Report of the Standing Policy Committee on Property and Development dated June 27, 2002

Proposed Sale of City-owned lands at 618 Young Street, 450 Langside Street, 590 Young Street to the Spence Neighbourhood Association
File FI-2.4(32) (Vol. 11)

16. The Standing Policy Committee on Property and Development has been advised that the non-profit organization, Spence Neighborhood Association, has requested to purchase the referenced City-owned properties for $1.00 each, for the development of new homes. Current City Policy requires that improved properties sold at less than market value be returned to the City at the end of the economic life of the building. Therefore, acceptance of the Offer to Purchase made by the Spence Neighbourhood Association requires Council to waive that part of its policy pertaining to the sale and lease of City-owned lands to non-profit organizations that requires all properties to revert back to the City at the conclusion of the economic life of the project.

In addition, Council is being requested to consider amendments to the Council authority of October 31, 1990, pertaining to the sale of City property, as well as a delegation of authority to the Chief Administrative Officer for the approval of City properties to non-profit organizations working in conjunction with the Winnipeg Housing and Homelessness Initiative.

The Spence Neighbourhood Association, which is registered as a non-profit organization, has requested to purchase three residential properties from the City in order to construct new residences, each shown as "subject City property" on Misc. Plan Nos. 11409, 10194 and 10709/1.

The properties were acquired in Tax Sale. The existing dwellings had previously been demolished. The properties were circularized to the appropriate City Departments to determine if there is any Civic need but none have been identified as at June 21, 2002.

The acquisition of two of the three properties has been so recent that the City Centre Community Committee has not yet been presented with a report for its consideration of the Corporation's interest. The Committee, however, concurred with the sale of 590 Young Street to the adjoining owner of 592 Young Street, Mrs. H. Letkeman. Mrs. Letkeman was provided with an Offer to Purchase but has now advised that she cannot afford to purchase the property and will be pleased that a new dwelling will be constructed on the property.

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On May 23, 2002, the Spence Neighborhood Association expressed its interest in acquiring the three properties 618 Young Street, 450 Langside Street and 590 Young Street for its purpose of constructing in-fill housing.

The Winnipeg Housing and Homelessness Initiative has advised that it is in favor of the sale of the three properties to the Spence Neighbourhood Association.

Now that the owner of 592 Young Street is no longer interested in acquiring it, the property at 590 Young Street will also be available for sale to the Spence Neighborhood Association for $1.00.

Under the present City Policy regarding sale at $1.00 to non-profit groups, the property is to return to the City at the end of its economic life. As the eventual owner of the property will be a third party, this portion of the Policy should not apply and that particular clause must be removed.

As well, the intent of these sales would be to facilitate new construction by the Spence Neighbourhood Association. However, the Planning, Property and Development Department suggested that in the event that substantial construction is not completed on each property within two years from the date of sale, then the certificate of title for that property upon which there is no construction will revert back to the City.

The terms of sale proposed for the conveyance of 618 Young Street, 450 Langside and 590 Young Street are consistent with other similar transactions recently approved by Council.

The Real Estate Division of the Planning, Property and Development Department is supportive of the proposed sale of the properties to Spence Neighborhood Association for the following reasons:

1. There has been limited market demand for in-fill residential building lots in the area identified.
2. Sale of any or all of the properties would increase the City's realty tax base.
3. The sale will eliminate the liability for the City associated with holding this parcel of vacant land.
4. The property will be on the tax roll upon the closing of the sale.

<u>Proposed Policy Amendments</u>

To better facilitate the Winnipeg Housing and Homelessness Initiative and be enabled to expedite the conveyance of City-property to the participating non-profit organizations that will perform the in-fill construction or rehabilitation of existing improvements, the Planning,

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Property and Development Department recommended that the following amendments be made to the Council authority dated October 31, 1990:

A. Sales to non-profit organizations participating in the Winnipeg Housing and Homelessness Initiative, where the property will be subsequently transferred to a third party, will be exempt from the requirement that properties sold at less than market value revert back to the City at the conclusion of the economic life of the project.

B. Sales to non-profit organizations participating in the Winnipeg Housing and Homelessness Initiative will be subject to the requirement that new construction upon the properties or rehabilitation of existing improvements on the properties must be at least substantially completed to a condition to allow for occupancy within two years from the date of the sale, failing which, title to the properties will revert back to the City.

   (Given that the condition of the improved properties is usually such that major rehabilitation is warranted, and the fact that the owner will be required to hold the vacant property in accordance with all governing legislation, regulations and by-laws (e.g. the Vacant Dwellings By-law), the proposed two-year period is deemed to be a reasonable time frame within which either the new construction or rehabilitation work can be accomplished. This will enable the non-profit organization to complete its objectives and the future disposition of the property and where the organization is unable to achieve its objectives, the City is entitled to have title to the property revert back to it).

In view of the increasing number of sales of this nature, the Planning, Property and Development Department also recommended that the authority to approve this form of sale be delegated to the Chief Administrative Officer and that the Department be required to report quarterly to the Standing Policy Committee on Property and Development on all sales approved pursuant to this authority.

The Standing Policy Committee on Property and Development recommends:

I. That Council in this instance waive that portion of City Policy pertaining to the sale or lease of City lands to non-profit organizations (Council authority October 31, 1990), which requires that properties sold at less than market value revert back to the City at the conclusion of the economic life of the project.

II. That the sale of 618 Young Street, 450 Langside Street and 590 Young Street (each shown respectively as “subject City property on Misc. Plan Nos. 11409, 10194, and 10709/1) to the Spence Neighborhood Association at a price of $1.00 each and subject

to the terms and conditions as negotiated, subject to an additional condition requiring substantial completion of the construction to allow for occupancy within two years from the date of sale, failing which title to the properties will revert back to the City.

III. That Council amend the Council authority dated October 31, 1990 to provide that:

A. Sales to non-profit organizations participating in the Winnipeg Housing and Homeless Initiative, where the property will be subsequently transferred to a third party, will be exempt from the requirement that properties sold at less than market value revert back to the City at the conclusion of the economic life of the project.

B. Sales to non-profit organizations participating in the Winnipeg Housing and Homeless Initiative will be subject to the requirement that new construction upon the properties or rehabilitation of existing improvements on the properties must be at least substantially completed to a condition to allow for occupancy within two years from the date of the sale, failing which, title to the properties will revert back to the City.

IV. That the authority to approve sales of City properties to a non-profit organization in conjunction with the Winnipeg Housing and Homeless Initiative, be delegated to the Chief Administrative Officer, and that the exercise of such authority be reported to the Standing Policy Committee on Property and Development on a quarterly basis.

V. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing, including the execution of any documents related thereto.