
To: Housing Committee

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

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

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

RECOMMENDATION

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

EXECUTIVE SUMMARY

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

PURPOSE

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

BACKGROUND

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

2021 METRO VANCOUVER HOUSING CORPORATION CAPITAL EXPENDITURES

Metro Vancouver Housing Corporation Capital Program Funding

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

Metro Vancouver Housing Corporation Capital Budget Amendments

During 2021, there were no capital budget amendments.

2021 Capital Program Progress

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

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

ALTERNATIVES

This is an information report. No alternatives are presented.

FINANCIAL IMPLICATIONS

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

CONCLUSION

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

Attachments

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

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		Current Year						
Project Name	Project Location	2021 Budget	2021 Budget Amendments	Total 2021 Budget	Actual Expenditures	2021 Remaining Budget	Status	Comments
Grand Total Housing Services		49,088,000	-	49,088,000	13,919,705	35,168,295		
MVHC Capital Replacement		9,488,000	-	9,488,000	8,727,718	760,282	Ongoing	Underpenned on large building development projects due to delays during the consultant phase allowed for additional spending in minor repairs needed in rental units. Additional underspent attributed to less than expected emergency repair services.
MVHC Development Capital								
Heather Place - Building B	Vancouver	2,000,000	-	2,000,000	927,026	1,072,974	Ongoing	Abatement work was meant to begin in late 2021 but due to delays to the issuance of the city abatement permit, work is delayed until mid-2022.
Kingston 123	Surrey	17,600,000	-	17,600,000	2,244,681	15,355,319	Ongoing	Delay in permit issuance did not allow for main construction contract to commence in 2021. ESC and office work commenced late Q4 2021.
Mallapina	Coquitlam	500,000	-	500,000	208,425	291,575	Ongoing	Awarding of architect contract delayed from late 2021 to early 2022.
Weicher Avenue	Port Coquitlam	17,500,000	-	17,500,000	1,478,006	16,021,994	Ongoing	2021 activities include detailed project design and tendering. Construction start was anticipated for Q4 2021, but is now scheduled for Q2 2022.
Pitt Meadows Town Centre	Pitt Meadows	500,000	-	500,000	221,917	278,083	Ongoing	RFQ and RFP for project architect and design team issued and awarded in 2021. Schematic design phase proceeded through Q4 2021 and will be completed in Q1 2022.
Eastburn Square	Burnaby	500,000	-	500,000	71,509	428,491	Ongoing	Architect retention completed Dec 2021. Initial site studies commenced in Q4 2021 and will continue through Q1 2022.
Southwynde - Burnaby	Burnaby	500,000	-	500,000	40,423	459,577	Ongoing	Architect retention completed Nov 2021. Initial site studies commenced in Q4 2021 and will continue through Q1 2022.
23rd Street - CNV	North Vancouver	500,000	-	500,000	-	500,000	Cancelled	Project not proceeding.
		39,600,000	-	39,600,000	5,191,987	34,408,013		
Grand Total Housing Services		49,088,000	-	49,088,000	13,919,705	35,168,295		

Capital Project Status Information December 31, 2021

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

Heather Place – Building B

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

Kingston Gardens

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

Welcher Avenue

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

Malaspina Village

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

Pitt Meadows

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

Eastburn Square

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

Southwynde

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