



ADMINISTRATIVE REPORT

Report Date: November 3, 2009
Contact: Jessica Chen
Contact No.: 604.873.7754
RTS No.: 08363
VanRIMS No.: 08-2000-20
Meeting Date: November 19, 2009

TO: Standing Committee on City Services and Budgets
FROM: Director of Planning
SUBJECT: Hastings Street Renaissance Program: an Update and Funding Request

RECOMMENDATION

THAT Council approve 'Phase 2 of the Hastings Street Renaissance Program' and the 'Chinatown Active Storefront Program' as presented in this report to address the vacant storefront issue on Hastings Street and in Chinatown, at an estimated cost of \$700,000 with \$350,000 for each Program. Sources of funding:

\$650,000 from previously approved Downtown Eastside Revitalization Capital Budgets; and
\$50,000 from the provincially funded Great Beginnings Program.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of the foregoing.

COUNCIL POLICY

In 2004, Council adopted the Vancouver Agreement Economic Revitalization Plan to guide City's economic revitalization activities in the Downtown Eastside.

PURPOSE

This report provides Council with an update on a targeted vacant storefront strategy for Hastings Street (between Cambie Street and Gore Avenue) called "Hastings Street Renaissance Program" and recommends Council to approve funding for Phase 2 of the Program and a similar program -the Chinatown Active Storefront Program - in Chinatown.

SUMMARY

The Hastings Street Renaissance Program was developed as a pilot strategy to address the vacant storefront and deteriorating building stock issues in tangible, visible, and timely ways. This program intends to improve the streetscape, daylight existing businesses and help to establish new businesses, effectively re-use existing (and otherwise deteriorating) building stock, and secure affordable spaces to foster community-based economic development.

The Program provides a façade improvement grant to a non-profit organisation that will be the future tenant for the vacant storefront or that will be the project manager who liaises with future tenants. With \$300,000 from the Great Beginnings Program, the City has provided up to a maximum of \$50,000 per façade to cover façade renovation costs for six buildings in the first phase of the Program. Tenants of the buildings were able to use the City's investment in façade upgrades as leverage to negotiate more favourable terms in their lease agreements with property owners.

To date, the direct benefits of this Program are six storefronts with upgraded facades and new retail tenants. The majority of those support arts-based businesses: theatres, studios, or galleries, capitalizing on the momentum built by the local DTES arts and culture community over the years. These projects served a need that is pressing in the community for affordable spaces for artists to operate theatres, production studios, and storefront galleries. The program also has potential for direct benefits over the medium-term. Together, these storefronts will start to make a positive impact on the overall streetscape by bringing more retail activity to the area and by improving the facades of buildings that had formerly appeared derelict.

To date, the Program has delivered tangible and timely results along a five-block stretch of Hastings Street, with a highly visible outcome and a positive impact on the DTES more broadly. Momentum is now building with the Program's initial success. There are several new opportunities to upgrade façades and secure tenancies in other vacant storefronts. There is growing interest to extend this Program both along Hastings Street and in Chinatown, especially among social enterprises and small-scale local servicing businesses.

Staff recommend a Phase II Hastings Street Renaissance Program to activate six additional storefronts along Hastings Street that, it is anticipated, will deliver a more comprehensive suite of goods and services for local residents and that will complement the draw of regional customers to this area for locally produced arts and cultural products. This program will be among other major City capital initiatives in the area aimed at bringing vitality back to Hastings Street, including social housing projects (the Lux Housing project, Pennsylvania Hotel), the Woodward's development and Carrall Street Greenway. Staff also recommend launching a similar program for Chinatown. The Chinatown Active Storefront Program will focus on recruitment of new businesses, especially businesses that are more dependant on the unique character and identity of the area.

BACKGROUND

The Great Beginnings Program is an initiative developed by the City of Vancouver to celebrate British Columbia's 150th anniversary in 2008. The provincial government is supporting this initiative by investing \$10 million over three years, from 2008 to 2010, to celebrate the history, heritage, and culture of Vancouver's first urban areas, including the neighbourhoods of Gastown, Chinatown, Japantown, and Strathcona.

In March 2009, staff briefed Council on the DTES Inter-governmental Initiatives (IGI) including the Great Beginnings Initiative. At that briefing, staff introduced the Hastings Street Renaissance Program to demonstrate the kinds of projects that are supported with Great Beginnings funding. Council endorsed the program, enabling staff to develop a more detailed program description using the DTES IGI Project Approval Form (see Appendix A). This Program differs from the Heritage Façade Rehabilitation Program, which offers a matching grant for façade upgrades of heritage listed buildings in the Chinatown and Gastown Historic Areas. During the project development stage, staff identified the key issues that the strategy would address and high level objectives for the Program.

Issues: Vacant Storefronts, Deteriorating Building Stock, and Affordability

Hastings Street Corridor serves a critical role in connecting the diverse neighbourhoods that comprise the Downtown Eastside (DTES). This street is the tie that binds the rich culture and history of Gastown, Chinatown, Strathcona, and Japantown. Many refer to Hastings Street as the “spine” of the community. Although the corridor has experienced considerable transition over the past thirty years, the intention for Hastings Street has always been to retain it as an important commercial high street, drawing both local and regional customers to the area and providing opportunities for positive and inclusive social and economic development.

Unfortunately the street has gone through rapid decline in the past decades with the vacancy rate rising sharply from 4% in 1976 to 43% in 2001 as outlined in a study done by Carnegie Community Action Project (<http://www.vancouverneon.com/pdf/hastingsretail.pdf>). Recent years have seen a number of efforts to bring vitality back to this stretch of Hastings Street, including the significant Woodward’s development project. However, there is still a need for a broader strategy to address the long-term vacant storefront issue.

The stretch of Hastings Street between Cambie Street and Gore Avenue has the most visible vacant storefront issue. It is part of a recognised Historic Area of Vancouver, but very few of these buildings have received upgrades in recent years. The result is that these older buildings are rapidly deteriorating, especially those that have been vacant for several years. There are currently over 40 buildings that appear to be vacant and/or in derelict condition and 4 empty, abandoned lots (see Figure 1).

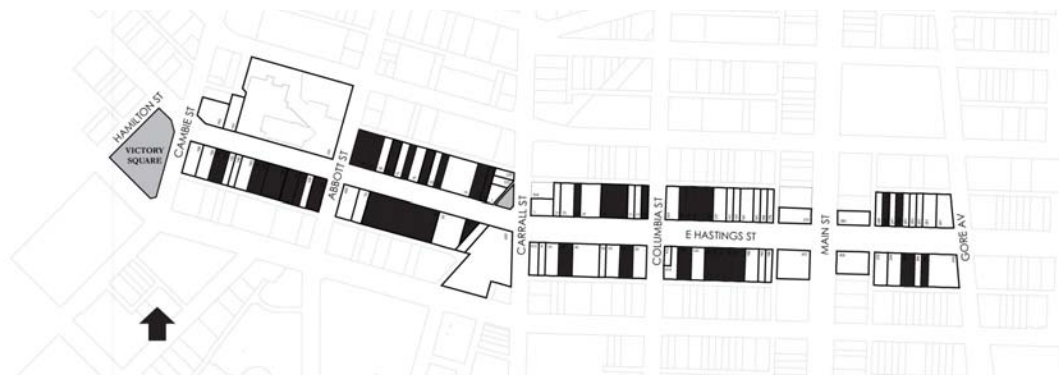


Figure 1. Map of Hastings Street Renaissance Program area. Black areas indicate vacant buildings or lots. Grey areas are parks.

Similarly, Chinatown has been an important local and regional commercial node, with a diverse range of uses including basic goods and services, professional offices, cultural

institutions, restaurants and hospitality services. Land uses have remained diverse in Chinatown, and the neighbourhood still retains its role as an important shopping district. A study conducted in 2001 showed that between 1970 to 2000, while some uses (such as basic goods and services) remain, other uses have decreased. Specifically, special retail uses have increased from 14 parcels in 1972 to 30 parcels in 2000. On the other hand, restaurants and hospitality uses that significantly contributed to the vibrancy of the area in the past have declined from 35 parcels in 1980 to 28 parcels in 2000.

Since 2000, the City has partnered with Chinatown organisations to implement initiatives aimed at improving customer service and the physical environment through public realm upgrades. New businesses targeting non-Asian specific markets have also been attracted to Chinatown. Although some progress has been made, the issue of vacant storefronts is still prominent. For example, a 2009 field survey in the historic core of Chinatown revealed 10 vacant storefronts in the 100 and 200 blocks of E Pender Street (between Columbia Street and Gore Avenue). Compounding the issue is that business tenants often cycle through different vacant storefronts in Chinatown in search of lower rents. This condition creates an unhealthy internal competition, decreasing the quality of goods and services offered in Chinatown, and creating a sense of instability in the business environment. There is a need for a strategy to actively recruit stable, viable and new businesses who will attract new clients and add vibrancy to Chinatown.

Objectives: the Vacant Storefront Strategy

Through the Great Beginnings Program, the Hastings Street Renaissance Program was developed as a pilot strategy to address the vacant storefront and deteriorating building stock issues in tangible, visible, and timely ways. As the program was implemented, staff re-visited and further refined the high-level objectives from the initial project description. In addition to reducing the vacancy rate on Hastings Street, the program has the following objectives:

- ***To improve the streetscape***

Re-activation of ground floor units creates momentum for positive, legitimate street-level activity. It increases transparency at the edges, where the public realm of the street and the less public, often private realm of property and buildings meet. Generally, an improved streetscape sparks interest in the area, thereby attracting new businesses and more clients to the area to conduct business activities.

- ***To 'daylight' existing businesses and establish new businesses***

In some cases, there are artists or other organisations operating in buildings that appear to be vacant, often in unsafe conditions. Part of this strategy is to day-light those operations and improve their occupancy conditions to meet minimum life and safety standards. In cases where buildings are vacant, this strategy is intended to secure affordable space for small-scale enterprises that contribute to a suite of local-serving goods and services for the neighbourhood.

- ***To effectively re-use existing buildings***

The challenges with upgrading buildings along Hastings Street are compounded when considering total site redevelopment. Redevelopment projects are costly and often require complex financing and lot assemblies lots to meet economies of scale. A redevelopment project is also a longer-term prospect, often taking more than two or three years to complete. Upon completion, the result is a more drastic change on the ground, increasing tension in the DTES community where the pace of change is a core concern.

As an interim strategy, the adaptive reuse of existing buildings through small-scale renovations is an effective tool to engage a broader spectrum of community members in the economic revitalisation process and to distribute the benefits of revitalisation more widely.

- *To secure affordable space to catalyse local community economic activities*
While building upgrades are necessary to draw in new businesses and to improve commerce for existing operators, it's critical to balance the upgrades with an understanding of what is affordable to whom. In some cases, full-scale upgrades require lease rates that are too high for small businesses to afford, thereby limiting their opportunity to participate in the economic revitalisation of the area. The ripple effect of high lease rates also has an impact: if one building achieves high lease rates, then others in the vicinity will want those rates as well.

Currently, the City secures space for certain charitable organisations by leasing capital assets to them at nominal rents. The City also trades and manages properties through the Property Endowment Fund. To address the issues noted above, the strategy of the Hastings Street Renaissance Program is for the City to assist in securing affordable space for new or existing small businesses and social enterprises through façade grants. Through this Program, the City is acting as the catalyst to stimulate the growth of inclusive community economic development. It does so by bridging the City's charitable and corporate roles by investing in spaces to incubate local serving small businesses and social enterprises.

DISCUSSION

Hastings Street Renaissance Program Overview

With the above noted issues and objectives in mind, the Hastings Street Renaissance Program was developed and implemented in March 2009. It has now successfully opened six previously long-term vacant buildings on Hastings Street between Cambie Street and Gore Avenue, and filled them with new businesses, including artist studios, in partnership with DTES community organisations.

The Program provides a façade improvement grant up to \$50,000 per project to a non-profit organisation will be the future tenant for the vacant storefront or will be the project manager who liaises with future tenants. Although property owners are closely involved with every project, the City's façade improvement grant does not go directly to them, but rather goes to the non-profit partner. The overall concept of the Program is illustrated in Figure 2 and the following section outlines five key elements of the Program.

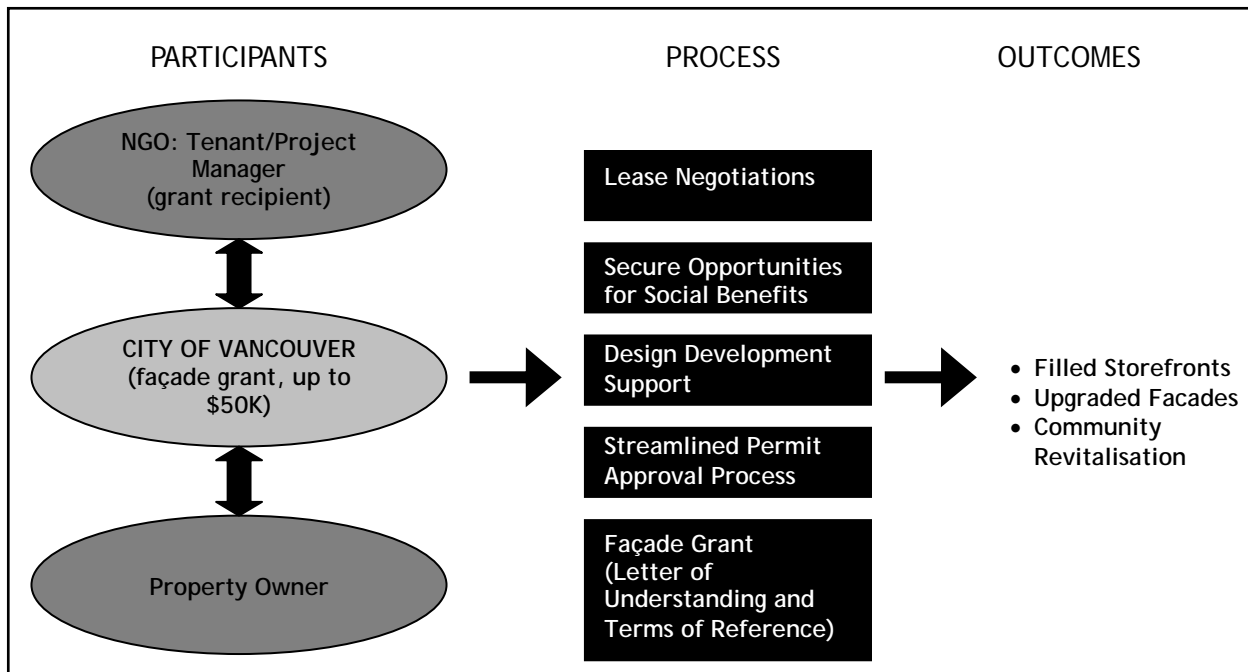


Figure 2: Hastings Street Renaissance - Program Elements

1) Façade Improvement Support

With \$300,000 from the Great Beginnings Program, the City has provided up to a maximum of \$50,000 per façade to cover renovation costs for six buildings. The funding was provided for exterior “facelift” work, including painting, lighting, signage, planters, awnings, security gates, and replacement of windows and/or exits. Property improvements or repairs to the interiors of buildings were not included in the Program. Green building elements were integrated into two of the façade projects, including passive daylighting and demolition and construction waste diversion.

2) Grant Recipients and Stakeholders

Tenants of the buildings were able to use the City’s investment in façade upgrades as leverage to negotiate:

- more favourable terms in their lease agreements with property owners;
- matching funding for interior tenant improvements that meet minimum building code requirements;
- longer term leases or renewable lease terms; and/or
- reduced lease rates.

The façade grants are also expected to build the capacity of non-profits who operate in the area to more effectively deliver their mandates, both by contributing to their capital revenue stream (which can leverage additional loans or grants from other agencies) and by working towards securing improved workspaces for their operations in the neighbourhood. In some cases, the property owner offered lower rents to the property manager to cover the costs of tenant improvements. The lease terms range from month-to-month to seven years, with options for renewal, based on the tenant’s preference. The lease costs for artists renting space in the projects range from \$6 (or less) to \$12 per square foot per year, net. These rates are favourable when compared with other commercial spaces in the area with lease rates ranging from \$20 to \$45 per square foot.

3) Streamlining Permit Approval Process

In order to facilitate the implementation of each project, staff in Development Services worked with Planning staff and Program participants to streamline the process for issuing development and building permits. Appendix B is the Administrative Bulletin that sets out the process and criteria for projects included in the Hastings Street Renaissance Program, including development of pre-application packages that include the information necessary to determine how each project responds to applicable building code, heritage, and zoning issues.

4) Design Development Support

The community development aspect of planning work in the DTES often incorporates capacity building, whether for business planning, skills training, or organisational development. In this case, the Program introduced a new capacity to the DTES community - one that focuses on design and development of building renovations.

Working with each project, UBC School of Architecture and Landscape Architecture's Design and Development Research Centre provided education, guidance, and key design and development services. Their key role was to provide architectural and project management support for the façade upgrades for new tenants that were moving into vacant storefronts on Hastings Street. The Centre also developed a range of prototypes for façade upgrades that were within the scope and budget of the Program, from façade clean-ups and minor upgrades through to substantial alterations or new facades.

5) Opportunities for Social Benefits

Through their business development programming, Building Opportunities with Business (BOB) has played a key partnering role with the City in developing and implementing the first phase of the Hastings Street Renaissance Program. Among their contributions were convening property owners and potential tenants, offering additional business development support to potential tenants, and organising employment training opportunities for local residents.

The Program created an opportunity to integrate similar concepts from the Olympic Village Community Benefits Agreement into the façade renovations agreements between the City and non-profit partners. Where possible through the City's ongoing partnership with BOB, the façade upgrade projects included procurement, on-the-job skills training, and employment from the DTES labour pool.

In the projects where BOB received funding for façade improvements from the City, they acted as the fiscal agent and coordinator for the renovations contractors. The arts-based businesses received support from BOB through facade upgrade projects, but were also able to take advantage of the additional business development support that BOB provides, including grants, stakeholder engagement events, industry cluster support, affordable financing, and business development advice, referrals, and planning.

Phase 1 Implementation

The following six projects have either been completed or are currently underway. Each of these projects reinforce the policy intentions for this part of Hastings Corridor as an area where retail is required.

<i>ADDRESS</i>	<i>BUILDING USES</i>	<i>STATUS</i>
29 West Hastings Street: Central City Mission Bldg	SRO hotel, Lu's Pharmacy on the ground floor	Complete
254 East Hastings Street: Rickshaw Theatre	All-ages theatre and rehearsal space for community theatre groups	Permit Issued
108 East Hastings Street: The Acme Building	Artist studios, Pacific Thorn Gallery and Printshop, and Goonies Gallery	LOU signed
103 East Hastings Street: Potter's Mission Society Art Gallery and Cafe	Artist studio and gallery, Korean wrap shop and cafe	Complete
45 West Hastings Street: The Phoenix Building	Brasilian Capoeira store and studio, and rehearsal space for dance, theatre, and multi-media art	LOU signed
7 West Hastings: The Beacon Hotel	SRO hotel, Blue Shell Laundry and a 2000 sq. ft. commercial unit	Negotiations underway

Monitoring and Evaluation

Applying assessment criteria, the following table provides a summary of how the first six projects contributed to the overall objectives of the Program. A more detailed accounting of the outcomes of the first phase of the Hastings Street Renaissance Program is attached in Appendix C.

Address	To improve the streetscape		To 'daylight' existing businesses and establish new businesses				To effectively re-use existing buildings			To secure affordable space to catalyse local community economic development activity				
	New Façade	Façade clean-up & minor upgrades	Daylighted Businesses	New Businesses	Improved occupancy standards	Improved safety standards	Ground Floor Tenant Improvements	Second Floor Tenant Improvements	Upgraded SRO units	Retail Space	Artist Studio and Gallery Space	Social Enterprise Space	Lease rates less than \$12 sq. ft.	DTEs Residents Employed in Construction
7 W Hastings		√		√	√	√	√		√	√	√		√	√
29 W Hastings	√			√	√	√	√			√		√	√	
45 W Hastings		√	√	√	√	√	√	√		√	√		√	
103 E Hastings	√			√	√	√	√				√	√	√	√
108 E Hastings		√	√	√	√	√	√	√		√	√		√	√
254 E Hastings		√		√	√	√	√				√		√	√

To date, the most direct benefits of this Program are that six storefronts have upgraded facades and new retail tenants. The leveraging from the façade grants was nearly 2 to 1: the City invested \$300,000 in façade upgrades which returned approximately \$570,000 in tenant improvements (as illustrated in Table 3, Appendix C).

This program has greater potential for direct benefits over the medium-term. Together, these storefronts will start to make a positive impact on the overall streetscape by bringing more retail activity to the area and by improving the facades of buildings that had formerly appeared derelict. The program also has potential longer-term benefits, in combination with other revitalisation efforts in the area. Although speculative, there is the potential for this Program to attract and foster more new businesses, resulting in tenancing of other vacant storefronts while maintaining the low income residents need for access to inexpensive goods and services, thereby contributing to the broader economic revitalisation objectives for the area.

Having said that, there are some inherent risks associated with each project. For example, the long-term sustainability of the businesses operating in each ground floor unit is not certain because of external economic factors. However, most of the businesses that have been established are aware of the risks, and have factored that into their business plans through carrying costs, alternative marketing plans, etc.

There are two additional general observations from the monitoring of these six projects. First, the majority of Phase I projects supported arts-based businesses - theatres, studios, or galleries. They capitalized on the momentum built by the local DTES arts and culture community over the years. These projects served a need that is pressing in the community for affordable spaces for artists to operate theatres, production studios, and storefront galleries. This outcome complements the overall economic revitalization in the DTES. In addition to the many community festivals and special events that draw thousands of visitors to the area and the community-based arts initiatives that reach out to residents with addiction and mental health challenges in a way that demonstrates how these individuals can contribute to a vibrant community, these projects reinforce the role that the arts and culture sector has to effectively incubate and draw new business and investment to the area.

Second, the streamlined project approval process is a critical component of the strategy. With Council's overall support for the project concept and budget, accountability is embedded in the City Manager's approval of individual projects. Planning staff manage individual project negotiations and implementation, and develop a project description, the details of which are set out in a letter of understanding and terms of reference between the non-profit partner and the City. The relationships between the tenants and the property owners are managed by the non-profit partners directly. This approach is flexible, yet accountable, and has been critical to the success of each project, because it allowed for moderate customisation, as required.

Phase 2 Implementation: Hastings Street and Chinatown

The Hastings Street Renaissance Program sets out to manage the pace of change and the degree of community involvement in economic activity in the DTES. The Program uses façade grants to precipitate positive changes to the economic function and composition of the DTES.

Momentum is now building with the Program's initial success, with the following questions being asked: Do upgrades to these six storefronts serve as enough of a catalyst to spark ongoing positive changes to Hastings Street, changes that favour inclusive community economic development for the DTES? Given the success, should a similar strategy be exercised in other parts of the DTES where vacant storefronts pose similar problems?

1) Phase II Hastings Street Renaissance Program

Many of the first projects of the Program were focussed on arts and culture-based businesses. Given their success, there are several new opportunities to upgrade façades and secure tenancies in other vacant storefronts. There is growing interest along Hastings Street, especially among social enterprises and small-scale local servicing businesses.

Staff recommend a Phase II Hastings Street Renaissance Program to activate six additional storefronts along Hastings Street. If successful, 12 activated storefronts that deliver a more comprehensive suite of goods and services for local residents and that complement the draw of regional customers to this area for locally produced arts and cultural products, will be sufficient to achieve the goal and objectives of the Hastings Street Renaissance Program. This Program will complement other major City capital initiatives in the area aimed at bringing vitality back to Hastings Street, including social housing projects (the Lux Housing project, Pennsylvania Hotel), the Woodward's development, and the Carrall Street Greenway.

2) Chinatown Active Storefront Program

Staff also recommend launching a similar program for Chinatown. The Chinatown Vision (2002) and Chinatown Marketing Plan (2003) identified the need to diversify Chinatown's goods and services to attract four emerging client groups: local residents and workers; local visitors; tourists; and, youth and seniors. Many initiatives have been implemented to improve customer service and the physical environment through public realm upgrades in Chinatown, and some progress has been made. However, some of the biggest issues that still remain in Chinatown are comparable to the conditions along Hastings Street: the number of vacant storefronts and the lack of viable, diverse businesses to fill these storefronts to meet the needs of the community (particularly the new nearby residents and youth) and visitors. In addition, the Chinatown community has also identified the lack of vibrancy and activities in the evening as something to overcome through their revitalisation efforts.

With funding from Western Economic Diversification Canada earlier this year, a similar pilot project has been implemented in Chinatown at 163 Keefer Street. That project involved provision of a façade grant to leverage matching costs for interior upgrades from the private sector. In November, a new restaurant will be opened at this location, serving a unique type of Chinese cuisine marketed more directly to younger patrons. This pilot project is an emerging success.

The Chinatown Program will focus on recruitment of new businesses, especially for those businesses that are more dependant on the unique character and identity of the area. These businesses will bring new vibrancy into Chinatown, while enhancing and complementing its existing character. The strategy in Chinatown is to transform the cultural character of the area into economic value for new businesses.

3) Program Implementation

The Program implementation framework will follow the same streamlined process developed in Phase 1 of the Great Beginnings program. The criteria for grant recipients and stakeholders will be the same as in Phase 1: 1) a funding match for interior tenant improvements that meet minimum building code requirements, 2) longer term leases or renewable lease terms, and/or 3) reduced lease rates as a result of reduced renovation costs.

Staff will continue to monitor the implementation of Phase 2 of the Program and report back to Council in fall 2010 with an assessment and evaluation of the outputs and outcomes of the

new projects. Any consideration of the continuation of the program in selected areas of the DTES, implementation elsewhere in City where other needs or opportunities could be realised, or phasing the Program out will be a decision of Council at that time.

4) Community Partnership and Capacity Building

Similar to the first phase of the Hastings Street Renaissance Program, staff will continue working with a variety of community partners, including the UBC SALA Design and Development Research Centre and Building Opportunities with Business (BOB) for their specific expertise in design development and inclusive inner-city business development for the implementation of the two Programs.

In the Council Report (RTS 5973) dated July 24, 2008, "DTES Commercial Revitalisation" proposed an alternative to the Lease Subsidy Program and set aside \$1 million for its implementation. The Program included a suite of services to be delivered by BOB, including professional expertise and mentoring for small businesses and social enterprises and a revolving loans program. At that time, Council directed staff to evaluate the DTES Commercial Revitalisation strategy to determine if a loans and business development support program was effective in stimulating commercial revitalisation in the DTES.

Over the past year, staff have been in regular communication with BOB and have determined that a loans program is not the most effective tool to complement DTES revitalisation strategies delivered by the City. Based on Council's direction for commercial revitalisation efforts to produce targeted, visible results, and supported by feedback from BOB, the DTES Commercial Revitalisation Strategy will be replaced by a new mix of programs, including:

- Phase II Hastings Street Renaissance Program;
- Chinatown Active Storefront Program; and
- Strathcona Green Economy Program.

Two of these programs are being recommended in this report. Staff are currently developing the Strathcona Green Economy Program with a broad range of community partners and will report back to Council in Spring, 2010.

FINANCIAL IMPLICATIONS

The proposed cost of the Phase 2 - Hastings Street Renaissance Program and Chinatown Active Storefront Program - totals \$700,000, including program administration costs and design development support. Source of funds are as follows:

- i. \$95,500 remaining from the 2004 Capital Budget for DTES Public Realm Improvements;
- ii. \$500,000 from the 2004 Capital Budget for DTES Community Economic Initiatives;
- iii. \$11,165 remaining from the 2005 Capital Budget - DTES Unallocated;
- iv. \$43,335 from the 2006-08 Capital Budgets for DTES Lease Subsidy Program; and
- v. \$50,000 from Great Beginnings Program provincial funding.

A total of twelve façade improvement grants of maximum \$50,000 each will be made available, with the goal to fill six additional vacant storefronts on Hastings Street and six vacant storefronts in Chinatown. Staff will report back in the Fall of 2010 with the results of both Programs.

CONCLUSION

Planning work in the Downtown Eastside (DTES) serves the neighbourhood in two ways: it fosters a sense of a place and a diverse collection of people. The issues that are encountered through planning are complex - there are a variety of interest groups, many differing opinions, and polarizing issues related to change in the area. The current approach for the DTES planning team is an integrated one - using community-based economic development, strategic actions, and intergovernmental initiatives to build and nurture an inclusive community.

The first phase of the Hastings Street Renaissance Program has focused on physical upgrades of buildings along Hastings Street between Cambie and Gore. With public investment through the Great Beginnings Initiatives, these renovation projects have filled six vacant storefronts along these five blocks of the Downtown Eastside (DTES), emphasizing tenancies for local artists to operate studios and galleries. This Program makes a significant contribution towards improving the streetscape, daylighting existing businesses and helping to establish new businesses, effectively re-using existing (and otherwise deteriorating) building stock, and securing affordable spaces to foster community-based economic development.

The strategy has delivered tangible and timely results along a five-block stretch of Hastings Street, with a highly visible outcome and a positive impact on the DTES more broadly.

This report recommends Council approve and fund Phase II of the Program and launch a similar Program for Chinatown.

* * * * *

DOWNTOWN EASTSIDE INTER-GOVERNMENTAL INITIATIVE

Great Beginnings Program Vancouver Agreement Olympic Social Sustainability Legacy Project

Over the past ten years of revitalization work in the Downtown Eastside, various inter-governmental programs have been developed to enhance intergovernmental collaboration, improve quality of life for all residents, support community capacity building and deliver concrete projects that will contribute to these objectives.

In order to better coordinate projects supported by these programs and to ensure alignment of objectives with City Council, various city departments' work in the community for more sustained legacy, this Project Approval Form is developed for an integrated DTES Inter-governmental Initiative, including the Great Beginnings Program, Vancouver Agreement and Olympic Social Sustainability Legacy Project.

PROJECT APPROVAL FORM

PROJECT NAME: Hastings Street Renaissance - Phase I Implementation

PROJECT INFORMATION:

The Hastings Street Renaissance focuses on physical upgrades through renovation projects and securing tenancy for vacant storefronts along four blocks of the DTES. The project is designed to build capacity of local residents, organisations, and businesses to take full advantage of those upgrades for business and community development in order to be responsive to community needs. The strategy will deliver tangible, visible, and timely results along these four blocks. The first phases will be delivered over a one-year period and, if successful, will have a highly visible outcome and a positive impact on the DTES more broadly.

Objectives:

This strategy is comprised of four general elements:

- 1) façade upgrades for 6 buildings that are currently in poor states of repair,
- 2) identifying new and existing businesses, non-profits organisations, and arts-base community groups to occupy those vacant storefronts,
- 3) creating opportunities for DTES residents to gain training and employment in construction-related trades, and
- 4) making small, but noticeable improvements to the public realm to compliment the improved streetscape.

Description:

- 1) Façade Upgrades

The City will invest up to \$50,000 per façade to cover renovation costs. The funding will be available for exterior "facelift" work, including painting, murals, lighting, signage, planters, awnings, and replacement of windows and/or exits. Property improvements or repairs to the interiors of buildings are not included in the program.

With some projects, there may be an opportunity to integrate green building elements related to improving indoor air quality, using sustainable building materials, and encouraging deconstruction and waste diversion.

2) Tenants

Funding for façade improvements will flow in one of three ways: 1) a grant directly to a non-profit organization as tenant or property manager, 2) a grant to BOB to support small businesses and/or local employment opportunities, or 3) payment directly by the City for arts and cultural program space. This funding strategy ensures that ownership of the improvements remains in the DTES community.

3) Employment

Implementation of this strategy creates an opportunity for integrating similar concepts from the Olympic Village Community Benefits Agreement into funding agreements between the City and non-profit organisations for the façade renovations, including procurement, on-the-job skills training, and employment from the DTES. BOB is currently developing a service where building owners, property managers, or tenants can access a team of renovators to work on their building for little or no cost.

4) Public Realm

The Hastings Street Strategy will be augmented with other departmental priorities for 2009 Great Beginnings Project. Examples of these projects include a hanging baskets program (ENG), the Clean Streets initiative (ENG), the DTES arts and culture demonstration projects (CS), and community garden initiatives (SOC).

Outputs / Outcomes:

The primary output for this project is to deliver occupied storefronts with improved facades along this four-block stretch of Hastings Street.

A critical premise for this strategy is to hone in on renovations of façades, rather than fostering wholesale re-development of buildings. There are several rationales for this approach: First, it is quicker to implement renovations as compared to re-development projects, thereby realising physical streetscape improvements within the timeline for Great Beginnings funding. Second, renovations will result a tangible, manageable, visible improvements block-by-block. Third, this approach is less impactful than wholesale re-development, thereby giving the community fair time to react to and become part of any changes that occur in their neighbourhood. Fourth, making minor renovations will ensure that vacant space along Hastings Street is improved to a state where is suitable for occupancy, but not so re-furbished as to price-out non-profits agencies, start-up social enterprises and businesses, or displace the businesses that are already operating along the corridor. Finally, by focusing on renovations, this strategy improves the overall standard of maintenance for the streetscape and collectively improves the public realm and urban context in order to evaluate future re-development projects in the area.

With regards to tenancy, in cases where non-profit organisations receive grants directly for their façade upgrades, they can then use this civic investment as negotiating leverage with property owners to secure some of the following items in their lease agreements: 1) interior tenant improvements that meet minimum building code requirements, 2) longer term leases, or 3) reduced lease rates as a result of reduced renovation costs. It also builds the capacity of non-profits who operate in the area to more effectively deliver their mandates, both by

providing a capital revenue stream and by working towards securing improved workspaces for their operations in the neighbourhood.

In cases where BOB receives funding for façade improvements from the City, they will act as the fiscal agent and coordinator for renovations contractors. Small businesses will receive support from BOB through facade upgrade projects, but may also qualify for additional business development grants or other involvement through BOB's core service programs (including stakeholder engagement events, industry cluster support, affordable financing, and business development advice, referrals, and planning).

In cases where the City identifies sites for arts and cultural programming over short and medium terms, the City will take on the lease and pay directly for renovations done to the façade.

A fourth scenario involves buildings owned by the other levels of government. In these cases, the City will negotiate with the appropriate government agency (BC Housing, Vancouver Coastal Health, and Great Vancouver Regional Housing Corporation) to explore possibilities to align their ground floor strategies with the City's initiative.

Evaluation & documentation:

There are 6 storefronts along Hastings Corridor between Cambie and Main Street that will receive improvements as part of the first phase of implementation. The key measurables for this project are:

- 1) Number of upgraded ground floor facades;
- 2) Number of vacant ground floor storefronts filled with tenants that operate small businesses and/or social enterprises; and
- 3) Number of DTES residents employed in construction-related jobs associated with this project.

Timeline

The overall Hastings Renaissance project will run for 18 months from March, 2009 to September, 2010. Individual projects will be completed in phases. The first phase will be launched in March, 2009 and will include 6 projects that will be completed by early summer, 2009.

PROJECT BUDGET:

Six individual budgets will be developed for each project address. The maximum investment for each address is \$50,000, to be used exclusively for upgrades to the exterior facades of the buildings (including materials and labour). The total budget will be \$300,000, not including in-kind support and matched funding from other funding partners.

FUNDING REQUEST FROM DTES INTER-GOVT. INITIATIVE FUND:
\$300,000

OTHER FUNDING PARTNERS:

In-kind contributions from non-profit partners
Possible matching funds from tenants and/or property owners

LEAD DEPARTMENT & STAFF RESPONSIBLE:

Planning Department, Central Area, DTES Neighbourhoods Team

Lead staff: Kira Gerwing

OTHER DEPARTMENT(S) SUPPORTING THIS PROJECT:

Cultural Services
Real Estate Services
Development Services
Engineering

INTER-DEPARTMENTAL TEAM WORKING ON THIS PROJECT (if applicable):

Jessica Chen (Planning)
Kira Gerwing (Planning)
Marco D'Agostini (Planning)
Bill Boons (Development Services)
Mandy So (Development Services)
Barb Windsor (Licensing and Inspections)
Will Johnston (Chief Building Official)
John Breckner (Real Estate Services)
Richard Newirth (Cultural Services)

Project Criteria checklist (*pls check appropriate column and give brief comment to support your analysis*)

CRITERIA		YES	NO	COMMENT
Priorities	<i>Does the project fit into objectives & directions established by the</i> <i>-GB framework</i> <i>-Olympic Social Sustainability framework</i> <i>-Council direction</i> <i>If yes, pls identify which council's direction does the project align with</i>	✓		- Contributes to Council Priorities: Creative Capital and a Growing Economy - Provides employment and training fosters cultural activities - Ensures improvements to the physical (through façade upgrades), social (through local employment opportunities and securing tenancy), and economic (through job development and filling vacant storefronts) environments
Resources	<i>- Supported by City Department(s)</i> <i>- Other funding partners</i>	✓		- in-kind contributions and, in some cases, funding matched by property owners and/or tenants
Appropriateness	<i>Honour local cultural context and the unique contributions of neighbourhood</i>	✓		- securing tenancy for local-serving organisations and small businesses
Local Participation	<i>Ensure involvement of local residents</i>	✓		- involved in tenancy and construction-related employment
Effectiveness	<i>Maximize benefits to local communities</i>	✓		- local employment opportunities, securing space for local-serving businesses and organisations
Capacity Building	<i>Increase the community's capacity to build a vibrant community</i>	✓		- adding negotiating leverage to new tenants of previously unoccupied space
Feasibility	<i>Ensure practical and tangible results /</i> <i>Clearly identified deliverables</i>	✓		- 6 projects are underway and will be complete by end of summer, 2009
Sustainability	<i>incorporate sustainability values and activities into design and implementation</i> <i>activities that will go beyond the life of the project</i>	✓		- physical benefits will last the duration of the improvements to facades, social and economic benefits will be long-term in enhanced capacity for non-profit organisations and local employees who obtain gainful work
Outcomes & Legacy	<i>Will this project yield</i> <i>-tangible results</i> <i>-social legacy</i> <i>-physical legacy</i>	✓		- physical legacy in an improved streetscape along Hastings Street as a result of upgraded facades and occupied storefronts
Evaluation & documentation	<i>Is there a process established for monitoring, evaluation & documentation</i>	✓		- before, during, and after photos, tracking employment success rates, etc.

Approval of Budget

From Great Beginnings Program
Approved amount: \$100,000

From Vancouver Agreement
Approved Amount: \$200,000

Approved by: Dr. Penny Ballem, City Manager

Date: March 9, 2009

The following Administrative Bulletin sets out the process and criteria for projects included in the Hastings Street Renaissance Program.



May 13, 2009

RE: Hastings Street Renaissance Project - Administrative Bulletin

BACKGROUND

The Hastings Street Renaissance focuses provides funding for physical upgrades to buildings along the Hastings Street Corridor, between Cambie Street and Main Street. The efforts will focus on restoring a vitality to this part of Hastings Street by improving the quality of life for this local and regional-serving shopping area. These efforts are achieved through public and private initiatives that work together and complement each other to upgrade both the façade (as the interface between the public and private realms) as well as renovations for the rest of the building.

The renovation projects will be strategically supported to secure affordable tenancy for storefronts that currently appear to be vacant. The project is designed to build the capacity of local residents, organisations, and businesses to take full advantage of those upgrades for business and community development. The strategy will deliver tangible, visible, and timely results along these four blocks.

OBJECTIVES

The concept of this program is to use City of Vancouver funding dollars for façade upgrades to leverage *one or more* of the following from the property owner and tenants:

- 1) *Affordable*¹ leases for small businesses, social enterprises, or other commercial uses;
- 2) Interior and/or additional exterior *renovations* and/or tenant improvements to improve the general condition of the building without spurring larger scale re-development;
- 3) Retail/commercial *tenancy* of currently vacant ground floor units with a focus on building capacity for existing local enterprises.

PROCESS

1.1 Pre-application files

For each potential project, planning staff will establish a pre-file that includes the following information:

¹ For the purposes of this program, an affordable lease is less than \$15 per square foot, gross.

- 1) Address information, including current property owner and tenant (where applicable) contact information, heritage and/or SRA designation
- 2) Land-use zone and basic elevation sketch showing current approved uses for each floor
- 3) Proposed use, including letter that describes hours of operation, target clientele, facility management, etc.
- 4) Permits required (in general, the emphasis will be on projects that only require a building permit, rather than a development permit for a change of use)
- 5) Level of submission requirements for permits, especially (but not limited to) for heritage structures
- 6) Scaled design drawings that clearly set out the proposed scope of work for façade upgrade and other renovation work, where applicable
- 7) Preliminary notes on proposal, where applicable

1.2 Design Principles

The following principles are meant to highlight opportunities and provide guidance for façade upgrades and signage designs along Hasting Street. For more detailed design guidelines, refer to the following sets of design guidelines:

- the Victory Square Guidelines (<http://vancouver.ca/commsvcs/guidelines/V006.pdf>),
- the Downtown (Except Downtown South) Design Guidelines (<http://vancouver.ca/commsvcs/guidelines/D003.pdf>), and
- the Downtown Eastside/Oppenheimer Design Guidelines (<http://vancouver.ca/commsvcs/guidelines/D008.pdf>).

Heritage

- 1) The prevailing facade composition established by heritage buildings in the area should be respected. Any new development should respect the traditional appearance and proportions of the facades of heritage buildings.

Built Form

- 2) Façade continuity and the homogeneity of existing street-fronting development should be reinforced.
- 3) Artwork as a permanent element of a building or an open space should be encouraged. Unique artist-designed signage, lighting, banners, pediments, and installations that provide a special sense of place and character are encouraged.

Façades

- 4) Facades should be designed to allow for retail, retail-commercial and service uses and storefronts. They should provide windows and entrances, ensuring that there are no blank walls on the street and shopfronts are a maximum 30 feet in width.

Pedestrian Movement and Weather Protection

- 5) The general convenience, comfort, safety, and pleasure for pedestrians in the area should be improved with renovations to the façade.
- 6) Continuous weather protection should be encouraged. Awnings, arcades, overhangs, and canopies should be considered, noting the need for maximum continuity and alignment wherever possible, and also considering the compatibility of signage, lighting, and architectural detail.

Security

- 7) Discourage barriers between facades and storefronts and the streetscape. This could include, in order of priority, removing security bars and replacing windows with tempered glass, opening security bars during day-time business hours, dark bars rather than light ones, bars that are created by artists and include culturally relevant and interesting images, bars placed behind displays rather than in front of them, and roll-up doors. Light-coloured security systems, off-the-shelf systems, and bars in front of windows are discouraged.

Entries, Doors, and Display Windows

- 8) Welcoming tiled mosaic entry-ways and decorative tiles on storefronts are encouraged.
- 9) Transparency into the retail store to show the store's wares and enable casual surveillance onto the street is encouraged.
- 10) Clear glazing and transom windows are encouraged.

Signage and Building Lighting

- 11) Signs should be eye-catching and express the nature of the business within. A sign program for Hastings Street should include neon signs that incorporate the historical context of the building and streetscape or more contemporary ideas that respect the historic character of the area, painted signs on store windows, and projecting signs that are perpendicular to the building frontage.
- 12) Recommended exterior lighting includes warm-toned gooseneck lights at the second floor level, warm-toned wall lights at column capitals, neon feature lighting, especially in and around windows, and LED lights at the roofline. Fluorescent lights and wall-washing approaches to lighting are discouraged.

1.3 Staff Review

Once the pre-files are assembled by DTES Planning staff in collaboration with the property owner, the tenant, and other project partners, they will be circulated to staff in Development Services and Heritage Planning for preliminary approval. Any required changes will be addressed in advance of a permit application submission to the City's Enquiry Centre for final approval and permit issuance.

Hastings Street Renaissance Program
Phase 1 Monitoring Report

There are a number of measurable outputs (immediate project results - direct products of project activities) and outcomes (impacts on the community / intermediate results - changes in behaviour, practice, policy, etc. the project achieves) that can be attributed to the first phase of the Hastings Street Renaissance Program.

Outputs

Table 1. Number of improved facades

There were 6 improved facades along the five-block stretch of Hastings Street between Cambie Street and Gore Avenue:

Address	Name	Non-profit partner
7 West Hastings	Beacon Hotel	Portland Hotel Society
29 West Hastings	Lu's Pharmacy	UBC SALA
45 West Hastings	Phoenix Building	East Vancouver Arts Cooperative
103 East Hastings	Potter's Community Arts Gallery	Potter's Mission
108 East Hastings	Acme Building	BOB
254 East Hastings	Rickshaw Theatre	BOB

Table 2. Number of filled storefronts

There were 9 storefront operations either daylighted or newly established through the Hastings Street Renaissance Program. Note an emphasis on creative industry-related businesses, including artist galleries (with studios behind or on upper floors), rehearsal spaces, and live performance venues.

Address	# of Storefront Operations	Business Names
7 West Hastings	2	1) Blue Shell Laundry 2) TBD
29 West Hastings	1	1) Lu's Pharmacy
45 West Hastings	1	1) Brazilian Capoeira Supply Shop
103 East Hastings	2	1) Potter's Community Arts Gallery 2) Ming's Korean wrap cafe
108 East Hastings	2	1) Pacific Thorn Gallery and Printshop 2) Goonies Gallery
254 East Hastings	1	1) Rickshaw Theatre
TOTAL	9	

Table 3. Amount of tenant improvements leveraged through each façade grant
Each façade grant provided through the Hastings Street Renaissance program leveraged a certain amount of private investment, either to the interior or the exterior of the building. In total, the amount of private funding leveraged from Phase 1 (\$300,000 of City investment through the Great Beginnings Initiative) totalled \$570,000.

Address	Leveraged Tenant Improvements	Estimated Value of additional improvements
7 West Hastings	Interior upgrades (labour and materials) for two ground floor units	\$20,000
29 West Hastings	Interior upgrades (design, labour, and materials) for ground floor unit	\$300,000
45 West Hastings	Interior upgrades (labour and materials) for ground floor and second floor units	\$70,000
103 East Hastings	Interior upgrades (labour and materials) for ground floor unit	\$20,000
108 East Hastings	Interior upgrades (labour and materials) for ground floor and second floor units	\$60,000
254 East Hastings	Interior upgrades (labour and materials) for ground floor unit	\$100,000
TOTAL		\$570,000

Outcomes

Table 4. Summary of the derived outcomes from the façade grants for each address that received a façade upgrade through the Hastings Street Renaissance Program:

Address	Physical Outcomes	Social Outcomes	Economic Outcomes
7 West Hastings	<ul style="list-style-type: none"> • Façade clean-up and minor upgrades • Ground floor tenant improvements • Upgraded SRO units above 	<ul style="list-style-type: none"> • Affordable and secure retail space and rehearsal and studio for artists 	<ul style="list-style-type: none"> • Secure lease for ground floor tenants (at least 5 years, less than \$12/sq. ft.) • DTES residents employed in construction project
29 West Hastings	<ul style="list-style-type: none"> • New facade • Ground floor tenant improvements 	<ul style="list-style-type: none"> • Affordable and secure retail space • Social enterprise expansion 	<ul style="list-style-type: none"> • Secure lease for ground floor tenants (at least 5 years, less than \$12/sq. ft.)
45 West Hastings	<ul style="list-style-type: none"> • Façade clean-up and minor upgrades • Ground floor and second floor interior tenant improvements 	<ul style="list-style-type: none"> • Affordable and secure retail space • Affordable and secure rehearsal and studio for artists 	<ul style="list-style-type: none"> • Secure lease for all tenants (at least 5 years, less than \$12/sq. ft.) • DTES residents employed in construction project

Address	Physical Outcomes	Social Outcomes	Economic Outcomes
103 East Hastings	<ul style="list-style-type: none"> • New façade • Ground floor tenant improvements 	<ul style="list-style-type: none"> • Affordable and secure community arts programming and gallery space • Affordable and healthy food for sale 	<ul style="list-style-type: none"> • Secure lease for all tenants (at least 5 years, less than \$12/sq. ft.) • DTES residents employed in construction project
108 East Hastings	<ul style="list-style-type: none"> • Façade clean-up and minor upgrades • Ground floor and second floor interior tenant improvements 	<ul style="list-style-type: none"> • Affordable and secure retail space • Affordable and secure rehearsal and studio for artists 	<ul style="list-style-type: none"> • Secure lease for all tenants (at least 5 years, less than \$12/sq. ft.) • DTES residents employed in construction project
254 East Hastings	<ul style="list-style-type: none"> • Façade clean-up and minor upgrades • Ground floor interior tenant improvements 	<ul style="list-style-type: none"> • Affordable and secure rehearsal and performance space for artists 	<ul style="list-style-type: none"> • Secure lease for all tenants (at least 5 years, less than \$12/sq. ft.)

In addition to the anticipated outcomes that were specific to each project that received a façade grant through the Hastings Street Renaissance Program, there were unanticipated outcomes derived from the Program overall. They include:

- Local residents were employed in the façade construction projects and new businesses, partly as a next step for the CORE training provided through the Olympic Village Community Benefits Agreement.
- The leases secured for non-profit and small business tenants have terms of five years or more, and range in cost from \$1/sq. ft. to \$12/sq.ft.
- Streamlined permit approval process - staff in Development Services worked closely with DTES Planning staff to streamline the process in order to facilitate the issuance of development and building permits and business licences.
- Design development support - UBC SALA's Design and Development Research Centre provided education, guidance, and key design and development services. Their key role was to provide architectural and project management support for the façade upgrades for new tenants that were moving into vacant storefronts on Hastings Street.
- Organisational capacity building for small non-profit groups - the façade grants provided by the City of Vancouver to non-profit societies enabled them to use that grant funding to leverage additional funding support from other philanthropic and senior government funding programs.