Agenda – Standing Policy Committee on Property and Development, Heritage and Downtown Development – May 27, 2019

REPORTS

Item No. 22 Proposed Sale of Condominium Units 1, 2, 3 and 15 – 28 Woodrow Place (Daniel McIntyre Ward)

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the Offers to Purchase City-owned Property Policy, adopted by Council on December 6, 2006, be waived for the sale of the City's interest in the "Subject Property" identified on Misc. Plan 15496 (attached hereto as Schedule A).

2. That authority be delegated to the Chief Administrative Officer to approve the sale of the City's interest in the Subject Property, as well as negotiate and approve the terms and conditions of the sale and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

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

ADMINISTRATIVE REPORT

Title: Proposed Sale of Condominium Units 1, 2, 3 and 15 - 28 Woodrow Place

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	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

The City acquired Condominium Units 1, 2, 3 and 15 at 28 Woodrow Place on October 18, 2018 through the tax sale process.

Winnipeg Condominium Corporation No. 744 (Condo Corp. for 28 Woodrow Place) has received a letter of intent from a prospective purchaser who is interested in purchasing the Subject Property identified on Misc. Plan 15496 (Schedule A).

The Public Service recommends that the City be party to the Offer to Purchase for the Subject Property.

RECOMMENDATIONS

1. That the Offers to Purchase City-owned Property Policy, adopted by Council on December 6, 2006, be waived for the sale of the City's interest in the "Subject Property" identified on Misc. Plan 15496 (attached hereto as Schedule A).

2. That authority be delegated to the Chief Administrative Officer to approve the sale of the City's interest in the Subject Property, as well as negotiate and approve the terms and conditions of the sale and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

3. 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

On December 6, 2006, Council adopted the Offers to Purchase City-owned Property Policy (the "Policy"). The Policy requires that City-owned property be sold on the open market at market rates, except in a few circumstances. The Public Service recommends that the Policy be waived to allow the condominium corporation, which the City is now a part of, to sell the entire building to a single purchaser.

The Standing Policy Committee on Property and Development, Heritage and Downtown Development has the authority to approve all sales in accordance with the "Policy for the Sale, Acquisition, Rental, Leasing Management of Properties" adopted by Council on July 18, 1979. To mitigate delays attributed to committee timelines and reporting cycles, the Public Service recommends that the Chief Administrative Officer ("CAO") be delegated the authority to approve the sale of the City's interest in the Subject Property.

IMPLICATIONS OF THE RECOMMENDATIONS

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

At the writing of this report, the proposed sale price of the Subject Property is unknown. The net proceeds of the sale will be deposited in the Land Operating Reserve.

HISTORY/DISCUSSION

The City acquired condominium units 1, 2, 3 and 15 – 28 Woodrow Place on October 18, 2018 through the tax sale process. The Subject Property is a 20-unit condominium located on the north side of the Assiniboine River, west of Maryland Street. The City's condominium units were circulated to all civic departments and no civic need was identified.

Council has delegated the authority to the Director of Planning, Property and Development Department, to declare all properties acquired by the City through tax sale as surplus to the City's needs. On April 17, 2019, the City's interest in the Subject Property was declared surplus.

Details of the City-owned units are identified below:

Unit No.	Tax Sale No.	Cost for City to Acquire	Special Assessment*	% of ownership	Current Common Element Monthly Fee	Current Reserve Fund Monthly Fee
1	121/178	$16,054.33	$ 4,977.12	2.900%	$ 224.81	$ 58.00
2	121/180	$19,683.98	$ 9,456.54	5.510%	$ 427.14	$110.20
3	121/179	$15,836.82	$ 5,886.74	3.430%	$ 265.90	$ 68.60
15	121/181	$16,024.65	$ 5,886.74	3.430%	$ 265.90	$ 68.60
Total		**$67,599.78**	**$26,207.14**	**15.270%**	**$1,183.75**	**$305.40**

*On March 15, 2018, the owners of Winnipeg Condominium Corporation No. 744 – The Gloucester Condominiums received a letter advising that a special assessment levy will be distributed to all owners to cover costs due to excessive water damage, removing unsafe fire escapes and sunrooms, and to cover legal fees. The total special assessment levy was $171,625.00, which was distributed to each owner according to their percentage of ownership.

Winnipeg Condominium Corporation No. 744 has received a letter of intent from a prospective purchaser who is interested in purchasing the Subject Property. The Public Service has not been advised of the proposed sale price as of the time of writing of this report. The offer will be presented at a special meeting of the condo board. Eighty percent (80%) support for the sale is required to proceed. Should the resolution pass, the condo plan will be deregistered, the Subject Property sold, and unit owners will be paid out their share of the purchase price in accordance with their share of the common elements (the City has a combined ownership interest of 15.27%).

On March 11, 2019, a member of the Public Service attended an information session held by the Property Manager in regard to the status of the Subject Property. This meeting request was extended to all owners of Winnipeg Condominium Corporation No. 744. The purpose of the meeting was to:

- Discuss the current status of the sale of the building;
- Gauge owner interest in selling the building; and
- Discuss next steps should the building not sell.

According to a study dated March 20, 2018, commissioned by Winnipeg Condo Corporation No. 744, the building is in poor structural condition. The cost to repair the building is estimated at $1,120,000.

The Public Service supports the proposed sale of the City's interest in the Subject Property for the following reasons:

- The City's units in the Subject Property would be placed back on the tax roll at the closing of the sale;
- The Ward Councillor has been consulted;
- The sale will eliminate the City's liability associated with holding units in the Subject Property (i.e. condo fees, special assessments);
- Since there is an interested buyer, it is in the best interests of the City to waive public marketing of the Subject Property so that the Public Service can dispose of the units at the same time as the other owners. It is extremely unlikely that the City would get an offer for any individual unit.
- Delegating the approval authority to the CAO will allow the sale of the City's units to occur in a timely fashion and not adversely affect any proposed offer to the Condominium Board.

Due to the unique nature of the transaction, the Public Service acknowledges that the sale will not comply with the Real Estate Transaction Management Framework.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 8, 2019

Project Name:

First Year of Program 2019

Proposed Sale of Condominium Units 1, 2, 3 and 15 - 28 Woodrow Place

	2019	2020	2021	2022	2023
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	$ 107,209	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	107,209	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs consist of taxes paid upon acquisition of $67,600, special levies of $26,207 and monthly common element and Reserve Fund fees of $1,184 and $305 respectively assumed to be incurred until September 2019. While projected sale proceeds are anticipated to be greater than direct costs, to be conservative for the purposes of this analysis, proceeds are assumed to be equal to costs. **No budget adjustment is required.**

"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

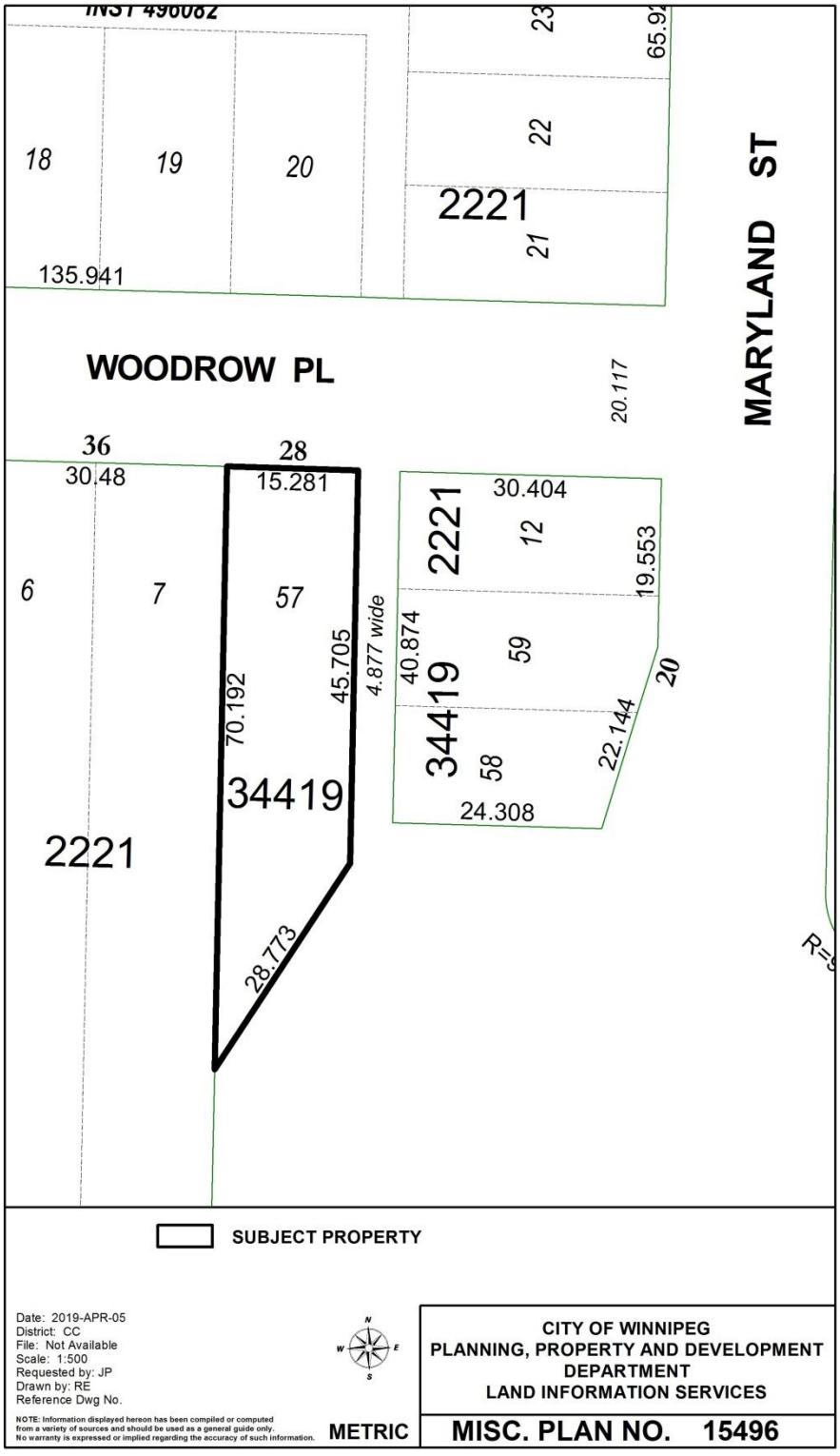
N/A

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development
Prepared by: Joedi Pruden, Supervisor of Sales and Acquisition
Date: May 10, 2019

Attachments: Schedule A - Misc. Plan No. 15496

Schedule A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34419
20
58
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SUBJECT PROPERTY
Date: 2019-APR-05
District: CC
File: Not Available
Scale: 1:500
Requested by: JP
Drawn by: RE
Reference Dwg No.
NOTE: Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only. No warranty is expressed or implied regarding the accuracy of such information.
METRIC
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPARTMENT
LAND INFORMATION SERVICES
MISC. PLAN NO. 15496