

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MARCH 4, 2026**

SUBJECT Cedar Hill Library and Affordable Housing Development – 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 Cedar Hill Library and Affordable Housing Development (CHLAH) project, located on the Lands (Legal Description: Lot A, Sections 41 and 57, Victoria District, Plan EPP138867) commonly known as 3950 Cedar Hill Road in the District of Saanich (Saanich).

The Policy to Determine Delegation of Authority for the CRHC requires that any acquisition, retention, management or divestment of lands or improvements or any interest or right in or with respect to property of the CRHC that exceeds \$500 thousand (K) be considered by the Board.

BACKGROUND

In August 2020, the CRHC and Saanich entered a non-binding Letter of Intent (LOI) to explore the redevelopment of 3950 Cedar Hill Road. The project stems from Saanich's goal to deliver a new public library and affordable housing within the University Centre Transit Oriented Area, replacing the existing Nellie McClung Library with an 18-storey mixed-use building that includes a 2,727 m² library on the main level, and 210 affordable rental homes above.

Since the LOI was executed, the CRHC has served as development manager and advanced planning, design, development, and procurement activities with the support of Saanich staff. Although the project was not selected in the 2021 Building BC: Community Housing Fund (CHF) call, it provisionally secured grant funding and financing through the 2023 CHF intake.

On March 12, 2025, the CRHC Board approved the Master Development Agreement (MDA), replacing the LOI. The MDA formalizes the partnership between the CRHC and Saanich and establishes the roles, funding structure and the legal framework required to advance the project through final approvals, subdivision, leasing, construction, and operations.

Zoning approval was obtained in June 2024, and the Development Permit was secured in March 2025. The Demolition Permit was issued in September 2025 with demolition beginning in December 2025 and scheduled for completion in March 2026. Issuance of the Building Permit is anticipated in March 2026.

ALTERNATIVES

Alternative 1

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

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 on the Lands commonly known as 3950 Cedar Hill Road (PID: 032-758-146), 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 on the Lands commonly known as 3950 Cedar Hill Road (PID: 032-758-146), 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 3950 Cedar Hill Road.

Alternative 2

That this report be referred to staff for additional information based on Hospitals and Housing Committee Direction.

IMPLICATIONS

Financial Implications

In January 2026, the competitive tender process concluded for all subcontracted work under the Construction Management – for Service and Construction delivery model. This procurement confirmed the final budget at \$157.8 million (M), inclusive of the library costs, but excluding furnishings. The final Class A budget is approximately \$13.1M lower than the \$170.9M Class B budget that informed the CRHC Major Capital Plan (2026-2030).

The cost savings are primarily attributed to a design contingency that had been conservatively inflated in the Class B budget to mitigate potential risks related to site conditions, unknown offsite servicing requirements, and the fast-tracked design and approval process. In addition, a softening construction market and strong competition among trade contractors contributed to favorable pricing outcomes.

Final Project Approval (FPA) through BCHMC was achieved in February 2026 and reflects a repayable mortgage of \$88.2M, a forgivable mortgage of \$34.6M through the CHF, a \$289K grant and equity contributions from Saanich, totalling \$34.7M. Saanich’s equity contributions reflect its proportional share of the library development and construction. Consistent with CHF program requirements, the CRHC’s repayable mortgage applies only to the housing component of the project.

Table 1: Project Equity Breakdown

Community Housing Fund (Housing)	\$34,571,460	21.9%
Saanich Affordable Housing Reserve Fund (Housing)	\$288,500	0.2%
Saanich Equity Contribution (Library)	\$31,079,547	19.7%
Saanich Land Equity In-kind (Library)	\$3,640,000	2.3%
Total Equity Deductions	\$69,579,507	44.1%
Mortgage Debt	\$88,249,106	55.9%
Total Project Costs	\$157,828,613	100.0%

Initially, the project will secure short-term construction financing at BCHMC's preferred rates, with interest accruing on the cumulative value of monthly construction draws. To minimize interest costs during the construction phase, grant funding will be fully expended before accessing short-term financing. On project completion, the construction financing and accrued interest will convert to take-out financing in the form of a repayable mortgage.

The current projections from BCHMC estimate a 4.59% interest rate for take-out financing at project completion in 2030. At that time, mortgage documents will be updated to reflect the final loan amount, interest rate and term. The repayable mortgage will be amortized over 35 years, while the forgivable mortgage will be forgiven in equal installments over 25 years, beginning in the 11th year of compliant operations. Both mortgages will be governed by the terms set out in the Loan Commitment Letters (Appendix D and Appendix E).

The CRHC will enter a long-term lease, with Saanich for a nominal value, at the onset of construction. Once construction is complete, a separate Air Space Parcel (ASP) lease will be finalized between Saanich and the Greater Victoria Public Library (GVPL) for GVPL to operate and maintain the new library space independently from the housing component of the building.

To mitigate project risk, the budget includes a contingency allowance of approximately \$16.3M, or 10.3% of the total project budget. This exceeds the average contingency value of 9.3% carried by CRHC at FPA and is generally in line with 5% to 10% range recommended by the Canadian Construction Association and the Royal Institute of Quantity Surveyors for Class A budgets. The contingency reflects key project-specific risks, including potential design coordination gaps that could cascade across a 210-unit building, cross-border supply chain constraints and interest-rate impacts on borrowing through 2030. These factors support the need for an elevated contingency to ensure project partners can respond to cost pressures without affecting project delivery or schedule.

Additionally, staff have incorporated targeted allowances within the final construction budget to manage elements of work where scope is known but cannot yet be fully defined, designed, or competitively priced. These allowances — totalling approximately \$2.4M within the \$122.4M construction budget — serve as controlled contingencies for anticipated scope, distinct from the broader project contingency reserved for unforeseen conditions. Identifying these items up front helps reduce risk of budget shortfalls by ensuring both the owner and contractor are protected while specialized design details are finalized. In line with current practices, the Board will continue to receive project and financial updates through the CRHC Quarterly Update reports.

Social Implications

The target populations for the affordable housing are low and moderate-income families, seniors, and people with disabilities capable of living independently without on-site supports. The funding program is structured to provide a mix of rent levels based on income thresholds including 20% (42 homes) at Shelter, 50% (105 homes) at rent geared-to-income (RGI), and 30% (63 homes) at Market rates. Five percent, or 11 homes, are designed to meet BC Housing's accessible design standards. With a notable emphasis on family-sized homes, the project offers 101 units (50%) with two bedrooms or more including 31 three-bedroom homes. See Appendix C for provisional rent structure.

Service Delivery Implications

The CHLAH leverages funding through the CHF to develop the property and maintain viable debt servicing levels once in operation. Operations and debt servicing will be paid through tenant rent revenue and an ongoing operating subsidy. BCHMC, through the CHF program, is committed to providing an ongoing operating subsidy to ensure the property maintains a Debt Coverage Ratio of 1:1 for the duration of the mortgage. In the first year of operation, the subsidy is estimated to total \$3.7M or \$1,475 per home per month. The value of the ongoing operating subsidy is based on an annual operating budget that is approved by BCHMC and will be provided directly to the CRHC as set out in the terms of the CHF Operating Agreement.

CONCLUSION

The Cedar Hill Library and Affordable Housing Development represents a significant step forward in advancing Capital Regional District and CRHC's shared commitment to increasing the supply of affordable, inclusive and adequate housing across the region. The project will provide 210 new affordable rental homes supported by a funding model that layers substantial contributions from Saanich with grant and financing commitments through the CHF, ensuring long-term financial sustainability.

With FPA secured through BCHMC, confirming all financing requirements, the project demonstrates strong intergovernmental collaboration and prudent fiscal management. Board approval of the Directors' Resolutions will authorize execution of the mortgage and loan documents, completing the final steps required to advance the project into construction while ensuring compliance with the CRHC Delegation of Authority Policy.

This partnership structure preserves public ownership, secures long-term affordability, and delivers both a new community library and 210 non-market homes, strengthening mixed-income, transit-oriented, and inclusive communities in Saanich.

RECOMMENDATION

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

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 on the Lands commonly known as 3950 Cedar Hill Road (PID: 032-758-146), 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 on the Lands commonly known as 3950 Cedar Hill Road (PID: 032-758-146), 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 3950 Cedar Hill Road.

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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