



REPORT TO HOSPITALS AND HOUSING COMMITTEE MEETING OF WEDNESDAY, OCTOBER 06, 2021

SUBJECT **Capital Region Housing Corporation Major Capital Plan Status Report Third Quarter, 2021**

ISSUE SUMMARY

To provide a quarterly update to the Hospitals and Housing Committee on the Capital Region Housing Corporation (CRHC) Major Capital Plan (2021-2025). This report is to complement the Capital Variance Report presented quarterly to the Capital Regional District (CRD) Board by the Chief Administrative Officer (CAO).

BACKGROUND

The CRHC is a wholly owned subsidiary of the CRD with the mandate to develop and manage affordable housing to meet the needs of individuals and families residing within the capital region. In working to fulfill its mandate, the CRHC owns and operates 1,893 units of affordable housing, providing homes to more than 3,500 residents of the capital region with low to moderate incomes. In addition, CRHC currently has 109 new units under construction and 661 units in pre-construction and development. This report contains projects that will receive grant funding through the following programs; Regional Housing First Program (RHFP), Regional Housing Trust Fund (RHTF), Building BC: Community Housing Fund (CHF), Investment in Housing Initiative (IHI), and Capital Replacement Fund (CRF).

ALTERNATIVES

Alternative 1

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

That the Capital Region Housing Corporation Major Capital Plan Status Report Third Quarter, 2021 be received for information.

Alternative 2

That the Capital Region Housing Corporation Major Capital Plan Status Report Third Quarter, 2021 be referred back to staff for additional information based on Hospitals and Housing Committee direction.

IMPLICATIONS

Hockley House (RHFP)

In March 2021, CRHC acquired Hockley House, a 120 unit building, through a lease agreement under the CRD RHFP. The project was completed on time and within budget. The final mortgage amount was \$25,575,610, as anticipated.

2782 Spencer (CHF)

2782 Spencer, a 58-unit development in Langford, will be completed through a fixed price design-build contract. Foundation work is underway on site with wood framing scheduled to start in early November 2021. Construction will be completed in Q4, 2022. The project budget of \$19,883,209, remains unchanged from the final budget approval by the CRHC Board in April 2021.

Prosser (RHFP, RHTF & IHI)

Prosser, a 51-unit affordable housing development located in the District of Central Saanich, received \$3,000,000 in grant funding through the RHFP, \$3,250,000 in grant funding through IHI and \$615,000 in grant funding through the RHTF. The total project budget is \$16,981,555 and CRHC will take on mortgage debt of approximately \$10,116,555, with CRD owning the property and entering into a 60-year lease agreement with CRHC. Construction work is underway, with excavation completed and foundations progressing for the underground parkade. Construction is projected to be completed in Q3, 2022.

Michigan Square (RHFP, RHTF & CHF)

The Michigan Square project, a 97-unit redevelopment in James Bay, is in the final stages of design. Alteration and building permits are anticipated to be received in Q4, 2021. Procurement of construction contracts will close at the end of October 2021. Staff will return to the Board for final project approval in December 2021, as planned. The project budget of \$38,357,678, remains unchanged from the CRHC Major Capital Plan (2021-2025).

Caledonia (CHF)

It was reported in the CRHC Major Capital Plan (2021-2025) that construction of the Caledonia project, a 158-unit redevelopment in the Fernwood neighbourhood, would commence in May 2021. Currently, all design work has halted until the Master Agreement has been signed by all partners. Finalizing the terms of the Master Agreement and proposed land transactions have delayed the execution of the Agreement. The anticipated timeline to have the Master Agreement and subsequent land covenants signed by all parties, including the Ministry of Education is September 30, 2021. This will allow for final municipal approvals, including the Official Community Plan amendment, rezoning, and development permit to take place throughout October 2021. The adjusted timeframe for ground breaking onsite is anticipated to be Q3, 2022.

This delay has contributed to an increase in the project budget from \$59,471,636, as reported in the CRHC Major Capital Plan (2021-2025), to \$64,391,985. The primary drivers of the budget increase include escalated labour and material costs, increase in energy efficiency targets as well as offsite construction requirements that were unknown at the time of the September, 2019 Class D estimate. The updated project budget was compiled through a Class B estimate in August 2021 and reflects current market conditions with an escalation contingency to account for construction contract procurement in Q2, 2022. This budget increase will be advanced through the CRHC Major Capital Plan (2022-2026) for approval in December 2021 and will be funded through a combination of increased equity (grant funding), an operating subsidy to help service the debt and the final mortgage registered to CRHC.

Pandora (CHF)

Pandora is a partnership project between the City of Victoria, BC Housing and CRHC to build 220 new non-market rental homes and create a new community centre in the North Park neighbourhood. The CRHC would lease an air-space parcel to accommodate 170 affordable rental units that would be operated by CRHC. Design work is in the early conceptual stages with a targeted rezoning submission in Q4, 2021.

Carey Lane BER (CRF)

Carey Lane, a 22-unit townhouse complex that is owned and operated by CRHC, will undergo a full building envelope remediation (BER) throughout 2022 and 2023. Procurement of design consultants is underway. Design work and contractor procurement will take place throughout Q4, 2021 and Q1, 2022 with an anticipated construction start in Q2, 2022. The project budget of \$2,400,000, remains unchanged as reported in the CRHC Major Capital Plan (2021-2025).

Tenant notifications were provided in September 2021 and tenant engagement will continue throughout the project lifecycle.

Drake Road, Salt Spring Island

Staff continue to explore the potential to advance the Drake Road property through one of BC Housing's funding programs.

Campus View

Campus View, an existing 12-unit CRHC townhouse complex, located in the Gordon Head neighbourhood, has been identified as a possible redevelopment opportunity through the CRHC Redevelopment and Renewal Strategy. Existing tenants were notified prior to minor feasibility work that was carried out on site in Q2, 2021. As the conceptual design work progresses towards a rezoning application, staff will initiate a broader community engagement. The proposed design would see the potential number of units on site increase from 12 to approximately 104 units of affordable housing.

CONCLUSION

As part of staff's commitment to providing updates to the CRHC Board, the CRHC Major Capital Plan Status Report provides a snapshot of issues and items that have a potential to impact the Major Capital Plan. Despite the impacts from the ongoing pandemic, the majority of CRHC major capital projects are within budget, on schedule and in alignment with the Major Capital Plan (2021-2025). The only deviation from the Major Capital Plan (2021-2025) is the Caledonia Redevelopment, which can be attributed to an extremely complex land exchange, lot consolidation, municipal approval and escalated construction costs.

RECOMMENDATION

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

That the Capital Region Housing Corporation Major Capital Plan Status Report Third Quarter, 2021 be received for information.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
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