Capital Regional District

625 Fisgard St.,
Victoria, BC V8W 1R7

Notice of Meeting and Meeting Agenda
Capital Region Housing Corporation Board

Wednesday, December 11, 2019 | **12:30 PM** | **6th Floor Boardroom, 625 Fisgard Street, Victoria, BC**

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. ADOPTION OF MINUTES

3.1. 19-1038 Minutes of the November 13, 2019 Capital Region Housing Corporation Board Meeting

Recommendation: That the minutes of the November 13, 2019 Capital Region Housing Corporation Board meeting be adopted as circulated.

Attachments: Minutes - November 13, 2019

4. REPORT OF THE CHAIR

5. PRESENTATIONS/DELEGATIONS

5.1 Presentations

5.2 Delegations

6. CONSENT AGENDA

7. ADMINISTRATION REPORTS

8. REPORTS OF COMMITTEES

Hospitals and Housing Committee

8.1. 19-1005 Umbrella Operating Agreement (2020-2024)

Recommendation: The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
That the Capital Region Housing Corporation Board authorizes the Chief Administrative Officer to sign the Umbrella Operating Agreement with a term of January 1, 2020 - December 31, 2024.

Attachments: Staff Report: Umbrella Operating Agreement (2020-2024)

Appendix A: Umbrella Operating Agreement 2015-2019

Appendix B: Umbrella Operating Agreement 2020-2024

8.2. 19-1001 2020 Administration and Development Services Budgets

Recommendation: The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
a) That the Capital Region Housing Corporation 2020 Administration Budget be approved; and
b) That the Capital Region Housing Corporation 2020 Development Services Budget be approved.

Attachments: Staff Report: 2020 Admini & Development Svcs Budgets

Appendix A: Administration Budget

Appendix B: Development Services Budget

Presentation: Financial Plans

8.3. 19-1002 2020 Portfolio Operating Budgets

Recommendation: The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
a) That the 2020 Operating Budget for the Umbrella Operating Agreement be approved;
b) That the 2020 Operating Budget for the No Operating Agreement be approved;
c) That the 2020 Operating Budget for the Independent Living BC Agreement be approved;
d) That the 2020 Operating Budget for the Regional Housing First Program Agreement (Millstream Ridge and Spencer) be approved;
e) That the 2020 Operating Budget for the Investment in Housing Innovation be approved; and
f) That any 2019 operating surplus/(deficits) to be transferred to/(from) the appropriate Portfolio Stabilization Reserves be authorized.

Attachments: Staff Report: 2020 Portfolio Operating Budgets

Appendix A: Expiring Properties

Appendix B: UOA Operating Budget Summary

Appendix C: NOA Operating Budget Summary

Appendix D: ILBC Operating Budget Summary

Appendix E: RHFP Operating Budget Summary-Millstream Ridge

Appendix F: RHFP Operating Budget Summary-Spencer

Appendix G: IHI Operating Budget Summary

8.4. 19-1003 Five Year Routine Capital Plans (2020-2024)

Recommendation: The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
1. a) That the Capital Region Housing Corporation Umbrella Operating Agreement (UOA) Five Year Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the UOA 2020 capital plan.
c) That the 2020 transfer of funds of $300,000 from the Umbrella Operating Agreement Portfolio Stabilization Reserve to the Capital Replacement Reserve Fund be approved.
2. a) That the No Operating Agreement Portfolio Five Year Capital Plan 2020-2024 be approved;
b) That the 2020 transfer of Portage Place, Campus View and Royal Oak Square December 31, 2019 Capital Replacement Reserve Balances from the UOA Capital Replacement Reserve Fund to the No Operating Agreement Capital Replacement Reserve Fund be approved; and
c) That staff be authorized to implement the No Operating Agreement Portfolio 2020 capital plan year.
3. a) That the Independent Living BC (ILBC) Operating Agreement (Parry Place) Five Year Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the ILBC Operating Agreement (Parry Place) 2020 capital plan year.
4. a) That the Regional Housing First Program (RHFP) Operating Agreement Five Year Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the RHFP Operating Agreement 2020 capital plan year.

Attachments: Staff Report: Five Year Routine Capital Plans (2020-2024)

Appendix A: Five Year Routine Capital Plans (2020-2024)

8.5. 19-1004 Major Capital Plan (2020-2024)

Recommendation: The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
a) That the 2020-2024 Major Capital Plan be approved; and
b) That the Chief Administrative Officer be authorized to execute the $250,000 BC Housing Management Commission Project Development Funding Repayable Loan for Michigan Square.
c) That the Senior Manager Regional Housing be authorized to submit applications for the Michigan Square redevelopment to the Building BC: Community Housing Fund, the Regional Housing First Program and additional funding programs.

Attachments: Staff Report: Major Capital Plan (2020-2024)

Appendix A: BC Housing PDF Loan Approval-Michigan Sq Redev't

Appendix B: Five Year Major Capital Plan Summary

9. BYLAWS

10. NOTICE(S) OF MOTION

11. NEW BUSINESS

12. MOTION TO CLOSE THE MEETING

14. ADJOURNMENT

Votinq Key:
NWA - Non-weighted vote of all Directors
NWP - Non-weighted vote of participants (as listed)
WA - Weighted vote of all Directors
WP - Weighted vote of participants (as listed)

625 Fisgard St.,
Victoria, BC V8W 1R7

Capital Regional District

Meeting Minutes

Capital Region Housing Corporation Board

Wednesday, November 13, 2019 **12:45 PM** **6th Floor Boardroom**
625 Fisgard Street
Victoria, BC

INAUGURAL MEETING

PRESENT
Directors; L. Helps (Chair), D. Screech (Vice-Chair), D. Blackwell, S. Brice, B. Desjardins, F. Haynes, M. Hicks, G. Holman, D. Howe, J. Loveday, R. Martin, C. McNeil-Smith (12:51 pm), G. Orr, C. Plant, J. Ranns, L. Seaton, N. Taylor, K. Williams, R. Windsor, G. Young

Staff: R. Lapham, Chief Administrative Officer; N. Chan, Chief Financial Officer; L. Hutcheson, General Manager, Parks and Environmental Services; K. Lorette, General Manager, Planning and Protective Services; K. Morley, General Manager, Corporate Services; T. Robbins, General Manager, Integrated Water Services; C. Culham, Senior Manager, Regional Housing; E. Gorman, Deputy Corporate Officer; S. Closson, Committee Clerk (Recorder), T. Pillipow, Committee Clerk

Guest: Robert Macquisten

Regrets: Directors Isitt, Mersereau, Murdoch, Tait

1. CALL TO ORDER

The Chief Administrative Officer called the meeting to order at 12:47 pm.

2. TERRITORIAL ACKNOWLEDGEMENT

The Chief Administrative Officer provided a Territorial Acknowledgement.

3. ELECTION OF THE CHAIR OF THE CORPORATION BOARD

The Chief Administrative Officer called for nominations for the position of Chair of the Capital Region Housing Corporation Board.

Director Hicks nominated Director Helps. Director Helps accepted the nomination.

The Chief Administrative Officer called for nominations a second time.

The Chief Administrative Officer called for nominations a third and final time.

Hearing no further nominations, the Chief Administrative Officer declared Director Helps as Chair of the Capital Region Housing Corporation Board by acclamation.

4. ELECTION OF THE VICE CHAIR OF THE CORPORATION BOARD

Chair Helps called for nominations of Vice Chair of the Capital Region Housing Corporation Board.

Director Plant nominated Director Screech. Director Screech accepted the nomination.

Chair Helps called for nominations a second time.

Chair Helps called for nominations a third and final time.

Hearing no further nominations, Chair Helps declared Director Screech as Vice Chair of the Capital Region Housing Corporation Board by acclamation.

5. APPROVAL OF THE AGENDA

MOVED by Director Brice, SECONDED by Loveday,
That the agenda for the November 13, 2019 Capital Region Housing Corporation Board meeting be approved.
CARRIED

6. ADOPTION OF MINUTES

6.1. 19-964 Minutes of the October 09, 2019 Capital Region Housing Corporation Board Meeting

MOVED by Director Blackwell, SECONDED by Director Martin,
That the minutes of the Capital Region Housing Corporation Board meeting of October 09, 2019 be adopted as circulated.
CARRIED

7. REPORT OF THE CHAIR

The Chair thanked the Directors for nominating her for another term and noted the work still to do with the 900 units still to be completed by 2021.

8. PRESENTATIONS/DELEGATIONS

8.1 Presentations

There were no delegations.

8.2 Delegations

There were no delegations.

9. CONSENT AGENDA

There were no bylaws for consideration under this section.

10. ADMINISTRATION REPORTS

There were no administration reports.

11. REPORTS OF COMMITTEES

11.1. 19-908 Mortgage Renewal - Colquitz Green

K. Lorette spoke to the Mortgage Renewal for Colquitz Green.

MOVED by Director Brice, SECONDED by Director Screech,
a) That the resolution required by BC Housing Management Commission to renew the mortgage for Colquitz Green through the Canada Mortgage and Housing Corporation Direct Lending Program for a term not to exceed the expiry of the existing operating agreement be approved; and
b) That the Chief Administrative Officer and Chief Financial Officer be authorized to sign any documents related to the mortgage renewals.
CARRIED

12. BYLAWS

There were no bylaws for consideration under this section.

13. NOTICE(S) OF MOTION

There were no Notice(s) of Motion.

14. NEW BUSINESS

There was no new business.

15. MOTION TO CLOSE THE MEETING

15.1. 19-965 Motion to Close the Meeting

MOVED by Loveday, SECONDED by Director Screech,
That the meeting be closed in accordance with the Community Charter, Part 4, Division 3, 90(1),(e),the acquisition, disposition or expropriation of land or improvements, if the board considers that disclosure could reasonably be expected to harm the interests of the regional district.
CARRIED

16. ADJOURNMENT

MOVED by Director Brice, SECONDED by Director Taylor,
That the November 13, 2019 Capital Region Housing Corporation Board meeting be adjourned at 1:03 pm.
CARRIED

_____

CHAIR

CERTIFIED CORRECT:

_____

CORPORATE OFFICER

REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, DECEMBER 04, 2019

SUBJECT **Umbrella Operating Agreement (2020-2024)**

ISSUE SUMMARY

The renewal of the Umbrella Operating Agreement (UOA) requires approval by the Capital Region Housing Corporation (CRHC) Board.

BACKGROUND

The CRHC entered into an interim UOA with BC Housing Management Commission (BC Housing) on April 1, 2012. The agreement was renewed annually until a five-year agreement was signed for the period 2015-2019 (Appendix A). The UOA consolidated 42 of the existing operating agreements for CRHC properties constructed under original funding programs Canada Mortgage and Housing Corporation (CMHC), BC Housing and Homes BC into one administrative 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.

There are two main UOA requirements that need to be achieved annually by CRHC:

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

The UOA overrides the original CMHC, BC Housing and Homes BC operating agreements in the following key areas:

a) CRHC to pool replacement reserve funding across all portfolios under the Agreement;
b) CRHC must develop a comprehensive long term capital planning program;
c) Greater flexibility for CRHC to move RGI units from one property to another; and
d) CRHC to be responsible for any operating deficits but may retain annual operating surpluses to utilize for capital improvements, other costs directly relating to a property and any other way CRHC chooses to advance the management and development of affordable housing.

Through negotiations with BC Housing in October 2019, CRHC modified the agreement, attached as Appendix B:

a) Three townhouse properties, Portage Place (17 units), Campus View (12 units) and Royal Oak Square (38 units), whose original CMHC operating agreements expired in 2018 and 2019, will be removed from the UOA portfolio and transferred to the CRHC No Operating Agreement (NOA) portfolio. Therefore, as of January 2020, there would be 39 properties in the UOA portfolio and 5 properties in the NOA portfolio. CRHC has unrestricted access to the management of the NOA properties' routine capital plans and operating budgets;

b) CRHC is now eligible to submit major remediation projects to the BC Housing Capital Renewal Funding program, as well as other BC Housing capital funding programs that may be available in the future which were restricted under the 2015-2019 UOA; and
c) The agreement has a renewal provision for a further five-year term unless one of the parties contacts the other party 90 days prior to the end of the agreement. The UOA would require Board approval before renewal.

ALTERNATIVES

Alternative 1
The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
That the Capital Region Housing Corporation Board authorizes the Chief Administrative Officer to sign the Umbrella Operating Agreement with a term of January 1, 2020 – December 31, 2024.

Alternative 2
The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
That the Capital Region Housing Corporation Board 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 39 property operating agreements.

IMPLICATIONS

The UOA has reduced the administrative procedures previously in place and has provided CRHC with the ability to plan and execute capital improvements and meet operational priorities. Examples of these are:

a) The $2.6 million (M) UOA accumulated operating surpluses contribution to the Renewal, Redevelopment and Development (RRD) Strategy (2016-2021) for the redevelopment of Caledonia and Michigan Square and the renewal of Carey Lane's building envelope;
b) The 2015-2019 UOA Capital Plan of $11M was funded through a replacement reserve contribution of $65/month per unit resulting in an annual contribution of $943,020 that is transferred from the operating budgets to the UOA Portfolio Replacement Reserve (PRR). In addition, the Board approved discretionary transfers from the accumulated operating surpluses. Combined transfers of $3.81M were approved for the 2015-2019 budget years; and
c) Savings from the 2015-2019 property tax exemptions and reductions were maintained and reinvested by CRHC rather than being returned to BC Housing as operating surpluses.

CONCLUSION

The UOA between CRHC and BC Housing has reduced the administrative burden of 42 individual operating agreements and has provided CRHC with more autonomy in the ability to plan and execute capital improvements and meet operational priorities. The CRHC has begun to implement and realize some of the financial opportunities from increasing rent revenues and operational efficiencies that the Agreement permits.

Declining to renew the UOA and returning to individual property 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.

RECOMMENDATION

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
That the Capital Region Housing Corporation Board authorizes the Chief Administrative Officer to sign the Umbrella Operating Agreement with a term of January 1, 2020 – December 31, 2024.

Submitted by:	Christine Culham, Senior Manager Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S):

Appendix A: Umbrella Operating Agreement 2015-2019
Appendix B: Amending Umbrella Operating Agreement

JAN 2 3 2015
CAPITAL REGION
HOUSING CORPORATION

BC Housing

UMBRELLA AGREEMENT

DATED FOR REFERENCE JANUARY 1, 2015

BCH FILE #0146-45/241

BETWEEN

CAPITAL REGION HOUSING CORPORATION
631 Fisgard Street, Victoria, British Columbia V8W 1R7

("CRHC")

AND

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION
Suite #1701 - 4555 Kingsway, Burnaby, British Columbia, V5H 4V8

("BC Housing")

with respect to 42 housing developments,
as set out in Schedule D

AGREEMENT SUMMARY

PART 1 - SUMMARY

1. The Capital Region Housing Corporation (CRHC) is a non-profit provider of over 1,200 rental units of affordable housing in the Capital Regional District of Victoria, BC (the "District").
2. BC Housing has responsibility for furthering the objectives of providing affordable, suitable and adequate housing for British Columbians, and supports as well as delivers housing initiatives and housing programs.
3. CRHC operates forty-five (45) non-profit housing developments at various locations throughout the Vancouver Island region of British Columbia under the District and has entered into individual Operating Agreements ("the Original Agreements") which the parties now wish to modify. The parties acknowledge and agree that only forty-two (42) of these housing developments will be governed by this Agreement and that the developments run under the Independent Living British Columbia (ILBC) and Community Partnerships Initiative (CPI) are excluded.
4. These forty-two (42) housing developments are operated under three (3) separate and distinct housing programs (the "Housing Programs") namely, the Non-Profit Regular - Section 95 Post '85 program (the "FP Program"), the Pre '86 Section 95 Non-Profit Housing program (the "2% write-down program"), and the Provincial Housing Program (Homes BC) - (the "Homes BC program"). The housing developments operated under the Housing Programs are hereafter referred to as ("the Projects").
5. Both BC Housing and CRHC wish to amend certain provisions of the Original Agreements and administer all of the Projects as a Portfolio under this new Umbrella Agreement.
6. Among the primary reasons for amending provisions of the Original Agreements and administering all of the Projects as one Portfolio are:
    i. to increase efficiencies for the parties; and
    ii. to allow CRHC greater latitude in managing their Tenants, Rents, Subsidies and Capital Funds across the Portfolio.
7. The Key Elements of this consolidation are:
    a. The pooling of Capital Funds across the Housing Programs to provide the flexibility for funds to be spent on any Project within the Portfolio.
    b. Comprehensive long term Capital Planning using a Facility Condition Index (FCI) based methodology. Five (5) year Capital Plans will continue to be produced by CRHC and approved by BC Housing. CRHC will be free to complete work in accordance with the approved Capital Plan throughout the five year period with no further approval by BC Housing, provided that annual capital expenditures are within 10% of the approved Capital Plan. .
    c. Portfolio-wide performance targets for the desired mix of Rent Geared to Income (RGI) and Non-RGI units will replace unit target mixtures based on Housing Programs.
    d. A Portfolio-wide Monthly Fixed Funding Payment from BC Housing to CRHC will replace the current regime of project-specific subsidy payments.
    e. Subject to CRHC's compliance with this Agreement, CRHC may retain Operating Surpluses.
    f. CRHC will be responsible for any Operating Deficits.

PART 2 – AGREEMENT

The parties agree as follows for the Term of this Agreement which is dated for reference January 1, 2015:

1. **TERM OF AGREEMENT**
    a. The Term of this Agreement shall commence on January 1, 2015 (the "Commencement Date") and will continue for a period of five (5) years, expiring on December 31, 2019 (the "Term"), unless otherwise modified or terminated in accordance with the provisions of this Agreement.
    b. At the end of the Term it is the intention of the parties that they enter into a new five (5) year agreement, subject to final contract.
2. **PAYMENT**
    a. During the Term of this Agreement BC Housing will pay to CRHC, monthly in advance, the Monthly Fixed Funding Payment as set out in Schedule B, Part A, Clause 6.a, subject to the adjustments described in Schedule B, Part A, Clause 6.b.
3. **PROVISIONS OF THE ORIGINAL AGREEMENTS**
    a. Except as modified by this Agreement, all provisions of the Original Agreements will continue to apply to each Project in the Portfolio. Should a conflict between this Agreement and the Original Agreements arise, this Agreement will prevail. If there is any confusion as to the provisions that should be applied, such matters may be dealt with under the Intervention Procedures set out in Schedule A.

PART 3 – SERVICE DESCRIPTION

1. In addition to administering the Projects as one Portfolio, certain provisions in the Original Agreements are modified under this Agreement, namely:
    a. CRHC will receive one subsidy payment for the Portfolio (the Monthly Fixed Funding Payment) per month. The total annual subsidy will be fixed at the amount outlined in Schedule B, Part A, Clause 6.a, subject to any adjustments outlined in Schedule B, Part A, Clause 6.b.
    b. CRHC may elect to increase or decrease the proportion of RGI Tenants in any one Project, provided that;
        i. at least 68 % of all units in the Portfolio are rented to RGI Tenants;
        ii. a minimum RGI level of 15% is maintained in any one Project within the Portfolio; and
        iii. all tenants in units under the FP Program must pay rent geared to income.
    c. Within the HOMES BC Program;
        i. Repayable Assistance provisions will no longer apply. Repayable Assistance will no longer be calculated or collected by BC Housing and the accrued amount of Repayable Assistance owing to BC Housing will be forgiven 1/5 each year, from the Commencement Date.
        ii. The upper income limit that was established for Non-RGI Tenants in the HOMES BC Program and set the allowable annual income at equal or less than five (5) times the rent for the unit occupied by a Non-RGI Tenant multiplied by twelve (12) will be removed and replaced with a Low and Moderate Income threshold.
        iii. The "Deep" vs. "Shallow" core need distinction among RGI Tenants under the HOMES BC program will be eliminated.
    d. Within the FP Program, rents for new tenants may be capped at the Market Rent.
    e. Resource allocations and practices regarding the protection of the Portfolio's housing stock throughout the Term are guided by the Capital Plan. Capital Plans are

established by CRHC, approved by BC Housing and updated at least every five (5) years. CRHC will establish Capital Plans geared to the expected life cycle of each of the Projects in the Portfolio, which anticipate all likely capital maintenance, repair and replacement requirements within the Portfolio throughout the Term. Portfolio-wide FCI results will be outcomes of the Capital Plan.

f. CRHC will select all RGI Tenants from the Housing Registry.

This Agreement constitutes the entire Agreement between the parties with respect to the subject matter of this Agreement. All of the Schedules attached to this Agreement are an integral part of this Agreement.

No amendment or modification to this Agreement will be effective unless it is in writing and duly executed by the parties except where this Agreement allows for otherwise.

IN WITNESS of which the duly authorized signatories of each of CRHC and BC Housing have executed this Agreement effective as of the Commencement Date of this Agreement:

CAPITAL REGION HOUSING CORPORATION

Per its authorized signatories

Signature — Dated: December 16, 2014

Mike Miller, President

Print Name and Title

Signature — Dated: DECEMBER 17, 2014

BEN ISITT, SECRETARY-TREASURER

Print Name and Title

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Per its authorized signatories

Signature — Dated: Dec 19/2014

Roger Butcher, Director Regional Operations

Print Name and Title

Signature — Dated: JAN 6/2015

CRAIG CRAWFORD, Vice President, Operations

Print Name and Title

SCHEDULE A – GENERAL PROVISIONS AND SCHEDULES

A. DEFINITIONS

1. "**Below Market Rent**" means 85% to 90% of the amount a unit could be rented for on a monthly basis in the private market based on a local market survey.
2. "**Capital Fund**" means the amounts CRHC is required to hold in reserve for capital replacements and repairs in accordance with the Capital Plan.
3. "**Capital Plan**" means the five year comprehensive Capital Plan approved by BC Housing, as amended by BC Housing and CRHC from time to time, and at a minimum updated every five (5) years.
4. "**Declaration of Income**" means the declaration to be completed by a Tenant as evidence of the Income of that Tenant.
5. "**Default**" means default by CRHC as defined in Schedule A, Part H.
6. "**Fiscal Year**" means the fiscal year of CRHC as of the reference date of this Agreement, or as revised after agreement between BC Housing and CRHC.
7. "**Housing Income Limits"** (HILs) represents the maximum income for eligibility to be a Rent Geared to Income (RGI) Tenant. This maximum is based on the cost of housing in the local community such that the Tenant cannot obtain rental housing in good condition without paying more than 30% of Income. This maximum will be established by BC Housing from time to time.
8. "**Housing Registry**" means a partnership between BC Housing and other affiliated housing organizations to provide a centralized database with current application information.
9. "**Income**" of a Tenant means the total Income before income tax from all sources of the Tenant, in accordance with BC Housing's Asset Policy.
10. "**Intervention Procedure**" means the intervention procedure in the event of a Default by CRHC as set out in Schedule A, Part I.1.
11. "**Loan**" means a mortgage loan insured pursuant to the *National Housing Act* of Canada, obtained by or on behalf of CRHC from time to time, with BC Housing's prior written approval, to finance the capital cost of acquiring, developing or renovating each Project listed in Schedule D.
12. "**Low Income Households**" means those persons who are on, or are eligible to be on, a waiting list for social housing. Eligibility is determined by the HILs as determined by BC Housing from time to time.
13. "**Low and Moderate Income**" means a gross household income that does not exceed the top of the second quintile of household incomes (two persons of more) for British Columbia households, based on Statistics Canada "Survey of Labour and Income Dynamics" reports, as determined by BC Housing from time to time. For 2011, this figure is $64,999. If BC Housing ceases to determine this amount annually, the amount may be increased January 1 of each year according to increases in the Consumer Price Index for all items for Canada as published by Statistics Canada and measured from October 1, of the year preceding the last year BC Housing provided the amount to October 1 of each subsequent year. For example, if the last year BC Housing provided the amount was for 2011, then for 2012 the amount would be based on the amount for 2011, multiplied by one (1) plus the change in the Consumer Price Index from October 1, 2010 to October 1, 2011.
14. "**Market Rent**" means the amount a unit could be rented for on a monthly basis in the private market based on a market appraisal or similar survey acceptable to BC Housing.
15. "**Maximum Market Rent**" means the maximum a Tenant will pay for Rent where BC Housing has approved the establishment of a market rent cap.

16. "**Monthly Fixed Funding Payment**" means the subsidy payment paid by BC Housing to CRHC in accordance with Schedule B, Part A, Clause 7.
17. "**Non-RGI Tenant**" means a Tenant who has Low and Moderate Income at the time of initial occupancy and pays an affordable market rent for a unit and for which no rent subsidy is paid.
18. "**Operating Deficit**" means any shortfall in operating revenue required to meet expenditures or liabilities across the Portfolio.
19. "**Operating Surplus**" means the balance of retained funds from operating surplus for the Portfolio.
20. "**Portfolio**" means all of the Projects described in Schedule D.
21. "**Project**" means the housing developments set out in Schedule D.
22. "**RGI Tenant**" means a Tenant who pays rent geared to income (currently no more than 30% of their household income for shelter, based on application of the BC Rent Scale, and has an income that is at or below the Housing Income Limits (HILs). The tenant rent contribution will be calculated by applying the BC Rent Scale, as provided by BC Housing from time to time.
23. "**Subsidy End Date**" means the date upon which subsidy ends for a Project, as outlined in Schedule D.
24. "**Tenant**" means the person or persons legally entitled to reside in a residential unit pursuant to a tenancy agreement.
25. "**Term**" means the period for which this Agreement is in effect, as outlined in the Agreement Summary, Part 2, Clause 1.

B. RESPONSIBILITY OF CRHC

1. CRHC:
    a. will assign a person to liaise with BC Housing;
    b. will operate, maintain and manage the Projects in the Portfolio in a proper, efficient and timely manner as would a prudent owner of similar property, and in accordance with this Agreement;
    c. agrees and understands that it is solely responsible for all aspects of operating the Projects. This includes all legal relationships between CRHC and the applicants, Tenants and other occupants of the Projects, and any and all contractual relationships with third parties, volunteers, or other invitees. Such relationships are subject to the *Residential Tenancy Act*, *Human Rights Code*, *Builder's Lien Act, Workers Compensation Act, Society Act, Employment Standards Act, Personal Information Protection Act*, other applicable Acts, applicable tax laws, laws of contract, the common law in general and any successor legislation;
    d. work with BC Housing to allow their portfolio information to be housed within BC Housing's Asset Planner database; and
    e. permit BC Housing real-time access to portfolio building condition information recorded in CRHC's Asset Planner software.

C. RESPONSIBILITY OF BC HOUSING

1. BC Housing will:
    a. assign a person to liaise with CRHC;
    b. provide advice and direction to CRHC in managing the Portfolio to meet the objectives and provisions in this Agreement. To this end BC Housing will work

cooperatively with CRHC, taking into account its operational realities and recognizing the CRHC's need for adequate financial and organizational resources to meet its obligation of providing housing to the Tenants; and

c. monitor the operation of the Portfolio and the use by CRHC of revenues in accordance with this Agreement, to ensure that the standards, objectives and expectations in this Agreement are met.

D. ASSIGNMENT AND SUB-CONTRACTING

1. CRHC will not without the prior written consent of BC Housing:
   a. assign, either directly or indirectly, any right or obligation under this Agreement; or
   b. subcontract any of their obligations under this Agreement.

E. HOUSING REGISTRY

1. CRHC will join and maintain membership in the Housing Registry. Applicants may be referred to CRHC from a variety of sources and CRHC will ensure such applicants are recorded in the Housing Registry. Tenants for all RGI units will only be selected from the Housing Registry in accordance with membership rules.

F. ASSET MANAGEMENT

1. CRHC will create a Capital Plan which is geared to the expected life cycle of each of the Projects in the Portfolio.
2. The parties agree that CRHC will be permitted to maintain one Capital Fund and to draw down on that fund for any capital replacements or repairs required to a Project within the Portfolio based on the approved Capital Plan.

G. REMOVAL OF PROJECTS

1. Both parties confirm their intention to manage all Projects in accordance with this Agreement for the duration of the Term, regardless of expiry of the Original Agreement. BC Housing acknowledges that upon expiry of the Original Agreements, CRHC has full autonomy in making operational decisions for those projects so long as they do not conflict with the terms of this Agreement, including the ability to secure mortgage financing.
2. During the Term of this Agreement, CRHC may make an application to BC Housing for the removal of a Project from the Portfolio. BC Housing will not unreasonably withhold approval to remove a Project from the Portfolio.
3. Removal of a Project from the Portfolio will result in a corresponding reduction in the Monthly Fixed Funding Payment, as outlined in Schedule B, Part A, Clause 7.b.
3. The removal of a Project from the Portfolio will not reduce the parties' ongoing obligations and rights pursuant to any Original Agreement entered into regarding the Project.

H. INFORMATION MANAGEMENT

1. The information management provisions described below apply to all records and information that are relevant to CRHC operations and services under this agreement.
2. CRHC will:
   a. collect, create and maintain accurate and complete records and information of all aspects of its services and operations under this Agreement;
   b. provide and maintain reasonable security arrangements to prevent unauthorized access, collection, use, disclosure, copying, modification or disposal or similar

risks with respect to personal information in either paper or electronic form in relation to the Services, and comply with the obligations in the *Personal Information Protection Act*, as amended from time to time;

c. if applicable under this Agreement, use any database or system provided or approved by BC Housing to collect information and report on the operations and services, and use any such database in accordance with the terms of use for the database;

d. ensure that appropriate information management policies, procedures or practices are documented and communicated to and consistently practiced by all staff to ensure the protection of the records and information;

e. notify BC Housing immediately upon becoming aware of a privacy breach involving the unauthorized creation, access, collection, use, disclosure or disposal of personal information by contacting the non-profit portfolio manager;

f. treat as confidential all records and information provided to CRHC, or any of its subcontractors, by BC Housing, clients, tenants, applicants or third parties, as the case may be;

g. keep all records and information produced or received by CRHC or any of its subcontractors segregated from other CRHC information to the extent it is practical to do so. Safeguard such information and not permit its disposal without the prior written consent of BC Housing. Ensure that any disposal of information is carried out as follows:

    i. records pertaining to children and youth must be retained for seven (7) years after the child or youth reaches the age of majority. In British Columbia, the age of majority is nineteen (19) years old. This will ensure the rights of a minor to access their records or to initiate a legal action in accordance with the *Limitation Act*, as amended from time to time.

    ii. retain all other records for seven (7) years before disposal;

    iii. paper records must be disposed of in a manner that ensures the information is unreadable; and

    iv. where applicable, electronic records must be deleted using appropriate software that ensures permanent deletion of the record's data;

h. not permit the disclosure of records and information, including personal information, except to the extent that such disclosure;

    i. is necessary to enable CRHC to fulfill its obligations under this Agreement;

    ii. is required or permitted in the *Personal Information Protection Act*, as amended from time to time;

    iii. is required or permitted in the *Freedom of Information and Protection of Privacy Act*, as amended from time to time, or;

    iv. on request, and as directed by BC Housing, make available to BC Housing any records and information that are subject to an access to information request made under the *Freedom of Information and Protection of Privacy Act*;

i. permit BC Housing, at any reasonable time and on reasonable notice to the CRHC, entry to CRHC premises to inspect any personal information in the possession of the Society or any of CRHC information management policies, procedures or practices relevant to its management of such personal information

or its compliance with this Schedule A, Part H and CRHC must permit, and provide reasonable assistance to, any such inspection;

j. ensure that any personal information that is subject to the *Freedom of Information and Protection of Privacy Act*, as amended from time to time, is not stored or disclosed outside Canada, or accessed from outside Canada;

k. store and manage any records transferred from BC Housing CRHC under a Records Transfer Agreement separately from records created or collected by CRHC;

l. immediately consult with BC Housing when an access for information request or a request to correct personal information is received by CRHC that could or does involve records transferred to the Society under a Records Transfer Agreement, and comply with any direction given by BC Housing; and

m. continue to comply with these Information Management obligations after the termination of this Agreement.

I. DEFAULT

1. Events of Default

The following events shall constitute default by CRHC under this Agreement:

a. breach of any covenant on the part of CRHC under this Agreement and in particular consistent failure to operate, maintain and manage the Portfolio in accordance with this Agreement;

b. if CRHC fails to pay its debts as they become due or becomes insolvent or commits an act of bankruptcy or if a receiver should be appointed to manage any of the assets of CRHC;

c. if CRHC fails to adhere to its Articles of Incorporation and remain in good standing under the *Business Corporations Act*;

d. if CRHC is in default under any Loan;

e. if CRHC is in default under the lease for a Project, if any; or

f. if CRHC is in breach of or fails to comply with any applicable law, or regulation.

J. INTERVENTION PROCEDURE

1. Intervention Procedure for Default

The following is the procedure for intervention by BC Housing in the event of default by CRHC:

a. Communication. BC Housing will give CRHC written notice of the default, which notice will provide for a reasonable time for CRHC to respond to the notice of Default by providing further information concerning the Default.

b. Action Plan. BC Housing and CRHC will agree on an action plan to cure the Default, including a schedule for implementation of the action plan, identification of the resources available to CRHC to implement the action plan, and the dates on which BC Housing will review progress on implementation of the action plan.

c. On Watch. If CRHC does not cure the Default within a reasonable time, BC Housing may place CRHC "On Watch," which means that:

i. this is a warning that BC Housing will intervene further if the Default is not cured;

ii. BC Housing will monitor the operation of the Project by CRHC more often and in more depth, including a management audit; and

iii. if CRHC makes progress in curing the Default, BC Housing will lessen the monitoring of CRHC and the On Watch status may be withdrawn.

d. Co-management. BC Housing may appoint a manager to work with and supervise CRHC in operating the Project and in curing the Default, in order to:

i. improve CRHC's management of the Project and return operation of the Project to CRHC at some future date; and

ii. provide education, training and other necessary resources to CRHC to cure the Default.

2. **Extraordinary Circumstances**

Although the steps of the Intervention Procedure will normally be taken in sequence, BC Housing, at its sole discretion, may intervene at any level of the Intervention Procedure in Extraordinary Circumstances, which are:

a. fraud or criminal behaviour of a representative of CRHC affecting the Projects;

b. danger to the health and safety of the Tenants;

c. default under a Loan or on a charge in favour of BC Housing or the Provincial Rental Housing Corporation registered on title of a Project and CRHC fails to remedy such default on the terms and within the time allowed as set out in the conditions of a Loan or the conditions in the charge, as the case may be; or

d. consistent failure to participate in the Intervention Procedure.

The determination by BC Housing of an Extraordinary Circumstance is conclusive and binds CRHC.

K. REMEDIES

1. **Other Rights and Remedies**

a. If BC Housing elects to proceed under Schedule A, Part H, Clause 2 then, in addition to any other rights or remedies available to BC Housing at law or at equity, BC Housing may exercise any one or more of the following rights or remedies, singly or in combination:

i. terminate this Agreement, in which case BC Housing will deliver to CRHC written notice of termination;

ii. cease paying subsidy or reduce the amounts thereof, either permanently or for such period as BC Housing may determine;

iii. take an assignment of CRHC's rights in every tenancy agreement and in all amounts payable to CRHC as rent or otherwise pursuant to a tenancy agreement, subject to any prior assignment to a mortgagee for a mortgage securing a Loan; and

iv. take whatever steps BC Housing deems necessary to rectify any Default by the CRHC.

b. The remedies set out in this Schedule A, Part I survive termination of this Agreement by BC Housing.

c. BC Housing may recover from CRHC on demand all its costs of exercising its rights or remedies under this Agreement.

L. DISPUTE RESOLUTION

1. If a dispute arises between the parties out of or in connection with this Agreement the parties agree that the following dispute resolution process will be used:

   a. A meeting will be held promptly between the parties, attended by individuals with decision making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute.

   b. If, within fourteen (14) days after such meeting or such further period agreed to by the parties in writing, the parties have not succeeded in negotiating a resolution of the dispute, the parties agree to try to resolve the dispute by participating in a structured negotiation conference with a mediator agreed upon by the parties or, failing agreement, under the Commercial Mediation Rules of the British Columbia International Commercial Arbitration Centre, in which case the appointing authority is the British Columbia International Commercial Arbitration Centre.

   c. After dispute resolution attempts have been made under *Schedule A, Part L, Clause 1.a-b*, any remaining issues in dispute will be determined by arbitration under the *Commercial Arbitration Act*, and the decision of the Arbitrator will be final and binding and will not be subject to appeal on a question of fact, law, or mixed fact and law.

SCHEDULE B – FINANCIAL

A. FINANCIAL OPERATIONS

1. **Income Mix.** CRHC is to use the principle of income blending when selecting Tenants across the Portfolio. The targets for RGI Tenants outlined in the Agreement Summary, Part 3, Clause 1.b must also be met.
2. **Proof of Income**. CRHC will obtain a declaration ("Declaration of Income") and supporting documentation as evidence of the Income of each Tenant at the time of the initial occupancy and for RGI Tenants, annually thereafter. CRHC will maintain a copy of each Tenant's proof of Income (and assets as the case may be) in a file available to BC Housing on request.
3. **RGI Tenants.** CRHC will continue to apply BC Housing's Asset Policy as required under individual programs. The RGI Tenant rent contribution will be calculated by applying the BC Rent Scale, as provided by BC Housing from time to time. The RGI Tenant's rent will be adjusted at least annually based on;
    a. the Tenant's Income and if applicable, assets; or
    b. in Projects where BC Housing has approved the establishment of a market rent cap and the Tenant is capped at market, the increase allowed under the *Residential Tenancy Act* may apply to the Maximum Market Rent.
4. **Non-RGI Tenants.**
    a. Non-RGI Tenants (2% Write-Down and HOMES BC programs only) will pay Below Market Rent as set from time to time by CRHC for that unit type (as measured by number of bedrooms) in the community.
    b. Annually, CRHC will determine the Market Rents for the units in the Portfolio and will set the rents in the Projects at a minimum of 85% of the Market Rent and no more than 90% of the Market Rent. CRHC will review the Market Rents annually and where appropriate, will pass on annual rent increases subject to the rent increase provisions of the *Residential Tenancy Act*. Every five (5) years, CRHC will, at its own expense, complete a Market Rent appraisal.
    c. Rents will normally be set at the same amount for units of a similar type. However, CRHC may charge different rents for similar unit types where variables such as square footage, amenities or location would affect the rental price in the market.
5. **Maximum Market Rent**.
    a. In FP Program Projects, Tenants will pay a rent contribution equal to the lesser of 30% of Income or the Maximum Market Rent. The tenant rent contribution will be calculated by applying the BC Rent Scale, or such other rent scale as BC Housing may determine from time to time.
6. **Fixed Subsidy.**
    a. During the Term of this Agreement, BC Housing will pay to CRHC, monthly in advance, the Monthly Fixed Funding Payment in the amount of $296,246.73.
    b. The Monthly Fixed Funding Payment will remain the same for the Term of this Agreement and will only change in the following circumstances;
        i. the operating expenses of the Projects increase or decrease as a result of changes in the Loan payments when a Loan is renewed;
        ii. upon expiration of a Loan;
        iii. the Subsidy End Date is reached for a Project;

iv. the removal of a Project from the Portfolio; and

iii. by mutual agreement between the parties.

7. **Operating Surplus.** CRHC may retain the Operating Surplus of a Project for each Fiscal Year, and the following will apply:

   a. CRHC will first pay from the Operating Surplus an amount to remedy any Operating Deficit for a previous Fiscal Year;

   b. CRHC may make other payments out of the Operating Surplus in order of priority as follows:

      i. contributions to the Capital Fund, or for payments for capital renovations or improvements as required under the Capital Plan;

      ii. costs relating directly to a Project; or

      iii. in any other way CRHC chooses to advance the management and development of affordable housing.

8. **Operating Deficit.** CRHC will be responsible for any operating shortfalls or extraordinary expenses. Any Operating Deficit will not be the responsibility of BC Housing.

9. **Loans.**

   a. CRHC will make payments on all Loans on the due dates and notify BC Housing immediately if CRHC cannot make any payment;

   b. CRHC will not reduce the amortization period of any Loan or prepay a Loan without BC Housing approval; and

   c. CRHC will, on the expiry of the term of a Loan, enter into further security agreements required to secure the outstanding balance of the Loan in accordance with BC Housing's requirements.

SCHEDULE C – MONITORING AND REPORTING

A. GENERAL OPERATIONS

1. CRHC will, on a regular basis, monitor its compliance with the requirements of this Agreement.

B. ANNUAL REVIEW

1. Annually, CRHC will forward to BC Housing:
   a. a copy of its Audited Financial Statements from the preceding Fiscal Year;
   b. a report setting out the number of RGI Units and Below Market Units for each Project in the Portfolio; and
   c. a report setting out the repairs carried out pursuant to the Capital Plan for that year.
2. BC Housing will:
   a. review CRHC's submitted materials and Tenant data obtained through Housing Connections;
   b. review CRHC's expenditures against the Capital Plan;
   c. review any Portfolio Operating Surplus or Operating Deficit; and
   d. review Portfolio Capital Fund levels.
3. A meeting may be convened between the parties to discuss progress, learning and issues arising from the annual review.

C. OPERATIONAL REVIEW

1. At least once every five (5) years BC Housing will conduct an operational review of CRHC's compliance with the terms of this Agreement and in particular;
   a. the RGI levels in the Portfolio; and
   b. CRHC's compliance with the Capital Plan.
2. BC Housing will provide CRHC with at least thirty (30) days' written notice of such an operational review and will provide CRHC with the requirements for such review (e.g., collecting relevant written policies and procedures, and collecting licenses and inspection reports). In preparation for this review CRHC will:
   a. collect all policies, procedures and financial information related to this Agreement;
   b. collect all licenses and inspection reports required by statute and/or this Agreement;
   c. prepare an explanation for any variances against the targets or Standards outlined in this Agreement; and
   d. develop a plan to reach the targets or standards outlined in this Agreement for any targets or standards that were not achieved.
3. A written report including observations and recommendations will be provided by BC Housing following completion of the Operational Review.

SCHEDULE D – PROJECTS

Project Name	Address	Funding Program	Units	Agreement End Date	Lease End Date
Kings Place	1070 Kings Rd, Victoria, BC V8T 1X1	Homes BC	35	31-Jul-2057	
Cairns Park	9882 Seventh St, Sidney, BC V8L 2V7	Homes BC	6	30-Nov-2056	
Brock Place	882 Brock Ave, Langford, BC V9B 3C6	Homes BC	30	31-Dec-2059	14-Apr-2059
Tillicum Station	285 Hampton Rd, Saanich, BC V8Z 1H3	Homes BC	40	30-Jun-2062	
Harbour Lane	515 Pendray St, Victoria, BC V8V 2A3	Homes BC	28	30-Sep-2061	28-Dec-2060
Carillon Place	625 Superior St, Victoria, BC V8V 1V1	Homes BC	15	30-Jun-2058	01-Sep-2057
The Birches	1466 Hillside Ave, Victoria, BC V8T 5H5	FP	56	31-Jul-2027	21-Aug-2051
Greenlea	788 Shawnee Rd, Saanich, BC V8Z 6M9	FP	21	28-Feb-2025	12-Sep-2049
Arbutus View	2964 Harriet Rd, Saanich, BC V9A 1T3	FP	23	30-Jun-2025	22-Aug-2049
LeBlond Place	2980 Jutland Rd, Victoria, BC V8T 5K2	FP	45	31-Aug-2031	31-Oct-2054
Carey Lane	3910 Carey Rd, Saanich, BC V8Z 4E2	FP	22	31-Jul-2024	03-Oct-2048
Cloverhurst	955 Cloverdale Ave, Saanich, BC V8X 2T4	FP	10	30-Apr-2025	30-Jul-2049
The Hamlet	2620 Shakespeare St, Victoria, BC V8R 4G7	FP	10	30-Sep-2025	15-Oct-2049
Springtide	270 Russell St, Victoria, BC V9A 3X2	FP	48	30-Apr-2025	30-Apr-2049
Camosun Place	1530 Camosun St, Victoria, BC V8T 3E4	FP	8	28-Feb-2024	15-Sep-2048
Colquitz Green	945 Portage Rd, Saanich, BC V8Z 1K9	FP	20	31-Oct-2024	12-Feb-2049
Creekside	4288 Carey Rd, Saanich, BC V8Z 4H2	FP	24	31-Mar-2027	29-Nov-2050
Parkview	825 Lodi Ave, Saanich, BC V8Z 6T3	FP	26	30-Apr-2024	25-Sep-2048
Amberlea	3330 Glasgow Ave, Saanich, BC V8X 1M6	FP	44	30-Apr-2025	30-Jul-2049
Viewmont Gardens	4450 Viewmont Ave, Saanich, BC V8Z 5L1	FP	36	31-Jul-2026	28-Feb-2051
Willowdene	1821 Mckenzie Ave, Saanich, BC V8N 6H4	FP	15	31-Aug-2022	30-Mar-2047

BC Housing – Capital Region Housing Corporation
Umbrella Agreement – *Schedule D*

Project Name	Address	Funding Program	Units	Agreement End Date	Lease End Date
Heron Cove	10542 McDonald Park Rd, North Saanich, BC V8L 3J1	FP	24	30-Sep-2028	27-Jan-2053
Caledonia	1211 Gladstone Ave, Victoria, BC V8T 1G5	FP	18	31-Mar-2028	30-Sep-2052
Rosewood	1827 McKenzie Ave, Saanich, BC V8N 1A6	FP	44	31-Oct-2023	29-Nov-2047
Castanea Place	2840 Gillie Pl, Victoria, BC V8T 5J5	FP	61	31-Jan-2030	31-Jul-2054
Gladstone	1320 Gladstone Ave, Victoria, BC V8R 1S1	FP	14	31-Dec-2023	15-Sep-2048
The Heathers	3169 Tillicum Rd, Saanich, BC V9A 2B4	FP	26	31-Mar-2028	31-Aug-2052
Oakwinds	1311 Hillside Ave, Victoria, BC V8T 2B3	Pre-'86 S. 95 Public	50	09-Apr-2019	
Campus View	2249 McCoy Rd, Saanich, BC V8N 5Z3	Pre-'86 S. 95 Public	12	06-Jul-2018	
Pinehurst	617 Battery St, Victoria, BC V8V 1E6	Pre-'86 S. 95 Public	20	02-Aug-2019	
Royal Oak Square	819 Lodi Ave, Saanich, BC V8Z 6T3	Pre-'86 S. 95 Public	38	07-Sep-2018	
The Brambles	750 Miller Ave, Saanich, BC V8Z 3C8	Pre-'86 S. 95 Public	18	05-Feb-2020	
Michigan Square	330-336 Michigan St, Victoria, BC V8V 1R5	Pre-'86 S. 95 Public	62	04-Mar-2020	
Portage Place	210 Island Hwy, View Royal, BC V9B 1G2	Pre-'86 S. 95 Public	17	06-Jul-2018	
Beechwood Park	3936 Gordon Head Rd, Saanich, BC V8P 4X3	Pre-'86 S. 95 Public	48	31-Aug-2020	
Olympic View	4511 Chatterton Way, Saanich, BC V8X 5L7	Pre-'86 S. 95 Public	60	30-Jul-2020	
Firgrove	741 Lampson St, Esquimalt, BC V9A 6A7	Pre-'86 S. 95 Public	32	30-Jul-2020	
Grey Oak Square	4021 Saanich Rd, Saanich, BC V8X 1Z2	Pre-'86 S. 95 Public	24	31-Jul-2020	
James Yates Gardens	1150 Yates St, Victoria, BC V8V 3M8	Pre-'86 S. 95 Public	8	29-May-2019	
Swanlea	898 Sevenoaks Rd, Saanich, BC V8X 3E7	Pre-'86 S. 95 Public	14	01-Aug-2020	
The Terraces	1635 Oak Bay Ave, Victoria, BC V8R 1B3	Pre-'86 S. 95 Public	20	05-Feb-2020	
Rotary House	1855 Quadra St, Victoria, BC V8T 4B8	Pre-'86 S. 95 Private	41	01-Mar-2028	

UMBRELLA AGREEMENT

AMENDING AGREEMENT

DATED FOR REFERENCE August 20, 2019

BCH File # **0146-45 / 241**

BETWEEN

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

1701 – 4555 Kingsway, Burnaby, British Columbia V5H 4V8

("BC Housing")

AND

CAPITAL REGION HOUSING CORPORATION

631 Fisgard Street, Victoria, British Columbia V8W 1R7

("CRHC")

BACKGROUND:

A. Pursuant to an Umbrella Agreement, dated for reference January 1, 2015, between BC Housing and CRHC (the "Umbrella Agreement"), BC Housing and CRHC agreed to amend certain provisions of the Original Agreements and administer all of the Projects as one Portfolio.

B. BC Housing and CRHC now wish to amend the Umbrella Agreement in order to make the specific changes outlined in this Amending Agreement.

AGREEMENT:

A. This Amending Agreement is effective as of December 30, 2019 notwithstanding its date of execution.

B. With the exception of the amendments made under this Amending Agreement, all other terms and conditions in the Umbrella Agreement remain the same.

C. Unless specified otherwise, capitalized terms in this Amending Agreement have the same meaning as in the Umbrella Agreement.

D. The parties agree to make the following amendment to the Umbrella Agreement:

1. *Agreement Summary, Part 2, Clause 1* is amended by deleting it in its entirety and replacing it with the following:

1. TERM OF AGREEMENT

a. The Term of this Agreement shall commence on January 1, 2015 (the "Commencement Date") and will continue for a period of ten (10) years, expiring on December 31, 2024 (the "Term"), unless otherwise modified or terminated in accordance with the provisions of this Agreement.

b. At the end of the Term, this Agreement will be renewed without notice, with each deemed renewal being for a five (5) year period on the same terms and conditions outlined in this Agreement. Either party may provide written notice of intent not to renew, providing notice is given at least ninety (90) days prior to the expiry date. Renewals may continue until notice of intent not to renew is given by either party or until this Agreement is otherwise terminated.

IN WITNESS of which the duly authorized signatories of each of CRHC and BC Housing have executed this Amending Agreement effective as of December 30, 2019.

CAPITAL REGION HOUSING CORPORATION

Per its authorized signatories

_____ _____
Signature Date Signed

_____
Print Name and Title

_____ _____
Signature Date Signed

_____
Print Name and Title

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Per its authorized signatories

_____ _____
Signature Date Signed

_____
Print Name and Title

_____ _____
Signature Date Signed

_____
Print Name and Title

Home Office
1701-4555 Kingsway
Burnaby BC
Tel: 604-433-1711
Fax: 604-439-4722
www.bchousing.org

October 23, 2019

BCH File: 0146-45 / 241

Capital Region Housing Corporation
631 Fisgard Street, Victoria,
British Columbia V8W 1R7

UMBRELLA AGREEMENT OUTSTANDING ITEMS

British Columbia Housing Management Commission ("BC Housing") and Capital Region Housing Corporation ("CRHC") entered into an Umbrella Agreement, dated for reference January 1, 2015 (the "Umbrella Agreement"), in which BC Housing and CRHC agreed to amend certain provisions of the Original Agreements and administer all of the Projects as one Portfolio.

An Amending Agreement will be issued to renew the Umbrella Agreement and will be executed prior to the current expiry date on December 31, 2019. BC Housing acknowledges there are outstanding items which can be resolved after the execution of the Amending Agreement. These outstanding items are as follows:

1. Capital Plan approval –BC Housing has received the five (5) year Capital Plan from CRHC. BC Housing will review and work with CRHC to approve the Capital Plan.
2. Removal of identified Projects – following the approval of the Capital Plan and upon mutual agreement in accordance with *Schedule A, Part G*, of the Umbrella Agreement, the Umbrella Agreement may be amended to remove the following three (3) Projects:
    a. Portage Place located at 210 Island Highway, View Royal, British Columbia V9B 1G2;
    b. Campus View located at 2249 McCoy Road, Saanich, British Columbia, V8N 5Z3; and
    c. Royal Oak Square located at 819 Lodi Avenue, Saanich, British Columbia V8Z 6T3.
3. Addition of new Projects – upon review by BC Housing and upon mutual agreement, the following Projects may be added to the Umbrella Agreement:
    a. The new Caledonia replacement project; and
    b. Westview located at 3816 Carey Road, Saanich, British Columbia, V8Z 4C4

Any capitalized term used in this Letter will have the meaning described in the Umbrella Agreement. If you have any questions or concerns regarding this matter, please do not hesitate to contact me at 250-978-2905.

Sincerely,

Amanda Parnham
Non-Profit Portfolio Manager
BC Housing

REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, DECEMBER 04, 2019

SUBJECT **2020 Administration and Development Services Budgets**

ISSUE SUMMARY

To provide the Capital Region Housing Corporation (CRHC) Board a review of estimated revenues and expenditures for the 2019 operating year and to present the 2020 Administration and Development Services Budgets.

BACKGROUND

The CRHC's fiscal year is January 1 to December 31. Final budget approval by the Board must be completed by December 31, 2019.

Administration Budget

The administration budget includes costs to the CRHC associated with overall corporate management such as salaries and benefits, Capital Regional District (CRD) corporate allocations, Regional Housing service delivery allocations, consultants, legal fees and office operating costs. The administration budget is primarily funded by property management fees charged to the 46 CRHC buildings. In the administration budget, the management fees are represented as revenue; and, in the building operating budgets, the management fees are represented as expenditures. Other sources of revenue include property management fees from other Housing Societies, operating interest income and transfers from the Corporation Stabilization Reserve (CSR).

The CSR was originally created through surplus development fees received throughout its 1983-2008 affordable housing development projects. The use of the CSR is at the discretion of the CRHC Board; its intention is to provide the development services division with repayable working capital during the project feasibility phase; or the administrative division, operating funding, as required. Annually, the administrative budget transfers any operating surplus/(deficits) to the CSR.

Development Services Budget

The CRHC Board approved the *CRHC Portfolio Renewal, Redevelopment and Development Strategy* (2016-2019). The Development Budget is required to implement the strategy and includes costs to CRHC associated with the development, redevelopment and renewal of existing housing stock.

During the pre-development phase of a potential capital project, the cost for feasibility studies, preparation of grant applications and the salary and overhead for the Manager of Capital Projects is recovered through the CSR, if required. Once a project is approved, required project management and administrative staff salaries will be recovered through the capital projects in the form of project management fees. Development costs from the projects are captured in the Major Capital Plan.

ALTERNATIVES

Alternative 1
The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

a) That the Capital Region Housing Corporation 2020 Administration Budget be approved; and
b) That the Capital Region Housing Corporation 2020 Development Services Budget be approved.

Alternative 2
That the 2020 Administration and Development Services Budget report be referred back to staff for revisions based on Hospitals and Housing Committee direction.

IMPLICATIONS

Financial Implications

Administration Budget (Appendix A)

Table 1 Summary of 2019 estimated revenue/expenditures and 2020 proposed budget

Administration Budget (Appendix A)					
	2019 Budget	**2019 Estimates**	**2019 Variance $**	**2020 Proposed Budget**	**2019-2020 Budget Variance $**
Total Revenue	1,780,730	1,760,730	20,000	1,991,830	211,101
Total Expenditures	(1,780,730)	(1,760,730)	(20,000)	(1,991,830)	(211,101)

In 2019, there was a ($20,000) shortfall or -1.1% variance in administrative revenues that was offset by matching decreased expenditures.

The SAP training project, valued at $20,000 was not completed in 2019. Alternatively, the training will be provided internally by CRHC staff.

Staff are proposing a 2020 Administration budget of $1,991,830. This represents a proposed expenditure increase of $211,100 or 11.9%. This is due to contract increases in CUPE and Exempt salaries and the addition of 2.0 full time employees (FTEs) for property management services related to two new properties (Westview and Spencer) being completed in 2020.

The CSR has an estimated balance of $694,483 at December 31, 2019, after:

- the $230,000 transfer to cover Millstream Ridge 2019 operating shortfall; and
- the $40,560 transfer from the Development Services budget for repayment of its 2018 deficit.

Explanations for budget line variances +/-10% and $10,000 can be found in the Appendix A notes.

Development Services Budget (Appendix B)

Table 2 Summary of 2019 estimated revenue/expenditures and 2020 proposed budget

Development Services Budget (Appendix B)					
	2019 Budget	**2019 Estimates**	**2019 Variance $**	**2020 Proposed Budget**	**2019-2020 Budget Variance $**
Total Revenue	310,240	264,500	45,740	470,000	159,760
Total Expenditures	(310,240)	(264,500)	(45,740)	(470,000)	(159,760)

In 2019, there was a $45,740 or 14.7% positive variance in staffing related expenditures due to the delay in hiring the 2019-2022 term senior project coordinator position.

Staff are proposing a 2020 Development Services budget of $470,000. This represents an expenditure increase of $159,060 or 51.5%. This is due to existing staff salary increments; contract increases in CUPE and Exempt salaries; the addition of a new three year term position (April 2020 to 2023) to technically support the Michigan redevelopment project; and $90,000 for three project feasibility studies. Approved capital projects fund the required project management. For future project analysis, a $90,000 transfer is required from the CSR.

Explanations for budget line variances +/-10% and $10,000 can be found in the Appendix B notes.

CONCLUSION

The Administration budget includes costs to CRHC associated with overall corporate management. In 2020, there is a proposed increase of $211,100 or 11.9%. Staff are proposing a 2020 budget of $1,991,830 to fund overall corporate management.

In 2020, there is a proposed increase to the Development Services budget of $159,060 or 51.5%. Staff are proposing a 2020 budget of $470,000 to fund the Major Capital Projects' staff and overhead.

RECOMMENDATIONS

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

a) That the Capital Region Housing Corporation 2020 Administration Budget be approved; and
b) That the Capital Region Housing Corporation 2020 Development Services Budget be approved.

Submitted by:	Christine Culham, Senior Manager Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENTS

Appendix A: Administration Budget
Appendix B: Development Services Budget

CAPITAL REGION HOUSING CORPORATION
2020 ADMINISTRATION BUDGET

APPENDIX A

	2019 Board Approved (A)	2019 Estimated Actuals (B)		2019 $ Variance (C)	2019 % Variance (D)	2020 CRHC Proposed (E)		2020 Budget $ Change (F)	2020 Budget % Change (G)
REVENUE									
Property Management Fees	1,620,730	1,620,730		0	0.0%	1,881,830	(4)	261,100	16.1%
Interest Income	100,000	100,000		0	0.0%	110,000		10,000	10.0%
Transfer from Stabilization Reserve - CRD IT Project	20,000	0	(1)	(20,000)	-100.0%	0		(20,000)	-100.0%
Transfer from Stabilization Reserve - Evaluation Matrix	40,000	40,000		0	0.0%	0		(40,000)	-100.0%
TOTAL REVENUE	1,780,730	1,760,730		(20,000)	-1.1%	1,991,830		211,101	11.9%
EXPENDITURES									
Salaries & Benefits - CRHC Administration Staff	1,061,500	1,061,500		0	0.0%	1,246,800	(5)	185,300	17.5%
Training (includes related travel costs)	11,300	8,000		3,300	29.2%	12,000		700	6.2%
CRD Allocations	536,550	536,550		0	0.0%	582,015		45,465	8.5%
Consultants/Legal/Audit	32,000	17,790	(2)	14,210	44.4%	32,000		0	0.0%
Tenant Engagement Program	20,000	20,000		0	0.0%	20,000		0	0.0%
Office Operating Costs	44,380	56,890	(3)	(12,510)	-28.2%	59,015		14,635	33.0%
Transfer to Equipment Replacement Reserve	5,000	10,000		(5,000)	-100.0%	10,000		5,000	100.0%
Capital Purchases - New office equipment	10,000	10,000		0	0.0%	30,000	(6)	20,000	200.0%
Special Project - SAP Real Estate Training	20,000	0	(1)	20,000	100.0%	0		(20,000)	-100.0%
Special Project - Property Evaluation Matrix	40,000	40,000		0	0.0%	0		(40,000)	-100.0%
TOTAL EXPENDITURES	1,780,730	1,760,730		20,000	1.1%	1,991,830		211,100	11.9%
TOTAL ADMINISTRATION Surplus/(Deficit)	**0**	**0**		**0**		**0**			
Beginning Balance Corporation Stabilization Reserve		923,923				694,483			
2019 Surplus/(Deficit)		0				0			
2019 Approved transfer: CRD IT Project remaining balance		0				0			
2019 Approved transfer: Redevelopment Evaluation Matrix		(40,000)				0			
2019 Transfer from Development Services: 2018 deficit recovery		40,560				0			
2020 Transfer (to) Development Services: feasibility studies		0				(90,000)			
2019 Transfer (to) Millstream Ridge Operating (Deficit)		(230,000)				0			
End Balance Corporation Stabilization Reserve		694,483				604,483			

Notes (for variances +/- 10% and $10,000)

(1) 2019 Special Project - SAP Real Estate Training: $20,000 decrease accommodated in-house CRHC staff.

(2) 2019 Consultants/Legal/Audit - budget includes contingency for unanticipated legal cases and ad hoc consultants, contingency not required in 2019.

(3) 2019 Office Operating Costs - additional costs due to larger staff compliment and non-budgeted software licenses.

(4) 2020 Property Management Fees: 261,100 or 16.1% increase due to two buildings (Westview & Spencer) completed.

(5) 2020 Salaries and Benefits: $185,300 or 17.5% increase includes 2 new staff positions and CUPE/Exempt contract increases.

(6) 2020 Capital Purchases: $20,000 or 200% increase for new workstations and computer equipment.

To be approved at December 11, 2019 Board meeting

CAPITAL REGION HOUSING CORPORATION
2020 DEVELOPMENT SERVICES BUDGET

APPENDIX B

	2019 Board Approved (A)	2019 Estimated Actuals (B)		2019 $ Variance (C)	2019 $ Variance (D)	2020 CRHC Proposed (E)		2020 Budget $ Change (F)	2020 Budget % Change (G)
REVENUE									
Project Management Fees									
Westview Capital Project	60,000	60,000		0	0.0%	8,000		(52,000)	-86.7%
Caledonia Capital Project	170,240	134,500	**(1)**	(35,740)	-21.0%	215,880		45,640	26.8%
Michigan Capital Project	60,000	60,000		0	0.0%	156,120		96,120	160.2%
Drake Capital Project	10,000	10,000		0	0.0%	0		(10,000)	-100.0%
Carey Lane BER Project	10,000	0	**(2)**	(10,000)	0.0%	0		(10,000)	0.0%
Transfer from Corporation Stabilization Reserve	0	0		0	0.0%	90,000	**(4)**	90,000	0.0%
TOTAL REVENUE	310,240	264,500		(45,740)	-14.7%	470,000		159,760	51.5%
EXPENDITURES									
Salaries & Benefits - 2 Term FTEs ending 2022	254,960	212,630		42,330	16.6%	282,800	**(5)**	27,840	10.9%
Salaries & Benefits - new 1 Term FTE ending 2023	0	0		0	0.0%	82,000	**(6)**	82,000	100.0%
Travel - local	1,200	1,300		(100)	-8.3%	1,500		300	25.0%
Telephone	1,500	1,000		500	33.3%	1,500		0	0.0%
Miscellaneous	4,020	3,010		1,010	25.1%	4,200		180	4.5%
Capital Equipment - one work station	8,000	6,000		2,000	25.0%	8,000		0	0.0%
Consultants	0	0		0	0.0%	90,000	**(4)**	90,000	0.0%
Transfer to Corporation Stabilization Reserve	40,560	40,560	**(3)**	0	0.0%	0		(40,560)	0.0%
TOTAL EXPENDITURES	310,240	264,500		45,740	14.7%	470,000		159,760	51.5%
TOTAL DEVELOPMENT SERVICES Surplus/(Deficit)	**0**	**0**				0			

Notes (for variances +/- 10% and $10,000)

(1) 2019 Caledonia Project Management Fees: term FTE delayed hired June, 2019.

(2) 2019 Carey Lane BER Project: delayed to 2021 due to securing funding.

(3) 2018 Development Services: (40,560) deficit was funded by Corporation Stabilization Reserve and repaid from 2019 approved Capital Projects.

(4) 2020 Transfer from Corporation Stabilization Reserve to fund 3 project feasibility studies.

(5) 2020 Salaries & Benefits: due to staff salary increments from contract increases in CUPE and Exempt salaries.

(6) 2020 Salaries & Benefits: new 3yr Term Snr. Project Coordinator to be funded by Michigan Capital Project (IBC 1a-3).

To be approved at December 11, 2019 Board meeting

Capital Region Housing Corporation 2020 Budget

Presentation to Hospitals& Housing Committee
Wednesday December 4, 2019

- Investment from Senior Levels of Government
- CRD Board Strategic Priority
- Regional Housing Affordability Strategy

2019 Financial Outcomes - Operating

- Estimated Revenues $17.1M
- Estimated Expenses $15.8M
- Estimated Operating Surplus $1.3M

Success Factors

Tenant turnover rate: 34 days	0.85% vacancy rate	Increase in insurance premiums and deductibles	Decrease in mortgage rates	New buildings/first year of operations	Staffing

Administration & Development

- Administration – Estimated Expense $1.76M
- Development Services – Estimated Expense $264K

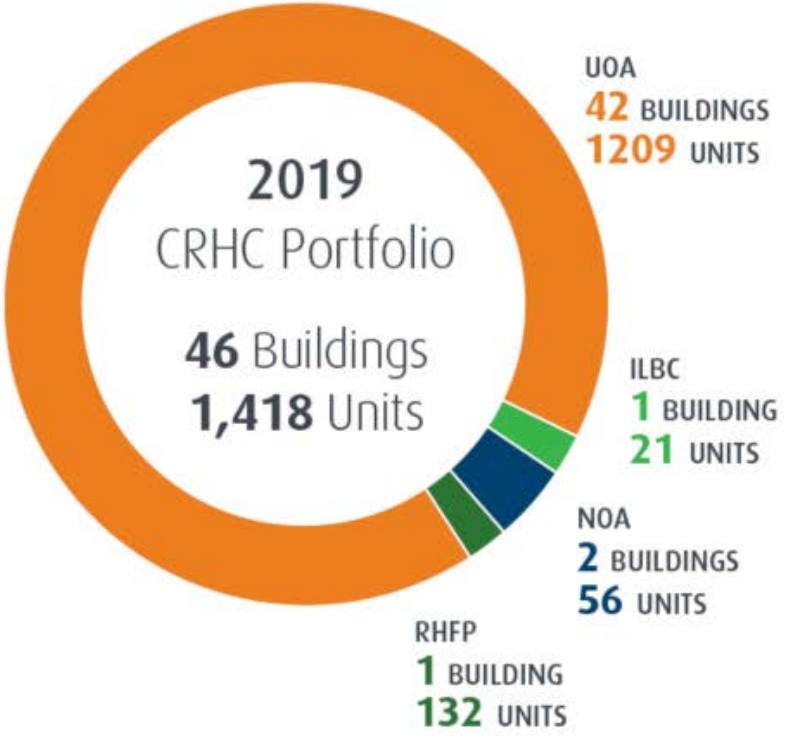
Routine Replacement

- 2015-2019 routine replacement plan complete with estimated expenditures of $11.1M

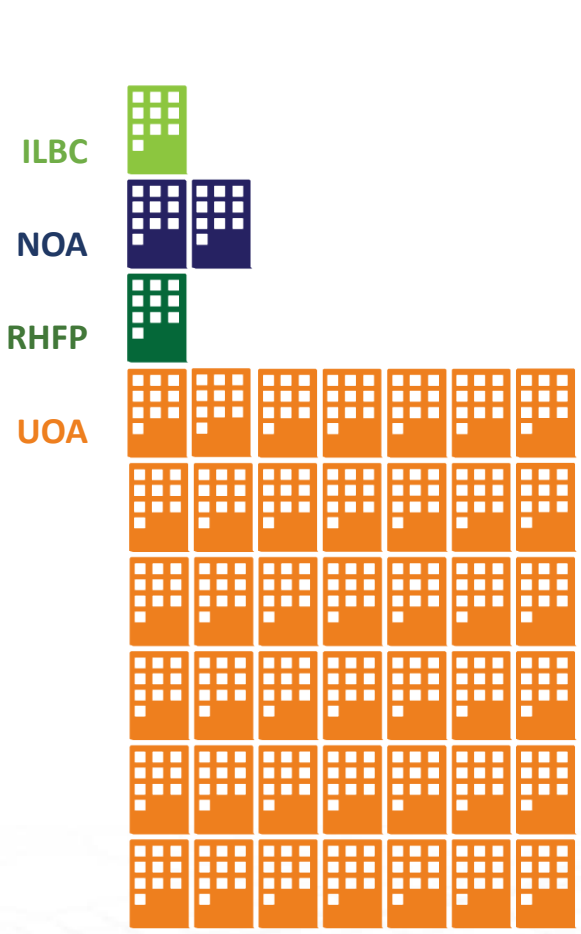
Capital

- Westview Development - $11M
- Caledonia Redevelopment - $350K
- Michigan Square Redevelopment - $250K
- Drake Road Development - $182K
- Millstream Purchase (RHFP) - $35.5M

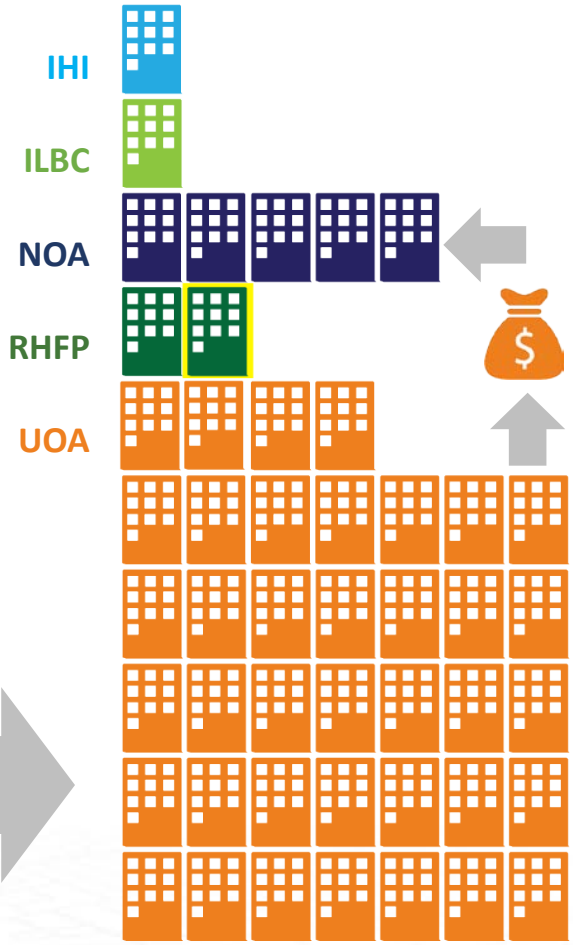
CRHC Portfolio



- UOA decrease
- NOA increase
- Redistribution allows for access to funds for the CRHC **RHFP contribution**

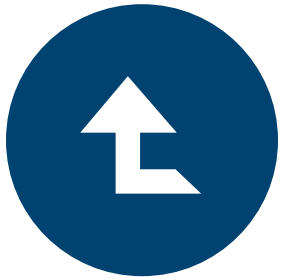


2019 CRHC Portfolio
46 Buildings



2020 CRHC Portfolio
48 Buildings

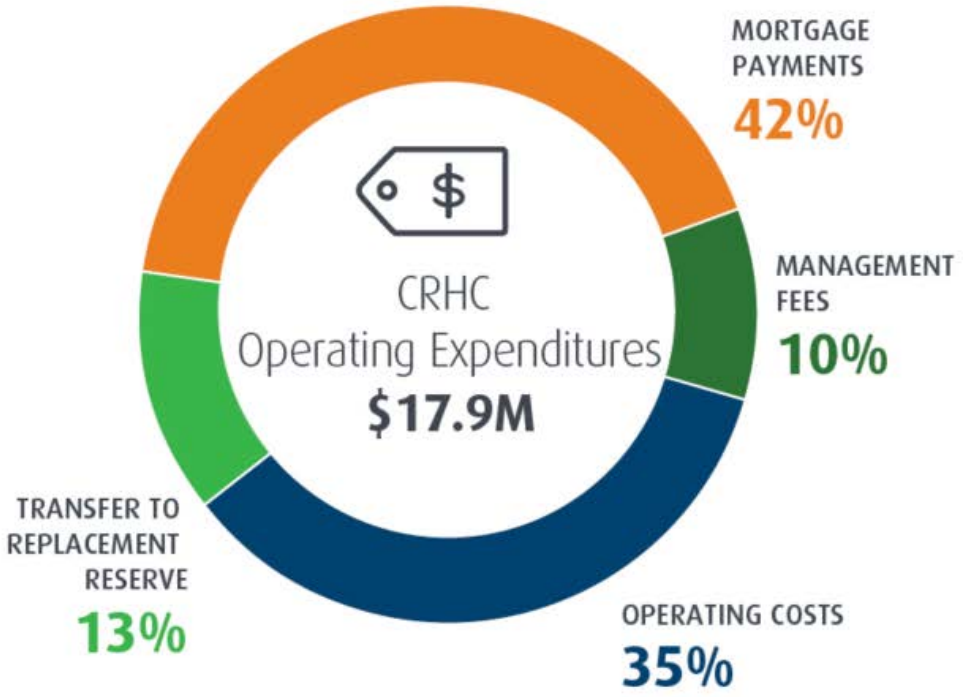
Staffing

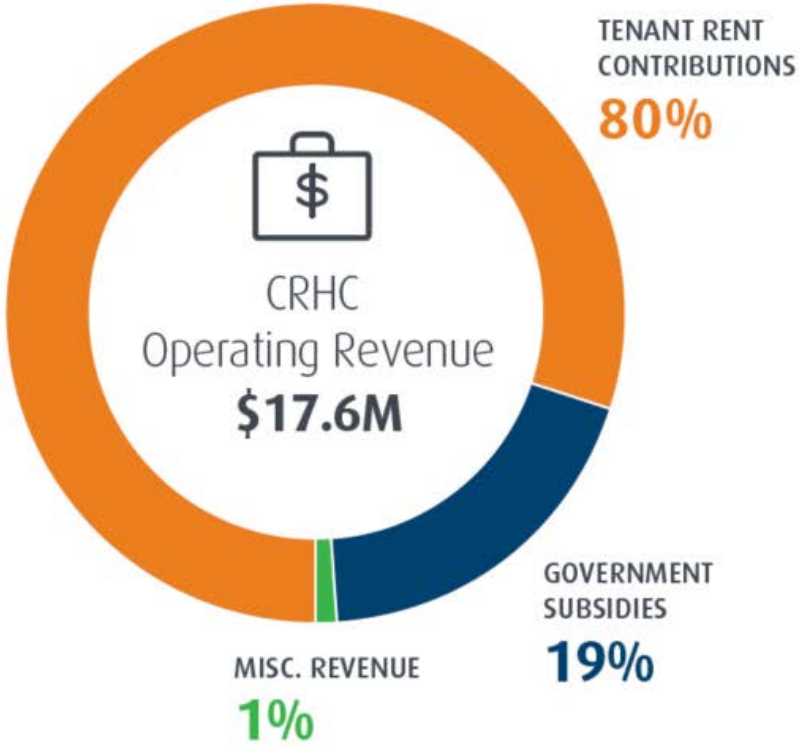


Increase in Insurance premiums and deductibles

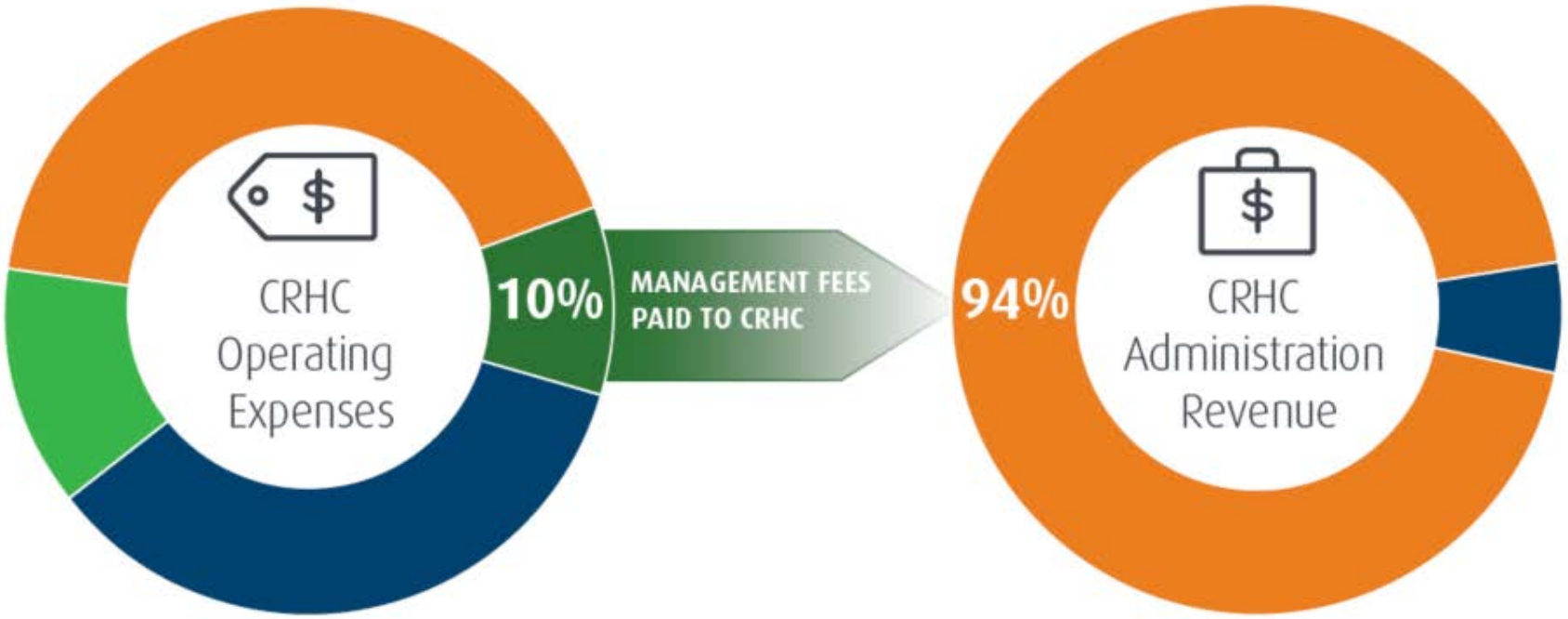
Replacement Reserve Contribution

New buildings/first year of operations

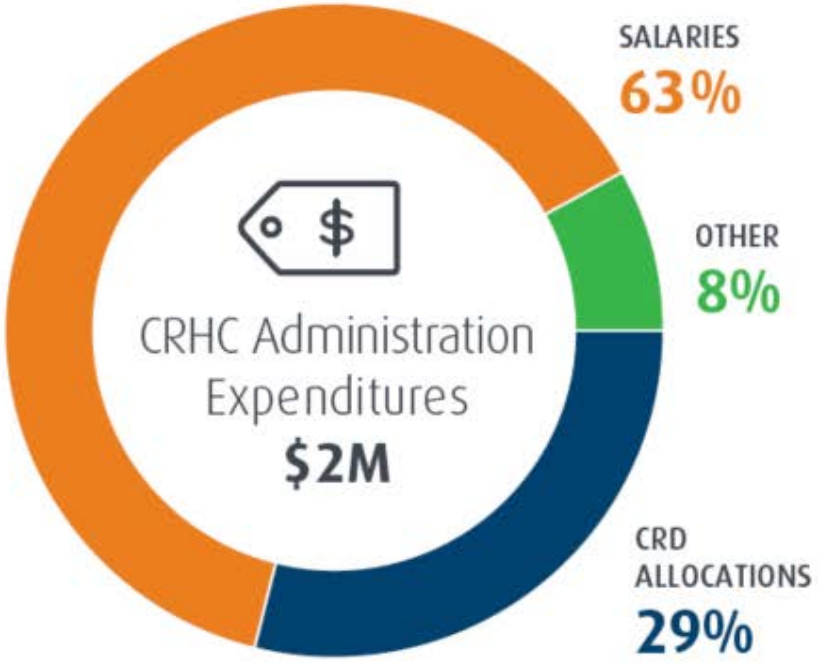

CRHC
Operating Expenditures
$17.9M
MORTGAGE PAYMENTS
42%
MANAGEMENT FEES
10%
OPERATING COSTS
35%
TRANSFER TO REPLACEMENT RESERVE
13%

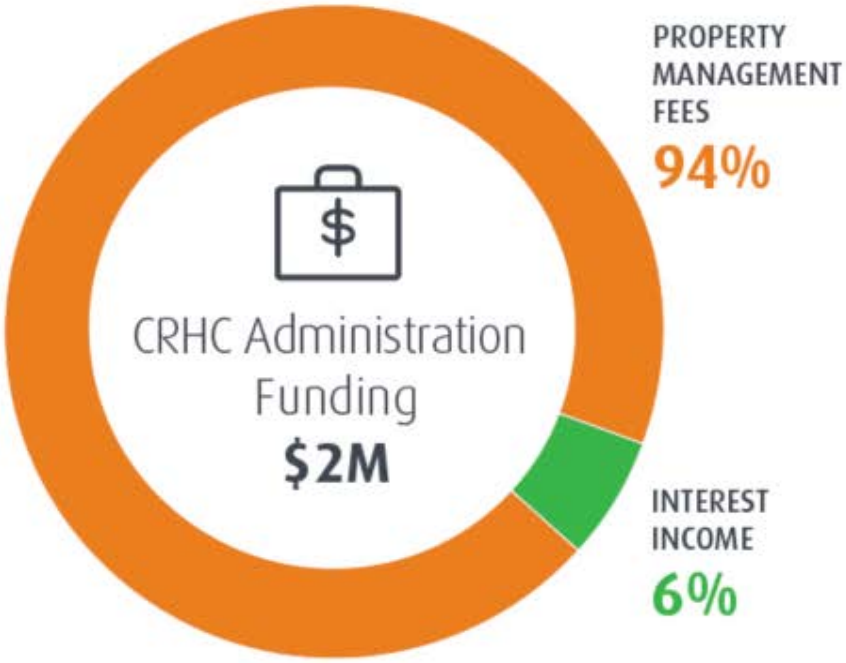

CRHC
Operating Revenue
$17.6M
TENANT RENT CONTRIBUTIONS
80%
GOVERNMENT SUBSIDIES
19%
MISC. REVENUE
1%

2020 Relationship between Operating and Administrative Budgets



2020 Administrative Budget





UOA – Capital Plan – Routine Replacement

- 2015-2019 CRHC Board and BC Housing approved plan was for 2015-2019
- 2015-2019 estimated variance is $0.1M (1%)
- Estimated December 31, 2019 balance of the UOA replacement reserve is $4.1M
- 2020-2024 proposed routine capital plan is for $11M
- 2020 annual contribution to PRR is $2.2M ($149/month per unit)

UOA Five Year Capital Plan $ millions	2019 Actuals	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	Total
Total Routine Replacement Reserve Expense	$ 11.1M	$ 2.4M	$ 2.4M	$ 2.3M	$ 2.2M	$ 1.7M	$ 11.0M

UOA – Capital Funding Strategies – Routine Replacement

- UOA operating surpluses are deposited annually into the UOA Portfolio Stabilization Reserve (PSR)
- The UOA allows CRHC greater latitude regarding expenditures and therefore has increased capacity to determine spending priorities
- 2020 UOA PSR estimated ending balance is $1.1M
- 2020-2024 UOA five year plan is $11.0M

NOA – Capital Plan

- Village on the Green (VoG) and Vergo are independent of BC Housing operating agreements; three properties will be added in 2020
- 2015-2019 estimated actuals are $268K
- Estimated December 31, 2019 balance of the NOA replacement reserve is $339K
- 2020-2024 proposed routine capital plan is for $1.9M
- 2020 annual contribution to replacement reserve is $255K ($173/month per unit)

Five Year Capital Plan $ millions	2019 Actuals	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	Total
Total Routine Replacement Reserve Expense	$ 268.1K	$ 902.1K	$312.7K	$206.7K	$248.0K	$244.2K	$1.9M

ILBC – Capital Plan

- 2015-2019 estimated actuals are $131K
- Estimated December 31, 2019 balance of the ILBC replacement reserve is $99K
- 2020-2024 proposed routine capital plan is for $145K
- 2020 annual contribution to replacement reserve is $16.6K($65/month per unit)

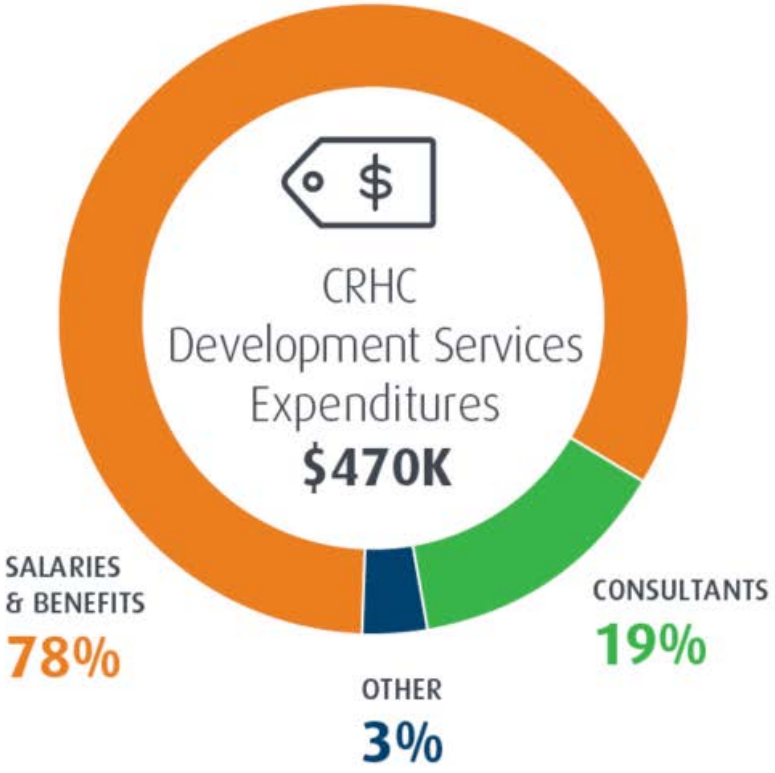
Five Year Capital Plan $ millions	2019 Actuals	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	Total
Total Routine Replacement Reserve Expense	$ 131.4K	$ 52.5K	$6.0K	$22.2K	$41.4K	$23.3K	$145.4K

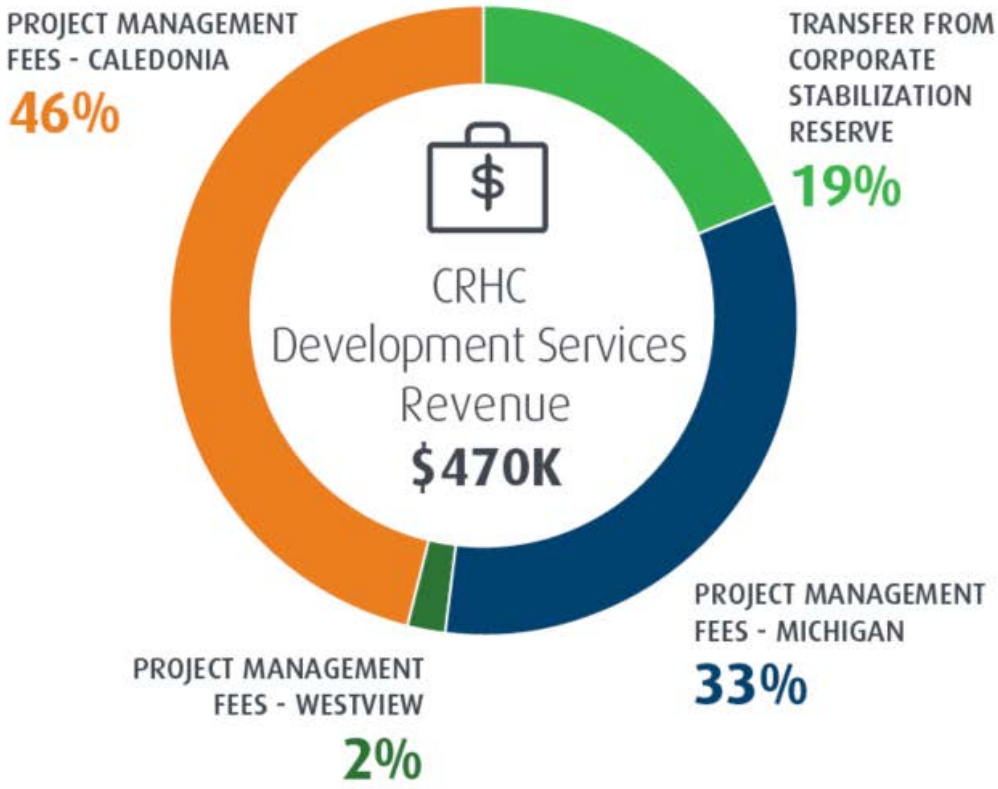
RHFP – Capital Plan

- 2019 estimated actuals are $10K
- Estimated December 31, 2019 balance of the RHFP replacement reserve is $84K
- 2020-2024 proposed routine capital plan is for $60K
- 2020 annual contribution to replacement reserve is $114K ($72/month per unit)

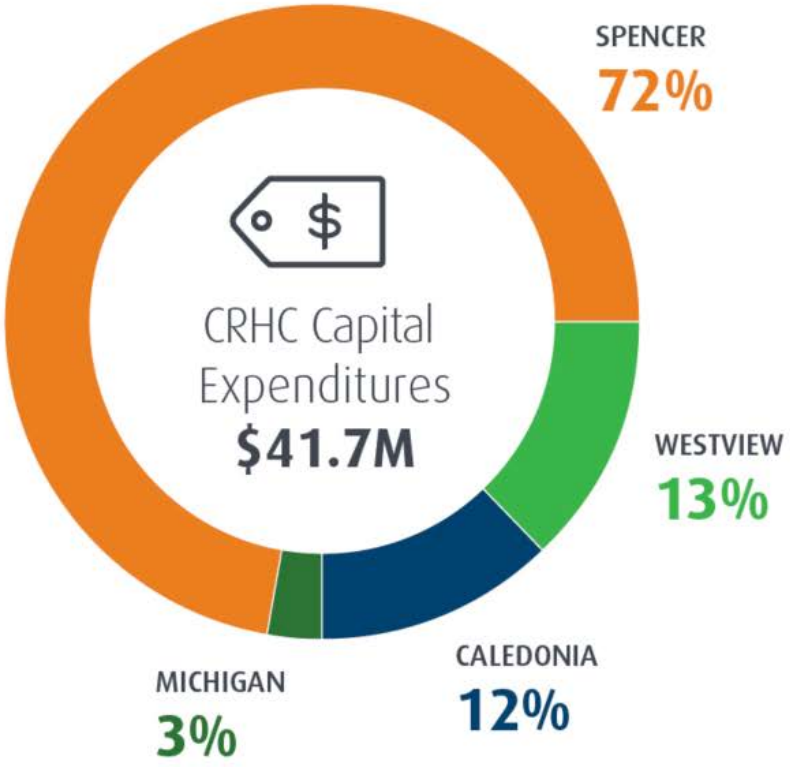
Five Year Capital Plan $ millions	2019 Actuals	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	Total
Total Routine Replacement Reserve Expense	$ 10.0K	$ 5.6K	$6.3K	$6.0K	$8.4K	$33.7K	$60.0K

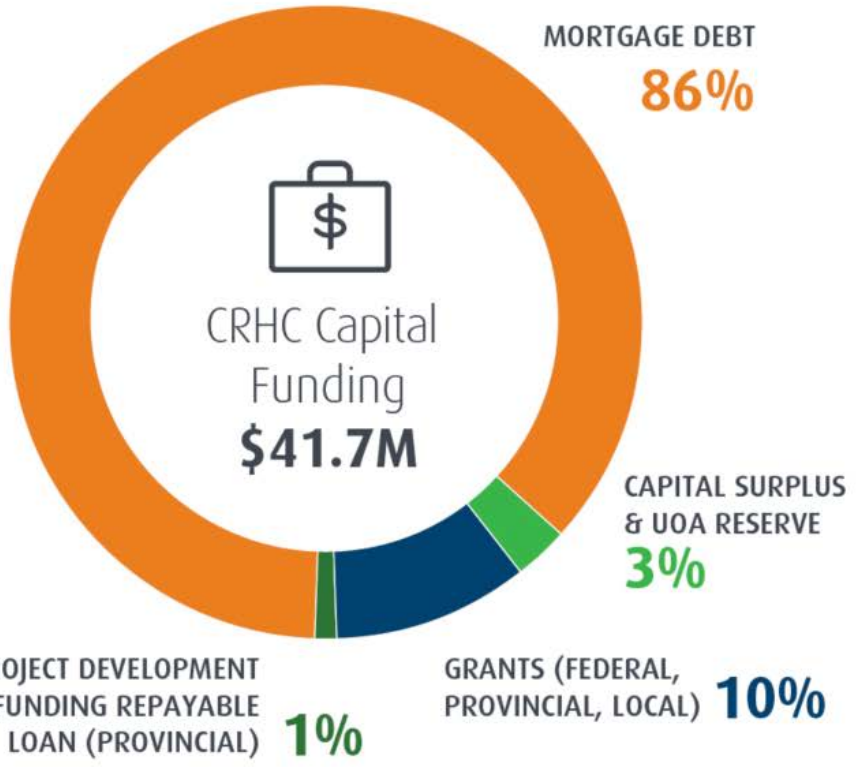
2020 Development Services Budget





2020 Capital Budget





Questions

REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, DECEMBER 04, 2019

SUBJECT **2020 Portfolio Operating Budgets**

ISSUE SUMMARY

To provide the Capital Region Housing Corporation (CRHC) Board a review of estimated operating revenues and expenditures for 2019, and to present the proposed operating budgets for 2020.

BACKGROUND

In 2015, the Umbrella Operating Agreement (UOA) was signed with the BC Housing Management Commission (BC Housing) and is in effect until December 31, 2019. The 2019 UOA portfolio included 42 of CRHC's 46 properties.

Under the UOA, all operating surplus funds are retained by CRHC. With the surplus, CRHC must first remedy any operating deficit from a previous year. Then CRHC may make other payments out of the surplus in order of priority as follows: contributions to the capital replacement reserve fund as required under the capital plan, costs relating directly to a project; or in any other way the CRHC chooses to advance the management and development of affordable housing.

In 2019, staff have been negotiating the renewal of the UOA, with some modifications, for a subsequent five-year term (2020-2024). The operating subsidy provided by BC Housing through the UOA is stable for the five-year operating term with the exception of when a mortgage is renewed or a mortgage matures.

- Mortgage renewal - the subsidy is increased or decreased to accommodate the new mortgage payment.
- Mortgage matures - the subsidy and mortgage payments cease; this results in future net favourable financial impacts because the subsidy payment was less than the mortgage payments.
- Fourteen properties have operating agreements expiring and mortgages maturing between 2018-2021 (Appendix A).

One of the CRHC recommended modifications is that three properties (Portage Place, Campus View, Royal Oak Square), whose original Canada Mortgage and Housing Corporation (CMHC) operating agreements expired in 2018 and 2019, be removed from the UOA portfolio and transferred to the No Operating Agreement (NOA) portfolio. This realignment will provide CRHC the flexibility to debt finance its $4.5 million (M) share of the $30M Capital Regional District (CRD) equity contribution to the Regional Housing First Program (RHFP).

Separate operating budgets have been prepared for the five portfolios: (UOA, NOA, Independent Living BC (ILBC), the RHFP and the Investment in Housing Innovation (IHI)). Detailed budgets can be found in Appendices B-G.

ALTERNATIVES

Alternative 1
The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

a) That the 2020 Operating Budget for the Umbrella Operating Agreement be approved;
b) That the 2020 Operating Budget for the No Operating Agreement be approved;
c) That the 2020 Operating Budget for the Independent Living BC Agreement be approved;
d) That the 2020 Operating Budget for the Regional Housing First Program Agreement (Millstream Ridge and Spencer) be approved;
e) That the 2020 Operating Budget for the Investment in Housing Innovation be approved; and
f) That any 2019 operating surplus/(deficits) to be transferred to/(from) the appropriate Portfolio Stabilization Reserves be authorized.

Alternative 2
That the 2020 Portfolio Operating Budgets report be referred back to staff for additional information based on Hospitals and Housing Committee direction.

IMPLICATIONS

1. UOA Portfolio

2019 Outcomes

The approved 2019 UOA Budget estimated an operating surplus of $1,612,610. Staff are forecasting a 2019 surplus of $1,617,610. The net $5,000 favourable variance represents non-manageable cost pressures in various budget lines: the significant increases in insurance premiums/deductibles and maintenance costs is offset by an increase in rental income and decreases in utilities, contracted services, and property taxes. See Appendix B for detailed variance explanations.

Table 1: UOA summary of 2019 estimated revenue/expenditures and 2020 proposed budget

Umbrella Operating Agreement (Appendix B)			
	2019 Budget	**2019 Estimates**	**2020 Proposed**
Total Revenue	14,127,080	14,264,180	12,640,370
Total Expenditures	(12,514,470)	(12,646,570)	(12,640,370)
Operating Surplus/(Deficit)	1,612,610	1,617,610	-

2020 Budget Drivers

Effective January 2020, there will be 39 properties in the UOA portfolio with two of these properties (Michigan Square and Caledonia) being suspended while under redevelopment construction; therefore year-over-year budget comparisons do not provide meaningful variance analysis. A significant change to the 2020 budget is the $1M increase in replacement reserve contribution and $282 thousand (K) increase in insurance premiums and deductible expenses. Staff are proposing a 2020 balanced budget with no operating surplus.

Insurance premiums and deductible
Insurance premiums have a budgeted increase of 50% over 2018-2020 budget years. Approximately 5% of the increase is attributed to an escalation in the total insured value and the remaining increase is due to the rise of the premium rate applied to the multi-residential housing sector.

Due to the significant increase in insurance deductible, from $10K to $50K per incident, UOA claims management now requires a specific budget line item for $200K. Under the UOA portfolio, CRHC processes an average of four claims per year that have a value greater than $50K each; and therefore the $200K will be used to pay either the deductibles or provide funding for property damage that does not reach the deductible limit.

Replacement Reserve Contribution
Staff are recommending a Routine Capital funding strategy to ensure there is sufficient revenue available for the proposed 2020-2024 UOA Capital Plan of $11.0M total or $2.2M per year.

- For 2020, a replacement reserve contribution of $149/month per unit (or $1.9M annual contribution) from the UOA operating budget and a onetime transfer of $300K from the UOA Portfolio Stabilization Reserve (PSR) to the Portfolio Replacement Reserve (PRR) to equal the required $2.2M UOA capital plan annual contribution.

- For 2021-2024, a replacement reserve contribution of $173/month per unit (or $2.2M annual contribution) from the UOA operating budgets to the PRR. This will be attainable as a result of the net savings generated by the four CMHC properties whose original operating agreements expire and the related mortgages mature in 2021.

2. NOA Portfolio

The NOA operating cash flow model is based on Village on the Green's (VoG) annual operating surplus offsetting Vergo's annual operating deficit. This model allowed Vergo to increase its takeout mortgage by $1M to enable a contribution to the new Westview development.

2019 Outcomes

The approved 2019 NOA Budget estimated an operating surplus of $34,780. Staff are forecasting a 2019 surplus of $14,542. The net ($20,238) unfavourable variance represents the emergency flood repairs required when VoG experienced a break in the external branch waterline.

Table 2: NOA summary of 2019 estimated revenue/expenditures and 2020 proposed budget

No Operating Agreement (Appendix C)			
	2019 Budget	**2019 Estimates**	**2020 Proposed**
Total Revenue	700,920	739,150	1,620,880
Total Expenditures	(666,140)	(724,610)	(1,277,010)
Operating Surplus/(Deficit)	34,780	14,540	343,870

2020 Budget Drivers

Effective January 1, 2020, three townhouse properties (Portage Place, Campus View, and Royal Oak Square) will be added to the NOA portfolio; therefore year-over-year budget comparisons do not provide meaningful variance analysis. The proposed 2020 NOA operating surplus is $343,870.

Replacement Reserve Contribution
Staff are recommending a funding strategy change to ensure there is sufficient revenue available for the proposed 2020-2024 NOA Routine Capital Plan of $1.9M total. For 2020-2024, a replacement reserve contribution of $173/month per unit (or $255K annual contribution) will be transferred from the NOA operating budgets to the PRR.

The proposed 2020 NOA operating surplus of $343,870, represents five properties (or 123 townhouse units) with 70% affordable market units and 30% rent-geared-to-income units. Only two of the five properties (VoG and Vergo) have outstanding mortgages. The NOA portfolio is well positioned to debt finance the CRHC $4.5M share of the $30M Capital Regional District (CRD) equity contribution to the RHFP.

3. ILBC Portfolio

Parry Place is under the ILBC operating program with BC Housing. It has a five year fixed budget that was renewed for 2019-2023, with an allowance for an increase in annual budget expense based on the Consumer Price Index (CPI), excluding the mortgage.

2019 Outcomes

The approved 2019 ILBC Budget estimated a balanced budget. Staff are forecasting a 2019 deficit of ($16,351). The deficit is due to a high vacancy rate. The ILBC agreement requires Island Health to be responsible for the placement of tenants. Through active consultation with BC Housing, Island Health and Beacon Community Services, CRHC continues to work to decrease the vacancy rate at Parry Place.

Table 3: ILBC summary of 2019 estimated revenue/expenditures and 2020 proposed budget

Independent Living BC Agreement (Appendix D)			
	2019 Mandated	**2019 Estimates**	**2020 Proposed**
Total Revenue	667,831	650,328	679,433
Total Expenditures	(667,831)	(666,679)	(679,433)
Operating Surplus/(Deficit)	-	(16,351)	-

2020 Budget Drivers

Due to changes in Island Health's supportive care delivery model, initiated in November 2019, CRHC staff will be reporting back to the Board in 2020 on operating and ownership options for Parry Place.

The proposed increase for the 2020 Parry Place operating budget is $11,602 or 1.7% due to the CPI rate increase.

4. RHFP Portfolio

Under the RHFP, the CRD purchased Millstream Ridge in January 2019 and anticipates purchasing Spencer in October 2020. CRHC will lease and operate these properties. In the first year of operations the RHFP properties will be presented separately to clearly report on their individual performance. However, under the agreement, CRHC-RHFP properties will pool their accumulated surplus/(deficits) and capital replacement reserves; similar to the Umbrella Operating Agreement.

2019 Outcomes

Millstream Ridge

In 2019, CRHC acquired a 60 year lease for Millstream Ridge (132 units). The 2019 operating budget was based on 11 months of operations. Due to tight timelines, the inability to market the units in advance of taking over the building due to a communications embargo and the purchase and sale agreement projecting 90 units leased and only 39 units leased when CRHC took possession, the CRHC has experienced more vacancy than anticipated when staff presented the budget. This, along with unbudgeted property tax expense and an unanticipated surge in insurance costs, has resulted in

an estimated $350K deficit. Staff are recommending using $120K from unspent funds from the purchase-closing surplus process and transferring $230K from the Corporation Stabilization Reserve to fund the remaining 2019 deficit.

Table 4: RHFP summary of 2019 estimated revenue/expenditures and 2020 proposed budget

Regional Housing First Program Agreement - Millstream Ridge (Appendix E)			
	2019 Budget	**2019 Estimates**	**2020 Proposed**
Total Revenue	2,181,380	1,493,250	2,294,560
Total Expenditures	(2,169,220)	(1,843,250)	(2,289,840)
Operating Surplus/(Deficit)	12,160	(350,000)	4,720

2020 Budget Drivers

Millstream Ridge
This will be Millstream's second year of operations and staff's focus will be on reducing unit vacancies by way of a professional marketing campaign. The proposed increase for the 2020 Millstream operating budget is $120,620 or 5.3% due to a 12-month operating period. Millstream is anticipating a surplus of $4,720 for 2020.

Spencer
Spencer will be in its first year of operations with only a two-month operating period. The proposed 2020 operating budget is $185,780. Staff are proposing a 2020 balanced budget with no operating surplus. CRHC staff will review timing of purchase, mortgage rates and 2020 cashflow, and related financial implications to address any budgetary issues for a property in its first year of operations.

Table 5: RHFP summary of 2019 estimated revenue/expenditures and 2020 proposed budget

Regional Housing First Program Agreement – Spencer (Appendix F)	
	2020 Proposed
Total Revenue	185,780
Total Expenditures	(185,780)
Operating Surplus/(Deficit)	-

5. IHI Portfolio

Westview, a 73-unit development at 3816 Carey Road, was approved for funding through the BC Housing IHI program. The approved project budget included a CRHC $1.0M equity contribution, a repayable $8.5M first mortgage, and a forgivable $7.2M second mortgage in favor of BC Housing. Westview is currently under construction and is expected to be commissioned in May 2020.

Table 6: IHI summary of 2019 estimated revenue/expenditures and 2020 proposed budget

Investment in Housing Innovation Agreement (Appendix G)	
	2020 Proposed
Total Revenue	507,060
Total Expenditures	(501,060)
Operating Surplus/(Deficit)	6,000

2020 Budget Drivers

Westview will be in its first year of operations with an eight-month operating period. The proposed 2020 operating budget is $501,060. Staff are anticipating a $6K surplus in 2020. CRHC staff will review timing of commissioning, mortgage take-out interest rates, and related financial implications to address any budgetary issues as the property is in its first year of operations.

6. Portfolio Stabilization Reserves

Based on the 2019 estimated surpluses being contributed to the applicable portfolio stabilization reserves; one-time 2019 UOA transfers to PRR, capital development and renewal projects; and the Corporate Stabilization Reserve transfer to RHFP Millstream, Table 6 summarizes the estimated 2019 year end reserve balances.

Table 6: Summary of Portfolio Stabilization Reserves

Portfolio Stabilization Reserve Balances	2019 Beginning Balance	2019 Surplus/(Deficit)	2019 Approved Transfers from/(to)	2019 Ending Balance
Umbrella Operating Agreement	3,434,824	1,617,610	(3,656,980)	1,395,454
ILBC Agreement	(63,219)	(16,351)	-	(79,570)
No Operating Agreement	129,110	14,540	-	143,650
Regional Housing First Agreement	-	(350,000)	350,000[1]	-

[1]Transfer from Corporation Stabilization Reserve (CSR) and Capital Surplus
[2] CSR schedule included in December 4, 2019 Hospital & Housing Committee Agenda Item 6.4, Appendix A

7. Overall Staffing Implications

Caretaker salaries and administrative overhead are allocated to properties based on either hourly staffing requirements or unit count. The 2020 caretaker budget line has an increased due to contract increases in CUPE salaries, the addition of one full time employee (FTE) to support administrative works control, and two caretaker FTEs for property management services related to the new properties (Westview and Spencer). These positions were identified in the 2020 Housing Affordability Initiative Business Case (1a-2 – Housing Investment through RHFP).

CONCLUSION

The main drivers for the 2019 and 2020 estimated surpluses/(deficits), and balanced budgets, are increased contributions to the replacement reserves; increased insurance premiums and deductible costs; and ongoing inflationary pressures from contracted services. Staff are recommending that any operating surpluses/(deficits) be transferred to the appropriate portfolio stabilization reserves.

RECOMMENDATIONS

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

a) That the 2020 Operating Budget for the Umbrella Operating Agreement be approved;
b) That the 2020 Operating Budget for the No Operating Agreement be approved;
c) That the 2020 Operating Budget for the Independent Living BC Agreement be approved;
d) That the 2020 Operating Budget for the Regional Housing First Program Agreement (Millstream Ridge and Spencer) be approved;
e) That the 2020 Operating Budget for the Investment in Housing Innovation be approved; and

f) That any 2019 operating surplus/(deficits) to be transferred to/(from) the appropriate Portfolio Stabilization Reserves be authorized.

Submitted by:	Christine Culham, Senior Manager Regional Housing
Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager Planning & Protective Services
Concurrence:	Nelson Chan, MBC, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENTS

Appendix A – Expiring Properties
Appendix B – UOA Operating Budget Summary
Appendix C – NOA Operating Budget Summary
Appendix D – ILBC Operating Budget Summary
Appendix E – RHFP Operating Budget Summary – Millstream Ridge
Appendix F – RHFP Operating Budget Summary – Spencer
Appendix G – IHI Operating Budget Summary

CAPITAL REGION HOUSING CORPORATION **APPENDIX A**

SUMMARY OF PROPERTIES WITH EXPIRING OPERATING AGREEMENTS AND MORTGAGES (2018-2021)

Property	Operating Agreement Expiration	Units
Portage Place	Matured in 2018	17
Campus View	Matured in 2018	12
Royal Oak	01-Mar-19	38
James Yates Gardens	01-Oct-19	8
Oakwinds	01-Feb-20	50
Pinehurst	01-Mar-20	20
The Terraces	01-May-20	20
The Brambles	01-Jun-20	18
Michigan Square*	01-Sep-20	62
Swanlea	01-Dec-20	14
Firgrove	01-Feb-21	32
Beechwood Park	01-Feb-21	48
Grey Oak Square	01-Mar-21	24
Olympicview	01-Apr-21	60

*Proposed redevelopment

CAPITAL REGION HOUSING CORPORATION **APPENDIX B**

2020 UMBRELLA AGREEMENT OPERATING BUDGET SUMMARY

2019 - 42 Properties: 1,209 Mixed Income Family/Seniors Housing
2020 - 39 Properties: 1,142 Mixed Income Family/Seniors Housing

	2019 Board Approved (A)	2019 Estimated (B)		2019 Budget $ Variance (C)	2019 Budget % Variance (D)	2020 CRHC Proposed (E)		2020 Budget $ Change (F)	2020 Budget % Change (G)
Revenue									
BCHMC Subsidy	2,965,398	2,960,778		(4,620)	-0.2%	2,819,350		(146,048)	-4.9%
CMHC Mortgage Subsidy	389,052	387,260		(1,792)	-0.5%	228,150		(160,902)	-41.4%
Tenant Rent Contribution	10,711,634	10,864,126		152,492	1.4%	9,547,802		(1,163,832)	-10.9%
Misc Revenue - parking and laundry	60,996	52,016		(8,980)	-14.7%	45,068		(15,928)	-26.1%
Total Revenue	14,127,080	14,264,180		137,100	1.0%	12,640,370		(1,486,710)	-10.5%
Expenditures									
Audit	21,877	22,805		(928)	-4.2%	21,664		(213)	-1.0%
Caretaker	1,183,080	1,121,469		61,611	5.2%	1,133,693		(49,387)	-4.2%
Garbage	213,845	230,541		(16,696)	-7.8%	195,732		(18,113)	-8.5%
Gas	98,700	84,135		14,565	14.8%	98,700		-	0.0%
Hydro	253,397	249,933		3,463	1.4%	236,913		(16,484)	-6.5%
Insurance Premium	429,442	519,312	**(1)**	(89,870)	-20.9%	556,874	**(1)**	127,432	29.7%
Insurance Deductible	45,494	40,000		5,494	12.1%	200,000	**(2)**	154,506	339.6%
Landscape Maintenance	353,952	342,283		11,669	3.3%	311,763		(42,189)	-11.9%
Land Lease	63,000	63,000		-	0.0%	63,000		-	0.0%
Leblond Strata	14,968	14,786	**(3)**	183	1.2%	16,795		1,827	12.2%
Maintenance	694,225	838,405	**(4)**	(144,180)	-20.8%	678,927		(15,298)	-2.2%
Management Fee	1,330,040	1,330,040		-	0.0%	1,294,404		(35,636)	-2.7%
Mortgage Payments	5,755,977	5,752,411		3,566	0.1%	4,926,781		(829,196)	-14.4%
Property Taxes	277,221	228,612		48,609	17.5%	187,608		(89,613)	-32.3%
Transfer to Replacement Reserve	943,020	943,020		-	0.0%	1,900,000	**(5)**	956,980	101.5%
Water	836,233	865,819		(29,585)	-3.5%	817,516		(18,717)	-2.2%
Total Expenditures	12,514,470	12,646,570		(132,100)	-1.1%	12,640,370		125,900	1.0%
Total Umbrella Agreement Surplus/(Deficit)	**1,612,610**	**1,617,610**		**5,000**	**0.3%**	**-**		**(1,612,610)**	
Beginning Balance UOA Stabilization Reserve		3,434,824				1,395,454			
Operating Surplus/(Deficit)		1,617,610				-			
Transfer to UOA Capital Replacement Reserve		(1,056,980)				(300,000)			
Transfer to Carey Lane BER Project		(600,000)				-			
Transfer to Caledonia Redevelopment Project		(1,000,000)				-			
Transfer to Michigan Redevelopment Project		(1,000,000)				-			
End Balance UOA Stabilization Reserve		**1,395,454**				**1,095,454**			

Notes:

(1) Insurance Premium: 2019 & 2020 increases due to multi-residential housing sector rate increase.
(2) Insurance Deductible: 2020 increase due to new deductible expense of $50,000 compared to $10,000.
(3) Leblond Strata: represents CRHC's share Leblond Strata Administration and Capital Reserve contribution costs.
(4) Maintenance: 2019 overbudget due to increases in non-manageable costs - pest control, snow removal, repairs, fire system maintenance.
(5) Transfer to Replacement Reserve: 2020 increase due to new $149/month per unit standard from $65/unit.

To be approved at December 11, 2019 Board meeting

Prepared by: CRHC November 24, 2019

CAPITAL REGION HOUSING CORPORATION **APPENDIX C**

2020 NO OPERATING AGREEMENT BUDGET SUMMARY

2019 - 2 Properties: (38) Village on the Green and (18) Vergo - 56 Affordable Rental Housing

2020 - 5 Properties: (38) Village on the Green, (17) Portage Place, (12) Campus View Court
(38) Royal Oak Square and (18) Vergo - 123 Affordable Rental Housing
- Constructed 1983, 1984 and 2012

	2019 Board Approved (A)	2019 Estimated (B)		2019 Budget $ Variance (C)	2019 Budget % Variance (D)	2020 CRHC Proposed (E)		2020 Budget $ Change (F)	2020 Budget % Change (G)
Revenue									
Tenant Rent Contribution	699,802	712,250		12,448	1.8%	1,615,612		915,810	130.9%
Misc Revenue - parking and laundry	1,118	1,900		782	69.9%	5,268		4,150	371.2%
Misc Revenue - encroachment fees	-	25,000	**(1)**	25,000	100.0%	-		-	0.0%
Total Revenue	700,920	739,150		38,230	5.5%	1,620,880		919,960	131.3%
Expenditures									
Audit/Legal	980	1,047		(67)	-6.8%	2,189		1,209	123.4%
Caretaker	46,695	44,656		2,039	4.4%	130,283		83,588	179.0%
Garbage	7,550	8,585		(1,035)	-13.7%	22,545		14,995	198.6%
Landscape Maintenance	17,675	17,675		-	0.0%	41,349		23,674	133.9%
Hydro	2,204	2,893		(689)	-31.2%	4,790		2,586	117.3%
Insurance Premium	19,778	23,909		(4,131)	-20.9%	67,381		47,603	240.7%
Insurance Deductible	-	-		-	0.0%	16,616		16,616	100.0%
Maintenance	24,164	54,494	**(2)**	(30,330)	-125.5%	64,660		40,496	167.6%
Management Fee	60,480	60,486		(6)	0.0%	147,600		87,120	144.0%
Management Fee - Tenant Engagemen	-	-		-	0.0%	1,761		1,761	100.0%
Mortgage Payments	374,258	374,258		-	0.0%	374,251		(7)	0.0%
Property Taxes	31,140	25,654		5,486	17.6%	38,189		7,049	22.6%
Transfer to Replacement Reserve	43,680	68,680	**(1)**	(25,000)	-57.2%	254,802		211,122	483.3%
Water	37,536	42,016		(4,480)	-11.9%	110,594		73,058	194.6%
Total Expenditures	666,140	724,610		(58,470)	-8.8%	1,277,010		610,870	91.7%
Total No Agreement Surplus/(Deficit)	**34,780**	**14,540**		**(20,240)**	-58.2%	**343,870**	**(3)**	**309,090**	
Beginning Balance NOA Stabilization Reserve		129,110				143,650			
Operating Surplus/(Deficit)		14,540				343,870			
End Balance NOA Stabilization Reserve		143,650				487,520			

Notes:

(1) 2019 Misc Revenue & Transfer to Replacement Reserve: Village Green was paid $25,000 for encroachment fees by adjacent property under construction. Funds were transferred to Replacement Reserve.

(2) 2019 Maintenance: Village Green water damage due to broken external branch water line that did not qualify for insurance deductible of $50,000.

(3) 2020 Surplus: increase to $343,870 due to 3 UOA buildings transferring to NOA portfolio.

To be approved at December 11, 2019 Board meeting

Prepared by: CRHC November 24, 2019

CAPITAL REGION HOUSING CORPORATION **APPENDIX D**

2020 ILBC(2) AGREEMENT OPERATING BUDGET SUMMARY

- **1 Property: 21 Senior's Independent Living Housing**
- **Constructed 2008**
- **Fixed 5 year Budget (2019-2023) with annual CPI increases**

	2019 BCHMC Mandated (A)	2019 Estimated (B)		2019 Budget $ Variance (C)	2019 Budget % Variance (D)	2020 CRHC Proposed (E)	2020 [(2)] Budget $ Change (F)	2020 Budget % Change (G)
Revenue								
BCHMC Subsidy	342,978	323,941	(1)	(19,037)	-5.6%	372,777	29,799	8.7%
Tenant Rent Contribution	313,663	315,197		1,534	0.5%	295,466	(18,197)	-5.8%
Misc Revenue - parking & cable	11,190	11,190		-	N/A	11,190	-	0.0%
Total Revenue	667,831	650,328		(17,503)	-2.6%	679,433	11,602	1.7%
Expenditures								
General Costs								
Audit	500	392		108	21.6%	500	-	0.0%
Cable Offset	9,000	9,230		(230)	N/A	9,215	215	0.0%
Garbage	3,500	3,280		220	6.3%	3,500	-	0.0%
Hydro	35,700	34,850		850	2.4%	36,542	842	2.4%
Insurance Premium	7,280	8,217		(937)	-12.9%	10,020	2,741	37.6%
Memberships	500	413		87	17.4%	500	-	0.0%
Mortgage Payments	221,596	221,596		-	0.0%	221,596	-	0.0%
Property Taxes	5,890	5,689		201	3.4%	5,890	-	0.0%
Transfer to Replacement Reserve	16,600	16,600		-	0.0%	16,600	-	0.0%
Water	7,000	6,940		60	0.9%	7,426	426	6.1%
	307,566	307,207		359	0.1%	311,789	4,223	1.4%
Manageable Costs								
Caretaker	12,850	12,057		793	6.2%	14,100	1,250	9.7%
Contract for Services - Hospitality	290,455	290,455		-	0.0%	296,084	5,629	1.9%
Landscape Maintenance	6,240	6,240		-	0.0%	6,240	-	0.0%
Maintenance	25,000	25,000		-	0.0%	25,500	500	2.0%
Management Fee	25,720	25,720		-	0.0%	25,720	-	0.0%
	360,265	359,472		793	0.2%	367,644	7,379	2.0%
Total Expenditures	667,831	666,679		1,152	0.2%	679,433	11,602	1.7%
Total ILBC(2) Surplus/(Deficit)	**-**	**(16,351)**		**(16,351)**		**-**	**-**	
Beginning Balance ILBC(2) Stabilization Reserve	(63,219)					(79,570)		
BCHMC prior year adjustments	-					-		
Operating Surplus/(Deficit)	(16,351)					-		
End Balance ILBC(2) Stabilization Reserve	(79,570)					(79,570)		

Notes:

(1) 2019 BCHMC Subsidy - (19,037) shortfall due to 7 vacancy months

(2) 2020 CPI increase of $11,602 is mandated by the ILBC Operating Agreement (2.6% net of mortgage)

To be approved at December 11, 2019 Board meeting

Prepared by: CRHC November 24, 2019

CAPITAL REGION HOUSING CORPORATION **APPENDIX E**

2020 RHFP AGREEMENT BUDGET SUMMARY - Millstream Ridge

- 1 Property: 132 Mixed Income Housing

- Constructed 2018

	2019 [1] Board Approved (A)	2019 Estimated (B)	2019 Budget $ Variance (C)	2019 Budget % Variance (D)	2020 [2] CRHC Proposed (E)	2020 Budget $ Change (F)	2020 Budget % Change (G)
Revenue							
Tenant Rent Contribution	2,111,680	1,453,500	(658,180)	-31.2%	2,248,120	136,440	6.5%
Misc Revenue - parking	69,700	39,750	(29,950)	-43.0%	46,440	(23,260)	-33.4%
Total Revenue	2,181,380	1,493,250	(688,130)	-31.5%	2,294,560	113,180	5.2%
Expenditures							
Audit/Legal	2,300	2,400	(100)	-4.3%	2,600	300	13.0%
Caretaker	107,710	81,066	26,644	24.7%	142,560	34,850	32.4%
Garbage	23,760	15,404	8,356	35.2%	14,256	(9,504)	-40.0%
Gas	-	5,886	(5,886)	100.0%	4,673	4,673	100.0%
Landscape Maintenance	-	6,520	(6,520)	100.0%	6,019	6,019	100.0%
Hydro	31,680	33,072	(1,392)	-4.4%	39,600	7,920	25.0%
Insurance Premium	36,430	81,346 (3)	(44,916)	-123.3%	95,040 (3)	58,610	160.9%
Maintenance	42,770	44,093	(1,323)	-3.1%	50,688	7,918	18.5%
Management Fee	101,370	101,370	-	0.0%	158,400	57,030	56.3%
Mortgage Payments	1,697,140	1,283,793 (4)	413,347	24.4%	1,601,196	(95,944)	-5.7%
Property Taxes	-	46,361 (5)	(46,361)	100.0%	-	-	100.0%
Transfer to Replacement Reserve	94,380	94,380	-	0.0%	114,048	19,668	20.8%
Water	31,680	47,559	(15,879)	-50.1%	60,760	29,080	91.8%
Total Expenditures	2,169,220	1,843,250	325,970	15.0%	2,289,840	120,620	5.6%
Total RHFP Agreement Surplus/(Deficit)	**12,160**	**(350,000)**	**(362,160)**		**4,720**	**(7,440)**	
Beginning Balance RHFP Stabilization Reserve		-			-		
Operating Surplus/(Deficit)		(350,000)			4,720		
Transfer from Millstream Capital Surplus		120,000			-		
Transfer from Corporate Stabilization Reserve		230,000			-		
End Balance RHFP Stabilization Reserve		-			4,720		

Notes:

(1) 2019 budget is based on 11 months of operations

(2) 2020 budget is based on 12 months of operations

(3) Insurance Premium: 2019 & 2020 increases due to multi-residential housing sector rate increase.

(4) Mortgage under budget due to lower interest rate than anticipated and only 10 months

(5) Property Taxes: over budget due to Jan 2019 purchase date; CRHC is required to pay property taxes for 2019 only.

To be approved at December 11, 2019 Board meeting

Prepared by: CRHC November 24, 2019

CAPITAL REGION HOUSING CORPORATION **APPENDIX F**

2020 RHFP AGREEMENT BUDGET SUMMARY - Spencer

- 1 Property: 130 Mixed Income Housing

- Constructed 2020

	2019 Board Approved (A)	2019 Estimated (B)	2019 Budget $ Variance (C)	2019 Budget % Variance (D)	2020 [(1)] CRHC Proposed (E)
Revenue					
Tenant Rent Contribution	-	-	-	0.0%	185,780
Misc Revenue - parking	-	-	-	0.0%	-
Total Revenue	-	-	-	0.0%	185,780
Expenditures					
Audit/Legal	-	-	-	0.0%	2,600
Caretaker	-	-	-	0.0%	23,400
Garbage	-	-	-	0.0%	2,340
Gas	-	-	-	0.0%	780
Landscape Maintenance	-	-	-	0.0%	1,040
Hydro	-	-	-	0.0%	6,500
Insurance Premium	-	-	-	0.0%	15,600
Maintenance	-	-	-	0.0%	10,320
Management Fee	-	-	-	0.0%	26,000
Mortgage Payments	-	-	-	0.0%	68,080
Property Taxes	-	-	-	0.0%	-
Transfer to Replacement Reserve	-	-	-	0.0%	18,720
Water	-	-	-	0.0%	10,400
Total Expenditures	-	-	-	0.0%	185,780
Total RHFP Agreement Surplus/(Deficit)	**-**	**-**	**-**	0.0%	**-**
Beginning Balance RHFP Stabilization Reserve		-			-
Operating Surplus/(Deficit)		-			-
End Balance RHFP Stabilization Reserve		-			-

Notes:

(1) 2020 budget is based on 2 months of operations

To be approved at December 11, 2019 Board meeting

Prepared by: CRHC November 24, 2019

CAPITAL REGION HOUSING CORPORATION **APPENDIX G**

2020 IHI AGREEMENT BUDGET SUMMARY - Westview

- 1 Property: 73 Mixed Income Housing

- Constructed 2020

	2019 Board Approved (A)	2019 Estimated (B)	2019 Budget $ Variance (C)	2019 Budget % Variance (D)	2020 [(1)] CRHC Proposed (E)
Revenue					
Tenant Rent Contribution	-	-	-	0.0%	496,770
Misc Revenue - parking	-	-	-	0.0%	10,290
Total Revenue	-	-	-	0.0%	507,060
Expenditures					
Audit/Legal	-	-	-	0.0%	1,440
Caretaker	-	-	-	0.0%	52,560
Garbage	-	-	-	0.0%	5,256
Gas	-	-	-	0.0%	1,752
Landscape Maintenance	-	-	-	0.0%	2,336
Hydro	-	-	-	0.0%	14,600
Insurance Premium	-	-	-	0.0%	26,824
Maintenance	-	-	-	0.0%	20,440
Management Fee	-	-	-	0.0%	58,400
Mortgage Payments	-	-	-	0.0%	253,480
Property Taxes	-	-	-	0.0%	-
Transfer to Replacement Reserve	-	-	-	0.0%	42,048
Water	-	-	-	0.0%	21,924
Total Expenditures	-	-	-	0.0%	501,060
Total RHFP Agreement Surplus/(Deficit)	**-**	**-**	**-**	0.0%	**6,000**
Beginning Balance RHFP Stabilization Reserve		-			-
Operating Surplus/(Deficit)		-			6,000
End Balance RHFP Stabilization Reserve		-			6,000

Notes:

(1) 2020 budget is based on 8 months of operations

To be approved at December 11, 2019 Board meeting

Prepared by: CRHC November 24, 2019

REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, DECEMBER 04, 2019

SUBJECT **Five Year Routine Capital Plans (2020-2024)**

ISSUE SUMMARY

To update the Capital Region Housing Corporation (CRHC) Board on the status of the 2020-2024 Routine Capital Plans for the four operating agreement portfolios:

- Umbrella Operating Agreement (UOA) 39 buildings;
- No Operating Agreement (NOA) 5 buildings;
- Independent Living BC (ILBC) Operating Agreement (Parry Place); and
- Regional Housing First Program (RHFP) Operating Agreement (Millstream Ridge).

BACKGROUND

CRHC had a five-year term (2015-2019) UOA with BC Housing Management Commission (BC Housing). The UOA consolidated 42 of the existing operating agreements for Canada Mortgage and Housing Corporation (CMHC), BC Housing and Homes BC properties into one agreement to achieve administrative efficiencies and cost effectiveness.

In January 2015, the Board approved the UOA 2015-2019 Capital Plan and it was subsequently approved by BC Housing for a maximum value of $11 million (M) over the period.

Under the UOA, the "*CRHC will be free to complete work in accordance with the approved Capital Plan throughout the five year period with no further approval by BC Housing, provided that annual capital expenditures are within 10% of the approved Capital Plan."*[1]

In February 2016, to be consistent with the UOA timeline, the Board approved the 2015-2019 Capital Plans for the NOA Portfolio and ILBC (Parry Place).

ALTERNATIVES

Alternative 1
The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

1. a) That the Capital Region Housing Corporation Umbrella Operating Agreement (UOA) Five Year Capital Plan 2020-2024 be approved; and
   b) That staff be authorized to implement the UOA 2020 capital plan.
   c) That the 2020 transfer of funds of $300,000 from the Umbrella Operating Agreement Portfolio Stabilization Reserve to the Capital Replacement Reserve Fund be approved.
2. a) That the No Operating Agreement Portfolio Five Year Capital Plan 2020-2024 be approved;
   b) That the 2020 transfer of Portage Place, Campus View and Royal Oak Square December 31, 2019 Capital Replacement Reserve Balances from the UOA Capital Replacement Reserve Fund to the No Operating Agreement Capital Replacement Reserve Fund be approved; and
   c) That staff be authorized to implement the No Operating Agreement Portfolio 2020 capital plan year.

[1] BC Housing– Capital Region Housing Umbrella Agreement 2015-2019, p. 2

3. a) That the Independent Living BC (ILBC) Operating Agreement (Parry Place) Five Year Capital Plan 2020-2024 be approved; and
   b) That staff be authorized to implement the ILBC Operating Agreement (Parry Place) 2020 capital plan year.
4. a) That the Regional Housing First Program (RHFP) Operating Agreement Five Year Capital Plan 2020-2024 be approved; and
   b) That staff be authorized to implement the RHFP Operating Agreement 2020 capital plan year.

Alternative 2
That the Five Year Routine Capital Plans (2020-2024) report be referred back to staff for revisions based on Hospital and Housing Committee direction.

IMPLICATIONS

Financial Implications

Detailed information for the 2020-2024 Routine Capital Plans and Capital Funding Strategies for the UOA, NOA, ILBC (Parry Place), and RHFP Portfolios can be found in Appendix A.

1. UOA

In 2019, staff have been negotiating the renewal of the UOA, with some modifications, for a subsequent five-year term (2020-2024). One of the recommended modifications is that three properties, whose original CMHC operating agreements expired in 2018 and 2019, be removed from the UOA portfolio and transferred to the NOA portfolio. This realignment will provide CRHC the flexibility to fund its $4.5M share of the $30M Capital Regional District (CRD) equity contribution to the RHFP. These townhouse properties are Portage Place (17 units), Campus View (12 units) and Royal Oak Square (38 units). Effective January 2020, there would be 39 properties in the UOA portfolio and 5 properties in the NOA portfolio.

The second modification is that CRHC is now eligible to submit major remediation projects to the BC Housing Capital Renewal Funding program, as well as other BC Housing capital funding programs that may be available in the future, that were restricted under the 2015-2019 UOA.

2015-2019 Outcomes

Annually staff review capital priorities and reallocate any unspent funds of the current year Capital Plan into the remaining Plan years. The approved Routine Capital Plan for 2019 was $2.90M and the estimated actual expenditures are $3.02M; a variance of $0.12M or 4.1% meets the terms of the UOA.

The UOA portfolio 2015-2019 estimated actual expenditures are $11.1M, a variance of $0.1M or 1.0% over the five-year budget.

Routine Capital Funding Strategies

UOA operating surpluses are deposited annually into the UOA Portfolio Stabilization Reserve (PSR). At the end of 2019, there is an estimated balance of $3.4M.

Under the UOA these operating surpluses are required to be used in the following order:

a) To fund any operating deficits;
b) To fund the approved five-year capital plan;
c) To pay for costs directly relating to a project;

d) In any other way the CRHC chooses to advance the management and development of affordable housing.

The 2015-2019 UOA Capital Plan of $11.0M was funded through a replacement reserve contribution of $65/month per unit, resulting in an annual contribution of $0.9M that is transferred from the operating budgets to the Portfolio Replacement Reserve (PRR). In addition, the Board approved discretionary transfers from the accumulated operating surpluses. Combined transfers of $3.8M were approved for the 2015-2019 budget years. The estimated December 31, 2019 balance of the PRR is $4.1M.

Staff are proposing a Routine Capital funding strategy to ensure there is sufficient revenue available for the proposed 2020-2024 UOA Capital Plan of $11.0M or $2.2M per year.

For 2020, staff is recommending a $149/month per unit (or $1.9M contribution) from the operating budget and a one-time transfer of $300 thousand (K) from the PSR to the PRR to equal the $2.2M UOA capital plan annual contribution.

A replacement reserve contribution of $173/month per unit (or $2.2M annual contribution) would be required to be transferred from the operating budgets to the PRR for 2021-2024. This will be achievable due to the additional four CMHC properties whose original operating agreements expire and mortgages mature in 2021.

2. NOA

2015-2019 Outcomes

The two NOA buildings (Village on the Green (VoG) and Vergo) are independent of BC Housing operating agreements. The 2015-2019 plan was funded through a replacement reserve contribution of $65/month per unit or $43,680 annual contribution. The estimated December 31, 2019 balance of the NOA PRR is $339K.

VoG's 2018 building envelope condition assessment report identified a high priority roof replacement. A tender was issued in 2018 but the compliant bids ranged in price from $610K to $650K. Sufficient funds were not available in the NOA Replacement Reserve (NOA RR). As a result, staff worked with CMHC on a grant application for the National Housing Co-Investment Fund (NHCF), Housing Repair and Renewal Stream for the VoG roof.

Upon evaluation of the program, in consultation with CMHC staff, it was determined that the remediation stream of the NHCF is flawed due to its requirement that 20% of the units are made fully accessible as part of the remediation. The challenges with the program include:

- The creation of the accessible units is not architecturally possible with the townhouse units that were constructed in 1984;
- Current tenants do not require this type of accommodation, and, if renovated, their units would be less functional; and
- The funding available for the NHCF is not sufficient and would cover only CMHC's accessibility requirements and not the actual roof replacement.

Staff worked with CMHC to address inconsistencies regarding the accessibility requirements and tried to develop an innovative partnership to benefit from this fund but were unable to overcome the funding constraints.

Routine Capital Funding Strategies
Staff are proposing a funding strategy change to ensure there is sufficient revenue available for the proposed 2020-2024 NOA Routine Capital Plan of $1.9M. A replacement reserve contribution of $173/month per unit (or annual contribution of $255K) will be transferred from the operating budgets to the PRR.

Three properties will be added to the NOA in 2020. Staff are recommending a transfer of $376K from the UOA RR to the NOA RR for Portage Place, Campus View and Royal Oak Square. There is no significant work identified for these three properties over the next five years.

With the addition of the three buildings' RR fund balance transfers to the unspent 2019 NOA funds, there is now a sufficient 2020 NOA RR balance to complete the VoG roof replacement as scheduled in the 2020 NOA Capital Plan.

3. ILBC (Parry Place)

2015-2019 Outcomes
The 2015-2019 approved plan was $161K; the estimated actual expenditures are $131K. The estimated December 31, 2019 balance is $99K.

Routine Capital Funding Strategies
The ILBC Capital Plan is approved by BC Housing and funded through an annual replacement reserve contribution of $16.6K (or $66/month per unit). Staff have updated the Capital Plan based on routine replacement needs identified through annual inspections of unit and building components; the projected expenditures for 2020 are $52K. The replacement reserve contribution will remain at $66/month per unit as per the budget approved by BC Housing.

4. RHFP (Millstream Ridge)

2019 Outcomes
The RHFP Capital Plan is funded through an annual replacement reserve contribution of $114K. Millstream Ridge was leased in January 2019 resulting in a pro-rated contribution for the year ($94K). The estimated December 31, 2019 RHFP RR balance is $84K.

Routine Capital Funding Strategies
Staff are proposing a funding strategy to ensure there are sufficient funds available for the RHFP Routine Capital Plan to access in the future, as building components or equipment wear out and need to be replaced. An annual contribution of $114K will be transferred from the operating budgets to the RR through an annual contribution of $72/month per unit. Staff have completed the 2020-2024 Capital Plan based on routine replacement needs identified through annual inspections of unit and building components; projected expenditures for 2020-2024 are $60K due to Millstream Ridge being only in its second year of operations.

CONCLUSION

Staff are recommending the approval of:

1) UOA, NOA, ILBC and RHFP five-year routine capital plans.

   The UOA Routine Capital Plan 2020-2024 for $11.0M includes 39 properties and allows CRHC increased capacity to determine spending priorities of the UOA accumulated operating surpluses (PSR). The routine capital plan projected expenditures for 2020 are $2.4M.

The NOA Routine Capital Plan 2020-2024 for $1.9M includes five properties and is updated annually to address current replacement needs. Staff are recommending that the VoG required roof replacement be funded through the NOA RR in 2020.

The ILBC and RHFP Routine Capital Plan 2020-2024 plans for $145K and $60K respectively, are based on routine replacement needs identified through annual inspections of unit and building components.

2) The UOA and NOA Replacement Reserve transfers are increased from an annual contribution of $65/month per unit to $173/month per unit to cover the actual costs of the routine replacement expenditures.

RECOMMENDATIONS

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

1. a) That the Capital Region Housing Corporation Umbrella Operating Agreement (UOA) Five Year Capital Plan 2020-2024 be approved; and
   b) That staff be authorized to implement the UOA 2020 capital plan.
   c) That the 2020 transfer of funds of $300,000 from the Umbrella Operating Agreement Portfolio Stabilization Reserve to the Capital Replacement Reserve Fund be approved.
2. a) That the No Operating Agreement Portfolio Five Year Capital Plan 2020-2024 be approved;
   b) That the 2020 transfer of Portage Place, Campus View and Royal Oak Square December 31, 2019 Capital Replacement Reserve Balances from the UOA Capital Replacement Reserve Fund to the No Operating Agreement Capital Replacement Reserve Fund be approved; and
   c) That staff be authorized to implement the No Operating Agreement Portfolio 2020 capital plan year.
3. a) That the Independent Living BC (ILBC) Operating Agreement (Parry Place) Five Year Capital Plan 2020-2024 be approved; and
   b) That staff be authorized to implement the ILBC Operating Agreement (Parry Place) 2020 capital plan year.
4. a) That the Regional Housing First Program (RHFP) Operating Agreement Five Year Capital Plan 2020-2024 be approved; and
   b) That staff be authorized to implement the RHFP Operating Agreement 2020 capital plan year.

Submitted by:	Christine Culham, Senior Manager Capital Region Housing Corporation
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Five Year Routine Capital Plans (2020-2024)

CAPITAL REGION HOUSING CORPORATION **APPENDIX A**

FIVE YEAR ROUTINE CAPITAL EXPENDITURE PLAN SUMMARY - 2020 to 2024

		2015-2019 Total Plan	2015-2019 Total Spent	Unspent Variance	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2020-2024 TOTAL
EXPENDITURE										
UOA Routine Capital Replacement	Building	11,000,000	11,118,830	(118,830)	2,386,160	2,414,070	2,316,560	2,162,010	1,721,200	11,000,000
ILBC Routine Capital Replacement	Building	161,020	131,445	29,575	52,534	5,962	22,243	41,372	23,250	145,361
NOA Routine Capital Replacement	Building	944,040	268,055	675,985	902,095	312,749	206,713	247,952	244,175	1,913,684
RHFP Routine Capital Replacement	Building	-	10,000	(10,000)	5,594	6,338	6,012	8,404	33,652	60,000
		12,105,060	**11,528,330**	**576,730**	**3,346,383**	**2,739,119**	**2,551,528**	**2,459,738**	**2,022,277**	**13,119,045**
SOURCE OF FUNDS										
UOA Capital Replacement	Reserve				(2,386,160)	(2,414,070)	(2,316,560)	(2,162,010)	(1,721,200)	(11,000,000)
ILBC Capital Replacement	Reserve				(52,534)	(5,962)	(22,243)	(41,372)	(23,250)	(145,361)
NOA Capital Replacement	Reserve				(902,095)	(312,749)	(206,713)	(247,952)	(244,175)	(1,913,684)
RHFP Capital Replacement	Reserve				(5,594)	(6,338)	(6,012)	(8,404)	(33,652)	(60,000)
					(3,346,383)	**(2,739,119)**	**(2,551,528)**	**(2,459,738)**	**(2,022,277)**	**(13,119,045)**

Portfolio Capital Replacement Reserve Details

UOA Replacement Reserve							
Beginning Balance	6,183,252	4,136,310	3,656,964	3,516,033	3,469,794	3,577,180	4,136,310
Annual Operating Transfer	4,594,331	1,900,000	2,200,000	2,200,000	2,200,000	2,200,000	10,700,000
Grants (Local)	29,397	-	-	-	-	-	-
Annual Interest Income	634,200	82,726	73,139	70,321	69,396	71,544	367,126
Annual Capital Replacement Exp	**(11,118,830)**	**(2,386,160)**	**(2,414,070)**	**(2,316,560)**	**(2,162,010)**	**(1,721,200)**	**(11,000,000)**
Discretionary Transfer from Stabilization Reserve	3,813,960	300,000	-	-	-	-	300,000
Transfer Dec/19 Balance to NOA Reserve (Portage, Campus, Royal Oak)	-	(375,912)	-	-	-	-	(375,912)
* Operating agreements matured	4,136,310	3,656,964	3,516,033	3,469,794	3,577,180	4,127,524	4,127,524
ILBC Replacement Reserve							
Beginning Balance	88,454	99,288	65,340	77,285	73,187	49,879	99,288
Annual Operating Transfer	83,000	16,600	16,600	16,600	16,600	16,600	83,000
Annual Interest Income	5,107	1,986	1,307	1,546	1,464	998	7,300
Annual Capital Replacement Exp	**(131,445)**	**(52,534)**	**(5,962)**	**(22,243)**	**(41,372)**	**(23,250)**	**(145,361)**
Discretionary Transfer from Capital Surplus	54,172	-	-	-	-	-	-
	99,288	65,340	77,285	73,187	49,879	44,227	44,227
NOA Replacement Reserve							
Beginning Balance	310,973	339,367	183,773	129,502	180,181	190,634	339,367
Annual Operating Transfer	253,925	254,802	254,802	254,802	254,802	254,802	1,274,010
Annual Interest Income	42,524	6,787	3,675	2,590	3,604	3,813	20,469
Annual Capital Replacement Exp	**(268,055)**	**(902,095)**	**(312,749)**	**(206,713)**	**(247,952)**	**(244,175)**	**(1,913,684)**
Discretionary Transfer from Capital Surplus	-	109,000	-	-	-	-	109,000
Transfer Dec/19 Balance from UOA Reserve (Portage, Campus, Royal Oak)	-	375,912	-	-	-	-	375,912
* Operating agreements matured	339,367	183,773	129,502	180,181	190,634	205,074	205,074
RHFP Replacement Reserve							
Beginning Balance	-	84,380	194,523	306,123	420,282	534,331	84,380
Annual Operating Transfer	94,380	114,048	114,048	114,048	114,048	114,048	570,240
Annual Interest Income	-	1,689	3,890	6,122	8,406	10,687	30,794
Annual Capital Replacement Exp	**(10,000)**	**(5,594)**	**(6,338)**	**(6,012)**	**(8,404)**	**(33,652)**	**(60,000)**
Discretionary Transfer from Stabilization Reserve	-	-	-	-	-	-	-
	84,380	194,523	306,123	420,282	534,331	625,414	625,414

REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, DECEMBER 04, 2019

SUBJECT **Major Capital Plan (2020-2024)**

ISSUE SUMMARY

To update the Capital Region Housing Corporation (CRHC) Board on the status of the:

- 2020-2024 Major Capital Plan for seven development and redevelopment housing projects and one Building Envelope Remediation (BER); and
- Capital Funding Strategies.

BACKGROUND

Development and Redevelopment

In August 2016, the Board approved the *CRHC Portfolio Renewal, Redevelopment and Development Strategy* (2016-2021) (RRD) that included advancing two development and two redevelopment projects: Westview, Drake Road, Michigan Square and Caledonia. Funding approval was given to Westview through BC Housing's *Investment in Housing Innovation* (IHI) and to Caledonia through the *Building BC: Community Housing Fund* (CHF).

In 2018, Michigan Square and Drake Road "*satisfied the necessary requirements in order to be given consideration for further review"* through BC Housing's CHF. In 2019, staff applied for Project Development Funding (PDF) in the form of a repayable loan to be recovered through the construction financing, and received approval of $250 thousand (K) for Michigan Square (Appendix A). Staff applied for PDF for Drake Road but withdrew the application and have applied for cost recovery for incurred expenditures. CRHC also received Canada Mortgage and Housing Seed Funding for $50K in 2019.

In 2020, the CRHC will acquire a Regional Housing First Program (RHFP) property (130 units) that is currently under development at Spencer Road and in 2021, the CRHC will acquire two RHFP properties that are currently under development: Hockley Avenue (120 units) and West Park Lane (152 units).

Renewal

The *RRD Strategy* (2016-2021) also identified one BER to be completed. Carey Lane was identified as the priority property for a BER in 2019. The BER has been deferred to 2021 due to challenges identified with the National Housing Co-investment Fund (NHCF) Housing Repair and Renewal Stream.

ALTERNATIVES

Alternative 1

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

a) That the 2020-2024 Major Capital Plan be approved; and

b) That the Chief Administrative Officer be authorized to execute the $250,000 BC Housing Management Commission Project Development Funding Repayable Loan for Michigan Square.
c) That the Senior Manager Regional Housing be authorized to submit applications for the Michigan Square redevelopment to the Building BC: Community Housing Fund, the Regional Housing First Program and additional funding programs.

Alternative 2
That the Major Capital Plan (2020-2024) report be referred back to staff for revisions based on Hospitals and Housing Committee direction.

IMPLICATIONS

Financial Implications

Detailed information for the 2020-2024 Major Capital Plan can be found in Appendix B.

Westview (Development)
Westview, a 73-unit development at 3816 Carey Road, was approved for funding through IHI. Westview has a final project budget of $21.1 million (M), including a $4.5M land valuation. The approved project budget included a CRHC $1.0M equity contribution, a repayable $8.5M first mortgage, and a forgivable $7.2M second mortgage in favor of BC Housing. Westview is currently under construction and is expected to be commissioned in May 2020. The estimated expenditures at December 31, 2019 are $11.0M. The anticipated expenditures for 2020 are $5.6M.

Caledonia (Redevelopment)
Caledonia, a 154-unit development in the Fernwood neighbourhood, received provisional project approval from the CHF. The provisional project budget is $59.5M. The project submission included a CRHC $1.0M equity contribution, a request for $1.2M through the Victoria Housing Reserve Fund, a $15.4M forgivable mortgage and a $41.8M repayable mortgage at BC Housing preferred interest rates. BC Housing will be required to provide an annual operating subsidy of $1.1M to meet its debt servicing requirements. The estimated expenditures at December 31, 2019 are $350K. The anticipated expenditures for 2020 are $4.9M.

Michigan Square (Redevelopment)
The Michigan Square property has also been identified as one of CRHC's redevelopment projects. Staff submitted an application to the CHF to redevelop the property to increase the density from 62 units to 106 units, for a total project cost of $38.1M. Michigan Square *"satisfied the necessary requirements in order to be given consideration for further review"* through BC Housing. The CRHC Board approved a $1.0M equity contribution. CRHC received confirmation that BC Housing will provide $250K in Project Development Funding (Appendix A), in the form of a repayable loan. The estimated expenditures at December 31, 2019 are $248K. The anticipated expenditures for 2020 are $800K. Staff are requesting authorization to apply through the CHF or RHFP for this project. Spending will be dependent on whether capital funding for the project is approved.

Drake Road (Development)
The initial development proposed 80 units. Staff had proposed reducing the number of units from 80 to 30 units for Phase 1 of the project due to water availability. In 2019, staff continued ground water exploration works and have identified a potential water source. In 2019, the estimated expenditures are $75K; $33K was recovered through Community Works Funds (CWF). Staff are recommending that the balance be funded through the Capital surplus funds. Staff will be applying to recover the balance through BC Housing. If successful, the funds will be returned to the surplus funds. Staff continue to explore options for Drake Road.

Spencer Road (RHFP)
In 2020, CRHC will acquire a property in Langford at 2763 Spencer Road with 130 units through a lease agreement under the Capital Regional District (CRD) RHFP. CRHC will take on a mortgage debt of $30.1M for this property.

Hockley Avenue (RHFP)
In 2021, CRHC will acquire a property in Langford at 830 Hockley Avenue with 120 units through a lease agreement under the CRD RHFP. CRHC will take on a mortgage debt of $25.5M for this property.

West Park Lane (RHFP)
In 2021, CRHC will acquire a property in View Royal called West Park Lane, with two buildings totalling 152 units through a 60-year lease agreement under the CRD RHFP. CRHC will take on a mortgage debt of $30.8M for this property.

Carey Lane (BER)
Carey Lane was identified as a priority for a BER to be completed in 2019. The estimated cost of the BER was $2.4M. In 2018, the Board approved a contribution from the Portfolio Stabilization Reserve totalling $600K and to apply for the NHCF Housing Repair and Renewal Stream - contribution and loan.

Upon evaluation of the program, in consultation with CMHC staff, it was determined that the remediation stream of the NHCF is flawed due to its requirement that 20% of the units are made fully accessible as part of the remediation. The challenges with the program include:

- The creation of the accessible units is not architecturally possible with the townhouse units that were constructed in 1984;
- Current tenants do not require this type of accommodation, and, if renovated, their units would be less functional; and
- The funding available for the NHCF is not sufficient and would cover only CMHC's accessibility requirements and not the BER.

Staff will work with BC Housing to identify a funding/financing strategy for the Carey Lane BER and will return to the Board for approval.

Future Projects
Staff are currently reviewing potential projects. Staff will return to the Board with a capital plan amendment if projects are deemed feasible.

Based on the 2020-2024 Major Capital Plan, CRHC housing stock will increase from 1,418 to 2,019 units.

CONCLUSION

In August 2016, the Board approved the *RRD Strategy (2016-2021)* that included advancing four development and redevelopment projects: Westview, Drake Road, Michigan Square and Caledonia and to complete a BER at Carey Lane. Westview and Caledonia have received funding approval through BC Housing. Westview is scheduled to be completed in May 2020. Michigan Square has received approval for a PDF repayable loan. Staff continue to explore options for Drake Road. Caledonia received provisional approval from BCF.

In 2020 CRHC will acquire one turn-key property (Spencer) and in 2021 two turn-key properties (Hockley and West Park Lane) will be acquired through the RHFP.

The 2020-2024 Major Capital Plan, when completed, will increase the CRHC housing stock from 1,418 to 2,019 units while continuing to invest in the renewal of the current housing stock.

RECOMMENDATION

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

a) That the 2020-2024 Major Capital Plan be approved; and
b) That the Chief Administrative Officer be authorized to execute the $250,000 BC Housing Management Commission Project Development Funding Repayable Loan for Michigan Square.
c) That the Senior Manager Regional Housing be authorized to submit applications for the Michigan Square redevelopment to the Building BC: Community Housing Fund, the Regional Housing First Program and additional funding programs.

Submitted by:	Christine Culham, Senior Manager Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S)

Appendix A: BC Housing PDF Loan Approval for Michigan Square Redevelopment
Appendix B: Five Year Major Capital Plan Summary (2020-2024)

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1701 - 4555 Kingsway
Burnaby, BC V5H 4V8

Tel 604-433-1711
Fax 604- 439-4726
www.bchousing.org

BC HOUSING

File:91141/8638

August 30, 2019

RECEIVED
SEP 05 2019
CAPITAL REGION
HOUSING CORPORATION

Christine Culham
Capital Region Housing Corporation
631 Fisgard Street, Victoria BC
V8W 1R7

Dear Christine Culham:

Re: Proposal Development Funding Loan Commitment
330-336 Michigan Street, Victoria (the "Project")

Your application for Project Development Funding (PDF) has been approved up to the amount of **$250,000**. This is an interest free loan to your society for the further development of your proposal for the Project to provide affordable rental housing for mixed income for families and individuals.

Please review the following terms and conditions for this PDF loan and indicate agreement by signing the original of this letter and enclosed promissory note.

The signed documents must be returned to BC Housing to the attention of **Tara Schmidt** along with invoices or other appropriate documents before any funds will be advanced.

This loan is subject to the following terms and conditions:

- The project's aims must be in accord with the objectives of the Regional Housing First Program and, if added, additional funding programs.
- The Project (and Capital Region Housing Corporation) must be prepared to provide housing for low to moderate income households.
- The funds must be used solely for the purposes stated in the PDF loan application unless written approval, in advance, is provided by BC Housing.
- BC Housing may request regular progress reports and financial statements, along with proof of actual expenditures, with respect to the Project.
- Your group must keep proper and detailed statements of account and must at all times permit inspection and audit by BC Housing.
- If the proposed Project proceeds to a loan commitment to develop the Project ("Loan Commitment"), the amount advanced will be repaid out of the first mortgage loan advance.

- If, for any reason, your proposal does not proceed to a Loan Commitment, any unexpended portion of the PDF loan is to be immediately returned to BC Housing. If your group does not subsequently receive a Loan Commitment within 3 years of the date of acceptance of this commitment letter your proposal will be cancelled, and the loan will be forgiven.

- The approval of PDF does not bind BC Housing to a Loan Commitment or commitment of future funds, nor to any additional PDF.

If you require further information or assistance, please do not hesitate to contact me.

Yours truly,

Malcolm McNaughton
Director, Regional Development

Attachment

Capital Region Housing Corporation agrees to the above.

Dated this _____ day of _____, 2019.

_____
Authorized Signatory

_____
Authorized Signatory

PROMISSORY NOTE
330-336 Michigan Street, Victoria
Maximum Loan Amount: $250,000
Account Number: File No 91141/8638

For value received, I (We) Capital Regional Housing Corporation promise to repay to the order of BC Housing, the sum which may be advanced to us, not exceeding:

TWO HUNDRED FIFTY THOUSAND DOLLARS ($250,000)
(hereinafter referred to as the loan).

(We) agree as follows:

1. The total loan amount advanced will be repaid to BC Housing, in full, from the proceeds of the initial advance of the approved first mortgage.

2. The total loan amount advanced shall become due and be paid on demand.

This note is made by the undersigned in compliance with the conditions forming part of the said commitment letter and with the understanding that if the project is not approved by BC Housing the total expended loan used for approved expenses will be forgiven by BC Housing, after a three year period from the date of acceptance of the loan commitment.

SIGNED: _____ DATE:

TITLE: _____

WITNESS: _____

SIGNED: _____ DATE:

TITLE: _____

WITNESS: _____

SIGNED: _____ DATE:

TITLE: _____

WITNESS: _____

CAPITAL REGION HOUSING CORPORATION

FIVE YEAR MAJOR CAPITAL EXPENDITURE PLAN SUMMARY - 2020 to 2024

		Total Project Budget	Spent at Dec/19	Balance Remaining at Dec/19	2020	2021	2022	2023	2024	TOTAL
EXPENDITURE										
Westview	B&L	16,626,171	11,015,102	5,611,069	5,611,069		-	-	-	5,611,069
Caledonia	B&L	59,471,636	350,000	59,121,636	4,900,000	20,000,000	20,000,000	14,221,636	-	59,121,636
Michigan	B	1,300,000	250,000	1,050,000	1,050,000	-	-	-	-	1,050,000
Drake	B	182,165	182,165	-	-	-	-	-	-	-
Millstream Ridge	Lease	35,456,975	35,456,975	-	-	-	-	-	-	-
Spencer	Lease	30,129,518		30,129,518	30,129,518					30,129,518
Hockley	Lease	25,483,518		25,483,518	-	25,483,518				25,483,518
West Park Lane	Lease	30,813,485		30,813,485		30,813,485				30,813,485
Carey Lane - Building Envelope	B	2,400,000	-	2,400,000	-	2,400,000	-	-	-	2,400,000
		201,863,468	**47,254,242**	**154,609,226**	**41,690,587**	**78,697,003**	**20,000,000**	**14,221,636**	**-**	**154,609,226**
SOURCE OF FUNDS (combined)										
Capital Funds to be recovered	Cap	78,930	78,930	-	-	-	-	-	-	-
Mortgage Debt	Debt	172,199,641	38,315,415	133,884,226	35,740,587	63,922,003	20,000,000	14,221,636	-	133,884,226
PDF Repayable Loan (Provincial)	Loan	250,000	-	250,000	250,000	-	-	-	-	250,000
Grants (Federal, Provincial, Local)	Grant	25,709,897	7,284,897	18,425,000	4,250,000	14,175,000	-	-	-	18,425,000
Capital Surplus & UOA Reserve	Res	3,625,000	1,575,000	2,050,000	1,450,000	600,000	-	-	-	2,050,000
		201,863,468	**47,254,242**	**154,609,226**	**41,690,587**	**78,697,003**	**20,000,000**	**14,221,636**	**-**	**154,609,226**

FIVE YEAR MAJOR CAPITAL EXPENDITURE PLAN SUMMARY - 2020 to 2024

SOURCE OF FUNDS (by project)

Westview - IHI

Mortgage Debt	Debt	8,469,509	2,858,440	5,611,069	5,611,069		-	-	-	5,611,069
Grants (Provincial)	Grant	7,156,662	7,156,662	-	-	-	-	-	-	-
Capital Surplus Fund	Res	1,000,000	1,000,000	-	-	-	-	-	-	-
		16,626,171	**11,015,102**	**5,611,069**	**5,611,069**	**-**	**-**	**-**	**-**	**5,611,069**

Caledonia - CHF

Mortgage Debt	Debt	41,846,636	-	41,846,636	-	7,625,000	20,000,000	14,221,636	-	41,846,636
Grants (Provincial)	Grant	15,400,000	-	15,400,000	4,250,000	11,150,000		-	-	15,400,000
Grants (Local)	Grant	1,225,000	-	1,225,000		1,225,000	-	-	-	1,225,000
UOA Stabilization Reserve	Res	1,000,000	350,000	650,000	650,000	-	-	-	-	650,000
		59,471,636	**350,000**	**59,121,636**	**4,900,000**	**20,000,000**	**20,000,000**	**14,221,636**	**-**	**59,121,636**

Michigan

PDF Repayable Loan (Provincial)	Loan	250,000	-	250,000	250,000	-	-	-	-	250,000
Grants (Federal)	Grant	50,000	50,000	-	-	-	-	-	-	-
UOA Stabilization Reserve	Res	1,000,000	200,000	800,000	800,000	-	-	-	-	800,000
		1,300,000	**250,000**	**1,050,000**	**1,050,000**	**-**	**-**	**-**	**-**	**1,050,000**

Drake

Grants (Local)	Grant	78,235	78,235	-	-	-	-	-	-	-
Capital Surplus	Res	25,000	25,000	-	-	-	-	-	-	-
Recovery (Provincial)	Other	78,930	78,930	-	-	-	-	-	-	-
		182,165	**182,165**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Millstream Ridge - RHFP

Mortgage Debt	Debt	35,456,975	35,456,975	-	-	-	-	-	-	-
		35,456,975	**35,456,975**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Spencer - RHFP

Mortgage Debt	Debt	30,129,518	-	30,129,518	30,129,518	-	-	-	-	30,129,518
		30,129,518	**-**	**30,129,518**	**30,129,518**	**-**	**-**	**-**	**-**	**30,129,518**

Hockley - RHFP

Mortgage Debt	Debt	25,483,518	-	25,483,518	-	25,483,518	-	-	-	25,483,518
		25,483,518	**-**	**25,483,518**	**-**	**25,483,518**	**-**	**-**	**-**	**85,742,554**

West Park Lane - RHFP

Mortgage Debt	Debt	30,813,485	-	30,813,485	-	30,813,485	-	-	-	30,813,485
		30,813,485	**-**	**30,813,485**	**-**	**30,813,485**	**-**	**-**	**-**	**142,039,557**

Carey Lane - BER

UOA Stabilization Reserve	Res	600,000	-	600,000	-	600,000	-	-	-	600,000
Grants (Federal/Provincial)	Grant	1,800,000	-	1,800,000	-	1,800,000	-	-	-	1,800,000
		2,400,000	**-**	**2,400,000**	**-**	**2,400,000**	**-**	**-**	**-**	**2,400,000**