



## REPORT

Report Date: December 16, 2020  
Contact: Neil Hrushowy/Jose Fernandez Garcia  
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RTS No.: 14172  
VanRIMS No.: 08-2000-20  
Meeting Date: January 19, 2021  
[Submit comments to Council](#)

TO: Vancouver City Council  
FROM: General Manager of Planning, Urban Design and Sustainability  
SUBJECT: Downtown Eastside Special Enterprise Pilot Program

### **RECOMMENDATION**

- A. THAT Council approve the proposed Special Enterprise Program (SEP) pilot to address the issues of commercial vacancies, affordability, community serving un-used space upgrade needs, capacity building, and retention of heritage and community-serving businesses, non-profits and social enterprises with a special focus in Chinatown and the Downtown Eastside.
- B. THAT Council approve an initial amount of \$500,000 to advance the objectives of the SEP. The source of funding is the Downtown Eastside Capital Grants funding under the Multi-Year Capital Project Budget of 2021. This SEP fund will be disbursed according to set guidelines and criteria for the following initiatives:
  - i. \$150,000 to continue supporting the Community-serving Retail project in Chinese Society Buildings led by the Strathcona Business Improvement Association, and Council deems any recipient of the funds to be an organization that contributes to the welfare of the City;
  - ii. \$150,000 to provide capacity building to businesses, non-profits and social enterprises (especially heritage and community-serving businesses). Staff will bring back the proposed grant allocations under this category for Council approval as the SEP is implemented; and
  - iii. \$200,000 to assist potential non-profit and/or social enterprise tenants gain access to affordable spaces and cover the cost of tenant improvements of vacant and underutilized spaces in exchange for affordable below market

rentals. Staff will bring back the proposed grant allocations under this category for Council approval as the SEP is implemented

Approval of recommendation B(i) requires at least 2/3 affirmative votes of all Council members under Section 206 (1) of the *Vancouver Charter*.

## **REPORT SUMMARY**

Council approved the Downtown Eastside (DTES) Plan in March 2014, setting out the policies, strategies, Quick Start and Short Term actions needed to achieve the long term vision that “the neighbourhood will be made up of mixed-income communities with a range of affordable housing options (including social housing) for all residents, local serving commerce, social services and cultural activities where all feel welcome, valued and at home”.

The DTES Plan established four strategic directions to foster a robust, competitive, resilient and sustainable economy while maintaining a high quality of life for its residents and workers: *attract new businesses; retain local businesses; enhance local serving retail; and encourage inclusive local employment*. In 2014, Council recognized the need for a coordinated approach to community economic development. The Community Economic Development (CED) Strategy articulated that coordinated approach and builds on both past and current efforts to improve the health of the local economy. Both the DTES Plan and the CED Strategy seek to improve connections between community assets and partners to improve income and livelihoods of DTES residents.

Engagement conducted through the *Employment Lands and Economic Review (ELER)* in 2020 revealed a broad range of challenges for retail and commercial areas across the city, including: viability of small businesses; increased vacancy; affordability of premises; time and complexity of permitting; restrictive/outdated City regulations; and maintenance, safety and quality of the public space. Covid-19 has exacerbated these challenges and reinforced the need for coordinated action.

This report outlines the proposed Special Enterprise Program (SEP), which is intended as a pilot program commencing in the DTES and Chinatown. This is to address the severe shortage of affordable space; issues of vacant storefronts; loss of heritage and community-serving businesses; and access to affordable spaces. There is also a need to enhance the capacity of small local serving/social impact businesses to improve their business models and operations to be more competitive and thrive in the future business environment. The SEP would have three main strategic components:

- Providing supports to build the resilience and capacity of small businesses, non-profits and social enterprises through various business supports and community stewardship;
- Curation and tenanting of affordable spaces to enable community serving retail in Chinese Society buildings; and
- Activation of vacant and underutilized spaces to support small community serving activities, cultural organizations, non-profits and social enterprises.

The implementation of the pilot is a proposed partnership between *Planning, Urban Design & Sustainability* and *Arts, Culture & Community Services*, key divisions including Community Planning, Social Policy & Projects and Cultural Services, and led by a Staff Technical Team with representatives from the DTES Planning (PDS), Economic Development (PDS), Social Policy

(ACCS) and Cultural Services (ACCS). Each partner brings deep knowledge, expertise and connections with the non-profit sector, business sector and funding partners that can help facilitate implementation of the SEP.

The proposed SEP is intended help leverage funds from other funding partners, such as Foundations and senior levels of government. Funds will be allocated to eligible applicants based on an implementation plan with clear funding guidelines, eligibility criteria and an implementation structure developed by the Staff Technical Team. The three SEP areas of focus are proposed to be implemented by a group of local non-profit organizations whose role would be to assist heritage businesses, social enterprises, social and cultural non-profit organizations to find solutions that support their operations. The Staff Tech Team will monitor progress, evaluate the outcomes and impacts, and provide an update to Council on an annual basis.

Staff is recommending Council approve this pilot program to advance the economic revitalization objectives in the DTES Plan and the CED Strategy, and to respond to immediate economic development needs and opportunities in the neighbourhood. The proposed SEP also supports/aligns with the City's recovery strategy and other arts and culture initiatives currently under development.

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

- Employment Lands and Economy Review Phase 2: Emerging Directions for Consideration Through the Vancouver Plan (2020)
- Culture | Shift: Blanketing the City in Arts and Culture (2019)
- Making Space in Arts and Culture (2019)
- Downtown Eastside Community Economic Development Strategy (2016)
- Healthy City Strategy (2015-2025)
- Downtown Eastside Plan (2014)
- Downtown Eastside Social Impact Assessment (2014)
- City of Reconciliation Framework (2014)
- Chinatown Neighbourhood Plan and Economic Revitalization Strategy (2012)
- Vancouver Economic Action Strategy (received by Council 2012)

### ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

The Acting City Manager recommends approval of the Special Enterprise Program pilot for a period of five years (2021-2026). This is a long overdue and needed Program that allocates funding to initiatives with significant economic, social and cultural benefits, complementing efforts of the DTES Plan, the CED Strategy, the Healthy City Strategy and other related initiatives, including Culture Shift and Making Space in Arts and Culture. The recommendations outlined in this report will provide supports needed for the economic revitalization of Chinatown; activation of vacant and underutilized spaces in exchange for long term, affordable leases; assist the BIAs in the DTES in dealing with community safety and business environment improvements; and capacity building opportunities for heritage businesses, non-profits, social enterprises to improve and expand their operations.

## **REPORT**

### **Background/Context**

The Downtown Eastside (DTES) is located on the traditional, unceded territories of the x̱w̱məθḵw̱əy̱ əm (Musqueam), Sḵwx̱w̱ú7mesh (Squamish) and sə́l ilwətaʔṯ (TsleilWaututh) Nations, and comprises the seven mixed income neighbourhoods of Gastown, Victory Square, Chinatown, Downtown Eastside Oppenheimer District, Thornton Park, Strathcona and the Industrial Lands.

Unforeseen challenges in the neighbourhood continue to greatly impact the well-being of those who live, work and visit the DTES including:

- the overdose crisis;
- increasing street homelessness and housing affordability;
- lack of access to social and cultural places, and spaces for low-income residents;
- affordability of spaces for non-profits, social enterprises, arts and culture groups, and cultural/heritage businesses;
- the impacts of rising triple net lease rents, property costs, and building upgrade costs on retail and commercial space; and
- most recently, the Coronavirus public health emergency.

Despite the high level of poverty and vulnerability, the DTES is a very creative, diverse area with close-knit communities, a mix of land uses, unique heritage assets and cultural amenities. The DTES Plan provides the 30-year vision, strategies and policies needed to achieve a better quality of life for the residents, and improved opportunities for businesses and industries.

### **1. Legacy Businesses Study**

Chinatown, along with other neighbourhoods, is struggling with the dramatic loss of businesses of cultural and historical importance that contribute to neighbourhood identity. A recent analysis shows a vacancy rate of about 17.2% in Chinatown<sup>1</sup> while the Commercial Retail Study<sup>2</sup> conducted in 2019 shows that the vacancy rate in the six shopping districts within the study area and outside the DTES was between 4%-12%.

A Legacy Business Study report was produced in 2017 by LOCO Business Network Society of BC and partners in response to community concerns and investigated potential tools for slowing the rate of change, and it explored different measures of protection for such businesses based on the City of San Francisco's Legacy Business Program.

Through engagement with Chinatown residents, the consultants found that residents value businesses that contribute to the area's unique identity and history. They reported that they value those that contribute to the aesthetic of the neighbourhood, contribute to Chinese Canadian culture, provide service in Chinese language(s), and are small, family owned or multi-generational businesses. They also value the right mix of businesses that contribute to meeting their daily needs without having to drive to another area, and hope to keep a range of affordable options that serve those on lower incomes including Chinese seniors. Based on this, the consultants proposed to move away from the term "*legacy business*" (something transmitted by, or received, from an ancestor or predecessor or from the past) and use the term "*heritage*

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<sup>1</sup> City of Vancouver, October 2020

<sup>2</sup> Commercial Retail Study, City of Vancouver (2019)

*business*" (based on values and their attributes, and often more complex and nuanced than legacy) to address the living heritage, culture and identity of Chinatown.

The study proposed several potential next steps that the City of Vancouver could pursue to support heritage businesses, including:

- Developing a heritage business registry, which includes confirming neighbourhood values and attributes, as well as developing a committee of Chinatown representatives tasked with determining a process to assess businesses against those values;
- Developing a plan with business support tools for heritage businesses;
- Investigating the drivers of business closures and the needs of heritage businesses;
- Engaging property owners and developers to develop affordable leases; and
- Investigating municipal tools to reduce commercial property tax for buildings that lease to heritage businesses.

## **2. Vacant space activation**

A research study conducted in partnership with the Vancouver Economic Commission (2019) demonstrated that there are growing needs for businesses, non-profits and artists to expand operations, but they face barriers to finding suitable, affordable spaces<sup>3</sup>.

- More than 55 organizations were looking for space (~ 3,000 SF) in the DTES and the Flats in 2019: artist collectives, start-ups, social enterprises, small manufacturers, small-scale food processors and other small businesses.
- Most businesses are less than 10 years old, have few employees (fewer than 10) and are looking for stable, longer term leases of at least 5 years;
- The vacant space inventory revealed there is a surplus of large, mostly poor-quality sites.
- There is a \$5/SF per annum rental affordability gap (or more) if they were to move from current space to a future space.
- Vacancy in existing shared spaces<sup>4</sup> is low—about 15,000 SF are available out of over 400,000 SF in the project area. Limited vacancy in existing shared industrial space points to the success in providing smaller scale, supportive space at more affordable rates, and shared services, tools and mentorship available at professionally managed industrial co-working spaces.

### ***Strategic Analysis***

Based on the evolving challenges in the DTES and the recommendations of multiple studies, staff proposes to develop and implement the SEP to preserve and strengthen the cultural diversity, long-term viability, and economic opportunity of heritage businesses, social enterprises, non-profit organizations and co-ops. Table 2 summarizes the different components of the proposed SEP (see Appendix A for more details).

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<sup>3</sup> Vancouver Economic Commission, Activate DTES and the Flats (Phase I), November 2019

<sup>4</sup> Existing shared spaces in this study include professionally run shared commercial properties such as BC Artscape and Creative Coworkers. Informal shared spaces whereby commercial leases held by one business and sub-let to other commercial tenants on a more casual basis were not included in this stat.

**Table 2. Summary of the SEP**

1. Goals	<ul style="list-style-type: none"> <li>• Attract and prevent the displacement of heritage and community-serving businesses, cultural organizations, non-profit organizations and social enterprises in the DTES and other commercial areas;</li> <li>• Enhance the capacity of the small business sector to adapt to the current business environment and improve operations; and</li> <li>• Assist property owners (non-profit/for-profit with a social mandate) in activating their vacant spaces with businesses or other activities that align with permitted uses, current policies and that respond to community needs.</li> </ul>	
2. Location	<ul style="list-style-type: none"> <li>• The DTES, with special focus in the Chinatown Historic Area and surroundings areas.</li> </ul>	
3. Areas of focus	<ul style="list-style-type: none"> <li>• Affordable spaces;</li> <li>• Business supports;</li> <li>• Community-serving retail in Chinese Benevolent Society buildings.</li> </ul>	
4. Business categories	<ul style="list-style-type: none"> <li>• Heritage businesses;</li> <li>• Community-serving and social enterprises;</li> <li>• Non-profit/For-profit properties with a social purpose.</li> </ul>	
5. Type of supports	<p style="text-align: center;"><b>Business supports</b></p> <ul style="list-style-type: none"> <li>• Marketing and promotion methods</li> <li>• Succession planning</li> <li>• Business practices and mentorships</li> <li>• Business development</li> <li>• Community stewardship</li> <li>• Rental supplements (TBD)</li> </ul>	<p style="text-align: center;"><b>Space renovation</b></p> <ul style="list-style-type: none"> <li>• Tools, equipment, furnishings</li> <li>• Space design and layouts</li> <li>• Tenant improvements</li> <li>• Tenant curations</li> <li>• Tenant relocation</li> </ul>
6. Implementation	<ul style="list-style-type: none"> <li>• Partnership between PDS and ACCS</li> <li>• Structure: <ul style="list-style-type: none"> <li>○ Staff Tech Team: DTES Planning (PDS), Economic Development (PDS), Community Economic Development (ACCS), Cultural Services (ACCS);</li> <li>○ Advisory Panel: City staff (PDS, DBL, ACCS, REFM), the Vancouver Economic Commission, funding partners and the community;</li> <li>○ Project Manager; and</li> <li>○ Managing Partner (subject to confirmation).</li> </ul> </li> </ul>	

The SEP presents a strategic opportunity to advance key priority areas identified in the DTES Plan. The grants recommended summarized in Table 3 align with the three SEP *areas of focus*. These grants will be considered seed capital to help leverage external (non-City capital) funds from other funding partners and senior levels of government. As the pilot program evolves, it is expected that these funds could be managed by a host financial institution. Staff will explore the establishment of a partnership with local community foundations to act as the Managing Partner when the progress of the pilot has demonstrated a need for this service.

In 2018, the City approved \$100,000 to the Strathcona Business Improvement Association to implement the community-serving retail in Chinese Benevolent Society buildings project (RTS 12524). This initiative provided consulting services to Kam Wai Dim Sum, a community-serving and heritage business, operating at the Kong Chow Society Building. With the support provided by these consultants, Kam Wai Dim Sum made the decision to remain in Chinatown, and the Kong Chow Society was able to keep a sustainable income to maintain their building. Staff is recommending Council to approve a grant of \$150,000 for the continuation of this project and support the Chinese Nationalist League Association with building upgrades and the tenancy of vacant commercial space. The grant awarded will be leveraged by other matching funds.

**Table 3: Recommended SEP Grants**

<b>SEP Area of Focus</b>	<b>Organization</b>	<b>Project Description</b>	<b>Amount</b>
Community-serving retail in Chinese Benevolent Society buildings	Strathcona Business Improvement Association	\$150,000 for the continuation of the Community-serving retail in Chinese Society building, including \$100,000 for tenant improvements to the Chinese Nationalist League Association building.	\$150,000
Business Supports	Multiple organizations (to be approved by Council)	Procure the consulting services from various non-profit organizations to provide capacity building to businesses, non-profits and social enterprises (especially heritage and community-serving businesses).	\$150,000
Affordable Spaces	Multiple organizations (to be approved by Council)	Support potential tenants and cover the cost of tenant improvements of vacant and underutilized spaces in exchange for affordable below market rentals.	\$200,000
<b>Total</b>			<b>\$500,000</b>

### ***Financial***

The total amount recommended in this report is \$500,000 in grants for the SEP. The source of funding for each of the recommendations is the Multi-Year Capital Project Budget of 2021 DTES Capital Grant Program. The recommendations in this report specifically allocate \$150,000 of the money, and further allocations of the funds will be the subject of future reports.

### ***Legal***

The City of Vancouver is governed primarily by the *Vancouver Charter*. Under section 206 the *Vancouver Charter*, money grants are subject to a 2/3 vote of all Council members. Section 206 (1)(j) authorizes Council to grant money to any organization it deems to be contributing to the welfare of the City.

**CONCLUSION**

The Special Enterprise Program pilot is a proposed strategic initiative to address the community concerns related to commercial vacancies, affordability, space upgrade needs, capacity building, and retention of heritage and community-serving, non-profits and social enterprises in the DTES and Chinatown. The grant recommendations align with priorities identified in the DTES Plan and the CED Strategy such as attracting and retaining businesses, enhancing local serving retail and encouraging local employment. Staff continues to work with funders, senior levels of government, and staff across City departments and agencies to leverage funding and implement this Program. The City continues engaging with the community to implement actions that help with recovery and revitalization of the DTES economy.

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## Special Enterprise Program

### 1. Purpose

The purpose of the **Special Enterprise Program (SEP)** is to preserve and strengthen the cultural diversity, long-term viability, and economic opportunity for heritage businesses, social enterprises, non-profit organizations and co-ops. The goals of the SEP are to:

- 1- Attract and prevent the displacement of heritage and community-serving businesses, non-profit organizations and social enterprises in the Downtown Eastside and other commercial areas;
- 2- Enhance the capacity of the small business sector to adapt to the current business environment and improve their operations; and
- 3- Assist property owners (non-profit/for-profit with a social purpose) in activating their vacant spaces with businesses or other activities that align with permitted uses, current policies and that respond to community needs.

The implementation of the proposed pilot is in partnership between *Planning, Urban Design & Sustainability* and *Arts, Culture & Community Services*, with staff representing the following groups: DTES Planning (PDS), Economic Development (PDS), Social Policy (ACCS) and Cultural Planning (ACCS). Each partner brings deep knowledge, expertise and connections with the non-profit sector, business sector and funding partners that can help facilitate the implementation of the Program.

### 2. Evolving challenges

- Engagement conducted through the *Employment Lands and Economic Review (ELER)* in 2020 revealed a broad range of challenges for retail and commercial areas across the city, including: viability of small businesses; increased vacancy; affordability of premises; time and complexity of permitting; restrictive/outdated City regulations; and maintenance, safety and quality of the public space. Covid-19 has exacerbated these challenges and reinforced the need for coordinated action.
- A recent commercial/retail study<sup>5</sup> shows that the vacancy rate in six shopping districts was between 4%-12%. The study indicates that a common guideline in the commercial brokerage industry is that a *frictional* or *cyclical* vacancy rate (defined as the vacancy needed for efficient operation of commercial markets) of 5%-7% is healthy, and up to 10% is acceptable, as it allows for business churn and filtering without unduly impacting the overall health and vitality of a precinct.
- The same study mentions that protocols around changing an approved land use and/or building occupancy class represent a significant problem and a potential cause of long-term vacancy. Costly building upgrades can sometimes prevent businesses from occupying older commercial spaces and creates a barrier to *adaptive re-use* of the space, forcing property owners into contemplating an earlier redevelopment of the

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<sup>5</sup> City of Vancouver, Commercial Retail Study- Draft (2019)

property than originally intended. Assisting property owners while requesting compliance with building safety, livability, accessibility and sustainability requirements, especially those properties with a social purpose or deemed a community asset (e.g. Chinese Benevolent Societies), is key to maintain and secure important community assets, create access to space for needed programs and services, and contribute to the revitalization of divested neighbourhoods.

- Data collected in 2017 shows that the vacancy rate in some DTES retail/commercial streets was between 23%-37% with an increase in vacancy along Hastings St. (Richards and to Clark)<sup>6</sup>. A recent analysis (2019) shows a vacancy rate of about 17.2% in Chinatown<sup>7</sup>
- A report from the *Vancouver Economic Commission* (2019)<sup>8</sup> found that more than 55 organizations (e.g. artist collectives, start-ups, social enterprises, small manufacturers, small-scale food processors and other small businesses) are looking for a stable, longer term leases (+5 years) in the DTES and the Flats to expand their operations, but are facing barriers to finding suitable, affordable spaces. The report also found that there is a \$5/sf per annum rental affordability gap (or more) if they were to move to a new space.
- A business inventory (2020) conducted in Chinatown<sup>9</sup> found there are approximately 289 businesses, 168-185 (58%-64%) of these businesses either have cultural connections in Chinatown or have an associated intangible cultural value based on the UNESCO's 2003 Convention for the Safeguarding of the Intangible Cultural Heritage, or both.
- Approximately 47 unoccupied units were found in Chinatown in the summer of 2019, likely a higher count in 2020 and post Covid-19.

### **3. Length of the pilot and locations**

Staff recommends to pilot the SEP for a period of 5 years in the following locations:

- a) Phase 1: the DTES, with special focus in the Chinatown Historic Area and surroundings areas with historic significance; and
- b) Future phases: the pilot may expand to other commercial districts within the city as the City leverage funding from other funding partners and senior levels government.

### **4. SEP- Areas of focus:**

The Program has three areas of focus that respond to the critical needs:

1. *Affordable spaces*- the SEP intends to address the issues of space affordability, equity, aging building stock and vacancies by investing in spaces to incubate local serving small businesses and social enterprises. The goal is to provide supports for tenants (long operating and/or new businesses) to stay in the community, and encourage property owners to enter into long-term, affordable lease agreements with these tenants, activate vacant or

<sup>6</sup> City of Vancouver, DTES Planning, January 2020

<sup>7</sup> City of Vancouver, October 2020

<sup>8</sup> Vancouver Economic Commission, Activate DTES and the Flats (Phase I), November 2019

<sup>9</sup> City of Vancouver, Chinatown Transformation Team, September 2020

underutilized spaces, and secure funding for building upgrades as per COV's policies and regulations. This area of focus includes working with Development, Building and Licensing (DBL) staff to streamline the process for issuing development and building permits to eligible applicants under this Program.

Note: City funds were allocated to the Vancouver Economic Commission to hire a team of consultants to conduct a space needs assessment in the DTES and develop pilot projects under this area of focus.

2. *Business supports*- Local businesses are vital to the city. They are employers, breed entrepreneurs, are more likely to buy local, provide necessary local services, and add character and culture to neighbourhoods, among many more benefits. The SEP proposes to assist with capacity building, whether for business planning, skills training, or organizational development, that focuses on improving business operations and understanding City's processes (e.g. permits).

Note: The Chinatown Transformation Team (PDS-ACCS) is conducting a needs assessment with Chinatown businesses and residents to confirm the number and type of business supports that are needed.

3. *Community-serving retail in Chinese Benevolent Society buildings*- There are 56 Chinese Benevolent Societies in the DTES, 13 of them are within the Chinatown's planning boundary and 10 out of these have vacant units. The SEP will support the creation of opportunities to attract community-serving retail and micro-enterprises in Chinese Benevolent Society buildings as a strategy for vacant space activation.

Note: The DTES Capital Grant is funding a project led by the Strathcona Business Improvement Association (SBIA) to assist legacy businesses and Chinese Benevolent Societies with business development and space renovation. With the assistance of a consultant, Dunefield, the family-owned Kam Wai Dim Sum, located at the Kong Chow Society building, evaluated their best business options, which led them to remain in Chinatown. PDS and ACCS propose to expand this project to support other Society buildings and potentially expand to other commercial areas within the city.

## 5. Business categories:

Businesses and properties have approached the City seeking assistance with funding to purchase equipment, assistance to lease vacant or underutilized space, or expand business operations. The SEP could be the vehicle to provide the funds needed to connect eligible applicants with experts to work with them to identify a solution that best supports their operations. It is clear that by providing access to these type of supports, eligible applicants will be able to retain and grow local jobs, provide goods and services to serve the local needs, and contribute to the economic growth and economic recovery of the neighbourhood.

Based on the above areas of focus, the SEP will provide supports to eligible businesses, non-profit and for-profit groups that fall under the following categories:

1. *Heritage Businesses* – defined as “a business that is shaped by values from a shared past that is recognized and deemed important by the communities of people who frequent the

business and/or the area” (proposed definition by LOCO BC, 2017). This category seeks to provide supports for tenants that contribute to the cultural heritage character of the area.

2. *Community-serving and Social Enterprises* - non-profits or charities, community contribution companies and cooperatives that focus on their community value, whether social, cultural or environmental, re-invest at least half of their profits back to that purpose. (Buy Social Canada, 2019). This category includes businesses that provide affordable goods and services to low income residents.
3. *Non-profit/For-profit Properties with a Social Purpose* – for-profit and non-profit organizations, societies, and cooperatives that own property and hold it for a social purpose (properties and facilities owned and operated by mission-based organizations and investors for the purpose of community benefit, and to achieve blended value returns<sup>10</sup>), provide a wide range of economic, social, cultural and artistic services to residents, especially those considered low-income, and are critical to anchoring communities and stabilizing neighbourhoods.

## 6. **Eligibility criteria**

Generally non-profit enterprises, societies and co-ops that have been in business for a minimum of one year could be eligible. Funding from external funders would be available for profit-making businesses that align with the Program criteria.

# Heritage Businesses

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Contributing and expressing the five identified cultural heritage values of Chinatown: celebrating our identities, caring for each other, positive change and prosperity, honouring heritage and memories, belonging to a living community;

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Historic significance and length of operations in the area;

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Expression and connection to contemporary or historic cultural heritage of Chinatown including specific domains of Intangible Cultural Heritage as defined by UNESCO: social and cultural practises (including performing arts), language, festivals and rituals, neighbourhood history, traditional craftsmanship, and knowledge of nature and universe.

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Priority to Black, Indigenous and People of Colour (BIPOC) businesses (owned and operated).

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<sup>10</sup> Social Purpose Real Estate Collaborative, December 2020, website: <https://www.socialpurposerealestate.net/about/what-is-spre>

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## Community- serving businesses & social enterprises

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Priority to BIPOC enterprises (owned and operated);

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Focus on mission driven businesses and enterprises that incorporate a social purpose into their strategy and operations;

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Alignment with the CoV's plans and strategies: DTES Plan, the Social Impact Assessment, the Community Economic Development Strategy, the Culture Shift Plan and the Healthy City Strategy;

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Contributing to local economic development, arts & culture, etc.;

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Community-serving characteristics with focus on serving vulnerable low-income residents (e.g. affordable, low cost groceries, etc.);

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Details of local employment benefits;

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Length of operations.

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## Non-profit/For- profit properties with a social purpose

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Priority to BIPOC properties (owned);

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Focus on properties that incorporate cultural values, attributes, and a social purpose into their strategy and operations;

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Alignment with the CoV's plans and strategies: DTES Plan, the Social Impact Assessment, the Community Economic Development Strategy, the Culture Shift Plan and the Healthy City Strategy;

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Contributing to local economic development, arts & culture, etc.;

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Length of operations.

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- Other criteria that may apply include:
  - Proof of need for supports. Applicants need to prove there is a financial burden or hardship to continue operations, expand operations, upgrades for space activation.
  - Other factors such as business capacity, the impact of a business in the neighbourhood, may be considered and subject to the availability of external funding.

## 7. Supports

It is proposed that the SEP will provide eligible applicants with business and space renovation supports as follows:

Business supports	Space renovation
<ul style="list-style-type: none"> <li>• Marketing and promotion methods</li> <li>• Succession planning</li> <li>• Business practices and mentorships</li> <li>• Business development</li> <li>• Community stewardship</li> <li>• Rental supplements (TBD)</li> </ul>	<ul style="list-style-type: none"> <li>• Tools, equipment, furnishings</li> <li>• Space design and layouts</li> <li>• Tenant improvements</li> <li>• Tenant curations</li> <li>• Tenant relocation</li> </ul>

## 8. Funding

The SEP mirrors the 2009 Hastings Renaissance Program (HRP) that was implemented in the DTES to improve the streetscape, daylight existing businesses, help to establish new businesses, re-use existing building stock, and secure affordable spaces to foster community-based economic development. Funded through the Great Beginnings funding, this Program provided façade improvement grants only to non-profit organizations that occupied vacant storefronts, and provided funding for a project manager to assist tenants. Through these supports, tenants leveraged City funds to negotiate more favourable lease agreements with property owners. The SEP aims to expand the supports offered through the HRP to include profit-making businesses and properties with a social mandate that contribute to the economic revitalization and well-being of Vancouver residents, with special focus in the DTES and Chinatown residents.

It is proposed that the SEP will establish partnerships with City partners and senior levels of government, and could establish a **Special Enterprise Fund (SEF)** available to eligible applicants. The City will contribute funds as seed capital and leverage funds through funding partners and levels of government. For example, the SEF could be allocated as follows:

Business supports	Space upgrades	Tools/ equipment	Admin costs
Up to \$10,000	Up to \$50,000	Up to \$25,000	5%

There are two potential sources of funding to get the program off the ground:

- DTES Implementation Grants - \$500,000 (pending Council approval).
- Great Beginnings - \$1,000,000 (TBD - *it requires CM approval*)

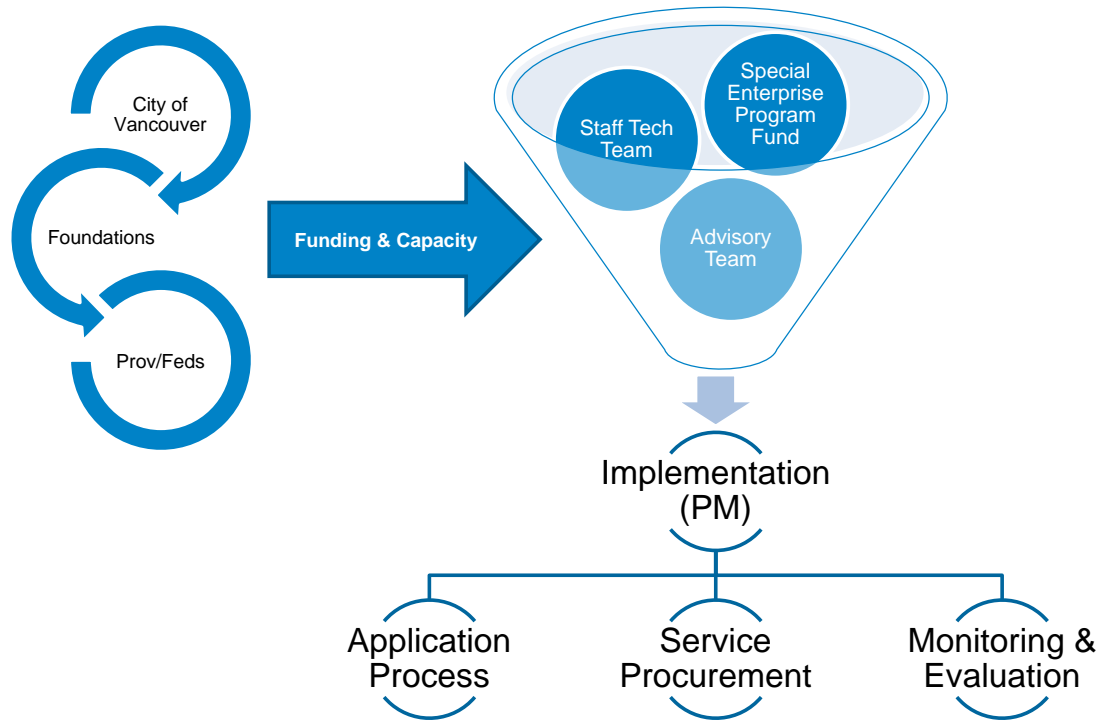
## 9. Implementation

1. An interdepartmental **Staff Tech Team** will be established and coordinated by staff from DTES Planning Team (PDS), Social Policy (ACCS), Cultural Services (ACCS), and Economic Development Team (PDS). The role of the Staff Tech Team is to develop an implementation plan that finalizes the funding guidelines, eligibility criteria and implementation structure (Figure 1);
2. An **Advisory Panel** will be formed with City staff (PDS, DBL, ACCS, REFM), the Vancouver Economic Commission, funding partners and the community (e.g. Exchange Inner City, Eastside Culture Crawl, etc.) Its role is to engage with the community and implement the SEP, including:
  - a. Work with the community and eligible applicants to identify specific needs and supports available;
  - b. Implement an application process, evaluation of proposals, funding allocation, and *Special Enterprise Funding Agreements* with selected projects;
  - c. Procure the services of NPOs or social enterprises with the capacity and knowledge to provide supports to selected projects; and
  - d. Monitor and evaluate the projects.
3. The Staff Tech Team and Advisory Panel will be supported by a **Project Manager** from Business Planning and Project Support (BPPS). This PM will be coordinating the implementation of projects based on the three areas of focus.
4. Staff suggest the following Program phases:

Phase	Description	Timeline
1. <i>Establishment</i>	Implementation of first round of projects under each area of focus, including monitoring and evaluation: <ol style="list-style-type: none"> <li>a) Affordable spaces: TBD</li> <li>b) Business supports: TBD</li> <li>c) Community-serving retail</li> </ol>	2021-2022
2. <i>Scale up</i>	Based on the success of Phase 1, the Advisory Panel could expand the Special Enterprise Fund and identify a <b>Managing Partner</b> (e.g. a financial institution) following the City's procurement process. The role of the MP will be to host and disburse funds.	2022-2024
3. <i>Consolidation</i>	Expansion or conclusion of the SEP	2025+

5. The PM and Staff Tech Team will provide City Council with an update on the Program progress regularly.

Figure 1- Special Enterprise Program Implementation





## Special Enterprise Program Placemat

### Special Enterprise Program

Preserving and strengthening the cultural diversity, long-term viability, and economic opportunities for small businesses, non-profit organizations, cultural groups and social enterprises.

#### Challenges

#### Areas of focus

#### Business categories

#### Program supports

##### Space renovation

- Tools, equipment, furnishings
- Space layouts
- Tenant improvements
- Tenant curations
- Tenant relocation

##### Business supports

- Marketing & promotion
- Succession planning
- Business practices & mentorships
- Business development
- Community stewardship
- Rental supplements (TBD)

### Eligibility criteria

Community-serving & Social Enterprises	Cultural & Heritage Businesses	NPO/Private Properties with a Social Mandate
<ul style="list-style-type: none"> <li>• BIPOC (owned/led) enterprises as a priority</li> <li>• Alignment with City plans &amp; strategies</li> <li>• Contributions to economic development</li> <li>• Community-serving characteristics</li> <li>• Local employment</li> <li>• Length of operations</li> </ul>	<ul style="list-style-type: none"> <li>• Cultural heritage values</li> <li>• Historic significance</li> <li>• Length of operations</li> <li>• Connections to Chinatown historic cultural heritage</li> <li>• Priority to BIPOC owned businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on properties that incorporate cultural and social purpose</li> <li>• Priority to BIPOC owned properties</li> <li>• Contributing to local economic development, arts &amp; culture, etc.;</li> <li>• Length of operations.</li> </ul>

#### Proposed Implementation

#### Fund disbursements

35% for business development	50% for physical improvements	10% for tools & equipment	5% for implementation costs
≈\$10,000	≈\$50,000	≈\$25,000	≈5%