenant notices issued in 1st quarter.


 Christine Culham
 Senior Manager, Capital Region Housing Corporation

For 
 Rianna Lachance, Bcom, CPA, CA
 Senior Manager, Financial Services
 Concurrence


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

**CAPITAL REGION HOUSING CORPORATION
DEVELOPMENT SERVICES DIVISION
YEAR-TO-DATE (YTD) REVENUE AND EXPENDITURES
JANUARY to JUNE, 2018**

2 of 6

| <u>Development Services</u> | Budget 2018 | Actual Jan-Jun | Budget Variance \$ |
|---|------------------------|---------------------------|-------------------------------|
| Revenues | | | |
| Capital Surplus Funds - Westview Capital Project | 60,000 | 30,000 | (30,000) |
| Project Management Fees - Ashlar BER | 64,100 | 0 | (64,100) (A) |
| CMHC Seed Funding - Michigan (accrued receivable) | 30,000 | 30,000 | 0 |
| Capital Surplus Funds - Michigan | 50,000 | 25,000 | (25,000) |
| Capital Surplus Funds - Drake Road | 70,000 | 0 | (70,000) |
| CMHC Seed Funding - Caledonia (application pending) | 50,000 | 0 | (50,000) |
| Capital Surplus Funds - Caledonia | 85,000 | 25,000 | (60,000) |
| Total Revenues | 409,100 | 110,000 | (299,100) |
| Expenditures | | | |
| Salaries and Benefits - Manager Capital Projects | 139,400 | 67,823 | 71,577 |
| Travel - local and SSI Drake Rd project | 1,200 | 261 | 939 |
| Telephone | 1,000 | 288 | 712 |
| Miscellaneous | 2,500 | 235 | 2,265 |
| Michigan - conceptual design funded by CMHC | 30,000 | 30,000 | 0 |
| Michigan - professional studies and rezoning | 40,000 | 9,580 | 30,420 |
| Drake Rd - water feasibility, rezoning, conceptual design | 65,000 | 0 | 65,000 |
| Caledonia - conceptual design to be funded by CMHC | 50,000 | 3,313 | 46,687 |
| Caledonia - land purchase fees and conceptual design | 65,000 | 0 | 65,000 |
| Contingency | 15,000 | 0 | 15,000 |
| Total Expenditures | 409,100 | 111,500 | 297,600 |
| Total Development Services Surplus/(Deficit) | 0 | (1,500) | (1,500) |

Variance Notes:

(A) Project Management Fees - Ashlar BER: project funding has been deferred.

**CAPITAL REGION HOUSING CORPORATION
 UMBRELLA AGREEMENT PORTFOLIO
 YEAR-TO-DATE REVENUE AND EXPENDITURES
 JANUARY TO JUNE, 2018**

3 of 6

UMBRELLA AGREEMENT

42 Buildings - 1,209 Mixed Income Family/Seniors Housing
 Constructed between 1983-2002

| | UOA Budget 2018 | UOA Budget Jan-Jun | UOA Actual Jan-Jun | UOA Variance \$ Jan-Jun |
|---|--------------------------------|-----------------------------------|-----------------------------------|--|
| Revenues | | | | |
| BCHMC Fixed Payment | 3,463,133 | 1,731,567 | 1,722,995 | (8,572) |
| Tenant Rent | 10,403,704 | 5,201,852 | 5,275,055 | 73,203 (A) |
| Misc Revenue - parking and laundry | 80,983 | 40,492 | 33,640 | (6,852) |
| Total Revenues | 13,947,820 | 6,973,910 | 7,031,690 | 57,780 |
| Expenditures | | | | |
| Audit/Legal | 19,997 | 9,999 | 10,520 | (521) |
| Caretakers | 1,050,698 | 525,349 | 490,792 | 34,557 (B) |
| Contingency & Vacancy Loss | 60,461 | 30,231 | 0 | 30,231 (C) |
| Garbage | 213,845 | 106,923 | 106,435 | 488 |
| Gas | 98,700 | 49,350 | 47,875 | 1,475 |
| Electricity | 244,725 | 122,363 | 138,157 | (15,795) (D) |
| Insurance | 400,642 | 200,321 | 196,055 | 4,266 |
| Landscape Maintenance | 353,952 | 176,976 | 140,302 | 36,674 (E) |
| Land Lease | 63,000 | 31,500 | 31,500 | 0 |
| Maintenance | 642,357 | 321,179 | 308,713 | 12,466 |
| Management Fee | 1,111,351 | 555,676 | 555,676 | 0 |
| Management Fee - TEPF Project | 23,000 | 23,000 | 23,000 | 0 |
| Mortgage | 6,055,919 | 3,043,647 | 3,043,647 | 0 |
| Property Taxes | 614,843 | 307,422 | 290,178.00 | 17,244 (F) |
| Replacement Reserve Contribution | 943,020 | 471,510 | 471,510 | 0 |
| Water | 767,970 | 383,985 | 400,753 | (16,768) (G) |
| Total Expenditures | 12,664,480 | 6,359,427 | 6,255,113 | 104,316 |
| Total Umbrella Agreement Surplus/(Deficit) | 1,283,340 | 614,483 | 776,578 | 162,095 |

Variance Notes:

- (A) Tenant Rent: 73,203 additional revenue due to low Jan-Jun vacancy rate of .78%
- (B) Caretaker: 34,557 under budget due to 2017 CUPE contract still under negotiations and Caretaker on leave.
- (C) Contingency & Vacancy: pre Umbrella Operating Agreement this budget line allowed for funding to offset fixed overhead related to vacant units. With implementation of UOA in 2015 the budget line was kept for Contingency items.
- (D) Electricity: (15,795) over budget due to cyclical usage higher in winter months.
- (E) Landscape Maintenance: 36,674 under budget due to new contract is only for 11 months (Feb-Dec) in 2018.
- (F) Property Taxes: 17,244 under budget due to BC Assessment value adjustment.
- (G) Water: (16,768) over budget due to 2nd quarter invoice processing cutoff.

**CAPITAL REGION HOUSING CORPORATION
INDEPENDENT LIVING BC 2 PORTFOLIO
YEAR-TO-DATE REVENUE AND EXPENDITURES
JANUARY TO JUNE, 2018**

4 of 6

| <u>ILBC 2</u> 1 Building - 21 Seniors Independent Living Housing Constructed 2008 | ILBC 2 Budget 2018 | ILBC 2 Budget Jan-Jun | ILBC 2 Actual Jan-Jun | ILBC 2 Variance \$ Jan-Jun |
|--|-----------------------------------|--------------------------------------|--------------------------------------|---|
| Revenues | | | | |
| BCHMC Subsidy | 319,020 | 159,510 | 153,984 | (5,526) (A) |
| Tenant Rent | 321,590 | 160,795 | 152,333 | (8,462) (B) |
| Misc Revenue - parking and cable recovery | 0 | 0 | 5,665 | 5,665 |
| Total Revenues | 640,610 | 320,305 | 311,982 | (8,323) |
| Expenditures | | | | |
| General Costs | | | | |
| Audit/Legal | 335 | 168 | 168 | 0 |
| Cable - offset by Misc Revenue | 0 | 0 | 4,403 | (4,403) |
| Contingency & Vacancy Loss | 5,000 | 2,500 | 0 | 2,500 (C) |
| CPI Increase | 6,900 | 3,450 | 0 | 3,450 (D) |
| Garbage | 3,500 | 1,750 | 1,627 | 123 |
| Electricity | 31,584 | 15,792 | 21,242 | (5,450) (E) |
| Insurance | 6,020 | 3,010 | 2,839 | 171 |
| Memberships | 500 | 250 | 263 | (13) |
| Mortgage | 221,596 | 110,798 | 110,798 | 0 |
| Property Taxes | 13,750 | 6,875 | 2,843 | 4,032 |
| Replacement Reserve Contribution | 16,600 | 8,300 | 8,300 | 0 |
| Water | 6,215 | 3,108 | 3,778 | (671) |
| | 312,000 | 156,000 | 156,261 | (261) |
| Manageable Costs | | | | |
| Caretaker | 11,110 | 5,555 | 5,447 | 108 |
| Contracted Services | 267,216 | 133,608 | 133,512 | 96 |
| Landscape Maintenance | 3,820 | 1,910 | 2,599 | (689) |
| Maintenance | 21,250 | 10,625 | 15,225 | (4,600) (F) |
| Management Fee | 25,214 | 12,607 | 12,607 | 0 |
| | 328,610 | 164,305 | 169,390 | (5,085) |
| Total Expenditures | 640,610 | 320,305 | 325,651 | (5,346) |
| Total ILBC 2 Surplus/(Deficit) | 0 | 0 | (13,668) | (13,668) |

Variance Notes:

- (A) BCHMC Subsidy: CRHC responsible for vacant unit cost @ 2,542 per month;
- (B) Tenant Rent: (8,462) revenue shortfall due to 7 vacancies Jan-Jun, 2018.
- (C) Contingency & Vacancy: 5,000 budget allows for 2 vacant units per year.
- (D) CPI Increase: 6,900 budget for inflationary increases that were not assigned to a specific 2018 budget line item.
- (E) Electricity: (5,450) over budget due to BC Hydro prior year(s) estimated meter readings catchup. Accurate readings are now being taken. BC Housing will be notified of this situation and request for CPI 6,900 to be applied to Electricity budget line item.
- (F) Maintenance: (4,600) over budget due annual services being completed in Apr-Jun.

**CAPITAL REGION HOUSING CORPORATION
CRHC NO OPERATING AGREEMENT
YEAR-TO-DATE REVENUE AND EXPENDITURES
JANUARY TO JUNE, 2018**

5 of 6

VILLAGE ON THE GREEN

**1 Building - 38 Mixed Income Family Housing
Constructed 1984**

| | VOG Budget 2018 | VOG Budget Jan-Jun | VOG Actual Jan-Jun | VOG Variance Jan-Jun |
|---|--------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| Revenues | | | | |
| Tenant Rent | 419,857 | 209,929 | 210,515 | 587 |
| Misc Revenue - laundry | 2,026 | 1,013 | 194 | (819) |
| Total Revenues | 421,883 | 210,942 | 210,709 | (233) |
| Expenditures | | | | |
| Audit/Legal | 606 | 303 | 303 | 0 |
| Caretaker | 32,480 | 16,240 | 12,193 | 4,047 (A) |
| Garbage | 4,550 | 2,275 | 2,332 | (57) |
| Electricity | 1,680 | 840 | 703 | 137 |
| Insurance | 10,172 | 5,086 | 4,962 | 124 |
| Landscape Maintenance | 8,436 | 4,218 | 4,223 | (6) |
| Maintenance | 16,007 | 8,004 | 5,244 | 2,760 (B) |
| Management Fee | 34,816 | 17,408 | 17,408 | 0 |
| Mortgage | 134,322 | 67,161 | 67,161 | 0 |
| Property Taxes | 45,204 | 22,602 | 23,920 | (1,318) |
| Replacement Reserve Contribution | 34,900 | 17,450 | 17,450 | 0 |
| Water | 22,808 | 11,404 | 17,197 | (5,793) (C) |
| Total Expenditures | 345,981 | 172,991 | 173,096 | (106) |
| Total Village on the Green Surplus/(Deficit) | 75,902 | 37,951 | 37,613 | (339) |

Variance Notes:

(A) Caretaker: 4,047 under budget due to CUPE 2017 contract still under negotiations and Caretaker on leave.

(B) Maintenance: 2,760 under budget due to no vacancies Jan-Jun, 2018.

(C) Water: (5,793) over budget due to water metre not recording correctly in 2017. City of Victoria addressed the issue & monitoring consumption.

**CAPITAL REGION HOUSING CORPORATION
CRHC NO OPERATING AGREEMENT
YEAR-TO-DATE REVENUE AND EXPENDITURES
JANUARY TO JUNE, 2018**

6 of 6

VERGO

**1 Building - 18 Affordable Family Housing
Constructed 2012**

| | Vergo Budget 2018 | Vergo Budget Jan-Jun | Vergo Actual Jan-Jun | Vergo Variance Jan-Jun |
|---|----------------------------------|-------------------------------------|-------------------------------------|---------------------------------------|
| Revenues | | | | |
| Tenant Rent | 266,610 | 133,305 | 132,032 | (1,273) |
| Misc Revenue | 0 | 0 | 0 | 0 |
| Total Revenues | 266,610 | 133,305 | 132,032 | (1,273) |
| Expenditure | | | | |
| Audit/Legal | 287 | 144 | 144 | 0 |
| Caretaker | 8,942 | 4,471 | 4,354 | 117 |
| Garbage | 5,110 | 2,555 | 1,347 | 1,208 (A) |
| Electricity | 400 | 200 | 381 | (181) |
| Insurance | 8,497 | 4,249 | 4,145 | 104 |
| Landscape Maintenance | 4,985 | 2,493 | 3,017 | (524) |
| Maintenance | 7,566 | 3,783 | 2,879 | 904 |
| Management Fee | 16,492 | 8,246 | 8,246 | 0 |
| Mortgage | 239,952 | 119,976 | 120,126 | (150) |
| Property Taxes | 27,846 | 13,923 | 13,871 | 52 |
| Replacement Reserve Contribution | 7,000 | 3,500 | 3,500 | 0 |
| Water | 5,960 | 2,980 | 4,124 | (1,144) (B) |
| Total Expenditures | 333,038 | 166,519 | 166,134 | 386 |
| Total Vergo Surplus/(Deficit) to be supplemented by No Operating Agreement Portfolio Stabilization Reserve | (66,428) | (33,214) | (34,102) | (888) |

Variance Notes:

(A) Garbage: 1,208 under budget due to calculation error when budget was assigned.

(B) Water: (1,144) over budget due to more than 120 days of consumption on invoice metre reading.

Capital Region Housing Corporation
Reserve Summary Schedule
January to June, 2018

| Reserve Descriptions | Reserve Restrictions |
|--|---|
| (1) Corporatation Stabilization Reserve Account | At discretion of CRHC Board |
| (2) Admin Equipment Replacement Reserve Account | Approval of equipment replacement purchases based on CRHC Delegation Authority & Signing Authority Policy |
| (3) Vehicle Replacement Reserve Account | Approval of vehicle replacement purchases based on CRHC Delegation Authority & Signing Authority Policy |
| (4) Guestsuite Surplus Reserve Account (accum. operating surplus) | Approval of guestsuite related operating expenses based on CRHC Delegation Authority & Signing Authority Policy |
| (5) NOA Portfolio Stabilization Reserve (accum. operating surplus) | CRHC is responsible for managing Village Green and Vergo annual operating surplus/(deficits) |
| (6) UOA Portfolio Stabilization Reserve (accum. operating surplus) | BCHMC Agreement requires CRHC to be responsible for managing UOA's 42 buildings annual operating surplus/(deficits) |
| (7) ILBC2 Parry Stabilization Reserve (accum. operating deficit) | BCHMC Agreement requires CRHC to be responsible for managing Parry Place annual operating surplus/(deficits) |
| (8) Capital Replacement Reserve Fund for UOA, NOA, ILBC2 | As defined by BC Housing and/or CRHC Board this reserve can only be used to fund capital expenditures |

| | 2018 Budget | Unrestricted (1) | Internally Restricted (2) | Internally Restricted (3) | Internally Restricted (4) | Internally Restricted (5) | Externally Restricted (6) | Externally Restricted (7) | Externally Restricted (8) | Combined |
|--|-------------|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|------------|
| | | Corporate Stabilization | Admin Equip Replacement | Vehicle Replacement | Guestsuite Surplus | NOA Portfolio Stabilization | UOA Portfolio Stabilization | ILBC2 Parry Stabilization | Capital Replacement | Total |
| Beginning Balance January 1, 2018 | 0 | 935,378 | 29,033 | 86,179 | 34,626 | 114,568 | 3,434,824 | (770) | 5,386,313 | 10,020,151 |
| Transactions as at June, 2018 | | | | | | | | | | |
| Annual Transfer from Operating Budget prorated Jun/18 | 1,006,520 | 0 | 2,500 | 0 | 0 | 0 | 0 | 0 | 500,760 | 503,260 |
| One-Time Transfer to Capital Reserve Board approved Jan/18 | 1,056,980 | 0 | 0 | 0 | 0 | 0 | (528,490) | 0 | 528,490 | 0 |
| One-Time Transfer - IT Project budget balance \$20,000 | (20,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| One-Time Transfer - Renewal Evaluation Matrix Project | (40,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Actual Expenditures (based on Approved Capital Plan) | (2,902,910) | 0 | (9,828) | 0 | 0 | 0 | 0 | 0 | (875,067) | (884,895) |
| Interest Income allocated at yearend based on cumulative investment earnings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance at June'30, 2018 | (899,410) | 935,378 | 21,705 | 86,179 | 34,626 | 114,568 | 2,906,334 | (770) | 5,540,496 | 9,638,516 |

Note 1

Notes:

- 1) CRHC Reserves Cash and Investment Position at June 30, 2018
- | | |
|--|------------------|
| Cash (RBC Bank Account) | 0 |
| Bank of Nova Scotia GIC Maturing December 2018 | 1,492,608 |
| MFA Bond Fund | 8,049,644 |
| MFA Money Market Fund | 96,264 |
| | <u>9,638,516</u> |

**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD OF DIRECTORS
MEETING OF JULY 24, 2018**

SUBJECT Management Update

BACKGROUND

This report provides monthly operations, capital and project updates to the Capital Region Housing Corporation (CRHC) Board of Directors.

OPERATIONS UPDATE

Arbitrations

- The hearing for Monetary Order and Order of Possession scheduled for June 13, 2018 was cancelled as the tenant paid all outstanding rent and filing fee.
- A hearing to dispute a Two Month Notice To End Tenancy (filed by tenant) was held on June 21, 2018. Order of Possession was granted.

The Housing Registry Waitlist Statistics

| Category | July 2018 | June 2018 |
|-----------------------------|--------------|--------------|
| Total Registry Units | 3,240 | 3,294 |
| Applicants | | |
| Family | 610 | 605 |
| Seniors | 747 | 743 |
| Persons with Disabilities | 470 | 468 |
| Wheelchair Modified | 73 | 73 |
| Singles | 86 | 87 |
| Total | 1,986 | 1,976 |

Vacancy Update

| Year | Period | Number of units vacant | Number of Days vacant | Average of days vacant | Vacancy Rate |
|------|----------------------------|------------------------------|--------------------------|------------------------------|-----------------|
| 2018 | January to June 30, 2018 | 54 | 1,826 | 33.8 | 0.78% |
| 2017 | January 1 to June 30, 2017 | 47 | 1,520 | 32.3 | 0.63% |

Building Maintenance: Regulatory Changes

Changes to the Electrical Safety Act, which is regulated by Technical Safety Authority BC (formerly BC Safety Authority) requires all multiunit residential buildings to have annual Electrical Operating Permits and annual Maintenance plans to ensure upkeep of the main electrical equipment. Current estimates value this work at approximately \$200,000 per annum. Under the Umbrella Operating Agreement, this is an unfunded cost until the 2019 expiry date. Therefore staff are working with CRD's Facilities Management to procure this unexpected regulatory requirement to ensure CRHC's buildings are in compliance.

Capital Updates

Westview

Works completed since the June 26th board meeting include (but is not limited to):

- The tender period was extended to allow for greater interest from trade contractors
- Unitech provided a summary of the tender results and recommendations for trade contractors
- CRHC provided BC Housing all the supporting documents for final project approval
- Unitech is continuing tendering on outstanding trade contracts and coordinating upcoming site works
- CRHC received the trade contracts and circulated for internal signatures

The work plan up until the end of August includes (but is not limited to):

- Commence site preparation
- Ground breaking
- Commence excavation works

Westview Groundbreaking

CRD Communications is working with BC Housing to plan the Groundbreaking ceremony. BC Housing will not begin planning until final commitment which will be provided on July 25, 2018.

161 Drake Rd.

Staff has commenced preparing an access road for drilling another well on the School District's property. Drilling is anticipated for end of July.

Michigan Square Redevelopment

Staff completed a feasibility analysis on whether to redevelop or sell the property that can be found in Appendix A.

The design team completed its preliminary design, and the construction manager provided input on the three parkade options: full demolition, suspended slab demolition, and keeping the existing parkade. The cheapest and most suitable option is to remove the suspended parkade slab and modify the slab on grade to bring the parkade up to code.

Staff is looking to move forward with hiring the remaining design team to prepare a development permit package to submit to the City of Victoria.

Parry Place

Staff are completing an appraisal of Parry Place to determine current market value. Parry Place is a 21 unit assisted living facility and was completed in June 2008 under the Independent Living BC (ILBC) program, a housing-for-health partnership that meets the needs of lower-income seniors and people with disabilities by providing a middle option between home support and residential care.

Under this funding model, CRHC is contractually obligated through an operating agreement with BCHMC and is responsible for housing and hospitality. Residents receive two meals per day, housekeeping, laundry, 24 hour emergency care and recreational services. BCHMC covers the costs of the operation and hospitality services in an amount equal to the approved operating budget and the tenant contribution, which is 70% of their net income.

There have been ongoing vacancy challenges with Parry Place. In the current model of operations, if a unit is not occupied, BCHMC deducts the subsidy for that unit. This has caused annualized deficits for CRHC. For every vacancy, there is a loss of \$2542 per unit per month. This has resulted in an accumulated loss for CRHC. Vancouver Island Health Authority (VIHA) is responsible for the placement of residents in Parry Place and for the home support services. CRHC staff continue to work with VIHA to determine how CRHC can recover vacancy loss.

Although the CRHC works with partners to provide supportive programs within our buildings and the CRHC support third party societies through the provision of property management services, Parry Place is the CRHC's only building in which our organization is actively engaged in providing assisted living. CRHC has, however, achieved a very successful partnership with Beacon Community Services in providing the hospitality services.

Through the appraisal, staff will better understand the market value of the property and can make recommendations to the Board on whether to sell, lease or maintain the property.

Tenant Engagement

Staff are developing a process to support community-driven requests that address individuals' and communities' Social Determinants of Health, including social connectedness, food security, early childhood development, etc. Examples of community-driven requests include garden boxes, emergency preparedness information, community dinners, etc. Staff are working to formalize the process, secure resources, and establish partnerships to ensure the sustainability of the community proposals.

Financial Reporting

June cheques/EFTS OVER \$50,000:

| Vendor | Issued | Expenditure | Notes |
|---------------------|---------------|--------------|------------------------------|
| City of Victoria | June 11, 2018 | \$302,154.28 | 2018 Property Taxes |
| District of Saanich | June 11, 2018 | \$322,152.49 | 2018 Property Taxes |
| District of Saanich | June 7, 2018 | \$125,511.00 | Westview Building Permit Fee |

Regional Housing

Point In Time Count (PiT)

The Capital Regional District (CRD), in partnership with the Community Social Planning Council (CSPC) and the Greater Victoria Coalition to End Homelessness, will be announcing the key findings of Everyone Counts: 2018 Greater Victoria Point-in-Time (PiT) Count on July 24, 2018.

A Point-in-Time (PiT) Count is a strategy to help determine the extent of homelessness in the community on a given night while also providing important insight into the nature and extent of homelessness and the characteristics of those experiencing homelessness. A PiT Count is also an important part of a community's response to homelessness through increasing a community's ability to take action by:

- Identifying the characteristics of the local population
- Increasing capacity to undertake a local needs assessment
- Enhancing system planning and program development
- Increasing public awareness about homelessness
- Providing important information for local, regional, provincial and national homelessness servicing systems



Christine Culham
Senior Manager, Regional Housing

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Attachment: Appendix A, Michigan Square Redevelopment Analysis

Michigan Square Redevelopment Analysis

Background

As per previous board reports and CRHC's Development, Redevelopment and Renewal Strategy, Michigan Square is earmarked for redevelopment. CRHC has examined the redevelopment potential for the site which includes demolishing the three buildings along Michigan Street, while retaining the heritage building and townhouses to the rear of the property, abutting Superior Street.

Parkade/ Redevelopment Analysis

CRHC met with City of Victoria planners and retained the services of an architect, structural engineer, construction manager and geotechnical engineer to examine the redevelopment potential. The City planners have confirmed that the proposed 4-storey, 108-unit apartment building is within the existing zoning, and a comprehensive relocation strategy is needed for council approval. The consultant team examined how retaining the existing parkade would impact the financial viability of the project. In order to bring the parkade up to code, additional piles are needed and tie beams installed to connect the existing and new piles. Table 1 shows the impact of the parkade on building costs.

Table 1

| | Retain existing suspended slab | Remove existing suspended slab | New Parkade |
|--|-----------------------------------|-----------------------------------|---------------------|
| Building Shell (including foundation) | \$ 9,030,645 | \$ 9,383,602 | \$10,688,585 |
| Interiors | \$ 5,565,752 | \$ 5,565,752 | \$ 5,565,752 |
| Site Services | \$ 5,517,100 | \$ 5,456,125 | \$ 5,656,125 |
| General Requirements & CM or GC Fee | \$ 3,903,946 | \$ 3,533,996 | \$ 3,783,519 |
| | \$24,017,443 | \$23,939,475 | \$25,693,981 |

*costs exclude land value, municipal fees, consultant fees, and contingencies

Since the cost-savings to remove the existing suspended slab is offset by higher upper-floor construction costs, the difference between removing and retaining the existing suspended slab is negligible. Therefore, staff and the construction manager recommend removing the existing suspended slab. This will allow greater freedom to drill in the parkade area without having height and logistic restrictions, while not incurring additional costs.

Property sale considerations

The property (as though bare) was valued at \$5.45 million by an independent appraiser in July 2018. The concrete parkade's only value (\$1 million) is the existing piles and sections of the slab on grade. The suspended slab as well as the three buildings on Michigan Street will need demolition, estimated at \$560,000. The maximum value for the property is therefore \$5.9 million.

A developer would therefore have to pay \$54,500 per unit to purchase the land. Market research has shown that land costs needs to be purchased at approximately \$40 – \$50,000 per unit to build an affordable housing project. Michigan Square therefore has a \$5,000 – \$15,000 premium per unit above what CRHC would pay typically for land to build an affordable housing project.

Conclusion

CRHC could consider selling; however, the probability of CRHC finding land at \$40-\$50,000 per unit in the capital region that is already zoned, is challenging, let alone in the core. Also, there is currently provincial and federal funding available. Therefore, staff does not believe selling Michigan is aligned with CRHC strategic objectives and that CRHC should move forward with redevelopment of the property.