



# COMMUNITY IMPACT REAL ESTATE

## ANNUAL REPORT 2021





# LETTER FROM THE EXECUTIVE DIRECTOR

STEVEN JOHNSTON

**T**HERE IS NO DOUBT that 2020 was an extraordinarily challenging year, marked by a global health crisis and an escalating focus on racial injustice. Individuals and communities as well as businesses and non-profits face ongoing challenges as a result of COVID-19, and in recognition of the primary importance of moving toward equity.

At the beginning of this fiscal year Community Impact Real Estate Society considered how best to maximize the positive change our resources could provide. Our response to the pandemic, and our ability to be agile and creative in our mission to support thriving, equitable and inclusive local economies and communities, has been the true test of CIRES' commitment to this goal.

As noted in last year's report, CIRES recognized in early March 2020 that the year ahead would require a different working relationship with its market Subtenants. CIRES quickly pivoted to re-direct its non-market business development support to our for-profit tenants, providing rent abatement and working diligently to assist them in applying for Federal and Provincial support to protect their long-term sustainability. In essence, CIRES inverted its model, deploying the bulk of its resources to ensure that all market Subtenants would weather the COVID-19 storm. As one team member said, "we became social workers to for-profit businesses," walking with them through an uncertain landscape toward the goal that every business would survive the pandemic. This challenging time afforded CIRES the opportunity to develop deeper relationships with our market tenants, and to further demonstrate the value of being part of the CIRES family. CIRES is pleased to report that in spite of formidable challenges, we have not lost a single tenant.

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This past year also afforded CIRES an opportunity to demonstrate leadership within the community. Early meetings convening our social enterprise tenants grew to encompass a wide cross-section of Downtown Eastside stakeholders. The Community Coordinated Response Network (CCRN) was born out of these conversations.

This collaborative, community-led response to COVID-19 challenges quickly established our credibility with the City of Vancouver and other Provincial agencies as an important service delivery partner in the DTES. CIRES' leadership in the CCRN, along with our administrative capacity, resulted in CIRES acting as an intermediary funding partner for government. Over the course of the year CIRES channeled \$1,124,415 in wages and other supports to residents with lived experience of poverty. This work included wages for residents who provided COVID-19 supports to the community, directing procurement effort to a diverse group of social enterprises, and actively liaising with the Municipal and Provincial Governments in support of community partners.

The pandemic gave CIRES an opportunity to explore how it could work with government in new ways to support community. CIRES brought its management, financial, and administrative acumen to bear by acting as a trusted funding partner. In addition to funds held in trust by CIRES for peer wages, the organization also administered food contracts on behalf of BC Housing and contracted janitorial services on behalf of the City of Vancouver.

With the maturity of CIRES' working relationship with BC Housing, the Orange Hall Operations team worked with CIRES to sub-contract local social enterprise catering companies to provide daily meals to residents of privately owned single occupancy hotels. Likewise, the City of Vancouver leveraged CIRES' financial and administrative capacity to oversee and manage janitorial support services for washroom trailers dispersed throughout the downtown peninsula. In both cases CIRES was able to direct procurement efforts towards social enterprises, in support of our mission to further community economic development in Vancouver.

The full impact of COVID-19 on CIRES' tenants remains to be seen. However, as we enter into a period of recovery, we remain deeply committed in our mission to support equitable and thriving local economies. As Executive Director of CIRES, I am indebted to the staff team for their dedication to our community and to our mission. They have worked diligently through a very uncertain and trying time to ensure that all of our tenants, market and non-market alike, survive the challenges of the global pandemic. I have every confidence that this deep commitment will lead CIRES and the community through the recovery phase and into a more stable, equitable, and prosperous future.



# ABOUT CIRES

## Our Goals

1. Curate a commercial property portfolio that maximizes social and economic benefits
2. Grow and diversify the amount of commercial space in CIRES portfolio.
3. Lead and support initiatives that create economic opportunities designed to provide social and economic benefits to low-income residents living in the inner-city.
4. Strive for organizational excellence by operating a well-governed and managed organization that is fiscally responsible and successful.

## Our Mission

We support thriving, equitable and inclusive local economies and communities by curating a balanced portfolio of commercial spaces.

## Our Vision

Communities where all residents can prosper and live full and rewarding lives.

## Our Values

### COLLABORATION

Respectful, active collaboration anchors our work in the community.

### COMMUNITY-INFORMED ACTION

Our actions and decisions respond to community identified needs, interests and opportunities.

### EQUITY AND INCLUSION

We work to eliminate barriers, honouring diverse lived experiences and cultures.

### SUSTAINABILITY

We are committed to organization resiliency and long-term sustainability.

## Portfolio Snapshot

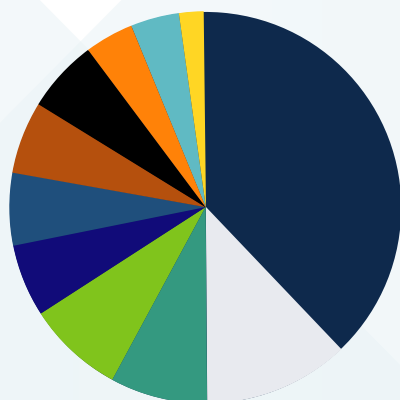
		AS OF MARCH 31, 2021		AS OF APRIL 1, 2020		
	Total No. of Units	Square Feet	Share	Square feet	Share	Difference
Market	23	48,114	49%	51,435	49%	0%
Non Market	27	50,133	51%	49,020	46%	5%
Vacant	0		0%	5,203	5%	-5%
<b>Total</b>	<b>50</b>	<b>98,247</b>		<b>105,658</b>		<b>-7411</b>



## Commercial Area by Area of Social and Economic Impact

All independent businesses and non-profits operating out of commercial spaces in the portfolio are owned by companies based in Metro Vancouver, and exist to serve the local community. While the market-based local businesses create jobs which generate positive economic impacts which support CIRES and its purposes, the non-market businesses generate a variety of benefits such as accessible health-related services, affordable goods, and employment opportunities for those facing employment barriers.

Out of the fifty commercial retail units generating impact, twenty are local small businesses—an increase of two over the previous year. One additional premises was subleased to a women-centered service provider.



UNITS	
19	Local Small Business
6	Accessible Medical Services
4	Targeted Employment
4	Community Assets
3	Women
3	Poverty Reduction

UNITS	
3	Arts/Culture
3	Affordable Goods
3	Affordable Services
2	Aboriginal/First Nations
1	Animal Welfare



# MAXIMIZING SOCIAL AND ECONOMIC VALUE

## In-kind Rent Contribution To Date

**C** IRES' COMMERCIAL PORTFOLIO is a balanced portfolio mix of market and non-market Subtenants. Regardless of the market type, all Subtenants pay the operating costs of the space (Additional Rent).

Non-market Subtenants consist of non-profit societies and social enterprises. Non-market Subtenants do not pay Basic Rent, or they may pay a significantly discounted rate. The in-kind economic value generated is based on the difference between Base Rent market value and the amount that non-market Subtenants actually pay.

For market tenants, the in-kind value is derived from the difference between market value of Basic Rent and the amount of Basic Rent being charged. Rental discounts may be offered in order to provide financial incentives to maintain good relationships with housing operators and residents of the non-market units in mixed use buildings, or to retain longstanding or legacy businesses in the community, or for other beneficial reasons.

The in-kind value of rent for Commercial Areas occupied for the full fiscal year (as a result of charging below market value) is as follows for each Subtenant segment:

	LASTYEAR	CURRENTYEAR	VARIANCE
Non-Market	775,886	752,633	-23,253
Market	191,141	110,975	-80,166
Total Value	967,027	863,608	-103,419



# COVID RESPONSE

**T**HE COORDINATED COMMUNITY RESPONSE NETWORK (CCRN) was born out of the urgent need to quickly develop a made-in-the-DTES pandemic response. Initiated by Steven Johnston and supported by CIRES, the CCRN brought together a diverse range of organizations in an unprecedented way. It successfully responded to a number of immediate challenges, overcoming many obstacles that had previously hindered inter-organizational collaboration in the DTES. We have learned how to capitalize on these successes, and CCRN provided the momentum to move forward collectively.

CIRES' role in building and sustaining the CCRN enabled crucial resources to be made available at a critical time. Beyond the pandemic response, this is an example of what is possible when the organizational community in the DTES sets aside its differences and works together to respond to a common challenge. Most importantly, it provides a template for how this might be achieved over the long-term. In a community that faces many compounding crises, the impact of a successful community collaborative response network cannot be overstated.

## CCRN Outcomes

### FOOD DISTRIBUTION AND SECURITY

Partnerships forged in the CCRN opened the way to collaborative organizing around food security. Between March and July, on-the-ground front-facing service providers worked together with a group of social enterprises, the Teamsters Union, and members of the film industry to leverage their complementary skillsets toward addressing food security concerns. They ultimately prepared, packaged, and delivered 2,200 meals per day to SRO and unsheltered residents.

### PEER FUNDS

CCRN peer funds were distributed with a wage expectation of at least \$20 per hour, which helped establish a precedent for other funding bodies to match these expectations. Potluck Catering and WePress Collective worked together to fundraise \$250,000 toward food security efforts. CleanStart, a social enterprise that provides low-barrier employment opportunities, was looking to pivot its services to support COVID sanitizing efforts. They doubled their organizational capacity in four days through the CCRN network, working with EMBERS Staffing Solutions and the Central City Foundation to hire peers who had been laid off due to COVID. Central City Foundation, a public foundation that normally supports community-led solutions through capital funding, interrupted their funding cycle to work with members of the CCRN on COVID response projects such as Sisters' Square, resulting in a \$100,000 investment in their women-only respite site.





# COVID RESPONSE

## PHYSICALLY-DISTANCED RESPITE SITES


When respite spaces began to shut down or reduce capacity due to physical distance concerns, CCRN members worked together to identify and build a comprehensive reference list of available shelter spaces and respite sites. CIRES temporarily leased space at The Walton Hotel to the Downtown Eastside Women's Centre, who converted it into a women-only shelter.

## AWARDING OF A PROCUREMENT CONTRACT FROM PRIVATE BUSINESS TO SOCIAL ENTERPRISE

The washroom trailers placed in the community by the City of Vancouver were originally maintained through the City's Master Contract with their service provider for office cleaning and janitorial services. CIRES advocated to redirect a good portion of that work toward social enterprise.

The COVID Response Washroom Trailer Service contract with the City of Vancouver is a partnership of social enterprises, managed through CIRES and The Clean Collective.

This contract runs from March 3, 2021 to December 31, 2021, with a value of approx. \$178,000.



**“COVID-19 created an unprecedented need for women-only services in the Downtown Eastside. In a time when women are facing the devastating effects of increased violence, the opioid crisis, and struggling to access essential needs, these affordable spaces have allowed the Downtown Eastside Women's Centre to provide access, safety, and a community to rely on. We are incredibly grateful that we can provide this with the help of Community Impact Real Estate.”**

*–Alice Kendall, Executive Director,  
Downtown Eastside Women's Centre  
CIRES Subtenant since July 2018*





## Rent Relief for Market Subtenants

CIRES was established to contribute to the collective efforts of building an inclusive local-serving economy, by using the space in our portfolio to provide affordable goods, services, social support, and employment opportunities for low income residents within our communities. This mandate is funded by Base Rent that market tenants pay. When provincial health orders shut down businesses, creating great hardship for these market tenants, CIRES decided to flip the model and support market tenants by offering rent relief proactively with the express goal that no market Subtenant be forced to close their business due to an inability to pay rent.

The pandemic notably precipitated a crisis situation for over a dozen of the hospitality market tenants in the CIRES portfolio.

Prior to the creation of the Canada Emergency Commercial Rent Assistance (CECRA) program, CIRES offered hospitality market tenants rent relief by abating Base Rent for a month, and worked with other Sublandlords in the Vancouver area to ensure inclusion in the program. Once CECRA was set up, CIRES participated in the program, which required the write down of 25% of total gross rent, totaling \$229,227 from April to September 2020. The federal government then changed CECRA to the Canada Emergency Rent Subsidy (CERS), in response to complaints from small businesses about how CECRA worked. Under CERS, Landlords (including Sublandlords) were no longer required to participate.

Despite this, CIRES continued to voluntarily support market renters with rent relief up to a maximum 25% monthly write down from October 2020 until March 2021 (the end of this report period) and beyond. The value of support during the CERS period is expected to be over \$270,000. When added to the rent relief in March 2020, CIRES will have provided the unprecedented total of almost \$600,000 in rent relief during this fiscal period. As of March 31, 2021, all market tenants were still open for business.

**“CIRES rent relief help[ed] me greatly in keeping the doors open of Jules as well as maintaining my staff on board. I believe this would not have been possible without their help”**

*– Emmanuel Joinville,  
Owner, Jules Bistro*



## COMMUNITY CONTRIBUTIONS

### Purchase of Washington Community Market

For over 25 years, the Washington Community Market (“the Market”) has been providing residents of the Downtown Eastside with access to essential household goods and groceries at affordable prices. The Market is a CIRES community economic development initiative located in the Maple Hotel at 179 East Hastings (at Main). Community members enjoy a welcoming and inclusive shopping experience where a variety of products are available in single serving size or in custom quantities. This social enterprise also provides training and employment opportunities to those facing barriers to employment, thus helping them to find success in the workforce.

As part of a divestment of social enterprises, Portland Housing Society (PHS)—the longtime operator of the Market—was planning to close the store by end of 2020. Recognizing that the Market serves a critical function in the Downtown Eastside, CIRES initially provided an operating grant to extend PHS’s operation of the Market for three months, and subsequently purchased the program from PHS. CIRES’ plan is to refresh the Market, then transition it to a new operator committed to maintaining the market in its current location and format, while planning its long term growth and expansion.

## PORTFOLIO INVESTMENTS

CIRES has made investments in our non-market Subtenant's space that are outside the expectations of traditional Landlord's Work. These additional investments enable non-market subtenants to use more of their scarce resources to deliver and focus on their core social purpose mission. This year CIRES invested \$49,574 in non-market portfolio investments.

### Pigeon Park Savings' move to Hazelwood Hotel

Pigeon Park Savings is a unique collaboration between Vancity credit union and PHS. It provides access to basic financial services for people living on low incomes in the Downtown Eastside.

Pigeon Park is more than a credit union branch. Its comprehensive low barrier strategy often begins with essential support services, such as securing identification for members. PPS' former location at 95 E Hastings is now being redeveloped as an Indigenous-led community and affordable housing project. The new location is 346 East Hastings Street at the Hazelwood Hotel, which is under CIRES' portfolio.

CIRES' invested close to 20K in supplying and installing window shutters to provide added security to their premises. PPS has been open since January 11, 2021.



## Community Impact Real Estate Society STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31	2021	2020
<b>REVENUE</b>		
Rent	\$ 1,459,569	\$ 1,494,230
Recovery of additional rent	932,119	935,599
Operating reimbursements	112,657	89,571
Interest and other revenue	13,170	34,063
COVID-19 related funding	1,124,415	-
	<b>3,641,930</b>	<b>2,553,463</b>
<b>OPERATING EXPENDITURES</b>		
Repairs and maintenance	588,312	618,226
Property taxes	376,751	468,651
Property management	164,601	196,244
Salaries and benefits	91,337	89,707
Consulting	31,069	23,777
Leasing costs	29,146	27,152
Insurance	17,763	11,976
Utilities	14,696	11,226
Bad debt	9,171	47,248
	<b>1,322,846</b>	<b>1,494,207</b>
<b>COMMUNITY ECONOMIC DEVELOPMENT EXPENDITURES</b>		
Community grants	44,500	196,064
Program salaries and benefits	98,828	100,916
Non-market tenant investments	60,408	97,470
COVID-19 rent relief	571,234	-
CECRA rent grant	(354,632)	-
COVID-19 community services	1,048,723	-
Program consulting	2,250	5,051
Community engagement	3,718	13,017
	<b>1,475,029</b>	<b>412,518</b>
<b>ADMINISTRATIVE EXPENDITURES</b>		
Amortization	5,273	4,545
Consulting fee	14,570	15,152
Insurance	5,714	7,012
Office and miscellaneous	53,466	74,364
Professional fees	39,562	36,857
Salaries, wages and benefits	254,085	150,083
Government wage subsidies	(113,451)	-
	<b>259,219</b>	<b>288,013</b>
Excess of revenues over expenditures	<b>\$ 584,836</b>	<b>\$ 358,725</b>



