



Downtown Eastside 2019 Social Enterprise Impact Report

Where others might only see the problems, social enterprises in the DTES are a successful response producing \$26 million in sales, a \$63 million economic impact, and over 2800 jobs, the majority for workers who overcame barriers to employment. Details inside.

PRODUCED BY



Downtown Eastside Social Enterprise Impact Report 2019



Chef Stacey Jones, Friendship Catering



Sarah Common, Hives for Humanity

THANK YOU to all the social enterprises that participated by sharing their data and experiences.

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Social Enterprise

The business model creating community value in Vancouver's Downtown Eastside

WHEN MILTON FRIEDMAN SAID, “There is one and only one social responsibility of business— to use its resources and engage in activities designed to increase its profits ...” he could not have been more wrong when it comes to social enterprise business models in Vancouver’s Downtown Eastside.

That traditional business model of financial profits as the key indicator of success is not nearly the actual story when it comes to the community economic and employment outcomes for the more than 40 DTES social enterprises we recently surveyed.

The DTES and the surrounding area is so often only seen as desperate and hopeless, a problem-laden community. In fact, in “the mayor’s own description, the DTES is now ‘worse than I’ve ever seen it.’”¹ Definitely it is a neighbourhood facing multiple issues, structural poverty and drugs, and a list of others.

But there is another picture, another story, that our survey tells us about the community – a story of hope, emerging opportunities, and a community business model, social enterprise, that may be causing Mr. Friedman to turn over in his grave!

Social enterprises are businesses that focus on their community value, whether social, cultural or environmental; and they re-invest at least half of their profits back to that purpose. In our survey almost all surveyed social enterprises are incorporated as non-profits or charities, a few are Community Contribution Companies, and a couple are forms of cooperatives.

Our survey results demonstrate the enhanced value created by social enterprises. Yes, there is clearly an economic value, but also there is significant local and targeted employment, cultural contributions, and environmental impacts that social enterprises are making in the inner city of Vancouver.

Social enterprises in the DTES have a significant direct financial impact. Total revenues of the surveyed social enterprises totals \$36,990,938, revenue from sales of \$26492685, if we use the recent LOCO evidence of the areas economic multiplier, the result is an economic impact of \$63,476,449 in the local economy.

Many of the DTES social enterprises intentional focus on meeting the challenges of employment for persons with barriers to the traditional labour force. The surveyed social enterprises created 2864 jobs this past year. With an estimated social return on investment of just over \$4.00 for every dollar of wages based on a recent EY Report for Atira Resources, that return equals \$73,762,706 of value to the community.²

“We measure our success when we see another person move forward in their lives because we were able to provide supportive employment... a job means income, and so much more...it’s self-esteem, friendships...it’s belonging to a community.”

Constance Barnes,
Four Directions Trading Post Society

Social enterprise is not a silver bullet, and alone it is not the solution to the complex social, economic, and health issues facing the DTES. But as we have found, it is a critical and vital piece to solving the puzzle.

Because where others might only see the problems, social enterprises in the DTES are a successful community-based response that is producing solutions.

We hope our survey, with facts and stories, demonstrates the potential of social enterprise and social procurement as a means to add a social value into the local market place, and can contribute to building healthier communities.

¹ <https://vancouversun.com/news/local-news/kennedy-at-year-one-mayor-reflects-on-challenges-opportunities-heading-into-second-year>

² <https://atira.bc.ca/apmi-social-return-on-investment-report/>



Key Findings

SOCIAL ENTERPRISES have become a key player in Vancouver's local economy with \$37 million in gross revenues, \$26.5 million in sales, and \$18.4 million in salary expenses in the past year. Social enterprises help low-income residents with employment and improve the economic and social well-being of the Downtown Eastside neighbourhood.

We have identified over 75 non-profit market-based social enterprises focused on employment, culture, environment, and community economic development. They are active in a variety of sectors including food security, health, housing, arts and culture, transportation, and employment supports.

The methodology for this research was an online survey, with in-person and telephone follow-ups by the research team. All social enterprises were encouraged to participate with 40 submitting details on a range of issues including staffing, sales, and expenses. The confidential data was collected and is presented in aggregate only. The majority of respondents are predominantly, but not exclusively, serving Vancouver's inner-city community residents. This is the 4th year research has been conducted into the impact of social enterprises. For 2019, more effort was made to increase the number of survey respondents, recognizing that a new baseline could be established. 2019 marks a 25% increase in respondents from previous surveys, and so continued improvement in data analysis can be achieved in subsequent years. It is hoped that as new social enterprises are launched, this annual survey will reflect even higher amounts of employment creation and community impact.

Employment creation is a standout feature of social enterprise growth in the Downtown Eastside, with an increase in total workers to 2,864. Of these workers, 55% of full-time and 90% of part-time workers overcame barriers to employment. For more information on the importance of flexible working conditions and part-time status read 'Why force round pegs into square holes' on page 6.

Despite strong growth, starting and running a social enterprise remains precarious. The sector continues to show resilience and creativity in response to these challenges and in facing accessibility challenges to funding, capacity building and education for local entrepreneurs. See "Moving through Precarity" on page 10.

This report details additional local impact factors about how this sector generates added returns as the funds are recirculated in the economy, see page 11 'Building a Local Regenerative Economy.'

The Downtown Eastside has one of the largest social enterprise ecosystems in North America, and public investment in spaces play a role in its success. With 75 social enterprises in the area, there is a clear clustering of respondents in distinct sites. Where multiple social enterprises were collocated in a building or one city block they were considered clustered. See page 14 for more on 'How public property can build community capacity.'

Support for social enterprise can come at the individual, organizational and institutional level. Harnessing the collective spending power of taxpayers through government procurement is a powerful tool that allows governments to meet their buying needs, tackle important policy strategies and foster healthy, vibrant communities. Read more about 'Government Procurement' on page 8.

We hope that through reading the stories and data in this report you will see the value the social enterprise sector brings in the form of economic capital as well as human capital, cultural capital, physical capital, and social capital. To find a social enterprise to support today please see our list of directories on page 16 where we encourage everyone to #BuySocial.

After decades of effort in traditional non-profit causes, I am convinced that the strongest lever to affect substantial social change - whether disadvantaged humans, climate change, ocean plastics, declining fresh water supplies or other issues - is via the purchasing patterns of the global economy. A modest tweak to \$80 trillion of annual purchases of goods and services would work wonders.

Jim Fletcher, Director,
Accelerating Social Impact CCC



FINANCES



\$37 million
gross revenues



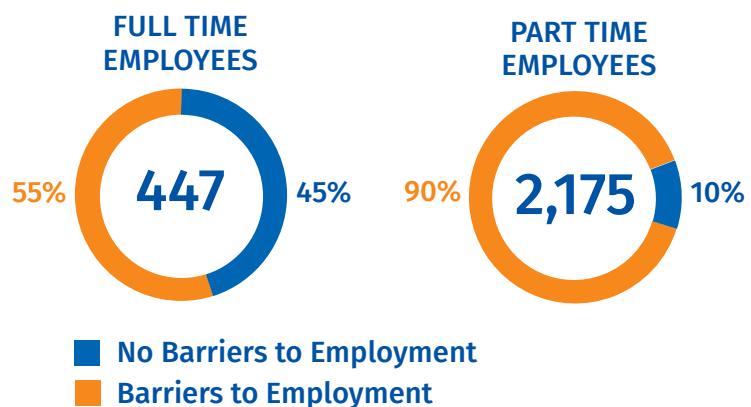
\$26.5 million
sales



\$18.4 million
wages

40 SOCIAL ENTERPRISES SURVEYED*

2864 Total Employees



47% of social enterprises
employ people with barriers

COMMUNITY VALUE

Aside from diversified employment, what other types of social value are being created by social enterprises?

- *Training and education*
- *Housing*
- *Support for artists*
- *Waste reduction through recycling and upcycling*
- *Support for victims of violence*
- *Space and resources for indigenous community*
- *Connections with nature and the land*
- *Sustainable transportation*
- *Reduce hunger*
- *Zero-emission cargo delivery*
- *Quality dental services*
- *Community art space*
- *Connection to the digital world*

*Of the 40 social enterprises interviewed, 39 provided data on employment and 38 provided financial data

Recognized by Community



Skwachàys Lodge

For successfully supporting 24 studio apartments that offer a life-changing housing program for practising Indigenous artists where they can also access a shared artist workshop and programming opportunities Trico Charitable Foundation and Haskayne School of Business award Skwachàys Lodge \$100,000 Social Enterprise.

"Social enterprises are uniquely positioned to tackle the world's most vexing problems and to enact social change. Skwachàys Lodge is an outstanding example," says Dr. Jim Dewald, Dean, Haskayne School of Business.



SKWACHÀYS LODGE
ABORIGINAL HOTEL & GALLERY

East Van Roasters

East Van Roasters took home one silver and one bronze at the 2019 International Chocolate Awards World Final, which took place on Nov. 18, 2019, in Antigua, Guatemala. This respected bean-to-bar social enterprise is owned and operated by the PHS Community Services Society and received two awards in the flavoured dark chocolate ganaches or truffles category. The Cranberry Spruce, made with juicy pâte de fruit on top of spruce-infused ganache, won silver and the Cardi C, a cardamom and coffee-infused ganache with a crunchy feuilletine, earned bronze.



*To read more about successful social enterprises
view our Case Studies at [www.buysocialcanada.com/
documents-and-resources](http://www.buysocialcanada.com/documents-and-resources)*

*To stay up to date on the latest social enterprise and
social procurement news subscribe to the Buy Social
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Why force ROUND PEGS into SQUARE HOLES when we could re-design the holes?

IT'S NOT A NEW MODEL, it's not the latest social innovation, rather it is a well-documented but totally underutilized and recognized solution to the root causes of poverty – bridging the gap between available jobs and unemployment. On top of solving parts of the poverty problem through employment, it also addresses related issues of health, crime, and homelessness. How does it work? Rather than making everyone fit into the same employment model, adjust the employment model to allow more people to fit into available jobs.

Social enterprises over the last twenty years have expanded that model to include multiple and often invisible barriers to employment.

Poverty has two parts, lack of economic opportunity which then means lack of income. No income means poverty. Poverty often means stress, desperation, and despair. There is a financial side and a human side.

Social enterprises are businesses that prioritize social value over shareholder returns. Years ago, they designed models to create employment opportunities for persons with disabilities. Some models were disappointing in that they didn't respect, pay or support the employees appropriately; while others found that given the opportunity for appropriate work environments and supports, the traditionally defined 'unemployable' began to flourish, with new found dignity, and increased income.

Building on that foundation of re-engineering of employment to create employment, social enterprises over the last twenty years have expanded that model to include multiple and often invisible barriers to employment. The person coming out of prison, the person coming out of addiction recovery, the person lacking early educational supports, the person with cyclical mental health issues, and so many other traditionally 'invisible' barriers.

As the chief of police in Winnipeg says, a youth at risk coming to the justice system has one option, go to jail; while that same youth entering a supportive work training system, like BUILD, will hopefully have many more options.

In Vancouver's DTES multiple social enterprises encompass this philosophy and practice – EMBERS, East Van Roasters, CleanStart, Cleaning Solution, HAVE, Potluck, MP Services, Atira, and more. All of these social enterprises offer goods or services, from catering, cleaning and labour solutions.

By purchasing from these social enterprises you support the re-design of employment that is one small step towards defeating poverty.



From Megaphone to EMBERS, to Mission Possible and Atira's Enterprising Women Making Art and Atira Property Management Inc., community-based innovators have designed both traditional and non-traditional employment opportunities that have changed the lives of thousands of neighbourhood residents, creating a sense of purpose, influence and belonging in people most of the rest of the City had given up on. We are indebted to everyone who has made it their life's work to make these social enterprises successful, increasing connection and helping to ensure community sustainability. We are truly better when we are working together."

Janice Abbott, CEO, Atira Women's Resource Society

GOVERNMENT PROCUREMENT

Why frugal and austere is NOT the best value for taxpayers!

GOVERNMENTS HAVE MANY responsibilities, and multiple expectations to deliver on. One issue that's critical to allow government to operate is purchasing goods and services they need in order to run the government. Let's presume they need things like office supplies, software, furniture, printing, computers, lawyers and accountants, couriers, food, hotels, cleaning for their offices, repairs for the government buildings, landscaping, travel, engineers, uniforms, road builders, cafeterias and on and on.

How can we try to advance our social goals, like social inclusion and poverty reduction in our purchasing?

Since taxpayers provide the financial resources for government to use in making these purchases, I guess it's our money they're working with. So, one thing most of us expect is for the government to be very careful with how they spend OUR money, and I suspect we want them to get the best value possible when purchasing stuff.

The critical issue then is how to define 'what is the best value?' For some governments the best value has been 'get what we need at the cheapest price possible.' But cheapest price came with consequences, like local businesses losing sales and closing, or severe environmental damage resulting from price-only purchases. In this case, the cost to fix these issues, like river clean up, cost the government even more money to fix the problem which their buying decisions were saving.

Thus, over the years, more consideration developed that best value can't be just the cheapest price if it creates severe harm to our environment, local economies, and social wellbeing. We realized we had to include some basic 'green' considerations into our purchasing decisions. Spending taxpayers' money raised the question of how can government spending support our local economies? How can we try to advance our social goals, like social inclusion and poverty reduction in our purchasing?

We're learning that every government purchase has a ripple effect, not just the government's financial bottom line, but every purchasing decision also has an impact on the environment, the social fabric of the community and on

A 10% SHIFT TO LOCAL CREATES BIG IMPACTS



Source: Civic Economics Indie Impact Series: A Comparative Survey for LOCO BC, 2019

the local economy with jobs and multipliers. There have been some initial steps toward a ‘better value’ process where government tries to minimize the damage created by their purchases, but merely being defensive and safe are just too little and may be too late.

It's our money, let's demand that we get best value, not just best price.

The time has come for governments to make Best Value purchasing decisions, where price, quality, environment and social impacts are all evaluated and appropriately balanced. It's our money, let's demand that we get best value, not just best price. Our communities are built on needing a livable environment and social values, so all the components that make a healthy community need to be part of the purchasing decision equation.

For the tools and resources to develop a BEST VALUE procurement process see Buy Social Canada’s Social Value Menu at www.buysocialcanada.com or contact Elizabeth Chick at elizabeth@buysocialcanada.com

Social procurement gives us access to talent that we would not otherwise have. It also contributes to personal and organizational purpose by allowing our people to be part of something that is greater than themselves.

The construction industry has a labour crisis that is getting exponentially worse as the boomers retire. Incorporating social procurement into our business model helps us win the war for talent.

Tim Coldwell, (P.Eng), President, CHANDOS

The realization by elected officials, civic leadership, and public buyers that working with SMEs and SEs through social procurement strategies, provides a viable and scalable solution to many of our community problems. The proven pilot projects and the growth of the SE sector, is encouraging others to step forward and contribute to this success.

Larry Berglund, Author, *Good Planets Are Hard To Buy: A Management Handbook for Creating Conscious Capitalism, Sustainability Principles and Supply Chain Excellence.*

Community Benefit Agreements

Community Benefit Agreements (CBAs) are pre-determined and defined social value outcomes that will be delivered as part of a major infrastructure or land development project like building a bridge, a road, school, hospital, office tower, or transit system. Through a CBA, the community, government, and developer agree upon some social value deliverables, such as job training and purchasing from local businesses and social enterprises during construction; or negotiating supply contracts and access to commercial space after construction.

In June 2018, Infrastructure Canada made a commitment to social procurement by introducing a Community Employment Benefits requirement for major projects.

Moving Through Precarity



JUST LIKE ANY SMALL BUSINESS, and especially a small business with a blended social value outcome, social enterprise is not an easy task. Working in a competitive marketplace, the product, price and service has to be, at a minimum, equal to any other competing business in the market, with no room for lower quality or non-competitive pricing. When we review the impacts of social enterprise in the neighbourhood, we can not forget the Herculean efforts of individuals who do tremendous service to keep many precarious social enterprises afloat. As the data in this report shows, many are successfully hiring high numbers of employees with barriers without negative effects to their bottom line. Support for social enterprise needs to come not only through economic transactions but through community collaborations, respect for the diverse range of economic activity in this neighbourhood and by listening and responding to the needs of our citizens. We see evidence

“If organisations or businesses lack the capacity to participate in sector-wide or local economic planning efforts, do they run the risk of losing out on opportunities and tips for survival?” observed Scott Maxwell, local researcher and Urban Core member.

of local residents organizing and operating successful enterprises, often hiring low-income residents, but they may lack the right moving parts at the right time to keep a work force, sales and operations delicately balanced.

Thousands of residents survive in the “popular economy,” a term Nicolas Leech-Crier (from *Megaphone*) prefers to describe the underground or cash economy. For many, supplementing income to survive is done through entrepreneurial and survival strategies. The precarity of the sector and the fact so many people are needing employment and housing support puts an enormous spotlight on the lived reality of thousands of local residents each and every day. The sector has demonstrated tremendous resiliency but could impact hundreds more residents if more attention and resources were applied to enable more individuals, co-ops, collectives, and start-ups to become stable—so they can be captured in the survey data. With an emphasis on peer-sharing, peer-supports, shared infrastructure, and shared

marketing, residents entering this space will increasingly have success.

While some enterprises are launched by large agencies as a complement to their programs and services, others emerge from the perseverance and resilience of resident entrepreneurs looking to help themselves and their families.

This past year witnessed social enterprises fail, and this tragedy can be a critical learning opportunity to ensure that employment creation for residents is not sacrificed when good efforts fall through the cracks or silos. In the spirit of “nothing about us, without us,”¹ centering solutions to help DTES social enterprises thrive is best done from the lived experiences of community members themselves. They witness the success and failure, and they know the intricate details of employment creation and retention, the knowledge of place, and the strategies for resiliency. But they may not be aware of investment opportunities, support programs or shared infrastructure.

The numbers revealed in this report show significant sales, and generally, low administrative overhead. While there is a dramatic spectrum in the nature of social enterprises, further research would be able to test the efficacy of targeted funding that supports street-level peer-based enterprise models. Ideally more cooperation and constant breaking of silos can help marginalized residents connect to enterprise resources, picking and choosing appropriate implements for their unique social enterprise model.

¹ <https://www.homelesshub.ca/resource/research-101-manifesto-ethical-research-downtown-eastside>

GROUND SWELL

How are current social enterprises responding to the need for different forms of education, capacity building and financing opportunities for the entrepreneurs living in the DTES?

GROUND SWELL
“An Alternative business school”

FOUNDED: 2012
MISSION: Providing accessible social entrepreneurship education in a community of support.
“Learn by doing”
“An inclusive community that chooses cooperation over competition”

Building a Local Regenerative Economy

THE 2019 DTES Social Enterprise Impact survey shows that as we progress into the 21st century the shapes of our economy are changing. Looking to indigenous practices that go back to time immemorial we can learn so much about economies that work to create benefit and value beyond the traditional linear model. We can look to enterprises that through the multiplier effect enable their employees to create economic value both within and outside of that enterprise. We can look to organizations that create an environment for entrepreneurs that aren't in business schools or incubators but are in fact homeless. This new economy creates space and opportunity for all people.

Extra money in the community, circulating into more hands, created by collaboration, reduces employment precarity.

Multiplier Effect

There is a multiplier effect when a social enterprise provides a service or opportunity for the individuals working in that organization to further their work and increase their income aside from their work within the organization. The survey shows 25% of social enterprises enable income multipliers for their employees and participants.

Some operations deliver a service, but there is additional value generated by individuals accessing a hub. Gallery Gachet operates a public art gallery, arts production space for its members, and also delivers a contract to support artists run the operation which aids in their mental health rehabilitation. This 'hub' model has its own internal economic activity with corresponding community benefits, but, as a hub, it also amplifies those benefits when individuals use the resources to produce goods which are sold externally, the value not captured in the economy of the host and not by this report. For people facing barriers to employment, accessing a services hub means working when it best suits, and having infrastructure readily available when their labour and imagination can deliver income.

The Binners' Project, Gallery Gachet, Groundswell, Four Directions Trading Post Society, RayCam Cooperative Centre, and other local services hubs help their members earn additional money through their relationships. While residents may not derive on-site employment, from these



Dawn Morrison, Co-Founder of the Indigenous Food & Freedom School

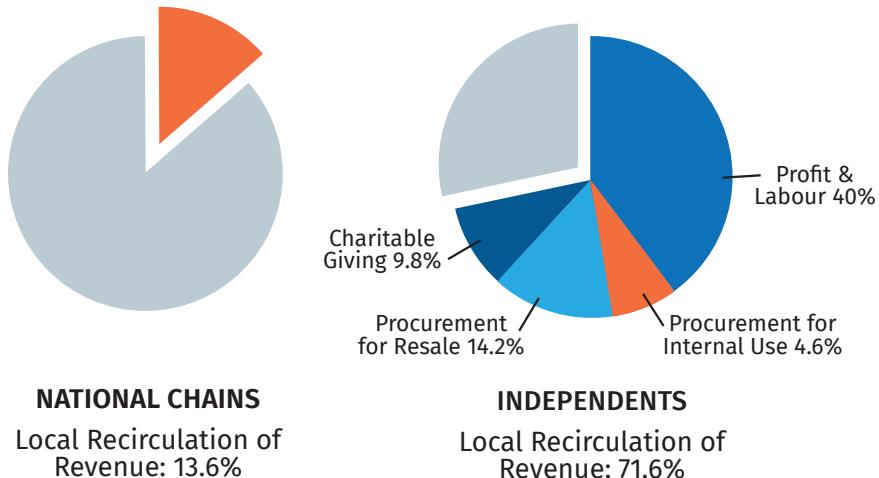
sites there is the multiplier impact by sustaining secondary employment and broader community wellbeing. Extra money in the community, circulating into more hands, created by collaboration, reduces employment precarity.

A new report shows local DTES businesses return a total of 71.6% for retailers and 67.6% for restaurants of all revenue to the local economy. Civic Economic provided LOCO BC with this statistic based on interviewing retailers and restaurants, all independent and locally-owned. It gives a glimpse into the power of spending locally as well as the operating style of local independents who reinvest their dollars with local suppliers and local workers.

Social enterprises have similar outcomes and are a powerful system for creating local employment and improving the local DTES economy. Based upon the estimated social return on investment of \$4.13 for every dollar of wages to local workers, this year's survey data shows \$73,762,706 of social return on investment created by community-based social enterprise. The analysis on social return conducted by Ernst & Young revealed that, for every dollar spent to employ a target employee group in 2016 at Atira Property Management Inc. there was savings in social assistance, local spending,

NATIONAL CHAINS VERSUS INDEPENDENT RETAILERS

Downtown Eastside, 2019



Source: Civic Economics Survey of Independent Businesses, 10K Annual Reports for Office Depot, Home Depot, Target, and Barnes & Noble.

social housing, criminal justice costs, health costs, food banks and meal programs of \$4.13. The report also showed that 88% of those hired believe their life circumstances have improved since they started work.

Decolonize Economies

This paradigm for community health and economic wellbeing is at the root of regenerative economics theories of circulation. Dawn Morrison Co-Founder of the Indigenous Food & Freedom School (IFFS), was selected by the

**Working at a community level—
be it urban or rural—is the key to
moving forward.**

Vancouver Park Board to be in residence at East Vancouver's Strathcona Park for the next three years. She told *The Tyee*: "We need to shift the paradigm away from productionism and resource-based extraction, and look at more regenerative paradigms, based on holistic health models."² Morrison was interviewed for this report describing how, from an Indigenous perspective, economics are based on the land. She laid out her research examining how traditional knowledge of economics can be balanced with cash and urban economies. Morrison is developing tools (financial, technical, legal, and cultural) to support regenerative economics, based on a regenerative paradigm, as compared to a production paradigm, which she states has reached the limits of its growth.

Working at a community level—be it urban or rural—is the key to moving forward. The urban paradigm requires helping people connect to the land in the DTES, and from there connect to extended networks. The urban/rural divide is a colonial notion given that many urban dwellers share with and travel to their home communities.

The IFFS is decolonizing space in Strathcona Park by planning and designing an urban Indigenous foodscape garden that will restore habitat and create participatory learning and sharing spaces where Indigenous foods thrive. Morrison believes "lots of relationships and people make this viable" and that "Indigenous knowledge of resilience is key" in the urban setting. Sharing and lending pools emphasize Indigenous values of cooperation, and can proliferate business cooperatives and social enterprise. DTES residents are experts at using these principles in their daily lives. Morrison's passion for sharing and teaching how regeneration relates to economic paradigms is a timely reminder of the Calls to Action from the Truth and Reconciliation Commission, and local decolonization efforts more broadly.³

Employment Reshaped

The Vancouver Homeless Count 2019 reports a record-breaking 2,223 people counted as homeless in March 2019. A total of 495 survey respondents identified as Indigenous, representing 39% of all respondents. According to the 2016 Census, Indigenous people represented only 2.2% of Vancouver's total population.⁴

Building a Local Regenerative Economy



"It's a tight-knit community and for vendors it's their home. Our studies show 1/3 are homeless, 1/2 make \$10/day, the average is \$20, while 40 vendors make \$25-50 each day."

Four Directions Trading Post Society is a local social enterprise that knows this community very well as it creates hundreds of jobs and thousands of dollars in revenues and a safe place for vending.

Constance Barnes, Trading Post Executive Director was interviewed for this report and stated, "We also support people to move off the street and back into school and obtain a health balance." Barnes knows about the nurturance that comes out of having a secure place for clients to earn money and be in a social space. "It's a tight-knit community and for vendors it's their home. Our studies show 1/3 are homeless, 1/2 make \$10/day, the average is \$20, while 40 vendors make \$25-50 each day. A couple of artisans earn up to \$1000 per weekend day." There is a one dollar table fee. Peers can earn extra income by supporting the Trading Post social enterprise that rents tents and event infrastructure.

Regeneration and collaboration are vital elements to help support and sustain the continued contribution social enterprises bring to the community. These elements are at the heart of the DTES neighbourhood, and are made visible through these examples of the multiplier effect, indigenous land-based economies and reshaping of employment. Through these critical principles our shared resources will recirculate longer and wider, employing more local people and improving the health and vitality of the community.

1 <https://atira.bc.ca/apmi-social-return-on-investment-report/>

2 <https://thetyee.ca/News/2017/10/05/Reconciliation-Beyond-Rhetoric/>

3 Connect your DTES work to the 2020-22 Strathcona Fieldhouse program at 'Indigenous Food Sovereignty Circle' on Facebook or email: dawn.morrison@wgifs.org

4 <https://vancouver.ca/files/cov/vancouver-homeless-count-2019-final-report.pdf>



How public property can build community capacity

CIRE, a successful DTES social enterprise model

ON THE CORNER of Carrall and Cordova Streets in Vancouver's Downtown East Side, the DTES, is the Rainier Hotel. The hundred-year old Single Room Hotel was purchased and refurbished by BC Housing (provincial government corporation) just prior to the 2010 Olympics. Today the top two floors of rooms are operated by non-profit PHS as long term supportive and social housing for women. The four commercial units on the street level of the building tell another side of how buildings like this, property owned by the government, can directly and indirectly, contribute to building local community capacity, appropriately diversify the local economy and create opportunities for low income residents.

Four years ago, BC Housing's leadership team took an ambiguous step when they asked the question: 'could the commercial and retail space on street level, below the social housing, be utilized to support the social enterprises and non-profits that employ and provide for the social needs of our low income tenants?'

To explore this opportunity a process was initiated that included community consultation, social value business model option review, spreadsheet analysis, assessing potential social value metrics, the lease design and negotiations, and

finally the incorporation of a non-profit society to hold the lease and manage the properties, which is Community Impact Real Estate. Community Impact Real Estate, CIRE, is a non-profit social enterprise business that blends sound business practices with social outcomes focused on commitment to community impact and re-investment addressing the needs of the DTES low-income residents.

The business model is based upon a single lease between BC Housing and CIRE; and CIRE re-leasing the space to sub-tenants. CIRE signed a 15-year lease for 26 units covering just over 104,000 square feet in December 2017. MacDonald Realty is contracted to provide the licensed service and back-end property management. The occupancy rate was initially around 80% and is now up to 95%. 80% of the units are in Vancouver's poorest community, the Downtown Eastside. Non-profits and social enterprises comprise 60% of the portfolio. They pay their rent based upon CIRE direct costs of lease payment to BC Housing, utilities and taxes, maintenance, and property management expenses. The other 40% of the portfolio is leased to commercial tenants, and they pay the same base operational costs, plus market rate rent based upon the market rate for their location.





Back to the four commercial tenants at the Rainier Hotel: Di Beppe Italian Restaurant, Community Thrift Store, Nelson Seagull Bakery and Coffee Shop, and East Van Roasters. These units are all in the CIRES portfolio, and represent the overall portfolio tenant mix and purpose.

Di Beppe's and Nelson the Seagull are commercial tenants, paying a competitive and fair Gastown area rent. The other two tenants are social enterprises, the thrift store offering affordable clothing to local residents and supporting PHS through any revenue, and East Van Roasters, a coffee and chocolate roaster and retail space employing women who live in the social housing above.

The results: beyond CIRE being totally funded through generated revenue, there are two valuable contributions created:

- 1) Social enterprises and non-profits that pay only a cost-based recovery rent, allowing them to use what would be normal rent expenses to create social, economic and cultural value for the low-income community. Social enterprise tenants include groups like Gallery Gatchet, East Van Roasters, and MP Maintenance. In 2018 the in-kind rent provided back to non-profit and social enterprise tenants exceeded \$400,000.
- 2) CIRE's surplus revenue generated from the market-based rent is re-invested into supporting services and opportunities for the low-income community. Last year, among other items, CIRE sponsored local residents to participate in Groundswell's community entrepreneurship training, contributed patient capital funds to the Social Value Fund, and supported local planning for Community Benefit Agreements. In the first year over \$150,000 was re-invested into local economic development projects.

Government owned property is too often seen only as an economic asset on the balance sheet, and hopefully a source of some income. CIRE has proven another option exists to leverage that property beyond an economic asset. CIRE has a successful business model and has demonstrated the amazing social and economic community value that can be created through re-purposing existing buildings to create social value as well as economic value.

The model is now up and working successfully, which means that CIRE is ready to add more properties from government and private sector owners to its portfolio; and replication in other communities is an available option.

CIRE is a certified Buy Social Canada social enterprise, contributing to the economic and social opportunities for low income residents, social enterprises and local small businesses in the DTES. Find out more at www.communityimpactrealestate.ca



#BuySocial

"Consumers, individuals, corporations and government purchasing decisions can make social enterprise shift from precarious to sustainable, and alleviate pressure and sacrifice of these heroes and increase their social value in the community. More sales = stronger business = more social value,"

– David Lepage, Buy Social Canada.

Purchasing from social enterprises offers you a social value and the product, service or gift you need. Buy Social Canada publishes this report to remind us that the ultimate goal of social procurement is healthier communities. But this is the supply side, we need to continuously increase our efforts on the demand side as purchasers. You can buy social gifts, shop social year round, and make consumer and corporate purchasing choices that intentionally factor in social value.

To make this easier Buy Social Canada has multiple resources available on our website:

- The Certified Social Enterprise Directory
- The Social Enterprise Gift Directory
- The Social Enterprise Construction Directory



Why become Buy Social Certified?

Demonstrate your social value to potential buyers and stakeholders
Build your capacity

Join and support the network of social enterprises across Canada

Guidelines for Certification

A Social Enterprise is a business
It seeks to achieve a defined social, cultural or environmental goal

The majority of net profits are re-invested in the social, cultural or environmental goal

Certification takes into account the age and impact model of the social enterprise.

For more information:
www.buysocialcanada.com/social-enterprise-certification

