Agenda – Council – September 29, 2021

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 14, 2021

Item No. 3 Real Estate Policy Framework

STANDING COMMITTEE RECOMMENDATION:

On September 21, 2021, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development, as amended, and submitted the following to Council:

1. That the existing Real Estate policies identified in Schedule A and existing delegations of authority identified in Schedule B, be rescinded.

2. That subject to approval of Recommendation 1, Schedules C, D, and E to this report be adopted as part of the Real Estate Policy Framework, subject to the following amendments:

    A. In Schedule C (Declaration as Surplus and Sale of Property):

        i. Amend Clause 3.1.A., by adding "and the Ward Councillor" immediately after "Stakeholders"

        ii. Amend Clause 3.1.D. by adding the words "; such notification will be acknowledged by the Ward Councillor or attempted a minimum of three times by the Public Service." immediately after the word "Surplus"

        iii. Amend Clauses 3.2.A.v. and 3.2.A.vi., by deleting the word "vacant"

        iv. Amend Clause 3.2.F.i., by deleting "3%" and replacing with "2%"

        v. Delete Clause 3.2.F. and replace with the following:

            "3.2.G. Unless directed by other Council policies (e.g. Recreation, Leisure and Libraries Facility Policy), gross proceeds of a Sale are credited to either the Land Operating Reserve Fund or the Land Dedication Reserve Fund in accordance with the Contribution in Lieu of Land Dedication Reserve Fund Policy."

        vi. Renumber Clause 3.2.G. to 3.2.H.

        vii. Amend Clause 4.1.B., by deleting "$375,000.00" and replacing with "$300,000.00"

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 14, 2021

STANDING COMMITTEE RECOMMENDATION (continued):

viii. Amend Clause 4.2.A. by deleting "$375,000.00" and replacing with "$300,000.00" and deleting "$750,000.00" and replacing with "$700,000.00"

ix. Amend Clause 4.3.A by deleting "$750,000.00" and replacing "$700,000.00"

x. Add the following new clause:

"4.3.D. Approve the evaluation criteria for Sales to be marketed through a request for proposal, which includes the following:

i. Alignment to Winnipeg's Climate Action Plan should comprise at least 10% of the evaluation criteria, where possible; and

ii. The City Stakeholders that develop the RFP criteria shall include a representative from the planning office, as well as a representative from the climate action office.

iii. The Departments involved in developing the evaluation criteria must be disclosed.

iv. Properties that are acquired through tax sale must first be marketed to not for profit housing corporations as is already done in the six Housing Improvement Zones across the city."

xi. Amend Clause 3.4.A. by adding the words "unless the road intended to be closed was opened within the past 20 years or extenuating circumstances exist" immediately after "openings

B. In Schedule D (Acquisition of Property):

i. Amend Clause 4.1.A. by deleting "$375,000.00" and replacing with "$300,000.00"

ii. Amend Clause 4.2.A by deleting "$375,000.00" and replacing with "$300,000" and deleting "$750,000.00" and replacing with "$700,000.00"

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 14, 2021

STANDING COMMITTEE RECOMMENDATION (continued):

iii. Amend Clause 4.3.A. by deleting "$750,000.00" and replacing with "700,000.00""

C. In Schedule E (Leasing and Licensing of Property):

i. Amend Clause 4.1.A. by deleting "$375,000.00" and replacing with "$300,000.00"

ii. Amend Clause 4.3.A by deleting "$375,000.00" and replacing with "$300,000" and deleting "$750,000.00" and replacing with "$700,000.00"

iii. Amend Clause 4.4.A. by deleting "$750,000.00" and replacing with "700,000.00"

3. That, where an existing Real Estate policy or delegation of authority not contained in Recommendation 1 is identified and conflicts with Recommendation 2, the Real Estate Policy Framework shall prevail.

4. That the existing Land Operating Reserve Fund Policy, approved by Council on May 16, 1973 and later amended on January 29, 1997, July 19, 1999 and February 22, 2012, be rescinded.

5. That the new Land Operating Reserve Fund Policy, attached hereto as Schedule F, be adopted.

6. That the Director of Legal Services and City Solicitor be instructed to prepare and bring directly to Council a By-law to amend the City Organization By-law No. 7100/97 to implement Recommendation 2.

7. That authority be delegated to the Manager of Films and Special Events to negotiate, approve and execute short term use agreements not exceeding one year less a day, for matters that fall within their area of responsibility for film and special events.

8. That the Director of Legal Services and City Solicitor be instructed to prepare and bring directly to Council a By-law to amend the Execution of Documents By-law No. 78/2015 to implement Recommendation 7.

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 14, 2021

STANDING COMMITTEE RECOMMENDATION (continued):

9. That the City's Fees and Charges Schedule be amended to include the rental and administrative fees outlined in Schedule G.

10. 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 – September 14, 2021

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 21, 2021, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development, with the following amendments:

- In Recommendation 2.A.x.ii, delete the word "may" and replace with "shall" and the delete the words ", where possible"

- Add the following new Recommendation 2.A.x.iv.:

  "iv. Properties that are acquired through tax sale must first be marketed to not for profit housing corporations as is already done in the six Housing Improvement Zones across the city."

- Add the following new Recommendation 2.A.xi:

  "xi. Amend Clause 3.4.A. by adding the words "unless the road intended to be closed was opened within the past 20 years or extenuating circumstances exist" immediately after "openings"

- Add the following new Recommendation 2.B.:

  "2.B. In Schedule D (Acquisition of Property):

    i. Amend Clause 4.1.A. by deleting "$375,000.00" and replacing with "$300,000.00"

    ii. Amend Clause 4.2.A by deleting "$375,000.00" and replacing with "$300,000" and deleting "$750,000.00" and replacing with "$700,000.00"

    iii. Amend Clause 4.3.A. by deleting "$750,000.00" and replacing with "700,000.00""

- Add the following new Recommendation 2.C.:

  "2.C. In Schedule E (Leasing and Licensing of Property):

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 14, 2021

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

i. Amend Clause 4.1.A. by deleting "$375,000.00" and replacing with "$300,000.00"

ii. Amend Clause 4.3.A by deleting "$375,000.00" and replacing with "$300,000" and deleting "$750,000.00" and replacing with "$700,000.00"

iii. Amend Clause 4.4.A. by deleting "$750,000.00" and replacing with "700,000.00""

and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On September 14, 2021, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service, with the following amendments:

- Delete Recommendation 2 in its entirety and replace with the following:

"2. That subject to approval of Recommendation 1, Schedules C, D, and E to this report be adopted as part of the Real Estate Policy Framework, subject to the following amendments:

A. In Schedule C (Declaration as Surplus and Sale of Property):

i. Amend Clause 3.1.A., by adding "and the Ward Councillor" immediately after "Stakeholders"

ii. Amend Clause 3.1.D. by adding the words "; such notification will be acknowledged by the Ward Councillor or attempted a minimum of three times by the Public Service." immediately after the word "Surplus"

iii. Amend Clauses 3.2.A.v. and 3.2.A.vi., by deleting the word "vacant"

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 14, 2021

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

iv. Amend Clause 3.2.F.i., by deleting "3%" and replacing with "2%"

v. Delete Clause 3.2.F. and replace with the following:

"3.2.G. Unless directed by other Council policies (e.g. Recreation, Leisure and Libraries Facility Policy), gross proceeds of a Sale are credited to either the Land Operating Reserve Fund or the Land Dedication Reserve Fund in accordance with the Contribution in Lieu of Land Dedication Reserve Fund Policy."

vi. Renumber Clause 3.2.G. to 3.2.H.

vii. Amend Clause 4.1.B., by deleting "$375,000.00" and replacing with "$300,000.00"

viii. Amend Clause 4.2.A. by deleting $375,000.00" and replacing with "$300,000.00" and deleting "$750,000.00" and replacing with "$700,000.00"

ix. Amend Clause 4.3.A by deleting "$750,000.00" and replacing "$700,000.00"

x. Add the following new clause:

"4.3.D. Approve the evaluation criteria for Sales to be marketed through a request for proposal, which includes the following:

i. Alignment to Winnipeg's Climate Action Plan should comprise at least 10% of the evaluation criteria, where possible.

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 14, 2021

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

ii. The City Stakeholders that develop the RFP criteria may include a representative from the planning office, as well as a representative from the climate action office, where possible.

iii. The Departments involved in developing the evaluation criteria must be disclosed."

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

On July 6, 2021, the Standing Policy Committee on Property and Development, Heritage and Downtown Development laid the matter over to its meeting on September 14, 2021.

Sandy Hopkins, Chief Executive Officer, Habitat for Humanity Manitoba, submitted a communication dated July 5, 2021, in support of the matter.

G. Chappell, Real Estate Administrator, Planning, Development Department, provided a presentation with respect to the matter.

COUNCIL DECISION:

On April 29, 2021, 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 Public Service be directed to report back within 90 days with an updated Real Estate Policy Framework that requires Council approval for the sale of any City-owned building which has been designated as a Historical Resource, in accordance with the Historical Resources By-law No. 55/2014.

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: Real Estate Policy Framework

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	C. Kloepfer	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

The City has numerous real estate policies and delegations of authority, some of which date back to Unicity (i.e. 1972). In order to simplify real estate policy and avoid conflicting information, the Public Service has developed a consolidated policy framework for sales, acquisitions and leases. The Public Service recommends that all existing policies related to the sale, acquisition and leasing of real estate be rescinded and replaced with the proposed policies contained herein.

The proposed Framework was developed through a variety of internal and external sources. As many of the City's existing real estate policies have been refined within the proposed Framework, it contains very few "new" policies.

If the recommendations of this report are adopted by Council, the City Organization By-law No. 7100/97 will require amendments to ensure alignment with the Framework. The Framework will not be implemented until all necessary by-law changes have occurred.

RECOMMENDATIONS

1. That the existing Real Estate policies identified in Schedule A and existing delegations of authority identified in Schedule B, be rescinded.

2. That subject to approval of Recommendation 1, the Real Estate Policy Framework - which includes a Sales Policy (Schedule C), an Acquisition Policy (Schedule D) and a Leasing Policy (Schedule E), be adopted.

3. That, where an existing Real Estate policy or delegation of authority not contained in Recommendation 1 is identified and conflicts with Recommendation 2, the Real Estate Policy Framework shall prevail.

4. That the existing Land Operating Reserve Fund Policy, approved by Council on May 16, 1973 and later amended on January 29, 1997, July 19, 1999 and February 22, 2012, be rescinded.

5. That the new Land Operating Reserve Fund Policy, attached hereto as Schedule F, be adopted.

6. That the Director of Legal Services and City Solicitor be instructed to prepare and bring directly to Council a By-law to amend the City Organization By-law No. 7100/97 to implement Recommendation 2.

7. That authority be delegated to the Manager of Films and Special Events to negotiate, approve and execute short term use agreements not exceeding one year less a day, for matters that fall within their area of responsibility for film and special events.

8. That the Director of Legal Services and City Solicitor be instructed to prepare and bring directly to Council a By-law to amend the Execution of Documents By-law No. 78/2015 to implement Recommendation 7.

9. That the City's Fees and Charges Schedule be amended to include the rental and administrative fees outlined in Schedule G.

10. 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

The City has numerous real estate policies and delegations of authority, some of which date back to Unicity (i.e. 1972). In order to simplify real estate policy and avoid conflicting information, the Public Service has developed a consolidated policy framework for sales, acquisitions and leases. The consolidated policies, herein described as the Real Estate Policy Framework (the "Framework"), will replace all existing real estate policies and delegated authorities.

On November 18, 2019, the Standing Policy Committee on Property and Development, Heritage and Downtown Development directed the Winnipeg Public Service to consider including in the amended Real Estate Policy, a clause declaring that 10% of the net proceeds of all of sales be used for ward purposes at the discretion of the Ward Councillor.

On February 27, 2020, Council directed the Public Service to include a policy statement in the New Real Estate Policy Framework that authorizes the Winnipeg Public Service to exercise its right to purchase tax sale properties or hold a public auction.

On April 29, 2021, Council directed the Public Service to report back within 90 days with an updated Real Estate Policy Framework that requires Council approval for the sale of any City-owned building which has been designated as a Historical Resource, in accordance with the Historical Resources By-law No. 55/2014.

IMPLICATIONS OF THE RECOMMENDATIONS

Subject to the recommendations of this report being adopted by Council, the City Organization By-law 7100/97 will require amendments to align with the Framework. As a result, the Framework will not be implemented until all necessary by-law changes have occurred.

Subject to the recommendations of this report being adopted by Council, the Execution of Documents By-law No. 78/2015 will also require amendments.

No legislative changes are required if the Framework is adopted.

The Public Service recommends that the Land Operating Reserve Fund Policy be rescinded and replaced with a new policy that authorizes the Director of Planning, Property and Development to approve sales and leasing/licensing expenditures out of the Fund provided those expenditures are in accordance with the policy laid out therein. In addition, the proposed policy recommends that 3% of gross sale proceeds be directed to the City's tree planting initiatives.

The proposed fees included in the schedule to this report generally replace historical fees that are not currently reflected in the current Fees and Charges Schedule.

Adoption of the proposed Framework will not displace any existing tenants, but lease terms and conditions may be affected.

HISTORY/DISCUSSION

Through the years, the City's policies related to real estate have consisted of broad mandates dealing with all types of transactions (e.g. Policy for the Sales, Acquisition, Rental, Leasing and Management of Properties – July 18, 1979) or site specific delegations of authority.

The Public Service currently relies upon several key real estate policies for Council direction, but there are dozens of other existing policies/delegations which may or may not have been rescinded and can often be in conflict with more recent policies or delegations. In an effort to streamline procedures and clarify policies for the Public Service, elected officials and the public at large, the Public Service recommends the adoption of a consolidated Framework.

The Framework was largely developed internally through recommendations and research from client departments or the Real Estate Branch, with supplemental recommendations/advice included in the Real Estate Transaction Management Framework ("RETMF"). The RETMF includes a jurisdictional scan which provides policy information and delegations of authority from three other large Canadian Municipalities.

The proposed Framework retains the intent of many of the City's original policies, but includes modifications which clarify policy direction and also eliminate bureaucratic red tape. The Framework includes very few "new" policies or delegations.

Sales (Schedule C)

The following bullets briefly outline the provisions contained within the Declaration as Surplus and Sale of Property Policy compared to existing sales policies:

- Consistent with a RETMF recommendation, a declaration of surplus policy is proposed which outlines circulation and consultation procedures;
- Submissions from not-for-profit housing providers to purchase vacant City land will be prioritized;
- The provisions of the existing direct sale policy have remained largely intact, but now include the authority to sell City-owned property directly to a purchaser if the transaction qualifies as an Economic Development Transaction, facilitates Principles of Reconciliation/Calls to Action, or addresses a Climate Action Plan goal;
- New criteria have been added for direct sales when selling property to another level of government to ensure the transfer is justified;
- The provisions of the existing not-for-profit policy has been refined to include a minimum purchase price and a covenant to construct;
- A uniform Real Estate Broker commission provision has been proposed based on the recommendations contained within the RETMF;
- Developers will have to pay market value for all closed roads within a subdivision and no longer receive offsetting credit for roads being opened;
- Land Exchanges and Easements are now recognized within the City's sales policy;
- In an effort to expedite the declaration of surplus process, it is proposed that the Director of Planning, Property and Development (the "Director") be delegated the authority to declare unbuildable land as surplus to the City's needs;
- The Director may now elect to auction tax sale properties instead of exercising the City's right to purchase the property;
- The delegation of authority for the Chief Administrative Officer ("CAO") to approve a sale has increased to $750,000 from $500,000, while the Director's authority has increased to $375,000 from $100,000;
- The CAO and Director delegation of authority to approve a sale has also been amended to allow for a greater variance from the appraised value (within 80% instead of 95%).

In a review of other municipalities, the authority to approve a sale is wide ranging and often related to local real estate prices. Increasing the CAO's delegated authority to $750,000 will likely have a negligible effect on reports to the Standing Policy Committee on Property and Development, Heritage and Downtown Development. However, allowing the CAO to approve sales within 80% of the appraised value could have a more meaningful impact, as distressed sales or life cycled assets can be more difficult to appraise. Authorizing the CAO to approve a wider range of sale prices will certainly reduce the time to process a sale by a minimum of four to eight weeks. Likewise, increasing the Director's authority to approve a sale will also improve turnaround time and is at a dollar value which represents modest sale transactions.

Acquisitions (Schedule D)

The following bullets briefly outline the provisions contained within the Acquisition of Property Policy compared to existing acquisitions policies:

- As recommended in the RETMF, acquisitions require a Phase I Environmental Site Assessment, unless otherwise directed by the client department;

- The Enter to Construct provision clarifies that entry onto a property, prior to ownership, is authorized to construct public infrastructure and not civic buildings;
- As recommended in the RETMF, acquisitions which are not site-specific require an Expression of Interest or Request for Proposal to gauge market opportunities;
- Where a capital project requires the acquisition of non-City property, Council shall be advised of the risks of declaring an expropriation if the acquisition of the non-City property is outstanding;
- The authority to approve an acquisition by the CAO has been increased to $750,000 from $100,000, while the Director's authority is proposed to be $375,000;
- The CAO and Director delegation of authority to approve an acquisition establishes an acceptable variance from the appraised value (within 125%).

The previous delegated authority to approve an acquisition for the CAO and Director were very limited and resulted in numerous reports to the Standing Policy Committee on Property and Development, Heritage and Downtown Development. On past occasions, Council has authorized the CAO to approve acquisitions up to $750,000 which resulted in positive outcomes. It is critically important that delegations of authority remain consistent between sales and acquisitions, as the current delegated authority often leads to confusion, which can result in undue delays or incorrect advice.

Leasing (Schedule E)

The following bullets briefly outline the provisions of the Leasing and Licensing of Property Policy compared to existing leasing policies:

- Similar to the Declaration as Surplus and Sale of Property Policy, circulation and consultation is proposed for the leasing of City-owned property;
- The proposed Leasing and Licensing of Property Policy establishes marketing and direct lease protocols;
- The City's non-profit leasing policy will be discussed in a separate section of this report;
- A uniform Real Estate Broker commission provision has been proposed based on the recommendations contained within the RETMF;
- As recommended in the RETMF, Municipal Accommodation leases (i.e. City as Lessee) that do not have a site-specific location require an Expression of Interest or Request for Proposal to gauge market opportunities;
- The delegated authority for the CAO to approve a Property Management lease (i.e. City as Lessor) has increased to a total lease cost of $750,000 from $500,000, while the Director's authority is proposed to be $375,000;
- The threshold for Council to approve a Municipal Accommodation lease has now increased to a total lease cost of $2,000,000 from $1,000,000 (including the cost of tenant improvements);
- The CAO and Director delegation of authority to approve a Property Management lease has been amended to allow for a greater variance from the appraised value (within 80% instead of 95%).

Non-Profit Leases (included as part of Schedule E)

The following information was researched and considered when developing the City's non-profit leasing criteria:

Edmonton (Policy - Community Investment Grants to Organizations and Individuals)
The City of Edmonton has a policy that provides for grants to not-for-profit groups who provide programs or activities that benefit Edmontonians. However, the Edmonton policy does not provide funding:

A. To organizations that receive other operational funding from the City of Edmonton.
B. To support the operations of organizations whose primary mandate are the responsibility of the Provincial or Federal governments.
C. For capital purposes.
D. To organizations for which the majority of services are not directed to Edmontonians.

Winnipeg Comparison:

- *If Edmonton's policy was applied to Winnipeg, daycare facilities would not receive civic support and tenants would not be permitted to apply for Community Incentive Grants*

Calgary (Policy - Lease/Licence of Occupation to Community Organizations)
The City of Calgary has a policy that provides for space to not-for-profit groups at a nominal fee, but requires the tenant to submit a business plan every five years. Tenants are also required to submit a lifecycle study of the leased space which establishes the probable cost and timing of facility renewals over a 25-year lifespan.

Winnipeg Comparison:

- *If Calgary's policy was applied to Winnipeg, the City's practice of providing facility condition indexes would be transferred to the tenant, and need to be reflected in their business plan.*

Saskatoon (Policy - Assistance to Community Groups)
The City of Saskatoon has a policy that provides for financial assistance to non-profit community groups. Financial assistance is capped at 50% of the cost of eligible programs and activities and funding is not provided to account for deficits or program shortfalls. The total amount of funding provided each year is limited to $2.00 per capita and funding should not be considered by community groups as "on-going".

Winnipeg Comparison:

- *If Saskatoon's policy was applied to Winnipeg, the total available annual funding to tenants would be $1.534M https://winnipeg.ca/cao/pdfs/population.pdf.*
- *The City currently provides annual operating subsidies of approximately $3.5M and annual grants of $2.8M http://clkapps.winnipeg.ca/DMIS/permalink.asp?id=M20190904(RM)PD-7*

Whitehorse (Policy - Lease, Encroachment and Property Use Policy)
The City of Whitehorse has a policy for non-profit tenants wherein the tenants are tiered into three groups based on their assets, revenues or donations. Tenants who have less than a prescribed amount of assets, revenues or donations receive nominal rental rates, while the other two tiers of tenants are eligible for a reduced rent as a percentage of market value.

Winnipeg Comparison:

- *No comparison can be made to Whitehorse. The City is not aware of the financial status of its tenants.*

Toronto (Policy - Community Space Tenancy Policy)

The City of Toronto has a policy that provides for below market rent to not-for-profit groups but places the tenants into three classifications – incubator, community hub and community partner. Incubator tenants are provided a short-term lease in which the sponsoring department pays the operating costs. A Community hub consists of three or more tenants which have integrated or have complementary programs; sharing space within a single City building and paying their proportionate share of operating costs. Community partner tenants are stable operations which occupy a dedicated space and pay their operating costs.

As of 2017, Toronto had 142 City-owned spaces that were leased at lower than market value rent, the majority of which were marketed through an Expression of Interest. The City of Toronto also explored developing a social return on investment, but was unable to produce a meaningful metric.

Winnipeg Comparison:

- *The City of Toronto has nearly four times the population of the City of Winnipeg, but has less than two times the amount of non-profit tenants (142 vs 82)*

The following bullets briefly outline the provisions of the Leasing and Licensing of Property Policy with respect to not-for-profit leasing compared to existing policies:

- Not-for-profits now have a minimum operating standard to ensure City space is used effectively;
- The number of not-for-profit buildings have been capped and amendments to the size of the not-for-profit portfolio will require Council approval;
- Receipt of annual financial statements will provide transparency.

It is important to note that no tenants are being displaced as a result of the new policy and the option for below market leases will remain available.

Land Operating Reserve (Schedule F)

The proposed Land Operating Reserve Fund Policy consolidates the Fund's existing policy and subsequent amendments while also providing for a broader use of the Fund. The intent of the Land Operating Reserve Fund was to reduce the need for the issuance and sale of debentures in connection with the acquisition cost of properties for resale. Revenues consist largely of proceeds of dispositions while expenditures are limited to the acquisition cost of properties for resale, and any other expenses related to the acquisition, sale and improvement of disposable City properties.

The City (City as Lessor) does not have a funding source for capital expenditures related to the property management portfolio. As a result, unexpected expenditures (typically related to major building systems such as roofs, HVAC systems and/or building envelopes for which the City, as lessor, may retain responsibility) require budget realignments that are not easily achieved within the fiscal year. The proposed Land Operating Reserve Fund Policy will allow the City to be proactive rather than reactive when dealing with leasing matters, and also allow for enhanced marketing where applicable. Authorized expenditures on the rental portfolio cannot exceed $250,000 annually.

The City's Parks and Open Space Division often requests compensation for trees and Ecologically Significant Natural Lands (ESNL) when non-parks property is sold but includes habitat assets. In order to accommodate the request and support tree planting initiatives, the Public Service recommends that 3% of gross sale proceeds from the Land Operating Reserve be directed annually to tree planting.

It is not recommended that any further deductions be made from the Land Operating Reserve Fund, including a proposal that 10% of all sale proceeds be used for ward purposes at the discretion of the Ward Councillor. It is noted that:

- Community Committees receive 100% of the net proceeds from the sale of park property (75% to ward community committee, 25% split among all community committees);
- Wards may receive up to 15% of net sale proceeds for the Community Centre Renovation Incentive Grant Program;
- The proposed Land Operating Reserve funding for tree planting initiatives will provide benefits to each Councillor's ward.

Deductions beyond what is included in the proposed policy would further erode the ability of the Land Operating Reserve to serve its primary purpose.

Other

The Directors of Community Services, Public Works and Planning, Property and Development currently have delegated authority to approve short-term use agreements (leases/licences for a duration not exceeding one year less a day) within their area of responsibility. In an effort to streamline processes and defer to the subject matter experts, it is recommended that the Manager of Film and Special Events be delegated the authority to approve, negotiate and execute short-term use agreements as well.

If Council adopts the recommendations contained within this report, several fees and charges require implementation to follow through on the intent of the policies.

FINANCIAL IMPACT

Financial Impact Statement

Date: June 10, 2021

Project Name:

First Year of Program 2021

Real Estate Policy Framework

	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	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Less: Existing Budget Amounts	250,000	250,000	250,000	250,000	250,000
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs represent the recommended $250,000/annum for capital repairs and maintenance of the City's (buildings) rental portfolio to be funded from the Land Operating Reserve (LOR). Existing budget amounts represents unallocated equity in the LOR. While there is no direct mill rate impact, unallocated equity in the LOR will be $250,000 less each year than would otherwise be the case.

There may be additional financial implications associated with the provisions of the Framework (e.g. priority given to not-for-profit housing providers on some land sales may result in proceeds less than fair market value) but the amounts are either immaterial and/or not reasonably determinable at this time.

Mike McGinn June 10, 2021

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

Legal Services (as to legal issues)
City Clerks Department
Corporate Finance - Risk Management
Community Services Department
Public Works Department
Transit Department
Winnipeg Police Service
Winnipeg Fire and Paramedic Service
Water and Waste Department
Golf Services
Film and Special Events
Assets and Project Management Department

OURWINNIPEG POLICY ALIGNMENT

Our Winnipeg provides the following policy direction on City Real Estate:

01-3 Prosperity

Direction 1:
Provide efficient and focused civic administration and governance.

- Continuously pursue innovative, streamlined service delivery and decision-making processes.

Direction 3: Maintain strong intergovernmental cooperation.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

The Framework allows for direct sales, leases or licences if the purchaser/tenant addresses specific goals within the Climate Action Plan

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development
Prepared by: Gord Chappell, Real Estate Administrator
Date: June 24, 2021
File No:

Attachments:

Schedule A – Existing Real Estate Policies
Schedule B – Existing Real Estate Delegations of Authority
Schedule C – Declaration as Surplus and Sale of Property Policy
Schedule D – Acquisition of Property Policy
Schedule E – Leasing and Licensing of Property Policy

Schedule F – Land Operating Reserve Fund Policy
Schedule G – Fees and Charges Schedule Amendment

Schedule A
Existing Real Estate Policies

Policy Title	Council Date
Arrears of Taxes - Tax Sale and Redemption (*Recommendation 2 only*)	19-Apr-72
Leasing of Air Rights and Underground Rights	03-May-72
Acquisition of Land for Street, Lane, Parks and Other City purposes except for gravel pits, quarries, etc.	20-Sep-72
Air Rights	01-May-74
Procedure for Intergovernmental Land Sales	20-Aug-75
Policy for the Sale, Purchase, Rental or Leasing and Management of City Properties	15-Oct-75
Amendments to Policy for the Sale, Purchase, Rental or Leasing and Management of City Properties	17-Dec-75
Policy for Purchase of Properties offered to the City and involving Dilapidated Structures	05-May-76
Proposed General Policy Re Acquisition of Land	18-Aug-76
Policy re Sale of Corner Roundings at Intersections in Residential Areas	19-Jan-77
Policy re Sale of City-owned Small Parcels or Lots to be used for Residential Purposes	20-Jul-77
Policy with respect to leasing of Public Street ends which provide access to the rivers	05-Oct-77
Policy re Procedure for the Sale and the Purchase of Lands between the City and the School Division	16-Nov-77
Policy re: Closing or Cancellation of Existing Right-of-ways - Dedication of Alternate Right-of-ways to Complete a Subdivision	06-Dec-78
Placement of Certain Land Sale Funds in Community Cash Dedication Funds	17-Jan-79
Policy re Sale of City-owned Small Parcels or Lots to be used for Residential Purposes	07-Mar-79
Policy for the Sale, Purchase, Rental or Leasing and Management of City Properties	18-Jul-79
Amendment to the Policy for the Sale, Purchase, Rental or Leasing and Management of City Properties	05-Dec-79
Amendments to Terms and Conditions Applied re Sale of City-owned Industrail, Residental and	16-Jul-80
Policy with Respet to the Leasing of Public Street Ends which Provide Access to the Rivers	17-Sep-80
Provisions for the Rental of City-owned land to Private Golf Clubs	04-Nov-81
Amendment to Policy re Payment of Commission on Sale of Industrial Lands	20-Jan-82
Negotiations of Leases for Golf Courses on City- owned lands- Amended Guidelines	05-May-82
Amendment to Policy for Sale of City-owned Resdiential Lands	06-Apr-83
Property Acquisition Program for Furutre Regional Transportation Purposes	06-Oct-82
Management of City-Owned Properties	15-Feb-83
Policy Amendment - Sale of City-owned Residential Land - Terms and Conditions	08-May-85
Negotiations of Leases for Golf Courses on City-owned Lands - Amended Guidelines	11-Sep-85
Leasing of Parkland	09-Sep-87
Procedure for the Sale or Lease of City-owned Property for Major Parks and Recreation Development	31-May-89
Proposed Policy for the Purchase of Land for Parks and Recreations Purposes	18-Oct-89
Policy on the Sale/Lease of City Lands to Non-Profit Organizations	31-Oct-90
Amendment to Policy - Charges and Costs re Sale of Small Unbuildable Parcels of City Land, including Lane Closings, for Consolidation with Residential Holdings	13-Feb-91
Proposed Listing of Residential Properties with Broker Members of The Winnipeg Real Estate Board	19-Jun-96
Proposed Changes to the City's Standard Terms and Conditions of Sale of Residential Building Sites and Residential Buildings	19-Jun-96
Proposed Amendment to Policy on Leasing City-owned Land to Private Golf Clubs	27-May-98
Proposed Acquisitions - The St. Vital Parkway	27-May-98
Management of City-owned Residential Rental Properties - Winnipeg Housing Rehabilitation	27-May-98
Proposed Maintenance and Sale of City-owned Vacant Lands resulting from the Demolition of Unsafe Buildings in the Inner City Area	17-Nov-99
Proposed Sale of City-owned lands at 618 Young Street, 450 Langside Street, 590 Young Street to the Spence Neighbourhood Association	17-Jul-02
Amendment to Council Policy - Sale of City-owned Property	19-May-04
Declaration as Surplus - Properties Acquired Through Tax Sale Process	18-May-05
Policy - Offers to Purchase City-Owned Property	06-Dec-06
Cultural Centre Funding Policy	11-Jun-08
Property – Sale of City-owned Industrial Land	09-Dec-15

Schedule B
Existing Real Estate Delegations of Authority

Policy Title	Delegation Date
Distribution of Appraisal Reports	12-Jul-72
Granting of easements for any public purpose and withdrawal of City caveats (Director of Land Surveys and	31-Jul-80
Delegation of Authority – Approval of Offers of Compensation re Expropriations	04-Mar-81
Authority to negotiate land acquisitions	15-Jul-81
Land Acquisition - Residential Lane and Street Corner Cuts	02-May-84
Delegation of Authority to Director of Land Surveys and Real Estate - Acceptance of Offers to Purchase Small Parcels of City-owned Land	28-Nov-84
Delegation of Authority to Committee on Finance and Administration regarding Leasing of Private Properties	27-May-92
Process Management Review - Delegation of Authorities to the Director of the Land Surveys and Real Estate	21-Jul-93
Proposed Leave and License Agreement - Dutch Maid Ice Cream - Sidewalk Café - 1853 Portage Avenue and Delegation of Authority	22-May-96
Proposed Delegation of Authority to the Director of the Land and Development Services Department to Approve the Sale of Listed Residential Properties	19-Jun-96
Proposed Sale of Part of Lot 22, Plan 6381 - East side of Century Street Adjoining 725 Century Street	19-Nov-97
Delgation of Authority - Property Matters	17-Mar-99
Delegation of Authority to Chief Administrative Officer - Assignment of Routine Leases	19-Jul-00
Proposed Acquisition - 372 Magnus Avenue – Lord Selkirk-West Kildonan Community– Proposed Delegation of Authority to Chief Administrative Officer to Acquire Properties offered for Sale to the City	13-Dec-00
Proposed Closing and Sale of part of Gablehurst Crescent and adjoining lane and southerly adjacent lane – Riel Community – Proposed Policy and Delegation of Authority for Sale of portions of Streets and Lanes	13-Dec-00
Proposed Marketing and Sales Strategy - Niakwa Business Park - Riel Community	18-Jul-01
Proposed Sale of City Property located south of Meadowcrest Bay and Knotwood Crescent - Lord Selkirk-West Kildonan Community	12-Dec-01
Accept Offers to Purchase Surplus City Property - South of Meadowcrest Bay and Knotwood Crescent	12-Dec-01
Delegation of Authority to Demolish City-owned Buildings/ Structures acquired by way of Tax Sale that are either Derelict or Uneconomic to Maintain	25-Sep-02
Acquisition of Environmentally Sensitive Land Under Proposed Plan of Subdivision DASZ 19/2000 (Bois des Esprits) - Riel Community File DASZ 19/2000	26-Mar-03
Proposed Marketing and Sale of Eight Residential Building Lots - rue du Monastere Subdivision	26-Mar-03
Tax Sale Number 108	20-Apr-03
Proposed Marketing and Sale of Eight Residential Building Lots Sterling Avenue Subdivision	28-May-03
Proposed Agricultural Lease Rate for 2003 and Proposed Delegation of Authority to Approve Future	25-Jun-03
Delegation of Authority to the Chief Administrative Officer - Declare Properties Surplus and to Approve their Transfer of Title to Manitoba Housing and Renewal Corporation - Memorandum of Understanding,Affordable Housing Program	24-Sep-03
Delegation of Authority for Real Property Transactions	28-Jan-09

Schedule G - Fees and Charges Schedule Amendment

Property Management Rent:	
Short Term Use Agreements – one day or less	$1/total
Short Term Use Agreements – Not-for-Profit tenants	$1/total
Short Term Use Agreements – All others, more than one day	$50/day
Landscape and Maintenance Lease/Licence Agreements	$250/annum
Noise Barrier Lease/Licence	$1/annum
Film and Special Events Rent:	
Short Term Use Agreements – one day or less	$1/total
Short Term Use Agreements – Not-for-Profit tenants	$1/total
Short Term Use Agreements – All others, more than one day	$50/day
Administrative Fees:	
Not-for-Profit Tenants Lease/Licence	$250/annum
School Division Land Lease/Licence	$250/annum
Organization related to the City of Winnipeg Lease/Licence	$250/annum
All others Lease/Licence (not including encroachments)	$nil
Easement Request & Processing	$500/one-time fee
Sale Circulation Requests & Processing (non-governmental)	$175/one-time fee