



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

Wednesday, September 8, 2021

1:00 PM

6th Floor Boardroom  
625 Fisgard Street  
Victoria, BC

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. [21-622](#) Minutes of the July 14, 2021 Capital Region Housing Corporation Board

**Recommendation:** That the minutes of the Capital Region Housing Corporation Board meeting of July 14, 2021 be adopted as circulated.

**Attachments:** [Minutes - July 14, 2021](#)

### 4. REPORT OF THE CHAIR

### 5. PRESENTATIONS/DELEGATIONS

*Due to limited seating capacity, this meeting will be held by Live Webcast without the public present.*

*To participate electronically, complete the online application for "Addressing the Board" on our website. Alternatively, you may email the CRD Board at [crdboard@crd.bc.ca](mailto:crdboard@crd.bc.ca).*

#### 5.1. Presentations

#### 5.2. Delegations

### 6. CONSENT AGENDA

### 7. ADMINISTRATION REPORTS

### 8. REPORTS OF COMMITTEES

8.1. [21-608](#) Mortgage Renewal - Village on the Green

**Recommendation:** [At the September 1, 2021 Hospitals and Housing Committee meeting, staff were requested to provide the Board with supplemental information on the rationale for mortgage renewal (see attachment):]  
The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:  
1. That the mortgage for Village on the Green be renewed with Vancouver City Savings Credit Union; and  
2. That the Chief Administrative Officer and Chief Financial Officer be authorized to sign any documents related to the mortgage renewal.

**Attachments:** [Staff Report: Mortgage Renewal - Village on the Green](#)  
[Supplemental: Village on the Green Mortgage Renewal](#)

9. NOTICE(S) OF MOTION

10. NEW BUSINESS

11. MOTION TO CLOSE THE MEETING

11.1. [21-647](#) 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; and,  
2. That such disclosures could reasonably be expected to harm the interests of the Regional District. [1 Item]

12. ADJOURNMENT

## Meeting Minutes

### Capital Region Housing Corporation Board

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Wednesday, July 14, 2021

1:00 PM

6th Floor Boardroom  
625 Fisgard Street  
Victoria, BC

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**PRESENT:**

L. Helps (Chair), D. Screech (Vice-Chair), J. Bateman (for M. Tait) (EP); D. Blackwell, P. Brent (for D. Howe) (EP), S. Brice, B. Desjardins, F. Haynes, M. Hicks (EP), G. Holman, B. Isitt, J. Loveday, R. Martin (EP), C. McNeil-Smith; R. Mersereau, K. Murdoch, G. Orr, C. Plant, J. Ranns, L. Seaton, N. Taylor (1:02 pm), K. Williams (EP), 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 (EP); K. Morley, General Manager, Corporate Services; T. Robbins, General Manager, Integrated Water Services; S. Henderson, Manager, Real Estate Services; M. Lagoa, Deputy Corporate Officer; S. Orr, Senior Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: D. Howe, M. Tait

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

#### 1. TERRITORIAL ACKNOWLEDGEMENT

Director Plant provided the Territorial Acknowledgement.

#### 2. APPROVAL OF THE AGENDA

**MOVED** by Director Plant, **SECONDED** by Director Mersereau,  
That the agenda for the July 14, 2021 Session of the Capital Region Housing Corporation Board be approved.  
**CARRIED**

#### 3. ADOPTION OF MINUTES

3.1. [21-551](#) Minutes of the June 9, 2021 Capital Region Housing Corporation Board Meeting

**MOVED** by Director Screech, **SECONDED** by Director Haynes,  
That the minutes of the Capital Region Housing Corporation Board meeting of June 9, 2021 be adopted as circulated.  
**CARRIED**

#### 4. REPORT OF THE CHAIR

The Chair thanked staff for their work during the pandemic.

## 5. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

## 6. CONSENT AGENDA

Agenda item 6.1. was moved to be considered as agenda item 7.3.

Agenda item 6.2. was moved to be considered as agenda item 7.2.

## 7. ADMINISTRATION REPORTS

### 7.1. [21-570](#) Mortgage Renewals - LeBlond Place and Viewmont Gardens

K. Lorette spoke to Item 7.1.

**MOVED by Director Murdoch, SECONDED by Director Brice,**

**a) That the resolutions required by BC Housing Management Commission to renew the mortgages for LeBlond Place and Viewmont Gardens through the Canada Mortgage and Housing Corporation Direct Lending Program for up to a 5-year term for Viewmont Gardens and up to a 10-year term for LeBlond Place be approved; and**

**b) That the Chief Administrative Officer and Chief Financial Officer be authorized to sign any documents related to the mortgage renewal.**

**CARRIED**

### 7.2. [21-497](#) Capital Region Housing Corporation Financial Plan Amendments

N. Chan spoke to Item 7.2.

Discussion ensued regarding property assessment and taxes.

**MOVED by Director Screech, SECONDED by Director Loveday,**

**That the Capital Region Housing Corporation Operating Budgets Amendments and the Capital Region Housing Corporation Major Capital Plan Amendments be approved as attached.**

**CARRIED**

### 7.3. [21-539](#) Capital Region Housing Corporation Operational Update No. 2, 2021

Discussion ensued regarding eviction procedure.

**MOVED by Director Loveday, SECONDED by Director Haynes,**

**That the Capital Region Housing Corporation Operational Update No. 2, 2021 report be received for information.**

**CARRIED**

## 8. REPORTS OF COMMITTEES

There were no reports of committees.

## 9. NOTICE(S) OF MOTION

There was no notice of motion.

**10. NEW BUSINESS**

There was no new business.

**11. ADJOURNMENT**

**MOVED** by Director Mersereau, **SECONDED** by Director Murdoch,  
That the July 14, 2021 Capital Region Housing Corporation Board meeting be  
adjourned at 1:20 pm.  
**CARRIED**

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CHAIR

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RECORDER

**REPORT TO HOSPITALS AND HOUSING COMMITTEE  
MEETING OF WEDNESDAY, SEPTEMBER 01, 2021**

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**SUBJECT**     **Mortgage Renewal – Village on the Green**

**ISSUE SUMMARY**

The Capital Region Housing Corporation's (CRHC's) mortgage renewal process requires the approval of the Board of Directors, and requires the Board to authorize staff to sign all required documentation to renew the mortgage for Village on the Green (VoG.)

**BACKGROUND**

The mortgage for VoG, a 38-unit complex at 1132 Johnson Street, Victoria, is due for renewal on October 1, 2021. The existing mortgage is secured by Vancouver City Savings Credit Union (Vancity) at a rate of 3.50%. VoG is also secured as collateral property for the Vergo mortgage.

Renewal details are shown in Table 1:

**Table 1**

Building	Estimated Principal at renewal	Interest rate*	Requested Term	Mortgage Maturity Date
Village on the Green	\$1,797,949	2.31%	3 years	October 1, 2039

\* Rate quoted as at August 20, 2021. Vancity cannot hold a guaranteed rate until within 30 days of the renewal date, therefore this rate may change.

**ALTERNATIVES**

*Alternative 1*

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

1. That the mortgage for Village on the Green be renewed with Vancouver City Savings Credit Union; and
2. That the Chief Administrative Officer and Chief Financial Officer be authorized to sign any documents related to the mortgage renewal.

*Alternative 2*

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

**IMPLICATIONS**

*Financial Implications*

If the Board approves the Vancity mortgage renewal process, CRHC will maintain collateral required to maintain the Vergo mortgage. Remortgaging VoG with a new lender would require

Vancity to release the collateral requirement for Vergo and also require additional approval items (appraisal, environmental inspection, etc.) to be submitted to a new lender. Staff is satisfied that a materially lower rate is not available from another lender and therefore recommends renewing with Vancity.

VoG has been identified as a possible redevelopment opportunity in the CRHC Redevelopment and Renewal Strategy. To avoid possible early discharge penalty fees, and allow for maximum flexibility, staff are recommending renewing for a 3-year fixed term at this time.

**CONCLUSION**

Board approval is required to process the VoG mortgage renewal and to authorize staff to sign renewal documents with Vancity. There are no materially lower interest rates available from other lenders, therefore staff recommend renewing with Vancity.

**RECOMMENDATION**

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

1. That the mortgage for Village on the Green be renewed with Vancouver City Savings Credit Union; and
2. That the Chief Administrative Officer and Chief Financial Officer be authorized to sign any documents related to the mortgage renewal.

Submitted by:	Don Elliott, BA, MUP, Senior Manager Regional Housing
Concurrence:	Michael Barnes, MPP, Acting General Manager, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Acting Chief Administrative Officer

## **Supplement to Staff Report: Mortgage Renewal – Village on the Green**

### **Purpose**

To provide additional information to the Capital Region Housing Corporation (CRHC) Board of Directors on the staff recommendation to renew the mortgage with Vancouver City Savings Credit Union (VanCity).

### **Background**

At the Hospitals and Housing Committee meeting of September 1, 2021 additional information was sought that would provide further context to the CRHC Board and support their consideration of the staff report recommendation. Staff offered to provide a supplement to the staff report that focussed on qualitative and quantitative aspects that helped to inform the recommendation.

### **Mortgage Context**

Multi-unit buildings require commercial mortgages and are classified differently than a standard residential mortgage with some lenders not offering commercial mortgages. This limits the pool of potential lenders to charter banks and larger credit unions that typically do not publish “posted rates” for commercial mortgages. This is different to how residential mortgage rates are often advertised and posted.

Commercial rates are determined by the risk profile of the client, current bond yields, and the risk tolerance of the underwriter. Commercial lenders have access to the same or competitive underwriters and therefore institutions usually offer identical rates on any given day to the same borrower. Further, bond yields can change daily and institutions typically offer the rate available on the date of their loan commitment letter with a 30-day expiry. Rates can fluctuate a few hundredths of a percent over the course of a few days.

The lenders active in the commercial pool typically determine their rates based on the Cost of Funds plus 20 basis points and therefore are relatively comparable in the rates on offer.

### **Term**

CRHC financing is typically provided through BC Housing with an initial 10-year term and 5-year renewals. However, in the cases where BC Housing is not involved, CRHC follows this same practice of 10-year initial term followed by 5-year renewals, unless there is a reason to pick a different term length. In the case of Village on the Green (VoG), it has been identified as a potential redevelopment in an approximate 3-year timeframe, therefore staff have chosen a 3-year renewal term to minimize the risk of an early pay-out penalty should this project be approved for redevelopment in the future.

### **Sensitivity Analysis**

Staff undertook a sensitivity analysis to determine the impacts of differing interest rates as shown in Chart 1.



### Chart 1: Rate Sensitivity Analysis

Mortgage Principle	\$1,797,949	Interest Rate	Annual Payments	Difference (Annual)	Difference (3-Year Term)
Amortization (Months)	217	2.00%	\$118,485	(\$3,130)	(\$9,390)
		2.20%	\$120,499	(\$1,116)	(\$3,348)
		2.31%	\$121,615	\$0	\$0
		2.40%	\$122,532	\$917	\$2,751
		2.50%	\$123,556	\$1,941	\$5,823

As the term of the mortgage renewal is short (3-years) the overall cost differential is relatively small in the event that another lender may be able to provide a more competitive rate.

### Process To Secure A New Lender

VoG is secured as a collateral property for the Vergo mortgage and for CRHC to identify a new lender, it would have to release this security to maintain the Vergo mortgage at another property. Further, CRHC would be required to prepare a full application package that includes obtaining a commercial appraisal and environmental assessment while also paying a lender application fee. These additional costs would offset savings on the lender rate.

It should also be noted that the existing rate with VanCity is 3.50% and the recently quoted rate is 2.31%, for a reduction of 1.19%.

### Rationale to Continue with VanCity

- Commercial lenders have access to the same or competitive underwriters and therefore institutions usually offer identical rates on any given day to the same borrower.
- VoG has been identified as a potential redevelopment, therefore staff have chosen a 3-year renewal term to minimize the risk of an early pay-out penalty.
- The sensitivity analysis showed that the potential cost differential between the different rates to be relatively small over the 3-year renewal term.
- The process to secure a new lender would result in CRHC incurring additional costs.
- VanCity provided a quoted rate that is lower than the current mortgage.