

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

**REGULAR BOARD MEETING**

**Friday, May 25, 2018**

**9:00 A.M.**

**28<sup>th</sup> Floor Boardroom, 4730 Kingsway, Burnaby, British Columbia**

[Membership and Votes](#)

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

**A. ADOPTION OF THE AGENDA**

**1. May 25, 2018 Regular Meeting Agenda**

That the MVHC Board adopt the agenda for its regular meeting scheduled for May 25, 2018 as circulated.

**B. ADOPTION OF THE MINUTES**

**1. April 27, 2018 Regular Meeting Minutes**

That the MVHC Board adopt the minutes for its regular meeting held April 27, 2018 as circulated.

**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.*

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

## **1. HOUSING COMMITTEE REPORTS**

### **1.1 Mortgage Renewal for Alderwood Place**

That the MVHC Board pass the following resolutions as required by the British Columbia Housing Management Commission:

- a) that the MVHC Board hereby irrevocably authorizes British Columbia Housing Management Commission (BCHMC) to act on its behalf to renew the mortgage presently held by Canada Mortgage Housing Corporation (the "Mortgage") for the Alderwood Place project located at 8700 General Currie Rd, BC (BCHMC File no.18709/340/CMHC#17182809); and
- b) that any two officers or directors, or any one director together with any one officer of the Metro Vancouver Housing Corporation (MVHC); for and on behalf of the MVHC be and are hereby authorized to execute and deliver under the seal of the MVHC or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Mortgage assignment, renewal and amendment as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of the lender of the monies.

### **1.2 BCHMC Grant Funding for Heather Place**

That the MVHC pass the following resolutions as required by the British Columbia Housing Management Commission:

- a) that the Metro Vancouver Housing Corporation (MVHC) borrow up to a maximum amount of \$6,700,000 from the British Columbia Housing Management Commission (BCHMC) by way of a forgivable loan secured by a mortgage as required to facilitate the construction of the housing project (the "Project") for the property located at 755/785/799 14th Ave W, Vancouver, BC legally described as PID 007-043-899 Lot C Block 438 District Lot 526 Plan 19390 (the "Property"); and
- b) grant to BCHMC a covenant restricting the user of the Property in accordance with the Loan Commitment Letter; and
- c) that the MVHC execute and deliver all documents required by BCHMC or the lender of the monies, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by them, including without limitation a Section 219 covenant, a mortgage and affordable housing agreement (if applicable) and operating agreement; and
- d) that any two officers or directors, or any one director together with any one officer of the MVHC; for and on behalf of the MVHC be and are hereby authorized to execute and deliver under the seal of the MVHC or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Property and Project as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of BCHMC or the lender of the monies.

## **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. BUSINESS ARISING FROM DELEGATIONS**

**K. 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 regular meeting scheduled for May 25, 2018 pursuant to the *Community Charter* provisions, Section 90 (1) (e) as follows:

“90 (1) A part of a board 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.”

**L. RISE AND REPORT (Items Released from Closed Meeting)**

**M. ADJOURNMENT/CONCLUSION**

That the MVHC Board adjourn/conclude its regular meeting of May 25, 2018.

**METRO VANCOUVER HOUSING CORPORATION  
BOARD OF DIRECTORS**

Minutes of the Regular Meeting of the Metro Vancouver Housing Corporation (MVHC) Board of Directors held at 11:19 a.m. on Friday, April 27, 2018 in the 28<sup>th</sup> Floor Boardroom, 4730 Kingsway, Burnaby, British Columbia.

**MEMBERS PRESENT:**

Vancouver, Vice Chair, Director Raymond Louie  
Anmore, Director John McEwen  
Belcarra, Director Ralph Drew (arrived at 11:19 a.m.)  
Bowen Island, Director Maureen Nicholson  
Burnaby, Director Derek Corrigan  
Burnaby, Alternate Director Pietro Calendino for Sav Dhaliwal  
Burnaby, Director Colleen Jordan  
Coquitlam, Director Craig Hodge  
Coquitlam, Director Richard Stewart  
Electoral Area A, Alternate Director Bill Holmes for Maria Harris (arrived at 11:19 a.m.)  
Langley Township, Alternate Director Michelle Sparrow for Charlie Fox  
Maple Ridge, Director Nicole Read  
New Westminister, Director Jonathan Coté  
North Vancouver City, Director Darrell Mussatto

Pitt Meadows, Alternate Director Janis Elkerton for John Becker  
Port Moody, Director Mike Clay  
Richmond, Director Malcolm Brodie  
Richmond, Director Harold Steves  
Surrey, Director Tom Gill  
Surrey, Director Bruce Hayne  
Surrey, Director Linda Hepner  
Surrey, Director Barbara Steele  
Surrey, Director Dave Woods  
Tsawwassen, Director Bryce Williams  
Vancouver, Director Adriane Carr  
Vancouver, Director Heather Deal  
Vancouver, Director Kerry Jang  
Vancouver, Director Andrea Reimer  
West Vancouver, Director Michael Smith (departed at 11:20 a.m.)  
White Rock, Director Wayne Baldwin

**MEMBERS ABSENT:**

Port Coquitlam, Chair, Director Greg Moore  
Delta, Director Lois Jackson  
Delta, Director Bruce McDonald  
Langley City, Director Rudy Storteboom  
Langley Township, Director Bob Long  
Lions Bay, Director Karl Buhr

North Vancouver District, Director Richard Walton  
Surrey, Director Judy Villeneuve  
Vancouver, Director Gregor Robertson  
Vancouver, Director Tim Stevenson

**STAFF PRESENT:**

Carol Mason, Chief Administrative Officer  
Genevieve Lanz, Legislative Services Coordinator, Board and Information Services  
Chris Plagnol, Corporate Officer

In the absence of the Chair, Vice Chair Louie chaired the meeting.

**A. ADOPTION OF THE AGENDA**

**1. April 27, 2018 Regular Meeting Agenda**

**It was MOVED and SECONDED**

That the MVHC Board adopt the agenda for its regular meeting scheduled for April 27, 2018 as circulated.

**CARRIED**

11:19 a.m. Alternate Director Holmes arrived at the meeting.

**B. ADOPTION OF THE MINUTES**

**1. March 23, 2018 Regular Meeting Minutes**

**It was MOVED and SECONDED**

That the MVHC Board adopt the minutes for its regular meeting held March 23, 2018 as circulated.

**CARRIED**

11:19 a.m. Director Drew arrived at the meeting.

**C. DELEGATIONS**

No items presented.

**D. INVITED PRESENTATIONS**

No items presented.

11:20 a.m. Director Smith departed the meeting.

**E. CONSENT AGENDA**

**It was MOVED and SECONDED**

That the MVHC Board adopt the recommendations in the following items presented in the April 27, 2018 MVHC Board Consent Agenda:

- 1.1 Audited 2017 Financial Statements
- 2.1 Operating, Statutory and Discretionary Reserves Policy

**CARRIED**

The items and recommendations referred to above are as follows:

**1.1 Audited 2017 Financial Statements**

Report dated April 3, 2018 from Phil Trozduk, Chief Financial Officer, presenting the 2017 Audited Financial Statements for MVHC Board approval.

*Recommendation:*

That the MVHC Board approve the Audited 2017 Financial Statements for the Metro Vancouver Housing Corporation.

*Adopted on Consent*

**2.1 Operating, Statutory and Discretionary Reserves Policy**

Report dated April 11, 2018 together with report dated March 28, 2018 from Phil Trotzuk, Chief Financial Officer, presenting the *Operating, Statutory and Discretionary Reserves Policy* for MVHC Board consideration.

*Recommendation:*

That the MVHC Board approve the *Operating, Statutory and Discretionary Reserves Policy* as presented in the attached report, dated March 28, 2018, titled "Operating, Statutory and Discretionary Reserves Policy."

*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**

No items presented.

**J. BUSINESS ARISING FROM DELEGATIONS**

No items presented.

**K. RESOLUTION TO CLOSE MEETING**

No items presented.

**L. RISE AND REPORT (Items Released from Closed Meeting)**

No items presented.

**M. ADJOURNMENT/CONCLUSION**

**It was MOVED and SECONDED**

That the MVHC Board conclude its regular meeting of April 27, 2018.

**CARRIED**  
(Time: 11:20 a.m.)

CERTIFIED CORRECT

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Chris Plagnol, Corporate Officer

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Raymond Louie, Vice Chair

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To: Metro Vancouver Housing Corporation Board

From: Dean Rear, Director, Financial Planning and Operations, Financial Services

Date: April 16, 2018 Meeting Date: May 25, 2018

Subject: **Mortgage Renewal for Alderwood Place**

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**RECOMMENDATION**

That the MVHC Board pass the following resolutions as required by the British Columbia Housing Management Commission:

- a) that the MVHC Board hereby irrevocably authorizes British Columbia Housing Management Commission (BCHMC) to act on its behalf to renew the mortgage presently held by Canada Mortgage Housing Corporation (the "Mortgage") for the Alderwood Place project located at 8700 General Currie Rd, BC (BCHMC File no. 18709/340/CMHC#17182809); and
- b) that any two officers or directors, or any one director together with any one officer of the Metro Vancouver Housing Corporation (MVHC); for and on behalf of the MVHC be and are hereby authorized to execute and deliver under the seal of the MVHC or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Mortgage assignment, renewal and amendment as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of the lender of the monies.

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**PURPOSE**

To obtain authority to renew the mortgage for the Alderwood Place project.

**BACKGROUND**

The Alderwood Place project is funded under the British Columbia Housing Management Commission (BCHMC) Umbrella Agreement, and the mortgage for this project is due for renewal on September 1, 2018. The previous renewal was completed through BCHMC on September 1, 2008.

As part of the 'Direct Lending Program', BCHMC chooses an approved Canada Mortgage Housing Corporation (CMHC) lender, makes all decisions regarding the terms of the mortgage and handles all necessary requirements to secure the mortgage renewal.

An alternative financing option is to finance the mortgage with another lender but would still be subject to BCHMC's approval. Additionally, there would be up-front costs which include surveys, property appraisals, environmental and building assessments, legal, CMHC mortgage insurance and mortgage broker services.

The above noted alternative method of financing would not result in an improvement in interest rates for the MVHC or provide value added benefits. CMHC can offer rates that are usually considerably lower than or as favorable as any the MVHC could obtain elsewhere from outside lenders.

CMHC sets the interest rate for renewal at the Government of Canada benchmark bond yield of equal term plus no more than approximately 0.50% per annum compounded semi-annually. Based on the



current benchmark rates, the estimated renewal rate is 2.77% compared to similar term products offered by the major banks estimated at 3.29%.

### **ALTERNATIVES**

1. That the MVHC Board pass the following resolutions as required by the British Columbia Housing Management Commission:
  - a) that the MVHC Board hereby irrevocably authorizes British Columbia Housing Management Commission (BCHMC) to act on its behalf to renew the mortgage presently held by Canada Mortgage Housing Corporation (the "Mortgage") for the Alderwood Place project located at 8700 General Currie Rd, BC (BCHMC File no. 18709/340/CMHC#17182809); and
  - b) that any two officers or directors, or any one director together with any one officer of the Metro Vancouver Housing Corporation (MVHC); for and on behalf of the MVHC be and are hereby authorized to execute and deliver under the seal of the MVHC or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Mortgage assignment, renewal and amendment as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of the lender of the monies.
  
2. Subject to BCHMC approval, finance the mortgage with another lender.

### **FINANCIAL IMPLICATIONS**

The mortgage on Alderwood Place project subject for renewal on September 1, 2018 has a total balance of \$2,261,549 with expected maturity date of July 1, 2027. This mortgage will be renewed to maturity. The current interest rate for the existing loan with CMHC is 3.54%.

Should the Board approve alternative one to authorize BCHMC to act on our behalf, the mortgage will be renewed with a competitive interest rate with no constraints on Metro Vancouver resources. The estimated renewal rate of 2.77% is more attractive than rates offered by the major banks. The expected savings from the lower interest rate will reduce MVHC's debt servicing costs and thereby increase its ability for higher contribution to capital replacement projects.

Should the Board approve alternative 2 with MVHC securing its own lender, an approval from BCHMC would still be required yet would provide no improvement in interest rates and would require additional expenditures to secure the financing.

### **SUMMARY / CONCLUSION**

The mortgage for the Alderwood Place project needs to be renewed for September 1, 2018. As presented in alternative one, it is recommended that BCHMC act on MVHC's behalf as this allows for a competitive interest rate with no impact on Metro Vancouver resources.

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To: Metro Vancouver Housing Corporation Board

From: Dean Rear, Director, Financial Planning and Operations, Financial Services

Date: April 27, 2018 Meeting Date: May 25, 2018

Subject: **BCHMC Grant Funding for Heather Place**

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**RECOMMENDATION**

That the MVHC Board pass the following resolutions as required by the British Columbia Housing Management Commission:

- a) that the Metro Vancouver Housing Corporation (MVHC) borrow up to a maximum amount of \$6,700,000 from the British Columbia Housing Management Commission (BCHMC) by way of a forgivable loan secured by a mortgage as required to facilitate the construction of the housing project (the "Project") for the property located at 755/785/799 14<sup>th</sup> Ave W, Vancouver, BC legally described as PID 007-043-899 Lot C Block 438 District Lot 526 Plan 19390 (the "Property"); and
- b) grant to BCHMC a covenant restricting the user of the Property in accordance with the Loan Commitment Letter; and
- c) that the MVHC execute and deliver all documents required by BCHMC or the lender of the monies, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by them, including without limitation a Section 219 covenant, a mortgage and affordable housing agreement (if applicable) and operating agreement; and
- d) that any two officers or directors, or any one director together with any one officer of the MVHC; for and on behalf of the MVHC be and are hereby authorized to execute and deliver under the seal of the MVHC or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Property and Project as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of BCHMC or the lender of the monies.

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**PURPOSE**

To obtain authority to execute a forgivable mortgage agreement with British Columbia Housing Management Commission (BCHMC) to secure grant funding for the Heather Place redevelopment project.

**BACKGROUND**

Phase 1 of the Heather Place redevelopment project entails construction of 67 units of rental housing.

BCHMC has offered to provide Metro Vancouver Housing Corporation (MVHC) with grant funding of up to \$6,700,000 for the project in the form of a forgivable mortgage whereby MVHC must use the site for the intended purpose of providing affordable housing units for low and moderate income individuals, couples and families.

**BCHMC GRANT FUNDING CONDITIONS**

BCHMC has made the funding offer following their normal business processes which are in place to typically accommodate non-profit organizations providing affordable housing. The conditions and security of a forgivable mortgage are not the form that grant funding usually takes with a local

government recipient. If MVHC wishes to change the terms, the costs (including legal and other related costs), will be charged to the project, thereby eroding the amount of the funding that would go to the project.

Some of the more significant conditions of the funding are as follows:

- The funding to be secured in the form of a first mortgage with a term of 35 years with 1/25 of the mortgage forgiven each year, commencing in the 11<sup>th</sup> year. Should a breach in the agreement occur, it would constitute a default and the full balance of the loan would come due immediately;
- A section 219 covenant regarding the use of the property to be registered on title in BCHMC's favour;
- Title review and approval of all charges to be placed on title;
- Design and working drawings to be acceptable to BCHMC;
- BCHMC to be kept apprised of the status of construction and particularly, any problems with construction;
- MVHC to provide confirmation of all equity funding in writing;
- BCHMC to determine and coordinate any public or media events with respect to the project; and,
- MVHC to pay all legal fees and other expenses, including those to register and discharge the mortgage.

#### **ALTERNATIVES**

1. That the MVHC Board pass the following resolutions as required by the British Columbia Housing Management Commission:
  - a) that the Metro Vancouver Housing Corporation (MVHC) borrow up to a maximum amount of \$6,700,000 from the British Columbia Housing Management Commission (BCHMC) by way of a forgivable loan secured by a mortgage as required to facilitate the construction of the housing project (the "Project") for the property located at 755/785/799 14th Ave W, Vancouver, BC legally described as PID 007-043-899 Lot C Block 438 District Lot 526 Plan 19390 (the "Property"); and
  - b) grant to BCHMC a covenant restricting the user of the Property in accordance with the Loan Commitment Letter; and
  - c) that the MVHC execute and deliver all documents required by BCHMC or the lender of the monies, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by them, including without limitation a Section 219 covenant, a mortgage and affordable housing agreement (if applicable) and operating agreement; and
  - d) that any two officers or directors, or any one director together with any one officer of the MVHC; for and on behalf of the MVHC be and are hereby authorized to execute and deliver under the seal of the MVHC or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Property and Project as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of BCHMC or the lender of the monies.
2. That the MVHC Board receive for information the report dated April 25, 2018 titled "BCHMC Grant Funding for Heather Place" and provide alternate direction.

**FINANCIAL IMPLICATIONS**

The Heather Place redevelopment project is moving forward with Phase 1 to construct 67 units of rental housing. A key piece of the funding model for the project is a \$6.7 million grant from BCHMC which, at their request is to be secured by a forgivable mortgage.

Should the Board approve alternative one to enter into a forgivable mortgage agreement with BCHMC, the project will be able to proceed with existing operating assumptions for revenues and expenditures.

Should the Board approve alternative two, additional funding for project completion will need to be secured. If that funding has to be sourced internally from MVHC, it will likely limit the funding available for MVHC to pursue other opportunities advancing affordable housing in the region.

**SUMMARY / CONCLUSION**

The British Columbia Housing Management Commission (BCHMC) has offered to provide Metro Vancouver Housing Corporation (MVHC) with grant funding of up to \$6,700,000 for the redevelopment of Heather Place in the form of a forgivable mortgage. Securing the funding will allow the project to proceed as planned with existing operating assumptions for revenues and expenditures.

As presented in alternative one, it is recommended that MVHC secure the grant funding through the forgivable mortgage from BCHMC.

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