Agenda – Council – May 29, 2020

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – May 21, 2020

Item No. 6 Sale of the Vacant City-Owned Property located at 595 Beecher Avenue (Old Kildonan Ward)

STANDING COMMITTEE RECOMMENDATION:

On May 22, 2020, 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 sale of the vacant City-owned property located at 595 Beecher, identified as "Subject City Property" on Misc. Plan No. 11284/1 to A2A Homes & Infrastructure Inc. for a purchase price of $118,000.00 be approved, subject to the following condition:

    A. That up to $50,000 of the net sale proceeds be redirected from the Land Operating Reserve to fund the completion of the sidewalk on the south side of Beecher Avenue between Ferrier Street and Diplomat Street.

2. That the City enter into, execute and deliver an Offer to Purchase with A2A Homes & Infrastructure Inc. and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Offer to Purchase 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.

4. 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 – May 21, 2020

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On May 22, 2020, 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 May 21, 2020, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service, with the following amendment:

- In Recommendation 1, delete the period after "be approved" and replace with the following the following:

  ", subject to the following condition:

  A. That up to $50,000 of the net sale proceeds be redirected from the Land Operating Reserve to fund the completion of the sidewalk on the south side of Beecher Avenue between Ferrier Street and Diplomat Street."

and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Proposed Sale of the Vacant City-Owned Property located at 595 Beecher Avenue

Critical Path: The Standing Policy Committee on Property and Development, Heritage and Downtown Development

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Pittet	J. Kiernan	P. Olafson, Interim CFO	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

The vacant City-owned property located at 595 Beecher Avenue, identified as “Subject City Property” on Misc. Plan No. 11284/1 (attached as Schedule A) was marketed for sale from February 14, 2020 to March 13, 2020 with an asking price of $115,000.00.

The Planning, Property and Development Department received two Offers to Purchase and recommend the sale of the Subject City Property to A2A Homes & Infrastructure Inc. for $118,000.00.

RECOMMENDATIONS

1. That the sale of the vacant City-owned property located at 595 Beecher, identified as “Subject City Property” on Misc. Plan No. 11284/1 to A2A Homes & Infrastructure Inc. for a purchase price of $118,000.00 be approved.

2. That the City enter into, execute and deliver an Offer to Purchase with A2A Homes & Infrastructure Inc. and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing (the “Ancillary Agreements”).

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Offer to Purchase 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.

4. 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 January 28, 2009, Council authorized the Chief Administrative Officer ("CAO") to approve all sales of City-owned property that have been declared surplus where:

I. the sale price is $500,000 or less;
II. the sale price is at least:
    a. 95% of appraised value, or
    b. 100% of the Standing Policy Committee on Property and Development pre-approved price;
III. the property is being sold through a public offering and / or complies with the "Offers to Purchase City-owned Property policy";
IV. the offer is in the best interests of the City; and
V. prior to public offering, the sale has written concurrence from the Ward Councillor.

The proposed sale did not receive written concurrence from the Ward Councillor as per condition V of the CAO's delegated authority. The Ward Councillor was supportive of the sale with the proviso that up to $50,000 of the net proceeds are to be used to complete the sidewalk on the south side of Beecher Avenue between Ferrier Street and Diplomat Street. Council policy requires that the net proceeds of the sale be deposited into the Land Operating Reserve
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 and Management of Properties" adopted by Council on July 18, 1979.

IMPLICATIONS OF THE RECOMMENDATIONS

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

The recommended sale of the Subject City Property is in accordance with the City's "Offers to Purchase City-owned Property Policy." The Subject City Property was marketed for sale to the general public.

The City's standard terms and conditions of sale include provisions to protect the City's interests in the event that environmental contamination is discovered.

The net proceeds of the sale will be deposited into the Land Operating Reserve in accordance with Council Policy.

HISTORY/DISCUSSION

The City of Winnipeg acquired the vacant City-owned property in December of 2001 through the tax sale process (tax sale #104/53).

In 2014, Public Works requested that the marketing of the subject lot be put on hold until the preliminary design of the Chief Peguis Trail extension was finalized.

The property requirements for the Chief Peguis Trail extension were provided to Council on June 20, 2019 and the Subject City Property was not identified as a requirement. The Subject City Property was subsequently circulated to relevant City Departments for their comments and there were no objections to declaring the property surplus.

On November 21, 2019, the Subject City Property was declared surplus to the City's needs.

On November 29, 2019, an internal appraisal of the Subject City Property was completed resulting in an appraised value range of $110,000.00 to $115,000.00. The highest and best use was determined to be residential single-family, being the most reasonable and probable use considering the surrounding residential development, zoning and location of the property.

The Subject City Property was marketed for $115,000.00 from February 14, 2020 to March 13, 2020. The Public Service used a variety of marketing tools for the listing, including internet advertising and property signage. Bids were received until March 13, 2020.

Two (2) offers were received as follows:

i. $115,000.00 - compliant with no conditions
ii. $118,000.00 - compliant with no conditions

After evaluating the submissions, the Department recommends approval of the offer received from A2A Homes & Infrastructure Inc. for the purchase price of $118,000.00.

The Department supports and recommends approval of the proposed sale of the Subject City Property to A2A Homes & Infrastructure Inc. for the following reasons:

- The price being offered by A2A Homes & Infrastructure Inc. is above the appraised value and offers the best return to the City;
- The property would be placed on the tax roll at the closing of the sale; and
- The sale will eliminate the liability for the City associated with holding this property.

The Ward Councillor was consulted regarding the intentions of the Department and has indicated that she is supportive of selling the property with the proviso that up to $50,000 of the sale proceeds be directed to completing the sidewalk on the south side of Beecher Avenue between Ferrier Street and Diplomat Street. Council policy requires that the net proceeds of the sale be deposited into the Land Operating Reserve.

If the sale is approved, the anticipated closing date of the transaction would be July 6, 2020, or such other date as mutually agreed to by the parties and approved by the City's Director of Planning, Property and Development.

FINANCIAL IMPACT

Financial Impact Statement

Date: March 31, 2020

Project Name:

First Year of Program 2020

Proposed Sale of the Vacant City-Owned Property located at 595 Beecher Avenue

	2020	2021	2022	2023	2024
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	$ 13,055	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	118,000	-	-	-	-
Net Cost/(Benefit)	$ (104,945)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(104,945)	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Incremental revenue represents the proposed sale price of the property while direct costs represent cost of land sold (primarily tax arrears paid to acquire the property). Net proceeds of $104,945 will be credited to the Land Operating Reserve.

"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 Subject City-owned Property falls under the umbrella of **Recent Communities 04-2-Direction Strategy 4**.

- Areas that were planned after 1950. They are primarily residential areas and contain a mix of low and medium density housing with nearby retail amenities. The road network is a blend of modified grid and curvilinear, often without sidewalks or back lanes. These are typically stable, residential communities with limited redevelopment potential over the next 30 years. Populations are declining from their peak and housing stock is generally in good condition.

- Recent communities can also accommodate some infill development to increase housing choice, increase options for 'aging in place', and to maximize the use of existing infrastructure.

The subject lot, which is zoned residential single- family (R-1E), will enable an infill development that will increase the present housing stock while maximizing the use of the existing infrastructure. Therefore, the disposition of this site serves to support the vision of ***Maintaining Areas of Stability*** (Section 4-2 pg.86 – Complete Communities Direction Strategy).

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Land Use: Section 4.1 – Key Directions and Actions - Increase Strategic Infill Development That Provides Access to and Capitalizes on Existing and Planned Corridors with Frequent Transit Service

"Explore opportunities for the City of Winnipeg to take a more direct role in advancing mixed use development that may include developing City-owned lands, assembling land for resale, partnering on development, or using City funds to leverage private investment."

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development
Prepared by: Clifford Bignall, Real Estate Officer
Date: April 3, 2020
File No.: N/A

Attachments: Schedule A - Misc. Plan 11284/1

SCHEDULE A

Misc. Plan No. 11284/1

