

**REPORT TO HOSPITALS AND HOUSING COMMITTEE  
MEETING OF WEDNESDAY, OCTOBER 04, 2023**

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**SUBJECT**     **Major Capital Plan Status Report, Third Quarter 2023**

**ISSUE SUMMARY**

To provide a quarterly update to the Hospitals and Housing Committee on the Capital Region Housing Corporation (CRHC) Major Capital Plan (2023-2027). This report is to complement the Capital Variance Report presented quarterly to the Capital Regional District (CRD) Board by the Chief Administrative Officer.

**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 almost 1,900 units of affordable housing, providing homes to approximately 4,000 residents of the capital region with low-to-moderate incomes. In addition, the CRHC currently has 255 new units under construction and 559 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), Green Municipal Fund (GMF), Capital Renewal Fund (CRF), Community Works Fund (CWF), Victoria Housing Reserve Fund (VHRF) and Growing Communities Fund (GCF).

**IMPLICATIONS**

*Michigan Square (RHFP, RHTF, VHRF & CHF)*

The Michigan Square project, a 97-unit redevelopment in Victoria's James Bay neighbourhood, consists of two four-storey wood frame apartment buildings constructed on top of the existing underground parkade. Onsite, wood framing of the 53-unit west building, and 44-unit east building is now complete. Mechanical and electrical rough-ins are underway in the west building with drywall installation underway on the upper floors. Laying down of the roofing membrane and installation of the building envelope is underway on the east building.

The project budget of \$34.3 million (M), with a total of \$10.9M awarded through grants, remains unchanged from the approved Major Capital Plan (2023-2027). The project is expected to receive its Occupancy Permit in February 2024.

*Caledonia (CHF, RHTF, & VHRF)*

The Caledonia project is a 158-unit redevelopment in Victoria's Fernwood neighbourhood. The redevelopment will include five new multi-family residential buildings, consisting of two apartment buildings and three townhouse blocks. Construction of the underground parkade structure and final excavation and backfilling is currently nearing completion. Wood framing is underway on the four-storey apartment building.

The project budget of \$71M, with a total of \$19.5 awarded through grants, remains unchanged from the approved Major Capital Plan (2023-2027).

*Carey Lane building envelope remediation (BER) (CRF)*

Carey Lane, a 22-unit townhouse complex that is owned and operated by the CRHC, will undergo a full BER as well as upgrades to the ventilation, heating, and cooling systems.

On September 13, 2023, the CRHC Board approved the *Carey Lane Mortgage & Final Project Approval and Major Capital Plan (2023-2027) amendments*. The Carey Lane amendment increased the total project budget from \$3.9M to \$6.1M. The CRHC equity contribution of \$600,000, funded through the Portfolio Stabilization Reserve, remains unchanged despite the total budget increase. To account for the budget increase, BC Housing agreed to increase the value of the Capital Renewal Fund (CRF) forgivable mortgage from \$3.3M to \$5.5M. There will be no debt to execute this project. See Table 1 for a detailed breakdown of the budget revision.

**Table 1: Capital Budget Revisions**

Budget Description	Provisional Budget (December 2022)	Final Budget (September 2023)
<b>Total Project Costs</b>	<b>\$3,871,182</b>	<b>\$6,050,000</b>
CRHC Equity	\$(600,000)	\$(600,000)
BC Housing's Capital Renewal Fund	\$(3,271,182)	\$(5,450,000)
<b>Total Equity/Deductions</b>	<b>\$(3,871,182)</b>	<b>\$(6,050,000)</b>
<b>Forgivable Mortgage Principal</b>	<b>\$3,271,182</b>	<b>\$5,450,000</b>

Staff are in the process of finalizing project schedule and confirming onsite logistics with the Prime Contractor. Work is scheduled to begin in late November 2023.

*Pandora (CHF)*

The Pandora project is a partnership between the City of Victoria, BC Housing and the CRHC to build non-market rental homes and create a new community space in the North Park neighbourhood. Once complete, the CRHC will lease an air-space parcel and operate approximately 158 affordable rental units.

On July 20, 2023, a Development Permit was issued through the City of Victoria's Rapid Deployment of Affordable Housing (RDAH) approval stream. The design consultants are now able to advance the design drawings in preparation for a Partial Building Permit Application in late Q4, 2023.

The project budget of \$83.4M for the CRHC affordable housing component of this project, with a total of \$25.9M awarded through grants, remains unchanged from the approved Major Capital Plan (2023-2027).

*161 Drake Road (CWF)*

Throughout Q3, 2023, CRD staff and the consulting hydrogeologist have been coordinating with contractors and the neighbouring property to confirm the final logistics of the upcoming groundwater exploration. Construction of a new access trail and temporary drilling pad is underway, and drilling and pump testing will be carried out in early Q4, 2023. Based on the results of the water exploration, staff will report back to the Board with opportunities for future development. The budget of \$80,000, with all funds coming from CWF, remains unchanged from the CRHC Major Capital Plan (2023-2027).

Separately, BC Housing continues to advance the supportive housing development on 161 Drake Road through a lease agreement with the CRD. The supportive housing development will provide up to 28 permanent homes with supports, as well as a kitchen facility, common area, staff offices and an outdoor amenity space. BC Housing staff continue to provide quarterly updates as they advance the development.

*Campus View (RHFP, RHTF, GMF)*

Campus View is an existing 12-unit CRHC townhouse complex located in the Gordon Head neighbourhood of Saanich. This site is a high priority redevelopment which as proposed will see the number of units increase to 119 units, including 23 net-new three-bedroom units of affordable housing. A Rezoning and Development Permit Application was submitted to the District of Saanich (Saanich) in April 2022 and the project was presented to Saanich's Advisory Design Panel (ADP) in June 2023. The design documents have been updated to reflect the comments received from ADP and were resubmitted to Saanich in July 2023. Staff are now awaiting confirmation of the date when Saanich Council will review the Rezoning and Development Permit Application. Staff are also actively working with Saanich staff to apply to the Saanich Housing Fund (SHF). The SHF could provide approximately \$2,000 per door, or approximately \$238,000 in grant funding total, however, the overall project budget continues to carry an equity gap of \$6.8M. Staff are pursuing all avenues for capital grant funding to close the gap but at this time no new major grant funding sources have been secured. The project budget of \$52.0M with a total of \$22.7M funded through grants, remains unchanged from the approved Major Capital Plan (2023-2027).

*Village on the Green (RHFP, RHTF, GMF)*

Village on the Green, a CRHC owned complex located in Victoria's Fernwood neighbourhood, was identified as a property with significant redevelopment potential. The proposed redevelopment will see the number of units increase from 38 units to approximately 140 units, including 15 net-new three-bedroom units. On July 27, 2023, a Development Permit Application was submitted through the RDAH. With the Development Permit drawings complete, staff will be working with a cost consultant to carry out a Class C estimate and update the preliminary budget in advance of the Major Capital Plan (2023-2027).

In September 2023, the CRD Board approved a grant of \$4.2M from the GCF towards the Village on the Green Redevelopment. Staff will work to advance this project as expeditiously as possible and will report back to the CRHC Board in December 2023 through the updated Major Capital Plan (2023-2027) once the updated cost estimates have been received.

**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 ongoing supply chain issues, global inflation, labour shortages and rising interest rates, CRHC Major Capital Projects are within budget and in alignment with the Major Capital Plan (2023-2027).

**RECOMMENDATION**

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

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