

Space for Community

Understanding the Real Estate Challenges Affecting the Social Purpose Sector in BC

Research Report, October 2020

Prepared by



For



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The Social Purpose Real Estate Collaborative & the Real Estate Institute of BC are grateful to work within the traditional, ancestral and unceded lands of the Indigenous Peoples in this place now called Canada

A note on equity, inclusion and reconciliation in social purpose real estate

“The Social Purpose Real Estate Collaborative (SPRE) has embarked on a learning journey to understand and reflect on the bias and discrimination long existing in the Real Estate sector. The aim of this journey is to understand the harm that has been, and is, created through such bias and discrimination, and to support the social purpose sector, its allies and partners, to create alternative real estate structures / systems that are committed to the principles of equity, inclusion and reconciliation for all peoples. SPRE seeks to enable a culture for the sector and itself guided by equity, inclusion and reconciliation.”¹

While social purpose organizations and the real estate spaces they use to deliver their programs and services, are generally at the leading edge of trying to improve the lives of individuals, families, communities and populations—reflection and action is required to ensure that SPRE, the Real Estate Institute of BC (REIBC), and the social purpose sector do not inadvertently perpetuate systems or actions of bias, discrimination, inequality or colonizing practices.

Towards that end, it is recognized and acknowledged that the 2021 Space for Community Study and Survey has only just begun this hard work and as yet, holds limited data to craft deep insight into the situation. In order to understand and better balance the Space for Community Study with perspectives of oft silenced voices and those not commonly represented in this work, SPRE recently completed a parallel research project into land use through the lens of equity, inclusion and reconciliation. Although too late for inclusion in the Space for Community Study narrative, it is one in a series of steps in SPRE’s and REIBC’s journeys towards an equitable and inclusive society.

To access SPRE’s annotated Bibliography “*Building Community Well Being Inclusivity & Sustainability Through the Lens of Equity, Inclusion and Reconciliation*” go to [Building Community Well Being Inclusivity & Sustainability](#).

¹ ***Building Community Well-Being, Inclusivity & Sustainability Through Social Purpose Real Estate. Real Estate Through the Lens of Equity, Inclusion and Reconciliation.*** Danielle Ferraz Bizinelli, UBC Sustainability Scholar, 2021 © 2021 Social Purpose Real Estate Collaborative and the University of British Columbia.

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I. Introduction

The need to fully understand the scope and severity of the challenges facing not-for-profit and social enterprise organizations to find and achieve secure tenancy in affordable, suitable space has never been greater. In BC, over 25,000 not-for-profit organizations and thousands of social enterprises deliver critical programs and services that touch people's lives through health, education, community and social services, childcare, environment, arts and culture and more. The health of this sector is compromised by market forces that displace not-for-profits and as a result constrain their ability to carry out their work in community. Critical issues of affordability, suitability and security of tenure continue to adversely affect not-for-profits and social enterprises across BC, particularly in high growth urban and regional areas.

Every individual and family is touched by the work of not-for-profits and social enterprises—If we lose our not-for-profit and social enterprise organizations, we lose our 'community glue', our ability to thrive and our economic, social, cultural and environmental strength and sustainability. These organizations need affordable, suitable, secure space for their programs and services.

But first, what is social purpose real estate? The Social Purpose Real Estate (SPRE) Collaborative² defines social purpose real estate as "property and facilities owned and operated by mission-driven organizations and investors for the purpose of community benefit, and to achieve blended value returns".³ In more general terms, social purpose real estate includes any space owned and or operated by not-for-profits (including those with charitable status) and social enterprises for community benefit. The ability to own and operate space for the benefit of community and community organizations is not limited however, to those types of organizations and more recently many different and previously unusual partnerships are emerging between not-for-profits and for-profit entities. SPRE is interested in the full spectrum of facilities and organizations from renters of short term spaces to those in longer term lease or license arrangements, as well those who own their own land, facilities and space.⁴

The following graphic which follows identifies the range of not-for-profit and social enterprise sectors which exist, and for which the research is intended.

² This report refers to the Social Purpose Real Estate Collaborative as "SPRE"

³ The definition of Social Purpose Real Estate can be found at

<https://www.socialpurposerealestate.net/about/what-is-spre>

⁴ SPRE focuses primarily on space for not-for-profits and social enterprises, engaging with non-market housing issues, opportunities and projects when they are part of larger mixed use developments that include spaces for community; or where common advocacy, capacity building and other joint activities benefit the social purpose sector as a whole.



Please see “Appendix 1: Not-for-Profit and Social Enterprise Sector Definitions” for a detailed overview of defining social purpose real estate.

1. PURPOSE OF THIS REPORT

With a particular focus on the most affordability-challenged areas of British Columbia, the Lower Mainland and southern Vancouver Island, this 2020 research report (*SPACE FOR COMMUNITY*) builds on the ground-breaking work of the 2013 study: *RENT-LEASE-OWN: Understanding the Real Estate Challenges Affecting the Not-For-Profit, Social Purpose and Cultural Sectors in Metro Vancouver*⁵. The 2013 study included research and a sector survey which formed the basis of this first ever examination the specific challenges being experienced by social purpose organizations in BC in their quest to find suitable, affordable and secure space in which to operate.

⁵ City Spaces for the SPRE Collaborative and the Real Estate Institute of BC (2013). *Rent Lease Own: Understanding the Real Estate Challenges Affecting the Not-For-Profit, Social Purpose and Cultural Sectors in Metro Vancouver*.
https://www.socialpurposerealestate.net/sites/default/files/resource_file/REIBC_SPRE_Report_FINAL1.pdf

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This 2020 Research Report digs deep into existing literature on the subject of social purpose real estate, explores a number of Space Needs Assessment reports that have been undertaken since 2013, and includes an extensive policy review relevant to the topic of social purpose real estate. The intent is to bring into one place the tremendous level of work and reporting which has been done around the space needs and challenges of social purpose organizations, and to draw out the primary conclusions and findings.

The collective research report findings will be combined with the findings from an extensive social purpose sector survey, conducted in the fall of 2020, to create a full research study report. It is intended that the report will effectively surface the issues and challenges for social purpose organizations finding suitable, affordable space, and support advocacy and policy making work in municipalities around BC.

This 2020 SPACE for COMMUNITY study expands the study scope to include a larger portion of the Metro Vancouver area, incorporating Nanaimo and Victoria areas on Vancouver Island as well. While covering a much broader territory, many examples have been drawn from Vancouver since this region has undergone significant work in analyzing and including the social purpose sector in municipal documents, plans and strategies. There is more limited research available for other BC municipalities; however, examples from the City of Victoria, City of Nanaimo, and other Lower Mainland municipalities are included to demonstrate the work that is being done in those regions as well. The hope is that BC municipalities can learn from each other via the selective examples provided in this report.

An additional analysis included in this research report covers the current commercial real estate market situation, as well as the outcomes from a series of key informant focus group interviews with experts from the identified geographic regions and within critical knowledge areas of not-for-profit and social enterprise real estate. The information and outcomes from this research form a critical element of the larger SPACE FOR COMMUNITY study, which also includes an extensive survey of not-for-profit and social enterprise organizations to learn firsthand of their situations and experiences. The outcomes from the survey will be integrated with highlights of this research to form the final 2020 SPACE FOR COMMUNITY project report.

To complete this work, CapacityBuild Consulting Inc. designed, coordinated and carried out a research strategy, working closely with the SPRE Project Team⁶ to ensure the research was appropriately focused on understanding the real estate context of the social purpose sector. The SPRE is a group of funders and investors (including government) that strategically engages with and supports social purpose real estate in BC. SPRE helps not-for-profits and social enterprises with their real estate needs.

SPACE FOR COMMUNITY is sponsored by SPRE and the Real Estate Institute of BC, and explores issues of affordability, suitability, security of tenure and long term sustainability of space as well as barriers to space for community, and opportunities to improve the situation going forward. The research combines multiple data collection and engagement methodologies of a literature and best practice review, a policy scan, focus group interviews, and consultation with the leaders from SPRE.

⁶ The SPRE Project Team includes Jacqueline Gijssen, SPRE Project Director, and a Steering Committee made up of representatives from the Real Estate Institute of BC and various SPRE Member organizations.

2. RESEARCH QUESTIONS

In preparation for this work, SPRE set out a series of research questions as part of commissioning the Space for Community study. The research questions that have guided this work are:

- 1) What is the current situation and what are the real estate needs of social purpose organizations? (current, future, and learning needs)
- 2) What are the influences and trends in the real estate markets?
- 3) What is known about the value of social purpose organizations?
- 4) What policies currently support the real estate needs of social purpose organizations?
- 5) How can the real estate needs of social purpose organizations be supported?

3. REPORT STRUCTURE

These questions were then adapted into a research framework by CapacityBuild consulting, which was then further refined with the SPRE Project Team into the following report sections:

- I. Literature Review
- II. Space Needs Assessment Review
- III. Policy Review
- IV. Focus Group Feedback
- V. Commercial Real Estate Analysis
- VI. Indications of COVID-19 Impacts

This Research Report is intended to provide the context for the SPACE FOR COMMUNITY Study. It is an assessment of what is currently happening in the sector, locally and beyond, with examples of best practices that, when combined with the SPACE FOR COMMUNITY Survey results, will lead to recommendations and directions for the Final Study.

Note that the phrase not-for-profit has been used as the preferred term for organizations registered under the Society Act in BC throughout this report, rather than the term non-profit. However in many of the quoted elements, reproduction of the original text leads to non-profit appearing with some regularity.

II. Social Purpose Literature Review

The Social Purpose Literature Review was built off the comprehensive, first ever, review on social purpose real estate compiled by the SPRE in **2019-20**.⁷ This work included a rigorous review of articles, policies, strategies, studies and books on social purpose real estate plus affiliated materials germane to the discussion of impacts on social purpose real estate. While the SPRE literature review was focused on BC, sources from other cities were also included. Given this initial work, CapacityBuild worked with SPRE to identify the articles for key themes relevant to real estate for not-for-profits and social enterprises and performed additional research to identify other documentation. Key to the literature review was a summary of primary themes identified in the current literature about the real estate situation of the social purpose sector. The identified themes are:

- 1) Value of the Social Purpose Sector
- 2) Affordability
- 3) Security of Tenure
- 4) Suitability of Space/Facilities
- 5) Funding & Financing
- 6) Shared Spaces innovation

1. VALUE OF THE SOCIAL PURPOSE SECTOR

The social purpose sector is essential for communities across Canada. The sector provides expertise and support in housing, arts and culture, healthcare, education, alleviation of poverty and the environment, among many others. In 2019 Statistics Canada released a report examining not-for-profit organizations' economic contributions from 2007 to 2017. The report provides important data on the sector that recognizes not-for-profits as key contributors of the economy. For example:

- Economic activity in the Canadian not-for-profit sector totaled \$169.2 billion in 2017
- This represents 8.5% of Canada's GDP.⁸

According to Imagine Canada:

- There are over 170,000 not-for-profit organizations in Canada, 85,000 of which are registered charities.⁹

⁷ https://www.socialpurposerealestate.net/sites/default/files/resource_file/SPRE%20Lit%20Review.%20Final.%20March%2018.2020.pdf

⁸ Statistics Canada (2019). Non-profit institutions and volunteering: Economic contribution, 2007 to 2017. <https://www150.statcan.gc.ca/n1/daily-quotidien/190305/dq190305a-eng.htm>

⁹ Imagine Canada. Sector Impact. <http://sectorsource.ca/research-and-impact/sector-impact>

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- The charitable and not-for-profit sector employs 2 million Canadians
- It depends on 13 million volunteers.¹⁰

If we consider community based non-for-profit organizations, not including government non-profits, such as hospitals and universities, or business non-profits, such as strata or professional associations:

- The industry comprises 2.4% of Canada's GDP, a significant contribution to the economy.¹¹

In British Columbia, the City of Vancouver Employment Lands and Economy Review reports:

- That the not-for-profit sector in BC contributed \$6.4B GDP to the economy
- The sector accounted for 117,131 jobs in 2016.¹²

The economic value of the not-for-profit sector is comparable to other industries in BC.¹³

| Industry | Total GDP (\$ Billions)* |
|--|--------------------------|
| Utilities | \$5.4B |
| Agriculture, forestry, fishing and hunting | \$5.9B |
| Non-Profit Sector ⁱ | \$6.4B |
| Mining, quarrying, and oil and gas extractions | \$7.1B |
| Accommodation and food services | \$7.8B |
| Information and communication technology | \$10.1B |
| Retail and Trade | \$14.5B |

*Source of chart: City of Vancouver. Employment Lands & Economic Review Factsheet, Profile of Sector: Non-Profit Organizations. <https://vancouver.ca/files/cov/other-sectors-non-profit.pdf>

¹⁰ Ibid.

¹¹ Ibid.

¹² City of Vancouver. Employment Lands & Economic Review Factsheet, Profile of Sector: Non-Profit Organizations. <https://vancouver.ca/files/cov/other-sectors-non-profit.pdf>

¹³ Ibid.

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Specific to BC, the 2013 StepUp Report¹⁴ determined that the not-for-profit sector is one of British Columbia's largest employers and works with the government to deliver \$6.1 billion in programs and services.¹⁵ Such studies demonstrate that the social purpose sector provides an equally significant economic contribution as other sectors and industries in BC, with the added value of its contributions to the social wellbeing of society and community resiliency. A recent Vantage Point report¹⁶ indicates the following not-for-profit sector statistics for BC, with Canadian statistics for ease of comparison:

| | British Columbia | Canada |
|--|---------------------------|---|
| No. of not-for-profit Societies | 25,000 (Dec 2019) | 170,000 (2017) |
| Sector Employment | 117,131 | 2,000,000 |
| Contribution to GDP | \$6.4 billion | \$169.2 billion |
| Volunteerism | 62% of British Columbians | 13,000,000 people |
| Volunteer Equivalency | 146,711 F/T jobs | |
| Volunteer Economic Impact | \$6 billion | |
| Participation in earned revenue activities | 83% of organizations | 45.1% of income comes from earned revenue |

With regards to the social enterprise sector, the 2019 Buy Social Impact Report states that social enterprises have become a key player in Vancouver's local economy with \$37 million in gross revenues, \$26.5 million in sales, and \$18.4 million in salary expense in the past year.¹⁷ This data is gathered from a focused group of social enterprises that help low-income residents with employment and improve the economic and social well-being of the Downtown Eastside Neighbourhood in Vancouver. Beyond the financial contributions of the social enterprise sector, this report also highlights other types of social value that social enterprises create: training and education; housing, support for victims of violence, space and resources for indigenous community, community art space; community with nature and the land.¹⁸ Significantly, the valuable contributions that the social enterprise sector makes creates social, economic and culture value for the low-income community.

In another report commissioned by the Victoria Foundation and conducted by University of Victoria in 2018, researchers revealed that registered charities contributed over \$4 billion in local economic activity in one year alone. The report states that:

¹⁴ StepUp BC (2014). Characteristics of the Labour Market in British Columbia's Non-Profit Sector.

<https://docplayer.net/13830765-Characteristics-of-the-labour-market-in-british-columbia-s-non-profit-sector.html>

¹⁵ Ibid

¹⁶ Vantage Point (2020). *No Immunity - BC Non-Profits and the Impacts of COVID-19 - An Early Impact Summary Report*. <https://www.thevantagepoint.ca/sites/default/files/no-immunity-report-hi-res.pdf>

¹⁷ Buy Social Impact (2019). Downtown Eastside Social Enterprise Impact Report 2019. https://prismic-io.s3.amazonaws.com/buy-social-canada/79443e9c-cfac-4370-9962-2c97fd33c254_Buy+Social+Impact+Report+7mb+web.pdf

¹⁸ Ibid.

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“...this sector infuses \$4 billion of direct income into our local economy. With multiplier effects (considering that people who receive the revenue make purchases of their own), this impact exceeds \$6.8 billion. About 87 percent of this impact is attributable to 31 organizations with more than 100 employees, including UVic, but the other 952 organizations are also economically important as their spending supports the equivalent of 17,505 full-time jobs in the region.”¹⁹

In 2013, The City of Nanaimo commissioned Roslyn Kunin and Associates Inc. to conduct an economic impact study of the arts and culture sector in Nanaimo to recognize, quantify, and qualify the economic contributions of this traditionally undervalued sector. The report concludes that the total direct gross output produced by the arts and culture sector in Nanaimo, including indirect and induced impacts on the provincial economy, was estimated at \$94 million in 2012.²⁰ This is equivalent to \$55 million worth of contributions to the provincial GDP, 880 jobs created, and \$7 million in tax revenue to all levels of governments.²¹

In 2015, Central City Foundation (CCF) partnered with Urban Matters to produce a report evaluating the Social Return on Investment (SROI) of their portfolio. CCF is a \$50-million foundation that exemplifies a unique model of investing close to 50% of their capital in social purpose real estate. By so doing, CCF relieves some of the pressures of high operating costs compared to organizations paying market rent and increasing building operating costs that funders won't normally support. This report seeks to evaluate the social purpose of CCF's investments and projects in economic terms to improve the foundation's ability to demonstrate its value to other funders and investors considering a similar social impact model. The SROI's benefit is in being able to 'prove' the financial and non-financial benefits of CCF's work. CCF's report measures the direct, indirect, and induced benefits of CCF's investments and efforts, considering the diverse forms these take, and the contributions of CCF's various community partners. In 2015, CCF found that for every \$1 they invest in social purpose real estate, they created \$3.90 in social benefit.²² Within CCF's 18% combined social and financial return on invested capital, they created a further \$11 million in indirect community benefit each year.²³ Jennifer Johnstone, President & CEO of CCF, states,

¹⁹ Victoria Foundation (2018). *Civil Society Impact: Measuring Economic and Social Activity In The Victoria Capital Region*. https://victoriafoundation.bc.ca/wp-content/uploads/2018/11/21204-Charity-Impact-Report-FINAL_Low-res2.pdf

²⁰ Roslyn Kunin and Associates Inc (2013). *Nanaimo Arts & Culture Economic Impact Study*. <https://static1.squarespace.com/static/57ab61a51b631bb0ce757ca9/t/587938feb3db2b62000d36d4/1484339456962/PUB+--+ARTS+ECONOMIC+IMPACT+2013.pdf>

²¹ Ibid.

²² Central City Foundation (2015). *Putting a Dollar Value on Doing Good Things for Community* <https://www.centralcityfoundation.ca/media/2015-community-report/>

²³ Ibid.

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“Our buildings offer a safe and stable space for our neighbours and community partners at highly subsidized rents so they can build a thriving community. For non-profit organizations, having us as their landlord offers a security of tenure that leaves them space to thrive and innovate, to take risks in programming that benefit their clients and our community.”²⁴

Andy Haldane, the Bank of England’s Chief economist, also agrees that there is much work to be done to recognize the not-for-profit sector in civil society. Haldane’s primary argument is that we need civil society, the third sector, to aid us in the massive societal shakeout coming as the fourth industrial revolution looms (with its disruptive artificial intelligence, robotics, biotech, big data that could bring huge gains and equally kill millions of jobs, fuel social tensions and widen social inequities).²⁵ He has commented on civil society aiding in this shakeout, providing a stabilizing force supporting individuals and communities, providing a sense of purpose and meaning—those attributes that create ‘community glue’. He further notes the ways in which civil society has been neglected by the public and by politicians, and that increasing recognition is one of the first steps necessary to resuscitating it. He states, “this is partly cultural, he argues: we don’t see volunteering as “work” because it is unpaid. We need a broader conception of what work means.”²⁶

Haldane’s views on the value of civil society ring even truer with the arrival of the COVID-19 pandemic. In British Columbia, civil society with its not-for-profits and volunteers worked in tandem with the health care sector, gaining a level of awareness and appreciation in the public eye not seen in recent times. Not-for-profits helped society and vulnerable populations move through the pandemic, all the while seeing their operating and financial systems turned up-side-down, including significant negative impacts on long term financial sustainability. The value of a strong not-for-profit sector to support society on a day-to-day basis, but also in times of crisis, has been a clear outcome of the COVID-19 pandemic.

Finally, in a significant effort to map social infrastructure space in Vancouver, the City of Vancouver is working to better understand the value and contributions of Vancouver’s social sector through their infrastructure spaces. In 2016, approximately 30 buildings were reported as owned by the City and leased full or in part for social uses. These facilities represent over 400,000 square feet of social infrastructure space and social and community service programs. The analysis report ends by concluding that:

²⁴ Ibid.

²⁵ Patrick Butler (2019). We have allowed the voluntary sector to wither. *The Guardian*.
<https://www.theguardian.com/society/2019/may/22/andy-haldane-bank-of-england-voluntary-sector-civil-society-technological-age>

²⁶ Ibid.

“social infrastructure is an essential part of the character and the identity of this city: it helps all members of the community achieve health and well-being, and therefore helps the city become socially sustainable into the future.”²⁷

The variety of reports that speak to the value of the not-for-profit/social enterprise are significant contributions to the social purpose sector so that better, more informed decisions can be made around issues influencing the NFP sector and arts and culture sector.

2. AFFORDABILITY

Over the last few decades, and alongside Vancouver, BC's reputation of being the second least affordable housing market in the world, as of 2019²⁸, the commercial real estate market has experienced equivalent increases in land and property values in all typologies of spaces (retail, office, industrial) in the past few decades. There is there is an increasing lack of affordable space for not-for-profit and social enterprise use. Rising real estate costs—be it in land value, availability of suitable spaces, costs of construction, massive redevelopment activity and resulting displacement—all have major implications for the social purpose sector.

While rising real estate costs affect all types of organizations - for-profit as well as not-for-profit - it is true that not-for-profit and social purpose organizations have much less ability to pass on the costs to the populations they serve (as would be the case with customers of a for-profit organization). Not-for-profit funding is focused on the delivery of services with very limited resources for overhead expenses such as rent or occupancy costs, and tight restrictions on how the funding can be spent.

The value of the not-for-profit and social enterprise sector is enormous to society but this sector is threatened by the precarious/unstable space needs. The high costs of real estate have serious consequences for the social purpose sector to carry out their missions and mandate. Identifying specific issues that work against the real estate needs of social purpose organizations is key to understanding the kinds of barriers they face.

The 2013 RENT LEASE OWN Study found that securing land, buildings, and tenancy for not-for-profit, social purpose, and cultural organizations has been increasingly challenging in the Metro

²⁷ City of Vancouver (2017). Social Infrastructure Mapping, Vancouver Baseline Inventory Mapping [presentation slides]. City of Vancouver Healthy City Strategy.

²⁸ Wendell Coc & Hugh Pavletich (2019). 16th Annual Demographia International Housing Affordability Survey. <http://demographia.com/dhi.pdf>

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Vancouver area.²⁹ This is supported by the 2013 Report by the Central City Foundation which found that 34% of organizations are challenged to acquire space that is appropriate and affordable in the communities where they need the space.³⁰

To further highlight the affordability crisis in Vancouver, the Eastside Culture Crawl Society released a report in 2019 that analyzes how particular neighborhoods, like industrial zones, are accessible to artists by means of cheaper rent, but in return, their spaces are threatened for potential future redevelopment and displacement.³¹ The report contextualizes this by explaining how owners of buildings in rezoned areas, especially industrial properties, are seeking to generate additional revenue and a higher rate of return from their property. The report includes data on how the median rental rate of studio space has increased by 65% the past 8 years.³²

In addition, the state of “affordability” for not-for-profits was also surveyed by the Richmond Community Services Advisory Committee and documented in a 2019 report called, *Phase 2 Richmond Non-profit Social Purpose Space Needs Review*. In the section on “affordability”, the survey results stated that:

“72% of survey respondents said they are paying the right amount for space relative to what they can afford while 18% are paying more for space relative to what they can afford. The high response to “right amount” could reflect that many respondent NPOs (23%) use space donated at no cost, 10% lease or rent space from government and 8% pay below market rents. Among NPOs that pay market rents I lease rates, the average rent is \$18.03 per square foot, similar to the \$18.37 per square foot average lease rental rate of office space in Richmond. Many organizations identified free donated space, space payed for at a nominal price and subsidized space as key to their survival and operations.”³³

Additional research has also identified that adequate office and program space are serious problems for today’s not-for-profits. The book *Shared Space and the New Nonprofit Workplace* looks at the challenge of finding affordable and stable office space for not-for-profits. In an excerpt from the book, the authors write:

²⁹ City Spaces for the SPRE Collaborative and the Real Estate Institute of BC (2013). Rent Lease Own: Understanding the Real Estate Challenges Affecting the Not-For-Profit, Social Purpose and Cultural Sectors in Metro Vancouver.

https://www.socialpurposerealestate.net/sites/default/files/resource_file/REIBC_SPRE_Report_FINAL1.pdf

³⁰ Central City Foundation (2013). Unaffordable Spaces: How rising real estate prices are squeezing non profit organizations and the people they help. <https://www.centralcityfoundation.ca/wp-content/uploads/2014/05/CCF-Community-Report- low-res.pdf>

³¹ Eastside Culture Crawl Society (2019). A City Without Art.

<https://issuu.com/culturecrawl/docs/citywithoutart>

³² Ibid.

³³ Richmond Community Services Advisory Committee (2018). Phase 2 Non-Profit Social Purpose Space Needs Review Space Needs Review. https://www.rcsac.ca/images/pdf/Phase_2_Richmond_Non-Profit_Social_Purpose_Needs_Review.pdf

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“Real estate costs in major cities across the United States and Canada are creating an affordability crisis and displacement for many important community-serving nonprofits. New US tax laws have created serious disincentives for individual and corporate charitable giving. And across North America, many nonprofits operate in inefficient, rundown space not equipped to meet the technology and collaboration-oriented needs of today’s programs.”³⁴

Market conditions over the last few decades have made it increasingly challenging for the social purpose sector to find and maintain affordable space, with many facing imminent displacement due to redevelopment. “The strength of this sector is compromised when real estate market forces displace these organizations and constrain their ability to carry out their critical work within communities,” as stated in the SPRE Member 2020 Impact Report.³⁵ SPRE’s Jacqueline Gijssen notes:

“...When not-for-profits and social enterprises spend precious time searching for new space, or paying disproportionate amounts of their operating budgets towards facility costs, they are not putting those resources (time, money, energy, expertise) into their programs and services. The opportunity cost of losing valuable not-for-profit capacity to constantly having to find affordable space is an invisible but serious burden on society.”

Further information on the ‘affordability’ crisis in space for not-for-profits and social enterprises can be found in **Section VI: Commercial Real Estate Analysis**.

3. SECURITY OF TENURE

Security of tenure in social purpose real estate plays out in different ways, but ultimately it refers to one key thing--that the space the not-for-profit or social enterprise is using is secure for the length of time that is suitable to both the organization and the owner/landlord. Indeed, some rental/license/lease terms are purposefully short by mutual agreement of the landlord and tenant (ie: it works well for both parties for rehearsal space to be rented by the day or the hour). But security of tenure is vitally important where a longer term is needed and desired.

Organizations become vulnerable when they have to live with prospects of being abruptly forced out of their space because a property sold, is going into redevelopment, or has had its rents/taxes

³⁴ China Brotsky, Eisinger, Sarah M. Eisinger, Diane Vinokur-Kaplan (2019). *Shared Space and the New Nonprofit Workplace*. Oxford University Press.

³⁵ Social Purpose Real Estate Collaborative. Member Impact Report April 2020.

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increase exponentially. Without security of tenure, the business case for investing in building improvements or that location or community is compromised. A purpose built program delivery space requiring extensive tenant improvements cannot be financed when constrained by a short term lease. There must be a time line over which to amortize the payments over many years. “Setting down roots” becomes a challenge ultimately affecting the delivery of mission and services.

In the 2013 RENT LEASE OWN Study found that nearly one third of survey respondents indicate that they are insecure with their tenure and have less confidence in their ability to renew their lease or maintain their space.³⁶ In the Central City Foundation Report of 2013, the lack of tenure security was a significant risk for not-for-profits and social enterprises facing possible displacement from their space. Central City’s community partners whose spaces were out in the private sector commercial market felt “insecure about one or more of their facilities because they have leases with short notice period or because they are charged unaffordable market rental rates which are subject to increases”.³⁷

According to the survey findings in a report by the Richmond Community Services Advisory Committee, *Non-Profit Social Service Agency Current and Future Space Needs*, over one-third of respondents (35%) are experiencing uncertainty about their tenure and may need to relocate.³⁸ Reasons include rental/lease expiration (26%), adding or expanding programs and services (26%), and other challenges including temporary space use and demolition clauses (26%) as well as financial uncertainty (5%).³⁹ The report emphasizes that if not-for-profits are unable to secure space, the loss of these programs to the community would have a significant impact on the many residents and their families who rely on these services.

In the early findings of the ongoing study on the City of Vancouver’s Social Infrastructure Plan, 57% of not-for-profits expressed concern about losing their current space and at least 10% have a month-to-month lease.⁴⁰ The findings show that there is significant concern about the unpredictable tenure and supply of real estate available for the not-for-profit sector in Vancouver.

The City of Vancouver’s 2019 Community Serving Spaces Study, also in progress, further demonstrates the crisis of tenure security for “community-serving spaces” in Vancouver including places of worship, community halls, legions, cultural centres, and non-city owned neighbourhood

³⁶ City Space for the SPRE Collaborative and the Real Estate Institute of BC (2013). *Ren Lease Own: Understanding the Real Estate Challenging Affecting the Not-for-Profit, Social Purpose and Cultural Sectors in Metro Vancouver*.

https://www.socialpurposerealestate.net/sites/default/files/resource_file/REIBC_SPRE_Report_FINAL1.pdf

³⁷ Central City Foundation (2013). *Unaffordable Spaces: How rising real estate prices are squeezing non profit organizations and the people they help*. <https://www.centralcityfoundation.ca/wp-content/uploads/2014/05/CCF-Community-Report-low-res.pdf>

³⁸ Richmond Community Services Advisory Committee (2018). *Phase 2 Non-Profit Social Purpose Space Needs Review*. https://www.rcsac.ca/images/pdf/Phase_2_Richmond_Non-Profit_Social_Purpose_Needs_Review.pdf

³⁹ Ibid.

⁴⁰ City of Vancouver (2018). *Social Infrastructure Plan Supporting the Places and Programs that Connect Us*. Presentation to CLT. City of Vancouver Healthy City Strategy.

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houses or community centres, all at risk of displacement.⁴¹ Through interviews with planners, this study confirmed that Vancouver lost active community-serving spaces from 17 rezoning applications submitted from 2012 to 2018. All applications involved changes to community-serving spaces through replacement, enhancement, expansion, or loss.⁴² The types of spaces lost included childcares, gymnasiums, multipurpose rooms, arts and culture performance and rehearsal spaces and community kitchens. All of these spaces are significant resources that contribute to a resilient and vibrant community and particular to these types of facilities, are ideally distributed across neighbourhoods, often serving some of the most vulnerable populations.

Research findings in the City of Vancouver's *Making Space for Arts & Culture Report*, also confirms the fact that cultural spaces are extremely vulnerable to tenure security. Over the past year, more than 16 studios in industrial spaces housing ~300 artists have either closed or are under threat of displacement due to dramatic property tax, rent increases, competition with higher-value land uses and development pressure.⁴³ This trend clearly continues with the recent eviction of 50 artists from William Clark studios in Vancouver, blamed by the property manager on rising rents and COVID-19 impacts.

City of Vancouver Staff reviewed property taxes for 11 of the studio sites and found an average tax increase of more than 77% over the past five years.⁴⁴ The report highlights that while local space capacity and collaboration have grown significantly with shared hubs and non-profit space providers such as BC Artscape, 221A, The Arts Factory and The Mergatroid, the sector is increasingly vulnerable with precarious short-term rentals, little community ownership, and displacement.

A key challenge for arts and culture spaces in Vancouver that the City of Vancouver's *Making Space for Arts & Culture Report* emphasizes, is the lack of non-profit property ownership and control. The report asks for the City of Vancouver to consider the implementation of strategies and policies to address this. Further, another model that helps not-for-profits and social enterprises feel secure and protected from market forces is through the model of owning or leasing from mission-based organizations (other not-for-profits, foundations, etc.), which through their commitment to the space and program, enables a security of tenure for the space.⁴⁵

⁴¹ City of Vancouver (2019). Community Serving Spaces Study.

<http://www.vanramblings.com/upload/Community%20Serving%20Spaces%20Presentation.pdf>

⁴² City of Vancouver. (2019). Community-Serving Spaces: Recommending an Approach to Encourage Retention and Enhancement [presentation slides]

⁴³ City of Vancouver (2019). Making Space for Arts & Culture Vancouver Cultural Infrastructure Plan.

<https://council.vancouver.ca/20190910/documents/ACCS-RTS13175-AppendixD-MakingSpaceforArtsandCulture.PDF>

⁴⁴ Ibid.

⁴⁵ Ibid.

4. SUITABILITY OF SPACE/FACILITIES

Suitability of space refers to matching the use of the space with the right type of space. It involves things like zoning and building code and making sure both support the intended uses of the space—from basic life safety to restrictions on assembly and how many people can be in a space. Suitability also relates to the ‘quality’ of the space—is it in good condition or does it require extensive retrofitting/renovations? The size of a space, ‘right sizing’, and the ‘fit out’ with appropriate sound proofing, equipment and connectivity also play roles in the suitability of a space for not-for-profit and social enterprise use.

Examples include artist studios located in safe industrial buildings when the City of Vancouver made the zoning change to allow artists as an outright use in industrial zones, or co-working spaces in flexible office environments that enable shared use of meeting rooms and kitchens. Other examples are social and community services spaces that support private one-on-one counseling, or large spaces that support group assembly and activities. Suitability of space has significant impact on the programs delivered by the not-for-profit or social enterprise - but can they effectively deliver their programming in that space?—and on budget—do they have the resources and know-how to undertake ‘work arounds’ to make the space suitable?

The 2019 report by HeroWork, *Study and Assessment Report on Charity Buildings*, emphasizes that 30% of organizations either urgently or very urgently need serious repairs, renovations or upgrades to their building.⁴⁶ Their data for organizations that own, have shared ownership, or long-term leases, shows that 55% of organizations believe that a renovation would increase their ability to deliver services more effectively.⁴⁷ The HeroWork report emphasizes that, “with the exception of housing, charitable social infrastructure isn’t even included in the definition of Canada’s Core Public Infrastructure. For this and other reasons, many organizations are left to fend for themselves without proper knowledge and expertise to manage or renew their buildings.” After all, the state and design of a building often inhibit an organization’s ability to innovate and expand their operations and services according to their missions and mandates.

The Eastside Culture Crawl Society report draws urgent attention to the loss of suitable artist production spaces for visual artists practicing in the Eastside Arts District.⁴⁸ The report emphasizes that without access to sufficient studio space, artists will be increasingly forced to abandon their practice or relocate to other cities and regions where they can find suitable art production space. The report states that this would result in a loss of creative talent and a loss of a strong community that has developed over the past few decades in the Eastside Arts District. Further, the artists who they surveyed said that size and safety was a common concern. Data from the report demonstrates that with increasing rents, artists are being forced into smaller spaces, which greatly impacts the kind of work they can undertake. Further, working in older

⁴⁶ HeroWork (2019). Study and Assessment of Charity Buildings Full Report.

<https://www.herowork.com/study/>

⁴⁷ Ibid.

⁴⁸ Eastside Culture Crawl Society (2019). A City Without Art.

<https://issuu.com/culturecrawl/docs/citywithoutart>

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buildings, marginal neighborhoods, or, as many artists do, working on their own adds concerns about security and safety.

The 2013 SPRE report found that most of the non-profit sector in Metro Vancouver, which is dominated by small organizations, will require more space within the next five years, including building upgrades and space expansions, to support growing programs and services.⁴⁹ Significantly, without enough space to deliver services and program, the social purpose sector will be unable to meet and serve growing community needs.

5. FUNDING & FINANCING

Understanding the financial resources available to the social purpose sector reveals the opportunities and challenges to funding and supporting the sector's real estate needs. The biggest funding and financing issues for social purpose real estate include:

- Lack of facility/space operational funding
- Lack of funding for pre-planning and feasibility studies
- Lack of supportive financing options
- Lack of significant philanthropic funding in BC
- Lack of capital funding in smaller municipalities and at senior levels of government in particular at the provincial level
- Low levels of not-for-profit capitalization
- Restrictive funding programs and lack of coordinated integrated funding programs.⁵⁰

In the early findings of the City of Vancouver's Social Infrastructure Planning report work, the findings identify that there is extremely limited operation/core funding outside of City of Vancouver grants for social infrastructure spaces to access.⁵¹ Additionally, the research findings in the City of Vancouver's Making Space for Arts & Culture Report highlight that even though the City has contributed over \$11 million in capital grants to 135 local arts and cultural not-for-profits, there is a significant lack of space-related operating funding, sector under-capitalization, and barriers to loans and financing for not-for-profits.⁵²

⁴⁹ City Spaces for the SPRE Collaborative and the Real Estate Institute of BC (2013). Rent Lease Own: Understanding the Real Estate Challenges Affecting the Not-For-Profit, Social Purpose and Cultural Sectors in Metro Vancouver.

https://www.socialpurposerealestate.net/sites/default/files/resource_file/REIBC_SPRE_Report_FINAL1.pdf

⁵⁰ Personal communication with Jacqueline Gijssen, SPRE Project Director

⁵¹ City of Vancouver (2018). Social Infrastructure Plan Supporting the Places and Programs that Connect Us. Presentation to CLT. City of Vancouver Healthy City Strategy

⁵² City of Vancouver (2019). Making Space for Arts & Culture Vancouver Cultural Infrastructure Plan. <https://council.vancouver.ca/20190910/documents/ACCS-RTS13175-AppendixD-MakingSpaceforArtsandCulture.PDF>

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The report conducted by AMS Planning and Research identified Vancouver’s “key gaps” that included reviewing the strengths and challenges of Vancouver’s arts and culture ecology, and to explore Vancouver’s cultural space needs.⁵³ This report confirmed that artists and smaller arts organizations are undercapitalized. They have limited capacity to acquire more capital; few smaller not-for-profits own or otherwise control their space. The report also concluded from their interviewees and survey respondents that a lack of operating funding for not-for-profits space operators and cooperatives is a huge concern for sustainable operations.

A significant challenge for the social purpose sector is to acquire funding for their real estate needs. Not-for-profits struggle with cost imbalance issues resulting in funding constraints for space.⁵⁴ This is due to limited access to financial tools generally available for affordable housing but not available for commercial affordability, lack of negotiating power to deal with unfavorable lease terms, lack of adequate funding to lease or own appropriately sized space, the high cost of necessary improvements, and difficulty in raising credit for space needed. Colliers real estate firm confirms that for not-for-profit and social enterprise organizations, there are more limited sources, programs and opportunities for financial recapitalization than in the private sector.⁵⁵

The 2019 HeroWork report also echoes the lack of fiscal resources dedicated to facility changes that social infrastructure spaces simply do not have access to. There is a scarcity of funding through foundations and governments and charities don’t want to jeopardize current operations by “straying from mandate to chase grants that might not work”.⁵⁶

The Eastside Culture Crawl Society 2019 report examined how limited funding for artists and relatively modest civic investment in securing production spaces have exacerbated the dearth of secure and affordable arts infrastructure. The report analyzed the distribution of funding for arts and culture in Vancouver and concluded that most cultural grant funding is distributed as annual operations amongst the top 5 museums and large institutions in Vancouver. This leaves individual artists and collectives with limited and highly competitive access to a smaller pool of one-time production or project-based grants. The report refers to this as the “uneven distribution” of grants and city resources that prioritizes arts and culture for tourism consumption and high-end performances and events.⁵⁷

⁵³ AMS Planning & Research Corp (2018). City of Vancouver Update to Key Gaps in Cultural Infrastructure. <https://vancouver.ca/files/cov/making-space-for-arts-and-culture-appendix-a-key-gaps.pdf>

⁵⁴ Richmond Community Services Advisory Committee (2018). Phase 2 Non-Profit Social Purpose Space Needs Review. https://www.rcsac.ca/images/pdf/Phase_2_Richmond_Non-Profit_Social_Purpose_Needs_Review.pdf

⁵⁵ Colliers International - internal notes provided to CapacityBuild Consulting March 21, 2020, outlining aggregate trends in the office, commercial and institutional asset classes in Greater Victoria, Nanaimo, Thompson Okanagan, Sunshine Coast, and Metro Vancouver as well as case studies of redevelopment among the non-profit sector.

⁵⁶ HeroWork (2019). Study and Assessment of Charity Buildings Full Report. <https://www.herowork.com/study/>

⁵⁷ Eastside Culture Crawl Society(2019). A City Without Art. <https://issuu.com/culturecrawl/docs/citywithoutart>

6. SHARED SPACES OF INNOVATION

Shared work space operation models, such as co-working, co-location and social or creative hubs, are becoming an increasingly popular option to confront soaring real estate prices, which make it difficult for smaller not-for-profits and social enterprises to find affordable workspace on their own. In response to this real estate situation, there has been incredible innovation around the shared work spaces typology that offer real potential for the social purpose real estate sector to create more effective operating and program delivery models. According to a 2016 Report by the Centre for Social Innovation:

“Shared workspaces are themselves a social innovation – an entirely new way of working. The dominant workplace model has been separate organizations working separately. That may have made perfect sense at one time and it may still make perfect sense in many instances. But it is by no means a universal or desirable approach. The nature of work is changing – and with it the workplace.”⁵⁸

Newly published in 2019, “Shared Space and the New Nonprofit Workplace”, demonstrates how shared work spaces are a strategy to overcome the challenge of unaffordable office space that push many not-for-profits and social enterprises into challenging real estate situations. This book outlines the benefits of co-working and offers a roadmap for the process of creating shared spaces, including guidance on ownership and financing, governance, operations. In an excerpt from the book, the authors outline the powerful benefits of shared resources and shared spaces:

“For individual organizations, shared space has been shown to create improved efficiency, effectiveness, and opportunities for collaboration along with operating cost savings and stability. Communities benefit from improved direct services, cultural spaces, hubs for civic engagement, and contributions to community-centered development”⁵⁹

Examples of innovative shared space models are found throughout Canada, the USA, UK and Australia. With a global rise in shared space activity—a new international web-based co-working library primarily serving Europe and Asia offers great resources <https://coworkinglibrary.com>. It is a good addition to an extensive array of reference materials, and opportunity to engage with others in the shared space world, via the USA based Not Profit Centers Network (NCN) <https://www.nonprofitcenters.org>. Approximately 30% of NCN’s members are Canadian not-for-profit centres.

⁵⁸ Centre of Social Innovation (2016). Proof: How Share Spaces are Changing the World. http://socialinnovation.org/wpcontent/uploads/2016/06/Proof_How_shared_spaces_are_changing_the_world.pdf

⁵⁹ China Brotsky, Eisinger, Sarah M. Eisinger, Diane Vinokur-Kaplan (2019). Shared Space and the New Nonprofit Workplace. Oxford University Press.

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A 2019 CBRE Real Estate firm report provides a snapshot of shared spaces in Metro Vancouver.⁶⁰ The report covers the reasons behind the model's rise in popularity, citing generational and corporate shifts in workplace preferences, and identifies the major players and development projects in Vancouver's co-working scene. In Vancouver, the amount of co-working space has increased dramatically in response to the low availability of traditional office space, with this reality being especially apparent since 2016-2017. Significantly, Jacqueline Gijssen, SPRE Project Director, comments on:

“the recent rise in commercial privately owned shared office space. Co-working, co-location shared spaces have been part of the not-for-profit and social enterprise world for decades—innovators having tackled the issues of lack of affordable, suitable spaces with practical sharing options. What we saw pre Covid19 Pandemic, was some commercial shared office space developments forcing out the not-for-profits—all part of that cycle of increasing land value and redevelopment spreading across our cities. Post Pandemic, the shifts in office space are going to be even more substantial—with increasing numbers of employees working from home, and likely more shared office spaces—resulting in further changes/impacts due to commercial office (re) development.”

In SPRE's 2013 Report, many respondents indicated that they are addressing their space challenges by exploring co-location opportunities, building relationships with like-minded organizations, or seeking partners and funders.⁶¹ There were several respondents who suggested the need for more availability of co-location and community hub spaces, or for more co-location development projects be introduced by municipalities, or for an increased availability of subsidized spaces. The SPRE website is a good resource for exploring the shared space concepts including several case studies involving places of worship, community services, co-working, mixed use housing, etc.⁶² SPRE's Jacqueline Gijssen highlights three successful examples in BC including the HiVE co-working space, Centrepont in Squamish, and BC Artscape's Sun Wah Chinatown Project, featuring 50,000 square feet of artist and cultural space.⁶³

⁶⁰ CBRE (2019). Vancouver Viewpoint: The Rapid Rise of Coworking and Shared Space in Metro Vancouver. <http://www.cbre.ca/EN/o/vancouver/Pages/market-reports.aspx>

⁶¹ City Spaces for the SPRE Collaborative and the Real Estate Institute of BC (2013). Rent Lease Own: Understanding the Real Estate Challenges Affecting the Not-For-Profit, Social Purpose and Cultural Sectors in Metro Vancouver. https://www.socialpurposerealestate.net/sites/default/files/resource_file/REIBC_SPRE_Report_FINAL1.pdf

⁶² Visit <https://www.socialpurposerealestate.net/content/case-studies-space-profiles>.

⁶³ Jacqueline Gijssen (2019). Making an Impact with Social Purpose Real Estate. Impact investing in Social Purpose Real Estate. *INPUT Land and Real Estate Issues in British Columbia: Real Estate Institute of BC Quarterly*, p.36-40. https://www.reibc.org/Library/INPUT_Magazine/input-summer-2019.pdf

7. CONCLUSIONS

There is an array of literature pertaining to the social purpose sector's real estate needs across the following themes: Value of Social Purpose Sector, Affordability, Security of Tenure, Suitability of Space/Facilities, Funding & Financing, and Shared Spaces Innovation. The existing literature reveals that the social purpose sector plays a valuable and essential role in communities providing expertise and support in housing, arts and culture, healthcare, education, alleviation of poverty and the environment, which also builds community resiliency, community growth, and neighborhood pride. There is an abundance of credible data that measures the value of the social purpose sector, such as the 2013 StepUp Report that determined that there are 26,000 non-profit organizations, employing 66,000 full-time and 48,000 part-time employees in British Columbia. The report also determined that the not-for-profit sector is one of British Columbia's largest employers and works with the government to deliver \$6.1 billion in programs and services.

While this data on the value of the sector is encouraging and an asset to the sector in advocating its role and impact to larger society, updated, coordinated data is needed to more readily demonstrate the significant contributions by the social purpose sector. British Columbia lacks a not-for-profit umbrella organization to collect, compare and contrast such information, leaving many of the sub-sectors like SPRE to gather what they can from sources that become known to them. A stronger coordinated approach, such as was evident through various Covid19 Pandemic assessments of impact on not-for-profits,⁶⁴ would be ideal going forward. Important, informed decisions made regarding real estate for the social purpose sector would be vastly improved with access to such data.

Importantly, there is a significant body of literature pertaining to the rising real estate costs that affect the social purpose sector—be it in land value, availability of suitable spaces, costs of construction, massive redevelopment activity and resulting displacement—which all have major implications for the social purpose sector. The current literature does provide credible evidence on the crisis the social purpose sector is experiencing regarding uncertainty and insecurity of long term tenure of social purpose space/facilities.

The literature on "Funding & Financing" identifies the barriers that the social purpose sector faces across the different real estate needs, such as the lack of capital available to support the full spectrum of real estate planning, feasibility, construction, and operations. Finally, the literature on innovative shared space models for the social purpose sector identifies that co-location models and community hub spaces is a strong strategy to confront a challenging real estate context.

⁶⁴ Vantage Point (2020). No Immunity: The Impacts of COVID-19 On Our Sector. <https://www.thevantagepoint.ca/blog/no-immunity-impacts-covid-19-our-sector>; BCMIDReader.com. COVID-19 Business Impact Survey 2020. https://na2.visioncritical.com/i/stories/shared?id=40a90cac-30f6-4d14-8229-ab830000e348&mc_cid=d095646926&mc_eid=95abfaadff; BC Not-Profit Housing Association (2020). COVID-19 Housing Sector Support Needs. https://bcnpha.ca/wp-content/uploads/2020/04/EXEC_Covid-19-Housing-Sector-Support-Needs.pdf

III. Space Needs Assessment

Space Needs Assessments are critical studies for the social purpose sector because they include facts and findings that reveal crucial social purpose real estate needs. They also are an important source of key recommendations and initiatives that can address the sector's real estate challenges. Further, key stakeholders (i.e., institutions, government, private sector, public sector) will draw on such findings and recommendations in the development of long-term policy options and innovative strategies to support the social purpose sector's real estate needs. When the 2013 RENT LEASE OWN Study was completed, it marked the first time ever for a comprehensive needs assessment of not-for-profit space in Canada. Smaller sub-sector studies had been undertaken, but never at the scale and scope of RENT LEASE OWN.

1. REVIEW OF SPECIFIC SPACE STUDIES COMPLETED

Since 2013, several needs assessment studies have been completed in BC that provide a finer grain assessment of space. Several used the SPRE 2013 Study as their baseline and as such, provide an opportunity for relevant comparisons and analysis to highlight trends and support possible solutions. Relevant space needs assessment studies have been reviewed and what follows is a brief synopsis of each report followed by high level findings found in each report:

1) East Side Cultural Crawl Society 2019 Report, A City Without Art⁶⁵

The 2019 Eastside Culture Crawl Society Report draws urgent attention to the loss of suitable and affordable artist production spaces for visual artists practicing in the Eastside Arts District. The report contextualizes the role of real estate development and City of Vancouver policies that are contributing to the loss or rising unaffordability of suitable artist production spaces. The report states that the shrinking supply of industrial land has led to significant displacement of artists and cultural producers. The report also takes a critical stance at the policies from the City of Vancouver that has led to “unintended consequences”, including how new policies, like the foreign buyers property transfer tax, speculation and vacancy tax empty homes’ tax and short term rental restrictions, have shifted investor focus to the industrial and commercial sectors where there are greater profits to be realized as a result of increasing competition for a shrinking industrial land base. According to the report, such policies are having an impact beyond their intended goals and contributing to a shortage of arts and culture spaces.

⁶⁵ Eastside Culture Crawl Society (2019). A City Without Art
<https://issuu.com/culturecrawl/docs/citywithoutart%20>

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High Level Findings & Recommendations:

- To prevent further displacement of artists and the loss of production space, government needs to take a proactive approach by developing new policies and incentives to protect, enhance and grow the supply of commercial and industrial spaces suitable for artists.
- A “no net loss, plus!” approach is urgently required to create a stable and supportive environment for artists, in which the net space available should at a minimum be maintained, and ideally be increased. Protecting the existing stock of artist production space should be an urgent priority for the City of Vancouver in order to prevent further displacement of artists from Vancouver.
- The report recommends that the City of Vancouver should pilot a strategy to encourage increasing the supply of artist spaces by providing tax break incentives for property owners providing space to artists on fixed-term leases in industrial lands. This type of policy would be similar to the treatment of vacant lots that are turned over for community gardens until the time of redevelopment.
- The report recommends that the City of Vancouver should stop rezoning industrial land for housing, office and mixed-use developments to discourage speculative developers and investors from acquiring and holding low-density industrial lands while pursuing rezoning applications.
- The report recommends that the City of Vancouver dedicate a portion of city-wide CAC contributions to fund the purchase and development of an arts facility, which they state would provide the necessary momentum for other levels of government and the private sector to fund artists production spaces.

2) HeroWork 2019 Report, *Study and Assessment Report on Charity Buildings*⁶⁶

HeroWork, a Victoria based charity that uses professional volunteer labour to renovate charities' infrastructure, conducted a study that analyzed the state of buildings owned by charities, the specific challenges faced by charity organizations in relation to their infrastructure, and the system of societal stakeholders in which not-for-profit buildings exists. This report focuses on organizations that own, have shared ownership or long-term leases.

Significant facts from the study found that 46% of non-profits have buildings that are 60 plus years of age and 36% of charities indicate that they require renovations either urgently or very urgently. Conclusions from Phase 1 and 2 of the study determined that the sector is eager to find more ways to collaborate on infrastructure, including multi-use space and common areas for specific activities or services and that professional support is needed on infrastructure planning from outside experts.

⁶⁶ HeroWork (2019). Study and Assessment of Charity Buildings Full Report.
<https://www.herowork.com/study/>

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High Level Findings & Recommendations:

- The data from Phase 1, which included a survey completed by 87 non-profit organizations in the BC's Capital Regional District (CRD), confirms that a high proportion of charity buildings need renewal.
- Many charity buildings are not only a blight on neighbourhoods, they actually diminish the ability of charities to do their important work, negatively affecting programs, work efficiencies, staff and volunteer moral, maintenance costs, neighbourhood support, the psychological state of clients and more. As well, the state and design of a building often inhibits an organization's ability to innovate.
- In Phase 2 of the Study, it was confirmed that many charities have a lack of fiscal capacity to undergo renewal, a lack of capacity and knowledge on best practices on how to engage in a system of developers, construction professionals, government, etc, and a need for professional development and capacity to take on renovation and renewal projects.
- In Phase 3, the study investigated the full range of societal elements that relate to the health of charitable infrastructure to determine best practices in regard to charities' internal practices and the external practices when engaging system stakeholders. Recommendations from the report include:
 - Government should recognize charitable infrastructure as part of Canada's core Public Infrastructure.
 - Industries that work with charitable infrastructure should become more engaged and supportive.
 - More study should be done in other towns and cities, determining the depth of the challenges both quantitatively and qualitatively.
 - Charities should strategically invest the resources internally and externally so that they are well prepared for infrastructure renewal.
 - HeroWork should work diligently to scale its operations so as to assist many more communities across Canada

3) AMS Planning & Research Corporation 2018 Report, City of Vancouver Update to Key Gaps in Cultural Infrastructure⁶⁷

In 2017, the arts consulting and management company, AMS Planning & Research, distributed an online survey to over 400 cultural organizations. The AMS report confirms that Vancouver's cultural spaces need significant facility and infrastructure upgrades. Through interviews, roundtables, and survey verbatim responses, the AMS Planning and Research report also confirmed that certain types of spaces, defined by the audience or functional capabilities, are in short supply. The report also confirms that spaces purpose-

⁶⁷ AMS Planning & Research Corp. (2018). *City of Vancouver Update to Key Gaps in Cultural Infrastructure*. Retrieved from <https://vancouver.ca/files/cov/making-space-for-arts-and-culture-appendix-a-key-gaps.pdf>

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built to enable authentic and diverse cultural expression are in short supply, especially spaces appropriate to local First Nations and Indigenous cultural practices and presentation are noticeably absent from the landscape.

High Level Findings & Recommendations:

- AMS received 287 responses and asked questions pertaining to the security of space and concluded that space retention is a critical issue.
 - Half of the organizations surveyed and two-thirds of individual arts professionals surveyed who utilize non-city owned spaces expressed high-levels of concern about losing their current space. The key issues that relate to this concern include a lack of affordable spaces to live, create and present, rapid pace of development displacing existing spaces, and little property ownership and control.
- The report acknowledges that displacement is a significant concern in Vancouver for arts and culture spaces, driven by rising rents, purchase price, and development pressures.
- The report confirms that Private property owners have few incentives to support or retain arts and cultural spaces. Property owners are reluctant to commit to arts tenants for accessible rents. In addition, rising property values and associated property taxes and the cost of upgrading existing private buildings drive property owners to focus on redevelopment and upgrades that allow for much higher rents from non-arts tenants.
- The report identifies a need for expanded mechanisms to better support or secure spaces with cultural, intangible heritage and community significance.
- The report recommends that City-owned spaces, such as those held in the Property Endowment Fund, should be more supportive of secure affordable arts and culture uses.

4) City of Vancouver (2018), Social Infrastructure Plan Supporting the Places and Programs that Connect Us⁶⁸ and Community Serving Spaces Study (in progress)⁶⁹

The City of Vancouver officially launched the process of developing the Social Infrastructure Plan in early 2017. Vancouver is experiencing an increased social needs demand and growth challenges. Vancouver's population is expected to increase by

⁶⁸ City of Vancouver (2018). Social Infrastructure Plan Supporting the Places and Programs that Connect Us. Presentation to CLT. City of Vancouver Healthy City Strategy.

⁶⁹ Community Serving Spaces Study is an on-going study. Reports to draw from include the 2019 City of Vancouver Community-Serving Spaces Study: Places of Workshop Forum [presentation slides]; the 2019 CityGate Leadership Forum for the City of Vancouver, Community Serving Spaces Stakeholder Forums Summary Engagement Report; 2019 City of Vancouver Community-Serving Spaces: Recommending an Approach to Encourage Retention and Enhancement [presentation slides]

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100,000+ leading up to 2041, a rate of growth that will present significant challenges in meeting social, cultural, and recreational needs. The plan will identify existing and future social infrastructure needs and will provide an overall framework to guide future city investments in and support city-wide social infrastructure. This plan focuses on the city's role in retaining, expanding and creating social infrastructure, including neighborhood houses, family places, youth centres, seniors' centres, immigrant-serving organizations, and admin hubs.

As part of this work, the City completed the **Community-Serving Spaces Study** in order to better understand the growing shortage of non-city owned community-serving spaces and the future needs of these spaces. The scope of the study includes meeting and program spaces accessible for the community at places of worship and a set of NPO-owned sites (cultural centres, non-city owned neighbourhood houses, community centres, community hall and legions).

Research, analysis and engagement to date resulted in findings from various stages.

High Level Findings & Recommendations from Social Infrastructure Plan to Date:

- Affordability & Security:
 - 57% expressed concern about losing their current space (at least 10% have a month-to-month lease)
- Suitability:
 - 50% are considering major space changes in the near future
- Sustainability:
 - Concern about unpredictable tenure and real estate market
 - Extremely limited operation/core funding outside of City of Vancouver grants
 - Desire to see social needs embedded in long-range planning processes

High Level Findings & Recommendations from Community-Serving Space Study to Date:

- Vancouver is facing a growing shortage of spaces for the delivery of community services and programs
- Community-serving spaces are facing development pressure and aging infrastructure, and may be at risk of displacement
- Vancouver lost 17 active community-serving spaces from rezoning applications submitted from 2012 to 2018. All applications involve changes to community-serving spaces through replacement, enhancement, expansion, or loss. The types of spaces lost include childcares, gymnasiums, multipurpose rooms, artist studios and community kitchens.

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- The risks of losing affordable, community-serving spaces in Vancouver include the loss of community and cultural connectedness, increases in social isolation, increases in inequality (i.e. loss of accessible food programs and affordable and nearby childcare programs), and loss of cultural spaces (i.e., loss of production space, rehearsal space).

5) **The Nonprofits Centre Networks 2019 Report, State of the Shared Space Sector**⁷⁰

The Nonprofit Centers Network (NCN) implemented its third “State of the Shared Space Sector” survey, collecting information from 102 open North American non-profit centers. The purpose of the survey was both to update existing data about how centers are doing, and to also raise awareness and advocacy for shared space as a solution to the challenges in the non-profit sector. Increasingly, non-profit organizations struggle to find quality spaces that meet their needs in the communities they serve and not be displaced by rising rental costs. As survey results indicate, non-profit centers continue to support the needs of organizations, individuals and communities. Note, approximately 30% of NCN’s members are Canadian not-for-profit centres.

High Level Findings & Recommendations:

- With three surveys and accompanying reports in the past 9 years, NCN has found evidence that non-profit centers are addressing the obstacles of higher rents, potential displacement, varying space needs and the many tasks that can distract organizations from their missions. The report notes that non-profits are finding solutions to challenges around space, resources, collaboration and cost savings by co-locating in one building.
- There are approximately 570 known non-profit centers globally in 2019: 79% are in the United States, 19% are in Canada and 1% are in other countries. NCN estimates that collectively the shared space sector occupies about 19 million square feet, housing 8,500 organizations that employ nearly 35,000 employees.
- Notably, 16% of non-profit centers identify as co-working spaces, a significant increase from previous years.
- The majority of tenants in non-profit centers are non-profit or charitable organizations, accounting for 81% of tenants in non-profit centers.

⁷⁰ The Nonprofits Centre Networks (2019). State of the Shared Space Sector Report.

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6) Richmond Community Services Advisory Committee 2018 Report, Phase 2 Non-Profit Social Purpose Space Needs Review Space Needs Review⁷¹

The report by the Richmond Community Services Advisory Committee, Phase 2 Non-Profit Social Purpose Space Needs Review, assessed social purpose non-profit organizations space needs in Richmond. This report provides comprehensive information about the overall space needs the non-profit social service sector:

High Level Findings & Recommendations:

- Over one-third of respondents (35%) are experiencing uncertainty about their tenure and may need to relocate. Reasons include:
 - rental/lease expiration (26%)
 - adding or expanding programs and services (26%)
 - other challenges including temporary space use and demolition clauses (26%) as well as financial uncertainty (5%)
- 85% of survey respondents serve people from across the City of Richmond and 69% would like to relocate or have a new space located in Richmond City Centre to conveniently serve these clients.
- Recommendations to respond to social purpose real estate challenges, include:
 - Not-for-Profits
 - Diversify organization revenue streams
 - Create Fund Development Plans
 - Grow an organization's operations and pursue partnering with other social purpose organizations
 - Local Government
 - Update or develop new Community Amenity Contribution or Density Bonusing Policies
 - Update tax exemptions
 - Private Sector
 - Co-location or shared-space: Leasing and sub-leasing space from a private building owner as a shared space
 - Network with planners, space providers, developers and other NPOS and to generate more revenue for space by finding new donors, fundraising and improving capital campaigning

⁷¹ Richmond Community Services Advisory Committee (2018). Phase 2 Non-Profit Social Purpose Space Needs Review. https://www.rcsac.ca/images/pdf/Phase_2_Richmond_Non-Profit_Social_Purpose_Needs_Review.pdf

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7) City of Richmond 2019 Report, Non-Profit Social Service Agency Current and Future Space Needs⁷²

As a follow-up to the RCSAC 2018 Phase 2 Non-Profit Social Purpose Space Needs Review Report, the 2019 report by the City of Richmond gathered agency-specific information on three main topics: (1) lack of premises, (2) insecure tenure and (3) the need for additional space. To gather agency-specific data the City of Richmond released a survey to ask respondents to record their agency's office, program and meeting room space needs. This data would then assist the City and other stakeholders to seek opportunities that support agency efforts to secure office and program space.

High Level Findings & Recommendations:

- Survey results indicate that approximately 52,000 to 105,000 additional square feet of agency space will be needed in the community over the next 15 years.
- The report identified that significant social-serving organizations are lacking secure tenure, including reasons of organizations at high risk of imminent displacement, and leases that are not extendable.
- The report emphasizes that if not-for-profits are unable to secure space, the loss of these programs to the community would have a significant impact on the many residents and their families who rely on these services.
- The report identified that many agencies need larger premises due to insufficient administration and program space to accommodate clients and staff, as well as to incorporate new programs to meet growing and changing community needs.

2. SUMMARY

There are several recurring themes across different jurisdictions that conducted needs assessment studies of space:

- **Uncertainty** - It is clear that non-profit and social enterprise organizations are experiencing a high degree of uncertainty/vulnerability regarding the security of their tenures and the ability to stay in their current spaces. Whether from the perspective of challenging affordability at current levels of high rent cost, the risk of further increasing rent costs, or from market pressures for building owners to redevelop the property leading to displacement of current tenants, social purpose organizations are consistently

⁷² City of Richmond (2019). Non-Profit Social Service Agency Current and Future Space Needs. https://www.richmond.ca/shared/assets/14_Non_Profit_Social_Service_Agency_Future_Space_Needs_C_NCL_10151954700.pdf

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reporting uncertainty of tenure. Mechanisms that can create greater certainty and longer tenure periods are a clear need in the sector, which may include a higher level of non-profit ownership to ensure long term control of the property.

- **Lack of Space** - As non-profit and social enterprise organizations seek to accommodate programs, services, administration, storage and other staff and client needs, there is a clear need for access to increased amounts of suitable space. This is in response to both existing unmet need for space, and new demands for space coming from organizational and population growths.
- **Aging Buildings** - Many in the social purpose sector occupy aging buildings badly in need of repairs, renovation, safety and environmental upgrades. There is a significant gap in deferred maintenance infrastructure upgrade work needed.
- **Capacity Gaps** - Additionally, there is a gap in sector capacity (knowledge, experience and capital) to take on these infrastructure projects—both small and large.
- **Affordability** - Many of the markets in BC which have become unaffordable to social purpose organizations are in markets with significant level of redevelopment activity which has continued at a steady pace in recent years. This often results in communities losing spaces which have historically been used by non-profits and social enterprise organizations, as well as displacing organizations from central locations which are needed for important proximity to the people they serve.
- Of note is the reporting of **co-location and collaboration** on infrastructure being successful examples of a way to address some of the space issues for non-profit and social enterprise organizations.

IV. Policy Review

What is “policy” and why does it matter?

Policies are guidelines or directions created by governments, businesses, foundations, agencies and others that articulate an entities’ priorities as well as their processes for implementation. When policies are enabling, i.e. support the aims and needs of not-for-profits and social enterprises, they create a context for the sector to thrive—allowing them to focus on their programs and services and delivering impact for individuals, citizens and the community.

Some policies fall within the category of land use, which includes but is not limited to zoning, development, use of land, access to land and in some cases financing of community infrastructure through rezoning or bonus density policies. Some policies focus on support programs that make grants, loans or technical assistance available to the sector. Others can be more regulatory in nature, focused on processes such as permitting, business licensing, fees or taxation restrictions/requirements.

When governments, businesses, foundations and other agencies create policies to support the social purpose sector—the impact can be transformative; however, policies developed to support a sector often result in direct or indirect negative impacts to the social purpose sector. For example, zoning changes in municipalities with high land values, when zoning is changed and opened up to include uses belonging to the industries/sectors that are able to pay higher rents. The commensurate increases in land value, rents, etc., result in immediate negative impacts on the social purpose sector and displacement from that area of the city.

The following section outlines various policy categories that affect social purpose real estate, highlighting selected examples that both enable and hinder the successes of the sector. Ultimately ***SPACE for COMMUNITY*** is looking for examples and opportunities to inform policy improvements to better enable affordable, suitable and secure space in which social purpose organizations can succeed and thrive.

Leveraging SPRE’s background and knowledge in policy work to identify and categorize relevant policies, CapacityBuild Consulting conducted a fulsome policy review. The review focused on the areas of BC most affected by affordability issues, including the Lower Mainland and southern areas of Vancouver Island. Key areas of investigation that were identified by the SPRE Project team include:

- 1) Land Use, Development & Regulatory
- 2) Property Taxes
- 3) Community Services
- 4) Funding & Financing
- 5) Policy Directions to Consider for Social Purpose Real Estate

1. LAND USE, DEVELOPMENT & REGULATORY POLICY

The Land Use policies that are of greatest relevance to social purpose organizations and their real estate needs include those pertaining to employment land and economy reviews, citywide or community plans, zoning, and land use tools related to new development such as rezoning and community amenity contribution (CAC) and bonus density policies.

It is important to note that when analyzing land use policies across BC municipalities, there are key governing charters and plans that inform land use, development and regulatory policies. In Vancouver, the City is governed by the *Vancouver Charter*, which enables Vancouver to create its own bylaws. It does not follow the statutory framework that other municipalities in BC follow:

“The City of Vancouver, including the Vancouver Park Board, is regulated under the Vancouver Charter, a provincial statute. The Charter contains the rules that govern how the City operates, what bylaws City Council can create, and how budgets are set. Under the Charter, City Council has the authority to pass bylaws to regulate such things as noise and land use, buy and sell property, collect certain taxes, approve expenditures, take on debt, give grants, and hire and discharge employees.”⁷³

The *Community Charter*, provides the statutory framework for all other municipalities in British Columbia.⁷⁴ The *Community Charter* sets out municipalities' core areas of authority and fundamental municipal powers.

While Vancouver has created Community Plans for local areas and is now working on a city wide *Vancouver Plan*, municipalities that fall under the *Community Charter* are required to create *Official Community Plans (OCPs)*. OCPs describe the long-term vision of communities. They are a statement of objectives and policies that guide decisions on municipal and regional district planning and land use management.⁷⁵

Many local governments include planning policies in their official community plans that support positive economic, social and cultural, and environmental outcomes. OCPs are important because they are a tool to anticipate needs of the social purpose real estate sector. For example, The City of North Vancouver's Official Community Plan (OCP) considers “recreational, cultural, and other community spaces as aspects of informal community living rooms, and essential ‘social infrastructure’, particularly in high-density neighborhoods like Central/Lower Lonsdale.”⁷⁶ This recognition in an OCP is significant because it both demonstrates that a municipality is working

⁷³ The Vancouver Charter can be found at <https://vancouver.ca/your-government/the-vancouver-charter.aspx>

⁷⁴ The Community Charter can be found at <https://www2.gov.bc.ca/gov/content/governments/local-governments/facts-framework/legislative-framework>

⁷⁵ The explanation for Official Community Plans for Local Governments can be found at <https://www2.gov.bc.ca/gov/content/governments/local-governments/planning-land-use/local-government-planning/official-community-plans>

⁷⁶ The City of North Vancouver's Official Community Plan can be found at <https://www.cnv.org/your-government/official-community-plan>

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towards strategies to better support the social infrastructure in their city, and empowering city staff to work towards achieving those strategies.

The City of Nanaimo's OCP outlines a long term vision and includes policy to support the creation of culture/arts-oriented public space.⁷⁷ In particular, the OCP's Creative Space Policy includes the need to create and maintain a cultural facilities development plan, and encourages investors to continue to facilitate the growth of the downtown 'cultural district' by locating new facilities or redeveloping facilities suited for cultural purposes. The City of Nanaimo has a growing and diverse population and is working towards supporting cultural infrastructure in its economy.

In October 2014, Surrey City Council adopted the City's OCP. It recognizes that in response to Surrey's changing and growing population, their OCP emphasizes partnerships to address affordable housing, skills training and education, healthy communities, and childcare issues, as well as the increasing significance of cultural services.⁷⁸

The Social Inclusion & Accessibility section in the City of Richmond's 2041 OCP identifies two policies to facilitate the provision of space for community agencies: 1) secure City-owned child care facilities, for lease at nominal rates to not-for-profit providers, from private developers through the rezoning process; 2) encourage private developers to contribute to the City's Child Care Development Reserve Fund, as appropriate.⁷⁹ The City of Richmond's Official Community Plan, acknowledges the significance of "building on social assets and community assets" by investing in the infrastructure the City needs to meet the social needs of its growing population, however, the OCP does recognize that investing in social infrastructure in an escalating market, like Richmond, is particularly challenging and prohibitive with costs (e.g., land, construction, operating). Although the City would like to support other types of social infrastructure, such as not-for-profits and other community entities, the City will have to develop strategic implementation plans to support future needs and inherent challenges.

To better understand the policy categories on land use, development and regulatory reviews that affect the social purpose real estate sector it's important to recognize this greater political structure and legislation context. What follows are selective examples that dive deeper into the land use, development and regulatory context:

Selective Examples

There are several land use tools used by municipalities to support social purpose real estate. Both Bonus Density and Community Amenity Contributions (CAC's) secured through the rezoning process can include spaces for social/community services, arts and culture, or recreation. Bonus Density can also result in cultural or social infrastructure, but works under a different premise in that the space must be included on-site.

⁷⁷ The City of Nanaimo's Official Community Plan can be found at <https://www.nanaimo.ca/property-development/community-planning-land-use/community-plans/official-community-plan>

⁷⁸ The City of Surrey's Official Community Plan can be found at <https://www.surrey.ca/city-services/1318.aspx>

⁷⁹ The City of Richmond's Official Community Plan can be found at <https://www.richmond.ca/cityhall/bylaws/ocp/sched1.htm>

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According to the City of Vancouver's Making Space for Arts & Culture Report, "several cities designate cultural districts using incentives including density bonuses and tax reductions to support cultural spaces. These provisions offer developers extra density—more units for example—up to a limit set in a particular zone, in exchange for a contribution towards civic amenities and affordable space."⁸⁰ However, some argue that, as an incentive tool for developer, "Density Bonuses is less effective in communities where density isn't valued by developers or where land is more affordable and developers are content to build out instead of up."⁸¹

Regulatory issues also play a significant role in enabling or hindering social purpose real estate. As part of the development process is a series of applications and fees for things like, building permits, development permits and development variance permits. Some municipalities are working towards implementing processes to speed up development permitting applications, including increasing staff, reducing red tape and moving more of our processes online through their ongoing Regulatory Review. What follows are "selective examples" of land use tools that serve as opportunities and barriers for the social purpose real estate sector.

City of Vancouver

The overarching tool for the City of Vancouver is the *Vancouver Plan*, currently underway, that will set a broad, integrated vision for the future that addresses key issues holistically and strategically."⁸² This planning program will result in a long-range plan that collectively guides Vancouver to 2050 and beyond.

Two highly debated but also valued land use development tools are Bonus Density and Community Amenity Contributions (CACs) received through rezoning. Essential when a site is rezoned to allow an increase in development potential, the City of Vancouver seeks a contribution in the form of cash and/or in-kind CACs (options include affordable housing, heritage, public transit infrastructure, child care, community centres, green spaces, cultural or social infrastructure). Specific public benefits are identified through an assessment, approved by City Council, and are typically located in and around the community in which the rezoning takes place. CACs are either determined through an area-specific CAC Target or are determined through a negotiated approach. In January 2020, Vancouver City Council approved a number of changes to the municipal government's community amenity contributions (CACs) policies for developers, in an aim to improve efficiency and transparency.⁸³

Bonus Density can also result in cultural or social infrastructure, but works under a different premise in that the space must be included on-site. In Vancouver, heritage density transfers have also resulted in social purpose real estate, most often used in conjunction with other land use

⁸⁰ City of Vancouver (2019). Making Space for Arts & Culture Vancouver Cultural Infrastructure Plan. <https://council.vancouver.ca/20190910/documents/ACCS-RTS13175-AppendixD-MakingSpaceforArtsandCulture.PDF>

⁸¹ BC Climate Action Toolkit. <https://www.toolkit.bc.ca/tool/density-bonusing>

⁸² More information about the Vancouver Plan can be found at <https://vancouverplan.ca/about/>

⁸³ The City of Vancouver's CAC Update Report can be found here <https://vancouver.ca/home-property-development/cac-guidelines.aspx#approved-report>

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tools, and always in respect of a heritage building that has significant cultural/heritage value and is therefore deemed appropriate for retention.

With regard to “Regulatory” issues, the City of Vancouver is currently overhauling many aspects of its regulatory context including how development proposals are submitted, timelines for review and approval, fees charged, etc. Vancouver has a development category for ‘not-for-profit fees’, however, these are not consistently applied and can be difficult to access depending the capacity of the applicant and the staff member servicing the request and their knowledge of the fee policy.

City of Richmond

The City of Richmond’s Zoning Bylaw has provisions to negotiate community amenities that may include not-for-profit space. The financing of community amenities (e.g., affordable housing, child care, community planning services, etc) is to be primarily funded by developers, through density bonusing, phased development agreements and other means. These provisions are found in select zones, e.g. “Downtown Commercial” which allows density bonuses for affordable housing (CDT1 and CDT2) or “other” (CDT3) objectives.⁸⁴ However, the CDT#3 bonus has rarely been used as it offers weak incentives for the developer.

The City of Richmond’s Child Care Development Policy describes how cash contributions from new development achieved through bonus density and/or major project rezoning’s can be allocated to the City’s Child Care Reserve Funds: 90% of the amount is deposited to a capital development reserve fund and 10% is deposited to an operating reserve fund, which provides financial assistance for non-capital expenses.

The City of Richmond’s City Centre Area Plan (CCAP) identifies a goal to encourage the establishment of “Community Service Hubs”.⁸⁵ Although there are no specific policies to enable implementation, it is still encouraging because it can enable amenity space in the new City Centre Development; space that could be leased to not-for-profits with priority to co-located community services.

The CCAP, through Bylaw 8889, also identifies the establishment of an arts, culture and heritage district within the City Centre, a "special precinct where zoning and development guidelines, economic and cultural strategies and related practices support and provide incentives for a vibrant, diverse and viable arts community..." In recent years, Planning negotiated with two developers in the Capstan Village area which is designated as part of this "arts district", resulting in the provision of 37 affordable Artist Residency Tenant Studios with six additional affordable work-only artist studio spaces on the way.

⁸⁴ City of Richmond’s Downtown Commercial Bylaw can be found at https://www.richmond.ca/_shared/assets/CDT1-324202.pdf

⁸⁵ City of Richmond’s City Centre Area Plan can be found at https://www.richmond.ca/_shared/assets/28_social23844.pdf

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City of North Vancouver:

In 2015, North Vancouver City Council endorsed a new Density Bonus and Community Benefits Policy (updated in 2018) that provides more certainty regarding the purpose and value of community benefit contributions that may occur in conjunction with development applications. The policy outlines the types of community benefits possible through development applications in conjunction with the 2014 Official Community Plan. The policy guides Council in making decisions for density bonus requests and includes guidance on the following types of community benefits:⁸⁶

- Amenity Fund Contributions (funds that help pay for civic amenities)
- Secured Rental Housing (ensuring there is quality rental housing options for future generations)
- Employment Generation (creating jobs close to where people live)
- Heritage Conservation (ensuring the cultural heritage of the City is not lost during redevelopment)

Significantly, this Bonus Density & Community Benefits Policy has resulted in cultural and social infrastructure in the City of North Vancouver, including the City Library.⁸⁷

City of Surrey

Surrey's Density Bonus Program is divided into 2 Tiers of Community Amenity Contributions (CACs).⁸⁸ The City of Surrey's density bonusing policy and by-law information is the easiest tool the City of Surrey has to offer to support non-profits/social enterprises and artists for encouraging the provision of space. Effectively, when a development seeks additional market residential density, the City of Surrey has established a price that is variable by geography, but generally equal to the value of 75% of the lift in land value. This contribution can be delivered in-kind as civic space if the City deems it as a community benefit.

Alternatively, this contribution can be delivered as below-market housing, which in principle could be artist live-work housing. Certain dedicated 'affordable' artist-live work housing or rental would be (at minimum) exempted from the density bonus scheme, meaning a developer would not need to consider the additional square feet to deliver those as part of any density bonus calculations.

⁸⁶ See City of North Vancouver's summary of Density Bonusing. <https://www.cnv.org/city-services/planning-and-policies/land-use/density-bonusing>

⁸⁷ Ibid.

⁸⁸ The City of Surrey's Community Amenity Contributions & Density Bonus Program can be found here <https://www.surrey.ca/city-services/25163.aspx>

Successful Policy Support Examples:

The City of Vancouver is working to address and remove regulatory processes that are restrictive to the arts and culture community. In 2009, a cultural staff position was created to assist artists and arts and cultural organizations with City of Vancouver regulatory processes and issues. Since that time, staff has provided technical assistance to over 475 inquiries, conducted regulatory reviews, and made systemic changes to City policy and procedures. Additional help has been made available for artists, not-for-profits, and event producers to navigate permits, licenses, and regulatory requirements necessary for successful programming.⁸⁹

There are some Vancouver districts with density bonus provisions that have benefited cultural spaces. The False Creek Flats Plan implemented a bonusing provision to support non-profit workspaces, job training programs, rehearsal space, and arts production facilities. The plan also limited certain uses and removed barriers for artist studios by maximizing allowable floor space and allowing new artist studios.⁹⁰

Challenging the Existing Community Amenity Contributions Model

The East Side Cultural Crawl Society (ESCCS) critiques the City of Vancouver's new Culture Plan for 2020-2029 Culture Shift.⁹¹ The plan sets a target of securing \$10 Million for a Culture Spaces Fund, with private developer contributions making up the majority of funding through Community Amenity Contributions (CACs). ESCCS says that the main concern with this strategy is that it overly relies on private funding secured in exchange for redevelopment of existing buildings, some of which are occupied by artists. The process of rezoning industrial lands leads to the displacement of existing tenants, including artists, and despite the occasional addition of cultural amenity space, the end result is a net loss of artist studio space. Artists are forced to relocate permanently or face competition with commercial or technology industries for higher rents in new buildings. Based on ESCCS review, the City of Vancouver does not prioritize CACs be allocated to artists production spaces or other types of facilities for artists.

⁸⁹ City of Vancouver Report Council (2018). Culture Plan Implementation: Phase 1 of the 2008-2023 Cultural Facilities Priorities Plan. <https://vancouver.ca/files/cov/CulturePlan-Phase1-Facilities-Plan.pdf> and City of Vancouver (2019). Making Space for Arts & Culture Vancouver Cultural Infrastructure Plan. <https://council.vancouver.ca/20190910/documents/ACCS-RTS13175- AppendixD-MakingSpaceforArtsandCulture.PDF>

⁹⁰ City of Vancouver (2019). Making Space for Arts & Culture Vancouver Cultural Infrastructure Plan.

⁹¹ Eastside Culture Crawl Society (2019). A City Without Art. <https://issuu.com/culturecrawl/docs/citywithoutart>

City of Nanaimo

As an example of policies that can hinder space for not-for-profits and social enterprises, in Nanaimo certain zoning bylaws inhibit not-for-profits and social enterprises from finding appropriate space. Here definitions for ‘Social Services Centre’ and ‘Social Services Resource Centre’ restrict organizations from evolving their programs and services.⁹² A Social Service Centre means a building used for administrative purposes and to provide information, referral, counseling and advocacy services. A Social Service Resource Centre means a building used to provide information, referral, counseling, and advocacy services; or dispense aid in the nature of food or clothing; or provide drop-in or activity space. If an organization is occupying space under the Social Service Centre zoning bylaw and wants to expand and offer drop-in service, they are unable to do so because the zoning bylaw does not allow this type of usage. This is one example where greater clarity in definitions and more flexibility in application is needed around to support social purpose real estate needs.

2. PROPERTY TAX POLICY

Property tax is governed by a complicated multi-jurisdictional set of policies that can have significant impact on not-for-profits and social enterprises—both in ownership and rental/lease or licensing situations. The Province of BC controls the “assessment” component of property tax—with a classification system that categorizes certain types of properties into categories subject to different tax rates. Municipalities create the local “mill rate” which is the actual taxation rate charged on an annual basis. While the Province of BC has a not-for-profit classification—it is understood to be a very outdated definition of what a not-for-profit is and therefore highly restrictive in its application. Several years ago, the non-market housing sector was successful at achieving a classification for a specific category of non-market ‘supporting’ housing—which essentially eliminated property tax implications for that category of housing. Heritage has also been successful in achieving property tax waivers in various jurisdictions. Finally, both the Province through its “statutory” exemptions, and all municipalities through their annual “permissive property tax exemptions” have the ability to exempt not-for-profit or charitable organizations. While notably not all municipalities choose to provide that exemption, these are all possibilities for improving the property tax situation for not-for-profits and social enterprises in social purpose real estate.

There are two main issues facing the social purpose sector:

1. **First, as an owner, property taxes are unavoidable**, unless the organization falls within one of the exemption categories noted above.

⁹² The website for the City of Nanaimo Zoning Bylaw definitions can be found at <https://www.nanaimo.ca/bylaws/ViewBylaw/4500.pdf>

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2. **Second, for renters in lease or license situations**, the rental agreement will outline the property tax obligations--with **many if not most commercial tenants required to pay the taxes for the space they occupy**. This also applies to not-for-profit organizations and social enterprises who rent, lease or license space.

Significant increases in land values in certain commercial districts – often the result of speculative buying or rezoning allowing greater density – have pushed assessment values and tax bills up, which are then passed from landlords to tenants. In addition, the current system of taxation uses the premise of “highest and best use”, i.e. the best anticipated use for the site under a maximum development scenario, regardless of what the site is actually used for today. Everyone is affected by this system, but in particular small businesses, not-for-profits and social enterprises, when they have to carry a taxation bill based on anticipated development not actual use.

A 2018 Report to Vancouver’s City Council highlights two key factors that contribute to the lack of affordable space for not-for-profit and social enterprise use: dramatically increasing land values and property taxes. The reports states that,

“...while the City holds one of the lowest average tax increases in Metro Vancouver, rampant real estate price escalation continues to drive up land values, resulting in significant volatility in property assessment and taxes each year. The arts and culture sector is hit particularly hard as it tends to be located on potential redevelopment sites. Most commercial leases are “triple net” which allow landlords to pass on all property taxes, including those applicable to the development potential, on to their tenants. One studio hub recently experienced their property taxes doubling over four years from ~\$50,000 to \$100,000.”⁹³

The 2013 Report by the Central City Foundation also highlights the dramatic rise in property taxes and the significant effects on the social purpose sector:

“...the skyrocketing increases in assessed values for commercial properties, particularly in some of the neighbourhoods with large concentrations of non-profit organizations like Mount Pleasant, Marpole and the Downtown Eastside, have led to staggering increases in property taxes – costs which are passed on directly to non-profit tenants. With utility prices also going up over the past decade, facility costs for these organizations are becoming more and more unaffordable”⁹⁴

⁹³ Alix Sales and Branislav Henselmann (2018). City of Vancouver Making Space for Arts and Culture 2018 Policy Report. <https://vancouver.ca/docs/council/Making-Space-for-Arts-and-Culture-2018-Cultural-Infrastructure-Plan-Report-2018-07-10.pdf>

⁹⁴ Central City Foundation (2013). Unaffordable Spaces: How rising real estate prices are squeezing non profit organizations and the people they help. <https://www.centralcityfoundation.ca/wp-content/uploads/2014/05/CCF-Community-Report- low-res.pdf>

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The Province of BC, BC Assessment, and Metro Vancouver municipalities, have been working to identify viable options to create a Business Property Tax Relief Program that could benefit the social purpose sector. The Province is currently considering a Split Assessment through a New Commercial Sub-class approach. This approach would allow the splitting of the “development potential” value from the “existing use” value for underdeveloped properties that meet certain eligibility criteria. Local governments could then set a lower tax rate on “existing use” versus “development potential” relative to the current commercial tax rates.

This approach was brought forth in an open letter to Honorable John Horgan in September 2019 by an industry group that has been advocating on behalf of small businesses. They called for the BC Provincial Government to take bold action to help small businesses who are struggling to survive massive property tax increases.⁹⁵

Selective Examples

City of Victoria

Section 220 of the City of Victoria’s Community Charter provides statutory tax exemptions for a range of properties including those held or used by the Province, municipalities, regional districts, libraries, hospitals, schools, cemeteries, and places for public worship.⁹⁶ Section 224 provides permissive tax exemptions for properties used by a variety of non-profit organizations that provide services which Council considers directly related to the purposes of the organization. It also provides for permissive exemptions for some properties which are additional to statutory exemptions under Section 220, such as church halls or land surrounding places for public worship and privately run schools. In the application process, the City of Victoria specifically asks organizations how the exemption will provide a benefit to the community. Organizations and charities who successfully receive the City of Victoria’s Permissive tax exemption, like Threshold Housing Society, say it’s “vital to the long term sustainability of our organization”.

City of Vancouver

The City of Vancouver has a large portfolio of properties, primarily held in the Property Endowment Fund. Properties that are not immediately required for civic purposes and are leased to commercial, residential and occasionally not-for-profit tenants. These properties are exempt from property taxes pursuant to s396(1) of the Vancouver Charter, however, to ensure equity among tenants of City properties and privately-owned properties, Council has a policy of setting lease payments for City properties to equalize the impact of taxes. In addition, the City has a Non Profit Capital Assets Portfolio of approximately 130 spaces that have either been donated to the City over the years, or received through development related Bonus Density and Community Amenity Contributions provisions. These spaces are leased to not-for-profit organizations and have (generally) been exempt from property tax.

⁹⁵ Information on the Split Assessment using a “commercial sub-class” approach is found in the *Open letter to Honourable John Horgan* on Sept.23rd, 2019:

<https://static1.squarespace.com/static/5266d49be4b0bc5cd29ee8e0/t/5d8a4f4b5106d647d0ab8c8a/1569345372301/UBCM+Coalition+Open+Letter+to+Premier+2019-09-23.pdf>

⁹⁶ City of Victory Permissive Tax Exemption can be found at

<https://www.victoria.ca/assets/Departments/Finance/Documents/property-tax-permissive-exemption.pdf>

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Permissive Tax Exemption is provided under Council's authority when determining the eligibility of individual properties in accordance with program criteria set by Council. The following exemptions are available under the Vancouver Charter: s396A – exemptions for heritage property; 396C – exemptions for riparian property; s396E – revitalization tax exemptions; s396F – exemptions for not-for-profit property.

City of Richmond

The City of Richmond's Property Tax Exemption Policy allows the City to provide property tax exemptions to churches, private schools, hospitals, and charities that own property.⁹⁷ NPOs and charities are not granted any special exemptions as a category. Charitable property tax exemption is allowed for properties where an NPO is using a municipal building as a licensee or tenant.

City of Surrey

Surrey City Council may consider permissive tax exemptions for properties within the City that are owned by a not-for-profit society, or alternatively, that are leased from the City, pursuant to Section 224 of the Community Charter, S.B.C. 2003, Chap. 26 and in accordance with the City's Tax Exemption Policy. Permissive tax exemptions are at the discretion of Council; there is no obligation to give an exemption. According to the City's Policy, considerations for non-profits to receive a permissive tax exemption include the following:⁹⁸

- Exemptions may be considered for land or improvements that are owned or held by charitable or non-profit organizations, supported by public funds, and used exclusively for charitable or philanthropic purposes.
- Non-profits applying for tax exemption must demonstrate that the services of their organization are open to and used predominantly by Surrey residents.
- All applications must be consistent with municipal policies, plans, bylaws, and regulations.
- Exemptions can only be considered after the building is constructed, given final occupancy approval by the City, and be occupied, operational, and compliant with all licensing and permits.

City of North Vancouver

The Community Charter provides that Council may, by bylaw, exempt land and/or improvements from municipal property taxes.⁹⁹ In addition to the Community Charter requirements, those organizations applying for exemption must comply with the City of North Vancouver's Taxation Exemption Bylaw 2019, No. 8713.¹⁰⁰ The City recognizes permissive tax exemptions ("PTEs") as a tool to support the City's goals and guiding principle by supporting organizations in the

⁹⁷ The City of Richmond's Property Tax Exemption Policy can be found at https://www.richmond.ca/_shared/assets/2_Permissive_Exemption_FIN10011851681.pdf

⁹⁸ Discussion with City of Surrey Staff, June 23rd, 2020

⁹⁹ The City of North Vancouver's Permissive Tax Exemption Policy can be found in the Oct. 7th, 2019 Council Meeting Minutes from <https://www.cnv.org/your-government/council-meetings>

¹⁰⁰ More information on the City of North Vancouver's Permissive Tax Exemptions can be found at <https://www.cnv.org/property-and-development/property-taxes/permisive-tax-exemptions>

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community which provide services for the general public good. The policy establishes eligibility and criteria for evaluating PTEs, and, if Council directs, provides that the total dollar value of exceptions may be limited to a fixed percentage of the total tax levies.

Other Successful Models of Property Tax Exemption

City of Vancouver

For the City of Vancouver, eligible properties designated as Supportive Housing (Class 3) are assessed at a nominal value and effectively exempt from property taxes. This property class was created by the Province pursuant to the Small Business and Revenue Statutes Amendment Act 2008. In 2018, 108 properties in Vancouver were designated as “Supportive Housing” and paid no taxes. While this represents additional financial subsidies from the City above and beyond the capital funding and land already committed to the development of supportive housing, as any forgone tax revenue is borne by all taxpayers, it is a critical underpinning to the long term sustainability of the 108 non market housing projects.

Province of Ontario

In 2018, the Province of Ontario created a new Tax Class to support non-profits in the creative sector that reduces property taxes owed. This process was led by Trinity Square Video, a non-profit arts organization located in downtown Toronto in the 401 Richmond Arts Building, which is home to 137 arts and non-profits organizations. They calculated that there were about 15 properties in the Toronto area that would qualify because multiple organizations shared space—the new Class is specific to “creative cluster” (co-location, shared space hubs). Toronto City Council unanimously adopted the recommendation to amend the Provincial Tax Act to add this new classification which made it easier for the Province to adopt. As it is provincial legislation, now any municipality in Ontario that has a 'creative cluster' can use this tax classification to reduce or exempt the taxes on that space. To qualify for this tax classification, requirements include that the space must be over 10,000 sq ft and with 5 or more creative/arts industry activities.

3. COMMUNITY SERVICES POLICY

Community Services policies are a broad range of municipal policies that outline long range priorities, plans and programs for social, community and arts and culture services. As overarching policies, they seek to ensure the different social purpose sectors, including arts and culture, community and social services, and community serving spaces are integrated within overall municipal plans and projects. These plans are very effective in enabling cross-departmental understanding of the social purpose sector. Community Services policies can also outline specific programs that relevant departments might offer. With regards to social purpose real estate, these can include infrastructure grants, funding for technical assistance, priorities for consideration in the creation of development related amenity spaces, etc.

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Selective Examples

City of Nanaimo

In April 2014, Nanaimo City Council adopted a 2014-2020 Cultural Plan for a Creative Nanaimo.¹⁰¹ Strategies related to space for arts and culture include developing innovative creative hubs or incubators that include shared workspaces for artists, creative professionals, and start-up cultural/creative entrepreneurs; provide tax incentives for new, start-up creative/cultural businesses in the downtown core (make use of the Revitalization Area Tax Exemption from the Local Government Act). Actions towards supporting the creative economy in Nanaimo include “use planning/zoning tools to provide live / work spaces for qualified artists and creative professionals; pursue public-private partnerships for subsidized live / work studios that benefit artists, property owners, and the city.”¹⁰²

City of Richmond

The City of Richmond's Social Development Strategy includes a strategic direction to "Strengthen Richmond's Social Infrastructure", with recommended actions including preparing an enhanced policy framework for securing community amenities; establishing a clear, consistent City policy framework for assisting community agencies to secure space; and exploring opportunities to establish community service hubs.¹⁰³

A key aspect of the Cultural Harmony Plan is to build on the City of Richmond's social inclusion practices as well as the existing strengths and capacities of its partners and key stakeholders. In order to strengthen Richmond's strong network of dedicated social service agencies the document identifies strengths, gaps, and opportunities based on the data provided by local stakeholders across the following categories: Community Capacity-Building, Public Education and Awareness, An Interculturalism Model, Reduce Barriers to Participation.¹⁰⁴

Richmond City Council approved ArtWorks: Richmond Arts Strategy 2019-2024, following recommendation by the Parks, Recreation and Cultural Services Committee.¹⁰⁵ The Strategy dedicates one of its five Strategic Directions to the provision of spaces for the arts. Objectives and supporting actions include: completion of a Cultural Facilities Needs Assessment, generating creative spaces and cultural amenities in new developments (and establishing parameters and guidelines for same), continuing to develop distinct arts districts and cultural hubs as identified in the CCAP, and continuing to support dedicated affordable artist housing and studios.

¹⁰¹ The 2014 City of Nanaimo Cultural Plan 2014 can be found at <https://www.nanaimo.ca/docs/social-culture-environment/plan-culturalplanforacreativenanaimo.pdf>

¹⁰² Ibid.

¹⁰³ The Social Development Strategy for Richmond can be found at https://www.richmond.ca/_shared/assets/socialdevstrategy34917.pdf

¹⁰⁴ The City of Richmond's Cultural Harmony Plan 2019-2029 can be found https://www.richmond.ca/_shared/assets/draft_cultural_harmony_plan_2019_202954337.pdf

¹⁰⁵ ArtWorks: Richmond Arts Strategy 2019-2024 can be found at <http://www.howartworks.ca/richmond-arts-strategy>

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City of North Vancouver

One of the objectives in the City of North Vancouver's Social Plan is to "ensure that existing and new public facilities and amenities are available for community use, and address local priority needs".¹⁰⁶ The City of North Vancouver leases community facilities on an ongoing basis to societies or groups that provide social, cultural, educational, and recreational benefits.¹⁰⁷

City of Victoria

The City of Victoria developed a five-year Arts and Culture Master Plan called, Create Victoria.¹⁰⁸ The report summarizes key findings on spaces challenges, including difficult and restrictive regulatory context (e.g. zoning use such as commercial vs. industrial); loss of existing spaces due to development; lack of flexible pop-up spaces and venues for indoor and outdoor events and performances; improvements needed for existing outdoor performance infrastructure; limited facility operational funding; difficulty in preserving existing spaces and perceived barriers in creating new spaces. Create Victoria includes a cultural policy that firmly values the role of artists and creativity in this society and is reflected in the Values and Guiding Principles in the Create Victoria Master Plan. Strategic Priority One in the Create Victoria Master Plan focuses on cultural space development. It further recognizes the need to maintain and protect existing cultural spaces, beginning with the development of a Cultural Infrastructure Fund with an emphasis on legacy giving, while working towards the development of a multi-use cultural facility.

City of Vancouver

The City of Vancouver has a bold and ambitious strategy to build a healthy city for all by 2025.¹⁰⁹ The Healthy City Strategy and Action Plan is a long-term plan for healthier people, healthier places, and a healthier planet. It addresses health in the broadest sense by integrating elements that influence well-being and involving diverse sectors in a shared vision of a healthy city for all residents. A key goal that the plan identifies is for "Vancouverites have equitable access to high-quality social, community and health services."

Vancouver City Council approved *Culture/Shift: Blanketing the City in Arts and Culture; Vancouver Culture Plan for 2020-2029*, the new overarching 10-year cultural plan prioritizes affordable and accessible spaces, cultural equity, accessibility, reconciliation and decolonization.¹¹⁰ *Culture/Shift* aims to create new cultural spaces and 400 units of artist housing over the next ten years. It also

¹⁰⁶ See section 3-1 in the City of North Vancouver's Social Plan, which can be found at

<https://www.cnv.org/City-Services/Planning-and-Policies/Social-Plan>

¹⁰⁷ Discussion with City of North Vancouver Staff, June 23rd, 2020

¹⁰⁸ The Create Victoria Arts and Culture Master Plan can be found at

<https://www.victoria.ca/EN/main/residents/culture/create-victoria.html>

¹⁰⁹ The City of Vancouver's Healthy City Strategy can be found at <https://vancouver.ca/files/cov/Healthy-City-Strategy-Phase-2-Action-Plan-2015-2018.pdf>

¹¹⁰ The 2019 *Culture/Shift* report can be found at <https://vancouver.ca/parks-recreation-culture/culture-shift.aspx>

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calls for a music task force, the development of Indigenous grant programs and additional opportunities for Indigenous arts and culture.

City of Surrey

According to the Surrey Board of Trade, Surrey's inventory of significant arts facilities compares poorly to other Canadian cities, many of which have lower populations than Surrey.¹¹¹ Visual and performing arts spaces was the lowest in Canada. On a per capita basis, Surrey's performing arts seat inventory was significantly lower than any of the benchmarked cities and less than half the inventory of Vancouver or Seattle. The Surrey Board of Trade recommends that the City of Surrey invest in arts and culture infrastructure to support the diversification of the local economy. While this is not "city policy", it is a testament to an engaged business community that is calling for appropriate city policy to support this important area.

Successful Examples of Community Services Policies

In Section 2 of the City of Vancouver's Zoning & Development Bylaws, there is a definition for "Community-Serving Spaces" that was created to address the loss of community-serving spaces during rezoning applications.¹¹² This recognition enables the identification of non-city-owned sites that support the delivery of social, arts, cultural and recreational programs and services for community use. These programs and services that are operated in spaces by not-for-profit, for-profit, or charitable organizations are at risk of displacement due to high land values in social infrastructure, but the community-serving spaces definition serves to guide City staff to promote the retention and renewal of community-serving spaces. A Community Services Spaces Policy is currently in development

Vancouver is the first major city in Canada to introduce a formal Community Benefit Agreement (CBA) policy, which is a framework setting standards for development industry practices to ensure that real estate development brings short-term and long-term improvements in communities through local hiring, social procurement, and capacity building.¹¹³ The CBA process is a collaboration between community organizations, the City, and the development industry, with extensive community engagement. Under a CBA, a developer commits to actions, targets and outcomes relating to employment and procurement in a community where the development is occurring, or with equity-seeking groups in nearby communities. The CBA policy provides greater clarity to the development community while leveraging the City's work to support social enterprise.

¹¹¹ Surrey Board of Trade presentation, "City of Surrey Budget 2020 & Five-Year Financial Plan Surrey Board of Trade Perspectives", can be found at <https://businessinsurrey.com/wp-content/uploads/2019/11/CITY-BUDGET-PRESENTATION-2020-pdf.pdf>

¹¹² The City of Vancouver's "community-serving spaces" bylaw can be found at <https://bylaws.vancouver.ca/Bulletin/A015.pdf>

¹¹³ City of Vancouver's Community Benefit Agreement can be found at <https://vancouver.ca/people-programs/community-benefit-agreements.aspx>

4. FUNDING & FINANCING

The largest segment of social purpose sector funding in Canada is focused on direct funding for delivery of the programs and services which non-profit organizations provide. The goal in assessing funding policy for social purpose real estate is to sift through the funding landscape to identify opportunities which relate specifically to aspects of securing appropriate real estate by social purpose organizations.

While municipalities are active in granting programs which support various aspects of real estate identification, planning and capital investment, there are a range of other funding sources which also provide support. Both Federal and Provincial governments have active funding programs, as well as public and private foundations, and other community and private sector funders.

A challenge in sorting through the policy approaches of the various funding sources is the level of specificity which is applied to different funding programs. Funders establish policy with criteria aligned to their individual objectives and focus areas, which may be specific to the type of funding support (i.e.: feasibility, planning, operations or capital investment for renovation or purchase), or specific to the sector of interest (i.e.: housing, arts & culture, social services, environment, accessibility), or restricted to a particular jurisdiction. Just launched, the Social Purpose Real Estate Collaborative provides a webpage dedicated to finding funding for space related projects. All members of the Collaborative with funding programs, as well as other funding resources are listed for easy access by not-for-profits and social enterprises.¹¹⁴

Capital Grant Opportunities

The funding category with the widest array of offerings supporting social purpose real estate is in the form of grants to non-profit and charitable organizations. In support of real estate acquisition and renovation, the grants fall under the category of Capital Grants. While operating and project grants are more commonly available to social purpose organizations (generally at a much lower dollar level), capital grants at the provincial and municipal level are less available so it can be difficult for organizations to get the leverage they need at all levels of government to access additional funding and support for their capital project.

At the Federal government level, funding for arts & culture space development occurs through the Canadian Heritage Cultural Spaces Canada Fund.¹¹⁵ Canada Council for the Arts has a 6 stream funding framework, however it tends to be focused on delivery and programmatic areas of the arts rather than supporting real estate issues. Another area of Federal funding support for social purpose organizations is found in achieving improved accessibility of a community venue through the "Enabling Accessibility" Fund.¹¹⁶ Housing remains a strong area of Federal funding support

¹¹⁴ This can be found on the SPRE website <https://www.socialpurposerealestate.net/content/fund-space>

¹¹⁵ The Canadian Heritage Cultural Spaces Canada Fund can be found at <https://www.canada.ca/en/canadian-heritage/services/funding/cultural-spaces-fund.html>

¹¹⁶ The Enabling Accessibility Fund can be found at <https://www.canada.ca/en/employment-social-development/programs/enabling-accessibility-fund.html>

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through Canada Mortgage and Housing Corporation however development of any social purpose space other than housing would be incidental to a primary housing project.

At the Provincial government level in BC, there is substantial funding provided for non-profit organizations, often through annual contracts for service delivery, in sectors including social services, education, and healthcare, but the focus is on funding delivery of services rather than supporting access to suitable real estate. In some contract budgets there is a component permitted for administration expense, some of which may be used towards facility operating costs. The arts sector is supported both through the Province and Federally through the Arts Councils for various operating and special purpose grants. Once again, this funding is targeted primarily towards arts performance and presentation activities, with limited, or short-term support to access appropriate space.

Real estate infrastructure funding for non-profits is seen, however, in several areas including housing (through BC Housing), BC Gaming Capital Grants, and through the Community, Culture and Recreation Infrastructure grant program. This latter program is jointly funded by the Federal and BC Provincial government through respective infrastructure funds. This program is intended to create long-term economic growth, build inclusive, sustainable communities and support a low carbon, green economy, by focusing on projects that improve citizen's access to and quality of cultural, recreational and community spaces.¹¹⁷

Municipal funding policy for social purpose real estate varies considerably between different cities. In addition to contributions of space, as noted in the land use section, municipalities generally have a robust program of community oriented grant funding, however the vast majority of these funding channels are quite specific and directed towards organizational capacity, cultural programs & initiatives, and social and community service program delivery, with operating expense support permitted in some grant programs. The dearth of municipal grant initiatives intended to support preplanning, feasibility, renovation, development and long-term operation of spaces is indicative of the overarching issue for social purpose organizations. By investing in the continuum of real estate from planning to operation, governments empower not-for-profits to be effective players in the real estate--enabling them to engage, build their capacity, take responsibility and care of their assets and establish long-term sustainability based on security of access to suitable, affordable space.

There are, however, several good examples of municipal funding initiatives in place to directly enable social purpose real estate creation. The City of Vancouver (CoV) has a Cultural Infrastructure Grant program which provides over \$1M in annual funding to arts & culture organizations for planning and for capital investment in suitable real estate to support their endeavors.¹¹⁸ CoV also has a Small Grants for Cultural Spaces program to enable the needed space feasibility and planning work by social purpose arts organizations.¹¹⁹ Other CoV arts and

¹¹⁷ The Community, Culture and Recreation Infrastructure Grant Program can be found at <https://www2.gov.bc.ca/gov/content/transportation/funding-engagement-permits/funding-grants/investing-in-canada-infrastructure-program/community-culture-recreation>

¹¹⁸ The CoV Cultural Infrastructure Grant Program can be found at <https://vancouver.ca/people-programs/cultural-infrastructure-grant-program.aspx>

¹¹⁹ The CoV Small Grants for Cultural Spaces can be found at <https://vancouver.ca/people-programs/small-grants-for-cultural-spaces.aspx>

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culture funding support exists in the Artist Studio Access program and the Civic Theatres access program. The City of North Vancouver has a unique Child Care Capital Improvement Fund which provides funding for equipment and expansion/renovation of child care facilities.¹²⁰

Beyond government funding policy, there are a wide range of private and public Foundations in BC which provide funding to social purpose organizations. Many community foundations, smaller private foundations and much of the donor advised funding held within community foundations typically provide only operations-focused grants rather than funding directed to address real estate issues. The Vancouver Foundation names a wide range of interest areas, however little of the funding is purposed towards securing appropriate real estate for social purpose organizations. Similarly, the Victoria Foundation indicates no real estate focus in their funding policy.

Private sector organizations such as Fortis BC or TD Friends of the Environment provide environmental sustainability grant funding to assess or improve the environmental performance of a facility.

Selective Examples:

Real Estate Foundation of BC: Provides up to \$4 million per year of innovative land use grants to support public and professional education, applied research, law and policy analysis, and other projects related to land use and real estate in British Columbia.

Central City Foundation: Grants are provided for small capital projects including grants to support construction, renovation and equipment purchases, to organizations with a focus on inner City issues in Vancouver.

Vancity Community Foundation: Provides funding for real estate projects through their Social Purpose Real Estate Fund to build the capacity and confidence of organizations to conceive, plan and undertake impactful and enterprising social purpose real estate projects. Grants support planning and feasibility work and provide support for social enterprise organizations access to space, and assist social purpose organizations to leverage existing owned real estate assets.

Rick Hansen Foundation: Provides grant funding for accessibility evaluation and also small capital project funding grants to improve site accessibility.

¹²⁰ The City of North Vancouver Child Care Capital Improvement Fund can be found at <https://www.cnv.org/city-services/planning-and-policies/grants-and-funding/child-care-capital-improvement-fund>

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Social Finance Tools

A review of financing policy would not be complete without mention of the evolving world of social finance. In the absence of the possibility of equity funding for non-profit and charity organizations (the structure of the organization does not include any share capital), non-profit and social enterprise organizations do have available to them the full range of conventional loans and debt financing options. Within this emerging landscape of debt financing tools for social purpose organizations are a number of relevant tools worthy of mention.

As the corporate structure and revenue sources of non-profit organizations are generally not consistent with that of companies involved in traditional debt analysis, there is the need for lenders to take innovative approaches to assess risk and repayment ability. Often real estate transactions for social purpose organizations are not highly leveraged (ie: loan amount is below 50% of the value of the property) which makes traditional mortgage financing a more likely source of funding. With respect to real estate financing, the process of assessing loan risk for social purpose organizations which own or purchase real estate requires lenders to rely less on accumulated profit and surplus cash flow, and adopt a fresh approach. Organizations such as Vancity Credit Union in Vancouver have developed a unique approach to evaluating credit risk for non-profit organizations which recognizes a longer term history of revenues, limitations on a non-profit's ability to accumulate reserves and the fact that non-profits are required to achieve a break-even budget financially.

The exception to the corporate structure question can be found with social enterprise organizations, created for and pursuing mission objectives in their enterprise activities, but working within a company entity established with share capital. This allows them to sell shares in the company to raise investment capital. This option, while available, can be of limited interest to potential shareholders who are often seeking to maximize financial returns on their investments. The social enterprise approach means that to further enhance mission, return on shareholder investment is reduced, in favour of creating a triple bottom line of social, economic and environmental outcomes at once. A unique and relatively recent structure in BC (2013), the Community Contribution Company (C3), was created to allow for an entity to have shares to raise capital, but formed with a core objective of community enhancing mission. There is a requirement to reinvest a large portion of any surplus back into the organization to enhance a stated community mission objective. A C3 is a taxable, non-charitable entity that is restricted to a cap of 40% on dividends to shareholders, in order to ensure that significant capital remains in company to further the social mission. The structure is intended to create a bridge or hybrid between traditional companies and not-for-profit societies. In practice the uptake on this structure in BC has been fairly limited (as of the summer of 2019, 50 C3 Companies had been incorporated).

In some jurisdictions, government or private sector loan guarantees have been made. This tends to be a very limited option, and only during unique windows of policy opportunity. One such example from Ontario was the City of Toronto guarantee of the main mortgage financing in 2011 for the Centre for Social Innovation purchase of the CSI Annex building on Bathurst.¹²¹ Again, this

¹²¹ Description of the funding arrangements for CSI Annex property can be found at <https://communitybonds.ca/our-story>

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is a fairly rare opportunity but worthy of investigation with respect to government policy when financing is required.

A very recent example is the June 2020 issuance of the City of Toronto inaugural social bond offering of \$100 million. Toronto is the first government in Canada to establish a Social Debenture Program, furthering its leadership in sustainable finance, and promoting positive and equitable socioeconomic outcomes. The proceeds from this issuance will be used to help fund Shelter, Support and Housing Administration's George Street Revitalization project and 1,000 New Shelter Beds projects. Eligible projects are capital projects for various social initiatives, including:

- social and affordable housing
- affordable basic infrastructure (access to clean drinking water, sewage and sanitation systems and transit)
- access to essential services (long-term care, senior services and emergency shelters) and
- socioeconomic advancement and empowerment (public libraries and community hubs).

A further tool which social purpose organizations can access, leveraging their own constituency, is the Community Bond¹²². This community based form of debt financing can allow an organization greater flexibility over the terms and conditions of the loan. Like a loan from a financial institution, a Community Bond is money borrowed, which needs to be repaid at some point. However, the money is borrowed from members of the community through the mechanism of the Community Bond, with the terms and conditions of the loan, the interest rate and the repayment requirements set by the non-profit organization and detailed in the Bond documentation. This is an appealing approach to garnering financial support, beyond charitable giving, from individuals, organizations or companies which are familiar with the non-profit organization and understand its role and longevity in the community.

Impact investing is term applied to a growing channel of funding for not-for-profit and social enterprise organizations. Investors, broadly, are becoming increasingly conscious and concerned about how their money is being used to impact the communities and world around them. They are seeking to make investments that have a financial return, but also have a positive impact on the community. Impact investing (or Socially Responsible Investing SRI) refers to investments made into companies, organizations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return.

Impact investing uses many of the existing financial structures, but creates a unique blend of conditions, financial return, targeting of investment and repayment timing that is designed to support furthering social and environmental outcomes. Examples would be shares in a solar energy company, purchase of a Community Bond, or a local BC example is the recent launch of Vancity Credit Union's Unity Term Deposit, designed to provide a competitive return to the investor, while the money is used for others to have access to much-needed loans or loan payment relief to sustain themselves and their businesses through the challenging environment of COVID-19.

¹²² CapacityBuild Consulting Inc. (2014). *Community Bonds: A Non-Profit Financing Tool - Review of Structure, Requirements and Process for Non-Profit Organizations Issuing Community Bonds in British Columbia* <http://capacitybuild.ca/services/community-bonds/>

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In many provinces these forms of social finance or community impact investing has made a major difference to community economic development. In Nova Scotia, for example, over \$75 m in assets have been raised by over 50 community run [Community Economic Development Investment Funds](#) to build sustainable communities. In BC there is currently no enabling legislation or tax incentives for community impact investing unlike other provinces across Canada.

Financial Restrictions Pertaining to the Social Purpose Sector

According to the 2018 White Paper Report by Norton Rose Fulbright Canada LLP and Catalyst Community Developments Society, there are a number of constraints arising from Canada's Income Tax Act, which have an impact upon the operations structuring for not-for-profit and social enterprise.¹²³ The Act creates an inflexible statutory framework for both registered charities and for non-profit organizations who wish to qualify for the "non-profit organization" tax exemption. According to the report, "a non-profit organization which qualifies for the exemption in the Act: (a) must not be/cannot qualify to become, a charity; (b) cannot be organized for profit-making purposes. This is a significant issue and one that is construed very strictly by the Canada Revenue Agency. Any profit must be incidental and unforeseen".¹²⁴ The implications of these restrictions are not fatal, but do require that the organization understand the differences between not-for-profit and charitable structures and situations involving real estate activities where income is generated (ie. from rents in non-market housing or commercial spaces). Appropriate legal structures must be put in place to protect the organization and its charitable status.

In addition to the Act, other constraints that a non-profit and charity structure confront include, Property Transfer Tax, GST, Financing, and Cash Flow Upon Project Completion.¹²⁵ The implications of these challenges are not necessarily exclusive to non-profit and charitable organizations, however place an additional burden on transacting and developing real estate. Implications are as follows:

1. The need for a not-for-profit to pay the BC Property Transfer Tax (1% on the initial \$100,000 of value and 2% on the balance of the purchase price) when a property is purchased (charities are often exempt), thereby increasing the cost of real estate.
2. The need for both not-for-profits and charities to pay GST when purchasing newly constructed real estate, placing the 5% burden on all new real estate acquisitions.
3. Potential challenges in sourcing adequate financing as many lenders are reluctant to extend as much financing to a not-for-profit as they might to a private corporation based on their assessment of credit risk.

¹²³ The report by Norton Rose Fulbright Canada LLP & Catalyst Community Development Society, "Options for Legal and Tax Structures of Below Market Rental Housing Projects," can be found at https://www.vancitycommunityfoundation.ca/sites/default/files/uploads/WHITE%20PAPER_2018.03.18.pdf

¹²⁴ Ibid.

¹²⁵ Ibid.

4. Cash Flow Upon Project Completion - achieving sufficient revenues from the real estate through rents and organizational funding to cover all of the operating and financing expenses (both interest cost and principal payments on the mortgage).

5. POLICY DIRECTIONS TO CONSIDER FOR SOCIAL PURPOSE REAL ESTATE

There are a number of innovative policies, best practices and models that could benefit the social purpose sector. Examining what worked in other cities is helpful to evaluate what kinds of support already exist or have the potential to support social purpose organizations. Additionally, analyzing selective examples of leadership and success across other sectors, such as heritage and non-market housing, is also beneficial to spur ideas for how the social purpose sector can confront real estate challenges.

Selective Examples

Promote Third Party Ownership

While municipal staff work behind the scenes to ensure long term security of city assets for not-for-profit use, an additional means to supporting the sector would be to actually transfer assets to appropriate not-for-profits/charitable organizations. Research conducted by Allison Lasocha as part of her master's program at the University of British Columbia School of Community and Regional Planning, endorses the approach with recommendations for municipalities to consider gifting non-market units acquired through inclusionary zoning or density bonus to not-for-profits, as opposed to leasing them.¹²⁶ These units could be gifted with a covenant on title that ensures they remain as non-market, with an option for the units to revert back to the municipality, should the covenant not be followed. This policy empowers third sector organizations and has little downside to the municipality, which saves on administrative costs. Similarly, in the right situations, ownership of amenity spaces for cultural, social and community use could be transferred to a not-for-profit, charity or foundation. Ownership of real estate assets by the not-for-profit sector provides needed long term security of tenure, and puts control of managing the real estate into the hands of the not-for-profit organization. This control allows the not-for-profit to apply prudent principles of managing capital assets, creating contingency and future replacement reserves, and permits financial leveraging that allows the organization to grow and sustain itself.

¹²⁶ Allison Lasocha (2017). *Exploring Social Purpose Real Estate Models in Vancouver*. Master of Community & Regional Planning School of Community & Regional Planning University of British Columbia

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Community Land Trust

An interesting format of real estate ownership exists through the structure of a community land trust. A community land trust is a non-profit organization with a particular goal: to control, obtain, steward and hold land to solve problems with which pure markets often struggle. While many community land trusts today are geared towards the development of non-market housing, this community approach also recognizes the importance of other social purpose spaces as part of comprehensive development.

In an effort to support community ownership, cities such as San Francisco have developed cultural land trusts to support community-led projects. The City of San Francisco has led this work with the Community Arts Stabilization Trust (CAST), which is a not-for-profit real estate development and holding company that creates affordable – below-market-rate – workspace for artists and arts organizations in San Francisco.¹²⁷ CAST brings together technical assistance, real estate expertise, and innovative financial vehicles that are used to secure permanent spaces in urban city centers for small and mid-sized community arts and culture organizations. In doing so, CAST provides the time and space for critical arts and culture organizations to develop the financial capacity and stability to ultimately purchase their own space.

In BC several groups are working towards not-for-profit/charitable entities building portfolios of social purpose properties, modeled after land trust examples which are extensive in the environmental sector. Community Land Trust of BC¹²⁸ (an organization related to the Co-operative Housing Federation of BC) is a non-profit real estate developer whose purpose is to create, preserve and steward permanently affordable homes in diverse, mixed-income communities. Another example is a group in Vancouver seeking to create a Cultural Land Trust.¹²⁹ As well, the Hogan's Alley Community Land Trust in Vancouver is focusing to acquire and develop land and operate assets as a community land trust to create neighborhoods that are inclusive, healthy and just while preventing future displacement.¹³⁰

Perhaps the greatest relevance of the Community Land Trust for not-for-profit and social enterprise organizations is the ability to attract and retain staff in high priced real estate markets. A recent housing market assessment in Canada demonstrates that even if a social purpose organization can find space to accommodate its own activities, the pressures in the residential real estate market can make attraction and retention of employees very difficult.

The graphic below identifies the critical challenge for housing affordability for staff of not-for-profit and social enterprise organizations.

¹²⁷ City of Oakland (2016). *Strategies for protecting and creating arts space in Oakland*. <http://www2.oaklandnet.com/oakca1/groups/ceda/documents/agenda/oak062138.pdf>

¹²⁸ The Community Land Trust of BC can be found at <https://www.cltrust.ca/>

¹²⁹ The Vancouver Cultural Land Trust Research Initiative can be found at <https://221a.ca/research-initiatives/cultural-land-trust-study>

¹³⁰ The Hogan's Alley Community Land Trust Initiative can be found at <https://www.hogansalleysociety.org/>

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Build Community Capacity on Public Property

Community Impact Real Estate Society, CIRES, is a non-profit social enterprise business that blends sound business practices with social outcomes focused on commitment to community impact and re-investment addressing the needs of the Downtown Eastside low-income residents.¹³¹ According to the Downtown Eastside Social Enterprise Impact Report 2019, “CIRES’s current portfolio consists of 52 commercial units in 24 buildings in Vancouver’s inner city for a total of 104,000 square feet. Most of the buildings are mixed use with commercial retail space on the ground floor and social housing above. Three are solely commercial buildings. About 60% of the commercial units are leased below market rates to social enterprises and non-profit organizations.”¹³² CIRES operates the ground floor commercial units on a long term lease from BC Housing which owns the properties and makes them available for this purpose. The business model of CIRES and partnership with BC Housing demonstrates the incredible potential and impact when partners work together to activate commercial real estate for social purpose.

Co-location & Collaboration for Arts Groups, Freelancers and Artists

cSPACE King Edward is Calgary’s newest hub, a flagship project providing shared space in an incubator model for artists, non-profits, and cultural entrepreneurs in the city.¹³³ cSPACE is a “specialist non-profit company that owns, builds and operates a portfolio of large-scale multi-tenant creative workspaces.” Its registration as a private company limited by guarantee allowed for maximum flexibility in accessing different types of financing in a complex and innovative capital campaign. The project received capital funding from the Calgary Foundation, City of Calgary, Canadian Heritage, and the Province of Alberta. But the facility’s operations are self-sustained and do not receive government subsidies. The artists and organizations are given flexible leases, from one to 10 years, at below-market rental rates. SPACE is positioned as a social enterprise with integrated focus areas in supporting a thriving arts community, providing a world-class environmentally responsible facility, and combining subsidies with market-rate activities to achieve financial sustainability.

cSPACE takes its modeling from years of innovation by Artscape in Toronto Ontario which has led creative space development in Canada with projects like Artscape Daniels Launchpad, a new 30,000 square-foot facility and hub for art and design entrepreneurship that aims to empower artists and designers to realize their potential, and Artscape Weston Common, a community cultural hub that provides a platform for local creative talents and arts-programming.¹³⁴

Further, an example like Centre for Social Innovation (CSI), also in Toronto, demonstrates what is possible when an organization leverages innovative social finance tools to purchase space. In 2010,

¹³¹ Buy Social Impact (2019). Downtown Eastside Social Enterprise Impact Report 2019. https://prismic-io.s3.amazonaws.com/buy-social-canada/79443e9c-cfac-4370-9962-2c97fd33c254_Buy+Social+Impact+Report+7mb+web.pdf

¹³² Ibid.

¹³³ More about cSPACE can be found at <https://cspacekingedward.com/>

¹³⁴ Artscape. Artscape 5.0 Strategic Plan 2018-2022. <https://www.artscape.ca/wp-content/uploads/2017/10/Artscape-Strategic-Plan-2018-to-2022.pdf>

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CSI used the Community Bond to raise \$2M towards purchasing and renovating their first 36,000 square foot building in eight months.¹³⁵ In 2014, CSI used the Community bond a second time to raise \$4.3M from 227 community investors to buy CSI Spadina. Today, CSI is a highly successful co-working and community space whose membership is attracted to the people who are “changing the world”.¹³⁶

Denver Shared Space Project

Denver Shared Space Project is a collaboration of multiple City and community agencies, led by staff in the Denver Office of Strategic Partnerships.¹³⁷ The Project is overseen by a Steering Committee and is supported by a number of working committees created to support and work towards the vision and goals of the Project. The Denver Shared Space Project is a nationally recognized, public-private partnership that promotes best-practice creation and operation of multi-tenant not-for-profits centers in Denver. Started by the Denver Office of Strategic Partnerships, Piton Foundation, and Urban Land Conservancy in 2009, the Denver Shared Space Project serves as the local resource for information and expertise around shared office space for organizations within the social sector. The Project maintains a set of core values that include affordability of space, stability for tenants, an intentional collaboration between organizations, and energy-efficient facilities.

What is really impressive about Denver’s Shared Space Project was its leadership to help create the 2012 Denver City Council Ordinance for the “Coordination of Shared Space and Nonprofit Facilities Support”. Mayor Hancock signed Executive Order 138, which stated purpose “...encourages agencies to support co-location for organizations with a public purpose, particularly nonprofit organizations...” so that when departments under the Mayor’s authority are planning, making facility investments, or divesting of property, the potential for shared space for not-for-profits should be a consideration.¹³⁸

Case Studies in Social Purpose Real Estate

SPRE has worked over the past several years to capture case studies in social purpose real estate that exemplify best practices and narrate some of the steps to realizing important social purpose real estate projects. From concept & need, to people & partnerships, funding & financing, impact

¹³⁵ The CSI Community Bond can be found at <https://socialinnovation.org/cb2020/>

¹³⁶ More about Centre for Social Innovation membership can be found at <https://socialinnovation.org/membership/>

¹³⁷ The Denver Shared Space Project document can be found at <https://www.denvergov.org/content/dam/denvergov/Portals/executiveorders/138-Shared-Space-Non-Profit-Facilities.pdf> and <http://www.coloradocollaborative.org/history.html>

¹³⁸ The Denver City Ordinance, “Executive Order No.38”, can be found at <https://www.denvergov.org/content/dam/denvergov/Portals/executiveorders/138-Shared-Space-Non-Profit-Facilities.pdf>

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& lessons learned, the case studies are ‘deep dive’ examples of successful projects across BC that took innovative approaches to confronting real estate needs:¹³⁹

- 1) **Artspeak Gallery & Artspeak Satellite, Vancouver:**
<https://www.socialpurposerealestate.net/content/artspeak-gallery-artspeak-satellite>
- 2) **Aunt Leah’s Place Youth Resource Hub, New Westminster:**
<https://www.socialpurposerealestate.net/content/aunt-leahs-place-0>
- 3) **Broadway Youth Resource Centre and Kwayatsut, Vancouver:**
<https://www.socialpurposerealestate.net/content/broadway-youth-resource-centre-kwayatsut-housing>
- 4) **Centrepont (Squamish United Church & Sea to Sky Community Services):**
<https://www.socialpurposerealestate.net/content/centrepont-1>
- 5) **Kitsilano Neighbourhood House, Vancouver:**
<https://www.socialpurposerealestate.net/content/kitsilano-neighbourhood-house>
- 6) **Maxxine Wright Centre, Surrey:**
<https://www.socialpurposerealestate.net/content/maxxine-wright-centre>
- 7) **Performing Arts Lodge (PAL), Vancouver:**
<https://www.socialpurposerealestate.net/content/performing-arts-lodge-vancouver>
- 8) **Richmond Caring Place:**
<https://www.socialpurposerealestate.net/content/richmond-caring-place-0>
- 9) **Semiahmoo House Society Treehouse & Chorus Apartments, Surrey:**
<https://www.socialpurposerealestate.net/content/semiahmoo-house-society-treehouse-chorus-apartments>
- 10) **The Hive, Vancouver:**
<https://www.socialpurposerealestate.net/content/hive>
- 11) **Victoria Social Innovation Centre:**
<https://www.socialpurposerealestate.net/content/victoria-social-innovation-centre>
- 12) **Lu’ma Native Housing Society/Dave Pranteau Aboriginal Children’s Village**
(publication date, summer 2020)

¹³⁹ The details about each case study can be found on SPRE’s website at <https://www.socialpurposerealestate.net/case-studies-list>

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Examples of Other Successful Policies & Models

Heritage Policies

Across BC, heritage policies established by the provincial and local governments have stewarded heritage properties through innumerable threats. These policies involve a multi-layered approach to identify valuable resources (tangible and intangible buildings, landscapes, cultural materials), and protective and incentive policies. Many social purpose organizations have benefited from heritage policies—where a previously vacant heritage property is now used for social purposes. Beyond marrying heritage properties with social purpose uses, the scale and depth of heritage policies is worth examining in further detail to identify possible avenues that the social purpose real estate sector could use to further its objectives. For example, to understand success, and the process the heritage community undertook to bring awareness to issues and motivate government to protect heritage assets.

As an example, in Vancouver, a robust program of grants, protections, and tax incentives support the preservation of heritage properties. The Heritage Incentive Program grants up to a maximum of \$4 million per heritage building, and can be used for heritage conservation and seismic upgrades of commercial and non-commercial buildings that are on the Vancouver Heritage Register and protected by the heritage bylaw.¹⁴⁰ This significant city-wide program of grants, protections and incentives replaces the previous Heritage Building Rehabilitation Program, which ended in 2015. Funding for the Heritage Incentive Program will be through community amenity contributions collected from new developments, with the annual budget for the grant determined by the capital plan budget process.

Non-Market Housing Policies

Similar to the leadership provided by the heritage community in protecting heritage assets, non-market housing policies at the provincial and local government level provide protective and incentive options that would be worth further consideration by the social purpose real estate sector to consider.

At the provincial level, one of the most interesting examples of leadership involves the creation of a property tax classification for supportive housing, which effectively eliminated taxation on a category of non-market housing. See Property Tax section (pg.41) for a description of this policy and its impacts.

In 2010, the City of North Vancouver piloted the use of a second mortgage in support of an affordable housing project to purchase an existing 28-unit rental apartment building with the Vancouver Resource Society.¹⁴¹ The project included 4-6 units for high care persons with 24 hours on-site support and care and the remainder of units are rented at 20% below market for similar buildings in the area. The five-year term had a 4% interest rate and was fully repaid at the end of

¹⁴⁰ The website for the City of Vancouver's Heritage Incentive Program Vancouver can be found at <https://vancouver.ca/people-programs/heritage-grants.aspx>

¹⁴¹ City of North Vancouver (2016). Creating New Opportunities for Non-Profit Housing [presentation slides]. <https://bcnpha.ca/wp-content/uploads/2016/11/T02-BCNPHA-Presentation-CNV.pdf>

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the term. Criteria for eligibility included that the non-profit had sufficient real estate assets to carry a principal mortgage, the non-profit must have a proven track record in successfully operating and managing rental housing properties, and the non-profit met the City's investigation of the society's fiscal prudence and its track record in operating

In the City of Nanaimo, the Housing Legacy Reserve Fund (HLR) was introduced in 2005 by the Social Planning Advisory Committee, and the funding allocation criteria formally adopted by Council in January 2011.¹⁴² The intent of the HLR is for "use as a resource for municipal support to affordable housing initiatives," primarily for the provision of social housing and secondarily for non-market housing. Categories for funding under the HLR include land and building acquisition costs; Project planning costs, including legal, land surveying, subdivision, site investigation, development approvals, engineering design; Project capital costs, including construction of works and services, building components. As of June 15, 2020, the balance in the HLR was \$2,614,718. The City continues to use the HLR Fund dollars to contribute to affordable housing projects and support other social planning initiatives. In September 2018, City of Nanaimo Council unanimously endorsed Nanaimo's Affordable Housing Strategy. The Strategy recommends updating the Community Amenity Contribution (CAC) policy to ensure a portion of CAC's are allocated to the HLR. Developer contributions may be waived or reduced for those building affordable rental units.

¹⁴² CitySpaces Consulting Ltd (2018). Nanaimo Affordable Housing Discussion Paper.
https://www.nanaimo.ca/docs/default-document-library/rpt_c180423affordablehousingstrategydiscussionpaper_att.pdf

V. Focus Group Feedback

1. INTRODUCTION

In addition to the extensive data, policy and literature sources identified, significant knowledge and expertise exists with individuals working in, using and managing social purpose real estate on a daily basis. A critical piece of the research work of this study involved engaging with social purpose real estate experts through a number of small group focus conversations.

CapacityBuild Consulting worked with the SPRE Collaborative members to identify individuals within the not-for-profit sector and within the supporting municipalities who are knowledgeable about the current real estate situation for social purpose organizations. Ten focus group conversations of varying sizes were hosted to gain deeper feedback on the guiding research questions.

Conversations were held with 6 municipalities to understand their broad insights and to uncover any unique circumstances they might have, and 4 additional conversations were conducted which focused on different real estate perspectives. Specific focus group participants are listed in Appendix 2 to the report. The full range of focus group conversations comprised the following groups:

- | | |
|----------------------------|----------------------------|
| 1) City of Vancouver | 6) City of Richmond |
| 2) City of North Vancouver | 7) Social Enterprise Focus |
| 3) City of Nanaimo | 8) Building Owners |
| 4) City of Victoria | 9) Space Users |
| 5) City of Surrey | 10) Space Provider |

The results and outcomes from the consultation sessions provided rich input with common themes that surfaced consistently, as well as a variety of unique elements for consideration. Key themes emerging from these important conversations are presented below together with salient findings from specific focus group conversations.

2. KEY CONSULTATION FINDINGS

Findings and responses from the focus group participants are presented under 5 key headings which parallel the pathway of the individual conversations. The headings group outcomes according to reflections of the current real estate situation, key influences and trends observed in the market, policies and approaches that support social purpose organizations as well as those that may impede access to real estate for social purpose organizations, and finally a broader look at other potential supports that would assist.

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Current Real Estate Situation & Impact on Social Purpose Organizations

High Cost of Real Estate

Unquestionably the most immediate and most common response across all focus groups to reflections on the current real estate situation for social purpose organizations was confirmation of the extremely high cost of real estate. Noting that the majority of non-profit organizations occupy commercial spaces and occupy private real estate space, they are fully exposed to commercial real estate market forces. Financial viability is very difficult for social purpose organizations to occupy a commercial space, as current land economics still drive the need in commercial space for tenants to pay full market rates. Skyrocketing land values in certain commercial districts, seen as the result of speculative buying or rezoning allowing greater density, have pushed assessment values and tax bills up, which are passed from landlords to commercial tenants. The current cost of construction for renovation or new buildings has also seen dramatic increases in recent years.

In addition to increasing land values, real estate operating costs for social purpose organizations are also very high and rising rapidly. Feedback centered on the fact that property taxes, as one of many components of operating costs, have risen dramatically. Since grant funding does not support operating costs, social purpose organizations often find themselves squeezed out of the market. Anomalies appear to exist in the market as reflected in the comment that "there is lots of long-term vacant space with a Landlord waiting for someone to pay market rates".

It was noted that social purpose organizations have a history of "making do" for their real estate needs, and that false perceptions exist about social purpose space. "Temporary is fine" seems to be a common misconception, and a lack of understanding around the use of the space leads to the assumption that social purpose organizations are always looking for "free" space only. For artists, it was identified that mostly a month-to-month rental situation exists which provides no long term tenure on their space, or security to stay in place. Current space for social purpose organizations is often in older buildings which tend to be a higher risk for sale and redevelopment.

Redevelopment Activity

Focus group participants expressed that there is a limited shortage of commercial space available, alongside a shortage of available land. This has led to a limited supply of not-for-profit space, with redevelopment taking away artist space in particular. It was noted that it is challenging for not-for-profits to take on real estate development due to the significant associated risks.

The City of Vancouver representatives indicated that there has been recent concern which has led to investigation of the alarming level of re-zoning enquiries currently being received by community organizations such as churches and legions, which are currently hosting social purpose organizations within their existing facilities. There is a strong sentiment that new developments that are being built with commercial spaces are going to be very unaffordable for social purpose organizations to rent. Given the process of gentrification, combined with property

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speculation, the sector relies on the benevolent feelings of land owners to ensure social purpose space is made available.

With respect to the process for renovation or development on the part of social purpose organizations, many participants identified that city processes are challenging for the social purpose sector to navigate (i.e., building permits, zoning, infrastructure upgrades, etc.). Zoning rules and regulations are challenging for not-for-profits to navigate and it's very time consuming. It was noted that there is limited staff capacity at municipal levels, which slows processes down. Further, silos across departments in local government create a situation where staff are not working together and talking to each other (i.e., Real Estate Department, Planning Department, Cultural Services Department, Social Services Department).

Funding Issues

An important discussion point was around the need for a better understanding of what "affordable" means with respect to commercial space. Noting that "below market rate" is not affordable in Vancouver, organizations need to be funded for their operating costs to ensure long term sustainability. The downloading of real estate costs to the social purpose sector is seen as unfair and leads to lower pay for staff and cuts to program funding. Not-for-profit funding is generally constrained to support services, which doesn't leave sufficient resources in the budget of social purpose organizations to cover real estate costs. Contracts & funding are seen to be insufficient to support both staff and space.

Precarity of funding within the social purpose sector is seen to inhibit the ability to establish long term commitment to space. Often grants are tied to the geographical location of a city, such as the case where one municipality may have a much higher concentration of arts & culture organizations than another, thereby receiving better access to funding for arts & culture organizations. A final comment on the situation for funding was that funding for housing does not include support for social purpose space and therefore limits the ability for housing organizations to include a component of social purpose space within a redevelopment.

Forced out of the Market

Those organizations which are space seekers reported that it is very hard to find quality, affordable space that is well located and accessible to the public and staff. Artists are leaving for more affordable areas such as Squamish, the Sunshine Coast or the interior areas of the Province. In Richmond, many social purpose organizations have moved out to the warehouse area in the City's periphery, where it is harder for clients and potential clients to get to.

Social service organizations are being forced to move out of sight and not located in the core areas where visibility is better. In some cases, organizations are willing to split their staff between two or more locations if need be to find new space, as they often have trouble in finding one larger office location. Participants indicated that often social purpose organizations are operating with not enough space to operate programs appropriately. Social enterprise organizations also indicated their struggle to find space that accommodates diverse needs, and is sufficiently close to markets and their employees.

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Key Influences and Trends in the Real Estate Market

Development

A key influence in the current affordability challenged markets was identified to be the fact that the need for housing is so urgent that it tends to overshadow the need for community space. The process of redevelopment has not promoted replacement social purpose space. So many of the real estate decisions are not in our control, but rather; 1) up to the landlord to choose whether to sell, 2) impacted by constraints on the site, or 3) subject to very high renovation costs.

Commentary regarding working with developers provided insightful feedback regarding the key role developers can play. Noted, however, that the developer and the organization have to be working together from the beginning to design an appropriate amenity package. The ability to work with a compatible developer who is keen and has experience working with not-for-profits makes a huge difference in developing social purpose real estate space.

A challenge raised with respect to the development process for social purpose organizations was that not-for-profits will hire a development consultant, but then it still ends up taking over 50% of Executive Director's time. It is a very time consuming process and negatively impacts the ED's ability to focus on delivering on the organization's mission. Other feedback on doing real estate renovation noted that since the costs are so high, it requires having a long term lease in place (more than 10 years) to make the project worthwhile.

Feedback regarding the influence of municipalities with respect to real estate development indicated that municipalities continue to sell public land to market developers and as a result are selling land that will not have community outcomes. There is also a perceived tension between levels of government (such as on federally owned Granville Island in Vancouver). Here the city permitting requirements are seen to be driving up the cost of upgrading the older buildings on the site.

Knowledge Gaps

Another area of influence was identified as the situation that not-for-profit organizations often lack the necessary knowledge, expertise, and capacity to effectively handle real estate issues. Other participants opined that many not-for-profits have minimal expertise in the real estate world in areas such as leases, renovation processes or managing high operating costs. It is felt that Executive Directors and not-for-profit organizations are not supposed to manage this part of the process but are often put in the position of needing to be front and center on a real estate project. Social purpose organizations have primary expertise in their work, and not as much in real estate.

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Further, specific gaps are perceived to exist for social purpose leaders in the areas of legal, tax, planning, internal systems, and real estate transactions. Not-for-profit organizations are dealing with these significant real estate issues and often the Executive Directors are not well equipped with sufficient capacity or knowledge in these areas.

Co-location/Space Sharing Issues

One approach to managing space needs and costs that was frequently discussed was the opportunity for social purpose organizations to share space or more formally co-locate at a site. It was identified that more organizations are looking at shared space opportunities, but that it can be hard to find an appropriate balance between shared workspace and private spaces for clients that require confidentiality in their work. Having a community service building that has multiple social services organizations can be challenging since each social service organization has different needs.

Recognizing that co-location is a great opportunity to share space with other social purpose organizations, participants confirmed that this model only works when organizations are aligned and compatible. Having an organization that can lead a shared space initiative and take on the risk of managing a lease with an arms-length relationship works really well, such as an organization like the Victoria Foundation. It was acknowledged that effective space sharing requires strong partnerships which take hard work over a long period of time.

Market Forces

Other influences in the real estate market were identified to exist in a variety of broader market forces which are at play. Uncertainty about the future, particularly for those organizations on annual funding cycles, makes it very difficult for an organization to invest in their space. There can also be a stigma for social purpose organizations which stems from the work they do in community, or the populations they serve, that deters a space-owner from leasing to certain groups. Other systemic issues such as land injustice were identified as issues which started with colonial land acquisition, and are built on an unjust system.

Given the timing of these conversations with sector experts, the influence of the COVID-19 pandemic were front of mind. Participants spoke about the fact that tenants are not set-up for a COVID and post-COVID world, and how there are expectations that people's relationship to space in the future is going to change. There has also been significant COVID learning about the potential impact on communities if social purpose and not-for-profit organizations did not exist. Many were taken out of the market through the early days of the pandemic which has provided witness to significant community issues (safety, support, caring, connection).

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Policies that Support the Real Estate Needs of Social Purpose Organizations

City Planning

In response to the question of existing policies that are recognized as being supportive of the real estate needs of the social purpose sector, participants universally spoke of the Community Amenity Plans which exist in several municipalities. This mechanism of using density bonusing in new development to create community oriented spaces is seen as an effective tool for the development of housing, and to a lesser degree for social purpose real estate spaces. A strong desire was expressed to see Community Amenity Contributions (CAC's) from density bonusing expanded. In addition to CAC created space, tax reductions to support cultural spaces was also identified as a supportive policy approach.

The City of Vancouver was often referenced as a municipality that has done significant work to develop policy in support of creation and expansion of community and social purpose space. The City's current Social Infrastructure Plan is focused on city-owned facilities from Community Amenity Contributions that support a variety of social purpose organizations and not just housing. Vancouver is seen as a good example of policy work being done to support the sector.

A further policy approach deemed effective by participants is the requirement of Community Benefit Agreements for developers when creating a new real estate development project. This is a unique policy to the City of Vancouver, and while a positive step, from a community perspective, it is felt there are more benefits that can be included beyond procurement and employment, and the agreements could be expanded to include space access as well. One of the participants is part of a team that is supporting the creation of a new tool kit. This city-wide committee is monitoring the trends and gaps happening in development to identify areas for additional opportunity to be incorporated into Community Benefit Agreements.

Funding Supports

Policies around funding support were acknowledged as beneficial to the sector. City grants that support a variety of social purpose organizations, and not just housing are key to supporting the needs of social purpose organizations. Policy that segregates the security of operations of social purpose organizations from funder preferences was deemed as an important supportive approach. The opportunity to lease space from the government is seen as a positive approach (when a longer term lease arrangement is possible) as this creates opportunities for social purpose organizations to invest in innovation in their space given the greater certainty of a 40-50 year lease term.

Broader Perspective

A number of policy approaches were raised that speak to the broader real estate sector and identify mechanisms that can act to support access to space by social purpose organizations. Policies that create integration of commercial needs, physical structure and supportive flexible zoning were identified. There is a need to redefine "highest and best use" for real estate projects,

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which is currently financially driven, and does not incorporate any measure of social benefit. Relaxation of zoning to be used more broadly for community uses is also deemed important.

An approach of removing land from market pressures was frequently raised as a significant opportunity to manage the spiraling cost of land in social purpose space development. The development of new types of partnership structures was also identified as required to achieve positive gains for social purpose real estate expansion.

Different Models

Different models of real estate ownership were identified as effective ways to support the creation and retention of social purpose spaces. For example, taking assets into public ownership through the land trust model was mentioned. Further, the faith community as a massive owner of real estate is considered to be very supportive of the broader social purpose sector and creates an opportunity for coordinated re-development going forward.

An opportunity lies with Co-op owned sites, however it is felt there needs to be a policy shift towards better asset management for Co-ops, versus the current focus on maintaining low rent. It was also recognized that BC Housing has strong intentions towards the need for and the creation of social purpose space, but currently does not mandate community space in housing developments they support.

Policies that May Impede Affordable Access to Real Estate for Social Purpose Organizations

Navigating Municipal Labyrinth

For those sector experts who have been actively involved in real estate construction or development projects, it was universally acknowledged that navigating City Hall to attain the right documents to fix/upgrade your space is a challenging process. One participant stated that, "the labyrinth of municipal policy that one must navigate with operations and development is ridiculous". There are deep rooted silos across municipal departments that do not appear to work together. Municipalities need to do a better job of coordinating amongst internal departments and staff.

Municipal restrictions on liquor requirements and parking requirements are seen to inhibit creative uses of space for events, large gatherings, etc. Large real estate holdings of a municipality, such as the Property Endowment Fund in the City of Vancouver are recognized, at the same time, as both a significant challenge and the biggest opportunity for the City.

Property Tax Law

Specifically, the municipal approach to Permissive Tax Exemption policy is seen as problematic. Restrictions on Permissive Tax Exemption property criteria make it difficult for a lot of social

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purpose real estate organizations to apply for the exemption. Qualifying for a Property Tax Exemption is very restrictive; as a lot of not-for-profits don't own their facility and therefore cannot apply. The approach to tax exemption needs to be broader than just for churches, housing and charities. Federal (CRA) tax law is also seen as needing to be adjusted to better support the not-for-profit sector.

Long term Planning

At the root of building greater certainty for social purpose organizations, is to develop a longer time horizon over which to plan and build resources. There need to be municipal Community Development Plans that look 20 years down the road to ensure there is diverse community economic and real estate development happening. There needs to be a real political will to look at land-use policies.

A number of other long term planning elements were raised, including the presence of systematic and structural barriers to collaboration that go beyond individual not-for-profit organizations. For example, not-for-profit's are competing for resources to support their real estate needs. One example was raised of the lack of continuity of support from the municipality which occurred at end of a City-held lease term. Innovative longer term approaches for social purpose real estate could include a more significant policy shift for a municipality to have commercial real estate holdings managed by an organization such as Community Impact Real Estate Society (CIRES). CIRES works to lease commercial space in buildings owned by BC Housing and is able to provide tremendous support to the community by taking a social purpose lens. This would be a dramatic policy change. CIRES is a successful model of social purpose real estate property management and we need to see more of this.

Other Potential Supports for Social Purpose Organizations

Navigating the Development Process

The adoption by municipalities of a comprehensive Community Economic Development (CED) plan which addresses the municipal silos between zoning, planning and social purpose organizations which exist in municipal structures, is needed. A critical support mechanism raised in the conversations, intended to address these silos, is a convener role for the city in getting people together to share their needs and their assets. High potential is seen for an Ambassador or new Staff role at City Hall to be the "go-to" person to assist social purpose organizations to navigate real estate needs. This could be an Ambassador in the Planning or Permit Departments.

Research/Consultation

Participants in the conversations identified the ongoing need for research to better understand the real estate situation for social purpose organizations and to develop ways to improve access. Local governments should have a clear understanding of social purpose space needs/inventory

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that they can communicate to developers and incorporate in future plans. It is incumbent on City Councils to gain a better understanding of not-for-profit space needs, and take more ownership of the social purpose space issue.

Suggestions for specific research work included more of the Community serving spaces survey work being done by the City of Vancouver, to develop a better understanding the sector and the situation. A further suggestion to conduct an Employment Lands Strategy Review through the Social Planning Department to understand the way land and space is used from a community development perspective.

Recognizing that there is a lot of work going on for the non-market housing sector, participants felt that we need more solutions targeted to other social purpose and community oriented spaces. There needs to be an ongoing practice in real estate planning work of prioritization of community space, including:

1. acknowledgement that historic structures are not working
2. replacement of social purpose space
3. density bonus calculation reform
4. relaxation of constraints in zoning regulations around amenity space

Funding

Funding as a support mechanism was prominent in the discussions. Participants globally said that the social purpose sector needs more grants and funding opportunities to cover real estate operating costs. The opportunity to marry together funding from different levels of government is seen as an important support step, alongside a general call for increased government funding from all levels of government to maintain/increase social purpose space in community.

A number of recommendations were directed at how funding is allocated, acknowledging that municipalities are providing grants (varying levels) to social purpose organizations. However, the emphasis is on arts & culture and recreation, with less support for social services and other community oriented sectors. There was a call to dedicate more Community Amenity Contributions to social purpose organizations, and not just the housing sector. Also, property tax relief for small business, non-profits, arts and culture groups is seen as an essential tool for survival of these organizations.

Partnership/Collaboration

There was a recognition of the importance of collaboration and relationship building to create success for social purpose organizations to meet their real estate needs. Collaboration across sectors is so important. What would it look like if there was a cross-pollination between the not-for-profit, culture, and tech sector working in the same space?

Not-for-profits find that having strong relationships with City Staff and City Council helps with being successful in receiving grants and with navigating complicated city processes. It is also

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important to develop relationships with funders and donors that will support real estate operating costs, including rent.

Direct Assistance/Capacity Building

In addition to the broader elements mentioned above, there were a number of specific areas of direct assistance or capacity building that participants identified as important tools to build success in the social purpose sector around their real estate needs. Specifically, Executive Directors need support to navigate the leasing world. Access to a leasing expert for support/advice for negotiation on commercial lease arrangements would be very helpful. Legal resources to assist in managing difficult real estate situations such as evictions are also needed.

General capacity building for social purpose organizations to negotiate leases and increase expertise in other areas of real estate through outreach education and Board development is seen by some as an important support mechanism, although there is some disagreement on this point. Others have a sense that not-for-profit leaders are experts in the work they do in community and need to maintain their time and attention on that work.

Capacity building is needed for organizations, planners and developers to figure out how to talk to each other so social purpose organizations can more effectively be involved in development plans at the very early stages of planning. Support at these early stages of planning should be adopted more. There was also a direct recommendation that an organization such as SPRE should become an active engager in supporting access to real estate for BC social purpose organizations.

Examples of Success

The participants referenced several examples that they considered to be successful models of social purpose real estate ownership and management. These examples included the BC Artscape model as a lead organization securing space, and then sub-leasing on favourable terms to organizations in the arts & culture sector. Another Vancouver model cited is the Co-op ownership/management of the Post at 750, a four organization cooperative to lease, manage and rent space for not-for-profit organizations. Spacefinder BC was also named as a successful online tool to match space needs to space opportunities in the social purpose sector.

The concept of long term space was raised as key for the success of social purpose organizations ("forever space") in order to plan, generate funding and to invest in making space more appropriate for their use. Two important initiatives mentioned that are on the table to get community assets into community hands (both in early stages) are making use of the land trust model of ownership. Hogan's Alley Land Trust and the Culture Land Trust (initiated by Brian McBay of 221A Arts Space) are being watched with anticipation.

3. UNIQUE ELEMENTS OF FOCUS GROUP FEEDBACK

Each of the focus group conversations had a unique set of participants with a particular view on the social purpose sector and access to suitable and affordable real estate. Broad and frequently reported observations across all groups have been captured in the section above, however important unique elements were brought up in each discussion group which warrant mention. Each of the conversation groups is set out below with accompanying feedback specific to that perspective.

City of Vancouver

The Vancouver conversation acknowledged the particularly acute issue of skyrocketing land values and real estate prices which is present in the City of Vancouver. The accompanying economic and market pressure to redevelop existing property is also most acute in this municipality. The work of the City to combat the impact of these real estate pressures has been ongoing and includes sector review and reporting on Key Gaps in Cultural Infrastructure - a research study completed in 2018, as well as the Making Space for Arts and Culture report. This latter report was a review of needs and the situation for arts & culture organizations in Vancouver. The City community services department has also been initiating research on space for other social purpose sectors including their Community Serving Spaces survey work.

City of North Vancouver

Noted for the City of North Vancouver is that it does not currently have a database of the space needs of not-for-profits to support co-location opportunities or opportunities for developers to be aware of. While the City leases community facilities on an ongoing basis to societies or groups that provide social, cultural, educational, and recreational benefits, there is no strategic planning on how the city can assist to co-locate social purpose organizations. The City does not have a clear understanding of the needs and who should co-locate with whom.

A recommendation was for the City of North Vancouver to conduct a space needs assessment of not-for-profits in the municipality. Participants found that artists are leaving the City of North Vancouver for more affordable areas such as Squamish, the Sunshine Coast or the BC Interior. Consideration is being given to the creation of a "Pemberton arts corridor" to better address arts & culture space in North Vancouver.

A unique issue for social purpose organizations located on the broader North Shore region of the Lower Mainland is dealing with the policy approaches of the 3 different municipal governments (City of North Vancouver, North Vancouver District and West Vancouver District). It is felt that currently there is no coordination amongst these three municipalities with respect to support for social purpose organizations.

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City of Nanaimo

In the City of Nanaimo, the City is currently shifting park facilities to include cultural facilities within its existing recreation facilities. The City is also looking at permanent space acquisition to support social purpose organizations.

From the permitting and zoning perspective, participants identified that it takes a long time for the City of Nanaimo to process building permits, which creates stress for organizations planning renovations or construction. Further, the existence of two different use definitions for "Social Services Centre" and "Social Services Resource Centre", as defined by the City of Nanaimo's bylaws, have created challenges for the social impact sector looking to upgrade and/or expand their programming and services spaces.

City of Victoria

In this focus group conversation, there was broad acknowledgement that the real estate market in Victoria is "dire", and unless social purpose organizations own or have control over their space, it is very challenging finding space. Even with retail spaces sitting empty, there appears to be no incentive or market driven reason to reduce rents.

City of Victoria has a new real estate department and are now looking for evidence-based decision making to support their planning processes. Not-for-profits which have strong relationships with City staff and City Council find that these relationships are very helpful with successful approval for City grants and with navigating complicated city processes for real estate related permitting. That said, others added that building permitting is still a long and challenging process to navigate.

A unique factor in the Victoria market is the challenge in dealing with the 13 different municipalities which are present in Greater Victoria. If an organization has different properties in different municipalities, navigating multiple City Halls is a huge issue.

City of Surrey

Noted for the Surrey market is that there is hardly any commercial space available. Participants were clear that it is a huge challenge to find space, in the right place, in Surrey. The geography of Surrey is challenging and it is not easy for people to get from one location to another. This observation prompted the suggestion that appropriate development of social purpose space may require a hub and spoke model. Participants noted that the City of Surrey does not own a lot of land or buildings, as much of it was previously sold. The City is now doing some repurchasing of space in anticipation of supporting the arts & culture sector. In Surrey, the creation of social purpose space is seen to have lagged population growth with the result of there being a lack of cultural gathering spaces in Surrey.

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With respect to supports for social purpose organizations from the process of real estate development, participants identified that certain costs of development for the construction of new spaces have not been anticipated and there currently is no “regulatory certainty” in the process in Surrey. Currently density benefits are going to: 1) attracting developers to Surrey and, 2) civic infrastructure (with contributions to a small public art fund). Noted for Surrey is that government grants are generally tied to the geographical location of a city and the number of cultural or social purpose organizations operating in that municipality. Surrey has much fewer cultural and social purpose organizations compared to larger municipalities such as the City of Vancouver, and therefore the City of Surrey does not have the same opportunity to access funding.

Areas of success for Surrey include a current arts & culture sector study being done, with a strong Indigenous engagement lens. From the development perspective, participants are aware of some examples of fast tracking through City processes, however the comment was also made that it really doesn't feel very fast.

City of Richmond

The biggest challenge noted for the City of Richmond is the scale and speed of change in downtown Richmond. New spaces are very different from the type of buildings they are replacing. Downtown Richmond is being developed for residential and commercial development and social purpose organizations are being pushed out of the easy to access, high profile, centre of town, spaces where they should be. Further, since the airport is located in the City of Richmond there are a number of noise constraint considerations. Richmond has much less ability to negotiate Community Amenity funding from developers because the height restrictions mean the City has much less ability to offer density bonuses.

There is a trend of social service organizations in Richmond having to move out of sight and re-locate outside of the City core. They have moved out to the warehouse area in the City's periphery, where it is harder for clients, potential clients and staff to get to. Developers need to understand the value and importance of social purpose organizations (education of off-shore development funders) so they can better understand why these spaces need to be incorporated into their plans.

It is felt that there needs to be a shift in political/bureaucratic will, a need to be bold and innovative. The trend in Richmond has been to “play it safe”. Policy is needed regarding priority of situating social services in community. The City of Richmond needs supportive policy that is understandable. It doesn't have to be costly for building owners and developers, it's about showing that social purpose organizations can be stable renters in an unstable market, a source of patrons for the nearby commercial enterprise renters.

Space Users

This group of participants brought the perspective of social purpose organizations seeking and using space. They noted that current space for social purpose organizations is often in older buildings which are at a higher risk for sale and redevelopment. They find that not-for-profits are

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often dismissed, or it is assumed they are unable to manage funds or are wasteful in their approach, when, in fact, they are very resourceful. Feedback indicated the falsehood of a common assumption that education of not-for-profits in real estate matters is the solution. Social purpose organizations are able to manage real estate issues effectively, however this is not a core focus area and takes away from the important community benefits being provided.

Participants indicated that the work & value of social purpose organizations is not sufficiently acknowledged. Arts & culture groups become known in a community and associated with a specific location. Moving disrupts audiences.

It was also underscored that the ability for a social purpose organization to own the real estate asset is critically important for long term sustainability of the organization. Approaches to municipal zoning have to come from a place of valuing not-for-profits and recognizing their differences from other commercial interests. While there is some improvement perceived by not-for-profit users at City Hall with respect to social purpose space, participants felt they are not yet seeing the desired outcomes.

Space Providers

Participants in this conversation included those organizations which own, lease or develop space with the goal to provide better access and affordability for other social purpose organizations. It was noted that the situation is very difficult for non-profit space operators. They often need the cash flow from higher market rental rates to make a facility financially viable. This works against the desire to provide space for social purpose organizations at lower, more affordable rates. The current land economics still dictate the need for sufficient commercial space rented at market rates.

Other observations include the fact that childcare is one of the hardest spaces to make viable. Noted that currently in negotiations with government space providers, they are approaching the transaction as a contract, not as a partner in provide appropriate space for community. Amongst the group there was a significant concern over the performing arts sector relative to the impacts of the COVID pandemic. A slow recovery for this sector is anticipated. In the end, it is perceived that meaningful shifts will only come by listening to the voices at the edges - different views/perceptions of space - and resourcing their ideas rather than extracting them.

Social Enterprise Space

The participants in this conversation were existing social enterprise operators, or providers of space or other supports to social enterprise organizations, acknowledging that the space needs of social enterprise operators can differ significantly from other types of social purpose organizations and activities. Social enterprise organizations struggle to find space that accommodates diverse needs, and is sufficiently close to markets/employees. Further, participants were clear that social enterprises cannot afford to pay market rates. The requirement for social enterprise operators to pay market rate rent seems to get lost in the narrative. Just because they operate a business doesn't mean they can pay market rent levels in the communities where they need to be located.

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There needs to be greater recognition of the benefits brought by social enterprise organizations of local employment and community building.

One concept uniquely addressed in this conversation was the need to create more co-location opportunities, not necessarily co-working sites. Participants were cognizant of examples of situations where spaces did not survive the financial challenges of operating a co-working space. In the development of a co-location site, the process of design/fit-out is acknowledged to be complex and can strain a collaboration. Therefore, it was recommended that the project has a lead player to guide the process and anchor the project.

The social enterprise experts were also in strong agreement of the importance of the unique policy approach in the City of Vancouver of Community Benefit Agreements to this group. While important in their current form, from a community perspective, participants argued there are even more benefits that can be included beyond procurement and employment. Community Benefit Agreements should be expanded to include other aspects such as access to space.

Space Owners

This group brought an important and unique perspective to the conversation involving the merits and responsibilities of owners of real estate, and the role they can play in making it more available to social purpose organizations. Firstly, they underscored that ownership can act as a critical cornerstone to long term sustainability for social purpose organizations. Predictability and greater certainty of tenure provides the ability for the social purpose organization to take risks. Participants indicated there is increasingly an awareness by land owners of the possibilities of leveraging land value for community space.

Partnership was a key theme in the discussion, with confirmation that there is a lack of long-term partnerships who will share in the financial risks of ownership. Developing innovative partnerships, such as with faith-based organizations, is a key approach to materialize projects. In forming effective partnerships, it is important to acknowledge a range of objectives including ownership, control, and risk sharing.

The group indicated that there is a tremendous opportunity if we can maintain land within community ownership and eliminate the profit motivation that would otherwise exist in normal development projects. Understanding the land and space of faith-based organizations and how it can be used to support the social purpose sector is one important area. The buildings of faith-based organizations are entering a higher risk era with respect to maintenance and they are seeking ways to manage rising maintenance costs.

Finally, two recommendations from this group were to:

1. Adopt a developer perspective:
 - keep community lands in community hands
 - maximize value for community organizations
 - take out the development profit

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2. Get the word out:

- provide information
- identify and document positive examples
- learn from the process of others
- share case studies

4. SUMMARY OF EXPERT CONSULTATION FEEDBACK

Feedback from the focus group conversations with sector experts highlights the current and critical realities the social purpose sector is confronted with. Across all ten conversations, participants stressed that the current real estate and space situation is very challenging and getting worse for social purpose organizations to manage, and is affecting their ability to remain in community and provide the range of needed community services and supports.

Across all conversations, the consensus was that downloading full, market based real estate costs to the social purpose sector does not recognize the critical value they bring given that their work, programs, and services meet a significant community need. Moreover, the conversations emphasized that there are very limited grants and funding opportunities that are available to support real estate operating costs.

Overriding Feedback Themes:

Key challenges identified across the groups included:

- Occupancy costs are rising rapidly and making suitable space increasingly unaffordable for social purpose organizations
 - Property taxes are a key element of rising occupancy costs
 - Redevelopment is taking away many older/more affordable sites and pushing social purpose organizations to cheaper locations on the periphery
 - Construction costs are escalating at alarming rates (modulating slightly through 2020)
 - Rapidly rising land prices are exacerbating the cost of space issue
- Real estate is not generally an area of strength for social purpose organizations, nor is it their core purpose
 - Significant lack of capacity for social purpose organizations to take on real estate issues since this is not the purpose of their work
 - Simply creating trained experts in real estate amongst sector leaders is not seen as an effective solution
- Social purpose organizations and the work they do in community are undervalued

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- Real estate pressures are market and profit driven
 - Current land economics rely on commercial space tenants to pay market rates
- Renovation/development process with municipalities is onerous, complex and takes far too long to complete
 - Municipal departments operate in silo's with a severe lack of cross communication to enable social purpose organizations to navigate permitting requirements
- Organizations are being forced financially to move away from key market areas where services are needed

Ways to address the challenges identified:

The following primary recommendations are seen as ways to effectively address many of the challenges identified:

- There needs to be a prioritization of community space at all levels of government
- Finding ways to increase capacity or direct supports within organizations
- A strong call for government to "lean in" more significantly:
 - Valuing the contribution of social purpose organizations for healthy communities
 - Providing funding support (capital and operating funding)
 - Setting land use and property tax policy to support and encourage space for social purpose organizations
 - Achieve better coordination amongst internal municipal departments to provide consistent supports to social purpose organizations
- Use of the Land Trust model for community land ownership
- Re-examine the concept of "highest and best use" in real estate valuation. Create a social value measure, rather than solely focusing on financial and profit measures

To address the issues, a political shift and stronger bureaucratic will are needed to enable social purpose organizations to confront and address their real estate challenges. It was stressed that municipal government departments need to develop a clear understanding of social purpose space needs/inventory in their communities so that they can be incorporated into key land-use decision-making, plans, and strategies. With many uncertainties about the future, including the significant impact of COVID-19 which is shifting people's relation to space, it will make it increasingly difficult for social purpose organizations to determine if/how they will be able to secure appropriate space for the long term. This uncertainty, in-turn, will be reflected in their ability to continue to deliver programs and services that contribute to a resilient and vibrant community.

VI. Commercial Real Estate Analysis

A key driver of the environment within which not-for-profit and social enterprise (social purpose) organizations seek to secure and retain suitable space for their operations, is the set of conditions present in the surrounding real estate market. To better understand the context for BC's most challenging real estate markets, a structured real estate analysis has been performed, to provide a sense of where market shifts have occurred since the 2013 study, *Rent Lease Own: Understanding the Real Estate Challenges Affecting the Not-For-Profit, Social Purpose and Cultural Sectors in Metro Vancouver*¹⁴³, and to dig deeper into current real estate market conditions across BC's Lower Mainland and Vancouver Island markets.

The analysis which follows incorporates input from real estate experts and draws on detailed current data about real estate factors such as rent levels, vacancy levels, average market pricing on relevant types of commercial space, changes in underlying land value, operating cost analysis and recent trends. Where possible comparisons with the 2013 RENT LEASE OWN commercial real estate market findings have been made.

Types of Space Used by Not-for-profit and Social Enterprise Organizations

The Metro Vancouver and Vancouver Island commercial real estate markets comprise a wide array of property types, sub-markets and varying market influences which make a succinct market analysis challenging. Of the possible types of commercial property, the most commonly used type for not-for-profit and social enterprise activities is classified as office. This was identified as the case in the 2013 RENT-LEASE-OWN study and is supported by the extensive not-for-profit and social enterprise real estate evaluation work conducted over the past decade by CapacityBuild Consulting. Office space would typically be used for such activities as administrative functions by all social purpose organizations, childcare, social services or counseling services and education or training activities, among others.

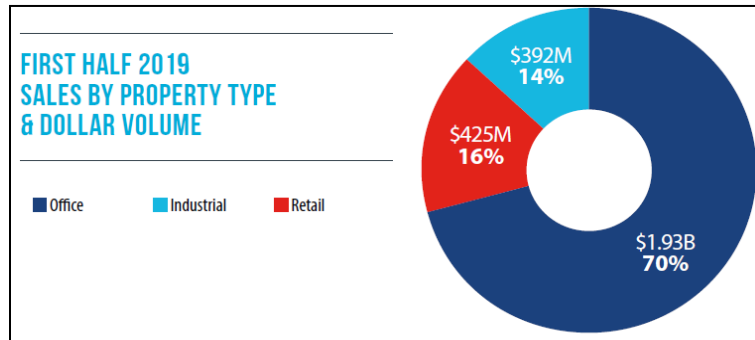
To a lesser degree, space designated as retail is used by organizations which require street front presence and ease of access by the public. This type of space could include uses consistent with such social purpose activities as public health centres, public interface of social services, art galleries, etc. A third type of space, industrial (and typically a light industrial designation) is often fitted out for use by arts organizations for purposes of music, theatre or dance rehearsal or artist studios, or may be required for production and storage for social enterprise organizations. Other not-for-profit and social enterprise organizations occupy space that is more specialized in nature, for which there is much less information available. These more unique commercial transactions (sale or lease) tend to include a specific blend of characteristics and do not easily fall into conventional real estate categories. These spaces include such social purpose venues as arts performance spaces, places of worship and recreation facilities.

¹⁴³ City Spaces for the SPRE Collaborative and the Real Estate Institute of BC (2013). *Rent Lease Own: Understanding the Real Estate Challenges Affecting the Not-For-Profit, Social Purpose and Cultural Sectors in Metro Vancouver*.
https://www.socialpurposerealestate.net/sites/default/files/resource_file/REIBC_SPRE_Report_FINAL1.pdf

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The analysis provided here focuses heavily on the office sector component, which we see in Chart 1 below to also be the category of space with the largest share of transaction volume within the commercial real estate market.

Chart 1



Source: Avison Young BC Investment Review - Mid Year 2019

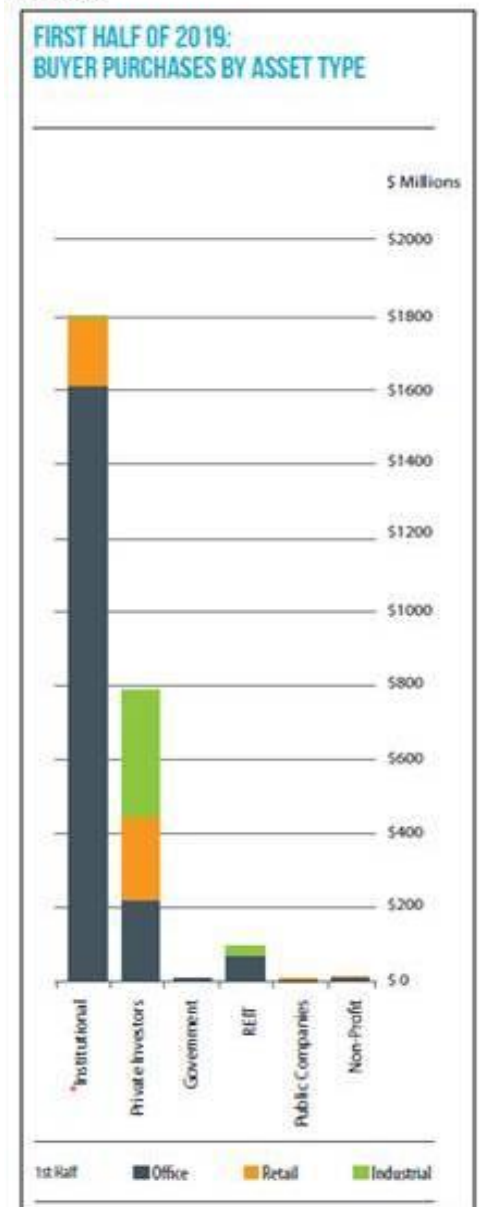
In a recent internal summary analysis of space for the social purpose sector, Colliers International confirms; "studies indicate that those operating in the social purpose sector primarily occupy office space".¹⁴⁴ Alongside the in-depth office space analysis, additional review and commentary is provided for both retail and industrial market conditions.

Current Market Characteristics

In general, measured in early 2020, vacancy rates for office, retail, warehouse and industrial space in major metropolitan areas of BC are at historic lows. As seen in Chart 2, primary commercial real estate market activity is driven by large institutional investors, and private investors, with non-profits and social enterprise organizations relegated to the position of following market shifts as they occur.

To get a sense of the position of non-profit organizations in the greater real estate market, the chart shows the degree to which non-profits are participating in the real estate market. Non-profit real estate purchase activity represents an almost insignificant portion of total market sales, and therefore non-profits are required to accept changes in the market which are driven by the much larger institutional investor segment.

Chart 2



Source: Avison Young BC Investment Review - Mid Year 2019

¹⁴⁴ Colliers International - internal notes provided to CapacityBuild Consulting March 21, 2020, outlining aggregate trends in the office, commercial and institutional asset classes in Greater Victoria, Nanaimo, Thompson Okanagan, Sunshine Coast, and Metro Vancouver as well as case studies of redevelopment among the non-profit sector.

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These institutional investors are typically large organizations, such as a bank, pension fund, labor union, or insurance company, that manages a large pool of funds for long periods of time. Institutional investments make up the largest segment of the commercial real estate transaction market with investors seeking to maximize their return on investment. This provides strong incentive for commercial real estate vendors to achieve the highest rent level possible for a given property. The low market vacancy rates have had the effect of pushing lease and rental rates to new high levels, and have created a real shortage of affordable space (and space of any type) for non-profit and social purpose organizations, particularly in the center of urban areas. This has had the impact of distancing social purpose organizations from the people and communities that they are created to serve.

BC Overall/Metro Vancouver

The trend in BC real estate shows strong demand and market sales in all markets and across all property types from 2015 through to 2018, driving prices higher and vacancy rates lower. In 2019, the trend continued, despite market turbulence, and the office market segment remained the largest, with 70% of the total purchaser transaction dollar volume. Metro Vancouver particularly, continued to experience high demand for office space, with the greatest demand seen in the downtown Vancouver core, driven by limited supply for buyers interested in purchasing real estate as an investment (rather than for their own occupancy) which correspondingly pushed prices higher. In office ownership, we see an increasing trend towards strata office for investor purchase with smaller, more affordable units.

1. OFFICE SPACE ANALYSIS

The following analysis covers the overall Metro Vancouver market, together with indications of various submarket situations, as well as high level circumstances for Vancouver Island markets as well. The analysis includes vacancy rates and trends, supply of commercial office space, and market lease rates, both current and recent trends. Figures provided for lease rates are quoted as the average lease rate for office space in a given market, however it is important to acknowledge that not all office space is comparable.

For the purposes of comparison, the real estate industry groups office space into three primary classes. These classes represent a subjective quality rating of buildings which indicates the competitive ability of each building to attract similar types of tenants. A combination of factors including rent, building finishes, system standards and efficiency, building amenities, location/accessibility and market perception are used as relative measures. Building class definitions categorize office buildings as Class A, Class B and Class C. In many markets, Class A can be subdivided into sub-categories such as Prestige, AAA, AA and A. While there are no definitive formulas used to classify a building, the Building Owners and Managers Association International uses the following general definitions for each class of office space.

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Class A

Class A buildings represent the most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence. Additionally, these buildings usually have a professional manager, good access, and are typically located in highly visible areas on high traffic streets. Due to their exceptional quality, Class A Buildings are usually leased to reputable tenants at the highest rental rates in the market.

Class AAA (subclass): These buildings are essentially Class A office spaces, but this category includes additional benefits such as a prime location, amenities, access to rapid transit, or being LEED certified, and in BC are generally found in the Vancouver downtown core.

Class B

Class B buildings compete for a wide range of users with rents in the average range for the area. These buildings are a grade below Class A. Generally, they are slightly older buildings with good management and quality tenants. It is not uncommon for value-added investors to target these buildings with the intention of renovating them back into Class A buildings. Class B buildings are well maintained overall and quite functional. Class B office buildings commonly have adequate (but not state of the art) mechanical, electrical and safety and security systems, and a mid-quality level of interior finish.

Class C

Class C buildings are most often sought out by tenants requiring functional space at rents below the average for the area. These office buildings are generally older and may be located on less desirable streets in older sections of the city, for example. Many of these buildings have higher than average vacancy rates for their market. Older, less desirable architecture, limited infrastructure and antiquated technology define these buildings. For these reasons, Class C buildings generally offer lower rental rates and are often targeted for re-development. The building exterior and the mechanical, electrical and safety and security systems of Class C buildings are generally dated, and the quality of finish is often below average. These buildings attract tenants who sign short-term leases for functional space at below average rental rates.

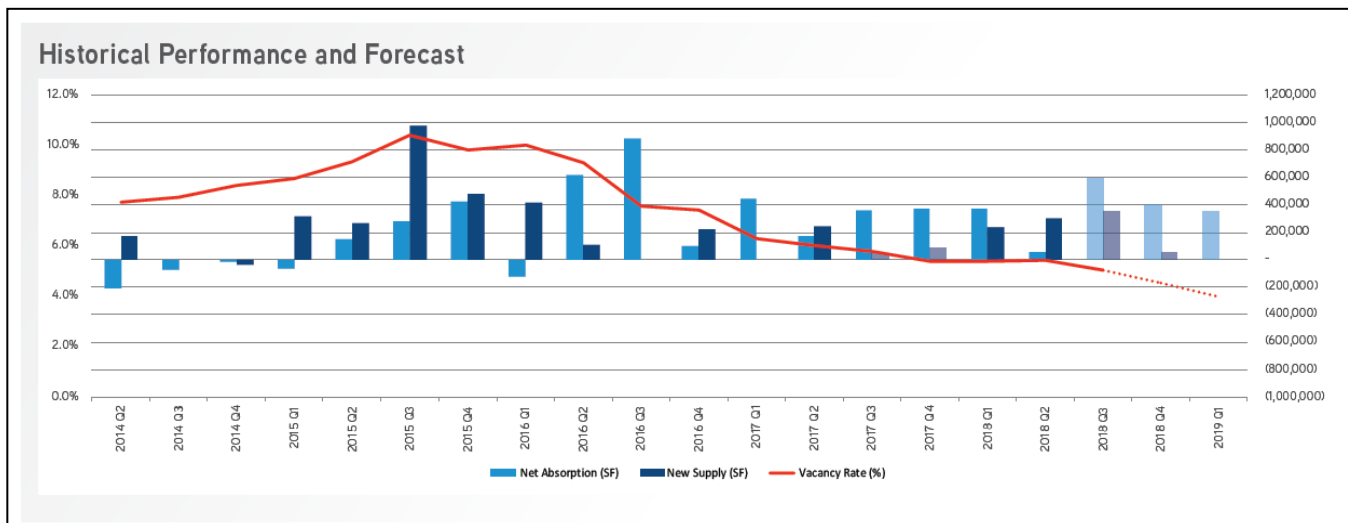
Important to note is the fact that a lack of sufficient financial resources for real estate funding in non-profit and social enterprise organizations often requires them to locate in Class B or very often, Class C buildings. Generally speaking, the most financially attainable space for not-for-profit and social enterprise organizations exists in poorly located buildings requiring more substantial renovations. Heavier investment is required in building system upgrades, interior fit-out, code required improvements, security systems, accessibility improvements and unique interior requirements. These investments are more at risk with the short tenure arrangements non-profit and social enterprises organizations are experiencing.

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As an example of pricing differences between building classes in the BC market, a typical range of rates across the three primary classes of office space can be seen for the Vancouver office market in late 2019 wherein Class A space was renting for \$67.12 psf¹⁴⁵, Class B space was renting for \$50.30 psf, while Class C space was available for \$41.49 psf. In the analysis which follows, the average rate across all 3 categories is shown for each geographical market.

Focusing in on the office market in Metro Vancouver, the long term shift since 2014 is shown in Chart 3 below. The balance of New Supply and annual Net Absorption¹⁴⁶ over time has been driving the market vacancy rate consistently lower over the 5 year period.

Chart 3



Source: Colliers Q2 2018 Metro Vancouver Office Market Report

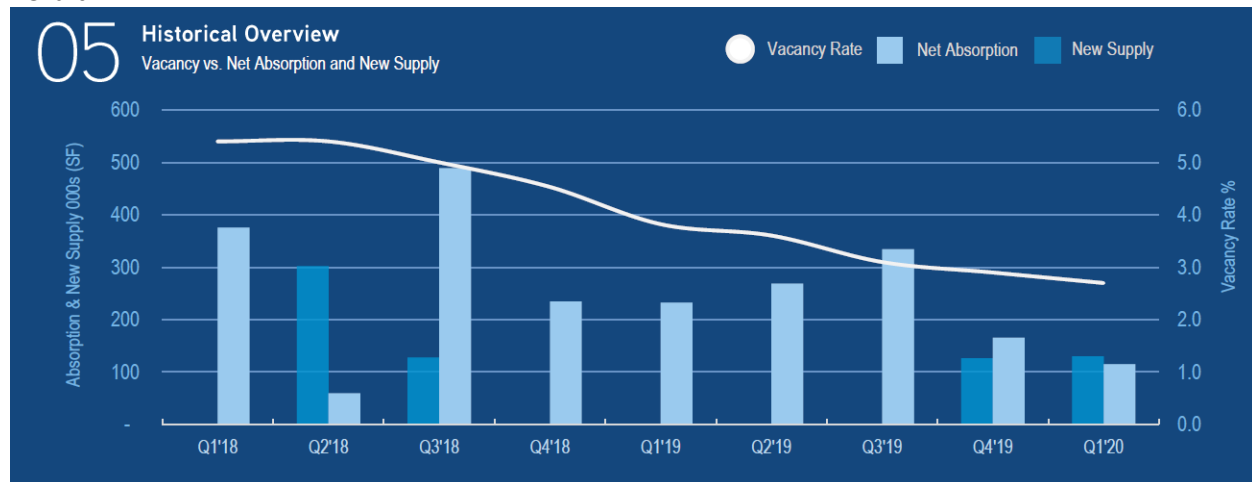
From a high of over 10% in mid 2015, the office vacancy rate has continued to fall ever since in Greater Vancouver. Chart 4 below, published in early 2020, confirms the steady decline into early 2020, falling to a level below 3%.

¹⁴⁵ Per square foot. Lease or rental rates for commercial real estate are generally quoted in an annual dollar amount per square foot of space in the area or building being leased. Total annual rent for a space equals the dollar amount times the total measured area (in square feet). Monthly rent payment is the total annual rent divided by 12 months.

¹⁴⁶ Net Absorption refers to the amount of space taken up by tenants during the period, less any space which has been vacated during the same period. In periods of positive Net Absorption, more space is taken up than vacated, which has the effect of reducing overall available space (lower vacancy rate) and typically forces rental rates in the market to move higher.

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Chart 4



Source: Colliers Q1 2020 Greater Vancouver Area Office Market Report

As these charts demonstrate, new supply of office space tends to come on-stream in bigger chunks as large projects come to market. The continued strong absorption of available office space over time clearly drives vacancy rates downward. As a result of reduced supply, corresponding net and gross rent levels then get pushed higher across the market. Specific Lower Mainland market vacancy rates at the end of 2019 are shown in Chart 5 below.

Chart 5

| METRO VANCOUVER OFFICE VACANCY SUMMARY (YEAR-END 2019) | | | | | | |
|--|-------------------|-------------------------|-----------------------|--------------------|------------------|--------------------------|
| DISTRICT | INVENTORY (SF) | HEAD LEASE VACANCY (SF) | SUBLEASE VACANCY (SF) | TOTAL VACANCY (SF) | VACANCY RATE (%) | 12-MONTH ABSORPTION (SF) |
| Downtown | 22,784,125 | 508,739 | 91,080 | 599,819 | 2.6% | 66,803 |
| Yaletown | 2,074,372 | 22,979 | 43,519 | 66,498 | 3.2% | -29,471 |
| Vancouver-Broadway | 7,328,387 | 259,386 | 36,026 | 295,412 | 4.0% | 178,920 |
| Burnaby | 9,318,790 | 377,553 | 209,253 | 586,806 | 6.3% | 126,411 |
| Richmond | 4,215,800 | 280,103 | 34,101 | 314,204 | 7.5% | -734 |
| Surrey | 2,906,607 | 150,267 | 0 | 150,267 | 5.2% | 47,111 |
| New Westminster | 1,688,572 | 161,067 | 0 | 161,067 | 9.5% | 59,131 |
| North Shore | 1,450,898 | 102,086 | 5,110 | 107,196 | 7.4% | 41,669 |
| TOTAL | 51,769,328 | 1,862,180 | 419,089 | 2,281,269 | 4.4% | 489,840 |

Source: Avison Young Year End 2019 Metro Vancouver Office Market Report

When comparing 2020 data with that included in the 2013 *Rent Lease Own: Understanding the Real Estate Challenges Affecting the Not-For-Profit, Social Purpose and Cultural Sectors in Metro Vancouver* study, we see the comparisons in Chart 6 below in total supply of office space with an increase in supply over the period of an average of 25% over 2013 levels.

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Chart 6

| Office Supply Total Inventory (sq ft) | 2013 Totals | 2020 Totals | Change | % Change |
|---------------------------------------|-------------------|-------------------|-------------------|--------------|
| Surrey | 3,596,988 | 6,174,881 | 2,577,893 | 71.7% |
| North Shore | 2,451,456 | 2,851,609 | 400,153 | 16.3% |
| New Westminster | 1,387,438 | 1,981,154 | 593,716 | 42.8% |
| Richmond | 4,066,121 | 5,491,657 | 1,425,536 | 35.1% |
| Burnaby | 10,048,288 | 11,556,845 | 1,508,557 | 15.0% |
| Vancouver, Broadway Corridor | 6,147,939 | 7,477,382 | 1,329,443 | 21.6% |
| Sub-Urban Vancouver | 27,698,230 | 32,830,038 | 5,131,808 | 18.5% |
| Downtown Vancouver | 24,408,488 | 31,383,577 | 6,975,089 | 28.6% |
| TOTAL Office Space | 79,804,948 | 99,747,143 | 19,942,195 | 25.0% |

Figures drawn from Colliers Office Market Reports: Q4 2012 and Q1 2020

However, despite the ever increasing supply of new office space, demand has continued to outstrip the supply, creating the vacancy trends seen in Charts 3 and 4 above, with the following comparison, Chart 7 below, between 2013 and 2020 vacancy rates.

Chart 7

| Office Vacancy Rate by Municipality (%) | 2013 Rates | 2020 Rates | Change |
|---|-------------|-------------|--------------|
| Surrey | 13.0% | 4.3% | -8.7% |
| North Shore | 5.8% | 1.6% | -4.2% |
| New Westminster | 7.2% | 2.8% | -4.4% |
| Richmond | 21.1% | 6.9% | -14.2% |
| Burnaby | 7.4% | 4.6% | -2.8% |
| Vancouver, Broadway Corridor | 3.5% | 2.3% | -1.2% |
| Sub-Urban Vancouver | 8.5% | 4.1% | -4.4% |
| Downtown Vancouver | 4.0% | 1.4% | -2.6% |
| AVERAGE Vacancy Rate | 8.8% | 2.7% | -6.1% |

Figures drawn from Colliers Office Market Reports: Q4 2012 and Q1 2020

A significant drop in vacancy rate is evidenced all listed markets, with a noticeably larger drop in Richmond (from the 21% seen in 2013). Summary data in Chart 8 below for selected municipalities shows the further tightening experienced across the board in the most recent 24 months since Q2 2018.

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Chart 8

| Greater Vancouver Office Market Statistics | | | | | | |
|---|---------|--------------|-----------------------|------------------|--------------------|--|
| Source: Colliers - various Real Estate Market Reports | | | | | | |
| | | Vacancy Rate | Prior Quarter Vacancy | Net Rental Rates | Gross Rental Rates | |
| Metro Total | Q2 2018 | 5.4% | 5.4% | \$25.29 | \$40.44 | Somewhat stabilized average net rental rates in the past year across the region |
| | Q4 2019 | 2.9% | 3.1% | \$25.56 | \$41.36 | |
| | Q1 2020 | 2.7% | 2.9% | \$27.04 | \$42.81 | |
| Downtown Vancouver | Q2 2018 | 4.1% | 4.6% | \$33.33 | \$52.69 | Vacancy fallen consistently since high of 9% in 2015 Particularly low vacancy in Class B space (1.3%) - a strong component of Social Purpose space |
| | Q4 2019 | 1.9% | 2.1% | \$33.35 | \$53.37 | |
| | Q1 2020 | 1.4% | 1.9% | \$36.75 | \$56.64 | |
| Richmond | Q2 2018 | 8.4% | 5.4% | \$16.55 | \$28.59 | Limited market activity - large swings caused by individual large projects |
| | Q4 2019 | 7.2% | 7.4% | \$18.58 | \$30.82 | |
| | Q1 2020 | 6.9% | 7.2% | \$17.54 | \$28.72 | |
| Surrey | Q2 2018 | 6.8% | 6.2% | \$24.67 | \$39.54 | Historically higher vacancy (16-20%) Fell sharply at end 2016 to a range of 6% |
| | Q4 2019 | 2.7% | 2.7% | \$20.33 | \$30.16 | |
| | Q1 2020 | 4.3% | 2.7% | \$23.00 | \$34.95 | |
| North Vancouver | Q2 2018 | 5.0% | 5.4% | \$21.73 | \$34.78 | Low vacancy mid 2017 - new supply normalized Recent drop as supply is absorbed |
| | Q4 2019 | 2.8% | 2.8% | \$21.68 | \$35.44 | |
| | Q1 2020 | 1.6% | 2.8% | \$21.90 | \$36.99 | |
| Victoria | Q4 2019 | 5.0% | 8.2% | \$27.50 | | Limited data reporting for this sub-market |

This excess of demand over supply of office space is at the root of related increases to purchase pricing and office rental rates. The rental rates indicated in Chart 8 above have noticeably increased in most markets over the past 2 years, the exceptions being a leveling in Surrey and North Vancouver markets. In Chart 9 below, a much more marked increase is evident, and across all markets, since the 2013 study data.

Chart 9

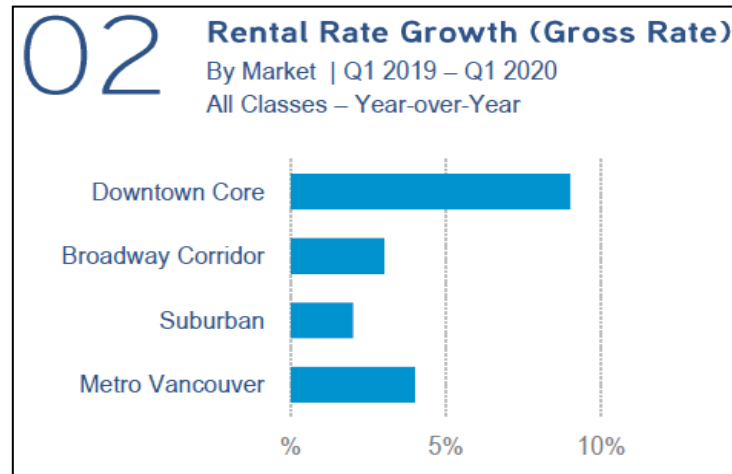
| Office Net Lease Rates (\$/sq ft) | 2013 Rates | 2020 Rates | Change | % Change |
|-----------------------------------|----------------|----------------|---------------|--------------|
| Surrey | \$17.10 | \$23.00 | \$5.90 | 34.5% |
| North Shore | \$19.08 | \$21.90 | \$2.82 | 14.8% |
| New Westminster | \$17.26 | \$19.78 | \$2.52 | 14.6% |
| Richmond | \$13.40 | \$17.54 | \$4.14 | 30.9% |
| Burnaby | \$19.28 | \$23.76 | \$4.48 | 23.2% |
| Vancouver, Broadway Corridor | \$22.30 | \$27.14 | \$4.84 | 21.7% |
| Sub-Urban Vancouver | \$18.41 | \$21.96 | \$3.55 | 19.3% |
| Downtown Vancouver | \$28.59 | \$36.75 | \$8.16 | 28.5% |
| AVERAGE Net Lease Rate | \$19.43 | \$27.04 | \$7.61 | 39.2% |

Figures drawn from Colliers Office Market Reports: Q4 2012 and Q1 2020

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With increases in average rents across Metro Vancouver since 2013 ranging from 14% - 35%, the challenge for not-for-profit and social enterprise organizations, a large portion of which are renters, is clear. Comparing the average rent across the region in 2020 to the average in 2013, Chart 9 demonstrates an increase of almost 40%. Recent Colliers data confirms year-over-year rental rate increases in Greater Vancouver in Chart 10 as follows:

Chart 10



Source: Colliers Q1 2020 Greater Vancouver Area Office Market Report

Along with increases in base rent costs, occupancy costs covered by the tenant (additional rent¹⁴⁷) have also risen in most markets. Chart 11 below shows the shift since 2013. Again we see that the Richmond market is currently indicating a lower occupancy cost for tenants, likely a result of the uneven supply function in that market with large projects skewing year-over-year results in some periods.

Chart 11

| Occupancy Costs (Additional Rent) (\$/sq ft) | 2013 Rates | 2020 Rates | Change | % Change |
|--|----------------|----------------|---------------|--------------|
| Surrey | \$9.00 | \$11.95 | \$2.95 | 32.8% |
| North Shore | \$10.86 | \$15.09 | \$4.23 | 39.0% |
| New Westminster | \$11.91 | \$14.74 | \$2.83 | 23.8% |
| Richmond | \$16.58 | \$11.18 | -\$5.40 | -32.6% |
| Burnaby | \$12.96 | \$14.83 | \$1.87 | 14.4% |
| Vancouver, Broadway Corridor | \$14.98 | \$18.76 | \$3.78 | 25.2% |
| Sub-Urban Vancouver | \$11.38 | \$13.39 | \$2.01 | 17.7% |
| Downtown Vancouver | \$16.58 | \$19.89 | \$3.31 | 20.0% |
| AVERAGE Additional Rent | \$12.00 | \$15.77 | \$3.77 | 31.4% |

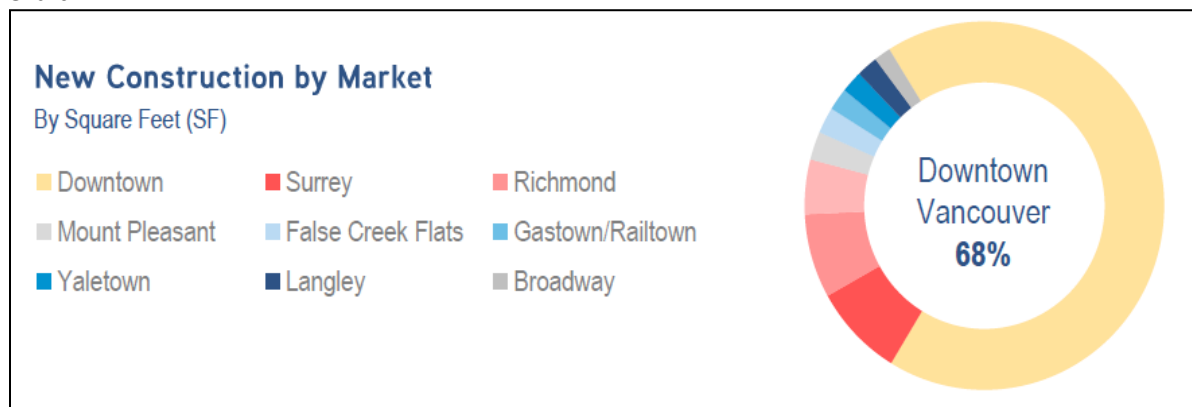
Figures drawn from Colliers Office Market Reports: Q4 2012 and Q1 2020

¹⁴⁷ **Additional Rent:** Money the landlord collects to offset the tenant share of building expenses, usually including such costs as shared utilities, the cost to maintain common areas of the building, insurance. (If costs are metered individually, the tenant will pay them directly to the utility provider, such as BC Hydro)

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Looking ahead, in order to understand where vacancy and rent rates will move, the supply side of the office space equation has been evaluated. With 5 year indicated annual absorption of 750,000 sq ft/yr (Colliers: Q4 2019 Greater Vancouver Office Market Report), and considering a typical project construction window of 4 years, there would need to be roughly 3 million sq ft of construction in progress to meet long term demand. The construction pipeline picked up substantially by the end of 2019 with considerably more total office area under construction (6.6 million sq ft) than was in progress in mid 2018 (2.8 million), which would indicate a potential for easing of the low vacancy rates of recent periods. Also, the impacts of COVID pandemic are anticipated to pare down demand as well, further easing the very tight office market in Metro Vancouver. In Chart 12 below, a very heavy weighting of new construction can be seen towards the downtown Vancouver market. Recognizing however, any easing of office space supply in the downtown core will have related effects in more suburban markets as well.

Chart 12



Source: Colliers Q1 2020 Greater Vancouver Area Office Market Report

Interestingly, indicated sales pricing for office space fell early in 2020 to \$628 psf, compared with reported sales pricing of \$811 psf in late 2019. While this may have mostly been a function of the quarter-over-quarter supply level, it does appear we may already have been entering into a period of price easing even prior to the arrival of the COVID constraints. Only the passage of time will bear it out, but there is opportunity for optimism that vacancy rates (and accompanying rental rates and site opportunities) will settle closer to historic rates with the creation of a more balanced supply/demand relationship in the Greater Vancouver office market.

Regional Sub-Market Comments

Vancouver

- Downtown office availability remained severely constrained through the first quarter of 2020
- Some easing of the vacancy rate is anticipated, with the COVID-19 impacts not yet incorporated

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Surrey

- Office vacancy slid to 5.2% at year-end 2019 – down markedly from 6.8% just a year earlier and reaching its lowest point since year-end 2010 (2.5%). Vacancy has been declining steadily since 2014 when it peaked at 23.2%
- Rental rates are expected to continue to climb in 2020 due to tightening vacancy and limited availability

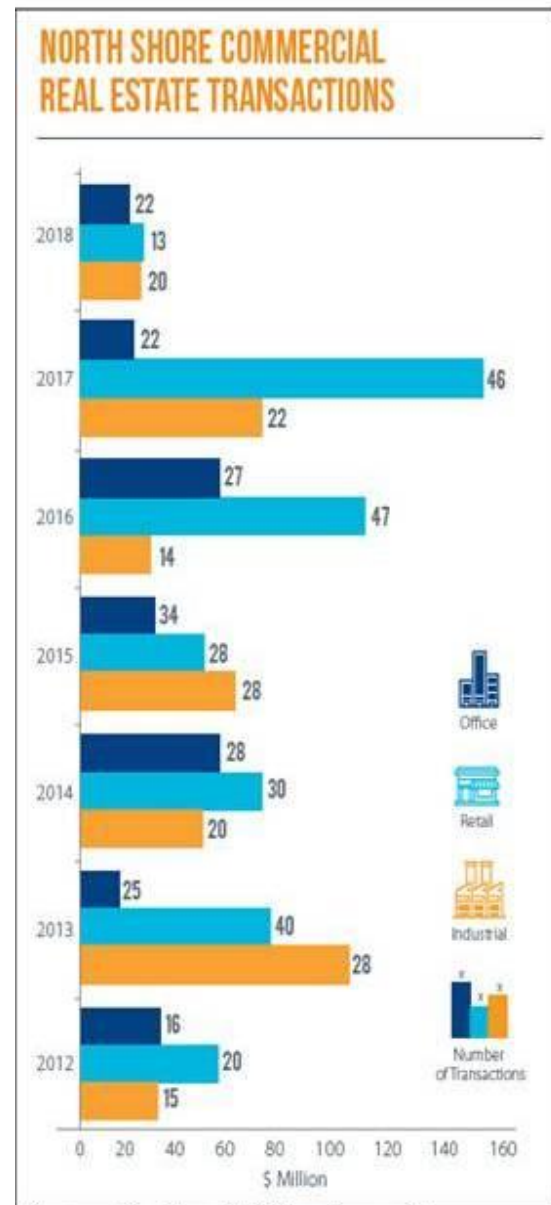
Richmond

- Office vacancy in Richmond remained stable at 7.5% at year-end 2019. Vacancy was 7.4% a year earlier. Richmond was the only market in Metro Vancouver where vacancy remained largely unchanged in 2019
- Tenants were attracted to the market in 2019 due to reasonable lease rates and limited options elsewhere in Metro Vancouver
- Rental rates were stable in 2019 and will likely remain so throughout most of Richmond in 2020. Office space along the No. 3 Road corridor is able to command slightly higher rents along with class A space in select Richmond business parks. Richmond remains the only core market in Metro Vancouver with options for new tenants of all sizes

North Vancouver¹⁴⁸

- We see a different emphasis in the market in North Vancouver - more activity in the retail market during the active period of 2013 - 2017, and industrial space to a lesser degree (see Chart 13)
- Office space makes up a much smaller component of this market, indicating that supply has likely been weak throughout the past several years
- 2018 saw significant drop in retail and industrial space transactions, amid market planning uncertainty, which remained muted in early 2019
- A major focus is on the area around Central Lonsdale with a heavy emphasis on residential

Chart 13



Source: Avison Young NorthShore Commercial Real Estate Report - Summer 2019

¹⁴⁸ Real estate analysis reports generally refer to North Vancouver, which includes properties in both the City of North Vancouver and the District of North Vancouver. Given the proximity of the two municipalities, space users are often indifferent as to which municipality a specific building is located in and therefore market data is reported on a combined basis. In some reports, the term North Shore is used and this includes properties in West Vancouver as well.

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development over office development; further distancing not-for-profit and social enterprise organizations from this high density population center and problematically, distancing them from clients and audiences to their programs and services

- Upward pressure on rental rates started to manifest in 2019 and will continue into 2020 as a result of reduced vacancy and no new supply, which will result in increasingly limited options for tenants
- Retail lease rates are moving to new highs at \$40 - \$55 per sq ft due to a lack of new supply

Greater Victoria

- There has been a decade of reducing commercial property listings alongside dropping vacancy rates up to 2019
- There was an abundance of tenancy demand at end of 2019 and corresponding predictions that the Victoria office market would remain strong with vacancy rates to tighten further due to limited new supply
- Higher than usual sales to buyers for investment purposes (rather than to occupy the buildings) was seen in 2019, putting further pressure on building purchase prices, and thereby creating upward pressure on rental rates
- Increasing development cost charges are being experienced in many Greater Victoria municipalities, thereby increasing the overall cost of development going forward. While this phenomenon is occurring in other cities as well, it has been specifically noted in the market reports for Victoria
- The Victoria market is currently characterized by a heavy emphasis on multi-family building transactions
- The tech sector is an important market influence comprising 25% of office leasing activity in 2019 and anticipated to remain steady into 2020

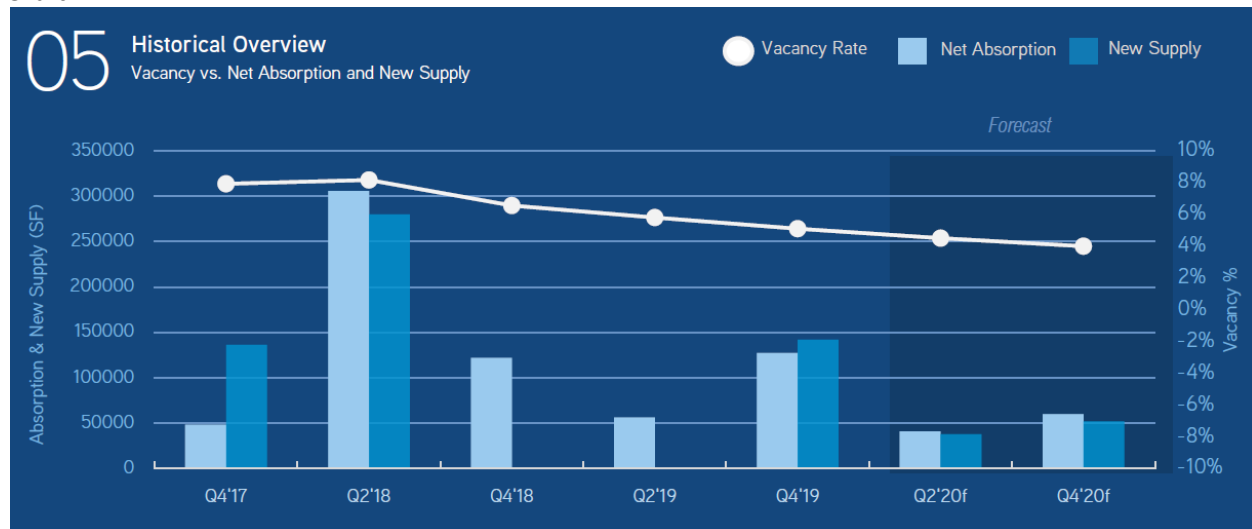
Colliers Q4 2019 Victoria Office Market Report identifies:

In addition to net rental rate appreciation, tenants are also passed along rising additional rent costs. Tenants must bear both increasing costs raising concerns of affordability and suitability with the pressure of both rising rental rates triggered by supply and demand imbalances, and additional rents due to basic rising economic costs.

The vacancy rate trend for Victoria is evident in Chart 14 below. While not quite as constrained as the Greater Vancouver market, Victoria is currently seeing historically low vacancy levels.

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Chart 14

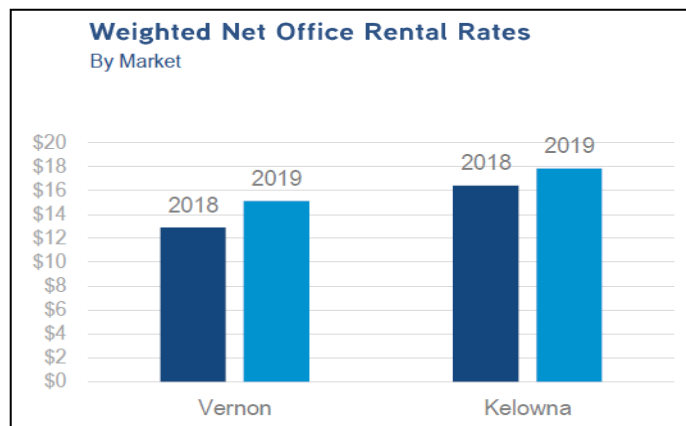


Source: Colliers Q4 2019 Victoria Office Market Report

Other Areas of BC

- Nanaimo: The general sentiment of real estate professionals on the office market at the end of 2018 for Nanaimo was for little change in both demand and supply - rental pricing and property selling prices also remained relatively unchanged through 2019
- Thompson Okanagan (Kelowna):
 - Decline in office vacancy (down to 9.83% average vacancy in the market)
 - 13.1% increase in rents Y/Y in 2019 to \$17.36 psf

Chart 15



Source: Colliers Q3 2019 Thompson Okanagan Office Market Report

- New office space coming on stream and demand is strong, particularly from tech industries moving into the Okanagan area
- Emphasis on demand in Class A type office space, with Class C space experiencing a higher rate of tenants vacating sites than new tenants taking up space (increasing the supply of Class C office space)

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- Potential spillover of demand (particularly in the tech industry) from higher priced Lower Mainland
- Significant office space coming on stream with current developments - may be impacting the market with lower rent rates at end of 2019

2. RETAIL SPACE TRENDS

Overall Market

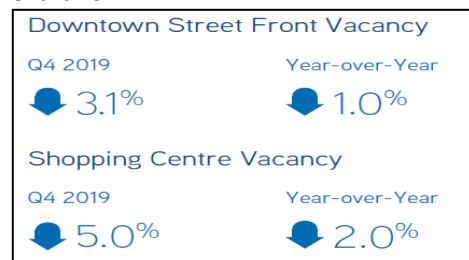
With respect to the retail segment of the commercial real estate market, while a less common need amongst not-for-profit and social enterprise organizations overall, there are many organizations providing services to walk-in clients that do require ready access to the people they serve, and availability to provide their services from a street front location in their communities. Further, many social enterprise organizations which market a product or service require direct, street front access to clients as well.

Current reporting on the retail segment indicates that real estate transactions in the retail segment are down markedly from the much higher transaction volumes which occurred through the years 2016 - 2018. Retail space is often located within residential developments which carry a high land price, thereby reducing renter appetite for retail space overall. This heavy cost burden from inflated land values of residential developments make it unaffordable to social purpose organizations.

Pricing in the market for retail space remains much more steady than other segments of the real estate market, with a closer balance between players exiting the market or vacating existing space, and those coming into the market and taking up retail space. This maintains a closer balance between supply and demand. Uncertainty in the overall retail market leads to cautious development of new retail space, with most new retail development in recent years coming from mixed-use development sites.

In contrast, for Victoria, there is continued downward pressure on retail vacancy in late 2019, for both street front and shopping centre space (while shopping centres have often been used as 'temporary' lodging for not-for-profits and social enterprises moving between more permanent spaces, it is generally much less relevant for these social purpose organizations). In Chart 16 below, late 2019 saw predictions of continued economic strength for Victoria for 2020, fueling continued demand for retail space, particularly other than in regional destination malls.

Chart 16



Source: Colliers Q4 2019 Victoria Retail Market Report

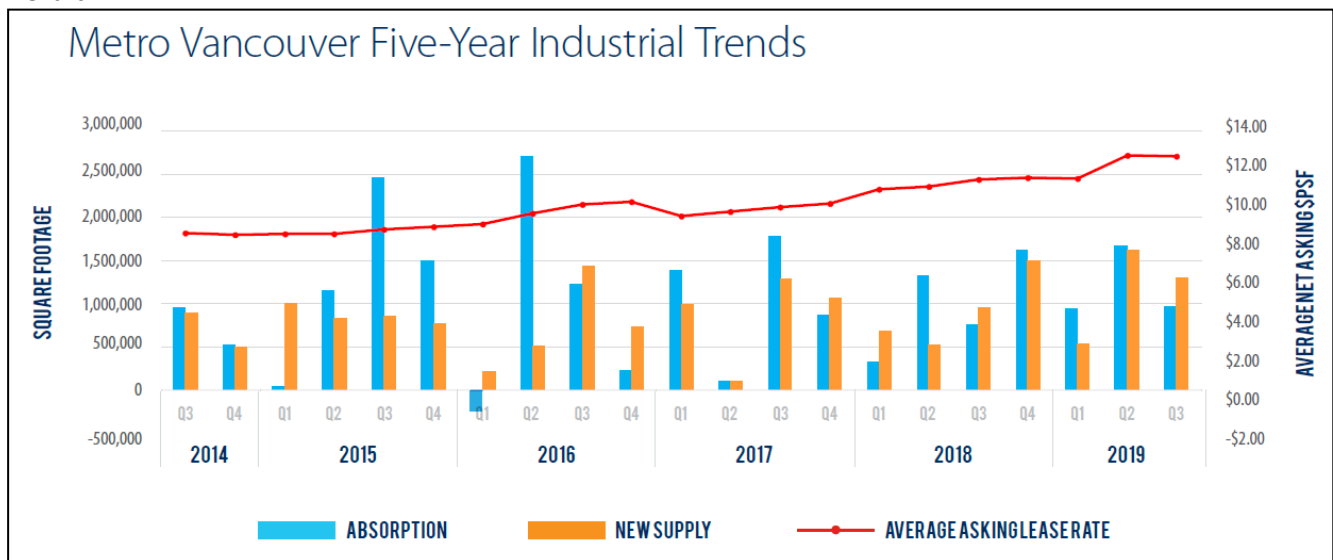
3. INDUSTRIAL SPACE TRENDS

Overall Market

Metro Vancouver's industrial market remains one of the strongest in North America, thanks to ongoing strong demand among users and both private and institutional investors. This is driving rapid rental rate growth and supporting premium pricing for industrial buildings, as well as creating record low vacancy and elevated levels of new construction activity in 2019. The industrial market has seen significant rental rate appreciation since 2014/15, driven by low vacancy rates (vacancy rate of 1.5% - steady at or below 2% since 2015). Average asking lease rates for industrial space have grown significantly over the last three years, rising from \$9.00 psf to \$13.15 psf from 2016 to 2019.

We see the trend for market supply and demand from 2014 - 2019 in Chart 17 below. Average asking lease rate has trended consistently higher over that period.

Chart 17



Source: Avison Young Fall 2019 Metro Vancouver Industrial Overview Report

Industrial vacancy in Metro Vancouver's 206.8-million-square-foot market in the third quarter of 2019 was 1.3%, the second lowest in Canada. Recent activity in the industrial space segment for Greater Vancouver showed a strong industrial market in terms of transaction volume in first half of 2019. Limited supply was fueling price increases and sustaining demand. In early 2020, the vacancy rate for industrial space in the Metro region was at 1.5%, where it has hovered throughout the first quarter of 2020. Net asking rents (average) in early 2020 for the region were at \$13.11 psf which represents a 15% rise from the previous year. Additional rent costs (operating costs borne by the tenant) are at \$4.53 psf.

Industrial building transactions such as the one profiled below in 2019 are setting new heights in the cost of industrial space, particularly that which is located in closer proximity to major urban

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centers. The demand for industrial space closer to core urban areas is high, as companies are seeking to supply and serve their markets without requiring long commutes to industrial space located on the periphery of the city. The fact that the highest priced industrial sale transaction in BC in the first half of 2019 was located close to the Vancouver downtown core underscores this trend.



The \$38M sale of 2323 Quebec Street in Mount Pleasant was the largest in the first half of 2019

Source: Avison Young BC Investment Review - Mid Year 2019

This means that lack of affordability for non-profit and social enterprise organizations which require industrial space is pushing these organizations away from population centers to more affordable space which is located far from the people they are serving, and in areas with more limited transport access for staff and persons served.

A type of industrial space which is gaining in popularity recently is the strata industrial unit, which generally commands a higher psf rental rate. A concept which is consistent across all real estate types is that smaller spaces generally command a higher rental rate psf. This is due to the relatively higher costs of demising the space, administration of many smaller spaces versus one large space, increased hallways and common areas between the spaces, etc. The higher rents for smaller strata industrial space has the spillover impact of increasing rates across all industrial properties in the market. Lack of new supply, rapidly rising land costs and low-cost financing have all contributed to an increase in the cost (and size) of strata units being offered to the market.

Overall however, when compared to the office market, the industrial property market in Metro Vancouver has been more stable over the past 6 years with more gradual lease rate increases and a better balance between supply and demand for space.

Regional Sub Markets

Industrial vacancy and rent statistics for select BC markets in Q4 2019 are seen in Chart 18 which follows:

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Chart 18

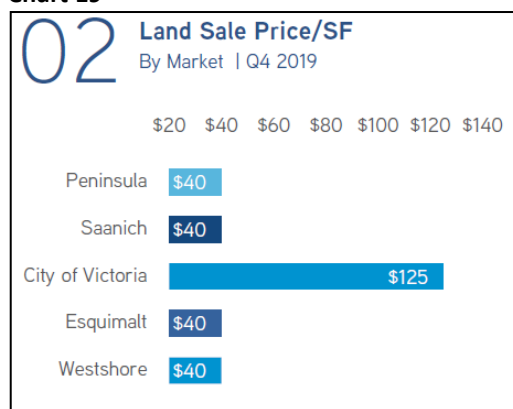
| Market | Vacancy | Net Rent | Additional Rent |
|-----------------|------------|-------------------------|-----------------|
| Vancouver | 4.6% | \$17.17 | \$6.51 |
| Surrey | 0.9% | \$11.81 | \$3.54 |
| Richmond | 1.7% | \$13.48 | \$4.88 |
| North Vancouver | 0.8% | \$18.05 | \$13.78 |
| Victoria | Below 1.0% | n/a | n/a |
| Nanaimo | n/a | Increasing through 2019 | n/a |

Source: Colliers Q1 2020 Greater Vancouver Area Industrial Market Report

Richmond has seen a high level of sales with limited leasing opportunities based on lack of new supply in late 2019. Only 50% of proposed industrial developments in late 2019 were close to larger populations, demonstrating the trend to locating of industrial space in outlying industrial parks, further away from the communities served by not-for-profit and social enterprise organizations. Richmond has also seen increased sales activity done as strata sales, which are forecast to rise through 2020.

Victoria has a general lack of industrial space and limited anticipated supply in that market is having the effect of curtailing economic growth of local businesses. In Greater Victoria, there are limited lands which remain for industrial development. As seen in Chart 19 below, the cost of land is skewed precariously towards the City of Victoria, making this sub-market much more financially demanding to acquire or lease space.

Chart 19



Source: Colliers Q4 2019 Victoria Industrial Market Report

Surrey has experienced strong and sustained demand for industrial property over the past 10 years which has now substantially reduced supply. Average asking lease rates over the same period have increased 47%. Previously used as part of the relief valve for the urban core, Tier-1 industrial space is becoming increasingly difficult to source in Surrey.

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Other Types of Social Purpose Space

In addition to the standard property types of office, retail and industrial, which are the mainstay of the commercial real estate market, not-for-profit and social enterprise organizations utilize a variety of more unique types of space. These more specialized and less common space typologies are often harder to find in the market and usually have a unique set of development costs, but there is a market for these more unique properties. Properties in this category have less market information available than for more common type of transactions and include such buildings as places of worship, community buildings owned by groups such as Kiwanis, or Royal Canadian Legion sites, arts and culture presentation facilities (theatres, music venues), and large recreation facilities.

As an important place of community gathering, and one which very often provides space to other not-for-profit and social enterprise organizations on a low or no costs basis, places of worship have a reasonably active sub-market. By sheer quantity of space alone, this market is significant, with the United Church of Canada owning 117 sites in the BC areas of the Lower Mainland (66), Southern Vancouver Island (27) and Thompson Okanagan (24). Many other denominations own similar levels of real estate. These are important sites for a variety of social purposes including daycares, pre-schools, community music and theatre production, programs serving vulnerable populations and a wide range of community social services (food bank distribution, community meetings, etc.). In addition, places of worship are geographically distributed across different neighbourhoods (as opposed to being aggregated in areas of retail, office or industrial properties) and therefore key to well distributed social purpose programs and services.

Many of these sites are currently being redeveloped, often with replacement worship space and housing. What is less known is whether important community serving space is being lost through this redevelopment process or through sale of the sites and repurposing for other uses, including private sector use. As mentioned, tracking information on this aspect is not well established, but an analysis of Colliers sales transaction information in the Lower Mainland of BC for the period 2016 - 2020 involving religious organizations (Appendix 3 Chart) provides some clues. Based on the name of the recorded vendor and purchaser, out of 50 recorded sales involving a religious organization during that time period, 24 sales are from one religious organization to another and 6 sales are from a religious organization to another type of non-profit organization. This would provide a sense that many of the social purpose or community uses of the building may be retained.

The sale and purchase data records only the name of the organizations participating, and does not declare the use of the property. It is therefore impossible to know for sure whether the non-profit organization making a purchase intends to develop non-profit housing, or use the site for other community serving purposes. Often, a housing development, even an affordable housing development, can displace facilities which have provided important space for non-profit and social enterprise organizations in the past.

Another eleven of the transactions saw the sale of a building owned by a religious organization to a corporation (likely suggesting loss of community serving spaces), however this is largely offset by another nine transactions which involved the purchase by a religious organization of a building from a corporate entity. While this may indicate additional space available to not-for-profit and social enterprise use, as the information is anecdotal at best, further research is required to understand the long term impacts. Colliers experts reported that,

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"Unfortunately, it appears to be more challenging to identify other transactions where a community/social purpose use was involved given that these are not explicitly categorized in any of our databases and would require a judgment based on seller/buyer names. Likewise, leasing comparable information is not readily available to us as it is not categorized in a way that is searchable for this purpose."

Other specialty types of real estate for not-for-profit and social enterprise organizations such as arts presentation sites, artist studio venues, large recreation facilities or specialty education facilities are generally created on a one-off basis according to unique partnership and funding arrangements, design processes and different levels of government support. Information on these types of sales or real estate transactions is not generally tracked, nor readily available.

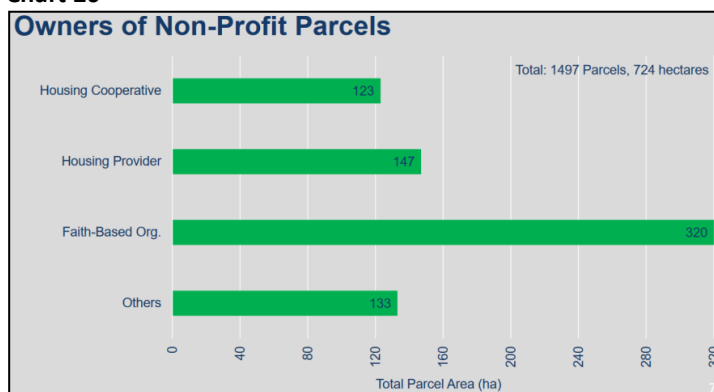
4. INNOVATION AND POLICY DEVELOPMENT

Metro Vancouver

In an effort to better understand the nature of non-residential real estate ownership throughout the Metro region, with a view to potential opportunities for future development of non-market housing and other not-for-profit and social enterprise and community serving space, Metro Vancouver has recently (October 2019) completed a study of land ownership in proximity to transit hubs throughout the region. This "Transit-Oriented Lands Inventory" includes mapping of public and non-profit owned properties of a size that would minimally support development of a modest multi-family housing development (15,000 sq ft). Acknowledging that this criterion could mean potentially missing a large component of available smaller sites in the market, the review provides some interesting initial data.

While primarily driven by the objective of identifying affordable housing opportunities, the inventory is also intended to be used to support analysis for other types of social purpose real estate. In the study, the criteria used was "land ownership" as opposed to "land use", and the categories of non-profit owned real estate were limited to four separate categories of co-op housing organizations, other housing providers, faith-based organizations, and other. Chart 20 below demonstrates the significant ownership position of faith-based organizations in the region.

Chart 20



Source: Metro Vancouver Transit Oriented Lands Inventory Report Oct 2019

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While perhaps of limited use in really understanding the specific issues for not-for-profit and social enterprise organizations in accessing space, it reveals the intentionality of policy makers in starting to recognize the importance of understanding how real estate used by non-profits and social enterprise organizations can be unintentionally pushed out of the market as higher profit, residential development surges. The inventory analysis was also seeking to identify undeveloped lands and assembly opportunities amongst public and non-profit lands along major Translink routes in the region.

It should be noted that the significant demand currently to create non-market housing, and the corresponding increase in government funding support, has led to increased interest in land acquisition for housing development. This phenomenon has the double effect of both supporting, and hindering, the availability and creation of space for not-for-profits and social enterprise organizations which are not involved directly in providing housing. While it is clear that non-market housing is a core part of the broad category of social purpose real estate, without support for mixed used development which also provides space for community and community serving organizations, wrap around services and/or other space for not-for-profits and social enterprises, these sectors are at risk of being further displaced by efforts to address the housing crisis.

Co-working Trends

A significant trend in commercial office real estate in recent years is the proliferation of co-working sites. Primary motivations for these flexible work environments include the efficient and streamlined process to access space, the elimination of up-front capital expenditures and access to a community and vast network.

While corporate interests are currently the primary driver of increasing amounts of co-working space, as noted previously in this report under the literature review, not-for-profit and social enterprise organizations were the early pioneers of this structure for affordable and flexible work space and will continue to benefit from the many co-working shared-space benefits:

- customized leases, appealing to established firms seeking temporary all-inclusive solutions (local BC examples of Amazon and Deloitte taking up large amounts of available co-working space)
- supporting the critical shift in today's market regarding wellness and the importance of healthy work environments
- tapping into a professional social network and in turn amplifying their own creative and collaborative capabilities
- appealing to workers seeking more flexible work arrangements for staff attraction and retention

Co-working spaces are often used by larger companies in transition from one space to another as they manage work force expansion. Pressure from the traditional office market and low vacancy rates have pushed the co-working practice to become very much main stream in recent years. With millennials representing 55% of the work force, new work habits shifting towards flexible

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layouts and following more flexible work schedules are moving the design of flex office spaces towards productivity, while fostering a sense of community, helping to create environments where employees feel motivated, energized and inspired.

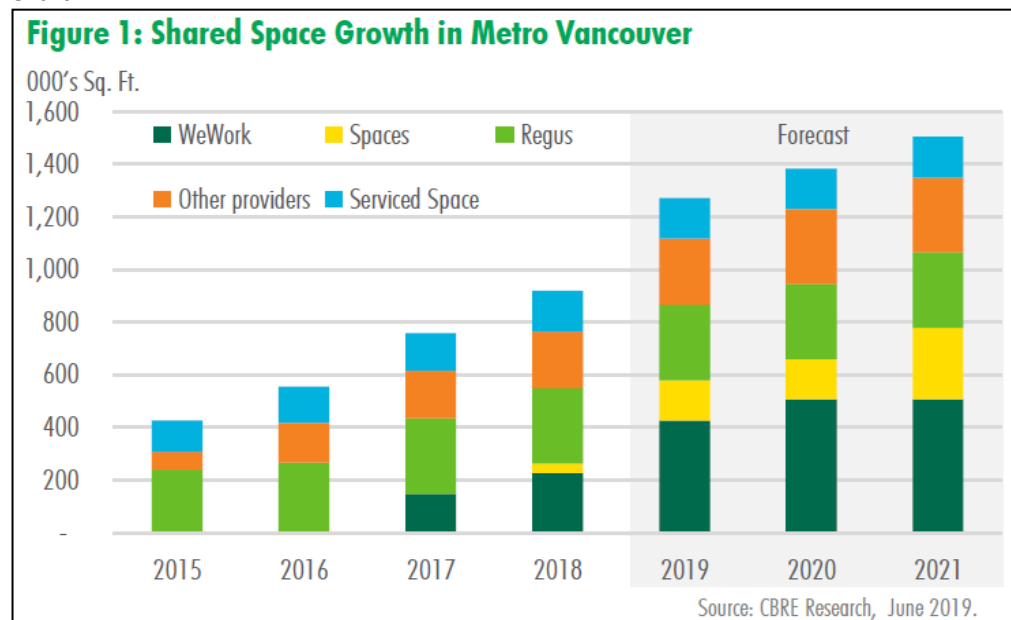
There are risks as well, however, as private sector co-working spaces typically demand a higher user cost and their move into traditionally lower class office districts further pushes land values and rental rates to increased levels. It is noted that average co-working costs in Vancouver are on the higher end for shared space costs in Canada:

- Private office - \$1,270
- Dedicated Desk - \$ 465
- Shared desk - \$ 331

The growing co-working market has come on the real estate radar as one space typology deserving of separate reporting statistics. Each of Colliers and CBRE published a specific report in mid 2019 on the growing importance of co-working in the BC market. Indicating that global success of co-working expansion is due to socio-economic trends, evolving business strategies, as well as a favorable local environment in BC, it is acknowledged, however, that total flex office space remains a very low percentage of total office space in Canada (1.1% of national office inventory), but growing exponentially.

Vancouver currently holds about 21% of Canada's total flex office space with 1.5 million sq ft of space in Metro Vancouver, 55% of which is located downtown, as indicated in Chart 21 below, which shows the rapid growth of shared space in Metro Vancouver in recent years. While this June 2019 forecast portrays a continued rapid rise towards 2021, the impacts of COVID-19 recovery may significantly alter the direction of this strong trend.

Chart 21



5. OBSERVATIONS

In the current situation, where market forces are conspiring to rapidly take up the supply of suitable office and other commercial real estate, not-for-profits and social enterprise organizations are facing ever increasing land, rent and real estate related expenses. Every dollar spent by a social purpose organization on accessing suitable space is less funding to invest in direct community programming, and every hour spent trying to find suitable space, moving and re-establishing operations, is time not spent on that community programming. An additional hindrance, is the fact that funders are frequently most interested in seeing their funding flowing directly into service delivery, and not to support facility operating costs.

Not-for-profit and social enterprise organizations often remain dependent on benevolent landlords (be they private sector, government or foundations), key community partnerships and other approaches to reduce space costs. Mechanisms such as access to in-kind or nominal lease arrangements, or space created through development, can be highly beneficial to some organizations, but the reality is there are relatively few of these arrangements available. For the larger population of not-for-profits and social enterprises, often relegated to B and C class office space which is in high demand for re-development, the situation imposes uncertain or short tenure periods and exposes the sector to a higher risk of displacement.

Not-for-profit and social enterprise organizations can also end up located at a significant distance from the communities they serve in search of affordable rental situations. High demand for well-located space in metropolitan areas of BC along with the associated high rents, places constraints on organizations in the not-for-profit and social enterprise sector to be in close proximity to the community members they serve.

The push to create more dense residential housing development, particularly in the urban core, and in proximity to transit accessible locations, has significantly impacted the value of the underlying land component. Spreading the value of land from a single family or low rise multi-family site across a much larger number of residential units in a high rise tower means the total land value can increase exponentially. This heavy cost burden from inflated land values of residential developments makes the cost of other types of space rise at a similar rate, which quickly becomes unaffordable to non-profit and social enterprise organizations.

In feedback provided by Colliers in response to questions about the current state of the commercial real estate market in the Lower Mainland of BC for social purpose organizations, some areas of opportunity were identified. For not-for-profit and social enterprise organizations in an ownership position, recent real estate value appreciation has created opportunities for redevelopment partnerships with government, other not-for-profits or the private sector. In some cases, these developments are supporting the construction of new or renewed space and the creation of revenue producing space. For the right not-for-profit, ready to take on a redevelopment partnership/activity, the benefits to mission enhancement and the capital/operating budget pro formas can be well worth the effort.

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Challenges identified include the fact that well located urban spaces in close proximity to not-for-profit/social enterprise clients and audiences are often found in low-vacancy, high-rent locations. The biggest squeeze is in the office sector, which is the primary type of real estate occupied by social purpose organizations.

Lack of sufficient financial resources for real estate funding in non-profit and social enterprise organizations often requires them to locate in Class B or very often, Class C buildings. The most financially attainable space for not-for-profit and social enterprise organizations often exists in poorly located buildings requiring more substantial renovations. The heavier investment required for building system upgrades, building code required improvements, etc. is at risk with the short tenure arrangements non-profit and social enterprises organizations are experiencing.

6. EARLY INDICATIONS OF THE IMPACT OF COVID ON THE COMMERCIAL REAL ESTATE MARKET

While still very early days in the global COVID-19 storm, those closest to the commercial real estate markets are doing their best to learn about the near term and longer term impacts on real estate in Canada. According to an April 2020 webinar discussion Urban Analytics in Vancouver, by the end of Q1 2020, there were no statistical indications of much change; the commercial office market remained strong, only a minor impact on vacancy rates and no evidence of reduction in rental rates. There is currently a sense that as the global situation progressively unfolds, Metro Vancouver should be able to rely on strong fundamentals present in the market at the start of the economic crisis and that the effects of COVID-19 on the market will be temporary and significantly shorter than those of past financial credit crises.

However, acknowledging soaring unemployment rates and dropping interest rates, based on economic projections, the Greater Vancouver Area industrial market will not remain unscathed. Significant concerns about the uncertainty of duration and the depth of the downturn has many tenants, owner-occupiers and developers taking a wait and see approach with respect to any new leases, acquisitions or projects. There is potential for disruption in international supply chains, creating shortages of product and intermediate production goods, with the potential for increased inventory holdings (and need for industrial space). There are significant implications for the real estate investment industry, including uncertainty, potential for devaluation of assets and limitations on demand for space.

National Real Estate Investor publication¹⁴⁹ has posited that there are sectors such as warehouse/distribution, data centers, grocery anchored shopping centers, and medical office buildings which are anticipated to be strengthened by COVID impacts. Those sectors likely to be

¹⁴⁹ National Real Estate Investor (2020). *CRE's Potential Winners and Losers in a Virus-Hit World* - Elaine Misonzhnik. <https://www.nreionline.com/investment/cres-potential-winners-and-losers-virus-hit-world>

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most challenged by COVID impacts are suggested to include regional shopping malls, seniors housing, co-working centers, commercial mortgage backed securities and hotels.

A wide range of potential impacts of COVID are emerging which include the potential for reduced demand for commercial space and requests for rent relief, alongside increases in sub-lease space. Government intervention is clearly evident at the early stages of COVID and this is anticipated to be an evolving landscape. Operational challenges are being experienced by businesses, with the potential for a longer term permanent increase in work-from-home situations and reduced need for primary commercial office space.

There is likely to be a re-evaluation of traditional office configurations and impacts on productivity, and collective creativity, including an assessment of technology capacity and workplace sanitation and cleaning protocols. Early indications are that changes in office space design and demand will be significant post COVID, and that the retail sector will require a complete re-thinking of how it will successfully operate. If a wholesale shift is seen away from some of the traditional ways of using real estate in business, there may be near term opportunities for non-profits and social enterprise organizations for more affordable "temporary" space.

An important aspect for commercial real estate will be a review of related lease clauses, updating and developing new lease language to deal with some elements such as force majeure, insurance and compliance with applicable laws, and building in greater flexibility. It is certain that this pandemic will not remove the need for office space, but rather, will lead to companies making better use of their space by gaining a deeper understanding of how they operate and what they need to do in order to maximize their productivity, collaboration, and reinforce the culture they want to create and instill in their workplace.

VII. Indications of COVID-19 Impacts

At the height of preparing this research report on the social purpose real estate sector in BC, the 2020 COVID-19 pandemic struck. While causing a pause in some of the related research work, there is the opportunity to reflect some early indications of impacts that the pandemic is causing for social purpose organizations, and how that might be impacting the relationship with suitable space for operations.

During the spring and summer of 2020, a significant array of COVID specific social purpose sector surveys were conducted across Canadian provinces, federally in Canada and in the US. The intention of the surveys reviewed was generally to learn about very early stage impacts of the pandemic, define the types of supports and assistance that would be of greatest benefit, and to present arguments forward to government and funders for much needed supports.

An early BC pulse check was done through a May 2020 survey by Vantage Point, Vancouver Foundation and the Victoria Foundation (with distribution by the City of Vancouver) of 1119 BC not-for-profits, wherein 78% of respondents indicated a disruption of services to clients and communities, while 52% were seeing increased demand for services.¹⁵⁰

The most commonly cited challenge for not-for-profit organizations, however, was reduced revenue, indicating that 74% were experiencing reduced revenue from fundraising and 59% were seeing reduced revenue from declining earned revenues. "Arts and culture organizations are the most concerned about reduced revenue from fundraising from donors, cancelled events, from earned income (e.g. sales and/or fees)"¹⁵¹.

Related to their space, respondents indicated being stressed with rental costs for spaces they are not using, and named rent relief, property tax relief, connecting with other organizations for space sharing, and advice on negotiating with landlords amongst key supports needed.

1. KEY COVID RELATED CHALLENGES

Across most of the surveys conducted, the issue of declining revenues came up as the number one concern of not-for-profit and charitable organizations. Imagine Canada's May survey of Canadian non-profits concludes that "charities are experiencing significant and broad-based declines in revenue (greater than the 2008/9 financial crisis)."¹⁵²

An August 2020 survey by the Ontario Non-profit Network and the Assemblée de la francophonie de l'Ontario provided measured revenue declines due to COVID-19 by sector: Sports, Recreation,

¹⁵⁰ <https://www.thevantagepoint.ca/sites/default/files/no-immunity-report-hi-res.pdf>

¹⁵¹ *Ibid.*

¹⁵² https://imaginecanada.ca/sites/default/files/COVID-19%20Sector%20Monitor%20Report%20ENGLISH_0.pdf

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and Leisure (92 per cent), Arts, Heritage, and Culture (82 percent), Environment (81 per cent), Social Services (56 per cent), and Education (49 per cent)¹⁵³.

An earlier Ontario based survey (April 6, 2020) found that "close to 75% of respondents have seen reduced revenue from fundraising, with the hard-hit arts sector reporting an 81% reduction in ticket and event sales"¹⁵⁴

An April 2020 survey in Alberta also identified the primary challenge being the loss of revenue from reduced programming, cancellation of fundraising events and decreased donations.¹⁵⁵ The same issues are being experienced south of the border with a Washington based online survey conducted by Independent Sector in partnership with Ernst & Young in June 2020 confirming that "83% of organizations reported a decline in revenues, including a decline in earned revenue from events or other activities, and a reduction in individual giving and grants."¹⁵⁶

The issue of dramatically reduced revenue is not unique to the non-profit sector, however, with BC Small Business COVID-10 Impact Survey (March 2020) indicating that small business expectations are that "91% of respondents anticipate a further "decrease in revenue in the near-term" and 73% of businesses expect their revenues will drop by 50% or more¹⁵⁷.

A second major challenge for not-for-profit organizations is in the area of human resources, with the April Ontario Non-profit Networks survey indicating "One third (36%) of respondents indicated that their organization has either reduced hours for workers or have had to lay off staff. The pandemic and state of emergency have been particularly devastating for workers in arts and culture, sports and recreation, child care, and non-profit social enterprises"¹⁵⁸.

Half of respondents in a Saskatchewan based COVID-19 survey of non-for-profits indicated challenges related to staff and volunteers having to work remotely, and many have or anticipate they will be laying off staff.¹⁵⁹ Across Canada, organizations have already laid off triple the average percentages of staff they did in 2008/09¹⁶⁰

¹⁵³ https://theonn.ca/wp-content/uploads/2020/08/Final_-English_-Three-months-into-COVID-1.pdf

¹⁵⁴ https://theonn.ca/wp-content/uploads/2020/04/ONNs-COVID-19-Flash-Survey-Report-April-6-2020-1_compressed.pdf

¹⁵⁵ https://albertanonprofits.ca/resources/Documents/the%20impact%20of%20covid-19%20on%20alberta's%20nonprofit%20and%20voluntary%20organizations%20report_final.pdf

¹⁵⁶ <https://independentsector.org/resource/covid19-survey/>

¹⁵⁷ https://na2.visioncritical.com/i/stories/shared?id=40a90cac-30f6-4d14-8229-ab830000e348&mc_cid=d095646926&mc_eid=95abfaadff

¹⁵⁸ https://theonn.ca/wp-content/uploads/2020/04/ONNs-COVID-19-Flash-Survey-Report-April-6-2020-1_compressed.pdf

¹⁵⁹ http://www.sasknonprofit.ca/uploads/1/0/5/2/105211035/sask_nonprofits_covid-19_report_april2020.pdf

¹⁶⁰ https://imaginecanada.ca/sites/default/files/COVID-19%20Sector%20Monitor%20Report%20ENGLISH_0.pdf

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A drill down look at the Vantage point data related to City of Vancouver non-profits estimated a 21% reduction in full time staff would be seen by June 2020, with 50% of respondent non-profits reporting having laid off staff.¹⁶¹

2. REAL ESTATE RELATED FEEDBACK

While not usually expressly asked in the non-profit survey questions, or stated in the feedback, clearly a significant reduction in revenues for not-for-profit organizations has put them at risk of not being able to continue to make rent or space related payments going forward. Feedback about concern over meeting financial obligations (including rent or lease payments) is clear.

In the surveys, requests for waiving of rent payments or receiving support for rent payments is frequently mentioned, but not generally at the top of the list of concerns. In the Ontario Non-profit Networks April survey, concern over rent appears as a top 3 concern in certain specific non-profit sectors¹⁶²:

- Social Services
- Education & Research
- Arts & Culture

The Vantage Point feedback indicates that "5% of respondents have indicated they will not be able to retain their space through the crisis, with another 17% who are unsure about retaining their space. Further, a higher proportion of smaller organizations feel they are at risk of losing their space during the crisis"¹⁶³.

Similar issues are being reported in the US with a July 2020 COVID-19 Impact Survey conducted by California's Community Arts Stabilization Trust of Bay area artists and arts groups indicating that "65% of organizations who rent or own space reported only being able to afford space for another 1-6 months barring emergency relief or moratoriums, and 42% of organizations with space reported having to close their building due to shelter-in-place orders"¹⁶⁴

Several real estate focused reviews have also been conducted which provide a sense of some of the anticipated changes for the real estate industry as a whole.

Cahdco, an Ottawa-based non-profit established to provide development consulting services to non-profit organizations, reports on feedback from a June 2, 2020 panel of Vancouver based real estate industry experts that "Projects that were slated for commercial development have pivoted

¹⁶¹ Vantage Point BC Non-Profit Sector COVID Impact Survey, April 2020, Vancouver Non-Profit Organizations (NPO) Findings Summary, prepared by City of Vancouver Social Policy and Projects

¹⁶² https://theonnc.ca/wp-content/uploads/2020/04/ONNs-COVID-19-Flash-Survey-Report-April-6-2020-1_compressed.pdf

¹⁶³ <https://www.thevantagepoint.ca/sites/default/files/no-immunity-report-hi-res.pdf>

¹⁶⁴ https://cast-sf.org/wp-content/uploads/2020/07/CAST_Survey_Results_7.31-1.pdf?mc_cid=808db709de&mc_eid=b3718549b2

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to residential projects"¹⁶⁵, and that "there have been fewer financing and construction applications submitted, largely due to uncertainty regarding construction costs".

Some of these fundamental shifts which may manifest themselves will likely take some time to know what long term impacts they might cause for social purpose real estate.

A Colliers: Not-for-Profit Group survey of 100 not-for-profit organizations in Canada reported that organizational leaders anticipate physical changes to office space going forward will include:

- decreased space due to work-from-home increases (40% of respondents)
- increased space due to social distancing requirements (23% of respondents)
- sharing of space with other non-profit organizations (20% of respondents)
- decreased space due to lower funding (14% of respondents)¹⁶⁶

A particular area of interest is the impact of COVID-19 on co-working spaces, where people specifically choose to work in an integrated environment. Rob Shields, ED of ReCity Network in Durham, NC in the US says "the biggest shift for us has been an emphasis on building out a digital membership offering by enhancing what we offer in virtual amenities and networking opportunities. I think this digital community is what is keeping most of our current members. We'll find out soon if this offering actually incentivizes new membership from organizations who may now see the value of navigating the uncertainty of this season of crisis/scarcity as part of a network/community versus their previous silo'd approach"¹⁶⁷.

A May 28, 2020, WIRED Magazine interview confirms a trend away from hot desking and focusing on 'flexible offices' in contrast to co-working environments¹⁶⁸.

3. COVID SUPPORTS OFFERED

There have been a number of government supports announced since the start of the pandemic. However, feedback indicates that "of the federal funding support programs offered (considered by respondents as modest support): almost two-thirds of Canadian non-profits (65%) did not benefit from any of these federal measures"¹⁶⁹.

Once again, the Ontario Non-profit Networks survey found that "government supports, both federal and provincial, have failed to recognize the size, scope, and economic impact of the non-profit sector and have therefore fallen far short of what is needed to help nonprofits through the

¹⁶⁵ <http://www.cahdco.org/impact-of-covid-19-on-canadian-real-estate/>

¹⁶⁶ <https://www.youtube.com/watch?v=vxvo48LLSKU>

¹⁶⁷ Text from an email from Rob Shields, Executive Director, ReCity Network, Durham, NC

¹⁶⁸ <https://www.wired.co.uk/article/coronavirus-coworking-real-estate>

¹⁶⁹ https://theonn.ca/wp-content/uploads/2020/08/Final_-English_-Three-months-into-COVID-1.pdf

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crisis and into recovery".¹⁷⁰ "1 in 5 non-profit organizations are expected to disappear in 6 months".

Small pockets of relief can be found, however, such as the commercial property tax relief available for Toronto's live music venues through the newly expanded Creative Co-Location Facilities Property Tax Subclasses. These Tax Subclasses were established by City council and Ontario to support the affordability and sustainability of cultural and creative spaces in Toronto. The newly created Subclasses were approved May 28, 2020, and will apply to live music venues that meet specific eligibility criteria¹⁷¹.

4. LOOKING FORWARD

It is clear that the COVID-19 pandemic has had a major negative impact on the social purpose sector, initially causing significant revenue declines and human resource issues, with related concerns over the ability to continue to meet lease and other real estate expenses. Despite the significant short term challenges however, sentiment in the sector for a long term sustainability remains reasonably positive.

According to one survey, respondents are fairly optimistic about their organization's ability to recover from COVID-19, scoring an average of 7 on a scale of 1 to 10172.

On June 18th, 2020, SPRE & the Housing Research Collaborative hosted a forum of BC experts to discuss in more detail the challenges and opportunities for non-profit and social purpose organizations with the following potential opportunities emerging in a post-pandemic world:

- opportunity to focus now on an equity-based recovery plan - with "real estate" reframed with an equity, inclusion and access lens
- examine systemic barriers to policy in order to retain land use for community benefit
- support for leveraging and mobilizing capital to ensure community owned and controlled land
- include social value/community benefit in definition of "highest and best use"¹⁷³

¹⁷⁰ Ibid.

¹⁷¹ <https://www.reminetwork.com/articles/property-tax-relief-live-music-venues/#.XtVFpySiMmQ.twitter>

¹⁷² <https://www.thevantagepoint.ca/sites/default/files/no-immunity-report-hi-res.pdf>

¹⁷³ https://www.socialpurposerealestate.net/sites/default/files/resource_file/LandComBenefit_Event%20Notes_FINAL.pdf

VIII. Appendices

APPENDIX 1: NON-PROFIT AND SOCIAL ENTERPRISE SECTOR DEFINITIONS

- ❖ **Arts/Culture** - organizations/artists that are engaged in production, rehearsal, training, performance and presentation of music, theatre, visual arts and culture activities
- ❖ **Advocacy** - organizations engaged in supporting civil and other rights, social and political interests of general or special constituents
- ❖ **Professional Association** - organizations promoting, regulating and safeguarding business, professional and labour interests
- ❖ **Childcare** - the delivery services for children under the age of 12 years - includes daycare, pre-school, child minding, early childhood education
- ❖ **Community/Social Services** - services that work to alleviate poverty, homelessness, and provide supports to disadvantaged populations and those experiencing adversity within the community
- ❖ **Education** - activities administering, providing, promoting, conducting, supporting and servicing education, excluding public school boards, universities and colleges
- ❖ **Employment/Training** - delivery of training, skills development and employment readiness supports to increase labour force attachment for individuals
- ❖ **Environment** - providing promotion and services for environmental conservation, pollution control and prevention, environmental education and health, and animal protection
- ❖ **Faith-Based/Place of worship** - organizations promoting religious beliefs and administering religious services and rituals, providing community services aligned with those beliefs, and related organizations
- ❖ **Healthcare** - provision of health-related activities, provision and administration of general and specialized health care services, as well as health support services, excluding hospitals
- ❖ **Non-Market Housing** - development, construction and operation of affordable and below-market rate housing for low income and disadvantaged individuals
- ❖ **Recreation/Sport** - organizations and activities involved in both generalized services and activities, or focused on specialized fields of sports and recreation
- ❖ **Space Provider/Developer** - owner/manager of real estate facilities which are made available for use by social purpose organizations carrying out the activities listed in the categories herein
- ❖ **Other** - activities not otherwise include in the above categories: grant making, fundraising, volunteerism organizations, international aid and support, hospitals, colleges, universities, public school boards

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APPENDIX 2: FOCUS GROUP CONVERSATION PARTICIPANTS

Focus Group Conversation: City of Vancouver

Participants:

James O'Neill, *Social Planner, City of Vancouver*

Ada Chan Russell, *Social Planner, City of Vancouver*

Catherine Buckham, *Cultural Planner, City of Vancouver*

Yvonne Hii, *Cultural Planner, City of Vancouver*

Jacquie Gijssen, *Project Director, Social Purpose Real Estate Collaborative*

Focus Group Conversation: City of North Vancouver

Participants:

Heather Evans, *Community Planner, Planning & Development Department, City of North Vancouver*

John Rice, *Cultural Services Officer, City of North Vancouver*

Larry Orr, *Manager of Business and Community Partnerships, City of North Vancouver*

Allyson Muir, *Executive Director, Sanford Housing Society*

Laurie Kohl, *Director of Community & Provincial Programs, Family Services of the North Shore*

Shannon DeSouza, *Sales & Marketing Strategist, MBET*

Nancy Cottingham-Powell, *Executive Director, North Vancouver Arts Council*

Julia Kaisla, *Executive Director, Canadian Mental Health Association North Vancouver*

Focus Group Conversation: City of Nanaimo

Participants:

Karin Kronstal, *Social Planner, Community & Cultural Planning, City of Nanaimo*

Chris Sholberg, *Culture & Heritage Planner, City of Nanaimo*

Chantale Rollands, *Executive Director, Society for Equity, Inclusion, and Advocacy Vancouver Island*

Kix Chicone, *Executive Director, Nanaimo Brain Society*

Peter Sinclair, *Executive Director, Loaves & Fishes Community Food Bank Office and Warehouse*

Laurie Bienert, *Executive Director, Nanaimo Foundation*

Focus Group Conversation: City of Victoria

Participants:

Nichola Reddington, *Senior Culture Planner, City of Victoria*

Paul Latour, *CEO, HeroWork Foundation*

Joan Kotarski, *Past Executive Director, Fairfield Gonzales Community Association*

Derek Gent, *CEO, YMCA Victoria*

Kaye Melliship, *Executive Director, Greater Victoria Housing Society*

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Focus Group Conversation: City of Surrey

Participants:

Aileen Murphy, *Social Planner, City of Surrey*

Kevin Kapenda, *Culture Planning Researcher, City of Surrey*

Iain Marjoribanks, *Facility Development Project Manager, Fraser Region Aboriginal Friendship Centre Association (FRAFCA)*

Vera LeFranc, *CEO, Elizabeth Fry Society*

Bonnie Burnside, *CEO, Downtown Surrey BIA*

Focus Group Conversation: City of Richmond

Participants:

Ella Huang, *Executive Director, Richmond Centre of Disability*

Julie Halfnights, *Board Member, Richmond Community Foundation*

Jane Fernyhough, *Former Director, Arts & Culture, City of Richmond*

Janice Lambert, *Executive Director, Richmond Family Place*

Sara Louie, *Director, Atira Women's Resource Society*

Brenda Plant, *Executive Director of Turning Point Recovery Society*

Rich Dubras, *Executive Director, Richmond Addiction Services*

Lesley Sherlock, *Social Planner, City of Richmond*

Liesl Jauck, *Manager of Arts Services, City of Richmond*

Belinda Boyd, *Board Member, Richmond Caring Place Society*

Focus Group Conversation: Social Enterprise Focus

Participants:

David LePage, *Managing Director, Buy Social Canada (previously Executive Director of Community Impact Real Estate Society & Enterprising Non-Profits)*

Alisha Masongsong, *Acting Director, Exchange Inner City*

Irene Gannitsos, *Senior Manager Strategic Initiatives and Investment, Vancity Community Foundation*

Focus Group Conversation: Ownership

Participants:

Katrina May, *VP, Catalyst Community Development Society*

Jennifer Johnstone, *President and CEO, Central City Foundation*

Tellison Glover, *Director for Mission and Ministry Development, Anglican Diocese of New Westminster*

Bob Prenovost, *CEO, Association of Neighbourhood Houses of B.C.*

Catherine Tableau, *Executive Director, Société Maison de la francophonie*

Karen Millard, *Lead Minister, Centre Point United Church*

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Focus Group Conversation: Space Users

Participants:

Justina Loh, *Executive Director, Disability Alliance of BC*

Esther Rausenberg, *Executive Director, Eastside Culture Crawl Society*

Focus Group Conversation: Space Providers

Participants:

Stephanie Allen, *Associate VP, Strategic Business Operations & Performance, BC Housing*

Sebastian Lippa, *Manager of Planning & Development, Granville Island*

Sean Condon, *Managing Director, 312 Main/Vancity Community Foundation*

Marietta Kozack, *General Manager, Arts Factory*

Caitlyn Jones, *Executive Director, BC Artscape*

APPENDIX 3: PLACES OF WORSHIP MARKET ACTIVITY

| Places of Worship - Market Activity | | | | | | | |
|-------------------------------------|----------------------------------|-----------------|--------------|--------------------|-------------------|---|---|
| Date | Name | Municipality | Price | Size(aces) | Price/acre | Vendor | Purchaser |
| ICI Sales | | | | | | | |
| 1 Jan-19 | 14888 56th Avenue | Surrey | \$9,078,400 | 5.91 | \$1,537,14 | Benchmark Estate (2009) Ltd. | Village Church BC Society |
| 2 Jul-17 | 15141 72nd Avenue | Surrey | \$1,999,000 | 1.24 | \$1,612,097 | An individual(s) acting in his/her own capacity | St. George Malankara Orthodox Church, BC |
| 3 Apr-15 | 2260 & 2264 Philip Avenue | North Vancouver | \$3,600,000 | 0.69 | | United Church of Canada | District of North Vancouver |
| 4 Aug-19 | 24746 Fraser Highway | Langley | \$4,250,000 | 4.25 | \$1,000,471 | Rose of Sharon Baptist Church | Karamsar Rara Sahib Society |
| 5 Nov-16 | 2771 Emerson Street | Abbotsford | \$1,400,000 | 0.76 | | 0927018 B.C. Ltd. | Bethesda Christian Foundation Society |
| 6 Dec-15 | 9251 & 9271 Beckwith Road | Richmond | \$2,800,000 | 0.7 | | 0899304 B.C. Ltd. | The B.C. Conference of the Mennonite Brethren Churches |
| 7 Apr-16 | 9784 Young Road | Chilliwack | \$269,900 | 0.28 | | An individual(s) acting in his/her own capacity | Seventh-Day Adventist Church |
| Residential Land Sales | | | | | | | |
| 8 Jan-19 | 15 West King Edward Ave | Vancouver | \$4,850,000 | 0.17 | | An individual(s) acting in his/her own capacity | Fruitful Life Christian Church in Vancouver |
| 9 May-18 | 1805 Larch Street | Vancouver | \$11,998,000 | 0.41 | | The Parish of St. Marks, Vancouver | Jameson Development Corp. (1157013 B.C. Ltd.) |
| 10 May-18 | 2026 Wesbrook Mall | Vancouver | \$6,000,000 | 0.37 | | Redemption Church | Pacific Centre for Discipleship Association |
| 11 Jul-19 | 2076 Wesbrook Mall | Vancouver | \$8,000,000 | 0.6 | | British Columbia Synod of the Evangelical Lutheran Church | Pacific Centre for Discipleship Association |
| 12 Nov-16 | 2715 West 12th Ave | Vancouver | \$3,250,000 | 0.2 | | Westpointe Christian Centre Association | 2715 West 12th Investments Ltd. |
| 13 Oct-19 | 320-350 East 15th Ave | Vancouver | \$14,500,000 | 0.65 | | Bethlehem Lutheran Church | OpenRoad Auto Group Ltd. |
| 14 May-17 | 33689 King Road | Abbotsford | \$3,575,000 | 1.96 | | Seventh-Day Adventist Church | District Properties Group |
| 15 Mar-18 | 7926 118th Street | Delta | \$3,507,500 | 0.98 | | Fellowship of Evangelical Baptist Church | 1041129 B.C. Ltd. |
| 16 Oct-17 | Sylvia | Surrey | \$2,277,888 | 1.53 | | Sunshine Ridge Baptist Church | Woodbridge Homes |
| Industrial Sales | | | | | | | |
| | | | | Size (sqft) | Price/sqft | | |
| 17 Jan-19 | 11220 Voyageur Way | Richmond | \$1,155,000 | 2,483 | \$465 | Connections Community Services Society | Dream Space Inc. |
| 18 Jul-19 | 46185 Olds Drive | Chilliwack | \$2,572,000 | 14,000 | \$184 | Church On The Southside, Sardis, BC | Platinum Electric (CT Investments Ltd.) |
| 19 Sep-19 | Pattullo Place | Surrey | \$1,250,000 | 4,285 | \$292 | The Pentecostal Assemblies of Canada | Members, Church of God International in Vancouver |
| 20 Dec-17 | Stampede Business Centre | Surrey | \$2,100,000 | 8,038 | \$261 | Immanuel Korean Church | Chaldean Catholic Eparchy of Mar Addai in Canada |
| Office Sales | | | | | | | |
| 21 Mar-19 | 1963 Lougheed Highway | Coquitlam | \$8,650,000 | 22,139 | \$391 | Coleman Strategies Inc. | Disciple Methodist Church |
| 22 Apr-15 | 8484 162nd Street | Surrey | \$295,000 | 1,660 | \$178 | GND Holdings Ltd. | Fellowship Deaconry Association of BC |
| 23 May-16 | 9547 152nd Street | Surrey | \$685,000 | 1,934 | \$354 | Keystone Wildlife Research Ltd. | Sandol Fellowship Church |
| 24 Apr-19 | Bridgeport Place | Richmond | \$438,000 | 1,112 | \$395 | An individual(s) acting in his/her own capacity | Richmond Gospel Baptist Church |
| 25 Apr-19 | uildford Park Professional Centi | Surrey | \$570,000 | 1,614 | \$353 | The Vancouver Global Mission Church | Grace Disciples Evangelizing the World Society |
| 26 Aug-19 | Pacific Plaza | Richmond | \$260,000 | 531 | \$490 | An individual(s) acting in his/her own capacity | The Church of God in Richmond |
| 27 Aug-18 | Southridge Terrace | Maple Ridge | \$769,000 | 3,088 | \$249 | Market Meher Holdings Ltd. | The Redeemed Christian Church of God - Trinity Chapel Society |
| 28 Feb-17 | Thoreau Place | Abbotsford | \$2,600,000 | 14,400 | \$181 | The B.C. Conference of the Mennonite Brethren Churches | Mountainview Ventures Ltd. |
| Retail Sales | | | | | | | |
| 29 Nov-18 | 1005 Kensington Avenue | Burnaby | \$3,225,000 | 13,500 | \$556 | Vancouver Chinese Lutheran Church | Korean Baptist Church of Vancouver |
| 30 Apr-19 | 4720 Elgin Street | Vancouver | \$7,600,000 | 9,500 | \$800 | Trustees of the Tai Kong Congregation of the United Church | Canada Shin Yat Tong Moral Society |
| 31 Apr-18 | 925 10th Street | New Westminster | \$1,129,400 | 7,226 | \$156 | Trustees of the Congregation of Mainland Baptist Fellowship | The Image of God Church |
| 32 Mar-20 | 305 West 41st Ave | Vancouver | \$4,272,000 | 11,517 | \$371 | Townline Group of Companies | United Church of Canada |
| 33 Apr-19 | 5673 200th Street | Langley | \$2,490,000 | 13,650 | \$182 | Congregation of the United Churches of Langley | The Vancouver Global Mission Church |
| 34 Nov-19 | 5441 125A Street | Surrey | \$3,210,000 | 14,000 | \$229 | Colebrook Pastoral Charge of the United Church of Canada | Al-Mustafa Academy Society |
| 35 Jan-20 | 7772 Graham Avenue | Burnaby | \$3,500,000 | 9,523 | \$368 | The Parish of St. Peter and St. Paul Vancouver | True Jesus Church In Vancouver |
| 36 Mar-19 | 2480 McMillan Road | Abbotsford | \$950,000 | 1,928 | \$493 | New Apostolic Church Canada | Abbotsford Gospel Society |
| 37 Sep-19 | 20178 72nd Avenue | Langley | \$1,400,000 | 1,875 | \$747 | Living Word Christian Church | Krishi Holdings Inc. |
| 38 Feb-18 | 11706 96th Avenue | Delta | \$3,600,000 | | | Lion Rock Developments | St. Joseph Damascene Antiochian Orthodox Church |
| 39 Nov-18 | 4798 Gladstone Street | Vancouver | \$7,880,000 | 9,000 | \$876 | Korean Baptist Church of Vancouver | Aqueduct Foundation |
| 40 May-17 | 3885 Albert Street | Burnaby | \$2,300,000 | 9,500 | \$242 | Hindu Cultural Society | Grace New Covenant Pentecostal Church |
| 41 May-17 | 1477 Lougheed Highway | Port Coquitlam | \$3,950,000 | 14,600 | \$271 | Foursquare Gospel Church of Canada | The Church in Coquitlam |
| 42 Jan-17 | 29394-29400 Huntingdon Road | Abbotsford | \$450,000 | 2,450 | \$184 | Fountainhead Christian Society | Abbotsford Slavic Gospel Church |
| 43 Jul-17 | 15138 Prospect Ave | White Rock | \$1,500,000 | 3,285 | \$457 | Fellowship Baptist Church Society | White Rock Life Church |
| 44 Jul-18 | 46336 1st Avenue | Chilliwack | \$1,694,500 | 27,365 | \$62 | Chilliwack Baptist Church | Heritage Reformed Church |
| 45 Oct-18 | 19533 64th Avenue | Surrey | \$8,050,000 | 20,291 | \$397 | Cornerstone Church | The B.C. Conference of the Mennonite Brethren Churches |
| 46 Jun-18 | 27229-27233 Fraser Highway | Langley | \$789,000 | 3,700 | \$213 | Calvary Baptist Church | DM AAIR Holdings Ltd. |
| 47 Jan-19 | 1319-1331 S.E. Marine Drive | Vancouver | \$5,329,125 | 13,905 | \$383 | An individual(s) acting in his/her own capacity | The Church of God in Vancouver |
| 48 Jan-18 | 9975 272nd Street | Maple Ridge | \$2,290,000 | 15,625 | \$147 | Albion Church | Creative Kids Learning Centers |
| 49 Feb-18 | 2013 - 248th Street | Langley | \$1,735,000 | 8,500 | \$204 | | |
| 50 Jan-20 | 2127 East 32nd Avenue | Abbotsford | \$7,880,000 | 9,000 | \$876 | | |