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

SUBJECT **Regional Housing First Program Funding Increase and Land Lease: Verdier Affordable Housing Development**

ISSUE SUMMARY

To allocate the remaining \$325 thousand (K) in funding available under the Regional Housing First Program (RHFP) to the Capital Region Housing Corporation's (CRHC) Verdier project.

BACKGROUND

The Verdier project is a proposed multi-unit, mixed use development at 1183 Verdier Avenue in Central Saanich. In April 2023, the Capital Regional District (CRD) Board awarded \$5,075,000 in RHFP to the CRHC as the initial step towards the acquisition and redevelopment of the property. The partnership would see the CRD purchase the property and enter a long-term lease with the CRHC prior to construction. In March 2024, the project was selected to proceed through the *Building BC: Community Housing Fund*, that will provide approximately \$18.1 million (M) in grant funding in addition to an ongoing operating subsidy. In July 2025, the CRD Board approved allocating approximately \$800K from the Regional Housing Trust Fund to the Verdier Project.

The project aligns with the District of Central Saanich Official Community Plan (OCP) land use designation of Multi-Unit Residential and policies that support mixed-use development in the core commercial areas. The overall scope of the project is to redevelop the property into 110 new affordable rental homes, including 22 homes rented at Shelter Rate and 55 homes with rents geared to income (RGI) for eligible households. In alignment with the OCP, the project will include a 2,000 square foot commercial space, which has been designed to accommodate childcare operations.

ALTERNATIVES

Alternative 1

That the Hospitals and Housing Committee recommends to the Capital Regional District Board:

- 1) That \$325,000 in grant funding from the Regional Housing First Program be allocated towards the Verdier development, bringing the total contribution to \$5,400,000; and
- 2) That Edward Robbins, Chief Administrative Officer, and Nelson Chan, Chief Financial Officer, or their duly authorized delegates, or any two directors or officers of the Corporation, be 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.

IMPLICATIONS

Service Delivery Implications

The Verdier development consists of a six-storey, wood framed, mixed-use development containing ground level commercial space. The proposed RHFP funding increase would help support the development as it expands from 105 to 110 homes. The rental structure includes 22 homes that will be offered at Shelter Rate (up from 21), 55 homes at RGI and 33 homes at affordable rent levels, as defined in the Operating Agreement with BC Housing.

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.

The CRHC will hold the mortgage for the property and will be responsible for the debt servicing and operations. Debt servicing and operations costs will be paid through tenant rent revenue and an ongoing operating subsidy received from BC Housing. As part of CRHC's mortgage registration, the CRD will be required to enter a Tri-Partite Agreement between the CRD, CRHC and BC Housing Management Commission (BCHMC). This agreement overlaps with the Landlord Estoppel Certificate and is in place because the land and improvements will be leased to the CRHC by the CRD. As a condition of making the loan, the lender wishes to use this Tri-Partite Agreement to set out rights and obligations relating to the lease and mortgage. The agreement will ensure that the lease remains in force and in effect, and the parties agree to keep the lease in good standing. It also prevents the CRHC and the CRD from terminating their lease agreement without written consent of BC Housing.

Financial Implications

On October 29, 2025, the Regional Housing 2026 Operating and Capital Provisional Budget was approved by the CRD Board. As identified in the CRD's Five-Year Capital Plan for Land Banking and Housing (attached as Appendix A), the remaining \$325K in RHFP funds is proposed for allocation to a project in 2026.

RHFP Program Implications

The proposed \$325K grant contribution to the Verdier development would bring the total RHFP allocation to \$120M, supporting 366 Shelter Rate units and 1,494 units overall. If approved, this would fully allocate the remaining RHFP funds from all three funding partners.

Initially, this final carryforward of \$325K was set aside to support closing costs associated with the Capital Regional Hospital District 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 Final Project Approval under the RHFP.

CONCLUSION

Approval of the \$325K increase in RHFP funding to the Verdier development will complete the program's grant allocation and enable the development to proceed with its expanded scope of 110 affordable rental homes. The adjustment brings the total RHFP investment to \$120M, fully committing all program funds across 1,494 homes, including 366 at Shelter Rate.

The Verdier project represents the final development under the RHFP and exemplifies the program's success in leveraging federal, provincial, and regional partnerships to deliver long-term affordable housing. Under the RHFP delivery model, the CRD will retain ownership of the property and enter a long-term lease with the CRHC, ensuring the asset remains in public ownership while enabling the CRHC to develop and operate the affordable housing.

The project will provide a mix of deeply affordable, RGI and market homes, along with community-serving commercial space, advancing the CRD Board's strategic priorities of increasing the supply of affordable, inclusive, and adequate housing across the region.

RECOMMENDATION

That the Hospitals and Housing Committee recommends to the Capital Regional District Board:

- 1) That \$325,000 in grant funding from the Regional Housing First Program be allocated towards the Verdier development, bringing the total contribution to \$5,400,000; and
- 2) That Edward Robbins, Chief Administrative Officer, and Nelson Chan, Chief Financial Officer, or their duly authorized delegates, or any two directors or officers of the Corporation, be 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 & General Manager, Finance & Technology
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT

Appendix A: CRD's 5 Year Capital Plan for Land Banking and Housing – 2026 to 2030