

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, APRIL 3, 2024**

SUBJECT Tillicum Station 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 Tillicum Station.

BACKGROUND

The mortgage for Tillicum Station, a 40-unit family townhome complex at 275/285 Hampton Road in Saanich, British Columbia, is funded through Homes BC and part of the Umbrella Operating Agreement (UOA). The mortgage is due for renewal on July 1, 2024, and the current mortgage is held by People’s Trust at a rate of 3.265%.

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	Current interest rate	Estimated principal at renewal	Annual subsidy (2023)	Remaining term	Mortgage maturity date	Operating agreement expiry
Tillicum Station	3.265%	\$2,857,947	\$96,158	13 years	July 1, 2037	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 Tillicum Station 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 UOA 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 Tillicum Station is due for renewal on July 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 Tillicum Station 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