

BELOW MARKET SALE APPROVAL - CITY-OWNED HERITAGE HOMES IN Wihkwêntôwin

Recommendation

1. That the sale of the Dame Elize Chenier Residence at 9926 - 112 Street NW in the Wihkwêntôwin neighbourhood, at below market value, as outlined in Attachment 4 of the August 14, 2024, Financial and Corporate Services report FCS02455, be approved, and that the agreement(s) be in form and content acceptable to the City Manager.
2. That the sale of the Lester Allyn House at 9932 - 112 Street NW in the Wihkwêntôwin neighbourhood, at below market value, as outlined in Attachment 5 of the August 14, 2024, Financial and Corporate Services report FCS02455, be approved, and that the agreement(s) be in form and content acceptable to the City Manager.
3. That Attachments 4 and 5 of the August 14, 2024, Financial and Corporate Services report FCS02455 remain private pursuant to sections 16 (disclosure harmful to business interests of a third party), 24 (advice from officials) and 25 (disclosure harmful to economic and other interest of a public body) of the *Freedom of Information and Protection of Privacy Act*.

Requested Action	Committee decision required		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work to achieve our strategic goals.	Urban Places		
City Plan Values	PRESERVE		
City Plan Big City Move(s)	Community of Communities	Relationship to Council's Strategic Priorities	Economic Growth
Corporate Business Plan	Serving Edmontonians		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> • Bylaw 14664 - Being a Bylaw to Designate the Dame Eliza Chenier Residences as a Municipal Historic Resource • Bylaw 14665 - Being a Bylaw to Designate the Lester Allyn House as a Municipal Historic Resource 		

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Related Council Discussions

- November 18, 2019, Financial & Corporate Services CR_7595 - Historical Property Update

Executive Summary

- The WĪHKWĒNTŌWIN heritage homes, consisting of the John L. Lang, Dame Eliza Chenier and Lester Allyn House residences were listed for sale by the City in January 2021.
- The John L. Lang property transferred to Little Village Wellness Centre Inc. on June 8, 2022, and was reopened to the community as a coffee and sandwich shop, and family psychology office in July 2023 after rehabilitation to the heritage conservation standards set by the City of Edmonton.
- Little Village Wellness Centre Inc. has submitted an offer to purchase the Dame Eliza Chenier property that is considered to be below market value.
- Administration is also seeking advanced approval to negotiate a below-market sale of the Lester Allyn property, subject to future proposals.
- Executive Committee approval is required under the *Municipal Government Act* as the proposed below-market value sale for the Dame Eliza Chenier and Lester Allyn properties are outside of Administration's delegated authority.

REPORT

Between 1969 and 1970, the City acquired three residential properties along 112 Street in the WĪHKWĒNTŌWIN neighbourhood. These properties consisted of the John L. Lang Apartments (9908-112 Street), the Dame Eliza Chenier Residences (9926-112 Street) and the Lester Allyn House (9932-112 Street), as shown in Attachment 1 and collectively referred to as the "Properties". These Properties were initially acquired to facilitate a road network widening and redesign plan that never advanced and was cancelled. Had the road project progressed, the Properties would have been demolished, so ongoing maintenance was never contemplated in the original acquisition budget. Below is a summary of the events leading to listing these Properties for sale:

- On November 26, 2007, the Properties were designated as Municipal Historic Resources as the buildings were on the Inventory of Historic Resources, and represented a variety of housing forms dating to the early development of the then-Oliver community.
- In 2017, the properties were declared uninhabitable due to their age, condition and deterioration. Concurrently, the Properties were declared surplus to municipal needs, at which time Administration undertook a Building Condition Assessment to assist in Administration's review of a number of different disposition options.
- In 2018, Administration undertook minimal structural bracing to help preserve the properties.
- In 2019, further foundation deterioration of the properties was discovered, pausing the property listing to re-evaluate options.
- On November 28, 2019, Council approved the recommendation in the November 18, 2019, Financial & Corporate Services report CR_7595 Historical Property Update, which included the structural stabilization of the homes and interior demolition. Based on cost escalations, only

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the structural stabilization was completed, as this would preserve the historical assets so that a private owner could rehabilitate and reintegrate them into the community.

- On January 4, 2021, the heritage home webpage and property offering went live as the structural stabilization work was being completed on the Dame Eliza Chenier and Lester Allyn House.

The John L. Lang Apartments (9908-112 Street) was sold to Little Village Wellness Centre Inc. on June 8, 2022, and was rehabilitated and re-opened to the community in July 2023 as a coffee and sandwich shop, and family psychology office specializing in child psychology.

The Little Village team coordinated all rehabilitation activities on the building with the City's Heritage Conservation Unit and all work was undertaken in accordance with Designation Bylaw 14663. An Amending Agreement was executed with the new owners on March 5, 2022 which provided the owners with a matching grant of \$100,000 from the Heritage Resources Reserve to assist in completing the required heritage rehabilitation work. The rehabilitation work was completed in alignment with the *Standards and Guidelines for the Conservation of Historic Places in Canada*. The work was completed to a high standard, and the owners fully complied with the requirements outlined by the Heritage Conservation team. Attachment 2 shows before and after photos of John L. Lang Apartments.

The Little Village group has since made an offer and negotiated a sale and redevelopment agreement with the City for the Dame Eliza Chenier house, which would see the building utilized for office space. Based on both their experience working on the John L. Lang apartments and current cost pressures in the market, the buyer indicates that their proposal is only feasible at a below market value purchase of the property. The Little Village Wellness Centre proposal is included in Attachment 3 and the Terms of the below market sale agreement are outlined in Attachment 4.

Should the Little Village team acquire the Dame Eliza Chenier property, the Heritage Conservation team has strong confidence in their ability to fully rehabilitate the building to a high standard. Additionally, the Little Village could apply to access a grant of up to 50 per cent of eligible heritage rehabilitation costs, to a maximum matching grant of \$100,000.

The Lester Allyn house remains vacant and will remain listed on the open market. Recently, there has been more interest in the property. While there are no current offers, Administration is seeking approval to negotiate disposition of this property below market value based on the terms and conditions outlined in Attachment 5. Lester Allyn is an entire brick structure requiring significant upfront investment to restore the property. Approval of a below-market sale will provide Administration more flexibility to negotiate a sale agreement with any future proponents, which will ideally result in the Lester Allyn house being sold, rehabilitated and reintegrated into the community.

The disposition of these Properties aligns with the ongoing efforts to right size the City's land holdings, reducing future capital and ongoing maintenance costs while also preserving historical assets and allowing the private sector to reintegrate the buildings in the community.

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Next Steps

If the recommendation is approved:

- Administration will execute the Sale Agreement for the Dame Eliza Chenier Residence.
- Administration will continue to market the Lester Allyn house seeking purchase proposals that prioritize the rehabilitation and reintegration of the property into the Wihkwêntôwin neighbourhood.

Budget/Financial Implications

The appraised market value for the two homes is included in Attachments 4 and 5 along with the proposed purchase price. The cost for structural stabilization for the homes was \$2,528,430.57, which was previously funded out of Land Enterprise Retained Earnings on an emergent basis. The structural stabilization costs exceed both the market values and the purchase prices noted in the attachments. Revenue from the sale of the properties will settle to Land Enterprise Retained Earnings to partially offset the costs incurred to stabilize the Heritage properties.

The additional below market sale of these lots at the purchase prices noted in Attachments 4 and 5, will result in a further reduction in Land Enterprise Retained Earnings than was initially anticipated. Due to revenues received from other land development projects, this loss is able to be absorbed by Land Enterprise Retained Earnings without negatively impacting other land development projects or requiring offsets or funding through tax levy.

Under Land Development policy C511A, Land Enterprise will pay an annual dividend to the City of Edmonton in the second quarter of each year based on 2.5 per cent of the year-end balance of Land Enterprise Retained Earnings for the previous year. The loss incurred through this sale will result in an overall reduction to Land Enterprise Retained Earnings and a corresponding reduction to the dividend payment. The dividend is typically paid in Q2 of the year following the transfer of land.

Legal Implications

As per the *Municipal Government Act*, the City must advertise proposed City land sales that are below market value and subsequently have them approved by the appropriate Council Committee following a petition period. The proposed land sales were advertised in accordance with the *Municipal Government Act*. If the City does not receive sufficient petition during the petition period, Executive Committee can approve the proposed land sales.

Section 35 of City Bylaw 16620 (City Administration Bylaw) enables the City Manager to approve agreements for disposition of a fee simple interest in land for fair market value or more, up to certain monetary limits. Approval is sought as the proposed dispositions are below fair market value.

Community Insight

Through the creation of The City Plan, Edmontonians advised that it was critical to retain and steward historic resources even as the City is redeveloped and modernized, recognized in The City Plan value of "Preserve."

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The heritage homes were listed on the City of Edmonton's Property Sale Webpage. Additionally, an email was sent notifying everyone subscribed to the City's Land Sale Mailing List to market the subject properties.

Wîhkwêntôwin is an established Central Edmonton neighbourhood and local residents understand that the sale of these properties will result in their rehabilitation and reintegration into the community.

GBA+

The location within the Wîhkwêntôwin neighbourhood of the Little Village Wellness Centre is ideal for families, patients, visitors and staff from General Edmonton as it makes their services more accessible based on this central location. Considering Little Village Wellness Centre's success with the rehabilitation of the John L. Lang property they have been able to grow and are now in need of additional space, which the Dame Eliza Chenier property offers. The impacts of Little Village Wellness Centre's use of John L. Lang, proposed uses of Dame Eliza Chenier and the integration of these heritage buildings into Wîhkwêntôwin neighbourhood make this below-market sale positive for the Wîhkwêntôwin community and Edmonton.

The subject property was publicly listed on the City of Edmonton's website, with detailed information surrounding the requirements and the offer process. In addition, the City placed large signs in front of the properties so that the general public was aware that the land and buildings were for sale. Administration was prepared to answer general questions in several languages to ensure that everyone could understand the listing and requirements to make an informed decision. All submissions were accepted for evaluation; applicants' identity factors, language use and communication style were not considered in determining the strength of their proposal.

Attachments

1. City-Owned Heritage Homes in Wîhkwêntôwin - Aerial View
2. John L. Lang Apartment Rehabilitation Photos - Before and After
3. Little Village Wellness Centre Inc. Proposal for Dame Eliza Chenier
4. Private - Terms and Conditions of Sale Agreement with Little Village Wellness Centre Inc.
5. Private - General Terms and Conditions of Sale Agreement for the Lester Allyn Property