

**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD
MEETING OF WEDNESDAY, SEPTEMBER 3, 2025**

SUBJECT Capital Region Housing Corporation Quarter 2 Update, 2025

ISSUE SUMMARY

To provide the Capital Region Housing Corporation (CRHC) Board with an update for the second quarter (Q2) 2025.

BACKGROUND

In November 2024, the CRHC Board approved the Major Capital Plan (2025-2029), which included \$87.8 million (M) in planned expenditures in 2025 and anticipates a total project budget of \$542.8M over the full five-year plan. In total, the Major Capital Plan seeks to bring an additional 1,000 rental homes to market, which will increase the CRHC's total size to approximately 3,000 rental homes in operation by the end of 2029. The delivery of the Major Capital Plan in 2025 is supported primarily through receipt of grant funds, which account for 86% of budgeted costs, and mortgage debt which accounts for 14%.

Alongside the Major Capital Plan, the CRHC Board also approved the CRHC's 2025 Financial Plan projecting total revenue of \$32.6M and a budgeted surplus of \$406 thousand (K) or a net margin of approximately 1.25%. The operations of the CRHC are supported primarily through tenant rents, which account for 82% of revenue, and subsidy from BC Housing, which makes up 16%. Included within the CRHC 2025 Financial Plan was approval of \$4.0M in expenditure under the 2025 Routine Capital Plan which included a five-year total expenditure of \$15.3M. The staff report also identified estimated total repair costs over CRHC's aging assets of \$26.0M from 2025-2029 and a funding gap of approximately \$10.7M over five years.

In June 2025, the CRHC Board received the first quarter (Q1) update, which noted that unforeseen costs were placing upward pressure on the Caledonia capital budget, operations was showing a positive variance that was approximately \$204K higher than forecast, and that total routine capital expenditures were at 21%. In July 2025, the CRHC Board approved a Major Capital Plan amendment that authorized a \$1.4M increase in capital costs for Caledonia to a total of \$75.0M.

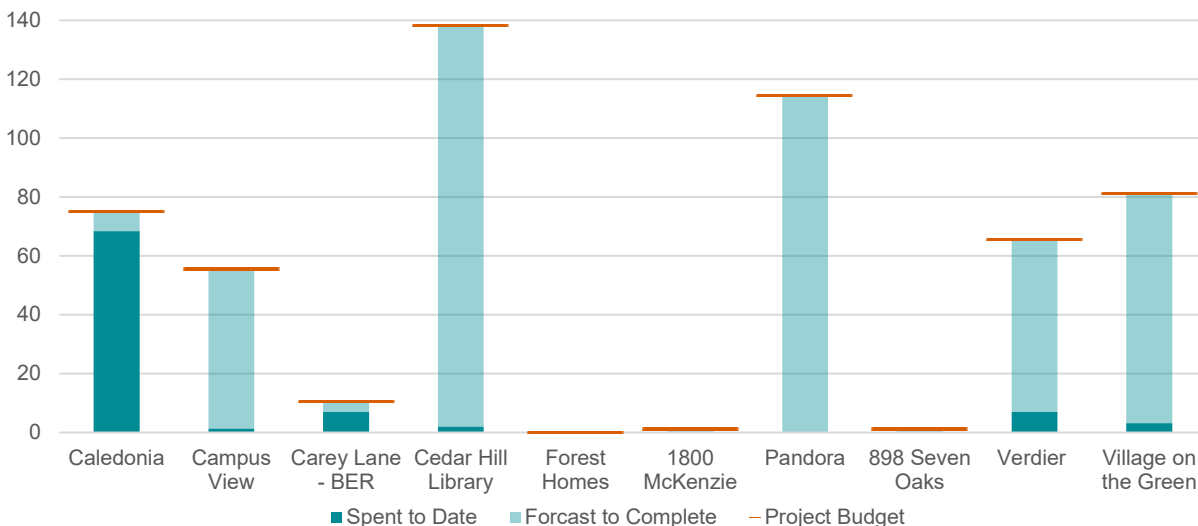
The Q2 report is in advance of the CRHC Board's consideration of the 2026 CRHC Financial Plan in November.

MAJOR CAPITAL PLAN EXPENDITURE SUMMARY

The CRHC entered the year with eight named projects on the Major Capital Plan, with two additional projects added in September 2025 to bring the total to 10 identified capital initiatives. The projects added include redevelopments at 898 Seven Oaks Road (Swanlea) and 1800 McKenzie Avenue (Rosewood/Willowdene).

All 10 named projects being advanced under the Major Capital Plan, their approved total budget, funding spent to-date, and the forecast cost to complete is shown below in Chart 1.

Chart 1: Major Capital Plan (2025-2029) Total Expenditure Snapshot (\$M)



As shown in Appendix A, the Major Capital Plan total project budget includes expenditure of \$544.2M, with approved spending of \$89.2M in 2025. This is an increase of \$1.4M from the November 2024 approval due to the budget amendment for Caledonia. As anticipated, the expenditure under the Major Capital Plan has increased from \$5.6M in Q1 to \$6.8M in Q2 to bring the total expenditure at the end of Q2 to \$12.1M or 14% of the 2025 budget.

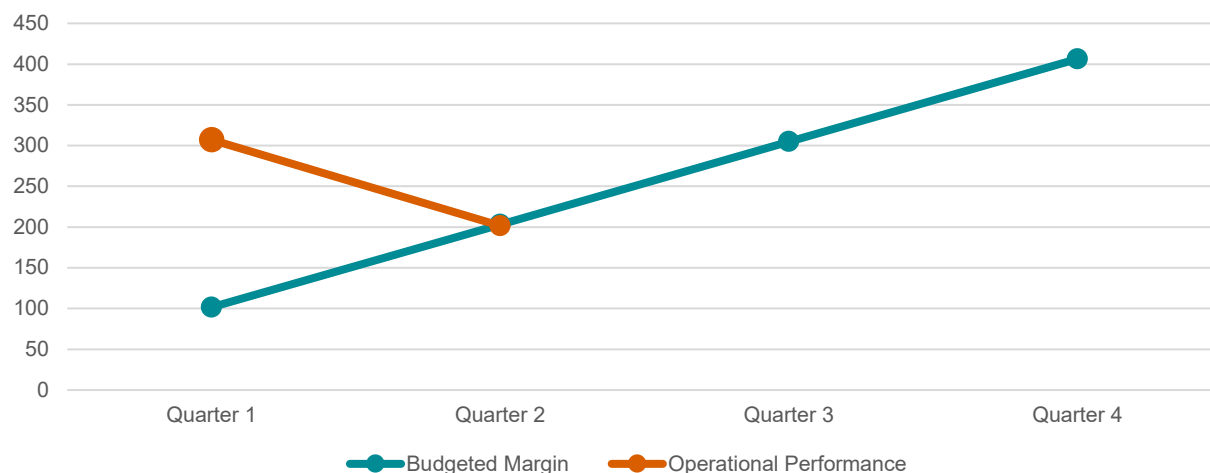
It should be noted that there is currently no expenditure authority through the CRHC in support of Forest Homes. However, the Capital Regional District (CRD) Board directed staff to prepare and launch an application to the BC Housing Community Housing Fund (CHF) with the CRHC as the lead proponent. This work was undertaken and the proposal submitted ahead of the CHF application deadline of July 31, 2025.

Appendix B contains Project Update sheets for each named project on the Major Capital Plan as amended in September 2025. Staff continue to monitor several trends that may impact capital projects. Tariff uncertainty, escalation in labour and material costs, and building code updates, etc., all create the risk of upward pressure on control budgets or may introduce delay. Staff will be considering numerous risk factors and will include any revisions as may be required in the CRHC's Major Capital Plan (2026-2030) in November.

FINANCIAL PLAN CONSOLIDATED OPERATING RESULTS

The Consolidated Operating Results, as detailed in Appendix C, show the CRHC reported a negative margin of (\$106K) in Q2 to bring the year-to-date total to positive \$202K, which is \$1K more than forecast. Revenue slipped slightly and sat at (3%) below budget while expenditure increased slightly but also remains below budget at (3%). Though the CRHC is reporting a small surplus of \$202K at the end of Q2, which is in line with the budget, the revenue performance dropped slightly from Q1 to Q2, which is a quarter-to-quarter trend that staff are working to correct. Chart 2 shows the estimated expenditure according to the approved 2025 Financial Plan as well as the actual margin at the end of Q2.

Chart 2: Operational Performance Snapshot (\$K)



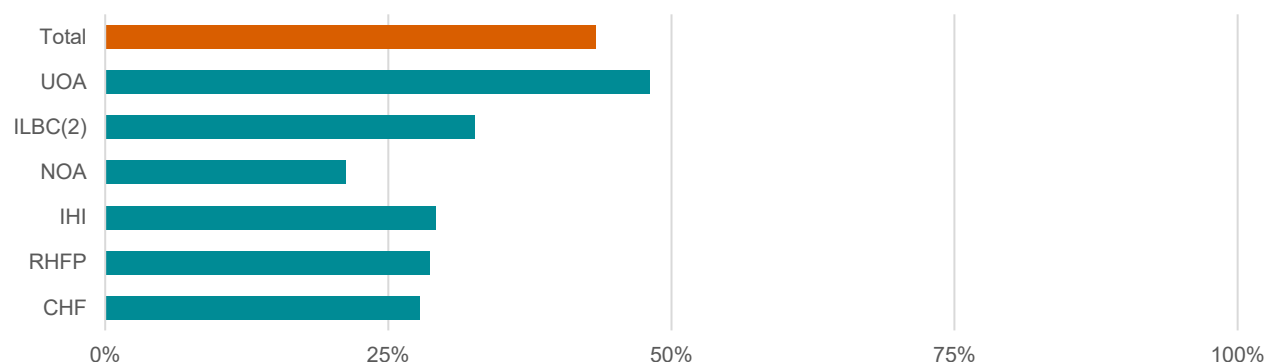
Impacting the reported margin at the end of Q2 is a lower than forecast Tenant Rent Contribution which is reported at (\$213K). As initially detailed in the Q1 Update, this underperformance is the result of delays in renting up Michigan Square to support the rehoming efforts of those tenants impacted by the redevelopment of Village on the Green and Campus View. Now that the rehoming efforts for properties slated for redevelopment have concluded, staff are actively marketing, showing, and are working to rent up the remaining vacant homes at Michigan Square.

Staff will continue to monitor expenditures and budgeted surplus with a goal of improved performance through Q3 and Q4.

ROUTINE CAPITAL PLAN EXPENDITURE SUMMARY

Q2 results, as detailed in Appendix D, show an expenditure of \$871K in Q2 to bring the year-to-date total to \$1.7M or 43% of the annual budget. Chart 3 illustrates the specific percentage of funds spent across the CRHC's six operational portfolios, including the Umbrella Operating Agreement (UOA), Independent Living BC (ILBC2), No Operating Agreement (NOA), Investment in Housing Innovation (IHI), Regional Housing First Program (RHFP), and Community Housing Fund (CHF) with the combined total noted in orange.

Chart 3: Routine Capital Plan Expenditure Summary (% Budget by Portfolio)



Staff are continuing to monitor spending across the portfolios as the work advances through Q3 and Q4.

Service Delivery Implications

Caledonia Commissioning – Finishing and landscaping work is currently underway in preparation for commissioning, testing, inspections, and the receipt of the Occupancy Permit. Following the granting of the Occupancy Permit, staff will begin the operational handover and have started to develop marketing materials, apply for required sign permits, and load the property on to the Housing Registry. Operations are anticipating handover in Q3/Q4, 2025.

Redevelopment Activities – Residents of Village on the Green and Campus View have been rehomed and operations ceased at the properties in June and July, respectively. The properties have been handed over to the Capital Projects Team and staff will be working to confirm the final budget and request borrowing authorization prior to demolition and constructing activities commencing.

Rent Correction – Through a routine review of building performance, staff identified that an administrative error resulted in incorrect rent levels being assigned to a total of 61 households. The overall impact to the CRHC is estimated to total approximately \$130K that will be reimbursed to affected tenants in Q3. The issue is limited to two subsidized CRHC properties and was identified early on so as to not significantly impact the CRHC's financial position.

CONCLUSION

The CRHC Major Capital Plan is on track with a slight increase in spending Q2 compared to Q1, but all projects remain under budget. On the operations side, revenue dipped slightly in Q2, which impacted the overall financial position of the CRHC. However, due to a greater than anticipated surplus in Q1, the overall position of the CRHC at the end of Q2 remains on track. Spending on the Routine Capital Plan is close to budget with considerable works underway that will be delivered in Q3 and Q4.

RECOMMENDATION

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

Submitted by:	Don Elliott, MUP, Acting General Manager, Housing, Planning & Protective Services
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ATTACHMENTS:

- Appendix A: Major Capital Plan Expenditure Summary
- Appendix B: Project Updates
- Appendix C: Consolidated Operating Results
- Appendix D: Routine Capital Plan Expenditure Summary