



## Notice of Meeting and Meeting Agenda Capital Region Housing Corporation Board

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Wednesday, April 14, 2021

1:00 PM

6th Floor Boardroom  
625 Fisgard Street  
Victoria, BC

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The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

### 1. TERRITORIAL ACKNOWLEDGEMENT

### 2. APPROVAL OF THE AGENDA

### 3. ADOPTION OF MINUTES

- 3.1. [21-294](#) Minutes of the March 10, 2021 Capital Region Housing Corporation Board Meeting

**Recommendation:** That the minutes of the Capital Region Housing Corporation Board meeting of March 10, 2021 be adopted as circulated.

**Attachments:** [Minutes - March 10, 2021](#)

### 4. REPORT OF THE CHAIR

### 5. PRESENTATIONS/DELEGATIONS

#### 5.1. Presentations

#### 5.2. Delegations

### 6. CONSENT AGENDA

### 7. ADMINISTRATION REPORTS

### 8. REPORTS OF COMMITTEES

8.1. [21-240](#) 2780 Spencer Road Mortgage Registration and Final Budget Approval

- Recommendation:** The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
- 1) That the Major Capital Plan (2021-2025) be amended, and the final project budget for 2780 Spencer Road be approved at a value of \$19,883,209;
  - 2) That the resolutions, attached as Appendix A and Appendix B and required by BC Housing Management Commission to authorize the execution of the Section 219 Covenant and the Loan and Mortgage documents for 2780 Spencer Road (PID 031-284-914) be approved; and,
  - 3) That duly authorized staff or executive officer(s) be authorized to do all things necessary to effect the project and take such steps as are required to conclude the purchase and construction, as set out in the letter of intent.

- Attachments:** [Staff Report: 2780 Spencer Rd Mtge Reg'n & Final Budget Approval](#)  
[Appendix A: 2780 Spencer Rd Resolution of Directors-Repayable](#)  
[Appendix B: 2780 Spencer Rd Resolution of Directors-Forgivable](#)

9. NOTICE(S) OF MOTION

10. NEW BUSINESS

11. MOTION TO CLOSE THE MEETING

11.1. [21-295](#) Motion to Close the Meeting

- Recommendation:**
1. That the meeting be closed for Land Acquisition in accordance with Section 90(1)(e) of the Community Charter. [1 item]
  2. That such disclosures could reasonably be expected to harm the interests of the Regional District. [1 item]

12. RISE AND REPORT

13. ADJOURNMENT

## Meeting Minutes

### Capital Region Housing Corporation Board

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Wednesday, March 10, 2021

1:00 PM

6th Floor Boardroom  
625 Fisgard Street  
Victoria, BC

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#### PRESENT

Directors: D. Screech (Vice-Chair), D. Blackwell, S. Brice, B. Desjardins, K. Harper (for F. Haynes) (EP), M. Hicks (1:02 pm), G. Holman, D. Howe (EP), B. Isitt (EP), J. Loveday (EP), C. McNeil-Smith, D. Kobayashi (for R. Martin) (EP), R. Mersereau, K. Murdoch (EP), G. Orr, C. Plant, J. Ranns, L. Seaton, J. Bateman (for M. Tait) (EP), N. Taylor, K. Williams, R. Windsor (EP), 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; M. Lagoa, Deputy Corporate Officer; T. Pillipow, Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: Director L. Helps (Chair), F. Haynes, R. Martin, M. Tait

The meeting was called to order at 1:00 pm.

#### 1. TERRITORIAL ACKNOWLEDGEMENT

Vice-Chair Screech provided a Territorial Acknowledgement.

#### 2. APPROVAL OF THE AGENDA

**MOVED** by Director Williams, **SECONDED** by Director Brice,  
That the agenda for the March 10, 2021 Session of the Capital Region Housing Corporation Board be approved.

**CARRIED**

#### 3. ADOPTION OF MINUTES

- 3.1. [21-214](#) Minutes of the February 10, 2021 Capital Region Housing Corporation Board Meeting

**MOVED** by Director Blackwell, **SECONDED** by Director McNeil-Smith,  
That the minutes of the Capital Region Housing Corporation Board meeting of February 10, 2021 be adopted as circulated.

**CARRIED**

#### 4. REPORT OF THE CHAIR

There were no Chair's remarks.

#### 5. PRESENTATIONS/DELEGATIONS

##### 5.1. Presentations

There were no presentations.

##### 5.2. Delegations

There were no delegations.

#### 6. CONSENT AGENDA

**MOVED by Director Blackwell, SECONDED by Director Williams,  
That consent agenda items 6.1. through 6.3. be approved.  
CARRIED**

6.1. [21-171](#) Capital Region Housing Corporation Operational Update No. 1, 2021

**The Hospitals and Housing Committee recommends to the Capital Region  
Housing Corporation Board:  
That the Capital Region Housing Corporation Operational Update No. 1, 2021  
report be received for information.  
CARRIED**

6.2. [21-143](#) Capital Region Housing Corporation Investment Portfolio Holdings and  
Performance Annual Update

**The Hospitals and Housing Committee recommends to the Capital Region  
Housing Corporation Board:  
That the Capital Region Housing Corporation Investment Portfolio Holdings and  
Performance Annual Update be received for information.  
CARRIED**

6.3. [21-195](#) Capital Regional District and Capital Region Housing Corporation  
Investment Policy Updates

**The Hospitals and Housing Committee recommends to the Capital Region  
Housing Corporation Board:  
That the Capital Region Housing Corporation Investment Policy be rescinded and  
superseded by the Capital Regional District Investment Policy.  
CARRIED**

#### 7. ADMINISTRATION REPORTS

There were no Administration Reports.

**8. REPORTS OF COMMITTEES**

There were no Reports of Committees.

**9. NOTICE(S) OF MOTION**

There were no Notice(s) of Motion.

**10. NEW BUSINESS**

There was no new business.

**11. ADJOURNMENT**

**MOVED** by Director Brice, **SECONDED** by Director Williams,  
That the March 10, 2021 Capital Region Housing Corporation Board meeting be  
adjourned at 1:03 pm.  
**CARRIED**

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**CHAIR**

**CERTIFIED CORRECT:**

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**CORPORATE OFFICER**

**REPORT TO HOSPITALS AND HOUSING COMMITTEE  
MEETING OF WEDNESDAY, APRIL 07, 2021**

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**SUBJECT**     **2780 Spencer Road Mortgage Registration and Final Budget Approval**

**ISSUE SUMMARY**

BC Housing Management Commission (BCHMC) requires a resolution from the Capital Region Housing Corporation (CRHC) Board of Directors to authorize the execution of the 2780 Spencer Road mortgage documents. The CRHC Procurement Policy requires that all procurement transactions must be within the scope of the Board-approved Five-Year Major Capital Plan (2021-2025). Staff therefore seek authorization to continue pursuing this project with an increase of \$406,254 to the budget.

**BACKGROUND**

In June 2020, the Capital Regional District (CRD) Board and CRHC Board authorized staff to enter into a letter of intent with Triway Seniors Housing (TSH) to complete the transfer of land to the CRD and for the CRHC to enter into a contract with TSH to act as general contractor for the construction of the 58 unit affordable housing project located at 2780 Spencer Road.

The CRD would assume ownership of the development parcel, in consideration of a nominal fee, and issue a tax receipt for the fair market value determined by third party appraisal, as required by the Canada Revenue Agency. The CRD would then enter into a 60-year lease with CRHC prior to the start of construction.

In December 2020, the CRHC Board approved the Major Capital Plan (2021-2025) which included a project budget of \$19,476,955. In early 2021, a joint review of the 50% design package has resulted in a budget revision.

Mortgage registration requires that a Section 219 Covenant granted in favour of BCHMC be registered on title. A Section 219 Covenant is a means of preserving a property's special attribute; in this case, the use of the building for affordable housing. The conditions of the Section 219 Covenant are set out in the Community Housing Fund (CHF) Operating Agreement, which states that the CRHC will provide affordable housing to households with low-to-moderate incomes.

**ALTERNATIVES**

*Alternative 1*

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

- 1) That the Major Capital Plan (2021-2025) be amended, and the final project budget for 2780 Spencer Road be approved at a value of \$19,883,209;
- 2) That the resolutions, attached as Appendix A and Appendix B and required by BC Housing Management Commission to authorize the execution of the Section 219 Covenant and the Loan and Mortgage documents for 2780 Spencer Road (PID 031-284-914) be approved; and,
- 3) That duly authorized staff or executive officer(s) be authorized to do all things necessary to effect the project and take such steps as are required to conclude the purchase and construction, as set out in the letter of intent.

*Alternative 2*

That the 2780 Spencer Road Mortgage Registration and Final Budget Approval report be referred back to staff for additional information.

## **IMPLICATIONS**

### *Financial Implications*

In September 2020, 2780 Spencer Road was selected to receive grant funding through the CHF and in February 2021, BCHMC approved the final project budget of \$19,883,209. This represents an increase of 2.1% or \$406,254 to the projected cost contained in the Major Capital Plan (2021-2025). The final project budget includes a repayable \$13,983,209 first mortgage, and a \$5,900,000 forgivable mortgage. Both mortgages will have 35 year amortization periods and are accompanied by terms set out in the Loan Commitment Letter and Operating Agreement.

At closing, the repayable mortgage will be charged initially as short-term financing and will convert to take-out financing at project completion. Interest rate assumptions through BC Housing financing include 0.8% for interim financing in 2021, increasing to 1% in 2022. Current projections for take-out financing include 2.4% in 2022. At the time of take-out financing, the mortgage documents will be modified to reflect the final amount, term and interest rate. The actual rate for take-out financing may end up lower than the estimate given current market rates and recent issues (i.e., Spencer Close at 1.519%).

The Major Capital Plan (2021-2015) included \$11,983,338 in approved expenditures in 2021 and \$7,493,617 in 2022. As the project has been slightly delayed, staff anticipate the expenditures for 2021 will be lower than initial estimates, with more of the cost being allocated to close out the project in 2022. If the recommendations contained within this report are approved, staff will update the Major Capital Plan (2021-2025) as part of the quarterly plan amendment process. This will allow for a higher degree of accuracy on the actual costs for 2021 and the projected costs for 2022.

**Table 1: Capital Budget**

<b>Budget Description</b>	<b>Amount</b>
<b>Soft Costs</b>	\$ 370,000
<b>Construction Contract</b>	\$ 19,094,220
<b>Financing Costs</b>	\$ 218,989
<b>Contingency</b>	\$ 200,000
<b>Total Project Cost</b>	<b>\$ 19,883,209</b>
<b>CHF Equity Contribution</b>	<b>\$ 5,900,000</b>
<b>Mortgage Principal</b>	<b>\$ 13,983,209</b>

### Operating Proforma

The CHF program will facilitate a mixed income, affordable rental housing project at 2780 Spencer Road. BCHMC, through the CHF program, is committed to providing an ongoing operating subsidy to ensure the property maintains a debt coverage ratio of 1:1 through the duration of the mortgage. In the first year of operation the subsidy is estimated to total \$267,640, or \$384.54 per unit, per month.

The value of the ongoing subsidy is based on an annual operating budget approved by BC Housing and will be provided directly to the Provider as set out in the terms of the Operating Agreement. Table 2 outlines the residential unit mix and the proposed rents.

**Table 2: Unit Composition and Proposed Rents**

Unit Type	Est. Rent	# of Units
<b>20% of Units: RGI Deep Subsidy Units</b>		
Studio	\$ 375	1
1 Bedroom Accessible	\$ 375	5
1 Bedroom	\$ 375	5
<b>50% of Units: Rent Geared to Income</b>		
1 Bedroom Accessible	\$ 744	5
1 Bedroom	\$ 744	22
2 Bedroom	\$ 980	3
<b>30% of Units: Affordable</b>		
1 Bedroom	\$1,495	10
1 Bedroom + Den	\$1,550	5
2 Bedroom	\$1,900	2
<b>Total</b>		<b>58</b>

*Alignment with Existing Plans & Strategies*

This report is in alignment with the CRHC Major Capital Plan (2021-2025).

**CONCLUSION**

The proposed budget of \$19,833,209 for the project has been approved by BCHMC. CRHC must secure construction and take-out financing to complete the development of 2780 Spencer Road. A joint review of the 50% design package took place in early 2021 and resulted in a projected increase of \$406,254 to the total project cost, which increases initial budget of \$19,476,955 as detailed in the approved Major Capital Plan (2021-2025) to \$19,883,209. Staff therefore are requesting authorization to continue pursuing this project at the increased budget total. If approved, staff will revise the Major Capital Plan (2021-2025) as part of the quarterly plan amendment process to more accurately reflect the actual expenditures in 2021 and the anticipated costs in 2022 to close out the development of this 58 unit affordable housing project located at 2780 Spencer Road.

**RECOMMENDATION**

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

- 1) That the Major Capital Plan (2021-2025) be amended, and the final project budget for 2780 Spencer Road be approved at a value of \$19,883,209;
- 2) That the resolutions, attached as Appendix A and Appendix B and required by BC Housing Management Commission to authorize the execution of the Section 219 Covenant and the Loan and Mortgage documents for 2780 Spencer Road (PID 031-284-914) be approved; and,
- 3) That duly authorized staff or executive officer(s) be authorized to do all things necessary to effect the project and take such steps as are required to conclude the purchase and construction, as set out in the letter of intent.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

**ATTACHMENTS:**

- Appendix A: 2780 Spencer Road Resolution of Directors - Repayable
- Appendix B: 2780 Spencer Road Resolution of Directors - Forgivable



**CAPITAL REGION HOUSING CORPORATION**  
(the "Borrower")

CERTIFIED COPY OF

RESOLUTION OF DIRECTORS

"WHEREAS the Borrower has leased or will be leasing the property at 2780 SPENCER ROAD, VICTORIA, BC legally described as:

**PID: 031-284-914, LOT 4 SECTION 99 ESQUIMALT DISTRICT PLAN EPP103878**  
(the "Property") and will be operating a housing project on the Property (the "Project") under the British Columbia Housing Management Commission ("BCHMC") Building BC: Community Housing Fund; and

WHEREAS the Borrower needs to borrow money in order to facilitate the construction of the Project;

BE IT RESOLVED THAT:

- 1. The Borrower borrow up to a maximum amount of \$13,983,209 by way of a repayable loan secured by a mortgage, including authorization for the long term financing from a Take-Out Lender, to facilitate the construction of the Project and grant to BCHMC a covenant restricting the use of the Property in accordance with the Loan Commitment Letter;
- 2. The Borrower execute and deliver all documents required by BCHMC or the lender of the monies, including any takeout lender, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by them, including without limitation a Section 219 covenant, an HPA Covenant, a mortgage and affordable housing agreement (if applicable) and operator/operating agreement; and
- 3. Robert Kenneth Lapham, Chief Administrative Officer and Nelson Chan, Chief Financial Officer or their authorized delegates, for and on behalf of the Borrower, be and are hereby authorized to execute and deliver under the seal of the Borrower or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Property and the Project as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of BCHMC or the lender of the monies."

I, \_\_\_\_\_, THE UNDERSIGNED, \_\_\_\_\_ of **CAPITAL REGION HOUSING CORPORATION** hereby certify the above to be a true copy of a resolution duly passed by the Directors of the Borrower at a meeting held on the \_\_\_ day of \_\_\_\_\_, 20\_\_\_ (and sanctioned by a special resolution of the Borrower if such sanction is required), and that such resolution has not been rescinded, amended or modified and is now in full force and effect.

WITNESS my hand this          day of    , 20\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
(Secretary or President)

**CAPITAL REGION HOUSING CORPORATION**  
(the "Borrower")

CERTIFIED COPY OF  
RESOLUTION OF DIRECTORS

"WHEREAS the Borrower has leased or will be leasing the property at 2780 SPENCER ROAD, VICTORIA, BC legally described as:

**PID: 031-284-914, LOT 4 SECTION 99 ESQUIMALT DISTRICT PLAN EPP103878**

(the "Property") and will be operating a housing project on the Property (the "Project") under the British Columbia Housing Management Commission ("BCHMC") Building BC: Community Housing Fund; and

WHEREAS the Borrower needs to borrow money in order to facilitate the construction of the Project;

BE IT RESOLVED THAT:

1. The Borrower borrow up to a maximum amount of \$5,900,000 by way of a forgivable loan secured by a mortgage to facilitate the construction of the Project and grant to BCHMC a covenant restricting the use of the Property in accordance with the Loan Commitment Letter;
2. The Borrower execute and deliver all documents required by BCHMC or the lender of the monies, including any takeout lender, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by them, including without limitation a Section 219 covenant, an HPA Covenant, a mortgage and affordable housing agreement (if applicable) and operator/operating agreement; and
3. Robert Kenneth Lapham, Chief Administrative Officer and Nelson Chan, Chief Financial Officer or their authorized delegates, for and on behalf of the Borrower, be and are hereby authorized to execute and deliver under the seal of the Borrower or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Property and the Project as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of BCHMC or the lender of the monies."

I, \_\_\_\_\_, THE UNDERSIGNED, \_\_\_\_\_ of **CAPITAL REGION HOUSING CORPORATION** hereby certify the above to be a true copy of a resolution duly passed by the Directors of the Borrower at a meeting held on the \_\_\_ day of \_\_\_\_\_, 20\_\_ (and sanctioned by a special resolution of the Borrower if such sanction is required), and that such resolution has not been rescinded, amended or modified and is now in full force and effect.

WITNESS my hand this        day of        , 20\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
(Secretary or President)