Agenda - Executive Policy Committee – March 13, 2013

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than 96 hours preceding the committee meeting, be considered by Committee.

Report - Standing Policy Committee on Property and Development – March 12, 2013

Item No. 4 Amendment to the Management Agreement with Winnipeg Housing and Rehabilitation Corporation to Facilitate the Management of City-owned Residential Dwellings

STANDING COMMITTEE RECOMMENDATION:

On March 12, 2013, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That the Director of the Planning, Property and Development Department be authorized to amend the Management Agreement entered into on January 1, 2005, between the City and the Winnipeg Housing and Rehabilitation Corporation (WHRC) to facilitate the management of City-owned residential dwellings, by increasing the management fee paid to WHRC from $35.00 per unit per month to $50.00 per unit per month.

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

Agenda - Executive Policy Committee – March 13, 2013

Report - Standing Policy Committee on Property and Development – March 12, 2013

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On March 12, 2013, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: **To Obtain Council Approval to Amend the Terms and Conditions of the Management Agreement with Winnipeg Housing and Rehabilitation Corporation (WHRC) to Facilitate the Management of City-owned Residential Dwellings.**

Critical Path: **Standing Policy Committee on Property and Development**
Executive Policy Committee
Council

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Zabudney	B. Thorgrimson	P Olafson A/CFO	D Joshi COO

RECOMMENDATIONS

1. That Council authorize the Director of the Planning, Property and Development Department to amend the Management Agreement entered into on January 1, 2005, between the City and the Winnipeg Housing and Rehabilitation Corporation (WHRC) to facilitate the management of City-owned residential dwellings, by increasing the management fee paid to WHRC from $35.00 per unit per month to $50.00 per unit per month.

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

REASON FOR THE REPORT

- Council approval is required to amend the terms and conditions of the Management Agreement.

IMPLICATIONS OF THE RECOMMENDATIONS

- There are no policy, regulatory, environmental or human resources implications associated with this report.

HISTORY

- On May 27, 1998, Council concurred in the recommendation that the Director of the Property and Development Services Department be authorized to execute an agreement with the Winnipeg Housing Rehabilitation Corporation (WHRC) for the management of the City's Residential Property Portfolio, effective June 1, 1998, or a date to be mutually agreed upon; the Agreement to provide for any other such terms and conditions deemed necessary by the City Solicitor/Manager of Legal Services to achieve the intent of Council and to protect the City's interests.

- On July 1, 1998 the City entered into a Management Agreement with WHRC. WHRC became responsible for the management of all City-owned properties in the residential rental portfolio, with WHRC charging $35.00 per unit per month for these services.

- On January 1, 2005, a new management agreement was entered into between the City and WHRC, for the management of the City's residential portfolio. WHRC's fee of $35.00 per unit per month was not increased.

- On April 16, 2010, an amending agreement was entered into between the City and WHRC, for the management agreement entered into between the City and WHRC on January 1, 2005, outlining the following changes to the management agreement:

  "The Property Manager shall deposit all amounts collected on behalf of the City, as outlined in the Management Agreement, in an interest bearing trust account for the benefit of the City and all interest earned on the trust account shall be paid to the City."

  "The Property Manager will deposit all of the security deposits as outlined in paragraph 4 of the Management Agreement, in an interest bearing trust account and all interest earned on the security deposit trust account shall be paid to the City."

  "The Property Manager is authorized and directed to expense and pay all of the expenses and disbursements as outlined in the Management Agreement from the interest bearing trust account."

- On July 6, 2012 WHRC contacted the City to request that their management fee per unit be increased from $35.00 per month to $50.00 per month, stating that market management rates had gone up since the City first entered the Management Agreement in 1998 and that with the City increasing the size of its residential portfolio as well as average unit value with acquisitions for the Kenaston Widening Project, that an increase of management fees to $50.00 per month would be justifiable.

- After reviewing the WHRC's request this Department feels that the rate increase requested by WHRC is reasonable, and based on the City's current, and projected future residential portfolio an increase of management fees to $50.00 per unit per month would be reasonable and not out of line with prevailing market rates.

FINANCIAL IMPACT

Financial Impact Statement

Date: February 27, 2013

Project Name:

Amend the Terms and Conditions of the Management Agreement with WHRC to Facilitate the Management of City-owned Residential Dwellings

First Year of Program **2013**

	2013	2014	2015	2016	2017
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	106,940	106,940	106,940	-	-
Net Cost/(Benefit)	$ (106,940)	$ (106,940)	$ (106,940)	$ -	$ -
Less: Existing Budget Amounts	(110,000)	(110,000)	(110,000)	-	-
Net Revenue Decrease to be Absorbed	$ 3,060	$ 3,060	$ 3,060	$ -	$ -

Additional Comments: The $15 increase in the management fee from $35/month to $50/month will result in a decrease in net revenues (note: WHRC collects rents, pays expenses and remits the net to the City) of $3,060 annually. This is based on the assumption that the current "inventory" of residential properties remains constant at 17 homes. As the number of homes managed by WHRC will, in fact, fluctuate over time, no additional budget is being requested. Any shortfall in net revenues will be offset within current approved budgets.

"Original signed by"
Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this report there was consultation with:

SUBMITTED BY

Department	Planning, Property and Development Department
Division	Real Estate
Prepared by:	Elliott Hannam
Date:	February 27, 2013
File No.	4225 C10 V2

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