

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

SUBJECT **Campus View Redevelopment – 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 Campus View redevelopment project, located at 2249 McCoy Road in the District of Saanich (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

Campus View is a 12-unit townhouse complex that has been owned and operated by the CRHC since 1983. As part of the initial CRHC Portfolio Renewal, Redevelopment and Development Strategy completed in 2016, the site was identified as a redevelopment opportunity due to its capacity for significant densification. In 2020, the property was removed from the Umbrella Operating Agreement (UOA) in anticipation of future redevelopment.

In December 2021, the Capital Regional District (CRD) Board awarded Campus View an \$8.4 million (M) grant through the Regional Housing First Program (RHFP). The total RHFP contribution increased to \$9.6M in October 2022 as the ongoing design work resulted in the site being able to support 15 more homes than was initially identified. The overall scope of the project is to redevelop the 12 existing townhomes into a total of 119 new affordable rental homes, including 24 homes rented at the Provincial Income Assistance Shelter Rate Maximum (Shelter Rate).

In March 2024, as the Rezoning and Development Permit approached final approval, staff initiated discussions with BC Builds (BCB) regarding a potential funding partnership to close a remaining equity gap. In February 2025, the project achieved Provisional Project Approval (PPA) through BCB, confirming access to interim construction financing and a \$10.7M grant contribution. Final Project Approval (FPA) was granted in August 2025 confirming all equity requirements have been satisfied for the project to proceed.

In alignment with the CRHC's Tenant Relocation Policy, staff met with each household to develop individualized Tenant Relocation Plans. As of June 2025, all existing tenants have been successfully rehomed to suitable alternative accommodations. On project completion in 2028, eligible tenants will have the right of first refusal to return to the new Campus View development.

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 the purposes of authorizing the execution of the Loan and Mortgage documents for the Campus View Redevelopment project (PID 000-025-348), substantially in the form as 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 the purposes of authorizing the execution of the Loan and Mortgage documents for the Campus View Redevelopment project (PID 000-025-348), substantially in the form as attached hereto as Appendix B, be approved; and
3. That Ted Robbins, Chief Administrative Office, 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 are required to conclude the financing, construction, and operation of the Campus View Redevelopment project.

Alternative 2

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

IMPLICATIONS

Service Delivery Implications

This project leverages both the RHFP and BCB to assemble the equity contributions required to maintain viable debt servicing levels. Projects under the RHFP typically use a mixed-income approach to develop new affordable rental housing for low-to-moderate income households, as well as housing to support people experiencing homelessness in the capital region. In this project, 24 homes will be rented at Shelter Rate.

BCB is not a traditional government housing program focused on providing homes for low-to-moderate income households. Instead, it aims to increase the supply of rental housing for middle-income households by leveraging public land, low-cost financing, and expedited approvals. Like the RHFP, BCB does not offer ongoing operating subsidies, meaning the CRHC will be responsible for covering any operating shortfalls.

By combining funding from both the RHFP and BCB, this project can deliver a range of housing options - including Shelter Rate homes, as well as homes for low-to-moderate and middle-income households. Projected rent levels are detailed in Appendix C. These rent levels may be adjusted at the Interest Adjustment Date (IAD), depending on the final mortgage value and the interest rate secured.

Financial Implications

In November 2024, the CRHC Board approved the Major Capital Plan (2025-2029), which included a \$55.4M budget allocation for Campus View, based on a Class B estimate and excluding land value. However, leading up to FPA, BCB instructed the CRHC to include the land value of \$1.4M to strengthen the project's overall equity contributions.

In July 2025, the competitive tender process concluded for all subcontracted work under the construction management delivery model. This procurement confirmed the final budget at \$55.3M, inclusive of land value. FPA was achieved on August 27, 2025, and reflects a repayable first mortgage of \$31.6M and equity contributions of \$23.7M, including a \$10.7M forgivable mortgage through BCB.

Table 1: Project Equity Breakdown

Land Equity	\$1,375,000	2.5%
Regional Housing First Program Grant	\$9,600,000	17.4%
Regional Housing Trust Fund Grant	\$1,425,000	2.6%
Saanich Housing Fund Grant	\$333,200	0.6%
CMHC Seed Funding Grant	\$63,100	0.1%
Federation of Canadian Municipalities (FCM) Green Municipal Fund Planning Grant	\$25,000	0.0%
FCM Green Municipal Fund Study Grant	\$175,000	0.3%
BC Builds Grant (Forgivable Mortgage)	\$10,743,077	19.4%
Total Equity Deductions	\$23,739,377	42.9%
Mortgage Debt	\$31,560,623	57.1%
Total Project Costs	\$55,300,000	100%

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 projection from BCHMC estimates 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) and Contribution Agreement (Appendix F).

As a condition of BCHMC financing, a Cost Overrun and Completion Agreement (Appendix G) must be in place prior to the first advance of funds. This agreement is intended to indemnify BCHMC should the total project costs, including contingency allowances, exceed the approved budget. It also establishes a hard cap on the total mortgage that can be advanced, placing the onus on the CRHC to cover any additional costs arising during construction.

To mitigate this risk, the project budget includes a contingency allowance of approximately \$6.3M, or 11.3% of the total project budget. This exceeds the typical 7% to 9% range carried by CRHC at FPA and the 5% to 10% range recommended by the Canadian Construction Association and the Royal Institute of Quantity Surveyors for Class A budgets. The higher contingency reflects a range of project-specific risks, including variable subsurface ground conditions, potential design coordination gaps, and heightened market volatility related to potential tariffs, material escalation,

and global supply chain disruptions. These factors, combined with the exposure created by the Cost Overrun and Completion Agreement, support the need for an elevated contingency to ensure the CRHC can respond to cost pressures without jeopardizing project delivery or schedule.

If a cost overrun does occur, CRHC will evaluate mitigation options and may return to the Board with a recommendation. In line with current practices, the Board will continue to receive project and financial updates through the CRHC Quarterly Updates Reports.

CONCLUSION

The Campus View Redevelopment Project is a significant step forward in advancing CRHC's Portfolio Renewal, Redevelopment and Development Strategy, bringing 119 new homes to the region, including 24 deeply affordable units at Shelter Rate. With a total project value of \$55.3M, the development reflects an innovative funding approach that layers multiple grant sources to ensure the project's financial viability.

Notably the project has secured \$9.6M through the RHFP and \$10.7M through BCB, representing a significant equity contribution that enhances the projects long-term financial sustainability. Combined with other equity contributions including the Regional Housing Trust Fund, Saanich Housing Fund and land equity, the CRHC has successfully assembled over \$23.7M in equity to support this redevelopment.

With FPA now in place through BCHMC and all financing requirements confirmed, execution of the mortgage and loan documents is one of the final steps required to secure financing and advance the project into the construction phase. Board approval of the Director's Resolution will ensure compliance with CRHC's Delegation of Authority Policy and enable the project to proceed on schedule. Staff will continue to manage project risk and financial performance and will keep the Board informed through ongoing quarterly reporting.

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 the purposes of authorizing the execution of the Loan and Mortgage documents for the Campus View Redevelopment project (PID 000-025-348), substantially in the form as 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 the purposes of authorizing the execution of the Loan and Mortgage documents for the Campus View Redevelopment project (PID 000-025-348), substantially in the form as attached hereto as Appendix B, be approved; and
3. That Ted Robbins, Chief Administrative Office, 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 are required to conclude the financing, construction, and operation of the Campus View Redevelopment project.

Submitted by:	Rob Fowles, Manager, Planning & Capital Projects
Concurrence:	Don Elliott, BA, MUP, Acting 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
- Appendix F: Draft BC Builds Contribution Agreement
- Appendix G: Draft Cost Overrun Agreement