

Borrowing Resolution re BC Conference's Redevelopment Portfolio

For GCSE Decision: January 25, 2018

BACKGROUND SUMMARY FOR GENERAL COUNCIL SUB EXECUTIVE

- BC Conference (through the *BC Conference Property Development Council of The United Church of Canada*, or “PDC”) is redeveloping a growing portfolio of congregational properties as part of a mixed-use, affordable housing initiative in BC. There are currently four congregational sites in the portfolio (see list below), with two more sites under formal assessment.
- The portfolio approach enables Conference to leverage congregational property assets to pay for the construction of brand new, custom-built, multi-purpose church space (which, when finished, will be held in trust by Congregational Trustees), along with hundreds of units of affordable rental housing (to be owned by PDC).
- BC Housing, a Commission of the Province of BC, is financing 100% of the project through their Community Partnership Initiative, with guaranteed low-interest rates, secured by the congregational properties. As of today, the Total Project Budget – for four sites – is over *\$144 Million*.
- In August 2016, General Council Sub Executive (GCSE) approved PDC's request to borrow \$3 Million from BC Housing, which allowed BC Conference to begin the *Pre-Development* phase of work associated with the first three Congregational properties. We are on budget and on time, and BC Housing has since approved the addition of a fourth site and is set to lend us the next tranche of funds.
- **Today we are seeking GCSE approval to borrow another \$13 Million from BC Housing to finish the Pre-Development work associated with the first three Congregational properties, plus commence the pre-development phase of work for the fourth Congregational property (which was added to the portfolio last year).**
- **As it happens, two of the Projects will conclude their Pre-Development phase of work this Spring (2018) and will be ready to begin construction at that time – so we are *also* seeking the approval of GCSE to take out a \$43 Million Construction Loan from BC Housing for these two projects.**
- **While our primary objective today is for GCSE to approve PCD's request to borrow the \$13M Pre-Development Loan, if the GCSE is willing, we would like to include the Construction Loan amount in the Borrowing Resolution, bringing the amount to \$56M.**
 - If, at this time, GCSE is not prepared to make a resolution that includes the Construction Loan amount, we would expect to put this request before you, as a separate resolution, later this spring.

The proposed Borrowing Resolution:

"That the Sub-Executive of the General Council approve the borrowing by British Columbia Conference Property Development Council of The United Church of Canada from the British Columbia Housing Management Commission of up to Fifty-Six Million Dollars (**\$56,000,000.00**) for congregational redevelopment projects within B.C. Conference."

	Congregation	Church Space	TOTAL Redevelopment Budget (rounded for ease)	Pre-Development Loan: Tranche #1 <u>GCSE Approved</u> <u>2016-08-03-078</u>	Pre-Development Loan: Tranche #2 Seeking GCSE Approval Jan 25/18	Construction Start Dates	Construction Loan Seeking GCSE Approval Jan 25/18	
1.	Brighthouse United Richmond, BC	10,000SF	\$69.5M	\$1,920,000	\$6,750,000	Q1 2019	N/A	
2.	Brechin United Nanaimo, BC	7,500SF	\$26M	\$500,000	\$1,520,000	June 2018	\$24M	
3.	Como Lake United Coquitlam, BC	7,000SF	\$21.5M	\$560,000	\$1,675,000	May 2018	\$19M	
4.	Lakeview United Vancouver, BC	7,000SF	\$28.5M		\$2,770,000	Q3 2019	N/A	
	Portfolio TOTALS	31,500SF	\$145,500,000	\$2,980,000	\$12,715,000 Up to \$13M		Up to \$43M	= \$56M

A Detailed Financial Snapshot of the Portfolio, as of January 2018.

	Brighthouse	Brechin	Como Lake	Lakeview	First Met	Total
Mortgage Interest Rate	4.50%	4.00%	4.00%	4.50%	0.00%	4.38%
Total Project Costs (Before Land)	69,386,716	25,630,673	21,398,124	28,248,313	-	144,663,826
Total Hard Costs	54,808,000	19,567,984	15,790,292	21,501,855	-	111,668,131
Total Contingency	3,002,406	1,054,251	867,637	1,177,824	-	6,102,118
GBA	176,800	71,416	58,919	84,321	-	391,456
Hard Cost per Square Foot	310	274	268	255	-	285
Contingency Cost per Square Foot	17	15	15	14	-	16
Opex Cost Year 1 of Operation	766,080	337,440	342,000	451,440	-	1,896,960
Operating Cost per Unit per Month	380	380	380	380	0	304
Number of Affordable Units	85	38	75	50	-	248
Total Number of Units	168	74	75	99	-	416
Percentage of Affordable Units	51%	51%	100%	51%	0%	60%
NOI	4,107,432	937,092	1,107,193	2,030,214	-	8,181,931
Market Cap Rate	4.15%	4.50%	4.15%	4.15%	0.00%	4.19%
Created Value	98,974,271	20,824,270	26,679,348	48,920,808	-	195,398,697
Land Value	5,645,000	1,053,000	3,855,000	17,278,000	-	27,831,000

For More Information, Contact:

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