Agenda – Council – February 24, 2022

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – February 7, 2022

Item No. 1 Creating Affordable Housing Opportunities in Housing Improvement Zones Program (Local Energy Access Program – LEAP)

STANDING COMMITTEE RECOMMENDATION:

On February 16, 2022, 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 Creating Affordable Housing Opportunities in Housing Improvement Zones Program, which is currently restricted to Housing Improvement Zones, be amended by adding the lands described in Appendix A for the Local Energy Access Program component of the program only, where lots may be sold for $1.00 for certified green building, and that all other aspects of the program remain the same.

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

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – February 7, 2022

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On February 16, 2022, 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 February 7, 2022, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

COUNCIL DECISION:

On July 22, 2021, Council adopted the recommendation of Standing Policy Committee on Property and Development, Heritage and Downtown Development:

1. That an extension of time of up to 180 days be granted for the Winnipeg Public Service to report back 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

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

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 14, 2021, 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.

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – February 7, 2022

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION:

On July 6, 2021, the Standing Policy Committee on Property and Development, Heritage and Downtown Development submitted the following to Council:

1. That an extension of time of up to 180 days be granted for the Winnipeg Public Service to report back 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

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

COUNCIL DECISION:

On January 28, 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 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).

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – February 7, 2022

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

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 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:

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – February 7, 2022

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

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.

8. 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 Program (Local Energy Access Program – LEAP)

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

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Veitch	J. Kiernan	N/A	M. Jack

EXECUTIVE SUMMARY

The Creating Affordable Housing Opportunities in Housing Improvement Zones Program, as approved by Council on January 28, 2021, is intended to assist non-profit housing providers in delivering affordable housing, support redevelopment, and encourage the construction of net zero energy efficient buildings to address energy poverty within Winnipeg's Housing Improvement Zones (HIZs) by providing surplus City land at a discount.

This report provides recommendations in response to Council's direction to explore expanding the Local Energy Access Program (LEAP) component of the program outside HIZs using Higher Needs Mapping. This report recommends an expanded boundary to include neighbourhoods outside HIZs where at least 25% of households are experiencing energy poverty (where households spend 6% or more of after-tax income on home energy) and the neighbourhood falls within a High Poverty Areas of Community Services mapping. Appendix A provides this expanded area where LEAP lots would be available to non-profit housing providers for $1 to construct net zero energy efficient housing. The report recommends the number of LEAP lots available under the existing program remain the same at six.

RECOMMENDATIONS

1. That the Creating Affordable Housing Opportunities in Housing Improvement Zones Program, which is currently restricted to Housing Improvement Zones, be amended by adding the lands described in Appendix A for the Local Energy Access Program component of the program only, where lots may be sold for $1.00 for certified green building, and that all other aspects of the program remain the same.

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

REASON FOR THE REPORT

On January 28, 2021, Council concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development, which included the following recommendation:

3. 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.

At its July 22, 2021 meeting, Council provided a 180-day extension to report back on the matter.

IMPLICATIONS OF THE RECOMMENDATIONS

The existing program will be amended to allow for an expanded boundary (Appendix A) for the LEAP lot component of the program. All other aspects of the program including the number of LEAP lots available for $1 will remain the same. As a result, there are no new financial implications to the recommendations of this report.

HISTORY/DISCUSSION

History

The Affordable Housing Opportunities in Housing Improvement Zones program was approved by Council on January 28, 2021 and provides City-owned surplus lands located in HIZ neighbourhoods to non-profit housing providers at a discount. Through this program, lots are marketed to proponents at no less than 50 per cent of the assessed value, however, a maximum of six lots offered under this program may be sold for as little as $1 for affordable housing developments that meet net zero energy efficiency standards to the satisfaction of the City's Office of Sustainability (OOS) to support the City-led Local Energy Access Program.

During the approval process of the program report, discussions were raised as to whether the LEAP component of the program could be extended outside of HIZs where households are experiencing both higher levels of poverty, as expressed by the Higher Needs Areas mapping exercise conducted by Community Services, and high incidences of energy poverty as indicated by the Canadian Urban Sustainability Practitioners (CUSP) data. To this end, the Public Service was asked to report back with recommendations. This report focuses specifically on opportunities for the sale of discounted City-owned lots that achieve energy efficiency pursuant to the City's LEAP requirements in areas outside the HIZs using the high needs area mapping done through Community Services city-wide.

Local Energy Access Program (LEAP) pilot background

With the approval of Winnipeg's Climate Action Plan (WCAP), 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. Under the WCAP framework, this aim extends to providing access to affordable *clean* energy.

The City of Winnipeg, through the OOS, is part of a multi-city and multi-sector collective working on the LEAP, which is led by the 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 was to identify a pilot project that can be delivered to people who are experiencing the highest rates of energy poverty in Winnipeg. Based on available data, the wards of Mynarski and Point Douglas were originally chosen because they have an energy poverty rate in excess of 40% whereby households are spending more than 6% of their after-tax income on energy (see Map in Appendix B).

The OOS 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 aimed to support the construction of affordable housing that achieves green building standards such as passive housing or net zero-energy efficiency. As a pilot, the project was intended to promote energy equity by reducing home energy costs and thereby promoting a sustainable affordable housing model. The long-term benefits of maximizing home energy efficiency will ultimately benefit low-income families who acquire the housing and who otherwise may not be able to afford energy efficiency upgrades post-construction.

To support this pilot project led by the OOS it was decided that the Creating Affordable Housing Opportunities in HIZs program could include some surplus City-owned lots for $1 for these purposes. The program was being developed regardless and so the timing was appropriate. A further expansion of this opportunity would support WCAP by encouraging low carbon and highly energy efficient housing construction for the residential sector, and particularly in areas of high poverty, which also supports other key initiatives such as the Poverty Reduction Strategy.

Discussion

The Affordable Housing Opportunities in the HIZs program has been in operation since September, 2021, when available properties began to be marketed by the Real Estate Division to non-profits. Prior to this formal launch, the Real Estate Division was working to finalize sales agreements with two non-profits regarding the direct sale of nine City-owned lots approved concurrently with the program. Of the inventory of lots that will be made available to non-profits, a total of six may be sold for $1 to support the LEAP program led by the OOS, to further promote affordable housing development of buildings that meet the energy efficiency standards of the OOS. In response to Councils' direction to expand opportunities for the LEAP component of the program, City staff mapped neighbourhoods outside of HIZs that experience a high incidence of poverty as well as a high incidence of energy poverty to consider additional eligible neighbourhoods.

The expansion of the LEAP component of the program relies on data available through the CUSP Network, as well as the high needs area mapping done through Community Services city-wide. Using CUSP data, census tracts where more than 25% of households are experiencing energy poverty (household spending on energy costs is more than 6% of net income) were identified. Staff then paired these census tracts with neigbourhoods included in

the High Poverty Areas mapping created by Community Services. Appendix A displays these neighbourhoods which contain the highest concentrations of energy poverty and poverty in general. It is recommended that allocation of LEAP lots under the existing program be expanded to include those areas covered by Appendix A.

Affordable Housing in HIZs Program Update:

To the date, a total of 11 properties have been offered to non-profits. Six of these are active listings and five have closed. Of the closed listings, only one proposal was received by a non-profit and the offer was accepted. No proposals were received for $1 lots available under the LEAP component of the program. It is hoped there will be more uptake from non-profits as time goes on and the Public Service will explore ways to enhance its success through partnerships where possible. That there has been no uptake for these lots by non-profit housing providers is discouraging as it signals the discounts are not enough to create viable projects. It is possible this situation could be temporary due to COVID-19 cost implications. It is recommended that the City continue to provide and expand opportunities for LEAP lots and at the same time explore if there are other ways to support non-profits in acquiring City-owned lands that are available. One opportunity that might be worth exploring is to bring the situation to other levels of government in the hopes that they may consider helping to bridge land acquisition costs to help get these lots in the hands of non-profits.

Once the program has been up and running for some time, it will provide an opportunity to evaluate it in more detail and recommend improvements as needed. In the meantime, expanding the boundary for the LEAP component of the program may provide additional opportunities for land acquisition for these purposes. Staff will monitor the uptake of LEAP lots by non-profits and will propose recommendations as appropriate.

Policy 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. This would simply expand opportunities under an existing program.

Combined, the City's existing policies provide commitment from the City to support continued neighbourhood revitalization, infill development, and support the transition to net zero buildings. Furthering 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 experiencing higher than average levels of energy poverty can mediate the effects of energy poverty that many lower-income Winnipeggers face, support redevelopment, promote affordable housing, and assist in implementing Winnipeg's climate action goals (WCAP).

It is hoped that the expansion of this 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.

FINANCIAL IMPACT

Financial Impact Statement

Date: December 29, 2021

Project Name:

Creating Affordable Housing Opportunities in Housing Improvement Zones Program (Local Energy Access Program – LEAP)

COMMENTS:

While there are no direct financial implications associated with the recommendations in this report, at a representative market value of +/- $45,000 per lot sold under this Program, there is an opportunity cost to the City of an equivalent amount.

Mike McGinn December 29, 2021

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

Office of Sustainability (Climate Action Plan: 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

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

The report is in accordance with the Poverty Reduction Strategy (PRS) in that it relates to a program providing opportunities for affordable, energy efficient homes through the discount of City-owned lands to non-profit housing providers. This is consistent with the PRS which identifies affordable Housing as a Life Pole (p.38).

The report is also consistent with the following Plan Implementation Goals:

Goal 2: The City Actively Plans for and Partners in Affordable Housing

Goal 2.1 Affordable Housing Strategy

- The PRS references the continued implementation of housing related activities in the Menu of Options for an Affordable Housing Strategy report, approved by Council on Nov. 26, 2020. The subject report back is specific to a program identified in the Menu of Options report under the topic of City Owned Real Estate (Tool #2).

Goal 2.2 Inventory Surplus City Land

- The subject report is consistent with intent of this goal in that it relates to a program that makes land available for affordable housing projects at a reduced cost within areas of higher poverty.

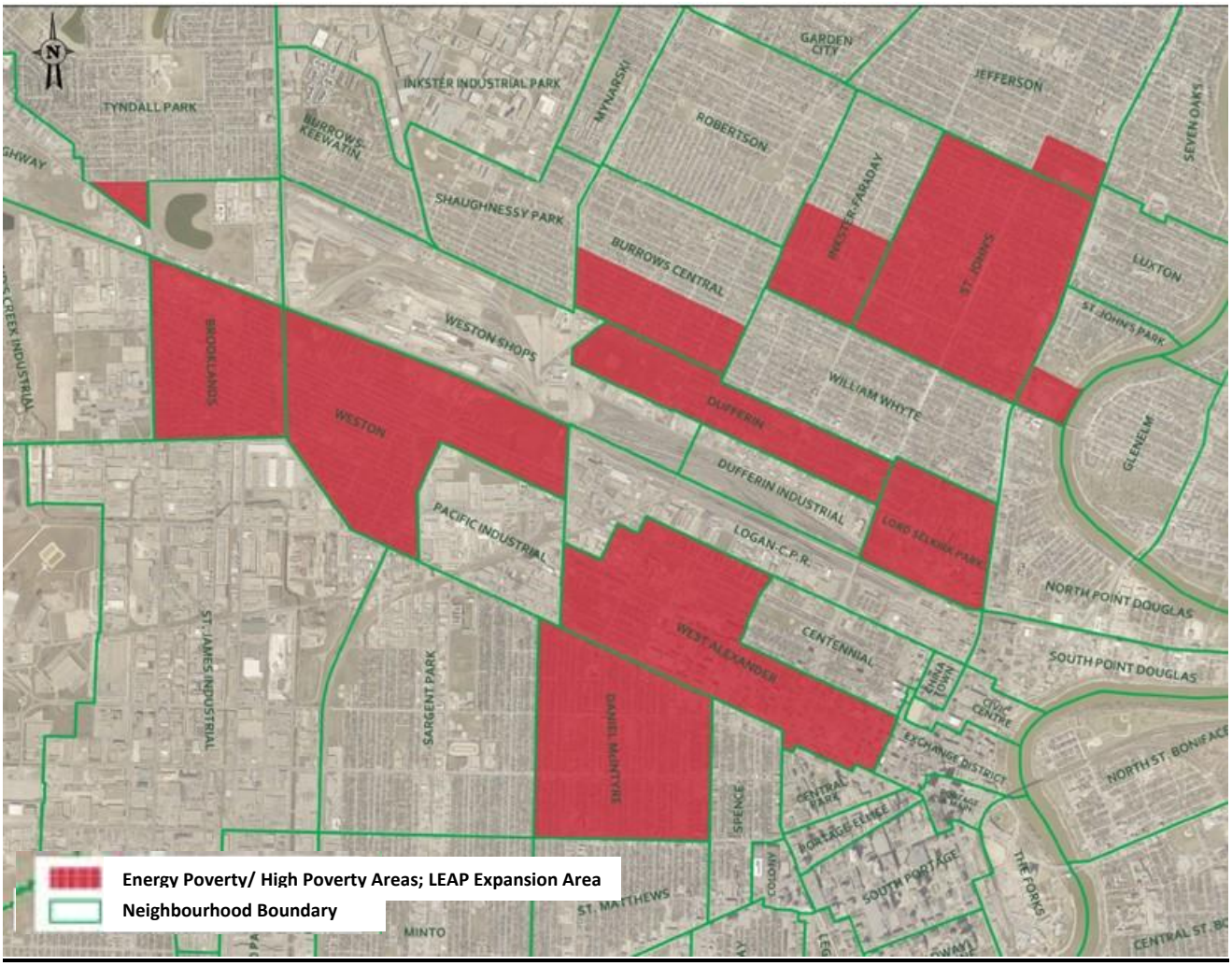
SUBMITTED BY

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
Dylan Chyz-Lund, Planner
Date: December 29, 2021

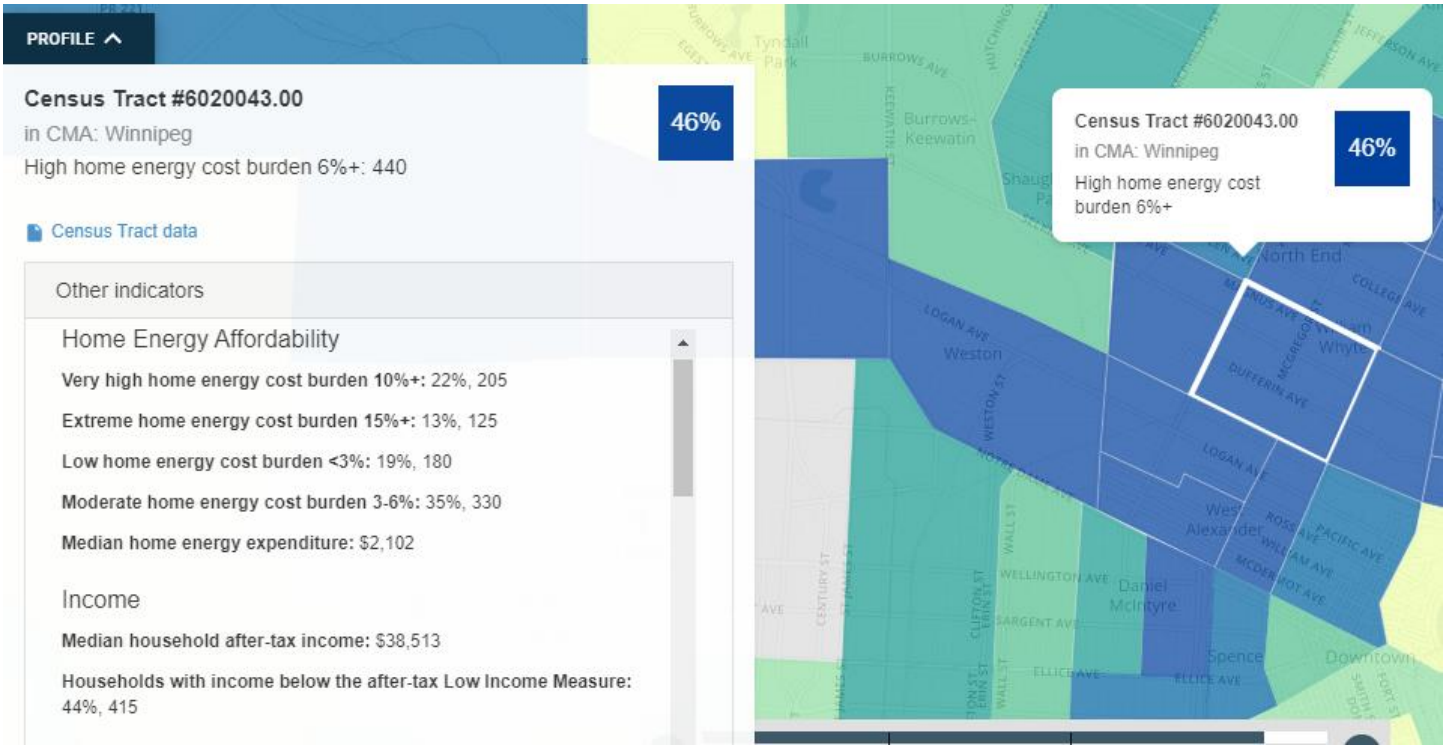
Attachments:

Appendix A – Map of Energy Poverty/ High Poverty Areas; LEAP Expansion Area
Appendix B – Map of Energy Poverty Rates by Census Tracts (examples)

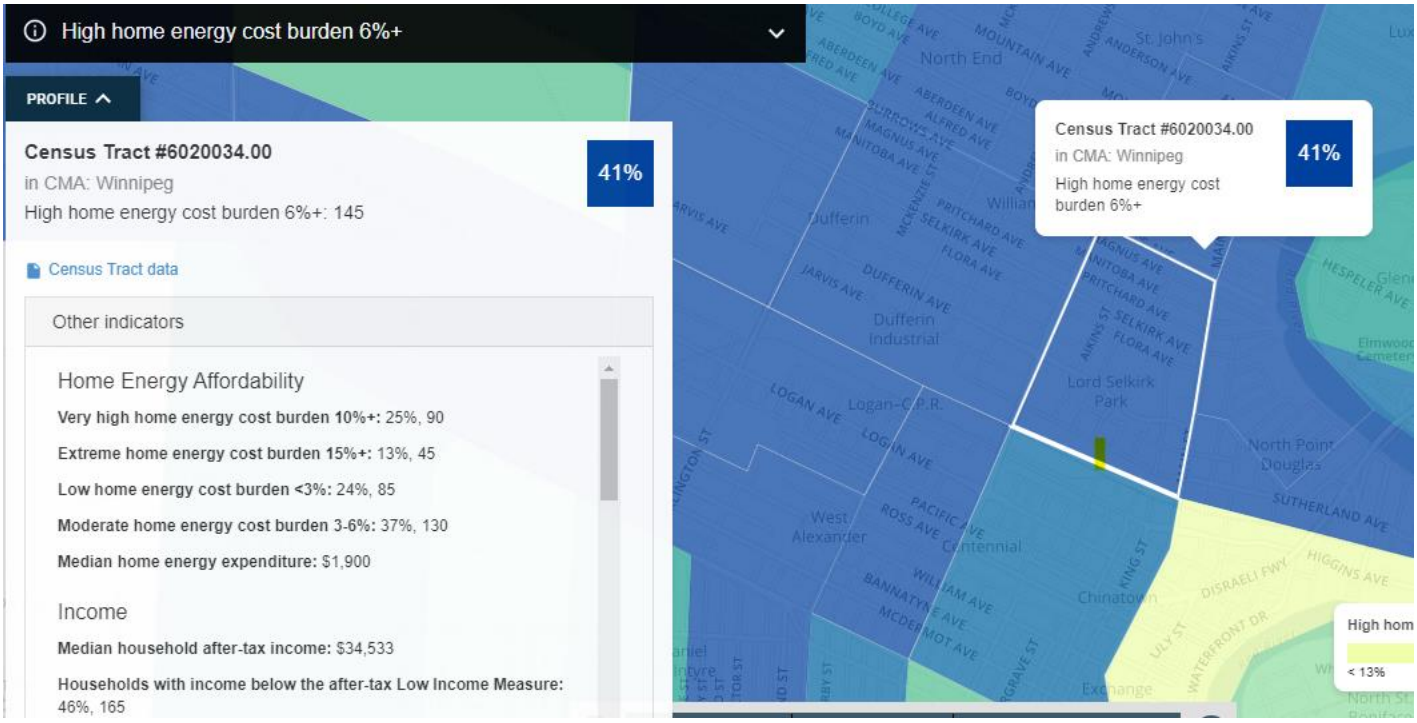
Appendix A – Map of Energy Poverty/ High Poverty Areas; LEAP Expansion Area



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



Mynarski Census Tract #6020043.00



Point Douglas Census Tract #6020034.00