



Unaffordable Spaces:

How rising real estate prices are
squeezing non-profit organizations
and the people they help

2013
COMMUNITY REPORT



www.centralcityfoundation.ca



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FOREWORD:

For more than 100 years, Central City Foundation has been bringing neighbours together to build a community of hope. We improve the lives of people in need in Vancouver's inner city through grants, sustainable social purpose real estate and investments in facilities and programs. Unlike other organizations that might focus on a single concern, we look at the many interconnected elements that come together in a community where hope can triumph over despair.

Through this broad lens of our whole-system, community wide approach, we've seen organizations in the inner city, the community partners who we help fund, struggle with the issue of affordable real estate, and we've seen the impacts on the people those organizations are trying to help.

As a founding member of the Social Purpose Real Estate Collaborative Table (SPRE), we were moved by the results of the SPRE report, *Rent-Lease-Own*, released this past spring about the real estate situation facing non-profit, social purpose, and cultural organizations in Metro Vancouver. The report highlighted challenges for these organizations in having appropriate spaces for their programs and services.

We work with dozens of non-profit organizations in the inner city and beyond, and we are in a unique position to dig deeper on the SPRE data to get at how non-profit organizations like our community partners have been forced to adapt to rising real estate, costs that are rising beyond affordability. We wanted to present a fuller picture of how and where these organizations operate in this market, and how they are responding to the changing needs they are seeing from the neighbours they serve.

It is our hope that this community report sparks increased dialogue about how all of us – funders, government, non-profits, donors and all neighbours – can address these issues and work together to build our vision of a community in which people are safe, fed and adequately sheltered, well-educated, employed, healthy and empowered to participate in the decisions that affect their lives.

Jennifer Johnstone

PRESIDENT AND CEO
Central City Foundation

Julie M. McGill

CHAIR, BOARD OF DIRECTORS
Central City Foundation





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Executive summary

Vancouver's skyrocketing real estate prices have major implications for the lives of people in the inner city, their communities and the non-profit organizations that serve them.

Central City Foundation has put together this community report to present information that can spark increased dialogue about how all of us – funders, government, non-profits, donors and all neighbours – can address issues and work together to build a community in which people are safe, fed and adequately sheltered, well-educated, employed, healthy and empowered to participate in the decisions that affect their lives.

Vancouver is the world's second most expensive major city, according to the Demographia International Housing Affordability Survey. Homelessness in Vancouver has tripled over the past ten years according to the City of Vancouver. The increased cost is not limited to housing as prices for all property types including office and commercial spaces have gone up.

In April of 2013, the Social Purpose Real Estate Collaborative Table (SPRE) released a report called *Rent-Lease-Own: Understanding the Real Estate Challenges Affecting the Not-for-Profit, Social Purpose and Cultural Sectors in Metro Vancouver*.

To expand the knowledge gained from the SPRE report about how high real estate prices are affecting non-profit organizations, we reviewed managerial and financial information from the community partners who applied for grants from Central City Foundation over the past five years and about the organizations to whom we provide subsidized space in the buildings we own. We held detailed interviews with 29 organizations as a purposive sample of non-profit organizations located in Vancouver.

OUR FINDINGS



3 SPACES IN NEED OF UPGRADES/RENOVATIONS

- Facilities used by organizations are older and in need of renovations and upgrades, but there is little revenue to meet this need.



2 SOCIAL ENTERPRISES CAN'T EXPAND

- 67% of social enterprises report they are unable to expand their businesses because they do not have the appropriate space or location.



1 NOT ENOUGH ROOM

- 86% of community partners report that their office and program spaces are too small.
- In the last two to five years, 66% of the organizations noted an increase in their occupancy expenses, forcing them to reduce services and program locations.
- Off-site program and office space are increasingly sought by non-profit organizations when they have reached capacity.
- When additional off-site space is not a practical option, many of the organizations opt to move into a new space.



9 SOCIAL PURPOSE REAL ESTATE AS A SOLUTION

When property or facilities are owned and operated by mission-based and non-profit organizations or investors for the purpose of community benefit and to achieve blended value returns, this is called social purpose real estate.



Central City Foundation is a leader in Canada in social purpose real estate and invests its

capital in buildings and facilities that provide low income housing and space and place for community organizations that are improving lives through unique early learning and education programs, daycares, health and family services, addiction treatment centres, and social enterprise. Our unique model of investing in real estate to house other community organizations who further our

4 OWNING OR LEASING FROM MISSION-BASED ORGANIZATIONS MEANS SECURITY OF SPACE

- 90% of community partners rent one or more of their spaces and 57% of the renters pay market rental rates.
- Paying market rents or having short notice periods on their leases leaves organizations feeling insecure about one or more of their facilities.
- Organizations that own their own space or lease from mission-based groups like Central City Foundation feel secure about their facilities.



5 CREATIVE SOLUTIONS TO SPACE CRUNCH



- 79% of partners share space with other non-profit organizations or enter partnerships to acquire program space.
- Some transform their current facility into a multi-purpose space.
- Many are forced to rely on temporary structures to relieve their space crunch.

6 LOCATION, LOCATION, LOCATION

- 34% of organizations are challenged to acquire space that is appropriate and affordable in the communities where they need the space.



7 INCREASED PRESSURE TO FUNDRAISE

- 66% report feeling an increasing pressure to fundraise in order to manage occupancy and operational costs.
- Many of the organizations resort to paying their staff lower salaries or reducing staff to make ends meet.

8 HOUSING INSECURITY AFFECTS INDIVIDUALS AND THE NON-PROFIT ORGANIZATIONS SERVING THE COMMUNITY

- Unsafe housing or accommodations in poor condition has led to a growing need for support services from non-profit organizations for inner city residents.
- Such a large portion of an individual's budget has to go towards housing that food budgets suffer, which has led to a greater need for food security programs.
- Some non-profit organizations that do not operate housing are even looking to expand into offering accommodation to help their clients.



mission to improve lives is working, the blended financial and social return on these investments is remarkable and our donors see impressive community impact.

With real estate unaffordability unlikely to change, social purpose real estate stands as an exemplary model that offers solutions that can help us build a community of hope to help our neighbours in need.

Unaffordable real estate — the extent of the problem

The story of Vancouver's skyrocketing real estate prices isn't just about the 30-something couples being priced out of the downtown condo market. Unaffordable real estate has major implications for individuals, including those in the inner city, their communities as well as the non-profit organizations that serve our communities across the city.

HOUSING COSTS

Vancouver is the world's second most expensive major city, surpassed only by Hong Kong. In 2012, Vancouver's median house price was \$621,300. High ownership costs for housing are forcing many residents to rent, however, rental costs in Vancouver are also high and continually increasing. Vancouver rental rates average \$945 per month, and rental vacancies are very low, typically below 1%, meaning finding rental housing is becoming increasingly difficult. Homelessness in Vancouver has tripled over the past 10 years. Recent reports show that 29% of female seniors in Vancouver live below the poverty line, and 44% of seniors who rent cannot afford safe and adequate housing.

Vancouver has observed increased development, which is decreasing low-cost housing options in the area. Increased rents have forced more renters than owners to maintain unaffordable housing. Some residents find themselves living in overcrowded and unstable housing, compromising other necessities of life like their food budget or accumulating debt. This had had a variety of impacts not just on individuals and families but also the community organizations that serve them.

OFFICE AND COMMERCIAL SPACES

The increased cost is not limited to housing in Vancouver as prices for all property types including office and commercial spaces have gone up. Vancouver's central business district has Canada's most expensive office space in 2013, and vacancy rates are low and not expected to change in the next few years.

The spaces most attainable for non-profit organizations are considered Class B and Class C types, which are often older buildings that require renovations and are not in prime locations. Increasing redevelopment of older properties in the inner city has also raised land values. Demand is outstripping supply in neighbourhoods like the Downtown Eastside, where there is a high-need population with disproportionate rates of poverty, health challenges and addiction issues.

Social purpose and non-profit organizations are vulnerable to high rental prices and low vacancy rates, particularly because few own the spaces they occupy. These groups require suitable space for the provision of their services, but must also be located near the population they serve and near other organizations for referral of clients.



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RENT-LEASE-OWN PRESENTED
THE FINDINGS FROM
SPRE'S SURVEY
THAT LOOKED AT
THE REAL ESTATE
SITUATION FACING
NOT-FOR-PROFITS,
SOCIAL PURPOSE,
AND CULTURAL
ORGANIZATIONS IN
METRO VANCOUVER.
THE FULL SURVEY IS
AVAILABLE AT www.socialpurposerealestate.net.

Property taxes have also been rising steadily in Vancouver, with some very steep increases forcing out non-profit organizations. From 2006 to 2008, property taxes increased more than 17% for residents. From 2009 to 2011 they went up more than 15%. And the skyrocketing increases in assessed values for commercial properties, particularly in some of the neighbourhoods with large concentrations of non-profit organizations like Mount Pleasant, Marpole and the Downtown Eastside, have led to staggering increases in property taxes – costs which are passed on directly to non-profit tenants. With utility prices also going up over the past decade, facility costs for these organizations are becoming more and more unaffordable.

RENT-LEASE-OWN STUDY

In April of 2013, the Social Purpose Real Estate Collaborative Table (SPRE) released a report called *Rent-Lease-Own: Understanding the Real Estate Challenges Affecting the Not-for-Profit, Social Purpose and Cultural Sectors in Metro Vancouver*. SPRE, of which Central City Foundation is a founding member, is an informal consortium of funders and investors who came together to develop a collective understanding of the use of social purpose real estate as both a sustainability strategy for our non-profit partners and investees, and to help secure real estate assets for community purposes.

Rent-Lease-Own presented the findings from SPRE's survey that looked at the real estate situation facing non-profit, social purpose, and cultural organizations in Metro Vancouver. The first study of its kind in Canada, the report documented the conditions in which the social purpose sector finds homes for their programs and services, looking at the rates, terms and conditions through which the social purpose sector engages with the real estate market, and compare and contrast this situation with the broader commercial market in the area. The full survey is available online at www.socialpurposerealestate.net.

The SPRE research shows that in Vancouver, the non-profit sector is dominated by small organizations in leased or rented space on short-term agreements and located predominantly in a few Vancouver neighbourhoods, including Mount Pleasant, Grandview-Woodland, Strathcona, Downtown and the Downtown Eastside. Approximately 30% of social purpose organizations indicated they would consider buying their own space in order to move from a rental or lease situation into ownership.

Approximately half of respondents to the SPRE survey reported they are either sharing space or are interested in co-locating with other social purpose organizations. Most report that they will require more space within the next five years. Securing an affordable space that is also good quality/well maintained is challenging to social purpose organizations. A number of respondents indicated that they would move from their current location due to affordability, rental or lease cost increases, or as a result of funding constraints.

WHY CENTRAL CITY FOUNDATION IS PRODUCING THIS COMMUNITY REPORT

Central City Foundation is a \$25 million foundation with approximately 50 per cent of our assets invested right here in our community in social purpose real estate that provides significant community benefit and generates sustainable financial returns. Social purpose real estate refers to property and facilities owned and operated by mission-based and non-profit organizations and investors for the purpose of community benefit, and to achieve blended value returns. We know that investing in social purpose real estate provides not just an investment in our community; it also makes good financial sense, as our assets have continued to grow over the decades.

We have been aware of the impact that the rising cost of real estate in Vancouver has had and continue to collaborate with community partners to come up with sustainable and innovative solutions. We help them create programs including low income housing, health and family services, daycare, social enterprises and treatment for youth with addictions. Central City Foundation owns several buildings, including the Abbott Mansion and the Cosmopolitan Hotel, which offer affordable units to nearly 150 residents in the Downtown Eastside. We have also invested our capital in Aunt Leah's ETC. in New Westminster, a new multi-purpose building owned by CCF in which Aunt Leah's provides homes to





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**CENTRAL CITY
FOUNDATION**
IS A \$25 MILLION
FOUNDATION WITH
APPROXIMATELY 50%
OF OUR ASSETS
INVESTED RIGHT HERE
IN OUR COMMUNITY
IN SOCIAL PURPOSE
REAL ESTATE THAT
PROVIDES SIGNIFICANT
COMMUNITY BENEFIT
AND GENERATES
SUSTAINABLE FINANCIAL
RETURNS.

young mothers, vocational training for foster care youth, and runs a social enterprise thrift store of interesting and inexpensive finds.

Our buildings are also home to other community programs and collaborations. For instance, the main floor of the Cosmopolitan Hotel houses a women-only health and wellness centre run by a successful partnership between Vancouver Women's Health Collective and BC Women's Hospital. We have also invested in space for community programs such as the Phil Bouvier Family Centre, an Aboriginal family service hub and childcare centre operated by Vancouver Native Health Society in our building in Strathcona, and we built The Crossing, home to the Portage Keremeos program and BC's only long term residential youth addiction treatment centre.

CCF also provides capital grants to organizations that are trying to create innovative housing and community solutions, playing an important role in the increasingly complex mix of funding and financing that community partners require to bring their projects to life.

We put together this community report to better understand the impact of unaffordable real estate on non-profit organizations like our community partners and others, particularly in the inner city. We also wanted to understand how our community partners are responding to the effects of rising real estate costs on the people they serve.

METHODOLOGY FOR OUR COMMUNITY REPORT

While the social purpose sector underpins much of the social and economic fabric of our community, there was no real data on the real estate scenarios under which they operate before SPRE came out with the *Rent-Lease-Own* report earlier this year. It is generally believed that the sector struggles with affordability for securing premises in which to deliver vibrant arts and culture experiences as well as valuable community programs and services, particularly in Vancouver's high priced real estate market. Furthermore, anecdotal evidence suggests that the social purpose sector lacks tenure to retain real estate assets for long-term use and often lacks knowledge, skills and abilities for successfully engaging in real estate dealings.

To expand the knowledge gained from the SPRE report and gather our own research, we reviewed management and financial information about 52 community partners who applied for grants from Central City Foundation over the past five years or who are tenants in our subsidized community spaces.

We then held detailed interviews with 29 organizations as a purposive sample of non-profit organizations located in Vancouver. These interviews were conducted over the phone and supplemented with internal information received by the Foundation.

Topics for the interviews included:

- The types of office and program spaces they utilized
- The location of these spaces and the challenges they face in occupying their ideal location
- Their creative solutions to the space issues

There was also a discussion on how secure they felt in their tenure arrangement and what factors made them feel either more or less secure. Organizations were asked about their occupancy costs, how they were handling the expenditure and how this expenditure impacts their staff, services and organizations overall. Finally, they were asked whether they have observed any growing or shifting needs in the communities they serve due to the rising cost of living in Vancouver and how their organization were working to meet these needs.





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ABOUT THE SECTOR:

The non-profit and charity sector in Canada has been ranked the second largest in the world, employing two million Canadians and supplying 7.1% of the gross domestic product (GDP) federally, which is higher than that of the automotive industry.

BC's non-profit sector comprises approximately 29,000 organizations, 66,000 full-time employees, 48,000 part-time employees and 1.5 million volunteers. The sector delivers vital programs, services and support with the assistance of \$6.1 billion in annual public funding. The non-profit sector makes a significant contribution to the British Columbia economy, contributing 6.9% of the GDP.

Non-profit organizations work to improve the quality of life of the public they serve by providing housing, childcare, recreation, education, enrichment, employment training and a host of other essential services. However, such beneficial organizations are facing a number of financial challenges.



Non-profit organizations increasingly report that a lack of adequate funding and an increase in need in the communities they serve has made it difficult to meet their mandate. Moreover, the current real estate market in Vancouver is likely to challenge the organizations' sustainability, provision of services and the communities they support.



Our findings

Non-profit organizations are being squeezed out of office and program spaces in the neighbourhoods where they have traditionally operated. While the clients they serve are still in those areas and the need has not lessened, it is becoming increasingly difficult for these organizations to afford facilities and nearly impossible for them to expand. The spaces they do have are too small for their operations. Social enterprises that want to expand can't because of a lack of appropriate space or location to do so. With these increases in occupancy expenses, non-profits have to spend more on facilities, maintenance and utilities. This has also meant that organizations have to spend more time and resources trying to secure funding, meaning less time for programming.

1

NOT ENOUGH ROOM

OUR COMMUNITY PARTNERS WANT TO HAVE ENOUGH SPACE TO PROVIDE THEIR PROGRAMS AND SERVICES, BUT **86%** REPORT THAT THEIR OFFICE AND PROGRAM SPACES ARE TOO SMALL. IN THE LAST TWO TO FIVE YEARS, **66%** OF THE ORGANIZATIONS NOTED AN INCREASE IN THEIR OCCUPANCY EXPENSES. THIS HAS FORCED SOME ORGANIZATIONS TO REDUCE THEIR SERVICES AND PROGRAM LOCATIONS.

- **The Kettle Society** supports people with mental illness to lead healthier lives by providing housing, employment, advocacy and support services, raising awareness of mental health issues and breaking down the stigma and barriers for people with mental illness, and promoting inclusion of people living with mental illness in all aspects of society. The Kettle runs a drop-in centre for recreational, social and life skills programs. The centre runs a meal service that takes up their entire program space until 1:30 pm. As a result, there is less time for this organization to provide other services because of a lack of space.




Project Limelight Society runs a free performing arts program where young people are mentored by professional actors, directors, dancers, singers, costume designers, filmmakers and musicians, who offer encouragement, instruction and inspiration, all in a safe and welcoming environment. Project Limelight was forced to cut program spots and has sought off-site space because their rehearsal space is too small.


OFF-SITE PROGRAM AND OFFICE SPACE ARE INCREASINGLY SOUGHT BY NON-PROFIT ORGANIZATIONS WHEN THEY HAVE MAXIMIZED THEIR SPACE AND HAVE REACHED CAPACITY. MANY ADDITIONAL OFF-SITE SPACES ARE OBTAINED THROUGH PARTNERSHIPS WITH OTHER ORGANIZATIONS. ALTHOUGH MANY PARTNERSHIPS ARE BENEFICIAL, SOME ORGANIZATIONS REPORTED THAT THESE PARTNERSHIPS RESTRICT THEIR SERVICES AND CAN IMPEDE THE VISION OF THE ORGANIZATIONS.



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-  **The Writer's Exchange** provides a safe place after school for children to complete their homework and creative writing projects with volunteer mentors. They were facilitating much of their programming in partnership with schools within school spaces. However, due to the schools' time restrictions; they were unable to provide their programs when school was in session or on evenings and weekends. The Writer's Exchange is now moving into newly leased space at market rent where they can reach children and youth from different schools and provide their services throughout the day and week; however, this solution presents a major financial challenge.
- **Kinbrace** welcomes people in Canada's refugee protection system by providing housing, orientation, accompaniment and education. They were unsatisfied with their current offices in their residential facility because not only are they too small for their purposes, they take one housing unit away from an individual or family in need. The organization was forced to rent more office space outside of their residential facility but, fortunately was able to find space within their neighbourhood.

WHEN ADDITIONAL OFF-SITE SPACE IS NOT A PRACTICAL OPTION, MANY OF THE ORGANIZATIONS OPT TO MOVE INTO A NEW SPACE. THIS IS A MAJOR UNDERTAKING FOR A NON-PROFIT AND HAS OFTEN YIELDED MIXED RESULTS.

-  **United We Can's** social enterprise bottle depot receives and recycles 55,000+ beverage containers daily supporting binners and other recyclers in Vancouver's inner city. Through its social enterprises, United We Can has created hundreds of employment opportunities, employs about 120 people in a mix of part-time and full-time jobs and refunds more than \$2 million to its 600-700 daily customers. United We Can is moving to a space farther from downtown that is triple the size of their previous space but farther away for binners. The new space will eliminate street line-ups, provide a more efficient system for binners and allow them to expand their social enterprise to include a mattress recycling site.
- **The WISH Drop-in Centre Society** provides services and programs intended to increase the health, safety and well being of women who work in the survival sex trade in Vancouver. WISH will be moving their office and one of their program spaces to the facility in which their Drop-in Centre is located, a space subsidized by the City of Vancouver. This became necessary because they were paying unaffordable market rent for their previous lease of off-site office and studio space.

2 SOCIAL ENTERPRISES CAN'T EXPAND

FOR NON-PROFIT ORGANIZATIONS THAT RUN SOCIAL ENTERPRISES, 67% REPORT THAT THEY ARE UNABLE TO EXPAND THEIR BUSINESSES BECAUSE THEY DO NOT HAVE THE APPROPRIATE SPACE OR LOCATION. THIS CAN HAVE A BIG EFFECT ON THE INNER CITY, AS 31% OF OUR COMMUNITY PARTNERS PROVIDE EMPLOYMENT THROUGH A VARIETY OF SOCIAL ENTERPRISES.

-  **The Pigeon Park Street Market** operates a peer-run community market every Sunday in the Downtown Eastside involving 200-400 vendors per week and with about \$500,000 in annual sales, creating economic opportunity for the low-income community and offering a legal alternative for regular vendors in the city. The Market has secured access to a nearby lot as a marshalling yard and alternative market location. However, they are still struggling with a shortage of market space for vendors at their current and new location.
-  For more than 10 years, the **Potluck Café** has been a fixture in the Downtown Eastside, creating jobs and providing healthy food for people living in Vancouver's inner city. The organization is trying to grow its corporate catering business, which will allow them to sustain nearly two dozen paid jobs along with training and life skills supports for inner city residents, but they report that they do not currently have the kitchen space to grow and cannot find affordable space to expand.




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- **Mission Possible** is a non-profit that provides opportunities for people challenged by homelessness and poverty. They operate an artist's collective in the Downtown Eastside that combines a studio and community gallery that members can use for creative self-expression and entrepreneurial opportunities. To have enough space for each of their social enterprises, they acquired three separate spaces within three blocks of one another. This has proven to be a problematic resolution because it has increased their management costs and the separate operations are unable to share resources, which also impacts staff morale and salaries.
- **Justwork Economic Initiative** offers dignified, meaningful employment to people who face barriers to work through three social enterprises: JustRenos, JustCatering, and JustPotters. They chose to deliver their services out of a nearby church because they are a faith-based organization and the people they serve benefit from this relationship. However, the lack of office space and vendor space for their social enterprises means that they are unable to fully expand employment opportunities.

3

SPACES IN NEED OF UPGRADES/RENOVATIONS

OUR COMMUNITY PARTNERS INDICATE THAT THEIR FACILITIES ARE OLDER AND IN MUCH NEED OF RENOVATIONS AND UPGRADES. HOWEVER, THERE IS LITTLE REVENUE TO MEET THIS NEED.

-  **The Boys and Girls Club of South Coast BC** runs 12 neighbourhood clubs to give kids a place to be amazing, safe and have fun. They also provide substance-abuse services and support to vulnerable youth, and offer counselling and employment services for youth and families. They report that some of their facilities are not entirely physically accessible for individuals with disabilities and they don't have the resources for renovations, meaning some kids are unable to participate in their programs.
- **McLaren Housing Society** owns and operates Helmcken House, a heritage building that, since 1991, has been providing subsidized housing and supports to individuals with HIV/AIDS and hosts a small head office for the society. They report that they are paying more in the past few years for maintenance and utilities, which is negatively impacting programming and has led to a need to fundraise for significant renovations.


4

OWNING OR LEASING FROM MISSION-BASED ORGANIZATIONS MEANS SECURITY OF SPACE

THE MAJORITY OR **90%** OF OUR COMMUNITY PARTNERS RENT ONE OR MORE OF THEIR SPACES AND **57%** OF THE RENTERS PAY MARKET RENTAL RATES. MANY OF THOSE ORGANIZATIONS REPORT FEELING INSECURE ABOUT ONE OR MORE OF THEIR FACILITIES BECAUSE THEY HAVE LEASES WITH SHORT NOTICE PERIODS OR BECAUSE THEY ARE BEING CHARGED UNAFFORDABLE MARKET RENTAL RATES WHICH ARE SUBJECT TO INCREASES.

- **Mission Possible** is concerned about the rental on one of their facilities because they pay the market rate and are on a month-to-month lease with six months' notice.

ONLY **28%** OWN ONE OR MORE OF THEIR FACILITIES BUT THESE COMMUNITY GROUPS ALL REPORT FEELING SECURE IN THEIR OCCUPANCY BECAUSE THEY ARE PROTECTED FROM MARKET FORCES AND HAVE ASSETS.

-  **Aunt Leah's Place** provides supported housing, job training and coaching on essential life skills to prevent children in foster care from becoming homeless and mothers in need from losing custody of their children. In addition to owning some of their own facilities, they operate Aunt Leah's ETC (Education, Training & Community), where they offer training for youth at risk, second stage housing for new mothers and a social enterprise thrift store. All these programs are offered in New Westminster in a building purchased by Central City Foundation to provide space for an expansion of Aunt Leah's programs.

A NUMBER OF COMMUNITY PARTNERS THAT ARE RENTERS REPORT FEELING SECURE ABOUT THEIR TENURE ARRANGEMENT WHEN THEIR LANDLORD SHARES THEIR VISION FOR THE SPACE.



Phil Bouvier Family Centre is a family service hub run by Vancouver Native Health Society, that operates one of only two Aboriginal focused childcare education programs in Vancouver. The centre's services address the needs of the whole family, with a particular focus on Aboriginal families, and include parenting programs, early literacy, hearing and vision testing, and visits from pediatric nurses. The centre is housed in a building provided by Central City Foundation where their rent is highly subsidized.



Hope in Shadows is a community project based around a photo contest for Downtown Eastside residents and local communities. Winning images are featured in the annual calendar and sold by vendors, providing employment for people impacted by poverty. Vendors buy each calendar for \$10 and sell them for \$20. The vendors also sell the bi-weekly Megaphone, an award-winning magazine, buying each issue for 75 cents and selling them on the street for \$2. The vendors keep all profits from their sales. Hope in Shadows reports feeling secure in their agreement with their private landlord because they have a good relationship with the landlord even though they pay the market rental rate.

5

CREATIVE SOLUTIONS TO SPACE CRUNCH

WHEN NON-PROFIT ORGANIZATIONS FIND THEMSELVES IN A SPACE CRUNCH, THEY ARE FORCED TO RESORT TO CREATIVE SOLUTIONS. MANY SHARE OFFICES, WITH 79% OF OUR PARTNERS REPORTING THAT THEY SHARE SPACE WITH OTHER NON-PROFIT ORGANIZATIONS OR ENTER PARTNERSHIPS TO ACQUIRE PROGRAM SPACE. SOME BORROW SPACES FOR PROGRAMMING, SOME TRANSFORM THEIR CURRENT FACILITY INTO A MULTI-PURPOSE SPACE, AND SOME ARE FORCED TO MOVE TO OTHER NEIGHBOURHOODS.



Vancouver Second Mile Society is the oldest senior's organization in Vancouver whose mandate is to serve isolated, low-income seniors and people with disabilities who reside in poverty. They provide a safe, quiet "living room" at the Seniors Centre, low cost nutritional meals, access to information, advocacy and other resources. To help with their space crunch, they invested in a portable room divider to have more than one program in their Downtown Eastside Seniors Centre.



Pacifica Treatment Centre is one of the oldest co-ed accredited and licensed drug treatment centres in the Lower Mainland. They have little room to expand because they are located in a residential area with residences on each side, so instead turned a deck into an exercise and multi-purpose area for their residents.



Hope in Shadows has chosen to sell its calendars without store-front retail space in the Downtown Eastside, and instead this organization takes their products to customers. As their vendors are outside in Vancouver's cold and rainy winter, Central City Foundation gave them a grant to purchase wet weather gear, including waterproof jackets, umbrellas and messenger bags.

MANY ORGANIZATIONS ARE FORCED TO RELY ON TEMPORARY STRUCTURES TO RELIEVE THEIR SPACE CRUNCH.



Sole Food Farms is a social enterprise that transforms vacant urban land into street farms that grow artisan quality fruits and vegetables. They provide urban agriculture employment and training opportunities for Vancouver's inner-city residents. Sole Food uses portable buildings for office and storage space. They recently acquired transportable planters for their gardens, thanks to a grant from Central City Foundation. In addition, Sole Food would like alleviate their space crunch by finding a larger rural farm site to increase employment opportunities, production, office and storage space as well as workers' retreat and live-work arrangement for target employees, but have been unable to afford this.

6 LOCATION, LOCATION, LOCATION

ALTHOUGH THE ADEQUACY OF SPACE IS IMPORTANT TO THE OPERATION OF THE ORGANIZATION, THE LOCATIONS IN WHICH THEY ARE BASED MUST ALSO BE APPROPRIATE FOR THE COMMUNITY THEY SERVE. ALL OUR COMMUNITY PARTNERS REPORT BEING SATISFIED WITH THE LOCATION OF ONE OR MORE OF THEIR CURRENT SPACES BECAUSE THEY ARE IN THE TARGET COMMUNITY, NEAR OTHER SERVICES AND ARE ACCESSIBLE BY PUBLIC TRANSIT. BUT SOME REPORT A PROBLEM WITH THE LOCATION OF OTHER PROGRAM SPACES.


- **Vancouver Second Mile Society** is content with the visibility of their Senior Centre as a store-front location in the Downtown Eastside is. However, their outreach programs are in an unmarked residential building and are thus not as accessible.

THERE ARE MANY ORGANIZATIONS IN NEED OF ADDITIONAL SPACES IN DIFFERENT LOCATIONS, BUT **34%** OF ORGANIZATIONS HAVE FOUND IT CHALLENGING TO ACQUIRE SPACE THAT IS APPROPRIATE AND AFFORDABLE IN THE COMMUNITIES WHERE THEY NEED THE SPACE.

-  **Mount Pleasant Neighbourhood House** offers services such as childcare, adult daycare, youth, and senior's programs, and ongoing activities for people of all ages and abilities in their space on East Broadway. They would like to acquire a facility in the emerging Olympic Village neighbourhood, where there has been increased development and a growing need for services for families and seniors, but the area has proven too expensive.

7 INCREASED PRESSURE TO FUNDRAISE

A MAJORITY OF NON-PROFIT ORGANIZATIONS (**66%**) REPORT FEELING AN INCREASING PRESSURE TO FUNDRAISE IN ORDER TO MANAGE THEIR OCCUPANCY AND OPERATIONAL COSTS. AS OUR COMMUNITY PARTNERS ARE INCREASING THEIR FUNDRAISING EFFORTS, THEY OFTEN HAVE TO CUT SALARIES AND STAFFING TO MEET THEIR EXPENDITURES. MOST OF OUR COMMUNITY PARTNERS, **93%**, RELY ON SELF-GENERATED INCOME TO MEET THEIR NEEDS THROUGH THEIR SOCIAL ENTERPRISES OR FEES FOR SERVICE.

-  **Eastside Family Place Society** provides much needed supports, resources and programs in the Grandview-Woodland neighbourhood, with a variety of programs and services that support families with young children. The organization is becoming more entrepreneurial through improving their paying membership base, charging low fees for select services that were previously free and holding clothing sales.

ALONG WITH INCREASING REVENUE SOURCES, OUR COMMUNITY PARTNERS USE A NUMBER OF COST-CUTTING STRATEGIES. MANY OF THE ORGANIZATIONS RESORT TO PAYING THEIR STAFF LOWER SALARIES OR REDUCING STAFF TO MAKE ENDS MEET. SINCE MUCH TIME IS SPENT ON TASKS TO COMPENSATE FOR INADEQUATE STAFFING LEVELS AND THERE IS ADDED PRESSURE TO BOOST REVENUE, PROGRAM STAFF HAS LESS TIME TO PROVIDE SERVICES. LOW WAGES FOR STAFF HAS MEANT IT IS DIFFICULT TO RECRUIT AND RETAIN QUALITY STAFF MEMBERS. SOME COMMUNITY PARTNERS RELY ALMOST ENTIRELY ON VOLUNTEERS TO RUN THEIR PROGRAMS TO SAVE ON SALARY AND PERSONNEL COSTS.

- **The Aboriginal Mother Centre** provides transitional housing for pre- and post-natal homeless mothers, intergenerational programs for parenting and life-skills, healthy food and healthcare along with daycare and employment training. Their executive director spends most of her four-day work week fundraising because there are no funds to retain a fundraiser or to increase the executive director's hours. Staff at the centre are paid minimum wage or slightly above.
- **The Downtown Eastside HIV/IDU Consumers Needle Exchange** addresses the urgent need for healthy responses to the AIDS epidemic in the DTES through a small peer support group. Part of a larger centralized needle exchange in the Washington Hotel, they have been offering support, comfort, and community building to their neighbours in need since 1996. The group relies almost entirely on volunteers to provide its services.



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THE HIGH COST OF HOUSING HAS A PROFOUND IMPACT ON INDIVIDUALS NEEDING SHELTER IN THE INNER CITY, BUT THAT ALSO HAS A FURTHER EFFECT ON THE ORGANIZATIONS THAT TRY TO HELP THOSE NEIGHBOURS.

- **Project Limelight** runs their child and youth programs without administrative staff or an executive director and can afford to pay only one actor mentor through the provision of a grant.

8 HOUSING INSECURITY AFFECTS INDIVIDUALS AND THE NON-PROFIT ORGANIZATIONS SERVING THE COMMUNITY

THE HIGH COST OF HOUSING HAS A PROFOUND IMPACT ON INDIVIDUALS NEEDING SHELTER IN THE INNER CITY, BUT THAT ALSO HAS A FURTHER EFFECT ON THE ORGANIZATIONS THAT TRY TO HELP THOSE NEIGHBOURS. OF THE COMMUNITY PARTNERS SURVEYED, **38%** PROVIDE SUBSIDIZED HOUSING AND SHELTER TO WOMEN AND THEIR CHILDREN, ABORIGINAL MOTHERS, FOSTER CARE CHILDREN, IMMIGRANT FAMILIES, PEOPLE LIVING WITH **HIV/AIDS**, ADDICTIONS AND MENTAL HEALTH ISSUES AS WELL AS LOW INCOME INDIVIDUALS.


UNSAFE HOUSING OR ACCOMMODATIONS IN POOR CONDITION OF HOUSING HAS LED TO A GROWING NEED FOR SUPPORT SERVICES FROM NON-PROFIT ORGANIZATIONS. MANY ORGANIZATIONS AGREE THAT THE LOW-INCOME HOUSING STOCK THAT IS AVAILABLE IS OF SUBSTANDARD QUALITY, YET STILL UNAFFORDABLE. SUCH A LARGE PORTION OF AN INDIVIDUAL'S BUDGET HAS TO GO TOWARDS HOUSING THAT OTHER NECESSITIES SUCH AS FOOD BUDGETS SUFFER, WHICH HAS LED TO A GREATER NEED FOR FOOD SECURITY PROGRAMS AND OTHER COMMUNITY SUPPORTS. THIS IS PARTICULARLY BEING SEEN AMONG SENIORS IN THE INNER CITY. CENTRAL CITY FOUNDATION HAS SEEN AN INCREASE IN THE PAST FEW YEARS IN GRANT REQUESTS RELATED TO UPGRADES FOR FOOD AND OTHER COMMUNITY PROGRAMS.

- **Gordon Neighbourhood House** is a volunteer-led organization serving almost 10,000 individuals in Vancouver's West End. They serve a growing population of vulnerable, low-income seniors, new immigrants and refugees, as well as single parent families, unemployed adults and street-involved youth. Recently, they've seen issues of access and availability of nutritious food as well as opportunities for improving nutritional education emerge with growing frequency. They've added food programming, and also started a program to provide food coupons and to transport seniors to farmers markets.
- **The WISH Drop-in Centre Society** arranges for female sex workers to receive essentials such as meals, showering facilities, toiletries, clothing and medical care. They have found that a majority of the female sex workers who spend their time at the centre are not homeless, but stay as long as possible at the drop-in centre because their housing is unsafe or in poor condition.

ORGANIZATIONS THAT PROVIDE VARIED SUPPORT SERVICES OTHER THAN HOUSING ARE FINDING THAT HOUSING IS INCREASINGLY A MAJOR CONCERN FOR THEIR CLIENTS. SOME SOCIAL ENTERPRISES REPORT THAT THEIR NEIGHBOURHOOD IS TRANSFORMING, THERE IS SHIFTING OF NEARBY SERVICES, AND THERE IS MUCH STRESS AMONG THEIR EMPLOYEES REGARDING HOUSING SECURITY.

- **Potluck Café** is working on building partnerships with housing providers because their target employees are becoming increasingly vulnerable to homelessness.

SOME NON-PROFIT ORGANIZATIONS ARE EVEN LOOKING TO EXPAND INTO OFFERING HOUSING TO HELP THEIR CLIENTS.

-  **The Purple Thistle** is a youth-run drop-in arts and community centre in the Strathcona industrial area of the downtown eastside. Operating for more than 12 years, this arts resource centre provides free access to shared equipment and supplies including a dark room and silk-screening equipment under a youth collective leadership. Purple Thistle reports that in recent years, youth attending their arts resource centre are no longer able to afford to live in the Strathcona area. They are looking into creating a youth housing project.

- **The Boys and Girls Clubs of South Coast British Columbia** provide food security to communities in the Grandview-Woodland, Mount Pleasant, Fraserview and North Vancouver areas and beyond. They are also considering expanding their service offerings to housing and shelter.

When property or facilities are owned and operated by mission-based and non-profit organizations and investors for the purpose of community benefit and to achieve blended value returns, this is called social purpose real estate. Central City Foundation is a leader in Canada in social purpose real estate. Capital from the foundation is invested in properties and buildings that provide low income housing as well as space and place to community organizations that are improving the lives of our neighbours in need. The organizations running programs at those facilities receive rent subsidies or pay below market rent, and do not face the insecurity of tenancy faced by some in this survey, and the money invested in those buildings has brought financial sustainability to Central City Foundation as well as significant community benefits.

The investments Central City Foundation makes into social purpose real estate allow our community partners to have tenure security. As occupancy and operating costs are on the rise, we are helping organizations reduce facilities costs both through rent subsidies and capital grants. They can then retain appropriate staff and staffing levels as well as being able to pay liveable salaries. More efforts can be put toward service delivery rather than fundraising and administrative work.

With real estate unaffordability unlikely to change, social purpose real estate stands as an exemplary model that offers solutions that can help us build a community of hope to help our neighbours in need.





Conclusion

The skyrocketing cost of real estate has had a profound effect on the non-profit sector in Vancouver. Non-profit organizations are forced to operate in program and office space that is too small for their organization and the provision of their services. A lack of space has resulted in fewer programs being delivered and fewer program spots available. Many organizations do not have enough office and storage space. Many successful social enterprises are unable to grow because of a shortage of appropriate spaces and locations. Some organizations can only afford older buildings that require renovations or upgrades. To handle their space issues, many organizations resort to creating multipurpose spaces, using temporary locations or facilities to add space, seeking additional off-site spaces and moving to more appropriate spaces for their organizations that may be further away from their desired location.

The population served by these non-profit organizations are also squeezed by the unaffordability of housing, which has had serious effects on the organizations that try to help them. Many have had to expand service offerings to meet the growing needs of these neighbours. As food insecurity has become a major consequence for individuals, especially seniors and other vulnerable populations, organizations are increasingly having to offer food services and programming. In addition, housing is becoming a mandate for groups that previously focused on other concerns of the neighbourhood, because the unaffordability of real estate has made helping neighbours find safe, affordable accommodation a priority for more and more non-profit organizations in Vancouver.

Social purpose real estate, where mission-based non-profit organizations like Central City Foundation own facilities or properties used to help improve the community, offer a solution that can help create security for non-profit organizations and the people they serve. Our unique model of investing in real estate to house other community organizations who further our mission to improve lives is working, the blended financial and social return on these investments is remarkable and our donors see impressive community impact.

At Central City Foundation, we believe we must continue to look for solutions for our neighbours that bring us together in a community where hope can triumph. We invite dialogue on the issues raised in this report and on how we can work together as a community to address these complex issues.



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Unaffordable Spaces:

How rising real estate prices are squeezing non-profit organizations and the people they help



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