

REPORT TO HOSPITALS AND HOUSING COMMITTEE MEETING OF WEDNESDAY, DECEMBER 3, 2025

SUBJECT Verdier Project – 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 redevelopment project located at 1183 Verdier Avenue (Verdier) in the District of Central Saanich (Central 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

Located in Brentwood Bay, Verdier is an existing commercial property, consisting of a four-unit strip mall that is nearing the end of its useful life. In April 2023, the Capital Regional District (CRD) Board awarded \$5.1 million (M) through the Regional Housing First Program (RHFP) for the acquisition of Verdier. In December 2025, the CRD Board will consider increasing the contribution by \$325K for a total RHFP grant contribution of \$5.4M.

As a condition precedent of the Purchase Agreement, CRD staff secured rezoning and Development Permit approvals in March 2025. The purchase closed in May 2025, and the last remaining commercial tenant vacated the property in September 2025. The property will be leased from the CRD to the CRHC prior to the start of construction.

The overall scope of the project is to redevelop the property into 110 new affordable rental homes, including 22 homes rented at Provincial Income Assistance Shelter Rate Maximum (Shelter Rate) and 55 homes with rents geared to income (RGI) for eligible households. In alignment with the Official Community Plan (OCP), the project will include a 2,000 square foot commercial space, which has been designed to accommodate childcare operations. In addition to the RHFP contribution, staff have secured grant funding through Building BC: Community Housing Fund (CHF) and the Regional Housing Trust Fund (RHTF).

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 at 1183 Verdier Avenue (PID: 032-163-321), 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 at 1183 Verdier Avenue (PID: 032-163-321), 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 1183 Verdier Avenue.

Alternative 2

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

IMPLICATIONS

Financial Implications

In October 2025, the competitive tender process concluded for all subcontracted work under the Construction Management – for Services and Construction delivery model. This procurement confirmed the final budget at \$58.3M, inclusive of the land purchase. The final Class A project budget is approximately \$7.2M less than the Class B budget that was approved in November 2024.

The cost savings are primarily attributed to a design contingency that had been conservatively inflated in the Class B budget to mitigate potential cost implications associated with the updated BC Building Code. In addition, a softening construction market and strong competition among trade contractors contributed to favorable pricing outcomes, bringing the project budget in line with the per-unit costing of the recently approved Campus View and Village on the Green redevelopment projects.

Final Project Approval (FPA) through BCHMC was achieved in November 2025 and reflects a repayable mortgage of \$34.3M, equity contributions of \$5.9M through the RHFP and RHTF, and a forgivable mortgage of \$18.1M through the CHF.

Table 1: Project Equity Breakdown

Regional Housing First Program Grant	\$5,075,000*	8.4%
Regional Housing Trust Fund Grant	\$800,000	1.2%
Community Housing Fund (Forgivable Mortgage)	\$18,108,860	28.1%
Total Equity Deductions	\$23,983,860*	37.7%
Mortgage Debt	\$34,276,140*	62.3%
Total Project Costs	\$58,260,000	100.0%

**If the additional RHFP contribution of \$325K is approved, the additional grant will reduce the CRHC's mortgage value by the same amount.*

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 4.5% interest rate for take-out financing at project completion in 2028. 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).

In alignment with the approved RHFP proposal, 1183 Verdier Avenue was purchased using the RHFP grant that was secured by the CRHC. The CRD will retain ownership of the property and will enter a nominal lease with the CRHC prior to the start of construction. The lease term will end 60 years after the certificate of occupancy is issued. Under this arrangement, the CRHC will assume responsibility for all costs relating to developing the property and operating the affordable rental housing component, while the commercial space will be leased to, and operated by a third-party service provider. The commercial component of the project will not carry a mortgage, once in operation.

Service Delivery Implications

This project leverages funding through RHFP, CHF and RHTF to assemble the grant contributions required to purchase the land and maintain viable debt servicing levels once in operation. The goal of the CHF program is to increase the supply and range of affordable and appropriate rental housing for low- and moderate-income households. 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 \$1.3M or \$989 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.

Additionally, mortgage registration requires that a Section 219 Covenant granted in favour of BCHMC be registered on title. A Section 219 Covenant is a means of preserving a property's special attribute: in this case, the use of the building for affordable housing. The conditions of the Section 219 Covenant are set out in the CHF Operating Agreement. The CRHC will operate 100% of the affordable housing, with the composition consisting of 20% Shelter Rate homes, 50% RGI homes, and 30% Market Rate homes which meets the requirements of all funding programs. See Appendix C for provisional rent structure.

CONCLUSION

The Verdier redevelopment is another step forward in advancing CRD and CRHC's shared commitment to increasing the supply of affordable, inclusive, and adequate housing across the region. The project will provide 110 new homes, including 77 deeply affordable homes, through a funding model that layers multiple grant sources to ensure long-term financial sustainability.

With secured contributions of \$5.1M through the RHFP, \$800K through the RHTF and \$18.1M through the CHF, along with an annual operating subsidy of approximately \$1.3M, Verdier demonstrates strong intergovernmental collaboration and prudent fiscal management.

FPA has been achieved through BCHMC, confirming all financing requirements. Board approval of the Director's Resolution 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's Delegation of Authority Policy.

This partnership structure preserves public ownership, secures long-term affordability, and contributes 110 new non-market homes to the region's housing supply, strengthening mixed-income and inclusive communities in Central 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 at 1183 Verdier Avenue (PID: 032-163-321), 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 at 1183 Verdier Avenue (PID: 032-163-321), 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 1183 Verdier Avenue.

Submitted by:	Don Elliott, BA, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Housing, Planning and 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: 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