



**METRO VANCOUVER HOUSING CORPORATION (MVHC)  
BOARD OF DIRECTORS**

**BOARD MEETING**

**Friday, February 23, 2024**

**9:00 am**

**28<sup>th</sup> Floor Boardroom, 4515 Central Boulevard, Burnaby, British Columbia**

**Webstream available at <https://metrovanancouver.org>**

[Membership and Votes](#)

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

**A. ADOPTION OF THE AGENDA**

**1. February 23, 2024 Meeting Agenda**

That the MVHC Board adopt the agenda for its meeting scheduled for February 23, 2024 as circulated.

**B. ADOPTION OF THE MINUTES**

**1. January 26, 2024 Meeting Minutes**

That the MVHC Board adopt the minutes for its meeting held January 26, 2024 as circulated.

*pg. 4*

**C. DELEGATIONS**

**D. INVITED PRESENTATIONS**

**E. CONSENT AGENDA**

*Note: Directors may adopt in one motion all recommendations appearing on the Consent Agenda or, prior to the vote, request an item be removed from the Consent Agenda for debate or discussion, voting in opposition to a recommendation, or declaring a conflict of interest with an item.*

<sup>1</sup> Note: Recommendation is shown under each item, where applicable. All Directors vote unless otherwise noted.

## **1. HOUSING COMMITTEE REPORTS**

### **1.1 The Steller (Southwynde Ave) Affordable Housing Development – Project Budget Update**

*pg. 7*

That the MVHC Board:

- a) approve the updated project budget of \$93.9M based on Class C cost estimates for Metro Vancouver Housing's The Steller affordable housing project; and
- b) authorize project construction financing and take-out mortgage of up to \$26.6M and a contribution from MVHC development reserves of up to \$22.5M to fund the design and construction of Metro Vancouver Housing's The Steller affordable housing project.

### **1.2 The Connection (Eastburn Square) Affordable Housing Development – Project Budget Update**

*pg. 12*

That the MVHC Board:

- a) approve the updated project budget of \$120.8M based on Class B cost estimates, for Metro Vancouver Housing's The Connection affordable housing project; and
- b) authorize project construction financing and take-out mortgage of up to \$43.5M and a contribution from MVHC development reserves of up to \$17.0M to fund the design and construction of Metro Vancouver Housing's The Connection affordable housing project.

### **1.3 Approval of Borrowing Agreement Between MVHC and MVRD**

*pg. 17*

That the MVHC Board authorize the MVHC officers to enter into an agreement with MVRD authorizing borrowing on behalf of MVHC from the Municipal Finance Authority (MFA) in order to provide funding for MVHC's Capital Programs.

## **F. ITEMS REMOVED FROM THE CONSENT AGENDA**

## **G. REPORTS NOT INCLUDED IN CONSENT AGENDA**

## **H. MOTIONS FOR WHICH NOTICE HAS BEEN GIVEN**

## **I. OTHER BUSINESS**

**J. RESOLUTION TO CLOSE MEETING**

*Note: The Board 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 MVHC Board close its meeting scheduled for February 23, 2024 pursuant to section 226 (1) (a) of the *Local Government Act* and the *Community Charter* provisions as follows:

- 90 (1) A part of a council 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 council considers that disclosure could reasonably be expected to harm the interests of the municipality.

**K. ADJOURNMENT**

That the MVHC Board adjourn its meeting of February 23, 2024.

**METRO VANCOUVER HOUSING CORPORATION  
BOARD OF DIRECTORS**

Minutes of the Regular Meeting of the Metro Vancouver Housing Corporation (MVHC) Board of Directors held at 10:47 am on Friday, January 26, 2024, in the 28<sup>th</sup> Floor Boardroom, 4515 Central Boulevard, Burnaby, British Columbia.

**MEMBERS PRESENT:**

Anmore, Vice Chair, Director John McEwen  
 Belcarra, Director Jamie Ross  
 Bowen Island, Director Andrew Leonard  
 Burnaby, Director Pietro Calendino  
 Burnaby, Director Sav Dhaliwal  
 Burnaby, Director Mike Hurley  
 Coquitlam, Director Craig Hodge  
 Coquitlam, Director Teri Towner  
 Delta, Director Dylan Kruger  
 Electoral Area A, Director Jen McCutcheon  
 Langley City, Director Paul Albrecht  
 Langley Township, Director Steve Ferguson  
 Langley Township, Director Eric Woodward  
 Lions Bay, Director Ken Berry  
 Maple Ridge, Director Dan Ruimy  
 New Westminster, Director Patrick Johnstone  
 North Vancouver District, Director Lisa Muri  
 Pitt Meadows, Director Nicole MacDonald  
 Port Coquitlam, Director Brad West\*  
 Port Moody, Director Meghan Lahti\*  
 Richmond, Director Chak Au

Richmond, Director Malcolm Brodie  
 Richmond, Director Bill McNulty  
 Surrey, Director Harry Bains\*  
 Surrey, Director Mike Bose  
 Surrey, Alternate Director Doug Elford for  
     Pardeep Kooner  
 Surrey, Director Gordon Hepner  
 Surrey, Director Brenda Locke  
 Surrey, Director Rob Stutt  
 scəwəθən məsteyəxʷ (Tsawwassen First Nation),  
     Alternate Director Bryce Williams\* for  
     Laura Cassidy  
 Vancouver, Director Rebecca Bligh  
 Vancouver, Director Adriane Carr  
 Vancouver, Director Sarah Kirby-Yung  
 Vancouver, Director Mike Klassen  
 Vancouver, Director Ken Sim  
 Vancouver, Director Lenny Zhou  
 West Vancouver, Director Mark Sager  
 White Rock, Director Megan Knight

**MEMBERS ABSENT:**

Delta, Chair, Director George V. Harvie  
 North Vancouver City, Director Linda Buchanan

Vancouver, Director Lisa Dominato

**STAFF PRESENT:**

Jerry W. Dobrovolny, Chief Administrative Officer  
 Dorothy Shermer, Corporate Officer  
 Sabrina Mann, Legislative Services Coordinator, Board and Information Services

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

## **ADOPTION OF THE AGENDA**

### **1. January 26, 2024 Meeting Agenda**

#### **It was MOVED and SECONDED**

That the MVHC Board adopt the agenda for its meeting scheduled for January 26, 2024 as circulated.

**CARRIED**

## **B. ADOPTION OF THE MINUTES**

### **1. October 27, 2023 Meeting Minutes**

#### **It was MOVED and SECONDED**

That the MVHC Board adopt the minutes for its meeting held October 27, 2023 as circulated.

**CARRIED**

## **C. DELEGATIONS**

No items presented.

## **D. INVITED PRESENTATIONS**

No items presented.

## **E. CONSENT AGENDA**

### **1.1 Renewal of MVRD Internal Financing of MVHC Mortgages**

Report dated December 8, 2023, from Linda Sabatini, Director, Financial Operations, seeking MVRD Board approval to continue providing first mortgage financing for the Manor House, Regal Place Hotel, Cedarwood Place and Crown Manor properties.

#### *Recommendation:*

That the MVHC Board:

- a) approve the MVRD continuing to provide first mortgage financing on four MVHC properties (Manor House, Regal Place Hotel, Cedarwood Place and Crown Manor). 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.

*Adopted on Consent*

**F. ITEMS REMOVED FROM THE CONSENT AGENDA**

No items presented.

**G. REPORTS NOT INCLUDED IN CONSENT AGENDA**

No items presented.

**H. MOTIONS FOR WHICH NOTICE HAS BEEN GIVEN**

No items presented.

**I. OTHER BUSINESS**

**1. MVHC Board Committee Information Items and Delegation Summaries**

**J. RESOLUTION TO CLOSE MEETING**

**It was MOVED and SECONDED**

That the MVHC Board close its meeting scheduled for January 26, 2024 pursuant to section 226 (1) (a) of the *Local Government Act* and the *Community Charter* provisions as follows:

- 90 (1) A part of a council 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 council considers that disclosure could reasonably be expected to harm the interests of the municipality.

**CARRIED**

**K. ADJOURNMENT**

**It was MOVED and SECONDED**

That the MVHC Board adjourn its meeting of January 26, 2024.

**CARRIED**

(Time: 10:47 am)

CERTIFIED CORRECT

---

Dorothy Shermer, Corporate Officer

---

George V. Harvie, Chair

65620852 DRAFT

To: Housing Committee

From: Lori Gray, Housing Construction Manager, Metro Vancouver Housing

Date: December 21, 2023 Meeting Date: January 12, 2024

Subject: **The Steller (Southwynde Ave) Affordable Housing Development – Project Budget Update**

---

## **RECOMMENDATION**

That the MVHC Board:

- a) approve the updated project budget of \$93.9M based on Class C cost estimates for Metro Vancouver Housing's The Steller affordable housing project; and
- b) authorize project construction financing and take-out mortgage of up to \$26.6M and a contribution from MVHC development reserves of up to \$22.5M to fund the design and construction of Metro Vancouver Housing's The Steller affordable housing project.

## **EXECUTIVE SUMMARY**

Metro Vancouver Housing (MVH) is preparing a submission for Building Permit for the Steller (formerly Southwynde Ave) affordable housing development, a 6-storey, 122-unit redevelopment located in Burnaby. In October 2020, the MVHC Board authorized staff to proceed with design and funding applications for the original design concept for a 122-unit rental building including an integrated child care facility with a project budget of \$45.5M. From 2021 to 2023, site studies were undertaken, an architect and design team was engaged, a construction management team was engaged, and the design and permitting for new building progressed through schematic design, design development and the rezoning application process. Since the original MVHC Board approval in 2020, estimated project costs have increased to \$93.9M, based on Class C cost estimates prepared in November 2023.

Since 2020, MVH has secured \$31.8M in grant funding, with applications in progress for further grant funding (\$13.0M), construction financing and an anticipated take-out mortgage of \$26.6M. The remaining \$22.5M will be funded through MVHC development reserves.

## **PURPOSE**

To seek Housing Committee and MVHC Board approval for: an increased project budget of \$93.9M, supported by a Class C cost estimates; construction financing and takeout mortgage of \$26.6M; and an MVH equity contribution of \$22.5M, for The Steller affordable housing project located in Burnaby.

## **BACKGROUND**

At its October 2, 2020 meeting, the MVHC Board endorsed the concept and capital budget for the 7388 Southwynde Avenue, Burnaby (The Steller) affordable housing development project as presented in the report dated August 19, 2020, titled "Metro Vancouver Housing Expression of Interest Priorities – Recommendations to Advance for Funding Applications". Staff were also directed to submit applications to funding and financing opportunities for the original design

concept, a 6-storey woodframe building with 122 units, and an integrated child care facility on the ground floor with 37 child care spaces. The original concept approved had a total capital cost of \$45.5M.

The Class C cost estimate provided November 24, 2023 by the construction manager and Class C cost estimate provided November 27, 2023 from the quantity surveyor indicate increased construction costs, that, along with increased financing costs, support an increased project budget and equity contribution. This requires approval from the MVHC Board for a revised project budget of \$93.9M and equity contribution of up to \$22.5M.

## **PROJECT HISTORY**

Following an Expression of Interest (EOI) call issued by MVH in 2020 where member jurisdictions were asked to put forth potential project sites for the development of affordable housing, the City of Burnaby's Southwynde Ave site was selected, and the project was endorsed by the MVHC Board.

Staff obtained initial environmental, geotechnical and archaeological site studies, following which Integra Architecture and a team of engineering sub-consultants were engaged in November 2021 to complete the detailed project design. The project achieved second reading for rezoning in July 2023. As of December 2023, the design team is working through the design development phase and is progressing through the rezoning process with the City of Burnaby. The project team recently submitted for partial building permit and Preliminary Plan Approval (PPA) in November 2023, and the project has an anticipated construction start in Q4 of 2024.

## **PROJECT DESIGN AND COST IMPLICATIONS**

The project is designed to the BC Housing Design Guidelines and Construction Standards, as well as CMHC's National Co-Investment Fund requirements. These standards are requirements of grant and loan funding partnerships, and outline dwelling unit and common space design criteria, energy performance targets and accessibility requirements.

During the design and rezoning process, changes to the conceptual project design were necessary and are described below:

1. **Increase in gross floor area:** The total gross floor area increased by 9% from the concept plan. This increase is attributed to larger unit sizes and common spaces to accommodate BC Housing and CMHC design requirements for eligibility for grant and loan funding in order to provide additional accessibility and adaptability throughout the units and all common spaces, as well as a significant increase to the integrated child care facility to comply with licensing requirements.
2. **Increase in parking area and addition of bike storage lockers and rooms:** Additional requirements for bike lockers and bike storage were requested by the municipality during collaboration meetings. This requirement, along with decreased efficiencies in the parkade design due to the irregular shaped lot, increased the parkade area by approximately 21% from the concept design.
3. **Increased parkade ramp size, provision of loading space and turn-around:** In order to comply with the City of Burnaby's loading and garbage staging requirements, an additional dedicated



loading space and turn-around were created at the ground level to facilitate tenant move-ins and move-outs and to allow for garbage truck turn-around.

This project is currently beginning the detailed design phase and the project team is working to further refine the design and reduce costs where possible.

### **Construction Cost Factors**

At its May 19, 2022 meeting, the Housing Committee received a report titled “Construction Cost Escalation Since 2020” (Reference 1), which noted that construction costs have seen unprecedented increases over the past three years. The pressure on construction costs outlined in this report, combined with the project design changes noted above have resulted in the increase to the proposed budget for this project.

In November 2023, following the completion of the 25% design documents, Class C cost estimates were prepared by Hanscomb Quantity Surveyors (Hanscomb) and by the construction manager, Kinetic Construction Ltd. (Kinetic). Construction costs noted in the estimates are in alignment with the cost factors and design updates noted above, and are consistent with current market pricing. Class B cost estimates will be completed by Hanscomb and Kinetic as the design further progresses and, prior to tendering the project, Class A cost estimates will be completed by Hanscomb and Kinetic, confirming project pricing. Should anticipated costs following the receipt of any of the Class estimates exceed the updated budget, staff will bring a report forward to the Housing Committee and MVHC Board for review and approval.

### **PROJECT FUNDING**

The Steller project is leveraging significant grant contributions from BC Housing, the City of Burnaby, CMHC, and the Ministry of Education and Child Care. MVH has signed a memorandum of understanding with BC Housing that commits a total of \$158M in grant funding to Tranche 1 MVH projects currently in the design or construction phase. Of these funds, \$29.3M is allocated to The Steller project.

The City of Burnaby approved in principle \$6.1M in grant funding to support the delivery of non-market housing and achieve an affordability target of 25% Shelter rate / 25% Rent-Geared-to-Income (RGI) / 50% Low End of Market (LEM) at The Steller and a further \$2.2M in grants to off-set infrastructure costs and municipal fees. Staff are working with the City of Burnaby to finalize these contributions.

In March 2023, the project received confirmation of \$2.4M in grant funding from the Ministry of Education and Child Care for the design and construction of a 37-space integrated child care facility.

In March 2021, the project received confirmation of \$150,000 in grant funding from CMHC through the Seed Funding program.

MVH staff have submitted an application to CMHC’s Co-Investment Fund that could potentially provide a grant of up to \$75,000 per unit as well as favorable terms on construction financing and a takeout mortgage following completion of construction. Interest rate increases for both

construction financing and takeout mortgage financing have increased lending costs during construction and decreased the mortgage financing that can be leveraged, increasing the MVH equity contribution required for this project.

The anticipated project funding strategy can be seen in the table below:

<b>Contributor</b>	<b>Confirmed</b>	<b>Anticipated</b>	<b>Total</b>
BC Housing – Grant	\$29.3M		\$29.3M
City of Burnaby Community Benefit Bonus Affordable Housing Reserve		\$6.1M	\$6.1M
City of Burnaby Approval-in-principle Contribution to Capital Development Cost		\$2.2M	\$2.2M
CMHC – Grant		\$4.7M	\$4.7M
CMHC – Loan		\$26.6M	\$26.6M
Ministry of Education and Child Care	\$2.4M		\$2.4M
CMHC Seed Funding	\$0.2M		\$0.2M
MVH Equity		\$22.5M	\$22.5M
<b>Total</b>	<b>\$31.8M</b>	<b>\$62.1M</b>	<b>\$93.9M</b>

Once grant and loan amounts are finalized, staff will bring forward a report to the Housing Committee and MVHC Board for review and approval.

## **ALTERNATIVES**

1. That the MVHC Board:
  - a) approve the updated project budget of \$93.9M based on a Class C cost estimates for Metro Vancouver Housing’s The Steller affordable housing project; and,
  - b) authorize project construction financing and take-out mortgage of up to \$26.6M and a contribution from MVHC development reserves of up to \$22.5M to fund the design and construction of Metro Vancouver Housing’s The Steller affordable housing project.
2. That the Housing Committee receive for information the report dated December 21, 2023, titled “The Steller (Southwynde Ave) Affordable Housing Development – Project Budget Update” and provide alternate direction to staff.

## **FINANCIAL IMPLICATIONS**

The Steller project represents an expansion of MVH’s portfolio by developing on member municipality lands. MVH’s equity component would be funded from contributions raised through the \$4M annual tax requisition for municipal partnerships and expansion. This project will require \$22.5M of MVH equity, with the remainder of the project funded by a combination of federal, provincial, and municipal grants and loans. The MVHC development reserve has sufficient funds to support the equity contribution required for this project. A separate report entitled “10-Year Development Priorities - Tranche 1 Financial Outlook Update,” and dated November 27, 2023 includes further details regarding the financial environment and MVH’s available equity to complete Tranche 1 projects (Reference 2).

## CONCLUSION

MVH is nearing completion of the detailed design phase of the Steller affordable housing development project in Burnaby, consisting of a 6-storey, 122-unit residential rental building including an integrated 37-space child care facility. MVH is requesting approval for the updated project budget and funding strategy in advance of the anticipated construction tender in Q3 2024.

The project has completed schematic design and is in the final stages of rezoning. Staff have submitted for partial building permit and PPA application in November 2023. Class C cost estimates were issued in November 2023, based on the 25% design documents, supporting a project budget of \$93.9M. The project cost increases (from the 2020 project budget) are attributed to market conditions causing significant cost increases across the construction industry, increased lending rates, as well as design changes from the concept phase, including larger residential, child care, and parkade floor areas, and increased parking ramp size and inclusion of loading and turn-around areas.

Staff recommend approval of an overall project budget of \$93.9M including an MVH equity contribution of \$22.5M, and loan financing in the amount of \$26.6M. The remainder of the funding required for this project will be secured through municipal, provincial, and federal grants.

Through the remainder of the detailed design phase, staff will work with the design team to refine and optimize the project design, as well as continue to pursue funding partnerships to secure grant funding and favorable loan terms. Prior to construction, staff will bring forward a report to the Housing Committee and MVHC Board to approve a construction contract and updated project budget.

## REFERENCES

1. "[Construction Cost Escalation Since 2020](#) ", dated, April 25, 2022
2. "10-Year Development Priorities - Tranche 1 Financial Outlook Update," dated December 20, 2023

44885472

To: Housing Committee

From: Lori Gray, Housing Construction Manager, Metro Vancouver Housing

Date: December 22, 2023

Meeting Date: January 12, 2024

Subject: **The Connection (Eastburn Square) Affordable Housing Development – Project Budget Update**

---

### **RECOMMENDATION**

That the MVHC Board:

- a) approve the updated project budget of \$120.8M, based on Class B cost estimates, for Metro Vancouver Housing's The Connection affordable housing project; and
  - b) authorize project construction financing and take-out mortgage of up to \$43.5M and a contribution from MVHC development reserves of up to \$17.0M to fund the design and construction of Metro Vancouver Housing's The Connection affordable housing project.
- 

### **EXECUTIVE SUMMARY**

Metro Vancouver Housing (MVH) is progressing with site preparation and construction tender for The Connection (formerly Eastburn Square) affordable housing development, a 6-storey, 174-unit redevelopment located on the existing Eastburn Square housing site in Burnaby. In October 2020, the MVHC Board authorized staff to proceed with design and funding applications for the original design concept for a 172-unit rental building with a project budget of \$63.8M. From 2021 to 2023, site studies were undertaken, an architect and design team was engaged, and the design and permitting for new building progressed through schematic design, design development and the rezoning application process. Through the design development process, the unit count increased from 172 units to 174 units. Since the original Board approval in 2020, the estimated project costs have increased to \$120.8M, based on Class B construction cost estimates prepared in October and December 2023.

Since 2020, MVH has secured \$42.2M in grant funding with applications in progress for further grant funding (\$18.1M), construction financing and an anticipated take-out mortgage of \$43.5M. The remaining \$17.0M will be funded through the MVHC development reserve.

### **PURPOSE**

To seek Housing Committee and MVHC Board approval for: a revised project budget of \$120.8M, supported by Class B cost estimates; construction financing and takeout mortgage of \$43.5M; and an MVH equity contribution of up to \$17.0M, for the Connection affordable housing project located in Burnaby.

### **BACKGROUND**

At its October 2, 2020 meeting, the MVHC Board endorsed the concept and capital budget for the 7730 6th Street, Burnaby (The Connection) redevelopment project as presented in the report dated August 19, 2020 titled "Metro Vancouver Housing Redevelopment Priorities – Recommendations to

Advance for Funding Applications”. Staff were authorized to proceed with applications for funding and financing opportunities for the original design concept, a 6-storey rental building with a total capital budget of \$63.8M. The concept provided 172 units, replacing the 30 units previously on the site and resulting in a net increase of 142 units.

Class B cost estimates provided by the quantity surveyor on October 13, 2023 and the construction manager on December 22, 2023 indicate increased construction costs, that, along with increased financing costs, support an increased project budget and equity contribution. This requires approval from the MVHC Board for a revised project budget of \$120.8M and equity contribution of up to \$17.0M.

## **PROJECT HISTORY**

Following initial environmental, geotechnical and archaeological site studies, VIA Architecture and a team of engineering sub consultants were engaged in January 2022 to complete the detailed project design. MVH also engaged a construction manager, Kinetic Construction Ltd. (Kinetic), to provide design input and cost estimates through the design stages and to undertake deconstruction and construction following municipal approvals. A quantity surveyor, Hanscomb Ltd. (Hanscomb), has been engaged to provide cost estimates and quantity surveyor services throughout design and construction.

The project achieved second reading for rezoning in April 2023 and Preliminary Plan Approval (PPA) application in October 2023. As of December 2023, the design team is working through the design development phase and is nearing the final stage of the rezoning process with the City of Burnaby. The project team has completed 95% design development drawings and submitted for building permit in October 2023. Deconstruction of the existing buildings is anticipated to commence in Q1 2024 and construction start is anticipated in Q3 of 2024.

## **PROJECT DESIGN AND COST IMPLICATIONS**

The project is designed to the BC Housing Design Guidelines and Construction Standards, as well as CMHC’s National Co-Investment Fund requirements. These standards are requirements of grant and loan funding partnerships, and outline dwelling unit and common space design criteria, energy performance targets and accessibility requirements.

During the design and rezoning process, changes to the conceptual project design were necessary and are described below.

1. **Increase in gross floor area:** The addition of 1,820 m<sup>2</sup> (12%) total gross floor area is attributed to larger unit sizes and common spaces to accommodate BC Housing and CMHC design requirements for eligibility for grant and loan funding in order to provide additional accessibility and adaptability throughout the units and all common spaces.
2. **Increase in residential units from 172 to 174:** The increase in units was due to efficiencies created throughout the schematic design process. This included floor structure alignment for greater efficiency, reduction of circulation spaces and the separation of the elevator core to allow for elevators on either end of the building.

3. **Addition of bike storage lockers and rooms:** Additional requirements for bike lockers and bike storage were provided by the municipality during collaboration meetings. This required a redesign of the below grade spaces to accommodate two bike storage lockers per residential unit.
4. **Accommodation of loading space within parkade:** In order to comply with the City of Burnaby's loading and garbage staging requirements, an additional dedicated loading space was created within the parkade to facilitate tenant move-ins and move-outs. This required the adjustment of the ceiling height in the parkade to accommodate the oversized vehicle.

This project is currently in the detailed design phase and the project team is working to further refine the design and reduce costs where possible.

### **Construction Cost Factors**

At its May 19, 2022 meeting, the Housing Committee received a report titled "Construction Cost Escalation Since 2020" (Reference 1), which noted that construction costs have seen unprecedented increases over the past three years. The pressure on construction costs outlined in this report, combined with the project design changes noted above have resulted in the increase to the proposed budget for this project.

Following the completion of the 75% design documents a Class B cost estimate was completed by Hanscomb Quantity Surveyors (Hanscomb) in October 2023. Following completion of 95% design documents, a Class B cost estimate were completed by Kinetic Construction Ltd. (Kinetic) in December 2023. Construction costs noted in the estimates are in alignment with the cost factors and design updates noted above, and are consistent with current market pricing. Prior to tendering the project, an additional Class B cost estimate will be provided by Hanscomb and Class A cost estimates will be completed by Hanscomb and Kinetic confirming project pricing. Should anticipated costs following the receipt of the Class A cost estimates exceed the proposed budget, staff will bring a report forward to the Housing Committee and MVHC Board for review and approval.

### **PROJECT FUNDING**

The Connection project is leveraging significant grant contributions from BC Housing, the City of Burnaby, CMHC, and the Ministry of Education and Childcare. BC Housing has committed a total of \$158M in grant funding to Tranche 1 MHVC projects currently in the design or construction phase. Of these funds, \$41.8M is allocated to the Connection affordable housing project.

The project has received approval in principle of \$8.5M in grant funding from the City of Burnaby to support the delivery of non-market housing and achieve an affordability target of 20% Shelter rate / 20% Rent-Geared-to-Income (RGI) / 60% Low End of Market (LEM) at the site and a further anticipated grant of \$3.6M to partially cover infrastructure costs and municipal fees associated with the project. MVH staff are working with the City of Burnaby to finalize this commitment.

In March 2023, the project received confirmation of \$260,074 in grant funding from the Ministry of Education and Child Care for the design and construction of one in-suite daycare unit with 8 child care spaces.

MVH staff have also submitted an application to CMHC's Co-Investment Fund that could potentially provide a grant of up to \$75,000 per unit as well as favorable terms on construction financing and a takeout mortgage following completion of construction. Interest rate increases for both construction financing and takeout mortgage financing have increased lending costs during construction and decreased the mortgage financing that can be leveraged, increasing the equity contribution required for this project.

The anticipated project funding strategy can be seen in the table below:

<b>Contributor</b>	<b>Confirmed</b>	<b>Anticipated</b>	<b>Total</b>
BC Housing - Grant	\$41.8M		\$41.8M
City of Burnaby Community Benefit Bonus Affordable Housing Reserve		\$8.5M	\$8.5M
City of Burnaby Approval-in-principle Contribution to Capital Development Cost		\$3.6M	\$3.6M
CMHC – Grant		\$6.0M	\$6.0M
CMHC – Seed Funding	\$0.2M		
CMHC – Loan		\$43.5M	\$43.5M
Ministry of Education and Child Care	\$0.3M		\$0.3M
MVHC Equity		\$17.0M	\$17.0M
<b>Total</b>	<b>\$42.2M</b>	<b>\$78.6M</b>	<b>\$120.8M</b>

Once grant and loan amounts are finalized, staff will bring forward a report to the Housing Committee and Board for review and approval.

## **ALTERNATIVES**

1. That the MVHC Board:
  - a) approve the updated project budget of \$120.8M, based on Class B cost estimates, for Metro Vancouver Housing's The Connection affordable housing project; and,
  - b) authorize project construction financing and take-out mortgage of up to \$43.5M and a contribution from MVHC development reserves of up to \$17.0M to fund the design and construction of Metro Vancouver Housing's The Connection affordable housing project.
2. That the Housing Committee receive for information the report dated December 22, 2023, titled "The Connection (Eastburn Square) Affordable Housing Development – Project Budget Update" and provide alternate direction to staff.

## **FINANCIAL IMPLICATIONS**

The Connection development project represents expansion of MVH's portfolio by redevelopment of existing MVH sites. This project will require \$17.0M in funds from the MVHC development reserve, with the remainder of the project funded by a combination of federal, provincial, and municipal grants and loans. The MVHC development reserve has sufficient funds to support the equity contribution required for this project. A separate report entitled "10-Year Development Priorities - Tranche 1 Financial Outlook Update," and dated November 27, 2023 includes further details

regarding the financial environment and MVH's available equity to complete Tranche 1 projects (Reference 2).

## **CONCLUSION**

MVH is nearing completion of the detailed design phase of the Connection affordable housing development project in Burnaby, consisting of a 6-storey, 172 unit residential rental building including one in-suite daycare unit with 8 child care spaces. MVH is requesting approval for the updated project budget and funding strategy in advance of the anticipated deconstruction of the existing buildings in Q1 2024 and construction tender in Q2 2024.

The project has completed schematic design and is in the final stages of rezoning. Staff submitted the PPA and building permit applications in October 2023. Class B cost estimates were issued in December 2023, based on the 95% design documents, supporting a project budget of \$120.8M. The project cost increases (from the 2020 project budget) are attributed to market conditions causing significant cost increases across the construction industry, increased lending rates, as well as design changes from the concept phase, including a larger floor area, increased unit count, increased parkade ceiling height, and increased bike storage.

Staff recommend approval of an overall project budget of \$120.8M including an MVH equity contribution of \$17.0M, and loan financing in the amount of \$43.5M. The remainder of the funding required for this project will be secured through municipal, provincial, and federal grants.

Through the remainder of the detailed design phase, staff will work with the design team to refine and optimize the project design, as well as continue to pursue funding partnerships to secure grant funding and favorable loan terms, and to deepen affordability. Prior to construction, staff will bring forward a report to the Housing Committee and Board to approve a construction contract and updated project budget.

## **REFERENCES**

1. "[Construction Cost Escalation Since 2020](#) ", dated April 25, 2022
2. "10-Year Development Priorities - Tranche 1 Financial Outlook Update," dated December 20, 2023

57846521



To: Housing Committee

From: Linda Sabatini, Director, Financial Operations, Financial Services

Date: January 25, 2024

Meeting Date: February 9, 2024

Subject: **Approval of Borrowing Agreement Between MVHC and MVRD**

---

### **RECOMMENDATION**

That the MVHC Board authorize the MVHC officers to enter into an agreement with MVRD authorizing borrowing on behalf of MVHC from the Municipal Finance Authority (*MFA*) in order to provide funding for MVHC's Capital Programs.

---

### **EXECUTIVE SUMMARY**

The MVHC Board approved a financial strategy about two years ago to utilize borrowing for major rehabilitation and retrofit projects to front end the program and take advantage of currently available grants. MVHC is seeking to borrow from the Municipal Finance Authority (*MFA*), through MVRD, an amount up to \$70 million over the next five years, to fund required and Board approved building envelope repairs, and deep retrofits to reduce greenhouse gas emissions and improve energy efficiency at several of its housing complexes.

Pursuant to Section 179 of the *Community Charter* of British Columbia, under agreement and through an adopted loan authorization bylaw, MVRD may lend to the Metro Vancouver Housing Corporation (MVHC), for the purpose of providing public housing. Approval by the MVHC Board to enter into an agreement with MVRD is the first step in the MFA borrowing process for MVHC.

The next step in the borrowing process is for MVRD to adopt a *Loan Authorization Bylaw*, to provide the authority for MVRD to borrow from MFA on behalf of MVHC. Adoption of the bylaw requires approval from the MVRD Board, the Inspector of Municipalities, as well as receive electoral assent. Pending approval of this report, the approval of the bylaw will be presented to the MVRD Board through the Finance Committee in March 2024.

### **PURPOSE**

To approve entering into an agreement with MVRD, authorizing the borrowing on behalf of MVHC from the MFA in order to fund MVHC's anticipated capital requirements as defined in the MVHC's approved budget.

### **BACKGROUND**

Pursuant to the powers granted under 179 (1) of the *Community Charter* of British Columbia (the "Act"), Metro Vancouver Regional District ("MVRD"), through an approved agreement and an adopted loan authorization bylaw, may lend to any person or public authority, under agreement, for the purpose of providing financing to a public authority. Under the Act, a public authority includes a corporation that is owned by a regional district. MVHC is a corporation that is wholly owned corporation by MVRD for the purpose of providing public housing. Therefore, through an

approved agreement and an adopted loan authorization bylaw, MVRD may borrow funds on behalf of MVHC. As with the utilities (GVWD and GVS&DD) and member jurisdictions, this debt would be the debt of the MVRD to the MFA, and as such, it would also be a joint and several liability to the District's members.

The process for MVHC to borrow from MFA through MVRD, starts with an approved loan agreement between MVRD and MVHC. Once this agreement is approved, MVRD will require the adoption of a loan authorization bylaw, approved by the MVRD Board and the Inspector of Municipalities, as well as electoral assent. Upon approval of the loan agreement by the MVHC Board, approval of the agreement and loan authorization bylaw will be presented to the MVRD Board in March 2024.

The proposed loan agreement between MVRD and MVHC is included as Attachment No.1 to this report.

### **MVHC BORROWING**

Several Metro Vancouver Housing projects require substantial building envelope repairs. MVHC has secured several significant grants from other levels of government to complete the repair work and assist in meeting the *Metro Vancouver Housing 10-Year Housing Plan* targets for greenhouse gas reductions. Additional grants and funds are being sought to support the project from available funding sources. Costs not covered by grants would be funded through MVHC's budget, with a strategy of borrowing in the short term to expedite the work in order to take advantage of granting opportunities. MFA borrowing provides an alternative for MVHC and is less expensive than commercial lending institutions. The current long-term rate with MFA is 4.3% versus a loan from a financial institution at 7.2%.

The proposed borrowing of \$70 million for MVHC through MFA is identified in MVHC's capital plan. Debt servicing costs are included in the annual operating budget. The authority of the loan agreement and the adoption of the loan authorization bylaw would allow the MVHC, to finance rehabilitation projects at a number of existing properties, including Strathearn Court, Somerset Gardens, Minato West, Manor House and Le Chateau Place.

### **ALTERNATIVES**

1. That the MVHC Board authorize the MVHC officers to enter into an agreement with MVRD authorizing borrowing on behalf of MVHC from the Municipal Finance Authority (MFA) in order to provide funding for MVHC's Capital Programs.
2. That the MVHC Board receive the report titled "*Authorization to Enter into an Agreement for MFA Financing from MVRD*" and dated January 25, 2024 and provide staff with direction on the delivery and financing of the MVHC capital programs.

### **FINANCIAL IMPLICATIONS**

Under Alternative 1, which is recommended, MVRD can begin the bylaw process to allow MVHC to borrow from MFA through the MVRD. MFA borrowing provides an alternative for MVHC and is less expensive than commercial lending institutions. The current long-term rate with MFA is 4.3% versus a loan from a financial institution at 7.2%. Financing the necessary rehabilitation work will ensure necessary

repairs are performed and the investment in the properties is maintained. Should this authority be reduced or not granted, the ability to make necessary repairs in a timely manner would be constrained which may have a negative financial impact and would reduce the ability to take advantage of a favorable environment for grants.

#### **CONCLUSION**

This report seeks approval for MVHC to enter into a loan agreement with MVRD to borrow from MFA, will provide MVHC with an affordable financing option and allow MVHC to move forward on scheduled capital projects.

#### **ATTACHMENTS**

1. "Loan Agreement between MVRD and MVHC", dated, Month Day, Year.

65410878

**BORROWING AGREEMENT**

THIS AGREEMENT is dated [insert date] (the “Effective Date”).

**BETWEEN:**

**METRO VANCOUVER REGIONAL DISTRICT**, a regional District pursuant to the *Local Government Act* (British Columbia), having an office at 4515 Central Boulevard, Burnaby, BC, V5H 0C6

(“**Metro Vancouver**”)

**AND:**

**METRO VANCOUVER HOUSING CORPORATION**, a body incorporated under the *Business Corporations Act* (British Columbia), having an office at 4515 Central Boulevard, Burnaby, BC, V5H 0C6

(the “**Corporation**”)

(each a “**Party**” and together, the “**Parties**”)

**WHEREAS:**

- A. The Corporation has requested that Metro Vancouver access temporary or long-term financing on the Corporation’s behalf, from time to time;
- B. Metro Vancouver is authorized by Supplementary Letters Patent issued January 18, 1971 to provide the function of Division IV- Public Housing and under Supplementary Letters Patent issued April 30, 1974, to cause to be incorporated one or more corporations for this purpose and to invest, expend on and lent to one or more such corporations such moneys as it deemed necessary;
- C. Metro Vancouver caused to be incorporated the Metro Vancouver Housing Corporation for the purpose of providing public housing;
- D. Pursuant to section 179 (1) of the *Community Charter of British Columbia* (the “**Charter**”), Metro Vancouver, through a loan authorization bylaw, may incur a liability by borrowing for the purpose of lending to any person or public authority, under an agreement, subject to certain conditions;
- E. Pursuant to the Charter, the Corporation is a public authority;
- F. Pursuant to section 409 of the *Local Government Act*, Metro Vancouver, by bylaw, may temporarily borrow money not exceeding the difference between the total amount authorized in the loan authorization bylaw and the amount already borrowed in relation to that bylaw; and
- G. Pursuant to Section 179 (1)(b) of the Charter, the Parties wish to enter into this Agreement relating to the costs of any borrowing undertaken by Metro Vancouver on behalf of the Corporation, and other matters related to lending to the Corporation.

**THE PARTIES agree as follows:**

## **1. DEFINITIONS AND INTERPRETATION**

### **1.1 In this Agreement:**

- (a) **“Borrowing Costs”** means all fees, costs and expenses incurred by Metro Vancouver in connection with a Borrowing Request, including:
  - (i) the principal amount advanced from time to time and remaining outstanding under each Loan, together with the interest thereon as and at the rate contemplated in the terms of the relevant Loan;
  - (ii) any other fees, payments, or penalties related to each Loan;
  - (iii) legal and other professional fees;
  - (iv) administrative costs; and
  - (v) all other expenses of any kind.
- (b) **“Borrowing Request”** means a request made by the Corporation to Metro Vancouver by way of an approved Board resolution from the Corporation to request that Metro Vancouver provide a certain maximum amount of financing to the Corporation by undertaking borrowing on the Corporation’s behalf.
- (c) **“Charter”** has the meaning given to such term in Recital D of the above preamble.
- (d) **“Lender”** means the Municipal Finance Authority of British Columbia, from which Metro Vancouver may borrow funds in order to provide financing for the Corporation.
- (e) **“Loan”** means a loan agreement and any related instruments (including promissory notes) entered into between Metro Vancouver and the Lender, pursuant to which Metro Vancouver will borrow funds from the Lender on behalf of the Corporation in connection with a Borrowing Request; **“Term”** has the meaning given in Section 3.1.

### **1.2 In the interpretation of this Agreement:**

- (a) words importing the singular include the plural and vice versa, and words importing persons include individuals and entities;
- (b) the words “include” and “including” are to be construed as meaning “including, without limitation”;
- (c) schedules referenced in and attached to this Agreement form part of this Agreement; and
- (d) the division of this Agreement into sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of the Agreement.

## **2. BORROWING COSTS**

2.1 In connection with each Borrowing Request made by the Corporation, the Corporation will:

- (a) reimburse Metro Vancouver for all Borrowing Costs incurred by Metro Vancouver in connection with such Borrowing Request, in accordance with the terms of this Agreement; and

2.2 For clarity, with respect to the Borrowing Costs relating to each Loan:

- (a) the Corporation will pay to Metro Vancouver the amount of all interest payments due under the Loan, at the rate and in accordance with the payment schedule set out in the terms of the Loan;
- (b) the Corporation will pay to Metro Vancouver the principal amount of the Loan in accordance with the maturity date and payment schedule set out in the terms of the Loan;
- (c) the Corporation may prepay all or any portion of the principal amount owing under the Loan at any time without notice, bonus or penalty; and
- (d) all advances by Metro Vancouver to the Corporation under the Loan, and all repayments of principal and interest thereof by the Corporation, will be recorded in an electronic record maintained by Metro Vancouver, which such electronic record will (absent manifest error) constitute conclusive evidence of the principal and interest owing by the Corporation to Metro Vancouver under the Loan from time to time.

2.3 For all other Borrowing Costs, Metro Vancouver will advise the Corporation of the amounts owing and the required payment date.

2.4 Payments for the Borrowing Costs may be provided by the Corporation to Metro Vancouver by way of financial entries recorded in Metro Vancouver's corporate finance system, or by any other payment method mutually agreed upon by the Parties.

## **3. TERM AND TERMINATION**

3.1 The term of this Agreement will commence on the Effective Date and continue indefinitely until terminated by either Party in accordance with this Agreement (the "**Term**").

3.2 Without prejudice to its other rights and remedies at law, either Party may terminate this Agreement:

- (a) for any reason, upon providing the other Party with 30 days' prior written notice; or
- (b) if the other Party commits a breach of any of the terms of this Agreement which is irreparable, or which breach (if repairable) is not remedied by the other Party within 10 days after the service of written notice by the non-breaching Party requiring the remedy.

3.3 Upon termination of this Agreement:

- (a) Metro Vancouver will cease to provide any further financing with respect to any Borrowing Request;
  - (b) the Parties will determine whether any outstanding Loan should be terminated, to the extent possible under the terms of such Loan; and
  - (c) the Corporation must reimburse Metro Vancouver for all Borrowing Costs incurred or committed to prior to the termination date, including all amounts required in connection with any outstanding Loan entered into prior to the termination date.
- 3.4 Notwithstanding any term of the Agreement to the contrary, the provisions hereof requiring performance or fulfilment after the expiry or termination of this Agreement will survive such termination.

#### **4. GENERAL PROVISIONS**

- 4.1 *Entire Agreement.* This Agreement contains the entire agreement and understanding of the Parties with respect to the matters contemplated herein, and supersedes all prior and contemporaneous agreements between the Parties with respect to such matters.
- 4.2 *Notices.* All notices under this Agreement will be in writing, and will be given to and received by the addressee on the day when it is delivered, by hand, courier, email, or registered mail, at the addresses of the Parties on the first page, or to such other address as may be otherwise designated by a Party.
- 4.3 *Further Assurances.* Each Party will from time to time execute and deliver all such further documents and instruments and do all acts and things as the other Party may reasonably require to give effect to this Agreement.
- 4.4 *Waiver.* The waiver by a Party of any failure on the part of the other Party to perform in accordance with any of the terms of this Agreement is not to be construed as a waiver of any future or continuing failure, whether similar or dissimilar.
- 4.5 *Third Party Rights.* Nothing in this Agreement will be construed to give any rights or benefits to anyone other than the Parties.
- 4.6 *Governing Law and Jurisdiction.* This Agreement is governed by and will be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein, and the Parties attorn to the exclusive jurisdiction of the courts of British Columbia.
- 4.7 *Counterparts and Electronic Delivery.* This Agreement may be executed electronically and in counterparts, and an executed signature page may be delivered by a Party by electronic transmission.

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the Effective Date.

**METRO VANCOUVER REGIONAL DISTRICT**

by its authorized signatories

---

Jerry W. Dobrovolny, P.Eng, MBA  
Chief Administrative Officer

---

Harji Varn  
Chief Financial Officer

**METRO VANCOUVER HOUSING CORPORATION**

by its authorized signatories

---

Jerry W. Dobrovolny, P.Eng, MBA  
Commissioner

---

Harji Varn  
Chief Financial Officer