

**METRO VANCOUVER REGIONAL DISTRICT  
HOUSING COMMITTEE**

**REGULAR MEETING**

**Thursday, May 19, 2022**

**1:00 pm**

**Meeting conducted electronically pursuant to the Procedure Bylaw  
28<sup>th</sup> Floor Boardroom, 4515 Central Boulevard, Burnaby, British Columbia**

**Webstream available at <http://www.metrovancouver.org>**

**A G E N D A<sup>1</sup>**

**1. ADOPTION OF THE AGENDA**

**1.1 May 19, 2022 Regular Meeting Agenda**

That the Housing Committee adopt the agenda for its regular meeting scheduled for May 19, 2022 as circulated.

**2. ADOPTION OF THE MINUTES**

**2.1 March 3, 2022 Regular Meeting Minutes**

That the Housing Committee adopt the minutes of its regular meeting held March 3, 2022 as circulated.

*pg. 4*

**3. DELEGATIONS**

**4. INVITED PRESENTATIONS**

**5. REPORTS FROM COMMITTEE OR STAFF**

**5.1 Renewal of MVRD Internal Financing of MVHC Mortgages**

That the MVRD Board:

- a) approve continuing to provide first mortgage financing on five MVHC properties. The mortgages will be for another five-year term, and will have a variable interest rate based upon Metro Vancouver's internal rate of return on investments; and
- b) direct the Corporate Officer to publish in the newspaper, pursuant to requirements of Section 272 of the Local Government Act, Metro Vancouver's intention to lend money to the MVHC.

*pg. 8*

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<sup>1</sup> Note: Recommendation is shown under each item, where applicable.

**5.2 Status of Metro Vancouver Housing Corporation Capital Expenditures to December 31, 2021** *pg. 13*

That the Housing Committee receive for information the report dated April 21, 2022, titled "Status of Metro Vancouver Housing Corporation Capital Expenditures to December 31, 2021".

**5.3 Construction Cost Escalation Since 2020** *pg. 17*

That the MVHC Board receive for information the report dated April 25, 2022, titled "Construction Cost Escalation Since 2020".

**5.4 Approach to Housing Greenhouse Gas and Energy Reduction Targets** *pg. 20*  
*Verbal Update*

Designated Speaker: Adrian Lynch, Project Engineer

**5.5 Manager's Report**

That the Housing Committee receive for information the report dated April 22, 2022, titled "Manager's Report".

**6. INFORMATION ITEMS**

**7. OTHER BUSINESS**

**8. BUSINESS ARISING FROM DELEGATIONS**

**9. RESOLUTION TO CLOSE MEETING**

*Note: The Committee must state by resolution the basis under section 90 of the Community Charter on which the meeting is being closed. If a member wishes to add an item, the basis must be included below.*

That the Housing Committee close its regular meeting scheduled for May 19, 2022 pursuant to the *Community Charter* provisions, Section 90 (1) (e) and (k) as follows:

90 (1) A part of the meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:

(e) the acquisition, disposition or expropriation of land or improvements, if the board or committee considers that disclosure could reasonably be expected to harm the interests of the regional district; and

(k) negotiations and related discussions respecting the proposed provision of a regional district service that are at their preliminary stages and that, in the view of the board or committee, could reasonably be expected to harm the interests of the regional district if they were held in public.

**10. ADJOURNMENT/CONCLUSION**

That the Housing Committee adjourn/conclude its regular meeting of May 19, 2022.

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Membership:

Hurley, Mike (C) - Burnaby

Morden, Mike (VC) - Maple Ridge

Annis, Linda - Surrey

Bond, Mathew - North Vancouver District

Buchanan, Linda - North Vancouver City

Cameron, Craig - West Vancouver

Coté, Jonathan - New Westminster

De Genova, Melissa - Vancouver

Dingwall, Bill - Pitt Meadows

Long, Bob - Langley Township

McNulty, Bill - Richmond

Pollock, Glen - Port Coquitlam

Storteboom, Rudy - Langley City

Towner, Teri - Coquitlam

Walker, Darryl - White Rock

**METRO VANCOUVER REGIONAL DISTRICT  
HOUSING COMMITTEE**

Minutes of the Regular Meeting of the Metro Vancouver Regional District (MVRD) Housing Committee held at 1:00 p.m. on Thursday, March 3, 2022 in the 28<sup>th</sup> Floor Boardroom, 4515 Central Boulevard, Burnaby, British Columbia.

**MEMBERS PRESENT:**

Chair, Mayor Mike Hurley, Burnaby  
 Vice Chair, Mayor Mike Morden\*, Maple Ridge (arrived at 1:05 p.m.)  
 Councillor Linda Annis\*, Surrey  
 Councillor Mathew Bond\*, North Vancouver District (arrived at 1:01 p.m.)  
 Mayor Linda Buchanan\*, North Vancouver City  
 Mayor Jonathan Côté\*, New Westminster  
 Councillor Melissa De Genova\*, Vancouver (arrived at 1:03 p.m.)  
 Mayor Bill Dingwall\*, Pitt Meadows  
 Councillor Bob Long\*, Langley Township  
 Councillor Bill McNulty\*, Richmond  
 Councillor Glenn Pollock\*, Port Coquitlam (arrived at 1:14 p.m.)  
 Councillor Rudy Storteboom\*, Langley City  
 Councillor Teri Towner\*, Coquitlam  
 Mayor Darryl Walker\*, White Rock

**MEMBERS ABSENT:**

Councillor Craig Cameron, West Vancouver

**STAFF PRESENT:**

Heather McNell, General Manager, Regional Planning and Housing Services  
 Amelia White, Legislative Services Supervisor, Board and Information Services

**1. ADOPTION OF THE AGENDA**

**1.1 March 3, 2022 Regular Meeting Agenda**

**It was MOVED and SECONDED**

That the Housing Committee adopt the agenda for its regular meeting scheduled for March 3, 2022 as circulated.

**CARRIED**

\*denotes electronic meeting participation as authorized by Section 3.6.2 of the *Procedure Bylaw*

**2. ADOPTION OF THE MINUTES**

**2.1 January 13, 2022 Regular Meeting Minutes**

**It was MOVED and SECONDED**

That the Housing Committee adopt the minutes of its regular meeting held January 13, 2022 as circulated.

**CARRIED**

1:01 p.m. Councillor Bond arrive at the meeting.

**3. DELEGATIONS**

No items presented.

**4. INVITED PRESENTATIONS**

**4.1 Jill Atkey, CEO, British Columbia Non Profit Housing Association (BCNPHA)**

Jill Atkey, CEO, British Columbia Non Profit Housing Association (BCNPHA), provided the Housing Committee with a presentation on regional affordable housing policies, trends and programs.

Discussion ensued regarding ways for local governments to increase their supply of affordable rental, and protect existing rental units, the definition of supportive and affordable housing in the region, whether housing supply is the critical challenge, and the critical need for investment from all levels of government.

1:03 p.m. Councillor De Genova arrived at the meeting.

1:05 p.m. Vice Chair Morden arrived at the meeting.

1:14 p.m. Councillor Pollock arrived at the meeting.

Presentation material titled "Metro Vancouver Housing Committee" is retained with the March 3, 2022 Housing Committee agenda.

**5. REPORTS FROM COMMITTEE OR STAFF**

**5.1 Case Study Comparison – Modular versus Woodframe Construction**

Report dated February 14, 2022, from Hossam Meawad, Regional Planner, Regional Planning and Housing Services, providing the Housing Committee with a detailed comparison of modular construction versus woodframe construction.

**It was MOVED and SECONDED**

That the Housing Committee receive for information the report dated February 14, 2022, titled "Case Study Comparison – Modular versus Woodframe Construction".

**CARRIED**

**5.2 Manager’s Report**

Report dated February 14, 2022, from Heather McNell, General Manager, Regional Planning and Housing Services, providing the Housing Committee with an update on the 2022 Work Plan, the Vacancy Report, Operations and Tenant Program update and the quarterly update on redevelopment projects.

Members were provided with a presentation on recent tenant programs, highlighting past and upcoming opportunities. Presentation material titled “2022 Tenant Programs & Services Update: Q4 2021 & Q1 2022” is retained with the March 3, 2022 Housing Committee agenda. A video on the Maplewood Family Rental Housing site was shown and is not retained with the agenda.

Members were provided with a presentation on the quarterly milestones for capital development and rehabilitation projects. Presentation materials titled “Capital Project Updates: Quarterly Update” is retained with the March 3, 2022 Housing Committee agenda. A video on the Kingston Gardens was shown and is not retained with the agenda.

**It was MOVED and SECONDED**

That the Housing Committee receive for information the report dated February 14, 2022, titled “Manager’s Report”.

**CARRIED**

**6. INFORMATION ITEMS**

No items presented.

**7. OTHER BUSINESS**

No items presented.

**8. BUSINESS ARISING FROM DELEGATIONS**

No items presented.

**9. RESOLUTION TO CLOSE MEETING**

**It was MOVED and SECONDED**

That the Housing Committee close its regular meeting scheduled for March 3, 2022 pursuant to the *Community Charter* provisions, Section 90 (1) (e) and 90 (1) (k) as follows:

90 (1) A part of the meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:

(e) the acquisition, disposition or expropriation of land or improvements, if the board or committee considers that disclosure could reasonably be expected to harm the interests of the regional district; and

(k) negotiations and related discussions respecting the proposed provision of a regional district service that are at their preliminary stages and that, in the view of the board or committee, could reasonably be expected to harm the interests of the regional district if they were held in public.

**CARRIED**

**10. ADJOURNMENT/CONCLUSION**

**It was MOVED and SECONDED**

That the Housing Committee adjourn its regular meeting of March 3, 2022.

**CARRIED**

(Time: 2:15 p.m.)

\_\_\_\_\_  
Amelia White,  
Legislative Services Supervisor

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Mike Hurley, Chair

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To: Metro Vancouver Housing Corporation Board

From: Linda Sabatini, Acting Director, Financial Operations

Date: April 19, 2022 Meeting Date: May 19, 2022

Subject: **Renewal of MVRD Internal Financing of MVHC Mortgages**

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**RECOMMENDATION**

That the MVRD Board:

- a) approve continuing to provide first mortgage financing on five MVHC properties. The mortgages will be for another five-year term, and will have a variable interest rate based upon Metro Vancouver's internal rate of return on investments; and
  - b) direct the Corporate Officer to publish in the newspaper, pursuant to requirements of Section 272 of the Local Government Act, Metro Vancouver's intention to lend money to the MVHC.
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**EXECUTIVE SUMMARY**

The approval of continuing to provide first mortgage financing for Semlin Terrace, Grandview Gardens, Kelly Court, Earle Adams and Euclid Square for a five-year term at a variable interest rate based on MVRD's estimated internal rate of return on investments, is recommended. The estimated rate for 2022 1.7%, well below current institutional rate of 2.52%. MVRD has provided first mortgage financing for these properties since 2017 and this will be the last renewal term for these mortgages.

As there continues to be global uncertainty in the economy, and with anticipated interest rates hikes, financing these mortgages through MVRD provides MVHC with the greatest flexibility and financial savings. The risk of rising interest rates is somewhat mitigated in that MVHC earns the same internal rate on its reserve funds held by MVRD.

**PURPOSE**

To seek MVHC Board approval to continue providing first mortgage financing for the Semlin Terrace, Grandview Gardens, Kelly Court, Earl Adams and Euclid Square properties. All of these properties are owned by the MVHC.

**BACKGROUND**

The MVRD has provided first mortgage financing for 5 MVHC properties (Semlin Terrace, Grandview Gardens, Kelly Court, Earl Adams and Euclid Square) since 2017. The current mortgage arrangement covers five year terms with a variable interest rate, charged annually, based on MVRD'S estimated internal rate of return on investments.

Previously, the mortgages were held by CMHC. In 2017, the Federal Government provided funds to allow prepayment of long-term debt held by CMHC without penalty so that social housing providers could access financing from the private market at lower interest rates. MVRD took over the financing of these mortgages at that time.



These properties are on 60-year City of Vancouver leased lands that have approximately 15 years remaining.

Semlin Terrace is a 36-unit complex and Grandview Gardens is a 20-unit complex. Both were built in 1977. Kelly Court is a 45-unit complex, Earl Adams Village has 105 units and Euclid Square has 33 units. These 3 were built in 1979. All 5 of these properties are in the City of Vancouver. The current 5-year financing terms for these 5 properties are set to expire on June 1, 2022. This report brings forward the options for renewal.

### FINANCING DETAILS

Details on the existing financing arrangement, as at February 28, 2022 are as follows:

#### Semlin Terrace

Remaining Principal	\$479,051
Amortization Period	10 years, beginning June 1, 2017
Interest Rate	Variable, based on MVRD's estimated weighted internal rate of return. (this represents the rate of interest had the monies been invested rather than loaned to the MVHC). The estimated internal rate for 2022 is 1.70%.
Term	5 years
Annual Principal Payment	\$82,123

#### Grandview Gardens

Remaining Principal	\$324,158
Amortization Period	10 years, beginning June 1, 2017
Interest Rate	Variable, based on MVRD's estimated weighted internal rate of return. (this represents the rate of interest had the monies been invested rather than loaned to the MVHC). The estimated internal rate for 2022 is 1.70%.
Term	5 years
Annual Principal Payment	\$55,570

#### Kelly Court

Remaining Principal	\$643,286
Amortization Period	10 years, beginning June 1, 2017
Interest Rate	Variable, based on MVRD's estimated weighted internal rate of return. (this represents the rate of interest had the monies been invested rather than loaned to the MVHC). The estimated internal rate for 2022 is 1.70%.
Term	5 years
Annual Principal Payment	\$110,278

**Earle Adams**

Remaining Principal	\$1,546,268
Amortization Period	10 years, beginning June 1, 2017
Interest Rate	Variable, based on MVRD's estimated weighted internal rate of return. (this represents the rate of interest had the monies been invested rather than loaned to the MVHC). The estimated internal rate for 2022 is 1.70%.
Term	5 years
Annual Principal Payment	\$265,074.

**Euclid Square**

Remaining Principal	\$454,210
Amortization Period	10 years, beginning June 1, 2017
Interest Rate	Variable, based on MVRD's estimated weighted internal rate of return. (this represents the rate of interest had the monies been invested rather than loaned to the MVHC). The estimated internal rate for 2022 is 1.70%.
Term	5 years
Annual Principal Payment	\$77,865

The balance outstanding on the mortgages at renewal date of June 1, 2022 are:

Property	Address	Projected Mortgage Balance as at June 1, 2022
Semlin Terrace	100, 150, 200 Semlin Drive, Vancouver, BC	\$ 458,520
Grandview Gardens	2535 N. Grandview Hwy, Vancouver, BC	310,265
Kelly Court	2929 Nootka Street, Vancouver, BC	615,717
Earle Adams Village	7550 Northumberland Avenue, Vancouver, BC	1,479,999
Euclid Square	3485 Foster Avenue, Vancouver, BC	434,744
	<b>Total</b>	<b>\$ 3,299,245</b>

**FINANCING OPTIONS**

Financing renewal options are as follows:

1. MVRD Internal Financing - The MVRD can continue to provide MVHC with financing under its general corporate powers, under subsection 263(1)(c) of the *Local Government Act*, in that it "provides assistance for the purpose of benefiting the community or any aspect of the community". The form of security would be first mortgages under terms consistent with the current arrangement.

The mortgages would be fully paid off in five years, and would provide the MVHC with good interest rates and administrative flexibility. The mortgages would be registered on title with the Land Titles Office.

2. MFA Debenture Financing - MVHC cannot borrow directly from MFA, but could borrow through the conduit of MVRD, similar to GVWD and GVS&DD. The interest rate would be higher (current rate is 2.52%) and the security for MVRD is the same. However, there is limited flexibility with debenture debt to change terms, or pay off debt early.
3. Market Financing – traditional commercial mortgages could be obtained, however the up-front costs of this option are significant. Lenders require surveys, property appraisals and environmental and building assessments to be completed on each property. In addition, there are legal fees, possible mortgage insurance underwriting fees and an application fee. The application fee is estimated at 1% of each loan (\$25,000 total) with \$60,000 total estimated for the closing costs. The market rate for these first mortgages would likely be 0.75 - 1.25% higher than the MVRD rate.

### **ALTERNATIVES**

1. That the MVRD:
  - a) approve continuing to provide first mortgage financing for the five MVHC properties. The mortgages will be for a five-year term, and will have a variable interest rate based upon Metro Vancouver's internal rate of return on investments; and
  - b) direct the Corporate Secretary to publish in the newspaper, pursuant to requirements of Section 272 of the Local Government Act, Metro Vancouver's intention to lend money to the MVHC
2. That the Metro Vancouver Housing Committee receive for information the report dated April 19, 2022, titled "Renewal of MVRD Internal Financing of MVHC mortgages" and provide alternate direction to staff.

### **FINANCIAL IMPLICATIONS**

The approval of Alternative one as presented will have no impact on the current financial position of the MVRD. As debt servicing costs in the 5-year financial plan were assuming a renewal of the current arrangement, there will be no impact on the MVHC's 5-year financial plan. Ensuring the lowest servicing costs for MVHC long-term debt, financial flexibility and the mitigation of current and future financial risk are objectives the *Financial Management Policy*. The approval of Alternative one is consistent with these objectives.

Should option two or three be selected and financing outside of MVRD be pursued there would be little direct financial impact on the MVRD; however, the MVHC may incur additional legal and administrative fees and likely pay higher interest rates. These additional costs could place additional pressure on the annual rents generated by these properties.

### **SUMMARY/ CONCLUSION**

As presented under Alternative one, the approval of continuing to provide first mortgage financing for Semlin Terrace, Grandview Gardens, Kelly Court, Earle Adams and Euclid Square for a five-year term at a variable interest rate based on MVRD's estimated internal rate of return on investments, is recommended.

Financing through the MVRD presents little financial burden on the MVRD while providing the MVHC with financial savings in terms of lower legal and administrative fees as well as interest rates. The approval of alternative one is consistent with the objectives of the *Financial Management Policy*.

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To: Housing Committee

From: Amanda Hrgovic, Program Manager, Housing Finance  
Regional Planning and Housing Services

Date: April 21, 2022 Meeting Date: May 19, 2022

Subject: **Status of Metro Vancouver Housing Corporation Capital Expenditures to December 31, 2021**

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### **RECOMMENDATION**

That the Housing Committee receive for information the report dated April 21, 2022, titled “Status of Metro Vancouver Housing Corporation Capital Expenditures to December 31, 2021”.

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### **EXECUTIVE SUMMARY**

The Capital Expenditure reporting process to Standing Committees and Boards provide for regular status updates on capital expenditures. This is the year-end report for 2021 and which compares capital spending for the 2021 fiscal year to the annual budget. In 2021, annual capital expenditures for the Metro Vancouver Housing Corporation (MVHC) were \$13.9 million compared to a capital budget of \$49.1 million. The capital underspend in Housing Services is primarily due to additional lead time required for the design for Welcher Avenue that has, in turn, delayed the construction to 2022 and construction delays related to Kingston Gardens - Phase 1 due to permitting delays. This underspend will be partially utilized for these projects in 2022. Any additional Capital Funding surplus will remain with Housing Reserves to fund future capital.

### **PURPOSE**

To present the Housing Committee with a report on the financial performance of the Metro Vancouver Housing Corporation capital program for the year ending December 31, 2021.

### **BACKGROUND**

The Capital Expenditure reporting process to Standing Committees and Boards provide for regular status updates on capital expenditures with interim reports sent twice per year. Water, Liquid Waste, Zero Waste, and Performance and Audit Committees receive interim reports twice during the year with a final year-end report to these committees as well as to Regional Parks and Housing Committees in May of each year. This is the year-end report for 2021 and looks at capital spending for the 2021 fiscal year in terms of comparison to the annual budget.

### **2021 METRO VANCOUVER HOUSING CORPORATION CAPITAL EXPENDITURES**

#### **Metro Vancouver Housing Corporation Capital Program Funding**

Capital spending for MVHC is funded through reserves. In 2021, the impact on the MVRD Levy of the MVHC Capital Budget was the capital reserve contribution of \$5.0 million (contributions to both the Housing Planning and Policy Development and Redevelopment reserves).

## **Metro Vancouver Housing Corporation Capital Budget Amendments**

During 2021, there were no capital budget amendments.

### **2021 Capital Program Progress**

The annual Capital Cash Flow Budget comprises the projected spending for a list of capital projects either continuing or to be started within the calendar year. Projecting the spending on these projects represents a timing exercise which is often subject to uncontrollable circumstances. These uncontrollable circumstances are more likely when projects are in certain phases of completion. Where a project is in the definition, pre-design or detailed design phases, it is more likely that a project may be subject to delays from necessary permitting, access, clarification of design details or procurement complexities which will result in a lag in spending. Conversely, when a project is within the construction phase where a contractor is in place and working effectively on site, actual spending is more predictable. Attachment 1 provides a summary of the 2021 actual capital spending compared to the Board approved Capital Cash Flow Budget.

Annual capital expenditures for Housing Services were \$13.9M compared to the Capital Cash Flow Budget of \$49.1 million, with the majority of the spending related to capital replacement and Kingston Gardens – Phase 1. The Capital Cash Flow Budget for Housing Services are funded through reserves, grants and construction loans. The capital underspend in Housing Services is primarily due to additional lead time required for the design for Welcher Avenue that has, in turn, delayed the construction to 2022 and construction delays related to Kingston Gardens - Phase 1 due to permitting issues. Construction of Kingston Gardens – Phase 1 is now anticipated to commence in Q1 of 2022. Information on significant development projects can be found in Attachment 2.

### **ALTERNATIVES**

This is an information report. No alternatives are presented.

### **FINANCIAL IMPLICATIONS**

For 2021, the underspending of the MVHC Capital Budget was approximately \$35.1 million, which contributed to an overall surplus in capital funding. These funds will remain in the MVHC development reserve, per policy, and will be used in future years to fund capital.

### **CONCLUSION**

The underspending in the 2021 MVHC Capital Budget, resulted in a realization of a surplus in capital funding of approximately \$34.4 million. Any surpluses, per policy, will remain in Housing reserves and will be used in future years to fund capital.

### **Attachments**

1. Detailed MVHC Capital Expenditure Summary (52281018)
2. MVHC Capital Project Status Information, December 31, 2021 (52281223)

51002490

		Current Year						
Project Name	Project Location	2021 Budget	2021 Budget Amendments	Total 2021 Budget	Actual Expenditures	2021 Remaining Budget	Status	Comments
<b>Grand Total Housing Services</b>		<b>49,088,000</b>	-	<b>49,088,000</b>	<b>13,919,705</b>	<b>35,168,295</b>		
<b>MVHC Capital Replacement</b>		<b>9,488,000</b>	-	<b>9,488,000</b>	<b>8,727,718</b>	<b>760,282</b>	Ongoing	Underspend on large building envelopment projects due to delays during the consultant phase allowed for additional spending in minor repairs needed in rental units. Additional underspend attributed to less than expected emergency repair services.
<b>MVHC Development Capital</b>								
Heather Place - Building B	Vancouver	2,000,000	-	2,000,000	927,026	1,072,974	Ongoing	Abatement work was meant to begin in late 2021 but due to delays to the issuance of the city abatement permit, work is delayed until mid 2022.
Kingston 123	Surrey	17,600,000	-	17,600,000	2,244,681	15,355,319	Ongoing	Delay in permit issuance did not allow for main construction contract to commence in 2021. ESC and office work commenced late Q4 2021.
Malaspina	Coquitlam	500,000	-	500,000	208,425	291,575	Ongoing	Awarding of architect contract delayed from late 2021 to early 2022.
Weicher Avenue	Port Coquitlam	17,500,000	-	17,500,000	1,478,006	16,021,994	Ongoing	2021 activities include detailed project design and tendering. Construction start was anticipated for Q4 2021, but is now scheduled for Q2 2022.
Pitt Meadows Town Centre	Pitt Meadows	500,000	-	500,000	221,917	278,083	Ongoing	RFQ and RFP for project architect and design team issued and awarded in 2021. Schematic design phase proceeded through Q4 2021 and will be completed in Q1 2022.
Eastburn Square	Burnaby	500,000	-	500,000	71,509	428,491	Ongoing	Architect retention completed Dec 2021. Initial site studies commenced in Q4 2021 and will continue through Q1 2022.
Southwynde - Burnaby	Burnaby	500,000	-	500,000	40,423	459,577	Ongoing	Architect retention completed Nov 2021. Initial site studies commenced in Q4 2021 and will continue through Q1 2022.
23rd Street - CNV	North Vancouver	500,000	-	500,000	-	500,000	Cancelled	Project not proceeding.
		<b>39,600,000</b>	-	<b>39,600,000</b>	<b>5,191,887</b>	<b>34,408,113</b>		
<b>Grand Total Housing Services</b>		<b>49,088,000</b>	-	<b>49,088,000</b>	<b>13,919,705</b>	<b>35,168,295</b>		

## Capital Project Status Information December 31, 2021

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The progress details of the Metro Vancouver Housing Corporation (MVHC) capital projects are highlighted below:

### **Heather Place – Building B**

Expenditures in 2021 were below the anticipated level as the issuance of the city abatement permit was later than scheduled. Abatement work was expected to begin in late 2021; however, the work is now delayed to mid-2022.

### **Kingston Gardens**

Expenditures in 2021 were below the anticipated amount due to the delay in construction commencement, which was a result of the building permit issuance. Construction is expected to begin in Q1 of 2022.

### **Welcher Avenue**

Overall expenditures were below anticipated amounts in 2021 due to the delay in construction commencement. 2021 activities included detailed project design and tendering. Construction was expected to begin in Q4 of 2021. The building permit application was submitted in April 2021 and an amended building permit was submitted in September 2021. Construction is expected to commence in Q2 2022.

### **Malaspina Village**

Overall expenditures were below anticipated amounts in 2021 as the awarding of the architectural services contract was delayed from late 2021 to early 2022.

### **Pitt Meadows**

Architectural services contract was awarded in September 2021. Schematic design phase proceeded through Q4 2021 and will continue in 2022. Archaeology draft report has been received and First Nations engagement is complete.

### **Eastburn Square**

Architectural services contract was awarded in December 2021. Geotechnical site assessment has been completed. Schematic design will progress in 2022. Re-zoning application to be submitted in Q1 2022.

### **Southwynde**

Architectural services contract was awarded in November 2021. Schematic design will progress in 2022. Re-zoning application to be submitted in Q1 2022.



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To: Housing Committee

From: Laurel Cowan, Program Manager, Housing Planning and Policy and  
Jason Hingley, Director – Housing Planning, Development, and Finance,  
Metro Vancouver Housing

Date: April 25, 2022 Meeting Date: May 19, 2022

Subject: **Construction Cost Escalation Since 2020**

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### **RECOMMENDATION**

That the MVHC Board receive for information the report dated April 25, 2022, titled “Construction Cost Escalation Since 2020”.

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### **EXECUTIVE SUMMARY**

Construction costs have seen unprecedented increases over the past two years, a trend that is significantly impacting the development of new housing and in particular, affordable rental housing. This report provides an overview of construction cost escalation trends since 2020, highlighting how the COVID pandemic and other global challenges have impacted supply chains, material and labour shortages, and increased market unpredictability. Metro Vancouver Housing will continue to assess projections for escalation rates moving forward and return to the Committee and Board to advise how this will impact housing development projects and budgeting.

### **PURPOSE**

To inform the Housing Committee and MVHC Board about construction cost escalation impacts experience by Metro Vancouver Housing since 2020.

### **BACKGROUND**

The *Metro Vancouver Housing 10-Year Plan* provides a vision for Metro Vancouver Housing (MVH) to expand its portfolio of affordable rental homes to support urgent need in the region. To deliver on this plan, MVH has committed \$100M to support new development and redevelopment over the next decade, and seeks to leverage federal and provincial funding support to deliver more projects and at deeper levels of affordability. However, unprecedented rates of construction cost escalation are significantly increasing the cost of development. This report provides an overview of cost escalation trends, and highlights specific changes over the past 2 years. Future reports to Committee and Board will further explore projected escalation rates moving forward and assess specific impacts to MVH development projects and budgets.

### **CONSTRUCTION COST ESCALATION**

Construction costs have seen unprecedented increases over the past 2 years, a trend that is significantly impacting the development of affordable rental housing. MVH works with cost consultants and incorporates escalation and contingency costs into project budgets; however, the past 2 years have seen significant changes to industry standards.

MVH retained Hanscomb Quantity Surveyors to assess the situation over the past two years. The following outlines some key highlights:

- Over the past decade (before the start of the pandemic in 2020), BC has seen a steady increase of around 2.4-2.8% in construction escalation, driven by population growth and high immigration rates, which drove high demand for housing construction.
- Since January 2020, escalation rates across BC have averaged approximately 15% per year.
- The COVID pandemic had major global and local impacts including supply chain issues, material shortages, and labour shortages, which led to increases in both material costs and labour. Some of the factors include:
  - during the pandemic, many people took on home renovations, leading to a shortage of materials and increase in costs;
  - many others got sick, laid off, or changed jobs, leading to a shortage of labour;
  - shutdowns or impacts occurred across the supply chain, from extraction, to delivery of base materials, manufacturing, and transportation to construction sites; and
  - the shutdown of sawmills, combined with mild weather in BC, made it more difficult to harvest logs, driving the cost of lumber and other wood and softwood lumber. The most significant increases in material costs were lumber and plastics, followed by concrete, steel and fixtures (like doors and windows).
- Location also plays a factor. Construction costs are even higher in BC, and in particular the Lower Mainland due to higher housing costs which contribute to higher trade costs and shortages.
- Fuel prices increased dramatically, rising by 25-30% in the Lower Mainland over the past 2 years and hitting all-time highs. This impacts construction costs due to the transport of materials, as well as the manufacturing of energy-intensive materials such as steel, cement, brick, and glass.
- There are also a number of geopolitical challenges, such as the Russian invasion of Ukraine and China's Zero-COVID Strategy, that have impacted global markets and supply chains and will continue to have impacts moving forward.
- Starting in Spring of 2022, interest rates have also begun to rise significantly, with additional increases expected to come. This limits the construction industry's ability to borrow cash and is anticipated to impact project costs moving forward.

### **Next Steps**

All of these challenges increase uncertainty and financial risk for housing's capital program. MVH will continue to assess projected construction cost escalation and report back to the Committee and Board with impacts to project budgets and long-term development planning and budgeting.

### **ALTERNATIVES**

This is an information report. No alternatives are presented.

### **FINANCIAL IMPLICATIONS**

A total of \$4,950 was allocated for consulting costs and included as part of the Board approved Housing Planning & Policy budget. Any implications of construction cost escalation that impact

existing MVH project budgets will be brought for Housing Committee and MVHC Board review and approval.

**CONCLUSION**

Construction costs have seen unprecedented increases over the past 2 years, a trend that is significantly impacting Metro Vancouver Housing's (MVH's) development of affordable rental housing. This report provides an overview of construction cost escalation trends, particularly how the COVID pandemic and other global challenges have impacted supply chains, material and labour shortages, and increased unpredictability. MVH will continue to assess projections for escalation rates moving forward and return to the Committee and Board to advise how this will impact specific housing development projects and long-term development planning and budgeting.

51189951

To: Housing Committee

From: Heather McNell, General Manager, Regional Planning and Housing Services

Date: April 22, 2022 Meeting Date: May 19, 2022

Subject: **Manager's Report**

### RECOMMENDATION

That the Housing Committee receive for information the report dated April 22, 2022, titled "Manager's Report".

### HOUSING COMMITTEE 2022 WORK PLAN

The Housing Committee's Work Plan for 2022 is attached to this report (Attachment 1). The status of work program elements is indicated as pending, in progress, ongoing or complete. The listing is updated as needed to include new issues that arise, items requested by the Committee, and changes to the schedule.

### SUBSIDY UPDATE

Metro Vancouver Housing's affordable rental units include a mix of Low End of Market (LEM) rents and Rent Geared to Income (RGI). LEM unit rents for MVHC are 10-20% below the average rent for a comparable unit in the municipality. RGI rents do not exceed 30% of the gross monthly household income to accommodate those with low or fixed incomes.

Metro Vancouver Housing provided rental assistance to 1,029 households in April 2022, this represents 31.2% of Metro Vancouver Housing's portfolio.

	Units	RGI Units	% RGI
Total Rentable Units	3,301	1,029	31.2%
Units unavailable are due to redevelopment & renovation. Units unavailable for longer term projects	157		

**Total 3,458**

### OPERATIONS & TENANT PROGRAM UPDATE

Operations staff are busy getting the buildings and grounds ready for summer. Spring is a very busy time of year in Operations. Outdoor projects such as replacing fencing and garden ties, fixing asphalt deficiencies, clearing perimeter drains and dryer vents have begun or are being scheduled. Annual unit inspections are well under way, leading to preventative maintenance both inside and outside the units.

Tenant Programs and Services is also gearing up for a busy summer. They continue to have regular meetings with Tenant Associations throughout our portfolio of properties and have been hard at work partnering with local non-profits and resident volunteers to bring exciting programs to the community.

**KINGSTON GARDENS FINANCING**

MVHC was successful with an application to the CMHC National Housing Co-Investment fund for \$28.0M in take-out financing and \$1.5M in forgivable loan to support the development of the Kingston Gardens phase 1 redevelopment. Due to the timing, MVHC expects to receive the loan agreement from CMHC, it's anticipated the recommendation to execute the funding will be presented directly to the MVHC Board for approval at the May Board meeting.

**REGIONAL PLANNING ADVISORY COMMITTEE – HOUSING SUBCOMMITTEE 2022 WORKPLAN**

The Regional Planning Advisory Committee (RPAC) is an advisory body to Metro Vancouver established to provide advice and comments to staff on regional planning matters of regional significance. The RPAC Housing Subcommittee provides technical advice to RPAC and Metro Vancouver staff in the subject area of the Subcommittee. The 2022 RPAC Housing Subcommittee Workplan is provided for reference to the Housing Committee (Attachment 2).

**Attachment**

1. Committee Workplan
2. RPAC Housing Subcommittee Workplan

## Housing Committee 2022 Work Plan

## ATTACHMENT 1

### Priorities

1 <sup>st</sup> Quarter	Status
Housing 2022 Work Plan Adoption	Complete
MVH Housing Naming Framework	Complete
RPAC Housing Sub-committee Annual Work Plan - Update	Complete
Funding Progress – Update	Complete
Poplar Landing Concept	In Progress
EOI Round 2 Evaluation and Site Recommendation	Complete
Capital Rehabilitation Projects - Update	Complete
Capital Development & Redevelopment Projects - Update	Complete
MVHC Subsidy Program - Update	Complete
Tenant Programs & Services - Update	Complete
2 <sup>nd</sup> Quarter	
EOI (Round 2) New Site Concept	In-progress
Capital Rehabilitation Projects - Update	Complete
Capital Development & Redevelopment Projects - Update	Complete
MVHC Subsidy Program - Update	Complete
Tenant Programs & Services - Update	Complete
3 <sup>rd</sup> Quarter	
2023 Budget and 5-year Financial Plan - Approve	Pending
Metro 2050 Housing Policy Implementation – Update	Pending
Tenant Policies – Update	Pending
Capital Rehabilitation Projects -Update	Pending
Capital Development & Redevelopment Projects - Update	Pending
MVHC Subsidy Program - Update	Pending
Tenant Programs & Services - Update	Pending
4 <sup>th</sup> Quarter	
Capital Rehabilitation Projects -Update	Pending
Capital Development & Redevelopment Projects - Update	Pending
MVHC Subsidy Program - Update	Pending
Tenant Programs & Services – Update	Pending

**ATTACHMENT 2****RPAC Housing Subcommittee 2022 Work Plan**

<b>1<sup>st</sup> Quarter</b>	<b>Status</b>
Regional Planning Social Equity Study Phase 3 – Scope	In Progress
GVS&DD DCC Waiver or Reduction for Not-for-Profit Rental Housing – Annual Report	Pending
Housing Needs Reports – Updates	Ongoing
<b>2<sup>nd</sup> Quarter</b>	
Metro Vancouver Housing Expression of Interest (Round 2) – Update	Pending
<i>Metro 2050</i> Implementation Guideline (Regional Affordable Housing Target) – Scope	Pending
What Works: Attainable Homeownership – Scope	Pending
What Works: Inclusionary Housing Policies – Scope	Pending
Regional Data Book/Annual Performance Monitoring Report – Report Out	Pending
Housing Needs Reports – Lessons Learned	Pending
<b>3rd Quarter</b>	
<i>Metro 2050</i> – Update	Pending
Metro Vancouver Housing 10-Year Plan – Implementation Update	Pending
Housing and Transportation Cost Burden Study – Update	Pending
Census Data Bulletin – Report Out	Pending
Housing Needs Reports – Regional Summary	Pending
<b>4th Quarter</b>	
<i>Metro 2050</i> Implementation Guideline (Regional Affordable Housing Target) – Update	Pending
What Works: Attainable Homeownership – Report Out	Pending
What Works: Inclusionary Housing Policies – Report Out	Pending
Housing and Transportation Cost Burden Study – Update	Pending
Regional Planning Social Equity Study Phase 3 – Update	Pending
<b>Invited Presentations / Discussion Topics</b>	
Accessible / Adaptable Housing	Pending
Access to and cost of amenities in mixed-market buildings	Pending
Census Data	Pending
Construction Financing / Loan Programs	Pending
COVID-19 Impacts on Housing	Pending
Density Bonusing	Pending
Housing / Real Estate/ Rental Market Update	Pending
Inclusionary Housing	Pending
Monitoring and evaluation strategies for tracking housing	Pending
Rental Replacement Policies	Pending
Tenant Relocation and Assistance	Pending