Minutes – Executive Policy Committee – January 20, 2021

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – January 18, 2021

Item No. 11 Creating Affordable Housing Opportunities in Housing Improvement Zones

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

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 Director, Planning, Property and Development (the Director) be authorized to establish a process and directly approve the sale of surplus City-owned lands within the Housing Improvement Zones as identified on the map attached hereto as Appendix A, directly to Non-Profit Housing Providers (NPHP), on the following conditions:

    A. That the sale will facilitate affordable residential infill development, mixed-use development that includes affordable housing, and/or neighbourhood revitalization in alignment with City policies;

    B. That if the property is not built on, or development is not completed, within 2 years of the transfer of title, that the property will revert back to the City;

    C. That the properties be sold at no less than 50% of the assessed value (the "Purchase Price"), provided the Purchase Price (or cumulative Purchase Price) exceeds the City's inventory cost (or cumulative inventory cost);

    D. The City, at its sole discretion, may sell a City-owned residential lot where the inventory cost exceeds the Purchase Price, provided the City has unsuccessfully marketed the residential lot for sale at market value.

    E. That where a housing provider can demonstrate a certified green building is intended to be constructed to the satisfaction of the City, the sale price of the City-owned lot shall be $1.00 (regardless of inventory costs).

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – January 18, 2021

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

2. That the City enter into, execute and deliver the required purchase and sale agreements with NPHP's 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 Director to negotiate and approve the terms and conditions of the purchase and sale agreements or Ancillary Agreements, in accordance with this report and such other terms and conditions or other agreements deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

4. That the Public Service reserves the right to sell City-owned lands identified in Appendix A at market value to non-NPHP's.

5. That the Public Service be authorized to sell no more than 15 lots for $1.00, this includes the nine lots that are to be sold in accordance with the July 23, 2020 Council Decision, and six additional lots to be sold in accordance with Recommendation 1.E of this report.

6. That the Public Service be directed to report back in 180 days on opportunities for the sale of discounted City-owned lots that achieve energy efficiency pursuant to the City's Local Energy Access Program (LEAP) requirements in areas outside the Housing Improvement Zones using the high needs area mapping done through community services city wide.

7. That the Council Decision dated July 23, 2020 with respect to Item 16 of the Report of the Standing Policy Committee on Property and Development, Heritage and Downtown Development dated July 13, 2020 be amended as follows:

    A. That Recommendation 1.B be rescinded and replaced with the following:

        "1.B. The properties be sold for $1.00"

    B. That Recommendation 1.D be rescinded and replaced with the following:

        "1.D. That if the property is not built on, or development is not completed, within 2 years of the transfer of title, that the property will revert back to the City;"

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – January 18, 2021

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

C. That Recommendation 1.E be amended to extend the amount of time to receive the signed purchase agreement to June 30, 2021.

8. 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 – January 18, 2021

DECISION MAKING HISTORY:

Moved by Councillor Gilroy,

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 four business days preceding the committee meeting, be considered by Committee.

Carried

Moved by Councillor Gilroy,

That the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development be concurred in and forwarded to Council.

Yea:	Bowman, Browaty, Gillingham, Gilroy, Rollins	5
Nay:		0

Carried

STANDING COMMITTEE RECOMMENDATION:

On January 18, 2021, the Standing Policy Committee on Property and Development, Heritage and Downtown Development passed the following motion:

WHEREAS on July 23, 2020, Council concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development's motion to sell up to six City-owned residential lots to Housing Opportunity Partnership (HOP) and up to three City-owned residential lots to Purpose Construction subject to conditions;

AND WHEREAS one of those conditions was the properties be sold at no less than 50% of the assessed value, provided the purchase price (or cumulative purchase price) exceeds the City's inventory cost (or cumulative inventory cost);

AND WHEREAS due to the COVID-19 pandemic HOP and Purpose Construction are unable to purchase at 50% of the assessed value due to significant challenges which include: a reduction in funding, increased construction costs, lack of available land, and increased market values;

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – January 18, 2021

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

AND WHEREAS both HOP and Purpose Construction currently risk losing their funding from multiple sources if they are not able to proceed with their infill development plans to start construction early June 2021;

AND WHEREAS selling these lots for $1.00 further allows these organizations to provide affordable opportunities for first-time homebuyers, who might not otherwise have had the opportunity, and allows them to continue their mandates into the future;

AND WHEREAS selling each of the proposed nine lots for $1.00 to HOP and Purpose Construction the City would incur an approximate average cost of $54K per lot that would need to be absorbed within existing resources in the Land Operating Reserve;

AND WHEREAS the City is helping to create an opportunity to revitalize neighbourhoods that are losing their housing stock and creating a supply of affordable housing by stabilizing an entire community;

AND WHEREAS if this motion and the report titled Affordable Housing in Housing Improvement Zones are both passed by Council, capping the Public Service's authority to sell lots for $1.00 at a maximum of 15 will keep the financial impact to the City of Winnipeg manageable while also providing a much-needed housing opportunity;

THEREFORE BE IT RESOLVED that the recommendation of the Winnipeg Public Service be concurred in, with the following amendments:

- Add the following new recommendations and the renumber the remaining recommendation accordingly:

    "5. That the Public Service be authorized to sell no more than 15 lots for $1.00, this includes the nine lots that are to be sold in accordance with the July 23, 2020 Council Decision, and six additional lots to be sold in accordance with Recommendation 1.E of this report.

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – January 18, 2021

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

6. That the Public Service be directed to report back in 180 days on opportunities for the sale of discounted City-owned lots that achieve energy efficiency pursuant to the City's Local Energy Access Program (LEAP) requirements in areas outside the Housing Improvement Zones using the high needs area mapping done through community services city wide.

7. That the Council Decision dated July 23, 2020 with respect to Item 16 of the Report of the Standing Policy Committee on Property and Development, Heritage and Downtown Development dated July 13, 2020 be amended as follows:

    A. That Recommendation 1.B be rescinded and replaced with the following:

        "1.B. The properties be sold for $1.00"

    B. That Recommendation 1.D be rescinded and replaced with the following:

        "1.D. That if the property is not built on, or development is not completed, within 2 years of the transfer of title, that the property will revert back to the City;"

    C. That Recommendation 1.E be amended to extend the amount of time to receive the signed purchase agreement to June 30, 2021."

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

The following persons submitted communications in support of the matter:

- Stephanie Haight, Director, Winnipeg Housing Rehabilitation Corporation, submitted a communication titled "Creating Opportunities for Affordable Homeownership"
- Glen Kruck, Regional Manager, Community Health and Housing Association Westman Region Inc. submitted photos.

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – January 18, 2021

DECISION MAKING HISTORY (continued):

COUNCIL DECISION:

On December 17, 2020, Council concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and adopted the following:

1. That a further extension of time of up to 60 days be granted for the Winnipeg Public Service to report back on the program requirements of a new pilot program designed after the William Whyte Pilot project and expand the boundaries to include all five Housing Improvement Zones.

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

On November 26, 2020, Council concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and granted an extension of time of 30 days for the Winnipeg Public Service to report back on the matter.

On July 23, 2020, Council concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and adopted the following:

1. That the Winnipeg Public Service be directed to establish a new pilot program designed after the William Whyte Pilot project and expand the boundaries to include all five Housing Improvement Zones, and report back on program requirements with 90 days.

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

ADMINISTRATIVE REPORT

Title: Creating Affordable Housing Opportunities in Housing Improvement Zones

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

AUTHORIZATION

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

EXECUTIVE SUMMARY

Designed after the expired William Whyte Pilot Project, this report recommends a renewed and redesigned program for the sale of City-owned lands within the City's Housing Improvement Zones to affordable housing providers, where these sales can promote neighbourhood revitalization and other important policy goals including *Winnipeg's Climate Action Plan* (WCAP). To this end the report also recommends that the program include opportunities for some of the lots to be developed in accordance with the goals of the City-led LEAP pilot project for non-profit organizations constructing energy efficient homes as a means to combat energy poverty in these neighbourhoods, and that these lots may be discounted further to achieve energy efficiency pursuant to LEAP requirements.

RECOMMENDATIONS

1. That the Director, Planning, Property and Development (the Director) be authorized to establish a process and directly approve the sale of surplus City-owned lands within the Housing Improvement Zones as identified on the map attached hereto as Appendix A, directly to Non-Profit Housing Providers (NPHP), on the following conditions:

    A. That the sale will facilitate affordable residential infill development, mixed-use development that includes affordable housing, and/or neighbourhood revitalization in alignment with City policies;
    B. That if the property is not built on, or development is not completed, within 2 years of the transfer of title, that the property will revert back to the City;
    C. That the properties be sold at no less than 50% of the assessed value (the "Purchase Price"), provided the Purchase Price (or cumulative Purchase Price) exceeds the City's inventory cost (or cumulative inventory cost);
    D. The City, at its sole discretion, may sell a City-owned residential lot where the inventory cost exceeds the Purchase Price, provided the City has unsuccessfully marketed the residential lot for sale at market value.

E. That where a housing provider can demonstrate a certified green building is intended to be constructed to the satisfaction of the City, the sale price of the City-owned lot shall be $1.00 (regardless of inventory costs).

2. That the City enter into, execute and deliver the required purchase and sale agreements with NPHP's 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 Director to negotiate and approve the terms and conditions of the purchase and sale agreements or Ancillary Agreements, in accordance with this report and such other terms and conditions or other agreements deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

4. That the Public Service reserves the right to sell City-owned lands identified in Appendix A at market value to non-NPHP's.

5. That the proper officers of the City do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On July 23, 2020, Council concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development (SPC PDHDD), and directed that the Winnipeg Public Service to design a program around the two-year William Whyte Pilot project, which expired January 2020 and report back on program requirements to the SPC PDHDD within 90 days.

IMPLICATIONS OF THE RECOMMENDATIONS

The Director of Planning, Property and Development will be delegated the authority to dispose of City-owned lands within designated Housing Improvement Zones under the parameters established within the recommendations section of this report which consists of:

- Selling City-owned Properties to non-profit housing providers for not less than 50% of the assessed value.
- Target selling the first 10 City-owned properties for $1.00 to facilitate the Local Energy Access Program (LEAP) pilot project for energy efficient homes that address energy poverty, as described in Discussion.
- Selling City-owned Properties where preference is given to developments that meet community-derived criteria for a specific property or group of properties.
- Ensuring that development occurs within a two-year time frame.
- It is noted the properties available through this program have mostly been acquired through tax sale, and through that process the City is responsible to pay any outstanding taxes and penalties. Many of the acquisitions include distressed housing on site which requires remediation and demolition, in addition to regular inspections or other site

maintenance issues. The sum of these expenses represents the inventory cost of the property noted in the recommendations.

HISTORY/DISCUSSION

History

On October 31, 1990, City Council passed the Policy on the Sale/Lease of City Lands to Non-Profit Organizations (File FI-2.3) (Item 1699, Committee on Finance and Administration). The original policy required that properties revert back to the City at the conclusion of the economic life of the project; however, this condition was removed in an amendment passed by Council on July 17, 2002 wherein a property purchased by a non-profit organization participating in the Winnipeg Housing and Homeless Initiative was subsequently transferred to a third party (Item 612, Report of the Standing Policy Committee on Property and Development).

On September 25, 2002, City Council approved a Memorandum of Understanding (MOU) between the City of Winnipeg and The Manitoba Housing and Renewal Corporation (MHRC) on Affordable Housing Programs, File EX-1 (Vol.8) (Item 668, Report of Executive Policy Committee dated September 18, 2002). The agreement included contribution of land to the program to a combined assessed value of $3.2 million.

The City of Winnipeg entered into an MOU with the Province of Manitoba and Government of Canada to establish the Winnipeg Housing and Homelessness Initiative (WHHI) on July 7, 1999. The partnership lasted until March 2012, and the three levels of government co-funded numerous projects through the WHHI. The City's contributions included land as provided in the 2002 MOU with the Province. The City ultimately contributed 302 properties to non-profit organizations or to the Province of Manitoba for a nominal fee of $1.00 each. These properties were either rehabilitated (if an existing building on the site was deemed structurally sound) or developed as affordable infill housing. The value of these contributions equaled $4.2 million (cumulative assessed value plus acquisition and site preparation costs). Land contributions ceased as the WHHI partnership concluded and the maximum contribution value allowed by policy had been reached.

City Council approved the Offers to Purchase City-Owned Property Policy on December 6, 2006. This policy identifies conditions that must be met for property to be sold directly to a purchaser as the result of an unsolicited offer. Condition 3 states that, "The Department may act on unsolicited offers for City-owned property and will sell these properties at or below market value when mandated by Council approved policies or programs. The Municipal Aboriginal Pathways Strategy (MAPS), the Affordable Housing Initiative (AHI), the Winnipeg Housing and Homelessness Initiative (WHHI), and the Homegrown Economic Development Strategy are examples of these policies and programs."

Housing programs are currently administered through the Urban Planning and Design Division of the Department. These programs were previously administered by the Housing Development Division as part of the WHHI, which suggests that the recommendation in this report to sell property as the result of an unsolicited offer is consistent with the 2006 Policy.

Current policy supports strategic use of City-owned lands and lands that can be acquired for strategic development. OurWinnipeg supports "the assembly of strategically located, vacant land that can be redeveloped" (OurWinnipeg, p.55). This direction is different, but related to

strategic disposal of land if properties adjacent to City-owned lands are acquired and consolidated. Complete Communities also supports “land assembly for infill developments” (p.85).

The current Winnipeg Housing Policy, which was adopted by Council on September 25, 2013 more specifically addresses sale of City-owned lands. General Provision A.1.a. states, “Incentives may include financial and non-financial programs, and may be achieved through a variety of tools, such as density bonuses, up-zoning, expedited approval processes, cost offset programs, tax-increment financing, grants, or sale of assets at or below market value.” This point is reiterated in C.3 (Provisions to Support Revitalization) which states, “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. Property may be sold at or below market rates for this purpose.” The program outlined in this report provides opportunities for non-profit housing providers to access land at less than market value in targeted areas of investment (Housing Improvement Zones) and is therefore consistent with the above policies. The Winnipeg Housing Policy also aligns with the City’s policy on the “Sale/Lease of City Lands to Non-Profit Organizations”, except that the Public Service currently lacks authority to sell directly to non-profit housing providers.

Appendix A of this report provides a map of the Housing Improvement Zones where disposal of City lots will be prioritized.

Discussion

Program Description
This program is recommended for managing strategic sales of City-owned properties within the boundaries of the Housing Improvement Zones, which will serve both to increase development of affordable housing and to promote neighbourhood revitalization.

Lots may be sold directly to qualified housing providers at the discretion of the Director or designate if the sale otherwise meets conditions of the program. A list of properties will be made available to designated non-profit organizations registered with the Manitoba Non-Profit Housing Association (MANPHA). Qualifying organizations that express interest will be selected in order by a lottery. Each group may negotiate the sale of a property of their own choosing in the order they have been selected and this process will rotate until surplus properties have been exhausted. The next in line will be notified if and when an additional surplus property has become available under the program.

Lots may be sold at not less than 50% of the assessed value provided that half the assessed value is greater than the inventory cost of the property; however, lots developed under the LEAP component of the program may be discounted further (for full details see *Local Energy Access Program (LEAP) pilot* discussed below*).*

The City currently owns approximately 40 lots in designated Housing Improvement Zones. Most of these lots are zoned for single and two-family development. The total value of the 40 lots is approximately $1.8M (or $0.9M at 50% assessed value), with an inventory cost of roughly $1.1M. The City’s inventory cost represents the cost to acquire or ready land for resale (e.g. payment of outstanding taxes, demolition, etc.).

Although the total value of the City lots exceed the total inventory costs, there are individual City lots for costs exceed value. The Public Service is only authorized to sell lots where the value

exceeds the cost. In order to sell lots where the costs exceed the value, the Public Service recommended several options:

- If a City lot has been unsuccessfully marketed at market value, the lot may be sold if the costs exceed the value;
- Lots which are improved with a certified green building do not need to consider the inventory costs as a condition of the sale;
- A NPHP could elect to purchase multiple lots to produce a positive net value to the City, provided the cumulative purchase price (i.e. the total price of several lots purchased at one time) exceeds the cumulative inventory cost (i.e. the total cost of several lots purchased at one time).

The program as proposed does not require participation by the Province, but capital grants or subsidies may be necessary to justify development of housing as affordable (proposals will bear this out). This requirement could be addressed by provincial funding. The Province issues Requests for Proposals (RFPs) for development of affordable housing, but projects can be located anywhere within Manitoba and if in Winnipeg, anywhere in the city. If the City is able to offer buildable lots at a more affordable rate, this benefit could entice developers and/or the Province to prioritize development of those lots.

This program restricts eligibility for infill development to non-profit housing providers because it is within the mandate of these organizations to provide affordable housing. Provision of affordable housing will be limited not only by price, but also by household income of the resident, so that affordable housing will be provided to those who need it most. The City has limited capacity to monitor eligibility over time (especially regarding rental property), and it is recommended that eligibility for this pilot project be limited to organizations mandated to provide affordable housing to qualified households.

Success of the program can be measured through consideration of multiple factors, including:

- Number of lots sold;
- Number and type of affordable housing units developed;
- Assessed value of resulting development;
- Financial analysis:
    - Reduced revenue resulting from below-market sales prices
    - Increased property taxes resulting from development;
    - Any capital or operating subsidy (e.g. provincial rent supplement) required to achieve break-even on associated costs;
- Comparison of development of eligible City-owned lots to development of other, privately held lots in the neighbourhoods;
- Evaluation of interest, capacity and efficiency of limiting the project to non-profit housing providers; and
- construction of ten LEAP demonstration projects that advance the objectives of GHG and energy poverty reductions, and align with the policies of the WCAP.

The program is intended to increase the supply of affordable housing in Winnipeg in addition to contributing to neighbourhood revitalization. Single family detached housing that is sold for affordable homeownership will benefit those households that are capable of homeownership but are unable to afford housing at current market prices. If the project results in development of affordable rental housing, potential benefits are broader in that the Province offers rent supplement for a portion of affordable units, so that some units might be offered at social or Rent Geared to Income (RGI) rates. RGI housing can be made available to households on

social assistance, as well as to programs supporting housing for people who are homeless or at risk of homelessness.

This program is an expansion of the William Whyte Pilot Project, which made lots available in one neighborhood. If the expansion to the five HIZ neighbourhoods proves successful, recommendations will be made to expand the program over an even larger geography where sales would promote strategic development of affordable housing.

Local Energy Access Program (LEAP) pilot
With the approval of Winnipeg's Climate Action Plan, the City of Winnipeg identified climate equity as an important goal to foster sustainability. An aspect of climate equity is energy equity, which considers the affordability of energy costs in housing and transportation with the aim of ensuring that people have equitable access to energy initiatives. Energy equity further aims to help reduce energy poverty, defined in Canada as a situation where households spend 6% or more of after-tax income on home energy (see Appendix C). Under the WCAP framework, this aim extends to providing access to affordable *clean* energy.

The City of Winnipeg, through the Office of Sustainability, is part of a multi-city and multi-sector collective working on the Local Energy Access Program (LEAP), which is led by the Canadian Urban Sustainability Practitioners (CUSP) network with funding from the Federation of Canadian Municipalities' Transition 2050 program. The LEAP objective is to achieve deep GHG emissions and energy poverty reductions through an equitable clean energy pilot project that is scalable and replicable. Other cities that are working on implementing a LEAP pilot project are Halifax, Saskatoon, Ottawa, Toronto and Surrey.

The focus of LEAP in Winnipeg is to identify a pilot project that can be delivered to people who are experiencing the highest rates of energy poverty in Winnipeg. Based on data from the Energy Poverty and Equity Explorer Tool (see Appendix D, the wards of Mynarski and Point Douglas have an energy poverty rate of over 40% whereby households are spending 40% of their after-tax income on energy. (see Map in Appendix 2).

The Office of Sustainability engaged with a LEAP Advisory Committee and Working Group to develop/co-create pilot project ideas and identified an affordable, clean energy housing project as a LEAP priority. This pilot aims to support the construction of affordable housing that achieves green building standards such as passive housing or net zero-energy ready. As a pilot, the project will promote energy equity, by reducing home energy costs. The project will demonstrate the ongoing affordability of a sustainable affordable housing model. The long-term benefits of maximizing home energy efficiency would ultimately benefit the low-income families who acquire the housing and who otherwise may not be able to afford energy efficiency upgrades post-construction.

The City's support of this pilot project would be through the sale of ten City-owned vacant lots at a rate that can help ensure the housing meets construction costs for affordable, low carbon, and energy efficient single-family houses. As a component of the Housing Improvement Zones program, the first ten City lots for sale will be targeted to support the LEAP pilot project. The William Whyte pilot project, which provided lots to non-profit housing groups at 50% of the assessed value, was subject to an open bid process but did not include requirements for environmental benefits in keeping with *Winnipeg's Climate Action Plan*, such as encouraging low carbon and highly energy efficient housing construction for the residential sector.

The LEAP pilot project will:

- Leverage existing committed funding for low income housing development to increase environmental impact to combat energy poverty
- Re-purpose 10 vacant inner-city lots for development of passive or net zero-energy ready housing
- Directly combat energy poverty by building low income housing with very low long-term energy costs for sustained affordability
- Reduce community-based greenhouse gas emissions from buildings
- Provide low-barrier home ownership opportunities for 10 low-income families in need
- Work in partnership with CMHC and other agencies to use social finance tools to subsidize construction costs, ensuring affordability for low income homeowners
- Advance innovative and emerging sustainable procurement policy objectives that support the use of public funds for community benefit
- Demonstrate a sustainable, scalable model for energy efficient affordable housing development. If successful the pilot project would serve as a scalable replicable model for Winnipeg and municipalities across Canada

Feedback from stakeholders working with the City on the LEAP initiative identified the anticipated increase in construction costs required to achieve green building standards such as passive or net zero-energy housing, including the cost of certification, as a barrier to project success. It is recommended, as part of the LEAP pilot, that where a housing provider can demonstrate a certified green building is intended to be constructed, to the satisfaction of the City, the purchase price of the City-owned lot be $1. A greater City contribution to this project would help to achieve the pilot objectives, particularly in the development of new replicable construction techniques, and may also help the project leverage additional funding from other levels of government.

Policy and Operational Considerations
City of Winnipeg policies, with respect to Planning (*Complete Communities*) and Housing (*City of Winnipeg Housing Policy)* support the disposal of City-owned lands for affordable housing; however, there is no current program available.

Combined, the City's existing policies provide commitment from the City to support neighbourhood revitalization and infill development. While the allocation of City funds is currently limited to supporting neighbourhood revitalization (mostly administered through $1 million provided annually through the City's Operating Budget to the Housing Rehabilitation Investment Reserve, which is then allocated predominantly in five Housing Improvement Zones), the City's actions with respect to the strategic disposal of surplus City-owned lands in specific neighbourhoods can contribute positively to those communities and have an influencing effect on adjoining properties as well. A strategic focus on the disposition of lands within neighbourhoods designated as Housing Improvement Zones can provide a greater degree of control on the development of those lands, which translates into a more positive influence.

Mixed-use development would be considered for appropriate locations where other non-residential development exists adjacent or nearby and where the property is, or could be, zoned for non-residential development (e.g. Neighbourhood Main Streets like Selkirk Avenue).

The William Whyte pilot did provide some lessons learned in terms of the disposition process. This is the reason for designing a disposition process that does not include a bid process where organizations must compete for available lots.

The City currently interacts with community stakeholders through Housing Stakeholders Groups, representing the 5 HIZs, which will provide an avenue for continued collaboration with non-profit housing providers.

It is hoped that the initiative will provide mutual benefit to the community and City of Winnipeg and spur other creative initiatives related to the disposition of real property that meet objectives established within adopted Council policy.

Other Process Considerations:
The Real Estate and Land Development Division will advise the Urban Planning and Design Division/ Housing Policy Coordinator whenever the City acquires property in the Housing Improvement Zones.

The Urban Planning and Design Division / Housing Policy Coordinator will be responsible to select proponents for each property. Selection criteria will be developed in consultation with key community stakeholders.

Sales to non-profit housing providers will be identified in the annual report on Real Estate Sales.

The Real Estate and Land Development Division together with the Legal Services Department will be responsible for preparation and execution of all documents relating to the disposition of properties.

Net proceeds from the sales of property will go to the Land Operating Reserve.

This initiative will help the City demonstrate municipal leadership in advancing equitable, sustainable, affordable energy housing.

FINANCIAL IMPACT

Financial Impact Statement

Date: November 30, 2020

Project Name:

First Year of Program **2021**

Creating Affordable Housing Opportunities in Housing Improvement Zones

	2021	2022	2023	2024	2025
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	$ 275,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	10	-	-	-	-
Net Cost/(Benefit)	$ 274,990	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	274,990	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs consist of a representative estimate of $27,500 in inventory costs to be expensed as cost of land sold for each of 10 City-owned properties assumed to be sold in 2021 within the parameters of the LEAP Program. Revenues consist of $1/lot. The Land Operating Reserve (LOR) has sufficient unallocated equity to fund the $274,990 excess of costs over revenues.

Assuming a representative estimate of assessed/market value of $45,000 for those same 10 City-owned properties, the "opportunity cost" to the City is $450,000. The opportunity cost of any of the +/- 30 lots remaining will be $22,500/lot (i.e. 50% of the assessed value). Should inventory costs exceed $22,500 on any of these remaining 30 lots, it is assumed that the purchaser will acquire one or more additional lots from the City resulting in net proceeds at least equivalent to the "loss" amount such that there will be no reduction to the unallocated equity balance in the LOR.

Mike McGinn November 30, 2020

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

Office of Sustainability (LEAP process)

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*.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

2.1 Engage Community Leadership and Associations on an Ongoing Basis to Help Shape Implementation of the Climate Action Plan.

5.2 Improve Energy Performance of New Buildings

5.3 Increase Access to Educational Materials

5.4 Build Climate Equity

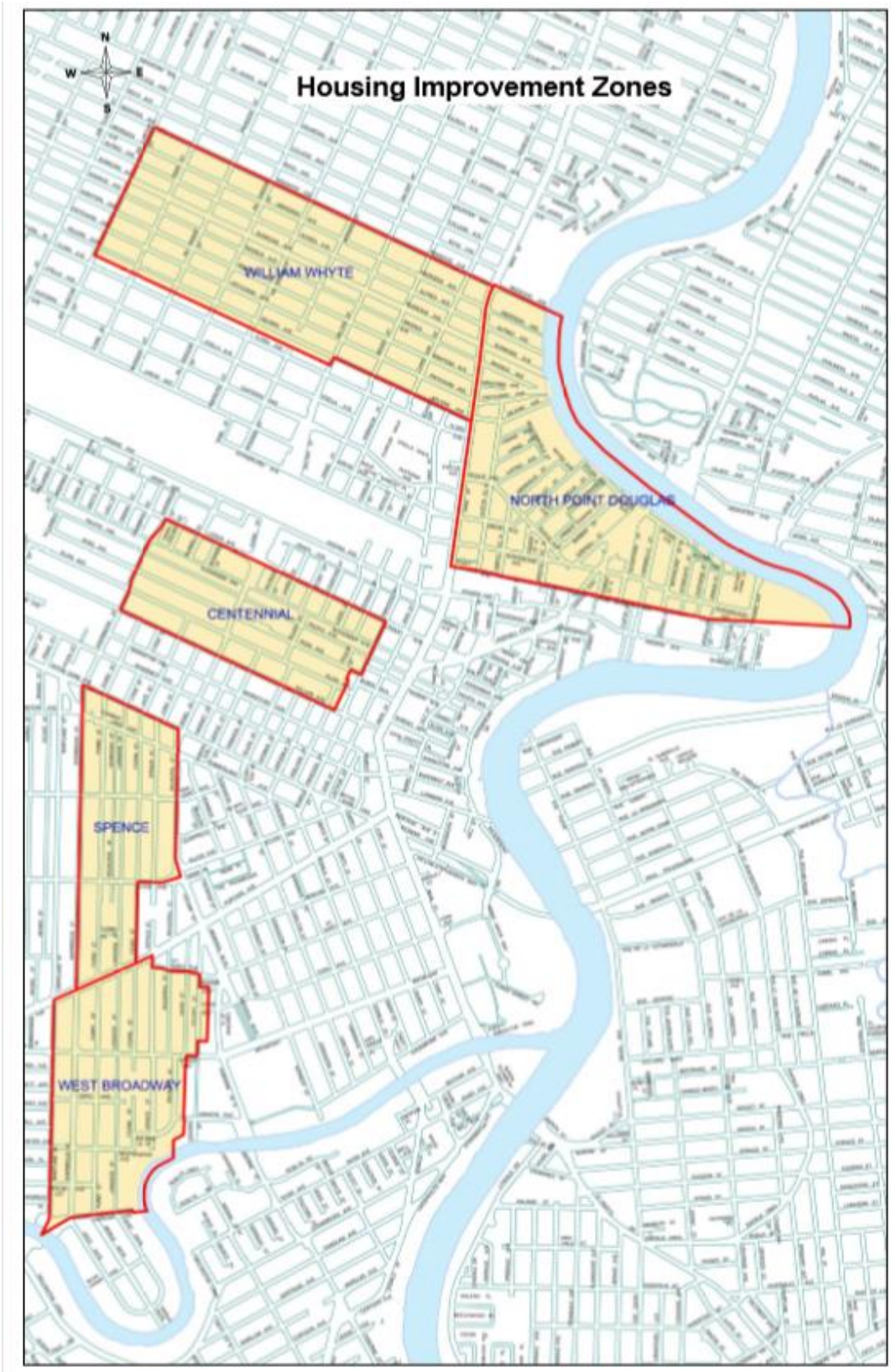
SUBMITTED BY

Department: Planning, Property & Development
Division: Urban Planning and Design, and Real Estate and Land Development Division
Prepared by: Noah Yauk, Housing and Neighbourhood Revitalization Coordinator
Gord Chappell, Administrator
Date: November 30, 2020

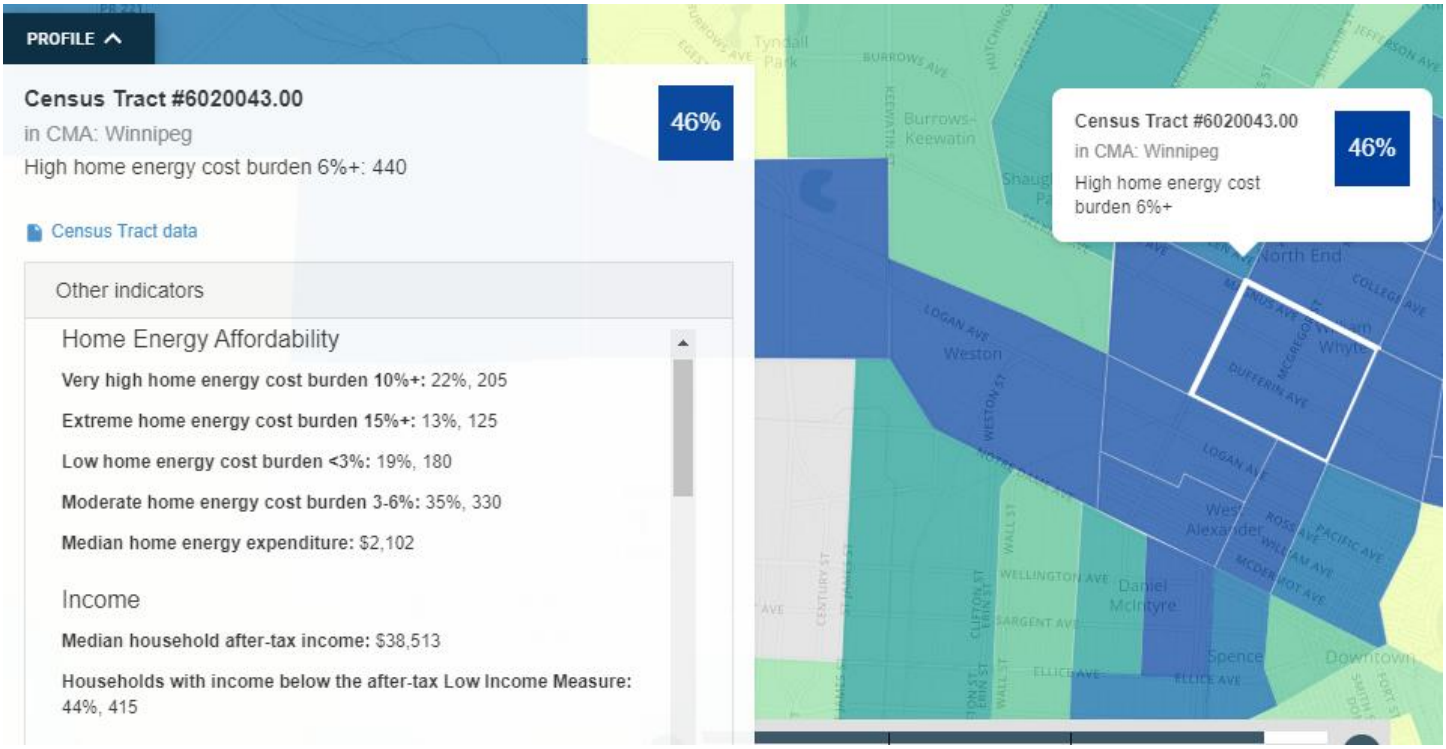
Attachments:

Appendix A – Map of City of Winnipeg Housing Improvement Zones
Appendix B – Map of Energy Poverty Rates
Appendix C – Energy Poverty Website
Appendix D – Energy Poverty and Equity Explorer Tool

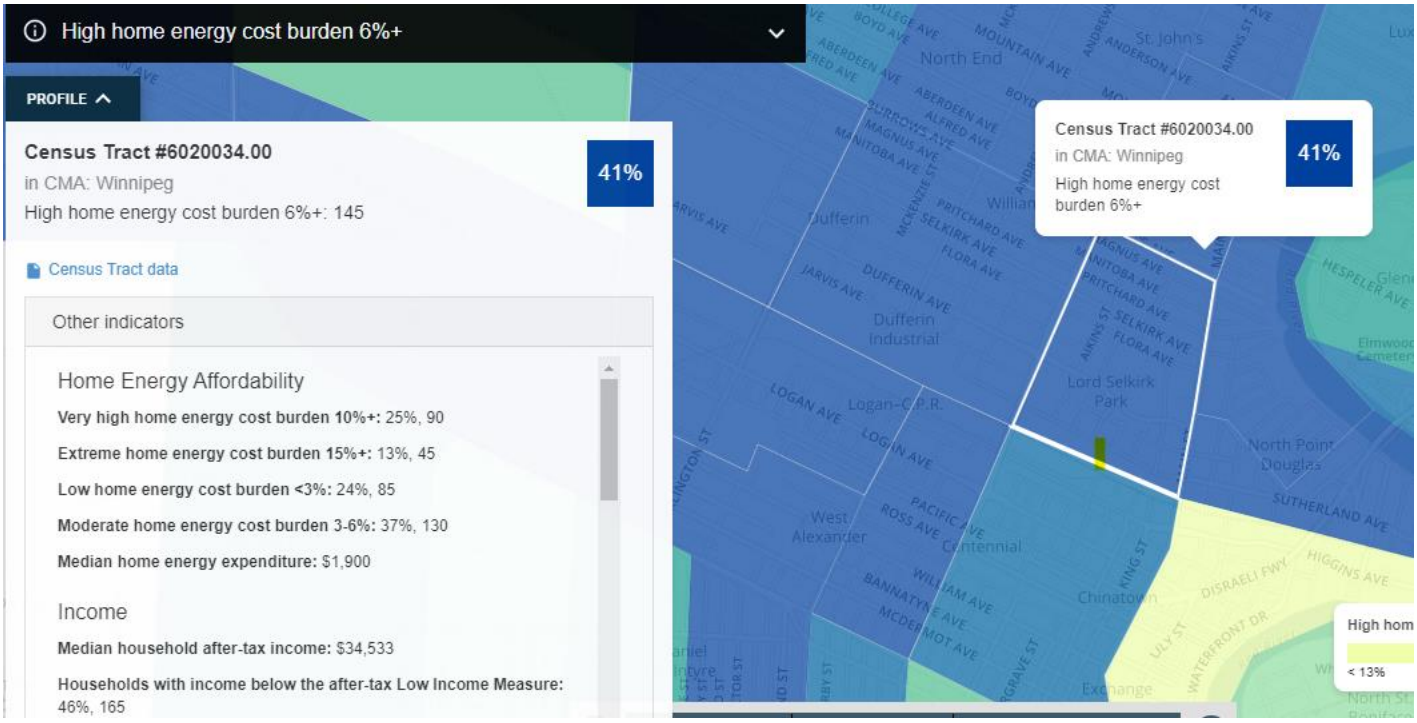
APPENDIX 'A': Map of City of Winnipeg Housing Improvement Zones



Appendix B: Map of Energy Poverty Rates according to Census Tracts
(www.energypoverty.ca)



Mynarski Census Tract #6020043.00



Point Douglas Census Tract #6020034.00

Appendix C: Energy Poverty Website

View at: https://energypoverty.ca/

Appendix D: Energy Poverty and Equity Explorer Tool

View at: https://energypoverty.ca/mappingtool/