

Subject: Declaration of Surplus and Authority to Transfer – 172 O’Connor Street

File Number: ACS2025-SI-HSI-0012

**Report to Finance and Corporate Services Committee on 30 June 2025
and Council 23 July 2025**

Submitted on June 19, 2025 by Geraldine Wildman, Interim Director, Housing Solutions and Investment Services, Strategic Initiatives Department

Contact Person: Peter Radke, Manager, Realty Initiatives and Development

613-580-2424 ext. 1255, Peter.Radke@ottawa.ca

Ward: Somerset (14)

Objet : Déclaration de terrains excédentaires et pouvoir de transférer la propriété se trouvant au 172, rue O’Connor

Dossier : ACS2025-SI-HSI-0012

Rapport au Comité des finances et des services organisationnels

le 30 juin 2025

et au Conseil le 23 juin 2025

Soumis le 19 juin 2025 par Geraldine Wildman, directeur par intérim, Solutions de logement et Investissements

Personne ressource : Peter Radke, Gestionnaire, Initiatives immobiliere et développement

613-580-2424 ext. 1255, Peter.Radke@ottawa.ca

Quartier : Somerset (14)

REPORT RECOMMENDATION(S)

- 1. That the Finance and Corporate Services Committee declare the property 172 O'Connor Street, legally described as PLAN 2996 PT LT 41 OCONNOR W., and shown on Document 1, as surplus to municipal needs.**
- 2. That the Finance and Corporate Services Committee recommend Council approve the following:**
 - a. Waive the requirement in Section 2.3 of the City's Real Property Disposal Policy to solicit offers for the disposal of the subject property.**
 - b. Waive the requirement in Section 5 of the City's Real Property Disposal Policy to provide notice of the proposed disposal for the subject property.**
 - c. Approve the sale of the subject property to Michael and Lorena Imeson, operators of Centretown Suites pursuant to a Letter of Intent between the City of Ottawa and the Centretown Suites dated June 3, 2025 (attached as Document 2) and as described in this report;**
 - d. Delegate authority to the Director, Housing Solutions and Investment Services, to negotiate, conclude, and execute, on behalf of the City, the final documents required to complete this transaction, within the contractual and financial parameters set forth in this report; and**
 - e. Direct staff to undertake the public marketing of the property per the City's Real Property Disposal policy should an agreement not be reached with the intended purchaser described in this report, which may include the transfer of the site to Build Ottawa.**

RECOMMANDATION(S) DU RAPPORT

- 1. Que le Comité des finances et des services organisationnels déclare la propriété située au 172, rue O'Connor, décrite légalement comme constituant le PLAN 2996, partie du lot 41 OCONNOR O, et figurant sur le document 1, comme excédentaire par rapport aux besoins de la municipalité;**

2. Que le Comité des finances et des services organisationnels recommande au Conseil d'approuver ce qui suit :

- a. Lever l'exigence de l'article 2.3 de la Politique sur l'aliénation des biens immobiliers de la Ville afin de solliciter des offres pour la propriété en question.**
- b. Lever l'exigence de l'article 5 de la Politique sur l'aliénation des biens immobiliers de la Ville afin de diffuser l'avis concernant la proposition d'aliénation pour la propriété en question.**
- c. Approuver la vente du bien immeuble en cause à Michael et Lorena Imeson, exploitants de Centretown Suites, conformément à une lettre d'intention conclue entre la Ville d'Ottawa et Centretown Suites et datée du 3 juin 2025 (le Document 2 ci-joint), tel que le décrit le présent rapport;**
- d. Déléguer au directeur, Services des solutions de logement et des investissements, le pouvoir de négocier, de conclure et de mettre en œuvre, au nom de la Ville, les documents finaux requis aux fins de cette transaction, conformément aux paramètres contractuels et financiers énoncés dans le présent rapport.**
- e. Demander au personnel de procéder à la mise en marché publique de la propriété conformément à la Politique sur l'aliénation des biens immobiliers de la Ville si aucun accord n'est conclu avec les acheteurs décrits dans le présent rapport, ce qui pourrait comprendre le transfert du site à Bâtir Ottawa.**

EXECUTIVE SUMMARY

This report includes recommendations to declare the City-owned property 172 O'Connor Street surplus to municipal needs and to waive sections of the City's Disposal of Real Property Policy in order to take a sole-source approach to the proposed transfer of the subject site to Michael and Lorena Imeson operators of Centretown Suites.

The property includes an existing three-storey building that was constructed in 1910 as the Rothesay Apartments, a rooming house for women. It was transferred to public ownership in 1994 and recently was used as a shelter operated by Cornerstone Housing for Women. The building is currently vacant.

The report provides rationale on the recommendation to dispose of the property which includes that it is no longer required for a municipal program following the relocation of the shelter use in the fall of 2024, as well as the inability to provide for an affordable housing program with consideration of the cost and risk associated with this development type.

The report explains the intentions of the prospective purchasers Michael and Lorena Imeson to adapt the existing building into a rooming house for women. They are experienced rooming house operators, owners of the adjacent property 137 Nepean Street, as well as participants in the Operation Come Home master lease program, which provides housing for at-risk youth.

Document 1 of the report provides details of the location of the site and Document 2 is a Letter of Intent provided by the prospective purchasers and outlines the foundation for which an agreement of purchase and sale will be drafted.

This report relates to a report that was brought forward by Heritage Planning staff to the Built Heritage Committee on May 13, 2025 (ACS2025-PDB-RHU-0023), to designate the building as heritage under Part IV of the *Ontario Heritage Act*. That recommendation was approved by the Committee on May 13, 2025, and by Council on June 11, 2025.

RÉSUMÉ

Le présent rapport fait état des recommandations pour déclarer la propriété située au 172, rue O'Connor et appartenant à la Ville excédentaire aux besoins municipaux et pour lever les exigences de certains articles de la Politique sur l'aliénation des biens immobiliers de la Ville afin de procéder au transfert proposé du site en question à Michael et à Lorena Imeson, exploitants de Centretown Suites, sans appel d'offres.

La propriété comprend un immeuble de trois étages, construit en 1910 en tant que maison de chambres pour femmes (*Rothsay Apartments*). Elle est devenue une propriété publique en 1994 et a récemment été utilisée comme refuge par Le Pilier, logements pour femmes. Le bâtiment est actuellement inoccupé.

On recommande l'aliénation de la propriété notamment parce qu'elle n'est plus requise par la Ville à la suite du déménagement du refuge à l'automne 2024 et parce que la Ville est incapable de fournir un programme de logement abordable en raison des coûts et des risques associés à ce type de projet d'aménagement.

Le présent rapport explique l'intention des acheteurs éventuels Michael et Lorena Imeson de transformer le bâtiment existant en maison de chambres pour femmes. Ces derniers exploitent des maisons de chambres depuis longtemps et possèdent la propriété adjacente située au 137, rue Nepean. Ils participent également au programme de bail Opération rentrer au foyer, qui fournit des services d'hébergement à des jeunes à risque.

Le document 1 qui accompagne le présent rapport fournit des détails sur l'emplacement du site, et le document 2 est une lettre d'intention fournie par les acheteurs éventuels qui jette les bases de l'ébauche de la convention d'achat et de vente.

Le présent rapport fait suite à un rapport présenté par le personnel de la Planification du patrimoine au Comité du patrimoine bâti le 13 mai 2025 (ACS2025-PDB-RHU-0023) en vue de désigner le bâtiment comme un bâtiment patrimonial en vertu de la partie IV de la *Loi sur le patrimoine de l'Ontario*. Cette recommandation a été approuvée par le Comité le 13 mai 2025, puis par le Conseil, le 11 juin 2025.

BACKGROUND

The subject property, 172 O'Connor Street, shown in Document 1 of this report, is located on the north-west corner of O'Connor Street and Nepean Street and was formerly the site of a shelter use operated by Cornerstone Housing for Women. The shelter operation was re-located in Spring 2024 and the existing building is currently vacant.

The site is zoned R5B[1345] F(3.0) – Residential Fifth Density, Subzone B, Exception 1345, FSI 3.0, and is subject to the Mature Neighbourhoods Overlay. This zone permits high density residential uses, shelters, and limited personal service and retail type uses. It has an approximate area of 391 square meters. (4,208 square feet)

The existing building is 3-storeys with a gross floor area of approximately 14,040 square meters (15,500 square feet). It is listed on the City of Ottawa Heritage Register and on May 13, 2025, Built Heritage Advisory Committee approved a recommendation by staff to designate the building as heritage under Part IV of the Ontario Heritage Act. The recommendation was also approved by Council on June 11, 2025.

DISCUSSION

In October 2022, the Asset Management branch conducted a routine building condition audit (BCA) of the subject property, the purpose of which was to identify what, if any, maintenance or repairs may be required in the short and long term so that the City may plan for such work. At that time, a number of issues were identified, and discussions were initiated with Community and Social Services Department (CSSD) about the future of the shelter use at this location.

In April 2023, Asset Management contracted Concentric Engineering to perform an emergency structural inspection because facility staff were concerned about the visual appearance of the building's floors. Though the building was deemed safe, there continued to be areas of concern, such as the foundation walls where it was recommended that repairs on this structural element should not be deferred past 2025.

Given the required costs associated with short and long-term repairs, and to retrofit the building to meet current standards for shelter uses, staff recommended that the shelter use be relocated to a place where larger capacities can be accommodated, and better functional service delivery can be provided. The subject property is not accessible, particularly for clients with mobility constraints. The hallway widths, door frames, and bathrooms do not meet accessibility requirements. Common spaces including the kitchen and office space are not large enough to adequately deliver required services;

and the overall layout of the building provides safety concerns given multiple areas with poor visibility hindering the ability to monitor activity.

In October 2024, an internal and utility circulation was undertaken to seek comments on the proposed disposal. No departmental needs for the property were identified and no concerns with this proposed disposal were raised. The consultation process included the City's Homelessness Programs & Shelters unit who, as previously noted, determined that given the significant investment required to retrofit the site, would not be feasible for another shelter use.

The City's Affordable Housing Program staff also reviewed the potential for affordable housing (AH) and confirmed this site was not desired for an AH development. Through the Municipal Land Strategy, a Housing Accelerator Fund (HAF) Initiative, staff developed and are utilizing evaluation criteria to identify City-owned sites that should be prioritized for affordable housing by not-for-profit housing providers. This site was evaluated using such criteria and staff determined that it should not be prioritized as the site involves complexity and risk given the age and layout of the existing building.

However, the Municipal Land Strategy also includes targets for both affordable and market housing, and staff believe that this site presents an opportunity to contribute to the delivery of a market housing form that is needed in the city, therefore contributing to its overall housing goals.

Heritage Status

The property is currently listed on the City of Ottawa Heritage Register under the Ontario Heritage Act. Through an ongoing review of the Register prompted by recent provincial legislation changes, Heritage Planning staff identified this building as a possible candidate for designation. Given that the property is being considered for disposal, Heritage Planning staff advanced consideration of the property for designation and have recommended that Council designate the property under Part IV of the Ontario Heritage Act prior to the sale of the property. The recommendation to designate the building (report ACS2025-PDB-RHU-0023) was approved by Built Heritage Advisory Committee on May 13, 2025, and by Council on June 11, 2025. The recommendation was made according to Official Plan policies 4.5.3 (7) and (8) which directs the designation and protection of City-owned built heritage resources where merited. If Council decides to designate the property, Heritage Planning staff will work with the proponent to ensure that any development proposal conserves the important heritage attributes of the property while allowing the property to be adapted for a new use. It is

recommended that only the exterior of the building be protected through a heritage designation.

Sole Source

As noted in recommendations 2a and 2b, staff are recommending that the requirement for the public marketing of the sale of the site be waived in order to sole source the sale to Michael and Lorena Imeson, who are the current owners of the adjacent property at 137 Nepean Street. The Imesons expressed interest in acquiring the property for the purpose of adapting the existing building into a multi-unit rooming house. The proposed development will be targeted to young professional women, seeking affordable and safe housing as they begin their careers. This is a unique service largely unavailable in the marketplace and is currently being partially fulfilled by the proposed purchasers at their existing properties.

Michael and Lorena Imeson currently operate two licensed rooming houses within the city, under the name of Centretown Suites. Licenses to operate rooming houses are issued by the City of Ottawa and as current operators of rooming houses, the Imesons are known to Community and Social Services staff as being reputable property owners. City Realty staff believe that the proposed use is desirable to the City as it will contribute to the variety of housing forms available, especially to support an equity deserving group.

The Imesons also partner with Operation Come Home (OCH), an organization that provides support for at-risk youth through a variety of programs including the provision of housing. Michael and Lorena Imeson allocate units to OCH through their master lease program and are known to the organization for their positive working relationship and for providing safe and clean properties. Participants who receive units through this program also take part in other harm reduction programs such as counselling, education, and employment.

Letter of Intent

As noted in recommendation 2c, staff are recommending the direct sale to Michael and Lorena Imeson, and are seeking the approval of a Letter of Intent (LOI), shown in Document 2 – Letter of Intent. The LOI describes the conditions under which the City will agree to sole source the property, which includes that the property must be used for rental housing geared towards an equity deserving group. Additional details include the expected purchase price of \$700,000 and a clause that would allow the City to buy-back the property at the original sale price should the future Owners not maintain the

intended use. Should the future Owners also have interest in transferring the site to another party, the City will have the opportunity to buy-back the site at the original sale price or ensure that the prospective purchaser assumes the terms of the original agreement, which includes maintaining the intended use for a period of 10-years from the time of the original transfer.

The sale price is supported by a market appraisal of the land and buildings, which has been accepted by the purchasers. The intended use must be maintained for a period of 10-years, after which the property may be used in other ways as directed by other planning policies or regulations related to development of the property. This includes transferring the site to another party. The LOI is not binding, but outlines the expectations and provides direction for the preparation of the Agreement of Purchase and Sale (APS). Following the transfer of the site, an agreement will be registered on title outlining these conditions.

Recommendation 2d delegates authority to the Director, Housing Solutions and Investment Services to negotiate the terms of the sale with the prospected purchasers prior to entering into an APS. Should an agreement not be reached, recommendation 2e will allow staff to undertake the standard real property disposal process, which may include transferring the property to Build Ottawa for disposal and redevelopment.

AFFORDABLE HOUSING LAND AND FUNDING POLICY

The Affordable Housing Land and Funding Policy approved by City Council on 26 April 2017, advances the vision and targets established in the 10-Year Housing Homelessness Plan, the Official Plan and other Council-approved affordable housing initiatives. The Policy also requires that the Official Plan target of 25 per cent affordable housing be met on any City owned property where existing or proposed zoning allows for residential uses. These zones include:

- All residential zones (R) - Village and rural residential zones (RR, RU, VM, V1 – V3)
- Mixed use/Commercial Zones (TM, AM, GM, MC, MD and TD); and
- Institutional zones (I1 and I2).

Where property is disposed of without a condition requiring an affordable housing component in any of the above zones, 25 per cent of the net proceeds from the sale are

to be credited to the Housing Reserve Fund account to be used for the development of affordable housing elsewhere in the City.

The subject property has zoning that meets the terms of the Affordable Housing Land and Funding Policy. Therefore, 25 per cent of the net proceeds from each sale would be applicable.

PARKLAND ACQUISITION AND FUNDING THROUGH PROPERTY DISPOSAL POLICY

The Parkland Acquisition and Funding Through Property Disposal Policy approved by City Council on July 6, 2022, requires that a portion of the net proceeds from the sale of City lands be directed towards the development of municipal parkland and recreation facilities to meet the targets of the Parks and Recreation Facilities Master Plan (2021).

The policy applies to the sale of surplus City owned land that, at the time of disposal is not zoned as parkland, considered municipal parkland, or used as a parks and recreation facility.

When a property is disposed that meets the policy application, 25 per cent of the net proceeds from the sale are to be credited to the Parkland account for the development of municipal parks and recreation facilities, or a minimum of 25 per cent of the City's net proceeds from sale are to be transferred to the fund designated for municipal parks and recreation. Alternatively, 25 per cent of the land area subject to disposal can be retained by the City for recreation uses.

The subject land recommended for disposal in this report falls within the policy application; therefore 25 per cent of the net proceeds from the sale will be credited to the Parkland account for the development of municipal parks and recreation facilities.

FINANCIAL IMPLICATIONS

A letter of intent has been executed with an expected purchase price of \$700,000 and a clause that would allow the City to buy back the property at the original sale price. The Director, Housing Solutions and Investment Services has the delegated authority to negotiate, conclude, and execute the agreements for the sale of this property. The Parkland and Acquisition and Funding Through Property Disposal and the Affordable Housing Land & Funding Policy apply on the future disposal, as such net proceeds will be transferred to the City Wide Capital Reserve, the Affordable Housing Reserve, and the Parkland Reserve.

LEGAL IMPLICATIONS

There are no legal impediments to implementing the recommendations in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

Ward Councillor Ariel Troster is aware of the report.

ADVISORY COMMITTEE(S) COMMENTS

On May 13, 2025, Built Heritage Advisory Committee approved a recommendation to designate the building located on the subject site as Heritage under Part IV of the Ontario Heritage Act.

CONSULTATION

Public notice of this report to Finance and Corporate Services Committee was provided. An internal and utility circulation was completed on October 18, 2024 and no departmental needs for the property were identified and no concerns with this proposed disposal were raised.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

ASSET MANAGEMENT IMPLICATIONS

There are no Asset Management Implications associated with this report. The implementation of the Comprehensive Asset Management program enables the City to effectively manage municipal infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users. This is done in a socially, culturally, environmentally, and economically conscious manner. The recommendations documented within this report show that no departmental needs were identified for the property, and that it is no longer able to efficiently support City services. Asset Management supports the staff recommendation for disposal of this property as it avoids immediate and future capital expenditures that could be diverted to other priority needs. With approval, staff will remove this property from the City's inventory and associated financial forecasts from the Community and Social Services Asset Management Plan.

CLIMATE IMPLICATIONS

There are no climate implications associated with this report

DELEGATION OF AUTHORITY IMPLICATIONS

This report recommends that authority be delegated to the Director, Housing Solutions and Investment Services, to negotiate, conclude, and execute the agreements for sale of this property. This authority allows for the acceleration of this transaction in order to readily contribute to the achievement of the City's housing targets, which includes a variety of housing choices.

ECONOMIC IMPLICATIONS

There are no economic implications associated with this report. The site provides opportunities for adaptive reuse which could provide for new housing or institutional uses.

ENVIRONMENTAL IMPLICATIONS

A Phase I Environmental Site Assessment (ESA) and Designated Substance Survey (DSS) were completed at the property in 2008. The report identified potential environmental concerns associated with a historic retail fuel outlet north of the site, potential use of oil and/or coal for historic heating on-site, and the potential presence of poor-quality fill on the site. The report also identified the presence of asbestos containing materials, lead-based paints, and other designated substances in the building. A copy of the Phase I ESA and DSS report was provided to the proposed purchaser.

INDIGENOUS GENDER AND EQUITY IMPLICATIONS

There are no indigenous, gender, nor equity implications associated with this report. The proposed re-development will be targeted towards supporting women by providing safe and clean housing options for them.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

TERM OF COUNCIL PRIORITIES

2 - Increase housing units built of all types

SUPPORTING DOCUMENTATION

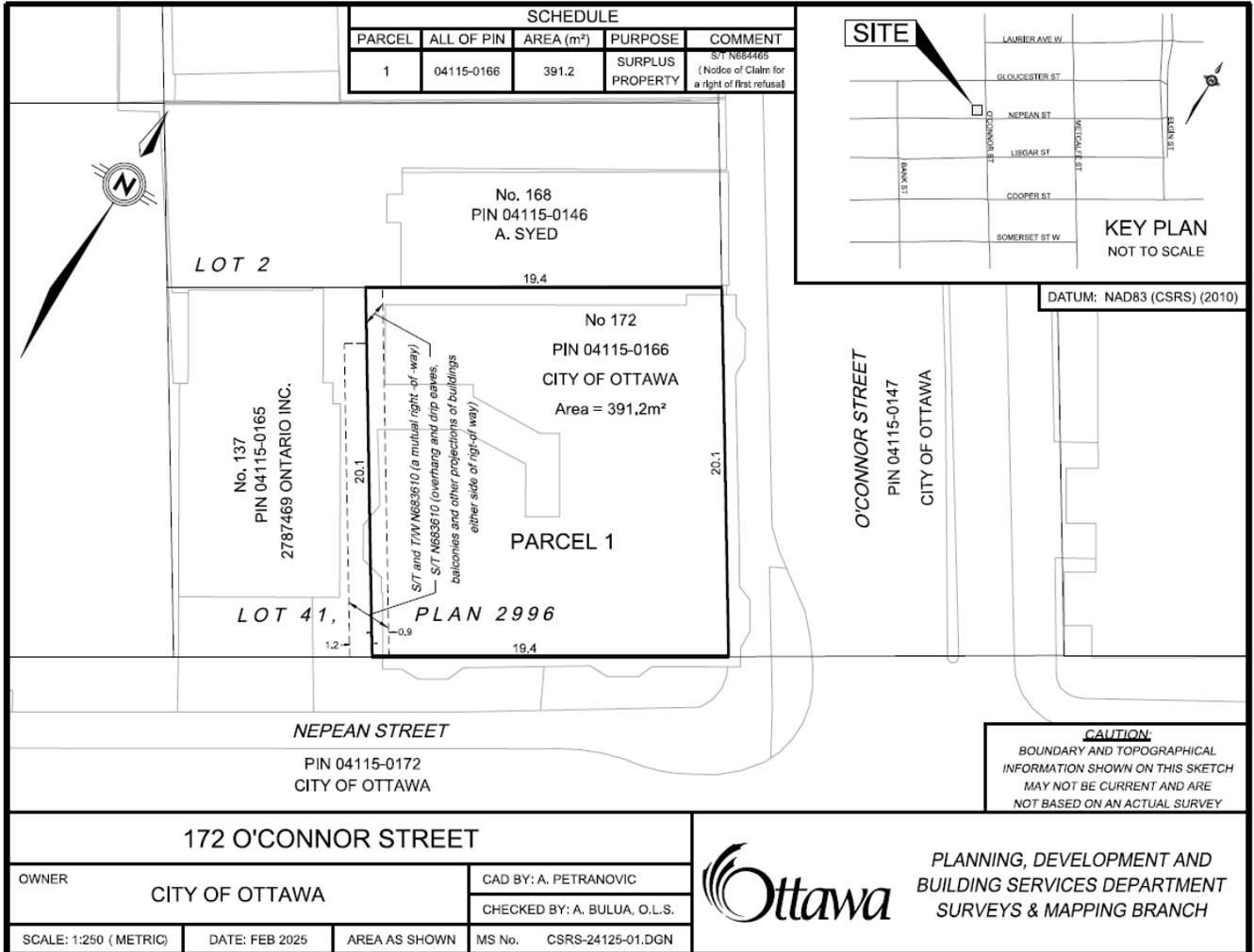
Document 1 – Property Sketch, 172 O’Connor Street

Document 2 – Letter of Intent for Michael and Lorena Imeson

DISPOSITION

Housing Solutions and Investment Services and Legal Services will work on the preparation of an agreement and purchase and sale and finalize the transfer of the property.

Document 1 – Property Sketch, 172 O'Connor Street



PLANNING, DEVELOPMENT AND
BUILDING SERVICES DEPARTMENT
SURVEYS & MAPPING BRANCH