

REPORT TO HOSPITALS AND HOUSING COMMITTEE MEETING OF WEDNESDAY, OCTOBER 1, 2025

SUBJECT Regional Housing 2026 Operating and Capital Budget

ISSUE SUMMARY

This report is to provide an overview of the draft 2026 Land Banking and Housing service budget, including 2025 year-end budget projections and budget highlights.

BACKGROUND

Activities under Regional Housing are supported, in part, through the Land Banking and Housing Service, which was established by Bylaw No. 3712 cited as “Land Assembly, Housing and Land Banking Service Establishment Bylaw No. 1, 2010”. This service provides strategic planning and administrative oversight of three functions.

Housing Planning, Policy, and Programs

Receives grants from federal and provincial partner agencies, provides oversight, and deploys funds within the region. This function also administers housing affordability agreements on behalf of municipalities.

Planning and Development

Identifies and pursues opportunities to develop or redevelop housing stock owned by the Capital Regional District (CRD)/Capital Region Housing Corporation (CRHC). This function also receives grant and project recovery funding and prepares approved projects for implementation.

Capital Region Housing Corporation

Is a wholly owned subsidiary of the CRD, incorporated under the authority of the Land Banking and Housing Service and registered under the *Business Corporations Act*. The CRHC owns, operates, and maintains more than 2,000 affordable rental homes with additional developments in process. It is important to note that the CRHC operational and capital budgets will be considered separately by the CRHC Board in November 2025.

As the 2026 Budget for Land Banking and Housing exceeds \$5.0 million (M), details of the budget are being presented to the Hospitals and Housing Committee (HHC) in advance of the CRD Budget submission to the Committee of the Whole (COW) in October 2025.

ALTERNATIVES

Alternative 1

The Hospitals and Housing Committee recommends the Committee of the Whole recommend to the Capital Regional District Board:

That Appendix A, Operating and Capital Budget – Regional Housing Service be approved as presented and form the basis of the Provisional 2026-2030 Financial Plan.

Alternative 2

The Hospitals and Housing Committee recommends the Committee of the Whole recommend to the Capital Regional District Board:

That Appendix A, Operating and Capital Budget – Regional Housing Service be approved as amended and form the basis of the Final 2026-2030 Financial Plan.

2025 Year End Financial Projections

As detailed in Appendix A, there is an estimated one-time favourable variance of \$874 thousand (K) due mainly to salary underspending due to staff turnover and vacancy (\$324K) and lower than anticipated spending in consultants (\$300K).

Regarding 2025 capital expenditures, staff are anticipating a total of \$1.4M in carryforward funds as identified in Appendix B. \$1.1M of the carryforward funds are associated with CRD commitments to the Thuthiqt Hulelum' project on Galiano Island through the Growing Communities Fund (GCF) and Community Works Funds (CWF). The remaining \$325K is the final contribution under the Regional Housing First Program (RHFP) and is to be allocated to the Verdier project in Central Saanich.

2026 Regional Housing Operating Budget

Regional Housing Operations

For 2026, the total costs will decrease by (6.5%), which is a function of a (14.0%) decrease in total operating costs and an increase of 4.2% in debt servicing associated with additional debt attributed to the remaining obligations under the RHFP. It should be noted that the decrease in total costs is due primarily to a reduction in spending under the consultant line due to one-time works that were included in the 2025 budget.

To help reduce requisition impacts, staff propose to use a one-time transfer from operating reserve of \$100K and a one-time balance carryforward from prior to current year of \$400K. This approach will reduce the total requisition associated with this service by (4.8%).

2026-2030 Capital Plan

The Land Banking and Housing five-year capital plan, detailed in Appendix B, includes housing projects which are directly supported by the CRD, supported by either Municipal Finance Authority debt which is serviced through requisition or by external grants. It is important to note that housing projects, which are not funded through the CRD, will appear on the CRHC five-year capital plan which is to be considered by the CRHC Board in November 2025.

By the end of 2025, all RHFP initiatives will have received Final Project Approval (FPA), and these include Campus View, Village on the Green, and Verdier being the last projects under this program. The final carryforward of \$325K was originally set aside to support closing costs associated with the Capital Regional Hospital District (CRHD) acquisition of Mt. Tolmie. However, as these funds were not needed for this purpose, they are to be reallocated to the Verdier project, which is the last project that will receive FPA under the RHFP.

Specific to Thuthiqt Hulelum', staff, under the CRHC, applied to the Community Housing Fund (CHF) in July 2025, which is required to support the development as well as operate the housing. However, as Appendix B shows, there is a total anticipated carryforward of \$235K under the Growing Communities Fund (GCF) from the total commitment of \$2.1M. As outlined in the GCF Allocation and Project Approvals staff report from September 2023, these funds must be spent within five years of receipt (March 2028).

The CRD Board has also approved an additional \$85.0M in borrowing to support future housing partnerships. This borrowing capacity is not included in the capital plan as staff continue to work to identify partnership opportunities with senior orders of government. When a partnership

program is identified, and should additional borrowing be undertaken, the Land Banking and Housing requisition will grow to support interest and principal repayments of this debt. This may be included in future years of the budgets under Land Banking and Housing.

Operating Reserve Summary

As shown on Appendix C, the Land Banking and Housing operating reserve contains funds set aside to cover cyclical expenditures, unforeseen expenses, and special one-time projects. Staff recommend retaining an estimated \$1.0M in the 2026 operating reserve to provide the Board with additional opportunity to advance one-time projects in 2026, and/or seek to advance works while also mitigating potential requisition lift on future years.

CONCLUSION

The overall Land Banking and Housing 2026 operating budget is being advanced at \$5.2M, which is a decrease of (6.5%) over 2025. Most of this decrease can be attributed to a reduction in consultant spend anticipated in 2026. Staff are proposing using \$400K in surplus carryforward and \$100K from the operating reserve to bring the requisition down by (4.8%) from the prior year.

On the capital side, the majority of the RHFP funds have been granted, with the remaining \$325K to be allocated to the Verdier project in 2026.

Staff estimate a total of \$1.0M to be retained in the Land Banking and Housing Operating Reserve that will enable the CRD Board to advance one-time projects in 2026 and/or seek to mitigate potential acquisition in future years.

RECOMMENDATION

The Hospitals and Housing Committee recommends the Committee of the Whole recommend to the Capital Regional District Board:

That Appendix A, Operating and Capital Budget – Regional Housing Service be approved as presented and form the basis of the Provisional 2026-2030 Financial Plan.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Patrick Klassen, MCIP, RPP, Acting General Manager, Housing, 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

ATTACHMENTS

Appendix A: 2026 Budget Request

Appendix B: Five-Year Capital Expenditure Summary 2026 to 2030

Appendix C: Operating Reserve Summary