

## ORTONA ARMOURY, ARTS HABITAT ASSOCIATION OF EDMONTON - LEASE APPROVAL

### Recommendation

That the lease agreement between The City of Edmonton and Arts Habitat Association of Edmonton on the terms and conditions outlined in Attachment 1 of the February 28, 2024, Financial and Corporate Services report FCS02224, be approved, and that the lease agreement be in form and content acceptable to the City Manager.

Requested Action		Decision required	
ConnectEdmonton’s Guiding Principle		ConnectEdmonton Strategic Goals	
CONNECTED This unifies our work to achieve our strategic goals.		Healthy City  Regional Prosperity	
City Plan Values	BELONG. THRIVE. PRESERVE. CREATE.		
City Plan Big City Move(s)	Inclusive and Compassionate  Catalyze and converge	Relationship to Council’s Strategic Priorities	Arts and culture  Economic Growth
Corporate Business Plan	Serving Edmontonians		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"><li>Policy C450B - Policy to Encourage the Designation and Rehabilitation of Municipal Historic Resources in Edmonton</li><li>Bylaw 13464 - Designate the Hudson’s Bay Company Stables / Ortona Armoury as a Municipal Historic Resource</li><li>Connections and Exchanges: A 10-Year Plan to Transform Arts and Heritage in Edmonton</li><li>Project - Ortona Armoury Building Rehabilitation</li></ul>		
Related Council Discussions	<ul style="list-style-type: none"><li>December 12-13, 2023, CS02019 - Ortona Armoury - Arts Habitat Funding Agreement</li><li>November 30, 2022, FCS01394 - Proposed 2023 -2026 Operating Budget</li></ul>		

- January 21, 2020, CR\_7790 - Charter Bylaw 19115 - To allow for the continued use of a designated historic resource, the Hudson's Bay Company Stables/Ortona Armoury, Rossdale
- October 17, 2018, CR\_6355, Edmonton Arts Council – presentation of Connections and exchanges: A 10 year plan to transform arts and heritage in Edmonton (2019-2029)

### Executive Summary

- The City's Ortona Armoury rehabilitation project began in 2018 and is scheduled to be complete in Q2 2024.
- Administration recommends approving a below market lease of the Ortona Armoury building (Ortona Armoury) to the Arts Habitat Association of Edmonton. Arts Habitat Association of Edmonton would be responsible for all lease costs, including operating, capital and property tax expenses. The lease agreement would allow the Arts Habitat Association of Edmonton to operate the building as an arts hub, providing individual and collaborative artist studios and multi-purpose spaces that artists and the community could access.
- On December 13, 2023, City Council approved a funding agreement to partially subsidize the proposed lease agreement.

### REPORT

This report seeks approval of a new below market lease agreement between the City as landlord and the Arts Habitat Association of Edmonton (Arts Habitat) as tenant. Administration does not have the delegated authority to enter into the lease because the lease falls outside of the Non Profit Leasing Guidelines dated March 16, 1999<sup>1</sup> for two reasons:

1. Although the Arts Habitat is a not-for-profit corporation, the intended use of the building will be partially for commercial and semi-commercial purposes.
2. The building has been purposely rehabilitated for unique use by the artist community in collaboration with Arts Habitat.

### The Ortona Armoury Building

The Hudson's Bay Company Stables, Ortona Armoury was constructed in 1914. The Ortona Armoury is a prominent landmark in the Rossdale neighborhood. The facility was designated as a Municipal Historic Resource in 2004. For more than 30 years, the Ortona Armoury has operated as studio space for artists and arts groups. The City committed to keeping the Ortona Armoury functioning as an arts and community hub.

### The Ortona Armoury Rehabilitation Project

In 2018, following an assessment of the building condition, the Ortona Armoury was identified for rehabilitation and capital funding was approved.

In 2019, the City closed the building due to the extensive rehabilitation project. In addition to the preservation of heritage elements, the project included hazardous material removal, asbestos

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<sup>1</sup> <https://pub-edmonton.escrimemeetings.com/filestream.ashx?DocumentId=126971>

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abatement, upgrades to meet modern building codes, adding accessible features and creating art centric amenities. Design considerations included energy savings and greenhouse gas reduction such as choices in lighting, mechanical systems and windows.

In 2021, the City received a federal grant from the Canada Cultural Spaces Fund. The grant provided for enclosing the courtyard to create a large and unique space for art production and celebration and community access.

Arts Habitat collaborated on the project, ensuring that design and function uniquely suit the artist community in Edmonton. The rehabilitated building will offer individual studios, collaborative studios, multi-purpose space and technology for videoconferencing and livestreaming.

The project is scheduled for completion in Q2 2024.

### Arts Habitat

*Connections and Exchanges: Council's 10-Year Plan to transform Arts and Heritage in Edmonton*<sup>2</sup> identifies the Arts Habitat Association of Edmonton as the non-profit entity mandated to work with the arts community to identify, develop, and manage space for all mediums of art. This was done with the vision to make Edmonton a hub of dynamic, sustainable and entrepreneurial artistic communities.

Arts Habitat collaborates on arts space projects to cultivate affordable and appropriate spaces for the arts community in Edmonton. Under Connections & Exchanges, Arts Habitat has been entrusted to increase access to affordable space for arts and heritage programs, presentations and events; and to provide expert advice to support the integration of arts activities in neighbourhood revitalization and regeneration initiatives.

Arts Habitat actively seeks to create space for the inclusion of Indigenous concepts, cultures and people; and is committed to learning and understanding barriers Indigenous artists face regarding arts space through an initiative called the Indigenous Voices Circle.

Arts Habitat has developed and provided a business plan for their tenancy in the building. As part of receiving funding to support the lease agreement, Arts Habitat is obligated to form an ArtsHub Ortona Community Artist Advisory Committee to provide input and guidance to operate the rehabilitated Ortona Armoury.

Arts Habitat has over 20 years of experience managing and marketing arts spaces and a mandate to advocate for accessible and appropriate spaces for artists in Edmonton. Under the lease, Arts Habitat would be tasked with operating the building in a sustainable and affordable manner, balancing facility costs, programming, the River Crossing initiative, and a thriving community and arts hub. Arts Habitat would employ a full-time facility manager for the location.

### The Lease

The building was previously operated through licenses between the City and various artists and artist organizations. Organizations returning to the building would be offered the first opportunities to license space from Arts Habitat.

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<sup>2</sup> [edmonton.ca/city\\_government/initiatives\\_innovation/connections-and-exchanges](https://edmonton.ca/city_government/initiatives_innovation/connections-and-exchanges)

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Arts Habitat would establish an arts community hub, providing:

- non-market studio spaces for local artists;
- non-market assembly (programming) rooms and multi-purpose rooms with multi-purpose spaces for artists, as well as the broader community; and
- a vibrant arts and community hub that supports flexible spaces for individual artists, as well as community bookable spaces across multiple disciplines.

Although the proposed lease agreement does not fall within the parameters of the Non Profit Leasing Guidelines dated March 16, 1999, it would follow many of the guidelines' conditions.

- Arts Habitat would pay for all operating costs, including utilities and common area maintenance.
- Arts Habitat would pay for all assessed property taxes and other levies.
- Arts Habitat would create and contribute to a capital reserve fund.
- Arts Habitat would pay for all capital maintenance and repairs.
- The building's historical elements would be protected and appropriate maintenance and repair methods followed.

Arts Habitat would issue licenses to the end users for space within the building. The lease would permit licenses of varying lengths. The space available in the newly renovated building is shown in the floorplan included as Attachment 2.

Arts Habitat would report to Administration at least annually on finances, building use and licenses issued.

### **The Funding Agreement**

City Council approved a three-year funding agreement related to the proposed lease in December 2023. The funding covers the gap between anticipated expenses and revenues at the Ortona Armoury in its initial years.

This funding must be used to support Arts Habitat's operations at the Ortona Armoury, including fulfillment of lease obligations, payment of property taxes and contribution to a capital reserve.

This funding is distinct and separate from the annual funding that Arts Habitat receives from the City for programming and responsibilities not directly related to operating Ortona Armoury.

### **River Crossing - The Rossdale Area Redevelopment Plan (Rossdale ARP)**

The River Crossing area is historically and culturally significant to Indigenous and non-Indigenous peoples. The Rossdale ARP includes the Ortona Armoury as part of the West Rossdale sub area.

The Rossdale ARP noted that the Ortona Armoury would again serve as an active artistic hub once the rehabilitation work was completed. The building's reopening would contribute to the early activation of the River Crossing, while also providing much needed community meeting space.

Ortona Armoury is recognized as a historic building contributing to the heritage of the River Crossing area.

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The vacant lot to the south of the Ortona Armoury, currently used for parking, will not form part of the lease agreement and remains committed to the future Rossdale Area Redevelopment, currently proposed for low- to mid-rise housing development.

### **Budget/Financial Implications**

The total cost of the rehabilitation is estimated at \$15.93 million. This includes a Canada Cultural Spaces Fund grant received for \$1.7 million. A second federal \$350,000 grant application is in progress. The lease agreement is not expected to generate future revenues for the City; however, the lease agreement is designed to cover the operational costs of the Ortona Armoury. Future savings or revenues in excess of expenses would be returned to the artists through reduced license fees or improved studio and programming spaces at the Ortona Armoury. The funding agreement estimates the level of support required in the initial three years of the lease. If continued funding is required, Administration will return seeking support and direction.

### **Community Insight**

As part of the rehabilitation project, Administration completed a Functional Program Report in 2018 with key stakeholders. The report explored arts spaces and best practices and incorporated feedback from existing tenants and artists to understand requirements for various art streams. Workshops, meetings with artists and a community information session with the Rossdale community were part of this work.

During the consultation process in 2017 and 2018, stakeholders stated their interest in a vibrant, dynamic facility where Edmontonians could gather to explore, share and create. The community indicated interest and need for bookable spaces due to lacking such space in their area. The project design and details were shared with the then Ortona Armoury tenants for information, review and comment.

### **GBA+**

The rehabilitation project included the addition of an elevator and accessible and gender neutral washrooms. The funding agreement requires the formation of the ArtsHub Ortona Community Artist Advisory Committee to provide input and guidance to Arts Habitat as the operator of the facility. Initially the committee will help inform the development of license space allocation, license terms, program opportunities and facility operations. The committee will include diverse representatives from equity groups within the arts community. Arts Habitat has established processes for monitoring and ensuring the affordability of arts spaces.

As per the Connections and Exchanges Book I, Arts Habitat committed to following the implementation principle: Indigenous peoples have agency in their journeys of revitalizing and participating in traditional, contemporary and future manifestations of their culture. The rehabilitation has included space for ceremony.

### **Attachments**

1. Lease Terms and Conditions
2. Ortona Armoury Floor Plans