

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

REGULAR BOARD MEETING

Friday October 30, 2020

9:00 A.M.

28th Floor Boardroom, 4730 Kingsway, Burnaby, British Columbia

[Membership and Votes](#)

REVISED AGENDA¹

A. ADOPTION OF THE AGENDA

1. October 30, 2020 Regular Meeting Agenda

That the MVHC Board adopt the agenda for its regular meeting scheduled for October 30, 2020 as circulated.

B. ADOPTION OF THE MINUTES

1. October 2, 2020 Regular Meeting Minutes

That the MVHC Board adopt the minutes for its regular meeting held October 2, 2020 as circulated.

2. October 21, 2020 Metro Vancouver Board Budget Meeting Minutes

That the MVHC Board adopt the minutes for the joint meeting of the MVRD, MVHC, GVWD and GVS&DD Boards held October 21, 2020, 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.

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

1. CHIEF ADMINISTRATIVE OFFICER REPORTS

1.1 MVHC Financing of Heather Place Phase 1 Redevelopment

That the Metro Vancouver Housing Corporation (“MVHC”) Board:

- a) approve the borrowing of monies up to \$17,500,000 as required to facilitate the construction of a housing project (the “Project”) located at 733/773 14th Avenue West, Vancouver, B.C. (PID 007-043-899) (the “Property”) in accordance with the loan commitment letter dated April 28, 2020 issued by British Columbia Housing Management Commission (“BCHMC”) to MVHC; and
- b) approve the execution and delivery of all documents required by BCHMC or the lender of the monies, as applicable, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by any of them, including without limitation a mortgage, assignment of rents, security agreement, assignment of project agreements (and any assignments and modifications thereto as approved by BCHMC) and affordable housing agreement (if applicable); and
- c) directs 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 all such acts and things in connection with the Property, the Project or the financing 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

1. BUDGET REPORTS

Added

1.1 MVHC 2021 Budget and 2021 – 2025 Financial Plan

[Recommendation a) and b): simple weighted majority vote.]

That the MVHC Board:

- a) approve the 2021 Annual Budget and endorse the 2021 - 2025 Financial Plan as shown in Attachment 1 of the report dated October 22, 2020, titled “MVHC 2021 Budget and 2021 - 2025 Financial Plan”, in the following schedules:
 - Revenue and Expenditure Summary
 - Housing
 - Capital Programs Project Totals – Housing
- b) approve the 2021 Reserve Applications as shown in Attachment 2 of the report dated October 22, 2020, titled “MVHC 2021 Budget and 2021 - 2025 Financial Plan”.

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 October 30, 2020 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 October 30, 2020.

**METRO VANCOUVER HOUSING CORPORATION
BOARD OF DIRECTORS**

Minutes of the Regular Meeting of the Metro Vancouver Housing Corporation (MVHC) Board of Directors held at 10:11 a.m. on Friday, October 2, 2020 in the 28th Floor Boardroom, 4730 Kingsway, Burnaby, British Columbia.

MEMBERS PRESENT:

Burnaby, Chair, Director Sav Dhaliwal
 North Vancouver City, Vice Chair Director
 Linda Buchanan
 Anmore, Director John McEwen
 Belcarra, Director Neil Belenkie*
 Bowen Island, Director David Hocking
 Burnaby, Director Pietro Calendino*
 Burnaby, Director Mike Hurley
 Coquitlam, Director Craig Hodge
 Coquitlam, Director Richard Stewart*
 Delta, Director George Harvie
 Delta, Director Bruce McDonald*
 Electoral Area A, Director Jen McCutcheon*
 Langley City, Director Val van den Broek*
 Langley Township, Director Jack Froese*
 Langley Township, Director Kim Richter*
 Lions Bay, Director Ron McLaughlin
 Maple Ridge, Director Mike Morden*
 New Westminster, Director Jonathan Coté*
 North Vancouver District, Director Lisa Muri*
 Pitt Meadows, Director Bill Dingwall*

Port Coquitlam, Director Brad West*
 Port Moody, Director Rob Vagramov
 Richmond, Director Malcolm Brodie*
 Richmond, Director Harold Steves*
 Surrey, Director Linda Annis
 Surrey, Director Doug Elford*
 Surrey, Director Laurie Guerra*
 Surrey, Director Doug McCallum*
 Surrey, Director Mandeep Nagra*
 Surrey, Director Allison Patton*
 Tsawwassen, Director Ken Baird*
 Vancouver, Director Christine Boyle*
 Vancouver, Director Adriane Carr
 Vancouver, Director Melissa De Genova*
 Vancouver, Director Lisa Dominato*
 Vancouver, Director Colleen Hardwick*
 Vancouver, Alternate Director Pete Fry* for
 Kennedy Stewart
 Vancouver, Director Michael Wiebe
 West Vancouver, Director Mary-Ann Booth*
 White Rock, Director Darryl Walker*

MEMBERS ABSENT:

None

STAFF PRESENT:

Jerry W. Dobrovoly, Chief Administrative Officer
 Genevieve Lanz, Legislative Services Coordinator, Board and Information Services
 Chris Plagnol, Corporate Officer

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

A. ADOPTION OF THE AGENDA

1. October 2, 2020 Regular Meeting Agenda

It was MOVED and SECONDED

That the MVHC Board adopt the revised agenda for its regular meeting scheduled for October 2, 2020 as circulated.

CARRIED

B. ADOPTION OF THE MINUTES

1. July 31, 2020 Regular Meeting Minutes

It was MOVED and SECONDED

That the MVHC Board adopt the minutes for its regular meeting held July 31, 2020 as circulated.

CARRIED

C. DELEGATIONS

No items presented.

D. INVITED PRESENTATIONS

No items presented.

E. CONSENT AGENDA

It was MOVED and SECONDED

That the MVHC Board adopt the recommendations in the following items as presented in the October 2, 2020 MVHC Board consent agenda:

- 1.1 Mortgage Renewal 22450 121 Avenue, Maple Ridge (Fraserwood)
- 1.2 Considerations for Integrating Child Care into New Metro Vancouver Housing Developments
- 2.1 Mortgage Account Signing Officers – Inlet Centre

CARRIED

The items and recommendations referred to above are as follows:

1.1 Mortgage Renewal 22450 121 Avenue, Maple Ridge (Fraserwood)

Report dated August 18, 2020 from Joe Sass, Deputy Chief Financial Officer/Director, Financial Planning and Operations, Financial Services, seeking MVHC Board authorization to renew the mortgage for Fraserwood housing complex, located in the City of Maple Ridge.

Recommendation:

That the MVHC Board:

- a) hereby irrevocably authorizes and directs British Columbia Housing Management Commission (BCHMC) to act on its behalf to renew the existing mortgage presently held by Toronto Dominion Bank (the “Mortgage”) for the Fraserwood project located at 22450 121 Avenue, Maple Ridge BC (BCHMC File No. 90211/3118), including but not limited to selecting, at BCHMC’s sole discretion, the mortgage renewal terms and arranging mortgage renewal with the take-out lender (the “Take-out Lender”) on terms and conditions that are acceptable to BCHMC; and
- b) directs 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.

Adopted on Consent

1.2 Considerations for Integrating Child Care into New Metro Vancouver Housing Developments

Report dated August 18, 2020 from Amina Yasin, Regional Planner, Housing Planning and Policy, Regional Planning and Housing Services, providing the MVHC Board with information and considerations regarding integrating child care facilities in future MVHC development projects.

Recommendation:

That the MVHC Board receive for information the report dated August 18, 2020, titled “Considerations for Integrating Child Care into New Metro Vancouver Housing Developments”.

Adopted on Consent

2.1 Mortgage Account Signing Officers – Inlet Centre

Report dated September 30, 2020 from Joe Sass, Deputy Chief Financial Officer/Director, Financial Planning and Operations, Financial Services, seeking MVHC Board authorization to appoint signing officers as required by Coast Capital Savings Federal Credit Union for the purposes of the mortgage for Inlet Centre.

Recommendation:

That the Metro Vancouver Housing Corporation (MVHC) Board hereby authorize the resolution to appoint signing officers as required by Coast Capital Savings Federal Credit Union for the purposes of the mortgage for the Inlet Centre.

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

It was MOVED and SECONDED

That the MVHC Board close its regular meeting scheduled for October 2, 2020 pursuant to the *Community Charter* provisions, Section 90 (1) (e) and (g) 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; and
- (g) litigation or potential litigation affecting the regional district.”

CARRIED

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

No items presented.

M. ADJOURNMENT/CONCLUSION

It was MOVED and SECONDED

That the MVHC Board adjourn its regular meeting of October 2, 2020.

CARRIED

(Time: 10:13 a.m.)

CERTIFIED CORRECT

Chris Plagnol, Corporate Officer

Sav Dhaliwal, Chair

41520401 FINAL

METRO VANCOUVER BOARD BUDGET WORKSHOP

Minutes of the Regular Joint Meeting of the Metro Vancouver Regional District (MVRD), the Greater Vancouver Water District (GVWD), the Greater Vancouver Sewerage and Drainage District (GVS&DD), and the Metro Vancouver Housing Corporation (MVHC) Boards of Directors held at 9:01 a.m. on Wednesday, October 21, 2020 in the 28th Floor Boardroom, 4730 Kingsway, Burnaby, British Columbia.

MEMBERS PRESENT:

Burnaby, Chair, Director Sav Dhaliwal	Port Moody, Director Rob Vagramov* (arrived at 9:09 a.m.)
North Vancouver City, Vice Chair Director Linda Buchanan*	Richmond, Director Malcolm Brodie*
Anmore, Director John McEwen	Richmond, Director Harold Steves*
Belcarra, Director Carolina Clark	Surrey, Director Linda Annis*
Bowen Island, Director David Hocking*	Surrey, Director Doug Elford*
Burnaby, Director Pietro Calendino*	Surrey, Director Laurie Guerra
Burnaby, Director Mike Hurley	Surrey, Director Doug McCallum*
Coquitlam, Director Craig Hodge*	Surrey, Alternate Director Brenda Locke for Mandeep Nagra*
Coquitlam, Director Richard Stewart*	Surrey, Director Allison Patton
Delta, Alternate Director Dylan Kruger for George Harvie*	Tsawwassen, Director Ken Baird*
Delta, Director Bruce McDonald*	Vancouver, Director Christine Boyle*
Electoral Area A, Director Jen McCutcheon*	Vancouver, Director Adriane Carr*
Langley City, Director Val van den Broek*	Vancouver, Director Melissa De Genova* (arrived at 9:35 a.m.)
Langley Township, Director Jack Froese*	Vancouver, Director Lisa Dominato* (arrived at 9:13 a.m., and departed at 11:56 a.m.)
Langley Township, Director Kim Richter* (arrived at 10:07 a.m.)	Vancouver, Director Colleen Hardwick* (arrived at 9:51 a.m.)
Lions Bay, Director Ron McLaughlin*	Vancouver, Alternate Director Pete Fry for Kennedy Stewart*
Maple Ridge, Director Mike Morden*	Vancouver, Director Michael Wiebe*
New Westminster, Director Jonathan Coté*	West Vancouver, Director Mary-Ann Booth* (arrived at 9:12 a.m.)
North Vancouver District, Director Lisa Muri*	White Rock, Director Darryl Walker*
Pitt Meadows, Director Bill Dingwall*	
Port Coquitlam, Director Brad West	

MEMBERS ABSENT:

None

STAFF PRESENT:

Jerry W. Dobrovolny, Chief Administrative Officer
 Lauren Cichon, Legislative Services Coordinator, Board and Information Services
 Klara Kutakova, Deputy Corporate Officer

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

The Chair called the meeting to order at 9:01 a.m.

1. PRESENTATION

1.1 2021 Budget and 2021-2025 Financial Plan – Metro Vancouver Districts and Housing Corporation

Jerry Dobrovolny, Chief Administrative Officer/Commissioner and Dean Rear, Chief Financial Officer/General Manager, Financial Services Department, introduced the 2021 Metro Vancouver Districts and Housing Corporation Budget and 2021 – 2025 Financial Plan highlighting overall household impacts for 2021 – 2025, historic and projected population growth, and operating and capital budget expenditures and revenues.

9:09 a.m. Director Vagramov arrived at the meeting.

9:12 a.m. Director Booth arrived at the meeting.

9:13 a.m. Director Dominato arrived at the meeting.

Presentation material titled “2021-2025 Financial Plan Overview” is retained with the October 21, 2020 Board Budget Workshop agenda.

9:35 a.m. Director De Genova arrived at the meeting.

9:51 a.m. Director Hardwick arrived at the meeting.

10:07 a.m. Director Richter arrived at the meeting.

Members discussed a temporary relaxation of the amortization period as outlined in the *Financial Management Policy* by temporarily changing it from 15 years to 30 years.

It was MOVED and SECONDED

That the MVRD Board direct staff to adopt a 30-year amortization for borrowing for 2021 and 2022 only and then return to a 15-year amortization period as per the *Financial Management Policy*.

Recorded Vote

At the request of the Chair, a recorded vote was conducted.

Director	Number of Votes	
	For	Against
Linda Annis		4
Ken Baird	1	
Mary-Ann Booth	3	
Christine Boyle	5	
Malcolm Brodie		5
Linda Buchanan	3	
Pietro Calendino	4	
Adriane Carr		5

Carolina Clark	1	
Jonathan Côté	4	
Melissa De Genova	5	
Sav Dhaliwal	4	
Bill Dingwall		1
Lisa Dominato		4
Doug Elford	5	
Jack Froese		3
Laurie Guerra		4
Colleen Hardwick		4
Dylan Kruger	3	
David Hocking		1
Craig Hodge		3
Mike Hurley	4	
Doug McCallum		5
Jen McCutcheon	1	
Bruce McDonald	3	
John McEwen	1	
Ron McLaughlin	1	
Mike Morden	5	
Lisa Muri		5
Brenda Locke		4
Allison Patton		4
Kim Ritcher		3
Harold Steves		5
Pete Fry		5
Richard Stewart		4
Rob Vagramov		2
Val van den Broek	2	
Darryl Walker		1
Brad West	3	
Michael Wiebe		4
	For	Against
Total Votes	58	76

DEFEATED

Liquid Waste Services

Members were provided an overview of the 2021 Liquid Waste Services Budget and 2021-2025 Financial Plan, highlighting performance metrics, continuous improvement, operating and capital expenditures, 2021 – 2025 major projects, financial plan summaries, and concerns about the Ministry of Environment increase of wastewater treatment plant fee in 2021.

It was MOVED and SECONDED

That the GVS&DD Board:

- a) endorse the 2021 Budget and 2021-2025 Financial Plan for Liquid Waste Services, as presented; and
- b) direct staff to prepare the necessary budget information to be presented at the October 30, 2020 GVS&DD Board meeting for consideration.

That the GVS&DD Board Chair write a letter to the Honourable George Heyman, Minister of Environment and Climate Change Strategy, requesting that the Minister consider the deferral or graduated application of the \$2,479,807 fee increase in 2021 for Metro Vancouver's five wastewater treatment plant authorizations.

CARRIED

Director Richter voted in the negative.

Water Services

Members were provided with an overview of the 2021 Water Services Budget and 2021-2025 Financial Plan, highlighting performance metrics, continuous improvement, 2021 – 2025 major projects, 2021-2025 financial plan summary, and proposed adjusted pricing approach.

Members requested additional information on the proposed adjusted pricing approach of the peak and non-peak water rates to be provided before the October 30, 2020 Board Meeting.

11:56 a.m. Director Dominato departed the meeting.

It was MOVED and SECONDED

That the GVWD Board:

- a) endorse the 2021 Budget and 2021-2025 Financial Plan for Water Services, as presented;
- b) direct staff to calculate the water rates applying the 2021 increase wholly to the peak rate; and,
- c) direct staff to prepare the necessary budget information to be presented at the October 30, 2020 GVWD Board meeting for consideration.

CARRIED

Director Richter voted in the negative.

Solid Waste Services

Members were provided with an overview of the 2021 Solid Waste Services Budget and 2021 – 2025 Financial Plan, highlighting performance metrics, continuous improvement, tipping fees, and capital program highlights.

It was MOVED and SECONDED

That the GVS&DD Board:

- a) endorse the 2021 Budget and 2021-2025 Financial Plan for Solid Waste Services, as presented; and
- b) direct staff to prepare the necessary budget information to be presented at the October 30, 2020 GVS&DD Board meeting for consideration.

CARRIED

Metro Vancouver Housing Corporation

Members were provided an overview of the 2021 MVHC Budget and 2021 – 2025 Financial Plan, outlining performance metrics, and operating and capital highlights.

It was MOVED and SECONDED

That the MVHC Board:

- a) endorse the 2021 Budget and 2021-2025 Financial Plan for Metro Vancouver Housing Corporation, as presented; and
- b) direct staff to prepare the necessary budget information to be presented at the October 30, 2020 MVHC Board meeting for consideration.

CARRIED

Metro Vancouver Regional District Services

Members were provided an overview of the MVRD 2021 Budget, highlighting MVRD functions and the financial plan summary.

It was MOVED and SECONDED

That the MVRD Board:

- a) endorse the 2021 Budget and 2021-2025 Financial Plan for the Regional District Service Areas, as presented;
- b) endorse the 2021 Budget and 2021-2025 Financial Plan for the Electoral Area A Service Area, as presented;
- c) endorse the 2021 Budget and 2021-2025 Financial Plan for the Sasamat Fire Protection Service, as presented; and
- d) direct staff to prepare the necessary budget information to be presented at the October 30, 2020 Metro Vancouver Regional District Board meeting for consideration.

CARRIED

2. REPORTS

2.1 2021-2025 Financial Plan – Metro Vancouver Districts and Housing Corporation

Report dated October 14, 2020 from Jerry Dobrovlny, Commissioner/Chief Administrative Officer and Dean Rear, Chief Financial Officer/General Manager – Financial Services Department, presenting the 2021 Budget and 2021-2025 Financial Plan for the Metro Vancouver Districts and Housing Corporation for consideration.

It was MOVED and SECONDED

That the Board endorse the 2021 Budget and 2021 - 2025 Financial Plan for the Metro Vancouver Districts and Housing Corporation, as presented, and direct staff to prepare the necessary budget information to be presented at the October 30, 2020 Metro Vancouver Districts and Housing Corporation Board meetings for consideration.

Motion Withdrawn

The aforementioned motion was deemed unnecessary in light of the endorsement motions passed earlier in the meeting; consequently, withdrawal of the motion was in order. With consent of the Board, the aforementioned motion was withdrawn.

It was MOVED and SECONDED

That the MVRD, GVWD, GVS&DD, and MVHC Boards receive the report titled “2021-2025 Financial Plan – Metro Vancouver Districts and Housing Corporation” dated October 14, 2020 for information.

CARRIED

3. REFERENCE MATERIAL

3.1 2021 – 2025 Financial Plan – Standing Committee Reports

4. Q&A/COMMENTS FROM THE PUBLIC

Chair Dhaliwal asked three times if there were any members of the public wishing to speak to the proposed Metro Vancouver Districts and Housing Corporation Budgets. No persons stepped forward.

5. ADJOURNMENT

The Chair declared the meeting adjourned at 12:41 p.m.

CERTIFIED CORRECT

Klara Kutakova, Deputy Corporate Officer

Sav Dhaliwal, Chair

To: Metro Vancouver Housing Corporation Board of Directors

From: Joe Sass, Director Financial Planning and Operations/Deputy CFO

Date: October 19, 2020 Meeting Date: October 30, 2020

Subject: **MVHC Financing of Heather Place Phase 1 Redevelopment**

RECOMMENDATION

That the Metro Vancouver Housing Corporation (“MVHC”) Board:

- a) approve the borrowing of monies up to \$17,500,000 as required to facilitate the construction of a housing project (the “Project”) located at 733/773 14th Avenue West, Vancouver, B.C. (PID 007-043-899) (the “Property”) in accordance with the loan commitment letter dated April 28, 2020 issued by British Columbia Housing Management Commission (“BCHMC”) to MVHC; and
- b) approve the execution and delivery of all documents required by BCHMC or the lender of the monies, as applicable, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by any of them, including without limitation a mortgage, assignment of rents, security agreement, assignment of project agreements (and any assignments and modifications thereto as approved by BCHMC) and affordable housing agreement (if applicable); and
- c) directs 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 all such acts and things in connection with the Property, the Project or the financing 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.

PURPOSE

To seek a revised resolution from the Board that reflects the updated address for Heather Place Phase 1 redevelopment to secure a mortgage financing through British Columbia Housing Management Commission (BCHMC).

BACKGROUND

Phase 1 of the Heather Place redevelopment project entailed construction of 67 units of rental housing. The project is substantially complete with units occupied by tenants. The total budget for the project is \$28,500,000, which will be funded by \$6,700,000 of forgivable loan from BCHMC, approximately \$13,335,000 of mortgage through BCHMC, and approximately \$8,465,000 from MVHC’s development reserve.

On October 9, 2020, MVHC received proceeds of \$13,167,798 from BCHC as a demand non-revolving loan which will be rolled into a fixed term mortgage from a take-out lender of BCHMC’s choice before the end of the year. The variable interest rate on the demand loan is approximately 0.70% and all interest accrued will be added to the principal balance of the mortgage which is estimated at approximately \$13,335,000. The balance from the approved mortgage amount will also cover the application, insurance and other associated mortgage fees.

RESOLUTION REQUEST

The original resolution that was provided to the Board on November 1, 2019 is included in Attachment 1. The newly constructed building was provided with a revised address of 733/773 14th Avenue West. The Parcel Identifier (PID) remains unchanged but was not stated in the prior resolution.

BCHMC is requesting that MVHC provide an updated resolution from November 1, 2019 with the revised address for the Property to tender the mortgage and to allow assignment of the mortgage to a third-party lender. As MVHC was only notified of this request from BCHMC in early October following the receipt of the demand loan and time is of the essence to proceed with the tendering of the loan scheduled for November 2020, this report is being presented directly to the MVHC Board and has not been reviewed by the Metro Vancouver Housing Committee.

The mortgage rates have decreased significantly since November 2019, at which time the estimated rate was 2.482% for a 10-year fixed term. The most recently secured rate was 1.58%, and the rates are not expected to fluctuate widely in the coming months.

ALTERNATIVES

1. That the Metro Vancouver Housing Corporation (MVHC) Board:
 - a) approve the borrowing of monies up to \$17,500,000 as required to facilitate the construction of a housing project (the "Project") located at 733/773 14th Avenue West, Vancouver, B.C. (PID 007-043-899) (the "Property") in accordance with the loan commitment letter dated April 28, 2020 issued by British Columbia Housing Management Commission ("BCHMC") to MVHC; and
 - b) approve the execution and delivery of all documents required by BCHMC or the lender of the monies, as applicable, in such form and containing such terms, covenants, provisos and conditions as are satisfactory to or required by any of them, including without limitation a mortgage, assignment of rents, security agreement, assignment of project agreements (and any assignments and modifications thereto as approved by BCHMC) and affordable housing agreement (if applicable); and
 - c) directs 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 all such acts and things in connection with the Property, the Project or the financing 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 October 19, 2020 titled "MVHC Financing of Heather Place Phase 1 Redevelopment" and provide alternate direction.

FINANCIAL IMPLICATIONS

Should the Board approve alternative one, there is no direct financial impact as the mortgage will be tendered through BCHMC and executed before the new year.

Should alternative two be selected, the mortgage tendering process will be delayed, and staff may need to investigate alternative sources of financing based on direction provided by the Board which may result in higher financing costs for MVHC.

SUMMARY/ CONCLUSION

A revised resolution with the updated address for the Heather Place is required by BCHMC to proceed with the tendering of the take-out loan.

Alternative one is recommended.

Attachments:

1. November 1, 2019 MVHC Board Resolution



Board and Information Services
Tel. 604 432-6250 Fax 604 451-6686

Resolution Form

This is to advise that at the November 1, 2019 Regular Meeting, the Metro Vancouver Housing Corporation (MVHC) Board of Directors considered the following report:

MVHC Financing of Second Mortgage for Heather Place Redevelopment

and passed the following resolution:

That the MVHC Board:

- a) *approve the borrowing of up to a maximum of \$17,500,000 by way of a second mortgage provided through BCHMC (the "Lender"). Heather Place is located at 755/785/799 West 14th Avenue, Vancouver, BC. The initial term for the mortgage will be 10 years, with an amortization period of 35 years. The interest currently offered by financing through BCHMC is 2.482%; and*
- b) *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.*

To: MVHC Board

From: Dean Rear, General Manager, Financial Services/Chief Financial Officer

Date: October 22, 2020 Meeting Date: October 20, 2020

Subject: **MVHC 2021 Budget and 2021 - 2025 Financial Plan**

RECOMMENDATION

That the MVHC Board:

- a) approve the 2021 Annual Budget and endorse the 2021 - 2025 Financial Plan as shown in Attachment 1 of the report dated October 22, 2020, titled "MVHC 2021 Budget and 2021 - 2025 Financial Plan", in the following schedules:
 - Revenue and Expenditure Summary
 - Housing
 - Capital Programs Project Totals – Housing
 - b) approve the 2021 Reserve Applications as shown in Attachment 2 of the report dated October 22, 2020, titled "MVHC 2021 Budget and 2021 - 2025 Financial Plan".
-

EXECUTIVE SUMMARY

Following the planning process outlined at the June 5th Board Budget Workshop, the MVHC 2021 Annual Budget and 2021 - 2025 Financial Plan is now being brought forward to the Board for consideration and approval. The financial plan has been developed based on a detailed budgeting process that is designed to forecast anticipated future revenue requirements to cover operating expenditures, capital expenditures and debt servicing costs over the next five years.

Also being brought forward is a request to authorize the application of 2021 reserve funds which requires the approval of the MVHC Board pursuant to the Board's *Operating, Discretionary, and Statutory Reserves Policy*.

Staff recommend approving the MVHC 2021 Annual Budget and endorsing the 2021-2025 Financial Plan as presented.

PURPOSE

To consider and approve the 2021 MVHC Annual Budget for Housing Services and endorse the MVHC 2021 - 2025 Financial Plan.

BACKGROUND

A Board Budget Workshop was held on June 5th with the objective to seek direction for the preparation of the 2021 - 2025 Financial Plan. The workshop outlined the principles that guide the work of Metro Vancouver as an organization, the current 2020 - 2024 Financial Plan, the implications of the COVID-19 pandemic, the tools that can be used to make budget adjustments, and a proposed approach for the 2021 - 2025 Financial Plan.

In October the 2021 budget and five-year financial plan for MVHC was presented to the Housing Committee for consideration and endorsement and is included in Attachment 1. On October 21, 2020

this budget was also presented at the Board Budget Workshop and is summarized in the report titled “2021 - 2025 Financial Plan – Metro Vancouver Districts and Housing Corporation” (Attachment 3).

The MVHC 2021 Annual Budget and 2021 - 2025 Financial Plan are now being brought forward to the Board for consideration and approval. Also being brought forward is a request to authorize the application of 2021 reserve funds which requires the approval of the MVHC Board pursuant to the Board’s *Operating, Discretionary, and Statutory Reserves Policy* (Attachment 2).

BOARD BUDGET APPROVAL REQUIREMENTS

Unlike the *Local Government Act* and the *Community Charter* which requires Regional Districts and Municipalities in British Columbia to annually approve by bylaw a financial plan for a five year period, multi-year financial plans are not required under MVHC enabling legislation.

However, in accordance with Metro Vancouver’s policies that adhere to long term financial planning principles, this report brings forward for the Board’s consideration a five-year financial plan for the years 2021 - 2025. The financial plan has been developed based on a detailed budgeting process that is designed to predict anticipated future revenue requirements to cover operating expenditures, capital expenditures and debt servicing costs over the next five years. This information is essential in supporting Metro Vancouver’s overall budgeting process.

ALTERNATIVES

1. That the MVHC Board:
 - a) approve the 2021 Annual Budget and endorse the 2021 - 2025 Financial Plan as shown in Attachment 1 of the report dated October 22, 2020, titled “MVHC 2021 Budget and 2021 - 2025 Financial Plan”, in the following schedules:
 - Revenue and Expenditure Summary
 - Housing
 - Capital Programs Project Totals – Housing
 - b) approve the 2021 Reserve Applications as shown in Attachment 2 of the report dated October 22, 2020, titled “MVHC 2021 Budget and 2021 - 2025 Financial Plan”.
2. That the Board provide alternative direction as appropriate.

FINANCIAL IMPLICATIONS

If the Board approves alternative one, the 2021 Annual Budget will be approved as presented and authority will be provided to undertake the MVHC Housing Services work plans presented in the budget reports. The 2021 to 2025 Financial Plan for MVHC Housing Services will also be endorsed and will provide greater certainty for budget planning in future years, as well as improved information to the public, partner agencies and tenant services.

Under alternative two, the Board may wish to amend the 2021 budget and approve the budget and financial plan as amended. Under the MVHC enabling legislation, the Board is required to adopt a budget on an annual basis to ensure the ongoing financial sustainability of the Corporation.

SUMMARY / CONCLUSION

The 2021 Revenue and Expenditure Budgets and the 2021 Reserve Applications require Board approval. Endorsing the MVHC 2021 - 2025 Financial Plan aligns with Metro Vancouver’s financial

planning practices and concludes the administrative process of the 2021 budget development cycle. Staff recommend approving the MVHC 2021 Annual Budget and endorsing the 2021-2025 Financial Plan as presented in alternative one.

Attachments

1. MVHC 2021 - 2025 Financial Plan
2. 2021 Reserve Applications
3. “2021 - 2025 Financial Plan – Metro Vancouver Districts and Housing Corporation”, dated October 26, 2020.

References

1. [Metro Vancouver Board Budget Workshop Agenda, October 21, 2020](#)

41943580

METRO VANCOUVER DISTRICTS
REVENUE AND EXPENDITURE SUMMARY
2021-2025 FINANCIAL PLAN

	2020	2021	%	2022	%	2023	%	2024	%	2025	%
	BUDGET	BUDGET	CHANGE	FORECAST	CHANGE	FORECAST	CHANGE	FORECAST	CHANGE	FORECAST	CHANGE
REVENUES											
Water Sales	\$ 307,175,053	\$ 316,341,192	3.0%	\$ 333,002,653	5.3%	\$ 354,421,887	6.4%	\$ 387,720,817	9.4%	\$ 430,609,768	11.1%
Liquid Waste Services Levy	274,237,112	288,225,540	5.1%	319,960,015	11.0%	357,836,615	11.8%	402,644,254	12.5%	467,016,401	16.0%
Solid Waste Tipping Fees	105,822,892	108,516,645	2.5%	112,961,596	4.1%	118,233,412	4.7%	124,343,566	5.2%	131,328,614	5.6%
Metro Vancouver Regional District Requisitions	71,779,890	80,939,658	12.8%	86,385,178	6.7%	92,715,620	7.3%	98,731,159	6.5%	101,958,338	3.3%
Compensation Services Revenue	483,893	484,531	0.1%	492,157	1.6%	505,829	2.8%	513,689	1.6%	523,498	1.9%
Collective Bargaining Services Revenue	887,536	900,427	1.5%	912,825	1.4%	928,833	1.8%	952,942	2.6%	971,033	1.9%
Housing Rents	40,392,325	41,303,421	2.3%	41,812,776	1.2%	44,361,315	6.1%	44,752,648	0.9%	47,398,800	5.9%
Liquid Waste Industrial Charges	11,201,217	11,756,424	5.0%	12,026,821	2.3%	12,303,439	2.3%	12,586,418	2.3%	12,875,906	2.3%
Energy Sales	5,681,540	6,239,530	9.8%	6,401,758	2.6%	6,568,204	2.6%	6,738,977	2.6%	6,914,190	2.6%
Transfer from DCC Reserves	34,172,083	43,145,119	26.3%	53,536,875	24.1%	69,782,765	30.3%	83,666,018	19.9%	94,707,923	13.2%
User Fees	5,288,054	5,184,946	(1.9%)	5,316,631	2.5%	5,343,821	0.5%	5,412,927	1.3%	5,480,086	1.2%
Housing Mortgage Subsidies	2,103,014	2,099,058	(0.2%)	2,147,785	2.3%	1,890,957	(12.0%)	1,934,029	2.3%	1,977,969	2.3%
Non-Road Diesel Permit Fees	1,760,000	1,365,000	(22.4%)	1,365,000	0.0%	1,365,000	0.0%	1,365,000	0.0%	1,365,000	0.0%
Regional Global Positioning System User Fees	292,221	288,091	(1.4%)	291,655	1.2%	287,103	(1.6%)	292,844	2.0%	298,508	1.9%
Electoral Area Requisition	376,943	389,401	3.3%	401,335	3.1%	404,654	0.8%	424,205	4.8%	443,327	4.5%
Love Food Hate Waste	406,800	492,000	20.9%	492,000	0.0%	452,000	(8.1%)	452,000	0.0%	346,000	(23.5%)
Zero Waste Conference	230,000	325,000	41.3%	337,000	3.7%	350,500	4.0%	366,200	4.5%	366,200	0.0%
Other External Revenues	9,213,671	11,537,524	25.2%	13,243,451	14.8%	14,385,966	8.6%	14,511,275	0.9%	13,520,316	(6.8%)
Transfer from Sustainability Innovation Fund Reserve	5,173,589	2,102,001	(59.4%)	1,082,001	(48.5%)	697,001	(35.6%)	442,000	(36.6%)	-	(100.0%)
Transfer from Reserves	17,650,939	17,852,993	1.1%	14,825,427	(17.0%)	14,137,436	(4.6%)	12,177,944	(13.9%)	12,760,030	4.8%
TOTAL REVENUES	\$ 894,328,772	\$ 939,488,501	5.0%	\$ 1,006,994,939	7.2%	\$ 1,096,972,357	8.9%	\$ 1,200,028,912	9.4%	\$ 1,330,861,907	10.9%
EXPENDITURES											
Operating Programs:											
Greater Vancouver Water District	\$ 310,426,734	\$ 318,631,748	2.6%	\$ 334,918,209	5.1%	\$ 356,327,856	6.4%	\$ 389,642,315	9.3%	\$ 431,491,440	10.7%
Greater Vancouver Sewerage & Drainage District:											
Liquid Waste	330,200,194	353,356,111	7.0%	393,867,015	11.5%	447,312,853	13.6%	503,828,549	12.6%	578,908,562	14.9%
Solid Waste	114,088,624	118,512,571	3.9%	124,657,028	5.2%	131,118,607	5.2%	137,455,691	4.8%	144,666,779	5.2%
Metro Vancouver Housing Corporation	52,289,752	53,692,021	2.7%	54,676,141	1.8%	57,551,666	5.3%	58,402,255	1.5%	62,112,882	6.4%
Metro Vancouver Regional District											
Air Quality	11,858,732	11,683,020	(1.5%)	11,562,719	(1.0%)	11,507,291	(0.5%)	11,940,897	3.8%	12,244,950	2.5%
E911 Emergency Telephone Service	4,521,227	4,633,573	2.5%	4,748,693	2.5%	4,866,654	2.5%	4,987,528	2.5%	5,111,386	2.5%
Electoral Area Service	808,417	678,891	(16.0%)	763,003	12.4%	676,322	(11.4%)	691,288	2.2%	698,410	1.0%
General Government Administration	5,879,900	5,681,876	(3.4%)	5,911,994	4.1%	5,975,895	1.1%	6,049,999	1.2%	6,118,636	1.1%
General Government-Zero Waste Collaboration Initiatives	1,679,923	1,660,020	(1.2%)	1,650,208	(0.6%)	1,623,868	(1.6%)	1,641,101	1.1%	1,538,185	(6.3%)
Housing Planning and Policy	6,093,504	6,221,486	2.1%	6,064,759	(2.5%)	6,079,659	0.2%	6,170,999	1.5%	6,197,799	0.4%
Regional Economic Prosperity	1,020,000	1,530,000	50.0%	2,040,000	33.3%	2,550,000	25.0%	2,550,000	0.0%	2,550,000	0.0%
Regional Emergency Management	237,868	228,945	(3.8%)	201,745	(11.9%)	189,162	(6.2%)	178,579	(5.6%)	178,635	0.0%
Regional Employer Services	3,164,558	3,102,235	(2.0%)	3,253,149	4.9%	2,999,503	(7.8%)	2,994,075	(0.2%)	2,997,621	0.1%
Regional Global Positioning System	328,849	324,719	(1.3%)	328,283	1.1%	323,731	(1.4%)	330,314	2.0%	336,840	2.0%
Regional Parks	46,873,308	54,561,963	16.4%	57,926,755	6.2%	63,137,878	9.0%	68,354,979	8.3%	70,742,766	3.5%
Regional Planning	3,913,393	3,855,768	(1.5%)	3,886,340	0.8%	4,044,061	4.1%	4,114,430	1.7%	4,262,366	3.6%
Sasamat Fire Protection Service	943,789	1,133,554	20.1%	538,898	(52.5%)	687,351	27.5%	695,913	1.2%	704,650	1.3%
	87,323,468	95,296,050	9.1%	98,876,546	3.8%	104,661,375	5.9%	110,700,102	5.8%	113,682,244	2.7%
TOTAL EXPENDITURES	\$ 894,328,772	\$ 939,488,501	5.0%	\$ 1,006,994,939	7.2%	\$ 1,096,972,357	8.9%	\$ 1,200,028,912	9.4%	\$ 1,330,861,907	10.9%

**METRO VANCOUVER HOUSING CORPORATION
HOUSING
2021-2025 FINANCIAL PLAN**

	2020 BUDGET	2021 BUDGET	% CHANGE	2022 FORECAST	% CHANGE	2023 FORECAST	% CHANGE	2024 FORECAST	% CHANGE	2025 FORECAST	% CHANGE
REVENUES											
Housing Rents	\$ 40,392,325	\$ 41,303,421	2.3%	\$ 41,812,776	1.2%	\$ 44,361,315	6.1%	\$ 44,752,648	0.9%	\$ 47,398,800	5.9%
Housing Mortgage and Rental Subsidies	2,103,014	2,099,058		2,147,785		1,890,957		1,934,029		1,977,969	
Other External Revenues	794,413	801,468		741,862		745,572		751,874		755,165	
Transfer from Reserves	9,000,000	9,488,074		9,973,718		10,553,822		10,963,704		11,980,948	
TOTAL REVENUES	\$ 52,289,752	\$ 53,692,021	2.7%	\$ 54,676,141	1.8%	\$ 57,551,666	5.3%	\$ 58,402,255	1.5%	\$ 62,112,882	6.4%
EXPENDITURES											
Operating Programs:											
Property Operations	\$ 18,023,965	\$ 19,715,819		\$ 19,895,456		\$ 20,582,442		\$ 21,064,263		\$ 21,944,378	
Maintenance	1,166,883	912,592		932,854		968,267		990,479		1,013,217	
Housing Finance Operations	671,410	945,735		963,583		981,343		1,004,785		1,030,481	
Tenant Program and Services	732,273	412,897		372,386		379,385		387,868		396,552	
Site Administration	1,868,170	2,052,399		2,068,916		2,110,863		2,162,867		2,210,009	
Engineers in Training	11,534	11,627		11,854		12,087		12,389		12,683	
Administration and Department Support	1,190,329	1,407,505		1,436,634		1,469,360		1,504,046		1,539,533	
	23,664,564	25,458,574	7.6%	25,681,683	0.9%	26,503,747	3.2%	27,126,697	2.4%	28,146,853	3.8%
Communications Program	40,000	40,000	0.0%	40,000	0.0%	40,000	0.0%	40,000	0.0%	40,000	0.0%
Allocation of Centralized Support	2,071,404	2,082,758	0.5%	2,238,598	7.5%	2,104,476	(6.0%)	2,095,050	(0.4%)	2,004,999	(4.3%)
Total Operating Programs	25,775,968	27,581,332	7.0%	27,960,281	1.4%	28,648,223	2.5%	29,261,747	2.1%	30,191,852	3.2%
Allocation of Project Delivery	-	388,442	0.0%	387,293	(0.3%)	327,701	(15.4%)	332,117	1.3%	338,552	1.9%
Asset Maintenance and Replacement	9,000,000	9,488,074	5.4%	9,973,718	5.1%	10,553,822	5.8%	10,963,704	3.9%	11,980,948	9.3%
Debt Service	5,333,392	5,154,165	(3.4%)	5,135,889	(0.4%)	6,256,187	21.8%	6,225,930	(0.5%)	7,388,878	18.7%
Contribution to Capital Replacement Reserve	1,720,546	1,720,546	0.0%	1,721,030	0.0%	1,833,525	6.5%	1,836,987	0.2%	1,906,301	3.8%
Contribution to Reserve	10,459,846	9,359,462	(10.5%)	9,497,930	1.5%	9,932,208	4.6%	9,781,770	(1.5%)	10,306,351	5.4%
TOTAL EXPENDITURES	\$ 52,289,752	\$ 53,692,021	2.7%	\$ 54,676,141	1.8%	\$ 57,551,666	5.3%	\$ 58,402,255	1.5%	\$ 62,112,882	6.4%

**METRO VANCOUVER HOUSING CORPORATION
CAPITAL PROGRAMS AND PROJECT DETAILS
HOUSING DEVELOPMENT
2021 - 2025 CAPITAL PLAN**

	2021 CAPITAL BUDGET	2022 CAPITAL PLAN	2023 CAPITAL PLAN	2024 CAPITAL PLAN	2025 CAPITAL PLAN	2021 TO 2025 TOTAL
CAPITAL EXPENDITURES						
Housing Development - Capital						
Heather Place - Building B	\$ 2,000,000	\$ 22,000,000	\$ 13,200,000	\$ -	\$ -	\$ 37,200,000
Kingston Gardens - Phase 1	17,600,000	15,300,000	-	-	-	32,900,000
Welcher Ave.	17,500,000	12,500,000	-	-	-	30,000,000
Projects in Planning	2,500,000	11,500,000	96,060,000	96,060,000	48,180,000	254,300,000
TOTAL CAPITAL EXPENDITURES	\$ 39,600,000	\$ 61,300,000	\$ 109,260,000	\$ 96,060,000	\$ 48,180,000	\$ 354,400,000
CAPITAL FUNDING						
Reserves *	\$ 6,700,000	\$ 4,800,000	\$ 4,000,000	\$ 7,620,000	\$ 42,480,000	\$ 65,600,000
Grant/Forgivable Loan	8,500,000	7,925,000	-	72,600,000	5,700,000	94,725,000
Construction Financing and Mortgage Proceeds	24,400,000	48,575,000	105,260,000	15,840,000	-	194,075,000
	\$ 39,600,000	\$ 61,300,000	\$ 109,260,000	\$ 96,060,000	\$ 48,180,000	\$ 354,400,000

* Reserves are currently funded by a combination of annual surplus in excess of the capital maintenance and operating requirements and MVRD tax requisition.

2021 RESERVE APPLICATIONS - METRO VANCOUVER DISTRICTS

2021 Budget - Proposed Application And Transfers of Reserves (To Be Approved by the Board in October 2020)

Function	Description	Reserve Name	Discretionary Reserves	Statutory Reserves
PROPOSED APPLICATIONS				
MVHC				
Metro Vancouver Housing Corporation				
	Fund Capital Replacement Activities	MVHC Capital Replacement Reserve	\$ 9,488,074	
	Fund Housing Development	MVHC Capital Development Reserve	6,700,000	
TOTAL PROPOSED APPLICATIONS			\$ 16,188,074	\$ -

To: Metro Vancouver Districts Boards of Directors
 Metro Vancouver Housing Corporation Board of Directors

From: Jerry Dobrovlny, Commissioner/Chief Administrative Officer
 Dean Rear, General Manager, Financial Services/Chief Financial Officer

Date: October 26, 2020 Meeting Date: October 30, 2020

Subject: **2021 - 2025 Financial Plan – Metro Vancouver Districts and Housing Corporation**

The 2021 - 2025 Financial Plans for the Metro Vancouver Regional District (MVRD), Greater Vancouver Water District (GVWD), Greater Vancouver Sewerage and Drainage District (GVS&DD) and Metro Vancouver Housing Corporation (MVHC) have been prepared following the direction received at the June 5, 2020 and October 21, 2020 Board Budget Workshops. In response to feedback and direction provided by the Board at the Board Budget Workshop on October 21, 2020, the attached documents contain an adjusted the 2021 budget and 2021 - 2025 Financial Plan structured to maintain the 15-year amortization period contained in the Financial Management Policy.

OVERALL HOUSEHOLD IMPACT 2021-2025						
	2020	2021	2022	2023	2024	2025
Water	\$ 172	\$ 174	\$ 182	\$ 191	\$ 207	\$ 226
Liquid Waste	264	272	297	326	361	411
Solid Waste	61	61	63	65	67	70
Regional District	63	70	73	77	81	82
Total Household Impact	\$ 560	\$ 577	\$ 615	\$ 659	\$ 716	\$ 789
Recommendation (15 yr) % Change		3.2%	6.4%	7.3%	8.5%	10.4%
Alternative (30 yr) % Change		3.2%	4.2%	5.2%	8.8%	9.4%
<i>Prior Year % Change</i>		7.4%	9.0%	8.0%	6.7%	
<i>Prior Year Forecast</i>		\$ 602	\$ 655	\$ 708	\$ 755	

The result of this change adjusts the Household Impact in years 2022 to 2025 of the plan. Staff will continue to work over the next year to evaluate where budget amendments and strategies can be implemented to reduce the burden on the rate-payers of the region, in line with board feedback received during the 2021 process.

To: Metro Vancouver Districts Boards of Directors
Metro Vancouver Housing Corporation Board of Directors

From: Jerry Dobrovlny, Commissioner/Chief Administrative Officer
Dean Rear, General Manager, Financial Services/Chief Financial Officer

Date: October 14, 2020 Meeting Date: October 21, 2020

Subject: **2021 - 2025 Financial Plan – Metro Vancouver Districts and Housing Corporation**

RECOMMENDATION

That the Board endorse the 2021 Budget and 2021 - 2025 Financial Plan for the Metro Vancouver Districts and Housing Corporation, as presented, and direct staff to prepare the necessary budget information to be presented at the October 30, 2020 Metro Vancouver Districts and Housing Corporation Board meetings for consideration.

EXECUTIVE SUMMARY

The 2021 Budget and the 2021 - 2025 Financial Plan focuses on the short term as the region and the organization continues to adapt to the challenges of a global pandemic. Ongoing uncertainty requires that Metro Vancouver continuously evaluate and adapt until the challenges and conditions become clearer, while working to support the region through it to come out stronger.

As proposed, the 2021 budget has total operating expenditures of \$939.5 million, \$28 million less than that proposed for 2021 in the previous cycle. For the year, the average household impact is projected to increase by \$17 for a total of \$577. This represents a 3.2% over the prior year.

Options in this budget for consideration by the Board include:

- Continuing to amortize debt issued over 15 years as per the *Financial Management Policy*, or amortize debentures issued over the next two years over 30 years in order to reduce the short term impact for 2022 and 2023.
- Continuing the practice of applying the change to the water rate equally between the peak and off-peak rates, or maintaining the non-peak rate and adding all the necessary increase to the peak rate in order to enhance demand-side management initiatives in support of delaying capital projects, where plausible.

PURPOSE

To present the 2021 Budget and 2021 - 2025 Financial Plan for the Metro Vancouver Districts and Housing Corporation for consideration.

BACKGROUND

The 2021 - 2025 Financial Plans for the Metro Vancouver Regional District (MVRD), Greater Vancouver Water District (GVWD), Greater Vancouver Sewerage and Drainage District (GVS&DD) and Metro Vancouver Housing Corporation (MVHC) have been prepared following the direction received at the June 5, 2020 Board Budget Workshop.

The Board Budget Workshop was held with the objective to seek direction for the preparation of the 2021 - 2025 Financial Plan. The workshop outlined the principles that guide the work of Metro Vancouver as an organization, the current 2020 - 2024 Financial Plan, the implications of the COVID-19 pandemic, the tools that can be used to make budget adjustments, and a proposed approach for the 2021 - 2025 Financial Plan.

Staff proposed leveraging the supported tools to create a short-term action plan that would lessen the upward pressure on household impact for 1-3 years. A short-term action plan would enable strategic goals and objectives to be maintained. If larger or more long-term adjustments are desired, a re-evaluation of long-term plans such as the *Metro Vancouver Housing Plan*, *Climate 2050*, or the *Liquid Waste Management Plan* would be required. Since an annual budget is approved, this approach will allow for adjustments to be made each year as conditions evolve based on market changes and other factors. The use of the tools will aim to avoid making severe changes that cannot be easily corrected in the short-term.

During the month of October, the 2021 - 2025 Financial Plans for Metro Vancouver's four legal entities were presented to the following ten Board Standing Committees for the individual functions that fall under the oversight of those Committees:

- Indigenous Relations
- Climate Action
- Electoral Area
- Finance and Intergovernment
- Housing
- Regional Parks
- Regional Planning
- Water
- Liquid Waste
- Zero Waste

The Metro Vancouver Standing Committees were presented with individual reports covering the 2021 Budget and 2021 - 2025 Financial Plans for each function including program highlights and financial plan highlights (see Item 3.1). The reports included financial information for multiple years as well as a "What's Happening" summary page that described the key activities projected over the five-year period of the financial plan. Each Committee has reviewed and endorsed their individual financial plans and provided comments and direction where appropriate for consideration by the Board at the October 21, 2020 Board Budget Workshop.

The 2021 Budget and 2021 - 2025 Financial Plans reflect alignment with the legislative authority of the individual Districts and functions. Prepared with the direction provided at the Board Budget Workshop on June 5, 2020, the Financial Plan supports the vision and mission as articulated in the *Board Strategic Plan* and the corresponding Regional Management Plans. The 2021 - 2025 Financial Plan focusses on the next three years as the region adjusts to the realities of a pandemic and works to support the region through it, and come out stronger.

This report is being brought forward to present the overall 2021 - 2025 Financial Plan for Metro Vancouver Districts and Housing Corporation (representing the four legal entities: MVRD, GVWD, GVS&DD, MVHC) for consideration and to forward to the Board meeting on October 30, 2020 for approval.

DEVELOPMENT OF 2021 BUDGET AND FIVE-YEAR FINANCIAL PLAN

The *Metro Vancouver Proposed 2021 - 2025 Financial Plan* (Attachment 1) provides the financial details of the proposed 2021 Budget and 2021 - 2025 Financial Plan including financial information by sub-region for the GVS&DD sewerage areas. The attachment also shows the impact of the plan on the cost to the average regional household by those sub-regions to assist member local governments in anticipating the financial impact of Metro Vancouver services to their communities.

The budget and the five-year financial plans are built upon five central themes that guide the development of Metro Vancouver’s long term plans and budgets:

- Financial Sustainability
- Regional Growth
- Environmental Sustainability
- System Stewardship
- Regulatory and Legislative Environment

The Metro Vancouver financial planning process is also framed by a number of Board policies including:

- the *Financial Management Policy*
- the *Corporate Allocation Policy*
- the *Operating, Statutory and Discretionary Reserves Policy*
- the Asset Management policies for individual functions

The 2021 Budget and 2021 - 2025 Financial Plan includes variations to temporarily move away from the principles of some of these policies based on the direction provided at the Board Budget Workshop on June 5th. These variations form the basis of the three-year action plan that maintains the goals and objectives of Metro Vancouver while using key financial tools to minimize impact to the ratepayers of the region.

Economic Uncertainty

As there is a significant amount of uncertainty going forward, the 2021 Budget and 2021 - 2025 Financial Plan has been constructed to help the region withstand some of that uncertainty in the short term until the challenges and conditions become clearer. The key task for the organization is to be responsive, but to not over respond so as to significantly risk long term fiscal sustainability.

The duration and depth of the impact of the pandemic is unknown, however there are a variety of estimates of the economic future, some of which are shown below:

GDP GROWTH ESTIMATES			
Source	2020	2021	2022
Conference Board of Canada (Metro Vancouver GDP Growth)	(3.0%) Contraction	6.5%	2.5%
Central 1 Credit Union (BC GDP Growth)	(6.1%) Contraction	4.0%	3.4%
Parliamentary Budget Office (Canada GDP Growth)	(5.2%) Contraction	4.7%	2.8%

The first three years of the 2021 - 2025 Financial Plan utilizes financial tools to mitigate the impact on the ratepayers of the region. As the financial planning process is an annual cycle, economic conditions will be considered each year as the approach to the budget and utilization of financial tools are considered.

Financial Tools - Key Assumptions and Alternatives

Debt Amortization

The *Financial Management Policy* sets the amortization term for any debentures issued to be 15 years. This is a sound practice as it minimizes the amount of interest on borrowing and therefore contributes to keeping the overall cost of services lower. The Proposed 2021 - 2025 Financial Plan assumes choosing 30-year amortization for debentures issued in 2021 and 2022. With the delay in sinking fund payments for debentures, this means that there is no impact from this policy variance for 2021, and that the overall household impact for 2021 would still have an increase of only 3.2%. Without this variance, the average increase to the household impact would change from 4.2% to 6.4% in 2022, and from 5.2% to 7.3% in 2023.

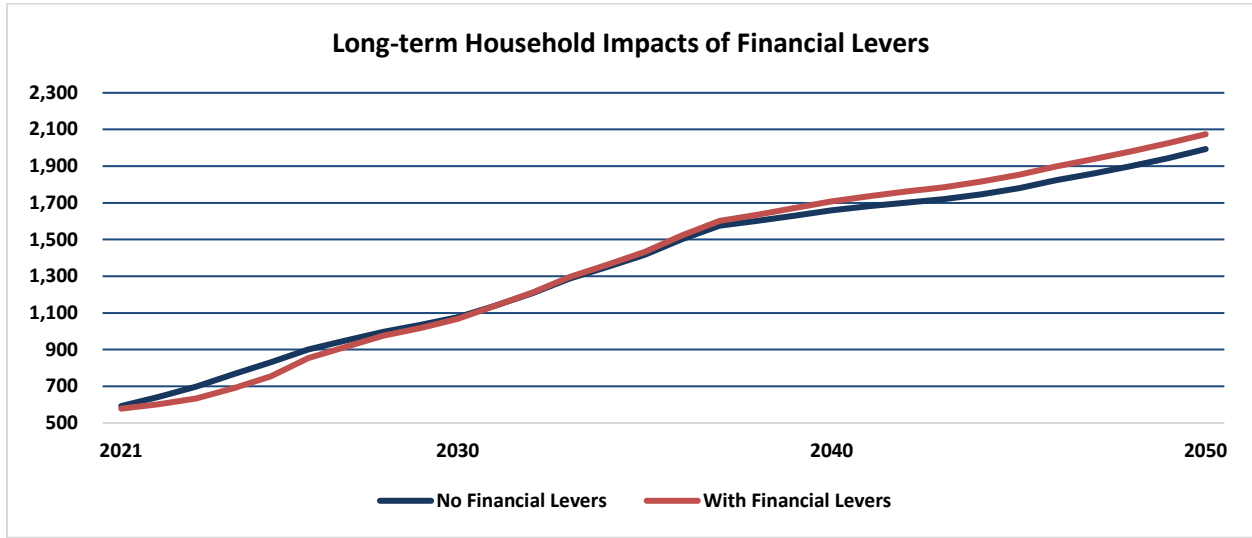
Overall, in dollar terms, opting for a 30-year amortization period for debt required in 2021/22 creates an increase in the overall cost of the planned capital program of \$815 million due to increased interest costs. In context, this would represent approximately 3% of overall capital expenditures during that 30-year timeframe.

Reducing “Pay as You Go” Funding

Just under 30% of the Operating Budget is for Contribution to Capital, which is “Pay as You Go” funding for capital projects. The *Financial Management Policy* promotes increasing this so as to reduce the reliance on borrowing, particularly for capital maintenance for significant utility infrastructure.

The 2020 - 2024 Financial Plan had Contribution to Capital projected at \$275.9 million for 2021, whereas the Proposed 2021 - 2025 Financial Plan projects \$256.8 million for 2021 and is a significant part of the \$28 million reduction in the 2021 budget from that which was projected in the prior cycle. However, reducing “Pay as You Go” funding means that there will be a need for greater borrowing, which will also contribute to increased costs in the future.

These are uncertain and unprecedented times which may require thinking contrary to what seemed right just a few months ago. While interest rates for borrowing are very low, the decision to support variations from the *Financial Management Policy* must be made with the clear understanding that it will impact future costs, shifting the future household impact higher. This is illustrated below:



The Proposed 2021 – 2025 Financial Plan assumes that Metro Vancouver returns to *Financial Management Policy* principles in 2024/25.

Moving Forward with the Capital Plan

Direction provided during the Board Budget Workshop that was held on June 5th was clear that while there wasn't a desire to move away from key strategic directions at this time, it was expected that capital projects be evaluated. Much of the capital plan in the utilities is multiyear in nature, with a majority of the projects in the previous five-year plan relating to projects currently in progress. This is illustrated in the table below:

METRO VANCOUVER CAPITAL PLAN PROGRESS				
2020	2021	2022	2023	2024
\$1.41 Billion Spend	\$1.35 Billion Spend (projected)	\$1.13 Billion Spend (projected)	\$1.19 Billion Spend (projected)	\$1.25 Billion Spend (projected)
90% committed to projects underway	80% already committed to projects underway	78% already committed to projects underway	71% already committed to projects underway	66% already committed to projects underway

Through the budget process, over 300 projects were reviewed which resulted in more than \$400 million in projects from the prior five-year capital plan being deferred. While this is not insignificant, with many complex and broad projects, work still remains to determine if there are further opportunities to re-scope or retime projects. This is a priority as additional work on demand side management and an enhanced approach to project delivery are two ways that Metro Vancouver is working to maximize value for money in regional infrastructure investment.

As an example, during this financial planning cycle, adjustments have been made to planned timing for Coquitlam intake #2 and its related infrastructure, allowing additional time to determine if additional conservation efforts will result in further timing deferrals on such a regionally significant project.

HOUSEHOLD IMPACT

Household Impact is the key budget metric for Metro Vancouver. It estimates the impact of Metro Vancouver services on the average regional household based on services used.

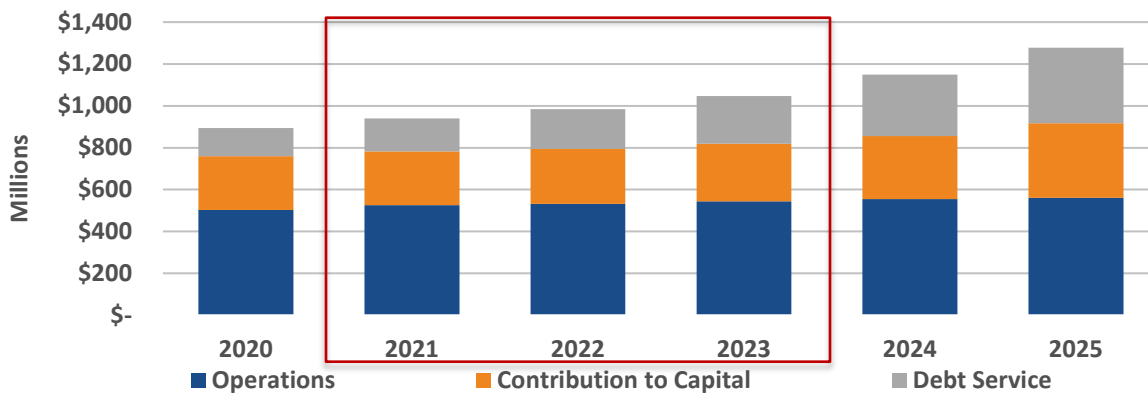
The projection for 2021 in the 2020 - 2024 was for an increase in the household impact of \$42 to a total of \$602. For this cycle, the household impact for 2021 is projected to increase by \$17 for a total of \$577. The total household impact compared to that projected in the previous financial plan is set out in the table below:

OVERALL HOUSEHOLD IMPACT 2021-2025						
	2020	2021	2022	2023	2024	2025
Water	\$ 172	\$ 174	\$ 178	\$ 182	\$ 197	\$ 217
Liquid Waste	264	272	289	310	344	385
Solid Waste	61	61	63	65	67	70
Regional District	63	70	73	77	81	82
Total Household Impact	\$ 560	\$ 577	\$ 603	\$ 634	\$ 689	\$ 754
30 Year Amortization % Change		3.2%	4.2%	5.2%	8.8%	9.4%
15 Year Amortization % Change		3.2%	6.4%	7.3%	9.9%	11.5%
<i>Prior Year Forecast</i>		\$ 602	\$ 655	\$ 708	\$ 755	
<i>Prior Year % Change</i>		7.4%	9.0%	8.0%	6.7%	

FINANCIAL PLAN OVERVIEW

As proposed, the 2021 - 2025 Financial Plan has total operating expenditures for 2021 of \$939.5 million (prior projected: \$967.5 million) with projected capital expenditures of just over \$1,524.7 million as summarized in the tables below:

Operating Budget



The overall Metro Vancouver Operating budget can be categorized into Operations, Debt Service and Contributions to Capital.

Operations – These are the basic inputs for all of the services that Metro Vancouver provides – materials, supplies, labour, energy, chemicals, contractors etc. This makes up about 56% of the proposed 2021 operating budget and is projected to increase on average by about 2.2% over the term of the plan. This is essentially inflationary, especially taking into consideration regional growth.

Debt Service – This represents about 17% of the proposed 2021 operating budget. Much of the capital program is funded through borrowing and thus debt servicing is a function of the size of that capital program, thus the growth that is projected over the five-year term. The proposed budget assumes that debt issued in 2021 and 2022 would undertake an amortization term of 30 years, whereas normally it would be 15 years. This is one of the financial tools which has been used to soften the household impact over the short term.

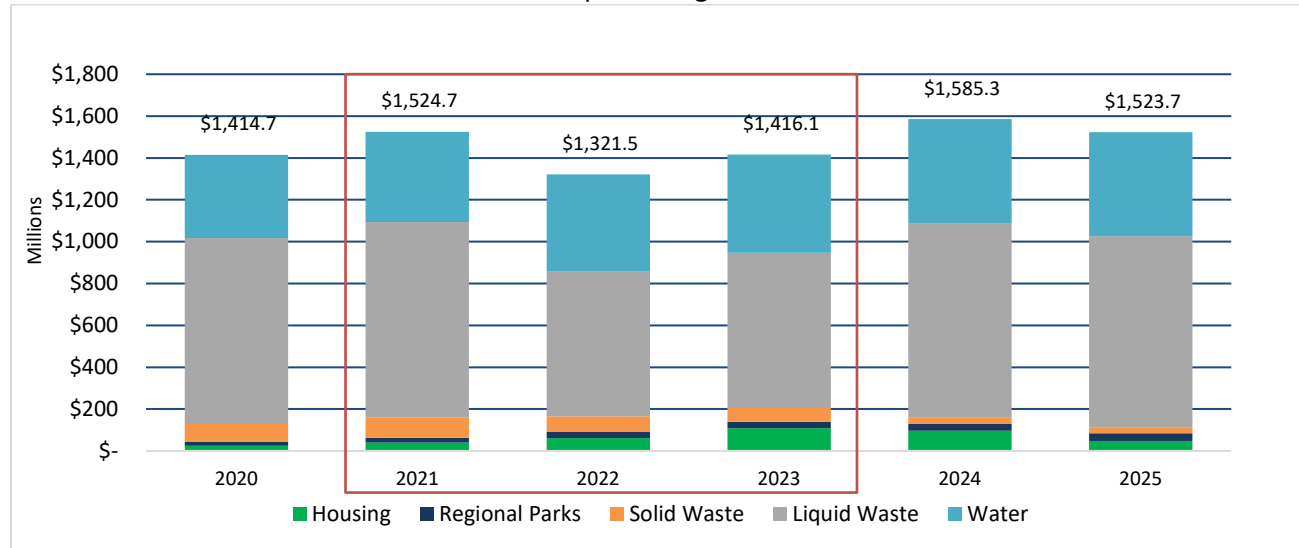
Contribution to Capital – This is the “Pay as You Go” funding for the capital program which is a key factor in avoiding debt and keeping long term costs as low as possible. This represents about 27% of the proposed 2021 operating budget, and the easing of this program is the other key financial tool which has been used to soften the impact over 2021, 2022 and 2023.

The 2021 – 2025 Metro Vancouver Districts Operating Budget is summarized in the table below.

2021-2025 METRO VANCOUVER DISTRICTS OPERATING BUDGET						
\$ Millions	2020	2021	2022	2023	2024	2025
Revenues						
Water Sales	\$ 307.2	\$ 316.3	\$ 325.5	\$ 337.0	\$ 370.3	\$ 413.2
Liquid Waste Services Levy	274.2	288.2	311.0	339.6	383.9	437.0
Solid Waste Tipping Fees	105.8	108.5	113.0	118.2	124.3	131.3
Housing Rents	40.4	41.3	41.8	44.4	44.8	47.4
MVRD Requisitions	71.8	80.9	86.4	92.9	99.0	102.2
Other Revenue	37.9	41.1	43.4	44.8	45.6	45.1
Transfer from Reserves	57.0	63.2	63.9	70.0	81.5	101.9
Total Revenues	\$ 894.3	\$ 939.5	\$ 985.0	\$ 1,046.9	\$ 1,149.4	\$ 1,278.1
Expenditures						
Water Services	\$ 310.4	\$ 318.6	\$ 327.4	\$ 338.9	\$ 372.3	\$ 414.1
Liquid Waste Services	330.2	353.4	379.4	414.5	470.3	543.2
Solid Waste Services	114.1	118.5	124.7	131.1	137.5	144.7
MVHC	52.3	53.7	54.7	57.6	58.4	62.1
MVRD	87.3	95.3	98.8	104.8	110.9	114.0
Total Expenditures	\$ 894.3	\$ 939.5	\$ 985.0	\$ 1,046.9	\$ 1,149.4	\$ 1,278.1

Capital Budget

The 2021 - 2025 Metro Vancouver Districts Capital Budget is summarized in the table below.



The 2021 - 2025 Capital plan includes over \$200 million of capital cost being carried forward as incomplete from 2020. Further, through the review of the capital projects through this budget cycle, over \$400 million of projects were deferred from the previous capital plan. In this financial plan, the housing team has over \$350 million for projects either underway or in planning to meet the objectives of the affordable housing plan.

ALTERNATIVES

1. That the Board endorse the 2021 Budget and 2021 -2025 Financial Plan for the Metro Vancouver Districts and Housing Corporation, as presented, and direct staff to prepare the necessary budget information to be presented at the October 30, 2020 Metro Vancouver Districts and Housing Corporation Board meetings for consideration.
2. That the Board direct staff to:
 - a) Amend the 2021 -2025 Financial Plan to maintain 15-year amortization for debt servicing, changing the projected average increase to the household impact from 4.2% to 6.4% in 2022, and from 5.2% to 7.3% in 2023, and
 - b) Prepare the necessary budget information to be presented at the October 30, 2020 Metro Vancouver Districts and Housing Corporation Board meetings for consideration.
3. That the Board make recommendations to amend the 2021 Budget and 2021 -2025 Financial Plan for the Metro Vancouver Districts and Housing Corporation, as presented, and endorse the 2021 Budget and 2021 -2025 Financial Plan for the Metro Vancouver Districts and Housing Corporation as amended.

FINANCIAL IMPLICATIONS

If the Board endorses the 2021 Budget and 2021 - 2025 Financial Plan for the Metro Vancouver Districts and Housing Corporation as presented under alternative one, the cost to the average

regional household will increase by \$17 in 2021 for a total impact of \$577 for all Metro Vancouver services.

The Board may wish to consider recommending amendments to the financial plan to reflect program priorities. Any proposed changes could require an update to the revenues required to fund the priorities in the plan.

SUMMARY / CONCLUSION

During the first two weeks of October, the 2021 Budget and 2021 - 2025 Financial Plans for Metro Vancouver’s legal entities and functions were presented to the following ten Board Standing Committees for the individual functions that fall under the oversight of those Committees:

- Indigenous Relations
- Climate Action
- Electoral Area
- Finance and Intergovernment
- Housing
- Regional Parks
- Regional Planning
- Water
- Liquid Waste
- Zero Waste

The Metro Vancouver Standing Committees were presented with individual reports covering the 2021 Budget and 2021 - 2025 Financial Plans for each function including program highlights, financial plan highlights, financial information for multiple years as well as a “What’s Happening” summary page that described the key activities projected over the five-year period of the financial plan. Each Committee reviewed and endorsed their individual financial plans and provided comments and direction where appropriate for consideration by the Board at the October 21, 2020 Board Budget Workshop.

Within this report, the 2021 Budget and 2021 - 2025 Financial Plan for the Metro Vancouver Districts and Housing Corporation have been consolidated for Board consideration and present the overall financial forecast for Metro Vancouver over the next five years. The proposed Financial Plan includes significant capital investment that will be required if Metro Vancouver and its member jurisdictions are to meet the growth and regulatory demands of the region over the coming years. For 2020, the plan represents a \$17 in 2021 for a total impact of \$577 for all Metro Vancouver services.

Staff recommend endorsing the 2021 Budget and 2021 - 2025 Financial Plan as presented under alternative one.

Attachments:

1. Proposed 2021 - 2025 Financial Plan
2. GVWD Summary
3. GVS&DD Summary
4. MVHC Summary
5. MVRD Summary
6. Budget in Brief