Agenda – Council – October 25, 2017

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – October 10, 2017

Item No. 8 Partial Waiver of the Policy on the Sale/Lease of City Lands to Non-Profit Organizations - Habitat for Humanity

STANDING COMMITTEE RECOMMENDATION:

On October 18, 2017, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the following to Council:

1. That the "Policy on the Sale/Lease of City Lands to Non-Profit Organizations" which requires that City lands made available at less than market value to non-profit organizations revert to the City at the end of the economic life of the project, be waived for Habitat for Humanity.

2. That the waiver outlined in Recommendation 1 terminates after the City transfers civic property or properties that are surplus to the needs of the City to Habitat for Humanity which have an aggregate assessed value of $337,500.

3. That the Chief Administrative Officer (CAO) be authorized to approve sales to Habitat for Humanity, subject to the condition outlined in Recommendation 2 and the concurrence of the Ward Councillor.

4. That the authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of any Offer to Purchase and any Ancillary Agreements, in accordance with Recommendation #3 and this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

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

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – October 10, 2017

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 18, 2017, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On October 10, 2017, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Partial Waiver of the Policy on the Sale/Lease of City Lands to Non-Profit Organizations - Habitat for Humanity

Critical Path: Standing Policy Committee on Property and Development, Heritage and Downtown Development – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Pittet	J. Kiernan	B. D'Avignon A/CFO	M. Jack A/CAO

EXECUTIVE SUMMARY

The City of Winnipeg and Habitat for Humanity have been long-standing partners in the development of affordable housing. In accordance with existing Council policies, the City has the ability to provide Habitat with City-owned land at below market value. The Public Service is seeking Council approval to transfer land with an aggregate assessed value of $337,500 to Habitat for Humanity at a nominal rate and to accomplish this, a partial waiver of the 1990 "Policy on the Sale/Lease of City Lands to Non-Profit Organizations" is required. The transfer of land will allow Habitat for Humanity to further its mandate, which is to build safe, decent, affordable housing for purchase by low-income working families in Winnipeg.

RECOMMENDATIONS

1. That the "Policy on the Sale/Lease of City Lands to Non-Profit Organizations" which requires that City lands made available at less than market value to non-profit organizations revert to the City at the end of the economic life of the project, be waived for Habitat for Humanity.

2. That the waiver outlined in Recommendation 1 terminates after the City transfers civic property or properties that are surplus to the needs of the City to Habitat for Humanity which have an aggregate assessed value of $337,500.

3. That the Chief Administrative Officer (CAO) be authorized to approve sales to Habitat for Humanity, subject to the condition outlined in Recommendation 2 and the concurrence of the Ward Councillor.

4. That the authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of any Offer to Purchase and any Ancillary Agreements, in accordance with Recommendation #3 and this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

5. 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 waive portions of existing Council approved policies and delegate authority.

IMPLICATIONS OF THE RECOMMENDATIONS

Net proceeds from the sale of City-owned land are typically credited to the Land Operating Reserve. Should the Public Service recommendation be concurred in, the City will forego up to $337,500 of land sales revenue being credited to the Land Operating Reserve.

HISTORY/DISCUSSION

Habitat is a non-profit organization that has provided affordable housing to the City of Winnipeg and Province of Manitoba since 1987. The City has a long standing partnership with Habitat, providing City-owned land at nominal rates to the housing provider through a variety of Council programs and policies. Habitat provides housing to citizens who wouldn't otherwise be able to get a mortgage in a conventional way through lending institutions.

On November 25, 2014, the Standing Policy Committee on Property and Development approved the sale of the City owned property at 210 Lyle Street to Habitat for $650,200.00 in accordance with the City's terms and conditions of the sale.

After the lands were transferred to Habitat and over the course of work being conducted, it was discovered that there was hydrocarbon contamination in the soil. At the time of the sale, neither the City, nor Habitat, had any knowledge of contamination on the site. Because Habitat is a not-for-profit who helps to provide affordable housing for members of our community, the Public Service is recommending that the City make available City-owned lands to Habitat at below market value, in an amount not to exceed $337,500 of assessed value to assist in offsetting the cost of the soil remediation, which Habitat advises has cost approximately $450,000 to date.

In 1990, Council approved the "Policy on the Sale/Lease of City Lands to Non-Profit Organizations", which enabled non-profit organizations to purchase City-owned land at below market value, provided certain eligibility criteria and sale conditions were met. The City has exercised the 1990 policy on numerous occasions with great success.

Because Habitat ultimately provides housing to a third party, a portion of the 1990 Policy required a Council waiver in each instance. The 1990 Policy required that City lands made available at less than market value to non-profit organizations revert back to the City at the end of the economic life of the project. Adherence to the previously noted condition would not permit Habitat to transfer newly constructed housing to the end user.

In 2002, the need for a waiver was resolved by a policy amendment that stated: "Sales to non-profit organizations participating in the Winnipeg Housing and Homeless Initiative, where the

property will be subsequently transferred to a third party, will be exempt from the requirement that properties sold at less than market value revert back to the City at the conclusion of the economic life of the project."

The policy amendment described above was tied to the Winnipeg Housing and Homeless Initiative, which was disbanded in 2011 and never replaced. As a result, the 2002 amendment is no longer useful when selling City-owned land at below market to non-profit organizations that provide affordable housing.

The Public Service will provide Council, at a later date, with a new non-profit sale/lease policy that addresses the waiver issue, among other items. In the interim, a waiver is required to facilitate Habitat's continued development of affordable housing within Winnipeg.

FINANCIAL IMPACT

Financial Impact Statement

Date: October 2, 2017

Project Name:

Partial Waiver of the Policy on the Sale/Lease of City Lands to Non-Profit Organizations - Habitat for Humanity

COMMENTS:

There are no direct financial implications associated with the recommendations contained in this report. There is, however, an opportunity cost in terms of foregone revenue of up to $337,500 in land sales revenue, by transferring City-owned properties of an equivalent amount at nominal value, which would otherwise be credited to the Land Operating Reserve Fund.

"Original Signed By"

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

Legal Services as to legal issues

OURWINNIPEG POLICY ALIGNMENT

The *Complete Communities Direction Strategy of OurWinnipeg* provides the following policy statements:

Areas of Stability > Mature Communities:

- *Encourage conservation and upgrading of existing housing in mature areas and expand housing opportunities through infill development (Direction 1)*
- *Facilitate land assembly for infill developments (Direction 1, sub bullet # 3)*

The City of Winnipeg Housing Policy provides the following:

Provisions to Support Revitalization:

> *Where the City has surplus lands in areas identified or suitable for housing development in Reinvestment Areas with priority housing needs, it will seek proposals for development consistent with this policy*
>
> a) *Property may be sold at or below market rates for this purpose (Section III, C, 3, a)*

General Provisions:

> *The City will target incentives and facilitate developments that support the objectives of this [housing] policy based on the degree to which the project addresses a priority need in the City...*
>
> b) *Incentives may include financial and non-financial programs, and may be achieved through a variety of tools, such as…sale of assets at or below market value (Section III, A, 1, a)*

Recommendations of this report regarding strategic sale of lands align with *Complete Communities*.

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development
Prepared by: Gord Chappell, Real Estate Administrator
Date: October 3, 2017
File No: O:\Reports Directive\Real Estate\Sales\(gc) Waiver of NPO Policy - Habitat for Humanity.docx