Agenda – Executive Policy Committee – February 13, 2018

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – February 2, 2018

Item No. 11 Request to Amend Development Agreement Conditions for File DASZ 8/2012 (AG 8/2012) (South Winnipeg - St. Norbert Ward)

STANDING COMMITTEE RECOMMENDATION:

On February 2, 2018, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Riel Community Committee and recommended to Council:

1. That the Developer's request to amend Development Agreement (AG 8/2012) by deleting Clause 29, Section I, Schedule "C", be approved.

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 – February 13, 2018

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – February 2, 2018

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On February 2, 2018, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Riel Community Committee and submitted the matter to the Executive Policy Committee and Council.

COMMUNITY COMMITTEE RECOMMENDATION:

On January 15, 2018, the Riel Community Committee concurred in the recommendation of the Winnipeg Public Service and forwarded the matter to the Standing Policy Committee on Property and Development, Heritage and Downtown Development.

On October 2, 2017, the Riel Community Committee laid over the matter to its meeting in January 2018.

On July 10, 2017, the Riel Community Committee laid over the matter to its meeting on October 2, 2017.

ADMINISTRATIVE REPORT

Title: **REQUEST TO AMEND DEVELOPMENT AGREEMENT CONDITIONS FOR FILE DASZ 8/2012 (AG 8/2012)**

Critical Path: Riel Community Committee→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	N/A	N/A

EXECUTIVE SUMMARY

The Developer is requesting to amend Development Agreement AG 8/2012 by deleting Clause 29 in Section I of Schedule "C" which places building permit restrictions on the Development until the conditions outlined in the clause are satisfied. The conditions outlined in Clause 29 (i) and (ii) are not servicing related, can only be satisfied by a third party who has no obligations under this Development Agreement and are not consistent with the Development Agreement Parameters. The Winnipeg Public Service concurs with the Developers request to delete the clause in question.

RECOMMENDATIONS

1. That the Developer's request to amend Development Agreement (AG 8/2012) by deleting Clause 29, Section I, Schedule "C" be approved.

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 authority is required to amend Council's instructions.

IMPLICATIONS OF THE RECOMMENDATIONS

Deleting Clause 29, Section I, Schedule "C" will allow the Developer to continue with orderly residential development of the subdivision, known as the Bridgwater Community, under DASZ 8/2012.

HISTORY/DISCUSSION

On November 14, 2012, Council approved the subdivision and rezoning of land located in the Waverley West Neighbourhood under File No. DASZ 8/2012 to allow for future residential development including the establishment of new public right-of-ways.

The following condition of approval placed a cap on the issuance of building permits:

> Building Permit Restrictions
>
> The maximum number of building permits issued by the City for development in the Planned Area shall not exceed 750 single-family permits and 300 multi-family permits until the following conditions have been met:
>
> i) An "early-years to grade eight" school has been constructed on one of the identified MHRC sites within Bridgwater Forest, Bridgwater Lakes or Bridgwater Centre;
>
> ii) The Pembina Trails School Division has dealt with the school site in Bridgwater Forest;
>
> iii) The extension of Kenaston Boulevard to The Perimeter Highway is complete;
>
> all to the satisfaction of the Director of Public Works and the Director of Planning, Property and Development.

A letter dated June 23, 2017 was received from the Developer, The Manitoba Housing and Renewal Corporation (MHRC) and is attached as Schedule "A". The letter states that as of May 31, 2017, there were 595 single family lots under agreement with builders in the Bridgwater Trails area and it is expected that the maximum 700 lot limit as imposed under Clause 29 would be reached within a couple of months. In addition, there are 258 multi-family permits issued for the Bridgwater Trails area. New multi-family applications are on hold as the maximum 300 multi-family limit would be breached. It is estimated by the Developer that, by not removing the building permit cap, approximately $320 million in private sector investment would be halted and this would have a significant negative effect on the Winnipeg home building industry.

Within the context of the Development Agreement, Schedule "C" is primarily comprised of conditions imposed on the Developer to fulfill municipal servicing obligations. Clause 29, Sections (i) and (ii) are not related to servicing whereas Section (iii) (the extension of Kenaston Boulevard) is servicing-related. Section (iii) was satisfied in 2015 so deletion of this clause will not have an impact on existing or future servicing obligations by the Developer.

The primary concern is that Sections (i) and (ii) of Clause 29 can only be satisfied by a third party not associated with this Development Agreement. An "early-years to grade eight school", as stipulated in Section (i), has yet to be constructed within the defined area. Further, approval authority for the construction of new schools in the area rests with the Pembina Trails School

Division and the Public Finance Board; the Developer, having no authority in this regard, is of the opinion that the conditions in question are unjustified.

In conclusion, it is the opinion of the Public Service that the conditions in question are not consistent with the Development Agreement Parameters, the guidelines used to formulate conditions for inclusion in development agreements. Based on this and the information outlined above, the WPS recommends approval of the Developer's request to amend Development Agreement AG 8/2012 by deleting Clause 29 of Section I in Schedule "C".

FINANCIAL IMPACT

N/A

CONSULTATION

N/A

OURWINNIPEG POLICY ALIGNMENT

This neighbourhood development falls within the areas of Stability Policy Area of OurWinnipeg and Complete Communities – Recent Communities policy area.

SUBMITTED BY

Department:	Planning, Property and Development
Division:	Real Estate and Land Development
Prepared by:	G.V. Jasper, Land Development Administrator
Date:	June 29, 2017
File No:	V:\DA Amendment Request\AG 8-12 Amendment Request – Building Permit Restrictions
Attachments:	Appendix "A" – Letter requesting amendment to DASZ 8/2012 Appendix "B" – Planned Area of DASZ 8/2012

APPENDIX "A" – LETTER REQUESTING AMENDMENT TO AG 8/2012

June 23, 2017

City of Winnipeg
Planning, Property and Development Department
Main Floor – 65 Garry Street
Winnipeg, Manitoba R3C 4K4

Attention: Greg Jasper, Land Development Administrator

Dear Sir:

The Manitoba Housing and Renewal Corporation (MHRC) is applying to amend the existing Development Agreement that affects the lands related to DASZ 8/2012, and is asking that the amendment request be made to the Riel Community Committee at their meeting on July 10, 2017.

Specifically, to allow for the continued orderly development of the Bridgwater community, we wish to amend Development Agreement AG 8/12 to delete the following clause in its entirety:

29. Building Permit Restrictions

The maximum number of building permits issued by the City for development in the Planned Area shall not exceed 750 single-family permits and 300 multi-family permits until the following conditions have been met:

i An "early-years to grade eight" school has been constructed on one of the identified MHRC sites within Bridgwater Forest, Bridgwater Lakes or Bridgwater Centre;
ii The Pembina Trails School Division has dealt with the school site in Bridgwater Forest;
iii The extension of Kenaston Boulevard to The Perimeter Highway is complete;

all to the satisfaction of the Director of Public Works and the Director of Planning, Property and Development.

In accordance with provincial plans for school construction, the Province of Manitoba has announced a new high school in the Waverley West community, however, no public announcements have been made at this time for future elementary schools. MHRC has no control regarding the decision to construct an early-years to grade eight school on one of its designated school sites in Bridgwater, as this decision is made by the Pembina Trails School Division. The School Division, however, has advised MHRC that they are able to accommodate all students currently residing in Bridgwater in other schools within the Pembina Trails School Division, and that it has no plans to construct any school in the Bridgwater Neighbourhood within the next four years, and likely not for a much longer period.

The Pembina Trails School Division has also determined that they will not be constructing a school on the identified site in Bridgwater Forest, and that site will be going forward for subdivision approval to allow for future single-family development.

The extension of Kenaston Boulevard to the Perimeter Highway is complete.

As two of the three building permit conditions have been met, and as the number of multi-family permits is set to exceed the 300 permit cap with the submission of the next building

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permit application which is slated to take place immediately, MHRC is requesting that the Development Agreement is amended to delete Clause 29 Building Permit Restrictions.

The effect of this clause is severe and will have an immediate impact on a number of stakeholders in the Bridgwater Trails neighbourhood. The impact will not only be felt by MHRC, but also the operations of the many single and multi-family home builders in Bridgwater. Bridgwater represents 20% of the entire new home market in Winnipeg and this clause will affect the entire home building industry.

To date, a total of 258 multi-family building permits have been issued in the Bridgwater Trails neighbourhood. This includes a 176 unit rental project currently under construction, a 64 unit multi-family permit for a second rental project which has yet to begin construction, and 18 duplex building permits. The aforementioned 64 unit rental project is part of a larger project that will consist of 256 rental units in total and includes four separate buildings, each 64 units in size. The developer of this rental project cannot submit any further building permits for this project as their second 64 unit building will put them over the 300 unit multi-family cap.

Manitoba Housing has a total of eight multi-family parcels in Phase 1 of the Bridgwater Trails neighbourhood. Six of these multi-family parcels will be sold to private sector proponents and be developed as private rental housing, where 20% of the total number of units in the project will have rents set at affordable levels. Of the six multi-family parcels intended for rental housing, only one has sold and title has been transferred to the Proponent.

Manitoba Housing is unable to finalize sales agreements for four multi-family parcels due to the building permit cap. These four multi-family parcels represent close to 700 units of rental housing, including 144 affordable rental units. The estimated total dollar value of the construction of the four multi-family sites is close to $100 million, including $6.8 million in subsidy which Manitoba Housing will be providing for the development of the affordable rental units.

In regards to single-family development, as of May 31, 2017 there were 595 single-family home lots under agreement with builders in Bridgwater Trails. During the first five months of 2017, a total of 189 permits were issued for single-family homes in Bridgwater, including 116 permits in Bridgwater Trails. As of May 31, the majority of lots still available for builders to purchase are in Bridgwater Trails, and MHRC cannot offer any more than 750 single-family lots in Bridgwater Trails with the building permit restriction in place. It is likely that the 750 single-family permit limit will be reached in the next few months. At that point, the Bridgwater single home market will start to grind to a halt, with complete shutdown occurring in 2018. To date, approximately $125 million in single-family building value is constructed every year in Bridgwater.

We estimate that by not removing the building permit cap, approximately $320 million in private sector investment will be halted. This is a significant amount of investment that if stopped, will negatively affect Winnipeg's home building industry for both multi-family and single-family homes.

We believe that this letter provides strong rationale as to why the clause should be removed from the Development Agreement. However, should you have any further questions, please do not hesitate to contact the undersigned.

Yours sincerely,

D. Rewniak

Dwayne Rewniak
Executive Director, Housing Delivery & Land Development
MHRC

BF/xx
Encl.
cc: Bryan Ward

APPENDIX "B" – PLANNED AREA WITHIN DASZ 8/2012

