



CITY OF VANCOUVER

POLICY REPORT URBAN STRUCTURE

Report Date: June 24, 2008
Contact: Jessica Chen
Phone No.: 604.873.7754
RTS No.: 04480
VanRIMS No.: 08-2000-20
Meeting Date: July 24, 2008

TO: Standing Committee on Planning and Environment

FROM: The General Manager of Community Services

SUBJECT: Vancouver Agreement's Economic Revitalization Plan
for the Downtown Eastside - Status Report

RECOMMENDATION

THAT Council receive the Vancouver Agreement Economic Revitalization Plan and the update on its Downtown Eastside implementation for information.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of the foregoing.

COUNCIL POLICY

On July 28, 1998 Council confirmed principles to provide general guidance to actions and planning in the Downtown Eastside, Chinatown, Gastown, Strathcona and Victory Square which include encouraging legitimate commercial activity, improving conditions at the street level, improving low income housing, reducing crime, and helping community people to find allies and seek a common future.

On June 24, 2000 Council adopted the following principles to guide the development of an Economic Revitalization Strategy for the Downtown Eastside:

1. Build from within and involve those who already live and work in the area;
2. Preserve and enhance the sense of community felt by residents of the Downtown Eastside and surrounding communities;
3. Listen to those most affected;
4. Improve the livability and safety of the Downtown Eastside for everyone; and,
5. Develop and implement a well understood plan that delivers results.

PURPOSE AND SUMMARY

This report updates Council on the implementation of the Vancouver Agreement Economic Revitalization Plan which has served as a policy framework to guide City and senior government economic development and employment initiatives in the Downtown Eastside (“DTES”) (see www.vancouveragreement.ca for more information on the Vancouver Agreement).

The VA Economic Revitalization Plan (“the Plan”) is designed to respond to the growing development interest in the DTES by increasing the level and breadth of economic activity, focussing on ‘Revitalization without Displacement.’ Displacement refers to the relocation through market forces of those carrying out legitimate activities that would prefer to stay in the neighbourhood. To realize “Revitalization without Displacement” and build on the area’s competitive advantages, the VA Economic Revitalization Plan identified three key strategies: increase the demand for DTES products and services, strengthen the capabilities of local suppliers to meet that demand, and increase employment opportunities for local residents.

This report provides an overview of the Plan, a description of key initiatives that are underway to implement the strategic directions of the Plan, and an account of the emerging results. Key initiatives include new institutional structures such as Building Opportunities with Business, EMBERS and Community Benefit Agreements; development of Woodwards, the Olympic Village and the Carrall Street Greenway as major economic drivers; marketing plans for local BIAs; business plans and other supports for private and social enterprises; the Heritage Building Rehabilitation Program; and major investments in public realm improvements. These initiatives have contributed to a significant increase in market housing and commercial development in the historic areas. The emerging priorities will be in the Downtown Eastside/Strathcona areas east of Main and along Hastings Street and north to the port.

BACKGROUND

Forces of Economic Decline

The DTES includes historic Chinatown, Gastown, Strathcona and Victory Square as well as the areas near Oppenheimer Park and the port. It was once the commercial core of the region with many leading retail stores, manufacturing plants and tourist attractions. During the last sixty years, the area experienced significant economic decline. Much of this was the result of structural changes that were impacting inner cities throughout North America, such as:

- the resource economy provided higher paying jobs that allowed workers to live elsewhere in the region or near their jobs in the interior;
- industrial plants were able to relocate away from the port;
- department stores and associated retail migrated westward in the downtown and out to the suburbs; and,
- discrimination declined allowing immigrants and second generation Canadians to live and establish retail businesses elsewhere in the region.

At the same time, while the DTES has been in economic decline, there has been significant residential development in other inner city neighbourhoods. As a result, a large portion of the “underground” economy including the illegal drug market, survival sex trade and related property crime has become more concentrated in the DTES.

The impact of these forces became all too apparent in the early 1990's with closure of the Woodward's Department Store, the last remaining anchor for much of the remaining retail in the area. It has been made more visible by a significant increase in psychoactive drug use, homelessness and the deinstitutionalization of the mentally ill. Businesses such as pawnshops and convenience stores that directly or indirectly contribute to the illegal drug trade were left to take over much of the local retail economy.

Response of the Three Levels of Government

The City began to respond to the worsening conditions in the area during the mid-1990's with initiatives to reduce the impacts of the illegal drug trade. These included the formation of the DTES and Strathcona Integrated Services Teams, Licensing By-law changes to regulate second hand stores and the hours of operation of businesses, and increased Police and Engineering resources. By the end of the decade it was apparent the City did not have the resources or mandate to address these complex issues on its own.

In 1998 Council approved a policy direction for actions and planning in the DTES and called for significant assistance from the senior governments. In 2000, the three levels of government signed the Vancouver Agreement. Inter-governmental committees were established at the political and senior management levels to steer the overall direction of the Agreement and approve funding allocations. Task Teams were also established to develop policy and implement actions in the following priority areas: Housing, Health Care, and Public Safety, and Economic Revitalization.

Development of the Economic Revitalization Plan

The VA Economic Revitalization Task Team was responsible for developing an Economic Revitalization Plan and Employment Strategy as well as for recommending funding allocations and coordinating implementation of strategic initiatives. In the autumn of 2003, a preliminary Plan was drafted with the assistance of Ference Weicker, Idea Works and NorthSky Consulting. In January 2004, the Draft Plan was presented to Council and taken out for extensive public discussion. Eleven meetings were held with stakeholder groups including: Community Economic Development organizations, Local Businesses and Business Improvement Associations, Major Business Organizations, Financial Institutions, Aboriginal Groups, Foundations, and Resident Organizations.

Public open houses were organized at the Strathcona and Carnegie Community Centres and attended by more than 180 residents. The VA and Vancouver Economic Development Commission also co-sponsored the Stronger Together Forum, facilitated by WISE Consulting, that brought almost 200 individuals together from the private, public and community economic development sectors to discuss priorities for implementing the Draft Plan. A summary of participants' general observations and suggestions that was collected through these consultations is provided in Appendix A.

The Draft Plan was revised and approved by the Vancouver Agreement in October 2004. Since then it has served as a framework to guide investment, program and policy decisions by the City and senior governments concerning economic development and employment as well as companion housing, training and public realm initiatives (see <http://www.vancouveragreement.ca/Attached%20Documents/dtes-workplan-nov04.pdf> for more information).

DISCUSSION

The Plan: Mission

The DTES is adjacent to a vibrant Central Business District, several recently developed high density residential areas, an expanding port and an emerging False Creek Flats high tech and institutional district, and near other inner city neighbourhoods that have experienced significant investment over the past several decades (see Figure 1). As projected in a 1998 Colliers study, market housing investment and interest in the DTES will increase significantly as readily available land in these surrounding areas is built out. This has been demonstrated in the overnight selling out of market residential units in the Woodwards development and subsequent property transactions elsewhere in the area.



Figure 1. Map of Gastown, Chinatown, Victory Square, Strathcona, Oppenheimer, and Surrounding Neighbourhoods

The VA Economic Revitalization Plan is designed to respond to the growing economic interest in the DTES. Its mission is “Revitalization without Displacement,” which includes providing job opportunities, affordable housing and commercial services for local residents; and supports for existing businesses. Displacement refers to the relocation through market forces of those carrying out legitimate activities that would otherwise stay in the neighbourhood. While the VA partners cannot ensure that individual residents or businesses will not be displaced, they are committed to this vision for the neighbourhood as development interest in the area continues to rise.

The success of the Economic Plan relies upon and supports other major Vancouver Agreement objectives: housing, health care, public safety and an inclusive public realm (see www.vancouveragreement.ca for more detail). The VA partners are aware of the need to counteract crime and the perception of crime, identified by many surveys of existing and potential business people as the largest obstacles to business and market housing investment

in the area. The VA partners also do not want the illegal drug trade and its impacts to migrate to other communities.

The Plan: Key Strategies

To realize “Revitalization without Displacement” and build on the area’s competitive advantages, the VA Economic Revitalization Plan identifies three key strategies:

Strategy #1: Increase Demand for DTES Products and Services

- Improve Safety and Security
- Take Advantage of Major Economic Drivers
- Develop Market and Low Income Housing
- Create Strong Neighbourhood Brands
- Upgrade Appearance and Strengthen Links within the Area

Strategy #2: Strengthen Capabilities of Local Suppliers to Meet Demand

- Upgrade Building Infrastructure
- Increase the Rate of Business Retention and Expansion
- Attract New Businesses to the Area
- Improve the Readiness of Local Suppliers

Strategy #3: Increase Employment Opportunities for Local Residents

- Enhance Employment Readiness and Job Retention Skills
- Strengthen Employer and Community Links

The VA Economic Revitalization Plan is aimed at building on the area’s competitive advantages including its important heritage district, its diversified economy, its convenient location, and its reasonable land costs. It is made up of several distinct neighbourhoods; all will have a mix of market and low income housing; each will have a different character and economic focus (see Appendix B for more detail).

Implementation of the Plan: Staff Resources

The VA Economic Revitalization Task Team has coordinated implementation of the VA Economic Plan and Employment Strategy. The Provincial government’s role has been led by the Ministry of Community Services with support from the Ministry of Employment and Income Assistance. Those of the Federal government have been led by Western Economic Diversification with support from Services Canada.

The City’s efforts in coordinating the development of the Plan and the implementation of many of its strategic actions have been led by the DTES planning team’s Senior Planner, in the Central Area Planning Division, who chaired the VA Task Team from 2001 until 2007. (The current chair is Cathy Chalupa, Western Economic Diversification). Considerable support has also been given by the City Manager’s Office, Engineering Services, Facilities Design and Management, Police Services, Park Board, Real Estate Services, and Social Planning. It has been very challenging to coordinate this economic revitalization work in addition to managing the other planning projects in the DTES, given the lack of dedicated staff resources.

Implementation of the Plan: Key Initiatives

Within the context of these limited staff resources, the Task Team has focussed on the key initiatives outlined below in order to implement the three strategies of the Plan:

1. Building Opportunities with Business (BOB)

2. Take advantage of Major Economic Drivers
3. Community Benefit Agreements
4. Economic Revitalization Research, Business Development and Marketing Plans
5. Public Realm Improvements
6. Heritage Revitalization
7. Arts and Culture Strategic Investment Framework
8. Employment Services

1. Building Opportunities with Business (BOB)

In 2005, the VA Partners established Building Opportunities with Business Inner City Society (“BOB”), a non-profit organization with a socially responsible business-led board, to help implement the VA Economic Revitalization Plan and the DTES Employment Strategy. It was officially launched in mid-2005 with a committed core budget of almost \$500,000 per year for five years. It has received project funding from the senior governments and several private businesses including Bell Canada, Millennium Development Corporation and Vancity Credit Union.

BOB’s focus is to identify investment opportunities, help increase the capacity of local businesses and maximize job opportunities for local residents. It currently manages eleven programs to achieve these objectives. Of these, the following are at the core of its operations:

- *Business Clusters* are groups of businesses, social enterprises and non-profit societies that agree to work together to expand business and employment opportunities. They can be in the same economic sector or complementary sectors. They support one another in taking on strategic initiatives. Thus far BOB has established clusters in Tourism and Hospitality, Creative Industries and Construction.
- *Social Purchasing Portal (SPP)* supports and links businesses with inner-city suppliers that promote good employment standards and contribute to economic and community development by: employing persons with challenges; raising the employability or quality of life of residents; taking steps to reduce harmful impact on the environment; supporting social and community organizations.
- *Community Benefit Agreements* (see below).

As part of its business development work, BOB is also initiating the federal loans program. This program has been significantly strengthened through formal partnerships with private financial institutions as well as mentorship and other business supports. Should this prove to be successfully managed, staff, in consultation with the Vancouver Board of Trade, is recommending the City fund a companion initiative to further expand small business and social enterprise development.

In addition to carrying out specific programs, BOB has been funded to help coordinate the activities of many partners in achieving the goal of “Revitalization without Displacement” in the DTES and elsewhere in Vancouver’s inner city. Currently, it is collaborating with a wide range of private sector businesses and community organizations including Bell Canada, Ecotrust Canada, Vancity Credit Union, Vancouver Board of Trade, the Vancouver Regional Construction Association, and the Chinatown, Gastown and Strathcona Business Improvement Associations.

BOB was modelled on organizations that have been developed in other regions facing similar inner city issues of poverty and economic decline. It was generally found that making one organization responsible for diverse services could help ensure coordination and effectiveness. However, it was also recognized that taking on such a broad mandate would not be without challenges and that it will likely take some time before some programs are fully established. As a result, the three levels of government are monitoring BOB closely to help determine the areas in which BOB is best able to make a positive difference. Formal evaluations are also being undertaken of the each of its major programs to assess ways of improving service delivery or whether some services should be placed with other agencies.

2. Take advantage of Major Economic Drivers

The Economic Revitalization Plan identifies the Woodward's redevelopment, Carrall Greenway and Olympic Village as potential major economic drivers. All three are well underway and are already having important impacts in stimulating new development and as well as business and employment opportunities.

a. Woodward's: When it opens in 2009, Woodward's will anchor development in the Victory Square area. It will contain more than 94,000 square feet of commercial space including well known stores such as Nester's Food Market and London Drugs. Its 735 housing units (535 market and 200 non-market), SFU School of Contemporary Arts, community-based services, and 30,000 square foot public atrium will attract many thousands of visitors and potential customers for local shops. One of the aims of the Woodward's project was to indicate market acceptance of development projects in this area of Hastings: several well known developers including Concord, Holborn, Macdonald, Salient and Worthington have already completed projects or made development proposals nearby on Hastings Street.

In addition, BladeRunners, an internationally recognized employment program that assists multi-barriered and disadvantaged youth in gaining on the job construction training and apprenticeships, is training more than 12 local residents in the construction of the complex. BOB is exploring other opportunities for more jobs and procurement during development as well as in the ongoing operations. This will include small business and social enterprise development in the atrium and nearby commercial spaces.

b. Carrall Street Greenway: Much of the Carrall Street Greenway will be completed by 2010. It will see thousands of visitors pass through the area by linking the DTES, Chinatown and Gastown and connecting them to the Burrard Inlet and False Creek waterfront walkways and bikeways. Infrastructure is being developed to encourage restaurants and galleries to spill out onto the street. Several organizations including the Inter Urban Gallery, Centre A and the Chinatown Merchants Association are working to provide inclusive programming of this new public space. At the same time, more than 12 buildings along the corridor have been renovated or constructed and more have initiated development proposals. These include prominent buildings such as the Dr. Sun Yat-Sen Gardens expansion, Pennsylvania Hotel, Merchants Bank, Malkin Building (Spaghetti Factory) and Alhambra. A public art strategy - exhibiting the results of the Storeyscapes initiative - will help celebrate the area's diversity and historic ties to the region's First Nations. Work is already underway to showcase these relationships as part of Chinatown's international marketing strategy.

c. *Olympic Village*: (see Community Benefit Agreements below)

3. Community Benefit Agreements

With support from the Vancouver Agreement partners, the City has begun a practice of negotiating Community Benefit Agreements to help secure procurement contracts for inner city businesses and jobs for local residents through major rezoning and development permissions. The first agreement was with Edgewater Casino which secured more than 40 jobs for DTES residents, ranging from restaurant, security and maintenance positions through to dealers and cage attendants.

The City recently negotiated a Community Benefit Agreement with BOB and Millennium Properties for the Olympic Village. This initiative is one way that the City is meeting its 2010 Inner City Inclusive Olympic Commitments. It will provide at least \$15 million in procurement and 100 direct jobs for the inner city. Millennium has also committed \$750,000 to help prepare people with challenges to employment for these jobs. To help implement this agreement, BOB has developed a Construction Registry of more than 200 inner city construction-related suppliers that support employment of inner-city residents. In addition, local businesses and social enterprises will be assisted so they can take on some of the contracts related to the ongoing operation of the Olympic Village site.

4. Economic Revitalization Research, Business Development and Marketing Plans

The VA partners sponsored several research projects that were used in drafting and implementing the VA Economic Revitalization Plan:

- Economic Capacity Study Phase I - an inventory of DTES businesses (Trade Union Research Council);
- Economic Capacity Study Phase II - an assessment of emerging issues and potential opportunities for increasing local investment and employment. As part of the research, more than 240 business and community representatives were interviewed and 8 focus groups were conducted (FERENCE Weicker & Company); and,
- DESTA'NEZ (DTES Target Area and Empowerment Zone) - a review of mechanisms used by governments and business organizations across North America, Europe and Australia to stimulate inner city revitalization and jobs for low income residents through procurement programs and other measures (NorthSky Consulting).

Other relevant studies include: *Future Search Workshop* (Converge Consulting); *Gastown/Chinatown/Hastings Corridor Heritage Incentives* (Robert Lemon, Donald Luxton, Ray Spaxman); *SRO and Market Housing Studies* (Colliers and Price Waterhouse); *Impacts of the Redevelopment of Woodward's* (Coriolis Consulting); *DTES Retail Capacity Study* (Hudema Consulting); *Powell/Clark Industrial Lands Study* (City Spaces and Harris Consulting); *VA Employment Strategy* (staff from Services Canada and the Provincial Ministry of Employment and Income Assistance); and *VA DTES Economic Revitalization Plan Technical Report* (FERENCE Weicker). Staff were also significantly influenced by the work of Professor Michael Porter of Harvard University on the *Inner City Competitive Advantage* and funded contracts with his consulting company for advice on implementation.

The VA partners have also funded business and marketing plans that have helped focus initiatives of local businesses and several social enterprises. Gastown has been very successful in branding itself as a "Modern Urban District" - a great place to live and a focal point for unique restaurants, galleries, entertainment, fashion and furniture. The Strathcona BIA has

begun to attract new manufacturing businesses and has initiated a comprehensive sustainability program. Chinatown has attracted a number of new restaurants and unique retail stores and is focussing on tourism development, including a pedicab company that will be operational this summer as well as interpretive wayfinding projects.

The Plan recognises the critical contribution that social enterprises make to the social and economic fabric of the DTES. As such, this Plan identifies the importance of ongoing support for social enterprise development and expansion. For example, EMBERS (Eastside Movement for Business & Economic Renewal Society) has been funded to provide services for local residents interested in starting their own businesses. Social enterprises such as Atira, Cook Studio and United We Can have also been supported in developing business plans and programs for catering, job training, binners' carts and other initiatives. A business plan for The Dumpster Free Lane has been completed and may lead to a multiple material waste removal and recycling joint enterprise between United We Can and the Gastown BIA. Work is currently underway to assess alternative locations for United We Can to expand its recycling role.

5. Public Realm Improvements

The quality of the public realm - including its physical appearance, the ways in which it is programmed, and the public perceptions of safety - is an important contributor to investment in that it can help attract new customers, employees and residents to the area. In the DTES inclusive programming has also been a way of showcasing the talents of professional and amateur artists. In addition, it has created opportunities for diverse stakeholders to work together on common objectives and to form new partnerships.

Significant projects have been completed or are underway:

- *Victory Square* - Victory Square Park Renovation; creation of the Woodward's Atrium
- *Chinatown* - Millennium Gate, Dr. Sun Yat-Sen Courtyard, Statue to Chinese Soldier and Railway Worker at Keefer Triangle and Pedestrian Lighting
- *Gastown* - Repaving Water Street, pedestrian lighting, Gastown Parkade Improvements, Blood Alley Restoration, pedestrian lighting
- *Strathcona/Oppenheimer* - Strathcona Park renovation, Powell Street Open Windows Project, Oppenheimer Park renovation; Princess Street Children's Walk, Alexander Street improvements and bikeway
- *Linking Neighbourhoods* - Carrall Street Greenway, Silk Road

6. Heritage Revitalization

One of the major economic strengths for the DTES is its unique historic character. Each neighbourhood has played a critical role in the City's history: the original European settlement (Gastown), the City's first "downtown" (Victory Square), an industrial area ("Railtown"), and an historic entry point for Asian (Chinatown, Powell Street) and other immigrants (Strathcona). The area's historic character is anticipated to play an expanding role, not only as a significant attraction for tourists, but with respect to the creative industries including film and media arts and the many support services and jobs these attract.

Revitalization of these heritage areas will result in both the renewal of the area's physical fabric and will increase confidence in the area's economy. By rehabilitating individual heritage buildings, not only is their useful life extended but the viability and of retail space and the overall economic use of the buildings is restored. To encourage rehabilitation of the area's heritage buildings, the City has offered incentives to help offset project costs.

The Heritage Building Rehabilitation Program (HBRP) was initiated in 2003 as a 5 year program. It provides façade grants, transferable density, and property tax abatement to cover the economic shortfall costs of renovating heritage buildings in the DTES. As of July 2007, HBRP had seen about \$404 million in private investment leveraged by about \$93 million of public City investment (mainly bonus density), for 23 projects. Three additional projects are in the development application process and, if approved, will result in further investment in the area. The full economic impact of the projects have not yet been realized, as approved projects are in various stages of completion.

In addition to HBRP, a new grant program for heritage buildings owned by Chinatown family associations or societies is one of the cornerstones of the Chinatown Revitalization program. In February this year, Council approved \$500,000 for the Chinatown Society Buildings Planning Grant Program to assist societies with the preparation of Rehabilitation Plans for their heritage buildings.

The efforts to rehabilitate heritage buildings through Heritage Building Rehabilitation Program and the Chinatown Society Buildings Planning Grant Program are supported by, and reinforce, the effectiveness of VA public realm, marketing and business development initiatives, and the implementation of the Economic Revitalization Plan.

7. Arts and Culture Strategic Investment Framework

There is a great deal of evidence demonstrating the ways in which arts and culture contribute to investment and jobs. In the DTES major events such as the Heart of the City Festival, Powell Street Festival, East Side Culture Crawl, the Jazz Festival and the Chinatown Arts and Cultural Festival draw thousands of visitors to the area. Community-based art has also been an important part of reaching out to residents with addiction and mental health challenges in a way that demonstrates how these individuals can contribute to a vibrant community. By attracting visitors and showcasing local talent, these kinds of events contribute to VA health and public safety as well as economic revitalization objectives.

The VA partners formed a steering committee under the leadership of the City's Office of Cultural Affairs with representatives from the VA Economic Revitalization Task Team, Arts Now, Provincial Small Business and the Vancouver Park Board to develop an Arts and Culture Strategic Investment Framework and implementation strategy. A companion community consultation co-sponsored by the VA and the Park Board identifies opportunities to expand programming in the public realm, in concert with the emerging city-wide arts and culture facility plan.

Significant initiatives that are currently underway include:

- Creative Industries Cluster to build the capacity of local independent artists, galleries and other arts related businesses;
- Development of community based organizations such as the Community Arts Network and the Community Arts Council;
- The Creative Pathways project that will attract visitors to the area by coordinating the efforts of community based programming of public spaces with galleries, openings, theatres, local restaurants and other businesses;
- Development of improved arts venues including the Fire Hall Arts Centre, Infinity Productions Theatre, Simon Fraser University's School of Contemporary Arts and Theatre and the Woodward's Atrium as well as a variety of public spaces including the

Carrall Street Greenway, Blood Alley, Chinese Cultural Centre Courtyard and Oppenheimer Park; and,

- Review of a community-based proposal to renovate the Pantages Theatre to house several arts organizations including the City Opera, Heart of the City Festival and the Chinese Opera.

8. Employment Services

The VA Employment Strategy called for a case management approach to helping people move from social assistance toward work. This has been implemented through a variety of measures, directly and indirectly related to the VA and BOB. It includes increased coordination of employment service providers and a transfer of many Service Canada programs to the Province. Several innovative employment programs were initiated through the VA including the Aboriginal Centre for Employment and Pathways to Employment. These are now co-located with Bladerunners in the City-owned building at 390 Main Street. That building was renovated with support from senior governments and will serve as a Centre for Employment Services under the leadership of Aboriginal Community Career and Employment Services Society (ACCESS), in partnership with Tradeworks Training Society and Atira Women's Resource Society.

Implementation of the Plan: Emerging Results

Over the last five years, the investment climate in the DTES has improved as a result of a number of factors including:

- significant investment in the public realm by the three governments;
- success of heritage incentives in attracting investment;
- implementation of the Gastown and Chinatown marketing plans;
- new light industrial and other commercial uses in the DEOD and industrial areas; and,
- market housing investment in Gastown, Victory Square, Strathcona and nearby high-density neighbourhoods.

The major economic generators identified in the Economic Revitalization Plan - Woodward's, Carrall Street Greenway and the Olympic Village - are nearing completion and strategies are in place to achieve ongoing business and job creation spin-offs. BOB has been established and is coordinating the implementation of Community Benefit Agreements, Business Clusters and other revitalization initiatives. Thus far, these initiatives have resulted in support for more than 65 businesses through the procurement program, 200 businesses through the Social Purchasing Portal and 215 businesses through the construction cluster. They have also employed over 80 people through their Supported Employment Programs, including 34 people through the Community Benefits Agreement and 15 people through the Social Purchasing Portal. These preliminary results are expected to increase significantly over the next few years as BOB evolves to better meet its mandate. In addition, EMBERS has helped more than 80 inner city residents start new small businesses.

From 2003 to the beginning of 2008, there has been considerable development in the area: 813 units of market housing and 364 non-market units have been added. By the end of 2010, an additional 1,180 market units and 1,514 non-market units will be complete. These will bring many potential customers to the area. Together, these help provide security for local low income residents and a base from which to participate in the growing work force.

As anticipated, heritage incentives have played a significant role in this Revitalization. Between 2003 and July 2007 23 heritage rehabilitation projects, containing 907 units of

market housing, 244 non-market units, 2100 linear feet of street frontage, and over 200,000 square feet of commercial space, have been approved through the Heritage Building Rehabilitation Program. These projects represent about \$500 million in private and public investment in the DTES.

As in the rest of Vancouver, market values in the DTES have increased considerably. There is some evidence that family housing in the Strathcona area is becoming more attractive as prices increase elsewhere: as of 2001, over 60% of Strathcona households were families as compared to 40% for DTES overall. In addition City Gate, International Village, and other developments in neighbouring areas are nearing build out and have added more than 3600 market housing units within walking distance of the DTES.

The changing business climate is beginning to be expressed by investments that are filling empty storefronts:

- Gastown retail vacancy rate along Water Street has gone down from about 8% in 2006 to 5% in 2008. These figures exclude the Storeyum which is expected to be filled in the coming year.
- Chinatown retail vacancy rate along Pender Street has gone from about 14% in 2005 to 8.4% in 2007 and 9.3% in 2008. While several businesses left the area last year, the BIA believes this is due to rising rents and growth anticipated by landlords. For example, a coffee franchise has recently replaced a low cost gift store at Pender and Main. An emerging challenge is how to accommodate new businesses without losing the area's historic cultural character.
- Hastings Street (west of Gore) still has a vacancy rate of about 30%. However, consultant studies have indicated that Woodwards will provide a significant anchor for existing and new business in the Victory Square Area. Several other developments by Central City Mission, Concord, Salient, Worthington (Pantages), the City (Rain City Housing) and the Portland Hotel Society (the Pennsylvania Hotel), are also in process and are expected to provide housing and attract new retail and other business.
- In the DEOD and industrial zoned areas, vacancies have fallen from over 5 % in 1996, to less than 2% in 2007.

As of February 2008, the VA had invested \$18.7M in the DTES, of which almost 46% was for economic revitalization. Six projects accounted for about half of the VA investments in economic revitalization. The biggest investment was for BOB (\$4.2M) followed by contributions of under \$500,000 each for EMBERS, 390 Main Street, Carrall Street Greenway, Arts & Culture, and FTE (Social Purchasing Portal and Cook's Studio). The formation of the VA has also led to important partnerships between various levels of government, private sector businesses, and community-based organisations. Examples of these partnerships include:

- the 2010 Winter Games Inner-city Inclusive Commitment Statement - developed by a working group that included representatives from a variety of inner-city community organizations and government agencies and the Vancouver 2010 Bid Corporation, this statement commits the local Games Organizing Committee and its government partners (federal, provincial, civic) to specific goals and legacies in the areas of social sustainability and inner-city inclusion; and
- the Great Beginnings: Old Streets, New Pride project - an investment of \$10M from the Province for the creation of attractive and welcoming physical environments through improvements to streets, buildings, and public spaces in the DTES while building community capacity and employment opportunities for local residents.

These and other investments from each level of government are important directions that reflect the intent of the Plan as it is implemented.

Implementation of the Plan: Emerging Priorities

While much has been achieved in the Gastown and Chinatown, a more focussed and coordinated strategy is needed to revitalize the historic blocks of Hastings Street (100 W Hastings to 200 E Hastings) and the area east of Main Street, between Hastings and the waterfront. The stretch along Hastings Street has a challenging collection of aging buildings, many of which are not on the Heritage Register. It also has many single-room occupancy hotels, many of which are included in the one-to-one replacement strategy in the DTES Housing Plan. Finally, this area has many vacant storefronts. The key strategies from the Economic Revitalization Plan will be applied in this area. For example, the Pantages Theatre Society has been working with several community groups to restore the theatre at 150 East Hastings Street as an inclusive cultural facility, housing and commercial site. If viable, this development is anticipated to serve as an anchor for economic revitalization on what is perhaps the most challenging block in the city. This and other affordable arts-related spaces are a key priority for the implementation of the Plan. Filling vacant storefronts with art galleries and studios is a key component of revitalising the commercial streets in the neighbourhood.

East of Main Street, several initiatives have been identified in consultation with the community and preliminary work is underway. These include the renovation of Oppenheimer Park and implementation of the Powell Street Open Windows Project. A consultant study has been completed on intensifying industrial land uses near the Port and along Clark Drive to create jobs and to reduce unnecessary truck traffic in serving the port and the downtown. The VA partners are also supporting the Strathcona BIA in a "Green Strathcona" initiative that includes the creation of an eco-industrial network, reductions in waste and resource consumption, and sustainable transportation alternatives. Finally, there is a need to improve conditions further east on Hastings Street. According to the Retail Capacity Study, this could include the development of a new neighbourhood centre - with a supermarket, drug store and other shops to serve the adjacent community. To this end, the City has required active ground floor retail on several new developments and has secured a site for a new DTES/Strathcona Public Library.

The VA Economic Task Team will undertake an economic impact strategy to monitor the success of the Plan's strategies and to evaluate the effect of the VA's investments. City staff have already been monitoring housing, development, and vacancy rates throughout the planning process. Now that major economic drivers and institutions are in place, a more systematic monitoring program can be launched. Since BOB and the Community Benefits Agreements have been established, ways to measure change and success in business development and employment sectors have become clearer.

Community Consultation

In addition to the consultation regarding the 2004 draft plan, staff have recently held meetings with a variety of community organizations who have suggested that in addition to the current Plan, VA partners should look into some additional issues.

- The income of people on social assistance needs to be raised to ensure many residents can live above the poverty line and can have help support local businesses. The rules

and process for moving from income assistance toward employment also need to be more responsive to the needs of low-income residents who want to work part-time.

- A strategy needs to be developed to integrate and foster opportunities and current legitimate activities for people facing health-related challenges to employment. Integrating activities from the informal sectors of the economy means going beyond training programs and job placements and into more discretionary, patient, and flexible opportunities for people to make meaningful contributions to the economic revitalization of the neighbourhood. The legitimate informal economy and casual employment opportunities need to be recognised as part of the local economic system.
- Investigation should be undertaken to reduce the number of vacant buildings and to attract businesses to the neighbourhood, including property tax increases, fines, or user fees for owners of vacant buildings in the DTES to minimise the waste of available space; lower fees and faster process for projects involving vacant buildings and storefronts.

CONCLUSION

The Vancouver Agreement's Economic Revitalization Plan is the result of extensive research and community consultation. The fundamental principle of this Plan is to build on the DTES's rich culture and history and establish ways in which the area can economically revitalize, without displacing low income residents or the legitimate businesses that serve them. It will continue to be implemented by coordinating the City's work with private businesses, community organizations, residents and our Vancouver Agreement partners.

The initial focus of the Plan was on improving relations with local business and community organizations and on the attracting investment in the historic area west of Main. BOB has been established and is expected to play an expanding role in delivering strategic business development, job training and on the job supports. It is currently implementing the Community Benefit Agreements, Business Clusters and other Commercial Revitalization Initiatives.

Visible progress is also underway in the historic neighbourhoods of Victory Square, Gastown, and Chinatown. This is the result of considerable coordinated investment by the three levels of government in public realm improvements, heritage Revitalization, research, business plans and social housing projects. Major initiatives such as Woodward's and Carrall Street Greenway are expected to significantly expand this positive change, leading the way for community-led initiatives such as the renovation of Chinatown Society buildings, "Green Strathcona," and the possible re-development of the Pantages Theatre.

Staff will continue to monitor change in the area and will report back to Council on work items and programs related to economic revitalization in the normal course of their work.

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APPENDIX A

Summary of public comment on the Economic Revitalization Plan

The 2004 Public Consultation Process

The Vancouver Agreement Economic Revitalization task team sponsored a series of public and stakeholder consultations on the draft Plan between February 16th and 27th, 2004. Eleven meetings were held with stakeholder groups which were convened by community sector. The community sectors included:

- Community Economic Development organizations
- Downtown Eastside BIAs
- Foundations
- Major Business Organizations
- Financial Organizations
- Downtown Eastside Businesses
- Aboriginal Organizations
- Resident Organizations

The Task Team also organized two public Open Houses that were held at the Strathcona and Carnegie Community Centres. Roughly 180 individuals participated in these workshops and open houses. In March, the Task Team and Vancouver Economic Development Commission co-sponsored a Forum that brought roughly 200 individuals together from private, public and community economic development sectors to discuss priorities for implementing the plan. Finally, the Task Team also carried out a number of additional presentations to key organizations and groups interested in learning more about the Plan and how they might work with the Vancouver Agreement partners in implementing the Plan.

Prior to meetings, participants received a copy of the draft Plan and accompanying workbook. Both the draft Plan and the workbook were translated into French and Chinese in order to ensure the material was accessible to a wide range of participants. All of the stakeholder meetings began with participants being led through a PowerPoint presentation of the draft Plan. A facilitated discussion then ensued that was oriented by three questions:

1. Have we missed anything important?
2. What actions are the most important to take first?
3. What are the steps you and your organization can take to assist with implementation?

In order to ensure a diversity of stakeholders has adequately been targeted, the Task Team will issue an Invitation to Quote that target youth, women and aboriginal communities. This work will be carried out in the coming months and will not only seek their input on the Plan, but also help determine the ways in which these communities can participate in and benefit from the implementation of the Plan.

Results

The above noted questions prompted wide-ranging discussions, with key themes reiterated across meetings. Priorities emerged and missing elements were identified. As well, particular sectors emphasized different parts of the Plan and, in some cases, identified specific ideas for implementation.

Generally, participants expressed:

- Widespread support for the draft plan.
- Sense that recent Vancouver Agreement supported initiatives such as the Millennium Gate, Victory Square Park and Carnegie Centre renovations, pedestrian lighting, heritage incentives, market and social housing projects, Single Room Accommodation By-law, health clinics, safe injection site, enhanced policing, public art and public space programming are beginning to have visibly positive impacts.
- Sense of anticipation about the potential benefits from the redevelopment of Woodward's, the opening of the Storey and opportunities inherent in the 2010 Inclusive Winter Games, Convention Centre, Casino, and other major projects.
- Acknowledgement that the Chinatown, Gastown, Strathcona and Victory Square business groups are working more effectively together and with others in the community and the Vancouver Agreement partners.
- Concerns about possible gentrification and displacement and the cutbacks in some government services to low income people.

Participants also identified a range of economic and community sectors that should be given more prominence or mention in the Plan.

- **Arts and culture** - The DTES is home to a wide variety of artists and arts organizations. The Plan should acknowledge and build on this.
- **Tourism** - Heritage and history provides a significant and unique market potential for tourism in the DTES.
- **Aboriginal culture and communities** - This community is both demographically and culturally significant to economic revitalization in the area, and must be included in any revitalization activities.
- **Light industrial and manufacturing** - The Plan does not give industrial enterprises the prominence required or warranted.
- **Social Enterprise** - This sector is seen as critical to economic success in the DTES and ensuring residents participate in this success.
- **Women** - A gender lens is critical to involving women successfully in economic revitalization.
- **Youth** - Elements of the Plan must be adapted to meet the needs of youth, families and Children.

Other recommendations included making more explicit links to key Vancouver Agreement initiatives, particularly Safety and Security and Health and Housing initiatives. Further it was stressed that detox and addiction treatment is critical to employment and training success. Participants also felt the Plan needed indicators, targets and measurables. Finally, it was stressed that greater communication within the area and community were needed, such as:

- Business-to-business communication & networking
- Communication between the community and VA partners and governments
- Internal communication about community success

The draft Plan was revised, and the Action Plan was created to reflect these comments. In short, the Vancouver Agreement's Downtown Eastside Economic Revitalization Plan and accompanying Action Plan is based on community consultation, builds on the area's rich cultural and heritage assets and will help assist businesses and residents participate in and benefit from increased economic activities and employment opportunities. The key focus of the Plan is to revitalize the community without displacing local residents.

These goals will be achieved via the Plan's three key strategies to stimulate business activity and generate local employment:

1. Increase demand for the Downtown Eastside's products and services.
2. Strengthen the capabilities of local suppliers.
3. Increase employment opportunities for local residents.

Supported by other Vancouver Agreement initiatives, the Plan addresses the safety and security concerns that businesses identify as the primary obstacle to new investment and job creation and does so in a way that is consistent with the Four Pillars strategy endorsed by all three levels of government. It is also strongly linked to the Vancouver Agreement's Employment Strategy which is intended to focus on preparing local residents for emerging jobs.

A number of the key actions identified in the Plan have already been implemented by the Vancouver Agreement and community partners or are well underway. These include the redevelopment of Woodward's and the former parkade containing the Storeyum; strategic public realm improvements including the Carrall Greenway, Neighbours First, the Chinatown Revitalization Program and the Heritage Management incentives for Gastown, Chinatown and the Hastings Corridor.

2008 Community Consultation Meetings - Summary comments

- What is the political foundation for this report? This report measures the status of initiatives that are completed or underway. It also articulates a policy framework to anchor future economic development initiatives in the neighbourhood. However, data reporting about economic development indicators from the VA and from the City is difficult for the public to access. The report should include some data that speaks to the 'Measuring Success' section of the original plan.
- The co-existence of the drug trade with a healthy economy is a challenge for this neighbourhood. Government, business and community groups need to do their part in the initiative to improve safety and the perception of safety for residents, employees, and visitors. The onus to address this challenge needs to be shared amongst all of the people who come to or live in the DTES.
- Finding affordable artist studio space is a key priority, and deserves mention as an emerging priority in this plan. Filling vacant storefronts with art galleries is also a key component of revitalising the commercial streets in the neighbourhood. Artists thrive upon and succeed in areas where there is an active informal economy. This plan should foster the artistic community, so they, in turn, can bring more positive activity to the area.
- Effort needs to be directed towards raising the welfare rates for those on income assistance. The current welfare rates are a force that perpetuates impoverishment in this community. The rules and process for getting away from income assistance also need to be more responsive to the needs of low-income residents who want to work part-time.
- In the implementation of this plan, there needs to be some recognition of the continuum of employment, especially in terms of integrating opportunities and fostering current legitimate activities for people facing health-related challenges to employment. In doing so, it's important to be realistic about their capacity, but also to recognise the contributions that these people make to the economy of the DTES. It's also important to track how long people stay in their jobs, and support people at all levels of entry into the

workforce. Integrating activities from the informal sectors of the economy means going beyond training programs and job placements and into more discretionary, patient, and flexible opportunities for people to make meaningful contributions to the economic revitalization of the neighbourhood. The informal economy and casual employment opportunities need to be recognised as part of the local economic system. There are ways to capitalise on the energy and entrepreneurial spirit of those who participate in the informal portion of economic activity, including bidders, artists, volunteers, etc.

- The costs of delivering vs. not delivering opportunities for integration of the informal and formal sectors of the DTES economy should be monitored and evaluated. There is also an aesthetic improvement and an increased sense of public safety that emerges when people of all kinds are engaged in meaningful activities, which should be recognised.
- The Creative Pathways initiative has budgeted a higher percentage of funds to staff and administration than to arts organisations and individual artists. There needs to be an opportunity for the community to provide oversight on the implementation of programs under this initiative. In general, the transparency around VA investments should be improved so the community can maximise the benefits coming from spending through these programs.
- Some community members have concerns with respect to BOB's performance, given the high investment into that organisation over the past four years with little performance or community traction.
- There should be some real incentives to attract businesses to the neighbourhood, including tax increases, fines, or use fees for owners of vacant buildings in the DTES to minimise the waste of available space. This program could be created in a way that charged owners who leave their buildings unoccupied and then used those funds to develop incentives for those same owners to renovate and lease their vacant space. Other business attraction strategies could include discounted fees for permits and other processing fees associated with the occupancy of vacant buildings; and streamlining the permitting and licensing processes for occupancy of vacant buildings, especially vacant storefronts and ground-floor units. Some thought should also be given to ways to mitigate risk for business and social enterprise development in the neighbourhood, including risks associated with participating in the local economy and with oversight by the community, who will uphold the social values of inclusivity and integration in their scrutiny of new or expanding businesses in the neighbourhood. Overall, business needs to become part of the discussion around integration of the formal and informal elements of the local economy.
- Integration of informal economic activities into the formal economic structure of the DTES needs to be better understood. Ideas to support this emerging priority involve engaging people on the street, from community organisations, and from businesses. It needs flexibility in terms of funding for programs and real commitments from business operators to acknowledge and accommodate informal economic activities in their operations. The City needs to model this kind of integration and inclusivity, and businesses who are already doing this should be showcased (eg. EMBERS, SYJA, Junebug Enterprises, etc.). One aspect of implementation of this concept might include a temporary person-power office set up to provide casual labour for landscaping, building, cleaning, security, retail (e.g. flower kiosks), etc.

APPENDIX B

Economic Development Opportunities in DTES Neighbourhoods

The DTES is made up of several distinct neighbourhoods, each of which present different economic development opportunities. Those neighbourhoods are described below, including each area's economic strengths and opportunities, based on the findings of various studies that have been completed in tandem with the development of the DTES Economic Revitalization Plan.



DTES Neighbourhoods and Public Spaces

Victory Square and Historic Hastings:

An area with heritage character that is anchored by the new Woodward's complex. It will attract businesses serving many post secondary educational institutions and English language schools as well as those providing supports for the creative industries and nearby CBD offices. Hastings Street will also provide commercial and social services for local residents and visitors and be a significant focus for culture, including the SFU School for Contemporary Arts.

Gastown:

The region's prominent centre for design - locally designed and crafted furniture, clothing and accessories; the entry point to historic Vancouver for many tourists - especially as the stepping off point for those coming from the expanding cruise ship industry; a prominent array of galleries featuring up and coming artists - with an emphasis on aboriginal art; a hot spot for innovative restaurants, as well as bars and clubs oriented to young people and visitors.

Chinatown:

The focal point for Chinese Canadian history with the Dr Sun Yat-sen Gardens, the Chinese Cultural Centre, Chinatown Museum and more than a dozen buildings owned and operated by family associations. It features many Asian restaurants and unique shops serving tourists as well as residents from throughout the region. It will also contain a considerable amount of housing for young people from many cultural backgrounds (including students, service workers, and artists) and shops that reach out to the surrounding residential areas.

Strathcona/Oppenheimer:

South of Hastings: A strong residential character area with many new homeowners and young families in addition to the seniors, immigrants and low income residents that have traditionally lived in rental apartments and social housing.

Hastings: A new neighbourhood commercial centre focussed on the area between Princess and Raymur with many shops to service the residential area with low and moderate income housing as well as offices and services above. Efforts will also be made to retain the existing focus of supply companies (e.g. paint, kitchen supply and restaurant equipment) and to provide opportunities for flexible commercial space that could include production, distribution and repair uses.

Oppenheimer Park: A redeveloped park serving low income singles as well as families with children and others. A revitalized "Japantown" with many restaurants and food oriented shops serving the local residents as well as the many people who work in or commute through the area. A mix of residential and commercial buildings providing office and light industrial space for artists, designers and a variety of businesses servicing the downtown.

Industrial Area: A wide range of light industrial uses that take advantage of the area's strategic location near the CBD, the port, tourist and design-oriented historic shopping streets and high density residential areas. These will include business support services (e.g. catering, printing, commercial laundries), warehousing, design and artist studios, as well as manufacturing (e.g. furniture, clothing and food processing).

Strathcona BIA has initiated a "Green Strathcona" program that will include a strong environmental sustainability measures in building design, construction materials, energy co-generation and sharing and reduction or reuse of "waste products."