Agenda – Council – July 18, 2024

Report – Standing Policy Committee on Property and Development – July 4, 2024

Item No. 2 Amendment to the Real Estate Policy Framework – 2024 Update

STANDING COMMITTEE RECOMMENDATION:

On July 9, 2024, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the following to Council:

1. That sale authority within Housing Improvement Zones be regulated by the Declaration of Surplus and Sale of Property Policy.

2. That amendments to the Real Estate – Acquisition of Property Council Policy, attached as Schedule A, be approved.

3. That, subject to the approval of Recommendations 1 and 2, amendments to the Real Estate – Declaration as Surplus and Sale of Property Council Policy, attached as Schedule B, be approved.

4. That amendments to the Real Estate – Leasing and Licensing of Property Council Policy, attached as Schedule C, be approved.

5. 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 4.

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

Report – Standing Policy Committee on Property and Development – July 4, 2024

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 9, 2024, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On July 4, 2024, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service, with the following amendments:

- Delete Recommendation 1 in its entirety and replace with the following:

  "1. That sale authority within Housing Improvement Zones be regulated by the Declaration of Surplus and Sale of Property Policy."

- Delete Recommendation 2 in its entirety and renumber the remaining accordingly

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

David Grant submitted a communication with respect to the matter.

COUNCIL DECISION:

On January 25, 2024, Council concurred in the recommendation of the Standing Policy Committee on Property and Development and adopted the following:

1. That the Chief Administrative Officer be delegated the authority to accept and approve the donation/acquisition of land of a nominal amount from Manitoba Habitat Conservancy, including the approval of terms and conditions of the acquisition and any ancillary costs to the transaction, provided an existing budget is available.

2. That the Winnipeg Public Service be directed to report back to the Standing Policy Committee on Property and Development in 180 days with the required amendments to the Real Estate Framework for the authorization outlined in Recommendation 1, and include any required changes to allow for the future acceptance of land donations and/or acquisitions from other conservation organizations at a nominal cost.

Report – Standing Policy Committee on Property and Development – July 4, 2024

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

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

David Grant submitted a communication with respect to the matter.

ADMINISTRATIVE REPORT

Title: Amendment to the Real Estate Policy Framework – 2024 Update

Critical Path: Standing Policy Committee on Property and Development – Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Pittet	H. Borys	T. Graham	M. Jack

EXECUTIVE SUMMARY

On January 25, 2024, Council directed the Public Service to amend the Real Estate Policy Framework (the "Framework"); the proposed amendment will allow the Chief Administrative Officer ("CAO") to accept land donations intended to preserve natural habitats.

The Public Service recommends additional amendments to improve the Framework.

To provide more opportunities for affordable housing, it is recommended that reduced pricing for City-owned affordable housing lots be expanded to all areas of the City. Rescinding certain recommendations within the "Creating Affordable Housing Opportunities in Housing Improvement Zones" administrative report approved by Council on January 28, 2021, will enable the area change. It is also recommended the Framework be amended to provide non-profit housing providers with the opportunity to purchase an affordable housing lot for as low as $1.00.

It is further recommended that the CAO be authorized to approve land acquisition programs for distressed properties (vacant and/or dilapidated) which will allow the Public Service to expedite purchases should an owner no longer wish to retain their property. Acquiring property before the tax sale process begins would allow redevelopment to occur earlier. Terms and conditions of a purchase would be subject to existing delegated authority and available budget. Should the recommendation be approved, the Director of Planning, Property and Development would be delegated the authority to declare distressed properties as surplus to the City's needs.

The National Inquiry into Missing and Murdered Indigenous Women and Girls and Gender Diverse People (MMIWG2S+) 231 Calls for Justice and the National Action Plan are not currently included in the Framework. It is recommended that the Principles of Reconciliation, Calls to Action, Calls for Justice and National Action Plan be considered for all direct sales and direct leases/licences.

Other minor recommended changes include:

- authorizing direct lease/licences to telecommunication companies;

- delegating authority to the Director of Assets and Project Management to approve leases or licences (City as tenant), up to 15 years;
- delegating authority to the Chief Administrative Officer to approve all small cell licencing agreements (City as tenant), up to 15 years;
- implementing the previously approved changes for small cell licence agreements; and
- amending the definition of “Parkland” to align with the City of Winnipeg Charter.

RECOMMENDATIONS

1. That Recommendations 1 to 5 within the administrative report titled “*Creating Affordable Housing Opportunities in Housing Improvement Zones”* approved by Council on January 28, 2021, be rescinded.

2. That Recommendation 1 within the administrative report titled *“Creating Affordable Housing Opportunities in Housing Improvement Zones Program (Local Energy Access Program – LEAP)”* and approved by Council on February 24, 2022, be rescinded.

3. That amendments to the Real Estate – Acquisition of Property Council Policy, attached as Schedule A, be approved.

4. That, subject to the approval of Recommendations 1 and 2, amendments to the Real Estate – Declaration as Surplus and Sale of Property Council Policy, attached as Schedule B, be approved.

5. That amendments to the Real Estate – Leasing and Licensing of Property Council Policy, attached as Schedule C, be approved.

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 4.

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

REASON FOR THE REPORT

Council approval is required to amend Council policies.

On January 25, 2024, Council concurred in the recommendation of the Standing Policy Committee on Property and Development and adopted the following:

1. That the Chief Administrative Officer be delegated the authority to accept and approve the donation/acquisition of land of a nominal amount from Manitoba Habitat Conservancy, including the approval of terms and conditions of the acquisition and any ancillary costs to the transaction, provided an existing budget is available.

2. That the Winnipeg Public Service be directed to report back to the Standing Policy Committee on Property and Development in 180 days with the required amendments to the Real Estate Framework for the authorization outlined in Recommendation 1, and include any required changes to allow for the future acceptance of land donations and/or acquisitions from other conservation organizations at a nominal cost.

IMPLICATIONS OF THE RECOMMENDATIONS

Enabling the Chief Administrative Officer to approve a greater number of land acquisition programs will expedite timelines and allow the Public Service to be more responsive to inquiries.

Authorizing the Director of Planning, Property and Development to declare acquisitions of distressed properties as surplus to the City's needs requires an amendment to the City's Organization By-law 7100/97.

Consolidating affordable housing policy within the Framework ensures transparency and avoids contradictory policies.

Amending the definition of "Parkland" within the Framework will ensure the City is meeting its Charter obligation.

HISTORY/DISCUSSION

Several changes have been proposed to the Real Estate Policy Framework. The following summarizes the proposed changes:

Acquisition of Property for Preservation

There are individuals/groups who wish to transfer private property, which is suitable for habitat preservation, to the City. Many preservation groups are not structured to hold property, but rather serve as a facilitator and transfer the property as quickly as possible.

Council approval is required to acquire property where the authority has not otherwise been delegated. It may take several weeks to secure necessary approvals through Council, whereas approval from the Chief Administrative Officer (CAO) can take significantly less time.

Provided existing budget is available, authorizing the CAO to approve the acquisition of land for habitat preservation will support Council's pledge to acquire 1,000 acres of parkland.

Existing delegation of authority for the purchase price would continue to apply to habitat preservation acquisitions.

Creating Affordable Housing

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 recommendations related to "*Creating Affordable Housing Opportunities in Housing Improvement Zones"*:

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 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.*

On February 24, 2022, Council made a further amendment to the "*Creating Affordable Housing Opportunities in Housing Improvement Zones"* policies. The amendment states:

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

The program initiated to create more affordable housing in Housing Improvement Zones and High Poverty Areas has been a limited success. The City approved nine lot sales just prior to the beginning of the program and has seen limited interest since that time. Rising costs, reduced funding (until recently) and the COVID pandemic all contributed to the pause on sales over the past few years.

To ensure program success, the following changes are recommended:

1. Eliminate the geographical boundaries to the program and provide low cost residential lots across the City;
2. Eliminate the minimum sale price provision within Section 3.2.C. of the Declaration as Surplus and Sale of Property policy (i.e. below market sales to non-profit organizations);
3. Provide exclusive marketing to non-profit organizations for all City lots suitable for residential development before marketing to the general public;
4. Authorize the Director of Planning, Property and Development to approve sales that deliver affordable housing where the sale price is less than 80 percent of the appraised value;
5. Merge all affordable housing sale policies within the Declaration as Surplus and Sale of Property policy;
6. Include a definition of affordable housing in the Declaration as Surplus and Sale of Property policy.

As at the writing of this report, the Housing Accelerator Fund (HAF) program is still in development. It is possible that the proposed Land Enhancement Office may utilize some of the above recommendations or develop their own authorities through a separate approval. Regardless of HAF, the above recommendations will provide greater clarity on affordable housing policy and create more housing opportunities.

Acquisition of Distressed Properties

The City of Winnipeg has several different methods to acquire property, one example being tax sale purchases. Existing policies are in place which authorize the Public Service to purchase tax sales without the need for additional Council direction. Where policy does not exist, acquisitions require Council approval on a case by case basis.

In an effort to combat the number of vacant and derelict buildings within the City, other means of delegated authority should be considered. In some situations, it may be more cost effective to purchase a problem property rather than attach a charge for violations to the tax bill or incur ongoing resource costs. Additionally, some property owners may wish to surrender their property to the City prior to entering into tax sale status – thereby reducing the number of years it would normally take before the City assumes control of a property.

Historically, the City owns very few vacant buildings at any one time in relation to the total number of vacant properties in the City. If more buildings are added to the City-owned inventory, it will have moderate cost and resource implications. However, the potential benefits of

advancing redevelopment may outweigh the costs of watching some buildings slowly deteriorate.

Existing delegation of authority for the purchase price would continue to apply to distressed property acquisitions.

Calls to Justice

When the Real Estate Policy Framework was created in 2021, one of the major additions was the authority to directly sell property to Indigenous governments or organizations. If the Public Service could demonstrate the sale would facilitate one of the Principles of Reconciliation or Truth and Reconciliation Commission (TRC)'s Calls to Action, a direct sale is possible.

The Missing and Murdered Indigenous Women, Girls and Gender Diverse People (MMWG2S+) Calls for Justice should have also been added as criteria for a direct sale. The Calls for Justice are directed at ending genocide, addressing root causes of violence, and improving the quality of life of Indigenous Women, Girls, and Gender Diverse People.

Sales will uphold the rights and self-determination of Indigenous women and girls by following the Pathways and Principles outlined in the Calls to address the root causes of disenfranchisement and overrepresentation of Indigenous people in Winnipeg.

The Calls aim to implement a new decolonized framework within government policies to address the systemic issues that exist within all government frameworks including Real Estate Policy.

The Calls, Principles, and National Action Plan are recommended to be added to the Declaration as Surplus and Sale of Property policy and the Leasing and Licensing of Property policy.

Telecommunication Agreements

The Leasing and Licensing of Property policy requires that vacant property be marketed to the public. Property which is suitable for telecommunication purposes is often very small and contains limited use.

It is recommended that direct leases or licences to telecommunication providers be authorized. The policy recommendation will increase rental revenue to the City and provide enhanced cellular reception to the public. The Winnipeg Antenna Systems Policy will continue to be followed.

Municipal Accommodations Leases/Licences

The Director of Assets and Project Management has the authority to approve a lease or licence, where the City is the tenant, for a 10-year term plus a five-year renewal. The Public Service recommends a slight change to the authority so that the potential 15-year period is not prescribed into 10 and five-year increments.

In some cases, landlords would prefer different term increments which the existing authority does not allow for. The proposed change will improve efficiency while keeping the spirit of the policy unchanged.

Based on a previous report from the Public Service regarding small cell licences, its is recommended that authority be delegated to the Chief Administrative Officer to approve all small cell licencing agreements up to 15 years.

Other

The Framework will also be amended to correct very minor grammatical errors which have either been missed or are a result of the report recommendations.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 16, 2024

Project Name:

Amendment to the Real Estate Policy Framework – 2024 Update

COMMENTS:

There are no direct financial implications associated with this report.

Mike McGinn May 16, 2024
Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

- Indigenous Relations Division
- Assets and Project Management
- Housing Accelerator Fund
- Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

Our Winnipeg 2045 provides the following policy direction on City Real Estate:

2.21 Leverage Green Infrastructure
Conserve, restore, and enhance the urban forest as a key contributor to air quality, erosion control, carbon sequestration, storm water management, efficient energy resource consumption, shade, improved health and wellbeing, and mitigation of and adaptation to the urban heat island effect.

4.4 Affordable and Supportive Housing
Options Enable collaborative partnerships that provide a continuum of existing or new affordable housing, making use of municipal supports such as fiscal, regulatory and measurement tools to ensure those most in need have increased access throughout the resident and building life-cycle.

5.5 Indigenous Lens
Develop an Indigenous lens, which recognizes, respects and advances multiple and diverse First Nations, Inuit, and Métis rights, knowledge and perspectives. Apply the lens throughout municipal leadership and governance processes, policies, programs and practices to be inclusive and eliminate elements that knowingly or unknowingly enable the exclusion of Indigenous Peoples.

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.

7.2 Increase and Preserve Tree Canopy

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

The information and recommendations presented in this report align with and advance the Winnipeg Poverty Reduction Strategy (2021 – 2031) as follows:

They align with the following Goals and Objectives:

Poverty Reduction Strategy – Goal 2

“The City actively plans for and partners in affordable housing.”

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development
Prepared by: Gord Chappell, Real Estate Administrator
Date: May 24, 2024

Attachments:

Schedule A – Amendments to Real Estate - Acquisition of Property policy

Schedule B – Amendments to Real Estate - Declaration as Surplus and Sale of Property policy

Schedule C – Amendments to Real Estate - Leasing and Licensing of Property policy