

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, JUNE 3, 2026**

SUBJECT **Capital Region Housing Corporation Quarter 1 Update, 2026**

ISSUE SUMMARY

To provide the Capital Region Housing Corporation (CRHC) Board with an update for the first quarter (Q1) 2026.

BACKGROUND

In November 2025, the CRHC Board approved the 2026 – 2030 Major Capital Plan (MCP), which included \$131.8 million (M) in planned expenditures in 2026 and anticipates total project costs of \$780.5M included in the full five-year plan. Including Caledonia, the MCP expects to deliver more than 1,300 rental homes, which will increase the CRHC to more than 3,300 rental homes in operation by 2030. In 2026, the delivery of the MCP is supported primarily through receipt of grant funds, which accounts for 84% of costs, and mortgage debt, which accounts for 16%.

Alongside the MCP, the CRHC Board approved the 2026 Financial Plan projecting total revenue of \$33.1M and a budgeted surplus of \$180 thousand (K) or a net margin of approximately 0.5% total revenue. The operations of the CRHC are supported primarily through tenant rents, which accounts for 83% of revenue, and subsidy from BC Housing, which makes up 14%. Included within the CRHC 2026 Financial Plan was approval of \$2.6M in expenditure under the 2026 Routine Capital Plan (RCP) which included a five-year total expenditure of \$14.6M. The staff report also identified estimated total repair costs over CRHC's aging assets of \$79.1M from 2026 - 2030 and a funding gap of approximately \$64.5M over five years.

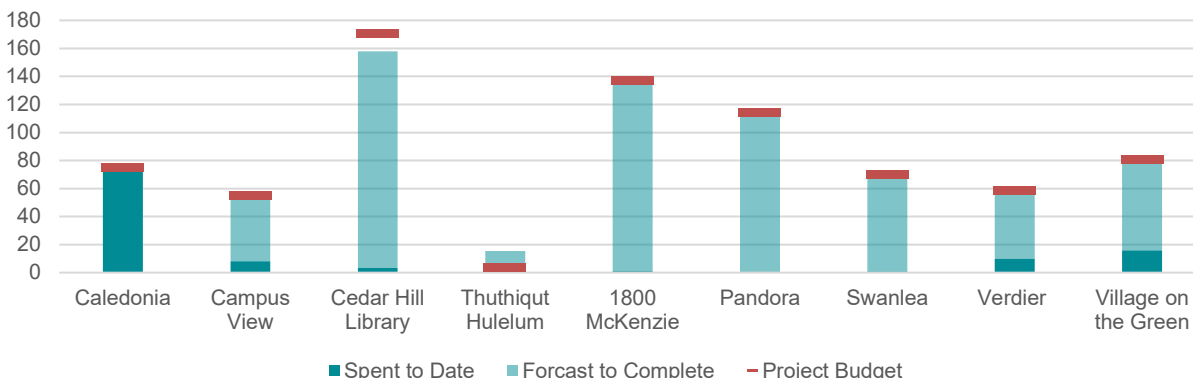
The CRHC 2026 Financial Plan noted that the overall financial performance of the CRHC was under pressure due to a softening rental market, high turnovers, increased competition, and average days vacant that were higher than target. Staff identified the considerable pressure facing the Regional Housing First Program (RHFP) that was projecting a 2026 deficit of (\$526K) which is at risk of increasing to an accumulated Stabilization Reserve deficit of (\$4.9M) by 2030.

Major Capital Plan Expenditure Summary

The CRHC enters 2026 with nine named projects on the MCP with funding commitments in place for 98.5% of the homes on the MCP. In total, six projects have secured Final Project Approval (FPA) from BC Housing with 1800 McKenzie and Swanlea anticipating FPA in Q2/Q3 2026.

In October 2024, the CRHC Board directed staff to add Thuthiqut Hulelum' on Galiano Island to the CRHC's MCP, however there are no CRHC funds available to support the project. To advance ongoing site preparation works the Capital Regional District (CRD) had committed \$3.9M and has approximately \$2.7M remaining. These funds will enable staff to proceed with site preparation works with the intention of better positioning this project for any future funding that may be available from the provincial government. All nine projects, their approved total budget, funds spent to date, and the forecast cost to complete is shown below in Chart 1.

Chart 1: Major Capital Plan (2026 – 2030) Total Expenditure Snapshot (\$M)



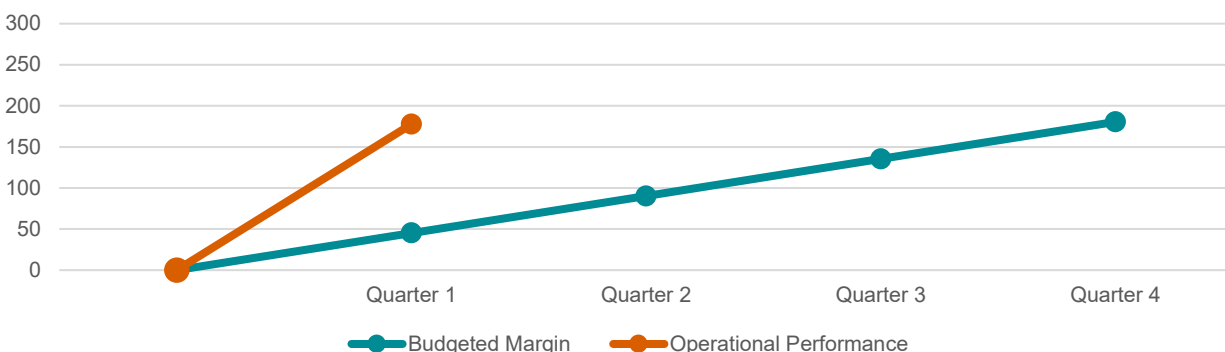
As shown on the MCP Expenditure Summary, attached as Appendix A, the CRHC is reporting total expenditure of \$9.4M in Q1 with the largest expenditure in support of Verdier (\$3.0M), Village on the Green (\$2.6M), and Campus View (\$2.4M). It should be noted that the Cedar Hill project was projected to cost a total of \$171.0M when the CRHC Board approved the 2026-2030 MCP. However, following project tender, the estimated cost has decreased to a total of \$157.8M or approximately 7.7% between the Class B cost estimate and project tender. Staff will revise the project budget when the MCP is updated in December 2026.

Appendix B contains project update sheets for each project. Staff note several risks ranging from contractor claims, possible scheduling delay, unexpected soil conditions or contamination, design coordination complexity, hazardous material abatement, Canada Housing and Mortgage Corporation (CMHC) delays with CRHC lease approvals, community opposition, relocation of municipal service process, chance of archeological material discovery, claim processing volume, and cashflow pressures due to increased activity. Staff are actively working to mitigate the risks.

Financial Plan Consolidated Operating Results

The Consolidated Operating Results (COR), as detailed in Appendix C, show a total Q1 surplus of \$177K against a budgeted surplus of \$45K for a positive margin of \$132K. Revenue was 13% below budget, mostly due to the timing of subsidy and rent-up for Caledonia. Expenditure was 14% below budget due to decreases in salaries, which is a function of staff position vacancy due to turnover and hiring timelines, and decreases in mortgage payments, due to Caledonia’s Interest Adjustment Date (IAD). Chart 2 provides a snapshot of the performance at the end of Q1.

Chart 2: Operational Performance Snapshot (\$K)



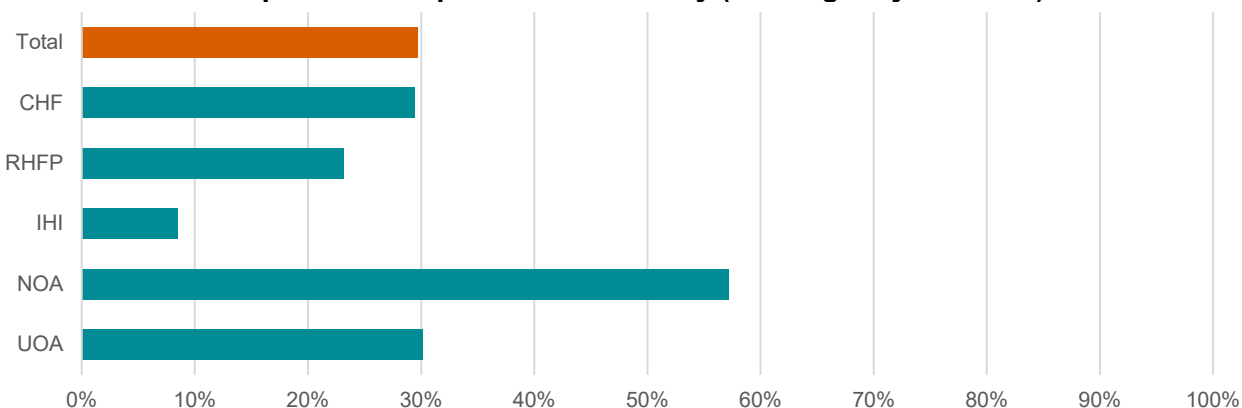
Though the overall margin exceeded expectations, this is primarily due to position vacancy and the cost savings associated with the timing of Caledonia mortgage payments. To support improved performance, staff are actively working on enhanced marketing efforts, targeted rent-up planning, and are in the process of recruitment for a staff role dedicated to revenue growth.

Staff will continue to monitor revenue and expenditure with the goal of improved revenue through Q2 and Q3. A Q1 Unit Vacancy Snapshot is attached as Appendix D.

Routine Capital Expenditure Summary

Q1 results under the RCP, as detailed in Appendix E, show a total portfolio expenditure of \$772K in the first quarter to bring the total spending to 30% of 2026 budget. Though the Umbrella Operating Agreement (UOA), No Operating Agreement (NOA) and Community Housing Fund (CHF) portfolios show higher than anticipated spending in Q1, these percentages represent dollar values of \$90K, \$48K, and \$4K respectively. Chart 3 illustrates the percentage of funds spent across the CRHC's five operational portfolios, including the CHF, RHFP, Investment in Housing Innovation (IHI), NOA and UOA.

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



Overspending under the NOA was driven by unplanned emergency repairs at Vergo which totalled \$54K. Staff continue to prioritize necessary repair works across all portfolios and will continue to monitor spending to ensure expenditure remains within budget through Q2, Q3, and Q4.

Operational Items of Note

Caledonia Rent-Up – As of April 24, 2026, 107 households have accepted offers equalling 68% of total units, which is approximately 8% better than forecast. Risks associated with the successful rent-up are the softening of the rental market and the commensurate decrease in market rental rates and the availability of households on the Housing Registry with specific incomes as required under the CHF. More details on the rent-up of Caledonia are included on Appendix D.

Redevelopment Activities – Ongoing rehoming efforts are underway at three CRHC properties:

- Rosewood – 45 homes; 29 households rehomed; 16 homes still occupied.
- Swanlea – 14 homes; 12 households rehomed; 2 homes still occupied.
- Willowdene – 15 homes; 3 households rehomed; 12 homes still occupied.

The CRHC continues to work with tenants to enter Tenant Relocation Plans (TRP) and support their transition into other properties where possible.

CONCLUSION

The delivery of the MCP continues as expected with Q1 spending representing approximately 7% of the total annual budget. Spending is expected to increase as the projects move into the construction phase and as capital project claims increase. On the operations side, the CRHC outperformed the budgeted margin in Q1, but as this is attributed primarily to the timing of the takeout mortgage for Caledonia and position vacancy, staff will continue to explore opportunities to increase revenue. Finally, spending under the RCP is slightly ahead of budget at 30% of the yearly total with most of the investment under the UOA and emergency repair work being the primary cause of spending overage under the NOA.

RECOMMENDATION

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

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ATTACHMENTS:

- Appendix A: Major Capital Plan Expenditure Summary
- Appendix B: Capital Project Profiles
- Appendix C: Consolidated Operating Results
- Appendix D: Unit Vacancy Snapshot
- Appendix E: Routine Capital Plan Expenditure Summary