

**REPORT TO HOSPITALS AND HOUSING COMMITTEE  
MEETING OF WEDNESDAY, DECEMBER 01, 2021**

---

**SUBJECT     Major Capital Plan (2022-2026)**

**ISSUE SUMMARY**

To request Capital Region Housing Corporation (CRHC) Board approval of the:

- 2022-2026 Major Capital Plan for development and redevelopment housing projects and one Building Envelope Remediation (BER); and
- Capital Funding Strategies.

**BACKGROUND**

The CRHC is a wholly owned subsidiary of the Capital Regional District (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 1,893 units of affordable housing, providing homes to more than 3,500 residents of the capital region with low to moderate incomes. CRHC currently has 109 new units under construction and 661 units in pre-construction and development.

**Development and Redevelopment**

In August 2016, the Board approved the *CRHC Portfolio Renewal, Redevelopment and Development Strategy* (RRD) that included advancing the Michigan Square, Caledonia, Drake Road, Campus View and Carey Lane projects. Funding was secured for Caledonia through the *Building BC: Community Housing Fund* (CHF) and for Michigan Square through the *Regional Housing First Program* (RHFP), *Regional Housing Trust Fund* (RHTF) and the CHF. Funding for the Drake Road project has not been secured and is contingent on finding an adequate alternate water source. Staff are pursuing funding for the Campus View project through the RHFP, RHTF, Canada Mortgage and Housing Corporation (CMHC) *National Housing Co-Investment Fund* (NHCF) and Federation of Canadian Municipalities (FCM) *Green Municipal Fund* (GMF). Carey Lane will receive funding through BC Housing's *Capital Renewal Fund* (CRF).

In addition to the properties identified in the RRD and in keeping with the 2019-2022 CRD Corporate Plan, staff have been successful in securing CHF grant funding for 2782 Spencer and the affordable housing component of the project at 926 Pandora that will be operated by the CRHC.

Staff are also working to explore opportunities for redevelopment at four additional CRHC-owned properties with significant redevelopment potential. In 2022, staff will explore conceptual design and feasibility analysis for these potential redevelopments, pending the successful award of grant funding.

In March 2021, CRHC acquired Hockley House, a 120 unit affordable housing project, delivered through the RHFP. In July 2021, CRD entered into an Agreement of Purchase and Sale to acquire the turnkey affordable housing development on Prosser Road that is anticipated to be completed in Q3 2022.

### Renewal

In 2020, CRHC received confirmation of grant funding through BC Housing's *CRF* program for the building envelope remediation of a 22-unit townhouse complex known as Carey Lane. The contract for the Building Envelope Consultant has been awarded and design work is underway. Construction is scheduled to start in Q2 2022. Staff continue to work with BC Housing and CMHC to secure funding for two additional building envelope remediation projects that were identified as high priority for renewal in 2020. Staff will return to the Board with a capital plan amendment if funding is secured for future projects.

## **ALTERNATIVES**

### *Alternative 1*

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

1. That the 2022-2026 Major Capital Plan be approved; and
2. That staff be authorized to submit grant funding applications and receive grant funding for up to four CRHC Redevelopment projects, through Canada Mortgage and Housing Corporation, BC Housing Management Commission, Federation of Canadian Municipalities and other funding programs as necessary and as they become available.

### *Alternative 2*

That the Major Capital Plan (2022-2026) report be referred back to staff for revisions based on Hospitals and Housing Committee direction.

## **IMPLICATIONS**

Detailed information for the 2022-2026 Major Capital Plan can be found in Appendix A.

### *2782 Spencer*

2782 Spencer, a 58-unit development in Langford, received funding approval through the CHF. The project has an approved final budget of \$19.9 million (M). The approved budget includes a repayable \$14.0M first mortgage and a \$5.9M forgivable second mortgage in favour of BC Housing. Foundation work is complete and wood framing is underway. Construction is anticipated to be complete in October 2022. The estimated expenditures at December 31, 2021 are \$4.9M and the estimated expenditures for 2022 are \$15.0M.

### *Prosser*

Prosser, a 51-unit affordable housing development located in the District of Central Saanich received funding through RHFP, RHTF and BC Housing's *Investment in Housing Innovation* fund. Crews are currently constructing the underground parkade and the building is expected to be complete in Q3 2022. CRHC will acquire the turnkey building through a lease agreement under the CRD RHFP. The approved project budget is \$17.0M and CRHC will take on a mortgage debt of \$10.1M with a total of \$6.9M being received in the form of grants toward the project.

### *Michigan Square*

Michigan Square, a 97-unit affordable housing redevelopment in James Bay, received funding through RHFP, CHF, RHTF and the *Victoria Housing Reserve Fund* (VHRF). The project will increase the density on the site from 62 units to 106 units. The final project budget is \$34.2M and includes a \$1.0M equity contribution from the CRHC, \$1.0M from the RHTF, \$620 thousand (K) from VHRF, \$4.5M from the RHFP, and \$4.7M from the CHF. CRHC will take on a mortgage debt of \$22.3M at BC Housing preferred interest rates. BC Housing will be required to provide an

annual operating subsidy in order to meet the debt servicing requirements. The estimated expenditures at December 31, 2021 are \$1.3M and the estimated expenditures for 2022 are \$18.8M. Construction will commence in December 2021 with an anticipated completion in Q4 2023.

#### *Caledonia*

In October 2021, the Caledonia Redevelopment received a project specific Official Community Plan amendment, rezoning approval and development permit for the 158-unit affordable housing project in the Fernwood neighbourhood. Once development approvals were granted, BC Housing was able to release pre-development funds that supported the remaining design and pre-construction work, including the demolition of the existing Caledonia townhouses.

As reported in the CRHC Major Capital Plan Status Report Q3 2021, the total project budget has increased from \$59.5M to \$64.4M. The current budget is based on a Class B estimate that was carried out in August 2021. The total project budget is funded by a CRHC \$1.0M equity contribution, a request for \$500K through the VHRF, an \$18.5M forgivable mortgage and a \$44.4M repayable mortgage at BC Housing preferred interest rates. BC Housing will be required to provide an annual operating subsidy in order to meet the debt servicing requirements. The estimated expenditures at December 31, 2021 are \$2.5M and the estimated expenditures for 2022 are \$13.0M with construction projected to commence in June 2022.

#### *Carey Lane*

Carey Lane was identified as a priority building envelope remediation (BER) and grant funding was confirmed in 2020. At the time of initial funding approval, the estimated project cost was \$2.4M, based on the Building Envelope Condition Assessment report from June 2019. The project budget includes a \$600K contribution from CRHC's Umbrella Operating Agreement Stabilization Reserve. The remaining costs will be funded through BC Housing by way of a forgivable mortgage. In September 2021, design consultant procurements were carried out and the conceptual estimate was updated to a value of \$3.8M. The budget increase has been attributed to increased scope and escalated construction costs. The budget increase will be backed by an increased BC Housing equity contribution. Once the project has received final approval from BC Housing in Q2 2022, staff will return to the Board with a confirmed final budget. The anticipated expenditures at December 31, 2021 are \$13.5K and the estimated expenditures for 2022 are \$1.9M with construction projected to commence at the end of Q2 2022.

#### *Pandora*

Pandora is a partnership project between City of Victoria, BC Housing and CRHC to build 220 new non-market rental homes and create a new community centre in the North Park neighbourhood. The CRHC would lease an air-space parcel to accommodate approximately 170 affordable rental units that would be operated by CRHC. Design work is in the early conceptual stages with a targeted rezoning submission in Q1 2022. CRHC does not anticipate any expenditures for 2022.

#### *Drake Road*

CRD staff continue to explore the potential to advance the Drake Road property through one of BC Housing's funding programs. The partnership would see BC Housing lease the land from the CRD and facilitate development through the selected program. The ongoing water moratorium on Salt Spring Island continues to complicate development efforts. In 2022, staff will advance additional groundwater feasibility testing in an effort to secure an adequate alternate water source. The estimated expenditures at December 31, 2021 are \$135K and the estimated expenditures for 2022 are \$80K.

### *Campus View*

Campus View, an existing 12-unit CRHC townhouse complex, located in the Gordon Head neighbourhood has received provisional approval from the RHFP Selection Committee to receive \$8.4M in grant funding. The proposed redevelopment would see the number of units on site increase from 12 to approximately 104 units of affordable housing. In 2022, staff will submit grant funding applications to the GMF, NHCF, RHTF and District of Saanich Housing Fund, that could provide up to \$10.1M in additional grant funding. The conceptual budget for the Campus View project is \$39.0M, with anticipated expenditures of \$321K in 2022.

### *New Redevelopment Projects*

Through ongoing analysis of existing CRHC stock, staff have identified four additional properties with significant redevelopment potential. In 2022, staff will advance feasibility analysis and conceptual design for the potential redevelopment of four additional CRHC owned properties. The anticipated expenditures for 2022 are \$359K. Staff are requesting authorization to submit grant funding applications and receive funding from CMHC, BC Housing and FCM. Staff will return to the Board once project costs are confirmed.

## **CONCLUSION**

In August 2016, the Board approved the *CRHC Portfolio RRD Strategy* that included advancing the Michigan Square, Caledonia, Drake Road, Campus View and Carey Lane projects. Michigan Square will proceed to construction in late December 2021 and Caledonia will break ground in June 2022. Drake Road is awaiting confirmation of funding and partnership opportunities through BC Housing and staff will continue to pursue an adequate groundwater source in 2022. Staff will advance Campus View through schematic design while pursuing additional funding opportunities. Design work for the Carey Lane BER will continue through Q1 2022, with construction scheduled to start in Q2 2022.

In 2022, Prosser will be acquired through the RHFP turnkey delivery model. In October 2022, CRHC will complete construction on 2782 Spencer. Also in 2022, staff will advance Pandora through feasibility, schematic design and rezoning applications, while pursuing additional funding sources. Four CRHC properties will move through feasibility analysis while seeking funding for potential redevelopment.

The 2022-2026 Major Capital Plan, when completed, will increase the CRHC housing stock from 1,893 to 2,663 units while continuing to invest in the renewal and redevelopment of the existing CRHC portfolio.

## **RECOMMENDATION**

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

1. That the 2022-2026 Major Capital Plan be approved; and
2. That staff be authorized to submit grant funding applications and receive grant funding for up to four CRHC Redevelopment projects, through Canada Mortgage and Housing Corporation, BC Housing Management Commission, Federation of Canadian Municipalities and other funding programs as necessary and as they become available.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Rianna Lachance, BCom, CPA, CA, Acting Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

**ATTACHMENT:**

Appendix A: Major Capital Plan 2022-2026