Minutes – Executive Policy Committee – September 14, 2022

REPORTS

Item No. 37 Winnipeg Housing Rehabilitation Corporation (WHRC) – Amendment to By-law and Articles of Incorporation

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and recommended to Council:

1. That the Winnipeg Housing Rehabilitation Corporation (WHRC) be authorized, and the Manitoba Housing and Renewal Corporation and the Lieutenant Governor in Council be requested, to amend the WHRC Articles of Incorporation and by-laws:

    A. To provide that the Council of the City of Winnipeg would appoint only the four City representatives to the Board of Directors, a minority of the total membership;

    B. In such other ways as are determined by the Board of Directors of the WHRC from time to time to be in the best interests of the WHRC.

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

DECISION MAKING HISTORY:

Moved by Councillor Rollins,

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 Rollins,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Yea:	Bowman, Allard, Browaty, Chambers, Mayes, Rollins	6
Nay:		0

Carried

ADMINISTRATIVE REPORT

Title: Winnipeg Housing Rehabilitation Corporation (WHRC) – Amendment to By-law and Articles of Incorporation

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
V. Lawson (acting)	J. Kiernan	N/A	M. Jack

EXECUTIVE SUMMARY

The Winnipeg Housing Rehabilitation Corporation (WHRC) has advised that the level of control of the Board of Directors and Corporation by the City of Winnipeg is affecting their ability to access project grants and funding.

WHRC was created by the City in 1977 pursuant to *The Housing and Renewal Corporation Act* (Manitoba), in part in order to take advantage of funding and loans available from the federal government. The City continues to appoint all of its Board of Directors through the City's annual Citizen Appointments to Boards and Commissions process.

However, control of WHRC by the City is no longer an advantage in terms of funding opportunities; on the contrary, it is making it ineligible for funding or tax credits under the program criteria of CMHC and possibly other funders.

WHRC wants to change their structure so that they will no longer be a municipally-controlled entity so they can apply to CMHC and others for project funding.

WHRC is proposing to amend its Articles of Incorporation and by-laws such that the City would appoint only its own members (i.e. members of Council and the Public Service) to the Board, not all the Board members. Although it would now appoint only a minority of the Board, the City would continue to have a significant presence on the Board of Directors of the Corporation with four (4) members as it does now. The Articles would specify the composition of the remaining members and the method of their appointments.

The proposed amendments are significant as it means the Corporation would be assuming more independence as a non-profit housing corporation, and would no longer be controlled by the City of Winnipeg as it was originally established as a Winnipeg Housing Authority. However, the Corporation has since reached a level of maturity where it is able to function independently and achieve self-sufficiency by leveraging funding from other levels of government to support the development of affordable housing and support its operations by providing consulting and property management services.

RECOMMENDATIONS

1. That Council authorize the Winnipeg Housing Rehabilitation Corporation (WHRC), and request the Manitoba Housing and Renewal Corporation and the Lieutenant Governor in Council, to amend the WHRC Articles of Incorporation and by-laws
    a. To provide that the Council of the City of Winnipeg would appoint only the four City representatives to the Board of Directors, a minority of the total membership; and
    b. In such other ways as are determined by the Board of Directors of the WHRC from time to time to be in the best interests of the WHRC.

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

REASON FOR THE REPORT

The WHRC was created in 1977 pursuant to s. 23(1) of *The Housing and Renewal Corporation Act* after Winnipeg City Council passed a resolution to this effect. Over the years, City Council has authorized some changes to its Articles of Incorporation. For example, on January 24, 1996, Council adopted a recommendation from Executive Policy Committee:

> "That Schedule 2, Clause E of the Articles of Incorporation be amended to read: the members of the Corporation who are eight in number, shall consist of four members of the Council of The City of Winnipeg and a representative of each, as approved by the Council of The City of Winnipeg, from HUDAM (Manitoba Home Builders Association), the Social Planning Council, the City of Winnipeg, and the Province of Manitoba."

The WHRC Articles of Incorporation continue to require that all of its Board of Directors be appointed by Winnipeg City Council.

The WHRC was created under s. 23(1) of *The Housing and Renewal Corporation Act*, which requires a municipal council resolution requesting that the Manitoba Housing and Renewal Corporation and the Lieutenant Governor in Council create a municipal housing authority. Subsection 23(11) provides that the same process is necessary to amend the housing authority's Articles of Incorporation.

IMPLICATIONS OF THE RECOMMENDATIONS

- The City of Winnipeg is not a majority funder of the WHRC. It has provided a long-term operating grant including $162,000 in 2022.
- The proposed amendments to the Corporation's structure could result in more affordable housing units developed by WHRC through access to funding from CMHC.
- The WHRC will continue to operate in a similar fashion as other non-profit housing providers in the city and be eligible for funding from senior levels of government in line with its counterparts.
- The WHRC has matured over the course of its existence, reached a level of independence and is now in a position where it provides advice, assistance, coordination services and mentorship to other non-profit organizations with less experience in delivering affordable housing units and supports.

- The proposed changes, to remove City control over the appointment of a majority of the Board of Directors would more closely reflect current operations. While WHRC was initially created as an entity with oversight by the City, for the past 20-25 years it has been operating much more independently as a non-profit corporation.
- Regardless of structure and governance protocols, the City will continue to maintain a relationship and work in partnership with WHRC, as it does other active non-profit housing corporations in the city.
- The City will continue to be involved in the affairs of WHRC and maintain a presence on the Board.
- While the WHRC is an important part of Winnipeg's affordable housing community, it is one of many non-profit housing providers that will contribute to the successful implementation of the City's housing vision, goals and objectives. The corporate structure of the organization should have no impact on the City's ability to achieve these goals.
- There is no financial risk to the City should Council agree to reduce its authority to appoint Board members.
- The City does not carry insurance for WHRC and has evidence that WHRC carries its own Commercial General Liability insurance so there should be no risk from an insurance perspective.

HISTORY/DISCUSSION

On August 31, 2022 the WHRC Board of Directors passed a resolution and is seeking concurrence from Council on proposed changes to their by-law and Articles of Incorporation to limit the number of Directors appointed by the City of Winnipeg. Currently, the City has authority to appoint all the Directors of the Board, including members nominated by the Province, the Home Builders Association, the Social Planning Council and others.

The WHRC was founded by the City, with Provincial approval in the late 1970's as a non-profit charitable corporation mandated to develop, manage, retrofit, and provide affordable housing in the City of Winnipeg. In June 1977, Council concurred in principle in the establishment of a municipal non-profit rehabilitation housing corporation to be known as the Winnipeg Housing Rehabilitation Corporation with the criteria for the Housing Corporation being as follows:

1. It would operate, as much as possible, without municipal funding (except for start-up funds), relying basically on available Provincial and Federal program funds and on the turnover of existing funds.
2. That the Province of Manitoba be officially requested to provide the sum of $1 million for the purpose of establishing a revolving fund and that same be earmarked for the non-profit housing corporation when it is established.
3. It would acquire and rehabilitate older buildings under Sections 15.1 and 34.1 of The National Housing Act or under any programs or funds made available.
4. It would provide housing accommodation to residents of the City through sales and/or rental and/or lease with option to buy.
5. The net cost to the City over the five-year period not to exceed $100,000.

Over the next few months, both Council and the Province approved draft Articles of Incorporation, resulting in the Province issuing Letters of Incorporation to create the WHRC.

WHRC's staff and volunteer Board of Directors is committed to provide community support by carrying out neighbourhood housing visions and providing affordable housing. WHRC currently owns and manages approximately 1,850 low to moderate income housing units and is a licensed Property Management Broker, enabling the Corporation to engage in 3rd party management. Since 1980, WHRC has been actively developing a range of affordable housing projects, with recent projects upwards of $25 million. During the past 20 years, WHRC has developed approximately $100 million worth of affordable housing, with the majority of units located in City of Winnipeg Housing Improvement Zones (HIZs). WHRC has assets valued at $180 million and manages another $60 million of third-party properties. It also provides support to its tenants and partners through resource coordination and education.

The City has been supporting WHRC through an annual grant for more than 15 years. The grant facilitates the Corporation being able to provide support to non-profit agencies that currently do not have the capacity, expertise or experience to develop housing. The grant allows WHRC to provide these services and assist with the development of housing projects prior to confirmation of funds and financing.

In addition to the development of affordable housing, WHRC also provides property management services for the City's residential rental portfolio through a Management Agreement. The Management Agreement requires WHRC to collect rent, pay expenses, purchase supplies, deal with inquiries, maintain financial records, conduct inspections and effectively do all things necessary to manage a rental portfolio. On November, 25, 2021, Council concurred that the Director of the Planning, Property and Development Department be authorized to amend the Management Agreement by increasing the management fee from $50.00 per unit/per month to $60.00 per unit/per month (plus annual increases at the rate of inflation, as measured by the Consumer Price Index). The annual operating grant currently subsidizes the costs to manage the City's residential rental properties.

Currently, the WHRC Board of Directors consists of three Council members, one member of the Public Service, representatives from the Manitoba Home Builders Association, the Social Planning Council and the Province and up to three citizen members, one of which is to have finance or real estate experience and other is to be from the education community. Currently, the Board members are

- Chair, Standing Policy Committee on Property and Development, Heritage and Downtown Development (Councillor Gilroy)
- Two other City of Winnipeg Council members (Councillors Nason and Eadie)
- Noah Yauk – Housing and Revitalization Coordinator – City's Finance or Development Area
- Victor Giesbrecht – Manitoba Home Builders Association
- Karl Gowenlock – Social Planning Council
- Currently vacant – Province of Manitoba
- Michael Houston – Private Sector Finance or Real Estate
- Brad German – Citizen at Large

Citizen members of the Board are appointed via the City's Citizen Appointment to Boards and Commissions process. All members are appointed by City Council.

WHRC is not proposing a significant change to the composition of the Board but is proposing to limit the City's appointment powers to that of City representatives to the Board, a minority of the total membership. They suggest the number of City members be limited to a maximum of four

out of a minimum of nine and a maximum of eleven Board members. One of the four would be the Chair of the Standing Policy Committee on Property and Development, Heritage and Downtown Development, two more would be other members of Council and the fourth would be a member of the Public Service from either the Finance or Development departments of the City.

Significantly, however, rather than being appointed by City Council, the remaining Board members would be representatives of, and appointed by, each of:

- The Manitoba Home Builders Association
- The Social Planning Council
- The Province of Manitoba

These three would then appoint four additional members from the private sector:

- One with a minimum of five years in the finance or real estate industry;
- One with a minimum of five years in the education community, whether as a teacher, an administrator or a professor;
- One who either has: (i) an Indigenous or Metis background; or (ii) has become a permanent resident or a Canadian citizen within the last ten (10) years;
- Any person of any background.

WHRC is anxious to change its status as a municipal-controlled entity. The Corporation is in the process of applying for CMHC funding under the Co-Investment Fund for five affordable housing projects including a new mixed-use affordable housing development on Transcona Boulevard, adjacent to the Transcona Public Library. Council approved the sale of this land to WHRC for $1.00 to provide affordable housing to people in need. Their ability to access funding would be impacted by any delays. Failing to receive approval of Council before year's end would be extremely problematic and jeopardize ongoing projects.

If Council concurs with the proposed recommendations, WHRC will finalize new Articles of Incorporation and bylaws and submit them to the Board for approval. Following that, the Corporation will seek support and approval of the Province of Manitoba to move forward.

FINANCIAL IMPACT

Financial Impact Statement

Date: September 2, 2022

Project Name:

Winnipeg Housing Rehabilitation Corporation (WHRC) – Amendment to By-law and Articles of Incorporation

COMMENTS:

As the recommendations contained in this report deal with governance matters, there are no direct financial implications associated with this report.

Mike McGinn Sept. 2, 2022
Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

01-4 Housing includes the following Direction Strategy:

- Direction 1: Support diverse housing options in each neighbourhood or neighbourhood cluster throughout the city. This Direction Strategy includes the Enabling Strategy, "With guidance from ***Complete Communities***, encourage the development of safe and affordable housing throughout the city."
- Direction 2: Collaborate with other levels of government and other partners to renew and regenerate Winnipeg's housing stock. This Direction Strategy includes the Enabling Strategy, "Continue to use initiatives to facilitate housing rehabilitation in reinvestment neighbourhoods and infill housing in mature neighbourhoods."
- Direction 3: Establish partnerships with the private, not-for-profit and government sectors to provide affordable housing throughout the city, with a particular focus on locations near a variety of transportation options. This Direction Strategy includes the Enabling Strategies:
    - Maintain a collaborative approach to affordable housing, recognizing that the City can play a role by facilitating and providing incentives to other partners.
    - Encourage new and infill development, as well as the redevelopment of existing properties to incorporate affordable housing that is integrated with market housing.
    - Encourage the development of mixed-income neighbourhoods, as well as mixed-income multiple-unit projects as part of creating complete communities, guided by the urban structure described in ***Complete Communities***.
    - Promote partnership with housing developers and other housing stakeholders in continually resolving issues related to affordable housing, visitable housing and land use needs.
    - Work with the housing industry, not-for-profit organizations and other levels of government to develop long-term funding strategies related to affordable housing.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

This report is in accordance with the Winnipeg Climate Action Plan as adopted by Council on September 20, 2018 in that the Plan seeks to "Construct more complete neighbourhoods and revitalize the livability of all communities throughout Winnipeg" (p. iii).

Key Direction 2.3 Create Conditions to Enable Community Climate Action.
Action: Collaborate with community partners by translating city-wide greenhouse gas emission reduction targets into a neighbourhood context. This will help to engage community members who are supporting and leading climate action in ways that benefit their neighbourhoods (p. 34).

Key Direction 5.4 Build Climate Equity

Action: Build partnerships with key stakeholders such as the local neighbourhood associations, to build local capacity and equity.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

The report is consistent with the following Plan Implementation Goals. 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.

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

Goal 2.1 Affordable Housing Strategy

Goal 2.2 Inventory Surplus City Land

SUBMITTED BY

Department: Planning, Property and Development Department
Division: Urban Planning and Design Division
Prepared by: Valdene Lawson, RPP
Date: September 7, 2022
File No: