



**COMMUNITY
IMPACT** REAL
ESTATE

ANNUAL REPORT 2022

LETTER FROM THE EXECUTIVE DIRECTOR

STEVEN JOHNSTON



OVER THIS PAST YEAR CIRES has continued to strive toward our mission of supporting thriving, equitable, and inclusive local economies where all residents can prosper and live full and rewarding lives. CIRES was able to support all of our Subtenants as our region began to recover from the worst impacts of the pandemic, while also serving a leadership role in community economic development alongside our non-profit partners. We are proud to say that no Subtenants were lost due to the impact of Covid-19. Beyond ongoing support, we actually expanded our work in the community. We invested in social enterprise, acted as a funding and administrative partner for grass-roots organizations employing residents with barriers to employment, and led a collaborative network of organizations working to advance community-led solutions in the Downtown Eastside.

CIRES is particularly pleased to have launched a new service, **Impact Social Services**, for the Subtenants in our portfolio. This program allows Subtenants to maximize social contributions to their community in a more targeted and effective manner. Working in partnership with our Subtenants, Staff will assist them to identify their unique social value contribution, liaise between Subtenants and residents to ensure that benefits are well received, match Subtenants' financial contributions to enhance benefits, and measure and report on impact and outcomes. With ISS in place, CIRES now has the capacity to recognize and show community impact benefits generated by space in the portfolio. Throughout this coming year, CIRES will manage and track these impacts and we look forward to presenting a more fulsome report as the work progresses.

We invested in social enterprise, acted as a funding and administrative partner for grass-roots organizations employing residents with barriers to employment, and led a collaborative network of organizations working to advance community-led solutions in the Downtown Eastside.

CIRES also maintained its ongoing investment in the **Washington Community Market** (the Market), an affordable grocery store and key food security source in Vancouver's Downtown Eastside (DTES). When the future of the market was in doubt, CIRES purchased it from PHS. The Market has been a fixture in the DTES for decades, and CIRES seized the opportunity to preserve this vital grocery store dedicated to serving low-income residents. Over the past year, CIRES has invested in staffing, physical upgrades, and an online platform that allows the Market to expand its offerings to non-profits operating in the neighbourhood. CIRES is committed to the continued growth of the Washington Community Market and its mission of providing DTES residents with an affordable, dignified, and inclusive shopping experience.

ABOUT CIRES

These are just a few of the exciting and innovative ways CIRES has delivered on its mission and vision over the past year. Internally, in recognition of the success of our community economic development programs, we have expanded our organizational capacity by adding a CED Program Manager and a Bookkeeper. These new team members have strengthened CIRES' ability to embrace new opportunities in support of our Subtenants and the broader community.

In the coming year, CIRES will continue to dedicate its efforts toward building an inclusive and equitable community for all, by carefully stewarding the properties in our portfolio and maximizing the benefits they bring to the community.



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

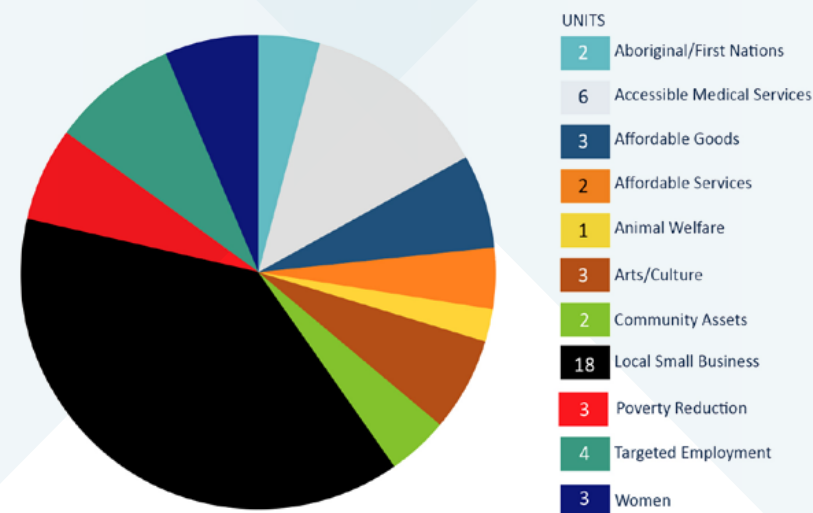
	AS OF MARCH 31, 2021			AS OF APRIL 1, 2022			DIFFERENCE	
	No. of Units	Square Feet	Share	No. of Units	Square feet	Share	No. of Units	Share
Market	23	48,114	49%	22	51,435	49%	-1	0%
Non Market	27	50,133	51%	25	49,020	46%	-2	5%
Vacant	0		0%	1	5,203	5%	1	-5%
Total	50	98,247		48	105,658		-2	-7,411

COMMERCIAL AREA BY AREA OF SOCIAL AND ECONOMIC IMPACT

ALL OF THE INDEPENDENT BUSINESSES and non-profits operating out of the commercial spaces in the portfolio are owned by local Metro Vancouver-based companies that serve the local community. These market-based local businesses offer employment opportunities, thus generating positive economic impacts which support CIRES and its purposes. In addition to creating jobs, the non-market non-profits provide a wide variety of benefits including accessible health-related services, affordable goods, and targeted employment for those facing employment barriers.

The forty-seven occupied commercial retail units generate impact over eleven different categories, demonstrating a healthy diversification of space by area of social and economic impact.

FIGURE 1: AREA OF IMPACT



MAXIMIZING SOCIAL AND ECONOMIC VALUE

IN-KIND RENT CONTRIBUTION TO DATE

CIRES' **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 are non-profit societies and social enterprises. Most non-market Subtenants do not pay any Basic Rent, with a few charged a significantly discounted rate. The in-kind economic value generated is based on the difference between the Base Rent market value and the amount that non-market Subtenants actually pay.

For market Subtenants, the in-kind value is derived from the difference between the market value of Basic Rent and the amount of Basic Rent being charged. Below-market rates are offered for a variety of reasons including to incentivize valuable social benefit covenants, to provide financial incentives to maintain a good relationship with the housing operator and residents of the non-market units in mixed-use buildings, and to retain longstanding or legacy businesses in the community.

The in-kind value of rent for the Commercial Areas, as a result of charging below market value, is as follows for each Subtenant segment:

	CURRENT YEAR	LAST YEAR	VARIANCE
Non-Market	791,456	752,633	38,823
Market	84,321	110,975	-26,654
Total Value	875,777	863,608	12,169

RENT RELIEF FOR MARKET SUBTENANTS

COVID-19 **PROVINCIAL HEALTH RESTRICTIONS** have continued to impact market Subtenants, limiting their operations and creating financial hardship. As in the previous year, CIRES continued to support market Subtenants by offering rent relief with the express goal that no market Subtenant be forced to close their business due to an inability to pay rent.

As of March 31, 2022, CIRES will have provided approximately \$150,000 in rent relief during this fiscal period. Added to \$600,000 from the previous fiscal period, CIRES has provided a total of \$750,000 since the beginning of the pandemic. As of March 31, 2022, all market Subtenants – including those in the hard-hit hospitality sector – were still open for business.

“The understanding and support CIRES provided to my small business during the pandemic lockdown was invaluable. It allowed us to survive the shutdowns and bring back 45 jobs and once again have a thriving business.”

*– Dave Kershaw,
owner of the Cabana Lounge*

GRAND OPENING! INTRODUCING THE POTLUCK CAFÉ SOCIETY AT THE ANJOK

potluck

THE POTLUCK CAFÉ SOCIETY officially opened the doors of its new facility at The Anjok building in March, 2022. It took a couple of years and a lot of hard work to make the grand opening a reality, and CIRES is very proud to have been a key partner in the journey that began with the execution of Potluck's sublease in January 2020.

CIRES was pleased to collaborate with community partners Vancity and the Central City Foundation alongside Potluck as they developed and launched their fundraising campaign. CIRES and the Potluck Café Society are also grateful to BC Housing for their financial contribution towards necessary tenant improvements.

In addition to supporting the financial component of Potluck's move, CIRES helped shepherd Potluck through the Tenant Improvement Approval Process as per the BC Housing Commercial Subtenant Improvement Guidelines. This work entailed collecting all the information required to obtain BC Housing's approval for their project, coordinating change requirements, conducting and documenting site review reports, and submitting close-out documentation to BC Housing. This additional level of support ensured that construction of the new facility could proceed rapidly with minimal disruption to building residents and to the other existing commercial Tenant, while ensuring that proper checks and balances were in place from the beginning right through to the end of the project.

“With a larger space and additional staff, we will be able to produce significantly more meals per week for residents of the Downtown Eastside community.”

– Naved Noorani, Executive Director of the Potluck Café Society



With almost 4,000 square feet of space on the ground floor of 298 E Hastings St, the Anjok's new location has enabled the Potluck Café Society to meet its expanded role as a social enterprise caterer as well as to double and diversify its new hires and trainees from among people in the Downtown Eastside who face barriers to traditional employment.

Designed by Perkins & Will, the new facility replaces the original smaller premises in the Portland Hotel at 30 West Hastings Street. The catering business that has proved so popular among local offices and events will continue to grow in scope, funding Potluck Café Society's social programs and fulfilling its mandate as a social enterprise that invests catering revenue into community social programs that are integrated into its daily operations.

Since opening its doors in 2001, Potluck has continued to be an ongoing DTES success story. It has served over 600,000 nutritious and delicious meals to residents of the Downtown Eastside, and in addition, it has provided more than 325,000 hours of employment, resulting in over \$4 million in wages. This milestone move to the Anjok marks a legacy of more than twenty years of tasty service to the Downtown Eastside, and we are very excited about Potluck's path going forward.



IMPACT SUPPORT SERVICES OVERVIEW

CIRES WAS FOUNDED ON OUR MANDATE to curate a blended commercial property portfolio to bring social and economic benefits to low-income residents of the DTES. For non-profit Subtenants, this means taking measurable actions to meet their mission (as expressed in their annual reports).

For market Subtenants, CIRES has negotiated a series of benefits which are codified into their sublease. This is called the 'Social Benefit Covenant' (SBC), which requires them to ensure that community impact is a part of their business, service, or organization. Community impact falls into three main categories: local procurement, local employment, and the provision of community-focused goods and services. To support the implementation, sustainability, and reporting of SBCs, CIRES has created Impact Support Services (ISS). This service is designed to help all Subtenants fulfill their SBCs and to provide accurate reporting of the social impacts that the CIRES portfolio has within the City of Vancouver.

Enshrining SBCs into subleases has taken some time, as most have been negotiated as part of new subleases, renewals, or extensions. By the end of March 2022, 77% of market Subtenant subleases contained SBC. Moving forward, CIRES will be able to report more broadly on the social and economic value our portfolio generates.

Highlights from the past year (April 2021–April 2022) of market Subtenant SBCs include:

ULTRA X-PRESS PRINTING (81 West Pender St.) donated and distributed over 20,000 flyers about Covid safety protocols during the pandemic. They partnered with local residents to hand these out on the street, and were thus able to share this important information with the community. In the upcoming year Ultra X-Press will be connected to the Downtown Eastside Women's Centre.

SAVOY PUB (258 E. Hastings St.) provides a community space for its patrons and offers a variety of community programs to bring people together, such as celebrating birthdays and hosting memorials. The Pub hosts approximately four events each month featuring food from local community businesses. They support local procurement and employment, with 100% of employees (bartenders and servers) being DTES residents. In addition, they hire local DJs and bands for performances, use Downtown Eastside restaurants for catering, and hire local cleaners and handypersons.

DIBEPPE (8 W Cordova St.) and Nelson the Seagull (315 Carrall St.): With support from the CED Manager, Nelson and the Seagull and Di Beppe were able to launch two food programs. Di Beppe now provides pizza to PHS Rainier women's housing every Tuesday evening, and Nelson the Seagull is providing free food and coffee options to Rainier housing residents who visit the café. CIRES is matching this funding and supporting any other food requests from the housing group for memorials, events, etc.



COMMUNITY CONTRIBUTIONS

FOOD SUPPORT FOR RAINIER WOMEN'S HOUSING

THE RAINIER WOMEN'S HOUSING PROGRAM run by the Portland Hotel Society supports 39 women in the Downtown Eastside neighbourhood in their housing, mental health, and other needs. This program provides vital housing support to vulnerable women in the community. CIRES's subtenants, DiBeppe Café & Restaurant and Nelson the Seagull café, have committed to providing food support to the housing program. As a part of our newly launched Impact Support Services to our Subtenants, CIRES has assisted these local portfolio businesses to set up necessary and appropriate food programs for Rainier housing residents. Our focus is on helping to identify the specific needs of the residents, and on creating services that will be utilized, sustainable, and appreciated by the housing clients.

Three important food support programs were identified:

1. DiBeppe provides delicious pizza every Tuesday night for the women's scheduled "pizza night dinner"
2. Nelson The Seagull provides a range of menu items such as coffee, pastry, sandwiches and soup, for free, to Rainier women so that they may visit and enjoy the café experience.
3. Provision of catered meals for group meetings, memorials, and other events.

The programs are further supported by a CIRES matching fund in order to ensure the success of the food programs and continue relationship-building within the community. These vital programs help bridge the gaps between social and economic services in the neighbourhood, and build a more inclusive and equitable economy in the Downtown Eastside of Vancouver.

SUPPORTING DISPLACED RESIDENTS OF THE WINTER'S HOTEL

AROUND 11 A.M. ON APRIL 11, fire broke out in the Winters Hotel at 102 Water St. in Vancouver's Gastown neighbourhood. As dozens of firefighters battled flames shooting from the roof and smoke poured through windows, it became clear that the seventy-one tenants would never be able to return to the 115-year-old building. The Winters Hotel was operated by Atira Property Management Inc. CIRES provided \$10,000 in funding to APMI in support of peer staff work at Bette's Boutique.

In the immediate aftermath of the fire, Bette's Boutique workers sorted through donations of furniture, clothing, and household items, much of which was distributed to displaced tenants.

For seven days following the fire, Bette's remained open 24/7 only for Winters' and Gastown tenants displaced by the fire. In addition, between April 19th and 25th, the front of Bette's was open seven hours each day only to Winters' tenants while at the back of the shop, staff, peers, and volunteers sorted through donations. People were encouraged to take whatever and as much as they needed.

"We are grateful to Community Impact Real Estate (CIRES) for providing funding for peer staff, which enabled us to keep this schedule."

– Atira Property Management



WASHINGTON COMMUNITY MARKET CELEBRATES ONE-YEAR ANNIVERSARY

T HIS YEAR MARKED THE FIRST ANNIVERSARY of CIRES' operation of the Washington Community Market.

The Market looks essentially the same and continues to provide residents of the Downtown Eastside with essential household goods and groceries, right-sized and at affordable prices; however, operational and space enhancements have laid a solid foundation for future growth.

With considerable help from our Community Partners, great progress has been made in modernizing the Market's backend operations and making space improvements.

Nada provided WCM with invaluable coaching and advice that advanced our business development timeline by months, thus saving us time and money. With the knowledge gained through that relationship, the Market was able to quickly onboard a POS system customized to meet the Market's needs. Nada helped secure \$20,000 worth of in-kind support from Interad to build an online store designed to help the Market capture some of the grocery business-to-business segment in the Downtown Eastside.

“After 27 years in business, Interad feels a responsibility to help organizations that strive to improve their community. We are delighted to be able to support the Washington Community Market in providing affordable groceries.”

*– Lorilee Jaronsinki,
Regional Manager, Interad*

Plans are coming together for major improvements to the Market's electrical, water, and ventilation systems, along with general physical improvements to create a safer and more welcoming environment for staff and patrons. CIRES assembled a community-centered team of professionals including Matt Hessey, Sean McEwen, Space at Work Design Consulting, Chorus Consulting and Curve Group, and Action Electric to design, plan, and build the space enhancements. Electrical work including new pendant lighting and distribution of power throughout the Market was completed by the end of the fiscal year. With new outlets in place, the Market can now move equipment around in accordance with the new design. WCM renovations are expected to be completed during the winter of 2023, at which time there will be a grand re-opening celebration.

CIRES would like to express our gratitude to the City of Vancouver for partially funding these capital improvements through the DTES Plan Matching Grant program.

We are also forever grateful to former employees Sandra and Angel for their contributions to the Market's success.



NATIVE COURTWORKERS AND COUNSELLING ASSOCIATION OF BRITISH COLUMBIA

SINCE OCTOBER 2010, the Native Courtworker and Counselling Association of British Columbia (NCCABC) has been located at 520 Richards Street in Vancouver next door to the Hotel Canada, providing culturally-appropriate services to Indigenous people and communities consistent with their needs.

In the summer of 2021 vandals accessed the roof of the building and made way with a small amount of copper piping, rendering one of two heating, ventilation, and air conditioning (HVAC) units inoperable.

CIRES worked with NCCABC to source a new HVAC unit and create a plan for security enhancements to reduce the risk of this happening again. HVAC units are expensive, especially given the additional cost of security cages and extended fencing on the roof. Mindful of the burden of this expense on NCCABC, CIRES made a \$32,000 portfolio investment toward the HVAC unit and security enhancements.

CIRES is proud to have NCCABC as part of our commercial property portfolio, and we recognize the essential role that NCCABC has played in providing services to and supporting Indigenous communities throughout BC for almost five decades.

“We are very grateful for the opportunity to be connected with an incredible organization like CIRES who supports our values and helps our organization deliver much-needed services in our local community.”

*– Rae Alcock, Regional Manager,
NCCABC*



PORTFOLIO INVESTMENTS

CIRES CONTINUES TO INVEST in portfolio spaces through Non-Market Tenant Investments and Sublandlord's Work.

Non-Market Tenant Investments are space enhancements identified by the Subtenant that would normally be considered Tenant Improvements. Sublandlord's Work is considered as building enhancements that are not deemed Landlord's Cost, recoverable via Additional Rent, or which are needed but are too costly for the non-market Subtenant to afford.

These strategic investments enable non-market Subtenants to direct more of their scarce resources toward activities that focus on their core mission. This year CIRES invested a combined total of \$119,839 in non-market portfolio investments and Sublandlord's work.

Community Impact Real Estate Society STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31	2022	2021
REVENUE		
Rent	\$ 1,408,314	\$ 1,459,569
Recovery of additional rent	990,977	932,119
Operating reimbursements	154,602	112,657
Interest and other revenue	8,778	13,170
COVID-19 related and other funding (Note 12)	820,693	1,124,415
	<u>3,383,364</u>	<u>3,641,930</u>
OPERATING EXPENDITURES		
Repairs and maintenance	690,083	588,690
Property taxes	443,435	376,751
Salaries and benefits	132,933	91,337
Property management	194,229	164,601
Consulting	28,723	31,069
Leasing costs	29,114	29,146
Insurance	24,433	17,763
Utilities	18,985	14,696
Bad debt	538	9,171
	<u>1,562,473</u>	<u>1,323,224</u>
COMMUNITY ECONOMIC DEVELOPMENT EXPENDITURES		
Program salaries and benefits	250,845	101,078
Washington market, net (Note 14)	122,420	-
Special projects (Note 16)	77,362	-
Community grants	50,808	44,500
Non-market tenant investments	44,312	60,408
Community engagement	9,085	3,718
COVID-19 community services (Note 17)	592,926	1,048,724
COVID-19 rent relief (Note 19)	150,664	571,234
CECRA rent grant (Note 19)	-	(354,632)
	<u>1,298,422</u>	<u>1,475,030</u>
ADMINISTRATIVE EXPENDITURES		
Amortization	9,425	5,272
Consulting fee	-	6,945
Insurance	7,111	5,714
Office and miscellaneous	72,200	55,318
Professional fees	40,373	39,562
Salaries, wages and benefits	160,263	259,480
Government wage subsidies (Note 19)	(16,917)	(113,451)
	<u>272,455</u>	<u>258,840</u>
Excess of revenues over expenditures	<u>\$ 250,014</u>	<u>\$ 584,836</u>

