

**CAPITAL REVIEW COMMITTEE
OF
BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION
("BC Housing")**

**TERMS OF REFERENCE
(The "Terms of Reference")**

Purpose

The delivery of BC Housing's capital projects is primarily the responsibility of management with oversight from the Board of Commissioners (the "**Board**").

The purpose of the Capital Review Committee (the "**Committee**") is to assist the Board in fulfilling its oversight responsibilities with respect to matters related to capital projects, capital planning, and asset maintenance. When required, the Committee makes recommendations to the Board.

With respect to capital projects and capital planning, the Committee will inquire about the alignment of capital projects with BC Housing's mandate and government direction, the long-term benefits of capital projects, long-term maintenance obligations stemming from new capital projects, material and reputational risks associated with projects. The Committee will oversee the capital planning process to ensure appropriate allocation of resources and asset risk management in alignment with the risk charter approved by the Board.

With respect to asset maintenance, the Committee will inquire about the adequacy of resources to maintain new and existing projects.

In order to discharge its responsibilities, the Committee has unrestricted access to BC Housing's personnel and documents through the Corporate Secretary, the CEO, and the Vice President of Development and Asset Strategies of BC Housing. The Committee will be provided with the resources necessary to carry out its responsibilities, including the authority to engage independent counsel and other advisers as part of this resource requirement.

The Committee will consider relevant strategic risks and opportunities in its planning and decision making.

These Terms of Reference establish the Committee's governance framework and duties and responsibilities in fulfilling its oversight role.

Definition of Capital Project

Capital projects include new affordable housing as well as the renewal and repair of existing affordable housing.

For the purposes of the Committee, a capital project includes a project where there is a cash contribution towards the project from BC Housing, or where BC Housing is providing financing towards the project.

Accountability

The Chair of the Committee will provide a verbal report at the next meeting of the Board of every major matter considered since the Board's last meeting. Minutes of the Committee's meetings will be made available to all Commissioners once approved by the Committee.

Committee Membership

The Board approves the Terms of Reference for the Committee, including the method for establishing membership and composition of the Committee as well as delegated duties and responsibilities. The Committee Chair is appointed by the Board at the Board Chair's recommendation.

The Committee will consist of no fewer than four Commissioners.

Committee members will be familiar with the development of affordable housing in British Columbia, and at least one Committee member must have expertise in the areas of capital planning, major project construction and/ or real estate development.

The Corporate Secretary will provide staff support to the Committee.

Orientation

In accordance with the Board's Terms of Reference, an orientation session and relevant orientation materials will be provided by the Corporate Secretary of BC Housing to new members of the Committee.

Meetings

A quorum for any meeting of the Committee will be constituted by the majority of the members of the Committee. The Board Chair will serve as a voting member of the Committee; however, their presence is not counted in determination of the Committee's quorum.

Committee meetings will be held at the call of the Committee Chair in accordance with the Committee Meeting Timetable outlined in the Terms of Reference under the section titled "Committee Timetable," or as deemed necessary to carry out the business of the Committee.

Members of the Executive Committee of BC Housing may attend all meetings of the Committee. Other BC Housing employees may attend the meetings of the Committee, if authorized by the Committee Chair. The Committee will hold in-camera meetings at the end of each regular meeting and may require that some or all employees of BC Housing do not attend.

Independent Advice

The Committee may at any time and through the Corporate Secretary or CEO of BC Housing and following approval by the Board Chair, engage independent consultants to assist the Committee with its duties.

Duties and Responsibilities

Capital Projects

In exercising its function, the Committee has a number of key responsibilities as set out below. Subject to the powers and duties of the Board, the Committee's duties and responsibilities are as follows:

- review the Development and Asset Strategies (DAS) Capital Progress Plan presented by BC Housing staff annually;
- monitor and review all DAS Capital Progress Plan Reports presented by BC Housing staff quarterly;
- monitor the health of capital assets, as measured by the Facility Condition Index;
- review and approve all capital project submissions that:
 - exceed \$20 million but are below \$100 million in contributions from the Province;
 - have been previously approved by the Capital Review Committee and/or the Board, and that have had their previously approved capital budget amount exceeded by a minimum of 10%, but remain below \$100 million in contributions from the Province; and
 - exceed \$100 million or are determined to be higher risk, as determined by the Capital Review Committee Chair, and make recommendations to the Board.

The Capital Review Committee also:

- reviews all projects that exceed loan-to-value ratios of 85% for non-subsidized projects, regardless of the total capital budget amount, and has the authority to approve them if below \$100 million in contributions from the Province (Note: if the total capital budget amount exceeds \$100 million, the Committee makes recommendations to the Board);
- reviews all projects that fall below debt coverage ratios of 1.0 for non-subsidized projects in accordance with the applicable housing program(s) to the capital project, regardless of the total capital budget amount, and has the authority to approve them if below \$100 million. If the capital budget exceeds \$100 million, it makes recommendations to the Board; and
- reviews all projects that do not fall within BC Housing's mandate (e.g., non-housing initiatives) and makes recommendations to the Board.

At the discretion of the CEO of BC Housing, capital project submissions may be presented to the Committee that are not normally reviewed by the Committee but that are deemed important for the Committee to review, due to the complexity involving significant stakeholder, financial, environmental, political and/or other sensitivities.

Homeowner Protection Act

The Committee will support the Board by providing strategic and policy level advice and direction to management in ensuring compliance with BC Housing's obligations under the *Homeowner Protection Act*.

Risk oversight

The Capital Review Committee ensures that the principal risks associated with its mandate are appropriately identified, prioritized and managed.

Management Support to the Committee

As the Committee relies on timely and accurate information from BC Housing staff to fulfill its mandate and carry out its key duties and responsibilities, and pursuant to Terms of Reference for the CEO, the CEO (or delegate) will bring the following to the Committee's attention:

- any matter that would substantively influence the Board's overall assessment of an approved capital project;
- the results of how emerging issues of strategic importance impact capital projects;
- proposed changes to the decision-making processes that provide sound fiscal and risk management, accountability and service delivery for capital projects;
- all matters related to major capital projects which may significantly affect BC Housing's performance in these areas; and
- information with respect capital project matters that the Committee or Board requires in order to fulfill their mandate as a Committee and/ or the Board.

Committee Effectiveness|

The Committee annually reviews the Terms of Reference to ensure that it continues to meet best practice and the needs of the Board. As part of the annual Board evaluation process, facilitated by the Governance and Human Resources Committee, Committee members will assess the Committee's performance in carrying out its duties.