

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, JUNE 4, 2025**

SUBJECT **Capital Region Housing Corporation Quarter 1 Update, 2025**

ISSUE SUMMARY

To provide the Capital Region Housing Corporation (CRHC) Board with an update for the first quarter (Q1) 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 spending of \$469.4M 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 costs incurred through delivery of the Major Capital Plan in 2025 are supported primarily through grants received from senior orders of government (86%) and mortgage debt assumed by the CRHC (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) excluding a routine capital funding gap of \$10.7M to 2029. The operations of the CRHC are supported primarily through tenant rents (82%), and operating subsidy from BC Housing (16%). The operational costs of the CRHC are self-funded and do not impact the CRD's Financial Plan or requisition rates.

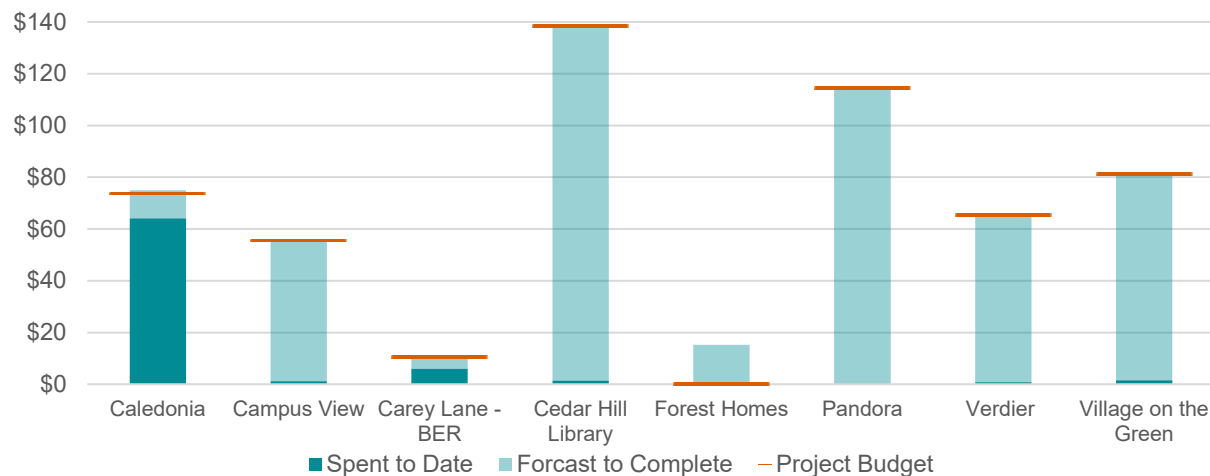
Included within the CRHC 2025 Financial Plan was approval of \$4M in expenditure under the 2025 Routine Capital Plan which included five-year total expenditure of \$15.3M. The staff report containing the 2025 Routine Capital Plan has also identified an estimated \$26M in total repair costs across CRHC's aging assets between 2025-2029, with a funding gap of approximately \$10.7M over the five-year period. Staff are working to improve corporate performance to increase the revenue margin to support the growth of the CRHC and help address the identified repair cost funding gap.

The CRHC Quarterly Report provides key data to the CRHC Board on items related to the delivery of the Major Capital Plan, Financial Plan, and the Routine Capital Plan and will be delivered in June for Q1 and September for Q2. The CRHC Board will then consider the 2026 CRHC Financial Plan in November.

Major Capital Plan Expenditure Summary

The approved Major Capital Plan included seven named projects as well as expenditure authority to support new and future redevelopment projects. In October 2024, the CRHC Board directed staff to add Thuthiqut Hulelum' (Forest Homes) to the 2025 – 2029 Major Capital Plan. All eight named projects currently being advanced under the CRHC's 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 Total Expenditure Snapshot (\$M)



As shown in Appendix A, the 2025 approved spending under the Major Capital Plan is \$87.8M with a total of \$5.6M being reported as spent in Q1. As Caledonia nears completion, and demolition gets underway on Campus View, the Cedar Hill Library, Village on the Green, and Verdier, staff are forecasting ongoing growth in expenditure through the remainder of 2025.

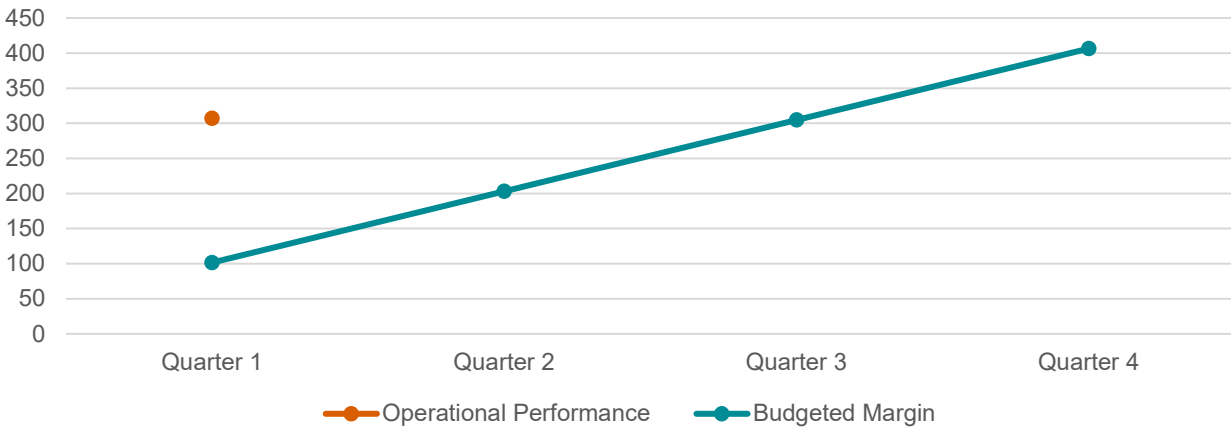
As of Q1, the only project at risk of exceeding budget is Caledonia, which is forecast to complete approximately \$1.4M over the CRHC-approved budget of \$73.6M. The additional cost to complete is the result of increased financing costs, contaminated soils, unplanned Capital Region Emergency Service Telecommunications (CREST) system requirements, increased engineering fees, permit delays resulting in increased insurance costs, and additional consultant fees required for on and offsite redesign work. The funding gap has been resolved through reprofiling surplus capital funds from Michigan Square and increased funding from BC Housing. BC Housing approved an increased budget of \$75M in March 2025 and CRHC staff will bring forward a recommendation to the CRHC Board to increase the Caledonia budget in July 2025.

Appendix B contains Project Update sheets for each named project on the Major Capital Plan as approved in November 2024. Staff are monitoring several trends that may impact capital projects. Tariff uncertainty, continued escalation in labour and materials, and building code updates all create the risk of upward pressure on cost or may introduce timeline 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) due in November.

Financial Plan Consolidated Operating Results

Q1 results, as detailed in Appendix C, show the CRHC reporting a positive margin of \$307K, which is \$204K higher than anticipated. Revenue is below budget by 2%, which is due primarily to delays in renting up Michigan Square, which was to help support rehoming efforts for those tenants impacted by the redevelopment of Village on the Green. At the same time, expenditure is 5% below forecast due to the timing of new staff hires, vacant positions, and lower than budgeted costs in utilities. Staff expect expenditures to pick up throughout the year and remain focused on improving corporate performance to drive a positive variance at the end of the year at or greater than budget to help address the estimated routine capital funding gap of \$10.7M. Chart 2 shows the estimated expenditure according to the approved 2025 Financial Plan as well as the actual margin at the end of Q1.

Chart 2: Operational Performance Snapshot (\$K)

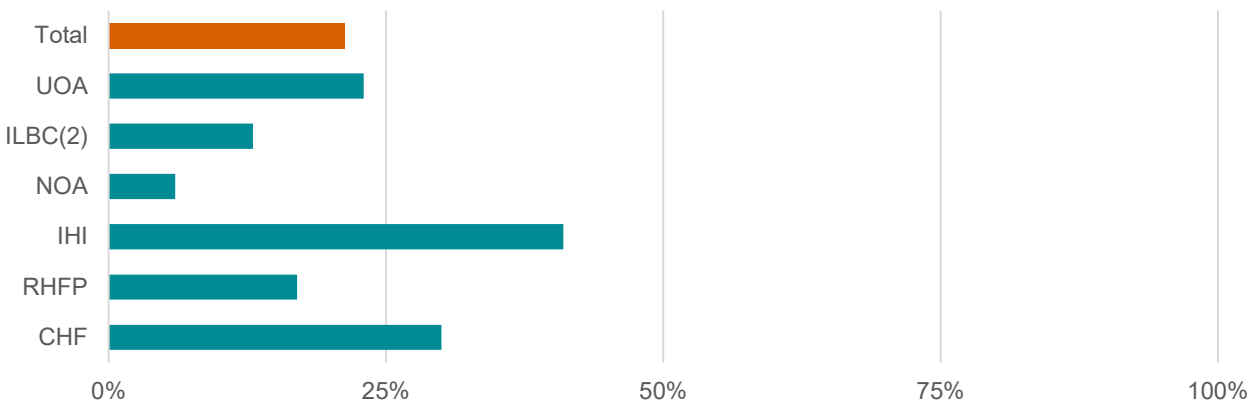


Staff have postings out to fill existing vacancies and hire the newly approved roles. At the same time, staff are anticipating additional costs as Caledonia comes online in Q3 2025 and will continue to work to control expenditure to the extent possible while also continuing to drive improved unit turnover rates and the marketing of vacant units. Chart 2 will be updated throughout the year to track ongoing performance against budget.

Routine Capital Plan Expenditure Summary

Q1 results, as detailed in Appendix D, show a total expenditure of \$848K or 21% of the total budget of \$4M for 2025. Chart 3 illustrates the specific percentage of funds spent across the CRHC's six operational portfolios with the combined total noted in orange.

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



While the Investment in Housing Innovation (IHI) and Community Housing Fund (CHF) portfolios are showing expenditure slightly ahead of expectations at Q1, it should be noted the budgeted annual spend for these portfolios is \$21K and \$32K, respectively. As the forecast spend under the Umbrella Operating Agreement (UOA), No Operating Agreement (NOA), and Regional Housing First Program (RHFP) portfolios is larger and the work significantly more complex, staff are anticipating a considerable increase in expenditure in late Q2/Q3. Staff will continue to monitor spending, but as of Q1 they do not expect to see any overages on budget as the work advances throughout the year.

Service Delivery Implications

Caledonia Commissioning – The occupancy permit is expected for Caledonia in August 2025, and staff are actively engaged in preparing the marketing and rent up materials, supporting the building handover from the capital team to the operational team, developing the underlying financial and property management infrastructure as required to begin operating the 158 new rental homes.

Redevelopment Activities – Staff have been actively working to rehome tenants impacted through the redevelopments of Campus View and Village on the Green in accordance with the CRHC Tenant Relocation Policy. As tenant relocation includes several steps and requires the creation and collaborative implementation of individualized Tenant Relocation Plans, this process requires increased capacity, particularly for the CRHC's Tenant Engagement Team. Staff secured four new positions through Initiative Business Case (IBC) 5a-1.4 Maintaining CRHC Operations for 2025 to directly support this increased demand for service and are in the process of hiring for these roles.

CONCLUSION

The Caledonia project is forecast to complete approximately \$1.4M over the CRHC-approved budget of \$73.6M. The funding gap has been resolved, and BC Housing has approved an increased budget of \$75M. CRHC staff will bring forward a recommendation to the CRHC Board to increase the Caledonia budget to align with BC Housing's approval in July 2025. Operating results show the CRHC reporting a positive margin of \$307K, which is \$206K higher than anticipated at Q1. Staff expect expenditures to grow throughout the year and remain focused on improving corporate performance to drive a positive variance at the end of the year at or greater than budget, which is to help the CRHC scale operations and address the estimated routine capital shortfall 2025 – 2029. Routine Capital Plan expenditure is at 21% of the 2025 budget at the end of Q1. Staff are not anticipating any overages on budget but will continue to closely monitor spending across the six operational portfolios.

RECOMMENDATION

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

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ATTACHMENTS:

Appendix A: Major Capital Plan Expenditure Summary – Quarter 1, 2025

Appendix B: Project Profiles

Appendix C: Consolidated Operating Results – Quarter 1, 2025

Appendix D: Routine Capital Plan Expenditure Summary - Quarter 1, 2025