Report - Standing Policy Committee on Property and Development - January 9, 2003

Item No. 4 Proposed Sale of vacant lot known as 537 Langside Street to the Winnipeg Housing Rehabilitation Corporation
File FI-2.4(32) (Vol. 12)

STANDING COMMITTEE RECOMMENDATION:

On January 22, 2003, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, and submits the following to Council.

1. That Council in this instance waive that portion of City Policy pertaining to the sale of City lands to non-profit organizations (Council authority October 30, 1990) which requires that properties sold at less than fair market value revert back to the City at the conclusion of the economic life of the project.

2. That the sale of Part of Lot 27, Block 2, Plan 325 to the Winnipeg Housing Rehabilitation Corporation at a price of $1.00 and subject to the terms and conditions as negotiated, be approved.

3. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing, including the execution of any documents related thereto.

Report - Standing Policy Committee on Property and Development - January 9, 2003

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 22, 2003, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION;

On January 9, 2003, the Standing Policy Committee on Property and Development concurred in the administrative recommendation, and submitted its recommendation to Executive Policy Committee and Council.

Re: Proposed Sale of Vacant Lot Known as 537 Langside Street to the Winnipeg Housing Rehabilitation Corporation
City Centre-Fort Rouge Community Committee
Daniel McIntyre Ward

For submission to: Standing Policy Committee on Property and Development

Original report signed by: Director of Planning, Property and Development

Report date: December 19, 2002

Recommendation(s):

1. That Council in this instance waive that portion of City Policy pertaining to the sale of City lands to non-profit organizations (Council authority October 30, 1990) which requires that properties sold at less than fair market value revert back to the City at the conclusion of the economic life of the project;

2. Subject to Council's adoption of Recommendation No. 1, the sale of Part of Lot 27, Block 2, Plan 325 to the Winnipeg Housing Rehabilitation Corporation at a price of $1.00 and subject to the terms and conditions as negotiated, be approved;

3. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

REPORT SUMMARY

KEY ISSUES:

- On September 24, 2002, the Director of the Planning, Property and Development Department, pursuant to delegated authority, accepted the Winnipeg Housing Rehabilitation Corporation Offer to Purchase the subject property.
- Clause five of the Offer to Purchase required that the property be developed by the Purchaser within two years and that failure to do so will cause the title to the lands to revert back to the City.
- The Purchaser has subsequently advised that they wish to use the property only as side yard to the adjacent property they own at 541 Langside Street and they have requested that the requirement to build and the associated reversionary right be removed.
- The Purchaser's intended use of the property is outside of the criteria as applicable to the delegation of authority to the Administration as approved by Council on July 17, 2002.

- In order to facilitate WHRC's request, the Planning, Property and Development Department is requesting the Standing Policy Committee on Property and Development to authorize the sale of the referenced property at $1.00, subject to Council approval being granted to waive the requirement for the title to revert back to the City at the end of the economic life of the project.
- Should Council adopt these recommendations, the Director of the Planning, Property and Development Department will then rescind the existing prior approval granted pursuant to his delegated authority.

IMPLICATIONS

General implications

X	None
	For the organization overall and/or for other departments
	For the community and/or organizations external to the City of Winnipeg
	Involves a multi-year contract

Comment: •

Policy implications

X	No (*There are no policy implications if the report is asking for a one-time decision.)*
	Yes *(There are policy implications if the recommendation(s) is/are asking for a decision that will be used to guide decisions over time.)*

Comment: •

Financial implications

	Within approved current and/or capital budget
	Current and/or capital budget adjustment required
X	No financial implications

Comment: •

REPORT

RECOMMENDATION (S):

1. That Council in this instance waive that portion of City Policy pertaining to the sale of City lands to non-profit organizations (Council authority October 30, 1990) which requires that properties sold at less than fair market value revert back to the City at the conclusion of the economic life of the project;

2. Subject to Council's adoption of Recommendation No. 1, the sale of Part of Lot 27, Block 2, Plan 325 to the Winnipeg Housing Rehabilitation Corporation at a price of $1.00 and subject to the terms and conditions as negotiated, be approved;

3. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

REASON FOR THE REPORT:

By this Report, the Planning, Property and Development Department is seeking the approval of Council to sell the subject City-owned property to the Winnipeg Housing Rehabilitation Corporation at a price of $1.00 and to waive that part of the City Policy pertaining to the sale of City lands to non-profit organizations, which requires that the property revert back to the City at the conclusion of the economic life of the project.

HISTORY:

On September 24, 2002, the Director of the Planning, Property and Development Department, pursuant to delegated authority, accepted the Winnipeg Housing Renewal Corporation Offer to Purchase the subject property.

Clause five of the Offer to Purchase requires that the property be developed by the Purchaser within two years, failing which the title to the lands will revert back to the City.

However, the Purchaser has subsequently advised that they wish to use the property only as additional side-yard to the adjacent property and residential building that they own at 541 Langside Street and has accordingly requested that the obligation to construct on this site and the reversionary provision be eliminated.

DISCUSSION:

In order to facilitate the proposed sale the Real Estate Division considered the following alternatives:

- Remove Clause five from the terms and conditions of the Offer to Purchase pertaining to the covenant to build and include a new Clause that would limit the use to that of only a side yard. However, the Legal Services Division advises that the Winnipeg Land Titles Office will not permit the City to register a caveat preventing the property to be used for other than side-yard purposes once the property is transferred to a new owner.

- Require the Purchaser to consolidate the title with its adjacent property to ensure a limited use as a side yard was complied with. To accomplish this Legal Services suggests that the following clause be agreed to by WHRC:

  "In consideration of the sale of the lands by the City to the Purchaser, the Purchaser covenants and agrees as follows:

  The Purchaser shall at its sole cost, effort and expense, do all things as are necessary, including but not limited to causing to be prepared and registered at the Winnipeg Land Titles Office, such documentation as may be required to ensure that the lands to be conveyed by the City and the Purchaser's adjoining property at 541 Langside Street, legally described as Lot 28 Block 2 Plan 325 WLTO (W. Div.), Exc. Ely 8 feet, in RL 74 Parish of St. James (herein called the "Purchaser's adjoining property") are consolidated so as to constitute a single and indivisible parcel. The Purchaser does hereby acknowledge that in complying with this condition it may be required to arrange for the discharge and re-registration of existing encumbrances against title to the Purchaser's adjoining property."

  The Purchaser has advised that it would cost them approximately $1,000.00 to effect a consolidation, i.e. survey costs, legal fees, registration fees, etc. and as a result this alternative is not acceptable to WHRC.

  - As an alternative, the Purchaser is willing to take title in their name and will lease the land as a side-yard to a subsequent owner of 541 Langside Street for 99 years. WHRC advises that this will allow the property to rest in the hands of the non-profit agency while giving all the ownership rights (and expenses) to the owner. This Department is of the opinion that due to the nature of the WHRC programs, administration of a lease will not provide any assurance to the City relative to the limitation of use.

Given the objectives of the Winnipeg Homeless and Housing Initiative and the participating Purchaser, WHRC, to improve neighborhoods and provide affordable housing in the community, the use of this property either as a side-yard or a potential future site for development will achieve the intent of the Program. In either event, the Department would be prepared to recommend the sale of this property to WHRC under the Non-Profit Policy. Therefore, the Department is recommending that, subject to Council approving the waiver of the reversionary right, Clause 5 simply be removed from the terms and conditions of the Offer to Purchase

pertaining to the covenant to build and that there be no reversionary right or restrictive Clause pertaining to the use.

The Real Estate Division is supportive of the proposed sale of the property to Winnipeg Housing and Rehabilitation Corporation for the following reasons:

a) The property will be placed upon the tax roll upon closing, and will increase the City's realty tax base;

b) The sale will eliminate the liability to the City associated with holding this property.

Should Council adopt these recommendations, the Director of the Planning, Property and Development Department will then rescind the existing prior approval granted pursuant to his delegated authority.

Financial Impact Statement

Date: December 17, 2002

Project Name:

Proposed Sale of Vacant Lot Known as 537 Langside Street to the Winnipeg Housing Rehabilitation Corporation

First Year of Program 2003

	2003	2004	2005	2006	2007
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	121	120	120	120	120
Net Cost/(Benefit)	$ (121)	$ (120)	$ (120)	$ (120)	$ (120)
Less: Existing Budget Amounts	(121)	(120)	(120)	(120)	(120)
Net Budget Adjustment Required	$	$	$	$	$

Additional Comments:

In the first year of the program proceeds of the sale of $121.00 includes year 2003 Municipal realty taxes based upon Council's approval of the transaction. Recoveries of $120.00 in years 2004 through 2007 represents Muncipal realty taxes the City would receive and assumes no increases in the assessed value of the subject property nor any change to the current Municipal Mill Rate. Annual cost savings to the City resulting from not having to maintain the property have not been taken into account.

Gord Courage, Manager
Support Services Division

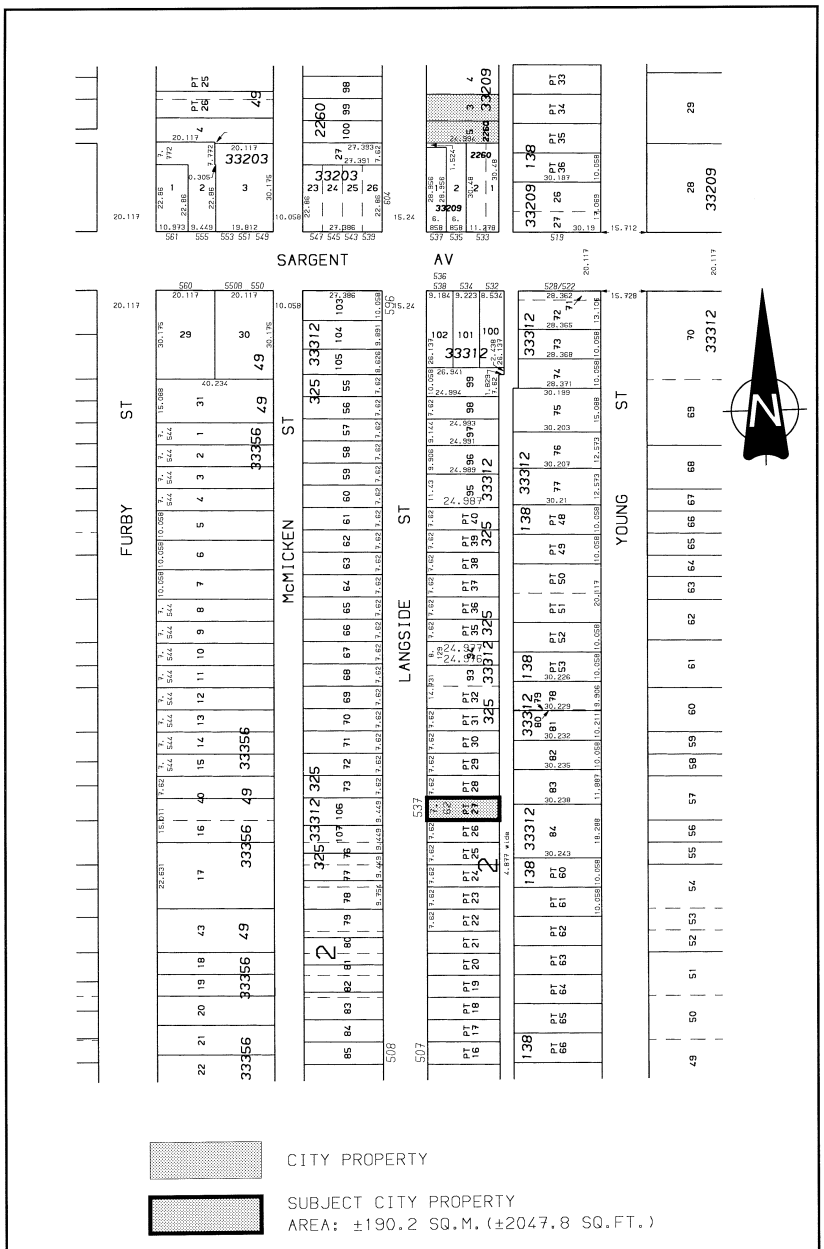
IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

There was no consultation with other Departments in the preparation of this report.

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division: Real Estate
Prepared by: Pat Henry
PPD File #: 32/7244

Document name: o:\reports directive\real estate\sales\(dph)langside.doc



METRIC

All dimensions are approximate.
No warranty is expressed or implied regarding the accuracy of such information.

CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.

SCALE: 1:1500	DATE: 01-FEB-26	DISTRICT: CC
ATLAS: F12C1	FILE: 32/7244	
MISC. PLAN No.: 11090		(LIB) BAR