



ADMINISTRATIVE REPORT

Report Date: June 30, 2014
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Meeting Date: July 8, 2014

TO: Vancouver City Council

FROM: General Manager of Planning and Development Services and Chief Housing Officer

SUBJECT: Chinese Family Clan and Benevolent Societies in the Downtown Eastside: A New Grant Program and Strategic Support for Buildings with Heritage, Affordable Housing, or Cultural Assets

RECOMMENDATION

- A. THAT Council approve the Chinese Society Building Matching Grant Program as outlined in Appendix A, to support critical upgrades to buildings owned by Chinese Family Clan and Benevolent Societies in the Downtown Eastside (DTES), in order to support and retain these organizations as key partners in the revitalization of Vancouver's historic Chinatown.
- B. THAT Council approve funding for strategic support to implement the Grant Program and to undertake a consultant study to develop a business case and partnership development package, under the direction of the Chief Housing Officer, to leverage City funds and develop a robust rehabilitation program for the society-owned heritage buildings in Chinatown as identified in Appendix B.
- C. THAT Council approve a budget of \$2.5 million for the Grant Program and strategic support described in Recommendations A and B, using a combination of developer contributions designated for this purpose and City funds. Sources of funding are as follows:
 - \$1,238,000 from the Community Amenity Contribution through the rezoning of 633 Main Street; and
 - \$1,262,000 from the Capital Budget for DTES Revitalization.

REPORT SUMMARY

This report recommends that Council approve a new Chinese Society Building Grant Program (the “Grant Program”) for critical upgrades to buildings in the Downtown Eastside (DTES) owned by Chinese family clan and benevolent societies (the “Societies”). These organizations are cultural anchors in the community and key partners in Chinatown’s revitalization. This Grant Program recognizes that their continued presence in the community is a key part of Chinatown’s distinct cultural identity and heritage.

The report also recommends funding for strategic support to implement the Program and a technical study focused on rehabilitation of Society-owned heritage buildings in Chinatown (the “Chinatown Society Heritage Buildings”) under the direction of the Chief Housing Officer. The Grant Program will provide some immediate support to help maintain the assets whilst a longer term solution to renewal and preservation is sought. A consultant will be engaged to update and conduct technical studies of these buildings, and to prepare a business plan and partnership development package. This will help inform and support a business case to funding partners (both private sector and senior government) for the development of a robust building rehabilitation program for these critical heritage, housing and cultural assets.

A total of \$2.5M in funding is recommended for these two initiatives.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

In 2002, City Council approved the *Chinatown Vision* that identified protecting the area’s heritage and culture while focussing on bringing in new energy and investment to the neighbourhood.

In February 2008, City Council approved the *Society Heritage Buildings Rehabilitation Strategy*, which recognized that the heritage buildings in Chinatown owned by the Societies were of critical importance to the long-term revitalization of Chinatown. Council also approved the *Chinatown Society Buildings Planning Grant Program*, which provided funding to the Societies for the preparation of feasibility studies for heritage building rehabilitation.

On July 25, 2012, Council approved the *Chinatown Neighbourhood Plan and Economic Revitalization Strategy*, which identified the Societies as significant community cultural assets, and identified as a priority the restoration of the Chinatown Society heritage buildings.

On March 12, 2013, Council directed staff to develop a new fund to assist the Chinatown Society Heritage Building Association with the critical rehabilitation of their buildings using the Community Amenity Contribution (CAC) from the rezoning of 633 Main Street as the funding source. Total CAC value is \$1,237,725.

On March 15, 2014, Council adopted the DTES Plan which includes a policy to pursue the rehabilitation of the heritage buildings owned by Chinatown Societies, as community and cultural anchors critical to the revitalization of an authentic Chinatown. The Plan also includes as a quick start action the development of a framework and business plan for a Chinatown Society Buildings Grants Program.

GENERAL MANAGER'S COMMENTS

The General Manager of Planning and Development and the Chief Housing Officer recommend approval of the foregoing.

REPORT

Background/Context

The Chinese family clan and benevolent societies (the “Societies”) were established over 100 years ago by Chinese immigrants who arrived in Canada in search of a better life. These organizations were initially formed based on ancestral lineage (usually surname), geographic areas of origin/ancestral home, or common interests. They provided social support and general welfare services to their members, and were a critical part of the evolution of Chinatown.

Societies still play an important part in the Chinatown economy and the lives of Chinese-Canadians, particularly for seniors and young people. In Vancouver today there are approximately 100 Chinese Societies, with the majority of them located in and around Chinatown. Many of the Societies own property, with over 50 Societies owning buildings in the Downtown Eastside (of which about 20 are in Chinatown). These non-profit organizations are stewards of important heritage buildings, providers of affordable rental housing, and key contributors to the cultural landscape of Chinatown.

Built Heritage Stewards

Almost a third of the heritage buildings in Chinatown have been owned by the Societies for generations, with some of them built by the Societies early in the last century. These societies are widely recognized as organizations critical to the preservation of unique cultural and heritage assets of local, national, and global significance. The retention of their buildings is critical to maintaining the physical and authentic character of Chinatown. The continued presence of the Societies in Chinatown was a key factor in the designation of Chinatown as a National Historic Site of Canada in 2011.

The twelve heritage buildings owned by the Societies in Chinatown form a critical part of Chinatown’s distinctive urban fabric (see Figure 1 below and Appendix B for a map and building details). Maintaining and updating these heritage buildings is a significant challenge for the Societies.



Figure 1 - Society Heritage Building Streetscape of the 100 Block of East Pender Street - North Side
From left to right: Wong Benevolent Association building (1921 alterations, 1904 original building), Lee building (no longer owned by a Society), Lung Kong Kung Shaw building (1923), and the Mah Society building (1913).

Providers of Rental Housing

A key service that many Societies offer the community is the provision of very affordable rental housing, with Societies operating approximately 600 units of housing in the Downtown Eastside. About half of these units are located in Chinatown, and half in adjacent neighbourhoods including Strathcona and along Hastings Street. The Societies own 11 SRO hotels in the Downtown Eastside, with 2 of these being heritage buildings in Chinatown. In addition, a number of Societies have developed new social housing with government funding both within and outside of Chinatown. Continuing to operate with their early benevolent values, many of the Societies have affirmed their desire to continue or expand affordable housing in their buildings, some indicating an interest in seniors' affordable housing. Supporting those Societies that are non-profit housing providers aligns with strategic housing directions identified in the DTES Plan, such as better conditions in SROs, as well as the Housing and Homelessness Strategy, in particular around affordable non-market rental housing.

Cultural Anchors in a Changing Chinatown

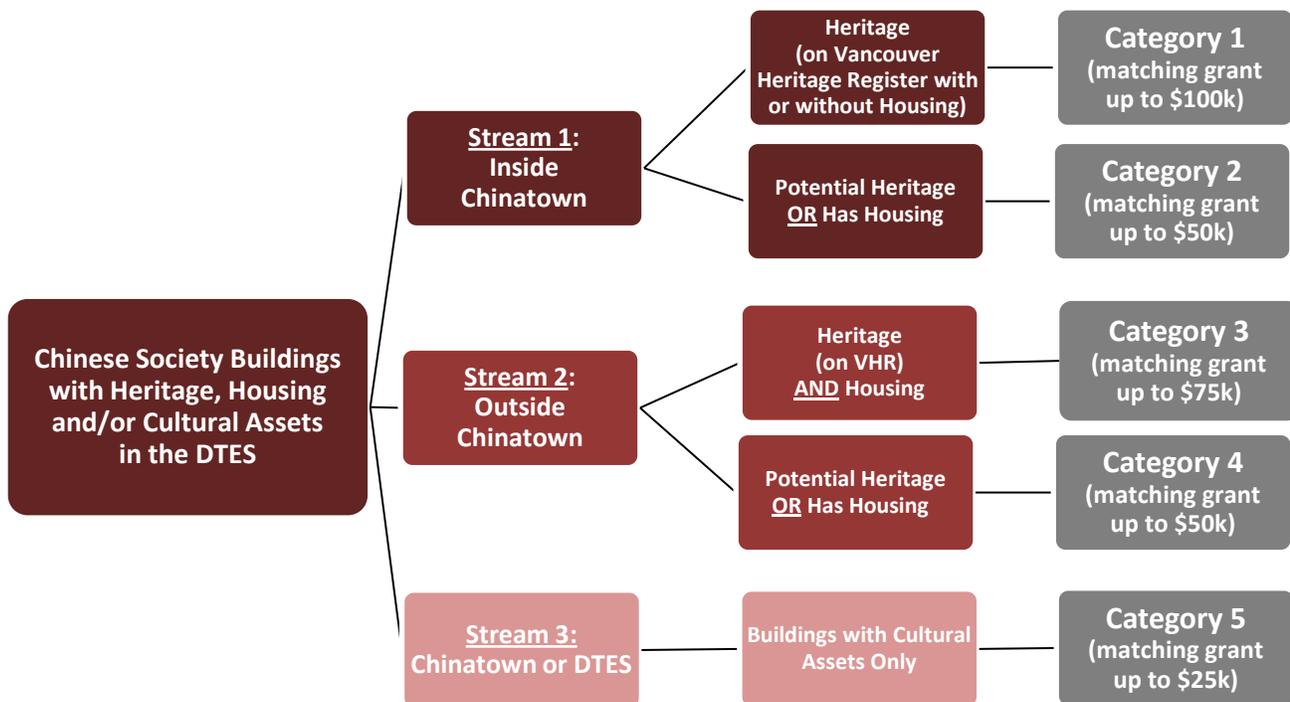
The Societies were fundamental to the development and prosperity of Chinatown and the Chinese community in Canada. Today, the Societies remain relevant and are social hubs for the Chinese-Canadian community, particularly for seniors and youth. They continue to provide housing, office, and ground floor retail space, as well as hold cultural activities and traditional festival celebrations. Some buildings serve as national headquarters, and many Societies have thousands of members who live throughout the Lower Mainland. With recent development interest in Chinatown increasing in the past number of years, the role of Societies is also evolving from providing services to its members to one of preserving and fostering our city's rich Chinese heritage and culture. Renewal of their buildings is a crucial factor in ensuring the Societies continue to thrive and remain cultural anchors in Chinatown.

Recommended New Grant Program

It is proposed that a new Chinese Society Buildings Matching Grant Program (the “Grant Program”) be established for a period of 3 years, to provide matching grants for critical capital maintenance and upgrades to buildings owned by the Societies with an emphasis on heritage buildings and those with affordable housing units. Appendix A provides the framework for the Grant Program, with detailed application procedures to be established following Council approval of the recommendations in this report.

It is proposed that the Program have two main grant streams, one for buildings located inside Chinatown and one for buildings located outside Chinatown but in the DTES. As requested by Council, the new grant program proposes that priority consideration be given to the affordable and social housing contribution of projects when reviewing applications and determining grant amounts. A third stream of funding may be available for Society buildings without heritage or housing assets, in recognition of their contribution to the cultural fabric of Chinatown, however this will be subject to available funds and the nature of projects proposed.

The following summarizes the Grant Program streams and categories, and identifies the proposed maximum grant amounts for each category.



Note: Final grant amounts may be higher or lower than the proposed maximum, depending on the number of applications received and nature of projects proposed. The maximum level of grant amount will be 50% of total project costs.

Strategic Support for Society Heritage Buildings in Chinatown

There are twelve Society-owned heritage buildings in Chinatown, and at over 100 years old they are in significant need of major building upgrades. While the Grant Program recommended in this report will assist the Societies to address critical building upgrades, it is not sufficient to result in major upgrades necessary to preserve these buildings over the long term due to the large costs associated with heritage building rehabilitation.

Previous work undertaken by seven of the Societies, which was supported by the Council, provides an estimated order of magnitude costs to rehabilitate all 12 Society heritage buildings in Chinatown to be \$150M (total project costs). Looking only at the shortfall costs (which is the remainder after taking into consideration possible project financing, revenues and other cost offsets) the rehabilitation feasibility studies undertaken for the seven Societies, estimates a shortfall of \$50M for all 12 buildings to be rehabilitated. These estimated costs are over and above potential revenues and financing that the Societies could achieve, thus there is a considerable funding gap that a Society would need to meet through fundraising, partnerships, and other sources of equity prior to proceeding with the work.

The unique nature of these buildings and their recognized role as a national historic asset means that a special approach is required to address the challenges of rehabilitation.

This report recommends that a consultant be engaged, under the direction of the Chief Housing Officer, to update and conduct technical studies of the Society heritage buildings in Chinatown to identify the funding gap, pursue innovative tools and partnerships, work with the Societies to build their capacity, and leverage the City's capital investment towards building a business case for a comprehensive and effective major upgrade program.

The new major upgrade program that could result from this work, if additional funding partners such as senior governments, private sector and foundations are secured, would look to support full heritage building upgrades with comprehensive funding tools, new and improved affordable housing, renewed retail, office and society/community program space, and a revitalization of the Societies as cultural anchors in Chinatown.

Consultation with Chinatown Society Heritage Building Association

In allocating the CAC of \$1,238,000 from the rezoning of 633 Main Street, Council directed that a new fund be established to assist the Chinatown Society Heritage Building Association (CSHBA) with the rehabilitation of their buildings. This organization was consulted several times in the development of this new grant program. Overall, CSHBA is keen to see the new grant program established as soon as possible, and prefers a process that provides equal opportunity to all Chinatown Societies with priority for grants given to those that have completed a feasibility study demonstrating a commitment to rehabilitating their heritage buildings and the revitalization of Chinatown. The CSHBA is also supportive of the development of a larger business case for the Society heritage buildings, to secure additional funding partners and inform a major upgrade program for the rehabilitation of these buildings.

Public feedback received through the preparation of the DTES Plan regarding the Chinatown Society buildings was that their rehabilitation is an important part of Chinatown revitalization, that disruption to existing tenants by proposed projects be minimized, and that those Society buildings that currently contain affordable housing continue to do so after rehabilitation. These factors will be incorporated into the program once the overall framework is approved.

Alignment with the Downtown Eastside Local Area Plan

In the Public Benefit Strategy (“PBS”) included in the DTES Plan that Council approved on March 15, 2014, the Chinatown Society heritage buildings are identified as a heritage priority. Estimated total costs of rehabilitating all 12 of the Chinatown Society buildings is estimated at \$150M, with the City’s share of this global renewal cost projected to be \$15M as included in the PBS.

The recommendations in this report are consistent with the DTES Plan, including several policies and directions related to the Chinatown Society buildings, encouraging residential intensification, and the upgrade of SROs. The Grant Program would implement a quick start action identified in the Plan to support the rehabilitation of Chinatown Society heritage buildings.

Financial

Staff recommend that a budget of \$2.5 million be approved for the Grant Program and strategic support described in this report. Sources of funding are as follows:

- \$1,238,000 from the Community Amenity Contribution through the rezoning of 633 Main Street; and
- \$1,262,000 from the Capital Budget for DTES Revitalization

Of the \$2.5 million program budget, it is anticipated that approximately \$500,000 will be spent in 2014, which is already available in the approved 2014 Capital Budget for DTES Revitalization. Should additional expenditure budget be required in 2014, this will be addressed through the quarterly budget adjustment process.

CONCLUSION

It has been a long-established goal of the City and community to support the revitalization of Chinatown, including the Society buildings. The recommendations in this report are focussed on making progress towards this goal through the establishment of a Grant Program and provision of strategic support to leverage these funds and develop partnerships for the rehabilitation of the Chinatown Society heritage buildings. Together these investments will ensure the Societies continue to serve as cultural anchors in the community, and that their historic and social role in Chinatown is maintained as the neighbourhood revitalizes and grows.

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Chinatown Society Building Matching Grant Program: Draft Program Framework

The Chinatown Society Building Matching Grant Program is proposed as a three year program, subject to available funds. The purpose of this program is to lend support to these organizations, so that their presence continues to contribute to the overall revitalization of Vancouver’s historic Chinatown.

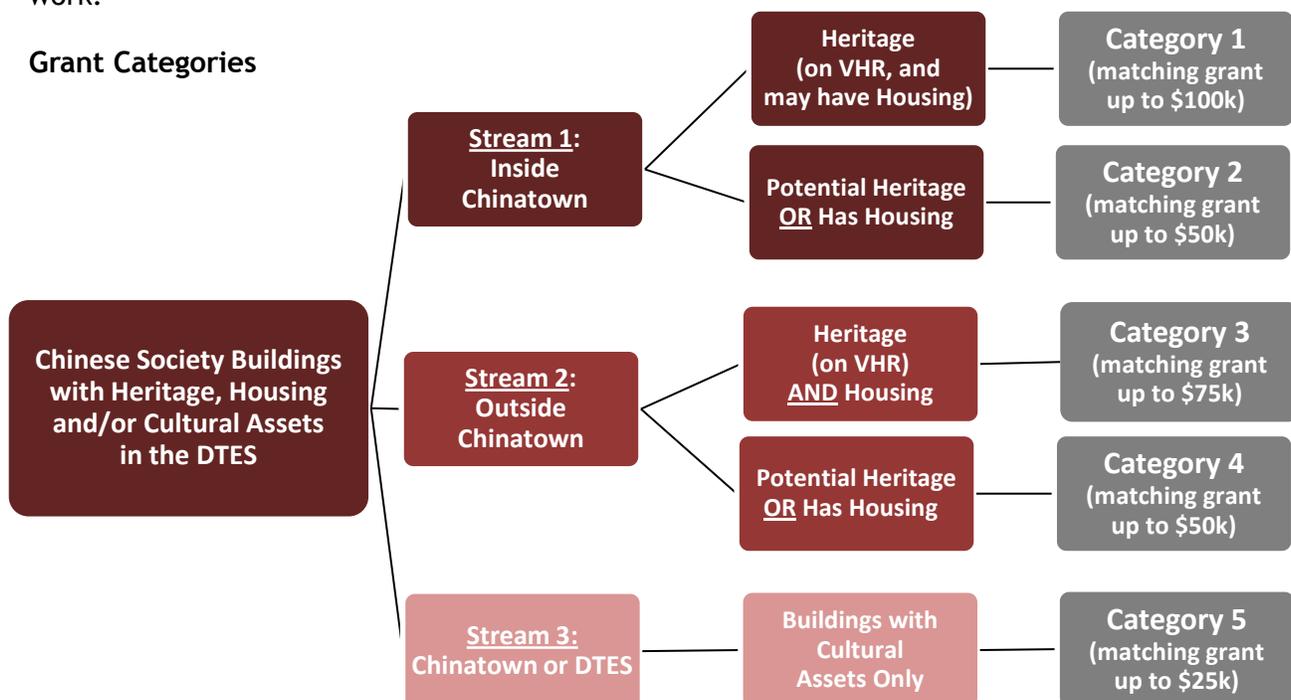
Eligibility Criteria

- Chinese Family or Benevolent Society with registered non-profit society status
- Ownership of a building located in Chinatown (HA-1 and HA-1A) or in the Downtown Eastside
- Commitment to cost-sharing arrangement of 50 per cent (Society’s share) for the proposed scope of work, to be determined through detailed application review and approval.
- Other criteria will be established for each grant category and included in grant program materials once the program is approved

Eligible Work

Grant funds are for critical capital upgrades to Society buildings located in Chinatown or the DTES, with particular focus on work that enhances and extends the life of the building or improves conditions and/or security of tenure of any affordable housing in the building. The funds cannot be applied to deficits, equipment, furniture, standard building repairs and maintenance (such as painting and flooring updates), or work already completed. Societies may apply for a new grant each year if the proposed project is for a distinctly new scope of work.

Grant Categories



Note: Final grant amounts may be higher or lower than the proposed maximum, depending on the number of applications received and nature of projects proposed. The maximum level of grant amount will be 50% of total project costs.

Application Process and Deadline

Once the program has been approved, the Grant Program documentation, including application forms and supporting material in both English and Chinese, will be developed and made available to eligible Societies. An application deadline and processing timeline will be established at that time, and information meetings will be held to explain the program and application process.

Assessment of Applications

All applications will be reviewed by an interdepartmental staff review committee. This committee will evaluate applications and proposed projects following criteria and program guidelines to be established following Council approval of the Grant Program framework. Meetings with the Society may be held to discuss the proposal, if required.

Grant Amounts

The specific amount of funding recommended to a Society will be determined based on the number of applications received and the projects proposed, how the application meets the criteria, and the total grant funds available for distribution. Priority for Grants will be for those Societies with buildings having either heritage or housing assets in Chinatown, or the Downtown Eastside.

Council Decision on Grants

City Council will establish the budget available for the Chinatown Society Building Grant Program. City staff will review all applications and determine the recommended grants. These recommendations, along with detailed terms and conditions (which may include security such as covenants on title or grant agreements) will be taken to City Council for consideration and approval.

Payment

Grant payment will be made based on a pre-authorized budget, subject to confirmation of total project financing and security of other funding sources, and all necessary approvals (including permits if required). Typically, 50 per cent of the approved grant will be released at the outset of the project, with the balance payable after completion of the project and provision of required documentation. Consideration will be given to additional payments depending on the particular scope of work and budget. A minimum grant hold-back of 20 per cent of the total grant amount will be required and paid out following completion of the project and submission of required documentation.

Map 1 - Twelve Society Heritage Buildings in Chinatown

