

**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD  
MEETING OF WEDNESDAY, JULY 8, 2026**

---

**SUBJECT**     **Swanlea Redevelopment – Mortgage Registration and Final Project Approval**

**ISSUE SUMMARY**

BC Housing Management Commission (BCHMC) requires a Resolution of Directors from the Capital Region Housing Corporation (CRHC) Board to authorize the execution of the mortgage documents relating to the Swanlea Redevelopment project, located at 898 Sevenoaks Road in the District of Saanich (Saanich).

**BACKGROUND**

Swanlea is a 14-unit townhouse community owned and operated by the CRHC since 1985. Building on the initial properties identified through the 2016 *CRHC Portfolio Renewal, Redevelopment and Development Strategy*, Swanlea was prioritized for redevelopment due to its aging condition and significant densification potential. The proposed redevelopment will replace the existing townhomes with 134 new affordable rental homes across two six-storey wood-framed apartment buildings, substantially increasing the supply of below-market housing on the site.

In April 2024, the project received a provisional funding commitment from BCHMC through the Community Housing Fund (CHF), based on a conceptual design. In March 2026, the project achieved Provisional Project Approval, confirming eligibility for interim construction financing and a CHF grant contribution of \$22.9 million (M).

Final Project Approval (FPA) from BCHMC is anticipated in July 2026, confirming that all equity and funding requirements have been satisfied and the project is ready to proceed to construction. In addition to the CHF contribution, staff have applied for approximately \$226K from the Saanich Affordable Housing Reserve Fund (SAHRF).

**ALTERNATIVES**

*Alternative 1*

1. That the Resolution of Directors for the Repayable Mortgage in the form required by BC Housing Management Commission for authorizing the execution of the Loan and Mortgage documents for the project at 898 Sevenoaks Road (PID: 002-154-536), substantially in the form attached hereto as Appendix A be approved;
2. That the Resolution of Directors for the Forgivable Mortgage in the form required by BC Housing Management Commission for authorizing the execution of the Loan and Mortgage documents for the project at 898 Sevenoaks Road (PID: 002-154-536), substantially in the form attached hereto as Appendix B be approved; and
3. That Edward Robbins, Chief Administrative Office or Nelson Chan, Chief Financial Officer, or their respective duly authorized delegates be hereby authorized to do all things necessary to affect the project and take such steps as required to conclude the financing, lease, construction, and operation of the project located at 898 Sevenoaks Road.

*Alternative 2*

That this report be referred to staff for additional information based on the Capital Region Housing Corporation Board direction.

## **IMPLICATIONS**

### *Service Delivery Implications*

The Swanlea Redevelopment project leverages funding from CHF and SAHRF, together with the CRHC's land equity contribution, to support project development while maintaining sustainable debt servicing over the operating term. Ongoing operations and debt servicing will be funded through tenant rent revenue and an operating subsidy.

Under the CHF program, BCHMC has committed to providing an ongoing operating subsidy to maintain a minimum debt coverage ratio of 1:1 throughout the mortgage term. In the first year of operations, the subsidy is estimated to total \$1.6M or approximately \$984 per home per month. The subsidy amount is based on an annual operating budget approved by BCHMC and will be provided directly to the CRHC in accordance with the CHF Operating Agreement.

### *Social Implications*

In alignment with the CRHC's Tenant Relocation Policy, staff met with each household to develop individualized Tenant Relocation Plans. As of May 2026, 10 of the 12 existing households have been successfully rehoused in suitable alternative accommodations. On project completion in 2029, eligible tenants will have the right of first refusal to return to the new Swanlea development.

As a requirement of the funding program, the redevelopment will offer 27 homes at the Provincial Income Assistance Shelter Rate Maximum (Shelter Rate), 67 rent-g geared-to-income (RGI) homes, and 40 below-market affordable homes. This project places a strong emphasis on family housing, including 44 two-bedroom and 20 three-bedroom homes, with family units comprising 48% of the total development. The provisional rent levels are included in Appendix C.

### *Financial Implications*

In May 2026, the competitive tender process concluded for all subcontracted work under the Construction Management – for Service and Construction delivery model, confirming a final project budget of \$64.8M, inclusive of land equity in-kind. The final Class A project budget is approximately \$5.1M lower than the Class C budget that informed the CRHC Major Capital Plan (2026-2030).

The cost savings are primarily attributed to a reduction in the design contingency, which had been conservatively elevated in the Class C budget to address risks associated with the preliminary design stage, as well as the confirmation that Development Cost Charges are not applicable to this project. In addition, a softening construction market and strong competition among trade contractors contributed to favorable pricing, bringing the project budget in line with the per-unit costs observed in recently approved CRHC redevelopment projects.

FPA through BCHMC is occurring concurrently with the CRHC Board consideration. If FPA is not granted, mortgage documents will not proceed to execution, and construction will be delayed. If approved, the project will require a repayable mortgage of \$38.2M and forgivable mortgage of \$22.9M accounting for the CHF contribution.

**Table 1: Project Equity Breakdown**

Community Housing Fund (Forgivable Mortgage)	\$22,942,274	35.4%
Saanich Affordable Housing Reserve Fund Grant	\$225,500	0.3%
Land Equity In-Kind	\$3,500,000	5.4%
<b>Total Equity Deductions</b>	<b>\$26,667,774</b>	<b>41.1%</b>
<b>Mortgage Debt</b>	<b>\$38,153,016</b>	<b>58.9%</b>
<b>Total Project Costs</b>	<b>\$64,820,790</b>	<b>100.0%</b>

The project will initially secure short-term construction financing at BCHMC’s preferred rates, with interest accruing on monthly construction draws. To minimize interest costs, grant funding will be fully expended prior to accessing short-term financing. Upon completion, construction financing and accrued interest will convert to take-out financing in the form of a repayable mortgage.

The \$1.6M Pre-Development Fund loan, approved by the CRHC Board in December 2025 and secured against title, will be discharged upon registration of the interim construction mortgage and repayable from the first construction draw.

Current BCHMC projections estimate a 4.59% interest rate for take-out financing at project completion in 2029. At that time, mortgage documents will be updated to reflect the final loan amount, rate, and term. The repayable mortgage will be amortized over 35 years, while the forgivable mortgage will be forgiven in equal instalments over 25 years, beginning in year 11 of compliant operations. Both mortgages will be governed by terms set out in the Loan Commitment Letters (Appendix D and Appendix E).

**CONCLUSION**

The Swanlea Redevelopment project is another step forward in advancing CRD and CRHC’s shared commitment to increasing the supply of affordable, inclusive, and adequate housing across the region. The project will provide 134 new homes, including 94 deeply affordable homes, through a funding model that layers grants and equity from three separate government organizations, ensuring long-term financial sustainability.

With the anticipation that BCHMC will grant FPA concurrently with the CRHC, all financing and funding commitments will be in place to advance this project into the construction phase. Board approval of the Director’s Resolutions will ensure compliance with the CRHC’s Delegation of Authority Policy and enable the project to proceed on schedule. Staff will continue to manage project risk and financial performance and will keep the Board informed through ongoing quarterly reporting.

**RECOMMENDATION**

1. That the Resolution of Directors for the Repayable Mortgage in the form required by BC Housing Management Commission for authorizing the execution of the Loan and Mortgage documents for the project at 898 Sevenoaks Road (PID: 002-154-536), substantially in the form attached hereto as Appendix A be approved;

2. That the Resolution of Directors for the Forgivable Mortgage in the form required by BC Housing Management Commission for authorizing the execution of the Loan and Mortgage documents for the project at 898 Sevenoaks Road (PID: 002-154-536), substantially in the form attached hereto as Appendix B be approved; and
3. That Edward Robbins, Chief Administrative Officer or Nelson Chan, Chief Financial Officer, or their respective duly authorized delegates be hereby authorized to do all things necessary to affect the project and take such steps as required to conclude the financing, lease, construction, and operation of the project located at 898 Sevenoaks Road.

Submitted by:	Don Elliott, BA, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Housing, Planning and Protective Services
Concurrence:	Varinia Somosan, CPA, CGA, Acting Chief Financial Officer & General Manager, Finance & Technology
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

**ATTACHMENTS:**

- Appendix A: Draft Certified Resolution of Directors - Repayable Mortgage
- Appendix B: Draft Certified Resolution of Directors - Forgivable Mortgage
- Appendix C: Provisional Rent Levels
- Appendix D: Loan Commitment Letter - Repayable Mortgage
- Appendix E: Loan Commitment Letter - Forgivable Mortgage