



Notice of Meeting and Meeting Agenda Hospitals and Housing Committee

Wednesday, March 6, 2024

1:30 PM

6th Floor Boardroom
625 Fisgard St.
Victoria, BC V8W 1R7

K. Murdoch (Chair), J. Caradonna (Vice Chair), M. Alto, P. Brent, S. Brice, Z. de Vries, G. Holman, P. Jones, D. Kobayashi, C. McNeil-Smith, L. Szpak, C. Plant (Board Chair, ex officio)

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 Agenda

3. Adoption of Minutes

3.1. [24-233](#) Minutes of the February 7, 2024 Hospitals and Housing Committee Meeting

Recommendation: That the minutes of the Hospitals and Housing Committee meeting of February 7, 2024 be adopted as circulated.

Attachments: [Minutes - February 7, 2024](#)

4. Chair's Remarks

5. Presentations/Delegations

The public are welcome to attend CRD Board meetings in-person.

Delegations will have the option to participate electronically. Please complete the online application at www.crd.bc.ca/address no later than 4:30 pm two days before the meeting and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the CRD Board at crdboard@crd.bc.ca.

6. Committee Business

6.1. [24-098](#) Capital Region Housing Corporation Investment Portfolio Holdings and Performance Annual Update

Recommendation: There is no recommendation. This report is for information only.

Attachments: [Staff Report: Investment Portfolio Holdings Update](#)
[Appendix A: Investment Policy](#)
[Appendix B: Market Analysis](#)
[Appendix C: Invest Holdings & Performance](#)

6.2. [24-099](#) Capital Regional Hospital District Investment Portfolio Holdings and Performance Annual Update

Recommendation: There is no recommendation. This report is for information only.

Attachments: [Staff Report: Investment Portfolio Holdings Update](#)
[Appendix A: Investment Policy](#)
[Appendix B: Market Analysis](#)
[Appendix C: Invest Holdings & Performance](#)

6.3. [24-231](#) Carillon Place Mortgage Renewal

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

1. That the resolution required by BC Housing Management Commission to renew the mortgage for Carillon Place through the Canada Mortgage and Housing Corporation Tendered Lending Program for a term not to exceed 10 years as required be approved; and
2. That Edward Robbins, Chief Administrative Officer or Nelson Chan, Chief Financial Officer or their duly authorized delegates together or with any one officer or director of the Borrower for and on behalf of the Borrower be authorized to sign any documents related to the mortgage renewal.

Attachments: [Staff Report: Carillon Place Mortgage Renewal](#)
[Appendix A: Resolution of Directors](#)

6.4. [24-232](#) 2023 Tenant Advisory Committee Year-End Reporting

Recommendation: There is no recommendation. This report is for information only.

Attachments: [Staff Report: 2023 Tenant Advisory Cttee Year-End Reporting](#)
[Appendix A: Tenant Advisory Cttee 2023 Annual Work Plan](#)
[Appendix B: Tenant Advisory Cttee Terms of Reference](#)

7. Notice(s) of Motion

8. New Business

9. Adjournment

The next meeting is April 3, 2024.

To ensure quorum, please advise Tamara Pillipow (tpillipow@crd.bc.ca) if you or your alternate cannot attend.

Meeting Minutes

Hospitals and Housing Committee

Wednesday, February 7, 2024

1:30 PM

6th Floor Boardroom
625 Fisgard St.
Victoria, BC V8W 1R7

PRESENT

Directors: K. Murdoch (Chair), J. Caradonna (Vice Chair), M. Alto, P. Brent, Z. de Vries, G. Holman, P. Jones, D. Kobayashi (EP), C. McNeil-Smith, L. Szpak

Staff: T. Robbins, Chief Administrative Officer; K. Lorette, General Manager, Planning and Protective Services; K. Morley, General Manager, Corporate Services; M. Barnes, Senior Manager, Health and Capital Planning Strategies; D. Elliott, Senior Manager, Regional Housing; S. Henderson, Senior Manager, Real Estate; J. Starke, Manager, Service Delivery, Southern Gulf Islands Electoral Area; K. Mah, Health Communities Planner, Health and Capital Planning Strategies; M. Lagoa, Deputy Corporate Officer; T. Pillipow, Committee Clerk (Recorder)

EP - Electronic Participation

Guests: Patrica Maloney, Patricia Maloney Consulting; Matt Thompson and Jodee Ng, Urban Matters; Reka Gustafson, Island Health

Regrets: Directors S. Brice, C. Plant

The meeting was called to order at 1:32 pm.

1. Territorial Acknowledgement

Chair Murdoch provided a Territorial Acknowledgement.

2. Approval of Agenda

MOVED by Director Caradonna, **SECONDED** by Director Alto,
That the agenda for the February 7, 2024 Hospitals and Housing Committee
meeting be approved.
CARRIED

3. Adoption of Minutes

3.1. [24-135](#) Minutes of the December 6, 2023 Hospitals and Housing Committee Meeting

MOVED by Director Caradonna, **SECONDED** by Director Alto,
That the minutes of the Hospitals and Housing Committee meeting of December
6, 2023 be adopted as circulated.
CARRIED

4. Chair's Remarks

There were no Chair's remarks.

5. Presentations/Delegations

There were no delegations.

5.1. [24-127](#) Presentation: Patricia Maloney, Consultant; Re: Future Housing Priorities and Partnerships Framework

P. Maloney, Patricia Maloney Consulting, presented the CRD Regional Housing Acquisition Study.

Discussion ensued regarding:

- potential implications of the new provincial legislation around housing targets
- applying the financial analysis model to the rural municipalities and electoral areas
- the flexibility of this model

5.2. [24-130](#) Presentation: Matt Thomson and Jodee Ng, Urban Matters; Re: Future Housing Priorities and Partnerships Framework

M. Thompson and J. Ng, Urban Matters, presented the Rural Housing Program Pilot Financial Analysis.

Discussion ensued regarding:

- consideration of cottages as an option given the higher cost to build
- the effect the provincial secondary suite incentive program might have on this modeling
- the focus being on subsidizing the building of units rather than rental rates

5.3. [24-129](#) Presentation: Dr. Réka Gustafson, Chief medical Health Officer; Re: Local Government Role in the Drug Poisoning Crisis

Dr. R. Gustafson, Island Health, spoke to the Local Government Role in the Drug Poisoning Crisis presentation.

Discussion ensued regarding:

- pursuit of a non-prescription supply model
- additional actions municipalities can take to stem the crisis

6. Committee Business

6.1. [24-024](#) 2024 Hospitals and Housing Committee Terms of Reference

K. Lorette presented Item 6.1. for information.

Discussion ensued regarding the roles of the advisory committees reporting to this committee.

6.2. [24-128](#) Future Housing Priorities and Partnerships Framework

K. Lorette spoke to Item 6.2.

Discussion ensued regarding:

- future reporting on the complex care solutions strategy
- potential opportunities resulting from the outcome of the recent Alternative Approval Process
- consideration of projects within the electoral areas
- the standards of affordability used for housing programs
- the process of determining priorities

**MOVED by Director Szpak, SECONDED by Director de Vries,
The Hospitals and Housing Committee recommends to the Capital Regional District Board:**

- 1. That staff begin advancing efforts under the Regional Housing: Acquisition Strategy; and**
- 2. That the CRD negotiate and execute a Memorandum of Understanding with the Southern Gulf Islands Tourism Partnership to receive \$100,000 for staff coordination of the Rural Housing Program pilot scoping.**

CARRIED

Motion Arising:

**MOVED by Director Holman, SECONDED by Director Brent,
The Hospitals and Housing Committee recommends to the Capital Regional District Board:**

That the Rural Housing Pilot Project Analysis and recommendations be referred to the Electoral Areas Committee for their review and possible recommendations to the Board.

CARRIED

Chair Murdoch asked that an invitation to attend the Electoral Areas Committee meeting where this item will be discussed be extended to the other rural municipalities in the region.

6.3. [24-101](#) Reaching Home Program Agreement

K. Lorette spoke to Item 6.3.

Discussion ensued regarding:

- the components of coordinated assessment and access system
- the return on investment for these funds
- the various project requirements and approval processes
- whether the funding model provides support to the CRD

**MOVED by Director Caradonna, SECONDED by Director McNeil-Smith,
The Hospitals and Housing Committee recommends to the Capital Regional
District Board:**

**That Capital Regional District staff be authorized to negotiate, execute
agreements with the Government of Canada and receive funds through the
Reaching Home Program and do all things incidental to finalize such agreements
and deliver the program.**

CARRIED

Director Holman left the meeting at 3:52 pm.

6.4. [24-094](#) Magnetic Resonance Imaging Scanner Replacement at the Victoria
General and Royal Jubilee Hospitals - Approval of Capital Bylaw No. 422

M. Barnes spoke to Item 6.4.

**MOVED by Director Brent, SECONDED by Director Szpak,
The Hospitals and Housing Committee recommends to the Capital Regional
Hospital District Board:**

- 1) That the Capital Regional Hospital District (CRHD) funding in the amount of \$600,000 be approved for Magnetic Resonance Imaging Scanner Replacement at the Victoria General and Royal Jubilee hospitals;
- 2) That CRHD Bylaw No. 422, "Capital Regional Hospital District Capital Bylaw No. 192, 2024" be introduced and read a first, second, and third time; and
- 3) That CRHD Bylaw No. 422 be adopted.

CARRIED

6.5. [24-095](#) Elevator Refurbishment at the Victoria General Hospital - Approval of
Capital Bylaw No. 423

M. Barnes spoke to item 6.5.

**MOVED by Director Brent, SECONDED by Director de Vries,
The Hospitals and Housing Committee recommends to the Capital Regional
Hospital District Board:**

- 1) That Capital Regional Hospital District (CRHD) funding in the amount of \$616,715 be approved for Elevator Refurbishment at the Victoria General Hospital;
- 2) That CRHD Bylaw No. 423, "Capital Regional Hospital District Capital Bylaw No.193, 2024" be introduced and read a first, second, and third time; and
- 3) That CRHD Bylaw No. 423 be adopted.

CARRIED

7. Notice(s) of Motion

There were no notices of motion.

8. New Business

There was no new business.

9. Adjournment

MOVED by Director de Vries, **SECONDED** by Director Szpak,
That the February 7, 2024 Hospitals and Housing Committee meeting be
adjourned at 3:57 pm.
CARRIED

CHAIR

RECORDER

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MARCH 06, 2024**

SUBJECT **Capital Region Housing Corporation Investment Portfolio Holdings and Performance Annual Update**

ISSUE SUMMARY

To provide an annual update on the Capital Region Housing Corporation (CRHC) investments held and performance for the period ended December 31, 2023.

BACKGROUND

The Capital Regional District (CRD) invests operating, capital and reserve funds in accordance with the *Local Government Act, Community Charter* and Board approved Investment Policy (Appendix A). The Investment Policy applies to the investment activities for all funds maintained by the CRD, the CRHC and the Capital Regional Hospital District (CRHD). The types and terms of investments purchased are evaluated on four fundamental objectives: safety of principal, liquidity, responsible investing and return on investment in alignment with the policy.

The policy also provides the minimum ratings of investment vehicles that can be purchased. Currently investments in chartered banks or savings institutions must have a risk rating of R-1 (low) or higher for short-term and a rating of A- for long-term as published by major credit rating agencies. Both ratings achieve a superior credit rating on all investments.

Investments are continuously monitored to ensure the appropriate strategy through current and forecasted economic conditions. The CRHC invests net working capital and replacement reserves in a mix of products including High-Interest Savings Accounts (HISA), fixed term Guaranteed Investment Certificates (GICs) and Municipal Finance Authority (MFA) pooled funds. The placement or divestiture of investments are timed with forecasted cash requirements.

Investments through 2023 have been made in alignment with the Board approved Investment Policy. Although economic and market conditions drove fluctuations and uncertainty in the portfolio, performance exceeded the benchmark rate, as detailed in the report.

IMPLICATIONS

Financial Implications

Portfolio Holdings

As of December 31, 2023, the CRHC investment portfolio totaled \$9.0 million, as outlined in Table 1. This decrease in long-term holdings was a result of the decision to prioritize liquidity, driven by the requirements of the capital plan.

Table 1: CRHC Investment Holdings – as of December 31, 2023

Investments	Balance (\$millions)	% Share
Investments Short-Term (less than 2 years)	0.0	0.0%
Investments Long-Term (more than 2 years)	9.0	100.0%
Total Investments:	\$9.0	100.0%

As noted in Table 1, the CRHC investment portfolio on December 31, 2023 was distributed 100% to long-term investments. Investments with maturities greater than two years are classified as long-term.

Performance

The total effective return on investments during 2023 was \$0.7 Million or 5.5%, driven by higher interest rates in 2023 impacting returns on the MFA Bond Fund and GICs.

Table 2 below shows the three-year trend on investment income.

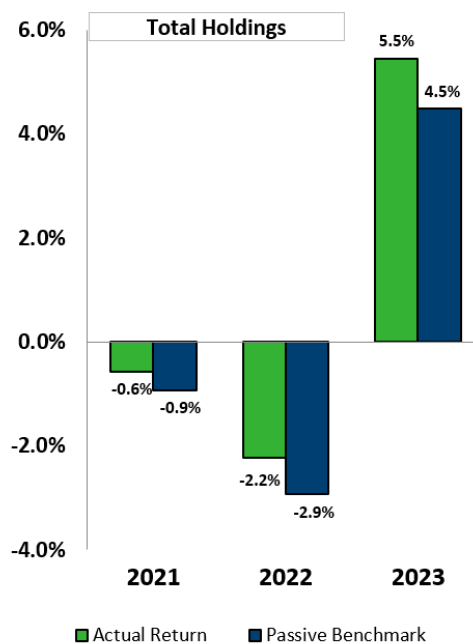
Table 2: CRHC Investment Income Three-Year Trend (\$ Millions)

	2021		2022		2023	
Passive Benchmark	-0.9%	-\$0.1	-2.9%	-\$0.3	4.5%	\$0.6
Active Management	0.3%	\$0.0	0.7%	\$0.1	1.0%	\$0.1
Total	-0.6%	-\$0.1	-2.2%	-\$0.2	5.5%	\$0.7

The passive benchmark approach, which reflects investment returns without active management, underwent a methodology update effective 2023. Previously, the passive income benchmark was calculated using an average of bank deposit rates through the year, weighted by cash flow timing. The new approach calculates the benchmark using weighted average holdings across investment categories (GICs, HISAs, and MFA pooled funds). This adjustment ensures a more accurate representation of portfolio holdings, accounting for differences in passive investment returns based on their respective category. Table 2 above reflects this new approach, restating the passive benchmark for 2021 and 2022.

Graph 1 provides a summary report on investment returns in 2023.

Graph 1: CRHC Investment Results - 2023:



Returns in excess of benchmark were a result of active portfolio management and proactive cashflow forecasting throughout the year. In 2023, the Bank of Canada raised the overnight interest rate three more times from its already elevated historic level. Active portfolio management leveraged rate increases into an opportunity as fixed-term interest rates also increased. Further details regarding investment holdings and performance can be found in Appendix C.

In 2023, monthly expenditures for operating, capital and financing activities averaged \$5.1 million. Notable capital projects during this period included the Michigan and Caledonia construction projects. As of the end of 2023, the total long-term reserves amounted to approximately \$14.2 million, comprising \$12.3 million externally restricted and \$1.9 million in corporate stabilization reserves. Of these reserve balances \$9 million was invested in the MFA Bond Fund while the remaining funds were kept liquid to address short-term working capital requirements for capital projects.

CONCLUSION

Overall, the CRHC portfolio of investments reflects the three fundamental objectives of safety of principal, liquidity and return on investment. Investments have been made in keeping with requirements under the Investment Policy Statement and investment performance exceeded expectations for the year ended December 31, 2023.

RECOMMENDATION

There is no recommendation. This report is for information only.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

- Appendix A: Investment Policy
- Appendix B: Market Analysis
- Appendix C: Investment Holdings and Performance



CAPITAL REGIONAL DISTRICT

Making a difference...together

INVESTMENT POLICY

Policy Type	Board [Corporate]		
Title	INVESTMENT POLICY		
Adopted Date	September 22, 2013	Policy Number	BRD07
Amendment #1	May 10, 2017		
Amendment #2	March 10, 2021 (Approved)		
Amendment #3	March 9, 2022 (Approved)		
Policy Owner	Financial Services		

1. PURPOSE

This investment policy provides the framework for investment portfolio management for the Capital Regional District (CRD), Capital Regional Hospital District (CRHD) and Capital Region Housing Corporation (CRHC).

It is the policy of the CRD, CRHD and CRHC to invest funds in a manner that provides the optimal blend of investment security and return while meeting the short and long term cash flow requirements in support of the corporate plan priorities while maintaining compliance with statutory requirements.

2. SCOPE

The investment policy applies to all cash operating funds, capital funds and reserve funds. It does not apply to funds held in trust or which have a specific legal or statutory requirement for cash management, disbursement, or investment.

3. PRINCIPLES

The investment of funds must reflect a management philosophy based on the fundamental objectives of

3.1 Safety of Principal

Investments shall be made to ensure preservation of principal within the portfolio. Preservation of principal is accomplished through placement of funds with creditworthy institutions and through portfolio diversification. Diversification is required to minimize potential losses on financial products.

3.2 Liquidity

The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated cash flow requirements.

3.3 Responsible Investing

The investment program will consider socially responsible investment products that adhere to statutory requirements and meet the objectives laid out in this policy.

Organizations that adopt a socially responsible investment platform in alignment with the published MFA ESG framework are preferred

3.4 Return on Investment

The investment portfolio shall be designed with the objective of maximizing market rate of return subject to the investment risk constraints, liquidity requirements and responsible investing objectives.

4. INVESTMENT PARAMETERS

4.1 Safety of Principal

The program will diversify cash reserve investments by security type and institution, taking into consideration the impact on return on investment. Section 5.4 outlines the authorized and suitable investments permissible to ensure optimal portfolio diversification.

4.2 Liquidity

To the extent possible, portfolio management will align investments with anticipated cash flow requirements. However, a portion of the portfolio shall be continuously invested in fully-liquid investments to meet ongoing obligations.

A long-term financial plan will be established for major capital reserves. The long-term financial plan will inform the term decision when placing timed investments in order to meet liquidity requirements.

4.3 Responsible Investing

Where responsible investment options provide comparable risk, return and liquidity, these facilities will be a priority. Investments are considered in alignment with responsible investing objectives when identified as meeting criteria as defined by MFA within the published MFA ESG Framework.

4.4 Return on Investment

The investment program will seek to maximize the total return on all funds under management after considering protection of principal, liquidity and responsible investing. Return will be monitored through performance benchmarks to ensure program activities are providing benefits in excess of costs and with the goal to preserve capital against inflation over time. Due to the nature of the CRHC business activities, delivering affordable housing within the social service sector, CRHC will be excluded from holding lower return products.

4.5 Authorized and Suitable Investments

Money held may be invested or reinvested according to section 183 of the *Community Charter* subject to the following conditions:

1. Investments in marketable securities of a chartered bank or savings institution or any province must have a DBRS risk rating of R-1 (low) or higher for short-term debt and a rating of A (low) for long-term debt or comparable ratings of another rating organization, indicating equal or superior credit quality (see Appendix A of this policy).

2. Investment placements will conform to the portfolio diversification constraints listed in Appendix B. Exceptions to constraints listed in Appendix A require Chief Financial Officer approval and shall be reported to the Board through Standing Committee at the next available meeting.
3. Internal projects under CRD service authority are considered allowable investment options when capital reserves are not immediately required and can be accessed through inter-service borrowing. Inter-service borrowing will be in compliance with legislation and the CRD Inter-Service Borrowing Guidelines.

5. STANDARD OF CARE

5.1 Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Investments will not be made for speculation. Foremost will be consideration for the safety of capital. Staff must be aware of reasonably foreseeable risks, trends and fluctuations in the market, and be able to recognize unreasonable risks whilst ensuring the liquidity of the investment portfolio.

5.2 Ethics and Conflict of Interest

Staff responsible for investing activities shall comply with the CRD Conflict of Interest Policy and shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions.

5.3 Delegation of Authority

Authority to manage the investment program (“the Program”) is granted to the Chief Financial Officer and is derived from section 237 of the *Local Government Act*.

5.4 Credit Risk Monitoring

To meet the objectives of this policy and ensure suitability of offerings, credit risk monitoring must be conducted by CRD Staff independent of vendor representations. The following due-diligence shall be performed:

1. In-house credit analysis shall be conducted on all financial institutions and investment counter-parties.
2. Credit reports and analysis, published by DBRS, S&P, Fitch or Moody’s, will be obtained from financial institutions, investment dealers and rating institutions and reviewed.
3. Credit reports and analysis are recognized as opinions and not a guarantee for safety of principal.
4. When placing investments in individual marketable securities and more than one credit rating is available, the average of two or more available credit ratings shall be used.

5.5 Consolidated Basis

All funds covered by this policy will be managed on a consolidated basis to ensure the best possible return by providing economies of scale.

5.6 Program Requirements

The Program shall abide by the following reporting requirements:

1. The Chief Financial Officer must report to the Finance Committee annually. The report must identify investment holdings and any deviations from this policy; and
2. An appropriate portfolio performance benchmark will be set and reported in the annual investment performance report.

6. POLICY REVIEW

Review Date	Description:
March 2026, unless legislative change or new MFA finance product	To ensure ongoing relevance, this policy shall be reviewed the earlier of: <ol style="list-style-type: none"> 1. If a change in the relevant legislation governing the investment activities of local governments occurs; 2. If the Municipal Finance Authority of British Columbia establishes a new pooled fund investment product; or 3. Every five calendar years.

7. RELATED POLICY, PROCEDURE AND GUIDELINES

- Conflict of Interest Policy

Appendix A
Dominion Bond Rating Service (DBRS) Credit Quality Ratings

Commercial Paper & Short-Term Debt	Bond & Long-term Debt	Bond & Long-term Debt	Description	CRD/CRHD/CRHC Investment Policy
R-1 (high)	AAA	Investment Grade ↑	Superior	Permissible
R-1 (high)	AA (high)			
R-1 (middle)	AA			
R-1 (middle)	AA (low)			
R-1 (low)	A (high)		Good	
R-1 (low)	A			
R-1 (low)	A (low)			
R-2 (high)	BBB (high)	Speculative Grade	Adequate	Not Permissible
R-2 (middle)	BBB			
R-2 (low) / R-3	BBB (low)			
R-4	BB (high)		Speculative	
R-4	BB			
R-4	BB (low)			
R-4	B (high)			
R-5	B		Highly Speculative	
R-5	B (low)			
R-5	CCC			
R-5	CCC			
R-5	CCC			
R-5	CC			
R-5	C			
D	D		Default	

Appendix B Portfolio Diversification Constraints

Exposure constraints target protection of principal and return and set a maximum allowable share of the total portfolio that can be invested.

Due to market fluctuations and / or the timing of investment deposit transfers, maximum percentages in Appendix C may be exceeded at a point in time. Securities need not be liquidated to rebalance the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

The portfolio diversification constraints are found in Table 1 below:

Table 1: **Portfolio Diversification Constraints**

Investment Type	MAXIMUM of Total Reserves	MAXIMUM by Institution/product/ pooled fund
<u>Short-Term (< 2 year holding period)</u>		
Canadian Banks (Schedule 1) Deposits and/or GIC's	65%	35%
MFA Pooled Fund Products	50%	50%
Credit Unions (Rated/Insured) Deposits and/or GIC's	35%	20%
<u>Long-Term (> 2 year holding period)</u>		
Canadian Banks (Schedule 1) Deposits and/or GIC's	65%	35%
MFA Pooled Fund Products	60%	30%
Credit Unions (Rated/Insured) Deposits and/or GIC's	35%	20%
Internal Projects (5+ years)	30%	-
Federal Bonds	20%	10%
Municipal Finance Authority of BC Bonds	20%	20%
Provincial Bonds	15%	15%
Municipal, Regional District or Greater Board Bonds	15%	15%

Market Analysis

Applies to the Capital Regional District (CRD), the Capital Regional Hospital District (CRHD), and the Capital Region Housing Corporation (CRHC)

As part of overall portfolio management, staff regularly monitor market trends and key metrics such as the Bank of Canada overnight interest rate, the Government of Canada bond rates and other market commentary issued by banks and investment brokers. Additionally, the Municipal Finance Authority (MFA) provides regular market commentary on new product developments and based on outlook reports provided by Phillips, Hager & North Investment Management (PH&N).

The 2023 economic landscape in Canada was marked by a shift toward higher returns against a backdrop of monetary tightening. In response to persistent inflation beginning in mid-2020, the Bank of Canada announced three additional overnight policy rate hikes in 2023, following numerous increases from the previous year. Interest rates rose from a low of 0.25% in March 2022 to a current peak of 5% by mid-July 2023.

These actions led to increased borrowing costs, while investors in experienced a notable rise in deposit product returns, moving from a range of 1% to 3% to exceeding 5% by the end of the year. Although the battle against inflation continues, it seems that the Bank of Canada may have reached the peak of its overnight policy rate for this cycle.

Both fixed income and equity returns notably strengthened in the fourth quarter of 2023, leading to overall positive returns for MFA pooled funds in the year. Fixed income markets concluded 2023 on a high note. Declining yields prompted capital gains towards the year's end while bond income remained elevated compared to recent years. Equity markets also rebounded from the negative returns of 2022, yielding strong positive returns in 2023 which benefited the MFA Diversified Multi Asset Class (DMAC) fund.

Table 1 below presents key economic indicator rates as of December 31, 2021-2023.

Table 1: Indicative Market Rates 2021 to 2023

Rate	2021	2022	2023
Bank of Canada - Overnight Rate	0.25%	0.25% - 4.25%	4.25% - 5.00%
HISA	0.80% - 0.95%	0.72% - 4.80%	4.80% - 5.75%
RBC - Bank Rate	0.80%	0.70% - 4.70%	4.70% - 5.55%
Fixed GIC - 180 Day / 1 Year (sample)	0.40% - 0.70%	2.22% / 3.06%	5.30% - 5.60%

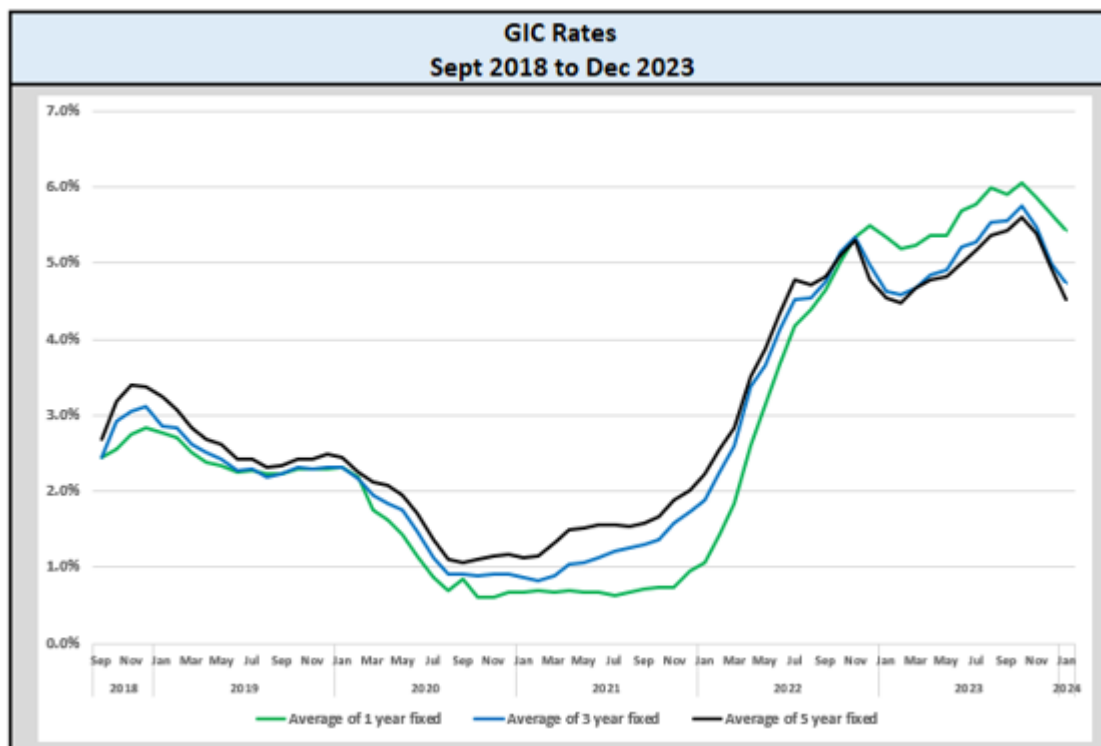
Investment Marketplace

In 2023, High Interest Savings Account (HISA) rates increased but remained lower than Guaranteed Investment Certificate (GIC) rates across most terms, rendering them less attractive

relative to fixed term GICs. Consequently, allocations to HISAs were minimized to optimize interest earnings, while maintaining some HISA liquidity for unforeseen financial needs.

GIC rates continued to increase throughout 2023, exceeding the rate of increase on deposits. As shown in Graph 1, GIC rates were at their highest late in 2023, ending the year down from the five-year high of just over 6%¹ for the one-year average term.

Graph 1: GIC Historical Rates (Short-Term)



The CRD continues to hold units in the MFA Bond Fund, MFA Fossil Fuel-Free (FFF) Bond Fund, the MFA DMAC Fund and the MFA Mortgage Fund. The FFF Bond Fund invests in securities similar to the existing bond fund except that the FFF option excludes those holdings directly related to non-renewable energy extraction, processing and transportation. This additional screening is estimated to exclude approximately 4% of the population of investible securities compared to the existing bond fund.

For the calendar 2023 year, the FFF Bond Fund underperformed the MFA Bond Fund on an annual basis by 0.39% (4.95% versus 5.34% respectively). The FFF Fund's underweight position in the positively performing energy sector and overweight positions in Real Estate and Financial sectors, which experienced significant spread widening, negatively impacted its returns over the year. The MFA Mortgage Fund returned 6.87% for 2023.

Staff will assess investment placements in existing and new MFA pooled funds in the future, for the CRD, the CRHD, and the CRHC, as the need to place long-term funds arises.

¹ CRD treasury files

Investment Holdings and Performance

Portfolio Holdings

On December 31, 2023, the Capital Region Housing Corporation (CRHC) held \$9.0 million in long-term investments, as detailed in Table 1 below.

Investments	Balance (\$millions)	% Share
Investments Short-Term (less than 2 years)		
High Interest Savings Account (Cash)	0.0	0.0%
Guaranteed Investment Certificates (< 2 year)	0.0	0.0%
Total Short-term:	0.0	0.0%
Investments Long-Term (more than 2 years)		
Guaranteed Investment Certificates (> 2 year)	0.0	0.0%
MFA Bond Fund	9.0	100.0%
Total Long-term:	9.0	100.0%
Total Investments:	\$9.0	100.0%

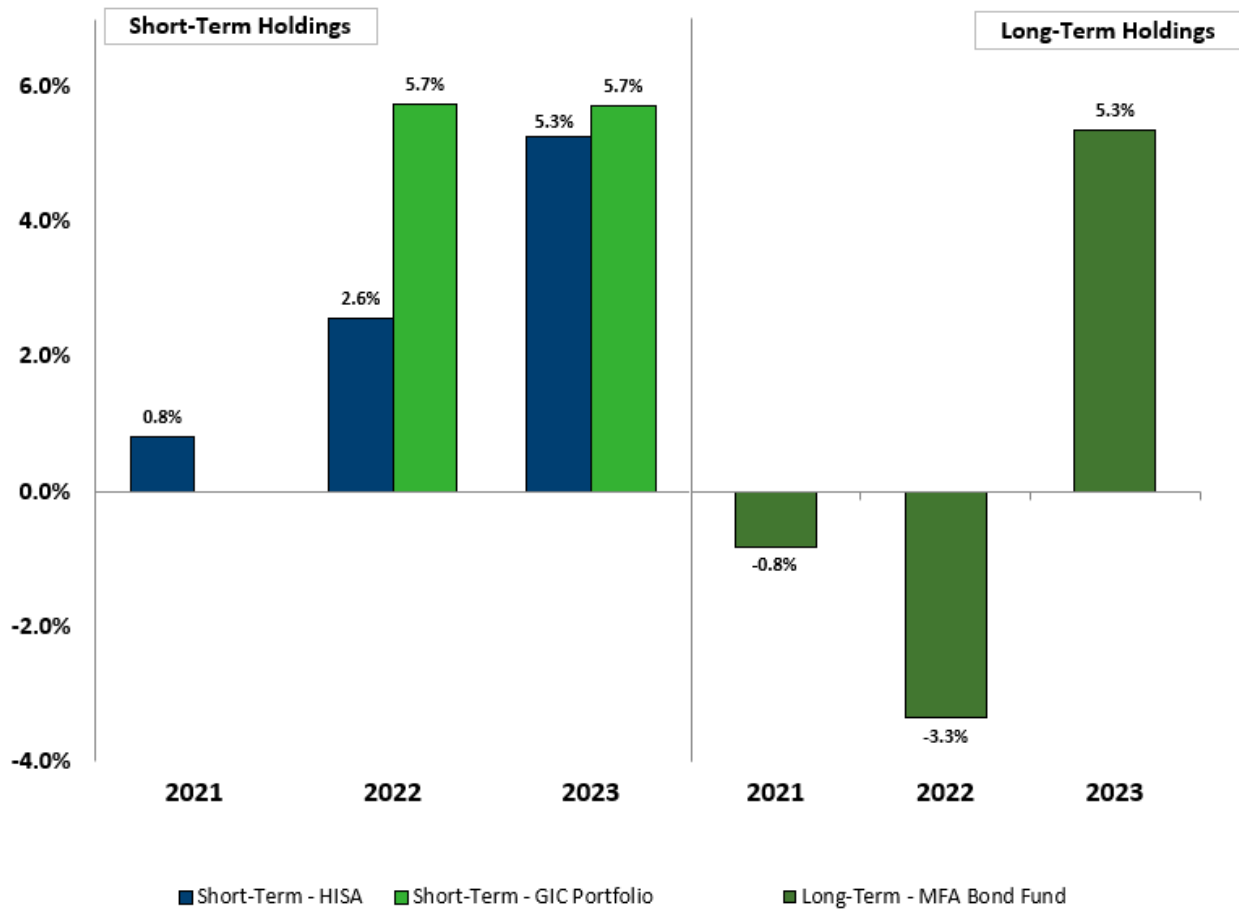
Table 1: CRHC Investment Holdings – December 31, 2023

The portfolio was distributed between short-term and long-term investments in a 0%/100% split. As per Investment Policy, investments with maturities or approaching maturities less than two years are classified as short-term and investments with maturity and divestiture dates beyond two years are classified as long term.

Performance

Graph 1 (page 2) provides a detailed report on investment returns in 2023.

Graph 1: CRHC Investment Results



Short-Term Investments

For short-term holdings (terms less than two years), the short-term Guaranteed Investment Certificate (GIC) portfolio yielded a 5.7% return, outperforming the 4.0% benchmark. The High Interest Saving Accounts (HISA) matched their benchmark with a 5.3% return.

Long-Term Investments

In 2023, the Municipal Finance Authority (MFA) Bond Fund produced a 5.3% return, benefiting from the inverse relationship between interest rates and long-term bond yields. As interest rates decreased rapidly from their peak in the last quarter of the year, the MFA Bond Fund generated capital gains on its bond holdings. Furthermore, despite the decline from peak, interest rates remained relatively high contributing to increased annual bond coupon income compared to previous years.

**REPORT TO THE HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MARCH 06, 2024**

SUBJECT Capital Regional Hospital District Investment Portfolio Holdings and Performance Annual Update

ISSUE SUMMARY

To provide an annual update on Capital Regional Hospital District (CRHD) investment holdings and performance for the period that ended December 31, 2023.

BACKGROUND

The Capital Regional District (CRD) invests operating, capital and reserve funds in accordance with the *Local Government Act, Community Charter* and Board approved Investment Policy (Appendix A). The Investment Policy applies to the investment activities for all funds maintained by the CRD, the Capital Region Housing Corporation (CRHC) and the CRHD. The types and terms of investments purchased are evaluated on four fundamental objectives: safety of principal, liquidity, responsible investing and return on investment in alignment with the policy.

The policy also provides the minimum ratings of investment vehicles that can be purchased. Currently, investments in chartered banks or savings institutions must be rated R-1 (low) or higher for short-term investment and A- for long-term as published by major credit rating agencies. Both ratings indicate a superior credit rating on all investments.

Investments are continuously monitored to ensure the appropriate strategy through current and forecasted economic conditions. The CRHD invests net working capital and reserves in a mix of products including High-Interest Savings Accounts (HISA), fixed term Guaranteed Investment Certificates (GICs) and Municipal Finance Authority (MFA) pooled funds. The placement or divestiture of investments are timed with forecasted cash requirements.

Investments through 2023 have been made in alignment with the Board approved Investment Policy. Although economic and market conditions drove fluctuations and uncertainty in the portfolio, performance exceeded the benchmark rate as detailed in the report.

IMPLICATIONS

Financial Implications

Portfolio Holdings

As of December 31, 2023, the CRHD investment portfolio totaled \$26.5 million invested in short-term investments, as outlined in Table 1.

Table 1: CRHD Investment Holdings – as of December 31, 2023

Investments	Balance (\$millions)	% Share
Investments Short-Term (less than 2 years)	26.5	100.0%
Investments Long-Term (more than 2 years)	0.0	0.0%
Total Investments:	\$26.5	100%

As noted in Table 1, the CRHD investment portfolio on December 31, 2023 was distributed 100% to short-term investments. Investments with maturities less than two years are classified as short-term.

Performance

The total effective return on investments during 2023 was \$1.4 Million or 5.7%, driven by higher interest rates in 2023 impacting returns on HISAs and GICs.

Table 2 below shows the three-year trend on investment income.

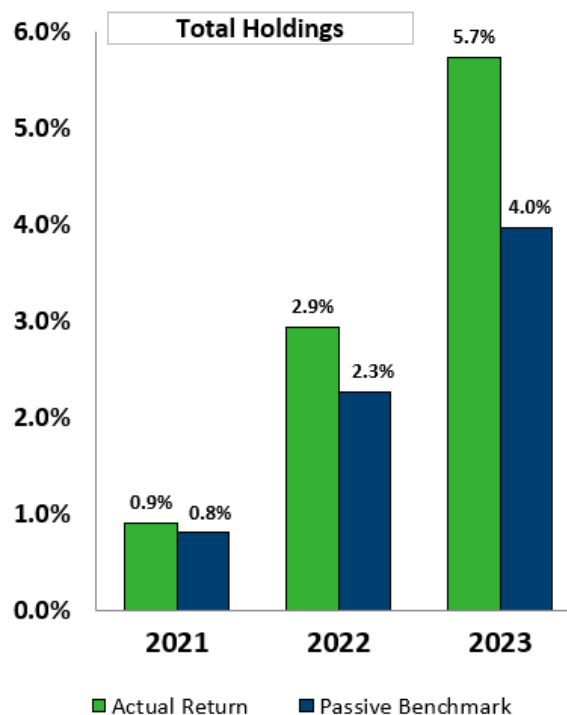
Table 2: CRHD Investment Income Three-Year Trend (\$ Millions)

	2021		2022		2023	
Passive Benchmark	0.8%	\$0.2	2.2%	\$0.5	3.9%	\$1.0
Active Management	0.1%	\$0.0	0.7%	\$0.1	1.8%	\$0.4
Total	0.9%	\$0.2	2.9%	\$0.6	5.7%	\$1.4

The passive income benchmark approach, which reflects investment returns without active management, underwent a methodology update effective 2023. Previously, the passive income benchmark was calculated using an average of bank deposit rates through the year, weighted by cash flow timing. The new approach calculates the benchmark using weighted average holdings across investment categories (GICs, HISAs, and MFA pooled funds). This adjustment ensures a more accurate representation of portfolio holdings, accounting for differences in passive investment returns based on their respective category. Table 2 above reflects this new approach, restating the passive benchmark for 2021 and 2022.

Graph 1 provides a summary report on investment returns in 2023.

Graph 1: CRHD Investment Results - 2023:



Returns in excess of benchmark were a result of active portfolio management and proactive cashflow forecasting throughout the year. In 2023, the Bank of Canada raised the overnight interest rate three more times from already elevated historic levels. Active portfolio management leveraged rate increases into an opportunity as fixed-term interest rates also increased. Further details regarding investment holdings and performance can be found in Appendix C

In 2023, capital project cash outflows were relatively consistent where average monthly distributions were ~\$2.7 million. Major expenditures included the High Acuity Unit at Victoria General Hospital and the Lady Minto Emergency Department expansion. As Island Health projects ramp up, short-term liquidity requirements will increase. As the CRHD’s reserves grow in preparation for major Island Health projects and CRHD capital asset replacement plans portfolio holdings in long-term products will increase.

CONCLUSION

Overall, the CRHD portfolio of investments reflects the four fundamental objectives of safety of principal, liquidity, responsible investing and return on investment. Investments have been made in alignment with the Board approved Investment Policy and investment performance was in line with expectations for the year ended December 31, 2023.

RECOMMENDATION

There is no recommendation. This report is for information only.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

- Appendix A: Investment Policy
- Appendix B: Market Analysis
- Appendix C: Investment Holdings and Performance



CAPITAL REGIONAL DISTRICT

Making a difference...together

INVESTMENT POLICY

Policy Type	Board [Corporate]		
Title	INVESTMENT POLICY		
Adopted Date	September 22, 2013	Policy Number	BRD07
Amendment #1	May 10, 2017		
Amendment #2	March 10, 2021 (Approved)		
Amendment #3	March 9, 2022 (Approved)		
Policy Owner	Financial Services		

1. PURPOSE

This investment policy provides the framework for investment portfolio management for the Capital Regional District (CRD), Capital Regional Hospital District (CRHD) and Capital Region Housing Corporation (CRHC).

It is the policy of the CRD, CRHD and CRHC to invest funds in a manner that provides the optimal blend of investment security and return while meeting the short and long term cash flow requirements in support of the corporate plan priorities while maintaining compliance with statutory requirements.

2. SCOPE

The investment policy applies to all cash operating funds, capital funds and reserve funds. It does not apply to funds held in trust or which have a specific legal or statutory requirement for cash management, disbursement, or investment.

3. PRINCIPLES

The investment of funds must reflect a management philosophy based on the fundamental objectives of

3.1 Safety of Principal

Investments shall be made to ensure preservation of principal within the portfolio. Preservation of principal is accomplished through placement of funds with creditworthy institutions and through portfolio diversification. Diversification is required to minimize potential losses on financial products.

3.2 Liquidity

The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated cash flow requirements.

3.3 Responsible Investing

The investment program will consider socially responsible investment products that adhere to statutory requirements and meet the objectives laid out in this policy.

Organizations that adopt a socially responsible investment platform in alignment with the published MFA ESG framework are preferred

3.4 Return on Investment

The investment portfolio shall be designed with the objective of maximizing market rate of return subject to the investment risk constraints, liquidity requirements and responsible investing objectives.

4. INVESTMENT PARAMETERS

4.1 Safety of Principal

The program will diversify cash reserve investments by security type and institution, taking into consideration the impact on return on investment. Section 5.4 outlines the authorized and suitable investments permissible to ensure optimal portfolio diversification.

4.2 Liquidity

To the extent possible, portfolio management will align investments with anticipated cash flow requirements. However, a portion of the portfolio shall be continuously invested in fully-liquid investments to meet ongoing obligations.

A long-term financial plan will be established for major capital reserves. The long-term financial plan will inform the term decision when placing timed investments in order to meet liquidity requirements.

4.3 Responsible Investing

Where responsible investment options provide comparable risk, return and liquidity, these facilities will be a priority. Investments are considered in alignment with responsible investing objectives when identified as meeting criteria as defined by MFA within the published MFA ESG Framework.

4.4 Return on Investment

The investment program will seek to maximize the total return on all funds under management after considering protection of principal, liquidity and responsible investing. Return will be monitored through performance benchmarks to ensure program activities are providing benefits in excess of costs and with the goal to preserve capital against inflation over time. Due to the nature of the CRHC business activities, delivering affordable housing within the social service sector, CRHC will be excluded from holding lower return products.

4.5 Authorized and Suitable Investments

Money held may be invested or reinvested according to section 183 of the *Community Charter* subject to the following conditions:

1. Investments in marketable securities of a chartered bank or savings institution or any province must have a DBRS risk rating of R-1 (low) or higher for short-term debt and a rating of A (low) for long-term debt or comparable ratings of another rating organization, indicating equal or superior credit quality (see Appendix A of this policy).

2. Investment placements will conform to the portfolio diversification constraints listed in Appendix B. Exceptions to constraints listed in Appendix A require Chief Financial Officer approval and shall be reported to the Board through Standing Committee at the next available meeting.
3. Internal projects under CRD service authority are considered allowable investment options when capital reserves are not immediately required and can be accessed through inter-service borrowing. Inter-service borrowing will be in compliance with legislation and the CRD Inter-Service Borrowing Guidelines.

5. STANDARD OF CARE

5.1 Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Investments will not be made for speculation. Foremost will be consideration for the safety of capital. Staff must be aware of reasonably foreseeable risks, trends and fluctuations in the market, and be able to recognize unreasonable risks whilst ensuring the liquidity of the investment portfolio.

5.2 Ethics and Conflict of Interest

Staff responsible for investing activities shall comply with the CRD Conflict of Interest Policy and shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions.

5.3 Delegation of Authority

Authority to manage the investment program (“the Program”) is granted to the Chief Financial Officer and is derived from section 237 of the *Local Government Act*.

5.4 Credit Risk Monitoring

To meet the objectives of this policy and ensure suitability of offerings, credit risk monitoring must be conducted by CRD Staff independent of vendor representations. The following due-diligence shall be performed:

1. In-house credit analysis shall be conducted on all financial institutions and investment counter-parties.
2. Credit reports and analysis, published by DBRS, S&P, Fitch or Moody’s, will be obtained from financial institutions, investment dealers and rating institutions and reviewed.
3. Credit reports and analysis are recognized as opinions and not a guarantee for safety of principal.
4. When placing investments in individual marketable securities and more than one credit rating is available, the average of two or more available credit ratings shall be used.

5.5 Consolidated Basis

All funds covered by this policy will be managed on a consolidated basis to ensure the best possible return by providing economies of scale.

5.6 Program Requirements

The Program shall abide by the following reporting requirements:

1. The Chief Financial Officer must report to the Finance Committee annually. The report must identify investment holdings and any deviations from this policy; and
2. An appropriate portfolio performance benchmark will be set and reported in the annual investment performance report.

6. POLICY REVIEW

Review Date	Description:
March 2026, unless legislative change or new MFA finance product	To ensure ongoing relevance, this policy shall be reviewed the earlier of: <ol style="list-style-type: none"> 1. If a change in the relevant legislation governing the investment activities of local governments occurs; 2. If the Municipal Finance Authority of British Columbia establishes a new pooled fund investment product; or 3. Every five calendar years.

7. RELATED POLICY, PROCEDURE AND GUIDELINES

- Conflict of Interest Policy

**Appendix A
 Dominion Bond Rating Service (DBRS) Credit Quality Ratings**

Commercial Paper & Short-Term Debt	Bond & Long-term Debt	Bond & Long-term Debt	Description	CRD/CRHD/CRHC Investment Policy
R-1 (high)	AAA	Investment Grade ↑	Superior	Permissible
R-1 (high)	AA (high)			
R-1 (middle)	AA			
R-1 (middle)	AA (low)			
R-1 (low)	A (high)			
R-1 (low)	A			
R-1 (low)	A (low)			
R-2 (high)	BBB (high)	Speculative Grade	Adequate	Not Permissible
R-2 (middle)	BBB			
R-2 (low) / R-3	BBB (low)			
R-4	BB (high)			
R-4	BB			
R-4	BB (low)			
R-4	B (high)			
R-5	B			
R-5	B (low)			
R-5	CCC			
R-5	CCC			
R-5	CCC			
R-5	CC			
R-5	C			
D	D			

Appendix B Portfolio Diversification Constraints

Exposure constraints target protection of principal and return and set a maximum allowable share of the total portfolio that can be invested.

Due to market fluctuations and / or the timing of investment deposit transfers, maximum percentages in Appendix C may be exceeded at a point in time. Securities need not be liquidated to rebalance the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

The portfolio diversification constraints are found in Table 1 below:

Table 1: **Portfolio Diversification Constraints**

Investment Type	MAXIMUM of Total Reserves	MAXIMUM by Institution/product/ pooled fund
<u>Short-Term (< 2 year holding period)</u>		
Canadian Banks (Schedule 1) Deposits and/or GIC's	65%	35%
MFA Pooled Fund Products	50%	50%
Credit Unions (Rated/Insured) Deposits and/or GIC's	35%	20%
<u>Long-Term (> 2 year holding period)</u>		
Canadian Banks (Schedule 1) Deposits and/or GIC's	65%	35%
MFA Pooled Fund Products	60%	30%
Credit Unions (Rated/Insured) Deposits and/or GIC's	35%	20%
Internal Projects (5+ years)	30%	-
Federal Bonds	20%	10%
Municipal Finance Authority of BC Bonds	20%	20%
Provincial Bonds	15%	15%
Municipal, Regional District or Greater Board Bonds	15%	15%

Market Analysis

Applies to the Capital Regional District (CRD), the Capital Regional Hospital District (CRHD), and the Capital Region Housing Corporation (CRHC)

As part of overall portfolio management, staff regularly monitor market trends and key metrics such as the Bank of Canada overnight interest rate, the Government of Canada bond rates and other market commentary issued by banks and investment brokers. Additionally, the Municipal Finance Authority (MFA) provides regular market commentary on new product developments and based on outlook reports provided by Phillips, Hager & North Investment Management (PH&N).

The 2023 economic landscape in Canada was marked by a shift toward higher returns against a backdrop of monetary tightening. In response to persistent inflation beginning in mid-2020, the Bank of Canada announced three additional overnight policy rate hikes in 2023, following numerous increases from the previous year. Interest rates rose from a low of 0.25% in March 2022 to a current peak of 5% by mid-July 2023.

These actions led to increased borrowing costs, while investors in experienced a notable rise in deposit product returns, moving from a range of 1% to 3% to exceeding 5% by the end of the year. Although the battle against inflation continues, it seems that the Bank of Canada may have reached the peak of its overnight policy rate for this cycle.

Both fixed income and equity returns notably strengthened in the fourth quarter of 2023, leading to overall positive returns for MFA pooled funds in the year. Fixed income markets concluded 2023 on a high note. Declining yields prompted capital gains towards the year's end while bond income remained elevated compared to recent years. Equity markets also rebounded from the negative returns of 2022, yielding strong positive returns in 2023 which benefited the MFA Diversified Multi Asset Class (DMAC) fund.

Table 1 below presents key economic indicator rates as of December 31, 2021-2023.

Table 1: Indicative Market Rates 2021 to 2023

Rate	2021	2022	2023
Bank of Canada - Overnight Rate	0.25%	0.25% - 4.25%	4.25% - 5.00%
HISA	0.80% - 0.95%	0.72% - 4.80%	4.80% - 5.75%
RBC - Bank Rate	0.80%	0.70% - 4.70%	4.70% - 5.55%
Fixed GIC - 180 Day / 1 Year (sample)	0.40% - 0.70%	2.22% / 3.06%	5.30% - 5.60%

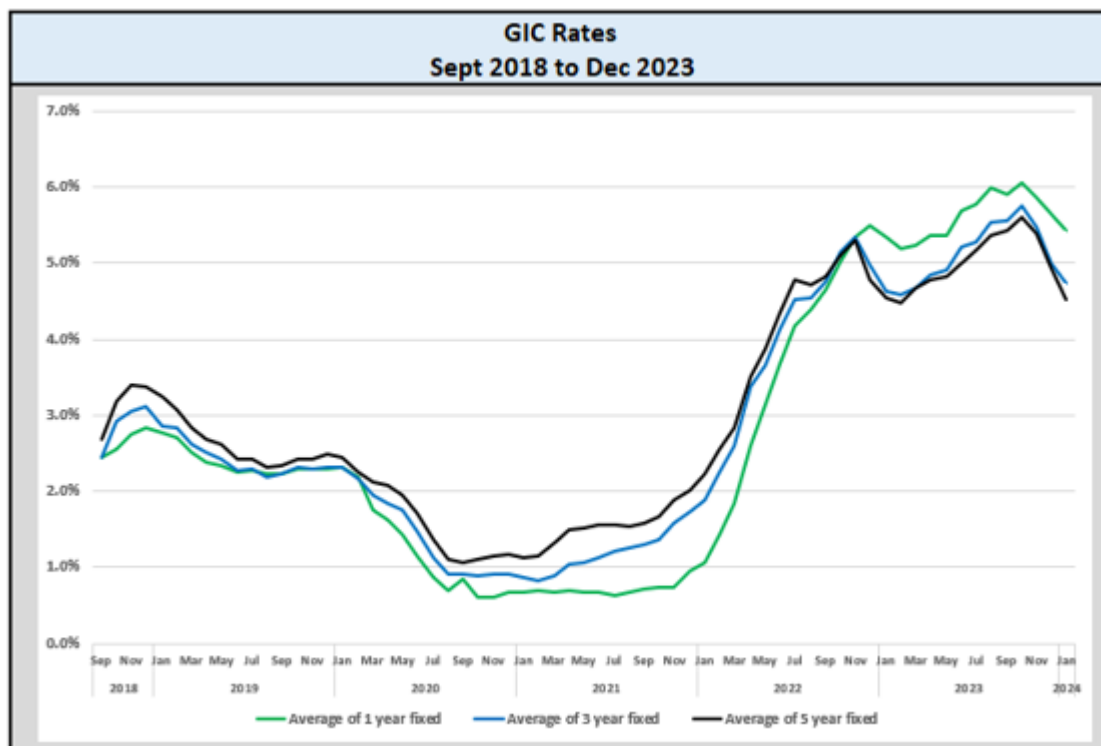
Investment Marketplace

In 2023, High Interest Savings Account (HISA) rates increased but remained lower than Guaranteed Investment Certificate (GIC) rates across most terms, rendering them less attractive

relative to fixed term GICs. Consequently, allocations to HISAs were minimized to optimize interest earnings, while maintaining some HISA liquidity for unforeseen financial needs.

GIC rates continued to increase throughout 2023, exceeding the rate of increase on deposits. As shown in Graph 1, GIC rates were at their highest late in 2023, ending the year down from the five-year high of just over 6%¹ for the one-year average term.

Graph 1: GIC Historical Rates (Short-Term)



The CRD continues to hold units in the MFA Bond Fund, MFA Fossil Fuel-Free (FFF) Bond Fund, the MFA DMAC Fund and the MFA Mortgage Fund. The FFF Bond Fund invests in securities similar to the existing bond fund except that the FFF option excludes those holdings directly related to non-renewable energy extraction, processing and transportation. This additional screening is estimated to exclude approximately 4% of the population of investible securities compared to the existing bond fund.

For the calendar 2023 year, the FFF Bond Fund underperformed the MFA Bond Fund on an annual basis by 0.39% (4.95% versus 5.34% respectively). The FFF Fund's underweight position in the positively performing energy sector and overweight positions in Real Estate and Financial sectors, which experienced significant spread widening, negatively impacted its returns over the year. The MFA Mortgage Fund returned 6.87% for 2023.

Staff will assess investment placements in existing and new MFA pooled funds in the future, for the CRD, the CRHD, and the CRHC, as the need to place long-term funds arises.

¹ CRD treasury files

Investment Holdings and Performance

Portfolio Holdings

On December 31, 2023, the Capital Regional Hospital District (CRHD) held \$26.5 million in long-term investments, as detailed in Table 1 below.

Table 1: CRHD Investment Holdings – December 31, 2023

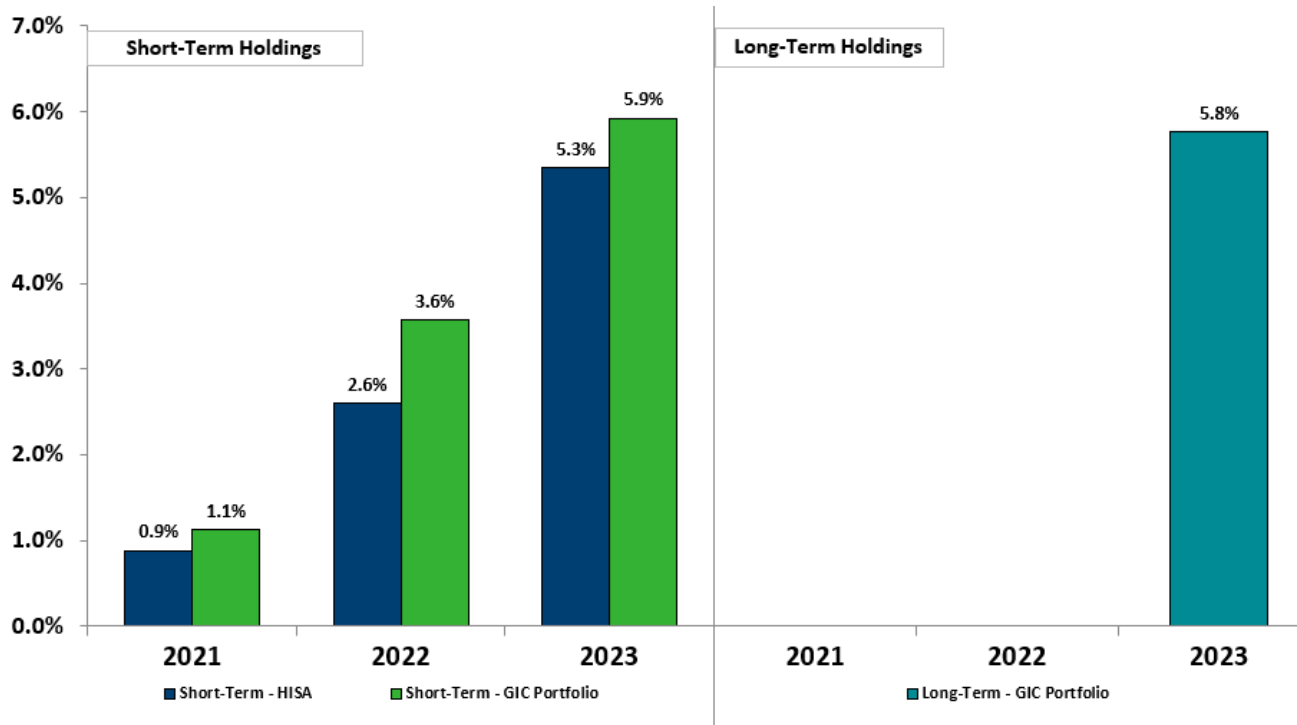
Investments	Balance (\$millions)	% Share
Investments Short-Term (less than 2 years)		
High Interest Savings Accounts (Cash)	2.5	9.4%
Guaranteed Investment Certificates (< 2 year)	24.0	90.6%
Total Short-term:	26.5	100.0%
Total Investments:	\$26.5	100.0%

The portfolio was distributed between short-term and long-term investments in a 100%/0% split. As per Investment Policy, investments with maturities or approaching maturities less than two years are classified as short-term and investments with maturity and divestiture dates beyond two years are classified as long term.

Performance

Graph 1 (page 2) provides a detailed report on investment returns in 2023.

Graph 1: CRHD Investment Results



Short-Term Investments

For short-term holdings (terms less than two years), the short-term Guaranteed Investment Certificate (GIC) portfolio yielded a 5.9% return, outperforming the 4.0% benchmark. The High Interest Savings Accounts (HISA) matched their benchmark with a 5.3% return.

Long-Term Investments

For long-term holdings (terms exceeding two years), the long-term GIC portfolio delivered a 5.8% return, surpassing the 2.9% benchmark.

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MARCH 6, 2024**

SUBJECT **Carillon Place Mortgage Renewal**

ISSUE SUMMARY

BC Housing Management Commission (BCHMC) requires a Resolution from the Capital Region Housing Corporation (CRHC) Board of Directors to renew the mortgage for Carillon Place.

BACKGROUND

The mortgage for Carillon Place, a 15-unit family townhome complex at 625 Superior Street in the James Bay neighbourhood of Victoria, BC is funded through Homes BC and part of the Umbrella Operating Agreement (UOA). The mortgage is due for renewal on June 1, 2024 and the current mortgage is held by MCAP Financial Corporation at a rate of 3.22%.

BCHMC intends to renew the mortgage through Canada Mortgage and Housing Corporation's (CMHC) Tendered Lending Program and will publish tender calls to interested approved lenders to secure the best interest rate and terms available in the market. BC Housing also requires a Resolution of the Directors, attached as Appendix A, to authorize the Chief Administrative Officer or Chief Financial Officer to execute all documents related to the mortgage renewal.

Renewal details are shown in Table 1.

Table 1 – Mortgage Details

Building	Existing interest rate	Principal at renewal (estimated)	Annual Subsidy (2023)	Remaining term	Mortgage maturity date	Operating agreement expiry
Carillon Place	3.22%	\$736,043	\$33,587	10 years	June 1, 2033	Dec 31, 2024

ALTERNATIVES

Alternative 1

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

1. That the resolution required by BC Housing Management Commission to renew the mortgage for Carillon Place through the Canada Mortgage and Housing Corporation Tendered Lending Program for a term not to exceed 10 years as required be approved; and
2. That Edward Robbins, Chief Administrative Officer or Nelson Chan, Chief Financial Officer or their duly authorized delegates together or with any one officer or director of the Borrower for and on behalf of the Borrower be authorized to sign any documents related to the mortgage renewal.

Alternative 2

That staff be directed to review other financing options based on Hospitals and Housing Committee direction.

IMPLICATIONS

Financial Implications

Recent tender rates BCHMC has obtained for 10-year mortgage terms are shown in Table 2.

Table 2 – BCHMC 10-year Tender Rates

Date	Rate
November 2023	5.14%
December 2023	4.63%
January 2024	4.10%
February 2024	4.21%

If the Board approves the BCHMC tendered mortgage renewal process, CRHC will continue to benefit from the preferential interest rates available through the BCHMC tender process.

A Board decision to not renew the mortgage under the BCHMC tender process would necessitate acquiring BCHMC's permission and securing a commitment for alternate financing through private sector lenders. For comparison, current posted rates for a 10-year fixed term mortgage from Vancity is 6.89% and Scotiabank is 7.49%. An evaluation of borrowing rates shows the BCHMC tendered mortgage renewals interest rate is the most cost-effective option and will ensure maximum annual rent subsidy assistance.

The Umbrella Operating Agreement states that the economic operating costs will be recalculated on the renewal of the mortgage to consider new payments for the loan. This language ensures that the monthly subsidy amount received from BCHMC will be adjusted to absorb the anticipated increase in debt servicing costs, which is the result of a likely higher rate on renewal.

CONCLUSION

The mortgage for Carillon Place is due for renewal on June 1, 2024. The most cost-effective option is to renew through CMHC Tendered Lending Program.

RECOMMENDATION

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

1. That the resolution required by BC Housing Management Commission to renew the mortgage for Carillon Place through the Canada Mortgage and Housing Corporation Tendered Lending Program for a term not to exceed 10 years as required be approved; and
2. That Edward Robbins, Chief Administrative Officer or Nelson Chan, Chief Financial Officer or their duly authorized delegates together or with any one officer or director of the Borrower for and on behalf of the Borrower be authorized to sign any documents related to the mortgage renewal.

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:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT

Appendix A: Resolution of Directors

Capital Region Housing Corporation (the "Borrower")

CERTIFIED COPY OF RESOLUTION OF DIRECTORS

BE IT RESOLVED:

That the Borrower hereby irrevocably authorize and direct British Columbia Housing Management Commission ("BCHMC") to act on its behalf to renew the existing mortgage presently held by MCAP Financial Corporation (the "Mortgage") for the project located at 625 Superior Street, Victoria, BC (BCHMC file no. 13328 / 838), including but not limited to selecting, at BCHMC's sole discretion, the mortgage renewal terms and arranging mortgage renewal with the take-out lender (the "Take-out Lender") on terms and conditions that are acceptable to BCHMC.

BE IT FURTHER RESOLVED:

That Edward Robbins, Chief Administrative Officer, or Nelson Chan, Chief Financial Officer, or their respective duly authorized delegates, together or with any one officer or director of the Borrower for and on behalf of the Borrower be and are hereby authorized to execute and deliver under the seal of the Borrower or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Mortgage assignment, renewal and amendment as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of the lender of the monies.

I, Edward Robbins, Chief Administrative Officer of the 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 that such resolution has not been rescinded, amended or modified and is now in full force and effect.

WITNESS my hand this day of _____, 2024.

Witness

Edward Robbins
Chief Administrative Officer

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MARCH 06, 2024**

SUBJECT **2023 Tenant Advisory Committee Year-End Reporting**

ISSUE SUMMARY

To provide the Capital Regional District's (CRD) Hospitals and Housing Committee (HHC) an annual overview of the Tenant Advisory Committee (TAC) in accordance with the TAC Terms of Reference (ToR). The 2023 Annual Work Plan is attached as Appendix A.

BACKGROUND

At the April 11, 2018, CRD Board meeting, the TAC was established through the HHC. The recommended membership of the TAC includes the Chair or a delegate of the HHC and up to eight tenant representatives in good standing. Tenants in good standing are individuals who have been tenants with the Capital Region Housing Corporation (CRHC) for 12 consecutive months, have paid their rent on time and in full for the previous six months, have maintained their unit in good condition, with no damage in excess of normal wear and tear, and have ensured their standard of conduct has not resulted in a warning letter from CRHC.

The purpose of the TAC, through the HHC, is to promote effective communication, engagement, and collaboration between the CRHC and its tenants and to provide information, feedback and advice regarding tenant-related policies and programs to support healthier and more livable communities.

IMPLICATIONS

Social Implications

The TAC approved the 2023 Annual Work Plan in April 2023. The TAC moved through all the identified 2023 Annual Work Plan items that touched on the various teams working within CRHC and CRD. The Housing Planning, Policy and Programs team, and Planning and Capital Projects team presented to the TAC, increasing the TAC's understanding of the various aspects of housing work within the CRD. The TAC also focused on a tenant survey, recognizing it as a priority due to the absence of a comprehensive survey of tenants since 2018. One of the main aspects of the tenant survey was accessibility and tenant comfort. In total, the TAC tackled all items in the 2023 Annual Work Plan and provided input towards the 2024 Tenant Survey, which staff expect to launch by mid-2024.

Participation rates among TAC members continue to prove an ongoing challenge, with the total member attendance rate in 2023 being 75%. Overall, there were multiple members who were only able to attend 50% of meetings, resulting in a limited opportunity to engage and move conversations forward.

Service Delivery Implications

As the CRHC continues to grow and the tenant populations within properties operated by the CRHC continue to evolve, the demands on available staff capacity are expected to increase. The staff currently supporting the activities of the TAC are those same staff who support vulnerable tenancies and work to organize and facilitate in-building community-minded events. Through the

pandemic there was limited opportunity to host tenant events at the various properties, but 2024 is expected to present new opportunities to bring households together. As such, staff will look to the general structure of the TAC and its continued utility in meeting the purpose as outlined in the Tenant Advisory Committee ToR, attached as Appendix B. To provide context, when the TAC was established in 2018, the CRHC managed just over 1,400 homes across the region. As of 2024, this figure has surpassed 2,000 homes, reflecting a growing diversity across various buildings and funding programs integral to CRHC operations. Through 2024, staff will look to the evolving needs of the tenant populations and will explore alternative ways to use existing and limited staff capacity to engage tenants more effectively and may return to the HHC with recommendations related to the ongoing role of the TAC.

CONCLUSION

The TAC continues to play an important role in providing information, feedback and advice regarding tenant-related policies and programs to support healthier and more livable communities across CRHC’s more than 50 buildings. Staff have continued to make efforts to provide enhanced clarity for TAC members on an item-by-item basis to increase the quality of engagement and support the continued participation of TAC members. However, ongoing participation challenges and the continued evolution of the needs of the tenant population will be driving a review of the ongoing effectiveness of the TAC as a model of engagement through 2024. It is expected that as the corporation continues to grow, staff will identify new opportunities to engage tenants, which will be determined through considering tenant needs, corporate requirements, and available operational capacity.

RECOMMENDATION

There is no recommendation. This report is for information only.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS:

- Appendix A: Tenant Advisory Committee 2023 Annual Work Plan
- Appendix B: Tenant Advisory Committee Terms of Reference

TENANT ADVISORY COMMITTEE								
2023 ANNUAL WORK PLAN								
Goals	S/N	Key Tasks	Status	Timeframe	Lead	Meeting Format	Resources	Anticipated Outcomes
1.0 Recommend Priorities	1.1	Provided TAC with items that remain from 2022	Complete	April	TAC	1. Present items arising from previous year	Kate	Inform: Present information
	1.2	Approval of 2023 Annual Work Plan	Complete	April	TAC	1. 2023 Work Plan	Don/Kate/Kyla	Empower: Receive and review 2023 Work Plan
	1.3	Carry out survey or facilitated conversation of TAC members to inform priorities for 2024 Work Plan	In progress	November	TAC	1. Facilitation or Survey Distributed	Don/Kate	Involve: Develop and launch survey to help inform 2024 Work Plan.
2.0 Membership Orientation	2.1	TAC Orientation	Complete	April	STAFF	1. Membership Orientation	Don	Inform: 2.1 Staff to provide overview of CRD Hospitals and Housing Committee, Regional Housing & Capital Region Housing Corporation. Important documentation is reviewed and discussed.
	2.2	Tenant Survey Introduction	Complete	April	STAFF	2. Introduction of tenant survey goal. Present previous survey format & results. Facilitated discussion: Format, topics & best practise for increased participation.	Don/Kate	Inform 2.2 Staff to provide overview of previous tenant satisfaction surveys & outcomes. Consult: 2.2 Feedback on range of questions, preferred format & ideas to increase participation.
3.0 Increasing Affordable Housing in the Region	3.1	Construction: Introduction & Engagement	Complete	June	STAFF	1. Presentation from Construction Team. "Development 101" PowerPoint presentation on the basics around planning and development with an emphasis on CRHC constraints. a. Facilitated Q&A: What do advisory committee members want to know about the work our team does?	Rob Fowles	Inform: 3.1.1 Staff to provide TAC with an overview of current construction projects and redevelopment strategy. Inform 3.1.a Staff to field questions about current CRHC projects and planning and development generally.
4.0 Supporting Affordable Housing and Services in the Region	4.1	Housing Planning, Policy and Program (HPPP): Introduction & Engagement	Complete	September	STAFF	1. Presentation from HPPP Team on current programs, grants, partnerships, and future housing priorities. a. Facilitated Q&A	Nadine Kawata	Inform 4.1: Staff to provide TAC with an overview of current programs and other initiatives underway.
5.0 Improve Tenant Satisfaction	5.1	Tenant Survey 2024	In progress	November	STAFF	1. Presentation of draft Tenant Survey b. Facilitated discussion to understand: What parts are complete and what parts require improvement. Estimated roll out date & final steps.	Don/Kate	Inform: Staff to provide draft form of the tenant survey. Consult: CRHC asks for feedback from TAC on other items or aspects that may add value if included. Ideas around timing and participation options to improve engagement.

Terms of Reference



Tenant Advisory Committee

PREAMBLE

The Capital Regional District (CRD) Tenant Advisory Committee is an advisory committee established by the Hospitals and Housing Committee to promote effective communication, engagement and collaboration between the Capital Region Housing Corporation (CRHC) and its tenants, and provide information, feedback and advice regarding tenant related policies and programs to support healthier and more livable communities.

The Committee's official name is to be:

Tenant Advisory Committee

1.0 PURPOSE

- a) The purpose of the Tenant Advisory Committee (TAC) through the Hospitals and Housing Committee is to:
 - i. recommend priorities for the Service Plan based on operational considerations;
 - ii. identify and raise trends, and recommend proposals to improve tenant satisfaction;
 - iii. provide input in the development of Tenant Engagement Plans as necessary; and
 - iv. provide feedback into the tenant related policies.

2.0 RELATIONSHIP TO THE CRHC

- a) The TAC will report through the Hospitals and Housing Committee. The General Manager, Planning and Protective Services, or delegate, will act as a staff liaison to attend TAC meetings, represent the CRHC and provide effective communication between the TAC and the CRHC.
- b) The TAC will present an annual report to the Hospitals and Housing Committee and may be requested to attend additional Hospital and Housing Committee meetings at the request of the Chair.

3.0 MEMBERSHIP, SELECTION AND TERM

- a) The Committee will consist of up to nine members including:
 - i. The Chair of the CRD Hospitals and Housing Committee, or delegate, who will act as Co-Chair of the TAC; and

- ii. Up to eight members who are tenants in good standing with the CRHC and who have experience and knowledge of affordable housing issues and/or community development and their initiatives. One of the tenant members will be elected to the position of Co-Chair of the TAC.
- b) Other members of the Hospitals and Housing Committee may attend TAC meetings as non-voting members.
- c) Tenant member positions will be advertised and a nominations committee will select applicants through an interview process for recommendation to the General Manager, Planning and Protective Services.
- d) Membership of the TAC will be recommended by the General Manager, Planning and Protective Services, to the Capital Regional District Board each year for approval.
- e) Tenant members will serve a two-year term on the TAC with the option to serve a second two-year term only. After serving four years a two-year break must be taken before a tenant may re-apply to sit on the TAC.
- f) The Chair of the Hospitals and Housing Committee is appointed annually by the CRD Chair and may serve one or more terms as Co-Chair of the TAC as an extension of that appointment.

4.0 PROCEDURES

- a) The TAC will meet 4-8 times per year. Dates of meetings will be set at the beginning of the year based on recommendations of the General Manager, Planning and Protective Services and the Chair of the Hospitals and Housing Committee. Any additional meetings will be at the call of the Co-Chairs.
- b) TAC members are expected to attend meetings to the best of their ability. Should a member miss two consecutive meetings without any communication they will be asked by the Co-Chairs to resign their seat and the vacant position will be advertised for the duration of the term.

5.0 BUDGET

- a) Subject to CRHC Board approval, an annual budget may be available to cover costs related to the administration and logistical support for convening meetings throughout the year.
- b) Members of the TAC will be reimbursed for out of pocket expenses as aligned with the CRD expense reimbursement policies and procedures.

6.0 RESOURCES AND SUPPORT

- a) The General Manager, Planning and Protective Services, or delegate, is the primary contact for the Committee. Regional Housing staff will provide secretarial and administrative support. Minutes and agendas are prepared and distributed by the Regional Housing Division.