

**REPORT TO HOSPITALS AND HOUSING COMMITTEE  
MEETING OF WEDNESDAY, DECEMBER 4, 2024**

**SUBJECT    Leblond Place Building Envelope Remediation 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 building envelope remediation (BER) mortgage on Leblond Place.

**BACKGROUND**

The BER mortgage (second mortgage) for Leblond Place, a 43-unit family townhome complex at 390 Waterfront Crescent on the Gorge Waterway is funded through BCHMC and is part of the Umbrella Operating Agreement (UOA). The mortgage is due for renewal on March 1, 2025, and the current mortgage is held by MCAP at a rate of 2.150%.

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**

<b>Building</b>	<b>Current interest rate</b>	<b>Estimated principal at renewal</b>	<b>Annual subsidy (2023)</b>	<b>Remaining term</b>	<b>Mortgage maturity date</b>	<b>Operating agreement expiry</b>
Leblond Place	2.150%	\$2,255,673	\$330,298	20 years	March 1, 2045	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 second mortgage for Leblond 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 – CMHC 10-year Tender Rates**

Date	10-Year Rate
June 2024	4.47%
July 2024	4.25%
August 2024	4.50%
September 2024	3.96%

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

A Board decision to not renew the mortgage under the CMHC 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 5.79% and Scotiabank is 7.19%. An evaluation of borrowing rates shows the 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 second mortgage for Leblond Place is due for renewal on March 1, 2025. 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 second mortgage for Leblond 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, GM Finance & IT
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

**ATTACHMENT**

Appendix A: Resolution of Directors