

BYLAW 20084 TO DESIGNATE HANGAR 11 AS A MUNICIPAL HISTORIC RESOURCE

RECOMMENDATION

That Executive Committee recommend to City Council:

That Bylaw 20084 be given the appropriate readings.

Purpose

To designate Hangar 11 as a Municipal Historic Resource pursuant to the provisions of the *Historical Resources Act*, RSA 2000, cH-9.

Readings

Bylaw 20084 is ready for three readings.

A majority vote of City Council on all three readings is required for passage.

If Council wishes to give three readings during a single meeting, then prior to moving third reading, Council must unanimously agree “That Bylaw 20084 be considered for third reading.”

Position of Administration

Administration supports this Bylaw.

Report Summary

This Bylaw is to designate Hangar 11 as a Municipal Historic Resource and to allocate financial incentives to support its restoration.

REPORT

Hangar 11 is listed on the Inventory of Historic Resources in Edmonton and merits designation under City Policy C450B - A Policy to Encourage the Designation and Rehabilitation of Municipal Historic Resources in Edmonton. The owner has completed the application requirements to have Hangar 11 designated as a Municipal Historic Resource under the provisions of City Policy C450B. The regulated portions of the structure, as outlined in Schedule “A” of Attachment 1, will be restored. Rehabilitation work will meet the *Standards and Guidelines for the Conservation of Historic Places in Canada*.

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Upon passage of this Bylaw, Hangar 11 will be designated a municipal historic resource and the Rehabilitation Incentive and Maintenance Agreement (Schedule "B" of Attachment 1) will be approved and come into effect such that the City will pay the owner up to \$5,000,000 over a 10-year period. The owner intends to accommodate a multi-use development for the building, including the accommodation multi-unit housing units and commercial uses.

Previous Council/Committee Direction

- The February 1, 2021, Financial and Corporate Services report CR_6367 Exploration of Uses, Condition and Partner Funding for Hangar 11 Located at Blatchford - Financial Viability: Reimagine Land, Property, and Facility Assets detailed the history of Hangar 11 and Administration was directed to negotiate a draft agreement for the sale of land.
- The June 28, 2021, Financial and Corporate Services report FCS00411 Blatchford Hangar 11 Sale and Historical Preservation - Sale of Land Below Market Value confirmed the sale agreement, with a condition of sale requiring designation as a Municipal Historic Resource and the building's rehabilitation.
- On September 8, 2021, Charter Bylaw 19837 received three readings to allow for the adaptive reuse of the historic Hangar 11 building as a mixed use development.

Hangar 11 was constructed in 1942 by the United States Army Air Force (predecessor to the modern US Air Force), and features International style influences. The building was one of four major hangars and several dozen other small buildings constructed on the Blatchford Field site as part of the Northwest Staging Route. This initiative, a cooperative partnership between the governments of the United States, United Kingdom and Canada, channeled critical Lend-Lease aid and materials from the United States to the Soviet Union through Alberta and Alaska. Much of the aid was used by the Soviet Union on the Eastern Front, after the invasion of the Soviet Union by Germany through Operation Barbarossa in June 1941. It is estimated that between 7,000 to 10,000 aircraft and thousands of tons of other war materials were channeled through the Blatchford Field site between 1942 and 1944.

The building is further valued for its association with the long history of the aviation industry in Edmonton at Blatchford Field, and with prominent Edmontonians Leigh Brintnell and Francis Winspear, through the aviation company Northwest Industries Ltd.

COMMUNITY INSIGHTS

Through the extensive engagement completed to develop The City Plan, Edmontonians emphasized the importance of "preserve" as one of six guiding values. Specific public engagement is not required for this process under the *Historical Resources Act*. Administration has engaged with the owner of the property throughout the designation process.

Budget/Financial Implications

Upon completion of the project phases, the Heritage Resources Reserve will pay the owner up to \$5,000,000 for rehabilitation over a 10-year period, with a maximum payment of \$500,000 per

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year. This is an exception to the current practice of the program, which currently limits non-residential properties to a maximum total grant of \$500,000 for rehabilitation work (up to 50 per cent of eligible costs) from the Reserve. Administration is supportive of the request from the future owner given the significant scale of the building and the associated rehabilitation costs, which vastly exceed what is typical in other non-residential properties; and the international-level significance of the building.

Through the process to sell the property to the new owner, there was awareness that a potential grant request for this building could exceed the typical program limits. This type of approach to support rehabilitation was also utilized for the designation of the former Molson Brewery (Edmonton Brewing and Malting Company Ltd.) building in 2016, where a grant of \$4,175,000 was provided to the owner, spread over a 10-year period to limit the annual impact on the Reserve. The grant Agreement for the former Molson Brewery building expires in 2025.

The current Reserve balance is sufficient to cover committed funding, including Hangar 11, over the ten year period. Depending on the nature of future applications for designation of other buildings, potential rehabilitation grants from the Reserve may need to be limited to ensure an appropriate balance in the Reserve is maintained.

The total estimated cost of the eligible heritage rehabilitation work for the project is \$12,649,162. The estimated cost of the overall project is \$74.5 million. The owner is responsible for all costs of the heritage rehabilitation work and broader costs for the project beyond the \$5,000,000 grant from the Heritage Resources Reserve.

After considering the funds committed to date, the Heritage Resource Reserve is projected to have a balance of \$4,092,105 at the end of 2022 declining to \$1,803,600 by the end of 2023. Administration is considering a number of potential heritage designations for use of these funds, which will be brought forward for Council approval as required. The Heritage Resource Reserve is funded by the tax levy on an annual basis (\$2,328,584 in 2021 including \$417,550 specifically for the Edmonton Brewing and Malting Company Ltd).

Legal Implications

In consideration of the incentive payable for the rehabilitation of the Historic Resource (as described in Schedule "B" of Attachment 1), the owner has waived the right to compensation under the *Historical Resources Act*.

ATTACHMENTS

1. Bylaw 20084 to Designate Hangar 11 as a Municipal Historic Resource
2. Heritage Officer's Statement of Significance for Hangar 11
3. March 9, 2022, Memorandum to City Council re: Notice of Intention to Designate Hangar 11 as a Municipal Historic Resource

OTHERS REVIEWING THIS REPORT

- M. Plouffe, City Solicitor