

## BYLAW 21170

### To Repeal Bylaw 20084, a Bylaw to Designate Hangar 11 as a Municipal Historic Resource

#### Recommendation

That Executive Committee recommend to City Council:

That Bylaw 21170 be given the appropriate readings.

#### Purpose

To repeal Bylaw 20084, a Bylaw to Designate Hangar 11 as a Municipal Historic Resource.

#### Readings

Bylaw 21170 is ready for three readings.

Bylaw 21170 is authorized under the *Historical Resources Act*. 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 to third reading, Council must unanimously agree “That Bylaw 21170 be considered for third reading.”

#### Position of Administration

Administration supports this Bylaw.

#### Report Summary

This bylaw (Attachment 1) repeals the bylaw that designated the Hangar 11 building as a Municipal Historic Resource, which was destroyed by fire on April 22, 2024.

## REPORT

Hangar 11 was constructed in 1942 by the United States Army Air Force in conjunction with the British and Canadian governments as part of an operation known as the Northwest Staging Route. This operation provided a range of aircraft and other war materials through the

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Lend-Lease aid program from the United States to the Soviet Union for use against Germany during the Second World War. Hangar 11 was one of four hangars constructed on the Blatchford Field site between 1942 and 1945 under this program and was the last remaining of the four (see Attachment 2 - Location Map).

On May 24, 2022, City Council designated Hangar 11 as a Municipal Historical Resource under Bylaw 20084 (reference report UPE01159 Bylaw 20084 to Designate Hangar 11 as a Municipal Historic Resource and see Attachment 3). At the time of designation, the building was owned by the City of Edmonton. At the February 8, 2021, City Council meeting, (reference report CR\_6367 Exploration of Uses, Condition and Partner Funding for Hangar 11 Located at Blatchford - Financial Viability: Reimagine Land, Property and Facility Assets) Administration was directed to negotiate the sale of the building to a new private owner. A condition of sale was that the prospective owner designate the building as a Municipal Historic Resource. On June 28, 2021, Executive Committee approved an agreement for sale of the land and building below market value (reference report FCS00411 Blatchford Hangar 11 Sale and Historical Preservation: Sale of Land Below Market Value). On September 8, 2021, pursuant to Charter Bylaw 19837, the rezoning of the future Hangar 11 site was approved by City Council. On November 24, 2021, the prospective owner provided a complete application to Administration to designate the building as a Municipal Historic Resource.

When City Council approved Bylaw 20084, it allocated a grant of \$5 million for the rehabilitation of the historic elements of the building to the owner. This grant was to be paid over a 10-year period, with a maximum annual allocation of \$500,000 per year. The owner's intention was to repurpose the building as a mixed-use development, accommodating student housing, commercial uses and retail space. At the time, the total estimated cost of the eligible heritage rehabilitation work for the project was \$12,649,162. The estimated cost of the overall project was \$62.5 million.

On April 18, 2024, the transfer of the property by the City to the new owner was completed. On April 22, 2024, the Hangar 11 building was completely destroyed by fire. No rehabilitation work related to the historic designation of the building had been completed prior to the fire, and no portion of the rehabilitation grant had been paid to the owner. Administration worked with the owners for several months after the fire to determine if a faithful reconstruction of the building could be made, allowing the historic designation and associated grant funding to remain in place. Despite an in-depth analysis of this potential by the owners and their consultant team in conjunction with Administration, it was ultimately determined by the owner that a faithful reconstruction of the building was not financially feasible.

The sales agreement that was executed for the building included a provision for the City to purchase the property back from the owners if the historic rehabilitation project could not be successfully completed. As the original building was destroyed and a faithful reconstruction was determined to not be possible, Administration has initiated the process to buy back the land, on the agreed upon terms which was at the value that it had sold to the developer. The buy-back

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process has been commenced by the City and is underway. The transaction has not yet closed and is currently scheduled to close late September, 2025.

Given the destruction of all the historical elements and to facilitate the buy back to the City, the Bylaw 20084 should be repealed and the related instruments registered on the property title should be discharged.

After the repeal of Bylaw 20084, Administration will submit a request to Alberta Land Titles to have the Bylaw and the related instruments registered on the title discharged. Subsequent to the City re-acquiring the property, it will be listed for sale at market price, allowing the City to facilitate a redevelopment of the parcel. The eventual redevelopment of the site will require a rezoning, as the current site zoning is a Direct Control zone specifically oriented around the former Hangar 11 building.

### **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 as The City Plan value of "Preserve." Administration engaged with the owner of the property throughout the previous designation process and has done so through the process of considering a faithful reconstruction of the building and the recommended repeal of the Designation Bylaw. Additional engagement with the public for these processes is not a requirement under the *Historical Resources Act*.

### **Budget/Financial Implications**

The total grant of \$5 million (a maximum of \$500,000 per year over a 10 year period) from the existing Heritage Reserve is no longer required. With the repeal of Bylaw 20084, the funding for this grant will be made available to other properties on the Inventory of Historic Resources through designation as Municipal Historic Resources.

Administration is considering a number of potential heritage designations and projects for the Reserve funds, which will be brought forward for Council approval as required. Based on the current commitments, and excluding the funding previously allocated for Hangar 11, the Reserve balance is anticipated to be \$4.6 million at the end of 2025 and \$2.9 million at the end of 2026. The Reserve is funded by the tax levy on an annual basis (\$2.0 million per annum in 2025 and in 2026).

### **Legal Implications**

The passing of a bylaw to repeal Bylaw 20084 is recommended given the historical elements have been lost and to support the City to move forward with selling the property to a new owner to accommodate redevelopment.

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### **Attachments**

1. Bylaw 21170 - To Repeal Bylaw 20084, a Bylaw to Designate Hangar 11 as a Municipal Historic Resource
2. Location Map
3. Bylaw 20084 - To Designate Hangar 11 as a Municipal Historic Resource

### **Others Reviewing the Report**

- M. Gunther, Acting City Solicitor